

CAFII Executive Operations Committee Meeting

Date: Tuesday, October 24, 2017
Location: CIBC Insurance
33 Yonge Street (between Wellington and
Front), 6th Floor [China Room] Toronto, ON

Chair: A. Stuska (for P. Thorn)
Time: 2:00 – 4:00 p.m. EST
Dial-in: 416-764-8662 or 1-888-884-4534
Participant: 4532491#; Moderator: 5829171#

Agenda

Item		Presenter	Action	Document
1.	Call to Order	2:00 p.m.	P. Thorn	
2.	CAFII Website-Related Presentation by RankHigher	2:02 p.m.	D. Moorcroft/K. Martin/RankHigher	
3.	Approval of Agenda and Previous Minutes	2:25 p.m.		
	a. EOC Minutes of September 19/17	All	Approval	✓
	b. Summary of Board and EOC Action Items	B. Wycks	Update	✓
	c. Debrief Discussion on October 23/17 CAFII Board and AMF Liaison Meetings	All	Discussion	
4.	Strategy and Governance	2:35 p.m.		
	a. Balanced Scorecard	B. Wycks/K. Martin	Update	✓
	b. Proposed CAFII 2018-2020 Strategic Plan	K. Martin	Update	✓
5.	CAFII Financial Management	2:45 p.m.	T. Pergola	
	a. Financial Statements as at September 30/17		Approval	✓ [2]
	b. Development of 2018 CAFII Operating Budget		Discussion	
6.	Regulatory	2:55 p.m.		
	a. Alberta Authorization of CI Sales Under RIA Certificate	B. Wycks	Update	
	b. Consultations/Submissions Timetable		Updates	✓
	i. AMF Issues Paper on “Managing Conflict Of Interest In Relation To Incentives”	R. Beckford/B. Wycks		✓
	ii. BC Ministry of Finance 10-Year Review of FIA	B. Wycks		
	iii. Quebec Bill 141 on Financial Sector Modernization	R. Beckford/B. Wycks		
	iv. CCIR Annual Statement on Market Conduct	B. Wycks		
	v. CCIR Travel Health Insurance Products Position Paper	S. Manson/K. Martin		
	vi. Saskatchewan Insurance Act/Regulations	B. Wycks		
	c. Regulatory Update	B. Wycks/K. Martin	Update	✓
	d. Regulator and Policy-Maker Visit Plan	B. Wycks/K. Martin	Updates	✓
	i. Debrief on CAFII BC, Alberta, and Manitoba Regulators and Policy-Makers Visits Tour, October 16-19, 2017			✓
	ii. CAFII Stakeholder Meeting with CCIR, October 25/17			
	iii. Meeting With Insurance Councils of Saskatchewan & CLHIA, October 27/17			
7.	Committee Updates	3:25 p.m.		
	a. Market Conduct	R. Beckford	Update	
	b. Media Advocacy	C. Blaquiere	Update	
	i. CAFII Website Update: Soft/Hard Launch Dates and Media Release	K. Martin	Update	✓
	ii. Media Strategy Pre-Approved Op-Ed Responses	K. Martin	Update	✓
	c. Licensing Efficiency Issues	M. Gill	Update	
	d. Research & Education		Update	
	e. Travel Medical Experts (including Pollara Research)	S. Manson	Update	
8.	In Camera Session	3:40 to 4:00 p.m.	P. Thorn	Discussion

Next EOC Meeting: Tuesday, November 14/17, 2:00 to 4:00 p.m.; Location: TD Insurance, 3rd Floor, 320 Front Street, Arrowhead Room, Toronto

Next Board Meeting: Tuesday, November 28/17, 3:00 – 5:00 p.m.; Location: 25 King Street W, 7th Floor, Commerce Court North, Toronto; Reception: Canoe Restaurant, 66 Wellington Street W, 54th Floor, Toronto

CAFII Executive Operations Committee
Tuesday, September 19, 2017
ScotiaLife Financial, 100 Yonge St., Toronto

DRAFT MINUTES

- EOC Present:** Peter Thorn, TD Insurance, *Chair*
Rose Beckford, ScotiaLife Financial
Rob Dobbins, Assurant Solutions Sue Manson, CIBC Insurance
Katherine Geisler, CIBC Insurance (via teleconference)
Charles MacLean, RBC Insurance (via teleconference)
Julie Medeiros, RBC Insurance (via teleconference)
Tony Pergola, ScotiaLife Financial *Treasurer*
Diane Quigley, CUMIS Group Inc (via teleconference)
Andrea Stuska, TD Insurance
- Also Present:** Caroline Bucksbaum, T•O Corporate Services *Recording Secretary*
Keith Martin, CAFII *Co-Executive Director*
Brendan Wycks, CAFII *Co-Executive Director*
- Regrets:** Jason Beauchamp, BMO Insurance
Charles Blaquiére, Canadian Premier Life
Isabelle Choquette, Desjardins Assurances
Moirá Gill, TD Insurance
John Lewsen, BMO Insurance
Jerome Savard, Desjardins Assurances

1. Call to Order

The meeting was called to order at 2:47 p.m.; P. Thorn acted as Chair; C. Bucksbaum acted as Recording Secretary.

2. Approval of Agenda

The agenda for this meeting was approved as circulated.

2. a. EOC Minutes of July 25/17

The EOC Minutes of July 25/17 were approved as presented.

2. b. EOC Minutes of August 22/17

The EOC Minutes of August 22/17 were approved as presented.

It was noted that these minutes were more concise, as per the EOC's request at its July 25/17 meeting. It was agreed that this level of detail is sufficient, so long as all decisions, action items and salient points are captured.

2. c. Summary of Board EOC and Action Items

B. Wycks provided an update on Action Items that had been added or had changed in status since the July 25/17 EOC meeting.

He noted that there was no prospect of Sigma Loyalty continuing its CAFII Associate status. He and K. Martin have prepared a member benefits package to present to Laurentian Bank, which has also dropped its Associate status this year. He and K. Martin hope to schedule a meeting with Laurentian Bank on November 13/17 in Montreal, in conjunction with their attendance at the AMF's Rendez-vous event.

ACTION: Once received, circulate to EOC members the email reply from Patrick Déry and/or Eric Stevenson re whether or not CAFII should send a letter to the Ministry of Finance requesting that there be a consultation on the expected Omnibus Bill (re: Action Item 13) [B. Wycks, October 13/17].

3. CAFII Financial Management

3. a. Financial Statements as at August 31/17

Treasurer T. Pergola reported on the following highlights of CAFII's financial statements as at August 31/17, which included a new Budget Year-to-Date (YTD) column:

- from a Balance Sheet perspective, assets have increased by \$42K, mainly as a result of the cash collected from July assessments;
- the liabilities stem from the deferral of revenues recently collected – this has increased from \$14K to \$158K;
- in developing and approving the 2018 Operating Budget, CAFII will have to consider whether to solicit new members; increase member dues; and/or or control spending to maintain a prudent level of financial reserves at all times;
- the Statement of Operations shows a deficit YTD of \$101K while the YTD budget calls for a deficit of \$129K. The difference between the actual and budgeted figures relates partially to timing and deferred expenditures that will likely not occur this year.

Concerning the financial reserves – which are currently still healthy and in the mid-range between 25% and 50% of annual operating expenses -- although the loss of National Bank Insurance's membership dues will be offset by lower spending on a few key line items, it is expected that over the remainder of 2017, CAFII's level of reserves will continue to drift downward and get closer to the minimum target level of 25% of annual operating expenses.

In November 2016, the CAFII Board approved a 25% dues increase for 2017, with a second 25% dues increase for 2018 – to be reviewed and reaffirmed. The second increase will be discussed by the Board at its November 2017 meeting. In a pro forma 2018 budget created in the fall of 2016, it was projected that CAFII would get back to a reserves level of 37% of annual operating expenses by the end of 2018, through a further 25% member dues increase.

4. Regulatory

4. a. AMF Consultation on Conflicts of Interest Re Incentives

The Market Conduct Committee has held an initial meeting to provide input on the framing of CAFII's submission to the AMF in responses to its Issues Paper on managing conflicts of interest related to incentives. The comments/feedback have been incorporated into a preliminary/point form draft of CAFII's submission.

The Market Conduct Committee's discussion has resolved that CAFII will approach its submission from a high-level risk and principles based perspective; and provided a number of specific points of guidance for the submission's content.

The EOC was reminded that the deadline for CAFII's submission to the AMF is Sunday, October 15/17. B. Wycks indicated, however, that the goal is to send CAFII's submission to the AMF on Friday, October 13/17.

ACTION: Send penultimate draft of CAFII's submission to the EOC and Market Conduct Committee for feedback [B. Wycks; October 9/17].

ACTION: Provide feedback to B. Wycks on penultimate draft of CAFII's submission to the AMF [EOC and Market Conduct Committee; October 12/17].

4. b. Consultations/Submissions Timetable

Updates to the consultations/submissions timetable were highlighted.

Québec's Omnibus Bill has not yet been released; timelines for that item have therefore been adjusted accordingly.

Given that CCIR's Travel Insurance Working Group (TIWG) has not yet extended an invitation to CAFII to meet, it appears likely that the TIWG's follow-up meetings with stakeholders about its Travel Health Insurance Products Position Paper would be delayed until early 2018.

ACTION: Include the matter of the Québec Omnibus Bill on the agenda of list of topics that CAFII will discuss with the AMF in the October 23/17 Industry Issues Dialogue session [B. Wycks; October 23/17].

ACTION: Touch base with Sylvie Bourdeau, CAFII's retained special legal counsel re responding to the Quebec Omnibus Bill, to ensure that she is up to date on potential timelines for a consultation around the Bill [B. Wycks; October 20/17].

ACTION: Send an analysis to EOC members of how Saskatchewan's new insurance regulations line up against CAFII's submissions to that province's Financial Consumer Affairs Authority [B. Wycks; October 31/17].

4.b.i. BC 10-Year Review of Financial Institutions Act

B. Wycks reported that in early September, CAFII had received a stakeholder letter from the BC Ministry of Finance – under the signature of new Deputy Minister Lori Wanamaker – which advised that the release of the Ministry's promised Policy Paper, outlining proposals for change arising from the consultation on the 10-Year Review of the Financial Institutions Act/Credit Union Incorporation Act would now be delayed until early 2018.

4.b.ii. Alberta Authorization of CI Sales Under RIA Certificate

B. Wycks reviewed the Alberta Life Insurance Council's new July 2017 approved definitions of the four types of coverage which can be offered as credit-related insurance under a Restricted Certificate of Authority in that province, and compared them to the previous December 2016 definitions and against the feedback and request for changes submitted by the industry.

It was noted that the definition of 'creditor's critical illness' – which the industry was happy with and supported -- remains almost the same, while the definitions of 'creditor's disability,' 'creditor's life,' and 'creditor's loss of employment insurance' have been amended in an effort to address the concerns articulated by CLHIA and supported by CAFII. CAFII has no issues with the changes.

However, it is CAFII's understanding that CLHIA that CLHIA has continuing concerns about some aspects of the revised definitions and opposes their being published on the AIC's website, as doing so could lead to mis-perceptions and misunderstandings on the part of consumers.

EOC members agreed that any further comments that CAFII might offer to the AIC on this matter should reflect our Association's own perspective, regardless of CLHIA's concerns.

ACTION: Follow-up with Erica Hiemstra from CLHIA re CLHIA's expected response to the AIC on its definitions of the four types of coverage that can be offered as credit-related insurance under a Restricted Certificate of Authority in Alberta [B. Wycks, K. Martin; October 23/17].

4.b.iii. New Saskatchewan Insurance Act and Regulations

No further update at this time.

4. c. Regulatory Update

K. Martin highlighted items from the *Regulatory Update* distributed as part of the EOC meeting package:

- Federal/National:
 - B. Wycks attended the Travel Health Insurance Association's AGM on September 12/17, and a summary of its highlights is included in the *Regulatory Update*;
 - CCIR intends to publish a Position Paper on Segregated Funds.
- Provincial:
 - K. Martin attended the FSCO Life Insurance Working Group and is hopeful that CAFII's and CLHIA's input will cause FSCO to rethink how they structure its Bank-Owned Insurers Questionnaire. FSCO still intends to have a questionnaire on the two items detailed in the *Regulatory Update* (p. 7-8). FSCO assured that, prior to distributing this questionnaire, CAFII will have the opportunity to provide input – no timelines have been provided;
- International:
 - Australian regulators have become vocal in challenging the creditor and incidental insurance sector and have discussed prohibiting the selling of creditor insurance in the auto-dealership space; it is important for CAFII to follow closely what is happening in other regulatory jurisdictions such as Australia.

ACTION: Circulate to EOC members the article from Thomson's World Insurance News on recent Australian regulator interventions against creditor and incidental insurance [R. Dobbins, B. Wycks, K. Martin; October 24/17].

4. d. Regulator and Policy-Maker Visit Plan

4.d.ii. CAFII BC, Alberta, and Manitoba Regulators and Policy-Makers Visits Tour, October 16-19, 2017

B. Wycks provided an plans for CAFII's upcoming visits tour to insurance regulators and policy-makers in BC, Alberta, and Manitoba.

4.d.ii. CAFII Stakeholder Meeting with CCIR, October 25/17

B. Wycks reported that CCIR will be holding its Annual Stakeholder Meetings in Toronto on October 25/17; and CAFII has an early morning slot for 40 minutes on that day.

As well, a CAFII/CCIR liaison lunch with Policy Managers Martin Boyle and Tony Toy has been scheduled for October 20/17.

ACTION: Send an invite to all EOC members to join the October 20/17 liaison lunch with CCIR Policy Managers Martin Boyle and Tony Toy [B. Wycks; October 5/17].

5. Committee Updates

5. a. Market Conduct

See agenda item 4.a.

5. b. Media Advocacy

5.b.i. CAFII Website Modernization

K. Martin advised that the English version of the new CAFII website is now complete and there will be no further content changes prior to launch. S. Manson was thanked for her involvement on all technical elements.

A reasonable quote for translation to French was received; and CAFII will proceed with RankHigher once translation is complete. Discussion on timelines for launching the website was deferred to the next EOC Meeting (October 24/17).

K. Martin noted that there are two options for publicizing the launch of the Association's new website via a media release: (1) use CAFII's media consultant's personal distribution list; or (2) disseminate the release through a news wire service, which is estimated to cost between \$1,000 - \$1,200.

There as EOC consensus that an investment in option (2) would be beneficial and optimal, as going through a news wire service would increase awareness about the new CAFII site and enhance its search engine optimization results.

5.b.ii. Media Strategy – Letters to the Editor – Responses for Review

Members were reminded that the EOC and Board have previously deliberated on the possibility of CAFII responding to negative columns/articles in the media through pre-approved 'letters to the editor.' A process for using pre-approved content has already been approved by the EOC and the Board (see *Media Protocol II* in previous meeting packages).

Now that the new CAFII website content has been approved, K. Martin has developed nine pre-approved letters, based on the content of the website, and which were further edited by media consultant David Moorcroft for style and tone.

The content for these letters will be distributed to EOC members. It was agreed that EOC members will have two weeks to provide feedback, prior to these letters being brought forward for approval at the October 23/17 Board meeting. CAFII's media consultant has reiterated that the content of these letters must be consumer-friendly in order to be published.

ACTION: Send all EOC members a copy of the content for the pre-approved letters to the editor, with a deadline for feedback (K. Martin; October 13/17).

5.b.iii. Licensing Efficiency issues

No update at this time.

5.b.iv. Research & Education

The Research & Education Committee has welcomed four new members: Craig McKendrick (CIBC), Noel Brackney (BMO), Julie Medeiros (RBC), and Rob Dobbins (Assurant). The committee's course of action will become more focused once CAFII's strategic plan is finalized and approved by the Board.

5.b.v. Travel Medical Experts (including Pollara Research)

The Travel Medical Experts Committee met with Pollara Strategic Insights at the end of July. CAFII has commissioned Pollara to undertake a consumer survey as part of its travel medical insurance consumer research. The aim is to be able to reference more recent research – the last consumer survey was conducted in 2015 – and show consistency and trends between the 2015 research and the new research. In recent dialogue between CAFII and Pollara, it was agreed to include new questions in the updated survey that address specific aspects of what CCIR included in its Travel Health Insurance Products Position Paper. S. Manson has received a summary of suggestions to incorporate into the new survey. CAFII is now waiting for a timeline from Pollara for fielding the survey.

There was discussion around postponing the refreshed Pollara survey to January 2018 so that the data it produces could be referenced as 2018 data. It was agreed that there would be merit in commissioning and paying for the survey in 2017, but actually conducting the survey early in 2018.

6. Other Business

6. a. CAFII Board Chair and Vice-Chair Succession

EOC members were reminded that in the October 23/17 Board meeting, Board Chair Peter McCarthy will likely want to follow-up on his June request for Directors to propose successors to him as Chair, and also to propose a Vice-Chair.

ACTION: Approach your CAFII Director to see if he/she would consider becoming the new CAFII Chair to succeed Peter McCarthy; or becoming the Vice-Chair [All EOC members; Oct 23/17].

6. b. Associate Status Application from DGA Careers

CAFII has received an unsolicited application from DGA Careers to become an Associate. DGA Careers has been offered pro-rated dues for the remaining quarter of 2017, totaling \$1,200, with the full \$4,800 Associate dues to be paid in 2018. DGA Careers is an insurance-specific recruiting agency.

The EOC unanimously approved DGA Careers' application for Associate status in CAFII.

6. c. October 23/17 CAFII Board and AMF Liaison Meetings

B. Wycks provided an update on expected attendance at the upcoming CAFII Board meeting in Lévis, Québec on October 23/17; and the related liaison lunch with AMF staff executives and ensuing Industry Issues Dialogue. While the AMF's CEO, Louis Morisset, is unable to attend in-person or via teleconference, there will still be excellent AMF representation from AMF staff executives. Desjardins Assurances will host the event.

6. d. Website Demo including Video Proposal

D. Moorcroft provided an update on the progress of the new CAFII website. The content was vetted thoroughly. The French translation is now in-progress, and is expected to be completed within two weeks, with two additional weeks required for RankHigher to post the French content. Once the French content is up, there will be a soft launch for CAFII members only, followed by a hard launch targeted for late October or early November 2017.

EOC feedback was that the new website is simple to navigate and very professional-looking, with content easier to absorb.

7. In Camera Session

The Members of the EOC met *in camera* from 4:17 until 4:30 p.m.

