

**CAFII Executive Operations Committee Meeting Agenda**

**Date:** Tuesday, October 26, 2021  
**Chair:** R. Dobbins  
**Location:** [Virtual MSTeams Meeting](#)

**Time:** 2:00 – 3:30 p.m. EDT  
**Dial-in:** 437-703-4263  
**Phone Conference ID:** 965 295 258#

1. Welcome, Call to Order, and Priority Matters	2:00 p.m.	Presenter	Action	Document
a. Call to Order and Welcome to New EOC Member (Asma Desai, Canadian Premier Life Insurance)		R. Dobbins		
b. Members' Contributions to CAFII's Advancement Through Contribution of Volunteer Resources to Committee Chair, Committee Vice-Chair, and Committee Member Roles: Current Status and Next Steps Needed		R. Dobbins	Update/ Discussion	✓(2)

2. Consent Items	2:04 p.m.	Presenter	Action	Document
a. Consultations/Submissions Timetable				✓
b. Regulatory Update				✓
c. September 22/21 CAFII Response Submission Response to CCIR/CISRO on Draft Incentives Management Guidance				✓
d. September 24/21 CAFII Response Submission to FSRA on "Enforcement Proceedings and Investigations" Consultation				✓
e. Regulator and Policy-Maker Visit Plan				✓
f. Summary of Board and EOC Action Items				✓
g. Board-Approved Schedule of CAFII 2021 Meetings and Events				✓

3. Financial Management Matters	2:05 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at September 30/21		T. Pergola	Update	✓
b. Forecast for CAFII 2021 Fiscal Year as at September 30/21		T. Pergola	Update	✓
c. Recommendation on Renewal of CAFII's Association Management Services Contract with Managing Matters		K. Martin/B. Wycks	Update/ Discussion	✓
d. Critical Path (Amended) for Development of 2022 CAFII Operating Budget		B. Wycks	Update	✓

4. Committee Updates	2:19 p.m.	Presenter	Action	Document
a. Research & Education		A. Stuska		
i. CAFII-Commissioned Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Insurance		K. Martin	Update	✓
b. Media Advocacy		K. Martin	Update	
c. Market Conduct & Licensing		B. Kuiper	Update	
i. Implications for CAFII of CCIR's October 12/21 Release of "Cooperative Fair Treatment of Customers (FTC) Review – Consolidated Observations Report"		K. Martin/B. Wycks	Update/ Discussion	✓
ii. AMF Consultation on Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector (Submission Deadline: November 8/21)		K. Martin/B. Wycks	Update	✓ (2)
d. Travel Insurance Experts		K. Umutoiwase	Update	
i. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry		B. Wycks/K. Martin	Update	
e. Networking & Events		C. Manno	Update	
i. Insights Gained from October 25/21 CAFII Webinar on "Provincial Insurance Policy and Regulatory Priorities and Emerging Issues as Canada Emerges from COVID-19"		B. Wycks/K. Martin	Update	✓

5. Recent and Upcoming Strategic and Regulatory Initiatives	2:41 p.m.	Presenter	Action	Document
a. "Summary of Options" In Response to Proposal from CAFII Director Z. Fuerstenberg That CAFII Investigate Development and Launch of an Education/Master Class/Certification Program for Member Company Employees on "CPI Legislative and Regulatory Principles and Environment"		K. Martin/B. Wycks	Update/ Discussion	✓
b. CAFII-Relevant Insights Arising From CCIR's Appointment of Robert Bradley as its New Chair		M. Boyle	Update/ Discussion	✓

c.	Insights Gained From October 14/21 CAFII <i>Industry Issues Dialogue</i> With AMF Staff Executives	K. Martin/B. Wycks	Update/ Discussion	✓
d.	Next Steps in CAFII's Board-Approved Action Plan for Responding to AMF's Interpretation on RADM's Applicability to Credit Card-Embedded Insurance Benefits and Resulting Regulatory Expectations, Including CAFII Board Decision Not To Re-Attempt To Secure CBA's Engagement In This Issue (See Also Read Only Items 7(b) and 7(c))	K. Martin/B. Wycks	Update	
e.	Insights Gained from October 4/21 Meeting of FSRA Sectoral Advisory Committee for Life and Health Insurance (See Also Read Only Item 7(f))	K. Martin	Update	✓
f.	CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance	M. Boyle/K. Martin	Update	✓ (2)
g.	CLHIA Plans to Liaise with NWT Government on Credit Protection Insurance Licensing Issue	D. Ewen/B. Wycks	Update	

6. Governance Matters		3:20 p.m.	Presenter	Action	Document
a.	Draft Minutes of September 14/21 EOC Meeting		B. Wycks	Approval	✓
b.	Draft Minutes of October 5/21 Board Meeting		B. Wycks	Endorsement	✓
c.	Board-Approved Schedule of CAFII 2022 Meetings and Events		B. Wycks	Update	✓

7. Read Only Items			Presenter	Action	Document
a.	Possible Topics to Engage with Insurance Lawyers Panel on in November 9/21 CAFII Virtual Annual Members and Associates Luncheon				✓
b.	September 27/21 CAFII Follow-up Thank You Letter Sent to AMF to Confirm Fact Sheet and Notice of Rescission Concession Outcome of September 10/21 Meeting; and Transmit Legal Arguments Excerpts (on Norton Rose Letterhead)				✓ (2)
c.	CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits				✓
d.	Canadian Tire Bank's Participation In CAFII-Managed Quarterly CPI Benchmarking Study with RSM Canada				
e.	Draft CAFII Submission To AMF on Concrete Examples of Areas for Regulatory Burden Reduction in Quebec				✓
f.	Draft CAFII Submission on FSRA's Proposed 2022-2023 Statement of Priorities				✓
g.	Insights Gained from September 14/21 CAFII Meeting with Erica Hiemstra and FSRA Colleagues Re FSRA's Life Agent Reporting Form (LARF) Initiative				Briefing Note Only
h.	Finalization and Utilization of (i) New Website FAQs and Vignettes; (ii) New Website Video on Results of Research Project On Insurance Consumers' Digitization Preferences; and (iii) New Website Video on Job Loss CPI				✓
i.	Proposed CAFII Motion Graphics Website Video on Consumer Protection Features of Credit Protection Insurance (now that Regulations in support of federal Financial Consumer Protection Framework aspects of Bill C-86 have been released)				Briefing Note Only
j.	Insights Gained from September 29/21 CAFII Webinar on "Climate Science, Our Changing Planet, and Implications for Life Insurance"				✓
k.	CAFII Webinar On Life Insurers' Healthy Lifestyle Incentivization Programs Planned for November 29/21 or November 30/21				✓

8. Other Business		3:25 p.m.	Presenter	Action	Document

9. In Camera Session		3:25 p.m.	Presenter	Action	Document

10. Tracking Issues	Presenter	Action	Document
a. AMF Consultation on Updated Sound Commercial Practices Guideline			
b. AMF Consultation on Management of Incentives			
c. AMF Consultation on Declaration of Operational Incidents			
d. BC Ministry of Finance Drafting of Regulations to Implement Financial Institutions Amendment Act, 2019			
e. FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review			

**Next EOC Meeting:** Tuesday, November 23/21, 2:00 to 4:00 p.m., Virtual MSTeams Meeting

**Next Board Meeting:** Tuesday, December 7/21, 2:00 to 4:00 p.m., Virtual MSTeams Meeting

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## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 1(a)**

**Call to Order and Welcome to New EOC Member (Asma Desai, Canadian Premier Life Insurance)**

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### **Purpose of this Agenda Item**

Start of meeting.

### **Background Information**

Asma Desai will say a few words of introduction as a new member of the EOC from Canadian Premier Life Insurance.

### **Recommendation / Direction Sought -- Update**

Update only.

### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 1(b)**

**Priority Matters—Members’ Contributions to CAFII’s Advancement Through Contribution of Volunteer Resources to Committee Chair, Committee Vice-Chair, and Committee Member Roles: Current Status and Next Steps Needed**

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### **Purpose of this Agenda Item – Update/Discussion**

Update item and discussion.

### **Background Information**

CAFII’s efforts to identify Vice-Chairs for EOC Sub-Committees, and to add to the membership of those committees, have been very successful. This is an opportunity to discuss what gaps may still exist and to encourage CAFII members to fill those gaps. In particular, there is a need for more members, and for a Chair and a Vice-Chair of the Media Advocacy Committee.

### **Recommendation / Direction Sought – Update/Discussion**

This is an update and discussion item.

### **Attachments Included with this Agenda Item**

Two attachments.

## Board of Directors and Officers Directory 2021-22

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\*Appointed CAFII Director: December 8, 2015

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\*Appointed CAFII Vice-Chair: June 9, 2020

- **Assistant: Cecilia Goncalves**

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## Executive Operations Committee

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Aneta	Murphy	(Aneta Murphy) <a href="mailto:aneta.murphy@scotiabank.com">aneta.murphy@scotiabank.com</a>	ScotiaLife Financial	R&E Committee
Elaine	Parr	(Elaine Parr) <a href="mailto:elaine.parr@td.com">elaine.parr@td.com</a>	TD Insurance	R&E Committee
*Andrea	Stuska	(Andrea Stuska) <a href="mailto:andrea.stuska@td.com">andrea.stuska@td.com</a>	TD Insurance	R&E Committee
Dallas	Ewen	(Dallas Ewen) <a href="mailto:dallas.ewen@gwl.ca">dallas.ewen@gwl.ca</a>	The Canada Life Assurance Company	R&E Committee
Lindsey	LeClair	(Lindsey LeClair) <a href="mailto:lindsey.leclair@valeyo.com">lindsey.leclair@valeyo.com</a>	Valeyo	R&E Committee

\* Chair

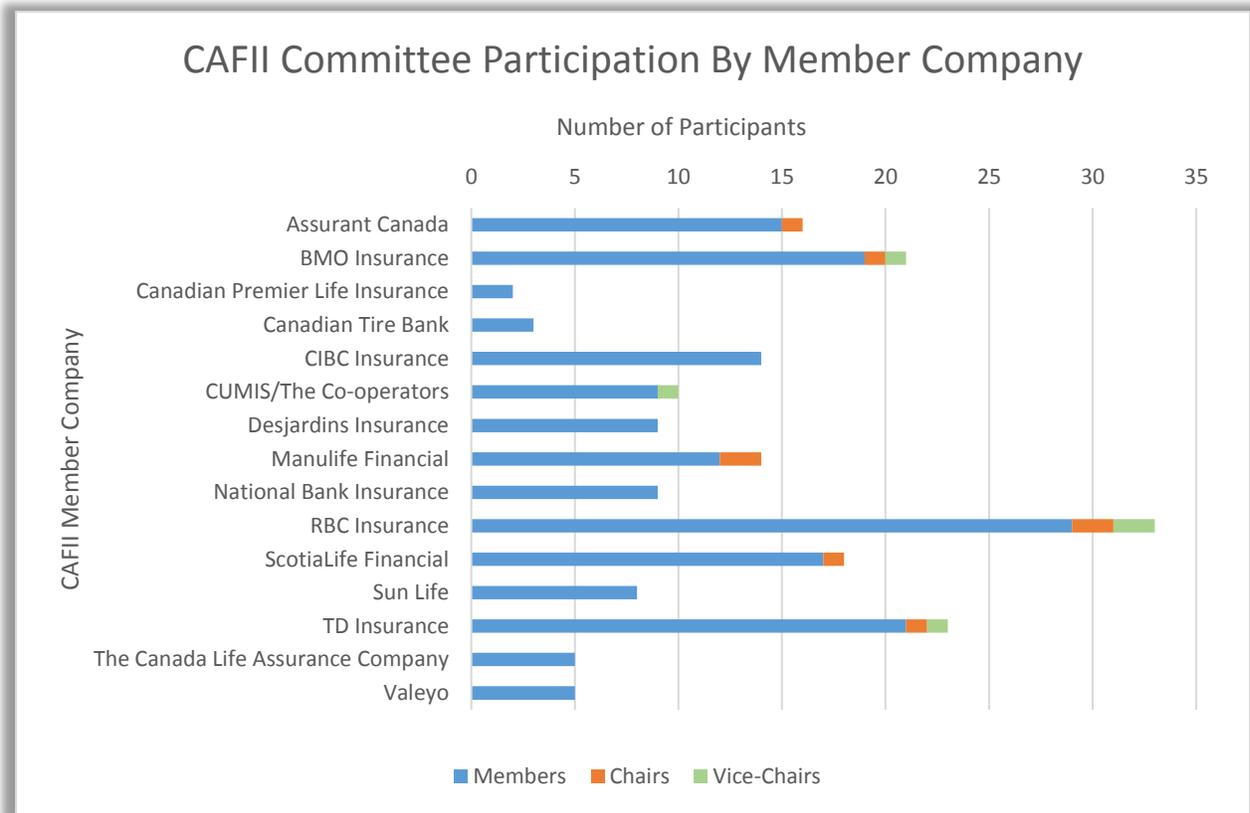
\*\* Vice Chair

## Travel Insurance Experts Committee

First	Last	Email	Company	
Heather	DeFazio	(Heather DeFazio) <a href="mailto:heather.defazio@assurant.com">heather.defazio@assurant.com</a>	Assurant Canada	TIE Committee
Tracey	Torkopoulous	(Tracey Torkopoulous) <a href="mailto:Tracey.Torkopoulos@assurant.com">Tracey.Torkopoulos@assurant.com</a>	Assurant Canada	TIE Committee
Silvana	Capobianco	(Silvana Capobianco) <a href="mailto:Silvana.Capobianco@bmo.com">Silvana.Capobianco@bmo.com</a>	BMO Insurance	TIE Committee
Martin	Plante	(Martin Plante) <a href="mailto:mplante2@dsf.ca">mplante2@dsf.ca</a>	Desjardins Insurance	TIE Committee
*Katia	Umutoniwase	(Katia Umutoniwase) <a href="mailto:katia_umutoniwase@manulife.com">katia_umutoniwase@manulife.com</a>	Manulife Financial	TIE Committee
Stacey	Hughes-Brooks	(Stacey Hughes-Brooks) <a href="mailto:stacey.hughes-brooks@rbc.com">stacey.hughes-brooks@rbc.com</a>	RBC Insurance	TIE Committee
Lisa	Voisin	(Lisa Voisin) <a href="mailto:lisa.voisin@rbc.com">lisa.voisin@rbc.com</a>	RBC Insurance	TIE Committee

\* Chair

## CAFII Member Company Committee & Working Group Involvement



Notes: Acting Chairs and Vice-Chairs of Committees & Working Groups were also counted as Members of that same Committee or Working Group. See below the raw data count of each Member company's Committee/Working Group participation.

Company	Members	Chairs	Vice-Chairs	Total
Assurant Canada	15	1	0	16
BMO Insurance	19	1	1	21
Canadian Premier Life Insurance	2	0	0	2
Canadian Tire Bank	3	0	0	3
CIBC Insurance	14	0	0	14
CUMIS/The Co-operators	9	0	1	10
Desjardins Insurance	9	0	0	9
Manulife Financial	12	2	0	14
National Bank Insurance	9	0	0	9
RBC Insurance	29	2	2	33
ScotiaLife Financial	17	1	0	18
Sun Life	8	0	0	8
TD Insurance	21	1	1	23
The Canada Life Assurance Company	5	0	0	5
Valeyo	5	0	0	5

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 2 (a-g)**

#### **Consent Items**

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#### **Purpose of this Agenda Item**

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

#### **Background Information**

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

- a. Consultations/Submissions Timetable;
- b. Regulatory Update;
- c. September 22/21 CAFII Response Submission to CCIR/CISRO on Draft Incentives Management Guidance;
- d. September 24/21 CAFII Response Submission to FSRA on “Enforcement Proceedings and Investigations” Consultation;
- e. Regulator and Policy-Maker Visit Plan;
- f. Summary of Board and EOC Action Items;
- g. Board-Approved Schedule of CAFII 2021 Meetings and Events.

#### **Recommendation / Direction Sought – Information Only**

No action required.

#### **Attachments Included with this Agenda Item**

Seven attachments.

CAFII Consultations/Submissions Timetable 2021-22

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> <li>Revised Financial Institutions Act (FIA) tabled in the legislature</li> <li><i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i></li> <li><b>CAFII submissions on draft Regulations in support of Revised FIA</b></li> </ul>	<ul style="list-style-type: none"> <li>October 21/19</li> <li>Q3 or Q4 2021</li> <li><b>Q3 through Q4 2021</b></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-EDs to monitor</li> </ul>
AMF Consultation On Strategic Priority Objective 2.3: Burden Reduction	<ul style="list-style-type: none"> <li>AMF sends letter to Keith Martin, inviting CAFII to respond to its consultation on Strategic Priority Objective 2.3: Burden Reduction</li> <li><b>CAFII submission on AMF Strategic Priority Objective 2.3: Burden Reduction</b></li> </ul>	<ul style="list-style-type: none"> <li>June 18/21</li> <li><b>October 25/21</b></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> <li>AMF releases consultation document for 60 day period</li> <li><b>CAFII submission on updated Sound Commercial Practices Guideline</b></li> </ul>	<ul style="list-style-type: none"> <li>Q4 2021 (expected)</li> <li><b>Q4 2021 or Q1 2022</b></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> <li>CAFII sends AMF “creative solutions” submission on degree to which industry can meet AMF’s requirements on RADM’s applicability to credit card-embedded insurance</li> <li>AMF responds to CAFII’s “creative solutions” submission</li> <li><b>CAFII implements 3 Board directives in response to AMF’s March 30/21 response</b></li> <li>AMF launches consultation of Draft Regulation Respecting Complaint Processing</li> <li><b>CAFII submission on Draft Regulation Respecting Complaint Processing</b></li> </ul>	<ul style="list-style-type: none"> <li>July 7/20</li> <li>March 30/21</li> <li><b>Q2 2021</b></li> <li>September 9/21</li> <li><b>November 8/21</b></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-EDs to monitor</li> </ul>
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> <li>CAFII sends letter to CCIR/CISRO FTC Working Group asking it to obtain information on incentives and compensation models used by member distributors directly and privately, to avoid Competition Act violations</li> <li><i>CCIR/CISRO FTC Working Group accepts proposal in CAFII’s July 2/20 letter</i></li> <li><i>CAFII meets virtually with CCIR/CISRO FTC Working Group to provide preliminary feedback on its Draft “Incentives Management Guidance”</i></li> <li>CAFII submission on CCIR/CISRO Draft “Incentives Management Guidance”</li> </ul>	<ul style="list-style-type: none"> <li>July 2/20</li> <li>August 31/20</li> <li>July 21/21</li> <li>September 17/21</li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> <li>CAFII submission on FCNB’s RIA Regime licensing regime model</li> <li><i>FCNB launches informal stakeholder consultation on applicability of A&amp;S insurance provisions of various provincial Insurance Acts to New Brunswick</i></li> <li><i>CAFII responds to FCNB consultation on A&amp;S Insurance Act provisions</i></li> <li>CAFII/CLHIA send joint response to FCNB’s further Insurance Act Rewrite questions (received November 6/20)</li> <li>FCNB announces tabling of <i>An Act to Amend The Insurance Act</i> in NB legislature; and that implementation Rule will follow in late 2021 (with 60 day public consultation)</li> <li>CAFII responds to David Weir follow-up questions re legislative constraints which prevent bank branch employees from being individually licensed to sell travel insurance</li> </ul>	<ul style="list-style-type: none"> <li>January 31, 2020</li> <li>July 2020</li> <li>October 22/20</li> <li>December 22/20</li> <li>March 17/21</li> <li>May 19/21</li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>
Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations	<ul style="list-style-type: none"> <li>CAFII responds to FSRA consultation on Unfair and Deceptive Practices (UDAP) Rule</li> <li>CAFII meets with FSRA and CLHIA virtually re follow-up questions arising from UDAP Rule submissions</li> <li>CAFII responds to two follow-up UDAP Rule-related questions posed by FSRA</li> <li>FSRA releases Revised UDAP Rule, for further consultation</li> <li>CAFII responds to FSRA’s further consultation with submission on Revised UDAP Rule</li> <li>Keith Martin provides qualitative interview input to Environics in response to FSRA consultation on Stakeholder Advisory Committee structure, possible renewal/revision</li> <li><u>CAFII responds to FSRA consultation on “Enforcement Proceedings and Investigations”</u></li> <li><b><u>CAFII responds to FSRA consultation on Proposed 2022-23 Statement of Priorities</u></b></li> </ul>	<ul style="list-style-type: none"> <li>March 18/21</li> <li>March 24/21</li> <li>May 4/21</li> <li>July 14/21</li> <li>August 11/21</li> <li>July 2021</li> <li>Sept 24/21</li> <li><b><u>October 29/21</u></b></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>

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

September 22, 2021

Ms. Louise Gauthier, Co-Chair, CCIR/CISRO Fair Treatment of Customers (FTC) Working Group; and  
Mr. Ron Fullan, Co-Chair, CCIR/CISRO Fair Treatment of Customers Working Group  
c/o Messrs. Tony Toy and Munir Chagpar, CCIR Policy Managers/Secretariat; and  
Ms. Adrienne Warner, CISRO Policy Manager/Secretariat

Dear Ms. Gauthier and Mr. Fullan:

***Re: CAFII Comments on CCIR/CISRO Draft Incentive Management Guidance***

Dear Ms. Gauthier and Mr. Fullan:

CAFII thanks CCIR and CISRO for the opportunity to review and provide feedback comments on the  
CCIR/CISRO Fair Treatment of Customers Working Group's Draft *Incentive Management Guidance*.

We also appreciate and support CCIR/CISRO's efforts to augment the jointly developed *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, with specific *Guidance* on its implications for the Incentive Management programs utilized by the insurance industry. We are pleased that this work is being done at a national level, with the two national co-ordinating bodies of provincial and territorial regulators working together, which helps to foster a harmonized approach across jurisdictions.

We also thank CCIR and CISRO for recognizing and respecting – as demonstrated by both the *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* and the new Draft *Incentive Management Guidance* -- the importance of balancing the primary objective of fair treatment of customers, on the one hand, with a regulatory framework that does not impede consumer choice in accessing and purchasing insurance products, on the other hand.

Below are our feedback comments on specific sections of the Draft *Incentive Management Guidance*, followed by some concluding observations.

***Definitions/Concepts***

CAFII draws your attention to an inconsistency between a key definition found in the Draft *Incentive Management Guidance* versus the earlier, foundational *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*.

In the Draft *Incentive Management Guidance*, what were formerly two separate definitions of "Consumer" and "Customer" have now been combined into one single definition of "Customer," which "includes all actual and potential Customers for insurance products and also includes any policyholder (which, as the case may be, includes certificate holder) or prospective policyholder with whom an insurer or Intermediary interacts, . . ."

CAFII views the new, all-encompassing definition of "Customer" as being inaccurate because it includes components that define a "Consumer" who is not yet a "Customer."

For that reason and to avoid vulnerability to misinterpretation, we recommend that CCIR/CISRO revert to the approach found in the *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* and make the appropriate distinction between “Consumer” and “Customer” in the Definitions/Concepts section of the Draft *Incentive Management Guidance*.

CAFII is comfortable with the other definitions and concepts set out in this section.

### **Preamble**

To acknowledge a legislative and regulatory reality in Canada – particularly with respect to federally regulated financial institutions (FRFIs) which offer Authorized Insurance Products/credit protection insurance (CPI) to consumers across the country -- and thereby to be more precise and accurate, CAFII recommends that the following edit be made to the first sentence of the final paragraph in this section:

*“In Canada, the conduct of business in insurance is regulated by individual provinces and territories, -- and in the case of federally regulated financial institutions which offer insurance, by the federal government as well -- where each jurisdiction has its own regulatory approach based on its legal framework and culture.”*

In that connection, CAFII is of the view that the Financial Consumer Agency of Canada (FCAC) and CCIR/CISRO should recognize each other’s authority, and CCIR/CISRO’s inclusion of the modest edit proposed above would be a step in the right direction toward that end.

CAFII also encourages CCIR to strengthen its efforts to engage and work co-operatively with FCAC, with a view to arranging for the Agency to secure Associate Member status in CCIR and a seat at the Council’s meeting table. We note that the federal Office of the Superintendent of Financial Institutions (OSFI) has been a long-standing Associate Member of CCIR, which fosters information-sharing and co-operation with respect to prudential regulation matters. In contrast, FCAC’s absence from the CCIR table and deliberations means that the same degree of information-sharing and co-operation is not currently occurring with respect to market conduct matters.

***Governance: CCIR and CISRO expect Incentive arrangements aligned with fair treatment of Customers to be a core component of the governance and business culture of Insurers and Intermediaries.***

CAFII recommends that the word “core” should be deleted from the above-quoted premise statement that opens this section, because in our view that descriptor renders the statement inaccurate.

Using the word “core” as a modifier of “component” implies “absolutely essential” and “key strategic driver,” i.e. that Incentive arrangements drive everything to do with governance and business culture. CAFII strongly believes that such is not the case for any insurance industry player that utilizes Incentives, and we do not foresee Incentives ever achieving such “core” status. Therefore, we recommend the following modest edit:

*CCIR and CISRO expect Incentive arrangements to be aligned with fair treatment of Customers to be and a ~~core~~ component of the governance and business culture of Insurers and Intermediaries which use them.*

We are also of the view that CCIR/CISRO's stated expectations regarding the obligation of Boards of Directors to oversee business strategy, risk appetite, and culture in relation to the design and implementation of Incentive arrangements, and to oversee internal controls should be modified somewhat. In most organizations operating in the financial and insurance sectors, it is not the mandate nor purview of Boards of Directors to provide oversight of operational issues such as the implementation of Incentive arrangements and internal controls. Good stewardship and balanced risk postures (Board oversight responsibilities) are quite distinct from senior management's responsibility for oversight of operations.

***Design and management of Incentive arrangements: CCIR and CISRO expect Insurers and Intermediaries to design and implement Incentive arrangements that include criteria ensuring fair treatment of Customers***

CAFII supports the expectations set out in this section, as we concur that if incentive arrangements are properly designed, implemented, monitored, and reported upon, the risk of unfair outcomes for customers is greatly reduced.

However, we do find clause 2.1.4 to be confusing. If the point being made applies to all distribution methods, we recommend removing the reference to "incidental selling or incidental product." The clause should be rewritten to indicate clearly that regardless of distribution method, customers should not be negatively impacted.

In addition, we find use of the word "feedback" to be confusing in clause 2.6. Therefore, we propose the following edit:

*"Ensure adequate **feedback remediation measures are taken** when the controls detect inappropriate practices or behaviours with Customers."*

***Risks of negative outcomes to Customers: CCIR and CISRO expect Insurers and Intermediaries to identify and assess on a regular basis the risks of negative outcomes to Customers that may arise from Incentive arrangements so that they can either introduce appropriate controls or adjust their Incentive arrangements***

CAFII is comfortable with the expectations set out in this section, as we concur that industry players should regularly review their incentive practices to ensure that they are meeting objectives, including fair treatment of customers.

***Post sales controls: CCIR and CISRO expect Insurers and Intermediaries to establish effective post sales controls to identify unsuitable sales, resulting from Incentive arrangements***

CAFII cautions against a blanket and unqualified use of the term "unsuitable sales" throughout this section, as it is not applicable to Authorized Insurance Products/CPI offered by banks and other FRFIs.

In an insurance context in Canada, the concept of "suitability" (and variations on that word) – which implies the provision of "advice" to customers -- is not applicable to Authorized Insurance Products/CPI.

The issue around “suitability” stems from the fact that while the federal *Bank Act* and section 5(1) of the federal *Insurance Business (Banks and Bank Holding Companies) Regulations* (IBBRs) permit banks and other federally regulated financial institutions (FRFIs) to offer advice regarding Authorized Insurance Products/CPI, the offering of that advice is significantly tempered by provincial/territorial regulatory and licensing requirements.

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

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

With respect to Authorized Insurance Products/CPI, given the prohibition against holistic advice engendered by the combination of the federal *Bank Act* and *IBBRs* with provincial/territorial regulatory and licensing requirements, FRFIs legally can only ascertain a consumer’s “eligibility” for coverage and to make a claim at the time that an Authorized Insurance Product/CPI is being offered as optional insurance. FRFIs therefore prioritize establishing certainty of the consumer’s “eligibility” for coverage and to make a claim under the group CPI master policy.

This situation makes Authorized Insurance Products/CPI a unique product set – a product set to which the concept of product suitability does not apply due to legal constraints; but a product set to which the more limited concept of “eligibility” for coverage and to make a claim does indeed apply as a Fair Treatment of Customers (FTC) consideration.

As a proposed solution to deal with the problematic application of the words “unsuitable sales” in the Draft *Incentive Management Guidance*, CAFII recommends that those words be precisely defined within the Guidance – perhaps through an approach which uses a superscript number and corresponding footnoted definition below -- and that the definition expressly state that “unsuitable sales” does not apply to Authorized Insurance Products/CPI as defined by the federal *Bank Act* and the federal *Insurance Business (Banks and Bank Holding Companies) Regulations*.

CAFII otherwise concurs with and supports the expectations set out in this section, particularly since CAFII members have had comprehensive post-sales controls in place for many years, to ensure that their incentive programs are meeting their objectives, both qualitative and quantitative.

**Appendix: Examples of Incentive arrangement features that may increase the risks of negative outcomes to Customers**

We note that Bonuses have been classified in the Appendix as a potentially high risk incentive. We caution, however, that regarding Bonuses as such is not always accurate, particularly when they are a component of an overall compensation package that is based on a number of objectives and not just sales or premium volume, e.g. a package that also includes qualitative dimensions such as Fair Treatment of Customers and related customer satisfaction objectives.

**Final Observations**

CAFII believes that there is no inherent conflict between the offering of incentives to insurance sales and customer service personnel and the best interests of customers. The old adage that insurance is sold, not bought, is true. Life and health insurance protection, in particular, because it is completely optional and not a product(s) that people readily think about and pursue, is not easily sold. Therefore, offering incentives to sales personnel, in a well-designed, executed, and monitored manner, can facilitate insurance coverage being secured by more consumers -- which is ultimately in their best interests and in the best interests of society.

CAFII members have extensive controls in place around their sales practices and related incentive programs, including training, scripts, sales reviews, and a variety of post-sales monitoring and control tools, which together help prevent inappropriate sales practices from occurring.

With respect to training, our members' client service representatives undergo comprehensive and recurring product training, to enable them to provide consumers with accurate and reliable information; as well as ethics and integrity training which underscores the importance of fair treatment of customers. That training provides client service representatives with the knowledge, skills, and tools to do their jobs and serve clients well. It also ensures that they, as sales personnel, and our member companies, as their employers, act in accordance with applicable federal and provincial/territorial insurance legislation and regulations; and industry guidelines.

**Conclusion**

Thank you again for the opportunity to provide feedback comments on CCIR/CISRO's Draft *Incentive Management Guidance*. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at [brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com) or 647-218-8243.

CAFII and its members remain committed to supporting CCIR and CISRO in their critically important independent and joint work; and we look forward to continuing our involvement as a key stakeholder contributor to your efforts.

Sincerely,



Rob Dobbins  
Board Secretary and Chair, Executive Operations Committee

## About CAFII

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

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

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

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

**Agenda Item 2(d)**  
**October 26/21 EOC Meeting**

**From:** Brendan Wycks

**Sent:** September-24-21 6:04 PM

**To:** 'mark.white@fsrao.ca' <mark.white@fsrao.ca>; 'Huston Loke' <Huston.Loke@fsrao.ca>

**Cc:** 'Glen Padassery' <Glen.Padassery@fsrao.ca>; 'erica.hiemstra@fsrao.ca' <erica.hiemstra@fsrao.ca>;

'stuart.wilkinson@fsrao.ca' <stuart.wilkinson@fsrao.ca>; Keith Martin <Keith.Martin@cafii.com>; Jake

Becker <jake.becker@cafii.com>; 'chris.caldarelli@fsrao.ca' <chris.caldarelli@fsrao.ca>;

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**Subject:** CAFII Submission On FSRA's Proposed Approach Guidance Around Publishing Information  
Arising From Enforcement Proceedings and Investigations

Hello, Mark and Huston.

CAFII would like to bring to your direct attention our Association's brief submission on FSRA's *Proposed Approach Guidance Around Publishing Information Arising From Enforcement Proceedings and Investigations*, in addition to filing it via the Authority's engagement portal.

Please find below our single-point-for-consideration submission, beneath my signature block.

Thanks for this consultation opportunity and best regards,

**Brendan Wycks, BA, MBA, CAE**

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

[Brendan.wycks@cafii.com](mailto:Brendan.wycks@cafii.com)

**Response from:** Canadian Association of Financial Institutions in Insurance (CAFII)

**Response to:** Financial Services Regulatory Authority of Ontario (FSRA)

**Subject:** Consultation On *Proposed Approach Guidance Around Publishing Information About Enforcement Proceedings And Investigations*

**Background**

The Financial Services Regulatory Authority of Ontario (FSRA) has launched a public consultation on a *Proposed Approach Guidance* which outlines how and when FSRA intends to publish information arising from enforcement proceedings and investigations, including the sharing of Notices of Proposals, Notices of Intended Decisions, Final Orders, and Minutes of Settlement through News Releases to increase public and industry awareness.

### CAFII Comments

In principle, CAFII supports FSRA's intention to be transparent and publish information about the actions it has taken in response to an industry player's misbehaviour or lack of compliance with legislation and/or Regulations. We generally concur that transparency in enforcement actions increases public awareness of misconduct and of the sanctions taken to improve consumer protection and deter future misconduct in the regulated sectors; and that a consistent and clear approach to transparency of enforcement also helps to ensure that non-compliant regulated entities and individuals are treated equitably and know in advance when and how FSRA will inform the public that it is taking action for non-compliant activity.

However, we are making this submission to draw out one particular concern. CAFII is concerned that implementation of FSRA's *Proposed Approach Guidance*, as currently worded, may lead to the publication of information arising from an enforcement proceeding or action taken against an industry player even when that business has proactively self-reported an issue to FSRA, taken prompt corrective action, and made restitution to any harmed customers to make them whole.

CAFII members are strongly of the view that when it comes to industry players with a strong track record of regulatory compliance, a policy of publishing information arising from enforcement proceedings and investigations should not penalize nor create a disincentive for such companies to come forward proactively, self-report, and correct the situation when they discover a lapse in regulatory compliance.

When such a lapse does occur and is discovered internally, CAFII members give careful and due consideration to self-reporting the matter to the relevant regulatory authority. Furthermore, such an incident is promptly self-corrected, with a focus on rectifying the situation for any affected customers.

In CAFII's view, to have a 'naming and shaming' publication result from responsible and proactive self-reporting of a regulatory compliance lapse seems inconsistent with the overarching intent of FSRA's *Proposed Approach Guidance*.

We therefore urge FSRA to give careful consideration to the scenario described above; to possible unintended consequences that might arise from "letter of the law" implementation of the *Proposed Approach Guidance*; and to the wisdom of giving itself flexibility and room for judgment to take into account case-by-case circumstances in applying the final *Approach Guidance*.

Sincerely,



Rob Dobbins  
Board Secretary and Chair, Executive Operations Committee

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status October 22, 2021
		<b>Association Strategy and Governance</b>			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Dec-21	In progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-21	In progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	31-Dec-21	In progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-21	In progress
5	BOD June 8, 2021	Negotiate terms for a three-year contract renewal with Managing Matters, to present to the Board at the December 2021 Board meeting.	K. Martin/B. Wycks	23-Nov-21	In Progress
6	EOC September 14, 2021	Seek EOC approval to sign the Ontario Chamber of Commerce (OCC) letter (Upon further follow-up with OCC, OCC confirmed that this letter would be finalized on September 21/21, the day following the Federal election, which did not allow enough time for a CAFII consultation process via EOC Members and subsequent approval. Therefore, this initiative was abandoned).	K. Martin/B. Wycks	21-Sep-21	Completed
7	EOC September 14, 2021	Seek EOC input on the possible options around CAFII developing a certification program at the October 26, 2021 EOC Meeting.	K. Martin/B. Wycks	26-Oct-21	In Progress
		<b>Regulatory Initiatives</b>			
8	EOC March 30, 2021	Organize a virtual meeting for CAFII with David Weir, FCNB around the in-development Rule and its provisions addressing the creation of a Restricted Insurance Agent licensing regime in New Brunswick	B. Wycks	15-Dec-21	In Progress
9	EOC September 14, 2021	Seek EOC input on the possible topics for the 14 October, 2021 two Industry Issues Dialogue mini-presentations to the AMF Staff Executives.	K. Martin/B. Wycks	08-Oct-21	Completed
		<b>Research and Education; and Media Communications</b>			
10	EOC May 25, 2021	Develop with Operatic Agency a new motion graphic website video on the Pollara consumers' digitization preferences	B. Wycks/K. Martin	Summer 2021	Completed
11	EOC June 22, 2021	Offer EOC members the opportunity to comment on two new motion graphic website video on the Pollara consumers' digitization preferences and job loss	B. Wycks/K. Martin	Summer 2021	Completed

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

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

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

**Board Meetings:**

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

**2021 Annual Members Luncheon:**

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

**2020 Board meetings Hosted by:**

None, due to COVID-19 pandemic situation

**2019 Board meetings Hosted by:**

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

**2018 Board Meetings Hosted by:**

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

**2017 Board Meetings Hosted by:**

TD Insurance; CAFI; Desjardins; CIBC Insurance

**2016 Board Meetings Hosted by:**

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

**2015 Board Meetings Hosted by:**

CIBC Insurance; ScotiaLife Financial; Desjardins; Canadian Premier

**Recent Years' Annual Members' Luncheons**

**2020 Annual Members Luncheon Webinar**

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

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

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

Venue: Virtual-Only Webinar

**2019 Annual Members Luncheon**

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

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

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

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

**2018 Annual Members Luncheon**

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

**2017 Annual Members Luncheon**

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

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

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

**2016 Annual Members Luncheon**

Topic: Innovation in Insurance: Opportunities in a Changing Market

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

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

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 3(a) Financial Management Matters--CAFII Financial Statements as at September 30/21**

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#### ***Purpose of this Agenda Item – Update***

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

#### ***Background Information***

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

#### ***Recommendation / Direction Sought – Update***

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This is an update only.

#### ***Attachments Included with this Agenda Item***

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One attachment.

# CAFII

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

## Statement of Operations As at September 30th 2021

	Current Month	Budget Sep-21	Variance to Monthly Budget	Current YTD	Budget '21 YTD	Variance Budget to YTD	Budget 2021
<b>Revenue</b>							
Membership Dues	79,664	\$76,540	\$3,124	\$716,977	\$688,856	\$28,121	\$918,475
Interest Revenue	19	\$25	(\$6)	157	\$225	(\$68)	\$300
<b>TOTAL REVENUE</b>	<b>79,683</b>	<b>\$76,565</b>	<b>\$3,119</b>	<b>\$717,134</b>	<b>\$689,081</b>	<b>\$28,053</b>	<b>\$918,775</b>
<b>Expenses</b>							
Management Fees	39,815	\$40,648	\$834	367,098	\$365,835	(\$1,263)	\$487,780
CAFII Legal Fees/Corporate Governan	-	\$4,167	\$4,167	-	\$37,500	\$37,500	\$50,000
Audit Fees	1,187	\$1,395	\$209	9,665	\$12,557	\$2,893	\$16,743
Insurance	519	\$504	(\$15)	4,320	\$4,538	\$218	\$6,050
Website Ongoing Maintenance	594	\$596	\$3	5,345	\$5,367	\$22	\$7,156
Telephone/Fax/Internet	777	\$477	(\$299)	5,065	\$4,297	(\$767)	\$5,730
Postage/Courier	-	\$13	\$13	-	\$113	\$113	\$150
Office Expenses	75	\$417	\$342	2,295	\$3,750	\$1,455	\$5,000
Bank Charges	25	\$39	\$14	587	\$353	(\$235)	\$470
Miscellaneous Expenses	-	\$42	\$42	-	\$852	\$852	\$500
Depreciation Computer/Office Equipm	95	\$95	\$0	852	\$375	(\$477)	\$1,136
Provincial Regulatory Visits	-	\$0	\$0	-	\$0	\$0	\$0
Research/Studies	-	\$15,000	\$15,000	29,230	\$0	(\$29,230)	\$60,000
Website SEO and Enhancements	4,250	\$3,496	(\$754)	35,827	\$0	(\$35,827)	\$41,950
Regulatory Model(s)	-	\$0	\$0	-	\$0	\$0	\$0
Federal Financial Reform	-	\$0	\$0	-	\$45,000	\$45,000	\$0
CAFII Benchmarking Study/RSM Canada	-	\$16,950	\$16,950	33,900	\$31,463	(\$2,438)	\$67,800
FCAC Presentation	-	\$0	\$0	-	\$50,850	\$50,850	\$0
Media Outreach	251	\$500	\$249	6,823	\$4,500	(\$2,323)	\$6,000
Media Consultant Retainer	2,290	\$2,260	(\$30)	22,969	\$20,340	(\$2,629)	\$27,120
Marketing Collateral	-	\$417	\$417	622	\$3,750	\$3,128	\$5,000
Contingency Fund	-	\$12,500	\$12,500	1,417	\$12,500	\$11,083	\$50,000
CAFII Reception Events	-	\$0	\$0	-	\$0	\$0	\$0
<b>TOTAL EXPENSE</b>	<b>49,876</b>	<b>99,515</b>	<b>49,639</b>	<b>526,015</b>	<b>603,939</b>	<b>77,924</b>	<b>838,585</b>
<b>NET INCOME</b>	<b>29,807</b>	<b>- 22,951</b>	<b>52,758</b>	<b>191,119</b>	<b>85,142</b>	<b>105,977</b>	<b>80,190</b>

**Explanatory Notes:**

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

# CAFII

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

## Balance Sheet As at September 30th 2021

	CAFII Operations			CCBPI Project			Combined		
	30-Sep 2021	31-Aug 2021	31-Dec 2020	30-Sep 2021	31-Aug 2021	31-Dec 2020	30-Sep 2021	31-Aug 2021	31-Dec 2020
<b>ASSETS</b>									
<b>Current Assets</b>									
Bank Balance	\$710,171	\$748,973	\$308,624	\$0	\$0	\$0	\$710,171	\$748,973	\$308,624
Savings Account	\$102,435	\$102,435	\$102,278	\$12,151	\$12,151	\$12,151	\$114,587	\$114,586	\$114,429
Accounts Receivable	\$13,494	\$18,294	\$0	\$0	\$0	\$0	\$13,494	\$18,294	\$0
Prepaid Expenses	\$1,640	\$6,246	\$14,037	\$0	\$0	\$0	\$1,640	\$6,246	\$14,037
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$7,730)	(\$7,635)	(\$6,878)	\$0	\$0	\$0	(\$7,730)	(\$7,635)	(\$6,878)
<b>Total Current Assets</b>	<b>\$828,024</b>	<b>\$876,327</b>	<b>\$426,075</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$840,175</b>	<b>\$888,478</b>	<b>\$438,226</b>
<b>TOTAL ASSETS</b>	<b>\$828,024</b>	<b>\$876,327</b>	<b>\$426,075</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$840,175</b>	<b>\$888,478</b>	<b>\$438,226</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Accrued Liabilities	\$10,679	\$9,492	\$32,852	\$0	\$0	\$0	\$10,679	\$9,492	\$32,852
Credit Card	\$496	\$1,348	\$352	\$0	\$0	\$0	\$496	\$1,348	\$352
Account Payable	\$2,618	\$1,640	\$9,012	\$0	\$0	\$0	\$2,618	\$1,640	\$9,012
Deferred Revenue	\$238,993	\$318,657	\$0	\$12,151	\$12,151	\$12,151	\$251,144	\$330,808	\$12,151
<b>Total Current liabilities</b>	<b>\$252,785</b>	<b>\$331,137</b>	<b>\$42,216</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$264,937</b>	<b>\$343,288</b>	<b>\$54,367</b>
<b>TOTAL LIABILITIES</b>	<b>\$252,785</b>	<b>\$331,137</b>	<b>\$42,216</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$264,937</b>	<b>\$343,288</b>	<b>\$54,367</b>
<b>UNRESTRICTED NET ASSETS</b>									
Unrestricted Net Assets, beginning of year	\$383,859	\$383,859	\$230,223	\$0	\$0	\$0	\$383,859	\$383,859	\$230,223
Excess of revenue over expenses	\$191,379	\$161,332	\$153,636	\$0	\$0	\$0	\$191,379	\$161,332	\$153,636
<b>Total Unrestricted Net Assets</b>	<b>\$575,238</b>	<b>\$545,191</b>	<b>\$383,859</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$575,238</b>	<b>\$545,191</b>	<b>\$383,859</b>
<b>Total Unrestricted Net Assets</b>	<b>\$575,238</b>	<b>\$545,191</b>	<b>\$383,859</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$575,238</b>	<b>\$545,191</b>	<b>\$383,859</b>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$828,024</b>	<b>\$876,327</b>	<b>\$426,075</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$840,175</b>	<b>\$888,479</b>	<b>\$438,226</b>

<b>Financial Reserves Targets as per 2019 Budget:</b>	
Minimum 3 months (25%) of Annual Operating Expenses=	<b>\$ 209,646</b>
Maximum 6 months (50%) of Annual Operating Expenses=	<b>\$ 419,293</b>
<b>Current Level of Financial Reserves</b> (total unrestricted net assets):	<b>\$575,238</b>
<b>Current Level of Financials Reserve (%)</b> :	<b>69%</b>

## CAFII

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

### Membership Fees

		<u>Feb-21</u>		<u>Jul-21</u>	
		<i>To be billed</i>	<i>Received</i>	<i>To be billed</i>	<i>Received</i>
BMO Bank of Montreal	2021 Upper Tier Member	\$ 38,555	18-Mar-21	\$ 38,555	16-Aug-21
CIBC Insurance	2021 Upper Tier Member	\$ 38,555	24-Feb-21	\$ 38,555	27-Jul-21
RBC Insurance	2021 Upper Tier Member	\$ 38,555	2-Mar-21	\$ 38,555	30-Jul-21
ScotiaLife Financial	2021 Upper Tier Member	\$ 38,555	18-Feb-21	\$ 38,555	12-Jul-21
TD Insurance	2021 Upper Tier Member	\$ 38,555	12-Feb-21	\$ 38,555	29-Jul-21
Desjardins Financial Security Life Assurance Company	2021 Upper Tier Member	\$ 38,555	29-Mar-21	\$ 38,555	5-Aug-21
National Bank Life Insurance Company	2021 Upper Tier Member	\$ 38,555	12-Feb-21	\$ 38,555	21-Jul-21
Manulife Financial	2021 Upper Tier Member	\$ 38,555	3-Mar-21	\$ 38,555	12-Jul-21
The Canada Life Assurance Company	2021 Upper Tier Member	\$ 38,555	24-Feb-21	\$ 38,555	28-Jul-21
Assurant Solutions	2021 Lower Tier Member	\$ 19,278	3-Mar-21	\$ 19,277	8-Jul-21
Canadian Premier Life Insurance Company	2021 Lower Tier Member	\$ 19,278	25-Feb-21	\$ 19,277	16-Jul-21
Cumis Group Ltd/Co-operators Life Insurance Co.	2021 Lower Tier Member	\$ 19,278	26-Feb-21	\$ 19,277	8-Jul-21
Valeyo	2021 Lower Tier Member	\$ 19,278	16-Apr-21	\$ 19,277	16-Jul-21
Sun Life Financial	2020 Initiation Members (Upper Tier)	\$ 23,133	12-Mar-21	\$ 23,133	29-Jul-21
Canadian Tire Bank	2021 Initiation Members (Lower Tier)	\$ -	N/A	\$ 13,494	
Norton Rose Fulbright Canada	Associate	\$ -	N/A	\$ 4,800	19-Sep-21
RSM Canada	Associate	\$ 4,800	29-Mar-21		
Willis Towers Watson	Associate	\$ 4,800	25-Feb-21		
KPMG MSLP	Associate	\$ 4,800	25-Feb-21		
Optima Communications	Associate	\$ 4,800	10-Mar-21		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	24-Feb-21		
Torys LLP	Associate	\$ 4,800	11-Feb-21		
Dog and Pony Studios	Associate	\$ 4,800	11-Feb-21		
Stikeman Elliott LLP	Associate	\$ 4,800	29-Mar-21		
RSA	Associate	\$ 4,800	12-May-21		
<b>Feb Invoices</b>		<b>\$490,440</b>		<b>\$465,530</b>	
<b>July Invoices</b>				<b>\$465,530</b>	
<b>Total Membership Fees</b>		<b>\$955,970</b>			
Total amount to reallocate monthly Jan-Sept			<b>\$79,664</b>		
Total amount to reallocate monthly Oct-Dec			<b>\$79,664</b>		

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 3(b)**

#### **Financial Management Matters—Forecast For CAFII 2021 Fiscal Year as at September 30/21**

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#### ***Purpose of this Agenda Item – Update***

To update the EOC on the financial forecast for the Association's 2021 fiscal year as at September 30/21.

#### ***Background Information***

Treasurer Tony Pergola will provide an update on the CAFII 2021 fiscal year forecast.

#### ***Recommendation / Direction Sought – Update***

This is an update only.

#### ***Attachments Included with this Agenda Item***

One attachment.

2021 CAFII Budget

	Reference Only						2021 YTD September 2021	2021 Forecast	Comment/Rationale
	2018 Actuals	2019 Actuals	2020 Actuals	CAFII 2021 Operating Budget Pre Tax	CAFII 2021 Operating Budget HST	CAFII 2021 Operating Budget			
<b>Revenue</b>									
Membership Dues	\$695,545	\$734,664	\$884,721	\$918,475	\$0	\$918,475	\$716,977	\$955,969	See breakdown in Member Dues Revenue Tab (includes one new Member at Lower Tier Dues as CPL and Valeyo intend to become two separate CAFII Members)
Annual Members' Luncheon "Additional Seats" Revenue	\$0	\$195	\$0	\$0	\$0	\$0	\$0	\$0	
Interest	\$0	\$982	\$399	\$300	\$0	\$300	\$177	\$212.06	
<b>TOTAL REVENUE</b>	<b>\$ 695,545</b>	<b>\$ 735,841</b>	<b>\$ 885,120</b>	<b>\$ 918,775</b>	<b>\$ -</b>	<b>\$ 918,775</b>	<b>\$ 717,154</b>	<b>\$ 956,181</b>	
<b>EXPENSE</b>									
Management Fees	\$460,299	\$465,134	\$476,844	\$474,468	\$13,312	\$487,780	\$367,098	\$487,780	Includes MM Fees (2.0% contractual increase) and two Co-Eds (2.5% increase each) For streamlining/simplicity, this line now includes expenses previously captured under Regulatory Model(s) (Row 39), where \$15,000 was budgeted in 2020. 2021 Budget amounts are based on 2020 actuals (recognizing that while in 2020, zero expenses will be incurred under Regulatory Models, that is largely due to the COVID-19 pandemic) and the expectation that CAFII will likely need to tackle heightened regulatory communications/submissions and advocacy/relationship-building work in 2021 as regulators clear their abeyance "backlog" caused by COVID-19.
Legal and consulting costs associated with regulatory submissions and initiatives	\$563	\$0	\$28,975	\$44,248	\$5,752.21	\$50,000	\$0	\$50,000	
Audit Fees	\$14,432	\$14,799	\$16,743	\$14,817	\$1,926	\$16,743	\$9,665	\$14,238	Same as 2020 Bill received from KPMG
Insurance	\$5,258	\$5,338	\$5,385	\$5,354	\$696	\$6,050	\$4,320	\$5,878	Increase by 10% over 2020 Budget, as per advice from insurance broker Marsh, as a buffer for 2021 renewal in June 2021.
Website Ongoing Maintenance	\$6,461	\$10,022	\$5,765	\$6,333	\$823	\$7,156	\$5,345	\$7,156	Includes CG Technology (\$233 per month (3% increase)), Constant Contact (\$62.83 per month (3% increase)), Soda PDF Premium (\$56.47), Zoom (\$237.60 per month), Survey Monkey (\$307.36), Virtual Platform (\$500)
Telephone/Fax/Internet	\$5,939	\$6,494	\$5,808	\$5,071	\$659	\$5,730	\$5,065	\$5,730	Includes Office Line (\$56.50 per month), Conference Line (\$47.46 per month) & Co-Eds phone and internet lines
Postage/Courier	\$458	\$159	\$53	\$133	\$17	\$150	\$0	\$50	Monthly Cheque Run and Ad Hoc Mailing
Office Expenses	\$2,423	\$2,025	\$2,158	\$4,425	\$575	\$5,000	\$2,295	\$5,000	Increased from 2020 Budget to cover possible replacement computer hardware and peripherals expenses in 2021 for the Co-Executive Directors
Bank Charges	\$23	\$112	\$26	\$470	\$0	\$470	\$587	\$662	Annual Credit Card Fee (\$190) plus a possible new digital/electronic Accounts Payable process in 2021 (\$280.00)
Depreciation Computer/Office Equipment	\$1,136	\$1,136	\$1,136	\$0	\$0	\$1,136	\$852	\$1,136	Same as 2020 Forecast
Miscellaneous Expense	\$0	\$0	\$0	\$500	\$0	\$500	\$0	\$500	Same as 2020 Forecast
Provincial Regulatory Visits and Relationship-Building	\$11,230	\$16,833	\$983	\$0	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Federal Regulatory Visits and Relationship-Building	\$0	\$442	\$540	\$0	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Research/Studies	\$77,345	\$5,368	\$28,646	\$53,097	\$6,903	\$60,000	\$29,230	\$29,230	Same as 2020 Budget
Website SEO and Enhancements	\$21,702	\$40,914	\$31,144	\$37,124	\$4,826	\$41,950	\$35,827	\$41,950	Same as 2020 Budget
Regulatory Model(s)	\$6,490	\$7,555	\$0	\$0	\$0	\$0	\$0	\$0	Combined with Legal Fees; and this line item will be removed/dispensed with, beginning with the 2021 CAFII budget
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$68,365	\$60,000	\$7,800	\$67,800	\$33,900	\$67,800	Continuation of CAFII CPI Benchmarking Study with RSM Canada, estimated at \$60K plus HST.
FCAC Presentation	\$0	\$0	\$20,905	\$0	\$0	\$0	\$0	\$0	
Media Outreach	\$6,883	\$5,683	\$350	\$5,310	\$690	\$6,000	\$6,823	\$6,923	Expenses related to CAFII Media Releases including Wire Service charges (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)
Media Consultant Retainer	\$31,639	\$27,120	\$27,685	\$24,000	\$3,120	\$27,120	\$22,969	\$27,120	Monthly retainer fees for David Moorcroft, S2C (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)
Marketing Collateral	\$557	\$1,629	\$845	\$4,425	\$575	\$5,000	\$622	\$2,500	Same as 2020 Budget
Tactical Communications Strategy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	This line item is being removed/dispensed with, beginning with the 2021 CAFII budget
Contingency For Possible Resumption Of In-Person Meetings/Events, Etc. in 2021	\$0	\$0	\$0	\$50,000	\$0	\$50,000	\$1,417	\$5,000	Includes Annual Members' Luncheon (\$12,000); Board Hosting External (\$7,500); Board/EOC Meeting Expenses (\$13,500); Industry Events (\$1,000); EOC Annual Appreciation Dinner (\$3,000); Provincial Regulatory Visits and Relationship-Building (\$9,000); Federal Regulatory Visits and Relationship-Building (\$4,000)
<b>TOTAL EXPENSE</b>	<b>\$ 705,793</b>	<b>\$ 675,816</b>	<b>\$ 731,485</b>	<b>\$ 790,909</b>	<b>\$ 47,675</b>	<b>\$ 838,585</b>	<b>\$ 526,015</b>	<b>\$ 758,653</b>	
<b>Excess of Revenue over Expenses</b>	<b>(\$10,248)</b>	<b>\$60,025</b>	<b>\$153,636</b>			<b>\$80,190</b>	<b>\$191,139</b>	<b>\$197,527</b>	
Unrestricted Net Assets (beginning of year)	\$180,447	\$170,198	\$230,223			\$383,859	\$383,859	\$383,859	
Unrestricted Net Assets (end of year)	\$170,198	\$230,223	\$383,859			\$464,049	\$574,997	\$581,386	

Explanatory Notes:

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

Actual/Forecasted Financial Reserves	2018 Actuals	2019 Actuals	2019 Actuals
Minimum 3 months (25%) of Annual Operating Expenses =	\$176,448	\$168,954	\$182,871
Maximum 6 months (50%) of Annual Operating Expenses =	\$352,897	\$337,908	\$365,742
Actual/Forecasted Level of Financial Reserves:	\$170,198	\$230,223	\$383,859
Actual/Forecasted Level of Financial Reserves %:	24%	34%	52%

2021 Operating Budget
\$209,646
\$419,293
\$464,049
55%

2021 Forecast
\$189,663
\$379,327
\$581,386
77%

**2019 Operational Budget - Member Dues Breakdown**

2018 Member Dues Breakdown			
Upper Tier Member	73,438.00	5	367,190.00
DFS	55,079.00	1	55,079.00
Lower Tier Member	36,719.00	4	146,876.00
Initiation Members	44,000.00	2	88,000.00
Associate	4,800.00	8	38,400.00
			695,545.00

2019 (Base) Member Dues Breakdown			
Upper Tier Member	73,438.00	6	440,628.00
Lower Tier Member	36,719.00	4	146,876.00
Initiation Members	44,000.00	3	132,000.00
Associate	4,800.00	8	38,400.00
			757,904.00

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

2019 Member Dues Breakdown			
Upper Tier Member	73,438	6	440,628.00
National Bank	55,079	1	55,079.00
Lower Tier Member	36,719	3	110,157.00
Initiation Members	44,000	2	88,000.00
Associate	4,800	8.5	40,800.00
			734,664.00

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

2020 Member Dues Breakdown			
Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Upp)	46,266	1	46,265.94
Initiation Members (Low)	23,133	0	0.00
Associate	4,800	11	52,800.00
			908,719.89

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

2020 Member Dues Breakdown			
Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Upp)	46,266	1	46,265.94
Initiation Members (Low)	23,133	0	0.00
Associate	4,800	6	28,800.00
			884,719.89

2020 Upper Tier Member  
 BMO Bank of Montreal  
 CIBC Insurance  
 RBC Insurance  
 ScotiaLife Financial  
 TD Insurance  
 Desjardins Financial Security Life Assurance Company  
 National Bank Life Insurance Company  
 Manulife Financial  
 The Canada Life Assurance Company

2020 Lower Tier Member  
 Assurant Solutions  
 Canadian Premier Life Insurance Company  
 Cumis Group Ltd/Co-operators Life Insurance Co.

