

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, May 25, 2021
Chair: R. Dobbins
Location: [Virtual MSTEams Meeting](#)

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

1. Welcome, Call to Order, and Priority Matters	2:00 p.m.	Presenter	Action	Page #	Document
a. Call to Order		R. Dobbins		3	
b. CAFII Outreach to EOC Members Re Creating Better Engagement and Succession Pipeline of CAFII Committee Chairs and Other Volunteer Leadership Roles; and Need to Secure Near-Term Successor Chairs for Two CAFII Committees: Resulting New Committee Chair and Vice-Chair Appointments (EOC Approvals Required); and New Committee Member Appointments		R. Dobbins/ B. Wycks	Update/ Approval	4	✓

2. Consent Items	2:02 p.m.	Presenter	Action	Page #	Document
a. Consultations/Submissions Timetable				6	✓
b. Regulatory Update					✓
c. Regulator and Policy-Maker Visit Plan				7	✓
d. Summary of Board and EOC Action Items				9	✓
e. Board-Approved Schedule Of CAFII 2021 Meetings And Events				10	✓

3. Financial Management Matters	2:03 p.m.	Presenter	Action	Page #	Document
a. CAFII Financial Statements as at April 30/21		T. Pergola	Update	12	✓
b. Forecast For CAFII 2021 Fiscal Year as at April 30/21		T. Pergola	Update	16	✓

4. Committee Updates	2:12 p.m.	Presenter	Action	Page #	Document
a. Research & Education		A. Stuska			
i. Next Steps Arising From Results Report From CAFII Research Project On Insurance Consumers' Digitization Preferences: Webinar Presentation to Insurance Regulators and Policy-Makers; Public Release; and Media Release		A. Stuska/K. Martin	Update	19	✓ (2)
b. Media Advocacy		C. Blaquiére	Update		
i. New Motion Graphics Website Video on Results of Research Project On Insurance Consumers' Digitization Preferences		K. Martin	Update	38	
c. Market Conduct & Licensing		B. Kuiper	Update	39	
d. Travel Insurance Experts		B. Wycks	Update	40	
e. Networking & Events		S. Kirby	Update		
i. June 3/21 CAFII Webinar On RIA Licensing Regimes in Canada		K. Martin/B. Wycks	Update	41	✓
ii. June 9/21 CAFII Webinar On The Future Of Travel and Travel Insurance As The World Emerges From The Global Pandemic		K. Martin	Update	44	✓
iii. June 15/21 CAFII Webinar On Results of CAFII Research Project On Insurance Consumers' Digitization Preferences		K. Martin	Update	47	

5. Recent and Upcoming Strategic and Regulatory Initiatives	2:45 p.m.	Presenter	Action	Page #	Document
a. CAFII Board Decision On Legal Arguments/Opinion To Oppose AMF's Interpretation on RADM's Applicability to Credit Card-Embedded Insurance Benefits and Resulting Regulatory Expectations		K. Martin/B. Wycks	Update/ Discussion	48	✓ (3)
b. CAFII Extension Request Letter To AMF Re September 17/21 Deadline For Affected Insurers To Submit Product Summaries and An Action Plan, Arising From AMF Position That RADM Fully Applies to Credit Card-Embedded Insurance Benefits		K. Martin/B. Wycks	Update/ Discussion	61	✓
c. CAFII Outreach Request To CBA That It Engage In AMF Credit Card-Embedded Insurance Benefits Issue, Given Implications For Core Credit Card Offerings in Quebec		K. Martin/B. Wycks	Update/ Discussion	65	✓
d. CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits		S. Kirby/K. Kasperski/K. Martin	Update/ Discussion	68	✓

e.	CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance	M. Boyle/K. Martin	Update/ Discussion	71	✓
f.	Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry	B. Wycks/K. Martin	Update	74	

6.	Governance Matters	3:15 p.m.	Presenter	Action	Page #	Document
a.	CAFII 2021 Annual Meeting of Members on June 8, 2021		B. Wycks	Update	75	✓
b.	CAFII Negotiation of Association Management Services Contract Renewal With Managing Matters		K. Martin	Update/ Discussion	83	
c.	Application Review and Admission of Norton Rose Fulbright (NRF) As A New CAFII Associate		B. Wycks	Approval	84	✓
d.	New CAFII Initiation Member: Canadian Tire Bank (CTB)		B. Wycks/K. Martin	Update	87	✓
e.	Draft Minutes of April 27/21 EOC Meeting		B. Wycks	Approval	96	✓
f.	Draft Minutes of May 19/21 Special Purpose Board Meeting		B. Wycks	Endorsement	102	✓

7.	Read Only Items		Presenter	Action	Page #	Document
a.	CAFII Data Improvements Working Group With RSM Canada Around Quarterly CPI Benchmarking Study: Progress Report				106	Briefing Note Only
b.	CAFII's First Insights/Idees Website Blog Posts				107	✓
c.	CAFII Response Submission On Two FSRA Questions Arising From CAFII Submission on FSRA's Proposed Unfair or Deceptive Acts or Practices (UDAP) Rule				111	✓
d.	CAFII Response Submission To David Weir, FCNB On Follow-Up/Clarification Question Arising From CAFII's January 2020 Response Submission To FCNB's RIA Licensing Regime Public Consultation				115	✓

8.	Other Business	3:35 p.m.	Presenter	Action	Page #	Document

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

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

Next Board Meeting, Immediately Preceded By 2021 Annual Meeting of Members: Tuesday, June 8/21, 2:00 to 4:00 p.m., Virtual MTeams Meeting

Next EOC Meeting: Tuesday, June 22/21, 2:00 to 3:30 p.m., Virtual MTeams Meeting

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 1(a)
Call to Order

Purpose of this Agenda Item

Start of meeting.

Background Information

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 1(b)

CAFII Outreach to EOC Members Re Creating Better Engagement and Succession Pipeline of CAFII Committee Chairs and Other Volunteer Leadership Roles; and Need to Secure Near-Term Successor Chairs for Two CAFII Committees: Resulting New Committee Chair and Vice-Chair Appointments (EOC Approvals Required); and New Committee Member Appointments

Purpose of this Agenda Item – *Update and Approval*

To review and approve a slate of new volunteer leaders including Vice-Chairs for many Committees.

Background Information

CAFII has reached out to its members to ask for volunteers for its Committees, including have Vice-Chairs for as many of the Committees as possible. A slate of such new volunteers has now been developed and will be presented to the EOC for review and approval.

Recommendation / Direction Sought -- *Update and Approval*

Update and approval.

Attachments Included with this Agenda Item

1 Attachment.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 2 (a-e) Consent Items

Purpose of this Agenda Item

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

Background Information

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

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

Recommendation / Direction Sought – *Information Only*

No action required.

Attachments Included with this Agenda Item

5 attachments.

CAFII Consultations/Submissions Timetable 2021-22

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> Revised Financial Institutions Act (FIA) tabled in the legislature <i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i> CAFII submissions on draft Regulations in support of Revised FIA 	<ul style="list-style-type: none"> October 21/19 Q2 or Q3 2021 Q2 through Q4 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> AMF releases consultation document for 60 day period CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> Q2 or Q3 2021 (expected) Q2 or Q3 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> CAFII sends AMF “creative solutions” submission on degree to which industry can meet AMF’s requirements around RADM’s applicability to credit card-embedded insurance benefits AMF responds to CAFII’s “creative solutions” submission CAFII implements 3 Board directives in response to AMF’s March 30/21 response AMF launches consultation of Draft Regulation Respecting Complaint Processing CAFII submission on Draft Regulation Respecting Complaint Processing 	<ul style="list-style-type: none"> July 7/20 March 30/21 Q2 2021 Q2 or Q3 2021 (expected) Q2 or Q3 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> CAFII sends letter to CCIR/CISRO FTC Working Group asking it to obtain information on incentives and compensation models used by member distributors directly and privately, to avoid Competition Act violations <i>CCIR/CISRO FTC Working Group accepts proposal in CAFII’s July 2/20 letter</i> 	<ul style="list-style-type: none"> July 2/20 August 31/20 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA releases transition-related Guidance and Interpretation Bulletin FCAA releases further transition-related Guidance/Interpretation Bulletin(s) 	<ul style="list-style-type: none"> May 17, 2019 Q2 or Q3 2021 (expected) 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> FCNB launches industry consultation on RIA licensing regime model CAFII submission on FCNB’s RIA Regime licensing regime model <i>FCNB launches informal stakeholder consultation on applicability of A&S insurance provisions of various provincial Insurance Acts to New Brunswick</i> <i>CAFII responds to FCNB consultation on A&S Insurance Act provisions</i> CAFII/CLHIA send joint response to FCNB’s further Insurance Act Rewrite questions (received November 6/20) FCNB announces tabling of <i>An Act to Amend The Insurance Act</i> in NB legislature; and that implementation Rule will follow in late 2021 (with 60 day public consultation) <u>CAFII responds to David Weir follow-up questions re legislative constraints which prevent bank branch employees from being individually licensed to sell travel insurance</u> 	<ul style="list-style-type: none"> November 29, 2019 January 31, 2020 July 2020 October 22/20 December 22/20 March 17/21 <u>May 19/21</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations	<ul style="list-style-type: none"> FSRA launches preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule CAFII responds to FSRA’s preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule FSRA launches consultation on FY 2021-22 Statement of Priorities and Budget CAFII responds to FSRA consultation on FY 2021-22 Proposed Statement of Priorities and Budget CAFII speaks to its submission on FSRA’s FY 2021-22 Statement of Priorities and Budget at Stakeholder Advisory Committee meeting with FSRA Board CAFII responds to FSRA consultation on Unfair and Deceptive Practices (UDAP) Rule CAFII meets with FSRA and CLHIA virtually re follow-up questions arising from UDAP Rule submissions <u>CAFII responds to two follow-up UDAP Rule-related questions posed by FSRA</u> 	<ul style="list-style-type: none"> September 2020 October 7, 2020 October 7, 2020 November 3, 2020 November 25/20 March 18/21 March 24/21 <u>May 4/21</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor

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

Agenda Item 2(c)
May 25/21 EOC Meeting

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From April 23/21 To May 21/21

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
April 27, 2021	Virtual Meeting of the Canadian Association of Pension Supervisory Authorities (CAPSA)'s Capital Accumulation Plan Guideline Industry Working Group's Communication/Fees Subcommittee	Brendan Wycks, CAFII's representative on this Industry Working Group, attended this meeting and interacted therein with Angela Mazerolle, Vice-President, Regulatory Operations and Superintendent of Insurance at the Financial and Consumer Services Commission of New Brunswick (FCNB), who is the Chair of this IWG in her capacity as a provincial pension supervisor and a Vice-Chair at CAPSA, the national co-ordinating body of pension regulators.
April 28, 2021	Very successful CAFII Fireside Chat Webinar With Glen Padassery, Executive Vice-President, Policy & Chief Consumer Officer, FSRA on ``	-Keith Martin, CAFII webinar moderator. -In addition to interacting extensively with Glen Padassery, EVP, FSRA, this webinar provided the opportunity for K. Martin and B. Wycks to -interact with Benny Cheung, Executive Assistant, Policy, FSRA; and Vicki Lam, Senior Advisor, Communications, Public Affairs, FSRA; and -have Taryn Pimento, Director of Consumer Office, FSRA; and Marlena Labieniec, Director of Innovation, FSRA introduce themselves during the webinar itself.
May 6 to May 21, 2021	Organization of June 3, 2021 CAFII Webinar on ``RIA Regimes In Canada: A Look Back And The Way Forward``	B. Wycks reached out to and secured the participation of -Joanne Abram, CEO, Alberta Insurance Council;

		<p>-April Stadnek, Director of Compliance & Enforcement, Insurance Councils of Saskatchewan (also interacted with Ron Fullan, Executive Director, ICS); and</p> <p>-Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba</p> <p>as panelists in this webinar.</p>
May 11 to May 19, 2021	FCNB follow-up question arising from CAFII's January 2020 consultation submission on New Brunswick's planned introduction of a Restricted Insurance Agent (RIA) licensing regime	B. Wycks responds on behalf of CAFII to a follow-up question from David Weir, FCNB project lead on Insurance Act Rewrite and Introduction of RIA regime, re what are the legislative constraints which would preclude bank and other FRFI branch employees from being individually licensed to sell travel insurance.
May 14, 2021	Virtual meeting to review and provide input on BCFSAs just-released Regulatory Roadmap; and to have an opportunity to meet new BCFSAs staff executive Peta Wales.	<p>Frank Chong, BCFSAs, reached out to K. Martin and B. Wycks, CAFII to advise that "in the coming days, BCFSAs plans to issue a Regulatory Roadmap outlining its regulatory priorities for the next three fiscal years. I would welcome an opportunity to meet with you to discuss the items in the Roadmap and how they may impact your members. This would also be a good opportunity for me to introduce Peta Wales, our Vice President, Sector Liaison, who is leading work on BCFSAs stakeholder engagement strategy. We intend to update the roadmap on a regular basis and would welcome your input as we move forward. We would be pleased to setup a meeting that is convenient for you and your team."</p> <p>The BCFSAs-requested virtual meeting has now been set up with K. Martin and B. Wycks for June 1, 2021.</p>

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status May 20 2021
		Association Strategy and Governance			
1	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-21	In progress
2	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	31-Dec-21	In progress
3	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-21	In progress
4	EOC March 30, 2021	Share outcomes of new Committee Vice-Chair Initiative with the EOC	B. Wycks/K. Martin	27-Apr-21	In Progress
5	EOC April 27, 2021	Reach out for volunteers for and organize meetings of the Working Group on the AMF and Credit Card-Embedded Insurance Benefits	K. Martin	1-May-21	Completed
6	EOC April 27, 2021	Reach out for volunteers for and organize meetings of a Working Group on the FCAC Appropriateness Guideline	K. Martin	1-May-21	Completed
7	EOC April 27, 2021	Organize Special Purpose CAFII Board Meeting to review and reach a decision on legal services proposal from Norton Rose; B. Wycks, K. Martin, May 2021	B. Wycks/K. Martin	30-May-21	Completed
		Regulatory Initiatives			
8	EOC: Sept 22, 2020	Resuscitate the Working Group on CPI Best Practices and add the FCAC appropriateness test to its mandate	K. Martin	31-Dec-21	Completed
9	EOC March 30, 2021	Organize a virtual meeting for CAFII with David Weir, FCNB around the in-development Rule and its provisions addressing the creation of a Restricted Insurance Agent licensing regime in New Brunswick	B. Wycks	15-Mar-21	In Progress
10	EOC April 27, 2021	Submit a letter to AMF requesting an extension of the 17 September, 2021 deadline for providing Product Summaries evidence and Action Plans to the AMF;	K. Martin, B. Wycks	30-May-21	In Progress
		Research and Education			
11	EOC March 30, 2021	Present report to EOC and Board on outcomes of the efforts of the Working Group on Data Improvements to the Quarterly CPI Benchmarking Study	K. Martin	Q3/Q4 2021	In Progress

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

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

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

Board Meetings:

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

2021 Annual Members Luncheon:

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

2020 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2019 Board meetings Hosted by:

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

2018 Board Meetings Hosted by:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFI; Desjardins; CIBC Insurance

2016 Board Meetings Hosted by:

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

2015 Board Meetings Hosted by:

CIBC Insurance; ScotiaLife Financial; Desjardins; Canadian Premier

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

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

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

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

Venue: Virtual-Only Webinar

2019 Annual Members Luncheon

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

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

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

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

2018 Annual Members Luncheon

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

2017 Annual Members Luncheon

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

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

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

2016 Annual Members Luncheon

Topic: Innovation in Insurance: Opportunities in a Changing Market

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

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

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 3(a)

Financial Management Matters--CAFII Financial Statements as at April 30/21

Purpose of this Agenda Item – *Update*

To update the EOC on the Association's financials as at April 30, 2021.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at 30 April 2021.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

CAFII

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Statement of Operations As at April 30th 2021

	Current Month	Budget Apr-21	Variance to Monthly Budget	Current YTD	Budget '21 YTD	Variance Budget to YTD	Budget 2021
Revenue							
Membership Dues	78,138	\$76,540	\$1,599	\$312,558	\$306,158	\$6,400	\$918,475
Interest Revenue	19	\$25	(\$6)	78	\$100	(\$22)	\$300
TOTAL REVENUE	78,158	\$76,565	\$1,593	\$312,636	\$306,258	\$6,378	\$918,775
Expenses							
Management Fees	41,673	\$40,648	(\$1,024)	166,659	\$162,593	(\$4,066)	\$487,780
CAFII Legal Fees/Corporate Governan	-	\$4,167	\$4,167	-	\$16,667	\$16,667	\$50,000
Audit Fees	561	\$1,395	\$834	3,732	\$5,581	\$1,849	\$16,743
Insurance	449	\$504	\$55	1,795	\$2,017	\$222	\$6,050
Website Ongoing Maintenance	508	\$596	\$88	2,118	\$2,385	\$268	\$7,156
Telephone/Fax/Internet	531	\$477	(\$53)	2,715	\$1,910	(\$805)	\$5,730
Postage/Courier	-	\$13	\$13	-	\$50	\$50	\$150
Office Expenses	162	\$417	\$255	713	\$1,667	\$954	\$5,000
Bank Charges	25	\$39	\$14	257	\$157	(\$101)	\$470
Miscellaneous Expenses	-	\$42	\$42	-	\$167	\$167	\$500
Depreciation Computer/Office Equipm	95	\$95	\$0	379	\$379	\$0	\$1,136
Provincial Regulatory Visits	-	\$0	\$0	-	\$0	\$0	\$0
Research/Studies	13,646	\$0	(\$13,646)	13,646	\$15,000	\$1,355	\$60,000
Website SEO and Enhancements	4,520	\$3,496	(\$1,024)	14,577	\$13,983	(\$594)	\$41,950
Regulatory Model(s)	-	\$0	\$0	-	\$0	\$0	\$0
Federal Financial Reform	-	\$0	\$0	-	\$0	\$0	\$0
CAFII Benchmarking Study/RSM Canada	-	\$0	\$0	16,950	\$16,950	\$0	\$67,800
FCAC Presentation	-	\$0	\$0	-	\$0	\$0	\$0
Media Outreach	256	\$500	\$244	579	\$2,000	\$1,421	\$6,000
Media Consultant Retainer	2,260	\$2,260	\$0	9,040	\$9,040	\$0	\$27,120
Marketing Collateral	16	\$417	\$401	120	\$1,667	\$1,547	\$5,000
Contingency Fund	-	\$0	\$0	-	\$0	\$0	\$50,000
CAFII Reception Events	-	\$0	\$0	-	\$0	\$0	\$0
TOTAL EXPENSE	64,701	55,065	-	233,280	252,212	18,932	838,585
NET INCOME	13,457	21,499	-	79,356	54,047	25,310	80,190

Explanatory Notes:

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

CAFI I

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Balance Sheet As at April 30th 2021

	CAFII Operations			CCBPI Project			Combined		
	30-Apr 2021	31-Mar 2021	31-Dec 2020	30-Apr 2021	31-Mar 2021	31-Dec 2020	30-Apr 2021	31-Mar 2021	31-Dec 2020
ASSETS									
Current Assets									
Bank Balance	\$533,962	\$608,472	\$308,624	\$0	\$0	\$0	\$533,962	\$608,472	\$308,624
Savings Account	\$102,356	\$102,336	\$102,278	\$12,151	\$12,151	\$12,151	\$114,507	\$114,487	\$114,429
Accounts Receivable	\$4,800	\$24,078	\$0	\$0	\$0	\$0	\$4,800	\$24,078	\$0
Prepaid Expenses	\$25,116	\$4,690	\$14,037	\$0	\$0	\$0	\$25,116	\$4,690	\$14,037
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$7,256)	(\$7,162)	(\$6,878)	\$0	\$0	\$0	(\$7,256)	(\$7,067)	(\$6,878)
Total Current Assets	\$666,991	\$740,428	\$426,075	\$12,151	\$12,151	\$12,151	\$679,143	\$752,674	\$438,226
TOTAL ASSETS	\$666,991	\$740,428	\$426,075	\$12,151	\$12,151	\$12,151	\$679,143	\$752,674	\$438,226
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$4,746	\$4,185	\$32,852	\$0	\$0	\$0	\$4,746	\$4,185	\$32,852
Credit Card	\$1,781	\$654	\$352	\$0	\$0	\$0	\$1,781	\$654	\$352
Account Payable	\$19,367	\$29,810	\$9,012	\$0	\$0	\$0	\$19,367	\$29,810	\$9,012
Deferred Revenue	\$177,882	\$256,020	\$0	\$12,151	\$12,151	\$12,151	\$190,033	\$268,171	\$12,151
Total Current liabilities	\$203,776	\$290,669	\$42,216	\$12,151	\$12,151	\$12,151	\$215,928	\$302,821	\$54,367
TOTAL LIABILITIES	\$203,776	\$290,669	\$42,216	\$12,151	\$12,151	\$12,151	\$215,928	\$302,821	\$54,367
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$383,859	\$383,859	\$230,223	\$0	\$0	\$0	\$383,859	\$383,859	\$230,223
Excess of revenue over expenses	\$79,356	\$65,899	\$153,636	\$0	\$0	\$0	\$79,356	\$65,899	\$153,636
Total Unrestricted Net Assets	\$463,215	\$449,758	\$383,859	\$0	\$0	\$0	\$463,215	\$449,758	\$383,859
Total Unrestricted Net Assets	\$463,215	\$449,758	\$383,859	\$0	\$0	\$0	\$463,215	\$449,758	\$383,859
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$666,991	\$740,428	\$426,075	\$12,151	\$12,151	\$12,151	\$679,143	\$752,579	\$438,226
Financial Reserves Targets as per 2019 Budget:									
Minimum 3 months (25%) of Annual Operating Expenses=			\$209,646						
Maximum 6 months (50%) of Annual Operating Expenses=			\$419,293						
Current Level of Financial Reserves (total unrestricted net assets):			\$463,215						
Current Level of Financials Reserve (%):			55%						

