

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, May 16, 2023
Chair: R. Dobbins
Location: [Virtual MSTEams Meeting](#)

Time: 2:00 – 3:30 p.m. EST
Dial-in: 437-703-4263
Phone Conference ID: 965 295 258#

1. Call to Order, Welcome, and Priority Matters	2:00 p.m.	Presenter	Action	Document
a. Call to Order; and Welcome to New EOC Members: -Jason Beauchamp, Canada Life Assurance -Catherine Laspina, Canada Life Assurance -Catherine Latulippe, Canadian Tire Bank -Jonathan Poulin, National Bank Insurance -Mais El-Magraby, Scotia Insurance -Sean Kradjian, Scotia Insurance -Alfonso Movilla, Scotia Insurance -Prithipal Rajasekaran, Scotia Insurance		R. Dobbins		

2. Consent Items	2:10 p.m.	Presenter	Action	Document
a. Consultations/Submissions Timetable				✓
b. May 2023 Regulatory Update				✓
c. Regulator and Policy-Maker Visit Plan Recap				✓
d. Summary of Board and EOC Action Items				✓
e. Board-Approved Schedule of CAFII 2023 Meetings and Events				✓

3. Financial Management Matters	2:11 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at April 30/23		D. Hinnecke	Update	✓
b. Forecast for CAFII 2023 Fiscal Year as at April 30/23		D. Hinnecke	Update	✓

4. Committee Updates	2:18 p.m.	Presenter	Action	Document
a. Market Conduct & Licensing				
i. Insights Gained from May 8/23 CAFII Preliminary Consultation Meeting with Insurance Council of BC Re Contemplated 'Competency Model' Component of Restricted Insurance Agency Licensing Regime To Be Launched In BC 2:18 p.m.		B. Wycks/K. Martin	Update/ Discussion	✓ (2)
ii. Insights Gained from May 8/23 BCFSa Virtual Update Meeting With CAFII Re BCFSa's Plans For Proceeding With A BC Insurer Code of Market Conduct 2:25 p.m.		K. Martin/B. Wycks	Update	
b. Quebec/AMF Issues 2:28 p.m.				
i. Insights Gained from April 26/23 CAFII Quebec/AMF Issues Committee Meeting 2:28 p.m.		J. Russell/K. Martin	Update	✓
ii. AMF Annual Statement of Priorities, 2023-2024 2:33 p.m.		K. Martin	Update/ Discussion	✓
c. Media Advocacy 2:37 p.m.		J. Marcus	Update	✓
d. Research & Education 2:41 p.m.				
i. Next Steps Around Possible Public Release of Results of CAFII 2022 Tracking Study on 'Consumers' Satisfaction with Credit Protection Insurance' 2:41 p.m.		M. Costello/K. Martin	Update/ Discussion	✓
e. Networking & Events 2:46 p.m.				
i. Plans for May 18/23 CAFII Webinar on Quebec's Charter of the French Language with Quebec-Based Legal Experts from Stikeman Elliott and Norton Rose 2:46 p.m.		K. Martin	Update	✓

5. Recent and Upcoming Strategic and Regulatory Initiatives	2:49 p.m.	Presenter	Action	Document
a. Insights Gained from CAFII Liaison Meetings with Insurance Regulators During CLHIA Conference in Montreal, May 3-5/23 2:49 p.m.		B. Wycks/K. Martin	Update	✓
b. Insights Gained from May 11/23 CAFII Special Purpose Virtual Meeting with AMF on Its Definition of Complaints and Related Complaints Handling Regime; and Next Steps Arising 2:53 p.m.		K. Martin	Update	
c. Plans for June 8/23 CAFII/AMF Special Purpose Virtual Meeting on AMF Gathering of Industry Statistics on Claims Denials, and Utilization Intentions 2:57 p.m.		K. Martin	Update	

d.	Insights Gained from Recent Meetings of FSRA's Stakeholder Advisory Committee (SAC) for Life and Health Insurance 3:01 p.m.	K. Martin	Update	✓ (2)
e.	Adjusted Schedule and Resulting Meetings Confirmed for CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Late May and June 2023 3:05 p.m.	B. Wycks	Update	✓

6.	Governance Matters	3:08 p.m.	Presenter	Action	Document
a.	Implementation of Board-Approved 'New CAFII Management Structure' (Post-2023)	3:08 p.m.	K. Martin	Update	✓
b.	Outcomes of First Meeting of CAFII Board Diversity Working Group	3:11 p.m.	T. Harri-Morar/K. Martin	Update	✓
c.	Plans for June 6/23 CAFII 2023 Annual Meeting of Members; First Meeting of 2023-24 Board of Directors; and Immediately Ensuing Reception Event	3:14 p.m.	B. Wycks	Update	
d.	Change In Date of Next EOC Meeting to Tuesday, June 27/23	3:17 p.m.			
e.	Draft Minutes of April 4/23 Board Meeting	3:19 p.m.	B. Wycks	Endorsement	✓
f.	Draft Minutes of April 25/23 EOC Meeting	3:19 p.m.	B. Wycks	Approval	✓

7.	Read Only Items		Presenter	Action	Document
a.	CAFII and FCNB Exchange Around Deferral Of Contemplated Virtual Liaison Meeting in May 2023 In Favour of September 2023 In-Person/Hybrid Meeting As Part of CAFII's Atlantic Canada Regulators Visits Tour				✓
b.	FSRA's Life and Health Insurance Agent Supervision Report, 2021-22 (Released May 2/23)				✓ (2)
c.	FSRA 2023-2026 Annual Business Plan				✓
d.	FSRA Consultation on "Proposed Guidance: Administrative Monetary Penalties" (Submission Deadline: May 31/23)				✓
e.	Final Version of OSFI's Guideline B-10: Third Party Risk Management Guideline (Released April 24/23)				✓
f.	Confirmed Speaker for June 6/23 CAFII Reception Event				Briefing Note Only

8.	In Camera Session	3:20 p.m.	Presenter	Action	Document

9.	Tracking Issues and Bring Forward Items		Presenter	Action	Document
a.	Summary of Insights/Intelligence Gathered From 2023 CLHIA Compliance and Consumer Complaints Virtual Conference, May 3-5/23				
b.	Insights Gained from May 9/23 CAFII Annual Members and Associates Luncheon				
c.	Insights Gained from April 27/23 CAFII Webinar on International Regulatory Developments with Nicholas Herbert-Young, UK Financial Conduct Authority (FCA) and IAIS				
d.	AMF Consultation on Declaration of Operational Incidents				
e.	FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review				

Reminder: EOC Members are requested to remain after the conclusion of the open, minuted portion of each EOC meeting for an informal, unminuted *In Camera Session* discussion involving CAFII Member representatives alone – i.e. absent CAFII management/staff – typically of 10 to 15 minutes duration

Next Board Meeting: Tuesday, June 6/23, 3:20 to 5:15 p.m. EST, immediately following 2023 Annual Meeting of Members from 3:00 to 3:20 p.m.; and Immediately Preceding CAFII Reception Event Featuring Anthony Ostler, CEO, Canadian Bankers Association, as Guest Speaker, from 5:30 to 7:30 p.m., to be hosted by Manulife Financial at 200 Bloor St. East, Toronto

Next EOC Meeting: Tuesday, June 27/23 (Revised Date), 2:00 to 4:00 p.m. In-Person/Hybrid Meeting, Location: TBA.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 1(a) Call to Order, Welcome, and Priority Matters

Purpose of this Agenda Item—Start of Meeting

Start of meeting.

Background Information

The meeting will be called to order by EOC Chair Rob Dobbins. This month, there are many new EOC members who will be asked to provide a brief self-introduction:

- Jason Beauchamp, Canada Life Assurance;
- Catherine Laspina, Canada Life Assurance;
- Catherine Latulippe, Canadian Tire Bank;
- Jonathan Poulin, National Bank Insurance;
- Mais El-Magraby, Scotia Insurance;
- Sean Kradjian, Scotia Insurance;
- Alfonso Movilla, Scotia Insurance;
- Prithipal Rajasekaran, Scotia Insurance

Recommendation / Direction Sought—Start of Meeting

No action required.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 2(a-e) Consent Items

Purpose of this Agenda Item –Information only

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:

- a. Consultations/Submissions Timetable;
- b. May 2023 Regulatory Update;
- c. Regulatory and Policy-Maker Visit Plan Recap;
- d. Summary of Board and EOC Action Items; and
- e. Board-Approved Schedule of CAFII 2023 Meetings and Events.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

5 attachments.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status May 12, 2023
		Association Strategy, Governance and Financial Management			
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-22	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, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-22	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-22	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-22	In Progress
5	BOD October 11, 2022	Identify a CAFII Board Vice-Chair candidate for appointment at the June 2023 First Meeting of 2023-24 Board of Directors	CAFII Nominating Committee	31-May-23	In Progress
6	BOD April 4, 2023	Work with and through the EOC to secure a recommendation to the Board on the public release of the Pollara CPI research results	K. Martin/ B. Wycks	24-Apr-23	Completed
		Regulatory Initiatives			
7	EOC October 26, 2021	Organize a meeting of the Market Conduct and Licensing Committee to review CCIR's 2021 document on the industry's adoption of the FTC guidance	K. Martin/ B. Wycks	31-Jul-22	In Progress
8	BOD December 6, 2022	Maintain ongoing dialogue with AMF Superintendent Eric Jacob and keep CAFII management and EOC Chair and Vice-Chair informed of any developments re resolving impasse issue re RADM's applicability to credit card-embedded insurance benefits and any other CAFII Member-relevant issues	P. Thompson	Ongoing	Ongoing
9	BOD April 4, 2023	At an appropriate time, suggest to the FCNB that they broaden the language of Section 46 to include advising the customer that they may wish to consult the insurer which underwrites the protection being offered, a financial advisor, or an individually licensed insurance agent	B. Wycks/K. Martin	Ongoing	In Progress
10	BOD April 4, 2023	Keith Martin to set up two follow up meetings with the AMF, one on the regulation on complaints handling and dispute resolution, the other on how the AMF intends to use the statistics it has gathered on claims denial rates, and the "return of premium to customers"	K. Martin	15-May-23	Completed
		Association Operations			
11	EOC May 17, 2022	Regularly scan website videos to ensure that they are up-to-date and don't include broken links	K. Martin/ B. Wycks	31-May-22	Ongoing

Agenda Item 2(e)

May 16/23 EOC Meeting

Board-Approved Schedule of CAFII 2023 Meetings and Events

(Approved At October 11/22 CAFII Board Meeting)

EOC Meetings: *To be held virtual-only and in-person/virtual-hybrid, in alternating months*

- **Tuesday, January 17, 2023** (2:00–4:00 p.m. MS Teams virtual-only meeting)
- **Tuesday, February 14, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
(Family Day Stat Holiday in Ontario: Monday, February 20)
- **Tuesday, March 21, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Quebec Spring Break: March 6 – March 10. Ontario March Break: March 13 – March 17)
- **Tuesday, April 25, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
(Passover: Wednesday, April 5 – Thursday, April 13. Good Friday: Friday, April 7. Easter Monday: Monday, April 10)
- **Tuesday, May 16, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Victoria Day Stat Holiday: Monday, May 22)
- **Tuesday, June 27, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
- **Tuesday, July 18, 2023** tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)
- **Tuesday, August 15, 2023** tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Civic Stat Holiday: Monday, August 7)
- **Tuesday, September 19, 2023** (3:00–5:00 p.m. in-person/virtual-hybrid meeting, followed by EOC Annual Appreciation Dinner)
(Labour Day: Monday, September 4. Rosh Hashanah: September 15 – 17. Yom Kippur: September 24 – 25. National Day for Truth and Reconciliation: Saturday, September 30)
- **Tuesday, October 24, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Thanksgiving Stat Holiday: Monday, October 9)
- **Tuesday, November 14, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
(Remembrance Day: Saturday, November 11. Diwali: Sunday, November 12)

Board Meetings:

- **Tuesday, April 4, 2023** (3:00–5:00 p.m. in- person/virtual-hybrid meeting, followed by ensuing Reception)
(Passover: Wednesday, April 5 – Thursday, April 13. Good Friday: Friday, April 7. Easter Monday: Monday, April 10)
HOST: Canadian Tire Bank (at private venue rental in downtown Toronto)
- **Tuesday, June 6, 2023** (2:30–5:00 p.m. in- person/virtual-hybrid meeting, preceded by 2023 Annual Meeting of Members and followed by ensuing Reception).
HOST: Manulife, 200 Bloor St. East, Toronto
- **Tuesday, October 10, 2023** (2:20–4:00 p.m. in- person/virtual-hybrid meeting, immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives)
HOST: RBC Insurance (Montreal); Alternate: BMO Insurance (Montreal)
- **Tuesday, December 5, 2023** (3:00–5:00 p.m. in- person/virtual-hybrid meeting, followed by Holiday Season/Year-End Reception)
HOST: Scotia Insurance; Alternate: RBC Insurance

2023 Annual Members and Associates Luncheon:

- *Tuesday, May 9, 2023 from 11:45 a.m. EST to 2:15 p.m. EST at St. James Cathedral Centre
Event Venue, 65 Church St., Toronto*

2023 EOC Annual Appreciation Dinner:

- *Tentative Date: Tuesday, Sept 19, 2023 at 5:30 p.m. at a TBD location*

Webinars:

- January 25 or 26, 2023
- March 29 or 30, 2023
- April 26 or 27, 2023
- September 26 or 27, 2023
- October 25 or 26, 2023
- November 22 or 23, 2023

2022 Board meetings Hosted by:

TD Insurance, Desjardins Insurance, CIBC Insurance

2021 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

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:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFII; Desjardins Insurance; CIBC Insurance

Recent Years' Annual Members and Associates Luncheons

2022 Annual Members and Associates Luncheon

Date: Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT

Topic: “With Authority: Executing On A Bold Vision for A New Kind of Financial Services Regulator in Ontario; and Laying the Groundwork for Its Long-Term Success”

Speaker: Mark White, CEO, FSRA

Venue: St. James Cathedral Centre Event Venue, 65 Church St., Toronto, Ontario

2021 Annual Members and Associates Virtual Luncheon Webinar

Date: Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT

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

Panelists: Jill McCutcheon, Partner, Torys LLP; Stuart Carruthers, Partner, Stikeman Elliott LLP; Marc Duquette, Partner, Norton Rose Fulbright Corporation. Panel Moderator: Keith Martin, CAFII

Venue: Virtual-Only Webinar

2020 Annual Members and Associates Virtual 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”

Speakers: Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada (Remarks actually delivered by Teresa Frick, Director, FCAC who was subbed in for Frank Lofranco at the last minute)

Venue: Virtual-Only Webinar

2019 Annual Members and Associates 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, 8th Floor, Toronto, ON

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 3(a) Financial Management Matters--CAFII Financial Statements as at April 30/23

Purpose of this Agenda Item – Update

To update the EOC on the Association's financial position as at 30 April, 2023.

Background Information

CAFII Treasurer Donald Hinnecke will provide an update based on the Association's financial statements as at 30 April, 2023.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

CAFI I

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

Statement of Operations As at April 30th, 2023

	Current Month	Budget Apr-23	Variance to Monthly Budget	Current YTD	Budget '23 YTD	Variance Budget to YTD	Budget 2023
Revenue							
Membership Dues	\$79,425	\$77,497	\$1,928	\$317,699	\$309,988	\$7,711	\$929,964
Interest	\$870	\$458	\$412	\$3,365	\$1,832	\$1,533	\$5,500
Misc (One time event fees)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$80,294	\$77,955	\$ 2,339	\$321,064	\$311,820	\$9,244	\$935,464
Expenses							
Office Costs							
Management Fees (CAFI staff and Managing Matters)	\$45,818	\$44,899	(\$919)	\$182,693	\$179,596	(\$3,097)	\$538,784
New hire for 6 months overlap	\$0	\$0	\$0	\$0	\$0	\$0	\$102,895
Audit Fees	\$1,367	\$1,367	\$0	\$4,966	\$5,468	\$502	\$16,402
Insurance	\$526	\$575	\$49	\$2,102	\$2,300	\$198	\$6,902
Member Communication and Technology Tools	\$1,012	\$734	(\$278)	\$4,091	\$2,936	(\$1,155)	\$8,810
Telephone/Fax/Internet	\$104	\$482	\$378	\$416	\$1,928	\$1,512	\$5,789
Postage/Courier	\$7	\$7	(\$0)	\$7	\$21	\$14	\$86
Office Expenses	\$70	\$896	\$826	\$223	\$3,584	\$3,362	\$10,751
Bank Charges	\$25	\$52	\$27	\$111	\$208	\$98	\$628
New Office Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Computer/Office Equipment	\$60	\$235	\$175	\$239	\$940	\$701	\$2,821
Miscellaneous Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$500
Total Office related expenses	\$48,989	\$49,247	\$258	\$194,847	\$196,981	\$2,134	\$694,369
Legal and consulting costs associated with regulatory submissions and initiatives	\$0	\$8,040	\$8,040	\$0	\$26,080	\$26,080	\$90,400
Board/EOC/AGM							
Annual Members and Associates Luncheon	\$0	\$9,000	\$9,000	\$0	\$9,000	\$9,000	\$16,120
Board Hosting (External)	\$0	\$8,025	\$8,025	\$0	\$8,025	\$8,025	\$24,075
Board/EOC Meeting Expenses	\$5,761	\$3,454	(\$2,307)	\$6,123	\$3,454	(\$2,669)	\$31,089
Industry Conferences and Events	\$0	\$0	\$0	\$0	\$300	\$300	\$3,627
EOC Annual Appreciation Dinner	\$0	\$0	\$0	\$0	\$0	\$0	\$5,676
Speaker fees & travel	\$0	\$1,500	\$1,500	\$0	\$1,500	\$1,500	\$1,500
Gifts	\$0	\$107	\$107	\$0	\$428	\$428	\$1,284
Networking Events	\$0	\$0	\$0	\$0	\$0	\$0	\$5,650
CAFI 25th Anniversary Celebration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Board/EOC/AGM	\$5,761	\$22,086	\$16,325	\$6,123	\$22,707	\$16,584	\$89,021
Regulatory and Industry							
Provincial Regulatory Visits and Relationship-Building	\$45	\$0	(\$45)	\$179	\$0	(\$179)	\$41,000
Federal Regulatory Visits and Relationship-Building	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
Research/Studies	\$8,814	\$0	(\$8,814)	\$8,814	\$0	(\$8,814)	\$67,800
Webinar Fees	\$1,921	\$2,561	\$640	\$5,763	\$7,683	\$1,920	\$15,368
Website SEO and Enhancements	\$0	\$11,300	\$11,300	\$11,300	\$11,300	\$0	\$45,200
CAFI Benchmarking Study/RSM Canada	\$16,950	\$17,798	\$848	\$16,950	\$17,798	\$848	\$71,190
Media Outreach	\$461	\$0	(\$461)	\$1,139	\$2,260	\$1,121	\$9,040
Media Consultant Retainer	\$2,543	\$3,125	\$583	\$10,170	\$12,500	\$2,330	\$37,500
Marketing Collateral	\$0	\$0	\$0	\$0	\$0	\$0	\$7,000
Total Regulatory and Industry	\$30,733	\$34,784	\$4,051	\$54,315	\$51,541	(\$2,774)	\$299,098
TOTAL EXPENSE	\$85,483	\$114,157	\$28,674	\$255,285	\$297,309	\$42,024	\$1,172,888
NET INCOME	(\$5,189)	(\$36,202)	31,013	\$65,779	\$14,511	\$ 51,267	(\$237,424)
proof	0	-	-	-	-	0	-

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 cafi.com, subscription and website improvements.

CAFII

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Balance Sheet As at April 30th, 2023

	CAFII Operations		
	30-Apr 2023	30-Mar 2023	31-Dec 2022
ASSETS			
Current Assets			
Bank Balance	\$969,305	\$881,372	\$324,108
Savings Account	\$420,609	\$419,740	\$417,244
Accounts Receivable	\$0	\$157,998	\$0
Prepaid Expenses	\$22,694	\$16,264	\$6,397
Computer/Office Equipment	\$10,878	\$10,878	\$10,878
Accumulated Depreciation -Comp/Equip	(\$8,968)	(\$8,909)	(\$8,730)
Total Current Assets	\$1,414,518	\$1,477,343	\$749,898
TOTAL ASSETS	\$1,414,518	\$1,477,343	\$749,898
LIABILITIES			
Current Liabilities			
Accrued Liabilities	\$7,223	\$5,836	\$15,916
Credit Card	\$1,344	\$611	\$566
Account Payable	\$35,500	\$15,830	\$64,141
Deferred Revenue	\$635,399	\$714,824	\$0
Total Current Liabilities	\$679,465	\$737,100	\$80,623
TOTAL LIABILITIES	\$679,465	\$737,100	\$80,623
UNRESTRICTED NET ASSETS			
Unrestricted Net Assets, beginning of year	\$669,275	\$669,275	\$505,900
Excess of revenue over expenses	\$65,779	\$70,968	\$163,374
Total Unrestricted Net Assets	\$735,053	\$740,242	\$669,275
Total Unrestricted Net Assets	\$735,053	\$740,242	\$669,275
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$1,414,518	\$1,477,343	\$749,898
Financial Reserves Targets as per 2023 Budget:			
Minimum 3 months (25%) of Annual Operating Expenses=		\$ 293,222	- 0.04
Maximum 6 months (50%) of Annual Operating Expenses=		\$ 586,444	- 0.08
Current Level of Financial Reserves (total unrestricted net assets):		\$735,053	
Current Level of Financials Reserve (%) :		63%	0.00

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

Membership Fees

		Feb-23		<u>Method of Payment</u>	<u>Received Date</u>
		<u>Billed</u>	<u>Received</u>		
TD Insurance	2023 Upper Tier Member	\$ 77,110	\$ 77,110	Cheque	23-Feb-23
BMO Bank of Montreal	2023 Upper Tier Member	\$ 77,110	\$ 77,110	Direct Payment - EFT	16-Mar-23
CIBC Insurance	2023 Upper Tier Member	\$ 77,110	\$ 77,110	Direct Payment - EFT	27-Feb-23
RBC Insurance	2023 Upper Tier Member	\$ 77,110	\$ 77,110	Direct Payment - EFT	2-Mar-23
Scotia Insurance	2023 Upper Tier Member	\$ 77,110	\$ 77,110	Direct Payment - EFT	28-Feb-23
Desjardins Financial Security Life Assura	2023 Upper Tier Member	\$ 77,110	\$ 77,110	Cheque	28-Feb-23
National Bank Insurance	2023 Upper Tier Member	\$ 77,110	\$ 77,110	Direct Payment - EFT	16-Feb-23
Manulife Financial	2023 Upper Tier Member	\$ 77,110	\$ 77,110	Direct Payment - EFT	13-Feb-23
The Canada Life Assurance Company	2023 Upper Tier Member	\$ 77,110	\$ 77,110	Direct Payment - EFT	19-Apr-23
Securian Canada	2023 Lower Tier Member	\$ 38,555	\$ 38,555	Cheque	23-Feb-23
Assurant	2023 Lower Tier Member	\$ 38,555	\$ 38,555	Direct Payment - EFT	23-Mar-23
Valeyo	2023 Lower Tier Member	\$ 38,555	\$ 38,555	Direct Payment - EFT	3-Mar-23
CUMIS Group Ltd	2023 Lower Tier Member	\$ 38,555	\$ 38,555	Cheque	28-Mar-23
Canadian Tire Bank	2023 Lower Tier Member	\$ 38,555	\$ 38,555	Direct Payment - EFT	20-Apr-23
Chubb Life Insurance Company of Canada	2023 Initiation Members (Lower Tier)	\$ 23,133	\$ 23,133	Cheque	4-Apr-23
RSM Canada	Associate	\$ 4,800	\$ 4,800	cheque	11-Apr-23
Willis Towers Watson	Associate	\$ 4,800	\$ 4,800	Direct Payment - EFT	13-Apr-23
KPMG LLP	Associate	\$ 4,800	\$ 4,800	Cheque	18-Apr-23
Optima Communications	Associate	\$ 4,800	\$ 4,800	Direct Payment - EFT	17-Feb-23
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	\$ 4,800	Direct Payment - EFT	31-Mar-23
Torlys LLP	Associate	\$ 4,800	\$ 4,800	Direct Payment - EFT	28-Feb-23
Stikeman Elliott	Associate	\$ 4,800	\$ 4,800	Cheque	21-Mar-23
Norton Rose Fulbright Canada	Associate	\$ 4,800	\$ 4,800	Direct Payment - EFT	4-Apr-23
Royal & Sun Alliance Insurance Company	Associate	\$ 4,800	\$ 4,800	Cheque	28-Mar-23
Feb Invoices		\$953,098	\$953,098		
Total Membership Fees		\$953,098			
Total amount to reallocate monthly Jan-Dec. 2023		\$79,424.83			

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 3(b) Financial Management Matters--Forecast For CAFII 2023 Fiscal Year as at April 30/23

Purpose of this Agenda Item – Update

To provide an update on the Association's forecast through to the end of the 2023 fiscal year as at April 30, 2023.

Background Information

CAFII Treasurer Donald Hinnecke will provide an update on the CAFII 2023 fiscal year forecast as at 30 April, 2023.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

2023 CAFII Budget
In \$ Cdn

	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	CAFII 2023 Budget	2023 YTD April 2023	2023 Forecast	Comment/Rationale
Revenue								
Membership Dues	734,664	884,721	955,970	991,653	929,964	317,692	353,098	Member Dues Revenue Tab in FS
Interest	982	399	236	2,579	5,500	3,365	9,000	Revised to tie to 2023 run rate
CCBPI Revenue + one time event fees	195	-	-	12,511	-	-	-	
TOTAL REVENUE	735,841	885,120	956,206	1,006,743	935,464	321,064	962,098	
EXPENSE								
Office Costs								
Management Fees (CAFII staff and Managing Matters)	465,134	476,844	486,711	507,904	538,784	182,693	538,784	Same as budget
New hire for 6 months overlap					102,895	-	129,529	budget+26634 Recruiting fees
Audit Fees	14,799	16,743	13,224	15,187	16,402	4,966	16,402	Same as budget
Insurance	5,338	5,385	5,877	6,275	6,902	\$2,102	6,902	Same as budget
Member Communication and Technology Tools	10,022	5,765	6,958	7,990	8,810	4,091	8,810	Same as budget
Telephone/Fax/Internet	6,494	5,808	6,799	5,935	5,789	416	5,789	Same as budget
Postage/Courier	159	53	-	60	86	7	86	Same as budget
Office Expenses	2,025	2,158	2,694	7,898	10,751	223	10,751	Same as budget
Bank Charges	112	236	663	548	628	111	628	Same as budget
New Office Equipment				-	-	-	-	Same as budget
Depreciation Computer/Office Equipment	1,136	1,136	1,136	716	2,821	239	2,821	
Miscellaneous Expense	-	-	-	283	500	-	500	Same as budget
Total Office related expenses	505,219	514,128	524,061	552,796	694,369	194,847	721,003	
Legal and consulting costs associated with regulatory submissions and initiatives	-	28,975	74,221	-	90,400	-	90,400	Same as budget
Board/EOC/AGM								
Annual Members and Associates Luncheon	12,052	-	-	13,147	16,120	-	16,120	Same as budget
Board Hosting (External)	14,001	-	-	203	24,075	-	24,075	Same as budget
Board/EOC Meeting Expenses	35,419	4,676	1,822	11,361	31,089	6,123	31,089	Same as budget
Industry Conferences and Events	-	-	-	615	3,627	\$0	3,627	Same as budget
EOC Annual Appreciation Dinner	2,193	4,244	-	2,501	5,676	-	5,676	Same as budget
Speaker fees & travel	1,189	-	-	-	1,500	-	1,500	Same as budget
Gifts	200	-	-	765	1,284	-	1,284	Same as budget
Networking Events	-	-	-	1,854	5,650	-	5,650	Same as budget
CAFII 25th Anniversary Celebration	-	-	-	15,315	-	-	-	
Total Board/EOC/AGM	65,053	8,920	1,822	45,761	89,021	6,123	89,021	Same as budget
Regulatory and Industry								
Provincial Regulatory Visits and Relationship-Building	16,833	983	-	9,205	41,000	179	41,000	Same as budget
Federal Regulatory Visits and Relationship-Building	442	540	-	-	5,000	\$0	5,000	Same as budget
Research/Studies	5,368	28,646	75,473	73,026	67,800	8,814	67,800	Same as budget
Webinar Fees				7,684	15,368	5,763	15,368	Same as budget
Website SEO and Enhancements	40,914	31,144	50,737	45,200	45,200	11,300	45,200	Same as budget
CAFII Benchmarking Study/RSM Canada	-	68,365	67,800	67,800	71,190	16,950	71,190	Same as budget
Media Outreach	5,683	350	9,542	2,779	9,040	\$1,139	9,040	Same as budget
Media Consultant Retainer	27,120	27,685	29,792	37,331	37,500	10,170	37,500	Same as budget

Marketing Collateral	1,629	845	717	1,787	7,000	-	7,000	Same as budget
Total Regulatory and Industry	105,543	179,462	254,966	244,812	299,098	54,315	299,098	Same as budget
TOTAL EXPENSE	675,816	731,485	855,070	843,368	1,172,888	255,285	1,172,888	
Excess of Revenue over Expenses	60,025	153,636	101,136	163,375	(237,424)	65,779	(237,424)	
Unrestricted Net Assets (beginning of year)	170,198	230,223	230,223	505,900	621,727	669,275	669,275	
Unrestricted Net Assets (end of period)	230,223	383,859	331,359	669,275	384,303	735,053	431,851	

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

Actual/Forecasted Financial Reserves	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	CAFII 2023 Budget	2023 YTD March 2023	2023 Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$168,954	\$182,871	\$213,767	\$210,842	\$293,222	\$293,222	\$293,222
Maximum 6 months (50%) of Annual Operating Expenses =	\$337,908	\$365,742	\$427,535	\$421,684	\$586,444	\$586,444	\$586,444
Actual/Forecasted Level of Financial Reserves:	\$230,223	\$383,859	\$331,359	\$669,275	\$384,303	\$735,053	\$431,851
Actual/Forecasted Level of Financial Reserves %:	34%	52%	39%	79%	33%	63%	37%

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 4(a)i

Committee Updates—Market Conduct & Licensing-- Insights Gained from May 8/23 CAFII Preliminary Consultation Meeting with Insurance Council of BC Re Contemplated 'Competency Model' Component of Restricted Insurance Agency Licensing Regime To Be Launched In BC

Purpose of this Agenda Item – Update/Discussion

This is an update item with an opportunity for discussion.

Background Information

CAFII held a virtual meeting with the Insurance Council of BC on 8 May, 2023, at the Council's request, in which approximately 20 CAFII representatives participated. The Insurance Council of BC provided an explanation of its initiative to introduce a Restricted Insurance Agency (RIA) regime, which they are proposing would include a "Competency Model" (more recently renamed a "Performance Requirements Framework") which would outline specific requirements around knowledge and training for individual Representatives offering insurance under a corporate RIA licence. The Insurance Council of BC also introduced, in the meeting, an expectation that individual Representatives offering insurance under the corporate licence would have to take a pre-service qualification course approved by the Insurance Council, which would be offered by third parties. But the Insurance Council officials also clarified, in the meeting discussion, that internal training within an organization holding an RIA licence could meet that requirement. CAFII emphasized that rigorous and robust monitoring/prompt/script systems are in place within CAFII member companies offering Authorized Insurance Products, and that these can complement training and avoid requiring Representatives to remember all the requirements, as they are embedded in actual processes and controls.

In attendance at the meeting from the Insurance Council of BC were:

Brett Thibault, Director, Governance and Stakeholder Engagement;
Ugie Ifesi, Director, Licensing;
Galen Aker, Stakeholder Engagement Specialist; and
Mark Kittson, Manager, Agency Licensing.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

Two (2) attachments.

The Restricted Agency Performance Requirements Framework	
SECTION 1. KNOWLEDGE OF INSURANCE	
The Agency ensures that:	
1.1 Knowledge of basic insurance concepts and terminology	
1.1.1	Representatives apply knowledge of basic insurance concepts and terminology applicable to available products.
1.2 Insurance products and services	
1.2.1	Representatives maintain current knowledge of products and services available to clients.
SECTION 2. TECHNICAL ABILITIES	
The Agency ensures that:	
2.1 Product sales, processing and servicing	
2.1.1	Representatives suggest insurance coverage that may meet client needs and expectations.
2.1.2	Representatives provide clients with an explanation of the benefits and limitations of the product(s) under consideration.
2.1.3	Representatives assist clients in making informed decisions.
2.1.4	Representatives assist clients in understanding the terms of coverage and conditions.
2.1.5	Representatives comply with specific requirements established by insurers or third parties (if applicable)
2.1.6	Representatives ensure completion of documentation to initiate and confirm coverage.
2.1.7	Representatives assist clients in claim reporting.
2.2 Legal and regulatory requirements affecting sales and processing	
2.2.1	Representatives protect the privacy and confidentiality rights of clients.
2.2.2	Representatives comply with the requirements set by the Insurance Council of British Columbia applicable to the Restricted Agency.
2.2.3	Representatives comply with disclosure requirements as established by the Insurance Council of British Columbia and governing legislation.
SECTION 3. BUSINESS SKILLS	
The Agency ensures that:	
3.1 Professional conduct and ethics	
3.1.1	Representatives comply with policies and directives as provided by the Insurance Council of British Columbia.
3.1.2	The Designated Representative ensures sufficient training, coaching, and evaluation of Representatives.
3.2 Errors and omissions	
3.2.1	The Agency develops an awareness of situations where errors and omissions may occur.
3.2.2	The Agency recognizes and takes appropriate steps to address potential errors and omissions.
3.3 Information management	
3.3.1	Representatives maintain complete, timely and accurate records of insurance transactions.
3.3.2	Representatives provide clients with records of insurance products purchased, and information on how to submit a claim.

The following definitions apply in the profile:

Restricted Agency (the "Agency") (as defined in the legislation as a Restricted Insurance Agent): A licensed business that, through its representatives, is authorized to sell insurance where it is sold incidentally to the licensee's ordinary business.

Representatives (as defined in the legislation as Employees and Agents): Employees and 3rd party contractors of a Restricted Agency who are engaged in the sale of insurance.

Designated Representative: Individual who is the primary contact for the Restricted Agency for regulatory purposes, and is responsible for supervising all insurance activities undertaken by the Restricted Agency and its Representatives.

Agenda Item 4(a)(i)(2)
May 16/23 EOC Meeting

CAFII Member Representatives:

In a post-Prep CAFII Prep Meeting conversation which Keith and I just had EOC Chair Rob Dobbins this morning, May 8, we decided that it makes best sense for CAFII not to raise with the Insurance Council of BC staff executives in today's the meeting the question of whether their "The Restricted Agency Performance Requirements Framework" has been designed to be met/complied with via an **Attestation**. Remaining silent on that point will allow our Association to be/appear non-committal on the whole Framework at this stage, and give us more flexibility going forward.

Brendan Wycks

From: Galen Aker gaker@insurancecouncilofbc.com
Sent: Tuesday, May 2, 2023 11:43 AM
To: Brendan Wycks brendan.wycks@cafii.com; Keith Martin Keith.Martin@cafii.com; 'moira.gill@td.com' moira.gill@td.com
Cc: Brett Thibault bthibault@insurancecouncilofbc.com; Mark Kittson mkkittson@insurancecouncilofbc.com; Ugie Ifesi uifesi@insurancecouncilofbc.com
Subject: RE: Insurance Council of BC / CAFII Restricted Insurance Agency Licensing Regime Discussion

Good morning everyone,

In preparation for our meeting on Monday May 8 we would like to share some reference material that will assist with the discussion. Attached is a draft of the Restricted Insurance Agency Performance Requirements Framework, which at this stage is only meant for consultation and not widespread distribution. We will present each of the sections of this framework on Monday but are giving you the opportunity to review prior to our meeting.

If you have any questions or require clarification on any materials, please let me know.

Thank you,

Galen Aker (*he, him*) | Stakeholder Engagement Specialist | **Insurance Council of British Columbia**
1400-745 Thurlow Street, Vancouver, BC V6E 0C5
Direct Tel: 604-260-3447
Tel: 778-788-2537 Toll Free within Canada: 1-877-688-0321
gaker@insurancecouncilofbc.com | insurancecouncilofbc.com

CAFII EOC and Market Conduct & Licensing Committee Members:

You are invited to attend this one-hour, virtual-only *CAFII Preliminary Stakeholder Feedback Session with Insurance Council of BC Re Its Proposal to Include An Individual-Based "Competency Framework" Within Its Soon-To-Be-Developed Restricted Insurance Agency (RIA) Licensing Regime*, i.e. a full framework of individual person/level competencies within a corporate licensing regime.

To join this meeting at the appointed time, please use the MSTeams link above provided by the Insurance Council of BC.

Keith Martin and Brendan Wycks held a preparatory half-hour virtual meeting on this matter with Insurance Council of BC staff executives Brett Thibault and Galen Aker on April 27/23. A brief Keith Martin note summarizing the highlights of that meeting is provided below, along with a response comment on the Insurance Council's competency model proposal from insurance law expert Jill McCutcheon of Torys LLP; and, in addition, some further background is set out in the attached MSWord document from the April 25/23 CAFII EOC meeting.

Galen Aker, the Insurance Council's Stakeholder Engagement Specialist, has promised that a Powerpoint deck which sets out the Insurance Council's formulated thoughts/plans to date around a competency framework for its RIA regime will be shared with CAFII by Tuesday, May 2/23, well prior to this May 8 meeting, so that CAFII member representatives have adequate time to read it, consider and discuss it internally, and formulate their feedback thoughts about it prior to May 8. That document will be posted as an update to this Meeting Invitation as soon as it becomes available.

A Prep Meeting for CAFII representatives who will be participating in this May 8, 11:30 a.m. EST feedback session with Insurance Council of BC staff executives meeting will likely be arranged for earlier that same morning, from 9:00 to 10:00 a.m. EST; or 9:30 to 10:30 a.m. EST; or 10:00 to 11:00 a.m. EST.

Expected Insurance Council of BC staff executive attendees at this May 8 meeting with CAFII are

- Brett Thibault, Director of Governance and Stakeholder Engagement;
- Ugie Ifesi, Director, Licensing;
- Galen Aker, Stakeholder Engagement Specialist; and
- Mark Kittson, Manager, Agency Licensing (who will be presenter of the Insurance Council's Competency Framework Powerpoint deck during this May 8 meeting with CAFII).

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

-----Original Appointment-----

From: Galen Aker gaker@insurancecouncilofbc.com

Sent: Friday, April 21, 2023 11:14 AM

To: Galen Aker; Brett Thibault; Mark Kittson; Ugie Ifesi; Brendan Wycks; Keith Martin;
'moira.gill@td.com'

Subject: Insurance Council of BC / CAFII Restricted Insurance Agency Licensing Regime Discussion

When: May-08-23 8:30 AM-9:30 AM (UTC-08:00) Pacific Time (US & Canada).

Where: Microsoft Teams Meeting

Hello everyone,

Please accept this invitation from the Insurance Council of BC to discuss the Restricted Insurance Agency licensing regime that will be introduced in BC. This licensing regime would require specific agencies/organizations who engage in the incidental sale of insurance products to obtain a licence to sell those products. *(A link to more information about the restricted insurance agent licence is available on the Ministry of Finance's 2022 [consultation page](#).)*

We would welcome the opportunity to meet with your team to introduce the concept of the restricted insurance licensing framework, discuss the proposed competency requirements, and hear any comments, concerns, or feedback you may have.

Resource material with necessary background information will be distributed in advance of the meeting to prepare for the discussion.

If you have any comments, questions or concerns please do not hesitate to contact Galen Aker, Stakeholder Engagement Specialist with the Insurance Council of BC (gaker@insurancecouncilofbc.com).

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 4(a)ii Committee Updates—Market Conduct & Licensing-- Insights Gained from May 8/23 BCFSa Virtual Update Meeting With CAFII Re BCFSa's Plans For Proceeding With A BC Insurer Code of Market Conduct

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

BCFSa staff executives provided an update to CAFII's Co-Executive Directors in a 30 minute virtual meeting, on 8 May, 2023, on the outcome of the consultations with industry on BCFSa's proposed development of a BC Insurer Code of Market Conduct. At the meeting from BCFSa were:

Saskia Tolsma, Vice President, Policy and Stakeholder Engagement;
Harry James; Director, Regulation Advisory Services (currently representing BCFSa at the CCIR table);
Marina Makhnach; [Director, Market Conduct, Financial Institutions](#);
Rob O'Brien; Manager, Financial Institutions Policy; and
Lucas Neufeld, Senior Policy Analyst, BCFSa.

CAFII had requested that BCFSa not create its own unique Insurer Code of Market Conduct, but rather use the CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers. Furthermore, BCFSa was also proposing to introduce two new Supplemental Guideline requirements above and beyond the CCIR/CISRO Guidance, and CAFII requested that these be dropped and instead pursued within CCIR/CISRO for national harmonization purposes.

