

### CAFII Executive Operations Committee Meeting

**Date:** Tuesday, September 19, 2017  
**Location:** Scotiabank Financial  
 100 Yonge Street, 4<sup>th</sup> Floor, Toronto  
 Maple Leaf Conference Room

**Chair:** A. Stuska (for P. Thorn)  
**Time:** 2:45 – 4:00 p.m. EST  
**Dial-in:** 416-764-8662 or 1-888-884-4534  
 Participant: 4532491#; Moderator: 5829171#

#### Agenda

Item		Presenter	Action	Document
1. Call to Order	2:45 p.m.	A. Stuska		
2. Approval of Agenda and Previous Minutes	2:46 p.m.	All		
a. EOC Minutes of July 25/17			Approval	✓
b. EOC Minutes of August 22/17			Approval	✓
c. Summary of Board and EOC Action Items		B. Wycks	Update	✓
3. CAFII Financial Management	2:55 p.m.			
a. Financial Statements as at August 31/17		T. Pergola	Approval	✓
4. Regulatory	3:00 p.m.			
a. AMF Consultation on Conflicts of Interest Re Incentives		R. Beckford/B. Wycks		✓ [3]
b. Consultations/Submissions Timetable		B. Wycks	Update	✓
i. BC 10-Year Review of Financial Institutions Act				✓
ii. Alberta Authorization of CI Sales Under RIA Certificate				✓
iii. New Saskatchewan Insurance Act and Regulations				
c. Regulatory Update		K. Martin/B. Wycks	Update	✓
d. Regulator and Policy-Maker Visit Plan		B. Wycks	Update	✓
i. CAFII BC, Alberta, and Manitoba Regulators and Policy-Makers Visits Tour, October 16-19, 2017				✓
ii. CAFII Stakeholder Meeting with CCIR: October 25/17				✓
5. Committee Updates	3:15 p.m.			
a. Market Conduct		R. Beckford	Update	
b. Media Advocacy		C. Blaquiere	Update	
i. CAFII Website Modernization		K. Martin	Update	✓
ii. Media strategy—Letter to the Editor—Responses for review		K. Martin	Update	✓
c. Licensing Efficiency Issues		M. Gill	Update	
d. Research & Education		D. Quigley	Update	
e. Travel Medical Experts (including Pollara Research)		S. Manson	Update	
6. Other Business	3:25 p.m.			
a. CAFII Board Chair and Vice-Chair Succession		B. Wycks	Reminder	
b. Associate Status Application from DGA Careers		B. Wycks	Approval	✓
c. October 23/17 CAFII Board and AMF Liaison Meetings		B. Wycks	Update	
d. Website Demo including Video Proposal		D. Moorcroft/K. Martin/RankHigher	Presentation	
7. In Camera Session	3:45 to 4:00 p.m.	A. Stuska	Discussion	

**Next Board Meeting:** Monday, October 23, 2017, 2:30 – 4:00 p.m.; Location: Desjardins Assurances, 150, rue des Commandeurs, 15th Floor, Lévis, Québec

**Next EOC Meeting:** Tuesday, October 24/17, 2:00 to 4:00 p.m.; Location: CIBC Insurance, 33 Yonge St., 7th Floor, Guatemala Room

**CAFII Executive Operations Committee  
Tuesday, July 25, 2017  
ScotiaLife Financial, 100 Yonge Street, Suite 4000  
Maple Leaf Conference Room, Toronto**

*MINUTES*

**EOC Present:**

Peter Thorn, TD Insurance *Chair*  
Jason Beauchamp, BMO Insurance  
Rose Beckford, ScotiaLife Financial  
Charles Blaquiére, Canadian Premier Life  
Rob Dobbins, Assurant Solutions  
John Lewsen, BMO Insurance  
Sue Manson, CIBC Insurance  
Julie Medeiros, RBC Insurance (*by teleconference*)  
Tony Pergola, ScotiaLife Financial *Treasurer*  
Diane Quigley, CUMIS Group Inc (*by teleconference*)  
Andrea Stuska, TD Insurance

**Also, Present:** Emily Cloutier, TO Corporate Services *Recording Secretary*  
Keith Martin, CAFII *Co-Executive Director*  
Brendan Wycks, CAFII *Co-Executive Director*

**Regrets:** Isabelle Choquette, Desjardins  
Katherine Geisler, CIBC Insurance  
Maira Gill, TD Insurance  
Charles MacLean, RBC Insurance  
Jerome Savard, Desjardins

**1. Call to Order**

The CAFII EOC meeting was called to order at 2:06 p.m.; P. Thorn acted as Chair; E. Cloutier acted as recording secretary.

**2. Approval of Agenda and Previous Minutes**

The agenda for this July 25/17 meeting was approved as circulated.

**a. EOC Minutes of June 20/17**

The EOC Minutes of June 20/17 were approved as presented. However, EOC members expressed a desire for the minutes to be shorter, include less detail, and focus on decisions and actions.

**b. Summary of Board and EOC Action Items**

B. Wycks provided an update on Action Items which had been added or changed in status since the previous EOC meeting on June 20/17, *as per the Summary of Board and EOC Action Items* document included in the meeting package.

At the request of M. Gill and J. Lewsen, debrief notes resulting from their recently completed Action Item #3: *Set-up an informal meeting with A. Monid, FSCO* have been included as Appendix A to these minutes.

### **3. CAFII Financial Management**

#### **a. Financial Statements as at June 30/17**

Treasurer T. Pergola reported on the highlights of CAFII's Financial Statements as at June 30/17, as follows:

- YTD column has been added to the Income Statement;
- Statement of Operations indicates a deficit of \$81K YTD which seems to be the result of timing within the year; outstanding member dues; and the loss of National Bank as a member; and
- at this time, budgetary issues will not impact the completion of 2017 mandated initiatives; however, 2018 budget preparation will need to be precisely focused. YTD budget numbers are not adjusted for seasonality.

***ACTION: Review list of CAFII initiatives to ensure they are on budget in terms of seasonality [T. Pergola/S. Ghebru; October 31/17]***

An update was provided on 2017 CAFII Associate and Regular Member Dues:

- **Aimia** was bought by Sigma Loyalty Group in late 2016; at this time, it is unclear if Sigma will assume the Associate status previously held by Aimia.

***ACTION: Connect with alternate contact at Sigma Loyalty group to inquire whether they would be interested in CAFII membership. [K. Martin/B. Wycks; August 15/17]***

- **Laurentian Bank** has confirmed that it will not be renewing its Associate status; however, the company has agreed to receive a proposal detailing the value proposition of CAFII Regular membership.

***ACTION: Prepare a benefits package on the value proposition of CAFII Membership for Laurentian Bank to review as a prospective applicant for CAFII membership in 2018. [B. Wycks/K. Martin; October 20/17]***

- **Desjardins Financial Security Life Assurance** has requested a re-evaluation of the current CAFII member dues policy. This member dues issue will be raised *in camera* at the October 2017 Board meeting and a Board task force may be struck to consider the matter.

***ACTION: Add review of CAFII membership dues policy to in camera agenda for October 2017 Board meeting agenda. [B. Wycks/K. Martin; October 2017]***

#### **b. Renewal of CAFII Authorized Cheque Signing Authorities**

E Cloutier advised that newly appointed CAFII officers Tony Pergola, Treasurer; Keith Martin, Co-Executive Director; Peter Thorn, Secretary and EOC Chair are being added to the CAFII Authorized Cheque Signing Authorities at TD Bank.

#### 4. Regulatory Update

##### a. New Saskatchewan Insurance Act and Regulations

The Financial and Consumer Affairs Authority released the final versions of the Insurance Regulations it had recently drafted, along with the revised Insurance Act, on June 29/17. The “in force” date for the new Act and Regulations remains to be announced.

***ACTION: Perform an analysis comparing the final version of the New Saskatchewan Insurance Act and Regulations compared to the initial draft and recommendations made by CAFII. [B. Wycks; September 30/17]***

##### b. Alberta Authorization of CI Sales Under an RIA Certificate

It was reported that with regard to the critical illness insurance definitions, J. Abram of the AIC had written to CAFII to advise that the Life Insurance Council had adopted critical illness insurance definitions that combine input from CAFII and CLHIA. With regard to the other three credit-related insurance definitions, the AIC have moved closer to what CLHIA had recommended in terms of amended language, to limit consumer confusion.

##### c. June 23/17 CAFII Meeting with CCIR Policy Managers

A successful liaison luncheon had occurred between CAFII and CCIR Policy Managers S. Jacobs and M. Boyle at which a number of current initiatives of CCIR were shared. A complete debrief of the June 23/17 meeting can be found in the following documents within the materials package for this meeting:

- 4.c(i) *CAFII Meeting With CCIR Policy Managers, June 23/17*
- 4.c(ii) *Regulatory Visit Liaison Lunch Meeting Between CAFII Representatives and CCIR Policy Managers, June 23/17*

##### d. CCIR 2017-2020 Strategic Plan

A high-level summary of the CCIR 2017-2020 Strategic Plan was relayed by M. Boyle to CAFII during the June 23/17 liaison luncheon. Highlights from the Strategic Plan include:

- Fair treatment of consumers;
- Regulatory harmonization;
- Fintech/insurtech – an item which CAFII had encouraged CCIR to establish as a priority in past correspondence.

##### e. June 29/17 CAFII Meeting with FSRA Secretariat

CAFII delegates engaged in a liaison meeting with Stuart Wilkinson, FSRA Implementation Secretariat and Paul Brathwaite, Ontario Ministry of Finance. Unfortunately, Sandy Roberts, Director of the Secretariat, was unable to attend and it was later learned this was due to preparing for the release of a major announcement the following day. CAFII agreed to submit its key priorities in a follow up letter, which was subsequently prepared for EOC review (See 4.e(iii) *CAFII Recommendations Comment Letter To FSRA Implementation Secretariat, July 28/17*)

***ACTION: Review and provide feedback on the draft submission to S. Roberts [All EOC; July 27/17]***

**f. CAFII BC, Alberta, and Manitoba Regulators and Policy-Makers Visits Tour, October 16-19, 2017**

CAFII has proposed a four-day tour of BC, Alberta, and Manitoba Regulators and Policy-Makers. The planning is well under way and a summary document of the proposed itinerary will be distributed to EOC members shortly.

**g. CAFII Stakeholder Meeting with CCIR: October 25/17**

CAFII has learned that CCIR will be holding annual stakeholder meetings on October 25/17 in Toronto.

Each meeting will be 40 minutes long. Three CAFII Directors have communicated an interest in participating as part of the Association's delegation. CAFII has communicated a preference for a morning slot on October 25.

**5. Other Business**

**a. CAFII Website Modernization**

It was reported that the website project is nearing completion. The content is undergoing final revisions, and is close to being finalized. After that is done, the English content will be translated and populated on the website. When these remaining components are complete, there will be a plan presented to the EOC about a soft and hard launch of the site.

The CAFII Board had suggested that the Complaints and Ombudsperson sections of the CAFII website include details on how to directly communicate with our members on these matters. This was thoroughly explored and a number of concerns were identified, including the possibility of confusing consumers, along with the challenge of keeping this information updated. It was agreed by the EOC that, for these reasons, only generic information would be included on these sections of the CAFII website.

**c. Date and Location of October 2017 CAFII Board and AMF Liaison Meetings**

It was reported that the dates currently being explored for the October 2017 CAFII Board and AMF Liaison Luncheon and Industry Issues Dialogue are not optimal. It was agreed that alternative dates later in October will now need to be explored.

***ACTION: Poll the Board and EOC to determine if dates during the last two weeks of October may work as an alternative to October 3/17 [E. Cloutier/B. Wycks; August 15/17]***

**6. In Camera Session**

To accommodate the time-sensitive nature of the abbreviated EOC meeting, and to allow sufficient time for the Strategic Plan Development Review II session, the *in camera* portion of the EOC meeting was deferred until 4 p.m. immediately following the Strategic Plan Review.

**7. Termination**

There being no further business, the meeting was terminated at 3:06 p.m. EST.

**APPENDIX A**

***Debrief of Meeting with Anatol Monid, FSCO  
 CAFII delegates: M. Gill and J. Lewsen  
 Lunch, North York, July-24-17 12:00pm***

<p><b>Financial Services Regulatory Authority of Ontario (FSRA)</b></p>	<ul style="list-style-type: none"> <li>• Anatol sees the appointment of Bryan Davies to chair the new FSRA as positive. He is also noted that Kathryn Bouey, another Director on the three-member founding FSRA Board, has financial services regulatory experience. The third director is Judith Robertson</li> <li>• Richard Tillman from his team has transferred to work with the FSRA Implementation Secretariat in setting up the operation and liaising with FSCO. Andrea Chow backfilled Richard as Senior Manager, Financial Services Regulatory Policy Unit and brings a background of municipal Licensing and market conduct from her former Ministry of Finance role.</li> <li>• He feels the FSRA will be up and running within one to three years. If it's one year, the focus would be on getting a name on the door before the next provincial election it will take close to three years if they plan to set it up from scratch as a full financial services regulator</li> <li>• FSCO staff is experiencing some uncertainty. However, Anatol believes that most of the junior managers and their staff will transfer to the FSRA. He is not sure about the leadership</li> </ul>
<p><b>Current FSCO Priorities: Creditor Insurance: Proposed Survey of banks that have captive insurance companies is still on</b></p>	<ul style="list-style-type: none"> <li>• FSCO is planning to do a survey of banks that have captive insurance companies since Anatol wants to better understand their oversight of creditor insurance distribution and market conduct practice</li> <li>• We pointed out that most of the banks' insurance subs do not manufacture their creditor insurance products. He seemed surprised by this, but said he still wants to understand the oversight of creditor practices by the banking sector's insurance divisions. The real purpose seems to be the review of the insurer's oversight, not the review of insurers owned by banks.</li> <li>• We also pointed out that that the FSCO survey might be a duplication of the work OSFI and the FCAC are doing. FSCO would not have access to OSFI findings, as OSFI did not come in under the CCIR shared services MOU. He indicated that he might reach out informally to the FCAC. They don't have an information-sharing protocol with the FCAC and are not likely to have them join CCIR any time soon.</li> </ul>

	<ul style="list-style-type: none"> <li>Anatol is open to talk about the survey with CAFII. We suggested that FSCO might want to have meetings with individual insurers to understand their business prior to developing the survey, but he was not open to this since he felt that this would take up a lot of resources and this is what the survey is for.</li> </ul>
<b>Financial Advisors</b>	<ul style="list-style-type: none"> <li>Anatol mentioned that FSCO will be doing work on oversight of financial advisors. This priority stems from the recent discussion paper and spring budget mandate for FSCO/ FSRA to address regulating those who hold out as Financial Planners under a harmonized set of standards. FSCO will not be waiting for the FSRA to do work on this Restricting use of the Financial Planner title and prohibiting the use of misleading and non-descriptive titles. He also mentioned that the Fair Treatment standard contained in the discussion paper should be applicable to all industry players, not just those using the financial planner title.</li> </ul>
<b>Auto Insurance</b>	<ul style="list-style-type: none"> <li>Anatol believes the auto insurance file will continue to be a priority even after the FSRA is established. A lot of time is being spent on this while setting up FSRA because the expert panel left several unanswered questions on the structure of auto regulation in their report.</li> </ul>
<b>FSCO Market Conduct Guidelines For Insurance Sector</b>	<ul style="list-style-type: none"> <li>FSCO plans to establish a set of market conduct guidelines for the insurance sector. The first priority will be a Fair Treatment of Customers Guideline that will mirror the Quebec Commercial Practices Guideline.</li> <li>The sense is that this is a high FSCO priority.</li> </ul>

**CAFII Executive Operations Committee  
Tuesday, August 22, 2017  
Teleconference & Adobe Connect Only**

*MINUTES*

**EOC Present:** Rose Beckford, ScotiaLife Financial  
John Lewsen, BMO Insurance  
Sue Manson, CIBC Insurance  
Moira Gill, TD Insurance  
Charles MacLean, RBC Insurance  
Julie Medeiros, RBC Insurance  
Tony Pergola, ScotiaLife Financial *Treasurer*  
Diane Quigley, CUMIS Group Inc  
Andrea Stuska, TD Insurance  
Peter Thorn, TD Insurance, *Chair*

**Also, Present:** Caroline Bucksbaum, T●O Corporate Services *Observer*  
Emily Cloutier, T●O Corporate Services *Recording Secretary*  
Keith Martin, CAFII *Co-Executive Director*  
Pamela Smith, T●O Corporate Services *Observer*  
Brendan Wycks, CAFII *Co-Executive Director*

**Regrets:** Jason Beauchamp, BMO Insurance  
Charles Blaquiere, Canadian Premier Life  
Isabelle Choquette, Desjardins  
Rob Dobbins, Assurant Solutions  
Katherine Geisler, CIBC Insurance  
Jerome Savard, Desjardins

**1. Call to Order**

The CAFII EOC meeting was called to order at 2:07 p.m.; P. Thorn acted as Chair; E. Cloutier acted as recording secretary.

