

CAFII Executive Operations Committee Meeting

Date: Tuesday, October 25, 2016

Location: TD Insurance

320 Front Street

2nd floor, Jasper Room, Toronto

Chair: E. Fang

Time: 2:00 – 4:00 p.m.

Dial-in: 416-764-8662 or 1.888-884-4534

Participant: 4532491#

Agenda

Item	Presenter	Action	Document
1. Call to Order	E. Fang		
2. Approval of Agenda and Previous Minutes			
a. EOC Minutes of September 20, 2016	All	Approval	✓
b. Board Minutes of October 4, 2016	All	Approval	✓
c. Summary of Board and EOC Action Items	B. Wycks	Update	✓
3. CAFII Financial Management			
a. Financial Statements as at September 30, 2016	R. Rajaram	Approval	✓
b. Development of 2017 CAFII Operating Budget	R. Rajaram/B. Wycks	Update	
4. Regulatory			
a. Consultations/Submissions Timetable	B. Wycks	Update	✓
i. BC 'Effecting' of CGI Issue: Legal Opinion on Auto Dealers are Creditors for a Moment-in-Time	E. Fang	Discussion	
ii. CAFII Engagement of Specialized Legal Counsel Re Quebec Omnibus Bill on Insurance/Distribution Act	R. Beckford/ I. Choquette	Update	
iii. Saskatchewan Insurance Regulations Consultation	R. Beckford/B. Wycks	Update	✓ ¹
iv. FCAC Consultation on Proposed Supervision Framework and Publishing Principles for Decisions	R. Beckford/B. Wycks	Update	✓ (2)
v. Alberta Decision on CI Sold Under a Restricted Certificate	B. Wycks	Discussion	✓
b. Regulatory Update	B. Wycks	Update	✓
c. Regulator and Policy-Maker Visit Plan	B. Wycks	Update	✓
i. Debrief on October 24/16 Liaison Lunch with CCIR Policy Managers		Discussion	
ii. CAFII Annual Stakeholder Meeting with CCIR on December 12 or 13/16		Update	
5. EOC Committee Updates			
a. Research & Education	D. Quigley	Update	
i. Seven Point Guide to Creditor Insurance Regulatory Regime		Discussion	✓
b. Media Advocacy	C. Blaquiere	Update	
i. Implementation of Board-approved Media Strategy			
c. Market Conduct	R. Beckford	Update	
d. Licensing Efficiency Issues	M. Gill	Update	
6. Other Business			
a. CAFII 20 th Anniversary Celebration in 2017	B. Wycks	Update	

¹ Document sent to EOC members directly/individually by B. Wycks, in compliance with FCAA embargo.

Next EOC Meeting: Tuesday, Nov 15/16; Location: TD Insurance, 320 Front St, 2nd Floor, Jasper Room, Toronto

Next Board Meeting: Tuesday, Nov 29/16; Hosted by BMO Insurance at First Canadian Place, 100 King St W, 40th Floor, Toronto; followed immediately by CAFII Holiday Season Reception

CAFII Executive Operations Committee Meeting Minutes

Tuesday, September 20, 2016

Location: TD Insurance, 320 Front St.,

2nd Floor, Jasper Rm, Toronto, ON

EOC Present:

Carol Allen	Assurant Solutions <i>[by teleconference]</i>
Charles Blaquiére	Canadian Premier Life Insurance <i>[by teleconference]</i>
Isabelle Choquette	Desjardins Financial Security <i>[by teleconference]</i>
Eleanore Fang	TD Insurance <i>EOC Chair</i>
Katherine Geisler	CIBC Insurance <i>[by teleconference]</i>
Moira Gill	TD Insurance
Greg Grant	CIBC Insurance
John Lewsen	BMO Insurance
Charles Maclean	RBC Insurance <i>[by teleconference]</i>
Sue Manson	CIBC Insurance <i>[for part]</i>
Diane Quigley	The CUMIS Group <i>[by teleconference]</i>
Raja Rajaram	CIBC Insurance <i>Treasurer [for part, by teleconference]</i>
Andrea Stuska	TD Insurance

Also Present:

Emily Cloutier	T•O Corporate Services <i>Recording Secretary</i>
Brendan Wycks	CAFII <i>Executive Director</i>

Regrets:

Rose Beckford	ScotiaLife Financial
Jason Beauchamp	BMO Insurance
Jérôme Savard	Desjardins Financial Security
Ana Vu	BMO Insurance

1. Call to Order

The meeting was called to order at 2:06 p.m. E. Fang acted as Chair; E. Cloutier acted as Recording Secretary.

2. Approval of Agenda and Previous Minutes

a. Approval of Agenda

The agenda for this September 20, 2016 Executive Operations Committee meeting was approved as circulated.

b. Approval of Draft EOC Minutes of August 23, 2016

The Executive Operations Committee minutes of August 23, 2016 were approved as presented.

c. Summary of Board and EOC Action Items

B. Wycks highlighted Action Items that had been updated since the previous Summary, as follows:

- **#1: Alberta AIC – Follow-up with A. Maramieri and/or J. Abram of the AIC management team to secure a brief telephone meeting to find out what resolution options will be on the table for the LIC's consideration.** This item was completed via a teleconference meeting of CAFII representatives G. Grant, B. Wycks, and E. Cloutier with J. Abram on September 12/16. While Ms. Abram advised that a resolution that is very favourable to CAFII members would be proposed to the LIC, this matter was ultimately not discussed during the LIC's September 14/16 meeting due to time constraints and the absence of some LIC members. J. Abram subsequently advised that, instead, the matter will be dealt with in a special purpose meeting of the LIC to be scheduled for the near future. That meeting will likely take place in the week of September 26-30, as J. Abram is on vacation this week.
- **#8: Revise draft CAFII submission on CCIR Annual Statement on Market Conduct, based on EOC feedback; circulate to EOC and Market Conduct Committee members for final review; and send to CCIR by August 26 deadline.** This item was completed on August 26/16; and, in E. Fang's absence, G. Grant was the signatory on CAFII's submission.

3. Financial

3.1 Financial Statements as at August 31, 2016

Treasurer R. Rajaram commented on the Statement of Operations, noting that while August was essentially a break-even month that did not add to the level of financial reserves, CAFII still had a surplus year-to-date of just over \$49,000. However, it was expected that significant spending over the remainder of the year, in particular in the line item areas of Media Outreach, including the CAFII website, and Regulatory Models, would move the Association towards the budgeted deficit of \$71,000 for 2016.

With respect to the Balance Sheet, we currently have unrestricted net assets of just over \$408,000, meaning our financial reserves are at 80% of the Association's annual operating expenses. However, with the healthy spending on projects expected over the balance of the year, we anticipate that by the end of the fiscal year, the reserves will be closer to the 72% of annual operating expenses set out in the forecast to the end of the year.

In terms of Member and Associate dues, all 2016 dues have now been paid and none remain outstanding.

3.2 Quarterly Financial Reporting – September 2016

Treasurer R. Rajaram briefly highlighted from the Quarterly Financial Reporting document as at September 2016, noting that its purposes were to provide more context to the financial statements and to facilitate more accurate forecasting of the Association's spending throughout the year and how revenue and expenses are tracking against the budget.

In discussion, it was observed and agreed that while the Quarterly Financial Reporting document is moving CAFII in the right direction towards the achievement of its stated purposes, it is still a work-in-progress. It was noted that the current version contains a handful of typos and discrepancies where stated amounts don't align with corresponding amounts in the Statement of Operations or the Balance Sheet as at the most recent month-end.

It was suggested that once those deficiencies are addressed and corrected in the next iteration of the Quarterly Financial Reporting document, it will also facilitate a more precise monitoring of the Association's financial reserves against the level budgeted for the end of the fiscal year.

4. Strategy and Governance

a. Balanced Scorecard

B. Wycks highlighted updates made to the Balanced Scorecard since its previous presentation at the June 2016 Board and EOC meetings.

EOC discussion of updated Balanced Scorecard items focused on the likely next steps to be taken by Ontario's Ministry of Finance with respect to the Final Report of the Expert Panel on the future mandates of FSCO, DICO, and the FST which was made public on June 20/16. M. Gill advised that a Fall Economic Statement is typically put out by the Ministry every year; and the release of that document this year will likely be the forum that the Ministry uses for announcing whether or not it plans to replace FSCO with the Financial Services Regulatory Authority (FSRA) recommended by the Expert Panel.

5. Regulatory

a. Consultations/Submissions Timetable

B. Wycks highlighted recent updates to expected timelines for the following consultation/submission opportunities currently on CAFII's timetable: BC Ministry of Finance 10-Year Review of the Financial Institutions Act; and Regulations in support of The Insurance Act (Saskatchewan).

i) **Proposal to CAFII Board Re Engagement of Specialized Legal Counsel Re Quebec Omnibus Bill on Insurance/Distribution Act Overhaul**

I. Choquette and B. Wycks commented on and recommended this proposal, which they had prepared along with Market Conduct Committee Chair R. Beckford following a teleconference interview meeting with specialized legal counsel S. Bourdeau of Fasken Martineau DuMoulin.

EOC members approved the proposal for presentation to the CAFII Board, subject only to the condition that should the Board approve the recommendation, CAFII's negotiation of a letter of engagement with Ms. Bourdeau should include a conflict-of-interest stipulation that she agrees not serve as legal counsel to a broker/advisor body, a regulator, or another industry Association on the same matter as that for which CAFII has engaged her services.

Action: With approval of the EOC, proceed in bringing to the Board on October 4/16 a proposal to engage Sylvie Bourdeau, Fasken Martineau DuMoulin, as specialized legal counsel with respect to expected overhaul of Quebec's Insurance Act and/or Distribution Act. **[Rose, Isabelle, Brendan: October 4, 2016]**

ii) **CAFII Response to CCIR Travel Health Insurance Products Issues Paper**

G. Grant advised that S. Manson had just produced a first draft of CAFII's submission in response to CCIR's Travel Health Insurance Products Issues Paper. G. Grant had just completed his review of the draft submission and provided feedback to S. Manson, who was now working on making refinements and producing a second draft.

In discussion, it was agreed that (i) S. Manson would provide the second draft of the CAFII submission to B. Wycks and E. Fang for review as soon as possible; (ii) B. Wycks would work with S. Manson and E. Fang to produce and circulate an advanced draft to EOC and Travel Medical Experts Working Group members for feedback; and (iii) B. Wycks and E. Fang would finalize the document for submission by the September 30 deadline, under E. Fang's signature as EOC Chair.

iii) Legal Opinion on Auto Dealers as Creditors for a Moment-in-Time Re BC 'Effecting' of CGI Issue

G. Grant advised that one of his final initiatives during his recently concluded term as EOC Chair was to engage J. McCutcheon of Borden Ladner Gervais to provide CAFII with a legal opinion in support of the auto dealers are creditors for a moment-in-time argument, as requested by the CAFII Board at its June 7/16 meeting. J. McCutcheon is currently working on the legal opinion and, while she has not yet finalized it, she has expressed much confidence that her opinion will be compelling and persuasive, noting that the auto dealers are creditors for a moment-in-time position has a solid legal foundation.

E. Fang, as new EOC Chair, advised that she will now be taking on responsibility for following up with J. McCutcheon to secure the legal opinion on a timely basis.

D. Quigley advised that while it has a direct interest in this matter, CUMIS/The Co-operators does not see any immediate need for it to communicate independently with BC FICOM on the issue, and will instead wait to see what Ms. McCutcheon's legal opinion for CAFII says before determining its next steps.

iv) CAFII Next Steps Re Alberta Decision on CCI Sold Under A Restricted Certificate of Authority Covered under 2(c).

b. Regulatory Update

B. Wycks highlighted Regulatory Update items for which new developments had recently occurred; and also noted new items which had emerged since its publication. EOC discussion ensued on the following matters:

i) CCIR Annual Statement on Market Conduct

M. Gill advised that she had just learned from an industry contact that CCIR was giving serious consideration to adding an attestation to the Annual Statement on Market Conduct (Property and Casualty Insurance) along the following lines: *the insurer is in compliance with the applicable federal, provincial, and territorial Insurance Acts and regulations*. And given that CCIR was taking pains to ensure that the Annual Statement (PC) and the Annual Statement (Life and Health) are in harmony, it seemed likely that CCIR would want to add an identical/similar attestation to the Annual Statement (Life and Health).

There was EOC consensus that CAFII should oppose the adding of such a broad, sweeping attestation to the Annual Statement (Life and Health) since our Association does not believe that insurers will be comfortable with signing off on it. Rather, CAFII would be comfortable with an attestation focused on the information provided in completing the Annual Statement, from which the *"compliance with applicable laws..."* component has been removed.

Action: Contact E. Hiemstra, CLHIA, and inquire as to what she may know about a possible attestation being added to CCIR's Annual Statement on Market Conduct (Life and Health). **[Brendan: September 21, 2016]**

Action: Contact M. Boyle, CCIR Policy Manager, re whether an attestation will be added to the Annual Statement on Market Conduct (Life and Health); and, if so, convey CAFII's opposition to attestation wording that contains reference to laws, Acts, and Regulations. **[Brendan: September 21, 2016]**

ii) Insurance Council of Manitoba Asks Government To Expand RIA License Parameters

In its 2015-16 Annual Report, published in June 2016, the ICM reports that during the first year of RIA licensing, the difficulties presented by the existing limitations on types of organizations and the types of insurance products prescribed in the Regulation became apparent. ICM's ISI Committee has therefore made recommendations to the Government for amendments to Regulation 389/87 to allow for other organizations and other types of insurance which were not prescribed in the original regulatory framework.

Action: Contact E. Pearson, Executive Director of the Insurance Council of Manitoba, to seek clarification on what amendments to Regulation 389/7 the Council's ISI Committee has proposed to Government re incorporating "other organizations" and "other types of insurance" into the prescribed regulatory framework. **[Brendan: September 23, 2016]**

iii) FSCO Update Meetings With Industry Associations On Insurance Agent Compliance

Heather Driver, Director, Licensing Branch in the Licensing and Market Conduct Division at FSCO, contacted B. Wycks on September 20/16 to set up a meeting to update CAFII on FSCO's planned initiatives regarding life insurance agent compliance, in particular related to mandatory errors and omissions insurance.

Action: Poll Licencing Committee/EOC members for availability to attend a meeting with FSCO at its invitation around life insurance agent compliance, particularly re E&O Insurance, during the week of October 3-7/16. If none of FSCO's proposed date/time options that week work for at least several CAFII members, propose an alternate option in the following week to FSCO. **[Brendan: September 28, 2016]**

iv) AMF's New Operational Risk Management Guideline

B. Wycks briefly highlighted the AMF's new Operational Risk Management Guideline which, after a short consultation period in the summer, was due to come into force on October 1/16.

Action: Add a question re highlights of AMF's new Operational Risk Management Guideline to agenda for Industry Issues Dialogue with the AMF staff executives in Montreal on October 4/16. **[Brendan: September 27, 2016]**

b. Regulator and Policy-Maker Visit Plan

B. Wycks highlighted opportunities for upcoming visits with regulators and policy-makers, as proposed in the updated Regulator and Policy-Maker Visit Plan, noting in particular a liaison lunch with the CCIR Policy Managers in October following CCIR's Fall Meeting in Edmonton on October 6-7/16.

6. EOC Committee Updates

a. Research & Education

D. Quigley, Chair of the Research & Education Committee, reported that the committee met by teleconference on September 16/16 to review and update the "Seven Point Guide to the Creditor Insurance Regulatory Regime" which is a subset of a larger CAFII presentation deck on "Fundamentals of Creditor's Group Insurance." The committee made substantive progress in that meeting and expects to be in a position to bring the revised Seven Point Guide forward to the EOC for approval at its October 25 meeting. Thereafter, the initial target audience for the updated Guide is the Atlantic Canada insurance regulators and we will try to set up a webinar or teleconference to present this educational material in Q4 2016 or Q1 2017.

b. Media Advocacy

C. Blaquiere, Chair of the Media Advocacy Committee, reported that the committee is currently working closely with media consultant David Moorcroft and search engine optimization (SEO) consultant RankHigher on content and design changes to the CAFII website to make it more appealing for consumers and media and to increase traffic to it, thereby making it a more strategically advantageous tool for the Association and members.

The committee received a thorough and impressive digital marketing analysis presentation from RankHigher on September 16/16, and will be meeting with David Moorcroft and RankHigher again next week to provide feedback and refine RankHigher's SEO optimization and website design strategy for CAFII.

c. Market Conduct

On behalf of R. Beckford, Chair of the Market Conduct Committee who was unable to attend, B. Wycks reported that with broad participation and input from many members of the Association, the committee completed a submission to CCIR on its latest draft of the Annual Statement on Market Conduct (Life and Health) to meet its August 26 deadline.

Similarly, the committee is overseeing the development of CAFII's submission in response to the CCIR Travel Insurance Working Group's Travel Health Insurance Products Issues Paper, which has a September 30 deadline. That submission, which is drawing heavily upon our CAFII-commissioned research by Pollara Strategic Insights into Canadians' perceptions, confidence and satisfaction with travel medical insurance, has also benefitted from a leadership contribution by Sue Manson, Chair of the CAFII Travel Medical Experts Working Group, and significant input from the members of that group.