8. Termination

There being no further business to address, the CAFII EOC meeting was terminated at 4:30 p.m. EST.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status 24-Oct-2017
		BC Ministry of Finance & FICOM Regulatory Issues			
1	EOC Feb 16, 2016	• Investigate opportunities to engage with BC Ministry of Finance to provide information and find out more about what will be included in the Policy Paper to be released in late 2016.	Brendan	Ongoing	Complete
		Alberta Critical Illness Insurance Issue			
2	EOC September 19, 2017	• Follow-up with Erica Hiemstra from CLHIA on CLHIA's expected response to the AIC on its newly approved definitions of the four types of coverage that can be offered as credit-related insurance under Restricted Certificate of Authority	Brendan, Keith	23-Oct-17	Complete
3	EOC February 21, 2017	• Contact J. McCutcheon to ask her to review the definition of Creditors' Critical Illness Insurance approved by the Alberta LIC to ensure there are no issues with it from an industry-wide perspective.	Brendan	28-Feb-17	Deferred
		Saskatchewan Insurance Regulations Issues			
4	EOC September 19, 2017	• Send an analysis to the EOC of how Saskatchewan's new insurance regulations line up against CAFII's submissions to that province's Financial Consumer Affairs Authority	Brendan	31-Oct-17	In progress
5	EOC July 25, 2017	• Perform an analysis comparing the final version of the New Saskatchewan Insurance Act and Regulations compared to the initial draft and recommendations made by CAFII	Brendan	30-Sep-17	In progress
		Quebec Ministry of Finance & AMF Regulatory Issues			
6	EOC September 19, 2017	• Provide feedback to B. Wycks on penultimate draft of CAFII submission to the AMF on "Managing Conflict of Interest Related to Incentives" Issues Paper	EOC, Market Conduct Committee	12-Oct-17	Complete
7		• Send penultimate draft of CAFII's submission on AMF's "Managing Conflict of Interest Related to Incentives" Issues Paper to the EOC and Market Conduct Committee for feedback	Brendan	9-Oct-17	Complete
8		• Touch base with Sylvie Bourdeau, CAFII's special retained legal counsel re: responding to Quebec's Omnibus Bill, to ensure that she is up to date on potential timelines for an AMF consultation around the Québec Omnibus Bill	Brendan	20-Oct-17	Complete
9		• Include the matter of the Québec Omnibus Bill on the agenda of list of topics that CAFII will discuss with the AMF in the Industry Issues Dialogue	Brendan	13-Oct-17	Complete
10		• Once received, circulate the email reply from Patrick Déry and/or Eric Stevenson re: whether or not CAFII should send a letter to the Ministry of Finance asking that there be a consultation around the Omnibus Bill, to EOC members [re: Action Item 13]	Brendan	13-Oct-17	Complete [no response received from P. Déry or E. Stevenson]
11	EOC May 23, 2017	• Contact E. Stevenson and/or Patrick Déry of the AMF to obtain advice on whether CAFII should send a communication to the Quebec Ministry of Finance requesting that a consultation period be held on the Omnibus Bill	Keith, Brendan	20-Jun-17	Complete
		Finance Canada Regulatory Issues			
12	Board Nov 29, 2016	• Monitor Canadian Bankers Association's plans and actions for seeking redress with Finance Canada re deficiencies in Bill C29, Budget Implementation Act's Consumer Framework related to creditor insurance and standalone insurance products.	Brendan	Ongoing	In progress
		Regulator and Policy-Maker Meetings			
13	EOC September 19, 2017	• Send an invite to all EOC members to join the October 20/17 Liaison Lunch with CCIR Policy Managers Martin Boyle and Tony Toy	Brendan	20-Oct-17	Complete
14	EOC April 25, 2017	• Prepare and present proposal for an Atlantic Canada Regulators and Policy-Makers Visits Tour in the Fall of 2017	Brendan	31-Aug-17	Deferred to Spring 2018
		International Developments			
15	EOC September 19, 2017	• Circulate article from <i>Thomson's World Insurance News</i> to the EOC	Rob Dobbins, Brendan, Keith	24-Oct-17	Complete

	Source	Action Item	Responsible	Deadline	Status 24-Oct-2017
		Association Strategy and Governance			
16	EOC September 19, 2017	• Approach Directors to see if they would consider becoming the new CAFII Chair to succeed Peter McCarthy; or becoming the Vice-Chair	All EOC	23-Oct-17	In progress
17	EOC June 20, 2017	• Review "Candidate Profile: CAFII Board Chair" and "Reverse Chronology CAFII Board Chair, Board Vice-Chair, EOC Chair, and Treasurer Appointees" and discuss with own CAFII Board member the possibility of his/her being a nominee for the CAFII Board Chair or Vice-Chair roles, for a 1 or 2 year appointment.	All EOC	05-Sep-17	In progress
		Association Media and Communications			
18	EOC September 19, 2017	• Send all EOC members a copy of the content for the pre-approved Letters to the Editor, with a deadline for feedback	Keith	13-Oct-17	Complete
19	Board June 6, 2017	• Circulate the link to the modernized website for Board and EOC members to review and provide feedback	Keith	23-Jun-17	Complete
		Association Administration			
20	EOC July 25, 2017	• Add review of CAFII membership dues policy to in camera agenda for October 2017 Board meeting agenda	Brendan, Keith	15-Oct-17	Complete
21	EOC June 20, 2017	• Review the mandate of the CAFII Networking and Events Committee; solicit/recruit interest, as necessary; and propose 3-5 volunteers -- from among current EOC member or other individuals from member organizations -- to reconstitute and reactivate the Committee.	All EOC	24-Oct-17	In progress

CAFII - 2017 Co-Executive Directors Balanced Scorecard						
H = High Priority; M = Medium; L = Low						
Priority	Objectives	Measures	Lead Accountability	Timing	Status As At October 2017	Outcome
Regulatory, Advocacy, and Strategy (60% of ED and EOC focus/time)						
#1	Overall: Draft and deliver highly quality regulatory submissions and follow-up with regulators and policy-makers, as appropriate.	Overall: Regulatory submissions are well-written, impactful, and produced on time; consultation issues are reviewed with relevant CAFII committee and input and feedback incorporated into draft submission; Board and EOC have sufficient time to review and provide input, which is given due and equitable consideration and included where appropriate; submissions reflect consultation with allied industry Associations where appropriate. ED monitors, gathers intelligence, and reports on key regulatory developments; any hot button issues dealt with in timely, appropriate manner.	Market Conduct-related submissions, including travel health insurance: B. Wycks; Licensing-related submissions and Research and Education-related presentations: K. Martin	Ongoing		
H	British Columbia Consultation on 10-Year Review of Financial Institutions Act (FIA)	Co-ED monitors progress/status through regular contact with Ministry of Finance. CAFII communicates with and influences Ministry thinking in its preparation of a Policy Paper, such that CAFII's positions are taken into account. CAFII responds to Policy Paper with a compelling submission.	B. Wycks	Q1 thru Q4 2017	Awaiting Ministry's release of Policy Paper on proposals for change (now expected in Q1 2018). On October 17/17, CAFII representatives met with Ministry officials in Vancouver and received confirmation that an RIA regime in BC will be included as a proposal in Policy Paper, and timelines were now delayed by at least a year, with implementation of any changes resulting from FIA/CUIA Review now expected to occur in late 2019 at the earliest.	
M	BC FICOM's 'effecting' of creditor's group insurance issue	Co-ED monitors progress/status through regular contact with Harry James, FICOM, to ensure that CAFII members are kept well-apprised of any new developments, especially re regulator's expectations for compliance CGI Information Bulletin.	B. Wycks	Q1 thru Q4 2017	CAFII met with FICOM officials in Vancouver on October 17/17 and received confirmation that enforcing compliance with CGI Information Bulletin remains a high priority for FICOM. FICOM issued Cease and Desist Order against Western Life Assurance re violations of Bulletin in September 2017.	Favourable clarification on other major issues received from FICOM via April 14/16 teleconference and April 20/16 response letter from H. James
H	Quebec Ministry of Finance Omnibus Bill aimed at modernizing province's financial services sector, including Insurance Act and the Act respecting the Distribution of Financial Products and Services	Co-ED monitors progress/status through regular contact with Ministry of Finance and AMF executives. CAFII communicates with and influences. CAFII responds to Omnibus Bill, aided by specialized legal counsel, with a compelling submission. Ministry of Finance takes CAFII's positions into account in final decisions on modernizing the Insurance and Distribution Acts	B. Wycks	Q1 thru Q4 2017	Ministry of Finance released omnibus Bill 141 on October 5/17. Uncertain as to whether Ministry will be holding industry consultations on Bill 141. CAFII to gather further intelligence through liaison meeting with AMF staff executives in Levis, Quebec on October 23/17.	CAFII received verbal assurance from Ministry of Finance official on Feb. 25/16 that Quebec will be implementing measures to support online distribution of insurance without need for involvement of a licensed advisor
H	CCIR Annual Statement on Market Conduct	Co-ED monitors progress/status through regular contact with Martin Boyle, CCIR. CAFII continues to communicate its views to CCIR as Annual Statement is implemented and thereafter evolves; CCIR takes CAFII's views into account in roll-out and implementation of Annual Statement; and in any subsequent iterations	B. Wycks	Q1 thru Q4 2017	CAFII met with Laurie Balfour, Chair of CCIR ICPIIC, in Edmonton on October 18/17 and received confirmation that CCIR will not be in a position to share an aggregated results report from the Year 1 Annual Statement with the industry; minor instructional tweaks only will be made to the Year 2 version of the Annual Statement; and any substantive changes to the Statement will be made in the Year 3 version at the earliest, and only after consultation with the industry. The new IFRS 17 accounting standard re life insurance contracts may have an impact on the Annual Statement and delay and substantive changes to the Year 4 version.	CAFII member-exclusive webinar on the final version of the Annual Statement on Market Conduct - Life and Health presented by CCIR on March 1/17. CAFII made strong submission on Draft 3 of Annual Statement on August 26/16. CAFII staged May 19/16 preliminary webinar for members with Laurie Balfour, CCIR ICPIIC Chair.
H	Ontario government implementation of new Financial Services Regulatory Authority (FSRA)	Co-ED monitors progress/status through regular contact with Sandy Roberts, Director, Financial Services Modernization Secretariat. CAFII meets with Secretariat representatives and influences development of FSRA Regulations.	B. Wycks	Q1 thru Q4 2017	Following June 29/16 stakeholder meeting with FSRA Implementation Secretariat leaders, CAFII submitted written input in July 2017. Ontario Ministry of Finance announced founding three-member Board of FSRA on June 30/17, including former Deputy Minister and former FSCO CEO Chair Bryan Davies as the Chair.	
H	CCIR Review of Travel Health Insurance	Co-ED monitors progress/status through regular contact with Sean Jacobs, CCIR; Joan Weir, CLHIA; and THIA executive members. ED supports work of CAFII's Travel Medical Experts Working Group. CAFII in a position of readiness to make regulatory submission or otherwise make its views known, as distributors of travel insurance, should need arise. CAFII communicates views on TIWG Position Paper in timely, persuasive, effective manner. CCIR takes CAFII's views into account in final decisions on travel insurance regulatory reforms	B. Wycks; transitioning to K. Martin in September 2017	Q1 thru Q4 2017	CAFII met with CCIR TIWG Chair Harry James in Vancouver on October 17/17; awaiting invitation to stakeholder meeting with TIWG to seek clarification re CCIR expectations on timelines for industry's addressing its Position Paper findings/recommendations. That meeting to occur in early 2018, following CLHIA's completion of consumer testing on policy wording-related reforms being proposed by the industry (based largely on work of CAFII's Travel Medical Experts Working Group). CCIR released Travel Health Insurance Products Position Paper, along with Media Release and personalized transmittal letter to each industry stakeholder, on May 31/17.	CAFII held productive stakeholder meeting with CCIR TIWG on draft Recommendations intended for inclusion in Position Paper on February 22/17. CAFII submitted response to CCIR TIWG's Issues Paper on Travel Health Insurance for September 30/16 deadline. CAFII held productive stakeholder meeting with CCIR TIWG on Issues Paper on August 10/16. On May 4/16, C. Rogers advised CAFII that because the industry had demonstrated significant movement in terms of reforms, at its April 7-8/16 meeting the Council decided that the Issues Paper (which was slated for release in the spring) would be revised to reflect the latest industry input and released in the summer instead.
H	Bill 177, The Insurance Act (Saskatchewan)	Co-ED monitors progress/status of finalization of Regulations and communication of "proclamation into force date" through regular contact with Jan Seibel, FCAA. CAFII communicates views on draft Regulations in timely, persuasive, effective manner. FCAA takes CAFII's views into account in final Regulations	B. Wycks	Q1 thru Q4 2017	FCAA released final Regulations along with the revised Insurance Act on June 29/17. CAFII awaiting announcement as to timing of their coming into force, which is to be at least one year after June 29/17. CAFII held liaison meeting with R. Sobotkiewicz, Superintendent of Insurance, and J. Seibel, Lawyer, FCAA, in Regina on June 1/17.	CAFII responded to FCAA proposed definition of TPA, for inclusion in Regulations, on March 13/17; to sub-consultation on TPAs-related Regulations on December 9/16; and to main consultation on draft Regulations on December 2/16. FCAA released Insurance Regulations Consultation document on October 7/16.

H = High Priority; M = Medium; L = Low						
Priority	Objectives	Measures	Lead Accountability	Timing	Status As At October 2017	Outcome
M	Saskatchewan Finance Minister's imposition of 6% PST on insurance premiums	Finance Minister listens to CAFII's arguments re imposition of PST on insurance premiums is counter-productive public policy. Ministry considers data that CAFII provides -- based on 6 months and one year of experience after August 1/17 implementation date -- on impact of 6% PST on consumer purchases of CGI and other life and health insurance policies; and considers reversing its decision. CAFII raises its profile and builds a relationship with Ministry, secures prominent stakeholder status, thereby encouraging advance consultation with industry on any future fiscal policy changes being contemplated which would impact CAFII members.	B. Wycks and K. Martin	Q2 2017 thru Q3 2018	CAFII had productive initial get acquainted/relationship-building meeting and dialogue with Finance Minister Kevin Doherty and his officials in Regina on June 1/17. CAFII to provide statistical data on impact of PST on consumer purchases of insurance in February/March 2018 (six months after implementation) and September/October 2018 (one year after implementation).	
M	AMF's Distribution Guide template initiative	Co-ED monitors progress/status through regular contact with L. Gauthier, AMF. CAFII communicates views on draft Distribution Guide Regulation in timely, persuasive, effective manner. AMF takes CAFII's views into account in final Distribution Guide template and related Regulation	B. Wycks	Q1 thru Q4 2017	Awaiting reactivation of this initiative via AMF's circulation of a draft Regulation on the Distribution Guide for industry consultation	
M	New Brunswick's "Modernizing the Insurance Licensing Framework" for Other-than-Life Agents and Brokers	Co-ED monitors progress/status through regular contact with David Weir, FCNB. FCNB takes CAFII's views into account in final positions on new licensing framework	K. Martin	Q1 thru Q4 2017	Awaiting release of FCNB's final recommendations to Government re change proposals, especially re implications for life agents' licensing framework	
M	New Brunswick's "Online Insurance Licensing System"	Co-ED monitors progress/status through regular contact with David Weir, FCNB. FCNB takes CAFII's views into account in functionality and features decisions for Phase 2 of online licensing system, especially administrator rights for applicant's insurer sponsor	K. Martin	Q1 thru Q4 2017	FCNB launched Phase 2 of online insurance licensing portal in October 2016 but will be making further enhancements in future. Effective November 1/16, will only accept online applications for for insurance agent, broker, adjuster, and damage appraiser licences.	
M	ICS considers CAFII's request to secure Insurance Council representation for CAFII members as Restricted Insurance Agents in Saskatchewan	CAFII communicates and engages with Ron Fullan, ICS Executive Director, in a timely, persuasive, effective manner. CAFII's proposed model for a Restricted Insurance Agent Advisory Committee is reviewed and considered by the ICS.	K. Martin	Q1 thru Q4 2017	CAFII, CLHIA, and Ron Fullan and April Stadnek of ICS to meet in Toronto on October 27/17 to advance this initiative. CAFII had liaison meeting with R. Fullan and A. Stadnek, ICS, on June 2/17 and discussed plan for moving this issue back onto front burner.	
#2 H	Develop and execute on Regulator and Policy-Maker Visit Plan in support of CAFII positions on legislative and regulatory issues	CAFII investments in regulator and policy-maker visits are appropriately scheduled; well-organized and executed, including briefing/preparation of CAFII participants	B. Wycks and K. Martin	Ongoing	CAFII completed visits tour to regulators and policy-makers in BC, Alberta, and Manitoba (six meetings total) from October 17-19/17. CAFII completed visits tour to Saskatchewan regulators and policy-makers on June 1-2/17. Regulator visits tour to Atlantic Canada regulators and policy-makers being planned for Spring 2018.	
#3 H	Maintain ongoing monitoring of and liaison/communications with regulators, policy-makers, allied Associations, and other industry stakeholders for relationship-building and intelligence gathering	EOC and Board members are kept well-informed of hot button, urgent, time-sensitive issues through CAFII "Alerts"	B. Wycks and K. Martin	Ongoing	B. Wycks and K. Martin had productive liaison lunches with CLHIA on October 11/17, May 17/17 and Feb. 27/17. Liaison lunches with CCIR Policy Managers held on June 23/17 and April 24/17; and further liaison lunch being scheduled for late October or early November. K. Martin attended LIMRA's one day research conference on May 18/17 in Toronto. B. Wycks is an individual member of THIA and gathers intelligence through that connection.	Based on intelligence gathered at inaugural meeting of FSCO's Life Insurance Industry Working Group, K. Martin disseminated CAFII Alert on FSCO's plan to issue a questionnaire probing selling practices of the insurance arms of banks operating in Ontario.
#4 H	Networking and advocacy with key decisionmakers (politicians, bureaucrats, academics, business leaders, media, thought leaders and influencers etc.) on key messages related to CAFII	Quarterly updates through "Networking and Meeting Grid"	K. Martin	Ongoing	Specific plan to be developed upon completion and Board approval of CAFII Strategic Plan.	
#5 H	Develop a strategic plan with options around new investments and outputs for CAFII; develop a prioritization of the options; deliver against the top priorities identified	Submit plan before end of Q2; prioritize plan before end of Q3; begin implementation in Q4.	K. Martin and B. Wycks	Q2 thru Q4 2017	Proposed CAFII 2018-2020 Strategic Plan developed with EOC, under K. Martin's leadership. To be presented to CAFII Board for review and discussion on October 23/17; and for approval on November 28/17.	

H = High Priority; M = Medium; L = Low						
Priority	Objectives	Measures	Lead Accountability	Timing	Status As At October 2017	Outcome
Media and Communications (20% of ED and EOC focus/time)						
#1 H	Move CAFII into a position of readiness and confidence to respond to media opportunities re Creditor's Group Insurance and Alternate Distribution	Development of revised/updated Communications Plan (followed by execution of Communications Plan tactics within specified timelines, in 2018 and thereafter)	K. Martin	Ongoing	CAFII Pre-approved Media Op-Ed Responses developed and to be presented for Board approval, along with related Media Protocol process, on October 23/17.	
#2 H	Monitor media coverage re CGI, travel insurance, and alternate distribution	Any hot button issues related to media coverage are identified and dealt with in a timely, appropriate manner	K. Martin	Ongoing	Ongoing, in concert with Media Advocacy Committee. Negative column on FI CGI products by R. Carrick, Globe and Mail, became subject of EOC and Board discussion, leading to confirmation that media strategy of achieving a position of readiness to respond to such columns is moving CAFII in right direction.	
#4 M	Monitor Consumer Interest Groups	Include intelligence on Consumer Interest Groups' issues and activities in Regulatory Updates for EOC and Board meetings	B. Wycks and K. Martin	Ongoing	Consumers Association of Canada, Consumers Council of Canada, and Public Interest Advocacy Centre web sites monitored regularly for issues/activities related to insurance and alternate distribution	
#3 H	Website enhancements to drive traffic to the CAFII site and ensure that the backend is upgraded to Drupal 8 and the frontend is user friendly and consumer oriented.	Drupal migration by end of Q2; front end enhancements beginning in Q3 and continuing in Q4	K. Martin	Q2 thru Q4 2017	CAFII website modernization and overhaul nearly complete. Board approval for soft launch in early November 2017 and official hard launch on November 14/17 to be sought on October 23/17.	
#5 M	Develop thought leadership products that provide relevant information that can be shared with key decisionmakers.	EOC and Board members receive useful, timely, relevant materials; by end of Q4 approve resources for commissioned research	K. Martin	Ongoing	New members with strong research background and expertise have been added to Research & Education Committee. Contract being negotiated to repeat CAFII-commissioned Pollara Strategic Insights research on consumers' perceptions and attitudes towards and satisfaction with travel health insurance.	
#6 M	Organize additional events that members and nonmembers can have access to and which increase the profile of CAFII.	Develop a plan for additional events by end of Q3; budget approval by end of Q4	K. Martin	Q2 thru Q4 2017	Under consideration as part of Proposed CAFII 2018-2020 Strategic Plan.	
Association Oversight and Management (20% of ED and EOC focus/time)						
#1 H	Produce an "industry intelligence" Regulatory Update monthly, for each EOC and Board meeting	Regulatory Update is produced for each EOC and Board meeting, containing outside-of-the-public-domain information on regulatory actions, pronouncements, trends and leading indicators	B. Wycks; transitioning to B. Wycks and K. Martin on an alternating months basis, effective September 2017	Ongoing	Co-Executive Directors alternating lead responsibility for producing Regulatory Update each month. Each issue contains intelligence on issues in CAFII Regulatory Consultations/Submissions Timetable.	
#2 H	Efficient, effective CAFII meetings: with EOC Chair and standing committee Chairs, ensure agendas are focused and goal-oriented and meetings are well-managed	Agendas and meeting materials are distributed with appropriate lead time. Board and committee members are engaged in meeting discussions and feel meetings are productive and advance CAFII's objectives	B. Wycks and K. Martin	Ongoing	June, July, August, and September EOC meetings; and April and June Board meetings well-managed; executed successful 2017 Annual Members' Luncheon.	
#3 H	Ensure that CAFII prepares an annual operating budget that is well-grounded in approved strategic and operational plans; funds are spent according to plan; and financial control policies and procedures -- including monthly financial statements -- are adhered to	Play a leadership role in development, management, and tracking/monitoring of CAFII's annual operating budget, and committee and project budgets. Budget targets are met, except for explainable/approved variances	B. Wycks and K. Martin	Ongoing	Management control financial options analysis developed, given loss of National Bank Insurance as a member as well as two Associates. Development of 2018 CAFII Operating Budget Options underway with Treasurer Tony Pergola.	
#4 H	Provide strategic and operational support to the EOC Chair in management of CAFII priorities and activities, and accountability reporting thereon	Engaged strategic and operational support to EOC Chair; appropriate matters escalated to EOC Chair for review and decision-making	B. Wycks and K. Martin	Ongoing	Review of CAFII's administrative support services operating model completed between June and October 2017, in concert with Selection Committee, comprised of EOC members. Proposal for future administrative services to be delivered in Board's in camera session on October 23/17.	
	Develop a plan to increase the value proposition for Associates with the objective of increasing the number of Associates that belong to CAFII.	Develop a plan by end of Q3; begin approaching potential new Associates before end of Q4	K. Martin	Q3 and Q4 2017	Pending completion and Board approval of CAFII 2018-2020 Strategic Plan.	