2020 Initiation Members (Upper Tier)  
 Sun Life Financial

2020 Associate  
 RSM Canada  
 Wills Towers Watson  
 KPMG MSLP  
 Optima Communications  
 RGA Life Reinsurance Company of Canada  
 Torsys LLP

\*TBC  
 \*TBC

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

Did not renew in 2020  
 PWC  
 Munich Reinsurance Company Canada Branch (Life)  
 RankHigher.ca

**2021 Operational Budget - Member Dues Breakdown - No Dues Increase**

2021 Member Dues Breakdown			
Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	5	24,000.00
			918,474.84

2021 Upper Tier Member  
 BMO Bank of Montreal  
 CIBC Insurance  
 RBC Insurance  
 ScotiaLife Financial  
 TD Insurance  
 Desjardins Financial Security Life Assurance Company  
 National Bank Life Insurance Company  
 Manulife Financial  
 The Canada Life Assurance Company

2021 Lower Tier Member  
 Assurant Solutions  
 Canadian Premier Life Insurance Company  
 Valeyo  
 Cumis Group Ltd/Co-operators Life Insurance Co.

2021 Initiation Members (Upper Tier)  
 Sun Life Financial 2 Year

2021 Associate  
 RSM Canada  
 Wills Towers Watson  
 KPMG MSLP  
 Optima Communications  
 RGA Life Reinsurance Company of Canada  
 Torsys LLP

**2021 Forecast**

2021 Member Dues Breakdown			
Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	13,494	1	13,494.00
Associate	4,800	10	48,000.00
			955,968.84

2021 Upper Tier Member  
 BMO Bank of Montreal  
 CIBC Insurance  
 RBC Insurance  
 ScotiaLife Financial  
 TD Insurance  
 Desjardins Financial Security Life Assurance Company  
 National Bank Life Insurance Company  
 Manulife Financial  
 The Canada Life Assurance Company

2021 Lower Tier Member  
 Assurant Solutions  
 Canadian Premier Life Insurance Company  
 Valeyo  
 Cumis Group Ltd/Co-operators Life Insurance Co.

2021 Initiation Members (Upper Tier)  
 Sun Life Financial 2 Year

2021 Associate  
 RSM Canada  
 Wills Towers Watson  
 KPMG MSLP  
 Optima Communications  
 RGA Life Reinsurance Company of Canada  
 Torsys LLP  
 Dog and Pony Studios  
 Stikeman Elliott LLP  
 RSA  
 Norton Rose Fulbright Canada

Initiation Members (Lower Tier)  
 Canadian Tire Bank

CTB joined CAFII in early June, we will prorate CTB's 2021 Initiation Member Dues to 7/12 of the full year amount

## **Briefing Note**

### **CAFII Board Meeting 5 October, 2021—Agenda Item 3(c) Governance Matters—Recommendation on Renewal of CAFII’s Association Management Services Contract with Managing Matters**

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#### **Purpose of this Agenda Item – Update/Discussion**

To update the EOC on negotiations with Managing Matters, CAFII’s Association Management Company, around a contract renewal; and to request that the EOC do the following: (i) approve the Term Sheet submitted by Managing Matters; and (ii) recommend to the Board that CAFII sign a three-year Association Management Services Contract renewal with Managing Matters.

#### **Background Information**

CAFII is negotiating terms of a possible renewal with Managing Matters. We are exploring different options with the preferred approach being a three-year extension. Managing Matters has suggested that the labour market has markedly changed due to COVID-19, leading to substantively increased labour costs. CAFII is also negotiating the costs of additional event planning time in order to organize six webinars each year of the contract, in addition to the usual slate of in-person events that CAFII holds annually.

Based on feedback from CAFII, Managing Matters has provided us with a new Term Sheet in which the first year, and three-year average, cost increases are more moderate than was the case in its original proposal. The updated Term Sheet meets CAFII management’s expectations, such that the Co-Executive Directors are recommending that the EOC approve the Term Sheet and recommend to the Board that a three-year renewal on its terms be signed with Managing Matters.

#### **Recommendation / Direction Sought – Update/Discussion**

We are requesting approval from the EOC of the Managing Matters-provided Term Sheet, and an EOC recommendation to the Board that it approve the Term Sheet and pass a motion for CAFII to sign a three-year renewal with Managing Matters at the upcoming 7 December, 2021 Board meeting.

#### **Attachments Included with this Agenda Item**

One attachment.

## Overview:

We continue to be extremely proud to work with CAFII and especially with the privilege of supporting, Brendan and Keith directly. Working with 2 professional and extremely proactive EDs makes our partnership a thriving one and we look forward to continuing this partnership into the future.

## Partnership Value Points:

- ✓ **Our benchstrength:** We continue to ensure that benchstrength is embedded into the CAFII/ MM team and that we are able to access additional resources at any time. This is a top priority as we endeavor to have back up team members for all roles.
- ✓ **Escalation point of service and support:** We continue to ensure that we have multiple avenues for escalation in our organization. These include the President, Talent Business Partner (from a talent & performance perspective) and our Head of Client Services and Business Delivery (satisfaction with performance and delivery methodology).
- ✓ **Specializations:** We continue to focus on the development and growth of our specialization areas. Over the past year we have significantly developed our Project Management division as well as Marketing and Communications division. This allows our client partners to tap into specific areas of expertise and talent, depending on their requirements.
- ✓ **Client-centric & Quality Talent:** MM has shifted to a client centric model of business, focusing on the meaning of our client missions, engaging the talent we recruit directly with the client in their particular specialization and fitting the skills and interests to the client mission above the client tasking. We firmly believe that this targeted talent approach will result in increased quality of talent for CAFII.
- ✓ **Managing Volatility:** Through the pandemic it has become apparent and essential that we progressively and proactively manage our recruitment and retention activities. Our Talent Business Partner was hired specifically with this in mind to assist in managing our key assets: our people.

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

# managingmatters

event + association + creative

416.944.3183 [managingmatters.com](http://managingmatters.com) 1.844.944.3183

Chicago  
201 West Lake Street, Suite 2  
Chicago, IL  
60606

Role	Percentage of Time (FTE-Full Time Employee)	Base Year (2% increase) January 2021-December 2021	Year 1 (5% increase) January 2022 - December 2022)	Year 2 (3% increase)	Year 3 (2% increase)	Important Notes
Executive Administrator	40%	\$3,920	\$4,116	\$4,239	\$4,324	Membership and Administrative
IT	10%	\$980	\$1,029	\$1,060	\$1,081	
Accountant	14%	\$1,372	\$1,441	\$1,484	\$1,513	Includes accounting for events
Event Manager	20%	\$2,261	\$2,374	\$2,446	\$2,495	3 receptions & Executive Luncheon
<b>Total FTE (Full Time Employees)</b>	<b>84%</b>					
<b>MM Staffing (monthly)</b>		<b>\$8,533</b>	<b>\$8,960</b>	<b>\$9,229</b>	<b>\$9,413</b>	
Administrative Charge	5%	N/A	N/A	N/A	N/A	
Overhead	5%	N/A	N/A	N/A	N/A	
Archive storage						*No charge
Computer Maint. and Support						*No charge
<b>Total Monthly (CAD)</b>		<b>\$8,533</b>	<b>\$8,960</b>	<b>\$9,229</b>	<b>\$9,413</b>	
<b>Total Annual</b>		<b>\$102,397</b>	<b>\$107,517</b>	<b>\$110,742</b>	<b>\$112,957</b>	
<b>HST</b>		<b>\$13,312</b>	<b>\$13,977</b>	<b>\$14,396</b>	<b>\$14,684</b>	
<b>Total Annual (plus HST)</b>		<b>\$115,709</b>	<b>\$121,494</b>	<b>\$125,139</b>	<b>\$127,642</b>	
<b>Additional webinar management (per event)</b>		<b>20 hrs @ \$85</b>	<b>\$1,700</b>			
<b>25th Anniversary Event management</b>		<b>TBD based on scope and requirements as planning evolves</b>				

Toronto

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60606

## Appendix A

### Points of interest from our business/ industry:

- ✓ **Talent (salaries).** Accounting roles are fiercely competitive and salaries are increasing significantly, even for entry level roles. Senior accounting roles are also dramatically increasing. Salaries for all other mid-to-entry level roles have also dramatically increased, especially in the GTA. The accounting industry in Canada, and specifically Toronto has seen a 3% increase in salaries. What we are experiencing at MM is an alignment to the industry standard – with more jobs than there are talent to fill the jobs, we are now competing in the same pool for applicants as all other forms of businesses, and we no longer have the luxury of lower wage ranges to serve the not-for-profit industry.
- ✓ **Recruiting new talent.** What used to be a simple exercise with 1-3 touch points before hire is now a lengthy process with 10-12 touchpoints that have become much more complex and time consuming. Negotiations are taking longer and candidates are demanding more, as above.
- ✓ **Professional Development.** We are investing more than ever in our PD budget to keep and retain our talent as well as deliver in an environment that now accelerates at 10 times the pace it was at just a year ago in technological advancement, client expectations for delivery and employee expectations for growth and development to meet the changing needs of their work.
- ✓ **Remote work costs.** Technology adoption and implementation.

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 3(d) Financial Management Matters—Critical Path (Amended) for Development of 2022 CAFII Operating Budget**

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#### ***Purpose of this Agenda Item – Update***

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To update the EOC on an amended Critical Path for the development of the CAFII 2022 Operating Budget.

#### ***Background Information***

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CAFII is working on developing a draft of the Association's 2022 Operating Budget. A critical development is that the Board has approved a budget assumption that there will be no in-person CAFII meetings or events until May 2022. That means that the first 2022 Board meeting in April will be virtual only, and with no in-person Reception following. In addition, we are proceeding on the basis that we will need to fund six virtual webinars in 2022. Finally, we will need an additional budgetary allocation for a 25<sup>th</sup> Anniversary in-person celebration following on June 7, 2022, following a Board meeting that afternoon.

#### ***Recommendation / Direction Sought – Update***

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This is an update only.

#### ***Attachments Included with this Agenda Item***

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One attachment.

## Amended Critical Path for Development and Approval of 2021 CAFII Operating Budget

Task	Responsible	Timing/Deadline
Reach out to CAFII Committee Chairs and Vice-Chairs, on behalf of Co-Executive Directors, with request for input submissions on individual portfolio 2022 Operating Budget spending requests, along with related rationale, by October 8/21	M. Saqib (CAFII Controller)	September 24/21
Provide input submissions on individual portfolio 2022 Operating Budget spending requests, along with related rationale, to Controller T. Moran (with c.c. to T. Pergola, B. Wycks, and K. Martin)	Committee Chairs and Vice-Chairs	October 8/21
Prepare Draft 1 of 2022 Operating Budget, in consultation with B. Wycks and K. Martin	M. Saqib	October 28/21
Meet virtually to review and amend, as necessary, Draft 1 of 2022 Operating Budget	T. Pergola, B. Wycks, K. Martin, M. Saqib	November 2/21
Prepare Draft 2 of 2022 Operating Budget, with oversight from B. Wycks and K. Martin	M. Saqib	November 3/21
Send Draft 2 of 2022 Operating Budget to Committee Chairs and Vice-Chairs, on behalf of B. Wycks and K. Martin, with request for review and feedback by November 12/21	M. Saqib	November 4/21
Provide feedback on Draft 4 of 2022 Operating Budget to Controller M. Saqib (with c.c. to T. Pergola, B. Wycks, and K. Martin)	Committee Chairs and Vice-Chairs	November 10/21
Prepare Draft 3 of 2022 Operating Budget, if necessary, for posting for November 23/21 EOC Meeting.	M. Saqib	November 12/21
Post Draft 3 of 2022 Operating Budget for November 23/21 EOC Meeting and incorporate it into consolidated package of meeting materials.	J. Becker, B. Wycks, K. Martin	November 19/21
Review and endorse Draft 3 of 2022 Operating Budget, in November 23/21 EOC meeting, for presentation to the Board for approval at its December 7/21 meeting.	EOC Members	November 23/21
Post Draft 3 of 2022 Operating Budget for December 7/21 Board of Directors Meeting and incorporate it into consolidated package of meeting materials.	J. Becker, B. Wycks, K. Martin	November 29/21
Present Draft 3 of 2022 Operating Budget to Board of Directors with rationale/case for approval.	T. Pergola	December 7/21
Review, discuss, and approve Draft 3 of 2022 Operating Budget (must be in open Board meeting so the approval decision can be minuted.)	Board of Directors	December 7/21

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 4(a)i Committee Updates—Research & Education: CAFII-Commissioned Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Credit Protection Insurance**

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#### **Purpose of this Agenda Item – Update**

This is an update on the progress with Deloitte Canada on the development of thought leadership paper on best practices around digitization of CPI.

#### **Background Information**

CAFII has signed a contract with Deloitte Canada for it to produce a thought leadership paper on best practices around digitization of CPI.

Deloitte has set out a process that includes:

- Regular touchpoints (every two weeks) with the “core team” of Research & Education Chair Andrea Stuska; R&E Vice-Chair Michelle Costello; and CAFII management team of Keith Martin and Brendan Wycks;
- Periodic touchpoints (every six weeks) with the Research & Education Committee;
- There will be a survey of all CAFII member companies around their views on digitization of CPI;
- There will be in-person interviews with 6-8 CAFII Board members or other senior representatives who are leaders in their organizations around digitization.

The EOC and the Board will be provided updates on the progress on this initiative.

#### **Recommendation / Direction Sought – Update**

This is an update only.

#### **Attachments Included with this Agenda Item**

One attachment.



21 OCTOBER 2021

# **The Canadian Association of Financial Institutions in Insurance**

**Digitization of CPI – R&E Committee Kickoff Session**

# Objectives and Agenda

## Objective

*Gain an understanding of the R&E Committee's goals for the Digitization of CPI Report and define what would constitute a successful research report for CAFII and its members.*

## Agenda

Section	Timing
Introductions	5 minutes
Engagement Overview	10 minutes
Defining Success	25 minutes
Next Steps	5 minutes

## Our Team



### Melissa Carruthers

Partner, Monitor Deloitte  
Life and Health Insurance  
Strategy

**Role:** Project Leadership



### Marc Lewis

Senior Manager, Monitor  
Deloitte

**Role:** Research Lead



### Mike Clark

Senior Consultant, Monitor  
Deloitte

**Role:** Research Lead

# Context and Background

The Canadian Association of Financial Institutions in Insurance is seeking a reputable and credible partner to develop an independent perspective on the digitization of CPI and how the industry is responding

## Focus Area

### What will be required for the Canadian CPI industry to offer best-in-class digitally-enabled client experiences?

#### Engagement Outcomes

- 1 Develop a perspective on **what digital capabilities will be required to respond to and meet evolving customer needs** and **create a best-in-class digitally-enabled client experiences for their CPI customers**
- 2 Provide a perspective on how the Canadian industry compares in its **digital maturity relative to its global peers** and identify **key considerations (e.g., regulatory)** that the Canadian industry should consider in its **evolution to a digitally-enabled business model for CPI**
- 3 Summarize insights into an **independent perspective report** to be shared with the **CAFII Board, the public and industry regulators** and on the Association's website

#### Key Deliverables



#### **CAFII Commissioned Deloitte Perspective Paper**

*The Digitization of CPI in  
Canada*

*Format and length to be discussed  
with CAFII*



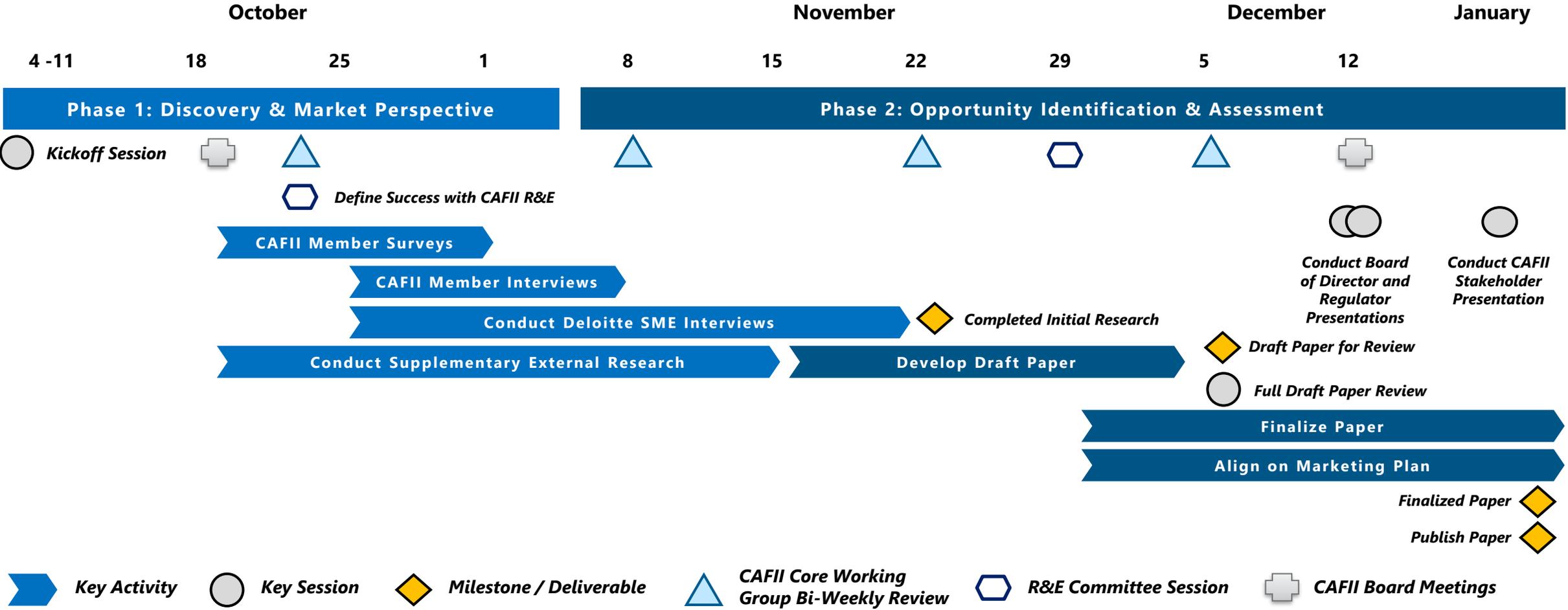
#### **Three 60-minute Presentations**

-  **Presentation 1:** Board of Directors
-  **Presentation 2:** Regulators
-  **Presentation 3:** General Public

*Additional Material:* Presentation materials summarizing research paper insights

# High Level Timeline

Over the course of eight weeks, we will work together to gather perspectives across the association and within the Deloitte network to publish "The Digitization of CPI in Canada" paper and deliver a series of presentations

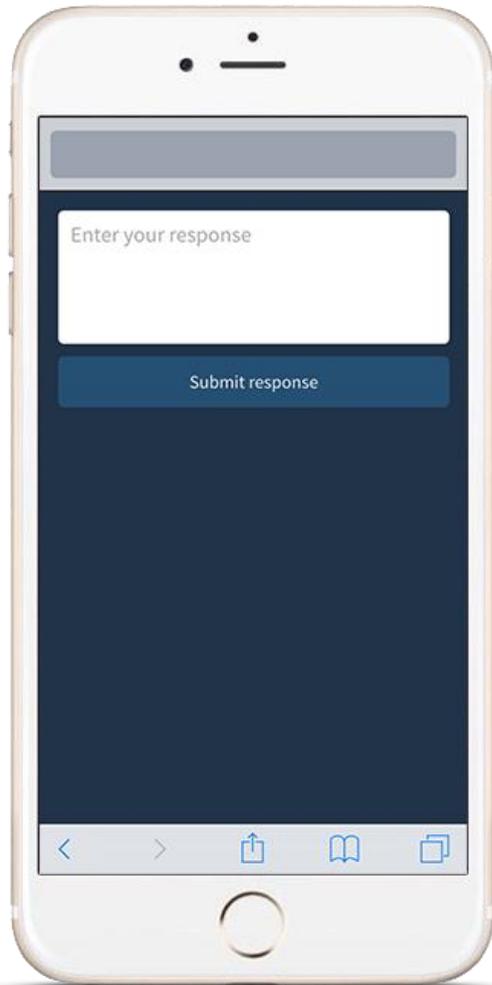


# Key Engagement Dates

Deloitte will actively engage with CAFII Members to develop a shared definition of success, understand industry views of digitization of CPI products and test theories as they arise.

Session(s)	Week of	Description	Timing	CAFII Attendees
Kickoff Meeting	<b>September 23<sup>rd</sup></b>	Deloitte to host virtual Kick-off session with Core Working Group to provide an overview of the engagement plan and objectives and align on stakeholder engagement model/ ways of working	60 minutes	CAFII Core Working Group**
Defining Success with CAFII R&E Committee	<b>October 21<sup>st</sup></b>	Host session with R&E Committee to understand the Committee's intention for the Report, ensure alignment of objectives and definition of success for research report	30 minutes	CAFII R&E Committee
CAFII Member Survey	<b>TBD</b>	Distribute survey to collect anonymous perspectives from each CAFII Member regarding the current digital maturity of the Canadian CPI industry leveraging the DMM as a framework	n/a Survey	Head of Digital from each CAFII Member
CAFII Member Interviews	<b>TBD</b>	Host meetings with select Heads of Digital from each CAFII Members to discuss their views on the digitization of their CPI products as well as an assessment of their digital maturity	30 to 60 minutes*	Head of Digital from Select CAFII Members
Reviews with CAFII Core Working Group	<b>Biweekly starting the week of October 18<sup>th</sup></b>	Review meetings can be used to discuss Member feedback, insights gathered, actions completed and plans for the upcoming weeks	30 minutes	CAFII Core Working Group**
Check-in with CAFII R&E Committee	<b>Mid Nov</b>	Review meeting can be used to discuss R&E Committee Feedback, insights gathered, actions completed and plans for the upcoming weeks	30 minutes	CAFII R&E Committee
Draft Review	<b>TBD</b>	Facilitation of a formal review session intended to present the draft paper for discussion and share insights and gather feedback	60 minutes	CAFII Core Working Group**
Presentation 1: CAFII Board of Directors	<b>TBD</b>	Facilitation of a webinar or live presentation to the CAFII Board of Directors to provide an overview of the insights and perspectives shared	60 minutes	CAFII Board of Directors
Presentation 2: Regulators	<b>TBD</b>	Facilitation of a webinar or live presentation to select regulatory bodies to provide an overview of the insights and perspectives shared	60 minutes	TBD Regulatory Bodies
Presentation 3: General Public	<b>TBD</b>	Creation of a webinar that could be published to the Association's site and accessible to the general public containing an overview of insights and perspectives	60 minutes	TBD

# Responding with Poll Everywhere



## Web Voting Instructions

- 1) Click on the link in the chat and follow it either on your mobile or desktop browser.
- 2) Enter your name into the available text box.

Update your screen name

Responding as  
Enter the screen name you would like to appear alongside your responses.

Name  
 0 / 50

Update

- 3) Check your browser and listen out for cues from Marc or Mike to answer the questions that follow.
- 4) Questions will be a combination of:
  - 1) Ranking Questions
  - 2) Multiple-choice answers
  - 3) Free text boxes.

# Question 1: Who is the target audience for the Digitization of CPI report?

CAFII Board of Directors

CAFII R&E Committee

Individual CAFII Member Institutions

CPI Product Consumers

Financial Regulators

# Question 2: What areas of research should the report focus on? Please rank the following areas from most to least important.

Leading client-facing digital experiences

Digitization of middle and back office operations

Compliance & regulatory considerations of digitization

Global digital insurance trends and case studies

Canadian insurance industry digital best practices

Other

# Question 3: How do you foresee the output of this research being utilized by your members? Please select the top 3 use cases.

Inform Priority Digital Initiatives  
Benchmark Current Maturity  
Identify Opportunity Areas  
Regulatory & Compliance  
Business Case for Digitization  
General Insight  
Other

**Question 4: What type of "actionable / implementable" insights would you want to see as part of the final report?**

# Next Steps

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Working with the CAFII Core Working Group, R&E Committee and Members, Deloitte will work to accomplish the objectives of the engagement and will continue to do so through the actions listed below.

1

**Identify CAFII Members** to participate in survey and engage for 1:1s to support **perspectives on CPI digitization**

2

**Schedule all appropriate** sessions with CAFII Members as required and deploy survey

3

**Engage with Deloitte SMEs** on the challenges and key questions to answer whilst **performing secondary research** in tandem.

# Appendix

# Key Deliverables & Outcomes

Through this engagement, CAFII will receive a commissioned Deloitte perspective paper to outline the key capabilities required to enable the digitization of CPI, how the market compares to global jurisdictions and recommend opportunities for the industry to help accelerate their response to digitizing CPI

## The Digitization of CPI in Canada

*CAFII Commissioned Deloitte Perspective Paper*

**A comprehensive research report (provided as a .pdf paper) developed using the Deloitte industry expertise and supplemented with survey member insights and additional secondary research**

### Sample of Key Topics Covered

- Perspective on the **capabilities required to enable a leading digital CPI client experience** based on consumer insights generated in prior research studies on best practices
- **Global subject matter expertise (SME)** from Deloitte partners and secondary research
- Perspective on the **CPI digital capability model** outlining the key capabilities required to offer the digital experience as per consumer insights
- **Comparison of the Canadian market relative to global markets** in terms of maturity, highlighting where Canada is leading versus where there is significant headroom to be addressed
- **Key regulatory considerations** that the industry must account for in its efforts to provide best-in-class digitally-enabled client experiences for CPI

**Additional Material Provided:** Deloitte will also provide the project leads with the full anonymized results from the Stakeholder Survey insights.

## Three Presentations

**Three 60-minute virtual presentations facilitated over the preferred platform to walk through the audience through the key contents of the paper with a focus on the components of the paper that may be most relevant to the given audience**



**Presentation 1: Board of Directors**

*Deloitte will deliver a webinar or live presentation*



**Presentation 2: Regulators**

*Deloitte will deliver a webinar or live presentation*



**Presentation 3: CAFII Stakeholders**

*Deloitte will work with CAFII to develop a recorded webinar that could be published to the Association's site and accessible to the general public*

**Additional Material Provided:** Deloitte will also develop presentation friendly materials (.ppt), using the paper as a starting point and selecting content based on the audience to facilitate the webinar/webcasts.

# Activity & Session Details

Over the course of eight weeks, we will work together to gather perspectives across the association and within the Deloitte network to publish “The Digitization of CPI in Canada” paper and deliver a series of presentations

## Key Activities Phase 1

- **Kickoff Session:** Prepare and execute kick-off session with key CAFII stakeholders to align on scope, timelines, and share draft outline of paper
- **Define Success with CAFII R&E:** Align on “What does success look like” with CAFII Research & Education (R&E) Committee members, defining key outcomes and validating key research areas. Bi-weekly sessions with the R&E Committee along with the CAFII Core Working Group will be held as an ongoing touchpoint during the report creation process
- **CAFII Member Surveys:** Create and disseminate a survey to the Head of Digital/Experience (or someone in a similar position) of each of the 15 CAFII Member institutions to gather information on the digital journey each of the institutions is on regarding CPI products
- **CAFII Member Interviews:** Conduct one on one interviews with 6-8 selected Head of Digital/Experience (or someone in a similar position) that were earlier surveyed. These interviews will seek to understand the current digital maturity and priorities of the Canadian CPI industry. Work with CAFII to identify participants and ensure timely scheduling of interviews to enable further research
- **Conduct Deloitte SME Interviews:** Engage relevant Deloitte subject matter experts (i.e., Global Insurance, Risk, Technology, Data & Analytics) to gather perspectives on the future of digitization in CPI and opportunities in the Canadian market
- **Conduct Supplementary External Research:** Augment Deloitte expertise with additional secondary research as required to capture additional input to inform ‘best-in-class’ client purchasing and servicing experiences and the supporting capabilities
- **Leverage the Deloitte Insurance Digital Maturity Model (DMM):** Augment the DMM to reflect research on the Canadian CPI journey (i.e., product specifics, regulatory environment) to define the leading capabilities for the digitization of CPI

## Key Activities Phase 2

- **Develop Draft Paper:** Synthesize findings and perspectives to develop first draft of the paper. Conduct working session with select CAFII stakeholders to share key findings and gather feedback
- **Finalize Paper:** Reflect feedback and finalize the paper, gaining input from Deloitte subject matter experts during final reviews
- **Align on Marketing Plan:** Work with CAFII to align on marketing plan for distributing the paper (i.e., published on the Association’s website and, possibly with insurance industry trade press and other media) and Presentation Series
- **Presentation Series:** Prepare and execute **three presentations** to share the key findings from the paper; Presentations will be made to CAFII Board of Directors, insurance industry regulators, and CAFII Stakeholders
- **Publish Paper:** Co-ordinate with CAFII to release the finalized paper and recorded webinar at an appropriate date

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## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 4(b) Committee Updates—Media Advocacy**

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#### **Purpose of this Agenda Item – Update**

This is an update.

#### **Background Information**

CAFII is working with Operatic Agency, our website agency, on a series of website content items including:

- Three videos that are slated for production in 2021—on critical illness and disability insurance; on job loss insurance; and on consumer protections in CPI;
- A new series of website “vignettes.”

CAFII is also posting presentations and recordings on our website related to our series of webinars.

#### **Recommendation / Direction Sought – Update**

This is an update only.

#### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 4(c)i Committee Updates—Market Conduct & Licensing—Implications for CAFII of CCIR’s October 12/21 Release of “Cooperative Fair Treatment of Customers (FTC) Review—Consolidated Observations Report”**

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#### ***Purpose of this Agenda Item – Update/Discussion***

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This is an update discussion on a recently released CCIR/CISRO document.

#### ***Background Information***

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CAFII has received a CCIR/CISRO document titled “Cooperative Fair Treatment of Customers (FTC) Review—Consolidated Observations Report.” This item warrants discussion by CAFII EOC members around what learnings and insights can be taken from this regulator publication.

#### ***Recommendation / Direction Sought – Update/Discussion***

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This is an update only.

#### ***Attachments Included with this Agenda Item***

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One attachment.



# CCIR Cooperative Fair Treatment of Customers (FTC) Review – Consolidated Observations Report

October 2021

# Table of Contents

Table of Contents .....	2
Executive Summary .....	4
Adoption of Fair Treatment of Customers (FTC) Principles .....	4
Key Observations.....	4
1. Corporate Governance and Culture in relation to FTC .....	4
2. Agent Training and Outsourcing/Delegating Arrangements .....	5
3. Incentive Management and Remuneration Structure .....	5
4. Product Design, Marketing, and Advertising .....	5
5. Information Provided to Consumers .....	5
6. Claims Examination and Settlement .....	5
7. Complaints Examination and Dispute Settlement .....	5
Introduction .....	6
Cooperative Supervision Approach.....	6
Objective .....	6
Key Areas of Review.....	8
Consolidated Observations .....	8
1. Corporate Governance and Culture in relation to FTC .....	8
General Scope.....	9
Observations.....	9
Recommendations.....	10
2. Agent Training and Outsourcing/Delegating Arrangements .....	11
General Scope.....	11
Observations.....	11
Recommendations.....	12
3. Incentive Management and Remuneration Structure .....	12

General Scope.....	13
Observations.....	13
Recommendations.....	13
4. Product Design, Marketing, and Advertising.....	14
General Scope.....	14
Observations.....	14
Recommendations.....	15
5. Information Provided to Consumers .....	15
General Scope.....	15
Observations.....	15
Recommendations.....	16
6. Claims Examination and Settlement.....	17
General Scope.....	17
Observations.....	17
Recommendations.....	17
7. Complaints Examination and Dispute Settlement.....	18
General Scope.....	18
Observations.....	18
Recommendations.....	18
Conclusion and Next Steps .....	20

# Executive Summary

## Adoption of Fair Treatment of Customers (FTC) Principles

FTC principles have a broad impact on the reputation of not only individual companies, but the reputation and confidence of the financial system as a whole. Adherence to FTC is an end-to-end process and the insurer must take it into consideration at each stage of the product life-cycle. Strong integrated risk management in the form of monitoring and supervision must also be used to ensure FTC principles are being followed.

The Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) jointly published Guidance Conduct of Insurance Business and Fair Treatment of Customers<sup>1</sup> (FTC Guidance) in 2018, laying out a framework of expectations relating to business conduct in the insurance industry with the end goal of achieving FTC.

## Key Observations

This report provides a summary of key observations from the CCIR cooperative FTC reviews of insurance companies conducted between 2017 and 2021 and the individual FTC reviews of insurance companies in the CCIR members' own jurisdictions based on FTC principles.

Key observations have been highlighted within the following seven areas of review:

### 1. Corporate Governance and Culture in relation to FTC

- The roles and responsibilities specifically related to FTC were not always clearly defined.
- The current policies and procedures were not fully evaluated to assess if pertinent FTC elements were incorporated, and no action plans were in place to implement and operationalize the FTC elements.
- There was no consolidated reporting that assesses the insurers' overall performance with respect to FTC.

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<sup>1</sup> <https://www.ccir-ccrra.org/Documents/View/3450>

- There were no procedures to ensure that agents were reviewing the insurers' code of conduct on an ongoing basis.

## **2. Agent Training and Outsourcing/Delegating Arrangements**

- The contractual agreements or supporting documentation between insurers and intermediaries<sup>2</sup> did not outline detailed expectations regarding their roles and responsibilities.
- There were no mechanisms in place to provide reasonable assurance that independent agent training was being completed, or intermediaries understood and fulfilled their delegated training responsibilities.

## **3. Incentive Management and Remuneration Structure**

- The structure of incentive programs reviewed predominantly contained sales-related quantitative elements and the application of qualitative criteria based on FTC was not formalized.
- There were no supervision processes over incentive programs used or developed by intermediaries.

## **4. Product Design, Marketing, and Advertising**

- There were no formal and established processes for ongoing and periodic reviews of marketing materials provided to intermediaries and consumers.
- There were no FTC components implemented in the product design and marketing procedures.

## **5. Information Provided to Consumers**

- There were no mechanisms in place or formal procedures provided to agents as guidance on what should be distributed to consumers.

## **6. Claims Examination and Settlement**

- The claims process was not always explained in a complete and accessible manner.

## **7. Complaints Examination and Dispute Settlement**

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<sup>2</sup> The use of the term 'intermediaries' in this report refer to Managing General Agencies (MGAs) and/or National Accounts (NA).

- Insurers' reporting of complaints was not being done in accordance with Annual Statement on Market Conduct (ASMC) requirements.
- The complaints handling policies and procedures were not always simple, accessible, and complete.

## Introduction

### Cooperative Supervision Approach

Following the adoption of a Memorandum of Understanding on Cooperation and Information Exchange (the Memorandum) by the members of the CCIR in 2015, a concerted Framework for Cooperative Market Conduct Supervision in Canada was put in place<sup>3</sup>. In accordance with this cooperative supervision framework, the members of CCIR's Cooperative Supervisory Oversight Committee (CSOC) collaborated and conducted joint FTC reviews of insurance companies since 2017.

### Objective

The objective of these joint FTC reviews was to assess the business practices of various insurance companies to ensure FTC is being applied and followed across all distribution channels. The scope of the joint FTC reviews to date has focused on individual life insurance line of business, however, the CCIR members have also carried out individual FTC reviews in their own jurisdictions based on FTC principles. The common observations and themes found from these joint and individual FTC reviews are laid out in the Consolidated Observations section below and can be applied to both Life and Health (L&H) and Property and Casualty (P&C) sectors. These common observations provide some examples of the application of the FTC principles and may help those who have not yet been subjected to the joint or individual FTC reviews.

Each area of these joint and individual FTC reviews aims to understand insurers' commercial practices in preventing consumer harm, and supports:

- adopting FTC principles throughout the entire product life-cycle and consumer journey

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<sup>3</sup> <https://www.ccir-ccrra.org/Documents/View/2592>

- establishing the right tone at the top, which sets the organization's FTC corporate culture and values
- building strong agent onboarding, training, and supervision programs that put consumers' needs first
- providing adequate information to consumers at different stages of the sales process
- handling claims and complaints in a fair and efficient manner

## Key Areas of Review

The areas of scope for FTC reviews typically include the following categories:

1. Corporate Governance and Culture in relation to FTC
2. Agent Training and Outsourcing/Delegating Arrangements
3. Incentive Management and Remuneration Structure
4. Product Design, Marketing, and Advertising
5. Information Provided to Consumers
6. Claims Examination and Settlement
7. Complaints Examination and Dispute Settlement

## Consolidated Observations

There are common observations and themes noted in each area throughout all the aforementioned reviews. The following observations and recommendations are examples of key items raised by regulators in both joint FTC reviews and individual jurisdictional FTC reviews.

### 1. Corporate Governance and Culture in relation to FTC

CCIR and CISRO expect FTC to be a core component of the governance and business culture of insurers.

Incorporating a FTC culture requires the involvement of all organizational levels and processes, from strategic planning to decision-making and governance structures to operations. In doing so, insurers aim at striking balance between the obligations of all involved, including representatives.

*Guidance Conduct of Insurance Business and Fair Treatment of Consumers (FTC Guidance),  
Section 6.1. Governance and Business Culture*

## General Scope

The scope of review included assessing organizational structure to ensure that reporting relationships between management and senior leadership allow for effective oversight and confirming there is a reflection of FTC elements within the insurers' culture and values.

## Observations

- 1) Roles and Responsibilities:** Most reviewed insurers had some FTC elements embedded across different business areas. However, not all insurers had defined the roles and responsibilities specifically related to FTC, including specific function(s) with access to company identified FTC metrics and information, in order to report the overall performance and findings accordingly to senior/executive management and the Board of Directors.

In some cases, there were designated personnel with specific FTC related functions such as reviewing claim denials, handling complaints, etc. However, there was not always a clear segregation of duties or controls in place in order for the individuals to perform certain duties independently and with proper reviews/approvals.

- 2) FTC Policies and Procedures:** Some insurers were found to have a variety of policies and procedures broadly related to FTC, but in most instances, these policies and procedures were not fully evaluated to assess if pertinent FTC elements were incorporated. Also, insurers had not adopted policies and procedures relating to FTC at the time of the review, nor had action plans in place to implement and operationalize the pertinent FTC elements into practice.

Some insurers, however, had clearly established policies and procedures related to FTC and had implemented them in their various business areas.

- 3) Reporting on FTC Elements:** In general, there was no specific reporting being done with regards to FTC objectives. All reviewed insurers provided regular reporting on a variety of subject matters to their senior/executive management, including some FTC goals and indicators, such as the volume of premiums and benefits paid, claims examination and review time frames, percentage of claim denials, and number of complaints. However, these indicators were scattered throughout different reports. Also, there was no consolidated reporting that assesses the insurers' overall performance with respect to FTC that would assure senior/executive management and the Board of Directors that the insurers are meeting their FTC obligations and desired outcomes.

In some cases, there were established FTC goals and indicators, but they did not provide reasonable assurance to the insurers in order to confirm if FTC is being sufficiently implemented and their goals are being met. Furthermore, these indicators were not analyzed to identify FTC issues or findings, determine trends, and identify risks and causes that may have a negative impact on consumers. This may prevent insurers to take timely corrective actions when required.

- 4) **Code of Conduct:** The insurer's code of conduct (the Code) for agents was provided to new agents upon signing contracts with insurers, however, there was no procedure to ensure that agents were reviewing the Code on an ongoing and regular basis to remain up-to-date with any changes made to the Code.

## Recommendations

- 1) **Roles and Responsibilities:** Recommendations were given to clearly define and set the roles and responsibilities specifically related to FTC and identify specific function(s) with access to company identified FTC metrics and information. This may assist insurers to report overall performance and findings accordingly to senior/executive management and the Board of Directors.

In cases where there were designated individuals with specific FTC related functions, there should be clear segregation of duties or appropriate mechanisms in place in order for the individuals to perform certain duties independently and with proper reviews/approvals.

- 2) **FTC Policies and Procedures:** Recommendations were given to implement a formal process to periodically review and update policies and procedures to address major FTC risks, and operationalize FTC related processes to measure their performance against expected outcomes as outlined. Where there were no FTC related policies and procedures in place, it was recommended that appropriate policies to be put in place or to update existing policies to incorporate FTC.
- 3) **Reporting on FTC Elements:** Recommendations were given to provide senior/executive management with a more holistic view of the insurers' performance regarding FTC objectives to ensure that these objectives are taken into consideration across all levels of the organization and any decisions and strategies made within.

Where FTC goals and indicators were not established, it was recommended that they be identified and put in place. If established but insufficient, it was recommended that they be refined and put in place. Recommendations were also made to analyze these indicators to identify FTC issues, risks, and trends in order to take corrective actions when required.

- 4) **Code of Conduct:** Recommendations were given to ensure the agents are informed of any changes made to the Code. Also, an ongoing periodic reminder should be implemented for agents to review and acknowledge the Code.

## 2. Agent Training and Outsourcing/Delegating Arrangements

CCIR and CISRO expect that functions related to conduct of insurance business outsourced to service providers do not hinder the quality of services or jeopardize the Insurer's ability to achieve FTC.

It is also expected insurers provide relevant information and training to intermediaries to ensure that they understand the target market and characteristics of the insurance product being sold.

*FTC Guidance,  
Section 6.3. Outsourcing and Section 6.4. Design of Insurance Product*

### General Scope

The scope of review included the review of the contractual agreements between insurers and intermediaries with regards to their roles and responsibilities, including delegated functions. The review also included the evaluation of insurers' agent training, including their policies and procedures, agent suitability factors, as well as nature, timing, and extent of training conducted.

### Observations

- 1) **Contractual Design:** Contractual agreements or supporting documentation between insurers and intermediaries did not outline detailed expectations regarding their roles and responsibilities, particularly when certain functions were delegated/outsourced.

- 2) Monitoring of Delegated Training:** While all insurers made their trainings available for intermediaries and agents, there were no mechanisms in place to provide reasonable assurance that the training was actually being completed by independent agents, or that intermediaries understood and fulfilled their delegated training responsibilities.

## Recommendations

- 1) Contractual Design:** Recommendations were given to insurers to review and update their contractual agreements or supporting documentation, where applicable, ensuring that clear and more specific expectations are outlined.
- 2) Monitoring of Delegated Training:** Recommendations were given to put processes in place to obtain reasonable assurance that independent agents are adequately trained and knowledgeable. Various mechanisms can assist insurers to identify areas for which they should offer additional support, follow-up, or training to their external distribution. Some examples may include obtaining the list of training offered and disseminated by intermediaries, evaluating the completion rate for training offered by the insurer, or putting quality control in place to target specific training topics.

Insurers were also recommended to proactively monitor intermediaries who have been assigned the responsibility to train agents to ensure that they carry out their responsibilities according to the expectations.

## 3. Incentive Management and Remuneration Structure

CCIR and CISRO expect that insurers' remuneration, reward strategies, and evaluation of performance take into account the contribution made to achieving outcomes in terms of FTC.

It is also expected that insurers take all reasonable steps to identify and avoid or manage conflicts of interest and communicate these through appropriate policies and procedures.

*FTC Guidance,  
Section 6.1. Governance and Business Culture and Section 6.2. Conflicts of Interest*

## General Scope

The scope of review included the examination of policies and procedures, agent compensation structure, and incentives, including the insurers' oversight of the incentive programs used by their distribution channels for their products and services.

## Observations

- 1) **Design of Incentive Programs:** The structure of incentive programs reviewed predominantly contained sales-related quantitative elements and in most instances, insurers did not formalize the application of qualitative criteria based on FTC. Also, risk assessment and management of each incentive program were not performed by all insurers.
- 2) **Monitoring of Incentive Programs:** Insurers did not have a supervision process over incentive programs used or developed by intermediaries.

## Recommendations

- 1) **Design of Incentive Programs:** Recommendations were given to review and update incentive programs, where necessary, to consider elements of FTC<sup>4</sup>.
- 2) **Monitoring of Incentive Programs:** Recommendations were given to establish monitoring practices that will allow insurers to detect, be informed of, and properly supervise incentives related to the sale of their products, as well as programs run by intermediaries to ensure consumer interests are appropriately taken into account and conflict of interest risks are adequately managed.

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<sup>4</sup> CCIR members are currently in the process of developing an incentive management guidance, which will further clarify and guide this area.

## 4. Product Design, Marketing, and Advertising

CCIR and CISRO expect that product promotional material is accurate, clear, not misleading, and consistent with the result reasonably expected to be achieved by the customer of the product.

The insurer is responsible for providing promotional material that is accurate, clear, and not misleading not only to customers but also to intermediaries who may rely on such information.

*FTC Guidance, Section 6.7. Product Promotion*

### General Scope

The scope of review included confirming insurers provided accurate and sufficient product information to allow a customer to make an appropriate decision. To this end, the reviews sought to ensure that insurers have the appropriate processes in place to design products that meet consumer needs, develop clear and simple materials for their distribution network and the consumers, where the information disseminated is not confusing or misleading.

### Observations

- 1) Review of Marketing Materials:** In most instances, there was no formal and established process for the ongoing and periodic reviews of marketing materials provided to consumers.
- 2) Product Design and Marketing Procedures:** Many insurers did not implement FTC components in their product design and marketing procedures to ensure the product meets the consumers' needs (before, during, and after sales), to identify the target clients and suitability, and to ensure the information and documentation prepared is clear, simple, and not misleading.

## Recommendations

- 1) Review of Marketing Materials:** Recommendations were given to implement a formal review cycle and have procedures in place to review and update marketing and advertising materials on a regular and ongoing basis to ensure that all information is current and accurate.
- 2) Product Design and Marketing Procedures:** Recommendations were also given to implement FTC components in their product design and marketing procedures to ensure the product meets the consumers' needs (before, during and after sales), to identify the target clients and suitability, and to ensure the information and documentation prepared is clear, simple, and not or misleading.

## 5. Information Provided to Consumers

CCIR and CISRO expect that a customer is given appropriate information to make an informed decision before entering into a contract.

The information provided should be sufficient to enable customers to understand the characteristics of the product they are buying and help them to understand whether and how it may meet their needs.

*FTC Guidance, Section 6.6. Disclosure to Customer*

### General Scope

The scope of review included confirming insurers had formal processes that takes FTC into account for informing customers before, at the moment, and after sales.

### Observations

- 1) Information Provided to Consumers:** For certain products and services, information provided to consumers was general and did not highlight specific information that would give a clearer understanding of the products being considered and purchased (e.g.,

limitations and exclusions, specific timelines or delays, particular definitions, rights and obligations, etc.)

- 2) Information Provided to Intermediaries:** While product and marketing information was readily provided to agents, there were no mechanisms in place or formal procedures provided to these agents as guidance on what should be distributed to consumers (e.g., among all the documents and information provided by the insurers, what documents/information should be provided and disclosed to the customer).

## Recommendations

- 1) Information Provided to Consumers:** Recommendations were given to ensure all points of information provided to consumers are clear and readily accessible, including information provided on insurers' websites and marketing materials. This can assist consumers to be well informed of what they are purchasing.

In addition, tools may be created or made available to agents and consumers to help them better understand the information that is given to them. (e.g., glossary, explanatory passages or reference to policy clauses, participants' guide, FAQs). This applies to both new and modified products to enable all required information provided to agents and consumers are accurate, clear, consistent, not misleading in any way, and provided in a timely manner.

- 2) Information Provided to Intermediaries:** Recommendations were given to implement appropriate mechanisms or formal procedures to provide their distribution channels with the information to be presented to consumers during the sale process. This may guide agents on what information should be distributed to consumers and that they have the necessary tools to pass along the sufficient information.

## 6. Claims Examination and Settlement

CCIR and CISRO expect claims to be examined diligently and fairly settled, using a simple and accessible procedure.

*FTC Guidance, Section 6.10. Claims Handling and Settlement*

### General Scope

The scope of review included confirming insurers had claims handling policies which incorporate FTC elements, as well as standard processing times that appropriately reflect FTC.

### Observations

**Explanation of Claims Process:** In some instances, the claims process was not explained in a complete and accessible manner as the options available to consumers may not have been fully communicated within the insurers' websites or other provided documentation. For example, not all insurers adequately informed customers of the reasons for claims denial, where the denial letters did not include sufficient details to allow the customers to understand the reasons for the denial and what they can do in order to appeal or complain about the decisions made.

### Recommendations

**Explanation of Claims Process:** Recommendations were given to update any areas used to provide information about the claims process, including the denial letters, add all required information, and make the information provided clear, accessible, and understandable.

## 7. Complaints Examination and Dispute Settlement

CCIR and CISRO expect complaints to be examined diligently and fairly, using a simple and accessible procedure.

*CCIR FTC Guidance, Section 6.11. Complaints Handling and Dispute Resolution*

### General Scope

The scope of review included confirming insurers informed their customers of the existence of their complaints processing service and applicable response timelines.

### Observations<sup>5</sup>

- 1) Complaints Reporting in Accordance with ASMC Requirements:** Insurers' reporting of complaints was not being done in accordance with ASMC requirements. Specifically, the way a complaint was defined by insurers for reporting purposes differed from the ASMC requirement.
- 2) Complaints Process:** All insurers had policies and procedures related to complaints handling in place. However, these processes were not always simple and accessible, which may discourage consumers to file a complaint due to overly complicated and onerous processes. Also, information such as expected turnaround times, available options on how to file a complaint, and the next steps were not always clearly communicated.

### Recommendations

- 1) Complaints Reporting in Accordance with ASMC Requirements:** Recommendations were given to review and report all complaints in compliance with ASMC requirements.

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<sup>5</sup> Please refer to the 2019 and ASMC public reports for more information in this area: <https://www.ccir-ccrra.org/AnnualStatementonMarketConduct>

Insurers, who wish to ensure that they are reporting complaints in accordance with expectations, can refer to the definition of complaints available on the ASMC forms<sup>6</sup>.

- 2) Complaints Process:** Recommendations were given to streamline and simplify complaint handling procedures to ensure that consumers have a timely resolution to their complaints, and also that they are aware of all necessary information such as response timelines and the next steps. Recommendations were also given to review all areas where information about the complaints process is provided to ensure that consumers can follow the procedures easily and efficiently.

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<sup>6</sup> Please refer to the ASMC forms and documentation at <https://lautorite.qc.ca/en/professionals/insurers/market-conduct/>

## Conclusion and Next Steps

The Insurer is responsible for FTC throughout the life-cycle of the insurance product, as it is the insurer that is the ultimate risk carrier. However, it is important to note that intermediaries also play a significant role in insurance distribution. Where more than one party is involved in the design, marketing, distribution, and policy servicing of insurance products, FTC in respect of the relevant services is a responsibility that is shared amongst involved insurers and intermediaries<sup>7</sup>.

As mentioned in the FTC Guidance, the CCIR and CISRO provide this guidance to further support insurers in achieving FTC while complying with existing laws and regulations. It also aims at strengthening public trust and consumer confidence, minimizing reputational risks and unsustainable business models.

As per the CCIR Cooperative Supervisory Plan, CCIR members plan to continue to conduct entity-specific, systemic, and thematic reviews. CCIR members expect these consolidated review results will shed light onto some of the common issues the industry encounters and serve as a tool for insurers in both L&H and P&C sectors to benchmark themselves against the reported recommendations in order to achieve better consumer outcomes and protection.

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<sup>7</sup> You can also read the following public reports from:

- Financial Services Regulatory Authority (Ontario)
  - Insurer-MGA relationship review report at <https://www.fsrao.ca/newsroom/fsra-reviews-life-insurer-supervision-mgas-enhance-consumer-protection>
- Autorité des marchés financiers (Québec)
  - Group disability insurance cross-sectional analysis report and Insurer analysis report on the offering of insurance products by dealerships at <https://lautorite.qc.ca/en/general-public/publications/for-professionals/insurance-and-deposit-institutions>



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## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 4(c)ii  
Committee Updates—Market Conduct & Licensing—AMF Consultation on Draft Regulation Respecting  
Complaint Processing and Dispute Resolution in the Financial Sector (Submission Deadline: November  
8, 2021)**

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### ***Purpose of this Agenda Item – Update***

This is an update on a current AMF consultation.