At this time, the Market Conduct Committee was also looking forward to the release of Saskatchewan's draft Regulations in support of Bill 177 (the Insurance Act) and Quebec's omnibus Bill aimed at overhauling the Insurance Act and Distribution Act, both of which are expected this Fall.

d. Licensing Efficiency Issues

M. Gill, Chair of the Licensing Efficiency Issues Committee, reported that the LEIC does not have any active Regulatory Consultation issues on its agenda at this time. However, the committee is monitoring and liaising with the Insurance Division of the Financial and Consumer Services Commission of New Brunswick with respect to

- its planned release of a final Position Paper on its "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers" which will have implications for the licensing of life agents;
- its launch of Phase 2 of its online Portal for life insurance agent licensing; and
- a half-day FCNB education session called "FCNB 2.0: How It Affects You" which will be held on October 27 in Saint John. This afternoon session will focus on recent changes in FCNB's expectations with respect to compliance and in its approach to investigation and enforcement of financial and consumer services legislation – including the Insurance Act -- and their effect on the industry; and

In addition, the LEIC will be reaching out to Ron Fullan, Chair of CISRO, which is meeting in Winnipeg this week, to seek an update on its near-term agenda, with a view to organizing LEIC activities accordingly.

7. Other Business

a. CAFII 20th Anniversary Celebration in 2017

B. Wycks commented on the proposal for a CAFII 20th Anniversary Celebration in 2017, noting that Wednesday, April 5, 2017 seemed to be an optimal date for insurance regulator attendance, based on information obtained from Martin Boyle and Sean Jacobs, CCIR Policy Managers. Most CCIR members will be in Toronto by that afternoon, in preparation for their April 6-7/17 Council meeting, and without a scheduled commitment for the evening.

EOC feedback was strongly in favour of organizing a CAFII 20th Anniversary Celebration on April 5, 2017, with the following specific points of advice being offered:

- the event should be held at an appealing social venue in Toronto, not at a CAFII member location as was the case with the 15th Anniversary Celebration. Ripley's Aquarium was recommended as a desirable venue, along with Royal Conservatory of Music; the Royal Ontario Museum (C5 Lounge); and the CN Tower as other attractive alternatives;
- a speaker presentation should be optional; include one if it adds interest/value and contributes to a celebratory theme. But networking with regulators and industry colleagues in a festive milieu should be the main focus of the event;
- while the CAFII Board should be asked to provide feedback at its October 4 meeting, a "Save the Date" invitation should be sent to CCIR and CISRO members asap and prior to the upcoming CCIR Fall meeting on October 6-7 in Edmonton, so that our April 5/17 CAFII event can be mentioned and highlighted at that CCIR meeting.

b. Registration of CAFII .Insurance Internet Domain

B. Wycks reported that Symantec's vetting processing with respect to CAFII's recent registration has been successfully completed, such that CAFII has now secured the domain name *cafii.insurance*. This domain is now the property of CAFII and the Association can begin to use it at any point in the future.

c. Possible CAFII Membership in LIMRA

S. Manson reported that her recent correspondence with B. Lemanski, LIMRA's representative in Canada, included communicating to him that, based on the moderate use that our Association would be making of LIMRA research reports and related resources, paying the \$20,000 U.S. in annual dues which LIMRA had requested of CAFII could not be justified. CAFII counter-offered \$5,000 to 7,500 U.S. as a more reasonable level of annual dues. However, in back-and-forth discussion, it became clear that the needs of CAFII did not fit into any of LIMRA's available membership categories. Therefore, after some deliberation, LIMRA proposed that it would grant CAFII access to its website on a case-by-case basis at no charge, in order to allow CAFII to obtain useful research reports.

8. Meeting Termination

There being no further business, the meeting was terminated at 4:05 p.m.

It was noted that the next CAFII Board meeting was scheduled for Tuesday, October 4, 2016 hosted by RBC Insurance at 1 Place Ville Marie, 41st Floor, in Montreal; and, as per our customary practice, this meeting will be preceded by a lunch and industry issues dialogue with AMF staff executives.

It was also noted that the next EOC meeting was scheduled for Tuesday, October 25, 2016, 2:00 p.m. at TD Insurance, 320 Front St., 2nd Floor, Jasper Room, in Toronto.

Date

Chair

Recording Secretary

CAFII Board of Directors Meeting Minutes
Tuesday, October 4, 2016
RBC Insurance, 1 Place Ville Marie, Montréal, Québec
DRAFT

Board Present:	Nicole Benson	CRI Canada <i>(by teleconference)</i>
	Joane Bourdeau	National Bank Insurance Co.
	Chris Knight	TD Insurance
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance <i>Chair</i>
	Nick Bilodeau	AMEX Bank of Canada <i>(by teleconference)</i>
	Bob Grant	ScotiaLife Financial <i>(by teleconference)</i>
	Kelly Tryon	The CUMIS Group <i>(by teleconference)</i>
	Robert Zanussi	Assurant Solutions <i>(by teleconference)</i>
EOC Present:	Carol Allen	Assurant Solutions <i>(by teleconference)</i>
	Rose Beckford	ScotiaLife Financial <i>(by teleconference)</i>
	Charles Blaquiere	Canadian Premier Life Insurance Co. <i>(by teleconference)</i>
	Isabelle Choquette	Desjardins Financial Security
	Eleanore Fang	TD Insurance <i>Secretary & EOC Chair</i>
	Moiria Gill	TD Insurance <i>(by teleconference)</i>
	Charles MacLean	RBC Insurance
	Sue Manson	CIBC Insurance <i>(by teleconference)</i>
	Diane Quigley	The CUMIS Group
	Raja Rajaram	CIBC Insurance <i>(for part, by teleconference) Treasurer</i>
	Jérôme Savard	Desjardins Financial Security
	Andrea Stuska	TD Insurance
Also Present:	Emily Cloutier	T•O Corporate Services <i>Recording Secretary</i>
	Brendan Wycks	CAFII <i>Executive Director</i>
Regrets:	Linda Fiset	Desjardins Financial Security
	Todd Lawrence	CIBC Insurance
	Kelly Tryon	The CUMIS Group
	Jason Beauchamp	BMO Insurance
	Katherine Geisler	CIBC Insurance
	Ana Vu	BMO Insurance

1. Call to Order

P. McCarthy called the meeting to order at 2:32 p.m. and welcomed all in attendance. P. McCarthy acted as Chair; E. Fang acted as Secretary; and E. Cloutier acted as Recording Secretary.

P. McCarthy extended a particular welcome to E. Fang as it was her first meeting as Board Secretary, an office associated with her new role as Chair of the Executive Operations Committee.

Secretary E. Fang confirmed that notice of the meeting was sent to all Directors in accordance with the Association's By-Law and that there was a quorum of Directors present, with four Directors present in-person and five Directors participating by teleconference.

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

1.1 Approval of Agenda

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Meeting Agenda be approved as presented.

1.2 Appreciation Resolution

P. McCarthy proposed that the Board pass a resolution of thanks and appreciation to G. Grant for his two years of outstanding service as EOC Chair and Secretary to the Board.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Board of Directors expresses its thanks and appreciation to Greg Grant, for two years of outstanding service as Executive Operations Committee Chair and Secretary to the Board of Directors; for his dedication of much time, energy, and professionalism to that volunteer leadership position; and for significantly moving this Association forward on numerous regulatory consultation issues and other strategic matters.

Action: Communicate the CAFII Board's Resolution of Appreciation to G. Grant [E. Fang or B. Wycks; October 21, 2016].

1.3 Debrief on Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives

P. McCarthy noted that time had been set aside on the agenda to hold a debrief discussion on the Liaison Lunch and Industry Issues Dialogue that CAFII leaders had just completed with the CEO and other members of the AMF management team.

P. McCarthy advised that in his view, today's meetings with the AMF executives were a great success, having produced much collaborative and candid discussion. With each successive liaison meeting that CAFII holds with the AMF, it is obvious that a stronger rapport is being built between our Association and the regulator. He also noted that CEO Louis Morisset articulated a clear message that the AMF respects and values CAFII's role in the industry and was eager to gain further perspectives from us on issues.

B. Wycks added that, over lunch, E. Stevenson had expressed a high degree of confidence that in its imminent modernization of key pieces of legislation, the Quebec Government will support internet sales of simple insurance products without the necessary involvement of a licensed advisor.

C. Lobbezoo agreed and added that P. Lebel had raised important questions about where the role of an advisor would fit into the online insurance purchase experience. Will online sales offer the ability to speak to an advisor when needed?

P. McCarthy concluded by reiterating that meeting with the AMF annually was an important initiative as the AMF definitely wants to hear CAFII's perspectives and feedback on industry issues as the viewpoints of CAFII and its members often differ from those of other industry Associations.

2. Consent Items

On a motion duly made, seconded and unanimously carried

It was **RESOLVED** that the following Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda:

- Summary Board and EOC Action Items
- Balanced Scorecard
- Regulatory Update
- Regulatory and Policy-Maker Visit Plan
- Committee Reports Addressing CAFII Priorities

IT WAS FURTHER RESOLVED that:

The Minutes of the Board meeting held June 7, 2016 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the Minute Book of the Corporation.

3. Financial Update

3.1 Approval of August 31, 2016 Financials

Treasurer R. Rajaram commented on the Statement of Operations, noting that while August was essentially a break-even month that did not add to the level of financial reserves, CAFII still had a surplus year-to-date of just over \$49,000. However, it was expected that significant spending over the remainder of the year, in particular in the line item areas of Media Outreach, including the CAFII website, and Regulatory Models, would move the Association closer to the budgeted deficit for 2016.

With respect to the Balance Sheet, we currently have unrestricted net assets of just over \$408,000, meaning our financial reserves are at 80% of the Association's annual operating expenses. However, with the healthy spending on projects expected over the balance of the year, we anticipate that by the end of the fiscal year, the reserves will be closer to the 72% of annual operating expenses set out in the forecast to the end of the year.

In terms of Member and Associate dues, E. Cloutier was pleased to report all 2016 dues had now been paid and none remained outstanding.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII financial statements as at August 31, 2016 be and are approved in the form presented.

3.2 Quarterly Financial Reporting – September 2016

P. McCarthy noted that the Quarterly Financial Report is a new mechanism developed this year to track the Association's financial results against the approved budget; and to project those results to the end of the fiscal year, with more precision, on a quarterly basis.

Treasurer R. Rajaram commented on the highlights of the Quarterly Financial Reporting as at September 2016. It appeared that the Association will come very close to meeting the forecast numbers of Q3. But for the full fiscal year, expenses are tracking lower below forecast so, barring unforeseen major expenditures over the remaining four months, it will still be a challenge to meet or exceed the budgeted deficit of \$71,000.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Quarterly Financial Reporting of September 2016 be and is approved in the form presented.

3.3 Appointment of CAFII Cheque Signing Authorities

P. McCarthy provided background to this item, noting that the Board's recent appointment of a new EOC Chair and Secretary gave rise to a need to update the CAFII Cheque Signing Authorities in a manner that meets the requirements of the Association's bank.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Board of Directors approves the appointment of the following individuals as authorized signatories for all cheques prepared and issued by the Canadian Association of Financial Institutions, revoking any person previously named in that capacity:

- Brendan Wycks, CAFII Executive Director
- Raja Rajaram, CIBC Insurance, CAFII Treasurer
- Eleanore Fang, TD Insurance, CAFII EOC Chair & Board Secretary
- Lynn Beauregard, President, TO Corporate Services
- Senait Ghebru, Controller, TO Corporate Services

Action: Submit Board-approved resolution on appointment of CAFII Cheque Signing Authorities to TD Bank and follow-up to ensure that CAFII's signing authorities are brought up-to-date in the bank's systems [E. Cloutier; October 24, 2016].

4. Regulatory Consultations/Submissions Timetable

P. McCarthy advised that the summer months had been an especially busy period for the Association, as two major CCIR regulatory consultation submissions were due – one in August; and another in September -- and a number of other consultations were in an active "watch and monitoring" mode. The status of each of those items was set out in the Regulatory Consultations/Submissions Timetable, and updates on several were provided in the Regulatory Update.

4.1.1 BC 'Effecting' of CGI Issue

EOC Chair E. Fang updated the Board on the status of CAFII's further engagement with BC's FICOM on matters arising from its Information Bulletin on Creditor's Group Insurance which was released in September 2015. E. Fang noted that while the Bulletin was released just over a year ago, CAFII had had a number of follow-up discussions with H. James and other FICOM staff executives on matters of concern in the Bulletin, which ultimately led to the Association's decision to engage J. McCutcheon of Borden Ladner Gervais to provide a legal opinion. At this time, J. McCutcheon has completed her research on the issue and though there has been a delay, she expects to be in a position to deliver her draft opinion to CAFII by mid-October. Following the EOC's review of that draft opinion, a formal recommendation for CAFII action will be presented to the Board.

Action: Secure legal opinion from J. McCutcheon on auto dealers are creditors for a moment-in-time issue for possible submission to FICOM; and facilitate review by EOC at October 25/16 meeting and subsequent recommendation to CAFII Board on use of the legal opinion [E. Fang; October 20, 2016].

4.1.2 Proposal to CAFII Board Re Engagement of Specialized Legal Counsel

P. McCarthy introduced a proposal to the Board from the EOC related to the engagement of specialized legal counsel in connection with Quebec's expected omnibus Bill on overhauling its Insurance Act and Distribution Act.

It was noted that engaging Sylvie Bourdeau of Fasken Martineau DuMoulin's Montreal office for specialized legal counsel services would enable CAFII to make an informed and strong submission in response to the Quebec Ministry of Finance's expected omnibus Bill.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Board of Directors approves the Association's engagement of Sylvie Bourdeau, LLB, a partner in the Montreal office of Fasken Martineau DuMoulin; and empowers the EOC Chair and Executive Director to do so through a letter of engagement with a fee estimate of approximately \$15,000 plus HST.

Action: Implement Board-approved motion to engage Sylvie Bourdeau of Fasken Martineau DuMoulin through a letter of engagement with a fee estimate of approximately \$15,000 plus HST [R. Beckford, I. Choquette, B. Wycks, E. Fang; October 31, 2016].

4.1.3 CCIR Review of Travel Health Insurance

Sue Manson, Chair of the Association's Travel Medical Insurance Experts Working Group, updated the Board on CCIR's review of travel health insurance and CAFII's recent response to the CCIR Travel Insurance Working Group (TIWG)'s Travel Health Insurance (THI) Products Issues Paper.

CAFII had put together a comprehensive response submission which drew heavily upon the expertise of the members of the Travel Medical Insurance Experts Working Group and upon the CAFII-commissioned research by Pollara Strategic Insights into consumers' perceptions and satisfaction with THI; and had made its submission prior to the deadline of Sept 30, 2016.

B. Wycks advised that based on his attendance at the Travel Health Insurance Association's Annual General Meeting on September 27, where Harry James, Chair of CCIR's TIWG, was the keynote speaker, he had learned that it was no longer definite that the Council would be issuing a Position Paper on THI as the next phase in its review process; and that while the first iteration of CCIR's Annual Statement on Market Conduct Health would not seek THI data, it would definitely be sought in a subsequent iteration.

P. McCarthy thanked and congratulated S. Manson and the other members of the CAFII Travel Medical Insurance Experts Working Group for all their work, noting that he had read the CAFII submission and found it to be compelling; persuasive in its strong basis in independent, quantitative research; and supportive of positive change for the industry.

4.2 Alberta Decision on CI Sold Under an RIA Certificate

B. Wycks provided an update on the Alberta Life Insurance Council's decision on critical illness insurance benefits sold under a Restricted Certificate of Authority in that province, by sharing the following positive news communicated by J. Abram, CEO of the Council, on September 28, 2016:

The LIC met this morning and have come to the decision to redefine Credit Related Insurance to include Creditor group (CG) Life, CG Disability, CG Critical Illness and loss of employment. I will be sending out a formal letter to advise you of such and to seek CAFII's input regarding the definition of creditor group critical illness to be adopted for the purposes of restricted licensing.

5. In Camera Discussion

The Board of Directors met *in camera* from 3:10 to 3:35 p.m. Following this, the meeting reconvened with agenda item 6. *Other Business*.

6. Other Business

6.1 CCIR Annual Stakeholder Meetings: December 12-13/16

Executive Director B. Wycks updated the Board on CCIR's plans to hold Annual Stakeholder Meetings in Toronto on December 12 and 13, 2016. M. Boyle, CCIR Policy Manager, had recently communicated that the Council is moving ahead with these meetings and will be assigning 45 minute meeting slots to stakeholder groups. At this point in time, CCIR is not ready to assign meeting time slots but will do so in the near future. Board members P. McCarthy, J. Bourdeau, and C. Knight have indicated that they will attend CAFII's stakeholder meeting with CCIR on either December 12 or 13.

6.2 CAFII 20th Anniversary Celebration in 2017

Executive Director B. Wycks provided an update on plans for a CAFII 20th Anniversary Celebration in 2017. He noted that CAFII's 15th Anniversary Celebration was held in April 2013 on a Wednesday evening, scheduled to coincide with the arrival in Toronto of regulators for CCIR's Spring Meeting the following two days, without a scheduled commitment for the Wednesday evening. Many regulators attended and enjoyed some festive fellowship and networking with CAFII members.

