

CAFII EOC Meeting

Date:	Tuesday, May 26, 2015	Time:	1:00 – 4:00 p.m.
Location:	CIBC Insurance Commerce Court 199 Bay St., 4 th Flr [Imperial Rm] Toronto, ON	Chair:	G. Grant
		Dial-in:	416-764-8662 or 1.888-884-4534, participant code: 8504948#; moderator code: 2551109#

Agenda

Item	Presenter	Action
1. Call to Order	G. Grant	Update
2. Approval of Agenda and Previous Minutes <ul style="list-style-type: none"> a. EOC Minutes of April 27, 2015 [attachment] b. Summary of Board and EOC Action Items [attachment] 	All	Approval Update
3. Strategy and Governance <ul style="list-style-type: none"> a. Balanced Scorecard [attachment] 	G. Grant, B. Wycks	Update
4. CAFII Financial Management <ul style="list-style-type: none"> a. Financial Statements as at April 30, 2015 [attachment] 	R. Rajaram	Approval
5. Regulatory Relations and Advocacy <ul style="list-style-type: none"> a. CCIR Working Group on Travel Insurance b. BC 10-Year Review of Financial Institutions Act c. BC "Effecting" of Creditor's Group Insurance Issue d. Consultation on Renewal of Agreement on Internal Trade [attachment] e. Regulatory Update [attachment] f. Regulator and Policy-Maker Visit Plan [attachment] 	B. Wycks, G. Grant B. Wycks, G. Grant B. Wycks, G. Grant B. Wycks, G. Grant B. Wycks B. Wycks	Update Update Update Update Information Update
6. EOC Committee Updates <ul style="list-style-type: none"> a. Media Advocacy Committee b. Market Conduct Committee <ul style="list-style-type: none"> i. Saskatchewan Bill 177 [attachment] ii. Ontario Consultation on Regulations to Insurance Act [attachment] c. Research & Education Committee <ul style="list-style-type: none"> i. Travel Insurance Project d. Licensing Efficiency Issues Committee <ul style="list-style-type: none"> i. Ontario Review of FSCO Mandate ii. New Brunswick Proposed Rule INS-001 Fees [attachment] e. Events and Networking Committee 	C. Blaquiere B. Wycks, R. Beckford B. Wycks, R. Beckford S. Manson B. Wycks, G. Grant B. Wycks M. Sanchez-Chung	Update Information Information Update Update Information Update
7. Other Business <ul style="list-style-type: none"> a. EOC Meetings: Sep 22/15 and Oct 27/15 	G. Grant	

- Next EOC Meeting is June 23/15 in Toronto hosted by RBC Insurance.
- Next Annual Meeting of Members and Board Meeting is Jun 9/15 in Toronto (ON) hosted by ScotiaLife Financial.

CAFII EOC Meeting Minutes
Tuesday, April 27, 2015
Location: ScotiaLife Financial
20 Queen Street, 35th Floor, Toronto, ON

Present:	Charles Blaquiere	Canadian Premier Life Insurance Co. <i>(for part by teleconference)</i>
	Rose Beckford	ScotiaLife Financial
	Derek Blake	RBC Insurance <i>(by teleconference)</i>
	Andre Duval	Desjardins Financial Security Life Assurance <i>(by teleconference)</i>
	Eleanore Fang	TD Insurance <i>(by teleconference)</i>
	Moira Gill	TD Insurance
	Greg Grant	CIBC Insurance, <i>Chair</i>
	John Lewsen	BMO Insurance
	Sue Manson	CIBC Insurance
	Rosemary Pulla	BMO Insurance
	Diane Quigley	The CUMIS Group <i>(by teleconference)</i>
	Maria Sanchez-Chung	TD Insurance <i>(by teleconference)</i>
	Jodi Skeates	The CUMIS Group <i>(for part by teleconference)</i>
Regrets:	Carol Allen	Assurant Solutions
	Emily Brown	BMO Insurance
	Raja Rajaram	CIBC Insurance
Also Present:	Leya Duigu	T•O Corporate Services, <i>Recording Secretary</i>
	Brendan Wycks	CAFII Executive Director

1. Call to Order

The meeting was called to order at 2:08 pm. Greg acted as Chair and Leya acted as Recording Secretary.

2. Approval of Agenda and Previous Minutes

The following was added to the agenda under Summary of Board and EOC action items.

a. EOC Minutes of March 24, 2015

Approved as presented.

b. Board Minutes of April 7, 2015

Changes were put forward by Moira and Rose.

c. Summary of Board and EOC Action Items

Brendan provided an update on the action items from the Board and EOC meetings.

i. Comments from Board Meeting and Regulatory Updates

The Board provided feedback at its last meeting requesting that a Consent Agenda approach be revisited as a way to manage future meetings and the volume of information received. The value that Directors receive from meetings is the discussion of high level items and strategy, and they can achieve this by receiving only hot button items and key points.

During the Board in-camera discussion, feedback was also provided on the Regulatory Perspectives newsletter and its purpose, and an EOC discussion ensued on this topic.

Decision: Members determined that the Regulatory Perspectives newsletter initiative shall be abandoned for now.

3. Strategy and Governance

a. Balanced Scorecard

Brendan reviewed the Balanced Scorecard document included in the meeting materials.

4. CAFII Financial Management

a. Financial Statements as at March 31, 2015

Brendan presented the financial statements as of March 31, 2015 in Raja Rajaram's absence. To date, AMEX Bank of Canada is the only Regular member that has not submitted the first instalment of its 2015 annual dues. In addition, the 2015 dues of some Associates remain outstanding including Collins Barrow, KPMG and Munich Re.

As per the Statement of Operations, we have spent 19% of our budget for 2015 thus far. There are some big ticket items that will come due later this year, and we will likely end the year with an operating deficit, as budgeted, resulting in the reserves being drawn down as planned.

Jodi Skeates joined at 2:45pm

5. Saskatchewan Bill 177 (Market Conduct Committee)

Jodi informed members of a number of issues have been raised by CLHIA with respect to Bill 177. CAFII sent a letter outlining concerns about the Bill and received assurance in a conference call that their concerns would be addressed. Since this time, issues have been raised through a number of other industry associations and members discussed CAFII's positions vis-à-vis the rest of the industry.

Action: Prepare a follow-up letter to Saskatchewan on Bill 177 on the items identified in the March 2/15 teleconference with Jim Hall and Jan Seibel as requiring further comment from CAFII. *[Brendan, Market Conduct Committee; tba]*

6. Regulatory Relations and Advocacy

a. Manitoba Residency Requirement

Brendan updated members on a message he received from Scott Moore last week regarding their apparent residency requirement for employees of restricted licensees. It was confirmed that this was a drafting error and the regulation will be corrected in 2016, when the window for making

changes is open again. Members agreed that CAFII was the right industry Association to advocate on this issue.

b. CCIR Working Group on Travel Insurance

Harry James, Chair of the CCIR Working Group on Travel Insurance, advised that it is working on revising the survey (which CAFII members provided feedback on in March) with the goal of releasing it late spring. Questions were raised about the revision process including consultations with complaint bodies and CAFII's offer to help frame the survey.

Action: Contact Harry James about the following questions: Is there an opportunity to comment on the revised survey before it is released; has CCIR consulted with complaint bodies? *[Brendan; tba]*

c. BC 10-Year Review of Financial Institutions Act

FICOM has indicated that the Ministry of Finance is waiting for final approval from the Minister before releasing the consultation document. At this time, FICOM is confirming the list of stakeholders that will receive the document.

d. BC "effecting" CGI contracts issue

Brendan was advised that FICOM will be releasing a financial bulletin on this issue "sooner rather than later." When Carolyn Rogers meets with CAFII later this week in Quebec City, she will be able to be more specific as to the timing of the bulletin's release.

e. Regulatory Update

Accepted as read.

f. Regulator and Policy-Maker Visit Plan

Accepted as read.

7. EOC Committees Updates

a. Media Advocacy Committee

A committee meeting was held last week with 50% of the time spent on discussion and 50% on Q&A. Questions included whether CAFII should use a PR firm to improve its media communications and whether there is a defined media response team within CAFII currently. Committee members recognized a need to familiarise themselves with what their own FIs are doing on media strategies. Through discussion, it became obvious that the issues need to be further segmented in terms of reactive versus proactive media strategies. Finally, it was noted that creditor insurance doesn't come up in the media too often. The main hot button issue for CAFII members currently is travel insurance and any work that is done in developing CAFII's media communications can be put towards travel as well.

b. Market Conduct Committee

i. AMF E-Commerce Paper

The committee will be addressing the AMF Ecommerce paper in its next meeting. Brendan subscribes to a Quebec journal that has recently changed its frequency to daily instead of weekly; in it, there has been a lot of broker community activity reported in opposition to the

ecommerce report. Members agreed that some Orientations in the paper are more prescriptive than others; and there is a concern with the Distribution Act being open that some of the Orientation wording might make it into the Bill. Overall, members were supportive of the report and while it is not a consultation document, we should still put any concerns we have on record through a letter. A meeting with the AMF will be held in Quebec City in a few days, and it was agreed that we will acknowledge the overall positive direction of the paper without being too enthusiastic. Overall, they have avoided inserting a licensed representative into every ecommerce transaction, which should be acknowledged.

ii. FSO 2015 Draft Statement of Priorities

The Market Conduct Committee has quite a bit of work in the coming months. In looking at the FSCO priorities we want to stress harmonization. However, members noted how little there was in this year's priorities document compared with previous years. New this year is a focus on market intelligence which may be worth commenting on.

Brendan noted a section pertaining to influence, referencing the Mortgage Brokers Regulators Council of Canada (MBRCC), and a direct connection with the life insurance product suitability review conducted last year.

There are two Ontario reviews currently underway, namely the FSCO mandate review and now the FSCO priorities, with work being handled by two different CAFII committees, Market Conduct and Licensing. It was agreed therefore that the work on both areas should be aligned.

c. Research & Education Committee

i. CAFII Value Proposition Project

Helene Pouliot from Towers Watson presented the CAFII Value Proposition Project results during the Board meeting on April 7th and members discussed the feedback from her presentation. The survey results didn't provide for questions and it seemed that some information was provided that we hadn't asked in previous versions of this study with Avalon Actuarial. The presentation was longer and more detailed than what is typically provided at a Board meeting. While the report has more rigour than previous versions, it has lost some of the context around the creditor value proposition. Since the presentation, the working group has met with Greg, Andre and Diane to get actuarial input before going back to Towers Watson for final items that need to be addressed, including more clearly articulating the actual customer value proposition. If Helene won't accommodate this then it will be up to the committee to take this information and put it into a form that can be used by CAFII.