### ***Background Information***

CAFII is working with the Market Conduct & Licensing Committee on a submission to the AMF on its Draft Regulation on Complaint Processing and Dispute Resolution, which has a November 8/21 response deadline.

### ***Recommendation / Direction Sought – Update***

This is an update only.

### ***Attachments Included with this Agenda Item***

Two attachments.

## **Draft Regulation**

### **Credit Assessment Agents Act**

(chapter A-8.2, ss. 66 and 73)

### **Insurers Act**

(chapter A-32.1, s. 485, par. 1, and s. 496)

### **Act respecting financial services cooperatives**

(chapter C-67.3, ss. 601.1 and 601.9)

### **Act respecting the distribution of financial products and services**

(chapter D-9.2, ss. 216.1, 223, pars. 8, 11, 12 and 13.1)

### **Deposit Institutions and Deposit Protection Act**

(chapter I-13.2.2, s. 43, par. u, and s. 45.9)

### **Derivatives Act**

(chapter I-14.01, s. 175, pars. 13, 16 and 19.1)

### **Trust Companies and Savings Companies Act**

(chapter S-29.02, ss. 277 and 286)

### **Securities Act**

(chapter V-1.1, s. 331.1, pars. 8, 26 and 27.0.4)

## **Regulation respecting complaint processing and dispute resolution in the financial sector**

Notice is hereby given by the Autorité des marchés financiers (the “AMF” or the “Authority”) that, in accordance with section 67 of the *Credit Assessment Agents Act*, CQLR, c. A-8.2 (the “CAAA”), section 486 of the *Insurers Act*, CQLR, c. A-32.1, section 601.2 of the *Act respecting financial services cooperatives*, CQLR, c. C-67.3 (the “AFSC”), section 217 of the *Act respecting the distribution of financial products and services*, CQLR, c. D-9.2 (the “Distribution Act”), section 45 of the *Deposit Institutions and Deposit Protection Act*, CQLR, c. I-13.2.2 (the “DIDPA”), section 175 of the *Derivatives Act*, CQLR, c. I-14.01, section 278 of the *Trust Companies and Savings Companies Act*, CQLR, c. S-29.02 (the “TCSCA”) and section 331.2 of the *Securities Act*, CQLR, c. V-1.1, the following regulation (the “Draft Regulation”), the text of which is published hereunder, may be made by the AMF and subsequently submitted to the Québec Minister of Finance for approval, with or without amendment, after 30 days have elapsed since its publication in the Bulletin of the Authority:

- *Regulation respecting complaint processing and dispute resolution in the financial sector.*

The Draft Regulation is also available under “Public consultations” on the AMF’s website at [www.lautorite.qc.ca](http://www.lautorite.qc.ca).

## **Background**

The Draft Regulation is intended to harmonize and strengthen the fair processing of complaints in Québec’s financial sector. It includes requirements drawn from national and international FTC (fair treatment of customers) principles and was drafted taking into account input from various AMF advisory committees and the comments of multiple financial sector stakeholders.

The Draft Regulation applies to the following financial institutions, financial intermediaries and credit assessment agents:

## **Financial institutions**

- Insurers authorized under the *Insurers Act*;
- Deposit institutions authorized under the DIDPA;
- Financial services cooperatives within the meaning of the AFSC; and
- Trust companies authorized under the TCSC.

## **Financial intermediaries**

- Firms, independent representatives and independent partnerships registered under the Distribution Act; and
- Dealers or advisers registered under the *Derivatives Act* or the *Securities Act*.

## **Credit assessment agents**

- Credit assessment agents designated by the AMF under the CAAA.

The Draft Regulation proposes a framework complementing the already existing complaint processing and dispute resolution obligations imposed on financial institutions, financial intermediaries and credit assessment agents under the laws governing their respective activities and practices.

These obligations include adopting a complaint processing and dispute resolution policy and publishing a summary of the policy on their website or disseminating it by any appropriate means, keeping a complaints register and notifying the consumer of the complaint registration date within 10 days of such registration, and notifying the consumer of his or her right to request to have the complaint record examined by the AMF.

The Draft Regulation proposes a common set of complaint processing and dispute resolution requirements for financial institutions, financial intermediaries and credit assessment agents. It also differentiates, based on the various enabling statutes, between financial institutions, financial intermediaries and credit assessment agents, in the application of certain provisions.

## **Purpose of the Draft Regulation**

The Draft Regulation establishes a common set of rules and practices to be followed by financial institutions, financial intermediaries and credit assessment agents in processing complaints and resolving disputes. These rules and practices also cover the keeping of complaint records and the sending of such records to the AMF for examination. The Draft Regulation would also prohibit certain practices.

The Draft Regulation identifies the elements to be included in a financial intermediary's complaint processing and dispute resolution policy.

Finally, it sets out the monetary administrative penalties that may be imposed on financial institutions or credit assessment agents by the AMF in the event of non-compliance with the Regulation's provisions applicable to their practices.

### **I. Provisions common to financial institutions, financial intermediaries and credit assessment agents**

The Draft Regulation would apply from the moment a complaint is received by a financial institution, financial intermediary and credit assessment agent.

Under the rules and practices proposed in the Draft Regulation, a financial institution, financial intermediary or credit assessment agent would, among other things, be required to enter in its complaints register any complaint received by it without delay. The Draft Regulation also sets out the documents and

information that the complaints register and the complaint record would have to contain as a minimum. The financial institution, financial intermediary or credit assessment agent would also be required to provide a complaint drafting assistance service to any person expressing a need for it.

The Draft Regulation proposes a framework for the sending of an acknowledgement of receipt of a complaint and the final response following the financial institution's, financial intermediary's or credit assessment agent's analysis of the complaint. It determines the content of such communications and the time periods within which they are to be sent to the consumer.

#### **i. Definition of a “complaint”**

The Draft Regulation proposes a definition of a “complaint.” This definition is a critical element of the Draft Regulation as it specifies the types of dissatisfaction and reproach that must be processed in accordance with the Draft Regulation.

The definition was developed to respond to the needs of Québec financial consumers—who want their dissatisfactions or reproaches to be processed in a fair and diligent manner—while taking into account the realities of financial institutions, financial intermediaries and credit assessment agents.

This definition excludes dissatisfactions or reproaches that can be resolved at the time they are expressed by the consumer (e.g., when a consumer calls the financial institution's, financial intermediary's or credit assessment agent's client service department with a reproach and the reproach is addressed to the consumer's satisfaction during the call). Furthermore, to support this definition, the Draft Regulation includes examples of what does not constitute a complaint. Such situations would not need to be entered in the complaints register or processed in accordance with the Draft Regulation.

#### **ii. Complaint processing time period**

All complaints would have to be processed promptly and efficiently within no more than 60 days. The 60-day period would be non-extendable. This period would be calculated from the time the financial institution, financial intermediary or credit assessment agent receives the complaint until the time the final response is sent to the consumer.

This amount of time is sufficient for financial institutions, financial intermediaries and credit assessment agents to ensure that the complaints are processed fairly and, for consumers, would provide a tangible indicator for complaint follow-up.

Where there is an offer to resolve the complaint (which would be presented to the consumer in the final response), the consumer's assessment and acceptance of the offer, if applicable, and the financial institution's, financial intermediary's or credit assessment agent's resolution of the complaint would be steps separate and distinct from the processing of the complaint. As a result, they would be excluded from the calculation of the proposed time period and could be completed after the 60-day period set out in the Draft Regulation is over.

#### **iii. Simplified process for certain complaints**

The AMF is aware that certain complaints may be resolved more quickly than others, with some being resolved within a few days of receipt. The Draft Regulation therefore proposes a simplified process for situations where a complaint is processed and the offer to resolve it is accepted within 10 days following the complaint registration date. For these kinds of situations, the financial institution, financial intermediary or credit assessment agent would be able to send the consumer a single notice that would combine the information relating to the receipt, processing and resolution of the complaint.

#### **iv. Prohibitions**

The Draft Regulation proposes prohibiting the use of the term “ombudsman” or similar qualifiers in referring to the complaint process of a financial institution, financial intermediary or credit assessment agent.

The Draft Regulation also proposes prohibiting certain practices with respect to the offer presented to a consumer to resolve his or her complaint. Under the Draft Regulation, no condition could be attached to such an offer that, in particular, would prevent the complainant from exercising the right to make a request to have the complaint record examined by the AMF, require the complainant to withdraw another complaint that he or she has filed, or prevent the complainant from contacting the AMF or from reporting an ethical breach to a self-regulatory organization.

#### **II. Specific provisions applicable to financial institutions and credit assessment agents**

The Draft Regulation sets out the monetary administrative penalties that the AMF may impose on financial institutions or credit assessment agents that contravene certain provisions.

The Financial Markets Administrative Tribunal may impose administrative penalties on financial intermediaries that contravene those provisions.

#### **III. Specific provisions applicable to financial intermediaries**

The Draft Regulation specifies the elements of a financial intermediary’s complaint processing and dispute resolution policy, including:

- Establishment of a complaint process
- Training on the complaint process for financial intermediary staff
- Designation of a complaints officer and the functions of the designee
- Assignment of complaints to the staff responsible for processing them
- Periodic reporting regarding the complaint process

A financial intermediary’s complaint processing and dispute resolution policy would also have to provide that the underlying causes of complaints that are processed will be analyzed to identify the causes common to the complaints, if any, and to address the issues that they raise.

Finally, the complaint processing and dispute resolution policy would require that the reasons supporting a complaint be analyzed to determine whether they could have repercussions for other persons who are members of the financial intermediary’s clientele and to take measures to remedy them, if necessary.

These requirements would not apply to financial institutions governed by a similar prudential framework, set out in the Sound Commercial Practices Guideline, or to credit assessment agents for which the AMF has established a prudential framework tailored to their activities.<sup>1</sup>

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<sup>1</sup> Notice relating to the development and implementation of a new guideline applicable to credit assessment agents (section 28 et seq. of the Credit Assessment Agents Act (S.Q. 2020, c. 21)): <https://lautorite.qc.ca/fileadmin/lautorite/reglementation/agents-evaluation-credit/avis/2021fev04-avis-aec-en.pdf>.

## **Comments**

Comments regarding this Draft Regulation may be made in writing before **November 8, 2021**, to the following:

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
Place de la cité, tour Cominar  
2640, boulevard Laurier, 3<sup>ième</sup> étage  
Québec (Québec) G1V 5C1  
Fax: 418-525-9512  
E-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Unless otherwise noted, comments will be posted on the AMF's website at [www.lautorite.qc.ca](http://www.lautorite.qc.ca). Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

## **Additional Information**

For additional information, send an e-mail to [questions-projetRTPRD@lautorite.qc.ca](mailto:questions-projetRTPRD@lautorite.qc.ca).

**September 9, 2021**

## **REGULATION RESPECTING COMPLAINT PROCESSING AND DISPUTE RESOLUTION IN THE FINANCIAL SECTOR**

Credit Assessment Agents Act  
(chapter A-8.2, ss. 66 and 73)

Insurers Act  
(chapter A-32.1, s. 485, par. 1, and s. 496)

Act respecting financial services cooperatives  
(chapter C-67.3, ss. 601.1 and 601.9)

Act respecting the distribution of financial products and services  
(chapter D-9.2, ss. 216.1, 223, pars. 8, 11, 12 and 13.1)

Deposit Institutions and Deposit Protection Act  
(chapter I-13.2.2, s. 43, par. *u*, and s. 45.9)

Derivatives Act  
(chapter I-14.01, s. 175, pars. 13, 16 and 19.1)

Trust Companies and Savings Companies Act  
(chapter S-29.02, ss. 277 and 286)

Securities Act  
(chapter V-1.1, s. 331.1, pars. 8, 26 and 27.0.4)

### **CHAPTER I PURPOSE, SCOPE AND INTERPRETATION**

**1.** The purpose of this Regulation is to ensure the fair processing of consumer complaints in the financial sector. It sets out the elements that must be included in the complaint processing and dispute resolution policy adopted under subparagraph 3 of the second paragraph of section 35 of the Credit Assessment Agents Act (chapter A-8.2), subparagraph 2 of the second paragraph of section 50 of the Insurers Act (chapter A-32.1), subparagraph 2 of the second paragraph of section 66.1 of the Act respecting financial services cooperatives (chapter C-67.3), subparagraph 1 of the first paragraph of section 103 of the Act respecting the distribution of financial products and services (chapter D-9.2), subparagraph 2 of the second paragraph of section 28.11 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2), subparagraph 1 of the first paragraph of section 74 of the Derivatives Act (chapter I-14.01), subparagraph 2 of the second paragraph of section 34 of the Trust Companies and Savings Companies Act (chapter S-29.02) or subparagraph 1 of the first paragraph of section 168.1.1 of the Securities Act (chapter V-1.1), as the case may be.

This Regulation also sets out the rules governing complaint processing activities and practices.

**2.** This Regulation applies, with the necessary modifications, to persons and partnerships registered as firms, independent partnerships or independent representatives under the Act respecting the distribution of financial products and services and to legal persons registered as dealers or advisers under the Derivatives Act or the Securities Act.

Except for the provisions of Chapter II, it also applies to credit assessment agents designated under the Credit Assessment Agents Act, insurers authorized under the Insurers Act, financial services cooperatives within the meaning of the Act respecting financial services cooperatives, deposit institutions authorized under the Deposit Institutions and Deposit Protection Act, and trust companies authorized under the Trust Companies and Savings Companies Act.

**3.** For the purposes of this Regulation,

“complaint” means any dissatisfaction or reproach in respect of a service or product offered by a financial institution or financial intermediary, or in respect of a practice of a credit assessment agent, that is communicated by a person who is a member of the clientele of the financial institution or financial intermediary, or, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent, that cannot be remedied immediately and for which a final response is expected.

The following do not constitute complaints: a claim for an indemnity or any other insurance claim, a request to access or correct a record held by a credit assessment agent and an initial request for information or documents made, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent or, in the case of a financial institution or financial intermediary, by a person who is a member of the clientele of a financial institution or financial intermediary in respect of an offered product or service;

“financial institution” means an insurer authorized under the Insurers Act, a financial services cooperative within the meaning of the Act respecting financial services cooperatives, a deposit institution authorized under the Deposit Institutions and Deposit Protection Act, and a trust company authorized under the Trust Companies and Savings Companies Act;

“financial intermediary” means a person or partnership registered as a firm, independent partnership or independent representative under the Act respecting the distribution of financial products and services and a legal person registered as a dealer or adviser under the Derivatives Act or the Securities Act.

**CHAPTER II  
COMPLAINT PROCESSING AND DISPUTE RESOLUTION POLICY**

**4.** A financial intermediary must establish a complaint process in its complaint processing and dispute resolution policy that:

- (1) objectively takes into account the interests of the complainant;
- (2) is simple to follow and without cost to the complainant; and
- (3) is documented in detail, including by procedures for analyzing complaints.

**5.** The complaint processing and dispute resolution policy must provide that the financial intermediary will identify needs for the implementation, application and periodic review of the complaint process and assign the required persons thereto.

For this purpose, the policy must include the following rules:

(1) to ensure that its complaint process is known and understood by the persons assigned to implement, apply and review it, the financial intermediary will provide such persons with training at least once a year and at the following times:

- (a) upon their assignment; and
- (b) when, following a review, a change is made to the complaint process;

(2) the financial intermediary will ensure that the complaints officer referred to in section 6 and the staff responsible for processing complaints referred to in section 7 are able, in carrying out their respective functions, to act with independence and avoid any situation in which they would be in a conflict of interest.

**6.** The financial intermediary must include in its complaint processing and dispute resolution policy elements pertaining to the designation and functions of the person acting as complaints officer within its organization, including:

(1) the integrity, competence and solvency requirements for such designation, in this case professional qualifications, knowledge of the laws and regulations governing the intermediary's activities, required work experience and the absence of a judicial or disciplinary record, as applicable;

(2) the functions of the complaints officer, including:

(a) ensuring that the complaint process is applied and reviewed and that the complaint processing and dispute resolution policy is applied;

(b) documenting and reporting the issues referred to in paragraph 3 of section 8, the common causes and issues referred to in section 9, and the reasons referred to in section 10;

(c) ensuring that complaints are assigned to the staff responsible for processing complaints;

(d) acting as official respondent with the financial intermediary's clientele and with the Autorité des marchés financiers for complaint records sent to it for examination.

**7.** The financial intermediary must include in its complaint processing and dispute resolution policy elements pertaining to staff responsible for processing complaints and to the assignment of complaints to them, including:

(1) the integrity, competence and experience requirements for staff responsible for processing complaints, in this case detailed knowledge of the products and services offered by the financial intermediary;

(2) access at all times to information essential to the performance of the functions of this staff;

(3) instructions to ensure that clear and plain language is used in any interactions with complainants and that complainants understand the complaint process.

**8.** The complaint processing and dispute resolution policy must provide that periodic reports covering the following elements must be made to the financial intermediary's officers:

(1) the number of complaints received and processed and the reasons for and underlying causes of the complaints;

(2) the outcomes of the complaints;

(3) issues related to the implementation, application and review of the complaint process.

**9.** The complaint processing and dispute resolution policy must provide that the underlying causes of complaints that are processed will be analyzed periodically to identify causes common to the complaints and address the issues that they raise.

**10.** The complaint processing and dispute resolution policy must provide that the reasons supporting a complaint will be analyzed to determine whether they may have repercussions for other persons who are members of the financial intermediary's clientele and to take measures to remedy them, if necessary.

## **CHAPTER III COMPLAINT PROCESSING RULES AND PRACTICES**

### **DIVISION I GENERAL PROVISIONS**

**11.** A financial institution or financial intermediary must provide a complaint drafting assistance service to any person expressing a need for it who is a member of the clientele of the financial institution or financial intermediary.

A credit assessment agent must do likewise in respect of any person concerned by a record that it holds.

**12.** A financial institution, financial intermediary or credit assessment agent must process any complaint it receives in a diligent manner.

Accordingly, it must, in particular:

(1) adequately document the processing of the complaint and establish a complaint record in accordance with section 16;

(2) enter the complaint in the complaints register and update the register based on the information set out in section 18;

(3) provide the complainant, in the manner set out in section 20, with the acknowledgement of receipt referred to in section 19;

(4) provide the complainant with a final response referred to in section 21 as soon as possible but not later than the 60th day following receipt of the complaint.

**13.** If, upon completing its analysis, the financial institution, financial intermediary or credit assessment agent presents the complainant with an offer to resolve the complaint, it must give the complainant a minimum of 20 days to assess and respond to the offer.

The amount of time given must be sufficient to allow the complainant the opportunity to seek advice for the purpose of making an enlightened decision.

If the complainant accepts the offer, the financial institution, financial intermediary or credit assessment agent must give effect to the offer no later than the 30th day following receipt of such acceptance.

**14.** The financial institution, financial intermediary or credit assessment agent must, in due time, continue to manage any further exchanges with the complainant until no further action is required with respect to the complaint.

It must particularly do so in the following situations:

(1) upon completing its analysis, it does not present the complainant with an offer to resolve the complaint;

(2) the complainant refuses the offer to resolve the complaint; or

(3) the complainant files an application or motion pertaining to elements of the complaint with a court or adjudicative body.

**15.** If a complaint concerns several financial institutions, financial intermediaries or credit assessment agents, the institution, intermediary or agent receiving the complaint must notify the complainant in writing within 10 days following receipt of the complaint, stating that the complainant must also file the complaint with the other financial institutions,

financial intermediaries or credit assessment agents concerned and providing the complainant with their contact information.

## **DIVISION II COMPLAINT RECORDS AND COMPLAINTS REGISTER**

**16.** The complaint record that the financial institution, financial intermediary or credit assessment agent must open for any complaint received by it must contain the following documents and information:

- (1) the complaint and, if the complainant requested the complaint drafting assistance service, the complainant's initial communication;
- (2) a copy of the acknowledgement of receipt referred to in section 19 sent to the complainant;
- (3) any document or information used in analyzing the complaint, including any exchanges with the complainant; and
- (4) a copy of the final response provided to the complainant.

The complaint record must be established such that the documents and information it contains are in a precise form that is comprehensible to any person who is allowed to access it.

**17.** The financial institution, financial intermediary or credit assessment agent must keep the complaint record for a period of at least 7 years from the date the complaint is received.

**18.** The financial institution, financial intermediary or credit assessment agent must enter in its complaints register any complaints received by it without delay.

It must enter the following information in the complaints register as soon as it becomes available:

- (1) the complaint record identification code;
- (2) the date of receipt of the complaint and the complaint registration date;
- (3) the reason for the complaint;
- (4) the underlying cause of the complaint;
- (5) the product or service that is the subject of the complaint and the method of distribution thereof, or, in the case of a credit assessment agent, the practice that is the subject of the complaint;
- (6) if applicable, the class of insurance of the product that is the subject of the complaint;
- (7) the date the final response was provided to the complainant;
- (8) the outcome of the complaint and, if applicable, of the offer to resolve it;
- (9) if applicable, the date the complaint record was sent to its federation;
- (10) if applicable, the date the complaint record was sent to the Authority; and
- (11) the date the complaint record was closed.

### **DIVISION III COMMUNICATIONS TO THE COMPLAINANT**

**19.** For the purposes of this Regulation, the acknowledgement of receipt will constitute the notice stating the complaint registration date, sent to the complainant under section 39 of the Credit Assessment Agents Act, section 53 of the Insurers Act, section 131.2 of the Act respecting financial services cooperatives, section 103.2 of the Act respecting the distribution of financial products and services, section 28.14 of the Deposit Institutions and Deposit Protection Act, section 76 of the Derivatives Act, section 37 of the Trust Companies and Savings Companies Act, and section 168.1.3 of the Securities Act, as the case may be.

**20.** The acknowledgement of receipt must be sent in written form to the complainant and, in addition to stating the complainant's right to request to have the complaint record examined by the Authority or, where applicable, a federation, include the following information:

- (1) the complaint record identification code;
- (2) the date on which the complaint was received by the financial institution, financial intermediary or credit assessment agent;
- (3) the name and contact information of the member of the staff responsible for processing the complaint, referred to in section 7 or the Sound Commercial Practices Guideline or a guideline applicable to credit assessment agents in this matter (*indicate here the title of the guideline*) established by the Authority;
- (4) a statement to the effect that the complainant may contact the person referred to in paragraph (3) of this section to find out the status of the complaint;
- (5) the next steps in the complaint process and the date by which the final response must be sent to the complainant; and
- (6) the signature of the complaints officer referred to in section 6 or the Sound Commercial Practices Guideline or a guideline applicable to credit assessment agents in this matter (*indicate here the title of the guideline*) established by the Authority.

**21.** The financial institution, financial intermediary or credit assessment agent must be detailed in the final response referred to in subparagraph 4 of the second paragraph of section 12, which must include such information as the following:

- (1) a summary of the complaint received;
- (2) the conclusion of the analysis, including the reasons for the conclusion, and the outcome of the complaint;
- (3) a statement of the complainant's right to request to have the complaint record examined by the Authority or, where applicable, by a federation;
- (4) if an offer to resolve the complaint is presented to the complainant, the time period within which the complainant may accept the offer;
- (5) the signature of the complaints officer.

**22.** For any complaint resolved within 10 days following the complaint registration date, the financial institution, financial intermediary or credit assessment agent may provide the complainant with a final response containing the information referred to in paragraphs 1, 2 and 3 of section 20 and paragraphs 1, 2, 3 and 5 of section 21, as well as a statement to the effect that the complainant has accepted the offer to resolve the complaint.

The acknowledgement of receipt referred to in section 19 will be considered to have been sent by a financial institution, financial intermediary or credit assessment agent where a final response is provided to the complainant in accordance with the first paragraph.

#### **CHAPTER IV SUMMARY OF THE COMPLAINT PROCESSING AND DISPUTE RESOLUTION POLICY**

**23.** A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must include, among other elements, the following information:

(1) a description of the procedure for filing a complaint and the complainant's right to obtain assistance in drafting the complaint;

(2) a statement that a complaint may be validly filed with it using the complaint form available on the Authority's website, together with a reference or link to the form;

(3) the name and contact information of the complaints officer;

(4) the complaint processing time period specified in subparagraph (4) of the second paragraph of section 12; and

(5) a statement of the complainant's right to request to have the complaint record examined by the Authority or, where applicable, by a federation.

**24.** A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must be written in a clear and simple manner and using terms that are not confusing or misleading.

It must be readily accessible to any person who is a member of its clientele or, in the case of a credit assessment agent, to any person concerned by a record that it holds.

#### **CHAPTER V SENDING A COMPLAINT RECORD TO THE AUTORITÉ DES MARCHÉS FINANCIERS FOR EXAMINATION**

**25.** The financial institution, financial intermediary or credit assessment agent must send the complaint record, as established pursuant to section 16, to the Authority in accordance with the terms specified on the Authority's website and within 15 days following receipt of the complainant's request to have the complaint record examined by the Authority.

#### **CHAPTER VI PROHIBITIONS AND MONETARY ADMINISTRATIVE PENALTIES**

**26.** A financial institution, financial intermediary or credit assessment agent may not:

(1) when it presents the complainant with an offer to resolve the complaint, attach a condition to the offer that:

(a) prevents the complainant from exercising the right to request to have the complaint record examined by the Authority or, where applicable, its federation;

(b) requires the complainant to withdraw any other complaint that the complainant has filed;

(c) prevents a complainant from communicating with the Authority, a self-regulatory organization recognized under section 59 of the Act respecting the regulation of the financial sector (chapter E-6.1) or with the Chambre de la sécurité financière or the

Chambre de l'assurance de dommages, established under section 284 of the Act respecting the distribution of financial products and services.

(2) in any representation or communication intended for the public, use in referring to its complaint process or the persons assigned to implement, apply or review its complaint process the term “ombudsman” or any other qualifier of the same nature that suggests that such persons are not acting on behalf of the financial institution, financial intermediary or credit assessment agent.

**27.** A monetary administrative penalty in the amount of \$1,000 may be imposed on an authorized financial institution that:

(1) in contravention of the first paragraph of section 16, fails to establish a complaint record containing the documents and information referred to in that paragraph;

(2) in contravention of the second paragraph of section 18, fails to enter in its complaints register the information referred to in that section;

(3) in contravention of section 20, sends the complainant an acknowledgement of receipt that does not include the information set out in that section;

(4) in contravention of section 21, provides the complainant with a final response that does not include the detailed information set out in that section;

(5) in contravention of the first paragraph of section 22, provides the complainant with a final response that does not include the information set out in that section;

(6) whose complaint processing and dispute resolution policy summary does not include, in contravention of section 23, the information referred to in that section.

**28.** A monetary administrative penalty in the amount of \$2,500 may be imposed on a financial institution or a credit assessment agent that:

(1) in contravention of the first paragraph of section 11, fails to offer, in the case of a financial institution, a complaint drafting assistance service to any person expressing a need for it who is a member of its clientele;

(2) in contravention of the second paragraph of section 11, fails to offer, in the case of a credit assessment agent, a complaint drafting assistance service to any person expressing a need for it who is concerned by a record that the credit assessment agent holds;

(3) in contravention of the first paragraph of section 13, fails to give the complainant a minimum of 20 days to assess and respond to the offer to resolve the complaint;

(4) in contravention of the third paragraph of section 13, fails, where a complainant accepts an offer to resolve the complaint, to give effect to the offer no later than the 30<sup>th</sup> day following receipt of the offer;

(5) in contravention of section 15, fails to notify the complainant within 10 days following receipt of the complaint;

(6) in contravention of section 17, fails to keep a complaint record for a period of at least 7 years from the date the complaint is received;

A monetary administrative penalty in the same amount may also be imposed on a financial institution or credit assessment agent that, in contravention of section 25, fails to send the complaint record, as established pursuant to section 16, to the Authority in accordance with the terms and conditions set out on its website or within 15 days of receiving a request from the complainant to have the complaint record examined by the Authority.

**29.** A monetary administrative penalty in the amount of \$5,000 may be imposed on a financial institution or credit assessment agent that:

(1) in contravention of subparagraph a of paragraph 1 of section 26, attaches a condition to its offer that prevents the complainant from exercising the right to have the complaint record examined by the Authority or, where applicable, its federation;

(2) in contravention of subparagraph b of paragraph 1 of section 26, attaches a condition to its offer that requires the complainant to withdraw any other complaint that the complainant has filed;

(3) in contravention of subparagraph c of paragraph 1 of section 26, attaches a condition to its offer that prevents the complainant from communicating with the Authority, a recognized self-regulatory organization, the Chambre de sécurité financière or the Chambre de l'assurance de dommages;

(4) in contravention of paragraph 2 of section 26, uses in referring to its complaint process or the persons assigned to implement, apply or review its complaint process, in any representation or communication intended for the public, the term "ombudsman" or any other qualifier of the same nature that suggests that that such persons are not acting on behalf of the financial institution or credit assessment agent.

A monetary administrative penalty in the same amount may also be imposed on a financial institution or a credit assessment agent that, in contravention of paragraph 2(4) of section 12, fails to provide a final response to the complainant.

## **CHAPTER VII COMING INTO FORCE**

**30.** This Regulation comes into force on *(indicate here the date of coming into force of this Regulation)*.

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 4(d)i  
Committee Updates—Travel Insurance Experts—Insights Gained From CAFII/CLHIA/THIA Weekly Calls  
Re: Impact of COVID-19 On Travel and the Travel Insurance Industry**

---

### **Purpose of this Agenda Item – Update**

Update only.

### **Background Information**

CAFII meets weekly with CLHIA and THIA to discuss issues related to COVID-19's impact upon travel and the travel insurance industry.

### **Recommendation / Direction Sought – Update**

This is an update only.

### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 4(e)i  
Committee Updates—Networking & Events—Insights Gained from October 25/21 CAFII Webinar on  
“Provincial Insurance Policy and Regulatory Priorities and Emerging Issues as Canada Emerges from  
COVID-19”**

---

### **Purpose of this Agenda Item – Update**

Update only.

### **Background Information**

This will be an update on the just-held CAFII webinar with three insurance policy-makers/regulators.

### **Recommendation / Direction Sought – Update**

This is an update only.

### **Attachments Included with this Agenda Item**

One attachment.

**Agenda Item 4(e)(i)**  
**October 26/21 EOC Meeting**

**Insights Gained From October 25/21 CAFII Webinar**

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Reminder: You are receiving this email because you have expressed an interest in the Canadian Association of Financial Institutions in Insurance.



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

Dear Brendan,

We are pleased to invite you to attend our October 2021 CAFII Webinar on

***Provincial Insurance Policy and Regulatory Priorities and Emerging Issues As  
Canada Emerges From COVID-19***

Monday, October 25th, 2021  
from 12:00 noon to 1:15 pm EDT  
via Zoom Webinar

***A CAFII-Moderated Panel Discussion with***



***Chris Carter, Vice-President, Financial Institutions and  
Mortgage Brokers Market Conduct, BC Financial Services  
Authority*** (For capsule biography, [click here](#))



**Mark Brisson, Assistant Deputy Minister and Superintendent of Insurance, Alberta Treasury Board and Finance** (For capsule biography, [click here](#))



**Janette Seibel, Deputy Superintendent of Insurance, Financial and Consumer Affairs Authority of Saskatchewan** (For capsule biography, [click here](#))

[Click Here to Register](#)

---

For further information or assistance, please email [events@cafii.com](mailto:events@cafii.com) or call 416-494-9224 ext. 3.

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

Sincerely,

Brendan Wycks, BA, MBA, CAE  
Co-Executive Director  
Canadian Association of Financial  
Institutions in Insurance  
T: (647) 218-8243

Keith Martin  
Co-Executive Director  
Canadian Association of Financial  
Institutions in Insurance  
T: (647) 460-7725

Office: (416) 494-9224  
[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)  
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Office: (416) 494-9224  
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## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 5(a)  
Recent and Upcoming Strategic and Regulatory Initiatives—"Summary of Options" In Response to  
Proposal from CAFII Director Z. Fuerstenberg That CAFII Investigate Development and Launch of an  
Education/Master Class/Certification Program for Member Company Employees on "CPI Legislative and  
Regulatory Principles and Environment"**

---

### ***Purpose of this Agenda Item – Update/Discussion***

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#### **Background Information**

CAFII is investigating the options around some form of education or certification program. The intention is to discuss the options with the EOC, and then bring an EOC recommendation to the 7 December, 2021 Board meeting.

#### **Recommendation / Direction Sought –Update/Discussion**

This is an update and EOC discussion item, with direction being sought as to the EOC's recommendation to the Board on this matter.

#### **Attachments Included with this Agenda Item**

One attachment.

**Agenda Item 5(a)  
October 26/21 EOC Meeting**

**Continuum of Options for Development and Launch of a  
CAFII Education/Certification Program for Member Company Representatives on Credit Protection  
Insurance Legislative and Regulatory Principles and Operating Environment**

**Option 1—Annotated Self-Study Materials**

**Details**—CAFII has many resources on its website which could be organized into an annotated series of self-study modules/courses, to which CAFII member companies would be able to give their new and/or other employees access.

**Implementation**—would require an IT investment, along with staff and/or consultant time to organize materials into integrated subject matter modules.

**Option 2—Dedicated Webinar Modules/Courses**

**Details**—CAFII would commission industry experts to produce one-hour webinars on key topics (e.g., Jill McCutcheon on the regulatory regime in Canada; Marc Duquette on the unique characteristics of the Quebec regulatory regime), to which CAFII member companies would be able to give their new and/or other employees access.

**Implementation**— this would require the considerable expense of having the webinars developed by industry experts, who would need to be paid for their time, under CAFII management oversight.

**Option 3—Certification Program**

**Details**—CAFII would develop -- with the assistance of an e-learning professional services firm -- a certification program composed of a series of online modules/courses. CAFII members would pay for their new and/or other employees to access this certification program. There would be tests of information/knowledge retention of the course material; and upon passing the full set of modules/courses in the program, a CAFII-branded certification/accreditation would be granted to the successful student.

**Implementation**—this would be a considerable financial investment and other-resources-undertaking for CAFII, requiring the ongoing partnership assistance of a professional e-learning firm such as Oliver's. There would be implications for CAFII management to oversee this effort; and for CAFII volunteers, as a significant ramp-up of a new Steering Committee would be required to oversee this effort.

**Option 4—Defer This Initiative At This Time**

*This option would propose holding off on any further work on this initiative at this time, based on higher ranking other CAFII priorities, an already ambitious strategic plan, and the challenge of resourcing this initiative, given all of the other regulatory and strategic priorities which CAFII is engaged in.*

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 5(b) Recent and Upcoming Strategic and Regulatory Initiatives—CAFII-Relevant Insights Arising From CCIR's Appointment of Robert Bradley as its New Chair**

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#### ***Purpose of this Agenda Item – Update/Discussion***

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#### ***Background Information***

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Robert Bradley, Superintendent of Insurance with the Office of the Attorney General for Prince Edward Island, has been appointed the new Chair of the CCIR.

Martin Boyle, BMO Insurance, who was formerly CCIR's Policy Manager, has written CAFII a note with insights on Mr. Bradley's appointment and its possible implications. The note is attached and Mr. Boyle will verbally share his insights, for discussion with the EOC.

#### ***Recommendation / Direction Sought –Update/Discussion***

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This is an update item, with time allocated for brief EOC discussion about it.

#### ***Attachments Included with this Agenda Item***

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One attachment.

**Agenda Item 5(b)**  
**October 26/21 EOC Meeting**

**CAFII-Relevant Insights Arising From CCIR's Appointment of Robert Bradley as Its New Chair**

**From:** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>

**Sent:** October 12, 2021 9:25 AM

**To:** Boyle, Martin <[Martin.Boyle@bmo.com](mailto:Martin.Boyle@bmo.com)>; Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>

**Cc:** Harri-Morar, Tejal <[Tejal.HarriMorar@bmo.com](mailto:Tejal.HarriMorar@bmo.com)>

**Subject:** RE: News Release: CCIR Appoints Robert Bradley, PEI Superintendent of Insurance, As New Chair

Hi Martin,

This is a very insightful and helpful note.

Brendan and I would like, if you are comfortable with our so doing, to use it in two ways:

- We would like to include this in the Agenda, perhaps as a read-only item but perhaps if time permits as an update so you can speak to this, in the upcoming October EOC meeting, and include your note in the materials associated with that Agenda item;
- I would like to include it in the October Regulatory Update that I am producing this month.

Let us know if you are comfortable with our sharing your expert knowledge in this way.

Regards,

**Keith Martin**

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

**From:** Boyle, Martin <[Martin.Boyle@bmo.com](mailto:Martin.Boyle@bmo.com)>

**Sent:** October 8, 2021 9:30 AM

**To:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>; Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>

**Cc:** Harri-Morar, Tejal <[Tejal.HarriMorar@bmo.com](mailto:Tejal.HarriMorar@bmo.com)>

**Subject:** RE: News Release: CCIR Appoints Robert Bradley, PEI Superintendent of Insurance, As New Chair

Morning Brendan and Keith,

For what its worth, I thought I would provide my thoughts on the potential implications for the change in CCIR Chair and what it might mean for the organization. The bullets below include my opinion based on the working relationship I had with Robert Bradley during my time with the CCIR.

- The transition should be quick and smooth. Robert has extensive experience on the CCIR executive committee. He is very familiar with how the group operates, its processes and requirements. He also has a longstanding relationship with the Secretariat and would understand how it operates as well (there are quirky limitations as a result of being housed within the OPS). As a result, there likely wouldn't be a "teething" process and Robert would be able to continue to move the organization forward without delay.
- His experience in the executive committee would mean he's also very familiar with the priorities and plans of the organization. I would not expect there to be any changes in these areas, even in terms of resourcing or timelines. The work committed to by the organization would also likely move forward without any sort of delay.
- Robert is from a small province that does not have significant resources to devote to the CCIR. Its largely been just his personal contributions to the CCIR from PEI. I would expect that this means the CCIR may become a little more collaborative (if that's the right word). When the Chair is from a province with a large staff, we see a significant resource commitment from that province as well. Under Patrick, the AMF was very involved in moving the work of the CCIR forward. While I would expect the AMF to remain a main contributor within the CCIR, I could see some degree of drop off in their resource commitments. This would mean other members would need to pick up the slack, but its unlikely those resources could come from PEI.
- Patrick led the CCIR through a time of considerable change. He guided the regulators through the process of addressing the issues identified by the IMF, introduced the MOU and the new collaborative supervision, introduced the FTC framework and the Annual Statement. I would expect that Robert will be there to stay the course rather than steer the organization in a new direction (this works well with the limited resources he would be able to commit from PEI as well).
- I see Robert as a person who prioritizes stakeholder feedback and engagement. This was the case in terms of how he dealt with his counterparts from other provinces and as well as with industry. I think its possible that we may see a return to a more open and collaborative CCIR where industry is more involved or has more opportunity to be involved (I found a few recent developments to come up short in this area).

## Martin Boyle

Head, Governance & BUCO

**BMO Insurance** | 11<sup>th</sup> Flr, BMO Life Bldg, 60 Yonge St | Toronto, ON M5E 1H5

[martin.boyle@bmo.com](mailto:martin.boyle@bmo.com)

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 5(c)**

### **Recent and Upcoming Strategic and Regulatory Initiatives—Insights Gained From October 14/21 CAFII Industry Issues Dialogue With AMF Staff Executives**

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#### **Purpose of this Agenda Item – Update/Discussion**

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#### **Background Information**

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On 14 October, 2021 CAFII held a virtual Industry Issues Dialogue with AMF staff executives. In attendance from the AMF were:

- Éric Jacob, Superintendent, Client Services and Distribution Oversight;
- Patrick Déry, Superintendent, Solvency;
- Louise Gauthier, Senior Director, Distribution Policy Management;
- Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise;
- Julien Reid, Senior Director, Supervision of Financial Institutions and Deposit Insurance; and
- Mario Beaudoin, Director, Alternative Distribution Practices in Insurance.

CAFII and the AMF made two mini-presentations each.

Immediately following the Industry Issues Dialogue, Martin Boyle of BMO insurance shared some concerns with CAFII in writing around the AMF's asking some questions that are difficult for CAFII member representatives to answer in a public setting. Mr. Boyle's insights/recommendations memo is included as an attachment for this Agenda item; and the intention is to obtain feedback thoughts and insights from EOC members about the 14 October Industry Issues Dialogue; and to determine how best to position such discussions with the AMF and other regulators going forward.

#### **Recommendation / Direction Sought –Update/Discussion**

---

This is an update item, followed by EOC discussion.

#### **Attachments Included with this Agenda Item**

---

One attachment.

**Agenda Item 5(c)  
October 26/21 EOC Meeting**

**From:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>  
**Sent:** October 14, 2021 2:40 PM  
**To:** Boyle, Martin <[Martin.Boyle@bmo.com](mailto:Martin.Boyle@bmo.com)>; Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>;  
'rob.dobbins@assurant.com' <[rob.dobbins@assurant.com](mailto:rob.dobbins@assurant.com)>  
**Cc:** 'karyn.kasperski@rbc.com' <[karyn.kasperski@rbc.com](mailto:karyn.kasperski@rbc.com)>  
**Subject:** RE: AMF Dialogue

Hi, Martin.

I completely agree with your sentiments and I knew with certainty that “not wanting to divulge/disclose competitive/proprietary information in front of industry competitors, even though they are fellow members of CAFII” was the reason why no CAFII Member representatives chimed in to address Eric Jacob’s question around themes/trends/issues arising from post-sales monitoring.

We have an item on the October 26/21 EOC agenda titled “Insights Gained From October 14/21 CAFII Industry Issues Dialogue With AMF Staff Executives” which is an Update/Discussion item.

May we have your permission to use your email below in a document that supports that particular agenda item?

Personally, I think we can have a very beneficial EOC discussion for 5 or 6 minutes on this matter, aided by your written input below, which will hopefully see us reach consensus on the best way to communicate our “objections; and a better way forward” message to Eric Jacob and his colleagues.

**Brendan Wycks, BA, MBA, CAE**

Co-Executive Director  
Canadian Association of Financial Institutions in Insurance

**From:** Boyle, Martin <[Martin.Boyle@bmo.com](mailto:Martin.Boyle@bmo.com)>  
**Sent:** October-14-21 2:22 PM  
**To:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>; Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>;  
'rob.dobbins@assurant.com' <[rob.dobbins@assurant.com](mailto:rob.dobbins@assurant.com)>  
**Subject:** AMF Dialogue

Hi gentlemen,

I appreciate the time and effort you all put into this meeting. While I think the meetings with the AMF and other regulators are valuable opportunities, I found the AMF’s approach to the discussions a little problematic and didn’t allow for effective exchanges of information.

In particular, AMF staff seemed interested in speaking to items that are outside of CAFII's activities and scope. Many of the questions they asked were very specific and detailed (e.g., contents of Board reporting, outcomes of ongoing product analysis, complaint trends within insurers/banks, all of which are internal practices and process involving non-public information). CAFII's representation is largely senior executives and compliance staff and the responses the AMF were looking for may not be immediately at the fingertips of these participants. Also, and more importantly, CAFII members compete in many fields, including customer experience and even FTC. Members are generally hesitant to speak to internal practices and process in front of their competitors, including the areas the AMF was inquiring about. I think that in order to make the meetings more effective and to ensure the info exchanges meet expectations, certain parameters should be considered prior to the next meeting.

Below is a summary of my initial thoughts:

- Members should not be asked or expected to speak to internal practices and processes in front of their competitors. CAFII has controls and practices in place for its own meetings to ensure we are onside with competitions law and in order to prevent members from providing info that could be leveraged to the advantage of a competitor. Similar regard to topics be in place for meetings with regulators
- Points of discussion should primarily focus on CAFII's activities or at least be within CAFII's scope as an organization.
- If AMF has areas they are interested in, questions related to those areas should be provided to CAFII well in advance. This would allow CAFII to gather the info from its members, anonymize it and speak to these items freely at the meetings.
- Any additional points of interest/questions on the internal practices of CAFII members that was not collected prior to the meeting (i.e., new specific questions directed to members that are raised during the meeting) should be noted by CAFII as follow up items. Similar to the point above, CAFII should be provided the opportunity to follow up with members after the meeting to gather the data, anonymize it and provide it to the AMF

Let me know if you have any questions or if you would like to discuss further.

## Martin Boyle

Head, Governance & BU CO

**BMO Insurance** | 11<sup>th</sup> Flr, BMO Life Bldg, 60 Yonge St | Toronto, ON M5E 1H5

[martin.boyle@bmo.com](mailto:martin.boyle@bmo.com)

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 5(d)**

#### **Recent and Upcoming Strategic and Regulatory Initiatives— Next Steps in CAFII’s Board-Approved Action Plan for Responding to AMF’s Interpretation on RADM’s Applicability to Credit Card-Embedded Insurance Benefits and Resulting Regulatory Expectations, Including CAFII Board Decision Not To Re-Attempt To Secure CBA’s Engagement In This Issue *(See Also Read Only Items 7(b) and 7(c))***

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#### **Purpose of this Agenda Item – Update**

This is an update item.

#### **Background Information**

At the 5 October, 2021 Board meeting, there was discussion on the next steps for CAFII on the AMF file related to the RADM’s applicability to credit card-embedded insurance benefits. There was discussion around the importance of CAFII not making commitments around documents that credit card departments need to distribute for embedded insurance products in Quebec without credit card experts involvement in related discussions with the AMF, and that the CBA might be an ideal body to engage in such an effort. There was also discussion around not giving the AMF the impression that the CBA was involved in an effort to challenge the applicability of the Regulation respecting Alternative Distribution Methods to credit card-embedded insurance benefits.

While the Board supported continuing to review these matters -- including the appropriate participant membership in an AMF-led working group with industry on how to modify the Fact Sheet and Notice of Rescission -- at this time, the Board supported continuing with the existing strategy which is focused on complying with the Regulation. As such, it was felt that this was not an opportune time to re-attempt to engage the CBA in this effort.

#### **Recommendation / Direction Sought –Update**

This is an update only item.

#### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 5(e)**

### **Recent and Upcoming Strategic and Regulatory Initiatives— Insights Gained from October 4/21 Meeting of FSRA Sectoral Advisory Committee for Life and Health Insurance *(See Also Read Only Item 7(f))***

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#### **Purpose of this Agenda Item – Update**

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#### **Background Information**

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On 4 October, 2021, FSRA made a presentation to its Sectoral Advisory Committee for Life and Health Insurance, on which Keith Martin represents CAFII, on its 2022-2023 Statement of Priorities, which CAFII will make a submission on by the 29 October, 2021 deadline (see Read Only Item 7(f)). This will be an update on that session and the major insights gained.

#### **Recommendation / Direction Sought –Update**

---

This is an update only item.

#### **Attachments Included with this Agenda Item**

---

One attachment.

# Stakeholder Advisory Committees –

Meetings with FSRA Management to  
discuss the proposed 2022-23  
Priorities and Financial Plan

# FSRA

Financial Services Regulatory  
Authority of Ontario

Life and Health Insurance  
Monday, October 4, 2021



Ontario



# Agenda

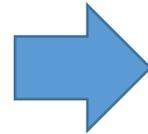
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1. Introductions
  2. Process Overview
  3. Statement of Priorities and Financial Plan
    - Update on Supervision and Licensing Resourcing/Capabilities
  4. Discussion of Proposed 2022-23 Priorities
  5. Discussion of Proposed 2022-23 Financial Plan
  6. Next steps for confirming Priorities and Financial Plan
  7. CCIR Engagement
- Appendix

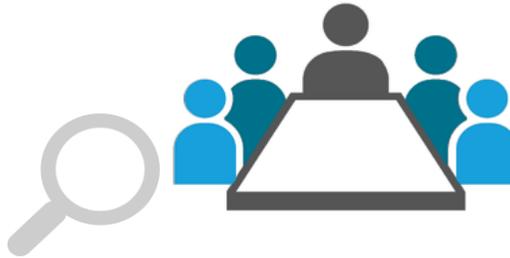
## Process Overview



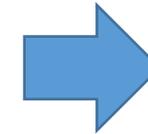
### FSRA 2022-2023 Priorities and Financial Plan



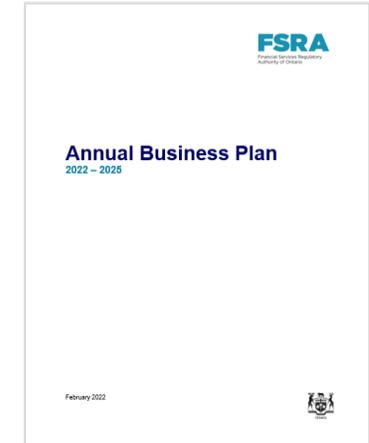
### Stakeholder Advisory Committees and Consumer Advisory Panel



- Property and Casualty (P&C), Auto Insurance
- Financial Advisors/Planners
- Pensions
- Life and Health Insurance
- Health Service Providers
- Mortgage Brokering
- Credit Unions



### FSRA 2022-2025 Annual Business Plan (ABP)



- September 29** – Board approval of SOP and financial plan for consultation
- October 4** – Public Comment Period Opens
- October 29** – Public Comment Period Closes

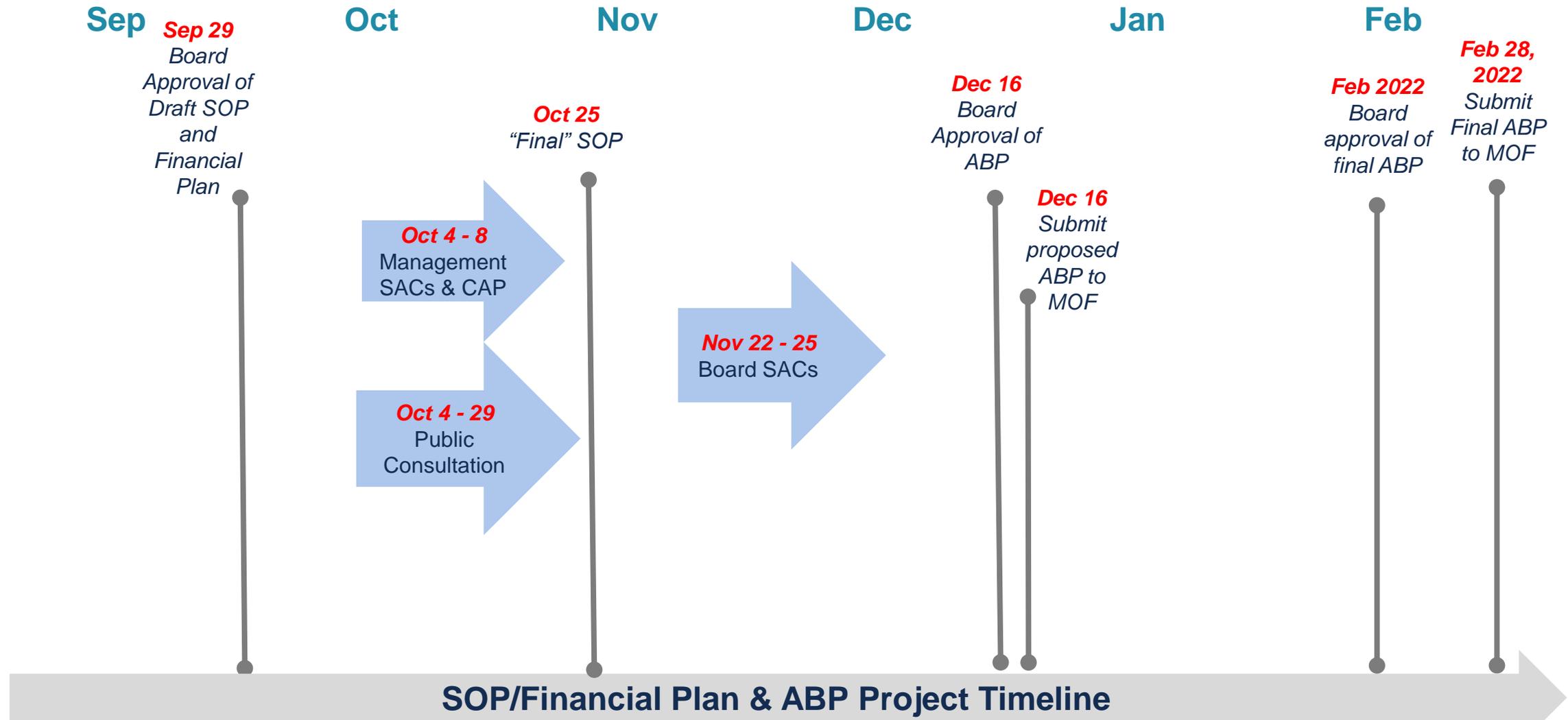


- The week of October 4** – FSRA Management Meeting with SAC & CAP
- Week of November 22** – FSRA Board Meetings with SAC
- Week of November 29** – Updated SOP and financial plan input to ABP



- December 16** – Approval by FSRA Board of ABP
- December 16** – Submission of proposed ABP to Ministry of Finance
- February 28** – Deadline to submit ABP to Minister of Finance

## F2022-2023 SOP & ABP Process and Timeline





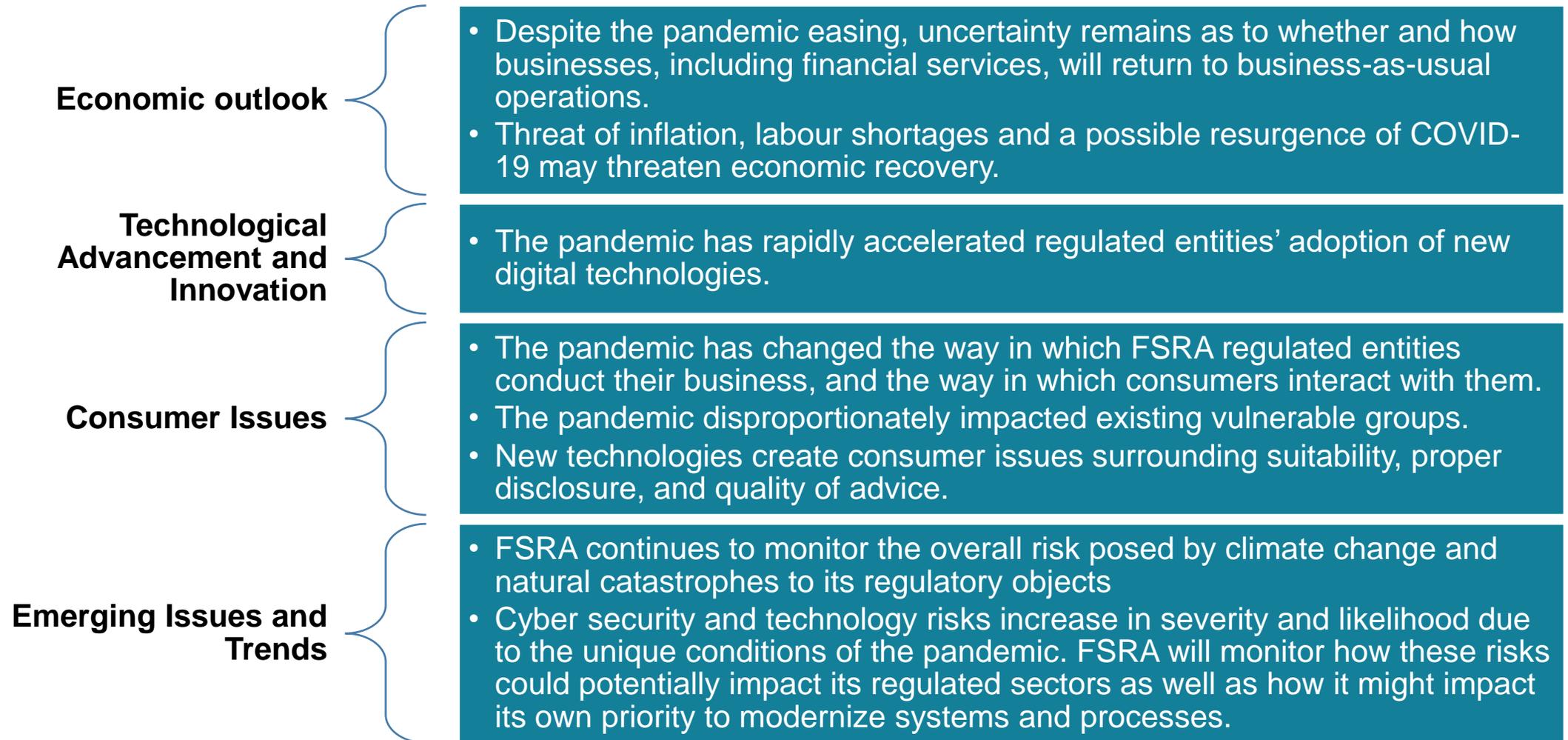
## 2022-23 Statement of Priorities (SOP) and Financial Plan

High-level strategic plan describing cross-sectoral and sector-specific future key priorities and deliverables for 2022-23, including financial estimates for 2022-23

### Content

1. Overview and Environmental Scan
2. Overview of Cross Sectoral Priorities
3. Overview of Priorities for Specific Sectors
  - Brief Priorities Overview
  - Key Deliverables Implementation/action plan
  - Planned Outcome
4. Proposed 2022-23 Financial Plan

## Summary – Environmental Scan



*Details can be found in the proposed Statement of Priorities*

# CURRENT FSRA 2021-22+ Priorities

## Cross-Sectoral Priorities

### Regulatory Efficiency and Effectiveness

1. Protect the public interest
2. Enable innovation
3. Modernize systems and processes
4. Transition to Principle Based Regulation

## Sector-Specific: Targeted High-Impact Priorities



### Property & Casualty (Auto) Insurance

- 5.1 Empower and protect P&C insurance consumers
- 5.2 Support government's priorities and evaluate trends in the auto insurance system
- 5.3 Implement auto insurance data and analytics strategy



### Credit Unions

- 6.1 Support modernization of credit union framework
- 6.2 Enhance Deposit Insurance Reserve Fund Adequacy Framework and Sector Liquidity Framework
- 6.3 Continue to design and develop the Integrated Risk-Based Supervisory Framework



### Life & Health Insurance

- 7.1 Enhance market conduct oversight to protect consumers



### Mortgage Brokering

- 8.1 Implement recommendations from the review of the MBLAA, to the extent within FSRA's purview



### Pensions

- 9.1 Support plan flexibility, evolution and principles-based applications within the existing regulatory and legislative regime
- 9.2 Develop and consult on prudential supervision framework
- 9.3 Refocus pension regulation to improve regulatory efficiency and effectiveness



### Financial Planners & Advisors

- 10.1 Implement the title protection framework for FP/FA



## Evolution of Our Priorities

- 22/23 priorities are aligned to recently revised strategic framework
  - Focus on a common set of regulatory outcomes
- Priorities continue to focus on regulatory efficiency (burden reduction) and effectiveness
- The following sectors have updated their priorities to reflect a stronger focus on consumer protections: Property & Casualty (Auto) Insurance, Life & Health Insurance, Mortgage Brokering, Financial Planners & Advisors

# PROPOSED FSRA 2022-23+ Priorities

## Cross-Sectoral Priorities

### Regulatory Efficiency and Effectiveness

1. Strengthen the consumer focus
2. Enable innovation
3. Modernize systems and processes

## Sector-Specific: Targeted High-Impact Priorities

					
<p><b>Property &amp; Casualty (Auto) Insurance</b></p> <p><b>4.1</b> Implement a new strategy for reforming the regulation of auto insurance rates and underwriting</p> <p><b>4.2</b> Develop recommendations and act on reforms of the auto insurance system</p> <p><b>4.3</b> Ensure the Fair Treatment of P&amp;C/Auto Consumers</p> <p><b>4.4</b> Implement Insurance Prudential Supervision</p>	<p><b>Credit Unions</b></p> <p><b>5.1</b> Implement new credit union legislative framework</p> <p><b>5.2</b> Enhance financial stability structures</p> <p><b>5.3</b> Implement Risk Based Supervision</p>	<p><b>Life &amp; Health Insurance</b></p> <p><b>6.1</b> Enhance market conduct oversight to protect consumers</p>	<p><b>Mortgage Brokering</b></p> <p><b>7.1</b> Implement recommendations from the review of the <i>Mortgage Brokerages, Lenders and Administrators Act, 2006</i> (MBLAA)</p> <p><b>7.2</b> Promote high standards of governance and business conduct</p>	<p><b>Pensions</b></p> <p><b>8.1</b> Enabling Plan Beneficiaries</p> <p><b>8.2</b> Promoting Confidence in Ontario's Pension Sector</p>	<p><b>Financial Planners &amp; Advisors</b></p> <p><b>9.1</b> Operationalize the title protection framework for Financial Planners /Financial Advisors</p> <p><b>Legend</b></p> <p>Modified / New Title</p> <p>New Priority</p>



# F2022-2023 Cross-sectoral Priorities



## 2021 – 2022 Priorities

1. Protect the public interest
2. Enable innovation
3. Modernize systems and processes
4. Transition to Principle Based Regulation

## Proposed 2022-2023 Priorities

1. Strengthen the consumer focus
2. Enable innovation
3. Modernize systems and processes

### Legend

Modified / New Title

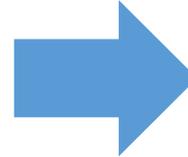
New Priority



## 1. Strengthen the consumer focus

### Key Deliverables

- Identify opportunities for FSRA to respond to the needs of and risks to consumers in positions of vulnerability, to strengthen FSRA's focus on the protection of vulnerable consumers.
- Strengthen FSRA's baseline understanding of the current complaints resolution system, including consumer experiences.
- Strengthen the Consumer Office's consumer research agenda and share insights from consumer research with consumers, industry, and other key stakeholders.
- Enable the FSRA Consumer Advisory Panel and other consumer stakeholders to participate in more FSRA rule development, guidance, and other policy work (e.g., more consumer stakeholder engagement with FSRA public consultations, more consumer panels, etc.) further strengthening FSRA's collaboration with consumer stakeholders in policymaking.



