

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, November 19, 2019
Location: Hamilton Meeting Room, 1st Floor, Canada Life Assurance, 330 University Ave, Toronto
Chair: M. Boyle

Time: 2:00 – 4:30 p.m. EST
Dial-in: 416-477-0921/514-447-8925/1-888-543-2249
Pin #: 1500

Item	2:00 p.m.	Presenter	Action	Document
1. Call to Order		M. Boyle		
2. Consent Items	2:02 p.m.	Presenter	Action	Document
a. Meeting Notes of October 29/19 EOC In-Person Meeting				✓
b. Regulatory Update				✓
c. Consultations/Submissions Timetable				✓
d. Regulator and Policy-Maker Visit Plan				✓
e. Written Report On October 22-25/19 CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour				✓ (2)
f. Written Report On October 28/19 CAFII Meeting with FCAC Staff Executives				✓
g. Program for AMF 2019 Rendez-Vous Mini-Conference: Monday, November 25/19				✓
3. CAFII Financial Management and Governance Matters	2:07 p.m.	Presenter	Action	Document
a. Financial Statements as at October 31/19		T. Pergola	Update	✓
b. 2019 Fiscal Year Forecast as at October 31/19		T. Pergola	Update	✓
c. Preliminary Draft of 2020 CAFII Operating Budget		K. Martin/B. Wycks	Discussion	✓
d. Draft Minutes of October 1/19 CAFII Board Meeting		K. Martin/B. Wycks	Approval	✓
e. Proposal That CAFII Licensing Committee Be Folded/Absorbed Into Market Conduct Committee		M. Gill/M. Boyle	Discussion	
f. CAFII Research & Education Committee Chair Succession		K. Martin/M. Boyle	Discussion	
g. Board-Approved 2020 Schedule of CAFII Meetings and Events, Including New Date for Next CAFII Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives		B. Wycks/K. Martin	Update	✓
h. New Timetable for Finalization and Posting of CAFII Board and EOC Meeting Agendas and Materials		B. Wycks/K. Martin	Update	
i. Board-Approved Decision to Enhance the Benefits and Value Proposition of CAFII Associate Status		B. Wycks/K. Martin	Update	
j. Creation of An EOC Working Group to Explore A New Lower Dues Category of CAFII Membership		M. Boyle	Discussion	
4. Recent and Upcoming CAFII Strategic and Regulatory Initiatives	2:40 p.m.	Presenter	Action	Document
a. CAFII Follow-Up On October 28/19 Relationship-Building/Dialogue Meeting With FCAC: (i) January 2020 Meeting With FCAC Staff Executives Around CAFII Presentation On "Credit Protection/Authorized Insurance Products Sales and Fair Treatment of Consumers" (ii) Invitation To Commissioner Judith Robertson To Be Guest Speaker At 2020 CAFII Annual Members' Luncheon		B. Wycks/K. Martin	Update/ Discussion	✓ (2)
b. Feedback on Logistics/Organization of CAFII 2019 Western Canada Insurance Regulators and Policy-Makers Visits Tour		B. Wycks/K. Martin		
c. Written Report On November 5/19 CAFII Stakeholder Meeting With CCIR		K. Martin/ B. Wycks	Update/ Discussion	✓ (2)
d. Board-Mandated External Counsel Legal Opinion on AMF Directive to Cancel and Remove Existing/In-Force Credit Protection Insurance Coverage from Non-Debtor Spouses		K. Martin/B. Wycks	Update/ Discussion	✓ (5)
e. AMF Review of Critical Illness Insurance		M. Boyle/K. Martin	Update	✓
f. AMF Position on Embedded Creditor's Group and Travel Insurance Coverages		K. Martin/B. Wycks	Update/ Discussion	✓
g. CAFII Credit Protection Insurance Industry Best Practices Working Group: Progress Report		M. Boyle/K. Kasperski	Update	✓
h. Opportunity To Take Over CBA's Quarterly CGI Benchmarking Study: Outcomes of November 19/19 CAFII Meetings With Actuarial Firm Respondents to RFP For An Enhanced Benchmarking Study		K. Martin	Update/ Discussion	✓ (4)
i. FSRA Launch of Life and Health Insurance Sector Stakeholder Advisory Committee		K. Martin/M. Gill	Update	✓ (3)
5. Committee Updates	3:45 p.m.	Presenter	Action	Document
a. Research & Education		D. Quigley	Update	

b.	Market Conduct	B. Kuiper	Update	
c.	Media Advocacy	C. Blaquiere	Update	
i.	CAFII Website Enhancements:	K. Martin	Update	
d.	Licensing Efficiency Issues	M. Gill	Update	
i.	FCNB Plans To Develop An RIA Licensing Regime In New Brunswick, Including Changing Nomenclature/Terminology To “Incidental Sellers of Insurance Licensing Regime”	B. Wycks/K. Martin	Update	
e.	Travel Medical Insurance Experts	A. Baig	Update	
f.	Networking & Events	S. Kirby/J. Lewsen	Update	
i.	Speaker for December 3/19 CAFII Reception: Melissa Carruthers, Monitor Deloitte	K. Martin/B. Wycks	Update	✓

6.	Other Business	4:00 p.m.	Presenter	Action	Document
a.	CAFII Registration As A Lobbyist: Federally And With Provinces/Territories, Particularly Quebec		K. Martin/B. Wycks	Discussion	✓ (2)
b.	CAFII Attendance At “Insurtech North” Conference: April 6-7/20 in Toronto		K. Martin/B. Wycks	Discussion	✓

7.	Tracking Issues	Presenter	Action	Document
a.	FCNB Insurance Act Rewrite; and Linked Plan to Introduce an RIA Regime			
b.	AMF Consultation on Updating Sound Commercial Practices Guideline			
c.	FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review			

Next EOC Meeting: Tuesday, January 21/20, 2:30 – 5:00 p.m., Location: TBA; To Be Followed Immediately By CAFII Annual EOC Appreciation Dinner

Next Board Meeting: Tuesday, December 3/19, 2:00 to 5:00 p.m., TD Conference Centre, 55 King St. West, Concourse Level, Toronto

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Regulatory Update – CAFII Executive Operations Committee, November 14, 2019

Prepared By Brendan Wycks, CAFII Co-Executive Director

Table of Contents

Federal/National.....	2
Canadian Council of Insurance Regulators (CCIR).....	2
CCIR To Study Incentive Programs As Part Of Fair Treatment Of Customers Education Mandate	2
Financial Consumer Agency of Canada (FCAC)	3
FCAC Posts New Senior Management Organizational Chart On Its Website	3
OmbudService For Life & Health Insurance (OLHI)	3
OLHI 2019 Annual Report Contains Complaint Case Study On Mortgage Life Insurance	3
Canada's Information and Privacy Commissioners and OmbudsPersons	4
Governments Urged To Modernize Access To Information And Privacy Laws.....	4
Provincial/Territorial.....	5
British Columbia.....	5
BC Ministry of Finance.....	5
New Legislation In BC Modernizes Financial Services Regulation	5
British Columbia Financial Services Authority (BCFSA)	5
BCFSA Launches Operations	5
Insurance Council of BC	6
Insurance Council Focuses On Disruptive Innovation In Strategic Planning Session	6
Insurance Council Reports That CCIR And CISRO Are Looking At Regulatory Sandboxes	7
Insurance Council Appoints New Non-Voting Members	7
Ontario	7
Financial Services Regulatory Authority of Ontario (FSRA)	7
FSRA To Clear Up Confusion Over FTC Guidelines In Ontario.....	7
FSRA Seeking Applicants For Consumer Advisory Panel And Feedback On Terms Of Reference	8
FSRA Launches Consultation On New Guidance Framework	8
International Developments, Research, and Thought Leadership.....	9
Global Federation of Insurance Associations Warns IAIS Not To Hamper Insurers' Use of Big Data.....	9

Federal/National

Canadian Council of Insurance Regulators (CCIR)

CCIR To Study Incentive Programs As Part of Fair Treatment of Customers Education Mandate

More communication is needed to inform the broker community about fair treatment of customers (FTC) guidance, since there may be a disconnect or lack of awareness of the topic, the Canadian Council of Insurance Regulators (CCIR) reported recently.

In particular, the regulator is focusing on incentive programs that brokerages or carriers may use to boost sales.

During in-person meetings held in late March this year, a working group on FTC discussed a variety of topics, including that brokers need to be more aware of FTC guidance. The joint CCIR-Canadian Insurance Services Regulatory Organizations (CISRO) working group held the meetings to “provide a safe environment where industry and regulators exchange information and views on their respective FTC-related actions, as well as clarification or interpretation of the guidance’s principles,” CCIR said in a press release last week.

Now the regulator is seeking to increase intermediary and consumer awareness regarding FTC. In particular, the FTC working group will consult with the industry to gain a better understanding of current incentive practices in the market and their alignment with FTC principles.

The working group is zeroing in on incentives management, particularly on incentives that “create an obvious conflict by their very nature,” CCIR said. Examples would be programs involving the awarding of travel or trips to top-selling intermediaries. “Regulators stated they would appreciate continued sharing of information on stakeholder initiatives being undertaken to promote and advance FTC.”

In September 2018, CCIR and CISRO jointly released the *Guidance Conduct of Business and Fair Treatment of Customers* guideline, documenting the common principles that regulators will use to evaluate FTC by insurers and insurance intermediaries such as brokers. Concepts in the document include ethical behaviour, acting in good faith and prohibition of abusive practices.

The working group addressed specific questions related to the guideline in its March meetings. The discussions also raised a variety of topics, including:

- incentive programs are different from one sector to another and need to be viewed holistically through the FTC lens
- it can be challenging to measure objectively and demonstrate an existing, evolving and ongoing commitment to FTC
- adjusting incentives tied to volume of sales may have unintended consequences for smaller markets
- some stakeholders have formally made FTC a priority and have commenced reviews on current practices, both at the association and member levels

- stakeholders, collectively and individually, view FTC as a priority. Within individual member companies, there are various initiatives underway to continue to promote and advance FTC
- several stakeholders agreed to provide the working group a high-level summary of initiatives undertaken that identify gaps or enhance current business practices reflecting FTC
- a clarification of a “best interest” concept is expected to be added in the FTC guidance.

Ontario’s new financial services regulator said recently it plans to issue a revised guideline on FTC within a few months to help counter confusion over which guidelines to follow. Around the same time that CCIR-CISCO released their FTC guideline last year, the Financial Services Commission of Ontario released their own guidance.

“There’s been confusion about which one should we be following,” Mark White, CEO of the Financial Services Regulatory Authority, said Oct. 1 at an Insurance Institute of Ontario event. FSRA is looking to harmonize the Ontario guideline with the CCIR-CISRO one by “this calendar year and certainly this fiscal year,” White said at the time.

Industry concern is that they have to comply with two different sets of guidelines addressing the same issue, Koker Christensen, a partner at Fasken Martineau DuMoulin LLP and a member of FSRA’s stakeholder advisory committee for P&C insurance, told *Canadian Underwriter* Tuesday. Having to comply with both “creates a certain amount of confusion, complexity and work to try to figure out what you have to do comply with both of them,” Christensen said. “And it also begs the question of, ‘Well, why do we have these two different guidelines?’”

Financial Consumer Agency of Canada (FCAC)

FCAC Posts New Senior Management Organizational Structure On Its Website

On September 18/19, one month after new Commissioner Judith Robertson started in her role, the FCAC published a new senior management organizational structure on its website. The new org chart can be found here:

<https://www.canada.ca/en/financial-consumer-agency/corporate/organizational-structure.html>.

The following senior management positions are displayed as having a direct reporting relationship to the Commissioner: Chief Financial Officer and Assistant Commissioner, Corporate Services; Chief Human Resources Officer; Managing Director, Supervision and Promotion; Director, Marketing and Communications; Director, Financial Literacy; and Director, Education, Research and Policy.

Notably absent from the org chart is any senior management position title which contains the word “Enforcement.” See Appendix A to this Regulatory Update for the new organizational chart.

OmBudService for Life and Health Insurance (OLHI)

OLHI 2019 Annual Report Contains Complaint-Related Case Study On Mortgage Life Insurance

See Appendix B to this Regulatory Update for a case study excerpt from OLHI’s 2019 Annual Report which is published on its website (page 10 of OLHI Annual Report 2019).

Canada's Information and Privacy Commissioners and Ombudspersons

Governments Urged To Modernize Access To Information and Privacy Laws

Information and Privacy Ombudspersons and Commissioners from across Canada are urging their respective governments to modernize access to information and privacy laws.

In a joint resolution, Canada's access to information and privacy guardians note that along with its many benefits, the rapid advancement of technologies has had an impact on fundamental democratic principles and human rights, including access to information and privacy. They further point out that Canadians have growing concerns about the use and exploitation of their personal information by both government and private businesses.

"Most Canadian access and privacy laws have not been fundamentally changed since their passage, some more than 35 years ago," states the resolution. "They have sadly fallen behind the laws of many other countries in the level of privacy protection provided to citizens."

While there have been legislative advances made in some Canadian jurisdictions, work is still required to ensure modern legislation is in place across the country in order to better protect Canadians.

The resolution notes that privacy and access to information are fundamental to self-determination, democracy and good government.

The resolution calls for a legislative framework to ensure the responsible development and use of artificial intelligence and machine learning technologies, as well as that all public and private sector entities engaged in handling personal information be subject to privacy laws. It also asks for enforcement powers, such as legislating order-making powers and the power to impose penalties, fines or sanctions. It also calls for the right of access to apply to all information held by public entities, regardless of format.

Canada's Information and Privacy Commissioners and Ombudspersons reaffirmed their commitment to collaborate, make recommendations to government, and to continue to study and make public how access and privacy laws impact all Canadians.

Provincial/Territorial

British Columbia

BC Ministry of Finance

New Legislation In BC Modernizes Financial Services Regulation

British Columbia's new regulator, the BC Financial Services Authority (BCFSA), commenced operations on November 1, 2019, when the key sections of its empowering legislation came into force, at which time the Financial Institutions Commission of British Columbia (FICOM) ceased its operations.

BCFSA is a new Crown corporation governed by the *Financial Services Authority Act, 2019*, which received royal assent on May 16/19. BCFSA's mandate includes the regulation of entities subject to the following B.C. legislation formerly regulated by FICOM: *Credit Union Incorporation Act*, *Financial Institutions Act*, *Insurance Act*, *Insurance (Captive Company) Act*, *Mortgage Brokers Act* and *Pension Benefits Standards Act*. BCFSA is intended to improve accountability and oversight, align with international best practices and be consistent with other regulators.

In addition, proposed amendments to the BC Financial Institutions Act are currently before the BC Legislature. The *Financial Institutions Amendment Act, 2019* (Bill 37) received first reading on October 21/19. Of note are the following proposed changes set out in Bill 37:

- **Section 12:** Rules for the online sale of insurance in BC are proposed to be provided by regulation, the text of which has not yet been released, and additional rules set out by the BCFSA.
- **Section 14:** Bill 37 proposes a requirement for BC-regulated insurance companies and credit unions to adopt and comply with a code of market conduct, the content of which will be periodically established by the BCFSA. Also, BC-regulated credit unions would be required to establish a customer complaint resolution process, the details of which must be published on the credit union's website and made available upon request.
- **Section 31:** A regime for restricted insurance agent licensing is proposed in Bill 37, the rules and requirements of which would be set by the Insurance Council of British Columbia.
- **Section 43 and Division 1.1:** These provisions include expanded rule-making authority for the BCFSA as well as the authority to collect and publish certain prescribed financial, risk-related and complaint information. BCFSA would also be granted additional powers in respect of its special examinations and investigations.

BC Financial Services Authority (BCFSA)

BCFSA Launches Operations

The BC Financial Services Authority (BCFSA) started operations on November 1/19 as the province's new regulator of pension plans, credit unions, insurance and trust companies, and mortgage brokers. The BCFSA also administers the Credit Union Deposit Insurance Corporation (CUDIC) which provides protection for the depositors in BC's credit unions.

The Government of British Columbia created BCFSa as a Crown Agency to provide the province with a modern, effective and efficient regulator. As of November 1, 2019, BCFSa has assumed the accountabilities of the Financial Institutions Commission (FICOM) which previously operated as part of the Ministry of Finance.

“With today’s launch of the BC Financial Services Authority, people can feel confident knowing that their financial interests are better protected thanks to boosted sector oversight,” said Carole James, Minister of Finance. “This is an important milestone towards making sure that B.C.’s financial services regulator is modern, effective and efficient for decades to come.”

The BCFSa is governed by a Board of Directors who have been appointed by the Government. “The BCFSa Board has been active in overseeing the transition from FICOM to BCFSa. We’re looking forward to undertaking this important work in service to the people of BC, and we thank the Minister of Finance for her leadership in making this change,” said Stanley Hamilton, Chair, Board of Directors, BCFSa.

The BCFSa is managed by a Chief Executive Officer appointed by the Board. BCFSa’s CEO leads a team of approximately 150 professionals in a variety of disciplines.

“The financial services sector is a key driver of our economy and touches the lives of British Columbians in many different ways – whether that be borrowing to buy a home, insuring a business, or deciding to retire.” said Blair Morrison, Chief Executive Officer, BCFSa. “The BCFSa Team is committed to providing British Columbians with a regulator that will drive confidence in the sector. Today is an important milestone in that journey and I want to thank everyone who worked so hard to make this day happen.”

The BCFSa was established under the Financial Services Authority Act, 2019 and administers six provincial statutes including the Credit Union Incorporation Act (CUIA), the Financial Institutions Act (FIA), the Insurance Act, the Insurance (Captive Company) Act, the Mortgage Brokers Act (MBA) and the Pension Benefits Standards Act (PBSA).

The BC Financial Services Authority is governed by a Board of Directors comprised of 11 directors and is managed by a Chief Executive Officer appointed by the Board. As a Crown agency, the BCFSa will receive a mandate letter from the B.C. government and will be publicly reporting on its operations including by way of an annual service plan.

Insurance Council of BC

Insurance Council Focuses On Disruptive Innovation In Strategic Planning Session

Voting and non-voting members of the Insurance Council of BC gathered in Victoria on September 8 and 9, 2019 for the Council’s annual general meeting and strategic planning session. At the meeting, the past Chair for 2018/2019 addressed Council, followed by a report by the Executive Director on progress made to date on the strategic plan during the year as well as a financial overview.

Following a presentation on disruptive innovation and the future of the insurance industry by futurist Jim Harris, Council considered the disruptors that will impact the insurance industry and its regulation. Discussion focused on the challenges and opportunities this will create and what the future role of the regulator looks like in this context. The priorities identified during this session will inform the development of a new strategic plan to guide future Council activities.

Earlier, at its strategic planning session in the Fall of 2018, the Council discussed two critical topics which it believes will have a lasting impact upon the insurance industry and the Council as a regulator: fintech and industry professionalism. The Council's 2018-19 Annual Report, outgoing Council Chair Ken Kukkonen says that *"changes in financial technologies and distribution patterns will reshape how the industry does business and interacts with the public. We have a responsibility to make sure that our guidance, support, and enforcement remains appropriate and has focus on the right areas. We believe it is important that the public feels that the licensees and businesses that they interact with are operating to high standards of professional competence and ethics."*

Insurance Council Reports That CCIR and CISRO Are Looking At Regulatory Sandboxes

In its 2018-19 Annual Report, published this Fall, the Insurance Council of BC reports that *"in an effort to stay on top of the impacts and integration of financial technologies in the insurance industry, Council has been working with CISRO and CCIR to develop a framework for sharing information, co-ordinating research, and exploring approaches to regulation of emerging technologies. This includes consideration of the use of regulatory sandboxes for the deployment of fintech services and products, as well as the creation of a national advisory hub."*

Insurance Council Appoints New Non-Voting Members

The Insurance Council of BC announced the following new appointees as non-voting members of Council, effective September 2019: Peter Jong – Life Company (Desjardins Financial Security); Barbara Price – Lay Person; Claire Wang – Lay Person; and Valerie Weston – Adjuster (Barnes Craig & Associates).

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

FSRA To Clear Up Confusion Over FTC Guidelines In Ontario

FSRA plans to issue a revised guideline on fair treatment of customers over the next few months to help counter confusion over which guidelines to follow.

In 2018, FSRA's predecessor regulator, the Financial Services Commission of Ontario (FSCO), released guidance on fair treatment of customers around the same time that guidance on the topic was issued by the Canadian Council of Insurance Regulators (CCIR)/Canadian Insurance Services Regulatory Organizations (CISRO).

"So, there's been confusion about which one should we be following," Mark White, CEO of the new Ontario regulator, the Financial Services Regulatory Authority (FSRA), said at a recent meeting, referring to the FSCO and CCIR guidelines. "The official stance when we inherited this from FSCO was you can comply with either."

White discussed the issue at the Insurance Institute of Ontario's *At the Forefront* event in Toronto on Oct. 1. Having two separate guidelines created confusion for insurers, he observed at the Institute event.

"For organizations that are only provincial, how do they make sure they are... following the FSCO lead guide – which is multi-sectoral – in a way that is [not] going to put them offside with the CCIR?" White asked, providing an example of the possible confusion. "We need to get around [to] harmonizing."

This harmonization is expected to be done "this calendar year and certainly this fiscal year," White said at the time.

FSRA Seeking Applicants For Consumer Advisory Panel And Feedback On Terms Of Reference

From October 15 to November 14, FSRA was seeking applications for membership in its Consumer Advisory Panel. It was also seeking public feedback on the proposed Terms of Reference for the Consumer Advisory Panel. Applications and submissions both closed on November 14/19.

The Consumer Advisory Panel will serve as an advisory body to FSRA (through the Consumer Office), and provide ongoing advice from a consumer perspective, on proposed FSRA policy changes. It will play an important role in fulfilling FSRA's mandate to protect the public interest in financial services in Ontario by ensuring that consumer input and perspectives inform FSRA's regulatory direction and decisions.

FSRA's Consumer Office and its Consumer Advisory Panel report to Glen Padassery, Executive Vice-President, Policy and Chief Consumer Officer at FSRA.

(See Appendix C to this Regulatory Update for the draft Terms of Reference for FSRA's Consumer Advisory Panel.)

FSRA Launches Consultation On New Guidance Framework

FSRA started pilot-testing a new Guidance Framework starting on October 17/19. At the same time, it is seeking stakeholders' feedback on the proposed Guidance Framework during the pilot phase, with a submission deadline of January 31/20.

Early in 2019, FSRA's stakeholders asked for greater clarity regarding the actions it requires from them, while streamlining the new regulator's processes. FSRA believes that its new approach to standardizing guidance makes it easier to do business for the regulated sectors in Ontario. And that it makes FSRA a more effective regulator. The public, new entrants and incumbents can better understand what is legally binding, what is FSRA's interpretation or application of law, and what information is designed to be helpful.

The new Guidance Framework establishes the following principles as the foundation for FSRA's approach to using guidance: accountability, effectiveness, efficiency, adaptability, collaboration, and transparency.

Applying these principles, FSRA will use four distinct categories of Guidance depending upon specific circumstances in the regulated sectors: Interpretation, Information, Approach, and Decision. The Framework establishes standard structures and styles to help stakeholders easily understand and differentiate between these categories.

Beginning October 17/19, any guidance issued by FSRA will apply this Framework.

International Developments, Research, and Thought Leadership

Global Federation of Insurance Associations Warns IAIS Not To Hamper Insurers' Use Of Big Data

"Premature regulatory intervention could hamper innovation and impair the effectiveness of the insurance market and could quickly become unfit for purpose due to technological advances and market developments."

That's the take of the Global Federation of Insurance Associations (GFIA) on the issue of supervision when it comes to big data analytics (BDA) and its use in insurance. In GFIA's response to a consultation by the International Association of Insurance Supervisors (IAIS), it outlined why it thinks imposing limitations on insurers might not be a good idea.

"BDA, which is a tool that more accurately assesses risk than traditional underwriting and rating models, sends important financial signals to people and businesses that encourage them to change their behaviour and invest in measures to improve their risk profile," wrote GFIA in its comments for IAIS.

"Supervisors limiting how insurers apply BDA to keep insurance affordable for high-risk customers in the short-term could lead to long-term adverse customer outcomes, such as encouraging development in high-risk flood and earthquake areas." The trade group added that "for decades, insurers have been working to refine their underwriting and rating practices to offer consumers insurance at prices that reflect their unique risk profiles. BDA is just another innovation to help insurers achieve that objective. Other innovations before it are actuarial science, statistical modelling, and telematics."

"While the previous innovations brought significant change to the market, consumers always benefited from more product choice and more pricing options. Very few people became uninsurable. Although there are indeed possible risks to the use of BDA, GFIA does not see any reason for the IAIS to assume, at this time, that the use of new techniques will cause detriment to consumers."

In addition, GFIA believes that existing governance standards are sufficient to assure good governance of the use of the technology. It noted that most jurisdictions already have comprehensive data use and privacy laws and that, similarly, most insurance supervisors have comprehensive regulations governing insurer underwriting and claims practices that would apply to BDA. "To avoid duplicative or contradictory regulation, GFIA advises that prior to the IAIS releasing its supervisory guidance on BDA, it document the main laws and regulations across the world," recommended GFIA. "This way, any subsequent IAIS guidance on BDA would complement the existing laws and regulations which GFIA views as robust."

APPENDIX A

FCAC's organizational structure

From: [Financial Consumer Agency of Canada](#)



- [Commissioner](#)

Reporting to the Commissioner

- CFO and Assistant Commissioner, Corporate Services
- Chief Human Resources Officer
- Managing Director, Supervision and Promotion
- Director, Marketing and Communications
- Director, Financial Literacy
- Director, Education, Research and Policy

Case Study 1

Double premium, single benefit

Summary

When Ms. B purchased her home several years ago, she applied for mortgage insurance through the lender. Two monthly bank withdrawals resulted, one for the insurance and the other for the mortgage payment. What the consumer did not realize was that the mortgage payment also included a premium for life insurance on the same mortgage, resulting in two separate coverages for the mortgage liability in the event of her death. When she did (ten years later), she notified the insurer, who was the same for both insurances. The consumer requested that the premiums for the second life insurance be refunded.

The insurer agreed to a partial refund, but Ms. B insisted that she should receive all of the premiums back on the duplicate coverage. After obtaining a final position letter from the insurer, the consumer contacted OLHI to review her situation.

Findings

In a discussion with Ms. B and on review of the pertinent documents, OLHI's Complaints Analyst determined that

- ▶ The first coverage was a life insurance and disability protection plan, effective as of the same date as the mortgage approval. The insurance was confirmed to be in place three (3) months before its effective date
- ▶ The second coverage was life protection only, issued by the same insurer, but administered through the lender
- ▶ The confirmation about the second plan being in force was sent to consumer one month past the mortgage effective date
- ▶ There was no copy of the application for the second life insurance in the records provided however, a letter confirming issue of the second coverage had been sent to the consumer
- ▶ The first insurance premium was a stand alone payment from the bank account
- ▶ The second insurance premium was deducted along with the mortgage payment in one withdrawal
- ▶ The consumer received annual statements that included the breakdown of the two premiums

Conclusions

- ▶ It would have been hard for Ms. B to know she was paying two premiums because the mortgage payment included the premium for the duplicate coverage
- ▶ Nevertheless, this problem should have been brought up by the consumer earlier, as the payment breakdown was indicated in every annual statement sent to Ms. B
- ▶ Given however that both coverages were for the same mortgage, in the event of death only one certificate would have paid benefits
- ▶ The life and disability protection plan pre-dated the second coverage. Therefore, it was the second coverage that should not have been issued

Result

OLHI contacted the insurer to discuss these observations. The insurer agreed to refund all of the premiums charged for the second life coverage and canceled it. The resolution was accepted by the consumer.

[Home](#) > [Engagement and Consultations](#) > Terms reference

Terms of Reference

Consumer Advisory Panel

Introduction

The Financial Services Regulatory Authority of Ontario (FSRA) is a new regulatory agency mandated to safeguard public confidence and trust in Ontario's financial institutions, promote public education and knowledge, and protect the rights and interests of consumers. To achieve this mandate, we are committed to an open, transparent and collaborative approach that ensures consumer input and perspectives inform our direction and decisions.

"Consumers" are those who purchase or benefit from products and services delivered by the sectors that FSRA regulates, including pension plan beneficiaries and credit union members.

The Terms of Reference is intended to inform the creation and operation of the Panel.

Purpose

The Consumer Advisory Panel (the "Panel") will serve as an advisory body to FSRA (through Consumer Office), and provide ongoing advice from a consumer perspective, on proposed FSRA policy changes.

Overall, the Panel is intended to:

- Act as an advisory body to provide ongoing advice from a consumer perspective on proposed FSRA policy-related matters and changes;
- Provide external input and personal perspective/experience to proposed policy-related matters and changes;
- Identify topics covered by FSRA's mandate to be considered by the Consumer Office for potential consumer policy, outreach and education discussions that would enhance consumer protection/confidence when engaging in market activities that are delivered by the sectors that FSRA regulates; and
- Inform and assist the Consumer Office in becoming the voice of the consumer in FSRA with regard to rule making, policy initiatives, business planning, and consumer protection.

Panel mandate

The mandate and responsibilities are:

1. Provide feedback on FSRA developing and articulating a robust framework for meaningful consumer engagement;
2. Provide input on matters in, or which should be in, FSRA's Statement of Priorities;
3. Act as a voice for the consumer perspective during the FSRA management consultation processes on proposed policy priorities (e.g. guidance) within the framework of FSRA's Annual Business Plan/Priorities;
4. Provide ongoing advice on emerging consumer policy, outreach and education matters, either identified by the Panel or brought forward by the Consumer Office;

5. Identify topics for information purposes, for consideration of the Consumer Office, or for potential policy discussion that would enhance consumer protection/confidence when engaging in market activities that are delivered by the sectors that FSRA regulates;
6. Review and provide input on consumer research undertaken by FSRA, or undertaken by third parties that may be relevant;
7. Oversee the production of an annual report by the Consumer Office outlining the key activities of the Panel; and
8. Provide feedback to FSRA on the functioning of the Panel.

Note: The Panel is not intended to replace FSRA's Stakeholder Advisory Committees (SACs), which will also include representation of consumers by sector.

Panel authority

The Panel's role is advisory. Their advice and recommendations will be considered as input to the Consumer Office for review and consideration and may or may not result in action or policy change.

Application and appointment of consumers advisory panel members

Appointments to the Panel will be made through an open, transparent and merit-based application process posted online. Selections will be made by FSRA's CEO and Chief Consumer Officer, based upon the relevant experience, skills, knowledge and perspectives of the applicants. The Chief Consumer Officer also reserves the right to select a member who, in the Chief Consumers Officer's view, has expertise or represents interests that may help advance the Panel's work.

FSRA will publish the names of the members of the Panel on its website.

Panel composition

We are seeking members who can provide evidence-informed consumer-focused insights to help us understand and deliver on Ontarians' expectations of our services and policies.

The Panel shall be comprised of individual consumers, representatives from consumer associations, financial literacy experts, academics with background in consumer law or other recognized consumer experts in the financial services sector.

Ideally, the Panel's membership will:

- Bring insights from all the sectors we regulate that will help address consumer harm;
- Include perspectives from a variety of consumer demographics including, but not limited to, seniors, Indigenous peoples, newcomers, youth and low-income Ontarians;
- Represent a mix of both high-level expertise and experience representing consumer interests in ongoing interactions with regulatory authorities and industry; and
- Provide insights from across Ontario.

Taking into consideration a balancing of consumer perspectives the specific composition could include sectoral representation from:

- Individual consumers;
- Consumer associations;
- Consumer advocates;
- Academics;
- Financial literacy experts;

- From other regulatory agencies

Administration, meetings, agendas and deliverables

The Panel will meet up to four times a year (minimum of two meetings), and additional meetings may be called as required.

The Panel will be chaired by the Chief Consumer Officer and/or their designate.

The Consumer Office may also invite observers and/or experts to assist the Panel in its duties. The CEO and other FSRA staff from Core Regulatory areas, Policy, Legal and Public Affairs, are ex-officio members of the Panel (non-quorum) and will attend when relevant matters are raised at meetings.

The Consumer Office will provide all Secretariat, Administrative and Policy support. A member of the Consumer Office will attend each Panel meeting as an observer and note taker.

The Consumer Office will prepare a summary of each Panel meeting and distribute it, including any accompanying written submissions, to members, typically within three weeks following a meeting.

FSRA also intends to publish a high-level summary of the Panel's work on FSRA's website within approximately three weeks of each meeting.

The agenda for each meeting will be prepared by the Consumer Office, and will be provided to each Panel member, targeting seven days in advance of each meeting, together with appropriate briefing materials.

A quorum for a meeting of the Panel will be more than 50% of its members present either in person via remote conferencing.

Where possible, the Panel members will use best efforts to develop consensus and to identify any issues where consensus does not exist and the reasons for an absence of consensus.

Minutes will be recorded at each meeting of the Panel outlining general discussion topics and encapsulating formal recommendations and will be accepted and approved by the Panel at its next meeting. The Minutes may also be posted on FSRA's website.

The Panel, through the Consumer Office secretariat, is intended to provide an annual report to FSRA on its key activities and the report may be published on the FSRA website, incorporated in to the FSRA annual Report or published elsewhere.

The Panel may be asked to attend other meetings (e.g. Board) as required to discuss the work of the Panel.

Public process, input from others and disclosure issues

The Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c.F.31, as amended, will (unless otherwise specified by FSRA) apply to information provided to the Panel and to material prepared by or for the Panel for presentation or delivery to FSRA's Chief Consumers Officer.

Panel members may be required to sign a Non-Disclosure Agreement (NDA) before assuming a position on the Panel or for specific meetings.

Members of the Panel are permitted to obtain assistance from colleagues or collaborators. However, members and those who assist them are required to maintain the confidentiality of all information provided to the Panel, or prepared by or for the Panel for presentation or delivery to FSRA (with the exception of information made public by FSRA, including any submissions by the Panel or its members as part of a public comment process sponsored by FSRA).

Costs

Panel members will be paid travel expenses in accordance with FSRA's Travel, Meal and Hospitality Directive. To be reimbursed, members must receive approval from FSRA prior to making travel arrangements and will be required to submit a travel expense claim with receipts.

No additional expenditures or commitments will be made without the prior authorization of the FSRA.

Term limits and reappointment

The Panel members will be appointed for an initial term of one year, with a possibility for extension to a maximum three year term.

Attendance at meetings

Each Panel Member is expected to devote sufficient time to Panel affairs, including the review of materials and attendance at all meetings of the Panel.

Termination of membership

The Chief Consumer Officer can choose to add or remove any member of the Panel at any time and a Panel member may resign by giving written notice.

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CAFII Consultations/Submissions Timetable 2019-20

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> Preliminary Recommendations Paper on policy proposals for change CAFII Response to Preliminary Recommendations Paper Ministry announces FICOM transition into Financial Services Authority (FSA) FICOM-led Consultation on Industry Funding of BCFSa (successor regulator) CAFII submission on Industry Funding of BCFSa <u>Revised Financial Institutions Act (FIA) tabled in the legislature</u> CAFII submissions on draft Regulations in support of Revised FIA CAFII Meeting with Ministry of Finance staff executives <i>CAFII Follow-up Meeting with Ministry officials Re Credit Protection Insurance Sales Practices and Related Fair Treatment of Consumers Considerations</i> 	<ul style="list-style-type: none"> Released March 19/18 June 19/18 April 4/19 Released June 10, 2019 July 24/19 October 21/19 Q3 2020 through Q4 2021 October 25/19 <u>Q1 or Q2 2020</u> 	<ul style="list-style-type: none"> Joint Market Conduct/Licensing Committee; Co-EDs to monitor
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> AMF releases consultation document CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> Q4 2019 (expected) Q1 or Q2 2020 	<ul style="list-style-type: none"> Market Conduct Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations	<ul style="list-style-type: none"> CAFII submission on Bills 141 and 150 to National Assembly Committee National Assembly passes Bill 141 (certain Bill 150 provisions included) AMF releases Regulation Respecting Alternative Distribution Methods (RADM) CAFII submission on Regulations Supporting Bill 141 AMF Response to Feedback on RADM Implementation/In-Force Period for RADM (varies by Article/Chapter) 	<ul style="list-style-type: none"> January 16, 2018 June 2018 October 10, 2018 December 10, 2018 April 17/19 June 13/19: Chapter 2; June 13/20: Chapter 3 	<ul style="list-style-type: none"> Joint Mkt Conduct/Licensing Committee; Co-EDs to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> CCIR issues final version of FTC Guidance document Meeting with CCIR/CISRO Working Group re Guidance implementation Meeting with CCIR/CISRO Working Group re Guidance implementation <i>Meeting with CCIR/CISRO Working Group re Guidance implementation</i> 	<ul style="list-style-type: none"> September 27, 2018 November 28, 2018 March 27, 2019 <u>Deferred from Q4 2019 to Q1 2020</u> 	<ul style="list-style-type: none"> Market Conduct Cttee; Co-EDs to monitor
CCIR 2020-2023 Strategic Plan	<ul style="list-style-type: none"> CCIR releases preliminary consultation draft of 2020-23 Strategic Plan CAFII 2019 Stakeholder Meeting With CCIR Focused On Strategic Plan CCIR announces formal deadline for written submissions CAFII submission on CCIR 2020-2023 Strategic Plan 	<ul style="list-style-type: none"> September 30, 2019 November 5, 2019 <u>Nov 30, 2019 (expected)</u> Q1 2020 (expected) 	<ul style="list-style-type: none"> Market Conduct Committee; EOC; Co-EDs to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA delays implementation of new Act and Regulations to Jan 1/20 FCAA releases transition-related Guidance and Interpretation Bulletin <u>FCAA releases more transition-related Guidance and Interpretation Bulletin(s)</u> 	<ul style="list-style-type: none"> November 26, 2018 May 17, 2019 <u>November 2019</u> 	<ul style="list-style-type: none"> Market Conduct Cttee; Co-EDs to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> CAFII Meeting with David Weir and Jennifer Sutherland Green, FCNB in Fredericton CAFII submission on FCNB Licensing of Insurance Adjusters and Damage Appraisers Consultation FCNB launches industry consultation on RIA licensing regime model CAFII submissions on FCNB's Insurance Act Rewrite and RIA Regime 	<ul style="list-style-type: none"> June 11, 2019 July 2/19 <u>Q1 or Q2 2020 (expected)</u> Q2 or Q3 2020 	<ul style="list-style-type: none"> Licensing Committee; Co-EDs to monitor

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

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**CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour:
 21-25 October, 2019**

Manitoba, Saskatchewan, Alberta, British Columbia

Summary of the CAFII Presentation Made During Each Meeting (9) on the Western Tour	3
Summary of CAFII Meetings During Western Tour	8
Manitoba 22 October, 2019	8
Winnipeg, Manitoba—Insurance Council of Manitoba (ICM) Executive Director Barbara Palace Churchill; Director of Licensing Stacey Aubrey; Director of Compliance Lee Roth; and Manitoba Superintendent of Insurance Scott Moore	8
In Attendance from CAFII	8
Summary of Meeting	9
Saskatchewan 23 October 2019	10
Regina, Saskatchewan—Roger Sobotkiewicz, Superintendent of Insurance; Jan Seibel, Director, Insurance and Real Estate Division; and Shannon McMillan, Director of Communications, Financial and Consumer Affairs Authority (FCAA)	10
In Attendance from CAFII	10
Summary of Meeting	10
Regina, Saskatchewan--Ron Fullan, Executive Director and April Stadnek, Director of Strategic Initiatives, Insurance Councils of Saskatchewan	12
In Attendance from CAFII	12
Summary of Meeting	12
Regina, Saskatchewan—Glen Gardner, QC, Deputy Minister of Justice and Deputy Attorney General; and Shannon Williams, Executive Assistant to the Deputy Minister of Justice and Attorney General, Saskatchewan	14
In Attendance from CAFII	14
Summary of Meeting	14
Alberta 24 October 2019	15
Edmonton, Alberta—Darren Hedley, Alberta Superintendent of Insurance; David Sorensen, Deputy Superintendent of Insurance; Wayne Maday, Director of Insurance Policy; and David Mulyk, Executive Director, Pension and Insurance Policy	15
In Attendance from CAFII	15
Summary of Meeting	15

Edmonton, Alberta—Alberta Insurance Council CEO Joanne Abram; and Executive Staff Sylvia Boyetchko, Director of Marketing; Sharan Dhalla, Director of Compliance; Zabeeda Yaqoob, Director of Legal & Regulatory Affairs; Heath Young, Director of Information Technology & Business Services; Brent Rathgeber, Legal Counsel; Carolyn Janz, Chief Financial Officer	16
In Attendance from CAFII.....	16
Summary of Meeting	17
British Columbia 25 October 2019	18
Victoria, British Columbia—Kari Toovey, Director, Legislative Policy Projects and 10 Year Review of Financial Institutions Act Project Lead; Tara Richards, Assistant Deputy Minister, Policy and Legislation; Rachel Franklin, Executive Director, Financial and Corporate Sector Policy Branch; and Sally Reid, Senior Policy Advisor, BC Ministry of Finance	18
In Attendance from CAFII.....	18
Summary of Meeting	18
Vancouver, British Columbia—BC FICOM/BC Financial Services Authority (Effective November 1/19) Staff Executives: Blair Morrison, recently appointed CEO (short greeting only); Frank Chong, Deputy Superintendent of Financial Institutions; Harry James, Senior Regulatory Advisor	19
In Attendance from CAFII.....	19
Summary of Meeting	20
Vancouver, British Columbia—Kandace Hopkins, Director, Practice and Quality Assurance, Insurance Council of British Columbia, and Brett Thibault, Director, Governance and Stakeholder Engagement, Insurance Council of British Columbia	21
In Attendance from CAFII.....	21
Summary of Meeting	21
Appendix A---Regulators and Policy-Makers Met During the Western Tour	23
Appendix B—CAFII Representatives Who Attended at Least One Meeting of the Western Tour	25

Summary of the CAFII Presentation Made During Each Meeting (9) on the Western Tour

CAFII made a total of nine presentations at nine meetings over four days during the Western Tour. The content was essentially the same for each presentation, although there was one slide on CAFII's formal written submissions made in each provincial jurisdiction over the past five years that was unique to the provincial regulators and policy-makers we met over the course of the tour; and, as well, the cover page was customized for each of the nine meetings.

The presentations began with a high-level overview of CAFII and its priorities, its membership, and its focus on relationship-building and dialogue with regulators and policy-makers. There was also an explanation of the differences between CAFII and the CLHIA, emphasizing the small staff contingent of CAFII and its focus on credit protection insurance, travel medical insurance, and alternative distribution methods, in particular CAFII's attention to the direct-to-consumer model as opposed to the broker or advice channel.

After identifying CAFII's key written submissions made in the meeting host's own province over the past five years, the presentation highlighted some recent priorities of CAFII in the other parts of Canada outside of the Western provinces, starting with the commitment that CAFII members had to the CCIR / CISRO Fair Treatment of Customers Guidance. A separate, entire slide was dedicated to this same issue later in the presentation, with the topic raised twice precisely to emphasize to regulators and policy-makers its importance to CAFII and its membership.

It was noted that a new regulator was recently created in Ontario – the Financial Services Regulatory Authority of Ontario (FSRA), and that it appeared committed to a principles-based, risk-oriented regulatory approach, which CAFII applauded. Nonetheless, a new regulator has an enormous amount of effort to undertake to get up to speed, and CAFII was heavily engaged in dialogue and discussion with FSRA on key matters such as its priorities and approach.

This same priorities slide then touched on the Quebec AMF Regulation on Alternative Distribution Methods, noting that CAFII strongly supported the principle of developing a formal regime to permit the sale of insurance through alternative distribution methods, but, in practice, this file had its challenges. The major challenge, it was noted, was that the final wording on the implementation guidance related to the Regulation was released only five weeks before the in-force date of 13 June, 2019, and that made implementation very challenging for CAFII members, who need time to implement new technologies or processes. It was noted that the AMF did produce a Bulletin allowing some elements of the Regulation to be phased in over a one-year implementation timeline, which was very helpful and much appreciated.

The “CAFII priorities in other parts of Canada” slide concluded by emphasizing CAFII’s commitment to meeting and engaging in constructive dialogue with our key regulators and policy-makers, and that prior to this Western tour we had visited the regulators and policy-makers in the Atlantic Provinces in the Spring of 2018. It was noted that while it was possible for CAFII to arrange ad hoc meetings with Ontario and Quebec regulators since most (but not all) CAFII members are headquartered in those two provinces, we are equally committed to meeting all of our regulators on a regular basis, in-person and in their own jurisdictions, and that is why we were on this week-long tour of Western Canada. This provided an opportunity to thank the audience again for taking the time to meet with CAFII and its delegation, and to let them know how valuable we found this opportunity.

The presentation then focused on the emerging trends in the industry, with previous CAFII presentations from thought leaders being referenced as part of the source of information on these issues. The strategic objective of this component of the presentation was to present material of interest to regulators, who grapple with these same issues, and to develop a source of commonality between the Association and regulators and policy-makers, by sharing information and insights on issues that they would have been thinking about with concern.

The thought leaders who had presented to CAFII, it was emphasized, commented that insurance was tailor-made to take advantage of, but also to be disintermediated or disrupted by, the key technological developments occurring due to machine learning, artificial intelligence, and big data, all of which were leading to new business models. This was particularly relevant to insurance, it was observed, because these technological developments are especially germane to analysis-based, data-driven businesses, which is very much what insurance is about, given its heavy reliance on statistical analysis, pattern recognition, and analytics.

It would be a mistake, the presentation continued, to conclude that insurance, a traditional industry that had invested heavily in technology but whose business model was largely unchanged, would not be fundamentally affected by innovation and technological developments. It was hard to know when that change would occur and what form it would take, but when it did happen it would happen quickly, and it would be profound.

The presentation noted that another aspect to the challenge the industry faces was the shift in consumer expectations caused by the new business models of players such as Amazon, where consumers are expecting premium service at a low cost, without delays. Why, these consumers will ask, should they be able to get a same-day package delivered to them, but have to wait 30 days or more for a quote or for a claim to be settled? Furthermore, millennials’ expectations of immediate on-line service and support, including through their smart phones, are reverberating throughout the industry, and will continue to elevate expectations.

All of this, it was noted, would have a profound impact as well on regulators, who would need to adjust their approach to regulation to deal with new entrants, and who would also need new tools in their toolkits to meet their primary objective of consumer protection. An example was given of securities regulators who are now able to use artificial intelligence to identify unusual or suspicious insider trading patterns, which they could then immediately investigate. Previously, they might uncover such activity years after it had occurred, limiting their ability to prevent abuse and undermining their principal objective, which is to protect the consumer, in this case investors.

Thought leaders report that Canada is two to three years behind leading Insurtech and fintech adoption countries such as the US, the UK, and Singapore. If the regulatory environment does not promote innovation, it is to the disadvantage of Canadian competitiveness, as companies from other countries will come here and do what the consumer expects if domestic companies do not. For these reasons, the presentation promoted giving regulators the tools they need, such as rule-making authority, and encouraged the use of regulatory sandboxes so that new entrants can test out their business models with an initially light regulatory load. Some of these new entrants may be competitors to CAFII members, some may become partners, but in general CAFII and its members believe that promoting such new entrants will elevate the entire industry, will be good for competition, and will produce a better end result for consumers.

Before moving to other topics, CAFII also shared a slide in which it congratulated Alberta for its October 10, 2019 announcement that the province's Fair Practices Regulation had been modernized to remove exceptions to electronic insurance transactions, which would now allow insurers and consumers to conduct insurance transactions electronically, provided that the consumer gives prior consent, and which would bring Alberta into harmony with BC, where electronic insurance transactions have been permitted since 2012 under that province's Electronic Transactions Act.

The presentation then repeated two themes, the first through a slide on the importance of the CCIR/CISRO Guidance on the Fair Treatment of Customers. This part of the presentation noted that while CAFII members felt they were largely compliant with what the Guidance sets out as expectations, there was also a recognition that regulators are expecting the bar to be raised, and are looking for an ever-increasing commitment to a high level of compliance with their FTC expectations.

As well, the presentation noted that there were ongoing discussions with the CCIR/CISRO Working Group on the Fair Treatment of Customers, with which CAFII meets quarterly. One challenge at those meetings, it was noted, is that FTC is about good business culture; but how do you measure that? To demonstrate that a company is achieving its objectives around fair treatment of customers is not simple or obvious, but we were committed to ongoing dialogue on this issue.

The second repeated theme was the importance, drawing on the technological and innovation revolution and resulting transformation which the industry was embracing, of ensuring that regulators have a flexible, harmonized, and open approach to promoting innovation and new business models, and that they give customers the ability to choose how they wish to transact, including the ability, if they so choose, to buy insurance through whatever channel, including digital channels, that they prefer.

The presentation then turned to sharing the key results of CAFII's recent Pollara consumer research on credit protection insurance for mortgages and HELOCs, across four product lines: life, critical illness, disability, and job loss. It was noted that this research was consistent with a commitment to the fair treatment of customers, and could be viewed as a measure around that commitment; because if one cares about customers, then one should ask them what they like, and what they do not like, about the products they have purchased.

Consumers who purchased these products, according to the research, found them to be convenient, effective, and affordable. There was a high level of satisfaction with the purchase experience, and a high level of confidence that a claim would be honoured. More specifically on the purchase experience, consumers gave the industry excellent marks in this area, and one number was particularly emphasized: 71% of customers said they did not know what they would do without this insurance, were something to happen to them or their family. This, it was suggested, indicated that the traditional life insurance advice or broker channel tended to focus on high net-worth individuals—not a surprise, since these are commissioned channels, and also an observation very much in line with other research findings. The middle and lower-middle income strata, which credit protection insurance is especially geared towards, was vastly underinsured. By providing insurance against mortgages and HELOCs, which are among the largest debt obligations Canadians face, credit protection insurance was filling a critically important gap in the marketplace and providing essential protection for Canadians.

It was noted that consumers were very positive about the explanations of credit protection insurance from their financial institution representatives, who explained effectively the coverages, limitations, premium, and the optional nature of the product.

But when we looked at how well consumers understood what they were purchasing, an interesting dichotomy was observed. Fully 90% said they understood the credit protection insurance they had purchased, likely due to a combination of the good explanations from the financial institution representatives, combined with online research that consumers may have done, along with their possibly consulting with relatives or friends who had purchased the insurance. But, only 64% of consumers who purchased CPI products said they understood the documentation which outlined what they had purchased. This was evidence that these documents were still not written in an easy-to-understand fashion. It was noted that some legal and technical language was needed to protect consumers and insurers, but it was also observed that this was still a disappointing result and CAFII members were committed to trying to improve this part of the customer experience.

The claims experience was then reviewed. Pollara found that across all four product lines, 78% of claims were paid. It was explained that for some products, such as job loss, the claims payout percentage may be lower due to insureds, for example, quitting their job, which does not qualify them for job loss insurance, and yet still submitting a claim. On life insurance, which is the largest payout and the core product offered for mortgage and HELOC credit protection insurance, consumers reported that 89% of claims were paid out. CAFII wanted to validate that number, so Pollara anonymously obtained from CAFII members the actual 2018 claim payout percentages for CPI life insurance, and aggregated the number, and found that fully 94% of life CPI claims were paid out. The refused claims were mostly due to suicide, or material misrepresentation¹.

However, the presentation also noted that of those who made a claim, fully 25% made a complaint about the claim. The top two reasons for a complaint were the length of time it took to settle the claim, and a lack of updates about the claim during the adjudication period. With respect to these findings, it was pointed out that people making a claim may be grieving, and are likely highly stressed as they wait for the claim to be settled. If updates were better provided, perhaps the length of time it takes to settle a claim would become less important. It was also noted that with couriers able to be tracked online in real-time as they deliver a package, some might ask why an insurance claim could not similarly be tracked online? In short, it was recognized that this was a number that CAFII members would like to see improved, and there was a commitment to achieving that. It was also noted that of those who made a complaint, fully 85% were satisfied with how the complaint was resolved.

¹ It was noted as well that the entire industry, through the CLHIA, committed to not consider Medically Assisted Death (MAD) as part of the traditional definition of suicide, and would not deny a MAD claim based on it being a suicide in the traditional definition.

One slide was also presented on the Pollara June 2018 Pollara research on travel medical insurance, noting that this research also found high levels of satisfaction with the purchase experience, high levels of satisfaction with the product, and a very high 98% claims payout. Interestingly, 25% of customers also complained about the claims experience, although the reasons were about the time it took to settle the claim, and the amount of documentation required; and fully 85% were also satisfied with how the complaint was resolved.

The presentation closed out by commenting on CAFII's commitment to a customer-friendly, easy-to-navigate website. It was noted that CAFII's website consultants report that customer attention-spans are moving ever lower, and that visually-pleasing materials, including videos, are necessary to attract and retain interest. Finally, there was reference to CAFII's commitment to engaging more with the public and with media, including the trade media. In the past, competitors to CAFII's members have perpetuated myths about credit protection insurance, and CAFII intended to put forth its side of the story on those issues more proactively going forward.

The presentation concluded with another thanks for the attention and interest of those in attendance, along with a restatement of CAFII's commitment, and the commitment of its members, to listening to the priorities of regulators and policy-makers, and engaging in an ongoing, constructive, and positive dialogue with them.

Summary of CAFII Meetings During Western Tour

Manitoba 22 October, 2019

Winnipeg, Manitoba—Insurance Council of Manitoba (ICM) Executive Director Barbara Palace Churchill; Director of Licensing Stacey Aubrey; Director of Compliance Lee Roth; and Manitoba Superintendent of Insurance Scott Moore

In Attendance from CAFII

Leezann Freed-Lobchuk, Canada Life
Martin Boyle, BMO Insurance
Diane Quigley, CUMIS Services Inc.
Brendan Wycks, CAFII
Keith Martin, CAFII

Summary of Meeting

The meeting was very cordial and positive, with both Barbara Palace Churchill and Scott Moore quite engaged. At the parallel CAFII meeting held in October 2017, Lee Roth was in attendance and made several interjections, some of them fairly aggressive, but at this meeting neither he nor Stacey Aubrey said anything substantive.

Scott Moore said there was no movement afoot in Manitoba to do anything legislatively re the province's own Fair Treatment of Consumers Guideline. "We already have the tools in place to endorse and support the CCIR/CISRO FTC Guidance," he said. Mr. Moore noted that he does not currently have a Deputy Superintendent of Insurance and there are no immediate plans to appoint one. Barbara Palace Churchill said there were no plans in the works to develop a Code of Conduct for Restricted Insurance Agent licence holders.

One area of concern was around single premium insurance policies, an issue that was raised by Lee Roth two years ago during CAFII's 2017 Western Tour. In this 2019 meeting, Scott Moore again raised concerns around the "single premium issue" which he said often arose in the credit union space. Barbara Palace Churchill chimed in that similar concerns come up with sub-prime lenders and sales finance companies regarding "insurance premiums and fees being greater than the actual loan amount."

Given that CAFII has credit union members, Scott Moore encouraged CAFII to engage with the Canadian Credit Union Association on its already in-development "Market Code of Conduct for Credit Unions." Right now, for credit unions, the Superintendent in Manitoba "has no tools" to address market conduct issues, so he is pleased that CCUA is doing something proactively in this area. The CCUA has reached out to Scott Moore and is "keeping him apprised" on its development of a Code.

Mr. Moore advised that the recently re-elected Premier of Manitoba Brian Pallister has put out a 100-Day Action Plan which includes a focus on Red Tape Reduction. For each new regulation, two existing regulations need to be removed. This is no small challenge, because new regulations may be needed to adjust to changing realities, and existing regulations are there for a reason.

Barbara Palace Churchill noted that it is now possible to register for a Manitoba insurance license entirely online, but one has to do so from within North America. Ms. Palace Churchill noted that the ICM is "revenue positive" for the Manitoba government and allocates surplus funds at the end of each fiscal year back to the province's Financial Institutions Regulation Branch (FIRB) as "dividends." This model is unique among the Western Canada licensing bodies.

There was a brief discussion of the RIA Advisory Committee in the works for the Insurance Councils of Saskatchewan; and Barbara Palace Churchill said that an RIA Advisory Committee did not really make sense in Manitoba, as it is a different situation there with a different structure. However, they will take a look at the RIA Advisory Committee to the Insurance Councils of Saskatchewan once it is launched; and they will continue to be open and consider CAFII's recommendations on this issue and the Association's efforts to persuade them to a different point-of-view.

Saskatchewan 23 October 2019

Regina, Saskatchewan—Roger Sobotkiewicz, Superintendent of Insurance; Jan Seibel, Director, Insurance and Real Estate Division; and Shannon McMillan, Director of Communications, Financial and Consumer Affairs Authority (FCAA)

In Attendance from CAFII

Martin Boyle, BMO Insurance
Diane Quigley, CUMIS Services Inc.
Shawna Sykes, CUMIS Services Inc. / The Co-operators
Leezann Freed-Lobchuk, Canada Life Assurance
Monika Spudas, Manulife Financial
Kamana Tripathi, TD Insurance
Brendan Wycks, CAFII
Keith Martin, CAFII

Summary of Meeting

Roger Sobotkiewicz, Superintendent of Insurance, and Jan Seibel, Director, Insurance and Real Estate Division, from the Saskatchewan Financial and Consumer Affairs Authority (FCAA) were actively engaged with CAFII's participants in this meeting. Shannon McMillan, Director of Communications, sat through the entire meeting but more in an observer capacity. CAFII members went out to their way to compliment and thank Jan Seibel for her tremendous efforts at helping industry adjust to the new Saskatchewan Insurance Act and related regulations, and specifically thanked her for her responsiveness.

CAFII noted that it had two direct and specific asks at this meeting, first to ask for more guidance around implementation of the new Saskatchewan Insurance Act and its related Regulation; and secondly to request the possibility of a transition period for implementation of some of the elements of the Act, beyond the currently-targeted 1 January, 2020 in-force date.

The FCAA officials said they understood CAFII members' preoccupation with getting the details sorted out around the new Saskatchewan Insurance Act, the related Regulations, and the FCAA's expectations for the industry's implementation of them especially given that the in-force date of January 1/20 is imminent. Jan Seibel said she would try to finalize and issue the still-outstanding clarifications, Guidance documents, and Bulletins by the end of November 2019. Roger Sobotkiewicz was more committal on getting those items done and released as soon as possible and certainly by no later than the end of November.

CAFII mentioned that we had faced a similar situation in Quebec around the Regulation on Alternative Distribution Methods, which had a definitive in-force date of 13 June, 2019, despite the industry not having received final wording on the Regulation just five weeks prior to that implementation date. The AMF understood industry's concern that large, complex organizations cannot change technology or processes in less than a year to 18 months; and to its credit, the AMF issued a Bulletin that provided for a transitional, phase-in period of up to one year for certain elements of the Regulation. We encouraged the FCAA to view this as a model for the Saskatchewan Insurance Act and related Regulations. Jan Seibel said that she was very interested in reviewing that approach and asked CAFII to send the AMF Bulletin and any related background material to her.

Roger Sobotkiewicz asked us to "put a plug in" during our meeting that afternoon with Deputy Minister of Justice and Deputy Attorney General Glen Gardner that the province's Superintendent of Insurance should have rule-making authority for insurance in order to allow the regulator to be more flexible and nimble, including around supporting innovation. Right now, the Superintendent has rule-making authority for securities, but not for insurance, and as Mr. Sobotkiewicz said, "as a Superintendent, you are really hamstrung if you don't have rule-making authority."

Mr. Sobotkiewicz felt that Saskatchewan had to be more nimble and respond more quickly to insurtech. He noted that he does not report to the Deputy Minister, but rather reports directly to the Minister of Justice.

CAFII expressed concerns around the component of the new legislation that tells online consumers that they may wish to get advice. Ms. Seibel said that the FCAA cannot back off of that wording, which was the outcome of delicate multi-stakeholder negotiations, but added that it was not intended to favour one channel over another; it was just about letting consumers know about their options.

Roger Sobotkiewicz said he was pleased to participate in this meeting, and added that industry consultation is critically important to the FCAA. He specifically said that if industry cannot get everything related to the new Insurance Act and related Regulations fully implemented by the 1 January, 2020 date, he is not going to take enforcement action so long as industry is moving ahead on a “best efforts basis” and keeps his office apprised of their progress: “We don’t want to enforce, that is expensive; we will be reasonable, and will focus on best efforts, and we will not expect you to implement on day one if you cannot.”

He requested that CAFII prepare and send to him a list of our members’ “second level contacts regarding complaints” to help the FCAA in assisting consumers who submit complaints to his office (as sometimes when the FCAA reaches out to a more junior-level contact at an insurer or distributor on a complaint matter, that person has no idea who the FCAA is and initially refuses to co-operate).

Finally, Mr. Sobotkiewicz said that if there are still areas of uncertainty or concern around implementation of the new Insurance Act and related Regulations, CAFII should send in a written submission on those to the FCAA as soon as possible.