Once the report is published, we must ensure that there is clear communication on how CAFII members can share it, as well as draw out some of the key information that our committees can use. Provisions were also made for presentations to individual companies at an additional charge.

ii. Travel Insurance Project

The travel insurance experts have provided much value to the committee due to their knowledge of the issues. The first priority is for CAFII to take advantage of this expertise from a distributor perspective, while leveraging the work of the CLHIA. A Code of Conduct has

been identified as a tangible goal, with members delving into the issues, identifying a principles-based code of conduct, and how this would be evidenced. They are currently meeting every two weeks. It was agreed that information shall be shared with the CLHIA at an organization level. FIs participating in this work include Desjardins, RBC, TD, BMO and CIBC.

d. Licensing Efficiency Issues Committee

i. Letter to Opportunities New Brunswick

A letter was submitted to Opportunities New Brunswick and a follow-up conference call shall be scheduled.

ii. Ontario Review of FSCO Mandate

Committee members agreed that we wish to ensure our types of distribution models aren't disadvantaged. The paper came out and members discussed potential changes to the supervision of insurance including licensing (self-regulatory structure), potential merger with the Ontario Securities Commission (OSC) which could have implications for CAFII as their approach is very different. Just before the committee's meeting it was learned that the expert panel has reached out to other industry associations for an initial meeting. To date, CAFII has not been contacted, which is concerning, and we should follow-up to ensure we are included amongst the list of stakeholders.

Action: The expert panel to be contacted to ensure CAFII is included as a stakeholder in the consultations on the Review of FSCO's mandate.

e. Events and Networking Committee

There will not be speaker presentations at the June and October Board meetings, and members discussed the need for a speaker in December 2015. During the Board in-camera session, Directors indicated unless the speaker reflects CAFII's key messages and mandate then we should not have them. Examples of successful speakers included those from the FCAC, as well as Avalon Actuarial and Chrys Lemon during a member's only luncheon. In future, ample time is needed to discuss the topics at EOC so we can prepare for a more accurate briefing with guest speakers in advance of the event. It was agreed that the December reception provides a good opportunity to augment the Chair's welcome remarks with a summary of recent CAFII achievements.

8. Other Business

9. Termination

There being no further business, the meeting was terminated at 4:00 p.m.

Date

Chair

Recording Secretary

2015 Summary of Meeting Action Items: BOARD & EOC					
	Source	Action Item	Responsible	Deadline	Status as of 21-May-15
BALANCED SCORECARD / PERFORMANCE MANAGEMENT					
FINANCIAL MANAGEMENT					
MEMBERSHIP					
GOVERNANCE AND ADMINISTRATION					
REGULATOR / POLICY-MAKER RELATIONS AND ADVOCACY					
Central Canada: MB, ON, QC					
1	Board April 7, 2015	• CAFII to conduct an informal call with Scott Moore in Manitoba seeking clarification on the apparent residency requirement for employees of Restricted Insurance Agents found in 380.1(3) of the amended Insurance Act.	Brendan, Greg, Derek	tba	Completed
2		• <u>Ontario Review of FSCO Mandate</u> : Licensing Committee to determine potential issues relating to the Ontario review of FSCO's mandate, outline CAFII's position on each and potential next steps in addressing them.	LEIC	tba	In progress
3	EOC Mar 24, 2015	• <u>Ontario Review of FSCO Mandate</u> : Draft a preliminary plan regarding the ON Review of FSCO's Mandate for board consideration.	Moir, EOC	28-Apr-15	See above
Eastern Canada: NB, NL, NS					
4	EOC- June 19, 2014	• Submit a letter on the potential changes to the New Brunswick Insurance Act to Opportunities-New Brunswick.	LEIC	Jan 2015	Completed
Western Canada: BC, AB, SK					
5	EOC April 27, 2015	• SK Bill 177: Prepare a follow-up letter to Saskatchewan on Bill 177 on the items identified in the March 2/15 teleconference with Jim Hall and Jan Seibel as requiring further comment from CAFII.	Brendan, Market Conduct Cmtee	tba	Completed
6	EOC Mar 24, 2015	• Draft CAFII response to Insurance Council of BC's proposal – to be put forward during the 10-Year Review of the Financial Institutions Act -- that a dollar limit ceiling be imposed on the amount of coverage that can be sold under the province's licensure exemption for CGI; and determine how our position should be communicated and to whom.	Greg, Brendan	15-May-15	In progress
7		• Investigate potential regulatory visit opportunities with licensing regulators from CISRO members during the CISRO LLQP Stakeholder Information Sessions that will be held in Toronto in June and September 2015, and add them to the Regulator and Policy-Maker Visit Plan.	Brendan	21-Apr-15	Completed
8	EOC June 19, 2014	• Make recommendation to EOC on BC representation for banks-in-insurance sector.	LEIC	15-Sep-14	Completed

	Source	Action Item	Responsible	Deadline	Status as of 21-May-15
		Regulator and Policy-Maker Visit Plan			
INDUSTRY RESEARCH					
		Travel Insurance			
9	EOC April 27, 2015	• Contact Harry James about the following questions: Is there an opportunity to comment on the revised survey before it is released; has CCIR consulted with complaint bodies?	Brendan	tba	pending
10	Board April 7, 2015	• EOC to determine the goals of the CCIR Working Group on Travel Insurance and propose a strategy on how to proceed with the travel insurance issue.	Brendan, EOC	tba	In progress
11		• Board members to be provided with the list of “hot button” issues identified during the initial consultation phase with members of CAFII’s travel insurance committee.	Brendan	asap	Completed
12	EOC Mar 24, 2015	• The Travel Insurance Action Items/Priorities to be presented to the board of directors on April 7th and members advised that the EOC will be proceeding under the existing subcommittee structure, working through the issues on the list.	Emily, Sue	7-Apr-15	Completed
13	EOC Feb 17, 2015	• CAFII to form an internal travel insurance project group, led by the Research & Education committee. Travel insurance resources and expertise to be sourced from Desjardins, CIBC, TD, RBC and a request to be issued to the remaining member companies by email.	Sue	tba	Completed
		CAFII Value Proposition Project			
14	EOC Oct 28, 2014	• An interim report to be presented to the EOC (November 18) and Board (December 2) at their upcoming meetings. The final results to be presented at the Board meeting in April 2015.	DMC	2-Dec-14	Completed
MEDIA AND COMMUNICATIONS					
		Media Outreach			
15	EOC July 22, 2014	• A plan to be developed leading to a future lunch meeting with Ms. Roseman, including documenting key messages and collecting data and, if appropriate, recommending an alternate media contact(s) to engage.	Brendan, Charles	30-Jul-14	Under review
16	Ad Hoc	• Schedule and hold additional media outreach sessions with other media, e.g. Ellen Roseman, Toronto Star; Rob Carrick, Globe and Mail; Gary Marr, National Post; Gail Vaz-Oxlade, independent consumer financial literacy writer, etc.	Brendan, Charles	TBD	Under review
EVENTS AND NETWORKING					

CAFI - 2015 Executive Director Balanced Scorecard - May 19, 2015

	H = High Priority; M = Medium; L = Low				
Priority	Objectives	Measures	Timing	Status As At May 19/15	Outcome
	Regulatory and Advocacy (50% of ED and EOC focus/time)				
#1 H	Draft and deliver highly quality regulatory submissions and follow-up with regulators and policy-makers, as appropriate.	Regulatory submissions are well-written, comprehensive and produced on time; Board and EOC have sufficient time to review and provide input, which is given due and equitable consideration and included where appropriate; submissions reflect consultation with allied industry Associations where appropriate	Ongoing		
H		Bill 177, The Insurance Act (Saskatchewan)	Q1 2015 thru Q3 2016	CAFI submission sent on Feb. 23/15; follow-up teleconference on March 2/15 to address CAFI issues; CAFI follow-up letter sent May 13/15.	Bill passed May 6/15 but won't be "proclaimed in force" until Regulations drafted and a thorough consultation with industry has occurred. Some sections of Act of concern to CAFI to be amended or repaled via Regulations.
H		British Columbia Consultation on 10-Year Review of Financial Institutions Act (FIA)	Q1 thru Q4 2015	Monitoring	Formal consultation paper finalized. Approval from Ministry of Finance to release is pending.
H		BC FICOM's 'effecting' of creditor's group insurance issue	Q1 thru Q4 2015	CAFI met with Carolyn Rogers on this issue on April 30/15; and had teleconference meeting with Harry James and regulator representatives from Alberta and Saskatchewan in July 2014.	File transferred from Harry James to Kristine Wright, FICOM's new Executive Director responsible for market conduct supervision. Information Bulletin to industry on 'effecting' issue to be sent out by June 1/15.
H		AMF's final E-Commerce in Insurance position paper	Q2 thru Q4 2015	CAFI met with AMF executives on April 29/15 and received clarification on implementation plans for "Orientations" in paper.	Final E-Commerce Report released April 2/15.
H		AMF's Distribution Guide template initiative	Q2 thru Q4 2015	Pending	Draft Regulation on Distribution Guide to be circulated to industry for brief consultation, likely in Q3 2015, with goal being to finalize it by end of 2015.
		Ontario Ministry of Finance consultation on "Proposed Regulations Related to Parts V and VII of the Insurance Act"	Q2 2015	CAFI submission sent May 19/15.	
M		Ontario government review of FSCO's mandate	Q2 thru Q1 2016	CAFI to have May 21/15 informal meeting with expert panel appointed to assist in review.	Consultation paper posted online on April 23/15 for public comment by June 5/15. Review to be completed early in winter of 2015-16.
M		Quebec government review of "An Act Respecting the AMF" (empowering and governing the AMF)	Q2 thru Q4 2015	Monitoring	Announced as part of Quebec provincial budget on March 26/15
M		Letter to Opportunities New Brunswick re changes necessary to Insurance Act and regulatory processes to facilitate efficient business operations in the province.	Q1 2015	Letter sent April 16/15, with copy to Superintendent of Insurance. Possible follow-up meeting with Jay Reid of Opportunities New Brunswick to be considered.	
M		New Brunswick Consultation on Rule INS-001 Fees, In Relation To The Insurance Act	Q1 and Q2 2015	CAFI submission sent May 1/15. Possible follow-up meeting with David Weir, Deputy Superintendent, being pursued for June 5/15.	
M		Conditions are amenable to smooth transition by CAFI members to Manitoba's new RIA Regime	Ongoing	In process	
M		Nova Scotia Direct Sellers' Regulation Act (DRSA)	Ongoing	CAFI made submission in Dec/14 in support of proposed insurance exemption language. Monitoring and liaising with Service Nova Scotia to ensure favorable exemption is enacted.	
L		Possible Nova Scotia review of life insurance sections of Insurance Act in 2015	Q1 thru Q4 2015	Monitoring	On April 22/15, Superintendent of Insurance advised that NS unlikely to initiate this review in 2015
L		Possible PEI review of life insurance sections of Insurance Act in 2015	Q1 thru Q4 2015	Monitoring	On April 23/15, Superintendent of Insurance advised that PEI may initiate this review in late 2015
#2 H	Develop and execute on Regulator and Policy-Maker Visit Plan in support of CAFI positions on legislative and regulatory issues	CAFI investments in regulator and policy-maker visits are appropriately scheduled; well-organized and executed, including briefing/preparation of CAFI participants. These meetings successfully support and advance CAFI's positions on legislative and regulatory issues	Ongoing	On Target	
#3 H	Maintain ongoing monitoring of and liaison/communications with regulators, policy-makers, allied Associations, and other industry stakeholders for relationship-building and intelligence gathering	EOC and Board members are kept well-informed of hot button, urgent, time-sensitive issues	Ongoing	On Target	