CAFI

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Toronto, ON M4T 1L9

Balance Sheet As at September 30, 2017

	Current 2017	Year End 2016
ASSETS		
Current Assets		
Bank Balance	\$379,973	\$322,192
Investments ^A	\$0	\$54,077
Accounts Receivable	\$0	\$0
Interest Receivable	\$0	\$109
Prepaid Expenses	\$4,492	\$17,856
Computer/Office Equipment	\$8,014	\$2,334
Accumulated Depreciation -Comp/Equip	(\$3,108)	(\$1,906)
Intangible Assets-Trademarks	\$0	\$0
Accumulated Amortization-Trademark	\$0	\$0
Total Current Assets	\$389,371	\$394,661
TOTAL ASSETS	\$389,371	\$394,661
LIABILITIES		
Current Liabilities		
Account Payable ^B	\$0	\$13,903
Deferred Revenue	\$118,556	\$0
Total Current liabilities	\$118,556	\$13,903
TOTAL LIABILITIES	\$118,556	\$13,903
UNRESTRICTED NET ASSETS		
Unrestricted Net Assets, beginning of year	\$380,758	\$358,991
Excess of revenue over expenses	(\$109,943)	\$21,767
Total Unrestricted Net Assets	\$270,814	\$380,758
Total Unrestricted Net Assets	\$270,814	\$380,758
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$389,371	\$394,661

Financial Reserves Targets as per 2017 Budget:

Minimum 3 months (25%) of Annual Operating Expenses=	\$ 188,161
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 376,322
Current Level of Financial Reserves (total unrestricted net assets):	\$270,814
Current Level of Financials Reserve (%) :	36%

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Balance Sheet Items
As at September 30, 2017

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-13	June-16-16	\$0.00	0.40%	\$0.00	June-16-18
Total		\$0.00		\$0.00	

Item B

Accounts Payable

	Total
Total outstanding:	<u>0.00</u>

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Statement of Operations As at September 30, 2017

	Current Month	Current YTD	Budget YTD	Budget 2017	YTD % Used
Revenue					
Membership Fees	39,519	355,669	419,344	559,125	85%
Interest Revenue	-	126	188	250	67%
TOTAL REVENUE	39,519	355,795	419,531	559,375	85%
Expenses					
Management Fees	36,912	331,224	375,086	500,115	88%
CAFII Legal Fees/Corporate Governan	-	2,735	5,250	7,000	52%
Audit Fees	-	271	10,920	14,560	2%
Insurance	437	3,929	4,125	5,500	95%
Website (incl translation)	-	33,229	25,275	33,700	131%
Telephone/Fax/Internet	771	3,615	3,750	5,000	96%
Postage/Courier	17	261	281	375	93%
Office Expenses	191	717	2,475	3,300	29%
Bank Charges	-	13	30	40	42%
Miscellaneous Expenses	-	355	-	-	
Amortization Expense	-	-	-	-	
Depreciation Computer/Office Equipm	134	1,202	351	468	342%
Board/EOC/AGM					
Annual Members Lunch	-	10,247	9,900	13,200	104%
Board Hosting (External)	-	-	11,250	15,000	0%
Board/EOC/Meeting Expenses	2,587	15,981	8,250	11,000	194%
Industry Events	-	36	1,500	2,000	2%
EOC Annual Lunch	-	8	1,650	2,200	0%
Sub Total Board/EOC/AGM	2,587	26,272	32,550	43,400	81%
Provincial Regulatory Visits	2,946	6,249			
Research/Studies	50	50	6,000	8,000	1%
Regulatory Model(s)	-	3,700	37,500	50,000	10%
Federal Financial Reform	-	-	15,000	20,000	0%
Media Outreach	3,766	24,106	1,500	2,000	1607%
Marketing Collateral	-	-	15,000	20,000	0%
Tactical Communications Strategy	-	379	5,250	7,000	7%
Media Relations, CAFII Consultant	136	136	-		
Networking Events	-	350			
Speaker fees & travel	-	-	3,000	4,000	0%
Gifts	7	452	375	500	120%
Sub Total Networking & Events	7	452	3,375	4,500	13%
20th Anniversary Event	-	26,495	20,764	27,685	128%
TOTAL EXPENSE	47,953	465,738	564,482	752,643	83%
NET INCOME	(8,435)	(109,943)	(144,951)	- 193,268	76%

Explanatory Notes:

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

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Membership Fees

As at September 30, 2017

	<u>Jan-17</u>		<u>Jul-17</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 29,375.00	31-Mar-17	\$ 29,375.00	28-Aug-17
CIBC Insurance	\$ 29,375.00	17-Mar-17	\$ 29,375.00	18-Aug-17
RBC Insurance	\$ 29,375.00	16-Mar-17	\$ 29,375.00	10-Aug-17
ScotiaLife Financial	\$ 29,375.00	10-Mar-17	\$ 29,375.00	4-Aug-17
TD Insurance	\$ 29,375.00	3-Mar-17	\$ 29,375.00	28-Jul-17
National Bank Insurance Company				
Desjardins Financial Security Life Assurance Company	\$ 14,687.50	22-Aug-17	\$ 14,687.50	22-Aug-17
AMEX Bank of Canada	\$ 14,687.50	17-Mar-17	\$ 14,687.50	28-Jul-17
Assurant Solutions	\$ 14,687.50	28-Feb-17	\$ 14,687.50	4-Aug-17
Canadian Premier Life Insurance Company	\$ 14,687.50	10-Mar-17	\$ 14,687.50	11-Aug-17
Cumis Group Ltd/Co-operators Life Insurance Co.	\$ 16,596.88	10-Mar-17	\$ 12,778.12	18-Aug-17
Willis Towers Watson	\$ 4,800.00	17-Mar-17		
Aimia				
Collins Barrow Toronto Actuarial Services	\$ 4,800.00	17-Mar-17		
CSI Brokers Inc.				
KPMG LLP	\$ 4,800.00	17-Mar-17		
Laurentian Bank of Canada				
Munich Reinsuranace Company Canada Branch (Life)	\$ 4,800.00	31-Mar-17		
Optima Communications	\$ 4,800.00	13-Apr-17		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	10-Mar-17		
The Canada Life Assurance Company	\$ 4,800.00	17-Mar-17		
January Invoices	\$255,822		\$218,403	
July Invoices	\$218,403			
Total Membership Fees	\$474,225			
Total amount to realocate monthly Jan-Dec	\$39,518.75			

**Analysis and Forecast Based On CAFII Financial Statements As At September 30, 2017;
and Important Future-Related Considerations**

Prepared by Co-Executive Director Brendan Wycks, on behalf of Treasurer Tony Pergola

For the month of September, CAFII had a current month deficit of \$8,435, a positive variance performance to our budgeted and expected monthly deficit of just over \$16,000 (based on budgeted 2017 fiscal year deficit of \$193,268).

Looking at our financial position with nine months of the fiscal year completed and forecasting forward to the end of the year, it appears that we will conclude 2017 with a deficit of approximately \$147,000, i.e. a positive variance of just over \$46,000 as compared to the deficit budgeted for the year.

From a Balance Sheet perspective, CAFII is in healthy financial shape at this time – with a bank balance of \$380,000 and Total Unrestricted Net Assets of \$270,814. That level of financial reserves represents 36% of Annual Operating Expenses, which is very close to the mid-point and sweet spot in our target range of having reserves which constitute between 25% and 50% of Annual Operating Expenses.

However, by the end of the current fiscal year, our Unrestricted Net Assets are projected to decline to approximately \$234,000 or 31% of Annual Operating Expenses. While that level of financial reserves will certainly put the Association in a more comfortable position than would having reserves of 25% of Annual Operating Expenses -- which we were originally anticipating based on the Board-approved 2017 Operating Budget – it in no way alters the fact that the Association faces some tough financial decisions ahead.

Board and EOC members will recall that at its November 29, 2016 meeting, the Board decided

- to move to a two Co-Executive Directors staffing model;
and, in order to fund the additional staff executive position, to
- increase Member dues in 2017 by 25% over 2016 levels; and
- increase Member dues in 2018 by a further 25% over 2017 levels, after a review of the necessity and merits of that decision during the 2018 budget development process.

As will be elaborated upon below, based on CAFII's current financial situation and the related Strategic Plan approval decision which the Board will be called upon to make, it is quite possible that a Member dues increase of greater than 25% will be required for 2018.

With the loss of a Member of the Association (National Bank Insurance) and two Associates (Aimia, Laurentian Bank of Canada, and CSI Brokers Inc. lost; but offset by the gain of DGA Careers as new Associate), CAFII took in \$68,000 less in Member/Associate dues revenue than was budgeted for 2017.

And while tempered spending is producing a lower than expected deficit and leading to a modestly more comfortable financial reserves situation at the end of the current fiscal year, the loss of that \$68,000 in Member/Associate dues makes the revenue side of the ledger all the more challenging for 2018 and beyond.

The challenging budgetary decisions ahead also include the likelihood that the Association's proposed new Strategic Plan will require increased funding to be operationalized – more money on the Expenses side of the ledger for investments in strengthened regulator and policy-maker relationship-building; additional research; ongoing website enhancements; expanded media relations/outreach; and potentially new education and thought leadership initiatives.

Our 2018 budget development process begins immediately now. It will unfold throughout the month of November and, if necessary, continue into the month of December. We will be reaching out, as per usual, to each Committee Chair for budget input with respect to spending plans for the next year in their portfolio's area of activity.

The plan is to present the Board with a few 2018 Operating Budget options, for review and approval at its upcoming November 28/17 meeting.

CAFII Strategic Options Proposal to the Board of Directors

October 2017



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

2

High Level CAFII Strategic Plan Recap

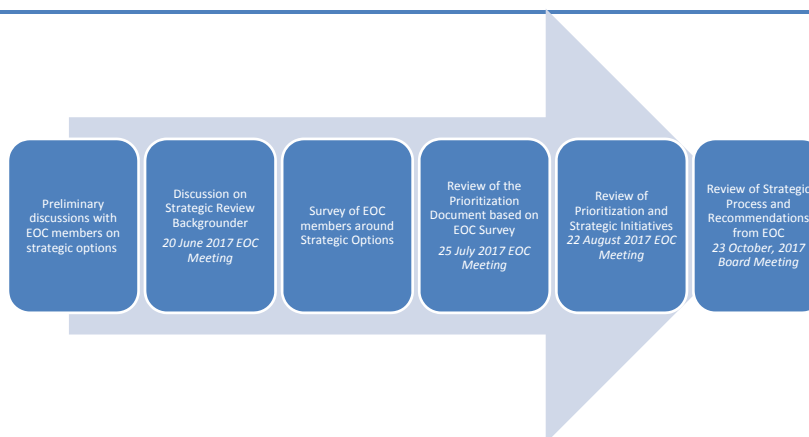
- Three documents have been developed—the **Strategic Plan Background**, the **Strategic Prioritization Exercise**, and the **Strategic Options and Prioritization** document
- We have reviewed and discussed these documents at three EOC meetings—*20 June 2017, 25 July 2017, and 22 August 2017*



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3

CAFII Strategic Plan Timeline to Date

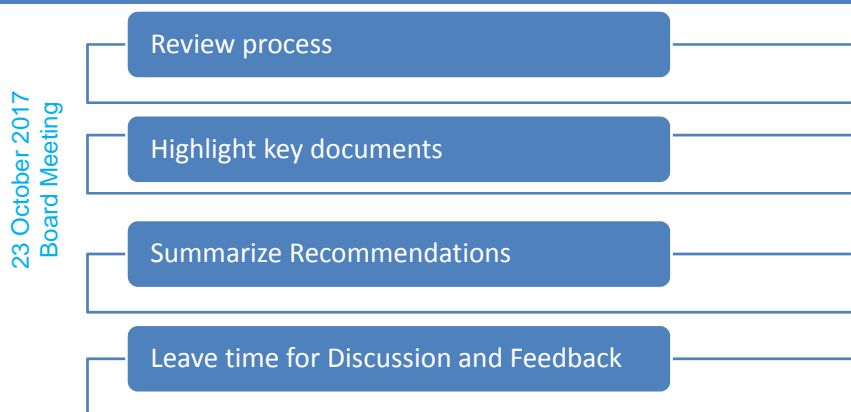


cafii acifa
The Canadian Association of Financial Institutions in Insurance | L'association canadienne des institutions financières en assurance

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4

EOC Recommendation: Full Review and Discussion at 23 Oct. Board Meeting; Approval Deferred to 28 Nov. Board Meeting

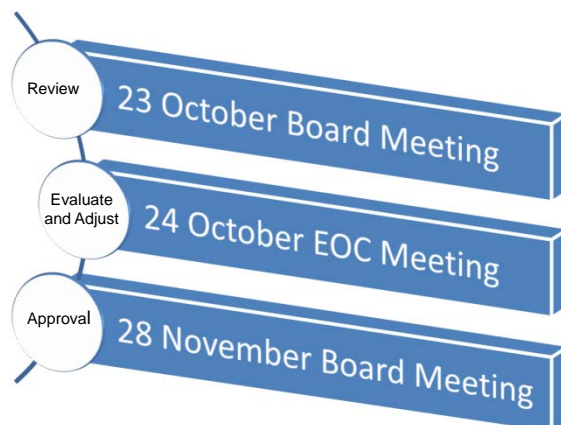


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Possible Process for Board Approval of the Strategy

5



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CAFII Strategic Plan Process and Analysis

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7

We Identified 9 Strategic Options to Explore

Maintain regulatory expertise

Build on regulatory competency

Enhanced networking and communications program

Significant research program

More meetings and events

Develop Thought Leadership in Insurtech/Innovation/Technology

Website best in breed

Attract More Associates

Create a Certification program



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8

We explored and discussed each in detail

Maintain regulatory expertise →

Maintaining our strength in regulator and policy-maker monitoring and submissions

- We have this expertise already
- Developing a relationship strategy where we have an in-person touchpoint with every key regulator and policy-maker at least once every 18 months
- Could supplement our regulatory strategy on avoiding or deflecting undesired regulatory developments, by having a stronger and more proactive focus on achieving our key long-term regulatory objectives



Build on regulatory competency →

Leverage our knowledge of the changing environment with new products, services

Meet the leaders of Human Resources of our members and the leaders of their learning institutes, to identify ways CAFII can develop internal learning modules to increase the strategic, regulatory, and external environment expertise of the staffs of our members



Enhanced Networking and Communications program →

An assertive communications program that broadens CAFII's sphere of influence beyond regulators and policy-makers ...

Build on existing contacts to have ongoing set of meetings to promote CAFII members and their businesses



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

9

We explored and discussed each in detail

Significant Research Program →

A significant research program that both generates and synthesizes / interprets third party data and research reports, thereby producing insights and actionable intelligence which allows CAFII to tell its story both externally and internally (within our F1 parent banks)



More Meetings and Events →

An assertive thought leadership program that builds upon our research program, with seminars, symposia, and workshops ...



Thought Leadership in Technology and Innovation →

Develop a demonstrated commitment to innovation by partnering with and supporting Insurtech initiatives and sharing leading potential new technology opportunities both internally and externally with key stakeholders



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We explored and discussed each in detail

Website Best in Breed →

Building on a revamped website that is ever-more consumer / media-focused, easy to navigate, and visually pleasing – over time, explore building on this with a social media presence

- Phase 1: We are revamping our publicly facing website and changing our look and feel to make it more consumer friendly, with a target date for internal review of June 2017 and a public release in the Fall of 2017
- Phase 2: We could make a series of ongoing enhancements in the new more-friendly WordPress environment, over time, including videos and tools



Attract More Associates →

Sell the benefits of this new Value Proposition to drive an increase in the number of Associates joining CAFII



Develop a Certification Program →

Development of a certification program for member staff who sell creditors group / incidental insurance products and services, with the potential for a new revenue stream for CAFII



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What We Did with these Options



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First, We Explored “Where Are We?” as an Association?

Focus on Regulator and
Policy-Maker
Relationship-Building,
Communications, and
Advocacy



Limited Research and
Public Relations



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Then we Asked “Where Do We Want to Go?”

13

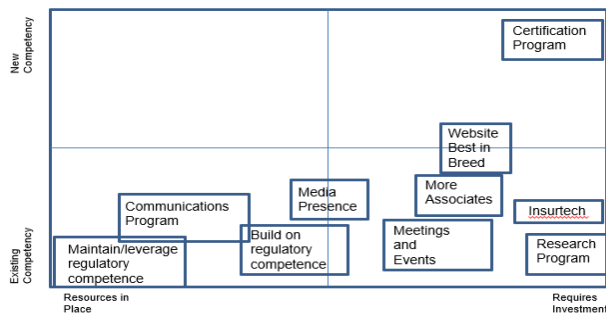
To Explore this Question, We Reviewed Possible Strategic Options

<input type="checkbox"/>	Maintain strength in regulatory affairs	<input type="text"/>
<input type="checkbox"/>	Develop new products and services in the regulatory sphere	<input type="text"/>
<input type="checkbox"/>	Develop a significant new research stream	<input type="text"/>
<input type="checkbox"/>	Hold more meetings, symposia, workshops to showcase our research	<input type="text"/>
<input type="checkbox"/>	Develop a proactive media relations program	<input type="text"/>
<input type="checkbox"/>	Develop our capacity in understanding Insurtech by partnering with organizations in this space	<input type="text"/>
<input type="checkbox"/>	Continue to invest in our website	<input type="text"/>
<input type="checkbox"/>	Enhance the Value Proposition for Associates	<input type="text"/>
<input type="checkbox"/>	Develop a Certification Program	<input type="text"/>

We Also Asked “How Do We Get There?”

14

To Understand “How Do We Get There?” We Reviewed the Implications of the Strategic Options by Reviewing a Matrix of Development Challenges for Competencies and Resources



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How do We Get There?

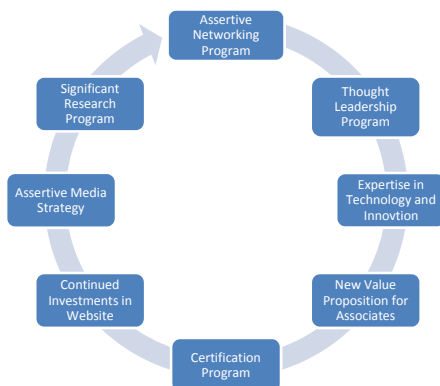
We Identified Specific Initiatives we could Pursue—related to our existing regulatory focus



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How do We Get There?

We Identified Specific Initiatives we could Pursue—based on new initiatives



Prioritization Exercise



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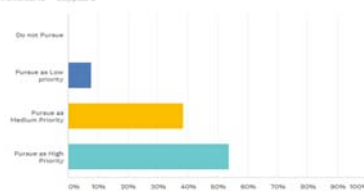
We Surveyed EOC Members to Prioritize the Initiatives

We asked EOC Members to Respond to the Strategic Options with a Choice—"Do not Pursue" "Pursue as a Low Priority" "Pursue as a Medium Priority" "Pursue as a High Priority"

Q4

Complement our response to current regulatory developments with proactive, long-term regulatory objectives that align with our long-term goals as an Association. (An example of a long-term goal could be increased regulatory standardization across different jurisdictions.)