During the EOC on September 20, feedback was provided that neither a guest speaker nor an entertainment act should be the focus of CAFII's Anniversary Celebration, but rather facilitating members' networking and socializing with regulators should be the focus.

B. Wycks advised that based on the EOC's recommendation, a "Save the Date" preliminary invitation had already been circulated to CCIR and CISRO members; and E. Stevenson of the AMF had indicated that he had received the invitation earlier that day and was planning to attend.

P. McCarthy suggested that Oscar Zimmerman, along with other founding members of CAFII, should be extended an invitation to attend. B. Wycks was in agreement and noted that Lawrie McGill had attended the 15th Anniversary celebration in 2013.

B. Wycks suggested that instead of an official speaker, the CAFII founding members could be asked to provide brief reminiscences into why and how CAFII was founded 20 years ago and how far the Association has come over the past two decades.

Action: Ask Oscar Zimmerman, founding CAFII Board member, who was in the founders group in 1997 and should be invited to the CAFII 20th Anniversary event on April 5, 2017 and communicate that information to B. Wycks and E. Cloutier [B. Grant; November 22, 2016].

6.3 OSFI Ruling on Promotion of a "Comprehensive Credit Insurance" (CCI) Policy By a Bank

Executive Director B. Wycks advised that Alex Ciaparra, Director of Economic Analysis at the Canadian Bankers Association, had brought to CAFII's attention that the Office of the Superintendent of Financial Institutions had recently issued a ruling that banks are not permitted to promote Comprehensive Credit Insurance (CCI) from their branches. He had asked CAFII to get back to him as to whether this OSFI ruling was of concern to the Association and its members.

In Board discussion of this matter, it was agreed that B. Wycks should send an email to all Board and EOC members, outlining this issue and asking that bank members get back to him with an indication as to whether OSFI's ruling on CCI is of any relevance to their business.

Action: Send information on recent OSFI Ruling 2016-01 on Promotion of a "Comprehensive Credit Insurance" Policy by a Bank to Board and EOC members in order to obtain feedback on whether this issue is of importance/relevance to member banks; and provide a results summary to the Canadian Bankers Association [B. Wycks; October 14, 2016].

7. Termination

There being no further business to discuss, the meeting was terminated at 3:53 p.m. The next CAFII Board of Directors meeting will be held on Tuesday, November 29, 2016 hosted by BMO Insurance at First Canadian Place, 100 King St. West, 40th Floor, in Toronto, and will be immediately followed by the Association's Holiday Season Reception event.

Date

Chair

Recording Secretary

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status 21-Oct-2016
		Atlantic Canada Regulatory Issues			
1	EOC May 24, 2016	• Update CAFII presentation on "Seven Point Guide to the Creditor Insurance Regulatory Regime," for possible use as an educational communication to New Brunswick and/or other insurance regulators	Diane	30-Jun-16	In progress
		BC Ministry of Finance & FICOM Regulatory Issues			
2	Board October 4, 2016	• Secure legal opinion from J. McCutcheon on auto dealers are creditors for a moment-in-time issue for possible submission to FICOM; and facilitate review by EOC at October 25/16 meeting and subsequent recommendation to CAFII Board on use of the legal opinion.	Eleanore	20-Oct-16	Complete
3	EOC Apr 26, 2016	• Conduct further research and provide additional information on auto dealers are creditors for a moment-in-time argument, to enable further CAFII discussion with FICOM.	Diane	31-May-16	In progress
4	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	30-Apr-16	In progress
		Manitoba Financial Institutions Regulatory Branch & Insurance Council of Manitoba Issues			
5	EOC September 20, 2016	• Contact E. Pearson, Executive Director of the Insurance Council of Manitoba, to seek clarification on what amendments to Regulation 389/7 the Council's ISI Committee has proposed to Government re incorporating "other organizations" and "other types of insurance" into the prescribed regulatory framework.	Brendan	23-Sep-16	Complete
		Ontario Ministry of Finance & FSCO Regulatory Issues			
6	EOC September 20, 2016	• Poll Licencing Committee/EOC members for availability to attend a meeting with FSCO at its invitation around life insurance agent compliance, particularly re E&O Insurance, during the week of October 3-7/16. If none of FSCO's proposed date/time options that week work for at least several CAFII members, propose an alternate option in the following week to FSCO.	Brendan	28-Sep-16	Complete
		Quebec Ministry of Finance & AMF Regulatory Issues			
7	Board October 4, 2016	• Implement Board-approved motion to engage Sylvie Bourdeau of Fasken Martineau DuMoulin through a letter of engagement with a fee estimate of approximately \$15,000 plus HST.	Rose, Isabelle, Brendan, Eleanore	31-Oct-16	In progress
8	EOC September 20, 2016	• Add a question re highlights of AMF's new Operational Risk Management Guideline to agenda for Industry Issues Dialogue with the AMF staff executives in Montreal on October 4/16.	Brendan	27-Sep-16	Complete
9		• With approval of the EOC, proceed in bringing to the Board on October 4/16 a proposal to engage Sylvie Bourdeau, Fasken Martineau DuMoulin, as specialized legal counsel with respect to expected overhaul of Quebec's Insurance Act and/or	Rose, Isabelle, Brendan	4-Oct-16	Complete
		CCIR			
		Annual Statement on Market Conduct			
10	EOC September 20, 2016	• Contact E. Hiemstra, CLHIA, and inquire as to what she may know about a possible attestation being added to CCIR's Annual Statement on Market Conduct (Life and Health).	Brendan	21-Sep-16	Complete
11		• Contact M. Boyle, CCIR Policy Manager, re whether an attestation will be added to the Annual Statement on Market Conduct (Life and Health); and, if so, convey CAFII's opposition to attestation wording that contains reference to laws, Acts, and Regulations.	Brendan	21-Sep-16	Complete
		Regulator and Policy-Maker Visit Plan			
12	EOC June 21, 2016	• Update and circulate CAFII's Lobbyist Registration Regime Matrix to EOC members	Brendan	30-Jul-16	In progress

	Source	Action Item	Responsible	Deadline	Status 21-Oct-2016
		Office of Superintendent of Financial Institutions Regulatory Issues			
13	Board October 4, 2016	<ul style="list-style-type: none"> Send information on recent OSFI Ruling 2016-01 on Promotion of a "Comprehensive Credit Insurance" Policy by a Bank to Board and EOC members in order to obtain feedback on whether this issue is of importance/relevance to member banks; and provide results summary to Canadian Bankers Association. 	Brendan; Board/EOC members	14-Oct-16	Complete
		Association Admin			
14	Board October 4, 2016	<ul style="list-style-type: none"> Communicate the CAFII Board's Resolution of Appreciation to G. Grant 	Brendan	21-Oct-16	Complete
15		<ul style="list-style-type: none"> Submit Board-approved resolution on appointment of CAFII Cheque Signing Authorities to TD Bank and follow-up to ensure that CAFII's signing authorities are brought up-to-date in the bank's systems. 	Emily	24-Oct-16	In progress
16		<ul style="list-style-type: none"> Ask Oscar Zimmerman, founding CAFII Board member, who was in the founders group in 1997 and should be invited to the CAFII 20th Anniversary event on April 5, 2017 and communicate that information to B. Wycks and E. Cloutier 	Bob Grant	22-Nov-16	In progress

CAFI

21 St Clair Ave East, Suite 802
Toronto, ON M4T 1L9

Balance Sheet As at September 30, 2016

	Current 2016
ASSETS	
Current Assets	
Bank Balance	\$466,565
Investments ^A	\$54,077
Accounts Receivable	\$0
Interest Receivable	\$54
Prepaid Expenses	\$3,492
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$1,789)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	\$524,732
TOTAL ASSETS	\$524,732
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$1,410
Deferred Revenue	\$108,933
Total Current liabilities	\$110,343
TOTAL LIABILITIES	\$110,343
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$358,991
Excess of revenue over expenses	\$55,399
Total Unrestricted Net Assets	\$414,390
Total Unrestricted Net Assets	\$414,390
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$524,732

Financial Reserves Targets as per 2016 Budget:

Minimum 3 months (25%) of Annual Operating Expenses=	\$ 126,909
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 253,817
Current Level of Financial Reserves (total unrestricted net assets):	\$414,390
Current Level of Financials Reserve (%):	82%

CAFI I
21 St Clair Ave east, Suite 802
Toronto, ON, M4T 1L9
Balance Sheet Items
As at September 30, 2016

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-13	June-16-16	\$54,077.01	0.40%	\$216.31	June-16-17
Total		\$54,077.01		\$216.31	

Item B

Accounts Payable

	Total
	1,409.52
Total outstanding:	<u><u>1,409.52</u></u>

CAFII

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Statement of Operations

As at September 30, 2016

	Current Month	Current YTD	Budget 2016	Variance Budget to YTD
Revenue				
Membership Fees	36,313	326,817	435,750	108,933
Interest Revenue	18	176	500	324
TOTAL REVENUE	36,331	326,993	436,250	109,257
Expenses				
Management Fees	21,288	196,064	256,742	60,678
CAFII Legal Fees/Corporate Governan	0	4,015	5,000	985
Audit Fees	0	0	14,000	14,000
Insurance	437	3,929	5,374	1,446
Website (incl translation)	1,845	4,105	30,000	25,895
Telephone/Fax/Internet	434	2,235	8,000	5,765
Postage/Courier	7	163	500	337
Office Expenses	171	2,248	3,000	752
Bank Charges	0	25	50	25
Miscellaneous Expenses	0	0	0	-
Amortization Expense	0	0	468	468
Depreciation Computer/Office Equipm	39	350	0	- 350
Board/EOC/AGM	0	0		
Annual Members Lunch	0	12,043.69	15,000	2,956
Board Hosting (External)	0.00	14,516.90	15,000	483
Board/EOC/Meeting Expenses	984.42	6,332.50	5,000	- 1,333
Industry Events	0	0	1,500	1,500
EOC Annual Lunch	0.00	2,079.05	2,000	- 79
Sub Total Board/EOC/AGM	984	34,972	38,500	3,528
Provincial Regulatory Visits	4,668	10,395	10,000	- 395
Research/Studies	0	0	50,000	50,000
Regulatory Model(s)	0	0	12,000	12,000
Federal Financial Reform	0	0	10,000	10,000
Media Outreach	0	12,769	50,000	37,231
Marketing Collateral	0	0	5,000	5,000
Tactical Communications Strategy	42	180		- 180
Networking Events	0	0		
Speaker fees & travel	0	0	8,000	8,000
Gifts	108.98	145.5	1,000	855
Sub Total Networking & Events	109	146	9,000	8,855
15th Anniversary Event	0	0	0	-
TOTAL EXPENSE	30,024	271,594	507,634	236,040
NET INCOME	6,307	55,399	-71,384	- 126,783

Explanatory Notes:

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

CAFII

21 St Clair Ave East, Suite 802
Toronto, ON M4V 2Y7

Membership Fees

As At September 30, 2016

	<u>Jan-16</u>		<u>Jul-16</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 23,500.00	7-Apr-16	\$ 23,500.00	29-Aug-16
CIBC Insurance	\$ 23,500.00	6-May-16	\$ 23,500.00	12-Aug-16
RBC Insurance	\$ 23,500.00	15-Mar-16	\$ 23,500.00	10-Aug-16
ScotiaLife Financial	\$ 23,500.00	4-Mar-16	\$ 23,500.00	22-Jul-16
TD Insurance	\$ 23,500.00	15-Mar-16	\$ 23,500.00	29-Jul-16
AMEX Bank of Canada	\$ 11,750.00	6-Apr-16	\$ 11,750.00	5-Aug-16
Assurant Solutions	\$ 11,750.00	15-Mar-16	\$ 11,750.00	22-Jul-16
Canadian Premier Life Insurance Company	\$ 11,750.00	4-Mar-16	\$ 11,750.00	9-Sep-16
Desjardins Financial Security Life Assurance Company	\$ 11,750.00	6-Apr-16	\$ 11,750.00	12-Aug-16
National Bank Insurance Company	\$ 17,625.00	10-Jun-16	\$ 17,625.00	10-Jun-16
Cumis Group Ltd/Co-operators Life Insurance Co.	\$ 11,750.00	6-Apr-16	\$ 11,750.00	9-Sep-16
Willis Towers Watson	\$ 4,800.00	6-Apr-16		
Aimia	\$ 4,800.00	15-Jul-16		
Collins Barrow Toronto Actuarial Services	\$ 4,800.00	28-Apr-16		
CSI Brokers Inc.	\$ 4,800.00	12-Apr-16		
KPMG LLP	\$ 4,800.00	9-Sep-16		
Laurentian Bank of Canada	\$ 4,800.00	6-Apr-16		
Munich Reinsuranace Company Canada Branch (Life)	\$ 4,800.00	30-Jun-16		
Optima Communications	\$ 4,800.00	4-Mar-16		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	4-Mar-16		
The Canada Life Assurance Company	\$ 4,800.00	15-Mar-16		
January Invoices	\$241,875		\$193,875	
July Invoices	\$193,875			
Total Membership Fees	\$435,750			
Total amount to realocate monthly Jan-Dec	\$36,313			

CAFII Consultations/Submissions Timetable 2016-17

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 Q1 or Q2 2017 Q2 or Q3 2017 <i>Q2 or Q3 2017</i> Q4 2017 	<ul style="list-style-type: none"> Joint Market Conduct/Licensing Committee; ED to monitor
BC "Effecting" of CGI Issue	<ul style="list-style-type: none"> FICOM Information Bulletin on CGI Meeting with FICOM officials re Bulletin's directives CAFII follow-up letter seeking clarification on key Bulletin issues CAFII teleconference with FICOM officials re follow-up letter CAFII obtains legal opinion re auto dealers as creditors issue CAFII to provide further info to FICOM re auto dealers 	<ul style="list-style-type: none"> Issued Sep 14, 2015 Nov 10, 2015 March 15, 2016 April 14, 2016 <u>Oct 2016</u> Fall 2016 	<ul style="list-style-type: none"> EOC; 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 Draft omnibus Bill to be tabled, for industry consultation CAFII Response to draft legislation 	<ul style="list-style-type: none"> Sep 30, 2015 Completed March 2016 Oct 2016 Q4 2016 Q4 2016 or Q1 2017 	<ul style="list-style-type: none"> Joint Mkt Cndct/ Lcnsing Cttee; ED to monitor
CCIR Annual Statement on Market Conduct	<ul style="list-style-type: none"> CAFII Response to Draft Annual Statement (released Oct 28/15) Revised Draft released for 45 day consultation period CAFII Response to Draft 3 	<ul style="list-style-type: none"> Dec 4, 2015 July 12, 2016 August 26, 2016 	<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/CLHIA joint update meeting with CCIR TIWG Issues Paper released for 90 day consultation Meeting with CCIR TIWG re Issues Paper CAFII Response to Issues Paper CCIR releases Position Paper <i>Meeting with CCIR TIWG Re Position Paper, if necessary</i> 	<ul style="list-style-type: none"> March 2016 July 4, 2016 Aug 10, 2016 Sep 30, 2016 Q4 2016 or Q1 2017 Q1 2017 	<ul style="list-style-type: none"> EOC; ED to monitor
SK Bill 177	<ul style="list-style-type: none"> <u>FCAA releases Draft Regulations for industry consultation</u> CAFII Response to Draft Regulations <i>Meeting with FCAA officials re CAFII submission, if necessary</i> 	<ul style="list-style-type: none"> <u>Oct 7, 2016</u> Dec 2, 2016 Nov/Dec 2016 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
FCAC Proposed Supervision Framework and Decision Publishing Principles	<ul style="list-style-type: none"> <u>FCAC publishes consultation document</u> CAFII submission, if deemed warranted 	<ul style="list-style-type: none"> <u>Sep 29, 2016</u> Nov 14, 2016 	<ul style="list-style-type: none"> EOC; 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 Cttee; ED to monitor

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

Consultation on FCAC's proposed Supervision Framework and Publishing Principles for FCAC Decisions

Invitation for comments

We invite all interested parties to submit their comments by email to compliance@fcac.gc.ca.

We will also accept written comments by mail or fax at:

Financial Consumer Agency of Canada
Supervision and Promotion Branch
427 Laurier Avenue West, 6th floor Ottawa, ON K1R 1B9
Fax: 613-941-1436

All submissions must be received by November 14, 2016. Individual submissions will not be published. By submitting a response to this consultation, you consent that portions of your response may become public. Where necessary, comments submitted may be revised to remove sensitive or identifying information. FCAC may wish to quote from or summarize comments in its public documents and post part of them on its website. Please indicate clearly if you would prefer that FCAC withhold all or part of your comments from its public documents.

All comments received by FCAC will be subject to the Access to Information Act and may be disclosed in accordance with its provisions. Should you express an intention that your submission, or any portions thereof, be considered confidential, FCAC will make every reasonable efforts to protect this information.

Background

FCAC's [existing Compliance Framework](#) is central to FCAC's compliance activities, as it outlines how FCAC supervises and monitors regulated entities' adherence to regulatory requirements and the various industry codes of conduct and public commitments. FCAC last updated its framework in 2011. Since then, FCAC's mandate has expanded to include new activities and new types of regulated entities. FCAC has also increasingly focused on proactive and risk-based supervision. Because of these changes, it became apparent that FCAC needed a new framework designed for the continually evolving financial services sector.