In the end, BCFSa explained that it had a statutory requirement to create its own Insurer Code of Market Conduct, but based on stakeholder feedback, it had decided not to create an entirely new document. Instead, it took the 12 CCIR/CISRO expectations embedded in the Guidance: Conduct of Insurance Business and Fair Treatment of Customers – with slight wording modifications so that all 12 expectations are stated as Principles -- and it will be introduced those Principles as its Insurer Code of Market Conduct. BCFSa's modest wording modifications to the CCIR/CISRO expectations are being made to include enforcement language, and to remove all references to intermediaries as the BCFSa Market Conduct Code will only apply to insurers. Compliance with the new BC Insurer Code of Market Conduct – which is expected to be released in late June or early July 2023 – will be required by 1 April, 2024.

At the 9 May, 2023 CAFII Annual Members and Associates Luncheon, Torgy LLP lawyer Jill McCutcheon told Keith Martin that while BCFSA's modified approach to its proposed BC Insurer Code of Market Conduct was a positive development, the creation of a BCFSA Code of Conduct was still a concerning event. The CCIR/CISRO Guidance was not a product of the law, and it has no enforcement status. The BCFSA Insurer Code of Market Conduct, on the other hand, is based in law and is a product of legislation, and it is enforceable. That brings the nebulous and somewhat vague concept of fair treatment of customers expectations into an entirely different realm.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 4(b)i Committee Updates—Quebec/AMF Issues—Insights Gained from April 26/23 CAFII Quebec/AMF Issues Committee Meeting

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

CAFII's Quebec/AMF Issues Committee holds monthly meetings. This will be an update on the insights gained at the last meeting of the Committee, held on 26 April, 2023.

Membership of the Quebec/AMF Issues Committee

First	Last	Company
Susan	Gibaut	Assurant Canada
Nadine	Roy	Assurant Canada
*Jennifer	Russell	Assurant Canada
Cecillia	Xiao	Assurant Canada
Greg	Caers	BMO Insurance
Silvana	Capobianco	BMO Insurance
Sergio	Gomes	BMO Insurance
Deliska	Beauregard	Securian Canada
Farhad	Eslah	Canadian Tire Bank
Catherine	Latulippe	Canadian Tire Bank
Ibrahim	Idowu	CIBC Insurance
Kristal	McKay	CIBC Insurance
Mandy	Rutten	CIBC Insurance
David	Self	CIBC Insurance
Doug	Weir	CIBC Insurance
Cassandra	Litniansky	CUMIS/The Co-operators
Michelle	Costello	CUMIS/The Co-operators
Isabelle	Choquette	Desjardins Insurance
Maude-Marie	Dorval	Desjardins Insurance
Léa	Dufresne	Desjardins Insurance
Bessie	Paliouras	Manulife Financial
Stephanie	Lessard	National Bank Insurance

Ivan	Murray	National Bank Insurance
Jonathan	Poulin	National Bank Insurance
**Iman	Muntazir	RBC Insurance
Belinda	Lynch	Scotia Insurance
Sherri	Kuzio	Scotia Insurance
Pete	Thorn	TD Insurance
Jason	Beauchamp	The Canada Life Assurance Company
Marc-Andre	Chartrand	The Canada Life Assurance Company
Elyse	Lemay	The Canada Life Assurance Company
Lindsey	LeClair	Valeyo
* Chair		
** Vice-Chair		

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

ROLLING NOTES, CAFII QUEBEC/AMF COMMITTEE**Notes from 26 April, 2023 Meeting**

Jennifer Russell opened the meeting.

Shannon Dowe of RBC Insurance had some questions around the RADM. CAFII members said if a credit card is not being sold product summaries do not need to be offered, even if there are holders of the card from before the RADM was introduced, as the Regulation requires the Product Summary to be shared at the time of offer. However, reporting about such cards was provided to the AMF.

It was mentioned that CAFII was meeting with the AMF on 11 May, 2023 to discuss the AMF regulation on complaints and dispute resolution, and Committee members were invited to suggest possible topics of discussion. It was noted that the CLHIA had indicated that the AMF may be softening their position around the definition of complaints, and that this was something CAFII should emphasize as an issue. The AMF was also told that moving from a 10 day to 20 day requirement for resolution of a complaint was not sufficient. It was also suggested that CAFII should repeat that if a customer with a complaint goes to the courts, the complaint should not be kept open.

It was also mentioned that CLHIA had not been able to meet with the Quebec Office of the French Language (Office québécois de la langue française), which is responsible for administering the Charter of the French Language.

It was noted that CAFII is also going to meet with the AMF on the statistics that they are gathering on claims denial. While the AMF has also gathering statistics on return of premium to customers, it was suggested that this not be raised. It was noted that the meeting's intention is to ask the AMF how they are intending to use the statistics they have gathered.

There was a discussion on the privacy requirements that are coming up. A significant set of new requirements will need to be implemented by 23 September, 2023. Most members said that they are on target for meeting the timelines, although some were currently working on impact assessments, while others were solutioning and implementing.

Jennifer Russell (Assurant) said that it was important to reassess how shared services departments are impacted by regulatory implementations that take many years. For example, over time data analytics departments have grown and may now be impacted by the privacy legislation where they may not previously have been a major consideration. Jason Beauchamp (Canada Life) said that reporting breaches are very closely monitored by the AMF department le comité d'accès d'information, and may result in follow up inquiries.

The issue of the need to remove spousal insurance by 1 January, 2025 was raised, with many members saying that the natural attrition of this product had resulted in a small percentage of those holding the product no longer doing so. This means that many policies will in principle need to be cancelled by 1 January, 2025. The members of the Committee were supportive of CAFII speaking to the AMF about reconsidering its approach to this issue, and potentially grandfathering the existing holders of spousal coverage. The CAFII attendees at the upcoming 11 May, 2023 meeting with the AMF will discuss how best to approach the AMF about this issue.

Draft CAFII Quebec/AMF Agenda, Wednesday, 26 April, 2023, 1-2pm

1. Welcome and start of meeting (Jennifer Russell, All)
2. Shannon Dowe Questions to the Quebec/AMF Issues Committee (All) (see Addendum A)
3. Feedback Requested—What Would Quebec Committee Members Like CAFII to Raise at the 11 May, 2023 Meeting with the AMF on Complaints and Dispute Resolution? (All) (see Addendum B)
4. Update on Keith Martin Meeting with Michèle Helie, CLHIA/ACCAP on Charter of the French Language, and Other Issues (24 April, 2023) (Keith Martin)
5. Spousal Coverage Remove—Next Steps (All)
6. Bill 64—Quebec Privacy Legislation (All)
7. Other Business (All)

Items of Interest:

- La Presse Article on Government Giving Quebec Ministries, Government Organizations Two Years Exemption to Allow them to Speak to Customers in English (see Addendum C)
- CAFII is organizing a webinar on 18 May, 2023 with two law firms on the Charter of the French Language
- Blakes is organizing a webinar on 11 May, 2023 on the Charter of the French Language (see Addendum D)

Tracking Issues

AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers

Next Meeting: 29 May, 2023, 1-2pm

In Attendance 26 April, 2023

Jennifer Russell, Assurant * Chair
 Iman Muntazir, RBC Insurance * Vice Chair
 Belinda Lynch, Scotia Insurance
 Bessie Paliouras, Manulife
 Cassandra Litniansky, CUMIS
 Catherine Latulippe, Canadian Tire Financial Services
 Cecilia Xiao, Assurant
 David Self, CIBC Insurance
 Deliska Beauregard, Securion Canada
 Doug Weir, CIBC
 Elliott Yoo
 Élyse Lemay, Canada Life
 Greg Caers, BMO Insurance

Ibrahim Idowu, CIBC Insurance
Isabelle Choquette, Desjardins
Jonathan Poulin, BNC Insurance
John Burns, Securian Canada
Kristal McKay, CIBC Insurance
Lindsey LeClair, Valeyo
Mandy Rutten, CIBC Insurance
Michelle Costello, CUMIS
Nadine Roy, Assurant
Noel Brackney, BMO Insurance
Peter Thorn, TD Insurance
Shannon Dowe, RBC Insurance
Sergio Gomes, BMO Insurance
Susan Gibaut, Assurant

Addendum A—Question Posed by Shannon Dowe, RBC Insurance

From: Dowe, Shannon [<mailto:shannon.dowe@rbc.com>]

Sent: Tuesday, April 11, 2023 10:36 AM

To: Jake Becker <jake.becker@cafii.com>

Subject: Question re DWR Filings

Hi Jake,

I hope that you are doing well.

We'd like to verify if a scenario relating to the DWR (Distribution without a representative) filing with the AMF has been previously discussed or perhaps raised among CAFII members. I wasn't sure who to reach out to and I hope that you can assist with the following inquiry?

If a Bank stopped offering a XYZ credit card to new cardholders **PRIOR** to the implementation of requirements under Bill 141 but still has clients that have the XYZ card:

1. Does the Bank still need to develop and post on its web site a Product Summary for XYZ credit card?
2. Does the Bank still have to file a disclosure to the AMF that it is no longer offering XYZ credit card to new clients?
3. Does a Bank a need to include data regarding XYZ credit card as part of its annual filing so long as it continues to have clients that have XYZ credit card?

Thank you,

Shannon Dowe, CIP, CIPP/C | Senior Manager, Insurance Compliance | **RBC Insurance** | 6880 Financial Drive, Mississauga, ON, L5N 4N9 | Tel: 905-816-5705 | Fax: 1-888-844-3331

BRENDAN WYCKS' RESPONSE:

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: 2023, April, 11 1:20 PM
To: Dowe, Shannon <shannon.dowe@rbc.com>
Cc: Keith Martin <Keith.Martin@cafii.com>; 'Keith Martin' <kmartin@rogers.com>; Jake Becker <jake.becker@cafii.com>
Subject: FW: Question re DWR Filings

Hi, Shannon and thanks for the several inter-related questions you've posed in your email of earlier today, below.

Those are questions that are very much in the insurance regulation and regulatory policy sphere, so you should certainly feel free and encouraged to raise such questions directly with Keith and me, as Co-Executive Directors.

To the best of my knowledge, the specific questions/scenarios you've raised related to Quebec's Bill 141 and the AMF's related Regulation respecting Alternative Distribution Methods (RADM) and how those two regulatory requirements apply to credit cards that were **formerly** available to Quebecers have not been previously raised and discussed within CAFII.

However, in my view, we now have in place within our Association the ideal forum to raise such questions and have them discussed for information-sharing among member company representatives: our new Quebec/AMF Issues Committee.

The next regular monthly meeting of that committee is scheduled for Wednesday, April 26/23 from 1:00 to 2:00 p.m. EST.

Would a meeting on that date/time be soon enough for you (or an alternate RBC Insurance representative) to pose the questions you've raised, and hopefully gain some beneficial insights through member company information-sharing?

Or are you hoping for some CAFII-level guidance on those questions sooner than that?

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

T: 647.218.8243

Alternate T: 647.361.9465

www.cafii.com

Addendum B—Meeting To Be Held On 11 May, 2023 Between CAFII and AMF on Complaints and Dispute Resolution Regulation

At the Meeting from CAFII:

Peter Thompson, CAFII Board Chair
Rob Dobbins, EOC Chair
Karyn Kasperski, EOC Vice Chair
Keith Martin, Co-Executive Director

From AMF:

Eric Jacob, Superintendent, Client Services and Distribution Oversight
Louise Gauthier, Senior Director, Distribution Policies

De : Jacob Eric <Eric.Jacob@lautorite.qc.ca>

Envoyé : 5 avril 2023 17:40

À : Thompson, Peter <Peter.Thompson@bnc.ca>

Cc : Gauthier Louise <Louise.Gauthier@lautorite.qc.ca>; Beaulieu Christian <Christian.Beaulieu@lautorite.qc.ca>; Keith Martin <keith.martin@cafii.com>; Rob Dobbins <rob.dobbins@assurant.com>; karyn.kasperski@rbc.com; Goncalves, Cecilia <cecilia.goncalves@bnc.ca>

Objet : RE: Échanges Autorité - ACIFA

PRUDENCE/CAUTION - EXTERNE/EXTERNAL

Hello Peter,

Thank you and we certainly are looking forward to these conversations.

Best regards,

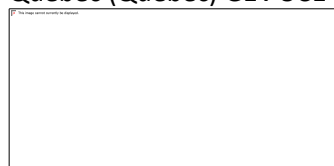
Eric

Eric Jacob, LL.B. MBA

Superintendent, Client Services and Distribution Oversight
Executive Director, Enforcement (Interim)

Autorité des marchés financiers (AMF)

2640, Laurier Boulevard, 4th floor
Quebec (Quebec) G1V 5C1



De : Thompson, Peter <Peter.Thompson@bnc.ca>

Envoyé : 5 avril 2023 16:58

À : Jacob Eric <Eric.Jacob@lautorite.qc.ca>

Cc : Gauthier Louise <Louise.Gauthier@lautorite.qc.ca>; Beaulieu Christian <Christian.Beaulieu@lautorite.qc.ca>; Keith Martin <keith.martin@cafii.com>; Rob Dobbins <rob.dobbins@assurant.com>; karyn.kasperski@rbc.com; Goncalves, Cecilia <cecilia.goncalves@bnc.ca>; Thompson, Peter <Peter.Thompson@bnc.ca>

Objet : RE: Échanges Autorité – ACIFA

Bonjour Eric,

Un grand merci pour ce courriel. Nous avons eu la chance d'en discuter à l'ACIFA, à savoir qui serait les meilleures personnes pour avoir ces discussions. Nous sommes venus à la conclusion que pour les 2 sujets en question nous devrions avoir notre Président et Vice-présidente du conseil du Comité des Operations Exécutive, soit Rob Dobbins (Assurant) et Karyn Kasperski (RBC). Les deux sont très connaissant de ces dossiers et des perspectives des membres de l'ACIFA. Nous proposons que Keith Martin et moi-même soyons également présent à ces rencontres. Finalement, nous apprécierons si ces rencontres puissent avoir lieu en anglais.

Mon adjointe, Cecilia, vous fournira sous peu plusieurs plages de disponibilités pour la deuxième moitié d'avril en espérant qu'on puisse trouver des moments qui fonctionnent pour tous pour ces deux rencontres.

Un grand merci pour votre ouverture de vouloir échanger sur ces deux sujets d'importance. Nous en sommes très reconnaissant.

A bientôt!

TRANSLATION :

Hello Eric,

Many thanks for this email. We had the chance to discuss this at the ACIFA, to know who would be the best people to have these discussions. We have come to the conclusion that for the 2 subjects in question we should have our Chairman and Vice Chairman of the Board of the Executive Operations Committee, being Rob Dobbins (Assurant) and Karyn Kasperski (RBC). Both are very knowledgeable about these issues and the perspectives of ACIFA members. We propose that Keith Martin and myself also be present at these meetings. Finally, we will appreciate if these meetings can take place in English. My assistant, Cecilia, will soon provide you with several availability slots for the second half of April, hoping that we can find times that work for everyone for these two meetings.

Many thanks for your openness in wanting to discuss these two important topics. We are very grateful. See you soon!

Peter

Peter D. Thompson



From: Jacob Eric <Eric.Jacob@lautorite.qc.ca>
Sent: Friday, March 31, 2023 8:58 AM
To: Thompson, Peter <Peter.Thompson@bnc.ca>
Cc: Gauthier Louise <Louise.Gauthier@lautorite.qc.ca>; Beaulieu Christian <Christian.Beaulieu@lautorite.qc.ca>
Subject: Échanges Autorité - ACIFA

PRUDENCE/CAUTION - EXTERNE/EXTERNAL

Bonjour Peter,

J'espère que tout va bien de ton côté.

À la suite de notre dernière conversation, je te confirme que nous pouvons tenir les discussions suivantes avec Keith et les bonnes personnes de l'ACIFA quant aux sujets suivants :

- Avec Louise Gauthier, directrice principale des politiques d'encadrement de la distribution : dossier du Règlement sur le traitement des plaintes et du règlement des différends

Et

- Avec Christian Beaulieu, directeur principal des opérations d'encadrement de la distribution : dossier des données et statistiques

Mes collègues se feront également accompagner par les bonnes personnes de leurs équipes respectives afin d'optimiser les échanges.

Nous laisserons Keith revenir à nos équipes avec des propositions de rencontres.

Je te remercie et demeure disponible.

Bon week-end!

Éric

Éric Jacob, LL.B. MBA

Surintendant de l'assistance aux clientèles et de l'encadrement de la distribution
Directeur général du contrôle des marchés (Intérim)

Autorité des marchés financiers



TRANSLATION:

Hello Peter,

I hope all is well on your side.

Following our last conversation, I confirm that we can hold the following discussions with Keith and the right people at CAFII on the following subjects:

- With Louise Gauthier, Senior Director of Distribution Regulation Policies: File on the Regulation respecting the processing of complaints and the resolution of disputes

And

- With Christian Beaulieu, Senior Director of Distribution Management Operations: data and statistics file

My colleagues will also be accompanied by the right people from their respective teams in order to optimize exchanges.

We will let Keith come back to our teams with meeting proposals.

Thank you and I remain available.

Have a nice week end!

Eric

Addendum C—La Presse Article on Charter of the French Language Exemptions (French Original Follows)

STATE-BUSINESS COMMUNICATIONS

QUEBEC CREATES AN EXCEPTION TO USE ENGLISH

TOMMY CHOINARD THE PRESS

QUEBEC — The Legault government allows ministries and public bodies to communicate in English with companies based in Quebec for another two years when they deem it necessary.

It introduces an exception to a new rule in the Charter of the French Language that requires the state to communicate only in French with legal persons established in Quebec.

Under its Bill 96 passed last year, the Legault government decided to require "exemplary" and "exclusive" use of French by the state in its communications, with a few exceptions. It has set itself the goal of putting an end to the "bilingualization of the state" with this reform of Bill 101.

The Conseil supérieur de la langue française had shown in 2019 that 39% of staff members of departments and agencies "having written interactions with legal persons or businesses established in Quebec sometimes use a language other than French in this type of interaction." It is 63% in the Outaouais and 51% in Montreal, had added the organization that no longer exists today.

Developed following the adoption of Bill 96, the government's new Language Policy, which the government has just made public, emphasizes the state's "duty to set an example" with respect to the use of French.

Nevertheless, "the Administration may use a language other than French only in the exceptional cases provided for in the Charter of the French Language" – for the English-speaking community, for example – "or by its regulatory framework."

However, this "regulatory framework" has just been established. The Minister responsible for the French Language, Jean-François Roberge, submitted the Administration's Language Regulation to the Council of Ministers. This regulation will enter into force^{on} 1 June. It "specifies the legal framework applicable to the Administration so that it can fully meet its duty of exemplarity".

Above all, "it provides for new exceptions to the general principle, which is the exclusive use of French," reads Mr. Roberge's brief to the Council of Ministers.

"SUNSET PROVISIONS"

The state may thus use English with a legal person established in Québec when it is "necessary to prevent a communication written solely in the official language from compromising the accomplishment of the mission of the Authority's body and the latter has taken all reasonable means to communicate only in the official language."

Similarly, "a writing sent to a body of the Administration by a legal person or enterprise to obtain a permit, another authorization of the same nature, a subsidy or another form of financial assistance [...] may be written in a language other than French" when "the transmission of writing in French only compromises the accomplishment of the mission of the body of the Administration and the latter has taken all reasonable means to ensure that the writing is transmitted to it only in the official language".

Both of these measures are referred to as "sunset clauses." They will be in effect for two years. They "cease to have effect^{on} June 1, 2025," says the Regulations.

At what point is the "accomplishment of the mission" of an organization compromised and would allow the use of English? We don't know.

Organizations will have to answer this question and define "language practices that are consistent with their reality" and the Charter.

"In light of the comprehensive applicable legal regime, each body will have to adopt a directive that will specify how it will exercise its duty of exemplarity. He will indicate the nature of the situations in which he intends to use a language other than French," continues the brief of Jean-François Roberge submitted to the Council of Ministers.

The idea of using only French in government communications with legal persons established in Quebec has long been debated and has been the subject of numerous postponements.

It is a measure that was part of Bill 101 when it was passed in 1977, but was lifted by the Liberals in 1993. In 2001, the Larose Commission on the Future of French recommended that it be reinstated. The Landry government passed legislation the following year to, among other things, implement this recommendation. However, the measure never entered into force; the Charest, Marois and Couillard governments maintained the status quo. The Legault government had promised that the measure would be implemented in June 2022, but the operation had been postponed for a year, in the context of the adoption of Bill 96.

QUÉBEC CRÉE UNE EXCEPTION POUR UTILISER L'ANGLAIS

TOMMY CHOUINARD LA PRESSE

QUÉBEC — Le gouvernement Legault permet pour encore deux ans aux ministères et aux organismes publics de communiquer en anglais avec des entreprises installées au Québec lorsqu'ils le jugent nécessaire.

Il introduit en effet une exception à une nouvelle règle de la Charte de la langue française qui oblige l'État à communiquer uniquement en français avec les personnes morales établies au Québec.

En vertu de son projet de loi 96 adopté l'année dernière, le gouvernement Legault a décidé d'exiger une utilisation « exemplaire » et « exclusive » du français de la part de l'État dans ses communications, à quelques exceptions près. Il s'est donné pour objectif de mettre fin à la « bilinguisation de l'État » avec cette réforme de la loi 101.

Le Conseil supérieur de la langue française avait démontré en 2019 que 39 % des membres du personnel de ministères et d'organismes « ayant des interactions écrites avec des personnes morales ou des entreprises établies au Québec utilisent parfois une autre langue que le français dans ce type d'interaction ». C'est 63 % en Outaouais et 51 % à Montréal, avait ajouté l'organisme qui n'existe plus aujourd'hui.

Élaborée à la suite de l'adoption du projet de loi 96, la nouvelle Politique linguistique de l'État, que le gouvernement vient tout juste de rendre publique, insiste sur le « devoir d'exemplarité » de l'État à l'égard de l'utilisation du français.

Néanmoins, « l'Administration peut utiliser une autre langue que le français uniquement dans les cas exceptionnels prévus par la Charte de la langue française » – pour la communauté anglophone par exemple – « ou par son cadre réglementaire ».

Or ce « cadre réglementaire » vient justement d'être fixé. Le ministre responsable de la Langue française, Jean-François Roberge, a soumis au Conseil des ministres le Règlement sur la

langue de l'Administration. Ce règlement entrera en vigueur le 1^{er} juin. Il « précise le cadre juridique applicable à l'Administration afin qu'elle puisse satisfaire pleinement à son devoir d'exemplarité ».

Surtout, « il prévoit de nouvelles exceptions au principe général qui est l'utilisation exclusive du français », peut-on lire dans le mémoire de M. Roberge au Conseil des ministres.

« DISPOSITIONS DE TEMPORISATION »

L'État peut ainsi utiliser l'anglais avec une personne morale établie au Québec lorsque cela est « nécessaire pour éviter qu'une communication rédigée uniquement dans la langue officielle compromette l'accomplissement de la mission de l'organisme de l'Administration et que ce dernier a pris tous les moyens raisonnables pour communiquer uniquement dans la langue officielle ».

De même, « un écrit transmis à un organisme de l'Administration par une personne morale ou une entreprise pour obtenir un permis, une autre autorisation de même nature, une subvention ou une autre forme d'aide financière [...] peut être rédigé dans une autre langue que le français » lorsque « la transmission de l'écrit en français uniquement compromet l'accomplissement de la mission de l'organisme de l'Administration et que ce dernier a pris tous les moyens raisonnables pour que l'écrit lui soit transmis uniquement dans la langue officielle ».

Ces deux mesures sont présentées comme des « dispositions de temporisation ». Elles seront en vigueur pendant deux ans. Elles « cessent d'avoir effet le 1^{er} juin 2025 », précise d'ailleurs le Règlement.

À partir de quel moment « l'accomplissement de la mission » d'un organisme est compromis et permettrait d'utiliser l'anglais ? On l'ignore.

Les organismes auront à répondre à cette question et à définir des « pratiques linguistiques conformes à leur réalité » et à la Charte.

« À la lumière du régime juridique complet applicable, chaque organisme devra adopter une directive qui précisera la façon dont il exercera son devoir d'exemplarité. Il y indiquera la nature des situations dans lesquelles il entend utiliser une autre langue que le français », poursuit le mémoire de Jean-François Roberge soumis au Conseil des ministres.

L'idée d'utiliser uniquement le français dans les communications de l'État avec les personnes morales établies au Québec fait débat depuis longtemps et est l'objet de multiples reports.

C'est une mesure qui faisait partie de la loi 101 dès son adoption en 1977, mais qui avait été levée par les libéraux en 1993. En 2001, la commission Larose sur l'avenir du français recommandait de la remettre en place. Le gouvernement Landry avait adopté une loi l'année suivante pour entre autres mettre en œuvre cette recommandation. Or, la mesure n'est jamais entrée en vigueur ; les gouvernements Charest, Marois et Couillard ont maintenu le statu quo. Le gouvernement Legault avait promis que la mesure serait mise en application en juin 2022, mais l'opération avait été reportée d'un an, dans le contexte de l'adoption du projet de loi 96.

Ce texte provenant de La Presse+ est une copie en format web. Consultez-le gratuitement en version interactive dans l'application La Presse+.

Addendum D—Blakes Webinar on the Charter of the French Language

You're invited to a Blakes Business Class Seminar:


Quebec's Charter of the French Language: Where We Are Now and What to Look Out for in the Coming Months

La version française suit le texte anglais.

Blakes

Business Class


Seminar


 This event is only available online




EMPLOYMENT & LABOUR / CORPORATE & COMMERCIAL

Quebec's Charter of the French Language: Where We Are Now and What to Look Out for in the Coming Months

 Thursday, May 11, 2023

 12 – 1 p.m. (ET) | Livestream begins 15 min prior to start

 Online

ⓘ Please register by Wednesday, May 10, 2023.

🔗 [More information](#)

📝 [Register now](#)

Please note that this webinar will take place in English only.

Event Description

Join Blakes lawyers for a discussion on the impacts of the adoption of Bill 96 and new obligations coming into effect for employers in Quebec. Our speakers will review the main amendments to Quebec's *Charter of the French Language* and examine the significant changes employers have made to their practices and policies, as well as the strategies they have put in place in this regard over the past year.

Our speakers will also discuss key amendments to the Charter that apply to commercial contracts and the significant changes that businesses operating in Quebec must make to their commercial practices.

Speakers:



Catherine Gagné
Associate, Montréal



Francis Laperrière
Racine
Associate, Montréal



Jenny Ross
Partner, Montréal

Streaming will begin 15 minutes before the presentation.

This invitation is intended for Keith Martin and is not transferable.

Mandatory Continuing Education

Ontario

This program is eligible for up to 1 Substantive hour.

Quebec

Please note that pursuant to the amendments to the [Règlement sur la formation continue obligatoire des avocats](#) (Regulation respecting mandatory continuing education for lawyers – available in French only) of the Barreau du Québec, which came into force on April 1, 2019, the status of “accredited provider” has been abolished.

Blakes will continue to provide you with a confirmation of participation for your records. As stipulated in the above-mentioned regulation, members must preserve supporting documents attesting their completion of training activities for a period of seven years beginning on April 30 following the end of the reference period during which such activities were completed.

British Columbia

This program has been accredited for up to 1 CPD Credit Hour with [The Law Society of British Columbia](#).

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Vous êtes invité à un séminaire Classes affaires de Blakes :

Charte de la langue française : où nous en sommes et ce qu'il faut surveiller au cours des prochains mois

Classes affaires



TRAVAIL ET EMPLOI / DROIT COMMERCIAL ET DES SOCIÉTÉS

Charte de la langue française : où nous en sommes et ce qu'il faut surveiller au cours des prochains mois

📅 Jeudi 11 mai 2023

🕒 12 h – 13 h (HE) | La diffusion commence 15 min. avant le séminaire

📍 En ligne

⚠️ Veuillez vous inscrire au plus tard le mercredi 10 mai 2023

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Veuillez noter que ce webinaire se déroulera en anglais.

Description de l'événement

Joignez-vous à des avocats de Blakes pour discuter des répercussions de l'adoption du projet de loi 96 et de l'entrée en vigueur de nouvelles obligations sur les employeurs au Québec. Nos conférenciers passeront en revue les principales modifications apportées à la *Charte de la langue française* et se pencheront sur les changements importants que les employeurs ont apportés à leurs pratiques et politiques, ainsi que sur les stratégies qu'ils ont mises en place à cet égard au cours de la dernière année.

Par ailleurs, vu l'entrée en vigueur de certaines dispositions de la Charte visant les contrats commerciaux, les conférenciers discuteront également des principales modifications apportées à la Charte relativement à ces contrats et des changements importants aux pratiques commerciales des entreprises faisant affaire au Québec.

Conférenciers



Catherine Gagné
Avocate, Montréal



Francis Laperrière
Racine
Avocat, Montréal



Jenny Ross
Associée, Montréal

La diffusion commencera 15 minutes avant le séminaire.

Cette invitation est destinée à Keith Martin et ne peut être transférée.

Formation continue obligatoire

Ontario

Ce programme est admissible à 1 heure de contenu de droit de fond.

Québec

Veuillez noter qu'en vertu des modifications au [Règlement sur la formation continue obligatoire des avocats](#), qui sont entrées en vigueur le 1^{er} avril 2019, le statut de « dispensateur reconnu » a été aboli.

Blakes vous remettra tout de même une confirmation de participation pour vos dossiers. Tel que le prévoit le Règlement, le membre de l'Ordre doit conserver les pièces justificatives permettant de vérifier qu'il a suivi une activité de formation jusqu'à l'expiration d'un délai de sept ans débutant le 30 avril qui suit la fin de la période de référence pendant laquelle l'activité a été suivie.

Colombie-Britannique

[The Law Society of British Columbia](#) a reconnu ce programme pour une durée maximale de 1 heure de crédits de formation continue.

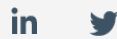
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CAFII Quebec/AMF Agenda, Wednesday, 29 March, 2023

8. Welcome and start of meeting (Jennifer Russell, All)
9. 22 March, 2023 Meeting between Peter Thompson and Éric Jacob (Keith Martin—please see Addendum A)
10. Feedback Requested—What Would Quebec Committee Members Like CAFII to Raise at the June, 2023 Meeting with Éric Jacob? (All)
11. 23 March, 2023 Meeting “*Présentation panier de solutions, échanges et questions*” (Keith Martin)
12. Bill-96, Quebec Charter of the French Language—Application to insurance contracts (contracts of adhesion) (Jennifer Russell, All)
13. Recently implemented new Quebec privacy legislation (Bill-64) and related initiatives (Jennifer Russell, All)
14. Removal of spousal cover exemption by January 1, 2025 (all)
15. Other Business

Tracking Issues

AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers

Addendum A—Briefing Note from Peter Thompson on his 22 March, 2023 Meeting with Éric Jacob


CAFII-AMF quarterly discussion



Thompson, Peter <Peter.Thompson@bnc.ca>

To ○ Keith Martin; ○ Brendan Wycks; ○ Rob Dobbins; ○ karyn.kasperski@rbc.com

Cc ○ Thompson, Peter

 You forwarded this message on 2023-03-27 12:36 PM.

Hi everyone,

A short recap of my discussion with Eric Jacob on March 22nd, 2023:

- friendly discussion around how last meeting with Keith and Mario was very positive to help bring credit card embedded insurance issue to a close. I mentioned it would be good if we could each add one or two people each to our discussions depending on the issue to enable us to go deeper as needed. He agreed that could be helpful.
- I mentioned to Eric how CAFII was preparing for Brendan's retirement at the end of the year and the new structure going forward (Keith as sole Executive Director with 2 direct reports). He felt that was good planning on CAFII's part.
- Eric spoke about his added responsibilities on an interim basis (team of about 200 people responsible for "enforcement") further to JF Fortin's retirement. He has experience in this type of role which he indicated would be helpful. He expects this added responsibility would last at least 6-9 months to allow for new CEO to come on board who would then likely be looking at structures.
- I told Eric CAFII still had 2 primary issues when it came to Quebec that it had concerns about: 1) the "complaints" definition which was much broader and not harmonized with other jurisdictions (thereby leading to a significant increase in number of "reported complaints" without any real value added for consumers); and 2) the lack of clarity around the intent/objective/next steps for the claims data which the AMF had requested from CAFII members (and other insurance distributors). This is the issue which was first introduced by Mario Beaudoin last October at the AMF-CAFII meeting in Montreal.
- On the "complaints" definition issue, he said he understood our concerns and that the team was working through all the feedback received after the second round of consultations. It sounded as though they had a lot of feedback from many different constituents to work through and that it was challenging work. He did not commit to any timeline but said they would be getting back to us on this.
- On the claims data issue, he was very keen on discussing this further with us to ensure we (CAFII & AMF) have a common understanding of why data is being collected, how it should be interpreted, what are next steps, etc. He said this could be a good subject to have one or two others join the discussion. On our end, I mentioned Keith and also Rob, as head of the EOC, who should have a good understanding of most of our members questions/concerns around this issue. Although I would revert to them and see if this is what made most sense on this issue. On

AMF's end, Éric mentioned Mario and possibly Christian (Mario's boss) although he too would check with them. Eric also offered to prepare a proposed agenda and schedule the meeting. He will keep us posted.

Overall, positive tone and I continue to believe we are headed in right direction with AMF.

I think I captured most of what was discussed but don't hesitate to ask any questions you may have.

Thanks and have a great week!

Peter

Notes from 29 March, 2023 Meeting

Jennifer Russell thanked everyone for participating in the meeting, and asked Keith Martin to give a summary of the most recent meeting between Éric Jacob and Peter Thompson. Keith Martin said that the meeting was very productive and positive, with discussion on the statistics being collected on claim denial rates by the AMF, as well as the AMF second consultation on complaints. Éric Jacob said he was appreciative of our sharing our thoughts on both those issues, and the AMF was working on them. There was also agreement that Keith Martin would attend these meetings going forward, along with additional participation from the AMF.

Keith Martin gave an overview of the 23 March 2023 presentation by the AMF on burden reduction, noting that it was very general, high-level, and generic, with no specific commitments beyond listening better and being more transparent. Deliska Beauregard (Securian Canada) was also at the session and agreed with Keith Martin's interpretation. David Self (CIBC Insurance) suggested that requesting that the AMF make concrete comments on burden reduction could be a topic at a future Éric Jacob and Peter Thompson session.

Iman Muntazir (RBC Insurance) said that they were still trying to determine how to deal with the phone channel for the Charter of the French Language; Peter Thorn (TD Insurance) said that they were also trying to determine how to deal with certain elements of the implementation of the Charter's requirements, with fulfilment being one option being explored (getting customer permission to send documentation later). Elyse Lemay (Canada Life) said that the Charter has amended its language to "remit" which means that a French version needs to be sent, but an English version could be sent at the same time.

Catherine Latulippe (Canadian Tire Financial Services) said that the Charter does not require that the document be sent in French only, but to send the document in English only requires consent after the document is sent in French or in bilingual fashion. The intention is not to deny English customers access to English documents, but rather to ensure that the documents are sent in French as well. Documents have to be in French only, or bilingual, but to send them in English only can only happen if the customer explicitly requests this after having received the contract of adhesion in French. Silvana Capobianco (BMO Insurance) said that they will be fulfilling packages bilingually if the customer indicates an English preference, including for the contract of adhesion; and those who say they prefer French will be send documentation in French only. Cecillia Xiao (Assurant) said that the contract of adhesion for an insurance contract could raise some issues if there is no clarity of the language preference of the customer. This is why there is some requirement to use fulfilment to share documents after the discussion with customers on the phone. The issue is that whatever choice the customer makes with a

distributor may be different than what a customer may need to be provided in a legally-binding document from the insurer. A customer, in some interpretations, cannot chose English as their preference until they have first received the contract of adhesion. However, a different interpretation is that the company needs to “remit” the document, which may permit sending the bilingual version of the document.

Jennifer Russell (Assurant) felt that the customer still had to indicate that they wanted to receive documentation in English after receiving the contract of adhesion, but Pete Thorn (TD Insurance) felt that in practice this would never happen. “Remit” replaces “examine” in the latest version of the Charter, which provides more flexibility. Another issue is that francophones may not wish to receive bilingual documents. Catherine Latulippe felt that if you cannot deliver the contract of adhesion to the customer on the phone call, you cannot avoid sending documentation in French only. Catherine Latulippe asked about the possibility of sending emails of the contract, and then getting confirmation of receipt and language preferences on the phone.

Iman Muntazir (RBC Insurance) said that RBC Insurance is intending to fulfil in the preferred language whenever possible. Contracts of adhesion may also be provided in both languages for customers where it is not clear what is the language preference. Nadine Roy said that she tried to get clarity from the Office of the French Language, but has not heard back. CAFII will ask CLHIA to see if they have more clarity around the expectations created by the Charter of the French Language.

In Attendance

Jennifer Russell, Assurant * Chair
 Iman Muntazir, RBC Insurance * Vice Chair
 Belinda Lynch, Scotia Insurance
 Bessie Paliouras, Manulife
 Cassandra Litniansky, CUMIS
 Catherine Latulippe, Canadian Tire Financial Services
 Cecilia Xiao, Assurant
 David Self, CIBC Insurance
 Deliska Beauregard, Securian Canada
 Doug Weir, CIBC
 Élyse Lemay, Canada Life
 Greg Caers, BMO Insurance
 Ibrahim Idowu, CIBC Insurance
 Isabelle Choquette, Desjardins
 Jonathan Poulin, BNC Insurance
 Lindsey LeClair, Valeyo
 Michelle Costello, CUMIS
 Nadine Roy, Assurant
 Peter Thorn, TD Insurance
 Sergio Gomes, BMO Insurance
 Susan Gibaut, Assurant
 Silvana Capobianco, BMO Insurance

Next Meeting: Wednesday, 26 April, 2023, 1-2pm

CAFII Quebec/AMF Agenda, Wednesday, 1 March, 2023

16. Welcome and start of meeting (Jennifer Russell, All)
17. Jennifer Russell Formally Confirmed as Chair of the Quebec/AMF Committee at 14 February, 2023 EOC Meeting (Keith Martin)
18. Updates on intelligence gained about AMF Including 7 March, 2023 Meeting with Eric Jacob; and 23 March, 2023 Meeting *“Présentation panier de solutions, échanges et questions”* (Keith Martin)
19. Round 2 of AMF consultation on its updated Draft Regulation respecting Complaints Handling and Dispute Resolution in the Financial Services Sector – Submission Sent to AMF (Brendan Wycks, All)
20. Bill-96, Quebec Charter of the French Language—Application to insurance contracts (contracts of adhesion) (Jennifer Russell, All)
21. Recently updated and implemented new AMF Sound Commercial Practices Guideline, including problematic clause regarding reporting any conflicts of interest to customers (Jennifer Russell, All)
 - a. Open Discussion—How do members intend to implement the conflict of interest clause? (All)
22. Recently implemented new Quebec privacy legislation (Bill-64) and related initiatives (Jennifer Russell, All)
23. Removal of spousal cover exemption by January 1, 2025 (all)
24. Other Business

Tracking Issues

AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers.

Jennifer Russell opened the meeting and noted that we had a very robust Agenda today. Keith Martin confirmed that the EOC formally confirmed that Jennifer Russell was approved as the new Chair of the Quebec/AMF Committee at its 14 February, 2023 meeting.

Keith Martin provided an update on the resolution of the issue of the RADM and credit card-embedded insurance benefits, noting that a meeting would be held on 7 March, 2023 to confirm the understanding of the AMF and CAFII that the Fact Sheet and Notice of Rescission would not need to be distributed for these products, and that the AMF would have an “unwritten understanding” on this issue with CAFII. Keith Martin would be in attendance of that meeting along with Mario Beaudoin from the AMF, as “witnesses.” As well, Keith Martin noted that a French-only session would be held on 23 March, 2023 on burden reduction initiatives by the AMF. Keith Martin will attend that meeting and provide an English summary; and it was noted that the AMF was increasingly holding meetings only in French, and distributing written documents in French only, or with the English translation only provided many weeks after the distribution of the French.

Brendan Wycks noted that CAFII had submitted its formal submission to the updated AMF draft regulation respecting complaints handling and dispute resolution. The Quebec/AMF Committee was consulted on that submission.

The Committee turned next to Bill-96 on the Charter of the French Language. Michelle Costello from CUMIS asked whether the group policy was also considered a “contract of adhesion.” The group policy is provided by the insurer to the distributor, but the customer may request to see that policy. At Assurant, the group master policy is not viewed to fall within the definition of a “contract of adhesion.” If requested by a policy holder, it would be provided in the language of choice of the consumer. Pete Thorn said TD was in agreement with this interpretation. Isabelle Choquette said that Desjardins was still determining its position, but was leaning towards considering the group policy to fall within the contract of adhesion, so that if a consumer requests to see it the French would be shared first. Kristal McKay from CIBC also felt that CIBC would likely view the group policy to fall within the contract of adhesion.