Answered: 12 Skipped: 0



ANSWER CHOICES	RESPONSES
Do not Pursue	0.00%
Pursue as Low priority	7.69%
Pursue as Medium Priority	33.33%
Pursue as High Priority	58.89%
TOTAL	12

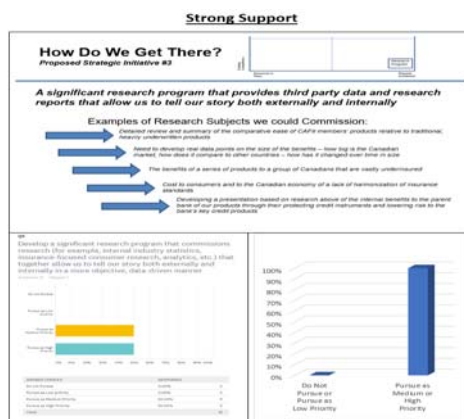


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We Surveyed EOC Members to Prioritize the Initiatives

We Discussed the Results at a portion of our July 2017 EOC Meeting, reviewing the Results in a Strategic Prioritization Exercise document



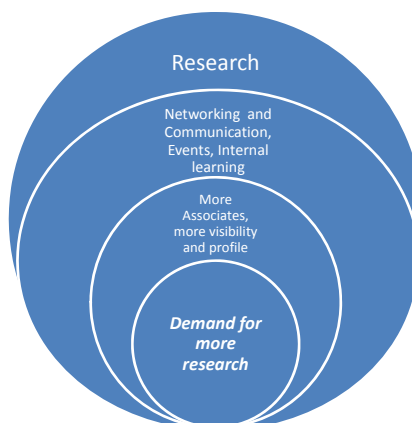
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We Were Not Mechanical in our Ordering of Priorities

We noted that prioritizing between options in the second and third quadrants is not mechanical—for example, expensive research is higher priority because it is a catalyst for other strategic initiatives like meetings, communication, more events, a better website, and an enhanced value proposition...



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We Applied Strategic Methodologies to our Analysis

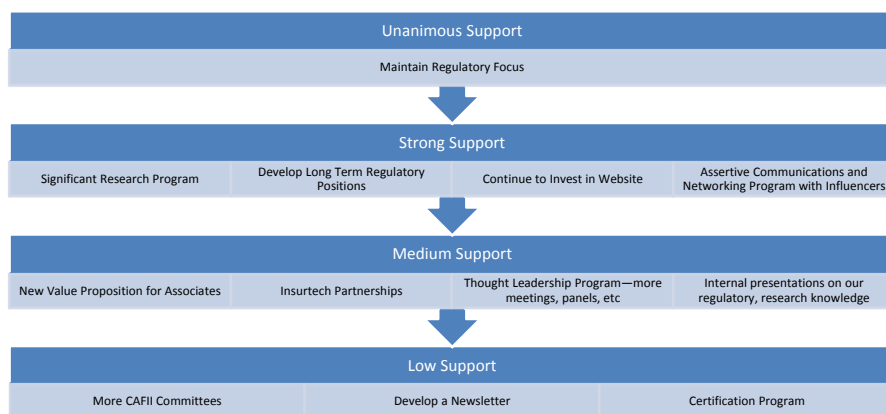
21

We Noted the Sequencing Traditionally Associated with a Matrix for Competencies and Resources

New Competency	#2 Do Second	#4 Do Last... or not at all
	#1 Do First	#2 Do Second
Existing Competency	Resources in Place	Requires Investment

Summary of the Survey Results

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Bundling and Prioritizing the Strategic Options



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Where there Was Clarity—Areas of Unanimous or High Support

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Where there Was Clarity—Areas of No Support

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Where there Was Less Clarity—Areas of Medium Support

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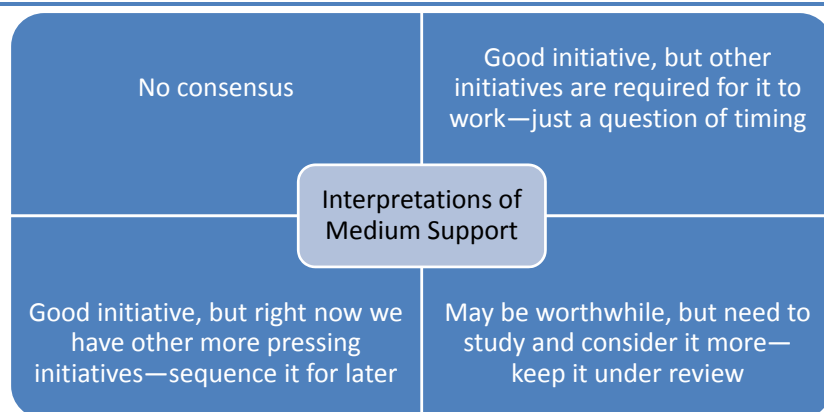


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There are Many Ways to Interpret Medium Support

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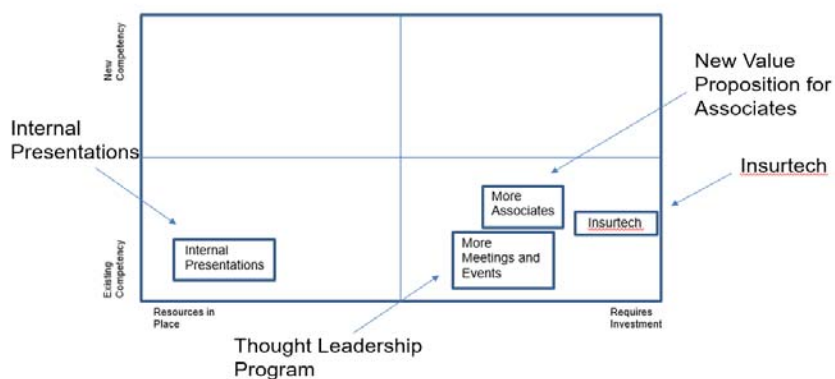


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Medium Support Initiatives Were Reviewed in the Matrix of Competencies and Resources

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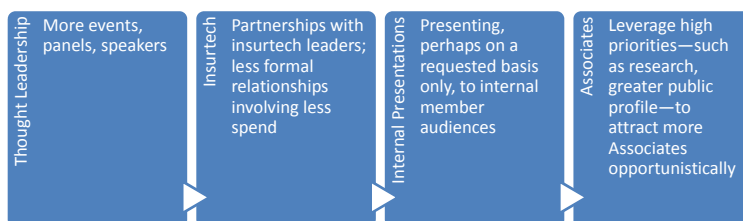


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We Needed to Determine an Approach to Medium Priorities

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Strategically remove them



Keep them but don't allocate budget to them



Keep them on a "watching brief" for later review, re-evaluation



Keep them and prioritize them, but behind high priorities



Sequence them to do later



Keep them only if they don't incur money, resources, time

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Strategic Options—Prioritization Core Statement

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The EOC Developed a Proposed Core Strategic Prioritization Statement

Core Statement

CAFII's **mission** remains the same:

CAFII will represent, promote and advance the interests of financial institutions in insurance and affiliated organizations. Its express goal is fostering an open and flexible marketplace that is efficient and effective and allows consumers an expanded choice in the purchase of insurance products and services. CAFII will work with other industry associations, where appropriate, to ensure public policy supports a legislative and regulatory environment that is healthy for future growth.

In support of this mission, CAFII's fundamental strategic priority will be to develop outstanding relationships and communications with insurance regulators and policy-makers across Canada. To promote this objective, we will meet in-person with representatives of these groups at least once every 18 months.

We will deepen these relationships by embarking on a significant research program that will provide us with interesting and relevant content to share, and which can gain us public profile. Our research program will dovetail with a proactive element to our regulatory focus through which we will seek to educate and influence key constituents about our long-term objectives.

Our research findings and our regulatory expertise will also serve as the foundation for an assertive communications and networking strategy through which we will meet on an ongoing basis with key influencers including policy-makers, senior bureaucrats, politicians, thought leaders, Association leaders, academics and others with whom we will share our research insights and key messages. As part of our efforts to increase our focus on and relevance to consumers and to heighten our public profile, we will continue to invest in the CAFII website and explore expanding and enhancing our media profile.

In addition to these strategic priorities there are other initiatives that CAFII will continue to promote, but as lower priorities. We will keep a watching brief on Insurtech, Technology Developments, Digitization, and Innovation, and on increasing our thought leadership through additional meetings and presentations in our areas of expertise. We will leverage our regulatory expertise and research with presentations to internal audiences within our membership; and we will explore ways to enhance the value proposition of being an Associate, with the objective of attracting more to join CAFII.



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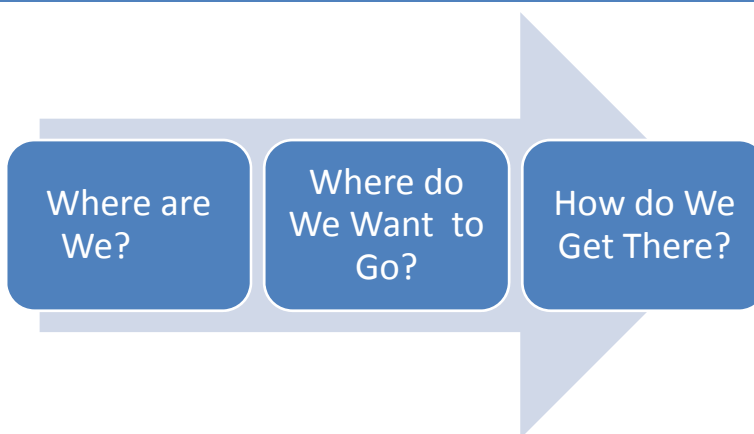
Where Things Stand



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We Utilized a Methodology around Current State and Future State

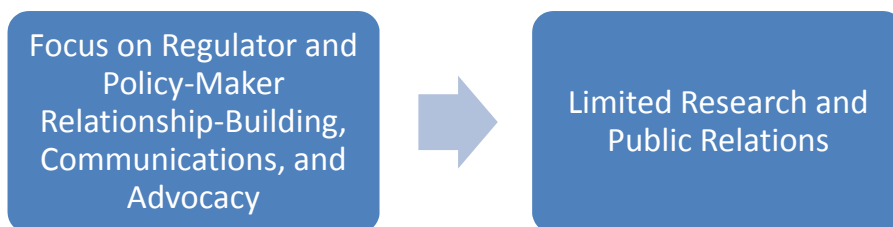


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We Agreed on “Where Are We?”



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We Agreed on “Where do we Want to Go?”

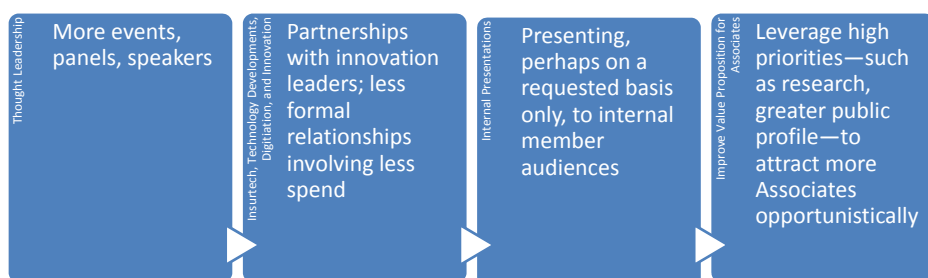


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We Discussed our Approach to Medium Priorities

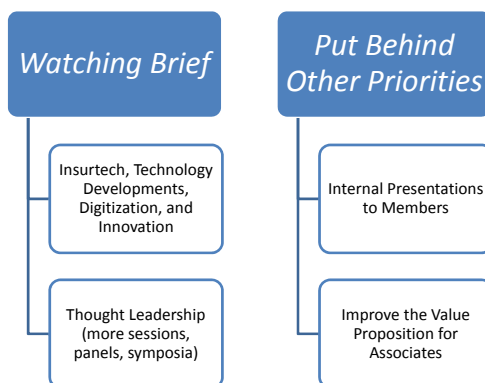


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We Agreed to Retain these Medium Priorities, but to Focus on Top Priorities

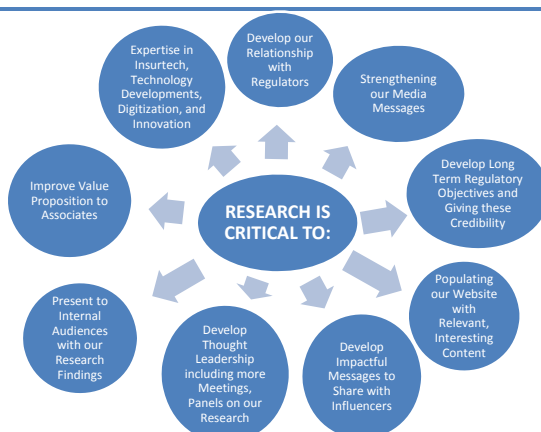


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A Key Observation: Research is a Foundation for the Success of the Strategy

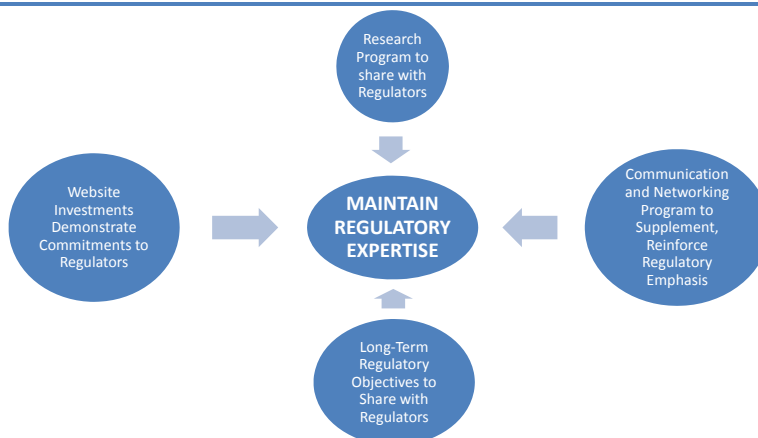


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We Noted that Areas of Strong Support Reinforce each Other



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Strategic Options—Budgetary Implications

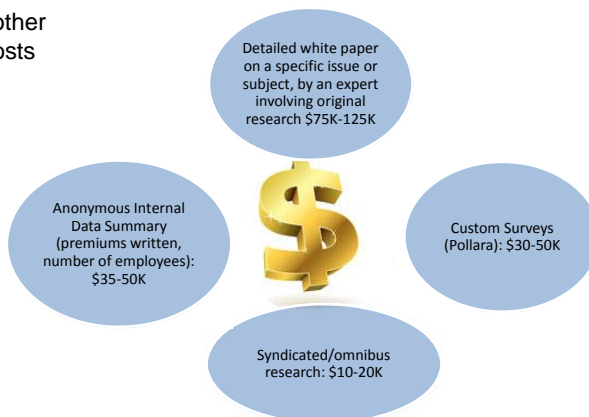
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The Largest Proposed Investment in the Strategic Plan is for Research

Partnered Research with other organizations can lower costs



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We Explored Options to Find Additional Funds for Research



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We Examined 2018 Budgetary Implications of the Strategic Plan

Priority	Budgetary Implication 2018
Maintain Regulatory Expertise	Limited additional travel budget to support commitment to meet each regulator and policy-maker in-person at least once every 18 months
Significant Research Program	\$50K budget in 2017 to be expanded in 2018
Developing Long-Term Proactive Regulatory Positions	Dovetail with research Should not have major budgetary implications
Continue to Invest in Website	\$35K budget in 2017 achieved much
Assertive Communications, Networking, Media Program	Minimal budgetary requirements Some investment possible in Media Training Refresher (\$2K - \$5K) If choose to participate as speakers in more conferences, speaking opportunities may require some budget allocation
New Value Proposition for Associates	Depends on strategic decision Can dovetail off existing research and other initiatives to make case to Associates with no additional budgetary implications Could reset Associate dues to attract more Associates – budgetary implications are mostly around potential new revenue
Insurtech Partnerships	Depends on strategic decision Could form more informal, ad hoc relationships More formal partnerships would involve a cost along a spectrum depending on how important a priority this is
Thought Leadership Program – more meetings, events	Depends on strategic decision More meetings would involve a cost along a spectrum depending on how many events, how large, how often Could involve staff / resourcing costs
Internal presentations to members based on our regulatory and research knowledge	Minimal budgetary implications Some travel costs if this was pursued with out of town members to enhance their value proposition (Quebec, Western based members)

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An Initial Review was Conducted of Where we could Find Funds for Research

	Budget	
	Approved 2017	Proposed 2018 Adjustments
Revenue		
Membership Fees	518,125	
Interest Revenue	250	
TOTAL REVENUE	559,375	
Expenses		
Management Fees	500,125	
CAFI Legal Fees/Corporate Governance	7,000	
Audit Fees	14,500	
Insurance	15,500	
Website (incl translation)	31,700	-15000 Should continue to invest in website but expense overall should go down
Telephone/Fax/Internet	1,000	
Postage/Courier	175	
Office Expenses	3,300	
Bank Charges	40	
Miscellaneous Expenses	-	
Amortization Expense	-	
Depreciation Computer/Office Equipment	468	
Board/EOC/AGM		
Annual Members Luncheon	11,200	-3000 only spent \$10000 in 2017
Board Meeting (External)	15,000	
Board/EOC/Meeting Expenses	11,000	
Industry Events	2,000	3000 Anticipate more spend for thought leadership/conferences in 2018
EOC Annual Luncheon	2,200	
Sub Total Board/EOC/AGM	44,400	
Provincial Regulatory Visits	8,000	2000 Continued investment in this activity a 2018 priority
Research/Studies	50,000	
Regulatory Model(s)	20,000	-10000 Anticipate \$10000 may be sufficient
Federal Financial Reform	2,000	
Media Outreach	20,000	25000 Annual fees for media consultant are \$45000
Marketing/Collateral	7,000	
Technical Communications Strategy		
Networking Events		
Speaker Fees & Travel	4,000	
Gifts	500	
Sub Total Networking & Events	4,500	
20th Anniversary Event	27,685	-27000 Not an expense in 2018 – could be reallocated
TOTAL EXPENSE	752,643	
		-25000 We could free up \$25,000 for research bringing total budget to \$75,000
NET INCOME	- 193,268	

Budget Item	Adjustment
Website	Reduce budget from \$33,700 by \$15,000
Annual Members Luncheon	Reduce budget by \$3000
Regulatory Models	Reduce budget by \$10,000
20th Anniversary Event	\$27,685 2017 Spend—Not a 2018 Expense

What Comes Next?



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After Approval, a Business and Implementation Plan is Next

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*A successful
strategy requires
exquisite
execution*



Establish timelines for
the Strategic Objectives



Develop a Budget and
Implementation Plan



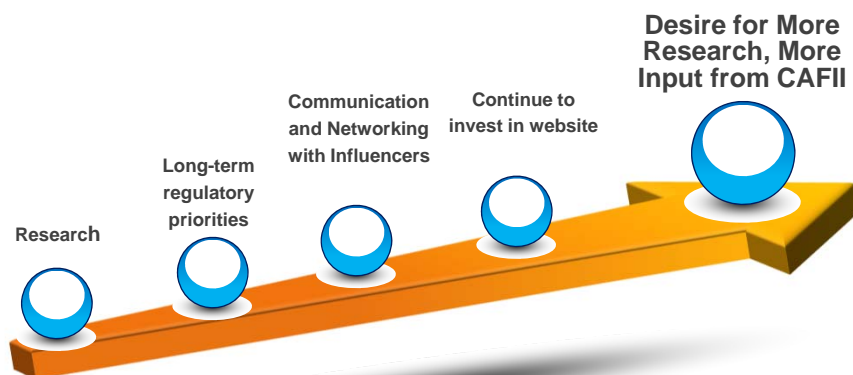
Establish Metrics to
Measure Success



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We will Develop Detailed Timelines and Goals with Measures



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Key CAFII Committees will be Critical to the Successful Implementation of the Strategy

Research & Education Committee – Chaired by Diane Quigley, CUMIS / Co-operators Group	Media Advocacy Committee— Chaired by Charles Blaquiere, Valeyo	Licensing Efficiency Issues Committee – Chaired by Moira Gill, TD Insurance	Market Conduct Committee – Chaired by Rose Beckford, ScotiaLife Financial
Will be critical to recommending research priorities	Will be focused on our media strategy, website enhancements, and identifying key influencers to share our message with	Will play a key role in our long-term regulatory objectives and will input into research priorities	Our regulatory priority means a continued key role for this Committee, including input into research topics
This Committee focuses on: CAFII Value Proposition IAIS Core Principles Complaint Statistics Underserved Market Research	This Committee focuses on: Media Relations Public Advocacy Website	This Committee focuses on: LLQP Modernization Representation on Provincial Councils ISI Regime / Restricted Licensing	This Committee focuses on: Regulatory Submissions Distribution Guide E-Commerce Insurance Act & Related Legislative / Regulatory Reviews



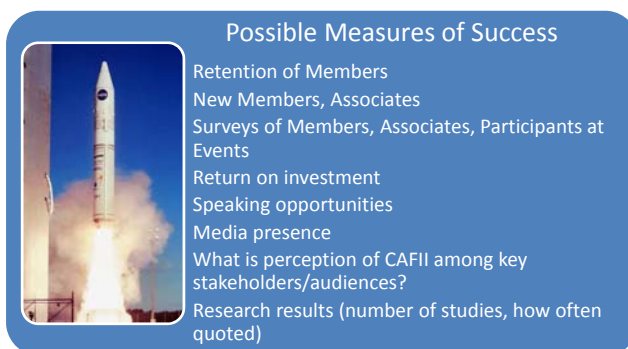
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How do we Measure Success after 6 / 12 / 18 Months? ...did we choose the Right Initiatives?