Regina, Saskatchewan--Ron Fullan, Executive Director and April Stadnek, Director of Strategic Initiatives, Insurance Councils of Saskatchewan

In Attendance from CAFII

Martin Boyle, BMO Insurance
Shawna Sykes, CUMIS Services Inc. / The Co-operators
Leezann Freed-Lobchuk, Canada Life Assurance
Monika Spudas, Manulife Financial
Kamana Tripathi, TD Insurance
Brendan Wycks, CAFII
Keith Martin, CAFII

Summary of Meeting

As has been typical of CAFII’s meetings with the executive leadership of the Insurance Councils of Saskatchewan, the meeting was informal, friendly, and informative.

Ron Fullan advised that CCIR and CISRO recently held a “joint day” together as part of their Fall 2019 meetings, both of which were held in Winnipeg in September. (Both bodies also had one-day of separate meetings unto themselves.) Current CCIR Chair Patrick Déry was a strong advocate of this joint approach, as was Ron Fullan as CISRO Chair. There is likely to be an increasing amount of collaboration and joint work and meetings between CCIR and CISRO in future, Mr. Fullan indirectly indicated.

Ron said that with respect to industry players being able to document and demonstrate Fair Treatment of Customers, especially given that many aspects of FTC are “business culture-related,” in some respects a negative proof is as important as being able to point to concrete actions and initiatives. Specifically, he said that industry would know when it was not doing FTC well because consumer complaints, regulator intervention, etc. will inevitably come to the fore in those cases. (As this was a very helpful interpretation on Mr. Fullan’s part, it was shared with many of the other regulators in the subsequent parts of the Western Tour.)

April Stadnek added that data related to complaints handling and client retention are two key ways to demonstrate FTC. Ron Fullan said that CAFII’s Pollara research was helpful, for example as a result of the research he rarely hears anymore about “post-claims underwriting” for credit protection insurance. He felt that research was a very constructive way for industry to advance its point of view.

Mr. Fullan advised that the ICS is ready to implement the RIA Advisory Committee to the Insurance Councils of Saskatchewan on January 1/20, but it has to be done as part of the re-written and updated ICS Bylaws and official, final approval of those is still pending from the Superintendent of Insurance.

Mr. Fullan had to leave the meeting a bit early; and after he left, April Stadnek shared an emotional story about a travel insurance claim from someone in her family which was initially denied, but which she then intervened on as a private citizen and ultimately got approved (this was for the boyfriend of her aunt). She said the policy should never have been approved, because the person in question had just been released from hospital where he had been treated for pneumonia, but that his doctor said he was fine to travel and as a result he did. He then incurred \$40,000 of medical expenses when his pneumonia returned while he was travelling in the United States.

Ms. Stadnek asked whether the industry “just denies all claims and waits for individuals to appeal”? She said the letter explaining the reasons for the denial was poorly written and extremely difficult to understand.

Ms. Stadnek asked CAFII to take under its wing and look into the following question as a travel insurance-related issue (perhaps for the CAFII Travel Medical Experts Working Group): *is there a way that in travel health insurance denial letters, the appeal process(es) can be more clearly laid out and explained in layman's terms?*

Regina, Saskatchewan—Glen Gardner, QC, Deputy Minister of Justice and Deputy Attorney General; and Shannon Williams, Executive Assistant to the Deputy Minister of Justice and Attorney General, Saskatchewan

In Attendance from CAFII

Martin Boyle, BMO Insurance
Leezann Freed-Lobchuk, Canada Life Assurance
Monika Spudas, Manulife Financial
Kamana Tripathi, TD Insurance
Brendan Wycks, CAFII
Keith Martin, CAFII

Summary of Meeting

This was an unusual meeting in that the Deputy Minister projected an unexpected jovial and informal spirit. Glen Gardner was very attentive and sympathetic; he made a lot of jokes and one-liners and the overall atmosphere in the office seemed to be one of “levity” and “let’s make this an enjoyable and fun place to work.”

The Deputy Minister seemed quite interested in the insurtech and Artificial Intelligence developments that are transforming the life and health insurance industry; and saw some parallel developments and obstacles to be overcome in his own Ministry of Justice, which has an Innovation Division which Shannon Williams (a lawyer by background) is integrally involved in.

Mr. Gardner took note of CAFII’s encouragement that Saskatchewan’s Superintendent of Insurance should have rule-making authority for insurance in order to allow the provincial regulator to be more nimble and to respond more quickly to insurtech proposals and developments, and to give it tools to better support innovation (right now the Superintendent has rule-making authority for securities, but not for insurance).

Mr. Gardner was, at times, quite cynical about his own Ministry in terms of its ability to evolve and modernize.

While Mr. Gardner has limited direct influence over CAFII members, the Financial and Consumer Affairs Authority of Saskatchewan is responsible/accountable to the Ministry of Justice and Attorney General; and we felt that it is always worthwhile to develop connections with influencers, and as such felt that this was a successful meeting that met our objectives.

Alberta 24 October 2019

Edmonton, Alberta—Darren Hedley, Alberta Superintendent of Insurance; David Sorensen, Deputy Superintendent of Insurance; Wayne Maday, Director of Insurance Policy; and David Mulyk, Executive Director, Pension and Insurance Policy

In Attendance from CAFII

Martin Boyle, BMO Insurance
Diane Quigley, CUMIS Services Inc.
Leezann Freed-Lobchuk, Canada Life Assurance
Monika Spudas, Manulife Financial
Kamana Tripathi, TD Insurance
Brendan Wycks, CAFII
Keith Martin, CAFII

Summary of Meeting

This was a meeting that included good give-and-take with lots of interest in the CAFII presentation, and discussion of many different points of view. All four Alberta Treasury Board and Finance policy-maker representatives were positive and engaged.

The critical take-away from this meeting was that the new Kenney government in Alberta has decided to put an “indefinite pause” on the plans to create a single, integrated financial services regulator in the province because the government has higher priorities that will command its time, energy/attention, and resources. As well, it does not expect to revisit that proposal within the foreseeable future, and certainly not within its current term of office. Within the next few weeks, the government plans to make an announcement to that effect – but “to the industry only” as the single regulator proposal was never floated/released to or discussed with the public or media.

There was lots of interest in the CAFII presentation. David Sorensen asked “What’s the proportion of credit protection insurance sales constituted by mortgages and HELOCs versus other debt obligations such as car loans, short-term loans, etc.?” He said that he’d be interested in the CPI stats for those types of loans which are typically taken on by what he called “the more vulnerable type of consumer” and which he acknowledged are products that are probably not offered by CAFII’s members.

The ATBF policy-makers appreciated the laudatory slide in CAFII’s presentation about their leadership in the province’s recent amendment to its Fair Practices Regulation to allow electronic insurance transactions, including electronic beneficiary designations, provided that the consumer provides consent. It was particularly appreciated that we were including this slide in all nine presentations to insurance regulators and policy-makers on our current Western Canada tour. The Alberta regulators jokingly asked us to remove the final bullet point which referenced the fact that Alberta’s regulatory amendment brought it into harmony with BC, which has had similar permissive legislation in place since 2012.

Darren Hedley raised the issue of “post-claims underwriting” but backed off when we said that is an adversarial myth propagated by competitors in the advice-based channel.

Edmonton, Alberta—Alberta Insurance Council CEO Joanne Abram; and Executive Staff Sylvia Boyetchko, Director of Marketing; Sharan Dhalla, Director of Compliance; Zabeeda Yaqoob, Director of Legal & Regulatory Affairs; Heath Young, Director of Information Technology & Business Services; Brent Rathgeber, Legal Counsel; Carolyn Janz, Chief Financial Officer

In Attendance from CAFII

Martin Boyle, BMO Insurance

Diane Quigley, CUMIS Services Inc.

Leezann Freed-Lobchuk, Canada Life Assurance

Monika Spudas, Manulife Financial

Kamana Tripathi, TD Insurance

Brendan Wycks, CAFII

Keith Martin, CAFII

Summary of Meeting

Joanne Abram brought her whole senior team to the meeting, from both the Edmonton head office and the Calgary satellite office, with seven staff executives in attendance in total. The meeting was notable for its friendly demeanour and how engaged Joanne Abram was.

Without a trace of bitterness, she said that the AIC's key focus over the past two to three years had been on preparing for the possibility of a single, integrated financial services regulator in Alberta and how the Council would fit into it; but now that is no longer happening and so now they will focus their efforts in other areas.

The definitions of the various forms of "credit-related insurance" which can be offered in Alberta under a Restricted Certificate of Authority have been published on the AIC's website (although it is not intuitive and easy to find them). Sylvia Boyetchko provided Brendan Wycks with printed copies of the two relevant pages from the AIC website.

Ms. Abram said that Alberta will have to enact legislative changes as it pertains to the Insurance Council at some point, because when it was originally created, the enabling legislation did not envision certain developments which have become important new realities such as the extensive use of Third Party Administrators (TPAs) by Restricted Insurance Agent licence holders.

The AIC is looking into the possibility of requiring that an education program be completed in order to be licenced to sell travel insurance in the province, which would almost certainly entail an endorsement and adoption of THIA's recently launched Travel Insurance Program (TIP) education program.

Ms. Abram was very supportive of greater integration between CCIR and CISRO and is very pleased that CISRO now has a permanent secretariat – "finally," she said. In other comments, she said that regulators are always reactive. She appreciated CAFII's presentation's focus on technology and innovation, and said that the AIC was thinking about these very same issues. She asked what percentage of mortgage holders have enrolled in optional credit protection insurance, and CAFII delegation members responded that it was in the range of 30 to 35%.

British Columbia 25 October 2019

Victoria, British Columbia—Kari Toovey, Director, Legislative Policy Projects and 10 Year Review of Financial Institutions Act Project Lead; Tara Richards, Assistant Deputy Minister, Policy and Legislation; Rachel Franklin, Executive Director, Financial and Corporate Sector Policy Branch; and Sally Reid, Senior Policy Advisor, BC Ministry of Finance

In Attendance from CAFII

Diane Quigley, CUMIS Services Inc.
Leezann Freed-Lobchuk, Canada Life Assurance
Monika Spudas, Manulife Financial
Moirra Gill, TD Insurance
Brendan Wycks, CAFII
Keith Martin, CAFII

Summary of Meeting

Tara Richards, Assistant Deputy Minister, was in attendance for the first hour of the 90-minute meeting; she then had to leave for another appointment, but seemed genuinely interested.

The key issue discussed was the just-tabled Bill C-37: *The Financial Institutions Amendment Act, 2019* which has passed first reading in the legislature, and should be fully passed by 30 November, 2019. Kari Toovey said that the sections of Bill C-37 which are most relevant to CAFII and its members are: Code of Market Conduct for the Insurance Sector; Sale of Insurance Online; Rule-Making Authority; and Restricted Insurance Agent Regime.

Regulations will be critical to bringing the new Act into force and they will be developed, consulted on with the industry, and then finalized over the next two years. Everything will be brought into force in stages, with the Ministry responsible for drafting the Regulations.

Kari Toovey said that the reference to “post-claims underwriting” under the RIA regime-related clauses in Bill C-37 were really about online sales of insurance and protecting consumers who do not have a broker, to help guide them through the insurance process. CAFII and its members explained that “post-claims underwriting” is an adversarial myth propagated by competitors in the advice-based channel; and if protecting consumers in an online sales situation is the issue at hand, then a different term should be used.

CAFII offered to have a dedicated meeting with Ministry officials, at the appropriate point in time, either electronically via Zoom or in-person in Victoria, to explain everything about credit protection insurance sales, underwriting, and claims processes in detail. Kari Toovey and Rachel Franklin readily accepted CAFII's offer of a meeting with that focus. It was agreed that early in 2020 would be a good time to schedule such a meeting.

It was noted that both the Insurance Council of BC and the new BC Financial Services Authority (BCFSA) would have some oversight responsibility for the province's new Restricted Insurance Agent (RIA) licensing regime, once it is brought into being via Regulation. (In ensuing discussion after this meeting, CAFII representatives were very concerned by this, as the "multiple masters" approach produces the possibility of confusion, inefficiency, and even paralysis.)

CAFII emphasized that 18 months is needed to implement changes, starting from the date that the changes are finalized and proclaimed into force. CAFII mentioned the AMF Bulletin which extended the implementation period for certain complex compliance matters related to the Regulation on Alternative Distribution Methods by a further year to June 13/20; Kari Toovey said she was interested in learning more about that approach and asked us to send the AMF Bulletin and any related background material to her.

Vancouver, British Columbia—BC FICOM/BC Financial Services Authority (Effective November 1/19) Staff Executives: Blair Morrison, recently appointed CEO (short greeting only); Frank Chong, Deputy Superintendent of Financial Institutions; Harry James, Senior Regulatory Advisor

In Attendance from CAFII

Martin Boyle, BMO Insurance

Diane Quigley, CUMIS Services Inc.

Leezann Freed-Lobchuk, Canada Life Assurance

Monika Spudas, Manulife Financial

Moir Gill, TD Insurance

Kamana Tripathi, TD Insurance

Brendan Wycks, CAFII

Keith Martin, CAFII

Summary of Meeting

Whereas Frank Chong was somewhat confrontational and almost hostile during CAFII's previous liaison meeting with FICOM in October 2017, this time he was charming, engaged, and supportive.

Mr. Chong explained that the new BCFSa, which would come into being in less than a week on November 1/19, had a somewhat complex Board structure and the Board has vested in it significant regulatory decision-making authority which typically would be assigned to and reserved for "management" in other organizations. He added that the BCFSa will have rule-making authority and be an independent Crown Corporation. The Board includes, Mr. Chong said, several people with good insurance knowledge, such as former Executive Director of the Insurance Council of B.C. Gerry Matier and former FICOM staff executive Michael Grist.

Frank Chong advised that as part of the transition into a new regulatory body, BCFSa has retained 99% of FICOM's staff and also expanded its staff team by filling a lot of vacancies. And being much more fully "staffed up," the BCFSa will be trying to move towards a more "functional-based" approach to fulfilling its regulatory mandate.

Harry James advised that the result of the recent industry Fees Consultation related to BCFSa is that the model proposed in the paper has been recommended to Treasury Board and is awaiting its approval; there will not be a phase-in of the proposed steep increase for non-credit union insurers over two years. It was felt that credit unions need to stop cross-subsidizing the rest of the industry, which they traditionally have, and as a result the original proposed fee structure will be adopted.

Frank Chong was interested in the CAFII presentation's comments about encouraging a regulatory environment that promoted innovation. Why, he asked, if fostering innovation via regulatory forbearance and sandboxes is an issue, does he never get asked for such approvals from start-ups? A good discussion ensued with several possible reasons offered in answer by CAFII, including some discussion on the AMF in Quebec being "open for business" such that many insurance industry players will prefer to approach Quebec exclusively for trialing their innovative developments. It was also noted that if the regulatory environment for start-ups in insurance is too daunting, they may wish to initially offer their innovations in other, less onerous industries. There was also a discussion of the impact of coding on the fair treatment of customers, where for example technologies could have a different impact on different demographics based on coding logic.

Harry James mentioned, casually and in passing (such that the significance of this news was not immediately seized upon by CAFII's representatives, until the ensuing meeting with the Insurance Council of BC), that the new RIA regime in BC will be developed and overseen by both the Insurance Council of BC and the BCFSA (a significant area of concern for CAFII around having to serve two masters; and possible disagreements between two regulatory authorities which, in a worst case scenario, could lead to dysfunction and paralysis).

Stemming from CAFII's presentation slides on the recent Pollara research on consumers who hold credit protection insurance on a mortgage or HELOC, Harry James asked about the claims payout rates for all four types of coverages: life, disability, critical illness, and job loss. CAFII said it would look into this, noting that the sample size could be a challenge as one digs into more detail in the study.

Vancouver, British Columbia—Kandace Hopkins, Director, Practice and Quality Assurance, Insurance Council of British Columbia, and Brett Thibault, Director, Governance and Stakeholder Engagement, Insurance Council of British Columbia

In Attendance from CAFII

Martin Boyle, BMO Insurance

Leezann Freed-Lobchuk, Canada Life Assurance

Monika Spudas, Manulife Financial

Moira Gill, TD Insurance

Brendan Wycks, CAFII

Keith Martin, CAFII

Summary of Meeting

Executive Director Janet Sinclair's mother recently passed away unexpectedly, so she was not in attendance².

² The week after the meeting, Brett Thibault wrote CAFII's Co-Executive Directors thanking them for the meeting, and regretting that Janet Sinclair could not attend. He said Janet Sinclair and himself would be in Toronto on 2 December, 2019, and asked if we would be available to meet them over lunch on that date. This invitation was readily accepted.

There was lots of interest in CAFII's presentation, especially in the slides on the insurtech, innovation, AI, and the potential impact on the future of the life and health insurance industry, as both Brett Thibault and Kandace Hopkins had recently attended the 2019 Insurtech Annual Conference in Las Vegas in September (which occurred at the same time as the CCIR and CISRO Fall meetings in Winnipeg).

Brett Thibault directly and specifically drew to CAFII's attention the fact that the just-tabled Bill C-37 calls for the new RIA regime in BC to be developed and overseen by both the Insurance Council of BC and the BCFSa (a significant area of concern for CAFII around having to serve two masters; and possible disagreements between two regulatory authorities which, in a worst case scenario, could lead to dysfunction and paralysis). This led to some discussion about the potential downsides of this "dual regulators" approach; and Brett Thibault and Kandace Hopkins encouraged CAFII to bring its concerns about this to the Ministry of Finance's attention if we believe that there should be just a single BC regulator responsible for the new RIA regime.

Post-claims underwriting was raised by Brett Thibault and CAFII explained how it is an adversarial myth propagated by competitors in the advice-based channel.

Appendix A---Regulators and Policy-Makers Met During the Western Tour

Name	Title	Location
Barbara Palace Churchill	Insurance Council of Manitoba (ICM) Executive Director	Winnipeg, Manitoba
Stacey Aubrey	Insurance Council of Manitoba (ICM) Director of Licensing	Winnipeg, Manitoba
Lee Roth	Insurance Council of Manitoba (ICM) Director of Compliance	Winnipeg, Manitoba
Scott Moore	Manitoba Superintendent of Insurance	Winnipeg, Manitoba
Roger Sobotkiewicz	Saskatchewan Superintendent of Insurance	Regina, Saskatchewan
Jan Seibel	Director, Insurance and Real Estate Division, Saskatchewan Financial and Consumer Affairs Authority (FCAA)	Regina, Saskatchewan
Shannon McMillan	Director of Communications, Saskatchewan Financial and Consumer Affairs Authority (FCAA)	Regina, Saskatchewan
Ron Fullan	Executive Director, Insurance Councils of Saskatchewan (ICS)	Regina, Saskatchewan
April Stadnek	Director of Strategic Initiatives, Insurance Councils of Saskatchewan (ICS)	Regina, Saskatchewan
Glen Gardner	Deputy Minister of Justice and Deputy Attorney General, Saskatchewan	Regina, Saskatchewan
Shannon Williams	Executive Assistant to the Deputy Minister of Justice and Attorney General, Saskatchewan	Regina, Saskatchewan
Darren Hedley	Alberta Superintendent of Insurance	Edmonton, Alberta
David Sorensen	Alberta Deputy Superintendent of Insurance	Edmonton, Alberta
Wayne Maday	Director of Insurance Policy	Edmonton, Alberta
David Mulyk	Executive Director, Pension and Insurance Policy	Edmonton, Alberta
Joanne Abram	Alberta Insurance Council CEO	Edmonton, Alberta
Sylvia Boyetchko	Director of Marketing, Alberta Insurance Council	Edmonton, Alberta
Sharan Dhalla	Director of Compliance, Alberta Insurance Council	Edmonton, Alberta
Zabeeda Yaqoob	Director of Legal & Regulatory Affairs, Alberta Insurance Council	Edmonton, Alberta
Heath Young	Director of Information Technology & Business Services, Alberta Insurance Council	Edmonton, Alberta
Brent Rathgeber	Legal Counsel, Alberta Insurance Council	Edmonton, Alberta

Name	Title	Location
Carolyn Janz	Chief Financial Officer	Edmonton, Alberta
Tara Richards	Assistant Deputy Minister, Policy and Legislation, Ministry of Finance, British Columbia	Victoria, British Columbia
Kari Toovey	Director, Legislative Policy Projects and 10 Year Review of Financial Institutions Act Project Lead, Ministry of Finance, Government of British Columbia	Victoria, British Columbia
Rachel Franklin	Executive Director, Financial and Corporate Sector Policy Branch, Ministry of Finance, Government of British Columbia	Victoria, British Columbia
Blair Morrison	CEO, BC FICOM / BC Financial Services Authority	Vancouver, British Columbia
Frank Chong	Deputy Superintendent of Financial Institutions, BC FICOM / BC Financial Services Authority	Vancouver, British Columbia
Harry James	Senior Regulatory Advisor, BC FICOM / BC Financial Services Authority	Vancouver, British Columbia
Kandace Hopkins	Director, Practice and Quality Assurance, Insurance Council of British Columbia	Vancouver, British Columbia
Brett Thibault	Director, Governance and Stakeholder Engagement, Insurance Council of British Columbia	Vancouver, British Columbia

Appendix B—CAFII Representatives Who Attended at Least One Meeting of the Western Tour

<u>Name</u>	<u>Institution</u>
Martin Boyle	BMO Insurance
Leezann Freed-Lobchuk	Canada Life Assurance
Moira Gill	TD Insurance
Diane Quigley	CUMIS Services Inc.
Monika Spudas	Manulife Financial
Shawna Sykes	CUMIS Services Inc. / The Co-operators
Kamana Tripathi	TD Insurance
Brendan Wycks	CAFII
Keith Martin	CAFII



The Canadian Association of
Financial Institutions in Insurance

CAFII October 2019 Update Dialogue With the Insurance Council of BC

*Recent CAFII Initiatives & Research
Highlights; and Future Perspectives About
the Life and Health Insurance Sector*

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

ABOUT CAFII: Who We Are

Non-profit industry Association dedicated to development of an open and flexible insurance marketplace.

Established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels.

ABOUT CAFII: Who We Are

CAFII members offer credit protection insurance; travel insurance; other types of life and health insurance; and, in some cases, property & casualty insurance across Canada. Credit protection insurance and travel insurance are product lines of primary focus for CAFII as members' common ground.

CAFII members offer insurance through financial institution branches; client contact centres; the internet and other digital channels; direct mail; and, in some cases, agents and brokers (including travel agents for travel insurance).

CAFII's Membership is Comprised of Seven Financial Institutions (Bank and Credit Union Distributors) and Five Insurers / Underwriters of Credit Protection Insurance

Financial Institutions



Insurers



Recent CAFII Insurance Policy, Regulation, and Related Submissions To British Columbia Authorities

Date	Regulator/Policy-Maker Audience	Subject/Focus of Submission
July 24, 2019	Frank Chong, Acting Superintendent of Financial Institutions, BC FICOM	Insurance Fees Consultation Paper, June 2019 (on industry funding of new BC Financial Services Authority as an independent Crown Corporation)
July 5, 2019	Brett Thibault, Director, Governance and Stakeholder Engagement, Insurance Council of BC	Consultation on Updated Guidance for New Life Agent Supervision Requirement
June 18, 2018	Policy and Legislation Division, BC Ministry of Finance	Preliminary Recommendations Paper arising from 10-Year Review of Financial Institutions Act and Credit Union Incorporation Act
December 7, 2016	Harry James, Senior Regulatory Advisor, BC FICOM	Follow-up and closure letter in response to BC FICOM letter of April 19, 2016 which provided clarification responses in answer to CAFII letter of March 15, 2016 re two difficult/uncertain aspects of FICOM's Information Bulletin INS-15-002: Creditor's Group Insurance
June 7, 2016	Carolyn Rogers, CEO, BC FICOM	Congratulatory letter on appointment as Assistant Superintendent, Regulation Sector at Office of the Superintendent of Financial Institutions (OSFI)
April 2016	Policy and Legislation Division, BC Ministry of Finance	Information Response To BC Ministry of Finance Questions Arising From CAFII's September 2015 Submission on Initial Public Consultation Paper on 10-Year Review of Financial Institutions Act and Credit Union Incorporation Act: Responses Provided In Form of Short Powerpoint Presentation On "Creditor's Group Insurance" and "CAFII – Pollara Travel Medical Insurance Consumer Research"
March 15, 2016	Harry James, Senior Regulatory Advisor, BC FICOM	Clarification-seeking letter re two difficult/uncertain aspects of FICOM's Information Bulletin INS-15-002: Creditor's Group Insurance
September 9, 2015	Policy and Legislation Division, BC Ministry of Finance	Initial Public Consultation Paper on 10-Year Review of Financial Institutions Act and Credit Union Incorporation Act

CAFII's Key Insurance Policy and Regulation Priorities Outside of Western Canada

CCIR / CISRO Fair Treatment of Customers
Guideline—A Top Priority for CAFII
Members



A New Regulator in Ontario—Financial Services Regulatory
Authority of Ontario

A New Regulatory Regime in Quebec—the *Regulation
on Alternative Distribution Methods*



In the Spring of 2018 CAFII Visited all Atlantic Canada
Regulatory Authorities

CAFII Organizes Presentations on Emerging Trends from Industry/Societal Thought Leaders



Vikram Kamath, Director, LIMRA Center of Excellence for Analytics, “The Power of Analytics: How Data Is Changing the Life Insurance Industry,” April 16/19



Kai Lakhdar, Partner, PwC Canada Corporate Strategy Group, “Using Machine Learning Technology to Improve Clients’ Health and Wellness – and Produce Better Outcomes for Their Life and Health Insurers,” June 4/19



Melissa Carruthers, Senior Manager, Monitor Deloitte Canada, “Modernize & Transform: Winning in the Future of Life and Health Insurance,” upcoming on December 3/19

CAFII Organizes Presentations on Emerging Trends from Industry/Societal Thought Leaders



Keegan Iles, Director, Insurance Consulting Practice, PwC Canada, “Tomorrow is Today: Insurtech Disruption in the Life and Health Insurance Sector,” February 7/17



Neil Parmenter, President & CEO, Canadian Bankers Association, “A Review of the Future of Banking, the Opportunities and Challenges of Fintech, and Prospects for the Broader Digital Economy in an Age of Unprecedented Change and Innovation,” June 5/18

Technology is Having a Profound Impact on the Insurance Industry

CAFII believes future of life and health insurance industry will be marked by continued innovation and an increase in consumer demand for electronic commerce and other alternate forms of distribution.

Consumers continue to demand greater access to purchasing through digital channels, which will play an increasingly important role in meeting needs of Canadians.



Consumer Expectations are Constantly Evolving and Escalating

Millennials' high expectations for technology-based services, convenience, transparency, speed, regular engagement, and a personalized experience that reflects their needs are defining how products and services are delivered.

Their preferences and expectations are a particular challenge and opportunity for the insurance industry.



Alberta Regulation Modernization Supports Innovation and Enhanced Consumer Experience

CAFII congratulates and lauds Alberta for its October 10/19 announcement that the Fair Practices Regulation has been modernized to remove exceptions to electronic insurance transactions, which will:

- *allow insurers and consumers to conduct insurance transactions electronically, provided that the consumer gives prior consent;*
- *allow insurers to further modernize their digital communications processes related to consumer experience; and*
- *bring Alberta into harmony with BC, where electronic insurance transactions have been permitted since 2012 under that province's Electronic Transactions Act.*

CAFII Members Embrace and Prioritize Fair Treatment of Consumers



GUIDANCE: CONDUCT OF INSURANCE BUSINESS AND FAIR TREATMENT OF CUSTOMERS

CAFII shares regulators' objective of ensuring consumers are well-protected while also having the ability to purchase products through their channel of choice.

In an insurance industry context, it's important to note that part of the overall objective of FTC is to ensure insurers can provide support and meet consumers' expectations throughout the user experience.

CAFII Supports Regulations That Embrace Electronic Commerce

CAFII believes regulatory structures should foster a harmonized, flexible, and open marketplace where consumers are able to choose how and where to purchase coverage.

Regulation should embrace the role of all insurance channels in meeting consumers' insurance needs. It's important that regulatory frameworks help foster and support ongoing growth and development of technology-enabled, alternate distribution channels.



CAFII Strategic Focus is on Regulatory and Policy-Making Relationship-Building

CAFII's predominant strategic focus and priority is relationship-building and communications with insurance regulators and policy-makers.

Insurance Council BRITISH COLUMBIA

Janet Sinclair, Executive
Director, Insurance
Council of
British Columbia

Kandace Hopkins,
Director, Practice and
Quality Assurance,
Insurance Council of
British Columbia

Brett Thibault,
Director, Governance
and Stakeholder
Engagement, Insurance
Council of British
Columbia

CAFII's Value-Added Industry Research

CAFI adds value to consultative relationships and ongoing dialogue with regulators and policy-makers through research, including commissioning and sharing the results of independent, third party research on important insurance-related topics.

Key research priorities include obtaining consumer feedback on their attitudes toward and experiences and satisfaction with the credit protection and travel insurance products offered by CAFII members.



pollara
strategic insights

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

Key Takeaways

A strong majority of Canadians who own credit protection insurance (CPI) believe that these products are an affordable, convenient and effective way of protecting themselves and their families in case of certain unexpected events

In addition, most CPI holders do not know what they would do without it should something happen to them and/or their family, further illustrating the importance of these products

CPI holders are highly satisfied with the purchase process overall and are confident in their knowledge of these products (i.e. payout amounts and policy terms)

High levels of purchase satisfaction and policy knowledge are being driven by sharing of quality information by representatives of financial institutions vs. information outlined in CPI documents

CPI holders' expectations of claim payouts are being met by the industry

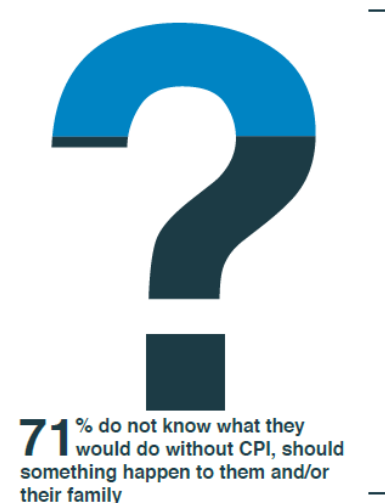
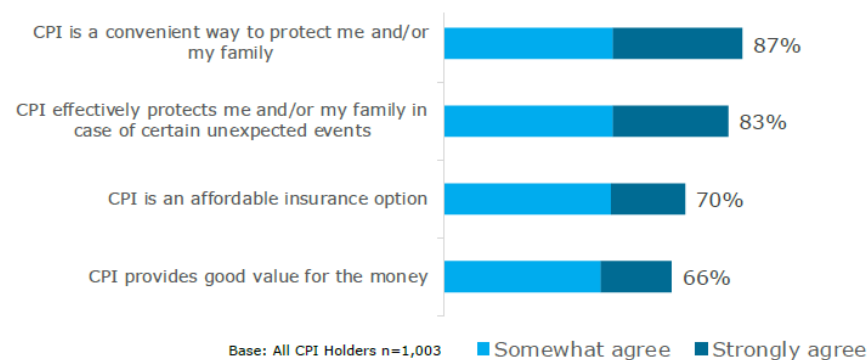
This indicates that the industry is effective at educating its consumers, open and transparent with consumers at the time of purchase, and consistently delivers on its promises

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

A strong majority of CPI holders have positive impressions of these products

[CPI holders agree that these products are a convenient, effective and affordable way to protect their families in case of certain unexpected events]

Agreement with Statements Regarding Credit Protection Insurance among CPI Holders (% somewhat / strongly agree)



CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

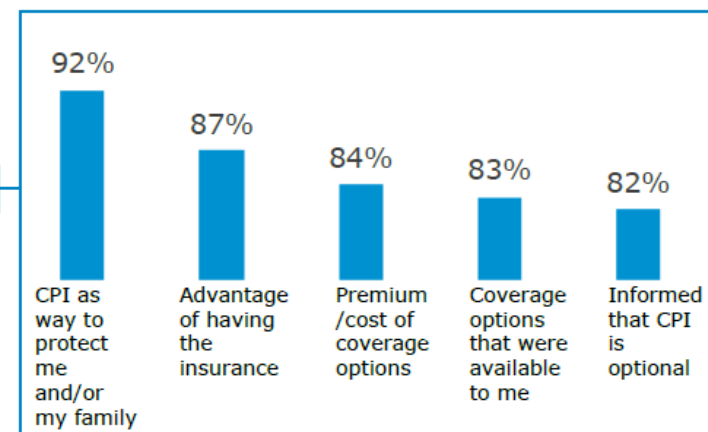
CPI holders are highly satisfied with the purchase experience overall

CPI holders are satisfied with the information provided by representatives of financial institutions at purchase (e.g., benefits, price, coverage options, etc.)

Satisfaction with Purchase Experience (% somewhat / very satisfied)



Elements of CPI Discussed by Representative

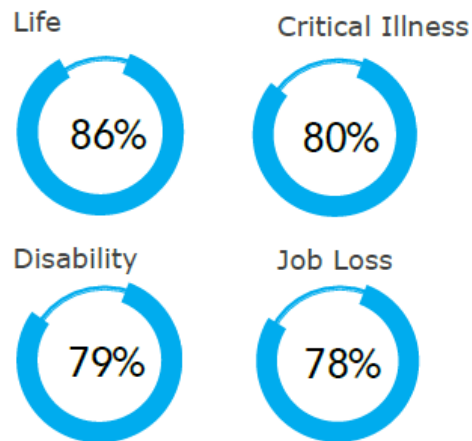


CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

CPI holders are confident in their knowledge of insurance payout amounts and policy terms

These high levels of confidence are in contrast to slightly lower levels of agreement that CPI documents are easy to understand

Confidence among CPI Holders in Knowledge of Payment Amount (% somewhat / very confident)



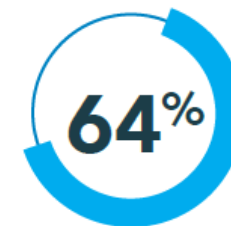
Understanding of Credit Protection Insurance Terms (% understand somewhat / very well)



My understanding when I purchased the Credit Protection Insurance for my mortgage

Base: All CPI Holders n=1,003

Comprehension of Documents which Outline CPI (% somewhat / strongly agree)



The CPI documents are easy to understand

This includes all the details around terms, exceptions, and legal details

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

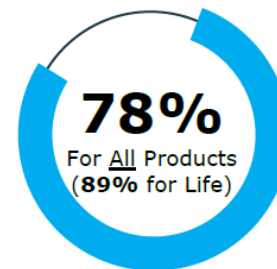
CPI holders' expectations for claim payout are in-line with actual results of claim submissions

The high incidence of claim payouts results in high levels of satisfaction with the claims process overall

Confidence in Credit Protection Insurance in event of a claim (% somewhat / very confident)



Results of Claims Submission Among Processed Claims (all products) (% that were paid)



Aggregated self-reported data provided by CAFII members validates this finding, with **94%** of Life claims paid

94% of those whose claims were paid are satisfied with the claims process overall (80% for claimants overall)

Base: CPI Claim/ Claim Resolved (All Products N=244 / Life N=60)

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

% Made A Complaint During Claim process



Of the 25% who made a complaint during the claims process, **85%** were satisfied with how the complaint was handled

Base: CPI Claim/ Claim Resolved (N=244)

Reason for Complaint*



* CAUTION – LOW BASE
Base: CPI Claim/ Made Complaint (N=53)

CAFII-Pollara Research on Travel Medical Insurance— Released June 2018

GENERAL CONCLUSIONS

Consumers' depth of knowledge of their existing travel medical insurance coverage (i.e., through work and/or credit card) strongly correlates with the purchase of private policies

Suggesting that existing policies are not sufficiently meeting consumers' needs. This highlights the importance of education, transparency and accessibility to private travel medical insurance

Confidence in the travel medical insurance industry is far higher among 'purchasers' and 'claimants' vs. the general population

Implying consumers' direct experiences with the industry has met or exceeded their expectations

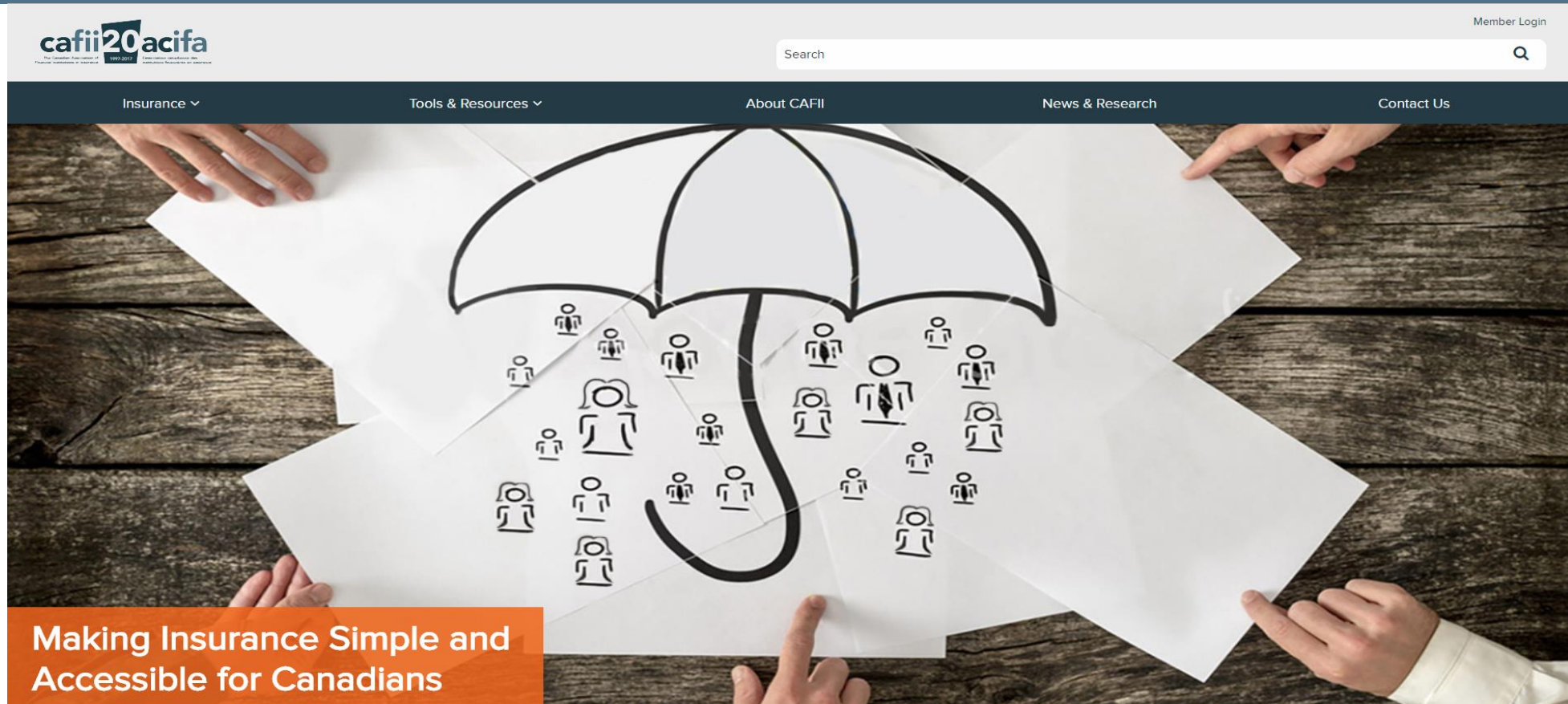
Purchasers of travel medical insurance feel knowledgeable about the terms and conditions pertaining to the policies they buy

Illustrating that the industry is doing a good job educating its consumers

The vast majority of claims are being paid and consumers are highly satisfied with the claims submission experience overall

Providing further evidence that the industry is being open and transparent with consumers at the time of purchase and is also facilitating a client-friendly claim experience

CAFII Continues to Invest in a Consumer-Friendly Website, Including Videos



Making Insurance Simple and Accessible for Canadians

CAFII Continues to Invest in a Consumer-Friendly Website, Including Vignettes



Anne-Sophie and Mathieu, who have two children, have been approved for a \$250,000 mortgage to purchase a home. Anne-Sophie is the primary income earner, and the family's ability to make their mortgage payments is largely dependent on her income.

Peace of mind and predictability of expenses are important for Anne-Sophie and Mathieu, so they purchase Mortgage Life Insurance for Anne-Sophie, which will pay out the balance of their mortgage (up to the maximum specified in the certificate of insurance) in the event of her death. They like the fact that their premiums will not change over the life of their mortgage, which means that they are not exposed to higher costs for this coverage as Anne-Sophie ages or possibly develops health issues.

They also like the fact that the proceeds of her mortgage life insurance will go directly to pay out the mortgage balance rather than possibly being used to pay other debts. It's important to Anne-Sophie that her family will be able to continue living in their family home, without financial duress.

[See FAQ section for more information](#)

CAFII Is Becoming More Proactive In Media Relations and Publicly Sharing Our Perspective



More time and communication needed before ending Ontario's out-of-country medical coverage

July 29, 2019

Libby Znaimer of "Fight Back" on Zoomer Radio chats with CAFII's Co-Executive Director Keith Martin and MPP Marit Stiles about the provincial government's decision to ca...

[Read More](#)



Credit protection insurance proves to be convenient and effective, says survey

June 19, 2019

The Insurance Journal reports on the Pollara Strategic Insights study that found the majority of Canadians with credit protection insurance on their mortgages and home equit...



Ready, fire, aim: the Ford government's reckless approach on cutting costs

May 21, 2019

In an editorial about cuts to OHIP's out-of-country medical coverage, the Toronto Star credits CAFII for warning that the Government is moving too fast. [Read More](#)

Q & A / Dialogue

- Any questions on what we have shared in this presentation?
- CAFII extends a standing offer to collaborate with you, as a key insurance regulator or policy-maker, on regulatory or legislative initiatives or other issues of mutual interest. Are there any matters on the near-term horizon on which you might wish to call upon us for participation/collaboration?

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**CAFII Get Acquainted and Dialogue Meeting With New FCAC Commissioner Judith Robertson
 and FCAC Staff Executives: 28 October, 2019 at FCAC Office in Ottawa**

28 October, 2019 CAFII Get Acquainted and Dialogue Meeting with the FCAC	2
Objectives of the 28 October, 2019 CAFII Meeting with the FCAC.....	2
FCAC Attendees at the 28 October, 2019 Meeting.....	2
CAFII Attendees at the 28 October, 2019 Meeting.....	3
Summary of the CAFII Presentation Made to the FCAC on 28 October, 2019	3
Summary Notes on the Dialogue Component of the 28 October, 2019 Meeting	8
Tone of the Meeting and Demeanour of the FCAC Staff Executives	8
Specific Issues Raised During the Meeting	9
Appendix A—Recent CAFII Meetings and Interactions with Financial Consumer Agency of Canada (FCAC) As At July 2019	12

28 October, 2019 CAFII Get Acquainted and Dialogue Meeting with the FCAC

Objectives of the 28 October, 2019 CAFII Meeting with the FCAC

There has recently been very significant turnover within the FCAC's executive ranks, with the Commissioner (Lucie Tedesco) and the Deputy Commissioner (Brigitte Goulard) both leaving, and with a new Commissioner Judith Robertson recently appointed. CAFII felt that this was an excellent opportunity to try and forge a new relationship with the FCAC's senior executives, early in the Commissioner's new mandate.

In a preparatory CAFII Executive Operations Committee discussion and in a discussion among the members of CAFII's delegation for the FCAC meeting, there was consensus that we should not try to speak to all relevant issues at this first meeting with the new Commissioner and her staff. Rather, we should try to develop a relationship and engage in a high-level dialogue. Specifically, CAFII had three objectives:

1. Have a positive first interaction that begins to build a relationship;
2. Invite Ms. Robertson to be the guest speaker at CAFII's 2020 Annual Members' Luncheon (in February or March, 2020), to provide additional opportunity for cementing a relationship; and
3. Ask for the opportunity, as soon as possible, to return to Ottawa for a follow-up, more detailed CAFII presentation and dialogue meeting with the FCAC focused on Credit Protection Insurance/Authorized Insurance Products Sales Practices and Fair Treatment of Consumers.

FCAC Attendees at the 28 October, 2019 Meeting

Judith Robertson, Commissioner.
Teresa Frick, Director, Supervision, Division;
Jérémie Ryan, Director, Financial Literacy and Stakeholder Engagement; and
Maria Vranas, Manager, Financial Literacy Program (reports to Jérémie Ryan).

CAFII Attendees at the 28 October, 2019 Meeting

Moira Gill, TD Insurance;
Aneta Murphy, ScotiaLife Financial;
Karyn Kasperski, RBC Insurance;
Charles MacLean, RBC Insurance;
Brendan Wycks, CAFII Co-Executive Director;
Keith Martin, CAFII Co-Executive Director.

Summary of the CAFII Presentation Made to the FCAC on 28 October, 2019

CAFII's presentation to the FCAC began with a high-level overview of CAFII and its priorities, its membership, and its focus on relationship-building and dialogue with regulators and policy-makers. It was noted that *"20 years ago, financial institutions in insurance didn't have a voice for their unique concerns in the marketplace. In response, a group of concerned leaders from Canada's banks with insurance operations created CAFII to focus on bank-insurance issues."*

There was also an explanation of the differences between CAFII and the CLHIA, emphasizing the small staff contingent of CAFII and its focus on credit protection insurance, travel medical insurance, and alternative distribution methods, in particular CAFII's attention to the direct-to-consumer model as opposed to the broker or advice channel. One slide highlighted the twelve members of CAFII, noting that banks, insurers, and credit unions are all represented.

CAFII then focused on its current priorities, starting with the commitment that CAFII members had to the CCIR / CISRO Fair Treatment of Customers Guidance. A separate, entire slide was dedicated to this same issue later in the presentation, with the topic raised twice precisely to emphasize to regulators and policy-makers its importance to CAFII and its membership.

It was noted that a new regulator was recently created in Ontario – the Financial Services Regulatory Authority of Ontario (FSRA), and that it appeared committed to a principles-based, risk-oriented regulatory approach, which CAFII applauded. Nonetheless, a new regulator has an enormous amount of effort to undertake to get up to speed, and CAFII was heavily engaged in dialogue and discussion with FSRA on key matters such as its priorities and approach.

This same priorities slide then touched on the Quebec AMF Regulation on Alternative Distribution Methods, noting that CAFII strongly supported the principle of developing a formal regime to permit the sale of insurance through alternative distribution methods, but, in practice, this file had its challenges. The major challenge, it was noted, was that the final wording on the implementation guidance related to the Regulation was released only five weeks before the in-force date of 13 June, 2019, and that made implementation very challenging for CAFII members, who need time to implement new technologies or processes. It was noted that the AMF did produce a Bulletin allowing some elements of the Regulation to be phased in over a one-year implementation timeline, which was very helpful and much appreciated.

CAFII also emphasized its commitment to meeting and engaging in constructive dialogue with our key regulators and policy-makers, and that in that connection we had recently engaged in a tour of Western Canada, and about 18 months ago had visited Atlantic Canada. It was noted that while it was possible for CAFII to arrange ad hoc meetings with Ontario and Quebec regulators since most (but not all) CAFII members are headquartered in those two provinces, we are equally committed to meeting all of our regulators on a regular basis, in-person and in their own jurisdictions, and that is why we engaged in these provincial tours.

The presentation then focused on the emerging trends in the industry, with previous CAFII presentations from thought leaders being referenced as part of the source of information on these issues. The strategic objective of this component of the presentation was to present material of interest to the FCAC, who grapple with these same issues, and to develop a source of commonality between the Association and the FCAC, by sharing information and insights on issues that they would have been thinking about with concern.

The thought leaders who had presented to CAFII, it was emphasized, commented that insurance was tailor-made to take advantage of, but also to be disintermediated or disrupted by, the key technological developments occurring due to machine learning, artificial intelligence, and big data, all of which were leading to new business models. This was particularly relevant to insurance, it was observed, because these technological developments are especially germane to analysis-based, data-driven businesses, which is very much what insurance is about, given its heavy reliance on statistical analysis, pattern recognition, and analytics.

It would be a mistake, the presentation continued, to conclude that insurance, a traditional industry that had invested heavily in technology but whose business model was largely unchanged, would not be fundamentally affected by innovation and technological developments. It was hard to know when that change would occur and what form it would take, but when it did happen it would happen quickly, and it would be profound.

The presentation noted that another aspect to the challenge the industry faces was the shift in consumer expectations caused by the new business models of players such as Amazon, where consumers are expecting premium service at a low cost, without delays. Why, these consumers will ask, should they be able to get a same-day package delivered to them, but have to wait 30 days or more for a quote or for a claim to be settled? Furthermore, millennials' expectations of immediate on-line service and support, including through their smart phones, are reverberating throughout the industry, and will continue to elevate expectations.

All of this, it was noted, would have a profound impact as well on regulators, who would need to adjust their approach to regulation to deal with new entrants, and who would also need new tools in their toolkits to meet their primary objective of consumer protection. An example was given of securities regulators who are now able to use artificial intelligence to identify unusual or suspicious insider trading patterns, which they could then immediately investigate. Previously, they might uncover such activity years after it had occurred, limiting their ability to prevent abuse and undermining their principal objective, which is to protect the consumer, in this case investors.

Thought leaders report that Canada is two to three years behind leading Insurtech and fintech adoption countries such as the US, the UK, and Singapore. If the regulatory environment does not promote innovation, it is to the disadvantage of Canadian competitiveness, as companies from other countries will come here and do what the consumer expects if domestic companies do not. For these reasons, the presentation promoted giving regulators the tools they need, such as rule-making authority, and encouraged the use of regulatory sandboxes so that new entrants can test out their business models with an initially light regulatory load. Some of these new entrants may be competitors to CAFII members, some may become partners, but in general CAFII and its members believe that promoting such new entrants will elevate the entire industry, will be good for competition, and will produce a better end result for consumers.

The presentation then repeated two themes, the first through a slide on the importance of the CCIR/CISRO Guidance on the Fair Treatment of Customers. This part of the presentation noted that while CAFII members felt they were largely compliant with what the Guidance sets out as expectations, there was also a recognition that regulators are expecting the bar to be raised, and are looking for an ever-increasing commitment to a high level of compliance with their FTC expectations.

As well, the presentation noted that there were ongoing discussions with the CCIR/CISRO Working Group on the Fair Treatment of Customers, with which CAFII meets quarterly. One challenge at those meetings, it was noted, is that FTC is about good business culture; but how do you measure that? To demonstrate that a company is achieving its objectives around fair treatment of customers is not simple or obvious, but we were committed to ongoing dialogue on this issue.

The second repeated theme was the importance, drawing on the technological and innovation revolution and resulting transformation which the industry was embracing, of ensuring that regulators have a flexible, harmonized, and open approach to promoting innovation and new business models, and that they give customers the ability to choose how they wish to transact, including the ability, if they so choose, to buy insurance through whatever channel, including digital channels, that they prefer.

The presentation then turned to sharing the key results of CAFII's recent Pollara consumer research on credit protection insurance for mortgages and HELOCs, across four product lines: life, critical illness, disability, and job loss. It was noted that this research was consistent with a commitment to the fair treatment of customers, and could be viewed as a measure around that commitment; because if one cares about customers, then one should ask them what they like, and what they do not like, about the products they have purchased.

Consumers who purchased these products, according to the research, found them to be convenient, effective, and affordable. There was a high level of satisfaction with the purchase experience, and a high level of confidence that a claim would be honoured. More specifically on the purchase experience, consumers gave the industry excellent marks in this area, and one number was particularly emphasized: 71% of customers said they did not know what they would do without this insurance, were something to happen to them or their family. This, it was suggested, indicated that the traditional life insurance advice or broker channel tended to focus on high net-worth individuals—not a surprise, since these are commissioned channels, and also an observation very much in line with other research findings. The middle and lower-middle income strata, which credit protection insurance is especially geared towards, was vastly underinsured. By providing insurance against mortgages and HELOCs, which are among the largest debt obligations Canadians face, credit protection insurance was filling a critically important gap in the marketplace and providing essential protection for Canadians.

It was noted that consumers were very positive about the explanations of credit protection insurance from their financial institution representatives, who explained effectively the coverages, limitations, premium, and the optional nature of the product.

But when we looked at how well consumers understood what they were purchasing, an interesting dichotomy was observed. Fully 90% said they understood the credit protection insurance they had purchased, likely due to a combination of the good explanations from the financial institution representatives, combined with online research that consumers may have done, along with their possibly consulting with relatives or friends who had purchased the insurance. But, only 64% of consumers who purchased CPI products said they understood the documentation which outlined what they had purchased. This was evidence that these documents were still not written in an easy-to-understand fashion. It was noted that some legal and technical language was needed to protect consumers and insurers, but it was also observed that this was still a disappointing result and CAFII members were committed to trying to improve this part of the customer experience.

The claims experience was then reviewed. Pollara found that across all four product lines, 78% of claims were paid. It was explained that for some products, such as job loss, the claims payout percentage may be lower due to insureds, for example, quitting their job, which does not qualify them for job loss insurance, and yet still submitting a claim. On life insurance, which is the largest payout and the core product offered for mortgage and HELOC credit protection insurance, consumers reported that 89% of claims were paid out. CAFII wanted to validate that number, so Pollara anonymously obtained from CAFII members the actual 2018 claim payout percentages for CPI life insurance, and aggregated the number, and found that fully 94% of life CPI claims were paid out. The refused claims were mostly due to suicide, or material misrepresentation¹.

However, the presentation also noted that of those who made a claim, fully 25% made a complaint about the claim. The top two reasons for a complaint were the length of time it took to settle the claim, and a lack of updates about the claim during the adjudication period. With respect to these findings, it was pointed out that people making a claim may be grieving, and are likely highly stressed as they wait for the claim to be settled. If updates were better provided, perhaps the length of time it takes to settle a claim would become less important. It was also noted that with couriers able to be tracked online in real-time as they deliver a package, some might ask why an insurance claim could not similarly be tracked online? In short, it was recognized that this was a number that CAFII members would like to see improved, and there was a commitment to achieving that. It was also noted that of those who made a complaint, fully 85% were satisfied with how the complaint was resolved.

¹ It was noted as well that the entire industry, through the CLHIA, committed to not consider Medically Assisted Death (MAD) as part of the traditional definition of suicide, and would not deny a MAD claim based on it being a suicide in the traditional definition.

One slide was also presented on the Pollara June 2018 Pollara research on travel medical insurance, noting that this research also found high levels of satisfaction with the purchase experience, high levels of satisfaction with the product, and a very high 98% claims payout. Interestingly, 25% of customers also complained about the claims experience, although the reasons were about the time it took to settle the claim, and the amount of documentation required; and fully 85% were also satisfied with how the complaint was resolved.

The presentation closed out by commenting on CAFII's commitment to a customer-friendly, easy-to-navigate website. It was noted that CAFII's website consultants report that customer attention-spans are moving ever lower, and that visually-pleasing materials, including videos, are necessary to attract and retain interest. Finally, there was reference to CAFII's commitment to engaging more with the public and with media, including the trade media. In the past, competitors to CAFII's members have perpetuated myths about credit protection insurance, and CAFII intended to put forth its side of the story on those issues more proactively going forward.

The presentation concluded with another thanks for the attention and interest of those in attendance, along with a restatement of CAFII's commitment, and the commitment of its members, to listening to the priorities of regulators and policy-makers, and engaging in an ongoing, constructive, and positive dialogue with them.

Summary Notes on the Dialogue Component of the 28 October, 2019 Meeting

Tone of the Meeting and Demeanour of the FCAC Staff Executives

Much of the CAFII delegation's dialogue with the FCAC consisted of interactive discussion during CAFII's presentation. To simplify these meetings notes, the highlights of the interactive discussion, along with the discussion that took place after the presentation, will all be captured here, with the notes above on the presentation focused only on the key messages delivered by CAFII to the FCAC.

In general, the demeanour of the three FCAC executives was open, friendly, and engaged. They all seemed genuinely interested in the presentation and committed to engaging in conversation. Ms. Robertson projected strong and confident leadership qualities, and came across as a “straight shooter” who does not mince words. She also came across as fair and willing to engage in dialogue. She did not hesitate to question and challenge, and it was the impression of several members of the CAFII delegation that she would quickly imprint a firm mark on the FCAC under her leadership, but that she would also be a reasonable person who we could work with professionally. She appeared to be someone who would settle on positions through considered and thorough examination of the issue, and not someone who would be easily pushed or manipulated by political or other pressures.

The three other FCAC staff executives also seemed to be free of bias and genuinely interested in CAFII’s positions, and committed to dialogue. They were quite relaxed, and did not project an impression that they were dealing with “problem entities,” nor did they seem hesitant or on their guard. The body language was open and all four FCAC executives participated actively in the discussion, especially Ms. Robertson. As such, the CAFII participants were encouraged by the tone of this initial, get-acquainted meeting.

Specific Issues Raised During the Meeting

The FCAC executives conveyed a genuine interest in the points made by CAFII throughout the presentation. In the section on thought leaders, it was mentioned that one of the events that a thought leader spoke at was the CAFII Annual Members’ Luncheon; and at that point, it was suggested that Ms. Robertson would be an excellent choice as the keynote speaker for the 2020 CAFII Annual Members’ Luncheon, which was tentatively scheduled for Tuesday, March 7, 2020 but could alternatively be rescheduled to a mutually agreeable date in February 2020. Without any hesitation, Ms. Robertson expressed interest, as did Teresa Frick, and Ms. Robertson quickly indicated that she would be very open to accepting CAFII’s speaker invitation. It was agreed that CAFII would soon send a formal written invitation to Ms. Robertson, so as to get CAFII’s 2020 Annual Members’ Luncheon confirmed as a speaking engagement in her calendar. Moira Gill noted that CAFII speakers had recently focused more on the technological developments occurring in the industry, but that there was also a great interest and commitment to discussing consumer protection, and that Ms. Robertson as a speaker would help us strike that balance.

On the issue of CAFII's research, Ms. Robertson in particular seemed very interested in the research results included in CAFII's presentation. Ms. Frick raised the issue of the research reflecting self-reporting from consumers, and asked whether some of the results could be challenged. For example, she asked, does a customer saying they understood their policies mean they really do? In discussion, it was agreed that this is very much self-reported consumer research, and there could be a challenge or deep-dive on some of the results, and this was something CAFII would look at. One such exercise could be to conduct focus groups on some of the results, asking consumers detailed questions to see where there might be discrepancies between the self-reported information and the actual knowledge of consumers.

The presented CAFII research results focused on the claims payout rate for credit protection life insurance, as it was typically the largest payout when a claim was made, and hence it was chosen as the focus of the CAFII claims research. Ms. Robertson asked why life claims were the most important, and Karyn Kasperski interjected that while the product offerings and the bundling of products differed across the industry, all members of CAFII offered credit protection life insurance and it was the core or base product. As such, it was the most appropriate product to focus on and the one that would have most comparability across members.

Ms. Kasperski also mentioned that RBC Insurance employed four compliance officers dedicated to credit protection insurance alone, in response to which Ms. Robertson expressed genuine surprise. But we noted the complexity of the regulatory environment with 13 provincial/territorial jurisdictions, each with the potential for multiple regulatory, licensing, and policy-making bodies, along with equally important federal regulatory oversight by the FCAC and OSFI.

There was a very interesting discussion on what Ms. Robertson referred to as "duelling research," where different groups, including CAFII as an industry Association, produced research results that reached different conclusions. This was not all that helpful, she said, and it would be better if these groups could work together. In exploring these comments, however, Ms. Robertson appeared to back off from suggesting a co-ordinated research approach, but she did settle on the possibility of CAFII working more closely with the FCAC in terms of what was explored in the Association's research, with CAFII saying it would welcome the FCAC's input and involvement in areas it felt we should be exploring.

On this issue of "duelling research," Ms. Robertson stated, with apparent frustration, that many Canadians who hold mortgages do not even understand what the word "term" refers to in that context – how is that possible, she asked? She seemed in these comments to imply that the industry was not sufficiently educating customers about the products they were being sold. She said it was important that customers purchased "useful products in the right context."

Ms. Robertson was especially interested in CAFII's research data around complaints, saying that complaints offered rich insights into the customer experience, and noting that if someone complains it is a very important indication that they feel strongly about the issue. She encouraged industry to try to identify patterns in complaints, and to really understand and dig into those patterns to try to improve the customer experience.

There was also mention of product design and how that was an important way to improve the customer experience and avoid complaints in the first place.

These issues prompted CAFII's delegation members to note that while the limited time available at this meeting did not permit us to offer details on our members' sales practices, we would be pleased to return to Ottawa for a follow-up meeting at which we could provide a detailed presentation on that topic. Without hesitation, Ms. Frick said that a follow-up meeting with that focus would be very much welcomed, with Ms. Robertson agreeing.