FCAC is seeking comments and feedback on the following documents:

- [Proposed Supervision Framework](#)
- [Publishing Principles for FCAC Decisions](#)

Proposed Supervision Framework

Taking into account FCAC's expanded mandate, stakeholder feedback, and new strategic priorities, the Supervision Framework describes the principles and processes FCAC uses to supervise the market conduct of federally regulated financial entities and to ensure that financial consumers and merchants continue to benefit from the applicable protections.

The Supervision Framework outlines FCAC's general approach to supervising and monitoring regulated entities, and is not intended to be a stand-alone initiative. Supporting initiatives, including additional guidance documents and redesigned internal processes, will be developed and phased-in over time. Together, the Supervision Framework and supporting initiatives will improve FCAC's ability to fulfill its mandate and adapt quickly to changes in the financial services sector.

The framework illustrates how FCAC will approach supervision, but it is not intended to provide a detailed description of how FCAC would proceed on specific cases or compliance matters.

Publishing Principles for FCAC Decisions

Along with the new Supervision Framework, FCAC has developed new [Publishing Principles](#) that clarify how FCAC will publish information about Notices of Violation, Notices of Decision, and Notices of Non-Compliance.

Next steps

FCAC will consider all comments received and modify the Supervision Framework, where appropriate. An anonymized summary of comments and FCAC's responses will be posted online once the final version of the Framework is released.

Supervision Framework

Financial Consumer Agency of Canada

Sept 26, 2016

Notice:

The FCAC Supervision Framework contains general information and is provided for the guidance and convenience of FCAC stakeholders. It describes a general approach to typical supervision matters. FCAC reserves the right to adjust its approach, as necessary.

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1. Introduction

This Supervision Framework describes the principles and processes applied by the Financial Consumer Agency of Canada ("FCAC") to supervise the market conduct of federally regulated financial entities and ensure that financial consumers and merchants continue to benefit from the applicable protections.

1.1. Financial Consumer Agency of Canada

FCAC plays a key role in financial consumer protection by supervising the market conduct of federally regulated financial entities, educating financial consumers about their rights and responsibilities, and strengthening financial literacy. It derives its [mandate](#) from the *Financial Consumer Agency of Canada Act* (FCAC Act).

FCAC is led by a [Commissioner](#) who reports annually to Parliament through the Minister of Finance. The FCAC Supervision and Promotion Branch pursues its supervisory objectives through the activities of its two divisions: the Supervision and Enforcement Division and the Promotion and Policy Division.

The FCAC Act sets out the following [objects](#) for supervision:

- to supervise regulated entities and determine whether they are complying with [applicable laws](#), [voluntary codes of conduct](#) and [public commitments](#) that they have adopted (collectively, their "**market conduct obligations**")
- to promote the adoption by regulated entities of policies and procedures designed to implement their obligations
- to monitor and evaluate trends and emerging issues that may have an impact on financial consumers, and to collaborate with other government agencies, regulators and stakeholders to foster an understanding of financial services and related issues

Specifically, FCAC oversees regulated entities' compliance under the following federal [legislation](#):

- *Bank Act*
- *Insurance Companies Act*
- *Trust and Loan Companies Act*
- *Cooperative Credit Associations Act*
- *Payment Card Networks Act*
- *Green Shield Canada Act*

1.2. Regulated entities

FCAC supervises the market conduct of the following federally regulated financial entities (collectively, “**regulated entities**”):

- **Federally regulated financial institutions (FRFIs).**
FRFIs include banks as well as federally regulated credit unions, insurance companies, trust and loan companies, and retail associations.
- **External complaints bodies (ECBs).**
ECBs are independent organizations approved under the *Bank Act* to handle escalated consumer complaints related to products and services offered by their members. Every bank or federal credit union must be a member of an ECB.
- **Payment card network operators (PCNOs).**
PCNOs operate or manage payment card networks by establishing standards and procedures for the acceptance, transmission or processing of payment transactions and by facilitating the electronic transfer of information and funds.

While supervision fosters compliance, regulated entities remain fully responsible for fulfilling their market conduct obligations.

FCAC expects a regulated entity’s directors and officers to manage or supervise the management of the adoption of business practices, governance and independent oversight functions targeted to achieve compliance with its market conduct obligations.

[DRAFTING NOTE: This section will link to future FCAC Guidance that will explain FCAC expectations of regulated entities for compliance management and governance (e.g., risk management controls must be appropriate to market conduct risks, reviewed annually, require independent oversight, etc.)]

2. Guiding principles

FCAC's supervisory activities and decisions are driven by its mandate and guided by the following four principles.

2.1. Transparency

Transparency provides predictability for regulated entities and enables effective collaboration among stakeholders. FCAC achieves transparency by communicating its expectations, concerns and priorities—clearly, early and often.

2.2. Proactivity

FCAC strives to identify emerging issues and market trends early. It intervenes swiftly to foster sound market conduct.

2.3. Proportionality

FCAC allocates its resources proportionally to the level of risk presented by the regulated entities, and takes enforcement action that is proportionate to the severity of the breach.

2.4. Accountability

FCAC is accountable for the delivery of its mandate and the actions that ensue. It conducts its supervisory activities in a consistent, timely and professional manner and adheres to established service standards.

[DRAFTING NOTE: This section will link to FCAC service standards. Service standards will be published at a later date.]

3. Supervision process

3.1. Classification of entities

In keeping with FCAC's risk based approach, FCAC has developed a tiered classification that guides the nature and intensity of its supervisory interactions. Every regulated entity is classified as either tier 1 or tier 2.

Tier 1

These regulated entities present a higher inherent risk of breaching their market conduct obligations, due principally to their business models and/or their product and service offerings. These entities include those offering retail products and services to consumers, those whose participants offer payment services to merchants, and those offering dispute resolution services to their member banks.

Tier 1 entities are assigned a senior officer and undergo a cycle of proactive supervision that includes an assessment of their capacity to manage market conduct risk. Within tier 1 entities, the intensity of supervision varies according to an entity's inherent risks and its ability to mitigate them. Intensity can also vary based on the size of the entity and the complexity of its business model, the analysis of which forms part of its Market Conduct Profile (see subsection 5.1).

Tier 2

These regulated entities present a lower inherent risk of breaching their market conduct obligations, due principally to their business models and/or their product and service offerings. These entities include those not offering retail products and services, and those whose business is restricted to the sale of insurance products and services.

Tier 2 entities are monitored less intensively through activities such as annual examinations. They are not typically assigned a senior officer but do have access to liaison officers to address questions that may arise from time to time.

3.2. Pillars of supervision

FCAC employs a variety of oversight tools that broadly support three pillars of supervision, namely:

- **promoting** responsible market conduct
- **monitoring** market conduct
- **enforcing** market conduct obligations

These pillars are meant to work together and should not be considered mutually exclusive: action in one pillar may prompt or inform action in another. For example, as FCAC engages in activities to promote or monitor compliance, it may identify a need to investigate a potential breach.

FCAC's guiding principles and pillars of supervision are the core of its Supervision Framework—a comprehensive, flexible approach to achieving FCAC's objective.

Figure 1 outlines the tools most commonly associated with each pillar. This is displayed for illustration purposes only and is not meant to limit the actions of FCAC. FCAC will select the tool(s) that it deems most appropriate for each individual circumstance. In some situations, the same tool may be used to support more than one pillar of supervision. Each of these tools is described in the following three sections of this document.

**FIGURE 1:
Tools of supervision**

Promoting responsible market conduct	Monitoring market conduct	Enforcing market conduct obligations
FCAC Decisions FCAC Guidelines FCAC Rulings Engagement with regulated entities Engagement with stakeholders	Market Conduct Profiles Examinations Mandatory reporting Third-party intelligence Industry reviews	Investigations Notices of Breach Action Plans Compliance Agreements Notices of Violation Notices of Non-Compliance
<i>Enforcement action may be taken as a result of information obtained under any pillar.</i>		

4. Tools for promotion

Compliance is facilitated when obligations are clearly identified and widely understood by regulated entities and stakeholders. FCAC promotes responsible market conduct by communicating its expectations and interpretations, early and often, using various tools.

4.1. FCAC Decisions

[FCAC Decisions](#) provide information about Notices of Violation and Notices of Decision (for breaches of legislation/regulation) or Notices of Non-Compliance (for breaches of voluntary codes or public commitments). Publishing Decisions allows regulated entities to assess their own market conduct, and to take necessary action to ensure compliance with their obligations.

4.2. FCAC Guidelines

[FCAC Guidelines](#) set out the manner in which regulated entities are expected to comply with their market conduct obligations. Developed following consultation with stakeholders, Guidelines set broad industry standards and establish prudent practices, which FCAC expects regulated entities to incorporate into their business operations.

4.3. FCAC Rulings

[FCAC Rulings](#) assist regulated entities in the interpretation of their market conduct obligations. While they are case-specific, Rulings can nonetheless provide direction to entities whose situations are substantially similar. Rulings do not restrict FCAC in its approach to similar situations.

4.4. Engagement with regulated entities

FCAC regularly meets with senior officials of regulated entities to communicate compliance concerns, share priorities, build trust and promote responsible market conduct. FCAC also engages the entities through annual Industry Sessions, which present opportunities for open discussions and information-sharing on topics such as emerging trends and issues; plans and priorities; and supervision and compliance challenges.

Tier 1 entities also benefit from a cyclical process of proactive supervision where compliance opportunities and challenges are discussed (see subsection 5.1).

4.5. Engagement with stakeholders

FCAC builds understanding and trust by engaging stakeholders to assist in the execution of its mandate. Venues for engagement include public consultations, round tables, speaking engagements and stakeholder surveys. FCAC engages with various consumer groups to seek their perspectives on the regulatory environment, market trends and emerging issues that may be impacting Canadians. FCAC may also publish hypothetical case studies, newsletters, press releases and other material to promote responsible market conduct.

5. Tools for monitoring

Monitoring the market conduct of regulated entities involves ongoing assessments of their levels of compliance. FCAC also engages in other monitoring activities such as gathering information on current and emerging issues in the financial sector. Monitoring tools employed by FCAC are outlined below.

5.1. Market Conduct Profiles (tier 1 only)

FCAC uses a defined and continuous process to assess the overall market conduct risk of each tier 1 regulated entity. This process guides the development of individual Market Conduct Profiles, which FCAC uses to determine the intensity of supervision activity and to allocate resources accordingly. This process has three stages:

Planning: FCAC senior officers devise annual supervision plans for each tier 1 regulated entity in their respective portfolios. These plans may also set out activities to be considered in future years. The nature and intensity of the supervision activities are determined by an entity's Market Conduct Profile.

Execution: FCAC compiles and assesses information on each regulated entity, focussing on the following factors:

- effectiveness of five oversight functions: compliance, risk management, internal audit, senior management and board of directors (as applicable)
- inherent risks based on products and services offered
- planned growth
- history of investigations and breaches
- trends or issues identified through ongoing monitoring
- compliance culture
- willingness and ability to comply with market conduct obligations and to proactively mitigate risks

FIGURE 2:
The market conduct profiling cycle



Reporting: FCAC senior officers update the Market Conduct Profiles of tier 1 regulated entities based on information gathered during the execution stage. Profiles are shared individually or in aggregate with FCAC senior management and are used to determine priorities for subsequent years.

5.2. Examinations

Examinations are conducted to gather information about a regulated entity's business, to determine levels of compliance with market conduct obligations, or to follow up on corrective measures. FCAC may review documents (e.g., policies and procedures, training or disclosure documents) and interview employees to assess the effectiveness of controls put in place to mitigate compliance risks (e.g., complaint-handling procedures, risk management processes or other oversight functions).

Examinations may be conducted by way of:

- **on-site examination**, which FCAC conducts at the offices of the regulated entity
- **off-site examination**, also known as a desk review, where the regulated entity provides the necessary documents for a review conducted at FCAC offices

Following an examination, FCAC prepares an Examination Report detailing its findings. This report may include recommendations on how the regulated entity can mitigate compliance risks, address deficiencies or improve control processes. FCAC may also engage with the entity to establish a plan to address identified deficiencies. Regulated entities are expected to address deficiencies promptly and to inform FCAC of their progress. Unsatisfactory corrective measures can lead to enforcement action.

FCAC is required to examine each regulated entity annually to determine whether they are complying with applicable market conduct obligations.¹ FCAC conducts its annual examinations using a variety of tools described in this Supervision Framework, and reports to the Minister upon completion.

5.3. Mandatory reporting

Regulated entities must file certain information with FCAC within timeframes and formats prescribed by statute. This information includes complaint-handling procedures, public accountability statements and notices of branch closure, all of which are reviewed to ensure compliance. Failure to meet statutory filing requirements may lead to enforcement action.

FCAC requires regulated entities to submit additional information, in accordance with its mandate, including aggregated complaints and compliance issues, updated statistics on specific lines of business, and responses to self-assessment questionnaires. Regulated entities are also expected to proactively report any issues or developments that could change their market conduct risk.

[**DRAFTING NOTE:** Link to website where non-legislative reporting requirements (i.e. compliance issue reporting) will be outlined along with templates, deadlines etc.]

5.4. Third-party intelligence

Third parties such as consumers and merchants contribute to the monitoring process by participating in consultations or by filing complaints directly with the [FCAC Consumer Services Centre](#). FCAC may initiate investigations based on information obtained from any source, including media coverage or information received from other regulators.

5.5. Industry reviews

[Industry reviews](#) are designed to gather information from regulated entities on specific market conduct matters and on matters related to the financial services sector generally. These reviews serve to achieve any of the following objectives:

- to assess current or emerging issues on a specific topic or theme
- to identify and examine industry practices or trends
- to verify levels of compliance with market conduct obligations
- to collect information for policy discussions

Regulated entities participating in industry reviews are expected to comply with FCAC requests. Information from these reviews may be used to provide guidance, establish best practices or inform policy makers. Reviews may also identify compliance breaches that will lead to enforcement action.

¹ [Section 659 of the Bank Act](#), [section 520.3 of the Trust and Loan Act](#), [section 696 of Insurance Companies Act](#), [Section 452.3 of the Cooperative Credit Associations Act](#)

6. Tools for enforcement

Enforcement begins with investigating any potential breach of a market conduct obligation that comes to FCAC's attention. If FCAC determines that a breach has occurred, it responds with the appropriate enforcement tool(s) to ensure compliance and deter future breaches.

6.1. Investigations

Preliminary investigations: FCAC conducts preliminary investigations to determine basic information such as:

- whether a potential breach falls within its supervisory authority
- the existence, nature and duration of a potential breach
- whether the potential breach is isolated or systemic

If a preliminary investigation leads FCAC to believe that a breach has occurred, it will either proceed with a full investigation or issue a level 1 Notice of Breach (see subsection 6.2).

FCAC notifies the regulated entity of the date when FCAC had acquired sufficient information on the subject matter of the potential breach. Violation proceedings may not be commenced on the matter more than two years after that date.²

Investigations: FCAC conducts an investigation when it requires additional information about a breach identified in a preliminary investigation. Entities must provide the information by the date and in the form requested.³ Failure to do so may result in their being compelled to provide the information.⁴

Once an investigation is completed, FCAC's Supervision and Enforcement Division issues one of the following:

- a) **Notice of Breach** (see subsection 6.2), which may require the regulated entity to enter into a Compliance Agreement or Action Plan
- b) **Compliance Report**, which may lead to a Notice of Violation (see subsection 6.5) or Notice of Non-Compliance (see subsection 6.6)

A Compliance Report captures the facts of the breach, an assessment of its severity, and recommendations for enforcement action. The regulated entity is provided 30 calendar days to review the report to validate its facts. FCAC will expect the regulated entity to exercise due diligence in this regard. Once comments, if any, are received from the entity, the report is finalized and forms part of the record for review by the Deputy Commissioner who will decide whether there are reasonable grounds to believe a violation has been committed. Following the Deputy Commissioner's consideration, FCAC may issue a Notice of Violation (for a breach of legislative obligations) or a Notice of Non-Compliance (for breaches of voluntary codes of conduct and public commitments).