A successful execution requires measures

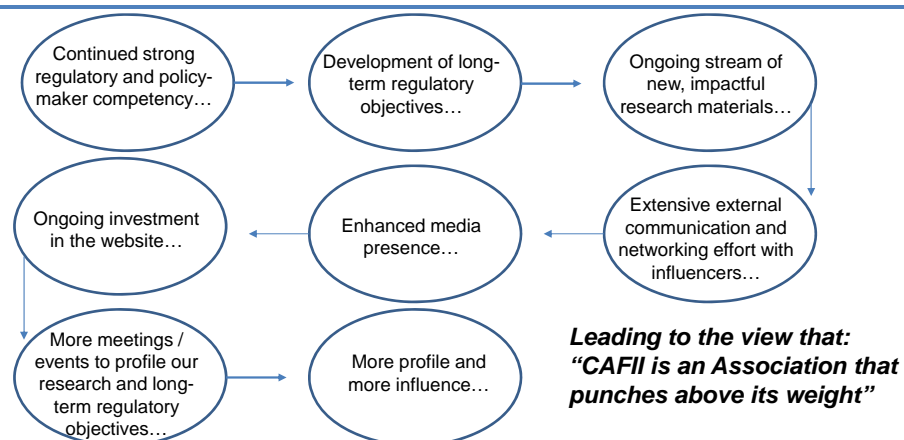


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If this Strategic Plan is Successful...What Might CAFII Look Like...in 2021?



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Thank You

CAFII Consultations/Submissions Timetable 2017-18

Regulatory Issue	Deliverable	Deadline	Accountable
BC FICOM 10-Year Review of FIA (consultation paper released June 2, 2015)	<ul style="list-style-type: none"> CAFII Response to Initial Consultation Paper Meetings with Ministry of Finance officials Public Report on input received on Initial Consultation Paper Policy Paper on proposals for change CAFII Response to Policy Paper <i>Meeting with Ministry of Finance officials, if necessary</i> Amendments to Act and drafting of Regulations 	<ul style="list-style-type: none"> Sep 15, 2015 Nov 10, 2015 Issued March 23, 2016 Expected Q1 2018 Q1 or Q2 2018 <i>Q2 or Q3 2018</i> Q4 2018 or Q1 2019 	<ul style="list-style-type: none"> Joint Market Conduct/Licensing Committee; ED to monitor
QC Ministry of Finance Review of Distribution Act	<ul style="list-style-type: none"> CAFII Response to June 12/15 Consultation Report Dialogue with Ministry re meeting re online distribution CAFII secures specialized legal counsel, in preparation for draft Bill <u>Omnibus Bill 141 tabled; industry consultation uncertain</u> <i>Meeting with Ministry of Finance officials, if necessary</i> <u>CAFII Submission on Bill 141; or on Regulations in support of Bill</u> 	<ul style="list-style-type: none"> Sep 30, 2015 Completed March 2016 Nov 2016 <u>Oct 5, 2017</u> <u>Q4 2017 or Q1 2018</u> <u>Q1 thru Q4 2018</u> 	<ul style="list-style-type: none"> Joint Mkt Conduct/Licensing Committee; ED to monitor
QC AMF Issues Paper on "Managing Conflict of Interest in Relation to Incentives"	<ul style="list-style-type: none"> CAFII Response to Issues Paper 	<ul style="list-style-type: none"> <u>Submitted Oct 13, 2017</u> 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
CCIR Annual Statement on Market Conduct	<ul style="list-style-type: none"> Access to AMF-developed system for data submissions provided Insurers submit "best attempts" data based on 2016 fiscal year CCIR consultation with industry on changes to Year 3 (2019) version of Annual Statement 	<ul style="list-style-type: none"> March 28, 2017 May 1, 2017 Q3 2017 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
CCIR Review of Travel Health Insurance	<ul style="list-style-type: none"> CAFII Response to Issues Paper Meeting with CCIR TIWG re draft Recommendations in Position Paper CAFII Submission on draft Recommendations in Position Paper Meeting with CCIR TIWG re Communications Plan for Position Paper CCIR THI Products Position Paper Released <i>Meeting with TIWG Re Position Paper (CAFII awaiting CCIR invitation)</i> 	<ul style="list-style-type: none"> Sep 30, 2016 Feb 22, 2017 March 10, 2017 May 10, 2017 May 31, 2017 Q4 2017 	<ul style="list-style-type: none"> EOC; ED to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA releases Draft Regulations for industry consultation CAFII Responses to Draft Regulations & TPA Sub-consultation CAFII Response to FCAA-proposed definition of TPA Meeting with FCAA officials re CAFII submissions Final Regulations released along with new Insurance Act New Saskatchewan Insurance Act and Regulations come into force 	<ul style="list-style-type: none"> Oct 7, 2016 Dec 2 and 9, 2016 March 13, 2017 June 1, 2017 June 29, 2017 Spring 2018 or later 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
"Modernizing the New Brunswick Insurance Licensing Framework"	<ul style="list-style-type: none"> CAFII Response to Position Paper on aspects related to life agents FCNB delivers final recommendations to Minister 	<ul style="list-style-type: none"> Jan 22, 2016 ? 	<ul style="list-style-type: none"> Licensing Committee; ED to monitor

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

Regulatory Update – CAFII Board of Directors and Executive Operations Committee, October 20, 2017

Prepared By Brendan Wycks, CAFII Co-Executive Director

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Federal/National

Canadian Council of Insurance Regulators (CCIR)

CCIR's New Strategic Plan Puts Focus On Co-operative Supervision

The Canadian Council of Insurance Regulators (CCIR) published its new strategic plan for the years 2017 to 2020 on June 27/17.

In its new Plan, CCIR says it will develop an annual cooperative supervisory plan to conduct thematic and insurer-specific reviews across provinces and territories.

In addition, when it comes to consumers, the CCIR says it will work to “ensure good outcomes from the interactions of insurers and intermediaries with their customers, focusing on disclosures and transparency, incentives management and client relationships.” The Plan also aims to increase consumer awareness of risks related to natural disasters, insurance options and coverages that are available as well as how disaster relief programs work across jurisdictions.

The CCIR says it will pursue a co-ordinated approach for regulators across sectors to stay informed, work together and leverage regulatory capacity. It will also make harmonization a priority and work with industry stakeholders to identify specific areas for greater consistency in approach across jurisdictions.

To determine its strategic priorities, the CCIR consulted stakeholders and took into account the current insurance environment. “The work the CCIR has done over the last three years has had a considerable impact on the evolution of insurance regulation in Canada,” says Patrick Déry, chair of the CCIR. “We have developed the foundation for greater collaboration, cooperation and information sharing among our members and introduced stronger supervisory partnerships. The 2017-2020 strategic plan will leverage these efforts and build upon that foundation moving forward.”

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Urges Ottawa To Allow Insurers More Freedom On Technology

The Canadian Life and Health Insurance Association is urging the federal government to provide insurance companies with greater flexibility to invest in technology and to commercialize innovations in its submission to the Department of Finance Canada's review of the federal financial services sector.

Specifically, the CLHIA lauds the steps the government is taking to clarify and modernize the framework around the type of technology activities and investments that insurers are permitted to undertake. The CLHIA suggests that the life insurance industry could benefit from expanded capability to invest in technology.

"Greater investment and partnerships with fintechs and other innovative firms will allow life insurance companies to better serve our customers and meet the changing preferences and demands of the Canadian marketplace," the Association's submission states.

Although insurers are investing in technology increasingly to make their businesses more efficient and to meet changing client expectations, they're restricted from selling or licensing this technology to companies outside of the financial services sector under the current framework, the Association notes.

"Insurers should be permitted to commercialize innovations outside the realm of financial services," the CLHIA's submission recommends.

As examples, the CLHIA suggests that if an insurer had developed an online game to promote financial literacy, or a tool to facilitate compliance with anti-money laundering legislation, the company should be able to license those products to a third party for commercialization.

The CLHIA also calls for more flexibility in the legislation to take into account the rapid pace of technological change. Under the current framework, insurers must receive written approval from the federal finance minister prior to making certain technological investments.

"The process to seek Ministerial approval can be slow and cumbersome, which can be problematic given the rapid pace of new technology," the CLHIA's submission states. "In order to encourage innovation in a timely manner in the financial services sector, the industry recommends a carve-out for fintech, whereby insurers do not require Ministerial approval prior to engaging in innovative activities."

Independent Financial Brokers of Canada (IFBC)

IFBC Implores Ottawa To Take Steps To Help Smaller Firms

The federal government needs to take action to help independent financial services firms compete against the increasingly dominant big banks in Canada as well as to improve consumer protection, Independent Financial Brokers of Canada (IFB) argues in a recent submission to the federal Department of Finance Canada.

Notably, the IFB expresses its support for the government's intention to consider proportionality in the development of policy and regulation in its submission to Finance Canada on the department's review of the federal financial services sector framework.

The financial services sector's growing regulatory responsibilities are placing smaller businesses at a competitive disadvantage to their larger counterparts, the IFB argues in its submission.

"IFB members must compete with large, vertically integrated financial institutions — like banks and insurance companies — for clients," the submission says. "However, today, the increasing regulatory burden and dominance of large financial institutions is reducing the ability of independent firms to remain competitive."

The growing costs and efforts associated with compliance, the IFB's submission states, are taking away from the amount of time and resources that independent advisors can devote to their clients.

The increasing dominance of the big banks, in general, also poses a challenge for small, independent players in the financial services sector — as well as jeopardizing consumer protection, the IFB suggests in its submission.

"Today, we have a financial services landscape increasingly dominated by six large banks," the IFB's submission states. "This domination extends to all aspects of the financial services industry — banking, securities, even insurance — while delivering services to consumers that, at best, have been shown to lack transparency."

For example, in the securities dealer space, the IFB notes that the presence of the banks has led to a drastic decline in the number of independent firms. Furthermore, the IFB suggests that it's often not clear to consumers whether they're dealing with a bank branch or a representative of the bank's securities arm.

Also "troubling," according to IFB, have been recent cases involving the banks in which clients have been overcharged over the course of many years, leading to "no-contest" settlements with the Ontario Securities Commission.

The review of the financial sector framework, currently underway at Finance Canada, represents an opportunity for the government to strengthen consumer protection, the IFB says. "Canada's lack of a statutory financial consumer protection policy, in comparison to some other countries," the IFB's submission concludes, "has been cited as a fundamental weakness in oversight."

British Columbia

Janet Sinclair Appointed New Executive Director of Insurance Council Of BC

In October, the Insurance Council of BC announced that Janet Sinclair will become its new Executive Director, succeeding Gerry Matier who is retiring as the Council's chief executive at the end of 2017. Her first day in her new job will be November 1/17.

Ms. Sinclair has a strong background in regulatory affairs, having most recently been the Chief Operating Officer of the Association of Professional Engineers and Geoscientists of British Columbia. Council Chair Michael Connors said that her strong background, with over 16 years of regulatory and management experience, will be a huge asset to Council as it implements its new strategic plan. While Ms. Sinclair has no direct insurance industry experience, she comes from a family of general insurance professionals.

Insurance Council Of BC Suspends 21 Surrey Life Insurance Agents

In early October, the Insurance Council of BC announced that twenty-one (21) life insurance agents in Surrey were under investigation for allegedly colluding to cheat on their Life Life Qualification Program (LLQP) modular exams.

Insurance Council Executive Director Gerry Matier said that an audit of exams written over the past year found a highly dubious distribution of multiple-choice exams with near-identical right and wrong answers. The set of suspiciously similar answers were written between October 2016 and June 2017.

The Council's investigation into the matter revealed that those exams were all written by agents affiliated with a particular Surrey branch of World Financial Group. Matier declined to reveal which branch was involved.

"So many people coming from the same location having pretty well the exact same answers — particularly on the ones that were wrong — that's what kind of makes it look very unusual," he said. "We've never encountered it before.... we've caught the odd person cheating, but we've never found it at this level where there appears to be collusion involving more than one person."

Matier believes that the cheating, while a low-tech effort, was co-ordinated. The Insurance Council suspects that one person took the exams first, memorized what he/she had answered, then gave the sequence to the other alleged cheaters.

There are four versions of the licensing exams, which means one or more people were involved in the scheme. The cheating scheme, however, was not foolproof. Some of the test-takers used the wrong answer sequences on some sections of their exams, Matier noted.

The agents accused of cheating are entitled to hearings to prove that they did not cheat — those who cannot prove their innocence will lose their licenses.

Saskatchewan

Premier Candidate Vows To Rescind Provincial Sales Tax On Insurance Premiums

Meadow Lake MLA Jeremy Harrison has revealed that if he wins the Saskatchewan Party leadership, he would roll back the provincial sales tax (PST) levied on insurance premiums.

Harrison had originally supported the tax, which was part of the March 22 provincial budget. However, he claimed he has changed his tune on the policy after hearing feedback from the public. “Many individuals use life insurance as a savings mechanism, while others use it as a way to transition their small business from one generation to the next,” he said in a news release. “Insurance is often another way of saying ‘savings.’”

Harrison also added that the 6% PST rate is also affecting farmers. “Many producers expect to see thousands, if not tens of thousands, in increased insurance costs for crop insurance, for instance,” he noted.

Quebec

Finance Minister Tables Omnibus Bill 141 To Modernize Financial Services Sector

On October 5/17, Quebec Finance Minister Carlos Leitão introduced a long-awaited omnibus Bill in the National Assembly to improve the framework for Quebec's financial sector and strengthen protection of consumers.

Bill 141, An Act to substantially improve the supervision of the financial sector, the protection of deposits of money and the functioning of financial institutions, is a follow-up to recent reviews of various Acts governing the industry.

Most importantly for CAFII members, Bill 141 introduces a framework for the online distribution of insurance products “in order to offer Quebecers the opportunity to transact within a regulatory framework which protects them”; and, in addition, the structure of the framework for the distribution of financial products and services will be revised “to improve its effectiveness and better protect the public and strengthen its confidence in the system.”

Among the proposed changes, the AMF Act would become the Financial Sector Supervision Act; and an advisory committee of consumers and users of financial products and services would be established. Amendments would also be made to the Act to improve the accessibility and effectiveness of the Administrative Tribunal for Financial Markets. To increase the protection of investors against fraud, the Financial Services Compensation Fund would have its coverage expanded and compensation decisions would be approved by an independent compensation committee.

The Insurance Act and the Act respecting trust companies and savings companies would also be replaced in order to update the law relating to the internal operation of these financial institutions and the supervision of their operations.

In addition, the laws governing Mouvement Desjardins would be reviewed in order to adapt it to international rules aimed at institutions of systemic importance.

With the proposed changes, the government intends to strengthen its existing provincial regulatory model which is based on an integrated regulator (the AMF) with a comprehensive view of the activities of financial sector stakeholders and providing a one-stop shop for consumers to handle complaints.

"The proper functioning of the financial sector must be based on modern laws leading to effective supervision that takes account of business developments and reinforces public confidence. It is in this spirit that we have drafted this Bill, which proposes the revision of all the laws of the financial sector in an integrated and coherent way. The interests of consumers and their protection have been at the centre of our concerns throughout the preparation of this Bill," Minister Leitão said.

Research, Thought Leadership, and Innovation

Boston-Based FinTech Sandbox To Expand Its Model Into Ontario

Toronto-based Ontario Centres of Excellence Inc. (OCE) and Boston-based FinTech Sandbox signed a memorandum of understanding (MOU) in June to collaborate and expand the FinTech Sandbox model into Ontario. As a part of the agreement, OCE, a member of the Government of Ontario-funded Ontario Network of Entrepreneurs, will provide initial access to FinTech Sandbox in Ontario for qualifying financial technology (fintech) small and medium enterprises (SMEs) and start-ups at no cost, including those located at incubators and accelerators throughout the province.

The partnership between OCE and FinTech Sandbox, a nonprofit that promotes fintech innovation globally, will establish a shared resource to promote fintech. It will also provide the Ontario-based fintech start-ups and SMEs that meet eligibility criteria to participate in the FinTech Sandbox with free access to data feeds for development, cloud hosting and an opportunity to engage with a diverse network of fintech entrepreneurs and finance professionals.