Discussion quickly turned to logistics related to a follow-up meeting on Credit Protection Insurance/Authorized Insurance Products Sales Practices and Fair Treatment of Consumers, and there was agreement that this should occur as soon as possible, with early 2020 (and preferably before Ms. Robertson's speaking engagement at CAFII's 2020 Annual Members' Luncheon) being quickly identified as a mutually convenient time. CAFII committed to following up with specific proposed dates, so that a follow-up meeting could be formalized and booked soon. It was also agreed that additional FCAC staff might be interested in participating in this follow-up meeting.

Appendix A—Recent CAFII Meetings and Interactions with Financial Consumer Agency of Canada (FCAC) As At July 2019

- January 2011: CAFII presentation to FCAC staff on “Fundamentals of Creditor’s Group Insurance” at FCAC office in Ottawa.
- January 9, 2014: Get re-acquainted/refresh meeting between FCAC Consumer Education Officers Michael Olson and Karen Morgan and CAFII representatives Brendan Wycks, Executive Director, and Moira Gill, Executive Operations Committee member from TD Insurance, at FCAC office in Ottawa
- February 28, 2014: CAFII makes response submission on FCAC consultation on proposed development and implementation of a comprehensive financial consumer code
- June 10, 2014: CAFII Reception event with Brigitte Goulard, FCAC Deputy Commissioner, as guest speaker, at One King West Hotel, Toronto
- February 10, 2015: CAFII Annual Members’ Luncheon with Jane Rooney, Canada’s National Financial Literacy Leader at FCAC, as guest speaker, at Arcadian Loft, Toronto
- May 1, 2015: CAFII Executive Director Brendan Wycks introduces himself to FCAC Commissioner Lucie Tedesco, and they have a get acquainted chat following her FCAC Update presentation at CLHIA Compliance and Consumer Complaints Conference in Quebec City
- June 12, 2018: CAFII purchases a table for Economic Club of Canada luncheon with Lucie Tedesco, FCAC Commissioner, as guest speaker, at Royal York Hotel, Toronto. CAFII Co-Executive Directors Brendan Wycks and Keith Martin chat with Lucie Tedesco and Brigitte Goulard, Deputy Commissioner, following Ms. Tedesco’s presentation focused on the May 2018 FCAC “Domestic Bank Retail Sales Practices Review” Report
- September 14, 2018: FCAC Presentation and Dialogue Meeting (focused on CAFII-relevant insights arising from the May 2018 FCAC “Domestic Bank Retail Sales Practices Review” Report) between Brigitte Goulard, Deputy Commissioner, and CAFII Board of Directors and Executive Operations Committee members, at CIBC Insurance, Toronto
- March/April 2019: CAFII makes response submissions on FCAC’s proposed “Credit or Loan Insurance” and “Credit Card Balance Insurance” consumer education materials (website content)



The Canadian Association of
Financial Institutions in Insurance

*CAFII 28 October 2019 Get-Reacquainted and Update Dialogue
with New Financial Consumer Agency of Canada
Commissioner and Staff Executives;*

*Recent CAFII Initiatives & Research
Highlights; and Future Perspectives About
the Life and Health Insurance Sector*

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

ABOUT CAFII: Who We Are

Non-profit industry Association dedicated to development of an open and flexible insurance marketplace.

Established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels.

ABOUT CAFII: Who We Are

CAFII members offer credit protection insurance; travel insurance; other types of life and health insurance; and, in some cases, property & casualty insurance across Canada. Credit protection insurance and travel insurance are product lines of primary focus for CAFII as members' common ground.

CAFII members offer insurance through financial institution branches; client contact centres; the internet and other digital channels; direct mail; and, in some cases, agents and brokers (including travel agents for travel insurance).

ABOUT CAFII: Who We Are

CAFII represents companies at intersection of bank/credit union and insurance industries. 20 years ago, financial institutions in insurance didn't have a voice for their unique concerns in the marketplace. In response, a group of concerned leaders from Canada's banks with insurance operations created CAFII to focus on bank-insurance issues.

In the space of 20 years, CAFII has steered our industry segment through new insurance legislation in almost every province and two federal Bank Act reviews.

ABOUT CAFII: Who We Are

Two decades on, CAFII has made significant inroads into changing and advancing the way insurance is made available to Canadians. Members use technology and electronic communications to make insurance simple, readily accessible, and affordable for consumers.

Federally, we've adapted to implementation of privacy legislation, new telemarketing rules, and establishment of national do-not-call list; and, more recently, anti-spam legislation (CASL).

ABOUT CAFII: Who We Are

CAFII has been involved in development and refinement of Codes of Conduct with Canadian Life and Health Insurance Association, Canadian Bankers Association, and the Joint Forum of Financial Market Regulators.

CAFII in recent years has also engaged in additional credit protection insurance research and in a more proactive media and public presence.

CAFII's Membership is Comprised of Seven Financial Institutions (Bank and Credit Union Distributors) and Five Insurers / Underwriters of Credit Protection Insurance

Financial Institutions



Insurers



CAFII's Key Insurance Policy and Regulation Priorities

CCIR / CISRO Fair Treatment of Customers
Guideline—A Top Priority for CAFII
Members



A New Regulator in Ontario—Financial Services Regulatory
Authority of Ontario

A New Regulatory Regime in Quebec—the *Regulation
on Alternative Distribution Methods*



In the Spring of 2018 CAFII Visited all Atlantic Canada
Regulatory Authorities; Just Last Week CAFII Visited
all Western Canada Regulatory Authorities

CAFII Organizes Presentations on Emerging Trends from Industry/Societal Thought Leaders



Vikram Kamath, Director, LIMRA Center of Excellence for Analytics, “The Power of Analytics: How Data Is Changing the Life Insurance Industry,” April 16/19



Kai Lakhdar, Partner, PwC Canada Corporate Strategy Group, “Using Machine Learning Technology to Improve Clients’ Health and Wellness – and Produce Better Outcomes for Their Life and Health Insurers,” June 4/19



Melissa Carruthers, Senior Manager, Monitor Deloitte Canada, “Modernize & Transform: Winning in the Future of Life and Health Insurance,” upcoming on December 3/19



Keegan Iles, Director, Insurance Consulting Practice, PwC Canada, “Tomorrow is Today: Insurtech Disruption in the Life and Health Insurance Sector,” February 7/17



Neil Parmenter, President & CEO, Canadian Bankers Association, “A Review of the Future of Banking, the Opportunities and Challenges of Fintech, and Prospects for the Broader Digital Economy in an Age of Unprecedented Change and Innovation,” June 5/18

Technology is Having a Profound Impact on the Insurance Industry

CAFII believes future of life and health insurance industry will be marked by continued innovation and an increase in consumer demand for electronic commerce and other alternate forms of distribution.

Consumers continue to demand greater access to purchasing through digital channels, which will play an increasingly important role in meeting needs of Canadians.



Consumer Expectations are Constantly Evolving and Escalating

Millennials' high expectations for technology-based services, convenience, transparency, speed, regular engagement, and a personalized experience that reflects their needs are defining how products and services are delivered.

Their preferences and expectations are a particular challenge and opportunity for the insurance industry.



CAFII Members Embrace and Prioritize Fair Treatment of Consumers



GUIDANCE: CONDUCT OF INSURANCE BUSINESS AND FAIR TREATMENT OF CUSTOMERS

CAFII shares regulators' objective of ensuring consumers are well-protected while also having the ability to purchase products through their channel of choice.

In an insurance industry context, it's important to note that part of the overall objective of FTC is to ensure insurers can provide support and meet consumers' expectations throughout the user experience.

CAFII Supports Regulations That Embrace Electronic Commerce

CAFII believes regulatory structures should foster a harmonized, flexible, and open marketplace where consumers are able to choose how and where to purchase coverage.

Regulation should embrace the role of all insurance channels in meeting consumers' insurance needs. It's important that regulatory frameworks help foster and support ongoing growth and development of technology-enabled, alternate distribution channels.



CAFII Strategic Focus is on Regulatory and Policy-Making Relationship-Building

CAFII's predominant strategic focus and priority is relationship-building and communications with insurance regulators and policy-makers.

Financial Consumer Agency of Canada

Judith Robertson
Commissioner
FCAC

Teresa Frick
Director
Supervision Division
FCAC

Jérémie Ryan
Director
Financial Literacy and
Stakeholder Engagement
FCAC

CAFII's Value-Added Industry Research

CAFII adds value to consultative relationships and ongoing dialogue with regulators and policy-makers through research, including commissioning and sharing the results of independent, third party research on important insurance-related topics.

Key research priorities include obtaining consumer feedback on their attitudes toward and experiences and satisfaction with the credit protection and travel insurance products offered by CAFII members.



pollara
strategic insights

cafii

The Canadian Association of
Financial Institutions in Insurance

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

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

Key Takeaways

A strong majority of Canadians who own credit protection insurance (CPI) believe that these products are an affordable, convenient and effective way of protecting themselves and their families in case of certain unexpected events

In addition, most CPI holders do not know what they would do without it should something happen to them and/or their family, further illustrating the importance of these products

CPI holders are highly satisfied with the purchase process overall and are confident in their knowledge of these products (i.e. payout amounts and policy terms)

High levels of purchase satisfaction and policy knowledge are being driven by sharing of quality information by representatives of financial institutions vs. information outlined in CPI documents

CPI holders' expectations of claim payouts are being met by the industry

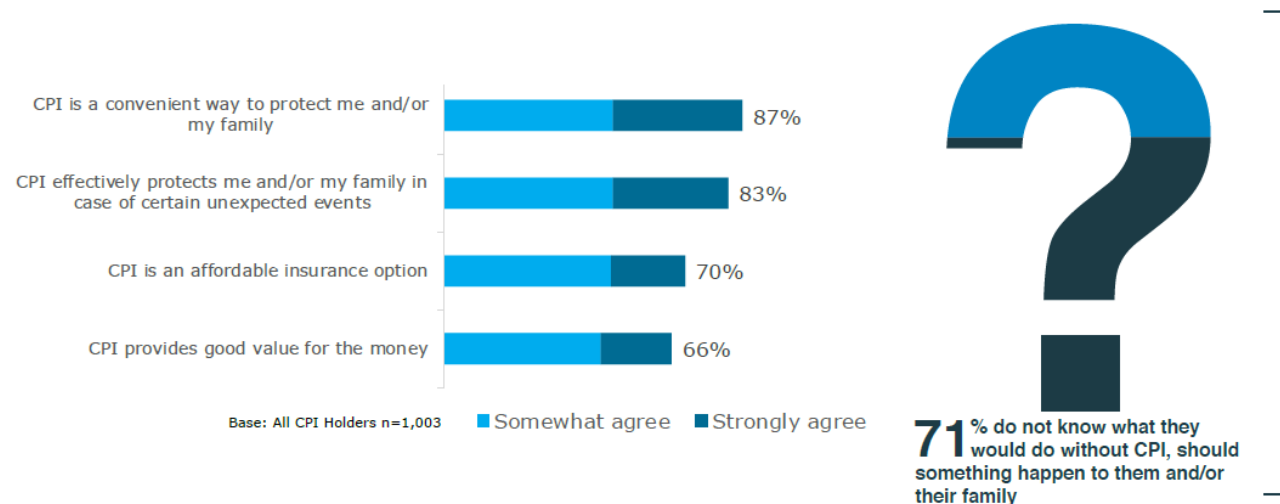
This indicates that the industry is effective at educating its consumers, open and transparent with consumers at the time of purchase, and consistently delivers on its promises

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

A strong majority of CPI holders have positive impressions of these products

[CPI holders agree that these products are a convenient, effective and affordable way to protect their families in case of certain unexpected events]

Agreement with Statements Regarding Credit Protection Insurance among CPI Holders (% somewhat / strongly agree)



CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

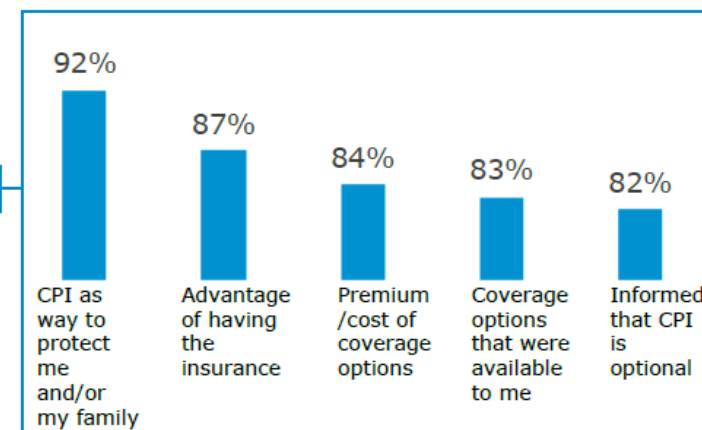
CPI holders are highly satisfied with the purchase experience overall

CPI holders are satisfied with the information provided by representatives of financial institutions at purchase (e.g., benefits, price, coverage options, etc.)

Satisfaction with Purchase Experience (% somewhat / very satisfied)



Elements of CPI Discussed by Representative

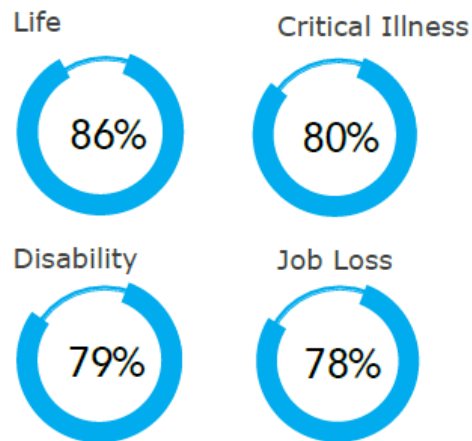


CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

CPI holders are confident in their knowledge of insurance payout amounts and policy terms

These high levels of confidence are in contrast to slightly lower levels of agreement that CPI documents are easy to understand

Confidence among CPI Holders in Knowledge of Payment Amount (% somewhat / very confident)



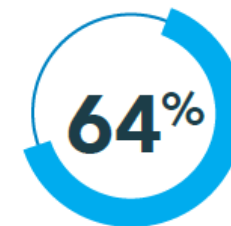
Understanding of Credit Protection Insurance Terms (% understand somewhat / very well)



My understanding when I purchased the Credit Protection Insurance for my mortgage

Base: All CPI Holders n=1,003

Comprehension of Documents which Outline CPI (% somewhat / strongly agree)



The CPI documents are easy to understand

This includes all the details around terms, exceptions, and legal details

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

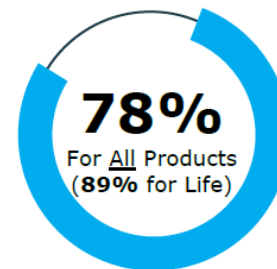
CPI holders' expectations for claim payout are in-line with actual results of claim submissions

The high incidence of claim payouts results in high levels of satisfaction with the claims process overall

Confidence in Credit Protection Insurance in event of a claim (% somewhat / very confident)



Results of Claims Submission Among Processed Claims (all products) (% that were paid)



Aggregated self-reported data provided by CAFII members validates this finding, with **94%** of Life claims paid

94% of those whose claims were paid are satisfied with the claims process overall (80% for claimants overall)

Base: CPI Claim/ Claim Resolved (All Products N=244 / Life N=60)

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

% Made A Complaint During Claim process



Of the 25% who made a complaint during the claims process, **85%** were satisfied with how the complaint was handled

Base: CPI Claim/ Claim Resolved (N=244)

Reason for Complaint*



* CAUTION – LOW BASE
Base: CPI Claim/ Made Complaint (N=53)

CAFII-Pollara Research on Travel Medical Insurance— Released June 2018

GENERAL CONCLUSIONS

Consumers' depth of knowledge of their existing travel medical insurance coverage (i.e., through work and/or credit card) strongly correlates with the purchase of private policies

Suggesting that existing policies are not sufficiently meeting consumers' needs. This highlights the importance of education, transparency and accessibility to private travel medical insurance

Confidence in the travel medical insurance industry is far higher among 'purchasers' and 'claimants' vs. the general population

Implying consumers' direct experiences with the industry has met or exceeded their expectations

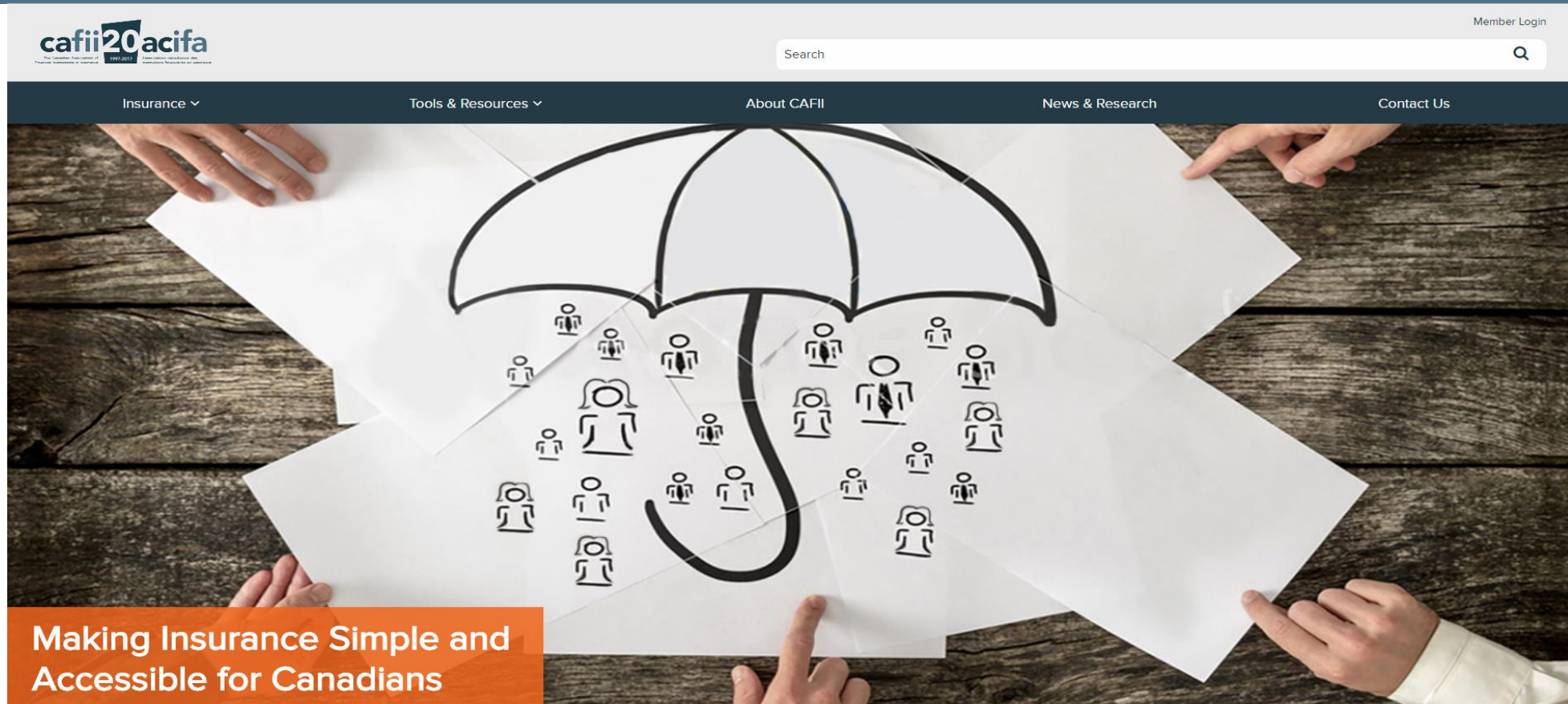
Purchasers of travel medical insurance feel knowledgeable about the terms and conditions pertaining to the policies they buy

Illustrating that the industry is doing a good job educating its consumers

The vast majority of claims are being paid and consumers are highly satisfied with the claims submission experience overall

Providing further evidence that the industry is being open and transparent with consumers at the time of purchase and is also facilitating a client-friendly claim experience

CAFII Continues to Invest in a Consumer-Friendly Website, Including Videos



Making Insurance Simple and Accessible for Canadians

CAFII Continues to Invest in a Consumer-Friendly Website, Including Vignettes



Anne-Sophie and Mathieu, who have two children, have been approved for a \$250,000 mortgage to purchase a home. Anne-Sophie is the primary income earner, and the family's ability to make their mortgage payments is largely dependent on her income.

Peace of mind and predictability of expenses are important for Anne-Sophie and Mathieu, so they purchase Mortgage Life Insurance for Anne-Sophie, which will pay out the balance of their mortgage (up to the maximum specified in the certificate of insurance) in the event of her death. They like the fact that their premiums will not change over the life of their mortgage, which means that they are not exposed to higher costs for this coverage as Anne-Sophie ages or possibly develops health issues.

They also like the fact that the proceeds of her mortgage life insurance will go directly to pay out the mortgage balance rather than possibly being used to pay other debts. It's important to Anne-Sophie that her family will be able to continue living in their family home, without financial duress.

[See FAQ section for more information](#)

CAFII Is Becoming More Proactive In Media Relations and Publicly Sharing Our Perspective



More time and communication needed before ending Ontario's out-of-country medical coverage

July 29, 2019

Libby Znaimer of "Fight Back" on Zoomer Radio chats with CAFII's Co-Executive Director Keith Martin and MPP Marit Stiles about the provincial government's decision to ca...

[Read More](#)



Credit protection insurance proves to be convenient and effective, says survey

June 19, 2019

The Insurance Journal reports on the Pollara Strategic Insights study that found the majority of Canadians with credit protection insurance on their mortgages and home equit...



Ready, fire, aim: the Ford government's reckless approach on cutting costs

May 21, 2019

In an editorial about cuts to OHIP's out-of-country medical coverage, the Toronto Star credits CAFII for warning that the Government is moving too fast. [Read More](#)

Q & A / Dialogue with the FCAC

- Any questions on what we have shared in this presentation?
- CAFII extends a standing offer to collaborate with you, the FCAC, as a key regulator and policy-maker, on regulatory or legislative initiatives or other issues of mutual interest. Are there any matters on the near-term horizon on which you might wish to call upon us for participation/collaboration?

Agenda Item 2(g)
November 19/19 EOC Meeting

Program For AMF 2019 Rendez-Vous Mini-Conference: Monday, November 25/19

OVERVIEW OF THE DAY

9:30 am - Welcome of participants
10:30 am - Opening remarks by Louis Morisset, CEO of the Autorité des marchés financiers
11:00 am - Lecture by J. Mark Weber, Eyton Director of the Conrad School of Entrepreneurship & Business at the University of Waterloo. ** This conference will be offered in English. Headphones for simultaneous French translation will be available for free*
12:30 pm - Lunch
1:30 pm - Remarks by Eric Girard, Quebec Minister of Finance
2:15 pm - Workshop 1 or 2
3:15 pm - Coffee break
3:30 pm - Workshop 3 or 4
4:30 pm - Networking

11:00 - Conference

J. Mark Weber, Eyton Director Conrad School of Entrepreneurship & Business, University of Waterloo
"Trust: build it, feed it and try to restore it"

Trust is the foundation of our personal and professional relationships. However, we rarely push the reflection on the dynamics of this feeling. Why do people trust us? Why the opposite? How is confidence built? How to restore it if it is shaken or lost? Professor Weber will invite us to take a look at our experiences and our organizational practices through the critical lens of the psychology of trust.

** This conference will be offered in English. Headphones for simultaneous French translation will be available for free*

12:30 pm - Lunch

1:30 pm – Speech by Eric Girard, Quebec Minister of Finance

2:15 pm - Workshop 1 or 2 (at the participant's discretion)

WORKSHOP 1 / Open data: is our financial system ready?

Open data (*open data*) could allow consumers and businesses to have access to new financial products and services on technology platforms. This business model implies that third-party service providers access confidential data from customers of traditional financial institutions (banks, insurers, etc.). Is our financial system ready for this type of model? What are the risks? How to prepare?

Moderator : Hélène Samson, Director of the Prudential Framework for Financial Institutions, Autorité des marchés financiers

Panellists :

- Patrick Mignault, Professor at the Faculty of Law of the Université de Sherbrooke and member of the Advisory Committee for Consumer Products and Financial Services Users of the Autorité des marchés financiers
- François Lafortune, President of Diagram, member of the AMF's Advisory Committee on Technological Innovation and member of the Open Banking Advisory Committee, established by the Department of Finance Canada
- Other upcoming panelists

WORKSHOP 2 / Natural disasters in Quebec: increasing risks to manage

The latest natural disasters in Quebec have had serious consequences for the affected population. Their impact has also been felt on the financial sector. Are we better prepared today than yesterday to mitigate the economic consequences of future floods or earthquakes? How can we improve our collective resilience?

Moderator : Nathalie Sirois, Senior Director, Insurance Supervision and Supervision, Financial Markets Authority

Panel : Coming soon

3:15 pm - Coffee break

3:30 pm - Workshop 3 or 4 (at the participant's choice)

WORKSHOP 3 / Responsible Artificial Intelligence

Technological advances have paved the way for the use of Artificial Intelligence (AI) algorithms in the finance industry. These algorithms generate significant productivity gains, but also raise a number of ethical issues. Panelists will discuss ethical principles that can guide the use of AI in finance.

Moderator : Oumar Diallo, Fintech and Innovation Director, Autorité des marchés financiers

Panellists :

- Charles Morgan, Partner McCarthy Tétrault and CCTI member

- Nathalie de Marcellis-Warin, President and CEO of CIRANO and Professor at Polytechnique Montréal
- Lionel Pimpin, Senior Vice President, Digital Channels and Individual and Corporate Strategies, National Bank

WORKSHOP 4 / Consumer satisfaction: everyone's business

Consumers of financial products and services use multiple channels to communicate and expect an ever faster and more personalized response. In this hyper-connected environment, how can the industry better support and assist consumers? What types of mechanisms can be put in place to improve customer service? How to improve the handling of complaints? The idea of joint responsibility will be explored in the discussions, as all industry players share a common interest: consumer satisfaction.

Moderator : Frédéric Pérodeau, Superintendent Customer Support Distribution Coaching, Autorité des marchés financiers

Panellists :

- Mark Weber, Keynote Speaker and University Professor at the University of Waterloo
- Brigitte Boutin, President of the Advisory Committee for Consumer Products and Financial Services Users of the Autorité des marchés financiers
- Geneviève Trottier, Client Ombudsman, National Bank
- Antoine Bédard, Senior Director of Management and Distribution Operations, Autorité des marchés financiers

CAFII

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

Statement of Operations As at Oct 31, 2019

	Current Month	Budget Oct-19	Variance to Monthly Budget	Current YTD	Budget '19 YTD	Variance Budget to YTD	Budget 2019
Revenue							
Membership Dues	\$61,422	\$61,422	\$0	\$612,220	\$614,220	(\$2,000)	\$737,064
Luncheon Revenue	\$0	\$0	\$0	\$195	\$195	\$0	\$195
Interest Revenue	\$133	\$3	\$130	\$746	\$27	\$719	\$33
TOTAL REVENUE	\$61,555	\$61,425	\$130	\$613,161	\$614,442	(\$1,281)	\$737,292
Expenses							
Management Fees	\$38,084	\$40,167	\$2,083	\$388,966	\$401,667	\$12,701	\$482,000
CAFI Legal Fees/Corporate Governan	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000
Audit Fees	\$1,217	\$1,217	\$0	\$12,369	\$12,170	(\$199)	\$14,600
Insurance	\$449	\$458	\$9	\$4,441	\$4,580	\$139	\$5,500
Website Ongoing Maintenance	\$497	\$283	(\$214)	\$5,136	\$4,662	(\$474)	\$5,330
Telephone/Fax/Internet	\$711	\$483	(\$228)	\$5,615	\$4,830	(\$785)	\$5,800
Postage/Courier	\$19	\$33	\$14	\$159	\$330	\$171	\$400
Office Expenses	\$103	\$166	\$63	\$1,723	\$1,660	(\$63)	\$2,000
Bank Charges	\$0	\$4	\$4	\$62	\$40	(\$22)	\$50
Miscellaneous Expenses	\$0	\$42	\$42	\$0	\$420	\$420	\$500
Depreciation Computer/Office Equipm	\$95	\$100	\$5	\$947	\$1,000	\$53	\$1,200
Board/EOC/AGM							
Annual Members Lunch	\$0	\$0	\$0	\$12,052	\$12,089	\$37	\$12,089
Board Hosting (External)	\$0	\$7,500	\$7,500	\$6,363	\$22,500	\$16,137	\$30,000
Board/EOC/Meeting Expenses	\$2,019	\$2,600	\$581	\$33,316	\$20,800	(\$12,516)	\$26,000
Industry Events	\$0	\$0	\$0	\$0	\$1,300	\$1,300	\$1,300
EOC Annual Appreciation Dinner	\$0	\$0	\$0	\$2,193	\$2,193	\$0	\$2,193
Sub Total Board/EOC/AGM	2,019	10,100	8,081	53,924	58,882	4,958	71,582
Provincial Regulatory Visits	\$7,594	\$4,000	(\$3,594)	\$12,430	\$12,000	(\$430)	\$12,000
Research/Studies	\$260	\$1,000	\$740	\$4,050	\$4,000	(\$50)	\$5,000
Website SEO and Enhancements	\$3,263	\$3,333	\$70	\$18,356	\$33,333	\$14,977	\$40,000
Regulatory Model(s)	\$0	\$5,000	\$5,000	\$7,555	\$20,000	\$12,445	\$25,000
Federal Financial Reform	\$442	\$0	(\$442)	\$442	\$500	\$58	\$500
Media Outreach	\$2,260	\$2,917	\$657	\$28,283	\$29,167	\$883	\$35,000
Marketing Collateral	\$610	\$1,000	\$390	\$1,152	\$5,000	\$3,848	\$5,000
Speaker fees & travel	\$0	\$0	\$0	\$1,189	\$1,400	\$211	\$2,000
Gifts	\$0	\$0	\$0	\$100	\$300	\$200	\$500
Networking Events	\$0	\$0	\$0	\$0	\$300	\$300	\$500
Sub Total Networking & Events	-	-	-	1,289	2,000	711	3,000
TOTAL EXPENSE	57,623	70,303	12,680	546,897	597,241	50,344	715,462
NET INCOME	3,932	- 8,878	12,810	66,264	17,201	49,063	21,830

Explanatory Notes:

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

CAFII

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

Balance Sheet As at Oct 31, 2019

	CAFII Operations			CCBPI Project			Combined		
	31-Oct 2019	30-Sep 2019	31-Dec 2018	31-Oct 2019	30-Sep 2019	31-Dec 2018	31-Oct 2019	30-Sep 2019	31-Dec 2018
ASSETS									
Current Assets									
Bank Balance	\$368,675	\$412,909	\$193,381	\$0	\$0	\$0	\$368,675	\$412,909	\$193,381
Savings Account	\$746	\$613	\$0	\$205,257	\$205,257	\$0	\$206,003	\$205,870	\$0
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses	9,924	14,110	2,197	\$0	\$0	\$0	\$9,924	\$14,110	\$2,197
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$5,552)	(\$5,458)	(\$4,605)	\$0	\$0	\$0	(\$5,552)	(\$5,458)	(\$4,605)
Total Current Assets	\$381,806	\$430,187	\$198,986	\$205,257	\$205,257	\$0	\$587,063	\$635,444	\$198,986
TOTAL ASSETS	\$381,806	\$430,187	\$198,986	\$205,257	\$205,257	\$0	\$587,063	\$635,444	\$198,986
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$12,170	\$10,953	\$18,409	\$103,317	\$103,317	\$0	\$115,487	\$114,270	\$18,409
Credit Card	\$606	\$290	\$0	\$0	\$0	\$0	\$606	\$290	\$0
Account Payable	\$10,124	\$2,548	\$10,379	\$0	\$0	\$0	\$10,124	\$2,548	\$10,379
Deferred Revenue	\$122,444	\$183,866	\$0	\$101,940	\$101,940	\$0	\$224,384	\$285,806	\$0
Total Current liabilities	\$145,344	\$197,657	\$28,788	\$205,257	\$205,257	\$0	\$350,601	\$402,914	\$28,788
TOTAL LIABILITIES	\$145,344	\$197,657	\$28,788	\$205,257	\$205,257	\$0	\$350,601	\$402,914	\$28,788
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$170,198	\$170,198	\$180,447	\$0	\$0	\$0	\$170,198	\$170,198	\$180,447
Excess of revenue over expenses	\$66,264	\$62,332	(\$10,248)	\$0	\$0	\$0	\$66,264	\$62,332	(\$10,248)
Total Unrestricted Net Assets	\$236,462	\$232,530	\$170,198	\$0	\$0	\$0	\$236,462	\$232,530	\$170,198
Total Unrestricted Net Assets	\$236,462	\$232,530	\$170,198	\$0	\$0	\$0	\$236,462	\$232,530	\$170,198
TOTAL LIABILITIES AND UNRESTRICTED	\$381,806	\$430,187	\$198,986	\$205,257	\$205,257	\$0	\$587,063	\$635,444	\$198,986

Financial Reserves Targets as per 2019 Budget:

Minimum 3 months (25%) of Annual Operating Expenses= \$ 178,866
Maximum 6 months (50%) of Annual Operating Expenses= \$ 357,731

Current Level of Financial Reserves (total unrestricted net assets): **\$236,462**
Current Level of Financials Reserve (%): **33%**

CCBPI Initiative

Time value of consulting services
incurred to date (30 Sept 2019)
\$103,316.82 (\$91,419.15 plus HST)

CAFII

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

Membership Fees As At October 31st, 2019

	<u>Jan-18</u>		<u>Jul-18</u>	
	<u>To be billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 36,719.00	14-Mar-19	\$ 36,719.00	16-Aug-19
CIBC Insurance	\$ 36,719.00	28-Feb-19	\$ 36,719.00	29-Jul-19
RBC Insurance	\$ 36,719.00	25-Feb-19	\$ 36,719.00	30-Jul-19
ScotiaLife Financial	\$ 36,719.00	11-Feb-19	\$ 36,719.00	11-Jul-19
TD Insurance	\$ 36,719.00	11-Feb-19	\$ 36,719.00	31-Jul-19
Desjardins Financial Security Life Assurance Company	\$ 36,719.00	8-Apr-19	\$ 36,719.00	26-Aug-19
AMEX Bank of Canada				
Assurant Solutions	\$ 18,360.00	12-Feb-19	\$ 18,359.00	4-Jul-19
Canadian Premier Life Insurance Company	\$ 18,360.00	23-May-19	\$ 18,359.00	16-Aug-19
Cumis Group Ltd/Co-operators Life Insurance Co.	\$ 18,360.00	14-Mar-19	\$ 18,359.00	9-Jul-19
National Bank Life Insurance Company	\$ 27,540.00	15-Feb-19	\$ 27,539.00	8-Jul-19
Manulife Financial	\$ 22,000.00	29-May-19	\$ 22,000.00	11-Jul-19
The Canada Life Assurance Company	\$ 22,000.00	25-Feb-19	\$ 22,000.00	22-Jul-19
RSM Canada	\$ 4,800.00	15-Feb-19		
Willis Towers Watson	\$ 4,800.00	4-Apr-19		
KPMG MSLP	\$ 4,800.00	27-Feb-19		
Munich Reinsurance Company Canada Branch (Life)	\$ 4,800.00	15-Feb-19		
Optima Communications	\$ 4,800.00	28-Mar-19		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	25-Feb-19		
DGA Careers Inc.				
AXA Assistance Canada				
Torys LLP	\$ 4,800.00	13-Feb-19		
PWC	\$ 4,800.00	15-Jul-19		
RankHigher.ca			\$ 2,400.00	9-Jul-19
Feb Invoices	\$385,334		\$349,330	
July Invoices	\$349,330			
Total Membership Fees	\$734,664			
Total amount to reallocate monthly Jan-Sept	\$ 61,222			
Total amount to reallocate monthly Oct-Dec	\$ 61,222			

2019 CAFII Budget

	2016 Actual	2017 Actuals	2018 Actuals	2019 Budget Revised	2019 Revised Budget (Apr 2019)	2019 YTD (Oct 31 2019)	2019 Revised Forecast	Comment/Rationale
Revenue								
Membership Dues	\$435,750	\$475,425	\$695,545	\$757,904	\$737,064	\$612,220	\$734,664	See breakdown in Member Dues Revenue Tab
Luncheon 2019	\$231	\$126	\$0	\$0	\$195	\$195	\$195	
Interest	\$231	\$126	\$0	\$0	\$33	\$746	\$800	Interest from the Savings Account
TOTAL REVENUE	\$ 436,212	\$ 475,677	\$ 695,545	\$ 757,904	\$ 737,292	\$ 613,161	\$ 735,659	
EXPENSE								
Management Fees	\$279,042	\$442,012	\$460,299.15	\$482,000	\$482,000	\$388,966	\$465,134	Includes MM Fees (3% increase) and two Co-Eds (3% increase)
CAFII Legal Fees/Corporate Governance	\$10,565	\$2,954	\$563	\$1,000	\$1,000	\$0	\$0	
Audit Fees	\$13,560	\$14,271	\$14,432	\$14,600	\$14,600	\$12,369	\$14,803	Same as 2018 Budget
Insurance	\$5,238	\$5,238	\$5,258	\$5,500	\$5,500	\$4,441	\$5,339	Same as 2018 Budget
Website Ongoing Maintenance	\$13,060	\$42,575	\$6,461	\$5,330	\$5,330	\$5,136	\$5,720	Includes CG Technology (\$250 per month), Translation (\$400), Domain (\$30) & CAFII Insurance Domain Name Renewal (\$999 USD)
Telephone/Fax/Internet	\$3,538	\$6,119	\$5,939	\$5,800	\$5,800	\$5,615	\$5,800	Same as 2018 Budget
Postage/Courier	\$180	\$380	\$458	\$400	\$400	\$159	\$200	Same as 2018 Budget
Office Expenses	\$5,257	\$1,312	\$2,423	\$2,000	\$2,000	\$1,723	\$2,000	Same as 2018 Budget
Bank Charges	\$25	\$38	\$23	\$50	\$50	\$62	\$62	Same as 2018 Budget
Amortization Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Depreciation Computer/Office Equipment	\$467	\$1,564	\$1,136	\$1,200	\$1,200	\$947	\$1,137	Same as 2018 Budget
Miscellaneous Expense		\$433	\$0	\$500	\$500	\$0	\$500	Same as 2018 Budget
Board/EOC/AGM								
Annual Members Luncheon	\$12,044	\$10,247	\$10,503	\$12,000	\$12,089	\$12,052	\$12,052	Increase to \$12,000 to cover costs
Board Hosting (External)	\$19,407	\$7,500	\$19,515	\$30,000	\$30,000	\$6,363	\$28,863	Four events at \$7,500
Board/EOC Meeting Expenses	\$8,145	\$25,493	\$20,715	\$26,000	\$26,000	\$33,316	\$38,316	Same as 2018 Budget
Industry Events		\$36	\$1,270	\$1,300	\$1,300	\$0	\$1,300	CAFII Purchase of full table of 11 seats at Economic Club of Canada Luncheon
EOC Annual Appreciation Dinner	\$2,079	\$8	\$763	\$800	\$2,193	\$2,193	\$2,193	Same as 2018 Budget
Total Board/EOC/AGM	\$41,675	\$43,284	\$52,766	\$70,100	\$71,582	\$53,924	\$82,724	
Provincial Regulatory Visits	\$10,395	\$11,011	\$11,230	\$12,000	\$12,000	\$12,430	\$12,500	Same as 2018 Budget
Research/Studies	\$1,356	\$17,807	\$77,345	\$60,000	\$5,000	\$4,050	\$5,500	Pollara Proposal on Creditor's insurance research
Website SEO and Enhancements			\$21,702	\$40,000	\$40,000	\$18,356	\$40,701	Continuing enhancements including videos
Regulatory Model(s)	\$0	\$15,001	\$6,490	\$25,000	\$25,000	\$7,555	\$10,000	Includes provision for legal advice re RIA representation on Sask, Alta, Manitoba; possible new RIA regime in BC; new single integrated regulators in Ontario and Alta; and additional provision re Regulations supporting Quebec Bills 141 and 150
Federal Financial Reform	\$0	\$0	\$0	\$500	\$500	\$442	\$500	Same as 2018 Budget
Media Outreach	\$27,408	\$44,023	\$38,522	\$35,000	\$35,000	\$28,282	\$34,802	Includes Media Consultant's Monthly Retainer (\$2,260.00 per month)
Marketing Collateral	\$1,781	\$0	\$557	\$5,000	\$5,000	\$1,152	\$5,000	
Tactical Communications Strategy	\$446	\$379	\$0	\$0	\$0	\$0	\$0	
CAFII Reception Events		\$500	\$0	\$0	\$0	\$0	\$0	
Media Relations	\$0	\$164	\$0	\$0	\$0	\$0	\$0	
Speaker fees & travel		\$0	\$191	\$2,000	\$2,000	\$1,189	\$2,000	Same as 2018 Budget
Gifts	\$221	\$452	\$0	\$500	\$500	\$100	\$500	Same as 2018 Budget
CAFII 25th Anniversary Celebration (Formerly CAFII 20th Anniversary Celebration)		\$26,495	\$0	\$0	\$0	\$0	\$0	Deferred to 2022
Networking Events		\$0	\$0	\$0	\$0	\$0	\$0	
	\$350	\$350	\$0	\$500	\$500	\$0	\$500	Same as 2018 Budget
TOTAL EXPENSE	\$ 414,214	\$ 675,862	\$ 705,793	\$ 768,980	\$ 715,462	\$546,897	\$ 695,423	
Excess of Revenue over Expenses	\$21,998	(\$200,185)	(\$10,248)	(\$11,076)	\$21,830	\$66,264	\$40,236	
Unrestricted Net Assets (beginning of year)	\$358,991	\$380,758	\$180,447	\$170,198	\$159,122	\$170,198	\$159,122	
Unrestricted Net Assets (end of year)	\$380,989	\$180,573	\$170,198	\$159,122	\$180,952	\$236,462	\$199,358	

Explanatory Notes:

- (1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support
- (2) Amortization of office equipment based on 4 year straight line depreciation

Actual/Forecasted Financial Reserves	2016 Actual	2017 Actuals	2018 Actuals	2019 Budget	2019 Revised Budget (Apr 2019)	2019 Revised Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$103,554	\$168,965	\$176,448	\$192,245	\$178,865	\$173,856
Maximum 6 months (50%) of Annual Operating Expenses =	\$207,107	\$337,931	\$352,897	\$384,490	\$357,731	\$347,711
Actual/Forecasted Level of Financial Reserves :	\$380,758	\$180,573	\$170,198	\$159,122	\$180,952	\$199,358
Actual/Forecasted Level of Financial Reserves %:	92%	27%	24%	21%	25%	29%

2019 Operational Budget - Member Dues Breakdown**2018 Member Dues Breakdown**

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

2019 (Base) Member Dues Breakdown

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

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

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

BOARD MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, October 1, 2019
Held At National Bank Insurance
600 de la Gauchetière, 4th Floor, Montreal QC
Montreal, QC
MINUTES

Board Present:	Nicole Benson	Canadian Premier Life <i>Chair</i>
	Peter Thompson	National Bank Insurance
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance
	Janice Farrell Jones	TD Insurance
	Paul Cosgrove	Assurant
	Sandra Rondzik	CIBC Insurance
	Louie Georgakis	Canada Life Assurance
	Christian Dufour	Desjardins Financial Security (by teleconference)
Regrets:	Wally Thompson	Manulife
	Kelly Tryon	CUMIS Services Incorporated
	Zack Fuerstenberg	ScotiaLife Financial (attended <i>in camera</i> session by teleconference)
EOC Present:	Martin Boyle	BMO Insurance
	Michele Jenneau	National Bank Insurance
	Rob Dobbins	Assurant
	Andrea Stuska	TD Insurance (by teleconference)
	Kamana Tripathi	TD Insurance (by teleconference)
	Scott Kirby	TD Insurance (by teleconference)
	Tony Pergola	ScotiaLife Financial (by teleconference)
	Diane Quigley	CUMIS (by teleconference)
	Peter Thorn	TD Insurance (by teleconference)
	Joanna Onia	CIBC (by teleconference)
	Charles MacLean	RBC (by teleconference)
	Karyn Kasperski	RBC (by teleconference)
	Laura Bedford	RBC (by teleconference)
	Moir Gill	TD Insurance (by teleconference)
	Michelle Costello	CUMIS (by teleconference)
	Shawna Sykes	CUMIS (by teleconference)
Also Present:	Colin Chisholm	ScotiaLife Financial
	Stephanie Gamache	Canada Life Assurance
	Lynne Chlala	Canada Life Assurance
	Élyse Lemay	Canada Life Assurance
	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Natalie Hill	Managing Matters Inc. <i>Recording Secretary</i>

1: Call to Order, Meeting Confirmation, & Governance Matters

Chair N. Benson welcomed everyone to the meeting of the CAFII Board of Directors, which was called to order at 1:08 p.m.

N. Benson extended a special welcome to those individuals who were attending a CAFII Board meeting for the first time, in particular:

- Louie Georgakis, whose appointment as the CAFII Director from Canada Life Assurance, succeeding David Fear, was an item in the opening section of the agenda; and
- Colin Chisholm, the new Vice-President, Insurance Canada at ScotiaLife Financial, who was attending the meeting as a Board surrogate, representing his colleague Zack Fuerstenberg, the CAFII Director from ScotiaLife Financial.

It was noted that as per the Association's By-Law, Mr. Chisholm was permitted to participate in the Board's deliberations and discussions, but he was not empowered to vote on resolutions or other voting matters.

Particularly for those attending a CAFII Board meeting for the first time, N. Benson noted that the Consent Agenda approach was a tool used to streamline meeting procedures by grouping routine, non-controversial items together, which were then approved or simply received for the record via a single motion and vote. No discussion or debate was permitted on any item that was part of the approved Consent section of the agenda.

M. Boyle confirmed that Notice of this meeting was sent to all Directors in accordance with the Association's By-Law.

M. Boyle also confirmed that a quorum of Directors was present, as there were 8 (eight) Directors present in-person; and one (1) Director present on the phone.

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

1.1: Approval of Agenda

N. Benson noted that a meeting agenda had been circulated to the Directors. She asked if there were any additions or changes to propose to the agenda. As well, she inquired if anyone would like to discuss any of the items listed in the Consent section, such that they should be moved into the regular section of the agenda.

No changes or additions to the agenda were proposed.

On a motion duly made, seconded and unanimously carried

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

1.2: Appointment of a CAFII Director (Canada Life Assurance)

N. Benson noted that in early September, CAFII was advised that David Fear, the current CAFII Director from Canada Life Assurance, would be retiring on September 30 after 36 years of service with that company; and that, given that he would be handing off the reins as Vice-President, Group Creditor Insurance at Canada Life to a successor, he would be resigning from the CAFII Board of Directors, effective with this meeting.

N. Benson also recalled that in accordance with Article 4.2 of CAFII Bylaws, the fixed number of Directors must be equal the number of Members of the Association.

As an Initiation Member of the Association which was due to become a Regular Member on January 1, 2020, Canada Life Assurance had recommended that Louie Georgakis, its new Vice-President, Group Creditor Insurance, be appointed to the CAFII Board of Directors until the Association's next Annual Meeting in 2020.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Louie Georgakis be appointed as Canada Life Assurance's Director on the CAFII Board of Directors until the Association's next Annual Meeting in June 2020.

N. Benson congratulated Mr. Georgakis on his appointment as the CAFII Director from Canada Life Assurance, and welcomed him aboard. She indicated that CAFII was looking forward to having the benefit of his experience, insights, and contributions in moving the Association forward.

N. Benson also advised that there would be an opportunity for CAFII members to thank and recognize David Fear for his leadership service to our Association as a CAFII Director, at the upcoming Holiday Season/Year-End Reception on December 3, 2019 at the TD Conference Centre in Toronto, which he had indicated to Co-Executive Directors K. Martin and B. Wycks that he would be pleased to attend, if invited.

1.3: Background To AMF Decision To Cancel October 1/19 Meeting With CAFII

N. Benson referred to a recent advisory notice which had been circulated by Co-Executive Director B. Wycks to inform the Board that on September 24, the AMF had notified CAFII that it had to cancel its participation in today's scheduled Liaison Lunch and Industry Issues Dialogue session with our Association.

Mr. Wycks provided context and background on this issue. In June, Frederic Pérodeau, the AMF's Superintendent, Client Services and Distribution Oversight, had let CAFII know that the AMF preferred a different, less formal approach to the Liaison Lunch and Industry Issues Dialogue. They preferred not to have a formal, white linen luncheon, which they felt produced challenging optics. As well, the AMF felt that the discussion during the Industry Issues Dialogue Session was too formal, and they preferred brief presentations on matters of mutual interest followed by informal dialogue. These changes were made and Mr. Pérodeau indicated that they satisfied the concerns of the AMF, but that AMF executives had in the meantime made other commitments which made their participation in today's meeting impossible.

K. Martin advised that he had called Mr. Pérodeau about this decision and they had a ten-minute phone conversation in French, during which Mr. Pérodeau emphasized that this was about a scheduling issue, and asked that CAFII “not read anything more into it.” He said that the AMF still wanted to have the liaison lunch and meeting with CAFII, and asked for some new dates to be proposed for rescheduling purposes.

The Board discussed the various options available and it was recommended that the Spring 2020 CAFII Board meeting on 7 April, 2020 be moved to Lévis, Quebec at the offices of Desjardins Financial Security, and that the AMF be offered the opportunity to participate in a Liaison Lunch and Industry Issues Dialogue at that time. It was agreed to make that change and to propose this new date to the AMF.

[ACTION ITEM: Contact Frederic Pérodeau at the AMF and propose 7 April, 2020 in Lévis, Quebec at the offices of Desjardins Financial Security as the date and location for a rescheduled CAFII/AMF Liaison Lunch and Industry Issues Dialogue: B. Wycks/K. Martin]

1.4: Proposed Schedule of CAFII 2020 Board and EOC Meeting Dates; and Updated Board Hosting Rotation

B. Wycks provided background and briefing comments with respect to the Proposed Schedule of 2020 CAFII Board and EOC Meetings and Related Events, seeking Board approval at this time.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Proposed Schedule of CAFII 2020 Board and EOC Meeting Dates; and Updated Board Hosting Rotation be approved as presented.

2: Approval/Receipt of Consent Items

N. Benson noted that documents had been provided for each of six (6) consent agenda items; and it was presumed that Directors had reviewed them in advance of this meeting.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.

And further, IT WAS RESOLVED that the minutes of the meeting of the Board of Directors held June 4, 2019 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the minute book of the Corporation.

3: Financial Matters

3.1: CAFII Financial Statements as at August 31, 2019

CAFII Treasurer T. Pergola provided a financial report and reviewed the August 31, 2019 financial statements for the Board. He noted that the Association was tracking well against the budget and the forecast to fiscal year-end, with some unanticipated expenses associated with the visit of Helen Troup being offset by reduced expenditures in other areas of activity, in particular around the 2019 CAFII research budget. As well, Mr. Pergola noted that the Association’s financial reserves as a percentage of annual operating expenses were within the target range at 31%.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the August 31, 2019 CAFII financial statements be and are approved as presented.

3.2: Revised 2019 Budget Forecast

Treasurer T. Pergola provided an update on CAFII's financial forecast to the end of the current fiscal year, noting that the Association was on track to meet the current expectation of a modest year-end surplus.

Mr. Pergola noted that the Association was generally in sound financial shape. He also noted that the Special Project fees were held in a separate account, with over \$100,000 expected to be remaining in that account after currently-incurred legal expenses are paid from it.

4: Regulatory Matters

4.1: AMF Spousal Coverage Issue

K. Martin updated the Board on the latest developments on the AMF spousal coverage issue. He recalled that the original understanding was that the AMF expected CAFII members to no longer offer spousal coverage when the AMF's expectations around the creditor being able to demonstrate a pecuniary interest in the life and/or health of a non-debtor spouse were not satisfied, and that CAFII's members were to submit action plans to conform with this expectation. Subsequently, CAFII members had been asked to submit, by 30 September, 2019, action plans on the cancellation of existing/in-force spousal coverage, which is a much more problematic request. In what is viewed as concerning language, the AMF has argued that they are not requiring cancellation, just the conformity of existing insurance contracts with their interpretation of the legislative and regulatory requirements.

As an interim step, CAFII had submitted a letter requesting an extension of the stated 30 September, 2019 deadline. N. Sirois of the AMF responded with a phone call to K. Martin (in French) on 23 September, 2019, in which she offered a one-month extension, with Mr. Martin requesting a minimum two-month extension. Subsequently, the AMF wrote a letter to K. Martin and CAFII on 26 September, 2019 offering an extension of the deadline to 29 November, 2019.

The Board discussed the appropriate response to this directive from the AMF. After reviewing the options, it was felt that external legal counsel should be engaged to produce arguments countering the directive to cancel existing/in-force spousal coverage, which will be presented to the AMF. As a first step, it was agreed that the Board should be consulted on options around the best legal counsel for this task.

[ACTION ITEM: Send a communication to Board members asking for recommendations as to who would be the best external legal counsel for CAFII to engage to purposes of the contemplated legal opinion on the AMF's directive to insurers to cancel/remove existing/in force spousal coverage when the creditor cannot demonstrate to the AMF's satisfaction that it has a pecuniary interest in the life and/or health of a non-debtor spouse: K. Martin]

4.2: AMF Review of Critical Illness Insurance

M. Boyle updated the Board on an AMF Review of Critical Illness Insurance which had recently been launched. Mr. Boyle noted that there are two separate surveys being distributed, one simplified and one more detailed; the surveys were sent to 16 global insurers and 10 Quebec-based insurers. Included in the questionnaires are questions that will allow the AMF to determine loss ratios, which is an issue on which they have increasingly focused their attention. It is likely that the AMF will raise some concerns coming out of the survey results, and both the CLHIA and CAFII will monitor this situation carefully and prepare responses for any eventual AMF comments coming out of this exercise.

4.3: CAFII Credit Protection Insurance Industry Best Practices Working Group Progress Report

N. Benson recalled that the next Regulatory Matters agenda item related to an initiative which was mandated by the Board during its previous *in camera* session on 4 June 2019, as a special project to be carried out under the EOC's oversight.

M. Boyle and fellow EOC Member K. Kasperski, from RBC Insurance, as Co-Chairs of the CAFII Credit Protection Insurance Industry Best Practices Working Group, then provided the Board with a report on the Working Group's progress to date.

The Working Group, comprised mainly of Member representatives drawn from the EOC, is reviewing the key regulatory documents around expectations of regulators, including the CCIR/CISOR Fair Treatment of Customers Guidance; the FCAC report on domestic banks' sales practices; and the ASIC report on consumer credit insurance (CCI) in Australia, with the objective of identifying opportunities for the Canadian industry to elevate its practices. The Working Group has been active and productive; will provide an update report at the 3 December, 2019 CAFII Board meeting; and intends to complete its work in the Spring of 2020.

4.4: Yukon Licensure Issue Re Sales of Credit Protection Insurance

K. Martin provided an update on a communication from Bradley Rowett from the Yukon Superintendent of Insurance office, who was surprised that 10 firms which did not have a life license in the Yukon had not recently applied for one. K. Martin confirmed that all CAFII insurer members did have a Yukon life license, and that the firms in question were not CAFII members. The CLHIA agreed to take on this conversation with Mr. Rowett, who was so advised. While this indicates that Yukon still has some areas of confusion about the life and health insurance sector, the tone of the communications also indicated that Mr. Rowett and his colleagues appear very committed to trying to rectify the confusion that was caused by Yukon's recent directives on credit protection insurance in their Territory.

4.5: CAFII 2019 Annual Stakeholder Meeting With CCIR: November 5/19

B. Wycks confirmed that CAFII's Annual Stakeholder meeting with CCIR would be held on 5 November, 2019; and that this year, CCIR wants the Stakeholder dialogue to focus on a preliminary draft of its 2020-2023 Strategic Plan. Mr. Wycks notified Tony Toy, CCIR Policy Manager, that CAFII would have preferred a more wide-ranging discussion, but he was assured that the focus on the new Strategic Plan would still afford the ability to discuss a wide range of issues of mutual interest.

4.6: CCIR/CISRO Fair Treatment of Consumers Working Group: Fall 2019 Stakeholder Meetings

B. Wycks updated the Board on the CCIR/CISRO Fair Treatment of Consumers Working Group's plans for meeting with industry stakeholders this Fall. The FTC Working Group would be focusing on issues exclusively related to insurers and MGAs in its Fall stakeholder meetings, such that CAFII would receive a pass and not be meeting with the Working Group until the next round of meetings in the Spring of 2020.

4.7: FSRA Launch of Life and Health Insurance Sector Stakeholder Advisory Committee

K. Martin recalled that FSCO previously had a life and health insurance advisory group, on which he had represented CAFII. That advisory group had been disbanded with the transition from FSCO to FSRA. However, K. Martin continued, he had recently received a phone call from S. Agarwal, who has moved as a manager from FSCO to FSRA, advising him that a new FSRA Advisory Group on Life and Health Insurance Sector would be created, and she invited Mr. Martin to participate on it as CAFII's representative.

Ms. Agarwal had also asked Mr. Martin for a follow-up phone call to discuss FSRA and CAFII priorities. A very constructive discussion was held on 18 September, 2019, in which Ms. Agarwal indicated that FSRA priorities would include harmonization of regulations, improved licensing efficiency, a greater focus on the practices of MGAs, and a continued emphasis on the fair treatment of customers.

Mr. Martin indicated that CAFII's FSRA-related priorities included clarity around the expectations for the fair treatment of customers, noting that CAFII members can attempt to determine eligibility for products but are not allowed to offer advice and as such cannot determine suitability of products for customers; a continued commitment to harmonization; a continued commitment to principles-based, risk-based regulation; a view that FSRA should play a leadership role in CCIR, CISRO, and international insurance regulation organizations such as the International Association of Insurance Supervisors; a recommendation that at least one member of the FSRA Board should have an expertise or background in life and health insurance; and the importance of FSRA looking to create regulatory sandboxes to allow new, innovative players to experiment and test before they fully launch into the market, without having the burden of the full regulatory regime placed upon them.

4.8: CAFII Outreach to FCAC For Credit Protection Insurance Education and Dialogue Meeting

B. Wycks informed the Board that CAFII had sent a congratulatory letter to Judith Robertson, in her new role as Commissioner of the Financial Consumer Agency of Canada; and the Association planned to send a follow-up communication to her shortly, requesting the opportunity for a Get Re-Acquainted and Dialogue Meeting with her and FCAC senior executive colleagues at the Agency's office Ottawa.

[ACTION ITEM: Send a follow-up communication to the office of Judith Robertson, new FCAC Commissioner, requesting a Fall 2019 CAFII Get Re-Acquainted and Dialogue Meeting with her and FCAC senior executive colleagues at the Agency's office in Ottawa: B. Wycks]

4.9: Itinerary and Delegation For CAFII 2019 Western Canada Insurance Regulators Visits Tour

B. Wycks updated the Board on CAFII's confirmed itinerary for the upcoming 2019 Western Canada Insurance Regulators and Policy-Makers Visits Tour, which will take place from 21-25 October starting in Manitoba and then working through Saskatchewan, Alberta, and British Columbia. Seven or eight CAFII volunteers are expected to join the tour with the two CAFII Co-Executive Directors, and a full set of meetings with all of the insurance regulators and policy-makers in the four Western Canada provinces had now been finalized.

5: Strategic Matters

5.1: CAFII Opportunity To Take Over CBA's Quarterly CGI Benchmarking Study

K. Martin provided an update on the possibility of CAFII taking over a now discontinued Canadian Bankers Association (CBA) quarterly benchmarking study on credit protection insurance. One CAFII Board member had doubts about the value of the research given that, in the past, this study did not produce "apples-to-apples" output, and there was also concern about continuing a benchmarking study that focused on sales and penetration rates at a time of increasing regulatory scrutiny. Another Board member felt that if all members did not participate, this study would not be of value. As a result, an RFP for CAFII's continuation of the CBA benchmarking study had not been distributed to potential actuarial firm supplier, so as to allow for a fulsome discussion of these matters at this CAFII Board meeting.

Board discussion of this matter was deferred to the *in camera* portion of this meeting.

5.2: Proposal To Enhance The Benefits/Value Proposition of CAFII Associate Status

B. Wycks advised the Board that there has been considerable churn in the CAFII Associate membership category in recent years, and part of the reason why is that it is an expensive proposition to pay \$4800 per annum for essentially the opportunity to have up to five company representatives attend four social events per annum (three Receptions plus the Annual Members Luncheon). CAFII management had been exploring ways to enhance and enrich the value proposition for Associates, and one suggestion was that the monthly Regulatory Update and periodic CAFII Alerts could be made available to Associates, providing them with some value-added intelligence on developments in the industry.

The recommendation from the Association's Co-Executive Directors was that the additional value represented by receiving the monthly Regulatory Updates and periodic CAFII Alerts, subject to CAFII management's discretion, would increase the likelihood of retaining existing Associates and attracting new ones; and, as such, it was recommended that this change should not be accompanied initially by any increase in the dues paid by Associates.