**2. Regulatory**

**2. a. AMF Consultation with Insurance Stakeholders on Managing Conflict of Interest in Relation to Incentives**

R. Beckford reminded EOC members that the AMF is looking for feedback on its consultation paper, Managing Conflict of Interest in Relation to Incentives, released in July 2016, 2017 by the 15th of October 2017. The decision was made at the July 25th EOC meeting that CAFII would provide a response.

R. Beckford advised that B. Wycks had developed a critical path with timelines and some discussion points for consideration in determining what it is that CAFII wants to focus on in making a submission. He has also provided an excerpt on sales and incentive management from the Year 1 version of the CCIR Annual Statement on Market Conduct.

B. Wycks spoke to his Discussion Points On AMF's "Managing Conflict of Interest Risk In Relation To Incentives" Issues Paper and Draft Critical Path for CAFII Response Submission which were circulated with the meeting materials. He indicated that this consultation appears to be geared primarily toward companies and corporate entities in the insurance industry – especially insurers/underwriters – and less so towards other industry stakeholders, such as industry associations. He also highlighted the purpose of the Issues Paper; specific questions which did not seem appropriate for CAFII, as an Association, to address; specific questions which CAFII should consider responding to; and more general comments/observations/definitions/assumptions/positions put forward in the paper which CAFII should also consider addressing.

B. Wycks suggested it would be appropriate for collective entities such as CAFII and other industry Associations to refrain from answering seven (7) of the 17 specific questions posed in the Issues Paper, as they are very much geared to an individual company type response. R. Beckford commented that she also saw those seven (7) questions as requiring proprietary company information in order to respond appropriately.

In EOC discussion of the AMF Issues Paper, it was noted that in 2012, CCIR had released a paper indicating that there was no evidence that compensation was unfairly affecting how customers were being treated.

***ACTION: Access the 2012 CCIR study to determine if there is anything within it that could be used as content in CAFII's submission; and, if so, to provide it to the Market Conduct Committee [Brendan, September 8/17].***

M. Gill reminded EOC members that there are now information sharing agreements among the provinces so that any activity in one province will be shared with other regulatory authorities in other provinces.

EOC members were reminded that there will be two further opportunities for the EOC to review the CAFII submission - a preliminary point form draft available at the next EOC meeting and an advanced draft available in early October. CAFII also plans to have a liaison dialogue with CLHIA before both Associations send in their submission to MF, to ensure that the two Associations are well-aligned.

***ACTION: Review the documents tabled at this meeting related to the AMF consultation and provide submission input comments to either R. Beckford or B. Wycks [All EOC; September 8/17].***

***ACTION: Schedule two (2) Market Conduct Committee teleconference meetings, to provide input for CAFII's submission to the AMF; and to review an advanced draft [Caroline; September 1/17].***

It was further noted that in 2005, there was a CCIR consultation on conflict of interest that came out of the 2004 contingent commission scandal in the U.S. At the time, CCIR was looking at conflicts of interest to ensure that the same thing was not happening in Canada, which they concluded it was not. It was suggested that it might be useful to review the final report as part of the preparation for CAFII's response to the AMF consultation.

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***ACTION: Search for a copy of 2005 CCIR conflicts of interest paper and forward a copy to B. Wycks; so that if there is content therein that is relevant to CAFII's submission, the paper can be shared with Market Conduct Committee members [Caroline; September 8/17].***

**2. b. CAFII BC, Alberta, and Manitoba Regulators and Policy-Makers Visits Tour, October 16-19, 2017**

It was reported that for each of the six meetings to be held in Western Canada in mid-October, four or five EOC or Board members will be in attendance. It would be ideal to have one or two more members attend; however, CAFII is still well-represented with the volunteers who have stepped forward to date.

EOC Members' attention was drawn to the two-page document: *Confirmed CAFII Delegation Representatives for Western Canada Insurance Regulators and Policy-Makers Visits Tour October 17-19, 2017.*

**2. c. CAFII Stakeholder Meeting with CCIR, October 25/17**

CAFII's annual 40-minute stakeholder meeting with CCIR is scheduled for October 25, 2017. There are currently seven confirmed representatives for the CAFII delegation, including two Board members who have not participated in such meetings before. The time of the meeting has not been confirmed but CAFII has requested a morning slot on October 25.

**2. d. Sean Jacobs, CCIR Policy Manager**

EOC Members were advised that Sean Jacobs had resigned from FSCO and the Ontario Public Service, to move to the Canada Pension Plan Investment Board as Manager, Investment Risk. His last day as a CCIR Policy Manager will be August 25/17.

Martin Boyle will now be CAFII's primary contact as the remaining CCIR Policy Manager.

Concerning CCIR's plan to reach out to stakeholders in the summer to determine if there is any need to tweak the Annual Statement on Market Conduct, B. Wycks advised that he had heard nothing about that. He recalled that in addition to the Annual Statement matter, CCIR had previously indicated that it would be reaching out to stakeholder Associations in the summer to arrange follow-up meetings to discuss the Travel Health Insurance Products Position Paper, released May 27/17.

***ACTION: Follow up with Martin Boyle about (a) tweaks to the Annual Statement on Market Conduct; and (b) a CAFII meeting with TIWG representatives about the Travel Health Insurance Products Position Paper [Brendan, September 15/17]***

**3. Other Business**

**3. a. CAFII Website Modernization**

K. Martin reported that plans are moving forward to finalize all website content, after which it will be sent for translation into French.

It is anticipated that the new website will be ready to be reviewed at the next EOC meeting in September. The content will also be available to a larger audience of EOC members and friends of CAFII by that time – enabling more comments and broader feedback. Following a demo presentation at the September EOC meeting, the EOC will discuss next steps including a media release and any other public marketing information to be released as part of the launch.

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### **3. b. Date and Location of October 2017 CAFII Board and AMF Liaison Meetings**

Plans are well underway for the October 23/17 CAFII Board meeting and AMF liaison meeting in Levis, Quebec. Linda Fiset (Director, Desjardins Financial Security Life Assurance Company) has put E. Cloutier in contact with Elisabeth Reyt at Desjardins. Currently, there are 15 in-person confirmations of attendance, and another six who will participate via Adobe Connect/teleconference.

B. Wycks reported that seven (7) Board Directors are expected to attend in-person, and one (1) by phone (Robert Zanussi), so there should definitely be a quorum of six Directors present for the meeting.

### **4. Termination**

With no further business to discuss, the EOC meeting was terminated at 2:41 p.m. EST.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status 15-Sept-2017
		<b>CCIR</b>			
1	EOC August 22, 2017	<ul style="list-style-type: none"> <li>Follow up with Martin Boyle about (a) tweaks to the Annual Statement on Market Conduct; and (b) a CAFII meeting with TIWG representatives about the Travel Health Insurance Products Position Paper</li> </ul>	Brendan	15-Sep-17	Complete
		<b>BC Ministry of Finance &amp; FICOM Regulatory Issues</b>			
2	EOC Feb 16, 2016	<ul style="list-style-type: none"> <li>Investigate opportunities to engage with BC Ministry of Finance to provide information and find out more about what will be included in the Policy Paper to be released in late 2016.</li> </ul>	Brendan	Ongoing	In progress
		<b>Alberta Critical Illness Insurance Issue</b>			
3	EOC February 21, 2017	<ul style="list-style-type: none"> <li>Contact J. McCutcheon to ask her to review the definition of Creditors' Critical Illness Insurance approved by the Alberta LIC to ensure there are no issues with it from an industry-wide perspective.</li> </ul>	Brendan	28-Feb-17	Deferred
		<b>Saskatchewan Insurance Regulations Issues</b>			
4	EOC July 25, 2017	<ul style="list-style-type: none"> <li>Perform an analysis comparing the final version of the New Saskatchewan Insurance Act and Regulations compared to the initial draft and recommendations made by CAFII</li> </ul>	Brendan	30-Sep-17	In progress
		<b>Ontario Ministry of Finance &amp; FSCO/FSRA Regulatory Issues</b>			
5	EOC July 25, 2017	<ul style="list-style-type: none"> <li>Review and provide feedback on CAFII draft submission to S. Roberts, Director, FSRA Implementation Secretariat</li> </ul>	All EOC	27-Jul-17	Complete
6	Board June 6, 2017	<ul style="list-style-type: none"> <li>Proceed with an informal discussion through M. Gill – asking for a clarification on what FSCO is trying to achieve with its proposed questionnaire for the insurance arms of banks.</li> </ul>	Moira, John, Keith, Brendan	26-Jun-17	Complete
7		<ul style="list-style-type: none"> <li>Consider sending a letter to FSCO offering to assist in designing its proposed questionnaire.</li> </ul>	Keith, Brendan	30-Jun-17	Complete; offer to assist extended verbally in meeting with A. Monid
		<b>Quebec Ministry of Finance &amp; AMF Regulatory Issues</b>			
8	EOC August 22, 2017	<ul style="list-style-type: none"> <li>Access the 2012 CCIR study to determine if there is anything within it that could be used as content in CAFII's submission; and, if so, to provide it to the Market Conduct Committee</li> </ul>	Brendan	8-Sep-17	Complete
9		<ul style="list-style-type: none"> <li>Review the documents tabled at this meeting related to the AMF consultation and provide submission input comments to either R. Beckford or B. Wycks</li> </ul>	All EOC	8-Sep-17	Complete
10		<ul style="list-style-type: none"> <li>Schedule two (2) Market Conduct Committee teleconference meetings, to provide input for CAFII's submission to the AMF; and to review an advanced draft</li> </ul>	Caroline	1-Sep-17	Complete
11		<ul style="list-style-type: none"> <li>Search for a copy of 2005 CCIR conflicts of interest paper and forward a copy to B. Wycks; so that if there is content therein that is relevant to CAFII's submission, the paper can be shared with Market Conduct Committee members</li> </ul>	Caroline	8-Sep-17	Complete
12	Board June 6, 2017	<ul style="list-style-type: none"> <li>Consider moving the October 3/17 CAFII Board meeting to Québec City; and contact the AMF and ask if they would like CAFII to move the date to October 2/17 or October 4/17 to accommodate their schedules.</li> </ul>	Brendan	23-Jun-17	Complete
13	EOC May 23, 2017	<ul style="list-style-type: none"> <li>Contact E. Stevenson and/or Patrick Déry of the AMF to obtain advice on whether CAFII should send a communication to the Quebec Ministry of Finance requesting that a consultation period be held on the Omnibus Bill</li> </ul>	Keith, Brendan	20-Jun-17	Complete
		<b>Finance Canada Regulatory Issues</b>			
14	Board Nov 29, 2016	<ul style="list-style-type: none"> <li>Monitor Canadian Bankers Association's plans and actions for seeking redress with Finance Canada re deficiencies in Bill C29, Budget Implementation Act's Consumer Framework related to creditor insurance and standalone insurance products.</li> </ul>	Brendan	Ongoing	In progress

	Source	Action Item	Responsible	Deadline	Status 15-Sept-2017
<b>Regulator and Policy-Maker Meetings</b>					
15	Board June 6, 2017	• Canvas CAFII EOC and Board members to determine representatives for BC, Alberta, and Manitoba regulator and policy-maker meetings.	Brendan	26-Jun-17	Complete
16	EOC April 25, 2017	• Prepare and present proposal for an Atlantic Canada Regulators and Policy-Makers Visits Tour in the Fall of 2017	Brendan	31-Aug-17	Deferred
<b>Association Strategy and Governance</b>					
17	EOC June 20, 2017	• Review "Candidate Profile: CAFII Board Chair" and "Reverse Chronology CAFII Board Chair, Board Vice-Chair, EOC Chair, and Treasurer Appointees" and discuss with own CAFII Board member the possibility of his/her being a nominee for the CAFII Board Chair or Vice-Chair roles, for a 1 or 2 year appointment.	All EOC	05-Sep-17	In progress
18	EOC May 23, 2017	• Discuss with E. Fang and D. Quigley the process and next steps for identifying and recruiting new members for the Research and Education Committee	Keith, Diane	28-Jun-17	Complete
<b>Association Media and Communications</b>					
19	Board June 6, 2017	• Circulate the link to the modernized website for Board and EOC members to review and provide feedback	Keith	23-Jun-17	In progress
20		• Draft ten versions of CAFII responses to negative and/or inaccurate media columns/articles, to present to the EOC and the Board	Keith	31-Aug-17	Complete
<b>Association Administration</b>					
21	EOC July 25, 2017	• Poll the Board and EOC to determine if dates during the last two weeks of October may work as an alternative to October 3/17	Emily, Brendan	15-Aug-17	Complete
22		• Connect with alternate contact at Sigma Loyalty group to inquire whether they would be interested in CAFII membership	Keith, Brendan	15-Aug-17	Complete
23		• Prepare a benefits package on the value proposition of CAFII Membership for Laurentian Bank to review as a prospective applicant for CAFII membership in 2018.	Brendan, Keith	20-Oct-17	Complete
24		• Add review of CAFII membership dues policy to in camera agenda for October 2017 Board meeting agenda	Brendan, Keith	15-Oct-17	In progress
25		• Review list of CAFII initiatives to ensure they are on budget in terms of seasonality	Tony, Senait	19-Sep-17	Complete
26	EOC June 20, 2017	• Review the mandate of the CAFII Networking and Events Committee; solicit/recruit interest, as necessary; and propose 3-5 volunteers -- from among current EOC member or other individuals from member organizations -- to reconstitute and reactivate the Committee.	All EOC	24-Oct-17	In progress

# CAFII

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

## Balance Sheet

As at August 31, 2017

ASSETS	Current 2017	Year End 2016
<b>Current Assets</b>		
Bank Balance	\$427,366	\$322,192
Investments <sup>A</sup>	\$0	\$54,077
Accounts Receivable	\$0	\$0
Interest Receivable	\$0	\$109
Prepaid Expenses	\$4,929	\$17,856
Computer/Office Equipment	\$8,014	\$2,334
Accumulated Depreciation -Comp/Equip	(\$2,974)	(\$1,906)
Intangible Assets-Trademarks	\$0	\$0
Accumulated Amortization-Trademark	\$0	\$0
<b>Total Current Assets</b>	<b>\$437,334</b>	<b>\$394,661</b>
<b>TOTAL ASSETS</b>	<b>\$437,334</b>	<b>\$394,661</b>
<b>LIABILITIES</b>		
Current Liabilities		
Account Payable <sup>B</sup>	\$10	\$13,903
Deferred Revenue	\$158,075	\$0
Total Current liabilities	\$158,085	\$13,903
<b>TOTAL LIABILITIES</b>	<b>\$158,085</b>	<b>\$13,903</b>
<b>UNRESTRICTED NET ASSETS</b>		
Unrestricted Net Assets, beginning of year	\$380,758	\$358,991
Excess of revenue over expenses	(\$101,509)	\$21,767
Total Unrestricted Net Assets	\$279,249	\$380,758
<b>Total Unrestricted Net Assets</b>	<b>\$279,249</b>	<b>\$380,758</b>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$437,334</b>	<b>\$394,661</b>

### Financial Reserves Targets as per 2017 Budget:

Minimum 3 months (25%) of Annual Operating Expenses=	\$ 188,161
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 376,322

<b>Current Level of Financial Reserves</b> (total unrestricted net assets):	<b>\$279,249</b>
<b>Current Level of Financials Reserve (%)</b> :	<b>37%</b>

**CAFI**  
21 St Clair Ave east, Suite 802  
Toronto, ON, M4T 1L9  
**Balance Sheet Items**  
As at August 31, 2017

**Item A**

**Investment Portfolio**

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

**Item B**

**Accounts Payable**

	<u><b>Total</b></u>
A&B Courier	10.28
<b>Total outstanding:</b>	<u><u><b>10.28</b></u></u>