The selection of enforcement tool(s) is based on factors such as:

- degree of negligence or intent

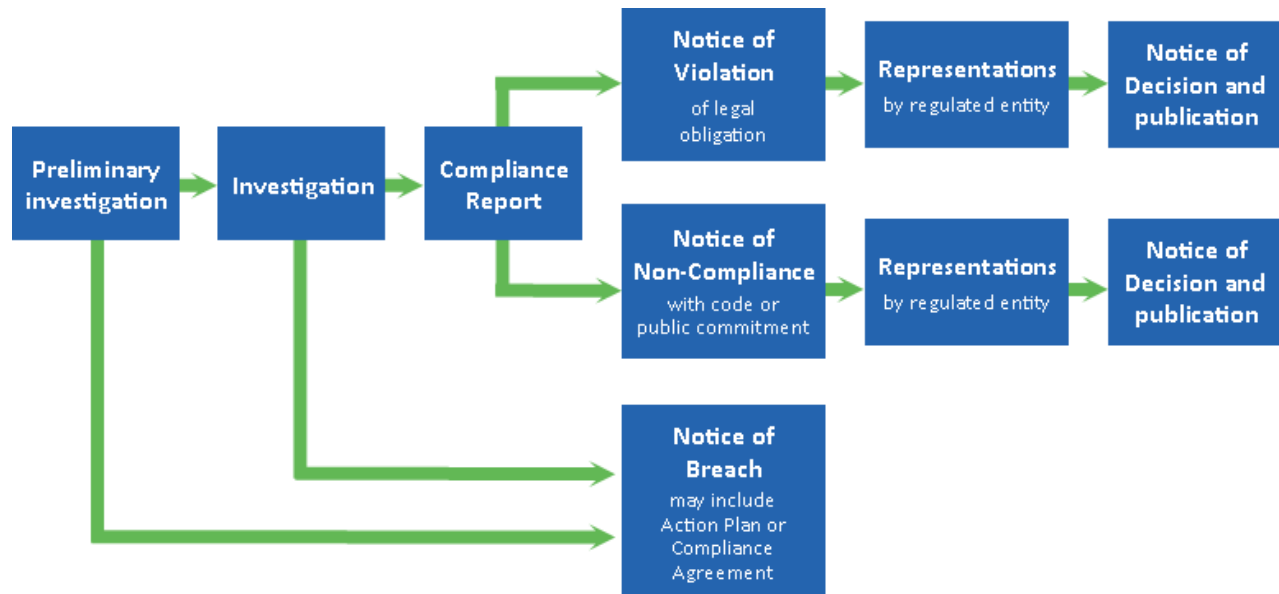
²Subsection 30(1) of the *Financial Consumer Agency of Canada Act*

³ Section 657 of the *Bank Act*, section 694 of the *Insurance Companies Act*, section 520.1 of the *Trust and Loan Act*, subsection 5(5) of the *Payment Card Network Act*, Section 452.1 of the *Cooperative Credit Associations Act*

⁴ Section 660 of the *Bank Act*, section 697 of the *Insurance Companies Act*, section 520.4 of the *Trust and Loan Companies Act*, subsection 5(3) of the *Payment Card Network Act*, Section 452.4 of the *Cooperative Credit Associations Act*

- degree of direct or indirect harm
- compliance record (including past breaches, Action Plans or Compliance Agreements)
- strength of controls or actions taken to prevent the breach from occurring
- length of time taken to identify and correct the breach
- remediation plans and associated timeframes
- risk of recurrence
- level co-operation with FCAC (including whether the issue was self-reported to FCAC)

**FIGURE 3:
Typical flow of enforcement activity**



6.2. Notices of Breach

If FCAC has determined that the severity of a breach falls within one of the levels below, it may proceed by issuing a Notice of Breach.

A **level 1** notice may be issued if the breach is isolated or minor. A level 1 notice may also be issued when a systemic breach has been promptly identified and **rectified**, the regulated entity has shown that sufficient controls are in place to prevent recurrence and **impact was minimal**.

Regulated entities are expected to assess their policies and processes to ensure that risks are identified and mitigated. A recurrence may lead to stronger enforcement action.

A **level 2** notice may be issued if the regulated entity is required to take specific action to address a breach. FCAC notifies the entity that failure to correct the breach could lead to stronger enforcement action. The entity is expected to promptly correct the breach and assess and change its internal practices, if necessary, to avoid any recurrence. The entity is also required to enter into an Action Plan specifying these corrective measures (see subsection 6.3). A recurrence may lead to stronger enforcement action.

A **level 3** notice may be issued in any of the following circumstances:

- there is a heightened sense of urgency to complete corrective actions
- the breach is a symptom of a broader compliance deficiency or concern

- the entity has demonstrated a low level of cooperation towards voluntary compliance
- there is a specific need to escalate related concerns within the regulated entity

A level 3 notice typically requires the regulated entity to enter into an Action Plan (subsection 6.3) or Compliance Agreement (subsection 6.4).

6.3. Action Plans

An Action Plan details the corrective measures required to prevent recurrence of a breach, and the timeframes for action. FCAC works with regulated entities to establish parameters and timeframes. Regulated entities must provide FCAC with regular updates throughout the duration of the Action Plan, followed by a full report once all actions have been completed.

6.4. Compliance Agreements

A Compliance Agreement specifies the corrective measures required to address a breach and the timeframes for action. Regulated entities can be required to provide regular updates throughout the duration of the Compliance Agreement and a full report once all actions have been completed to FCAC's satisfaction. For legislative/regulatory obligations, breaching a Compliance Agreement may result in a Notice of Violation.⁵ For non-legislative obligations, breaching a Compliance Agreement may result in a Notice of Non-Compliance.

6.5. Notices of Violation

A Notice of Violation is issued when there are reasonable grounds to believe that a regulated entity has breached a consumer provision or failed to comply with a Compliance Agreement requirement.

A Notice of Violation specifies the name of the regulated entity, the nature of the violation(s), and any proposed administrative monetary penalty (AMP).⁶

Upon being served with a Notice, a regulated entity can pay the AMP, make representations to the Commissioner within 30 days, or do nothing. This is the sole opportunity for a regulated entity to make representations to the Commissioner on the Notice of Violation, on any proposed AMP(s), and on the publication of the name of the person/entity that committed the violation.

A regulated entity that pays the AMP or does nothing is deemed to have committed the violation.⁷ In such cases, the Notice of Violation stands and is subject to FCAC's [Publishing Principles](#).

Administrative monetary penalties (AMPs) are imposed to:

- *promote the protection of financial consumers and merchants*
- *maintain the integrity of the financial products and services market*
- *support public confidence in the federally regulated financial sector*
- *deter non-compliance with market conduct obligations*

Administrative monetary penalties (AMP): The maximum AMP per violation is \$50,000 for a natural person and \$500,000 for all other persons, including regulated entities.⁸ AMPs

⁵ Section 2 of the FCAC Designated Violations Regulations.

⁶ Subsection 22(3) of the FCAC Act.

⁷ Paragraph 23(3)(b) of the FCAC Act.

⁸ Subsection 19(2) of the FCAC Act.

are payable to the Receiver General for Canada.⁹ An unpaid AMP is a debt due to Her Majesty in right of Canada and may be recovered as such in Federal Court.¹⁰

The AMP amount is determined taking into account the following criteria¹¹, applied with regard to the overall purpose of the FCAC Act:

- *Degree of intent or negligence:* FCAC considers factors such as the type and severity of the breach; whether it is isolated or recurring; whether there was a wrongful purpose on the part of the entity; the overall profile of the entity, including its size and the complexity of its business; the quality of its internal controls; and its commitment to ensuring compliance generally.
- *Harm done by the violation:* FCAC considers factors such as direct financial loss to consumers; consumers' inability to make informed decisions due to a lack of information or information that is unclear or misleading; how that harm impacted consumers, the public and the federally regulated financial sector; and the nature and number of consumers or merchants affected.
- *Compliance history:* FCAC considers the overall compliance history of a regulated entity with respect to any previous violations or convictions during the previous five years, such as the severity, number and circumstances of previous violations or convictions. Generally, larger AMPs ensue for successive violations.

Representations: A regulated entity may make representations to the Commissioner within 30 calendar days of being served with a Notice of Violation. Representations are written statements that set out the entity's position with respect to the Notice of Violation, any proposed AMP(s), publication of the name of the person/entity that committed the violation, and any other matter the entity wishes the Commissioner to consider in rendering a decision.¹² The Commissioner may request additional information as needed.

Notices of Decision: If representations are made, the Commissioner reviews them along with the Compliance Report and decides, on a balance of probabilities, whether a violation has occurred. The Commissioner's decision is communicated by way of Notice of Decision, which includes the Reasons for Decision.¹³ The Reasons for Decision provide the facts and rationale in support of the Commissioner's decision. Upon deciding that a violation has occurred, the Commissioner may impose the proposed AMP, a lesser AMP or no AMP.¹⁴ A regulated entity may appeal the Commissioner's decision to the Federal Court.¹⁵

Publication: The Commissioner has the discretion to make public the nature of a violation, the name of the regulated entity, and the amount of any AMP.¹⁶ FCAC always publishes the nature of the violation and the AMP. In exercising the legislated discretion to also name an entity, the Commissioner considers factors such as:

- FCAC's consumer protection mandate, which includes promoting consumer and merchant awareness about obligations of regulated entities and promoting compliance among regulated entities
- the egregiousness of the entity's actions or inactions

⁹ Subsection 25(3) of the FCAC Act.

¹⁰ Subsection 25(1) of the FCAC Act.

¹¹ Section 20 of the FCAC Act.

¹² Subsection 23(2) of the FCAC Act.

¹³ Subsection 23(4) of the FCAC Act.

¹⁴ Subsection 23(2) of the FCAC Act.

¹⁵ Subsection 24(1) of the FCAC Act.

¹⁶ Section 31 of the FCAC Act.

- the entity's willingness to assume responsibility for the violation
- the degree of collaboration shown throughout the investigative process
- the impact of the violation on consumers and consumer confidence
- whether systemic issues are likely to cause further problems
- deterrence

FCAC publishes information about violations according to its [Publishing Principles](#).

[**DRAFTING NOTE:** Link to website where Publishing Principles will be found.]

6.6. Notices of Non-Compliance

FCAC may issue a Notice of Non-Compliance when an investigation reveals that a regulated entity is in breach of its obligations under a voluntary code of conduct or public commitment.

A Notice of Non-Compliance specifies the nature of the breach.

Representations: The regulated entity may make representations to the Commissioner within 30 calendar days of being served with a Notice of Non-Compliance. Representations are written statements setting out the entity's position on the Notice of Non-Compliance and must be submitted in accordance with instructions given in the Notice. The Commissioner may request additional information as needed. If a regulated entity chooses not to make representations, it is deemed to have breached the provision of the applicable voluntary code of conduct or public commitment. In such cases, the Notice of Non-Compliance stands and is noted in the entity's compliance record.

Notices of Decision: If representations are made, the Commissioner reviews them along with the Compliance Report and decides, on a balance of probabilities, whether a breach has occurred. The Commissioner's decision is communicated by way of Notice of Decision, which includes the Reasons for Decision. The Reasons for Decision provide the facts and rationale in support of the Commissioner's decision.

Publication: When it is determined that a regulated entity is in breach of its obligations under a voluntary code of conduct or public commitment, FCAC will make public the nature of the breach. Publication will proceed according to FCAC's [Publishing Principles](#).

7. How to contact FCAC

FCAC welcomes inquiries and feedback from regulated entities and other stakeholders. Tier 1 regulated entities should contact their assigned FCAC senior officers directly. For all other inquiries or feedback, FCAC can be contacted by email, mail, fax or telephone.

Email: info@fcac-acfc.gc.ca

Phone:

For services in English: 1-866-461-FCAC (3222)

For services in French: 1-866-461-ACFC (2232)

For calls from the Ottawa area or from outside Canada: 613-960-4666

*Information officers are available Monday to Friday, 8:30 a.m.–5:00 p.m. (Eastern Time)

Teletypewriter (TTY): 1-866-914-6097 / 613-947-7771

Fax: 1-866-814-2224 / 613-941-1436

Mailing Address:

Financial Consumer Agency of Canada
427 Laurier Avenue West, 6th Floor
Ottawa ON K1R 1B9

FCAC PUBLISHING PRINCIPLES

Publishing enforcement actions (e.g., violations) is part of FCAC's robust supervision framework. Publication promotes awareness of FCAC's activities and informs stakeholders about the market conduct of regulated entities.

1.0 Violations

FCAC makes public information about violations once all proceedings with respect of the violation are complete, including any appeals to the Federal Court.

The Commissioner will always make public the nature of the violation and the AMP imposed. The Commissioner will decide, on a case-by-case basis, whether to exercise discretion to also make public a regulated entity's name.

1.1 Public disclosure of violations without the name of the regulated entity

When the Commissioner exercises discretion against making public the name of a regulated entity that has committed a violation, FCAC will publish a redacted version of the Notice of Violation or Notice of Decision. Where necessary, information may be redacted on privacy or confidentiality grounds; FCAC will provide the regulated entity with advance notice of the redacted version before it is posted.

The Commissioner may issue a press release.

1.2 Public disclosure of violations with the name of a regulated entity

When the Commissioner exercises discretion to make public the name of a regulated entity that has committed a violation, FCAC will publish the final copy of the Notice of Violation or Notice of Decision, including the facts of the violation. Where necessary, information may be redacted on privacy or confidentiality grounds; FCAC will provide the regulated entity with advance notice of the redacted version before it is posted.

The Commissioner may issue a press release.

2.0 Non-adherence to a voluntary code of conduct or public commitment

If a regulated entity has breached its obligations under a voluntary code of conduct or public commitment and FCAC has issued Notice of Non-Compliance, FCAC will publish anonymous information about the non-adherence, including the facts of the case. Where necessary, information may be redacted to protect consumers' privacy or to remove confidential or commercially sensitive business information; FCAC will provide the regulated entity with advance notice of the redacted version before it is posted.

The Commissioner may issue a press release.

Proposed Supervision Framework and Publishing Principles for FCAC Decisions Released for Consultation

Dawn Jetten, Chana Edelstein and Michelle Le

October 19, 2016

The Financial Consumer Agency of Canada (FCAC) recently published the following two documents for comment: Proposed Supervision Framework and Publishing Principles for FCAC Decisions (Consultation). The consultation period runs until November 14, 2016, and written comments can be submitted here.

The FCAC last updated its Compliance Framework in 2011 (2011 Compliance Framework) and the current Consultation aims to address the expansion of FCAC's mandate since that period to "new types of regulated entities and new activities", as well as its increasing focus on "proactive and risk-based supervision". This Consultation is part of a larger modernization process that Canada's Department of Finance has begun in order to address the evolving nature of the financial services sector (see our August 2016 *Blakes Bulletin: Canada's Financial Sector: Legislation for the Future*).

The Consultation documents differ from the 2011 Compliance Framework and the previous Publishing Principles in several respects and this bulletin highlights some key points for regulated entities.

PROPOSED SUPERVISION FRAMEWORK

The Proposed Supervision Framework outlines the FCAC's general approach to supervising and monitoring federally regulated financial institutions, external complaints bodies and payment card network operators (regulated entities) and describes "the principles and processes FCAC uses to supervise the market conduct of federally regulated financial entities and to ensure that financial consumers and merchants continue to benefit from the applicable protections".

Further initiatives to support the Proposed Supervision Framework (including additional guidance documents and redesigned internal processes) will be developed by the FCAC and phased-in over time.

Guiding Principles and Pillars of Supervision

The Proposed Supervision Framework states at the outset that all supervisory activities and decisions will be driven by the four guiding principles of transparency, proactivity, proportionality and accountability. The FCAC's newly stated commitment to transparency and providing predictability for regulated entities marks a potential shift within the federal regulatory agency.

Additionally, the Proposed Supervision Framework sets out the FCAC's three interdependent pillars of supervision of promoting responsible market conduct, monitoring market conduct, and enforcing market conduct obligations. The three pillars of supervision provide a clearer framework and improve upon the complicated flow chart previously provided under the 2011 Compliance Framework.

Two-Tier Classification System

In line with its risk-based approach to supervision, the Proposed Supervision Framework puts forth a new two-tiered system for classifying regulated entities that will “guide the nature and intensity of FCAC’s supervisory interactions” with such entities. The FCAC had previously noted in its 2011 Compliance Framework that it utilized a risk assessment model to evaluate the relative levels of risk of regulated entities. The new two-tier classification system sets out how the risk assessments of regulated entities will impact their supervisory interactions with the FCAC.

Regulated entities will be classified as tier 1 if they present a “higher inherent risk of breaching their market conduct obligations, due principally to their business models and/or their product and service offerings”. The FCAC cites examples of tier 1 entities as those offering retail products and services to consumers, those whose participants offer payment services to merchants and those offering dispute resolution services to their member banks.

Tier 1 entities will be subject to the new monitoring tool of Market Conduct Profiling. Under this tool, the senior officer assigned to a tier 1 regulated entity will devise annual supervision plans and then compile and assess information on the entity focusing on factors such as the effectiveness of its oversight functions of compliance, risk management, internal audit, senior management and board of directors, and its history of investigations and breaches. The senior officer will then use the information collected to update the Market Conduct Profile, which will subsequently be shared, either individually or in aggregate, with FCAC senior management.

Tier 2 entities present a “lower inherent risk of breaching their market conduct obligations” and examples of tier 2 entities listed by the FCAC include entities that do not offer retail products and services or those whose businesses are restricted to the sale of insurance. Tier 2 entities are not typically assigned a senior officer, but will have access to a liaison officer to address questions. Monitoring of tier 2 entities will be less intensive and will be carried out through activities such as annual examinations.

Rulings Process

The introduction of a rulings process has the potential to be one of the major improvements proposed by the new framework. The Proposed Supervision Framework states that a rulings process would “assist regulated entities in the interpretation of their market conduct obligations” by providing “direction to entities whose situations are substantially similar”. However, the FCAC also emphasizes that the rulings are case-specific and that rulings would “not restrict the FCAC in its approach to similar situations”. This language mirrors OSFI’s approach to rulings, which also states their rulings are not necessarily binding on their consideration of subsequent issues; while rulings are informative for situations with the same or similar facts, additional or different considerations may be raised in a different case.