### Outcomes

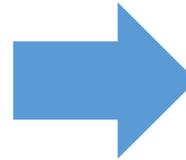
- ✓ Protection of consumer rights and interests through a focus on vulnerable consumers.
- ✓ Better informed consumers through stronger consumer disclosure practices.
- ✓ Enhanced public knowledge and navigability of the complaints resolution system.
- ✓ Enhanced public confidence in the regulated sectors through a strong consumer research agenda and more opportunities for consumer stakeholders to participate in policymaking.

## 2. Enable innovation

### Key Deliverables

Implement the Innovation Framework and innovation tools we have developed by:

- Scaling our Test and Learn Environments to gather data and refine our approach to ensure that they support responsible innovation in Ontario's financial services ecosystem  
Implementing the 5-stage innovation process
- Implement an engagement strategy that proactively engages sector participants and consumers to identify innovation opportunities and emerging trends, including the creation of a dedicated advisory body to FSRA.
- Build our understanding and acting as a center of expertise and information on innovation, championing a culture of innovation among FSRA's regulated sectors



### Outcomes

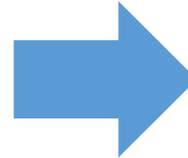
More innovative and competitive financial services through:

- ✓ Expanded and enriched access to markets for new market entrants and existing businesses across our sectors, encouraging innovators to bring their responsible innovations to the Ontario financial services market
- ✓ Deepened and expanded relationships with our key stakeholders, continuing our efforts to develop open, genuine, transparent lines of communication between FSRA and sector participants to ensure that FSRA's pursuit of responsible innovation is guided by on-the-ground data and perspective
- ✓ Greater expertise and understanding of the changing financial services landscape both in Ontario and around the world, allowing the Innovation Office to confidently make recommendations regarding novel solutions proposed by innovators and alternative policy approaches to regulating Ontario's financial services ecosystem
- ✓ Greater awareness of innovation opportunities and development of innovation culture at FSRA through standardization of the innovation tools

### 3. Modernize systems and processes

#### Key Deliverables

- Implement technology solutions to enable simplified and fully digitized operations, including a 360-degree view of regulated entities (customer information system), case management, content management and data analytics tools, with enhanced client portals.
- Implement advanced online/web-based information sharing and transactional processing tools on FSRA portals.
- Develop digital document processing and digital signature capabilities to support streamlined processing of all paper-based channels.
- Enable data analytics for each of the regulated sectors to empower FSRA policy and supervisory activities. Across the sectors, we will enhance infrastructure and establish new data interfaces (both new data sources and improved data exchanges) and implement advanced analytics and reporting systems to enable more efficient decision-making across all sectors.



#### Outcomes

- ✓ Improved regulatory oversight through greater access to data and analytics tools across all sectors.
- ✓ Improved relationships with stakeholders through enhanced relationship and case, management capabilities, and improved tracking and operational processing capabilities.
- ✓ Improved and, where possible, customized user experience with the FSRA online portal.
- ✓ Improved turnaround time for licensing, filing and registration processes.
- ✓ Improved access to information for consumers.



# Life & Health Insurance Strategies, Priorities and Financial Plan



## Environmental Scan – Life & Health Insurance Sector

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**Economic Outlook** ○ The life and health insurance industry will continue to face pressure for the foreseeable future because of a challenging business environment. Insurers continue to benefit from large growth in group annuity sales.

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**Consumer Issues** ○ Affordability continues to be a concern for insurance consumers. As consumers become more price conscious, there is an increased risk that they will opt for policies based solely on price as opposed to those that provide optimal coverage for their unique circumstances. FSRA will continue to monitor the overall value-for-money insurance consumers receive from their products and whether the products consumers are being sold are suitable.

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**Emerging Issues and Trends** ○ The pandemic has led to an increase in cybersecurity and technology risks due to the increased use of digital and new technologies, the transition to remote work environments, outsourcing to third parties, and the overall state of the economy resulting in higher instances of fraud (e.g., ransomware).

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## 2021-2022 Priorities

**7.1** Enhance market conduct oversight to protect consumers

## Proposed 2022-2023 Priorities

**6.1** Enhance market conduct oversight to protect consumers

### Legend

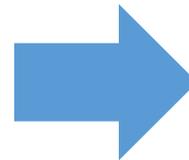
Modified / New Title

New Priority

## 6.1 Enhance market conduct oversight to protect consumers

### Key Deliverables

- Publish for consultation a proposed framework and supervisory approach for Managing General Agents.
- Working with insurance and securities regulators across Canada, develop harmonized total cost reporting disclosure requirements for segregated fund contracts.
- Finalize guidance on segregated fund recommendations, working with insurance regulators across Canada.
- Publish for consultation guidance on Fair Treatment of Customers incentives, working with insurance regulators across Canada.
- In consultation with industry, build supervision capacity in insurance distribution under FSRA's supervisory framework for Life & Health Insurance, including Agent supervision.



### Outcomes

- ✓ High standards of business conduct are achieved by providing a clear understanding of FSRA's expectations of the relationship between insurers and Managing General Agents, to ensure that obligations under the *Insurance Act*, its regulations, and agent licence requirements are being met.
- ✓ Consumers are better informed, as industry has a clear understanding of regulatory expectations regarding the information consumers will receive about the total cost of their segregated fund contracts.
- ✓ Customers are treated fairly, as industry has a clear understanding of:
  - Regulatory expectations with respect to the sale and administration of segregated fund contracts, to help ensure customers are treated fairly.
  - Regulatory expectations for insurers and intermediaries for the appropriate assessment and management of customer risks that could result from incentives paid for product sales and servicing.
  - FSRA's expectations for agent and distribution channel oversight.
- ✓ Clear and consistent communication of FSRA's approach to principles-based regulation and supervision.



## Discussion Questions

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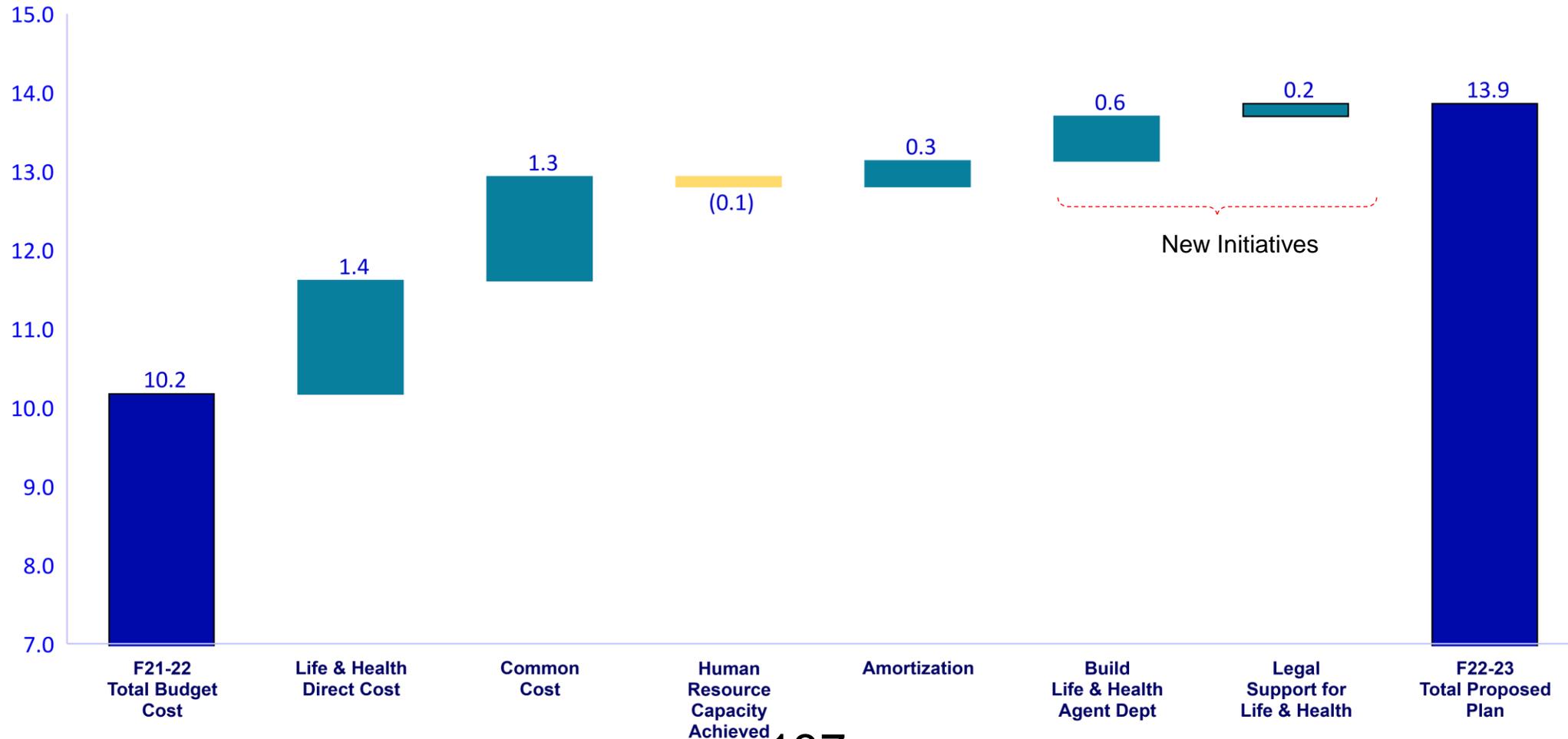
- Are the priorities selected the correct ones?
- Are there any other priorities on which we should be focused?

## Sector View Summary: Proposed F2022-2023 Plan of \$109.3M

Sector (\$000's)	Insurance								Pensions (Fixed and Variable)	Credit Unions (Variable)	Mortgage Brokers (Fixed)	Loans & Trusts (Variable)	Financial Advisor & Financial Planner	Total
	Auto Products	Health Service Providers (Fixed)	P&C Conduct	P&C Prudential Regulation	Total Auto/HSP/ P&C	Life & Health Conduct (Variable)	Life & Health Conduct (Fixed)	Total Life & Health						
<b>F2022-2023 Revenue</b>														
Activity Fees		3,800	1,300		5,100		6,400	6,400					300	11,800
Fee Assessment	17,000		8,900	2,000	27,900	7,100		7,100	26,000	17,200		100	700	79,000
Licensing Fees					-			-			16,000			16,000
<b>F2022-23 Proposed Rev</b>	<b>17,000</b>	<b>3,800</b>	<b>10,200</b>	<b>2,000</b>	<b>33,000</b>	<b>7,100</b>	<b>6,400</b>	<b>13,500</b>	<b>26,000</b>	<b>17,200</b>	<b>16,000</b>	<b>100</b>	<b>1,000</b>	<b>106,800</b>
Direct Cost	9,900	2,100	6,000	1,200	19,200	4,200	3,600	7,800	15,400	10,700	8,100	100	600	61,900
Common Cost	7,900	1,700	4,700	900	15,200	3,300	2,800	6,100	12,000	7,400	6,300	-	400	47,400
<b>F2022-2023 Cost</b>	<b>17,800</b>	<b>3,800</b>	<b>10,700</b>	<b>2,100</b>	<b>34,400</b>	<b>7,500</b>	<b>6,400</b>	<b>13,900</b>	<b>27,400</b>	<b>18,100</b>	<b>14,400</b>	<b>100</b>	<b>1,000</b>	<b>109,300</b>
Expected Fixed Fee Over Contribution to Common Costs	(300)	-	(200)	-	(600)	(100)	-	(100)	(500)	(400)	1,600	-	-	-
Recovery Over/(Under)	(500)	-	(300)	(100)	(900)	(200)	-	(200)	(800)	(600)	-	-	-	(2,500)
<b>Funding from Cumulative Surplus</b>	<b>500</b>	<b>-</b>	<b>300</b>	<b>100</b>	<b>900</b>	<b>200</b>	<b>-</b>	<b>200</b>	<b>800</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>
<b>F2021-22 Budget Revenue</b>	<b>19,360</b>	<b>3,327</b>	<b>10,234</b>	<b>524</b>	<b>33,444</b>	<b>4,395</b>	<b>5,627</b>	<b>10,023</b>	<b>26,105</b>	<b>15,551</b>	<b>12,332</b>	<b>106</b>	<b>2,500</b>	<b>100,061</b>
Revenue Variance Increase/(Decrease)	(2,360)	473	(34)	1,476	(444)	2,705	773	3,477	(105)	1,649	3,668	(6)	(1,500)	6,739
	-12.2%	14.2%	-0.3%	281.3%	-1.3%	61.5%	13.7%	34.7%	-0.4%	10.6%	29.7%	-5.5%	-60.0%	6.7%
<b>F2021-2022 Cost</b>	<b>19,974</b>	<b>3,327</b>	<b>10,586</b>	<b>542</b>	<b>34,428</b>	<b>4,546</b>	<b>5,627</b>	<b>10,174</b>	<b>27,003</b>	<b>16,132</b>	<b>13,597</b>	<b>109</b>	<b>2,500</b>	<b>103,943</b>
Cost Variance Increase/(Decrease)	(2,174)	473	114	1,558	(28)	2,954	773	3,726	397	1,968	803	(9)	(1,500)	5,357
	-10.9%	14.2%	1.1%	287.1%	-0.1%	65.0%	13.7%	36.6%	1.5%	12.2%	5.9%	-8.6%	-60.0%	5.2%

# F2022-2023 Plan: Life and Health

## Key Changes (\$millions)



# FSRA *Forward* Update for Life & Health Insurance Sector

## *Program Status*

- Completed future-state process designs for all key processes.
- Defined requirements for a solution to enable future-state processes for Licensing & Registration, Filings & Approvals and Monitoring & Compliance.
- Completed technology components to support development of requirements and evaluation of proposed CRS solutions.
- Provided wider access to data internally and brought new analytical tools online enabling better use of real time data while freeing up resources.
- Completed procurement strategy and approach, and issued Request for Proposals (RFP) for Core Regulatory Solution on August 31, 2021

## *Sector Engagement*

- Planning outreach for insurers and associations, to include written updates and opportunities for further involvement.

## *Benefits for Insurance*

- Optimize and streamline data and filing collection.
- Improve licensing portal capabilities.
- Streamline approval processes.
- Establish a consumer hub to provide education, guidelines and data driven insights to consumers.
- Improve service levels and transparency on status of requests for approvals and responses to inquiries.
- Enhance FSRA's ability to respond quickly to changing business needs and regulatory changes, and to support expanded business opportunities / innovation.
- Update regulatory systems to support transition to principles-based regulation and risk-based supervisory framework.



## Discussion Questions

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- Is it clear how changes to our priorities are reflected in the financials?
- What other information would be helpful for your consultation submission?
- Are there other areas of investment on which FSRA should focus?



## Next Steps

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SAC Members to submit any feedback by Friday October 29, 2021

Public Consultation Complete – Friday October 29, 2021

Meeting with FSRA Board – Week of November 22, 2021

Board Approval of the 2022-25 Annual Business Plan – December 16, 2021

Summary of Comments and Responses from the public consultation will be available publicly.

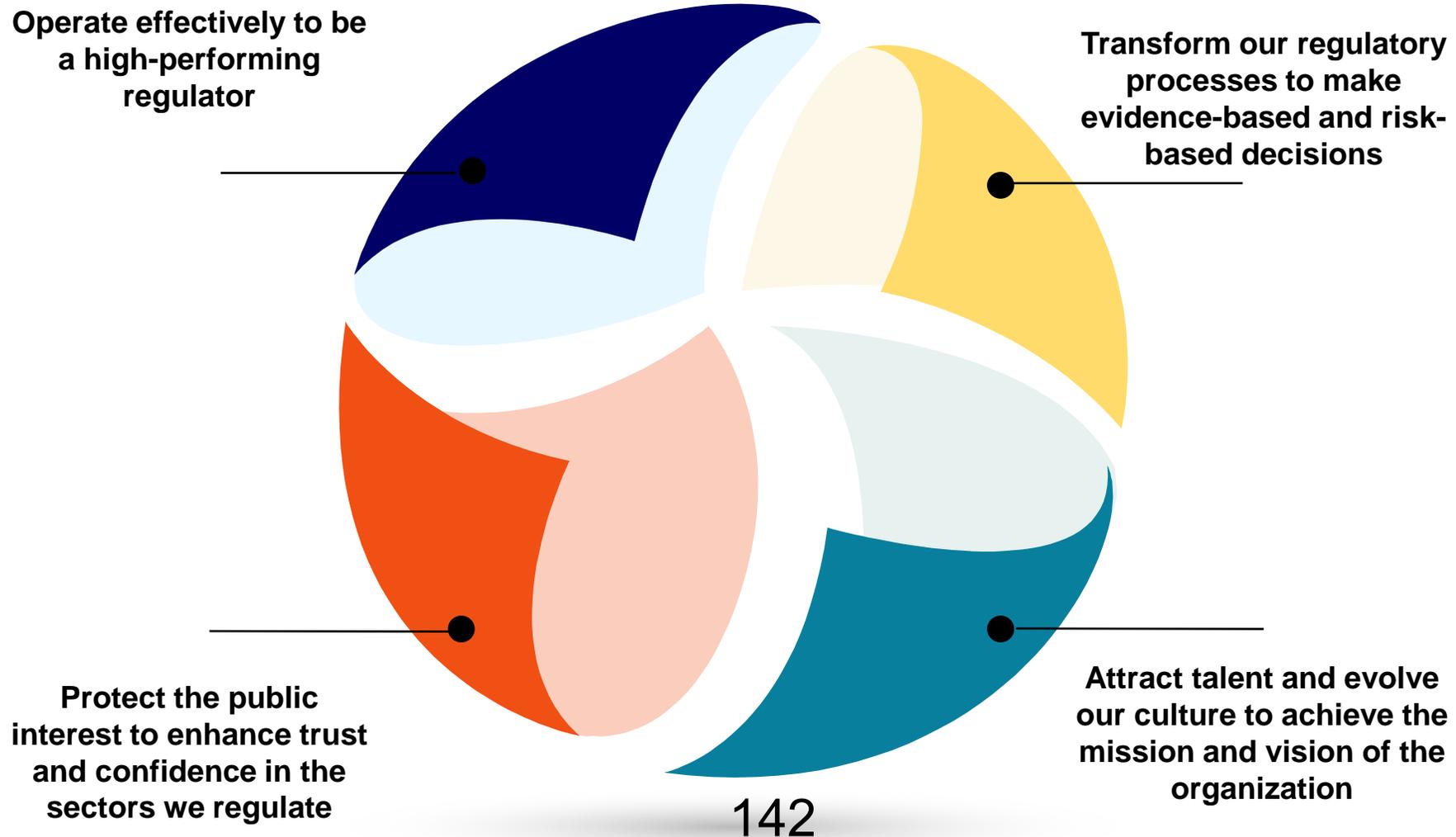


# Appendix – Strategic Framework

## Strategic Framework



FSRA's revised Strategic Framework acts as the foundation for our strategic planning through 2025. The Framework reflects FSRA's legislative objects, as well as its Vision and Mission. It consists of four main pillars (see Appendix for details), which articulate on what FSRA will focus its efforts over the next three years.





## Planned Outcomes

In this year’s SOP, FSRA piloted the use of a single set of outcomes (developed from our legislated objects). These outcomes were used, where possible, in drafting the planned outcomes, for each priority. The purpose of this approach was to establish consistency in the outcomes we are seeking to achieve across the priorities, as well as ensure the outcomes we are seeking to achieve support our legislated mandate.

Outcomes – Developed from FSRA Legislated Objects			
General	Financial Sectors	Pensions	Credit Unions
Effective regulation and supervision	High standards of business conduct	Good administration of pension plans	Stable and competitive credit unions
Effective monitoring and evaluation of trends	Protection of consumer rights and interests	Protected pension benefits and rights of pension plan beneficiaries	Minimization of exposure of loss of deposits
Cooperation and collaboration with other regulators	Strong, sustainable, competitive and innovate financial services sector		Stable credit union sector
Public confidence in regulated sectors			
Educated and knowledgeable public			
Transparent regulated sectors			
Deterrence of fraudulent conduct, practices and activities			

# PROPOSED FSRA 2022-23+ Priorities – Mapped to Strategic Framework\*

## Cross-Sectoral Priorities

### Regulatory Efficiency and Effectiveness

- 1. Strengthen the consumer focus
- ● 2. Enable innovation
- ● 3. Modernize systems and processes

## Sector-Specific: Targeted High-Impact Priorities

 Property & Casualty (Auto) Insurance	 Credit Unions	 Life & Health Insurance	 Mortgage Brokering	 Pensions	 Financial Planners & Advisors
<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> 4.1 Implement a new strategy for auto insurance rating and underwriting regulation</li> <li><span style="color: yellow;">●</span> <span style="color: red;">●</span> 4.2 Develop recommendations and act on reforms of the auto insurance system</li> <li><span style="color: red;">●</span> 4.3 Ensure the Fair Treatment of P&amp;C/Auto Consumers</li> <li><span style="color: blue;">●</span> <span style="color: yellow;">●</span> <span style="color: red;">●</span> 4.4 Implement Insurance Prudential Supervision</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: yellow;">●</span> <span style="color: red;">●</span> 5.1 Implement new credit union legislative framework</li> <li><span style="color: red;">●</span> 5.2 Enhance financial stability structures</li> <li><span style="color: blue;">●</span> <span style="color: yellow;">●</span> <span style="color: red;">●</span> 5.3 Implement Risk Based Supervision</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> <span style="color: red;">●</span> 6.1 Enhance market conduct oversight to protect consumers</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> <span style="color: red;">●</span> 7.1 Implement recommendations from the review of the Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA)</li> <li><span style="color: red;">●</span> 7.2 Promote high standards of governance and a strong compliance culture</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> <span style="color: red;">●</span> 8.1 Enabling Plan Beneficiaries</li> <li><span style="color: red;">●</span> 8.2 Promoting Confidence in Ontario's Pension Sector</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> <span style="color: red;">●</span> 9.1 Operationalize the title protection framework for Financial Planners/Financial Advisors</li> </ul>
<p>*Priorities have not been mapped to the Talent pillar, specifically. As part of all FSRA activities, including items not identified as priorities, we seek to attract talent and evolve our culture to meet our organizational objectives.</p>					



## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 5(f)  
Recent and Upcoming Strategic and Regulatory Initiatives—CAFII Working Group on Industry  
Alignment Re Interpretation of FCAC’s Appropriateness Guideline’s Application to Authorized  
Insurance Products/CPI; and Potential Approaches to Compliance**

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### ***Purpose of this Agenda Item – Update***

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### **Background Information**

CAFII’s Working Group on Industry Alignment Re Interpretation of FCAC’s Appropriateness Guideline’s Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance has been meeting regularly and is making significant progress. This will be an update on the major efforts of the Working Group to date.

### **Recommendation / Direction Sought – Update**

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This is an update only.

### **Attachments Included with this Agenda Item**

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Two attachments.

# Contents

- CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance--Terms of Reference ..... 2
  - CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Members ..... 3
- Approach of the Working Group ..... 3
- A List of What Can and What Cannot be Included as a Credit Protection Insurance Appropriateness Standard ..... 3
- Agenda, FCAC Working Group Meeting—6 October, 2021 ..... 4
- CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Summary Notes – 6 October, 2021 ..... 4
- Attendees at the 6 October 2021 Working Group Meeting ..... 5
- CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Summary Notes 22 September, 2021 ..... 6
  - Federal Government – Home Buyers’ Bill of Rights..... 7
  - TOPICS FOR CAFII TO POSSIBLY COMMENT ON IN A SUBMISISON ..... 7
- Attendees at the 22 September 2021 Working Group Meeting ..... 7
- CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Summary Notes 25 August, 2021 Meeting ..... 8
- Attendees at the 25 August 2021 Working Group Meeting ..... 9
- CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Summary Notes 11 August, 2021 Meeting ..... 9
  - Martin Boyle Notes on Difference Between Value Proposition and Advice, 11 August 2021 Working Group Meeting..... 10
  - Attendees at the 11 August, 2021 Working Group Meeting ..... 10
- CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Summary Notes 28 July, 2021 Meeting ..... 11
  - Attendees at the 28 July, 2021 Working Group Meeting ..... 12
- CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Summary Notes 14 July, 2021 Meeting ..... 13
  - Attendees at the 14 July, 2021 Working Group Meeting ..... 14
- CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Summary Notes 16 June, 2021 Meeting ..... 14
  - Attendees at the 16 June, 2021 Working Group Meeting ..... 15
- CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Summary Notes 2 June, 2021 Meeting ..... 15
  - Attendees at the 2 June, 2021 Working Group Meeting..... 16

CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Summary Notes 19 May 2021 Meeting .....	17
Attendees at the 19 May, 2021 Working Group Meeting .....	17

## CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance-- Terms of Reference

### **Mandate**

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

### **Process**

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

### **Explore what would constitute an “appropriate” or “inappropriate” enrolment**

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

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

### **Participants**

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

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

### **Meetings**

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

## CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance—Members

Martin Boyle	BMO Insurance and Chair
Karam Al Saeygh NO LONGER ON WORKING GROUP	BMO Insurance
Tejal Harri-Morar REPLACES KARAM AL SAEYGH	BMO Insurance
David D’Amico	BMO Insurance
Fernando Heleno	RBC Insurance
Penny Cordogiannis	RBC Insurance
Brad Kuiper	ScotiaLife Financial
Anu Bains	CIBC Insurance
Marie Nadeau	National Bank Insurance
Pete Thorn	TD Insurance
Aleks Omaljev NO LONGER ON WORKING GROUP	TD Insurance (legal)
Sara Motamedi REPLACES ALEKS OMALJEV	TD Insurance (legal)
Derek Andrews	Scotiabank
Ivana Veljovic	Assurant
Emily Brown	Sun Life
Louise Nash	CIBC Insurance

### Staff:

Keith Martin, CAFII  
 Brendan Wycks, CAFII  
 Lyn Wallington, CAFII  
 Jack Becker, CAFII

## Approach of the Working Group

Working Group Chair Martin Boyle has recommended that the Working Group should structure its discussions around what a regulator might expect to see in an Appropriateness Guideline:

KYC (securities, insurance)  
 KYP (securities, insurance)  
 Needs-based sales (insurance)  
 Documentation related to dealings with clients (insurance)  
 Remuneration/incentives/conflicts of interest (insurance)

## A List of What Can and What Cannot be Included as a Credit Protection Insurance Appropriateness Standard

<b>Cannot Include</b>	<b>Can be Included</b>
Assessing financial/insurance needs	Eligibility requirements
Assessing adequacy of existing insurance	Need based on underlying credit
Insurance recommendation or advice	Effective compliance oversight
Description of how insurance meets any needs	Focus on optional nature of product

Collection of information beyond what is directly related to credit protection (e.g. financial goals/needs, time horizon, net worth, income, risk profile)	
Affordability assessment (credit test should be considered appropriate)	
Requirements that create noncompliance with other applicable rules	

**Agenda, FCAC Working Group Meeting—6 October, 2021**

1. Update to 5 October, 2021 Board meeting of the Activities of the Working Group, and Positive Board Feedback--Martin Boyle
2. Review of What Can be Included in Appropriateness Guideline, and What Cannot Be (see attachment)--All
3. Appropriateness Guideline Updates, Feedback—All
4. Proposed Agenda Items for Next Meeting—All

**CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes – 6 October, 2021**

Martin started the meeting with an update on the CAFII Board meeting held on 5 October, 2021 at which he provided the Board with a summary of the activities of the Working Group. There was interest among Board members about the consultation process being used by the FCAC including the extremely tight timelines for implementation and how industry could adjust to that. There was interest as well in the strategy the FCAC was taking around obtaining industry response.

Mr. Boyle then asked if anyone had an update on Regulatory Developments regarding the Appropriateness Guideline. Emily Brown asked how the definitional of operational services in the regulation and how that relates to the Appropriateness Guideline. BMO Insurance feels that it was intentional to remove insurance from optional products, so that over time federal insurance provisions can be dealt with in one set of rules. But some sections reference “products offered and sold” and that would still include insurance, and so BMO Insurance feels that the Appropriateness Guideline still applied to insurance products including credit protection insurance. Mr. Boyle added that the legislation overrules the Regulation and so ultimately it was the legislation that should be referenced.

Peter Thorn asked about a recommendation over product information to a customer. There is a section in the Regulation that when a Bank makes a determination that a product is not appropriate for a product, but TD Insurance is only looking at eligibility for a product. Mr. Thorn asked how other members are dealing with this issue of a recommendation in relation to the appropriateness of a product. The section in question is as follows:

**FCAC expects a bank’s policies and procedures to set out:**

- how to inform consumers that a product or service may not be appropriate for them so that consumers are able to make informed decisions

The question was asked if it was taking it far enough to just speak about eligibility, but it was noted that the moment one went further it might be viewed as offering advice.

RBC Insurance mentioned that they were focused on eligibility and were not planning to ask other questions. There would be very broad statement about eligibility for the products in question, and then mentioning a target market based on eligibility, and then knock-out questions where if the client does not meet eligibility in which case the process stops and the client is told that they are not eligible for the product. The life insurance manufacturer would be referenced and a target market statement would be provided to the customer.

Scotia was looking at similar approaches like age. CIBC Insurance said that it may use some type of calculator that the client can use to determine if they have a need or not.

Martin Boyle said that part of the submission from CAFII would be to remove these Appropriateness Guideline requirements from insurance as it created regulatory risk. David D’Amico felt that the FCAC might be surprised by such an approach, but Martin Boyle felt that CAFII has indicated to FCAC that suitability is not something that credit protection insurance can speak to customers about. FCAC’s indication that size and complexity are part of the equation may be a move in this direction.

Can a customer override an indication that they are not eligible and still purchase the product? It was noted that bundled products can add complexity as well as a customer may over their life cycle become ineligible or eligible. Eligibility is ultimately about reasonable expectation of being able to make a successful claim. Around changing circumstances, BMO Insurance does ask customers to understand that claims are dependent on eligibility at time of claim.

### Attendees at the 6 October 2021 Working Group Meeting

Martin Boyle	BMO Insurance and Chair
David D’Amico	BMO Insurance
Derek Andrews	ScotiaLife Financial
Anu Bains	CIBC Insurance
David D’Amico	BMO Insurance
Emily Brown	Sun Life
Tejal Harri-Morar	BMO Insurance
Fernando Heleno	RBC Insurance
Sara Motamedi	TD Insurance
Pete Thorn	TD Insurance

Staff:

Keith Martin, CAFII

Brendan Wycks, CAFII

## CAFII Working Group On FCAC Appropriateness Guideline's Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes 22 September, 2021

Martin Boyle welcomed two new members of the Working Group, Nusrat Rahman of CIBC Insurance and Tejal Harri-Morar of BMO Insurance. Martin Boyle said that he expected a new version of the FCAC Appropriateness Guidance to be released in October, 2021 at which time we will consider a CAFII submission.

Mr. Boyle asked if any member of the Working Group had any issues they wanted to raise, and Nusrat Rahman asked what exactly would be released in October. Mr. Boyle said that the FCAC has been working with a group that includes the CBA, but that there would be broader public consultations as some point in time, and it is possible that this is what will occur in October, which would be the third draft of the document; the final draft would follow consultations as a fourth draft. The earliest time to expect a final version of the document would be December, 2021 but more likely in 2022. Since that is a short period before the implementation date of end of June, 2022 there is a challenge in terms of the implementation date.

The new federal government has spoken about a Home Owners Bill of Rights, which would include a six-month deferral for mortgage payments in the event of a job loss or other major life event, which could include a death; Mr. Boyle asked how this might impact bundled insurance, appropriateness etc. This raises the question of whether job loss insurance would still be required or viewed as appropriate when it might be offered for “free” by the government; more investigation is needed on this issue. A major difference between the government intention and industry job loss is that job loss pays down the mortgage, while a deferral does not.

BMO insurance is focused on knock-out questions to ensure eligibility and to ensure a claim can be made; still working on financial requirements element. Probably BMO is a few months out from finalizing the requirements. CIBC Insurance thinks it will have a better idea of its approach in mid-November 2021.

Nusrat Rahman of CIBC Insurance said that they were looking at a tool to provide clients with an assessment of and options and implications around changes to their levels of income, savings etc. Martin Boyle felt that the issue around what was permissible was to take that information and tell customers what they should or should not do. Penny Cordogiannis still struggled with whether it was necessary to ask the client if they had insurance, such as travel insurance, already elsewhere. BMO Insurance is leaning more towards a “yes/no” acknowledgement of whether the client already has insurance, for example the client says that they know they may have coverage already elsewhere.

Emily Brown asked if there was a way to simplify the list of what can and cannot be included so that it is clearer. Keith Martin was asked to take a shot at clarifying the language in the chart so that it avoids some of the ambiguity.

### Federal Government – Home Buyers’ Bill of Rights

**The Home Buyers' Bill of Rights will:**

- Ban blind bidding, which prevents bidders from knowing the bids of other prospective buyers, and ultimately drives up home prices.
- Establish a legal right to a home inspection to make sure that buyers have the peace of mind that their investment is sound.
- Ensure total transparency on the history of recent house sale prices on title searches.
- Require real estate agents to disclose when they are involved in both sides of a potential sale to all participants in a transaction.
- Move forward with a publicly accessible beneficial ownership registry.
- Ensure banks and lenders offer mortgage deferrals for up to 6 months in the event of job loss or other major life event.
- Require mortgage lenders act in your best interest so that you are fully informed of the full range of choices at your disposal, including the First-Time Home Buyers' Incentive.

### TOPICS FOR CAFII TO POSSIBLY COMMENT ON IN A SUBMISISON

- Requirement to implement by end of June 2021 but actual compliance in practice needs to be pushed out by six months to a year to allow industry time to implement.

### Attendees at the 22 September 2021 Working Group Meeting

Martin Boyle	BMO Insurance and Chair
David D’Amico	BMO Insurance
Penny Cordogiannis	RBC Insurance
Marie Nadeau	National Bank Insurance
Tejal Harri-Morar (new member)	BMO Insurance
Emily Brown	Sun Life
Nusrat Rahman (new member)	CIBC Insurance

Staff:

Keith Martin, CAFII

Brendan Wycks, CAFII

## CAFII Working Group On FCAC Appropriateness Guideline's Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes 25 August, 2021 Meeting

At the end of the last meeting there was an opportunity to speak about any issues related to C-86 and that was still possible. The C-86 deadline for implementation has now been extended. Fernando Heleno said that he had heard that the public consultation would be delayed because of the federal election. Brendan Wycks mentioned that Tories had published an analysis of the content of the C-86 regulation, and he will send that to all members of the Working Group.

The meeting then moved to the difference between providing advice and a value proposition. The intention is to help understand where the line between the two is. Emily Brown commented on the notes around doing more, but added that the key is how does CAFII comment on the differences between the provincial and federal approaches. She added that this is an internal discussion around the differences and might not be shared directly with regulators. Brendan Wycks suggested that speaking to the “impact of events with or without insurance” might be on the edge of advice, but Martin Boyle felt that just laying out the impacts was factual without offering advice.

Louise Nash said that online tools that ask clients question is something that CIBC Insurance is considering. RBC Insurance considers that face-to-face interactions are different than in an online environment—in a digital environment optional tools are beneficial. Martin Boyle said that at BMO Insurance the tools are not part of the appropriateness approach, but are part of the overall insurance conversation with clients.

Fernando Heleno asked about views around credit card balance protection, especially because it was a bundled product not all of which a client might be eligible for. David D’Amico said that BMO has also had many discussions around this matter as well, with job loss one of the insurance products that has been thought about. Louise Nash said that the approach at CIBC Insurance was to ask eligibility questions, and if a client was not eligible for any of them then the credit card is not to be offered. Pete Thorn said that at TD Insurance they shared the information to the client and that eligibility could change as circumstances change. As Scotiabank they offer basic coverage and advanced coverage, so they offer the bundle that the client is eligible for.

Financial circumstances is an area that Working Group members discussed with some struggling with the approach to take with these questions, and what such questions really solved. Fernando Heleno said RBC Insurance was not planning to go down the road of asking about

other types of insurance—what do you do with that information? Martin Boyle felt that the legislation produced an obligation to ask questions of customers around their financial circumstances. Pete Thorn said that at TD Insurance questions about financial circumstances will not stray into anything that could be viewed as a need analysis.

### Attendees at the 25 August 2021 Working Group Meeting

Martin Boyle	BMO Insurance and Chair
David D’Amico	BMO Insurance
Fernando Heleno	RBC Insurance
Marie Nadeau	National Bank Insurance
Pete Thorn	TD Insurance
Derek Andrews	Scotiabank
Emily Brown	Sun Life
Louise Nash	CIBC Insurance

Staff:

Keith Martin, CAFII

Brendan Wycks, CAFII

### CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes 11 August, 2021 Meeting

Martin Boyle provided an update on the FCAC and Bill C-86. He said that the implementation dates have been extended from April 1 2022 to June 30 2022. It is not clear however when the next standard of the document the FCAC is discussing with the CBA will be released. At BMO the timelines already established will not change, but the extension will provide a buffer if there are changes in the standards expected that require changes to the approach taken. RBC Insurance said that it is also working towards implementation on the original timeline. CIBC Insurance said that it was not where it wanted to be around the original timeline so the extension will be extremely helpful and will allow it to implement more effectively.

Martin Boyle also noted that the extension will give the FCAC more time to consider whatever feedback it receives from the public consultation. However, it is still not clear when the public consultations will begin and how long they will last. Martin then turned to things we could do as an Association to prepare for that public consultation when it does occur, such as the strong recommendation that the FCAC collaborate closely with the CCIR on this initiative. This will allow CAFII to better prepare for when it turns to writing the consultation submission letter to the FCAC. Another area was around C-86 and the piece about whether there is other insurance that covers the client’s needs. The Act itself says that institutions need to take the customer’s circumstances into account, and there are different ways institutions might do this. David D’Amico said that CAFII could also try to do some influencing around this issue, and explain to the FCAC the challenges around this expectation for credit protection insurance. The federal and provincial frameworks need to also work together.

It was suggested by Emily Brown that we could do more than suggest that the FCAC and CCIR speak, and actually determine where there are conflicts or contradictions. The Working Group has previously

determined that we cannot look at anything around adequacy of insurance, or a customer’s needs, compliance cannot result in non-compliance with other regulations, and we cannot offer any form of advice. It was noted that some banks are using tools on their website and sometimes use them internally. CIBC Insurance actually sees the Appropriateness Guideline as an opportunity to deepen the conversation with clients—are there conversations that the FI can have with the client that allows them to know what insurance gaps they might have? Martin Boyle said that the value proposition allows the customer to understand how the product operates or the nature of the product, and it can be built on a given set of circumstances. Where there is a “step over the line” is where there is a recommendation or advice. On the other hand, explaining how the product should not be a concern, but what about “painting a picture” around what could be the impact of an event with or without insurance, which Keith Martin mentioned is something that is already occurring on the CAFII website. What cannot be done is assessing the adequacy of the insurance or the sufficiency of it.

Louise Nash asked about a component of the Federal Consumer Protection Act where if there is a refund of premiums due to a bank error, there is a need to provide interest at the Bank of Canada rate. However, at CIBC Insurance the insurers are managing client complaints. Louise Nash asked whether banks are having these conversations with their insurers. Martin Boyle said that this component only relates to items that are covered by the Bank Act or the mandate of the FCAC, but that if the insurer is handling the relationship they would still need to provide the interest. In a similar way, a discussion with the customer conducted by the insurer is still subject to the appropriateness guideline.

There was a discussion around travel insurance, and what to do when a customer is asked if they have travel insurance and say yes—what next steps does that lead to?

[Martin Boyle Notes on Difference Between Value Proposition and Advice, 11 August 2021 Working Group Meeting](#)

Hi Keith,

Below are the point form notes I captured on the discussion today regarding what we believe is permitted and prohibited for banks to discuss with customers (“value proposition” is considered to be “Permitted” and “advice” is “prohibited”). Let me know if you have any questions.

- **Value prop vs “Advice”**
  - Value prop (Info to Support a Decision)
    - nature of product, how product operates in certain circumstance
    - product information
    - impact of events with or without insurance
  - Advice: whether it fulfills an individual’s need (Recommendation)
    - Determination of the likelihood of risks
    - Identifying needs – likelihood of risks; need for insurance; need for amounts of insurance
    - Adequacy of existing insurance; sufficiency of existing insurance; need to supplement existing insurance

[Attendees at the 11 August, 2021 Working Group Meeting](#)

Martin Boyle	BMO Insurance and Chair
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David D’Amico	BMO Insurance
Penny Cordogiannis	RBC Insurance
Anu Bains	CIBC Insurance
Emily Brown	Sun Life
Louise Nash	CIBC Insurance

Staff: Keith Martin

## CAFI Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes 28 July, 2021 Meeting

Martin Boyle has not heard any further details about CBA providing comments to the FCAC on its latest draft of the Appropriateness Guideline. Pete Thorn reported that the April 1, 2022 deadline has been moved to June 30, 2022. This will be helpful since there is still no guidance on how to apply some of the requirements from FCAC. The next step will be the public consultations. This Working Group can help CAFI prepare for how to respond to the public consultations, including a running line of items we want to raise with the FCAC.

Derek Andrews from Scotiabank said eligibility is the backbone of what is being looked at, with an emphasis on a consistent approach on all channels. This will be done through systems and training, with eligibility dealt with upfront. Scotiabank may look at the debt that the customer is taking on and what plan they have to protect that debt. That may or may not be included in the process but it is being considered. However, there is no consensus yet around addressing the customer’s ability to repay their debt. Another consideration is whether there are different approaches for different products—credit cards and mortgages develop completely different requirements. To the extent possible, Scotiabank is looking at trying to do this through systems, although timelines may push that component past the date for initial implementation.

A question was asked about how to respond to the answers from questions, for example if a customer says they have adequate insurance would CPI not be offered? Working Group members felt that this was a grey area and there was no clear answer. Martin Boyle said that it was important not to offer views that could be viewed by a provincial regulator as advice.

Pete Thorn said that TD was trying to be informative and educational with its questions, and help the customer to assess their own situation. TD is looking at an automated solution where possible, especially for CPI. The approach is focused on “this is what you need to think about.” System solution is to try to provide the right questions to customers so that they have the information that they need.

Martin Boyle said that BMO wanted to develop knock-out questions around eligibility, along with a process around financial needs and limitations and exclusions. Some thought is being given to developing a waiver, where if the customer does not answer the questions asked they would waive the insurance. Customers would need to acknowledge that they understand the limitations and exclusions of the product.

CIBC is looking at eligibility questions. To the extent possible CIBC is looking at eligibility questions in the system. CIBC will indicate what are the pre-existing exclusions, and if the client does not answer those questions the insurance is waived. For telephone banking the approach is a scripted call. However, CIBC feels FCAC will focus on more than eligibility, and that is what it is struggling with right now. CIBC does not sell travel insurance, as it is actually sold by Alliance. TD also does not view travel insurance sold by third parties as in scope, but for travel insurance sold digitally it is view as being bank-sold. BMO feels that even if travel insurance is offered by a third party, it is the distributor and hence needs to meet the Appropriateness Guideline. RBC definitely views travel insurance as proprietary and in scope. Customers need to assess whether they have adequate travel coverage already, and this will be prompted to them through questions.

CIBC legal feels that the FCAC regulations may supersede the provincial regulations. CCIR says that provincial regulators have full jurisdiction over insurance, so there is a conflict of views between provinces and FCAC. Martin Boyle said that this needs to be resolved between the various bodies, and this is something that CAFII should advocate to the FCAC. It was also suggested that CAFII should itemize the areas where there could be conflict. There is a need for us to share more specificity around where there could be conflict between the federal and provincial regulations. Martin Boyle felt that CCIR and FCAC needed to share notes.

The appropriateness guideline requires a checklist before an offer is made. Information that the customer requires still has to be provided. It was noted that the FCAC does not specify insurance specifically, and that was a challenge.

#### Attendees at the 28 July, 2021 Working Group Meeting

Martin Boyle	BMO Insurance and Chair
Karam Al Saeygh	BMO Insurance
David D'Amico	BMO Insurance
Fernando Heleno	RBC Insurance
Penny Cordogiannis	RBC Insurance
Brad Kuiper	Scotiabank Financial
Anu Bains	CIBC Insurance
Marie Nadeau	National Bank Insurance
Pete Thorn	TD Insurance
Aleks Omaljev NO LONGER ON WORKING GROUP	TD Insurance (legal)
Sara Motamedi	TD Insurance (legal)
Derek Andrews	Scotiabank
Ivana Veljovic	Assurant
Emily Brown	Sun Life
Louise Nash	CIBC Insurance

Staff: Keith Martin, Brendan Wycks

## CAFII Working Group On FCAC Appropriateness Guideline's Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes 14 July, 2021 Meeting

Martin Boyle started off the meeting by providing an update on the latest draft that the FCAC has provided the CBA around the Appropriateness Guideline. The latest draft only gives the CBA a few weeks to provide a response. It reduces the number of principles from 7 to 5, but the two dropped principles—training, and oversight and record keeping—remain in the draft, but are now incorporated into other sections.

A new scope section provides potential opportunities for credit protection insurance to attempt to be treated differently, as the draft now says entities can tailor their policies and procedures (P&P) to deal with unique complexities around distribution. As well, the CBA will request of the FCAC that compliance with the FCAC Guideline cannot result in non-compliance with other regulations with which entities need to comply. As well, regulatory forbearance in the form of a deadline with at least some components of the Guideline will be requested.

Members of the Working Group then shared notes on how their institutions plan to comply with the Guideline. BMO indicated that they will focus on eligibility—can a customer expect to make a claim or receive a benefit? Knockout questions will be asked as part of this effort, for example ensuring that the applicant is in the required age range. Limitations and exclusions, and financial needs of customers, may be determined through acknowledgements from customers. Specifically, BMO is looking at 3 possible approaches around financial needs. One is a “call to action” where the customer is asked to review their existing insurance. Second, customers could be asked a question around whether they have existing insurance for this loan. Third, noting the importance of something is another approach—“important for you to review any existing coverage you may have to cover this loan.”

CIBC said that they were also focused on eligibility questions, some of which will be in the system, others which may be asked manually. Pre-existing conditions will be tackled through acknowledgements from customers. However, CIBC is not convinced that the FCAC will be satisfied that its criteria are being met through eligibility questions alone. As such, it is considering a “guided interaction” where customers are asked to consider whether they have existing insurance that covers their needs. BMO noted that it feels that for itself such an approach has to be done carefully to avoid any indication of providing advice. CIBC also indicated that it wanted to avoid repetitive questions and it would attempt to use information it already had if possible as opposed to asking questions to which it had the answers already.

RBC indicated that it is not intending to ask any financial needs questions. Its focus will be on an update to its P&P and to focus on the target market for the insurance, and around eligibility. This will partly be achieved through the use of knock out questions.

TD noted that it had a “waiver” where if someone wanted to obtain the insurance but did not want to be asked all the questions, it would be able to “waive” the questions. Eligibility would be the focus of the approach taken by TD.

At the conclusion of the meeting members of the Working Group said that they felt that the meeting were very useful and they felt that the Group should continue meeting over the summer months.

## Attendees at the 14 July, 2021 Working Group Meeting

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

### Staff:

Keith Martin, CAFII

Brendan Wycks, CAFII

Lyn Wallington, CAFII

## CAFII Working Group On FCAC Appropriateness Guideline's Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes 16 June, 2021 Meeting

The CAFII Working Group On FCAC Appropriateness Guideline's Provisions Related To Authorized Insurance Products/Credit Protection Insurance had a wide-ranging discussion at its 16 June, 2021 meeting. Working Group Chair Martin Boyle shared that a revised draft of the FCAC Appropriateness Guideline was expected to be tabled with the Canadian Bankers Association (CBA) in June, 2021, but that had not yet happened. There would be a reduction of principles from 7 to 5, but it was not clear if two principles would be dropped, or if some principles would be combined.

