

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, September 14, 2021

Chair: R. Dobbins

Location: [Virtual MSTEams Meeting](#)

Time: 2:00 – 4:00 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		R. Dobbins		
b. Current Status of CAFII EOC Subcommittee Memberships; and Next Steps Needed		R.Dobbins/A.Stuska /A. Mukherjee	Update/ Discussion	✓

2. Consent Items	2:07 p.m.	Presenter	Action	Document
a. Consultations/Submissions Timetable				✓
b. Regulatory Update				✓
c. August 11/21 CAFII Submission In Response to FSRA Follow-up Consultation on Revised UDAP Rule				✓
d. Regulator and Policy-Maker Visit Plan				✓
e. Summary of Board and EOC Action Items				✓
f. Board-Approved Schedule of CAFII 2021 Meetings and Events				✓

3. Financial Management Matters	2:09 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at July 31/21		T. Pergola	Update	✓
b. Forecast for CAFII 2021 Fiscal Year as at July 31/21		T. Pergola	Update	✓
c. Critical Path 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 Board Approval of Deloitte Canada Proposal for a Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Insurance; Subsequent Steps Taken; and Next Steps		K. Martin	Update	✓ (2)
b. Media Advocacy		A. Mukherjee	Update	
i. Outcomes of September 7/21 Media Advocacy Committee Meeting		A. Mukherjee/ K. Martin	Update	✓ (2)
c. Market Conduct & Licensing		B. Kuiper	Update	
i. Draft CAFII Response to CCIR/CISRO Consultation on Draft Incentives Management Guidance		B. Wycks	Update	✓ (2)
ii. FSRA Consultation on “Enforcement Proceedings and Investigations”		K. Martin/M. Gill	Update/ Discussion	✓
iii. Opportunity for CAFII to Become A Signatory to an Ontario Chamber of Commerce-Sponsored “Industry Associations Coalition Letter” Advocating That Ontario Not Introduce Its Own Provincial Privacy Legislation		B. Wycks	Update/ Discussion	✓ (2)
d. Travel Insurance Experts		K. Umutoiniwase	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. September 29/21 CAFII Webinar on “Climate Science, Our Changing Planet, and Implications for Life Insurance” With Two Co-Presenters from RGA Reinsurance Company		C. Manno/B. Wycks	Update	✓

5. Recent and Upcoming Strategic and Regulatory Initiatives	3:05 p.m.	Presenter	Action	Document
a. 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				✓
i. Insights Gained from September 10/21 CAFII <i>Get Acquainted and Dialogue Meeting</i> with Eric Jacob, AMF’s New Superintendent, Client Services and Distribution Oversight		K. Martin/B. Wycks	Update/ Discussion	
ii. CAFII Utilization of Norton Rose Legal Arguments/Opinion In Opposition to AMF’s Interpretation on RADM’s Applicability to Credit Card-Embedded Insurance Benefits		K. Martin/B. Wycks	Update/ Discussion	

iii. CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits	K. Kasperski/ K. Martin	Update	✓ (2)
b. AMF Consultation on Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector (Submission Deadline: November 8/21)	B. Wycks/K. Martin	Update/ Discussion	✓ (2)
c. Implications for CAFII of Just-Released Regulations In Support of Federal Financial Consumer Protection Framework Aspects of Bill C-86	R. Dobbins/K. Martin/B. Wycks	Update/ Discussion	✓
d. 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	✓
e. CAFII <i>Industry Issues Dialogue</i> With AMF Staff Executives on October 14/21: EOC Input On Possible Topics For Two Short CAFII Presentations To AMF	B. Wycks/K. Martin	Update/ Discussion	✓
f. CLHIA Plans to Liaise with NWT Government on Credit Protection Insurance Licensing Issue	B. Wycks	Update/ Discussion	✓
g. "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	✓

6. Governance Matters	3:45 p.m.	Presenter	Action	Document
a. Plans for Next CAFII Board Meeting on October 5/21		B. Wycks	Update	
b. Decision to Confirm That December 7/21 CAFII Board Meeting Will Be A Virtual-Only Meeting, and Cancel Plans To Also Hold An In-Person Holiday Season Reception Immediately Ensuing		B. Wycks	Update	
c. Draft Minutes of July 20/21 EOC Meeting		B. Wycks	Approval	✓

7. Read Only Items	Presenter	Action	Document
a. Next Meeting of the FSRA Stakeholder Advisory Committee (SAC) for Life and Health Insurance			✓ (2)
b. Development of Two New CAFII Motion Graphics Website Videos on (i) Results of Research Project On Insurance Consumers' Digitization Preferences; and (ii) Job Loss CPI			✓ (2)
c. CAFII 2021 Virtual Annual Members and Associates Luncheon: Tuesday, November 9/21 with a Panel of Three Insurance Law Experts: Jill McCutcheon, Torys LLP; Stuart Carruthers, Stikeman Elliott; and Marc Duquette, Norton Rose Fulbright Corporation			✓
d. CAFII Webinars Planned for October and November 2021			✓

8. Other Business	3:50 p.m.	Presenter	Action	Document

9. In Camera Session	3:50 p.m.	Presenter	Action	Document

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

Next Board Meeting: Tuesday, October 5/21, 2:00 to 4:00 p.m., Virtual MSTEams Meeting

Industry Issues Dialogue With AMF Staff Executives: Thursday, October 14/21, 12:30 to 2:00 p.m., Virtual MSTEams Meeting

Next EOC Meeting: Tuesday, October 26/21, 2:00 to 3:30 p.m., Virtual MSTEams Meeting

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 1(a)
Call to Order

Purpose of this Agenda Item

Start of meeting.

Background Information

Recommendation / Direction Sought -- None

Beginning/launch of meeting only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 1(b)

Governance Matters—Current Status of CAFII EOC Subcommittee Memberships; and Next Steps Needed

Purpose of this Agenda Item – Update/Discussion

Update item and discussion.

Background Information

CAFII's efforts to identify Vice-Chairs for CAFII Committees, and to add to the membership of CAFII committees, has been very successful. This is an opportunity to discuss what gaps may still exist and to encourage CAFII members to fill those gaps.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

Board of Directors and Officers Directory 2021-22

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**Appointed CAFII Director: December 8, 2015*

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Peter Thompson, Vice- Chair

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

- **Assistant: Cecilia Goncalves**
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President

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**Appointed CAFII Director: February 11, 2021*

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**Appointed CAFII Director: June 9, 2020*

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Working Group on Compliance With AMF's Expectations on RADM's Applicability to Credit Card-Embedded Insurance Coverages

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Greg	Caers	(Greg Caers) greg.caers@bmo.com	BMO Insurance	CCC WG
Silvana	Capobianco	(Silvana Capobianco) Silvana.Capobianco@bmo.com	BMO Insurance	CCC WG
Anuraj	Bains	(Anuraj Bains) anuraj.bains@cibc.com	CIBC Insurance	CCC WG
Mandy	Rutten	(Mandy Rutten) Mandy.Rutten@cibc.com	CIBC Insurance	CCC WG
Isabelle	Choquette	(Isabelle Choquette) isabelle.choquette@dsf.ca	Desjardins Insurance	CCC WG
Monika	Spudas	(Monika Spudas) Monika_Spudas@manulife.com	Manulife Financial	CCC WG
Marie	Nadeau	(Marie Nadeau) Marieb.Nadeau@bnc.ca	National Bank Insurance	CCC WG
Benita	Chan	(Benita Chan) Benita.chan@rbc.com	RBC Insurance	CCC WG
Penelope	Cordogiannis	(Penelope Cordogiannis) penelope.cordogiannis@rbc.com	RBC Insurance	CCC WG
Trish	Facciolo	(Trish Facciolo) trish.facciolo@rbc.com	RBC Insurance	CCC WG
Susan	Johnston	(Susan Johnston) susan.johnston@rbc.com	RBC Insurance	CCC WG
*Karyn	Kasperski	(Karyn Kasperski) karyn.kasperski@rbc.com	RBC Insurance	CCC WG
Yael	Lipman	(Yael Lipman) Yael.Lipman@rbc.com	RBC Insurance	CCC WG
Derek	Andrews	(Derek Andrews) derek.andrews@scotiabank.com	ScotiaLife Financial	CCC WG
Michelle	Butler	(Michelle Butler) michelle.butler@scotiabank.com	ScotiaLife Financial	CCC WG
Peter	Thorn	(Peter Thorn) peter.thorn@td.com	TD Insurance	CCC WG

* Chair

Networking & Events Committee

First	Last	Email	Company	
*Carmelina	Manno	(Carmelina Manno) Carmelina_Manno@manulife.ca	Manulife Financial	Networking & Events Committee

* Chair

FCAC Appropriateness Guideline Working Group

First	Last	Email	Company	
Ivana	Veljovic	(Ivana Veljovic) ivana.veljovic@assurant.com	Assurant Canada	FCAC WG
*Martin	Boyle	(Martin Boyle) martin.boyle@bmo.com	BMO Insurance	FCAC WG
David	D'Amico	(David D'Amico) david.damico@bmo.com	BMO Insurance	FCAC WG
Tejal	Harri-Morar	(Tejal Harri-Morar) Tejal.HarriMorar@bmo.com	BMO Insurance	FCAC WG
Anuraj	Bains	(Anuraj Bains) anuraj.bains@cibc.com	CIBC Insurance	FCAC WG
Nusrat	Rahman	(Nusrat Rahman) nusrat.rahman@cibc.com	CIBC Insurance	FCAC WG
Kathleen	Howie	(Kathleen Howie) kathleen_howie@cooperators.ca	CUMIS/The Co-operators	FCAC WG
Marie	Nadeau	(Marie Nadeau) Marieb.Nadeau@bnc.ca	National Bank Insurance	FCAC WG
Penelope	Cordogiannis	(Penelope Cordogiannis) penelope.cordogiannis@rbc.com	RBC Insurance	FCAC WG
Fernando	Heleno	(Fernando Heleno) fernando.heleno@rbc.com	RBC Insurance	FCAC WG
Derek	Andrews	(Derek Andrews) derek.andrews@scotiabank.com	ScotiaLife Financial	FCAC WG
Bradley	Kuiper	(Bradley Kuiper) bradley.kuiper@scotiabank.com	ScotiaLife Financial	FCAC WG
Emily	Brown	(Emily Brown) emily.brown@sunlife.com	Sun Life Financial	FCAC WG
Sara	Motamedi	(Sara Motamedi) Sara.Motamedi@td.com	TD Insurance	FCAC WG
Peter	Thorn	(Peter Thorn) peter.thorn@td.com	TD Insurance	FCAC WG

* Chair

Market Conduct & Licensing Committee

First	Last	Email	Company	
Mabel	Tom	(Mabel Tom) Mabel.Tom@assurant.com	Assurant Canada	MC&L Committee
Martin	Boyle	(Martin Boyle) martin.boyle@bmo.com	BMO Insurance	MC&L Committee
Greg	Caers	(Greg Caers) greg.caers@bmo.com	BMO Insurance	MC&L Committee
Anuraj	Bains	(Anuraj Bains) anuraj.bains@cibc.com	CIBC Insurance	MC&L Committee
Casandra	Litniansky	(Casandra Litniansky) casandra.litniansky@cumis.com	CUMIS/The Co-operators	MC&L Committee
Shawna	Sykes	(Shawna Sykes) shawna_sykes@cooperators.ca	CUMIS/The Co-operators	MC&L Committee
***Leena	Khan	(Leena Khan) leena_khan@manulife.com	Manulife Financial	MC&L Committee
Sandy	Prokop	(Sandy Prokop) sandy.prokop@rbc.com	RBC Insurance	MC&L Committee
*Bradley	Kuiper	(Bradley Kuiper) bradley.kuiper@scotiabank.com	ScotiaLife Financial	MC&L Committee
Emily	Brown	(Emily Brown) emily.brown@sunlife.com	Sun Life Financial	MC&L Committee
**Fay	Coleman	(Fay Coleman) fay.coleman@td.com	TD Insurance	MC&L Committee
Moira	Gill	(Moira Gill) moira.gill@td.com	TD Insurance	MC&L Committee
Huma	Pabani	(Huma Pabani) huma.pabani@td.com	TD Insurance	MC&L Committee
Andrea	Stuska	(Andrea Stuska) andrea.stuska@td.com	TD Insurance	MC&L Committee
Dallas	Ewen	(Dallas Ewen) dallas.ewen@gwl.ca	The Canada Life Assurance Company	MC&L Committee
Lindsey	LeClair	(Lindsey LeClair) lindsey.leclair@valeyo.com	Valeyo	MC&L Committee

* Chair

** Vice Chair

*** Currently on Maternity Leave

Media Advocacy Committee

First	Last	Email	Company	
Brian	Smith	(Brian Smith) brianj.smith1@bmo.com	BMO Insurance	Media Advocacy Committee
Laura	Nourcy	(Laura Nourcy) lnourcy@dsf.ca	Desjardins Insurance	Media Advocacy Committee
* Anita	Mukherjee	(Anita Mukherjee) anita.mukherjee@rbc.com	RBC Insurance	Media Advocacy Committee
Adam	Ebrahim	(Adam Ebrahim) adam.ebrahim@scotiabank.com	ScotiaLife Financial	Media Advocacy Committee
Andrea	Stuska	(Andrea Stuska) andrea.stuska@td.com	TD Insurance	Media Advocacy Committee
Jacqlyn	Marcus	(Jacqlyn Marcus) Jacqlyn.marcus@valeyo.com	Valeyo	Media Advocacy Committee

* Chair

Research & Education Committee

First	Last	Email	Company	
Ivana	Veljovic	(Ivana Veljovic) ivana.veljovic@assurant.com	Assurant Canada	R&E Committee
Cecilia	Xiao	(Cecillia Xiao) cecillia.xiao@assurant.com	Assurant Canada	R&E Committee
Greg	Caers	(Greg Caers) greg.caers@bmo.com	BMO Insurance	R&E Committee
**Michelle	Costello	(Michelle Costello) michelle.costello@cumis.com	CUMIS/The Co-operators	R&E Committee
Sandy	Zeidenberg	(Sandy Zeidenberg) sandy_zeidenberg@manulife.com	Manulife Financial	R&E Committee
Fernando	Heleno	(Fernando Heleno) fernando.heleno@rbc.com	RBC Insurance	R&E Committee
Aneta	Murphy	(Aneta Murphy) aneta.murphy@scotiabank.com	ScotiaLife Financial	R&E Committee
Elaine	Parr	(Elaine Parr) elaine.parr@td.com	TD Insurance	R&E Committee
*Andrea	Stuska	(Andrea Stuska) andrea.stuska@td.com	TD Insurance	R&E Committee
Dallas	Ewen	(Dallas Ewen) dallas.ewen@gwl.ca	The Canada Life Assurance Company	R&E Committee
Lindsey	LeClair	(Lindsey LeClair) lindsey.leclair@valeyo.com	Valeyo	R&E Committee

* Chair

** Vice Chair

Travel Insurance Experts Committee

First	Last	Email	Company	
Heather	DeFazio	(Heather DeFazio) heather.defazio@assurant.com	Assurant Canada	TIE Committee
Tracey	Torkopoulous	(Tracey Torkopoulous) Tracey.Torkopoulos@assurant.com	Assurant Canada	TIE Committee
Silvana	Capobianco	(Silvana Capobianco) Silvana.Capobianco@bmo.com	BMO Insurance	TIE Committee
Martin	Plante	(Martin Plante) mplante2@dsf.ca	Desjardins Insurance	TIE Committee
*Katia	Umutoniwase	(Katia Umutoniwase) katia_umutoniwase@manulife.com	Manulife Financial	TIE Committee
Stacey	Hughes-Brooks	(Stacey Hughes-Brooks) stacey.hughes-brooks@rbc.com	RBC Insurance	TIE Committee
Lisa	Voisin	(Lisa Voisin) lisa.voisin@rbc.com	RBC Insurance	TIE Committee
Kamana	Tripathi	(Kamana Tripathi) kamana.tripathi@td.com	TD Insurance	TIE Committee

* Chair

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 2 (a-f) Consent Items

Purpose of this Agenda Item

To provide documentation for the EOC 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. August 11/21 CAFII Submission in Response to FSRA Follow-up Consultation on Revised UDAP Rule;
- d. Regulator and Policy-Maker Visit Plan;
- e. Summary of Board and EOC Action Items;
- f. Board-Approved Schedule of CAFII 2021 Meetings and Events.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

Six attachments.

August 11, 2021

Mr. Mark White, CEO
Financial Services Regulatory Authority of Ontario (FSRA)
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6
mark.white@fsrao.ca; and
<https://www.fsrao.ca/engagement-and-consultations/fsra-releases-its-revised-proposed-unfair-or-deceptive-acts-or-practices-udap-rule-public-consultation>

Dear Mr. White:

Re: Notice of Changes and Request for Further Comment -- Proposed Rule 2020-002: Unfair or Deceptive Acts or Practices

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks FSRA for the opportunity to comment on the changes recently made to the Authority's *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices (UDAP)*.

We appreciate FSRA's efforts to engage industry stakeholders -- including our Association -- in a further, second phase consultation on the *Proposed Rule*.

Our Association is supportive of the amendments, clarifying changes, and other adjustments which FSRA has made to the *Proposed Rule*, based on stakeholder feedback and other inputs.

In particular, we thank FSRA for the helpful amendment made to the definition of "Incentives" found in clause 7(1) and clause 7(1)(i), as follows:

7(1) Payment, rebate, consideration, allowance, gift or thing of value being offered or provided, directly or indirectly, to an insured or person applying for insurance,

(i) as an incentive or inducement for a person to take an action or make a decision ~~that would encourage that person~~ relating to ~~buy a~~ an insurance product which would not, considering the options generally available in the marketplace, be recommended as a suitable ~~insurance product~~ action or decision by a reasonable person licensed to sell such an insurance product, . . .

We believe that the above-noted amendment adequately addresses the concern expressed in our submission of March 18, 2021 -- under the heading "Issue of Noteworthy Concern For CAFII Members" -- with respect to problematic issues arising from use of the term "suitable insurance product."

CAFII also appreciates the clarifying amendment that has been introduced to the definition of “contract of insurance” found in section 1(1)(v) -- to properly reference the life insurance and accident and sickness insurance definitions found in Ontario’s Insurance Act – which makes it clear that the *Proposed Rule* does capture creditor’s group insurance.

Finally, CAFII acknowledges and accepts the fundamental decision that FSRA has made to pivot and to retain, at least for the time being, the current prohibition on the offering of incentives in the life and health insurance sector. We understand that that change was made in response to life and health insurance stakeholder concerns regarding potential consumer harms associated with removing the Regulation’s prohibition against incentives. We concur with FSRA’s determination that further stakeholder input and discussion are required in order to assess and address potential consumer risks in this area fully.

Conclusion

Thank you again for the opportunity to provide further input on FSRA’s revised *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices (UDAP)*. 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 Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

CAFII and its members remain committed to supporting FSRA in its critically important mission and mandate; and we look forward to continuing our involvement as key stakeholder contributors to the Authority’s ongoing success.

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.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status July 20, 2021
		Association Strategy and Governance			
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 October 2021 Board meeting.	K. Martin/B. Wycks	28-Sep-21	In Progress
		Regulatory Initiatives			
6	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-Mar-21	In Progress
7	BOD June 8, 2021	Develop a short summary of the pros, cons, and costs of different options related to a CAFII education program, for presentation to the Board at the October 5, 2021 Board meeting	B. Wycks/K. Martin	28-Sep-21	Completed
		Research and Education; and Media Communications			
8	EOC July 20, 2021	Share with EOC and Board members Deloitte Canada's proposal for a thought leadership paper on industry best practices to meet the digitization expectations of Canadian CPI consumers once it is received from Deloitte's Melissa Carruthers.	K. Martin	July/August 2021	Completed
9	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	In progress
10	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	In progress

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, 8th 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, 8th 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, 8th 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, 8th Floor, Toronto, ON

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 3(a) Financial Management Matters--CAFII Financial Statements as at July 31/21

Purpose of this Agenda Item – Update

To update the EOC on the Association's financial position as at 31 July, 2021

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at 31 July, 2021.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

One attachment.

CAFII

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

Statement of Operations As at July 31st 2021

	Current Month	Budget Jul-21	Variance to Monthly Budget	Current YTD	Budget '21 YTD	Variance Budget to YTD	Budget 2021
Revenue							
Membership Dues	79,664	\$76,540	\$3,124	\$557,649	\$535,777	\$21,872	\$918,475
Interest Revenue	20	\$25	(\$5)	137	\$175	(\$38)	\$300
TOTAL REVENUE	79,684	\$76,565	\$3,120	\$557,786	\$535,952	\$21,834	\$918,775
Expenses							
Management Fees	39,815	\$40,648	\$834	287,469	\$284,538	(\$2,931)	\$487,780
CAFII Legal Fees/Corporate Governan	-	\$4,167	\$4,167	-	\$29,167	\$29,167	\$50,000
Audit Fees	1,187	\$1,395	\$209	7,292	\$9,767	\$2,475	\$16,743
Insurance	519	\$504	(\$15)	3,282	\$3,529	\$247	\$6,050
Website Ongoing Maintenance	499	\$596	\$97	4,007	\$4,174	\$168	\$7,156
Telephone/Fax/Internet	425	\$477	\$53	4,184	\$3,342	(\$842)	\$5,730
Postage/Courier	-	\$13	\$13	-	\$88	\$88	\$150
Office Expenses	523	\$417	(\$107)	1,566	\$2,917	\$1,350	\$5,000
Bank Charges	43	\$39	(\$3)	388	\$274	(\$114)	\$470
Miscellaneous Expenses	-	\$42	\$42	-	\$292	\$292	\$500
Depreciation Computer/Office Equipm	95	\$95	\$0	663	\$663	\$0	\$1,136
Provincial Regulatory Visits	-	\$0	\$0	-	\$0	\$0	\$0
Research/Studies	-	\$0	\$0	29,230	\$30,000	\$770	\$60,000
Website SEO and Enhancements	4,250	\$3,496	(\$754)	27,327	\$24,471	(\$2,856)	\$41,950
Regulatory Model(s)	-	\$0	\$0	-	\$0	\$0	\$0
Federal Financial Reform	-	\$0	\$0	-	\$0	\$0	\$0
CAFII Benchmarking Study/RSM Canada	16,950	\$0	(\$16,950)	33,900	\$33,900	\$0	\$67,800
FCAC Presentation	-	\$0	\$0	-	\$0	\$0	\$0
Media Outreach	313	\$500	\$187	6,572	\$3,500	(\$3,072)	\$6,000
Media Consultant Retainer	2,260	\$2,260	\$0	18,419	\$15,820	(\$2,599)	\$27,120
Marketing Collateral	32	\$417	\$385	622	\$2,917	\$2,294	\$5,000
Contingency Fund	-	\$0	\$0	1,417	\$0	(\$1,417)	\$50,000
CAFII Reception Events	-	\$0	\$0	-	\$0	\$0	\$0
TOTAL EXPENSE	66,909	55,065	-	426,337	449,358	23,021	838,585
NET INCOME	12,775	21,499	-	131,449	86,594	44,855	80,190

Explanatory Notes:

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

CAFI

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

Balance Sheet As at July 31st 2021

	CAFII Operations			CCBPI Project			Combined		
ASSETS	31-Jul 2021	30-Jun 2021	31-Dec 2020	31-Jul 2021	30-Jun 2021	31-Dec 2020	31-Jul 2021	30-Jun 2021	31-Dec 2020
Current Assets									
Bank Balance	\$732,853	\$437,711	\$308,624	\$0	\$0	\$0	\$732,853	\$437,711	\$308,624
Savings Account	\$102,415	\$102,395	\$102,278	\$12,151	\$12,151	\$12,151	\$114,566	\$114,546	\$114,429
Accounts Receivable	\$95,404	\$0	\$0	\$0	\$0	\$0	\$95,404	\$0	\$0
Prepaid Expenses	\$11,015	\$5,614	\$14,037	\$0	\$0	\$0	\$11,015	\$5,614	\$14,037
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$7,540)	(\$7,446)	(\$6,878)	\$0	\$0	\$0	(\$7,540)	(\$7,446)	(\$6,878)
Total Current Assets	\$942,161	\$546,288	\$426,075	\$12,151	\$12,151	\$12,151	\$954,312	\$558,439	\$438,226
TOTAL ASSETS	\$942,161	\$546,288	\$426,075	\$12,151	\$12,151	\$12,151	\$954,312	\$558,439	\$438,226
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$8,306	\$7,119	\$32,852	\$0	\$0	\$0	\$8,306	\$7,119	\$32,852
Credit Card	\$949	\$372	\$352	\$0	\$0	\$0	\$949	\$372	\$352
Account Payable	\$19,277	\$23,810	\$9,012	\$0	\$0	\$0	\$19,277	\$23,810	\$9,012
Deferred Revenue	\$398,321	\$12,455	\$0	\$12,151	\$12,151	\$12,151	\$410,472	\$24,606	\$12,151
Total Current liabilities	\$426,853	\$43,756	\$42,216	\$12,151	\$12,151	\$12,151	\$439,004	\$55,907	\$54,367
TOTAL LIABILITIES	\$426,853	\$43,756	\$42,216	\$12,151	\$12,151	\$12,151	\$439,004	\$55,907	\$54,367
UNRESTRICTED NET ASSETS									
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	\$131,449	\$118,673	\$153,636	\$0	\$0	\$0	\$131,449	\$118,673	\$153,636
Total Unrestricted Net Assets	\$515,308	\$502,533	\$383,859	\$0	\$0	\$0	\$515,308	\$502,533	\$383,859
Total Unrestricted Net Assets	\$515,308	\$502,533	\$383,859	\$0	\$0	\$0	\$515,308	\$502,533	\$383,859
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$942,161	\$546,288	\$426,075	\$12,151	\$12,151	\$12,151	\$954,312	\$558,440	\$438,226
Financial Reserves Targets as per 2019 Budget:									
Minimum 3 months (25%) of Annual Operating Expenses=			\$ 209,646						
Maximum 6 months (50%) of Annual Operating Expenses=			\$ 419,293						
Current Level of Financial Reserves (total unrestricted net assets):			\$515,308						
Current Level of Financials Reserve (%):			61%						

C A F I I
 411 Richmond Street E, Suite 200
 Toronto, ON M5A 3S5
Balance Sheet Items
As at July 31st 2021

Item B

Accounts Payable

	Total	Current	31 to 60	61 to 90
Brendan Wycks	214.52	374.48		-159.96
Keith Martin	-460.28			-460.28
RSM Canada Consulting	16,950.00	16,950.00		
S2C Inc.	2,572.73	2,572.73		
Total outstanding:	19,276.97	19,897.21	0.00	-620.24

C A F I I

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Toronto, ON M5A 3S5

Membership Fees

		Feb-21		Jul-21	
		<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	
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	
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		
Feb Invoices		\$490,440		\$465,530	
July Invoices		\$465,530			
Total Membership Fees		\$955,970			
Total amount to realocate monthly Jan-Sept		\$79,664			
Total amount to realocate monthly Oct-Dec		\$79,664			

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 3(b) Financial Management Matters—Forecast For CAFII 2021 Fiscal Year as at July 31/21

Purpose of this Agenda Item – Update

To update the EOC on the financial forecast for the Association for fiscal year 2021.

Background Information

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

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

One attachment.