CAFII

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

Membership Fees

		Feb-21		Jul-21	
		<u>To be billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	2021 Upper Tier Member	\$ 38,555	18-Mar-21	\$ 38,555	
CIBC Insurance	2021 Upper Tier Member	\$ 38,555	24-Feb-21	\$ 38,555	
RBC Insurance	2021 Upper Tier Member	\$ 38,555	2-Mar-21	\$ 38,555	
ScotiaLife Financial	2021 Upper Tier Member	\$ 38,555	18-Feb-21	\$ 38,555	
TD Insurance	2021 Upper Tier Member	\$ 38,555	12-Feb-21	\$ 38,555	
Desjardins Financial Security Life Assurance Company	2021 Upper Tier Member	\$ 38,555	29-Mar-21	\$ 38,555	
National Bank Life Insurance Company	2021 Upper Tier Member	\$ 38,555	12-Feb-21	\$ 38,555	
Manulife Financial	2021 Upper Tier Member	\$ 38,555	3-Mar-21	\$ 38,555	
The Canada Life Assurance Company	2021 Upper Tier Member	\$ 38,555	24-Feb-21	\$ 38,555	
Assurant Solutions	2021 Lower Tier Member	\$ 19,277	3-Mar-21	\$ 19,277	
Canadian Premier Life Insurance Company	2021 Lower Tier Member	\$ 19,277	25-Feb-21	\$ 19,277	
Cumis Group Ltd/Co-operators Life Insurance Co.	2021 Lower Tier Member	\$ 19,277	26-Feb-21	\$ 19,277	
Valeyo	2021 Lower Tier Member	\$ 19,277	16-Apr-21	\$ 19,277	
Sun Life Financial	2020 Initiation Members (Upper Tier)	\$ 23,133	12-Mar-21	\$ 23,133	
RSM Canada	Associate	\$ 4,800	29-Mar-21		
Willis Towers Watson	Associate	\$ 4,800	25-Feb-21		
KPMG MSLP	Associate	\$ 4,800	25-Feb-21		
Optima Communications	Associate	\$ 4,800	10-Mar-21		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	24-Feb-21		
Torys LLP	Associate	\$ 4,800	11-Feb-21		
Dog and Pony Studios	Associate	\$ 4,800	11-Feb-21		
Stikeman Elliott LLP	Associate	\$ 4,800	29-Mar-21		
RSA	Associate	\$ 4,800	12-May-21		
Feb Invoices		\$490,437		\$447,237	
July Invoices		\$447,237			
Total Membership Fees		\$937,675			
Total amount to reallocate monthly Jan-Sept		\$78,140			
Total amount to reallocate monthly Oct-Dec		\$78,140			

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 3(b)

Financial Management Matters—Forecast For CAFII 2021 Fiscal Year as at April 30/21

Purpose of this Agenda Item – *Update*

To update the EOC on the financial forecast for the Association for fiscal year 2021.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII fiscal forecast as at April 30/21.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

2021 CAFII Budget

	2018 Actuals	2019 Actuals	2020 Actuals	CAFII 2021 Operating Budget	2021 YTD April 2021	2021 Forecast	Comment/Rationale
Revenue							
Membership Dues	\$695,545	\$734,664	\$884,721	\$918,475	\$312,558	\$937,675	See breakdown in Member Dues Revenue Tab (includes one new Member at Lower Tier Dues as CPL and Valeyo intend to become two separate CAFII Members)
Annual Members' Luncheon "Additional Seats" Revenue	\$0	\$195	\$0	\$0	\$0	\$0	
Interest	\$0	\$982	\$399	\$300	\$78	\$234.00	Interest from the Savings Account
TOTAL REVENUE	\$ 695,545	\$ 735,841	\$ 885,120	\$ 918,775	\$ 312,636	\$ 937,909	
EXPENSE							
Management Fees	\$460,299	\$465,134	\$476,844	\$487,780	\$166,659	\$487,780	Includes MM Fees (2.0% contractual increase) and two Co-Eds (2.5% increase each)
Legal and consulting costs associated with regulatory submissions and initiatives	\$563	\$0	\$28,975	\$50,000	\$0	\$50,000	For streamlining/simplicity, this line now includes expenses previously captured under Regulatory Model(s) (Row 39), where \$15,000 was budgeted in 2020. 2021 Budget amounts are based on 2020 actuals (recognizing that while in 2020, zero expenses will be incurred under Regulatory Models, that is largely due to the COVID-19 pandemic) and the expectation that CAFII will likely need to tackle heightened regulatory communications/submissions and advocacy/relationship-building work in 2021 as regulators clear their abeyance "backlog" caused by COVID-19.
Audit Fees	\$14,432	\$14,799	\$16,743	\$16,743	\$3,732	\$14,238	Same as 2020 Bill received from KPMG
Insurance	\$5,258	\$5,338	\$5,385	\$6,050	\$1,795	\$6,050	Increase by 10% over 2020 Budget, as per advice from insurance broker Marsh, as a buffer for 2021 renewal in June 2021
Website Ongoing Maintenance	\$6,461	\$10,022	\$5,765	\$7,156	\$2,118	\$7,156	Includes CG Technology (\$233 per month (3% increase)), Constant Contact (\$62.83 per month (3% increase)), Soda PDF Premium (\$56.47), Zoom (\$237.60 per month), Survey Monkey (\$307.36), Virtual Platform (\$500)
Telephone/Fax/Internet	\$5,939	\$6,494	\$5,808	\$5,730	\$2,715	\$5,730	Includes Office Line (\$56.50 per month), Conference Line (\$47.46 per month) & Co-Eds phone and internet lines
Postage/Courier	\$458	\$159	\$53	\$150	\$0	\$150	Monthly Cheque Run and Ad Hoc Mailing
Office Expenses	\$2,423	\$2,025	\$2,158	\$5,000	\$713	\$5,000	Increased from 2020 Budget to cover possible replacement computer hardware and peripherals expenses in 2021 for the Co-Executive Directors
Bank Charges	\$23	\$112	\$236	\$470	\$257	\$470	Annual Credit Card Fee (\$190) plus a possible new digital/electronic Accounts Payable process in 2021 (\$280.00)
Depreciation Computer/Office Equipment	\$1,136	\$1,136	\$1,136	\$1,136	\$379	\$1,136	Same as 2020 Forecast
Miscellaneous Expense	\$0	\$0	\$0	\$500	\$0	\$500	Same as 2020 Forecast
Board/EOC/AGM							
Annual Members Luncheon	\$10,503	\$12,052	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Board Hosting (External)	\$19,515	\$14,001	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Board/EOC Meeting Expenses	\$20,715	\$35,419	\$4,676	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Industry Events	\$1,270	\$0	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
EOC Annual Appreciation Dinner	\$763	\$2,193	\$4,244	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Speaker fees & travel	\$191	\$1,189	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Gifts	\$0	\$200	\$0	\$0	\$0	\$0	Same as 2020 Budget
Networking Events	\$0	\$0	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
CAFII Reception Events	\$0	\$0	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
CAFII 25th Anniversary Celebration	\$0	\$0	\$0	\$0	\$0	\$0	This line item is a placeholder. But this expense will actually occur in 2022, CAFII's "silver anniversary" year
Total Board/EOC/AGM	\$52,957	\$65,053	\$8,920	\$0	\$0	\$0	
Provincial Regulatory Visits and Relationship-Building	\$11,230	\$16,833	\$983	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Federal Regulatory Visits and Relationship-Building	\$0	\$442	\$540	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Research/Studies	\$77,345	\$5,368	\$28,646	\$60,000	\$13,646	\$60,000	Same as 2020 Budget
Website SEO and Enhancements	\$21,702	\$40,914	\$31,144	\$41,950	\$14,577	\$41,950	Same as 2020 Budget
Regulatory Model(s)	\$6,490	\$7,555	\$0	\$0	\$0	\$0	Combined with Legal Fees; and this line item will be removed/dispensed with, beginning with the 2021 CAFII budget
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$68,365	\$67,800	\$16,950	\$67,800	Continuation of CAFII CPI Benchmarking Study with RSM Canada, estimated at \$60K plus HST.
FCAC Presentation	\$0	\$0	\$20,905	\$0	\$0	\$0	
Media Outreach	\$6,883	\$5,683	\$350	\$6,000	\$579	\$6,000	Expenses related to CAFII Media Releases including Wire Service charges (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)
Media Consultant Retainer	\$31,639	\$27,120	\$27,685	\$27,120	\$9,040	\$27,120	Monthly retainer fees for David Moorcroft, S2C (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)
Marketing Collateral	\$557	\$1,629	\$845	\$5,000	\$120	\$5,000	Same as 2020 Budget
Tactical Communications Strategy	\$0	\$0	\$0	\$0	\$0	\$0	This line item is being removed/dispensed with, beginning with the 2021 CAFII budget
Contingency For Possible Resumption Of In-Person Meetings/Events, Etc. in 2021	\$0	\$0	\$0	\$50,000	\$0	\$50,000	Includes Annual Members' Luncheon (\$12,000); Board Hosting External (\$7,500); Board/EOC Meeting Expenses (\$13,500); Industry Events (\$1,000); EOC Annual Appreciation Dinner (\$3,000); Provincial Regulatory Visits and Relationship-Building (\$9,000); Federal Regulatory Visits and Relationship-Building (\$4,000)
TOTAL EXPENSE	\$ 705,793	\$ 675,816	\$ 731,485	\$ 838,585	\$ 233,280	\$ 836,080	
Excess of Revenue over Expenses	(\$10,248)	\$60,025	\$153,636	\$80,190	\$79,356	\$101,829	
Unrestricted Net Assets (beginning of year)	\$180,447	\$170,198	\$230,223	\$383,859	\$383,859	\$383,859	
Unrestricted Net Assets (end of year)	\$170,198	\$230,223	\$383,859	\$464,049	\$463,215	\$485,688	

Explanatory Notes:

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

Actual/Forecasted Financial Reserves	2018 Actuals	2019 Actuals	2019 Actuals	2021 Operating Budget	2021 Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$176,448	\$168,954	\$182,871	\$209,646	\$209,020
Maximum 6 months (50%) of Annual Operating Expenses =	\$352,897	\$337,908	\$365,742	\$419,293	\$418,040
Actual/Forecasted Level of Financial Reserves:	\$170,198	\$230,223	\$383,859	\$464,049	\$485,688
Actual/Forecasted Level of Financial Reserves %:	24%	34%	52%	55%	58%

2019 Operational Budget - Member Dues Breakdown

2018 Member Dues Breakdown

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

2019 (Base) Member Dues Breakdown

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

2019 Operational Budget - Member Dues Breakdown - Revised

2019 Member Dues Breakdown

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

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

2020 Member Dues Breakdown

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

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

2020 Member Dues Breakdown

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

2020 Upper Tier Member

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

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

Sun Life Financial

2020 Associate

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

*TBC

*TBC

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

Did not renew in 2020

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

2021 Operational Budget - Member Dues Breakdown - No Dues Increase

2021 Member Dues Breakdown

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

2021 Upper Tier Member

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

2021 Lower Tier Member

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

2021 Initiation Members (Upper Tier)

Sun Life Financial 2 Year

2021 Associate

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

2021 Forecast

2021 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	9	43,200.00
			937,674.84

2021 Upper Tier Member

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

2021 Lower Tier Member

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

2021 Initiation Members (Upper Tier)

Sun Life Financial 2 Year

2021 Associate

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

Briefing Note

**CAFII EOC Meeting 25 May, 2021—Agenda Item 4(a)(i)
Committee Updates—Research & Education--Next Steps Arising From Results Report From
CAFII Research Project On Insurance Consumers’ Digitization Preferences: Webinar
Presentation to Insurance Regulators and Policy-Makers; Public Release; and Media Release**

Purpose of this Agenda Item – *Update*

To update the EOC on the next steps arising from the Pollara research on consumers’ digitization preferences.

Background Information

Craig McKendrick has taken the presentation by Pollara and turned it into a more public-facing “story” that we will consider publishing on our website. Media Consultant David Moorcroft has also developed a press release on the key findings of the research.

We will share these documents with the Board to request a written resolution approving public release of these documents. If that approval is granted, the next steps are:

- To translate the presentation and press release into French;
- Arranging a 15 June, 2021 webinar with regulators and policy-makers to share the findings of the research;
- After the webinar, to post the results of the findings on the CAFII website, and to issue the press release.

CAFII will also develop a motion-graphic video on the key findings of the research.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

2 attachments.



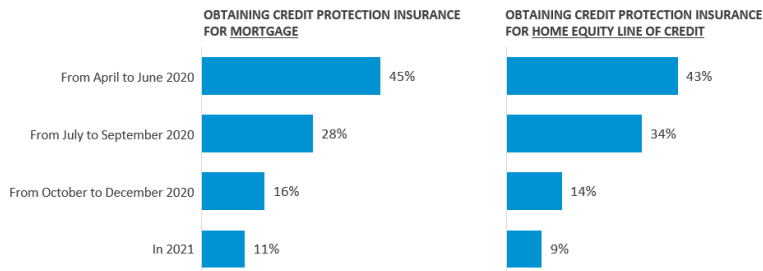
Credit Protection Insurance – Process and Methods – Research Report



March, 2021

Methodology

- Survey conducted nationally between **March 3rd to March 10th**, using an online methodology.
- Stratified sample among **1,002 Canadians aged 18 and over, who fit into the following categories :**
 - Who have obtained Credit Protection Insurance for their mortgage or Home Equity Line of Credit since April 2020 n=197



- Who are likely to obtain a mortgage or Home Equity Line of Credit in the next two years and will likely obtain CPI n=805
- **Reliability:** Online samples cannot officially be assigned a margin of error. As a guideline, a probability sample of N=1003 carries a margin of error of $\pm 3.1\%$, N = 197 carries a margin of error of $\pm 7.0\%$, and N = 805 carries a margin of error of $\pm 3.5\%$, 19 times out of 20.
- **Reporting Conventions:**
 - For Home Equity Line of Credit, the acronym HELOC has been used.
 - For Credit Protection Insurance, the acronym CPI has been used.

Key Findings – Financial Transactions: Past, Present and Future

COVID-19 is changing the way Canadians conduct their banking. While some have continued to go to the branch for transactions such as arranging loans and obtaining insurance, most feel more comfortable and are more likely to use virtual methods. Once the pandemic is over, consumers report that they will continue to depend on financial representatives to assist with CPI arrangements, but it is almost an even split between those who will get this assistance in person or virtually.

- Before the outbreak of COVID-19, Canadians were most likely to conduct bank transactions such as arranging for loans or buying insurance primarily in-person, at a branch. However, most consumers agree that COVID has changed the way they will conduct financial transactions, now and in the future. They feel more comfortable in using virtual methods such as talking to representatives on the phone, through virtual meetings, communicating through email or using web-based methods and to a lesser degree mobile apps for actions for buying insurance or making claims. Many appreciate the convenience of conducting these transactions online and have up-graded their home technology to allow them to do this.
- Consumers expect a lot from their financial institutions to help them with virtual transactions, including easy to understand information, security when it comes to their personal information and the ability to connect with a person (preferably the same one throughout the whole process) if they have questions.
- Once COVID is over, many consumers will move back to conducting these types of bank transactions in general, and obtaining CPI specifically, in person at a branch. These consumers prefer to deal with these matters in person and like to talk to people face-to-face. However, some will continue to conduct these transactions virtually, even after the danger of COVID has passed. In fact, while most will continue to need assistance when it comes to researching and obtaining CPI, it is almost evenly split between those who will get this assistance in person, and those who will use a virtual method.

Key Findings – Obtaining CPI During Pandemic

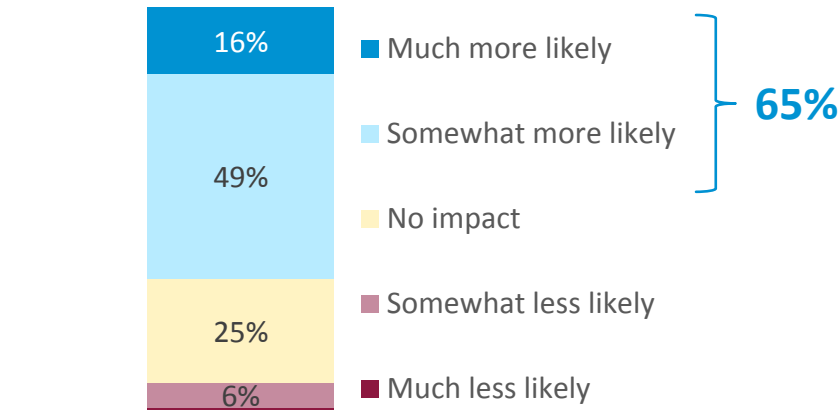
COVID-19 has encouraged Canadians to obtain insurance, and those obtaining CPI are more likely to include Disability, Critical Illness and Job Loss in their coverage, than they were in 2018. While some who obtained this coverage during the pandemic continue to depend on face-to-face meetings for at least part of the CPI process, the likelihood of using a virtual method has increased significantly. Additionally, knowledge about the coverage and satisfaction with purchase experience has also increased.

- The COVID-19 pandemic has increased the likelihood of consumers obtaining insurance in general, and credit protection insurance specifically. While Life coverage remains the most frequently obtained, incidence of obtaining Disability, Critical Illness and Job Loss coverage has increased since 2018.
- Many of those who obtained CPI during the pandemic are likely to say they met with a representative in-person, at some point to discuss the options or sign the paperwork. However, while some conducted the whole process in-person, they are more likely to have conducted the research and completed the process virtually. This compares to the 2018 findings, when seven-in-ten CPI purchasers completed the process in person.
- Despite the change in method of communication, consumers purchasing CPI are even more satisfied this year than they were in 2018. They say most factors of the insurance were discussed at the same frequency, with the expectation of the review period, which more representatives had discussed this year than in 2018. There is strong confidence in knowledge of the benefits of the coverage types, which has increased significantly since 2018.

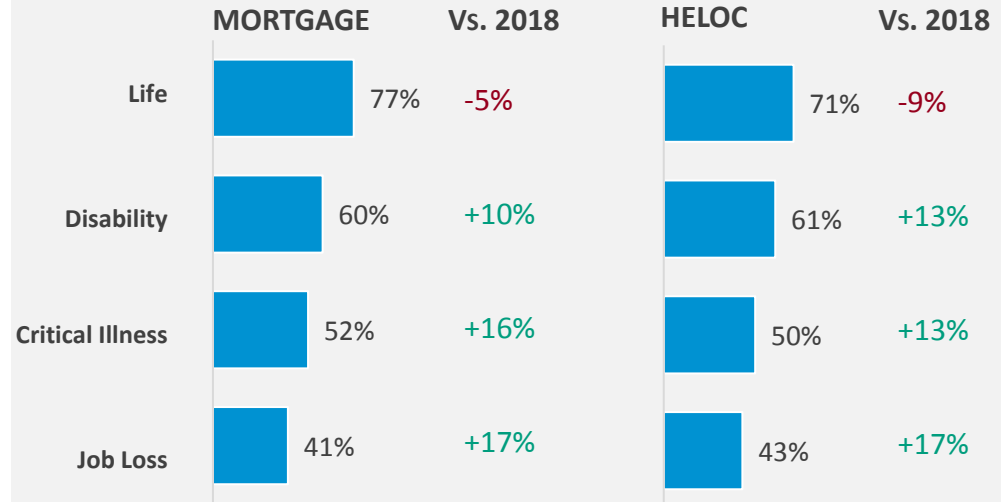
The pandemic has increased consumer interest in obtaining credit protection insurance (CPI)

- This increased interest is reflected in higher incidences of Job loss, critical illness and disability insurance obtained during the pandemic vs. 2018

COVID IMPACT ON OBTAINING INSURANCE FOR MORTGAGE OR LINE OF CREDIT



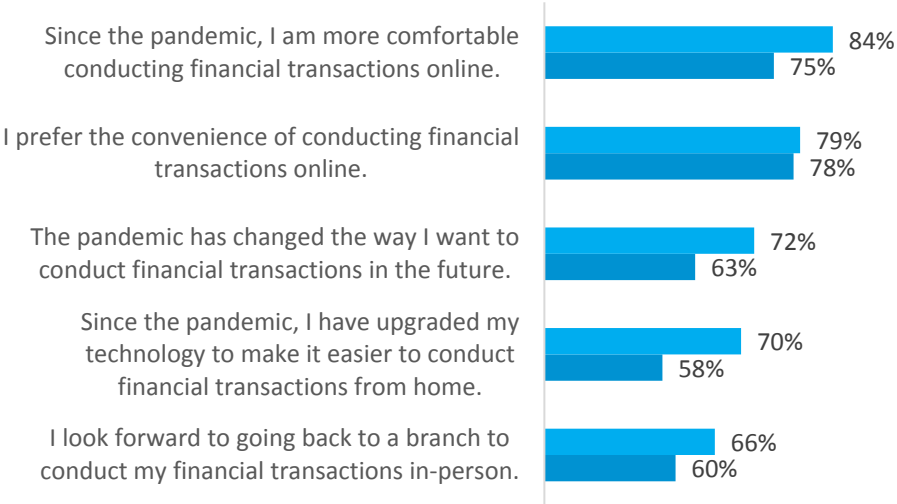
CREDIT PROTECTION COVERAGE OBTAINED DURING THE PANDEMIC



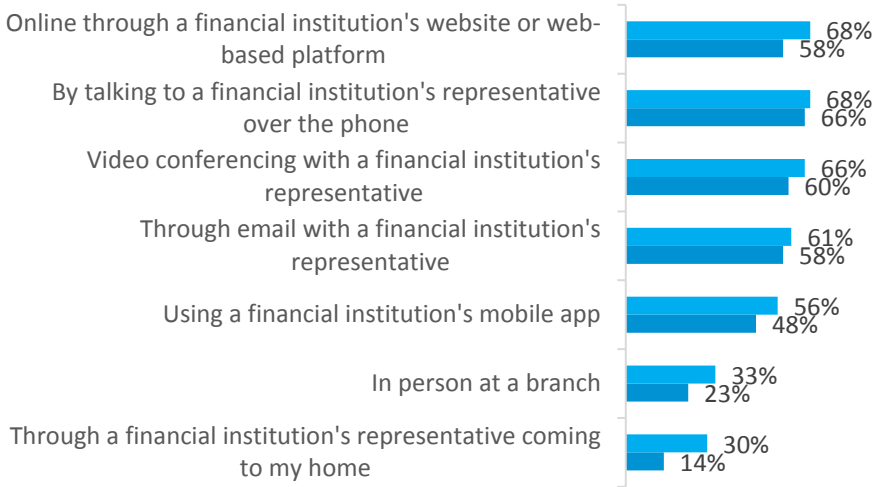
The pandemic has also resulted in consumers becoming much more comfortable banking online