There was a discussion of the different interpretations of what appropriateness was. There was also discussion about consent and whether that concept should be introduced into this exercise. It was noted that this exercise may be about confirming with or demonstrating to the regulator that we are in fact doing what we are already doing. We cannot give advice, but perhaps there can be an attempt to determine what customers need—a “guided approach” or interaction, perhaps focused on eligibility.

It was noted that the FCAC's expectations need to be delivered by April 2022, and that will come around very quickly. The timeline is challenging. It would be helpful if members of the Working Group could share the different approaches they were planning on taking. In that spirit, several members shared their high-level approach. BMO Insurance wants to ensure customers can benefit from a product they purchase; they must be eligible for the product, and able to make a claim if necessary. So there is a need to assess eligibility criteria like age, residency, the principal person taking out the loan etc.

CIBC Insurance said they also were planning on asking eligibility questions. There will be one-by-one questions, and if any of the questions is not answered correctly (such that the customer is eligible for the insurance), then they are not offered the product. Online system is based on the in-person script where information is gathered from the customer to ascertain eligibility for the insurance.

RBC Insurance was also taking the same approach around eligibility including asking questions around health and other relevant matters, for example “are you working?”

An issue several members raised is how to deal with eligibility for pre-approval (pre-x). How confirm eligibility especially in digital channels? This was viewed as a challenge. Several members asked how to deal with misrepresentations, especially around health questions? On job loss, it was felt that if a person for example was not working full-time where that is a requirement for making a claim, they should be “knocked out” of being offered the product.

There was discussion of giving customers a “Fact Sheet” letting them know they have a choice around obtaining the insurance. The question was raised of whether the customer should be asked to acknowledge that the product they were being offered was appropriate?

It was noted that the FCAC did not view credit card-embedded insurance coverages as in-scope for its appropriateness guideline.

#### Attendees at the 16 June, 2021 Working Group Meeting

Martin Boyle	BMO Insurance and Chair
David D’Amico	BMO Insurance
Louise Nash	CIBC Insurance
Marie Nadeau	National Bank Insurance
Derek Andrews	Scotiabank
Emily Brown	Sun Life
Anu Bains	CIBC Insurance
Karam Al Saeygh	BMO Insurance
Fernando Heleno	RBC Insurance

CAFII:

Keith Martin, CAFII

Brendan Wycks, CAFII

### CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes 2 June, 2021 Meeting

The CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance had a wide-ranging discussion at its 2 June, 2021 meeting. Working Group Chair Martin Boyle shared that a revised draft of the FCAC Appropriateness Guideline was expected to be tabled with the Canadian Bankers Association (CBA) in June, 2021. There

would be a reduction of principles from 7 to 5, but it was not clear if two principles would be dropped, or if some principles would be combined.

There was more discussion on what appropriateness really meant. Was it just an eligibility requirement? There was a consensus that signing up a client for a product that they could not make a claim on was not appropriate. However, it can also be difficult to verify pre-existing conditions at the time of enrollment. It was emphasized that in the credit protection insurance space there is no ability to do a needs assessment or to offer advice.

Many members of the Working Group noted that it was important for the FCAC to understand that CAFII members had to adhere and abide by provincial licensing restrictions. But it would be possible to ask some questions of customers, to “get a picture” of the customer. Perhaps the approach to take is to focus on the sales process, which seems to be what the FCAC is most interested in—things like disclosure, consent. If there is an age limitation for BPI, then that must always be a trigger for the offering institution (do not offer a product someone is not eligible for). Free look period should be changed to “review period” and it might be part of an appropriateness expectation.

Financial goals, risk appetite are examples of the sort of information members should not be collecting. There is an interesting issue around affordability tests that was raised, where a member indicated that upon mortgage renewal there might be a requirement to determine if the customer can afford the insurance—although it was raised that if they can afford the loan instrument, how could they not afford the insurance? There might be a financial literacy test applied to customers—if they do not understand the product, should it be offered to them?

Members noted that there could be an emphasis on some of the sales approaches taken, including compliance, audits, controls, scripts etc. to ensure that sales are appropriate. Members could emphasize that they never practice tied selling, and always make it clear that the insurance is optional. There is no post claims underwriting and that should also be emphasized.

Attendees at the 2 June, 2021 Working Group Meeting

Martin Boyle	BMO Insurance and Chair
David D’Amico	BMO Insurance
Brad Kuiper	ScotiaLife Financial
Marie Nadeau	National Bank Insurance
Pete Thorn	TD Insurance
Derek Andrews	Scotiabank
Ivana Veljovic	Assurant
Emily Brown	Sun Life
Anu Bains	CIBC Insurance

CAFII:  
 Keith Martin, CAFII  
 Brendan Wycks, CAFII

# CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes 19 May 2021 Meeting

The CAFII Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance held its first meeting on 19 May, 2021. The 30-minute meeting was mostly intended to be organizational, with the objectives and approach of the group being the key objective of this first meeting.

Working Group Chair Martin Boyle noted that it was recognized that not all participants would not all initially be on the same page in their work on or approach to the best response to the FCAC’s Appropriateness Guideline, and that the intention was not to attempt to move everyone to the same position. However, there are common themes that the members may be able to agree upon. With an April 2022 implementation date for the FCAC’s Appropriateness Guideline, it is advisable to try to get as much industry alignment as possible, and to agree on common views, such as the perspective that a needs analysis is not possible for credit protection insurance.

The FCAC has already indicated that it is working on a second preliminary draft of its Appropriateness Guideline, and the “word on the street” is that in it, the FCAC will scale back its original Seven (7) Appropriateness Principles to Five (5) Appropriateness Principles, although it is not clear whether that will mean that two principles will be cut entirely, or rather merged into other principles.

Working Group members noted the considerable ambiguity around the FCAC’s approach, and the balance that needs to be struck between the FCAC’s approach and provincial regulatory expectations and constraints which prohibit the offering advice in an unlicensed environment. The development of some common principles would be helpful, for example around industry’s understanding of appropriateness, and around the constraints in credit protection insurance related to the Know Your Client and Know Your Product expectations which apply readily to other financial and insurance products. Incentives, remuneration, and other important issues could also be the subject of discussion. Topics could also include the principle of insurability/eligibility (the need to be able to claim on a product you are offered).

The Working Group also felt that approaches to compliance would be a useful subject of discussion. The issue of what the industry can do, and what the industry cannot do, could also be fruitful. Different members may have different risk appetites, but it would be good to get, at minimum, an industry baseline.

## Attendees at the 19 May, 2021 Working Group Meeting

Martin Boyle	BMO Insurance and Chair
Karam Al Saeygh	BMO Insurance
David D’Amico	BMO Insurance
Fernando Heleno	RBC Insurance
Penny Cordogiannis	RBC Insurance
Brad Kuiper	ScotiaLife Financial
Marie Nadeau	National Bank Insurance
Pete Thorn	TD Insurance
Aleks Omaljev	TD Insurance (legal counsel)

Derek Andrews	Scotiabank
Ivana Veljovic	Assurant
Emily Brown	Sun Life

Staff

Keith Martin, CAFII

Brendan Wycks, CAFII

What Can and What Cannot Be Included Within An Appropriateness Standard/Guideline With Respect To Authorized Insurance Products/Credit Protection Insurance; and Related Rationale

<b><u>Cannot Be Included</u></b>	<b><u>Rationale</u></b>	<b><u>Can Be Included</u></b>	<b><u>Rationale</u></b>
Assessing financial/insurance needs	This does not mean an FI cannot have tools on its website, app etc. for consumers to self-assess their own financial status and insurance needs. It means branch personnel, a call centre representative etc. cannot assess a customer's financial status or insurance needs, and cannot offer advice or guidance.	Eligibility requirements	Questions can be asked to ensure that the customer meets the eligibility requirements to be enrolled in the insurance and to ensure that if they made a claim, they would be eligible for a benefits payout.
Assessing adequacy of existing insurance		Need for insurance protection arising from new/existing debt obligation	
Insurance recommendation or advice		Effective compliance oversight	
Description of how insurance meets any needs	The FI can have tools available for the customer to self-determine what risks they might face and what insurance could do to offset those, but personnel	Focus on optional nature of product	The FI representative should emphasize that the coverage is entirely optional.

	representing the FI must not attempt to influence the customer to purchase the insurance or imply that they need it.		
Collection of information beyond what is directly related to the optional credit protection insurance being offered (e.g. financial goals/needs, time horizon, net worth, income, risk profile)	The information collected must be solely related to understanding the customer's eligibility for the CPI		
Affordability assessment (credit test should be considered appropriate)			
Requirements that create non-compliance with other applicable rules			

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 5(g)  
Recent and Upcoming Strategic and Regulatory Initiatives—CLHIA Plans to Liaise with NWT  
Government on Credit Protection Insurance Licensing Issue**

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### **Purpose of this Agenda Item – Update**

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### **Background Information**

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CAFII is monitoring closely the intention of the CLHIA to liaise with the NWT government on a licensing issue. This is an update on that initiative.

### **Recommendation / Direction Sought – Update**

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This is an update only.

### **Attachments Included with this Agenda Item**

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No attachments.

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## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 6(a)**

**Governance Matters--Draft Minutes of September 14/21 EOC Meeting**

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### **Purpose of this Agenda Item—*Approval***

Approval.

### **Background Information**

The EOC is being asked to approve the minutes of its September 14/21 meeting.

### **Recommendation / Direction Sought – *Approval***

Approval.

### **Attachments Included with this Agenda Item**

One attachment.

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## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 6(b)**

**Governance Matters--Draft Minutes of October 5/21 Board Meeting**

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### **Purpose of this Agenda Item—*Endorsement***

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Endorsement.

### **Background Information**

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The EOC is being asked to endorse the minutes for the October 5, 2021 Board meeting, for presentation to the Board for approval at its next meeting on December 7, 2021.

### **Recommendation / Direction Sought – *Endorsement***

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Endorsement.

### **Attachments Included with this Agenda Item**

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One attachment.

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## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 6(c)**

**Governance Matters—Board-Approved Schedule of CAFII 2022 Meetings and Events**

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### **Purpose of this Agenda Item—*Update***

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### **Background Information**

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The Board has approved a CAFII Schedule of 2022 meetings and events. Notable elements are that the Board feels that in-person meetings and events should not resume until May 2022, which means that the April 2022 Board meeting will be virtual and will not include an immediately ensuing in-person Reception; that there should continue to be a series of webinars in 2022, in conjunction with in-person events when those resume; and that a special 25<sup>th</sup> Anniversary Celebration should be held immediately following the June 7, 2022 Board meeting.

### **Recommendation / Direction Sought – *Update***

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This is an update only.

### **Attachments Included with this Agenda Item**

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One attachment.

**CAFII 2022 Schedule of Meetings and Events (Approved By Board of Directors on October 5/21)**  
**Assumes Restart of In-Person Meetings in May 2022 for EOC; and June 2022 for Board**

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

- **Tuesday, January 18, 2022** (2:00–4:00 p.m. via MS Teams)
- **Tuesday, February 15, 2022** (2:00–3:30 p.m. via MS Teams)  
*(Family Day Stat Holiday in Ontario: Monday, February 21)*
- **Tuesday, March 22, 2022** (2:00–4:00 p.m. via MS Teams)  
*(Quebec Spring Break: March 7 – March 11. Ontario March Break: March 14 – March 18. Purim: March 17 – March 18)*
- **Tuesday, April 26, 2022** (2:00–3:30 p.m. via MS Teams)  
*(Good Friday: Friday, April 15. Easter Monday: Monday, April 18)*
- **Tuesday, May 17, 2022** (3:00–5:00 p.m. in-person, followed by EOC Annual Appreciation Dinner at 5:30 p.m.)  
*(Victoria Day Stat Holiday: Monday, May 23)*
- **Tuesday, June 28, 2022** (2:00–3:30 p.m. via MS Teams)  
*(St. Jean Baptiste Day in Quebec: Friday, June 24. Canada Day: Friday, July 1)*
- **Tuesday, July 26, 2022**, tentative summer meeting (2:00–3:30 p.m. via MS Teams)
- **Tuesday, August 16, 2022**, tentative summer meeting (2:00–3:30 p.m. via MS Teams)  
*(Civic Stat Holiday: Monday, August 1)*
- **Tuesday, September 20, 2022** (2:00–4:00 p.m. in-person)  
*(Labour Day: Monday, September 5. Rosh Hashanah: September 26 & 27. National Day for Truth and Reconciliation: Friday, September 30)*
- **Tuesday, October 25, 2022** (2:00–3:30 p.m. via MS Teams)  
*(Yom Kippur: October 4 – October 5. Thanksgiving Stat Holiday: Monday, October 10. Diwali: Monday, October 24)*
- **Tuesday, November 22, 2022** (2:00–4:00 p.m. in-person)  
*(Remembrance Day: Friday, November 11)*
- **EOC Annual Appreciation Dinner:** Proposed for **Tuesday, May 17, 2022** at 5:30 p.m. at a downtown Toronto restaurant, immediately following a 3:00 to 5:00 p.m. EOC meeting, if public health restrictions allow.

**Board Meetings:**

- **Tuesday, April 12, 2022** (2:00–4:00 p.m. via MS Teams)  
*(Good Friday: Friday, April 15. Easter Monday: Monday, April 18)*
- **Tuesday, June 7, 2022** (2:20–5:00 p.m., preceded by 2022 Annual Meeting of Members; and followed by CAFII 25<sup>th</sup> Anniversary Celebration at same or nearby downtown Toronto venue). **HOST: CAFII**
- **Tuesday, October 11, 2022** (2:20–4:00 p.m., immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives) **HOST: Desjardins Insurance in Levis/Quebec City** (This is the day immediately following Thanksgiving Monday; however, Tuesday, October 4, 2022 is Yom Kippur)
- **Tuesday, December 6, 2022** (3:00–5:00 p.m.; followed by Holiday Season/Year-End Reception).  
**HOST: CIBC Insurance**

**2022 Annual Members and Associates Luncheon:**

- *Tentative Date: Tuesday, September 13, 2022 from 11:45 a.m. EST to 2:15 p.m. EDT at St. James Cathedral Centre Event Venue, 65 Church St., Toronto*

**2021 Board meetings Hosted by:**

None, due to COVID-19 pandemic situation

**2020 Board meetings Hosted by:**

None, due to COVID-19 pandemic situation

**2019 Board meetings Hosted by:**

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

**2018 Board Meetings Hosted by:**

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

**2017 Board Meetings Hosted by:**

TD Insurance; CAFI; Desjardins; CIBC Insurance

**2016 Board Meetings Hosted by:**

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

**Recent Years' Annual Members and Associates Luncheons**

**2021 Annual Members and Associates Virtual Luncheon Webinar**

Date: Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT

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

Panelists: Jill McCutcheon, Partner, Torys LLP; Stuart Carruthers, Partner, Stikeman Elliott LLP; Marc Duquette, Partner, Norton Rose Fulbright Corporation. Panel Moderator: Keith Martin, CAFI,

Venue: Virtual-Only Webinar

**2020 Annual Members and Associates Virtual Luncheon Webinar**

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

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

Speaker: Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada (Remarks actually delivered by Teresa Frick, Director, FCAC who was subbed in for Frank Lofranco at the last minute)

Venue: Virtual-Only Webinar

**2019 Annual Members and Associates Luncheon**

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

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

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

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

**2018 Annual Members and Associates Luncheon**

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(a)**

**Read Only Items-- Possible Topics to Engage with Insurance Lawyers Panel on in November 9/21 CAFII Virtual Annual Members and Associates Luncheon.**

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### ***Purpose of this Agenda Item – Read Only***

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### ***Background Information***

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Due to the COVID-19 pandemic, for the second consecutive year, CAFII is holding a virtual version of its Annual Members and Associates Luncheon: on 9 November, 2021. Some possible topics and themes for the discussion are in the attachment included with this item.

### ***Recommendation / Direction Sought – Read Only***

### ***Attachments Included with this Agenda Item***

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One attachment.

**Agenda Item 7(a)**  
**October 26/21 EOC Meeting**

**Possible Topics To Engage With Insurance Lawyers Panel on in  
CAFII 2021 Annual Members and Associates Virtual Luncheon**  
**Date/Time: Tuesday, November 9/21 from 1:00 to 2:30 p.m. EST**

**Background**

This is a marquee event for CAFII's 15 Member and 10 Associate organizations. Senior executives from those companies will be in attendance at this confidential, "en famille" (i.e. no regulators/policy-makers and no other industry Association representatives) presentation.

This panel session will not be recorded, it will not be minuted, and no media are present.

**Proposed Structure**

- The presentation will begin with moderator Keith Martin introducing the three insurance law expert panelists and making introductory remarks.
- Each of the three panelists will then be asked to make 3-5 minute opening comments on what they view to be the current "big ticket issues" for Canada's bancassurance sector and why (from both domestic and international issues/pressure points perspectives), with the other two panelists then commenting and offering their perspectives on what their fellow panelist has just shared.
- Following that introductory section of the presentation, Keith Martin will introduce a series of topics, questions, and comments for the panelists to respond to and interact with each other on. Interaction and dialogue between panelists is encouraged, and will be stimulated/fostered by Keith.

**Possible Topics**

- Insurance legislation and regulatory developments across Canada.
- Insurance legislation and regulatory developments in other countries (U.S., U.K., Australia, Singapore) and their implications for Canada.
- How has FSRA performed as Ontario's new financial services regulator, excepting securities, since its June 2019 startup?
- How has BCFSa performed as a new regulator with new rule-making powers since its November 2019 startup? What are your views on the merger of two real estate regulatory bodies into BCFSa in 2021: does that move dilute the regulator's focus on insurance and financial institutions?
- FCAC's new powers and enhanced enforcement budget—what are the implications for federally regulated financial institutions (FRFIs)?
- FCAC's Appropriateness Guideline—how will it apply to the Credit Protection Insurance that FRFIs offer, given that they cannot offer advice or assess "suitability"?
- federal Bill C-86 and the new Regulations supporting it that were released in August 2021—what does the bancassurance sector need to be honing in on and preparing for?

- Fair Treatment of Customers—what is new?
  - Is regulators' continually strengthening focus on fair treatment of customers likely to intensify or diminish their focus on enforcement and penalties?
- New Brunswick and its in-development Restricted Insurance Agent (RIA) licensing regime—how is that going and is it likely to be replicated in the other Atlantic Canada provinces?
- Any indications of movement/ice-breaking on BC's development of an RIA regime, under the auspices of the Insurance Council of BC and with Ministry of Finance oversight?
- The style of the AMF as a regulator, with seemingly contradictory current AMF initiatives:
  - The content and tone of the AMF consultation on Complaints Handling and Dispute Resolution, on the one hand; and
  - The AMF's outreach to industry stakeholders for concrete examples of areas that should be considered for "Burden Reduction," on the other hand.
- Applicability of the AMF's Regulation respecting Alternative Distribution Methods (RADM) to credit card-embedded insurance benefits— is the AMF likely to demonstrate flexibility and accommodation to address the industry's major concerns on this matter?
- CCIR and CISRO—has harmonization improved or not, over the past few years?
  - Current CCIR/CISRO consultation on Draft Incentives Management Guidance.
- How have regulators fared in relation to COVID-19?
- COVID-19's impact upon travel insurance, including new products that have emerged.

### *You're Invited!*

You are cordially invited to attend CAFII's 2021 Virtual Annual Members and Associates Luncheon which will be held on Tuesday, November 9, 2021 via Zoom Webinar.

CAFII is excited to present a leading-edge panel of three Canadian insurance law experts -- who will engage in a moderated Fireside Chat with CAFII Co-Executive Director Keith Martin on changes, trends, and issues in the global and domestic insurance regulatory environments, with a particular focus on life and health insurance.

This panel dialogue promises a Virtual Annual Members and Associates Luncheon not to be missed:

### **The Changing Regulatory Environment - Challenges, Risks, and Opportunities**

Tuesday, November 9, 2021  
from 1:00 to 2:30 pm ET  
via Zoom



**Jill McCutcheon**, Panelist  
Partner, Torys  
(For capsule biography, [click here](#))



**Stuart Carruthers**, Panelist  
Partner, Stikeman Elliot  
(For capsule biography, [click here](#))



**Marc Duquette**, Panelist  
Partner, Norton Rose Fulbright Corporation  
(For capsule biography, [click here](#))

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[Register Here](#)

For further information or assistance, please email [events@cafii.com](mailto:events@cafii.com) or call 416-494-9224 ext. 3.

We look forward to welcoming you to our upcoming CAFII 2021 Virtual Annual Members and Associates Luncheon.

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(b)**

**Read Only Items—September 27/21 CAFII Follow-up Thank You Letter Sent to AMF to Confirm Fact Sheet and Notice of Rescission Outcome of September 10/21 Meeting; and Transmit Legal Arguments Excerpts (on Norton Rose Letterhead)**

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### ***Purpose of this Agenda Item – Read Only***

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### **Background Information**

The follow-up letter sent to the AMF coming out of the 10 September, 2021 Get Acquainted and Dialogue Meeting with new Superintendent of Client Services and Distribution Oversight Eric Jacob is included as an attachment to this item; as well as a letter containing excerpts of the key legal arguments from Norton Rose (in French).

### ***Recommendation / Direction Sought – Read Only***

### **Attachments Included with this Agenda Item**

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Two attachments.

**Agenda Item 7(b)(1)  
October 26/21 EOC Meeting**

27 September, 2021

Mr. Éric Jacob  
Superintendent, Client Services and Distribution Oversight  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1

c.c. Ms. Louise Gauthier, Senior Director, Distribution Policies  
Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Practices

Dear Mr. Jacob:

On behalf of our Association's Board of Directors, member companies, and ourselves, we are writing to thank you for the very productive *Get Acquainted and Dialogue Virtual Meeting* we had with you and your AMF colleagues Louise Gauthier and Mario Beaudoin on 10 September, 2021.

It was a pleasure to make your acquaintance, and we very much appreciated your sharing of your priorities as the AMF's new Superintendent, Client Services and Distribution Oversight. It is CAFII's strongly held view that regular, recurring, open, and transparent dialogue between industry Associations and regulatory authorities allows for candid sharing of information that is conducive to better regulation; and, as such, to better outcomes for consumers and the industry alike.

We want to express again CAFII's appreciation for the AMF's recent granting, at our Association's request, of a three-month deadline extension to 17 December, 2021 for the industry's compliance with the AMF's expectations around the *Regulation respecting Alternative Distribution Methods (RADM)*'s application to credit card-embedded insurance benefits.

Further, related specifically to our 10 September dialogue, CAFII and its Members want to thank you for your engaged listening and consideration; and the mutually beneficial, "finding the right balance" flexibility you demonstrated. In particular, we are very appreciative of the willingness you expressed to have the AMF work with the industry on possible modifications to the Fact Sheet and the Notice of Rescission in order to make the wording of those documents fit with the realities of credit card-embedded insurance benefits -- i.e. make them not inaccurate and misleading for credit card holder consumers -- and in that connection, to allow sufficient time for an AMF-led pan-industry working group process to occur towards that objective.

Coming out of our 10 September meeting, we thank you and your AMF colleagues for extending the following concession (our summary of what was proposed and agreed-upon):

*With respect to the Regulation respecting Alternative Distribution Methods (RADM) and its application to credit card-embedded insurance benefits, the AMF will not expect affected insurers to provide the Fact Sheet and Notice of Rescission to relevant Québec credit card holders by 17 December, 2021.*

*Rather, affected insurers should indicate in the Action Plans which they submit to the AMF by 17 December, 2021 that, at this time, they are working through CAFII and with the AMF to find a solution for the distribution of the Fact Sheet and Notice of Rescission to relevant Québec credit card holders.*

*In addition, in the near future, the AMF will lead a pan-industry working group tasked with identifying mutually agreeable wording modifications to the Fact Sheet and the Notice of Rescission in order to create versions of those documents which fit the realities of credit card-embedded insurance benefits.*

In that connection, CAFII is currently working with our internal stakeholders in order to be ready to make a meaningful and impactful contribution to the AMF-led pan-industry working group on the Fact Sheet and Notice of Rescission. As you may appreciate, credit card-embedded insurance benefits are a unique product set, in that the insurance coverages are embedded within separate financial products: i.e. credit cards, which are typically administered by a unit within the financial institution (FI) which is separate and distinct from the insurance distribution arm. Therefore, we are seeking out subject matter experts in our FI members' credit card businesses to ensure that we have suitable expertise available for the pan-industry working group discussions.

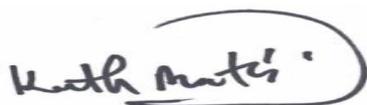
Éric, at our 10 September meeting, we also shared some of the highlights of the legal opinion which CAFII obtained earlier this year from Norton Rose Fulbright Corporation (NRFC) on the *RADM's* applicability to credit card-embedded insurance benefits -- along with related considerations such as the Fact Sheet and Notice of Rescission -- which we sought out in order to better understand the legal foundation and underpinnings of these matters while not altering our Association's compliance mindset. We offered to arrange for NRFC to provide you with an executive summary of relevant excerpts from its legal opinion to CAFII. You indicated that you would be pleased to receive that NRFC summary and would read it with interest.

Please find the NRFC legal opinion executive summary attached to this email.

As further mentioned in our 10 September meeting, we would also be pleased to arrange for a virtual meeting in which NRFC's Marc Duquette and Dominic Dupoy could verbally highlight and elaborate upon their legal opinion findings for you and any AMF colleagues whom you would like to attend such a meeting, and answer any questions which the AMF may have. Please do not hesitate to let us know if that would be of interest.

Please accept again our sincere appreciation for your open dialogue with us and the consideration and flexibility you have offered to CAFII and the industry. We extend our personal regards to you and your colleagues.

Sincerely,



Keith Martin, Co-Executive Director, CAFII  
647.460.7725



Brendan Wycks, Co-Executive Director, CAFII  
647.218.8243

### About CAFII

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

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

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

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



Or, l'un des principes cardinaux d'interprétation législative prévoit que la loi doit être interprétée de manière conforme à l'objectif poursuivi par le législateur. Dans *Novak c. Bond*, [1999] 1 RCS 808, la Cour suprême explique que la loi doit être interprétée « de la manière qui assure le mieux la réalisation de son objet ». Selon la Cour, le tribunal doit, en premier lieu, identifier l'objet de la loi et ensuite adopter l'interprétation de la loi qui est la plus compatible avec celui-ci :

63 Même si le débat judiciaire entourant l'interprétation qu'il faut donner à l'al. 6(4)b) a gagné les milieux juridiques de la Colombie-Britannique, il n'en reste pas moins qu'il s'agit d'une question d'interprétation des lois. Le principe cardinal en la matière est qu'une disposition législative doit être interprétée de la manière qui assure le mieux la réalisation de son objet: [...] Il incombe donc à notre Cour en l'espèce de déterminer l'esprit et l'objet de la Limitation Act pour ensuite établir l'interprétation de l'al. 6(4)b) la plus compatible avec la réalisation de cet objet.

Il arrive parfois que le texte de la loi s'accorde mal avec l'objectif poursuivi par celle-ci. En pareilles circonstances, les tribunaux ont toujours conclu que le sens ordinaire des mots pouvait être étendu ou encore restreint en vue d'atteindre cet objectif et d'éviter un résultat absurde. Dans *Sidmay Ltd. et al. v. Wehltam Investments Ltd.*, 1967 CanLII 24 (ON CA)<sup>2</sup>, la Cour d'appel de l'Ontario souligne l'importance d'éviter une interprétation strictement littérale des textes de loi et énonce le principe applicable dans les termes suivants :

It becomes apparent that, in order to give scope to the Act, without sweeping away otherwise legitimate activities sanctioned under other legislation, a strictly literal interpretation cannot be demanded. Such an approach to the interpretation of a statute is not unknown. In *Maxwell on the Interpretation of Statutes*, 9th ed. at p. 236, appears the following passage:

"Where the language of a statute, in its ordinary meaning and grammatical construction, leads to a manifest contradiction of the apparent purpose of the enactment, or to some inconvenience or absurdity, hardship or injustice, presumably not intended, a construction may be put upon it which modifies the meaning of the words, and even the structure of the sentence. . . . Where the main object and intention of a statute are clear, it must not be reduced to a nullity by the draftsman's unskilfulness or ignorance of the law, except in a case of necessity, or the absolute intractability of the language used. The rules of grammar yield readily in such cases to those of common sense."

L'article 41 de la *Loi d'interprétation* du Québec prévoit également que la loi doit recevoir « une interprétation large, libérale, qui assure l'accomplissement de son objet et l'exécution de ses prescriptions suivant leurs véritables sens, esprit et fin ».

Dans notre cas, il est clair que l'objectif poursuivi par le Règlement est de protéger l'intérêt des clients en s'assurant qu'ils reçoivent une information pertinente, suffisante et surtout véridique à propos de la couverture d'assurance qui leur est offerte et des droits que la loi leur confère à cet égard.

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misnomer of a corporation appearing in a statute does not necessarily avoid the Act: see *Oxford v. Bishop of Coventry* (1615), 10 Co. Rep. 53b. Moreover, the same principles that apply to the interpretation of legislation also apply to the interpretation of regulations: [...]

*Martin v. Beef Stabilization Appeal Committee* (Sask.), 1986 CanLII 2888 (SK QB) :

[8] We are concerned with a matter of statutory interpretation. Regulations passed under statutory authority are subject to the same rules of interpretation as the statute itself: *Union Gas Co. of Canada Ltd. v. Township of South Cayuga*, [1952] O.W.N. 201.

<sup>2</sup> Confirmé par la Cour suprême dans *Sidmay Ltd. et al. v. Wehltam Investments Ltd.*, [1968] SCR 828.

Dans l'*Avis relatif à l'application du Règlement sur les modes alternatifs de distribution*, l'Autorité souligne d'ailleurs l'importance pour les clients d'obtenir une information adéquate, précise et complète afin de leur permettre de prendre une décision éclairée quant au produit d'assurance :

Le régime de la distribution sans représentant repose sur la transmission d'une information adéquate, précise et complète au client.

Le Règlement prévoit une divulgation de renseignements répartie sur plus d'un document. Les éléments propres au contexte de la distribution sans représentant sont mis en évidence dans une fiche de renseignements dont le contenu est prescrit par l'Autorité. Les renseignements sur le produit offert, permettant au client de prendre une décision éclairée quant à ce produit, sont présentés au client, quant à eux, dans un sommaire conçu par l'assureur.

Or, une application stricte et littérale du Règlement empêche la réalisation de cet objectif puisqu'elle amène les émetteurs de carte de crédit à divulguer une information fautive et trompeuse aux clients.

À titre d'exemple, les articles 22 et 29 du Règlement imposent au distributeur l'obligation de remettre au client une fiche de renseignements prévoyant que « la Loi vous permet de mettre fin à votre assurance, sans frais, dans les 10 jours suivant l'achat de votre assurance », de même qu'un sommaire indiquant « l'existence d'un droit de résiliation en faveur du client, de même que sa durée et les modalités de son exercice ».

En réalité, comme vous le savez déjà, les clients ne peuvent mettre fin aux Bénéfices à moins de résilier du même coup la totalité des services associés à la carte de crédit. Informer les clients qu'ils peuvent mettre fin aux Bénéfices est donc faux et trompeur. Une telle application du Règlement apparaît peu conforme à l'objectif poursuivi lors de son adoption, soit d'offrir aux clients une information adéquate, précise et complète.

Dans un ouvrage souvent cité par les tribunaux canadiens et intitulé *Driedger on the construction of statutes*, le professeur Sullivan explique que l'objectif poursuivi par la loi peut être invoqué afin de justifier le refus d'appliquer certaines dispositions à une situation factuelle particulière, et ce, même si le sens ordinaire des mots utilisés pourrait autrement viser cette situation :

Rule-avoidance. Legislative purpose is also relied on by courts to justify an outright refusal to apply a provision to facts that are within any ordinary understanding of its words. [...]³

Ce principe a été appliqué par les tribunaux, y compris par la Cour suprême du Canada. Dans *Lignes aériennes Canadien Pacifique Ltée c. Colombie-Britannique*, [1989] 1 RCS 1133, la *Social Service Tax Act* de la Colombie Britannique prévoyait l'imposition d'une taxe sur les « biens achetés à l'extérieur de la province et importés dans celle-ci par ses résidents ou des entreprises y exerçant leurs activités ».

Le gouvernement de la province adopta la position selon laquelle les avions atterrissant sur le sol de la Colombie Britannique en provenance de l'extérieur étaient visés par la loi et exigea des compagnies aérienne le paiement de la taxe. La Cour suprême admit que les avions étaient effectivement visés par la définition de « biens » prévue par la loi, mais refusa de conclure que les compagnies aériennes étaient tenues de payer la taxe en s'appuyant sur l'objectif de la loi qui était d'imposer une taxe aux consommateurs ultimes des biens importés :

Certes, je ne voudrais pas, sans en avoir fait une analyse approfondie, qualifier la Loi comme visant uniquement à imposer une taxe de vente au détail payable par les consommateurs éventuels des biens, mais il ne fait pas de doute, ainsi que je l'ai déjà

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³ R. Sullivan, *Driedger on the construction of statutes*, 3<sup>rd</sup> edition, Toronto, Butterworths, 1994, p. 72.

mentionné, que c'est là son objet prédominant. [...] Cet objet prédominant, à mon avis, nous aide beaucoup à saisir la portée du par. 2(4).

À notre avis, une approche similaire devrait prévaloir en l'espèce. La portée du Règlement devrait être déterminée en vue de permettre la réalisation de l'objectif poursuivi par ce texte normatif, soit d'assurer une certaine transparence entre les assureurs et leurs clients.

Dans la mesure où l'application stricte du Règlement à la situation particulière des Bénéfices apparaît contraire à l'objectif poursuivi par ce Règlement, l'Autorité devrait adopter une approche plus souple favorisant la réalisation de cet objectif et conclure que certaines dispositions du Règlement ne devraient pas être appliquées intégralement en certaines circonstances.

## **2. Le règlement doit être appliqué de manière à éviter la survenance de résultats absurdes**

Un autre principe d'interprétation important prévoit que la loi doit être interprétée de manière à éviter la survenance de résultats « absurdes ». Dans *Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 RCS 27, la Cour suprême du Canada explique qu'un résultat peut être qualifié d'absurde s'il est incompatible avec l'objectif poursuivi par la loi :

27. À mon avis, les conséquences ou effets qui résultent de l'interprétation que la Cour d'appel a donnée des art. 40 et 40a de la LNE ne sont compatibles ni avec l'objet de la Loi ni avec l'objet des dispositions relatives à l'indemnité de licenciement et à l'indemnité de cessation d'emploi elles-mêmes. Selon un principe bien établi en matière d'interprétation législative, le législateur ne peut avoir voulu des conséquences absurdes. D'après Côté, op. cit., on qualifiera d'absurde une interprétation qui mène à des conséquences ridicules ou futiles, si elle est extrêmement déraisonnable ou inéquitable, si elle est illogique ou incohérente, ou si elle est incompatible avec d'autres dispositions ou avec l'objet du texte législatif (aux pp. 430 à 432). Sullivan partage cet avis en faisant remarquer qu'on peut qualifier d'absurdes les interprétations qui vont à l'encontre de la fin d'une loi ou en rendent un aspect inutile ou futile (Sullivan, *Construction of Statutes*, op. cit., à la p. 88).

À cet égard, il est important de noter que la notion d'absurdité ne renvoie pas exclusivement à la survenance de résultats irrationnel d'un strict point de vue logique, mais qu'elle vise également la possibilité de résultats impossibles à mettre en œuvre au niveau pratique. Dans *Lavis Contracting Co. Limited v. Coores Construction Inc. et al*, 2014 ONSC 5479, la Cour supérieure de l'Ontario faisait les remarques suivantes à ce sujet :

[16] In *Wicken (Litigation Guardian of) v. Harssar*, [2004] O.J. No. 1935 (Div. Ct.), the Court reviewed certain basic principles of statutory interpretation. At paras. 27 and 28, the Court said this:

"If a statute is susceptible of two interpretations, the interpretation that avoids absurdity is to be preferred (*Datacalc Research Corp. v. Canada*, [2002] T.C.J. NO. 99, 2002 D.T.C. 1479 (Tax Ct.), at para. 54).

According to F. Bennion, *Statutory Interpretation*, 4th ed., (London: Butterworths, 2002), the concept of "absurdity" actually encompasses several components. The presumption against an "absurd" interpretation means the avoidance of (1) an unworkable or impractical result, (2) an inconvenient result, (3) an anomalous or illogical result, (4) a futile or pointless result, (5) an artificial result, or (6) disproportionate counter-mischief.

Ainsi, toute interprétation du Règlement susceptible de mener à des résultats absurdes, incompatibles avec l'objectif poursuivi par le règlement ou encore impossibles à mettre en œuvre au niveau pratique devrait être évitée. À notre avis, toute interprétation du Règlement susceptible de mener à la communication d'informations fausses ou trompeuses peut être qualifiée d'absurde au sens de la jurisprudence pertinente.

De la même manière, toute interprétation susceptible d'imposer aux assureurs et aux distributeurs l'obligation de remettre une quantité déraisonnable de documents au client apparaît tout aussi absurde puisqu'elle contrecarre

l'objectif poursuivi par le Règlement de s'assurer que le client comprend la portée du produit d'assurance et qu'il connaît l'étendue des droits qui lui sont conférés par la loi à cet égard.

À titre d'exemple, l'article 22 du Règlement prévoit que le distributeur doit, pour chaque produit d'assurance, remettre au client un sommaire établissant les caractéristiques du produit, de même qu'une fiche de renseignements conforme au modèle de l'Annexe 2. Or, certaines cartes de crédits proposent plus d'une dizaine de produits distincts et il apparaît absurde, ou à tout le moins déraisonnable, d'ensevelir les clients de sommaires et de fiches de renseignements à propos de chacun de ces produits.

Dans l'ouvrage *Driedger on the construction of statutes* précité, le professeur Sullivan explique que la survenance de résultats absurdes justifie l'adoption d'une interprétation restrictive de la loi :

Justifying a restrictive interpretation. Absurdity is often relied on to justify giving a restricted application to a provision. [...]

Unacceptable absurdity. Sometimes it is possible to give meaning to a provisions, but that meaning is so absurd that, in the view of the court, it cannot have been intended. If there is no way to interpret the provision so as to avoid the absurdity, the court has no choice but to redraft. [...]

It is easy to narrow the scope of a provision; the court simply declines to apply it to particular facts, even though the facts are within the ordinary meaning of the provision. This result is accomplished in a variety of ways : (i) by notionally introducing qualifications or exceptions into the provision; by creating legal "tests" for its application; by applying a presumption or special rule. In the end, the effect is the same: the provision is not applied to facts within its ordinary meaning. [...]<sup>4</sup>

En somme, le Règlement doit être interprété de telle manière que son application n'entraîne pas la survenance de résultats absurdes ou déraisonnables sur le plan pratique. Dans la mesure où une interprétation du Règlement mène à de tels résultats, l'Autorité a le pouvoir, voire le devoir, d'adopter une interprétation restrictive du Règlement ou encore d'en moduler le texte<sup>5</sup> afin d'éviter la survenance d'une telle situation.

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<sup>4</sup> R. Sullivan, *Driedger on the construction of statutes*, 3<sup>rd</sup> edition, Toronto, Butterworths, 1994, p. 94, 108, 125.

<sup>5</sup> Les tribunaux et la doctrine pertinentes ont en effet reconnu que les personnes chargées d'interpréter la loi pouvaient, dans le cadre d'un processus d'interprétation, ajouter certains termes à la loi en vue d'assurer la réalisation de l'objet de la loi et d'éviter que son application n'entraîne des résultats absurdes. Dans le même ouvrage *Driedger on the construction of statutes*, le professeur Sullivan explique le pouvoir de l'exégète de moduler le texte de la loi comme suit :

Adding qualifying features to definition. Even where legislation is written in language that is not particularly vague, the courts may rely on purpose to justify their preference for a narrow rather than broad interpretation. [...]

Restrictive reading – conclusion. In *R v. Kudlip* the court notionally incorporated the legislative purpose into the provision to be interpreted by introducing a qualifying phrase. In the *Hills* case, it added a couple of qualifying features to the dictionary meaning of a word used in the provision. In *Canadian Pacific Airlines*, it simply declined to apply the provision to the facts of the case. Although these methods are formally distinguishable, the impact in all three cases is the same. The scope of the legislation is narrowed to exclude the inappropriate application. Once a court is satisfied that a proposed application of a provision is inadequately related to its purpose, it has a legitimate reason to reject the ordinary meaning, by re-formulating the provision, in effect, or refusing to apply it in this case.

En l'espèce, nous sommes d'avis que le Règlement devrait être lu comme si les termes « lorsque cela est approprié » ou « à moins que cela n'entraîne un résultat absurde » faisaient partie du texte du Règlement.

### **3. Le Règlement doit être interprété en harmonie avec les dispositions de la LPC**

Un autre principe d'interprétation législative prévoit que les règlements doivent être interprétés de manière harmonieuse et cohérente, non seulement avec la loi en vertu de laquelle ils ont été adoptés, mais également avec toute autre loi adoptée par la même assemblée législative. Dans *Friends of the Oldman River Society c. Canada (Ministre des Transports)*, [1992] 1 RCS 3, la Cour suprême du Canada enseigne ce qui suit à ce sujet :

On ne met pas en doute les principes fondamentaux du droit. Il ne peut y avoir incompatibilité entre le texte réglementaire et la loi en vertu duquel il est adoptée [...], pas plus qu'il ne peut y en avoir avec les autres lois fédérales [...], sauf si la loi l'autorise [...]. Normalement, la loi fédérale doit l'emporter sur le texte réglementaire incompatible. Toutefois, en matière d'interprétation, un tribunal préférera, dans la mesure du possible, une interprétation qui permet de concilier les deux textes. Dans ce contexte, l'"incompatibilité" renvoie à une situation où le texte législatif et le texte réglementaire ne peuvent être conciliés; [...]. Dans cette affaire, la règle a été énoncée à l'égard de deux lois incompatibles dont l'une était réputée abroger l'autre en raison de l'incompatibilité. Toutefois, la justification fondamentale est la même que dans le cas où le texte réglementaire serait incompatible avec une autre loi fédérale -- il existe une présomption que le législateur n'a pas eu l'intention d'adopter des textes contradictoires ou d'habiliter quiconque à le faire. [...].

En l'espèce, l'article 219 de la *Loi sur la protection du consommateur (LPC)* prévoit « qu'aucun commerçant [...] ne peut, par quelque moyen que ce soit, faire une représentation fausse ou trompeuse à un consommateur ».

Si l'Autorité adopte une interprétation littérale du Règlement et qu'elle oblige les émetteurs de cartes de crédit à informer leurs clients qu'ils peuvent mettre fin aux Bénéfices alors que cela est faux, ces émetteurs de cartes de crédit enfreindront du même coup l'article 219 LPC et s'exposeront aux sanctions civiles et pénales prévues par la LPC.

À notre avis, le Règlement doit être interprété de manière harmonieuse et cohérente avec les dispositions de la LPC. L'Autorité ne devrait pas imposer une interprétation du Règlement ayant pour conséquence d'exposer les émetteurs de carte de crédit à une contravention à la LPC.

### **4. L'Autorité peut modifier le Règlement**

Plutôt que d'invoquer les divers arguments discutés ci-dessus, l'Autorité pourrait également modifier le Règlement afin d'éviter la survenance de situations problématiques semblables à la nôtre.

L'article 440 de la *Loi sur la distribution de produits et services financiers* accorde en effet à l'Autorité le pouvoir d'adopter un règlement régissant le contenu de l'avis devant être remis au client :

440. Un distributeur qui, à l'occasion de la conclusion d'un contrat, amène un client à conclure un contrat d'assurance doit lui remettre un avis, rédigé de la façon prévue par règlement de l'Autorité, lui indiquant qu'il peut, dans les 10 jours de la signature de ce contrat d'assurance, le résoudre.

L'article 485(1) de la *Loi sur les assureurs* prévoit également le droit pour l'Autorité d'adopter un règlement visant à déterminer les normes applicables aux assureurs relativement à leurs pratiques commerciales et à leurs pratiques de gestion :

485. En plus des autres règlements qu'elle peut prendre en vertu de la présente loi, l'Autorité peut, par règlement, déterminer les normes applicables:

1° aux assureurs autorisés relativement à leurs pratiques commerciales et à leurs pratiques de gestion;

2° aux fédérations de sociétés mutuelles relativement à leurs pratiques de gestion.

L'article 194 de la *Loi sur la distribution de produits et services financiers* prévoit enfin que tout projet de règlement adopté par l'Autorité doit être publié afin de permettre à toute personne intéressée de soumettre des commentaires à ce sujet.<sup>6</sup>

Une fois publié, le projet de règlement doit ensuite être approuvé, avec ou sans modifications, par le ministre des finances en vertu de l'article 217 de la *Loi sur la distribution de produits et services financiers* et de l'article 486 de la *Loi sur les assureurs*.

L'Autorité pourrait donc suivre ce processus et adopter un règlement visant à modifier le Règlement en vue (i) de l'adapter au contexte particulier entourant les Bénéfices ou encore (ii) d'y ajouter une disposition prévoyant le pouvoir de l'Autorité d'exempter certaines situations particulières de son application.

## **5. Sommaire de nos conclusions**

À notre avis, la portée du Règlement doit être déterminée en application des principes d'interprétation législative. Ces principes prévoient que l'Autorité peut adopter une interprétation souple du Règlement afin (i) de favoriser l'accomplissement de son objet, soit de fournir une information appropriée et véridique aux clients, (ii) d'éviter la survenance de résultats absurdes ou déraisonnables sur le plan pratique, et (iii) d'éviter que les émetteurs de cartes de crédit ne contreviennent aux dispositions de la LPC.

L'Autorité pourrait également entreprendre un processus de modification du Règlement en vue de l'adapter au contexte particulier entourant les Bénéfices ou encore d'y ajouter une disposition prévoyant la possibilité d'exempter certaines situations particulières de son application.

Veillez agréer, monsieur Jacob, l'expression de nos sentiments les plus distingués.

Marc Duquette  
Associé principal

Dominic Dupoy  
Avocat-conseil

DD/MD/sl

Copie : Louise Gauthier, *Autorité des marchés financiers*  
Mario Beaudoin, *Autorité des marchés financiers*  
Keith Martin, *L'association canadienne des institutions financières en assurance*  
Brendan Wycks, *L'association canadienne des institutions financières en assurance*

<sup>6</sup> L'article 194 prévoit plus particulièrement ce qui suit :

194. L'Autorité publie au Bulletin ses projets de règlement et le projet de règlement pris par une chambre en vertu du quatrième alinéa de l'article 312.

Un projet de règlement doit être accompagné d'un avis indiquant notamment le délai avant l'expiration duquel le projet ne pourra être édicté ou soumis pour approbation et le fait que tout intéressé peut, durant ce délai, transmettre des commentaires à la personne qui y est désignée.

L'Autorité publie également au Bulletin tous les règlements approuvés par le ministre ou le gouvernement en vertu de la présente loi.

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(c)**

**Read Only Items—CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits**

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### ***Purpose of this Agenda Item – Read Only***

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### **Background Information**

Materials related to the efforts of the Working Group on credit card-embedded insurance coverages and the RADM are included with this agenda item.

### ***Recommendation / Direction Sought – Read Only***

### **Attachments Included with this Agenda Item**

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One attachment.