2021 CAFII Budget

	2018 Actuals	2019 Actuals	2020 Actuals	CAFII 2021 Operating Budget	2021 YTD July 2021	2021 Forecast	Comment/Rationale
Revenue							
Membership Dues	\$695,545	\$734,664	\$884,721	\$918,475	\$557,649	\$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	
Interest	\$0	\$982	\$399	\$300	\$137	\$274.40	Interest from the Savings Account
TOTAL REVENUE	\$ 695,545	\$ 735,841	\$ 885,120	\$ 918,775	\$ 557,786	\$ 956,243	
EXPENSE							
Management Fees	\$460,299	\$465,134	\$476,844	\$487,780	\$287,469	\$487,780	Includes MM Fees (2.0% contractual increase) and two Co-Eds (2.5% increase each)
Legal and consulting costs associated with regulatory submissions and initiatives	\$563	\$0	\$28,975	\$50,000	\$0	\$50,000	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.
Audit Fees	\$14,432	\$14,799	\$16,743	\$16,743	\$7,292	\$14,238	Same as 2020 Bill received from KPMG
Insurance	\$5,258	\$5,338	\$5,385	\$6,050	\$3,282	\$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	\$7,156	\$4,007	\$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	\$5,730	\$4,184	\$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	\$150	\$0	\$150	Monthly Cheque Run and Ad Hoc Mailing
Office Expenses	\$2,423	\$2,025	\$2,158	\$5,000	\$1,566	\$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	\$236	\$470	\$388	\$513	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	\$1,136	\$663	\$1,136	Same as 2020 Forecast
Miscellaneous Expense	\$0	\$0	\$0	\$500	\$0	\$500	Same as 2020 Forecast
Board/EOC/AGM							
Annual Members Luncheon	\$10,503	\$12,052	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Board Hosting (External)	\$19,515	\$14,001	\$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.
Board/EOC Meeting Expenses	\$20,715	\$35,419	\$4,676	\$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.
Industry Events	\$1,270	\$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.
EOC Annual Appreciation Dinner	\$763	\$2,193	\$4,244	\$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.
Speaker fees & travel	\$191	\$1,189	\$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.
Gifts	\$0	\$200	\$0	\$0	\$0	\$0	Same as 2020 Budget
Networking Events	\$0	\$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.
CAFII Reception Events	\$0	\$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.
CAFII 25th Anniversary Celebration	\$0	\$0	\$0	\$0	\$0	\$0	This line item is a placeholder. But this expense will actually occur in 2022, CAFII's "silver anniversary" year
Total Board/EOC/AGM	\$52,957	\$65,053	\$8,920	\$0	\$0	\$0	
Provincial Regulatory Visits and Relationship-Building	\$11,230	\$16,833	\$983	\$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	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	\$60,000	\$29,230	\$60,000	Same as 2020 Budget
Website SEO and Enhancements	\$21,702	\$40,914	\$31,144	\$41,950	\$27,327	\$41,950	Same as 2020 Budget
Regulatory Model(s)	\$6,490	\$7,555	\$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	\$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	
Media Outreach	\$6,883	\$5,683	\$350	\$6,000	\$6,572	\$6,672	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	\$27,120	\$18,419	\$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	\$5,000	\$622	\$5,000	Same as 2020 Budget
Tactical Communications Strategy	\$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	\$1,417	\$50,000	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)
TOTAL EXPENSE	\$ 705,793	\$ 675,816	\$ 731,485	\$ 838,585	\$ 426,337	\$ 836,623	
Excess of Revenue over Expenses	(\$10,248)	\$60,025	\$153,636	\$80,190	\$131,449	\$119,621	
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	\$515,308	\$503,479	

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	2021 Operating Budget	2021 Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$176,448	\$168,954	\$182,871	\$209,646	\$209,156
Maximum 6 months (50%) of Annual Operating Expenses =	\$352,897	\$337,908	\$365,742	\$419,293	\$418,311
Actual/Forecasted Level of Financial Reserves:	\$170,198	\$230,223	\$383,859	\$464,049	\$503,479
Actual/Forecasted Level of Financial Reserves %:	24%	34%	52%	55%	60%

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 3(c) Financial Management Matters—Critical Path for Development of 2022 CAFII Operating Budget

Purpose of this Agenda Item – Update

To update the EOC on the critical path for the development of the 2022 CAFII operating budget.

Background Information

After Labour Day, CAFII begins the process of developing the annual operating budget for the next year.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

One attachment.

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 4(a)(i)

Committee Updates—Research & Education: CAFII Board Approval of Deloitte Canada Proposal for a Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Insurance; Subsequent Steps Taken; and Next Steps

Purpose of this Agenda Item – Update/Discussion

This is an update on a recommendation to the EOC and Board around a new research initiative on digitization.

Background Information

The recently released Pollara consumer research study on digitization has received positive feedback and good trade press coverage. While it was released in the spring of 2021, it was funded from the 2020 budget. There is a Board-approved 2021 research budget of \$60K for a new initiative in the current fiscal year.

A CAFII Board member has suggested that research on the best practices in the delivery of digital experiences with consumers would be valuable. Furthermore, the Pollara research identified a series of expectations of consumers around their digital experience, but how to fulfil on those could be insightful. Several regulators have also expressed interest in the regulatory implications of digitization.

CAFII's Research & Education Committee discussed this option at a 7 July 2021 meeting of the Committee, and supported bringing this idea forward to the EOC. CAFII management and R&E Chair Andrea Stuska will also met with Melissa Carruthers of Deloitte to discuss whether they might be interested in making a proposal around this research.

A proposal was received from Deloitte that CAFII management, and the Research & Education Chair (Andrea Stuska) and Vice Chair (Michelle Costello) felt was excellent. A meeting was held with the Research & Education Committee to review the proposal, and the Committee proposed to recommend its approval to the EOC. However, the Committee did want the consultant Deloitte, if we did proceed with the proposal, to be given the following additional feedback:

- *Consultants can produce high-level, boilerplate outputs that are not easily implemented—it is critical that this material be concrete and actionable;*
- *While international comparisons are interesting, Canada has a unique regulatory and marketplace structure, and the report should principally be focused on the Canadian experience;*
- *It is important that outreach be made to CAFII members to understand their approach to the digital preferences of Canadians, and to ensure that the report outputs are relevant to CAFII CPI industry members;*
- *The report should address how to fully comply with regulatory expectations and requirements in a digital environment.*

The EOC was asked to respond to the suggestion that we proceed with the research, and the EOC agreed and recommended approval by the Board. The Board reviewed the proposal and agreed to proceed.

An initial meeting was held with Melissa Carruthers, partner at Deloitte and the lead on the study, on 8 September, 2021. It was agreed that a Statement of Work would be sent to CAFII, and that there would be touchpoints with the Research & Education Committee to ensure that the research was moving in the right direction.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

Two attachments.

Agenda Item 4(a)(i)(1)
September 14/21 EOC Meeting

From: Keith Martin <Keith.Martin@cafii.com>

Sent: August-23-21 2:15 PM

To: CAFII Board Members (c.c. EOC Members and Other CAFII Committee Members)

Subject: Update on CAFII 2021 Research Initiative

Hello CAFII Board Member (copy to EOC, and Committee members):

I hope you are having an enjoyable summer—hard to believe it is quickly rolling over into the fall.

I am writing this note to the Board with respect to the **CAFII 2021 research budget**.

We released earlier this summer the Pollara study on the digitization preferences of Canadians, and I think it demonstrated again the wisdom of the Board's focus on original research every year. We got positive feedback on the research, were able to share it through a webinar and through our website with regulators, and had a series of positive media hits including two interviews with me that are published on our website. <https://www.cafii.com/news/>

However, although we released the study this summer, it was actually funded from our 2020 research budget, and so we are now working on the 2021 research initiative, for which the Board has allocated \$60,000.

Andrea Stuska, Research & Education Committee chair (TDI); Michelle Costello, R&E Committee Vice Chair (Cumis/The Co-Operators); and Brendan and I have had multiple discussions and communications on what we thought was most impactful as a 2021 research initiative. We have concluded that a suggestion at a Board meeting from a CAFII Board member was very interesting—*<<although CAFII members all conduct research on how best to serve customers digitally, an Association-level effort on this could be very interesting>>* (paraphrase).

We held a meeting with the full R&E Committee on this, and there was broad support for investigating this idea. We suggested going first to Deloitte and Melissa Carruthers, because we know they have an expertise in this area, we have a good relationship with Melissa, and the AMF has told us that they have successfully commissioned Deloitte to explore the digital competency of Quebec FIs, so there is a level of credibility around Deloitte from a key regulator.

We held a good virtual session with Melissa, who has recently been promoted to a Partner at Deloitte, and asked her to send us a proposal. In reviewing the proposal (which is attached here), we found it very impressive and the four of us—Andrea, Michelle, Brendan, and me—felt it was worthy of recommending moving forward with it.

We held another virtual session with the R&E Committee about the proposal, and the Committee supported recommending proceeding with the proposal. However, the Committee did want the consultant Deloitte, if we did proceed with the proposal, to be given the following additional feedback:

- *Consultants can produce high-level, boilerplate outputs that are not easily implemented—it is critical that this material be concrete and actionable;*
- *While international comparisons are interesting, Canada has a unique regulatory and marketplace structure, and the report should principally be focused on the Canadian experience;*
- *It is important that outreach be made to CAFII members to understand their approach to the digital preferences of Canadians, and to ensure that the report outputs are relevant to CAFII CPI industry members;*
- *The report should address how to fully comply with regulatory expectations and requirements in a digital environment.*

I then sent the proposal to the full EOC with a recommendation for approval. The deadline for feedback was Tuesday 17 August, and while we only received three responses (all positive), it is my experience at CAFII that often people do not respond if they are fine with what is being proposed, and only respond if they are not—and we did not receive any negative responses or concerns.

As a next step, we communicated this process to CAFII's Executive Officer—CAFII Board Chair Chris Lobbezoo (RBC Insurance); Vice Chair Peter Thompson (National Bank Insurance); EOC Chair Rob Dobbins (Assurant); and EOC Vice Chair Karyn Kasperski (RBC Insurance)—asking them if they agreed with the recommendation to proceed, and with the proposed process, and all four responded in the affirmative. Chris Lobbezoo also indicated that it may be interesting to compare the performance between Canada and international jurisdictions around debt cancellation/creditor enrollment tools, and we will raise this with the consultant if we proceed with this proposal.

Therefore, we are writing to the full Board now as the final step in this approval process. Typically, we look to the Board for strategic direction, which was provided through the approval for the \$60,000 budget allocation for the research budget, and work with the EOC and the relevant CAFII Committee(s) for the more detailed responses around specifics around initiatives. However, given the significant size of the research budget, and the Board's interest in the past in CAFII's research initiatives, we wanted to share this initiative with the Board in some detail, along with the process we have used.

We are recommending that this proposal be approved and that we move forward with this initiative, based on the support from the Research & Education Committee; the EOC; and CAFII's Executive Officers. **Please let Brendan and me know if you have any concerns with this recommendation or the process taken by EOD Monday, 30 August, 2021,** failing which we will proceed with this proposal.

Thank you,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général



JULY 2021

The Canadian Association of Financial Institutions in Insurance

Digitization of CPI – Deloitte Proposal

cafii
The Canadian Association of
Financial Institutions in Insurance

Deloitte.

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**Our Qualifications &
Accelerators**

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Our Understanding

Our Understanding

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

<div>Background & Context</div>	<p>The Canadian Association of Financial Institutions in Insurance (“CAFI”) is a not-for-profit industry association dedicated to the development of an open and flexible marketplace in the Canadian insurance industry. CAFI represents financial institution distributors and insurance company underwriters involved in selling insurance in Canada through various distribution channels. Credit protection insurance (CPI), in its various forms, and travel insurance are the products that bring the members of CAFI together in common cause within the Association.</p> <p>In March 2021, CAFI conducted a consumer research report that found that consumers have become more comfortable, and more likely, to use virtual channels for CPI sales & servicing. Furthermore, it was found that consumers expect financial institutions to take the necessary steps to ensure that they continue to provide multi-channel options post-pandemic. CAFI believes that in order to meet the evolving consumer needs, an understanding of how the CPI consumer journey can be optimally digitized will be required.</p> <p>CAFI is looking to engage a partner to develop an independent perspective outlining the key capabilities required to digitize CPI and how the industry can respond in order to meet evolving consumer preferences with advancements in digital tools and technologies. The objective is for CAFI to share insights with the CAFI Board of Directors, insurance regulators across Canada and on the Association’s website.</p>
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Focus Area	What capabilities will be required to digitize CPI in response to evolving customer expectations?
<div>Engagement Outcomes</div>	<div> <div>1</div> <div>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 CPI customers</div> </div> <div> <div>2</div> <div>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</div> </div> <div> <div>3</div> <div>Summarize insights into an independent perspective report to be shared with the CAFI Board, the public and industry regulators and on the Association’s website</div> </div>

Our Perspective

Factors Driving the Need for Digitization in Insurance

Digital is at the heart of the insurance industry's most prominent and disruptive trends, forcing the industry to respond with new and innovative business models, offerings and experiences

Factors Driving Digital in Insurance Globally



Changing Customer Expectations

Driven by experiences offered by other industries, consumers are expecting seamless and more personalized solutions from insurers



Pressure on Back-office Operational Efficiency

Rising margin compression has insurers actively looking to implement automation and digitization to improve productivity and efficiency across their operations



Digital-first, Non-traditional Entrants

Through innovation in the Fintech and Insurtech space, the industry is seeing an influx of non-traditional digital and tech-enabled entrants



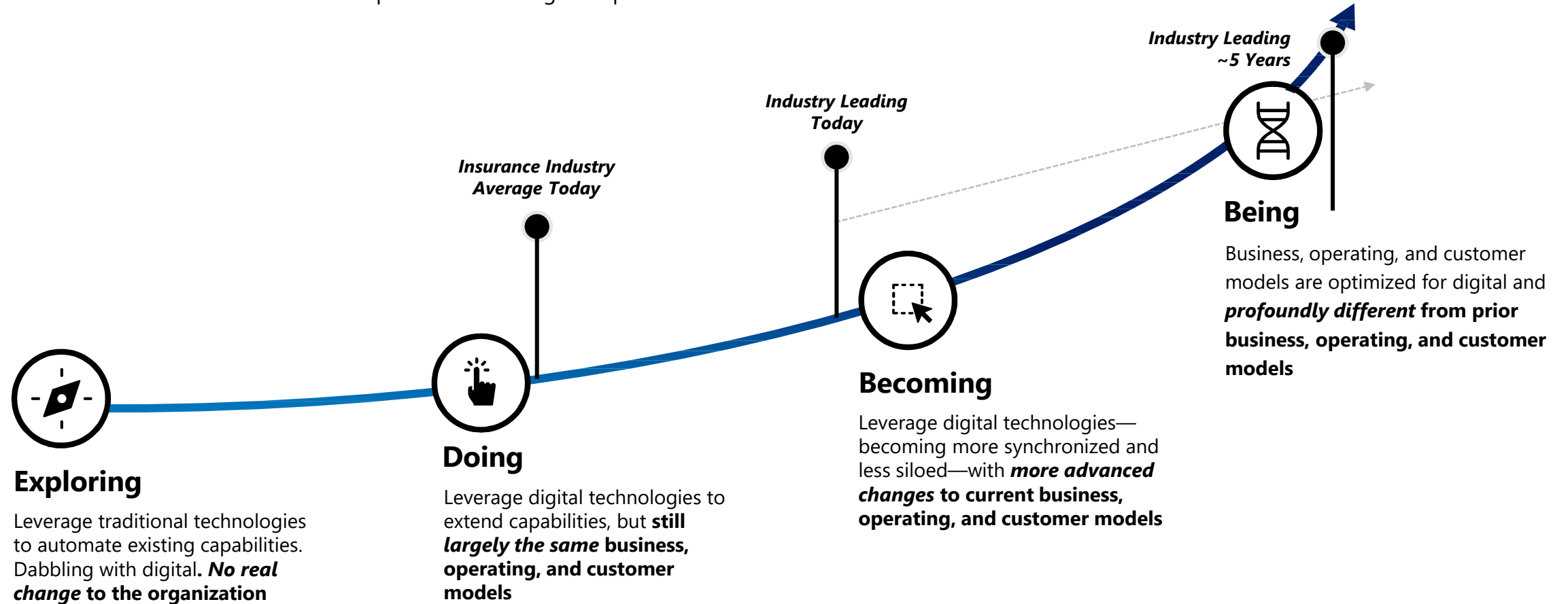
Availability and Ability to Activate Data

The increased availability of data and the use of advanced analytics to derive greater insight provides insurers an opportunity to fully leverage their best asset - data

These trends are forcing insurers to **rethink and transform their experiences, offerings, operations, distribution, and enabling technologies** – all in ways that are **truly more digital**

The Accelerating Pace of Digital Maturity in Insurance

As a result of COVID-19, the degree of digital transformation will see a rapid acceleration across all global markets and lines of business in order to play 'catch-up' with other industries and better meet consumer preferences for digital experiences



Why Now?

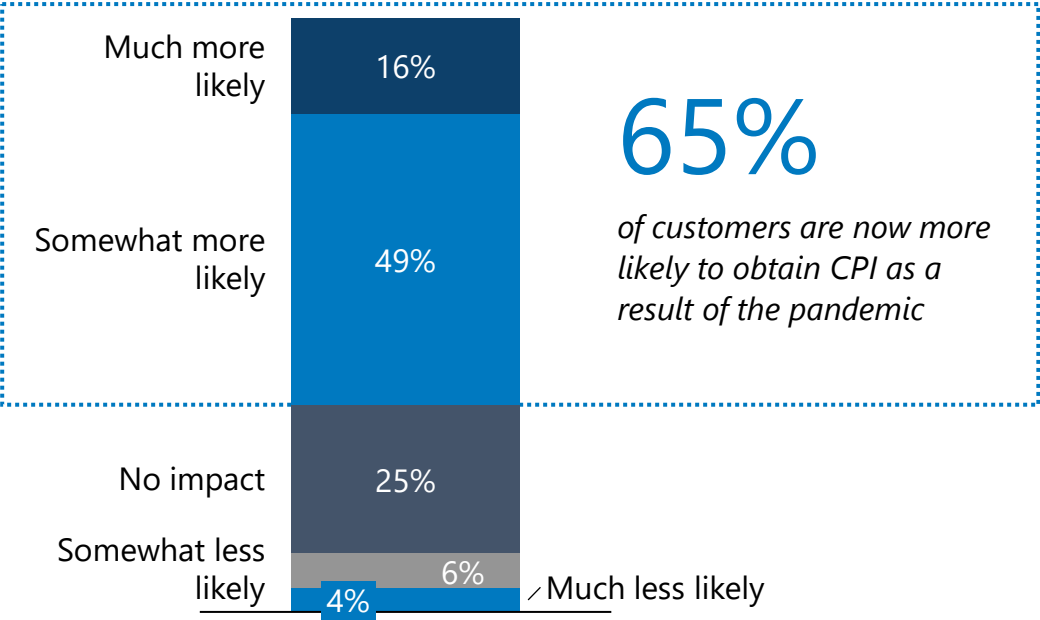
Consumer expectations for digitally-enabled experiences, coupled with the turbulence associated with COVID-19 will present a **turning point for accelerating digital maturity** in the industry

Increased Expectation for Digital Engagement Models in CPI

The recent CAFII consumer research study confirmed that following COVID-19, there will be a greater expectation from clients to interact with their lenders and insurers through digital engagement models driving the need for the Canadian CPI industry to develop new and differentiated digital experiences

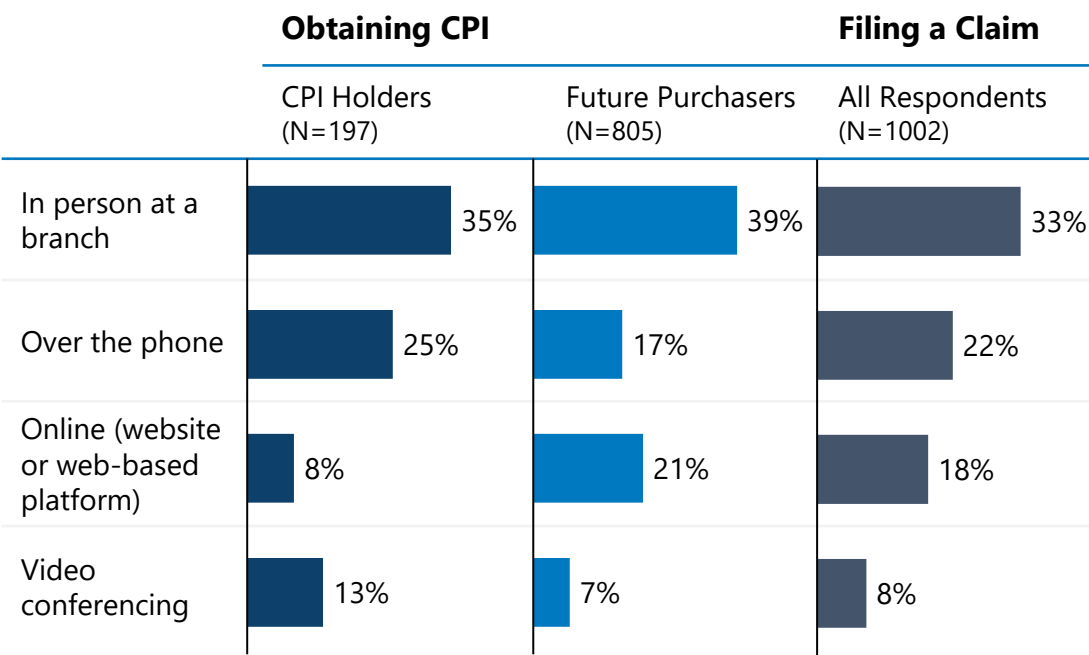
Following the pandemic, customers are more likely to purchase insurance for mortgage or line of credit...

Has the COVID-19 pandemic changed how you feel about obtaining credit protection insurance for your mortgage or line of credit?
% of respondents



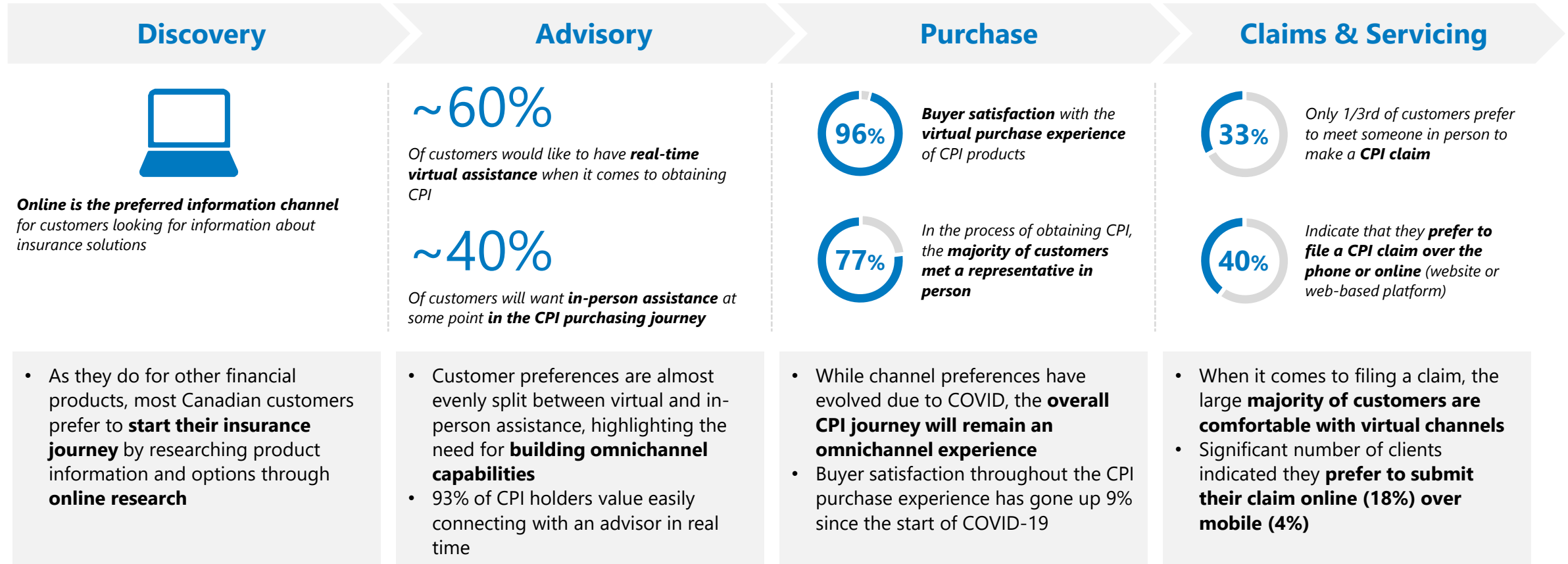
...and are also more comfortable conducting financial transactions without visiting a physical location

Preferred methods for obtaining CPI and filing a claim amongst CPI holders and future purchasers
% of respondents



The Importance of Omnichannel Experience for CPI

Consumer preferences for in-person or virtual interactions can vary significantly depending on the steps in which they are in the journey, highlighting the need for omnichannel capabilities across the insurance and lending journey



Being able to deliver on an **omnichannel experience for CPI products** requires building **capabilities across virtual and in-person touchpoints** throughout the journey

Canadian Insurers Trail Global Markets in its Digital Maturity

The Canadian insurance industry has lagged their global peers in accelerating digitization and now has an opportunity to leverage lessons learned and innovations from other industries as well as global insurance markets that are leading in their digital maturity

Insurance Areas Leveraging Digital

Digital-direct sales fulfillment



Digital self-serve customer experiences



Adoption of automation & digitization



Key Insights

-  Globally, China is leading the insurance industry in digital maturity as a result of investments made in green-field systems, emerging technology & ecosystem platforms
-  Hong Kong is the second most advanced market globally, with insurers prioritizing investment in back-end digital capabilities to optimize legacy system operations
-  The UK insurance market is considered to be the most advanced in front-end digital capabilities with digital sales and online aggregators a prominent channel
-  The US industry is rapidly advancing its digital maturity across all of P&C, Group and Individual Insurance with increased investment in end-to-end digital experiences
-  Canada's insurance industry trails other markets due to its continued reliance on legacy systems and business models, its unique competitive landscape and its strict data & regulatory environment

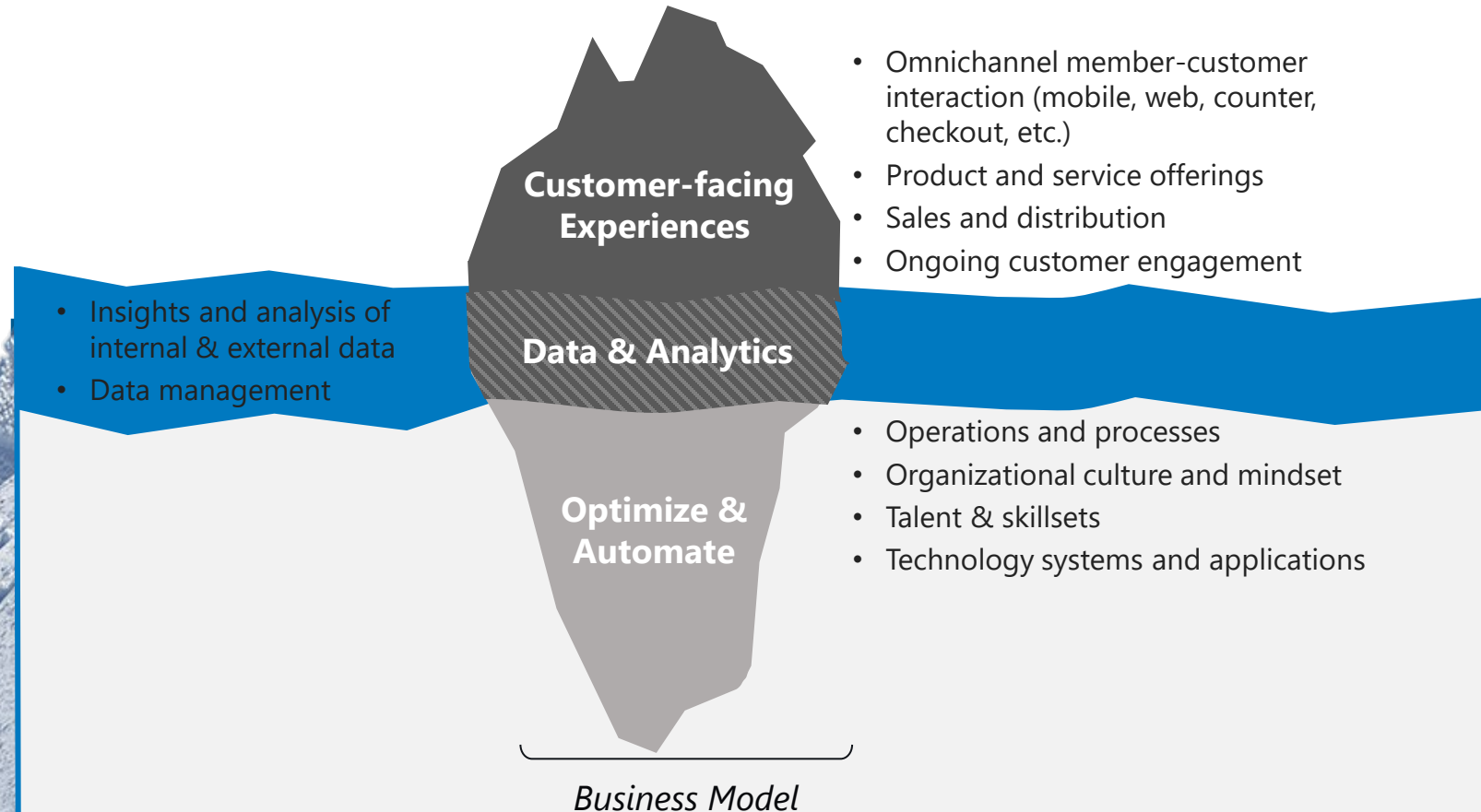
Future-proofing CPI with Digital Transformation

A number of new capabilities across data and analytics, process automation & digitization and platform modernization will be required to enable leading digital client experiences for Canadian CPI clients

Digital transformation is the **application of digital capabilities** to the processes, products, and assets of an organization.