CAFII Regulator and Policy-Maker Visit Plan 2017-18

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 20/17
British Columbia				
Insurance Council of BC: Gerry Matier, Executive Director (outgoing)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 5/17 liaison breakfast in London, Ontario -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session -Feb. 27/15 liaison breakfast in Toronto	None at this time	-Council's current view on 10-Year Review of Financial Institutions Act -Representation of alternate distribution/non- resident sellers on Council -Update on Council priorities	
Janice Sinclair, Executive Director (incoming on November 1/17)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time		
FICOM: Frank Chong, Acting Superintendent of Financial Institutions (effective August 1/16)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Nov 10/15 in Vancouver re CGI Information Bulletin	None at this time	-FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue: ED and EOC to monitor re need for meeting/ dialogue around any member or industry issues re compliance with CGI Info Bulletin -Monitoring for appt. of interim or permanent FICOM CEO successor -10 yr. Review of BC Financial Institutions Act (if appropriate)	
Doug McLean, Deputy Superintendent of Insurance	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-See F. Chong above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 20/17
Chris Carter, Acting Superintendent, Real Estate and Acting Registrar, Mortgage Brokers (effective August 1/16)	-April 14/16 teleconference re CAFII follow-up letter - Follow-up letter, seeking clarification on CGI Info Bulletin key issues, sent March 15/16 - Nov 10/15 in Vancouver re CGI Information Bulletin	None at this time	-See F. Chong above	
Michael McTavish, Acting Executive Director, Market Conduct (joined FICOM in Spring 2017) Lorena Dimma, Director, Market Conduct (assuming Harry James' former policy advisor role re 'effecting' of CGI issue)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	None at this time	-See F. Chong above	
Harry James, Senior Regulatory Advisor (Chair of CCIR's Travel Insurance Working Group)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -Dec. 8/16 cordial reply email to E. Fang, agreeing with CAFII's request that auto dealers are creditors for a moment-in-time issue be closed. -April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	None at this time	-See F. Chong above	
Molly Burns, Analyst, Policy Initiatives Erin Morrison, Regulatory Analyst, Policy Initiatives	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin -Nov 10/15 in Vancouver -August 10/16 in Toronto, accompanied Harry James and participated in CCIR TIWG meeting with CAFII	None at this time None at this time	-See F. Chong above -See F. Chong above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 20/17
Ministry of Finance: Carole James, Minister of Finance	-None to date. Appointed Minister of Finance in July 2017, with change in BC government. Delivered first provincial budget on September 11/17	None at this time	TBD until CAFII has a “direct ask” at Ministerial level	
Lori Wanamaker, Deputy Minister of Finance	-None to date. Appointed July 2017	None at this time	-See E. Cole below	
Elizabeth Cole, Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA) (on personal leave until sometime in mid- to late 2018)	-April 20/17 and June 23/16 telephone conversations with B. Wycks re updates on expected release date of Policy Paper and other FIA Review timelines -November 10/15 in Vancouver along with Dan Ashton; and separate meeting along with Brian Dillon and Kari Toovey	None at this time	-Policy Paper emerging from 10-Year Review of Financial Institutions Act, making proposals for change, now due to be released in early 2018	
Brian Dillon, Director, Financial Institutions		None at this time	-See E. Cole above	
Kari Toovey, Acting Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA); normally Senior Policy Advisor	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-See E. Cole above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Alberta				
Alberta Insurance Council: Joanne Abram, CEO	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 4/17 liaison lunch in London, Ontario -December 21/16 letter to CAFII confirming definition of CGI critical illness insurance approved by Life Council to include selling of CI under existing RIA licence -Oct 31/16 CAFII submission of letter proposing definition of CGI critical illness insurance to be adopted for inclusion under existing RIA licence -Sept 16 & 28/16 and Oct 11/16 e-mail correspondence with B. Wycks re LIC decision on allowing CI to be sold under an RIA licence	None at this time	-AIC's implementation of approved definition and process for CI to be sold under existing RIA licence -Representation for Restricted Licence Holders on Life Insurance Council	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Anthonet Maramieri, COO	<p>-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</p> <p>-March 8/17 email to B. Wycks advising of Life Council's further look at definition of credit-related insurance approved to be offered under a Restricted Certificate, at April 12/17 meeting.</p> <p>-Sept 12/16 teleconference with G. Grant and B. Wycks</p> <p>-July 12/16 teleconference with G. Grant and B. Wycks</p> <p>- April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session</p> <p>- Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session</p>	None at this time	-See J. Abram above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Warren Martinson, Legal Counsel	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -W. Martinson in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -May/June 2016 telephone discussion with J. McCutcheon (on CAFII's behalf) re legislative and regulatory underpinnings of selling of CI benefits as credit-related insurance under an RIA licence -Feb 10/14: Toronto, ON (with B. Wycks, as W. Martinson then on LLQP Governance Ctte.)	None at this time	-See J. Abram above	
Sylvia Boyetchko, Director of Licensing	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-See J. Abram above	
Treasury Board and Ministry of Finance: Nilam Jetha, Superintendent of Insurance (made permanent at beginning of 2017, following one year interim period)	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	
David Sorensen, Deputy Superintendent of Insurance	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-See N. Jetha above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch (Chair of CCIR Insurance Core Principles Implementation Ctte)	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -CAFII 20 th Anniversary: April 5/17 -Sep 30/14: Fredericton, NB (informal meeting) -Jul 28/14: call with CAFII reps re: “effecting of CGI”	None at this time	-See N. Jetha above	
Wayne Maday, Director, Insurance Policy	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-See N. Jetha above	
Joe Ceci, President of Treasury Board and Minister of Finance	No contact – appointed May 24/15	-None at this time	TBD until CAFII has a “direct ask” at Ministerial level	
Saskatchewan				
Insurance Councils of Saskatchewan: Ron Fullan, Executive Director, (CISRO Chair)	-June 2/17 liaison meeting in Saskatoon -CAFII 20 th Anniversary: April 5/17 -R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session	-October 27/17 three-way brainstorming, consensus- building, and planning meeting in Toronto -- involving ICS (R. Fullan and A. Stadnek), CAFII, and CLHIA -- re “Representation for RIA Licence Holders in Saskatchewan” as per CAFII discussion with R. Fullan and A. Stadnek on June 2/17	-timing of renewed focus on establishing a Restricted Insurance Agents Advisory Committee -ICS-relevant aspects of implementation of new Saskatchewan Insurance Act and Regulations -Sask. RIA regime and licensure issues	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
April Stadnek, Director of Compliance	-June 2/17 liaison meeting in Saskatoon -Sept 22/15 CISRO LLQP Stakeholder Info Session in Toronto (B. Wycks) - Sep 30/14; Fredericton, NB (informal meeting) - November/13 in Toronto when April attended CLHIA CCROSS Seminar	-See R. Fullan above	-See R. Fullan above	-Confirmed
Financial Consumer Affairs Authority (FCAA): Roger Sobotkiewicz, former Director of FCAA Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-June 1/17 get acquainted and liaison meeting in Regina	-See J. Seibel below	-see J. Seibel below; and -introduce CAFII and build relationship -Regulations being developed following passage of <i>Bill 177, The Insurance Act (Saskatchewan)</i> -ISI: Representation for Restricted Licence Holders -Sask's imposition of PST on all insurance premiums - Update on Superintendent's priorities	-Pending (see J. Seibel below)
Ian McIntosh, Deputy Superintendent of Insurance	-Jul 28/14 call with CAFII reps re: "effecting CGI"	-see J. Seibel below	-see J. Seibel below; and -see R. Sobotkiewicz above	-Pending (see J. Seibel below)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Janette Seibel, Lawyer, became lead on Bill 177 and Regulations file effective June 1/15	<ul style="list-style-type: none"> -June 1/17 get acquainted and liaison meeting in Regina -March 2017 email exchange with B. Wycks re invitation to CAFII to provide feedback on FCAA-proposed definition of TPA, for inclusion in Insurance Regulations -February 17/17 call to B. Wycks advising that “in force” date for new Insurance Act and Regulations had been deferred to Spring 2018 -Jan 2017 email exchange with B. Wycks re timing of “in force” date for new Saskatchewan Insurance Act and related Regulations -Nov and Dec. 2016 email exchanges with B. Wycks re Insurance Regulations Consultation and TPAs sub-consultation. -June 1/17 get acquainted and CAFII profile-raising meeting in Regina with Minister and Ministry officials re Sask’s imposition of PST on insurance premiums 	<p>-teleconference meeting in Q4 2017, if necessary, following release of final Regulations and Insurance Act on June 29/17 (timeline for their coming into force still to be announced)</p>	<ul style="list-style-type: none"> -timing of “in force” date for new Saskatchewan Insurance Act and related Regulations -CAFII’s response submissions on FCAA’s Insurance Regulations Consultation document (submitted Dec. 2/16) and TPAs sub-consultation (submitted Dec. 9/16) -Sask’s imposition of PST on all insurance premiums 	-Pending
<p><u>Ministry of Finance</u> Kevin Doherty, Minister of Finance</p>		<p>-March or September 2018 meeting, if warranted, following CAFII’s gathering and submission of six months and one year of data on impact of 6% PST on consumer purchases of CGI and other life and health insurance policies</p>	<ul style="list-style-type: none"> -further introduce CAFII and build relationship -Sask’s imposition of PST on all insurance premiums 	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Manitoba				
Ministry of Finance: Jim Scalena, Superintendent of Insurance and Registrar of Credit Unions (brought back, out of retirement, into this role on time-limited basis until November 2017) Scott Moore, Deputy Superintendent of Insurance	<p>-April 29/14 liaison meeting in Winnipeg, immediately prior to meeting with then-Minister of Finance Jennifer Howard re CAFII concerns about Manitoba's in-development RIA regime</p> <p>-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</p> <ul style="list-style-type: none"> -CAFII 20th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -April 15/15 teleconference with three CAFII reps -April 29/14: meeting in Winnipeg, MB 	<p>-None, as retirement departure imminent.</p> <p>None at this time</p>	<p>-See S. Moore below</p> <p>-Maintain and build relationship</p> <p>-Representation for Restricted Licence Holders on Life Insurance Council</p> <p>-concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents</p>	
Cameron Friesen, Minister of Finance	No contact – took office May 3/16	-None at this time	TBD until CAFII has "direct ask" at Ministerial level	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (appointed late November 2016)	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 4/17 short get acquainted/liaison meeting in London, Ontario	None at this time	-Introduce CAFII and build/maintain relationship -Representation for Restricted Licence Holders on Life Insurance Council -Insurance Council's "ISI items for further review and development" -communicate CAFII issues	
Heather Winters, Director, Licensing & Compliance	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time		
Lee Roth, Investigator	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time		
Ontario				
FSCO: Brian Mills, appointed Interim CEO and Superintendent on October 18/14. Will likely be FSCO's last CEO, as Ontario Government transitions to a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018), as stated by B. Mills at FSCO Symposium on November 25/16.	-May 3/17: informal chat with K. Martin during CLHIA Conference -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -January 28/15 stakeholder meeting with CCIR	-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17	(i)Build/maintain relationship (ii) Ontario government review of FSCO's mandate (iii) next steps in Life Insurance Product Suitability Review (iv)CCIR review of travel health insurance (v)Update on Superintendent's priorities (vi)communicate CAFII issues	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Anatol Monid, Executive Director, Licensing and Market Conduct Division	<ul style="list-style-type: none"> -June 2017 liaison lunch with M. Gill and J. Lewsen re CAFII advice on FSCO's planned survey of bank insurers re sales practices -June 2/17: questions raised by A. Monid, on the phone, at end of CAFII presentation to CISRO in Saskatoon -May 3/17: informal chat with K. Martin during CLHIA Conference -CAFII 20th Anniversary event: April 5/17 -June 7/16, December 8/15 and June 9/15: informal update conversations at CAFII Reception events -January 28/15 stakeholder meeting with CCIR 	-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17	<ul style="list-style-type: none"> -next steps in Life Insurance Product Suitability Review -other FSCO initiatives re life insurance agent and/or insurer compliance -initiatives of FSCO LII Working Group 	-Pending
Izabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	<ul style="list-style-type: none"> -Oct. 8/15 at CLHIA CCOS Fall Seminar (B. Wycks) -Nov 21/14 at FSCO Life & Health Insurance Symposium -September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Izabel Scovino is a member (K. Martin and H. Pabani) 	-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17 -further meeting of LII Working Group on November 21/17	-see A. Monid above	-Pending -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Heather Driver Director, Licensing Branch Licensing and Market Conduct Division (assumed position in Jan 2016, following retirement of Shonna Neil)	<ul style="list-style-type: none"> -September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group), of which H. Driver is Chair (K. Martin and H. Pabani) -June 2/17 CAFII presentation to CISRO in Saskatoon -May 30/17 initial meeting of LII Working Group (K. Martin and H. Pabani) -Oct. 14/16 email exchange with B. Wycks following CAFII's delivery of input, requested by FSCO in Oct. 7/16 meeting, re optimal wording to use in FSCO communications re life insurance agent and insurer relationship -Oct. 7/16 meeting with CAFII reps, at FSCO's invitation, re FSCO initiatives around life agent and insurer compliance, particularly re E&O insurance (also attended by Richard Tillman, Allan Amos, Kelly Picard, and Abina Rogers of FSCO) 	<p>-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17</p> <p>-further meeting of LII Working Group on November 21/17</p>	-see A. Monid above	<p>-Pending</p> <p>-Confirmed</p>
Richard Tillman, Senior Manager, Insurance and Deposit Institutions Policy (currently seconded to FSRA Implementation Secretariat)	-Oct. 7/16 meeting with CAFII reps re life agent and insurer compliance	None at this time	-see A. Monid above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Reena Vora, Manager, Market Regulation Branch, Licensing and Market Conduct Division	-December 8/16 with CAFII reps for feedback on draft questionnaire for life insurer examination visits (one pilot test visit planned in Q1 2017), as next phase in Life Insurance Product Suitability Review	-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17	-Life insurer examination visits	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Ministry of Finance: -Sandy Roberts, Director, FSRA Implementation Secretariat (appointed Nov 2016) -Stuart Wilkinson, Senior Manager, FSRA Implementation Secretariat (transferred from previous MOF role in Nov 2016) -David McLean, Policy Advisor Paul Braithwaite, Policy Advisor	-congratulatory letter on appointment sent; no in-person contact to date. Was a no-show for June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat; and April 5/17 CAFII 20 th Anniversary Celebration -June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat -CAFII 20 th Anniversary Reception: April 5/17 (regular attendee at CAFII Receptions) -June 7/16 and April 12/16 informal conversations with B. Wycks at CAFII Receptions -July 30/15 life & health insurance sector roundtable -May 21/15 informal meeting: insurance sector round table -June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat -September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Paul Braithwaite is an attendee for the MOF (K. Martin and H. Pabani)	-None at this time (awaiting release of further information and/or Regulations for consultation re FSRA structure, governance, and operating model) -See S. Roberts above -See S. Roberts above -See S. Roberts above -further meeting of LII Working Group on November 21/17	-Ontario Government's replacement of FSCO with a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018); and Regulations to implement FSRA -FSRA's regulation of life and health insurance sector.	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Quebec				
AMF: Louis Morisset, CEO;	-AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Apr 8/14: CAFII liaison lunch and Industry Issues Dialogue with AMF in Montreal	-AMF 2017 Rendez-Vous in Montreal on November 13/17	-(i)draft omnibus Bill to modernize Quebec's financial services sector, including Distribution Act (expected release by Ministry of Finance in Q4 2016) -(ii)AMF final paper on electronic commerce in insurance, setting out Orientations/expectations -(iii)Distribution Guide template and implementation timelines -(iv)Update on AMF priorities -(v)Communicate CAFII issues -(vi)Maintain and strengthen relationship	-Confirmed
Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-see L. Morisset above	-Confirmed
Phillip Lebel, Director General of Legal Affairs	-Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-see L. Morisset above	-Confirmed
Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise	-Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-see L. Morisset above	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Eric Stevenson, Superintendent, Client Services and Distribution Oversight (leaving the AMF's employ in late 2017 or early 2018 to "re-orient career in the financial services sector)	-CAFII 20 th Anniversary event: April 5/17 -AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-See L. Morisset above	-Confirmed
Louise Gauthier, Senior Director, Distribution Policies and Compensation (member of CCIR TIWG). Lead on AMF's Distribution Guide rewrite initiative.	-CAFII 20 th Anniversary event: April 5/17 -L. Gauthier in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-See L. Morisset above	-Confirmed
Maryse Pineault, Senior Director, Distribution Framework	-June 2/17 CAFII presentation to CISRO in Saskatoon -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -AMF 2016 Rendez-Vous on November 14/16 in Montreal	-See L. Morisset above	-See L. Morisset and L. Gauthier above	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Ministry of Finance: Carlos Leitao, Minister Richard Boivin, Assistant Deputy Minister, Financial Institution Policy and Corporate Law Guillaume Caudron, Chief of Staff Yann Nachabé, Policy Advisor	-Feb. 25/16 phone call between B. Wycks and Yann Nachabé, Policy Advisor, Ministry of Finance, resulting from CAFII request for April 2016 in-person follow-up meeting with Richard Boivin and Guillaume Caudron	-in-person or teleconference meeting with Ministry officials – following October 5/17 release of omnibus Bill 141 -- in Q4 2017 or Q1 2018, if necessary	-Omnibus Bill expected to modernize financial sector, incl. the Distribution Act (Minister Leitao in response to question at legislative committee meeting on April 28/16) -Ministry's direction on online distribution of insurance without involvement of an advisor -CAFII submission in response to Report on the Application of the Act respecting the distribution of	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
New Brunswick				
Financial and Consumer Services Commission (Insurance Division): Angela Mazerolle, Superintendent of Insurance	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Oct 1/14: Fredericton, NB	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -implementation of further phases of online licensing system -legislative/regulatory change to support electronic beneficiary designations -other New Brunswick licensing issues	-Pending
David Weir, Deputy Superintendent of Insurance	-June 2/17 CAFII presentation to CISRO in Saskatoon -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb. 19/16 re CAFII feedback on online insurance licensing system - Sept. 22/15 CISRO LLQP Info Session in Toronto (B. Wycks) -Oct 1/14: Fredericton, NB	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-see A. Mazerolle above -timing of final recommendations on reforming licensing framework for other-than-life agents and brokers -CAFII feedback on New Brunswick online insurance licensing system	-Pending
Opportunities New Brunswick: Jay Reid, Investment Attraction Officer	-Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	None at this time	-CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick -Introduce CAFII and build relationship -Position CAFII as an information resource	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Consumer Advocate for Insurance: Ronald Godin, Consumer Advocate	No contact	None at this time		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Nova Scotia				
Superintendent of Insurance: William Ngu, Acting Superintendent of Insurance	-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Appointed June 2015; no previous CAFII contact	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	-Pending
Jennifer Calder, Deputy Superintendent of Insurance	-CAFII 20 th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR (participated by phone) -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-See W. Ngu above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
PEI				
Superintendent of Insurance: Robert Bradley, Superintendent	<ul style="list-style-type: none"> -CAFII 20th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct 1/14: Fredericton, NB 	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	<ul style="list-style-type: none"> -refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act (on April 23/15, R. Bradley advised that this may get underway in late 2015) -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues -Maintain and strengthen relationship 	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Newfoundland				
Superintendent of Insurance: John O'Neill, Superintendent	-N/A; appointed in October 2015 -Oct 1/14: Fredericton, NB	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	-Pending
Craig Whalen, Deputy Superintendent of Insurance	-June 2/17 CAFII presentation to CISRO in Saskatoon	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018		-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
FEDERAL/NATIONAL				
CCIR: Martin Boyle, Policy Manager	-liaison lunch on June 23/17 -informal chats during May 3-5 CLHIA Conference -liaison lunch on April 24/17 -CAFII 20 th Anniversary event: April 5/17 -March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -November 29/16 CAFII Holiday Season Reception -October 24/16 CAFII liaison lunch with CCIR Policy Managers -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -May 19/16 CCIR ICPiC teleconference/webinar meeting with CAFII members (L. Balfour and M. Boyle) -May 4/16 lunch meeting in Halifax (with C. Rogers and S. Jacobs)	-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -liaison lunch in late October or November 2017, following CCIR Fall Meeting on October 5-6/17 in Halifax (scheduled October 20/17 meeting canceled by M. Boyle)	-CCIR Annual Statement on Market Conduct -Framework for Cooperative Market Conduct Supervision -CCIR review of travel health insurance -Possible CCIR speakers/panelists at CAFII events -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR audience	-Confirmed -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Tony Toy, Policy Manager Sean Jacobs, Policy Manager (left CCIR/FSCO employ in August 2017 for Risk Manager position with CPPIB Investment Board; Martin Boyle receiving interim support from Tony Toy)	-See M. Boyle above	-See M. Boyle	-See M. Boyle above	-Pending
Patrick Déry, Chair (Superintendent, Solvency, AMF) Harry James, Chair, CCIR Travel Insurance Working Group (TIWG)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF - -May 10/17 teleconference with CAFII reps re CCIR TIWG Communications Plan for release of Travel Health Insurance Position Paper	-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -Q1 2018 meeting with Harry James and TIWG members following May 27/17 release of Travel Health Insurance Products Position Paper (awaiting invitation from CCIR; delayed due to departure of S. Jacobs and CLHIA “consumer testing” of industry’s policy wording reforms)	-CCIR review of travel health insurance -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; maintain and strengthen relationship -CCIR Travel Health Insurance Products Position Paper (expected May 2017) and CAFII response to same	-Confirmed -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Laurie Balfour, Chair, CCIR Insurance Core Principles Implementation Committee (ICPiC)	<ul style="list-style-type: none"> -CAFII 20th Anniversary event: April 5/17 -March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 19/16 CCIR ICPiC webinar presentation for CAFII members (L. Balfour and M. Boyle) 	-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto	<ul style="list-style-type: none"> -Harmonized Annual Statement on Market Conduct -Framework for Co-operative Market Conduct Supervision in Canada -ICPiC work on IAIS' Insurance Core Principles 	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
CISRO: Ron Fullan, Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB)	-June 2/17 CAFII presentation to CISRO in Saskatoon -CAFII 20 th Anniversary event: April 5/17 -R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto	-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto (R. Fullan attends in capacity as CISRO Chair)	-national, online licensing system for insurance and related harmonization issues -possible CISRO Strategic Plan and opportunity for stakeholders to provide input	-Confirmed
Financial Consumer Agency of Canada (FCAC): Lucie Tedesco, Commissioner Brigitte Goulard, Deputy Commissioner Jane Rooney, Financial Literacy Leader	-May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference -Jun 10/14: B. Goulard was speaker at CAFII event -Feb 10/15 (presentation at CAFII Annual Luncheon)	-None at this time -None at this time -None at this time	-FCAC consultation on its Proposed Supervision Framework and Publishing Principles for FCAC Decisions (released September 29/16 with November 14/16 deadline for submissions) of document expected). CAFII decided not to respond to this consultation, as out-of-scope	
Jeremie Ryan, Director, Financial Literacy and Consumer Education Karen Morgan, Marketing Officer	-Feb. 10/15 (with J. Rooney for presentation at CAFII event) -Jan 9/14 (meeting with M. Gill and B. Wycks in Ottawa)	-None at this time -None at this time		

Report on CAFII Liaison Visits to BC, Alberta, and Manitoba Insurance Regulators and Policy-Makers

Background

From 16-19 October, 2017, a CAFII delegation held six (6) meetings with insurance regulator and policy-maker bodies in British Columbia, Alberta, and Manitoba. This tour was part of the effort to fulfil a key element of the in-development CAFII Strategic Plan that has already received support and consensus, namely to meet face-to-face with all key insurance regulators and policy-makers in their home locales at least once every 18 months.

The CAFII delegation comprised Pete Thorn, TD Insurance and EOC Chair (not in attendance at three BC meetings); John Lewsen, BMO Insurance; Moira Gill, TD Insurance (not in attendance at Alberta Treasury Board and Finance meeting); Diane Quigley, CUMIS/Co-operators Group; Shawna Sykes, CUMIS/Co-operators Group; Charles MacLean, RBC Insurance; and Co-Executive Directors Brendan Wycks and Keith Martin.