	H = High Priority; M = Medium; L = Low				
Priority	Objectives	Measures	Timing	Status As At May 19/15	Outcome
H		CAFII "Alerts" sent to EOC and Board members on hot button, urgent, time-sensitive issues	Ongoing	On Target	
#4 H	Monitor and report key developments in CCIR's review of travel insurance (including CCIR Working Group on Travel Insurance; CISRO; CLHIA high level committee on travel insurance; and THIA) ; and support related work of CAFII internal group on travel insurance (in conjunction with Research & Education Committee)	Intelligence gathered through monitoring and work of internal group on travel insurance put CAFII in a position of readiness and strength, to make a regulatory submission or otherwise make its views known, as distributors of travel insurance, should the need arise	Ongoing	Underway	
H		CAFII internal group on travel insurance completes review; addresses issues and concerns identified by CCIR project	Ongoing	CAFII internal group on travel insurance formed, and work now underway	
#5 M	Secure Representation for CAFII members as Restricted Insurance Agents in Saskatchewan, Alberta, and Manitoba	CAFII's proposed model for a Restricted Insurance Agent Advisory Committee to ICS Executive Director is adopted in Saskatchewan	Ongoing	Draft 2 of CAFII letter of support re proposed Terms of Reference for Advisory Committee, to augment submission made by CLHIA on December 19/14, is in development.	
M		CAFII's interests are advanced in shaping of a model for representation of Restricted Insurance Agents with Joanne Abram, CEO of the Alberta Insurance Council	Ongoing	Pending and submission of Saskatchewan letter	
M		Insurance Council of Manitoba calls upon CAFII members, as appropriate, when requiring subject matter expert advice to its ISI Subcommittee	Ongoing	Monitoring	ICM has formed new ISI Subcommittee, comprised of five Council members, but is forming a roster of subject matter experts who can be called upon on "as needed" basis
	Media and Communications (20% of ED and EOC focus/time)				
#1 (H)	Move CAFII into a position of readiness and confidence to respond to media opportunities re Creditor's Group Insurance and Alternate Distribution	Successful execution of tactics within specified timelines	Q1 and Q2 2015	Drafts of three documents completed and currently under review by Media Communications Committee	
H	Monitor media coverage re CGI, travel insurance, and alternate distribution	Any hot button issues related to media coverage are identified and dealt with in a timely, appropriate manner	Ongoing	In process, in concert with Media Committee	
#2 H	Make CAFII web site more robust and audience-friendly for members; regulators and policy-makers; the media (pending Media Committee approval); and the public	Content and navigation of CAFII site are reviewed and overhauled; information updates are posted on a timely and consistent basis; and site becomes a "go to" resource for key audiences	Q1 thru Q4 2015	Underway	
#3 H	Monitor Consumer Interest Groups	Include intelligence on Consumer Interest Groups' issues and activities in Regulatory Updates for EOC and Board meetings	Ongoing	On Target	
#4 M	Consumer Financial Literacy (CFL): Move CAFII into a position of readiness and confidence to engage proactively with regulators, the public, and consumer interest groups in support of CFL (Medium/long term objective: CAFII and its members are seen as advocates for CFL; and a "go to" industry Association in that area)	Three-year plan developed and approved by Media Committee, EOC, and Board for CAFII to become incrementally engaged in CFL activities	Q1 thru Q4 2015	Pending	
		CAFII web site content on CFL made more specific and compelling	Q2 2015	Underway	
TBD		CAFII gets involved in Financial Literacy Month (November) in 2014 through an event or initiative; and has specific plans for continued participation in future years	Q1 thru Q4 2015	Pending	
TBD		Plan developed and approved by Media Committee, EOC, and Board for CAFII to be involved in Fraud Prevention Month (March) in 2016, as directly related to CFL	Q1 thru Q4 2015	Pending	
	Association Oversight and Management (30% of ED and EOC focus/time)				
#1 H	Produce an "industry intelligence" Regulatory Update monthly, for each EOC and Board meeting	Regulatory Update is produced for each EOC and Board meeting, containing outside-of-the-public-domain information on regulatory actions, pronouncements, trends and leading indicators	Ongoing	On Target	
#2 H	Efficient, effective CAFII meetings: with EOC Chair and standing committee Chairs, ensure agendas are focused and goal-oriented and meetings are well-managed	Agendas and meeting materials are distributed with appropriate lead time. Board and committee members are engaged in meeting discussions and feel meetings are productive and advance CAFII's objectives	Ongoing	In process	
#3 H	Ensure that CAFII prepares an annual operating budget that is well-grounded in approved strategic and operational plans; funds are spent according to plan; and financial control policies and procedures -- including monthly financial statements -- are adhered to	Play a leadership role in development, management, and tracking/monitoring of CAFII's annual operating budget, and committee and project budgets. Budget targets are met, except for explainable/approved variances	Ongoing	On Target	
#4 H	Provide strategic and operational support to the EOC Chair in management of CAFII priorities and activities, and accountability reporting thereon	Engaged strategic and operational support to EOC Chair; escalates appropriate matters to EOC Chair for review and decision-making	Ongoing	In process	

CAFII

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

Statement of Operations As at April 30, 2015

	Current Month	Current YTD	Budget 2015	% Used
Revenue				
Membership Fees	35,333.00	141,332.00	424,000.00	33%
Interest Revenue	35.10	140.40	500.00	28%
TOTAL REVENUE	35,368.10	141,472.40	424,500.00	33%
Expenses				
Management Fees	22,463.65	88,155.41	249,264.00	35%
CAFII Legal Fees/Corporate Governan	0.00	0.00	5,000.00	0%
Audit Fees	0.00	0.00	14,000.00	0%
Insurance	432.00	1,728.00	5,368.00	32%
Website (incl translation)	2,271.00	6,348.37	6,260.00	101%
Telephone/Fax/Internet	501.55	2,093.32	8,000.00	26%
Postage/Courier	30.84	111.94	500.00	22%
Office Expenses	22.58	378.06	3,000.00	13%
Bank Charges	0.00	25.00	60.00	42%
Miscellaneous Expenses	0.00	0.00	0.00	
Amortization Expense	0.00	0.00	300.00	0%
Depreciation Computer/Office Equipm	38.89	155.56	0.00	
Board/EOC/AGM	0	0		
Annual Members Lunch	0.00	9,754.99	7,000.00	139%
Board Hosting (External)	0	0	9,000.00	0%
Board/EOC/Meeting Expenses	872.93	1,604.44	10,000.00	16%
Industry Events	0.00	0	805.00	0%
EOC Annual Lunch	0.00	0	2,000.00	0%
Sub Total Board/EOC/AGM	872.93	11,359.43	28,805.00	
Provincial Regulatory Visits	1,802.48	2,007.01	10,000.00	20%
Research/Studies	213.18	213.18	90,000.00	0%
Regulatory Model(s)	0.00	0.00	12,000.00	0%
Federal Financial Reform	0.00	0.00	2,000.00	0%
Media Outreach	0.00	0.00	8,500.00	0%
Marketing Collateral	0.00	0.00	1,500.00	0%
Networking Events	0.00	0.00		
Speaker fees & travel			3,000.00	0%
Gifts			1,000.00	0%
Sub Total Networking & Events	0.00	0.00	4,000.00	0%
15th Anniversary Event	0.00	0.00	0.00	
TOTAL EXPENSE	28,649.10	112,575.28	448,557.00	25%
NET INCOME	6,719.00	28,897.12	-24,057.00	-120%

Explanatory Notes:

- 1 - Amortization of office equipment based on 4 year straight line depreciation
- 2 - Management fees includes TO Corp and Executive Director
- 3- Website includes hosting cafii.com, Vimeo(videos) subscrption and website improvements

CAFII

Toronto, ON M4V 2Y7

Membership Fees As At April 30, 2015

	<u>Jan-15</u>		<u>Jul-15</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 23,500.00	April 24, 2015	\$ 23,500.00	
CIBC Insurance	\$ 23,500.00	Mar13,2015	\$ 23,500.00	
RBC Insurance	\$ 23,500.00	Mar26,2015	\$ 23,500.00	
ScotiaLife Financial	\$ 23,500.00	Mar6,2015	\$ 23,500.00	
TD Insurance	\$ 23,500.00	Mar13,2015	\$ 23,500.00	
AMEX Bank of Canada	\$ 11,750.00		\$ 11,750.00	
Assurant Solutions	\$ 11,750.00	Mar6,2015	\$ 11,750.00	
Canadian Premier Life Insurance Company	\$ 11,750.00	Mar13,2015	\$ 11,750.00	
Desjardins Financial Security Life Assurance Company	\$ 11,750.00	April 24, 2015	\$ 11,750.00	
National Bank Insurance Company	\$ 11,750.00	Mar13,2015	\$ 11,750.00	
Cumis Group Ltd	\$ 11,750.00	April 8, 2015	\$ 11,750.00	
Aimia	\$ 4,800.00	April 8, 2015		
Avalon Actuarial	\$ 4,800.00	Mar13,2015		
Collins Barrow Toronto Actuarial Services	\$ 4,800.00			
CSI Brokers Inc.	\$ 4,800.00	April 8, 2015		
KPMG	\$ 4,800.00			
Laurentian Bank of Canada	\$ 4,800.00	April 24, 2015		
Munich Re	\$ 4,800.00			
Optima Communications	\$ 4,800.00	Feb27,2015		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	April 8, 2015		
The Canada Life Assurance Company	\$ 4,800.00	Mar13,2015		
January Invoices	\$236,000		\$188,000	
July Invoices	\$188,000			
Total Membership Fees	\$424,000			
Total amount to realocate monthly Jan-Dec	\$35,333			