A question was asked about whether underwriting which might require communication with the customer might be considered to fall within Section 55. The whole issue is whether these documents relate to the contract. Catherine Latulippe from CTFS said that fulfilment packages would be sent by her institution in the language preference of the customer, because it would fall under the consent from customers around language preference, which would already have been received. There is uncertainty around how phone channel enrollment will occur.

It was agreed that “Recently updated and implemented new AMF Sound Commercial Practices Guideline, including problematic clause regarding reporting any conflicts of interest to customers” would be moved to a tracking issue.

Isabelle Choquette said that Desjardins were facing major issues around cancelling the remaining spousal insurance policies by 2025, and had concerns about how to do this. Kristal McKay said CIBC was on track to cancel these spousal insurance policies. There was discussion about whether a spouse who has been enrolled by the primary card holder and who is paying additional premium would need to be removed from spousal coverage, and Desjardins felt that yes that was the view of the AMF.

In Attendance

Jennifer Russell, Assurant * Chair
 Belinda Lynch, Scotia Insurance
 Bessie Paliouras, Manulife
 Cassandra Litniansky, CUMIS
 Catherine Latulippe, Canadian Tire Financial Services
 David Self, CIBC Insurance
 Doug Weir, CIBC
 Greg Caers, BMO Insurance
 Jonathan Poulin, BNC Insurance
 Kristal McKay, CIBC Insurance
 Lindsey LeClair, Valeyo
 Marc-Andre Chartrand, Canada Life
 Michelle Costello, CUMIS
 Nadine Roy, Assurant
 Peter Thorn, TD Insurance
 Silvana Capobianco, BMO Insurance

From staff:

Keith Martin, CAFII Co-Executive Director

Brendan Wycks, CAFII Co-Executive Director

NEXT MEETING: Wednesday, 29 March, 2023, 1-2pm

9 February, 2023 Quebec/AMF Committee Special Purpose Meeting on Bill-96

A special purpose meeting of the Quebec/AMF Committee was held on 9 February, 2023 to discuss how CAFII member companies would be responding to Bill-96, the Charter of the French Language with an implementation deadline of 1 June, 2023.

However, before that part of the meeting started Committee Chair Jennifer Russell (Assurant) called on Keith Martin to update the Committee on a development with the AMF. Keith Martin mentioned that he sent a note to CAFII members on 8 February, 2023 about a resolution to the RADM and credit card-embedded insurance benefits issue with the AMF, where the AMF's Superintendent of Client Services and Distribution Oversight said that there would be an "unwritten agreement" that the AMF would take no action with respect to regulated entities who have chosen not to distribute the Fact Sheet and Notice of Rescission.

David Self (CIBC Insurance) asked if there would be any issues due to CIBC Insurance distributing the Fact Sheet and Notice of Rescission to credit card-embedded insurance benefits, and Keith Martin said that the AMF was already well-aware of this and their decision was more around "we will not do anything if a company does not distribute these documents for embedded insurance" as opposed to a company not being able to distribute those documents if they wished to.

Peter Thorn (TD Insurance) said that he supported the outcome, but that there was a risk of a customer or a consumer organization complaining that the Regulation was not being complied with. Keith Martin agreed that there was some risk of that, but that it was still the best solution available in the circumstances, and it would be difficult for the AMF to reverse position at a later point in time on a matter which they were fully aware of and which had been in place for years.

The meeting then turned to Bill-96, with Jennifer Russell providing an overview of her understanding of the Bill and how Assurant was thinking of implementing it. In reviewing the bill, especially with respect to "Contracts of adhesion" which are final contracts that are non-negotiable, the conclusion reached at her company is that for credit protection insurance (CPI), customer certificates meet the definition of a contract of adhesion. However, it is less clear that embedded benefits within a credit card meet the definition of a contract of adhesion.

There are exceptions in the Bill to the application of the Charter to contracts of adhesion, but there is nothing in the Charter that says that group creditor certificates are exempted. The contract in this case is the certificate for the policy-holder. If that interpretation is correct, then for certificates for CPI French documents must be presented first even if the consumer is English. The consumer may then choose to continue in French or request the English version and continue to discuss the contract in English, but they must first see the contract in French.

Farhad Eslah (Canadian Tire Financial Services) said CTFS would offer the certificates as two links, one in French, and one in English. The same would be done for the Fact Sheet etc. The individual at the end of the credit card application would have an extra sentence in French and English asking them to confirm that if they are a resident of Quebec they have received all documentation in French first, and that they chose to proceed in English for all subsequent communications and reception of documentation. In-store customers would only receive documentation in French, to avoid the risk of staff accidentally providing documentation in English first. In general for credit card applications there will be more physical handouts at the branch, because this lowers the amount of information that needs to be distributed with the material sent in the mail afterwards to the customer.

Elyse Lemay (Canada Life) asked about the Charter's exemptions for loans. If the insurance offer is separate from the loan it would have to be subject to the Charter, but if they are done together it is not clear if the exemption would apply to the loan and the insurance as well. The loan would come first and so how Section 55 applies to the insurance associated with the loan is not completely clear.

Elyse Lemay also said that the interpretation Jennifer Russell is advancing is based on treating the certificate as though it was an individual contract, which is not necessarily everyone's interpretation. Peter Thorn (TD Insurance) asked if there was any legal basis for the interpretation that the certificate is in fact a contract? Peter Thorn said that the incidental insurance to the loan should not be separated from the decision to apply for the loan, which is the primary contract. Catherine Latulippe (Canadian Tire Financial Services) said that there has been work been done at the CBA level on this issue. Section 55 exempts some loan contracts, but subsequent Section 26 amendments to the Consumer Protection Act may remove those exemptions in practice, so the Section 55 exemptions may not matter in practice.

Iman Muntizir (RBC Insurance) said that at RBC they will act as if the insurance needs to be subject to Bill-96. The process for digital and online applications are still up in the air, but one approach may be to send the application and certificate in French first, and then customer can choose or request after the fact to receive an English version. The Product Summary and Fact Sheet are not viewed as part of the contract of adhesion. So the links will be provided in French first, but only for the application and the certificate. That likely includes the approach for documents that are mailed out. RBC Insurance has chosen to not send out the English version of the documents as well to avoid sending out too much paper. There is still discussion internally on the approach to take, however, as there may be an easier way to let the customer get a copy of the document in English.

Jennifer Russell noted that in addition to the customer experience being negatively affected by some of these processes, there is also the issue of communicating with the customer in a reasonable timeline. She noted that the implications of not complying with the rules are significant, as if the contract of adhesion is not offered in French the contract is voided.

Maude-Marie Dorval (Desjardins) said that underwriting is viewed as part of the contract as well, for example if a customer is told that their application is rejected as part of an underwriting process, that this needs to be communicated in French first. A question was asked if some members are thinking of not providing an English version of the contract at all? Some members said that they will provide general information bilingually, but the fulfillment element may be in French only.

Kristal McKay (CIBC Insurance) asked if there is consideration of fulfilment being bilingual for some members, and Sergio Gomes (BMO Insurance) said BMO was planning on sending fulfilment packages in both languages, with French being first for everyone. Keith Martin noted that this has the ironic

outcome of sending English versions of documents to French speakers, which is not the intention of the Charter which seeks to promote French in Quebec.

David Self (CIBC Insurance) said that there was still uncertainty around the how to interpret Bill-96 for embedded coverages.

Michelle Costello (CUMIS) asked about whether the French contract needed to be signed, and the general view was that it was the presentation of the contract that needed to be in French first, and it was fine if the customer chose to sign the English version of the document thereafter. Maude-Marie Dorval (Desjardins) and Cecillia Xiao (Assurant) agreed with that interpretation.

Farhad Eslah (CTFS) said that for the phone channel, CTFS will send the certificate over email during the phone call, and so they will only make an offer to a customer when they have an email. It was noted that the RADM indicates that the Fact Sheet and Notice of Rescission do not need to be provided to the customer during a phone call if there is no way to provide the customer with those documents during the call; if the certificate is being sent during the call to the customer, does that mean the customer should also be sent the Fact Sheet and Notice of Rescission?

Mandy Rutten (CIBC Insurance) said that her view was that embedded insurance is included as part of the credit card so the insurance does not require a separate process, and Keith Martin noted that while that is logical, it is not the interpretation that the AMF has used. Having said that, it is also important to keep in mind that Bill-96 is not an AMF regulation.

Lea Dufresne (Desjardins) asked about the process for travel insurance, and members generally felt that the process should be the same as for credit protection insurance. Silvana Capobianco (BMO Insurance) asked if the Fact Sheet and Notice of Rescission are in scope for Bill-96, and the general consensus was that these documents were not captured by the bill.

There was some discussion of asking for an extension of the 1 June, 2023 deadline, and Catherine Latulippe (CTFS) said that even if there was an extension, there is a private right of action that will be available as of 1 June, 2023. It was noted that monitoring and enforcement of the Charter of the French Language was the jurisdiction of the *Office québécois de la langue française*.

Additional Information

Please find links to two legal opinions on Bill-96:

[Charter of the French language | Knowledge | Fasken](#)

[Stikeman Elliott on Bill-96](#)

In Attendance

Jennifer Russell, Assurant * Chair

Iman Muntazir, RBC Insurance ** Vice Chair

Belinda Lynch, Scotia Insurance

Cassandra Litniansky, CUMIS

Catherine Latulippe, Canadian Tire Financial Services

Cecilia Xiao, Assurant
 David Self, CIBC Insurance
 Deliska Beauregard, Canadian Premier Life
 Elliot Yoo, Scotia Insurance
 Elyse Lemay, Canada Life
 Farhad Eslah, Canada Tire Financial Services
 Greg Caers, BMO Insurance
 Jason Beauchamp, Canada Life
 Jonathan Poulin, BNC Insurance
 Kristal McKay, CIBC Insurance
 Léa Dufresne, Desjardins
 Mandy Rutten, CIBC Insurance
 Marc-Andre Chartrand, Canada Life
 Maude-Marie Dorval, Desjardins
 Michelle Costello, CUMIS
 Nadine Roy, Assurant
 Peter Thorn, TD Insurance
 Sergio Gomez, BMO Insurance
 Silvana Capobianco, BMO Insurance
 Susan Gibaut, Assurant
 Tejal Harri-Morar, BMO Insurance

STAFF:

Keith Martin, CAFII
 Brendan Wycks, CAFII

1 February, 2023 Quebec/AMF Agenda Meeting

Draft CAFII Quebec/AMF Agenda, Wednesday, 1 February, 2023

25. Jennifer Russell as Chair of the Quebec/AMF Committee (Keith Martin)
26. Welcome and Introductions (Jennifer Russell, All)
27. Terms of Reference for this Committee (Jennifer Russell, All)
28. Nominating Iman Muntazir, RBC Insurance as Vice-Chair of this Committee— (Jennifer Russell)
29. Updates on intelligence gained about AMF (Keith Martin)
30. AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers (Jennifer Russell, All)
31. Round 2 of AMF consultation on its updated Draft Regulation respecting Complaints Handling and Dispute Resolution in the Financial Services Sector (Jennifer Russell, All)
32. Recently updated and implemented new AMF Sound Commercial Practices Guideline, including problematic clause regarding reporting any conflicts of interest to customers (Jennifer Russell, All)
 - a. Open Discussion—How do members intend to implement the conflict of interest clause? (All)

33. Bill-96, Quebec Charter of the French Language—Application to insurance contracts (contracts of adhesion) (Jennifer Russell, All)
34. Recently implemented new Quebec privacy legislation (Bill-64) and related initiatives (Jennifer Russell, All)
35. Removal of spousal cover exemption by January 1, 2025 (all)
36. Frequency of Meetings (all)
37. Other Business

Notes 1 February 2023

Agenda #1: The Committee unanimously supported Jennifer Russell as the new Chair with a motion from David Self, seconded by Peter Thorn.

Agenda #2: Welcome to all by Committee Chair Jennifer Russell.

Agenda #3: Terms of Reference were approved by the at the 17 January, 2023 EOC Meeting. Jennifer Russell will join the EOC as the Chair of the Committee. It was suggested that the creation of this Committee should be shared with the AMF.

Agenda #4: Iman Muntazir as Vice Chair of the Quebec/AMF Committee was approved by the Committee. Moved by David Self, seconded by Deliska Beauregard.

Agenda #5: Keith Martin noted that Louis Morriset, CEO of the AMF would not be renewing his contract and would be leaving in the summer of 2023. Internal candidates to succeed him include Patrick Déry. Keith Martin spoke to Lynne Duhaime of the Quebec CLHIA on 19 January, 2023 at a FSRA Conference, and she said that meetings in recent years with the AMF had been very difficult and awkward. It was noted that on Monday, 6 February 2023 CAFII Chair Peter Thompson would be meeting virtually with AMF's Eric Jacob, in their first quarterly virtual meeting.

Agenda #6: The AMF exercise around insurance denial rates and return of premium to customers was discussed. This was first brought to CAFII's attending in September, 2022 and is based on annual reporting done by industry for the AMF around insurance benefits. This time around, embedded benefits were not included in the exercise. The AMF has sent companies that are not meeting the averages for the industry letters requiring additional information. The letters were sent in November, 2022 and 1 February, 2023 is the deadline for responding. It is not clear if the AMF will have any follow up on this. The focus of the AMF has been on claims denial rates more than loss ratios. TD Insurance's letter only spoke about claims denial rates. CUMIS also did not have any loss ratio questions. It was suggested that for the Peter Thompson/Eric Jacob virtual meeting on 1 February, 2023 the question of whether this exercise would occur again could be asked, as well as how the data would be used.

Agenda #7: The AMF consultation on complaints handling and dispute resolution was discussed. It was noted that the AMF draft is still prescriptive, is not harmonized with other jurisdictions and the CCIR, and is aligned more with the FCAC definition of complaints. This could also be a question Peter Thompson raises with Eric Jacob, around the strategic direction that the AMF is taking on these files. The letter CAFII has drafted for the AMF will be circulated to the EOC and the Quebec/AMF Committee

for comment. Feedback was originally due by February 6th, but industry received an extension offer from the AMF for another two weeks. Plan is to have letter circulated and approved by the EOC and the Quebec/AMF Committee very shortly, and well prior to the deadline.

Agenda #8: AMF Sound Commercial Practices Guideline includes a problematic conflict of interest clause where all potential conflicts need to be captured and all changes need to be shared with customers. Members were encouraged to review the appropriate documents and this can be discussed in future meetings.

Agenda #9: Bill 96 is an open issue in terms of how to interpret the new rules. Section 55 is a concern for group insurance. This might be something that CAFII needs to explore. How are member companies planning to apply this provision? This was something that members of the Committee felt should be added to the Agenda for future meetings. Perhaps there could be a dedicated group that discusses this, or a separate meeting on this issue. CIBC Insurance is taking an approach where documents will be bilingual. CTB said that in a bilingual document the French has to be viewed first.

ACTION: A separate meeting will be organized on this issue alone.

Agenda #10: It was agreed that the issue of Quebec privacy legislation with certain elements requiring implementation by September 2023 would be tabled at future meetings. There was an interest in having a separate meeting on Bill 64 at some point, but it will be on the Agenda for the next meeting as well.

Agenda #11: Postponed due to time issues.

Agenda #12: Agreed to hold monthly meetings every 4 weeks on Wednesdays from 1-2pm.

In Attendance

Jennifer Russell, Assurant * Chair
Iman Muntazir, RBC Insurance ** Vice Chair
Deliska Beauregard, Canadian Premier Life
Silvana Capobianco, BMO Insurance
Cecilia Xiao, Assurant
Elyse Lemay, Canada Life
Farhad Eslah, Canada Tire Financial Services
Jonathan Poulin, BNC Insurance
Léa Dufresne, Desjardins
Belinda Lynch, Scotia Insurance
Marc-Andre Chartrand, Canada Life
Maude-Marie Dorval, Desjardins
Michelle Costello, CUMIS
Kristal McKay, CIBC Insurance
Nadine Roy, Assurant
David Self, CIBC Insurance
Susan Gibaut, Assurant
Peter Thorn, TD Insurance

STAFF:

Keith Martin, CAFII
Brendan Wycks, CAFII

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 4(b)ii Committee Updates—Quebec/AMF Issues—AMF Annual Statement of Priorities, 2023-24

Purpose of this Agenda Item – *Update/Discussion*

This is an update item with an opportunity for discussion.

Background Information

This will be an opportunity to discuss the just-published AMF Annual Statement of Priorities for 2023-24.

The AMF says it will focus more on assistance services:

The AMF will continue to focus significant efforts on reviewing and enhancing its assistance services by type of clientele in order to even more effectively meet each clientele's specific needs and will test new service delivery channels for consumers, including an option to make appointments with staff of the AMF Information Centre and thereby provide greater flexibility to its clients.

The AMF has also renewed its commitment to a new complaints and dispute resolution regulation:

The AMF intends to implement, further to the consultation process completed in 2021-2022, a harmonized framework for processing complaints and resolving disputes within the financial sector. The main aim of this project is to simplify the complaint process for consumers and users of financial products and services and strengthen the fair processing of such complaints. The AMF will also complete the development of a complaint processing policy template for use by persons subject to the Act respecting the distribution of financial products and services (Distribution Act).

The AMF also says it intends to renew its commitment to financial literacy, including more research initiatives:

The AMF, through its Strategic Financial Education, Outreach and Research Partnerships Program, wants to further develop its knowledge of consumer financial behaviours and then share its findings, particularly with financial sector participants. The AMF will issue a call for projects for this purpose by the end of the year.

On compliance burden, the AMF says that

The AMF will continue to work on reducing the compliance burden on its regulated clienteles while taking circumstances, areas of activity, and risks for consumers into account.

In an interesting statement, and pertinent given CAFII's recent aspirational submission to CISRO recommending that it seek to have a common set of RIA regime rules that different jurisdictions can then monitor, supervise, and enforce, the AMF commits to the following:

Further to its appointment as chair of the Canadian Insurance Services Regulatory Organizations (CISRO), the AMF will work to strengthen cooperation among CISRO members and promote stakeholder input. The AMF will also lead work to consider and develop a new strategic plan, while at the same time helping implement initiatives under the current plan, which is scheduled to expire in March 2023.

Many of the specific future initiatives of the AMF with CCIR and CISRO are focused on segregated funds. The AMF also seeks to develop its capabilities in a series of areas of emerging interest, including:

- Fintechs and innovation;
- Environmental, social and governance issues;
- Data strategy;
- Risk and organizational capacity management;
- Modernization of information systems.

On the last point around modernization of information systems, the AMF says that

The AMF will launch a project to implement a new complaint processing solution. In addition to modernizing how complaints are received, this information system will improve the tools used by AMF teams for detecting potentially systemic issues, better assess risk, and be more targeted in their interventions.

In terms of human capital at the AMF, it is committed to a hybrid work model and CAFII has been informed that AMF employees spend most of their workdays at home, and plan to continue to do so. The AMF says:

The AMF will implement a new hybrid work arrangement. The objective is to perpetuate the benefits of remote work while rediscovering and cultivating the advantages of working in-person. The hybrid work arrangement will allow the AMF to provide an overall experience built on flexibility and independence while remaining aligned with business needs that may require staff to be physically present on site.

The AMF also makes commitments to its employees around:

- Employer brand;
- Training and development;
- Management approaches and methods;
- Diversity, equity and inclusion.

The full report can be found here:

https://lautorite.qc.ca/fileadmin/lautorite/grand_public/publications/organisation/enonces/AMF_enonce-des-priorites-2023-2024-en.pdf

Recommendation / Direction Sought – *Update/Discussion*

This is an update and discussion item.

Attachments Included with this Agenda Item

1 attachment.

2023
2024

Annual Statement of Priorities

The Autorité des marchés financiers (the “AMF”) is publishing its statement of priorities to inform the industry and the general public about its key initiatives for the period from April 1, 2023 to March 31, 2024. These initiatives form part of the implementation of the organization’s [2021-2025 Strategic Plan](#) and the vision it has set for itself: “A value-added regulator for consumers and the financial sector.”

Orientation 01

A PROACTIVE REGULATOR THAT IS RELEVANT TO CONSUMERS IN AN EVER-CHANGING ENVIRONMENT

Assistance services

- The AMF will continue to leverage initiatives in order to optimize the experience of its clientele. Specifically, it will:
 - continue to consolidate the various public registers of individuals and firms authorized to practise into a single register. This register will provide more comprehensive and detailed information on the various authorizations to practise granted to individuals and firms registered with the AMF
 - provide tools to facilitate the steps to be taken by consumers wishing to file a complaint with financial sector participants
 - enhance the services offered by the AMF Information Centre by delivering faster, more personalized assistance, including by revamping the telephone menu and its options
- The AMF, further to public consultations held in 2022-2023, intends to adopt a regulation respecting complaint processing and dispute resolution. The regulation streamlines the complaint process for financial consumers and supports the fair processing of complaints within the industry. The AMF will also make tools available to assist the industry in implementing the new regulatory provisions.
- The AMF renewed its commitment under the *2022-2027 Governmental Action Plan to Counter Mistreatment of Older Adults* to combat financial mistreatment in June 2022. Over the next year, the AMF will add content on well-treatment to the document *Protecting vulnerable clients – A practical guide for the financial services industry* and will conduct work to ensure an improved knowledge and understanding of what a power of attorney is.

Financial Education

- The AMF will launch the *Québec Financial Education Strategy 2023-2026 Action Plan*, the objective of which will be to continue, with the help of the network of financial education partners, to enhance applied financial literacy in Québec. The AMF will also hold a 10th Financial Education Day in order to rally the public around this common objective and present current financial and digital literacy issues.
- The AMF will, based on the findings of a survey conducted in the fall of 2022 on Québec consumers' financial behaviours, roll out new tools to strengthen applied financial literacy in Québec. It will also analyze the projects received as part of the call for projects launched in the spring of 2022 through its *Strategic Financial Education, Outreach and Research Partnerships Program*.
- The AMF will continue to carry out public awareness and information campaigns on such topics as cryptoassets and fraud prevention.

Oversight and supervision

- The AMF will include in a report to the Québec Minister of Finance its recommendations relating to the consultations and review of the legal framework setting out insurers' obligations regarding insurance products offered by student associations.
- The AMF will continue its efforts to enhance its understanding of the digital transformation of the industry and the impact of the transformation on the protection of financial consumers. Specifically, the AMF will:
 - publish a model framework for the responsible use of artificial intelligence in the financial industry and produce educational materials for consumers
 - continue its work in connection with the issues paper *Insights into the risks and benefits of digital financial services for consumers*, published in November 2022, particularly in the areas of social media "finfluencers" and digital engagement practices
- The AMF will sustain its efforts to monitor the cryptoasset ecosystem and, in concert with the Canadian Securities Administrators (CSA), will continue its work to develop a framework for the registration of cryptoasset trading platforms that are subject to securities legislation.
- The AMF, in order to act on the recommendations contained in its fall 2022 report *Summary of specific consultations on products and services offered via the Internet and the Regulation respecting Alternative Distribution Methods*, will form consumer focus groups in order to obtain their perspective on topics raised during the consultations. The discussions will address issues on the data required for informed decision-making, advertising, mobile apps and clients' digital space experience.

Enforcement

- The AMF intends to continue to combat offers of illegal products on social media and the Internet by optimizing its approaches for detecting such activities, particularly in the cryptoasset ecosystem.
- The AMF will also continue to optimize its insider trading and market manipulation detection and investigation tools by incorporating, processing and analyzing data from such sources as exempt market distribution and insider trading reports and the Québec Enterprise Register.

Orientation 02

AN INFLUENTIAL REGULATOR SUPPORTING QUÉBEC'S FINANCIAL SECTOR

Compliance burden

- The AMF will sustain its efforts to minimize the compliance burden of its regulated clienteles while taking circumstances, areas of activity and risks for consumers into account. Specifically, the AMF will:
 - finalize the regulatory amendments related to outside activities and professional liability insurance of representatives and registrants that are subject to the *Act respecting the distribution of financial products and services* (Distribution Act)
 - continue to study possible revisions to the career entry rules and process, in addition to launching a regulatory consultation on the probationary periods for clienteles that are subject to the Distribution Act
 - assess the process by which information is collected through the maintenance of registration form in order to prepare an assessment of the information requested from the industry.
 - continue work, which will extend over the next few years, to update its damage (P&C) insurance qualification program. The AMF will participate in the activities of the Canadian Insurance Services Regulatory Organizations (CISRO) to ensure that the updated program is aligned with the national project
 - publish a call for tenders for the purpose of selecting a provider for the management of exam-taking services and consolidate the needs identified within the operational and technological units. The ultimate aim is to move to on-line exams
- The AMF will continue its initiative to leverage the use of data. Certain disclosure requests to which financial institutions are subject will be replaced with granular data collection. This new way of collecting data will reduce data handling and aggregation by the institutions under the AMF's supervision. Ultimately, the data will come directly from their source systems. The AMF will finalize the pilot project initiated in 2022-2023 with a financial institution and then analyze the potential benefits of expanding the practice to other institutions and disclosures.
- The AMF will continue to work with the CSA on various projects to streamline or ease the regulatory framework, including:
 - publication of the final regulatory amendments pertaining to access to prospectuses generally and finalization of the work on the draft regulatory amendments pertaining to access to financial statements and management's discussion and analysis. This work aims to modernize how these documents are made available to investors and enable issuers to further reduce the use of paper documents and the costs associated with them
 - finalization of the draft amendments to *Regulation 51-102 respecting Continuous Disclosure Obligations* that are intended to change the annual and interim filing requirements for issuers and improve the quality and usefulness of information provided to investors, including work on assessing functionalities of SEDAR+ that may facilitate access to documents for investors
 - publication for comment of draft amendments to *Regulation 44-102 respecting Shelf Distributions* that are intended to facilitate the access to Canadian capital markets for qualifying well-known seasoned issuers under a base shelf prospectus
 - finalization of the project to modernize the prospectus filing model in order to allow investment funds to file a new prospectus every two years instead of on an annual basis, following an analysis of comments received as part of the consultation on the proposed draft regulatory amendments
 - analysis of comments on the draft *Regulation to amend Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting*, which includes a proposal to streamline and harmonize derivatives data reporting standards as well as final publication of the proposed amendments to the regulation and its policy statement

- analysis of comments on the draft *Regulation to amend Regulation 24-101 respecting Institutional Trade Matching and Settlement* in order to facilitate the transition in Canada to a one-day (T+1), rather than a two-day (T+2), settlement cycle after the date of equity and long-term debt market trades. The objective is to ensure harmonization with the upcoming changes in the United States, while also repealing the exception reporting requirements for registered firms
 - finalization of the draft *Regulation 93-101 respecting Derivatives: Business Conduct*, which presents a regime to help protect participants in the OTC derivatives markets; reduce risks, including potential systemic risk; improve transparency; increase accountability; and promote responsible business conduct in the OTC derivatives markets. This regime also ensures that access to derivatives products will not be unduly limited for investors and customers in the Canadian OTC derivatives markets and that costs will remain competitive
- The AMF will make further improvements to its inspection approach as it continues the work begun in 2022-2023 to deploy a new inspection matrix and optimize the secure extraction of data relating to exempt market distribution reports. Ultimately, this work will enable more targeted inspections through a more efficient use of available data.

Framework

- The AMF, in collaboration with the Canadian Council of Insurance Regulators (CCIR) and the CSA, will publish a directive and a prototype disclosure document intended to harmonize disclosure to investors of all relevant information related to the total costs and performance of investment funds and segregated funds. It also intends to make a regulation to implement the guidance developed with its CCIR peers. In concert with the other regulators and the industry, the AMF will establish a committee to ensure the follow-up and work required to implement this reform.
- The AMF will, in collaboration with the CCIR and CISRO, continue its regulatory development work with respect to segregated funds, including:
 - developing guidance on upfront compensation for segregated funds
 - developing a cross-Canada guideline for segregated fund sales, after which specific work will be carried out to incorporate the developed guidance into Québec's regulatory and normative framework
 - adopting a regulation prohibiting certain fees from being charged from contract holders
- The AMF will continue to play a leadership role within CISRO by implementing the annual priorities of the organization's new 2023-2026 strategic plan with its various stakeholders. One of those priorities is to publish cybersecurity and information security incident management good practices for insurance intermediaries.
- The AMF will modify the content of its *Annual Report on Financial Institutions* in order to prospectively highlight changes in the risk landscape and the resulting work related to the regulation and supervision of financial institutions.
- The AMF will publish a new guideline entitled *Guideline on the capital and liquidity requirements for cryptoasset exposures* applicable to financial services cooperatives, trust companies, savings companies, other deposit institutions, life and health insurers and property and casualty insurers. This guideline was the subject of a consultation in 2022 and is in line with the work carried out by the Basel Committee on Banking Supervision.
- The AMF, further to the merger of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA), will continue the work required for the transition of Québec mutual fund dealers to the new self-regulatory organization (SRO). This work will include implementing the vision and objectives outlined in *CSA Position Paper 25-404 – New Self-Regulatory Organization Framework* in coordination with the new SRO of Canada and the new Canadian Investor Protection Fund. Planned projects include supervising the consolidation of the regulatory functions of the previous self-regulatory organizations and developing a consolidated rule book, strengthening and harmonizing the proficiencies of approved persons, and improving the collection of data in order to maintain robust market surveillance.
- The AMF will continue to work with the CSA to review principal distributors' practices in order to determine whether amendments to *Regulation 81-105 respecting Mutual Fund Sales Practices* are needed following the ban on the sale of mutual funds with deferred sales charges and the coming into effect of Client Focused Reforms.

Fintechs, innovation and industry transformation

- The AMF will enhance its internal capabilities in order to strengthen regulation of the cryptoasset sector. It will do this by further developing its resources and by continuing to recruit and integrate new specialized resources within various sectors of activity. The goals will be to address increasingly complex authorization requests and meet regulatory framework needs, including the opportunity to regulate value-referenced cryptoassets, and to support the monitoring of developments in the cryptoasset ecosystem.
- The AMF will update its initiatives supporting innovation in the activities it regulates. It will launch targeted consultations with market participants and members of the fintech ecosystem to better understand the opportunities for and barriers to innovation in the financial sector.
- The AMF will contribute to the work of the fintech task force of the International Organization of Securities Commissions (IOSCO), which is focused on the regulation of cryptoasset markets and decentralized finance.
- The AMF will carry out cross-cutting supervisory work on the digital transformation of financial institutions, focusing on two key areas: cyber risk and cyber insurance and governance and obsolescence risk. Upon completing this work, the AMF will identify the main areas requiring vigilance, the risks and the weaknesses that will need monitoring.
- The AMF will roll out a pilot project to develop a stress testing tool for assessing the impact of a severe macroeconomic shock on the stability of major regulated financial institutions and to strengthen supervision of the sector.

Environmental, social and governance issues

- The AMF will establish a unit dedicated to the oversight and supervision of sustainable finance-related activities. Creating a specialized team dedicated to this issue will be a first for a provincial or territorial securities administrator in Canada. Having such a team will add to the capacity and expertise required to conduct local, national and international sustainable finance-related initiatives in the securities and derivatives markets sectors while strengthening thought and action leadership in the area. Specifically, the AMF will:
 - publish for comment, in concert with the CSA, draft amendments to the disclosure requirements with regard to diversity on boards and in executive officer positions and related governance issues
 - finalize, in concert with the CSA, the development of the proposed specific framework for disclosure of climate-related matters by reporting issuers
 - begin to look at how to regulate ESG ratings providers
- The AMF will continue to conduct work relating to the implementation of scenarios and stress testing exercises within financial institutions relating to physical risks and transition risks associated with climate change.
- The AMF, further to the publication in June 2022 of its *Climate Change Risks* report, will publish a new guideline on climate change-related risks that will cover prudential aspects of governance and risk management as well as sound commercial practices and disclosure to the regulator.

Orientation 03

A HIGH-PERFORMING REGULATOR IN THE PURSUIT OF ITS MISSION

Data strategy

- The AMF will continue to maximize the use of its data to enhance its operational performance. The next stages of the project will involve developing and rolling out a data management and valuation strategy, developing internal data governance and valuation policies, and implementing those policies using a data governance tool.

Risk and organizational capacity management

- The AMF will continue to enhance its integrated risk management program. In 2023-2024, the AMF will implement an enhanced risk governance framework and an improved risk management process. The objective will be to further develop the risk culture across all business sectors of the organization.
- The AMF will continue to implement and further develop its approach to organizational capacity management, particularly for the cross-cutting activities of its business sectors.
- The AMF will proceed with the planned enhancement of its data centres, including upgrades to its communication links and the addition of link redundancies. This initiative will last into 2026.

Modernization of information systems

- The AMF will continue its efforts to acquire an integrated enterprise information management solution to ensure compliance with its obligations as a public body, support inter-team collaboration and build a high-quality information environment. In 2023-2024, the AMF will complete work relating to information management governance materials and disseminate the materials in order to enhance internal user knowledge of information management best practices.
- The AMF, in concert with the CSA, will launch the next-generation System for Electronic Documents Analysis and Retrieval (SEDAR+), the new, secure web-based platform that will be used by all market participants to file, disclose and search for issuer information in Canada's capital markets. The first phase of the project involves replacing the current SEDAR, the Cease Trade Order Database and the Disciplined List. Future phases will involve replacing the System for Electronic Disclosure for Insiders (SEDI) and the National Registration Database (NRD). For its part, the Surintendance des marchés de valeurs (AMF Securities Markets) will integrate its main internal operational processes into the new SEDAR+ platform. This integration will improve the processing of filings, reports and payments made by reporting entities, in accordance with the applicable regulations.
- The AMF will continue to strive for greater operational efficiency by implementing the first phase of a human resources management solution that will ensure the replacement of its time management, payroll and employee file modules.

Orientation 04

A REGULATOR COMMITTED TO ITS HUMAN CAPITAL

Future organization of work

- The AMF will continue to implement its new hybrid work arrangement while remaining responsive to employees' needs. The hybrid work model gives employees greater flexibility and independence while keeping alignment with the needs of the organization.
- The AMF will engage in constructive dialogue with its employees, through a consultative process, in order to develop a shared vision for the organization of work and identify new mechanisms to stimulate and support both on-line and on-site collaboration across the various sectors of the organization. The vision and new mechanisms, when implemented, will enable the AMF to not only maintain but continue to build a thriving organizational culture for the benefit of its employees and mission.

Employer brand

- The AMF will secure resources that will support it in defining and implementing its employer brand. It will clarify its employee value proposition and establish and make the required efforts to implement a strategy to promote it. Ultimately, the AMF's employer brand will make the AMF an even more attractive place to work for both its current employees and future applicants.

Training and development

- The AMF will further leverage its continuous learning approach to develop the cross-cutting and sectoral expertise of its employees in order to empower them to fulfill their potential. In addition to supplementing its training catalogue and designing training plans, the AMF will develop a targeted-expertise training strategy that will be implemented under seven themes: digital transformation; data governance, data analysis and value creation; risk management; leadership development; diversity, equity and inclusion; and agility and innovation. Integrating condensed programs and courses enabling employees to apply the competencies they acquire, this strategy will be updated annually, taking into account the organizational context and the reality of the changing market. As a result, employees will benefit from greater flexibility while also having access to cutting-edge technology to develop their skills and ensure that training content is aligned with the organization's needs.

Management approaches and methods

- The AMF, in keeping with the development of its leaders' management skills, will favour enhancing its development programs so that they are adapted to the various needs of its managers. These programs, in addition to developing a sense of sharing and community, help build and strengthen its managers' competencies through various activities, including dialogue sessions, on-line and in-person training and the pooling of tools.
- The AMF will also enhance its development programs and tools for frontline managers based on the priorities decided upon and will implement the second phase of its essentials of leadership program.

Diversity, equity and inclusion

- The AMF will implement a diversity, equity and inclusion program. The program, which will seek derive maximum benefit from diverse competencies and experiences, will enable the organization to better identify and analyze cultural interactions, develop the capacity to act in a context of diversity, and promote an awareness of each person's role and responsibilities.



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Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 4(c) Committee Updates—Media Advocacy

Purpose of this Agenda Item – *Update*

This is a written update-only item.

Background Information

A written update on the recent activities of the Media Advocacy Committee has been included in the materials package for this EOC meeting.

Recommendation / Direction Sought – *Update*

This is a written update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(c)
May 16/23 EOC Meeting

Update from Media & Advocacy Committee Chair, Jacqlyn Marcus

The Media & Advocacy Committee would first like to extend a warm welcome to its newest member Stephanie Kotani, Director Strategic Initiatives at Scotiabank. Welcome!

The committee has several updates for the EOC, which will provide a view as to its activities and actions over the coming two quarters.

1. Operatic Agency Statement of Work:
 - a. Following review by the committee earlier in the year, the SOW was signed and is being executed. Operatic Agency is currently working on content for our Google my Business profile page.
 - b. A significant budget item is the development of an educational video for the website. The committee will brainstorm and discuss options over the summer.
 - c. Operatic Agency is also looking to optimize website news & events page to make searching and easier, and to support direct links from social site to individual events or webinars.
2. Update on Issues with Website Backend
 - a. The current back-end hosts member-only information, such as content and notes from EOC and Board meetings. The platform used today requires regular updates, which are both time-consuming and cost prohibitive. Operatic Agency is to provide an alternate content management system which can be easily updated and maintained by CAFII staff. Budget is not assigned, and prior approval of the Board will be sought once a proposal is finalized.
3. LinkedIn Page:
 - a. The CAFII LinkedIn page is performing well, with an increase in followers from ~30 to ~155 followers this year. The page brings important awareness to CAFII's efforts for consumers and members, and the committee believes we can and should do more to increase presence and penetration. The committee will discuss further efforts at an upcoming meeting. **Please follow, like and share the CAFII LinkedIn page and its content with others in your network.**
 - b. Edits to the Association's profile were made to make the page more searchable.

The committee will continue to meet quarterly, with *ad-hoc* meetings scheduled throughout the year to address immediate business or initiatives.

Regards,
Jacqlyn Marcus

Briefing Note

**CAFII EOC Meeting 16 May, 2023—Agenda Item 4(d)i
Committee Updates—Research & Education-- Next Steps Around Possible Public Release of Results of
CAFII 2022 Tracking Study on 'Consumers' Satisfaction with Credit Protection Insurance'**

Purpose of this Agenda Item – Update/Discussion

This is an update item with an opportunity for discussion.

Background Information

This will be an update on the options around publicly releasing/using the results of the late 2022 Pollara research study on the satisfaction views of customers of credit protection insurance.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

1 attachment.

At this time, this document is not for public consumption. Please distribute within your organization only.



Credit Protection Insurance Research Report

November 2022

CPI Research Studies

2

2018 Benchmark: Online study with 1003 CPI Holders, 424 non-holders and 286 claimants, conducted in October 2018. Objective of the study was to understand Canadian's opinions about CPI.

2021 Impact of COVID: Online study with 1002 Canadians who had either obtained CPI during the pandemic or were likely to in the next two years, conducted in March 2021. Objective of the study was to understand impact of pandemic on perceptions of CPI and desired purchase behaviours.

2022 Wave Two: Online study with 1001 CPI Holders, 430 non-holders and 379 claimants, conducted in October 2022. Objective of the study was to obtain an updated view of Canadians perceptions of CPI and understand current desires when it comes to purchase behaviours.

Deep Dive Research: Further research was conducted to understand why a minority of CPI holders thought their coverage was mandatory. Those who felt this way in the 2022 Wave Two study were re-contacted and ask more questions about this. A total of 121 of the 270 participants contacted choose to take part in this study. Study took place in March 2023.