Each of the meetings was structured around a three-part agenda—(i) participant self-introductions and get acquainted chat; (ii) a presentation led by CAFII's Co-Executive Directors titled "CAFII: Past, Present, and Future" which included some background on the Association, a brief review of its priorities, a snapshot of its recent research projects and their major findings, and an update on future initiatives such as our revamped website and our new Strategic Plan; and (iii) discussion of current regulatory/policy issues of specific relevance to each body. In our last meeting with the Insurance Council of Manitoba, at its request, we also made an additional presentation on "Creditor's Group Insurance Offered By CAFII Members" which reviewed some of the key features and salient points about our members' distribution of Creditor's Group Insurance, related Fair Treatment of Customers practices, and compliance with the rigorous CGI regulatory regime.

General Observations, Executive Summary, and Key Learnings

Some common themes were observed across all of the meetings, without exception. All of the sessions were notable for the genuine appreciation expressed at our making our way to the regulator/policy-maker's own physical location. There was a consistently high level of engagement and interest, and while the tone differed slightly in the meetings, there was a high degree of respectful and courteous dialogue. The presentations were well-received, with much interest expressed in the content. There was also strong and positive feedback on CAFII's expressed commitment to meet face-to-face with regulators and policy-makers in their own locales no less often than once every 18 months, as well as support for the proposal that we would engage in more research and share the results with regulators and policy-makers in our meetings and interactions with them. The CAFII website modernization initiative garnered much interest and there was a strong level of support for the "consumer focus" we were emphasizing. There was also interest in our Strategic Plan and a desire for us to share a high-level version of the finished Plan when we were able to do so.

17 October, 2017---Insurance Council of British Columbia

CAFII met with the retiring Executive Director of the Insurance Council of British Columbia Gerry Matier and his incoming successor Janet Sinclair at the Council's offices. Janet's participation was notable in that she does not officially join the Council's employ until November 1/17, yet made herself available for this meeting.

Also notable is that, for the first time ever for CAFII, we were invited to present to and meet with the actual Council members, not just the Executive Director and senior staff. These Council members included representatives from the life insurance brokerage community, and while there were some direct questions, the tone was very cordial and professional throughout. There was a high level of engagement and interest, so much so that at the end of the meeting we were told that there was no rush for us to end on time, and the formal meeting continued for 30 minutes past the allotted time; and after the meeting was complete, there was another 10 minutes of informal discussion as the CAFII delegation made its way out of the meeting room.

Brendan Wycks began the meeting by, on behalf of CAFII, paying tribute to outgoing Council Executive Director Gerry Matier, and thanking him for always treating the financial institutions-in-insurance sector as a vital stakeholder; and for maintaining a cordial, open, transparent, and mutually beneficial relationship with CAFII. He also congratulated Janet Sinclair on her appointment as the new Executive Director; and expressed CAFII's wish to have the same productive working relationship with her as it has enjoyed with her predecessor.

CAFII raised the issue of a Restricted Insurance Agent (RIA) regime possibly being introduced in British Columbia, and Gerry Matier indicated that the Council had not had a discussion about that yet. We indicated that in early 2018, when the BC Ministry of Finance releases its Policy Paper emerging from the 10-Year Review of the Financial Institutions Act/Credit Union Incorporation Act, an RIA regime is likely to be proposed. It was very interesting that some Council members indicated during this part of the discussion that they did not know what an RIA license was; and that when the explanation was given that under an RIA regime, it was a requirement for a corporate entity to have a license to permit its employees to sell incidental insurance, that appeared to be a new and foreign concept to some.

A Council member recalled that in its submission to the Ministry of Finance's 10-Year Review of the FIA/CUIA, the Council had recommended that the current licensing exemption for incidental sellers, including CAFII members who sell CGI, should be abolished or severely constrained; and that the Council had proposed a few options for achieving that end, one of which was to have a \$50,000 coverage limit on the licensing exemption, above which a licensed agent would need to be involved. CAFII representatives replied that our Association strongly disagrees with that proposal, as it would produce significant licensing and business process costs for our members.

Gerry Matier also emphasized that in its FIA Review submission, the Council had recommended that the federal Bank Act's prohibition against the selling of insurance in individual bank branches should be lifted.

There was also a very interesting discussion of the current political environment in British Columbia, and whether the minority government would be able to complete the 10-Year Review of the FIA/CUIA process before another election. Gerry Matier noted that minority governments tend not to continue to the end of their mandates, and therefore it's unlikely that the 10-Year Review of the FIA/CUIA will be completed before another provincial election is held in the province.

There were some interesting questions from the Council members. One of the CAFII slides indicated that our travel medical research results (Pollara) indicated that 99% of claims were paid, 75% fully and 24% partially. This was interpreted by a Council member to suggest that 24% of our claims were not fully paid, which she indicated was a poor outcome. It was explained by Charles MacLean from RBC Insurance that this situation can occur where, for example, an individual may be offered a trip back to Canada due to a medical condition, but they want to take an earlier flight than the insurance coverage offers, or they may wish to take business class, to cite a few illustrative examples—and that the insurance will only pay for the cost of the trip that the coverage allows, hence the partial payment. She found that to be a satisfactory answer.

Another member of the Council challenged the concept of an exemption from individual licensing for financial institution employees selling insurance, saying that it put consumers at risk. This individual said that three conditions were necessary for an appropriate sale—product knowledge of the seller, product knowledge of the buyer, and the suitability of the product; and that non-licensed individuals would not meet the “product knowledge of the seller” criteria. In reply, we explained both the relative simplicity of the CGI products our members sell, and the training and support that their employees receive.

Other points raised in the discussion were about the presentation made by CAFII to Saskatchewan Minister of Finance Kevin Doherty on June 1/17 regarding that province's introduction of PST on insurance premiums; on the importance of harmonization of licensing standards across jurisdictions, with a particular emphasis on the importance, if B.C. introduces an RIA regime, that it be as identical as possible to those already in place in the other Western provinces; and an update on CAFII's upcoming meeting with Saskatchewan Insurance Councils Executive Director Ron Fullan and his deputy April Stadnek on the possibility of achieving “representation” and a voice for restricted licence holders in that province through an advisory committee to the Executive Director, or to the Councils—something we urged the BC Council to consider if an RIA regime is introduced in its own province.

There was also an interesting discussion of a scandal re cheating on the Life Licence Qualification Program (LLQP) modular exams, by groups of individuals from particular organizations, which the Council has recently uncovered and is addressing. Gerry Matier also indicated that he did not feel that the Council's current loose, unprescribed continuing education requirements were sufficient for ensuring adequate protection of consumers, and that additional requirements were needed to achieve that goal.

Another key point that made by CAFII was that many of the transgressions and the lack of compliance that occurs in the sale of incidental insurance is with less-established or credible players; and that, in contrast, CAFII member bank and credit union financial institutions have tremendous reputational risk if they are not compliant. There is a strong culture amongst all of our members to ensure protection of consumers and adherence to regulatory regimes, with strong compliance departments that enforce this.

Janet Sinclair, the incoming Executive Director, was attentive but did not speak during the meeting. But she spoke in-person with several members of the CAFII delegation after the meeting and said that she found the meeting very informative and productive. She indicated that she was very pleased about our intention to meet in-person with the Insurance Council in Vancouver at least once every 18 months, and that she looked forward to working with us. She was cordial and friendly.

17 October 2017—British Columbia Ministry of Finance

We held a meeting with two individuals from the Ministry of Finance, namely Kari Toovey, Acting Executive Director, Strategic Projects & Policy (head of 10-Year Review project), (Kari is normally Director, Legislative Policy Projects, Strategic Initiatives Branch, Policy & Legislation Division, Ministry of Finance), along with a junior associate. Kari is acting in the Executive Director role because Elizabeth Cole is currently on an extended leave. Kari's colleague in the meeting did not participate in the discussion. They travelled to our meeting in Vancouver from Victoria, for which we expressed much appreciation.

Importantly, Kari mentioned that she expected that the possibility of an RIA regime in BC would be proposed in the Policy Paper now scheduled to be released in early 2018 as the next phase in the 10 Year Review of the FIA/CUIA. In that connection, on behalf of CAFII, Moira Gill stressed the critical importance of absolute harmonization with the other Western provinces that already have an RIA regime, and of a sufficient implementation period being provided for our members, between the notification about a new regime and the date of its implementation.

There was an open and fruitful discussion that covered many of the same issues discussed in our Insurance Council of British Columbia meeting, including our views on a possible RIA license regime in that province, and our concerns about being “tarred by the same brush” due to the behaviour of other players in the incidental sales of insurance space who do not adhere to the high standards we emphasize around compliance and the Fair Treatment of Customers.

Kari was very open about how the recent change in government in British Columbia, which had resulted in a new Minister and Deputy Minister of Finance, had slowed down the advancement of the 10 Year Review of the FIA/CUIA. She acknowledged that the Review was at least one year behind schedule on its original target of the Fall of 2018 as the “in force” date for any resulting legislative and/or regulatory changes. She said, however, that things were recently progressing more quickly and that it was her responsibility and the responsibility of her colleagues to act on the assumption that the current government would complete its mandate, and by extension to operate on the basis that completion of the 10 Year Review of the FIA/CUIA would be achieved by the current government.

Kari was very interested in our comments on commissioning more research, and indicated that she would be pleased to learn more about what topics we were planning to pursue. We also had a discussion about innovation and the pace of change in the industry, with CAFII members indicating that the regulatory regime can play an important role in either fostering, or constraining, innovation and technological change. It was mentioned that a flexible regulatory regime -- for example the willingness to use “regulatory sandboxes” that give innovators some temporary relief from some regulations during the critical initial stage of development -- was important in fostering innovation. Kari was interested in this concept and asked us to share with her, over time, any examples that come to our attention of regulatory rules that are constraining innovation in our industry.

17 October 2017 -- British Columbia Financial Institutions Commission (FICOM)

CAFII met with four staff executives from the B.C. Financial Institutions Commission (FICOM): Frank Chong, Acting Superintendent of Financial Institutions; Michael McTavish, Acting Executive Director, Market Conduct Supervision; Harry James, Senior Regulatory Advisor; and Doug McLean, Executive Director, Insurance and Trusts.

This meeting had a slightly different tone than any of the others, with a more formal and officious flavour and less of a sense of collaboration. The impression left was that FICOM intended to assert its authority and imprint on attendees and that it expects to be taken seriously. There was mention – by FICOM -- of the cease and desist order it had recently issued against Western Life Assurance; and the explicit point was made -- both by Frank Chong, the Acting Superintendent of Financial Institutions, and Michael McTavish, who led the investigative and enforcement efforts on this initiative -- that the order was meant to let the industry generally know that lack of compliance would not be tolerated, and would produce consequences. It was added that it was preferable for players to understand the importance of compliance as opposed to the regulator needing to enforce rules, but that if enforcement was required, it would occur.

These comments were made in the context of an earlier statement that travel insurance and CGI had been and would continue to be “an important focus for FICOM.” In the particular case of Western Life Assurance, the point was repeated that it was not sufficient to be compliant with one’s internal processes; FICOM stated that “insurers own the distribution” and were expected to exhibit knowledge of and exercise control over their distributors.

An added point was that there would be additional attention to enforcement of regulations on travel insurance from FICOM in the future, but the intention was not to surprise industry; institutions that are compliant will not be subject to action. FICOM representatives indicated that more general, thematic regulatory issues would be pursued through CCIR.

FICOM expressed an interest in the Financial Consumer Agency of Canada (FCAC) review taking place around alleged “high pressure sales” by banks, and CAFII members were asked if they could provide an update. A few CAFII members gave a high-level overview of where their institutions were in the review process. Frank Chong asked whether this review by FCAC on pressure selling included a review of the sale of CGI, and the response was that this was not a significant focus of attention in the review to date, with the strong focus instead being on core bank products.

FICOM representatives also stated that it was necessary to think about how the sales process ultimately affects the consumer. FICOM added that it was not an excuse if a sales practice by a third party was not understood by the institution whose product is being sold (hearkening back to the cease and desist order against Western Life Assurance).

Harry James spoke about the current status of the CCIR Travel Health Insurance Products Position Paper. He noted that Joan Weir at CLHIA is currently engaged in consumer testing, via focus groups, of some of the recommended changes to policy wording and design coming out of the industry reforms arising from the Position Paper. We indicated that we would follow up with Joan Weir about this.

We also mentioned that we are planning to do an update of our Pollara research study on consumers' experiences and satisfaction with travel medical insurance, and FICOM expressed an interest in our findings.

Frank Chong mentioned that the CCIR has created a Natural Catastrophes Working Group and that given B.C.'s experience with and vulnerability to these types of incidents such as wildfires and earthquakes, FICOM had been asked to chair this group for CCIR.

In closing, Frank Chong advised that FICOM is undergoing a governance review at the direction of the new government, which is being led by former B.C. Deputy Minister Bob de Faye. He was doing this governance review under very constrained timelines and a limited consultative outreach, but he would be meeting CLHIA CEO Stephen Frank. We asked about whether CAFII might be consulted, but the response was that the timelines were too tight to expand the consultative schedule.

18 October 2017--Alberta Treasury Board and Finance

CAFII met with a group comprised of the following Alberta Treasury Board and Finance staff executives: Nilam Jetha, Assistant Deputy Minister and Superintendent of Insurance, whom we met for the first time; David Sorensen, Deputy Superintendent of Insurance, whom we also met for the first time; Wayne Maday, Director, Insurance Policy; Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch; and Linda Gorham, Special Assistant to the Assistant Deputy Minister.

There was a very open, collegial, and friendly tone to the meeting, with a spirit of collaboration and information-sharing. Nilam Jetha was interested and attentive, but did not offer many comments; Laurie Balfour was the most vocal and engaged of the attendees from ATBF.

There was interest and support for CAFII's key points in our opening comments and presentation; and appreciation for our intention to visit regulators and policy-makers in Alberta on a regular basis. On the subject of research, there was an explicit request for us to share our research findings on a regular basis, and a suggestion that we should make a plan to do so as well with CCIR.

CAFII provided updates of interest to ATBF -- several related to recent discussions with the Alberta Insurance Council (AIC), including our discussions with them in the past year on their definitions of the four types of credit-related insurance that can be offered under a Restricted Certificate of Authority.

Laurie Balfour gave a detailed and transparent update on the status of the CCIR's Annual Statement on Market Conduct. She indicated that while tweaks and adjustments re instructions and related explanations were being made to the Year 2 version of the Annual Statement, any material changes to the Statement would only be introduced in the Year 3 version of the Statement, at the earliest, and only after consultation with the industry. It was observed and agreed that IFRS 17 – an international accounting standard related to the recognition of insurance contracts – could have an impact on the CCIR Annual Statement, and delay the introduction of any substantive changes until the Year 4 version.

CAFII mentioned that CCIR Policy Manager Martin Boyle had previously advised CAFII that CCIR would be in a position to share an aggregated results report from the Year 1 Annual Statement in late 2017.

However, Laurie Balfour advised that sharing aggregated results from Year 1 was not realistic, and that there would likely be delays in analyzing results in general. Furthermore, she indicated that the Year 1 survey was based on “best efforts” attempts by industry participants, and that a learning was that this was interpreted widely by industry participants, such that consistency of inputs and the ability to affectively analyze information was challenging. The unstated impression left was that there were significant data and analytics challenges facing the reporting of results from the Annual Statement, which would be consistent with industry experience.

An interesting fact shared with CAFII was that no ATBF representative would be attending the CCIR Annual Stakeholder Meetings coming up on October 25/17 in Toronto in-person, due to travel restrictions on government departments, and instead they would be teleconferencing into the meeting.

ATBF reiterated their interest in CAFII’s research efforts and asked us to keep them informed of our progress in this area; and they indicated a great interest in our new Strategic Plan and asked us, if possible, to share a copy with them when that initiative was complete.

Brendan Wycks informed the ATBF representatives that in CAFII’s meeting with the Alberta Insurance Council that afternoon, he would be extending thanks and kudos to the AIC and its CEO Joanne Abram for strong, steady, veteran executive leadership of Council; principles-based regulation; finding a fair balance between consumer protection and fostering industry efficiency and innovation; and progressive leadership within CISRO.

18 October, 2017--Alberta Insurance Council

CAFII met with the following four Alberta Insurance Council staff executives in Edmonton: Joanne Abram, CEO (Edmonton office); Anthonet Maramieri, Chief Operating Officer (Calgary office); Warren Martinson, Director of Legal & Regulatory Affairs (Calgary office); and Sylvia Boyetchko, Director of Licensing (Edmonton office).

The meeting was notable for its cordiality and atmosphere of partnership, with Joanne Abram and Anthonet Maramieri very engaged. There was much interest in the CAFII presentation, with Joanne and Anthonet asking several questions about CAFII’s website modernization initiative. They indicated an interest in being advised of when the new site was formally launched. Research by CAFII was also an area they expressed interest in, and they seemed genuinely interested in taking us up on our invitation to share with us their views of research topics that they would find helpful to get more information about.

An ongoing issue that we have been interfacing with the AIC on is their intention to publish definitions on their website of the four types of credit-related insurance that can be offered under a Restricted Certificate of Authority in Alberta. Both CAFII and CLHIA have shared some recommendations on alternative wording on some of the definitions, which were largely incorporated into a new July 2017 draft of the proposed definitions. However, in a recent conversation with CLHIA, we learned that there is still concern within that Association about some of the proposed wordings, and a desire for the definitions to not be published by the AIC.

Joanne Abram, in updating us on this issue, explained that with a relatively new government in Alberta, there was a desire to review the governance process for appointments to public agencies and Councils such as the AIC. As a result, while the Council currently has adequate insurance industry representation to meet quorum requirements and make decisions, both of the two public representative seats on the Council are currently vacant. Joanne feels that it is important for public representatives to be part of the deliberations on her recommendations to Council on this issue; and, as a result, this agenda item is in limbo and being held on the back burner until two new public representatives are appointed and have had a chance to familiarize themselves with this issue.

CAFII raised the issue of trying to create a vehicle for representation and a voice for RIA licence holders on the Alberta Council. Joanne Abram reiterated that she is supportive of that effort and said that she would be keenly interested in the outcome of CAFII's and CLHIA's discussions on this issue, slated to take place on 27 October, 2017, with Ron Fullan, Executive Director, and April Stadnek, Director of Compliance, Insurance Councils of Saskatchewan. Joanne requested that we keep her informed. Mention was made that the CLHIA had developed a document outlining the Terms of Reference for such an representational/voice body, and Joanne Abram requested that we ask CLHIA if they can send a copy to her attention.

CAFII noted that there had been mention of some changes to the licensing regime in Alberta, and Joanne Abram responded that some comments she had made on a panel at the 2017 CLHIA Compliance and Consumer Complaints Conference in London, Ontario had been misinterpreted. She had indicated that there was exploration of expanding the mandate of the Council, but this was not intended in any way to suggest that the structure or purpose of the existing RIA regime was undergoing a review. Rather, the issue is that with new technologies and players cropping up in the industry, it was important for the Council to have the flexibility to review and respond to new developments. She mentioned the possibility that some of the current arrangements for travel insurance-related licensing may be reviewed as part of this effort.

Joanne Abram also noted that currently, renewals of licenses can currently be done online in Alberta, and it is the intention of the AIC to extend this online capability to applications for new licenses starting in the Spring of 2018.

The AIC expressed interest in the work being done on wording for travel insurance documents as part of the efforts of the CAFII Travel Medical Experts Working Group. We let the AIC representatives know that at our BC FICOM meeting, we learned that the CLHIA was sending some of the proposed wording and design enhancements out for consumer testing via focus groups. There was interest in the outcome of that effort and a request that it be shared with the AIC.

In concluding the meeting, on behalf of CAFII, Brendan Wycks extended thanks and kudos to the AIC staff and CEO Joanne Abram for strong, steady, veteran executive leadership of Council; principles-based regulation; finding a fair balance between consumer protection and fostering industry efficiency and innovation; and progressive leadership within CISRO, including developing the Canadian Insurance Participant Registry (CIPR) as the platform for a nationally harmonized insurance licensing system.

19 October, 2017--Insurance Council of Manitoba

CAFII's final meeting in its Western tour was with the Insurance Council of Manitoba. The meeting was unique in that the members of ICM's Incidental Sales of Insurance (ISI) Committee (an ad hoc committee established in 2015, at the time that Manitoba implemented its new RIA regime) were invited to attend as well. Because of the large size of the group of attendees at the meeting, it could not be accommodated at the ICM's offices, so the Chair of the ISI Committee, Paul Brett, hosted it at his law firm Thompson, Dorfman, Sweatman LLP. In attendance from the Insurance Council of Manitoba were Barbara Palace Churchill, Executive Director; Lee Roth, Investigator; and Heather Winters, Director, Licensing & Compliance. Also in attendance was Deputy Superintendent of Insurance Scott Moore from the province's Financial Institutions Regulation Branch (FIRB).