## CAFII

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

### Statement of Operations As at August 31, 2017

	Current Month	Current YTD	Budget YTD	Budget 2017	YTD % Used
<b>Revenue</b>					
Membership Fees	\$39,519	\$316,150	\$372,750	559,125	85%
Interest Revenue	\$0	\$126	\$167	250	76%
<b>TOTAL REVENUE</b>	<b>\$39,519</b>	<b>\$316,276</b>	<b>372,917</b>	<b>559,375</b>	<b>85%</b>
<b>Expenses</b>					
Management Fees	\$36,912	\$294,312	\$333,410	500,115	88%
CAFII Legal Fees/Corporate Governan	\$1,461	\$2,735	\$4,667	7,000	59%
Audit Fees	\$0	\$271	\$9,707	14,560	3%
Insurance	\$437	\$3,492	\$3,667	5,500	95%
Website (incl translation)	\$0	\$33,229	\$22,467	33,700	148%
Telephone/Fax/Internet	\$72	\$2,843	\$3,333	5,000	85%
Postage/Courier	\$66	\$244	\$250	375	98%
Office Expenses	\$117	\$526	\$2,200	3,300	24%
Bank Charges	\$13	\$13	\$27	40	47%
Miscellaneous Expenses	\$0	\$355	\$0	-	
Amortization Expense	\$0	\$0	\$0	-	
Depreciation Computer/Office Equipm	\$134	\$1,068	\$312	468	342%
<b>Board/EOC/AGM</b>					
Annual Members Lunch	\$0	\$10,247	\$8,800	13,200	116%
Board Hosting (External)	\$0	\$0	\$10,000	15,000	0%
Board/EOC/Meeting Expenses	\$309	\$13,393	\$7,333	11,000	183%
Industry Events	\$0	\$36	\$1,333	2,000	3%
EOC Annual Lunch	\$0	\$8	\$1,467	2,200	1%
<b>Sub Total Board/EOC/AGM</b>	<b>309</b>	<b>23,685</b>	<b>28,933</b>	<b>43,400</b>	<b>82%</b>
Provincial Regulatory Visits	\$0	\$3,303	\$5,333	8,000	62%
Research/Studies	\$0	\$0	\$33,333	50,000	0%
Regulatory Model(s)	\$0	\$3,700	\$13,333	20,000	28%
Federal Financial Reform	\$0	\$0	\$1,333	2,000	0%
Media Outreach	\$0	\$20,340	\$13,333	20,000	153%
Marketing Collateral	\$0	\$0	\$4,667	7,000	0%
Tactical Communications Strategy	\$0	\$379	\$0		
<b>Networking Events</b>	<b>\$0</b>	<b>\$350</b>			
Speaker fees & travel	\$0	\$0	\$2,667	4,000	0%
Gifts	\$0	\$445	\$333	500	133%
<b>Sub Total Networking &amp; Events</b>	<b>-</b>	<b>\$445</b>	<b>3,000</b>	<b>4,500</b>	<b>15%</b>
20th Anniversary Event	-	\$26,495	\$18,457	27,685	144%
<b>TOTAL EXPENSE</b>	<b>39,519</b>	<b>417,785</b>	<b>501,762</b>	<b>752,643</b>	<b>83%</b>
<b>NET INCOME</b>	<b>0</b>	<b>-101,509</b>	<b>- 128,845</b>	<b>- 193,268</b>	<b>79%</b>

#### Explanatory Notes:

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

# CAFII

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

## Membership Fees As At Aug 31, 2017

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

[Translation]  
**ISSUES PAPER**



**AUTORITÉ  
DES MARCHÉS  
FINANCIERS**

**MANAGING CONFLICT OF INTEREST  
RISK IN RELATION TO INCENTIVES**

**July 2017**

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## 1. INTRODUCTION

The issue of how to manage conflict of interest risk in relation to incentives is a topical subject in the financial sector. The Canadian Securities Administrators (“CSA”) is currently examining several aspects related to conflicts of interest stemming from compensation arrangements and incentive practices.<sup>1</sup> The Canadian Life and Health Insurance Association (“CLHIA”) has also published a report on individual insurance distribution practices from the perspective of the consumer.<sup>2</sup> These documents all refer to remuneration practices with the potential for conflicts of interest, to the detriment of the fair treatment of consumers. A number of other bodies in Canada and elsewhere around the world are paying special attention to this issue. The ultimate objective of these initiatives is the same, i.e., protect users of financial products and services.

In addition, several years ago the CSA began its work on remuneration practices in the securities sector, focusing primarily on the obligations of investment fund managers, advisers, brokers and representatives.

As for the insurance sector, there is already some supervision of the obligations of representatives and firms.

Insurers, which are manufacturers of insurance products, but also develop incentive programs for paying the various intermediaries who offer their products, must also comply with the applicable existing framework.

The *Act respecting insurance*, CQLR, c. A-32 (“Insurance Act”),<sup>3</sup> states: “Every insurer and every holding company controlled by an insurer must adhere to sound commercial practices. These practices include properly informing persons being offered a product or service and acting fairly in dealings with them.”

In June 2013, the *Autorité des marchés financiers* (the “Authority” or the “AMF”) published the Sound Commercial Practices Guideline (the “Guideline”) in order to communicate its expectations regarding results in matters of sound commercial practices. This Guideline applies to, among others, insurers governed by the Insurance Act.

In particular, the Guideline specifies that the AMF expects financial institutions to develop strategies, policies and procedures commensurate with the nature, size and complexity of their activities.

The Guideline also states that the AMF expects incentives not to affect the fair treatment of consumers. The term “**incentive**” is used in its broad sense and includes bonuses, commissions, salaries, premiums and fees in compensation programs, and other benefits (sales contests, promotions, perks, gifts, etc.).

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<sup>1</sup> CSA Consultation Paper 33-404 - *Proposals to Enhance the Obligations of Advisers, Dealers, and Representatives Toward Their Clients*, April 28, 2016; CSA Staff Notice 33-318 *Review of Practices Firms Use to Compensate and Provide Incentives to their Representatives*, December 15, 2016; and CSA Consultation Paper 81-408 - *Consultation on the Option of Discontinuing Embedded Commissions*, January 10, 2017.

<sup>2</sup> *Insurance Distribution in Canada: Promoting a Customer-focused System*.

<sup>3</sup> Section 222.2.

Consumers must be confident that recommended products truly meet their needs. Similarly, the AMF expects incentives not to interfere with the obligation of the institution or any intermediary between the institution and the client to act fairly when dealing with consumers.

Insurers' practices related to the design and management of incentives must therefore take into account potential conflicts of interest during the sales process of a given product.

Conflicts of interest arise where a party has competing professional and personal interests. This includes soliciting or accepting inducements where this would conflict with the insurer's or intermediary's duties to its customers.<sup>4</sup>

Since issuing the Guideline, the AMF has adopted a step-by-step approach to raise awareness in the insurance sector about its introduction and enable the implementation of measures to achieve the expected results.

To gain an overview of insurers' progress in implementing the Guideline, in May 2014, the AMF sent a self-assessment questionnaire (the "self-assessment") to 219 insurers licensed to operate in Québec.

In July 2015, following an analysis of the information received, the AMF released the results of this self-assessment in a report entitled *Results of the Commercial Practices Self-Assessment – Insurers* ("Commercial Practices Report"). This report presents the findings for each of the eight themes of the Guideline.

Although based on a self-assessment, the analysis identified certain areas requiring vigilance, one of which was incentives management. Among other things, the self-assessment revealed that in many cases insurers' incentive systems were based solely on volume of written premiums. Moreover, some incentives listed were such that they created a risk of conflict of interest, e.g., sales contests targeting a given product.

In most cases, the AMF was not able to identify incentives that explicitly factored in the fair treatment of consumers. However, some good practices were reported, including suspending the payment of the incentive in the following instances:

- when the customer satisfaction objective is not reached;
- when underwriting rules or the code of conduct (which includes factors pertaining to the fair treatment of consumers) are not observed.

When the AMF released the Commercial Practices Report it announced that it would conduct work in the areas of vigilance identified, including the management of incentives in the insurance sector.

Therefore, over the past few months, the AMF analyzed all of the documentation gathered through the self-assessment exercise, as well as during individual meetings with members of the insurance industry and during supervisory and inspection work.

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<sup>4</sup> Insurance Core Principles (ICP 19.7.1).

## **2. PURPOSE OF ISSUES PAPER**

This issues paper is another step in the process begun in 2013. Its purpose is to further discussions on the risk of certain incentive categories negatively impacting the fair treatment of consumers and on the control and supervision mechanisms that should be implemented to mitigate this risk. To do so, the AMF is addressing specific questions to industry stakeholders, and will use their answers and comments in its ongoing supervisory and inspection activities. If necessary, the work could also serve as a reference—similar to, for example, international core principles—when developing or reviewing frameworks. Similarly, a follow-up of consultations under way in the securities industry will continue.

This document therefore presents most of the incentives used in Québec, grouped by category. Each incentive category is then ranked by level of conflict of interest risk. This classification is based on an internal assessment of supervision using criteria determined by the AMF, as presented in section 5.

## **3. ANALYTICAL SCOPE AND METHODOLOGY**

This issues paper covers the incentives paid by insurers to firms, independent representatives and independent partnerships (including third-party administrators involved in the product offering process) and certified representatives, for both insurance of persons and damage insurance.

The data used for the work resulting in this discussion come from the information and documents on insurer practices the AMF obtained from its periodic supervisory and inspection activities and the self-assessment. Using this, the AMF was able to construct an overview of current industry incentives.

## **4. INCENTIVE CATEGORIES**

Many stakeholders can be involved in the distribution chain of insurance of persons and damage insurance products. The insurer may opt for direct distribution, the registrant network (firms, independent representatives and independent partnerships) and/or distribution through general agents and wholesalers (collectively referred to as “intermediaries” in this issues paper). All representatives and intermediaries involved receive incentives from the insurers whose products they distribute.

The AMF drew up a list of the main incentive categories from the information gathered, in order to rank them according to their conflict of interest risk based on certain criteria.

The incentives presented below pertain to both insurance of persons and damage insurance. For simplification, no distinction was made between the two sectors, although some incentives may apply to only one of the two sectors.

The AMF overview of insurance incentives does not include all terms and names used, since they can differ by industry sector, insurer, product, distribution method, etc.

## **4.1 Remuneration**

### **4.1.1 Salary**

Salary refers to the compensation received by persons bound by an employment contract. Employees of an insurer or a firm are generally paid a salary.

### **4.1.2 Fees**

Generally set by the person or entity to which they are paid, fees are a type of remuneration paid to professionals by clients in exchange for services rendered.

Other terms used: service fees, compensation.

### **4.1.3 Commissions**

Commissions are remuneration usually calculated as a percentage of the premium or amount invested. There are several types of commissions: They usually vary by type of insurance policy (e.g., permanent, term or universal life insurance; critical illness insurance; disability insurance; personal-lines and commercial-lines insurance), and by coverage options.

**There are several types of commissions:**

#### **Upfront commission**

The upfront commission is paid when a product is sold. It usually represents a percentage of the policy premium or amount invested and is generally paid once, when the policy is issued.

An upfront commission is earned by a representative or an intermediary, who retains it even if the client cancels the policy. How long it takes to earn the commission may vary based on the insurer and type of product sold. A representative or intermediary may have to reimburse the upfront commission received when the policy is cancelled before the commission is actually earned.

Other terms used for upfront commission: sales commission, brokerage commission, base commission, first-year commission.

#### **Level commission**

A level commission is an upfront commission spread over time. The commission is paid only once it is "earned." Therefore, if a policy is cancelled, the representative or intermediary keeps the portion of the commission that was paid to him or her by the insurer.

#### **Trailing commission**

Trailing commissions are paid to representatives or intermediaries for the ongoing services they provide to their clients. These commissions are added to upfront commissions. Trailing commissions apply only in insurance of persons.

Other term used: maintenance commission.

## **Renewal commission**

Payment of a renewal commission depends, as its name indicates, on a renewal. The commission is paid to a representative or an intermediary when the policy is renewed with the same insurer.

### **4.1.4 Bonus**

A bonus is an amount of money (fixed or based on a percentage of the premium volume, amount invested or commissions) paid to a representative or an intermediary as a reward or encouragement for sales performance. Bonuses can take various forms, such as:

#### **Overriding commission**

An overriding commission is paid on achieving a determined sales volume and is expressed as a percentage added to the upfront commission. In certain cases, the overriding commission aims to compensate a producer for increasing an intermediary's sales volume in a given geographic territory or business area, or for a specific type of product.

#### **Retention commission**

Retention commissions are paid to intermediaries and consist, for an insurer, in making the payment conditional on maintaining a certain volume of in-force policies. It may be paid annually by an insurer during a given number of years or for as long as the expected policy volume is maintained.

#### **Growth commission**

A growth commission pays an additional percentage based on the level of portfolio growth year over year. It is sometimes offered as a plan whereby intermediaries receive an increased commission percentage if they grow their business volume.

#### **Profit-sharing programs**

These programs are a form of supplemental compensation that applies based on the profits generated by a block of business. To obtain this remuneration, intermediaries must satisfy certain criteria in the representation contract over a given period of time. Frequent criteria include achieving a volume of new business or maintaining a customer retention rate or loss ratio according to a defined threshold. The chosen criteria differ from one insurer to another and the amount paid is based on a rate set out in the profit-sharing program or representation contract.

Other term used: contingent commission.

## **4.2 Other benefits**

### **Contests**

Contests are intended mainly for representatives and come in various forms. Some contests are intended to reward those who have achieved a minimum number of sales. Contest participation may also be completely random. Participants are chosen without taking the number of sales into account (e.g., representatives become eligible for the contest simply by making a sale). Prizes vary from cash to goods or services (e.g., show tickets, gift certificates, hotel accommodations, and attendance at conferences).

### **Other types of benefits**

Other types of benefits were also reported, including:

- Access to privileged circles (e.g., president's club, gala event for the top salespersons);
- Use of an IT platform or software; and
- Client referrals from insurers (prospects from the insurer's website).

## **5. CRITERIA IDENTIFIED BY THE AMF FOR ASSESSING CONFLICT OF INTEREST RISK**

According to the AMF, any incentive intended to stimulate, convince or encourage people to act in their own interests could interfere with the fair treatment of consumers if offsetting mechanisms are not in place. For the purposes of its analysis, the AMF ranked conflict of interest risk related to different incentive categories according to an internal assessment of supervision based on qualitative criteria.

Thus, incentives presenting one or several of the following criteria could encourage representatives or intermediaries to whom they are paid to put their own interests before that of consumers:

- The incentive is calculated only on premium volume or amount invested, and no other criteria promoting the fair treatment of consumers is taken into account (e.g., service quality or suitability of product sold).
- The incentive is triggered based on the achievement of a performance threshold (individually or as a group).
- The incentive is geared to the sale of a specific product or product category.
- The incentive is intended to promote the salesperson's reputation (top salesperson).

## **6. ASSESSMENT OF CONFLICT OF INTEREST RISK ASSOCIATED WITH INCENTIVES**

Based on the assessment criteria for conflict of interest risk, the AMF has attributed a risk score to the various types of incentives identified above.

### **6.1 Low-risk incentives**

#### **6.1.1 Salary**

Remuneration in the form of salary was considered a **low risk**, as it is usually fixed. It does not factor in account sales volume or performance and is not geared toward the sale of a specific product.

#### **6.1.2 Fees and service charges**

Fees and service charges are used infrequently in the insurance sector. They pose a **low risk**, since, like salary, they do not take into account sales volume or performance and are not geared toward the sale of a specific product.

### **6.2 Medium-risk incentives**

#### **6.2.1 Commissions**

Commissions are used widely as remuneration in the insurance industry. Overall, upfront commission rates per product are quite standard throughout the industry. However, commissions are calculated only on sales volume, i.e., premiums. Moreover, a product for which the insurer offers higher commission rates could lead the intermediary or representative to promote the sale of this product, without it being the most suitable product to meet the client's needs.

This type of incentive was therefore assessed as a **medium risk** of conflict of interest.