The Proposed Supervision Framework does not currently included detailed information on how the rulings process would operate, but the introduction of a rulings process by the FCAC could allow regulated industries to gain clarification and guidance on FCAC expectations and interpretations.

Notices of Breach

Notices of Breach are a new enforcement tool introduced in the Proposed Supervision Framework in addition to Notices of Violation and Notices of Non-Compliance. A Notice of Breach may be issued following the investigation process and will be issued if the breach falls within one of the three levels outlined by the Proposed Supervision Framework:

- Level 1 notices are issued for breaches that are “isolated or minor”.
- Level 2 notices are issued if a regulated entity is “required to take specific action to address the breach”. Entities that are issued level 2 notices must enter into an action plan to correct the breach and recurrence of the breach could lead to an escalation in enforcement action.
- Level 3 notices are issued when there is a heightened sense of urgency, the breach is a symptom of a broader compliance deficiency, the entity has demonstrated a low level of cooperation towards voluntary compliance or there is a specific need to escalate related concerns within the regulated entity. Entities issued level 3 notices will generally be required to enter into an action plan or compliance agreement.

PUBLISHING PRINCIPLES FOR FCAC DECISIONS

FCAC’s principles with regard to publishing of Commissioner’s decisions were published on its website to provide guidance following the change in FCAC practice from publishing condensed summaries of decisions to publishing the decisions in their original form. The proposed new Publishing Principles clarify FCAC’s policies with respect to published decisions and make a new distinction between the publication of Notices of Violation and Notices of Decision and the publication of Notices of Non-Compliance.

Notices of Violations and Notices of Decision

Under the previous Publishing Principles, the FCAC had generally stated that it was “essential to preserve the factual circumstances and the legal requirements that feature in a decision”. The proposed Publishing Principles specify that when a regulated entity commits a violation, the FCAC “will always make public the nature of the violation and the [administrative monetary penalty] AMP imposed” once all the related proceedings are complete.

The proposed Publishing Principles includes references to the statutory discretion of the Commissioner to disclose the name of the regulated entity. If the Commissioner exercises its discretion not to disclose the name of the regulated entity, the FCAC will publish a redacted version of the Notice of Violation or Notice of Decision that omits the name of the regulated entity and the facts of the violation. Additional information may “be redacted on privacy or confidentiality grounds”. In cases where the Commissioner decides to release the name of the entity, the FCAC will publish the final copy of the Notice of Violation or Notice of Decision. The final copies of these decisions will include the facts of the violation; however some information may still be redacted where deemed necessary due to privacy or confidentiality concerns. In either case, the Commissioner may issue a press release.

The proposed Publishing Principles also stipulates that when a decision is redacted, the “FCAC will provide the regulated entity with advance notice of the redacted version before it is posted”. This documents the current practice.

Notices of Non-Compliance

If the FCAC issues a Notice of Non-Compliance to a regulated entity that breaches its obligations under a voluntary code of conduct or public commitment, the FCAC will publish this information anonymously and may redact information to protect the privacy of consumers or confidential or sensitive business information. The Commissioner may also issue a press release.

Similarly to Notice of Violations and Notices of Decision, the FCAC will provide the regulated entity with advance notice of the redacted Notice of Non-Compliance before it is published.

For further information, please contact:

<u>Dawn Jetten</u>	416-863-2956
<u>Chana Edelstein</u>	514-982-4070
<u>Michelle Le</u>	416-863-2787

or any other member of our Financial Services Regulatory group.

Posted by:

Dawn Jetten, Chana Edelstein and Michelle Le

Posted in: Financial Services Regulatory



Alberta Insurance Council

Joanne Abram
Chief Executive Officer

October 11, 2016

Brendan Wycks,
Executive Director
CAFI
255 – 55 St. Clair Avenue West
Toronto, Ontario
M4V 2Y7

Dear Mr. Wycks,

Further to the Alberta Insurance Council ("AIC") review into products distributed under restricted Certificates of Authority, the Life Insurance Council ("LIC") thanks you for your submission regarding the sale of group critical illness insurance.

The LIC met on September 28, 2016 and has, subject to the acceptance of an appropriate definition, decided to specify that creditor group (CG) critical illness insurance coverage can be sold under a restricted Certificate of Authority for Credit Related Insurance in addition to Creditor Group (CG) life insurance, CG disability insurance and loss of employment insurance.

To finalize this matter, the LIC has requested your input regarding the definition of creditor group critical illness to be adopted for the purposes of restricted licensing. We would ask that any submission regarding this definition be provided to Council no later than October 31, 2016.

Please feel free to contact the undersigned if you require additional information and/or clarification.

Yours truly,

J. L. Abram, (Mrs.)
Chief Executive Officer

JLA/dp

Regulatory Update – CAFII Executive Operations Committee, October 17, 2016

Prepared By Brendan Wycks, CAFII Executive Director

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Federal/National

Canadian Council of Insurance Regulators

CCIR May Decide Not To Issue Travel Insurance Position Paper

In response to an audience question following his presentation at the Travel Health Insurance Association (THiA)'s Annual General Meeting on September 27/16, Harry James, Chair of CCIR's Travel Insurance Working Group (TIWG), said that while a Position Paper identifying industry practices that need to be improved upon is still the next phase in the TIWG's work plan, it is possible that the Council may decide not to issue a Position Paper.

"I would expect that there will be a Position Paper, but that's going to be up to the membership of the full Council. We have not rushed to a judgement; we haven't made a determination yet as to whether a Position Paper is necessary."

Earlier, in his prepared remarks, Harry had indicated that after it consults with industry Associations over the coming Fall months – following their submission of responses to the TIWG's Health Insurance Products Issues Paper by September 30 – the TIWG's next step will be to develop a Position Paper and present an advanced draft to the Council at its Winter 2017 meeting in January. Thereafter, the final phase of the CCIR review of travel health insurance (THI) will be to follow-up two years later to determine if improved practices have been adopted by the industry and if they're being effective.

In his prepared remarks on the TIWG's work and, in particular, its Issues Paper, Harry also made the following observations:

- public perception was a key driver for the CCIR in initiating a review of THI. There was a sense that public confidence in THI was eroding. Consumers were telling us that they are not certain that "a promise made is a promise kept" is true of THI;
- high automatic acceptance rates may lead consumers to believe that they have coverage which they actually do not qualify for;
- international regulators are looking at the hypothesis that there is "over-selling" of insurance, including THI;
- another regulatory concern which the TIWG identified about THI is the use of "cost containment services" to manage claims (provided a high level summary of three similar court cases in the U.S. related to Canadian insureds);
- the data from all of the three surveys that the TIWG was able to look at – KPMG's survey for THiA from 2014; the TIWG's survey of travel health insurers from 2015 which had significant data integrity challenges; and Pollara's 2015 survey for CAFII of consumer satisfaction with THI – just wasn't conclusive and reliable;
- CAFII's Pollara research showed that the further along in the THI process you are in terms of purchase and use, the more satisfied you are. But that begs the question of whether the industry is doing enough in terms of Fair Treatment of Customers at the outset of the process;
- the first iteration of CCIR's Annual Statement on Market Conduct will not seek THI data, but we can expect that it will added into a subsequent iteration of the Statement.

CCIR Considering Addition Of Attestation To Annual Statement On Market Conduct

On September 22/16, Martin Boyle, CCIR Policy Manager, confirmed to B. Wycks that the Council's Insurance Core Principles Implementation Committee (ICPic) is looking at adding an attestation to its Annual Statement on Market Conduct (Life and Health), and CAFII's views on the matter will be taken into consideration.

On September 21/16, B. Wycks wrote to M. Boyle as follows: *it has come to CAFII's attention that serious consideration is being given to adding an attestation to the Annual Statement on Market Conduct (PC) along the following lines: 'the insurer is in compliance with the applicable federal, provincial, and territorial Insurance Acts and regulations.' Given that efforts are being made to ensure that the Annual Statement (PC) and the Annual Statement (Life and Health) are in harmony, we're wondering if CCIR plans intends to add an identical/similar attestation to the Annual Statement (Life and Health)?*

CAFII members had an opportunity to discuss that prospect in a meeting yesterday. We are opposed to the adding of such a broad, sweeping attestation to the Annual Statement (Life and Health) since we do not believe that insurers will be comfortable with signing off on it. Our members would be comfortable with an attestation focused on the information provided in completing the Annual Statement, from which the "compliance with applicable laws..." component has been removed.

In reply, M. Boyle said *thank you for your email and recommendations regarding the proposed attestation for the Annual Statement. You are correct that the attestation is being considered for both the P&C and life and health versions of the Annual Statement. However, it should be noted that the initial draft of the language that was shared with you was just that: an initial draft. The content of the proposed attestation is under review, which will include your comments below. We have also heard similar concerns regarding the portion you flagged from other industry associations as well.*

CCIR Members Embracing Co-operative Framework

In CAFII's Industry Issues Dialogue with the AMF on October 4/16, Patrick Dery, Superintendent, Solvency at the AMF and current Chair of CCIR, advised that Council members are very much embracing and participating collaboratively in the Co-operative Framework for Market Conduct Supervision in its first year.

He indicated that adopting co-operative off-site inspections of insurers, on the company's own premises, is one of the proofs that CCIR members have embraced the Co-operative Framework. Three initiatives were adopted under the 2016 Co-operative Plan; and one of those is to conduct one or two company-specific reviews this year, he noted. As well, multi-jurisdictional teams of four or five people are doing thematic reviews together and "that is a first for insurance regulation in Canada," he stressed.

Financial Consumer Agency of Canada

FCAC Finds "Strong Market Conduct" Among Banks, Insurers

The Financial Consumer Agency of Canada (FCAC) says that, for the most part, financial services institutions are behaving themselves in how they treat their clients. In its latest annual report, published in early October, the FCAC indicates that it has observed "strong market conduct" among federally regulated financial services firms, such as banks and insurers. More specifically, the FCAC's compliance efforts uncovered "no major or systemic concerns."

During the past year, the FCAC investigated 708 potential breaches of federal legislation, regulations, voluntary codes of conduct and public commitments; and any compliance issues that it uncovered “were addressed in a timely and effective manner.”

Travel Health Insurance Association

THiA To Introduce “Travel Insurance Bill of Rights”

At its Annual General Meeting on September 27/16, THiA announced that it will soon be introducing a Travel Insurance Bill of Rights for consumers. The Bill of Rights initiative is the work of the Association’s 20/20 Task Force and intended to produce a “quick win” for THiA and the industry in terms of consumer and regulatory relations.

An advanced draft of the Bill of Rights is currently being reviewed by the Association’s executive and the final version is expected to be released with some fanfare before the end of 2016, following ratification by the membership.

The Bill of Rights contains 10 travel insurance rights of consumers; and four consumer responsibilities with respect to travel insurance.

Among the 10 consumer rights in the draft Bill are: to request clarification; to review and modify your medical questionnaire; to receive world-wide assistance and toll-free support; to escalate and appeal; to confidentiality; to know your insurer (policy will clearly identify insurer); and to your preferred language.

The four consumer responsibilities in the Bill are: to provide accurate information; to understand your purchase; to travel with proof of insurance; and to notify your travel insurance provider.

THiA’s plans for the Bill of Rights include prominent positioning on the Association’s web site; a requirement that members agree to abide by its provisions; the development of an associated “Seal of Approval” for members to display on their own web sites and in corporate communications; and a promotional consumer video. Member compliance with the Bill of Rights will be based on a self-reporting/honour system initially; but a more regulated system will eventually be developed.

At the AGM, THiA indicated that the Travel Insurance Bill of Rights would be mentioned in the Association’s response to the CCIR TIWG’s Travel Health Insurance Products Issues Paper, but a reading of THiA’s submission indicates that that turned out not to be the case.

THiA Well-Advanced On Travel Insurance Professional (TIP) Curriculum

At THiA’s Annual General Meeting on September 27/16, David Hartman, a Past-President of the Association and current Chair of its Education Committee, reported that the Association has made major progress over the past year in developing the educational curriculum for a Travel Insurance Professional (TIP) accreditation program. The program should be ready for implementation in the Spring of 2017.

With participation and co-operation from the Association of Canadian Travel Agencies (ACTA), the Education Committee has put together a 230-page curriculum with nine chapters; and a refined second draft is currently being reviewed by the THiA executive.

The committee’s further tasks include creation of a study manual and exams for the TIP designation; defining online hosting and related implementation requirements and securing an online education partner via a Request for Proposals process; and development of a marketing plan.

THiA makes a passing mention of this initiative in its submission on the CCIR TIWG's Travel Health Insurance Products Issues Paper, asserting that "THiA's creation of the first travel insurance-specific educational curriculum has the potential to be a tremendous tool to better educate the industry."

Canadian Life and Health Insurance Association

CLHIA Fact Book Shows Average Canadian Household Has \$388K In Life Coverage

On September 15/16, CLHIA released the 2016 edition of its industry fact book "*Canadian Life and Health Insurance Facts*." The annual fact book shows that in 2015, purchases of insurance products by Canadians continued to increase, with premium revenues surpassing \$100 billion for the first time led by the retirement solutions market.

On average, each Canadian had \$198,000 of life insurance coverage in 2015, a figure which includes both individual and group coverage. The household average was \$388,000, which CLHIA notes is about five times the typical household income.

Nationally, the average size of a new individual life insurance policy was \$330,000. Alberta and Manitoba had the largest average face value amounts at \$400,000 and \$399,000 respectively, while New Brunswick had the lowest average policy size at \$210,000.

Overall, 22 million Canadians own \$4.3 trillion dollars of life insurance, and virtually all individual coverage was purchased through financial advisors. CLHIA points out that Canadians almost always buy their individual life insurance through an agent or advisor. "Simpler products sold by direct mail or online marketing, while increasing, still only account for 1% of individual premiums," the report says.

As for the kinds of policies Canadians own, CLHIA says that individual term accounts for 36% of all coverage (measured by face value), while universal life and whole life make up 14% and 10% respectively; group insurance accounts for 40% of the amount of protection in force.

Provincial

Alberta

Alberta Seeks CAFII Input On Definition of CGI Critical Illness To Be Adopted

On October 11/16, Joanne Abram, CEO of the Alberta Insurance Council, sent an official letter to CAFII to confirm the Life Insurance Council's recent decision with respect to the selling of critical illness insurance benefits under a Restricted Certificate of Authority. The letter reads as follows:

Further to the Alberta Insurance Council review into products distributed under Restricted Certificates of Authority, the Life Insurance Council thanks you for your submission regarding the sale of group critical illness insurance.

The LIC met on September 28, 2016 and has, subject to the acceptance of an appropriate definition, decided to specify that creditor group (CG) critical illness insurance coverage can be sold under a restricted Certificate of Authority for Credit Related Insurance in addition to CG life insurance, CG disability insurance, and CG loss of employment insurance.

To finalize this matter, the LCI has requested your input regarding the definition of creditor group critical illness to be adopted for the purposes of restricted licensing. We would ask that any submission regarding this definition be provided to Council no later than October 31, 2016.

Earlier, on September 28/16, Ms. Abram had communicated the following good news to B. Wycks via email: *the Life Insurance Council met this morning and have come to the decision to redefine Credit Related Insurance to include Creditor group (CG) Life, CG Disability, CG Critical Illness and loss of employment. I will be sending out a formal letter to advise you of such and to seek CAFII's input regarding the definition of creditor group critical illness to be adopted for the purposes of restricted licensing.*

Saskatchewan

FCAA Seeks Comments On Draft Insurance Regulations By December 2/16

On October 7/16, Saskatchewan's Financial Consumer Affairs Authority (FCAA) released its Insurance Regulations Consultation document, but took the unusual step of embargoing the document and making it confidential to one point person at each industry stakeholder/Association along with the stakeholder's legal counsel, unless the FCAA grants express permission for the document to be shared with other members of the organization.

B. Wycks requested and received permission from Jan Seibel, Legal Counsel at the FCAA, for the consultation document and the password required to open it to be shared with CAFII Market Conduct, EOC, and Board members. However, that permission was conditional upon him obtaining from each CAFII representative an indication that he/she is willing to comply with the embargo provisions which prohibit further distribution.

Ms. Seibel advised that the reason why the FCAA decided to embargo its consultation document is that the document has not yet been shared with the Cabinet of the Government of Saskatchewan; and the Cabinet will be the body that ultimately approves the Regulations and brings them into force.

The deadline for stakeholder response submissions is December 2/16; and the consultation document states that the FCAA is targeting having the revised Insurance Act and the related Regulations come into force at some point in April 2017.

Manitoba

Insurance Council Asks Government To Expand RIA Licence Parameters

On September 23/16, Erin Pearson, Executive Director of the Insurance Council of Manitoba (ICM), provided clarification to B. Wycks on the news, mentioned in the Council's 2015-16 Annual Report, that its Incidental Sales of Insurance (ISI) Committee had made recommendations to the Government for amendments to Regulation 389/87 to allow for other organizations and other types of insurance which were not prescribed in the original Restricted Insurance Agent regulatory framework.