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Section 1: Holders of Credit Protection Insurance



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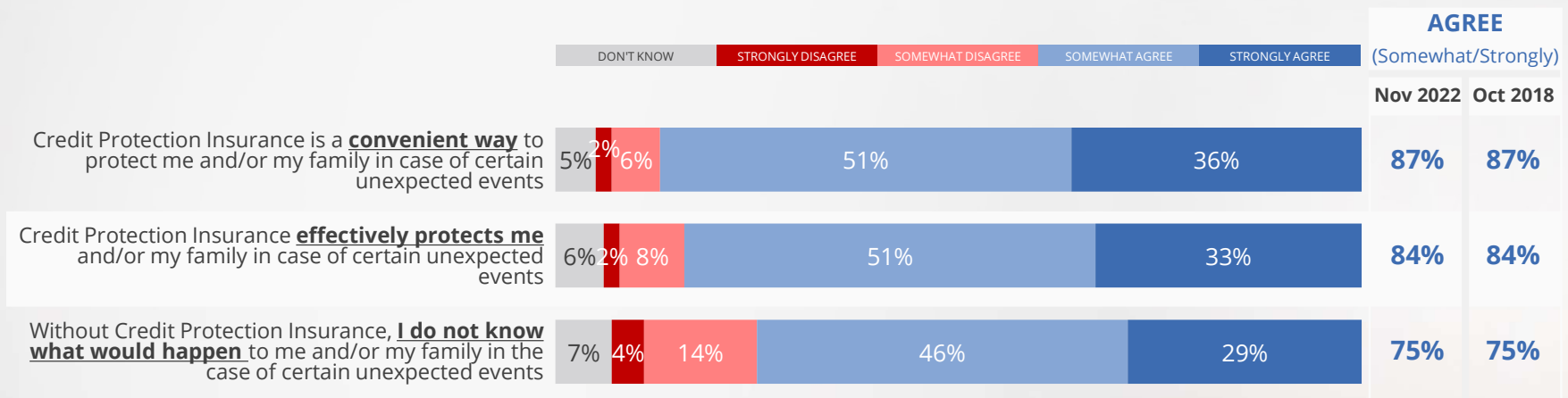
Perception of Credit Protection Insurance



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Majority of CPI holders continue to feel Credit Protection Insurance is a convenient and effective way to prepare for unexpected event

5



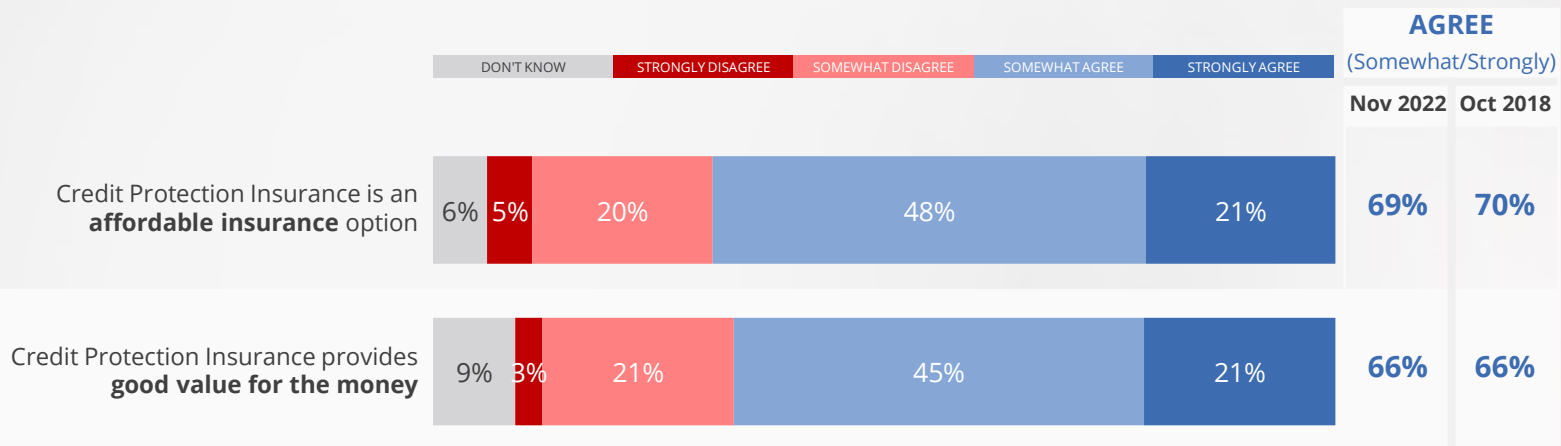
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AB2. To what extent do you agree or disagree with each of the following statements about the Credit Protection Insurance for your mortgage/HELOC?
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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While the majority continue to feel it is affordable and a good value for money, one-quarter do not



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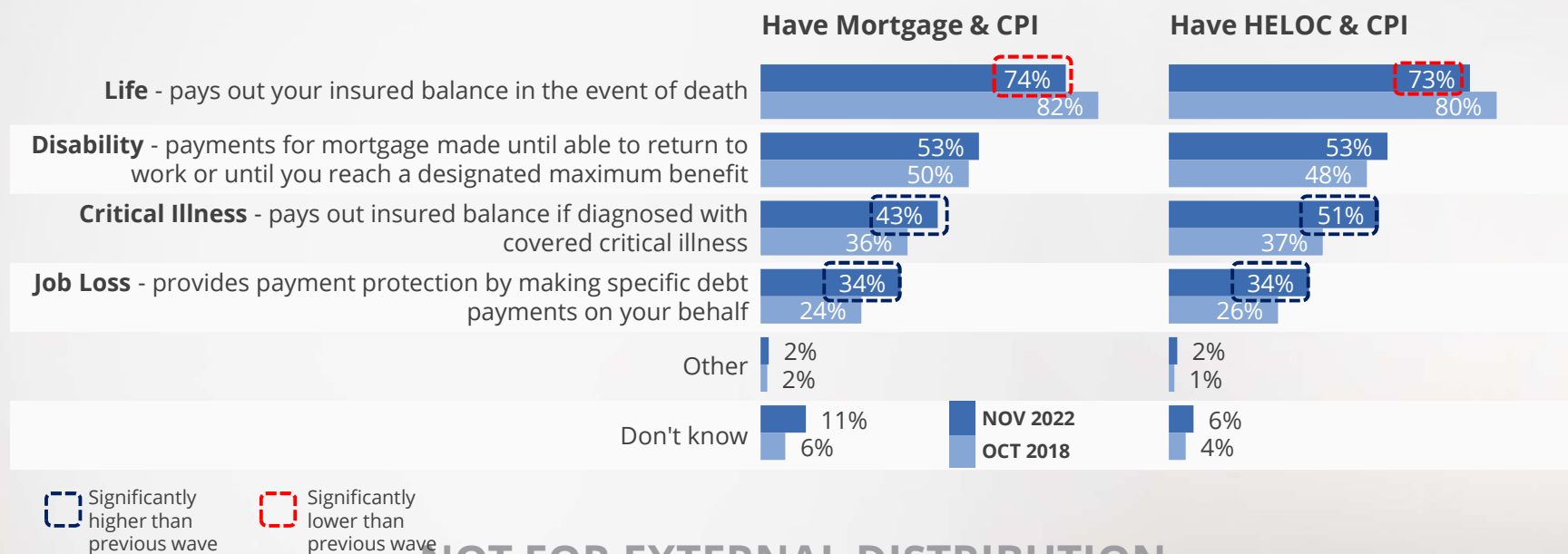
AB2. To what extent do you agree or disagree with each of the following statements about the Credit Protection Insurance for your mortgage/HELOC?
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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Life insurance is still the most used Credit Protection coverage, but interest has shifted to other types

7

- **Job Loss:** Ontarians are driving the jump in coverage for Job Loss; four-in-ten (44%) have opted for this option.



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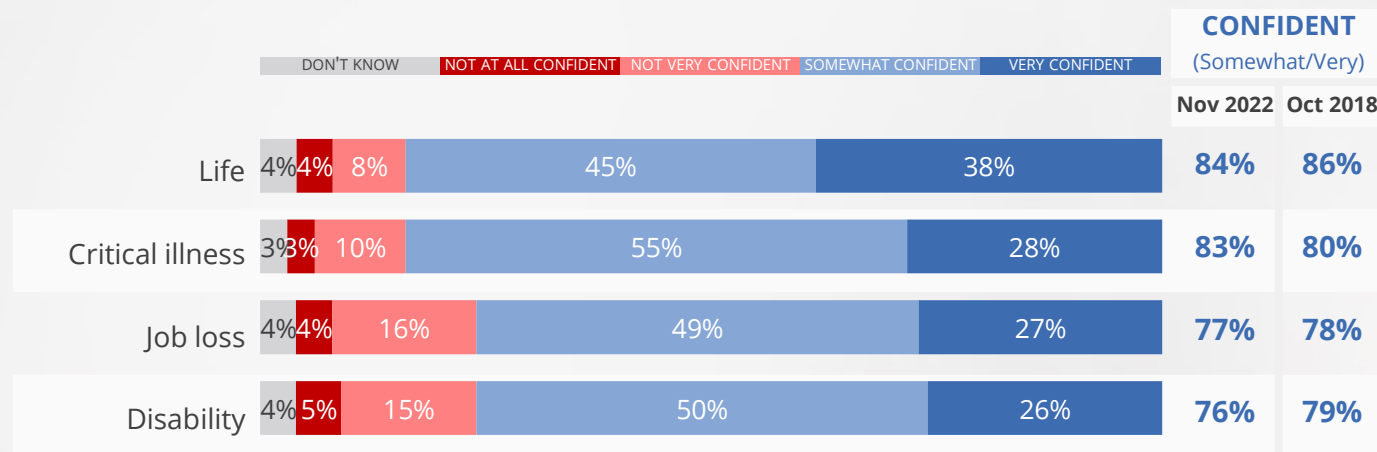


Q3/ Q6. And what does the Credit Protection Insurance cover you for? Base: Have Mortgage & CPI (N=783), Oct 2018 (N=775), Have HELOC & CPI (N=430), Oct 2018 (N=485)

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Overall, large majority of holders are confident that they understand what their CPI benefit claims will pay

8



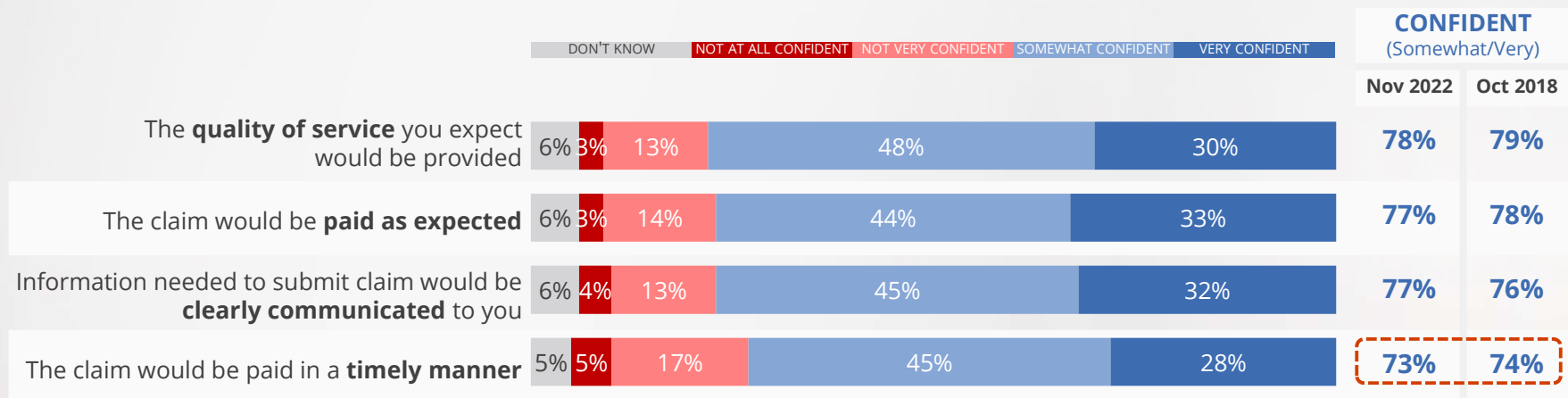
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Q A/B7. How confident are you that you know how much of your mortgage/ HELOC will be paid with each of the types of coverage that you have? Please indicate your level of confidence for each.
Base: Combined Mortgage / HELOC CPI Holder / CPI Covers You . Base: Life (N=738/828), Critical Illness (N=399/349), Job Loss (N=303/238), Disability (N=462/461)

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More than three-quarters are at least somewhat confident in their CPI in the event of a claim

9



Significantly higher than other statements

Significantly lower than other statements

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Q A/B1. For the next few questions, please consider the Credit Protection Insurance you have on your mortgage/ HELOC. Thinking of this insurance, in general, how confident are you that in the event of a claim ... ? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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Purchase Experience and Satisfaction

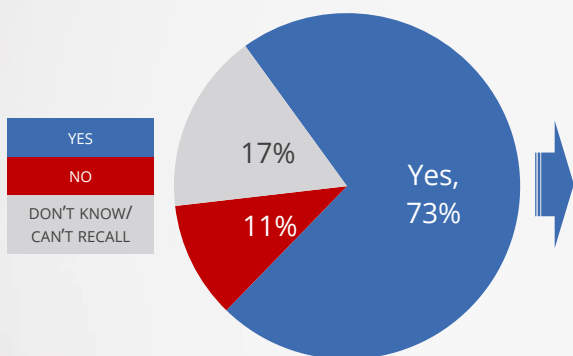
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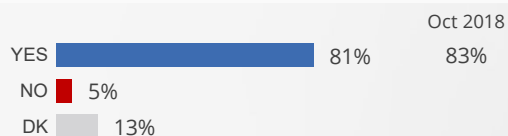
Majority were given most information about CPI by their financial institute representative

11

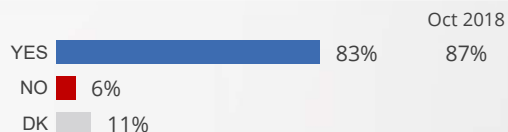
Representative Discussed CPI When Acquiring Mortgage/HELOC



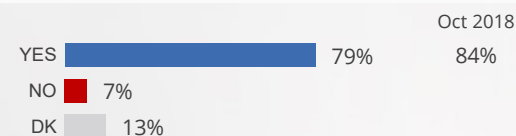
Coverage options that were available to me



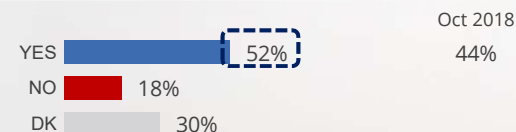
Advantages of having the insurance



Premiums/costs of coverage options available



Told about free look or review period that was available



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Significantly higher than previous wave

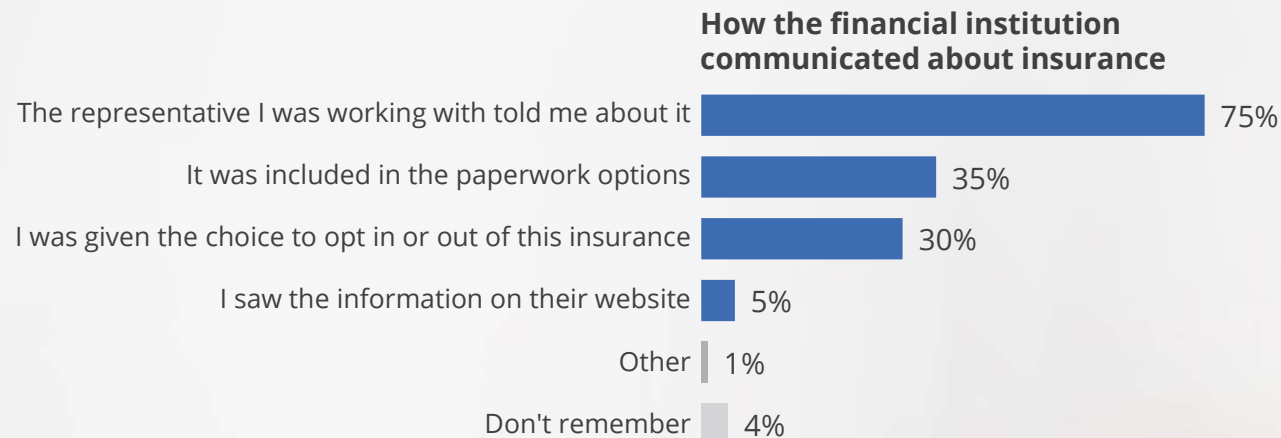
Significantly lower than previous wave

Q A/B3. Thinking back to when you got your mortgage/ HELOC, did a representative of the financial institution talk to you about Credit Protection Insurance? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003) A/B4. Did a representative of your financial institution talk to you about each of the following factors of the available Credit Protection Insurance? Base: Combined Mortgage / HELOC CPI Holder & Talked to Rep (N=746), Oct 2018 (N=761)

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Majority of CPI holders who learned about the insurance from their financial institution were informed by a representative.

12



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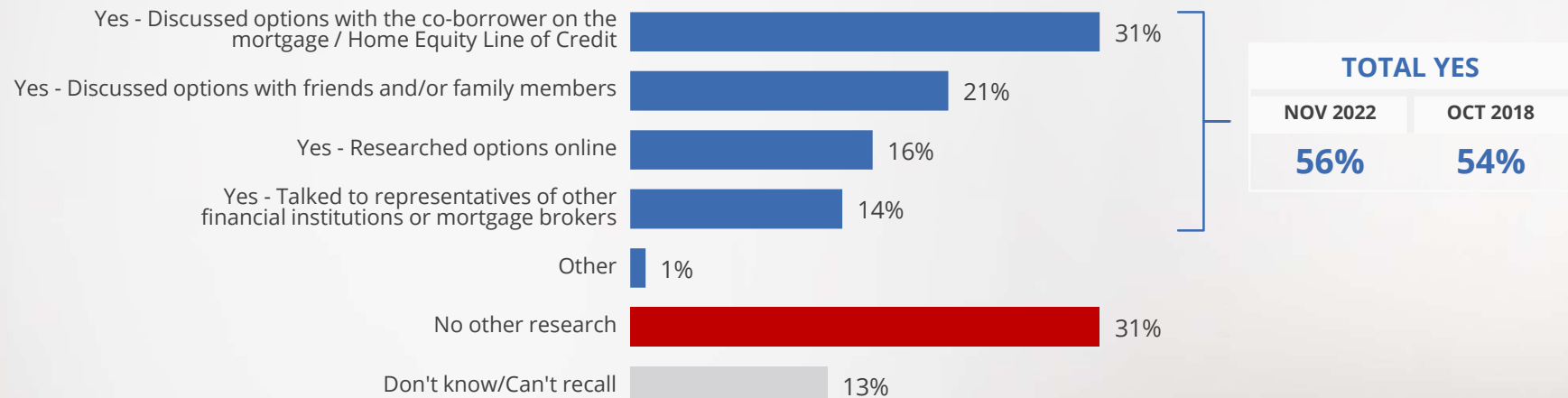
A/B4A. How did the financial institution inform you of this insurance? BASE: Financial Institution Informed About The Availability Of Credit Protection Insurance (N=746)

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More than half sought information about CPI options from other sources beyond their financial institution

13

CPI Research or Discussions



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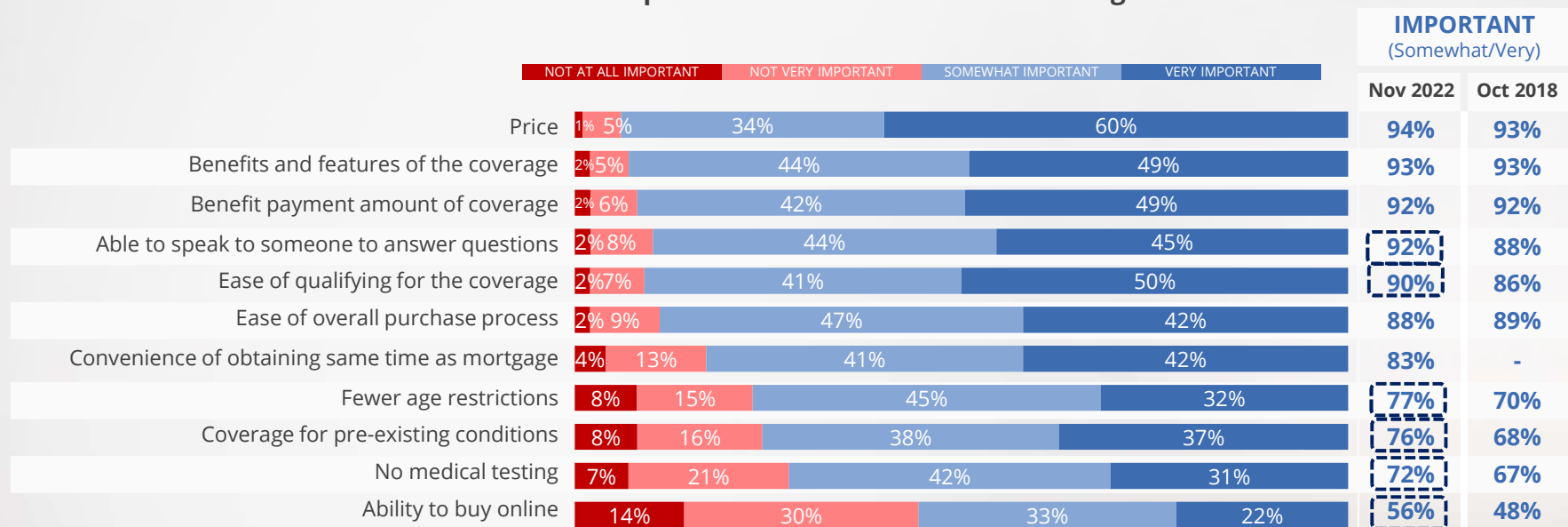
Q A/B5. Aside from talking to a representative of the financial institution, did you discuss or do additional research on the Credit Protection Insurance options that were available?
Base: Combined Mortgage / HELOC CPI Holder (N= 1001), Oct 2018 (N=1003)

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Other factors beyond price, benefits and coverage amount are gaining importance

14

Importance of Factors when Purchasing CPI



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Significantly higher than previous wave

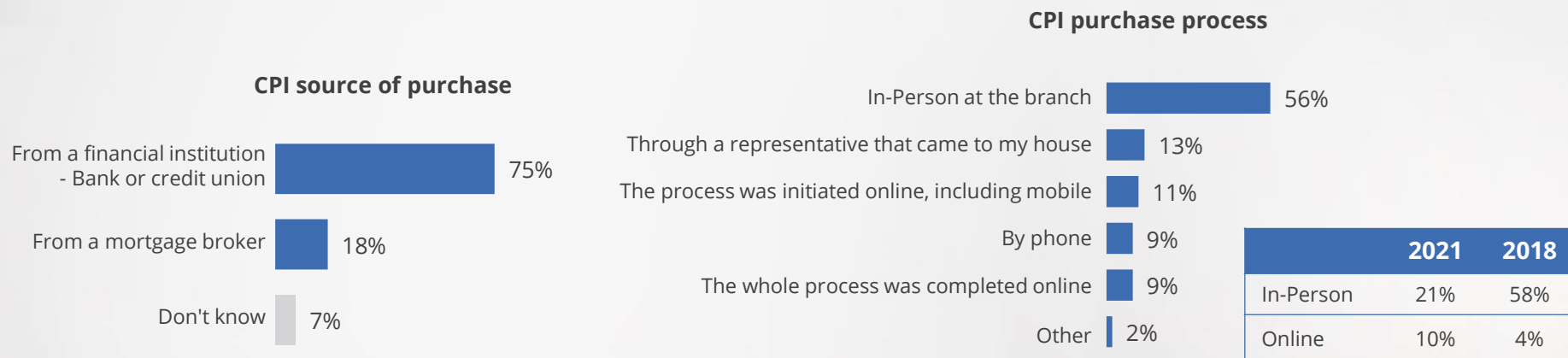
Significantly lower than previous wave



A/B9. When you researched and/or purchased Credit Protection Insurance for your mortgage/ HELOC, how important were the following factors: ?
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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In-person CPI purchase returned to pre-pandemic levels



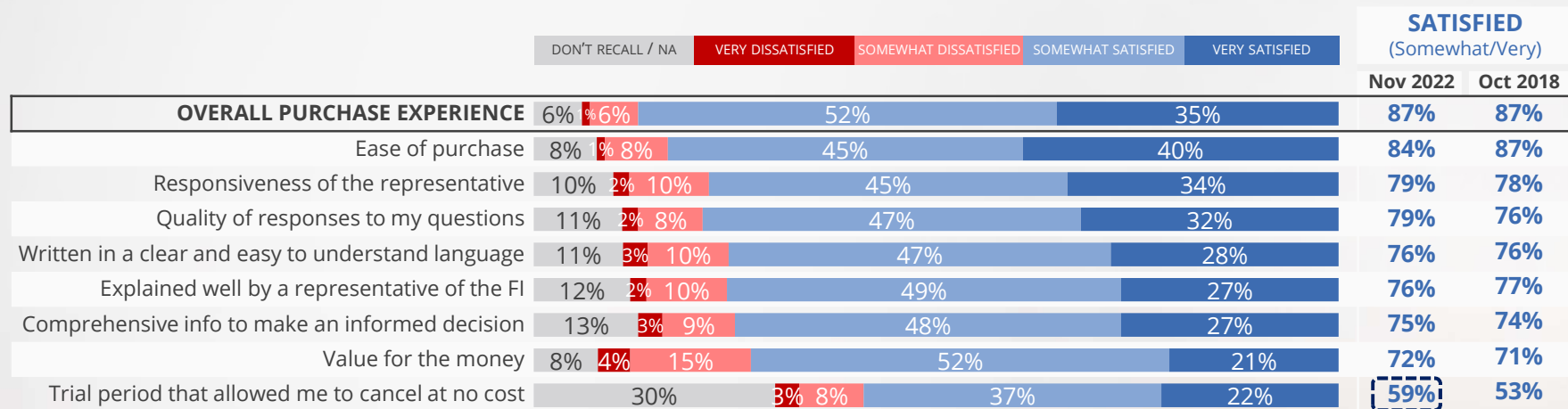
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Q BASE: Mortgage Credit Protection / HELOC Insurance Holders (N=1001)
 A/B10A. The following questions are in regard to your experience purchasing your Credit Protection Insurance for your mortgage / Home Equity Line of Credit.
 From whom did you purchase your credit protection insurance?
 A/B10B. How did you complete the purchase of your Credit Protection Insurance?

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Satisfaction remained high on various aspects and Improved for trial periods

16



59% Significantly higher than previous wave

53% Significantly lower than previous wave

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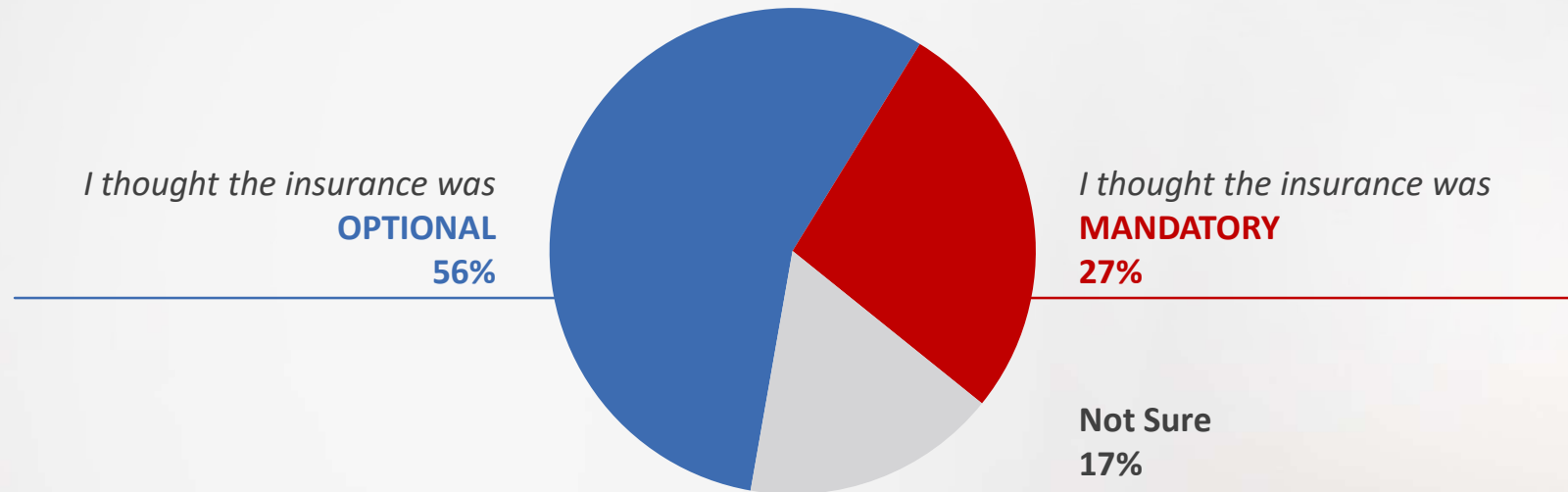
Q A/B11. Overall, how would you rate your level of satisfaction with the purchase experience, when you purchased your Credit Protection Insurance for your mortgage/ HELOC?
A/B12. More specifically, how satisfied were you with the following elements of the purchase process? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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More than half of CPI holders think the insurance was optional

17

Credit Protection Insurance for your Mortgage/HELOC



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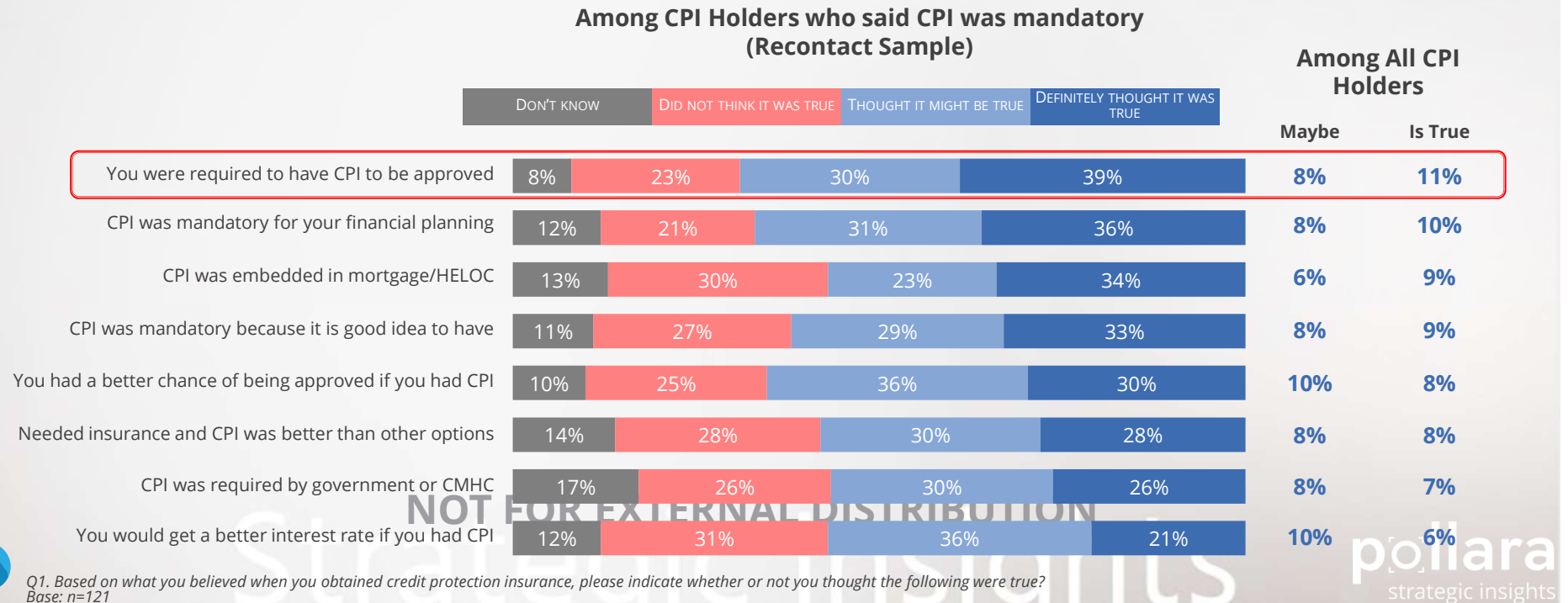
ASA. Which of the following best describes your impression of the Credit Protection Insurance for your mortgage? Base: Combined Mortgage / HELOC CPI Holder (N= 1001),

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DEEP DIVE RESEARCH

18

- The 27% of CPI holders who thought the coverage was mandatory was asked what “mandatory” meant to them, including did they think it was required to be approved for their mortgage/HELOC. 39% thought this was true.
- The 39% of the 27% who thought it was mandatory equals **11% of all CPI holders thought they needed this coverage in order to be approved for their mortgage/HELOC.** This is similar to findings in 2018



DEEP DIVE RESEARCH: About half of the one-quarter believing it was mandatory still say they were not informed the insurance was optional

- Results were similar among those who had obtained their CPI in the past 5 years, with 29% being told it was optional, 45% not being told and 27% not remembering.

To the best of your recollection, did a representative of your financial institution or mortgage broker inform you that Credit Protection Insurance is optional?

Among CPI Holders who said CPI was mandatory (Recontact Sample)

YES was informed it was optional
27%

NO was not informed it was optional
48%

Don't Remember
25%

Among All CPI Holders

	2022	2018
No was not informed it was optional	12%	7%
Don't remember	8%	12%



3. To the best of your recollection, did a representative of your financial institution or mortgage broker inform you that Credit Protection Insurance is optional?
Base: Total (n=121)

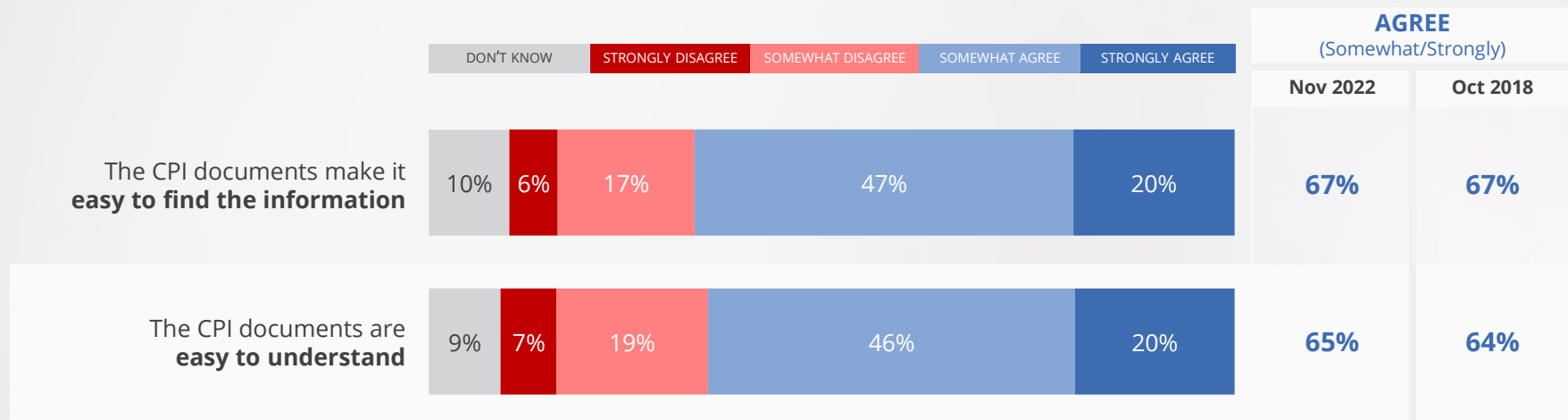
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Credit Protection Insurance Documentation & Information



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Comprehension of the CPI documentation remains moderate



NOT FOR EXTERNAL DISTRIBUTION

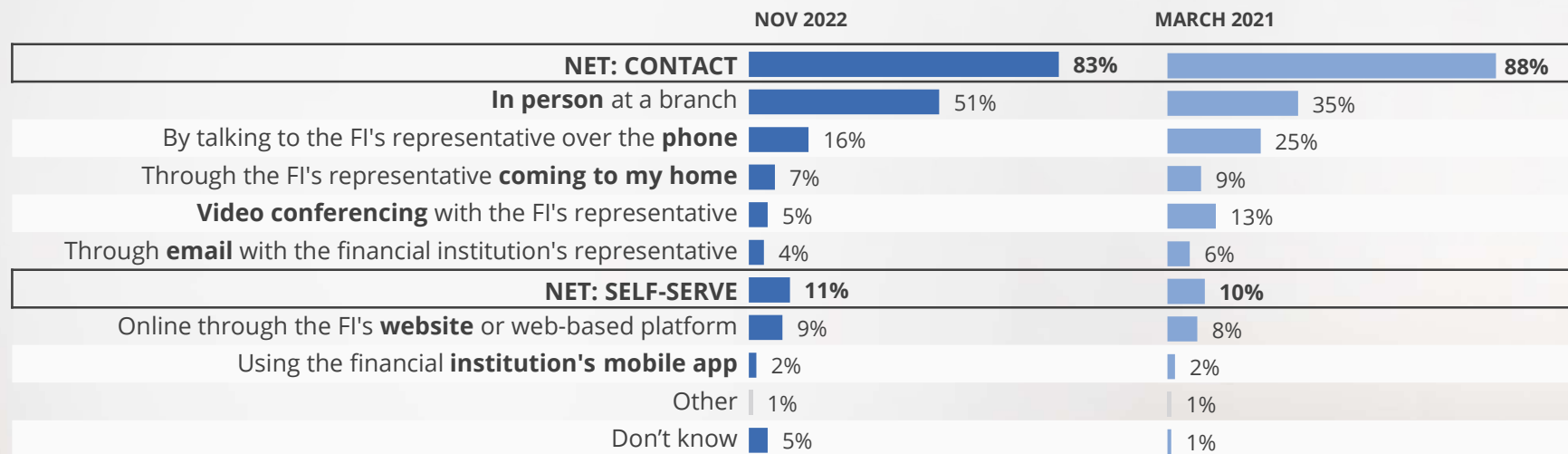
Q A/B8. To what extent do you agree or disagree with each of the following statements about the documents which outline your Credit Protection Insurance for your mortgage/ HELOC.
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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While customers will want to have help when buying CPI, it does not necessarily have to be in-person

22

PREFERRED METHOD OF OBTAINING CPI



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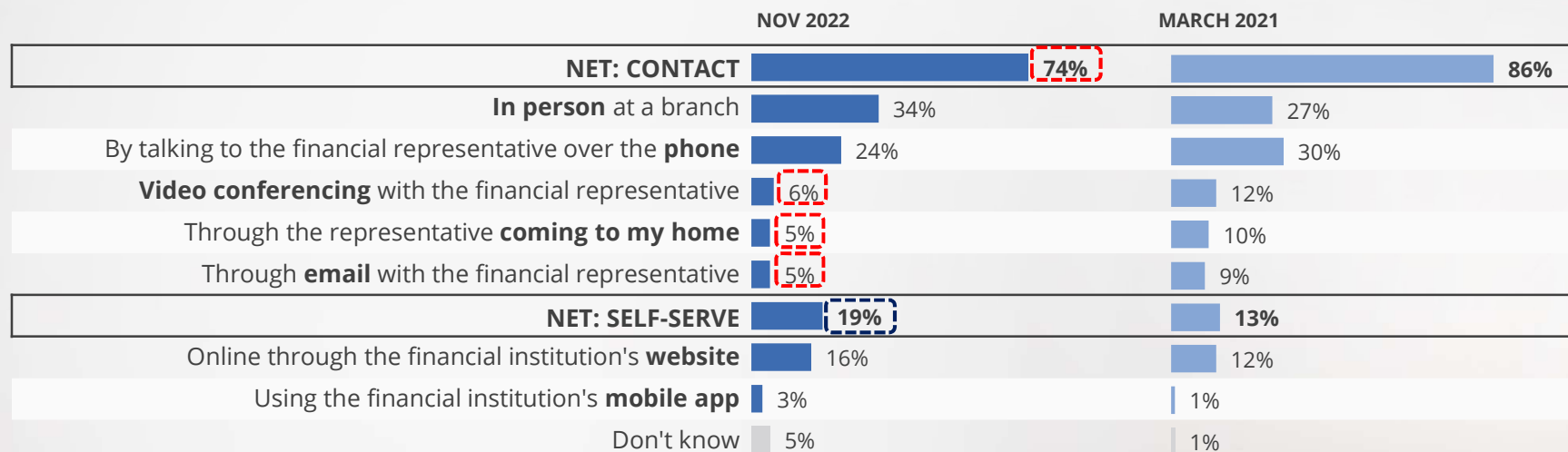
A/B13. If you were obtaining credit protection insurance now, how would you like to apply for the insurance? Base: (N=1001), CPI holders Mar 2021 (N=197)

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When it comes to making a claim, consumers also want assistance, but less so than a year ago

23

PREFERRED METHOD OF SUBMITTING CLAIMS



Significantly higher than previous wave

Significantly lower than previous wave

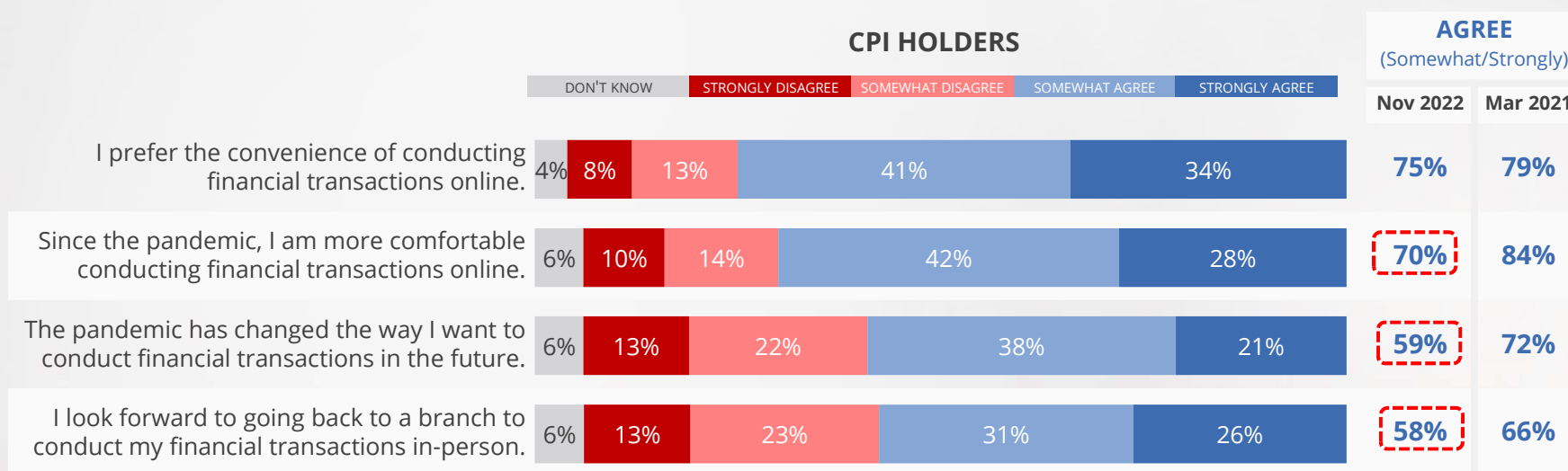
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Q A/B14. If you needed to submit a claim on your credit protection insurance now, how would you prefer to do this? BASE: Mortgage Credit Protection / HELOC Insurance Holders (N=1001) Oct 2018: C10. Once the Covid-19 pandemic in Canada is over, how would you prefer to submit a claim on your credit protection insurance? Base: Those with CPI (N=197)

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The pandemic has had an effect on the way CPI holders do business

24



Significantly higher than previous wave

Significantly lower than previous wave

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A/B15. To what extent do you agree or disagree with the following statements about conducting financial transactions since the start of the COVID-19 pandemic?
Base: Mortgage Credit Protection / HELOC Insurance Holders (N=1001), Oct 2018 CPI Holders (N=197)

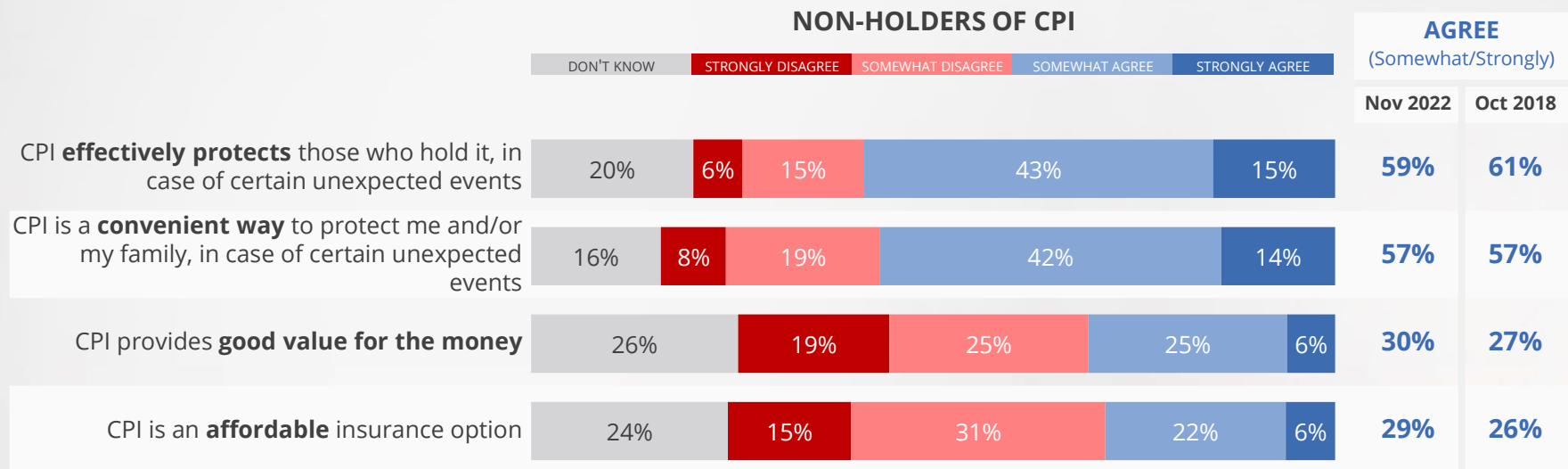
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Section 2: Non-Holders of Credit Protection Insurance



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Those without CPI acknowledge some benefits of the insurance, although the large majority feel it is not affordable and not a good value for money.