It enables the creation of an **engaging experience**, and the optimization and **automation of internal operations**. To achieve this, these two elements must be **supported by data and analytics**.

Digital transformation also makes it possible to take advantage of new growth and **diversification opportunities**.



Providing best-in-class digital experiences for CPI clients will mean building new capabilities that are suited for our next new normal

Our Approach

Our Approach

Over the course of six to eight weeks, we will conduct secondary and primary research to augment our existing knowledge of 'being digital' in insurance in order to develop a perspective on the digitization of CPI in Canada in response to evolving expectations of clients following the impacts of COVID-19

Phase 1: Discovery & Market Perspective (~3-4 weeks)

Conduct research, Canadian & Global, on leading digital capabilities in life & health insurance & relevant considerations of regulatory in CPI in order to develop perspective on the digitization of CPI

Phase 2: Opportunity Identification & Assessment (~3-4 weeks)

Refine insights and findings through confirmation with Deloitte subject matter experts (SMEs), develop optional paper distribution plan, and finalize publishing



Conduct Kickoff Session

Conduct Deloitte SME Interviews

Conduct Supplementary External Research

Execute Stakeholder Survey

Develop Draft Paper



Draft Paper for SME Review

Finalize & Publish Paper

Finalized Paper



Present Perspective & Insights

Our Approach

Over the course of six to eight weeks, we will conduct secondary and primary research to augment our existing knowledge of 'being digital' in insurance in order to develop a perspective on the digitization of CPI in Canada in response to evolving expectations of clients following the impacts of COVID-19

Phase 1: Discovery & Market Perspective (~3-4 weeks)



Conduct Kickoff Session

Conduct Deloitte SME Interviews

Execute Stakeholder Survey

Conduct Supplementary External Research

Key Activities

- **Conduct Kick-Off Session:** Prepare and execute kick-off session with key CAFII stakeholders to align on scope, timelines, and share draft outline of paper
- **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
- **Execute Stakeholder Survey:** Distribute survey to collect anonymous perspectives from 6 to 8 members regarding the current digital maturity of the Canadian CPI industry leveraging the DMM as a framework. Work with CAFII to confirm survey inputs, identify participants, and ensure timely completion. Collate and synthesize results to be incorporated for report insights

Phase 2: Opportunity Identification & Assessment (~3-4 weeks)

Develop Draft Paper



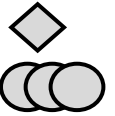
Draft Paper for SME Review

Review with CAFII & SMEs

Finalize & Publish Paper

Finalized Paper

Present Perspective & Insights



Key Activities

- **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 & Publish 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 general public

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



Presentation 2: Regulators



Presentation 3: General Public

Deloitte will deliver a webinar or live presentation to both audiences to provide an overview of the insights and perspectives shared

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.

Guiding Principles

We appreciate the opportunity to partner with CAFII on this important thought piece and have outlined below some key guiding principles that we believe will enable us to provide the CAFII Board and Regulators with a comprehensive & independent perspective on the digitization of the CPI market in Canada

- 1 The paper will be an **objective, fact-based, and independent report** that encompasses **input from a variety of key stakeholders** including anonymous survey insights from select CAFII members (6-8), Deloitte subject matter advisors (Global and Canadian) with varying perspectives (i.e., technology, operations, risk, industry, etc.)
- 2 Deloitte will include **lessons learned from other global jurisdictions and adjacent insurance industries** to help inform recommendations and insights for the Canadian CPI marketplace
- 3 Deloitte and CAFII will **align on a plan for sharing the paper** with industry regulators, the CAFII Board and, if desired, with industry trade press/ media and the general public.

Our Team & Fees

Project Leadership

Our insurance industry subject matter experts will lead the development of our perspective and insights to be shared within the report



Melissa Carruthers

Partner, Monitor Deloitte
Life and Health Insurance Strategy
Role: Lead Engagement Partner

RELEVANT EXPERIENCE

Melissa Carruthers is a Partner within Monitor Deloitte's Strategy Consulting practice where she is the National Life and Health Insurance Strategy and Transformation Leader in Canada. Her industry focus spans individual insurance, group benefits and group retirement. Melissa joined Deloitte after working a number of years as an actuary in both the direct insurance as well as reinsurance industries. In her current role as a strategy and transformation advisor she works with a number of the leading Canadian Life & Health insurance carriers and financial institutions as they define and execute on various strategic priorities across the organization.

She is a Fellow of the Society of Actuaries and a Fellow of the Canadian Institute of Actuaries.



James Colaço

Partner, Monitor Deloitte
National Insurance Sector Leader
Role: Insurance Subject Matter Expert

RELEVANT EXPERIENCE

James Colaço is the Canadian National leader for Deloitte's Insurance practice and a Partner in the Monitor Deloitte practice. Based in Toronto, James has over 17 years' global experience. His areas of focus are corporate and business unit strategy, business case development, and business transformation, primarily in the Insurance sector. James is an industry expert in the insurance space, having led numerous strategic, operational, and transformational engagements with Canadian and global insurers. On one such case, James spent 18 months with a global insurer leading the business transformation of their pricing program. James received a B.A.Sc. in Engineering Science and a Master of Business Administration (MBA) from the University of Toronto.

Our Extended Team

Additional SMEs who will be supporting throughout the engagement



Mark Patterson

Partner, Insurance

Role: UK Insurance SME

RELEVANT EXPERIENCE

Mark Patterson is a partner at Deloitte UK focused on the Insurance industry. He serves as the General Insurance sub-sector leader for the global insurance group. He has extensive experience working with insurers across North America, Europe, and Asia to conceive, design, and execute ambitious transformative strategies. His work has helped redefine how insurance companies operate, how their customers perceive them, and driven dramatic growth across digital, broker, and direct channels. Mark works closely with global insurance executives to bring insurers the most impactful ideas, solutions, and innovations from around the global to transform their businesses.



Kevin Sharps

Principal, Deloitte Consulting LLP

Role: Global Life and Health Insurance SME

RELEVANT EXPERIENCE

Kevin Sharps is a Principal in Deloitte Consulting LLP's Insurance practices. He leads Deloitte's Global InsurTech practice for Life and Retirement and serves as the lead client service partner for leading global insurance and banking firms. Sharps also has served as the lead partner for Deloitte's US Life and Annuity practice. Kevin has more than 25 years of consulting experience focused on customer growth, distribution, and operations transformation strategies. He is a frequent speaker and author on the topics of growth, distribution, and customer experience. He has led the development of a digital insurance marketplace for life and auto insurance, sponsored the development of a proprietary market sensing platform, and has helped numerous insurance clients develop and implement digital strategies.

Our Extended Team (cont'd)

Additional SMEs who will be supporting throughout the engagement



Azin Dehmoobad

Senior Manager, Core Business Operations

Role: Finance Technology SME

RELEVANT EXPERIENCE

Azin Dehmoobad is a Senior Manager within Deloitte's Core Business Operations Consulting practice in Toronto. With a background in software engineering and 8 years of consulting experience, she has led full SDLC and IT delivery engagements with a broad range of clients in the Financial Services, Healthcare and Public Sector. She is uniquely positioned to coach her clients through their Digital transformation journey to stay relevant in the market via applying her multifaceted technical delivery leadership experience. Azin is known for her strong team management background, building trust transparent relationships and extensive track record of innovation and success with clients. She graduated out of the University of Tehran with a Bachelor of Engineering, as well as with a Master of Applied Science in Software Engineering from McMaster University.



Pauline Heurtevent

Senior Manager, Technology Strategy & Transformation

Role: Digital Transformation SME

RELEVANT EXPERIENCE

Pauline Heurtevent is a Senior Manager in the Technology Strategy & Transformation group in Montreal. Her role is to support clients facing IT-related challenges by providing recommendations and innovative technology solutions to ensure that their strategic objectives are met and their competitive strengths are maintained.

Pauline has over twelve years of experience in enterprise marketing and digital strategies. She is a seasoned, solutions-focused leader, from user experience strategies to change management, ensuring that digital transformation programs run smoothly. She holds a Master's degree in Administration (M.Sc.), option communication strategies, from the École Supérieure des Sciences Commerciales d'Angers (ESSCA) in France, and an Executive MBA from the Université du Québec à Montréal.

Sample of Project Team

We have a wide selection of practitioners with relevant experience to form the core team



Dana Bastaldo

Manager, Monitor
Deloitte

Role: Financial Services
Strategy

RELEVANT EXPERIENCE

Dana Bastaldo is a Manager with over 5 years of experience in Monitor Deloitte's Strategy Consulting practice in Toronto. Her focus lies within financial services and understanding how firms can adapt their strategies to remain competitive. She has worked with the Canadian Big Banks, Credit Unions as well as leading Commercial Insurers.

Dana holds an MBA at the University of Toronto, Rotman School of Management, and a BBA in Finance also from the University of Toronto.



Simon Knops

Manager, Monitor
Deloitte

Role: Financial Services
Strategy

RELEVANT EXPERIENCE

Simon Knops is a Manager with two years of experience in Monitor Deloitte's Montreal practice. With a focus in financial services, Simon has over 9 years of experience and led multiple engagement related to digital strategy, innovation, business model design and growth.

Simon worked internationally and advised financial services clients in Canada, France, United Kingdom and Belgium. He is fluent in French and English.



Danielle Dudtschak

Consultant, Monitor
Deloitte

Role: Financial Services
Strategy

RELEVANT EXPERIENCE

Danielle Dudtschak is a Consultant with Monitor Deloitte's Toronto practice. She primarily focuses on financial services and has experience with a number of recent insurance projects, determining best-in-class digital strategy for clients. Prior to joining Deloitte, Danielle worked in banking and capital markets with a big-6 bank and holds a bachelor of commerce from Queen's University.

Representative Bios: while the specific delivery team members have not yet been identified, we are sharing a sample of the practitioners who could be staffed on this project to demonstrate the pool of excellent talent available to you.

Professional Fees

Our fees based on the proposed approach and scope described in this document are outlined below

Professional Fees

Total professional fees are valued at **\$52,500**
+ **applicable taxes**

Phase 1: Discovery

Conduct research, Canadian & Global, on leading digital capabilities in life & health insurance & relevant considerations of regulatory in CPI in order to develop perspective on the digitization of CPI

Phase 2: Future of CPI

Refine insights and findings through confirmation with Deloitte subject matter experts (SMEs), develop optional paper distribution plan, and finalize publishing

Key Assumptions & Terms

- Fees are offered on a **fixed-fee basis** and are exclusive of out-of-pocket expenses and applicable taxes
- Out-of-pocket expenses (e.g., travel) are **not expected for this particular engagement**
- The proposed approach does not include any **in-depth customer research** and will be based on **insights provided by members, regulators and Global Deloitte industry subject matter advisors**
- Should either CAFII or Deloitte identify changes in scope, planned resources, or schedule, or should other matters arise that would affect our fees, we will inform CAFII promptly and **discuss the impact prior to incurring additional costs**
- CAFII will **assign a point of contact** for Deloitte who will support project coordination activities
- Engagement work under this pricing model will be **performed remotely due to the ongoing COVID-19 pandemic**

Our Qualifications & Accelerators

We Are Leading Global Insurance Strategy Advisors

We know the insurance industry inside and out – we have extensive experience around the world of being at the forefront of strategy, transformation, and innovation as we serve leading insurers through a global network of Deloitte experts

Experienced insurance professionals
and subject matter specialists across
the globe

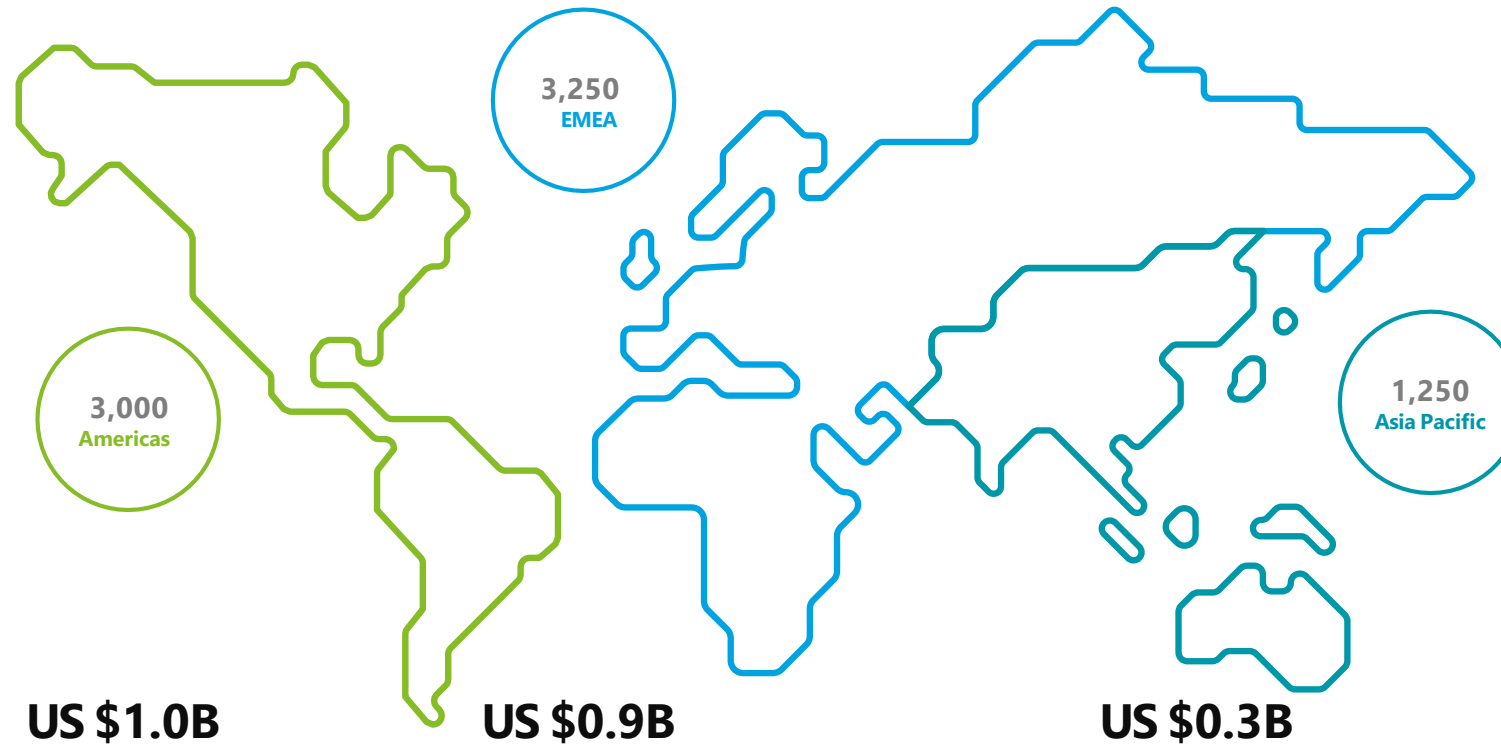
Total Headcount (FY19)

7,500

In FY19, our insurance practice
generated:

Total Revenue (FY19)

US \$2.2B



18/20

Deloitte advises 18 of the
leading global insurers

10/10

Deloitte advises all the top
Canadian P&C insurers

10/10

Deloitte advises all of the
top Canadian L&H insurers

300+

Insurance practitioners
in Canada

Deloitte serves many of the
largest companies in the global
insurance industry



Sonnet

Deloitte partnered with Economical to build 'Sonnet', an online easy-to-use digital platform for consumers to quote and purchase automotive and property insurance coverage online in minutes

Issue

The Canadian market was dominated by Broker based insurers with limited digital capabilities. Economical saw an opportunity to develop a new digital-direct brand and platform targeting individual consumers to offer property and casualty insurance

Economical partnered with Deloitte to develop a digital-first, direct-to-consumer P&C insurance company for the Canadian Market. The mission was to provide Canadians with an easy, transparent, and customized way to buy insurance

Solution

Deloitte helped Economical to test its strategy and hypothesis, and then helped design the new brand, the end-to-end customer experience. Deloitte applied agile frameworks to deliver a scalable, cloud-based enterprise-ready solution aligned with Economical's business and operational objectives.

Ultimately, Deloitte was able to help Economical launch Sonnet. Sonnet is an online easy-to-use platform where policies can be quoted and purchased in minutes, the first of its kind in Canada. Sonnet has being repeatedly recognized and awarded for its outstanding customer service, and for its innovative, customer-centric approach to insurance.

Impact

- ✓ Delivered the first digital binding quote in Canadian P&C insurance
- ✓ Solution enables customers to purchase and manage their personal property insurance entirely online
- ✓ Sonnet is better able to pursue leads and manage customers by supporting digital customers through digital self-service and other support channels
- ✓ 100% automated underwriting leveraging third-party data

E2E CX Design for a Top Five Insurer

Supported the development of an CX strategy and definition of an end-to-end customer experience that spanned across channels and regions

Issue

One of Canada's leading property and casualty insurance providers sought to define an omni-channel customer experience strategy that would remain true to their overarching mission, brand values and history while leveraging new innovative solutions and technologies. The experience would cover the entire value chain across all relevant channels and regions, while identifying key moments that would have a critical impact on customers.

Solution

Leveraging a design-centered approach, Deloitte guided the client through the development of a customer experience vision, anchored in the insurer's mission statement which led directly to the development of deliverables that provide tangible guides for executives, employees and agents to follow as the insurer shifts towards a customer centric strategy:

- **Ambition Statement** - States the overarching experience commitment and drives the member/client emotions
- **Customer Experience Charter** - Defines clear commitments to customers that drive the redesigned customer experience, including key metrics that can be tracked to ensure they hold true
- **Guiding Principles** - Provides clear guidance to employees/agents with regards to the type of behaviors/actions that should and should not take place to remain true to the strategy
- **End-to-End Experience Blueprint** – Defines the end-to-end experience across all channels for the entire value chain, identifying key moments that matter which have a disproportionate impact on the experience and NPS

Impact

The solution enabled the client to align all business functions behind a clear customer experience strategy, hence driving consistency while enabling innovative approaches that would drive results directly tied to their overarching strategy, such as reinforcing a focus on increasing both their NPS and TNPS.

Leading Canadian Financial Institution

Established strategy and foundational capabilities to drive digital creditor product growth

Issue

The client, a leading Canadian financial institution, sought to establish a strategic direction and define an executable transformation roadmap that centered on growing its Life and Health insurance portfolio, including all creditor insurance lines.

Solution

Deloitte's approach consisted of validating the client's strategy, determining the target operating model, identifying business and technology capabilities required, and sequencing initiatives to align with key growth objectives. In parallel, benefits and investment profiles were clearly articulated, understood, managed, and tracked to deliver a practical transformation roadmap.

First, Deloitte conducted a market and competitive analysis, which highlighted emerging customer expectations of an end-to-end, immersive digital experience when purchasing L&H insurance products. This insight, coupled with the client's increased focus on digital distribution lending products (e.g., mortgages, cards), triggered a re-think of its creditor insurance strategy, including a review of product offerings and distribution channels. After identifying opportunities to enhance their creditor product offerings to drive increased penetration of their existing card members, Deloitte defined the capabilities and key initiatives required to implement the reinvented creditor insurance strategy.

Impact

The project provided the client with a strategic direction and executable roadmap based on actionable market insights. This enabled their transformation journey, providing them with an opportunity to capture additional value from new and existing card holders.

Provincial Insurance Corporation

Review of the client's enterprise architecture and agile delivery capabilities to support future investments for the digital enabled consumer

Issue

The client, a Canadian insurance corporation focused on delivering insurance products to Canada's farmlands, was suffering from an aged insurance platform as well as rapidly aging HR and finance systems (all over 15 years old). Furthermore, the client possessed limited visibility in its application portfolio and management. Customers in the field started looking for modernized products, utilizing technology and data inputs (like IOT, etc.), and the exhibited limited agile capabilities as well as little maturity in its tracking and management.

Solution

Deloitte's approach was based on delivering strategic best practice workshops for key modernization activities in insurance. With the client, Deloitte conducted six deep dive workshops in key areas of focus (e.g., customer engagement, BI, etc.) in order to gain a better understanding of their existing and desired capabilities. Deloitte also supported and coached Enterprise Architecture teams to perform basic EA functions and provided them with best practices in the domain of EA. Furthermore, Deloitte assessed the client's existing agile delivery capabilities in order to identify areas of improvement as well as gaps with the agile framework's best practices. Lastly, Deloitte produced an Enterprise Architecture roadmap and directional budget for next two to three years.

Impact

The delivered Enterprise Architecture and strategic roadmap for the organization's next two to three years, allowed the client to support future investments for the digital enabled consumer, and the demonstrated gaps in their existing ERP solution, along with Deloitte's recommendations to proceed with a business case before proceeding to future investments, enabled the client to gain greater understanding of their current state and desired future state. Deloitte also supported a pilot of Agile delivery for our client's IT development team and supported further assessment of PMO capability functions.





National Group Benefits Provider

Assisted the client the pre-inception stage of their transformation journey, from client experience to target architecture

Issue

The client, a large national group benefits and retirement advisor and administrator in Canada, had finished its 5-year strategic vision and Target Operating Model (TOM), and wanted to determine how best to execute its multi-year transformation program in order to maintain its leading position. To inform this decision, the client considered pre-inception work that will help it determine its key business (e.g., people, process) & technology requirements and capabilities in order to de-risk and accelerate the transformation program. Deloitte was consequently hired to help the client through their transformation journey.

Solution



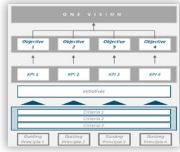
Throughout the course of 20 weeks, Deloitte assisted its client in defining and identifying business and technology capabilities through a client journey mapping exercise and helped the client develop the target-state solution architecture and other enablement components that would facilitate the identified required technology capabilities. Tasks such as identifying non-functional capabilities as well as building high-level architecture models were performed to better inform the client on the future steps of their transformation. Deloitte then helped the client develop a high-level release plan and conducted inception planning for the development of the project. Assistance was also provided during the RFP process with vendors, as well as the vendor selection.

Impact

By the end of the engagement, Deloitte had helped the client complete the pre-inception stage of their transformation journey and assisted with the preparation of the inception plan. The client was kept involved throughout the pre-inception stage in order to help Deloitte fully deliver on their transformation vision. From security to data, the client had by the end gain comfort in having a concrete plan to move forward with the development of their new solution.