- Most also indicate the pandemic has changed the way they want to bank in the future; however, consumers are also looking forward to going back into the branch

AGREEMENT WITH STATEMENT (% STRONGLY / SOMEWHAT AGREE)



LIKELIHOOD OF CONSIDERING PROCESSES DUE TO COVID (% MUCH / SOMEWHAT MORE LIKELY)



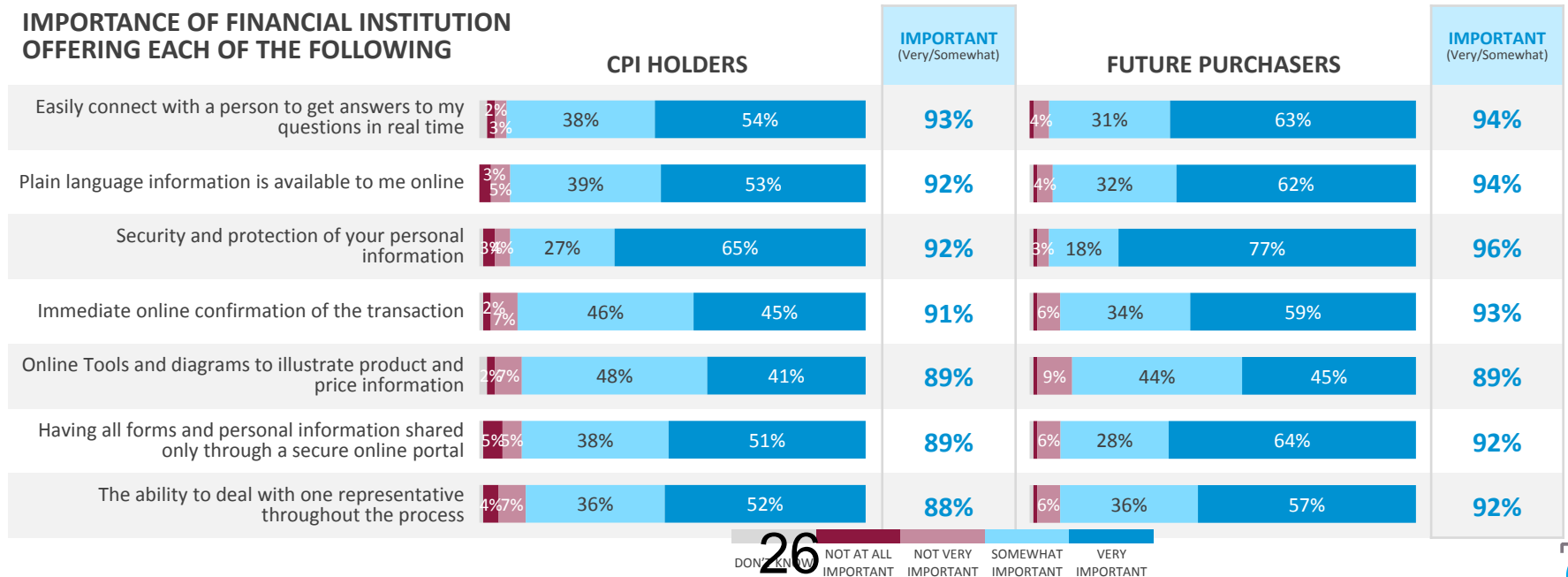
■ CPI Holders ■ Future Purchasers

Q. To what extent do you agree or disagree with the following statements?
Q. Since the Covid-19 pandemic in Canada, would you say that you are more or less likely to conduct financial transactions such as arranging for loans or buying insurance in each of the following ways?
Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)



Consumers are expecting their financial institutions to take the necessary steps to help facilitate virtual banking

- Protection of information is most important with more than nine-in-ten thinking it is important overall and two-thirds of CPI holders and three-quarters of future holders finding this very important

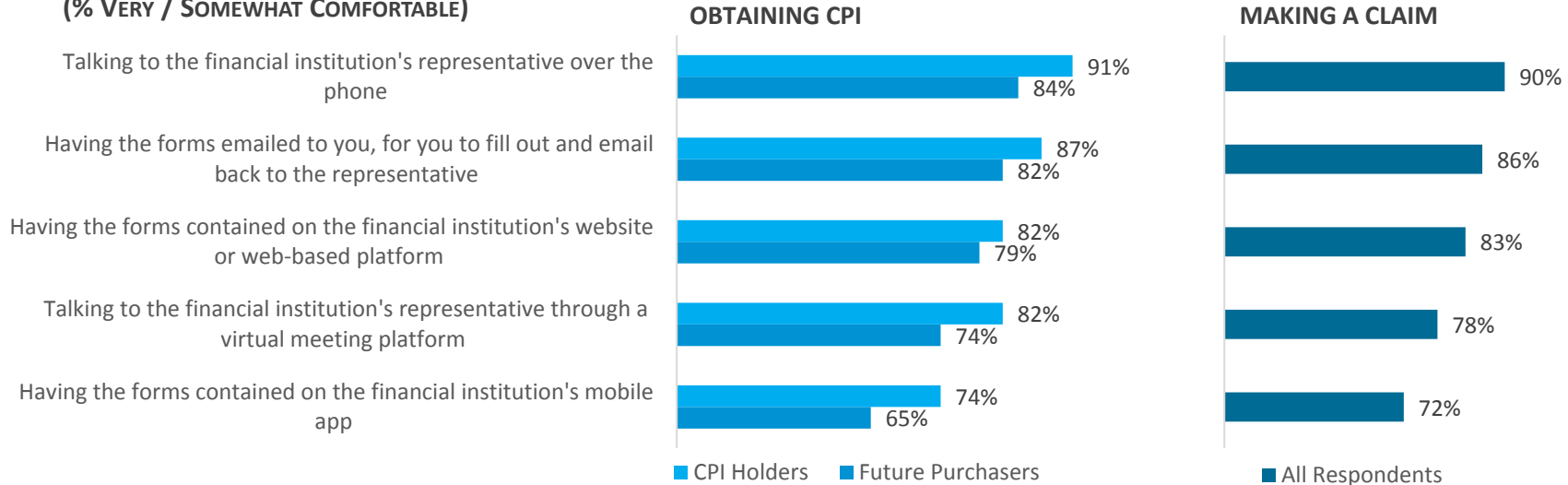


Q. How important is it to you that a financial institution offers each of the following when conducting transactions online? Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)

Consumer comfort with virtual banking extends specifically to obtaining CPI and making CPI claims

- Talking to a representative on the phone has the highest comfort rating, with email and virtual meeting platforms following closely behind
- When it comes to financial institutions websites or apps, customers are more comfortable with websites than mobile apps

COMFORT WITH VIRTUAL PROCESSES (% VERY / SOMEWHAT COMFORTABLE)

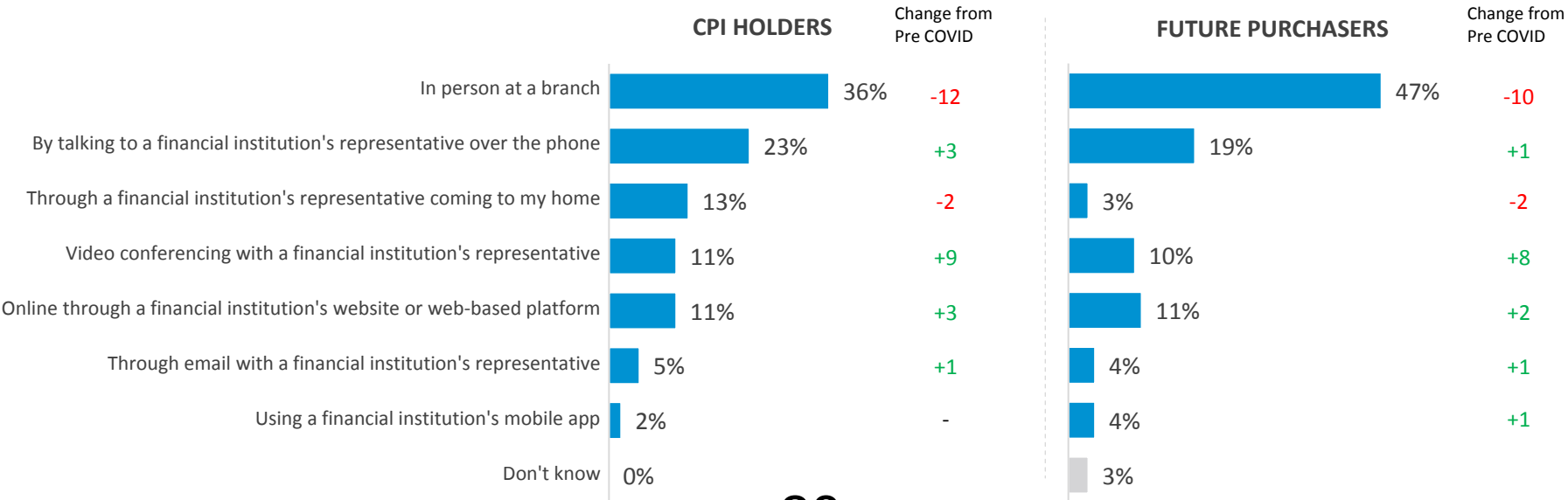


Q. Please indicate how comfortable you are with each of these methods for obtaining Credit Protection Insurance? Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)
Q. If you needed to make a claim on your credit protection insurance in the future, how comfortable would you feel with the process of making this claim in each of the following manners? Base: Total (N=1,002)

Despite the increased comfort with virtual banking, most consumers anticipate they will go back to pre-Covid patterns of arranging for loans and buying insurance

- When asked how they would like to conduct transactions like arranging for loans or buying insurance after the pandemic, the greatest number say they will go back to in branch banking. However, this has declined by more than 10% compared to what these people were doing before the pandemic
- The process that has gained the most in popularity is video conferencing with one-in-ten saying this would be their preference

METHOD OF FINANCIAL TRANSACTIONS AFTER COVID



28

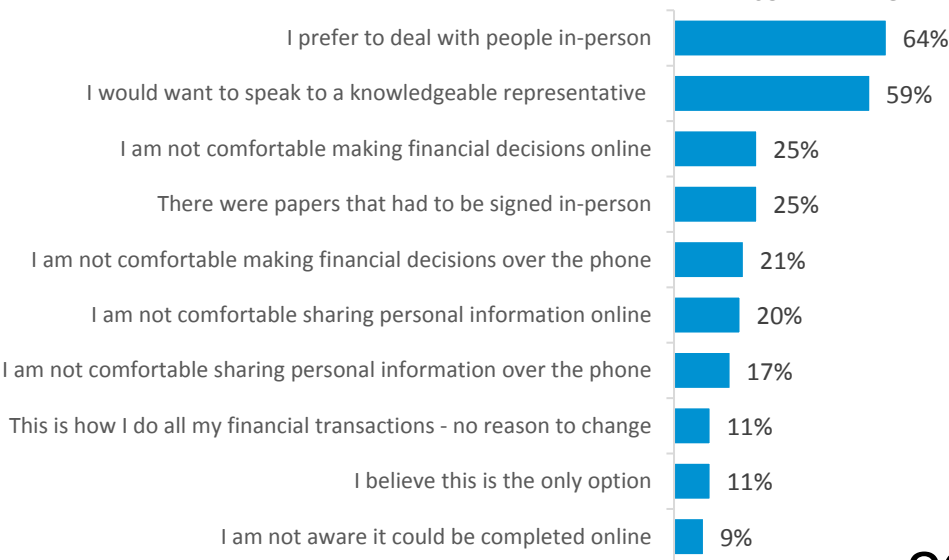
Q. Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance? Base: CPI Holders (N=197) B3. Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance, such as credit protection insurance? Base: Future Purchasers (N=805)

The importance of face-to-face, human interaction can not be underestimated once the pandemic is over

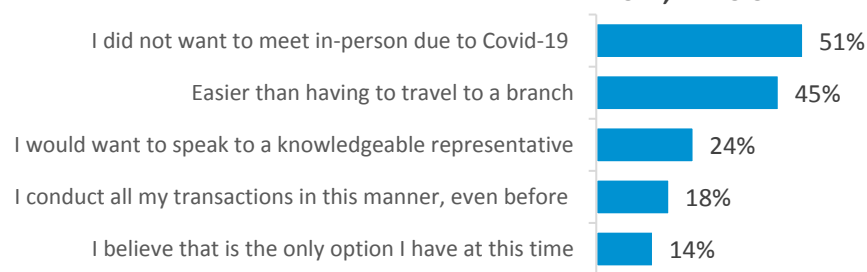
- Almost two-thirds of those who want to conduct financial transactions such as arranging for loans or buying CPI with an in-person meeting simply say this is the way they like to deal with people. While this is particularly true among those 55 and older (73%), the majority of all age groups feel the same
- Aside from concerns related to the pandemic, convenience is the main reason for preferring virtual methods

REASONS FOR CHANNEL PREFERENCE

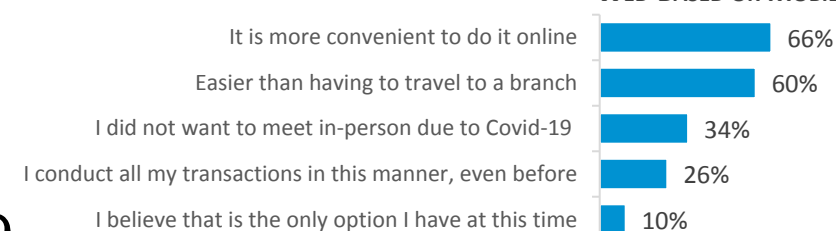
IN-PERSON MEETING



PHONE, VIDEO OR EMAIL



WEB-BASED OR MOBILE APP



29

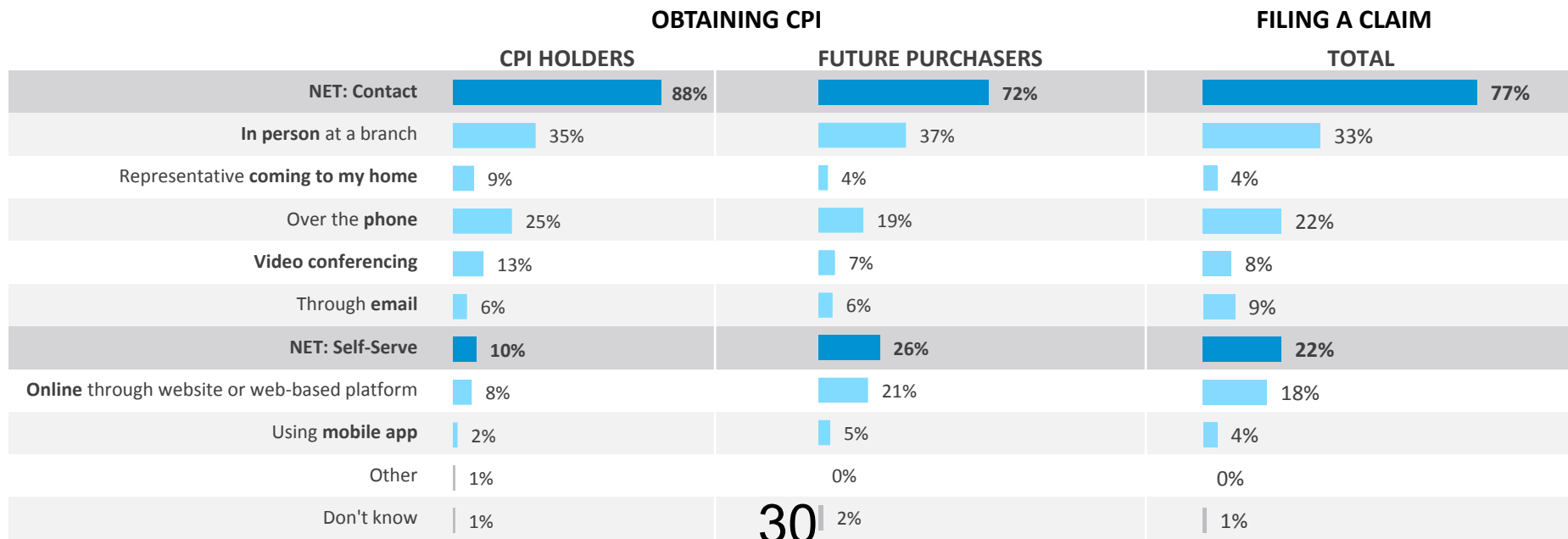
Q. Why would you want to conduct financial transactions such as arranging for loans or buying credit protection insurance with?

Base: In-person at branch or home (N=401) Base: Over the phone, video conference or through email (N=263) / Base: Using financial institutions website or mobile app (N=118)

While customers will want assistance, it does not have to be in person

- After COVID, the majority of consumers will expect to need assistance both in obtaining CPI and submitting a claim. However, there is mixed reaction as to whether this will be in-person or virtual contact.
- Close to two-fifths will want in-person assistance when it comes to obtaining CPI (44% holders, 41% future purchasers) and submitting a claim (37%), a similar proportion would want to have this assistance virtually (44% holders obtaining, 32% future obtainers, 39% when submitting a claim).

PREFERRED METHOD OF

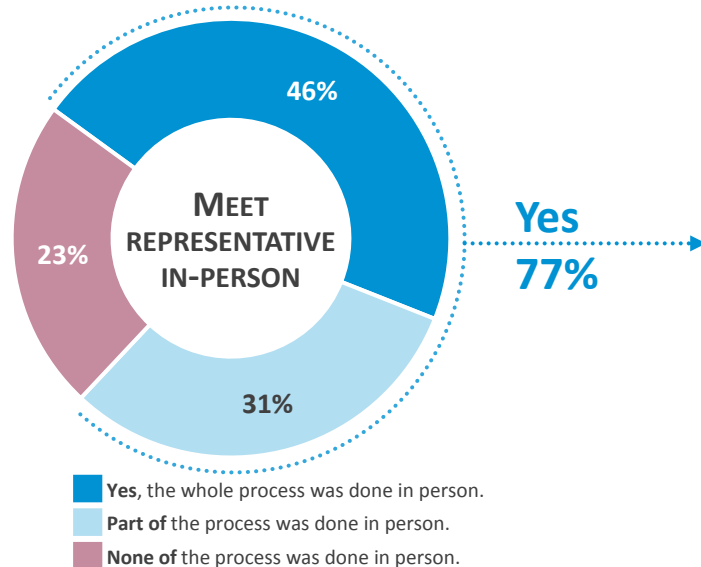


Once the Covid-19 pandemic in Canada is over, how would you like to complete each step of the process of obtaining credit protection insurance? Base: Credit protection insurance holders (N=197)
 Base: Future Purchasers (N=805) Once the Covid-19 pandemic in Canada is over, how would you prefer to submit a claim on your credit protection insurance? Base: Total (N=1,002)

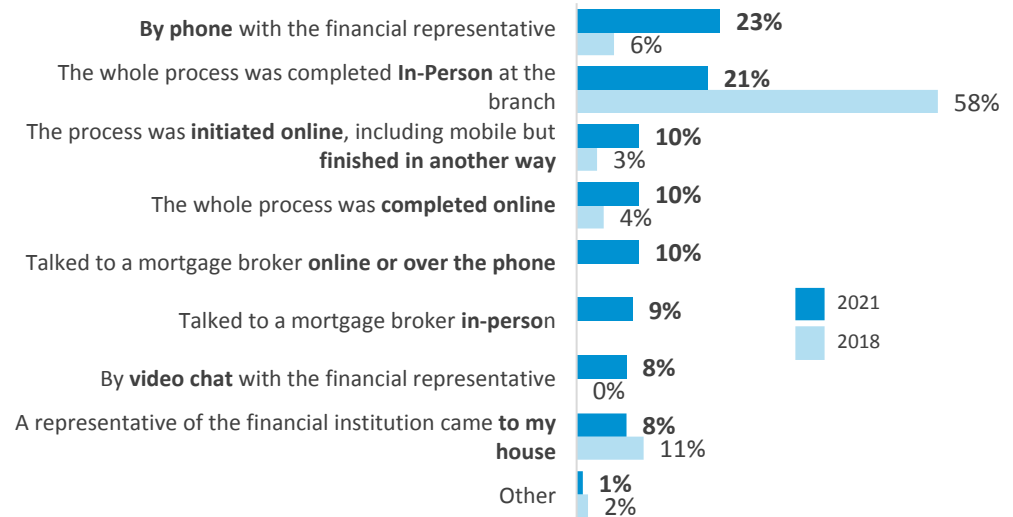
During COVID-19 the process of obtaining CPI was split between in-person and virtual methods for most

- However, most customers did in fact meet with a representative in-person at some point during the process

PROCESS OF OBTAINING CPI



METHOD USED TO OBTAIN CPI DURING PANDEMIC

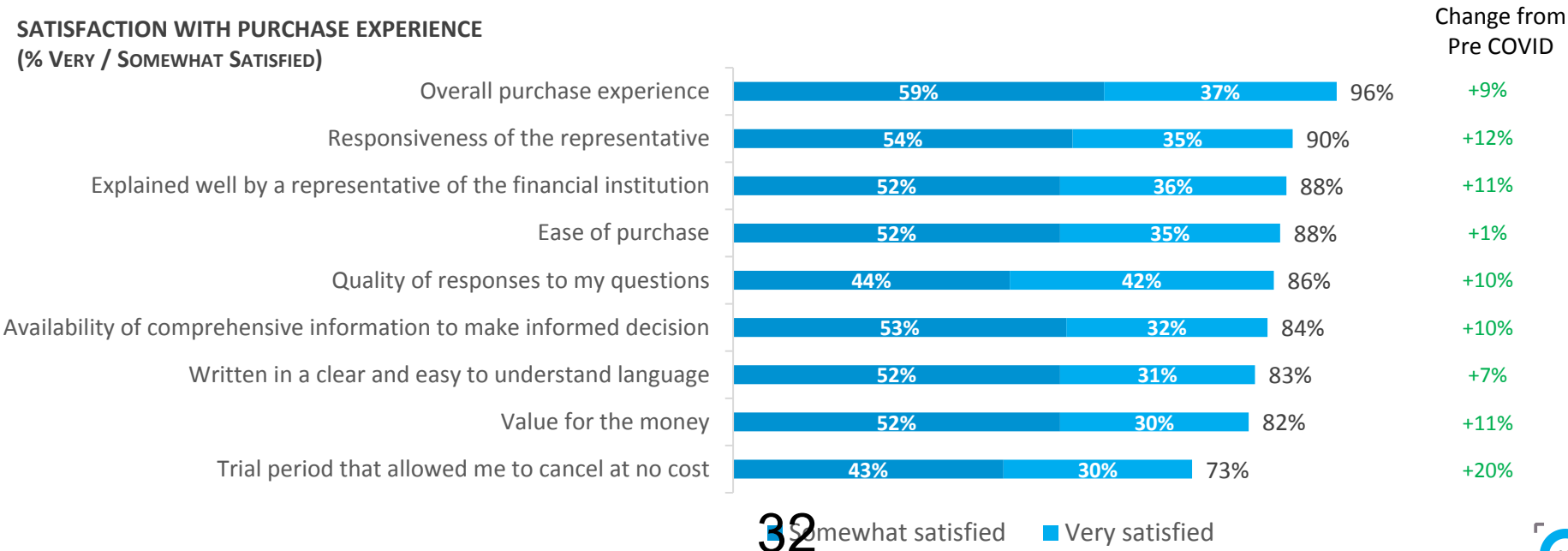


Q. At any point in the process of obtaining Credit Protect Insurance for your [mortgage/home equity line of credit], did you meet with a representative of the bank, financial institution or mortgage brokerage in-person? | **A14.** Why did you choose to conduct all or part of the process in person?
Base: Credit Protection Insurance Holders (N=197)

Q. The following questions are regarding your experience obtaining your Credit Protection Insurance for your [mortgage/home equity line of credit]. How did you complete the process of obtaining your Credit Protection Insurance? Base: Credit Protection Insurance Holders (N=197)

Satisfaction with CPI purchase experience during COVID-19 is high and has increased vs. 2018

- Satisfaction with specific aspects of the purchase experience are also very high (with more than four-fifths expressing satisfaction with most) and has increased by about 10% since 2018. Generally, customers feel their representatives are more responsive, and give more detailed yet clear and easy to understand information.