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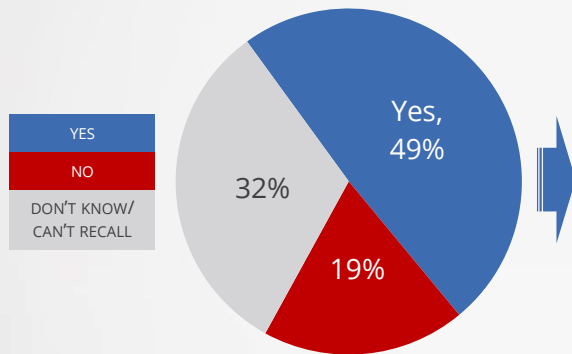
Q C1. While you do not currently hold Credit Protection Insurance on your mortgage or Home Equity Line of Credit, we would like to understand your feelings about these products. To what extent do you agree or disagree with each of the following statements about Credit Protection Insurance? Base: NON-CPI (N=430), Oct 2018 (N=424)

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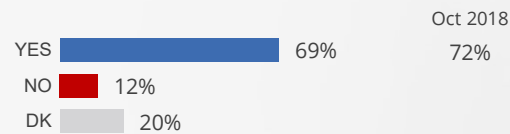
Half recall their representative offering them CPI when getting their mortgage or HELOC

27

Representative Offered CPI When Acquiring Mortgage/HELOC

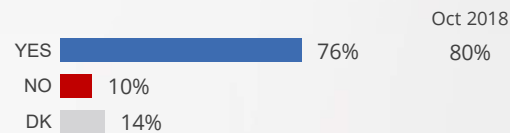


Coverage options that were available to me



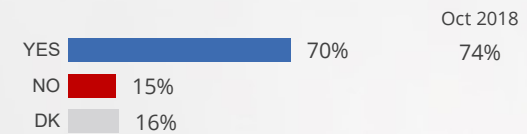
Oct 2018
72%

Advantages of having the insurance



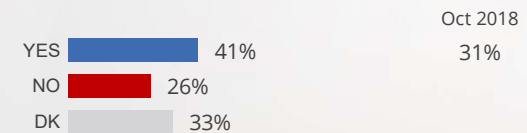
Oct 2018
80%

Premiums/costs of coverage options available



Oct 2018
74%

Told about free look or review period that was available



Oct 2018
31%

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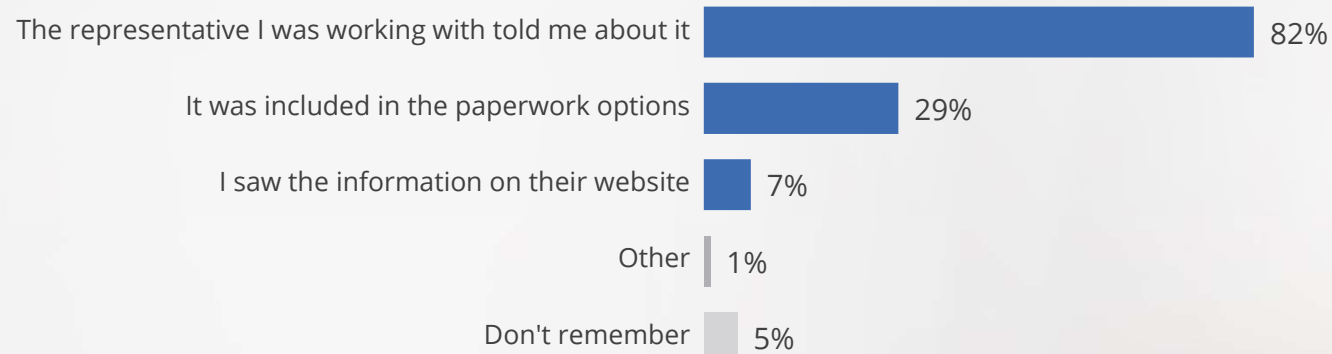
C2. Thinking back to when you got your mortgage or Home Equity Line of Credit, did a representative of the financial institution offer you Credit Protection Insurance?
Base: Mortgage / HELOC NON-CPI (N=430), Oct 2018 (N=424)
C3. Did a representative of your financial institution talk to you about each of the following factors of the available Credit Protection Insurance?
Base: NON-CPI / Talked to Rep (N=213), Oct 2018 (N=226)

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Majority of CPI non-holders who were informed of the availability of insurance by the financial institution found out from a representative

28

How financial institutions informed them about insurance



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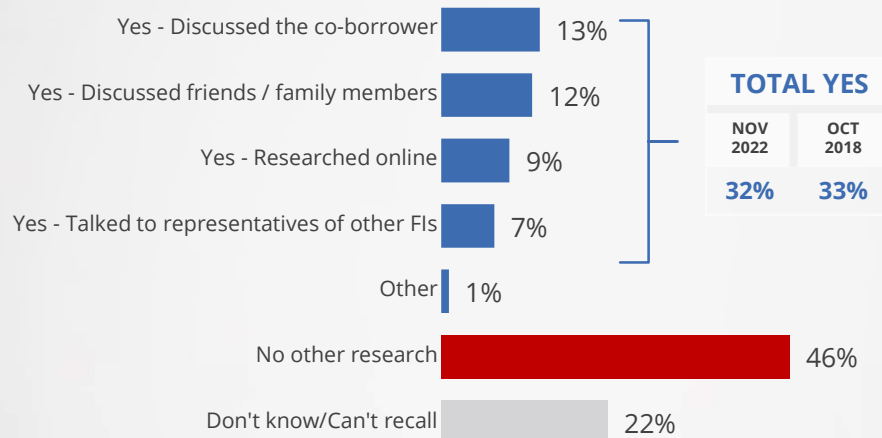


C3A. How were you informed about this insurance? BASE: Financial Institution Informed The Availability Of Credit Protection Insurance (N=213)

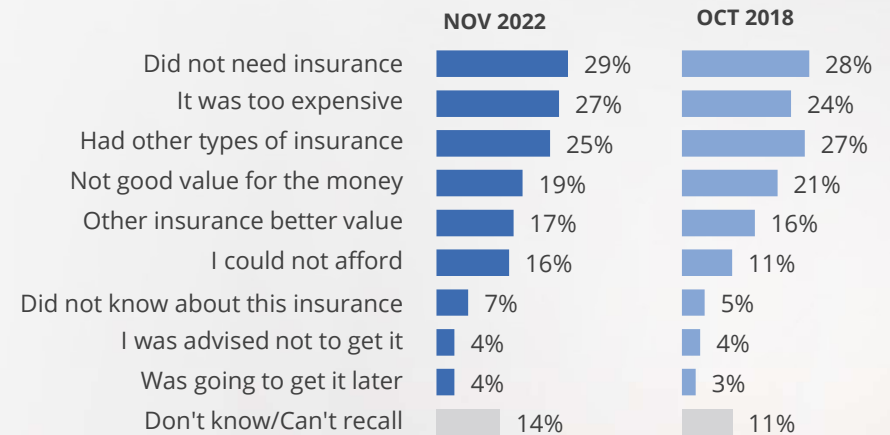
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Those who did not get CPI felt they didn't need it or it was too expensive – half did no further research

Research aside from talking to representative



Reason for not Getting CPI



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C4. Aside from talking to a representative of the financial institution, did you research the credit protection options that were available yourself?
Base: NON-CPI (N=430), Oct 2018 (N=424)

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Majority of non-holders have life coverage, and some have disability and critical illness coverage – few purchased term life insurance

Have Other Insurance Policies

YES
HAVE
ANOTHER
POLICY

DON'T KNOW

NO

YES

OCT 2018

If I were to die

8%

29%

64%

69%

If become disabled

10%

45%

45%

50%

If diagnosed with a critical illness

12%

48%

40%

41%

If lose my job

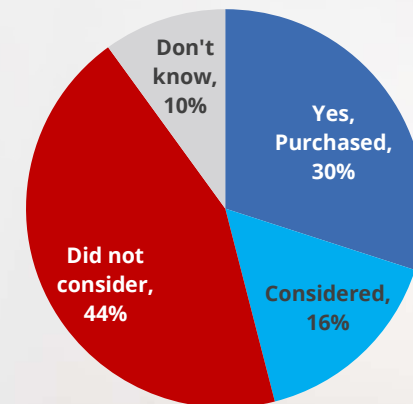
12%

68%

20%

18%

Purchased/Considered Term Life Insurance



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Q C7. Do you have a different type of insurance policy, that is not Credit Protection Insurance, that would protect you and/or your loved ones if you were to experience any of the following unplanned events? C8. When you incurred debt on your mortgage or Home Equity Line of Credit, did you consider buying term life insurance specifically to cover that debt in the case of death?
Base: Mortgage / HELOC NON-CPI (N=430), Oct 2018 (N=424)

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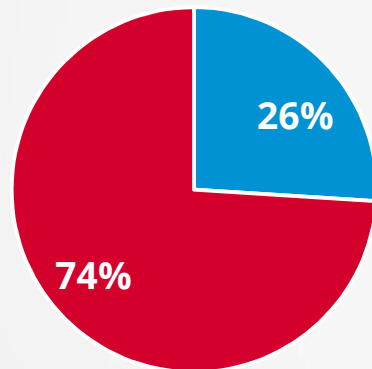
Section 3: Claims – Experience and Satisfaction



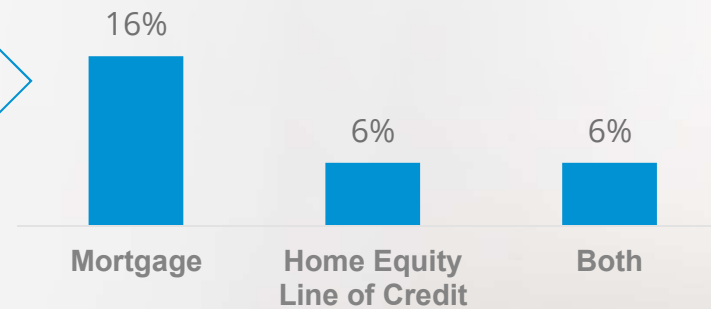
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More claims are made for CPI for mortgage

■ Made a claim ■ Did not make claim



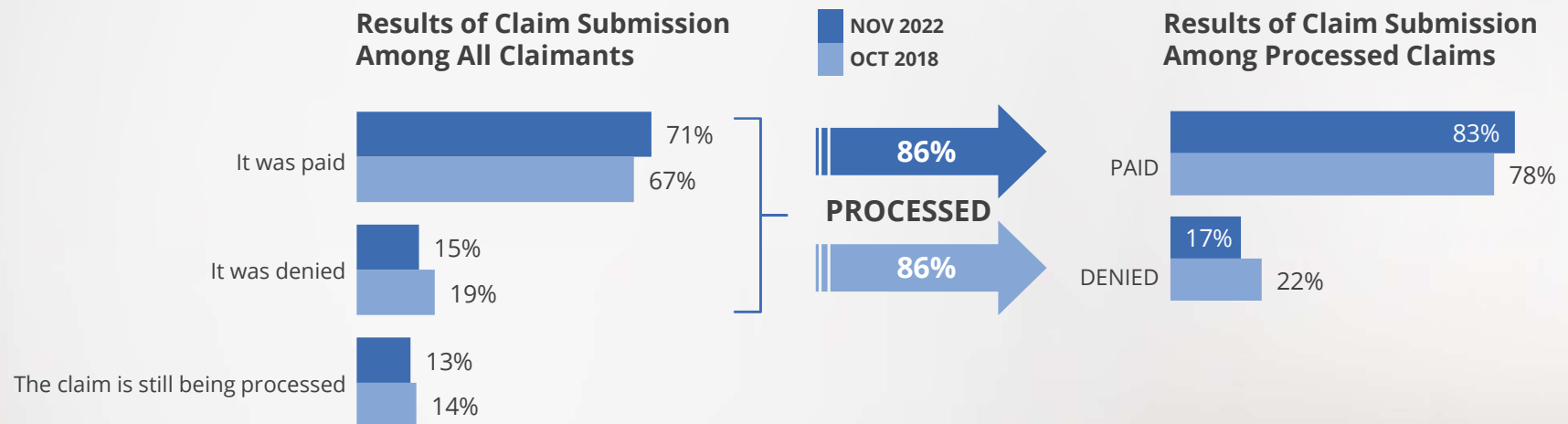
Type of financial product with a claim



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- Q
- Q8. Have you ever submitted a claim for Credit Protection Insurance for your mortgage or Home Equity Line of Credit?
 - A claims is made in the event the insured person had died, or had been diagnosed with a critical illness, became disabled or lost your/their job; Base: All Respondent (n=1494)

Eight out of ten processed claims were paid



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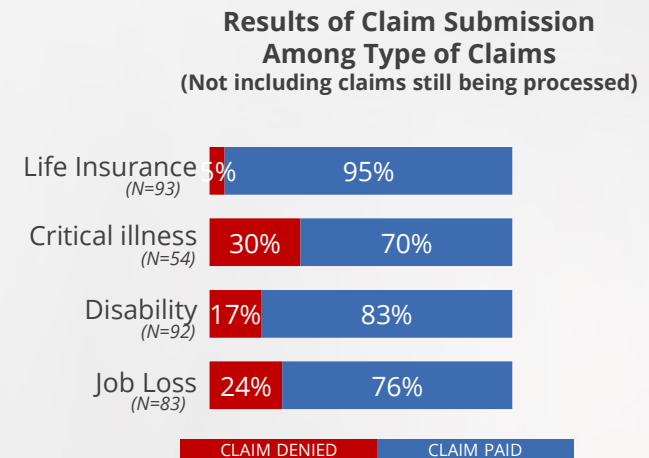
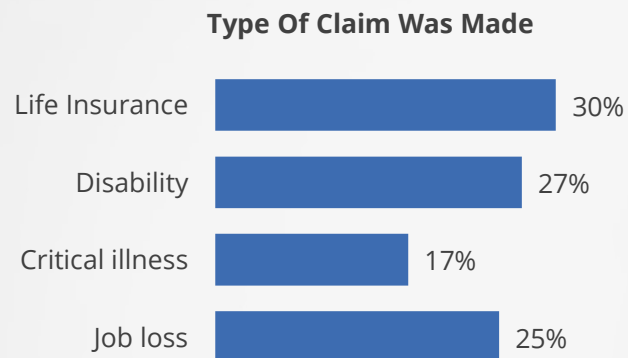


D3. What was the result of your claim submission? Base: CPI Claim (n=379), Oct 2018 (N=286)
Base: CPI Claim Processed (N=244)

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Majority of processed claims resulted in payment, regardless of claim type

34



CAFII members report 92% of CPI Life claims were paid in 2021, similar to this study's findings.

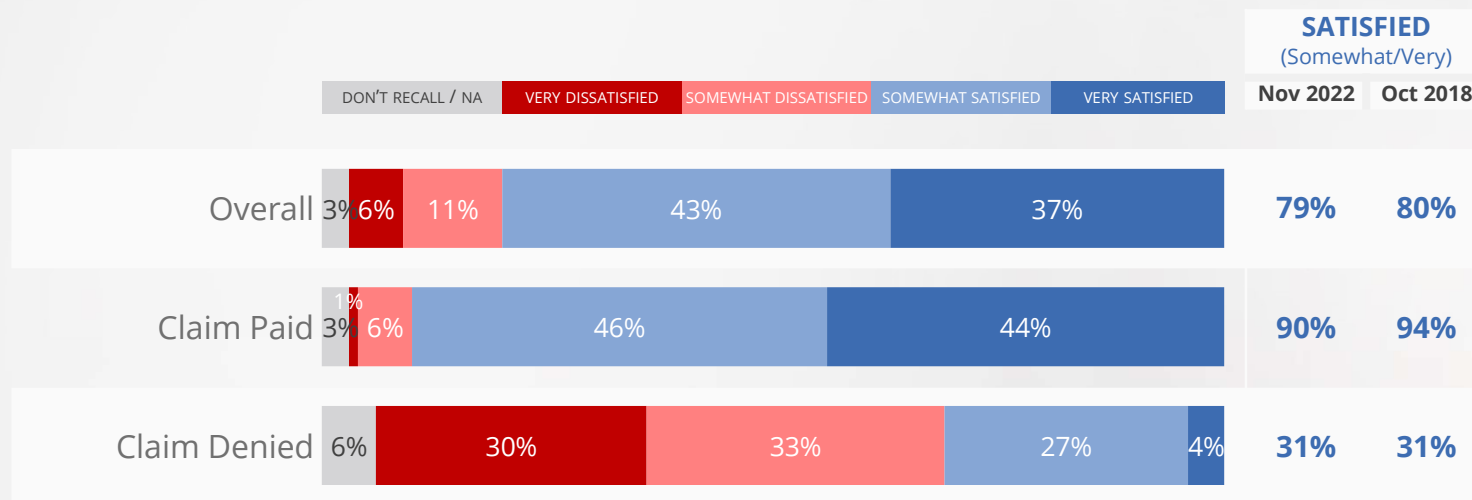
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D2. What type of claim was made? Base: Claimants (N=379)
D3. What was the result of your claim submission? *Base: Those who's claims were processed

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Eight out of ten are satisfied with their claim experience



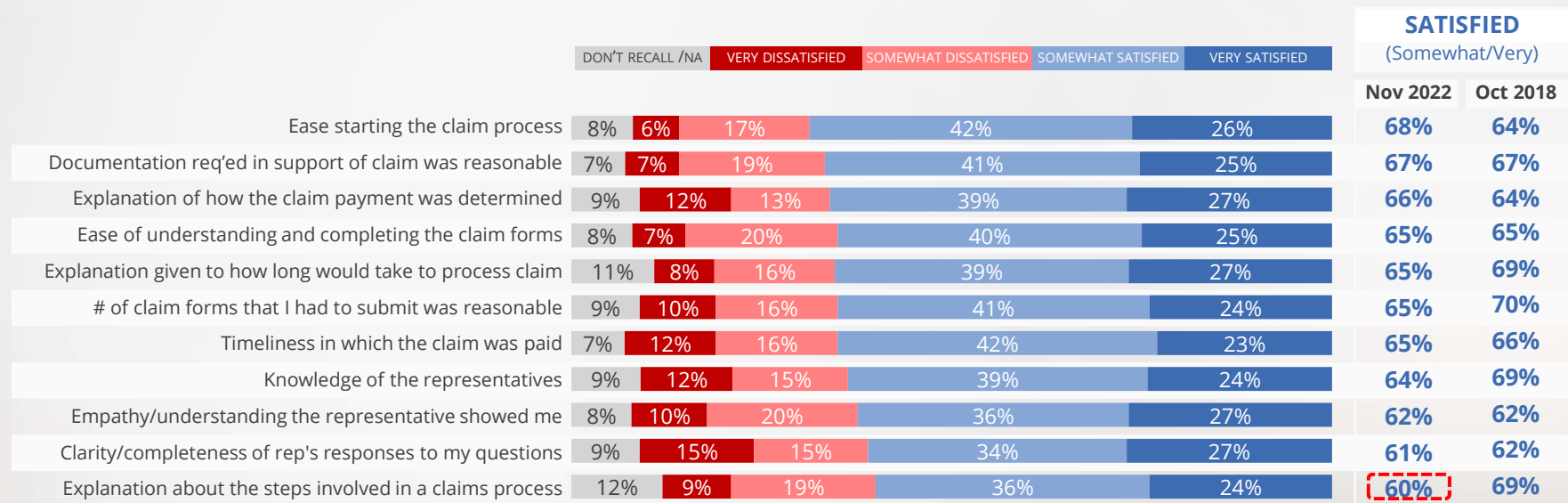
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D4. Thinking back about the entire claim experience, from the initial contact to the final outcome, how would you rate your satisfaction with the overall experience?
Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)

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Claimants are satisfied with various factors of the claim process



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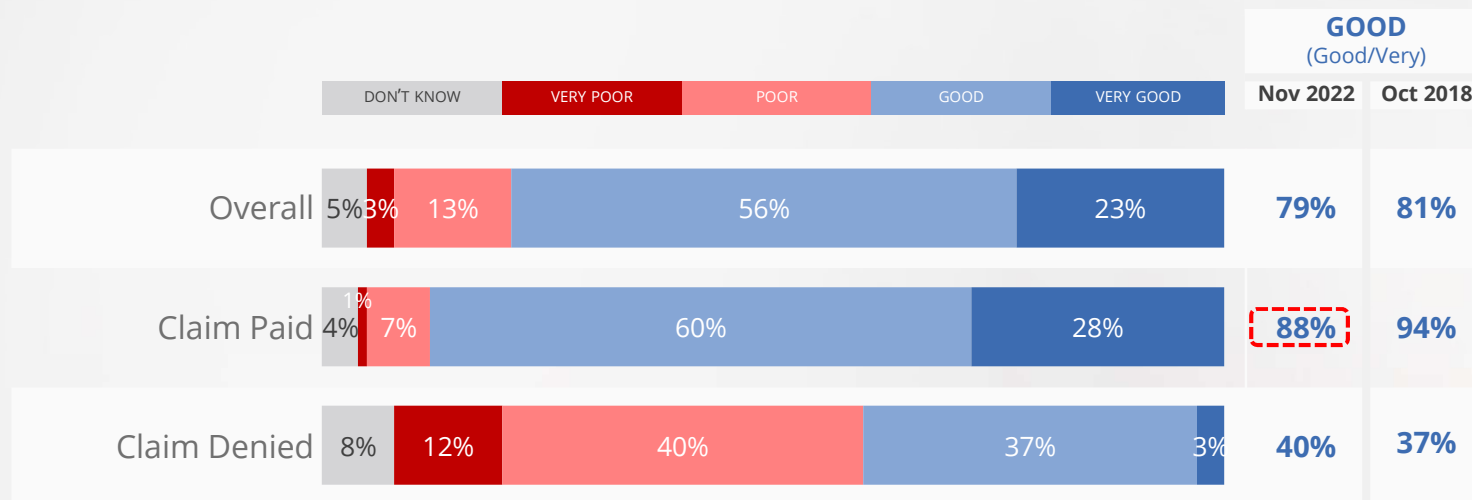


D5. And how satisfied were you with each of the following factors involved in this claim? Base: CPI Claim/ Claim Resolved (N=322), Oct 2018 (N=244)

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Explanation provided by the insurer was good for almost all of those whose claim was paid

37



Significantly higher than previous wave

Significantly lower than previous wave

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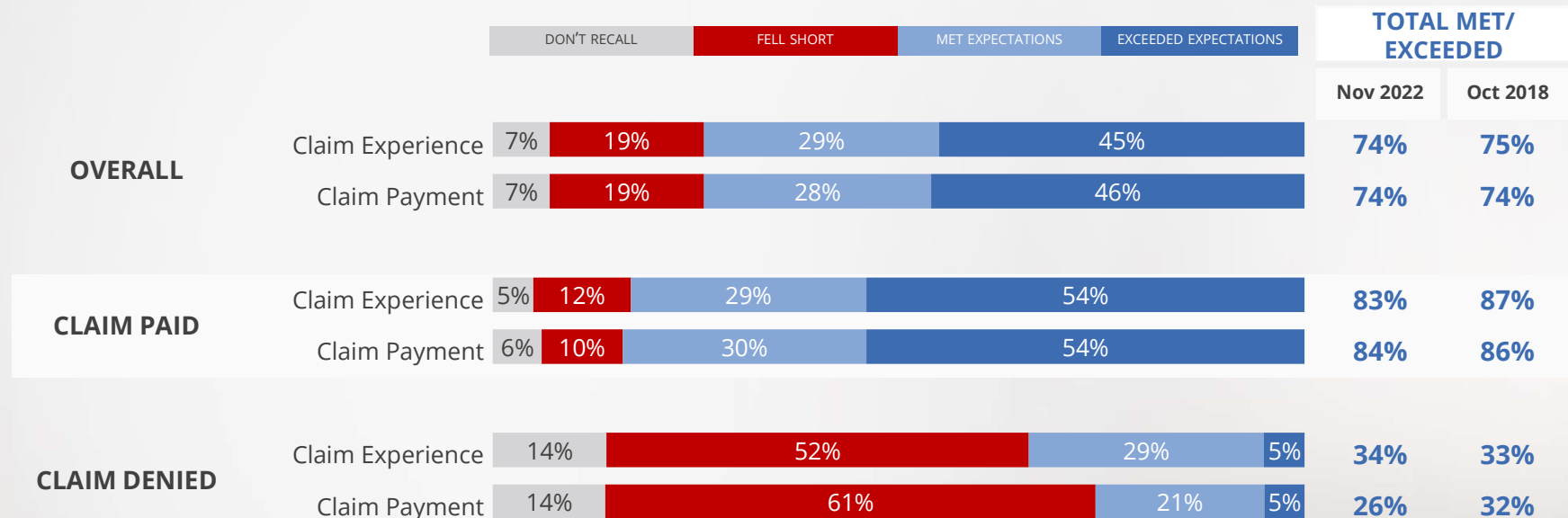


D6. How would you rate the clarity of explanation your insurer gave you about your claim payment/ claim denial?
Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)

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Expectations with claim experience and payment were met amongst those whose claims were paid, but fell short for those whose claims were denied

38



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D7. Would you say that the claim payment met, exceeded, or fell short of your expectations?
D8. Overall, would you say that the claim experience met, exceeded, or fell short of your expectations?
Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)

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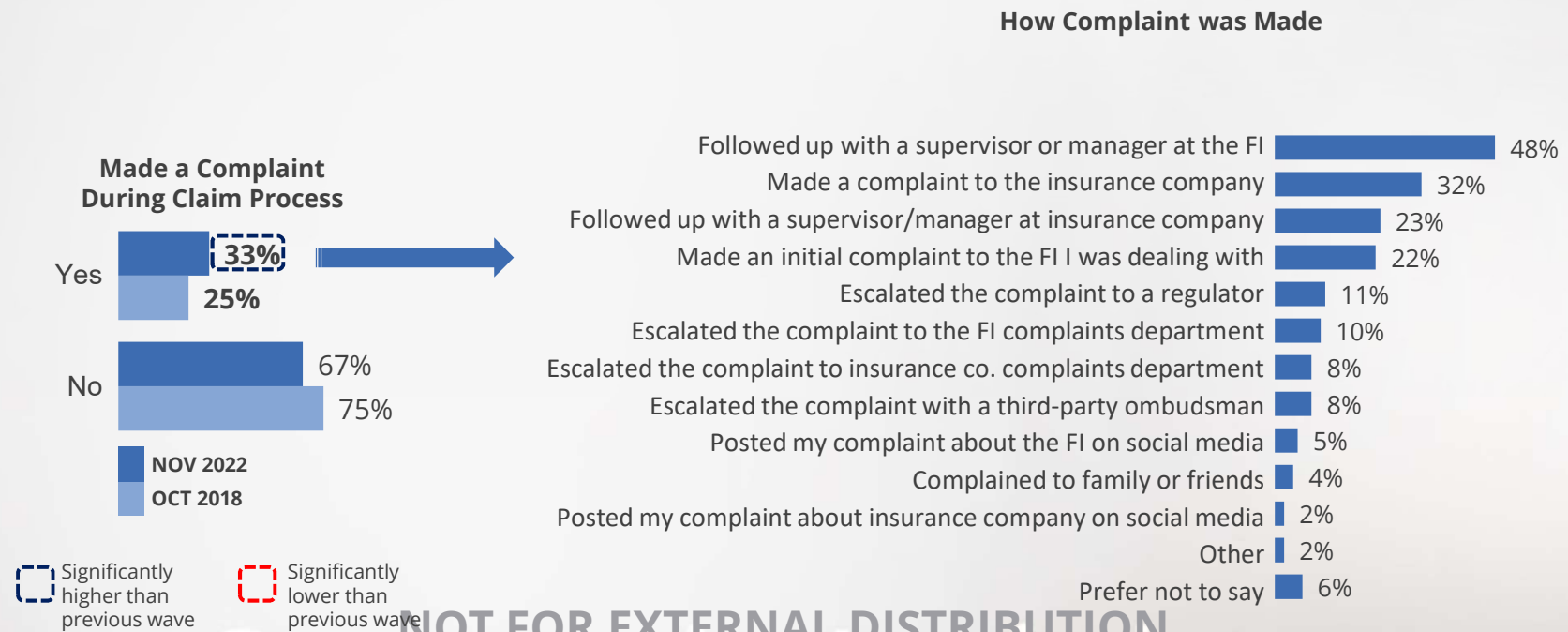
Complaints



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More claimants made a complaint in 2022 compared to 2018

40

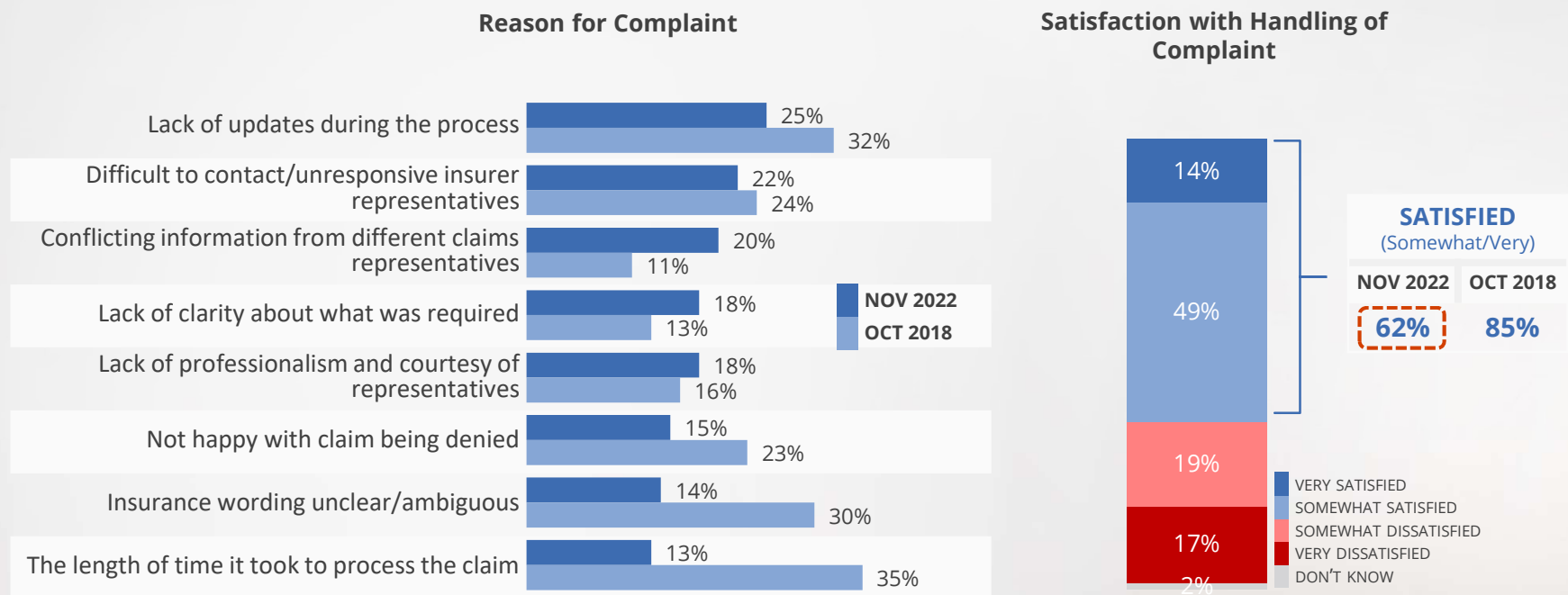


D9. Did you make a complaint about your claim at any point during or after the claim process? Base: CPI Claim/ Claim Resolved (N=379)/(N=244)
 D10. How did you make this complaint? Base: CPI Claim/ Made Complaint (N=103)/(N=53)

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Satisfaction with complaint handling declined compared to 2018

41



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D11. What was the major reason(s) for your complaint?
D12. Were you satisfied with how the complaint was handled?
Base: CPI Claim/ Made Complaint (N=103)/(N=53) *small base

Significantly higher than previous wave

Significantly lower than previous wave

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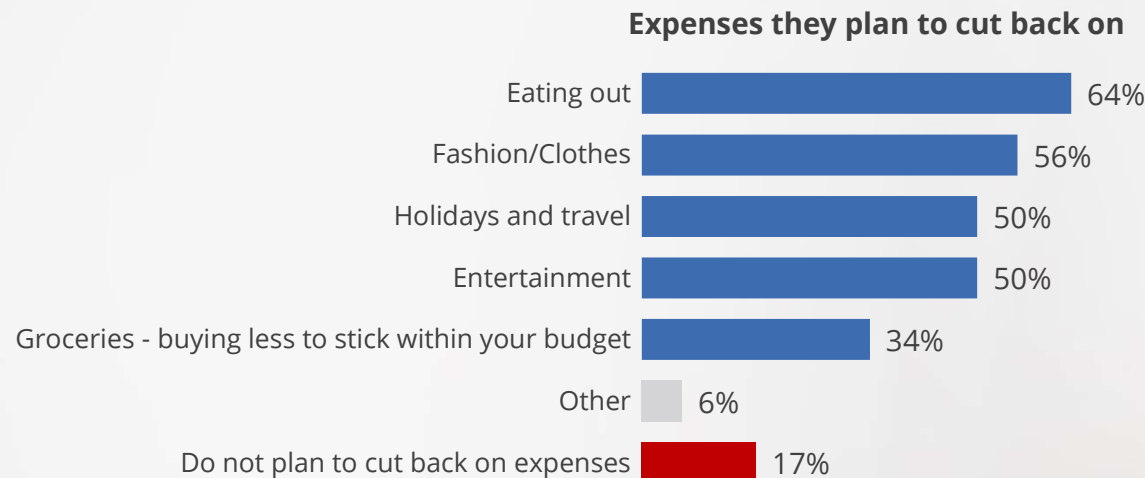
Economic Conditions



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Majority claim they will cut back on expenses as a result of economic conditions

- Two-third say they will cut back on eating out, half say they will cut back on buying clothes and a similar proportion say they will cut back on holidays and entertainment.
- More Quebecers (25%) and Middle-agers (40-54: 20% vs others: 13%) are not planning to cut back.



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E1. With inflation and the current state of the economy, do you plan to cut back on any of the following expenses? Base: Total (N=1494)

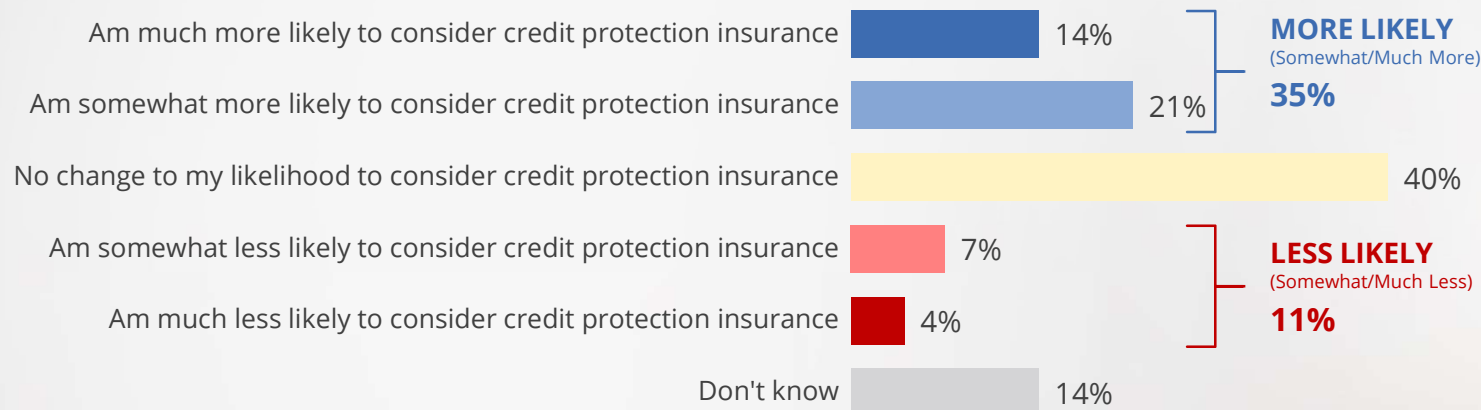
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Difficult market conditions are not likely to negatively affect claimed interest in credit protection insurance

44

- Two-fifth claim they expect no change to their likelihood of considering credit protection insurance and a third claim they are more likely to consider it, despite the harsh economic conditions.