### **6.3 High-risk incentives**

#### **6.3.1 Bonuses**

Bonuses are clearly the most diverse form of incentive. They include many variants of paying representatives and intermediaries additional remuneration for product sales and all their work done in a reference year.

Bonuses are added to the base pay via commissions to which representatives and intermediaries are entitled under certain conditions. Some types of bonuses are more akin to a requirement by insurers to achieve a certain volume for a given year, e.g., growth commission. In all cases, the better the intermediary's performance, the greater and more lucrative the bonus.

For instance, profit-sharing programs (contingent commissions) are often very demanding in terms of targets and may influence intermediaries in the choice of products or insurer to propose to clients. These bonuses may represent large amounts.

Bonuses are directly linked to a premium volume and a performance threshold. Achieving a performance threshold puts pressure on representatives and intermediaries and, as a result, the AMF considers that bonuses represent a **high risk** of conflict of interest. Consequently, bonuses could lead to careless commercial practices. Representatives might be tempted to place their own interests before those of the client and recommend an insurance product that does not meet the client's real needs.

The AMF also believes that the accumulation of incentives may lead to prioritizing a specific insurer's products in order to earn greater total remuneration to the detriment of the fair treatment of consumers.

### **6.3.2 Additional benefits**

#### **Contests**

As regards other forms of incentives, the most common appear to be sales contests. This type of incentive is usually tied to the sale of a specific product, to a product category or to a representative's performance. The more product sales a representative makes, the higher the chance of taking part in contests. To qualify for a conference or trip or to win prizes, representatives could be tempted to focus their production in a single area. The AMF therefore considers contests to be at **high risk** of conflict of interest.

Conference and travel incentives were addressed by the CLHIA in its report published on February 26, 2016.<sup>5</sup> This report mentions that "in those situations where an advisor has a choice between various insurers, conference incentives could contribute to a perception of a conflict of interest."

Since the release of the Commercial Practices Report in 2015 and the CLHIA report in 2016, several insurers have discontinued sales contests involving trips and conferences, and indicated that they were reviewing their approach to this type of incentive. While this is a good start to managing incentives, the AMF considers that a comprehensive assessment of risk related to all forms of incentives should continue.

#### **Other benefits**

Membership in select clubs, the awarding of titles (e.g., sales manager), access to an IT platform or software, and client referrals are examples of other benefits that may prompt intermediaries to increase their sales volume to obtain the resulting benefit. In the case of titles, clients might believe that the representative earned the title because of his or her competence. The AMF therefore assesses this benefit as being at **high risk** of conflict of interest.

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<sup>5</sup> *Insurance Distribution in Canada: Promoting a Customer-focused System.*

## **7. QUESTIONS**

To move forward with the discussion on the risk of certain incentive categories interfering with the fair treatment of consumers and the control and supervision mechanisms that should be implemented to mitigate this risk, the AMF is addressing the following questions to insurance industry stakeholders. The information gathered will allow the AMF, as part of its supervisory activities, to pursue its work in this area and observe current or recommended practices. This work could also serve as a reference—similar, for example, to international core principles—when developing or reviewing frameworks.

**For each question, specify the details of the distribution method (direct distribution or registrant networks (firms, independent representatives and independent partnerships), if applicable.**

- 1. Should other incentive categories be added to the list of incentives? Which ones?**
- 2. Which details could be added to the descriptions of the various incentive categories?**
- 3. In your opinion, does the risk assessment presented in this document by incentive category adequately reflect conflict of interest risk? If your answer is “no,” explain why.**
- 4. What other criteria could be considered to assess the risk of conflict of interest in relation to incentives?**
- 5. What mechanisms do you have or plan to set up to mitigate the risk of conflict of interest in relation to incentives:  
(a) During the design and marketing of products?  
(b) During after-sales follow-up?**
- 6. Do your policies and procedures prohibit certain incentives deemed at high risk of conflict of interest? Please describe these incentives.**
- 7. Do you establish maximum thresholds for the overall incentives to be paid to an intermediary? Please provide examples.**
- 8. Have you formalized specific criteria for sales contest awards in order to mitigate their risk of conflict of interest? If so, please specify what these criteria are.**
- 9. Do you have mechanisms in place to foster transparency in the disclosure of incentives to consumers? If so, please explain what they are?**

- 10. For incentive categories deemed at high risk, do you think that mitigation measures could reduce the risk to an acceptable level? Please elaborate.**
- 11. Do you think that the accumulation of incentives could present an increased risk of conflict of interest? Please explain.**
- 12. Given the consultations under way in the securities sector,<sup>6</sup> do you believe that the insurance sector (overall or in certain subsectors) faces the same issues? Please develop and support your answer with examples and facts.**
- 13. Do you believe that incentives create a competitive imbalance between insurers of different sizes or, as regards investment products, between the insurance sector and the securities sector? Explain your answer.**
- 14. Do you believe that current incentive programs prevent product offerings that are more advantageous and less costly for consumers? Please explain your answer.**
- 15. In your opinion, which method of remuneration would most adequately mitigate conflict of interest risk?**

In line with the *Framework for Cooperative Market Conduct Supervision in Canada* of the Canadian Council of Insurance Regulators (CCIR), which is intended to foster greater collaboration and information sharing in the supervisory of market conduct risk in the insurance industry, CCIR members are interested in knowing whether the findings presented in this document could vary from other Canadian provinces.

- 16. Do you think that the incentives listed in this document are consistent across the provinces in which you operate?**
- 17. Are your mechanisms for managing conflict of interest risk associated with incentives consistent across the provinces in which you operate?**

---

<sup>6</sup> CSA Consultation Paper 33-404 - *Proposals to Enhance the Obligations of Advisers, Dealers, and Representatives Toward Their Clients*, April 28, 2016, and CSA Consultation Paper 81-408 - *Consultation on the Option of Discontinuing Embedded Commissions*, January 10, 2017..

## **8. CONCLUSION**

The AMF is inviting insurance stakeholders to submit their comments and observations about the points raised in this issues paper.

An electronic copy of this document is available on the AMF website at <https://lautorite.qc.ca/en/professionals/insurers/>

Please send your observations by October 15, 2017, by e-mail to [inc-form@lautorite.qc.ca](mailto:inc-form@lautorite.qc.ca) or, for insurers holding a licence, via the secure File Transfer Service (user code beginning with ALXXXX and password). Documents must be saved with the prefix INC-XXXX.

## Critical Path for CAFII Response Submission on AMF's "Managing Conflict Of Interest Risk In Relation To Incentives" Issues Paper

Task	Responsible	Timing/Deadline
Prepare Critical Path for CAFII submission and Discussion Points about Issues Paper, for review by Market Conduct Committee Chair.	B. Wycks	August 17/17
Provide feedback on Critical Path and Discussion Points to B. Wycks.	R. Beckford	August 17-18/17
Post revised Critical Path and Discussion Points for August 22/17 EOC meeting.	E. Cloutier	August 17-18/17
Facilitate EOC discussion on AMF Issues Paper and related CAFII Discussion Points, to secure input for Market Conduct Committee's review of Issues Paper.	R. Beckford/B. Wycks	August 22/17
Provide notes from EOC's discussion of Issues Paper and Discussion Points to B. Wycks and R. Beckford.	E. Cloutier/C. Bucksbaum	August 24/17
Arrange Market Conduct Committee Teleconference Meeting 1, on September 13, 14 or 15/17, to review Issues Paper and generate content input for CAFII submission; followed by Market Conduct Committee Teleconference Meeting 2 on September 26 or 27/17.	C. Bucksbaum	August 25/17 (B. Wycks on vacation from September 4 thru 11/17)
Teleconference Meeting 1 to review Issues Paper and provide content input re general observations, definitions, and positions in Issues Paper; as well as specific questions appropriate for CAFII to address.	Mkt. Conduct Ctte	September 13, 14 or 15/17
Draft preliminary/point form content for CAFII submission on Issues Paper, for review by EOC at September 19/17 meeting.	B. Wycks	September 18/17
Review and provide feedback on preliminary/point form content for CAFII submission.	EOC	September 19/17
Prepare Draft 1 of CAFII submission on Issues Paper, incorporating EOC input, for review by Market Conduct Committee Chair.	B. Wycks	September 20/17
Provide feedback to B. Wycks on Draft 1 of CAFII submission on Issues Paper.	R. Beckford	September 22/17
Prepare and circulate Draft 2 of CAFII submission on Issues Paper to Mkt. Conduct Ctte.	B. Wycks	September 22/17
Teleconference Meeting 2 to provide feedback on Draft 2 of CAFII submission.	Mkt. Conduct Ctte	September 26 or 27/17
Prepare Draft 3 of CAFII submission on Issues Paper.	B. Wycks	September 29/17
Meet with E. Hiemstra or other relevant CLHIA staff executive to discuss respective Association draft submissions, to check for general alignment and harmony.	B. Wycks/K. Martin	October 2-3/17
Refine Draft 3, if necessary based on CLHIA discussion, and circulate Draft 4 to Market Conduct Committee members, with deadline of October 6/17 for feedback.	B. Wycks	October 4/17
Provide feedback to B. Wycks on Draft 4 of CAFII submission.	Mkt. Conduct Ctte	October 6/17
Prepare and circulate Draft 5 of CAFII submission to EOC members, with deadline of October 12/17 for feedback.	B. Wycks	October 9/17
Provide feedback to B. Wycks on Draft 5 of CAFII submission.	EOC	October 12/17
Make final edits to draft submission, based on EOC input; and circulate to EOC Chair P. Thorn and Mkt. Conduct Ctte. Chair R. Beckford for final review and approval.	B. Wycks	October 13/17
Finalize submission, insert EOC Chair's electronic signature, and transmit to AMF.	B. Wycks	October 13/17

**Agenda Item 4(a)(3)**  
**September 19/17 EOC Meeting**

**Preliminary/Point Form Content For CAFII Submission On**  
**AMF's "Managing Conflict Of Interest In Relation To Incentives" Issues Paper**

CAFII will

- frame/approach our response from a high-level, risk- and principles-based perspective, without getting into or differentiating between specific types of insurance products and without addressing the AMF's specific questions on a deliberate, sequential basis.
- link our comments back, to the degree possible, to IAIS' *Insurance Core Principle 19, Conduct of Business*.
- comment on how the AMF's defines and classifies certain terms in its Issues Paper, including a possible disagreement with its classifying "salary" as an incentive.
- comment that "bonus" has been classified as a high-risk incentive; but that is not always the case, particularly where a bonus is structured as a component of an overall compensation package that is based on a number of objectives and not just sales or premium volume, e.g. a package that includes Fair Treatment of Consumers (FTC) objectives.
- highlight the FTC practices related to compensation and incentives which CAFII members embed in their organizational cultures, egs. ethics and integrity training, policies and procedures to promote FTC; related compliance monitoring, etc.
- comment on CLHIA's February 2016 paper on *Insurance Distribution in Canada: Promoting A Customer-Focused System*, which is referenced in the AMF Issues Paper, and speaks about incentives management on its page 6.
- reference CLHIA Guidelines *G13, Compensation Structures: Managing Conflicts of Interest*; and *G14, Confirming Advisor Disclosure*, to which all CAFII members adhere. These Guidelines are strong examples of how the industry has responded to regulators' concerns re conflict of interest.
- make a linkage to the CCIR Annual Statement on Market Conduct, which has a comprehensive Section 9 on Sales and Incentives Management; and encourage the AMF to use that nationally harmonized vehicle for such regulatory supervision/monitoring initiatives in the future, so as to reduce the number of independent provincial/territorial requests for industry data/responses.
- examine the AMF's 2014 "Summary of Results from Sound Commercial Practices Guideline Self-Assessment Survey" as a basis for additional relevant feedback on the current Issues Paper.

## CAFII Consultations/Submissions Timetable 2017-18

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

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



359832

September 1, 2017

Dear Stakeholder:

As you are aware, the Ministry of Finance is currently undertaking a broad review of the *Financial Institutions Act* (FIA) and the related *Credit Union Incorporation Act* (CUIA). The purpose of the review is to consider the regulatory tools British Columbia has to oversee credit unions, insurance companies and intermediaries, and trust companies, and whether changes to the legislative and regulatory framework are needed.

The Ministry released the initial public consultation paper for the FIA/CUIA review in 2015. More than 40 written submissions were received in response to the paper, including from the credit union system and individual credit unions, insurers and insurance sector and intermediary organizations, trust companies, public sector organizations, businesses, banking and other organizations, and individual British Columbians. Ministry staff also met with a number of stakeholders, including credit unions, insurance sector and intermediary organizations and associations, trust companies, individuals and others, to discuss their written submissions.

In 2016, the Ministry released a report which provided a high-level summary of the input provided by stakeholders.

Ministry staff are in the process of preparing a second consultation paper, setting out the Minister's proposed policy direction and outlining possible legislative and regulatory changes. Stakeholders will be invited to provide feedback on the proposed legislative and regulatory changes, and this feedback will be taken into account before legislative and regulatory changes are developed. It is anticipated that this second consultation paper will be released in early 2018.

Financial sector stability and consumer protection are important public policy objectives for government, and an effective regulatory framework helps to ensure that British Columbians continue to benefit from a financial services sector that is strong, stable, and inspires public confidence and trust. Government is committed to providing an effective and balanced regulatory framework which protects the interests of depositors, policyholders, beneficiaries, members and the public, while ensuring the financial services sector is not unduly burdened so that it is able to innovate, take reasonable risks, and compete effectively.

.../2

Thank you for your participation in this important review.

Sincerely,

A handwritten signature in blue ink that reads "Lori Wanamaker". The signature is written in a cursive style with a large initial "L".

Lori Wanamaker  
Deputy Minister

**Agenda Item 4(b)(ii)**  
**September 19/17 EOC Meeting**  
**Page 1 of 3**

**Analysis of Alberta Life Insurance Council's July 2017 Approved Definitions of Credit-Related Insurance  
Distributed Under A Restricted Certificate of Authority;  
Versus LIC's December 2016 Approved Definitions and  
CLHIA's "Industry feedback on December 2016 Creditor's Group Insurance Definitions"**

*(See Appendix A for July 2017 LIC-Approved Definitions of Creditors' disability insurance; Creditors' Critical Illness Insurance; Creditors' life insurance; and Creditors' loss of employment insurance)*

Definition of Creditors' disability insurance: the July 2017 approved definition of this type of credit-related insurance is noticeably changed from the LIC's December 2016 approved definition. The newly approved definition appears to address CLHIA/CAFII's concerns re language that had the potential to confuse consumers, while also blending in nicely previous AIC language which was not of concern to the industry.

Definition of Creditors' critical illness insurance: CAFII and CLHIA were happy with the December 2016 approved definition of this type of credit-related insurance; and did not raise any concerns about it. The July 2017 approved definition has been altered very slightly from the December 2016 approved version. However, the change is of a housekeeping nature only and not material. The change is simply that the final sentence has been made a sentence unto itself, rather than being a final element of the previous sentence. CAFII should be happy with and reassured by the approved definition.

Definition of Creditors' life insurance: the July 2017 approved definition of this type of credit-related insurance is noticeably changed from the LIC's December 2016 approved definition. The newly approved definition appears to address CLHIA/CAFII's concerns re language that had the potential to confuse consumers, while also blending in nicely previous AIC language which was not of concern to the industry.

Definition of Creditors' loss of employment insurance: the July 2017 approved definition of this type of credit-related insurance is noticeably changed from the LIC's December 2016 approved definition. The newly approved definition appears to address CLHIA/CAFII's concerns re language that had the potential to confuse consumers, while also blending in nicely previous AIC language which was not of concern to the industry.



July 14, 2017

Mr. Brendan Wycks  
Co-Executive Director  
Canadian Association of Financial Institutions in Insurance  
802-21 St. Clair Avenue East  
Toronto, ON M4T 1L9

Dear Mr. Wycks:

I am writing to follow up on our previous discussions and communications regarding credit related insurance distributed under a restricted certificate of authority.

The Life Insurance Council (LIC) appreciates the assistance you have provided in reviewing proposed definitions and sharing your feedback and recommendations.