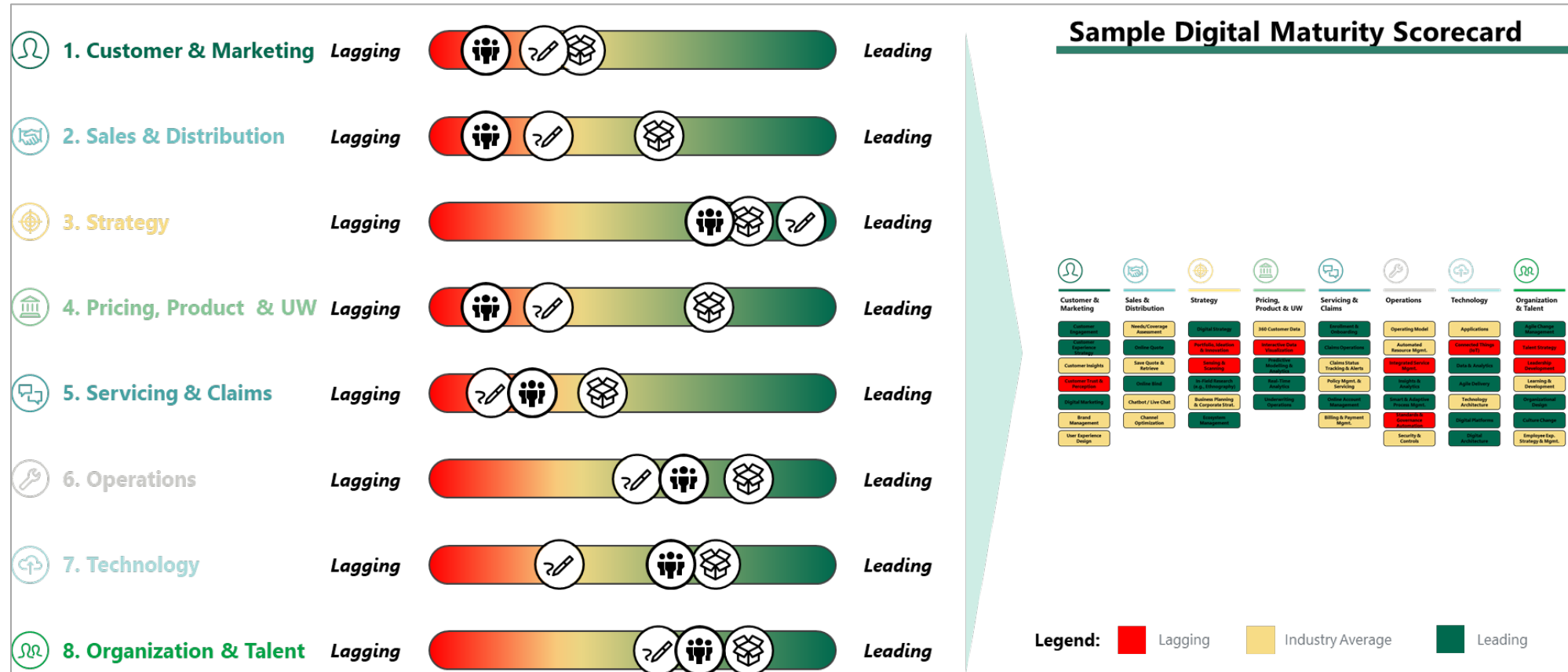
Deloitte's Accelerators & Assets

We will leverage our proprietary tools and accelerators throughout the engagement to quickly and effectively gain enterprise alignment and accelerate the Digital Strategy

Accelerator	Description	How it will benefit CAFII
Digital Maturity Model 	The Digital Maturity Model allows organizations to benchmark themselves to their competitors (across 50+ capability sub-dimensions), while identifying the digital capabilities they would like to prioritize based on their own digital ambition	The maturity model will provide clarity on the general gaps CAFII's association members have from a digital capability perspective based on leading digital capabilities and each of their respective business units based on 'leading' and desired future state.
Opportunity Prioritization framework 	The Opportunity Prioritization Framework identifies opportunities based on desirability, viability and feasibility in order to deliver a sequence of strategic investments that builds capabilities while delivering value along the way	This model will outline our approach to analyze whether a particular initiative is high potential , requiring it meet specific desirability (strategic need), viability (economic), and feasibility (technical) requirements
Consumer digital strategy and experience tool 	Deloitte's end-to-end approach to support clients along their consumer experience journey , from strategy development and experience design through to implementation	Specific models like customer centric strategy and journey mapping will help devise plan in alignment with renewed customer expectations surrounding digitization practices

Digital Maturity Model

Our digital maturity model is flexible, allowing for customization of the key digital dimensions of an organization and can be used as an accelerator when looking to assess current capabilities across the enterprise

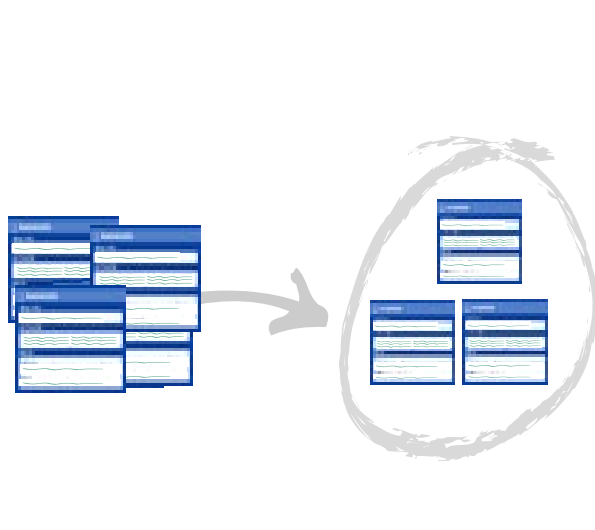


Our proprietary Digital Maturity Model allows us to quickly assess an organization across the key dimensions of digital capabilities and has been customized for insurance industries to reflect the leading capabilities of their respective sectors

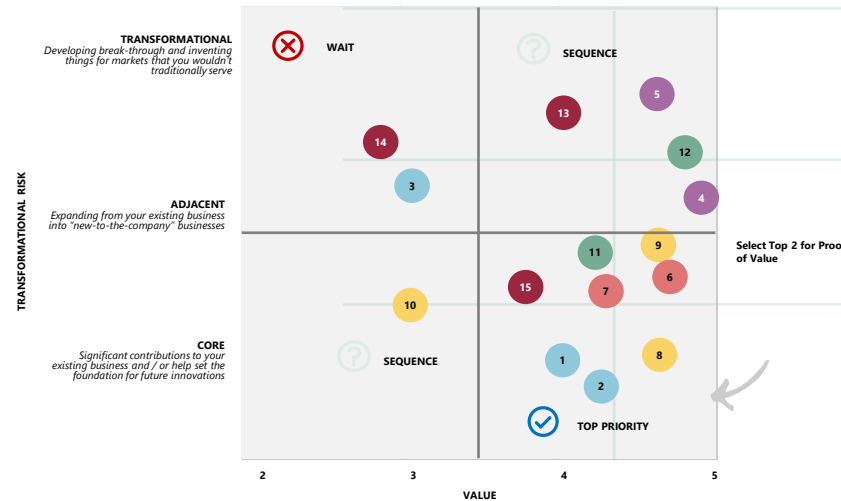
Opportunity Prioritization Framework

The Opportunity Prioritization Framework identifies opportunities based on desirability, viability and feasibility in order to deliver a sequence of strategic investments that builds capabilities while delivering value along the way

1. Opportunity Assessment



2. Opportunity Space Prioritization



3. Sequencing and Roadmap



Our customized Opportunity Prioritization process will identify data-driven opportunities that deliver on CAFII's identified objectives, and will shape perspective on what a winning data-enabled business model looks like for the Canadian insurance landscape in 3-5 years

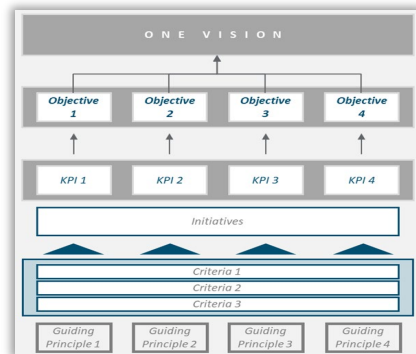
Consumer/Digital Strategy & Experience Tools

Our end-to-end approach enables us to support clients along their consumer experience journey, from strategy development and experience design through to implementation

Consumer Strategy Tools

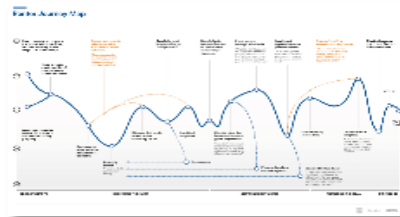
Consumer Centricity Strategy Framework

Integrated framework providing the fundamental structure on which to develop your consumer strategy



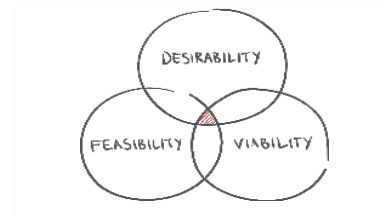
Journey Mapping

Highlights opportunities for omni-channel excellence along the consumer journey



Balanced Breakthrough Model

Helps balance consumer needs, economic outcomes, & required operating models



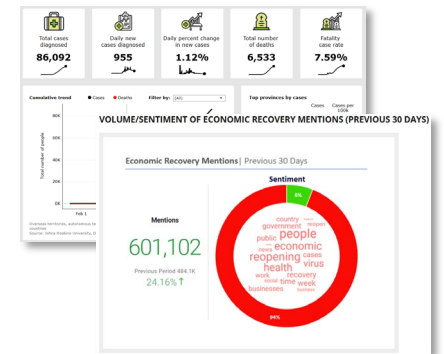
Compelling Experiences Model

Analyze a consumer's journey from before the interaction begins to the memory it leaves behind



Social Sensing and Recovery COVID-19 Dashboards

Highlights real-time consumer sentiment and behaviours across key sectors, which is critical to assessing strategic opportunities



Our extensive suite of consumer strategy and experience tools will help CAFII ensure that consumer-centricity underpins its publication on digital transformation, and the recommendations provided to readers

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Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 4(b)(i) Committee Updates—Media Advocacy: Outcomes of September 7/ 21 Media Advocacy Committee Meeting

Purpose of this Agenda Item – Update

The Media Advocacy Committee met on 7 September, 2021. This is an update on that meeting.

Background Information

At the 7 September, 2021 meeting of the Media Advocacy Committee, it was agreed that the Committee would meet more regularly, probably on a quarterly basis. It was also agreed that the Committee required additional members, and a request to this effect would be made to the EOC.

Committee Chair Anita Mukherjee stressed the many achievements of the Committee, which included new website content including blogs, FAQs, and videos, along with strong developments around friendly media stories.

Recommendation / Direction Sought – Update

This is an update.

Attachments Included with this Agenda Item

Two attachments.

Agenda Item 4(b)(i)(1)
September 14/21 EOC Meeting

Agenda, September 7 2021 Media Advocacy Meeting (11am-12pm)

1. Introductory Remarks and Welcome, Media Advocacy Chair (Anita Mukherjee)
2. Rollcall and Quick Introductions, Members of the Committee (All)
3. Media Advocacy Key Achievements 2021 (Keith Martin, David Moorcroft)
4. Press releases, Pollara research and Canadian Tire Bank
5. Trade press coverage, Pollara Research
6. Website material and webinar related to Pollara research
7. Website Webinar content (all Webinars are recorded and posted on the website)
8. New blog postings
9. Website videos (disability and critical illness CPI posted; Pollara, job loss insurance in production)
10. Media Advocacy Initiatives 2021 (Keith Martin, David Moorcroft)
11. Website Video to come (consumer protections)
12. New FAQs
13. Reporting on website metrics
14. Search Engine Optimization for "Mortgage Life Insurance"
15. Other
16. New Research Initiative, 2021 (Keith Martin)
17. Feedback and Discussion, Full Committee (All)
18. Frequency of meetings with Committee (discussion, all)
19. Other business (open)
20. Concluding comments (Anita Mukherjee)

Members of the Research & Education Committee

**Anita	Mukherjee	(Anita Mukherjee) anita.mukherjee@rbc.com
Andrea	Stuska	(Andrea Stuska) andrea.stuska@td.com
Laura	Nourcy	(Laura Nourcy) lnourcy@dsf.ca
Brian	Smith	(Brian Smith) brianj.smith1@bmo.com
Adam	Ebrahim	(Adam Ebrahim) adam.ebrahim@scotiabank.com
Jacqlyn	Marcus	(Jacqlyn Marcus) jacqlyn.marcus@valeyo.com
** Chair		

Agenda Item 4(b)(i)(2)
September 14/21 EOC Meeting

CAFII MEDIA ADVOCACY COMMITTEE MEETING – SEPTEMBER 7 @ 11:00 am

Item 3 – Media Advocacy Key achievements - 2021

a) CAFII Press releases (3):

1. **March 11, 2021:** CAFII Releases New Video that Explains How Credit Protection Insurance Works for Critical Illness and Disability;
2. **June 17, 2021:** Pandemic has changed the way Canadians conduct financial transactions, and for some the change will be permanent;
3. **July 8, 2021:** CAFII welcomes Canadian Tire Bank as a new member.

b) CAFII Media coverage (6):

1. **June 18, 2021:** Duffie Osentel of the *Mortgage Broker News* writes about the CAFII-commissioned Pollara study that shows the pandemic has changed the way Canadians conduct financial transactions;
2. **June 18, 2021:** Douglas Blakey, the Editor of London-based *Retail Banker International*, writes that Covid is making the majority of Canadians more comfortable conducting financial transactions online;
3. **June 18, 2021:** Lyle Adriano writes in *Insurance Business Canada* that a new report from CAFII has found that many Canadian consumers with credit protection insurance (CPI) have switched the way they conduct certain financial transactions;
4. **June 19, 2021:** In a video interview with *Retail Banker International's* Douglas Blakey, CAFII Co-Executive Director Keith Martin talks about the impact COVID-19 has had on how Canadians conduct financial and insurance transactions.
5. **June 22, 2021:** *Onside Media*, an online newsletter that covers business stories with “high-quality, forward-thinking content,” includes a CAFII-commissioned study in its news round-up.
6. **June 29, 2021:** Co-Executive Director Keith Martin appears on the *Business of Blockchain* internet radio show to talk about the CAFII-commissioned study on the impact of COVID-19 on how Canadians want to conduct banking and insurance transactions.

e) New Insights Blog postings (3):

1. **May 4, 2021:** New video helps explain insurance products, by Keith Martin;
2. **May 25, 2021:** What types of insurance should homebuyers consider, by Brendan Wycks;
3. **June 17, 2021:** Canadians embrace fintech & insurance during pandemic, by Keith Martin;

f) Website videos (1):

1. **March 11, 2021:** How Credit Protection Insurance Works for Critical Illness and Disability

Item 4 – Media Advocacy initiatives to come - 2021

a) Website videos (3):

- 1) Pollara Research highlights (targeted for September)
- 2) Job Loss insurance (targeted for October)
- 3) Consumer protection (targeted for December)

b) New FAQs (10):

- 1) Drafted mid-August but on hold pending input from Brendan

e) New Insights Blog postings (2):

- 1) Travel Insurance More Important than ever (drafted late July but on hold pending input from Brendan and CAFII Travel Medical Insurance Committee)
- 2) Consumer Education Remains a Top Priority for CAFII (drafted mid-August but on hold pending input from Keith & Brendan)

Briefing Note

**CAFII EOC Meeting 14 September, 2021—Agenda Item 4(c)(i)
Committee Updates—Market Conduct & Licensing—Draft CAFII Response to CCIR/CISRO Consultation
on Draft Incentives Management Guidance**

Purpose of this Agenda Item – Update

This is an update on a consultation with CCIR/CISRO.

Background Information

CAFII met with CCIR/CISRO on 21 July, 2021 at which Ron Fullan led the overview of the guidance consultation document being launched by CCIR/CISRO on incentives management. An embargoed copy of the Draft Guidance was subsequently provided to CAFII member representatives who signed a non-disclosure agreement.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

Two attachments.



Incentive Management Guidance

CCIR FTC Working Group
Pre-Consultation Meetings
July 21 & 22, 2021

Introduction

- ▶ CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* (FTC Guidance) released 2018.
- ▶ Stakeholders sought more information about applying FTC expectations to sales and servicing incentives.
- ▶ CCIR/CISRO gathered data from industry on incentives arrangements and saw some evidence that FTC may not be taken into account.
- ▶ CCIR/CISRO directed FTC Working Group to develop principles-based guidance on incentives management to complement FTC Guidance.
- ▶ CCIR/CISRO now seeking preliminary feedback on draft Guidance from key stakeholders.

Incentive Management Guidance Structure

- ▶ Definitions/Concepts
- ▶ Preamble
- ▶ Scope
- ▶ Principles & Expectations

Definitions / Concepts

- ▶ Some identical as the FTC Guidance
- ▶ Other specific terms defined because of the nature of this Guidance (e.g. Incentive arrangements)

Preamble

- ▶ Complements CCIR/CISRO FTC Guidance
- ▶ Insurers and intermediaries are responsible for compensating persons or entities acting on their behalf in the sale and servicing of insurance products
- ▶ Supports insurers and intermediaries in achieving FTC while respecting existing laws and regulations

Scope

- ▶ This Guidance applies to:
 - Insurers and intermediaries that pay compensation and/or design incentive arrangements
 - All insurance products, types of insurance, and distribution channels

Principles

1. Governance
 2. Design and management of incentive arrangements
 3. Risks of negative outcomes to customers
 4. Post-sales controls
- ▶ Each principle sets out expectations and targeted outcomes for insurers and intermediaries

1. Governance

CCIR and CISRO expect incentive arrangements aligned with FTC to be a core component of the governance and business culture of insurers and intermediaries.

- ▶ Expectations to achieve this outcome:
 - Roles and responsibilities of board of directors
 - Roles and responsibilities of senior management

2. Design & Management of Incentive Arrangements

CCIR and CISRO expect insurers and intermediaries to design and implement incentive arrangements that include criteria ensuring FTC.

- ▶ Expectations to achieve this outcome:
 - Designing and Managing incentive arrangements

3. 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.

- ▶ Expectations on risk assessment
- ▶ Appendix providing examples of incentive arrangements features that may increase the risk of negative outcomes to customers

4. Post Sales Controls

CCIR and CISRO expect insurers and intermediaries to establish effective post sales controls to identify unsuitable sales, resulting from incentive arrangements.

- ▶ Expectations to achieve this outcome:
 - Post-sales control and monitoring
 - Risk-based post sales control
 - Regular review of post-sales controls

Next Steps

- ▶ Draft Guidance available upon execution of Non-disclosure agreement
- ▶ Written comments expected by September 17th to tony.toy@fsrao.ca
- ▶ Pre-consultation with stakeholders Summer/Fall 2021 and concludes November 30th
- ▶ Public consultation – Early 2022
- ▶ Implementation – March 2023

► Questions and Comments ?



Thank you !



July 2, 2021

Mr. Brendan Wycks, Executive Director
Canadian Association of Financial Institutions in Insurance (CAFII)
21 St. Clair Avenue West
Suite 802
Toronto ON M4T 1L9

Brendan.wycks@cafii.com

Re: Fair Treatment of Consumers – Incentives Management Guidance

Dear Mr. Wycks:

As you may recall, the joint Canadian Council of Insurance Regulators (CCIR) and Canadian Insurance Services Regulatory Organizations (CISRO) Fair Treatment of Customers Working Group (FTCWG) had engaged with industry representatives, from both the manufacturing and distribution sides, to learn about compensation and incentive structures. Industry has volunteered to help the FTCWG better understand the practices currently in market. Some industry participants then indicated that additional clarification is needed from regulators to assist aligning incentive arrangement practices currently in market with the fair treatment of customer (FTC) principles.

Earlier this year, the FTCWG began work to develop an Incentives Management Guidance (Guidance). The draft Guidance is intended to complement CCIR-CISRO's *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* released in 2018, and align with principles set out in that document. The FTCWG is now reaching out to our stakeholders to begin pre-consultation and obtain valuable feedback to the draft Guidance.

The FTCWG is inviting your organization to participate in pre-consultation meetings where we will present and discuss the highlights of such guidance. Industry consultation is a valuable part of our process to develop policies regulators expect to see in the market while mitigating unnecessary burdens to the industry.

The pre-consultation will be held virtually at this time. We are anticipating holding the kick-off meetings on July 21 and 22, 2021. Materials are expected to be distributed prior to the

meeting. A completely executed *Confidentiality undertaking* is expected by stakeholders prior to the distribution of a draft guidance.

The CCIR Secretariat will be reaching out to your organization soon to schedule the date and time. You can contact Tony Toy, Policy Manager, at Tony.Toy@fsrao.ca or by phone at 416-590-7257 to confirm your availability.

Regards,

Original signed by

Louise Gauthier
Co-Chair FTCWG
Canadian Council of Insurance Regulators

Ron Fullan
Co-Chair FTCWG
Canadian Insurance Services Regulatory
Organizations

Cc: Keith Martin

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 4(c)(ii) Committee Updates—Market Conduct & Licensing—FSRA Consultation on “Enforcement Proceedings and Investigations”

Purpose of this Agenda Item – Update and Discussion

This is an update on a FSRA consultation.

Background Information

Moira Gill (TD Insurance) sent CAFII management a note on 20 August, 2021 about the importance of pointing out to FSRA, in connection with a consultation it is currently engaged in, the importance of not deterring companies from self-reporting issues or problems:

Keith, I believe we attended a FSCO consultation meeting on this topic where it was important to make the point for our hyper compliant members that enforcement publication should not penalize or create a disincentive for those companies who proactively come forward to disclose and correct the issue when then they realize there is a problem.

It is still a valid concern, so if there is an opportunity to make this point I think it will be important for members.

Thanks

Moira

Recommendation / Direction Sought – Update

This is an update and opportunity for brief discussion as to whether should make a short formal written submission to FSRA to make the point highlighted by Moira Gill.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 4(c)(ii)
September 14/21 EOC Meeting

From: Gill, Moira <moira.gill@td.com>
Sent: August-20-21 4:38 PM
To: Keith Martin <Keith.Martin@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>
Cc: Stuska, Andrea <andrea.stuska@td.com>
Subject: FSRA Consultation on enforcement proceedings and investigations

Publication Date	August 10, 2021
Summary	The Financial Services Regulatory Authority of Ontario (FSRA) announced a consultation on proposed Approach guidance outlining how and when FSRA publishes information about enforcement proceedings and investigations. The proposed guidance summarizes how FSRA shares Notices of Proposals, Notices of Intended Decisions, Final Orders and Minutes of Settlement through news releases to increase public and industry awareness. FSRA's proposed approach will provide greater access to information about who and what type of conduct is being sanctioned. Interested stakeholders can submit their feedback electronically via ID: 2021-013 link below until September 24, 2021.
Action	In the event that you want to provide your comments to FSRA, we suggest that you liaise with GIR for support.
Link	News: https://www.fsrao.ca/newsroom/fsra-seeks-feedback-proposed-approach-communicating-enforcement-actions ID: 2021-013: https://www.fsrao.ca/engagement-and-consultations/fsra-seeks-feedback-proposed-approach-communicating-enforcement-actions

Keith, I believe we attended a FSCO consultation meeting on this topic where it was important to make the point for our hyper compliant members that enforcement publication should not penalize or create a disincentive for those companies who proactively come forward to disclose and correct the issue when then they realize there is a problem.

It is still a valid concern, so if there is an opportunity to make this point I think it will be important for members.

Thanks
 Moira

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 4(c)(iii)

Committee Updates—Market Conduct & Licensing—Opportunity for CAFII to Become A Signatory to an Ontario Chamber of Commerce Sponsored “Industry Associations Coalition Letter” Advocating That Ontario Not Introduce Its Own Provincial Privacy Legislation

Purpose of this Agenda Item – Update/Discussion

This is an update on an opportunity for CAFII to become a signatory to an industry coalition advocacy letter to the Ontario government around its intent to introduce the province’s own privacy legislation.

Background Information

CAFII has been invited to participate in an initiative led by the Ontario Chamber of Commerce to ask the Ontario government not to introduce its own provincial privacy legislation. CLHIA and CBA have both signed the letter in question.

Recommendation / Direction Sought – Update and Discussion

This is an update and a request for EOC feedback on whether we should join the other Associations in making this request of the Government of Ontario.

Attachments Included with this Agenda Item

Two attachments.

Agenda Item 4(c)(iii)(1)
September 14/21 EOC Meeting

From: Claudia Dessanti <claudiadessanti@occ.ca>
Sent: September-01-21 2:32 PM
To: Brendan Wycks <brendan.wycks@cafii.com>; 'Fitzpatrick, Andrew' <Andrew.Fitzpatrick@canadalife.com>; Keith Martin <Keith.Martin@cafii.com>; 'Ewen, Dallas' <dallas.ewen@canadalife.com>
Cc: Samir Janmohamed <samirjanmohamed@occ.ca>; Jake Becker <jake.becker@cafii.com>
Subject: RE: OCC Coalition letter

Hi Brendan,

We understand and fully appreciate the need for caution as a membership organization. If there's ever an opportunity in the future we'll make sure to give you more notice.

I look forward to reconnecting after your meeting.

All the best,
Claudia

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: September 1, 2021 2:28 PM
To: Claudia Dessanti <claudiadessanti@occ.ca>; 'Fitzpatrick, Andrew' <Andrew.Fitzpatrick@canadalife.com>; Keith Martin <Keith.Martin@cafii.com>; 'Ewen, Dallas' <dallas.ewen@canadalife.com>
Cc: Samir Janmohamed <samirjanmohamed@occ.ca>; Jake Becker <jake.becker@cafii.com>
Subject: RE: OCC Coalition letter

Hi again, Claudia.

I've now had a chance to consult with the Chair and Vice-Chair of our CAFII Executive Operations Committee (our EOC; a roll-up-the-sleeves working group that reports to the CAFII Board of Directors and works closely with the management team of two Co-Executive Directors on implementing the strategic direction set by the Board, performance monitoring, accountability reporting, etc.) on this invitation/opportunity for our Association to become a signatory to the OCC-co-ordinated Associations coalition letter to the Ontario government on its planned provincial privacy rules for commercial activity.

We've decided that – despite the fact that this opportunity is very appealing and the letter persuasively expresses views that are strongly held by CAFII Members – the tight timeframe prevents us accepting the invitation – because to do so we would have to forego the due diligence, good governance, and Member consensus-building approach that we always follow in dealing with such legislative/regulatory communications and advocacy opportunities.

So unfortunately, CAFII must politely decline the invitation to become a signatory to the Ontario government consultation submission version of the letter.

That said, we have an EOC meeting coming up on Tuesday, September 14/21 which will give our Association an opportunity to complete our due diligence process. Thereafter, I fully expect that Keith Martin and I will be in a position to get back to you with a request that CAFII be added to the roster of Association signatories to the public version of the letter which you'll ultimately be posting to the OCC website.

(By way of relevant background, CAFII is a very small industry Association with just two staff members (Keith and me) and a laser-like focus on just credit protection insurance (CPI), travel insurance, and alternate/non-face-to-face distribution of those types of insurance products, to the exclusion of all else. We are very much a Member-driven and Member volunteer representative-driven Association, and we always need to seek and achieve Member consensus through thorough due diligence before proceeding on strategically significant initiatives.)

Be back in touch in mid-September,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

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From: Claudia Dessanti <claudiadessanti@occ.ca>

Sent: September-01-21 10:54 AM

To: Brendan Wycks <brendan.wycks@cafii.com>; Fitzpatrick, Andrew
<Andrew.Fitzpatrick@canadalife.com>; Keith Martin <Keith.Martin@cafii.com>; Ewen, Dallas
<dallas.ewen@canadalife.com>

Cc: Samir Janmohamed <samirjanmohamed@occ.ca>

Subject: RE: OCC Coalition letter

Hi Brendan,

No problem, apologies for the short notice. We can hold until 4pm but will need to send it to government before end of day. The letter will be posted publicly on our website after the federal election, so the alternative would be to add your logo to the public version (though it would not be included in the letter to government).

Thanks,
Claudia

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: September 1, 2021 10:47 AM
To: Claudia Dessanti <claudiadessanti@occ.ca>; Fitzpatrick, Andrew
<Andrew.Fitzpatrick@canadalife.com>; Keith Martin <Keith.Martin@cafii.com>; Ewen, Dallas
<dallas.ewen@canadalife.com>
Subject: RE: OCC Coalition letter

Hi, Claudia.

Congratulations on preparing such a well-written and impactful coalition letter, and on securing such an impressive roster of Association signatories to it.

Unfortunately, however, CAFII only became aware of this opportunity very recently and the deadline of this morning is too tight for us to be able to give you a definitive answer as to whether our Association would like to be added to the roster of signatories.

If you could get give us an extension until end of day today (or better yet until 10:00 a.m. tomorrow morning), that would likely give us enough time to secure the necessary approvals from our CAFII senior volunteer leaders.

If that doesn't work, Andrew had indicated in an earlier email to Keith and me that there might be a later opportunity to sign on to the coalition letter after the current federal election period. Does that remain an option?

Brendan Wycks, BA, MBA, CAE

Co-Executive Director
Canadian Association of Financial Institutions in Insurance
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From: Claudia Dessanti <claudiadessanti@occ.ca>
Sent: September-01-21 9:56 AM
To: Fitzpatrick, Andrew <Andrew.Fitzpatrick@canadalife.com>; Brendan Wycks
<brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>; Ewen, Dallas
<dallas.ewen@canadalife.com>
Subject: RE: OCC Coalition letter

Hi all,

Just following up to say we're finalizing the letter this morning. There's still time to add CAFII's logo if you're interested.

Thanks,
Claudia

From: Claudia Dessanti
Sent: August 31, 2021 8:49 AM
To: Fitzpatrick, Andrew <Andrew.Fitzpatrick@canadalife.com>
Cc: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>; Ewen, Dallas
<dallas.ewen@canadalife.com>
Subject: RE: OCC Coalition letter

Thanks Andrew.

Hi Brendan & Keith – Nice to meet you both. Here is the letter with current signatories. Happy to discuss if you have any questions.

Thanks,
Claudia

From: Fitzpatrick, Andrew <Andrew.Fitzpatrick@canadalife.com>
Sent: August 31, 2021 8:31 AM
To: Claudia Dessanti <claudiadessanti@occ.ca>
Cc: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>; Ewen, Dallas
<dallas.ewen@canadalife.com>
Subject: OCC Coalition letter

Hi Claudia,

Introducing you to Brendan and Keith at CAFII re their potential participation in the coalition letter.

Thank you all,
AGF

Andrew Fitzpatrick

Assistant Vice-President, Government Relations and Public Policy

330 University Avenue
Toronto, ON
M5G 1R8



From: Fitzpatrick, Andrew <Andrew.Fitzpatrick@canadalife.com>
Sent: August-30-21 9:48 AM
To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>
Cc: Ewen, Dallas <dallas.ewen@canadalife.com>; Adam, Nadege <Nad?ge.Adam@canadalife.com>;
rob.dobbins@assurant.com; 'karyn.kasperski@rbc.com' <karyn.kasperski@rbc.com>
Subject: RE: Ontario's proposed privacy legislation

Hi Brendan,

I followed up with the OCC and they plan to finalize their coalition letter this week to make a Friday consultation deadline.