Impact of Economic Condition on Likelihood of Obtaining CPI



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E2. With rising inflation, economic uncertainty and the possibility of a housing market correction, how do you feel about obtaining credit? Base: Total (N=1494)

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Lesli Martin, Senior Vice President

leslimartin@pollara.com

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Briefing Note

**CAFII EOC Meeting 16 May, 2023—Agenda Item 4(e)i
Committee Updates—Networking & Events—Plans for May 18/23 CAFII Webinar on Quebec’s Charter
of the French Language with Quebec-Based Legal Experts from Stikeman Elliott and Norton Rose**

Purpose of this Agenda Item – Update

This is an update-only item only.

Background Information

This is an update on the 18 May, 2023 webinar CAFII will hold with two lawyers: one from Stikeman Elliott, the other from Norton Rose, on the Quebec Charter of the French Language.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(e)(i)
May 16/23 EOC Meeting



Making Insurance Simple and Accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens

You're Invited!

Quebec's Bill 96 (Charter of the French Language): Compliance Requirements and Related Considerations For Communicating With and Serving Consumers In The Life and Health Insurance Sector

A CAFII Virtual Fireside Chat with Romy Proulx and Paul Prosterman

Thursday, May 18, 2023

from 1:00pm - 2:00pm ET

via Zoom Webinar



Romy Proulx

Associate, Litigation & Dispute Resolution Group

Stikeman Elliott

(For capsule biography, [click here](#))



Paul Prosterman

Senior Partner

Norton Rose Fulbright Canada LLP

(For capsule biography, [click here](#))

This webinar will feature two expert panelists who will address the following in a virtual Fireside Chat with CAFII moderator Keith Martin:

- The session will start with a brief PowerPoint presentation highlighting the major features of Quebec's Charter of the French Language (Bill 96), followed by an interactive panel discussion which will address the following:
- What constitutes a "contract of adhesion," especially with respect to credit protection insurance/creditor's group insurance and the various forms of travel insurance?
- This is an untested, new law with a lot of grey areas—how should businesses operating in Quebec in the life and health insurance space proceed?
- Have some companies decided to communicate only in French with Quebec consumers and clients going forward?
- What if companies send all written communications to consumers and clients in both French and English, with the French appearing first—would that meet the requirements of the Charter of the French Language?
- What is the role of the Office québécois de la langue française? What are its powers to enforce the Charter? Will it be providing guidance to businesses operating in Quebec?

- What should a business that serves Quebec consumers and clients via a call/contact centre take into consideration in deciding upon its approach to be in compliance with the Charter, in terms of both in-bound and out-bound communications to/from their call/contact centre?

[Click Here to Register](#)

For further information or assistance, please email Buni Mba at webinars@cafii.com or call 416-494-9224 ext. 3.

We look forward to welcoming you to this 2023 CAFII webinar .

Sincerely,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial
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Office: (416) 494-9224
brendan.wycks@cafii.com
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Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 5(a) Recent and Upcoming Strategic and Regulatory Initiatives-- Insights Gained from CAFII Liaison Meetings with Insurance Regulators During CLHIA Conference in Montreal, May 3-5/23

Purpose of this Agenda Item – Update

To update the EOC on meetings that CAFII held with insurance regulators during the CLHIA Conference in Montreal from 3-5 May, 2023.

Background Information

CAFII held meetings with Joanne Abram, CEO, Alberta Insurance Council, and her recently hired colleague Joseph Fernandez, Director of Compliance, Alberta Insurance Council; as well as a separate meeting with April Stadnek, Executive Director, Insurance Councils of Saskatchewan, on the sidelines of the 2023 CLHIA Compliance and Consumer Complaints Conference held 3-5 May in Montreal. This will be an update on the insights gained from those meetings.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(a)
May 16/23 EOC Meeting

***Insights Gained From CAFII Liaison Meetings With Insurance Regulators During 2023 CLHIA
Compliance and Consumer Complaints Conference in Montreal, May 3-5/23***

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: April 19, 2023 2:06 PM
To: Joanne Abram <jabram@abccouncil.ab.ca>
Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; Brent Rathgeber KC
<brathgeber@abccouncil.ab.ca>
Subject: [External] Request For Alberta Insurance Council/CAFII Liaison Meeting On The Sidelines Of
Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Hello, Joanne.

As you know, mutually beneficial relationship-building, communications, and dialogue with insurance regulators and policy-makers from across the country form a key part of CAFII's mission and mandate.

And with the restrictions on in-person meetings caused by the COVID-19 pandemic now largely behind us in 2023, we are pleased to be able to return to arranging in-person meetings with key insurance regulators and policy-makers, such as yourself, after a nearly four-year hiatus.

In that connection, we're reaching out at this time in the hopes of arranging a liaison meeting with you and any Alberta Insurance Council staff colleague(s) who will be present with you in Montreal in the first week of May, in connection with the 2023 CLHIA Compliance and Consumer Complaints Conference happening there. The purpose of the requested meeting is to have some information-sharing and dialogue, around Alberta/provincial, national, and international insurance regulatory and licensure issues of mutual interest; and to share the results of recent CAFII initiatives that are of relevance to the Alberta Insurance Council.

Here are some possible date/time options, all associated with the 2023 CLHIA Compliance and Consumer Complaints Conference which we will be attending and at which you are a panel presenter on Friday morning, May 5/23:

- pre-dinner snacks and beverages on Thursday, May 4/23 from 4:50 to 5:50 p.m. at the Omni Mont Royal Hotel (the conference hotel), if you will have arrived at the conference hotel by that time;
- a breakfast meeting from 7:15 to 8:15 a.m. on Friday, May 5/23 at the Omni Mont Royal Hotel; or
- a lunch meeting beginning at around 12:30 p.m. on Friday, May 5/23 at the Omni Mont Royal Hotel or a nearby restaurant, if you will be staying on in Montreal after the conference has concluded.

Please consider these options for a meeting and let us know if any of them will work for you, Joanne.

We look forward to hearing back from you at your earliest convenience, and to confirming a meeting with you during the upcoming CLHIA Conference in Montreal.

P.S. our Association will also be resuming its *Insurance Regulators and Policy-Makers Visits Tours* this year, with the intention of visiting the four Western Canada provinces this spring – in late May and very early June – in two blocks of two provinces at a time, in two successive weeks. In that connection, we will be reaching out to you again, Joanne, on that separate matter very soon (likely tomorrow) to ask, in the first instance, for your view as to whether it makes sense for CAFII to visit Alberta in the Wednesday, May 24/23 through Friday, May 26/23 time period, given that there is a provincial election scheduled to occur on or shortly before Monday, May 29/23? (Would being in the election writ period prevent you and your AIC staff executive colleagues from meeting with us at that time?)

Or would it be better for us to plan to visit Alberta (AIC and Alberta Treasury Board and Finance) the next week – during the Wednesday, May 31/23 through Friday, June 2/23 timeframe, along with one other province – given that, at that stage, the provincial election will already have taken place, the previous week?

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

T: 647.218.8243

Alternate T: 647.361.9465

www.cafii.com

Making Insurance Simple and Accessible for Canadians

Rendre l'assurance simple et accessible pour les Canadiens

From: Joanne Abram <jabram@abcouncil.ab.ca>

Sent: Wednesday, April 19, 2023 5:01 PM

To: Brendan Wycks <brendan.wycks@cafii.com>

Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; Brent Rathgeber KC <brathgeber@abcouncil.ab.ca>; Joseph Fernandez <jfernandez@abcouncil.ab.ca>

Subject: RE: [External] Request For Alberta Insurance Council/CAFII Liaison Meeting On The Sidelines Of Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Hi, Brendan.

I would love to meet with you and touch base on the issues and opportunities that we both anticipate and to enhance the communication between our organizations.

Joseph Fernandez, Director of Compliance for the AIC will be accompanying me and I look forward to the opportunity to introduce you to him at our meeting.

Pre-dinner snacks and beverages on Thursday May 4th at 4:50PM at the conference hotel would fit best into my schedule. If that still works for you please send me a meeting invite.

I look forward to seeing you then.



Joanne Abram
Chief Executive Officer
Alberta Insurance Council
2700 Manulife Place
10180 101 Street NW
Edmonton, AB T5J 3S4
780 4214148
www.abccouncil.ab.ca



From: Brendan Wycks
Sent: Tuesday, May 2, 2023 9:03 AM
To: Stadnek, April (ICS) <April.Stadnek@skccouncil.sk.ca>
Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>
Subject: Request For Insurance Councils of Saskatchewan/CAFII Liaison Meeting On The Sidelines Of Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Good morning, April.

As you know, mutually beneficial relationship-building, communications, and dialogue with insurance regulators and policy-makers from across the country form a key part of CAFII's mission and mandate.

And with the restrictions on in-person meetings caused by the COVID-19 pandemic now largely behind us in 2023, we are pleased to be able to return to arranging in-person meetings with key insurance regulators and policy-makers, such as yourself, after a nearly four-year hiatus.

In that connection, we're reaching out at this time in the hopes of arranging a liaison meeting with you and any Insurance Councils of Saskatchewan staff colleague(s) who will be present with you in Montreal this week, in connection with the 2023 CLHIA Compliance and Consumer Complaints Conference happening there, to have some information-sharing and dialogue around ICS/provincial, national, and international insurance regulatory issues of mutual interest.

Here are some possible date/time options, all associated with the 2023 CLHIA Compliance and Consumer Complaints Conference which we will be attending and at which you are a panel presenter on Friday morning, May 5/23:

- a breakfast meeting from 7:15 to 8:15 a.m. on Friday, May 5/23 at the Omni Mont Royal Hotel; or
- a lunch meeting beginning at around 12:30 p.m. on Friday, May 5/23 at the Omni Mont Royal Hotel or a nearby restaurant, if you will be staying on in Montreal after the conference has concluded.

Please consider these options for a meeting and let us know if any of them will work for you, April.

We look forward to hearing back from you at your earliest convenience, and to confirming a meeting with you during the upcoming CLHIA Conference in Montreal.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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From: Stadnek, April (ICS) <April.Stadnek@skcouncil.sk.ca>

Sent: Wednesday, May 3, 2023 5:59 PM

To: Brendan Wycks <brendan.wycks@cafii.com>

Cc: Keith Martin <Keith.Martin@cafii.com>

Subject: Re: Request For Insurance Councils of Saskatchewan/CAFII Liaison Meeting On The Sidelines Of Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Good afternoon, Brendan and Keith. Friday afternoon at 12:30 will be the better time.

Thank you for reaching out.

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Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 5(b)

Recent and Upcoming Strategic and Regulatory Initiatives-- Insights Gained from May 11/23 CAFII Special Purpose Virtual Meeting with AMF on Its Definition of Complaints and Related Complaints Handling Regime; and Next Steps Arising

Purpose of this Agenda Item – Update

To update the EOC on a meeting CAFII held on 11 May, 2023 with the AMF.

Background Information

CAFII held a meeting on 11 May, 2023 with relevant AMF staff executives on the Autorité's regulatory initiative around complaints and dispute resolution. This will be an update on that meeting.

At that meeting, the prime AMF spokesperson was Louise Gauthier, Senior Director. She was joined by Mélissa Perrault, Director, and Cindy Côté, Analyst. The participants from CAFII were Peter Thompson, Board Chair; Rob Dobbins, EOC Chair; Karyn Kasperski, EOC Vice-Chair; and Keith Martin, CAFII Co-Executive Director.

Mélissa Perrault shared the following clarification on the AMF's definition of a complaint:

A complaint can be defined as an expression of dissatisfaction about the service or product provided by an Insurer or Intermediary. It may involve, but is differentiated from, a claim (unless relating to the administration of the claim process) and does not include a pure request for information.

It was agreed that it would be beneficial to have a further discussion on these issues, including what is captured and not captured by the new AMF definition of complaints. Options around CAFII's position on these matters will be discussed at the next meeting of the Association's Quebec/AMF Issues Committee, which will be held on May 29, 2023.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 5(c)

Recent and Upcoming Strategic and Regulatory Initiatives-- Plans for June 8/23 CAFII/AMF Special Purpose Virtual Meeting on AMF Gathering of Industry Statistics on Claims Denials, and Utilization Intentions

Purpose of this Agenda Item – Update

To update the EOC on plans for a meeting which CAFII will hold with relevant AMF staff executives on 8 June, 2023.

Background Information

CAFII is preparing for a meeting on 8 June, 2023 on the statistics that the AMF is gathering around claims denials. CAFII has a plan for the approach it will take at this meeting, at which CAFII Board Chair Peter Thompson will be accompanied by EOC Chair Rob Dobbins, EOC Vice-Chair Karyn Kasperski, and Co-Executive Director Keith Martin.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 5(d) Recent and Upcoming Strategic and Regulatory Initiatives-- Insights Gained from Recent Meetings of FSRA's Stakeholder Advisory Committee (SAC) for Life and Health Insurance

Purpose of this Agenda Item – Update

To update the EOC on recent meetings of the FSRA Sectoral Advisory Committee for Life and Health Insurance.

Background Information

There have been two recent meetings of the FSRA Sectoral Advisory Committee for Life and Health Insurance, on which Keith Martin represents CAFII. This will be an update on those meetings, which have both have had the FSRA initiative around MGA supervision as a major topic of discussion.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

Two (2) attachments.

***Agenda Item 5(d)(1)
May 16/23 EOC Meeting***

From: Keith Martin

Sent: Monday, May 8, 2023 11:01 AM

To: CAFII EOC and Market Conduct & Licensing Committee Members

Subject: CAFII Participation in 9 May, 2023 FSRA Sectoral Advisory Committee (SAC) on Life and Health Insurance--Questions from FSRA

Dear CAFII EOC, and Market Conduct & Licensing Members,

Tomorrow, May 9, 2023 there is a meeting of the FSRA Sectoral Advisory Board for Life and Health Insurance, with the FSRA Board. Nearly the entire meeting is dedicated to three questions, which are listed below.

I am the CAFII representative at these meetings and among the themes I have made in the past are the importance of harmonization, that Canadians are vastly uninsured and underinsured, and the rigorous and robust systems and controls CAFII members have around the offering of credit protection insurance.

Among the issues others have also raised is the unprecedented level of regulatory submissions in the past year plus, which has put strains on internal resources of some organizations; and the pace and impact of technology change.

There may be other themes or issues you would like CAFII to communicate, and if so please do let me know and I will endeavour to share those points as well tomorrow. If you have any such issues you would like communicated, please send me an email (copy to Brendan).

Thank you,

--Keith

Financial Services Regulatory Authority of Ontario (FSRA)

Life & Health Insurance Stakeholder Advisory Committee (SAC) Meeting with FSRA Board

May 9, 2023, 10:15 am – 11:45 am

AGENDA

Time	Item	Topic	Presenter
10:15 - 10:25am	1	Panel Orientation a) Welcome Remarks b) Introduction	Joanne De Laurentiis Huston Loke
10:25 - 11:40am	2	SAC Discussion and Presentation a) What factors or changes in the L&H Insurance sector are you actively monitoring? b) What are the top risks in L&H Insurance? (How are you assessing / mitigating?) c) What are the critical success factors in L&H Insurance?	Stakeholder Advisory Committee Members
11:40 - 11:45am	3	Closing	Huston Loke

The 2023 membership of the SAC for Life and Health Insurance is as follows:

Name	Organization
Cathy N. Hiscott	PPI
Eric Wachtel	Canadian Association of Independent Life Brokerage Agencies (CAILBA)
Chris Donnelly	Manulife
Keith Martin	Canadian Association of Financial Institutions in Insurance (CAFII)
Neil Paton	Third Party Administrators Association of Canada
Jim Mavroidis	Cigna Life Insurance Company of Canada
Lyne Duhaime	CLHIA
James Ryu	Advocis
James Greenfield	HUB Financial Inc.
Susan Allemang	Independent Financial Brokers of Canada
Ali Salam	Sun Life Financial

Yasmin Visram	iA Financial Group
Ali Ghiassi	Canada Life
Moirra Gill	TD Insurance
Dennis Craig	RBC Insurance
Rosie Orlando	Primerica

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

T: 647.460.7725

www.cafii.com

[Visit the CAFII LinkedIn Page](#)



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Life and Health Insurance Stakeholder Advisory Committee

FSRA

Financial Services Regulatory
Authority of Ontario

Date: April 5, 2023

132





Agenda

1. 2023-2024 L&H Insurance priorities
2. Updates on FSRA activities in L&H Insurance
 - i. MGAs
 - ii. Life Agent initiatives
 - iii. Segregated Funds
 - iv. IAIS
3. Roundtable Discussion
 - i. What factors or changes in the L&H Insurance sector are you actively monitoring?
 - ii. What are the top risks in L&H Insurance from your perspective and how are you assessing / mitigating?
 - iii. What are the critical success factors in L&H Insurance?

FSRA

Financial Services Regulatory
Authority of Ontario





2023-24 L&H Insurance Priorities

Priority 7.1 Enhance Market Conduct oversight to protect consumers

Insurance Distribution - In the last two years, FSRA has published supervisory reports focusing on oversight in the end-to-end distribution of individual life and health insurance products and services. The findings identified consumer risks and gaps in market conduct compliance, particularly in independent distribution channels such as Managing General Agents (MGAs), where the delegation of oversight responsibilities may not be clearly defined and sufficiently monitored. In response, FSRA is:

- Developing an evidence-based regulatory framework to address potential risks and challenges posed by the MGA distribution channel.
- Continuing to build its capacity for proactive reviews of life insurance agents following the establishment of a dedicated life agent supervision team in 2020 and a supervisory framework in 2022.

Segregated Funds - FSRA continues to work with other regulators across Canada to enhance regulatory standards for segregated fund contracts, building on the recommendations in the 2017 CCIR Segregated Funds Working Group Position Paper. This work includes the planned implementation of FSRA Rules relating to deferred sales charges, which follows the February 2022 CCIR/CISRO announcement intended to stop deferred sales charges for new segregated fund contracts by June 1, 2023.



2023-24 L&H Insurance Priorities – Key Deliverables

- **Segregated Funds – DSCs**

- Implement a FSRA Rule that would ban deferred sales charges for new segregated fund contracts, prevent insurers from amending existing contracts to make such charges more onerous for customers, and require disclosure regarding further deferred sales charge deposits to existing contracts.

- **Working in partnership with other Canadian regulatory bodies, improve outcomes for segregated fund contract customers:**

- Finalize national guidance on total cost reporting disclosure requirements for segregated fund contracts.
- Consult on national guidance about the design, distribution, issuance, sale and administration of individual variable insurance contracts.
- Consult on national guidance relating to upfront compensation paid for the sale of segregated funds.

- **Enhancing insurance distribution outcomes:**

- Publish, for consultation, proposed changes to the framework for agencies with a contractual responsibility to screen, train, and/or monitor individuals under their supervision who sell life and health insurance products.



2023-24 L&H Insurance Priorities - Planned Outcomes

- **Stakeholders** have clarity and an increased understanding of FSRA's regulatory requirements with respect to the role of insurers and MGAs in the distribution channel for Life and Health products.
- **Segregated fund customers** are treated fairly and better informed, as:
 - The use of deferred sales charges in segregated fund sales will be banned
 - Industry has a clear understanding of regulatory requirements regarding the information consumers will receive about the total cost of their segregated fund contracts
 - Industry has a clear understanding of regulatory requirements with respect to the sale and administration of segregated fund contracts



Updates on FSRA Activities in L&H Insurance



Roundtable Discussion

FSRA's Board of Directors is looking to consult with the L&H Insurance SAC on forward looking items related to the future of L&H Insurance supervision and is asking the following questions, which were also posed to the SAC last year.

1. What factors or changes in the L&H Insurance sector are you actively monitoring?
2. What are the top risks in L&H Insurance from your perspective and how are you assessing / mitigating?
3. What are the critical success factors in L&H Insurance?



Thank you

Briefing Note

**CAFII EOC Meeting 16 May, 2023—Agenda Item 5(e)
Recent and Upcoming Strategic and Regulatory Initiatives-- Adjusted Schedule and Resulting Meetings
Confirmed for CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Late May
and June 2023**

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

For a variety of reasons, including a provincial election in Alberta that is occurring on Monday, May 29/23, CAFII has been forced to adjust the originally contemplated dates for its Spring 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour. This will be an update on the new tour dates and confirmed meetings, at this point in time.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(e)
May 16/23 EOC Meeting

Revised Timing of and Approach to
CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and
CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023

Western Canada Tour: Spring 2023

Manitoba and Saskatchewan (or Saskatchewan followed by Manitoba, depending upon optimal order)

- Wednesday, May 31/23;
- Thursday, June 1/23; and
- Friday, June 2/23 (if needed)

Alberta and British Columbia (or British Columbia followed by Alberta, depending upon optimal order)

- Wednesday, June 14/23;
- Thursday, June 15/23; and
- morning of Friday, June 16/23 (if needed)

Atlantic Canada Tour: Fall 2023

New Brunswick and Prince Edward Island (or Prince Edward Island followed by New Brunswick, depending upon optimal order)

- Wednesday, September 20/23;
- Thursday, September 21/23; and
- Friday, September 22/23 (if needed)

Nova Scotia and Newfoundland and Labrador (or Newfoundland and Labrador followed by Nova Scotia, depending upon optimal order)

- Wednesday, October 4/23;
- Thursday, October 5/23; and
- Friday, October 6/23 (if needed)

Briefing Note

**CAFII EOC Meeting 16 May, 2023—Agenda Item 6(a)
Governance Matters-- Implementation of Board-Approved 'New CAFII Management Structure' (Post-2023)**

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

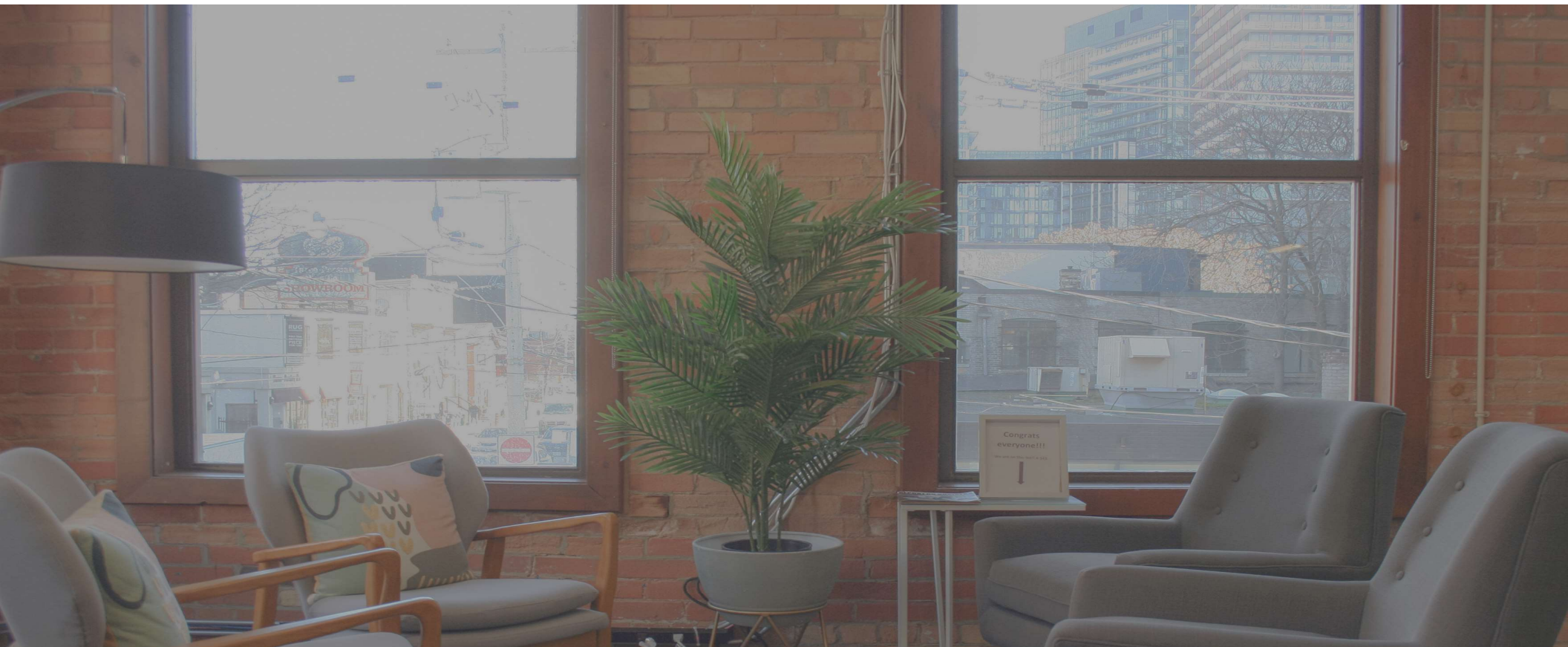
The CAFII Board has approved a proposal from Managing Matters to provide assistance to Keith Martin in the recruitment of two new hires reporting to him. This will be an update on that recruitment process.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.



CAFI

Recruitment Support Strategy

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Recruitment Services with Managing Matters

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At Managing Matters we do more than just recruit and hire – we deliver talent management strategies to serve our clients who we see as our partners. We know CAFII well as a partner association, we know your membership and we know your leadership style and we are the best partner to help you with your hiring.

We are so please to have the opportunity to offer CAFII the following plan to develop a strong team for the association.

Managing Matters has been recognized by Great Places To Work for the last 5 years for culture, development, high level engagement and satisfaction, internal mobility and proper succession planning.

We have what it takes to support CAFII in the development and sustainability of their leadership team.

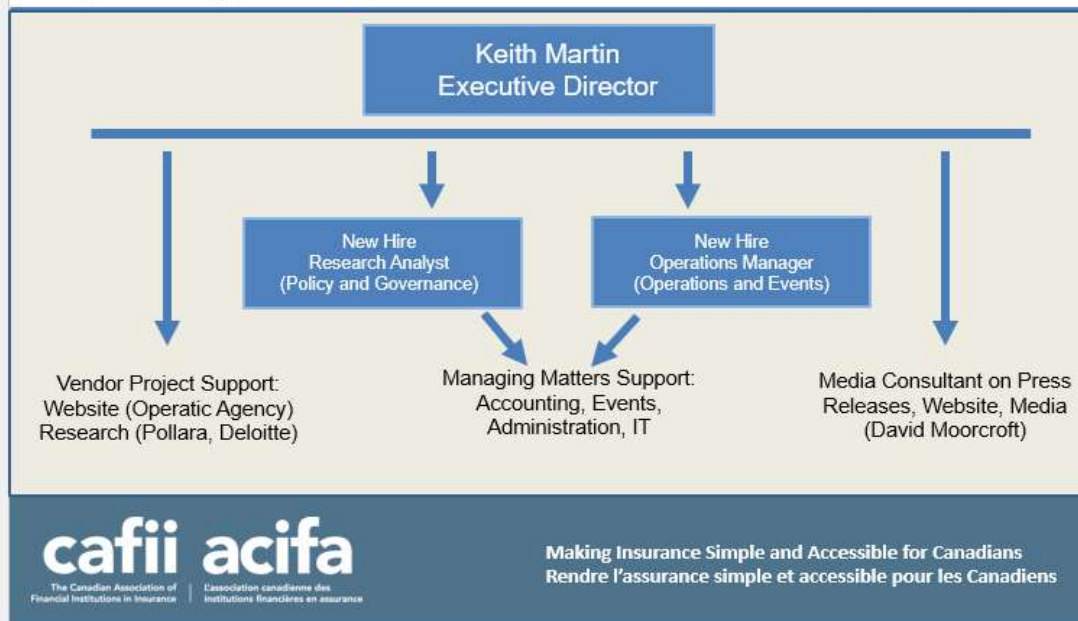


Approved Organizational Chart

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Recommendation: Keith Martin as the Sole Executive Director, With Two New Hires Reporting to Keith Martin

5



Research Analyst (5-7 years experience preferred)

In the New Structure, Keith Martin Provides Direction, Strategy, and Leadership, with Support from Two New Hires

6

Research Analyst

Policy Support

- Input in Drafting of Regulatory Submissions; Preparing Presentations to Regulators
- Strategizing with Executive Director, EOC, and Committee members on Approach to Regulatory Issues
- Surveying Industry and Regulatory Trends, Content for Regulatory Updates, Policy Content for EOC and Board Meetings

Governance

- Email motions for New Board Members, Onboarding New EOC and Board members; Script for Chair for Board Meetings
- EOC Agendas, Board Agendas, Ensuring Abiding by Bylaws, Policies; Documentation for EOC, Board meetings; Annual AGM Materials
- Proper Documentation and Following of Processes for Meetings including EOC and Board Consolidated Packages

Operations Manager (7-10 years experience preferred)

In the New Structure, Keith Martin Provides Direction, Strategy, and Leadership, with Support from Two New Hires

7

Operations Manager

Operations

- Lead in Organizing EOC, Board Meetings ; Annual Meeting of Members
- Managing Budget Updates, Audit Process
- Process Enhancements; Project Management; Vendor Management

Events

- Board Receptions, Annual EOC Appreciation Dinner
- Organizing Regulatory Tours (Western Canada, Atlantic Canada)
- Annual Liaison Meeting with the AMF in Quebec; Organizing Meetings, Lunches with Regulators and Policy-Makers

Recruitment Project Plan Overview



1. Preparing
 - 1.1 What is Kolbe
2. Sourcing
3. Screening
 - 3.1 Resume Screening
 - 3.2 Phone Screening
 - 3.3 Candidate Kolbe Assessments
- 4.0 Selecting
 - 4.1 The Interview Process
 - 4.2 Reference Checks
 - 4.3 Background Checks
5. Hiring
 - 5.1 Decision
 - 5.2 Job offer
6. Onboarding

1. Preparing



- Defining the leadership relationship with the roles for Operations Manager and Research Analyst. Outlining the objectives, setting the stage to connect a new team to the Executive Director Keith Martin
 - Kolbe Assessment and coaching session for Keith Martin and Brendan Wycks (complimentary as an MM partner)
- Job Description development for Operations Manager and Research Analyst inclusive of additional requirements identified by the Board of Directors:
 - bilingual capabilities to the extent possible
 - strive to achieve greater diversity in the team
 - Succession planning for the Executive Director
- Salary and market review
- Job Posting review and approval



1.1 What is Kolbe?



- Kolbe™ is a program that makes finding the "right" person for the right job easier and less expensive. Statistically proven, it assists companies in screening and selecting the best job applicants by determining who has the necessary instincts. Kolbe ends the headache of guessing how well a prospective employee will perform, by providing information on how the applicant will take action according to job requirements.
- Using Kolbe provides great insight into the conative, or doing, dimension of the mind. It will be important to also incorporate the cognitive (thinking) and the affective (feeling) parts into the hiring process. Kolbe™ identifies the conative part, and resumes usually give indications of the cognitive skills and knowledge acquired. We will ask affective questions during the interview to determine if the candidate shares the same values and/or vision of the organization.
- Lyn Wallington is one of only 1000 globally trained and certified Kolbe Coach Facilitators to deliver this quality program as a part of the hiring success process.



2. Sourcing



Managing Matters recommends the use of 2 tools for sourcing:

1. LinkedIn – Job posting costs and up to \$1500 in clicks and interactive impressions for each of the roles of Operations Manager and Research Analyst. Additional costs may be applied upon approval for additional search requirements.



2. Indeed – Job posting costs and up to \$1500 in clicks and interactive impressions for each of the roles of Operations Manager and Research Analyst. Additional costs may be applied upon approval for additional search requirements.



3. Screening

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3.1 Resume Screening

- Candidates may be pooled based on geographic location to ensure employment tax and HR consistency
Candidates are screened based on qualifications outlined by CAFII and additionally recognized comparable work related national and international experience
- Candidate names are removed to ensure focus remains On applicable skills and qualifications

3.2 Phone Screening

- Top 10 candidates for both positions are pre-screened via phone and presented by Managing Matters for review with CAFII
- CAFII to narrow candidate pool to 5 top candidates for each position

3.3 Candidate Kolbe Assessments

- Kolbe Assessments will be conducted and assessed for the 5 selected candidates in each role and results presented to CAFII with the intention to narrow the selection to the top 3 candidates in each role for interview



4. Selecting



4.1 The Interview Process

- Top 3 candidates that have completed the Kolbe assessment move to the in-person (video interview or face to face). Recommended is face to face.
- Finalization and approval of script and questions
- Finalize interview panel
- Approval and inclusion of assessment tool eg: 72 hour notice to prepare a 10 minute presentation on a predetermined relevant topic
- Final Q & A with select board panel, to provide time for any follow up questions and introduction prior to signing

4.2 Reference Checks – top three candidates to be selected and reference checks to be completed by Managing Matters

4.3 Background Checks using Sterling Backcheck, a secure, fast and reliable online background check (final candidate invitation to be sent for completion by Managing Matters)



5. Hiring

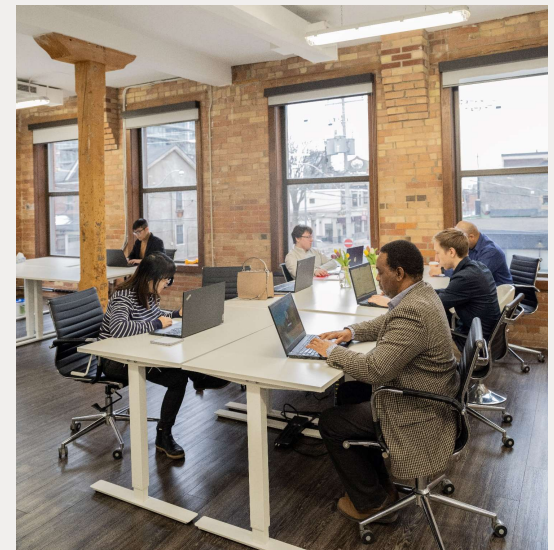


5.1 Decision

- Final decision by CAFII
- Candidate negotiations conducted by Managing Matters

5.2 Job offer

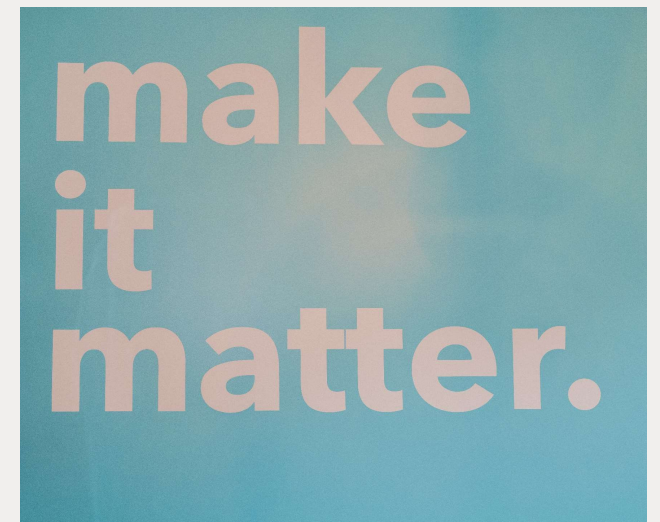
- Employment Contract to be provided by CAFII
- Managing Matters to arrange for electronic signatures and acceptance
- via DocuSign



Onboarding



- Delivery and purchase of equipment can be made under separate billing through Managing Matters
- Training and transition plan
- 90 Day experience survey for both roles



Replacement Guarantee



- If the candidate in either of the two roles; Research Analyst or Operations Manager leaves CAFII within the first 6 months from the first day of employments, Managing Matters will make every endeavor to find a suitable replacement at no additional cost.
- Exclusions:
 1. If the Job Description has changed or there is internal restructuring or redundancy resulting in a change to the position or replacement posting
 2. If the candidate resigns

Fee Structure

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Summary	Fees	Product Fees
Preparing	\$ 1,500.00	
Sourcing	\$ 1,300.00	\$ 5,000.00
Screening	\$ 9,100.00	\$ 2,500.00
Selection	\$ 2,700.00	
Hiring	\$ 1,100.00	\$ 200.00
Onboarding	\$ 1,050.00	
Total	\$ 16,750.00	\$ 7,700.00
Package Total		\$ 24,450.00
HST		\$ 3,178.50
Final		\$ 27,628.50

Payment Schedule

Payment to be made in 3 equal installments based on the below milestones/phases and anticipated dates of delivery/completion for each phase.

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Installments By Milestone	Anticipated Timeline	Installment	HST	Final Installment
1st Installment Preparing & Sourcing	Friday, June 30, 2023	\$ 8,150.00	\$ 1,059.50	\$ 9,209.50
2nd Installment Screening And Interviews Completed	Friday, July 14, 2023	\$ 8,150.00	\$ 1,059.50	\$ 9,209.50
3rd Selection and Hiring Completed	Saturday, September 30, 2023	\$ 8,150.00	\$ 1,059.50	\$ 9,209.50
Total		\$24,450.00	\$ 3,178.50	\$ 27,628.50

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 6(b) Governance Matters-- Outcomes of First Meeting of CAFII Board Diversity Working Group

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

CAFII has established a new Board Diversity Working Group, which will have held its first meeting on Monday, 15 May, 2023.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 6(b)
May 16/23 EOC Meeting

First Meeting of CAFII Board Diversity Working Group

Background Information

The Executive Operations Committee (EOC) has expressed a desire to see greater diversity in terms of representation on the CAFII Board of Directors, as it was observed at the December 2022 Board of Directors meeting that there was very little diversity around the table.

While positive strides with recent Board member appointments have been made, taking a more purposeful course is needed to achieve greater, consistent diversity in the Association's representation which will serve as an important key to CAFII's future success.

To further the goal of greater diversity, volunteer members from the EOC are in the process of forming a working group with CAFII Co-Executive Director oversight to document recommendations to the Board of Directors on best practices for industry Associations of comparable size and scope; whether that be in the form of a policy, guideline, practice or some other mechanism.

Once the recommendations have been drafted, they will be presented to the Board of Directors for review and approval and thereafter a mandate to the EOC to proceed with any required implementation steps.

Volunteer EOC Members Identified to Date:

CAFII Board of Directors Diversity Working Group				
First	Last	Email	Company	BOD/EOC/Committee
Rob	Dobbins	(Rob Dobbins) rob.dobbins@assurant.com	Assurant Canada	Diversity Working Group
Jennifer	Russell	(Jennifer Russell) Jennifer.russell@assurant.com	Assurant Canada	Diversity Working Group
Tejal	Harri-Morar	(Tejal Harri-Morar) Tejal.HarriMorar@bmo.com	BMO Insurance	Diversity Working Group
David	Self	(David Self) David.Self@wi.cibc.com	CIBC Insurance	Diversity Working Group
Karyn	Kasperski	(Karyn Kasperski) karyn.kasperski@rbc.com	RBC Insurance	Diversity Working Group
Andrea	Stuska	(Andrea Stuska) andrea.stuska@td.com	TD Insurance	Diversity Working Group

Proposed Inaugural Meeting

The first meeting will be held on Monday, 15 May, 2023, from 2-3pm (virtually).

Proposed Chair of this Working Group

Tejal Harri-Morar has agreed to serve as Chair of the Working Group.

Proposed Agenda for First Meeting of this Working Group

- Motion to Nominate Tejal Harri-Morar as Chair (Keith Martin, All)
- Welcome and Introductions (Tejal Harri-Morar, All)
- What is the objective of this Working Group? (All)
- Discussion of key issues for Working Group to consider (All)
- Frequency and duration of Working Group's meetings? (All)
- What sort of implementation mandate should the Working Group ask the EOC to obtain from the Board? (All)
- Any other issues and next steps (All)
- Termination of Meeting (Tejal Harri-Morar)

Briefing Note

**CAFII EOC Meeting 16 May, 2023—Agenda Item 6(c)
Governance Matters-- Plans for June 6/23 CAFII 2023 Annual Meeting of Members; First Meeting of
2023-24 Board of Directors; and Immediately Ensuing Reception Event**

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

This is an update on the plans for the upcoming 6 June, 2023 Annual Meeting of Members, first meeting of the 2023-24 Board of Directors, and ensuing Reception event with speaker Anthony Ostler, the President and CEO of the Canadian Bankers Association.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 6(d)

Governance Matters-- Change In Date of Next EOC Meeting to Tuesday, June 27/23

Purpose of this Agenda Item – *Update*

This is an update-only item.

Background Information

We have had to defer the date of the June 2023 EOC meeting by one week to accommodate the new dates for the Spring 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour, which needed to be changed for several reasons including the fact that a provincial election is being held in Alberta on Monday, May 29/23.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 6(e) Governance Matters-- Draft Minutes of April 4/23 Board Meeting

Purpose of this Agenda Item – Endorsement

This is a request for endorsement.

Background Information

EOC members will be asked to endorse the draft 4 April, 2023 Board meeting minutes, for presentation to the Board for approval at its next meeting.

Recommendation / Direction Sought – Endorsement

Endorsement is requested.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 6(f) Governance Matters-- Draft Minutes of April 25/23 EOC Meeting

Purpose of this Agenda Item – *Approval*

This is a request for approval.

Background Information

EOC members will be asked to approve the minutes of the April 25, 2023 EOC Meeting.

Recommendation / Direction Sought – *Update*

This is an approval request item.

Attachments Included with this Agenda Item

1 attachment.