The LIC has approved the following definitions for publication on the Alberta Insurance Council website:

**Creditors' disability insurance:** This is group insurance under which an insurer undertakes to pay all or part of a loan if a debtor becomes disabled. The insurance proceeds are paid to the creditor to pay down or pay off the debt. The amount of the insurance usually corresponds to the amount of the payments that fall due during the period of disability;

**Creditors' Critical Illness Insurance:** This is a group insurance policy under which an insurer undertakes to pay off credit balances or debts of a person, in whole or in part, if the insured individual is diagnosed with a covered illness or medical condition. The insurance proceeds are paid to creditor to pay down or pay off the debt;

**Creditors' life insurance:** This is a group insurance policy under which an insurer undertakes to pay off, in whole or in part, credit balances or debts of a person. The insurance proceeds are paid to the creditor; and the amount of the insurance is the amount of the loan outstanding from time to time, subject to any limits in the policy; and

**Creditors' loss of employment insurance:** This is a group insurance policy under which an insurer undertakes to pay off, in whole or in part, credit balances or debts of a person if the insured individual becomes unemployed. The insurance proceeds are paid to the creditor to pay down or pay off the debt.

... 2



Thank you again for your assistance throughout this process. Please let me know if you have any questions or concerns.

Yours truly,

A handwritten signature in blue ink, which appears to read 'Joanne L. Abram', is written over the typed name.

Joanne L. Abram (Mrs.)  
Chief Executive Officer  
Alberta Insurance Council

JA/cm

**Regulatory Update – CAFII Executive Operations Committee, 15 September, 2017**

Prepared by Keith Martin, CAFII Co-Executive Director

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## **Federal / National**

### **CCIR -- CCIR Announces Intention To Publish Position Paper on Segregated Funds**

The Insurance and Investment Journal reported on 29 August, 2017 that the Canadian Council of Insurance Regulators (CCIR) had announced that it will publish a position paper this fall outlining its recommendations and expectations with the aim of improving disclosure for segregated funds.

In a statement, the CCIR said it expects that its work in this area will result in "significant changes in the regulation of segregated funds; changes that are intended to ensure customers better understand the costs and performance of their segregated fund investments."

The recommendations to be made in the position paper will refer to issues such as "the delivery of the Fund Facts document for subsequent transactions, risk classification methodology, oversight of sales, needs-based analysis, updating of client records and know-your-product due diligence requirements," says the announcement.

The CCIR says it will also publish a prototype disclosure document. This document, expected to be released in winter 2018, will identify minimum required information on performance as well as on fees and charges, says the CCIR.

"Ensuring that customers have the information needed to understand not only how their segregated funds are performing, but also their full costs is of the utmost importance to us." Anatol Monid, Chair of the CCIR's Segregated Funds Working Group and Executive Director of the licensing and market conduct division of the Financial Services Commission of Ontario (FSCO).

The CCIR's announcement follows its review which was aimed at assessing the regulatory framework of seg funds, especially in light of recent regulatory reforms impacting mutual funds. In May of 2016, the CCIR's Segregated Funds Working Group published an issues paper for public consultation.

The full article is available at:

<https://insurance-journal.ca/article/ccir-sets-sights-on-better-disclosure-for-seg-funds/>

### **Canadian Life and Health Association of Canada (CLHIA) -- Stephen Frank appointed President and CEO of CLHIA**

The Insurance and Investment Journal, in a 4 July, 2017 articles notes that Stephen Frank has been appointed President and CEO of the Canadian Life and Health Insurance Association, announced Paul Mahon, Chair of the CLHIA July 4. In his new role, Mr. Frank replaces Frank Swedlove, who has retired after 10 years with the CLHIA.

"Canada's life and health insurance industry is entering one of its most intense eras of change, particularly in areas of public policy such as the industry's distribution and disclosure practices, and lowering prescription drug costs for all Canadians," said Frank in a statement. "We will continue to put our customers' interests first and I look forward to working with governments and other stakeholders to develop solutions to these important issues."

Frank, who has been working for the CLHIA since March 2010, most recently held the position of Senior Vice President, Policy. He is a member of the Board of the Canadian Drug Insurance Pooling Corporation.

Before joining the CLHIA, Frank held senior roles in global transaction banking and financial strategy at a major bank. Earlier in his career, he worked as an economist in the Financial Sector Policy branch at the Department of Finance.

He holds a Master's of Finance degree from the University of Cambridge and a B.A. (Honours) Economics degree from Queen's University.

### **Travel Health Insurance Association (THIA)**

#### **THIA Unveils "Seal" In Support Of Travel Insurance Bill Of Rights and Responsibilities**

At its AGM on September 12/17, attended by B. Wycks, THIA unveiled a "seal" in support of its recently launched Travel Insurance Bill of Rights and Responsibilities (BofRs). The seal – which reads "We Support THIA Bill Of Rights" and looks very similar to the well-known "Good Housekeeping Seal of Approval – is a supplementary item intended to assist THIA members in implementing and promoting the BofRs with consumers and other interested parties.

The seal is expected to be finalized and rolled out to THIA members by the end of 2017, for early adoption and use in Q1 of 2018. A revamped THIA member package will include jpeg, eps, and pdf versions of the seal, as well as usage guidelines.

In an article titled "THIA's Bill of Rights: A Long Time Coming," editor Milan Korcok writes that "for the Bill to become fully effective, all travel insurers, allied services providers, and product distributors need to promote it, explain it to customers (and don't forget the media outlets in your community) and be prepared to be challenged by customers who insist on their Rights being upheld, just as they must be held accountable for their own Responsibilities.

"This is not a complex, fine-print document. It's straightforward, concise, plain language, and, interesting to note, consumers have a listing of 10 Rights and only 4 Responsibilities. Now what could be more consumer-friendly than that?"

#### **THIA Partners With Oliver's Learning For Launch Of Travel Insurance Professional Designation**

After an RFP process, THIA has selected Oliver's Learning as its partner for the launch of the Association's Travel Insurance Professional (TIP) designation program, the curriculum for which is currently being finalized. An Oliver's executive gave a demonstration presentation of his company's learning management system (LMS) at THIA's AGM on September 12/17.

Oliver's Learning is part of Oliver's Publishing Inc., which has been in business for over 30 years. Oliver's Learning has extensive experience in course development and online delivery; its roots are in "regulated learning" including the Certified Financial Planner (CFP) program and the Life Licence Qualification Program (LLQP). BMO, CIBC, iA Financial, and Forester's Financial are clients of Oliver's Learning.

Under the partnership agreement worked out between THIA and Oliver's Learning, Oliver's will invest the capital required to develop online learning modules based on the THIA-developed TIP curriculum; Oliver's will handle launch and ongoing marketing expenses; THIA will own the Oliver's-developed online learning modules and will share in the net income generated through sales.

THIA expects that the TIP program will launch in 2018. THIA President Will McAleer said that TIP is a key initiative which will contribute toward the achievement of several of the Association's strategic objectives including increasing the value of membership; promoting and growing the membership; investing in professional and public education; and promoting the value of travel insurance. He indicated that at the time that CCIR launched its review of travel health insurance in 2015, Jill McCutcheon, legal counsel to THIA, called the education program which THIA planned to develop "the keys to the kingdom."

In private discussion with B. Wycks following conclusion of the THIA AGM, Mr. McAleer advised that THIA would be open to creating different versions/levels within the TIP program, suggesting that a less extensive and condensed "TIP Lite" could be offered to CAFII members so that their customer service representatives who sell travel insurance could earn a certification/designation related to the product.

**Canadian Bankers Association (CBA) -- Remarks made on 5 June, 2017 by Darren Hannah, Vice President – Finance, Risk, and Prudential Policy to the House of Commons Standing Committee on Finance regarding Consumer Protection and Oversight**

In remarks to the House of Commons Standing Committee on Finance, the CBA states that banks take compliance seriously:

"Banks have a strong track record of following both the letter and the spirit of the law in dealing with customers. Banks devote considerable time, effort, and resources to ensuring strong compliance. They take extensive steps to make sure that customers subscribe to the products and services they want and which they have consented to receive.

"Banks have clear guidelines, policies, and procedures in place to ensure products are described accurately and completely to their clients.

"Banks also have established Codes of Conduct that articulate employee behaviour including expectations related to integrity and sales practices. All employees are required to attest to compliance with the Code of Conduct on an annual basis. Should an employee not adhere to the bank's Code of Conduct, banks take corrective action to address employee behaviour."

On Employee incentives, the CBA noted that:

"Bank performance management systems and incentives are designed to reinforce appropriate practices, conduct, and culture that promote a client-centric, advice-driven approach. Performance management systems include several layers of controls, governance, and oversight to ensure appropriate conduct, and to detect and address potential incidents of inappropriate behaviour. A key factor in the goal setting process for employees is that sales objectives are designed to align with creating value for customers, and that objectives are reasonably obtainable and aligned across products and channels."

Regarding regulators, the CBA stated that:

"Finally, I want to comment briefly on the banks' relationship with our regulators. We work closely with FCAC and OSFI on consumer and prudential matters respectively. Canada's streamlined and effective financial regulatory system has become a model for the world, providing a strong federal consumer and prudential regulatory regime in which banks operate.

“Specifically on consumer regulations, banks cooperate with the FCAC to ensure compliance with those regulations including express consent and disclosure. As you have heard, the FCAC regularly conducts reviews of the banks’ business practices, and banks cooperate with them on these reviews.”

The full comments can be reviewed at:

<https://www.cba.ca/remarks-consumer-protection-2017>

## **Saskatchewan**

### ICS Moving Forward With CAFII, CLHIA On RIA Representation Initiative

CAFII has had a long-standing initiative, deferred since 2013 by the Insurance Councils of Saskatchewan, to secure a productive mechanism for our members to be adequately and appropriately represented in the body responsible for Restricted Licence Holders in Saskatchewan.

The CAFII delegation to Saskatchewan in June, 2017 raised this matter with Ron Fullan, the Executive Director, Insurance Councils of Saskatchewan, and his compliance lead April Stadnek at a meeting in Saskatoon on 2 June, 2017. At that meeting, we reintroduced our hope that we could hold a joint meeting with ourselves, the CLHIA, and the Insurance Councils of Saskatchewan to review this matter.

In a note to CAFII and CLHIA on 11 September, 2017 Ron Fullan offers to hold a meeting on precisely this issue. Mr. Fullan writes:

*Hi Erica/Brendan/Keith*

*I’m following up on discussions we had earlier this year concerning the establishment of the RIA Advisory Committee that is contemplated with our new Act and Bylaws.*

*April Stadnek and I had suggested that a joint meeting with CLHIA and CAFII would be helpful in defining the final parameters for the Advisory Committee. April and I will be in Toronto on October 26th and 27th, and would like to set up an initial meeting to discuss the issue. . . .*

### Saskatchewan Premier Candidate Vows To Rescind Sales Tax On Insurance

Lyle Adriano of Insurance Business Canada reports in a 30 August 2017 update that Meadow Lake MLA Jeremy Harrison has revealed that if he wins the Saskatchewan Party leadership, he would roll back the provincial sales tax (PST) levied on insurance premiums.

Harrison had originally supported the tax, which was part of the March 22 provincial budget. However, he claimed he has changed his tune on the policy after hearing feedback from the public.

“Many individuals use life insurance as a savings mechanism, while others use it as a way to transition their small business from one generation to the next,” he said in a news release. “Insurance is often another way of saying ‘savings.’”

The official also added that the 6% PST rate is also affecting farmers.

“Many producers expect to see thousands, if not tens of thousands, in increased insurance costs for crop insurance, for instance,” he noted.

CBC News reported that Harrison announced his bid for the Saskatchewan Party leadership after the previous Premier Brad Wall announced his resignation.

## **Manitoba**

### Jim Scalena Returns As Superintendent Of Insurance On Short-Term Basis

In a July 31/17 telephone conversation with B. Wycks, Scott Moore, Manitoba’s Deputy Superintendent of Insurance, advised that – due to the retirement of Acting Superintendent of Insurance Ken Lofgren – the previous Superintendent of Insurance Jim Scalena has rejoined the Financial Institutions Regulation Branch (FIRB) on a post-retirement, short-term basis.

Mr. Scalena is currently serving as Superintendent of Insurance and Registrar of Credit Unions, with a particular focus on credit union-related issues. He will be completing his contracted assignment and retiring again in November 2017.

Mr. Moore indicated that he is not sure what FIRB’s structure will be after Mr. Scalena departs in November. One option is to go back to having two Deputy Superintendents, one each for Insurance and Credit Unions. If that is the staff executives model which FIRB decides to implement, then it is probable that the two Financial Services Officers on FIRB’s small staff team – both of whom currently report to Mr. Moore, as Deputy Superintendent of Insurance -- will likely be vying for the Deputy Superintendent of Credit Unions position.

Mr. Moore was leery of potentially creating a perception of favouritism to one Financial Services Officer over the other – by inviting one of them to join him in attending the CAFII liaison and presentation meeting being hosted by the Insurance Council of Manitoba in Winnipeg on October 19/17 – so he will likely attend on his own as the lone representative from FIRB.

## **Ontario**

### FSCO -- FSCO Life Insurance Working Group Provides Update on Bank – Owned Insurance Questionnaire on Sales Practices

The second meeting of FSCO’s new Life Insurance Working Group (LIWG) was held on Tuesday, 12 September, 2017 at FSCO’s head office. Industry participants are CAFII; the Independent Financial Brokers of Canada (IFB); the Canadian Association of Independent Life Brokerage Agencies (CAILBA); the Canadian Life and Health Insurance Association (CLHIA); and Advocis. The meeting is chaired by Heather Driver, Director of the Licensing Branch.

At the meeting, Keith Martin asked for an update on the intention, first announced at the inaugural meeting of the LIWG on 30 May, 2017, to require bank-owned insurance companies to answer a questionnaire on their sales practices. Isabel Scovino, Director, Market Regulation Branch at FSCO, stated that the questionnaire was still in production. It would focus on two elements: first, an attestation on the controls and practices used by the insurance companies owned by banks to prevent high pressure sales methods; second, a review of the sales incentives and techniques used by banks sales teams for the sale of insurance incidental to the sale of other products like mortgages or loans,

including what controls are used over these distribution channels. The questionnaire would be subject to consultations with stakeholders prior to distribution, and the timing of the distribution of the questionnaire was still in discussion.

#### **FSCO -- FSCO Life Insurance Working Group Provides Update on Life Insurance Agents' Examinations**

At the second meeting of FSCO's LIWG an update was provided by Swati Agrawal, Manager, Market Conduct Compliance, on Life Insurance Examinations, which are conducted to explore potential lack of compliance with FSCO legislative requirements for registered life insurance agents. Ms. Agrawal reported that FSCO regulates nearly 45,000 life insurance agents. A compliance system has been developed to ensure that these agents adhere to the requirements placed on them. In 2015-2016, this compliance system was expanded to include on-site examinations. In that initial year of on-site examinations, 214 high risk agents, largely identified through complaints, were subject to on-site examinations. In year 2 of the program, 2016-2017, a refined approach was taken that included a scoring algorithm to identify proactively potential at-risk agents based on a sampling of agents and an assessment of risk factors; in that year, about 200 agents were subject to on-site examinations, and 22 were subject to a follow up review.

In the current 2017-2018 year, a new desk review has been added to supplement on-site reviews. FSCO buckets life agents into high, medium, and low risk buckets, with high risk agents subject to potential on-site visits, of which 150 are slated for this year; the medium risk agents are subject to a desk review which, if warranted, can be escalated into an on-site review. The desk review will include a questionnaire which is in development, and a copy of which was shared with Working Group members for their review and feedback.

Ms. Agrawal also noted that FSCO reviews have identified a decline in compliance with requirements over time, but she hastened to point out that part of the reason is a more comprehensive review methodology that captures non-compliance more effectively than in the past.

#### **Ministry of Finance Newsroom Bulletin – Province Moving Forward to Establish Financial Services Regulatory Authority of Ontario**

The Ministry of Finance issued a Newsroom Bulletin on 30 June, 2017 in which it stated the following:

“Ontario is updating and strengthening the regulation of financial services and pensions through the appointment of the first board of directors for the Financial Services Regulatory Authority of Ontario (FSRA).

“Bryan Davies (Chair), Kathryn Bouey and Judith Robertson will supervise the management of FSRA's affairs, including the development of a detailed transition plan. FSRA, a new, flexible and innovative financial services and pension regulator, will strengthen consumer, investor and pension plan beneficiary protection through adaptive, modern regulation.