It was also noted that the EOC had endorsed this recommendation at its 24 September, 2019 meeting, for approval by the Board.

Discussion of this matter concluded with general assent from the Board in support of the recommendation put forward by CAFII's Co-Executive Directors and the EOC.

[ACTION ITEM: Implement the Board-approved policy that the benefits associated with CAFII Associate Status will now include receipt of CAFII Regulatory Updates and CAFII Alerts, at CAFII management's discretion: B. Wycks and K. Martin]

5.3: Proposal To Create An EOC Working Group To Investigate The Possibility Of Creating A New, Lower Dues Category Of CAFII Membership

M. Boyle provided the Board with the background to a proposal, which had emerged from the 24 September 2019 EOC meeting, that the EOC create a Working Group to investigate the possibility of creating a permanent lower dues category of CAFII membership.

Board discussion ensued that proposal, on which the EOC was seeking the Board's feedback, particularly with respect to whether there was an appetite among the Directors and their member organizations to create a permanent lower dues category of CAFII membership.

Discussion of this matter concluded with general assent from the Board in support of the recommendation that the EOC create a Working Group to investigate the possibility of creating a permanent lower dues category of CAFII membership.

[ACTION ITEM: Implement the Board-approved directive that the EOC form a Working Group to investigate the possibility of creating a new, permanent lower dues category of CAFII membership: M. Boyle, B. Wycks and K. Martin]

5.4: Update On Prospect Of Sun Life Financial Applying For CAFII Initiation Membership

K. Martin updated the Board on the prospect of Sun Life Financial applying for CAFII Initiation Membership. Conversations had been ongoing, with the latest development coming from a former BMO Insurance representative on the EOC -- Emily Brown, who now worked at Sun Life Financial and had expressed an interest, on behalf of her superiors there, in the prospect of Sun Life Financial joining CAFII. CAFII's Co-Executive Directors recently had a very fruitful conversation with her and she will be following up with CAFII management on her internal discussions on this matter at Sun Life Financial.

6: Other Business

6.1: Proposed New Timetable For Finalization and Posting/Dissemination of CAFII Board Agenda and Meeting Materials Packages

B. Wycks informed the Board of a new timetable which he and fellow Co-Executive Director K. Martin were recommending, as requested by Board Chair N. Benson and Board Vice-Chair C. Lobbezoo, for earlier finalization and more timely posting and dissemination of the agenda and meeting materials for future CAFII Board meetings.

B. Wycks noted that the materials were currently being posted without sufficient lead time in advance of the actual meeting date, and said that the 2020 schedule would be modified to allow for more time between the EOC and the Board meetings, which should permit an earlier posting of Board materials.

He also suggested that going forward, if a document on a developing, urgent matter is not ready at least a week prior to the Board meeting, that matter will then be dealt with through a verbal update only, as opposed to through being posted less than a week before the Board meeting date.

6.2: Next CAFII Board Meeting and Reception: December 3/19 At TD Insurance, Toronto

B. Wycks provided an update on plans for the next CAFII Board meeting scheduled to take place on December 3/19, hosted by TD Insurance at its TD Conference Centre in Toronto; and on the guest speaker M. Carruthers of Deloitte Monitor Canada, who had been secured for the ensuing CAFII Reception that same evening.

7: Termination and In Camera Session

N. Benson thanked everyone for their participation and contributions to CAFII's advancement through this Board meeting.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting be terminated at 3:10 p.m.

The Board then moved into its *in camera* session.

Agenda Item 3(g)
November 19/19 EOC Meeting

CAFII 2020 Schedule of Meetings and Events
(Approved by CAFII Board of Directors at October 1/19 Meeting)

EOC Meetings: *To be held for 2.5 hours in-person or 1.5 hours via teleconference. * In-person meetings bolded.*

- **Tuesday, January 21, 2020** (2:30-5:00 p.m. in person meeting) and EOC Annual Dinner at 5:30 pm
- Tuesday, February 25, 2020 (Teleconference; 2:00 – 3:30 p.m.)
(Family Day stat holiday: Monday, February 17)
- **Tuesday, March 24, 2020** (2:00-4:30 p.m. in person meeting)
(Good Friday, April 10; Easter Monday, April 13)
- Tuesday, April 28, 2020 (Teleconference; 2:00 – 3:30 p.m.)
- **Tuesday, May 26, 2020** (2:00-4:30 p.m. in person meeting)
(Victoria Day stat holiday: Monday, May 18)
- Tuesday, June 23, 2020 (Teleconference; 2:00 – 3:30 p.m.)
(St. Jean Baptiste Day: June 24; Canada Day: July 1)
- Tuesday, July 21, 2020 *tentative summer meeting (Teleconference; 2:00 – 3:30 p.m.)
- Tuesday, August 25, 2020 *tentative summer meeting (Teleconference; 2:00 – 3:30 p.m.)
(Civic Stat Holiday: August 3)
- **Tuesday, September 22, 2020** (2:00-4:30 p.m. in person meeting)
(Rosh Hashanah: September 18 – September 20; Yom Kippur: September 27– September 28)
- Tuesday, October 20, 2020 (Teleconference; 2:00 – 3:30 p.m.)
(Thanksgiving Stat Holiday: October 12)
- **Tuesday, November 17, 2020** (2:00-4:30 p.m. in person meeting)

Board Meetings:

- **Tuesday, April 7, 2020** (2:20 to 4:00 p.m. abbreviated Board meeting, following informal liaison lunch and Industry Issues Dialogue with the AMF)
HOST: Desjardins Financial Security in Levis/Quebec City
- **Tuesday, June 9, 2020** (2:00-5:00 p.m.; followed by Reception)
HOST: Canada Premier Life/ Valyeo
- **Tuesday, October 6, 2020** (2:00-5:00 p.m.; followed by Reception) HOST: Assurant
- **Tuesday, December 1, 2020** (2:00-5:00 p.m.; followed by Reception) HOST: CIBC Insurance

Annual Members Luncheon & Speaker Forum 2020:

Date: Tuesday, March 3, 2020 from 11:45 a.m. to 2:15 p.m.

2019 Board meetings Hosted by:

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

2018 Board Meetings Hosted by:

CAFI; ScotiaLife ; BMO; The Canada Life Assurance

2017 Board Meetings Hosted by:

TD Insurance; CAFI; Desjardins; CIBC Insurance

2016 Board Meetings Hosted by:

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

2015 Board Meetings Hosted by:

CIBC Insurance; ScotiaLife Financial; Desjardins; Canadian Premier

Past Years

Annual Members Luncheon & Speaker Forum 2019:

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

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

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

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

Annual Members Luncheon & Speaker Forum 2018

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

Annual Members Luncheon & Speaker Forum 2017

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

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

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

Annual Members Luncheon & Speaker Forum 2016

Topic: Innovation in Insurance: Opportunities in a Changing Market

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

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

CREDITOR'S GROUP INSURANCE OFFERED BY CAFII MEMBERS

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

Background: What is Creditor's Group Insurance?

- Creditor's Group Insurance (CGI), also known as Credit Protection Insurance or Creditor's Insurance, is insurance in which the insurer undertakes to pay off, in whole or in part, credit balances or debts of a person for a covered event
- Covered events are typically death, disability, involuntary job loss and critical illness
- The insurance proceeds are paid to the creditor
- CGI can be obtained for a variety of debt obligations, including mortgages; consumer, business and agriculture loans and lines of credit; and credit cards
- Offered by banks and credit unions across Canada, including by CAFII member financial institutions



Background: How does CGI work?

- In the event of a covered event (death, diagnosis of a critical illness, disability or involuntarily job loss), CGI acts on the insured's behalf within the limits of the policy to:
 - Pay out the debt (in the case of death or critical illness), or
 - Make or postpone debt payments (in the case of disability or job loss)
- The amount of insurance typically paid:
 - For life and critical illness coverages, is the balance outstanding or the maximum amount covered
 - For disability and involuntary job loss, is the amount of the payments that fall due during the period of disability or involuntary job loss; a % of the outstanding balance; or the maximum payment covered

Background: How do consumers access CGI?

- CGI is easy to access. With well-trained and supervised salaried staff at banks and credit unions, Canadians have access to simple, optional insurance coverage on a 24/7 basis through more than 8,000 branches, telephone contact centres, and online
- CGI is customized to the amount of debt being taken on, within the limits of the policy; and, as an optional benefit offered alongside a loan or mortgage product, it is inherently timely and convenient
- Group policy structure of CGI allows more Canadians to be insured at economical standard rates, and almost all applicants are accepted



Background: How is CGI helpful to insureds and families?

- In the event of death or a covered illness, CGI frees up money previously tied up in debt payments:
 - If a client dies or is diagnosed with a covered critical illness, the money freed-up can be used to help family members get back on their feet after the death of a key income earner; or help survivors of serious life-threatening illnesses regain their emotional, physical and financial health
 - If a client experiences disability or job loss, freed-up funds can help the insured focus on recovery
 - In both cases, freed-up money can be used to pay regular expenses or unplanned bills often associated with these life events without having to dip into savings or resort to further borrowing
- In the case of mortgage CGI, the client does not have to worry about being able to make mortgage payments or being able to stay in their home
- The benefits also help protect the consumer's credit rating

Background: CGI Part of a Sound Financial Plan

- Creditor's group insurance tailored to the amount of protection needed
 - Average industry new mortgage amount nationally \$230,000¹
 - Average industry new creditor's group mortgage life insurance: \$222,000¹
 - Average industry new individual term life insurance: \$417,900¹
- Creditor's group insurance complementary to and often augments individual and other group insurance
 - Creditor's group insurance protects a specific debt obligation
 - Client free to use individual and other group insurance to cover other risks
 - Majority of households with creditor's group insurance on their mortgage also own some individual life insurance

¹Source: Towers Watson September 2015 Report: Comparison of the Customer Value Proposition of Creditor's Group Insurance on Mortgages with Individual Insurance (using 2013 data)

Background: CGI Summary

- Part of a sound financial plan and an immediate solution to a change in financial circumstances arising from taking on new debt
- Meets consumer's need for ease of access
- Delivered through a trusted financial institution



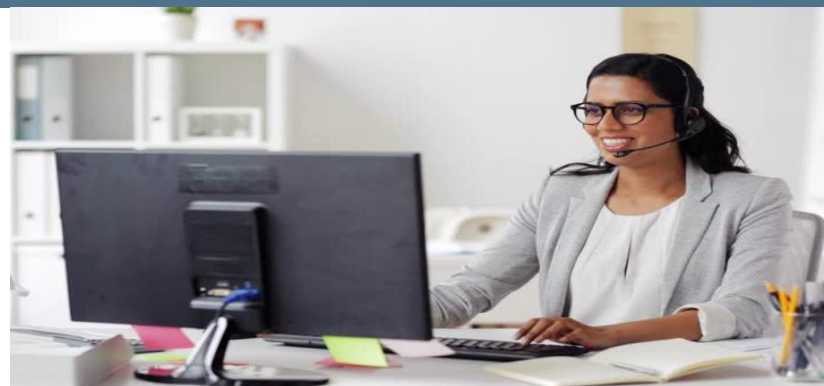
- Helps clients and their families deal with the emotional, physical and financial impact of a significant life event
- Protects consumer's credit rating
- Covers all occupations and lifestyles
- Life, Critical Illness, Disability and Job Loss coverage available

CAFII Member ISI: The Informed Consumer – Policy Details

- CAFII member FIs distribute CGI products in a responsible and appropriate manner
- Certificates of insurance provide all relevant insurance details including eligibility conditions, features and benefits, limitations, and exclusions
- Disclosure also includes information on how to submit a claim; the insurer's name and contact information; the premium charges; a statement that the coverage is optional and voluntary; and the free-look period within which coverage may be cancelled for a full premium refund

CAFII Member CGI: Optional Nature of Coverage

- Scripts and protocols are carefully developed to contain proper disclosure. When CGI is offered by phone, calls are routinely recorded and monitored for quality control purposes.
- Optional nature of coverage reinforced through multiple accountabilities and product features:
 - CBA Code of Conduct for Authorized Insurance Products requires that bank client service representatives be trained to communicate that CGI is optional
 - Coverage can be cancelled at any time
 - Customers have an initial 'free-look' period of 10 to 30 days, within which they may cancel coverage and receive a full premium refund
 - Tied selling is strictly prohibited in legislation for banks



CAFII Member CGI: Knowledgeable Staff

- To provide excellent customer service and help Customer Service Representatives excel in their roles, CAFII member FIs provide education to those offering CGI in a variety of ways from individual coaching, formal CGI training programs, and team huddles
- CBA Code of Conduct for Authorized Insurance Activities requires that bank employees be trained, qualified, and knowledgeable; the person offering CGI be given continuing education; and training and education be reviewed on an ongoing basis to ensure it is up-to-date
- CAFII member FIs are also self-motivated to provide excellent staff training because it provides a competitive advantage and enhances the overall banking relationship with the customer

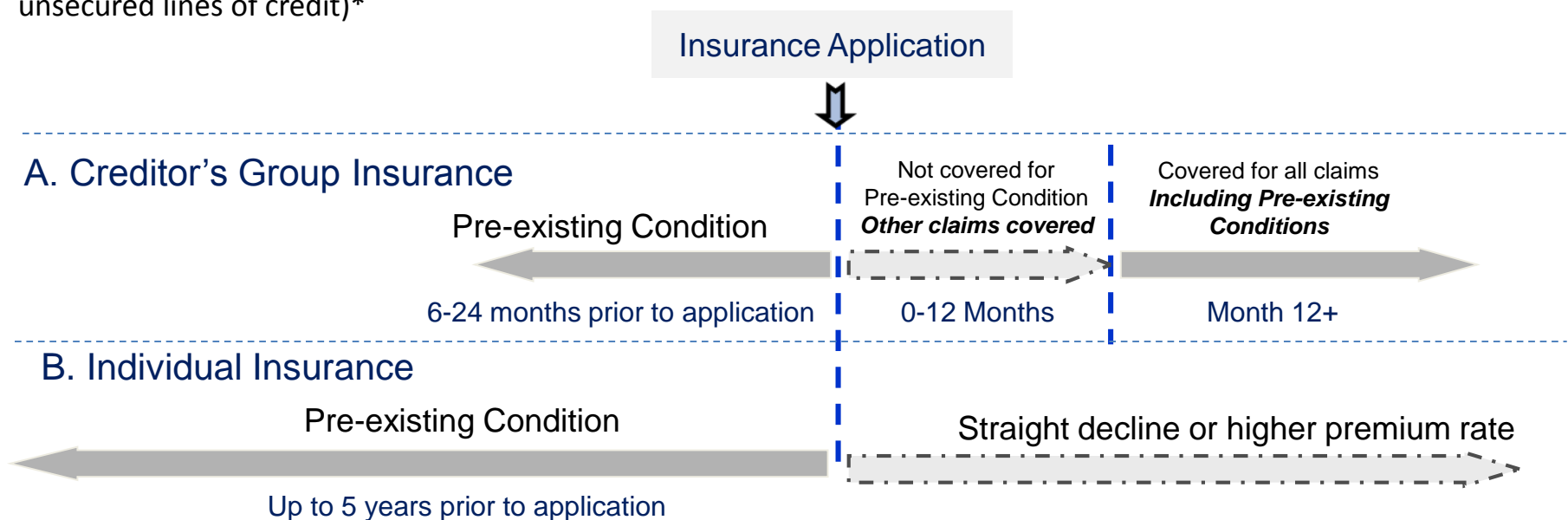
CAFII Member CGI: Well-Aligned with the Client's Best Interest

- CAFII member FIs offer CGI within a larger business relationship with the client. It's in the FI's interest that clients have a positive experience. FIs are concerned about the larger business relationship and don't want to risk customer dissatisfaction by offering an inappropriate or unsuitable product



CAFII Member CGI: Pre-Existing Condition Provision Helps More Clients Be Insured

A pre-existing condition provision in CAFII Member CGI allows individuals to be covered who may not otherwise qualify for insurance. It is often used in lieu of health questions and where the coverage amount is low (e.g. personal loans and unsecured lines of credit)*

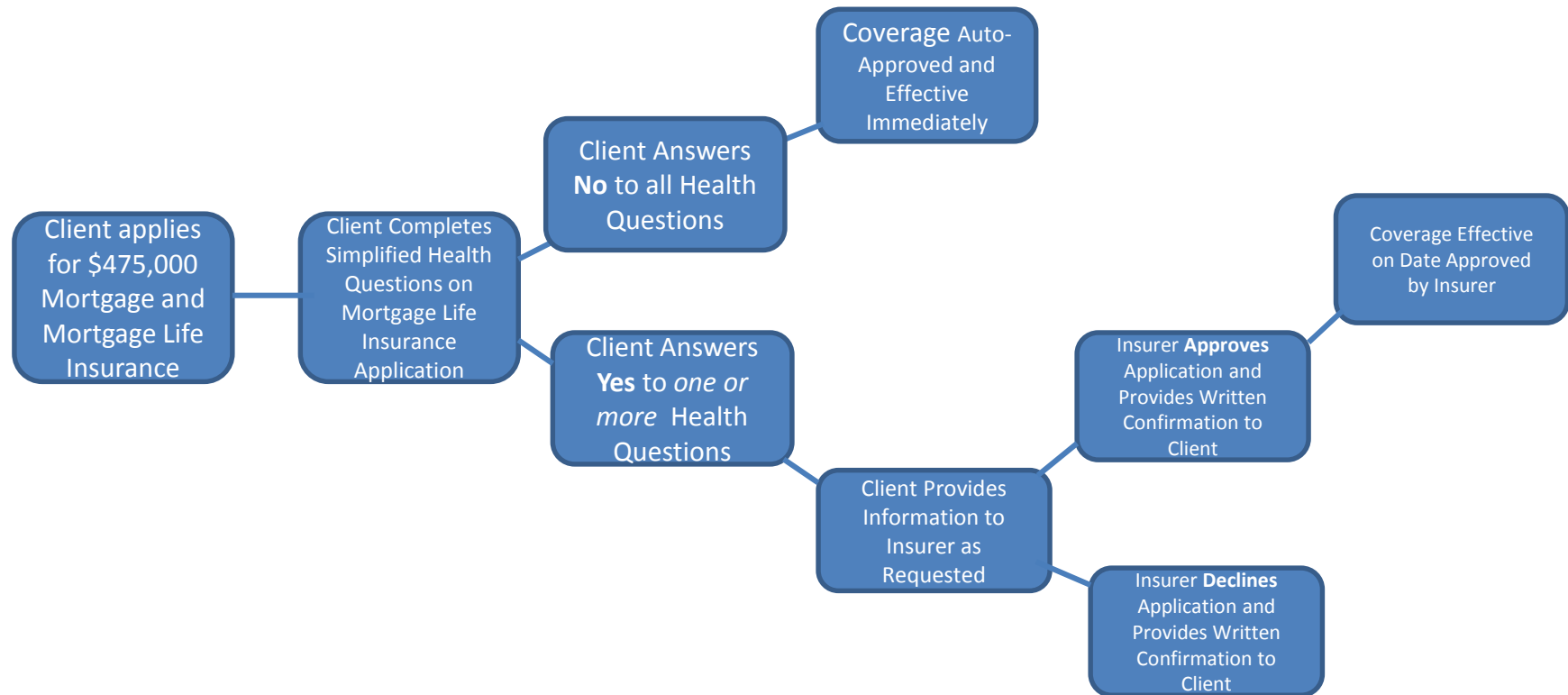


*This provision is not used where coverage is approved through a detailed underwriting process, e.g. mortgage life insurance.) CGI is designed to allow the insurer to accept the majority of applicants, whereas standard insurance may deem an applicant to be uninsurable.

CAFII Member CGI: Extent of underwriting required is generally based on amount of coverage sought

- Small amounts
 - Guaranteed issue with a pre-existing condition provision
- Higher amounts
 - Simplified health questions
- Specific medical conditions
 - Tele-underwriting or longer questionnaire
 - Medical testing
 - Coverage approved or declined
- Broad ranges of risk accepted at standard rates

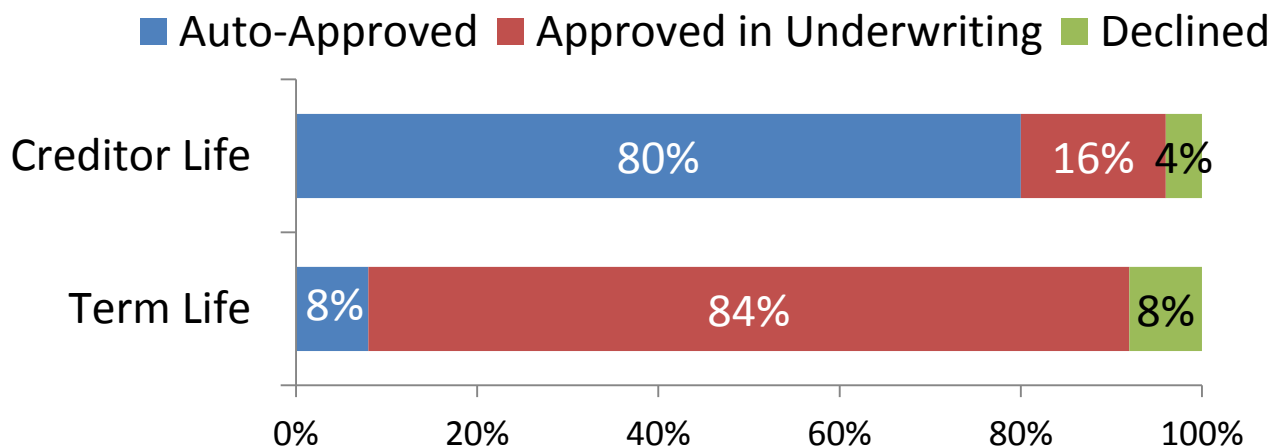
CAFII Member CGI: Application Example, Mortgage of \$475,000



CAFII Member CGI: Provides convenience and ease of access for Canadian households

- A Towers Watson independent actuarial industry study¹ showed that applications for creditor's group insurance on mortgages are likely to be automatically approved and underwritten via simplified health questions; and don't have to go through a more complex and time-consuming underwriting process
- For CGI, all applications are approved at standards rates; for individual insurance, applications are approved at standard rates or with extra premium

Industry Application Approval Rates for Mortgage Life and Term Life Insurance



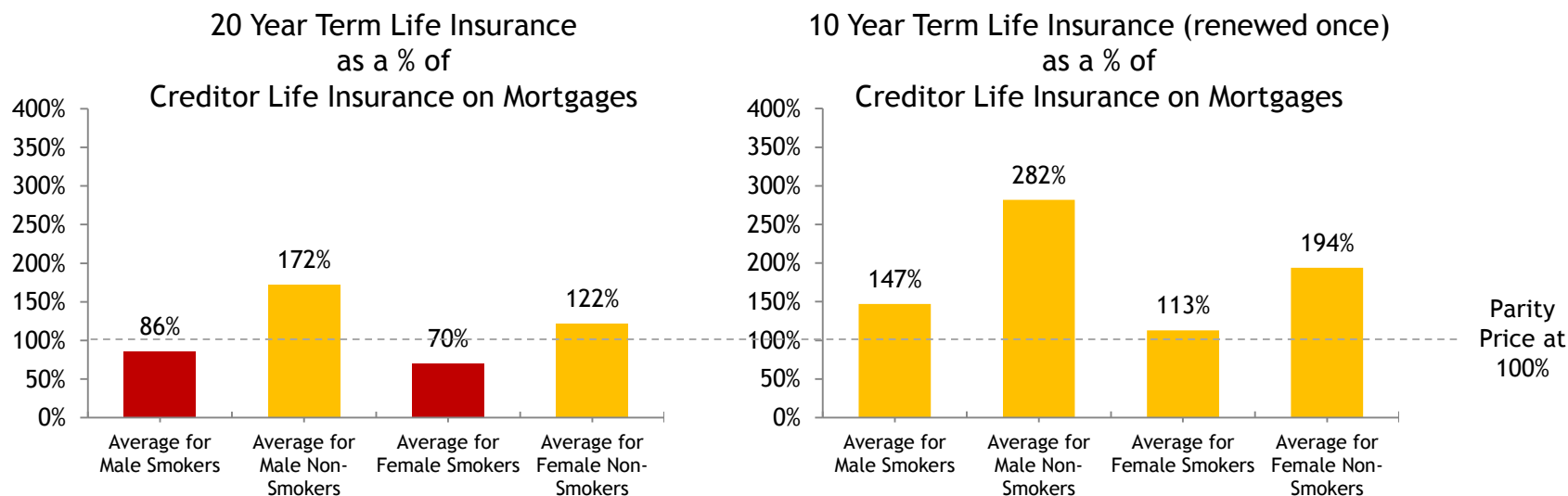
¹Source: Towers Watson September 2015 Report:

Comparison of the Customer Value Proposition of Creditor's Group Insurance on Mortgages with Individual Insurance (using 2013 data)

CAFII Member CGI: Provides affordable coverage for all occupations and lifestyles

A Towers Watson independent actuarial industry¹ study showed that premium rates for creditor's group insurance on mortgages are on average lower about half the time vs individual 20 Year Term Life Insurance; and are on average lower all the time than 10 Year Term Life Insurance renewed once

Life Insurance Premium Rates per \$1,000 of Coverage
Creditor Mortgage Life Insurance vs. Individual Term Life Insurance¹



¹Source: Towers Watson September 2015 Report:

Comparison of the Customer Value Proposition of Creditor's Group Insurance on Mortgages with Individual Insurance (using 2013 data)

CAFII Member CGI: Simplified health questions typical for CGI on mortgages and secured lines of credit where coverage amounts can exceed \$500,000

Standard Questions Asked on CAFII Member CGI Application Forms

For Life, Critical Illness and Disability Insurance:

In the past 3 years, have you received any treatment for (including taking pills, injections or other medications), consulted a physician or health practitioner for or been diagnosed as having:

- Chest pains related to the heart or for which a cause has not yet been determined, circulatory illness or heart disorder (including irregular heart beat and coronary artery disease (CAD)), high blood pressure or stroke (including transient ischemic attack (TIA));
- Cancer, leukemia, tumour, disorder of the brain or of the nervous system (including paralysis, multiple sclerosis and muscular dystrophy), digestive or intestinal disorder, kidney or liver trouble (including hepatitis), diabetes, arthritis (excluding osteoarthritis) or prostate trouble (excluding benign prostatic hyperplasia (BPH));
- AIDS (Acquired Immune Deficiency Syndrome), ARC (AIDS Related Complex), or HIV (Human Immunodeficiency Virus) or any disorder of the immune system, lupus, bleeding or blood disorder, lung or respiratory disorder;
- Mental or psychiatric condition (including depression and anxiety);
- Alcohol, drug or substance abuse?

☐ Yes or ☐ No or ☐ N/A

Source: BMO Insurance

CAFII Member CGI: Post-Claims Underwriting (PCU) Not Practised

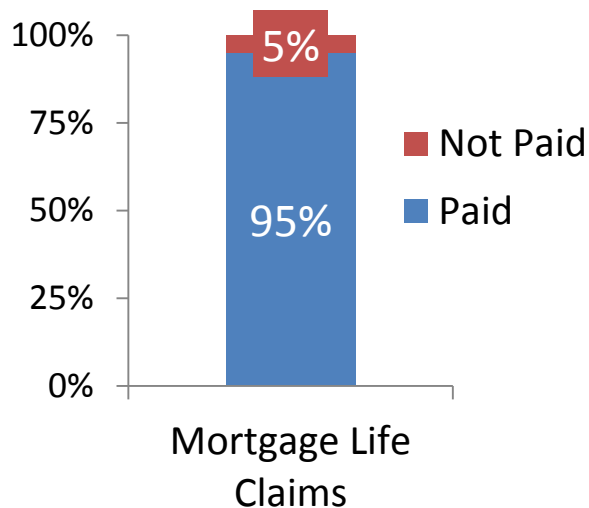
- Allegation of Post-Claims Underwriting (PCU) has been leveled in situations where consumer seriously misrepresented health at the time of application, e.g. responded “no” to a health question knowing he/she was being treated for a serious health condition
- But the fact is that insurers of CAFII member FI-distributed CGI do not practise PCU
- Insurers have statutory right to deny a claim due to material misrepresentation within a two-year contestability period, which is not unique to CGI products
- As do their counterpart underwriters of other types of insurance, insurers of CAFII member-distributed CGI adjudicate all claims in accordance with the contract provisions set out in the certificate of insurance given to the consumer, e.g. benefits will not be paid for death due to suicide within the first two years of coverage



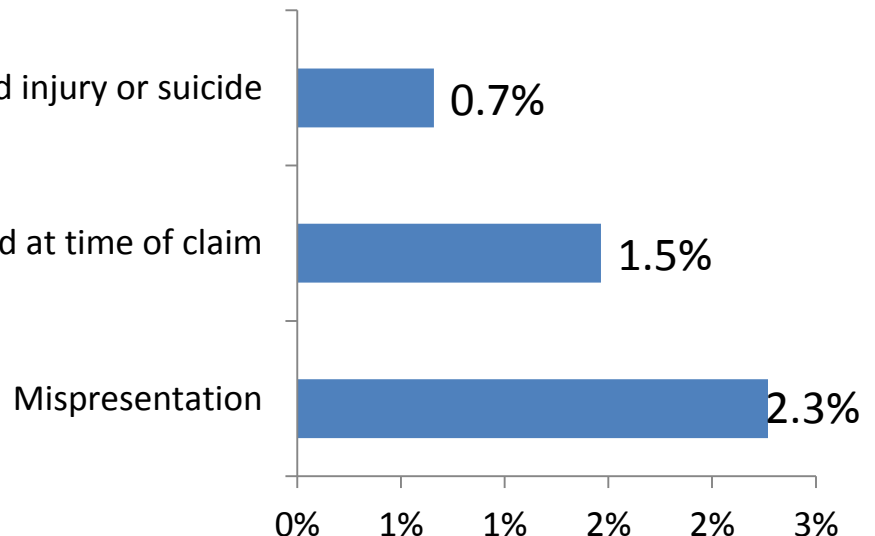
CAFII Member CGI: Nearly all claims are paid as submitted

The Towers Watson independent actuarial study also found that a high rate (95%) of creditor's group mortgage life insurance claims are paid and that no claims were denied due to pre-existing conditions

Industry Mortgage Life Insurance Claims



Industry Incidence of Claims Reasons Why Not Paid



CAFII Member CGI: Thoroughly and Well-Regulated Through a Balanced Approach

- CGI is thoroughly and well-regulated through a balanced combination of legislation and industry codes and guidelines:
 - A robust framework of provincial regulation governs CGI underwriting and distribution
 - Prescribed federal legislation and regulations – such as the Bank Act and the related Insurance Business (Banks and Bank Holding Companies) Regulations – control key market conduct issues such as tied selling and privacy
 - The CBA Code of Conduct for Authorized Insurance Activities requires accountability by each bank for its implementation; product knowledge of its representatives; and FTC
 - Financial Consumer Agency of Canada (FCAC) monitors and enforces compliance with federal consumer protection measures; and monitors federal deposit-taking institutions' adherence to the CBA Code of Conduct for Authorized Insurance Activities

CAFII Member CGI: Thoroughly and Well-Regulated Through a Balanced Approach

- Insurance companies are required to adhere to CLHIA Industry Guidelines for CGI product design and distribution, in particular *G7 Creditor's Group Insurance* and *G9, Direct Marketing*
- Insurers and DTIs are required by law to have extensive complaint tracking systems in place to identify and resolve emerging issues. Details on how to file a complaint are included in disclosure documents
- Escalated consumer complaints are tracked and resolved through the independent Ombudsman for Banking Services and Investment (OBSI); ADR Chambers Banking Ombuds Office, or the Ombuds Service for Life and Health Insurance (OLHI); and the AMF, as appropriate. In addition, CGI insurers track and report complaints to the new national database rooted in the CCIR Annual Statement on Market Conduct

Conclusion

Thank you for this presentation, dialogue, and relationship-building opportunity.

November 13, 2019

Ms. Judith Robertson
Commissioner, Financial Consumer Agency of Canada (FCAC)
427 Laurier Avenue West, 6th Floor
Ottawa ON K1R 5C7
judith.robertson@fsrao.ca

Dear Ms. Robertson:

Re: Invitation To Be Guest Speaker At CAFII's 2020 Annual Members' Luncheon

On behalf of the CAFII representatives who had the pleasure of meeting with you and, by extension, on behalf of all Members of our Association, thank you for your hospitality and for the time and considered attention you devoted to what we felt was a very productive *CAFII/FCAC Get Re-Acquainted and Dialogue Meeting* at the Agency's office on October 28/19.

We also thank your senior team members Teresa Frick, Jérémie Ryan, and Maria Vranas for attending the meeting – as key, CAFII-relevant FCAC staff executives – and for participating actively in the dialogue, which we believe bodes well for a mutually beneficial CAFII/FCAC relationship under your leadership as Commissioner, one we expect will be marked by open, transparent, and regular communication; consultation; and co-operation.

In that connection, we will also be writing to you shortly, under separate cover, for the purpose of arranging – as was discussed in our October 28/19 meeting, and with all in attendance supporting the merits of the proposal – a follow-up *CAFII/FCAC Information-Sharing and Dialogue Meeting*, early in 2020, around a CAFII presentation on *Credit Protection Insurance/Authorized Insurance Products Sales Practices and Related Fair Treatment of Consumers Considerations*.

We are aiming for a late January 2020 date; and, as your team indicated might be the case, we anticipate that a broader contingent of FCAC staff members will be able to attend. We recommend allocating a minimum of two hours for this follow-up meeting, to allow for an interactive session. We are able to tailor our presentation to the level of detail your team would prefer, and could expand the meeting into a session of up to a half-day if that would be helpful. Alternatively, we would be amenable to providing the presentation twice over the course of the day, to accommodate the commitments of different groups of FCAC attendees, if you have a preference for that approach.

As promised in our October 28 meeting, the main purpose of this letter is to extend an official, written invitation to you to be the guest speaker at our 2020 CAFII Annual Members' Luncheon. Here are the key particulars about that event:

Date: Tuesday, March 3, 2020. *While this is a tentatively confirmed date, CAFII has some flexibility to reschedule the date of the Annual Members' Luncheon, to an alternate date in February or March 2020 (Tuesdays through Thursdays), to accommodate the guest speaker's availability. See **Appendix A** for a list of alternate dates which would work for CAFII.*

Time: 11:30 a.m. to 2:15 p.m.

Location: A downtown Toronto (financial district) venue. Exact venue is TBA, but The Arcadian Loft at 401 Bay St. (at Queen St., across from Old City Hall) is the probable location.

Audience: Between 100 and 150 CAFII Member representatives. (See **Appendix B** for more Audience Profile details.)

Format: CAFII would be comfortable with either of the following approaches, whichever you be more comfortable with or prefer:

- (a) a regular speech/TED Talk-style presentation of approximately 50 minutes duration, followed by a Q&A session of interactive dialogue with the audience for 10 to 15 minutes; or
- (b) a “fireside chat” approach in which a CAFII moderator would dialogue with you and guide/facilitate discussion of a number of pre-approved, vetted, and semi-scripted questions and answers on the chosen topic over the course of about 50 minutes, followed by an open Q&A session of interactive dialogue with the audience for 10 to 15 minutes.

(See **Appendix C** for the Tentative Order of Proceedings for CAFII’s 2020 Annual Members’ Luncheon.)

Title/Topic of Presentation: Any topic of your choosing which will give rise to an information-sharing and update presentation on the FCAC’s current and future priorities and your vision for the Agency would be very audience-relevant and meet our needs. (However, we do wish to receive from you a catchy/grabber title for the presentation, which will aid in our promotional efforts around the event.)

While the audience will be made up almost entirely of senior executives and management staff from federally regulated financial institutions (FRFIs) and the FCAC is the federal market conduct regulator of those entities, if some of the presentation can be tailored to the “bancassurance” and “Authorized Insurance Products” sub-sector within FRFIs, that would be desirable.

If the issue of “harmonization” between federal (FCAC) and provincial/territorial (members of CCIR) market conduct regulators can be touched on in the presentation, that would be of great interest to our member audience.

If your vision around the role of FRFIs in “Consumer Financial Literacy”; and the future plans for the role/mandate of the former National Financial Literacy Leader position can be addressed in the presentation, that would be of keen interest to the audience.

Example (Only) Of A Topic/Title That Would Appeal To A CAFII Member Audience:

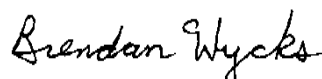
Defining The ‘Fair’ In ‘Fair Treatment Of Customers’; and Finding The Sweet Spot In Financial Consumers’ Rights and Responsibilities: A Vision-Sharing Dialogue With FCAC Commissioner Judith Robertson On The Agency’s Mission and Mandate; And Taking Its Work To The Next Level.

Everyone associated with CAFII very much hopes that you will be accept to this CAFII speaking engagement invitation, Madam Commissioner; and we ask that you respond to us at your earliest convenience.

Sincerely,



Keith Martin, Co-Executive Director, CAFII
647.460.7725



Brendan Wycks, Co-Executive Director, CAFII
647.218.8243

c.c. Teresa Frick, Director, Supervision Division
Jérémie Ryan, Director, Financial Literacy and Stakeholder Engagement

Appendix A

Possible Alternate Dates For 2020 CAFII Annual Members' Luncheon

- Tuesday, February 11/20
- Wednesday, February 12/20
- Thursday, February 13/20
- Wednesday, February 19/20
- Thursday, February 20/20
- Tuesday, February 25/20
- Wednesday, February 26/20
- Thursday, February 27/20
- Wednesday, March 4/20
- Thursday, March 5/20
- Tuesday, March 10/20
- Wednesday, March 11/20
- Thursday, March 12/20
- Tuesday, March 24/20
- Wednesday, March 25/20
- Thursday, March 26/20

Appendix B

CAFII 2020 Annual Members' Luncheon Audience Profile: 100 to 150 Member Attendees Expected

- 12 CAFII Board members who are senior executives within the insurance arms of CAFII member financial institutions (mainly bank/credit union distributors of credit protection insurance, travel insurance, and other forms of life and health insurance; but also some insurer underwriters/manufacturers of those insurance products); and
- majority of audience will be management and professional staff from CAFII member organizations who typically work in the following areas: regulatory compliance; legal compliance; consumer complaints handling/ombudsman roles; strategy; product design; marketing; and operations.

Appendix C

CAFII 2020 Annual Members' Luncheon: Tentative Order of Proceedings

When: Tuesday, March 3, 2020 from 11:30 a.m. to 2:15 p.m. (tentative)
 Where: Arcadian Loft, 401 Bay St., Simpson Tower, 8th Floor, Toronto, Ontario (tentative)

- **11:30 am** Guest speaker arrives; gets set up for presentation with CAFII assistance
- **11:45 am – 12 Noon** Arrival of CAFII members and guests; networking
- **12 Noon to 12:40 pm** Lunch
- **12:40 pm** Welcome Remarks and Introduction of Guest Speaker
- **12:45 to 1:35 p.m.** Guest Speaker Presentation
- **1:35 – 1:50 pm** (flexibility to extend to 2:00 pm): Q&A session with Guest Speaker
- **1:50 – 1:55 pm** Thank You to Guest Speaker; and Adjournment
- **1:50 – 2:15 pm** Dessert, coffee and tea available at buffet table; networking continues
- **2:15 pm** Luncheon concludes; Departure

Appendix D

About CAFII

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

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

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

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our 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 Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), and The Canada Life Assurance Company.

CONFIDENTIAL TO CAFII MEMBERS; NOT FOR WIDER DISTRIBUTION

**CAFII Annual Stakeholder Meeting with CCIR
5 November, 2019 in Toronto, Ontario**

Summary Notes of the 5 November, 2019 Stakeholder Meeting Between CAFII and CCIR	2
Appendix A—CCIR Attendees at Tuesday, 5 November, 2019 CAFII Annual Stakeholder Meeting with CCIR.....	8
In-Person	8
By Phone.....	8
Appendix B--CAFII Attendees at Tuesday, 5 November, 2019 CAFII Annual Stakeholder Meeting with CCIR.....	9
In Person.....	9
By Phone (Registered—Did Not Confirm Attendance)	9

Summary Notes of the 5 November, 2019 Stakeholder Meeting Between CAFII and CCIR

The in-person attendees at the meeting introduced themselves, and CCIR also identified who among the insurance regulator community was attending the meeting by teleconference. The structure for the meeting was to provide feedback to the CCIR on its draft 2020-2023 Strategic Plan.

Keith Martin thanked the CCIR representatives for the opportunity to meet with them at this Stakeholder Meeting.

The first issue raised was around the Vision for CCIR articulated in the draft of its new 2020-2023 Strategic Plan:

Effective regulation supports consumer protection, enhances confidence and stability while anticipating transformation in the Canadian insurance marketplace.

As an overarching point, it was suggested that the CCIR could try to move to more of a regulatory leadership role, where it would develop guidelines around the optimal regulatory environment. Currently, the CCIR produces much information-sharing and acts as a co-ordinator; but with the rapid pace of transformation, it could try to increase the resources available to it, including having a policy-making capability, that would allow it to produce an infrastructure that regulators provincially could draw upon in developing their regulatory regimes. This would bring be a more proactive approach to harmonization. Chris Lobbezoo added that such a commitment would allow the CCIR to go to a new level.

CCIR's overall response to this CAFII recommendation was non-committal, with an interest in exploring the idea, although CCIR Chair Patrick Déry suggested that it would turn the CCIR into an entirely different type of organization and that would be a major undertaking.

Moira Gill raised the language in the Vision around "anticipating transformation in the Canadian insurance marketplace," and suggested that "supporting transformation in the Canadian insurance marketplace" would be stronger and more appropriate wording for CCIR to use.

CAFII then asked a series of questions around the CCIR Annual Statement on Market Conduct (ASMC), including how well it was working, whether the data it provided was informing individual CCIR member's supervisory investigations, and whether it was allowing CCIR members to better execute their regulatory responsibilities.

The answer provided was that now that “best efforts” responses from certain categories of insurer respondents to the ASMC were no longer acceptable, and all respondents were now expected to provide accurate, fulsome answers, the data would be better and trends and analysis would be easier to develop. In general, though, it was suggested that the ASMC was meeting the expectations of the CCIR.

Laurie Balfour, Chair of CCIR’s Co-operative Supervision Oversight Committee (CSOC) which oversees the ASMC, added that the ASMC was helping CCIR and its members identify “thematic issues” which informed its supervisory framework. It was also helpful in identifying anomalies and trends that required further investigation.

With respect to the draft Strategic Plan’s Strategic Themes section, CAFII pointed out the section that contains the following passage:

A recognition that the consumer demographic consists of those who are tech savvy along with those that prefer to interact with insurers more traditionally should be maintained.

CAFII stated that while it recognizes that the marketplace includes consumers who have different preferences and that the choice of which channel they want to use must remain theirs to make, it was also clear that access to online and digital capabilities was increasingly desired by consumers. As such, without promoting one channel over another, it was recommended that the regulatory environment needed to promote and facilitate innovation and remove obstacles to introducing new consumer-friendly and desired ways of offering insurance products.

It was noted that some thought leaders have suggested that Canada is two to three years behind other jurisdictions in adopting new technologies, with the U.S., the U.K., and Singapore often cited as leaders, and that the domestic regulatory environment was part of the reason why. As such, having a regulatory environment that promotes innovation is actually a competitive requirement if Canada is going to be able to catch up in insurtech and fintech developments by facilitating the ability of companies operating in this country to innovate and compete in today’s transformative business environment.

CAFII next commented on the Strategic Plan passage which reads as follows:

While industry is looking for practical supervisory initiatives through reduced regulatory burden, regulators have to balance this with both prudential and market conduct frameworks that do not weaken effectiveness.

CAFII said that it was aligned with this comment, but wanted to emphasize that the challenge always facing regulators around reducing regulatory burden while promoting consumer protection was most effectively achieved through the use of a principles-based, risk-based market conduct regulatory framework.

In that connection, CAFII asked whether all CCIR members had now signed the CCIR Memorandum of Understanding; and the answer was yes, all provincial and territorial regulators had now signed the MOU. However, that did not include the federal Office of the Superintendent of Financial Institutions (OSFI), which has a seat at the CCIR table but has not signed the MOU and was not expected to do so.

In a similar vein, CAFII raised the issue of the FCAC's relationship with CCIR; and it was noted that many discussions about strengthening the relationship between the federal and provincial/territorial insurance market conduct regulatory bodies had taken place, and the dialogue about that would continue. It was possible that FCAC might start to participate with the CCIR and become an Observer Member, but more discussions were still needed before that could happen. In general, however, Patrick Déry suggested that recent discussions with the FCAC around co-operation had become more positive and fruitful, as compared to similar discussions with OSFI.

CAFII asked for clarification around CCIR's use of the term "regulatory partners" in the following Draft Strategic Plan comment: *"Work collaboratively with regulatory partners to grow and leverage national regulatory capacity."* Patrick Déry said that that was a reference to all the different regulatory bodies, agencies, and other organizations that could be useful supporters of and contributors to the work of the CCIR.

With respect to the Draft Strategic Plan comment *"Partner with industry stakeholders to identify opportunities to increase regulatory and supervisory harmonization where practicable and appropriate,"* CAFII asked why "practicable and appropriate" had been included as qualifiers. The answer was that "practicable" was meant to ensure that initiatives were useful and had a good likelihood of actually coming to fruition, and "appropriate" was used to ensure that initiatives would be consistent with the mandate and jurisdiction of the CCIR. Patrick Déry added that "appropriate" was also a reference to raising the bar—harmonization would not occur at the lowest common denominator, but at the highest level possible.

CAFII then turned to Section 2.1.1 of the Draft Strategic Plan and, in particular, its passage which reads as follows:

Work with regulatory authorities across sectors to develop a framework for co-ordinated research, information-sharing and the regulation of emerging technologies.

CAFII's observation on this point was that while we supported the thrust of this section, consideration had to be given to how the pace of change in the industry was accelerating. As such, annual reviews may not be sufficiently timely to permit regulators to respond as quickly as necessary to new developments. It was recommended that CCIR consider setting up an Insurtech Industry Advisory Group or an Insurtech Working Group, with industry representation, which could meet with the CCIR on a regular basis to provide input on regulatory issues related to the innovation and transformation currently taking place in the industry and gaining momentum.

This section was also the catalyst for reinforcing CAFII's earlier comments on how CCIR could play a more national role, and be a leader in the development of regulatory best practices. It was suggested that as more provinces were giving their regulators rule-making authority, this might be a catalyst for those without this power to obtain it, and this could help move the CCIR toward playing more of a leadership role as opposed to a co-ordinating one.

Moir Gill added that the traditional regulatory consultation model of, for example, issuing a Consultation Paper with an opportunity for response; which then led to the Paper being revised, and where the whole process could take two years, in some cases, from the beginning to the end of the consultation period, may not work as well in the increasingly fast environment that technological change is producing.

With respect to the creation of an Industry Advisory Group, Patrick Déry said that there was merit to that concept and he would discuss it with his colleagues. Huston Loke, a new representative at CCIR from the recently launched FSRA in Ontario (but who had also parachuted into a CCIR Vice-Chair role as successor to Brian Mills, CEO of the now defunct FSCO in Ontario), said that there were challenges in deepening the relationship between and among the regulatory authorities in the CCIR, as they each had different powers; were operating under different enabling legislation and regulatory frameworks; and, as such, each had unique characteristics. Having said that, he stated "we want to listen to this idea" and that it was worth further discussion within the CCIR.

CAFII also raised concerns around Section 2.1.2 of the Draft Strategic Plan, particularly with respect to the passage which reads as follows:

Develop an electronic commerce framework to share information, co-ordinate research, propose approaches to the regulation of emerging technologies and security of private information in a digital environment.

Why, CAFII asked, would CCIR take on the “security of private information in a digital environment” when there were ample federal and provincial privacy laws and regulations to cover this? In response, Patrick Déry noted that in Quebec, the AMF had recently dealt with serious breaches of security and confidential information, and this struck at the heart of the reputation of financial institutions. It was important for all involved regulatory players to share information, he said, and to ensure that all necessary actions were being taken. But Mr. Déry also added that this section was not intended to supersede or interfere with existing privacy legislation.

The next section that CAFII commented on was 3.1 and, in particular, the following passage:

Work with industry stakeholders to identify specific differences of importance within the regulatory framework and work toward greater consistency in approach and/or harmonization across jurisdictions.

CAFII agreed with and complimented the CCIR for carrying over this strategic initiative from the previous Strategic Plan; but we commented that here again there was an opportunity for an Advisory Group or a Working Group that would include industry representation, which could both serve as a sounding board and provide the CCIR with feedback on harmonization issues on a timely basis. It was the industry which would be dealing with the impact of a lack of harmonization, it was added, and as such it would be best placed to provide concrete examples of areas for action. In response, Patrick Déry noted that the AMF had a Consumer Advisory Committee and used it for a very similar purpose -- to hear consumers’ perspectives on regulatory matters directly; and he felt that that concept of an Industry Advisory Group was consistent with that type of approach.

CAFII asked about the impact of the IMF’s 2019 Financial Sector Assessment Program (FSAP) Report on the Draft CCIR 2020-2023 Strategic Plan. Patrick Déry replied that whereas five years ago, the IMF’s Report had identified multiple areas for improvement and reform in insurance regulation in Canada, in 2019 its follow-up Report was much more positive. Therefore, while the 2019 IMF report did not directly affect the content of the new Draft Strategic Plan, he said that it was encouraging that the Report was much more positive this time around.

CAFII asked about the possibility that the CCIR might create a regulatory sandbox, perhaps housed in a province with regulatory forbearance powers, which all CCIR members could participate in and monitor. This recommendation was received with some interest by CCIR, with Huston Loke saying it would require further thought but that he felt it was worthy of real examination and consideration. That said, Mr. Loke also noted that “there was a lot in the plan” and even as currently developed, it set out an ambitious agenda for the CCIR for the next three years.

Martin Boyle posed a question about whether and how, with more and more CCIR members getting rule-making authority, CCIR’s “ways of working” – with each other and with regulated entities – might be changing? Patrick Déry replied, somewhat narrowly, that CCIR was issuing more and more Guidelines, and more and more Issues Papers.

Keith Martin concluded the meeting by thanking the assembled CCIR members, both in-person and on the phone, for their time and attention in this meeting, and by noting how important it was to CAFII and its members to have such opportunities to engage in dialogue and discussion with key insurance regulators and policy-makers; and, as such, our Association very much appreciated this opportunity to engage with the CCIR on its new three-year Strategic Plan.

In general, the meeting was cordial with much engagement and interest expressed by the CCIR. After the formal part of the meeting, there was about ten minutes of informal discussion among CCIR and CAFII members. CCIR Policy Manager Tony Toy took Keith Martin aside to say that the interactive dialogue structure and approach to the meeting which CAFII had deployed was exactly what CCIR was looking for, and this meeting would serve as a template for how CCIR wanted these stakeholder sessions to unfold in the future.

Appendix A—CCIR Attendees at Tuesday, 5 November, 2019 CAFII Annual Stakeholder Meeting with CCIR

In-Person

Patrick Déry, Superintendent Solvency, AMF and Chair, CCIR
Huston Loke, Executive Vice President, Market Conduct, FSRA and Vice Chair, CCIR
Joel Gorlick, Director, Policy, Market Conduct, FSRA
Peter Burston, Director, National Regulatory Coordination, FSRA
Angela Mazerolle, Vice President, Regulatory Operations; Superintendent, Pensions and Insurance at Financial and Consumer Services Commission of New Brunswick (FCNB)
Ron Fullan, Executive Director, Insurance Councils of Saskatchewan, and Chair, CISRO
Louise Gauthier, Director, AMF
Tony Toy, CCIR Secretariat
Adrienne Warner, CISRO Secretariat

By Phone

Thera Medcof, FSRA
Jan Seibel, Director, Insurance and Real Estate Division, Saskatchewan Financial and Consumer Affairs Authority (FCAA)
Robert Bradley, Superintendent of Insurance, PEI
David Sorensen, Deputy Superintendent of Insurance, Government of Alberta
Jennifer Sutherland Green, Deputy Director of Pensions and Insurance and Senior Legal Counsel, FCNB
David Weir, Senior Technical Advisor, Insurance, FCNB
Paula Boyd, Superintendent of Insurance, Nova Scotia
Laurie Balfour, Executive Director, Automobile Insurance Rate Board at Alberta Treasury Board and Finance
Scott Moore, Superintendent of Financial Institutions, Manitoba

Appendix B--CAFII Attendees at Tuesday, 5 November, 2019 CAFII Annual Stakeholder Meeting with CCIR

In Person

Chris Lobbezoo, RBC Insurance (CAFII Board Vice-Chair)
Martin Boyle, BMO Insurance (CAFII EOC Chair)
John Lewsen, BMO Insurance
Brad Kuiper, ScotiaLife Financial
Moirra Gill, TD Insurance
Charles MacLean, RBC Insurance
Keith Martin, CAFII Co-Executive Director

By Phone (Registered—Did Not Confirm Attendance)

Nicole Benson, Canadian Premier Life Insurance/Valeyo (CAFII Board Chair)
Zack Fuerstenberg, ScotiaLife Financial (CAFII Board Member)
Paul Cosgrove, Assurant Solutions (CAFII Board Member)
Wally Thompson, Manulife Financial (CAFII Board Member)
Monika Spudas, Manulife Financial
Mica Sweet, CIBC Insurance
Nina Desai, Manulife Financial
Andrea Stuska, TD Insurance
Michele Jenneau, National Bank Insurance
Isabelle Choquette, Desjardins Financial Security
Shawna Sykes, CUMIS Services Inc./The Co-operators
Michelle Costello, CUMIS Services Inc./The Co-operators
Dana Easthope, Canadian Premier Life Insurance/Valeyo
Sharon Apt, Canada Life Assurance
Greg Caers, BMO Insurance
Brendan Wycks, CAFII Co-Executive Director

DRAFT CCIR Strategic Plan 2020-23

Mandate

The CCIR is a forum for Canadian insurance regulators to collaborate in order to enhance insurance supervision and regulation, serve the public interest and foster increased cooperative and supervision information sharing among regulatory authorities with the objective of strengthening oversight of the Canadian insurance industry.

Vision Effective regulation supports consumer protection, enhances confidence and stability while anticipating transformation in the Canadian insurance marketplace.

CAII comment/observation: we note the addition of the new words “while anticipating transformation in the Canadian insurance marketplace” in CCIR’s new Vision Statement as compared to its parallel in the previous 2017-2020 CCIR Strategic Plan. That is an important update, as “transformation” is indeed what is already underway in the Canadian life and health insurance industry. (See Appendix B in this CAII-annotated version of CCIR Draft 2020-2023 Strategic Plan.)

Mission We work collaboratively to find solutions to common regulatory issues, increase cooperative supervision, consider international standards and promote harmonization in conjunction with financial services regulators, policy makers and stakeholders.

Values Organizations are driven by the shared values of their members. We have a shared commitment to:

- Cooperation
- Accountability
- Leadership
- Responsiveness
- Respect
- Integrity
- Accessibility
- Accessibility
- Creativity
- Creativity
- Innovation
- Innovation

Structure The CCIR functions through a secretariat, standing committees and working groups, operating under the direction of the CCIR Executive Committee:

Chair Mr. Patrick Déry Superintendent of Solvency, Autorité des marchés financiers –

Québec

Vice-Chairs Mr. Robert Bradley Superintendent of Insurance, Department of Justice

and Public Safety - Prince Edward Island

Mr. Frank Chong Superintendent, Financial Institutions (A), Financial Institutions

Commission - British Columbia

Mr. Huston Loke Executive Vice President, Market Conduct, Financial Services

Regulatory Authority - Ontario

Mr. J. Scott Moore Superintendent of Financial Institutions, Financial Institutions

Regulation Branch - Manitoba

The CCIR Secretariat is responsible for coordinating, monitoring and reporting on all projects and policy initiatives as well as administering CCIR activities, including strategic planning and budgeting. It also provides project management support to strategic CCIR initiatives.

Approach

- We coordinate our regulatory activities and share information.
- We conduct ongoing market intelligence and research to stay informed and keep abreast of emerging consumer and market issues.

CAFI Questions (related to this element of CCIR's "Approach"):

-how well is the Annual Statement on Market Conduct (ASMC) working for CCIR in the aggregate; and for its individual members, now that it is about to launch its Year 4?

-are the data and insights generated by the ASMC informing individual CCIR member supervisory investigations/initiatives?; and/or collective/co-operative supervisory investigations/initiatives that are co-ordinated regionally or nationally through CCIR?

-is the ASMC and the data and insights it provides allowing CCIR members to become better/stronger principles/risk-based regulators?

- We actively engage with our stakeholders to understand key issues facing the industry, as we develop and recommend policies to our members.

Strategic Themes

To enhance the regulatory framework and regulatory practices in Canada, CCIR intends to remain focused on the advancement of consumer protection and interests, enhancing collaboration and cooperation among regulators and fostering effective relationships with industry stakeholders. In setting our overall direction and strategic priorities for the next three years, CCIR considered the following key strategic themes in the insurance sector:

Technological Innovation The pace of innovation continues to accelerate, and as new technologies are rapidly becoming mainstream, the need persists for adapting appropriate supervision of processes, products and insurers in an evolving marketplace that maintain financial stability, consumer protection and confidence. As insurance products and their delivery evolve in a digital world, and consumers putting pressure on industry to deliver innovation without compromising security and protection of privacy are risks supervisory authorities around the world are responding **to** by trying to align cyber risk with broader risk management strategies. A recognition that the consumer demographic consists of those that are tech savvy along with those that prefer to interact with insurers more traditionally should be maintained. Advancements in other markets, such as the automobile industry in the development of autonomous vehicles, may alter that traditional insurance product.

Comment/Observation: CAFII agrees with CCIR's comment/assessment in the underlined sentence in the Technological Innovation Strategic Theme; however, we also believe wholeheartedly that regulators must make it a strategic priority and "go out of their way" to foster and CAFII facilitate industry innovation, while finding the "right balance" that maintains consumer protection. (See Appendix B.)

Climate Change and Natural Catastrophes The large-scale and long-term nature of this issue poses significant financial challenges as well as opportunities. Federal, provincial and territorial governments have made progress in implementing the the 'Pan-Canadian Framework on Clean Growth and Climate Change'. Insurers, investment managers and asset owners have an important role to play in providing better climate-related financial disclosures.

CAFII Comment/Observation: For CCIR's information -- CAFII is investigating and monitoring thought leadership around "the potential impact of climate change upon the life and health insurance industry."

Conduct and Culture As the financial landscape is changing, so is the industry's engagement model with the consumer as well as the regulator. Both industry and regulators are taking a new look at risk and compliance activities. While industry is looking for practical supervisory initiatives through reduced regulatory burden, regulators have to balance this with both prudential and market conduct frameworks that do not weaken regulatory effectiveness.

CAFII Comment/Observation: CAFII agrees completely with CCIR's comment and assessment in the underlined sentence in the "Conduct and Culture" Strategic Theme. However, we believe that it is precisely because regulators are constantly required to be making trade-off decisions, constantly performing a balancing act, and always having to find "the right balance" that a principles/risk-based market conduct regulatory framework is so critically important to regulatory effectiveness.

Strategic Priorities CCIR is committed to three strategic priorities, each of which is focused on consumers, regulators, and industry:

- Build upon cooperative supervision in aligning with best international practices to enhance consumer protection.

CAFII Questions Related to this Strategic Priority:

-are all CCIR members/participants in the Council’s deliberations, including OSFI, now signatories to the CCIR Memorandum of Understanding which makes possible the Co-operative Market Conduct Supervisory Framework?

-is the International Association of Insurance Supervisors (IAIS) CCIR’s sole source/reference point for international best practices?; or do you look to other thought leaders/sources of inspiration as well for best practices insights and paragon examples?

- Work collaboratively with regulatory partners to grow and leverage national regulatory capacity.

CAFII Question Related to this Strategic Priority:

-what does the Council have in mind in terms of growing and leveraging national regulatory capacity?

- Partner with industry stakeholders to identify opportunities to increase regulatory and supervisory harmonization where practicable and appropriate.

CAFII Question Related To This Strategic Priority:

-what are some of the obstacles to harmonized regulatory and supervisory approaches across the country, which have caused CCIR to insert the caveat/qualifying words “where practicable and appropriate” in this Strategic Priority?

Strategic Priority Initiatives

1. Build upon cooperative supervision in aligning with best international practices to enhance consumer protection

1.1 Fair Treatment of Customers

1.1.1 Measure the fair treatment of

other financial services sectors, and evaluating their impact on and appropriateness for the insurance framework and industry implementation of the guidance principles.

customers through the principles outlined in

the *Conduct of Insurance Business and Fair Treatment of Customers* (FTC Guidance).