Why don't I connect you with Claudia? If this week is too tight there should also be a chance to sign on when they go public with the letter post-election.

Thank,
AGF

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: August 26, 2021 9:51 AM
To: Fitzpatrick, Andrew <Andrew.Fitzpatrick@canadalife.com>; Keith Martin <Keith.Martin@cafii.com>
Cc: Ewen, Dallas <dallas.ewen@canadalife.com>; Adam, Nadege <Nad?ge.Adam@canadalife.com>;
rob.dobbins@assurant.com; 'karyn.kasperski@rbc.com' <karyn.kasperski@rbc.com>
Subject: [EXT] RE: Ontario's proposed privacy legislation

Hi, Andrew.

Thanks for bringing this proposed Ontario privacy legislation issue to our attention and apologies for the delayed response. Successive vacation time: me last week, followed by Keith currently.

CAFII would be pleased to consider joining the OCC coalition and becoming a signatory to its letter to the government.

In that connection, at a minimum, we will need to confer with our CAFII Executive Operations Committee (EOC) members. (Rob Dobbins of Assurant, our current EOC Chair, is on vacation until Monday, August 30.)

So please do connect Keith and me with Claudia of the OCC, but our preference would be to converse with her right after Labour Day, if that timing is feasible, as Keith is on vacation this week and next and we'd both like to be part of our CAFII dialogue with her.

If the OCC's critical path on the letter is more time-sensitive and urgent than that, we will take steps to accommodate as best we can.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

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From: Fitzpatrick, Andrew <Andrew.Fitzpatrick@canadalife.com>

Sent: August-20-21 2:47 PM

To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>

Cc: Ewen, Dallas <dallas.ewen@canadalife.com>; Adam, Nadege <Nad?ge.Adam@canadalife.com>

Subject: Ontario's proposed privacy legislation

Brendan, Keith,

Hope all is well as the summer hurtles towards September.

Has CAFII been following Ontario's proposal to introduce its own private-sector, for profit, privacy legislation? We are concerned Ontario seems intent on going ahead with what in our view would be redundant legislation that adds another level of compliance while contributing to a patchwork across

the country. It is doubtful that an Ontario act would improve privacy protections beyond those at the federal level. Our view has been that the province should work with the federal government to update and strengthen federal privacy legislation as it pertains to for profit businesses.

We have been working with the Ontario Chamber of Commerce (OCC) on advocacy efforts and expect to see an op-ed from the chamber soon. This will be followed by a coalition letter to government. The OCC will be looking for like-mind groups to sign off on the letter. We have yet to see the letter but expect it to be well-aligned with our view.

Can I connect you with Claudia Dessanti at the OCC to coordinate CAFII's consideration of and potential participation in the coalition letter?

Thank you, and happy to have a chat to discuss.

Have good weekend,
AGF

Andrew Fitzpatrick

Assistant Vice-President, Government Relations and Public Policy

330 University Avenue

Toronto, ON

M5G 1R8

Mobile: (647) 938 1640

andrew.fitzpatrick@canadalife.com



September 1, 2021

The Honourable Doug Ford
Premier of Ontario
Legislative Bldg Rm 281
Queen's Park
Toronto, ON M7A 1A1

The Honourable Ross Romano
Minister of Government and Consumer Services
College Park 5th Floor
777 Bay St
Toronto, Ontario, M7A 2J3

Joint Association Letter on Ontario's Privacy Consultation

Dear Premier Ford and Minister Romano,

As the Ontario government considers implementing provincial privacy rules for commercial activity, we are writing to you on behalf of our members to reinforce shared perspectives raised in individual submissions and express our general concern with the government's approach.

As representatives of large and small businesses across this province, and in many cases across Canada and beyond, we understand the critical importance of protecting the privacy of our clients and customers. This is vital in the rapidly evolving digital economy, where many people increasingly conduct business online. Data and digital innovation is transforming every sector of our economy, now all the more so since the outbreak of the pandemic. We understand that it is vital to ensure individuals are secure and able to trust companies as they innovate to improve products and services. This is why we are eager to be involved in discussions with governments on the data economy and the critical importance of privacy.

Simply put, it is not advisable for the Ontario government to introduce privacy legislation for the private sector given existing federal protections and ongoing efforts to modernize the national framework.

As noted in Ontario's Digital and Data Strategy, data privacy should be a competitive advantage for Ontario businesses. The provincial government's proposed approach would achieve the opposite outcome, by adding to the patchwork of regulatory uncertainty, making it more difficult for businesses to expand across Canadian and international markets, and discouraging innovators from investing in digital services that benefit Ontarians, such as virtual care platforms.

This government has done much to support economic growth and innovation in this province to the benefit of both businesses and consumers. We urge the government to continue to consider the

impact of its data policies on small businesses, individuals who increasingly rely on digital services, and the post-pandemic economic recovery.

Business

Privacy rules must be consistent across Canada in order to enable companies to operate seamlessly across inter-provincial and international borders. We firmly believe that a consistent federal framework is the best way to achieve this outcome. In the digital economy, companies must be able to move data quickly and efficiently to serve customers and to innovate. This is true today and it will only gain in importance in the future. Canada has been a leader in calling for unimpeded cross-border data flows, and we believe this stance is the best one to support economic growth, efficiency, and innovation.

Individuals

Consistent rules around privacy also ensure that individual Ontarians (and Canadians across the country) clearly understand how their privacy is protected no matter where they are in the country. Every additional layer of privacy rules only serves to make it more difficult to understand which rules apply and when.

Economic recovery

We are at fragile moment in the recovery from the pandemic, in particular for the many small and medium-sized businesses across this province that have been hit hard by the COVID-19 pandemic. Associations representing SMEs anticipate that it will take 2-3 years for their members to recover – some may not recover. This is not the time to impose additional compliance requirements on these firms – especially in an area that is already covered by existing federal legislation.

Areas for further work

We do welcome the Ontario government's interest and work on data and digital issues. We believe there are a number of areas where real value can be added in this work. In terms of data, we believe tremendous benefits could be derived from the sharing of non-sensitive data between the government, the private sector, academia, and non-profits for the benefit of Ontarians. Opening up this data for research and innovation could make Ontario a leading jurisdiction in Canada and the world. We also support work on a digital identity for Ontarians that could enable them to access and hold driver's licenses, OHIP cards, vaccine cards and other forms of identity in one secure place. This could be integrated with private sector accounts and cards as well, and eventually integrated with federal identity cards. Our members would welcome further work in these areas and the opportunity to bring our expertise to bear on resolving the technical issues involved.

Sincerely,

The following associations:



Briefing Note

**CAFII EOC Meeting 14 September, 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 Insurance Industry**

Purpose of this Agenda Item – Update

Update only.

Background Information

CAFII meets weekly with CLHIA and THIA to discuss issues related to the impact of COVID-19 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 14 September, 2021—Agenda Item 4(e)(i)
Committee Updates—Networking & Events—September 29/21 CAFII Webinar on “Climate Science,
Our Changing Planet, and Implications for Life Insurance” with Two Co-Presenters from RGA
Reinsurance Company**

Purpose of this Agenda Item – Update

Update only.

Background Information

CAFII has now sent out invites for the 29 September, 2021 webinar on “Climate Science, Our Changing Planet, and Implications for Life Insurance” with Two Co-Presenters from RGA Reinsurance Company.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 4(e)(i)
September 14/21 EOC Meeting



Dear Brendan,

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

Climate Science, Our Changing Planet, and Implications for Life Insurance

***A Virtual Fireside Chat with
Georgiana Willwerth-Pascutiu, MD, DBIM, Vice-President and Global Medical Director,
RGA Reinsurance Company (Canada); and
Christopher Falkous, MSc, FIA, Vice-President and Senior Biometric Insights Actuary,
RGA Reinsurance Company (UK).***

Wednesday, September 29, 2021
from 1:00 to 2:15 pm EDT
via Zoom Webinar

Georgiana Willwerth-Pascutiu, MD, DBIM,
Vice-President and
Global Medical Director,
RGA Reinsurance
Company (Canada)



(For capsule biography, [click here](#))

Christopher Falkous
MSc, FIA, Vice-President
and Senior Biometric
Insights Actuary, RGA
Reinsurance Company
(UK)



(For capsule biography, [click here](#))

***In this webinar, our co-panelists from RGA Reinsurance Company will dialogue with
moderator Keith Martin on topics including***

- Climate Change Background and Evidence;
- Causes and Consequences;
- Mortality and Morbidity Outcomes;
- “Insurance Industry Perspectives on Regulatory Approaches to Climate Risk Assessment”: Insights from the Geneva Association Task Force; and
- Risk Management Challenges for the Industry.

[Click Here to Register](#)

For further information or assistance, please email events@cafii.com or call 416-494-9224 ext. 3.

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

Sincerely,

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Briefing Note

**CAFII EOC Meeting 14 September, 2021—Agenda Item 5(a)(i)
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—Insights Gained from September 10;21
CAFII Get Acquainted and Dialogue Meeting with Eric Jacob, AMF's New Superintendent, Client
Services and Distribution Oversight**

Purpose of this Agenda Item – Update/Discussion

Update and discussion item.

Background Information

CAFII is meeting with Eric Jacob, AMF's New Superintendent, Client Services and Distribution Oversight, on 10 September, 2021. This will be an update on the intelligence gathered by CAFII in that meeting, and a discussion of possible next steps.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

No attachments.

Agenda Item 5(a)
September 14/21 EOC Meeting

CAFII Action Plan with AMF Regarding Regulation respecting Alternative Distribution Methods and Credit Card-Embedded Insurance Benefits Coming out of the Norton Rose Legal Opinion

Background Information

- CAFII has requested and been granted a three-month extension for posting Product Summaries and providing the AMF with an Action Plan, to 17 December 2021;
- A new Superintendent of Client Services and Distribution, Eric Jacob, has been appointed at the AMF and this may provide an opportunity to recalibrate the relationship;
- Mario Beaudoin has verbally told THIA President Richard Ollier that the AMF will not enforce providing the Fact Sheet to consumers in the short term, and will work with industry to make the Fact Sheet more appropriate for credit card-embedded insurance benefits by 1 May, 2022—but he will not put this in writing;
- CAFII members are still reluctant to provide consumers with a Fact Sheet that is incorrect and misleading;
- Norton Rose feels that there are very solid legal foundations for not providing consumers with the current version of the Fact Sheet.

Proposed Next Steps

- CAFII to reach out to Eric Jacob, requesting a one-hour “get acquainted” virtual (web platform) meeting as soon as possible, with Keith Martin and Brendan Wycks;
- At that meeting, we will share information about CAFII, about some recent initiatives like our digitization project, and will inquire about AMF priorities;
- CAFII will thank the AMF for the three-month extension;
- CAFII will tell Eric Jacob that CAFII’s members want to comply with the Regulation for credit card-embedded coverages, but are struggling with the requirement that a Fact Sheet be provided to consumers at time of offer, as that Fact Sheet contains false and misleading information;
- CAFII will share that to understand the options available to it CAFII has asked Norton Rose to provide a legal analysis of the RADM and credit card-embedded insurance benefits, and we would like to share some of the findings (see below for the arguments to be shared);
- CAFII will indicate that if the AMF would find it useful to get further information about the legal findings, we would be pleased to have Norton Rose develop a synopsis of some of the arguments and share those either in writing, through a presentation by Norton Rose to the AMF, or both;
- Conclude meeting.

Appendix A: Potential Legal Arguments to Share with the AMF

- Norton Rose has suggested that CAFII may argue that the AMF should decline to apply certain provisions of the RRADM to credit card-embedded insurance benefits in order (i) to ensure that the object of the RRADM is attained, (ii) to avoid absurd and impracticable consequences, and (iii) to adopt an interpretation of the RRADM that does not conflict with other legislation purporting to protect Quebec consumers.
- CAFII may request that the RRADM should be amended in order to either (i) adapt its provisions to the specific situation of credit card-embedded insurance benefits, or to (ii) grant the AMF with the discretionary power to exempt certain situations from its application. **Being a mere regulation, the RRADM may indeed be amended by the AMF:**

The RRADM is not a statute adopted by the Quebec legislative assembly, but a mere regulation adopted by the AMF pursuant to the provisions of the ARDFPS. The RRADM may thus be amended by the AMF via the adoption of an amending regulation.

The amending regulation may purport to either (i) adapt the provisions of the RRADM to the specific context of credit card-embedded insurance benefits, or (ii) provide the AMF with the power and discretion to exempt certain specific situations from the application of the RRADM.

- CAFII may also claim that certain provisions of the RRADM are simply inoperative when it comes to credit card-embedded insurance benefits since their application would conflict with (i) the Act respecting the distribution of financial products and services (**ARDFPS**) i.e. RRADM's parent legislation—specifically to not mislead consumers or provide false information:

In the present case, it is clear that the purpose of the RRADM is to protect consumers by ensuring that they receive true, sufficient and relevant information about the insurance coverage and their rights in that regard. In the Notice relating to the application of the Regulation respecting alternative distribution methods published by the AMF, the latter indeed makes the following remarks:

The premise of the regime governing distribution without a representative is that adequate, accurate and complete information is given to the client.

The Regulation provides that information be disclosed through more than one document. The information specific to distribution without a representative is provided in a fact sheet, the content of which is prescribed by the Authority. The information on the product offered, which helps the client make an informed decision about the product, is presented in a summary prepared by the insurer.

The strict application of the RRADM advanced by the AMF however defeats that purpose. As discussed above, the RRADM provides that the product summary that must be delivered to clients must inform them of their “right of cancellation, its duration and the procedures for exercising it” while the mandatory fact sheet that must also be delivered to clients informs them that they are allowed to “rescind the insurance contract, at no cost, within 10 days”.

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 5(a)(ii)

CAFII Utilization of Norton Rose Legal Arguments/Opinion in Opposition to AMF's Interpretation on RADM's Applicability to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – Update/Discussion

Update and discussion.

Background Information

This is a review and discussion of how to utilize the Norton Rose legal opinion, including possibly sharing some components of it with the AMF, especially with respect to the ongoing problematic nature of providing customers with the Fact Sheet and the Notice of Rescission for credit card-embedded insurance coverages.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 5(a)(iii)

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—CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – Update

Update item only.

Background Information

CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits has been meeting every second week and has made significant progress. Currently, the Committee is reviewing whether member distributors are planning on posting product summaries on 17 December, 2021; or instead will be posting them later and indicating by when they will be posted in the 17 December, 2021 Action Plans shared with the AMF.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

Two attachments.

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](#)

[May 27 2021 Notes in Green](#)

[June 3 2021 Notes Red-Purple GO TO THE BOTTOM OF THIS DOCUMENT](#)



[June 10 2021 Notes Green GO TO THE BOTTOM OF THIS DOCUMENT](#)

[June 17 2021 Notes Blue GO TO THE BOTTOM OF THIS DOCUMENT](#)


[June 24 2021 Notes Yellow GO TO THE BOTTOM OF THIS DOCUMENT](#)

[July 8 2021 Notes Red GO TO THE BOTTOM OF THIS DOCUMENT](#)

[July 15 2021 Notes Green GO TO THE BOTTOM OF THIS DOCUMENT](#)

RADM #	Wording	Option “Creative Solutions”	Option “Compliance”
19	<p>CHAPTER III OFFER OF INSURANCE PRODUCTS THROUGH A DISTRIBUTOR M.O. 2019-05, c. III.</p> <p>DIVISION I GENERAL PROVISIONS M.O. 2019-05, Div. I.</p> <p> 19. 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 (chapter D-9.2). M.O. 2019-05, s. 19.</p> <p>DIVISION II INFORMATION TO BE PROVIDED TO THE AUTHORITY M.O. 2019-05, Div. II.</p>	N/A	N/A
20	<p></p>	<p>Straightforward</p> <p>Insurers can change periodically</p>	Straightforward—not an issue

	<p>20. Before offering an insurance product through a distributor, the insurer must, in addition to the information required under section 66 of the Insurers Act (chapter A-32.1), 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>	Would not be hard to do	
21	<p>21. 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>Reporting on cancellation is not useful insurance information to the AMF</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>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>DIVISION III</p> <p>DOCUMENTS AND INFORMATION TO BE PROVIDED TO THE CLIENT</p> <p>M.O. 2019-05, Div. III.</p> <p> 22. 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.</p> <p>M.O. 2019-05, s. 22.</p>	<p><u>PLAN A</u></p> <p>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:</p> <p><u>PLAN B</u></p> <p>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>(BPI – currently TD asks for consent to share it with the fulfillment package currently)</p> <p>ADD LINK TO DISCLOSURE</p> <p>ALTERNATIVELY:</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><u>PLAN C</u></p> <p>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>23. 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.</p> <p>M.O. 2019-05, s. 23.</p>	Dealt with already	See above
24	<p>24. 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.</p> <p>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>25. 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 (chapter D-9.2), 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</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>	No such information is collected by distributors and is only used by insurers at time of claim

	<p>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>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>	
26	<p>26. 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 (chapter D-9.2) 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>27. The insurer must have an assistance service to answer questions from the distributor regarding each product offered. M.O. 2019-05, s. 27. DIVISION IV SUMMARY 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>28. 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; (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>	<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>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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29	<p>29. The summary must present the following information:</p> <ul style="list-style-type: none"> (1) the insurer's name and contact information; (2) the client number of the insurer registered in the Authority's register of insurers and the Authority's website address; (3) the name and type of product offered; (4) the eligibility criteria; (5) the name and contact information of the distributor that offers the product; (6) the product coverage, exclusions and limitations; (7) any other specific clauses that may affect the insurance coverage; (8) warnings about the consequences of misrepresentations and concealment; (9) the client's right of cancellation, its duration and the procedures for exercising it; (10) the rules applicable to the temporary insurance, if applicable; (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 (chapter D-9.2); (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; (13) an indication that the premium is fixed or likely to vary over time; (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 (chapter A-32.1); (15) the manner in which the specimen of the policy or the insurance certificate can be accessed on the insurer's website. <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>	<ul style="list-style-type: none"> 1) Insurer's name and contact information—may have multiple insurers—so need each of them to be listed – should be straightforward 2) Straight forward 3) Straight forward 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. 5) Straight forward (bank typically) 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. 7) Wrapped this around claim. 8) Tied to 7. A bit broader. 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. 10) Not applicable to any embedded insurance. 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
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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>30. 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</p> <p>Information collected from client is not collected in relation to insurance it is in relation to the credit card application</p> <p>The information is relevant when the card is issued in relation to the insurance</p> <p>But would not know who is insured until there is a claim</p> <p>We can achieve this outcome without “conforming to regulation”</p> <p>“No information collected about client so not relevant”</p> <p>#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>31. The notice of rescission provided for in section 440 of the Act respecting the distribution of financial products and services (chapter D-9.2), 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</p> <p>There are no cancellation rights</p> <p>Embedded in credit card</p>	<p>There are no cancellation rights.</p> <p>AMF wants this put into the Summary. It is at the very end.</p>
32	<p>32. 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>NOTE 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>In force: 2020-06-13 DIVISION V SUPERVISION OF DISTRIBUTORS M.O. 2019-05, Div. V. In force: 2020-06-13 🕒 33. 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 (chapter D-9.2) 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><i>n force: 2020-06-13</i></p> <p> 34. 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>DIVISION VI PROHIBITIONS M.O. 2019-05, Div. VI.</p> <p></p>	<p>#1) Distributor is not being compensated so this is entirely not applicable</p>	

	<p>35. 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 (chapter D-9.2), 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)</p> <p>Not applicable</p> <p>Not really about profits</p> <p>#3)</p> <p>Not applicable</p>	
36	<p>CHAPTER IV TRANSITIONAL AND FINAL PROVISIONS</p> <p>M.O. 2019-05, c. IV.</p> <p></p> <p>36. This Regulation replaces the Regulation respecting distribution without a representative (chapter D-9.2, r. 8).</p> <p>M.O. 2019-05, s. 36.</p>	<p>Transitional</p>	
37	<p>37. 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 (chapter D-9.2), 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>	

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**.

*The **Autorité des marchés financiers** can provide you with unbiased, objective information.*

Visit www.lautorite.qc.ca or call the AMF at 1-877-525-0337.

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

CAFI:

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 CAFI 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 insurance policy

 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
- Quebec 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
Mandy Rutten	CIBC Insurance
Trish Facciolo	RBC
Michelle Butler	Scotiabank Financial
Jennifer Russell	Assurant
Nadine Roy	Assurant
Monika Spudas	Manulife
Sherri Kuzio	Scotiabank
Anu Bains	CIBC Insurance
Penny Cordogiannis	RBC Insurance
Pete Thorn	TD Insurance

CAFI:

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

Summary Notes of the 15 July 2021 Working Group Meeting

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

Agenda Item 5(a)(iii)(2)
September 14/21 EOC Meeting

AMF Working Group on RADM and Credit Card-Embedded Insurance Benefits

“Should Members Post Product Summaries on Insurers’ Websites Only by 17 December 2021; or Also on Issuers’ Websites?”

<u>Name</u>	<u>Member Institution</u>	<u>Date of Email</u>	<u>Summary Response</u>	<u>Detailed Response</u>
Keith Martin	CAFII	13 August 2021 11.27am	Asking Working Group Members whether they will post Product Summaries on insurers’ websites only or also on distributors’ websites	<p>Hello,</p> <p>Silvana Capobianco of BMO Insurance has a question she was hoping her fellow members of the Working Group might be able to offer insights on.</p> <p>She is aware that insurers are expected to post the product summaries on their websites by the 17 December 2021 deadline, but where the insurer and card issuer are different, she is wondering what distributors / card issuers (banks, credit unions) are planning on doing? Are they:</p> <ul style="list-style-type: none"> • Also going to post the documents on their websites? • Instead going to just create a link to the section of the insurer’s website where the summaries are posted? <p>Because this is likely of interest to all members of the Working Group, feel free to respond with “reply all”; or, if you prefer, you can respond to me only and I will share the responses I receive in an aggregated and anonymous format.</p> <p>Thank you,</p> <p>--Keith</p>
Isabelle Choquette	Desjardins	August 13 2020 12.04pm	Will post on insurer’s and issuer’s website	<p>Hello all,</p> <p>I suggested to my team that we also post Summaries on the issuer’s website, as for Desjardins the issuer is a different entity from the insurer.</p> <p>Regards.</p> <p>Isabelle</p> <p>FOLLOW UP ON 14 August 2021 5.46 pm</p> <p>Hello,</p> <p>As I wrote previously, I think we should work towards loading both sides as well. That is my recommendation to our team at Desjardins. Certainly, Mario Beaudoin would not disagree with that.</p> <p>Regards.</p> <p>Isabelle</p>

Jennifer Russell	Assurant	August 13 2021	<p>Will post on insurer's website by December 17 2021</p> <p>Will put in Action Plan when to post on distributor's website, but it will be after December 17 2021</p>	<p>Hi Keith & Karen,</p> <p>I'm sending through the Assurant response to the question below – please feel free to share with the full CAFII WG. As the AMF has explicitly stated that it is the insurer's website that must be updated on December 17, 2021 we are only planning on completing that task for website updates in December. As part of the action plans that are due at the same time, we will be outlining to the AMF how we will be executing the delivery, training of staff & inclusion of the documents into the credit card application processes for our various partners. Those action plans will summarize where & how the documents will be made available to a customer including via our various distributors' websites at some point in 2022.</p> <p>In short, we are viewing inclusion of the documents on a distributor's website as part of the action plan execution to be done in 2022 and not part of the deliverables required to be completed by December 17th.</p> <p>Thanks, Jen</p> <p>FOLLOW UP 17 August 2021 3.51 pm</p> <p>Hello Everyone,</p> <p>From an Assurant perspective, we'd like to share a few points for consideration with the team as we feel these items can generate good discussion and review on this particular topic:</p> <ul style="list-style-type: none"> - Hosting the product summary and certificate of insurance on an insurer-owned customer facing website is the responsibility of the insurer. (Reference Article 32 of the RADM) - The AMF does <u>not</u> require distributors/card issuers to host the RADM documentation (product summary, fact sheet and notice of rescission) on the distributor's website outside of an online credit card enrollment work flow. ie The distributor is required to provide these documents as part of the insurance "distribution" work flow but does not have the same requirement as the insurer to host the documents on a website. (Reference Article 22 of the RADM) - The insurer is required to host only the product summary and certificate of insurance online, whereas the distributor is required to provide the <u>fact sheet and notice of rescission, in addition to</u> the product summary and certificate to the customer during the enrollment process.
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				<ul style="list-style-type: none"> - As this group has discussed, both the fact sheet and notice of rescission focus solely on cancellation, which is not relevant and potentially confusing for consumers. We're aware that at a minimum the fact sheet will be updated by the AMF in the new year so at this point distributors do not have the updated and final version of the fact sheet to host within an enrollment workflow. There are also continued efforts to raise similar concerns with respect to the notice of rescission. Putting these contentious documents into use now may undermine these worthwhile efforts; AMF cited in their response letter to CAFII that insurers were using the fact sheet without any issues when pushing back on the prior objection to the fact sheet so we don't want to give them more ammunition to use against the industry. - From a consistency perspective, as well as fair treatment of customers, RADM disclosures should be provided to all customers across all distribution channels. Even if some distributors do not find it challenging to update their online channel with the additional documents, unless they are also able to update their in-branch and phone channels to provide those same documents, consumers would receive different disclosure depending on card acquisition channel. - In addition, linking to the insurer's site where only the summary & cert are hosted would not meet the distributor's RADM requirements within an enrollment workflow and create unnecessary work in the future because if the insurer sites are updated then the links will be errored if not simultaneously updated. <p>Further to the above, a final note for consideration would be how the AMF may view this additional activity beyond what's required – Agree that they wouldn't view this as a negative, but will it then mean they may expect all distributors to also host the documents outside of the enrollment workflow? Would they expect a shorter timeframe for the implementation of the documents & requirements within the various enrollment channels in the new year? (ie requesting shorter timeframes for the execution of action plans?)</p> <p>We wanted to share these comments as food for thought for the team as everyone considers their approach to implementing the requirements & what should be completed for December versus into 2022. Happy to discuss further on our next Working Group session as well.</p> <p>Thanks all, Jen</p>
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Mandy Rutten	CIBC Insurance	August 13 2021 4.37 pm	Plan to post Product Summaries on both insurer's and issuer's websites by 17 December 2021	<p>Hello Everyone,</p> <p>At this time CIBC has been working towards updating CIBC.com at the same time as the Insurers for the Dec 17th timeline. We have taken the position that once created they can be loaded to both websites at the same time. There is little additional work.</p> <p>I am however open to discussing this and changing our position to align with our peers in the market.</p> <p>Thanks,</p> <p>Mandy</p> <p>FOLLOW UP 23 August 2021 6.56pm</p>
Pete Thorn	TD Insurance	August 16 2021 10.29 am		<p>Hello Keith,</p> <p>TD has been working towards posting the Product Summaries on the insurer's websites at this time. We concur with Assurant that the posting on the distributor's websites has been identified as part of the action plan deliverables for a future delivery. However, we do not foresee any down-side to posting documents or links to the insurer web sites, simultaneously to the distributor sites at the same time, and agree that we don't see any possible objection from the AMF to doing so.</p> <p>Pete</p>
Susan Johnston	RBC	August 23 2021 6.52pm	<p>Will post on insurer's website by December 17 2021</p> <p>Will put in Action Plan when to post on distributor's website, but it will be after December 17 2021</p>	<p>Based on the responses – issuers are planning on posting the product summaries to both insurer and issuer sites. Difference lies only in when to post to the issuer site – some are planning for Dec 17, some as part of the implementation plan in 2022 – RBC is planning on the later.</p> <p>I would propose we align with the AMF requirements on timing and post only to the insurer site for Dec 17. Posting to the issuer site would occur as part of the 2022 implementation plan. Let me know if you concur.</p> <p>Jennifer – thanks for clarifying the reg and that it isn't a requirement to post to the issuer site. Suggest we discuss rationale why we are posting at our next meeting.</p> <p>Susan.</p>
Sherri Kuzio	Scotiabank	August 26 2021 7.05pm		<p>Hi Susan.</p> <p>I am aligned with the proposed approach from a Scotiabank perspective.</p> <p>Thanks Sherri</p>

Briefing Note

**CAFII EOC Meeting 14 September, 2021—Agenda Item 5(b)
AMF Consultation on Draft Regulation Respecting Complaint Processing and Dispute Resolution in the
Financial Sector (Submission Deadline: November 8, 2021)**

Purpose of this Agenda Item – Update/Discussion

Update item and discussion.