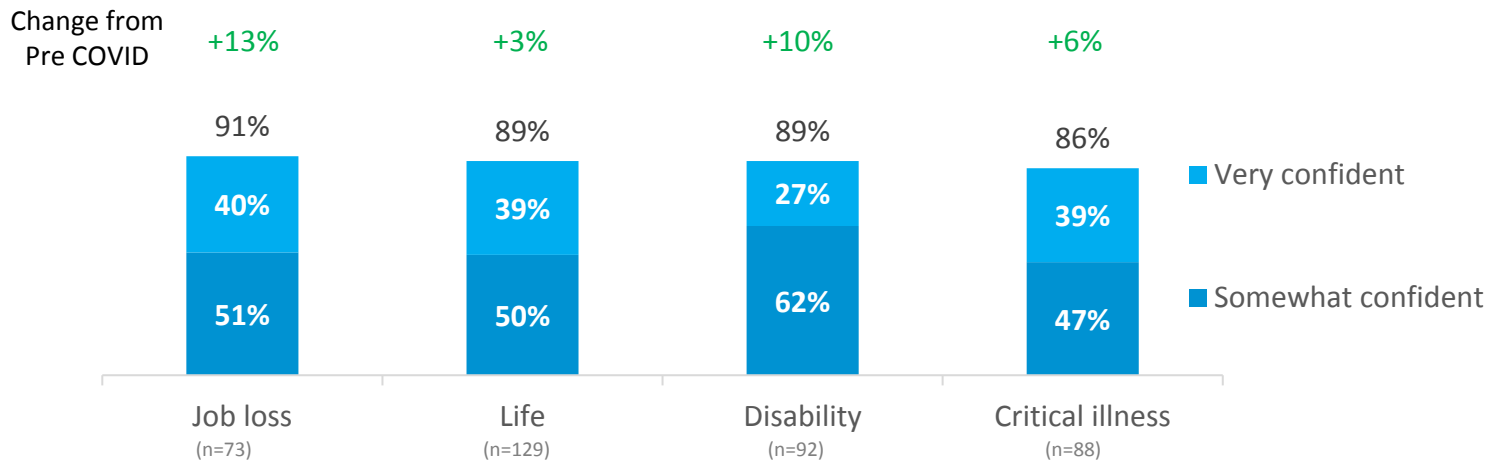


Q. Overall, how would you rate your level of satisfaction with the purchase experience, when you purchased your Credit Protection Insurance for your [mortgage/home equity line of credit]?
Q. More specifically, how satisfied were you with the following elements of the purchase process? Base: Credit Protection Insurance Holders (N=197)

Confidence in knowledge of benefits is also high and improved vs. 2018 for those obtaining CPI during the pandemic

- Confidence in this knowledge has increased across all insurance types compared to 2018 findings. The greatest increase was seen in that of job loss insurance, with 91% being confident now, compared to 78% having that same level of confidence in 2018. Confidence in disability insurance has also increased by 10%, while confidence in critical illness benefits is up by 6% and life insurance benefits is up by 3%.

CONFIDENCE IN KNOWLEDGE OF BENEFITS (% VERY / SOMEWHAT CONFIDENT)



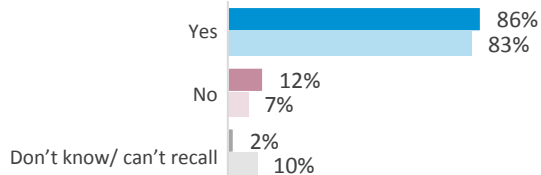
The changing methods of obtaining CPI had a minimal impact on the topics covered by representatives during the process

- In total, 79% of those obtaining a mortgage/HELOC talked to a representative about CPI – up slightly from 75% in 2018. Of the four-fifths who talked to a financial representative about CPI, the vast majority were told about the coverage options, the premiums, the advantages of the insurance and that it is optional.

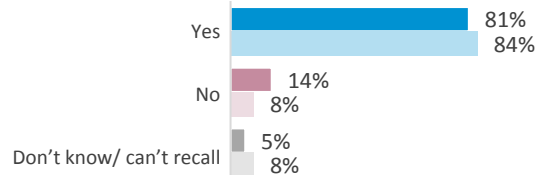
79% Talked To Representative

2018 75% TALKED TO REPRESENTATIVE

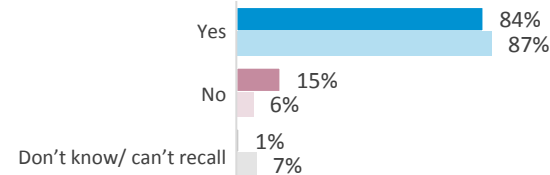
Coverage options that were available to me



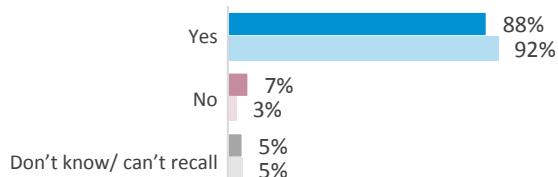
Premiums/costs of coverage options available



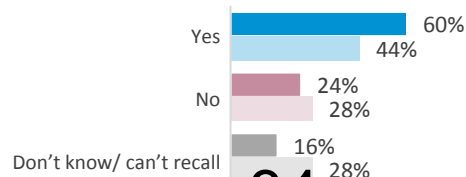
Advantages of having the insurance



CPI as way to protect me and/or my family



Told about free look or review period that was available



Q. Did a representative of your financial institution talk to you about each of the following features of Credit Protection Insurance?
Base: Talked To Representative In A6 or A7 (N=158)

34

2021
2018

**PANDEMIC HAS CHANGED THE WAY CANADIANS CONDUCT FINANCIAL
TRANSACTIONS, AND FOR SOME THE CHANGE WILL BE PERMANENT**
*But while the move to virtual sales and service channels has accelerated, most
consumers still want human interaction for certain transactions*

TORONTO, June 16, 2021 – The vast majority of Canadian consumers (84%) with Credit Protection Insurance (CPI) who participated in a recent survey say their experience during COVID-19 has made them more comfortable conducting financial transactions online, many (72%) say it has changed the way they want to conduct these transactions in future, and a significant number (70%) say they have upgraded their technology to make it easier to conduct financial transactions from home.

Before the pandemic, Canadians were most likely to conduct financial transactions such as arranging for loans or buying insurance in person at a branch, with 48% of people surveyed with Credit Protection Insurance (CPI) saying that's where they did these transactions. Once the pandemic is over, only 36% of respondents say they will return to a branch for these types of transactions -- a 12-point decline over 2018 -- and a sign that the trend towards virtual sales and service channels in financial services continues to build momentum with Canadians.

Consumers still put a high value on branches, with 66% of respondents saying they are looking forward to going back to theirs at some point in the future. Canadians also want the opportunity to deal with financial representatives, with 88% of respondents saying they would prefer this method especially for arranging loans and insurance. However, in addition to visiting a branch, nearly half of respondents (47%) say they would prefer another channel to speak with a representative such as over the phone (23%), have a person come to their home (13%), or speak with someone by video conferencing (11%).

The same sentiment applies to making an insurance claim, with 77% of respondents saying they would prefer to submit a claim on their CPI with the assistance of a representative, compared to 22% who would choose self-service as their preferred option. However, of those 77% who prefer human contact to make a claim, only 33% say they prefer it to be at a branch as opposed to other channels such as phone, home visit, video conferencing or email.

Those are the key findings of a new [Pollara Strategic Insights survey](#) that asked Canadians who had purchased CPI on their mortgage and/or Home Equity Line of Credit (HELOC) since the pandemic started or planned to do so within the next two years, about their experiences and future financial transaction preferences. CPI is used to pay off or pay down a mortgage or HELOC, or to make debt payments in the event of covered occurrences such as death, disability, critical illness, or job loss. The survey is the latest in a series commissioned by the Canadian Association of Financial Institutions in Insurance (CAFII) over the past 6 years that are designed to help its members remain up-to-date on the expectations, priorities and satisfaction levels of customers, and to identify areas for improvement.

According to this year's research, respondents also say it is important for financial institutions to make consumers comfortable with online transactions by providing certain features and benefits. Those include: make it easy for customers to connect with a person to get answers to their questions in real time (93%); ensure plain language information is available online (92%); ensure security and protection of personal information (92%); provide immediate online confirmation of the transaction (91%); provide online tools and diagrams to illustrate product and price information (89%); have all personal information shared only through a secure online portal (89%); and provide customers the ability to deal with one representative throughout the process (88%).

The survey also shows that COVID-19 has raised the prominence of insurance as an option for Canadians, with 65% of respondents saying they are more likely to obtain CPI for a mortgage or HELOC than before the pandemic. With respect to the various types of CPI coverage they chose, life is the most popular type of insurance for mortgages and HELOCs with 77% of respondents saying they had purchased it during the pandemic for a mortgage and 71% for a HELOC, down slightly from 2018. However, the percentage of consumers covered for disability, critical illness and job loss were all up versus 2018, with two-fifths obtaining the latter this year, an increase of 17% since 2018.

In terms of their purchase experience with CPI, 96% of respondents say they were somewhat/very satisfied, a nine-point increase over 2018 when the question was last asked in a Pollara survey. Similarly, respondents report an increased level of confidence in and knowledge of the CPI coverage they purchased.

"While the pandemic has and will continue to change the way that people conduct financial transactions in Canada, we are pleased to see consumers are adapting well to their new reality, and that our industry's customer satisfaction levels have been up to the challenge," said Keith Martin, Co-Executive Director of the Canadian Association of Financial Institutions in Insurance (CAFII). "We also appreciate the value that Canadians place on the availability of in-person service, and their confidence in the people working in financial services who provide it."

These are the key results from a national online survey of 1,002 adult Canadians with who had obtained CPI on a mortgage and/or HELOC since April of 2020, and those who said they were likely to obtain a mortgage or HELOC within the next two years and will likely obtain CPI coverage. The survey was conducted from March 3 to March 10, 2021.

About CAFII: The [Canadian Association of Financial Institutions in Insurance](#) is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. CAFII believes that consumers are best served when they have meaningful choice in the purchase of insurance products and services. CAFII's 14 members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Life Insurance Company; along with major industry players Assurant Canada; The Canada Life Assurance Company; Canadian Premier Life Insurance Company; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

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

- 30 –

Media contact for CAFII:

David Moorcroft, Public Affairs Advisor

Email: david@strategy2communications.com

Tel: 416-727-1858

Briefing Note

**CAFII EOC Meeting 25 May, 2021—Agenda Item 4(b)(i)
Committee Updates—Media Advocacy—New Motion Graphics Website Video on Result of
Research Project On Insurance Consumers’ Digitization Preferences**

Purpose of this Agenda Item – *Update*

To update the EOC on the next motion graphic video that CAFII is planning to produce.

Background Information

After the public release of the CAFII research with Pollara on the digitization preferences of consumers, a motion graphic video highlighting the key findings will be produced and then posted on the CAFII website.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 4(c) Committee Updates—Market Conduct & Licensing

Purpose of this Agenda Item – *Update*

To update the EOC on recent Market Conduct & Licensing Committee activities.

Background Information

CAFII is working on a number of issues around market compliance:

- We recently answered some questions FSRA had about the UDAP Rule;
- We have an active Working Group on *AMF RADM and Credit Card-Embedded Insurance Benefits*;
- We have an active Working Group on the *FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI*.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting 25 May, 2021—Agenda Item 4(d)
Committee Updates—Travel Insurance Experts Working Group**

Purpose of this Agenda Item – *Update*

To update the EOC on recent activities of the travel medical insurance issues.

Background Information

B. Wycks will provide an update as the role of Travel Insurance Experts Working Group Chair has been vacant of late, pending the appointment of a successor to Afzal Baig.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 4(e)(i) Committee Updates—Networking & Events

Purpose of this Agenda Item – *Update*

To update the EOC on an upcoming CAFII webinar.

Background Information

CAFII has a webinar planned for 3 June, 2021 on RIA licencing regimes in Canada, with one senior staff executive from each of the three Western Canada Insurance Councils that operate RIA regimes as the panelists.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(e)(i)
May 25/21 EOC Meeting

We are pleased to invite you to attend our upcoming second CAFII Webinar of 2021 on:

***Restricted Insurance Agents (RIA) Licensing Regimes In Canada:
A Look Back And The Way Forward***

***A Virtual Fireside Chat with Joanne Abram, April Stadnek,
and Barbara Palace Churchill***

Thursday, June 3, 2021
from 1:00 to 2:00 pm EDT
via Zoom Webinar

Joanne Abram,
CEO, Alberta Insurance
Council (AIC)

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



April Stadnek
Director of Compliance &
Enforcement, Insurance
Councils of Saskatchewan
(ICS)

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



Barbara Palace Churchill
Executive Director, Insurance Council of Manitoba (ICM)

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



In this fireside chat webinar on Restricted Insurance Agent Licensing Regimes In Canada, staff executive panelists from the Alberta Insurance Council, the Insurance Councils of Saskatchewan, and the Insurance Council of Manitoba will dialogue with moderator Keith Martin on topics such as

- the evolution of Restricted Insurance Agent licensing regimes in Canada over the past 10-plus years;
- the challenges of regulatory oversight of a diverse set of distributors: from the compliance and control savvy of big banks to small businesses which didn't have much initial awareness of their role or obligations as insurance distributors under a restricted certificate/corporate license;
- the scope which RIA licensing regimes provide for innovation, including how new products and distributors get added;
- the importance of incidentally-sold insurance products and distribution methods in providing protection for Canadians; and the related importance of a well-structured and resourced RIA licensing regime in regulating this sector; and
- the need for regulators to have access to industry expertise and to have in place mechanisms for RIA licensee representation/a "voice" – in order to achieve and maintain strong, informed, fair and equitable regulatory oversight.

[Click Here to Register](#)

For further information or assistance, please email info@cafii.com or call 416-494-9224 ext. 3.

We look forward to welcoming you to this 2021 CAFII webinar.

Sincerely,

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Canadian Association of Financial
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Keith Martin
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Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 4(e)(ii) Committee Updates—Networking & Events

Purpose of this Agenda Item – *Update*

To update the EOC on an upcoming CAFII webinar.

Background Information

CAFII has a webinar planned for 9 June, 2021 on the future of travel and travel insurance as the world emerges from the COVID-19 pandemic.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(e)(ii)
May 25/21 EOC Meeting

We are pleased to invite you to attend our upcoming third CAFII Webinar of 2021:

***The Future Of Travel and Travel Insurance As The World
Emerges From COVID-19***

***A Virtual Fireside Chat with Will McAleer, Joan Weir, Katia Umutoniwase
and David Moorcroft***

Wednesday, June 9, 2021
from 12:00 noon to 1:00 pm EDT
via Zoom Webinar

Will McAleer

Executive Director of the
Travel Health Insurance
Association of Canada
/ President of World
Travel Protection



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

Joan Weir

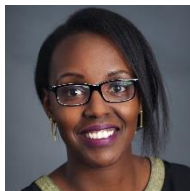
Director of Health &
Disability Policy at
CLHIA (Canadian Life &
Health Insurance
Association)



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

Katia Umutoniwase

Director of Operations
& Portfolio Optimization
at Manulife



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

David Moorcroft

Founder of



Strategy2Communications (S2C) / Host of
“The Business of Blockchain” Podcast.

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

In this fireside chat webinar, expert panelists from THIA, CLHIA, CAFII and a Passionate Traveler and Travel Blogger will dialogue with moderator Keith Martin on topics such as

- “revenge” travel;
- approaches to re-opening borders to international travelers;
- proof of vaccination and vaccination passports: a must to be able to travel internationally?;
- the end of the international travel “bucket list”?;
- impact on travel to lesser developed countries that rely on tourism and which will likely have a slower vaccination schedule;
- does Airbnb accommodation become more desirable than hotels, motels, and resorts?;
- five years from now, will cruise holidaying be stronger or weaker than it was pre-pandemic?;
- the impact on large group tourism, including school tours?;
- will local and domestic tourism see a net benefit?;
- will Canada’s airlines ever fully recover?;
- will the Canada-US border ever be the same again?;
- the impact on trip interruption insurance and what we’ve learned to improve the product?;
- the impact on travel health insurance and what we’ve learned to improve the product?

[Click Here to Register](#)

For further information or assistance, please email info@cafii.com or call 416-494-9224 ext. 3.

We look forward to welcoming you to this 2021 CAFII webinar .

Sincerely,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
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Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 4(e)(iii) Committee Updates—Networking & Events

Purpose of this Agenda Item – *Update*

To update the EOC on an upcoming CAFII webinar.

Background Information

CAFII has a webinar planned for 15 June, 2021 – primarily for an audience of insurance regulators and policy-makers from across Canada -- on the results of CAFII's research project on insurance consumers' digitization preferences.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 5(a)

Recent and Upcoming Strategic and Regulatory Initiatives—CAFII Board Decision On Legal Arguments/Opinion To Oppose AMF’s Interpretation on RADM’s Applicability to Credit Card-Embedded Insurance Benefits and Resulting Regulatory Expectations

Purpose of this Agenda Item – *Update / Discussion*

To update the EOC on the decision of the CAFII Board to engage legal counsel to prepare a legal opinion around the AMF’s position on credit card-embedded insurance benefits.

Background Information

At a Special Purpose Board Meeting on 19 May, 2021, the CAFII Board decided to proceed with retaining Norton Rose Fulbright to deliver a legal opinion on CAFII’s legal options around the AMF position that the RADM applies to credit card-embedded insurance benefits. The Board did not indicate that it would use the legal opinion in any way, but felt it would be worthwhile to hear what its legal options are. The Board is aware of the Working Group on Industry Alignment Around Compliance with AMF’s Expectations Re RADM’s Applicability to Credit Card-Embedded Insurance Benefits, and supports that initiative.

Recommendation / Direction Sought – *Update / Discussion*

This is an update with an opportunity for discussion.

Attachments Included with this Agenda Item

3 attachments.

Norton Rose Fulbright Canada LLP
1 Place Ville Marie, Suite 2500
Montréal, Quebec H3B 1R1 CANADA

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memorandum

From	Marc Duquette Dominic Dupoy Pier-Olivier Poisson	Date	April 26, 2021
Direct line	Marc Duquette 514.847.4508 Dominic Dupoy 514.847.6102 Pier-Olivier Poisson 514.847.4278		
Email	marc.duquette@nortonrosefulbright.com dominic.dupoy@nortonrosefulbright.com pier-olivier.poisson@nortonrosefulbright.com	Our ref	1001098952
To	Keith Martin	Your ref	●
Copy	Brendan Wycks	Your ref	●

Dear Mr. Martin:

Application of RADM to Credit Card-Embedded Insurance Benefits

You have asked for our input regarding the position adopted by the Autorité des Marchés Financiers (**AMF**) that the *Regulation respecting Alternative Distribution Methods* (**RADM**) applies to credit card-embedded insurance benefits and the strategy to be developed by the Canadian Association of Financial Institutions in Insurance (**CAFII**) in that regard.

We understand that meetings and discussions have been held between representatives of CAFII and the AMF in order to discuss the above issue, and that CAFII has written to the AMF on July 7, 2020 to propose certain practical solutions on behalf of its members. You have informed us that the AMF, in a response dated March 30, 2021, has replied that it expects insurers to prepare product summaries that fully comply with section 20 of the RADM to be given to consumers when they choose their credit card and complete an initial disclosure. More specifically, the AMF expects that the insurers will fulfill the following before September 17, 2021:

- Disclose each product embedded in the credit cards under the distribution without representative (DWR) regime (one file per product);
- Make each product summary and a specimen of the policy or the insurance certificate accessible on their own website; and

CAN_DMS: \139029396\1

CONFIDENTIALITY NOTICE: This external memorandum, including any attachments, is confidential and may be privileged. If you are not the intended recipient please notify the sender immediately, and please delete it; you should not copy it or use it for any purpose or disclose its contents to any other person.

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- Provide the AMF with an action plan to implement the delivery of the summary by their distributors to the clients, to train their distributors and to implement the necessary adjustments to their processes to comply with the Quebec laws and regulations.

We also understand that CAFII is considering asking for this September 17 delay to be extended, but that it has not yet applied for the extension at this time.

NRFC OPINION

In the above context, you have sought assistance to develop legal arguments in order to convince the AMF that the RADM should not apply to credit card-embedded insurance benefits or, at the very least, to obtain some leverage in that regard.. A summary of the principal legal considerations to be examined by us in a written opinion follows below.

CAFII intends to let the AMF know of its intention to consult with Norton Rose Fulbright Canada (**NRFC**) in order to evaluate its legal options as soon as possible. The need to obtain NRFC's view may also be presented as a justification for an extension of the AMF's delay as your members may decide to wait for the advice before implementing changes, if any.