CAFI

55 St Clair Ave West, Suite 255

Toronto, ON M4V 2Y7

Balance Sheet

As at April 30, 2015

	Current 2015
ASSETS	
Current Assets	
Bank Balance	\$393,656
Investments ^A	\$53,381
Accounts Receivable	\$26,150
Interest Receivable	\$376
Prepaid Expenses	\$432
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$1,128)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	\$475,200
TOTAL ASSETS	\$475,200
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$43,944
Deferred Revenue	\$94,668
Total Current liabilities	\$138,612
TOTAL LIABILITIES	\$138,612
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$307,691
Excess of revenue over expenses	\$28,897
Total Unrestricted Net Assets	\$336,588
Total Unrestricted Net Assets	\$336,588
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$475,200

Financial Reserves Targets:

Minimum 3 months (25%) of Annual Operating Expenses =	\$ 112,139
Maximum 6 months (50%) of Annual Operating Expenses =	\$ 224,279

Current Level of Financial Reserves:	\$336,588
Current Level of Financials Reserve (%):	75%

C A F I I
55 St Clair Ave West, Suite 255
Toronto, ON, M4V 2Y7
Balance Sheet Items
As at April 30, 2015

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-12	June-17-14	\$53,380.92	0.80%	\$427.05	June-17-15
Total		\$53,380.92		\$427.05	

Item B

Accounts Payable

	Total
	30.84
	159.84
	2,881.52
	2,271.00
	13,560.00
	40.54
	25,000.00
Total outstanding:	<u><u>43,943.74</u></u>

Ministry of Finance

Financial Services Policy Division
4th Floor, Frost Bldg North
95 Grosvenor Street
Toronto ON M7A 1Z1

Phone: (416) 326-1579
Fax: (416) 325-1187
Frank.Allen@ontario.ca

Ministère des Finance

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Télécopieur : (416) 325-1187
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April 2, 2015

Brendan Wycks, Executive Director
Canadian Association of Financial Institutions in Insurance
(CAFII)
2600 Skymark Avenue
Mississauga ON L4W 5B2

Re: Agreement on Internal Trade

Dear Mr. Wycks,

Last year, the Premiers of Canada's provinces and territories announced their intention to lead a comprehensive renewal of the Agreement on Internal Trade (AIT) with negotiations to be concluded by March of 2016. The Premiers have noted that past efforts to strengthen the Agreement on Internal Trade have made it possible to attain concrete progress in areas such as labour mobility. Amongst several priority areas to be considered for renewal is regulatory coordination.

The following is a useful link with information on efforts to renew the AIT:
<http://www.canadaspremiers.ca/en/initiatives/410-steering-committee-on-internal-trade>

As you are aware currently insurance adjusters, agents and brokers are covered under the AIT's labour mobility chapter. We are writing to seek your organization's input on the possibility of a broader application of the Agreement on Internal Trade to encompass financial services provided by insurance companies.

Specifically, we would be interested in hearing your suggestions with respect to aspects of insurance regulation or approaches to insurance regulation that could be the subject of Agreement on Internal Trade renewal and how they could benefit your members. Similarly, it would also be important for us to know of any specific areas or issues that would be of concern to your members.

We recognize that when it comes to the insurance industry in Canada, significant progress on regulatory coordination and harmonization has been achieved through existing intergovernmental organizations such as the Canadian Insurance Services

Regulatory Organizations and the Canadian Council of Insurance Regulators. Thus, when it comes to the insurance industry, there may be a preference to continue to focus coordination and harmonization efforts through these existing national regulatory organizations. We too would like to get your feedback on this proposition.

In terms of timing, it would be helpful if we could get your feedback on the above by May 5. And if it would be useful for you and your members, we would be happy to arrange a meeting to discuss these issues as a group.

If you have any questions on the above or would like more information please contact Paul Braithwaite at 416-326-9215.

Sincerely,

A handwritten signature in black ink, appearing to read 'Frank Allen', with a stylized, cursive script.

Frank Allen
Assistant Deputy Minister (A)

Regulatory Update – CAFII Executive Operations Committee, May 19, 2015

Prepared By Brendan Wycks, CAFII Executive Director

Introduction

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Federal/National

Canadian Council of Insurance Regulators (CCIR)

Travel Insurance Working Group (TIWG) Plans To Send Out Insurer Survey In Early June

On May 19/15, Harry James, Chair of CCIR's Travel Insurance Working Group (TIWG), advised Brendan Wycks that the TIWG has nearly completed the process of revising its survey of travel health insurers and expects to be in a position to send it out in early June. He indicated that the TIWG may not have sufficient time to vet the revised survey with relevant industry Associations again before disseminating it.

CAFII has also learned that Harry James shared the following information about the TIWG's plans during a recent CLHIA standing committee meeting:

- The industry will have 45 to 60 days to complete and submit the insurer survey. CCIR will also be asking for industry-gathered consumer satisfaction data, if available. CCIR will share the survey results with the relevant industry stakeholder Associations.
- CCIR will prepare a Discussion Paper based on the data from the insurer survey and open-ended input from the public by the Fall of 2015 (likely October).
- CCIR will seek submissions on the Discussion Paper in the Fall and, if necessary, issue a Position Paper in the May/June 2016 timeframe, following the April 2016 CCIR quarterly meeting.
- the Position Paper is likely to include content that addresses the following:
 - consumer education (involving the industry and the FCAC)
 - control and oversight of distribution channels and training by insurers
 - application process enhancements (eligibility screening and improving "certainty of coverage")
 - product enhancements (both coverage and clear language disclosure)
 - complaint process enhancements (ensure TPAs are escalating to insurers and making consumers aware of an efficient complaint resolution process).

CCIR Happy With Formation Of CLHIA High Level Committee On Travel Insurance

On April 29/15, CCIR Chair Patrick Dery and Vice-Chair Carolyn Rogers advised CAFII that CCIR was pleased with the formation of CLHIA's high level committee on travel health insurance, given that the industry had itself decided that such a group would be more responsive and able to make quicker progress than the Travel Insurance Pan-Industry Project Group it had replaced.

Carolyn Rogers noted that Frank Swedlove, Chair of the CLHIA high level committee, had informed her that the committee was hoping to get ahead of the anticipated timelines for completion of CCIR's review of travel health insurance, by having recommendations for reforms and enhancements to travel health insurance in the hands of the TIWG before the end of 2015.

Article Provides Insights Into CCIR Mindset On Travel Health Insurance

On May 11/15, the Insurance & Investment Journal published an article on CCIR's review of travel health insurance, quoting extensively from Carolyn Rogers as Vice-Chair of CCIR; Stephen Frank, CLHIA's Vice-President, Policy and Secretary to its high level committee; and Alex Bittner, President of the Travel Health Insurance Association (THiA). The following excerpt is particularly germane to CAFII:

"Our intention is to hear from the public about their concerns," says Carolyn Rogers, CEO and superintendent of the British Columbia Financial Institutions Commission, and vice chair of the CCIR. "This is

a product which generates more complaints from consumers than other products. You can have an increase in complaints (that is) not necessarily an indication of systemic issues. But when those complaints seem to have a consistent theme, that indicates there may be a systemic issue.”

“Every member of the CCIR identifies this as something we should spend resources on,” Rogers says. “Consumers seem to not understand the coverage they’ve bought, and there are too many times where the consumers seem surprised about the outcome. It’s important that we gather the facts.”

The review will include a look at product design and the sales process – the product is often sold through exempt channels attached to other products like credit cards or association memberships.

“We have not formed a view on the issues,” she adds. “This is why we have phase one (the invitation to submit comments). We have anecdotal evidence and the headlines, but that’s not something you can regulate on.” Next steps of that process will be to publish comments, and perhaps pose questions, in a discussion paper, due out this fall.

CCIR Making Progress With MOU For Market Conduct Supervisory Framework

On April 29/15, CCIR Chair Patrick Dery and Vice-Chair Carolyn Rogers advised CAFII that the Council’s six largest members are expected to sign a recently drafted Memorandum of Understanding (MOU) among provincial insurance regulators this Spring.

Arising from the work of CCIR’s IAIS Insurance Core Principles Implementation Committee (ICPiC), the MOU relates to ICPiC’s work plan for a new Co-operative Market Conduct Supervisory College framework. The purpose of the framework is to assist CCIR member jurisdictions in improving their compliance with the International Association of Insurance Supervisors’ Insurance Core Principles (ICPs).

The MOU will enable CCIR members to take a nationally co-ordinated approach to supervisory issues, led by a cross-jurisdictional team, but it will not fetter the regulatory discretion of any province or territory. CCIR is not requiring each jurisdiction to sign the MOU in order to gain the benefits of the Supervisory College, “but rather just not to get in the way.”

Financial Literacy Initiative In CCIR Strategic Plan A Low Priority

On April 29/15, CCIR Chair Patrick Dery and Vice-Chair Carolyn Rogers informed CAFII that the financial literacy initiative in the Council’s 2014-17 Strategic Plan is a low priority, given limited resources. At this time, CCIR does not plan to do anything on a nationally co-ordinated basis related to consumer financial literacy and sound decision-making with respect to insurance.

The CCIR leaders noted that financial literacy is a space where a lot of organizations are already active. CCIR will therefore take a more passive approach in this area by promoting such fundamental principles as plain language and clear communication among industry participants.

In a related development, Patrick Dery advised CAFII that Singapore’s insurance regulator, the Monetary Authority of Singapore (MAS), had recently launched a Web-Aggregator in which all life insurers are required to participate. He praised this new industry aggregation and direct purchase web site, which also refers the consumer to a licensed representative.

CCIR To Expand Secretariat Resources By Hiring Two New Policy Managers

On April 29/15, Patrick Dery and Carolyn Rogers informed CAFII that CCIR expects to announce the hiring of two new Policy Managers shortly. These individuals, who will work out of FSCO's offices, will succeed Carol Shevlin who is retiring at the end of 2015. The new Policy Managers will have a half year period of overlap with Carol, for orientation, training, and introductions to industry stakeholders.