Erin advised that *the ICM recognized prior to implementation of the RIA framework that the area of ISI is an emerging one, and that the framework which allows only organizations and insurance prescribed by the Regulation would result in an inability to react to changes in the marketplace in a timely manner.*

We have also recognized that while the framework incorporated the known entities/products, there was certainly a reasonable possibility that there were entities/products that were not identified. Specific instances of this came to light after the licensing regime was put in to place, and a new submission was made to the Government to allow increased flexibility to the process required to incorporate new entities and products – under specific conditions of course – to the licensing framework. This is still the “long term” goal, and discussions are continuing with the Government in this regard.

Short term – GAP products were sold in Manitoba by car dealerships until recently. This is not a product that was contemplated by the original regime in Manitoba, and it has since been incorporated by both the Alberta and Saskatchewan RIA regimes. The Superintendent of Insurance, with the support and input of ICM, is currently working on changes to the Regulations to allow the sale of GAP products in Manitoba through the RIA licensing structure. It is our understanding that this is a high priority issue for them and we expect to see draft Regulations fairly soon.

Insurance Council Announces Enhancements To Online Licensing Portal

On September 26/16, the ICM announced that a number of enhancements to its online licensing portal would be implemented in the near future. These enhancements will allow most licensing transactions to be completed in an online, paperless environment and enable licence holders to submit or update licensing information 24 hours a day, 7 days a week. Details and instructions for use of the upcoming enhancements will follow in the coming weeks and will be posted on the ICM website (www.icm.mb.ca).

The processes that will soon be available on the online portal include:

- apply as a new licence applicant
- apply for an amendment and/or reinstatement of a previously held licence
- upload required documents, such as the criminal record check or errors & omissions insurance
- enable the Authorizer (the Operating Agent/Designated Representative or Insurer) to review and submit their approval of the application
- track the real-time status of the application throughout the process
- register for a modular LLQP examination
- register for an Adjuster or General examination
- make payment via credit card.

Ontario

CAFII Responds To Terminology Input Request Re Life Agent/Insurer Relationship

On October 12/16, CAFII responded to a FSCO request for input, raised in an October 7/16 meeting on life agent compliance, with respect to the following question related to the optimal wording to be used on Licensing Link and in other FSCO communications with respect to the life insurance agent and insurer relationship: *is “represents” the proper term to be used with respect to life agents and their relationship with insurers? Or would “contracts with” or “sells the products of” – alternatives which have been recommended by other industry Associations -- be better and more appropriate terminology to use, which would be less likely to cause misunderstanding or confusion among agents and/or insurers Which wording option does CAFII recommend be used?*

CAFII's response indicated that *we share the concern that you indicated you've heard from other stakeholders about use of the word "represents" in this context, as it can imply an employer/employee relationship, rather than an agency relationship. There is a consensus among our members that the more appropriate terminology to use – which would help avoid any possible confusion or misunderstanding -- would be "sells the products of"; or, as an alternative, "has contracts with."*

FSCO System Enhancements To Improve Monitoring Of Life Agents' E&O Insurance

On October 7/16, a small group from CAFII met with representatives from the Licensing Branch of FSCO's Licensing and Market Conduct Division, at FSCO's request. The focus of FSCO's agenda was to provide an update on planned changes and initiatives pertaining to life insurance agent compliance, particularly with respect to agent and insurer responsibilities related to E&O insurance.

Given that both agents and insurers are responsible for ensuring that agents have valid E&O coverage in place at all times, FSCO advised that the following changes will be introduced to its Licensing Link system on November 1/16:

- whenever a life agent signs into Licensing Link and wants to update his/her profile information, it will be mandatory to complete/update information related to the insurance company(ies) he/she "represents" in order for any profile change to be registered and confirmed in the system. The agent will see only error messages if he/she doesn't provide or update the information on the insurance company(ies) he/she "represents"; and
- insurers will be able to see not only their sponsored agents, but also all other agents who say they represent that company and sell its products, along with E&O insurance coverage status of all such agents. FSCO will also be sending periodic e-mails to insurers with a list of their sponsored and unsponsored agents who don't have valid E&O coverage in place.

Advocis Fears FSRA Will Mean End To Principles-Based Regulation In Ontario

In a September 2016 Regulatory Bulletin, Advocis expressed concern about the recommendations made by the Expert Panel on the future mandates of FSCO, DICO, and the FST -- which would eliminate FSCO and fold its functions into a new Financial Services Regulatory Authority (FSRA).

The three-member Expert Panel appointed by the Ontario Ministry of Finance believes the province's financial services regulatory regime is not as effective as it should be and therefore recommended that the functions of several agencies be combined into a single, self-funded authority. The Panel released its final report on June 20/16, and Advocis is concerned that its recommendations may spell the end of principles-based insurance regulation in Ontario.

"FSCO's principles-based, outcomes-focused approach to regulation — carefully developed by the agency over decades of working with all industry stakeholders — could be swallowed up by the proposed FSRA, with the unfortunate consequence that FSCO's traditional principles-based approach could be replaced with a securities-style, rules-based model", reads the Bulletin. "This change could happen suddenly, by regulatory fiat, or it could occur slowly, by intra-agency cultural change. Such a shift in regulatory philosophy is not necessary. Nor is it suitable to the task of effectively regulating the provision of advice and products by the province's licensed life agents. No amount of rule-making, compliance sweeps, and guidance bulletins will eliminate bad behaviour or make mediocre people more competent."

In the Bulletin, Advocis asserts that life insurance agents and financial advisors should be treated like lawyers or social workers who have certain rights and duties. It also says that regulation without representation is unfair, inefficient, and a barrier to professionalism.

As a solution, Advocis promotes its preferred model for the future of life agent regulation in Ontario: that Advocis be designated as a self-governing Delegated Administrative Authority (DAA) with a code of professional conduct, mandatory membership, and a best interest duty incumbent upon its members.

Quebec

AMF Expects Omnibus Bill In Fall 2016 Or Winter 2017 Session

In CAFII's Industry Issues Dialogue with the AMF on October 4/16, AMF staff executives advised that they expect that the Ministry of Finance's tabling of an omnibus Bill -- which, among several thrusts, will seek to overhaul and modernize the province's Insurance Act and Distribution Act -- will occur in either the Fall 2016 or Winter 2017 session of the National Assembly.

AMF CEO Louis Morisset indicated that the omnibus Bill actually be several distinct Bills grouped together under one umbrella, including updates to the Act Respecting the AMF and the Financial Co-operatives Act. The AMF is particularly keen to see the omnibus Bill brought forward soon because modernizations to several pieces of legislation that govern the AMF's regulation of the financial services sector are key to its being able to do an effective job in the future.

In 2018 at the latest, Mr. Morisset advised, the International Monetary Fund will be visiting the AMF again for a follow-up Financial Sector Assessment Program (FSAP) review, and one of the things it will be looking at is the regulator's ability to make decisions and act without impediments and undue government control. That will require changes to the Act Respecting the AMF.

Phillipe Lebel, Director General of Legal Affairs, indicated that whistle-blower protection provisions are another key modernization which the regulator is looking for in the Act Respecting the AMF revisions.

Patrick Dery, Superintendent, Solvency, advised that the AMF needs the Government to incorporate flexibility into the laws it modernizes, so that they won't be obsolete in six months' time.

Eric Stevenson, Superintendent, Client Services and Distribution Oversight, indicated that the AMF has a fairly high degree of confidence that the Ministry of Finance will provide the flexibility needed in the updated laws for the AMF to be more nimble and able to adapt to changing market circumstances, without having to re-open legislation every two years.

Mr. Stevenson also indicated that the AMF is confident that the Government's coming legislative modernizations will support the electronic commerce orientations/proposals put forward in its April 2015 "Internet Insurance Offerings in Quebec" paper, and that they will confirm the permissibility of selling simple insurance products online without the necessary involvement of a licensed advisor.

Louise Gauthier, Senior Director, Distribution Policies and Compensation, advised that because there are direct linkages between internet insurance offerings and the province's Distribution Without Representation (DWR) regime, the AMF has decided to hold off on further work on overhauling its two-page Distribution Guide until the Distribution Act modernizations are brought forward. However, if a wait of several more months does not bear fruit and the omnibus Bill is not brought forward by the end of the Spring 2017 legislative session, then the AMF may re-activate the Distribution Guide project, under the auspices of the current Distribution Act.

Minister Of Finance To Give Luncheon Address At AMF's 2016 Rendez-Vous

Quebec Minister of Finance Carlos Leitaó will be the luncheon speaker at the AMF's 2016 Rendez-Vous, a one day conference on financial services regulatory issues, on November 14/16 in Montreal. In April of this year, in response to a question posed by an Opposition member during a legislative committee hearing, the Minister indicated that his Ministry would table an omnibus Bill to modernize Quebec's financial services sector, including the Insurance Act and the Distribution Act, likely before the end of 2016; and that there would be a public consultation period on the draft legislation.

Other features of this year's Rendez-Vous include:

- an opening address by Louis Morisset, AMF CEO; and
- a closing plenary session on "Impact of Climate Change on the Financial Community" moderated by Patrick Dery, Superintendent, Solvency at the AMF and current Chair of CCIR.

Cost for the Rendez-Vous event is \$95 and registration is available at <http://www.lautorite.qc.ca/fr/rdv-inscription-pro.html>.

New Brunswick

FCNB To Accept Only Online Licence Applications Effective November 1/16

On October 17/16, the Financial and Consumer Services Commission of New Brunswick announced that it had completed a software upgrade to its online insurance licensing portal <https://portal.fcnb.ca>. The upgrade enables insurers to review, in the portal, sponsorship requests for applicants seeking a licence as an agent or broker.

FCNB also announced that effective November 1/16, it will only accept online applications for agent, broker, adjuster, and damage appraiser licences. Paper applications submitted to the Superintendent that are incomplete as November 1 will not be processed and will be considered abandoned by the applicant. Applicants who have their paper applications abandoned and wish to reapply must do so through the online portal. Applicants who have submitted paper applications and have been notified that they must address deficiencies, are strongly encouraged to do so without delay and before November 1.

All insurers that sponsor agent, broker, adjuster, or damage appraiser licence applications should now have an Administrative User account established in the portal.

CAFII Regulator and Policy-Maker Visit Plan 2016-17

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
British Columbia				
Insurance Council of BC: Gerry Matier, Executive Director	-June 29/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session -Feb. 27/15 meeting 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	
FICOM: Frank Chong, Acting Superintendent of Financial Institutions (effective August 1/16) Carolyn Rogers, former CEO, FICOM & Superintendent of Insurance (departed Aug 2016) (CCIR Vice-Chair)	-Nov 10/15 in Vancouver re CGI Information Bulletin -Lunch meeting in Halifax on May 4/16	None at this time On May 12/16, C. Rogers appointed OSFI's Asst. Supt, Regulation Sector, effective Aug 15/16. On June 8/16, CAFII Chair P. McCarthy sent congrats letter to C. Rogers	-Monitoring for appt. of interim or permanent FICOM CEO successor	
Doug McLean, Deputy Superintendent of Insurance	-No contact/meeting for at least past two years	None at this time	-FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue) -10 yr. Review of BC Financial Institutions Act (if appropriate)	
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	-follow-up teleconference in Q4 2016 on auto dealers are creditors for a moment-in-time issue, following CAFII delivery of legal opinion submission	- FICOM Information Bulletin on 'effecting' of CGI in BC issue (C. Carter has leadership responsibility for this issue, as advised by H. James on March 16/16)	Pending CAFII's legal opinion submission

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
Lorena Dimma, Director, Market Conduct (assuming Harry James' former policy advisor role re 'effecting' of CGI issue)	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-See C. Carter above	-See C. Carter above	Pending (see C. Carter above)
Harry James, Senior Regulatory Advisor (Chair of CCIR's Travel Insurance Working Group)	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-See C. Carter above	-See C. Carter above. Although H. James is supposed to have handed this file to L. Dimma and C. Carter, he did most of talking in April 14/16 teleconference so CAFII will continue to include Harry in the discussions on "effecting" issue.	Pending (see C. Carter above)
Molly Burns, 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	-See C. Carter above	-See C. Carter above	Pending (see C. Carter above)
Erin Morrison, Regulatory Analyst, Policy Initiatives	-August 10/16 in Toronto, accompanied Harry James and participated in CCIR TIWG meeting with CAFII	-See C. Carter above	-See C. Carter above	Pending (see C. Carter above)
Ministry of Finance: Michael de Jong, Minister of Finance	-Nov. 21/14: G. Grant represented CAFII at FIA Review roundtable discussion hosted by Minister	None at this time	TBD until CAFII has a "direct ask" at Ministerial level	
Dan Ashton, Parliamentary Secretary for Finance (elected MLA)	-November 10/15 in Vancouver along with Elizabeth Cole	If necessary, follow-up meeting in Q2 or Q3 2017 in Vancouver, after Policy Paper released	-Update on 10-year Review of Financial Institutions Act: follow-up on CAFII issues/concerns including recommendations of other stakeholders	Pending (see E. Cole below)
Elizabeth Cole, Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA)	-June 23/16 telephone conversation 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	If necessary, follow-up meeting in Q2 or Q3 2017 in Vancouver, after Policy Paper is released		Pending Ministry of Finance's release of Policy Paper