Given CAFII's fundamental right to obtain legal advice, the apparent complexity of the issues, the practical impact of those issues on the business model of CAFII's members and the admission by the AMF that the application of the RADM to credit card-embedded insurance benefits is an "emerging issue", we are of the view that the AMF will most probably agree that it is appropriate for CAFII to seek legal guidance from external counsel in the present circumstances.

CAFII does not need to disclose to the AMF the specific subject matters to be examined by NRFC. Nor does it need to commit to communicate the contemplated opinion to the AMF. In our view, CAFII should merely explain that the potential application of the RADM to credit card-embedded insurance benefits raises important and complex legal issues and that those issues need to be examined in details by NRFC and be the subject of a strong consensus among CAFII members.

Regarding the opinion sought, we propose to examine whether the RADM applies to credit card-embedded insurance benefits. To this end, subject to your comments and instructions, we propose to consider the following elements in our opinion :

- Review of the RADM and of its preceding regulatory regime;
- Review of the doctrine and case law dealing with the application of the RADM and its preceding regulatory regime;
- Review of the various documents issued by the AMF and interested stakeholders during the consultation process led by the AMF before the adoption of the RADM;
- Review of the applicable statutory interpretation principles;
- Preliminary analysis of the legislative framework governing other benefits generally offered with credit cards e.g. reward programs, fraud protection, etc.;
- Preliminary analysis of the situation in the other Canadian provinces;

- Practical issues flowing from a potential application of the RADM to credit card-embedded insurance benefits and creative ways that may ease the AMF's concerns regarding the protection of Quebec consumers;
- Analysis of certain provincial and federal statutory provisions relating to the distribution of insurance products; and
- Jurisdiction of the AMF to impose the RADM on federally-regulated entities and issues relating to the *Bank Act*;

We should be in a position to deliver an opinion in late May or early June 2021. We estimate that fees for the preparation of the opinion should not amount to more than \$50,000 CDN. The estimate also covers participation in one or two calls with a committee of your members to discuss our draft opinion and a limited number of revisions to the draft opinion.

Should you wish us to participate in a meeting with AMF representatives to present and discuss our conclusions, we would estimate an additional budget of \$3,000 to \$5,000 for the preparation and participation in the meeting, assuming it is held by electronic means, in view of the current pandemic restrictions.

Should a change in the circumstances of our work materially affect our above estimate, or should our mandate be expanded to include representations to parties other than CAFII, its members or the AMF, such as the Quebec Department of Finance Department, we will seek from you further instructions regarding our estimate.

The same would also apply if we were to conclude that it is simply not possible to adequately comply with the RADM and that CAFII would like to retain our services regarding a possible challenge before the Courts.

We trust that the above accurately describes the proposed mandate. Should you have any question or comment, however, please do not hesitate to ask.

Agenda Item 5(a)(2)
May 25/21 EOC Meeting

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

Envoyé : 28 avril 2021 09:24

À : Duquette, Marc <marc.duquette@nortonrosefulbright.com>

Cc : Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>; Poisson, Pier-Olivier <pier-olivier.poisson@nortonrosefulbright.com>; Brendan Wycks <brendan.wycks@cafii.com>

Objet : RE: Follow up from CAFII

Thank you Marc. I appreciate your getting back to us so quickly.

We are currently organizing a special purpose meeting of the CAFII Board of Directors to review your proposal. Until that meeting is held, we should pause further activity, but that won't be a long pause, as we will attempt to have a meeting in the next few weeks at the latest.

Meantime, I will be sure to keep you informed of any developments on our end.

Regards,

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

From: Duquette, Marc <marc.duquette@nortonrosefulbright.com>

Sent: April 26, 2021 5:53 PM

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

Cc: Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>; Poisson, Pier-Olivier <pier-olivier.poisson@nortonrosefulbright.com>; Brendan Wycks <brendan.wycks@cafii.com>

Subject: RE: Follow up from CAFII

Keith

As promised earlier today, attached please find a draft memo summarizing the proposed mandate and opinion. Should you have any question or comment, please do not hesitate to let me know.

Best regards,

Marc Duquette

Associé principal

Senior Partner

Norton Rose Fulbright Canada S.E.N.C.R.L., s.r.l. / LLP

From: Duquette, Marc <marc.duquette@nortonrosefulbright.com>
Sent: April 26, 2021 11:41 AM
To: Keith Martin <Keith.Martin@cafii.com>
Cc: Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>; Poisson, Pier-Olivier <pier-olivier.poisson@nortonrosefulbright.com>; Brendan Wycks <brendan.wycks@cafii.com>
Subject: RE: Follow up from CAFII

Bonjour Keith

Sorry for not responding earlier. I expect to send you a draft proposal later today but, in anticipation of your meeting of tomorrow, here are my thoughts on your more urgent questions below.

If your members opt to seek an extension, it would probably be better to ask for a specific date in late Fall that can be justified by your members, rather than an extension left to the discretion of the AMF (which, if granted, could be too short). I note that the Banks and probably some members who are subsidiaries of Banks have October 31 year-ends and any change before that might perhaps be problematic. Late November would thus not appear too unreasonable.

Secondly, we would suggest that the letter be on CAFII letterhead (we would be pleased to assist in its review) and introduce us, in copy, as having been retained to assist and advise CAFII in relation to the legal and regulatory aspects of the matter. This may be used as a further reason to seek a little more time to allow NRFC to properly advise you.

Regarding Eric Stevenson, we believe it is worth communicating with the Finance department and Mr. Stevenson himself to explore whether there might not be another option involving the adoption of an amendment to the regulation. We are not convinced, despite the AMF's comments to this effect, that it would "take 5 years" to change the regulation. In this regard, we would be pleased to assist as well, if CAFII wishes us to, in communicating with the public office holders, provided we comply with the applicable lobbyist registration rules.

If there is any will on the part of Finance to hear what we have to propose, then we could more easily convince the AMF to give us additional time to comply with the soon-to-be amended requirements, as opposed to the current prescribed disclosure. If Finance, on the other hand, turns down our proposal, we will have a better idea of the real support for the AMF's position.

Before we even approach the Department, we would recommend preparing a draft of an amendment to the Regulation that your members would be prepared to live, and comply, with. Dominic, Pier-Olivier and I have a few ideas on that but we would need to prepare a quick draft for discussion and for your consideration.

I will send you separately this afternoon, for your review and comment, a proposal for our mandate.

Best regards,

Marc

Marc Duquette

Associé principal

Senior Partner

Norton Rose Fulbright Canada S.E.N.C.R.L., s.r.l. / LLP

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

Envoyé : 23 avril 2021 13:58

À : Duquette, Marc <marc.duquette@nortonrosefulbright.com>

Cc : Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>; Poisson, Pier-Olivier <pier-olivier.poisson@nortonrosefulbright.com>; Brendan Wycks <brendan.wycks@cafii.com>

Objet : RE: Follow up from CAFII

Bonjour Marc,

Just wanted to mention that we are hoping you can answer our first two questions below by next Tuesday, 27 April, at noon, as we would like to share your views with the Executive Operations Group at that meeting.

We are hearing from some members that they believe an extension is essential as they cannot get this done, if they do try to comply, by 17 September.

If we do ask for an extension, would it in your opinion be better to ask for it directly from CAFII, or should Norton Rose ask for it as CAFII's legal counsel on this file?

Thanks Marc,

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

From: Keith Martin

Sent: April 21, 2021 9:00 AM

To: 'Duquette, Marc' <marc.duquette@nortonrosefulbright.com>

Cc: Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>; Poisson, Pier-Olivier <pier-olivier.poisson@nortonrosefulbright.com>; Brendan Wycks <brendan.wycks@cafii.com>

Subject: Follow up from CAFII

Hi Marc,

Thanks for the call yesterday, from our perspective it was very productive.

I had some questions or thoughts for you.

1. On Tuesday, 27 April we will have an Executive Operations Committee—the CAFII Committee that looks at our key initiatives and files and provides input as well as recommendations to the Board—and it will discuss the AMF file. One of the issues is if our members try to comply with the direction the AMF has provided, it will be very hard to do so by September, so we may ask for an extension. But we wanted to ask you, would asking for an extension undermine our work on legal arguments by implying that we intend to comply? Or could we, as we did with the spousal issue, ask for more time to develop our legal position?
2. If we draft a letter requesting an extension, we will share it with you and your colleagues first.
3. We are comfortable at some point if you want to compare notes with Jill McCutcheon at Torys, who is working on this file for THIA, to ensure that our two Associations are aligned.
4. Also, do you think it would be worthwhile for you to speak to Eric Stevenson about this file, and see if he has any insights?

Thanks

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

April 23, 2021

AMF Response to THIA on the Application of the Distribution without a Representative Regime to Credit Card Embedded Insurance Products

On July 14th, 2020 THIA wrote to the Quebec Autorité des marchés financiers (AMF) to express the concerns of our members with respect to its position on the application of the Distribution without a Representative (DWR) regime under the *Regulation respecting Alternative Distribution Methods* (RADM) to credit card embedded insurance products.

The industry has generally taken the view that there is no offer, sale, negotiation or distribution of these insurance benefits to the cardholders, as they are pre-negotiated between the credit card issuer and the insurer under a master policy.

However, the AMF has now responded and confirmed its view that credit card included insurance products are subject to the DWR regime in Quebec. This means that the AMF will expect all insurers and card issuers that offer these products to prepare product summaries and provide them to consumers when they choose their credit card. The AMF will also expect insurers to complete an initial disclosure in accordance with the RADM. The AMF has indicated that it expects insurers to complete the following by **September 17, 2021**:

- Disclose each product embedded in the credit cards under the DWR regime (one file per product);
- Make each product summary and a specimen of the policy or the insurance certificate accessible on their own website;
- Provide the AMF with an action plan to implement the delivery of the summary by their distributors to the clients, to train their distributors and to implement the necessary adjustments to their processes to comply with the Quebec laws and regulations.

In addition, the AMF has provided clarifications on the application of certain provisions of the RADM in response to specific questions raised by THIA, which have been attached at the end of this bulletin.

THIA plans to reply to the AMF and continue to advocate for the position that the distribution takes place between the insurer and the card issuer, *not* the individual cardholder. Cardholders do not have the ability to pick and choose between different benefits, they do not pay for the coverages, and they are under no obligation to use them.

However, given the nature of the AMF's position so far, it is important for our members to take note of the September 17, 2021 deadline and the steps the AMF has requested insurers to complete by that time.

AMF Clarifications to Specific Issues Raised by THIA

Fact sheet and notice of resolution	<p>The AMF cannot exempt insurers from the disclosures required by the law or regulation. According to the legislation, distributors are required to provide consumers with these documents.</p> <p>There are insurers offering credit card-embedded insurance products that have these documents delivered by distributors and to date, no issues have been brought to our attention by these insurers nor did we receive any complaint from consumers confused by the approach.</p>
Initial disclosure	<p>The AMF expects insurers to provide all the data required in the initial disclosure, that is:</p> <ul style="list-style-type: none"> • the information required under section 66 of the Insurers Act; • the name and contact information of the third party to which the insurer has entrusted the performance of the obligations of an insurer with respect to the distribution of a product through a distributor, if applicable; • the hyperlink or any other means to access the distributor's offer through the Internet, if applicable. • the contact information of the insurer's assistance service referred to in section 27 of the RADM.

	<p>We note that overall, there are 2 main guarantees offered:</p> <ol style="list-style-type: none"> 1- Insurance covering goods purchased with the credit card which includes contractual liability insurance assumed by the cardholder when renting a vehicle paid for with the card. <p>This falls under the “credit card and debit card insurance” provided under section 424 (3) of the Distribution Act.</p> <ol style="list-style-type: none"> 2- Travel Insurance <p>The AMF expects that Travel Insurance be disclosed under “Travel insurance”. These products cannot be disclosed under “credit card and debit card insurance”.</p> <p>For more specific questions regarding the disclosures, please do not hesitate to contact the analyst assigned to this file.</p>
Annual disclosure	<p>The AMF expects to receive all the following information:</p> <ol style="list-style-type: none"> 3- The number of insurance policies and certificates issued, and the amount of premiums written; <p>We assume that the credit card issuer pays an amount per credit cardholder for the insurance. Therefore, this amount should be considered a premium by the insurer.</p> <p>The number of insurance policies and certificates issued corresponds to the new certificates only.</p> <ol style="list-style-type: none"> 4- The number of claims and the amount of indemnities paid; 5- The number of rescissions and cancellations; You can enter the number of credit cards cancelled. 6- The remuneration paid to all distributors and third parties referred to in subparagraph 1 of the first paragraph of section 20 of the RADM. <p>If the distributors are not paid, the answer is 0.</p>

Delivery of the product summary	<p>Consumers must receive the product summary when choosing their card, both in person and online. We expect consumers to receive the summary for the product they are interested in.</p> <p>Online, the summary can be provided to the consumer in a format that will allow he or she to keep it. The distributor does not have to send the summary to the consumer in a paper format, an electronic format is sufficient.</p> <p>For other means of communication with the consumer that do not allow the summary to be provided at the time of the offer, section 23 of the RADM applies.</p> <p>The person who should receive the summary is the person who chooses the card and requests it.</p>
Examples of product summaries	<p>The AMF does not provide examples of summaries. However, if the industry wishes to use a standard format, we will be available to review it and provide general comments on this template.</p> <p>Summaries must be prepared on a product-by-product basis. A consumer should also not receive a document containing explanations about products that have not been offered to him or her or that he or she has not chosen.</p> <p>There are products offered through DWR where more than one insurer underwrites the risk. This is not an issue. The important thing is that the information provided is clear and relevant to the consumer.</p> <p>A product that is underwritten by more than one insurer must be disclosed to the AMF by only one of the insurers, which will then list the second insurer as a secondary insurer. Please note that the summary must contain the names and contact information of all insurers who underwrite the product.</p>
Obligation to provide training	<p>Insurers have to train their distributors as required by the RADM. Credit unions, banks and financial institutions are distributors of other products offered through DWR. Insurers must train their credit card issuers in the same way as other distributors.</p>

	<p>We understand that the implementation of these trainings will not be done instantaneously. We therefore ask that you submit an action plan to this effect.</p> <p>In addition, the insurer must have an assistance service to answer distributors' questions for each product offered.</p>
Presence of the summary on the insurer's website	<p>Insurers must make their summaries accessible on their website. If more than one insurer underwrites the same product, each insurer must make it available on its website.</p>

Briefing Note

CAFIL EOC Meeting 25 May, 2021—Agenda Item 5(b)

Recent and Upcoming Strategic and Regulatory Initiatives—CAFIL Extension Request Letter To AMF Re September 17/21 Deadline For Affected Insurers To Submit Product Summaries and An Action Plan, Arising From AMF Position That RADM Fully Applies to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – *Update / Discussion*

To update the EOC on the status of CAFIL’s draft letter to the AMF seeking an extension to its stipulated 17 September, 2021 deadline for affected insurers to provide certain documents to the regulator, arising from its ruling that the Regulation respecting Alternative Distribution Methods (RADM) applies fully to credit card-embedded insurance benefits

Background Information

At its April 27/21 meeting, the EOC requested the preparation of a CAFIL deadline extension request letter to the AMF with respect to its stipulated 17 September, 2021 deadline for affected insurers to provide certain documents to the regulator, arising from its ruling that the Regulation respecting Alternative Distribution Methods (RADM) applies fully to credit card-embedded insurance benefits.

Recommendation / Direction Sought – *Update / Discussion*

This is an update with an opportunity for discussion.

Attachments Included with this Agenda Item

1 attachment.

xx May, 2021

Mr. Mario Beaudoin
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

Mr. Patrick Déry, Superintendent, Solvency
Ms. Louise Gauthier, Senior Director, Distribution Policies
Ms. Kim Lachapelle, Interim Superintendent, Client Services and Distribution Oversight

Dear Mr. Beaudoin:

Re: Deadline Extension Request for insurers' disclosure of each product embedded in credit cards; posting of product summaries on websites; and providing the AMF with an action plan regarding compliance with RADM's applicability to credit card-embedded insurance benefits

We are writing in follow-up to your March 30, 2021 letter which requires that CAFII member insurers who underwrite credit card embedded insurance benefits complete the following by September 17, 2021:

- "Disclose each product embedded in the credit cards under the DWR regime" (one file per product);
- "Make each product summary and a specimen of the policy or the insurance certificate accessible on their own website"; and
- "Provide the AMF with an action plan to implement the delivery of the summary by their distributors to the clients, to train their distributors and to implement the necessary adjustments to their process to comply with Quebec laws and regulations."

Our member insurers and their credit card issuer partners have indicated that they will be challenged to meet the stipulated September 17, 2021 deadline in a thorough and complete manner that is satisfactory to the AMF.

Our Association has therefore resolved to make this request, on behalf of all CAFII members, to the AMF: a deadline extension of three months to **Friday, December 17, 2021**.

Our members have indicated that having an additional three months will be critically important to their ability to meet the AMF's above-noted expectations, in the best interests of customers.

To share supporting operational context, the primary reason for this deadline extension request is the volume-based fact that each CAFII member insurer has a portfolio of many different credit cards and each card typically has several different embedded insurance benefits.

In addition,

- the creation of product summaries that will comply with the *Regulation respecting Alternative Distribution Methods* (RADM) for the many different embedded insurance benefits, which are sometimes underwritten by multiple insurance companies, is a complex undertaking. It will require substantive, collaborative, iterative, and time-consuming effort. Insurers have stringent internal approval protocols in place to ensure adherence with appropriate change management guidelines, including legal, compliance, branding, and technology risk assessments. Product summary documentation will need to be carefully reviewed to ensure that the information is provided in clear and comprehensible language for credit card applicants. In addition, communication and training will need to occur with relevant staff, to support the new consumer disclosure information posted on insurers' websites; and
- regarding the AMF's expectation around the submission of action plans, insurers are working concurrently on them and the same resources will be tasked with delivering them, which further adds to project complexity and further taxes internal capacity. Preparing the action plans will require insurers to conduct an in-depth impact-analysis on the change to both their own processes and their card issuer partner's operations. Maintaining a seamless customer experience is an important overarching/guiding principle for insurers and a key consideration in their impact analysis and action planning.

Due to these complex and interdependent operational realities, CAFII is requesting a three month extension to the AMF's deadline, to December 17, 2021, which would make a significant and favourable difference in the ability of our members to meet your expectations in a thorough, accurate, professional, and complete manner.

We would like to assure you that CAFII member insurers and their distributor partners continue to work diligently on this file. We thank you, in advance, for your consideration of this deadline extension request, made on behalf of all CAFII members. Should you require additional information or clarification related to this request or wish to arrange a meeting with CAFII representatives for that purpose, please contact Keith Martin, Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

We look forward to receiving your response at your earliest convenience.

Sincerely,

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 5(c)

Recent and Upcoming Strategic and Regulatory Initiatives—CAFII Outreach Request To CBA That It Engage in AMF Credit Card-Embedded Insurance Benefits Issue, Given Implications For Core Credit Card Offerings in Quebec

Purpose of this Agenda Item – *Update / Discussion*

To update the EOC on CAFII's outreach to the CBA that it engage in the file around the AMF and credit card-embedded insurance benefits.

Background Information

CAFII requested of the CBA that it engage in the credit card-embedded insurance benefits issue in an email on 14 April, 2021, and it received an acknowledgement of the request on 21 April, 2021, but has not heard further from the CBA.

However, at the 19 May, 2021 Special Purpose Board Meeting, several Board members said that they were aware that the CBA was actively investigating getting engaged on this issue.

Recommendation / Direction Sought – *Update / Discussion*

This is an update with an opportunity for discussion.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(c)
May 25/21 EOC Meeting

CAFII Outreach To Canadian Bankers Association To Encourage It To Engage In AMF Credit Card-Embedded Insurance Benefits Issue

From: Docherty, Charles <CDocherty@cba.ca>
Sent: April-21-21 11:43 AM
To: Keith Martin <Keith.Martin@cafii.com>; Ciappara, Alex <ACiappara@cba.ca>
Cc: Brendan Wycks <brendan.wycks@cafii.com>
Subject: RE: Follow-up from CAFII on AMF's Position on RADM's Applicability to Credit Card-Embedded Insurance Benefits: Potential Impact for Banks' Core Credit Card Offerings in Quebec

Thanks Keith we are reviewing internally and will get back to you.

Charles



Charles Docherty | Assistant General Counsel | Avocat en chef adjoint

t: 416.362.6093 x 227
e: cdocherty@cba.ca
w: www.cba.ca

From: Keith Martin <Keith.Martin@cafii.com>
Sent: April 14, 2021 12:50 PM
To: Docherty, Charles <CDocherty@cba.ca>; Ciappara, Alex <ACiappara@cba.ca>
Cc: Brendan Wycks <brendan.wycks@cafii.com>
Subject: Follow-up from CAFII on AMF's Position on RADM's Applicability to Credit Card-Embedded Insurance Benefits: Potential Impact for Banks' Core Credit Card Offerings in Quebec

Hi, Charles and Alex.

At a CAFII Board of Directors meeting held yesterday, the Board directed Brendan and me, as CAFII management, to reach out to you – our key contacts at the CBA around market conduct, legal, and regulatory compliance issues for banks – to bring you up-to-date on recent developments on a critically important issue we are dealing with vis a vis the AMF in Quebec and credit card-embedded insurance benefits.

Our Board's view is that the AMF's now confirmed and finalized stance on the applicability of Quebec's Regulation respecting Alternative Distribution Methods (RADM) to credit card-embedded insurance benefits and its related consumer disclosures and regulatory compliance expectations as the province's financial services and insurance regulator will have disruptive and bottom-line implications not just for credit card-embedded insurance benefits – which CAFII Member bank distributors of credit protection insurance and travel insurance deal with – but for core credit card offerings in Quebec as well, which are the responsibility of CAFII members' corporate parent banks.

The key background documents which underlie this issue – including the AMF's March 30/21 response letter to CAFII's July 7/20 "Creative Solutions submission" on how the industry could meet the AMF half-way on its expectations arising from its position that the RADM does indeed apply to credit card-embedded insurance benefits (even though there is no "offer of insurance" with such embedded benefits) – are attached here for your review. On page 15 of the Quebec RADM you will find an example of a factsheet to be given to consumers for every imbedded insurance product, even though the factsheet contains information that is simply inaccurate for these products.