At their March 26/15 meeting, CCIR members agreed to expand their Secretariat resources, to enable the Council to move forward better with its many current initiatives; and, in particular, to resource the work of its IAIS Insurance Core Principles Implementation Committee (ICPic).

Financial Consumer Agency of Canada

Jane Rooney To Launch Financial Literacy Month 2015 At Toronto Conference

National Financial Literacy Leader Jane Rooney will launch Financial Literacy Month 2015 on Monday, November 2 at the *ABLE Financial Empowerment Conference* at the Allstream Centre in Toronto. The ABLE conference is a biannual national conference for all stakeholders interested in fostering financial empowerment for people who live on low incomes. The theme of this year's two day conference, *Aligning for Impact*, will engage stakeholders from all sectors around a common vision for financial empowerment.

FCAC Commissioner Exhorts Life Insurers To Strengthen Plain Language

FCAC Commissioner Lucie Tedesco devoted a significant portion of her remarks to CLHIA's 2015 Compliance and Consumer Complaints Conference to the "Industry's Role In Financial Literacy." The following is an excerpt.

"... When consumers have a clear idea of what they are getting into, of what they are entitled to and what they are responsible for, there will likely be fewer complaints and compliance issues downstream. Clear communication and disclosure—through plain language means better communication and disclosure in the end. If it's easier for consumers to understand what's being sold, it may be that it's easier and faster for them to buy it."

"Federally regulated financial institutions are required by law to use plain language in their disclosure documentation for consumers. As I said before I believe this is good for your business. Better than any advertisement, you signal to prospective customers that you care about their interests."

"I know that the financial sector, including many insurers, is working toward making it easier to read and understand information about their products. I also know that there is room for improvement."

Office of the Superintendent of Financial Institutions (OSFI)

Financial Institutions Turn Down Regulatory Updates From OSFI Via Twitter

Financial institutions that follow the Office of the Superintendent of Financial Institutions (OSFI) web site have informed the regulator that, given the choice between email and Twitter, email remains their preferred method of receiving information. OSFI notes that social media has aroused little interest among financial institutions, and very few of them believe that it would be useful to receive opinions by Twitter.

These findings come from OSFI's *Financial Institutions Survey*, which asked financial institutions to assess its performance as a prudential regulator and supervisor. The survey also revealed that financial institutions would like to be able to submit information to the regulator on-line.

CLHIA Publishes Advertorial Supplement In The Globe and Mail

The Canadian Life and Health Insurance Association published an advertorial supplement in The Globe and Mail on April 27/15. The supplement provided a range of articles focused mainly on insurance and financial security advice for Canadians. One article headlined "Investing in financial literacy an investment in Canadians' financial well-being" describes how the life and health insurance industry has taken a leading role in a multi-sector drive to help improve Canadians' financial literacy.

Provincial

British Columbia

FICOM To Issue Bulletin On "Effecting Of CGI" By June 1/15

On April 30/15, Carolyn Rogers, CEO of BC's Financial Institutions Commission, advised CAFII that an Information Bulletin would be disseminated to the industry on the effecting of creditor's group insurance issue by June 1, 2015, after a courtesy vetting with other CCIR members.

Ms. Rogers noted, as a side issue, that FICOM has learned that some of the CGI policies it has concerns about are being sold as "portable," so long as the consumer remains with the same mortgage broker. This particular issue will be dealt with either in the same Information Bulletin or in a separate communique.

FICOM Expects 10-Year Review Consultation Paper To Be Released By End Of May

On April 30/15, Carolyn Rogers advised CAFII that she expects the Ministry of Finance's Financial and Corporate Sector Policy Branch (FCSPB) to release the consultation paper that will launch the formal phase of the 10-year review of the province's Financial Institutions Act by the end of May.

She indicated that the consultation paper will lay out several big questions that the government believes should be addressed; and industry stakeholders will have 90 days to make a submission.

She expressed some surprise when told that the Insurance Council of BC intends to make a recommendation, as part of its submission, that a dollar amount limit be imposed upon the amount of creditor's group insurance that can be sold under the existing licensure exemption that CGI currently has in the province. However, she stated that a review of the exempt channels definitely needs to be part of the review of the overall Act, noting that some of the concern that FICOM has around CGI relates to lack of oversight, albeit not with respect to the financial institutions' CGI space in which CAFII members operate.

She advised that to prepare for the 10-year review, FICOM engaged an outside consultant, KPMG, to do a gap analysis; and the results of that analysis were provided to the Ministry a year ago. With respect to the review, FICOM sees its role as being part of the policy advisor team, alongside Ministry officials, but the Commission may decide to make a submission itself.

Insurance Council Publishes Confidentiality Guidelines

The Insurance Council of BC has published guidelines to help advisors understand the steps they must take to keep client information private and confidential. In a notice published May 13/15, the Council said it

continues to uncover instances where insurance advisors have collected, used, or disclosed clients' personal information contrary to Council rules. The new confidentiality guidelines have been incorporated as an appendix to the Council's Code of Conduct.

Saskatchewan

Bill 177 Passed But Won't Be Proclaimed In Force Until Regulations Finalized

On May 7/15, Jim Hall, Senior Crown Counsel, Legislative Services with Saskatchewan's Ministry of Justice and Attorney General, advised Brendan Wycks that

- Bill 177, The Insurance Act (Saskatchewan) and approximately 38 House Amendments received Third Reading in the legislature on May 6/15 and were passed.
- However, the legislation will not be "proclaimed in force" until all of the Regulations have been developed (over the summer and fall of 2015), and a thorough, comprehensive consultation with the industry on the Regulations has occurred.
- the expected timeline from this point on is

– May 6, 2015	Bill 177 and House Amendments Passed
– Spring/Summer/Early Fall 2015	Regulations Drafted By Saskatchewan FCAA
– Late Fall 2015 and Winter 2016	Consultation With Industry On Draft Regulations
– Spring/Summer 2016	Regulations Finalized and Passed
– Latter Half of 2016	Industry Transition Period
– Late 2016 or Early 2017	Revised Act and Regulations Proclaimed Into Force
- There is an important distinction to be made between passage of the Act, on the one hand, and its proclamation into force, on the other. Even though legislation has been passed, it is of no force and effect until it has been proclaimed. That distinction is key to the approach that Saskatchewan will be taking to deal with some of the changes that CAFII and other industry stakeholders have highlighted as necessary.

For example, re Section 5-79, *Recommendations for Restricted Licensee – Life Insurance*, part of which seems to limit a Restricted Insurance Agent to selling insurance solely on behalf of the sponsoring insurer, thereby requiring a financial institution to place all of its creditor's group insurance business with one insurer: subsection 5-79(2) **will not** be proclaimed in force; it will be repealed via the Regulations. This subsection that will **not** be proclaimed reads as follows: "A restricted licensee for life insurance may act as a restricted insurance agent only for the licensed life company that recommended that the licensee be issued a restricted insurance agent's licence."
- In the version of the revised Act which comes out shortly from the Queen's Printer, it will still show 5-79(2) as part of the Act. However, that will be of no force and effect because the legislation has not yet been proclaimed. When a subsequent version of the Act is published, after the Regulations have been finalized, it will show that 5-79(2) has been repealed.

Jim thanked CAFII for its submission on Bill 177, for following up, and for being a pleasant and co-operative industry Association to work with. He noted that any further or clarifying comments that CAFII wants to

make will be taken into account in the development of the Regulations. Jim will be retiring from the Ministry at the end of May; and leadership of the Insurance Act and related Regulations file will then transfer to Jan Seibel, Lawyer with the Financial and Consumer Affairs Authority.

Ontario

Advocis Wants To Take Over Life Insurance Agent Regulation From FSCO

Advocis is hoping the Ontario government's review of FSCO's mandate will lead to a shakeup of life insurance regulation.

Greg Pollock, CEO of Advocis, has said that "what we might see is the government divesting itself of the responsibility of day to day oversight of these insurance agents and Advocis could certainly take on that kind of responsibility. So that would relieve governments of that responsibility. Obviously they would audit an organization like Advocis to ensure that we're carrying out those responsibilities appropriately. We think at the end of the day that would be more efficient in terms of this oversight."

FSCO came under fire in late 2014 in a scathing report from the Auditor General of Ontario that found issues with the regulator around licensing and E&O insurance for life insurance advisors.

"In that report, the auditor general did suggest there might be some opportunities for government to download some of the responsibilities that currently exist within FSCO to some of the established professional associations currently in existence," Pollock said.

Ontario Superior Court Allows Primerica Case Against FSCO To Proceed

The Ontario Superior Court of Justice has rejected a bid by the Financial Services Commission of Ontario (FSCO) to dismiss a case brought against it by Primerica Life Insurance Company of Canada, which seeks declaratory relief from the court.

According to the decision released in late April, Primerica alleges that FSCO breached its commitment to "consult and communicate with course providers" before making changes to curriculum or exams required to licence life insurance agents. It also seeks a declaration that FSCO acted without authority when entering certain agreements related to CISRO's current Life Licence Qualification Program (LLQP) modernization effort.

The allegations have not been proven but the court ruled that the case can go ahead. The court found that, without assessing the merits of the case, Primerica is entitled to seek declaratory relief. Declaratory relief is typically sought to clarify status; it does not involve awarding damages.

Quebec

AMF Will Not Prescribe "Importance Of Obtaining Advice" Disclosure In Online Sales

In a meeting between CAFII representatives and AMF executives on April 29/15, Eric Stevenson, the AMF's Superintendent, Client Services and Distribution Oversight, provided a clarification on a component of Orientation 2 in *"Internet Insurance Offerings In Quebec: Presentation of Consultation Findings and Orientations,"* which is of direct interest to CAFII members.

He advised that the AMF will allow providers some discretion as to how they inform the consumer of the importance of obtaining the advice of a certified representative, and will not be prescriptive on this point.

He agreed that this consumer disclosure does not necessarily have to be 'in your face' on the provider's web site pages; nor repeated on each and every screen.

In a related observation, he indicated that the AMF's final e-commerce paper, published April 2/15, will probably not be the end of the debate on internet insurance offerings in Quebec, as the brokers will probably want to raise the issues again.

The formal review of the province's Distribution Act, expected to be announced by the Ministry of Finance in the near future, may give the brokers a forum for rehashing objections to internet sales of insurance without a representative; but it will also provide an opportunity for supporters of the final e-commerce paper to submit a letter to the Minister.

AMF Updates Plans To Develop Regulation On Distribution Guide Template

On April 29/15, Louise Gauthier, the AMF's Director, Distribution Practices and Self-Regulatory Organisations, advised CAFII that within the next 12 months, she expects to develop a draft Regulation on the Distribution Guide – under the auspices of the current Distribution Act if necessary. The draft Regulation will then be put out to the industry for a brief consultation period.