“The government will also continue to consult with stakeholders and review recommendations from the expert advisory panel that recommended the creation of FSRA. This work will inform the development of FSRA’s mandate and governance structure.”

The full bulletin can be found at: <https://news.ontario.ca/mof/en/2017/06/strengthening-protections-for-consumers-investors-and-pension-plan-beneficiaries.html>

### **Insurance Brokers Association of Ontario (IBAO) --- Ontario Brokers Come Together at Largest Insurance Convention in Canada**

Canadian Underwriter reports in an 8 September, 2017 article that the IBAO is holding their annual convention in Ottawa, Ontario from 25-26 October, 2017. The convention will include a focus on insurance company partners and their strategic direction. “We greatly value our insurance partners,” said IBAO CEO Colin Simpson. “We want to provide a platform for our members to ask first-hand about the decisions they’re making and the directions they’re choosing to take. We’re all in the midst of planning the future of our businesses – it’s important to align with partners who have brokers at the forefront of their distribution strategies, who add value to the broker network.”

Further information about the IBAO Convention can be found at [www.ibao.org/convention](http://www.ibao.org/convention)

### **International:**

#### **Australia**

### **The Australian Securities and Investments Commission (ASIC) says it needs more Regulatory Authority to Deal with Insurance Companies**

MoneyManagement reports on 11 September, 2017 that the Australian Securities and Investments Commission (ASIC) deputy chair, Peter Kell has told the Joint Parliamentary Committee on Corporations and Financial Services that the regulator believed changes needed to be made to the *Corporations Act* to allow ASIC to deal with a range of insurance issues, including claims handling and common insurance terminology language and definitions.

The full article is available at <http://www.moneymanagement.com.au/news/life-risk/asic-wants-common-insurance-language>

### **ASIC Plans Reforms to Add-On Insurance Offered through Car Dealerships**

In a news release on 24 August, 2017 the Australian Securities and Investments Commission (ASIC) says that it will consult on reforms to regulations on add-on insurance offered through car dealerships. “Last year we revealed sector-wide failings when it came to the sale of add-on insurance products through car dealerships,” ASIC Deputy Chair Peter Kell said. Deputy Chair Peter Kell added: “This consultation is about strengthening the regulatory framework so that consumers are not pressured into purchasing insurance they simply do not need or understand. It will also ensure compliance is not an afterthought, as compliance monitoring and supervision by insurers will be strengthened at the point of sale.”

ASIC has also announced that it will be undertaking significant data collection from insurers involved in this sector to enable better ongoing assessment of consumer outcomes. For example, ASIC will collect data on claims ratios on add-on products (the amount paid in insurance premiums compared to the amount paid out in claims).

The proposals would apply to all add-on financial products sold in connection with the purchase of a new or used car—with the exception of comprehensive car insurance and compulsory third party insurance.

The News Release can be found at <http://asic.gov.au/about-asic/media-centre/find-a-media-release/2017-releases/17-280mr-asic-consults-on-reforms-to-add-on-insurance-sales-to-drive-better-outcomes-for-consumers/>

## **Research, Thought Leadership, and Innovation**

### TD Survey Finds Life Insurance Takes A Backseat To Millennials' Other Priorities

Leah Golog of Investment Executive reports in a 20 June, 2017 update that although many millennials are buying their first home or starting a family, many still don't have life insurance or fully understand its benefits, according to a recent survey from Toronto-Dominion Bank (TD).

In fact, 55% of millennials don't currently have life insurance while only about 33% have considered life insurance, particularly to protect their loved ones in event of worst-case scenarios, the TD survey finds.

"As millennials are in the midst of this new life stage, it's clear that they want to protect their families and loved ones," says Mark Hardy, senior manager of direct life and health with TD Insurance, in a statement. "But with so many other financial responsibilities, it can be daunting to know where to start."

In terms of priorities, life insurance takes a backseat behind managing day-to-day expenses, paying down debt, saving for a house and saving for retirement, the TD survey finds.

"There is no doubt that getting married or becoming a parent is a key life event when people realize the importance of having life insurance," Hardy says. "Less understood is that the younger you are when you buy life insurance, the less you'll pay for your coverage and your premiums will not increase for the term you choose."

However, the survey results indicate that many millennials are in the dark as to what life insurance protects exactly. For example, 68% of millennials believe life insurance is best used to cover one-time expenses, such as a funeral.

Many millennials are unaware, the survey finds, that life insurance can support day-to-day living expenses, mortgage payments, lost income and student loans.

For financial advisors looking to reach this demographic, Hardy says in a statement to Investment Executive that they need to dispel "some of the pre-conceived notions that [millennials have] built up over time with respect to the purpose of life insurance, helping them build an understanding of the real cost and filling that gap where they may not have even been asked about insurance in the past."

*EnviroNics Research Group conducted an online survey of 1,000 Canadian adults in May on behalf of TD.*

The article can be found at [http://www.investmentexecutive.com/-/life-insurance-is-a-low-priority-for-millennials?redirect=%2Fnews%2Fproducts%3Futm\\_source%3Dnewsletter%26utm\\_medium%3Dnl%26utm\\_content%3Dinvestmentexecutive%26utm\\_campaign%3DINT-EN-morning#sthash.DtigLm0.dpuf](http://www.investmentexecutive.com/-/life-insurance-is-a-low-priority-for-millennials?redirect=%2Fnews%2Fproducts%3Futm_source%3Dnewsletter%26utm_medium%3Dnl%26utm_content%3Dinvestmentexecutive%26utm_campaign%3DINT-EN-morning#sthash.DtigLm0.dpuf)

### Sun Life Assurance Company of Canada Advances Digital Strategy with Executive Appointment

Investment Executive reports that Toronto-based Sun Life Assurance Co. of Canada reinforced its commitment to data, analytics and other digital tools with the appointment of Stevan Lewis to the newly created position of senior vice president of digital transformation.

In his new role, Lewis – who was previously senior vice president and chief technology officer at Sun Life – will be responsible for shaping the life insurer's vision and enterprise strategy for digital, data and analytics.

"I'm thrilled to take on this role at such an exciting time for both Sun Life and our industry," Lewis said in a statement. "Data is the new currency and the forces of change — demographics, technology, client expectations, external partnerships, and market disruptors — are all moving at an unprecedented speed. I look forward to finding opportunities to augment our client ecosystem to adapt faster than ever as we keep redefining what it means to be relevant with our clients."

Lewis has been with Sun Life since 2009, and previously, he held various executive positions with Toronto-based Bank of Montreal.

Lewis will report to Mark Saunders, executive vice president and chief information officer.

"We've had tremendous success in making it easier for clients to connect with Sun Life using innovative technologies to enhance their experiences and we have exciting opportunities ahead to further tap into data to differentiate their future experiences with us," said Saunders in a statement. "I look forward to working closely with [Lewis] on this global transformation of our business."

The appointment is the latest step by Sun Life to advance its digital strategy. In late August, the company announced the launch of a new mobile life insurance application, called Sun Life GO, which lets clients apply for various insurance products on their smartphones or tablets.

The full article is available at [http://www.investmentexecutive.com/-/sun-life-advances-digital-strategy-with-executive-appointment?utm\\_source=newsletter&utm\\_medium=nl&utm\\_content=investmentexecutive&utm\\_campaign=INT-EN-morning&oft\\_id=9692924&oft\\_k=qOD1FJwk&oft\\_lk=CIVbZQ&oft\\_d=636407371077400000](http://www.investmentexecutive.com/-/sun-life-advances-digital-strategy-with-executive-appointment?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&oft_id=9692924&oft_k=qOD1FJwk&oft_lk=CIVbZQ&oft_d=636407371077400000)

### Globe and Mail Suggests Canadian Banks' Stock Growth Will Halt, Partly Due To Insurance Growth Limitations

Ian McGugan of the Globe and Mail writes in a 30 June, 2017 article that “the outlook for Canadian bank stocks over the next decade still looks only so-so. The reason is simple: Banks have little, if any, expansion room left in this country. The Big Five already dominate every area of financial services, outside of some areas of insurance that will probably continue to be off-limits due to political pressure and regulatory barriers.”

The full article is available at

<http://www.globeinvestor.com/servlet/ArticleNews/print/GAM/20170630/RBMLOSINGSTEAM>

### Internet Threatens Insurance Brokers' Jobs: Insurance Business Canada

A 13 September, 2017 piece in Insurance Business Canada states that although traditional brokerages continue to serve an important role in the insurance space, more small firms are taking out the middleman by directly purchasing insurance online.

“The traditional insurance broker, their days are numbered,” said Christopher Williams, Tokio Marine HCC CEO. “If you look at a smaller premium, SME-type business, it will be very soon where you can do that online.”

Williams thinks that the current roles of insurance brokers will be rendered redundant thanks to insurance technology, or insurtech.

“Smaller firms will soon turn online for their insurance needs, rather than relying on a broker,” he said.

The full article is available at:

<http://www.insurancebusinessmag.com/ca/opinion/internet-threatens-insurance-jobs-78889.aspx>

### Incoming Manulife CEO Says Insurance Industry Still In Dark Ages

A Reuters article on 7 September, 2017 reports that Incoming Manulife chief executive Roy Gori said that the insurance industry is “still in the dark ages” and needs to transform its technologies to adapt to changing consumer behaviors. Speaking at the Scotiabank Financials Summit on 7 September, 2017, Gori, who is taking over as CEO next month, said the vast majority of Manulife’s technology budget is spent on maintaining existing systems rather than investing in new technologies.

“We need to transform our business to be much more of a technology-driven company,” he said. “We need to become a much more customer-orientated organization and quite frankly the entire industry does. In many ways, if I’m absolutely honest, our industry is still in the dark ages.” Gori, who will replace Chief Executive Donald Guloien, said customers are looking to be able to buy insurance products instantly rather than be bogged down with paperwork.

“If you apply for an insurance product you’ll get a 16-page application form with 120 questions more often than not. It’s still very paper-based, very manual and, as a result, our industry net promoter scores are really very poor,” he said. Gori said embracing new technology was key to changing processes.

“Customers engage today on their phones with other organizations in a seamless, transparent and very efficient way,” he said. “That’s not how they work with the insurance industry, so we need to transform our technology footprint.”

The full article is available at <http://ca.reuters.com/article/businessNews/idCAKCN1BI1VS-OCABS>

#### RBC, Aviva Learned Lessons after their Partnership

Jacqueline Nelson of the Globe and Mail reports in a 6 September, 2017 article that RBC and Aviva learned much after their 2016 \$582-million deal. The deal turned the two former competitors into partners, through a 15-year arrangement allowing RBC to continue selling products under its existing brand name. RBC’s insurance had Neil Skelding says the deal “allowed us to service parts of the market that we had access to, but we couldn’t actually do.”

The full article is available in Appendix A.

**RBC, Aviva Learn Lessons after Partnership (Globe and Mail, 6 September, 2017: B3)**

JACQUELINE NELSON

From fine art to jet skis at the cottage, the Royal Bank of Canada learned a lot about its clients' interests when it sold off some of its insurance business last year.

As the largest company in Canada, RBC is used to dominating the market. But when it came to insuring clients' properties and possessions, the financial firm realized it was falling short, without enough scale to compete with the industry's largest players.

To bolster its range of insurance products and keep pace with customer expectations, the bank moved to sell its home and auto insurance business to Aviva Canada Inc. through a \$582-million deal in 2016.

The two former competitors also became partners in the deal, striking a 15-year arrangement allowing RBC to continue selling products under its existing brand name, adding the bank's relationships to the potential client base for Aviva. That led to lessons learned for both companies amid an insurance market made volatile in recent years by climate change and shifts in technology.

A year into the deal, RBC's insurance head Neil Skelding said he's observed just how many client demands had gone unmet before the tie-up – especially within the segment of wealthier customers who are of increasing value and importance to the bank.

"I would certainly point out in the high-net-worth space we would have, perhaps, a life policy with the client, and they would talk to us about their home and auto and they would have a number of cars, maybe a cottage ... an art collection or something like that, and we couldn't do that," Mr. Skelding said of the company's limited underwriting capabilities. The deal "allowed us to service parts of the market that we had access to, but we couldn't actually do."

Before RBC wed Aviva, the bank's insurance arm had less than a two-per-cent market share in the property and casualty insurance market, when measured by premiums. Aviva had more than eight per cent, which amounted to a significant difference in the fragmented market. Aviva also solidified its position as the second-largest player in the industry through the deal.

In teaming up the bank-owned insurer, Aviva saw a way to expand its distribution platform in direct-to-consumer sales where RBC had been gaining traction, as well as add to its digital offerings. Aviva's traditional strength has been in the broker channel.

"It's about, 'How do we open up the jaws of the organization to allow Canadians to come to us any way they choose to, and in this case through an RBC-branded solution?'" said Greg Somerville, CEO of Aviva Canada.

Mr. Skelding has observed that Aviva's size offers clear advantages.

"As an insurer, when you are dealing with a body shop and you have five per cent of their business, you're not necessarily going to get the exact same result as when you have 30, 40, or 50 per cent," he said, adding that Aviva, a subsidiary of British insurance giant Aviva PLC, also had better systems for processing claims that have sped up operations and payments to customers.

Aviva also had the bandwidth to develop new types of insurance for the Canadian market that RBC wasn't close to offering. One example is insurance for ride-hailing services and Uber drivers. But perhaps most significant was extended home insurance coverage against water damage such as overland flooding.

Since RBC launched its updated water coverage in late February, more than 60 per cent of its home insurance customers have opted to add overland water protection when buying a policy. In fact, Mr. Skelding said he put the coverage on his own policy after it became available through the partnership.

Coverage against water damage gained national attention after the catastrophic flooding in Southern Alberta in 2013 that broke records for resulting in \$1.7-billion in insured damages. As the industry grappled with the recovery effort, it also had to face homeowners who thought they had protection against water damage, but in some cases were left without relief because of the way water entered their home.

"It was the '13 floods in Calgary and Toronto that made us think that it wasn't appropriate for somebody to have to determine whether [water] came through the front door, or up through the sewer," Mr. Somerville said.

He said the company is now assessing the potential to introduce devices that monitor for leaky pipes and either shut off water or at least alert the homeowner. In the future, customers may be able to install these systems in their homes for a discount on their premiums.