Background Information

The long-delayed AMF Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector was released on Thursday, September 9, with a November 8, 2021 deadline for stakeholder response submissions. This is an opportunity for preliminary EOC discussion about the Draft Regulation, which will help in the development of a CAFII response submission.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

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.

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.¹

¹ 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^{ième} étage
Québec (Québec) G1V 5C1
Fax: 418-525-9512
E-mail: consultation-en-cours@lautorite.qc.ca

Unless otherwise noted, comments will be posted on the AMF's website at 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.

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 30th 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 14 September, 2021—Agenda Item 5(c) Recent and Upcoming Strategic and Regulatory Initiatives—Implications for CAFII of Just-Released Regulations in Support of Federal Financial Consumer Protection Framework Aspects of Bill C-86

Purpose of this Agenda Item – Update/Discussion

Update and discussion item.

Background Information

While the legislative framework for Bill C-86 has long been in place, the Regulations in support of the legislation were just released in mid-August 2021. CAFII will be reviewing these Regulations to understand the implications for CAFII members.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(c)
September 14/21 EOC Meeting

The Wait Is Over: Federal Government Releases Regulations For Financial Consumer Protection Framework

By Craig Bellefontaine, Kathleen Butterfield, Koker Christensen, and Nicolas Faucher, Fasken

Financial Services Bulletin
AUGUST 25, 2021

On August 17, 2021, the Department of Finance published the *Financial Consumer Protection Framework Regulations* (the “Regulations”) in the [Canada Gazette](#). This comes almost three years after the government introduced Bill C-86, *Budget Implementation Act, 2018, No. 2* (“Bill C-86”), which laid the foundation for the government’s new financial consumer protection framework (the “Framework”).

Background to the Regulations

In 2018, two reports by the Financial Consumer Agency of Canada (the “FCAC”) highlighted areas where improvements could be made to better protect consumers and further strengthen regulatory oversight of banks in Canada (see [Report on Best Practices in Financial Consumer Protection](#), which assessed the best practices in provincial and territorial consumer protection regimes, and [Domestic Bank Retail Sales Practices Review](#), which reviewed the sales practices employed by Canada’s six largest banks).

In response to the FCAC reports, the government introduced Bill C-86 which, among other things, strengthened the FCAC’s mandate and powers and introduced the Framework, which contained some of the most sweeping consumer protection provisions ever proposed for banks and authorized foreign banks (“institutions”) operating in Canada (see Fasken Bulletin: [Federal Government Introduces Significant New Consumer Protection Framework for Customers of Banks – Bill C-86](#)).

On December 13, 2018, Bill C-86 received royal assent. Since then, industry has been waiting with bated breath for the release of the Regulations in order to understand the full scope of the Framework. The wait is finally over.

Final Piece of the Puzzle

The Regulations largely streamline and consolidate existing requirements for institutions that are found in 23 different existing regulations. That said, the Regulations do contain new obligations for institutions.

Of the new obligations contained in the Regulations, the five key elements are:

- access to basic banking;
- improving the timeliness of institutions' complaint-handling process;
- clarifying the scope of the Framework;
- updating disclosure requirements with respect to liability for unauthorized credit card transactions; and
- prescribing new disclosure requirements for deposit type instruments at renewal.

Access to Basic Banking Services

The Regulations will raise the maximum amount of a Government of Canada cheque that a member bank (i.e., a bank that is a member of the Canada Deposit Insurance Corporations) must cash, free of charge, for a consumer from \$1,500, to \$1,750. According to the government, this is being done to reflect rising benefit levels for minimum income programs (e.g. Old Age Security, Canada Pension Plan). Since the maximum amount that must be cashed is increasing, Public Services and Procurement Canada has started to update the indemnification rules to reflect this change.

Complaints Handling Processes

Currently, there are no requirements on institutions to deal with customer complaints in a specific number of days, only FCAC guidance that request institutions resolve such complaints within 90 days from the day a complaint is escalated to an employee designated to deal with complaints. During the consultation process, institutions had expressed a preference for a complaint handling period that was longer than 60 days. However, the Regulations will require institutions to deal with consumer complaints within 56 days following the day a complaint is made. This is intended to improve the timeliness of the complaint-handling process for consumers and, according to the Department of Finance, align Canada with international best practices for bank complaint handling. A 56 day time period is consistent with the standard set by the United Kingdom.

Clarifying the Scope of the Framework

The Framework includes a number of general requirements that apply to all "products and services" offered or sold by an institution. To ensure that this expression does not inadvertently capture derivatives and eligible financial contracts (financial instruments that are not captured by the current legislative framework), the Regulations clarify that for the purposes of Part XII.2 (Dealings with Customers and the Public), a "derivative" as defined in subsection 415.2(2) of the *Bank Act* and an "eligible financial contract" as defined in subsection 415.2(3) of the *Bank Act* are not included in the expression "products or services".

Liability for Unauthorized Credit Card Transactions

The Framework made changes to the limits on the liability of a customer for unauthorized use of a credit card. To reflect these changes, the Regulations prescribe the following updated information that must be disclosed to consumers:

- an institution cannot hold a consumer liable for more than \$50 for unauthorized credit card transactions unless the consumer has demonstrated gross negligence or, in Quebec, gross fault in protecting their card, PIN, or their account; and
- a consumer is not liable for fraudulent transactions that occurred after reporting to their institution that credit card information or personal authentication information has been lost or stolen or is otherwise at risk of being used in an unauthorized mannered risk.

Disclosure of the Interest Rate for Deposit Type Instruments on Renewal

The Framework imposed a new requirement on institutions to disclose the interest rate for a deposit type instrument (e.g., GICs) 21 days and five days before renewal. The Regulations clarify that institutions can disclose this rate by directing the consumer to a website or telephone number where they can obtain the current rate.

Other Changes

The Regulations do not contain the requirements under the existing *Cost of Borrowing Regulations* that prescribed certain font sizes and formatting that must be used in the information boxes. The Regulations also contain new exceptions for what will be considered prescribed information in the case of a prescribed affiliate that is an insurance company for the purposes of a Canadian bank's public accountability statement.

Looking Ahead

The Regulations are scheduled to come into force June 30, 2022, giving institutions just over 10 months to implement these new requirements.

While these Regulations have been eagerly awaited for several years, the bulk of the changes do not result in any substantive policy change to the financial consumer protection regulations to which institutions are currently subject. Institutions will continue to be required to comply with federal and/or provincial consumer protection laws as they apply to their operations.

New regulations complete overhaul of *Bank Act* consumer provisions

August 19, 2021

[Brigitte Goulard](#), [Peter A. Aziz](#), and [Marissa A. Daniels](#), Torys LLP

On August 18, more than two years after amendments to the *Bank Act* consumer provisions introduced in Bill C-86 as the Financial Consumer Protection Framework (the Framework) received Royal Assent, the government published the Financial Consumer Protection Framework Regulations (the Regulations). Together, the *Bank Act* amendments and the Regulations consolidate and replace existing *Bank Act* consumer provisions and 13 sets of regulations that apply to banks and authorized foreign banks with a view to enhancing consumer protection.

What you need to know

- The *Bank Act* amendments and regulations establish a new financial consumer protection framework and will come into force on June 30, 2022.
- The Regulations will apply to banks, but not trust and loan companies. The existing regulations will continue to apply to trust and loan companies.
- There are few substantive policy changes. The more important changes are identified in this bulletin.
- More consumer protections are extended to large businesses, despite provisions to limit this.
- Banks will be required to deal with customer complaints within 56 days of receipt of the complaint.

Previous Torys bulletins reported on the key features of the Framework¹, including the introduction of responsible business conduct obligations and cooling-off periods for certain consumer agreements, as well as onerous complaint management and whistleblowing requirements.

Although many of the obligations that were previously found in existing regulations can now be found in the *Bank Act* provisions, several details were revealed in the Regulations. This bulletin sets forth, at a high level, some of the more impactful aspects of the Regulations.

1) Application to businesses

Historically, the *Bank Act*'s "consumer protection" requirements have only applied to natural persons and not corporate entities such as businesses or non-profits. This will no longer be the case as many of the Framework's provisions will now apply to businesses customers. These include the "prohibited conduct" provision², the express conduct provision³, and the requirement to list charges or penalties⁴, amongst others, will now apply to businesses.

There have been attempts to limit the Framework's application to businesses. A legislative amendment was tabled in spring 2021 to ensure that only natural persons and eligible enterprises (small- to medium-sized enterprises) would benefit from the "cooling off" cancellation right in section 627.1 of the Framework, thereby exempting large businesses from the right.

Concerns had also been raised that the generic term "borrower" could result in the application of the new, more onerous credit card liability provisions to commercial credit cards. Although the regulations do specifically address this concern, the Regulatory Impact Analysis Statement (RIAS) to the Regulations does clarify that the intent was not to change the scope of the term "borrower" to include corporate borrowers, and as such, the new liability provision will continue to apply only to non-commercial credit cards. Although concerns had been raised regarding the application of other provisions to businesses, the regulations nor the RIAS provide any other exemptions or clarifications.

2) Optional products or services

One of the more important, and confusing, changes in the Framework is the new definition of "optional product or service". To qualify as an "optional product or service" under the new definition, the product or service must be "provided" by the institution whereas under the existing framework, the optional product or service can be "offered or provided". Based on comments made by the Department of Finance, we understand this change has been interpreted to mean that a third-party optional insurance product (such as creditor insurance) no longer qualifies as an "optional product or service" as such products are not "provided" by the institution or an affiliated insurer.

The expectation, and hope, has been that the publication of the Regulations would answer many of the questions that this new definition raised. Unfortunately, section 35 of the Regulations—which identifies the information that must be disclosed for optional services—has further muddied the waters, providing that the prescribed information must be disclosed "in relation to optional services, including insurance services, that are offered on an ongoing basis". This raises the question as to when insurance services are or are not to be considered "optional services". Further analysis will be required to understand the extent to which this reference impacts the interpretation that the definition of optional services does not include third-party insurance services not provided by the bank.

3) Telephone agreements

Banks welcomed the introduction of section 627.55(2) of the amended *Bank Act*, which allows a bank to enter into a product or service agreement over the telephone on the condition that the prescribed information be disclosed orally by telephone and then subsequently be sent in writing. However, the usefulness of this provision has been somewhat dampened by the amount of information that the Regulations require to be disclosed over the telephone.

Upcoming webinar: [Register for our upcoming webinar and join our lawyers as they examine the important aspects of the regulations, what they mean for banks and how they can best prepare for when the new requirements come into force.](#)

Although section 627.55(2)(a)(i) of the Act would have allowed for only a “prescribed portion of the information” to be disclosed, the Regulations have not taken advantage of this drafting and require the disclosure of a significant amount of information, and in the case of certain products such as deposit-type instruments, the disclosure of more information than is required under the existing framework.

Banks will need to closely analyze the required disclosures should they wish to enter into agreements over the telephone.

4) Principal Protected Notes and Deposit Type Instruments

Section 627.78 of the *Bank Act*, as amended, combines the previous disclosure requirements for the issuance of principal protected notes (PPNs) and deposit type instruments DTIs currently found under *Principal Protected Notes Regulations* and the *Deposit Type Instruments Regulations* (DTI Regulations).

This approach led to several issues, including the fact that it did not appear that all existing disclosure requirements had been transferred to section 627.78. It had been expected that these omissions would be addressed in the Regulations. Although section 27 of the Regulations does add the disclosure requirement for PPNs that were missing in section 627.78 (when compared to existing requirements), it did not resolve issues with respect to the required disclosures when issuing DTIs. For example, two of the disclosure requirements under the existing DTI Regulations (paragraphs 3(1)(f) and (h)) are no longer required for the issuance of DTIs but are required when DTIs are sold by telephone (section 25 of the Regulations) or when a bank issues a new DTI following the DTI’s maturity (section 29).

The requirements pertaining to PPNs and DTIs are convoluted and will require special attention from the banks.

5) Other key regulations

- Information boxes: Information boxes are still required and their content is prescribed, but information box presentation requirements currently found in the *Cost of Borrowing Regulations* (subsection 6(2.4) and the schedules thereto) have been eliminated. The elimination of specified font size and the prescribed form of information boxes should alleviate some of the challenges associated with disclosing in a digital format.
- Credit card solicitations: The *Cost of Borrowing Regulations* require the same information to be disclosed by the bank in making credit card solicitations, whether they are done in person, by phone, by mail or by any electronic means. Under the new Framework⁵, credit card solicitations by telephone are subject to additional disclosure requirements to those made in person by mail, or by electronic means.
- Complaints process: Section 14 of the Regulations states that the prescribed period for dealing with a complaint is 56 days after the day on which it is received.

Also noteworthy are the Framework's provisions that remain inoperative as the Regulations did not prescribe the necessary details. Some of these may serve as "placeholders" for future requirements

- Section 627.16, which imposes requirements (to be prescribed by regulations) if the institution acts in the capacity of a representative, agent or other intermediary for another entity in respect of a product or service provided by that entity.
- Section 627.17(3), which requires an institution to open a retail deposit account for any natural person who requests it in a prescribed manner and who meets prescribed conditions.
- Section 627.62, which requires the disclosure of prescribed information to prescribed amendments.
- Section 627.89(2), which imposes requirements (to be prescribed by regulations) when an institution is entering into a credit agreement with a person for business purposes.
- Section 627.88, which requires the institution to disclose information (to be prescribed by regulations) with respect to credit agreement by making it available at branches and websites.

The RIAS indicates that "the majority of the regulatory requirements result in no substantive policy change to the financial consumer protection regulations that banks and authorized foreign banks must currently follow." However, banks should be wary of taking too much comfort from this statement as a small change in a requirement that would not qualify as "substantive policy change" may still have a significant impact on a bank's operations, and in particular, its information systems.

¹ See our other related commentary:

- *Roadmap for the new financial consumer protection framework, available [here](#).*
- *Mandatory naming, greater penalties and clarified objectives: the new FCAC provisions, available [here](#).*
- *Bill C-86 Set to Strengthen Financial Consumer Protection, available [here](#).*

² Section 627.04 of the Bank Act.

³ Section 627.08 of the Bank Act.

⁴ Section 627.12 of the Bank Act.

⁵ As a result of the application of section 627.57 of the Act, and sections 59, 61 and 65(1) of the Regulations.

Briefing Note

**CAFII EOC Meeting 14 September, 2021—Agenda Item 5(d)
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**

Purpose of this Agenda Item – Update

Update only item.

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.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

One attachment.

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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

<u>Cannot Include</u>	<u>Can be Included</u>
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	

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
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	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	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

CAFI:

Keith Martin, CAFI

Brendan Wycks, CAFI

CAFI Working Group On FCAC Appropriateness Guideline’s Provisions Related To Authorized Insurance Products/Credit Protection Insurance— Summary Notes 2 June, 2021 Meeting

The CAFI 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

Briefing Note

**CAFII EOC Meeting 14 September, 2021—Agenda Item 5(e)
Recent and Upcoming Strategic and Regulatory Initiatives—CAFII *Industry Issues Dialogue* With AMF
Staff Executives on October 14/21: EOC Input On Possible Topics For Two Short CAFII Presentations to
AMF**

Purpose of this Agenda Item – Update/Discussion

Update and discussion item.

Background Information

CAFII's annual Industry Issues Dialogue With AMF Staff Executives will be held virtually on 14 October, 2021. The AMF is making two short presentations and CAFII will be given the opportunity to do so as well. This is a request for the EOC to provide input on what those presentations might be focused on.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(e)
September 14/21 EOC Meeting

CAFII Board Members (c.c. EOC Members):

*Please accept this invitation as confirmation that you will be attending a **CAFII Industry Issues Dialogue virtual MSTEams meeting with AMF staff executives on Thursday, October 14/21 from 12:30 to 2:00 p.m. EDT.***

Several members of the relevant AMF staff executives group – including the particularly CAFII-relevant new Superintendent, Client Services and Distribution Oversight Eric Jacob -- are unavailable on Tuesday, October 5/21, the date of the next regularly scheduled CAFII Board meeting – so it was necessary to book this Industry Issues Dialogue for a separate day.

Here is the preliminary agenda for the meeting:

Agenda (Shared Agenda Approach) For CAFII and AMF “Industry Issues Dialogue”
Thursday, October 14, 2021; 12:30 to 2:00 p.m. EDT Virtual Meeting Via Microsoft Teams

- 12:30 to 12:35 p.m.: Welcome and Introductions (facilitated/moderated by CAFII Co-Executive Director Brendan Wycks)
- 12:35 to 12:47 p.m.: CAFII Presentation #1 on “TBA”
- 12:47 to 12:55 p.m.: Q&A/Dialogue on CAFII Presentation #1
- 12:55 to 1:07 p.m.: AMF Presentation #1 on “New of Modified Travel Insurance Products”
- 1:07 to 1:15 p.m.: Q&A/Dialogue on AMF Presentation #1
- 1:15 to 1:27 p.m.: CAFII Presentation #2 on “TBA”
- 1:27 to 1:35 p.m.: Q&A/Dialogue on CAFII Presentation #2
- 1:35 to 1:47 p.m.: AMF Presentation #2 on “AMF 2021-2025 Strategic Plan and Annual Statement of Priorities, including:
 - Declaration of operational incidents
 - Management of incentives
 - Complaints handling
 - Protection of vulnerable clients
- 1:47 to 1:55 p.m.: Q&A/Dialogue on AMF Presentation #2
- 1:55 to 2:00 p.m.: Wrap-Up; Next Steps (if any); and Adjournment

A final agenda and further details will be provided as October 14 draws closer.

Below is the AMF-provided MSTEams link for connecting to this meeting.

Please respond to this invitation to confirm your attendance intentions for this Thursday, October 14/21 Industry Issues Dialogue With AMF Staff Executives.

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 5(f)

CLHIA Plans to Liaise with NWT Government on Credit Protection Insurance Licensing Issue

Purpose of this Agenda Item – *Update/Discussion*

Update item and discussion.

Background Information

Luke OConnor, the CLHIA staff executive lead on this file, advised CAFII in early September that CLHIA members had directed the Association to proceed ahead with reaching out to the Northwest Territories government to raise the fact that credit protection insurance does not exist as a class of insurance in its insurance legislation, thereby creating a licensure problem with respect to credit protection insurance.

The goal of the planned delicate outreach to NWT is to seek a solution which will preserve the status quo with respect to the licensure of individuals to sell credit protection insurance.

Recommendation / Direction Sought – *Update/Discussion*

This is an update and opportunity for the EOC to discuss whether any further CAFII requests should be made of CLHIA with respect to its communications with the NWT government on this matter.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(f)
September 14/21 EOC Meeting

From: Luke O'Connor <LOConnor@clhia.ca>
Sent: September-02-21 3:40 PM
To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>
Cc: Brent Mizzen <bmmizzen@clhia.ca>
Subject: NWT's Credit Protection Licensing Issue - Update

Hi Brendan and Keith,

I hope you are enjoying the last part of summer.

I wanted to reach out to let you know that our members have decided that the CLHIA should reach out to the North West Territories' Government to propose a solution to the credit protection insurance licensing issue identified by our members.

Our outreach will be informal to begin with, to request a meeting. Any next steps would then be considered based on the discussion. Our goal is for the status quo to continue.

Happy to answer any questions you might have.

Thanks,

Luke O'Connor (he/him)
Director, Market Conduct Policy and Regulation
Cell: 647-200-4466



Canadian Life and Health
Insurance Association
79 Wellington St. West, Suite 2300
P.O. Box 99, TD South Tower
Toronto, Ontario M5K 1G8

Briefing Note

**CAFII EOC Meeting 14 September, 2021—Agenda Item 5(g)
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

Update item and discussion.

Background Information

In response to the proposal that CAFII develop an education or certification program, the Board directed that the next step was to provide a high-level overview of possible options and how they would be resourced. The EOC will be asked to provide feedback on this document.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

***Agenda Item 5(g)
September 14/21 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
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.

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 6(a) Governance Matters—Plans for Next CAFII Board Meeting on October 5/21

Purpose of this Agenda Item – Update

Update item only.

Background Information

This is an update on the plans for the next Board meeting to be held on 5 October, 2021.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting 14 September, 2021—Agenda Item 6(b)
Governance Matters—Decision to Confirm That December 7/21 CAFII Board Meeting Will Be A Virtual-
Only Meeting, and Cancel Plans To Also Hold An In-Person Holiday Season Reception Immediately
Ensuing**

Purpose of this Agenda Item – Update

Update item only.

Background Information

There is an emerging consensus that given the fourth wave of the COVID-19 pandemic and the transmissibility of the Delta variant, December 7, 2021 will be too soon for a return to in-person CAFII Board and EOC meetings; and this is an opportunity to confirm that the EOC agrees with that approach.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 6(c) Governance Matters: Draft Minutes of July 20/21 EOC Meeting

Purpose of this Agenda Item

Approval.

Background Information

The EOC is being asked to approve the minutes of the July 20/21 EOC meeting.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

One attachment.

**EXECUTIVE OPERATIONS COMMITTEE VIRTUAL MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

Tuesday, July 20, 2021, 2:00-3:30pm

MINUTES

EOC Present:

Rob Dobbins	Assurant (Chair)
Karyn Kasperski	RBC Insurance (Vice Chair)
Tony Pergola	ScotiaLife Financial (Treasurer)
Anuraj Bains	CIBC Insurance
Sharon Apt	The Canada Life Assurance Company
Fay Coleman	RBC Insurance
Martin Boyle	BMO Insurance
Emily Brown	Sun Life
Isabelle Choquette	Desjardins Insurance
Michelle Costello	CUMIS/The Co-operators
Penelope Cordogiannis	RBC Insurance
Farhad Eslah	Canadian Tire Bank
Corrine Gagné	Canadian Tire Bank
Aanchal Gulia	Sun Life
Anaar Jessa	Sun Life
Brad Kuiper	ScotiaLife Financial
Edward Kuo	Sun Life
Cassandra Litniansky	CUMIS/The Co-operators
Carmelina Manno	Manulife Financial
Jonine McGregor	Canadian Tire Financial Services
Anita Mukherjee	RBC Insurance
Marie Nadeau	National Bank Insurance
Andrea Stuska	TD Insurance
Peter Thorn	TD Insurance
Katia Umutoniwase	Manulife Financial
Fergal Murphy	TD Insurance
Esther Lee	CIBC Insurance

Also Present:

Brendan Wycks, *Co-Executive Director*
Keith Martin, *Co-Executive Director*
Jake Becker, *Association Coordinator*

1. Welcome, Call to Order, and Priority Matters

1.a. Call to Order

EOC Chair and Board Secretary Rob Dobbins called the meeting to order at 2:02 pm.

1.b. Welcome to New EOC Members (Fergal Murphy, TD Insurance; Esther Lee, CIBC Insurance; Jonine McGregor, Canadian Tire Bank)

Rob Dobbins welcomed three new EOC members: Fergal Murphy, from TD Insurance; Esther Lee, from CIBC Insurance; and Jonine McGregor, Canadian Tire Bank. Each of these new members was given the opportunity to briefly introduce themselves.

2. Consent Items

The following Consent Items that do not require any discussion or decision were tabled:

- a. Consultations/Submissions Timetable
- b. July 9/21 CAFII Submission To CISRO On Draft "Principles of Conduct for Intermediaries"
- c. Regulator and Policy-Maker Visit Plan
- d. Summary of Board and EOC Action Items
- e. Board-Approved Schedule of CAFII 2021 Meetings and Events

3. Financial Management Matters

3.a. CAFII Financial Statements as at June 30/21

Treasurer Tony Pergola noted that the Association is on a firm financial footing. For the month ending 30 June, 2021 revenues are \$87K, expenses are \$72K, and the monthly surplus is \$14K. The Association's finances will be strengthened by the participation of a new member in the Association, Canadian Tire Bank.

In terms of the finances for the year to date, revenues are \$478K, expenses are \$356K, and the surplus is \$119K, which is a favourable variance to the budget of \$54K. This is explained by some timing issues around expenses that will be incurred but have not been booked yet, along with a \$19K increase in membership dues over budget, due largely to CAFII securing four new Associates as well as a new member, Canadian Tire Bank. As of May 2021 the level of financial reserves as a percentage of annual operating expenses is at 60%, which is slightly above the target range.

3.b. Forecast for CAFII 2021 Fiscal Year as at June 30/21

Treasurer Tony Pergola noted that the forecasted 2021 revenue was \$955K, and forecasted expenses were \$837K, for an anticipated surplus of \$118K. The 2021 end-of-year level of financial reserves as a percentage of annual operating expenses is currently projected to be 60%.

4. Committee Updates

4.a. Research & Education

4.a.i In-Development Proposal From Research & Education Committee for a Follow-up CAFII Research Initiative on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Insurance.

Andrea Stuska and Keith Martin provided some background on CAFII's 2021 research recommendation. It was noted that the successful release of a Pollara study on digitization was based on the 2020 CAFII research budget even though the research was released in 2021, and that the Board had approved a further 2021 research budget of \$60K.

In discussion with the Research & Education Committee, it was recommended that a study on best practices around delivering on consumer expectations around digitization could be interesting and of benefit, and this was the recommendation of the R&E Committee to the EOC. It was further recommended that a proposal be solicited from Melissa Carruthers of Deloitte, as we have a good relationship with her and her firm. The EOC discussed these ideas and supported proceeding with obtaining and reviewing such a proposal from Deloitte.

[Action Item: Share the proposal for a thought leadership paper on best practices to meet the digitization expectations of Canadian CPI consumers once it is received from Melissa Carruthers of Deloitte Canada; K. Martin, July/August, 2021.]

4.b. Media Advocacy

4.b.i Development of Two New CAFII Motion Graphics Website Videos on (i) Results of Research Project On Insurance Consumers' Digitization Preferences; and (ii) Job Loss CPI

Anita Mukherjee and Keith Martin provided an update on media advocacy activities, noting that there are two new motion graphic videos in development, one on the Pollara study on consumers' digitization preferences, and the other on credit protection insurance job loss coverage. It was also noted that a meeting of the Media Advocacy Committee was being planned for early September.

4.c. Marketing Conduct & Licensing

4.c.i FSRA Follow-up Consultation on Revised UDAP Rule, with August 11/21 Submission Deadline

Brad Kuiper and Brendan Wycks provided an update on the intention of CAFII to provide FSRA with a short submission on its updated UDAP rule by the consultation deadline of August 11, 2021.

4.c.ii) FSRA Inter-Related Consultations on (i) Proposed Sound Business and Financial Practices of Credit Unions and Caisses Populaires Rule; and (ii) Credit Union Market Conduct Framework Approach and Interpretation Guidance.

There was discussion on two related FSRA consultations that CAFII EOC members felt we should carefully monitor, but which it was felt might be out of scope for a formal written submission.

4.d. Travel Insurance Experts

No update was provided at this time.

4.e. Networking & Events

4.e.i Progress on Plans for Fall 2021 Webinar on "Climate Change and Its Implications For Life Insurance" including Background and Evidence; Causes and Consequences; Mortality and Morbidity Outcomes; Life Insurance Implications; and Risk Management Challenges (Presenters from RGA Life Reinsurance Company of America)

Brendan Wycks provided an update on an upcoming Fall 2021 webinar, part of a series of intended webinars for the second half of 2021, on climate change issues and their impact on life and health insurance, with presenters from RGA Life Reinsurance Company of America.