She noted that the AMF is currently prioritizing the regulatory changes that it needs to make to introduce the nationally harmonized LLQP on January 1, 2016; and then the Distribution Guide (Distribution Without Representation) Regulation will be next in line.

She also confirmed that when the new Distribution Guide template comes into effect, the AMF will continue its current "file and use" approach to industry monitoring.

AMF Fines Foresters For CGI Distribution Violations

The AMF recently imposed fines totaling \$25,000 on the Foresters Life Insurance Company for violations related to the distribution of creditors group mortgage insurance products in Quebec.

The AMF sanctioned Foresters for selling creditors group mortgage insurance through a distributor in Quebec without having furnished the regulator with its distribution guide for these products. The regulator is reprimanding the insurer for having sold between 241 and 264 of these products over a period of three years and nine months. The AMF also rebuked Foresters for either failing to meet its demands or for not having done so adequately, for having given responses that were late, incomplete, incorrect, or inconsistent.

As a result, Foresters has withdrawn its distribution guides for creditors group mortgage insurance and general leasing creditors group insurance. The insurer has agreed with the AMF that it should file new distribution guides that comply with the applicable laws and regulations if it wishes to distribute these new products in Quebec.

CAFII Regulator and Policy-Maker Visit Plan 2015

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 19/15
British Columbia				
Gerry Matier, Executive Director, Insurance Council of BC	Feb. 27/15 meeting in Toronto addressed review of BC FIA; representation for banks-in- insurance on Insurance Council; new CE requirements for new licensees; LLQP support; CCIR travel insurance initiative	When Gerry is in Toronto for CISRO/CCIR/related meetings	-10 yr. Review of BC Financial Institutions Act (FIA) -LLQP modernization -Update on Council priorities -Update on CCIR travel insurance review -Communicate CAFII issues -Maintain and strengthen relationship	Pending
Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR Vice-Chair)	Lunch meeting in Quebec City on April 30/15	When Carolyn is in Toronto for CCIR/related meetings	-10 yr. Review of BC Financial Institutions Act (FIA) -"Effecting" of CGI in BC issue -Update on CCIR travel insurance review -Communicate CAFII issues; maintain and strengthen relationship	Pending
Doug McLean, Deputy Superintendent of Insurance, FICOM	No contact/meeting for at least past two years	When Doug is in Toronto for CCIR/related meetings	See above	Pending
Harry James, Director, Policy Initiatives, FICOM (Chair of CCIR's new Working Group on Travel Insurance)	Nov. 21/14: G. Grant chatted with H. James during FIA Review roundtable discussion Jul 28/14: call with CAFII reps re: "effecting" CGI	When Harry is in Toronto for CCIR/related meetings	See above	Pending
Michael de Jong, Minister of Finance	Nov. 21/14: G. Grant represented CAFII at FIA Review roundtable discussion	If necessary, Q2 or Q3 2015	- follow up on CAFII issues/concerns re: 10-year Review of Financial Institutions Act; announcement re formal consultation phase of FIA Review expected imminently	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 19/15
Alberta				
Alberta Insurance Council: Joanne Abram, CEO; Ron Gilbertson, Chair (2012-15) Anthonet Maramieri, COO (succeeded retired Tom Hampton at beginning of 2015) Warren Martinson, Legal Counsel (member of CISRO LLQP Ctte)	Nov 20/14: CLHIA COSS seminar (B. Wycks); Mar 17/14; Toronto, ON Mar 17/14; Toronto, ON Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session Feb 10/14: Toronto, ON	When Joanne, Anthonet, or Warren is in Toronto for CISRO/CCIR/related meetings	-Representation for Restricted Licence Holders - - Licensing for 3 rd party providers: business number registration system -LLQP modernization - Update on Council priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending
Mark Prefontaine, Superintendent of Insurance	Sep 30/14; Fredericton, NB (informal meeting)	When Mark is in Toronto for CCIR/related meetings	See above	Pending
David Sorensen, Deputy Superintendent of Insurance	No face-to-face contact to date - <i>appointed Sep 15/14; CAFII congratulatory letter sent</i>	When David is in Toronto for CCIR/related meetings	See above - and introduce CAFII	Pending
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch	Sep 30/14: Fredericton, NB (informal meeting) Jul 28/14: call with CAFII reps re: "effecting of CGI"	When Laurie is in Toronto for CCIR/related meetings	See above	Pending
Robin Campbell, President of Treasury Board and Minister of Finance	No contact – appointed Sep 15/14	TBD	TBD until CAFII has a "direct ask"	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 19/15
Saskatchewan				
Ron Fullan, Executive Director, Insurance Councils of Saskatchewan and CISRO Chair	February 27/15 CISRO LLQP Stakeholder Info Session	When Ron is in Toronto for LLQP Stakeholder Info Sessions on June 5/15 and in September 2015	-Restricted Insurance Agents Advisory Cttee. -Sask RIA regime and licensure issues -LLQP modernization - Update on ICS and CISRO priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending
April Stadnek, Director of Licensing	Sep 30/14; Fredericton, NB (informal meeting) November/13 in Toronto when April attended CLHIA CCROSS Seminar	When April is in Toronto for CISRO/CCIR/related meetings		Pending
Roger Sobotkiewicz, former Director of Financial Consumer Affairs Authority (FCAA)'s Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-no previous contact; congratulatory letter on appointment sent March 4/15	Q4 2015 or Q1 2016 meeting in Regina, if necessary	-introduce CAFII and build relationship -Regulations being developed following passage of Bill 177, The Insurance Act (Saskatchewan) -ISI: Representation for Restricted Licence Holders -LLQP modernization - Update on Superintendent's priorities -Communicate CAFII issues	Pending
Ian McIntosh, Deputy Superintendent of Insurance	Jul 28/14 call with CAFII reps re: "effecting CGI"	Same as above	See above	Pending
Consultant (ex-Superintendent) Jim Hall and Janette Seibel, Lawyer, FCAA, are point persons for review of SK Insurance Act J. Hall slated to take full retirement at end of May 2015. Jan Seibel becomes lead on Bill 177 and Regulations file, effective June 1/15	-telephone discussion between J. Hall and B. Wycks on May 7/15 re passage of Bill 177; and plans for Regulations to effect changes to sections of Insurance Act via "not proclaimed in force" -teleconference meeting on CAFII submission on Bill 177, on March 2/15	Q4 2015 or Q1 2016 meeting in Regina, if necessary	-Regulations being developed following passage of Bill 177, The Insurance Act (Saskatchewan)	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 19/15
Manitoba				
Ministry of Finance: Jim Scalena, Superintendent <i>*Retired at end of 2014</i> Scott Moore, Deputy Superintendent, currently serving as Interim Superintendent of Insurance	April 29/14; Winnipeg, MB April 15/15 teleconference with three CAFII reps re concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents April 29/14: Winnipeg, MB	When successor or Scott is in Toronto for CCIR/related meetings	-Introduce CAFII and build/maintain relationship -Implementation of ISI regime -Representation for Restricted Licence Holders -Update on Insurance Act Review -LLQP modernization -Update on Superintendent's and Council's priorities -Communicate CAFII issues	Pending
Greg Dewar, Minister of Finance	No contact – appointed Nov/14	TBD	TBD until CAFII has "direct ask"	Pending
Erin Pearson, Executive Director, Insurance Council of Manitoba:	Sept. 30/14: dinner in Fredericton, NB re: ISI implementation Apr 29/14; Winnipeg, MB	When Erin is in Toronto for CISRO/related meetings	Same as above	Pending
Ontario				
FSCO: Brian Mills, appointed Interim CEO and Superintendent on October 18/14	January 28/15 stakeholder meeting with CCIR November 21/14 at FSCO Life and Health Insurance Symposium	Q2 or Q3 2015: follow-up lunch or dinner	(i)-Introduce CAFII and build/maintain relationship (ii) -"Agency Review" of FSCO's mandate (iii) next steps, if any, in Life Insurance Product Suitability Review (iv)-LLQP modernization (v)-enhancing the national CRS (vi)-Update on Superintendent's priorities (vii)-communicate CAFII issues	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 19/15
FSCO Cont'd: Anatol Monid, Interim Executive Director, Licensing and Market Conduct Division	January 28/15 stakeholder meeting with CCIR November 21/14 at FSCO Life and Health Insurance Symposium April 9/14 re: Interim Report of Life Insurance Product Suitability Review	To be determined, as required	Item (iii) above	Pending
Isabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	Nov 21/14 FSCO Life & Health Insurance Symposium Nov 13/14 re: Report on Joint Review (FSCO and AMF) of National Complaint Reporting System (CRS)	To be determined, as required	Item (v) above	Pending
Ministry of Finance three member Expert Panel advising on Government's review of FSCO's mandate	CAFII made submission to OMAF on "Proposed Regulations Related to Parts V and VII of the Insurance Act" on May 19/15	May 21/15 informal meeting	-provide Panel with early input on issues it should be aware of, from CAFII's perspective; ask questions; dialogue.	Confirmed
Quebec				
AMF: Louis Morisset, CEO;	Apr 8/14: Montreal, QC	October 2015 CAFII Board meeting to be hosted by Desjardins in Quebec City	-(i)AMF final paper on electronic commerce in insurance, setting out Orientations/expectations -(ii)Distribution Guide template and implementation timelines -LLQP modernization -enhancing the national CRS -Update on AMF priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 19/15
AMF cont'd: Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15) Eric Stevenson, Superintendent, Client Services and Distribution Oversight	April 29/15 meeting in Quebec City, along with AMF staff executives Eric Stevenson, Nathalie Sirois, and Louise Gauthier January 28/15 stakeholder meeting with CCIR January 30/15 meeting in Toronto with E. Stevenson and L. Gauthier re (i) and (ii)			
Atlantic Canada				
Joint Forum of Insurance Regulators (four provinces)	Oct 1/14: Fredericton, NB	Spring or Fall 2016	TBD	Deferred to 2016
New Brunswick				
Angela Mazerolle, Superintendent of Insurance	Oct 1/14: Fredericton, NB	None planned for 2015	TBD	Deferred to 2016
David Weir, Deputy Superintendent of Insurance	Oct 1/14: Fredericton, NB	When David is in Toronto for June 5/15 or September 2015 LLQP Stakeholder Info Sessions	-New Brunswick licensure issues, including development of online licensing system	Confirmed for June 5/15 (lunch meeting)
Jay Reid, Investment Attraction Officer, Opportunities New Brunswick	Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	Q2 or Q3 2015 when Jay is in Toronto; or alternatively via teleconference	- highlight and discuss CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick	Pending
Ronald Godin, Consumer Advocate for Insurance	No contact		-Introduce CAFII and build relationship -Position CAFII as an information resource	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 19/15
Nova Scotia				
Doug Murphy, Superintendent (at March 26/15 CCIR meeting, D. Murphy's imminent retirement announced)	January 28/15 stakeholder meeting with CCIR Oct 1/14: Fredericton, NB	To Be Determined	-Review of life and accident & sickness provisions of Insurance Act (D. Murphy confirmed on April 22/15 that this is unlikely to occur in 2015)	Pending
PEI				
Superintendent Robert Bradley	Oct 1/14: Fredericton, NB	Q4 2015 or Q1 2016 in PEI or Toronto, if necessary	-Review of life and accident & sickness provisions of Insurance Act (on April 23/15, R. Bradley advised that this may get underway in late 2015) -LLQP modernization -Update on Superintendent's priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending
Newfoundland				
Craig Whalen, Deputy Superintendent	Oct 1/14: Fredericton, NB	None in 2015	N/A	Deferred to 2016
FEDERAL/NATIONAL				
Carol Shevlin, Policy Manager, CCIR *Retiring at end of 2015	-Liaison lunch with B. Wycks on Feb. 23/15 -January 28/15 stakeholder meeting with CCIR	-Q3 or Q4 get acquainted/liaison lunch for B. Wycks with C. Shevlin and two CCIR Policy Manager successors (hiring announcement imminent) -December 8/15 CAFII Holiday Season Reception	-CCIR review of travel health insurance -Update on CCIR 2014-17 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR in 2015 - Recognition and tribute to Carol, upon her imminent retirement at end of 2015 (confirmed as agreeable to her)	Pending Confirmed
Carolyn Rogers, CCIR Past-Chair and current Vice-Chair (CEO, FICOM & Superintendent of Insurance)	April 29/15 in Quebec City, along with new CCIR Chair Patrick Dery January 28/15 stakeholder meeting with CCIR Oct 7/14: Toronto, ON at CAFII Regulator Reception		-CCIR review of travel health insurance -Update on CCIR 2014-17 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 19/15
Harry James, Chair, CCIR Working Group on Travel Insurance (Director, Policy Initiatives, BC FICOM)	March 24/15 meeting with CAFII EOC re draft industry survey of travel insurance underwriters January 30/15 and December 10/14, CAFII participated in TIPIP meeting with CCIR Working Group on Travel Insurance	When Harry is in Toronto for CCIR/related meetings	-CCIR review of travel health insurance	Pending
Ron Fullan Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB) CISRO	Feb 27/15: CISRO LLQP Stakeholder Info Session Feb 10/14: Toronto, ON	When Ron is in Toronto for LLQP Stakeholder Info Sessions on June 5/15 and in September 2015	-LLQP modernization -possible CISRO Strategic Plan	Pending
Jeremy Rudin, Superintendent, Office of the Superintendent of Financial Institutions	No contact – appointed June/14	Q3 or Q4 2015 “get acquainted” meeting in Ottawa or Toronto	-introduce/educate about CAFII, CGI and alternate distribution -build relationship -invite to be speaker at a CAFII Reception event	Pending
Doug Melville, Ombudsman, OBSI (resignation announced March 2015: departs OBSI at end of May 2015 for similar position in Channel Islands)	None	None	TBD	Watch/ monitor