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
Brian Dillon, Director, Financial Institutions		See E. Cole above		Pending (see E. Cole above)
Kari Toovey, Senior Policy Advisor		See E. Cole above		Pending (see E. Cole above)
Alberta				
Alberta Insurance Council: Joanne Abram, CEO;	-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 -Sept 12/16 teleconference with G. Grant and B. Wycks -July 12/16 teleconference with G. Grant and B. Wycks -May 9/16 review update e-mail from J. Abram to B. Wycks -Feb. 10/16 CAFII letter to J. Abram - Jan/16 and Oct./15 e-mail exchanges with J. Abram	-if necessary, teleconference or in-person meeting with AIC management or LIC	-CAFII's proposed definition of CGI critical illness to be adopted for inclusion under existing RIA licence -Representation for Restricted Licence Holders	Pending outcome of LIC views on CAFII input re definition (deadline: Oct 31/16)
Anthonet Maramieri, COO (succeeded Tom Hampton at beginning of 2015)	-Sept 12/16 teleconference with G. Grant and B. Wycks -July 12/16 teleconference with G. Grant and B. Wycks - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session	-See J. Abram above	-See J. Abram above	Pending (see J. Abram above)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
Warren Martinson, Legal Counsel	-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.)	-See J. Abram above	-See J. Abram above	Pending (see J. Abram above)
Treasury Board and Ministry of Finance: Nilam Jetha, Acting Superintendent of Insurance (one year interim role) Mark Prefontaine, Superintendent of Insurance (seconded to Senior Asst. Deputy Minister for one year, effective Jan. 11/16)	No contact – appointed Jan 11/16 (congratulatory letter sent Feb. 1/16) -Sep 30/14; Fredericton, NB (informal meeting)	None at this time Not applicable at this time	- Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	
David Sorensen, Deputy Superintendent of Insurance	No face-to-face contact to date - <i>appointed Sep 15/14</i>	None at this time	See N. Jetha above	
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch (Chair of CCIR Insurance Core Principles Implementation Ctte)	-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	
Joe Ceci, President of Treasury Board and Minister of Finance	No contact – appointed May 24/15	None	TBD until CAFII has a "direct ask" at Ministerial level	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
Saskatchewan				
Insurance Councils of Saskatchewan: Ron Fullan, Executive Director, (CISRO Chair)	-June 29/16 informal conversation with B. Wycks at CISRO LLQP Info Session -April 11/16 informal conversation with B. Wycks, at CISRO LLQP Info Session - Oct. 27/15: R. Fullan gave dedicated CISRO LLQP Stakeholder Info presentation for CAFII members	None at this time	-timing of renewed focus on establishing a Restricted Insurance Agents Advisory Committee -Sask. RIA regime and licensure issues	
April Stadnek, Director of Licensing	-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 CCOSS Seminar	None at this time	-See R. Fullan above	
Financial Consumer Affairs Authority (FCAA): Roger Sobotkiewicz, former Director of FCAA Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-no previous contact; congratulatory letter on appointment sent March 4/15	-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 - 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 17/16
Janette Seibel, Lawyer, became lead on Bill 177 and Regulations file effective June 1/15	- Oct. 12/16 telephone call and Oct. 7 and 11/16 e-mail exchanges with B Wycks re FCAA embargo on release of Insurance Regulations Consultation Document -Regular e-mail exchanges on this matter since June 2015 (B. Wycks)	- teleconference meeting in Nov. or Dec. 2016, if necessary	- FCAA's Insurance Regulations Consultation Document (in support of Bill 177, The Insurance Act) and CAFII's response submission: released Oct. 7/16 with a Dec. 2/16 deadline for submissions	Pending
Manitoba				
Ministry of Finance: Ken Lofgren, Acting Superintendent of Insurance Scott Moore, Deputy Superintendent of Insurance	-Appointed Spring 2015; no previous CAFII contact -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: Winnipeg, MB	None at this time None at this time	-concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents	
Cameron Friesen, Minister of Finance	No contact – took office May 3/16	None	TBD until CAFII has "direct ask" at Ministerial level	
Erin Pearson, Executive Director, Insurance Council of Manitoba (retiring at end of 2016)	- Sept. 23/16 email exchange with B. Wycks re amendments to Regulation 389/87 which ICM's ISI Committee recommended to Government re incorporating other organizations and other types of insurance into prescribed regulatory framework for RIA licence regime -Oct. 8/15 at CLHIA CCOS Fall Seminar (B. Wycks) -Sept. 30/14: dinner in Fredericton, NB re: ISI implementation	None at this time	-Insurance Council's "ISI items for further review and development"	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
Ontario				
FSCO: Brian Mills, appointed Interim CEO and Superintendent on October 18/14	-January 28/15 stakeholder meeting with CCIR	-informal conversation at FSCO Symposium for Life and Health Insurance Sector: November 25/16 -Awaiting clarification of appointment status, emerging from Government action on Expert Panel's final report on FSCO's future mandate (delivered June 20/16)	(i)Introduce CAFII and build/maintain relationship (ii) Ontario government review of FSCO's mandate (iii) next steps, if any, in Life Insurance Product Suitability Review (iv)CCIR review of travel health insurance (v)Update on Superintendent's priorities (vi)communicate CAFII issues	Confirmed Pending Ontario government action (timing unknown)
Anatol Monid, Interim Executive Director, Licensing and Market Conduct Division	-June 7/16, December 8/15 and June 9/15: informal update conversations with A. Monid at CAFII Reception events -January 28/15 stakeholder meeting with CCIR	-informal conversation at FSCO Symposium for Life and Health Insurance Sector: November 25/16	-next steps, if any, in Life Insurance Product Suitability Review -other FSCO initiatives re life insurance agent and/or insurer compliance	Confirmed
Izabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	-Oct. 8/15 at CLHIA CCOS Fall Seminar (B. Wycks) -Nov 21/14 at FSCO Life & Health Insurance Symposium	-informal conversation at FSCO Symposium for Life and Health Insurance Sector: November 25/16	-See A. Monid above	Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
Heather Driver Director, Licensing Branch Licensing and Market Conduct Division (assumed position in Jan 2016, following retirement of Shonna Neil)	<p>-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</p> <p>-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> <p>-Oct. 7/16 meeting with CAFII reps re life agent and insurer compliance</p>	<p>-informal conversation at FSCO Symposium for Life and Health Insurance Sector: November 25/16</p>	<p>-See A. Monid above</p>	Confirmed
Richard Tillman, Senior Manager, Insurance and Deposit Institutions Policy	<p>-heads-up call to B. Wycks on May 12/16 re imminent release of CCIR Seg Funds Issues Paper</p>	<p>None at this time. CAFII has chosen not to respond to seg fund issues, as only some members offer them</p>	<p>-CCIR's Segregated Funds Working Group's Issues Paper, open for consultation submissions until July 15/16</p>	
Ministry of Finance Three-member Expert Panel advising on Government's review of FSCO's mandate -David McLean, Policy Advisor	<p>-July 30/15 life & health insurance sector roundtable meeting (P. McCarthy and G. Grant)</p> <p>-May 21/15 informal meeting: insurance sector round table</p> <p>-June 7/16 and April 12/16 informal conversations with B. Wycks at CAFII Receptions</p>	<p>None at this time</p>	<p>-Awaiting Government announcement of any action in response to Expert Panel's final report (delivered June 20/16), to determine if meeting with Deputy Minister or Assistant Deputy Minister should be pursued</p> <p>-Discuss Expert Panel's final report to Minister on proposed future mandate of FSCO</p>	Pending Ontario government action (timing unknown)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
Quebec				
AMF: Louis Morisset, CEO; Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15)	<p>-Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF</p> <p>-Apr 8/14: Montreal, QC</p>	<p>-B. Wycks to represent CAFII at AMF's 2016 Rendez-Vous one-day conference on financial services regulatory issues: November 14/16 in Montreal</p> <p>-CAFII liaison meeting with AMF in Oct. 2017</p>	<ul style="list-style-type: none"> -(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
	<p>-Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF</p> <p>-Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec</p>	-See L. Morisset above	-see L. Morisset above	Tentative/ Pending
Eric Stevenson, Superintendent, Client Services and Distribution Oversight	<p>-Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF</p> <p>-Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec</p>	-See L. Morisset above	-See L. Morisset above	Confirmed
	<p>-Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF</p> <p>-August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper</p> <p>-Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec</p>	-See L. Morisset above	<p>-See L. Morisset above; and</p> <p>-Distribution Guide rewrite</p>	Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
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	-in-person or teleconference meeting with Ministry officials coincident with consultation period on draft omnibus Bill expected in Q4 2016, if necessary - CAFII request for April 2016 in-person follow-up meeting with Richard Boivin and Guillaume Caudron	-draft 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 financial products and service	-Pending release of draft omnibus Bill -Request politely withdrawn, based on reassuring information from Y. Nachabé
New Brunswick				
Financial and Consumer Services Commission (Insurance Division): Angela Mazerolle, Superintendent of Insurance	-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Oct 1/14: Fredericton, NB	-Q3 or Q4 2016 teleconference meeting or webinar	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be sent by CAFII to FCNB in summer 2016 as 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 CAFII delivery of "Seven Point Guide to CGI Regulatory Regime"

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
David Weir, Deputy Superintendent of Insurance	-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	-see A. Mazerolle above	-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 (see A. Mazerolle above)
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	
Consumer Advocate for Insurance: Ronald Godin, Consumer Advocate	No contact	None at this time		
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	None at this time	-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	
Jennifer Calder, Deputy Superintendent of Insurance	-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	None at this time	-See W. Ngu above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
PEI				
Superintendent of Insurance: Robert Bradley, Superintendent	-Oct 1/14: Fredericton, NB	None at this time	-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	
Newfoundland				
Superintendent of Insurance: John O'Neill, Superintendent	-N/A; appointed in October 2015	None at this time	-legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities	
Craig Whalen, Deputy Superintendent of Insurance	-Oct 1/14: Fredericton, NB	-Same as John O'Neill	-Communicate CAFII issues; build and strengthen relationship	
FEDERAL/NATIONAL				
CCIR: Martin Boyle, Policy Manager	-Sept 7/16 informal discussion with B. Wycks at retirement reception for L. Byrnes -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) - April 12/16 CAFII Reception -April 12/16 liaison lunch meeting between CAFII and M. Boyle and S. Jacobs	-October 24/16 CAFII liaison lunch with CCIR Policy Managers -CCIR Annual Stakeholder Meetings to be held on December 12-13/16 in Toronto	-Annual Statement on Market Conduct (Martin) -Framework for Cooperative Market Conduct Supervision (Martin) -attendance of CCIR members at CAFII 20 th Anniversary celebration in 2017 -Possible CCIR speakers/panelists at CAFII events -Update on CCIR 2014-17 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR audience -updates on Annual Statement on Market Conduct	Confirmed Confirmation of CAFII's Date/Time Assignment Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
Sean Jacobs, Policy Manager	<ul style="list-style-type: none"> -Sept 7/16 informal discussion with B. Wycks at retirement reception for L. Byrnes -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -July 7/16 CAFII webinar presentation by Lesli Martin, Pollara, on Canadians' perceptions, confidence, and satisfaction with travel medical insurance -June 7/16 informal dialogue at CAFII Reception -May 4/16 lunch meeting in Halifax (with C. Rogers and M. Boyle) - April 12/16 liaison lunch meeting between CAFII and M. Boyle and S. Jacobs -March 16/16 CAFII/CLHIA joint stakeholder meeting with CCIR Travel Insurance Working Group 	<p>-October 24/16 CAFII liaison lunch with CCIR Policy Managers</p> <p>-CCIR Annual Stakeholder Meetings to be held on December 12-13/16 in Toronto</p>	<p>-CCIR review of travel health insurance</p> <p>-See M. Boyle above</p>	<p>Confirmed</p> <p>Confirmation of CAFII's Date/Time Assignment Pending</p>
Patrick Déry, Chair (Superintendent, Solvency, AMF)	<ul style="list-style-type: none"> -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec -April 29/15 meeting in Quebec City, along with CCIR Vice-Chair Carolyn Rogers 	<p>-CCIR Annual Stakeholder Meetings to be held on December 12-13/16 in Toronto</p>	<p>-CCIR review of travel health insurance</p> <p>-Update on CCIR 2014-17 Strategic Plan and related priorities</p> <p>-Communicate CAFII issues; maintain and strengthen relationship</p>	<p>Confirmation of CAFII's Date/Time Assignment Pending</p>
Harry James, Chair, CCIR Travel Insurance Working Group (TIWG)	<ul style="list-style-type: none"> -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -March 16/16 CAFII/CLHIA joint meeting with CCIR Travel Insurance Working Group -March 24/15 meeting with CAFII EOC re travel health insurance review initiative 	<p>-If necessary, Q4 2016 or Q1 2017 meeting with Harry and TIWG members</p>	<p>-CCIR Travel Health Insurance Products Issues Paper and CAFII response to same</p>	<p>Pending CCIR release of Travel Health Insurance Products Issues Paper (expected Q4 2016 or Q1 2017)</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 17/16
Laurie Balfour, Chair, CCIR Insurance Core Principles Implementation Committee (ICPiC)	-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)	None at this time	-ICPiC work on IAIS' Insurance Core Principles -Framework for Co-operative Market Conduct Supervision in Canada -Harmonized Annual Statement on Market Conduct	
CISRO: Ron Fullan, Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB)	-August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -June 29/16 informal conversation with B. Wycks at CISRO LLQP Info Session - April 11/16 CISRO LLQP Stakeholder Info Session -March 16/16 CAFII/CLHIA joint stakeholder meeting with CCIR Travel Insurance Working Group	None at this time	-possible CISRO Strategic Plan and opportunity for stakeholders to provide input	
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 -Oct. or Nov. 2016 teleconference meeting, if necessary	-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)	Pending; CAFII determining whether it should respond to this consultation
Jeremie Ryan, Director, Financial Literacy and Consumer Education Karen Morgan, Marketing Officer	-Feb. 10/15 -Jan 9/14			

Fundamentals of Creditor's Group Insurance

Presentation to Financial Consumer Agency of Canada

Presentation is incomplete without oral commentary.

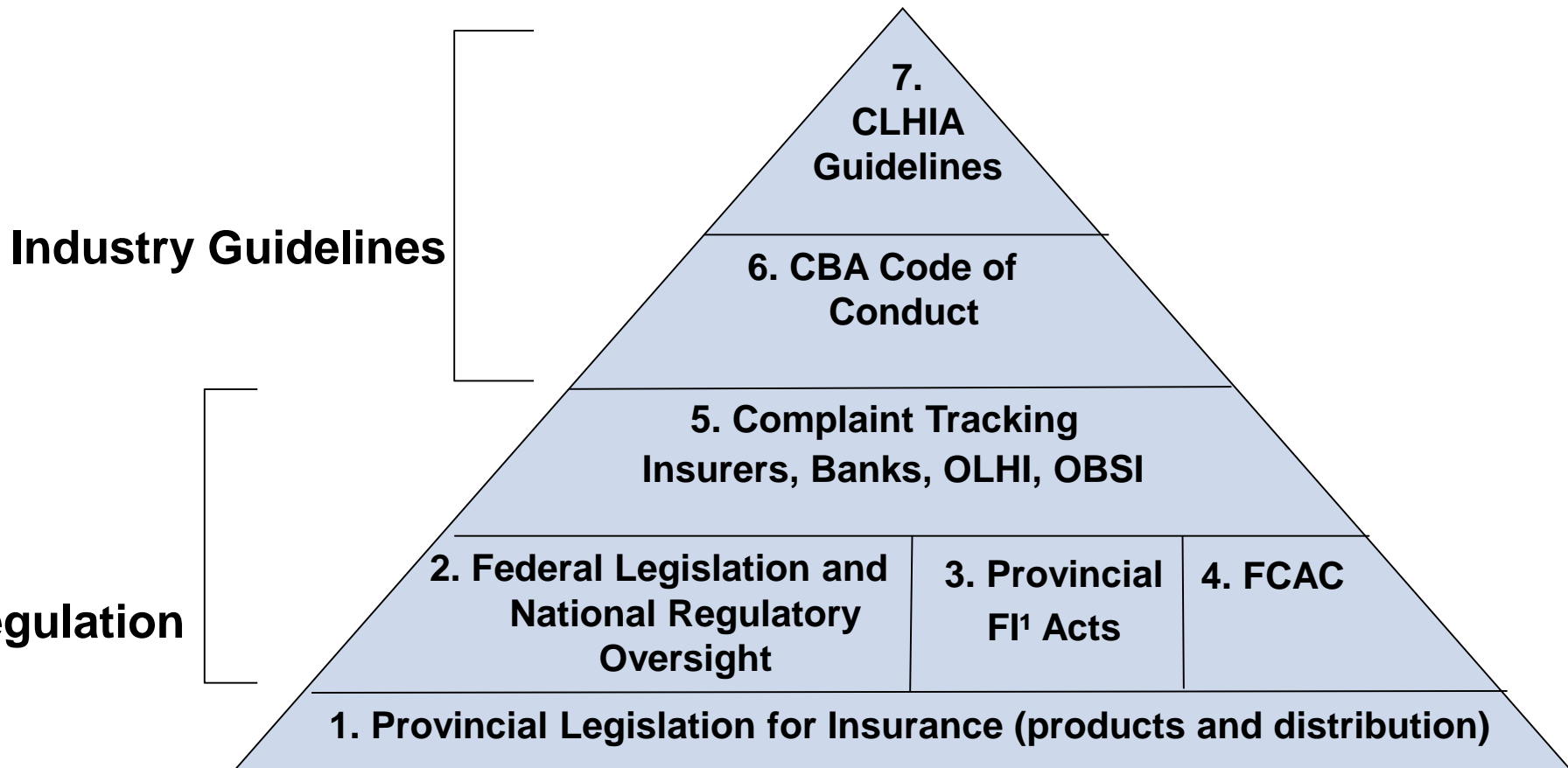
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ROBUST REGULATORY REGIME FOR CREDITOR'S GROUP INSURANCE IN CANADA

Robust Regulatory Regime

Seven Element, Balanced Regime Rooted In Provincial and Federal Legislation/Regulations and Industry Guidelines



¹Financial Institutions

1. Provincial Legislation for Insurance (products and distribution)

- Provinces govern insurance contracts, e.g.
 - Policy content
 - Disclosure documents
 - Proof of claim
- Provinces govern distribution and market conduct, e.g.
 - Restricted licences (some provinces)
 - Act respecting the distribution of financial products and services (Québec)

2. Provincial Credit Union and Caisses Populaires Acts

- Credit Union Acts in each province authorize distribution of creditor's group insurance (by credit unions and caisses populaires):
 - Credit unions and caisses populaires can offer, administer, and enrol customers in authorized types of insurance including creditor's group insurance
 - Branches are prohibited from offering, advising on, or referring customers with respect to types of insurance that are not authorized

3a. Federal Legislation and National Regulatory Oversight: Bank Act

- The Bank Act authorizes Creditor's Group Insurance for distribution by deposit-taking institutions:
 - Banks can offer, administer, and enrol customers in authorized types of insurance¹ including creditor's group insurance
 - Bank branches are prohibited from offering, advising on, or referring customers with respect to types of insurance that are not authorized (e.g. individual life or property & casualty insurance products)
 - Prohibits Coercive Tied Selling (section 459.1)

¹Bank Act rules for insurance distribution in bank branches

3b. Federal Legislation and National Regulatory Oversight

- Federal legislation sets out key market conduct expectations:
 - Personal Information Protection and Electronic Documents Act (PIPEDA: privacy legislation)
- National-level regulatory requirements support market conduct compliance:
 - CCIR Annual Statement on Market Conduct

4. Financial Consumer Agency of Canada (FCAC)

- FCAC monitors federal consumer protection measures:
 - Monitors bank adherence to the Canadian Bankers Association Code of Conduct for Authorized Insurance Activities
 - Has authority to exercise enforcement powers through a variety of redress mechanisms
- FCAC's Negative Option Billing Regulations govern optional products sold by FIs incidental to a primary financial product, including creditor's group insurance:
 - Require express consent for enrolment
 - Extensive disclosure requirements both before and after enrolment (includes product changes)

5. Complaint Tracking – Insurers, Banks, OLHI, OBSI

- Complaint Tracking is a responsibility of insurers, banks, other distributors, OLHI, and OBSI
 - A robust national complaint reporting system that identifies channels and providers for creditor's group insurance concerns is an important requirement of the risk mitigation process
 - CAFII has offered to work with regulators to enhance the current complaint data reporting system to incorporate creditor's group insurance channels and providers

6. CBA Code of Conduct for Authorized Insurance Activities

- The Canadian Bankers Association Code of Conduct for Authorized Insurance Activities requires accountability by each bank for implementation and knowledge of its representatives, e.g.
 - Bank employee training
 - Product disclosure/documentation
 - Ensuring that customers understand their coverage

7. Canadian Life and Health Insurance Association (CLHIA) Guidelines

- Recent heightened focus on disclosure, training and consistent industry “free-look” period as reflected in:
 - Application content
 - Product disclosure
 - Refund process
 - Communication of Claims process
 - Clear Communication of all material
 - Consumer Protection Focus
- Guidelines, recently updated to strengthen Fair Treatment of Customers focus, are now in public domain – CHLIA members accountable to public and regulators