1.1.2 Continue monitoring of regulatory developments, internationally and in

Strategic Priority Initiatives

1.1.3 Research current industry incentive programs and their alignment with the FTC Guidance and assess whether other specific guidance(s) are required.

1.2 Segregated Funds

1.2.1 Facilitate a harmonized implementation of the Position Paper recommendations, address challenges with “legacy” systems, and follow up on alignment of requirements with mutual funds.

1.3 Consumer Awareness and Understanding of Risks and Coverages Related to Natural Catastrophes

1.3.1 Assess consumer awareness and increase consumer understanding of the risks related to natural catastrophes, preparedness and opportunities to mitigate these risks, insurance options and coverages as well as the features of disaster relief programs.

2. Work collaboratively with regulatory partners to grow and leverage national regulatory capacity

2.1 Cooperative Approach to Financial Services and Insurance Technology

2.1.1 Work with regulatory authorities across sectors to develop a framework for coordinated research, information sharing and the regulation of emerging technologies.

CAFI Comment/Observation Related To This Strategic Initiative (2.1.1): A national industry advisory committee to CCIR might be a significant value-adding vehicle under this Strategic Initiative as, with the right senior people from the industry sitting on it, it would give regulators direct and immediate access to industry thought leaders and change agents in insurtech who are working daily to transform businesses to better meet consumers' expectations for seamless digital experiences.

2.1.2 Develop an electronic commerce framework to share information,

coordinate research, propose approaches to the regulation of emerging technologies and security of private information in a digital environment.

Strategic Priority Initiatives Continue to implement electronic proof of automobile insurance

3. Partner with industry stakeholders to identify opportunities to increase regulatory and supervisory harmonization where practicable and appropriate

3.1 Harmonization Opportunities

3.1.1 Work with industry stakeholders to identify specific differences of importance within the regulatory framework and work toward greater consistency in approach and/or harmonization across jurisdictions.

CAII Comment/Observation Related To This Strategic Initiative (3.1.1):

-A preliminary perspective from our Association on this critically important Strategic Initiative is that a Joint Regulator/Industry Task Force or Working Group could be quite effective in gaining traction and making substantive progress on this; and our Association would be pleased to nominate one or two well-qualified/backgrounded individuals to serve on such a group.

3.1.2 Partner with industry to develop, finalize and monitor progress when

implementing of initiatives such as the fair treatment of customers guidance, annual statement on market conduct, Fintech and travel insurance.

Standing Committees

In addition to the above initiatives, CCIR will continue to partner with various stakeholders, through the work of the following Committees:

- **Cooperative Supervision Oversight Committee (CSOC)**

The CSOC ensures CCIR the effective operations, maintenance and stewardship of the core elements of the cooperative supervisory framework guided by the Insurance Core Principles (ICPs) as developed by the International Association of Insurance Supervisors (IAIS). The CSOC is responsible for overseeing the operations of the Annual Statement on Market Conduct and maintaining the Memorandum of Understanding agreement among CCIR members. The committee also leads activities under the Cooperative Supervision component where emerging issues are examined on a thematic and or insurer basis.

CAFI Question Related To This Standing Committee (CSOC):

-are there any emerging issues that you can share with CAFI at this time, ie.

issues which you expect to see unfold within the term of the 2020-2023

Strategic Plan?

- **OmbudServices Oversight Standing Committee (OOSC)**

Through the OOSC, CCIR provides regulatory oversight for third party dispute resolution systems in the insurance sector, including the General Insurance OmbudService (GIO) and the OmbudService for Life and Health Insurance (OLHI). The ombudservices fulfill the public interest objectives of complaint resolution, serving as an important component of a well-functioning consumer protection policy framework.

- **Assuris/Property and Casualty Insurance Compensation Corporation (PACICC) Committee** Through the Assuris/PACICC Committee, CCIR will be taking a more proactive approach by participating in industry policy initiatives at an early stage in order to better understand the rationale and intended outcomes. The Committee continues to review and analyze proposed bylaw changes of the compensation corporations for life and general insurers and provide recommendations to its members for each jurisdiction to make appropriate decisions. Assuris and PACICC are industry non- profit organizations that protect Canadian insurance policyholders in the event that an insurer should fail, serving as another important component of the consumer protection framework.

- **Facility Association Standing Committee**

Our Facility Association Standing Committee has been established to streamline the communications between the Facility Association, the provider of automobile insurance to drivers who are unable to obtain automobile insurance through the voluntary insurance market.

- **Forms Committee**

The Forms Committee, ensures the supervisory return forms and instructions for both P&C and Life required from every insurer registered in Canada.

- **Capital Requirements Information Committee**

The Capital Requirements Information Committee ensures the sharing of information regarding changes to the regulatory capital requirements.

CCIR Secretariat

- **Powers of Attorney and Undertakings (PAUs) Repository**

The CCIR Secretariat maintains and provides access to the repository of PAUs filed by insurance companies all over North America. This function means that insurers filing PAUs with respect to private automobile insurance do not have to file that document in each province or territory the policyholder might visit.

Appendix A

Additional CAFII High-Level Questions About CCIR's Draft 2020-2023 Strategic Plan

1. What impact/influence, if any, did the IMF's 2019 Financial Sector Assessment Program (FSAP) Report on Canada have upon your development of a new CCIR Strategic Plan for the next three years?
2. Now that there is a new Commissioner at the helm of the Financial Consumer Agency of Canada (FCAC) -- Judith Robertson who most recently was a Director serving on the Board of CCIR member the Financial Services Regulatory Authority of Ontario (FSRA) -- what are the prospects for a new level of engagement and/or co-operation between the CCIR and the FCAC?; and for the FCAC to have a seat at the CCIR table, just as OSFI (another federal regulator) does?
3. What are the chances that CCIR might create a national regulatory sandbox for insurance, perhaps housed/operated in one province which has "regulatory forbearance" powers, but with all CCIR member jurisdictions participating in it and monitoring its work?

Appendix B

CAFI Submission Content For 2017-2020 CCIR Strategic Plan:

Update Regulatory Framework to Foster Innovation and Support Consumer Choice in a Digital World

Consumer habits are evolving rapidly, and more and more clients expect insurance offerings to cater to their specific needs. Even though *insurtech* (digital innovation in the insurance industry) is currently at an embryonic stage as compared to its more advanced *fintech* sibling, new innovative business models within the industry have emerged, such as micro-insurance and pay-as-you-go insurance.

The unique value proposition of *insurtech* innovation lies in the shift from complexity and long-termism to real-time, easy-to-use, configurable, customized and cost-friendly products and services, all offered with the utmost consumer convenience through digital devices.¹ The biggest winners from *insurtech* innovation will be the end customers, who will benefit from better user experience, more personalized insurance solutions, and possibly improved pricing through lower premiums.²

^{1.} *Opportunities await: How Insurtech is reshaping insurance. Pwc Global Fintech Survey, June 2016.*

^{2.} *Insurtech: Disruptions and opportunities in the Insurance Industry, Pinebridge Investments, October 2016.*

CAFI believes that the regulatory structure should foster an open marketplace where consumers are able to choose how and where to purchase coverage. Our members distribute authorized insurance products and other types of life and health insurance products by direct mail, contact centres, and through the internet; and regulators' objective of ensuring that consumers are protected while purchasing products through their channel of choice. It's our view that the future of life and health insurance will be marked by continued and accelerating innovation; and that regulation should embrace the role of all insurance channels in meeting the insurance needs of consumers. In particular, consumers continue to demand greater access to insurance information, purchasing opportunities, servicing, and claims fulfillment through digital means; and we believe that the digital space will play an ever more important role in meeting the insurance needs of Canadians.

We recommend that CCIR play a leadership role by pursuing a specific strategic priority to create an updated, nationally co-ordinated structure which fosters innovation and supports consumer choice in a digital world. One possible CCIR leadership initiative in this area would be the development of a national "regulatory sandbox."

A number of financial services regulators – including the Financial Conduct Authority (FCA) in the UK; its counterparts in Australia and Singapore; and the Ontario Securities Commission (OSC LaunchPad) here at home – have recently established regulatory sandboxes, as projects designed to help companies test innovation with a limited number of users, without having to comply with existing regulatory rules, for a limited time.

With respect to its regulatory sandbox, the FCA has said

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

CCIR leadership in this area should also include reviewing and updating regulatory requirements which were designed for traditional paper-based and personal interaction sales practices, to ensure that they do not create obstacles for meeting consumers' needs in the digital space. The regulatory framework should focus on the quality of consumer outcomes regardless of the mode of interaction or the delivery channel. We advocate a principles-based regulatory framework that is flexible to the changing landscape and can be more easily harmonized across jurisdictions.

***Agenda Item 4(d)(1)
November 19/19 EOC Meeting***

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

Sent: Thursday, October 31, 2019 8:37 AM

Subject: CAFII Proposal to Retain a Quebec Lawyer to Challenge the AMF Expectation that In-Force Policies For Non-Debtor Spouses Must Over Time be Cancelled

CAFII Board Members:

Update on Engaging a Quebec Lawyer to Challenge AMF Position on Cancellation of In-Force, Existing Policies

I have now had two detailed conversations with Marc Duquette of Norton Rose, in French with the very helpful engagement of Michele Jenneau of BNC Insurance, and Élyse Lemay of Canada Life, both of whom are very knowledgeable and engaged in this file, and who have added a great deal of value.

Mr. Duquette now has a good understanding of what we are trying to achieve, the approach and tone we wish to emphasize, and the pitfalls we wish to avoid. He has also reviewed the correspondence, submissions, and documents already developed on this file.

Below (beneath my signature block at the end of this email) is a proposal from Mr. Duquette. He proposes to take the lead on this work, and engage his colleague Dominic Dupoy to assist him. **Mr. Duquette estimates the costs for this engagement, before taxes, at \$40K.**

Given the complexity of this file, and the short timelines involved as we are seeking to meet with the AMF well before the 29 November, 2019 deadline for the submission of Action Plans, I recommend to the Board that it accept this quote, with the following provisions:

- The Letter of Engagement is to make clear that this is the upper limit of fees for this engagement, with best efforts to come in at a lower amount if possible;
- Fees include consultation with CAFII Committees, and an in-person presentation by Mr. Duquette (and Associates as appropriate) to the AMF in Montreal or Quebec City.

Next Steps

Please let me know if you agree to proceed on this basis by **Friday, 1 November, end of day**. If you need more time, please let me know.

If the Board instructs me to proceed, I recommend the following next steps:

1. Marc Duquette to prepare a letter of engagement to be signed by him for Norton Rose and by Keith Martin for CAFII;

2. The Board of Directors will be asked to nominate any Quebec-based, French-speaking lawyers from their company who would join Michele Jeanneau, Élyse Lemay, and myself in a small committee to provide feedback and guidance (in French) to Mr. Duquette (***The Quebec Legal Committee***)—***please let me know asap if you would like to nominate someone to join this Committee from your company;***
3. When Mr. Duquette is well-advanced in his work and has a proposed submission (verbal or written) prepared, the group of legal counsel / advisors (***The Legal Counsel and Advisors Committee***) (see list just below) will be convened, along with the ***Quebec Legal Committee***, for a teleconference presentation (in English) by Mr. Duquette to hear his recommendations—***please let me know asap if you would like to nominate someone to join this Committee from your company, especially if you do not already have a representative involved.***

Legal Counsel / Advisors (*The Legal Counsel and Advisors Committee*) Involved in the AMF Spousal Issue—Regarding Retaining a Quebec Lawyer to Challenge the AMF Position on Cancelling Existing, In-Force Policies

<u>Firm</u>	<u>Person</u>
Assurant	Rob Dobbins
Assurant	Brian Wise
Assurant	Cecilia Xiao
BMO Insurance	David D'Amico
BMO Insurance	Martin Boyle
BMO Insurance	Gillian Noble
BMO Insurance	Valerie Quintal
BNC Insurance	Michele Jenneau
Canada Life	Élyse Lemay
CIBC Insurance	Louise Nash
CIBC Insurance	Darren MacLennan
CUMIS	Michele Costello
CUMIS / COOPERATORS	Jennifer Goodstadt
Desjardins	Isabelle Choquette
Desjardins	François Cholette
ScotiaLife Financial	Elizabeth Gandolfi
ScotiaLife Financial	Colin Chisholm

TD Insurance	Kamana Tripathi
TD Insurance	Aleksandar Omaljev

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

keith.martin@cafii.com

T: 647.460.7725

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

Sent: October 30, 2019 4:35 PM

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

Cc: Jenneau, Michele <Michele.Jenneau@bnc.ca>; Lemay, Élyse (Elyse.Lemay@londonlife.com) <Elyse.Lemay@londonlife.com>; Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>

Subject: AMF Cancellation of Spousal Coverage / Opinion sought

Dear Keith,

As previously discussed, we would be glad to prepare an opinion to CAFII examining specific issues arising from the position adopted by the Autorité des marchés financiers (**AMF**) regarding the possibility for credit protection insurers to cancel the existing spousal coverage from non-debtor spouses. Our opinion would focus mainly on the possibility for an insurer to reduce the coverage of group insurance policies without the consent of the affected participants in light of the general principles governing insurance contracts in Quebec and the specific rules provided under the *Insurers Act* and the applicable regulation. The position that we propose to develop would revolve around the following main arguments :

- An interpretation of article 2405 of the *Civil Code of Québec (CCQ)* which takes into account the specific context of group insurance;
- Article 1375 CCQ which provides that the parties to a contract shall govern themselves in good faith at the time the contract is terminated;
- Article 1444 CCQ which provides that a stipulation for the benefit of a third person creates a direct contractual relationship between the third person (i.e. the participant) and the promisor (i.e. the insurer);
- Section 479 of the *Insurance Act* which provides that the AMF may apply to a court to cancel the performance of a contract entered into by an insurer in contravention of the *Insurers Act* if it shows that the cancellation or suspension is in the interest of the holders of insurance contracts underwritten by the insurer and that, under the circumstances, that interest must prevail over the legal security of parties to the contract and of other persons whose rights and obligations would be affected by the cancellation or suspension;
- Sections 68 to 70 of the *Regulation under the Act respecting insurance*;

- The decision rendered in *Option Consommateurs v. Desjardins Sécurité financière* where the Quebec Superior Court held that the insurance contract in dispute was only affected with relative nullity (which may only be invoked by the affected participant);
- Specific provisions in the relevant insurance contracts providing that the insurers undertake to offer insurance coverage until the contract is terminated or the participant no longer fulfills the applicable conditions;
- Any other arguments that we may identify in the course of our verifications.

We estimate that our fees for the preparation of the opinion would amount to approximately 40,000 \$ (before taxes). We understand that CAFII and its members would like to send the opinion to the AMF before November 29 and that counsel for the insurers may wish to review a draft of the opinion before it is sent. We would thus make sure that a draft opinion is sent to you in advance to allow all parties to review and comment on it. The bulk of the analysis would be conducted by Marc Duquette and Dominic Dupoy. Junior lawyers and articling students may also be involved as appropriate to help reduce the overall costs.

We hope that the above proposition accurately reflects our previous discussions and that it fulfills your needs and expectations. If not, do not hesitate to contact us to discuss the issue further.

Yours truly,

Marc

Marc Duquette

Associé principal

Senior Partner

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

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

T: +1 514.847.4508 | F: +1 514.286.5474

marc.duquette@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

Agenda Item 4(d)(2)
November 19/19 EOC Meeting

Quebec Legal Committee, AMF Spousal Issue

Michele Jenneau, National Bank Insurance

Élyse Lemay, Canada Life

François Cholette, Desjardins Financial Security

Nadine Roy, Assurant

Joanna Lozowik, BMO Insurance

Agenda Item 4(d)(3)
November 19/19 EOC Meeting

Legal Counsel / Advisors (The Legal Counsel and Advisors Committee) Involved in the AMF Spousal Issue—Regarding Retaining a Quebec Lawyer to Challenge the AMF Position on Cancelling Existing, In-Force Policies

Firm	Person
Assurant	Rob Dobbins
Assurant	Brian Wise
Assurant	Cecilia Xiao
BMO Insurance	David D'Amico
BMO Insurance	Martin Boyle
BMO Insurance	Gillian Noble
BMO Insurance	Joanna Lozowik
BNC Insurance	Michele Jeanneau
Canada Life	Élyse Lemay
CIBC Insurance	Louise Nash
CIBC Insurance	Darren MacLennan
CUMIS	Michele Costello
CUMIS / COOPERATORS	Jennifer Goodstadt
Desjardins	Isabelle Choquette
Desjardins	François Cholette
Manulife Financial	Monika Spudas
Manulife Financial	Wally Thompson
RBC Insurance	Monica Rieck
ScotiaLife Financial	Elizabeth Gandolfi
ScotiaLife Financial	Colin Chisholm
TD Insurance	Kamana Tripathi
TD Insurance	Aleksandar Omaljev
TD Insurance	Pete Thorn
TD Insurance	Alain Camirand

November 12, 2019

Privileged and Confidential

Sent By E-mail

**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS
IN INSURANCE**

411 Richmond Street East, Suite 200
Toronto (Ontario)
M5A 3S5

**Attention: Keith Martin
Co-Executive Director**

Dear Keith:

Letter of Engagement / Opinion on cancellation of Spousal Coverage in Quebec

Thank you for engaging Norton Rose Fulbright Canada LLP to act as legal counsel to The Canadian Association of Financial institutions in Insurance (CAFII) in connection with the preparation of an opinion to CAFII examining certain legal and regulatory issues arising from the position adopted by the Autorité des marchés financiers du Québec (AMF) which requires credit protection insurers to cancel the existing spousal coverage of a non-debtor spouse if the creditor cannot demonstrate its having a pecuniary interest in the life and/or health of the non-debtor spouse to the AMF's satisfaction.

We are pleased to work with CAFII on the terms in this engagement letter, including the Norton Rose Fulbright Standard Terms of Engagement which are reproduced in the appendix. If there is any inconsistency between this engagement letter and the Standard Terms, this engagement letter will prevail. You and we may agree to changes in these terms by confirming our agreement in writing.

About Norton Rose Fulbright Canada LLP

Norton Rose Fulbright Canada LLP is a limited liability partnership established in Canada, with places of business in Calgary, Toronto, Ottawa, Montreal, Québec and Vancouver, and is subject to the laws and professional regulations of the jurisdictions in which it operates.

Client

The client for whom we are engaged to act in this matter, and to whom our duties arising from this engagement are owed, is CAFII. We are not acting for any other related entities or individuals such as CAFII's directors and officers, employees or partners, or any of its parent, affiliated or subsidiary corporations. We understand that the opinion is also for the benefit of, and may be shared with, CAFII members who may be affected by the above position of the AMF. We have disclosed that to you, and you are aware that, several of CAFII's members are also clients of NRFC, but that the opinion, while addressing the potential consequences on CAFII members in general, will not analyse the specific position of any particular member as it may be affected in particular by the position of the AMF.

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Norton Rose Fulbright Canada LLP is a limited liability partnership established in Canada.

Norton Rose Fulbright Canada LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright South Africa Inc. and Norton Rose Fulbright US LLP are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss Verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

NORTON ROSE FULBRIGHT

Barristers & Solicitors / Patent & Trade-mark Agents

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

F: +1 514.286.5474
nortonrosefulbright.com

Marc Duquette
+1 514.847.4508
marc.duquette@nortonrosefulbright.com

Your reference

Our reference

LM

Scope of Engagement and Instructions

We are engaged to do the following: the preparation of an opinion to CAFII examining certain legal and regulatory issues arising from the position adopted by the AMF which requires credit protection insurers to cancel the existing spousal coverage of a non-debtor spouse if the creditor cannot demonstrate its having a pecuniary interest in the life and/or health of the non-debtor spouse to the AMF's satisfaction.

Our opinion will focus mainly on the possibility for an insurer to reduce the coverage of group insurance policies without the consent of the policyholder and/or the affected participants in light of the general principles governing insurance contracts in Quebec and the specific rules provided under the Insurers Act and the applicable regulation. The position that we propose to develop would revolve around the following main arguments:

- An interpretation of article 2405 of the Civil Code of Québec (CCQ) which takes into account the specific context of group insurance;
- Article 1375 CCQ which provides that the parties to a contract shall govern themselves in good faith at the time the contract is terminated;
- Article 1444 CCQ which provides that a stipulation for the benefit of a third person creates a direct contractual relationship between the third person (i.e. the participant) and the promisor (i.e. the insurer);
- Section 479 of the Insurance Act which provides that the AMF may apply to a court to cancel the performance of a contract entered into by an insurer in contravention of the Insurers Act if it shows that the cancellation or suspension is in the interest of the holders of insurance contracts underwritten by the insurer and that, under the circumstances, that interest must prevail over the legal security of parties to the contract and of other persons whose rights and obligations would be affected by the cancellation or suspension;
- Sections 68 to 70 of the Regulation under the Act respecting insurance with respect to compulsory clauses within a group insurance contract;
- The decision rendered in *Option Consommateurs v. Desjardins Sécurité financière* where the Quebec Superior Court held that the insurance contract in dispute was only affected with relative nullity (which may only be invoked by the affected participant);
- Specific provisions in the relevant insurance contracts providing that the insurers undertake to offer insurance coverage until the contract is terminated or the participant no longer fulfills the applicable conditions;
- Any other arguments that we may identify in the course of our verifications.

Please do not assume we will be undertaking other tasks unless they are set out in subsequent correspondence between us. We are authorized to act for CAFII in this engagement on the instructions of Mr. Keith Martin or such other person who has apparent authority, unless you advise us otherwise.

Instructions, especially those communicated by email, can be subject to delays and non-delivery over which we may have limited or no control. CAFII must accordingly ensure, by confirming with us, that we have received and acknowledged all instructions provided.

We will use our best efforts to represent CAFII to its full satisfaction and consistent with our ethical and professional obligations. This depends on you providing us with full instructions at all times during the matter. Written instructions are preferred. Please do not assume we know certain facts: we will be relying on the circumstances, facts and information that you provide to us. Therefore, it is very important that you inform us promptly of all

changes in circumstances, facts and information that may have a bearing on the matters on which we are assisting CAFII. It is understood that CAFII will not be relying on Norton Rose Fulbright Canada LLP for non-legal advice such as business, investment or accounting advice, or to assess the character or creditworthiness of persons with whom CAFII may deal.

Responsible Lawyer

The lawyer responsible for this engagement is the undersigned, Marc Duquette.

Staffing

I will provide or supervise the provision of services to CAFII and report to you regularly. Dominic Dupoy and ● are the members of the Firm who will primarily assist me. Our approach is to draw on the best resources the Firm has to offer for CAFII's benefit. In engagements where we are asked to come to a view on important legal questions or difficult questions of strategy or tactics, we will often consult with some of our senior colleagues. If it is appropriate to do so, I will from time to time involve one or more other members of Norton Rose Fulbright Canada LLP (including other partners, associates, articling students or legal assistants). Our legal assistants include law clerks, law students, research librarians and technical specialists.

Legal Fees

Legal fees will be based on the hourly rates generally charged for those involved, as adjusted over the period of the engagement.

Time is recorded in increments of one-tenth of an hour (minimum units of 6 minutes). My billing rate is currently \$ 850 per hour. Currently, the hourly billing rates for the other members of the Firm who will be involved in this engagement are:

Dominic Dupoy	\$ 455 per hour
Caroline Bélair	\$ 305 per hour

You have indicated that our fees for the preparation of the opinion should not exceed 40,000 \$ (before taxes). We will use our best efforts to deliver the opinion for a lower amount, if possible. The above fees include consultation with CAFII's Quebec Legal Committee and / or Legal Counsel and Advisors Committee, as indicated by CAFII, and an in-person presentation by our Marc Duquette (and other NRFC colleagues, as and if appropriate) to representatives of the AMF at their Montreal or Quebec City offices, to present and discuss the conclusions of the opinion.

To our knowledge, these assumptions are realistic, based *inter alia* on the assumptions that the consultations with CAFII's Committees will consist in one consultation each and will not require extensive changes to the draft opinion, that the opinion will be completed prior to the deadline for CAFII's response set by the AMF (November 29, 2019) and that we will be called upon to participate in only one meeting or conference call with the AMF. Should we become aware of a material variation in the underlying assumptions requiring additional services on our part, we will discuss with you an appropriate fee for that work.

Costs and Expenses

Costs and expenses incurred by us in connection with the engagement (including any disbursements) will be billed

KAM

in addition to our legal fees.

Billing Arrangements and Payment

Our statements of account for fees and costs and expenses will be sent to CAFII monthly (and at the closing of the Retainer) and are payable on receipt. Interest is charged on amounts outstanding greater than 30 days, at a rate in accordance with lawyer professional/ethical rules.

Electronic Communications

We make no warranty with respect to the security of electronic or digital communication between us and, unless CAFII indicates otherwise, you consent to our exchange of electronic communications, including confidential documents, unencrypted. We are able to set up more secure email links on an individual basis; please contact us if CAFII would like to explore this further.

Conflicts and Confidentiality

Conflict searches: We have conducted a review of our records and we confirm that we have not identified a legal conflict of interest in representing CAFII in this matter. We searched your name as well as the following names that you have provided to us as being relevant: The Canadian Association of Financial institutions in Insurance. Please let us know immediately if there are any other names that we should search in connection with this matter or if there are any changes or additions to these names in the future. We are relying on you to let us know of any other parties who become involved in this matter, including those whose interests may be adverse to CAFII's.

Confidentiality: The rules of professional conduct under which we practice require us to preserve the confidences of our clients. This obligation continues after the completion of an engagement. Because we owe this duty to all of our clients, we will not disclose to CAFII information we hold in confidence for others (even where such confidential information would be relevant to our representation of CAFII) or disclose to others information we hold in confidence for CAFII and its members (even where such confidential information may be relevant to our representation of those others).

Acting adverse to you after you are no longer a client: In accordance with applicable lawyer professional/ethical rules, after you are no longer a client, we are entitled to represent other clients whose interests may be directly adverse to yours, provided that: (i) the other matter is not the same as or related to the matter in which we previously represented CAFII; and (ii) we protect CAFII's relevant confidential information and the relevant confidential information of its members. CAFII acknowledges that the timely establishment of an ethical screen will be sufficient protection of the confidentiality of such information.

Acting adverse to you while you are a client: Under lawyer professional/ethical rules, while you are a client, we may not be permitted to act for another client in an engagement that is directly adverse to your immediate interests unless you have agreed to a waiver.

Our acceptance of this engagement is on the basis that you agree to this waiver. In particular, you agree that we may represent current or future clients (including any parties adverse to you in this matter) in any matters that are not substantially related to this matter, even if the interests of such clients in the other matters are directly adverse to you. We agree however that your consent does not permit us to represent another client in a matter if we have obtained non-public proprietary or other confidential information from you that could be used by the other client to your material disadvantage in that matter, unless we take timely and adequate steps to protect your confidential information.

November 12, 2019

 **NORTON ROSE FULBRIGHT**

External advisors and other professionals

If we select or instruct, on your behalf, external advisors and other professionals such as, but not limited to, external counsel, correspondent lawyers and experts, we are accountable only for using reasonable care in our selection of and instructions given to such advisors and other professionals, and we are not responsible for the advice given or services provided by, or default of, such persons.

Governing Laws and Jurisdiction

This agreement shall be governed by and construed in accordance with the laws in force in the Province of Quebec and the federal laws of Canada applicable therein, including all matters of construction, validity and performance, and it shall be treated in all respects as a contract in the Province of Quebec. For any disputes arising out of or relating to this agreement, including any question regarding its existence, validity or termination, the parties shall submit to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Quebec, Canada.

Acceptance

Please confirm your agreement with the terms in this letter (including the Norton Rose Fulbright Standard Terms of Engagement) by signing and returning this engagement confirmation (a copy of which should be retained for your records). If, after having received this letter, you instruct us to begin work on the Retainer prior to you returning a signed copy of this letter to us, this letter will govern the terms of our engagement.

This letter of agreement has been drafted in English at the express request of the parties. [Cette lettre d'engagement a été rédigée en anglais à la demande expresse des parties.]

I appreciate the confidence you have expressed in Norton Rose Fulbright Canada LLP by engaging us, and look forward to working with you. If at any time you have questions or concerns about our services, please discuss them with me, our Managing Partner or with any other partner of our firm.

Yours very truly,



Marc Duquette
Senior Partner

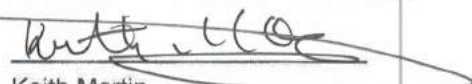
MD/bl

Enclosure

Agreed and accepted on behalf of The Canadian Association of Financial institutions in Insurance.

Date: November 13, 2019

By:


Keith Martin
Co-Executive Director

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NORTON ROSE FULBRIGHT STANDARD TERMS OF ENGAGEMENT

Norton Rose Fulbright Verein (the **Verein**) is a Swiss verein which does not itself engage in the practice of law or other business. The member firms in the Verein are Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP, Norton Rose Fulbright South Africa Inc and Norton Rose Fulbright US LLP (the **Members** or, individually, a **Member**), who, with their subsidiaries or associated entities, engage in a coordinated international legal practice, even though they are separate law firms each of which, absent specific contractual agreement with a client on an individual matter, is solely responsible for its own work and not for the work of any other of them.

Each of the Members is committed to providing its clients with the highest quality legal services and to building a lasting relationship with its clients as a trusted adviser.

To that end, these Standard Terms of Engagement will apply to all engagements between a Member or its subsidiary or associated entity and a client unless otherwise agreed in writing by the client and an authorized representative of such Member, subsidiary or associated entity. These Standard Terms of Engagement are supplemented by additional standard provisions and/or a letter or contract of engagement relevant to the jurisdiction of the Contracting Party (as below defined).

1 Defined Terms

- 1.1 The following documents will constitute the entire agreement relating to the engagement of a Contracting Party by a client: (i) any letter or contract of engagement, (ii) any additional standard provisions referred to above, (iii) these Standard Terms (iv) any other terms and conditions agreed between the Contracting Party and the client, and (v) any amendments or supplements to any of the foregoing agreed from time to time. In the event of any conflict between the terms of the foregoing, the documents shall be construed in the order of priority in which they are referred to above, but subject to any amendments as referred to in (v).
- 1.2 In the above-mentioned documents:
- (a) Any individual entity that is a Member or subsidiary or associated entity of a Member is referred to as a Norton Rose Fulbright Entity. The Norton Rose Fulbright Entity with which a client engages at any time is referred to as the Contracting Party.
 - (b) We, our and us refer to the Contracting Party together with any other Norton Rose Fulbright Entity to which part or all of your instructions have been referred pursuant to paragraph 2.3 of these Terms; you and your refer to the client (jointly, if more than one, and not individually) with which the Contracting Party engages. Unless otherwise specifically agreed, you and your do not refer to and no attorney/client or solicitor/client relationship will exist as to persons or entities related to the client such as parent companies, subsidiaries, affiliates, employees, officers, directors, shareholders, partners, members, commonly owned corporations or partnerships, or other such persons, entities or affiliates.

2 Your relationship with us

- 2.1 When you instruct us on an individual matter, we will write to you to set out:
- (a) which Norton Rose Fulbright Entity is the Contracting Party;
 - (b) the scope of the work we have agreed to undertake and any assumptions on which it is based;
 - (c) who will be the responsible partner or director and other key team members whom we will try not to replace, although unforeseen circumstances may require that;
 - (d) the fees and invoicing arrangements;
 - (e) any applicable limitation of liability; and
 - (f) the governing law applicable to the contractual relationship with you and the choice of jurisdiction for resolving any issues.
- 2.2 Your contractual relationship for individual matters is between you and the Contracting Party, not any other Norton Rose Fulbright Entity nor any individual. You understand that we do not make any promises or warranties as to the outcome of the representation.
- 2.3 If, with your agreement, the Contracting Party has referred all or part of your instructions on any individual matter to one or more other Norton Rose Fulbright Entities, legal services provided by other Norton Rose Fulbright Entities will be governed by the terms of our engagement, which will apply as between you and such Norton Rose Fulbright Entity or Entities, to the fullest extent permitted by the laws and professional regulations applicable in the jurisdictions in which such other Norton Rose Fulbright Entity or Entities operate as regards such other Norton Rose Fulbright Entity's or Entities' representation of you, as well as by, if any are issued, additional standard provisions and any letter or contract of engagement relevant to the other Norton Rose Fulbright Entity or Entities.

3 Our fees

- 3.1 Our bills are payable on receipt and in the currency in which they are submitted. If you ask us to provide bills using an e-billing solution you understand that: (i) we will send your information to our and your third party supplier(s) to enable us to comply with your request and the transfer is at your risk; (ii) any costs arising out of use of your third party supplier shall be borne by you; and (iii) our compliance with your request shall not reduce the fee otherwise chargeable by us.
- 3.2 If you are required by law to deduct any amount when paying a bill, you will pay to us an additional amount so as to ensure that we receive a net sum equal to the amount of the bill.
- 3.3 We need to approve in advance any proposal for any part of one of our bills to be paid by a third party. Notwithstanding our approval, you agree that you will remain responsible for paying the whole bill and any interest accrued on it.
- 3.4 Unless otherwise agreed, any other Norton Rose Fulbright Entity or Entities to whom the Contracting Party has referred instructions under paragraph 2.3 may provide statements of their fees and charges to the Contracting Party, who will include such fees and charges in its statements to you as disbursements, which you will be obligated to pay in order that it can remit payment to such other Norton Rose Fulbright Entity or Entities.
- 3.5 If a bill remains unpaid 30 days after delivery:
- (a) you agree that we may be entitled to charge interest, if any, on it at such rate and under such arrangements allowable under the laws and professional regulations applicable to us as may be provided for in applicable additional standard provisions or an agreement between us and you, and
 - (b) on giving written notice to you, we may cease work on the matter to which the bill relates and any of your other matters. You agree that we are not responsible for any loss resulting from such inactivity. If the matter is litigious, we may also remove ourselves from the Court or tribunal record.
- 3.6 You agree that we may exercise a lien over your files and documents until all bills due to us from you have been paid in full, subject to the laws and professional regulations applicable to us.
- 3.7 If we are required by any governmental or regulatory body, or by a service provider appointed by you, to submit one of our bills to audit, to produce documents or provide information on any individual matter on which you have instructed us, we shall be entitled to bill you for the work involved (and any disbursements incurred) at the rates agreed for the relevant matter. If legal privilege attaches to any such documents, you will either waive privilege or instruct us to review them in your interests.

4 Disbursements and other charges

- 4.1 We may consider it to be in your interests to instruct counsel or engage correspondent lawyers, experts or others on your behalf and at your expense. We will consult you before doing so if such instructions or engagements will result in significant fees becoming payable.
- 4.2 We may also charge for photocopying, telephone calls, travel, searches, court fees, hosting on-line data or deal rooms and for other services at our or their standard rates from time to time and for other expenses. These charges will be included in our bills and will not include any mark-up of expenses for which the precise cost can be readily determined but may vary from or exceed our or their direct cost for services for which the precise cost cannot be readily determined.

5 Money held on account for you

- 5.1 We will deposit any money we hold on your behalf with a regulated financial institution and manage it in accordance with the laws and professional regulations applicable to us. You agree that we are not responsible for any loss of funds so deposited and managed.
- 5.2 If you deposit money with us on account of our fees, the principal and interest accrued, if any, will be applied to your final bill, rendered when we complete your instructions. Unless you and we have agreed otherwise, we may also apply any part of the money in settlement of any outstanding interim bills we submit to you.

6 Communicating with us

- 6.1 When you seek and receive legal advice from us on your rights and obligations, legal advice or attorney-client privilege will attach to our communications related to that advice. If we act for you in contemplated or actual legal proceedings, litigation or attorney-client privilege will attach to our communications related to those proceedings.
- 6.2 You agree that we may communicate with you using electronic means, knowing that certain risks (including, for example, interception, unauthorised access and risk of viruses) are associated with such means.

7 Confidentiality, conflict of interests, and our relationships with other clients

- 7.1 We will keep all information obtained from you, which is not in the public domain, confidential, and will only otherwise disclose it with your authority or if required to do so by the laws and professional regulations applicable to us or if permitted under paragraph 9.3. Nevertheless, you agree that we may disclose any relevant information in order to protect and/or defend ourselves in any actual or threatened legal, civil or regulatory proceeding and may also disclose any relevant information in confidence to our insurers, insurance brokers, auditors, bankers and other providers of financial services, as well as other advisers if and to the extent such disclosure may occur without waiving or losing any applicable legal privilege.
- 7.2 You will provide us, and will instruct your other advisers and any co-venturer or other co-participants to provide us, on any matter on which we are instructed, with all relevant information and documents, all of which will have been properly obtained and on which we may rely without verification. You agree that, unless you instruct us otherwise, we may disclose any relevant information to your other professional advisers.
- 7.3 Except as may be provided in applicable additional standard provisions or an agreement between us and you, we will not act where a conflict of interests - or a significant risk of such a conflict - exists, unless we are permitted to do so under the laws and professional regulations applicable to us and, where required, with your consent. However we advise a large number of clients and may not always be able to anticipate all such occasions; please inform us promptly if you become aware of any such circumstances.
- 7.4 You agree that we or any other Norton Rose Fulbright Entity may act for other clients in transactions or disputes in which you or any affiliated entity of yours has an interest provided that we or such other Norton Rose Fulbright Entity do not thereby breach our or their duty of confidentiality to you.
- 7.5 You agree that we are under no duty to disclose to you or use on your behalf any information in respect of which we or any other Norton Rose Fulbright Entity owe a duty of confidentiality to another client or any other person.
- 7.6 You agree that we may disclose our role as legal advisers in any matter on which we are instructed following its completion, for the purposes of publicity, unless you instruct us otherwise. You also agree that, unless you instruct us otherwise, we may publicise the fact that we have a relationship with you.

8 Complaints

- 8.1 Any concerns or complaint about our work should be directed initially to the partner/director responsible for carrying out your instructions or, if you prefer, to the relationship partner/director. We maintain internal procedures that can be employed should a concern require escalation beyond the responsible partner/director. The laws and professional regulations applicable to us may also provide formal complaint procedures.
- 8.2 In particular, you should raise any queries regarding any of our bills with the partner or director responsible for the matter as soon as possible. If any part of one of our bills is queried by you or the relevant payer, you agree to immediately pay, or procure payment of, those parts not subject to query.

9 Data protection, exchange of information and storage of documents

- 9.1 We act as a data controller in the provision of our legal services. We will process personal data provided to us by you or your employees or agents in relation to any instruction in accordance with data protection standards required by applicable law and will implement appropriate technical and organisational security measures to protect against unauthorised or unlawful processing of personal data and against accidental loss of, or damage to, personal data. Please see our Privacy notice for further information on our processing of personal data: <http://www.nortonrosefulbright.com/privacy-notice/>
- 9.2 Each party (you and we) will assist the other party in complying with its respective obligations under applicable data protection law and will ensure that the provision of personal data to the other party is fair and lawful. You agree that you will make our Privacy notice available to your employees or other individuals whose personal data you share with us where this provision of information is required by applicable data protection law. We in turn agree that we will promptly notify you either: (i) upon receipt of a request or complaint from a regulatory authority or an individual exercising a data subject right; or (ii) in the event of loss, disclosure or unauthorised or unlawful processing of personal data that you have provided to us or that we have obtained on your behalf. We will cooperate with you and provide all reasonable assistance as may be required in either case.
- 9.3 In the course of providing our services to you, personal data (if any) with respect to persons in the European Economic Area (EEA) may be accessible to and used by other Norton Rose Fulbright Entities and their contractors and/or agents, including those located outside the EEA where data protection laws may not be as comprehensive as in the EEA, but as to such personal data we will ensure compliance with the data protection standards of the EU General Data Protection Regulation 2016 or higher standards under other laws applicable to such personal data.
- 9.4 We will also share your contact details, and those of your staff with whom we have contact, with other Norton Rose Fulbright Entities in order to provide you with information relevant to your business, and to ensure your continuous access to publications, events and news in areas of interest to you. Where your employees supply their contact

details to us, we will only use that personal data in accordance with our Privacy notice referenced above or as otherwise consented to by them.

- 9.5 We will not exchange information that will result in waiver or loss of any client privilege with other Norton Rose Fulbright Entities. Otherwise, you agree that the Contracting Party may exchange your information (including personal data) with other Norton Rose Fulbright Entities, including for the purposes of conflict checking, compliance, financial planning, billing, business development and matter management. Arrangements are in place among all Norton Rose Fulbright Entities to protect the confidentiality of the information exchanged.
- 9.6 We may outsource certain functions associated with servicing clients to a service centre dedicated to Norton Rose Fulbright located outside of the EEA or to other third party providers. For example, we may outsource information and document management, office support, technology and IT services, word processing, photocopying, and translation services.
- 9.7 Some of your data may be stored using cloud technology managed by a third party service provider. We have agreements in place with third party service providers referred to in 9.6 and 9.7 where applicable and also employ technical and organisational measures to protect the confidentiality and security of any information shared with them.
- 9.8 We do not undertake to store or retain your files (whether paper or electronic) for any particular period of time, but will do so for at least the minimum number of years required by applicable laws and professional regulations or local business custom. Files may be destroyed at any time after the expiry of such period, without notice, except those files you ask be delivered to you.

10 Copyright and intellectual property

- 10.1 We retain all copyright and other intellectual property rights in all material developed, designed and created by us in the course of a matter. You may only use and copy material created by us for you, or which we have developed independently of our work for you and used in the course of your matter, in accordance with our advice or specific licence terms. All material must be kept confidential by you unless we agree otherwise.
- 10.2 We may use all material created and/or modified by us in the course of any matter for legal training, forms, service development (including in the training of artificial intelligence technologies in which event the materials may be hosted on a third party system) and research purposes, without reference to you.

11 Our compliance with certain laws and regulations

- 11.1 We may require you to provide identifying documents and information concerning yourself and individuals and/or entities associated with you in order to comply with anti-money laundering laws and regulations, and to keep those documents and information up to date. We may be unable to carry out your instructions if we are unable to verify your identity or, in some instances, the identities of your directors, shareholders and eventual beneficial owners.
- 11.2 We may be required by law or regulation to report to a governmental or regulatory authority our knowledge and/or suspicion that certain criminal offences have been committed, regardless of whether such an offence has been committed by a client of ours or by a third party. We may not be able to discuss such reports with you because of restrictions imposed by those laws and regulations, and we may have to cease acting for you in those circumstances. You agree that we are not responsible for any adverse consequences you may suffer as a result of our compliance with such laws and regulations.

12 Force majeure

- 12.1 Neither you nor we will be responsible for failure to perform our respective obligations concerning your instructions (save for your responsibility to pay our bills in full) if the failures are due to causes outside, respectively, your or our control.

13 Amendments

- 13.1 From time to time, we may need to amend these terms of engagement. If this occurs, we will notify you of the changes by means of a notice in the Legal Notices section of our website but they will not affect any matter on which we are then currently instructed.

14 Limitations

- 14.1 If the validity or enforceability of any of these terms of engagement is in any way limited by the laws and professional regulations applicable to us, those laws and professional regulations will take precedence over these terms of engagement but they will be valid and enforceable to the fullest extent permitted by such laws and professional regulations, and such limitation shall not affect the validity or enforceability of any other term.

15 Integrity and ethics

- 15.1 Our policy is to act at all times in accordance with the highest professional, ethical and business standards, and we expect you to act in like manner in all your dealings with us and your business counter-parties. We do not countenance bribery or corruption in any form and you agree (i) not to expect or request any conduct from us that might bring our name into disrepute or compromise our integrity, (ii) that you and your employees and agents will refrain from any practices involving bribery or any other corrupt activities and (iii) that you have taken or will take internal steps or procedures designed to ensure that the risk of corruption and bribery during the course of our relationship is eliminated.

16 Termination

- 16.1 Either you or we may terminate our engagement at any time by giving reasonable prior notice in writing, subject, in our case, to any applicable laws or regulations. We will only stop acting for you if we believe we have a good reason to do so, including in the circumstances contemplated by paragraph 3.5 (b), but we retain sole discretion regarding any such decision.
- 16.2 If our engagement is terminated for any reason, you agree to pay in full our bills representing fees, costs, disbursements and other charges up to the time of the engagement's termination.
- 16.3 A solicitor/client or attorney/client relationship exists between you and us only if, at the relevant point in time, we are working under instructions from you; we shall have no duty to provide you advice at any other time concerning changes in laws, rules or regulations that might affect your rights. Further, if we are not under instructions from you at a given point in time, you agree that, unless prohibited by applicable laws or regulations, we are entitled to accept at that time other instructions to act in respect of the subject matter of your previous instructions although we will not disclose to, or use to the benefit of, another client any information or documents in respect of which we owe you a duty of confidentiality.
- 16.4 We and other Norton Rose Fulbright Entities may send you general information on legal developments without charge, or may include you in general mailings, after our or their engagement with you has been terminated. This will not change the fact that our or their engagement has been terminated.

Agenda Item 4(e)
November 19/19 EOC Teleconference Meeting

AMF Review of Critical Illness Insurance

From: Joan Weir <JWeir@clhia.ca>

Sent: September 15, 2019 1:28 PM

To: Working Group on CI Regulatory Activity (AMF)

Subject: Quebec Update - AMF oversight of CI product

To: Members of the Working Group on CI Regulatory Activity (AMF)

My colleague working with the AMF on many initiatives has provided the following update on the subject of its upcoming review of the Critical Illness product, and it looks like insurers selling this product in Quebec will hear from AMF this coming week.

Regards,
Joan, Director, Health and Disability Policy

Critical illness

In light of recent media attention to Critical illness (CI) insurance, consumer complaints, and based on information obtained through the CCIR annual statement and the questionnaire on group disability claims management, the AMF wants to have a clear picture of CI offering. They are concerned, among other things, about product complexity and the technical language used in consumer literature. They wonder whether consumers receive the information they need to make sound decisions.

We have now learned that the AMF will proceed as follows:

- it will be an industry-wide enforcement initiative similar to that undertaken with respect to the management of disability claims in group insurance
- it will be a two-fold initiative:
 - o global survey aiming 16 insurers: gathering of data from insurers to get a clear picture of the CI insurance market (e.g. sales volumes/claims made, claims/premiums ratios) as well as qualitative information including reasons for claims/refusals, and complaints relating to this product
 - o targeted quantitative and qualitative questionnaire aiming 10 insurers representing 90% of the CI insurance market in Quebec: The AMF seems to believe that the insurers targeted by its disability insurance initiative would most likely be those involved in the CI initiative. The AMF indicates that the questionnaire would not be as bulky as the one on disability insurance.
- traditional distribution as well as alternate distribution will be targeted
- the AMF will send a letter to the targeted insurers during the week of September 16, 2019
- the AMF provided the CLHIA with a copy of their template correspondence and the list of insurers targeted.

Next steps: CLHIA is seeking counter-arguments to the possible AMF conclusion that low claims/premiums ratio indicate unsuitability of the product (similar to spousal coverage initiative).

Agenda Item 4(f)
November 19/19 EOC Meeting

AMF Position On Embedded Creditor's Group And Travel Insurance Coverages

From: Brendan Wycks

Sent: November-08-19 5:50 PM

Subject: CAFII Special Purpose Teleconference Meeting On Whether, and, if so, How To Engage With The AMF Re Its Position Requiring The Provision Of A Summary/Fact Sheet To Consumers Re Insurance Benefits Embedded In A Credit Card

When: November-13-19 9:00 AM-10:00 AM (UTC-05:00) Eastern Time (US & Canada).

Where: Teleconference: 416.477.0921/ 514.447.8925/ 1.888.543.2449, Participant Code: 1500

CAFII EOC Members and Board Surrogates:

You are invited to participate in and/or monitor this *CAFII Special Purpose Teleconference Meeting On Whether, and, if so, How To Engage With The AMF Re Its Position Requiring The Provision Of A Summary/Fact Sheet To Consumers Re Insurance Benefits Embedded In A Credit Card*.

Please see the two-page background document attached.

An agenda for this meeting will be circulated prior to the meeting.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

T: 647.218.8243

Alternate T: 647.361.9465

www.cafii.com

From: Thorn, Peter <Peter.Thorn@td.com>

Sent: October-11-19 5:59 PM

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

Subject: Embedded Travel Insurance Coverages

Hi, Keith and Brendan.

Was there any written direction from the AMF on the issue of providing a Distribution Guide or Product Summary/Fact Sheet for embedded travel coverages? Or was it simply a verbal statement? Do you know exactly what was said?

Thanks!

Pete

From: Brendan Wycks
Sent: October-15-19 8:46 AM
To: Thorn, Peter <Peter.Thorn@td.com>; Keith Martin <Keith.Martin@cafii.com>
Cc: 'afzal.baig@td.com' <afzal.baig@td.com>
Subject: Credit-Card Embedded Travel Insurance Coverage

Hi, Pete.

Here is our response to the question you've asked, which Keith has prepared on behalf of us both.

Our understanding is that CLHIA/ACCAP's Michele Helie, in a regularly-scheduled call with the AMF's Mario Beaudoin, was told by Mr. Beaudoin that the AMF expects that for all credit card insurance coverages, even if embedded and for which no direct premium is being paid, the consumer/insured must receive a Fact Sheet and Product Summary.

Michele told Brendan and me, in a regular teleconference update discussion, that she would never have asked Mario the question on this matter, but he simply stated/asserted this information in the course of their conversation. And when he did, she was obliged to share the information with CLHIA/ACCAP members. She said that Mario blurted this out without prompting.

Also, this was verbal only—no written direction on this issue has been received from the AMF to this point in time.

Trust this helps.

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
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T: 647.218.8243
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Related Issue/Matter From September 24/19 CAFII EOC Meeting

A CAFII Member has raised the following considerations:

- (i) with the exception of some Quebec insurers, traditionally a Distribution Guide has not been required for the credit card-embedded insurance coverages.
- (ii) the AMF has not issued a formal communication to confirm whether or not it will require, under Quebec's new regulatory regime (RADM), a Fact Sheet and Summary to be provided to consumers with respect to credit card-embedded insurance coverages.
- (iii) the preferred approach is to influence the AMF to exempt credit card-embedded insurance coverages from the Fact Sheet and Summary document requirement

- (iv) If the AMF intends to enforce the provision of a Fact Sheet and Summary document with respect to credit card-embedded coverages, then we should be requesting an 1 to 2 year extension to implement the required Fact Sheet and Summary document (current deadline – June 13, 2020).

CLHIA/ACCAP has chosen not to raise this with the AMF because there is no consensus among its members that so asking is desirable, partly because some members have interpreted the Regulation Respecting Alternative Distribution Methods as **not** requiring a Fact Sheet and Summary for embedded coverages; some of these members prefer to operate on that basis until such time as the AMF suggests otherwise.

The risk to asking is that we may not like the answer. On the other hand, clarity is desirable. CAFII's options are:

- (v) make an industry Association ask of the AMF on this issue;
- (vi) instead of asking, provide a view to the AMF as to why embedded coverages should not require a Fact Sheet and Summary;
- (vii) do not ask the AMF and let individual companies take their preferred actions, with some potentially asking the AMF on a company specific-basis.

Contents as of 11/12/2019 6:21:13 PM

Text In Red = Latest Update

Workstream B	2
Workstream #2 Sales Practices; and Workstream #9 Post Sales Conduct	2
Items #3; and #21, 22, 23, 24; and #33, 34, 35, 36, 37, 38, 39, 40, 41, 43, 44, 45, 46, 48.....	2
Workstream C	10
Workstream #3 Incentives, Conflicts of Interest; and #4 Outsourcing.....	10
Items #5, 49; and #7, 42.....	10
Workstream D	13
Workstream #5 Product Design	13
Items #8, 10, 13.....	13
Workstream E	15
Workstream #1 Governance and Culture; #6 Distribution Strategies and Consent; and #7 Disclosures and Consent; and #8 Product Promotion and Advertising	15
Items #14; and #15, 18; and #18, 19.....	15
Workstream F	17
Workstream #10 Claims; and #11 Complaints Handling	17
Items #25, 26; and #27, 28, 29.....	17
Workstream G	19
Workstream #12 Protection of Personal Information; and #13 Relationships with Regulatory Authorities	19
Items #30, 31, 32.....	19

Workstream B

Workstream #2 Sales Practices; and Workstream #9 Post Sales Conduct

Items #3; and #21, 22, 23, 24; and #33, 34, 35, 36, 37, 38, 39, 40, 41, 43, 44, 45, 46, 48

Workstream B Members

Name	Member Company
Scott Kirby	TD Insurance
Rob Dobbins	Assurant
Marie Nadeau	National Bank Insurance
Isabelle Choquette / Nathalie Baron	Desjardins
Sharon Apt	Canada Life
Martin Boyle	BMO Insurance
Keith Martin	CAFII

Rob Dobbins co-chair

Marie Nadeau co-chair

17 October Meeting—

Ask—Send Sales Practices to Keith

Develop a regular communication to customers

Ask—share eligibility filters with Keith

7 November meeting—

Developing some themes

Could try to reallocate other Workstream members to B as the other Workstreams complete their work

Could try to break down Workstream B into themes or buckets and have separate resources dedicated to them

See updates #38 to 48 in red from today

Action Item	Wording Excerpt Reference from 3 October 2019 Thought Starter	Number Reference, 3 October Thought Starter
Develop a summary of the sales practices used by CAFII members, for the Working Group's review re possible inclusion in a best practices document.	<i>Findings; Sales culture, from the FCAC Domestic Bank Retail Sales Practices Review, Page 6: "...The lack of transparency about sales targets and commissions makes it difficult for consumers to determine in whose interest bank employees are acting when one product is recommended over another."</i>	3 Focus on "recommend one product over another" Are not "recommending" products, need established by loan No advice built into these products Don't focus on sales targets; have there been other things built into the sales process?

		<p>Cancellation of sales can be a signal that sales process was not right Everyone has compliance metrics for their reps Challenge idea that commissions and targets mean there is a problem What did the banks say to the FCAC on this point?</p> <p>SEND SALES PRACTICES TO KEITH</p> <p>Marie Nadeau to send to Keith</p>
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<u>Action Item</u>	<u>Wording Excerpt Reference from 3 October 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Develop a regular communication to customers and include this in that effort.	<i>Improved Post-Sales Conduct, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 13-16: "Lenders and insurers should give consumers appropriate annual communication about the price, limits and exclusions of the policy and remind them to lodge a claim if they had a claimable event in the past 12 months."</i>	<p>21</p> <p>Do something every two years?</p> <p>What should be in the communication?</p> <p>What is format/channel?</p> <p>"Leave the method and timeliness flexible for firms"</p> <p>LET'S SAY ONE YEAR MAKES SENSE</p> <p>Don't prescribe the communication method</p> <p>Perhaps say "clear, with opportunity to cancel easily"</p>
Develop a regular communication to customers and include this in that effort, but do not ask customers if they want to cancel their policy.	<i>Improved Post-Sales Conduct, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 13-16: "Lenders and insurers should, every two years, contact consumer with CPI on a credit card (or other revolving lines of credit) about</i>	<p>22</p> <p>SEE 21</p>

	<i>whether they want to keep their policy or cancel their coverage.”</i>	
Develop wording for a best practices guideline along the lines of: “If a distributor becomes aware of a customer with a possible insurable event they should suggest that they contact their insurer.”	<i>Improved Post-Sales Conduct, from Australian Securities & Investments Commission’s “Consumer credit insurance” report, Report 622, July 2019, pp. 4, 13-16: “Lenders should notify a consumer with a CPI policy who applies for changes to their loan contract due to financial hardship that they have a CPI policy and provide or transfer their claim details to the insurer for assessment.”</i>	23 Getting something in the annual communication reminding people of claimable events Make this part of the annual communication Marie will see how this works in NBI
The industry supports and will comply with the requirement to accurately and reliably record claims denied including the number of such claims and the reasons why.	<i>Improved Post-Sales Conduct, from Australian Securities & Investments Commission’s “Consumer credit insurance” report, Report 622, July 2019, pp. 4, 13-16: “Insurers should accurately and reliably record the number of (and reasons for) withdrawn claims and claims that did not proceed.”</i>	24 What does withdrawn mean? Voiding policy issue Reasons for denial

Action Item	Wording Excerpt Reference from 3 October 2019 Thought Starter	Number Reference, 3 October Thought Starter
Remind regulators that the “free look” period is shared in the welcome package they receive after enrolling for coverage. In the Action Item section on using better terminology, change “fee look period” to “review period.” Commit to a regular communication with customers of what they had signed up for, what it covered them for, and what they were paying for the coverage. Commit that industry will not use the review period as a selling tool and that scripts and sales training will continue to emphasize that.	<i>Creditor Insurance; Reconfirmation of Purchase/Enrolment after “free look” period, from Financial Consumer Agency of Canada (FCAC)’s Domestic Bank Retail Sales Practices Review, p. 14: “However, it is important to highlight that banks are not required to ask consumers to reconfirm their consent for acquisition of the product after the initial 30-day period (free look period).”</i>	#33 NEW MEETING 17 OCT 2019 ROB DOBBINS; SCOTT KIRBY; KEITH MARTIN; MARIE NADEAU; SHARON APT This is not something we do. It is covered by the commitment made around regular communication.