5. Recent and Upcoming Strategic and Regulatory Initiatives

5.a. July 21/21 CAFII Pre-Consultation Meeting with CCIR/CISRO FTC Working Group on Its Draft “Incentives Management Guidance”

Brendan Wycks noted that CAFII has worked with CCIR/CISRO on getting CAFII members access to its draft “Incentives Management Guidance,” and that an initial meeting on this will be held with CCIR/CISRO the day after this EOC meeting, on 21 July 2021, at which CCIR/CISRO is expected to mostly present to CAFII on this initiative and on next steps.

5.b. CAFII’s Action Plan Arising from June 29/21 Special Purpose Board Meeting on Norton Rose’s Legal Arguments/Opinion in Opposition to AMF’s Interpretation on RADM’s Applicability to Credit Card-Embedded Insurance Benefits and Resulting Regulatory Expectations

Keith Martin reported that CAFII has now received the legal opinion from Norton Rose on the AMF’s interpretation around the RADM’s applicability to credit card-embedded insurance benefits, and the Board has received a presentation on the major findings on 29 June, 2021. The direction from the Board was to offer to share some of the major findings in a get-acquainted discussion with new Superintendent of Client Services and Distribution Oversight, and CAFII has reached out to him to set up such a meeting.

5.c. CAFII Outreach Request To CBA That It Engage In AMF Credit Card-Embedded Insurance Benefits Issue, Given Implications For Core Credit Card Offerings in Quebec

Keith Martin reported that CAFII had heard back from the CBA through both a phone call on 13 July, 2021 along with a subsequent follow-up email from Andrew Ross, Director, Payments who conveyed the CBA’s decision to not proceed on the AMF credit card-embedded insurance issue at this time, as it appeared CAFII was making progress on this issue with the AMF. However, Mr. Ross also shared that the CBA was not enthusiastic about pursuing this file at this time and as such was pleased to step back now that it appeared that CAFII was making progress.

5.d. CAFII Working Group on Industry Alignment Around Compliance with AMF’s Expectations Re RADM’s Applicability to Credit Card-Embedded Insurance Benefits

Karyn Kasperski and Keith Martin provided an update on the Working Group that was exploring how members were attempting to implement the AMF’s expectations around credit card-embedded insurance benefits. It was noted that CAFII was still working to gain clarification around the wording and distribution of the Factsheet as well as the Notice of Rescission.

5.e. 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

Martin Boyle and Keith Martin provided an update on the Working Group on compliance with the FCAC’s Appropriateness Guideline, noting that the 7 principles in the Guideline have now been reduced to 5, and the deadline for implementation was being pushed out.

5.f. FSRA Consultation with Stakeholder Advisory Committee (SAC) Members on Renewal of SAC Structure

Keith Martin noted that FSRA was consulting with members on the renewal of the Stakeholder Advisory Group's mandate and structure and appeared to want members of the SAC to remain on the Committee for another year.

5.g. CAFII Data Improvements Working Group With RSM Canada Around Quarterly CPI Benchmarking Study: Progress Report

Keith Martin reported that RSM Canada was working with members who participate in the quarterly CPI benchmarking study on data quality improvements.

5.h. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry

Brendan Wycks provided an update on the meetings of CAFII, CLHIA and THIA on travel insurance and COVID-19 issues, noting the closing of the Canadian-US border remained a hot topic, and that cruise lines were developing their perspective on vaccine status requirements to access their cruise ships.

6. Governance Matters

6.a. Plans for Tentatively Scheduled Next EOC Meeting on August 17/21: Option to Cancel

Following discussion and due deliberation, the EOC decided to cancel the tentatively scheduled 17 August, 2021 EOC meeting and to resume EOC meetings on September 14, 2021.

6.b. Plans For Next Board Meeting On October 5/21

Brendan Wycks provided an update on the upcoming Board meeting on 5 October, 2021, noting that it would be virtual and it was likely that the AMF liaison meeting that usually follows that meeting would be held close to but not on the same actual date of the Board meeting.

6.c. "Switching" of Hosting Responsibility For December 7/21 CAFII Board Meeting and Possible Immediately Ensuing, In-Person Holiday Season Reception

Brendan Wycks noted that CAFII was still looking for a new host for the 7 December, 2021 CAFII Board meeting, in case it turned out to be possible to hold an in-person Board meeting and immediately ensuing Reception on that date.

6.d. Draft Minutes of June 22/21 EOC Meeting

The EOC approved the draft minutes of its 22 June, 2021 EOC meeting.

6.e. Draft Minutes of June 29/21 Special Purpose Board Meeting

The EOC endorsed the draft minutes of the 29 June, 2021 Special Purpose Board meeting, for presentation to the Board for approval at its next meeting.

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 7(a)

Read Only Items—Next Meeting of the FSRA Stakeholder Advisory Committee (SAC) for Life and Health Insurance

Purpose of this Agenda Item—*Read Only*

Read only.

Background Information

FSRA has reached out to members of the Stakeholder Advisory Committee (SAC) on its composition and to ask them to remain on the committee for another year.

Recommendation / Direction Sought – *Read Only*

Read only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(a)(1)
September 14/21 EOC Meeting

From: Rachel Olaso-Pezeshkian <Rachel.Olaso-Pezeshkian@fsrao.ca>

Sent: July 27, 2021 1:44 PM

To: Rachel Olaso-Pezeshkian <Rachel.Olaso-Pezeshkian@fsrao.ca>

Cc: Huston Loke <Huston.Loke@fsrao.ca>

Subject: FYI: Message to Life & Health SAC Members from Huston Loke on upcoming release of FSRA's Insurer-MGA Relationship Thematic Review

Good afternoon. I am pleased to share the following message from Huston Loke, EVP Market Conduct:

Dear Stakeholder Advisory Committee members,

Establishing enhanced market conduct oversight is a key FSRA priority to ensure consumer protection and maintain public confidence. To support this priority, FSRA performed an Insurer – MGA relationship thematic review to understand the sales process and how insurers, agents and MGAs interact with the public. As discussed, insurers have increasingly been outsourcing a variety of functions across a distribution network, which includes intermediaries such as MGAs. Large proportions of life and health insurance sales are generated by the distribution network. Given this trend, and to ensure market conduct requirements are met, FSRA reviewed distribution channels that rely on MGAs.

The purpose of this review was intended to shed light on the perceived gaps and blurred lines relating to the delineation of responsibilities among the insurer, MGA, & independent agent.

I'm pleased to share the attached results of our thematic review. FSRA established an industry Technical Advisory Committee (TAC) to support and validate the noted observations. Based on the review results, FSRA is committed to developing a proposed regulatory framework and supervisory approach for distribution channels that rely on MGAs and evaluating options to assist insurers in monitoring and supervising their distribution channels.

Thank you for your participation in FSRA's Stakeholder Advisory Committee (SAC) and for all your insights leading into this thematic review. We're looking to publish the thematic review results shortly. In the interim, please let me know if you have any questions.

Best Wishes,
Huston Loke
Executive Vice President, Market Conduct

Rachel Olaso-Pezeshkian, C. Mgr.

Executive Assistant to the Executive Vice President, Market Conduct
Financial Services Regulatory Authority (FSRA)

Insurer-MGA Relationship Thematic Review (Draft)

July 27, 2021

FSRA

Financial Services Regulatory
Authority of Ontario



Ontario

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INSURER-MGA RELATIONSHIP THEMATIC REVIEW

EXECUTIVE SUMMARY

Life insurers are increasingly reliant on Managing General Agencies (MGAs) for product distribution. In their agreements with MGAs, insurers can delegate a variety of oversight functions to MGAs. These can include the screening, training, and monitoring of agents.

The MGA channel can benefit both insurers and consumers, as long as insurers effectively oversee MGAs to ensure they and their agents sell products that consumers need and can afford. Insurers must screen and monitor their agents to ensure they are suitable to sell insurance and comply with Ontario insurance law. Therefore, it is essential for insurers to ensure MGAs fulfil the duties they accept with respect to agent screening, training, and monitoring. When systems reasonably designed to achieve these goals are in place, consumers can be more confident that they have the right coverage to protect them in the face of unforeseen, lifechanging events.

This report is specific to observations in the Life & Health (L&H) insurance sector in Ontario, where a regulatory framework specific to MGAs does not exist. This may create perceived regulatory gaps and result in supervisory challenges. Therefore, the Financial Services Regulatory Authority of Ontario (FSRA) embarked on a thematic review¹ to understand the Insurer-MGA relationship. FSRA assessed insurers' compliance frameworks and oversight mechanisms in place to monitor MGAs and the agents who work for them and gain a deeper understanding of the individual life insurance distribution channel landscape.

This evidence-based review identified gaps and a lack of clarity relating to the roles and responsibilities shared among insurers, MGAs, and independent agents. Key observations include:

- Independent agents placing business through MGAs is the most prevalent distribution channel adopted by the reviewed insurers
- Insurer-MGA agreements lack detailed expectations and requirements related to delegated screening, training, and monitoring functions

¹ As per the CCIR Cooperative Supervisory Plan, the areas of review can be entity-specific, systemic, and thematic. In particular, the thematic review is conducted to address emerging market conduct risks.

- Insurers' oversight programs do not appear to provide reasonable assurance that MGAs understand and fulfill their delegated agent-related responsibilities, especially when functions are entirely delegated to the MGAs
- Insurers lack in-depth MGA risk assessment processes
- Insurers check for the existence of MGAs' policies and procedures, rather than evaluating their implementation and operational effectiveness
- Insurers do not proactively risk assess their agents contracted through MGAs, nor do they conduct a meaningful volume of agent reviews

When multiple parties and complex chains of product and service distribution are involved, consumers' interests may not be given sufficient attention and consumer harm can be exacerbated, especially where there is no clear delineation of roles and responsibilities among the parties. As a result, there is an area of potential risk for consumers due to oversight and supervision gaps within MGAs, where the contracted agents directly interacting with end-consumers may not be sufficiently trained or knowledgeable.

Other pitfalls consumers could be exposed to when agents are not supervised properly include issues with product suitability, churning, misrepresentation, tied selling, undue influence, and/or conflicts of interest.

Insurers and their agents are required to treat consumers fairly in accordance with insurance law, including unfair and deceptive acts and practices regulations and established Fair Treatment of Consumers (FTC) principles. To meet their obligations, insurers are required to establish and maintain a system that is reasonably designed to ensure their agents comply with the *Insurance Act* (the Act) and its regulations. Therefore, insurers and their intermediaries, including insurer contracted MGAs, who have been delegated oversight responsibilities are expected to ensure that their agents meet high standards of ethics and integrity, and that the public interest is well-served.

FSRA does not have a specific licensing regime for MGAs. However, MGAs may be licensed as life insurance agents/corporate agencies in order to distribute insurance products and must comply with the obligations that apply to agents. FSRA intends to use its authority over insurers and agents (including MGAs licensed as corporate agencies) to supervise the distribution of insurance and to protect consumers.

The review results will help FSRA develop an informed and evidence-based approach to address regulatory risks and challenges posed by the MGA distribution channel in Ontario, with an

ultimate goal of enhanced consumer protection and FTC. Such an approach aligns with the national Canadian Council of Insurance Regulators (CCIR) / Canadian Insurance Services Regulatory Organizations (CISRO) Guidance on *Conduct of Insurance Business and Fair Treatment of Customers* (FTC Guidance). The FTC Guidance clarifies the insurer's ultimate responsibility does not absolve intermediaries, including MGAs, of their own responsibilities for which they are accountable. Treating customers fairly is a shared responsibility when insurers and intermediaries, including MGAs, are both involved. In Ontario, this implies fulfillment of responsibilities as set out within the Insurer-MGA agreements. This helps strengthen public trust and consumer protection and supports FSRA's priority to enhance market conduct oversight to protect consumers.

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INTRODUCTION

FSRA is an independent regulatory agency created to improve consumer protection in Ontario. FSRA promotes high standards of business conduct by regulating financial services sectors, including L&H insurance.

FSRA licenses and oversees approximately 60,000 agents and 6,300 corporate insurance agencies who work on behalf of approximately 70 life insurers that are licensed in Ontario. Over the years, many insurers and agents have shifted away from exclusive distribution arrangements.² Today, the independent agent channel³ is the most prevalent distribution model, with many agents placing business through MGAs.⁴ Unlike agents and insurers, MGA⁵ is not a specific licensing category in Ontario; however, MGAs may be licensed as life agents or corporate agencies in order to distribute insurance products.

Regardless of the distribution channel used, appropriate oversight is needed to ensure fair outcomes for consumers. In particular:

FSRA's legislative mandate includes:

- Regulate and generally supervise regulated sectors
- Contribute to public confidence
- Monitor and evaluate developments and trends
- Promote public education and knowledge
- Promote transparency and disclosure of information
- Deter deceptive or fraudulent conduct practices and activities

- Ontario Regulation (O. Reg.) 347/04: Agents, under the Act,⁶ requires insurers to establish and maintain a system reasonably designed to ensure each agent complies with the Act, its regulations, and the requirements of the agent's licence. The ultimate responsibility to oversee and monitor agents lies with the insurer.
- On January 1, 2021, FSRA announced that it would use CCIR/CISRO's FTC Guidance to supervise the conduct of insurers and other entities FSRA regulates under the Act, with respect to the fair treatment of customers. The FTC Guidance applies to all intermediaries, including MGAs.

² Exclusive agents primarily sell products of one insurer and also known as captive or career agents.

³ Independent agents are able to sell products of multiple insurers.

⁴ According to the Canadian Life and Health Insurance Association (CLHIA)'s "Overview of the life and health insurance industry" presentation, MGAs account for more than half of the new sales in Life and Living Benefits. Also, as per the Guideline 18: Insurer-MGA Relationships, MGAs account for a large proportion of new life insurance premiums in Canada.

⁵ For the purpose of this review, "MGA" referred to a distribution entity that i) the insurer has delegated or given control with respect to certain tasks, or ii) has some control over tasks that affect the insurer's ability to comply with its duties under the insurance law or the CCIR/CISRO's FTC Guidance with respect to the distribution of insurance; and there is no agreement between the insurer and the entity that prohibits the entity from acting for other insurers.

⁶ Please see [Insurance Act, RSO 1990, c 1.8](#).

As insurers have shifted to the MGA distribution model, many have also delegated a variety of agent-related functions to MGAs, such as agent screening, training, supervision and monitoring, among others. However, the delegation of agent-related functions to MGAs does not discharge insurers of their oversight responsibilities. FSRA expects insurers to develop and implement strong compliance frameworks for the supervision and oversight of the MGAs and agents that distribute their products. However, market indicators, including complaints, previous agent review data, and CCIR co-operative FTC insurer review observations, have revealed some potential gaps in insurers' oversight of contracted MGAs and agents, prompting this thematic review.⁷

Detailed Observations

FSRA selected a combination of Tier-1 and Tier-2 insurers to review,⁸ which together constituted approximately 50% of the Ontario market share.⁹ FSRA's review focused on the following four key areas:

1. Understanding Distribution Channels
2. Screening and Onboarding of MGAs
3. Insurer-MGA Contractual Agreements
4. Supervision and Monitoring of Delegated Functions

By taking a “deep dive” into each of these areas, FSRA achieved an understanding of how L&H insurers distribute their products in the marketplace. FSRA also learned about the relationship between insurers and their contracted MGAs, including delegated functions. The information gathered, and observations made throughout the review, validated the perceived gaps of insurers' oversight of their contracted MGAs and agents. These observations will drive the development of FSRA's future regulatory framework and initiatives, including potential guidance development.

⁷ See Appendix 1 for details on the market indicators considered by FSRA in this review.

⁸ Insurers that were i) affiliated with or owned by banks, ii) Quebec incorporated, and iii) predominantly using direct/exclusive agent distribution channels, were excluded from the selection.

⁹ FSRA used “MSA Researcher online” statistics, which provided the Ontario life insurer market share based on individual life by Direct Written Premium.

1. Understanding Distribution Channels

The purpose of this area of review was to gain an understanding of the different types of distribution channels used by insurers and their business composition.

FSRA gathered information including:

- Types of distribution channels and overall distribution strategy
- Number of contracted MGAs and independent agents

Types of Distribution Channels and Overall Distribution Strategy

The information received with respect to this area of review validates FSRA's understanding that many distribution channels exist in the marketplace, and insurance products are most commonly distributed through independent agents, who place business through MGAs. Of the aforementioned sampled insurers reviewed, their business is placed as follows (based on direct written premiums):

- All independent agents, whether contracted through MGAs or placing business directly with the insurer: approximately 79%
- MGA-contracted independent agents: approximately 68%

These results demonstrate that independent agents placing business through MGAs is the most prevalent channel within the reviewed insurers. However, not all of the reviewed insurers have a formal written distribution channel strategy. Some insurers indicated that their distribution strategy is a response to changes in the marketplace, while others noted that they distribute primarily through only one channel, and therefore do not see the need for a channel strategy. However, as distribution channels continue to evolve, a formal distribution strategy may assist in aligning insurers' business objectives with their target markets in order to achieve fair consumer outcomes.

Number of Contracted MGAs and Independent Agents

The review found that the number of MGAs contracted with each reviewed insurer ranges from 30 to 53, while the number of independent agents contracted with each insurer ranges from approximately 11,000 to 36,000. However, there appears to be no correlation between the number of MGAs, the number of independent agents contracted, and the market share of the reviewed insurers. This variation in the number of MGAs and independent agents contracted

may present potential challenges in oversight and monitoring, as insurers with a large number of MGAs and agents may not have the resources and compliance infrastructure needed to effectively oversee and supervise their MGAs and agents.

Key Observations:

- Independent agents placing business through MGAs is the most prevalent distribution channel adopted by the reviewed insurers
- Most insurers lack a formal written strategy for the selection of their distribution channels
- There is no correlation between the reviewed insurers' market share and the number of MGAs and agents with whom they contract

2. Screening and Onboarding of MGAs

The purpose of this area of review was to gain an understanding of insurers' practices when screening and onboarding MGAs, including what insurers take into consideration before entering into Insurer-MGA agreements.

FSRA gathered information including:

- Overall strategy for selecting MGAs
- Process for screening and onboarding MGAs, including senior management of MGAs

Overall Strategy for Selecting MGAs

FSRA observed that only one insurer of the aforementioned reviewed insurers comprising 50% of the Ontario market share, has a formal written strategy in place for selecting MGAs, which includes factors such as: alignment to a specific target market, strategic direction, shared values and vision, alignment of advisors, and operational efficiency and technology, etc. The other reviewed insurers have no formal written strategy for selecting MGAs.

FSRA understands the industry's progression and evolution to the MGA distribution model, and that onboarding new MGAs does not happen frequently for some insurers. However, as distribution continues to evolve, a formal MGA distribution strategy may assist in aligning insurers' business and distribution strategies with their choice of distribution partners.

Process for Screening and Onboarding MGAs, including Senior Management of MGAs

The review indicated that all reviewed insurers have written screening and onboarding processes in place for contracting with MGAs. However, it was noted that these processes include minimal screening of MGAs' senior management. Specifically, no measures appear to be in place beyond the standard Agent Screening Questionnaire (ASQ), which is conducted only for the MGAs' senior management who are also licensed agents.

FSRA observed that most reviewed insurers follow CLHIA Guideline G18: Insurer-MGA Relationships and conduct due diligence prior to onboarding an MGA. However, the individual factors considered by each insurer vary in structure and complexity.

In addition, FSRA found minimal formal review of MGA screening and onboarding policies and procedures by the reviewed insurers. Formalized screening and onboarding processes for MGAs and ongoing due diligence practices may assist in establishing an appropriate "tone from the top" at the insurer and alignment of compliance culture, two important factors in ensuring fair outcomes for customers.

Key Observations:

- Insurers lack formal written strategies for selecting MGAs
- Insurers have formalized MGA onboarding processes, but with minimal senior management screening of MGAs
- There are minimal formal reviews of the MGA screening and onboarding policies

3. Insurer-MGA Agreements & 4. Supervision and Monitoring of Delegated Functions

The purpose of next two areas of review was to gain an understanding of the various types of contractual agreements that exist between an insurer and an MGA, as well as to assess oversight and supervision of functions delegated to MGAs — particularly agent screening, training, and monitoring.

FSRA gathered information including:

- Overall design of Insurer-MGA agreements
- Contractual terms regarding the delegated screening, training, and monitoring functions
- Operational effectiveness of the delegated functions
- Insurer monitoring, with a focus on the insurers':
 - Risk assessment of MGAs
 - Supervision of MGAs and delegated functions
 - Direct supervision and oversight of independent agents contracted through MGAs

Overall Design of Insurer-MGA Agreements

The review found that each reviewed insurer has a standardized agreement across most of its MGAs, as well as a range of supplementary documents covering different areas (e.g., commission schedules, codes of conduct, etc.). All reviewed insurers delegate some agent-related functions to MGAs through their contractual agreements, though the expectations and activities required to fulfill the delegated functions vary by insurer.

Further, there is no formal rationale for the selection of specific functions that are delegated to MGAs. FSRA observed that most of the reviewed insurers delegate similar agent-related functions to all their contracted MGAs, regardless of the MGAs' varying size, complexity, and resources. This reflects a lack of strategy, not only during the MGA screening and onboarding noted earlier, but also when delegating certain functions to MGAs.

A formalized delegation process and well-established expectations considering the compliance

Contractual Agreements

Key Observations:

- Similar agent-related functions are delegated regardless of the MGAs' varying size, complexity, and resources
- Insurers lack policies and procedures related to the handling of agreements (e.g., periodic review and renewal process)

infrastructure of each MGA may assist in establishing an appropriate “tone from the top” and alignment with expected FTC outcomes.

Finally, the review found that policies and procedures relating to the handling of agreements are minimal. Most of the reviewed insurers do not have a periodic review process for their MGA agreements, nor is there a contract renewal process in place.

Contractual Terms and Operational Effectiveness of the Delegated Functions

FSRA took a two-pronged approach to assessing how insurers fulfill the requirement to have a system for ensuring that agents authorized to act on their behalf comply with the Act, regulations, and agent licence requirements.¹⁰ FSRA looked at both the contractual design and, in practice, how the reviewed insurers confirmed these delegated agent screening, training, and monitoring functions are fulfilled by the MGAs (“operational effectiveness” of the delegated functions).

4.1 Screening

Purpose

Every insurer who authorizes agents to act on its behalf must establish and maintain a system reasonably designed to ensure its agents comply with Ontario insurance law.¹¹ This system must screen each agent to confirm the person is suitable to carry on business as an agent.¹²

Insurers may delegate duties that relate to screening of agents, but they retain the ultimate responsibility for ensuring only suitable agents are authorized to act as the insurers’ agents.

Contractual Design

The review indicated that all reviewed insurers delegate varying degrees of the agent screening function to their contracted MGAs, as per their Insurer-MGA agreements. Some agreements include high-level screening requirements to be performed by the MGAs, while others delegate the function entirely to the MGAs.

Moreover, FSRA observed some disparity in the responses among the reviewed insurers regarding their screening expectations. While one insurer provides a documented advisor

¹⁰ O. Reg 347/04, Agents, subsection 12 (1)

¹¹ O. Reg 347/04, Agents, subsection 12 (1)

¹² O. Reg 347/04, Agents, subsection 12 (2)

screening guideline for its MGAs, another insurer outlines very minimal screening expectations or requirements. The documents do not provide enough consistent detail to ensure MGAs understand which screening duties the insurers expect them to perform, or how to perform them.

FSRA also noted an insurer’s audit recommendation requesting its MGA use the ASQ to form a more robust agent screening process. This suggests that screening expectations may not have been clearly outlined or communicated at the onset of the agreement. In practice, FSRA understands that some MGAs may use the ASQ or a similar process to screen agents. However, most insurers’ expectations are not clearly articulated within the agreements or supplementary documents.

Operational Effectiveness

In addition to reviewing how Insurer-MGA agreements describe the screening duties delegated to MGAs, FSRA reviewed the steps insurers took outside the contracts to clarify their expectations and to ensure MGAs screen agents as the reviewed insurers expect.

Most of the reviewed insurers conduct second-level screening of agents, independent of their contracted MGAs. However, in cases where screening and selection of agents is entirely delegated to MGAs, with no second-level screening by the insurer, there does not appear to be sufficient oversight of MGAs’ screening practices to obtain reasonable assurance that the delegated function is being performed appropriately.

As MGAs vary in scale, maturity, compliance structure, and resources, FSRA understands that not all MGAs may be screening agents consistently and in accordance with industry standards and expectations. This risk is increased when requirements are not clearly outlined within Insurer-MGA agreements. The alignment of policies, procedures, and practices between an insurer and an MGA is essential to ensure adequate and consistent due diligence throughout the agent screening and onboarding process.

As noted in section 4.3, below, FSRA understands insurers rely on the Compliance Review Survey (CRS) to ensure MGAs have policies and procedures to address screening. However,

**Screening
Key Observations:**

- Insurer-MGA agreements lack detailed expectations and requirements related to delegated agent screening functions
- Insurers lack oversight when the screening function is entirely delegated to MGAs

FSRA's review does not provide evidence that insurers confirm these policies and procedures are followed.

4.2 Training

Purpose

As noted above, an insurer must establish and maintain a system reasonably designed to ensure its agents comply with Ontario insurance law.¹³ In connection with training, this means insurers must have a system reasonably designed to ensure, for example, their agents receive enough training to understand their obligations under the Act and regulations,¹⁴ to comply with their continuing education obligations,¹⁵ and to understand the insurers' products well enough to explain them accurately and avoid misrepresentations that are prohibited under the Act and regulations.¹⁶

Insurers may delegate duties that relate to training agents, but they retain the ultimate responsibility for ensuring their compliance program is sufficient to reasonably ensure agents can and will comply with the Act, regulations, and their licence requirements.

Contractual Design

The review found that all reviewed insurers delegate varying degrees of the training function to MGAs, as per their agreements. The high-level training content outlined within the agreements varies widely among insurers; some include sales and product topics only, while others contain compliance and FTC elements. In the end, FSRA observed that most insurers do not clearly outline detailed training expectations and requirements within the agreements or supplementary documents. Further, none of the reviewed insurers have contractual provisions regarding training for key non-licensed MGA personnel, such as senior management or compliance staff who are responsible for ensuring the MGA complies with the Act and regulations.

FSRA recognizes that training is undertaken as a shared responsibility and provided by both insurers and MGAs. However, most insurers' expectations about what duties MGAs will perform, and how, are not clearly articulated within their agreements or supplementary documents. Once again, the insurer is ultimately responsible and best positioned to develop appropriate training

¹³ O. Reg 347/04, Agents, subsection 12 (1)

¹⁴ O. Reg 347/04, Agents, subsection 12 (1)

¹⁵ O. Reg 347/04, Agents, section 14

¹⁶ Insurance Act s. 438, O. Reg 7/00, Unfair or Deceptive Acts or Practices.

content and to outline explicit requirements in relation to fulfillment of delegated training functions.

Operational Effectiveness

In practice, all reviewed insurers provide access to various tools and training materials, with content delivered through online agent portals, as well as in-person. However, not all insurers review or provide guidance to MGAs on training. In addition, there are minimal mechanisms in place to ensure that MGAs fulfill their delegated responsibilities and that agents complete the training offered.

Training
Key Observations:

- Insurer-MGA agreements lack detailed expectations and requirements related to delegated training functions
- Insurers lack mechanisms to ensure that independent agents complete the training offered

FSRA acknowledges that most insurers do not assume sole accountability for providing training to independent agents. Therefore, it is important that insurers obtain reasonable assurance that MGAs understand and fulfill their delegated training-related responsibilities.