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 19/15
Financial Consumer Agency of Canada (FCAC):				
Lucie Tedesco, Commissioner	May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference			
Brigitte Goulard, Deputy Commissioner	Jun 10/14			
Jane Rooney, Financial Literacy Leader	Feb 10/15 (presentation at CAFII Annual Luncheon)			
Jeremie Ryan, Director, Financial Literacy and Consumer Education	Feb. 10/15	Q2 or Q3 2015 (either in-person in Ottawa or Toronto; or via teleconference)	-CAFII proposed enhancements to FAQs and other content on FCAC web site re creditor insurance -CAFII involvement in consumer financial literacy initiatives, including Financial Literacy Month	Pending
Karen Morgan, Marketing Officer	Jan 9/14			

May 13, 2015

Mr. J.M. Hall
Senior Crown Counsel
Legislative Services
Ministry of Justice and Attorney General
601 – 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2

Dear Mr. Hall:

Re: Follow-up To CAFII Feedback On Bill 177, The Insurance Act (Saskatchewan)

This letter is a follow-up to our March 2 call where we committed to provide elaboration of our concerns with Clauses 8-103 and 8-159 as well as Clause 8-165.

We thank you for providing further information to Brendan Wycks, our Executive Director, concerning *Clause 5-79 (2) and (3), Recommendations for Restricted Licensee – Life Insurance* on May 7 and await your feedback on Clause 5-38.

Clauses 8-103 and 8-159, Issuance of Policy

You indicated that 8-103(8) covers off the consumer privacy exemption that CAFII believes is missing from this section. You noted that claimants' access to documents extends only to information that is relevant under the contract. You asked that CAFII consider this further and get back to you as to whether we agree that 8-103(8) suffices; or, if not, why not.

Response: CAFII continues to believe that 8-103(8) does not suffice. In our view, the federal *Personal Information Protection and Electronic Documents Act (PIPEDA)* is not sufficient to restrict access to privileged and confidential information because PIPEDA includes an "unless required by law" provision, which means that a province's Insurance Act will override PIPEDA. Therefore, it is important that these exclusions are included in Saskatchewan's insurance legislation.

Alberta and BC insurance regulations have addressed this issue and we encourage Saskatchewan to harmonize its Insurance Act with those two provinces. Neither BC nor Alberta allows the insured access to confidential commercial information between the group policyholder and insurer; and document access is restricted to the class of insurance to which the group person insured or debtor belongs.

In Appendix A, we have provided examples from both the Alberta and BC regulations concerning the exclusion of privileged and confidential information.

Clause 8-165, Exclusions, Exceptions or Reductions

You asked CAFII to provide the rationale for our desire to include an exclusion for group insurance and creditor's group insurance modelled on Alberta and BC. You noted that there is no such exclusion in the current Saskatchewan Insurance Act and the proposed Bill 177 clause is identical to Ontario's.

Response: We acknowledge that Ontario's Insurance Act is not currently harmonized with Alberta and BC. However, the Ontario Ministry of Finance is currently engaged in a consultation with the industry on "Regulations for Parts V and VII of the Insurance Act."

While none of the four new Regulations being proposed deals with exclusions, exceptions or reductions, the Ministry's consultation document expressly states that "the proposed regulations are intended to harmonize with regulations already adopted by Alberta and British Columbia so as to provide similar rights to insured persons and policyholders in different jurisdictions. The harmonization is also intended to eliminate the cost to insurance companies of needing to comply with a multitude of different regulatory requirements."

The rationale for the revised subsection 704(5) in Alberta's Bill 11, enacted in 2008, was to remove impediments to the offering of simple insurance policies. British Columbia's Bill 40, subsection 88(5) is identical to Alberta's Bill 11, subsection 704(5) and was enacted in 2008 for the same purpose.

Under both the Alberta and BC legislation, group insurance contracts and creditor's group insurance contracts are exempted from the provision which requires an individual insurance policy to contain all exceptions or reductions affecting the amount of insurance proceeds payable. This is necessary because group insurance and creditor's group insurance are sold to institutions or associations but insure their members, not the entity. A group policy or creditor's group policy does not include details of the coverage for the insured person, as it is intended to outline the terms of coverage being provided to the group as a whole. Instead, the details of the insured person's coverage are disclosed in the certificate of insurance provided to them.

We trust that the information above will be helpful in your further consideration of Bill 177.

5-38, Representative's Duty of Disclosure

In our call, a CAFII member outlined the Association's issue with the expectation of written disclosure. This clause stipulates that the "in writing" part must be provided in advance, potentially before an individual has even purchased the product and before he/she is even a customer. You indicated that you now had a better understanding of CAFII's concern in this area and would review the clause again and get back to us on it.

CAFII looks forward to hearing back from you on this matter and to further consultation on the ensuing Regulations.

Should you require further information from CAFII or wish to meet with our Association at any time, please contact Brendan Wycks at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Greg Grant, MBA, FLMI, ACS
Board Secretary and Chair, Executive Operations Committee
Canadian Association of Financial Institutions in Insurance

c.c. Janette Seibel, Lawyer, Financial Consumer Affairs Authority

Appendix A

Alberta Regulation 120/2001: Prescribed information re group and creditor group insurance

3.3 The prescribed information for the purposes of sections 642(8)(b) and 699(8)(b) of the Act is information in a policy of group insurance or creditor group insurance that, if disclosed, would reveal

- (a) confidential commercial information that a reasonable person would think could harm the competitive position of the insurer or insured, or
- (b) plan design and benefits information relating to different classes of debtor insured, group life insured or group persons insured covered in the same policy.

Insurance Regulation (B.C.) [Revised Regulation]: Confidential information disclosure limits — group contracts

8 (1) In this section, "**confidential commercial information**" means information in a policy of group insurance or creditor's group insurance the disclosure of which

- (a) could reasonably be expected to harm the competitive position of the insurer or insured, or
- (b) would reveal plan design and benefits information relating to a different class of group life insured, group person insured or debtor insured than the group life insured, group person insured or debtor insured to whom or in respect of whom the disclosure is being made.

8 (2) For the purposes of sections 41 (8) (b) *[issuance and furnishing of policy]* and 96 (8) (b) *[issuance and furnishing of policy]* of the Act, the insurer may withhold confidential commercial information that

- (a) does not relate to the rights, responsibilities or coverage of the group life insured, group person insured or debtor insured under the contract, and
- (b) the insurer did not rely on to determine the rights, responsibilities or coverage of the group life insured, group person insured or debtor insured under the contract.

May 19, 2015

Insurance Policy Branch, Ministry of Finance
Frost Building North, 4th Floor
95 Grosvenor Street
Toronto, Ontario M7A 1Z1

Re: Parts V and VII, Insurance Act Consultation

Dear Sir or Madam:

The Canadian Association of Financial Institutions in Insurance (CAFII) appreciates the opportunity to provide input on four proposed regulations related to Parts V and VII of the Insurance Act. We have organized our input in accordance with the three questions posed in the consultation paper.

1. Based on the goal of harmonization, are the changes in the four proposed regulations sufficient to adhere to this intent?