**EXECUTIVE OPERATIONS COMMITTEE IN-PERSON AND VIRTUAL MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

Tuesday, April 25, 2023, 2:00-4:00pm

At the Offices of BMO, 68th Floor, First Canadian Place, Toronto

MINUTES

EOC Present:

In Person:

Karyn Kasperski	RBC Insurance and EOC Vice-Chair
Martin Boyle	BMO Insurance
Tejal Harri-Morar	BMO Insurance
Afzal Baig	Chubb Life Insurance Company of Canada
Peter Thorn	TD Insurance
Carmelina Manno	Manulife

Virtually:

Rob Dobbins	Assurant and EOC Chair
Donald Hinneke	RBC Insurance and Treasurer
Jennifer Russell	Assurant
Catherine Latulippe	Canadian Tire Bank
David Self	CIBC Insurance
Konstance Allain	CIBC Insurance
Lauren Ross	CIBC Insurance
Casandra Litniansky	CUMIS/The Co-operators
Michelle Costello	CUMIS/The Co-operators
Isabelle Choquette	Desjardins Insurance
Suzie Blanchard	Manulife
Janet Pacini-Thibodeau	Manulife
Sharon Murrell-Foster	Manulife
Iman Muntazir	RBC Insurance
Brad Kuiper	Scotia Insurance
John Burns	Securian Canada
Deliska Beauregard	Securian Canada
Dallas Ewen	The Canada Life Assurance Company
Marco DeiCont	Valeyo

Regrets:

Farhad Eslah	Canadian Tire Bank
Cynthia Golubic	Canadian Tire Bank
John Juba	Chubb Life Insurance Company of Canada
Ibrahim Idowu	CIBC Insurance
Doug Weir	CIBC Insurance
Almas Satwat	CUMIS/The Co-operators
Diane Quigley	CUMIS/The Co-operators
Jawid Kargger	CUMIS/The Co-operators
Nathalie Baron	Desjardins Insurance

Pierre-Olivier Cyr	Desjardins Insurance
Katia Umutoniwase	Manulife
Ivan Murray	National Bank Insurance
Shannon Dowe	RBC Insurance
Charles MacLean	RBC Insurance
Fernando Heleno	RBC Insurance
Stacey Hughes-Brooks	RBC Insurance
Andrea Stuska	TD Insurance
Fay Coleman	TD Insurance
Fergal Murphy	TD Insurance
Moira Gill	TD Insurance
Jacqlyn Marcus	Valeyo

Also Present: Brendan Wycks, *Co-Executive Director*
Keith Martin, *Co-Executive Director*
Jake Becker, *Association Coordinator*

Item 1: Welcome, Call to Order, and Priority Matters

Item 1 (a): Call to Order and Welcome to New EOC Members

EOC Chair Rob Dobbins called the meeting to order; due to a technology platform issues, the start of the meeting was delayed by about 20 minutes. Rob Dobbins welcomed new EOC member Lauren Ross, CIBC Insurance, who introduced herself to fellow EOC members.

Item 2: Consent Items

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

- Consultations/Submissions Timetable
- CAFII Response Submission to CISRO Consultation on “Draft 2023-2026 Strategic Plan”
(Submission Deadline: April 21/23)
- April 2023 Regulatory Update
- Regulator and Policy-Maker Visit Plan Recap
- Summary of Board and EOC Action Items
- Board-Approved Schedule of CAFII 2023 Meetings and Events

Item 3: Financial Management Matters

Item 3 (a): CAFII Financial Statements as at March 31/23

CAFII Treasurer Donald Hinnecke provided an update on CAFII’s financial position as at March 31, 2023, noting that the Association’s current financial situation was very strong. Revenue was above budget due to new member Chubb Life Insurance Company of Canada, while expenses were in line with the budget. Mr. Hinnecke noted that due to the collection of the entire year’s member dues at the beginning of the year, CAFII was intending to take out a short term GIC in order to secure a higher interest income yield from cash that was not needed in the short term.

Item 3 (b): Forecast for CAFII 2023 Fiscal Year as at March 31/23

CAFII Treasurer Donald Hinnecke noted that there are some anticipated significant expenses that will be incurred in the near-term, including for legal fees, and that CAFII is attempting to provide more precise monthly allocations of anticipated expenses in the Fiscal Year Forecast document.

Item 3 (c): Next Steps in Board and Membership Approval of CAFII 2022 Audited Financial Statements

Brendan Wycks updated the EOC on the next steps in the approval process for the Association's 2022 audited financial statements. The statements were approved by the CAFII Board at its 4 April, 2023 Board meeting, and the next requirement is to have the statements formally approved by the membership at the Annual Meeting of Members on 6 June, 2023.

Item 4: Committee Updates

Item 4 (a): Marketing Conduct & Licensing

i. Responses Received from FCNB Re Licensure Deadline Extension Request and Related Compliance Issues; and Direction Received From CAFII Board On April 4/23 Re Next Steps on Impasse Issue with FCNB Re Section 46 of Rule INS-001

Brendan Wycks and Keith Martin reported that the CAFII Board did not want the Association to send a letter protesting Clause 46 of FCNB's Rule INS-001 to the New Brunswick Minister of Finance, but there was support for trying to convince the FCNB to modify the language of the clause to include suggesting that a customer may wish to consult with a financial advisor or a representative of the insurance company offering the insurance. There was discussion about having a "post-mortem" discussion with FCNB about its consultation process related to the recently launched Restricted Insurance Representative (RIR) licensing regime, but EOC members felt that this should only occur after the June 1/23 deadline for securing an initial RIR licence via the FCNB Portal had passed. An update was also provided on the concession received from FCNB around the problematic "trust accounts issue."

ii. Insurance Council of BC Outreach for Preliminary Consultation Meeting with CAFII Re Restricted Insurance Agency Licensing Regime To Be Launched In BC

Brendan Wycks reported that the Insurance Council of BC had reached out to CAFII for a preliminary consultation virtual meeting, which was being set up, around the Restricted Insurance Agency (RIA) regime being launched in BC, including the Council's intention to develop a "competency requirements framework" for individual representatives offering insurance under an RIA corporate licence. It was currently unclear what those requirements would mean exactly, and CAFII is exploring that issue with the Insurance Council of BC.

Item 4 (b): Quebec/AMF Issues

i. Insights Gained from March 29/23 CAFII Quebec/AMF Issues Committee Meeting

Quebec/AMF Issues Chair Jennifer Russell noted that the Committee continued to actively examine a multitude of issues, and had spent considerable time on the implications of Bill 96, the Quebec Charter of the French Language.

Item 4 (c): Media Advocacy

i. Creating A Body Of Followers Of CAFII's Newly Launched LinkedIn Page

Keith Martin reported that CAFII had launched its new LinkedIn page, which was another way of raising the Association's online profile and which had already attracted over 100 followers. EOC members were encouraged to ask their member company colleagues to follow the CAFII LinkedIn page.

Item 4 (d): Research & Education

i. Results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on 'Consumers' Satisfaction with Credit Protection Insurance' (including 2023 Follow-up 'Deeper Dive Research'); and Requested EOC Recommendation to CAFII Board Around Utilization and Public Release of the Research Results

Research & Education Committee Vice-Chair Michelle Costello reported that Pollara had now presented the findings of the recent 'deeper dive research' to CAFII members. Keith Martin advised that that follow-up research had confirmed that CPI holders in 2022 had the same level of impression that CPI was not optional as in 2018. However, the level of complaints around claims had increased in 2022 relative to 2018, and the satisfaction with how these complaints were handled had decreased during that time period. Many EOC members felt that in the context of the overall positive results of the research, those "areas for improvement" findings were something that could be shared with regulators, but there was also a concern that the complaints results were not something that should be released. It was decided that a draft of the presentation deck for the upcoming CAFII Spring 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour, including the overall research results, would be developed for review, and the EOC could then determine the best course of action.

Item 4 (e): Networking & Events

i. Plans for April 27/23 CAFII Webinar on International Regulatory Developments with Nicholas Herbert-Young, UK Financial Conduct Authority (FCA) and IAIS

Keith Martin reported that a CAFII webinar would be held on the international regulatory developments with UK Financial Conduct Authority staff executive and International Association of Insurance Supervisors volunteer leader Nicholas Herbert-Young on April 27/23.

ii. Plans for Upcoming May 9/23 CAFII Annual Members and Associates Luncheon

Brendan Wycks advised that plans were well-advanced for the 9 May, 2023 CAFII Annual Members and Associates Luncheon, which would feature two highly regarded insurance law experts participating in a panel discussion (Jill McCutcheon, Torys LLP, and Stuart Carruthers, Stikeman Elliott).

iii. Plans for May 18/23 CAFII Webinar on Quebec's Charter of the French Language with Quebec-Based Legal Experts from Stikeman Elliott and Norton Rose

Keith Martin reported that CAFII was organizing an 18 May, 2023 webinar with two Quebec-based expert lawyers on Bill 96, Quebec's Charter of the French Language.

Item 5: Recent and Upcoming Strategic and Regulatory Initiatives

Item 5 (a): Insights Gained from March 22/23 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF's Eric Jacob; and Next Steps Arising

Keith Martin reported that CAFII Board Chair Peter Thompson and AMF Superintendent, Client Services and Distribution Oversight Éric Jacob had agreed during their 22 March, 2023 virtual one-on-one meeting that two special purpose future meetings would be held with additional AMF and CAFII invitees, (i) on the AMF's complaints and dispute-resolution regulation, and (ii) on the intended use by the AMF of the statistics that it has been gathering on claims denial rates and 'return of premium' to customers.

Item 5 (b): Plans for Upcoming Virtual CAFII/AMF Meetings on AMF Definition of Complaints and Related Complaints Handling Regime; and AMF Gathering of Industry Statistics on Claims Denials and 'Return of Premium' to Consumers, and Utilization Intentions

Keith Martin reported that CAFII is working with the AMF on organizing two special purpose meetings in the near future on (i) the AMF's complaints and dispute-resolution regulation, and (ii) on the intended use by the AMF of the statistics that it has been gathering on claims denial rates and 'return of premium' to customers. CAFII will be bringing Co-Executive Director Keith Martin, EOC Chair Rob Dobbins, and EOC Vice-Chair Karyn Kasperski to those meetings. The AMF will be bringing Senior Director Louise Gauthier to the meeting on the regulation on complaints and dispute-resolution; and Senior Director Christian Beaulieu to the meeting on the statistics that have been gathered by the AMF.

Item 5 (c): Insights Gained from April 5/23 Meeting of FSRA's Stakeholder Advisory Committee (SAC) for Life and Health Insurance

Deferred to May 16/23 EOC meeting.

Item 5 (d): Firmed-Up Plans for CAFII Insurance Regulators and Policy-Makers Visits Tour to Western Canada in Late May/Early June 2023; and Opportunity for Member Representatives To Be Part Of Delegations For BC, Alberta, Saskatchewan, and Manitoba Visits

Brendan Wycks reported that plans are moving forward for a CAFII Spring 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour in late May/early June.

Item 5 (e): Firmed-UP CAFII Liaison Meetings With Insurance Regulators During CLHIA Conference in Montreal, 3-5 May, 2023

Brendan Wycks reported that CAFII will be organizing meetings on the sidelines with regulators and policy-makers who will be attending the 3-5 May, 2023 CLHIA Compliance and Consumer Complaints Conference in Montreal.

Item 6: Governance Matters

Item 6 (a): Recent Appointments of New CAFII Board Members

Brendan Wycks reported that several new CAFII Board Members had recently been appointed: Rahul Kakar, Chubb Life Insurance Company of Canada; Nigel Branker, Securian Canada; and Heather McLachlin, CUMIS/The Co-Operators.

Item 6 (b): Board-Approved Principles-Based Guideline on Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair; and Resulting Next Steps

Rob Dobbins summarized the comments which he had shared with the CAFII Board, at its 4 April, 2023 meeting, on a new guideline around the appointment of Board Chairs and Vice-Chairs. The recommendation had been well-received and the Board formally approved the guideline at its 4 April, 2023 meeting.

Item 6 (c): Implementation of Board-Approved 'New CAFII Management Structure' (Post-2023)

Keith Martin reported that progress was being made on the hiring of two new resources as part of the new post-2023 CAFII management structure.

Item 6 (d): Further Discussion Around Issue of "CAFII Board Diversity"

Rob Dobbins reported that CAFII was developing a Working Group on Board diversity, which would hold its initial meeting soon.

Item 6 (e): Preparation and Dissemination of June 6/23 CAFII 2023 Annual Meeting Materials Package

Brendan Wycks reported that CAFII would soon be distributing the materials in relation to the 6 June, 2023 Annual Meeting of Members.

Item 6 (f): CAFII "Thank You" Recognition of 2022-23 Committee Chairs and Vice-Chairs; and External Body Appointees, To Be Executed Prior to June 6/23 Annual Meeting of Members

Brendan Wycks reported that CAFII was developing a 2022-23 Annual Report, which will recognize the Association's volunteer leaders over the past year, which will be disseminated primarily through the upcoming Annual Members and Associates Luncheon on May 9/23; and, in addition, a digital thank you note that will recognize the Association's committee Chairs and Vice-Chairs, in particular, for dissemination later in the year.

Item 6 (g): Draft Minutes of March 21/23 EOC Meeting

The draft minutes of the March 21, 2023 EOC meeting were approved.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 7(a)

Read Only Items-- CAFII and FCNB Exchange Around Deferral Of Contemplated Virtual Liaison Meeting in May 2023 In Favour of September 2023 In-Person/Hybrid Meeting As Part of CAFII's Atlantic Canada Regulators Visits Tour

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

CAFII reached out to Angela Mazerolle, Vice President, Regulatory Operations; Superintendent, Pensions and Insurance at FCNB, to meet with CAFII at the 3-5 May, 2023 CLHIA Compliance and Consumer Complaints Conference in Montreal. However, she was unable to do so and countered with an offer to meet virtually during the week of May 8-12, 2023. However, CAFII members felt that it would be better to arrange a meeting later, after the New Brunswick RIA regime Rule INS-001 is fully implemented, and the current intention is to meet with FCNB officials in-person during the CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour, in the fall of 2023.

Recommendation / Direction Sought – Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 7(b)

Read Only Items-- FSRA's Life and Health Insurance Agent Supervision Report, 2021-22 (Released May 2/23)

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

FSRA has released a supervisory report on life and health insurance agents, which has been included in this meeting's materials package. It can also be found here:

<https://www.fsrao.ca/media/22606/download>

Recommendation / Direction Sought – Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

Two (2) attachments.

***Read Only Agenda Item 7(b)(1)
May 16/23 EOC Meeting***

FSRA takes action to protect consumers of Life and Health Insurance

Through market conduct supervision and enforcement activities, The Financial Services Regulatory Authority of Ontario (FSRA) is working to ensure life and health insurance agents are compliant with legislation, regulations, and that they are working to achieve fair outcomes for customers.

In 2021-22, FSRA reviewed 115 higher-risk life agents and the results are included in the first Life and Health Insurance Agent Supervision Report which is being released today. Annual reporting of life agent supervision contributes to public confidence through promoting transparency, disclosure of information, and deterring deceptive or fraudulent conduct, practices, and activities.

“Insurance provides critical protection for individuals, families, and businesses and these customers deserve insurance that meets their needs,” said Huston Loke, Executive Vice President, Market Conduct. “Through our supervision and enforcement efforts we want to ensure consumers are fully protected and that insurance professionals can review and improve their market conduct.”

The outcomes of these examinations suggest that the life agents reviewed need to improve their overall business practices, and that insurers need to review their life agent compliance oversight programs to better monitor and report unsuitable agents.

Of the 115 agent examinations, FSRA took the following top three actions:

- escalated 35 percent of cases for further investigation
- issued a business practice letter in 23 percent of cases
- closed 21 percent of cases with no concerns

The report also includes outcomes from 61 agent suitability complaints received through Life Agent Reporting Forms (LARFs) in 2021-22. FSRA closed 57 percent of these LARF cases and escalated 43 percent of cases for further review.

[Learn more:](#)

- [2021-2022 Life and Health Insurance Agent Supervision Report](#)

- To better protect consumers, FSRA is making it easier to [report life agents who may be unsuitable](#)

FSRA continues to work on behalf of all stakeholders, including consumers, to ensure financial safety, fairness, and choice for everyone.

Learn more at www.fsrao.ca.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 7(c) Read Only Items-- FSRA 2023-2026 Annual Business Plan

Purpose of this Agenda Item – *Read Only Item*

This is a read only item.

Background Information

FSRA has released its 2023-2026 Annual Business Plan, which has been included in this meeting's materials package. The document can also be accessed here:

<https://www.fsrao.ca/media/22321/download>

FSRA's life and health insurance focus is around the MGA distribution channel, and segregated funds (see pages 43-44). It makes no reference to credit protection insurance as a current priority.

Recommendation / Direction Sought – *Read Only Item*

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 7(d)

**Read Only Items-- FSRA Consultation on “Proposed Guidance: Administrative Monetary Penalties”
(Submission Deadline: May 31/23)**

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

FSRA is engaged in a consultation on a proposed guidance around administrative monetary penalties, which CAFII will make a submission on. The document can be accessed here:

<https://www.fsrao.ca/regulation/guidance/proposed-guidance-administrative-monetary-penalties>

Recommendation / Direction Sought – Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(d)
May 16/23 EOC Meeting

FSRA Consultation on “Proposed Guidance : Administrative Monetary Penalties”

ID 2023-004

Type

Policy

Sector

Cross Sector

Status

Open

Date

March 27, 2023

Comment Due Date

May 31, 2023

The Financial Services Regulatory Authority of Ontario (FSRA) is now consulting on proposed Guidance designed to improve consumer protection by appropriately sanctioning persons and entities not in compliance with sector statutes, regulations and FSRA rules and requirements.

The Guidance sets out when Administrative Monetary Penalties are imposed and how the amounts are determined. This approach supports transparency, fairness and consistency.

We encourage all interested stakeholders to provide feedback by May 31st, 2023. Your feedback will help inform our final approach.

[Learn more:](#)

- [Proposed Guidance: Administrative Monetary Penalties](#)

Purpose

This Guidance aims to assist stakeholders in understanding how the Chief Executive Officer of FSRA (the “CEO”)^[1] and his/her delegates exercise discretion when imposing Administrative Monetary Penalties (“AMP” or “AMPs”) and determining AMP amounts. This will support transparency, fairness, consistency, as well as better decision-making by persons/entities on whom AMPs are imposed.

FSRA has the power to impose AMPs on licensees and other persons and entities under many of its Sector Statutes (defined below) if it is satisfied that a person or entity has contravened or is non-compliant with certain statutory requirements.

The Sector Statutes authorize FSRA to impose two types of AMPs:

1. General Administrative Penalties (“General AMP” or “General AMPs”): These tend to be available for a broad range of contraventions under the Sector Statutes and the amounts are subject to significant regulatory discretion, within the statutory maximums. General AMPs have robust procedural protections including notice and a right to hearing before the Financial Services Tribunal (the “FST”).
2. Summary Administrative Penalties (“Summary AMP” or “Summary AMPs”): These are available under some of the Sector Statutes for more technical contraventions, including non-filing and inappropriate record-keeping, and the amounts are usually prescribed. Summary AMPs have an expedited process which includes notice, a right to make written submissions, and a right of appeal to the FST.

This Guidance sets out FSRA’s position on the interpretation of, and approach to the application of the statutory and regulatory provisions dealing with the following aspects of AMPs:

1. The purposes for which AMPs can be imposed under the Sector Statutes, which are,
 - a. To promote compliance with statutory requirements; and
 - b. To prevent a person or entity from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with statutory requirements (collectively, the “**Statutory Purposes**”).
2. The criteria for determining the amount of General AMPs imposed under the Sector Statutes (“Statutory Criteria”); and
3. The considerations for determining whether a General AMP is “punitive” and requires adjustment, or whether the amount of penalty imposed is consistent with the purposes for imposing AMPs^[2].

FSRA takes a principles-based approach to imposing AMPs. AMPs are imposed in a manner that is compliant with applicable statutory requirements and consistent with FSRA's statutory objectives and desired regulatory outcomes.

Scope

This Guidance deals with AMPs imposed under the following statutes (the "Sector Statutes")^[3]:

- *Insurance Act*, R.S.O. 1990
- *Mortgage Brokerages, Lenders and Administrators Act*, 2006
- *Pension Benefits Act*, R.S.O. 1990
- *Credit Unions and Caisses Populaires Act*, 2020
- *Automobile Insurance Rate Stabilization Act*, 2003
- *Compulsory Automobile Insurance Act*, R.S.O. 1990

This Guidance applies to all persons and entities who engage in activities regulated by the Sector Statutes.

Rationale and background

The Sector Statutes and their respective AMP regulations empower FSRA to impose General AMPs and Summary AMPs for specified contraventions of and/or failures to comply with the Sector Statutes, related regulations, and any other rules and requirements established under such statutes.

The regulations under the Sector Statutes also prescribe the Statutory Criteria to be considered when determining the amount of General AMPs, within the statutory maximums. The amount of Summary AMPs are prescribed in many cases. FSRA is granted considerable discretion with respect to the imposition of AMPs and the monetary amount of General AMPs to be imposed within the statutory maximums.

The provisions which are the subject of this Guidance are listed in Appendix A below.

FSRA exercises its discretion to impose AMPs to achieve enforcement outcomes consistent with the statutory objects established under the *Financial Services Regulatory Authority of Ontario Act, 2016* (the "FSRA Act"), including:

1. To regulate and generally supervise the regulated sectors
2. To contribute to public confidence in the regulated sectors
3. To deter deceptive or fraudulent conduct, practices and activities by the regulated sectors
4. In respect of the financial services sectors, to promote high standards of business conduct and protect the rights and interests of consumers
5. In respect of pension plans, to promote good administration of pension plans and protect and safeguard the pension benefits and rights of pension plan beneficiaries.

Additionally, FSRA's exercise of discretion is informed by the following principles, which are derived from FSRA's statutory obligations, legal precedent, and sound regulatory practices:

1. **Objectivity:** FSRA assesses the Statutory Purposes and related factors based on the facts and circumstances of each case, ensuring fair and reasonable decisions that further FSRA's statutory objects
2. **Transparency:** FSRA ensures that the rationale and findings relating to the imposition of AMPs are communicated in a clear manner to the persons on whom AMPs are to be imposed, compliant with the relevant Sector Statutes and considering the perspective of consumers and other stakeholders.^[4]
3. **Fairness:** FSRA ensures persons on whom AMPs are proposed to be imposed have the opportunity to understand the basis and are advised of their right to request a hearing or appeal before the FST.
4. **Consistency:** FSRA strives to apply the relevant Statutory Purposes and Statutory Criteria consistently and treat similar contraventions and/or failures to comply in a similar manner, recognizing that sanctions must fit the specific facts. FSRA takes into account previous AMPs imposed on similar contraventions or failures to comply when imposing an AMP.

The Guidance lays out FSRA's consistent and uniform interpretation and application of AMP- related provisions which are aligned with FSRA's statutory mandate and strategic priorities, applicable case law, procedural fairness, and sound regulatory practices.^[5]

Interpretation and Approach



A. Determining whether an administrative penalty will be imposed

A.1 Interpretation: FSRA Imposes AMPs in accordance with the statutory purposes

FSRA exercises discretion when determining whether an AMP is an appropriate response to a contravention or failure to comply with a Sector Statute. After determining that a contravention or failure to comply with a statutory requirement has occurred, FSRA may impose an AMP for one or both of the Statutory Purposes for all General AMPs and Summary AMPs.

FSRA must be satisfied that the AMP will satisfy at least one of the Statutory Purposes and its interpretation of those purposes is set out below. Not all of the considerations identified are present in every case and the basis for determining whether one of the Statutory Purposes is met varies depending on the nature of the AMP, the severity of the contravention or non-compliance, and the unique circumstances of the case.

1. **To promote compliance with statutory requirements:** The following considerations and objectives are relevant to this Statutory Purpose:
 - i. AMPs promote voluntary compliance by deterring non-compliance. This is necessary to reduce the cost of the relevant regulatory scheme while improving its effectiveness^[6];
 - ii. General and specific deterrence promote compliance with statutory requirements:
 - “specific” deterrence deters the person on whom an AMP is imposed from engaging in non-compliant behaviour in the future; and
 - “general” deterrence deters others in the sector from future non-compliance.

Both types of deterrence promote compliance with statutory requirements;

- iii. An AMP can be imposed when it is an effective method for addressing a contravention or failure to comply. An AMP may be imposed in isolation or in combination with other regulatory sanctions;
- iv. Every regulatory requirement serves a purpose. A licensed and/or regulated person or entity's failure to comply with seemingly "minor" or "technical" provisions creates concerns that such person or entity lacks the minimum level of diligence and competence required in a regulatory regime^[7];
- v. A contravention need not be severe or cause consumer harm for an AMP to be imposed. The relative amount of an AMP is used to emphasize the importance of certain statutory requirements^[8]; and
- vi. AMPs and their deterrent effect re-enforce the importance of licenced roles, especially those with specific obligations to oversee compliance within a regulated entity, including Principal Brokers, Principal Representatives, Mortgage Administrators, Insurers, and Pension Plan Administrators, and emphasize to licensees and the sectors the standards associated with such roles.^[9]

2. **To prevent a person or entity from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with statutory requirements:** The following objectives and factors are taken into account when determining if economic benefit has been or may be derived by a non-compliant person or entity,

- i. Economic benefits include both actual and potential benefits that a person has a reasonable likelihood of obtaining and receiving;
- ii. An AMP is an effective method of disincentivizing regulatory misconduct by neutralizing the economic benefit;
- iii. It is not necessary for the economic benefit to include some form of monetary gain. Expense avoided as a result of a contravention or failure to comply with statutory provisions, such as not obtaining required Errors & Omissions insurance

or not complying with the requirements to properly store client files, is an indirect economic benefit,^[10] and

- iv. Similarly, time saved as a result of a contravention or failure to comply is an indirect economic benefit.^[11]

A.2 Interpretation: Additional FSRA considerations for determining whether an AMP will be imposed

The determination to impose AMPs is made on a case-by-case basis consistent with the discretion granted to FSRA.

In the case of Summary AMPs, the Sector Statutes have identified specific contraventions for which a specific AMP may be imposed with a more streamlined summary process. This is because Summary AMPs are a critical tool to promote compliance with regulatory requirements. Accordingly, where the specific requirements to which Summary AMPs apply are met, a Summary AMP typically serves the statutory purpose of promoting compliance and deterring non-compliance.

Provisions to which General AMPs apply usually deal with more severe forms of misconduct and have higher imposable penalty amounts than are available for Summary AMPs. Therefore, FSRA may among other things consider:

1. The Statutory Purposes for the imposition of AMPs described above;
2. Severity of the contravention or failure to comply and its effect on consumers of financial services and the public;
3. Availability of and effectiveness of alternative enforcement options;^[12]
4. Pattern of non-compliant behaviour;
5. Prevalence of similar contraventions or failures to comply in the regulated sector and the need for deterrence;
6. Achievement of the objectives of the concerned Sector Statute(s); and
7. FSRA's statutory mandate, priorities and strategic enforcement objectives.

A.3 Interpretation and Approach: Imposing general AMPs where there is a pattern of misconduct

AMPs may be imposed in addition to any other enforcement sanction, including licensing actions and compliance orders. FSRA considers sanctions cumulatively, where applicable, to ensure that the overall response to non-compliance is measured, proportionate, and achieves FSRA's statutory objects by protecting the rights and interests of consumers, promoting high standards of business conduct, and contributing to public confidence.

The Sector Statutes permit FSRA to impose a General AMP for every instance of a contravention or failure to comply to which the AMP applies.

Where a person contravenes or fails to comply with two or more statutory requirements, FSRA may impose General AMPs for the contravention of, or failure to comply with, each statutory requirement, provided that the relevant factual circumstances and/or the harm caused are sufficiently distinct.

Where there has been a pattern or overall scheme of misconduct resulting in multiple contraventions of, or instances of contravention or failure to comply with the same statutory requirement, FSRA may impose a single General AMP to ensure that the pattern of conduct is addressed holistically. In such cases the amount of the AMP imposed takes into account the repetitive nature of the conduct and the overall consumer harm and economic benefit.

B. Determining the amount of a general AMP

B.1 Interpretation: FSRA determines the amount of general AMPs in accordance with statutory criteria^[13]

The Sector Statutes provide the maximum of imposable General AMPs and Statutory Criteria for determining the amount of General AMPs in the circumstances of each case.^[14]

Unless the General AMP amount for a specific contravention is prescribed, FSRA determines the amount within the statutory maximums in accordance with the following Statutory Criteria, as interpreted in this Guidance. The Sector Statutes restrict FSRA to the Statutory Criteria and do not permit consideration of additional or alternate factors.

1. **Degree to which the contravention or failure was intentional, reckless, or negligent:** FSRA situates misconduct on a spectrum of the level of intention involved in a particular contravention or failure to comply, ranging from intentional disobedience to negligence.^[15] FSRA takes all relevant and available evidence into account when situating such conduct:
 - i. FSRA treats intentional disobedience of statutory or regulatory requirements with the most severity when determining the amount of a General AMP.^[16] Evidence relating to prior knowledge of consequences, professional experience as a licensee in the relevant sector, selection of affected consumers, and patterns of misconduct are taken into account while determining intentionality.
 - ii. A reckless breach of a statutory requirement is treated as a more severe attitude of disobedience than a negligent one, and therefore attracts higher General AMPs. Negligence reflects a lack of the required degree of care and regard for the interests of the public. Recklessness involves acting in a manner that creates the risk of a contravention while disregarding or not considering the possibility of such risk.
 - iii. FSRA considers ignorance of statutory and regulatory requirements as reckless or negligent behaviour and imposes General AMPs accordingly. Persons involved in regulated activities are responsible to inform themselves of the requirements and conduct themselves accordingly.^[17]
 - iv. FSRA considers repeated contraventions to be an indicator of intentional conduct and not consistent with recklessness or negligence. This is particularly the case if the proposed subject has been sanctioned, warned, or cautioned in the past about their conduct.
 - v. Situations of hardship do not excuse non-compliance with statutory and regulatory requirements. Regulated persons are expected to make alternative arrangements to meet regulatory requirements.^[18] However, demonstrated personal hardship may indicate that the non-compliance is lower on the spectrum of intent.

2. **Extent of the harm or potential harm to others resulting from the contravention or failure to comply:** FSRA takes into consideration the degree and extent of the harm caused or which may have been caused by a contravention or failure to comply when determining the amount of a General AMP. FSRA takes into account the following while assessing harm:

- i. Harm may be direct or indirect and be caused to the public, consumers, plan members, other licensees, FSRA, and/or to the relevant sector as a whole;
- ii. Harm includes both actual and potential harm. Both kinds of harm are assessed and, where possible, quantified by FSRA based on available evidence;
- iii. Harm includes both monetary and non-monetary harm. Non-monetary harm may include the loss of reputation and loss of consumer confidence in the regulated sectors. Non-monetary harm cannot be quantified, but can be considered on a spectrum of severity;
- iv. Harm includes adverse affects on FSRA's ability to effectively regulate the sectors and to the potential for loss of public confidence in FSRA; and
- v. Where someone other than the subject of the proposed General AMP mitigates the harm by providing compensation or otherwise remediating the issue, this is not considered mitigating against the subject. The full extent of the reduced, mitigated, or avoided harm is included to determine the appropriate amount.

3. **Extent to which the person tried to mitigate any loss or to take other remedial action:**

Mitigation and remedial actions may result in the reduction of the amount of a proposed General AMP. This criterion applies to positive steps taken by the non-compliant person and not to unintended results or outside circumstances^[19], and/or the efforts of others. FSRA examines relevant evidence and determines whether there has been an attempt to mitigate and its extent based on the following factors:

- i. Nature of the mitigating/remedial action. For example, mitigating/remedial actions would include,
 - compensating affected parties;
 - voluntarily correcting non-compliant practices;

- immediately and fully self-reporting to FSRA after the discovery of a contravention or non-compliance; and
 - setting up business processes to avoid future contraventions and non-compliance.
- ii. Impact of the mitigating/remedial action on the harm caused or avoided;
 - iii. Timing of the mitigating/remedial action, including whether such action was initiated pro-actively by the wrongdoer, or after a complaint to FSRA, legal action, or other process;
 - iv. Whether the mitigating/remedial action was compelled by contractual or any other legal obligation; and
 - v. Co-operating with FSRA at any point, including during an examination or investigation is not usually considered to be a mitigating or remedial action as such compliance is statutorily required.
4. **Economic benefit derived or reasonably expected to be derived by person or entity from the contravention or failure to comply:** FSRA takes into account all economic benefit, including indirect and potential benefit, when determining the amount of a General AMP. Furthermore,
- i. Economic benefits include not only the actual economic benefit derived but also any benefit that the non-compliant person would be reasonably expected to derive, even if the benefit was not fully realized;
 - ii. Economic benefits include costs avoided or time saved as a result of a contravention or failure to comply;^[20]
 - iii. The amount of economic benefit is based on the benefit obtained as a result of the contravention or non-compliant conduct. Future loss of such benefit is not taken into consideration while applying this criterion;

- iv. Economic benefit is assessed by FSRA in a manner consistent with the prescribed purposes for which General AMPs may be imposed, to prevent a person or entity from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with statutory requirements; and
 - v. A General AMP seeks to neutralize all economic benefits of a contravention, to the extent permitted within the statutory maximum. However, a General AMP should not simply negate the economic benefit arising from a contravention, as such an approach could lead to an AMP being considered a “cost of doing business”. The economic benefit is the starting point for the appropriate General AMP, since a General AMP that only puts a wrongdoer back on the same footing they would have been in, but for the sanction, does not adequately deter non-compliance. Subject to statutory maximums, a General AMP that exceeds the economic benefit, if any, is generally imposed to incentivize compliance. The degree of excess depends on the evidence applied to the other Statutory Criteria.
5. **Prior history of contraventions or failures to comply:** FSRA takes into account the regulatory history of a person while determining the severity of a General AMP. A history of regulatory misconduct indicates greater need for specific deterrence and escalated consequences. Prior contraventions of all financial services legislation are taken into account. The following factors, among others, affect the severity of a General AMP:
- i. Whether the prior contravention involved the same statute as the present contravention;
 - ii. Severity of the prior contravention and if such contravention arose from the same or similar factual circumstances;
 - iii. Whether the person was aware of the prior contravention and had an opportunity to challenge the finding; and
 - iv. Compliance with any sanction imposed for the prior contravention.

B.2 Interpretation: FSRA ensures that general AMPs are not punitive^[21]

The final stage of the General AMP amount determination is to ensure that the AMP is not punitive in nature.^[22] A General AMP amount is punitive if it is disproportionate to the amount required to achieve the Statutory Purposes for imposing the General AMP, as described in Section B.1 of this Guidance.^[23] The magnitude of the General AMP is not determinative, but the amount must reflect the Statutory Purposes, including the objective of promoting compliance and deterring non-compliance with regulatory requirements.

FSRA takes a holistic approach when making a determination on the proportionality of a General AMP amount. FSRA takes into account all relevant factors including the overall factual circumstances associated with the General AMP, the conduct of the non-compliant person or entity, and the totality of the sanctions imposed.

If the amount of the General AMP is determined as punitive, FSRA reduces the General AMP to bring it in compliance with the Statutory Purposes described in Section B.1. of this Guidance in accordance with the Statutory Criteria discussed in Section C. of this Guidance.

Where FSRA imposes the prescribed amount for a Summary AMP, it cannot be punitive as the amount is predetermined by the legislature.

C. Approach: FSRA may reduce AMP amounts in settlements

FSRA may decide to add or remove an AMP proposed, or modify the amount of such AMP, as a result of a settlement. However, FSRA does so only when satisfied that the AMP imposed by settlement is consistent with the Statutory Purposes and Statutory Criteria described above. FSRA may also consider:

- Actions of the concerned person after the commencement of the enforcement action proposing to impose the AMP
- Any new information or evidence brought to the notice of FSRA after the commencement of the enforcement action; and
- The overall sanctions and outcomes that will be achieved through settlement.

Effective date and future review

This guidance became effective on **[TBD]** and will be reviewed no later than **[TBD]**.

About this Guidance

This document is consistent with [FSRA's Guidance Framework](#). As an Interpretation guidance, it describes FSRA's view of requirements under its legislative mandate (i.e., legislation, regulations and rules). Further, as an Approach Guidance it describes FSRA's internal principles, processes and practices for supervisory action and application of Chief Executive Officer discretion.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 7(e)

**Read Only Items-- Final Version of OSFI's Guideline B-10: Third Party Risk Management Guideline
(Released April 24/23)**

Purpose of this Agenda Item – *Read Only Item*

This is a read only item.

Background Information

OSFI has released the final version of its updated Guideline B-10: Third Party Risk Management. This document has been included in the materials package for this meeting, and can also be accessed here:

https://www.osfi-bsif.gc.ca/Eng/Docs/b10_2023.pdf

CAFII will not be producing an analysis of the final version of OSFI's updated Guideline B-10, as this consultation was deemed to be out of scope for our Association.

Recommendation / Direction Sought – *Read Only Item*

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.



Guideline

Subject: Third-Party Risk Management

Category: Sound Business Practices and Prudential Limits

No: B-10

Date: April 2023

A. Overview

Federally regulated financial institutions (FRFIs) engage in business and strategic arrangements with external parties—entities or individuals—to perform business activities, functions, and services or obtain goods in support of their own operations or their business strategy.

External arrangements, or third-party arrangements, can be beneficial to the FRFI by introducing efficiencies, driving innovation, managing shifting operational needs, and improving services. However, risks can arise from third-party arrangements that can threaten the FRFI's operational and financial resilience.

OSFI expects the FRFI to manage the risks related to all third-party arrangements and emphasizes that the FRFI retains accountability for business activities, functions and services outsourced to a third party.

To that end, FRFIs are required to provide OSFI, upon request, information related to their business and strategic arrangements with third parties, risk management, and control environments, to support supervisory monitoring and review work.¹ OSFI expects to be promptly notified of substantive issues affecting the FRFI's ability to deliver critical operations due to a third-party arrangement.

In all cases, OSFI's supervisory powers should not be constrained, irrespective of whether an activity is conducted in-house, outsourced, or otherwise obtained from a third party.

A1. Purpose and Scope

This Guideline sets out OSFI's expectations for managing risks associated with third-party arrangements.

¹ In accordance with supervisory information requirements set out in the [Bank Act](#), the [Insurance Companies Act](#), and the [Trust and Loan Companies Act](#).

This Guideline applies to all FRFIs, excluding foreign bank branches and foreign insurance company branches.² OSFI's expectations for foreign bank branches and foreign insurance company branches are set out in Guideline E-4: Foreign Entities Operating in Canada on a Branch Basis.

A2. Application of the Guideline

FRFI third-party arrangements have a variety of forms, which include but are not limited to, critical services for the FRFI, minor support arrangements, and strategic arrangements where no service is actually being provided. OSFI expects FRFIs to consider risk and criticality when examining third-party arrangements to determine the intensity with which to apply the expectations set out in this Guideline. For example, an exit or contingency plan may not be needed for a low-risk arrangement, nor will subcontracting risk be a significant factor in managing every third-party arrangement. Similarly, a legal review may not be necessary for a low-risk, short-term arrangement.

Fundamental to applying this Guideline in a prudent manner is identifying the type and level of risk arising from each third-party arrangement (including subcontracting arrangements), such that the FRFI can manage each third-party arrangement with the appropriate level of intensity.

Therefore, OSFI expects the FRFI to understand the risk and criticality of all its third-party arrangements and apply this Guideline in a manner that is proportionate to both:

- the risk and criticality of each third-party arrangement; and
- the size, nature, scope, complexity of operations and risk profile of the FRFI.

OSFI acknowledges that not all contracts with third parties will be negotiable, and for certain third-party arrangements there may be no contracts. Section 3.1 has been added in recognition of these situations. While the opportunity to manage third-party risk through terms of a contract may be limited in such cases, OSFI nonetheless expects the FRFI to manage risk, as appropriate, through monitoring, business continuity measures, contingency planning, and other resiliency mechanisms.

A3. Definitions

‘Cloud Portability’ as defined by the US National Institute of Standards and Technology (NIST) is “the ability for data to be moved from one cloud system to another or for applications to be ported and run on different cloud systems at an acceptable cost.”³

‘Concentration risk’ has two forms. *Institution-specific concentration risk* is the risk of loss or harm to the FRFI resulting from overreliance on a single third party, subcontractor or geography

² ‘Foreign bank branches’ refers to foreign banks authorized to carry on business in Canada on a branch basis under Part XII.1 of the *Bank Act*. ‘Foreign insurance company branches’ refers to foreign entities that are authorized to insure in Canada risks on a branch basis under Part XIII of the *Insurance Companies Act*.