As noted in section 4.3, below, FSRA understands insurers rely on the CRS to ensure MGAs have policies and procedures with respect to training. However, FSRA’s review does not provide evidence that insurers confirm these policies and procedures are followed.

4.3 Monitoring

Purpose

Each insurer’s compliance system must be reasonably designed to ensure that, on an ongoing basis, its agents comply with the Act, its regulations and the conditions of their licences.¹⁷ An insurer can delegate duties with respect to ongoing monitoring of its agents but it retains the ultimate responsibility to ensure its compliance program is reasonable and that any delegation is reasonably designed to achieve the monitoring the insurer would otherwise perform itself.

¹⁷ O. Reg 347/04, Agents, subsection 12 (1)

Contractual Design

The review found that all reviewed insurers delegate varying degrees of the monitoring function to MGAs, as per their agreements. Like training, monitoring is viewed by insurers and MGAs as a shared responsibility between them. It was noted that Insurer-MGA agreements may require MGAs to maintain a system designed to ensure agents continue to meet basic licensing requirements, such as maintaining a valid licence, errors and omissions insurance, and completing required continuing education credits.

However, most insurers' expectations are not clearly articulated within their agreements or supplementary documents. Once again, it is important that insurers obtain reasonable assurance that MGAs understand and fulfill their delegated responsibilities, including their specific role in monitoring agents.

Operational Effectiveness

In practice, FSRA understands that most insurers require their contracted MGAs to complete the CRS to evaluate the existence of policies and procedures at the MGA level. While this requirement of the CRS is not articulated within most agreements or supplementary documents, all reviewed insurers rely on the CRS to assess and evaluate how MGAs address the delegated agent screening, training, and monitoring functions.

To understand this further, FSRA took a focused look at risk assessment, insurer supervision of delegated functions, and insurer direct supervision of independent agents contracted through MGAs to evaluate the monitoring activities performed by the insurers.

a) Risk Assessment of MGAs

The review found that all reviewed insurers use the CRS, or the CRS results in conjunction with sales volume, to assess the overall risk and rank their MGAs, and to determine how frequently MGAs should be reviewed. Although not all insurers require their MGAs to complete a full CRS on an annual basis, a similar or shortened survey is required instead.

However, it should be noted that the CRS focuses on the existence of policies and procedures at the MGA level, but does not seek to verify that they are in effect and functioning. Therefore, performing risk assessments using only the CRS results may not be comprehensive enough to determine which MGAs may present higher risks to the insurer, or how often certain MGAs should be reviewed.

b) Insurer Supervision of MGAs and Delegated Functions

The review indicated that the reviewed insurers have varying policies and procedures in place to conduct cyclical reviews or audits of their contracted MGAs. These differ in breadth, depth, and complexity.

It was noted that all reviewed insurers use the CRS as the basis for their MGA review/audit program. The responses from CRS are reviewed and validated; however, it does not appear that the reviewed insurers conduct a separate evaluation of the actual implementation of these policies and procedures, or the compliance programs executed at the MGA level.

It was also observed that not all reviewed insurers have formal periodic engagement with their MGAs to discuss compliance matters and to generate reports to present to senior management. FSRA noted that, although insurers have delegated various functions to their MGAs, no insurers require MGAs to report back on a periodic or formal basis outside of the CRS.

As noted above, the CRS mainly assesses the existence of policies and procedures, which may not significantly change year-over-year at the MGA level. Where an insurer does not have a comprehensive program to monitor how MGAs implement delegated functions and to receive periodic reports on these functions, the insurer may not have a holistic supervisory picture and be able to confirm whether the delegated functions are implemented and performed as the insurer's expectations.

c) Insurer Direct Supervision and Oversight of Independent Agents Contracted through MGAs

FSRA understands that agent oversight is viewed and performed as a shared responsibility. However, it is important to note that delegating certain responsibilities to an MGA does not exempt the insurer from the responsibility to monitor the MGA's fulfillment of those responsibilities, nor does it discharge the insurer from its agent supervision responsibilities.

The review found that all reviewed insurers directly review agent conduct, but that practices vary among the insurers with regard to: (i) the level of proactive risk assessment performed, and (ii) the number of agent reviews conducted.

i) Proactive Risk Assessment

The review indicated that not all insurers perform proactive in-depth risk assessments or consider different risk factors when identifying agents for review. FSRA observed a wide

range of agent selection approaches, from weighted risk-scoring to a random selection. It also appears that not all relevant data is used in the review selection process. For example, one insurer stated that it conducted several investigations on agents prompted by complaints and concerns but did not factor these investigations into their selection criteria for agent review.

ii) Number of Agent Reviews

The number of agent reviews conducted annually by the reviewed insurers ranges from 40 to 180 agents per insurer, and there does not appear to be a correlation between the number of agents reviewed and the number of agents contracted, or the number of MGAs contracted. Considering the number of agents contracted ranges from 11,000 to 36,000 per insurer, it is not clear that the current number of reviews being conducted provides the insurers with meaningful information regarding the effectiveness of their agent oversight programs.

In summary, establishing an in-depth risk assessment of agents, and a proactive risk-based approach to agent supervision, may assist insurers in verifying whether their agents are compliant with regulatory obligations, industry best practices, and FTC Guidance. Furthermore, this may also assist insurers in assessing whether MGAs are fulfilling their agent-related responsibilities. Finally, this would assist insurers in ensuring they meet their obligations, as insurers are required to establish and maintain a system that is reasonably designed to ensure their agents comply with the Act and its regulations.

Monitoring

Key Observations:

- Insurer-MGA agreements lack detailed expectations and requirements related to delegated agent monitoring functions
- Insurers lack in-depth MGA risk assessment processes
- Insurers check for the existence of MGAs' policies and procedures, rather than evaluating their implementation and operational effectiveness
- Insurers do not proactively risk assess their agents contracted through MGAs, nor do they conduct a meaningful volume of agent reviews

Conclusion and Next Steps

As previously mentioned, FSRA expects insurers to treat consumers fairly in accordance with established FTC principles. To meet their obligations, insurers are required to maintain compliance systems reasonably designed to ensure their agents comply with Ontario insurance law, even where parts of those duties are delegated to MGAs. It is important that agents (including MGAs licensed as corporate agencies) meet high standards of conduct, ethics, and integrity and they put consumers' interests first so that public interest is well-served and consumers are protected.

FSRA identified two key areas of market conduct assessment¹⁸ in the L&H Insurance sector for 2020/21:

- Implementation of FTC principles across distribution channels, in collaboration with the CCIR and its member regulators
- Review of the relationship between insurers and MGAs

Through this thematic review, FSRA confirmed that the MGA channel is the predominant distribution channel for individual L&H insurance in Ontario. FSRA also assessed the due diligence conducted by insurers in the key areas of agent screening, training, and monitoring delegated to MGAs, and identified gaps and a lack of clarity relating to the specific roles and responsibilities shared among insurers, MGAs, and independent agents.

These observations were shared with FSRA's L&H Insurance Technical Advisory Committee on Insurer Oversight of Managing General Agencies and Consumer Advisory Panel in order to validate the accuracy of the observations and to discuss any relevant issues.

Based on the review results, FSRA is committed to:

- Develop a proposed regulatory framework and supervisory approach for distribution channels that rely on MGAs and evaluate options to assist insurers in monitoring and supervising their distribution channels; and
- Build supervisory capacity to oversee agents – either directly or by working with insurers and/or MGAs - and continue its risk-based supervision of the end-to-end distribution,

¹⁸ Referenced in article [“FSRA announces Life & Health sector key areas of assessment” \(published September 15, 2020\)](#)

including assessment of particular MGA business models that could potentially result in negative consumer outcomes due to the activities of persons regulated by FSRA.

FSRA is looking to strengthen the intermediation chain and ensure adequate oversight mechanisms are in place to deter independent agents from engaging in activities that do not serve consumer interest and result in consumer harm.

In the interim, FSRA would like to reiterate that subsection 12(1) of O. Reg 347/04 requires every insurer that authorizes one or more agents to act on behalf of the insurer to establish and maintain a system that is reasonably designed to ensure that each agent complies with the Act, the regulations and the agent's licence. In doing so, FSRA notes that there are regulations and industry guidelines¹⁹ that set out the policies, procedures and practices that insurers should implement to effectively manage and oversee their relationships with MGAs and to assist insurers in meeting their obligations.

As set out in the FTC Guidance, though the insurer is the ultimate risk carrier, intermediaries, including MGAs, play a significant role in insurance distribution. With the emergence of the MGA channel, FSRA expects that when MGAs are involved in the design, marketing, distribution and servicing of insurance products, good conduct in performing these services is a shared responsibility of the parties involved. Insurers and their agents – whether directly or through intermediaries, including MGAs – are required to assess and adequately fulfill the delegated functions for agent screening, training, and monitoring, since these are critical in ensuring fair consumer outcomes.

FSRA is committed to moving forward in a transparent manner with the development of a Market Conduct Compliance Framework and assessing how insurers, agents, and other regulated entities are affected by distribution channels and MGA business models. This will strengthen accountability and oversight of the distribution chain and support FSRA's vision for consumer safety, fairness, and choice.

¹⁹ See Appendix 2 for a partial list of regulations and industry Guidelines.

APPENDIX 1

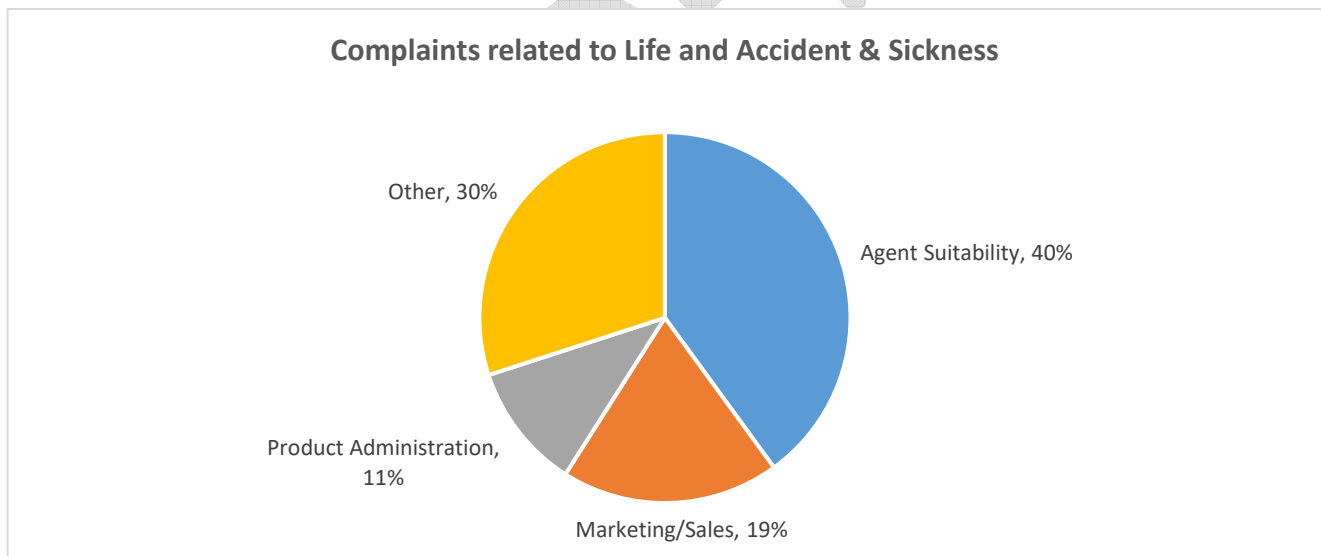
Complaints and Agent Review Data

Complaints Data

The complaints data collected²⁰ from insurers on the 2017 and 2018 Annual Statement of Market Conduct (ASMC) indicated that the majority of complaints were in relation to administration, product, and marketing and sales. Most of the causes for complaints appeared to be related to independent agent selling and general misalignment with consumer expectations.

In addition, the complaints data relating to L&H insurance²¹ indicated that a large number of complaints related to the suitability of the agent, as well as the broad categories of marketing and sales, and administration.

A breakdown of the different types of complaints received by FSRA in 2017-2018 is as follows:



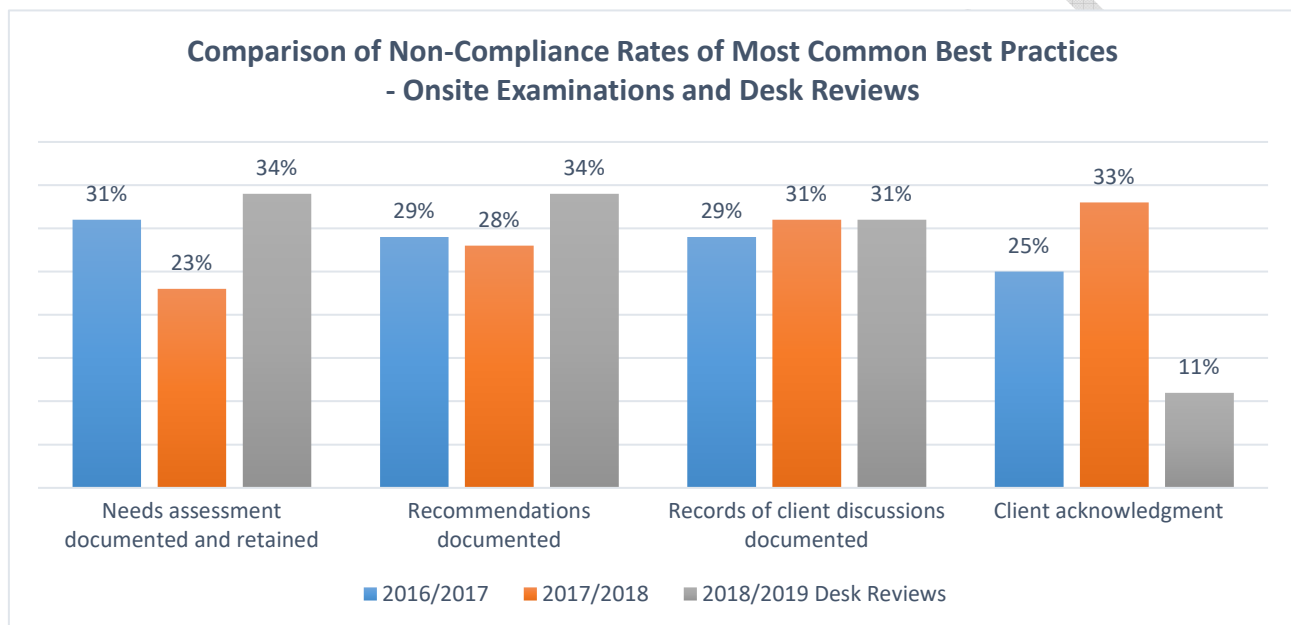
²⁰ As per the ASMC, categories included Underwriting, Administration, Marketing and Sales, Product, and Claims/Settlement.

²¹ Complaints received for a 2-year period until June 2019.

Historical Agent Review Data

Data from past on-site and desk reviews conducted by the Financial Services Commission of Ontario, FSRA's predecessor, indicated that agents were not adhering to industry best practices.²²

The most common issues from 2016-2019 and their non-compliance rates are illustrated in the following chart.



As a result of these agent-related complaints and review data, FSRA observed several trends including:

- An overall lack of training or product knowledge leading to unsuitable sales
- Minimal agent oversight and supervision
- A misalignment of consumer expectations with the products they were being sold by agents

Canadian Council of Insurance Regulators (CCIR) Co-operative Insurer FTC Review Observations

In recent years, FSRA collaborated with CCIR members to conduct FTC reviews covering the end-to-end product life cycle right from design to complaints and claims-related obligations.

²² As per the [Life Insurance Agents Compliance Report: 2017/18 Examination Results](#).

These examinations also touched on insurer contractual agreements and elements of delegated functions at a high level.

Through these reviews, FSRA observed several trends including:

- A lack of clear and specific expectations with respect to roles and responsibilities
- Weak demonstrable compliance training of independent agents
- Minimal oversight and ongoing monitoring of MGAs and independent agents

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APPENDIX 2

- [O. Reg 347/04: Agents](#)
- [O. Reg 7/00: Unfair or Deceptive Acts or Practices](#)
- [CCIR/CISRO Guidance Conduct of Insurance Business and Fair Treatment of Customers](#)
- [ICP-19: Conduct of Business](#)
- [CLHIA Guideline G8 Advisor Suitability: Screening, Monitoring and Reporting](#)
- [CLHIA Guideline G18 Insurer-MGA Relationships](#)
- [CCIR Issues Paper: Managing General Agencies Life Insurance Distribution Model \(Agencies Regulation Committee, February 2011\)](#)
- [CCIR Position Paper: Strengthening the Life MGA Distribution Channel \(Adopted September 2012\)](#)
- [CLHIA – Materials for Advisors and MGAs](#)
- [ADVOCIS: Re: Managing General Agencies \(MGAs\) Distribution Channel in the Life Insurance Industry](#)

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Financial Services Regulatory
Authority of Ontario



Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 7(b)

Read Only Item—Development of Two New CAFII Motion Graphics Website Videos on (i) Results of Research Project On Insurance Consumers' Digitization Preferences and (ii) Job Loss CPI

Purpose of this Agenda Item—*Read Only*

Read only.

Background Information

CAFII is working with Operatic Agency on two new website videos, on (i) Results of Research Project On Insurance Consumers' Digitization Preferences; and (ii) Job Loss CPI.

Recommendation / Direction Sought – *Read Only*

Read only.

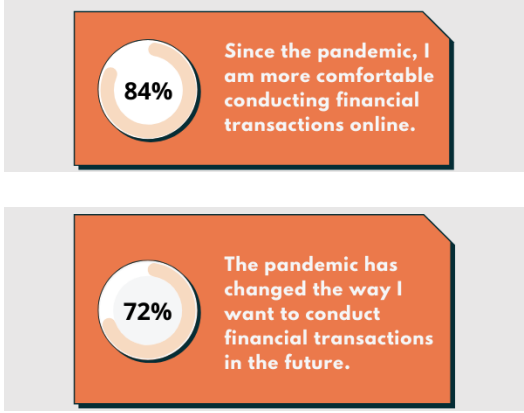
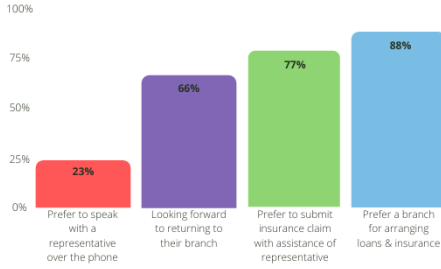
Attachments Included with this Agenda Item



Two attachments.

WEBSITE VIDEO – Pollara Research

“COVID-19 has impacted how Canadians conduct financial and insurance transactions”

Final – June 25, 2021

Audio	Story Board Description	Time	Comment
The COVID-19 pandemic changed the way many Canadians prefer to handle their financial and insurance transactions.		7 sec	
According to a survey of Canadians with Credit Protection Insurance, or CPI, 8 in 10 say the pandemic has made them more comfortable conducting financial and insurance transactions online. And 7 in 10 say it has changed the way they want to conduct those transactions in future.	<p>Show words that say: Pollara Strategic Insights survey, March, 2021</p> 	17 sec	
However, the study also shows that consumers still put a high value on personal contact, especially for arranging loans and buying insurance. Almost two-thirds of Canadians with CPI are looking forward to returning to their bank or credit union branch at some point. And 9 in 10 say their branch is where they want to obtain insurance coverage.	<p>PERSONAL CONTACT STILL VALUED</p>  <p>Source: Pollara Strategic Insights/CAPII</p>	20 sec	
Furthermore, 3 in 4 Canadians say they would prefer to submit an insurance claim with the assistance of a branch representative.		7 sec	
The pandemic has also increased consumer interest in obtaining CPI, with almost 7 in 10 respondents saying they are more likely to obtain it now for		12 sec	


a mortgage or Home Equity Line of Credit than before the pandemic.			
In terms of customer experience during the pandemic, a full 96% of people who purchased CPI say they are somewhat or very satisfied with the process, a 9 percentage points increase over a similar survey conducted in 2018.		15 sec	
The Pollara survey was commissioned by CAFII to help its members better understand the expectations, preferences, and satisfaction levels of insurance consumers.	 <p>See the full survey results at https://www.cafii.com/research/</p>	9 sec	
CAFII: Making insurance simple, accessible and affordable	 <p>www.cafii.com</p>	6 sec	
Total:		1 min, 33 seconds	

CAFII WEBSITE VIDEO – JOB LOSS INSURANCE

“What is job loss credit protection insurance?”

Final Draft, June 28, 2021 @ 1:30 pm

Audio	Story Board Description	Time	
Like many families, Dev and Carina have debt obligations and a number of payments to make each month. These include mortgage, car loan, home equity line of credit, and credit card.	Put the names <i>Dev and Carina on the screen.</i> They should be holding a boy’s hand whose name is Neel , also appearing on the screen. They should look like Canadians of heritage from India.	12 sec	
As the main income earner, Dev is worried that if he lost his full-time job, his family wouldn’t be able to make its monthly debt payments. So, he asks his financial institution about Job Loss Credit Protection Insurance.		13 sec	
Dev learns that this type of insurance may be available with balance protection coverage, which he can purchase for his credit cards. He also learns that some banks and credit unions also offer job loss protection as an “add on” to life or disability insurance on mortgages and some types of personal loans.		19 sec	
Job loss insurance can help people like Dev make certain debt payments for a period of time, should he involuntarily lose his full-time job.		9 sec	
Dev’s financial institution offers job loss insurance on some loan and credit products. So he buys balance protection coverage on his credit card, and adds job loss coverage to his life insurance on his mortgage.		12 sec	
Should Dev involuntarily lose his employment, his job loss insurance will cover some or all of the monthly payments on his insured mortgage and credit card. These payments will continue for a specific period of time, or until Dev returns to work – whichever comes first.		16 sec	
Knowing they have Job Loss Credit Protection Insurance in place gives Dev and Carina peace of mind. And they are not alone.		7 sec	
According to research, consumer	Show image of Pollara Strategic	18	

interest in credit protection insurance is growing. This includes Job Loss Insurance, with 41% of people surveyed saying they had purchased it during the past year, an increase of 17% over 2018.	Insights and title of study with date to show source of this information.		
CAFII: Making insurance simple, accessible and affordable		5 sec	
Total:		1 min, 51 sec	

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 7(c)

Read Only Items—CAFII 2021 Virtual Annual Members and Associates Luncheon: Tuesday, November 9/21 with a Panel of Three Insurance Law Experts: Jill McCutcheon, Torys LLP; Stuart Carruthers, Stikeman Elliott; and Marc Duquette, Norton Rose Fulbright Corporation

Purpose of this Agenda Item—*Read Only*

Read Only.

Background Information

CAFII has now confirmed three insurance law expert panelists for its 9 November, 2021 Virtual Annual Members and Associates Luncheon: Jill McCutcheon, Torys LLP; Stuart Carruthers, Stikeman Elliott; and Marc Duquette, Norton Rose Fulbright Corporation

Recommendation / Direction Sought – *Read Only*

Read Only.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 7(c)
September 14/21 EOC Meeting

From: Keith Martin <Keith.Martin@cafii.com>

Sent: August-19-21 5:35 PM

To: Duquette, Marc <marc.duquette@nortonrosefulbright.com>; Stuart Carruthers
<scarruthers@stikeman.com>; Jill McCutcheon <jmccutcheon@torys.com>

Cc: Brendan Wycks <brendan.wycks@cafii.com>; Jake Becker <jake.becker@cafii.com>; Jake Becker
<info@cafii.com>

Subject: RE: Invitation to Join a CAFII Panel For Annual Members' and Associates' Luncheon on Tuesday,
9 November, 2021 (1-2.30pm, via Zoom webinar) CONFIRMATION

Marc, it was a pleasure speaking to you earlier today on the phone and I want to sincerely thank you for rearranging your schedule to make yourself available for our legal panel on **Tuesday 9 November, from 1-2.30pm (via Zoom webinar).**

I can now confirm that we are on for a panel with the three of you—Stuart Carruthers, Jill McCutcheon, and Marc Duquette; and I will be your moderator.

Our colleagues at Managing Matters will book this into all of our respective calendars soon, and Meighan Pears will reach out to the three of you for a very short preparatory meeting on Zoom in the weeks prior to the session, to prepare and do final technical checks. As well, we will be following up via emails on process, topics etc. and we will make sure you are fully supported and given all the required information for the meeting.

We will soon be sending a “save the date” eblast to our membership and will share the content with each of you beforehand to get your approval. We are very excited about this session and thank each of you for making yourselves available.

Personal regards,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

Note to:

Stuart Carruthers, Stikeman Elliott; Jill McCutcheon, Torys; Marc Duquette, Norton Rose

From:

Keith Martin, Brendan Wycks, CAFII

Re: Invitation to Join a CAFII Panel For Annual Members' and Associates Luncheon on Tuesday, 9
November, 2021 (1-2.30pm, via Zoom webinar)

Hello Stuart, Jill, and Marc,

I hope that you are having a productive and enjoyable summer.

CAFII holds an Annual Members' and Associates' Luncheon (this year to be held virtually so no actual lunch or in-person event) once a year, at which we have a prominent guest speaker or panel address senior members of our membership. This is a session for members and associates only (no regulators or media) where we share leading-edge insights with our members, and is a key perk for our Member and Associate representatives; and an opportunity for the speaker / panelists to gain exposure to senior executives in the Bancassurance space.

We alternate our luncheon approach annually between a single/solo speaker one year, followed the next year by a panel with industry-leading insurance law experts who provide perspectives on the emerging trends, issues, and challenges in the regulatory environment. Two years ago, we convened such a insurance law experts panel for this CAFII annual event, in which two of you – Stuart Carruthers and Jill McCutcheon – participated.

This event is usually held in-person in March, but due to the pandemic we held the 2020 session (with Teresa Frick of FCAC) virtually in the fall of 2020; and we plan to have a virtual meeting again this year, in the fall of 2021.

As leading industry lawyers and as CAFII Associates, **Brendan and I would like to invite the three of you to join the 2021 lawyer panel** (with me as moderator), on **Tuesday 9 November, from 1-2.30pm (via Zoom webinar)**. Prior to the meeting we will share thoughts on possible topics and themes, and we will provide pre-meeting opportunities to prepare and share notes.

We would expect for the CAFII 2021 Annual Members' and Associates Luncheon about 100 to 150 Member and Associate attendees. Along with 15 CAFII Board members who are senior executives within the insurance arms of CAFII member financial institutions (mainly bank/credit union distributors of credit protection insurance, travel insurance, and other forms of life and health insurance; but also some insurer underwriters/manufacturers of those insurance products), a majority of the audience will be management and professional staff from CAFII member organizations who typically work in the following areas: regulatory compliance; legal compliance; consumer complaints handling/ombudsman roles; strategy; product design; marketing; and operations.

I very much hope that you are able to participate in this event panel, and are available on the proposed date/time (if not, we will look at alternatives). Please let Brendan and me know at your earliest convenience, and thank you for your consideration.

Warm personal regards,

--Keith

Briefing Note

CAFII EOC Meeting 14 September, 2021—Agenda Item 7(d)

Read Only Items—CAFII Webinars Planned for October and November 2021

Purpose of this Agenda Item—*Read Only*

Read only.

Background Information

CAFII is planning for webinars in October and November, 2021.

Recommendation / Direction Sought – *Read Only*

Read only.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 7(d)
September 14/21 EOC Meeting

Fall 2021 Webinar #2 (October):

Title: Regulatory Priorities and Issues Across the Country As Canada Emerges From COVID-19

Time: 1:00 pm -2:00 pm (TBD)

Suggested Dates: October 13 & 14 (preferred dates), 20 & 21 (alternative dates)

Brendan's Date Recommendation: Thursday, October 14/21

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)

Suggested Dates: November 24 or 25 (TBD)

Brendan's Date Recommendation: Thursday, November 25/21