Our Board of Directors authorized us in yesterday's meeting to pursue a number of key next steps on this issue -- given the response set out in the AMF's March 30/21 letter – and we would like to arrange a virtual meeting opportunity to share with you what those next steps are.

One of those key next step directives is to engage with you at the CBA, and to outline our Board's view that given the current status of this issue – and the damage that the AMF's position will potentially cause to a core bank product – it is important that the CBA become engaged on this issue and bring its regulatory relations, communications, and advocacy experience and resources to bear, working in alignment with CAFII, with a view to getting the AMF to change its position on this matter.

To that end, we ask that you get back to us and propose three or four date/time options within the next week when you have 45 minutes to an hour available for a Zoom or MSTeams meeting with Brendan and me on this matter. We will send out a Meeting Invitation once we've settled on the date/time.

Thanks and best regards,

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

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 5(d)

Recent and Upcoming Strategic and Regulatory Initiatives—CAFII Working Group on Industry Alignment Around Compliance with AMF’s Expectations Re RADM’s Applicability to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – *Update / Discussion*

To update the EOC on the initial deliberations of a new CAFII Working Group on industry alignment and compliance around the AMF credit card-embedded insurance benefits issue.

Background Information

CAFII has developed a new Working Group that will seek industry alignment around compliance with the AMF’s expectation that the RADM applies to credit card-embedded insurance benefits. The Working Group has developed its mandate, its membership is complete, and it has met twice.

Recommendation / Direction Sought – *Update / Discussion*

This is an update with an opportunity for discussion.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(d)
May 25/21 EOC Meeting

CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits

Terms of Reference

Mandate

This Working Group will seek to develop an industry position on what can, and cannot, be done to meet the AMF's expectations arising from its interpretation/position that the Regulation respecting Alternative Distribution Methods (RADM) does apply to credit card-embedded insurance benefits.

Central to the rationale for this Working Group is the premise that it is optimal that the Action Plans which will be submitted to the AMF by CAFII Member insurers which underwrite credit card-embedded insurance benefits are well-aligned and do not contradict each other. Otherwise, the AMF will be in a position to choose the Action Plan it prefers and then direct all other industry participants to meet the same standards.

Process

In its 30 March, 2021 response letter to CAFII – in which it wholly rejected the creative solutions concessions proposed in CAFII's submission of 7 July, 2020 -- the AMF said it expected insurer underwriters of credit card-embedded insurance benefits to implement/ deliver the following by 17 September, 2021:

- *Disclose each product embedded in the credit cards under the DWR regime (one file per product);*
- *Make each product summary and a specimen of the policy or the insurance certificate accessible on their own website;*
- *Provide the AMF with an action plan to implement the delivery of the summary by their distributors to the clients; to train their distributors and to implement the necessary adjustments to their processes to comply with the Quebec laws and regulations.*

The Working Group will meet weekly to determine how best to meet these expectations, including what should be included in Member insurer Action Plan submissions to the AMF.

Participants

CAFII EOC and Board members will be invited to nominate representatives from their Member companies to serve on the Working Group. They will be encouraged to limit their nominees to two per company, and will be asked to include credit card expert representatives among their nominees, if possible.

The members of the previous Working Group on Creative Solutions will be invited to continue on this Working Group, but other nominees will be welcome as well.

The meetings will be Co-Chaired by Karyn Kasperski, RBC Insurance, and Scott Kirby, TD Insurance.

Meetings

Initially, the Working Group will meet every Thursday from 1.00 to 2.00 p.m. via MS Teams.

CAFII Working Group on AMF RADM and Credit Card-Embedded Coverages

Karyn Kasperski	RBC Insurance <i>Co-Chair</i>
Scott Kirby	TDI <i>Co-Chair</i>
Silvana Capobianco	BMO Insurance
Greg Caers	BMO Insurance
Mandy Rutten	CIBC Insurance
Anu Bains	CIBC Insurance
Benita Chan	RBC
Yael Lipman	RBC
Susan Johnston	RBC
Penny Cordogiannis	RBC Insurance
Trish Facciolo	RBC
Marie Nadeau	National Bank Insurance
Michelle Butler	Scotiabank
Pete Thorn	TDI
Tracey Torkopoulos	Assurant
Jennifer Russell	Assurant
Nadine Roy	Assurant
Isabelle Choquette	Desjardins
Monika Spudas	Manulife

Staff:

Keith Martin CAFII

Brendan Wycks CAFII

Albert Lin CAFII

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 5(e)

Recent and Upcoming Strategic and Regulatory Initiatives—CAFII Working Group on Industry Alignment Re Interpretation of FCAC’s Appropriateness Guideline’s Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance

Purpose of this Agenda Item – *Update / Discussion*

To update the EOC on the initial deliberations of a new CAFII Working Group on the FCAC’s Appropriateness Guideline, with an opportunity for discussion.

Background Information

A new Working Group has been created on the FCAC’s Appropriateness Guideline, and potential approaches to compliance for credit protection insurance products. The mandate has been developed, membership is complete, and the first meeting of the group has been held.

Recommendation / Direction Sought – *Update / Discussion*

This is an update with opportunity for EOC feedback.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(e)
May 25/21 EOC Meeting

CAFII Working Group On FCAC Appropriateness Guideline's Provisions Related To Authorized Insurance Products/Credit Protection Insurance

Terms of Reference

Mandate

This Working Group will seek to develop a shared understanding of the application of the FCAC Appropriate Standard to Authorized Insurance Products/Credit Protection Insurance as well as an industry level position on what would be an acceptable and implementable approach to compliance with the FCAC Appropriateness Guideline for Authorized Insurance Products/Credit Protection Insurance, from the perspective of the federal Financial Consumer Protection Framework (FCPF) and the provincial insurance regulatory framework, including Fair Treatment of Consumers principles.

Process

Based on the federal Financial Consumer Protection Framework (FCPF), the provincial insurance regulatory framework, including Fair Treatment of Consumers principles, and emerging regulatory developments the Working Group will look to:

- Explore what would constitute an “appropriate” or “inappropriate” enrolment
- Consider the information that would be required to determine whether an enrolment was appropriate
- Consider the changes required to current enrolment processes to account for product appropriateness
- Consider whether other processes (i.e., outside of the enrolment) that could be impacted by an appropriateness standard

As the Working Group will launch at a time when the FCAC Appropriateness Guideline is not available to CAFII, the work outlined above is expected to be completed without reference to it. When copy of the FCAC's Appropriateness Guideline is available, the Working Group can then cross-reference its work against that document.

Participants

Martin Boyle (BMO Insurance) will serve as the Chair of the Working Group.

CAFII EOC and Board members will be invited to nominate up to two representatives per Member company to serve on the Working Group.

Meetings

Initially the Working Group will meet every second Wednesday from 2:30 to 3:30 p.m. via MS Teams.

CAFII Working Group On FCAC Appropriateness Guideline's Provisions Related To Authorized Insurance Products/Credit Protection Insurance

Martin Boyle	BMO Insurance and Chair
Karam Al Saeygh	BMO Insurance
David D'Amico	BMO Insurance
Fernando Heleno	RBC Insurance
Penny Cordogiannis	RBC Insurance
Brad Kuiper	ScotiaLife Financial
Anu Bains	CIBC Insurance
Marie Nadeau	National Bank Insurance
Pete Thorn	TD Insurance
Aleks Omaljev	TD Insurance (legal)
Derek Andrews	Scotiabank
Ivana Veljovic	Assurant
Emily Brown	Sun Life

Staff:

Keith Martin, CAFII

Brendan Wycks, CAFII

Albert Lin, CAFII

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 5(f)

**Recent and Upcoming Strategic and Regulatory Initiatives—Insights Gained from
CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry**

Purpose of this Agenda Item – *Update*

To update the EOC on the insights gained from the weekly CAFII, CLHIA, and THIA meetings on the impact of COVID-19 on the travel insurance industry.

Background Information

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

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 6(a)

Governance Matters—CAFII 2021 Annual Meeting of Members on June 8, 2021

Purpose of this Agenda Item – *Update*

To update the EOC the upcoming 2021 Annual Meeting of Members.

Background Information

The 2021 CAFII Annual Meeting of Members will be held virtually on June 8, 2021.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Notice of Annual Meeting of Members
Canadian Association of Financial Institutions in Insurance

Notice is hereby given to all Members of the Canadian Association of Financial Institutions in Insurance that the Annual Meeting of Members will be held as a virtual-only meeting, via MS Teams, on Tuesday, June 8, 2021 at 2:00 p.m. EDT to transact the following business:

1. Call to Order; Welcome; and Opening Remarks
2. Declaration of Meeting Properly Called and Constituted
3. Approval of the Agenda
4. Approval of the Minutes of the CAFII Annual Meeting of Members held June 9, 2020
5. Approval of the CAFII 2020 Audited Comparative Financial Statements and Auditor's Report Thereon
6. Appointment of KPMG as CAFII's Auditor for the Ensuing Year
7. Special Resolution of Foundation Members (BMO Insurance; CIBC Life Insurance; National Bank Insurance; RBC Insurance Holdings; ScotiaLife Financial; and TD Life Insurance Only) to Confirm Bylaw Amendment Made by Board of Directors on December 1, 2020 (See Appendix A to Agenda)
8. Election of the following as members of the CAFII Board of Directors for 2020-2021:
 - Paul Cosgrove, Assurant
 - Peter McCarthy, Bank of Montreal, BMO Insurance
 - Rob Robinson, Canadian Premier Life Insurance Company
 - Mica Sweet, CIBC Life Insurance Company Ltd.
 - Kelly Tryon, CUMIS Services Incorporated
 - Chantal Gagné, Desjardins Insurance
 - Wally Thompson, Manulife
 - Peter Thompson, National Bank Insurance
 - Chris Lobbezoo, RBC Insurance Holdings Inc.
 - Zack Fuerstenberg, ScotiaLife Financial
 - Sophie Ouellet, Sun Life
 - Janice Farrell Jones, TD Life Insurance Company
 - Louie Georgakis, The Canada Life Assurance Company
 - Nicole Benson, Valeyo
9. Approval of Decisions and Actions of the Corporation
10. Transaction of Such Other Business as May Properly Be Brought Before the Meeting
11. Termination

Members are entitled to vote by proxy at the Annual Meeting of Members. A written proxy must be received at the CAFII office by email (albert.lin@cafii.com) before 2 p.m. on **Friday, June 4, 2021** in order to be valid at this meeting. The Annual Meeting of Members is expected to last approximately 15 minutes. The first meeting of the 2021-2022 CAFII Board of Directors will begin immediately thereafter.

Dated this 18th day of May, 2021, Rob Dobbins, CAFII Board Secretary

CAFII Annual Meeting of Members

Date: Tuesday June 8, 2021

Location: Virtual Meeting Via Microsoft Teams

2:00 p.m. EDT

[Virtual MStTeams Meeting](#)

Dial-In: 437-703-4263; Phone Conference ID: 965 295 258#

AGENDA

1. Call to Order; Welcome; and Opening Remarks
2. Declaration of Meeting Properly Called and Constituted
3. Approval of the Agenda
4. Approval of the Minutes of the CAFII Annual Meeting of Members held June 9, 2020
5. Approval of the CAFII 2020 Audited Comparative Financial Statements and Auditor's Report Thereon
6. Appointment of KPMG as CAFII's Auditor for the Ensuing Year
7. Special Resolution of Foundation Members (BMO Insurance; CIBC Life Insurance; National Bank Insurance; RBC Insurance Holdings; ScotiaLife Financial; and TD Life Insurance Only) to Confirm Bylaw Amendment Made by Board of Directors on December 1, 2020 (See Appendix A, page 2)
8. Election of the following as members of the CAFII Board of Directors for 2021-2022:
 - Paul Cosgrove, Assurant
 - Peter McCarthy, Bank of Montreal, BMO Insurance
 - Rob Robinson, Canadian Premier Life Insurance Company
 - Mica Sweet, CIBC Life Insurance Company Ltd.
 - Kelly Tryon, CUMIS Services Incorporated
 - Chantal Gagné, Desjardins Insurance
 - Wally Thompson, Manulife
 - Peter Thompson, National Bank Insurance
 - Chris Lobbezoo, RBC Insurance Holdings Inc.
 - Zack Fuerstenberg, ScotiaLife Financial
 - Sophie Ouellet, Sun Life
 - Janice Farrell Jones, TD Life Insurance Company
 - Louie Georgakis, The Canada Life Assurance Company
 - Nicole Benson, Valeyo
9. Approval of Decisions and Actions of the Corporation
10. Transaction of Such Other Business as May Properly Be Brought Before the Meeting
11. Termination

At its meeting on December 1, 2020, the CAFII Board of Directors unanimously passed the following Resolution:

That clause 7.2(d) of By-Law No. 1 of the Canadian Association of Financial Institutions in Insurance (CAFII) be amended as follows:

Secretary: The Secretary, or his or her delegate, shall give or cause to be given notice of all meetings of the Board and of the Members, have custody of the seal, minute books, registers and other corporate documents of the Corporation, cause to be kept a record of the minutes of all meetings of the Board and its committees, attend to correspondence and shall have such other duties as may from time to time be assigned to him or her by the Board. The Secretary ~~must be appointed from a Foundation Member organization and~~ will also serve as the chair of the Executive Operations Committee (EOC).

The aforementioned By-Law amendment was necessary to allow the Board to appoint a highly recommended candidate, Rob Dobbins of Assurant Canada, as the Association's new Board Secretary and Executive Operations Committee Chair.

Now, in keeping with clause 13.1 Bylaws, Amendment or Repeal of CAFII By-Law No. 1, which reads as follows:

"the Directors may, by resolution, make, amend or repeal any by-law that regulates the activities or affairs of the Corporation. Subject to the Act (i.e. the Canada Non-Profit Corporations Act) and the articles, any such by-law, amendment or repeal shall be effective from the date of the resolution of Directors until the next meeting of members where it may be confirmed, rejected or amended by the Foundation Members by Special Resolution,"

it is necessary for CAFII's Foundation Members (BMO Insurance; CIBC Life Insurance; National Bank Insurance; RBC Insurance Holdings; ScotiaLife Financial; and TD Life Insurance Only) to pass a Special Resolution to confirm the By-Law amendment passed by the Board of Directors on December 1, 2020.

**MINUTES OF THE ANNUAL MEETING OF MEMBERS OF
THE CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
TELECONFERENCE ONLY
June 9, 2020**

1. Call to Order

The meeting was called to order at 2:02 p.m. Nicole Benson acted as Chair; Martin Boyle acted as Secretary; and Albert Lin acted as Recording Secretary. The Secretary confirmed that twelve (12) of thirteen (13) Members were present on the phone.

2. Declaration of Meeting Properly Called and Constituted

Secretary Martin Boyle confirmed that Notice of this Annual Meeting had been duly communicated to Members, via electronic mail, within the notice period specified in the Association's By-law; and that a quorum of Members was present. Chair Nicole Benson therefore declared that this Annual Meeting of Members of the Canadian Association of Financial Institutions in Insurance properly called and duly constituted for the transaction of business.

3. Approval of the Agenda

On a motion duly made, seconded, and unanimously carried

IT WAS RESOLVED that

The agenda be approved as presented.

4. Approval of the Minutes of the Annual Meeting of Members Held June 4, 2019

The minutes of the Annual Meeting of Members held June 4, 2019 had been circulated to Members. Chair Nicole Benson asked if there were any amendments, additions or deletions to the minutes.

On a motion duly made, seconded, and unanimously carried

IT WAS RESOLVED that

The minutes of the Annual Meeting of Members held June 4, 2019 be and are hereby adopted in the form presented, and that a copy of those minutes be signed and placed in the minute book of the Corporation.

5. Approval of CAFII's 2019 Audited Comparative Financial Statements and Auditor's Report Thereon

CAFII's audited comparative financial statements and auditor's report thereon for the year ended December 31, 2019 had been approved at the Board of Directors' meeting on April 7, 2020; and then circulated to the membership.

Hudson Lopez, partner with auditor KPMG, reported on the Corporation's comparative financial statements for fiscal year ended December 31, 2019 and the auditor's report thereon; and answered members' questions.

On a motion duly made, seconded, and unanimously carried

IT WAS RESOLVED that

The Members of the Corporation approve the Corporation's audited comparative financial statements for the year ended December 31, 2019, together with the report of the auditors thereon.

6. Appointment of Auditor for the Ensuing Year

On a motion duly made, seconded, and unanimously carried

IT WAS RESOLVED that

The Members of the Corporation appoint KPMG as auditor of the Corporation for the ensuing year or until a successor is appointed, at such remuneration as shall be fixed by the Directors of the Corporation.

7. Election of Directors

On a motion duly made, seconded, and unanimously carried

IT WAS RESOLVED that

The following individuals be elected as Directors of the Corporation for a one-year term, concluding with the 2021 Annual Meeting of Members:

- Paul Cosgrove, Assurant
- Peter McCarthy, Bank of Montreal, BMO Insurance
- Nicole Benson, Valeyo (Canadian Premier Life Insurance Company)
- Mica Sweet, CIBC Life Insurance Company Ltd.
- Kelly Tryon, CUMIS Services Incorporated
- André Langlois, Desjardins Insurance
- Wally Thompson, Manulife
- Peter Thompson, National Bank Insurance
- Chris Lobbezoo, RBC Insurance Holdings Inc.
- Zack Fuerstenberg, ScotiaLife Financial
- Sophie Ouellet, Sun Life
- Janice Farrell Jones, TD Life Insurance Company
- Louie Georgakis, The Canada Life Assurance Company

8. Approval of Decisions and Actions of the Corporation

On a motion duly made, seconded, and unanimously carried

IT WAS RESOLVED that

The Members of the Corporation approve, ratify, sanction and confirm all by-laws, resolutions, terms of reference, rules and regulations, contracts, acts and proceedings of the Board of Directors, Members, and Officers of the Corporation enacted, passed, made, done or taken since June 4, 2019, as the same are set forth or referred to in the minutes of the Corporation or in the financial statements submitted to Members of the Corporation as of this date.

9. Motion to Terminate

On a motion duly made, seconded, and unanimously carried

IT WAS RESOLVED that

This Annual Meeting of Members of the Canadian Association of Financial Institutions in Insurance be terminated at 2:17 p.m.

Date

Chair

Recording Secretary

**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
L'ASSOCIATION CANADIENNE DES INSTITUTIONS FINANCIÈRES EN ASSURANCE**

(the "Corporation")

PROXY

I appoint Chris Lobbezoo, Board Chair, or failing him, _____, an officer or employee of my CAFII member company, as my proxy holder, with power of substitution, to attend the Annual Meeting of Members of the Corporation to be held via Microsoft Teams on Tuesday, June 8, 2021 at 2:00 p.m. EDT, and any and all adjournments of the meeting, and to vote on my behalf, as follows:

Approval of the Agenda

FOR	AGAINST

Approval of the Minutes of the Annual Meeting of Members held June 9, 2020

FOR	AGAINST

Approval of CAFII's 2020 Audited Comparative Financial Statements and Auditor's Report Thereon

FOR	AGAINST

Appointment of KPMG as Auditor for the Ensuing Year

FOR	AGAINST

Special Resolution of Foundation Members (BMO Insurance; CIBC Life Insurance; National Bank Insurance; RBC Insurance Holdings; ScotiaLife Financial; and TD Life Insurance Only) to Confirm Bylaw Amendment Made by Board of Directors on December 1, 2020

FOR	AGAINST

Election as a member of Board of Directors for 2021-2022:

- Paul Cosgrove, Assurant
- Peter McCarthy, Bank of Montreal, BMO Insurance
- Rob Robinson, Canadian Premier Life Insurance Company
- Mica Sweet, CIBC Life Insurance Company Ltd.
- Kelly Tryon, CUMIS Services Incorporated
- Chantal Gagné, Desjardins Insurance
- Wally Thompson, Manulife
- Peter Thompson, National Bank Insurance
- Chris Lobbezoo, RBC Insurance Holdings Inc.
- Zack Fuerstenberg, ScotiaLife Financial
- Sophie Ouellet, Sun Life
- Janice Farrell Jones, TD Life Insurance Company
- Louie Georgakis, The Canada Life Assurance Company
- Nicole Benson, Valeyo

FOR	AGAINST

This proxy will be voted as indicated above. If no choice is indicated with respect to the above matters, the proxy will be voted FOR the sanction of the resolution. My proxy holder has discretionary authority with respect to amendments to the matters set out above and any other matters that properly come before the meeting or any adjournment of the meeting. I ratify all actions my proxy holder may take under this proxy.

Dated this _____ day of _____, 2021

Name of Member (please print)

Signature of Member

Members voting by proxy must complete the proxy form and return it by email or fax to:

CAFII Office: Email: albert.lin@cafii.com

Proxies must be received by **2:00 p.m. on Friday, June 4, 2021**

Briefing Note

CAFIL EOC Meeting 25 May, 2021—Agenda Item 6(b)

**Governance Matters—CAFIL Negotiation of Association Management Services Contract
Renewal with Managing Matters**

Purpose of this Agenda Item – *Update / Discussion*

To update the EOC on CAFIL management's plans for renewing the Association's contract with Managing Matters.

Background Information

CAFIL's current contract with Managing Matters, its Association Management Company (AMC), expires at the end of 2021. CAFIL will need to start discussing a contract renewal with Managing Matters. CAFIL recommends to the EOC that we ask Managing Matters to present its terms for a three year renewal, and present the outcome of our negotiations to the Board for approval.

Recommendation / Direction Sought – *Update / Discussion*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 6(c)

Governance Matters—Application Review and Admission of Norton Rose Fulbright (NRF) As a New CAFII Associate

Purpose of this Agenda Item

Approval.

Background Information

The EOC is being asked to approve Norton Rose Fulbright as a new CAFII Associate.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 6(c)
May 25/21 EOC Meeting

Application Review and Admission of Norton Rose Fulbright Corporation As A New CAFII Associate

From: Brendan Wycks
Sent: May-20-21 4:06 PM
To: Duquette, Marc <marc.duquette@nortonrosefulbright.com>
Cc: Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>; Keith Martin <Keith.Martin@cafii.com>; Albert Lin <albert.lin@cafii.com>; 'Rob Dobbins' <rob.dobbins@assurant.com>; Pergola, Antonio <tony.pergola@scotiabank.com>; Tara Moran <Tara.Moran@cafii.com>
Subject: Facilitating CAFII EOC Approval Of Norton Rose's Application For CAFII Associate Status

Bonjour, Marc.