Working Group on AMF Embedded Credit Card Insurance Coverages—Options around Applying the RADM

<http://legisquebec.gouv.qc.ca/en/ShowDoc/cr/D-9.2,%20r.%2016.1>

[March 6 2020 Notes in Red](#)

[March 13 2020 Notes in Blue](#)

[May 20 2021 Notes in Orange](#)

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[7 October 2021 Notes GO TO THE BOTTOM OF THIS DOCUMENT](#)

RADM #	Wording	Option “Creative Solutions”	Option “Compliance”
19	<p><b>CHAPTER III</b> OFFER OF INSURANCE PRODUCTS THROUGH A DISTRIBUTOR M.O. 2019-05, c. III.</p> <p><b>DIVISION I</b> GENERAL PROVISIONS M.O. 2019-05, Div. I.</p> <p> <b>19.</b> This chapter applies to an insurer that offers insurance products through a distributor in accordance with Title VIII of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>). M.O. 2019-05, s. 19.</p> <p><b>DIVISION II</b> INFORMATION TO BE PROVIDED TO THE AUTHORITY</p>	N/A	N/A

	M.O. 2019-05, Div. II.		
20	 <p><b>20.</b> Before offering an insurance product through a distributor, the insurer must, in addition to the information required under section 66 of the Insurers Act (<a href="#">chapter A-32.1</a>), disclose the following information to the Authority:</p> <p>(1) the name and contact information of the third party to which the insurer has entrusted the performance of the obligations of an insurer with respect to the distribution of a product through a distributor, if applicable;</p> <p>(2) the hyperlink or any other means to access the distributor’s offer through the Internet, if applicable;</p> <p>(3) the contact information of the insurer’s assistance service referred to in section 27.</p> <p>The insurer must notify the Authority of any change to the above information within 30 days of such change.</p> <p>An insurer that removes a distributor from its list of distributors must indicate to the Authority the reasons for such removal.</p> <p>M.O. 2019-05, s. 20.</p>	<p><b>Straightforward</b></p> <p>Insurers can change periodically</p> <p>Would not be hard to do</p>	<p>Straightforward—not an issue</p>
21	<p><b>21.</b> The insurer must disclose annually to the Authority the following information for each product offered through a distributor:</p> <p>(1) the number of insurance policies and certificates issued and the amount of premiums written;</p> <p>(2) the number of claims and the amount of indemnities paid;</p> <p>(3) the number of rescissions and cancellations;</p> <p>(4) the remuneration paid to all distributors and third parties referred to in subparagraph 1 of the first paragraph of section 20.</p> <p>M.O. 2019-05, s. 21.</p>	<p>Some of this information is not relevant</p> <p>Distributor pays insurer so does not make sense to report on item 4</p> <p>Explanation that there would have to be distinctions due to different nature of business</p> <p>Certificates are in bulk</p> <p>How is cancellation defined? Is it cancellation of credit card?</p> <p>No remuneration paid to distributors</p>	<p>Question: what happens if an individual credit card has multiple insurers for different imbedded products?</p> <p>Could try to focus on certificates and not the card itself, which is the product.</p> <p>Cancellations can be recorded as cancelled credit cards with the note that it may not be due to the embedded insurance</p> <p>Remuneration can be identified as none if remuneration is not paid.</p>

		<p>Reporting on cancellation is not useful insurance information to the AMF</p> <p>How deal with a card that has never been used?</p> <p>Align Annual Statement on Market Conduct with this reporting; much of this is in the Annual Report</p> <p>Support for this approach</p> <p>Should NOT report on premiums because it is not end customer premium it is distributor to insurer—need to see if it is covered in Annual Statement</p> <p>Loss ratio is not sensible measure when premium is not paid by customer</p>	
22	<p><b>DIVISION III</b>  <b>DOCUMENTS AND INFORMATION TO BE PROVIDED TO THE CLIENT</b>  M.O. 2019-05, Div. III.</p> <p> <b>22.</b> Before offering a product through a distributor, the insurer prepares the product summary in accordance with sections 28 and 29. The insurer mandates the distributor to deliver the summary to the client at the time it offers the product to him, together with a fact sheet in the form set out in Schedule 2.  M.O. 2019-05, s. 22.</p>	<p><u>PLAN A</u>  Could ask the AMF is could just post it on the website and tell the customers they can go look for it there</p> <p>There is a disclosure box where the link to the website could be seen – need to show APR and core fees</p> <p>PUT ON WEBSITE—DIRECT CARD APPLICANTS TO SITE</p> <p>ALTERNATIVELY:  <u>PLAN B</u>  When is the right time and what is the right method to offer it to the client?</p> <p>Can get consent to send it afterwards?</p>	<p>Need to confirm that this can be done by website except for contact centre interactions where the customer needs to be directed to the website URL of the insurer</p>

		<p>(BPI – currently TD asks for consent to share it with the fulfillment package currently)</p> <p>ADD LINK TO DISCLOSURE</p> <p>ALTERNATIVELY: <u>PLAN C</u> Will provide documentation in mail after enrollment the Product Summary and Fact Sheet</p> <p>Not offered at time of sale</p> <p>But this would increase the size of the package</p> <p>MAIL OUT IN FULFULMMMENT PIECE</p>	
23	<p><b>23.</b> Where the means of communication used to offer the product does not enable the distributor to deliver the summary and the fact sheet at the time the product is offered, the insurer must include in the mandate it entrusts to the distributor the obligation to inform the client of such inability. The insurer must also ensure that the distributor is required to obtain at that time the client’s consent to receive those documents no later than when the policy or insurance certificate is delivered and to mention the information contained in those documents to the client. M.O. 2019-05, s. 23.</p>	Dealt with already	See above
24	<p><b>24.</b> The insurer must be able to provide, at the client’s or the Authority’s request, all information and documents presented to the client at the time the insurance product was offered to him, particularly the summary and the fact sheet. M.O. 2019-05, s. 24.</p>	<p>Can not do this easily</p> <p>Can offer to send the product summary and fact sheet if the customer asks for it</p> <p>Could if customer asks for this information then a link can be provided to customer where they can find it</p>	If company’s have an archival history with version control this can be managed

25	<p><b>25.</b> Where personal information of a medical or lifestyle-related nature is collected from the client, the notice of specific consent provided for in section 93 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>), applicable under section 437 of that Act, must be delivered to the client if the distributor wishes to allow its clerks to use the information it holds on the client for purposes other than those for which it was collected and be in the form set out in Schedule 3. M.O. 2019-05, s. 25.</p>	<p>None of the information collected from a customer has any bearing on their insurance benefits in embedded credit card insurance</p> <p>“No personal information is collected for the insurance benefits”—N/A</p> <p>ALTERNATIVELY: Insurance company does not see anything about customer until a claim -- explain this to AMF</p> <p>Any information collected must be compliant with PIPEDA</p>	<p>No such information is collected by distributors and is only used by insurers at time of claim</p>
26	<p><b>26.</b> Where the distributor offers the client financing that requires him to subscribe for insurance to secure the repayment of the financing, the notice of free choice provided for in section 443 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>) must be delivered to the client and be in the form set out in Schedule 4. M.O. 2019-05, s. 26.</p>	N/A	N/A
27	<p><b>27.</b> The insurer must have an assistance service to answer questions from the distributor regarding each product offered. M.O. 2019-05, s. 27.</p> <p><b>DIVISION IV</b> <b>SUMMARY</b> M.O. 2019-05, Div. IV.</p>	Not a problem to comply	<p>Not a problem to comply.</p> <p>Distributor needs to have a contact person, perhaps an insurer, who could answer questions.</p>
28	<p><b>28.</b> The summary may pertain only to the product and must satisfy all the following conditions: (1) it must be concise; (2) it must explain the product; (3) it must be written in language that is clear, readable, specific and not misleading so as to highlight the essential elements for informed decision-making and not cause confusion or misunderstanding; (4) it must present accurate information; (5) it must not contain any advertising or promotional offer;</p>	<p>Provision is probably fine</p> <p>It is what is in the summary that is the concern</p>	<p>NBI attempted to refer to certificate and got pushback from the AMF who wanted references in the summary itself.</p> <p>Exclusions—NBI just wanted to include the main exclusions and referred to the certificate for additional exclusions; AMF said that all the exclusions needed to be in the Summary itself.</p>

	<p>(6) it must not be the insurance policy or certificate.  Where necessary, the insurer may refer the client to the relevant sections of the insurance policy to obtain additional information not found in the summary.  M.O. 2019-05, s. 28.</p> <hr/>		<p>Desjardins—18 causes of cancellation that would lead to a claim payout—listed 5 of them and referred to the certificate for the remainder</p> <p>As a result NBI’s Summary is 15 pages.</p> <p>Pre-existing conditions is a difficult exclusion to explain. Try to use clear language that is simpler than the certificate.</p> <p>Draft Summary review—see page 12.</p>
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<p>29</p>	<p><b>29.</b> The summary must present the following information:</p> <ol style="list-style-type: none"> <li>(1) the insurer’s name and contact information;</li> <li>(2) the client number of the insurer registered in the Authority’s register of insurers and the Authority’s website address;</li> <li>(3) the name and type of product offered;</li> <li>(4) the eligibility criteria;</li> <li>(5) the name and contact information of the distributor that offers the product;</li> <li>(6) the product coverage, exclusions and limitations;</li> <li>(7) any other specific clauses that may affect the insurance coverage;</li> <li>(8) warnings about the consequences of misrepresentations and concealment;</li> <li>(9) the client’s right of cancellation, its duration and the procedures for exercising it;</li> <li>(10) the rules applicable to the temporary insurance, if applicable;</li> <li>(11) the information that the client must be made aware of in accordance with section 434 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>);</li> <li>(12) the premiums and other fees and expenses, including the applicable taxes, or, if an exact amount cannot be indicated, the criteria used to determine it;</li> <li>(13) an indication that the premium is fixed or likely to vary over time;</li> <li>(14) the insurer’s website address providing access to the information on where the client can file a complaint with the insurer and a summary of the complaint processing policy provided for in the second paragraph of section 52 of the Insurers Act (<a href="#">chapter A-32.1</a>);</li> <li>(15) the manner in which the specimen of the policy or the insurance certificate can be accessed on the insurer’s website.</li> </ol> <p>Where the policy provides for a formula to calculate the portion of the refundable premium in the event of cancellation, the insurer must indicate as such in the summary and include an example of its application.</p> <p>M.O. 2019-05, s. 29.</p>	<p>General thoughts on product summary: credit cards have different amounts of insurance coverage.</p> <p>One summary for each insurance product? Some in industry would prefer not to have a summary for each coverage.</p> <p>Some card issuers have certificates that are combined, some have them separate.</p> <p>Operationally, could have different sections in summary. Better perhaps to combine the information. AMF wants the Summary to be concise.</p> <p>AMF has indicated that one Summary for multiple coverages is acceptable.</p> <p>But could be difficult where different insurers for different components</p>	<ol style="list-style-type: none"> <li>1) Insurer’s name and contact information—may have multiple insurers—so need each of them to be listed – should be straightforward</li> <li>2) Straight forward</li> <li>3) Straight forward</li> <li>4) Don’t need to be eligible to enroll, you are automatically enrolled. NBI said that the principal cardholder was eligible. Concierge service should not need to be included—only insurance needs to be included.</li> <li>5) Straight forward (bank typically)</li> <li>6) Exclusions and limitations—with multiple benefits – could be a lot of pages and effort. How best to deal with this? Summary should not be a word for word replica of the certificate. Desire is to be high level and reference the certificate.</li> <li>7) Wrapped this around claim.</li> <li>8) Tied to 7. A bit broader.</li> <li>9) Client’s right of cancellation is for credit card not embedded insurance. If enroll in this card you get these coverages; otherwise you can cancel the card.</li> <li>10) Not applicable to any embedded insurance.</li> <li>11) This is about claims and how to present it, what to do if the claim is refused. Must do more than just refer to certificates. AMF wants more detail than that. So added all the</li> </ol>
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		<p>of the credit card insurance benefits.</p> <p>Very difficult to operationalize the sharing of summaries.</p> <p>NEED to avoid providing this Summary at time of offer in branch. Provision #22 looks at that. Can be part of the package sent to customers.</p> <p>#1 OK #2 OK #3 PRODUCT NOT OFFERED #4 OK</p> <p>Scott Kirby feels problem elements are: #8,9,10 #8 has to not be at time of enrollment but is at time of claim #9 need to tell customer they can cancel by cancelling the card This is the recommended approach which had support from the group.</p>	<p>provisions that are in the certificate with respect to claims.</p> <p>12) Can just say there is no premium for the client.</p> <p>13) Premium is fixed at zero. Did not disclose card fees.</p> <p>14) Straight forward.</p> <p>15) A bit of a challenge. There is no refund calculation to show. "If the card is cancelled there is no refundable premium for the insurance coverages." Or...just be silent. Say nothing. "Where the policy provides for" gives a way out.</p> <p>FACTSHEET—at NBI for all summaries there is an introductory statement where the coverages are listed, premium is listed as zero etc. Notice of resolution (ck) at end. Notice of rescission—say that the first contract remains in force, notice of rescission is incorrect.</p>
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		<p>Alternatively, could try to ask for it to not be included at all.</p> <p>Perhaps provide an example—for example, you cannot cancel an element of a group policy and then pay less for the benefits. Same concept with credit cards.</p> <p>PLAN A: try to explain why customers cannot opt out, so this does not apply—confusing, not relevant</p> <p>PLAN B: say can cancel credit card if you don't want coverage</p> <p>Direct it back to Bank policies</p> <p>#10 N/A but don't need to worry about it</p> <p>#12 How solution this?</p> <p>There is no premium paid by the customer; it is paid by the bank. However, could use high-level phrasing to educate customer "How much am I paying for the insurance coverage" "This insurance coverage is an additional coverage at no additional price to you. Bank X pays</p>	
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		<p>the premium to provide coverage for all customers with the card.” Definitely do not want to get into the numbers. ALTERNATIVELY could simply say there are not fees for you the consumer.”</p> <p>PLAN A: “coverage is provided under benefits and no premium is charged to the card-holder”</p> <p>#13—can tie this into the same point “premium are not charged to card-holder”</p> <p>#12 and #13 can be addressed together</p> <p>#14 are there any concerns about providing the insurer’s website?</p> <p>Should replicate the approach we take with other products</p> <p>#15 Response: “Not applicable”</p> <p>There is no premium so not capability for a refund</p> <p>#9 is also applicable to #15</p>	
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30	<p><b>30.</b> The insurer must, as soon as the client has subscribed for or enrolled in the insurance contract, provide the client with the following documents:</p> <p>(1) a summary of the information collected from the client;</p> <p>(2) the policy, the insurance certificate or the temporary insurance.</p> <p>M.O. 2019-05, s. 30.</p>	<p>#1 Similar to provisions discussed earlier Information collected from client is not collected in relation to insurance it is in relation to the credit card application The information is relevant when the card is issued in relation to the insurance But would not know who is insured until there is a claim We can achieve this outcome without “conforming to regulation” “No information collected about client so not relevant” #2 providing certificate is not a problem (part of credit card package); temporary insurance is not applicable</p>	<p>This is related to insurance only. The only information collected is related to the card, so 30 (1) is N/A.</p>
31	<p><b>31.</b> The notice of rescission provided for in section 440 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>), which must be delivered to the client by the distributor, must be in the form set out in Schedule 5.</p> <p>M.O. 2019-05, s. 31.</p>	<p>This is a challenge There are no cancellation rights Embedded in credit card</p>	<p>There are no cancellation rights.</p> <p>AMF wants this put into the <b>Summary</b>. It is at the very end.</p>
32	<p><b>32.</b> The insurer must make the product summary and a specimen of the policy or the insurance certificate accessible on its website for</p>	<p>Probably most customers would look at distributors’ websites</p>	<p>Straight forward.</p>

	<p>each product offered by a distributor, as well as any available endorsement, if applicable. M.O. 2019-05, s. 32.</p> <p><b>NOTE</b> This section will come into force on 13 June 2020 excluding the been in force since 13 June 2019.</p>	<p>But probably already doing this so is fine</p>	<p>Will this be posted for everyone or just for Quebec residents?</p> <p>Do not say it is for Quebec only for embedded products.</p> <p>NBI has not included the Fact Sheet and the AMF has not said anything.</p>
33	<p><b><i>n force: 2020-06-13</i></b> <b>DIVISION V</b> <b>SUPERVISION OF DISTRIBUTORS</b> M.O. 2019-05, Div. V. <b><i>In force: 2020-06-13</i></b></p> <p> <b>33.</b> The insurer must monitor and supervise the offering of insurance products by its distributors. To that end, it must adopt and implement procedures that enable the supervision and training of its distributors and the natural persons to whom they entrust the task of dealing with clients in order to ensure compliance with the requirements under the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>) and this Regulation. M.O. 2019-05, s. 33.</p>	<p>#33 and #34 go together Cannot supervise because there is no offering; can do training on what is included in benefit Supervision of offering does not apply</p> <p>Distribution of credit card—can indicate what is the coverage, and that is the extent of it; if there are questions about exclusions, how it works, provide them with number of provider and they can speak to them</p> <p>Risk inviting conversations that cannot be held with non-licensed individuals Training could be coverages and details can be sent to provider (insurer)</p>	

		<p>#34 I) is asking for quite specific details          “This is not possible for embedded coverages, training is just to indicate the coverages”          Training needs to be less prescriptive than in regs          Training for embedded coverages would be different          PROVIDING INFORMATION TO THE DISTRIBUTION CHANNEL ABOUT THE PRODUCT— not classrooms etc.          “What is training?”          perhaps need to show samples</p>	
34	<p><b><i>n force: 2020-06-13</i></b></p> <p> <b>34.</b> The training provided by the insurer must cover the following:          (1) the insurance product, particularly the coverage offered, the eligibility criteria and the applicable exclusions and limitations;          (2) the distributor’s legal obligations;          (3) the insurer’s complaint processing policy;          (4) the practices promoting the fair treatment of clients;          (5) the filing of a claim.          M.O. 2019-05, s. 34.</p>	See #33	
35	<p><b>DIVISION VI PROHIBITIONS</b>          M.O. 2019-05, Div. VI.</p> <p></p>	<p>#1)          Distributor is not being compensated so this is entirely not applicable</p>	

	<p><b>35.</b> For insurance products referred to in paragraph 5 of section 424 and paragraph 1 of section 426 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>), no insurer may:</p> <p>(1) enable the distributor to keep its remuneration within a time period not commensurate with the term of the product, which time period may not, however, be less than 180 days;</p> <p>(2) pay to the distributor a bonus or a share in the profits based on contract experience;</p> <p>(3) set different commission rates applicable to a distributor for products with similar insurance coverage.</p> <p>M.O. 2019-05, s. 35.</p>	<p>Works the opposite way</p> <p>#2) Not applicable</p> <p>Not really about profits</p> <p>#3) Not applicable</p>	
36	<p><b>CHAPTER IV</b> TRANSITIONAL AND FINAL PROVISIONS M.O. 2019-05, c. IV.</p> <p> <b>36.</b> This Regulation replaces the Regulation respecting distribution without a representative (<a href="#">chapter D-9.2, r. 8</a>).</p> <p>M.O. 2019-05, s. 36.</p>	<p>Transitional</p>	
37	<p><b>37.</b> For the period from 13 June 2019 to 12 June 2020, any delivery to the client of a distribution guide forwarded to the Authority before 13 June 2019 in accordance with section 414 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>), including, if applicable, delivery to the client of the fact sheet in accordance with the Notice regarding the offering of insurance products by automobile and recreational and leisure vehicle dealers, is equivalent to the delivery of a summary and a fact sheet in accordance with section 22 of this Regulation.</p> <p>Similarly, access to such a distribution guide on the insurer's website during that period is equivalent to access to the summary in accordance with section 32 of this Regulation.</p> <p>M.O. 2019-05, s. 37.</p>	<p>Transitional</p>	

**FACT SHEET**

Just address the problems with the Fact Sheet  
Do not provide solutions  
Can forward any issues to the AMF  
Address however all the problems with the Fact Sheet

“It’s your choice” wrong  
Etc.  
First section is misleading  
Remuneration – just wrong  
Wrong information

Right to Cancel – just not correct  
Does not apply  
Perhaps have our own version of a Fact Sheet that is more accurate?

#### **Approach to the AMF**

Written submission?  
Themes of issues

Product Summary and Fact Sheet / Disclosures  
Training

Trying to explain what we addressed and why we addressed items in a specific way

Better informing customers is critical  
Here is how we would distribute these documents

Have our plan B and C

“These pieces are not relevant”

Annual Statement on Market Conduct

Written submission

Try to address their concerns in a way that is much better

## FACT SHEET

The purpose of this fact sheet is to inform you of your rights. It does not relieve the insurer or the distributor of their obligations to you.

### LET'S TALK INSURANCE!

Name of distributor: \_\_\_\_\_

Name of insurer: \_\_\_\_\_

Name of insurance product: \_\_\_\_\_



#### IT'S YOUR CHOICE

**You are never required to** purchase insurance:

- that is offered by your distributor;
- from a person who is assigned to you; or
- to obtain a better interest rate or any other benefit.

Even if you are required to be insured, **you do not have to** purchase the insurance that is being offered. **You can choose** your insurance product and your insurer.



#### HOW TO CHOOSE

To choose the insurance product that's right for you, we recommend that you read the summary that describes the insurance product and that must be provided to you.



#### DISTRIBUTOR REMUNERATION

A portion of the amount you pay for the insurance will be paid to the distributor as remuneration.

The distributor **must** tell you when the remuneration exceeds 30% of that amount.



## RIGHT TO CANCEL

The Act allows you to rescind an insurance contract, **at no cost**, within 10 days after the purchase of your insurance. However, the insurer may grant you a longer period of time. After that time, fees may apply if you cancel the insurance. **Ask** your distributor about the period of time granted to cancel it **at no cost**.

If the cost of the insurance is added to the financing amount and you cancel the insurance, your monthly financing payments might not change. Instead, the refund could be used **to shorten the financing period**. **Ask your distributor for details**.

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**The *Autorité des marchés financiers* can provide you with unbiased, objective information.**

Visit [www.lautorite.qc.ca](http://www.lautorite.qc.ca) or call the AMF at 1-877-525-0337.

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**Reserved for use by the insurer**

**This fact sheet cannot be modified**

**Participants, 6 March 2020 Meeting**

Scott Kirby, Chair

Keith Martin

Karyn Kasperski, RBC Insurance

Isabelle Choquette, Desjardins

Charles Andre Roy, Desjardins

Brendan Wycks, CAFII

Michelle Butler, Scotiabank

Peter Thorn TD

Greg Shirley Manulife

Monika Spudas Manulife

**Participants, 13 march 2020 Meeting**

Isabelle Choquette, Desjardins

Scott Kirby, TD Insurance

Peter Thorn, TD Insurance

Martin Boyle, BMO

Monika Spudas, Manulife

Greg Shirley, Manulife

Tracey Torkopolous, Assurant

Michelle Butler, Scotiabank

Keith Martin, CAFII

General Comment—trying to meet the outcomes expected from AMF, but not trying to comment  
If comply, implies that regulation applies and is an offer

### **Working Group Members Embedded Credit Card Coverages**

Scott Kirby, Chair

Martin Boyle, BMO Insurance

Isabelle Choquette, Desjardins (to be assisted by two people)

Mandy Rutten, CIBC

Michelle Butler, Scotiabank

Karyn Kasperski, RBC Insurance

Pete Thorn, TD Insurance

Monika Spudas, Manulife

Greg Shirley, Manulife

Tracey Torkopoulos, Assurant

Brendan Wycks, CAFII

Keith Martin, CAFII

### **Summary Notes of the 3 June 2021 Working Group Meeting**

These notes are not captured in a column in the RADM document because this meeting mostly concentrated on reviewing some documents related to the Product Summary. There is a template of the Product Summary produced by CAFII that was reviewed, but most of the discussion was around the response that National Bank Insurance had received from the AMF to their proposed revised Product Summary. The AMF said that if there were more than one type of insurance then a separate Product Summary was required. By way of example, travel insurance (health/medical, baggage, trip interruption, trip cancellation) could be covered in one Product Summary, but a different product like purchase insurance required a separate Product Summary. There was much discussion about how to fulfil on multiple Product Summaries, as it was difficult to provide multiple documents to consumers. There was a consensus that the booklets that are sent to consumers when they take out a credit card could be combined into one.

### **Summary Notes of the 10 June 2021 Working Group Meeting**

These notes are not captured in a column in the RADM document because this meeting mostly concentrated on reviewing translated documents relating to the AMF's response to National Bank Insurance's (NBI) revised Product Template. The 12-page Product Summary and the AMF's response were shared with Working Group members, and were the focus on discussion. Marie Nadeau of NBI summarized the AMF's responses, which included that not all exclusions needed to be laid out—it was better to “bucket” them. The AMF also felt that there needed to be a separate Product Summary for each product category—so in NBI's case, a product summary for purchase insurance, and a separate one for travel insurance (travel medical, baggage, trip cancellation, trip interruption etc.). There was much discussion among Working Group members about how to operationalize some of these expectations, noting that travel insurance could include life and health insurance as well as P&C

insurance (e.g. car rental insurance). Nearly all members said that different product summaries would need to be added together in the fulfilment package (“booklets”) provided to consumers. There was concern that if the AMF did not “sign off” on the approach members took, this could lead to expensive and time-consuming processes being put in place and then potentially being told by the AMF that the approach taken did not meet its expectations.

In Attendance:

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

**Summary Notes of the 17 June 2021 Working Group Meeting**

These notes are not captured in a column in the RADM document because this meeting was mostly focused on discussion around how CAFII members would implement the requirements associated with the AMF’s expectations around the RADM and credit card-embedded insurance benefits. It was noted that Desjardins is not yet using a Product Summary and as such is still sharing the Distribution Guide with consumers. There was a wide-ranging discussion about how to get the product summaries to consumers at time of sale, noting that the phone channel was unique and for that channel customers needed to consent to be sent the product summary or told how to access it for example on the company’s website. It was noted that there are multiple credit cards and products at play and one member said that this implementation would involve over 100 changes to process. It was noted that the Action Plans would also need to include timelines and milestones around communication, change management, and the training plan for frontline staff. It was emphasized that the product summaries are not to be

shared with consumers at time of fulfilment, but at time of offer or sale. Legal and compliance departments will need to review the action plans. Some members said that they did not envision completing all the tasks associated with this implementation before Q3 or Q4 2022. At the branch level, probably branch personnel would need to hand a paper copy of the product summary to the customer. However, given how many cards there are available and that the product summaries may differ for different cards with different embedded coverages, some felt that this was not realistic. Given that some members' websites are national and that this regulation only applies to Quebec, probably there would be an icon on the website that says Quebec resident should click on the tab, and that would bring them to the product summary. There was discussion about whether it was advisable to ask for guidance from the AMF, or just do what seemed most plausible. While it would be unpleasant to implement a solution and then have the AMF say it was not adequate, asking also has risks and we may not like the answers they give. It was suggested that the action plans should be high level—channels that require new processes and the dates by which that will be done; timelines; the training plan.

In Attendance:

Karyn Kasperski	RBC Insurance <i>Co-Chair</i>
Scott Kirby	TDI <i>Co-Chair</i>
Silvana Capobianco	BMO Insurance
Greg Caers	BMO Insurance
Mandy Rutten	CIBC Insurance
Trish Facciolo	RBC
Marie Nadeau	National Bank Insurance
Jennifer Russell	Assurant
Nadine Roy	Assurant
Isabelle Choquette	Desjardins
Monika Spudas	Manulife
Kuzio, Sherri	Scotiabank
Susan Johnston	RBC Insurance

CAFII:

Keith Martin  
Brendan Wycks

**Summary Notes of the 24 June 2021 Working Group Meeting**

The meeting began with an update on what had been covered at the prior meeting and whether there were any questions arising from that meeting. The discussion then turned to the letter from the AMF formally indicating that the request from CAFII for a three-month extension had been granted, although for the listing of products and distributors in E-Services the deadline was still 17 September, 2021, with Mario Beaudoin

indicating in his phone conversation with Keith Martin that this was to allow the AMF to provide guidance on how to capture products, as well as to ensure that everyone will be in a position to provide the data in the Annual Disclosure which is due on 1 May, 2022. It was noted that the letter sent to THIA was identical to the letter sent to CAFII, with two exceptions. The THIA letter includes, in response to a question from THIA, the comment:

*“ The Authority does not expect product summaries to be provided retroactively to all existing cardholders in Quebec...”*

As well, THIA’s letter also includes the following statement that is not in the CAFII letter:

*“ With respect to the fact sheet, we can continue discussing the issue.”*

It was pointed out that the 17 December 2021 deadline requires posting of the product summaries on the insurer’s websites, but only an action plan with respect to distributors. There was discussion of whether distributors would be head office only or all distributing branches, with most members saying that they believed the branch details were required. There was discussion on how to bucket the products in product summaries. There was discussion on how to deal with cancellations, and whether to report on credit card cancellations or list all cancelled certificates. It was noted that car rental insurance is non-travel related but might be best included in the travel insurance product summaries. There was discussion of the main insurer and other insurers, and how to deal with that. If disclosure is on benefits not credit cards that may avoid some problems but be more complicated to report on. It was also noted that the notice of rescission also needs to be included in the action plans, and can probably be added to the end of the product summaries.

A link was provided on how to navigate through the annual disclosure:

<https://lautorite.qc.ca/en/professionals/e-services/training-capsules/files-management-of-dwr-and-disclosure-of-distributors/>

TD Insurance provided some screen shots of the AMF’s E-Services:

Click on "Next" to confirm that the information below is accurate.

**Identification** ?

**Client information**

Client No. \_\_\_\_\_  
Name of firm \_\_\_\_\_

**Mailing address**

Civic No. \_\_\_\_\_ Suite / Apt. / Unit \_\_\_\_\_  
Street / Delivery Installation \_\_\_\_\_  
Municipality \_\_\_\_\_ Province / State \_\_\_\_\_  
Country \_\_\_\_\_ Postal code / Zip code \_\_\_\_\_

[Back to menu](#) [Reset](#) [Next >>](#)

Use this page of the form to **view** the details of a DWR file.  
To edit the information below, you must go back to the previous step and select "Update a DWR file".

**Product informations**

DWR file number: \_\_\_\_\_  
\* Name of product (in French) \_\_\_\_\_  
Insurer's file number, if any \_\_\_\_\_  
\* Type of product: \_\_\_\_\_  
\* Is this group insurance?  Yes  No  
\* Is the summary available in English?  Yes  No  
\* The insurer's website on which the product summary (in French) and a specimen of the policy or the insurance certificate are made accessible: \_\_\_\_\_  
Start date: 10/12/2012

**Other insurers, if applicable**

Where more than one insurer covers the risk.

Insurer 1: \_\_\_\_\_ [Search](#) [Clear](#)  
Insurer 2: \_\_\_\_\_ [Search](#) [Clear](#)  
Insurer 3: \_\_\_\_\_ [Search](#) [Clear](#)

**\*\*\* INFORMATION ABOUT THE CONTACT PERSON \*\*\***

The insurer must identify the person it is designating as the contact for all communications with the AMF regarding the DWR file. The person may be an employee of the insurer or of an entity that belongs to the same financial group as the insurer.

**Contact person information**

\* First name: \_\_\_\_\_ [Select](#) [Clear](#)  
\* Last name: \_\_\_\_\_  
\* E-mail: \_\_\_\_\_  
\* Employer and position held: \_\_\_\_\_  
\* Phone number: \_\_\_\_\_  
\* Salutation: \_\_\_\_\_

**\* Address**

Civic No. \_\_\_\_\_ Suite / Apt. / Unit \_\_\_\_\_  
Street / Delivery Installation \_\_\_\_\_  
Municipality \_\_\_\_\_ Province / State \_\_\_\_\_  
Country \_\_\_\_\_ Postal code / Zip code \_\_\_\_\_  
[Obtain an address](#)

**Contact information of the assistance service**

The assistance service is used to answer questions from the distributor regarding each product offered through DWR.  
If the insurer has outsourced its assistance service to a third party, it must **repeat** the information concerning the third party in the section "Information about the administrator" of the next step.

In the field below, please provide **all** the following information :

- Name of entity
- Québec enterprise number (NEQ)
- Full address
- Phone number
- E-mail

\* Contact information of your assistance service: \_\_\_\_\_

[Reset](#) [Previous](#) [Next](#)

In Attendance:

Karyn Kasperski	RBC Insurance <i>Co-Chair</i>
Scott Kirby	TDI <i>Co-Chair</i>
Silvana Capobianco	BMO Insurance
Greg Caers	BMO Insurance
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Nadine Roy	Assurant
Monika Spudas	Manulife
Sherri Kuzio	Scotiabank
Anu Bains	CIBC Insurance
Penny Cordogiannis	RBC Insurance
Pete Thorn	TD Insurance

CAFII:

Keith Martin

Brendan Wycks

**Summary Notes of the 8 July 2021 Working Group Meeting**

Keith Martin provided an overview of the presentation by Norton Rose to a Special Purpose Meeting of the Board on 29 June, 2021. Marc Duquette and Dominic Dupoy said that the AMF had full jurisdiction to change the regulation, or not apply it to credit card-embedded insurance coverages, without legislative change. Furthermore, they had the ability to immediately issue a “staff notice” that they would not be enforcing the Regulation for credit card-embedded insurance benefits. They felt that the Regulation should not apply to credit card-embedded insurance coverages as there is no distinct offer of insurance for these benefits, and that the requirement to provide a Fact Sheet that contained misleading information was inappropriate as it contradicted other Quebec regulatory and legislative requirements to not provide consumer with misleading or false information. Such a requirement led to an absurd consequence, they argued, and in fact was inconsistent with the legislation upon which the Regulation is based.

In terms of next steps, Keith Martin noted that the AMF had appeared more conciliatory of late, including issuing a three-month extension to comply with the Regulation, indicating flexibility on the Fact Sheet, and postponing consultations on other Regulatory initiatives to the fall of

2021. It was noted that these changes had all occurred in the timeline since a new Superintendent of Client Services and Distribution, Eric Jacob, had been appointed; possibly he was seeking to take a different approach than the AMF has been taking in the past few years. The Board asked CAFII management to therefore organize a virtual get-acquainted meeting with Mr. Jacob, to share his priorities, CAFII’s priorities, and then to share that while CAFII members were seeking to comply with the Regulation for credit card-embedded insurance coverages, the Fact Sheet remained a source of concern, and as such CAFII sought legal counsel from Norton Rose through which it learned some of its options. CAFII will share the key findings noted above from Norton Rose, and will then offer to have Norton Rose send a written synopsis of those findings; organize a virtual presentation to the AMF on those findings; or both (in French).

Working Group members noted that the most onerous element of complying with the Regulation is the need to do so at the time of offering of the card, as insurance is typically not a top-of-mind consideration for those applying for a new credit card, and the documentation around insurance did not fit well into the process flow for the sale of credit cards. If possible, that matter will also be raised with the AMF.

Scott Kirby presented a variety of ways in which reporting requirements could be met in E-Services for the AMF, noting that the easiest approach might be to aggregate the data for similar products across multiple credit cards, but that the drawback of such an approach might be that some of the data is not strictly correct. The more accurate approach would be to supply data per card, but this would be an onerous reporting requirement.

In Attendance:

Karyn Kasperski	RBC Insurance <i>Co-Chair</i>
Scott Kirby	TDI <i>Co-Chair</i>
Silvana Capobianco	BMO Insurance
Greg Caers	BMO Insurance
Mandy Rutten	CIBC Insurance
Trish Facciolo	RBC
Jennifer Russell	Assurant
Nadine Roy	Assurant
Monika Spudas	Manulife
Sherri Kuzio	Scotiabank
Marie Nadeau	National Bank Insurance
Susan Johnston	RBC Insurance

Karyn Kasperski, Co-Chair of the meeting, started the meeting by asking if anyone had questions about the items discussed at the last meeting, including how to make E-Services reporting. There being no questions, Scott Kirby asked if members of the Working Group could comment on how they planned to file reporting in E-Services.

Jennifer Russell from Assurant said that Option 1 was probably the best fit for it. However, they were still in discussion on that. Options 3 and 4 were not possible for Assurant. National Bank Insurance will report based on policy number and product. All the benefits are split into two group policies, and there would be disclosures for each. TD Insurance said that Option 2 was TD’s preference, where each type of insurance benefit gets its own disclosure but it is not repeated for each credit card. CIBC Insurance was looking at Option 4.

There is the option for everyone to proceed as they see fit, or there could try to be an industry position that all CAFII members follow. The AMF has offered for members to reach out to it if there were any disclosure issues. Some members said that the complexity of Option 3 would be an issue. Members also stated that there was a preference for individual members to take their preferred approach and not attempt to have a common approach, and then see what the AMF response is. CIBC noted that a Quebec resident who enrolls in a credit card while for example at Pearson, would still need to be provided with all the requirements of the RADM.

In terms of frequency of meetings, it was suggested that there could be lower frequency of meetings; perhaps a meeting in August as a placeholder, but only if necessary. It was agreed to keep the August 12 booking and resume weekly meetings on September 9.

In Attendance:

Karyn Kasperski	RBC Insurance <i>Co-Chair</i>
Scott Kirby	TDI <i>Co-Chair</i>
Silvana Capobianco	BMO Insurance
Greg Caers	BMO Insurance
Mandy Rutten	CIBC Insurance
Penny Cordogiannis	RBC Insurance
Trish Facciolo	RBC
Marie Nadeau	National Bank Insurance
Tracey Torkopoulos	Assurant
Jennifer Russell	Assurant
Nadine Roy	Assurant

Sherri Kuzio	Scotiabank
Isabelle Choquette	Desjardins

Staff: Brendan Wycks, Keith Martin

### **Summary Notes of the 16 September, 2021 Working Group Meeting**

Keith Martin gave an overview of the major outcomes of the 10 September, 2021 meeting with the AMF's new Superintendent of Client Services and Distribution Eric Jacob, along with his colleagues Mario Beaudoin and Louise Gauthier; along with next steps.

CIBC rolled out some of the AMF expectations nationally, but product summaries will be different depends on the province. Summaries will depend on the province. Assurant feels that Quebec residents in person depend on the jurisdiction in which the distribution occurs. So a Quebec resident in Ontario would not be subject to the RADM in the view of Assurant. Similarly, a Quebec resident would be charged Ontario tax. Michelle Butler also agreed with that perspective around initial sales. However, TD Insurance in its case said that it would look at the address for post-sale documentation, but they will not receive the up-front disclosures in all cases. However, there may be additional disclosures for a Gatineau resident whose branch is in Ontario.

CIBC will not include product summaries in their welcome packages which is why they are nationally offering it for everyone at time of offer. Assurant has a different view and feels that they need to follow all the requirements of the RADM only if it applies, which is why who obtain it outside of Quebec will not be subject to the jurisdiction of Quebec.

A member was planning to include the Fact Sheet in the disclosure, and noted that there may be costs to pulling it out now that it is not required by 17 December, 2021. Most members however indicated that they would not be submitting the Fact Sheet by 17 December, 2021.

Members were asked about whether the CBA should be involved in this initiative. Karyn Kasperski suggested that the CBA could be involved in how the Fact sheet should look. Pete Thorn said that these were insurance documents and perhaps CAFII was better placed to lead this discussion.

The issue of whether Action Plans would be different between members was raised. That will be the focus on the next Working Group meeting.

In Attendance:

Karyn Kasperski	RBC Insurance <i>Chair</i>
Pete Thorn	TD Insurance
Silvana Capobianco	BMO Insurance
Greg Caers	BMO Insurance
Mandy Rutten	CIBC Insurance

Penny Cordogiannis	RBC Insurance
Trish Facciolo	RBC
Nadine Roy	Assurant
Sherri Kuzio	Scotiabank
Isabelle Choquette	Desjardins
Michelle Butler	Scotialife Financial

Staff: Brendan Wycks, Keith Martin

## Proposed Agenda, Working Group on Credit Card-Embedded Insurance Benefits and the RADM—23 September, 2021 Meeting

- Update on 20 September Meeting with Board Chair Chris Lobbezoo; Vice Chair Peter Thompson; EOC Chair Rob Dobbins; EOC Vice Chair Karyn Kasperski; and CAFII management; and next steps on the AMF RADM Credit Card-Embedded Insurance Coverages File (K. Martin, B. Wycks)
- Question: “Are distributors planning on posting product summaries on their websites for 17 December, 2021 deadline?” (Silvana Capobianco, BMO Insurance; K. Kasperski)
- Question: “For commercial cards, is it necessary to issue product summaries to end customers or is the commercial representative sufficient?” (Silvana Capobianco, BMO Insurance; K. Kasperski)
- Question: “Is a product summary on the website sufficient, or should warnings, pop-ups, or other ways to make sure the customer understands what they are obtaining also be used?” (Isabelle Choquette, Desjardins; K. Kasperski)
- Comment: Update from Manulife on questions posed to the AMF (Monika Spudas, Manulife; K. Kasperski)
- Discussion of Action Plans (K. Kasperski)
- Other business (K. Kasperski)

## Summary Notes of the 23 September, 2021 Working Group Meeting

Keith Martin shared the outcome of a 20 September 2021 meeting with CAFII Board Chair Chris Lobbezoo; Vice Chair Peter Thompson; EOC Chair Rob Dobbins; EOC Vice Chair Karyn Kasperski; and CAFII management on the next steps on the AMF RADM Credit Card-Embedded Insurance Coverages File. CAFII will send a letter to the AMF thanking it for the meeting and summarizing in writing the commitments made by the AMF, including that the Fact Sheet and the Notice of Rescission do not need to be distributed to consumers by the 17 December, 2021 implementation deadline, but instead can be identified in the Action Plans as something that will be distributed to consumers at a future date after members’ work through CAFII and the AMF to develop a modified Fact Sheet and Notice of Rescission that will avoid some of the inaccurate statements in those documents that are a concern to industry currently.

CAFII will also share some of the legal arguments developed by Norton Rose with the AMF, including that the AMF has the power to modify the Regulation as it applies to credit card-embedded insurance benefits, without changes to the underlying legislation that it emanates from; and that the requirement to provide a Fact Sheet which contains misleading and inaccurate information creates an “absurd situation” where compliance with one regulatory requirements leads to lack of compliance with other Quebec legislative and regulatory requirements, such as the requirement to not provide consumers with inaccurate or misleading information.

There was also a discussion of the industry working group that will liaise with the AMF to produce a modified Fact Sheet. There is a concern that the Fact Sheet and Notice of Rescission are distributed by credit card departments are CAFII may not have the expertise to solely represent industry on these matters, and should not be making commitments without the active participation of credit card experts, as well as industry Associations representing those perspectives such as the CBA.

Karyn Kasperski, Chair of the Working Group, asked if there were further clarifications required from any Working Group members. Susan Johnston from RBC Insurance noted that the CBA felt that there was not a consensus that they should be involved in this. Michelle Butler also echoed this view around the CBA’s perspective that it required all its members to be supportive of its involvement. Ms. Butler also said that we are at a different point now and CBA involvement could be reviewed.

The question was asked: “Are distributors planning on posting product summaries on their websites for 17 December, 2021 deadline?” CIBC Insurance, RBC Insurance, TD Insurance, Scotiabank, BMO Insurance said that only insurers’ websites will have the product summary by the deadline. However, CIBC noted that it will have the Product Summary on CIBC.com until it is ready to be posted on other CIBC channels. For National Bank Insurance it will be distributed both on the distributor’s and insurer’s website, but without the Fact Sheet. NBI has the Notice of Rescission on the website, and will leave it there until it is revised.

The question was asked: “For commercial cards, is it necessary to issue product summaries to end customers or is the commercial representative sufficient?” Commercial cards, Ms. Kasperski noted, operate differently from individual cards. Monika Spudas said that they had many conversations with the AMF about this, and that there needs to be a product summary posted for these cards, but it can be at the enterprise level. So Manulife will be distributing the product summary at the enterprise level only.

The question was asked: “Is a product summary on the website sufficient, or should warnings, pop-ups, or other ways to make sure the customer understands what they are obtaining also be used?” Marie Nadeau of National Bank Insurance said that the agent speaking to the client is to offer to lead them to the website where the product summary is, and shares some high-level information such as key exclusions. TD Insurance said that on the insurer’s landing page there is a link to the product summary for Quebec residents only.

Monika Spudas from Manulife said that it has asked the AMF some questions including whether collision loss damage could be included in non-travel product summary for domestic purchases, and the AMF said that that was fine. The AMF also confirmed that two product summaries for travel and non-travel was fine. The AMF confirmed that each insurer, where there are multiple insurers, can each have their product summaries on their websites.

Karyn Kasperski raised the issue of what the Action Plans should look like. CIBC Insurance is still waiting on timing around some of the elements of the Action Plan, but has made good progress. TD Insurance is well-aligned with that approach, and is compiling what the 17 December, 2021 Action Plan will look like. Scotiabank has a similar approach and focused on fiscal 2022 implementation.

On reporting, CIBC Insurance said that the requirement to share cancellation information is inaccurate because people cancel credit cards, not the insurance component of the credit card.

In Attendance:

Karyn Kasperski	RBC Insurance <i>Chair</i>
Jennifer Russell	Assurant
Angela Khan	CIBC Insurance
Greg Caers	BMO Insurance
Mandy Rutten	CIBC Insurance
Penny Cordogiannis	RBC Insurance
Trish Facciolo	RBC
Nadine Roy	Assurant
Isabelle Choquette	Desjardins
Michelle Butler	Scotialife Financial
Belinda Lynch	Scotialife Financial
Monika Spudas	Manulife
Marie Nadeau	National Bank Insurance
Mandy Rutten	CIBC Insurance
Marie Skrelji	TD Insurance
Susan Johnston	RBC

Staff: Brendan Wycks, Keith Martin

**Agenda, 7 October, 2021 Meeting of the CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits**

1. Update from 5 October, 2021 Board meeting – Follow up letter to AMF; engagement of CBA in industry working group (Karyn Kasperski)
2. Continuing the discussion on Action Plans (All)
3. Follow up on how to deal with Commercial Cards (Product Summary only to representative of issuing company, not to all individual card holders)—further discussion (All)
4. Any other business (All)

#### Summary Notes of 7 October, 2021 Working Group Meeting

Karyn Kasperski welcomed the Committee members to the meeting. Ms. Kasperski updated the Committee on the recent Board meeting, including discussion on the AMF issue related to credit card-embedded insurance benefits. It was mentioned that a letter had been sent to the AMF's new Superintendent of Client Services and Distribution Oversight, Eric Jacob, in which the AMF was thanked for the recent meeting and the extension of the deadline for complying with the RADM for credit card-embedded insurance benefits; some of the Norton Rose legal arguments were shared; an outline of the agreement of the AMF in terms of not requiring distribution of the Fact Sheet and the Notice of Rescission by 17 Decembers, 2021; and noting that a pan-industry working group would interact with the AMF on the modifications to the Fact Sheet and the Notice of Rescission.

The Board, Ms. Kasperski said, suggested that CAFII stay status quo and not engage the CBA at this time in terms of getting them engaged in the pan-industry working group. CAFII may enquire with the AMF as to whether they wish the CBA to be engaged in the discussions.

The Board was also provided with an update of the activities of this Working Group, and the Board was especially interested in the Action Plans that members were developing, with a desire for the different Action Plans can be as consistent as possible.

Silvana Capobianco mentioned that the intention of BMO is to distribute commercial card product summaries to just some representatives of the credit card distributor. Monika Spudas said that the product summary did have to be distributed, but that it only had to be distributed to representatives of the organization and not to individuals at a later date. Assurant said that they were going to take the same approach. It was noted that the 30 March, 2021 letter from the AMF also indicated that the entity that chose the card, in this case the business representative, is the one who should get the product summary.

Discussion then turned to the Action Plans and what members were planning to put in them. There was discussion around distributors hosting the Product Summary on their websites at some date after the 17 of December, 2021 deadline date. Regarding

Action Plans, the focus has been on the development of the Product Summaries. Most members were working on the Product Summaries and had not done much work yet on the Action Plans. Given that the changes to the Fact Sheet and Notice of Rescission were to be made at a later date, perhaps the Action Plan implementation dates should only occur after that implementation date.

It was asked if a template could be provided with the components of an Action Plan. There are different components and internal and external elements that may need to be included in the Action Plans. Assurant said that they try to keep the Action Plans as high level as possible, and let the AMF come back if they want more detail. There are different channels—in-person, phone, digital—for acquiring customers, and each may require different Action Plans. For example, an online application may not require training. This will be the Agenda item for the 28 October, 2021 meeting. It was agreed to cancel the meetings leading up to 28 October, 2021.

In Attendance:

Karyn Kasperski	RBC Insurance <i>Chair</i>
Jennifer Russell	Assurant
Angela Khan	CIBC Insurance
Greg Caers	BMO Insurance
Silvana Capobianco	BMO Insurance
Penny Cordogiannis	RBC Insurance
Trish Facciolo	RBC
Nadine Roy	Assurant
Belinda Lynch	Scotiabank Financial
Monika Spudas	Manulife
Sherri Kuzio	Scotiabank
Susan Johnston	RBC

Staff: Keith Martin, Brendan Wycks, CAFII

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(d)**

**Read Only Item —Canadian Tire Bank’s Participation in CAFII-Managed Quarterly CPI Benchmarking Study with RSM Canada**

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### **Purpose of this Agenda Item – *Read Only***

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Read only item.

### **Background Information**

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At the 5 October, 2021 CAFII Board meeting, Directors felt that a participating member should, in principle, receive anonymized, aggregated reports on the same set of data from the RSM Canada benchmarking study that they contribute to the study. In the case of new member Canadian Tire Bank, which is a monoline credit card CPI distributor, that means that the data shared in the report which it receives from participating in the RSM Canada Quarterly CPI Benchmarking Study will be limited to the credit card balance protection insurance (CCBPI) only.

### **Recommendation / Direction Sought – *Read Only***

### **Attachments Included with this Agenda Item**

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No attachments.

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(e)**

**Read Only Items—Draft CAFII Submission To AMF on Concrete Examples of Areas for Regulatory Burden Reduction in Quebec**

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### **Purpose of this Agenda Item – *Read Only***

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Read only item.

### **Background Information**

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CAFII is drafting a submission to the AMF on areas for reducing regulatory burden upon the industry. The letter is based on input from CAFII members on areas of regulatory burden in Quebec that they are currently facing, which they feel could be removed without affecting consumer protection.

### **Recommendation / Direction Sought – *Read Only***

### **Attachments Included with this Agenda Item**

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One attachment.

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(f)**

**Read Only Item—Draft CAFII Submission on FSRA’s Proposed 2022-2023 Statement of Priorities**

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### **Purpose of this Agenda Item – *Read Only***

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#### **Background Information**

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CAFII is drafting a submission to FSRA on its Proposed 2022-2023 Statement of Priorities. The draft submission will be circulated for EOC and Market Conduct & Licensing Committee member review and feedback, with a deadline for submission of 29 October, 2021. To see the draft Statement of Priorities, please consult the following link:

<https://www.fsrao.ca/engagement-and-consultations/consultation-proposed-2022-2023-statement-priorities>

### **Recommendation / Direction Sought – *Read Only***

#### **Attachments Included with this Agenda Item**

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One attachment.

**DRAFT ONLY**

28 October, 2021

Mr. Mark White, CEO; and  
Financial Services Regulatory Authority of Ontario  
25 Sheppard Avenue West, Suite 100  
Toronto, Ontario  
M2N 6S6

**RE: CAFII Feedback on Proposed FY2022-2023 Statement of Priorities**

Dear Mr. White:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide comments on FSRA's *Proposed FY2022-2023 Statement of Priorities*.

In this submission, we have restricted our comments to those sections of FSRA's *Proposed FY2022-2023 Statement of Priorities* which are germane to CAFII members, i.e. to the consultation document's sections on Cross-Sectoral Priorities, the Life and Health Insurance Sector-specific Priorities, and FSRA's Proposed Fiscal Year 2022-23 Budget.

We largely agree with FSRA's observations in its environmental scan and, in particular, its view of the implications of COVID-19, including the underlying theme that we live in a time of uncertainty. Our members face unprecedented change, including environmental, societal, and technological change. In this environment, insurance can be more important than ever consumers, by offering Canadians and Ontarians some predictability and risk mitigation to offset the many challenges and doubts that characterize our current times.

We continue to agree with FSRA's recognition that the pace of technological change remains rapid, and concur with the statement that

*Digital sales of financial services were becoming more prevalent prior to 2022, and the pandemic greatly accelerated this trend. Regulated entities such as insurance companies/intermediaries ... had to implement or improve digital sales channels to reach customers. (Page 5)*

In response to this development, CAFII commissioned a poll of Canadians digital preferences in 2021, an executive summary of which is available on our website. We were pleased to learn that Canadians feel well-served digitally by our members, and we also noted that while Canadians are comfortable with digital communication with their insurance providers, they also look forward to also being able to more regulatory interact within branches as well as digitally.

With respect to consumer issues, we took notice of your statement that “FSRA will also continue to monitor the overall value-for-money insurance consumers receive from their products and whether the products consumers are being sold are suitable.” (Page 7.) We wish to emphasize that for credit protection insurance, which operate under permissions granted by the federal Bank Act and are provincially regulated, these products cannot be offered by licensed individuals and advice cannot be offered to consumers considering these optional products. As such, we are not able to assess “product suitability” for customers interested in these products, but rather can only assess “eligibility.”

We agree with the emphasis that FSRA has placed on monitoring cyber-technology risk and climate change risk. On the latter point, while climate change risk has traditionally been focused on the P&C insurance sector, there is increasing recognition of the impact climate change can have on mortality, morbidity, and consequently on life insurance. For those reasons, CAFII is also actively monitoring these issues, and we held a webinar on 29 September, 2021 on climate change and life insurance with RGA reinsurance; a copy of the presentation made at that webinar is available on our website’s research section.

With respect to cross-sectoral priorities, we feel that all three of FSRA’s priorities align well with our members’ views.

CAFII supports the “Strengthen consumer focus” priority; and, in that connection, we note that our members, as major financial institution distributors and underwriters of credit protection insurance and travel insurance, make considerable investments in systems, processes, oversight, monitoring, employee training, and controls to support highly professional sales practices focused on appropriate products and the fair treatment of customers.

We agree with the importance of robust complaints handling systems; and CAFII is committed to ongoing assessment of shifting consumer expectations. All of our members are also committed to consumers’ financial education and strengthening financial literacy.

With respect to the “Enable Innovation” priority, we support FSRA’s continued efforts in this area. The needs of consumers and the industry are changing and challenging the regulatory system faster than current mechanisms can adapt. The deliverables and outcomes specified by FSRA under this priority are appropriate in our view, and we continue to believe in the benefits of “regulatory sandboxes” that provide a safe, monitored space within which to test innovative products and services while ensuring consumer protection. On the issue of innovation generally, we are pleased to be arranging an upcoming session with Glen Padassery, FSRA’s EVP, Policy and Consumer Office, and his colleague Marlina Labieniec, the Director of the Innovation Office, to have our members more deeply understand the new FSRA Innovation Framework.

With respect to the “Modernize Systems and Processes” priority, we encourage FSRA to continue to invest in its core technology and processes to make them as efficient as possible. We believe that technology will continue to have a profound impact upon financial services regulators just as it is having on industry; and, as such, it is critical for FSRA’s effectiveness that it keep up with the pace of innovation through investments in technology. We note, however, that the deliverable of improving data interfaces and analytics will be most effectively implemented if it incorporates ongoing consultation with industry on this topic. Each private sector institution has its own definitions around data and its own approaches to technology, and understanding these nuances before building interfaces will reduce the risk of obtaining data that is difficult to aggregate, analyze, and interpret. That said, we wholeheartedly support the fundamental concept of an evidence-based approach to regulation.

We have in the past extended our kudos to FSRA for adopting CCIR/CISRO's *Guidance: Conduct of Insurance and Fair Treatment of Customers* as the document which outlines FSRA's expectations of industry with respect to FTC, without the need for a separate FSRA Guideline in this area. FSRA has set up a leadership example of supporting national co-ordination and harmonization by adopting the CCIR/CISRO Guidance. In that respect, we note and support FSRA's many references to the fair treatment of consumers in the *Proposed FY2022-2023 Statement of Priorities*; we encourage continued emphasis that such references are consistent with the CCIR/CISRO Guidance, to make clear that a harmonized approach continues to be taken.

With respect to the life and health insurance sector-specific "Enhance Market Conduct Oversight to Protect Consumers" priority, we support the initiatives outlined for this priority, and emphasize in that connection that CAFII members have made significant investments in systems, processes, oversight, monitoring, employee training, and controls to achieve consumer protection expectations.

We were very pleased to learn that FSRA has joined the International Association of Insurance Supervisors (IAIS). We recognize that international travel is currently restricted due to COVID-19. But that will not always be the case and we believe that FSRA, as the financial services regulator for Canada's most populous province and the economic engine of the country, should play a prominent role in that international organization. We note the many references in the *Proposed FY2022-2023 Statement of Priorities* to learning from and as appropriate aligning with the practices of international bodies (like the IAIS), and support that entirely.

With respect to the FSRA's proposed 2022-2023 Budget, we note that there is a significant increase in the budget in FSRA's revenue, and that some sectors will face increased fees; we also note the intent to "Build new team to address critical regulation gap to protect consumer in Life and Health Conduct sector."

The COVID 19-dominated 2021 year has been another very challenging one for the life and health insurance sector, and the industry has made considerable efforts to respond to shifting and heightened consumer needs and expectations in these difficult times. The industry continues to face considerable financial challenges. We encourage FSRA to keep those factors in mind when considering fee increases and increased conduct supervision for the life and health insurance sector.

In closing, we again express CAFII's appreciation for FSRA's continued commitment to open and transparent communication and consultation. We look forward to making further representations of our Association's views on FSRA's *Proposed FY2022-2023 Statement of Priorities* through the Life and Health Insurance Sectoral Advisory Committee's meetings, including the upcoming one with the FSRA Board on 23 November, 2020 on FSRA's *Proposed FY2022-2023 Statement of Priorities*.

Sincerely,

Rob Dobbins  
Board Secretary and Chair, Executive Operations Committee

### **About CAFII**

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

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

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

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

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(g)**

**Read Only Item—Insights Gained from September 14/21 CAFII Meeting with Erica Hiemstra and FSRA Colleagues Re FSRA’s Life Agent Reporting Form (LARF) Initiative**

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### ***Purpose of this Agenda Item – Read Only***

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#### **Background Information**

CAFII’s Brendan Wycks and Keith Martin met with Erica Hiemstra and her FSRA life agent regulation colleagues on 14 September, 2021 on the subject of FSRA’s current Life Agent Reporting Form (LARF) initiative. In attendance at this meeting from FSRA were:

Erica Hiemstra, Head, Market Conduct—Insurance Conduct;  
Swati Agrawal, Senior Manager, Market Conduct – Licensing and Market Conduct Division;  
Robert Prior, Senior Manager, Market Conduct, Life and Health Insurance  
Tim Mifflin, Senior Manager, Policy  
Roy Dias, Senior Manager, Credentialing Oversight: Financial Advisors  
Chris(tine) Caldarelli, Senior Policy and Technical Lead

The meeting covered some general initiatives around LARF that FSRA is engaged in, including its approach to audits, statistical analysis, and ensuring agent compliance. A major benefit of the meeting for was relationship-building with Erica Hiemstra and members of her FSRA team.

### ***Recommendation / Direction Sought – Read Only***

#### **Attachments Included with this Agenda Item**

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No attachments (Briefing Note only).

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(h)**

**Read Only Item—Finalization and Utilization of (i) New Website FAQs and Vignettes; (ii) New Website Video on Results of Research Project On Consumers' Digitization Preferences; and (iii) New Website Video on Job Loss CPI**

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### ***Purpose of this Agenda Item – Read Only***

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#### **Background Information**

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A series of website initiatives will be implemented in the final quarter of 2021, including new videos, FAQs, and vignettes. These continue moving CAFII down the road of adding content to the Association's website to enrich its consumer-facing value, to drive traffic to it, and to improve search engine optimization results.

### ***Recommendation / Direction Sought – Read Only***

#### **Attachments Included with this Agenda Item**

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One attachment.

## **New FAQs for the CAFII Website (Final draft -- 12/10/21)**

### **Credit Protection Job loss insurance**

**Q: Does Credit Protection Job Loss Insurance cover instances where a resignation was justified?**

*A: Credit Protection Job Loss Insurance covers a completely involuntary separation from employment. Typically, this may include a lay-off, dismissal without cause, a unionized labour dispute, a legal strike or a lockout. It typically does not cover people who quit their job, get fired for cause, stop working for medical reasons including pregnancy, or stop working for family-related reasons.*

#### **New Vignette: Credit Protection Job Loss Insurance**

Joe has Credit Protection Job Loss Insurance on his mortgage and credit card. He's not happy with the way his boss is treating him at work, so he quits his job and makes a claim on his Job Loss Insurance. Unfortunately, Joe's claim is denied because he voluntarily left his job. If Joe had checked his certificate of insurance before quitting his job, he would have been familiar with how his insurance provider defines job loss and the circumstances under which he would qualify for benefits payments under his Credit Protection Job Loss Insurance.

**Q: How do you make a Credit Protection Job Loss Insurance claim?**

*A: The claim process will vary depending on which financial institution you purchased your insurance from and what it covers (mortgages, loans, lines of credit and/or credit card balances). If you purchased your insurance from a CAFII member, please go to the ["How to Make a Claim"](#) section of this website, find the name of the financial institution, and click on the link to its website.*

### **Credit Protection Insurance**

**Q: What are the types of Credit Protection Insurance?**

*A: The main types of Credit Protection Insurance are Life, Disability, Critical Illness and Job Loss. These types of insurance protection can be obtained for a variety of debt obligations including mortgages, consumer loans, lines of credit and credit card balances.*

#### **Old Vignette: Credit Protection Life Insurance (from existing vignette in product category)**

Martine and Joseph have been approved by their bank or credit union for a \$30,000 personal loan to purchase a car. Should one of them pass away before most of the car loan is repaid, the surviving spouse may find it difficult to continue making the monthly payments on the loan.

So, Martine and Joseph purchase life insurance on their personal loan. In the event that one of them passes away, the insurance will pay out the outstanding balance on their insured loan (up to the maximum specified in the certificate of insurance), making it more likely the surviving spouse can keep the car.

Martine could just have insured her life for the loan, but since both spouses are working and contributing to the household finances, she wanted Joseph's life to be insured, too. And insuring two people on the same loan is a better deal, as premiums for the second person are usually 30% to 50% less than for the first person.

**Old Vignette: Credit Protection Disability Insurance (from existing vignette in product category)**

When Nick's friend became temporarily disabled in an accident and was not able to make monthly payments on his personal loan, the family car was repossessed. That's because Nick's friend, like nearly one-third of Canadians today, did not have enough rainy-day savings to cover even one month of expenses.