Overall, we believe that the proposed regulations will go a long way towards achieving their intent of providing similar rights to insured persons and policyholders in different jurisdictions. It will also make it easier and less costly for our members to do business in multiple jurisdictions.

However, we offer the following comments on two areas in which we believe the regulations fall short of the harmonization objective.

Prescriptive Language Re Ontario Limitations Act, 2002

In subsections 175(2)(7), 176(8), 177(1)(7), 294(6), 296(8), and 298(7) of the amended Ontario Insurance Act, language is set out which will require that "the following statement" be included in an insurance policy:

"Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Limitations Act, 2002."

You may be aware that in other jurisdictions, the time limits are set out in various documents: the Insurance Act (BC, AB, MB, NB, NS, PE, YK NT, NU – the title of the Act may vary by province), Limitations Act (SK, NF), and Civil Code (QC). As a result, the prescribed language would require us to produce customized documents for Ontario insureds.

Instead, we recommend that the phrase "the following statement" be changed to "a statement to the following effect" (similar to the phrase found at s. 302, Notice of Statutory Conditions) so that insurers can use a national statement along the following lines:

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act (BC, AB, MB, NB, NS, PE, YK, NT, NU – title of act may vary by jurisdiction), Limitations Act (SK, NF), Limitations Act 2002 (ON), Civil Code (QC), or other applicable legislation.

Gap in Ontario Insurance Act Re Group Life Insured, Enforcing Rights

We believe that there is a gap in the amended Ontario Act re *Enforcement of right re creditor's group insurance* in subsection 201.1(3): "Where the debtor insured provides evidence satisfactory to the insurer that the insurance money exceeds the debt then owing to the creditor, the insurer may pay the excess directly to that debtor insured."

This provision fails to contemplate a situation where the debtor insured is deceased or otherwise incapable of enforcing his/her rights. We recommend that Ontario harmonize with Alberta as follows:

736(3) If satisfactory evidence is provided to the insurer that the insurance money exceeds the debt then owing to the creditor, the insurer may pay the excess directly to the debtor insured or to a debtor who is jointly liable for the debt with the debtor insured.

This would accommodate situations where the debtor insured is not able to give discharge for the excess insurance money and allow payment of any excess to a debtor who is jointly liable for the debt.

2. In regard to the proposed regulations extending confidentiality, are there any other circumstances for which confidentiality should be provided?

CAFII is pleased with the wording of the proposed regulations related to additional confidential information for group life and group accident and sickness policies and does not have recommendations for additional circumstances for which confidentiality should be provided.

3. Should the amendments to Parts V and VII be proclaimed on July 1, 2015; January 1, 2016; or some other date in order for an adequate transition period; and why is the length of transition period required?

When provinces are finalizing new regulations, CAFII requests that lead time of 12 to 18 months be provided to facilitate our members' implementation of changes. These changes inevitably become major projects within our member organizations and it takes time to ensure that necessary systems changes are made, forms revised, staff trained, and consumers notified of how the changes affect them.

Therefore, we recommend that the amendments to Parts V and VII be proclaimed into force on January 1, 2017; or on July 1, 2016 at the earliest.

Closing Remarks

CAFII strongly supports harmonization of regulations across jurisdictions and commends the Ontario Ministry of Finance for working toward this objective and for consulting with the industry prior to finalization of the new regulations.

Should you require further information from CAFII or wish to meet with our Association at any time, please contact Brendan Wycks, our Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Greg Grant, MBA, FLMI, ACS
Board Secretary and Chair, Executive Operations Committee
Canadian Association of Financial Institutions in Insurance

ABOUT CAFII

The Canadian Association of Financial Institutions in Insurance (CAFII) is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. CAFII was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. CAFII 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.

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. CAFII's full members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players American Express, Assurant Solutions, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd.

In addition, CAFII has 10 Associates that support the role of financial institutions in insurance.

CAFII 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 its members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. CAFII works with government and regulators (primarily provincial) 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.

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**Regulatory Visit Report On
Preliminary/Informal Meeting Between
CAFII Representatives and Expert Advisory Panel On FSCO Mandate Review;
Wednesday, May 21, 2015, 4:30 p.m.
Frost Building - 7 Queen's Park Crescent, Toronto**

Attendees

Expert Advisory Panel/Ontario Government

James Daw, freelance personal finance writer; panel member

Larry Ritchie, Partner, Osler, Hoskin & Harcourt LLP; panel member

David McLean, Policy Advisor, Financial Institutions Policy Branch, Ministry of Finance

Absent: George Cooke, Board Chair, Omers Administration Corp.; panel member

CAFII

Greg Grant, CAFII EOC Chair, CIBC Insurance

Moirra Gill, TD Insurance

John Lewsen, BMO Insurance

Brendan Wycks, Executive Director

Expert Advisory Panel Workplan and Timetable

David McLean outlined the following high level work plan and timetable for the Expert Advisory Panel:

- June 5/15: Deadline for response submissions to the consultation paper
- Summer 2015: Panel holds Stakeholder roundtable meetings with respondent groups
- Early Fall 2015: Panel drafts and releases for comment “trial balloon report” based on written submissions and roundtable meetings
- Late Fall 2015: Panel assimilates stakeholder input on trial balloon recommendations; and drafts final report
- Winter 2016: Panel delivers final report to Minister of Finance

Preliminary Dialogue On FSCO's Future Mandate And Consultation Document

CAFII's dialogue with the Panel focused on “Future of the Financial Services Sector” and “Structural Models” as highlighted under “additional issues and questions” on pages 10 through 13 of the consultation document.

In conversation, Panel members provided the following feedback:

- FSCO's mandate really hasn't been previously reviewed since its inception in 1998, from the viewpoint of coherence with the government's needs.

- FSCO's structure is not easy to understand and is not nimble. We recognize that our challenge as an advisory panel, especially when it comes to FSCO, is to try to find and fit the best possible mandate model into an evolving world.
- We're not rejecting the status quo as an option out-of-hand, but our initial assessment is that change is needed to make things better.
- We'd like to have your input on a possible merger between FSCO and the Ontario Securities Commission, to create a fully integrated regulator akin to the AMF. If the benefits of being a fully integrated regulator include having more money and resources; and having internal policy expertise that enables the regulator to be more proactive, to be an involved participant in international developments, and to be a true leader in national co-ordination and harmonization efforts, then this option is something to think about seriously. There are some strong arguments for this model.
- We recognize that the OSC is regarded as taking a more draconian approach to things, whereas a risk- and principles-based approach to regulation appears to be working in insurance and certain other financial services sectors. So that distinction would definitely have to be taken into account if the final model is that of a fully integrated regulator.
- In your submission, don't give us platitudes and generalities. Rather, give us specifics as to what model would work best for your members and for consumers. Lay it out for us as to how it should work. Specify what the pros and cons of the model are; and why, all things considered, you favour it.
- We'd like to have your input on the current Ontario government initiative re regulation of financial planners, whether that be as a short appendix to your consultation submission or just verbally in the follow-up meeting that you'll be invited to attend in the summer.
- This mandate review – with the help of your Association and other stakeholders – is essentially a transparent, intellectually honest exercise of trying to make Ontario the model for efficiency and effectiveness in financial services regulation.
- Let's start with what you see as ideal, but something that is also do-able. We (the Panel) are prepared to recommend radical change, if and to the degree necessary.

May 1, 2015

Secretary
Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, NB E2L 2J2

Dear Sir or Madam:

The Canadian Association of Financial Institutions in Insurance (CAFII) appreciates the opportunity to offer comments on proposed FCNB *Rule INS-001 Fees* in relation to the Insurance Act.

Overall, we support the thrust of the proposed changes. We are pleased to see that there will be no distinction in the licensing process and related fees between resident and non-resident applicants.

We also enthusiastically support the FCNB's efforts to develop an on-line licensing system and we encourage the Commission to develop the system with a view to eventual integration with a national licensing system. A national online system would facilitate multi-jurisdictional licensing as well as assist insurers and regulators in undertaking background checks and criminal record checks on license applicants.

That said, we have a few particular concerns which we have outlined below.

1. Section 10 "Coming into force of deadline for filing a renewal application" and Section 11 "Coming into force of the late filing fee".

We recommend a one-year phase-in/transition period for the changes rather than three months as outlined in these sections. Further, during that one-year transition period, we recommend that any renewal application not filed at least one month prior to the expiry date should give rise to a warning/reminder communicate rather than a late fee penalty.

2. Sections 2(3), 7(1) and 7(2)

We would like refunds of license fees, in the circumstances specified, to be routine and automatic, rather than at the Superintendent's discretion. Making a refund automatic in those circumstances is only fair and reasonable, and necessary to provide some balance and an offset to the introduction of a provision, in 2(3), that licence application fees paid are completely non-refundable "regardless of whether the application is abandoned, issued or denied by the Superintendent."

On a related point, we have significant concerns about the timeframe for license renewals outlined by the Insurance Division in its Information Bulletin of March 24, 2015.

The Division indicated that it intends to mail out a renewal package eight (8) weeks in advance of a licensee's expiry date and that renewal applications must be received by the Division four(4) weeks prior to the license renewal date to ensure the licensee receives a new license before the expiry date of the existing license.

That leaves licensees only four (4) weeks to complete and return the application and that simply isn't enough time to complete all of the requirements of the renewal process, i.e. completing the application; sending the application to the insurer to complete its requirements (confirming no errors or omissions); sending the application from the insurer back to the licensee; and, finally, mailing the application to the Insurance Division. As a result, we recommend that the renewal package be sent out ten (10) to twelve (12) weeks prior the license expiry date.

CAFII thanks the Financial and Consumer Services Commission for the opportunity to submit our comments on *Rule INS-001 Fees*. If you require further information or clarification on any of our points, please contact Brendan Wycks, our Executive Director, at brendan.wycks@cafii.com or 647-218-8243 to arrange a mutually convenient time for a follow-up discussion.

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Grant', with a stylized, cursive script.

Gregor Grant, MBA, FLMI, ACS
Secretary and Chair, Executive Operations Committee

c.c. Angela Mazerolle, Superintendent of Insurance
David Weir, Deputy Superintendent of Insurance

ABOUT CAFII

The Canadian Association of Financial Institutions in Insurance (CAFII) is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. CAFII was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. CAFII 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.

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. CAFII's full members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players American Express, Assurant Solutions, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd.

In addition, CAFII has 10 Associates that support the role of financial institutions in insurance.

CAFII 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 its members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. CAFII works with government and regulators (primarily provincial) 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.