Just following up on my message of May 10/21 (below) and the related attached Application Form, with a gentle reminder.

We have a CAFII Executive Operations Committee (EOC) meeting coming up next Tuesday, May 25, and the EOC is our approval body for all CAFII Associate Status applicants. So if you could complete and return the attached Associate Status Application Form to Keith and me by mid-day on Tuesday, May 25 at the latest, we will be in a position to have it dealt with at next week's EOC meeting.

Otherwise, if you are unable to meet that timeline, the next opportunity for the EOC's review/approval won't be until its subsequent meeting on Tuesday, June 22/21.

We look forward to hearing back from you at your earliest convenience,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

From: Brendan Wycks
Sent: May-10-21 1:37 PM
To: Duquette, Marc <marc.duquette@nortonrosefulbright.com>; Keith Martin <Keith.Martin@cafii.com>
Cc: Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>; Albert Lin <albert.lin@cafii.com>; Tara Moran <Tara.Moran@cafii.com>; 'Rob Dobbins' <rob.dobbins@assurant.com>; 'Tony Pergola' <tony.pergola@scotiabank.com>
Subject: RE: CAFII associate membership

Merci beaucoup, Marc.

That is excellent news!

We just need to have you (or an alternate NRFC signing authority) complete the attached 2021 CAFII Associate Status Application Form; and return it to Keith and me.

Our Executive Operations Committee (EOC) will then review and approve NRFC's completed Associate Status application at its next meeting.

We have an EOC meeting coming up on Tuesday, May 25, for which we want to get the agenda and all meeting materials posted/circulated by Friday, May 21.

So we'd really appreciate it if you could complete and return the attached Application Form to us by Thursday, May 20 at the latest.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

From: Duquette, Marc <marc.duquette@nortonrosefulbright.com>

Sent: May-10-21 12:53 PM

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

Cc: Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>

Subject: CAFII associate membership

Dear Brendan and Keith

I am pleased to report that Norton Rose Fulbright Canada LLP accepts your offer and will join CAFII as an associate member.

I have received confirmation internally from the Director responsible for this in NRFC that we are authorized to proceed with membership and payment formalities. Kindly let me know what we need to complete to formalize our relationship and the details for payment.

We look forward to benefit from the information you share with your members and to participate in your activities.

Best regards,

Marc

Marc Duquette

Associé principal

Senior Partner

Norton Rose Fulbright Canada S.E.N.C.R.L., s.r.l. / LLP

1, Place Ville Marie, Bureau 2500, Montréal, QC, H3B 1R1, Canada

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 6(d)

Governance Matters—New CAFII Initiation Member: Canadian Tire Bank (CTB)

Purpose of this Agenda Item – *Update*

Update.

Background Information

The EOC is being updated on the process for reviewing and recommending Canadian Tire Bank as a new CAFII Initiation Member, which will be recommended to the Board imminently via a Written Resolution.

Recommendation / Direction Sought – *Update*

Update.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 6(d)
May 25/21 EOC Meeting

CAFII Membership Application Interview Meeting With Canadian Tire Bank (CTB) Executives
Wednesday, May 12, 2021
1:30 to 2:45 p.m.
MSTeams Virtual Meeting

Expected Attendees:

Canadian Tire Bank (CTB): See Appendix A for Corporate Profile

- Megan Jones, Vice-President, Financial Products & Services
- Adam Vespi, Associate Vice-President, Insurance & Services

CAFII

- Chris Lobbezoo, RBC Insurance and Board Chair
- Peter Thompson, National Bank Insurance and Board Vice-Chair
- Martin Boyle, BMO Insurance and Executive Operations Committee (EOC) Member (Immediate-Past EOC Chair)
- Monika Spudas, Manulife Financial and Executive Operations Committee Member
- Keith Martin, Co-Executive Director
- Brendan Wycks, Co-Executive Director

AGENDA

Chair: Brendan Wycks

1. Welcome and Participant Self-Introductions
 2. Questions related to “Alignment/Fit Between CAFII and Canadian Tire Bank Around Policy Issues”
 3. Questions related to “Alignment/Fit Between CAFII and Canadian Tire Bank Around CAFII’s Expectations of Members; and Roles/Duties of the Association”
 4. Any Canadian Tire Bank Questions related to Membership In CAFII
 5. Next Steps and Timelines
-
2. **Questions related to “Alignment/Fit Between CAFII and Canadian Tire Bank Around Policy Issues”**
 - (a) **(CAFII Discussant: Chris Lobbezoo)** How do you see CTB’s corporate aims and objectives and your future vision of the credit protection insurance (CPI) and/or travel insurance marketplace aligning with CAFII’s goals and policy positions around consumer choice; fair treatment of customers (FTC); alternate distribution; effective and efficient regulation; and harmonization in regulation?

- (b) **(CAFII Discussant: Peter Thompson)** The federal Bank Act Regulations come up for review once every five years. And at some point in the future, it could well be that the members of the Canadian Bankers Association (CBA) decide to pursue changes to those Regulations to permit chartered banks to retail all types of insurance products from their branches, rather than just Authorized Insurance Products as at present.

If CBA did decide to take that initiative, CAFII – as an Association which represents the insurance arms of the banks and other financial institutions – would be in solid support of the CBA in its pursuit of such changes.

While we are aware that CTB is a federally chartered bank and a member of the Canadian Bankers Association, we're wondering if such a CBA-driven and CAFII-supported pursuit of change would cause any difficulty for CTB as a member of CAFII?

And how would CTB feel about CAFII supporting the pursuit of federal and provincial regulatory change on the issue of online promotion of more than just Authorized Insurance Products on the banks' corporate web sites?

- (c) **(CAFII Discussant: Martin Boyle)** If CTB joins CAFII as an Initiation Member, it will be the only member of the Association at the present time which offers CPI around a single type of debt obligation, i.e. optional credit card balance protection insurance (CCBPI). Is that difference/uniqueness *vis a vis* other members of the Association of any concern to CTB?
- (d) **(CAFII Discussant: Keith Martin)** Does CTB have any particular questions for CAFII related to alignment and fit around policy positions?

3. **Questions related to "Alignment/Fit Between CAFII and Canadian Tire Bank Around CAFII's Expectations of Members; and Roles/Duties of the Association"**

- (a) **(CAFII Discussant: Brendan Wycks)** Initiation Members are classified as Regular Members of the Association. Regular Members are expected, as are the six Foundation Members, to appoint one senior representative to serve as a Director on the Board of the Association. And there are four Board meetings per year – held in April, June, October and November/December – which all Directors are expected to attend.

And, as well, Regular Members are expected to designate at least one representative to serve on the Executive Operations Committee, which is a "roll up your sleeves" working body within the Association that looks after planning, implementation of strategic objectives, and operations oversight, working in close co-ordination with the Co-Executive Directors.

In normal, non-pandemic times, the EOC meets 10 times per year (five in-person meetings for two hours; and five 90 minute teleconference meetings), and EOC members also attend the four Board meetings as observers. During this COVID-19 period, the EOC's meetings are of the same frequency and duration, but all meetings are virtual.

Is CTB comfortable with making that level of human resources and volunteer leadership commitment as a CAFII Initiation Member?

- (b) **(CAFII Discussant: Monika Spudas)** Clause 4.12 in CAFII's Bylaw stipulates that the Association's Directors and EOC members have a duty of loyalty and confidentiality to the Association. It reads as follows:

Duty of Loyalty and Confidentiality

Every director owes a duty of loyalty and confidentiality to the Corporation, regardless of the member that nominated him or her. Every director, officer, committee member, employee and volunteer, shall respect the confidentiality of matters brought before the board or before any committee of the board. Employees and volunteers shall also keep confidential matters that come to their attention as part of their employment or volunteer activities.

Would a Director and one or more EOC members from CTB be comfortable with this duty?

- (c) **(CAFII Discussant: Chris Lobbezoo)** CAFII has a Competition Law Policy (provided to CTB by Brendan Wycks).

Would CTB be fully comfortable in complying with our Association's Competition Law Policy?

- (d) **(CAFII Discussant: Peter Thompson)** CTB's corporate profile indicates that Bank of Nova Scotia owns a 20% stake in CTB.

If CTB does become a CAFII Initiation Member, does CTB foresee the possibility of any issues or concerns arising for it within the Association due to the fact that Bank of Nova Scotia is also the parent bank of another CAFII member: Scotiabank Financial?

- (e) **(CAFII Discussant: Keith Martin)** While CAFII does engage in limited and selective proactive media relations on behalf of the CPI/travel insurance industry (i.e. on behalf of all members collectively) – to raise the profile and enhance/polish the image of the industry generally -- the Association does not provide media relations services on behalf of individual member(s).

In November 2018, CTB was the unfortunate subject of negative media coverage by CBC's "Go Public" related to one of its optional CCBPI insureds in Ontario, a recently deceased man and his surviving widow (**See Appendix B**).

If CTB had been a member of CAFII at that time, the Association would have provided CTB only with media relations advice/guidance, upon request, and would not have “taken this on” for CTB as an Association/industry-wide issue.

Would that limitation around CAFII’s role/duties as an Association be a concern for CTB if such a situation were to arise again in future when CTB is a member of CAFII?

Are there any insights/learnings that CTB gained from the November 2018 negative media coverage experience with CBC Go Public?

Would CTB be willing to share those learnings with fellow CAFII members and bring them to bear for the benefit of the entire membership, perhaps by appointing an experienced CTB representative (e.g. the person who was the lead on this crisis issue) to the Association’s Media Advocacy Committee?

4. (CAFII Discussant: Brendan Wycks) Any Canadian Tire Bank Questions related to Membership In CAFII

Does CTB have any questions for CAFII related to the duties and expectations of members?

5. Next Steps and Timelines

Brendan Wycks will outline next steps and timelines in CAFII’s review and approval process around CTB’s application for Initiation Membership.

Appendix A

Canadian Tire Bank (CTB) is a federally chartered bank operating as a subsidiary of Canadian Tire Financial Services Limited (CTFSL), a financial services arm of Canadian Tire Corporation.

In 1995, CTFSL became the first non-deposit taking, financial institution in the world to launch a MasterCard called the Options MasterCard. Today, the Bank issues Canadian Tire Options MasterCard, Gas Advantage MasterCard and Cash Advantage MasterCard. It is the eighth-largest credit card issuer in Canada with 1.8 million active accounts.

It also offers high interest savings accounts, guaranteed investment certificates (GICs), tax free savings accounts, online and phone banking.

In 2009, CTB sold its lending portfolio to [National Bank of Canada](#) and no longer provides mortgage products.

In 2014, [Bank of Nova Scotia](#) (Scotiabank) acquired 20% stake in Canadian Tire's banking business for C\$500 million.

As of May 31, 2017, Canadian Tire Bank had total assets of C\$5.655 billion. It employs over 1,600 people with offices in Welland, St. Catharines and Oakville, Ontario. The company was established in 2003 and is a member of the Canada Deposit Insurance Corporation (CDIC).

Appendix B

Canadian Tire Settles After Go Public Makes Inquiries

By Erica Johnson, CBC News, November 4, 2018

Almost 30 years ago, George Graves signed up for a Mastercard at his local Canadian Tire store. He was also sold insurance on that credit card, designed to help with payments in the event a cardholder loses their job, becomes disabled or gets sick.

"My husband paid for Credit Protector insurance all these years in case something bad should happen," says his 72-year old wife, Jolante Graves.

"Now it's happened, and the company doesn't want to live up to ... expectations."

George Graves, 84, a farrier from Addison, Ontario, had a stroke in February that put him in long-term care and quickly led to vascular dementia.

"I thought we'd be OK because of his credit card insurance," his wife told Go Public.

It's estimated that millions of Canadians pay for insurance on their credit cards.

But financial experts say the product is pricey, carries numerous conditions to qualify for coverage and often doesn't pay out. In many cases, the insurance will only cover the minimum monthly payment — not the entire balance.

"Credit card protection is fantastic for the banker, usually horrible for the consumer," says personal finance expert Kerry Taylor, from Vernon, B.C.

In the months following her husband's stroke, Jolante Graves says he became unable to recognize her and couldn't read or write.

She says employees from Canadian Tire Bank repeatedly phoned her at home, demanding she pay her spouse's outstanding credit card bill, which was about \$17,000. She had not co-signed for the credit card, and had no obligation to pay it off.

"They have been evasive, rude and unkind," Graves wrote in an email to Go Public. "This is causing me a lot of distress."

Graves says she told them her husband had dementia, and was unable to file a claim on his own, but because the policy was in her husband's name, she was told by bank officials that they could only deal with him.

In July, a letter arrived from Canadian Tire Bank, saying her husband's overdue account was being "escalated to our Credit Recoveries Department," and demanded immediate payment.

George Graves died four weeks ago.

Canadian Tire settles

Two days after Go Public contacted Canadian Tire Bank, a spokesperson phoned Jolante Graves and apologized for the harassing phone calls.

He also said that although her husband would have to make the insurance claim, he was willing to erase the debt — which had grown to over \$18,000 — if she agreed to keep the deal confidential.

She signed a confidentiality agreement, but CBC had already interviewed her.

Canadian Tire turned down a Go Public request for an interview, and instead emailed a statement, saying, "We take any concern raised by our customers seriously and in this particular case, we were able to quickly resolve the matter."

Go Public asked how much George Graves had paid in credit card insurance over the years — a recent Mastercard statement from Canadian Tire Bank showed that he was paying about \$105 a month for insurance.

A bank spokesperson declined to say how much Graves had paid in premiums "for privacy reasons," but in [a letter](#) to Jolante Graves, a senior representative wrote, "the amount of creditor insurance premiums paid was far less than the amount of debt that Canadian Tire Bank has forgiven."

He also wrote that Canadian Tire "has processes in place" to make customers "aware of how their credit protection insurance coverage could apply" and that these processes were followed.

Coverage 'extremely narrow'

Taylor has examined the fine print on insurance contracts for a number of credit cards, and says she'd never buy such a product.

"It generally doesn't help the consumer," says Taylor. "It's just an expensive product that they're adding to their debt load and the premiums are extremely high."

Canadian Tire charges \$1.10 per \$100 balance a month for its Credit Protector product (which decreases to 59 cents per \$100 when the cardholder turns 80). That means that the average customer with a monthly balance of \$2,500, who doesn't get the discount, pays \$27.50 a month for insurance, or \$330 a year, plus taxes.

Taylor says what policies actually cover is "extremely narrow."

Often people who buy credit card protection think they have unemployment coverage, but learn they don't qualify because many insurance companies require the cardholder to be working for one employer for a minimum of 25 hours a week.

"If you're someone like me in the gig economy, I'm not going to be covered, because I have multiple jobs and none of them add up to 25 hours a week," says Taylor.

George Graves didn't qualify for unemployment coverage.

He was still working as a farrier, shaping and fitting horses with shoes, when he was sold the insurance on his credit card, but he didn't have one employer for 25 hours a week.

His wife also couldn't collect on the life insurance included in the coverage, because that stops paying out at age 80.

"With a standard life insurance or disability policy, someone is going to ask you questions about your health, your age, your gender, what kind of work you do and so on," says Taylor.

"It's all on paper, so they can figure out what your risk is for making a claim, and charge the correct premium. That underwriting doesn't exist with credit card insurance."

Taylor says people get better protection if they pay for life and disability insurance.

"Get the underwriting," she says, "so you know if your illness will be covered or not."

She also recommends people create their own emergency fund.

"That way, if you get sick or injured, you can cover your minimum monthly payments yourself," says Taylor.

'People don't understand how it works'

"A credit card is a high interest product, initially meant for safety and convenience," says Scott Hannah, president of the Credit Counselling Society. "They're not designed to carry a long-term balance, that's the problem."

He says counsellors at his office often hear from people who get into credit card debt and are surprised to learn the insurance they've been paying for doesn't cover them.

"It's not until they hit financial trouble that they find out they never qualified to begin with," says Hannah, noting that many consumers don't read the fine print before they sign up for credit card protection plans.

'He would be devastated'

George Graves died unaware of the controversy that surrounded his outstanding credit card debt.

"I'm glad he never knew," says his wife. "He would be devastated. He bought that insurance for peace of mind."

She's glad Canadian Tire settled the dispute over her husband's Mastercard, but says the retailer has lost her as a customer.

"They will never see me set foot in their blasted store again," says Graves. "If I want to buy something, I'll go somewhere else."

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 6(e)

Governance Matters: Draft Minutes of April 27/21 EOC Meeting

Purpose of this Agenda Item

Approval.

Background Information

The EOC is being asked to approve the minutes of the April 27/21 EOC meeting.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

1 attachment.

CAFII Executive Operations Committee Virtual Meeting

Tuesday, April 27, 2021

Minutes

EOC Present:

Rob Dobbins, Assurant (Chair)
Tony Pergola, ScotiaLife Financial (Treasurer)
Charles Blaquiere, Valeyo
Carmelina Manno, Manulife
Brad Kuiper, ScotiaLife Financial
Marie Nadeau, National Bank Insurance
Scott Kirby, TD Insurance
Anaar Jessa, Sun Life
Anu Bains, CIBC Insurance
Ben Gray, CIBC Insurance
Martin Boyle, BMO Insurance
Monika Spudas, Manulife
Kamana Tripathi, TD Insurance
Edward Kuo, Sun Life
Michelle Costello, CUMIS Services Inc.
Sharon Apt, Canada Life Assurance
Emily Brown, Sun Life
Fernando Heleno, RBC Insurance
Pete Thorn, TD Insurance
Isabelle Choquette, Desjardins Insurance
Karyn Kasperski, RBC Insurance
Anita Mukherjee, RBC Insurance
Andrea Stuska, TD Insurance
Penny Cordogiannis, RBC Insurance
Casandra Litniansky, CUMIS Services Inc.

Also Present:

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

1. Welcome, Call to Order, and Priority Matters

1.a. Call to Order

EOC Chair and Board Secretary R. Dobbins called the meeting to order at 2:02 p.m.

2. Consent Items

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

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

3. Financial Management Matters

3. a. CAFII Financial Statements as at March 31/21

CAFII Treasurer T. Pergola provided an update on the Association's financial statements as at 31 March, 2021. He noted that year-to-date revenues were \$234,000, expenses were \$169,000, resulting in a surplus of approximately \$65,000. Part of the explanation for the current favourable variance-to-budget was around the timing of expenses, along with the fact that the Association had successfully attracted four new Associates in 2021.

3.b. Forecast For CAFII 2021 Fiscal Year as at March 31/21

CAFII Treasurer T. Pergola noted that CAFII's revenue for the full 2021 fiscal year was now expected to be \$938,000 versus budgeted revenue of \$919,000. The 2021 fiscal year surplus was now forecasted to be \$102,000, and financial reserves at the end of the year were expected to amount to 54% of annual operating expenses.

3.c. Update on Board and Membership Approval of CAFII 2020 Audited Financial Statements

B. Wycks noted that the Association was on target to meet all of its timelines related to the 2020 fiscal year audited financial statements, with a targeted formal adoption of the audit at the 8 June, 2021 Annual Meeting of Members.

4. Committee Updates

4.a. Research & Education

4.a.i. Results Report From CAFII 2020-21 Consumer Research Project With Pollara Strategic Insights On Consumers' Digitization Preferences: Next Steps

Research & Education Committee Chair A. Stuska provided an update on the consumer research project by Pollara on consumers' CPI-related digitization preferences. She noted that the recent internal webinar presentation by Lesli Martin of Pollara on the research results had been well-received, and that the next step was for C. McKendrick of CIBC to turn the presentation into a "consumer-facing" Powerpoint presentation of the research results that could be posted on the CAFII website.

K. Martin noted that CAFII Board approval would also be secured for the public release of the consumer-facing research results report, with the intention being to also issue a press release, create a video on the high level research results, and deliver a webinar presentation on the results to insurance regulators and policy-makers from across Canada.

4.b. Media Advocacy

C. Blaquiere reported that a new blog section was being created on the CAFII website, with the intention being to populate it with eight to 10 new posts per year including the first two before the end of May 2021.

4.c. Market Conduct & Licensing

B. Kuiper reported that the Market Conduct & Licensing Committee was working on a response to the two follow-up questions posed to CAFII by FSRA arising from the Association's recent consultation submission on the regulator's draft Unfair or Deceptive Acts or Practices (UDAP) Rule, and that an advanced draft of the response would be shared with the EOC for review and feedback, prior to its being sent to FSRA.

4.d. Travel Insurance Experts

B. Wycks reported that a new Chair of the Travel Insurance Experts Working Group had been identified and that person's appointment would occur as part of an overall slate to be brought forward to the EOC at its next meeting on 25 May, 2021.

4.e. Networking & Events

4.e.i. CAFII Engagement with Glen Padassery, EVP and Chief Consumer Officer, FSRA, in Preparation for April 28/21 Webinar on "Tapping FSRA's Consumer Office and Consumer Advisory Panel To Help Shape The Authority's Regulatory Policy; and Fostering Internal and External Innovation at FSRA for the Benefit of Consumers and the Regulated Sectors"

K. Martin reported that CAFII had held a successful planning and organizational meeting with Glen Padassery and two of his FSRA Policy Division colleagues in connection with the upcoming 28 April, 2021 CAFII webinar featuring Glen as the fireside chat discussant. Over 115 people have registered for the webinar, including approximately 20 insurance regulators and policy-makers from across Canada.

5. Recent and Upcoming Strategic and Regulatory Initiatives

5.a. Board-Approved Next Step #1 Arising from AMF's March 30/21 Response Letter to CAFII's July 7/20 Creative Solutions Submission on Credit Card-Embedded Insurance Benefits: CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations

K. Martin reported that CAFII Board had approved three initiatives in response to the 30 March, 2020 letter from the AMF indicating that affected CAFII members were expected to fully comply with the requirements of the Regulation respecting Alternative Distribution Methods (RADM) in the case of credit card-embedded insurance benefits.

The first of these actions is the creation of a Working Group on Industry Alignment Around Compliance with the AMF's Expectations. A call for volunteers for that Working Group will be issued and its first meeting will be organized shortly.

In EOC discussion of this matter, the importance of immediately asking the AMF for an extension to its stipulated 17 September, 2021 deadline for affected insurers to respond, including by presenting evidence of the posting of Product Summaries on their websites and by providing the AMF with Action Plans. It was noted that in dealing with the AMF on the preceding spousal coverages issue, CAFII's request for a deadline extension had made reference to the need to conduct work on the Association's legal options. However, the view was expressed that raising the prospect of legal arguments in the current deadline extension request could be counter-productive; and it was agreed that the extension letter would focus on the operational and process challenges of meeting the 17 September, 2021 deadline and not make reference to the legal options avenue being explored by the Association.