<p>The industry commits to not enrolling customers who are not eligible for the coverage. The industry should look at additional disclosures and filters to avoid signing up customers for coverage for which they are not eligible. The industry could look at sharing with regulators industry's eligibility criteria. There should be an effort to come up with a common definition of "resident of Canada."</p>	<p><i>Creditor Insurance; Consumer risks associated with creditor insurance, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 14: "... Bank employees may sell creditor insurance to post-secondary students to go along with a personal line of credit but neglect to inform them that they need to work a minimum number of hours for the coverage to be in force."</i></p> <p><i>Improved Sales Practices, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 13-16: "Lenders should use 'hard filters' for key eligibility criteria for online sales and 'knock out' questions in scripts for phone and branch sales to prevent the sale of CPI to consumers who are ineligible to claim primary cover."</i></p>	<p>#34 and #35</p> <p>Life cycle issue, coverage could change as life circumstances change. Working Group members will be asked to offer examples of filters, like age, that remove people who are not eligible for coverage.</p>
<p>Set out clearly for the regulators the current industry practices, including the where, when and how of current communication. Challenge this statement, noting that all training and scripts emphasize the optional nature of balance protection insurance and this statement does not reflect how CAFII members' sell this product. Where a sales person deviates from these expectations, it is taken very seriously, viewed as rogue behaviour, and is dealt with immediately. Set out how industry discloses clearly and consistently the optional nature of this coverage.</p>	<p><i>Creditor Insurance; Consumer risks associated with creditor insurance, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 14: "... Front-line employees may sell creditor insurance by advising consumers that "the credit card comes with balance protection," which may give consumers the impression that creditor insurance is a card feature, as opposed to what it really is: a separate and optional product."</i></p>	<p>#36</p> <p>Provide examples of our practices. Look at ways to present this and what to avoid in terms of language. Do not believe this is a systemic issue.</p>
<p>See Item #36. Look at whether there are terminology changes in this</p>	<p><i>Creditor Insurance; Consumer risks associated with creditor insurance, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales</i></p>	<p>#37</p> <p>This represents a biased view. Industry is operating appropriately.</p>

section that industry should consider.	<i>Practices Review, p. 14: “Bank employees may try to persuade consumers to purchase creditor insurance by failing to provide clear information about the 30-day first-look feature. For example, when consumers ask questions about coverage exclusions, bank employees may encourage them to purchase the product on a trial basis in order to obtain an information package, even though the information is available without purchase. During the review, the FCAC found that some consumers forget to cancel the product and incur premium payments.”</i>	It is not necessary to continuously repeat that the customer can cancel. “Free look” term is problematic. Need to take on new terms, perhaps with other members from other workstreams. Ask the rest of the group if anyone would like to take this on. Should we speak of a “30 day return period” or “30 day cancellation period”? Or 30 day review period?
Document the procedures and controls used by insurers and intermediaries, including front end controls, competency development, training and education, scripting, and monitoring and controls. Note that where improper behaviour is identified, it is dealt with immediately. Listening to small numbers of calls can identify broader issues that can be dealt with immediately. The industry could also update and enhance training based on expanded regulatory expectations. We should also tie remediation to the fair treatment of customers.	<i>Creditor Insurance; Controls for creditor insurance sales practices; Scripts and cues, from Financial Consumer Agency of Canada (FCAC)’s Domestic Bank Retail Sales Practices Review, p. 15: “. . . Banks do not have adequate controls in place to ensure employees follow scripts, clearly explain terms and conditions, and avoid using undue sales pressure. Oversight is greater in call centres where calls are recorded, but only a very small number are reviewed for compliance with the bank’s code of conduct and market conduct obligations. In the branch environment, banks largely rely on branch managers, assistants and supervisors to prevent mis-selling.”</i>	#38 Working group Follow cancellation rates in order to reinforce training in branches where cancellation rates are higher. Robust training programs and-Certification of training (face to face selling harder to monitor than sales through call centers in the absence of recording) MYSTERY SHOPPING? WHO WOULD DO IT?
Develop best practices guidelines to address each of these specific expectations.	<i>Controls for sales practices; Telephone channel, from Financial Consumer Agency of Canada (FCAC)’s Domestic Bank Retail Sales Practices Review, pp. 20-21: “. . . FCAC found that in bank call centres where employees take 1,400 calls per month, generally up to 4 calls are reviewed for quality assurance purposes.</i>	#39 Working group Call selection should be risk based instead of random

	<i>... Banks should review a higher number and larger proportion of calls for quality assurance. Implementing voice analytic technology could reduce the costs associated with reviewing more calls. In addition, call selection should be risk-based instead of random. When sales practices issues are identified during call reviews, banks should perform significantly more root-cause analyses."</i>	<p>Quality of sampling should be prioritized to quantity for monitoring.</p> <p>Smaller samples could be reviewed more regularly</p> <p>Oversight should focus on risk items.</p> <p>QUALITY NOT QUANTITY IS WHAT IS IMPORTANT</p>
The industry should commit to ongoing competency development. It was felt that instead of certification, there could be a commitment to industry standards around member courses. Industry could commit to ongoing training and to knowledge retention testing. Industry could commit to strengthened training.	<i>Creditor insurance; controls for creditor insurance sales practices; Training, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 15: "The review revealed that bank employees are not always adequately informed or knowledgeable about creditor insurance products. . . . During FCAC branch visits, employees provided inaccurate and incomplete information about the benefits, coverage and exclusions associated with creditor insurance when answering questions about how they sell the product. FCAC is of the view that there is room to strengthen the training of front-line staff.</i>	<p>#40</p> <p>Working group</p> <p>Group agrees that appropriate training should be strengthened</p>
Explore applying a form of Quebec's RADM S35 as an industry practice, or alternatively explore clawbacks of commissions when certain cancellation thresholds are met.	<i>Creditor Insurance; Controls for creditor insurance sales practices; Claw backs from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 15: "Banks gather some data on cancellation rates, but they may not necessarily reflect instances of mis-selling as consumers may cancel the insurance for other reasons. Further analysis of cancellations by banks would enable the data to be used to monitor, identify and address sales practices risk."</i>	<p>#41</p> <p>Working group</p> <p>Group agrees that data analysis is already done by branches/insurer and might not need to be increased.</p> <p>Nevertheless, group suggests increasing the use of data cancellation to identify and address sales practices risks.</p>
Create a high-level principle around the assertion that all	<i>Cross-Selling, from Financial Consumer Agency of Canada (FCAC)'s Domestic</i>	<p>#43</p> <p>Working group</p>

employees must be trained and monitored around sales practices, and only acceptable and appropriate sales practices will be practiced.	<i>Bank Retail Sales Practices Review, pp. 11-12: “Banks’ heightened focus on cross-selling may increase the risk that they will fail to obtain consumers’ express consent. . . . increases the risk that bank employees will feel rushed and not communicate in a manner that is clear, simple and not misleading when obtaining a consumer’s consent.”</i>	See section 38.
Identify and detail a list of actions which organizations can take to ensure express consent is obtained, across all applicable channels, for possible inclusion in a high-level principle or best practice.	<i>Controls for Cross-Selling Risk/Consent, from Financial Consumer Agency of Canada (FCAC)’s Domestic Bank Retail Sales Practices Review, p. 12: “The controls in place to ensure banks obtain consumers’ consent through communication that is clear, simple and not misleading are typically weaker in the branch channel when compared to call centre operations. . . . In branches, managers and customer service supervisors are responsible for ensuring that employees read the scripts and cues. However, FCAC found that branch managers and supervisors are not well-positioned to ensure that express consent is always obtained in the prescribed manner.”</i>	#44 Working group See section 38. Follow cancellation rates and reinforce training if required in branches where rates are higher Monitoring could be accomplished by mystery client tool. Monitoring could be accomplished by Internal audit or other sector of branch/insurer.
Relegate this item to the “Not Applicable” section, as while the industry is in agreement that quality express consent is required, pre-consent to even broach making an offer of credit protection insurance to a consumer is not applicable to the Canadian market/industry context.	<i>Improved Sales Practices/Consent, from Australian Securities & Investments Commission’s “Consumer credit insurance” report, Report 622, July 2019, pp. 4, 13-16: “Lenders should obtain and record positive, clear and informed consent before discussing the sale of CPI with a consumer.”</i>	#45 Working group Will not comment.
Research best practices around call calibration including level of sample size, and explore committing industry to those best practices. Examine whether there are cases where certain products are not appropriate for certain	<i>Controls for Cross-Selling Risk, from Financial Consumer Agency of Canada (FCAC)’s Domestic Bank Retail Sales Practices Review, pp. 12-13: “Banks record most conversations between consumers and call centre employees, which allows them to review transactions to verify whether employees are following the scripts and properly</i>	#46 Working group This section is similar to sections 38 and 39. Risk based approach to selection of calls should

customers, and whether that is something we would feel able to commit to including in our sales practices.	<i>obtaining the consent of consumers. However, the review revealed that banks examine only a relatively small number of calls – too few, in fact, to provide a high-level of confidence that individual call centre employees are in compliance with policies and procedures related to obtaining consent.”</i>	prioritized (the fact that an employee knows he/she might be listened to will ensure better service). Depending on concerns, scripts can be enhanced or employee retrained.
Explore ways in which to ensure customers who sign up for a product are eligible to make a claim on it, and identify what the industry could commit to – in terms of a high-level principle or best practice -- that would improve regulators’ comfort that customers are not being enrolled in products for which they are not able to make a claim.	<i>Improved Sales Practices, from Australian Securities & Investments Commission’s “Consumer credit insurance” report, Report 622, July 2019, pp. 4, 13-16: “Lenders should take into account information they have about the consumer to ensure consumers are not being sold a CPI policy where they are ineligible to claim (this does not have to mean that personal advice is being provided).”</i>	#48 Working group See sections 23, 34 and 35

Workstream C

Workstream #3 Incentives, Conflicts of Interest; and #4 Outsourcing

Items #5, 49; and #7, 42

UPDATE 17 October 17, 2019

Discussed merging work stream C (incentives and conflict of interest) with work stream B (move outsourcing to another work stream)

- Some overlap
- Issues like measures, complaints, cancellation & controls can be linked

Discuss non-financial incentives *

- Come up with a list of non-financial incentives (e.g. training, bonus)
- Reward performance review for good behavior
- Consider the use of surveys

*consider soliciting the group for a list of non-financial incentives.

Discussed providing commentary on the consequences of bad behavior

Arrive at standard metrics to monitor (KRI's)

Discussed whether similar measures should be applied to the branches vs. call centres

Look at competences

What does success look like?

Code of conduct or issue a consumer document on proper behavior / expectations of the consumer (role of seller & buyer)

Outsourcing

Applies to all outsourcing arrangements including insurers

- Criteria
- Reporting
- Selection
- KRIs
- SLA
- Identify what is quality service
- Follow compliance and regulation
- Ownership of data

Next steps

Ask for an insurer to join the group on outsourcing, merge incentives and conflict of interest with Workstream 2

7 November 2019—

B and Incentives will be merged

Outsourcing will be branched off and we need to get an insurer and SME

ASKING FOR 2 INSURERS

Sharon Apt will do it or find someone

Monika Spudas will get back to us

SHARON AND MONIKA WILL WORK ON OUTSOURCING FOR THE WORKPLAN

NEXT STEP IS TO DEVELOP THE OUTSOURCING WORKPLAN

SEE #7

Workstream C Members

Name	Member Company
Greg Caers	BMO Insurance
Marie Nadeau	National Bank Insurance
Keith Martin	CAFII

<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Develop a checklist of what to avoid in the area of conflicts of interest, and how to avoid those issues, for the Working Group's review re possible inclusion in a best practices document.	<i>Conflicts of Interest, from the CCIR/CISRO FTC Guidance, pp. 14-15: "CCIR and CISRO expect that any potential or actual conflicts of interest be avoided or properly managed and not affect the fair treatment of Customers."</i>	5
Review possible non-financial incentives that could be used to motivate sales forces, for possible inclusion in a high-level principle or industry best practice.	<i>Performance management; Non-financial incentives and Sales targets; Scorecards, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, pp. 8-10: "When properly designed, non-financial incentives can promote good sales practices and behaviours. The review identified opportunities for banks to significantly enhance the design, monitoring and oversight of non-financial rewards programs.</i> <i>. . . a number of banks have introduced, or are testing, activity-based targets to complement sales targets. This can mitigate the risk of mis-selling, as employees are recognized for sales-related activities even in circumstances where consumers choose not to purchase any products or services.</i>	#49

	<p>... Some banks have taken steps to integrate more team-based sales targets, which may mitigate the risk of mis-selling by reducing the pressure on individual employees to sell products and services.</p> <p>... Product-neutral sales targets could greatly mitigate the risk of mis-selling financial products and services to consumers.</p> <p>... Banks point to balanced scorecards as a key control to mitigate the risk of mis-selling and breaching market conduct obligations. In practice, however, the metrics used to assess an employee's sales results tend to be significantly more robust than those used to assess other areas of performance."</p>	
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Action Item	Wording Excerpt Reference From 3 October, 2019 Thought Starter	Number Reference, 3 October Thought Starter
Develop a best practices statement on outsourcing, which is precise but not overly prescriptive, for the Working Group's review re possible inclusion in a best practices document.	<i>Outsourcing, from CCIR / CISRO FTC Guidance, pp. 16-17: "CCIR and CISRO expect that functions related to conduct of insurance business outsourced to service providers do not hinder the quality of services or jeopardize the Insurer's or the Intermediary's ability to achieve fair treatment of Customers."</i>	7 CBA has an authorized insurance products code of conduct
Create a high-level principle around the assertion that the industry must have the same oversight over third-party sellers as it does over internal sales forces. In principle, the oversight should/must not be weaker externally than it is internally.	<i>Creditor Insurance; Controls for creditor insurance sales practices; Third-party sellers, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, pp. 15-16: "General, re litany of FCAC concerns re "Consumer risks associated with third-party sellers"; in particular "bank oversight of third-party sellers remains underdeveloped and weaker than the oversight exercised over their own sales operations. Considering the elevated risk</i>	42

	<i>posed by third-party sellers, banks would benefit from buttressing their oversight of third-party sellers.”</i>	
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Workstream D

Workstream #5 Product Design

Items #8, 10, 13

Workstream D Members

Name	Member Company
Joanna Onia	CIBC Insurance
Parminder Rai	CIBC Insurance
Luce Doyon	National Bank Insurance
Michelle Costello	CUMIS/The Co-Operators
Martin Boyle	BMO Insurance
Brendan Wycks	CAFII

Spokesperson Joanna Onia

UPDATE FROM JOANNA NOV 1 2019

Hi Keith- Thank you for your email, its timely as Parm and I had a chance to share our working groups draft with senior stakeholders internally for their feedback.

What came out quite strong was as part of our product design analysis can we include direct recommendations for product design (perhaps this could flow after the value section),

Some examples that came up in discussion were things like: ‘Should there be a guiding principles created around what as an industry we should do (i.e. creditor protection products being unbundled) vs. product design principles that we should not undertake/touch because they are not broken (benefits offered as an example)

It would be great to get a sense from the working group if we think we can push our thinking and create principles specific to the intrinsic product design. If we can get on a call next week that would be great. I am away on the 7th and 8th so unfortunately will not be able to provide an update, however can provide an email update that perhaps Brendan could share in my absence.

Also I wanted to inform the working group that Parm is on paternity leave effective today, and will be away for the next couple of months, we are down a resource but I am looking at securing a replacement from our team to assist as a product advisor.

Thank you

Joanna

7 November 2019

Andrea, Martin, Monika all were concerned about suggesting that bundling is a problem

Should push back on that

Need to respond to what the consumer wants

“let’s not paint members into a corner”

Keith noted that regulators are raising bundling more so we may want to think about how we want to respond to any such concerns

Action Item	Wording Excerpt Reference From 3 October, 2019 Thought Starter	Number Reference, 3 October Thought Starter
Develop high-level wording around what a creditor insurance product is intended to do, with an explanation of how products are designed, for the Working Group’s review re possible inclusion in a best practices document.	<i>Product Design, from CCIR/CISRO FTC Guidance, pp. 18-19: “CCIR and CISRO expect that the design of a new insurance product or significant adaptations made to an existing product take into account the interests of the target Consumers’ group.”</i>	8
Develop a glossary of terms that the industry uses that could be better positioned, with suggested alternatives, for the Working Group’s review re possible inclusion in a best practices document.	<i>Improved Product Design and Value (unbundling), from Australian Securities & Investments Commission’s “Consumer credit insurance” report, Report 622, July 2019, pp. 4, 10-12: “CPI products should be unbundled so that consumers can select coverage they are eligible to use and that meets their needs.”</i>	10
Develop wording around the value of credit protection insurance products for consumers, for the Working Group’s review re possible inclusion in a best practices document.	<i>Improved Product Design and Value, from Australian Securities & Investments Commission’s “Consumer credit insurance” report, Report 622, July 2019, pp. 4, 10-12: “Benefits should reflect the needs of consumers (e.g. payments for periods of unemployment rather than arbitrary limits).”</i>	13

Workstream E

Workstream #1 Governance and Culture; #6 Distribution Strategies and Consent; and #7 Disclosures and Consent; and #8 Product Promotion and Advertising

Items #14; and #15, 18; and #18, 19

Workstream E Members

Name	Member Company
Brad Kuiper	ScotiaLife Financial
Rebecca Saburi	BMO Insurance
Karyn Kasperski	RBC Insurance
Monika Spudas	Manulife Financial
Jeremy Flanagan	TD Insurance
Brendan Wycks	CAFII

Karyn Kasperski Spokesperson

7 June 2019

AMF Product Summary—should we offer this to consumer throughout the country?

Bundling versus unbundling issue

How deal with a student in a bundled product that includes job loss? May not qualify for some components. Should the offer even be made if they cannot qualify for certain benefits based on their circumstances?

Item #14 is next to be discussed

May need to discuss Certificate of Insurance

Martin—instead of AMF Summary, why not look at certificate?

<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Develop some options around possible high-level wording related to business culture, for the Working Group's review re possible inclusion in a best practices document.	<i>Governance and Business Culture, from the CCIR/CISRO FTC Guidance, Page 13: "CCIR and CISRO expect fair treatment of Customers to be a core component of the governance and business culture of insurers and intermediaries."</i>	1
Support the concept of "quality consent" that is equally met in each channel, with the following criteria: Question posed to a client for a product or service provided with the ability to decline; Use language and be presented in a way that the offer is clear to the client(s), with; An	<i>Distribution Strategies, from CCIR / CISRO FTC Guidance, p. 21: "CCIR and CISRO expect that distribution strategies are tailored to the product, consider the interests of the targeted Consumer groups and result in consistent Consumer protections independently of the distribution model chosen."</i>	14

affirmative response received from the client(s).		
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<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Action Item for #18 applies to this item as well. <u>CROSS REFERENCE TO #18</u>	<i>Distribution Strategies, from CCIR / CISRO FTC Guidance, p. 21: "CCIR and CISRO expect that a Customer is given appropriate information to make an informed decision before entering into a contract."</i>	15
Industry agrees fully with these principles and will adhere to them. <u>CROSS REFERENCE TO #15</u> <u>ITEM #18 ALSO IN WORKSTREAM #7 PRODUCT PROMOTION AND ADVERTISING</u>	<i>Product Promotion, from CCIR/CISRO FTC Guidance, p. 22: "CCIR and CISRO expect that product promotional material is accurate, clear, not misleading and consistent with the result reasonably expected to be achieved by the Customer of the product."</i> <i>Product Advertising, from AMF Sound Commercial Practices Guideline, p. 16: "The AMF expects that product advertising is accurate, clear and not misleading."</i>	18 19

<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Industry agrees fully with these principles and will adhere to them. <u>CROSS REFERENCE TO #15</u>	<i>Product Promotion, from CCIR/CISRO FTC Guidance, p. 22: "CCIR and CISRO expect that product promotional material is accurate, clear, not misleading and consistent with the result reasonably expected to be achieved by the Customer of the product."</i> <i>Product Advertising, from AMF Sound Commercial Practices Guideline, p. 16: "The AMF expects that product advertising is accurate, clear and not misleading."</i>	18 19

Workstream F

Workstream #10 Claims; and #11 Complaints Handling

Items #25, 26; and #27, 28, 29

Workstream F Members—Karyn and Rob to Co-Chair; Rob to be Spokesperson

Name	Member Company
Rob Dobbins	Assurant
Karyn Kasperski	RBC Insurance
Keith Martin	CAFII

NEED AN SME TO JOIN GROUP

7 November 2019

Asked for Claims and Complaints SME

CUMIS will try to find a claims SME

Still need a SME from complaints

Request to send information to Keith on parameters / analytics around claims handling

Floating industry SLA as an idea, need to hear from individual members on this

Martin will look at complaints SME

Action Item	Wording Excerpt Reference From 3 October, 2019 Thought Starter	Number Reference, 3 October Thought Starter
The industry commits to have a written policy around the claims process, with SLAs that will be communicated to policyholders, including that claims will typically be settled in 30 days or less.	<i>Claims Handling and Settlement, from CCIR / CISRO FTC Guidance, p. 26: "CCIR and CISRO expect claims to be examined diligently and fairly settled, using a simple and accessible procedure."</i>	<p>25</p> <p>9 October 2019</p> <p>This is tablestakes already. SLAs are already communicated to clients May not be consistent SLA of 30 days</p> <p>Acknowledge claims form Within 60 days identify anything missing</p> <p>Can firms let us know what their parameters are right now?</p> <p>October 17</p> <p>Need a claims SME or two to provide expert opinion.</p> <p>Most claims SLAs are around initiation and action so could look at something like</p>

		"x % of claims will be actioned within y days"
See Item #25.	<i>Claims examination and settlement, from AMF Sound Commercial Practices Guideline, p. 17: "The AMF expects that claims are examined diligently and settled fairly, using a procedure that is simple and accessible to claimants."</i>	26

Action Item	Wording Excerpt Reference From 3 October, 2019 Thought Starter	Number Reference, 3 October Thought Starter
The industry commits to a simple and accessible complaints procedure that includes SLAs and escalation points, and a definition of what a complaint is. The industry commits to applying applicable complaints expectations set out in Quebec Regulation 141 nationally.	<p><i>Complaints Handling and Dispute Resolution, from CCIR / CISRO FTC Guidance, p. 27: "CCIR and CISRO expect complaints to be examined diligently and fairly, using a simple and accessible procedure."</i></p> <p><i>Complaint Examination and Dispute Resolution, from AMF Sound Commercial Practices Guideline, p. 18: "The AMF expects that complaints are examined diligently and fairly, using a procedure that is simple and accessible to consumers."</i></p>	#27 and #28
Industry should define specifically what is a complaint, and develop written SLAs to respond to them (see Items #27 and #28).	<p><i>Controls for sales practices; Consumer complaints. From Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 21: "Currently, banks resolve approximately 90 to 95 percent of consumer complaints at the first point of contact as part of providing good customer service. However, complaints resolved at this level are generally not logged into a central database because of technological constraints or inadequate policies and procedures."</i></p>	<p>#29</p> <p>What do we want to track? Want to track issues associated with consent; claim denial 17 OCTOBER 2019 Definition of a complaint—from RBC: Any dissatisfaction whether justified or not with respect to a product or service or the manner in which the product or service is offered, sold or provided. NEED AN SME OR TWO ON COMPLAINTS AND SLAs TO JOIN GROUP AND PROVIDE EXPERT INPUT</p>

Workstream G

Workstream #12 Protection of Personal Information; and #13 Relationships with Regulatory Authorities

Items #30, 31, 32

Workstream G Members

Name	Member Company
Scott Kirby to stickhandle – find internal expert	TD Insurance
Martin Boyle	BMO Insurance
Andrea Stuska	TD Insurance
Brad Kuiper	ScotiaLife Financial
Brendan Wycks	CAFII

Spokesperson: Andrea Stuska

October meeting—Spokesperson: Brendan for Andrea Stuska

7 June 2019

Have held two meetings

Good practices are already in place

Point to the things already being done / that industry adheres to (FCT, AMF Sound Commercial Practices, PIPEDA, IAIA Core Principles)

Demonstrate how report and monitor

How maintain relationship with regulators—provide those examples

<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Indicate that the industry will adhere to all legislation and regulation around privacy. Speak to internal members' privacy experts to see what are the international best practices, and what the future of privacy expectations are likely to be, and explore committing to requirements that go beyond existing legislative and regulatory requirements.	<p><i>Protection of Personal Information, from CCIR/CISRO FTC Guidance, p. 28: "CCIR and CISRO expect protection of confidentiality of personal information policies and procedures adopted by Insurers or intermediaries to ensure compliance with legislation relating to privacy protection and to reflect best practices in this area."</i></p> <p><i>Protection of Personal Information, from AMF Sound Commercial Practices Guideline, p. 19: "The AMF expects that the protection of confidentiality of personal information policy adopted by a financial institution ensures compliance with the provisions of An Act respecting the protection of personal information in the private sector and reflects best practices in this area."</i></p>	#30 and #31

Industry can commit to “promptly advise regulatory authorities if they are likely to sustain serious harm due to a major operational incident that could jeopardize the interests or rights of customers and the insurer’s or the intermediary’s reputation.” Will review OSFI’s cyber-security breaches reporting expectations and see if some of those expectations can be applied here.	<i>Relationships with Regulatory Authorities, from CCIR/CISRO FTC Guidance, p. 12: “With regard to regulatory authorities, insurers and intermediaries are expected to -make available their strategies, policies, and procedures dealing with the fair treatment of customers; -promptly advise regulatory authorities if they are likely to sustain serious harm due to a major operational incident that could jeopardize the interests or rights of customers and the insurer’s or the intermediary’s reputation.”</i>	#32
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Members of the Working Group on Credit Protection Insurance Industry Best Practices

BMO Insurance

Martin Boyle, EOC Chair, BMO Insurance, Co-Chair of the Working Group

Greg Caers

Rebecca Saburi

RBC Insurance

Karyn Kasperski, Co-Chair of the Working Group

Assurant

Rob Dobbins

Canada Life Assurance

Sharon Apt

Canadian Premier Life/Valeyo

Dana Easthope

Asma Desai, Canadian Premier Life

CUMIS/The Co-operators

Michelle Costello

CIBC Insurance

Joanna Onia

Parminder Rai

Desjardins Financial Security

Isabelle Choquette

Nathalie Baron

Manulife Financial

Monika Spudas

National Bank Insurance

Michele Jeanneau

Luce Doyon

Marie Nadeau

Caroline Cardinal

Audrey Delage

ScotiaLife Financial

Brad Kuiper

Denzyl Monteiro

TD Insurance

Jeremy Flanagan

Andrea Stuska

Kathy Tetford

Elenda Yuma-Morisho

Staff

Brendan Wycks, CAFII Co-Executive Director

Keith Martin, CAFII Co-Executive Director

MEETINGS OF THE WORKING GROUP

Participants 17 October, 2019 1-2pm

Greg Caers BMO
Marie Nadeau National Bank
Rebecca Saburi BMO
Karyn Kasperski RBC and Chair
Monica Spudas Manulife
Brad Kuiper Scotiabank
Scott Kirby TD
Sharon Apt Canada Life
Jeremy Flanagan TD Insurance
Rob Dobbins Assurant
Joanna Onia CIBC
Parm Rai CIBC

Participants 7 November 2019

Martin Boyle, Co-Chair
Karyn Kasperski, Co-Chair
Greg Caers, BMO Insurance
Monika Spudas, Manulife Financial
Michelle Costello, CUMIS Services Inc.
Marie Nadeau, National Bank Insurance
Andrea Stuska, TD Insurance
Rob Dobbins, Assurant
Kathy Tetford, TD Insurance
Rebecacca Sapuri, BMO Insurance
Brendan Wycks, CAFII
Keith Martin, CAFII

NEXT STEPS ACTIONS GENERAL 7 NOVEMBER 2019

1. Workstream B to meet to divide up this Workstream
2. Workstream B to look at where sales incentives would fit in Workstream B
3. Workstream C Outsourcing section to meet to develop Workplan
4. Call a meeting on Workstream D
5. Workstream E another meeting needed
6. Workstream F need claims and complaints SME

Agenda Item 4(h)(i)
November 19/19 EOC Meeting

From: Natalie Hill on behalf of Keith Martin

Sent: October-31-19 2:32 PM

Subject: RFP PRESENTATIONS TO CAFII ON CBA BENCHMARKING STUDY ON CREDIT PROTECTION INSURANCE

When: November-19-19 10:00 AM-1:30 PM (UTC-05:00) Eastern Time (US & Canada).

Where: THE OFFICES OF CANADA LIFE ASSURANCE, EXECUTIVE BOARDROOM, 15th FLOOR, 330 UNIVERSITY AVENUE, TORONTO

CAFII Board, EOC, and Other Committee Members:

At the 1 October, 2019 Board meeting, CAFII management was asked to issue an RFP on CAFII taking over the CBA Quarterly Benchmarking Study on credit protection insurance. The RFP was to be adjusted to emphasize the importance of collecting clean data to ensure that the data collected is comparable and accurate; and to include additional, consumer-facing measures. The actuarial firms that the RFP has been sent to have been asked to address these two additional priorities in their RFP response.

The two firms that the RFP has been sent to, Towers Watson, and RSM Canada, have each signed a Non-Disclosure Agreement, and their RFP responses are due by Wednesday, 13 November, 2019, after which they will be shared with those on this distribution list. \

Those two firms will be asked to present their RFP responses at a CAFII meeting on **Tuesday, 19 November, from 10am to 1.30pm**. The agenda for this meeting is as follows:

10am-11am	Presentation #1
11am-12.00pm	Presentation #2
12.pm-1.30pm	Working Lunch, Discussion, and Recommendation

The proposed process is for the individuals attending the 19 November, 2019 presentations to discuss the proposals and to agree on a recommendation, which would then be tabled with the Board at the meeting of CAFII Directors on 3 December, 2019, at which time the Board can make a decision.

Thank you,

Natalie Hill

Association Coordinator
Canadian Association of Financial Institutions in Insurance
411 Richmond St. E, Suite 200
Toronto, ON M5A 3S5



REQUEST FOR PROPOSAL

**ACTUARIAL FIRM TO MANAGE QUARTERLY CREDIT
PROTECTION INSURANCE BENCHMARKING REPORT
PREVIOUSLY CONDUCTED BY CANADIAN BANKERS
ASSOCIATION**

**FOR THE
CANADIAN ASSOCIATION OF FINANCIAL
INSTITUTIONS IN INSURANCE (CAFII)**

OCTOBER 2019

ACTUARIAL FIRM TO MANAGE QUARTERLY CREDIT PROTECTION INSURANCE BENCHMARKING REPORT PREVIOUSLY CONDUCTED BY CANADIAN BANKERS ASSOCIATION

Contents

Executive Summary.....	2
Introduction and Background on CAFII.....	3
The Canadian Association of Financial Institutions in Insurance.....	3
Timelines.....	4
Confidentiality and Access to Information	4
Detailed Requirements	5
Benchmarking Report	5
Benchmarking List of Components	5
Scenario 1.....	5
Scenario 2.....	6
Scenario 3.....	6
Importance of Comparable Data	6
Additional Components of the Quarterly Study	6
Working Group on Definitions	7
Research Effort and Price Ranges	7
Proposal Submission—Required Content.....	7
CAFII Evaluation Criteria	8
CAFII Non-Disclosure Agreement (NDA).....	9

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

ACTUARIAL FIRM TO MANAGE QUARTERLY CREDIT PROTECTION INSURANCE BENCHMARKING REPORT PREVIOUSLY CONDUCTED BY CANADIAN BANKERS ASSOCIATION

Executive Summary

The Canadian Association of Financial Institutions in Insurance (CAFII) is currently seeking proposals from actuarial firms to manage a quarterly credit protection insurance benchmarking report.

On 19 May 2019, the CBA communicated the following to its eight member participants in this study:

“Consistent with the overall direction that CBA has been given by Executive Council (our Board of Directors), the CBA has made the decision to focus the CBA’s work on core advocacy issues and allocate internal resources accordingly. As a result, CBA has made the decision to rationalize our benchmarking activities to reflect the fact that internal human resources have been reallocated from benchmarking to key strategic issues aligned with the organization’s strategic plan. Therefore, the CBA has determined that this edition (Q1 2019, as at January 31st) of the Creditor Insurance is the final report that the CBA will produce.

“While the CBA will no longer be able to support this report including the proposed updates to the report, if members would like this report to continue into the future with another provider or vendor, CBA staff are willing to work with members to approach vendors that may be able to provide this service on a fee-for-service / subscription basis to participating institutions. We would also provide the vendor information on the work completed to date on updating the Creditor Insurance report. By Friday, May 31st, please indicate if you would like the CBA to approach third party vendors about continuing this report and, if so, who those third parties are. If there is sufficient interest, then we will reach out to possible vendors.”

CAFII’s Board considered this at its 4 June, 2019 meeting, and instructed CAFII management to explore taking over this quarterly report from the CBA. CAFII management met with CBA officials on 20 June, 2019 on this matter, and they were fully supportive of working with CAFII to facilitate such a transfer.

Notwithstanding the content of the CBA note shared above, CAFII's Board of Directors has instructed CAI management to oversee the process of issuing an RFP to appropriate vendors.

This was further reviewed at the 1 October, 2019 CAFII Board meeting at which CAFII management was asked to proceed with issuing this RFP. CAFII is therefore issuing this RFP to actuarial firms who we are inviting to bid on the actual management and execution of the quarterly report, under the auspices of CAFII and with CAFII paying for the reports, as the actual data collection, analysis, and production of the report is outside the resource capabilities and competency of CAFII staff.

CAFII will ask the winning actuarial firm to work collaboratively with our legal counsel Stikeman Elliott to ensure that all elements of the continued/ongoing benchmarking reports are compliant with best practices around competition law.

Clarification questions on this RFP can be sent directly to CAFII Co-Executive Director Keith Martin at keith.martin@cafii.com. The deadline for submitting clarification questions is **5:00 PM, 1 November, 2019**; and CAFII will distribute a response to each firm submitting questions by **8 November, 2019**.

The deadline for submission of proposals is **5:00 PM, Wednesday, 13 November, 2019**. Each firm submitting an RFP response will then be invited to present their proposal in a meeting with a Selection Committee of the CAFII Board of Directors. We anticipate that presentation meeting will occur on **the morning of Tuesday, 19 November, 2019**. Proposals in response to this RFP should be submitted electronically through an email sent to keith.martin@cafii.com.

Introduction and Background on 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. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

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

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

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our Members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; RBC Insurance; ScotiaLife Financial; TD Insurance; and National Bank Insurance – along with major industry players Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), and The Canada Life Assurance Company.

Timelines

CAFII has identified the following timelines for this RFP:

- October, 2019 – Distribution of NDA; after signed NDA is received, actuarial firm will be sent RFP; responses due Wednesday, 13 November, 2019
- 1 November, 2019 (5pm): Deadline for submitting questions to CAFII.
- 8 November, 2019: CAFII to provide answers to each firm asking questions.
- 13 November, 2019 (5pm): Deadline to submit RFP; following receipt of RFP, distribution of RFP responses to CAFII Board, Surrogates, EOC members
- 19 November, 2019 (morning): Presentations by firms to CAFII Board/Surrogates on their RFP responses, followed by a CAFII internal discussion and decision session, at Canada Life Assurance, 330 University Avenue.
- Post-Presentation date – CAFII's selection decision announced.
- Following Selection Decision—begin process of developing enhanced credit protection insurance benchmarking data points/outputs with winning firm

Confidentiality and Access to Information

All data and information which firms participating in this RFP gather from CAFII or its Members must be managed in a strictly confidential manner and be maintained on computer programs in a secure and encrypted manner and in a manner that protects and maintains privilege. All firms bidding on this RFP are to have pre-signed an NDA. Any third-party firms which the bidding firm seeks to engage in this RFP, and with whom it shares any information contained in the RFP, is expected to sign an NDA with the bidding firm prior to any information being shared with that third-party.

Detailed Requirements

Benchmarking Report

This effort entails consulting with CAFII about the dimensions we seek to benchmark, and then anonymously and confidentially collecting information about these attributes across the CAFII membership in a manner that is fully compliant with competition laws. The aggregated, anonymized results can then be assembled and shared subject to competition law oversight. Individual CAFII members can, on a proprietary basis, have access to their individual results so as to make comparative analysis.

Currently, the big six banks (Royal Bank, Scotiabank Financial, BMO, TD, CIBC, and National Bank), along with Laurentian Bank and HSBC, are part of the study. Laurentian Bank and HSBC are not currently members of CAFII so they will not be part of the future study initially. Two other members of CAFII are not part of the study currently, but will be for the future study—Desjardins, and CUMIS (credit unions outside of Quebec).

Templates are attached to the email with this RFP that you should confidentially review to understand the current benchmarking study. Adjustments that you wish to recommend to make the study easier to read and review, or which produce other improvements, are welcome as part of your RFP response.

Because of the time that may be required to do the preparatory work, and because there has been a gap created due to the elimination of the CBA's involvement in this report, the first report may need to have a "catch-up" component where it covers more than just one quarter.

Benchmarking List of Components

Scenario 1

Scenario 1 is to replicate the original data that was captured by the CBA, which can be found in the attachments that accompany this RFP. This will be a fundamental part of the study and all bidding firms are expected to cost this out as a baseline cost.

Scenario 2

Scenario 2 is additional information we might seek to compile. Bidding firms are asked to price this as an “add-on” cost. CAFII may or may not choose to include some or all of these additional data points in the future reports.

<u>Benchmarking Component</u>	<u>Metric</u>
Total in-force policies	#
Total premium (overall and per policy)	\$
Total claims made	#
Total claims paid	\$
Percentage claims paid	%
Applications approved	%
Applications denied	%
Total employees	#
Complaints made	#
Cancellation of the Product within XX months	#
Complaints escalated to ombudsperson	#

Scenario 3

Scenario 3 gives bidding firms the opportunity to demonstrate their own expertise and knowledge of this space by suggesting additional data points to collect. We invite bidding firms to recommend additional benchmarking components, and cost these as an additional “add-on” option.

CAFIL members are focused on the Fair Treatment of Customers. We would like to capture customer-centric measures that give us indications of customer satisfaction. Some are identified in Scenario 2, like total claims paid, complaints made etc. Please indicate additional customer-centric measures that could be captured as part of this study.

Importance of Comparable Data

The different institutions that would contribute data to this benchmarking study all have different definitions of the data, different legacy systems, different underwriting rules etc. There is considerable concern among some CAFII members that this will limit the value of the benchmarking study, as it will not be using “apples to apples” comparisons. **Please indicate how you would try to cleanse and modify the data sources so that we can have a study that members can have confidence in.**

Additional Components of the Quarterly Study

Please indicate what is the initial cost for setting up the study, which will involve data analysis, data cleansing, setting up a portal, training etc.

Please indicate separately what is the recurring, quarterly costs after the set-up is complete.

The benchmarking study is set up such that each bank is identified as “Bank A” “Bank B” etc. (See the accompanying templates.) As an additional feature, it would be valuable to aggregate all the data and display the aggregated results in a weighted average. **Please indicate the cost of adding this additional feature in the quarterly reports.**

Working Group on Definitions

The CBA had set up a Working Group consisting of participating members, to make progress on common definitions of terms. This Working Group will need to be reconstituted, and the winning firm will need to work with this Working Group to develop and finalize common definitions prior to beginning any data collection efforts.

Research Effort and Price Ranges

As part of the proposal to CAFII, please indicate your expectations around remuneration (paid up front, paid upon completion of project, portion paid up front and remainder paid upon completion etc.).

Proposal Submission—Required Content

Review all of the detailed requirements as outlined above and provide a written submission detailing how your organization is able to meet or exceed these requirements, including pricing for each of the services required and any and all additional costs you would charge for.

Provide details around how your firm would structure its involvement in this project and the required outputs, and detail the costs associated with each component part as well as the overall cost. Please outline clearly the requirements from CAFII members around data collection, data definitions etc.

Provide details on what components of this project you would outsource and the process for such outsourcing.

CAFII Evaluation Criteria

<u>Criteria</u>	<u>Weight</u>
Firm has demonstrated a thorough, comprehensive, credible understanding of the project; has demonstrated that it has the required expertise and experience within the firm to lead the project and to successfully produce the required outputs	45%
Firm's price is competitive	25%
Firm has a strong Project Management capability and has demonstrated a Project Management plan to guide the entire project	15%
<p>Firm has demonstrated knowledge of CAFII and its Members, including being an Associate of CAFII, so that CAFII time and effort required for orientation and assistance in climbing learning curve will be minimal.</p> <p><u>Specifically:</u></p> <p>CAFII Associates get 3 automatic points in this category</p> <p>All bidding firms are assessed on "demonstrated knowledge of CAFII and its Members," with a maximum possible score on this dimension of 12 points</p>	15%

CAFII Non-Disclosure Agreement (NDA)

Confidentiality and Non-disclosure Obligations.

1. BIDDING FIRM agrees and undertakes:
 - (a) to maintain in strict confidence any data or information provided pursuant to this agreement by CAFII and/or CAFII Member (whether orally, in writing or in any other form) ("Confidential Information") by virtue of the Initiative, provided that information that is (i) already known to BIDDING FIRM at the time of disclosure; (ii) in the public domain or publicly available; (iii) available from a third party who is under no such obligation of confidentiality; or (iv) independently developed by BIDDING FIRM shall not be considered as 'Confidential Information';
 - (b) to protect all Confidential Information which the other party provides to it against unauthorized access, use, disclosure, destruction, loss or alteration using at least the same degree of care that BIDDING FIRM uses to protect its own confidential and/or proprietary information, but in no event less than a reasonable degree of care;
 - (c) to restrict access to the Confidential Information only to those employees engaged in the Initiative and who have a need to know for the purposes described herein and provided that such employees are bound by obligations of confidentiality that are at least as strict as those set out herein, to the exclusion of any other employees who do not provide services in connection with the Initiative;
 - (d) use the Confidential Information for solely for evaluating and implementing the Initiative (except if required otherwise by applicable laws, court or governmental agency) ("Permitted Purpose");
 - (e) not use or attempt to use the Confidential Information in any way that would be in violation of any applicable law or in any manner that could be deemed anticompetitive;
 - (f) not disclose, make available to, or provide or permit access to or use of any Confidential Information, by a third party except as expressly permitted by this agreement; and
 - (g) establish safeguards to ensure that all data is uniquely identified as to the Initiative participant to whom it belongs, and all Confidential Information will be secure from unauthorized disclosure, access and/or use.

Ownership of Confidential Information

2. All Confidential Information will remain the exclusive property of CAFII and/or applicable CAFII Member, and BIDDING FIRM will have no rights, by license or otherwise, to the Confidential Information except for use as expressly provided in this agreement.

Compelled Disclosure

3. BIDDING FIRM may disclose Confidential Information to its legal advisors to protect its own legitimate interests and to comply with any legal or regulatory requirements. If any court, regulatory authority, professional body or legal process requires the recipient to disclose information covered by this confidentiality obligation, then BIDDING FIRM may make any such disclosure; provided that the BIDDING FIRM will, if permitted by law, advise the CAFII promptly of any such requirement and cooperate, at the CAFII's expense, in responding to it.

Additional Obligations of Bidding Firm

4. BIDDING FIRM represents and warrants that it is familiar with, has complied with, and will comply, in all respects, with applicable competition laws including the provisions of Canada's Competition Act and will implement appropriate policies, conduct appropriate training of its employees and directors, and adopt appropriate processes for meetings and documentation to ensure that it and their employees and directors will remain compliant.
5. BIDDING FIRM will be liable for any failure by its employees to comply with the terms of this agreement. BIDDING FIRM shall indemnify and hold CAFII and CAFII Members and their respective officers, employees, directors, agents and representatives harmless from, and shall pay for, any cost, loss, expense, liability, claim, demand or damage (including reasonable legal fees and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure of the Confidential Information or other breach of this agreement by BIDDING FIRM or its employees.
6. Irrespective of where BIDDING FIRM receives or holds individually identifiable personal information ("Personal Data") on behalf of any of the other parties, BIDDING FIRM confirms that, acting as data processor it will take appropriate technical, physical and organizational/administrative measures to protect that Personal Data against accidental or unlawful destruction or accidental loss or unauthorized alteration, disclosure or access. BIDDING FIRM will only use that Personal Data for the Permitted Purpose, unless permitted otherwise in writing by CAFII or a CAFII Member. The other parties and BIDDING FIRM shall each comply with the provisions and obligations imposed on each of them by applicable data privacy legislation and regulations.
7. Upon written request from CAFII or a CAFII Member, BIDDING FIRM will promptly return or destroy, and verify in writing its destruction of all material, in any form, embodying any Confidential Information, provided that BIDDING FIRM may retain a copy of such

Confidential Information only to the extent that it is part of its backup or recovery processes where such Confidential Information is not readily accessible.

Remedies

8. Disclosure or use of Confidential Information provided by CAFII contrary to this agreement, or any other breach of the terms and conditions of this agreement by BIDDING FIRM, will give rise to irreparable injury to CAFII and/or CAFII Member that is not adequately compensable by damages. CAFII and/or CAFII Member may, in addition to any other remedy, enforce the performance of this agreement by way of injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damages (and without the requirement of posting a bond or other security) and, notwithstanding that damages may be readily quantifiable, you agree not to plead sufficiency of damages as a defence in any such proceeding. The rights and remedies provided in this agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or equity. All such rights and remedies may be exercised from time to time, and as often and in such order as is deemed to be expedient.
9. In the event of a breach of BIDDING FIRM'S obligations under this agreement or any actual or suspected security breach involving Confidential Information provided by CAFII, BIDDING FIRM will immediately notify CAFII and CAFII Members, immediately allocate required resources to address and cure the breach and implement all reasonable mechanisms to mitigate the risk and prevent future occurrences, including cooperating in all reasonable respects with CAFII and CAFII Members to minimize the impact of the security breach or loss and any damage resulting therefrom.

Miscellaneous

10. Except as otherwise provided in this agreement, the obligations of the parties under this agreement continue and are binding for an indefinite period of time.
11. Any notice, direction or other communication given regarding the matters contemplated by this agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:
to BIDDING FIRM at:

[INSERT]

to CAFII at:

Keith Martin

Co-Executive Director, CAFII
411 Richmond Street East, Suite 200
Toronto, Ontario
M5A 3S5

12. A notice, direction or other communication is deemed to be given and received (i) if sent by personal delivery or courier, on the date of delivery if it is a business day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next business day, or (ii) if sent by facsimile, on the business day following the date of confirmation of transmission by the originating facsimile. A party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice, direction or other communication must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a notice will be assumed not to be changed.
13. No waiver of any of the provisions of this agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the party to be bound by the waiver. A party's failure or delay in exercising any right under this agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right it may have.
14. This agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such subject matter. This agreement may only be amended, supplemented, or otherwise modified by written agreement signed by all of the parties.
15. Neither this agreement nor any of the rights or obligations under this agreement may be assigned or transferred, in whole or in part, by a party without the prior written consent of the other party.
16. If any provision of this agreement is determined to be illegal, invalid or unenforceable, by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this agreement and the remaining provisions will remain in full force and effect.
17. This agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable

therein and the parties attorn to the non-exclusive jurisdiction of the courts in the City of Toronto.

18. This agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this agreement.

If BIDDING FIRM services do not conform to the requirements agreed between all parties, BIDDING FIRM will be notified promptly and it shall re-perform any non-conforming services at no additional charge or, at BIDDING FIRM option, refund the portion of the fees paid with respect to such services.

If re-performance of the services or refund of the applicable fees would not provide an adequate remedy for damages, the aggregate liability of BIDDING FIRM and its employees, directors, officers, agents and subcontractors (the “related persons”) to the parties whether in contract, tort (including negligence), breach of statutory duty or otherwise for any losses arising from or in any way connected with our services shall not exceed in aggregate the greater of (a) \$250,000 or (b) the total amount of the fees paid to BIDDING FIRM for the services provided pursuant to this agreement, unless otherwise agreed in writing. Nothing in these terms shall exclude or limit the liability of BIDDING FIRM or its related persons in the case of: (a) death or personal injury resulting from our or our related person’s negligence; (b) willful misconduct; (c) fraud; or (d) other liability to the extent that the same may not be excluded or limited as a matter of law. In no event shall BIDDING FIRM or any of its related persons or affiliates be liable for any incidental, special, punitive, or consequential damages of any kind (including, without limitation, loss of income, loss of profits, or other pecuniary loss).

Where BIDDING FIRM are jointly liable with another party, BIDDING FIRM shall to the extent permitted by law only be liable for those losses that correspond directly with its share of responsibility for the losses in question.

SIGNED BY REPRESENTATIVE OF BIDDING FIRM

Canadian Association of
Financial Institutions in
Insurance (CAFII)



Proposal for Management of
Quarterly Credit Protection
Insurance (Creditor)
Benchmarking Report

November 13, 2019



Table of Contents

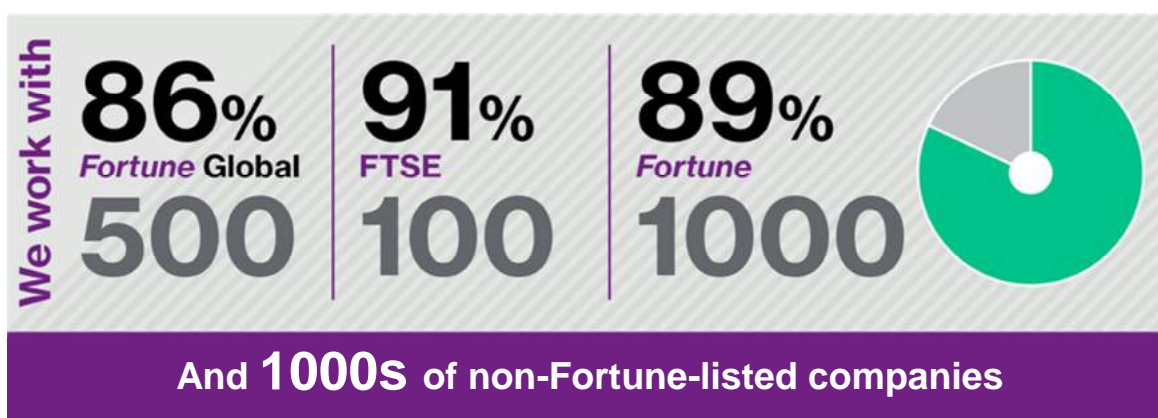
Section 1 : WTW Experience	1
1.1 <i>Background on WTW</i>	1
1.2 <i>WTW Affinity Practice</i>	2
1.3 <i>Experience with Creditor Insurance Programs and Surveys</i>	3
Section 2 : Methodology	5
2.1 <i>Overall Process Steps.....</i>	5
2.2 <i>Process Steps Detail.....</i>	6
2.2.1 <i>Step 1: Reaffirm Key Aspects of Project.....</i>	6
2.2.2 <i>Step 2: Survey Development</i>	8
2.2.3 <i>Step 3: Survey Distribution and Collection.....</i>	8
2.2.4 <i>Step 4: Compilation of Results and Analysis</i>	9
2.2.5 <i>Step 5: Development of Survey Results Report</i>	9
2.3 <i>Data Collection Point Parameters / Metrics for Consideration.....</i>	10
2.3.1 <i>Scenario 1</i>	10
2.3.2 <i>Scenario 2</i>	11
2.3.3 <i>Scenario 3</i>	12
Section 3 : Project Team, Timelines and Fees	14
2.4 <i>Project Team</i>	14
2.5 <i>Anticipated Timelines and Fees</i>	14
2.5.1 <i>Ongoing Component: New Survey for Q1 2020</i>	14
2.5.2 <i>Management of Catch-up Periods for 2019.....</i>	17
2.5.3 <i>Additional Notes on Fees</i>	18

Appendix A: Bios of Key Support Personnel

Section 1: WTW Experience

1.1 Background on WTW

Willis Towers Watson (WTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, WTW has more than 45,000 employees in 140+ countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance.



We service clients across Canada, operating in six regional offices with over 1,000 colleagues, supported by connections to our global capabilities and breadth:



1.2 WTW Affinity Practice

This RFP response is being led by WTW's Canadian Affinity Practice, part of WTW's Corporate Risk and Broking segment. We have been operating in the Canadian industry for more than 25 years with financial institutions, associations and other groups, developing tailored, customer-centric insurance and ancillary solutions that are complementary to the core offerings and services that our clients provide to their customers or members. Solutions that we develop on behalf of our clients seek to achieve some or all of the following benefits (subject to the desired goals of the client):

- Fulfil the protective needs of customers or members
- Complement the core services of the organization
- Differentiate offers relative to "standard" offerings in the marketplace
- Increase customer/member engagement, benefits, experience, and overall loyalty
- Allow for the generation of new revenue streams

Our Affinity Practice in Canada is supported by a variety of insurance professionals that allow for a full breadth of support for insurance affinity services, including actuaries representing both the property & casualty and life & health insurance segments. The Canadian Affinity practice's experience and knowledge base includes access to a broader Global Affinity business unit of WTW. As a result of this global business unit integration, our Canadian group is able to draw upon marketplace best practices expertise and knowledge from the global marketplace to support our work on product and services offered to our Canadian clients.

While we are bound by confidentiality in naming specific clients we work with, over 25+ years of experience in Canada, WTW's Affinity practice has worked with and/or continues to work with the major banks and insurance companies, most of whom are members of CAFII. This is inclusive of a wide breadth of business lines (i.e. travel, life, health, property and casualty, and creditor).

1.3 Experience with Creditor Insurance Programs and Surveys

WTW is an independent third party organization that undertakes a Quarterly Creditor Insurance Market Survey on behalf of financial institutions, credit unions and alternative lenders that offer creditor insurance products attached to mortgages, loans and lines of credit. The survey is subscriber based and offers full transparency to participating companies as respects:

- Insurance certificates and distribution guides;
- Product comparative charts (e.g. eligibility conditions, product features, benefits, limits, exclusions, etc.);
- Detailed premium rate comparative charts, including the basis of calculation.
- Details and documentation related to health questions, application forms and other aspects of product underwriting;
- Detailed Summary Updates provided each quarter around product, pricing, underwriting or other changes for individual competitors.

Please note that the survey does not disclose proprietary statistics of participants such as business volume generation. WTW has been producing this survey for the industry for over twenty years.

In addition to the Quarterly Creditor Insurance Market Survey, WTW has managed the collection and compilation of an annual Credit Card Balance Protection Insurance (CCBPI) Market Survey for the industry. Participants in the study include the major Canadian banks, credit unions, and retailers, and an approximate ninety percent overall share of the market. WTW compiles and analyses the data of such participating credit card issuers, and develops the study as a benchmarking tool for participants. This study largely focuses upon the distribution and acquisition of consumers of CCBPI and includes various key customer acquisition metrics of the relevant CCBPI programs. Additionally, the study provides detailed analysis on tactics for customer retention, core credit card acquisition and reasons for CCBPI program cancellation, amongst other items. The study focuses on results for the current year, along with consideration of trends developing over an approximate five year period. The results of the Credit Card Balance Protection Insurance Market Survey are presented on an aggregate basis.

In addition to the survey-related activities noted above, WTW's affinity group has engaged in consulting support related to significant blocks of creditor insurance business in Canada. This includes, but is not limited to:

- Actuarial analysis on creditor insurance programs, including review of cession statements to captive reinsurers, and sign-offs on actuarial valuations supporting annual audits;
- Management of RFP's in respect of creditor insurance programs and provision of related consulting guidance to sponsoring card issuers;
- Assistance with the management of creditor insurance portfolio transfers from one insurance carrier to another;
- Provision of consulting support on marketing and acquisition of creditor insurance participants.

Our experience on creditor insurance collectively as a group spans a wide array of overall skillsets and aspects of the business. This has helped us to collectively better understand the value proposition of this product from a consumer standpoint, and to trace this evolution over its historical development period.

As part of a global affinity practice, we are able to share learnings across geographies, inclusive of specific learnings on creditor insurance, with a focus on the financial institutions sector. This additional feedback and learning helps to articulate potential issues that could come to light in the Canadian market as respects the distribution and ongoing consumer relationships for creditor insurance products.

Our Affinity practice experience also includes being closely engaged with various professional associations linked to the banking and insurance industries in Canada, along with ongoing monitoring of new developments in regulations, guidelines and other matters affecting positioning on behalf of clients.

Additionally, we have supported CAFII in past endeavours, including a survey on the provision of Mortgage Creditor Insurance, the results of which were presented to CAFII members and regulatory bodies.

Lastly, we are uniquely positioned as a firm which has decades of experience in managing benchmarking surveys with a wide array of clients. Notwithstanding the creditor and CCBPI survey referenced above, WTW manages the additional market surveys / benchmarking activities, which include:

- Quarterly credit card market surveys, inclusive of key details on all embedded credit card insurance, as well as an examination of select optional insurance offerings such as CCBPI;
- Quarterly surveys conducted on the travel insurance market in Canada;
- A bi-annual survey conducted for the United States Travel Health Insurance Association (USTIA), presented to members at their conference;
- An annual survey conducted for the North American Pet Health Insurance Association (NAPHIA), similarly presented to members at their annual conference.

In addition to the foregoing, individual clients engage us for specific benchmarking analyses to support various endeavours. This is managed within the parameters of focus desired by our clients, and the required preservation of privileged and confidential information.

Given this breadth of experience in managing benchmarking and survey activities over decades of tenure, we have created a dedicated survey and market research unit in Canada. This unit is managed by Pascal Bino, who will be a core member of the team leading this initiative on behalf of CAFII, if selected.

Section 2: Methodology

2.1 Overall Process Steps

We have broken down our proposed process methodology into a number of key steps as follows:

- Step 1:** Reaffirm goals and objectives of CAFII; confirm scope of analysis, member participation, preferred process for data collection and member communication, and definition of report format and dissemination.
- Step 2:** WTW development of survey based on parameters of Step 1, inclusive of development of all data collection points. Review and feedback on survey by CAFII, with adjustments made as necessary.
- Step 3:** CAFII-led and/or jointly developed intro communication to members. Distribution of survey, completion by members, and subsequent collection of results.
- Step 4:** Compilation of results by WTW and analysis.
- Step 5:** Release of report to survey participants.

Each of the above-noted proposed steps is discussed further in the sections that follow. We would also like to emphasize that WTW is flexible in its approach, and the above-noted steps should be viewed as recommended steps only. This can be adapted to suit CAFII's preferred method of proceeding and member engagement.

Lastly, we would also recommend (and would intend to undertake) periodic status updates (either weekly or bi-weekly) with the designated CAFII project team to track project progress and any issues as they develop.

2.2 Process Steps Detail

2.2.1 Step 1: Reaffirm Key Aspects of Project

Goals and Objectives

It was noted in the RFP document that “*CAFII members are focused on the Fair Treatment of Customers. We would like to capture customer-centric measures that give us indications of customer satisfaction.*” The baseline metrics of penetration through the CBA study may be a broad indicator of customer satisfaction, but we believe that this metric in isolation would not provide key details that pinpoint operational process issues, reasons for customer dissatisfaction, etc. With this in mind, during Step 1, we would want to review the key elements to be collected through the benchmarking exercise, and ensure a consistent definition in conjunction with the project Working Group (as defined in the RFP). This has been considered further in Section 2.3 that examines potential additional benchmark input data points (i.e. Scenarios 2 and 3 presented in the RFP) that could be collected from members to support more robust examinations on specific elements.

Scope of Analysis and Participating Members

As we understand it from the RFP, participating members at the outset would include the big six banks that are CAFII members (Royal Bank, Scotiabank, BMO, TD, CIBC and National Bank). Other participants may be included in future studies that could entail incremental new entrants that are either banks or credit unions. It is our understanding that other CAFII members such as insurers would not be participants, nor would they be recipients of the survey. It is our understanding that CAFII member participation will be on a voluntary basis for all those encompassed in the scope of the survey. Therefore, some level of discussion should be had with the CAFII Working Group to better understand the commitment of individual CAFII members, and to determine contingencies in the event that the universe of participants declines, rather than expands.

We would develop the study such that participants are provided with a copy that would identify anonymized results for each competing issuer (e.g. Participant A, Participant B, Participant C, etc.), as well as an aggregated summary of results across all participants. Additionally, full transparency over a participant's own results would be provided. The format of the report and manner in which results may be disseminated is discussed further under “Format of Report” in this Section. In consideration of the metrics sought under this report, and in particular, those identified by CAFII as part of Scenario 2 (described further in Section 2.3.2 of this response), further discussion should take place around the use of such metrics to ensure confidentiality of member identity is maintained through the dissemination of anonymized results.

Preferred Process for Data Collection

WTW would intend to work with CAFII to align with preferred methods for member engagement and data collection, and to be consistent with prior surveys which have met with success in terms of

timeliness and responsiveness of members. We are happy to take the lead on all member communications as may be desired by CAFII; however, we would seek additional guidance from CAFII's Working Group around preferred methods for member contact.

Additionally, we anticipate that the data collection step will include the development and execution of Non-Disclosure Agreements (NDA's). Such NDA's may need to be setup as tri-party NDA's (i.e. CAFII, WTW and survey respondents) in the event that CAFII itself may receive a copy of the survey (without transparency of any individual member results). WTW would ensure that all data points are collected confidentially and fully compliant with competition laws. WTW is also happy to work collaboratively with CAFII's appointed legal counsel to ensure all elements of the benchmarking reports are compliant with best practices thereof.

Preservation of highly confidential info in transmission from participants to WTW is critical towards ensuring client anonymity and confidentiality. WTW has experience in working with clients to ensure safe transmission of data and information, including utilizing clients own secure portals and email servers, as well as WTW providing its own options for secure emails and/or secure FTP site protocols. We would be happy to further discuss and define the approach(es) that may make the most sense for CAFII and its members.

Data points collected for the purposes of a benchmarking study should be standardized as much as possible. This includes working with CAFII's Working Group to ensure alignment on common definitions of key metrics collected for the study. Standardization ensures a comparative of common, meaningful results, particularly in a report which will reveal results on an anonymous basis without the ability to adjust for individually tailored metrics or nuances of underlying data collection. By collecting standardized metrics, we also ensure a minimal requirement for data scrubbing / cleansing. Our work in data scrubbing / cleansing would therefore be largely associated with higher level checks of data reasonableness, and ensuring consistency of participant data from period to period.

Format of Report

CAFII provided template files from the CBA accompanying the RFP document, which represented the format of the CBA quarterly report. While we are happy to replicate this type of reporting, consistent with the Scenario 1 request, we would recommend as part of Step 1 that we review potential alternative formats for report results. Some key considerations could include:

- Graphical representations of data and key results, in addition to the tabular report form data;
- Potential for inclusion of key statistics such as average and median, and, if warranted based on sample size, inclusion of additional statistics such as percentiles. While we would be happy to work with CAFII to develop potential weighted average statistics, we would note the potential here for compromising individual results for certain aspects where weights of a single competitor may significantly influence weighted average results, particularly for subdivisions where the universe of competitive participants could be smaller than the number of competitors in the overall data set;

- “Personalized” graphical representations of a participant's individual results, relative to anonymized competitors;
- Comparatives relative to the same period from the year prior (as results are available);
- Whether or not CAFII as an organization would want to receive a copy of the report. If so, this version would need to be provided on a fully anonymized basis to preserve confidentiality of all member data.

We would anticipate that this activity would largely be limited to the initial development of the quarterly survey. For the second and subsequent surveys, we would expect limited requirements and time investment for Step 1, barring any changes to member participation, desired metrics, etc. In this regard, we would recommend a touchpoint with the CAFII Working Group prior to the commencement of the second and subsequent surveys managed by WTW to review any feedback and potential changes required.

2.2.2 Step 2: Survey Development

The parameters of Step 1 will become the key inputs towards the construction of the survey questionnaire and data templates. Based on the feedback from the CAFII Working Group in Step 1, WTW will take the lead in developing a draft survey questionnaire and accompanying data templates along with any required member communications or process items to support it. WTW’s draft survey will be distributed to CAFII’s Working Group for this mandate for review and input and will endeavour to satisfy the key parameters of Step 1 (i.e. goals and objectives of CAFII, scope of analysis and participating, preferred process for data collection and format of report).

Any CAFII Working Group feedback on the draft survey would be incorporated, with the survey adjusted as required to finalize.

Similar to Step 1, we would anticipate that this activity would largely be limited to the development of the initial quarterly survey. For the second and subsequent surveys, we would only adjust the survey questionnaire and associated data templates if changes are desired and/or warranted.