## CAFII Regulator and Policy-Maker Visit Plan 2017-18

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<b>British Columbia</b>				
<b>Insurance Council of BC:</b> Gerry Matier, Executive Director	-June 2/17 CAFII presentation to CISRO in Saskatoon -May 5/17 liaison breakfast in London, Ontario -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session -Feb. 27/15 liaison breakfast in Toronto	<b>-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers.</b>	-Council's current view on 10-Year Review of Financial Institutions Act -Representation of alternate distribution/non-resident sellers on Council -Update on Council priorities	<b>-Confirmed</b>
<b>FICOM:</b> Frank Chong, Acting Superintendent of Financial Institutions (effective August 1/16)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Nov 10/15 in Vancouver re CGI Information Bulletin	<b>-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers.</b>	-FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue: ED and EOC to monitor re need for meeting/ dialogue around any member or industry issues re compliance with CGI Info Bulletin -Monitoring for appt. of interim or permanent FICOM CEO successor -10 yr. Review of BC Financial Institutions Act (if appropriate)	<b>-Confirmed</b>
Doug McLean, Deputy Superintendent of Insurance	-No contact/meeting for at least past five years	<b>-See F. Chong above</b>	<b>-See F. Chong above</b>	<b>-Confirmed (see F. Chong above)</b>
Chris Carter, Acting Superintendent, Real Estate and Acting Registrar, Mortgage Brokers (effective August 1/16)	-April 14/16 teleconference re CAFII follow-up letter - Follow-up letter, seeking clarification on CGI Info Bulletin key issues, sent March 15/16 - Nov 10/15 in Vancouver re CGI Information Bulletin	<b>-See F. Chong above</b>	<b>-See F. Chong above</b>	<b>-Confirmed (see F. Chong above)</b>
Lorena Dimma, Director, Market Conduct (assuming Harry James' former policy advisor role re 'effecting' of CGI issue)	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	<b>-See F. Chong above</b>	<b>-See F. Chong above</b>	<b>-Confirmed (see F. Chong above)</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
Harry James, Senior Regulatory Advisor (Chair of CCIR's Travel Insurance Working Group)	-Dec. 8/16 cordial reply email to E. Fang, agreeing with CAFII's request that auto dealers are creditors for a moment-in-time issue be closed. -April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-See F. Chong above	-See F. Chong above	-Confirmed (see F. Chong above)
Molly Burns, Analyst, Policy Initiatives	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin -Nov 10/15 in Vancouver	-See F. Chong above	-See F. Chong above	-Confirmed (see F. Chong above)
Erin Morrison, Regulatory Analyst, Policy Initiatives	-August 10/16 in Toronto, accompanied Harry James and participated in CCIR TIWG meeting with CAFII	-See F. Chong above	-See F. Chong above	-Confirmed (see F. Chong above)
<b>Ministry of Finance: Carole James, Minister of Finance</b>	<b>-None to date. Appointed Minister of Finance in July 2017, with change in BC government. Delivered first provincial budget on September 11/17</b>	-None at this time	TBD until CAFII has a "direct ask" at Ministerial level	
<b>Lori Wanamaker, Deputy Minister of Finance</b>	<b>-None to date. Appointed July 2017.</b>	-See E. Cole below	-See E. Cole below	-Confirmed (see E. Cole below)
Elizabeth Cole, Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA)	-April 20/17 and June 23/16 telephone conversations with B. Wycks re updates on expected release date of Policy Paper and other FIA Review timelines	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers.	-Policy Paper emerging from 10-Year Review of Financial Institutions Act, making proposals for change, now due to be released in early 2018	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
	-November 10/15 in Vancouver along with Dan Ashton; and separate meeting along with Brian Dillon and Kari Toovey			
Brian Dillon, Director, Financial Institutions		-See E. Cole above	-See E. Cole above	-Confirmed (see E. Cole above)
Kari Toovey, Senior Policy Advisor		-See E. Cole above	-See E. Cole above	-Confirmed (see E. Cole above)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<b>Alberta</b>				
<b>Alberta Insurance Council:</b> Joanne Abram, CEO	<ul style="list-style-type: none"> <li>-June 2/17 CAFII presentation to CISRO in Saskatoon</li> <li>-May 4/17 liaison lunch in London, Ontario</li> <li>-December 21/16 letter to CAFII confirming definition of CGI critical illness insurance approved by Life Council to include selling of CI under existing RIA licence</li> <li>-Oct 31/16 CAFII submission of letter proposing definition of CGI critical illness insurance to be adopted for inclusion under existing RIA licence</li> <li>-Sept 16 &amp; 28/16 and Oct 11/16 e-mail correspondence with B. Wycks re LIC decision on allowing CI to be sold under an RIA licence</li> </ul>	<b>-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</b>	<ul style="list-style-type: none"> <li>-AIC's implementation of approved definition and process for CI to be sold under existing RIA licence</li> <li>-Representation for Restricted Licence Holders on Life Insurance Council</li> </ul>	<b>-Confirmed</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
Anthonet Maramieri, COO	<ul style="list-style-type: none"> <li>-March 8/17 email to B. Wycks advising of Life Council's further look at definition of credit-related insurance approved to be offered under a Restricted Certificate, at April 12/17 meeting.</li> <li>-Sept 12/16 teleconference with G. Grant and B. Wycks</li> <li>-July 12/16 teleconference with G. Grant and B. Wycks</li> <li>- April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session</li> <li>- Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session</li> </ul>	<b>-See J. Abram above</b>	<b>-See J. Abram above</b>	<b>-Confirmed (see J. Abram above)</b>
Warren Martinson, Legal Counsel	<ul style="list-style-type: none"> <li>-June 2/17 CAFII presentation to CISRO in Saskatoon</li> <li>-W. Martinson in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG</li> <li>-May/June 2016 telephone discussion with J. McCutcheon (on CAFII's behalf) re legislative and regulatory underpinnings of selling of CI benefits as credit-related insurance under an RIA licence</li> <li>-Feb 10/14: Toronto, ON (with B. Wycks, as W. Martinson then on LLQP Governance Ctte.)</li> </ul>	<b>-See J. Abram above</b>	<b>-See J. Abram above</b>	<b>-Confirmed (see J. Abram above)</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<b>Treasury Board and Ministry of Finance:</b> Nilam Jetha, Superintendent of Insurance (made permanent at beginning of 2017, following one year interim period)	No contact – appointed Jan 11/16 (congratulatory letter sent Feb. 1/16)	<b>-get acquainted/liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</b>	<b>- Update on Superintendent’s priorities</b> <b>-Communicate CAFII issues; build and strengthen relationship</b>	<b>-Confirmed</b>
David Sorensen, Deputy Superintendent of Insurance	No face-to-face contact to date - <i>appointed Sep 15/14</i>	<b>-See N. Jetha above</b>	<b>See N. Jetha above</b>	<b>-Confirmed</b>
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch (Chair of CCIR Insurance Core Principles Implementation Ctte)	-CAFII 20 <sup>th</sup> Anniversary: April 5/17 -Sep 30/14: Fredericton, NB (informal meeting) -Jul 28/14: call with CAFII reps re: “effecting of CGI”	<b>-See N. Jetha above</b>	<b>-See N. Jetha above</b>	<b>-Confirmed</b>
Joe Ceci, President of Treasury Board and Minister of Finance	No contact – appointed May 24/15	-None at this time	TBD until CAFII has a “direct ask” at Ministerial level	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<b>Saskatchewan</b>				
<b>Insurance Councils of Saskatchewan:</b> Ron Fullan, Executive Director, (CISRO Chair)	-June 2/17 liaison meeting in Saskatoon -CAFII 20 <sup>th</sup> Anniversary: April 5/17 -R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session	<b>-October 27/17 three-way brainstorming, consensus-building, and planning meeting in Toronto -- involving ICS (R. Fullan and A. Stadnek), CAFII, and CLHIA -- re "Representation for RIA Licence Holders in Saskatchewan" as per CAFII discussion with R. Fullan and A. Stadnek on June 2/17</b>	-timing of renewed focus on establishing a <b>Restricted Insurance Agents Advisory Committee</b>  -ICS-relevant aspects of implementation of new <b>Saskatchewan Insurance Act and Regulations</b>  -Sask. RIA regime and licensure issues	<b>-Confirmed</b>
April Stadnek, Director of Licensing	-June 2/17 liaison meeting in Saskatoon -Sept 22/15 CISRO LLQP Stakeholder Info Session in Toronto (B. Wycks) - Sep 30/14; Fredericton, NB (informal meeting) - November/13 in Toronto when April attended CLHIA CCOSS Seminar	<b>-See R. Fullan above</b>	<b>-See R. Fullan above</b>	<b>-Confirmed</b>
<b>Financial Consumer Affairs Authority (FCAA):</b> Roger Sobotkiewicz, former Director of FCAA Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-June 1/17 get acquainted and liaison meeting in Regina	<b>-See J. Seibel below</b>	-see J. Seibel below; and -introduce CAFII and build relationship -Regulations being developed following passage of <i>Bill 177, The Insurance Act (Saskatchewan)</i> -ISI: Representation for Restricted Licence Holders -Sask's imposition of PST on all insurance premiums - Update on Superintendent's priorities	<b>-Pending (see J. Seibel below)</b>
Ian McIntosh, Deputy Superintendent of Insurance	-Jul 28/14 call with CAFII reps re: "effecting CGI"	<b>-see J. Seibel below</b>	-see J. Seibel below; and  -see R. Sobotkiewicz above	<b>-Pending (see J. Seibel below)</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<p>Janette Seibel, Lawyer, became lead on Bill 177 and Regulations file effective June 1/15</p>	<p>-June 1/17 get acquainted and liaison meeting in Regina            -March 2017 email exchange with B. Wycks re invitation to CAFII to provide feedback on FCAA-proposed definition of TPA, for inclusion in Insurance Regulations            -February 17/17 call to B. Wycks advising that “in force” date for new Insurance Act and Regulations had been deferred to Spring 2018            -Jan 2017 email exchange with B. Wycks re timing of “in force” date for new Saskatchewan Insurance Act and related Regulations            -Nov and Dec. 2016 email exchanges with B. Wycks re Insurance Regulations Consultation and TPAs sub-consultation.</p>	<p><b>-teleconference meeting in Q4 2017, if necessary, following release of final Regulations and Insurance Act on June 29/17 (timeline for their coming into force still to be announced)</b></p>	<p>-timing of “in force” date for new Saskatchewan Insurance Act and related Regulations            -CAFII’s response submissions on FCAA’s Insurance Regulations Consultation document (submitted Dec. 2/16) and TPAs sub-consultation (submitted Dec. 9/16)            -Sask’s imposition of PST on all insurance premiums</p>	<p><b>-Pending</b></p>
<p><b><u>Ministry of Finance</u></b>            Kevin Doherty, Minister of Finance</p>	<p>-June 1/17 get acquainted and CAFII profile-raising meeting in Regina with Minister and Ministry officials re Sask’s imposition of PST on insurance premiums</p>	<p>-March or September 2018 meeting, if warranted, following CAFII’s gathering and submission of six months and one year of data on impact of 6% PST on consumer purchases of CGI and other life and health insurance policies</p>	<p>-further introduce CAFII and build relationship            -Sask’s imposition of PST on all insurance premiums</p>	<p>-Pending</p>

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

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<p>Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (appointed late November 2016)</p> <p>Erin Pearson, former Executive Director, Insurance Council of Manitoba (retired at end of 2016)</p>	<p>-June 2/17 CAFII presentation to CISRO in Saskatoon -May 4/17 short get acquainted/liaison meeting in London, Ontario</p> <p>-Sept. 23/16 email exchange with B. Wycks re amendments to Regulation 389/87 which ICM's ISI Committee recommended to Government re incorporating other organizations and other types of insurance into prescribed regulatory framework for RIA licence regime -Sept. 30/14: dinner in Fredericton, NB re: ISI implementation</p>	<p><b>-liaison and presentation meeting on October 19/17 in Winnipeg, hosted by Insurance Council of Manitoba, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</b></p>	<p><b>-Introduce CAFII and build/maintain relationship</b>  <b>-Representation for Restricted Licence Holders on Life Insurance Council</b>  <b>-Insurance Council's "ISI items for further review and development"</b>  <b>-communicate CAFII issues</b></p>	<p><b>-Confirmed</b></p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<b>Ontario</b>				
<b>FSCO:</b> Brian Mills, appointed Interim CEO and Superintendent on October 18/14. Will likely be FSCO's last CEO, as Ontario Government transitions to a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018), as stated by B. Mills at FSCO Symposium on November 25/16.	-May 3/17: informal chat with K. Martin during CLHIA Conference -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto - January 28/15 stakeholder meeting with CCIR	<b>-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17</b>	(i)Build/maintain relationship (ii) Ontario government review of FSCO's mandate (iii) next steps in Life Insurance Product Suitability Review (iv)CCIR review of travel health insurance (v)Update on Superintendent's priorities (vi)communicate CAFII issues	<b>-Pending</b>
Anatol Monid, Executive Director, Licensing and Market Conduct Division	<b>-June 2017 liaison lunch with M. Gill and J. Lewsen re CAFII advice on FSCO's planned survey of bank insurers re sales practices</b> -June 2/17: questions raised by A. Monid, on the phone, at end of CAFII presentation to CISRO in Saskatoon -May 3/17: informal chat with K. Martin during CLHIA Conference -CAFII 20 <sup>th</sup> Anniversary event: April 5/17 -June 7/16, December 8/15 and June 9/15: informal update conversations at CAFII Reception events -January 28/15 stakeholder meeting with CCIR	<b>-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17</b>	-next steps in Life Insurance Product Suitability Review -other FSCO initiatives re life insurance agent and/or insurer compliance -initiatives of FSCO LII Working Group	<b>-Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<p>Izabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14</p>	<p>-Oct. 8/15 at CLHIA CCOS Fall Seminar (B. Wycks)                      -Nov 21/14 at FSCO Life &amp; Health Insurance Symposium</p> <p>-September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Izabel Scovino is a member (K. Martin and H. Pabani)</p>	<p><b>-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17</b></p> <p><b>-further meeting of LII Working Group on November 21/17</b></p>	<p>-see A. Monid above</p>	<p><b>-Pending</b></p>



Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
Reena Vora, Manager, Market Regulation Branch, Licensing and Market Conduct Division	-December 8/16 with CAFII reps for feedback on draft questionnaire for life insurer examination visits (one pilot test visit planned in Q1 2017), as next phase in Life Insurance Product Suitability Review	<b>-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17</b>	-Life insurer examination visits	<b>-Pending</b>

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

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

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

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<p><b>Ministry of Finance</b></p> <p>Carlos Leitao, Minister</p> <p>Richard Boivin, Assistant Deputy Minister, Financial Institution Policy and Corporate Law</p> <p>Guillaume Caudron, Chief of Staff</p> <p>Yann Nachabé, Policy Advisor</p>	<p>-Feb. 25/16 phone call between B. Wycks and Yann Nachabé, Policy Advisor, Ministry of Finance, resulting from CAFII request for April 2016 in-person follow-up meeting with Richard Boivin and Guillaume Caudron</p>	<p><b>-in-person or teleconference meeting with Ministry officials coincident with consultation period on Omnibus Bill expected in Q4 2017, if necessary</b></p>	<p>-Omnibus Bill expected to modernize financial sector, incl. the Distribution Act (Minister Leitao in response to question at legislative committee meeting on April 28/16)</p> <p>-Ministry's direction on online distribution of insurance without involvement of an advisor</p> <p>-CAFII submission in response to Report on the Application of the Act respecting the distribution of</p>	<p><b>-Pending release of Omnibus Bill; expected in Q4 2017</b></p> <p>-Request politely withdrawn, based on reassuring information from Y. Nachabé</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<b>New Brunswick</b>				
Financial and Consumer Services Commission (Insurance Division): Angela Mazerolle, Superintendent of Insurance	<ul style="list-style-type: none"> <li>-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto</li> <li>-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax</li> <li>-Oct 1/14: Fredericton, NB</li> </ul>	<b>-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018</b>	<ul style="list-style-type: none"> <li>-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated</li> <li>-implementation of further phases of online licensing system</li> <li>-legislative/regulatory change to support electronic beneficiary designations</li> <li>-other New Brunswick licensing issues</li> </ul>	<b>-Pending</b>
David Weir, Deputy Superintendent of Insurance	<ul style="list-style-type: none"> <li>-June 2/17 CAFII presentation to CISRO in Saskatoon</li> <li>-Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto</li> <li>-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax</li> <li>- April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session</li> <li>- Feb. 19/16 re CAFII feedback on online insurance licensing system</li> <li>- Sept. 22/15 CISRO LLQP Info Session in Toronto (B. Wycks)</li> <li>-Oct 1/14: Fredericton, NB</li> </ul>	<b>-See A. Mazerolle above</b>	<ul style="list-style-type: none"> <li>-see A. Mazerolle above</li> <li>-timing of final recommendations on reforming licensing framework for other-than-life agents and brokers</li> <li>-CAFII feedback on New Brunswick online insurance licensing system</li> </ul>	<b>-Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<b>Opportunities New Brunswick:</b> Jay Reid, Investment Attraction Officer	-Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	-None at this time	- CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick -Introduce CAFII and build relationship -Position CAFII as an information resource	
<b>Consumer Advocate for Insurance:</b> Ronald Godin, Consumer Advocate	No contact	-None at this time		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<b>Nova Scotia</b>				
<b>Superintendent of Insurance:</b> William Ngu, Acting Superintendent of Insurance	-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Appointed June 2015; no previous CAFII contact	<b>-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018</b>	-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent’s priorities -Communicate CAFII issues; build and strengthen relationship	<b>-Pending</b>
Jennifer Calder, Deputy Superintendent of Insurance	-CAFII 20 <sup>th</sup> Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR (participated by phone) -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax	<b>-See W. Ngu above</b>	-See W. Ngu above	<b>-Pending</b>