³ NIST 500-291, version 2: NIST Cloud Computing Standards Roadmap.

for multiple activities. *Systemic concentration risk* is the risk arising from concentration in the provision of services by one third party or geography to multiple FRFIs.⁴

‘Contingency Plan’ is a series of actions for the FRFI to take to maintain critical operations in the event of an unplanned disruption at a critical third-party.

‘Criticality’ denotes importance to the FRFI’s operations, strategy, financial condition or reputation. It emphasizes the impact of a risk event, irrespective of the likelihood of such risk event occurring. The criticality of an arrangement is an important input in the assessment of an arrangement’s risk. Critical third-party arrangements provide goods, business activities, functions and services to FRFIs which, if disrupted, could put at risk the continued operation of the FRFI, its safety and soundness or its role in the financial system, and thereby jeopardize its operational resilience⁵.

‘Critical Operations’ are the services, products or functions of a FRFI which if disrupted, could put at risk the continued operation of the FRFI, its safety and soundness, or its role in the financial system.

‘Exit Plan’ is a series of actions for the FRFI to take in the event of a planned (i.e. non-stressed) or unplanned (i.e. stressed) exit from a third-party arrangement, along with triggers for invoking the plan in either event. Please see section 2.3.5 for further details.

‘Risk acceptance’ refers to a decision to accept an identified risk and not take any, or further, mitigating actions.

‘Subcontractor’ is an entity within the third party’s contracting, external arrangements or supply chain.

‘Subcontracting Risk’ stems from the third-party’s own business or strategic arrangements with entity(ies) or individuals, by contract or otherwise.

‘Third-party arrangement’ refers to any type of business or strategic arrangement between the FRFI(s) and an entity(ies) or individuals, by contract or otherwise, save for arrangements with FRFI customers (e.g., depositors and policyholders) and employment contracts, which are excluded from this definition.

Third-party arrangements include, among other things:

- outsourced activities, functions, and services that would otherwise be undertaken by the FRFI itself;
- use of independent professional consultants;
- brokers (e.g., mortgage, insurance, deposit brokers);
- utilities (e.g., power sources, telecommunications);

⁴ In the case of systemic concentration risk, FRFIs should seek to understand this risk to the greatest extent possible.

⁵ Please see: OSFI’s [Operational Resilience Key Definitions](#).

- financial market infrastructures (e.g., payments systems, clearing and settlement systems, other FRFIs in cases where the FRFI does not have direct access to financial market infrastructures);⁶
- services provided by parent holding companies, affiliates, and subsidiaries, or through joint ventures and partnerships; and
- other relationships involving the provision of goods and services or the storage, use or exchange of data (such as cloud service providers, managed service providers, technology companies that deliver financial services).⁷

‘Third-party risk’ is the risk to the FRFI due to a third party failing to provide goods, business activities, functions and services, protect data or systems, or otherwise exposing the FRFI to negative outcomes. Third-party risk scenarios could include, but would not be limited to:

- insolvency of the third party;
- operational disruption at the third party due to people, inadequate or failed processes and systems, or from external events (e.g., cyber incidents);
- political, geographic, legal, environmental, or other risks impeding the third party from providing services according to its arrangement with the FRFI;
- insolvency or operational disruption at a subcontractor;
- risks arising from interconnections between multiple third parties and multiple FRFIs;
- corruption of FRFI data or FRFI data breaches;⁸ and
- loss of data by the third party.

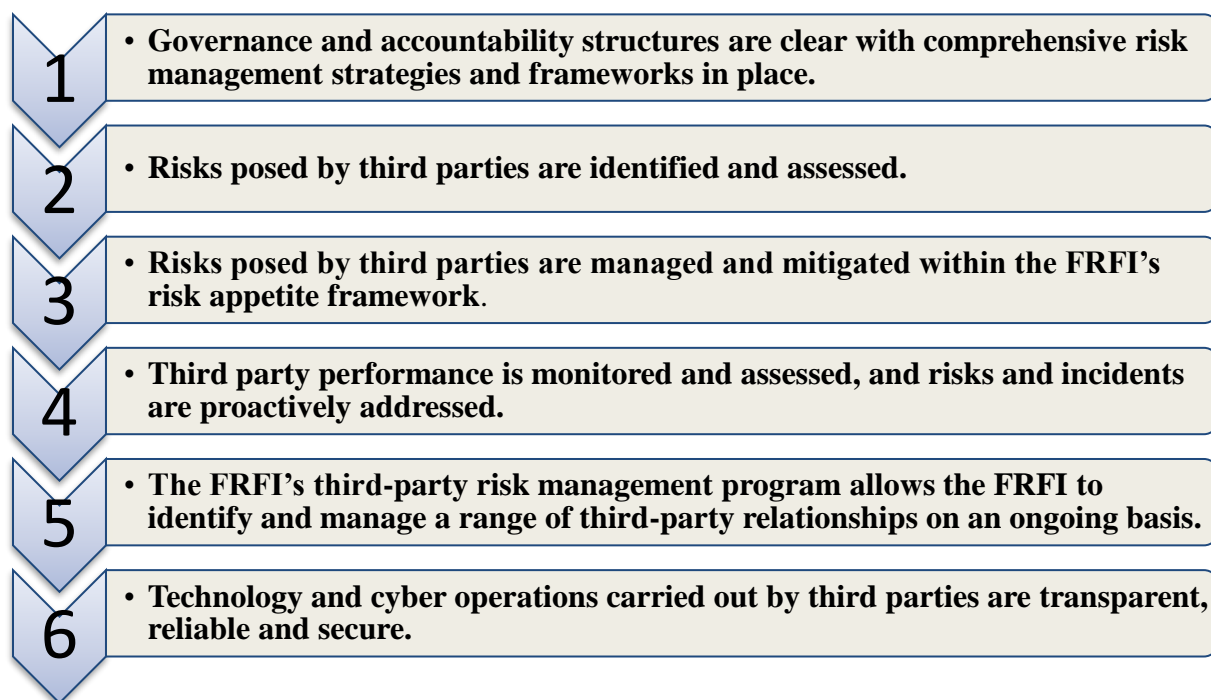
A4. Outcomes

This Guideline presents six expected outcomes for FRFIs to achieve through effective third-party risk management. These outcomes contribute to the FRFI’s operational and financial resilience and help safeguard its reputation.

⁶ For clarity, the third-party risk management expectations set out in this Guideline are not intended to replace or substitute for, but rather to serve in addition to, appropriate counterparty credit risk and market risk management activities applied in respect of financial market infrastructures.

⁷ OSFI recognizes that a federally endorsed framework will be developed to govern consumer-directed data mobility within the financial sector. This guideline is not intended to impede the establishment or operations of such a framework. Once the framework is designed, OSFI may provide relevant guidance as appropriate.

⁸ In cases where data is being exchanged between the FRFI and a third party or where the third party has access to FRFI systems, data corruption and breaches may occur at the third party, the FRFI location or while the data is in transit.



A5. Related Guidance

This Guideline should be read in conjunction with applicable legislation and relevant OSFI guidance, including but not limited to, Guideline E-21 on Operational Risk Management, Guideline B-13 on Technology and Cyber Risk Management, and the Corporate Governance Guideline.

Table of Contents

A. Overview	1
A1. Purpose and Scope	1
A2. Application of the Guideline	2
A3. Definitions	2
A4. Outcomes	4
A5. Related Guidance	5
1. Governance	6
1.1 Accountability	6
1.2 Third-Party Risk Management Framework (TPRMF)	7
2. Management of Third-Party Risk	8
2.1 Risk-Based Approach	8

2.2 Risk Identification and Assessment	9
2.2.1 Risk Assessment.....	9
2.2.2 Due Diligence.....	10
2.2.3 Concentration Risk.....	11
2.2.4 Subcontracting Risk	11
2.3 Risk Management and Mitigation.....	12
2.3.1. Written Agreements / Contracting	12
2.3.2 Data Security and Controls (including Data Location).....	12
2.3.3 Information Rights and Audit	13
2.3.4 Business Continuity Planning and Testing.....	14
2.3.5 Contingency and Exit Strategy / Planning	15
2.4 Monitoring and Reporting.....	16
2.4.1 Oversight of Third-Party Provider	16
2.4.2 Incident Management and Reporting	16
3. Special Arrangements	17
3.1 Standardized Contracts	17
3.2 No Written Contract.....	17
3.3 Third-Party Arrangements with the External Auditor	18
4. Technology and Cyber Risk in Third-Party Arrangements	18
Annex 1 – Examples of Due Diligence Consideration	20
Annex 2 –Provisions for Third-Party Agreements	22

1. Governance

Outcome: *Governance and accountability structures are clear with comprehensive risk strategies and frameworks in place.*

1.1 Accountability

Principle 1: The FRFI is ultimately accountable for managing the risks arising from all types of third-party arrangements.

1.1.1 The FRFI retains accountability for services outsourced to a third party and manages risk arising from all third-party arrangements.

The FRFI has the flexibility to arrange its operations in a way that achieves its business and strategic objectives. However, the FRFI retains accountability for business activities, functions, and services outsourced to third parties, for data exchanged with third parties or data to which third-parties have access, and for managing risk arising from third-party arrangements.

The FRFI's Senior Management should be satisfied that business activities, functions, and services performed by third parties are done in a safe and sound manner, and in compliance with applicable legislative and regulatory requirements and the FRFI's own internal policies, standards, and processes. The FRFI's senior management should also be satisfied that third-party arrangements are in alignment with the FRFI's risk appetite and managed proportionate to the level of criticality and risk.

Please refer to OSFI's [Corporate Governance Guideline](#) for OSFI's expectations of FRFI Boards of Directors in regard to business strategy, risk appetite and operational, business, risk and crisis management policies.

1.2 Third-Party Risk Management Framework (TPRMF)

Principle 2: The FRFI should establish a TPRMF that sets out clear accountabilities, responsibilities, policies, and processes for identifying, managing, mitigating, monitoring and reporting on risks relating to the use of third parties.

1.2.1 The TPRMF is enterprise-wide and governs the lifecycle of third-party arrangements.

The FRFI should establish a TPRMF that provides an enterprise-wide view of its exposures to third parties. The TPRMF should reflect the FRFI's risk appetite and be consistent with its risk management frameworks.

The TPRMF should be developed to span the lifecycle of a third-party arrangement, from sourcing and due diligence of a third-party provider to potential exit from the third-party arrangement. The TPRMF should set out how the FRFI will identify and assess; manage and mitigate; and monitor and report on third-party risk.

OSFI expects the FRFI to review and update its TPRMF on a regular basis to ensure it is relevant and appropriate and to make continuous improvements based on implementation, effectiveness and other lessons learned (e.g., past incidents).

1.2.2. The TPRMF establishes accountabilities, policies and processes for identifying, monitoring and managing third party risk, including, as appropriate:

- accountability for third-party risk management, including for oversight functions;
- clear roles and responsibilities for overseeing and managing third-party arrangements and associated risk management processes;
- third-party risk appetite and measurement (e.g., limits, thresholds and key risk indicators);
- methodology for assessing the level of risk and criticality of third-party arrangements;

- policies to govern third-party risk, which are approved, regularly reviewed and consistently implemented enterprise-wide;
- processes and systems for identifying, assessing, managing, monitoring, measuring, and reporting on
 - an inventory of third parties delineated by level of risk and criticality;
 - third-party compliance with contractual provisions and/or service level agreements, including processes for managing exceptions and incidents;
 - third-party risks introduced by individual arrangements (including, among others, technology, cyber, information security, concentration, business continuity, strategic and financial risks); and
 - aggregation of third-party risk exposures and trends to inform the FRFI's current and emerging risk profile.

2. Management of Third-Party Risk

OSFI expects the FRFI to manage third-party risks in a manner that is proportionate to the level of risk and complexity of the FRFI's third-party ecosystem. OSFI expects the FRFI to assess its third-party arrangements regularly, with higher-risk and more critical arrangements subjected to more frequent and rigorous assessment and more robust risk management.

For critical third-party arrangements and those that pose a high risk to the FRFI, OSFI expects that all expectations set out in Section 2 be considered minimum expectations.

2.1 Risk-Based Approach

2.1.1 Risk assessment criteria are comprehensive and scalable.

The FRFI's criteria to assess the risks of third-party arrangements should be comprehensive to accurately determine the risk of each arrangement. Assessment criteria should also be reviewed periodically to ensure that they remain current for the risk landscape.

Criticality is an important input to the assessment of risk, and can be used to scale risk assessments. In determining the level of criticality, the FRFI should consider as deemed appropriate:

- the severity of loss or harm to the FRFI if the third party or subcontractor fails to meet expectations, due to insolvency or operational disruption;
- substitutability of the third party, including the portability and timeliness of a transfer of services;
- the degree to which the third party or subcontractor supports a critical operation of a FRFI; and
- the impact on business operations if the FRFI needed to exit the third-party arrangement and transition to another service provider or bring the business activity in-house.

2.1.2. Level of risk of third-party arrangements are assessed.

In determining the level of risk, the FRFI should consider, as deemed appropriate:

- the probability of the third party or subcontractor failing to meet expectations, due to insolvency or operational disruption;
- the ability of the FRFI to assess controls at the third party and continue to meet regulatory and legal requirements in respect of activities performed by the third party, particularly in the case of disruptions;
- the financial health of the third party and the “step-in” risk, whereby the FRFI is required to provide financial support to the third party;
- the third party’s use of subcontractors and the complexity of the supply chain;
- the degree of the FRFI’s reliance on third parties with elevated concentration risk;
- the information management, data, cyber security and privacy practices of the third party and its subcontractors; and
- any other relevant financial and non-financial risks associated with the use of the third party.

2.1.3. Rigor of risk management activities matches the level of risk and criticality.

The robustness and frequency of the FRFI’s third-party risk management activities (e.g., risk assessment, mitigation, monitoring, measuring, and reporting) should be proportionate to the level of risk and criticality associated with the third-party arrangement.

2.2 Risk Identification and Assessment

Outcome: *Risks posed by third parties are identified and assessed.*

Principle 3: The FRFI should identify and assess the risks of a third-party arrangement before entering the arrangement and periodically thereafter. Risk assessments should be proportionate to the criticality of an arrangement. Specifically, the FRFI should conduct risk assessments to decide on third-party selection; (re)assess the risk and criticality of the arrangement; and plan for adequate risk mitigation and oversight.

2.2.1 Risk Assessment

2.2.1.1. Risk and criticality of the arrangement are assessed throughout its lifecycle. The FRFI should conduct assessments of each third-party arrangement to determine the risk and criticality of the arrangement, considering both risks created and reduced by the arrangement (for example, using suppliers in various jurisdictions would reduce geographic concentration risk but also increase geopolitical and legal risks), as well as risk mitigants. Where a third party is subject to government regulation or supervision, the FRFI may take this into consideration as part of its risk assessment.

The FRFI should conduct risk assessments:

- prior to entering into the third-party arrangement (see Section 2.2.2);
- regularly throughout the lifecycle of the arrangement, including renewal, at a frequency and scope proportionate to the level of criticality; and
- whenever there is material change in the arrangement or third party (including disruption at the third party or in the service provided).

Such risk assessments should, at minimum:

- determine whether the arrangement aligns with the FRFI's risk appetite for third-party risk and other relevant risks;
- document the criticality of the arrangement;
- establish the level of risk; and
- develop a plan, with appropriate intensity of monitoring and mitigating actions, to manage the arrangement within the FRFI's risk appetite.

2.2.2 Due Diligence

Principle 4: The FRFI should undertake due diligence prior to entering contracts or other forms of arrangement with a third party, and on an ongoing basis proportionate to the level of risk and criticality of the arrangement.

2.2.2.1. A due diligence process is established. The FRFI should establish due diligence processes for third-party arrangements to apply initially and on an ongoing basis, including documented risk escalation, approval and acceptance processes.

2.2.2.2. Due diligence is performed proportionate to level of risk and criticality. The FRFI should conduct due diligence proportionate to the level of risk and criticality of each third-party arrangement:

- prior to entering into the arrangement;
- as part of the contract renewal process; and
- periodically on an ongoing basis proportionate to the level of risk and criticality or whenever there are material changes to the third-party arrangement, such as the nature of the arrangement or its criticality.

Due diligence should consider all relevant qualitative (i.e., operational) and quantitative (i.e., financial) factors related to the third-party arrangement. A non-exhaustive list of factors to consider in respect of high-risk and critical arrangements is set out in *Annex 1* of this Guideline.

2.2.2.3. Out-of-Canada arrangements are considered. When considering third-party arrangements with a geographic presence outside of Canada (or subcontractors with a geographic presence outside of Canada) the FRFI should review the legal requirements of relevant

jurisdictions, as well as the political, legal, security, economic, environmental, social, and other risks that may impede the ability of the third party to provide services.

2.2.3 Concentration Risk

2.2.3.1. Concentration risk is assessed. To determine the appropriate level of mitigation, the FRFI should assess concentration risk both prior to entering a contract or agreement and on an ongoing basis. Processes established should take reasonable steps to assess concentration risk over multiple dimensions including geography, supplier, and subcontractor. Throughout the process, concentration should be considered within the FRFI's business functions/units and legal entities, and across the FRFI's entire organization. To the greatest extent possible, FRFIs should also assess systemic concentration risk.

2.2.4 Subcontracting Risk

Principle 5: The FRFI is responsible for identifying, monitoring and managing risk arising from subcontracting arrangements undertaken by its third parties.

2.2.4.1. Risks introduced by subcontracting practices are identified and understood. The FRFI should assess risks arising from third-party subcontractors that could impact the FRFI.

Prior to entering a third-party arrangement the FRFI should identify and understand the third party's subcontracting practices, including:

- number and criticality of subcontractors;
- the adequacy and performance of the third party's own third-party risk management program, including assurance that significant performance, legal and regulatory requirements are aligned with the contract entered into with the FRFI; and
- impact of subcontracting arrangements on the FRFI's own concentration risk (refer to 2.2.3 above).

2.2.4.2. Monitor and manage subcontracting risks. The FRFI should ensure that they will receive appropriate ongoing updates and reporting on the third party's use of subcontractors so the FRFI can appropriately manage subcontracting risk. Depending on the level of risk and the criticality of services provided by the third party, the FRFI can achieve this by contractual provisions:

- prohibiting the use of subcontractors for certain functions;
- requiring that the FRFI be informed, in writing and on a timely basis, when a subcontractor is retained, or substituted, to carry out some of the functions contracted for the third party to perform;
- reserving a right of the FRFI to refuse a subcontractor; and
- allowing the FRFI to commission or conduct an audit of subcontractors.

2.3 Risk Management and Mitigation

Outcome: *Risks posed by third parties are managed and mitigated within the FRFI's Risk Appetite Framework.*

2.3.1. Written Agreements / Contracting

Principle 6: The FRFI should enter into written arrangements that set out the rights and responsibilities of each party.

2.3.1.1. Clear responsibilities are set out in the agreement. OSFI expects third-party arrangements to be supported by a written contract or other agreement (e.g., service level agreement) that sets out the rights and responsibilities of each party and which has been reviewed by the FRFI's legal counsel. OSFI recognizes that there are certain third-party arrangements for which a customized contract may not be feasible, or for which a formal contract or agreement may not exist. Please see Section 3 of this Guideline for OSFI expectations related to such third-party arrangements.

2.3.1.2. The third party is expected to comply with FRFI's provisions. To manage the risks associated with each third-party arrangement, the FRFI should structure its written agreement with the third party in a manner that allows it to meet the expectations set out in this Guideline. OSFI expects the FRFI to include in written agreements for high-risk and critical arrangements the provisions that are set out in *Annex 2* of this Guideline.⁹

2.3.2 Data Security and Controls (including Data Location)

Principle 7: Throughout the duration of the third-party arrangement, the FRFI and third party should establish and maintain appropriate measures to protect the confidentiality, integrity and availability of records and data.

2.3.2.1. Responsibilities for security of records and data are established. Third-party agreements are expected to set out each party's responsibilities for the confidentiality, availability and integrity of records and data. Agreements should establish, among other things:

- the scope of the records and data to be protected;
- availability of the records and timely access to data by the FRFI and OSFI, upon request;
- controls and monitoring over the third party's use of the FRFI's systems and information;
- clear responsibilities of each party in managing data security;
- which party is liable for any losses that might result from a security breach; and
- notification requirements if there is a breach of security.

⁹ Except for those contracts where Section 3 applies.

As appropriate, these agreements should also specify that the FRFI's data and records be isolated from those of other clients at all times, including during the transfer process and under adverse conditions (e.g., disruption of services). Based on the level of risk, data and records should be subject to the equivalent standard of protection at the third party that they would be at the FRFI.

2.3.2.2. Record Keeping Requirements. The *Bank Act*, *Insurance Companies Act*, and the *Trust and Loan Companies Act* (collectively, the FRFI Statutes), contain requirements with respect to certain records that FRFIs must prepare and maintain (the Records).¹⁰ OSFI expects the Records to be updated and accurate as at the end of each business day (Records that change less frequently than daily remain accurate until they change), and that the Records will be sufficiently detailed to enable:

- OSFI to conduct an examination and inquiry into the business and affairs of the FRFI;
- OSFI to manage the FRFI's assets, prior to the appointment of a liquidator, should the Superintendent take control of the FRFI's assets; and
- The liquidator to conduct an effective liquidation of the FRFI's assets.

Electronic Records must be capable of being reproduced in intelligible written form within a reasonable period of time. OSFI expects electronic Records to be accessible and intelligible without incurring additional costs and by using readily available commercial applications. For certain types of information, such as reinsurance arrangements or files on more complex activities, reproduced electronic records may not be sufficient for OSFI's review and the executed copy may need to be available, upon OSFI's request.

The FRFI Statutes require FRFIs to keep copies of the Records at its head office, or at such other place in Canada as the directors of the FRFI think fit. If the Records are in electronic form, complete copies must be kept on a computer server(s) physically located at the places stipulated in the FRFI Statutes.¹¹

Certain FRFIs are exempted from the requirement to keep copies of the Records at the above noted places in Canada. In those circumstances, the FRFI must provide OSFI with immediate, direct, complete and ongoing access to the Records that are stored outside Canada.¹²

2.3.3 Information Rights and Audit

Principle 8: The FRFI's third-party arrangements should allow the FRFI timely access to accurate and comprehensive information to assist it in overseeing third-party performance and risks. The FRFI should also have the right to conduct or commission an independent audit of a third party.

¹⁰ Please see s. 238 of the *Bank Act*, s. 261 of the *Insurance Companies Act*, and s. 243 of the *Trust and Loan Companies Act*.

¹¹ Please see ss. 239(1) of the *Bank Act*, ss. 262(1) of the *Insurance Companies Act*, and ss. 244(1) of the *Trust and Loan Companies Act*.

¹² Please see ss. 239(3.1) of the *Bank Act*, ss. 262(3.1) of the *Insurance Companies Act*, and ss. 244(3.1) of the *Trust and Loan Companies Act*.

2.3.3.1. The third party provides the FRFI with information and reporting. The third-party agreement should specify the type and frequency of information to be reported to the FRFI by the third party. This should include reports that allow the FRFI to assess whether performance measures are being met and any other information required for the FRFI's monitoring program, including risk measures (see Section 2.4).

2.3.3.2. The third party reports events that could materially impact the FRFI. The agreement should include requirements and procedures for the third party to report events in a timely manner to the FRFI that may materially affect the risks and delivery of the service.

2.3.3.3. Service performance and controls are evaluated, and audit rights established, as appropriate. The agreement should give the FRFI and OSFI the right to evaluate the risk management practices related to the service provided. Specifically, the FRFI and OSFI should be able to evaluate the risks arising from the arrangement or appoint independent auditors to evaluate the risk management practices related to service provided and the risks arising from the relationship on the FRFI's or on OSFI's behalf. The FRFI and OSFI should also be able to access audit reports in respect of the service being performed for the FRFI.

The FRFI should employ a range of audit and information gathering methods (e.g., independent reports provided by third parties, individually performed or pooled audits).

2.3.4 Business Continuity Planning and Testing

Principle 9: The FRFI's agreement with the third party should encompass the ability to deliver operations through disruption, including the maintenance, testing, and activation of business continuity and disaster recovery plans. The FRFI should have contingency plans for its critical third-party arrangements.

2.3.4.1. Business continuity and recovery capabilities are established and tested. Third-party agreements should require the third party, at minimum, to:

- outline the third party's measures for ensuring continuity of services in the event of disruption;
- test regularly the third party's business continuity and disaster recovery programs as they pertain to services provided to the FRFI;
- notify the FRFI of test results; and
- address any material deficiencies.

Among other things, the FRFI's business continuity and disaster recovery plans should:

- address severe but plausible situations (either temporary or permanent), including prolonged disruptions and multiple simultaneous disruptions, where the third party could fail to continue providing service;

- document backup systems and redundancy capabilities that are commensurate with the criticality of the service provided; and
- ensure the FRFI has in its possession, or can readily access, all necessary records to allow the FRFI to sustain business operations, meet statutory obligations, and provide all information as may be required by OSFI, in the event of disruption to third-party services.¹³

As applicable, joint design and testing of business continuity plans and disaster recovery plans should be considered between the third party and the FRFI, commensurate with the criticality of the service.

2.3.5 Contingency and Exit Strategy / Planning

2.3.5.1. Contingency and exit strategies are developed to ensure continuity of critical services. The FRFI should establish contingency and exit plans proportionate to the level of risk and criticality of individual third-party arrangements to ensure continuity of the FRFI's operations through normal and stressed times. FRFIs should include the following elements in their documented plans for arrangements deemed high-risk or critical, and consider including them in their plans for arrangements deemed to have lower risk or criticality:

- triggers for invoking exit/contingency plans;
- activities to perform to maintain critical operations during disruptions or when exiting because of unplanned circumstances, such as failure or insolvency of the service provider (a “playbook” for stressed exit);
- activities to perform when exiting through a planned and managed exit due to commercial, performance, or strategic reasons (a “playbook” for non-stressed exit);
- reference to contractual provisions that could impact exit, such as notification requirements and provisions obliging the third party to provide services over a prescribed period of time following notification of termination;
- sufficient detail (e.g., alternative options or providers, supported by timelines, costs, resourcing, revenue impacts, and interim workarounds) so as to allow rapid execution; and
- documented plans for responding to severe but plausible scenarios, including prolonged and multiple disruptions.

Contingency plans and exit strategies should be reviewed regularly, and more frequently in the event of material changes to the third-party arrangements.

¹³ Please see Sections 2.3.2.1 and 2.3.2.2 of this Guideline.

2.4 Monitoring and Reporting

Outcome: *Third-party performance is monitored and assessed, and risks and incidents are proactively addressed.*

Principle 10: The FRFI should monitor its third-party arrangements to verify the third party's ability to continue to meet its obligations and effectively manage risks.

2.4.1 Oversight of Third-Party Provider

2.4.1.1. The FRFI monitors its third-party arrangement(s). The FRFI should monitor its third-party arrangement(s) to ensure that the service is being delivered in accordance with the terms of the agreement, and that the third party remains financially sound.

Monitoring should also cover regular oversight of current and emerging risks and risk acceptances and compliance of the third-party arrangement with the FRFI's risk policies and procedures and OSFI's expectations. Monitoring should be conducted at the individual arrangement level, as well as at an aggregate business unit, segment, platform, and enterprise level. The extent and frequency of monitoring should be proportionate to the level of risk and criticality of the third-party arrangement.

2.4.1.2. Metrics confirm residual risk remains within risk appetite. The FRFI should establish processes to confirm regularly that the residual risk of their third-party arrangements, individually and in aggregate, remains within the FRFI's risk appetite. To facilitate this outcome, the FRFI should establish and report metrics and associated thresholds to alert Senior Management when a threshold is being approached as well as triggers for invoking the FRFI's escalation process.

2.4.2 Incident Management and Reporting

Principle 11: Both the FRFI and its third-party should have documented processes in place to effectively identify, investigate, escalate, track, and remediate incidents to maintain risk levels within the FRFI's risk appetite.

2.4.2.1. The third-party has clearly defined incident management processes. As part of an effective third-party risk management program, the FRFI should ensure that its third parties have clearly defined and documented processes for identifying, investigating, escalating, remediating and notifying the FRFI in a timely manner of incidents—including subcontractor incidents—that could directly or indirectly impact the third party's ability to deliver the contracted goods, business activities, functions and services.

2.4.2.2. Incident reporting and notification requirements of the third party support FRFI compliance with OSFI's incident reporting requirements. The FRFI should ensure that its written agreements with third parties contain adequate provisions to enable the FRFI to comply with its reporting requirements under OSFI's [Technology and Cyber Security Incident Reporting](#)

Advisory. Such provisions could include, among other things, requirements to promptly notify the FRFI of technology and cybersecurity incidents (at the third party or the subcontractor) including providing information on each incident in line with the Advisory.

2.4.2.3. Internal incident management process is established. The FRFI should also have clearly defined internal processes for effectively managing and escalating third-party incidents and for subsequently tracking remediation. The processes established should clearly define accountabilities at all levels of the FRFI and triggers for escalation within the FRFI.

2.4.2.4. Incidents are investigated, analysed and results are shared. To ensure that remediation actions are sufficient, the FRFI should request that the third party perform root cause analysis and share the results for any incidents, commensurate with the severity/potential impact of the incident on the FRFI. The FRFI should also perform its own root cause analysis, as appropriate. Remediation actions should be monitored by the FRFI.

3. Special Arrangements

Outcome: *The FRFI's third-party risk management program allows the FRFI to identify and manage a range of third-party relationships on an ongoing basis.*

3.1 Standardized Contracts

Standardized contracts are those mandated by third parties with pre-defined terms and conditions, with a limited ability for the FRFI to negotiate and tailor its own contract terms and conditions. Examples include contracts with utilities, internet providers, financial market infrastructures and others.

3.1.1 Risks of third parties with standardized contracts are managed.

Where standardized contracts must be used, OSFI expects the FRFI's third-party risk management program to address the relationship. The FRFI's risk assessment should consider inherent risks, mitigating controls and other factors to arrive at the final risk rating for these arrangements and, where applicable, formally accept risks presented by standardized contracts.

Among the mitigating actions and controls that the FRFI may consider are the development of redundancies, workarounds, business continuity measures, and other resiliency mechanisms.

3.2 No Written Contract

3.2.1 Third parties with no written contracts still carry risks.

The absence of a written arrangement, formal contract or agreement ¹⁴ does not imply the absence of a third-party arrangement and third-party risk. While the FRFI may not have direct

¹⁴ The preference is always to have the arrangement documented in a contract; however, OSFI recognizes that there may be situations where obtaining a contract is challenging.

relationships with all third parties they interact with, OSFI expects the FRFI's third-party risk management program to address these relationships.

3.3 Third-Party Arrangements with the External Auditor

Arrangements with the external auditor can give rise to conflicts of interest.

3.3.1 External auditors comply with auditor independence standards when providing third-party services.

Prior to obtaining management consulting services from its external auditor, the FRFI should assure itself that its external auditor would be in compliance with the relevant auditor independence standards of the Canadian accounting profession, as well as any other applicable auditor independence requirements, in respect of such services to be performed by the external auditor.

3.3.2 The FRFI does not obtain actuarial or internal audit services from its external auditor unless certain conditions apply.

Unless it is reasonable to conclude that the results of the service will not be subject to audit procedures during an audit of the FRFI's financial statements, the FRFI should not obtain the following services from its external auditor:

- Any actuarial service.¹⁵
- Any internal audit service related to the internal accounting controls, financial systems, or financial statements of the FRFI. This does not prohibit the external auditor from providing a non-recurring service to evaluate a discrete item or program, if the service is not, in substance, the outsourcing of an internal audit function.

4. Technology and Cyber Risk in Third-Party Arrangements

Outcome: *Technology and cyber operations carried out by third parties are transparent, reliable and secure.*

OSFI recognizes that technology and cyber risks in third-party arrangements present elevated vulnerabilities to the FRFI. In addition to the expectations articulated earlier in this guideline, the FRFI should consider additional controls to manage technology and cyber risks stemming from its third-party arrangements.

¹⁵ For this purpose, actuarial services relate to the determination of an amount to be recorded in the financial statements of the FRFI or work normally undertaken by its appointed actuary. They do not include services that involve assisting the FRFI in understanding the methods, models, assumptions and inputs used, and advising management on the appropriate actuarial methods and assumptions that will be used. Consistent with Guideline E-15 (Appointed Actuary: Legal Requirements, Qualifications and Peer Review), the FRFI may use an actuary working in the company's external auditor firm for the external review of the appointed actuary's work and reports.

4.1 Clear roles and responsibilities are established for technology and cyber controls. As set out earlier in this guideline, and emphasized in Annex 2, establishing clear roles and responsibilities between the FRFI and the third party is essential to managing risk, ensuring accountability, and limiting ambiguity between the parties. When setting responsibilities for technology and cyber controls, the FRFI should consider the risk and criticality of its arrangement. Where necessary, the FRFI should establish more granular descriptions of the roles, responsibilities, and procedures that apply to each party when managing the configuration of technology assets.

4.2 Third parties comply with the FRFI's technology and cyber standards. Where necessitated by risk and/or criticality, the FRFI should establish processes to ensure that third parties with elevated levels of technology and cyber risk comply with FRFI standards—or recognized industry standards—for mitigating risk, notably in the areas of access management, and data security and protection.¹⁶

4.3 Cloud-specific requirements are established. The FRFI should develop cloud-specific requirements to ensure that cloud adoption occurs in a planned and strategic manner. These specific requirements should optimize interoperability while remaining consistent with the FRFI's stated risk appetite. They should also augment existing FRFI controls and standards, notably in the areas of data protection, key management, and container management.

These requirements should be accompanied by robust cloud governance to provide proper oversight and monitoring of compliance with the FRFI's risk management practices and alignment to the broader technology strategy.

4.4 Cloud portability is considered. In addition to planning appropriate exit strategies (see Section 2.3.5), the FRFI should also consider portability when entering an arrangement with a cloud service provider and as part of the design and implementation process in cloud adoption. As part of the consideration, FRFI should assess benefits and risks of portability and mitigants in the absence of portability.

The FRFI should consider strategies (e.g., multi-cloud design) to build resilience and mitigate cloud service provider concentration risk (see Section 2.2.3).

¹⁶ Refer to Guideline B-13 - *Technology and Cyber Risk Management* for OSFI's expectations on FRFI technology and cyber risk management.

Annex 1 – Examples of Due Diligence Consideration

Before entering an arrangement with a third party—whether written or not—and on an ongoing basis thereafter, the FRFI should perform due diligence proportionate to the risk and criticality of the third-party arrangement. In respect of its high-risk and critical arrangements at minimum, the FRFI should perform due diligence that consists of the following non-exhaustive factors:

- a) Experience, technical competence, and capacity of the third party to implement and support the activities it is being engaged to provide, including, where applicable, the experience, technical competence, and capacity of subcontractors;
- b) Financial strength of the third party to deliver successfully on the third-party arrangement;
- c) Compliance with applicable laws, rules, regulations and regulatory guidance within Canada and other relevant jurisdictions;
- d) Reputation risk associated with the third-party relationship or its services, including existence of any recent or pending litigation, investigation or complaints against the third party;
- e) Strength of the third party’s risk management programs, processes, and internal controls as well as the reporting environment (the FRFI should determine if there is alignment with the FRFI’s risk management processes and controls);
- f) The third party’s capacity to:
 - manage technology and cyber risks in accordance with the expectations outlined in OSFI’s Guideline B-13: *Technology and Cyber Risk Management* and
 - provide the FRFI with sufficient and timely information to comply with its reporting requirements under OSFI’s [*Technology and Cyber Security Incident Reporting Advisory*](#);
- g) Strength of the third party’s information security programs including their alignment with the FRFI’s programs;
- h) The third party’s capacity to provide critical services through disruption by examining its business continuity and disaster recovery plans, including the quality of such plans and the frequency and results of testing;
- i) The third party’s reliance on, and capacity to, manage subcontractors;
- j) Impact of the third-party arrangement, including its subcontractors, on concentration risk;
- k) Geographic location of the third party’s operations and that of its subcontractors;

- l) Ability and ease of substituting the third party with another third party and impact of such substitution on the FRFI's operations;
- m) Portability of applications/services provided by a third party to another third party or the FRFI;
- n) Third party's insurance coverage;
- o) Third party's values and business objectives, code of conduct and related policies, culture, and their alignment with those of the FRFI; and
- p) Political or legal risks related to the jurisdiction of the third party, or the jurisdictions of subcontractors.

Annex 2 –Provisions for Third-Party Agreements

This annex provides a non-exhaustive list of provisions that FRFIs should include in high-risk and critical third-party agreements. Consideration should be given to adding these provisions to agreements with other third parties as appropriate, proportionate to the risk and criticality posed by the third party.

- a) **Nature and scope of the arrangement:** The agreement should specify the nature and scope of the arrangement, including provisions that address the frequency, content and format of services, duration of the agreement, and physical location of the services being provided.
- b) **Roles and Responsibilities:** The agreement should clearly establish the roles and responsibilities of the FRFI and the third-party and subcontractors, including for managing technology and cyber risks and controls.
- c) **Use of subcontractors:** The agreement should establish parameters on the use of subcontractors and require the third-party to notify the FRFI of any subcontracting of services. The FRFI should have the ability to conduct due diligence, in order to evaluate the impacts from the change in service.
- d) **Pricing:** The agreement should set out the basis for calculating fees relating to the services being provided.
- e) **Performance measures:** The agreement should establish performance measures that allow each party to determine whether the commitments set out in the agreement are being fulfilled.
- f) **Ownership and access:** The agreement should identify and establish ownership of all assets (intellectual and physical) related to third-party arrangements, including assets generated or purchased pursuant to the arrangement. The agreement should also specify whether and how the third party has the right to use the FRFI's assets (e.g., data, hardware and software, system documentation or intellectual property), including authorized users, and the FRFI's right of access to those assets.
- g) **Security of records and data:** The agreements should govern the confidentiality, integrity, security, and availability of records and data.
- h) **Notifications to the FRFI:** The agreement should require the third party to notify the FRFI of:
 - i. incidents/events (at the third party or a subcontractor) that impact or could impact services provided, the FRFI's customers/data or the FRFI's reputation;
 - ii. technology and cyber security incidents (at the third party or a subcontractor) to enable the FRFI to comply with its reporting requirements under OSFI's [*Technology and Cyber Security Incident Reporting Advisory*](#);

- iii. changes in ownership of the third party;
 - iv. significant organizational/operational changes;
 - v. material non-compliance with regulatory requirements (i.e. regulatory enforcement) or litigation.
- i) **Dispute resolution:** The agreement should incorporate a protocol for resolving disputes. The agreement should also specify whether the third party must continue providing the service during a dispute and the resolution period, as well as the jurisdiction, governing law(s), and rules under which the dispute will be settled.
 - j) **Regulatory compliance:** The agreement should enable the FRFI to comply with all applicable legislative and regulatory requirements, including, but not limited to, location of records and privacy of client information.
 - k) **Business continuity and recovery:** The agreement should require the third party to outline measures for ensuring continuity of services in the event of disruption including testing and reporting expectations and mitigation requirements, as well as requirements of the third party to monitor and manage technology and cyber security risk.
 - l) **Default and termination:** The agreement should specify what constitutes a default, or right to terminate, identify remedies, and allow for opportunities to cure defaults or terminate the agreement. Appropriate notice should be required for termination of the service and, where applicable, the FRFI's assets should be returned in a timely fashion. Any data and records should be returned to the FRFI in a format that allows the FRFI to sustain business operations without unreasonable expense.

The agreement should not contain any terms that inhibit OSFI, or any other resolution authority or financial compensation scheme, from carrying out their mandate in times of stress or resolution. For example, the agreement should, among other things, remain valid and enforceable in resolution provided there is no default in payment obligations.

- m) **Insurance:** The agreement should require the third party to obtain and maintain appropriate insurance and disclose the general terms and conditions of the insurance coverage. The agreement should also require the third party to notify the FRFI in the event of significant changes in insurance coverage.
- n) **Prudent risk management:** The agreement should include any additional provisions necessary for the FRFI to prudently manage its risks in compliance with this Guideline.

Briefing Note

CAFII EOC Meeting 16 May, 2023—Agenda Item 7(f)

Read Only Items-- Confirmed Speaker for June 6/23 CAFII Reception Event

Purpose of this Agenda Item – *Read Only Item*

This is a read only item.

Background Information

Anthony Ostler, President and CEO of the Canadian Bankers Association, will be the keynote speaker at the Reception event following the 6 June, 2023 CAFII Board meeting being hosted by Manulife at its corporate headquarters at 200 Bloor Street East in Toronto.

The CBA announcement of Anthony Ostler as its new President and CEO can be found here:

<https://cba.ca/cba-announces-anthony-ostler-as-new-president-and-ceo>

Mr. Ostler's LinkedIn profile can be found here:

https://www.linkedin.com/in/anthonyostler/?trk=public_profile_browsemap&originalSubdomain=ca

Recommendation / Direction Sought – *Read Only Item*

This is a read only item.

Attachments Included with this Agenda Item

No attachments.