2.2.3 Step 3: Survey Distribution and Collection

In Step 1, we would seek to better understand how CAFII has historically engaged members to support surveys, how the Canadian Bankers Survey (CBA) was done previously, and to confirm the preferred process for member contact for this survey. We would once again note that WTW is flexible in the preferred manner of member contact and survey distribution, and would be happy to consider multiple approaches, which could include:

1. WTW manages all contact with members, thereby minimizing resourcing requirements of CAFII to coordinate.

2. CAFII provides an intro communication to members introducing the concept of the survey (potentially co-crafted by WTW), and WTW manages communications thereafter, including dissemination of the survey and collection of key data points.

At this stage, without further information and discussion, we would suggest that approach 2 is preferable from WTW's standpoint, and optimally positioned to introduce the concept of the survey from CAFII itself (to enhance overall resonance and any required participation of members), while still alleviating pressure upon CAFII to support ongoing communications and requirements of members. A powerful communication from CAFII regarding the importance of the survey at the outset, along with key timelines to adhere to will help to ensure that the entire process stays on track for timely delivery.

We would also request CAFII's ongoing support towards any required follow-ups with members for data collection, as may be needed under exceptional circumstances.

2.2.4 Step 4: Compilation of Results and Analysis

WTW will collect and compile all of the survey information and commence its analysis as quickly and efficiently as possible upon receipt, along with managing any required follow-ups to CAFII members to clarify responses or manage data collection. In this regard, we would note that WTW has significant experience in managing client surveys (as noted in Section 1.3), and therefore are uniquely positioned to quickly pinpoint data or member inputs that may be out of sync with expected results, enabling a flag for quick and easy follow-up.

To ensure expeditious analysis and compilation, this requires well thought out survey construction and consistency of format, making Step 1 a critical link to the efficiency of additional steps, including the compilation of results and analysis.

2.2.5 Step 5: Development of Survey Results Report

The final work product would intend to report on:

- Aggregated results across all participants;
- Anonymized results (e.g. Participant A, Participant B, etc.) based on all respondents to the survey, to the extent such is in agreement with the Working Group and does not compromise confidentiality;
- Transparency of results for a participant's own results (i.e. uniquely tailored for each participant);

The format of the report will depend upon the outcome of Step 1, along with the depth and breadth of data points collected which is discussed further in Section 3.

2.3 Data Collection Point Parameters / Metrics for Consideration

CAFIL has requested for RFP respondents to consider three different scenarios for quotation in responding to this RFP, as described in the sections that follow:

2.3.1 Scenario 1

As part of the RFP document, CAFIL provided backup information around data collection points that were included as part of the CBA study. This included:

- Quarterly penetration rates on new business and the bank's portfolio as a whole, broken down by:
 - Underlying financial instrument type (e.g. Mortgage, Secured Line of Credit, Credit Cards)
 - Type of insurance sale (where relevant) (e.g. Life, Disability, Critical Illness)
 - Distribution channel for each of the mortgage (Branch, mortgage specialists, mortgage brokers) and credit card portfolio (branch, card activation)

A randomized summary was provided for each Bank (identified as "Bank A", "Bank B", etc.), with one set of results on a nationwide basis, and a separate set of results broken down by major region (ON (with separate breakout for GTA results), QC, BC & YK, Prairies (AB, SK, MB, NWT, NU), and Atlantic provinces (NL, NB, NS, PE).

While the definition of "penetration" differed by Bank participant, in general, it was calculated as:

$$\text{Penetration} = \frac{\text{Number of credit products where an insurance product was sold with it}}{\text{Number of credit products sold}}$$

As a third party reviewing the CBA study, we found the potential for inconsistencies of this penetration metric based on individual participant interpretation. The ability to report different definitions of penetration leads to metrics which could be less meaningful and more difficult to compare. This is particularly true when results are provided in a randomized format, without the ability to adjust for differing definitions of the same metric.

Moving forward, we would seek to standardize and prescribe the definition of penetration (or potentially two to three separate definitions) in order to collect statistics across respondents on a consistent basis. While Scenario 1 relies entirely on a single metric for analysis (penetration), this same philosophy would be carried through to Scenarios 2 and 3 i.e. any metric that is collected for the purposes of benchmarking should be standardized across participants to the extent practically possible. Standardization of data at the outset of receipt from participants prevents significant requirements to attempt to cleanse, interpret, and/or adjust submitted data for use in a benchmarking study.

Additionally, we would want to further review the provincial / regional data splits to ensure that the reporting groupings continue to make sense for the Working Group.

2.3.2 Scenario 2

Scenario 2 requests respondents to consider all or some of the following additional benchmark points as part of the study:

Benchmarking Component	Metric
Total in-force policies	#
Total premium (overall and per policy)	\$
Total claims made	#
Total claims paid	\$
Percentage claims paid	%
Applications approved	%
Applications denied	%
Total employees	#
Complaints made	#
Cancellation of the product within XX months	#
Complaints escalated to ombudsperson	#

WTW would be pleased to consider expansion of the Cafil survey to include these metrics; however, some of these metrics may have the ability to compromise participant identities, and further discussion should be undertaken with the Working Group to ensure confidentiality of results is maintained, and precise definitions of each metric are clear and understood.

Additionally, WTW would need to obtain clarity if the above-noted metrics are to be collected with the target of the granular level splits as scenario 1 (e.g. ability to split by credit instrument type, coverage type, distribution channel, province/region, etc.).

2.3.3 Scenario 3

In consideration of the expansion upon the core metrics identified in Scenarios 1 and 2, we would recommend potential further subdivision of such key metrics according to key demographics desired by participants (e.g. by age, gender, single/couple/family status, household income levels, etc.), and to the level available. Each of these subdivisions could be utilized to analyse and benchmark participation and satisfaction rates by credit product, by creditor product type, by region, etc. We are flexible in our approach and would be happy to work with the Working Group to define the level of granularity desired.

In addition to expanding upon demographics in support of scenarios 1 and 2, WTW has considered an “open slate” towards additional benchmarking components that focus on the Fair Treatment of Customers (as described in the RFP), and ones which may provide key indicators of overall creditor insurance consumer satisfaction. The following represent some additional metrics which we feel may be relevant of CAFII's consideration. Please note that each of these metrics/data points would need to be validated according to availability across survey participants (and consistency thereof), and member willingness / desire to report upon these for inclusion in the surveys:

- § Proportion of customer cancellations organized into top reasons (e.g. uncompetitive price, uncompetitive product, overlapping coverage with other insurance, etc.);
- § Proportion of claims denials organized into top reasons (e.g. eligibility restrictions, coverage exclusion, etc.);
- § Proportion of customer complaints organized into top reasons (e.g. lack of product understanding, price too high, etc.);
- § Retention rates (e.g. proportion of customers remaining after 60/90 days, 1 year, 2 years, etc.), split by those with and without claims;
- § Customer journey time, organized by transaction type and distribution channel e.g. time to quote, time to bind, etc.;
- § Customer participation with creditor relative to the number of core banking and credit products elected for by the customer (e.g. to understand the strength of the overall banking relationship).

While the above-noted list provides an idea to CAFII regarding the realm of potential data inputs, we would intend to focus the benchmarking survey around a simple, easy-to-complete exercise for participating members to facilitate an expeditious completion of our mandate. Each of the foregoing metrics would need to be discussed further to help determine availability / suitability and to shape standardized data collection through the survey. As noted in Scenario 1, each metric that is collected should have a standardized definition such as to avoid potential inconsistencies in reporting and benchmark analysis.

Section 3: Project Team, Timelines and Fees

2.4 Project Team

This project will be managed by WTW's Canadian Affinity team, and will be led by Michael Arlitt, based in Toronto. Christine Panet-Raymond, who leads the combined Affinity, Commercial Programs and Personal Lines team, will be the executive sponsor of this endeavour and will assist with providing key input into the process along with helping to shape and deliver our final work product. The management of the survey activities, inclusive of survey design, member communication and data collection will be driven by Pascal Bino who manages our survey unit based out of Montreal, inclusive of the surveys described herein. Bios of these three key team members are included in Appendix A to this document; however, additional Affinity team members not explicitly included in Appendix A will be leveraged to support this mandate.

Please note that no aspects of this mandate would be outsourced to third parties outside of WTW.

2.5 Anticipated Timelines and Fees

The timelines and fees for the survey have been split according to an "ongoing component" (i.e. new surveys commencing with Q1 2020) and the potential for a "catch-up component" (i.e. to provide surveys missing from 2019 since CBA was no longer engaged to support).

2.5.1 Ongoing Component: New Survey for Q1 2020

Notwithstanding CAFII's desire for potential "catch-up" periods for missed surveys in 2019, we have assumed that the new survey would be rolled out with the first edition offered in conjunction with the winner of this RFP commencing with the completion of Q1 2020 (i.e. following availability of Q1 2020 data, subsequent to January 31, 2020). Rather than expose CAFII to separate setup fees, and an ongoing fee thereafter, we believe it would be more prudent and easier for CAFII's member budgets to consider a stable cost structure from period to period, assuming a fixed initial term of partnership of a minimum of two years, with fees indexed at 3% per annum thereafter. We also believe that a flat fee per participant per quarter will ensure ease in the ability to expand the number of participants in the survey without imposing burdens on initial participants for survey development. Under this premise, we would anticipate the following approximate schedule and associated fees under each scenario explored by CAFII in the RFP:

Scenario 1:

Cost per participating member: \$2,000 plus applicable taxes per quarter

Anticipated timeline:

Project Milestone	Applicability	Anticipated Timing	Parties Involved
Project definition (scope and availability of data points, communication process, survey output format, etc.)	Primarily Q1 2020 Review	Weeks 1-2	CAFII / WTW
Craft benchmarking survey and submit to CAFII for review	Primarily Q1 2020 Review	Weeks 2 – 3	WTW
CAFII feedback to survey and updates; distribution to membership	All Quarterly Reviews	Week 4	CAFII
Member completion of survey	All Quarterly Reviews	Weeks 5 – 6	CAFII members
Compilation of results by WTW and analysis	All Quarterly Reviews	Weeks 7 – 8	WTW
Report Distributed to Participants	All Quarterly Reviews	Week 9	CAFII / WTW

Please note that as per the above-noted timeline, we would expect approximately nine weeks from start to finish for the completion of the initial Q1 2020 report, and approximately six weeks for subsequent reports (i.e. reflecting the streamlining of processes in subsequent periods). Please note that in order to affect a timely release of the initial Q1 2020 report, we would prefer to commence the initial foundational work (i.e. steps 1 and 2) with the CAFII Working Group well prior to January 31, 2020.

Scenario 2:

Incremental Cost per Participating Member: Up to \$1,500 plus applicable taxes per quarter for inclusion of all data elements listed in Section 2.3.2.

Augmentation of Scenario 1 Timeline: We would anticipate an additional time commitment of 1 – 2 weeks to be required on the front-end for the initial Q1 2020 report to review the feasibility and format of applicable incremental data points and to scope out how this would be presented as part of a benchmarking report. Thereafter, we would expect the “Member completion of survey” and “Compilation of results by WTW and analysis” stages to be augmented by approximately four weeks for each quarterly report that is delivered, reflecting the additional metrics that would need to be collected for the reports, and the added complexity of further analysis and results dissemination.

Scenario 3:

Incremental Cost per Participating Member: Up to \$1,500 plus applicable taxes per quarter for inclusion of all elements listed in Section 2.3.3.

Augmentation of Scenario 2 Timeline: In addition to the expanded timeline associated with Scenario 2, we would expect approximately one additional week on the front-end for the initial Q1 2020 report to review these incremental data points, and their use in a benchmarking report. Similarly, we would anticipate a further expansion of the “Member completion of survey” and “Compilation of results by WTW and analysis” stages of approximately two further weeks (beyond the Scenario 2 timeline).

Summary of Fees & Timelines:

The fees and timelines for each scenario can be summarized as follows:

	Scenario 1	Scenario 2	Scenario 3
Cost per Participant (plus applicable Taxes)			
Incremental Cost of Scenario per Quarter	\$2,000	\$1,500	\$1,500
Total/Cumulative Cost per Quarter	\$2,000	¹ \$3,500	¹ \$5,000
Approximate Timing			
² Project definition (scope and availability of data points, communication process, survey output format, etc.)	Weeks 1 - 2	Weeks 1 - 4	Weeks 1 – 5
² Craft benchmarking survey and submit to CAFII for review	Weeks 2 – 3	Weeks 4 – 5	Weeks 5 – 8
CAFII feedback to survey and updates; distribution to membership	Week 4	Weeks 6 - 7	Weeks 9 – 10
Member completion of survey	Weeks 5 – 6	Weeks 8 – 10	Weeks 11 – 14
Compilation of results by WTW and analysis	Weeks 7 – 8	Weeks 11 – 13	Weeks 15 – 18
Report Distributed to Participants	Week 9	Week 14	Week 19

¹Total costs for scenario 2 assumes that scenario 1 metrics would also be included. Similarly, the total cost for scenario 3 assumes that scenario 1 and 2 metrics would also be included.

²The timeline for these steps may be significantly cut down and/or eliminated following the initial Q1 2020 survey once processes, formats and data collection points are defined for future surveys.

2.5.2 Management of Catch-up Periods for 2019

It is our understanding that the CBA produced its last quarterly creditor insurance survey on behalf of CAFIL based on its Q1 2019 edition (i.e. as at January 31st). As CAFIL noted in the RFP, there may be a requirement for the selected RFP bidder to cover both the current quarter, as well as a “catch-up” for prior periods (i.e. to capture Q2 – Q4 of 2019). We have therefore assumed for the sake of pricing that our initial benchmarking activities may include a Q1 2020 current quarter, as well as three quarters of “catch-up” for the prior three quarterly periods of 2019 which were not completed by the CBA. However, we would recommend that this proceeds according to one of the following two approaches:

1. **Approach 1:** The “catch-up” periods for 2019 would follow the same format as the CBA report (i.e. Scenario 1). Any new metrics under Scenarios 2 or 3 would solely be introduced for 2020.
2. **Approach 2:** If CAFIL would like to capture new metrics under scenarios 2 and 3 for the 2019 period, we would recommend the catch-up be performed **for all four quarters of 2019**. This will facilitate the ability to compare quarters with 2020 results as they come available.

With these two approaches in mind, we have noted the following fee estimates, which have been set up consistently with the pricing approach applied to Q1 2020 and beyond:

	Approach 1 or 2 Scenario 1	Approach 2 Scenario 2	Approach 2 Scenario 3
Cost per Participant (plus Applicable Taxes)			
Incremental Cost per “Catch-up” Quarter	\$2,000	\$1,500	\$1,500
Total Cost per “Catch-up” Quarter	\$2,000	¹ \$3,500	¹ \$5,000

¹*Total costs for scenario 2 assumes that scenario 1 metrics would also be included. Similarly, the total cost for scenario 3 assumes that scenario 1 and 2 metrics would also be included.*

We would estimate an approximate time period of 12 – 14 weeks to complete the catch-up for Scenario 1. For Scenarios 2 and 3, we would estimate approximate time periods of 16 – 20 weeks for completion, with some of the elements in defining the scope of the surveys tied together with the timing of scoping this out for Q1 2020 and beyond.

2.5.3 Additional Notes on Fees

In the event that, upon completion of Step 1, we see additional complexity and fees associated with significant additional parameters to be captured and reported on, or scope beyond that described in the RFP and our associated response, we would bring this to the attention of CAFII.

We would anticipate invoicing for each quarterly survey upon distribution of the survey to participating members each quarter. It is anticipated that this would be done directly with each participating member; however, we are flexible in this regard and would be happy to work with CAFII around preferred invoicing processes and timing.

Appendix A

Bios of Key Support Personnel



Michael Arlitt
Hons. B. Sc., ASA
 Assistant Vice President
 Affinity Practice

Willis Towers Watson
 Toronto Office (Downtown)

Telephone: 416.646.3168

Email: michael.arlitt
 @willistowerswatson.com

Role in this Project

Michael will be the account lead for this project, coordinating input from CAFII regarding project scope, work requirements with the WTW team, and managing regular status updates to CAFII. Michael will also coordinate the production and delivery of reports through this project.

Role at Willis Towers Watson

Michael joined WTW's Affinity practice in 2012 and leads its Toronto chapter; providing consulting support to financial institutions, retail and association clients. This includes the development of new insurance and specialty non-insurance lines of business, strategic program structuring and negotiation of financial arrangements, modeling of specialty risks, dynamic financial analysis, pricing development, and valuation of life and health and property & casualty and actuarial reserves supporting Affinity lines of business.

Relevant Experience/Specialization

Michael has a total of approximately 19 years of professional and actuarial consulting experience, the majority of which has been focused on the Affinity markets segment (financial institutions, retailers, professional associations, group employers and union groups). Prior to joining WTW, Michael was employed with a competing actuarial consulting firm for approximately 12 years where he held a number of roles in the financial institutions, retail and alternative markets, and property and casualty actuarial practice areas. This included providing actuarial consulting to providers of creditor insurance, actuarial evaluations to support captive insurance company audits, and managing RFP's on creditor insurance products which included the transition of well-established blocks of creditor insurance across insurer providers. Within WTW, Michael continues to work with Financial Institution and alternative providers of creditor insurance.

Education and Credentials

Michael graduated from the University of Toronto with an Honors B.Sc. degree in Statistics and Actuarial Science. He earned his Associate Actuary designation from the Society of Actuaries where he has served on project oversight groups related to the development of the profession into non-traditional specialty lines.



**Christine Panet-Raymond
ASA**

Executive Vice President
National Practice Leader
Affinity Practice

Willis Towers Watson
Montreal Office (Downtown)

Telephone: 514-360-4801

Email: Christine.raymond
@willistowerswatson.com

Role in this RFP

Christine will provide executive guidance to the team on this RFP. This shall include provision of key insights related to the survey development and analysis, and the production and delivery of the final work product to CAFII commensurate with the goals and objectives of CAFII and its members.

Role at Willis Towers Watson

Christine manages the Affinity, Commercial Programs and Personal Lines practice. Consulting services include competitive market analyses, insurance product design, pricing, underwriting criteria assessments, RFP management, claims and reserve analyses, financial arrangement and reinsurance structuring, preparation of financial and actuarial reports, third party audits, and marketing of credit card, travel, and other affinity insurance programs, among other tasks. Her clients include banks and large financial institutions, credit card issuers, retailers, tour operators/airlines, insurance companies (and captives), industry and professional/trade associations and other affinity groups.

The Affinity group which Christine oversees produces competitive insurance industry market surveys and benchmarking studies which are distributed to a number of large Canadian and foreign-based financial institutions, and Insurance Industry Associations.

Relevant Experience/Specialization

Christine started her career in 1994 at W F Corroon in employee benefits consulting and banking and insurance products. Since that time, Ms. Panet-Raymond developed a special expertise in Affinity Insurance Programs, working with large clients including major financial institutions, travel and leisure companies, retailers, and associations, and other affinity groups for over 20 years.

Ms. Panet-Raymond is recognized as a leading source of travel and credit card insurance expertise and has frequently been interviewed by several industry journals and newspapers and speaks at many association conferences.

Education and Credentials

Ms. Panet-Raymond graduated with distinction from Concordia University, obtaining a bachelor of science degree with a specialization in actuarial mathematics and is an Associate member of the Society of Actuaries. She was awarded a Leadership Prize from the MS Society in recognition of her achievements in her field of expertise.



Pascal Bino

Senior Consultant
Affinity Practice

Willis Towers Watson

Montreal Office

Telephone: 514.360.4783

Email: pascal.bino
@willistowerswatson.com

Role in this Project

Pascal will support the workflow of the benchmarking survey, including the distribution of the data collection tool, consolidation of responses and data analysis.

Role at Willis Towers Watson

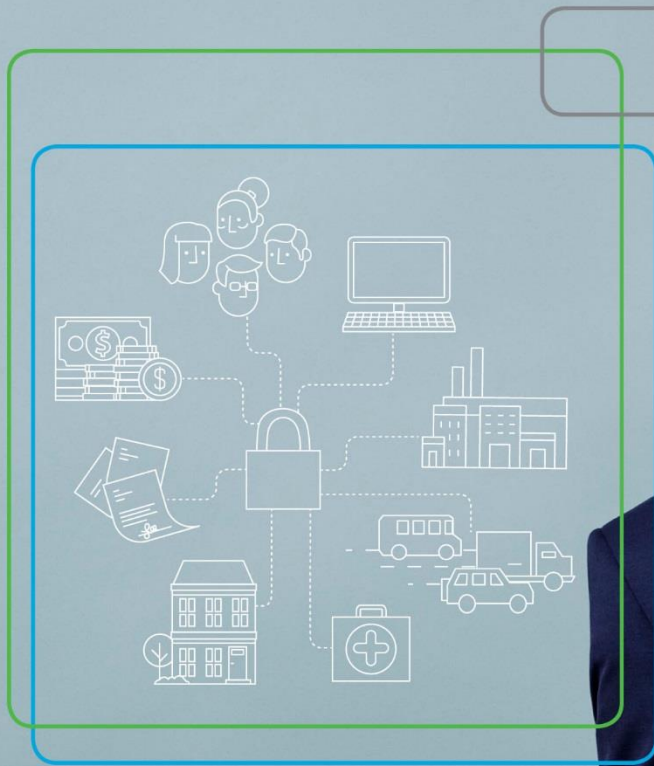
Pascal is a senior consultant in WTW's Affinity practice, with expertise spanning across a variety of product offerings, including creditor insurance, embedded and optional credit card insurance, travel insurance, extended warranty solutions and pet insurance, amongst others. Pascal leads the development and management oversight of our market surveys that span across various product lines, and is part of a dedicated staff that constantly monitors developments in the Canadian marketplace.

Relevant Experience/Specialization

Pascal has more than 20 years of consulting experience in all aspects of WTW's Affinity Practice, including the development of ad hoc benchmarking studies. Pascal has worked with a variety of Affinity sponsors, distributors, associations, assistance providers and insurers to provide "out of the box" solutions and market intelligence to help grow their business.

Education and Credentials

Pascal graduated from Concordia University, obtaining a Bachelor's degree in Actuarial Science.



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November 13, 2019

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November 13, 2019

Mr. Keith Martin
Co-Executive Director
The Canadian Association of Financial Institutions in Insurance
411 Richmond Street East, Suite 200
Toronto, Ontario
M5A 3S5

Dear Mr. Martin:

We appreciate the time you have spent providing an overview of your organization and sharing your strategic objectives. The following proposal reflects our understanding of your needs and illustrates the approach we will take in providing professional services for CAFII.

Your RSM Canada Consulting LP (RSM) engagement team looks forward to building a long-term relationship with CAFII and delivering value for your organization now and well into the future.

Once you have had the opportunity to review this response, we would be pleased to discuss your needs in greater detail or make a presentation to your team. In the meantime, please feel free to contact us with any questions.

Sincerely,

Fabricio Naranjo
Partner
Actuarial Services
fabricio.naranjo@rsmcanada.com
416 408 5351

Joel Cohen
Partner
Financial Consulting Leader
joel.cohen@rsmcanada.com
416 408 5320

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Table of contents

Executive summary	1
Understanding of project	1
Scope of engagement	1
Relevant experience	3
Practice overview	3
Recent Client Examples	4
Understanding and knowledge of CAFII	5
Analytics Advisory Services	6
Approach and methodology	7
Our approach to your services	7
Project plan.....	9
Approach to project management.....	10
Project management	10
Client service relationship	10
About your engagement team	11
Engagement team members	11
Client service team structure	13
Appendices	15
Appendix A—Engagement team biographies	15
Appendix B—About RSM	19



Executive summary

Based on our understanding of your expectations, we are confident that RSM has the right capabilities, qualifications and client-service culture to serve as your advisor.

To illustrate this alignment, we would like to highlight the following:

Deep experience with similar projects

We recognize that CAFII would be best served by a firm that understands your niche in the insurance market. With many years of experience serving the insurance and financial services community, RSM helps organizations like yours and your members navigate complex reporting, governance and regulatory issues to achieve their business objectives.

Your engagement team includes professionals who have worked with the major Canadian banks on similar creditor insurance products, including benchmarking of insurance products. In fact, members of our proposed service team have done benchmarking for a number of CAFII financial institutions members as well as benchmarking for credit card balance protection insurance.

In working with RSM, CAFII will benefit from technical knowledge of the insurance industry, as well as our firm's longstanding commitment to providing exceptional service to CAFII members.

We understand CAFII

To meet your needs for this engagement, we are committed to providing you with a consistent and familiar service team, who understands and can respond to the complexities of this project.

Through our membership in CAFII and longstanding relationships with various CAFII members, we have gained a deep understanding of your structure, your complex systems and processes, and organizational responsibilities and objectives. If selected, you can be confident that your service team will leverage all of our institutional knowledge to bring efficiencies to your engagement.

Most importantly, CAFII will be a priority client of our practice and our firm. You will consistently receive the time and attention you deserve—from professionals who genuinely value your business.

Giving you attentive, year-round service

As a priority client of our actuarial services practice, CAFII will be served by an engagement team that strives to truly understand your business plans, operating challenges and day-to-day activities.

CAFII will be front of mind for us, not only during this project, but throughout the year. When it comes to potential tax saving ideas, operational improvement recommendations or updates related to new accounting pronouncements or tax law changes, we will help to ensure our best ideas are communicated to you.

In working with us, CAFII will have access to advisors who understand the unique aspects of your business—and are committed to supporting your success.

Understanding of project

Scope of engagement

This project entails providing consulting support to CAFII and its members in the data collection, analysis and reporting of certain metrics related to credit protection insurance. Said reports used to be prepared by the Canadian Bankers Association (CBA) up to and including Q1/2019 (January 31, 2019).

The first set of quarterly report to be prepared under this engagement will be as at Q2/2019 (April 30, 2019), and reports will be provided to CAFII on a quarterly basis thereafter.

Currently, the big six banks (Royal Bank, ScotiaLife Financial, BMO, TD, CIBC, and National Bank), along with Laurentien Bank and HSBC, are part of the benchmarking study. Laurentien Bank and HSBC are not currently members of CAFII so they will not be part of the future study initially. Two other members of CAFII are not part of the study currently, but are expected to be included in future benchmarking studies—Desjardins, and CUMIS (credit unions outside of Quebec).

As described on the following pages, RSM has provided benchmarking services to members of CAFII for many years, until recently, which provides us with a deep and unique experience in delivering on the proposed scope of this project, which will consist of:

Baseline Benchmarking Reports (Scenario 1)

The basic services will, at a minimum, replicate the original data that was previously captured and reported on by the CBA and will form the baseline/fundamental part of the benchmarking study (Baseline Benchmarking Reports).

Additional Benchmarking Information (Scenario 2)

In consultation with designated CAFII representatives and the Stikeman Elliott project team, should CAFII decide to expand the scope of the project beyond the Baseline Benchmarking Reports, we would determine and agree on additional benchmarking metrics to be collected and reported on (Additional Benchmarking Information).

The additional scope of work would include the following activities:

- Collecting and validating the Additional Benchmarking Information which would include at least the following (broken down by type of coverage: life, critical illness, disability and job loss):
 - Total in-force policies,
 - Total premiums (overall and per policy),
 - Total claims made,
 - Total claims paid,
 - Percentage claims paid,
 - Loss ratio,
 - Applications approved,
 - Applications denied,
 - Total employees,
 - Number of complaints made,
 - Number of cancellations of the product within XX months, and
 - Number of complaints escalated to ombudsperson.

- Preparing the information requests to study participants, whereby RSM will work closely with the legal team at Stikeman Elliott project team to ensure that the collection of data is compliant with competition law.
- Communicating regularly with the study participants designated representatives and the Stikeman Elliott project team as needed throughout the process.
- Preparing the necessary deliverables to CAFII including the above required benchmarking metrics reported on an quarterly basis.

Additional Data Points (Scenario 3)

In consultation with designated CAFII representatives and the Stikeman Elliott project team, should CAFII decide to expand the scope of the project beyond the Baseline Benchmarking Reports, we would determine and agree on additional data points to be collected and reported on (Additional Data Points).

For example, the additional scope of work could include the following activities:

- Collecting and validating additional anonymized data points on a seriatim basis (i.e. at the customer level) such as:
 - Age
 - Gender
 - Residential postal code
 - Occupation
 - Type of residential dwelling
- Preparing the information requests to study participants, whereby RSM will work closely with the legal team at Stikeman Elliott project team to ensure that the collection of data is compliant with competition law.
- Communicating regularly with the study participants designated representatives and the Stikeman Elliott project team as needed throughout the process.
- Performing data analytics using AI algorithms to project the likelihood of sales of creditor insurance products, or other like metrics.
- Preparing the necessary deliverables to CAFII including the above required benchmarking metrics reported on an quarterly basis.

Relevant experience

Practice overview

Using proprietary tools and technology, RSM provides creative solutions that manage risk exposure while optimizing economic and financial value.

With experience in the insurance and reinsurance sector that spans over 30 years, the actuarial services practice provides economic and financial value optimization for clients and their customers through the use of risk management and insurance techniques. As it relates to the Canadian creditor group insurance market, RSM is a leading national firm in providing benchmarking, strategic management and design consulting services for many financial institution clients, representing multiple CAFII members. Our wealth of experience and expertise with the Canadian creditor group insurance market, accumulated over the span of more than two decades, is unmatched in the market.

Our partners and professionals are recognized for their modelling capabilities, track record of delivering custom designed solutions, technical understanding, and distinctive ability to decode complex issues. This expertise is further enhanced by proprietary tools and state-of-the-art software—developed by in-house actuarial services professionals—which have been critical to successfully solving complex business challenges.

We offer novel market, capital, and risk management solutions. Our clients include several major Canadian financial institutions, municipalities (as well as water and transit commissions), local electrical distribution companies, professional associations, affinity groups, and retailers. Some of these clients and partners include:

Bank of Montreal	Sun Life Financial
Canadian Imperial Bank of Commerce	Empire Life
TD Canada Trust	Reliable Life Insurance Company
Royal Bank of Canada	MCAP Services Corporation
Scotiabank	Canadian Dental Services Plan Inc. (CDSPI)
Manulife Financial	Engineers Canada
Police Credit Union	Kawartha Credit Union

Through many of these assignments and relationships, we have gained a wealth of knowledge in the Canadian creditor group insurance market landscape. The products that we have worked with in this market include life, disability, critical illness, and job loss insurance sold with mortgage loans, personal fixed and variable loans, lines of credit, credit cards, and business loans.

We are able to assist clients in all aspects of their creditor group insurance program offerings, with the key areas being:

- Benchmarking of program performance and data analyses
- Product and program design, development and valuations
- Business strategy and management advisory
- Experience studies and reserve level reviews
- Preparing financial projections and risk analysis
- Optimizing financial structure/arrangements and negotiating with third-party insurance providers

The actuarial team proposed in this submission collectively possesses the requisite combination of skills, certification and education required. In addition, this team has the qualifications and certification to meet the Canadian Institute of Actuaries' Consolidated Standards of Practice.

Recent Client Examples

To highlight the qualifications of the Engagement Team, the following table provides a summary of comparable creditor group insurance engagements performed in recent years.

Various Canadian financial institutions	<p>Benchmarking of creditor group insurance products offered by major Canadian financial institutions (FIs).</p> <p>This benchmarking project included the following phases:</p> <ol style="list-style-type: none"> 1) Data collection including premiums, claims, distribution allowance expense, insurer fees, other expense, number of policies and penetration rate. 2) Preparation of anonymized benchmarking exhibits 3) Presenting results to creditor insurance product teams at various FIs
Various major Canadian insurance companies and financial institutions	<ol style="list-style-type: none"> 1) Pricing of creditor group insurance product offered on personal loans. 2) Pricing of creditor group insurance product offered on automotive loans. 3) Pricing of creditor group insurance product offered on mortgage loans. <p>The above product pricing projects included the following phases:</p> <ol style="list-style-type: none"> i. Data collection including loan portfolio data, historical claims data, proposed plan design ii. Review of data and development of actuarial assumptions iii. Develop optimal pricing for product to achieve client's business objectives iv. Develop stress-testing and adverse scenarios and financial projections v. Preparation and presentation of product pricing report
Major Canadian financial institution	<p>Due diligence of CCBPI multi-coverage product pricing changes</p> <p>The above due diligence product included the following phases:</p> <ol style="list-style-type: none"> i. Data collection including loan portfolio data, historical claims data, proposed product design changes ii. Review of pricing analysis completed by CCBPI insurer iii. Develop independent pricing impact analysis for pricing/product changes iv. Preparation and presentation of analysis to financial institution management

Not-for-profit association	<p>Re-design and pricing of group life and group disability insurance product</p> <p>The above product pricing projects included the following phases:</p> <ol style="list-style-type: none"> Market research and competitive study of similar insurance products offered in the marketplace Data collection including customer data, historical claims data, proposed plan design Review of data and development of actuarial assumptions Develop optimal pricing for product to achieve client's business objectives Proposed changes to client with respect to product's eligibility requirements, underwriting rules/processes to maximize product value proposition and sales penetration Develop financial projections Preparation and presentation of product pricing report
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Understanding and knowledge of CAFII

For decades, RSM (and its predecessor firms) have built strong working relationships with various members of CAFII in the creditor group insurance industry. Over the years, our firm has been engaged to provide the following services to CAFII members:

- pricing of new products,
- re-pricing of existing products,
- providing strategic advice on implementation of creditor products and insurance providers
- measuring the financial impact of certain product features changes,
- measuring the financial impact of certain regulatory changes, and
- providing strategic advice to enhance the value proposition of existing or new creditor insurance products and how to increase sales penetration.

In some cases, we have been engaged to review the minimum capital requirements of these financial institutions, and consulted on the transition to the International Financial Reporting Standards for insurance contract liabilities. Lastly, we have assisted in developing strategic frameworks to have shaped their insurance business throughout the years. With the strong fundamental understanding of this industry, we are confident that we can bring forth this insight in assisting CAFII with this project.

Furthermore, RSM is an associate member of CAFII which provides us with a strong understanding of CAFII's priorities, as well as its operations, stakeholders, goals and objectives.

Through our partnership with CAFII, we have gained a deep understanding of your structure, your complex systems and processes, and organizational responsibilities and objectives. If selected, you can be confident that your service team will leverage all of our institutional knowledge to bring efficiencies to your engagement.

Analytics Advisory Services

We relentlessly challenge our clients to be forward-thinking by leveraging the latest tools, technologies, and analytics platforms to gain actionable insights into their business and stay on top on emerging trends.

Data Visualization

With pressure from competitors, increased regulation, and a hardening insurance market, you need to use every tool available to make informed decisions. Today, leveraging data is a "must-have" capability. It helps drive operational excellence, creates a competitive advantage, and allows you to make wise data-driven decisions more quickly.



Process Automation

From effectively-designed Excel workbooks to customized RPA solutions, RSM can enable your organization to manage and scale business processes faster, with near-zero error rates, while dramatically reducing operational costs and delivery timelines. Intelligent automation also allows us to be more efficient in the actuarial services we provide.



Predictive Analytics

Imagine being able to see more clearly into the future. That ability would represent a true competitive advantage. Predictive analytics enables you to do just that. By leveraging internal and external data, we can develop models and applications with a wide range of uses in underwriting, finance, sales, and marketing.



Approach and methodology

Our approach to your services

We are highly qualified and keenly interested in working with CAFII in benchmarking the Canadian credit card creditor group insurance market, and in continuing to support their members in their efforts to assess and understand the customer value proposition offered by creditor group insurance products. We have been involved in the benchmarking, strategic management and design of creditor insurance programs for many financial institution clients, representing multiple CAFII members, for over 30 years including various benchmarking, pricing, product design, product pricing, structural reinsurance, and strategic management projects for creditor group insurance programs.

We propose to follow a collaborative approach with CAFII and Stikeman Elliott to identify the key objectives/goals, gather the information, and design the study to meet CAFII strategic objectives and ensure that our processes and methodology are not prohibitive under the Competition Act or otherwise deemed legally inappropriate. In working with CAFII and its members, we will challenge the status quo and bring our outside-the-box approach and thinking. We ensure that, given our unique experience and understanding of the creditor group insurance market, our insight and thoughts will bring a unique viewpoint to both CAFII and its members that no other consulting firm can provide.

We have proposed the below project outline, including details of RSM's and CAFII's involvement in each step of the process, and believe this process will effectively meet the objectives of the study. Throughout each stage proposed below, we will incorporate oversight from Stikeman Elliott.

Stage I – Project Kick-Off

- RSM will schedule a meeting with the designated CAFII representatives and Stikeman Elliott project team to:
 - Discuss and establish main goals and objectives for the analysis
 - Consult with CAFII regarding the information required and CAFII member contacts for the benchmarking exercise
 - Consult with Stikeman Elliott to fully understand the legal concerns related to the Competition Act and set strict guidelines for the study to ensure that the study is considered appropriate for CAFII and its members
 - Review and agree upon project plan and work schedule

Stage II – Information Gathering

- RSM will work with the designated CAFII representatives and Stikeman Elliott project team to collect necessary information for the study as determined in Stage I of this process. This consists of:
 - Creating an appropriate questionnaire for the CAFII members included in the study
 - Confirming agreement from the designated CAFII representatives and Stikeman Elliott with respect to the proposed questionnaire for the study
 - Distributing the questionnaire to the CAFII members included in the study
 - Responding to questions and concerns of the CAFII members included in the study if any arise
 - Setting up secure data transfer protocols and secure data storage facilities at RSM to ensure the integrity of the data provided by CAFII members included in the study
 - Collecting responses using the developed secure data transfer protocols and reviewing these responses for completeness
 - Preparing data to be input into RSM's model for analysis

Stage III – Analysis, Assessment and Strategy Recommendations

- During the analysis stage, RSM will:
 - Develop required benchmarking models
 - Create data output as specified by CAFII in line with CAFII prepared Request for Proposal
 - Review and analyze preliminary results and strategy recommendations of the benchmarking study
 - Meet with and share preliminary results and strategy recommendations with Stikeman Elliott project team
 - Incorporate any changes to preliminary results and strategy recommendations of the benchmarking study recommended by Stikeman Elliott project team
 - Work with Stikeman Elliott project team to prepare draft results and strategy recommendations in compliance with Competition Act to be shared with designated CAFII representatives
 - Discuss draft results with designated CAFII representatives
 - Work with Stikeman Elliott project team and designated CAFII representatives to finalize benchmarking study results incorporating any additional analysis as a result of discussions with CAFII representatives

Stage IV – Preparation of Report and Deliverables

- During this final stage, RSM will:
 - Develop format of benchmarking report to CAFII
 - Prepare a preliminary report detailing the analysis and RSM strategy recommendations regarding the Canadian credit card creditor group insurance market
 - Review and discuss preliminary report with Stikeman Elliott project team incorporating any suggested changes into draft report for designated CAFII representatives
 - Review and discuss draft report with designated CAFII representatives
 - Prepare and present the results of the benchmarking study and RSM recommendations regarding the Canadian credit card creditor group insurance market to CAFII board members
 - Distribute final report

During each stage of the project noted above, RSM will provide its expertise in the Canadian creditor group insurance market by providing strategic management suggestions with respect to the benchmarking study results and recommendations for the Canadian credit card creditor group insurance market.

We will also seek assistance and input from the designated CAFII representatives and Stikeman Elliott project team to ensure that the approach and processes both exceed CAFII expectations and are in line with the Competition Act.

Throughout this process RSM will not be outsourcing any elements of the above proposed project outline. Additionally, RSM will not audit any of the data provided by CAFII members or provide any legal counsel with respect to the benchmarking study. For these elements, RSM will rely on Stikeman Elliott and each individual CAFII members audit teams, at the expense of CAFII or its individual members.

Project plan

In the following table, we have outlined our approach to your services, including activities undertaken, deliverables and anticipated timing. We are committed to working with your team to align our project plan to your organizational timelines and availability.

Basic Benchmarking Report

	Key Deliverable	Organization(s) Responsible	Due Date
Implementation (first quarters)	Project kick-off meeting with CAFII and Stikeman Elliott	RSM, SE & CAFII	Within one week of being awarded engagement Day 1
	Questionnaires to be sent to study participants	RSM, SE	10 business days
	Study participants to provide responses to questionnaires	CAFII members	20 business days
	Analysis and assessment of information	RSM, SE	15 business days
	Preparation of draft report and deliverables	RSM, SE	15 business days
	Delivery of Baseline Benchmarking Reports to study participants	RSM	1 business days
	Project Completed		61 business days (from Day 1)
On-going (subsequent quarters)	Questionnaires to be sent to study participants	RSM, SE	Day 1
	Study participants to provide responses to questionnaires	CAFII members	20 business days
	Analysis and assessment of information	RSM, SE	10 business days
	Preparation of draft report and deliverables	RSM, SE	5 business days
	Delivery of Baseline Benchmarking Reports to study participants	RSM	5 business days
	Project Completed		40 business days (from Day 1)

The ability to meet the established timelines will be highly dependent on the responsiveness of the survey participants and on the designated CAFII representatives and Stikeman Elliott project team being able to meet with RSM and provide the information and feedback required for the study.

Ultimately, our aim is to keep the lines of communication open and keep everyone informed as to the progress throughout the project in order to identify and deal with any potential road blocks or issues which may interfere with the ability to meet the established timelines and objectives.

Approach to project management

Project management

Our team will comply with all relevant standards of the Canadian Institute of Actuaries.

In addition to complying with the above actuarial standards, our firm's quality assurance program consists of a peer review process that fosters clear and logical communication and advice that is free from mistakes and errors. All communications from RSM which provide advice (be it numerical or otherwise) are peer reviewed prior to delivery to clients.

To facilitate our commitment to quality services:

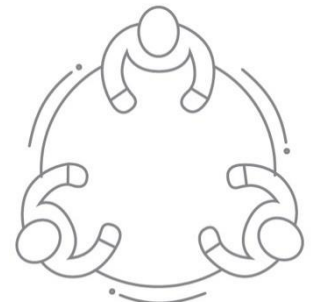
- The team will meet on at least a bi-weekly basis to help ensure allocated tasks and deliverables are on track
- All team members will be actively involved in all components of each work project to help ensure seamless communication and provide redundancy in capabilities
- Regular calls will be held with the CAFII (as desired and needed) to provide progress reports and review the work plan and status of deliverables
- We operate an open-door policy between senior and junior staff, which fosters teamwork and helps ensure open lines of communication between team members
- We use a 'do once, check twice' philosophy, whereby all actuarial work (including that done by senior actuaries) is reviewed by at least two other team members
- We have an ongoing mentoring program between senior staff and all junior staff, and a bi-annual goal-setting process for all staff, to help ensure staff competency and regular monitoring and review



Client service relationship

Our relationship with CAFII, study participants and Stikeman Elliott will be based on certain long-standing principles, including:

- An outstanding client service experience, focused on efficient and well-coordinated services
- Commitment to completing work within the agreed-upon time frame, assuming your preparation of requested information and other supporting documentation before we commence the project and assuming no unforeseen technical issues
- Staffing of the service team based on industry-specific qualifications and technical experience
- Hands-on approach to planning, with meetings and conference calls held routinely
- Fees that are reasonable based on the scope of work
- Transparent approach to billing, with clear communication and an emphasis on avoiding surprises



About your engagement team

Engagement team members

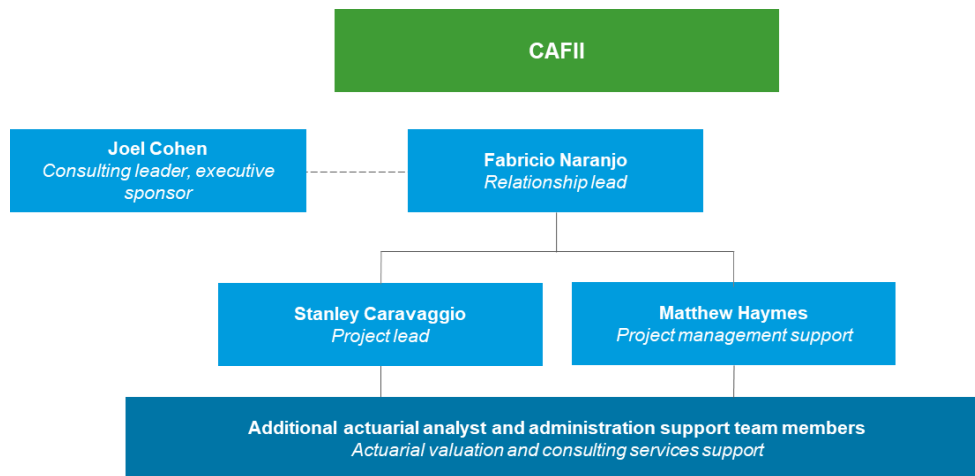
The following professionals have the qualifications and experience to handle your needs for this engagement and are committed to exceeding your expectations. Please refer to Appendix A for detailed biographies.



Team member, engagement role	Qualifications to serve CAFII
<p>Fabricio Naranjo Partner, Actuarial Consulting fabricio.naranjo@rsmcanada.com 416 408 5351</p> <p><i>Relationship lead.</i></p> <p>As your relationship lead, Fabricio will be responsible for your complete satisfaction with the services we provide. Fabricio will oversee the client relationship and will be available at all times to discuss any issues CAFII or Stikeman Elliott has with the delivery of our services.</p>	<ul style="list-style-type: none">• 21 years' experience• Experience providing strategic advice and innovative solutions to clients through the use of risk management, insurance and reinsurance techniques• His experience includes, among other things, design, pricing and valuations of Canadian creditor group insurance programs, stress testing, stochastic analysis of risk exposures, financial risk management and modeling as well as providing business and reinsurance strategies to clients• Involved with benchmarking of creditor insurance products since 2003
<p>Joel Cohen Partner, Financial Consulting Leader joel.cohen@rsmcanada.com 416 408 5320</p> <p><i>National Consulting leader, executive sponsor.</i></p> <p>Joel will work closely with Fabricio to provide oversight of the engagement team. As our national consulting leader, he will serve as executive sponsor, and will be pleased to hear from CAFII or Stikeman Elliott regarding any matter you wish to discuss, including opportunities to strengthen our relationship and improve upon your client experience.</p>	<ul style="list-style-type: none">• Canadian national consulting and national financial services industry leader• Close to 30 years of actuarial consulting experience• Joel provides innovative and value-added consulting solutions in a number of areas including strategic management for Canadian creditor group insurance programs, affinity/association insurance design, delivery and optimization; capital deployment and efficiency; employment benefit design, delivery and funding; life, disability and critical illness insurance; reinsurance and reinsurance structuring; and tax efficiency• Involved with benchmarking of creditor insurance products since 2001

Team member, engagement role	Qualifications to serve CAFII
<p>Stanley Caravaggio Director, Actuarial Consulting stanley.caravaggio@rsmcanada.com 416 408 5306</p> <p><i>Project lead.</i></p> <p>Stanley will be the main project lead, as well as main point of contact for any processes and items related to the deliverables to be provided. Stanley will be available throughout the term of the engagement as reasonably required.</p>	<ul style="list-style-type: none"> • 22 years' experience • Experience assisting financial institutions in relation to their insurance programs and international reinsurance portfolios as well as retirement benefit consulting to clients in various sectors • His experience includes, among other things, Canadian creditor group insurance program design and benchmarking, analysis of risk exposures in insurance/reinsurance portfolios using stochastic models, actuarial valuation of defined benefit retirement and post-employment benefit plans (registered and non-registered) for funding/wind-up/accounting related purposes, and the design, implementation and administration of retirement plan arrangements • Involved with benchmarking of creditor insurance products since 2003 • Fellow of the Canadian Institute of Actuaries and the Society of Actuaries
<p>Matthew Haymes Manager, Actuarial Consulting matthew.haymes@rsmcanada.com 416 725 5377</p> <p><i>Project management support.</i></p> <p>Matthew will be available as an additional resource for the review and development of all deliverables to CAFII.</p>	<ul style="list-style-type: none"> • 6 years' experience • Experience providing analytical support to both our life and property and casualty insurance project teams • He has a strong background in mathematics and actuarial statistics, and has been actively involved in providing strategic consulting support for various Canadian creditor group insurance programs, building stochastic models, completing actuarial valuations and the analysis of risk exposures in insurance/reinsurance portfolios using actuarial techniques and risk management strategies • Associate of the Canadian Institute of Actuaries

Client service team structure



Pricing

Our project professional fees for this engagement can be allocated to the various scenarios of the project as follows:

Project Scenarios	Estimated Fees (excluding applicable taxes)
Kick-off and Implementation	\$NIL
Scenario 1 - Baseline Benchmarking Reports catch-up Q2 to Q4 of current fiscal year	\$45,000 (\$15,000 per quarter)
Scenario 1 - Baseline Benchmarking Reports ongoing, starting Q1/2020 (ending January 1, 2020)	\$15,000 per quarter
Scenario 2 - Additional Benchmarking Information	\$15,000 per quarter
Scenario 3- Additional Data Points	Fee will be based on the complexity of the additional data points and related analysis and will be based on our standard hourly rates

This cost of the tasks involved in our consulting engagements are based on the complexity of the issues and the time required of the individuals who are performing the services at their standard hourly billing rates, as outlined in the following table.

Engagement Team Level	Billing Rate (per hour)
Partners/Senior Advisors	\$600
Directors	\$450
Managers	\$300
Associates and Senior Associates	\$200-275
Administrative Support	\$180

These fees were based on the information provided by CAFII and the Engagement Team's experience with prior similar work engagements and reflects the time required to complete the scope of services outlined herein.

We aim to add value and work efficiently with all engagements and, as such, in our estimates, every effort has been made to ensure that work is done by the lowest cost qualified Engagement Team member.

In addition to the above quoted fixed fee, CAFII will also be responsible to pay all reasonable and pre-approved travel and out-of-pocket expenses that are supported by receipts and incurred by RSM staff when performing the services requested by CAFII.

Additional Services

In addition to the services noted above, we will also be prepared to provide actuarial and other consulting services, for which you seek our advice ("Additional Services"), on an ad-hoc basis to support CAFII or its members. We will provide these Additional Services necessary to respond to matters presented to us by CAFII, its members or matters we bring to CAFII's attention.

If such matters exceed the scope of this service agreement, we will issue additional correspondence to confirm the particular scope and terms. Fees for Additional Services will be based on the complexity of the issues and the time required of the individuals who will be performing the services computed at our standard hourly rates.

Appendices

Appendix A—Engagement team biographies



Fabricio Naranjo

Partner, Actuarial Consulting
RSM Canada
Toronto, Ontario
fabricio.naranjo@rsmcanada.com
416 408 5351

Summary of experience

As partner in the actuarial services practice, Fabricio brings more than 20 years of experience providing strategic advice and innovative solutions to clients through the use of risk management, insurance and reinsurance techniques.

His experience includes, among other things, design, pricing and valuations of insurance programs, stress testing, stochastic analysis of risk exposures, financial risk management and modeling as well as providing business and reinsurance strategies to clients. He is also active in assisting various clients with their employee benefits plans. Fabricio joined the actuarial services practice of RSM Canada's predecessor firm in 2003.

Prior to joining, Fabricio worked as an actuarial consultant for five years at a major pension and benefits consulting firm. His primary responsibilities were to assist clients in the design, implementation and ongoing administration of their retirement plans.

Fabricio holds a Bachelor of Science degree in Actuarial Science from Université du Québec à Montréal.

Professional affiliations and credentials

- Licensed insurance agent, Financial Services Commission of Ontario (FSCO)

Education

- Bachelor of Science, actuarial science, Université du Québec à Montréal



Joel Cohen, ACIA ASA

Partner, Financial Consulting Leader
RSM Canada
Toronto, Ontario
joel.cohen@rsmcanada.com
416 408 5320

Summary of experience

Joel is the Canadian national consulting and national financial services industry leader. He brings nearly 30 years of actuarial consulting experience. Joel provides innovative and value-added consulting solutions in a number of areas including affinity/association insurance design, delivery and optimization; capital deployment and efficiency; employment benefit design, delivery and funding; life, disability and critical illness insurance; reinsurance and reinsurance structuring; and tax efficiency. He previously acted as the appointed actuary for various off-shore reinsurance entities.

Before joining RSM Canada's predecessor firm, Joel was the CEO of an industry leading actuarial consulting firm and, prior to that, a partner at one of the big four accounting firms.

A graduate of the University of Toronto, he is also a member of the Canadian Institute of Actuaries and the Society of Actuaries.

Professional affiliations and credentials

- Associate of the Canadian Institute of Actuaries and the Society of Actuaries
- Member, Canadian Institute of Actuaries, Eligibility and Education Council
- Member, Canadian Pension and Benefits Institute, Ontario Council

Education

- Bachelor of Science, actuarial science, University of Toronto



Stanley Caravaggio, FCIA FSA

Senior Manager, Actuarial Consulting
RSM Canada
Toronto, Ontario
stanley.caravaggio@rsmcanada.com
416 408 5306

Summary of experience

As a senior manager in the actuarial services group, Stanley's primary responsibilities include assisting financial institutions in relation to their insurance programs and international reinsurance portfolios as well as retirement benefit consulting to clients in various sectors. His experience includes, among other things, creditor insurance program design and benchmarking, analysis of risk exposures in insurance/reinsurance portfolios using stochastic models, actuarial valuation of defined benefit retirement and post-employment benefit plans (registered and non-registered) for funding/wind-up/accounting related purposes, and the design, implementation and administration of retirement plan arrangements.

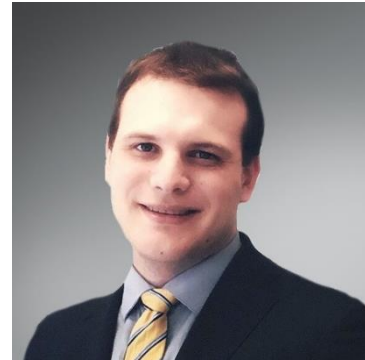
Stanley has a Bachelor's degree in Actuarial Science (Honors) from the University of Toronto, and has been a Fellow of the Canadian Institute of Actuaries and the Society of Actuaries since 2005.

Professional affiliations and credentials

- Fellow of the Canadian Institute of Actuaries and the Society of Actuaries

Education

- Bachelor of Science, actuarial science, honors, University of Toronto



Matthew Haymes, ACIA ASA

Manager, Actuarial Consulting
RSM Canada
Toronto, Ontario
matthew.haymes@rsmcanada.com
416 725 5377

Summary of experience

Matt joined RSM Canada's predecessor firm's actuarial team in May 2012, and provides technical support to our life insurance, post-retirement benefit valuation and property and casualty insurance project teams. He has a strong background in mathematics and actuarial statistics, and has been actively involved in building stochastic models, completing actuarial valuations and the analysis of risk exposures in insurance/reinsurance portfolios using actuarial techniques and risk management strategies.

While working with the RSM actuarial team, Matt has gained experience in the following areas: Canadian creditor group insurance management including but not limited to product design, pricing, capital valuations, policy liability valuations, and reinsurance consulting; post-retirement benefit liability valuations; risk management consulting including the identification, analysis, modelling, and management strategies for financial and insurance risks.

Matt is currently pursuing his fellowship under the Canadian Institute of Actuaries.

Professional affiliations and credentials

- Associate of the Canadian Institute of Actuaries and the Society of Actuaries

Education

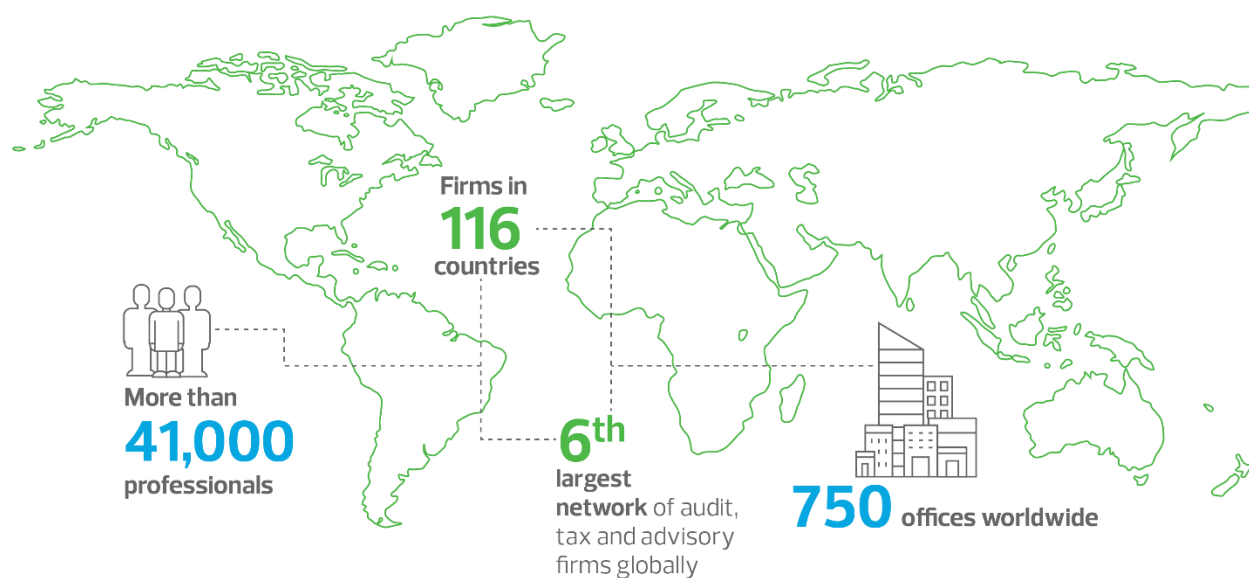
- Bachelor of Mathematics in Actuarial Science Honours, focus on finance and economic option, Statistics and Actuarial Science Faculty, University of Waterloo

Appendix B—About RSM

RSM's purpose is to deliver the power of being understood to our clients, colleagues and communities through world-class audit, tax and consulting services focused on middle market businesses. The clients we serve are the engine of global commerce and economic growth, and we are focused on developing leading professionals and services to meet their evolving needs in today's ever-changing business environment.

RSM Canada LLP provides public accounting services and is the Canadian member firm of RSM International, a global network of independent audit, tax and consulting firms with 41,000 people in 116 countries. Our team comprises 69 partners and over 600 people nationally in four office locations spanning Ontario and Alberta, as well as a presence in Ottawa and Montreal. We serve clients in various industries, including finance & insurance, manufacturing, private equity, real estate and construction, technology, business and professional services, and government, health care and education. We service over 107 public entities, 150 clients in the nonprofit sector and over 3,000 private company clients. This includes municipal, provincial and federal governments as our clients. Our engagements with our clients can range from short month-long projects to multi-year, ongoing and recurring assignments. RSM Alberta LLP is a limited liability partnership and independent legal entity that provides public accounting services. RSM Canada Consulting LP provides consulting services and is an affiliate of RSM US LLP, a member firm of RSM International. For more information visit rsmcanada.com, like us on Facebook, follow us on Twitter and/or connect with us on LinkedIn.

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Agenda Item 4(i)
November 19/19 EOC Meeting

FSRA Reveals Members of Stakeholder Advisory Committees

Committee members will begin meeting with the FSRA's board of directors this month

- By: [IE Staff](#)
- November 1, 2019

The Financial Services Regulatory Authority of Ontario (FSRA) revealed the members of its new stakeholder advisory committees (SACs) on Thursday, October 31.

The six SACs — which will provide the FSRA's board of directors with input and advice on property and casualty insurance, life and health insurance, mortgage brokering, pensions, health service providers and credit unions — will “help shape the future of financial regulation in Ontario,” the FSRA said in a release.

The committees feature representatives from Manulife Financial, the Canadian Life and Health Insurance Association, Canada Life, Sun Life Financial, Advocis, Mercer Canada and the Independent Financial Brokers of Canada, among numerous other organizations.

The SACs will begin meeting with the FSRA's board of directors this month to provide input on the regulator's [proposed 2020-2021 priorities and budget](#).

[Stakeholder Advisory Committee for Life & Health Insurance](#)

The Financial Services Regulatory Authority of Ontario (FSRA) is committed to an open, transparent and collaborative approach that involves stakeholders and ensures broad input and perspectives to inform its direction.

This Stakeholder Advisory Committee (SAC) advises the Board on FSRA's priorities and budget, and other matters the Board deems appropriate, as they relate to the Life & Health Insurance sector. It is an important part of FSRA's stakeholder engagement process in the Life & Health Insurance sector.

Term of reference

The [Terms of Reference](#) for the Life & Health Insurance sector SAC guide the Committee and its members in the execution of their duties.

Committee membership

Membership on the Stakeholder Advisory Committee includes senior members of their respective organizations or professions. Membership represents a cross-section of views and backgrounds.

View membership list

Name	Organization
Susan Allemang	Independent Financial Brokers of Canada
Nancy Carroll	McCarthy Tetrault
Dennis Craig	RBC Insurance
Chris Donnelly	Manulife Financial
Lyne Duhaime	CLHIA
Ali Ghiassi	Canada Life
Moira Gill	TD Insurance

Keith Martin

CAFII

Glenn O'Farrell

OLHI

Rosie Orlando

Primerica

Neil Paton

The Third Party Administrators' Association of Canada

Douglas Paul

SSQ

Russell Purre

Sun Life Financial

Ed Skwarek

Advocis, The Financial Advisors Association of Canada

Eric Wachtel

CAILBA / IDC Worldsource Insurance Network Inc.