[Action Item: Reach out for volunteers for and organize meetings of the Working Group on the AMF and Credit Card-Embedded Insurance Benefits; K. Martin, May 2021.]

[Action Item: Submit a letter to AMF requesting an extension of the 17 September, 2021 deadline for providing Product Summaries evidence and Action Plans to the AMF; K. Martin, B. Wycks, May 2021.]

5.b. Board-Approved Next Step #2 Arising from AMF's March 30/21 Response Letter to CAFII's July 7/20 Creative Solutions Submission on Credit Card-Embedded Insurance Benefits: CAFII Outreach Request To CBA That It Engage In This Issue, Given Implications For Core Credit Card Offerings in Quebec

K. Martin reported that as per the second of three CAFII Board directives on this issue, the Association has reached out to the CBA requesting that it engage on this issue. The CBA has indicated that it will get back to the Association with a response in due course.

5.c. Board-Approved Next Step #3 Arising from AMF's March 30/21 Response Letter to CAFII's July 7/20 Creative Solutions Submission on Credit Card-Embedded Insurance Benefits: CAFII Outreach to Norton Rose Around Furtherance of Legal Arguments/Opinion Opposed to AMF's Interpretation on RADM's Applicability and Resulting Regulatory Expectations

K. Martin reported that as per the third of three CAFII Board directives on this issue, the Association has asked Marc Duquette of Norton Rose to provide CAFII with a proposal on his firm's development of legal options and opinions on the AMF's position on this issue. This proposal will be presented to the Board at a Special Purpose Board Meeting in the near future, at which the various actions taken by the Association on this file will be shared.

It was noted that THIA is also looking at legal options with its legal counsel Jill McCutcheon of Tory's LLP, and that Ms. McCutcheon had raised the issue that the AMF does indeed have the power to modify a Regulation that is under its purview; and, as a result, it can make amendments to how the RADM applies to credit card-embedded insurance benefits.

[Action Item: Organize Special Purpose CAFII Board Meeting to review and reach a decision on legal services proposal from Norton Rose; B. Wycks, K. Martin, May 2021.]

5.d. Board-Approved CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance

K. Martin reported that CAFII will be reaching out for volunteers to join a Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline, which Martin Boyle of BMO Insurance will chair.

[Action Item: Reach out for volunteers for and organize meetings of a Working Group on the FCAC Appropriateness Guideline; K. Martin, May 2021.]

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

Due to time constraints, this item was deferred to the next EOC meeting.

6. Governance Matters

6.a. CAFII Board Confirmation of Tweaks/Amendments to Three-to-Five-Year CAFII Strategic Plan

K. Martin reported that at its 11 February, 2021 Special Purpose Meeting, the CAFII Board had generally indicated that the CAFII Strategic Plan was moving the Association in the right direction. Board members called for some modest tweaks to be made to the Strategic Plan, mainly around an increased focus on specific items, such as monitoring regulatory developments in international jurisdictions, and increasing the focus on digitization trends.

A Powerpoint deck capturing these changes was presented to the Board at its 13 April, 2021 Board meeting, at which the Board formally approved the changes to the CAFII Strategic Plan.

6.b. CAFII Board Input Around Planning For Return to In-Person Meetings: (i) October 5/21 Board Meeting and Linked "Industry Issues Dialogue Session" with AMF Staff Executives; (ii) December 7/21 Board Meeting and Immediately Ensuing Holiday Season/Year-End Reception; (iii) General Need To Deliver An Enhanced Experience For Virtual/Remote Attendees

B. Wycks reported that at its 13 April, 2021 meeting, the CAFII Board expressed the view that an attempt should not be made to hold the scheduled October 5, 2021 CAFII Board meeting and related "Industry Issues Dialogue With AMF Staff Executives" as an in-person event; therefore, we will plan to hold those early October meetings virtually.

However, there will be further exploration of the possibility of holding the 7 December, 2021 CAFII Board meeting and the immediately ensuing CAFII Holiday Season Reception as in-person events.

In general, the feedback from the Board was that CAFII Board meetings in future should include the option of seamless virtual attendance; and that the quality of the meeting experience for remote users needed to be better than it was prior to the pandemic.

6.c. Results and Next Steps Arising From CAFII Outreach to EOC Members Re Creating Better Engagement and Succession Pipeline of CAFII Committee Chairs and Other Volunteer Leadership Roles; and Need to Secure Near-Term Successor Chairs for Two CAFII Committees

B. Wycks reported that CAFII had already received positive responses to its request for volunteers for its various committees, including identifying Vice-Chair nominees for several committees. The Association would be in a position to bring forward a slate of nominees for the EOC's review or appointment, as appropriate, at its next meeting on 25 May, 2021.

6.d. New CAFII Initiation Membership Applicant: Canadian Tire Bank (CTB)

B. Wycks reported that CAFII had just received a new Initiation Membership application from Canadian Tire Bank (CTB), and the Association would therefore be organizing a CAFII Membership Applicant Review Committee meeting with CTB senior executives.

6.e. Draft Minutes of March 30/21 EOC Meeting

The EOC approved the draft minutes of its 30 March, 2021 meeting.

6.f. Draft Minutes of April 13/21 Board Meeting

The EOC approved endorsed the draft minutes of the 13 April, 2021 CAFII Board meeting, for presentation to the Board for approval.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 6(f)

Governance Matters—Draft Minutes of May 19/21 Special Purpose Board Meeting

Purpose of this Agenda Item – *Endorsement*

Endorsement.

Background Information

The EOC is being asked to recommend to the Board approval of the minutes of the May 19 2021 Special Purpose Board Meeting.

Recommendation / Direction Sought – *Endorsement*

Endorsement.

Attachments Included with this Agenda Item

1 attachment.

**SPECIAL PURPOSE BOARD OF DIRECTORS MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Wednesday, 19 May, 2021
MINUTES**

Board Present:	Chris Lobbezoo	RBC Insurance, <i>Chair</i>
	Nicole Benson	Valeyo
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Louie Georgakis	The Canada Life Assurance Company
	Peter McCarthy	BMO Insurance
	Rob Robinson	Canadian Premier Life Insurance
	Mica Sweet	CIBC Insurance
	Peter Thompson	National Bank Insurance
	Wally Thompson	Manulife Financial
	Kelly Tryon	CUMIS/The Co-operators
Regrets:	Andre Langlois	Desjardins Insurance
	Sophie Ouellet	Sun Life
Also Present:	Rob Dobbins	Assurant, <i>Board Secretary and EOC Chair</i>
	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Adam Vespi	Canadian Tire Bank (Guest Observer)

1. Call to Order and Meeting Confirmation

CAFII Board Chair Chris Lobbezoo welcomed CAFII Board members to this Special Purpose Board Meeting.

Mr. Lobbezoo also welcomed a special guest who had been invited to sit in on this Board meeting as an observer. Adam Vespi is Associate Vice-President, Insurance & Services at Canadian Tire Bank; and CTB is a current applicant for CAFII Initiation Membership.

Mr. Lobbezoo advised that the previous week, a CAFII Member Applicant Review Committee had held a very positive *Get Acquainted and Dialogue Meeting* with Adam Vespi and Megan Jones, who is Vice-President, Financial Products & Services at CTB. CAFII will soon be bringing forward a Written Resolution for Board approval, which recommends the admission of Canadian Tire Bank as an Initiation Member. In anticipation of that decision, CAFII had invited Mr. Vespi to attend this CAFII Board meeting as a guest observer.

1.a Approval of Agenda

On a motion duly made, seconded and unanimously carried

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

2. Strategic and Regulatory Matters

2.a.i CAFII Outreach To Canadian Bankers Association To Encourage It To Engage In This Issue

Keith Martin reported that at the Board's direction following its 13 April, 2021 meeting, CAFII had reached out to the Canadian Bankers Association (CBA) on 14 April, 2021 asking it to engage in the issue of the AMF's insistence that its Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits. The CBA acknowledged receipt of CAFII's email on 21 April, 2021 but no further communication from the CBA has been received on this matter.

However, several members of the Board indicated that it had come to their attention that the CBA had raised this issue internally and with its credit cards committee, and that there was serious consideration being given to the CBA becoming more engaged in this issue.

2.a.ii Direction And Next Steps Which THIA Plans To Take In Dealing With AMF On This Issue

Brendan Wycks gave an overview of the Travel Health Insurance Association's planned next steps on the AMF-related credit card-embedded insurance benefits issue, indicating that, earlier that afternoon, THIA President Richard Ollier had confidentially provided CAFII with the near-final draft of a letter it plans to send to the AMF, challenging its current position. THIA's legal counsel is Jill McCutcheon, and the letter is a very direct challenge to the AMF's position, including asserting the legal argument that the AMF does indeed have the ability to modify Regulations which fall under its purview; and, as such, it does not need to wait for legislative changes in order to make the Regulation more appropriate for credit card-embedded insurance benefits. THIA's letter also directly challenges the AMF's view that the Fact Sheet, as currently worded, needs to be shared with consumers, noting that it contains information that is simply not correct with respect to credit card-embedded insurance benefits.

THIA is aware that CAFII may seek a legal opinion but that it was on a different schedule than THIA, and that its members were also pursuing a compliance-focused approach.

2.a.iii Norton Rose Proposal To CAFII For Development Of Legal Arguments Which Could Be Used To Challenge AMF's Position On This Matter And/Or To Negotiate A More Mutually Agreeable Outcome

Keith Martin provided an overview of the legal options available to CAFII, noting that Norton Rose, the Association's Quebec-based legal counsel, believes that there are strong legal arguments to be explored with a view to countering the AMF's current position. Norton Rose indicated that it could provide CAFII with its legal opinion in five to six weeks at a cost of \$50,000 to \$60,000.

Thorough Board discussion ensued on the issue of whether or not CAFII should engage Norton Rose by accepting its proposal to develop the legal arguments which could be used to challenge the AMF's position on this file.

Board members generally expressed support for proceeding with the proposal, noting that doing so would not necessarily mean that after receiving it, CAFII would use the arguments to challenge the AMF. While that was an option to explore, many Board members said that it would be informative and important to understand the legal arguments and related avenues open to CAFII and its members, regardless of how the legal opinion was eventually used, if at all.

The point was also made that the option existed for CAFII to share the legal findings set out in a Norton Rose legal opinion with the AMF without trying to change its mind on the current issue -- with the purpose being to signal to the AMF that CAFII and its members were prepared to explore their legal options on any and all matters, which might have a deterrent effect on the AMF in terms of future regulatory actions.

A Board member also recommended that Norton Rose be asked to structure its legal opinion in the form of a continuum of potential actions, ranging from a “light” and exploratory legal pushback approach to a “heavy” court challenge approach, and this suggestion was met with strong support from the Board.

The Board noted that CAFII was also exploring, through a Working Group, ways for members to comply with the AMF’s position on the RADM’s applicability to credit card-embedded insurance benefits; and the Association was also intending to ask the AMF for a three-month extension beyond its currently stipulated 17 September, 2021 deadline for affected insurers to respond to the its requirements. The Board strongly endorsed the continuance of both of those CAFII initiatives.

Board discussion concluded with unanimous support for proceeding with Norton Rose’s proposal to prepare a legal opinion for CAFII which sets out legal arguments and related approaches that could be used to have further dialogue with the AMF on this issue, subject to the above-noted provisos.

3. Adjournment

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting be adjourned at 4:40 p.m.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 7(a)

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

Purpose of this Agenda Item

Read only item.

Background Information

CAFII continues to work with RSM Canada to improve the data quality of the Quarterly CPI Benchmarking Study. A survey has been sent to study participants, the input from which will allow RSM Canada to understand some of the data quality issues better.

Recommendation / Direction Sought

Read only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 7(b)

Read Only Items: CAFII's First Insights/Idées Blog Posts

Purpose of this Agenda Item

Read only item.

Background Information

CAFII has made its first blog post on the CAFII website; and the second post will be made to the new blog in late May.

Recommendation / Direction Sought

Read only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(b)
May 25/21 EOC Meeting

CAFII Blog post (470 words)

New video helps explain insurance products

By Keith Martin, Co-Executive Director, CAFII

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

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

For example, Disability Insurance will pay all or part of an insured person's monthly debt obligation to their bank or credit union while they are unable to work due to disability. In contrast, Critical Illness Insurance is not related to ability to work, and an insured person can receive a benefit regardless of their employment status. This type of insurance can pay off all or a portion of the insured debt obligations in one lump sum, thereby freeing up money for other uses.

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

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

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

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

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

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

CAFII Blog post (585 words)

What types of insurance should homebuyers consider?

By Brendan Wycks, Co-Executive Director, CAFII

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

The first two questions potential buyers need to ask themselves is "How much house can I afford?" and "What size of mortgage will I qualify for?" Fortunately, most financial institutions can help answer those questions once a customer provides information about their financial situation and how much of a down payment they will have available for the home purchase.

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

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

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

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

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

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

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

If you need a mortgage to be able to purchase your home, your lender will require that you have Mortgage Insurance in place to cover these types of risk.

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

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 7(c)

Read Only Item: CAFII Response Submission On Two FSRA Questions Arising From CAFII Submission on FSRA's Proposed Unfair or Deceptive Acts or Practices (UDAP) Rule

Purpose of this Agenda Item

Read only item.

Background Information

CAFII has responded to questions posed by FSRA in follow-up to CAFII's March 18, 2021 response submission on FSRA's draft Unfair or Deceptive Acts or Practices Rule.

Recommendation / Direction Sought

Read only item.

Attachments Included with this Agenda Item

1 attachment.

May 4, 2021

Ms. Jennifer Chan, Senior Policy Analyst
Market Conduct Policy Division
Financial Services Regulatory Authority of Ontario (FSRA)
5160 Yonge St., 17th Floor
Toronto, Ontario
M2N 6L9
jennifer.chan@fsrao.ca

Dear Ms. Chan:

Re: Follow-up Questions For CAFII Arising From March 24/21 Meeting On FSRA's Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices

Thank you for sending CAFII a March 25/21 follow-up message in which you recapped the two hypothetical questions posed to our Association in a March 24/21 meeting involving representatives of CAFII and CLHIA with FSRA Market Conduct Policy Division staff executives related to FSRA's *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices*.

We are pleased to provide below our responses to FSRA's questions, along with some *Additional Relevant Input From CAFII*.

Question #1

Would it be appropriate for the following to be deemed an unfair or deceptive act or practice and possibly called out to that effect in FSRA's UDAP Rule: offering an inducement to a person who is ineligible for credit protection insurance (CPI)?

As you may be aware, Credit Protection Insurance (CPI) is an optional insurance product offered under a Group Master Policy where eligibility for enrolment is predicated upon a consumer's taking on a debt obligation such as a mortgage, line of credit, car loan, or credit card and being within a specified age range. In that regard, enrolment in CPI is contingent upon the debtor meeting eligibility requirements under the terms of the Group Master Policy, as captured in the Certificate of Insurance which all CPI enrolees/insureds receive. CPI reduces or pays off an insured debt should the enrolled debtor experience an insured event: death, disability, critical illness, and/or loss of employment.

To ensure that the optional CPI coverage which they make available is offered only to eligible debtors, CAFII Members have in place carefully designed and rigorously executed and monitored processes and controls with respect to product design, employee training, offer/enrolment, and post-enrolment review and confirmation.

However, it is conceivable that, in rare circumstances, a systems error could occur that would lead to the offering of CPI to an ineligible customer (e.g. CPI is offered to a customer who is older than the age maximum for eligibility due to a miscalculation based on his/her date of birth). In such a case, CAFII Members would discover the systems error in their post-enrolment review and confirmation processes and then fully remediate the customer on a timely basis.

CAFII agrees, in principle, that the offering of an inducement to a person who is ineligible for CPI would be an unfair act or practice. However, in the rare but possible systems error scenario described above, the realization that the debtor is ineligible for the CPI would occur after any inducement had already been offered; and a UDAP Rule proscription as contemplated by *Question #1* would have no bearing upon and serve no useful purpose in preventing or deterring that type of error.

As a concluding comment, we question whether it would be appropriate and of value for FSRA to include such a specific proscription in the UDAP Rule. Please see our *Related Relevant Input From CAFII* below.

Question #2

Would it be appropriate for the following to be deemed an unfair or deceptive act or practice and possibly called out to that effect in FSRA's UDAP Rule: offering an inducement to someone who is outside of the target market for credit protection insurance (CPI)?

Building upon the contextual information provided in our response to *Question #1*, we point out that the consumer value proposition of CPI is making simple, accessible, affordable protection against death, disability, critical illness, and loss of employment available to all eligible debtors. The target market for CPI is therefore any debtor of the offering financial institution who is eligible to enrol under the Group Master Policy and related Certificate of Insurance. As such, with respect to CPI, there is no meaningful difference between "someone outside of the target market" for the insurance and "a person who is ineligible" for the insurance.

That being the case, CAFII agrees, in principle, that offering an inducement to a person who is outside of the target market for CPI would be an unfair act or practice. However, the same caveat with respect to a rare but possible systems error scenario, as outlined in our response to *Question #1*, applies here as well.

As a concluding comment, we question whether it would be appropriate and of value for FSRA to include such a specific proscription in the UDAP Rule. Please see our *Related Relevant Input From CAFII* below.

Related Relevant Input From CAFII

As stated in our March 18/21 CAFII submission on *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices*, we support FSRA's stated intention to take an outcomes/principles-based approach to its Proposed UDAP Rule, which we believe will produce better results for both consumers and the industry, by facilitating innovation and responsiveness to consumer needs.

Because FSRA has always prudently positioned itself as a risk/principles-based regulator and given that the Authority's stated objective for the Proposed UDAP Rule is to take an outcomes/principles-based approach, we question the necessity and value of getting into micro details and becoming proscriptive by calling out in the Rule such hypothetical scenarios as those posed in the two questions above.

In CAFII's view, FSRA's opting to include micro-level proscriptions in the UDAP Rule would place the Authority in an awkward position because once it specifically calls out and proscribes one or more specific acts or practices, the following questions would naturally arise:

- why hasn't FSRA therefore called out and proscribed all known/possible unfair acts or practices (or at least a much larger number of the possible universe of them)?; and

- why is FSRA specifically calling out CPI-related scenarios, when forbidding the offering of an inducement to an ineligible person and to someone outside of a product's target market are proscriptions which should apply to all types of insurance, and indeed to all types of financial services?

Thank you again for your meeting recap email of March 25/21 and the opportunity to respond to the two questions posed for our Association therein. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

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

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Briefing Note

CAFII EOC Meeting 25 May, 2021—Agenda Item 7(d)

Read Only Items: CAFII Response Submission To David Weir, FCNB On Follow-Up/Clarification Questions Arising From CAFII's January 2020 Response Submission TO FCNB's RIA Licensing Regime Public Consultation

Purpose of this Agenda Item

Read only item.

Background Information

CAFII has responded to a technical follow-up question posed by David Weir, New Brunswick Financial and Consumer Services Commission (FCNB), arising from CAFII's January 2020 response submission on FCNB's consultation on its planned Restricted Insurance Agent (RIA) licensing regime.

Recommendation / Direction Sought

Read only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(d)
May 25/21 EOC Meeting

CAFII Response Submission To David Weir, FCNB On Follow-up/Clarification Question Arising From CAFII's January 2020 Response Submission To FCNB's RIA Licensing Regime Public Consultation

From: Brendan Wycks

Sent: May-20-21 11:36 AM

To: Weir, David (FCNB) <david.weir@fcnb.ca>; Keith Martin <Keith.Martin@cafii.com>

Subject: RE: Restricted licensing framework - travel insurance

Hi, David. Here is CAFII's response to your follow-up question of May 11/21:

The reason why bank/federally regulated financial institution (FRFI) branch employees are prevented from being licensed as insurance agents stems from (i) the fact that only "Authorized Insurance Products" can be sold from bank/FRFI branches; (ii) the fact that travel insurance is an Authorized Insurance Product as defined within the federal Bank Act and the federal Insurance Business (Banks and Bank Holding Companies) Regulations (IBBRs); and (iii) the intersection between those federal legislative/regulatory realities and provincial/territorial regulatory and licensing requirements.

While the federal Bank Act and section 5(1) of the federal Insurance Business (Banks and Bank Holding Companies) Regulations (IBBRs) do permit banks and other FRFIs to offer advice regarding Authorized Insurance Products – of which credit protection insurance (CPI) and travel insurance are two main types - the offering of that advice is significantly tempered by provincial/territorial regulatory and licensing requirements.

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

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

Therefore, there is a strong argument to be made that requiring bank/FRFI branch employees to be individually licenced to sell travel insurance would frustrate the existing happy balance/medium between federal and provincial/territorial insurance legislation and regulations; and it would ultimately prevent CAFII members from offering travel insurance in their branches.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director
Canadian Association of Financial Institutions in Insurance

From: Weir, David (FCNB)

Sent: Tuesday, May 11, 2021 1:07 PM

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

Subject: Restricted licensing framework - travel insurance

Hello Brendan and Keith,

I hope that you, your families and colleagues are well.

We are currently working on finalizing our recommendations for the rule for insurance intermediary licensing, including recommendations for a restricted insurance representative licensing framework. As previously indicated, the rule will be posted for 60 days to allow for stakeholder comment.

In CAFII's January 2020 response to FCNB's **Consultation Paper Insurance 2019: Incidental Selling of Insurance, Restricted Insurance Licensing Regime**, you indicated that CAFII would prefer that travel insurance be included within NB's restricted licensing regime.

You also indicated that:

Requiring federally regulated financial institution (FRFI) employees to be individually licensed to sell travel insurance would prevent CAFII members from selling travel insurance from their branches because bank branch employees are not permitted to be licensed insurance agents. Such a scenario would result in restricted access to travel insurance for New Brunswickers, access which is available to consumers in all other provinces and territories.

Can you please elaborate on what prevents bank branch employees from being licensed as insurance agents? If there is a specific prohibition in legislation or regulation, can you please advise? We are hoping to present our final recommendations to senior staff in a few weeks and therefore would appreciate if you are able to respond soon.

Thank you and best regards,

David Weir

Financial and Consumer Services Commission of New Brunswick
Commission des services financiers et services aux consommateurs