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

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

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
<b>FEDERAL/NATIONAL</b>				
<p><b>CCIR:</b></p> <p>Martin Boyle, Policy Manager</p>	<ul style="list-style-type: none"> <li>-liaison lunch on June 23/17</li> <li>-informal chats during May 3-5 CLHIA Conference</li> <li>-liaison lunch on April 24/17</li> <li>-CAFII 20<sup>th</sup> Anniversary event: April 5/17</li> <li>-March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle)</li> <li>-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto</li> <li>-November 29/16 CAFII Holiday Season Reception</li> <li>-October 24/16 CAFII liaison lunch with CCIR Policy Managers</li> <li>-August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper</li> <li>-May 19/16 CCIR ICPiC teleconference/webinar meeting with CAFII members (L. Balfour and M. Boyle)</li> <li>-May 4/16 lunch meeting in Halifax (with C. Rogers and S. Jacobs)</li> </ul>	<ul style="list-style-type: none"> <li><b>-liaison lunch on October 12/17, following CCIR Fall Meeting on October 5-6/17 in Halifax</b></li> <li><b>-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto</b></li> </ul>	<ul style="list-style-type: none"> <li>-CCIR Annual Statement on Market Conduct</li> <li>-Framework for Cooperative Market Conduct Supervision</li> <li>-CCIR review of travel health insurance</li> <li>-Possible CCIR speakers/panelists at CAFII events</li> <li>-Update on CCIR 2017-20 Strategic Plan and related priorities</li> <li>-Communicate CAFII issues; and maintain and strengthen relationship</li> <li>-possible CAFII webinar(s) for CCIR audience</li> </ul>	<p><b>-Confirmed</b></p> <p><b>-Confirmed</b></p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
Sean Jacobs, Policy Manager <b>(left CCIR/FSCO employ in August 2017 for Risk Manager position with CPPIB Investment Board; Martin Boyle receiving interim support from Tony Toy)</b>	-See M. Boyle above			
Patrick Déry, Chair (Superintendent, Solvency, AMF)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -October 6/15: CAFII liaison lunch and industry issues dialogue with AMF -April 29/15 meeting in Quebec City, along with CCIR Vice-Chair Carolyn Rogers	<b>-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto</b>	-CCIR review of travel health insurance -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; maintain and strengthen relationship	<b>-Confirmed</b>
Harry James, Chair, CCIR Travel Insurance Working Group (TIWG)	-May 10/17 teleconference with S. Jacobs and CAFII reps re CCIR TIWG Communications Plan for release of Travel Health Insurance Products Issues Paper  -May 3/17: informal chat with K. Martin during CLHIA Conference -H. James chaired Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG	<b>-Q4 2017 meeting with Harry James and TIWG members following May 27/17 release of Travel Health Insurance Products Position Paper (awaiting invitation from CCIR; delayed due to departure of S. Jacobs)</b>	-CCIR Travel Health Insurance Products Position Paper (expected May 2017) and CAFII response to same	<b>-Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 14/17
	<ul style="list-style-type: none"> <li>-February 22/17 CAFII stakeholder meeting with CCIR Travel Insurance Working Group</li> <li>-August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper</li> <li>-March 16/16 CAFII/CLHIA joint meeting with CCIR Travel Insurance Working Group</li> <li>-March 24/15 meeting with CAFII EOC re travel health insurance review initiative</li> </ul>			
Laurie Balfour, Chair, CCIR Insurance Core Principles Implementation Committee (ICPIC)	<ul style="list-style-type: none"> <li>-CAFII 20<sup>th</sup> Anniversary event: April 5/17</li> <li>-March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle)</li> <li>-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto</li> <li>-August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference)</li> <li>-May 19/16 CCIR ICPiC webinar presentation for CAFII members (L. Balfour and M. Boyle)</li> </ul>	<b>-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto</b>	<ul style="list-style-type: none"> <li>-Harmonized Annual Statement on Market Conduct</li> <li>-Framework for Co-operative Market Conduct Supervision in Canada</li> <li>-ICPIC work on IAIS' Insurance Core Principles</li> </ul>	<b>-Confirmed</b>

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

**Agenda Item 4(d)(i)  
 September 19/17 EOC Meeting**

**Confirmed CAFII Delegation Representatives\*  
For Western Canada Insurance Regulators and Policy-Makers Visits Tour  
October 17-19, 2017**

Insurance Regulator/Policy-Maker Being Visited	Date/Time	Confirmed CAFII Attendees
Insurance Council of BC	Oct. 17/17; a.m.	Moira Gill, TD Insurance John Lewsen, BMO Insurance Diane Quigley, CUMIS/Co-operators Group Shawna Sykes, CUMIS/Co-operators Group Keith Martin, Co-Executive Director Brendan Wycks, Co-Executive Director
BC Ministry of Finance	Oct. 17/17; early p.m.	Moira Gill, TD Insurance John Lewsen, BMO Insurance Diane Quigley, CUMIS/Co-operators Group Shawna Sykes, CUMIS/Co-operators Group; Keith Martin, Co-Executive Director Brendan Wycks, Co-Executive Director
BC Financial Institutions Commission (FICOM)	Oct. 17/17; late p.m.	John Lewsen, BMO Insurance Diane Quigley, CUMIS/Co-operators Group Shawna Sykes, CUMIS/Co-operators Group Keith Martin, Co-Executive Director Brendan Wycks, Co-Executive Director Moira Gill, TD Insurance (tentative)
Alberta Treasury Board and Ministry of Finance	Oct. 18/17, a.m.	Peter Thorn, TD Insurance John Lewsen, BMO Insurance Diane Quigley, CUMIS/Co-operators Group Shawna Sykes, CUMIS/Co-operators Group; Keith Martin, Co-Executive Director Brendan Wycks, Co-Executive Director Moira Gill, TD Insurance (tentative)
Alberta Insurance Council	Oct. 18/17; p.m.	Peter Thorn, TD Insurance John Lewsen, BMO Insurance Moira Gill, TD Insurance Diane Quigley, CUMIS/Co-operators Group Shawna Sykes, CUMIS/Co-operators Group Keith Martin, Co-Executive Director Brendan Wycks, Co-Executive Director
Insurance Council of Manitoba	Oct. 19/17; a.m.	Peter Thorn, TD Insurance John Lewsen, BMO Insurance Moira Gill, TD Insurance Diane Quigley, CUMIS/Co-operators Group Shawna Sykes, CUMIS/Co-operators Group Keith Martin, Co-Executive Director Brendan Wycks, Co-Executive Director

*\*CAFII Board and EOC members who have communicated that they are unavailable to participate:  
 Bob Grant, Director, Scotiabank Financial  
 Chris Lobbezoo, Director, RBC Insurance  
 Charles Blaquiére, EOC Member, Canadian Premier Life Insurance*

**Proposed CAFII 2017 BC, Alberta, and Manitoba Combined Visits Tour**

<b>Monday, October 16/17: fly from Toronto to Vancouver</b>	
<b>Tuesday, October 17/17, Vancouver:</b>	
10:30 to 11:15 a.m	liaison meeting with Executive Director Gerry Matier and Council members, Insurance Council of BC;
12 Noon to 1:00 p.m.	liaison lunch with Executive Director and staff, Insurance Council of BC (to be confirmed).
1:30 to 2:30 p.m.	liaison meeting with Elizabeth Cole, Brian Dillon, and Kari Toovey, BC Ministry of Finance, Re 10-Year Review of Financial Institutions Act, Vancouver (same office as FICOM).
2:45 to 3:45 p.m	liaison meeting with Chris Carter, Frank Chong, and Harry James, BC FICOM, re CAFII-related regulatory issues, Vancouver (same office as Ministry of Finance).
<b>Tuesday evening, October 17/17: fly from Vancouver to Edmonton.</b>	
<b>Wednesday, October 18/17, Edmonton</b>	
Morning	liaison meeting with Nilam Jetha, Superintendent of Insurance; David Sorensen, Deputy Superintendent of Insurance; and Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch, Alberta Treasury Board and Ministry of Finance, at Ministry's Edmonton office.
Afternoon	liaison meeting with Joanne Abram, CEO, and Alberta Insurance Council staff at AIC's Edmonton head office.
<b>Wednesday late afternoon/evening, October 18/17: fly from Edmonton to Winnipeg.</b>	
<b>Thursday, October 19/17, 9:30 to 11:15 a.m.</b>	
<ul style="list-style-type: none"> <li>liaison meeting with and presentation to Scott Moore, Deputy Superintendent of Insurance (Financial Institutions Regulation Branch of Manitoba government), Insurance Council of Manitoba (ICM) Incidental Sales of Insurance (ISI) Committee members, ICM Executive Director Barbara Palace Churchill, and ICM staff at ICM office in Winnipeg.</li> </ul>	
<b>Tentative Agenda</b>	
9:30 to 9:50 a.m.	Arrival of CAFII group; set-up for presentation; introductions and get acquainted chat, including brief "About CAFII" overview
9:50 to 10: 20 a.m.	CAFII presentation on "Incidental Sales of Insurance by Financial Institution RIA Licence Holders in Manitoba" (tentative title)
10:20 to 10:45 a.m.	Q&A and Dialogue arising from CAFII presentation
10:45 to 11:15 a.m.	Dialogue on any other mutually relevant insurance regulatory issues in Manitoba; in Western Canada (Insurance Councils); or nationally (CISRO/CCIR)
11:15 a.m.	CAFII visitors depart
<b>Thursday afternoon/early evening, October 19/17: fly from Winnipeg back to Toronto.</b>	

***Agenda Item 4(d)(ii)***  
***September 19/17 EOC Meeting***

**CAFII Stakeholder Dialogue Meeting With CCIR, Wednesday, October 25/17**

**Time: 9:15 to 9:55 a.m.**

**Location: InterContinental Toronto Centre Hotel, 225 Front St. West, Toronto**

Confirmed CAFII Delegation Representatives As At August 17/17

Bob Grant, Director, ScotiaLife Financial  
Chris Lobbezoo, Director, RBC Insurance  
Peter Thorn, EOC Chair, TD Insurance  
Sue Manson, EOC Member, CIBC Insurance  
John Lewsen, EOC Member, BMO Insurance  
Andrea Stuska, EOC Member, TD Insurance  
Keith Martin, Co-Executive Director  
Brendan Wycks, Co-Executive Director

From: Martin Boyle [mailto:Martin.Boyle@fSCO.gov.on.ca]  
Sent: Wednesday, September 13, 2017 4:45 PM  
To: 'Brendan Wycks'; 'Keith Martin'  
Subject: RE: CCIR Stakeholder Dialogue 2017

Hi Brendan & Keith

This email has been sent to confirm the time and location of the 2017 CCIR Stakeholder Dialogue. The sessions provide industry representatives and other interested parties with an opportunity to discuss concerns and emerging issues in the country's insurance sector directly with the provincial and territorial regulatory authorities. CCIR members view the meetings as a valuable opportunity for our stakeholders to provide input, insight and context around emerging regulatory issues and priorities affecting Canada's insurance market.

Location:

InterContinental Toronto Centre (225 Front Street West, Toronto, ON M5V 2X3)

Timing:

Wednesday, October 25, 2017

The timeslot reserved for CAFII is 9:15am-9:55am ET.

We looking forward to seeing you on October 25, 2017.

Regards,

Martin Boyle

Policy Manager | Canadian Council of Insurance Regulators

Martin.Boyle@fSCO.gov.on.ca | 416-590-7031 | www.cCIR-CCRA.org

5160 Yonge Street, Toronto, ON, M2N 6L9

From: Martin Boyle [mailto:Martin.Boyle@fSCO.gov.on.ca]  
Sent: Thursday, July 13, 2017 1:07 PM  
To: 'brendan.wycks@cafii.com'; 'keith.martin@cafii.com'  
Subject: CCIR Stakeholder Dialogue 2017

*Re: CCIR Stakeholder Dialogue 2017*

*On behalf of the Canadian Council of Insurance Regulators (CCIR), I would like to invite you to participate in the 2017 CCIR Stakeholder Dialogue in Toronto, Ontario on October 25, 2017. This year's Stakeholder Dialogue will be the first following the release of the CCIR Strategic Plan 2017-2020 (attached). We appreciate the input you provided when we met last year. The feedback we received from our stakeholders provided the foundation for our strategic planning process. We hope that our discussions at the CCIR Stakeholder Dialogue 2017 will assist us greatly in the implementation of our new strategic.*

*The CCIR Stakeholder Dialogues provide you and your organization with an opportunity to discuss concerns and emerging issues in the country's insurance sector directly with the provincial and territorial regulatory authorities. CCIR members view the meetings as a valuable opportunity for our stakeholders to provide input, insight and context around emerging regulatory issues and priorities affecting Canada's insurance market.*

*A detailed agenda, participant list and further details, including the location will be provided in advance of the meeting. The CCIR expects participating stakeholders to present or speak to issues, concerns and trends that may be of interest to the regulators. This includes developments affecting consumers and the insurance market and other areas stakeholders believe regulatory attention is required.*

*Stakeholders interested in participating will be allotted a timeslot of up to 40 minutes. We ask that you please RSVP by August 11, 2017.*

*Regards,  
Martin Boyle, Policy Manager | WCanadian Council of Insurance Regulators*

***News release***

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

**Toronto, October 23, 2017** – A new [website](#) designed to help consumers become more aware of the range of insurance options available in Canada and to understand more about them was launched today.

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

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

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

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

- 30-

**About CAFII:**

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

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Media contact:  
David Moorcroft, Public Affairs Advisor  
Email: david@strategy2communications.com  
Tel: +1-416-727-1858

## Letter to the Editor (v6)

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

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

### **ISSUE 1: *General Criticism of Creditors Insurance***

**Re: headline of article (date):** Your article failed to mention many of the positive aspects of creditor insurance sold by financial institutions across Canada for products such as mortgages, personal loans, lines of credit and credit cards.

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

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

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

***Keith Martin***

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

### ***ISSUE 2: Customers Do Not Understand What They Purchased***

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

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

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

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

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

***Keith Martin***

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

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

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

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

These practices are not permitted and are not used by our member financial institutions.

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

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

***Keith Martin***

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

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

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

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

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

***Keith Martin***

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

#### ***ISSUE 5: Insurance Claim Paid to Bank, not Customer***

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

The reality is that for many Canadians, their home represents their most cherished asset, and their mortgage is their largest debt obligation. When people take out mortgage life insurance through their financial institution, it's because they want that debt to be taken care of in the event of their untimely death, making it easier for their family to remain in the home. In fact, many families with other types of life insurance take out mortgage life insurance as well, for that express purpose.

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

**Keith Martin**

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

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

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

Most applicants for this type of coverage are insured immediately without the need for additional health questions or medical tests. Further, a 2015 independent actuarial study showed that 95% of mortgage life insurance applications in Canada are approved at the time of initial application.

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

**Keith Martin**

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

#### **ISSUE 7: *Product is Too Expensive***

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

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

For example, the study found that creditor insurance for critical illness was less expensive than individual critical illness insurance for all ages, amounts and genders. Furthermore, the study showed that creditor life insurance is less expensive than individual Term 10 life insurance (renewed once over 20 years) for almost all (94%) of the customer profiles covered in the study;

and it's less expensive than Term 20 life insurance for more than half (55%) of the customer profiles covered in the study.

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

***Keith Martin***

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

### ***ISSUE 8: Difficult to Complain about Product***

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

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

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

***Keith Martin***

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

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

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

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

In addition, research has shown that consumers of travel insurance give the industry high marks for customer satisfaction. For example, a study by Pollara Strategic Insights in 2015 that looked

at the satisfaction levels of consumers who purchased travel medical insurance showed that 94% of customers rated their purchase experience as very high.

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

***Keith Martin***

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

## ASSOCIATE STATUS APPLICATION FORM

Company/Organization Name: DGA Careers

Representative's Name and Title: Gerald Legrove, President

Address: 20 Toronto Street, Suite 420

City: Toronto

Province: ON

Postal Code: M5C 2B8

Office Phone - Main: 416-868-6711 Representative's Direct Phone Number: 416-902-6140

Fax: 416-868-6329

Email: info@dgacareers.com

Website: www.dgacareers.com

Parent Company, if applicable:

### Description and Annual Dues:

I. Associate  \$4,800

\$1,200 (pro-rated) 2017

Organizations that are business partners of CAFII members or otherwise support the Association's goals are eligible to apply for Associate status. Associates receive periodic CAFII communications and invitations to CAFII events. Associates pay \$4,800 per annum in one instalment.

*Associate Status is valid from January 1 to December 31 each year.*

Gerald Legrove  
Signature of Applicant:

August 30, 2017  
Date:

As a signing authority, I hereby acknowledge that as an applicant for Associate status in CAFII, my company/organization supports the Association's mission, objectives, and policy positions.