So, when Nick borrowed \$40,000 from his financial institution to buy a car for his own family, he decided to purchase Disability Insurance on his Personal Loan as part of a bundle that included Life Insurance and Critical Illness Insurance. "I wanted to have a safety-net," he told friends.

Nick was comforted by the fact that should he be unable to work due to a short-term disability, the regular payments of principal and interest on his insured loan and the applicable insurance premium would be paid for a designated period of time – usually starting after a 30- to 60-day waiting period and continuing for up to 24 months.

**Old Vignette: Credit Protection Critical Illness Insurance (from existing vignette in product category)**

Nadine has a \$25,000 personal loan that she used to purchase a new car.

Nadine is worried that should she unexpectedly experience a serious illness such as heart attack, stroke, or life-threatening cancer, she may not be able to continue making payments on her loan and keep the car and her good credit rating.

So, at the financial institution where Nadine took out the personal loan, she signs up for Critical Illness Insurance to cover the outstanding balance. Nadine knows that this type of insurance will pay out the outstanding balance on her loan (up to the maximum specified in the certificate of insurance) in the event that she contracts one of the named critical illnesses covered under the policy.

Unfortunately, three years after buying her new car Nadine has a stroke. While she is expected to recover, it could take a year or more. However, since Nadine has Critical Illness Insurance on her personal loan, her insurance pays off the balance owing on the loan, relieving her of a financial worry during a stressful and trying time.

**Q: Where do the insurance proceeds payment go if I make a claim on my Credit Protection Insurance?**

*A: After your claim has been adjudicated, the insurance proceeds payment will be used to pay out your insured debt balance (up to the maximum specified in the certificate of insurance), or to make/postpone debt payments on your insured debt on your behalf.*

**Old Vignette: Where do the insurance proceeds go? (from existing vignette in FAQ Who gets the money from my Mortgage Life insurance if I die?)**

Vicky and Bob, who have two children, have been approved for a \$500,000 mortgage to purchase a home. Vicky is the primary income earner, and the family's ability to make their mortgage payments is largely dependent upon her income.

Peace of mind and predictability of expenses are important for Vicky and Bob, so they purchase Mortgage Life Insurance for Vicky that will pay off the balance of their mortgage in the event of her death. They like the fact that their premiums will not change over the life of their mortgage, which

means that they are not exposed to higher costs for this coverage as Vicky ages or possibly develops health issues.

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

**Q: When should I get Credit Protection Insurance?**

*A: Whenever you have dependants, are a relied-upon income earner and contributor to your family's financial well-being, and are worried that you may not be able to make your debt repayments due to an unexpected event such as death, disability, critical illness or job loss, it is a good time to consider credit protection insurance.*

**New Vignette: When should I get Credit Protection Insurance?**

Josie and Mario just bought a home for their young family of four, and they had to take out a sizeable mortgage with a 25-year amortization period to do so. They also have a personal loan for their family car.

As the family's main income earner, Josie is concerned that if she were to become disabled, critically ill, or pass away, Mario would not be able to handle their monthly debt payments on his own, and they could lose their house and car.

So, Josie purchases three types of Credit Protection Insurance -- Life, Disability, and Critical Illness -- on herself for their Mortgage and personal loan.

This gives her the comfort of knowing that her Credit Protection Insurance coverages will pay out her mortgage and personal loan balance if she was to pass away or be diagnosed with a critical illness (up to the maximum specified in the certificate of insurance) or make/postpone debt repayments on her behalf if she was to become disabled.

**Credit Protection Mortgage Disability Insurance**

**Q: What is credit protection disability insurance on a mortgage?**

*A: Credit Protection Mortgage Disability Insurance covers your ongoing mortgage payments for a specified period of time should you become disabled due to illness or injury that prevents you from performing what were the regular duties of your occupation prior to your disability's manifestation. This type of coverage is typically purchased with Credit Protection Mortgage Life Insurance.*

**New Vignette: What is credit protection disability insurance on a mortgage?**

Vishal wanted to make sure he and his family could make or postpone debt repayments with his financial institution in the event he became disabled. So, he purchased Mortgage Disability Insurance, which is usually an optional add-on to Mortgage Life Insurance.

Vishal discovered that Mortgage Disability Insurance would pay all or part of his monthly mortgage payment to his financial institution should he be unable to work due to short-term disability. He'll still be

responsible for resuming his debt repayments when he recovers from his disability or when the benefit period ends (typically up to 24 months), whichever comes first.

**Q: Does Credit Protection Mortgage Disability Insurance cover short-term disability?**

*A: Credit Protection Mortgage Disability Insurance covers short-term disability for a specified period of time – usually starting after a 30- to 60-day waiting period, and continuing for up to 24 months.*

**New Vignette: Does Credit Protection Mortgage Disability Insurance cover short-term disability?**

After using most of her savings to buy a new home, Lianne wondered if she would be able to make her monthly mortgage payments and keep her house if she became temporarily disabled due to an injury that prevented her from working.

When speaking with a friend, Lianne learned that Mortgage Disability Insurance could provide the type of protection she was looking for and that she could purchase it at economical group rates from the financial institution providing her mortgage. This type of insurance would cover her monthly mortgage payments (up to a maximum amount) for up to 24-months if she could not work due to disability. It is usually purchased along with Mortgage Life Insurance.

A few years later, Lianne was seriously injured in a fall down a flight of stairs and could not work for five months. However, after a short waiting period, Lianne's Mortgage Disability Insurance kicked in and began making her \$2,500 monthly mortgage payments. As result, Lianne was able to remain in her home without making mortgage payments until she fully recovered from her injuries and was able to return to work.

**Q: What's the difference between Credit Protection Mortgage Disability Insurance and Credit Protection Critical Illness Insurance?**

*A: Credit Protection Mortgage Disability Insurance will pay all or part of your periodic mortgage payments to your bank or credit union while you are unable to work due to disability. You'll be responsible for resuming your debt repayments when you recover from your disability or when the benefit period ends, whichever comes first.*

*Credit Protection Critical Illness Insurance is not related to employment and your ability to work. You can be covered and receive a benefit from this type of insurance regardless of your employment status. It can pay off all or a portion of your insured debt obligations in one lump sum, thereby freeing up your money for other uses.*

*These two types of credit protection insurance may be purchased together, along with credit protection mortgage life insurance, or separately on their own.*

**New Vignette: Mortgage Disability Insurance**

After using most of her savings to buy a new home, Lianne wondered if she would be able to make her monthly mortgage payments and keep her house if she became temporarily disabled due to an injury that prevented her from working.

When speaking with a friend, Lianne learned that Mortgage Disability Insurance could provide the type of protection she was looking for and that she could purchase it at economical group rates from the

financial institution providing her mortgage. This type of insurance would cover her monthly mortgage payments (up to a maximum amount) for up to 24-months if she could not work due to disability. It is usually purchased along with Mortgage Life Insurance.

A few years later, Lianne was seriously injured in a fall down a flight of stairs and could not work for five months. However, after a short waiting period, Lianne's Mortgage Disability Insurance kicked in and began making her \$2,500 monthly mortgage payments. As result, Lianne was able to remain in her home without making mortgage payments until she fully recovered from her injuries and was able to return to work.

**Old Vignette: Mortgage Critical Illness Insurance (from existing vignette in product category)**

Should he ever experience a serious illness such as heart attack, stroke, or life-threatening cancer, Salim wants to know that all or most of the outstanding balance on his mortgage would be paid off, especially since he is the main breadwinner in his family.

As a result, Salim applies for Mortgage Critical Illness Insurance from his financial institution; and after answering a few health-related questions, is approved for coverage.

Eight years later, Salim is diagnosed with cancer and is unable to work. His Mortgage Critical Illness Insurance then pays off the balance of the mortgage on the family's home.

Salim's family members are devastated by his cancer diagnosis, but relieved that they do not have to worry about making ongoing mortgage payments during this stressful time. The insurance coverage not only eliminates the family's largest monthly bill, but it also frees up much-needed money to use for health-related expenses such as private nursing care, physical therapy, medical equipment, childcare and babysitting services, and modifications to the home.

It may take several years before Salim recovers, but his Mortgage Critical Illness Insurance allows him and his family to remain in their home without worrying about having to make mortgage payments.

**Q: Do you need to undergo a medical examination to apply for Credit Protection Mortgage Disability Insurance?**

*A: You will need to answer a brief medical questionnaire at the time that you apply for Credit Protection Mortgage Disability Insurance. If you answer 'NO' to all of the applicable health-related questions on the application form, then your application is usually accepted, and the insurer does not require any additional health information. If you answer 'YES' to any of the applicable health-related questions, you will be asked to provide additional information through a health assessment; and, in some cases, your application may require further underwriting evaluation before an approval decision is made.*

**New Vignette: Do you need to undergo a medical examination to apply for Credit Protection Mortgage Disability Insurance?**

Kendrick applies for Disability Insurance on his mortgage.

Kendrick answers "NO" to all of the applicable health questions on the application form and is accepted for coverage. If he later becomes disabled, assuming Kendrick completed the health questions accurately, his claim would be eligible for benefits which would take care of his mortgage payments (up to a maximum amount) for up to 24 months, subject to the general limitations specified in the policy.

If Kendrick answers 'YES' to any of the applicable health questions, he will be asked to provide additional information through a health assessment; and, in some cases, his application may require further underwriting assessment before an approval decision can be made.

**Q: How do you make a Credit Protection Mortgage Disability Insurance claim?**

*A: The claim process will vary depending on which financial institution you purchased your Mortgage Disability Insurance from. If you purchased this insurance from a CAFII member, please go to the ["How to Make a Claim"](#) section of this website, find the name of the financial institution, and click on the link to its website.*

## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(i)**

**Read Only Item—Proposed CAFII Motion Graphics Website Video on Consumer Protection Features of Credit Protection Insurance (now that Regulations in support of federal Financial Consumer Protection Framework aspects of Bill C-86 have been released)**

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### **Purpose of this Agenda Item – Read Only**

#### **Background Information**

CAFII had earlier developed a draft storyboard on the consumer protection framework features of credit protection insurance, but decided to park the effort temporarily until Regulations in support of the Financial Consumer Protection Framework aspects of federal Bill C-86 had been published. That has now happened, and reference to those Regulations will be made in the storyboard on this video. The storyboard will be circulated for review and feedback among CAFII members within the next several weeks, with the intention being to publish the video on the CAFII website in late 2021.

### **Recommendation / Direction Sought – Read Only**

#### **Attachments Included with this Agenda Item**

No Attachments (Briefing Note only).

## **Briefing Note**

### **CAFII EOC Meeting 26 October, 2021—Agenda Item 7(j)**

#### **Read Only Items—Insights Gained from September 29/21 CAFII Webinar on “Climate Science, Our Changing Planet, and Implications for Life Insurance”**

#### **Purpose of this Agenda Item – Read Only**

Read only item.

#### **Background Information**

CAFII held a successful presentation from RGA Reinsurance on 29 September, 2021 on “Climate Science, Our Changing Planet, and Implications for Life Insurance.” The presentation, which is attached to this meeting’s package, is also posted on our website.

The presenters were:

- Georgiana Willwerth-Pascutiu, VP Global Medical Director, RGA Reinsurance; and
- Chris Falkous, Vice-President and Senior Biometric Insights Actuary at RGA Reinsurance Company, situated in the UK.

Among the registrants for the webinar were the following regulators and policy-makers:

- The Autorite des marches financiers, or AMF;
- The Quebec Ministry of Finance;
- The BC Financial Services Authority, or BCFSa;
- Ministry of Finance, Government of B.C.
- The Canadian Insurance Services Regulatory Organisations, or CISRO;
- The Financial and Consumer Affairs Authority of Saskatchewan, or FCAA;
- The Financial Services Regulatory Authority of Ontario, or FSRA;
- The Government of Alberta;
- The Government of Nova Scotia; and
- The federal Office of the Superintendent of Financial Institutions, or OSFI.

Insights from the session are also contained in the October 2021 Regulatory Update.

#### **Recommendation / Direction Sought – Read Only**

Read only item.

#### **Attachments Included with this Agenda Item**

One Attachment.



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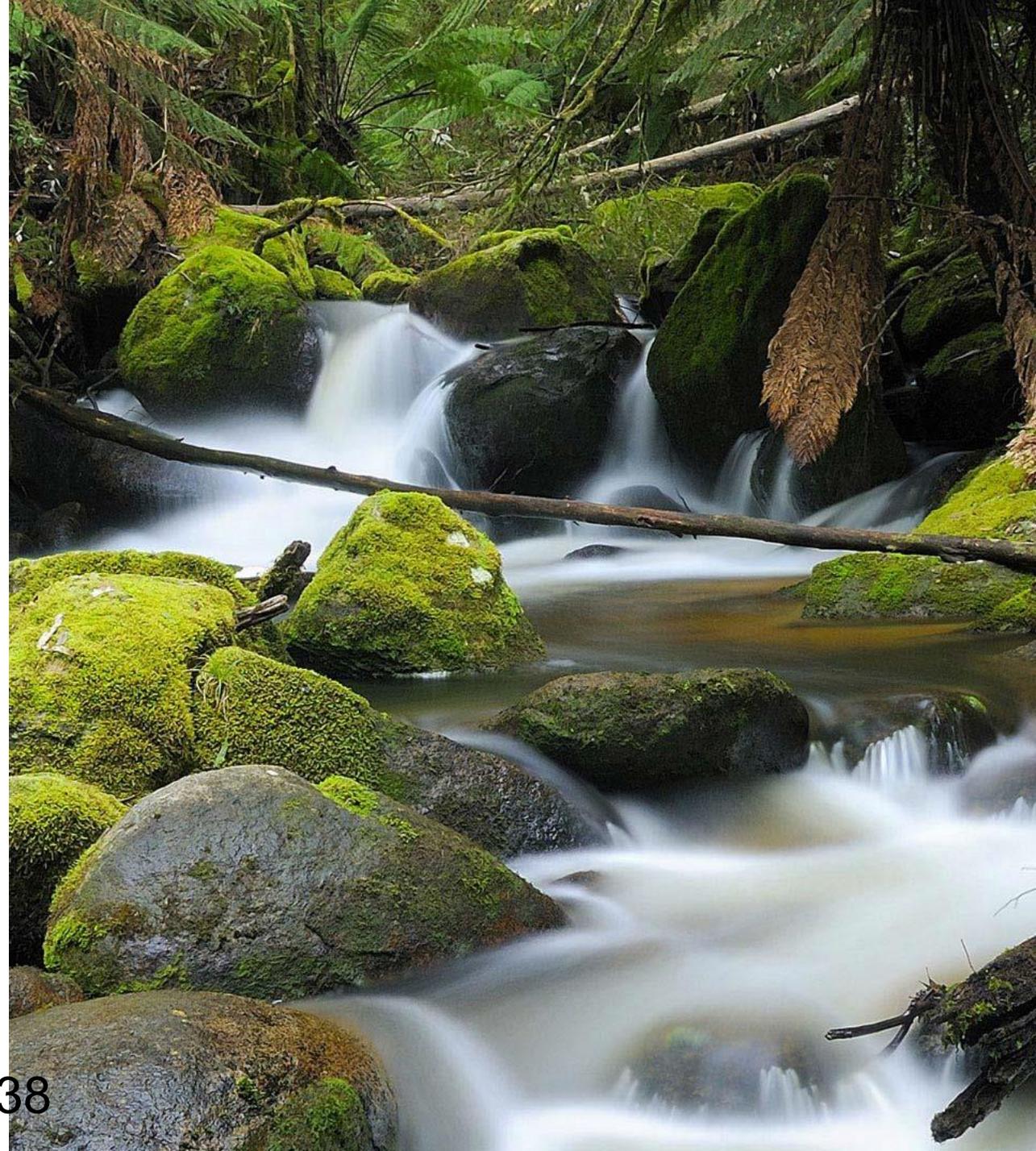
# Discussion on climate change and life insurance implications

Fall 2021 CAFII Webinar

Christopher Falkous, MSc, FIA, VP, Senior Biometric  
Insights Actuary, RGA

Georgiana Willwerth-Pascutiu, MD, DBIM, VP and  
Global Medical Director, RGA

September 29<sup>th</sup>, 2021



## Topics for discussion

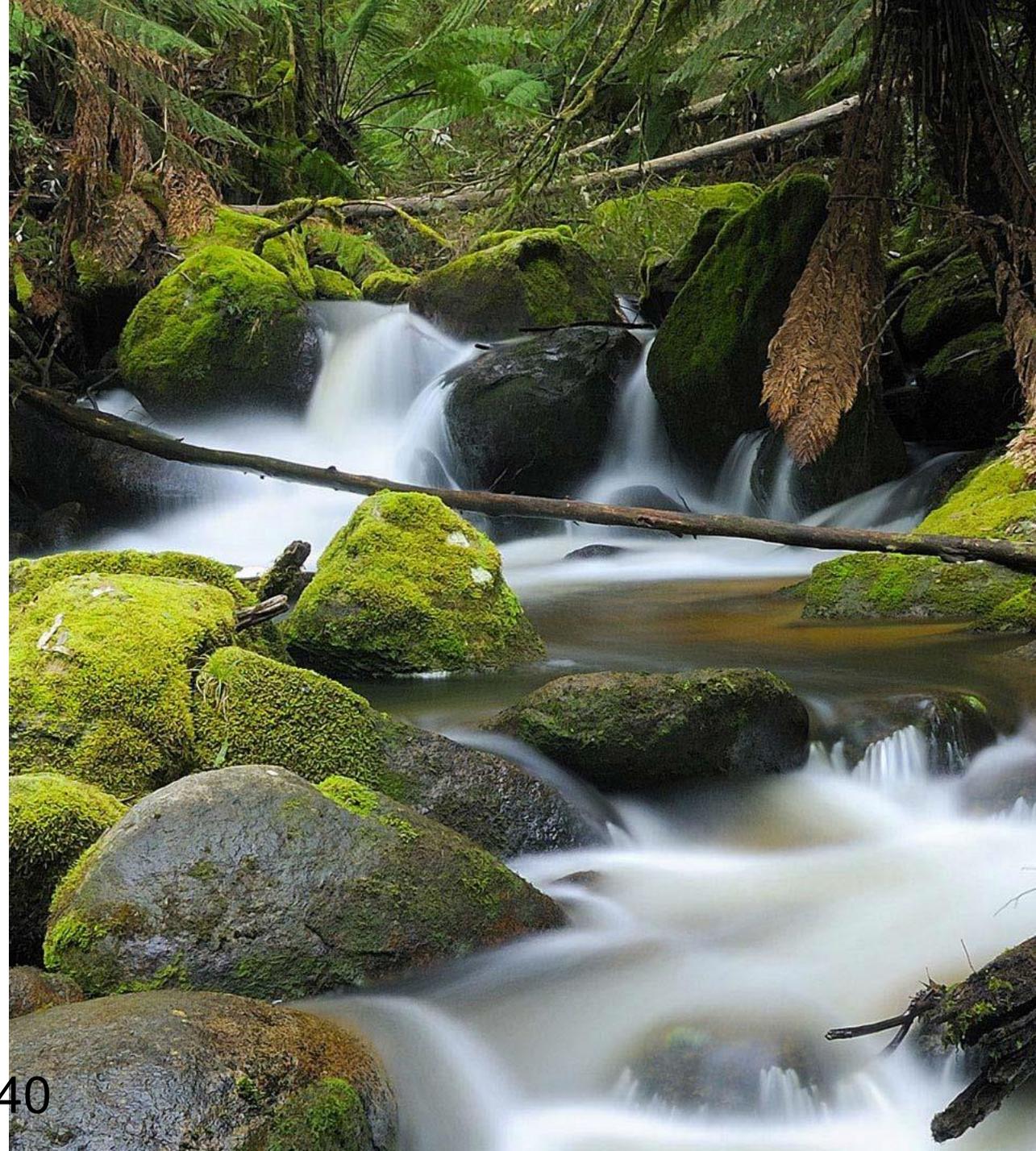
1. Evidence for climate change
2. Risks associated with climate change
3. Temperature-related mortality
4. Mortality associated with air pollution
5. Other impacts
6. Transition policies – Diet and active travel



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# Evidence for climate change



# Climate Change: How Do We Know?

## Evidence

- Increased global surface temperature
- Extreme temperatures
- Increased likelihood of wildfires
- Severe weather events
  - Heat waves
  - Floods, severe hurricanes
  - Droughts
- Rising sea levels, ocean acidification
- Shrinking Ice Sheets
- Air pollution
  - ~250,000 additional deaths per year globally between 2030 and 2050 (WHO)

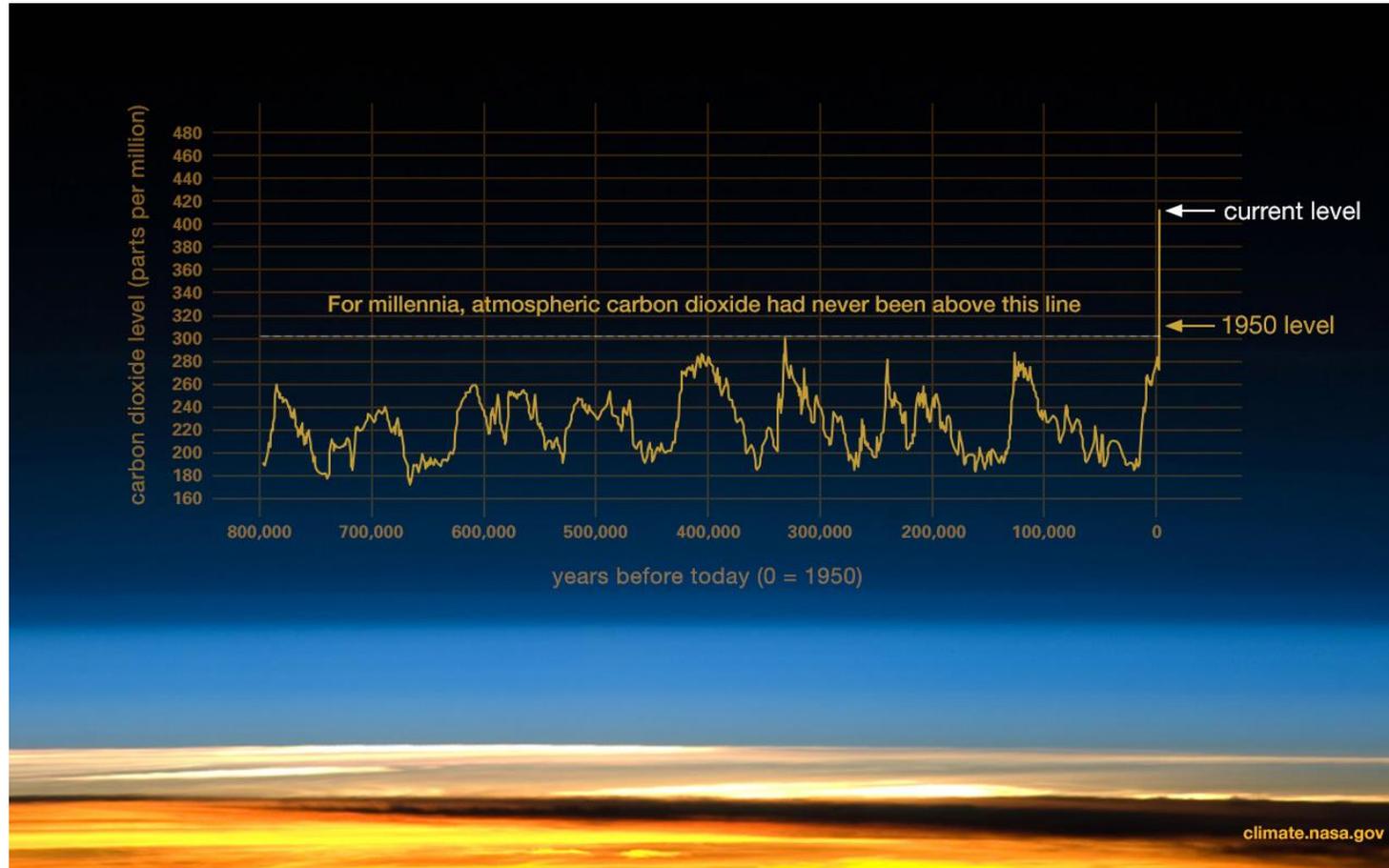


# What drives climate change?

- A: Is a natural phenomenon
- B: Is the result of human activities
- C: A and B

# Climate Change: How Do We Know?

## Facts



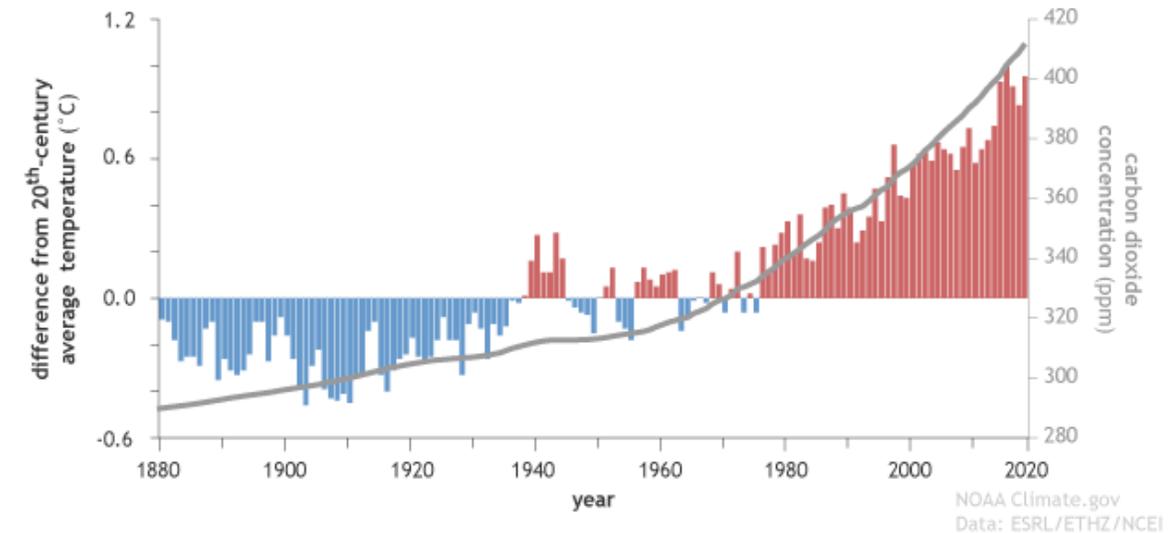
# Evidence

## National Oceanic and Atmospheric Administration (NOAA 2018)

- Most of the warming occurred in the past 40 years, with the seven most recent years being the warmest
- 2016 and 2020 are tied for the warmest year on record
- Extreme weather increasing
  - Toronto ON Sept 5th, 2018
    - Temp of 34 °C
  - Toronto ON Sept 8th, 2018
    - Temp of 17 °C
  - Temp of 49.6 °C in Lytton, British Columbia

## Global Temperature and Carbon Dioxide

Atmospheric carbon dioxide and Earth's surface temperature (1880-2019)



# Population Growth and Urbanization

Delhi



Hong Kong



- The world population increased from 1 billion in 1800 to 7.7 billion today
- Emergence of megacities
- Urbanization
  - 3% in the 1800s
  - 69% of world's population by 2050

# Industrial revolution



- The world's modern environmental problems began with or were greatly exacerbated by the Industrial Revolution



- Global challenges of widespread water and air pollution

# How did we get here?

## “The Age of Anthropocene” – David Attenborough

Garden of Eden



Oil Palm plantation



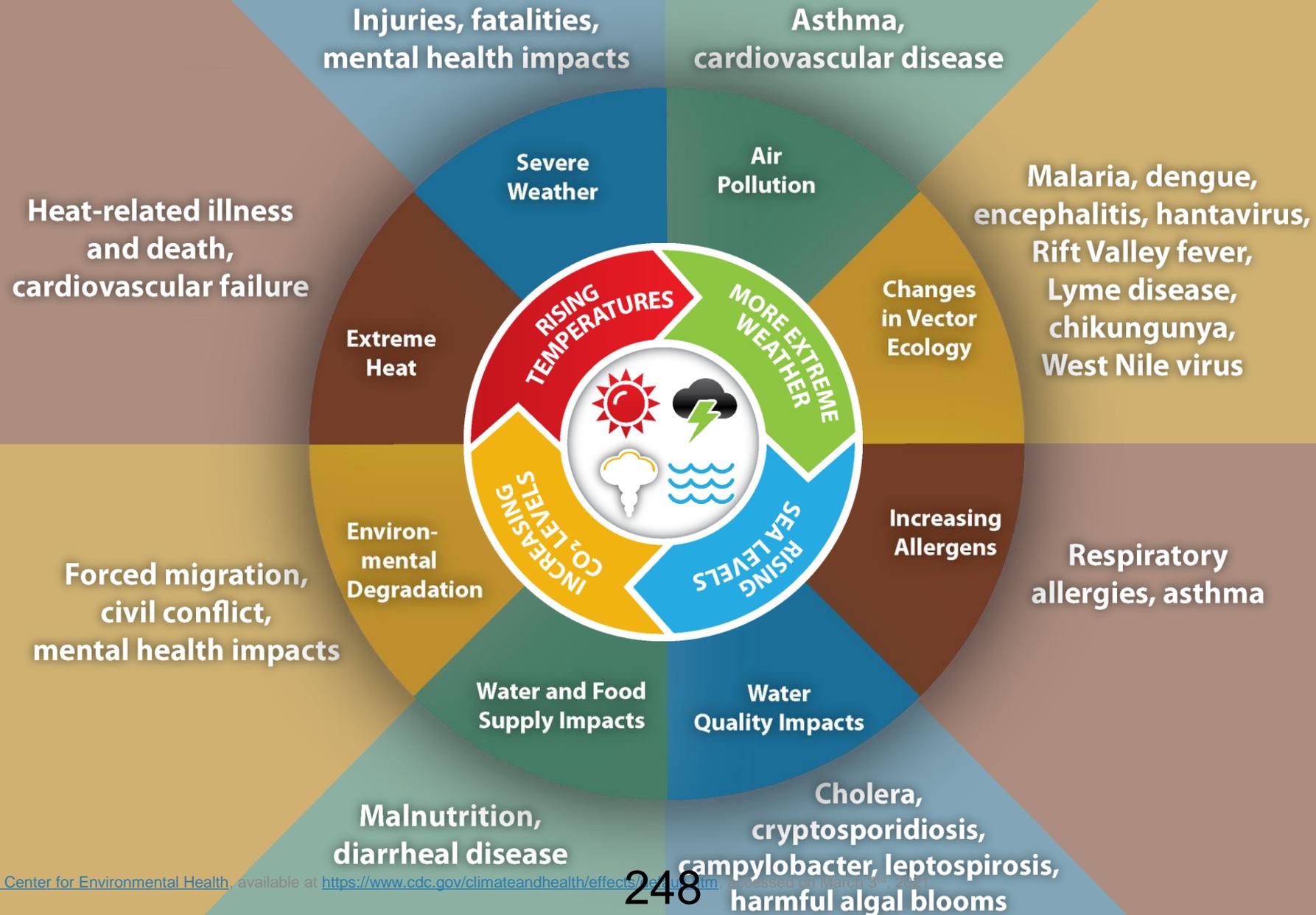
Loss of Wildlife



The Age of the Chicken



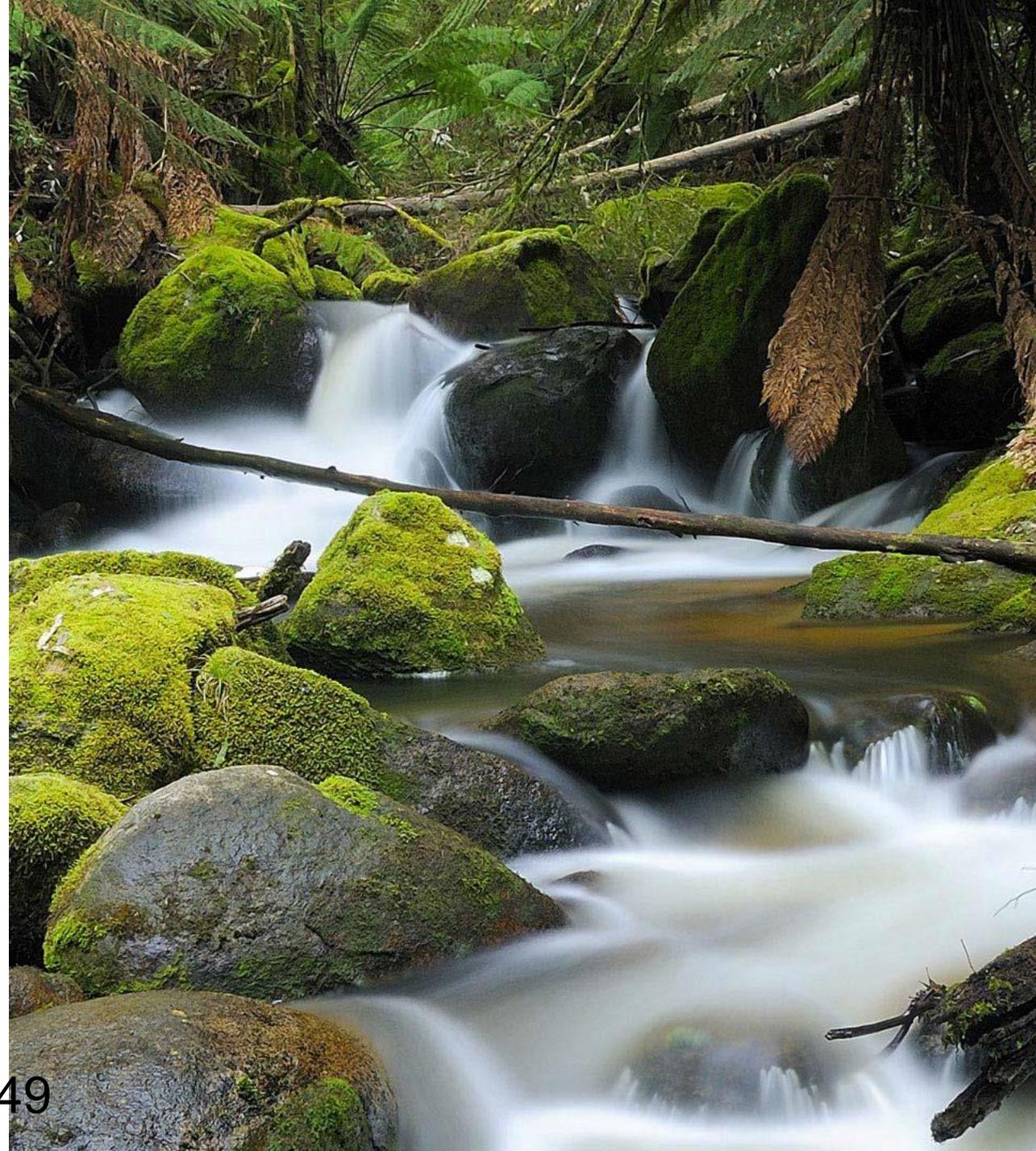
# Impact of Climate Change on Human Health



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# Risks associated with climate change



# Risks associated with climate change

## Transition risks

*Risks related to the transition to a lower-carbon economy*

- Policy and legal risks
  - Policies to limit emissions
  - Exposure to litigation
- Technology risk
  - New technology could disrupt existing systems
- Market risk
  - Changes in supply and demand of goods and services
- Reputation risk
  - Stigmatization or negative stakeholder feedback

## Physical risks

*Risks related to the physical impacts of climate change*

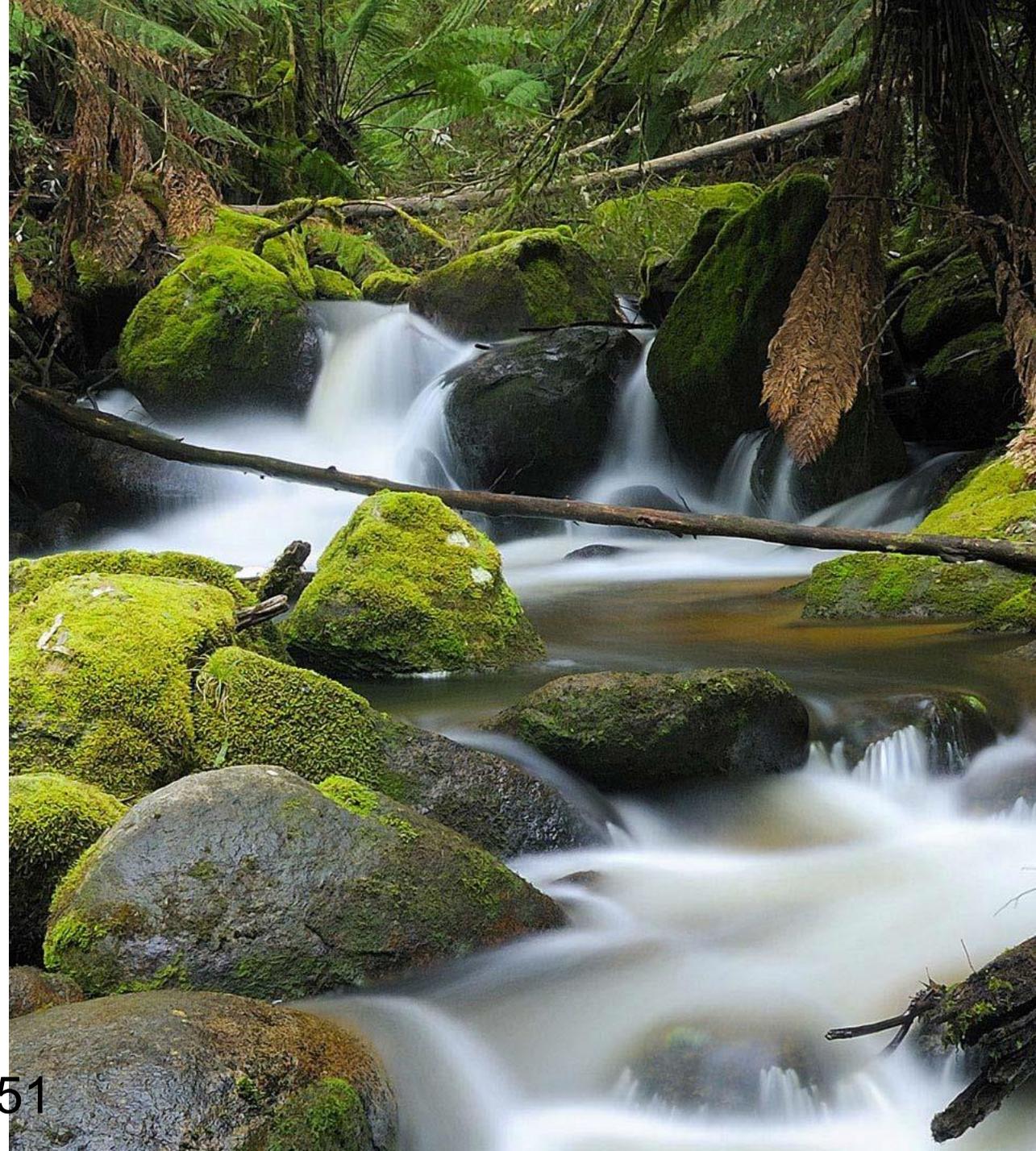
- Acute risk
  - Severity and frequency of extreme weather events
  - Examples: storms, heatwaves
  - Examples: flooding, wildfires
- Chronic risk
  - Longer-term shifts in climate patterns
  - Examples: average temperature, sea levels
  - Examples: air pollution, vector-borne diseases, food production

Sources: <https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf> and [https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf\\_public/climate\\_risk\\_web\\_final\\_250221.pdf](https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public/climate_risk_web_final_250221.pdf)

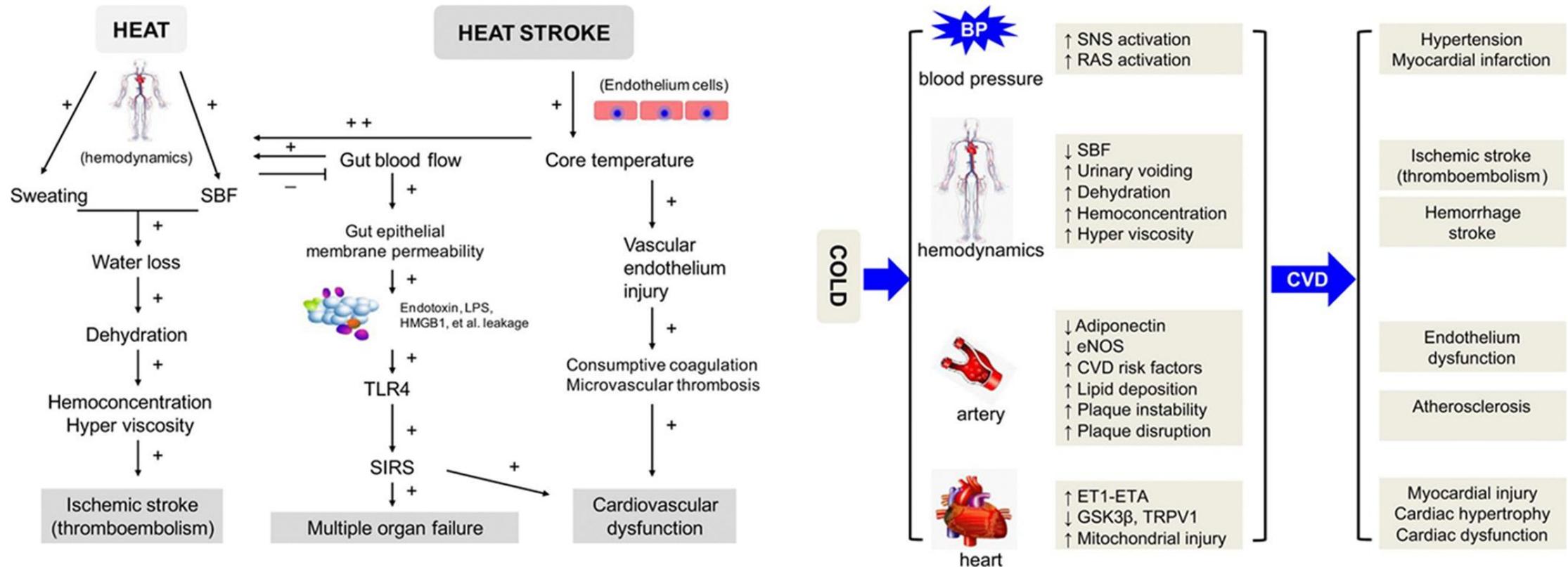
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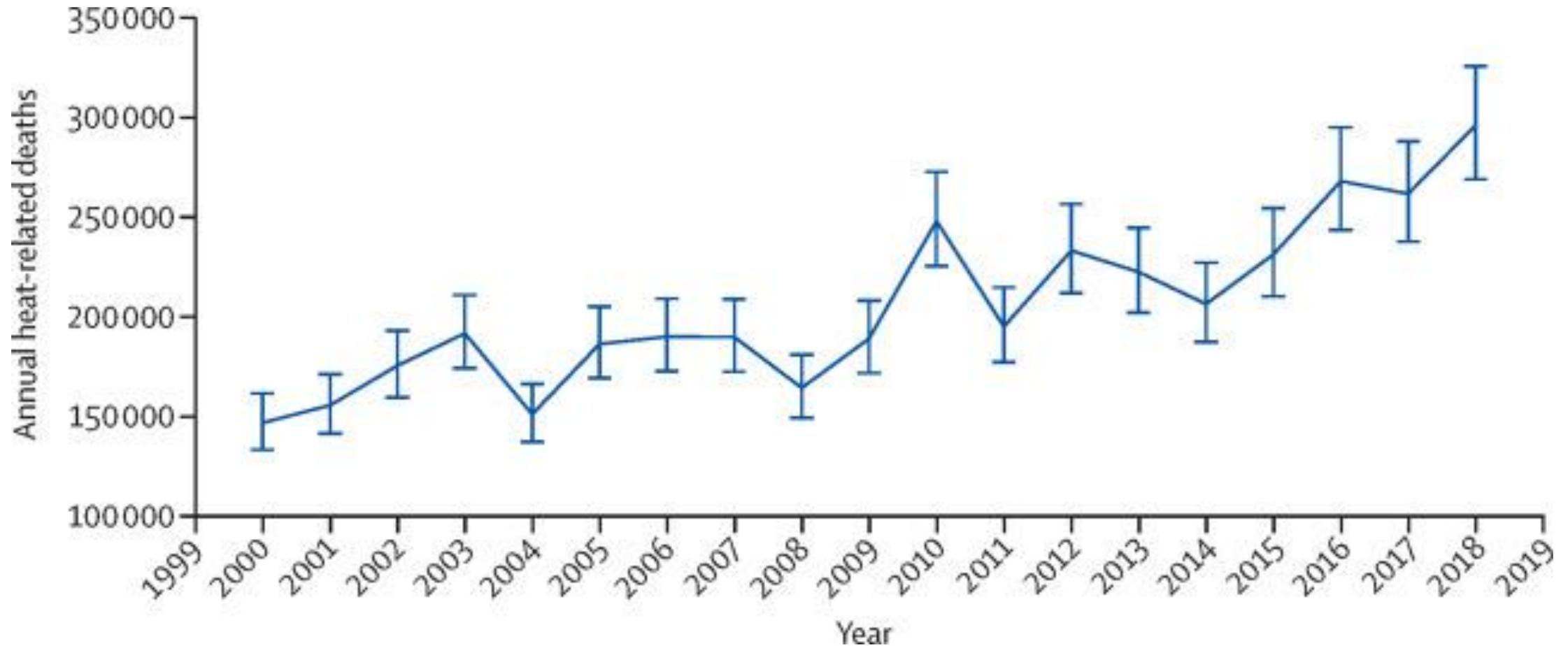
# Temperature-related mortality



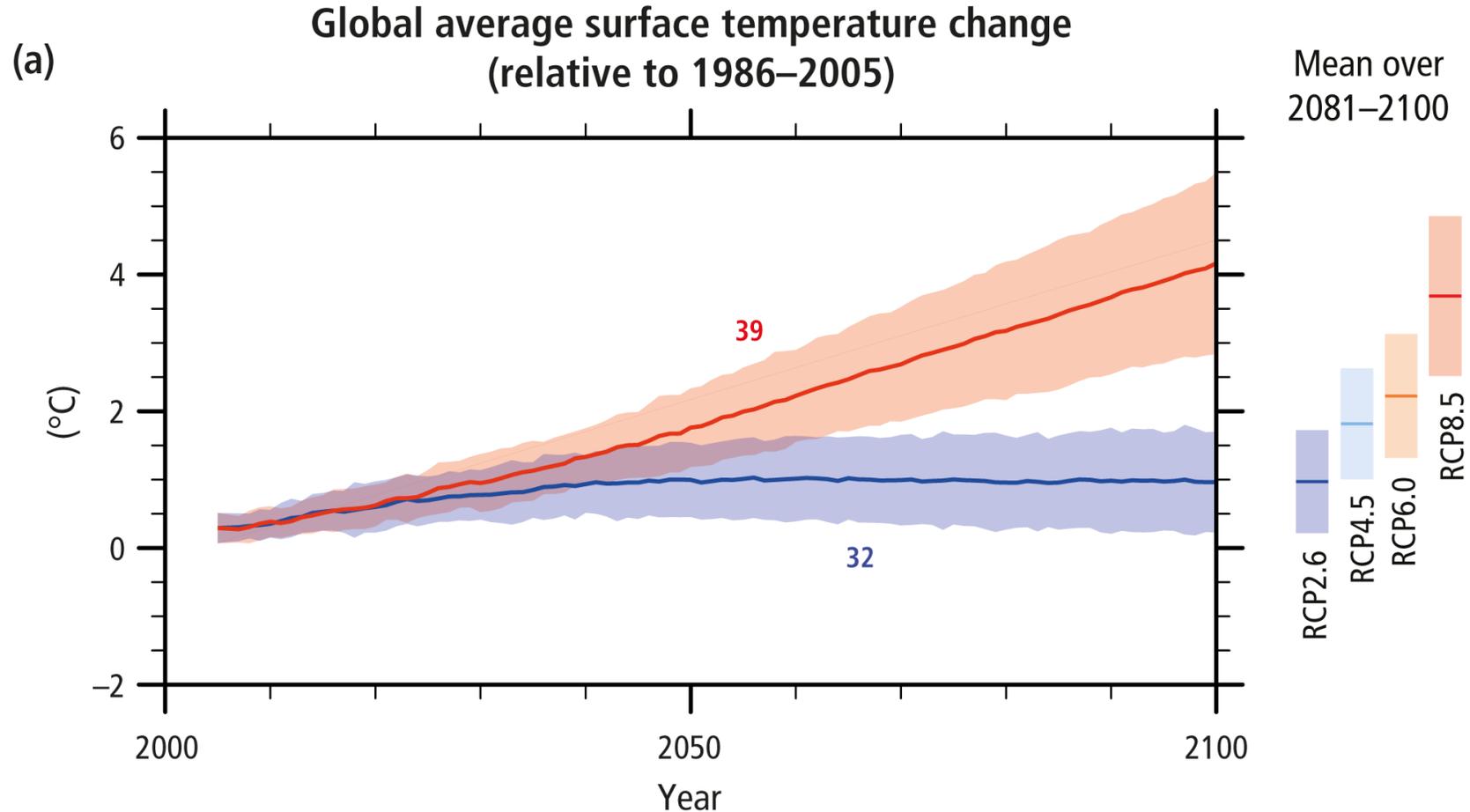
# Temperature related deaths



## Global heat-related mortality for populations older than 65 years

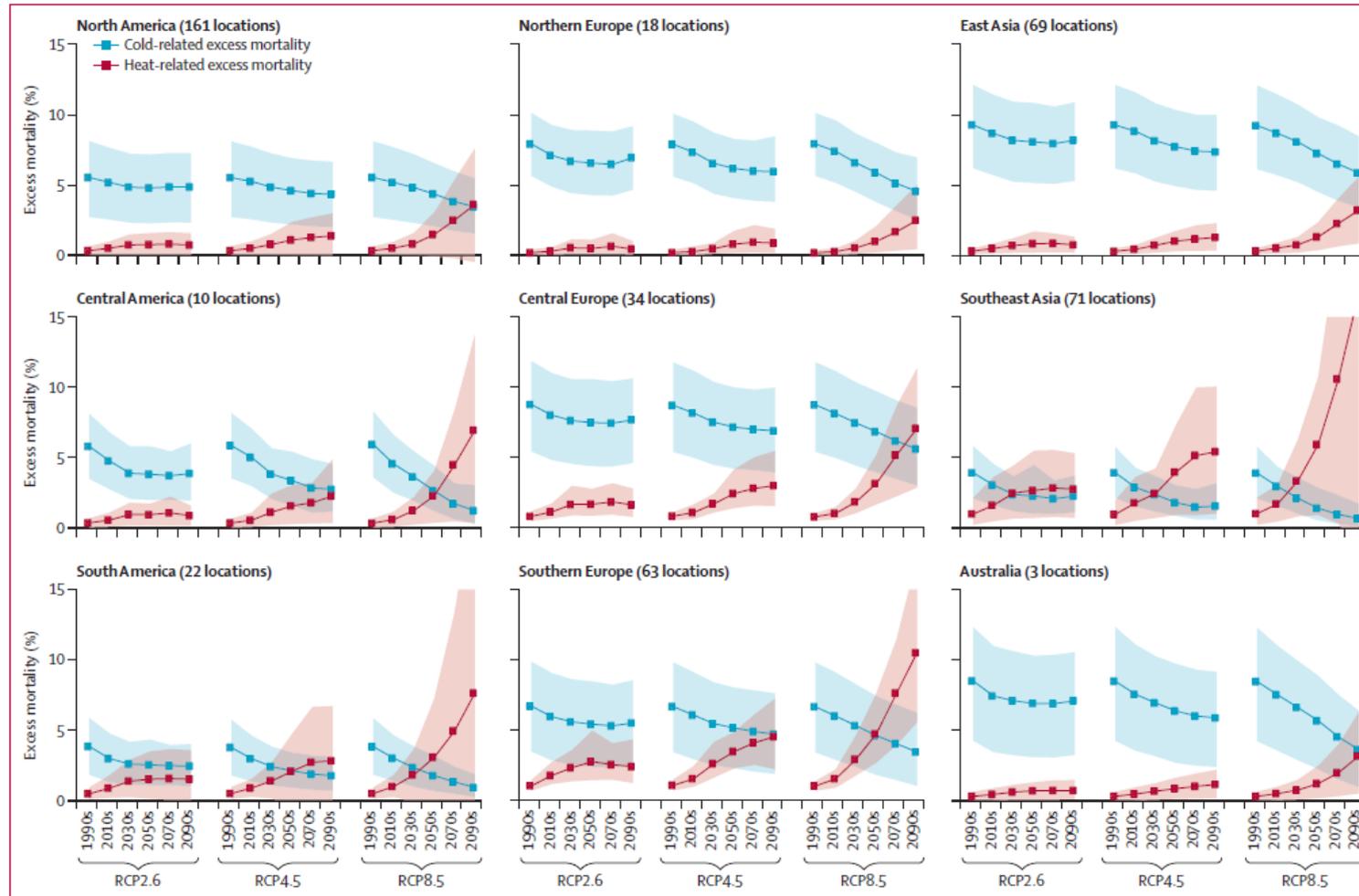


# Representative Concentration Pathways (RCPs)



IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 151 pp. © Intergovernmental Panel on Climate Change, 2015, The right of publication in print, electronic and any other form and in any language is reserved by the IPCC. Short extracts from this publication may be reproduced without authorization provided that complete source is clearly indicated.