Timothy Witchell

HUB International

Meeting summaries

FSRA intends to publish a high-level meeting summary within approximately three weeks of Stakeholder Advisory Committees' meetings with the Board.

Terms of Reference for FSRA Stakeholder Advisory Committee for Life & Health Insurance

1. Introduction

The Financial Services Regulatory Authority of Ontario (FSRA) is committed to an open, transparent and collaborative approach that involves stakeholders and ensures broad input and perspectives to inform its direction.

Stakeholder Advisory Committees (SACs) will serve as consultative bodies to the Board on FSRA's priorities and budget and other matters as the Board deems appropriate. They are an important part of FSRA's stakeholder engagement process.

These Terms of Reference relate to FSRA's role in the Life & Health (L&H) insurance sector in Ontario, which includes:

- licensing insurance agents and companies that sell life and health insurance policies in Ontario;
- regulating the conduct of licensees; and
- working with industry partners to ensure compliance with relevant provisions of the *Insurance Act* and its regulations.

These Terms of Reference are intended to inform the creation and operation of the L&H Insurance SAC.

2. Mandate of the Stakeholder Advisory Committee

The L&H Insurance SAC will:

1. Inform FSRA's annual business planning with a focus on the L&H Insurance-related priorities and budget that will guide FSRA's operations and regulatory activity, before FSRA's annual business plan is delivered to the Minister of Finance;
2. Provide feedback on the progress made by FSRA on its L&H Insurance priorities from the previous annual business plan;
3. Provide feedback to the FSRA Board on FSRA rule-making activity in the L&H Insurance sector where the Board believes that, given the complexity and importance of a specific rule and the issues identified by FSRA Management, the Board will benefit from direct engagement with the sector via the SAC;

4. Upon request of FSRA, provide a forum for input on L&H Insurance sector issues, FSRA priorities and other initiatives or activities involving FSRA; and
5. Have the opportunity for an in-camera session with the Board, at least annually, to raise any issues related to FSRA management and the L&H Insurance sector that the SAC wishes to discuss with the Board without the presence of FSRA management.

The Board may decide to convene a SAC meeting to discuss any other issue related to the regulation of the L&H Insurance sector and may decide to combine SACs from different sectors for such a meeting.

3. Nomination and Appointment of Stakeholder Advisory Committee Members

Appointments to the L&H Insurance SAC will be made through an open nomination process posted online. Selections will be made by FSRA, based in part on the experience of the individuals who are put forward, their role in the sector they represent and other factors that FSRA may determine are relevant.

The L&H Insurance SAC will have a target membership of fourteen stakeholder members of which up to three are intended to be consumers and the remainder will represent regulated entities, associations of regulated entities, or professionals working in regulated entities (based on qualifications set out in Appendix 1). FSRA can choose to add or remove any member of the SAC at any time, and a SAC member may resign by giving written notice.

FSRA is looking for members for an initial one-year term commencing in November 2019 and this term may be renewed by FSRA for one additional year to allow membership to be staggered so to provide continuity to the Committee.

FSRA will publish the names of the members of the L&H Insurance SAC on its website.

4. Members of the Stakeholder Advisory Committee

Stakeholder nominees to the L&H Insurance SAC should be senior members of their respective organizations or professions who can represent their organization or profession on relevant issues. See Appendix 1 for specific experience FSRA is seeking to have represented through the stakeholder members of the L&H Insurance SAC.

To ensure FSRA has a cross-section of views, we welcome consumer representation on the L&H Insurance SAC. Consumer members should have personal experience as L&H Insurance customers and will not be expected to have specialized knowledge of the L&H Insurance sector.

Responsibilities of L&H Insurance SAC members will include:

- reviewing background material in preparation for meetings
- attending meetings (delegation is not permitted if a member is unavailable, but FSRA may appoint another L&H Insurance SAC member on an interim basis if a member is unavailable due to incapacity or other justifiable temporary cause)
- providing advice, information and feedback to FSRA
- using best efforts to develop consensus and to identify any issues where stakeholder consensus does not exist, and the reasons for an absence of consensus
- providing feedback to FSRA on the functioning of the L&H Insurance SAC
- working with FSRA management and other SAC members to prepare for L&H Insurance SAC meetings with the Board

5. Public Process, Input from Others and Disclosure

The *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.F.31, as amended, will generally apply to information and material provided to and prepared by or for the L&H Insurance SAC.

Members of the L&H Insurance SAC are permitted to obtain assistance from co-workers or industry collaborators. However, members and those who assist them are required to maintain confidentiality of all information provided to the L&H Insurance SAC, or prepared by or for the L&H Insurance SAC for presentation or delivery to FSRA (with the exception of information made public by FSRA, including any submissions by the L&H Insurance SAC or its members as part of a public comment process sponsored by FSRA).

6. Meetings, Agendas and Deliverables

It is expected that the L&H Insurance SAC will participate in at least one half-day meeting about FSRA's business planning, tentatively scheduled for the week beginning Monday, November 25, 2019, and another priorities meeting in fall 2020. There may be additional meetings, called by the Board, as per the terms of reference.

For those selected to participate on the SACs, FSRA will not be providing any remuneration. However, consumers residing outside of the Greater Toronto Area are entitled to be reimbursed for reasonable travel expenses they may incur in attending meetings in accordance with FSRA approved Travel, Meal and Hospitality Directive.

Members may be asked to prepare material for consideration by FSRA or for presentation to the Board.

FSRA management shall endeavour to provide meeting agendas and related materials at least one week in advance of each regular meeting. FSRA management shall prepare a summary of each SAC meeting with the Board and distribute it, including any accompanying written submissions, to members, typically within three weeks following a meeting. FSRA also intends to publish a high-level summary of the L&H Insurance SAC's work on FSRA's website within approximately three weeks of each meeting with the Board.

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16th Floor
Toronto ON
M2N 6L9

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Sans frais : 1 800 668 0128

October 30, 2019

Dear Committee Member,

On behalf of the Financial Services Regulatory Authority of Ontario ("FSRA") Board of Directors, I welcome you to the Stakeholder Advisory Committee ("SAC") on Life and Health Insurance. Thank you for your application and participation in the process. The SAC is an important part of the FSRA stakeholder consultation framework and your participation and contribution is very much appreciated.

As you know, the SACs will serve as key consultative bodies to the FSRA Board providing feedback in developing its priorities, budgets and approach to rule-making in the regulated sectors.

The SACs first engagement is on the draft F2020-2021 Priorities and Budget which can be found at [Proposed Budget and Priorities F2020 - 2021](#).

We will be proposing a two-stage engagement process, beginning with a pre-meeting with management on November 13, 2019 followed by a meeting with the FSRA Board on November 28, 2019. To help shape these consultation meetings we have prepared an Appendix A as a guide to the coming meetings.

After considering your input, FSRA will finalize its priorities and budget in its proposed Annual Business Plan ("ABP") which will be submitted to the Minister of Finance for his approval.

Please see Appendix A for important information and key contacts. I look forward to our meeting on November 28, 2019

Sincerely,



Bryan Davies
Chair of the Board
Financial Services Regulatory Authority of Ontario

APPENDIX A

SAC INFORMATION SHEET

Please find below important information in respect of upcoming Stakeholder Advisory Committee Meetings:

A. Key Dates

1. Meetings with Management – This is an opportunity for SAC members to ask questions of FSRA on its priorities and budget and to help the Committee prepare its submission on the consultation document and for the SAC/Board meeting. This meeting is scheduled for November 13, 2019 (3:00 pm – 5:00 pm).
2. Comments on FSRA's Proposed Budget and Priorities Due via public consultation portal – November 18, 2019.
3. Meetings with the Board of Directors. This meeting is scheduled for November 28, 2019 (9:00 am – 11:00 am).

B. Key Materials to Review

1. FSRA Website (www.fsrao.ca)
2. FSRA's proposed Budget and Priorities ([Proposed Budget and Priorities](#))
3. Terms of Reference, Appendix B ([Terms of Reference](#))
4. FSRA's Legislative Objects ([Legislative Objects](#))

C. Questions to Consider:

- Q1: Six months in how is FSRA doing?
- Q2: Any (specific) feedback on the 19/20 priorities?
- Q3: Any (specific) feedback on the 20/21 priorities?
- Q4: Any feedback on 20/21 budget?
- Q5: Anything else you want us to know?

D: Key Contacts:

Management

1. Huston Loke, EVP, Market Conduct
Phone: 416-590-7032, Email: Huston.loke@fsrao.ca

Board of Directors

1. Bryan Davies, Chair of the Board
Phone: 437-778-4815, Email: bryan.davies@fsrao.ca
2. Alena Thouin, Corporate Secretary and Deputy General Counsel
Phone: 437-217-4668, Email: alena.thouin@fsrao.ca

Stakeholder Advisory Committee (SAC): Life and Health Insurance Sector

FSRA

Financial Services Regulatory
Authority of Ontario





AGENDA

1. Introductions
2. Process overview
3. Proposed 2020/2021 Financials & Budget
4. Cross Sectoral Priorities: Prior and Current
5. L&H Sectoral Priorities: Prior and Current
6. Detailed L&H Priorities & Consultation Summaries
7. Next Steps

PROCESS OVERVIEW

FSRA 2020 – 2021 Priorities and Budget

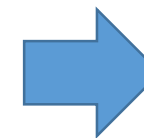
FSRA PRIORITIES 2020-21				
CROSS-SECTORAL PRIORITIES				
Burden Reduction		Regulatory Effectiveness		
1.1 Review internal guidance		2.1 Protect the public interest		
1.2 Establish meaningful service standards		2.2 Enable innovation		
		2.3 Modernize systems and processes		
		3.1 Transition to Principle Based Regulation (PBR)		
		3.2 Improve information sharing with regulators		
SECTOR-SPECIFIC TARGETED HIGH-IMPACT PRIORITIES				
Property & Casualty (Auto) Insurance	Credit Unions	Life & Health Insurance	Mortgage Brokering	Pensions
4.1 Engage and protect consumers	6.1 Support modernization of regulatory framework	6.1 Improve licensing effectiveness and efficiency	7.1 Improve licensing effectiveness and efficiency	8.1 Support plan flexibility
4.2 Leadership in auto insurance reform	6.2 Ensure appropriate contribution framework and Deposit Insurance Reserve Fund (DIRF) oversight	6.2 Establish stabilized market conduct oversight to protect consumers	7.2 Refine established stabilized market conduct oversight to protect consumers	8.2 Review prudential framework
4.3 Develop a comprehensive auto insurance and data analytics strategy	6.3 Enhance credit union market conduct supervision oversight to protect consumers	6.4 Update supervisory and risk assessment approach	6.5 Implement Mortgage Brokering Lenders and Administrators Act (MRLAA) review recommendations	8.3 Focus on burden reduction



Stakeholder Advisory Committees



- Property and Casualty (Auto) Insurance
- Life and Health Insurance
- Mortgage Brokering
- Pensions
- Health Service Providers
- Credit Unions



FSRA 2020 – 2023 Business Plan



- ☐ **October 24** – Public Comment Period Opens
- ☐ **November 18** – Public Comment Period Closes



- ☐ **The week of November 12** – FSRA Management Meeting with SAC
- ☐ **November 18** – SAC Submissions
- ☐ **Week of November 25** – FSRA Board Meeting with SAC



- ☐ **December 12** – Approval by FSRA Board
- ☐ **December 15** – Submission of Proposed Annual Business Plan to Ministry of Finance
- ☐ **Mar/Apr 2020** – Final Approval of Annual Business Plan to Minister

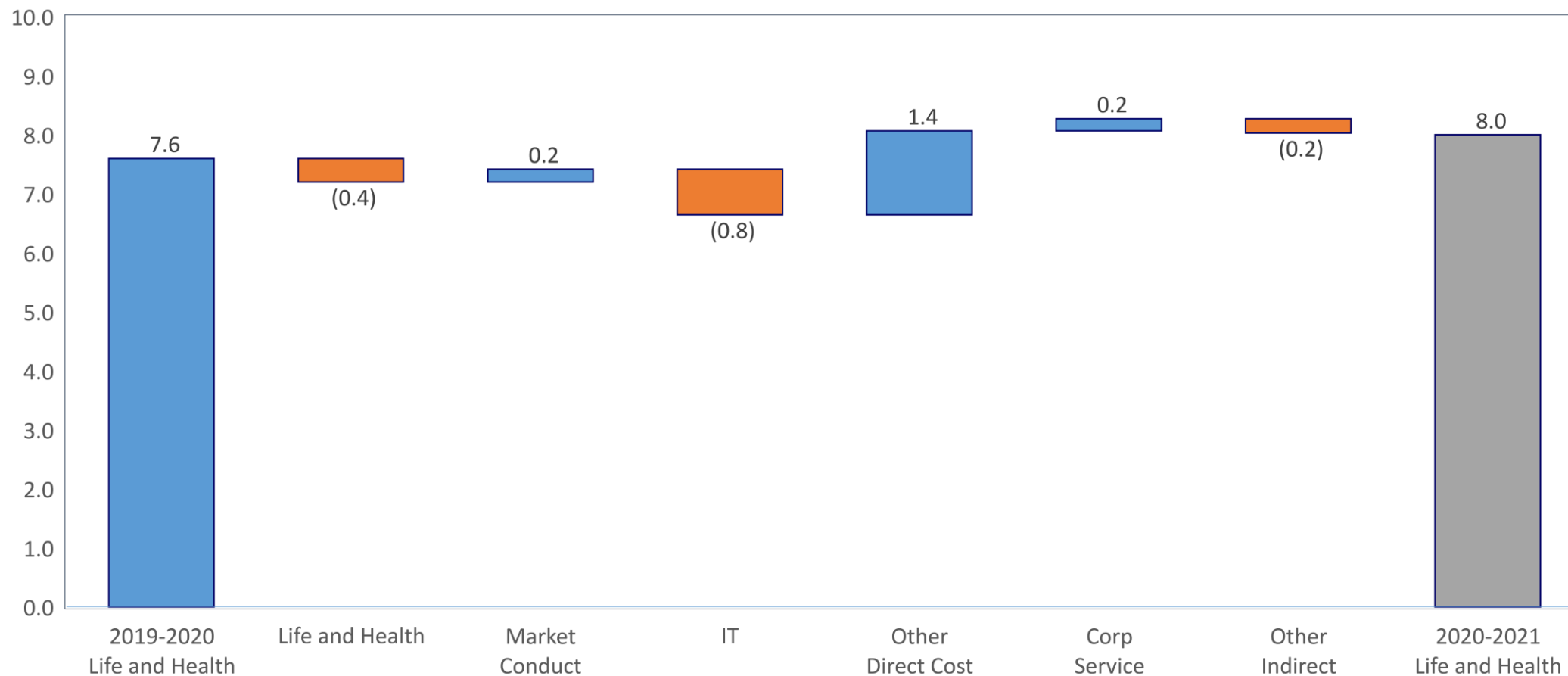


2020 – 2021 FINANCIALS

Sector (000's)	Insurance								Pensions (Fixed and Variable)	Credit Unions (Variable)	Mortgage Brokers (Fixed)	Loans & Trusts (Variable)	Financial Advisor & Financial Planner	Total
Subsector	Auto Products	P&C Conduct	P&C Prudential Regulation	Subtotal: Auto and P&C	Health Service Providers (Fixed)	Life Conduct & Life Health (Variable)	Life Conduct & Life Health (Fixed)	Total Insurance						
2020-2021 Revenue														
Activity Fees	16	187	1	204	148		5,679	6,031	56	113		2		6,201
Fee Assessment	19,767	11,296	210	31,272	4,136	2,351		37,760	27,040	13,343		55	245	78,442
Licensing Fees											13,415			13,415
HSP Shortfall Recovery	882			882				882						882
Total Revenue	20,665	11,483	211	32,359	4,284	2,351	5,679	44,673	27,096	13,456	13,415	56	245	98,940
2020-2021 Cost														
Direct Cost	14,456	8,391	154	23,001	3,775	1,718	4,150	32,644	19,800	9,832	8,556	41	245	71,118
Common Cost	5,675	3,294	60	9,029	1,482	674	1,629	12,815	7,773	3,860	3,359	16	-	27,822
Total Cost	20,131	11,685	215	32,030	5,257	2,392	5,779	45,458	27,573	13,692	11,914	57	245	98,940
Recovery Over/(Under)	534	(202)	(4)	329	(973)	(41)	(100)	(786)	(477)	(237)	1,500	(1)	-	0
2019-2020 Revenue	12,860	19,901	486	33,247	3,679	1,885	5,679	44,490	27,450	13,510	11,304	247	-	97,000
Revenue Variance (\$) F20-21 over F19-21 Over/(Under)	7,805	(8,418)	(275)	(888)	605	466	-	183	(353)	(54)	2,111	(191)	245	1,940
Revenue Variance (%) F20-21 over F19-21 Over/(Under)								0.4%	-1.3%	-0.4%	18.7%	-77.2%		2.0%
2019-2020 Cost	12,476	19,901	486	32,862	4,063	1,885	5,679	44,490	27,450	13,510	11,304	247	-	97,000
Cost Variance F20-21 over F19-21 Over/(Under)	7,655	(8,216)	(271)	(832)	1,194	507	100	968	123	182	610	(189)	245	1,940

2020-2021 Budget: Life and Health (L&H)

FSRA 2020-2021 Budget - Key Changes (\$millions)





2019 – 2020 CROSS SECTORAL PRIORITIES

Cross Sectoral Priorities	
Burden Reduction	Regulatory Effectiveness
<ul style="list-style-type: none">• Review inherited guidance• Review data collection and filing requirements• Establish meaningful service standards	<ul style="list-style-type: none">• Protect the public interest• Increase sectoral expertise• Enable innovation• Enhance stakeholder collaboration• Modernize systems and processes
Progress Report	
<ul style="list-style-type: none">• 40% of guidance reduced from 1,100 guidance• Standardized guidance framework to provide greater clarity for users to understand the types of guidance in their sectors• Reviewed existing data and filing requirements against cost benefits	<ul style="list-style-type: none">• Filled 135 positions (41 internal movement, 94 external hires) to build internal capacity since launch• Launched call for applicant for consumer roundtable.• Developed Office of Innovation Framework Joined Global Financial Innovation Network (GFIN)• Initiated extensive stakeholder engagement across sectors with the creation of Stakeholder Advisory Committees (SAC); sector technical committees and online consultations• Developed digital transformation roadmap which supports regulatory reform to achieve a fully digital, integrated technology and process



CROSS SECTORAL PRIORITIES

What has changed?

2019 – 2020 Priorities

Burden Reduction	Regulatory Effectiveness
1.1 Review inherited guidance 1.2 Review data collection and filing requirements (completed) 1.3 Establish meaningful service standards	2.1 Protect the public interest 2.2 Increase sectoral expertise (completed) 2.3 Enable innovation 2.4 Enhance stakeholder collaboration (completed) 2.5 Modernize systems and processes

2020 – 2021+ Draft Priorities

Burden Reduction	Regulatory Effectiveness
1.1 Review inherited guidance 1.2 Establish meaningful service standards	2.1 Protect the public interest 2.2 Enable innovation 2.3 Modernize systems and processes
3.1 Transition to Principle Based Regulation (PBR) (new) 3.2 Improve information sharing with regulators (new)	



2019-20 PRIORITIES

Cross Sectors				
Burden Reduction		Regulatory Effectiveness		
1.1 Review inherited guidance		2.1 Protect the public interest		
1.2 Review data collection and filing requirements		2.2 Increase sectoral expertise		
1.3 Establish meaningful service standards		2.3 Enable innovation		
		2.4 Enhance stakeholder collaboration		
		2.5 Modernize systems and processes		
Sector-specific: Targeted High-impact Priorities				
Auto Insurance	Credit Unions	L&H Insurance	Mortgage Brokering	Pensions
3.1 Streamline Rate Regulation Process	4.1 Integrate Conduct and Prudential Supervision	5.1 Adopt Effective Conduct Standards	6.1 Provide Effective Syndicated Mortgage Investment (SMI) Oversight	7.1 Support Plan Flexibility
3.2 Support Auto Reform Strategy	4.2 Support Modernization of Regulatory Framework	5.2 Improve Licensing Effectiveness and Efficiency	6.2 Improve Licensing Effectiveness and Efficiency	7.2 Review Prudential Framework
3.3 Review Health Service Provider (HSP) Regulation	4.3 Adopt Industry Code of Conduct	5.3 Harmonize Treating Consumers Fairly Guidance	6.3 Adopt Industry Code of Conduct	7.3 Focus on Burden Reduction
3.4 Develop Fraud and Abuse Reduction Strategy	4.4 Ensure Appropriate Resolution Framework and Deposit Insurance Reserve Fund (DIRF) Oversight			

Additional Priorities (not included in Business Plan)

Implement financial planner / advisor title protection framework following 2019 Budget legislation

2019 – 2020 L&H INSURANCE SECTOR

Cross Sectoral Priorities

- Burden Reduction
- Regulatory Effectiveness

Life & Health Insurance Sector

- Adopt Effective Conduct Standards
- Improve Licensing Effectiveness and Efficiency
- Harmonize Treating Consumers Fairly Guidance

Progress Report

- | | |
|--|--|
| <ul style="list-style-type: none"> • 60% reduction in inherited guidance (from 154, reduced to 61) • Established Rate Regulatory Advisory Committee • Organized proactive speaking engagements with industry and roundtables • Filled 25 Licensing and Market Conduct positions (12 internal movement, 13 external hires) since launch | <ul style="list-style-type: none"> • Completed stakeholder consultation altering conduct standards priority • Engaged with stakeholders and other regulators to understand opportunities, common licensing credentials and criteria to prevent entry of bad actors • Completed the stakeholder/regulator consultations on harmonized conduct expectations |
|--|--|



L&H INSURANCE SECTOR PRIORITIES

What has changed?

2019 – 2020 Priorities

- Adopt Effective Conduct Standards
- Improve Licensing Effectiveness and Efficiency
- Harmonize Treating Consumers Fairly Guidance
(completed)



2020 – 2021+ Priorities

- Enhanced market conduct oversight to protect consumers
- Improve licensing effectiveness and efficiency

2020 - 2021+ DRAFT PRIORITIES

CROSS-SECTORAL PRIORITIES

Burden Reduction

- 1.1 Review inherited guidance
- 1.2 Establish meaningful service standards

Regulatory Effectiveness

- 2.1 Protect the public interest
- 2.2 Enable innovation
- 2.3 Modernize systems and processes

- 3.1 Transition to Principle Based Regulation (PBR)
- 3.2 Improve information sharing with regulators

SECTOR-SPECIFIC: TARGETED HIGH-IMPACT PRIORITIES

Auto Insurance	Credit Unions	L&H Insurance	Mortgage Brokering	Pensions	Financial Planners/ Financial Advisor
<p>4.1 Empower and protect auto insurance consumers</p> <p>4.2 Support and implement transformative auto insurance reforms</p> <p>4.3 Develop a comprehensive auto insurance and data analytics strategy</p>	<p>5.1 Support modernization of credit union regulatory framework</p> <p>5.2 Ensure appropriate resolution and Deposit Insurance Reserve Fund (DIRF) oversight framework</p> <p>5.3 Enhance credit union market conduct supervision</p> <p>5.4 Update supervisory and risk assessment approach</p>	<p>6.1 Enhanced market conduct oversight to protect consumers</p> <p>6.2 Improve licensing effectiveness and efficiency</p>	<p>7.1 Support government policy direction on the Mortgage Brokering, Lenders and Administrators Act (MBLAA)</p> <p>7.2 Enhance market conduct oversight to protect consumers</p>	<p>8.1 Support plan flexibility</p> <p>8.2 Review prudential framework</p> <p>8.3 Focus on burden reduction</p>	<p>9.1 Develop processes for the future approval and supervision of credentialing bodies</p>

L&H INSURANCE SECTOR ACHIEVEMENTS TO DATE

Adopt Effective Conduct Standards

1. Stakeholder consultations have yielded additional insights, which have altered this priority from the original 2019-20 Business Plan.
2. FSRA is participating in work underway by industry and through CCIR/CISRO*.

1. Consult with stakeholders to understand industry expectations for evaluating/improving conduct requirements.
2. Collect, validate and analyze internal data to assess specific market conduct issues as a first step to determining how to address gaps, if any, in distribution channels that rely on Managing General Agents.

Improve Licensing Effectiveness and Efficiency

1. Licensing has been challenged with a loss of resources leading up to transition creating service level gaps. Now fully staffed, processes will be reviewed to align with priorities going forward.
2. Engaging with stakeholders /other regulators to understand opportunities, common licensing credentials and criteria to omit entry to bad players.

1. Gap analysis on due diligence processes, to ensure effective risk based licensing processes.
2. Develop a common process for capturing and consolidating licensing statistics, from the date of assignment to approval for all products.

Harmonize Treating Consumers Fairly Guidance


1. Stakeholder/regulator consultations on harmonized conduct expectations completed.

1. Inform CCIR and CISRO stakeholders of FSRA plan for Fair Treatment of Consumers (FTC) guidance at November CCIR meetings.
2. Prepare stakeholder information bulletin for Fall 2019 publication.

ADOPT EFFECTIVE CONDUCT STANDARDS

Priority Overview

- Stakeholders have raised concerns about the lack of regulation of intermediaries between insurers and agents — licensed corporate agents or managing general agents (MGAs) — who perform oversight/management functions but are not subject to corresponding conduct requirements.
- Improved conduct standards would help to eliminate oversight gaps in the L&H insurance industry, creating a level playing field for all industry participants and increasing fairness to consumers.

Original Milestones		Timeline				Refreshed Milestones	Timeline
A	Engage with stakeholders and other regulators, including RIBO, to better understand positions and opportunities for consensus.					A	
B	Separate consultations to evaluate/improve conduct requirements for L&H and P&C					B	
C	Review any relevant codes of conduct, adopt or not.					C	
D	Develop oversight/enforcement of any new guidelines.					D	
E	Develop resourcing and implementation plan to support oversight /enforcement of any new conduct guidelines.						
F	Complete consultation and review of codes of conduct						

To be sunset, and replaced with new priority

Narrative (Highlights, and Rationale for Change including, if applicable, extension of timeline)

While the identified priorities continue to be seen as key by FSRA and the sector, the delay in FSRA's launch and the impact of the transformation required operational stability improvements. In addition, continued stakeholder consultations have yielded some additional insights, which have in some cases altered priorities from the original 19/20 Business Plan. Considerable work is being undertaken by industry and through CCIR/CISRO, and through the 20/21 business plan FSRA is shifting to participating in this work to address industry conduct, given that stakeholders have expressed the desire for harmonization.

ADOPT EFFECTIVE CONDUCT STANDARDS → ENHANCED MARKET CONDUCT OVERSIGHT TO PROTECT CONSUMERS

Priority Overview

- Establishing stabilized market conduct oversight is critical to ensuring the welfare of consumers and maintaining public confidence in the L&H insurance industry.
- Ensuring the appropriate treatment of consumers through stabilized market conduct oversight is important for the transition from human-based interactions towards a digital-first environment.

#	Milestone/Description of Activities	Proposed Timeline
A	Lead implementation of CISRO's proposal to develop a harmonized industry Code of Conduct for intermediaries <i>(TBD pending CISRO approval of FSRA proposal)</i>	Multi-year initiative with CISRO – late FY 2020-21 or early FY 2021-22
B	<p>In support of FTC principles in the P&C and L&H sectors:</p> <ul style="list-style-type: none"> Develop capacity, skills and approach to targeted, principles-based, and outcomes-focused life insurance conduct reviews. Conduct policy research and undertake targeted supervisory reviews to develop a proposed regulatory framework and supervisory approach for MGAs Build/resource agent conduct team and develop a supervisory framework for implementation in FY 2021-22. <ul style="list-style-type: none"> When building such framework, consider solutions for improving advisor oversight proposed by the industry-regulatory G4 task force (Canadian Life and Health Insurance Association, Canadian Association of Independent Life Brokerage Agencies, Independent Financial Brokers and Financial Advisors Association of Canada). 	<p>Ongoing</p> <p>Publish proposed plan by Spring 2021 for implementation in FY 2021-22</p>

Narrative (Rationale For New Priority)

- Stakeholders have raised concerns about the lack of regulation of intermediaries between insurers and agents — licensed corporate agents or MGAs — who perform oversight / management functions but are not subject to corresponding conduct requirements.
- Improved conduct standards would help to eliminate oversight gaps in the L&H insurance industry, creating a level playing field for all industry participants and helping increase fairness for consumers.



CONSULTATION SUMMARY & TAKEAWAYS – ADOPT EFFECTIVE CONDUCT STANDARDS

- **Conduct research and supervisory reviews to develop an internal proposed regulatory framework for MGAs (#1 Listed Priority)**
 - Model of regulation for MGAs: Direct or Indirect?
 - Consider varying size, shape, and scope of responsibility
 - Review regulatory approaches of other jurisdictions
 - Standardized code of conduct, expected guidelines for MGA needed → consider including MGAs in the discussion
- **Consider solutions for improving advisor oversight proposed by the industry-regulatory task force G4**
 - Consider options: legislative / rulemaking / publication of guidelines
 - Accountability for failures to comply
 - Review/examination: research ways to handle the volume (e.g. risk-based selection)



INSURER-MGA OVERSIGHT THEMATIC REVIEW

Supervisory Plan

- Establish screening criteria for selection of insurers to review Insurer-MGA relationships
 - Focus on insurers with a large independent distribution channel based on market share of net written premiums
- Develop and implement an exam program specific to oversight of MGA
- Understand Insurer-MGA relationships and request supporting documentation
 - e.g. Insurer-MGA contract, CLHIA Annual Survey, monitoring of outsourced activities, risk assessment of MGAs, ownership, audits and reviews
- Review and analyze responses to assess key themes and trends in relation to Insurer-MGA outsourcing arrangements and insurer oversight
- Results will feed into Market Conduct Compliance Framework




IMPROVE LICENSING EFFECTIVENESS AND EFFICIENCY

Priority Overview

- Develop an implementation plan to modernize licensing and tracking systems to ensure appropriate alignment of service level standards in accordance with risk and reduce burden for simplified applications and renewals, while providing industry, FSRA and the public with accurate, real-time licensing status and service levels.
- In consultation with industry and stakeholders, develop new licensing/renewal requirements to ensure appropriate continuing education and E&O requirements, and to restrict entry / require exit of non-compliant registrants.

Original Milestones			Timeline
A	Streamline licensing approvals and improve the service levels being provided		2020
B	In consultation with industry and stakeholders, develop new licensing requirements to ensure appropriate continuing education, insurance requirements and to restrict entry / require exit of non-compliant registrants.		2020
C	Develop criteria to transparently publish service expectations for licence applications.		2020



Refreshed Milestones			Timeline
A	Have a common process for capturing and consolidating licensing statistics, from the date of assignment to approval for all products in order to create meaningful management reporting and key metrics to ensure capacity to deliver on service level standards, absorb future growth and inform our licensees by way of meaningful, real time approval timelines. Develop criteria to transparently publish service expectations for licence applications.		Winter 2020
B	Perform a gap analysis on our current due diligence processes and legislative requirements to ensure that effective licensing processes are in place framed around market conduct risk, in order to create a meaningful process for "escalated" licensing applications and renewals Working with CISRO members on the formalization of inter-jurisdictional information sharing protocols (new), to more efficiently screen applicants subject to enforcement proceedings in other jurisdictions		FSRA analysis – Spring 2020 Work with CISRO, including information sharing: multi-year
C	Develop criteria to transparently publish service expectations for licence applications.		Spring 2020

Narrative (Highlights, and Rationale for Change including, if applicable, extension of timeline)

FSRA's legacy licensing systems have been criticized for lack of ease of use and lack of alignment with other jurisdictions, creating unnecessary burden. Stakeholders have also raised concerns about the perceived lack of coordination and information sharing among regulators to identify and remove "bad actor" (non-compliant) registrants, and weak standards for continuing education and E&O insurance to support good practices.



CONSULTATION SUMMARY & TAKEAWAYS – IMPROVE LICENSING EFFECTIVENESS AND EFFICIENCY

- Concerns on licence renewal process
 - Are current requirements too low?
 - Need to perform reference/background checks on advisors
 - Use information collected during renewal process for risk factors and profiling
 - More probing questions about why certain individuals should remain in industry
- Important for industry to understand the position of FSRA and its enforcement programs
- Harmonization of licensing requirements across jurisdictions – coordination across jurisdictions is key to efficiency



NEXT STEPS

- Consultation Complete – [November 18, 2019](#)
- FSRA Board and SAC Committee Meeting – [November 25, 2019](#)
- Board Approval of the 2020 – 23 Annual Business Plan – [December 12, 2019](#)
- Summary of comments and responses to be available following Board-SAC Consultation – [TBD](#)

Agenda Item 5(f)(i)
November 19/19 EOC Meeting



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

Dear Natalie Hill

You are cordially invited to attend CAFII's Holiday Season Reception on Tuesday, December 3, 2019. This thought leadership and networking-focused gathering will provide an opportunity to socialize informally with CAFII member industry counterparts, insurance regulator and policy-maker representatives, and key contacts from allied industry Associations.

This Reception will feature a presentation on

"Modernize & Transform: Winning in The Future of Life & Health Insurance"

Presented by

Melissa Carruthers
Senior Manager
Monitor Deloitte Canada

Melissa Carruthers is a Senior Manager within Monitor Deloitte's Strategy Consulting practice where she leads its Life and Health Insurance Strategy and Transformation offerings in Canada.

Melissa joined Deloitte after working as a life and annuities actuary in both the direct insurance and reinsurance industries. Her breadth of prior industry experience includes roles in pricing and product development as well as corporate actuarial and biometric research.



In her current role as a strategy and transformation advisor, Melissa works with a number of the leading Canadian life and health insurance companies and financial institutions as they define their strategic priorities across multiple layers within the organization -- with a particular focus on corporate, product, and distribution strategy.

Melissa is a frequent speaker at industry events on topics such as the future of life and health insurance; and the application of emerging technologies within insurance operations.

When: Tuesday, December 3, 2019

Time: 5:00 P.M. - 7:45 P.M.

Where: TD Conference Centre
Concourse Level, Montane Room
55 King Street West
Toronto, Ontario

Please RSVP by 5:00 p.m. on Friday, November 29, 2019

RSVP

For more information, please contact Felicia at felicia@cafii.com
or (416) 494-9224 x 3.

Sincerely,

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Ottawa Memorandum

To: Keith Martin, Brendan Wycks
From: David Elder / (613) 566-0532
Re: Summary of lobbyist registration requirements
Date: September 23, 2019

You had asked us to prepare a memo summarizing the general framework for lobbyist registration in Canada, including key definitions, thresholds for registration and ongoing reporting requirements, as well as opining on the implications of a recent decision of the Québec Court of Appeal with respect to the interpretation of the lobbyist registration statute for that province.

While some municipalities in Canada also have lobbyist registration by-laws, we have focused our summary only on federal and provincial lobbyist registration requirements, as we understand that only these are likely to be relevant to CAFII.

We have also focused only on the registration/reporting requirements of Canada's lobbyist registration laws, not restrictions or prohibitions on lobbying by former public office holders, or prohibitions on activities that would put elected officials or government employees in a conflict of interest. While some of these latter restrictions/prohibitions are contained in lobbyist registration law, others are covered by a separate lobbyist code of conduct, and many are covered by separate conflict of interest, integrity or public sector accountability legislation.

Overview

There are lobbyist registration laws in each of the provinces, as well as a federal law. By and large, these laws are intended to ensure the transparency of lobbying activities, by creating public registries that allow the public, the media and public office holders to know who is lobbying the government, for what purpose, and, for consultant lobbyists, in whose interests. A number of the laws explicitly recognize lobbying as a legitimate activity.

The following are the lobbyist registration laws in effect in the provinces and federally:

Federal - *Lobbying Act*, R.S.C., 1985, c. 44 (4th Supp.)

Alberta – *Lobbyists Act*, S.A., 2007, c. L-20.5.

British Columbia – *Lobbyists Registration Act*, SBC 2001, c. 42.

Manitoba – *The Lobbyists Registration Act*, C.C.S.M. c. L178

New Brunswick – *Lobbyists' Registration Act*, RSNB 2014, c. 11.

Newfoundland & Labrador – *Lobbyist Registration Act*, SNL 2004, c. L-24.1.

Nova Scotia – *Lobbyists' Registration Act*, SNS 2001, c. 34.

Ontario - *Lobbyists Registration Act*, 1998, S.O. 1998, c. 27, Sched

PEI – *Lobbyists Registration Act*, RSPEI, c. L-16.01.

Québec – *Lobbying Transparency and Ethics Act*, RSQ, c. T-11.011

Saskatchewan – *The Lobbyists Act*, SS 2014, c. L-27.01.

Happily, while there are some differences between these laws, including differences in terminology and additional activities defined to be lobbying, the lobbyist registration regimes across Canada are substantially similar in terms of how they classify lobbyists, and the activities that trigger registration (and reporting, in the case of the federal law).

These laws have separate categories for “consultant lobbyists” (i.e. paid external lobbying consultants) and “in-house” lobbyists. Some of the laws have separate classes of “in-house lobbyists” for non-profit and for-profit organizations, but the differences relate only to the mechanics of reporting. While a core set of activities require registration by both consultant and in-house lobbyists, in most jurisdictions, some activities trigger registration requirements for consultant lobbyists only. CAFII would fall under the “non-profit” category of in-house lobbyist, in jurisdictions where non-profits are recognized separately, and the general in-house lobbyist category elsewhere. To the extent that CAFII retains consultant lobbyists, note that consultant lobbyists are legally responsible for their own registration and reporting, regardless of the identity of the client on whose behalf they are acting. The client has no legal obligation with respect to the reporting obligations of a consultant lobbyist it has retained, although would likely want to ensure itself that the.

To aid in the comparison of these various law, we have attached a matrix comparing each jurisdiction with respect to:

- The activities that trigger registration
- The activities that explicitly do not trigger registration
- The threshold time requirements that apply to registration
- Ongoing reporting or registration renewal requirements
- Registration process basics: who must register and when

Note that both this memo and the attached matrix are summaries only. While there is considerable conceptual similarity between the various legislative regimes, the actual wording of the statutes differs somewhat. In all cases, reference should be had to the relevant statute and related regulations/guidance for the precise requirements for each jurisdiction.

Lobbying

Under each of the laws, registration requirements are triggered by certain defined activities undertaken with respect to public office holders. All but the federal law defines these activities as being “lobbying”. The federal does not include a definition of “lobbying” *per se*, but rather, provides that registration is required with respect to certain types of communications (“designated communications”) with public office holders. Although not formally defined as “lobbying” under the federal law, it essentially amounts to the same thing. In this memo the term “lobbying” will be used to refer to the activities in all covered jurisdictions that trigger a registration requirement.

a. Public office holders

All of the lobbyist registration laws define lobbying by reference to specified types of communications to public office holders. Although there are some differences in specificity between these various laws, the term “public office holder” is generally defined to include what one would expect: elected officials, ministerial staff, government appointees and employees of the relevant government or its agencies. Some explicitly exclude judges; others exclude officers, directors and employees of designated crown corporations; however, we are not aware of any such exclusions that are likely to be relevant to CAFII.

In addition to defining what is a public office holder, the federal law also uniquely defines the term “designated public office holder” which is a subset of public office holders that includes only Ministers and their office staff and senior civil servants at the DM, ADM and CEO level or equivalent.¹ Under the federal regime only, following lobbyist registration, communications to designated public office holders (but not other public office holders) are reportable on a monthly basis.

b. Legislation and policy-making

As noted, each of the jurisdictions shares a core set of activities that are considered to be lobbying, each of which involves communication intended to influence the legislative or policy-making process. These apply in all jurisdictions, for both in-house and consultant lobbyists. These may be summarized as communications made to public office holders in the relevant government with respect to:

- The development of any legislative proposal by the government, an elected member or, federally, a Senator
- The introduction, passage, defeat or amendment of any Bill or resolution in a legislative assembly (including the Senate, federally)
- The making or amendment of any regulation
- The development or amendment of any government policy or program

A majority of the jurisdictions add to this core list any communications that seek to influence a government decision to privatize any government institution, including a crown corporation, that provides services to the public,² although arguably, even without such an explicit provision, such activity would likely also be caught by communications made with respect to a change to legislation or government policy.

c. Contracts, permits, appointments and meetings

In addition to the foregoing core lobbying activity, to varying degrees, the covered jurisdictions also require registration respecting communications directed at the awarding of contracts, issuing of government authorizations or appointment of public officials. They also require registration for arranging a meeting between a public officer holder and any other person.

¹ As well as other individuals designated by regulation.

² Only the federal law and the laws of Manitoba and Québec do not treat this activity as “lobbying”. Of the remaining provinces, all except Ontario include decisions to both transfer assets and to outsource government functions to the private sector; Ontario’s law covers only transfers of government assets to the private sector.

All the covered jurisdictions treat communication respecting the awarding of government contract, or the terms of tender prior to the awarding of a contract, as “lobbying” although a slight majority of the jurisdictions include this as a registration trigger for consultant lobbyists only.

All the jurisdictions also include as reportable activity communications with public office holders the arrangement of a meeting between a public office holder and any other person, although in only four provinces (Newfoundland & Labrador, PEI, Québec and Saskatchewan) is this activity reportable for in-house lobbyists.

Only Newfoundland and Québec include communications respecting the appointment of a public official as reportable activity. Only Québec includes communications respecting the issuance of any permit, licence, certificate or other organization.

d. Exclusions

For greater certainty, the lobbyist registration laws, to varying degrees, also explicitly exclude certain common interactions with government stakeholders (to the extent that they might be otherwise reportable³). Even where not explicitly excluded by statute, the body responsible for interpreting and enforcing the lobbyist registration requirement has issued guidance to a similar effect. Many of these relate to requests for information or submissions in public proceedings.

All jurisdictions exclude, either by statute, regulator guidance, or necessary implication, the following from requiring registration:

- the making of written or oral submissions to committees of a legislative body, or other persons or bodies where proceedings are a matter of public record.
- Communications with respect to enforcement, interpretation or application of any federal law or regulation
- Submissions to a public office holder concerning the implementation or administration of any policy, program directive, etc.
- Communications that are restricted to a request for information from the government
- Submissions in direct response to a public officer holder’s request for comments
- Submissions made to an elected official by a constituent, with respect to a personal matter (in some cases, not excluded if the submission relates to a private bill for the benefit of that constituent)
- Making submissions in judicial or adjudicative proceedings, or in other public proceedings
- Making submissions in the negotiation of a contract, including a collective agreement

Registration threshold

a. General

³ Indeed, on a proper interpretation of the activities that are designed to constitute “lobbying”, many of these activities would not be reportable anyway,

While all lobbying activities by consultant lobbyists require registration, all the covered jurisdictions require registration by in-house lobbyists only when a certain threshold of materiality has been met or exceeded (or is anticipated to be met or exceeded). Lobbying activity falling below the established threshold does not require registration. As can be seen in the attached chart, these thresholds vary from jurisdiction to jurisdiction, but would generally cover organizations that would do little in-house lobbying in the jurisdiction in question.

Some statutes include an explicit time-based registration threshold. Other laws just make in-house lobbyist registration requirements subject to a general “significant part of the duties” threshold, although, when this is the case, regulators have issued guidance that indicates what time-based threshold would constitute a “significant part of the duties” of in-house lobbyists (although, see below re Québec). For the most part, time-based thresholds are calculated either with respect to an actual individual employee or on the basis of a “virtual person”. For example, in the case of the federal law, where the Commissioner of Lobbying considers registration to be required when lobbying activity exceeds 20% of a person’s time, this threshold is met when the time spent by all employees of an organization cumulatively exceed one day per week of what would be a single person’s time, if a single person carried out all the lobbying activities in question. This obviously avoids having organizations avoid registration by dividing up lobbying activity amongst its employees.

Note that the various jurisdictions calculate their time-based thresholds over different periods of time. For example, under the federal law, the threshold for in-house registration is 20% of one person’s time, calculated monthly; whereas in BC it is 100 hours per year, and in PEI, it is 50 hours over a three-month period.

It is also important to note that what types of activity is to be counted toward the time threshold as “preparation”. For example, only Saskatchewan and the federal government require travel time to be included. Ontario explicitly excludes preparation time from the calculation of the time-based threshold. The Atlantic provinces don’t offer any guidance at all as to whether preparation should be included (which suggests that it should not be included as, strictly speaking, preparation time would not fit within the definition of “lobbying” for most regimes).

b. Developments in Québec re registration threshold

Like several other Canadian jurisdictions, the statutory threshold for registration by in-house lobbyists⁴ under Québec’s law is where lobbying constitutes a significant part of the duties of an employee. In 2005, the Commissioner of Lobbying had issued guidance indicating that a time-based threshold of 12 days per year of time spent lobbying would constitute a “significant part of the duties” and would therefore trigger the registration requirement.⁵

However, in April 2017, the Québec Court of Appeal ruled in the case of *Cliche c. Directrice des poursuites criminelles et pénales*, 2017 QCCA 668, that a time-based threshold alone cannot be used to determine the threshold for registration by in-house lobbyists; rather, all relevant factors must be considered, including the job functions of employees engaged in lobbying, in determining what would constitute a significant part of duties.

In guidance issued following the decision⁶, the Commissioner of Lobbying now does not slavishly apply any quantitative criteria in assessing the requirement to register (although will still consider such indicia),

⁴ In fact, the Québec law classifies in-house lobbyists as either “enterprise lobbyists” (for profit organizations) or “organization lobbyists” (not for profit organizations).

⁵ Notice n° 2005-07 of the Commissioner of Lobbying concerning the interpretation of the expression “a significant part”

⁶ https://www.commissairelobby.qc.ca/fileadmin/user_upload/Ruling_Court-Of-Appeal-Of-QuebecNotice2005-07.pdf

but will instead focus on an analysis of more qualitative criteria, such as the regularity and intensity of a person's lobbying activities. The new approach mentions a number of potentially relevant factors such as formal designation by title of having lobbying responsibilities, nature of the tasks undertaken by an individual and the extent of their involvement in a project, etc. Accordingly, unlike the case of the other provinces, a determination by CAFII of the requirement to register will have to take into account a broad variety of potentially relevant circumstances, beyond the amount of time spent lobbying. For example, to the extent that the Co- Executive Directors are tasked, as a key part of their duties, to engage in lobbying activities with government stakeholders, this would tend to suggest registration is more likely to be seen to be required. Given the vagueness of the current approach to the test, we would recommend consulting with the Commissioner in Québec in any cases where the obligation to register may not be clear.

Registration

With the exception of PEI⁷, for in-house registration, all Canadian jurisdictions provide that it is the most senior paid officer of a corporation/organization that is responsible for completing and filing the registration on behalf of the organization. In CAFII's case, we understand that this would be either of the Co-Executive Directors.

Thresholds vary somewhat in terms of deadlines for registration, although for in-house registrations, most regimes require registration with 2 months/60 days of undertaking lobbying activity (i.e. getting instructions/deciding to do so). However, Newfoundland allows only 10 days for such registrations to be made. Québec ties its registration deadline to the date on which lobbying activity was actually commenced, not just undertaken.

The process for registration varies from jurisdiction to jurisdiction, but most registrations are done on line, requiring first that an account be set up with the designated registration body. Once set up, registrants must complete online forms that require varying levels of information and detail. Generally, the registration must include the names of all senior paid officers of the organization who perform lobbying activities, as well as the names of any employees who individually would exceed the registration threshold for that jurisdiction. The return must also include the names of all departments lobbied and a general description of the subject matter of the lobbying activity. The drafting of the latter is considered to be somewhat of an art for some, with the objective of meeting registration requirements while not giving away too much detail to competitors or other stakeholders that may review the registration once made. In some regimes, like the federal one, registration may be subject to a vetting process, to ensure adequacy of the disclosures made in the registration forms.

Reporting/Updating

After registration all regimes require that in-house registrants notify the applicable registrar within a fixed period (generally 30 days) of any changes in the registration, such as the ceasing of lobbying activity by the organization or by one or more employees. Organizations must also renew (or withdraw) registrations at least every 6 months, to ensure some currency of the public register.

In the case of the federal regime only, monthly communications reports must also be filed (within 15 days of the end of the month) with respect to any prescribed communications between a registered lobbyist and a designated public office holder (as described above, the senior most officials in government).

Accordingly, under the federal law, while initial registration is required with respect to lobbying communications directed to public office holders generally (subject to the 20% rule); monthly reporting is required only for lobbying communications with more senior public office holders, but without any

⁷ For for-profit organizations, PEI places registration responsibility on each individual registrant; however, also requires registration by the most senior paid officer in respect of non-profit organizations.

reference to the 20% rule (i.e. even a single hour of communication with a Minister in a given month would be reportable).

Lobbyist Registration in Canada												
		FED	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
Activities which Require Registration												
Communicating with a Public Officer Holder in an attempt to influence:	The development of a legislative proposal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	The introduction of a bill or resolution, or the passage, defeat or amendment of any bill	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	The making or amendment of a regulation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	The development, amendment or termination of any government policy or program	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	The awarding of any grant contribution or other financial benefit by or on behalf of the government	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	A decision by the Executive to transfer from the government all or part of, or any interest in or asset of, any business enterprise or institution that provides goods or services to the government or the public	-	✓	✓	✓	-	✓	-	✓	✓	✓	✓
	A decision by the cabinet or a member to privatize the provision of any goods or services to the government	-	✓	✓	✓	-	-	-	✓	✓	✓	✓
	The awarding of any contract by or on behalf of the government, or the terms of a tender or RFP prior to the awarding of that tender or acceptance	✓ (Consultant only)	✓	✓ (Consultant only)	✓	✓ (Consultant only)	✓ (Consultant only)	✓	✓ (Consultant only)	✓ (Consultant only)	✓	✓
	The appointment of a public official	-	-	-	-	-	-	✓	-	-	-	✓
	The issuance of any permit, license, certificate or other authorization	-	-	-	-	-	-	✓	-	-	-	-
	Arranging a meeting between a public office holder and any other person	✓ (Consultant only)	✓ (Consultant only)	✓ (Consultant only)	✓	✓ (Consultant only)	✓ (Consultant only)	✓	✓ (Consultant only)	✓ (Consultant only)	✓	✓
Activities which Do Not Require Registration ¹												
	Making submissions to committees of Parliament, the Legislative Assembly, or a body or person having jurisdiction or powers conferred by or under an Act in proceedings that are a matter of public record	●	●	●	●	●	●	●	●	●	●	●
	Communications that are restricted to requests for information	●	-	-	-	-	●	-	-	-	-	-
	Making submissions in direct response to a public office holder's request for comments	-	●	-	●	●	-	●	●	●	●	●
	Making submissions to your Member of Parliament, the Legislative Assembly, or a comparable municipal body unless the submission concerns private bills benefitting the constituent	-	●	●	●	●	●	-	●	●	●	●
	Making submissions prior to judicial or adjudicative proceedings, or in public proceedings	-	-	-	-	-	-	●	-	-	-	-
	Making submissions in the negotiation of an individual or collective labour contract	-	-	-	-	●	-	●	●	●	●	●

¹ Entries marked with a ● denote activities which are excluded expressly by statute, while entries marked with – denote activities which are excluded either by guidance documents or by implication.

Lobbyist Registration in Canada												
		FED	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
	Communications concerning the enforcement, interpretation, or the application of any Act or regulation	●	●	●	●	●	●	-	●	●	●	●
	Making submissions to a public office holder concerning the implementation or administration of any program, policy, directive or guideline by the public office holder with respect to the person or organization	-	●	●	●	●	●	?	●	●	●	●
Threshold Requirements for In-house Lobbyists												
	Hours ²	20% of the working hours of one employee	100 per year	50 per year	100 per year	100 per year	50 per year	“Significant part of [the individual's] job” ³	20% of one employee's time over a 3-month period	20% of one employee's time over a 3-month period	50 hours in a 3-month period	20% of one employee's time over a 3-month period
	Whose activities count?											
	• Employees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	• Officers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	• Directors (employee/paid)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	• Directors (non-employee/unpaid) ⁴	-	-	-	-	-	-	-	-	-	-	-
	Which activities count											
	• Preparation ⁵	✓	✓	✓	✓	✓	-	Likely	? ⁶	?	?	?
	• Communication	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ongoing Reporting Requirements												
	Type of activity required to be reported	Communication with a DPOH ⁷	-	-	-	-	-	-	-	-	-	-
	Frequency											
	• Consultant Lobbyists	Monthly – within 15 days after end of month	-	-	-	-	-	-	-	-	-	-
	• In-house Lobbyists	Monthly – within 15 days after end of month	-	-	-	-	-	-	-	-	-	-
Renewal Requirements												

² Note that collective activities of all employees of a corporation or organization count towards the time, despite some jurisdictions wording the threshold in terms of the time of one employee.

³ Quebec used to use 20% of one employee's time, however a recent court decision has held that this is now a case-specific determination.

⁴ Advisory Opinions and Guidance Documents from the Federal government, British Columbia, Alberta, and Ontario all suggest that if a Director is not an employee of a company/organization and does not receive remuneration beyond reasonable reimbursement of expenses then they do not need to register as a lobbyist. However, if a Director is compensated beyond reasonable reimbursement of expenses, the Federal Advisory Opinion and British Columbia's Advisory Bulletin say that that individual needs to register as a consultant lobbyist. While the other provinces do not have such explicit guidance, given that the definitions of “in-house lobbyist” and “consultant lobbyist” in every province includes language about compensation, it is likely that a similar approach would be taken in every province. There is no explicit guidance about Industry Associations – while registration may not be required for an unpaid director of an Industry Association, that individual may be required to register by virtue of their employment with regards to their employer (i.e. register as an in-house lobbyist for their employer).

⁵ Note that they type of activity that a regulator considers to be included in the calculation of the registration threshold varies widely. The statute, regulations and guidance for each jurisdiction should be reviewed to ensure proper calculation of this aspect of the threshold.

⁶ Entries marked with a question mark indicate that the relevant law, regulations and guidance either do not speak to the issue in question, or are not clear as to what is required.

⁷ Designated Public Office Holder – defined to be elected officials and most senior civil servants and appointees.

Lobbyist Registration in Canada												
		FED	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
	Consultant Lobbyists	None – must inform OCL when lobbying undertaking has been performed or is terminated within 15 days after the end of the month	None – a new return must be filed for each undertaking	None – a new return must be filed for each undertaking	Every 6 months, within 30 days	None – a new return must be filed for each undertaking	Annual renewal	30 days after the anniversary of initial registration	Every 6 months, within 30 days	Every 6 months, within 30 days	Every 6 months, within 30 days	Every 6 months, within 30 days
	In-house Lobbyists	None – must inform OCL when the organization of corporation no longer meets the threshold within 15 days after the end of the month	Every 6 months, within 30 days after	Every 6 months, within 30 days after	Every 6 months, within 30 days after	Every 6 months, within 2 months after	Every 6 months, within 30 days before or after	60 days after the end of the financial year of the enterprise or organization	Every 6 months, within 30 days after	Every 6 months, within 30 days after	Renewal every 6 months OR New registration for every new undertaking	Every 6 months, within 30 days after
Registration												
	Who is responsible for registration											
	<ul style="list-style-type: none">Consultant LobbyistsIn-house Lobbyists	The individual	The individual	The individual	The individual	The individual	The individual	The individual	The individual	The individual	The individual	The individual
		The most senior paid officer	The most senior paid officer	The most senior paid officer	The most senior paid officer	The most senior paid officer	The most senior paid officer	The most senior paid officer	The most senior paid officer	The most senior paid officer	For-profit – the individual Non-profit-senior officer	The most senior paid officer
	When must registration occur											
	<ul style="list-style-type: none">Consultant LobbyistsWithin X days of undertaking lobbying activity	10	10	10	10	10	10	30 ^a	15	10	10	10
	<ul style="list-style-type: none">In-house LobbyistsWithin X of reaching the threshold	2 months	60 days	2 months	60 days	2 months	2 months	60 days	2 months	60 days ⁹	2 months	10 days

⁸ Note that in Quebec the time starts to run from when lobbying activity is commenced.

⁹ Note that in Nova Scotia the time starts to run from when it is determined that lobbying will take up a significant part of the duties of one employee.

Agenda Item 6(b)
November 19/19 EOC Meeting

Highly Anticipated InsurTech North Conference Opens Registration

Toronto, Ontario (November 5, 2019) – MSA Research Inc. is excited to announce that online registration is now open for its annual InsurTech North conference. Now in its third year, InsurTech North 2020 takes place April 6-7 at the Beanfield Centre in Toronto.

InsurTech North is a forum for insurers, reinsurers, brokers, MGAs, digital leaders, entrepreneurs and venture capitalists. Be in the room as conference speakers discuss insurance technology investment (over \$3.1-billion globally in 2018), which technologies are in demand and where in the value chain innovation is happening. This year's conference theme, **"Where the Rubber Meets the Road"**, centres a riveting program on such relevant topics as how the insurance workforce will work with technology in the future, top cross-ecosystem challenges worth reconstructing, and which friction points can be solved by tech in the customer insurance experience.

Agenda highlights include:

- Canadian Leadership on the Global Insurtech Stage
- Augmented Intelligence and AI – Moving to a New Age Working With Technology
- Key Customer Touch Points – Challenges and Successes in Broker Tech, Claims and Payments
- Combatting the Bro Culture in the Tech Space
- Case Study and Post Implementation Health Check: Full Stack Insurtech Startups
- A View from the Top – Co-Creation – CEOs and Founders Panel

There are four distinct features of the InsurTech North 2020 conference that are integral to this year's stellar agenda: expert panel discussions, an interactive pan-ecosystem breakout session, a networking Marketplace and Expo, and the annual InsurTech North Wolf Pack Startup Pitch Competition.

"Working with our amazing advisory committee, we're excited to be enhancing the program in line with delegate feedback and broader community interest," said Marilyn Horrick, MSA Research COO and EVP. "Providing an ice-breaker kind of kick-off, we're giving attendees a chance to reinvent certain aspects of the insurtech/incumbent space in a session all about reconstruction for the greater good," continued Horrick, "We're continually building actionable take-aways into InsurTech North and think this year's agenda is right on the money."

Another value-add is the networking opportunity afforded through the Expo where attendees meet with exhibiting insurtechs who have qualified to host a table and promote their goals and value propositions, and the onsite Marketplace offering time and space for delegates to network and make valuable connections.

"I picked this conference in particular because of the networking value," said Aly Dhalla, CEO and Co-Founder, Finaeo and recipient of the 2019 Wolf Pack Start Up Pitch Competition. "In fact, InsurTech North created one of our (Finaeo's) first partnerships," shared Dhalla.

The agenda and format of InsurTech North was shaped by a world-class advisory committee of diverse leaders including:

- Mukul Ahuja, Partner, Strategy & Artificial Intelligence, Financial Services & Insurance Leader, Omnia AI at Deloitte
- Jan Arp, Managing Partner, Holt
- Sue Britton, CEO & Founder, Fintech Growth Syndicate (FGS)
- Simon Chan, Vice President, Talent, Academy and Future of Work, Communitech
- Aly Dhalla, CEO & Co-Founder, Finaeo
- Stephen Goldstein, Vice President, Client eXperience Lead, RGAX
- Nicole Gunderson, Managing Director, Global Insurance Accelerator
- Blake Hill, Vice President, Life Insurance, dacadoo
- Keegan Iles, Partner, National Insurance Consulting Leader, PwC
- Alice Keung, Chief Transformation Officer, Economical Insurance
- Laviva Mazhar, Investment Analyst, Luge Capital
- Caroline Mills-White, SVP, Global Head of Auto Practice Group, National Director Personal Lines and Affinity, Aon
- Abhay Raman, Vice President – Data and Analytics, Digital Transformation, Sun Life Financial
- Parna Sabet-Stephenson, Partner, Gowling WLG
- Daniel Sinclair, Vice President & Head, Corporate Development, The Co-operators
- Paul Winston, COO, Insurance Thought Leadership

“In short, what’s impressed me is the huge variety of attendees from P&C and Life Co., individual and group, VCs and other advisors to the community”, said Keegan Iles, Partner, PwC, and returning Wolf Pack Pitch Competition Leader, “The networking as a result is fantastic,” continued Iles, “and when you look around, there are real deals going down. This is what you want to see at an insurtech conference.”

Visit www.insurtechnorth.com to register or to obtain more information.

About MSA Research

Market Security Analysis & (MSA) Research Inc. is a Canadian-owned, independent and impartial analytical research firm focused on the Canadian insurance industry.

Founded in 2003, MSA is the dominant provider of financial information relating to Canadian insurers. Its mission is to provide Canada’s insurance professionals with comprehensive financial information, analytical tools and rigorous research on a consistent basis.

MSA reports and software are currently used by more than 90% of Canadian insurers, reinsurers, reinsurance brokers and commercial brokers, all broker associations, all major audit/actuarial firms, equity research and investment banking shops, regulators, governments, third-party administrators, academics and others.

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