The meeting attendees were engaged and interested, with much dialogue occurring in a nearly two-hour meeting. At this meeting, we presented the same "CAFII: Past, Present, and Future" presentation along with another presentation on "Creditor's Group Insurance Offered By CAFII Members" which reviewed some of the key features and salient points about our members' distribution of Creditor's Group Insurance, related Fair Treatment of Customers practices, and compliance with the rigorous CGI regulatory regime.

There was interest in our CAFII website modernization initiative and our intention to conduct more research. There was discussion around the impact of technology and innovation on the industry, and it was suggested that CAFII and ICM could collaborate on these developments and their impact on the regulatory environment.

CAFII asked a question about possible upcoming adjustments to the RIA regime in Manitoba, to which Scott Moore gave a detailed response. He explained that it was not the intention to change the approach around RIA licenses for those holding them, but rather any adjustments to the system were about allowing the Council to respond more quickly to developments in the marketplace, for example giving it the ability to respond to ISI players who were emerging but didn't fall under the auspices of the RIA regime as currently provided for in legislation and regulations. It was noted that the ICM's mandate is under the jurisdiction of the Superintendent of Insurance, and the intention is to give Council the ability to have the flexibility to look at new products and services and to recommend quickly to the Superintendent appropriate policies and oversight, and to shut down inappropriate activity.

Lawyer and meeting host Paul Brett was very engaged in the dialogue throughout and noted that he was very supportive of, and recommending to the ICM, "delegated regulatory approaches" – also known as a "Delegated Administrative Authority" – under which a regulatory authority allows for regulations to be administered by outsourced third parties to avoid bottlenecks. He said that FSCO was a prime example of a regulator that used this sort of regulatory practice and that it was highly effective.

There was an interesting discussion on the impact of technology on the industry, and specifically how incidental sales of insurance would occur when the product that the insurance was associated with was sold online; and how such online activities could best be regulated and licensed. It was agreed that this was a significant emerging issue that CAFII and the ICM could collaborate on.

CAFII also mentioned that we were exploring with Saskatchewan Insurance Councils Executive Director Ron Fullan and his deputy April Stadnek the possibility of an advisory committee for achieving representation and a voice for RIA licence holders, and we were asked to keep the Manitoba Council informed of developments.

One member of the ISI Committee mentioned concern around a specific product sold in car dealerships, where the insurance coverage related to a vehicle purchase was being sold under a “single premium” structure and being wrapped into the principal. This product had resulted in instances where the policyholder was not getting refunded a portion of the premium paid where he/she had paid off the loan before the amortization period was complete. We said that we were not aware of the existence of such a product; and ICM investigator Lee Roth challenged this, noting that he had encountered it and suggested that our members were selling it indirectly through car dealerships in Manitoba. We had a discussion around this product and offered to investigate internally to better understand the issue.

Overall, there was a high level of engagement and interest in the dialogue throughout this meeting, so much so that at the end of the meeting we were told that there was no rush for us to end on time, and the formal meeting continued for 15 minutes past the allotted time. And after the meeting was complete, there was another 10 minutes of informal discussion as the CAFII delegation made its way out of the meeting room.

Website Key Launch Dates—Proposal to the Board of Directors
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- The website should be completed by 27 October 2017
- A small internal group (Co-Executive Directors Keith Martin and Brendan Wycks, EOC Chair Pete Thorn, Media Consultant David Moorcroft, Media Advocacy Chair Charles Blanquiere) will review the completed site (one week)
- In early November 2017 there will be a soft launch for internal CAFII people to familiarize themselves with the site:
 - Board of Directors
 - EOC
 - CAFII Committees
 - Media Consultant
 - CAFII Staff
- The formal, public launch of the site is proposed for **14 November 2017**. A press release will accompany the hard launch. On the date of the hard launch, all of the content of the site will populate www.cafii.com

News release

**NEW WEBSITE AIMS TO MAKE INSURANCE INFORMATION
SIMPLE AND ACCESSIBLE FOR CANADIANS**

Toronto, November 14, 2017 – A new [website](#) designed to help consumers become more aware of the range of insurance options available in Canada and to understand more about them was launched today.

Created by the Canadian Association of Financial Institutions in Insurance (CAFII), the [website](#) explains how more than a dozen types of insurance work including Mortgage Default Insurance and Life Insurance, as well as a wide range of Creditor's Group and Travel Insurance products. These products include Mortgage Life Insurance, Mortgage Disability and Critical Illness Insurance, Job Loss Insurance, Payment Protection Insurance, Travel Medical Insurance, and Trip Cancellation and Interruption Insurance.

In addition, the [website](#) provides a number of helpful resources including a handy list of Frequently Asked Questions, and information on how consumers can make an enquiry or complaint to their CAFII-member insurance provider. It also includes Association and industry news.

According to Keith Martin, co-executive director of CAFII, the new [website](#) is the latest step in helping to fulfill the organization's goal of making insurance simple and accessible for Canadians.

"Consumers benefit from having a wide choice of insurance products and distribution channels in Canada, but many are not familiar with them or how they work," Mr. Martin said. "While our new website is still a work in progress, we hope that consumers will find it useful in helping them make more informed choices."

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About CAFII:

The Canadian Association of Financial Institutions in Insurance is a not-for-profit Association dedicated to the development of an open and flexible insurance marketplace. CAFII was established in 1997 to provide a voice for financial institutions involved in selling insurance through a variety of distribution methods. CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services.

Media contact:
David Moorcroft, Public Affairs Advisor
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Tel: +1-416-727-1858

Media Protocol Process—Modified From Media Protocol II

Responding to Negative Media Columns/Articles

- Once the CAFII Board approves the content of the proposed responses to negative columns/articles, this material will be the pre-approved source material for a Letter to the Editor response
- Such a Letter to the Editor would be based on this pre-approved content, with necessary modifications to respond to the specific column/article
- Approval for a Letter to the Editor response would come from a Committee comprising
 - The CAFII Co-Executive Directors;
 - The Chair of the CAFII Board;
 - The Chair of the CAFII EOC; and
 - CAFII's Media Consultant
- The Letter to the Editor would be signed by Co-Executive Director Keith Martin and would not require further approvals, if the Committee above approves it

Letter to the Editor (V8 updated October 20)

Following are some proposed responses to negative media columns/articles, a collaborative effort between CAFII's Co-Executive Directors and Media Consultant David Moorcroft. Our Media Consultant has made the latest edit with the following objectives in mind:

- 1. Meet the Globe and Mail's policy for letters to the editor, which states: The Globe and Mail welcomes letters on any subject but reserves the right to condense and edit them. Brevity counts. All letters should be less than 150 words, and must include the name, mailing address and daytime phone number of the writer.*
- 2. Refrain from repeating the negative criticism, and where possible, use the letter as an opportunity to list the positive aspects of creditor insurance and the institutions that provide it.*
- 3. Use simple language to make the arguments advanced in the letters more readable and understandable.*
- 4. Where possible, use data and information to support the central message of the letter.*

ISSUE 1: General Criticism of Creditors Insurance

Re: headline of article (date): I'm writing in response to your story about creditor insurance published on (insert date). Your article failed to mention many of the positive aspects of creditor insurance sold by financial institutions across Canada for products such as mortgages, personal loans, lines of credit and credit cards.

For example, creditor insurance is available for a wide range of options, some of which such as job loss insurance may be hard to obtain elsewhere. It is also available in small coverage amounts, which is not always the case with other types of insurance such as individual term life, critical illness, or disability insurance. In fact, lower-income Canadians seeking moderate levels of insurance represent one of the most under-served segments in the overall insurance marketplace.

Further, all types of creditor insurance are provided under a group policy, which means more Canadians are accepted for coverage and they benefit from economical standard group rates. In fact, a 2015 independent actuarial study found that for several types of coverage, creditor insurance was less expensive than an identical amount of individual insurance, for many types of consumers. In addition, creditor insurance is the most accessible insurance in the country, with Canadians enjoying coast-to-coast access to it through more than 8,000 branches, telephone contact centres, and the internet.

Perhaps most important of all, the availability of creditor insurance through banks and credit unions across Canada provides consumers with one more option, which is good for competition.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 2: Customers Do Not Understand What They Purchased

Re: headline of article (date): Thank you for pointing out the need for consumers to understand the type of coverage they are buying when they purchase insurance. We agree.

Members of the Canadian Association of Financial Institutions in Insurance (CAFII) take great pride in helping clients choose the coverage that best meets their needs. For example, our members employ highly trained, salaried personnel who are available to explain all the coverages and the exceptions to coverage. They encourage all policy purchasers to carefully read what they will be covered for, and the policy documents are written in clear, easy-to-understand language.

In addition, CAFII recently launched a new website that is designed to help consumers become more aware of the range of insurance options available in Canada and to understand more about them.

While it is always disappointing to hear about a consumer who didn't understand his or her coverage and had a claim denied, such situations are very uncommon. For example, according to a 2015 independent actuarial study, 95% of claims made under Mortgage Life Insurance policies are paid.

So while more work remains to be done to educate consumers about insurance, I believe we are heading in the right direction.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 3: Customers Pressured into Purchasing Product and Cannot Easily Cancel Coverage

Re: headline of article (date): Financial institutions in Canada that sell creditor insurance adhere to a strict code of conduct that prohibits the use of pressure tactics to sell insurance.

In addition, coercive tied selling, which means making the obtaining of one product contingent upon the purchase of another, is against the law. Negative option marketing, which is automatically selling you something unless you proactively decline, is also illegal.

These practices are not permitted and are not used by our member financial institutions. Furthermore, our members' insurance advisors and agents are bound by their respective codes of conduct and/or license responsibilities, breaches of which could result in disciplinary action, monetary penalties, etc.

In addition, customers have a “free look” period (typically 30 days) during which they have insurance coverage but can cancel with a full refund of the premium paid. After the free look period is over, customers can cancel their coverage at any time and pay no further premiums.

Every week, employees at our member institutions sell creditor insurance to thousands of Canadians based on these principles, and their track record of high levels of customer satisfaction suggests it is largely working the way it should. It is unfortunate that your article implied otherwise.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 4: Premiums do not Decline over Term, while Mortgage Debt Does

Re: headline of article (date): Your article failed to mention many of the positive features of mortgage life insurance, a form of creditor insurance offered by banks and credit unions across Canada.

For example, unlike with individual term life insurance where a customer’s premium will substantially increase whenever he or she has to renew the policy at an advanced age, the premium for mortgage life Insurance remains stable over the full duration of the mortgage with the customer’s financial institution. This provides customers with a predictable, constant and affordable premium throughout the entire life of the mortgage.

Furthermore, should a customer’s mortgage balance reach a level where they no longer feel the cost of having life insurance on it is worthwhile, they can always cancel the coverage without penalty and pay no further premiums.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 5: Insurance Claim Paid to Bank, not Customer

Re: headline of article (date): Your article suggests that since the death benefit from mortgage life insurance – a form of creditor insurance offered by banks and credit unions across Canada-- goes toward paying off a mortgage debt rather than to the surviving heirs, it mainly benefits the mortgage holder. Nothing could be further from the truth.

The reality is that for many Canadians, their home represents their most cherished asset, and their mortgage is their largest debt obligation. When people take out mortgage life insurance through their financial institution, it’s because they want that debt to be taken care of in the event of their untimely death, making it easier for their family to remain in the home. This

'peace of mind' is important during a difficult time, especially if the family has lost their primary income earner.

The bottom line is that mortgage life insurance provides Canadians with an additional means of providing financial security for their loved ones, and can complement other types of insurance coverage.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 6: *Strict Underwriting Makes Product Hard to Get*

Re: headline of article (date): Contrary to what your article implied, creditor insurance – offered by banks and credit unions across the country-- is among the easiest, fastest, and most convenient insurance coverage for Canadians to obtain.

Most applicants for this type of coverage are insured immediately without the need for additional health questions or medical tests. Further, a 2015 independent actuarial study showed that 80% of mortgage life insurance applications in Canada are approved at the time of initial application.

As well, all types of creditor insurance are provided under a group policy, which means more Canadians are accepted for coverage and they benefit from economical standard group rates. In fact, the same 2015 independent actuarial study found that for several types of coverage, creditor insurance was less expensive than an identical amount of individual insurance, for many types of consumers. In addition, creditor insurance is the most accessible insurance in the country, with Canadians enjoying coast-to-coast access to it through more than 8,000 branches, telephone contact centres, and the internet.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 7: *Product is Too Expensive*

Re: headline of article (date): Contrary to what your article suggested, creditor insurance offers good value and very competitive rates for Canadians.

In fact, a 2015 independent actuarial study found that for many types of coverage -- including disability, critical illness and life -- creditor insurance was less expensive than an identical amount of individual insurance, for many types of consumers.

For example, the study found that creditor insurance for critical illness was less expensive than individual critical illness insurance for all ages, amounts and genders. Furthermore, the study

showed that creditor life insurance is less expensive than individual Term 10 life insurance (renewed once over 20 years) for almost all (94%) of the customer profiles covered in the study; and it's less expensive than Term 20 life insurance for more than half (55%) of the customer profiles covered in the study.

The bottom line is that creditor insurance is a fairly priced, competitive product and an important insurance option available to Canadians through banks and credit unions across the country.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 8: *Difficult to Complain about Product*

Re: headline of article (date): Contrary to what your article suggested, financial institutions that sell creditor insurance take great pride in providing excellent customer service and have put in place robust procedures for receiving, investigating, responding to, and resolving consumer enquiries and complaints.

These procedures include clear information on how to make a complaint, what information to provide, and contact information for submitting a complaint. Furthermore, many of these institutions have a process in place for escalating unresolved complaints to their own Ombudsperson, and onwards to an industry Ombudservice should the situation warrant.

While there is always room for improvement, the demonstrable evidence shows that employees at the banks and credit unions across Canada that sell creditor insurance are working hard to ensure their customers are well-served.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 9: *Difficult to Complain about Travel Insurance Product*

Re: headline of article (date): Contrary to what your article suggested, financial institutions that sell travel insurance take great pride in providing excellent customer service and have put in place robust procedures for receiving, investigating, responding to, and resolving consumer enquiries and complaints.

These procedures include clear information on how to make a complaint, what information to provide, and contact information for submitting a complaint. Furthermore, many of these institutions have a process in place for escalating unresolved complaints to their own Ombudsperson, and onwards to an industry Ombudservice should the situation warrant. This process ensures a thorough and unbiased review of the consumer's concern.

In addition, research has shown that consumers of travel insurance give the industry high marks for customer satisfaction. For example, a study by Pollara Strategic Insights in 2015 that looked at the satisfaction levels of consumers who purchased travel medical insurance showed that 94% gave their purchase experience a very high rating.

While there is always room for improvement, the demonstrable evidence shows that employees at the banks and credit unions across Canada that sell travel insurance are working hard to ensure their customers are well-served.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

October 13, 2017

Autorité des marchés financiers
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Dear Sir/Madam:

Thank you for seeking stakeholder feedback on your July 2017 Issues Paper on *“Managing Conflict Of Interest In Relation To Incentives.”* CAFII appreciates the opportunity to provide our Association’s comments on matters addressed in the Paper.

Our comments are mainly of a general, high level nature, in keeping with a risk- and principles-based perspective. We determined that it would **not** be appropriate for our Association to attempt to answer the specific questions raised in the Issues Paper because (i) the compensation model that CAFII members use is predominantly salary-based; and (ii) many of the 17 questions seem directed solely at insurance companies; and, within an industry Association, answering them would require the sharing and discussion of proprietary information which could potentially be perceived as anti-competitive collusion.

To elaborate briefly on the compensation model used by our members, CAFII member client service representatives – the majority of whom are salaried staff – are highly supervised both in branch and in client contact centres. Our members’ client service representatives undergo comprehensive and recurring product training, to enable them to provide consumers with accurate and reliable information; as well as ethics and integrity training which underscores the importance of fair treatment of consumers (FTC). The training provides client service representatives offering insurance with the knowledge, skills, and tools to do their jobs and serve clients well. It also ensures that they, as sales personnel, and our member companies, as their employers, act in accordance with applicable federal and provincial/territorial insurance legislation and regulations; and industry guidelines.

General Comments and Observations

CAFII recognizes that the current consultation on managing incentives-related conflicts of interest -- as well as the AMF’s Sound Commercial Practices Guideline and related supervisory examinations for compliance, from which the Issues Paper emanated -- have their root in the International Association of Insurance Supervisors’ (IAIS) *Insurance Core Principle 19: Conduct of Business*. Our Association often refers to ICP 19 as a benchmark for discussing industry best practices and ways that companies can do an even better job on FTC.

With respect to the situation here in Canada, we offer some observations on CLHIA’s February 2016 paper *“Insurance Distribution In Canada: Promoting A Customer-Focused System,”* which is referenced in the Issues Paper.

CAFII agrees with CLHIA's viewpoint that "in Canada, the potential for conflicts of interest (or the perception of such) is managed in a twofold way – first, by fostering needs-based selling and making recommendations that are suitable to the customer; and second, by advisor disclosure about the insurers that they represent and how they are paid. This is reinforced through CCIR's principles for managing conflicts of interest, and supported by industry practices and guidelines."

CAFII members support, and make every effort to embed in their organizational cultures, the industry practices guidance which CCIR has issued with respect to FTC and managing conflicts of interest – namely that the customer's interest must take precedence over the salesperson's/advisor's; that the salesperson/advisor must disclose conflicts or potential conflicts of interest; and that the product sold must be suitable for the needs of the customer.

CAFII members also comply with applicable CLHIA Guidelines; and in particular, we offer the following observations on *Guideline G13, Compensation Structure: Managing Conflicts of Interest*; and *Guideline G14, Confirming Advisor Disclosure*, which are prime examples of how the industry has responded to regulators' concerns in this area.

Our Association concurs with G13's fundamental premises that "a robust compensation system is needed to attract and retain qualified professionals to offer, place and service life and health insurance products that meet the needs of the consumer. At the same time, it is important that well-designed compensation systems be alert to the risk that sales-related compensation could create conflicts of interest" and that "one element of FTC is that remuneration and reward strategies take account of fair customer outcomes."

With respect to G14, our members support and comply with all applicable provisions related to Advisor Disclosure but particularly -- as alternate/direct distributors of creditor's group insurance, travel insurance, and other types of life and health insurance -- its provision that "where an insurer accepts an application through a call centre or online process using a licensed life and/or accident & sickness insurance agent, the insurer's processes should also ensure that appropriate disclosure has been made."

Specific Comments and Observations

CAFII agrees with the Issues Paper's classification of Salary as a low risk incentive, as it is usually fixed and does not factor in a salesperson/advisor's sales volume or performance and is not geared toward the sale of a specific product. However, we believe that an argument can be made that Salary is not truly a sales incentive akin to the other incentives examined in the Paper; and that, instead, Salary is the "price of admission" for an employer to attract and retain qualified personnel to offer its insurance products and service its policyholders.

We note that Bonuses have been classified in the Issues Paper as a high risk incentive. However, we would caution that that is not always the case, particularly where a bonus is structured as a component of an overall compensation package that is based on a number of objectives and not just sales or premium volume, e.g. a package that includes FTC and related customer satisfaction objectives.

Our final comment relates to the fact that CCIR's recently launched *Annual Statement on Market Conduct —Life and Health Insurance Industry* and the parallel *Annual Statement on Market Conduct —Property and Casualty Industry* contain comprehensive sections on *Sales and Incentives Management*. Therefore, we would encourage the AMF to use the nationally harmonized *Annual Statement* – of which the Autorité has been a prime mover in design and implementation – for such regulatory supervision and monitoring initiatives in the future.

We make that recommendation for two reasons: (i) the data collected through a mandatory vehicle such as the *Annual Statement* will be more comprehensive and deeper than that which can be obtained through a voluntary Issues Paper consultation. Thereby, *Annual Statement* data can better inform the AMF's next steps in supervision related to managing conflicts of interest and other FTC-related matters; and (ii) taking that approach will reduce the number of independent provincial/territorial requests to industry players for data/responses, thereby fulfilling one of the *Annual Statement's* primary purposes.

Thank you again for giving CAFII the opportunity to respond to the Issues Paper on "Managing Conflict Of Interest In Relation To Incentives." Should you require further information or wish to meet with representatives of our Association at any time, please contact Brendan Wycks, our Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Peter Thorn
Board Secretary and Chair, Executive Operations Committee

ABOUT CAFII

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

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

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

CAFII 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; and TD Insurance – along with major industry players American Express, Assurant Solutions, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd.