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

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CAFII Executive Operations Committee Meeting

Date: Tuesday, April 25, 2017
Location: CIBC Insurance
33 Yonge Street, 7th Floor NW,
[Norway Room], Toronto, ON

Chair: E. Fang, Chair
Time: 2:00 – 4:00 p.m.
Dial-in: 416-764-8662 or 1.888-884-4534
Participant: 4532491#
Moderator: 5829171#

Agenda

Item	Presenter	Action	Document
1. Call to Order	E. Fang		
2. Approval of Agenda and Previous Minutes			
a. EOC Minutes of March 21/17	All	Approval	✔
b. Board Minutes of April 5/17	All	Approval	✔
c. Summary of Board and EOC Action Items	B. Wycks	Update	✔
3. CAFII Financial Management			
a. Financial Statements as at March 31/17	R. Rajaram	Approval	✔
b. CAFII Treasurer Succession	B. Wycks/K. Martin	Update	✔
4. Strategy & Governance			
a. CAFII Strategic Planning Session	K. Martin/ B. Wycks	Update	
5. Regulatory			
a. Consultations/Submissions Timetable	B. Wycks	Update	✔
i. Quebec Omnibus Bill on Financial Sector Modernization	R. Beckford/B. Wycks	Update	
ii. Saskatchewan Insurance Regulations Consultation	B. Wycks	Update	
b. Regulatory Update	B. Wycks		✔
i. April 24/17 CAFII Liaison Meeting with CCIR Policy Managers	B. Wycks/K. Martin	Update	
ii. CCIR Annual Statement on Market Conduct	B. Wycks	Update	
iii. CCIR Travel Health Insurance Review	S. Manson/K. Martin/B. Wycks	Update	
iv. Alberta Authorization of CI Sales Under an RIA Certificate	B. Wycks	Update	
v. CAFII Letter of Concern to Saskatchewan Finance Minister	B. Wycks /K. Martin	Update	✔
c. Regulator and Policy-Maker Visit Plan	B. Wycks	Update	✔
i. CAFII Liaison Meetings with Regulators at CHLIA Conference, May 3-5/17	B. Wycks	Update	
ii. CAFII Presentation to CISRO, June 2/17	B. Wycks	Discussion	
6. Committee Updates			
a. Market Conduct	R. Beckford	Update	
b. Media Advocacy	C. Blaquiere	Update	
i. CAFII Website Modernization	K. Martin	Update	
ii. Board Direction on CAFII Media Engagement and Media Response Protocol	C. Blaquiere/K. Martin	Discussion	
c. Licensing Efficiency Issues	M. Gill	Update	
d. Research & Education	D. Quigley	Update	
i. April 17/17 CAFII Liaison Meeting with B. Lemanski, LIMRA			
e. Travel Medical Experts	S. Manson	Update	
7. Other Business			
a. Debrief on April 5/17 CAFII 20th Anniversary Celebration	All	Discussion	✔
8. In Camera Session	E. Fang	Discussion	

Next EOC Meeting: Tuesday, May 23/17, 2:00 to 4:00 p.m.; location: CIBC Insurance, 33 Yonge Street, 7th Floor NW, Norway Room, Toronto, ON M5E 0A9 **Next Board Meeting (and Annual Meeting):** Tuesday, June 6/17, 2:30-5:00 p.m., location: The Albany Club, [President's Room] 2nd Floor, 91 King St E, Toronto, ON M5C 1G3; to be immediately followed by CAFII Networking Reception, 5:00 to 7:00 p.m., [Sir John A. MacDonald Room].

CAFII

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

Balance Sheet

As at March 31, 2017

ASSETS	**Current 2017**
Current Assets	
Bank Balance	$417,899
Investments [A]	$54,077
Accounts Receivable	$81,916
Interest Receivable	$144
Prepaid Expenses	$12,689
Computer/Office Equipment	$8,014
Accumulated Depreciation -Comp/Equp	($2,306)
Intangible Assets-Trademarks	$0
Accumulated Amortization-Trademark	$0
Total Current Assets	**$572,431**
TOTAL ASSETS	**$572,431**
LIABILITIES	
Current Liabilities	
Account Payable [B]	$22,503
Deferred Revenue	$188,750
Total Current liabilities	$211,252
TOTAL LIABILITIES	**$211,252**
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	$380,758
Excess of revenue over expenses	($19,579)
Total Unrestricted Net Assets	$361,179
Total Unrestricted Net Assets	**$361,179**
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	**$572,431**

Financial Reserves Targets as per 2016 Budget:	
Minimum 3 months (25%) of Annual Operating Expenses=	**$ 188,161**
Maximum 6 months (50%) of Annual Operating Expenses=	**$ 376,322**
Current Level of Financial Reserves (total unrestricted net assets)**:**	**$361,179**
Current Level of Financials Reserve (%):	**48%**

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Balance Sheet Items
As at March 31, 2017

Item A

Investment Portfolio

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

Item B

Accounts Payable

	Total
	66.86
	2,929.51
	13,560.00
	1,791.05
	3,390.00
	765.13
Total outstanding:	**22,502.55**

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Toronto, ON M4T 1L9

Statement of Operations

As at March 31, 2017

	Current Month	Current YTD	Budget 2017	Variance Budget to YTD
Revenue				
Membership Fees	36,313	129,501	559,125	429,625
Interest Revenue	-	35	250	215
TOTAL REVENUE	36,313	129,535	**559,375**	429,840
Expenses				
Management Fees	37,807	107,458	500,115	392,657
CAFII Legal Fees/Corporate Governan	110	110	7,000	6,890
Audit Fees	-	-	14,560	14,560
Insurance	437	1,310	5,500	4,191
Website (incl translation)	7,228	10,810	33,700	22,890
Telephone/Fax/Internet	393	733	5,000	4,267
Postage/Courier	25	75	375	300
Office Expenses	- 1,979	- 1,267	3,300	4,567
Bank Charges	-	-	40	40
Miscellaneous Expenses	-	-	-	-
Amortization Expense	-	-	-	-
Depreciation Computer/Office Equipm	323	401	468	67
Board/EOC/AGM	0	-		-
Annual Members Lunch	0	10,247	13,200	2,953
Board Hosting (External)	0	-	15,000	15,000
Board/EOC/Meeting Expenses	2,055.26	3,736	11,000	7,264
Industry Events	0	36	2,000	1,964
EOC Annual Lunch	0	-	2,200	2,200
Sub Total Board/EOC/AGM	***2,055***	***14,019***	***43,400***	**29,381**
Provincial Regulatory Visits	-	-	8,000	8,000
Research/Studies	-	-	50,000	50,000
Regulatory Model(s)	-	-	20,000	20,000
Federal Financial Reform	-	-	2,000	2,000
Media Outreach	6,780	10,170	20,000	9,830
Marketing Collateral	-	-	7,000	7,000
Tactical Communications Strategy	-	-		-
Networking Events	-	-		-
Speaker fees & travel	0	-	4,000	4,000
Gifts	0	58	500	442
Sub Total Networking & Events	***-***	***58***	***4,500***	**4,442**
20th Anniversary Event	5,239	5,239	27,685	22,446
TOTAL EXPENSE	**58,418**	**149,114**	**752,643**	**603,529**
NET INCOME	- 22,105	- 19,579	**- 193,268**	**- 173,689**

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

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

Membership Fees

As At March 31, 2017

	Jan-17 Billed	Received	Jul-17 Billed	Received
BMO Bank of Montreal	$ 29,375.00	31-Mar-17	$ 29,375.00	
CIBC Insurance	$ 29,375.00	17-Mar-17	$ 29,375.00	
RBC Insurance	$ 29,375.00	16-Mar-17	$ 29,375.00	
ScotiaLife Financial	$ 29,375.00	10-Mar-17	$ 29,375.00	
TD Insurance	$ 29,375.00	3-Mar-17	$ 29,375.00	
National Bank Insurance Company	$ 29,375.00		$ 29,375.00	
Desjardins Financial Security Life Assurance Company	$ 20,560.50			
AMEX Bank of Canada	$ 14,687.50	17-Mar-17	$ 14,687.50	
Assurant Solutions	$ 14,687.50	28-Feb-17	$ 14,687.50	
Canadian Premier Life Insurance Company	$ 14,687.50	10-Mar-17	$ 14,687.50	
Cumis Group Ltd/Co-operators Life Insurance Co.	$ 14,687.50	10-Mar-17	$ 14,687.50	
Willis Towers Watson	$ 4,800.00	17-Mar-17		
Aimia	$ 4,800.00			
Collins Barrow Toronto Actuarial Services	$ 4,800.00	17-Mar-17		
CSI Brokers Inc.	$ 4,800.00			
KPMG LLP	$ 4,800.00	17-Mar-17		
Laurentian Bank of Canada	$ 4,800.00			
Munich Reinsuranace Company Canada Branch (Life)	$ 4,800.00	31-Mar-17		
Optima Communications	$ 4,800.00	13-Apr-17		
RGA Life Reinsurance Company of Canada	$ 4,800.00	10-Mar-17		
The Canada Life Assurance Company	$ 4,800.00	17-Mar-17		
January Invoices	**$303,561**		**$235,000**	
July Invoices	**$235,000**			
Total Membership Fees	**$538,561**			
Total amount to realocate monthly Jan-Dec	$44,880			

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From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Wednesday, April 12, 2017 10:59 AM
To: 'McCarthy, Peter'; 'Bourdeau, Joane'; 'Lawrence, Todd'; 'chris.knight@td.com'; 'Lobbezoo, Chris'; 'lfiset2@dfs.ca'; 'Robert Zanussi'; 'Kelly Tryon'; 'Nick Bilodeau'; 'Bob Grant'; 'nbenson@cricanada.net'; 'moira.gill@td.com'; 'Stuska, Andrea'; 'Beckford, Rose'; 'Manson, Sue'; 'brian.wise@assurant.com'; 'Lewsen, John'; 'Beauchamp, Jason'; 'Blaquiere, Charles'; 'Cecillia.Xiao@assurant.com'; 'Diane Quigley'; 'jsavard2@dsf.ca'; 'Isabelle Choquette'; 'charles.maclean@rbc.com'; 'katherine.geisler@cibc.com'; 'Fang, Eleanore'; 'rob.dobbins@assurant.com'; 'keith.martin@cafii.com'; 'Emily Cloutier'
Cc: 'Genier, Marie'; 'tony.pergola@scotiabank.com'
Subject: CAFII Treasurer Succession: Candidate For Appointment at June 6/17 Meeting Of 2017-18 CAFII Board

CAFII Board and EOC Members:

On behalf of Board Chair Peter McCarthy, I'm pleased to inform you that at our 20th Anniversary Celebration immediately following the Board meeting on April 5, Director Bob Grant from ScotiaLife Financial introduced Peter, Co-Executive Director Keith Martin, and me to his company's Chief Financial Officer Tony Pergola. Thereafter, Bob put forward Tony's nomination as a candidate to succeed Raja Rajaram as CAFII Treasurer.

Attached is Tony Pergola's capsule biography.

Given Tony's strong credentials and the get-acquainted/familiarization discussion which Peter, Keith, and I had with him, Peter recommends that Tony be appointed as the Association's new Treasurer at the 2017-18 CAFII Board's first meeting on Tuesday, June 6, immediately following the Association's Annual Meeting.

In the meantime, we will be arranging orientation and transition meetings that will involve both Tony and current CAFII Treasurer Raja Rajaram.

We thank Raja for four years of exemplary service as CAFII Treasurer; and for working with us to facilitate his successor's transition into the role.

And we look forward to the Board's June 6/17 opportunity to appoint Tony Pergola as our new CAFII Treasurer; and to officially welcoming him on board.

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

Tony Pergola

Director, Insurance Canada Finance

Tony is a Chartered Professional Accountant (CA) and has over 20 years of insurance industry experience.

As Chief Financial Officer for Scotiabank's Canadian insurance operations, Tony is an active member of the Canadian insurance senior management team. He is responsible for the integrity of the business' financial reporting, covering both internal and external requirements, and is a board director for the legal entities involved. Tony has been with the business since September 2006.

Prior to that, Tony was responsible for implementing some of the new accounting and financial reporting requirements for Scotiabank. His insurance experience includes four years of working at Manulife Financial where he was part of a team charged with implementing U.S. financial reporting - a prerequisite for the company to demutualize. Pre-dating that, he was with Ernst & Young managing and coordinating various life insurer financial statement audits.

Tony's not-for-profit work includes being an active member of the Audit & Finance Committee for the North York General Hospital Foundation and past chair of the Audit Committee for St. John Ambulance – Ontario Council. When children allow, Tony's hobbies include traveling and do-it-yourself projects.

Industry feedback on December 2016 Creditor's Group Insurance Definitions

Coverage	Alberta Insurance Council Definitions (Dec. 2016)	CLHIA initial suggestions for definitions	Concerns addressed in CLHIA suggestions
Creditor's Life Insurance	This is a group insurance policy which pays off the loan when the borrower dies. The beneficiary is the creditor, and the amount of the insurance is the amount of the loan outstanding from time to time, subject to any limits in the policy.	Group insurance under which an insurer undertakes to pay off credit balances or debts of a person, in whole or in part, if the insured individual dies.	• The language "pays off" could be read as a guaranteed payment. It should be clear to the reader that the insurance payment is not guaranteed. A phrase like "the insurer undertakes to pay…" conveys this meaning. • The language "pays off the loan" could be read as payment for the entire outstanding loan amount. Depending on the coverage, the insurance may cover all or part of the debt. A phrase like "in whole or in part" conveys this meaning. • It is not clear to us that the term "borrower" fully reflects the range of persons who may be the debtor (i.e. a natural person, a spouse or common-law partner of the debtor, a body corporate, or an entity). We believe the term "person" may be more effective. An alternative would be to use "debtor" as is done in Alberta legislation (see Section (2) (a) of Insurance Agents and Adjusters Regulation, Alta Reg) and other legislation (e.g. Banking Regulations, SK and MB). • Using the term "beneficiary" to describe the creditor could exclude an important exemption for farm, fishery and ranch lines of credit under the *Insurance Business (Banks and Bank Holding Companies) Regulations*, where the insurance monies may be paid to parties other than the creditor. In addition, the term "beneficiary" is more frequently used in individual insurance products where it has a very particular meaning with policyholder rights associated to it. That meaning does not carry across to group insurance products. As such, using the term "beneficiary" to describe a group insurance product could be misleading to the reader.
Creditor's Disability Insurance	The insurer will pay all or part of a loan if a borrower becomes disabled. The beneficiary of the policy is the creditor. The amount of the insurance usually corresponds to the amount of the payments that fall due during the period of disability.	Group insurance under which an insurer undertakes to pay off credit balances or debts of a person, in whole or in part, in the event of bodily injury or disability of the insured individual	• The language "will pay all or part" could be read as a guaranteed payment. It should be clear to the reader that the insurance payment is not guaranteed. A phrase like "the insurer undertakes to pay…" conveys this meaning. • It is not clear to us that the term "borrower" fully reflects the range of persons who may be the debtor (i.e. a natural person, a spouse or common-law partner of the debtor, a body corporate, or an entity). We believe the term "person" may be more effective. An alternative would be to use "debtor" as is done in Alberta legislation (see Section (2) (a) of *Insurance Agents and Adjusters Regulation, Alta Reg*) and other legislation (e.g. Banking Regulations, SK and MB). • Using the term "beneficiary" to describe the creditor could be misleading to the reader. The term "beneficiary" is more frequently used in individual insurance products where it has a very particular meaning with policyholder rights associated to it. That meaning does not carry across to group insurance products. • The phrase "becomes disabled" does not fully reflect the coverages offered. A more inclusive phrase, such as "bodily injury or disability", would be more accurate.
Creditor's Critical Illness Insurance	This is a group insurance policy under which an insurer undertakes to pay off credit balances or debts of a person, in whole or in part, if the insured individual is diagnosed with a covered illness or medical condition, and where the creditor receives and applies the insurance money to pay down or pay off the debt.	Group insurance under which an insurer undertakes to pay off credit balances or debts of a person, in whole or in part, if the insured individual is diagnosed with a covered illness or medical condition.	
Creditor's Loss of Employment Insurance	This insurance pays off all or part of the debt owed to the creditor when the borrower becomes unemployed. The beneficiary is the creditor, and the amount of the insurance would generally be the payments missed while the borrower is unemployed.	Group insurance under which an insurer undertakes to pay off credit balances or debts of a person, in whole or in part, if the insured individual becomes unemployed.	• The language "pays off" could be read as a guaranteed payment. It should be clear to the reader that the insurance payment is not guaranteed. A phrase like "the insurer undertakes to pay…" conveys this meaning. • It is not clear to us that the term "borrower" fully reflects the range of persons who may be the debtor (i.e. a natural person, a spouse or common-law partner of the debtor, a body corporate, or an entity). We believe the term "person" may be more effective. An alternative would be to use "debtor" as is done in Alberta legislation (see Section (2) (a) of *Insurance Agents and Adjusters Regulation, Alta Reg*) and other legislation (e.g. Banking Regulations, SK and MB). • Using the term "beneficiary" to describe the creditor could be misleading to the reader. The term "beneficiary" is more frequently used in individual insurance products where it has a very particular meaning with policyholder rights associated to it. That meaning does not carry across to group insurance products.

Note: See reverse for *Insurance Business (Banks and Bank Holding Companies) Regulations*, *Saskatchewan Insurance Regulation* and *Manitoba Insurance Agents and Adjusters Regulation* definitions.

Coverage	Insurance Business (Banks and Bank Holding Companies) Regulations	Saskatchewan Insurance Regulations	Manitoba Insurance Agents and Adjusters Regulation
Creditor's Life Insurance	In respect of a bank, means a group insurance policy that will pay to the bank, or to a loan company that is an affiliate of the bank, all or part of the amount of a debt of a debtor or, where a debt is in respect of a small business or a farm, fishery or ranch, all or part of the amount of the credit limit of a line of credit, in the event of the death of (a) where the debtor is a natural person, the debtor or the spouse or common-law partner of the debtor, (b) a natural person who is a guarantor of all or part of the debt, (c) where the debtor is a body corporate, a director or officer of the body corporate, or (d) where the debtor is an entity, any natural person who is essential to the ability of the debtor to meet the debtor's financial obligations to the bank or to the loan company.	Means a group insurance policy, or a creditor's group insurance policy, that will pay to a creditor insured under the policy all or part of the amount of a debt of a debtor or, if the debt is with respect to a small business or a farm, fishery or ranch, all or part of the amount of the credit limit of a line of credit, in the event of the death of: (i) if the debtor is an individual, the debtor or the spouse of the debtor; (ii) an individual who is a guarantor of all or part of the debt; (iii) if the debtor is a corporation, any director or officer of the corporation; or (iv) if the debtor is an entity other than an individual or a corporation, an individual who is essential to the ability of the debtor to meet the debtor's financial obligations.	Insurance (a) that is within the class of life insurance and is creditor's group insurance as defined in section 148 of the Act; and (b) under which the insurer undertakes to pay all or part of the amount of the amount of a debtor's debt to the creditor named in the policy or, if the debt is a line of credit for a small business or a farm, fishery or ranch, all or part of the amount of the credit limit of the line of credit owing to the creditor, in the event of the death of: (i) the debtor, when the debtor is an individual, or the spouse of such a debtor, (ii) an individual who is a guarantor of all or part of the debt, (iii) a director or officer of the debtor, when the debtor is a corporation, or (iv) an individual who is essential to the ability of the debtor to meet the debtor's financial obligations, when the debtor is an entity other than an individual or a corporation.
Creditor's Disability Insurance **Creditor's Critical Illness Insurance**	Means a group insurance policy that will pay all or part of the amount of a debt of a debtor to the bank, or to a loan company that is an affiliate of the bank, in the event of bodily injury to, or an illness or disability of, (a) where the debtor is a natural person, the debtor or the spouse or common-law partner of the debtor, (b) a natural person who is a guarantor of all or part of the debt, (c) where the debtor is a body corporate, any director or officer of the body corporate, or (d) where the debtor is an entity, any natural person who is essential to the ability of the debtor to meet the debtor's financial obligations to the bank or to the loan company.	Means a group insurance policy, or a creditor's group insurance policy, that will pay all or part of the amount of a debt of a debtor to the creditor insured under the policy, in the event of bodily injury to, or an illness or disability of: (i) if the debtor is an individual, the debtor or the spouse of the debtor; (ii) an individual who is a guarantor of all or part of the debt; (iii) if the debtor is a corporation, any director or officer of the corporation; or if the debtor is an entity other than an individual or (iv) a corporation, an individual who is essential to the ability of the debtor to meet the debtor's financial obligations.	Insurance (a) that is within the class of accident and sickness insurance and is creditor's group insurance as defined in section 203 of the Act; and (b) under which the insurer undertakes to pay all or part of the amount of a debtor's debt to the creditor named in the policy in the event of bodily injury to, or the illness or disability of, (i) the debtor, when the debtor is an individual, or the spouse of such a debtor, (ii) an individual who is a guarantor of all or part of the debt, (iii) a director or officer of the debtor, when the debtor is a corporation, or (iv) an individual who is essential to the ability of the debtor to meet the debtor's financial obligations, when the debtor is an entity other than an individual or a corporation.
Creditor's Loss of Employment Insurance	Creditor's loss of employment insurance, in respect of a bank, means a policy of an insurance company that will pay, without any individual assessment of risk, all or part of the amount of a debt of a debtor to the bank, or to a loan company that is an affiliate of the bank, in the event that (a) the debtor, if the debtor is a natural person, becomes involuntarily unemployed, or (b) a natural person who is a guarantor of all or part of the debt becomes involuntarily unemployed.	Means a policy of an insurer that will pay, without any individual assessment of risk, all or part of the amount of a debt of a debtor to the creditor insured under the policy in the event that: (i) if the debtor is an individual, the debtor becomes involuntarily unemployed; or (ii) an individual who is a guarantor of all or part of the debt becomes involuntarily unemployed.	Insurance (a) that is within the class of credit protection insurance; and (b) under which the coverage is limited to the insurer's undertaking to pay, without any individual assessment of risk, all or part of the amount of a debtor's debt to the creditor named in the policy in the event: (i) that the debtor — being an individual — becomes involuntarily unemployed, or (ii) that an individual who is a guarantor of all or part of the debt becomes involuntarily unemployed.

Note: **2012 Alberta Insurance Agents and Adjusters Regulation** defines creditor's group insurance as: "insurance effected by a creditor whereby the lives or well-being or the lives and well-being of a number of its debtors are insured severally under a single contract" (see Section (1)(2)(a)).

Regulatory Update – CAFII Executive Operations Committee, April 19, 2017

Prepared By Brendan Wycks, CAFII Co-Executive Director

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Federal/National

Financial Consumer Agency of Canada (FCAC)

Commissioner's Speech Updates Current Regulatory Initiatives
In a March 30/17 speech to federal government counterparts involved in consumer protection – titled *Communication, Collaboration and Consultation—Requirements for a strong consumer protection framework* -- Lucie Tedesco, Commissioner of the Financial Consumer Agency of Canada (FCAC), shared the following CAFII-relevant updates on current FCAC initiatives:

Supervision Framework
Slated to be published later this year, the Agency's new Supervision Framework will enable the Agency to anticipate and respond to issues at the same pace as our financial marketplace is evolving. It will enhance our capacity to achieve results, and to build awareness and knowledge of what we do and what we expect from our stakeholders.

Communications
Last month, at an annual session tailored to the financial services industry, I had the opportunity to address compliance professionals of more than 70 of our regulated institutions. I used this platform to outline in clear terms my expectations, which I expressed to them as asks. This is what I told them:

Be present: Embed yourselves in your lines of business, so that you can address issues with new products and services before those products and services are introduced to the market. Fixing issues after the fact is no longer enough and increases your institution's exposure to violations.

Be proactive: Test the policies and procedures you have in place to comply with the consumer provisions. Don't wait for us to do it. Anticipate issues and prevent them from impacting consumers.

Be transparent: Communicate with FCAC early, and often. Keep us in the loop. If you are involved with the business lines, then you're able to flag issues and resolve them. And, if you can't solve them, involve us from the outset as we can work through the issues with you. Let's work on the basis of no surprises.

So my last ask was this:

Act swiftly: Act swiftly when compliance breaches are identified to rectify them and make consumers whole.

Consultation
You might recall that the Government announced in Budget 2016 its plan to create a new financial consumer protection framework. Legislation was drafted and the new framework was tabled in the House of Commons as part of Bill C-29. The proposed content in Chapter 5 of the legislation was drafted to repatriate consumer provisions in the Bank Act. It also incorporated a principles-based approach that would give the Agency more scope and flexibility.

However, when the bill made its way to the Senate, it received opposition from some senators who argued that sections of the new content would negatively impact the capacity of provincial regulators to protect consumers. As a result, Chapter 5 was removed from the bill, and the federal government directed the Agency to consult with provincial and territorial regulators on best practices related to financial consumer protection.

With a deadline of May 31, 2017 to report our findings to the Minister of Finance, we are working diligently to acquire information and insights that will advance the government's objectives.

The consultations are an excellent opportunity for the Agency to hear firsthand accounts of exemplary practices. Our findings will not only feed into and enable us to influence future legislation, but will also inspire fresh thinking and planning within the Agency.

CPAC

It is my pleasure now to introduce to you a new initiative: The Consumer Protection Advisory Committee—or, more simply, CPAC. CPAC will be made up of a wide range of consumer-focused stakeholders who will engage and consult with FCAC on notable trends and issues. As Chair of this committee, I am determined to ensure its membership is matched with its purpose.

Public Interest Advocacy Centre (PIAC)

<u>PIAC Calls For Financial Consumer Code Protection Czar</u>

The Public Interest Advocacy Centre, one of Canada's most active consumer interest groups, recently published the following CAFII-relevant blog on its website:

In 2014, PIAC submitted an analysis to Finance Canada calling for a comprehensive financial consumer code, as well as the establishment of an ombudsman to address consumer complaints arising under a financial consumer code. We suggested the present Ombudsman for Banking Services and Investments (OBSI) could perform the day-to-day intake of complaints based on the Code, mediate and suggest resolutions to the financial institutions, leaving Financial Consumer Agency of Canada's (FCAC) role as supervisory, exercising an oversight, systemic enforcement and policy role.

Canadians need a comprehensive financial consumer code and an ombudsman to address consumer complaints arising under such a code.

The financial consumer code, as PIAC envisioned, would be binding upon financial institutions subject to federal Government authority and have the force of law. At the time, we reasoned that "in the absence of a clear, simple to understand standard, consumers – and notably vulnerable consumers – stand at a significant disadvantage when dealing with financial institutions and their employees or representatives."

As allegations about aggressive sales tactics by TD Bank employees comes to light,[1] PIAC reviewed its 2014 submission. We found the need remains for the creation of a document consumers can point to that outlines clear rules of road for federally regulated financial institutions and consumers.

However, having clear rules is only one piece of the puzzle. Once a document is created, Canadians will expect to have a champion to defend the contents of a financial consumer code. An effective body to adjudicate their concerns, and make public those instances where banks behave badly. On this score, the available evidence suggests the current enforcement approach towards banks in Canada is akin to having referees without whistles.

In 2014, PIAC expressed concern with the communications approach of the FCAC towards enforcement and compliance issues involving federally regulated financial institutions. We noted the FCAC "is not sufficiently focused upon informing the public" and that "generally, an announcement involving the violation of an act under the authority of the FCAC is posted on the FCAC website. FCAC rarely holds a press conference or communicates directly to the public explaining what occurred that was in violation of an existing statute or regulation."

Since 2014, PIAC contends the FCAC's approach to making public any enforcement activity has not changed. It is difficult to recall the last occasion when a federally regulated financial institution was publicly named by the FCAC to be in violation of a statute under its purview.

Even in the face of a series of alleged wrong-doings by a leading Canadian financial institution, there have only been e-mail statements by spokespersons. No public statement by the FCAC Commissioner to our knowledge thus far.

Meanwhile, the head of OBSI urged consumers who have encountered such banking issues to file a complaint with their financial institution. "Financial institutions have 90 days to deal with it, but if they're still unsatisfied then that's where OBSI comes in," OBSI CEO Sarah Bradley said. "We're here to help them resolve those disputes."

OBSI is an impartial arbitrator to resolve disputes between banks or investment firms and their clients. However, the OBSI is not used as a dispute arbitrator by TD. TD was allowed to move these services to another arbitrator called ADR Chambers Banking Ombuds Office in 2011.

This confusing morass of who is responsible for what complaints is not what Canadians will expect if a financial consumer code is introduced. Canadians will expect a "consumer protection czar" who not only accepts the mantle, but uses it to publicly defend the interests of Canadians when banks behave badly.

Enter the federal Minister of Finance. PIAC believes Finance Minister Morneau has an opportunity to enhance consumer confidence in the banking sector by introducing the establishment of comprehensive financial consumer code, and a single ombudsman to address consumer complaints arising under such a code. PIAC encourages the Minister to conduct the actions required to make the Financial Consumer Code and the applicable consumer redress regime a reality.

<u>PIAC And Allied Groups Join Forces For Two-Day Consumer Advocacy Conference</u>
On March 15/17, Word Consumer Rights Day, PIAC announced that a two-day conference called *Consumers 150: The State of Canadian Consumers and Advocacy* would be held in Ottawa on September 19-20/17. This event in Ottawa during Canada's 150th birthday will analyze a series of contemporary issues facing Canadian consumers. *Consumers 150* will also facilitate a discussion of how to meet present and future challenges associated with consumer advocacy in Canada.

Consumers 150 will cover issues that promote access, participation and innovation that is good for consumers, the economy and society. PIAC has collaborated with Option consommateurs, the Consumers Council of Canada, and Union des consommateurs to organize this event.

Canadian Foundation For Advancement Of Investor Rights Canada (FAIR Canada)

<u>FAIR Canada Calls For Strong Consumer Presence In Ontario's New FSRA</u>
On March 30/17, the Foundation for the Advancement of Investor Rights Canada (FAIR Canada) wrote to Ontario Finance Minister Charles Sousa and called for a strong consumer presence within the province's new Financial Services Regulatory Authority, through to two particular measures, as follows:

First, in order to achieve its consumer protection mandate, FSRA should have consumer representation on its board of directors. We therefore support the appointment of at least two (depending on the total number of directors appointed) directors to the board who will represent the interests of financial consumers. The appointment of qualified people whose body of work is known to reflect and foster the interests of financial consumers would be in the public interest.

Second, we recommend that an independent statutory consumer advisory panel be a statutorily mandated feature of the FSRA and that it be appropriately funded and afforded a broad mandate to represent the interests of financial consumers in the areas the new agency overseas. Consumers currently no have little to no engagement on financial services issues, especially in respect of the areas that the new financial agency is set to regulate. FSCO continually struggles to obtain consumer input into the policy-making process. By contrast, industry associations and players have significant representation and influence. A consumer advisory panel would be invaluable to the policy-making process of the new regulator and help the FSRA fulfil its mandate.

British Columbia

<u>Gerry Matier Retiring As Executive Director Of Insurance Council At End Of 2017</u>
Gerry Matier, Executive Director of the Insurance Council of BC since 1991, has announced that he will be retiring from that role at the end of 2017. The Insurance Council has therefore contracted the executive search services of Western Management Consultants to assist in the recruitment of Gerry's successor.

While leading the primary insurance regulator in BC for 26 years, Gerry also served two terms as Chair of the Canadian Insurance Services Regulatory Organisations (CISRO) and was a member of the national committees that developed the Life Licence Qualification Program (LLQP) for implementation in 2003 and modernized it 10 years later.

Prior to assuming the leadership reins at the Insurance Council, Gerry served as Deputy Superintendent, Registration & Statutory Filings at the B.C. Securities Commission.

Western Management Consultants' recruitment ad about the Executive Director position states that "the successful candidate will have considerable experience in a regulatory, multi-stakeholder environment, with some exposure to the financial services industry. He/she will have demonstrated success in leading an organization both strategically and at a hands-on management level. An ability to create consensus and move the mission and vision of The Council forward in an increasingly complex environment is critical."

<u>Ministry Of Finance Targeting Summer Release Of FIA Act Review Policy Paper</u>
In an update phone conversation with B. Wycks on April 20/17, Elizabeth Cole, Executive Director, Strategic Projects & Policy in the BC Ministry of Finance's Policy & Legislation Division and lead on its current 10-Year Review of the Financial Institutions Act and Credit Union Incorporation Act, advised that the Ministry is now targeting a summer 2017 release, likely in July or August, of its Policy Paper.

Ms. Cole advised that regardless of whether the current government is re-elected or a new government takes office, the first priority is likely to be the development and tabling of a provincial budget; and, if everything goes according to plan, the Ministry of Finance will likely be in a position to release the Policy Paper not long after the budget.

Earlier, in a June 23/16 update call with B. Wycks, Ms. Cole had advised that while there were several key policy issues on the Credit Union Incorporation Act side of the review that needed to be ironed out and dealt with in the Policy Paper, there was really only one contentious issue on the insurance side in the FIA Review, and that's the Insurance Retailing and Licensing Exemptions. Where the Ministry will likely land on that is by making some proposals for change in the Policy Paper. And as with all change scenarios, she noted, there'll be some stakeholders who are happy with the proposed new model, and others who aren't so happy. But that same issue was also contentious in the previous 10-Year Review, a decade ago, and the Ministry was able to come up with an approach that all parties could live with.

After the Ministry publishes the Policy Paper this summer, it wants to publish all of the response submissions it receives immediately following the close of the consultation, in the interests of transparency and fairness to all stakeholders. The Ministry may go so far as to say in the Policy Paper, "if you want us to consider your submission, you must consent to its publication on a Ministry web site immediately following the close of the consultation."

Alberta

CLHIA Proposes Common Industry Stance On Feedback To AIC On CGI Definitions
In an April 20/17 liaison and update teleconference with CLHIA's E. Hiemstra and Sara Hobbs, who works with Ms. Hiemstra in supporting CLHIA's CGI and Alternate Distribution Committees, B. Wycks and K. Martin received an update on CLHIA's recent discussions with the Alberta Insurance Council's management team about the package of CGI-related definitions –i.e. those products which may be offered as "credit-related insurance" under a Restricted Certificate of Authority -- which the AIC proposes to publish on its consumer-facing website.

The package of definitions in question was set out on page 2 of AIC CEO J. Abram's December 22/16 letter to industry stakeholders, which communicated the Life Insurance Council's decision to approve a definition of critical illness insurance which may be offered as credit-related insurance under an RIA Certificate.

Ms. Hiemstra advised that CLHIA does not have any particular issue with the LIC-approved definition of credit-related critical illness insurance, which is fairly close to the wording which CLHIA had provided to the AIC in October 2016. However, CLHIA did discern potential problems arising from the definitions, as drafted, for credit-related life insurance, disability insurance, and job loss insurance; and it therefore communicated the following concerns to the AIC in early 2017:

- the language "pays off" could be read as a guaranteed payment. Similarly, the language "pays off the loan" could be read as payment for the entire outstanding loan amount;
- the terms "person" or "debtor" would be preferable to the term "borrower" that is used in the AIC definitions, as they are more commonly used in legislation; and
- the term "beneficiary" is more commonly used in individual insurance and has certain policy-holder rights associated with it that do not extend to CGI products. In addition, using "beneficiary" to describe the creditor could exclude an important exemption for farm, fishery and ranch lines of credit under the Insurance Business (Banks and Bank Holding Companies) Regulations, where the insurance monies may be paid to parties other than the creditor.

More broadly, CLHIA questioned the need for the definitions at all, other than the newly devised definition of creditor critical illness insurance.

In recent discussions with AIC CEO J. Abram, CLHIA has learned that the credit-related insurance definitions, other than CI, have existed and been used for internal reference purposes within the AIC for a number of years; and the Life Council wanted to integrate the new CI definition with them into a comprehensive package that could be shared publicly.

CLHIA observed, and J. Abram agreed, that what has changed at present is AIC's plan to take what were long-standing but internal reference definitions – which have been working well for Council members over the years, as "industry insiders" who understand the nuances of such definitions -- and now make them public on the AIC's website.

Subsequently, CLHIA further communicated its concern to the AIC that the long-standing internal definitions, if shared publicly, could cause misunderstanding and confusion among consumers. CLHIA recommended that the definitions be reviewed and amended before any public communication occurs; and it has facilitated that by submitting a document titled “Industry Feedback on December 2016 Creditor’s Group Insurance Definitions” which sets out CLHIA’s suggestions for edits/amendments; and what concerns those edits/amendments are intended to address.

Based on CLHIA’s most recent discussion with J. Abram, E. Hiemstra advised that the AIC will soon be reaching out to CAFII to obtain its views on CLHIA’s concerns about the AIC’s credit-related insurance definitions; and with respect to the amended language that CLHIA has proposed.

Ms. Hiemstra observed that the interests of all CGI insurers and distributors in Alberta would be best served if there was a common view on the issue of the AIC’s definitions. She therefore offered to share her “Industry Feedback on December 2016 Creditor’s Group Insurance Definitions” document with CAFII for review and consideration.

B. Wycks and K. Martin committed to bring that document forward for discussion at CAFII’s April 25/17 EOC meeting; and to get back to Ms. Hiemstra shortly thereafter with an update on CAFII’s position on the definitions.

Ontario

Ontario Budget To Contain Update On FSRA Legislative Changes

In answers offered during a post-speech Q&A session at the early April *New Paradigm of Financial Advice* conference, Ontario Finance Minister Charles Sousa said that while further consultation will occur with respect to the legislation and regulations which will establish the province’s new Financial Services Regulatory Authority (FSRA), the developmental work that is underway by the FSRA Implementation Secretariat is already taking into account the research and industry commentary that has been collected since June 2015. More specific information on legislation changes will be presented in the April 27 Ontario budget, he added, and throughout the coming year.

At the conference, hosted by three think tanks, Sousa also told attendees that “the financial services industry will continue to play a major role in Ontario’s economic growth,” and that the focus should be on “better serving customers” as the industry changes.

FSCO’s Draft 2017 Statement Of Priorities Focuses On Two Key Themes

In late March, FSCO published its Draft 2017 Statement of Priorities on its website. CAFII will be making a response submission by the stated May 26/17 deadline.

While the Draft Statement of Priorities says that in 2017-18, FSCO will continue to focus its efforts on core activities and initiatives in seven priority areas, there are actually only two themes called out for special attention: (i) Treating Consumers Fairly; and (ii) Enabling Innovation.

Quebec

AMF Staff Executive Not Optimistic That Omnibus Bill Will Be Tabled By June

In a conversation with B. Wycks at CAFII’s 20th Anniversary Celebration on April 5/17, Eric Stevenson, the AMF’s Superintendent, Client Services and Distribution Oversight, indicated that he was not optimistic that Quebec’s Ministry of Finance will keep its latest commitment to table the long-awaited Omnibus Bill to modernize the province’s financial services sector by June 16/17, the end date of the current session of the province’s National Assembly.

He said that the Ministry is still coping with an ongoing strike by legislative drafting lawyers; and he is not seeing any evidence which would confirm that the Ministry is making the Omnibus Bill a high priority and is committed to the most recently stated deadline for introducing the legislation. He noted that the delays, missed deadlines, and apparent lack of high priority status for the Omnibus Bill are increasingly becoming a source of frustration for the AMF management team. The AMF is particularly keen to see the Omnibus Bill brought forward soon because modernizations to several pieces of legislation that govern the AMF's regulation of the financial services sector are key to its being able to do an effective job in the future.

In 2018, the International Monetary Fund (IMF) is expected to visit the AMF again for a follow-up Financial Sector Assessment Program (FSAP) review, and one of the things the IMF will be looking at is the regulator's ability to make decisions and act without impediments and undue government control. That will require changes to the Act respecting the Autorité des marchés financiers.

The Omnibus Bill is expected to modernize eight pieces of financial sector legislation as follows:

- The Act respecting insurance;
- The Act respecting trust companies and savings companies;
- The Act respecting financial services cooperatives;
- The Securities Act;
- The Act respecting the distribution of financial products and services;
- The Derivatives Act;
- The Act respecting real estate brokerage; and
- The Act respecting the Autorité des marchés financiers.

Earlier, in a conversation with B. Wycks following CAFII's stakeholder meeting with the CCIR Travel Insurance Working Group on February 22/17, Louise Gauthier, the AMF's Senior Director, Distribution Policies and Compensation, advised Brendan Wycks that in a cocktails event hosted by the AMF the previous week, Quebec Finance Minister Carlos Leitao had committed to a new deadline for tabling the long-awaited Omnibus Bill: before the end of the current sitting of the Quebec National Assembly, which would mean a deadline of on or before June 16/17.

<u>Budget Commits To Omnibus Bill That Will Allow For Group P&C Insurance</u>
In his provincial budget tabled on March 28/17, Quebec Finance Minister Carlos Leitao highlighted an imminent Omnibus Bill with some insurance-related implications, but it was a separate and distinct Omnibus Bill and not the one related to modernizing the province's financial services sector which CAFII and other industry stakeholders have been eagerly awaiting.

Relevant excerpts from the budget document are as follows:

Some measures of the budget require legislative amendments. The Minister of Finance will introduce an omnibus Bill in the National Assembly during the fall 2017 parliamentary session for that purpose. The Bill will contain the legislative amendments that are not of a fiscal nature. The details of certain measures are provided in the budget documents. The Bill will include the following measures in particular:
. . .

- *Regulations concerning insurance*
  The Civil Code of Quebec will be amended to
  -introduce the concept of group damage insurance;
  -introduce partial prohibition of transferring a life insurance policy for the purpose of speculation;
  -define some notions concerning co-ownership insurance.

The Act respecting the distribution of financial products and services will be amended to:
-review the rules restricting ownership of a damage insurance brokerage firm;
-make adjustments to enable the provision of group damage insurance.

AMF Publishes Updated Compliance Guideline
On April 12/16, the AMF circulated an e-alert advising that it had just published a modified Compliance Guideline which applies to insurers of persons (life and health), damage insurers, portfolio management companies controlled by an insurer, financial services cooperatives, and trust and savings companies. The updated Compliance Guideline came into effect on April 15/17.

In an introductory section on "Coming into effect and updating," the updated Compliance Guideline indicates that "to reflect the evolution of principles of sound and prudent management emanating from international bodies in connection with compliance, and to be consistent with the Governance Guideline and the Integrated Risk Management Guideline, this Compliance Guideline has been updated to April 15, 2017. A one-year transition period has been set to enable financial institutions to adjust to the new expectations. The AMF therefore expects financial institutions to make the necessary adjustments by April 15, 2018. If an institution has already set up such a framework, the AMF may verify whether the framework enables it to comply with the legal requirements."

In its Preamble, the Guideline states that "the AMF favours a principles-based approach rather than a specific rules-based approach. As such, the guidelines provide financial institutions with the necessary latitude to determine the requisite strategies, policies and procedures for implementation of such management principles and to apply sound practices based on their nature, size, operational complexity and risk profile. In this regard, the guideline illustrates how to comply with the principles described."

In addition to setting out a "Compliance management framework," the Guideline specifically addresses the roles and responsibilities of (a) the board of directors; (b) senior management; and (c) the lines of defense. The Guideline concludes with a section on "Supervision of sound and prudent management practices."

The Guideline is available on the AMF website under the tabs "Insurers" and "Deposit institutions" in the "Guidelines" section.

Research, Thought Leadership, and Innovation

APEXA

APEXA Advisor Screening, Contracting, And Compliance Platform To Launch In May

After running into snags, APEXA, the much talked-about contract and compliance platform, has been given a new start date of the first half of May. "We're going to be connecting the industry," said Tonya Blackmore, CEO of APEXA, at the Canadian Life Insurance EDI Standards (CLIEDIS) annual seminar in April.

APEXA, owned by insurance consulting company LOGiQ3, began as an idea in 2013 and started to take root a year later. Its aim is to provide a single advisor screening, contracting and compliance tool for the insurance industry, helping advisors, carriers and distributors. Five insurance companies – Canada Life, Empire Life, Industrial Alliance, Manulife and Sun Life Financial -- as well as four managing general agencies (MGAs) – HUB Financial, Financial Horizons, IDC Worldsource and PPI Solutions -- have been providing both advice and financial and other resources to the project.

APEXA was originally slated to begin early last year, but stakeholders wanted to make the system more appealing to advisors. The next launch date was set for the middle of 2016, but that too went by the wayside when APEXA announced it needed more time to fine-tune the system, including addressing issues stemming from the complicated internal systems of the large insurers.

A.M. Best

<u>Ongoing Innovation And Disruption Ahead For Life Insurance Industry</u>
Life insurance agents are retiring and consumer preferences are changing. Will large retailers or technology companies like Amazon, Apple, and Google be the ones who provide the middle-market with life insurance?

In a recent report on life insurance and annuity distribution trends in the United States, ratings agency A.M. Best notes that domestic insurers are starting to see competition from alternate channels such as affinity groups, retailers, and online comparison platforms. While Walmart is only selling automobile and health coverage at the moment, Costco and the American Association of Retired Persons (AARP) have started to offer a larger suite of products, including life insurance.

In *Shifting Dynamics Could Lead to Distribution Channel Innovation*, published on December 6/16, the ratings agency points out that Amazon, Apple, and Google all have strong balance sheets, large databases of customer information, superior technological resources, and a significant amount of excess capital. If they were to decide to get into the insurance business, the report suggests they could disrupt the traditional distribution model.

Online retailers have neither a sales force nor experience selling life insurance, but they do have extensive data mining capabilities. Given their strong brands and loyal Millennial customer base, A. M. Best suggests these large, high-tech corporations could access the middle market more efficiently than traditional life insurers; they would probably begin with simplified products that are better suited to online buyers.

As consumer preferences change, the report argues that the insurance industry in general will shift towards using the internet for direct sales and as a first point of sale. Within the next five years A.M. Best points out that Millennials will make up about half of the US workforce and they expect to buy insurance the same way they purchase other products. “Insurers are going to have to figure out a way to offer this kind of customer experience in order to penetrate this growing segment of the population,” reads the report.

What’s more, there is a “pending retirement wave” of life insurance agents and a lack of new recruits to the business. A.M. Best warns that as the older generation leaves the industry, there may not be enough younger advisors left to provide the mid-market client with individual, face-to-face service.

“There is broad consensus that the distribution system for the life insurance industry must undergo a rapid, strategic evolution based on changing demographic and macroeconomic conditions. The structure of basic customer relationships, the core value propositions of products, and the role of agents in broader and diversified distribution models are all ripe for change,” concludes A.M. Best. “The industry is altering how it identifies potential customers; what it sells to them; and how it sells, services, and distributes those products. This is a big undertaking for an industry that is mature in nature with historically slow rates of adaptation.”

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

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April 7, 2017

The Honourable Kevin Doherty
Minister of Finance, Government of Saskatchewan
Room 312, Legislative Building, 2405 Legislative Drive
Regina, Saskatchewan
S4S 0B3
minister.fi@gov.sk.ca

Honourable Minister Doherty:

The Canadian Association of Financial Institutions in Insurance congratulates you and the Government of Saskatchewan on the overall soundness and prudence of your recent budget, including the measures therein to address the province's long-term financial sustainability.

That said, our Association must register its deep concern about your government's decision to broaden the Provincial Sales Tax (PST) base to include all types of insurance premiums, both individual and group. It is our understanding that you are requiring that effective July 1, 2017, PST must be charged and collected on all life, accident and health; property, vehicle, liability and casualty insurance premiums; as well as agricultural insurance premiums. The PST that will now be levied on insurance premiums, at a rate of 6%, is in addition to an existing, economically distorting 3% tax which Saskatchewan imposes upon life, health, and disability insurance premiums, a long-standing additional cost to insurers of doing business in the province, which they ultimately must pass on to consumers.

We also understand that the Information Bulletin containing implementation details about this PST change is not scheduled to be released until April 30, 2017.

It is CAFII's strong view that the decision to include insurance premiums within a broadened PST base is an ill-considered public policy which runs counter to the long-term interests of the province and its citizens. While as a consumption tax, the PST serves as an important component of the province's revenue base, it is just as important that consumption taxes not be levied upon products and services that produce long-term social benefits. Products such as insurance should not be subject to fiscal penalties or disincentives. Insurance offers critical protection for consumers – and, indirectly, for society as well -- against unforeseen events and losses, including injury, illness, or death; and any direct tax on insurance premiums will discourage individuals and employers from securing necessary protection for themselves, their dependants, and their employees.

By way of an example that is specific to CAFII and the vast, underserved market of middle income Saskatchewanians whose insurance needs our members meet, we offer the following. Our members focus on offering simple, conveniently accessible, and affordable insurance coverage through a variety of channels, especially alternate distribution channels such as call centres, financial institution branches, and the internet. Having to charge PST on the insurance products which our members offer through these channels (most often group products such as creditor's group insurance) will discourage individuals from securing the coverage necessary to protect their families from financial distress, through what is often the only access to insurance that they have available.

The perhaps unforeseen, longer term effects of this decision will be to put uninsured or inadequately insured families at risk of financial catastrophe or severe duress; and to increase uninsured or inadequately insured citizens' reliance on publicly funded social services, leading to a variety of additional social costs for the province. The decision will also make Saskatchewan less competitive for employers and employees in comparison to the other jurisdictions, which will have a harmful impact upon the province's future revenue potential.

We strongly recommend that the Government of Saskatchewan reconsider its decision to include insurance premiums within a broadened PST base.

We would be pleased to meet with you and/or Ministry officials to discuss our concerns, either in-person in Regina or by teleconference, as you prefer. We ask that your office contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243 to arrange a meeting at a mutually convenient time.

Thank you for your consideration of CAFII's concerns about this critically important matter. We look forward to working with you and your officials towards a mutually agreeable solution.

Sincerely,

Eleanore Fang
Board Secretary and Chair, Executive Operations Committee

c.c. Roger Sobotkiewicz, Chair and CEO, Saskatchewan Government Crown Corporations, Financial and Consumer Affairs Authority
Jan Seibel, Lawyer, Legal Branch, Saskatchewan Government Crown Corporations, Financial and Consumer Affairs Authority
Ron Fullan, Executive Director, Insurance Councils of Saskatchewan

ABOUT CAFII

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

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services.

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

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

CAFII members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for CAFII as its members' common ground.

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

Comparison of Attendance of Regulator & Policy-Makers to CAFII 15th Anniversary vs. 20th Anniversary									
15th Anniversary Regulator and Policy-Maker Expected				15th Anniversary Actual			20th Anniversary Regulator and Policy-Maker Expected		
Regulator/ Organization	First Name	Last Name	Title	First Name	Last Name	Title	First Name	Last Name	Organization/Title
Office of the Attorney General, Government of Prince Edward Island	**Robert**	**Bradley**	Superintendent of Insurance, Office of the Attorney General	**Robert**	**Bradley**	Superintendent of Insurance, Office of the Attorney General	**William**	**Ngu**	Acting Superintendent of Insurance, Credit Unions and Trust and Loan Companies Department of Finance, Nova Scotia
Autorité des marchés financiers	**Patrick**	**Dery**	Superintendent of Solvency, Autorité des marchés financiers	**Patrick**	**Dery**	Superintendent of Solvency, Autorité des marchés financiers	**Frank**	**Chong**	Acting Superintendent, Financial Institutions Financial Institutions Commission, British Columbia
Department of Finance, Government of Northwest Territories	**Doug**	**Doak**	Superintendent of Insurance, Dept. of Finance, GNWT	**Doug**	**Doak**	Superintendent of Insurance, Dept. of Finance, GNWT	**Louise**	**Lavoie**	Assistant Comptroller General Accounting Services Management, Northwest Territories
Financial Services Commission of Ontario	**Jim**	**Fox**	Senior Policy Advisor, Insurance & Deposit Institutions Policy, Licensing & Market Conduct Division	**Jim**	**Fox**	Senior Policy Advisor, Insurance & Deposit Institutions Policy, Licensing & Market Conduct Division	**Nilam**	**Jetha**	Assistant Deputy Minister Alberta Treasury Board and Finance, Alberta
Insurance Councils of Saskatchewan	**Ron**	**Fullan**	Executive Director, Insurance Councils of Saskatchewan	**Ron**	**Fullan**	Executive Director, Insurance Councils of Saskatchewan	**Eric**	**Stevenson**	Superintendent, Client Services and Distribution Oversight, Autorité des marchés financiers
Financial Services Commission of Ontario	**Kathleen**	**Hamilton**	Senior Manager, Market Activity Response Unit	**Kathleen**	**Hamilton**	Senior Manager, Market Activity Response Unit	**Louise**	**Gauthier**	Senior Director, Distribution Policies and Compensation, Autorité des marchés financiers
Financial Services Commission of Ontario	**Phillip**	**Howell**	Chief Executive Officer & Superintendent of Financial Services, FSCO; Chair of the Joint Forum	**Phillip**	**Howell**	Chief Executive Officer & Superintendent of Financial Services, FSCO; Chair of the Joint Forum	**Nathalie**	**Sirois**	Senior Director, Supervision of Insurers and Control of Right to Practise, Autorité des marchés financiers
Office of the Superintendent of Financial Institutions	**Darrell**	**Leadbetter**		**Darrell**	**Leadbetter**		**Bruce**	**Green**	Senior Manager, Rates & Classification, Financial Services Commission of Ontario
Office of the Superintendent of Financial Institutions	**Penny**	**Lee**	Senior Director, Office of the Superintendent of Financial Institutions	**Penny**	**Lee**	Senior Director, Office of the Superintendent of Financial Institutions	**Chris**	**Carter**	Deputy Superintendent of Market Conduct, Financial Institutions Commission, British Columbia
Financial Services Commission of Ontario	**Anatol**	**Monid**	Director, Market Conduct Branch	**Anatol**	**Monid**	Director, Market Conduct Branch	**Darlene**	**Hall**	Director, Automobile Insurance Services Branch, Financial Services Commission of Ontario
Department of Finance, Nova Scotia	**Doug**	**Murphy**	Superintendent of Insurance, Credit Unions and Trust and Loan Companies, Department of Finance NS	**Doug**	**Murphy**	Superintendent of Insurance, Credit Unions and Trust and Loan Companies, Department of Finance NS	**Hélène**	**Samson**	Director, Supervision, Autorité des marchés financiers
Financial Institutions Commission BC	**Carolyn**	**Rogers**	CEO & Superintendent, Financial Institutions Commission BC	**Carolyn**	**Rogers**	CEO & Superintendant, Financial Institutions Commission BC	**Jason**	**Delby**	Senior Legal Counsel, Financial and Consumer Services Commission, New Brunswick
Financial Institutions Regulation Branch, Government of Manitoba	**Jim**	**Scalena**	Superintendent, Financial Institutions Regulation Branch MB	**Jim**	**Scalena**	Superintendent, Financial Institutions Regulation Branch MB	**Jennifer**	**Calder**	Deputy Superintendent of Insurance, Nova Scotia
Financial Services Commission of Ontario	**Martin**	**Ship**	Director, Corporate Policy and Public Affairs	**Martin**	**Ship**	Director, Corporate Policy and Public Affairs	**Molly**	**Burns**	Analyst, Policy Initiatives, BC FICOM
Autorité des marchés financiers	**Eric**	**Stevenson**		**Eric**	**Stevenson**		**Sean**	**Jacobs**	CCIR Policy Manager
Financial Services Commission of Ontario	**Grant**	**Swanson**	FSCO Executive Director, Licensing & Market Conduct Division	**Grant**	**Swanson**	FSCO Executive Director, Licensing & Market Conduct Division	**Martin**	**Boyle**	CCIR, Policy Manager
Department of Justice & Attorney General, Government of New Brunswick	**David**	**Weir**	Deputy Superintendent of insurance	**David**	**Weir**	Deputy Superintendent of insurance	**Ron**	**Fullan**	Executive Director, Ins. Councils of Sask; Chair, CISRO
Ministry of Finance	**Michael**	**Weisman**	Senior Policy Advisor, INSURANCE AND COOPERATIVES POLICY	**Michael**	**Weisman**	Senior Policy Advisor, INSURANCE AND COOPERATIVES POLICY	**Scott**	**Moore**	Deputy Superintendent of Insurance Financial Institutions Regulation Branch, Manitoba
Securities Commission of Newfoundland and Labrador	**Craig**	**Whalen**	Deputy Superintendent of Insurance, Financial Services Regulation Division	**Craig**	**Whalen**	Deputy Superintendent of Insurance, Financial Services Regulation Division	**Joseph**	**Chan**	Director Property and Casualty Insurance Group Office of the Superintendent of Financial Institutions Canada
		19			**19**		**Allan**	**Amos**	Manager, Licensing Compliance Unit, Financial Services Commission of Ontario
							Anatol	**Monid**	Executive Director, Licensing and Market Conduct Branch, Financial Services Commission of Ontario
							Heather	**Driver**	Director, Licensing Branch, Financial Services Commission of Ontario
							Izabel	**Scovino**	Director, Market Conduct Regulation Branch, Financial Services Commission of Ontario
							Peter	**Burston**	Executive Asst. to Interim CEO, Financial Services Commission of Ontario
							Richard	**Tillman**	Senior Manager, Insurance and Deposit Institutions Policy, Financial Services Commission of Ontario
							Brian	**Mills**	(Vice-Chair, CCIR) Interim Chief Executive Officer & Superintendent of Financial Services Financial Services Commission of Ontario
							Amanda	**Lloyd**	Policy Advisor, Ontario Ministry of Finance
							David	**McLean**	Executive Assistant and Special Policy Advisor to the Deputy Minister, Ontario Ministry of Finance
							Michael	**Weisman**	Senior Policy Advisor, Ontario Ministry of Finance
							Sandy	**Roberts**	Director, FSRA Implementation Secretariat, Ontario Ministry of Finance
							Stuart	**Wilkinson**	Policy Advisor, FSRA Implementation Secretariat, Ontario Ministry of Finance
							Patrick	**Déry**	(Chair, CCIR) Superintendent of Solvency Autorité des marchés financiers
							Robert	**Bradley**	(Vice-Chair, CCIR) Superintendent of Insurance Department of Justice and Public Safety, P.E.I.
							Laurie	**Balfour**	Senior Manager, Prudential Supervisor Insurance Regulations and Market Conduct, Treasury Board and Finance, Government of Alberta
							Harry	**James**	Senior Regulatory Advisor Financial Institutions Commission of BC
							Dan	**Young**	Superintendent of Insurance Dept. of Finance, Government of Nunavut
							Angela	**Mazerolle**	Superintendent of Insurance Financial and Consumer Services Commission, New Brunswick
							John	**O'Neill**	Superintendent of Insurance, Newfoundland
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April 10/13 15th Anniversary Breakdown
100% of expected Regulator & Policy-Maker attendees actually attended
20% of the total attendance for the event were Regulator & Policy-Makers

April 5/17 20th Anniversary Breakdown
44.75% of expected Regulator & Policy-Maker attendees actually attended
15.74% of total attendance for the event were Regulator & Policy-Makers

Comparison of Attendance of Regulator & Policy-Makers to CAFII 15th Anniversary vs. 20th Anniversary									
15th Anniversary Regulator and Policy-Maker Expected				15th Anniversary Actual			20th Anniversary Regulator and Policy-Maker Expected		
Regulator/ Organization	First Name	Last Name	Title	First Name	Last Name	Title	First Name	Last Name	Organization/Title
Office of the Attorney General, Government of Prince Edward Island	**Robert**	**Bradley**	Superintendent of Insurance, Office of the Attorney General	**Robert**	**Bradley**	Superintendent of Insurance, Office of the Attorney General	**William**	**Ngu**	Acting Superintendent of Insurance, Credit Unions and Trust and Loan Companies Department of Finance, Nova Scotia
Autorité des marchés financiers	**Patrick**	**Dery**	Superintendent of Solvency, Autorité des marchés financiers	**Patrick**	**Dery**	Superintendent of Solvency, Autorité des marchés financiers	**Frank**	**Chong**	Acting Superintendent, Financial Institutions Financial Institutions Commission, British Columbia
Department of Finance, Government of Northwest Territories	**Doug**	**Doak**	Superintendent of Insurance, Dept. of Finance, GNWT	**Doug**	**Doak**	Superintendent of Insurance, Dept. of Finance, GNWT	**Louise**	**Lavoie**	Assistant Comptroller General Accounting Services Management, Northwest Territories
Financial Services Commission of Ontario	**Jim**	**Fox**	Senior Policy Advisor, Insurance & Deposit Institutions Policy, Licensing & Market Conduct Division	**Jim**	**Fox**	Senior Policy Advisor, Insurance & Deposit Institutions Policy, Licensing & Market Conduct Division	**Nilam**	**Jetha**	Assistant Deputy Minister Alberta Treasury Board and Finance, Alberta
Insurance Councils of Saskatchewan	**Ron**	**Fullan**	Executive Director, Insurance Councils of Saskatchewan	**Ron**	**Fullan**	Executive Director, Insurance Councils of Saskatchewan	**Eric**	**Stevenson**	Superintendent, Client Services and Distribution Oversight, Autorité des marchés financiers
Financial Services Commission of Ontario	**Kathleen**	**Hamilton**	Senior Manager, Market Activity Response Unit	**Kathleen**	**Hamilton**	Senior Manager, Market Activity Response Unit	**Louise**	**Gauthier**	Senior Director, Distribution Policies and Compensation, Autorité des marchés financiers
Financial Services Commission of Ontario	**Phillip**	**Howell**	Chief Executive Officer & Superintendent of Financial Services, FSCO; Chair of the Joint Forum	**Phillip**	**Howell**	Chief Executive Officer & Superintendent of Financial Services, FSCO; Chair of the Joint Forum	**Nathalie**	**Sirois**	Senior Director, Supervision of Insurers and Control of Right to Practise, Autorité des marchés financiers
Office of the Superintendent of Financial Institutions	**Darrell**	**Leadbetter**		**Darrell**	**Leadbetter**		**Bruce**	**Green**	Senior Manager, Rates & Classification, Financial Services Commission of Ontario
Office of the Superintendent of Financial Institutions	**Penny**	**Lee**	Senior Director, Office of the Superintendent of Financial Institutions	**Penny**	**Lee**	Senior Director, Office of the Superintendent of Financial Institutions	**Chris**	**Carter**	Deputy Superintendent of Market Conduct, Financial Institutions Commission, British Columbia
Financial Services Commission of Ontario	**Anatol**	**Monid**	Director, Market Conduct Branch	**Anatol**	**Monid**	Director, Market Conduct Branch	**Darlene**	**Hall**	Director, Automobile Insurance Services Branch, Financial Services Commission of Ontario
Department of Finance, Nova Scotia	**Doug**	**Murphy**	Superintendent of Insurance, Credit Unions and Trust and Loan Companies, Department of Finance NS	**Doug**	**Murphy**	Superintendent of Insurance, Credit Unions and Trust and Loan Companies, Department of Finance NS	**Hélène**	**Samson**	Director, Supervision, Autorité des marchés financiers
Financial Institutions Commission BC	**Carolyn**	**Rogers**	CEO & Superintendent, Financial Institutions Commission BC	**Carolyn**	**Rogers**	CEO & Superintendant, Financial Institutions Commission BC	**Jason**	**Delby**	Senior Legal Counsel, Financial and Consumer Services Commission, New Brunswick
Financial Institutions Regulation Branch, Government of Manitoba	**Jim**	**Scalena**	Superintendent, Financial Institutions Regulation Branch MB	**Jim**	**Scalena**	Superintendent, Financial Institutions Regulation Branch MB	**Jennifer**	**Calder**	Deputy Superintendent of Insurance, Nova Scotia
Financial Services Commission of Ontario	**Martin**	**Ship**	Director, Corporate Policy and Public Affairs	**Martin**	**Ship**	Director, Corporate Policy and Public Affairs	**Molly**	**Burns**	Analyst, Policy Initiatives, BC FICOM
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