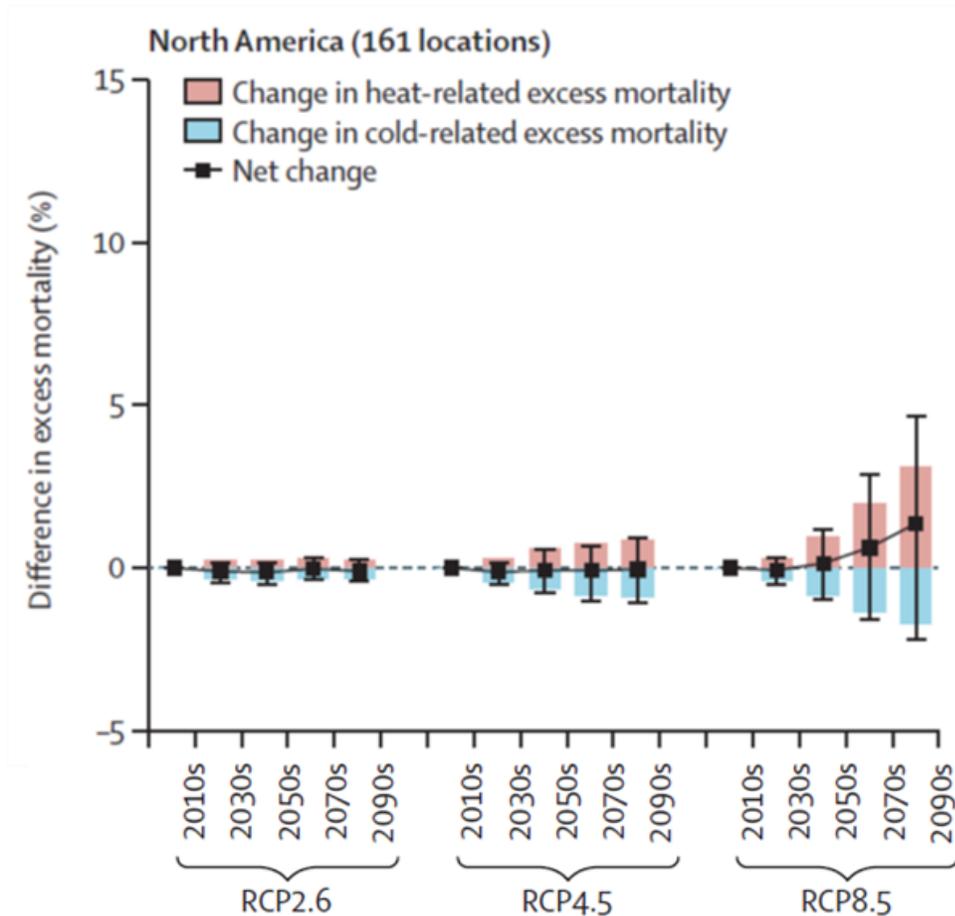
# Temperature-related mortality



**Figure 2: Trends in heat-related and cold-related excess mortality by region**

The graph shows the excess mortality by decade attributed to heat and cold in nine regions and under three climate change scenarios (RCP2.6, RCP4.5, and RCP8.5). Estimates are reported as GCM-ensemble average decadal fractions. The shaded areas represent 95% empirical CIs. RCP=representative concentration pathway. GCM=general circulation model.

# Temperature-related mortality



Net change	RCP4.5		RCP8.5	
	%	2050-59	2050-59	2090-99
Canada				
Heat		+0.6	+1.5	+3.6
Cold		-0.6	-1.2	-1.7
Net		+0.1	+0.4	+1.9
USA				
Heat		+0.6	+0.8	+3.0
Cold		-0.6	-0.9	-1.8
Net		-0.1	-0.1	+1.3

# Temperature-related mortality

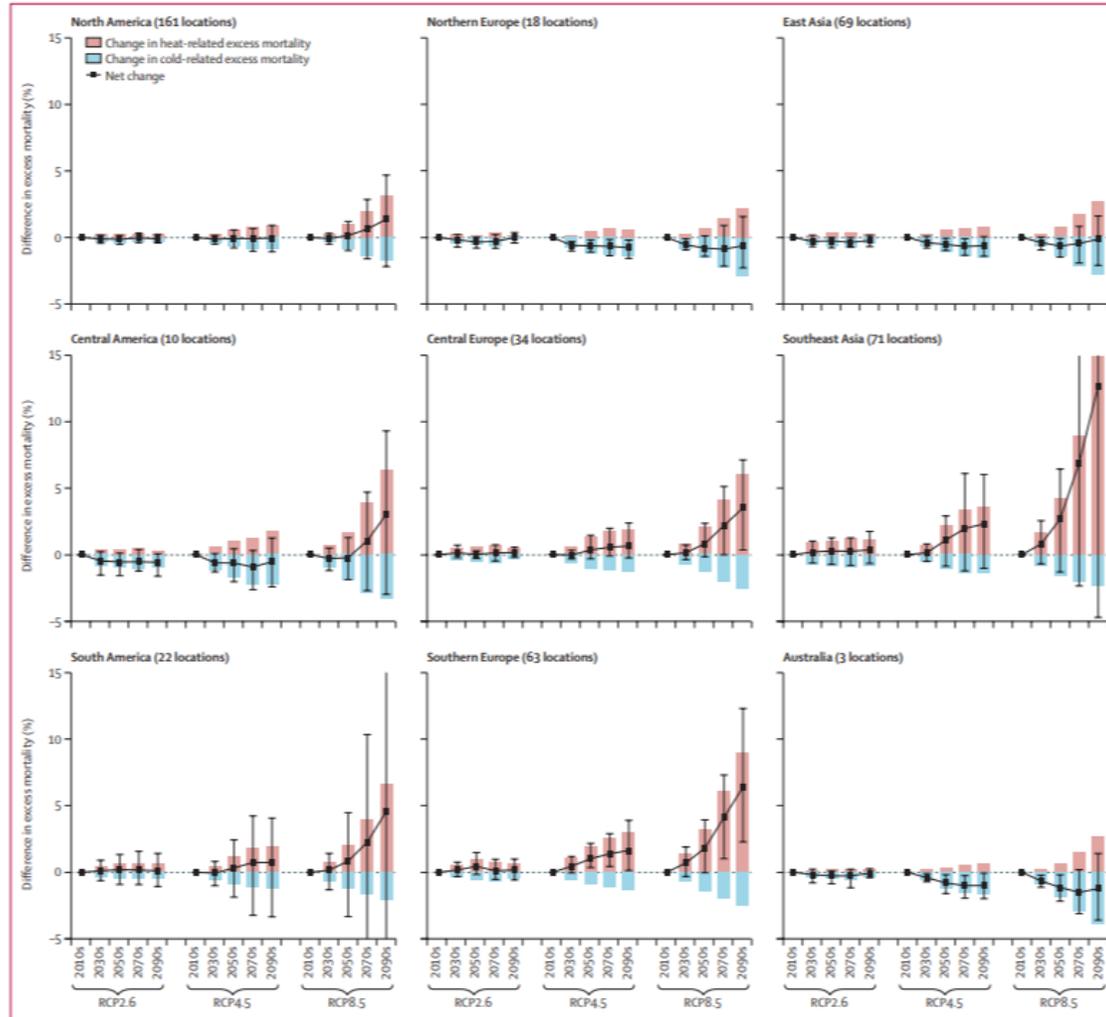


Figure 3: Temporal change in excess mortality by region  
 The graph shows the difference in excess mortality by decade compared with 2010–19 in nine regions and under three climate change scenarios (RCP2.6, RCP4.5, and RCP8.5). Estimates are reported as GCM-ensemble averages. The black vertical segments represent 95% empirical CIs of net difference. RCP=representative concentration pathway. GCM=general circulation model.

RCP4.5 2050-59	Net change %
Ireland	-1.1
Australia	-0.8
UK	-0.6
Japan	-0.6
Philippines	-0.6
China	-0.5
South Korea	-0.1
USA	-0.1
Canada	+0.1
Taiwan	+0.2
Brazil	+0.4
France	+0.5
Italy	+0.9
Spain	+1.1
Mexico	+1.2

# City-level vulnerability to temperature-related mortality in the USA

## Future projections

- Used historical mortality and temperature data from 208 US cities to quantify observed changes in vulnerability from 1973 to 2013
- US mortalities projected from a 2°C increase in mean temperature decreased by more than 97% when using 2003–13 data compared with 1973–82 data
  - Benefits declined with increasing temperatures
  - At increases of 4°C, national-level reductions in cold-related mortality were outweighed by increases in mortality due to heat
  - In a more extreme climate change scenario, the adaptive capacity could be reached
  - Adaptation measures could cause tremendous emissions of CO<sub>2</sub> and fine particulate matters, further aggravating the current global warming trends

# Projections of temperature-attributable mortality in Europe

## Time series 1998-2012 from 16 European countries

- Derived temperature-mortality associations by collecting daily temperatures and all cause mortality records
  - associations were used to transform the daily temperature simulations from the climate models in historical period (1971–2005) and scenario period (2006–2099) into projections of temperature-attributable mortality
- Findings: **7.17%** (95% CI 5.81–8.50) of deaths registered in the observational period were attributed to non-optimal temperatures, cold being more harmful than heat
- The increase in heat attributable fraction will start to exceed the reduction of cold attributable fraction in the second half of the 21st century
  - especially in the Mediterranean region
  - in the higher emission scenarios (RCP8.5: 4.54°C by 2070–2099)

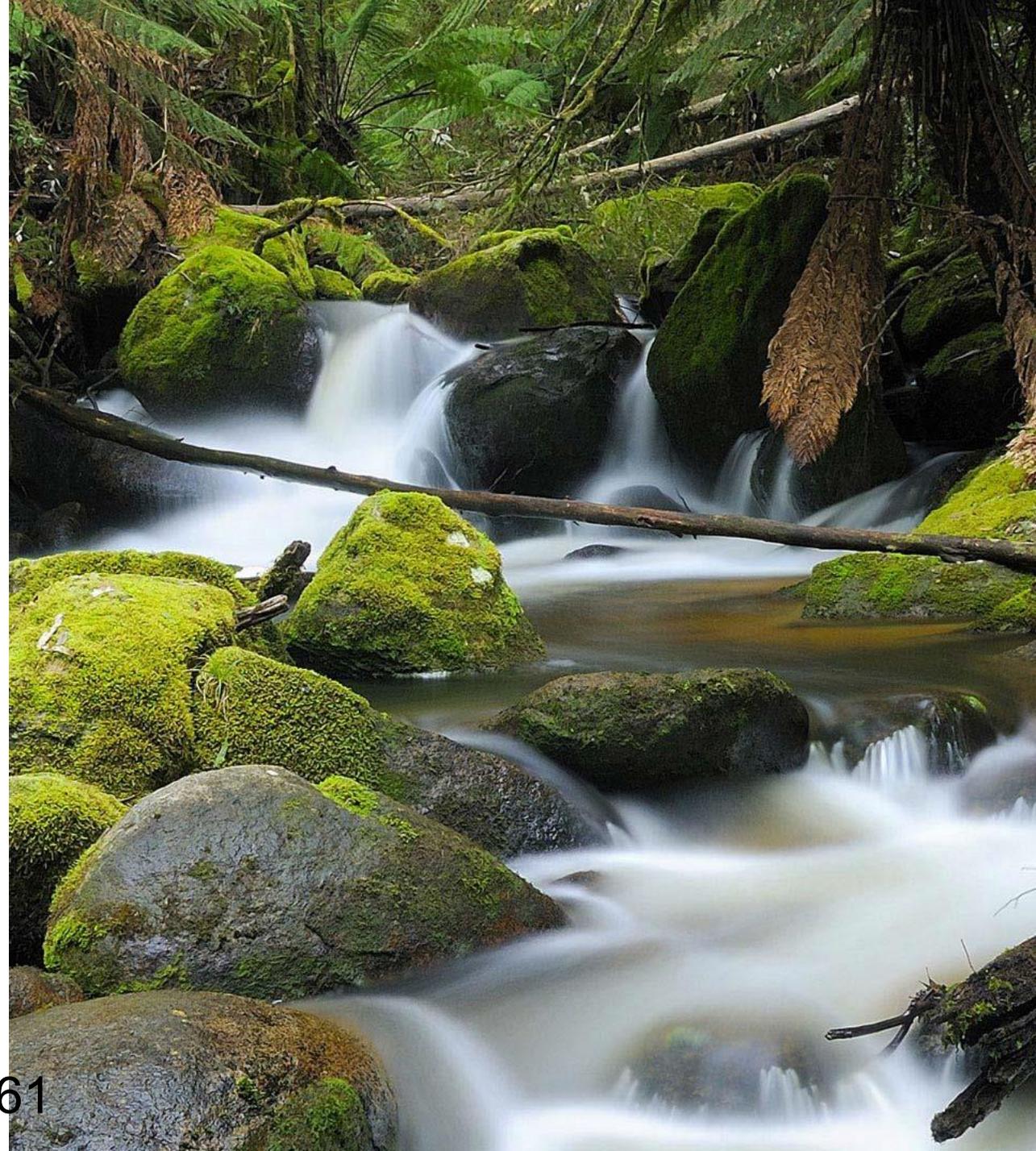
# Global, regional, and national burden of mortality associated with non-optimal ambient temperatures from 2000 to 2019

- Data on mortality and ambient temperatures from 750 locations in 43 countries
- Globally, 5 083 173 deaths were associated with non-optimal temperatures per year, accounting for **9·43%** of all deaths (8·52% were cold-related and 0·91% were heat-related)
- Most studies project an increase in heat-attributable deaths and a concurrent decrease in cold-attributable mortality under different scenarios of greenhouse gas emissions, resulting in a positive or negative long-term net effect depending on the location and magnitude of the warming
  - Plateau in RCP2.6 throughout the present century, but a rapid increase starting in 2060 in RCP6.0 and in 2040 in RCP8.5
- Findings:
  - Mortality burden varied geographically, 51·49% occurred in Asia
  - From 2000–03 to 2016–19, the global cold-related excess death ratio changed by  $-0·51$  percentage points and the global heat-related excess death ratio increased by 0·21 percentage points leading to a net reduction in the overall ratio

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# Mortality associated with air pollution

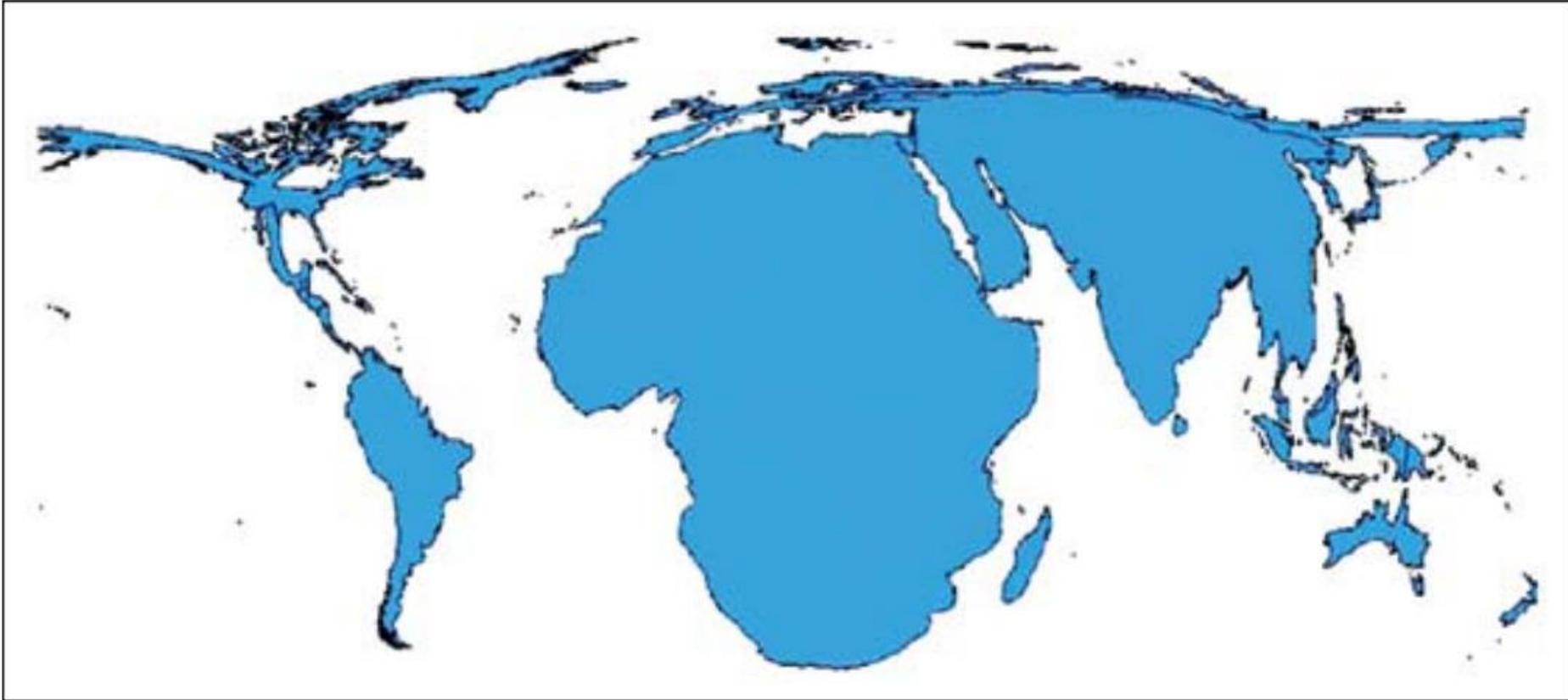


# Air pollution exposure and health impact

- PM<sub>2.5</sub> (sulfate, nitrates and black carbon) penetrate deep into the lungs and in the cardiovascular system
- Most deaths were due to noncommunicable diseases (cardiovascular diseases, stroke, chronic obstructive pulmonary disease and lung cancer)
- Multiple studies are listing air pollution as the fifth leading risk factor for mortality worldwide – behind poor diet, high blood pressure, tobacco use and high blood sugar
- WHO estimated between 4-9 million premature deaths in 2015 — 16% of all deaths worldwide— three times more deaths than from AIDS, tuberculosis, malaria combined
- The Government of Canada estimates that 14,600 premature deaths per year in Canada can be linked to air pollution

# The world map reflecting mortality related to climate change

**Figure 6** — The world map reflecting mortality related to climate change



Source: Climate Change and Global Health: Quantifying a Growing Ethical Crisis, 2007, Jonathan A. Patz, Holly K. Gibbs, Jonathan A. Foley, Jamesine V. Rogers, and Kirk R. Smith

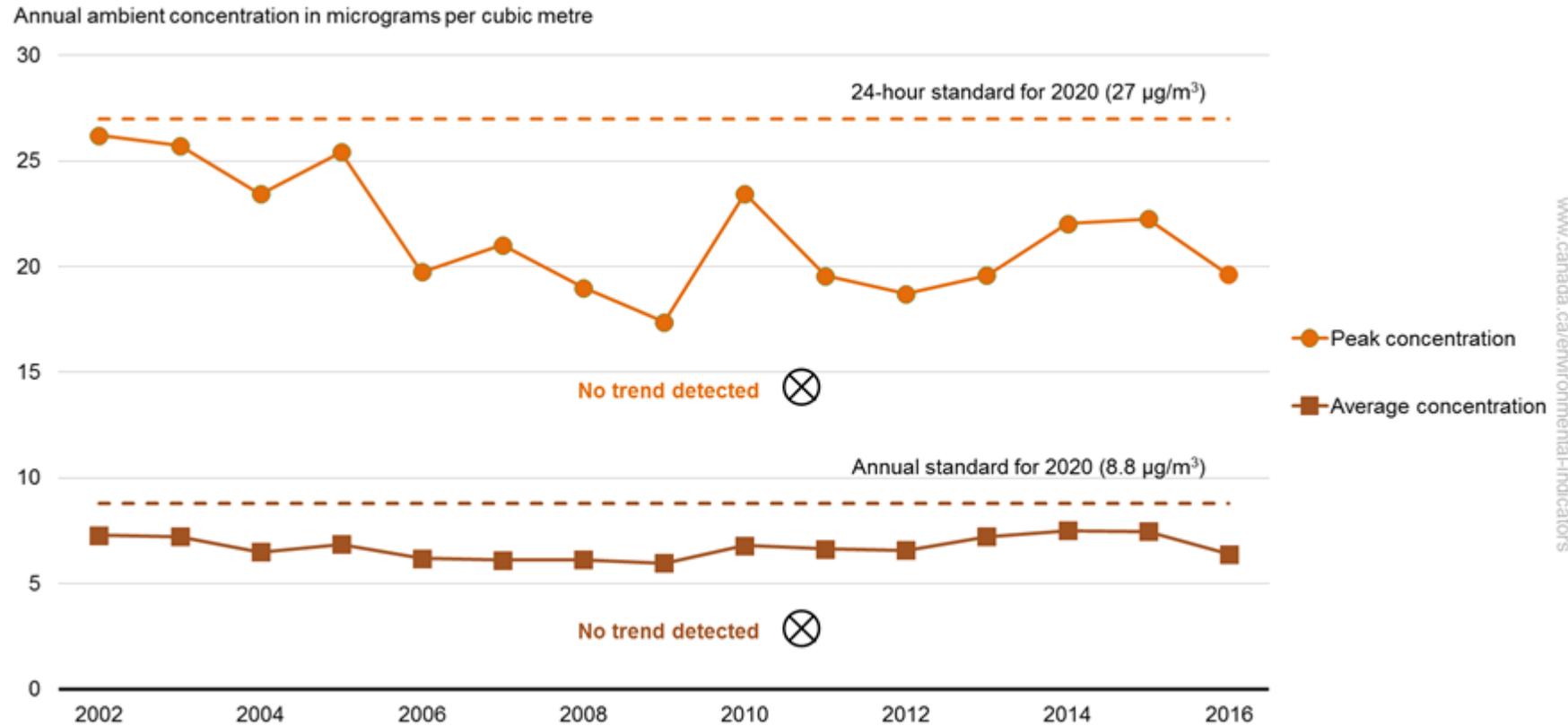
# Climate change and cancer

- Extreme weather events (hurricanes and wildfires)
  - Increased cancer risk through high production of and exposure to known carcinogens
  - Wildfires release immense amounts of air pollutants (PM) known to cause cancer
- Impacting cancer survival
  - disrupted access to cancer care (diagnosis and treatment)



# Air pollution in rich countries

## Canada



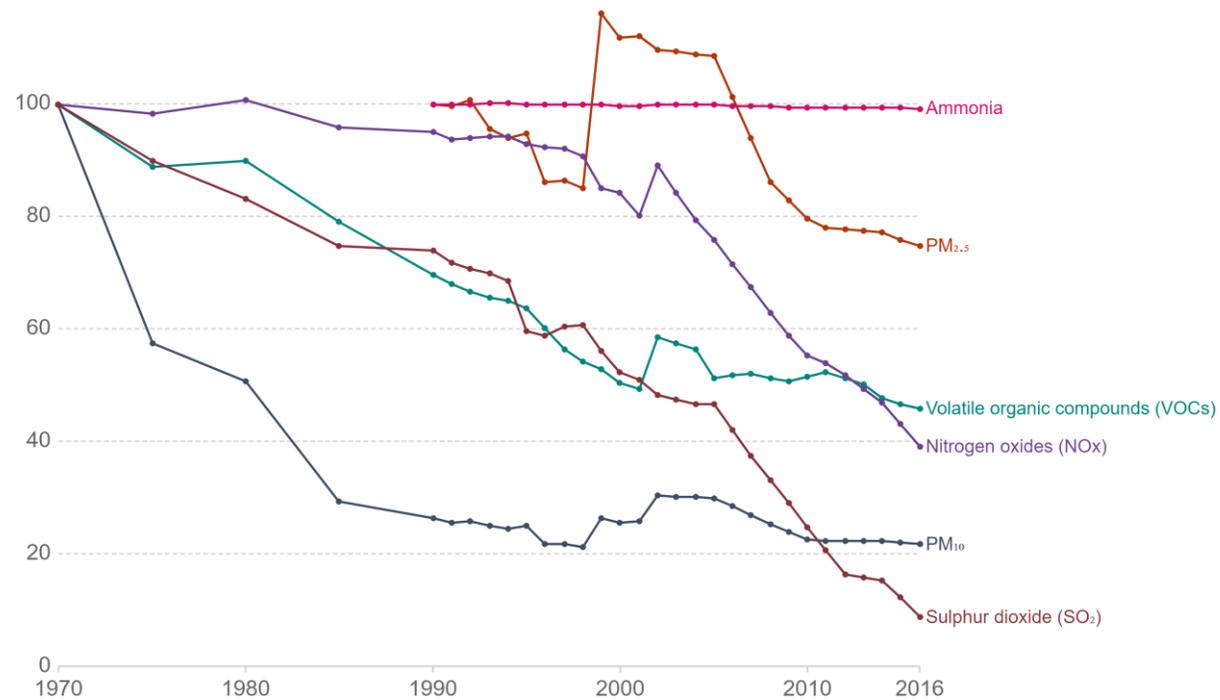
Source: copy of original available at <https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/air-quality.html> shared for non-commercial purposes under <https://www.canada.ca/en/transparency/terms.html>

# The long-term decline of air pollution in rich countries

## United States

Emissions of air pollutants, United States, 1970 to 2016

Annual emissions of various air pollutants, indexed to emission levels in the first year of data. Values in 1970 or 1990 are normalised to 100; values below 100 therefore indicate a decline in emissions. Volatile organic compounds (VOCs) do not include methane emissions.



Source: UK DEFRA; US EPA

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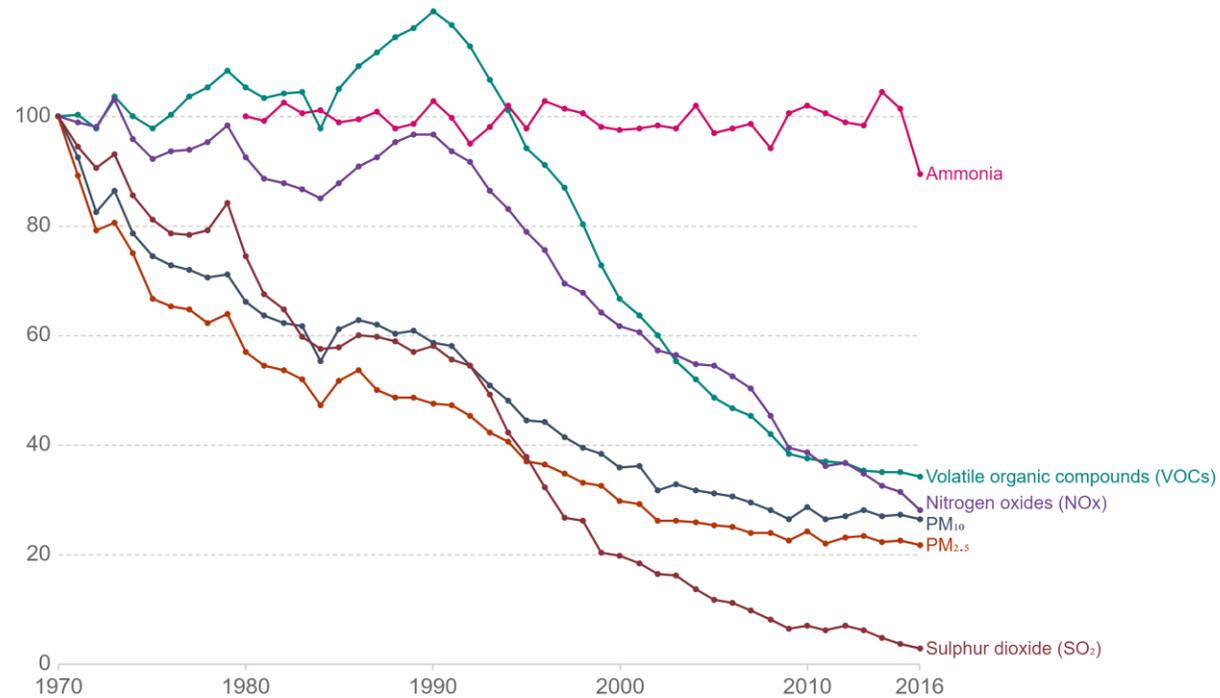
Source: <https://ourworldindata.org/outdoor-air-pollution> shared under CC BY 4.0 ([https://creativecommons.org/licenses/by/4.0/deed.en\\_US](https://creativecommons.org/licenses/by/4.0/deed.en_US))

# The long-term decline of air pollution in rich countries

## United Kingdom

### Emissions of air pollutants, United Kingdom, 1970 to 2016

Annual emissions of various air pollutants, indexed to emission levels in the first year of data. Values in 1970 or 1990 are normalised to 100; values below 100 therefore indicate a decline in emissions. Volatile organic compounds (VOCs) do not include methane emissions.



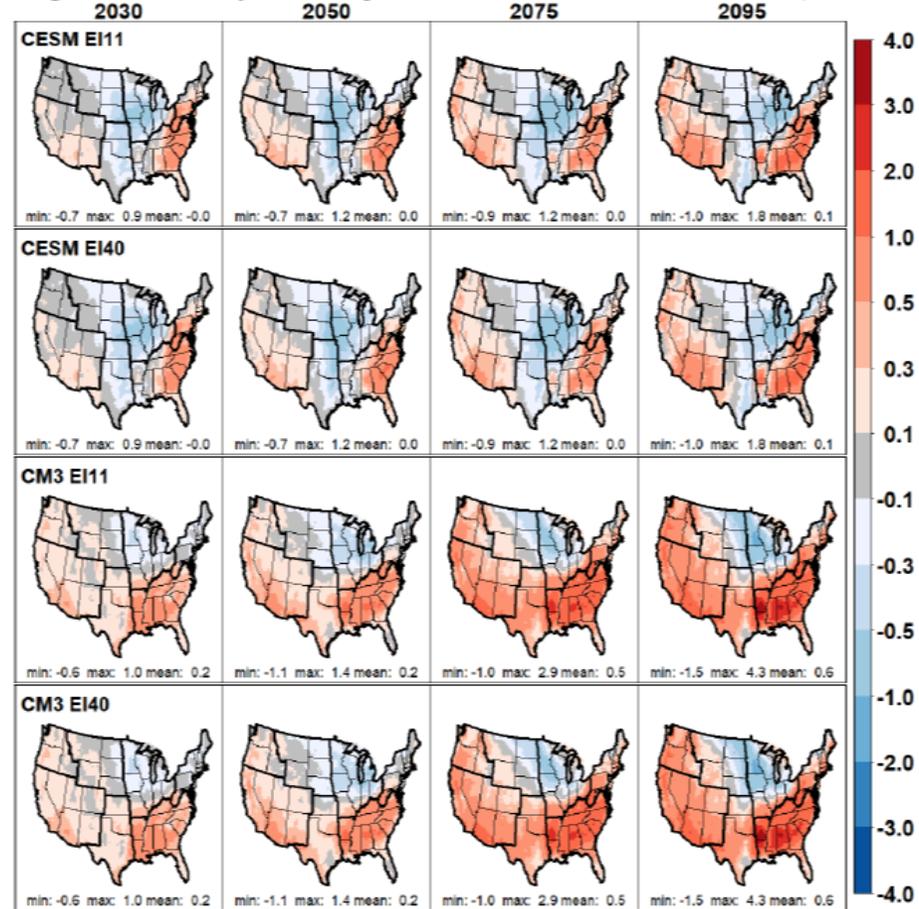
Source: UK DEFRA; US EPA

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Source: <https://ourworldindata.org/outdoor-air-pollution> shared under CC BY 4.0 ([https://creativecommons.org/licenses/by/4.0/deed.en\\_US](https://creativecommons.org/licenses/by/4.0/deed.en_US))

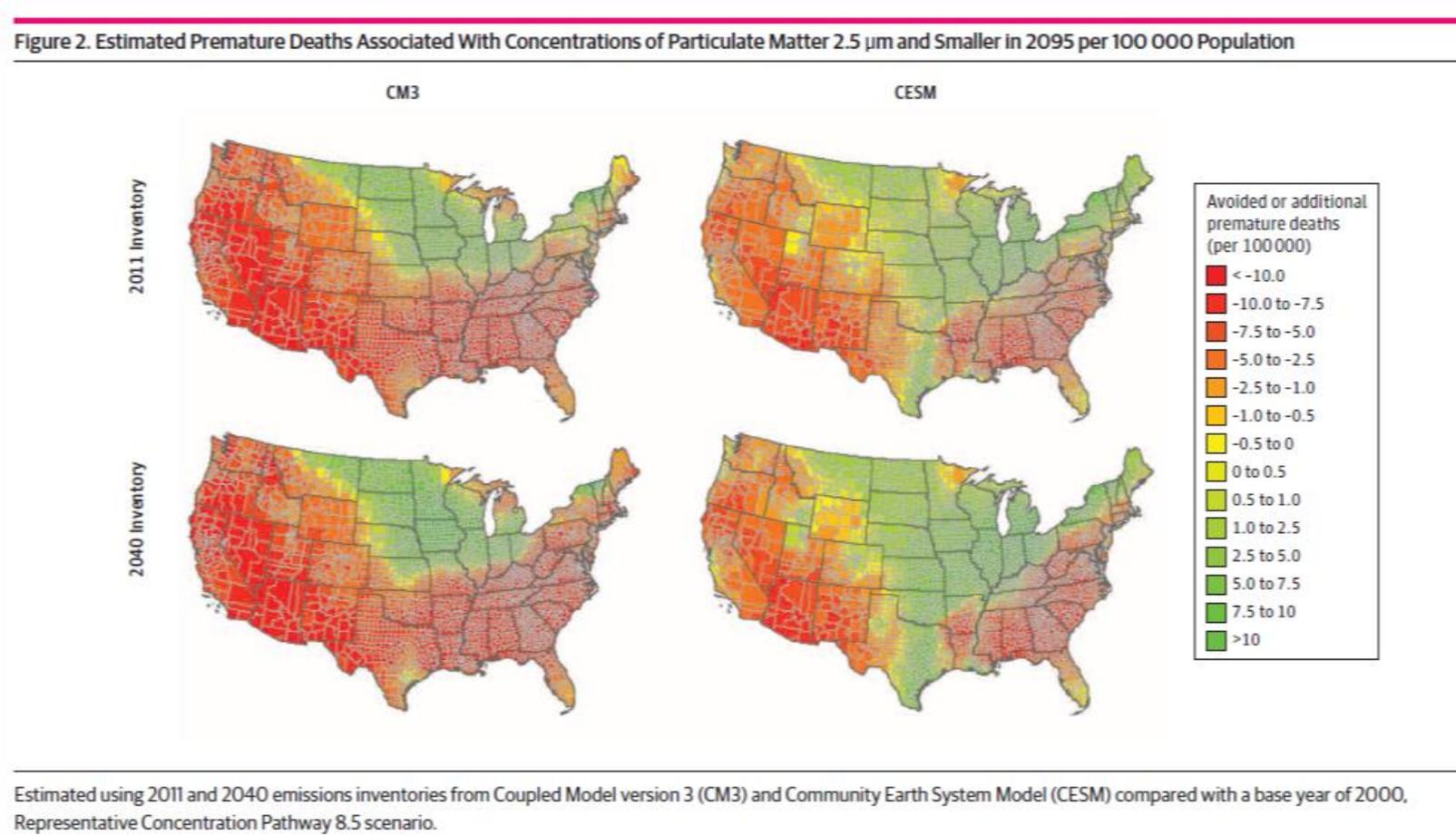
# Projection of PM2.5 to 2095 under RCP8.5

eFigure 4. Model-Projected Changes in Annual Mean PM<sub>2.5</sub> Concentrations (2030 to 2095)



Fann et al, Associations between simulated future changes in climate, air quality and human health, JAMA Network Open. 2021;4(1):e2032064. doi:10.1001/jamanetworkopen.2020.32064, distributed under CC-BY license (<https://creativecommons.org/licenses/by/4.0/>)

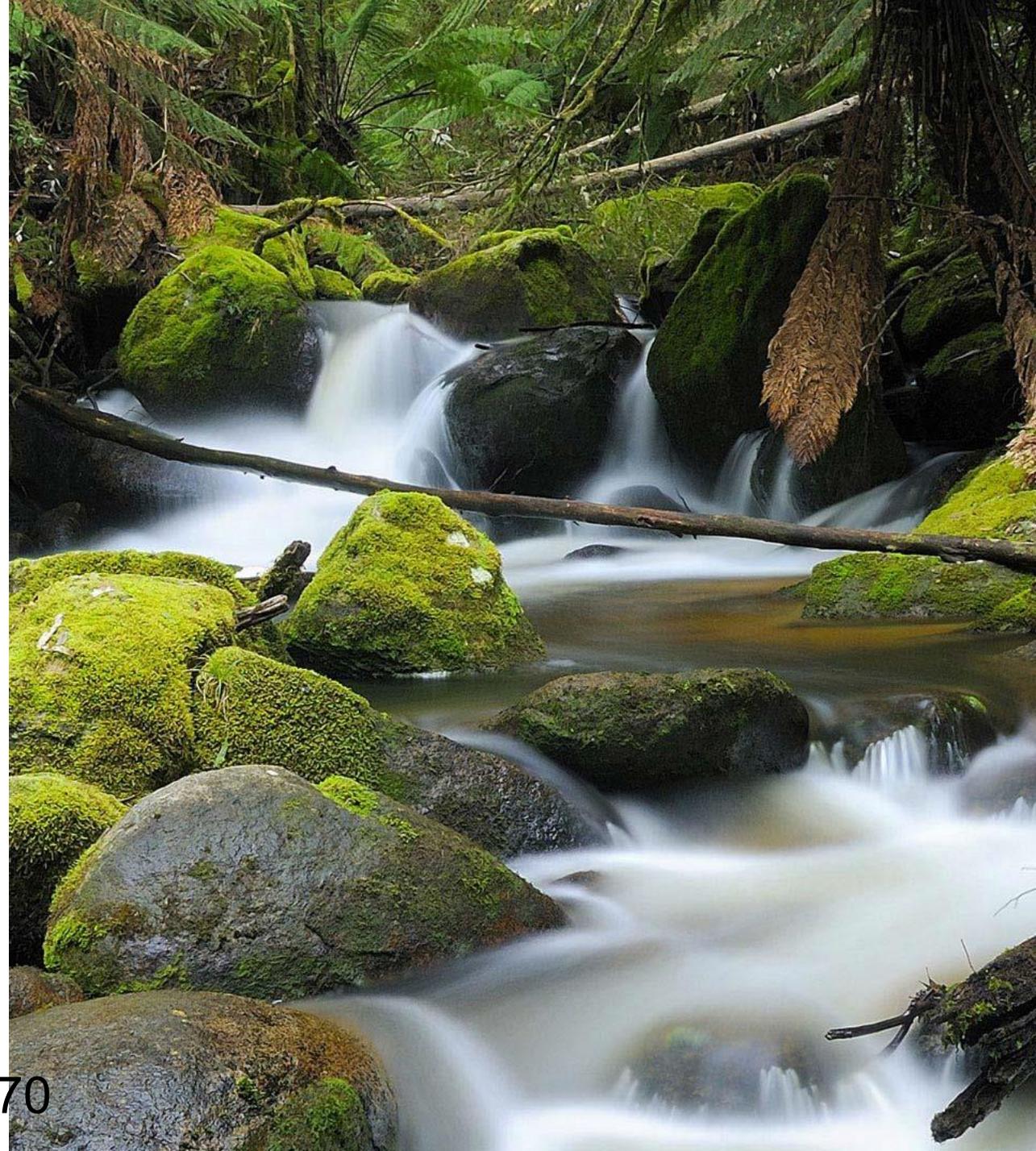
# Estimated premature deaths in 2095 under RCP8.5 – PM2.5



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# Other impacts



# Lethality of weather-related disasters

## Mental Health

- Unintentional injuries (drowning, fire, traffic accidents/damaged infrastructure)
- Mental illness:
  - Survivors experience PTSD, depression, anxiety
  - Stress due to
    - limited resources (food, water, financial)
    - population displacement, damaged infrastructure
    - social isolation, trauma



# Effect of climate change on infectious diseases

- Increased vectorial capacity for the transmission of cholera, malaria, dengue fever
- Longer transmission pattern, higher burden of disease
- Increased incidence of infectious diseases: vector-borne, water and food borne (due to deficiency and contamination)
- By 2030 - additional 60,000 deaths per year due to malaria alone



Credit: CC0 Public Domain

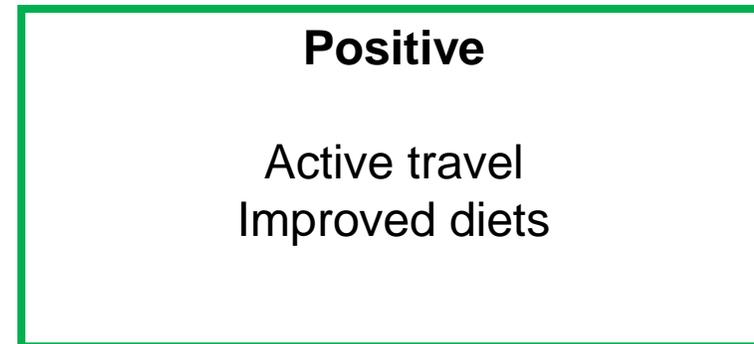
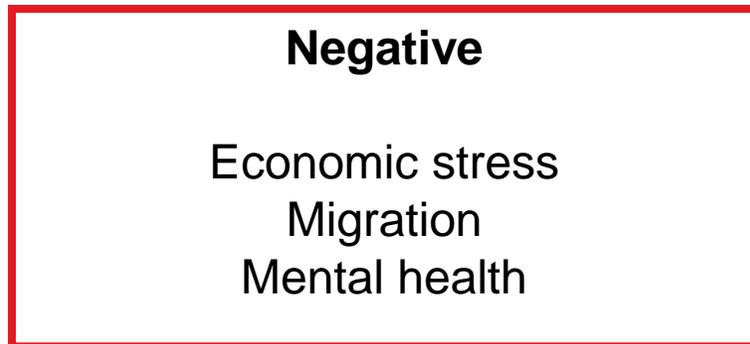
# Climate change and COVID-19

- A study by Pozzer et al, Cardiovascular Research, December 2020, suggested that air pollution increases the risk of mortality from COVID-19
- Bloomberg
  - The good news: US greenhouse-gas emissions are on track to fall 9% this year
  - The bad news: The dramatic decline is almost entirely attributable to the pandemic-driven economic downturn
- The pandemic has made us aware of the importance of nature to support our health and wellbeing
- Cities can emerge from the pandemic as more sustainable places
- The pandemic has highlighted that global challenges require global solutions

# Mortality risk associated with climate change

## US, Canada and UK

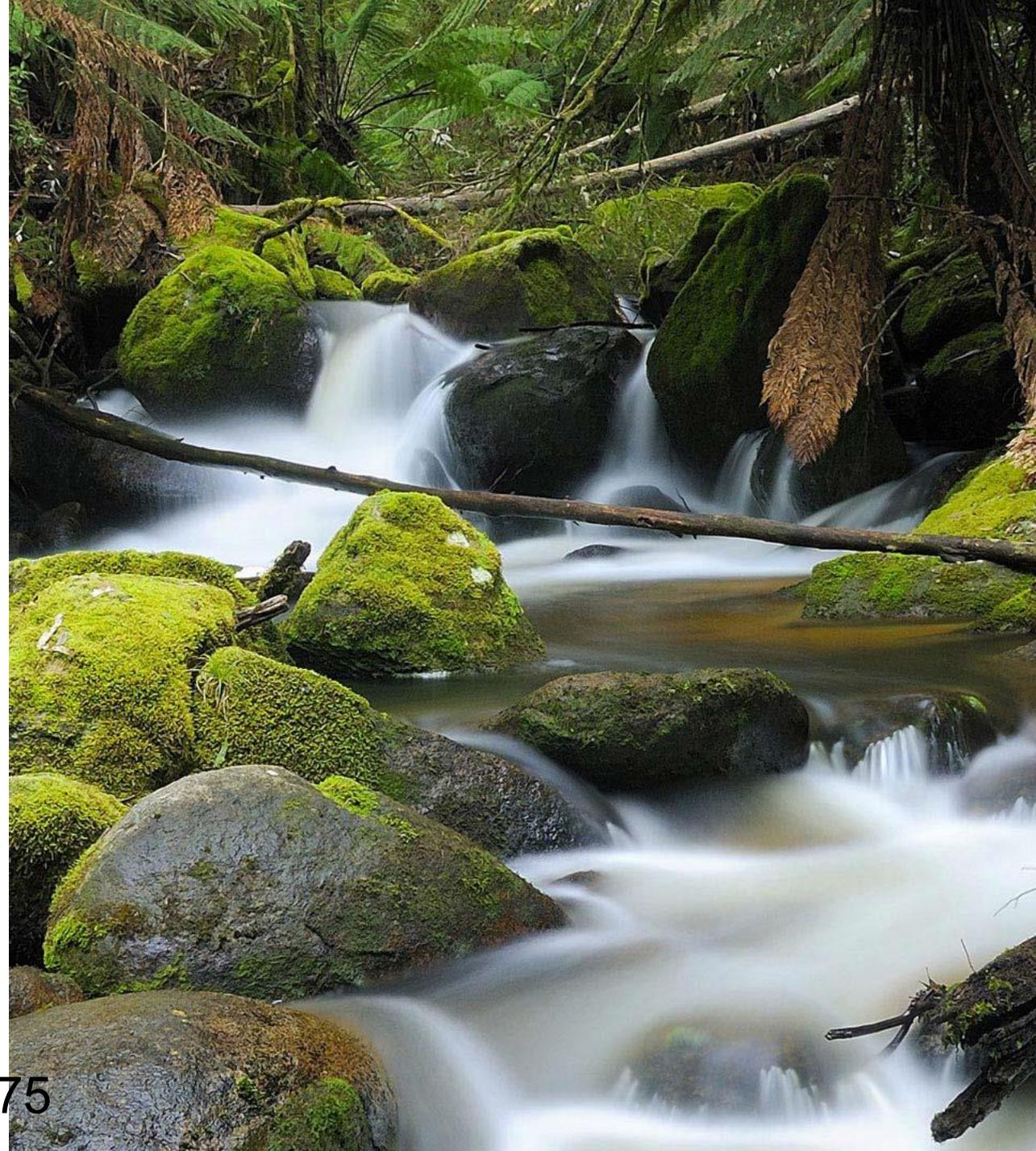
- In these high-income countries, relatively modest mortality impact from physical risks
  - Temperature-related mortality
  - Air pollution (PM2.5 and ozone)
  - Vector-borne diseases
  - Extreme weather events
- But also potential impact from policies and transition risks



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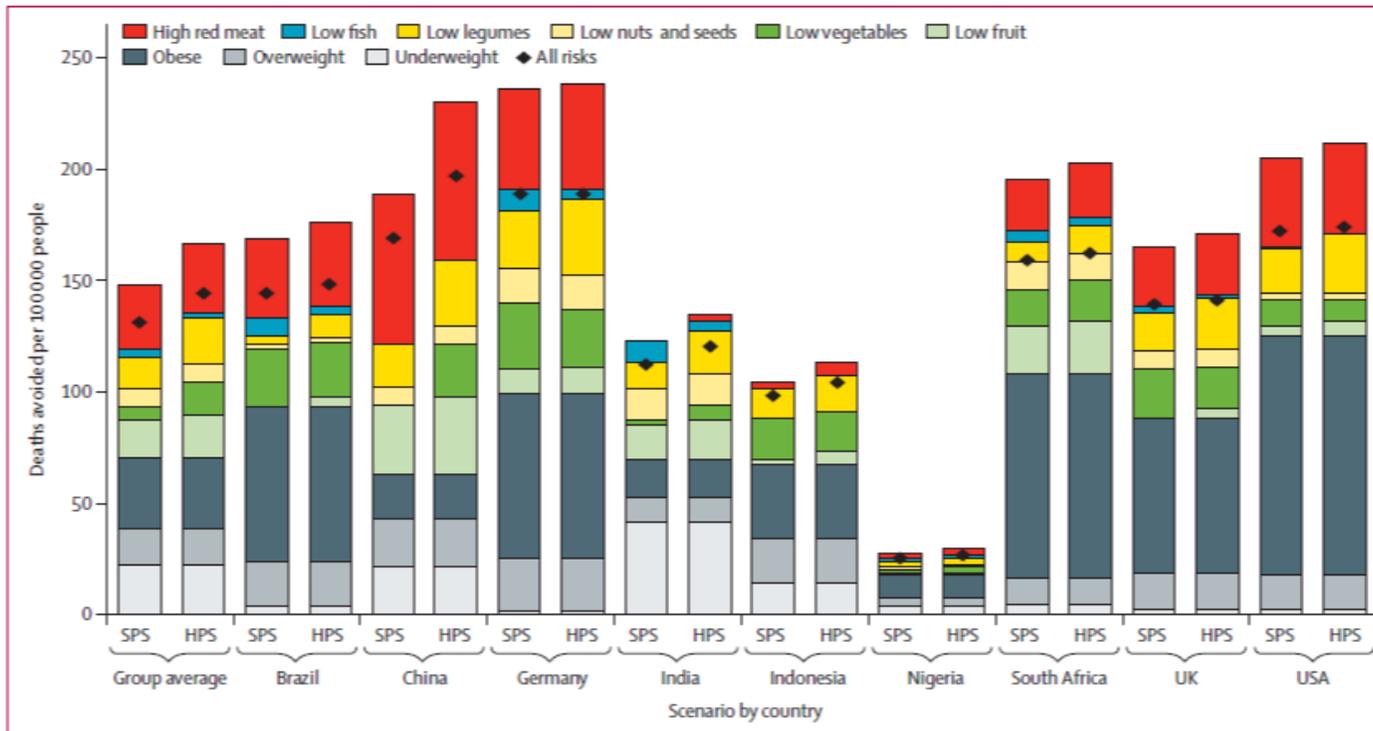
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## Transition policies - Diet and active travel



# Health in all climate policies scenario

## Diet

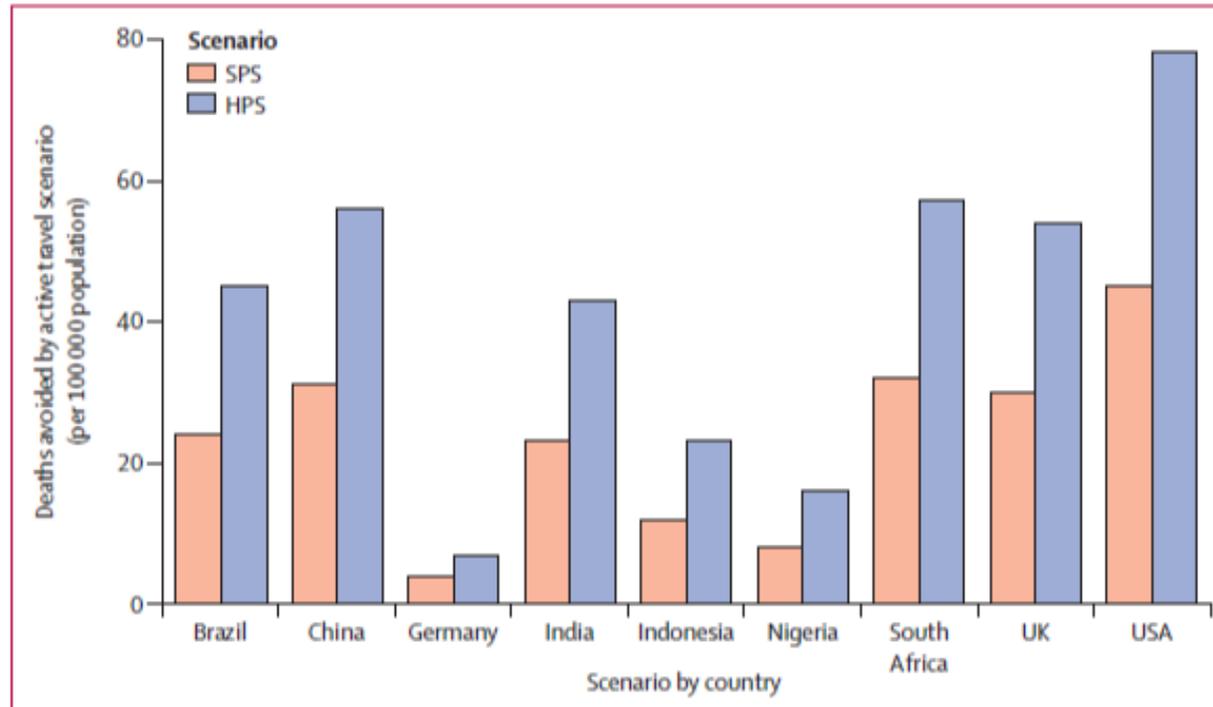


**Figure 3: Number of deaths avoided attributable to dietary risks in the year 2040, relative to CPS per 100,000 population, by scenario and country**  
The health impacts associated with the combination of all risks is smaller than the sum of individual risks because the former controls for co-exposure (ie, each death is attributed to only one risk factor). CPS=current pathways scenario. HPS=health in all climate policies. SPS=sustainable pathways scenario.

Source: Hamilton, et al, The public health implications of the Paris Agreement: a modelling study, Lancet Planetary Health, [https://doi.org/10.1016/S2542-5196\(20\)30249-7](https://doi.org/10.1016/S2542-5196(20)30249-7) shared under CC BY 4.0 <https://creativecommons.org/licenses/by/4.0/>

# Health in all climate policies scenario

## Active travel



**Figure 4: Number of deaths avoided in the year 2040 under the SPS and the HPS per 100 000 population, relative to the CPS**

CPS=current pathways scenario. HPS=health in all climate policies. SPS=sustainable pathways scenario.

Source: Hamilton, et al, The public health implications of the Paris Agreement: a modelling study, Lancet Planetary Health, [https://doi.org/10.1016/S2542-5196\(20\)30249-7](https://doi.org/10.1016/S2542-5196(20)30249-7) shared under CC BY 4.0 <https://creativecommons.org/licenses/by/4.0/>

# Risk assessment

- Physical risks from climate change not expected to have material impact over short term (2020-2030)
- Over the longer term (2030-2050) risks are more uncertain
  - Relatively modest mortality impact from physical risks in US, Canada and UK
  - Impact in other countries could be significantly higher
- Second-order impacts depend on policies and pace of transition
  - Economic growth
  - Migration
  - Diet
- Scenario analysis to understand plausible future pathways
  - Promote increased awareness of risk
  - Detailed quantitative exercises likely to be premature
- Industry-level collaboration and engagement
  - Geneva Association holistic decision-making framework

## Climate change regulatory activities

- Bank of England
  - 2021 Climate Biennial Exploratory Scenario
  - Intended to be a learning exercise; recognizes that modelling these risks is in infancy
  - Aims to “size the financial exposures”
- Office of the Superintendent of Financial Institutions
  - In January 2021, launched three-month consultation on how to define, identify, measure and build resilience to climate-related risks
  - Responses may inform future OSFI guidance

# What can we do?

## Government intervention in Costa Rica





Questions?

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[cfalkous@rgare.com](mailto:cfalkous@rgare.com)

# The Geneva Association reports on climate change

- <https://www.genevaassociation.org/research-topics/climate-change-and-emerging-environmental-topics/insurance-industry-perspectives-regulatory>
- [https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf\\_public/climate\\_regulation\\_web2.pdf](https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public/climate_regulation_web2.pdf)
- [https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf\\_public/climate\\_risk\\_web\\_final\\_250221.pdf](https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public/climate_risk_web_final_250221.pdf)

# RGA

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## **Briefing Note**

**CAFII EOC Meeting 26 October, 2021—Agenda Item 7(k)**

**Read Only Item—CAFII Webinar on Life Insurers' Healthy Lifestyle Incentivization Programs Planned for November 29/21 or November 30/21**

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### ***Purpose of this Agenda Item – Read Only***

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### ***Background Information***

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CAFII's final webinar in its 2021 series will be with three insurer member representatives who are leaders in the healthy lifestyle incentivization programs space. The panel will discuss these programs, their benefits, their challenges, and their future.

### ***Recommendation / Direction Sought – Read Only***

### ***Attachments Included with this Agenda Item***

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One attachment.

***Agenda Item 7(k)***  
***October 26/21 EOC Meeting***

Fall 2021 Webinar #3 (November):

**Title:** The Ins and Outs of Wellness Incentivization Programs At Major Life and Health Insurers (Programs That Incentivize Healthy Lifestyle Decisions and Behaviours By Insureds)

**Time:** 1:00 pm – 2:00 pm (TBD)

**Possible Dates:** Monday, November 29/21 or Tuesday, November 30/21 (TBD)