

### CAFII EOC Meeting

**Date:** Tuesday, September 22, 2015

**Location:** CIBC Insurance  
Commerce Court  
199 Bay Street  
4<sup>th</sup> Floor [Imperial Rm]  
Toronto, ON

**Time:** 10:00 – 12:00 p.m.

**Chair:** G. Grant

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

Participant code: 8504948#;

Moderator code: 2551109#

### Agenda

Item	Presenter	Action
1. Call to Order	G. Grant	Update
2. Approval of Agenda and Previous Minutes <ul style="list-style-type: none"> <li>a. EOC Minutes of June 23, 2015 <i>[attachment]</i></li> <li>b. EOC Minutes of August 25, 2015 <i>[attachment]</i></li> <li>c. Summary of Board and EOC Action Items <i>[attachment]</i></li> </ul>	All	Approval Approval Update
3. Strategy and Governance <ul style="list-style-type: none"> <li>a. Balanced Scorecard <i>[attachment]</i></li> </ul>	G. Grant, B. Wycks	Update
4. CAFII Financial Management <ul style="list-style-type: none"> <li>a. Financial Statements as at August 31, 2015 <i>[attachment]</i></li> </ul>	R. Rajaram	Approval
5. Regulatory Relations and Advocacy <ul style="list-style-type: none"> <li>a. CAFII Consultations/Submissions Timetable 2015-16 <i>[attachment]</i> <ul style="list-style-type: none"> <li>i. Submission Re. BC FICOM 10-Year Review of FIA <i>[attachment]</i></li> <li>ii. BC "Effecting" of CGI Issue <i>[attachment]</i></li> <li>iii. QC Review of Distribution Act <i>[attachment]</i></li> <li>iv. ON Review of FSCO Mandate</li> <li>v. CCIR Review of Travel Health Insurance</li> <li>vi. SK Bill 177</li> </ul> </li> <li>b. Regulatory Update <i>[attachment]</i></li> <li>c. Regulator and Policy-Maker Visit Plan <i>[attachment]</i></li> </ul>	B. Wycks	Update Discussion Discussion Update Update Update Information Update
6. EOC Committee Updates <ul style="list-style-type: none"> <li>a. Media Advocacy <i>[attachment]</i></li> <li>b. Market Conduct</li> <li>c. Licensing Efficiency Issues</li> <li>d. Research &amp; Education</li> <li>e. Events and Networking</li> </ul>	C. Blaquiere B. Wycks M. Gill S. Manson M. Sanchez-Chung	Update Update Update Update Update
7. Other Business <ul style="list-style-type: none"> <li>a. AMF/CAFII and Board Meeting –Oct 6/15 <i>[attachment]</i></li> <li>b. New Directors: CPL, AMEX</li> <li>c. Website Updates: Membership Information <i>[attachment]</i></li> </ul>	G. Grant G. Grant B. Wycks	Update Update Approval

- Next Board Meeting is Oct 6/15 in Levis (QC) hosted by Desjardins.
- Next EOC Meeting is October 27/15 in Toronto.

## CAFII EOC Meeting Minutes

Tuesday, June 23, 2015

Location: RBC Insurance

200 Bay St, South Tower, 40<sup>th</sup> Floor [Executive Dining Room], Toronto, ON

<b>Present:</b>	Carol Allen	Assurant Solutions ( <i>for part by teleconference</i> )
	Charles Blaquiere	Canadian Premier Life Insurance Co. ( <i>by teleconference</i> )
	Rose Beckford	ScotiaLife Financial
	Derek Blake	RBC Insurance
	Eleanore Fang	TD Insurance ( <i>for part by teleconference</i> )
	Moira Gill	TD Insurance ( <i>for part by teleconference</i> )
	Greg Grant	CIBC Insurance, <i>Chair</i>
	John Lewsen	BMO Insurance ( <i>for part</i> )
	Sue Manson	CIBC Insurance ( <i>for part</i> )
	Raja Rajaram	CIBC Insurance ( <i>for part by teleconference</i> )
	Diane Quigley	The CUMIS Group ( <i>by teleconference</i> )
	Maria Sanchez-Chung	TD Insurance ( <i>by teleconference</i> )
	Jodi Skeates	The CUMIS Group ( <i>by teleconference</i> )
<b>Regrets:</b>	Emily Brown	BMO Insurance
	Jerome Savard	Desjardins Financial Security Life Assurance
	Sari Scherer	BMO Insurance
<b>Also Present:</b>	Leya Duigu	T•O Corporate Services, <i>Recording Secretary</i>
	Brendan Wycks	CAFII Executive Director

### 1. Call to Order

The meeting was called to order at 2:00 pm. G. Grant acted as Chair and Leya acted as Recording Secretary.

### 2. Approval of Agenda and Previous Minutes

#### a. EOC Minutes of May 26, 2015

Approved as amended by Sue.

#### b. Board Minutes of June 9, 2015

Approved as presented.

#### c. Summary of Board and EOC Action Items

B. Wycks reviewed the most recent updates to this document. In addition, members were updated regarding the interview with the Investment Executive on the AMF's final report on Electronic Commerce in Insurance (as discussed at the June 9 Board meeting). Brendan and Greg participated

in the phone interview on June 10 and the resulting article is expected to appear in the July issue of Investment Executive. Overall, the interview was friendly and a good opportunity for CAFII.

### **3. Strategy and Governance**

#### **a. Balanced Scorecard**

Brendan recently added the Ontario review of FSCO's mandate which CAFII recently participated in. Stakeholder submissions to this consultation had a June 5 deadline and will be published online by the end of June. Sectoral roundtable meetings with the Expert Panel will follow in July.

**Action:** Monitor Ontario government site to confirm CAFII's submission is published. *[Brendan; tba]*

### **4. CAFII Financial Management**

#### **a. Financial Statements as at May 31, 2015**

Raja, Treasurer, reported that the Balance Sheet shows a bank balance of nearly \$36K and the Accounts Receivable is comprised of the same outstanding Member and Associate dues that were reported last month. Leya reported that Collins Barrow and Munich Re recently submitted their payments, while payments from KPMG and AMEX remain outstanding. Brendan has developed a strategy to retain AMEX as a Regular Member and will be following up with them. The investments show a maturing GIC which will be reinvested. We are approximately 20% over our maximum target level of financial reserves. There is nothing to report regarding the Income Statement and to-date we are on track with our budget.

### **5. Regulatory Relations and Advocacy**

#### **a. Consultations/Submissions Timetable**

A consultations/submission timetable has been developed in order to keep us on track over the course of the year.

#### **b. Ontario Review of FSCO Mandate**

At this stage, Brendan will provide updates as developments occur including the scheduling of any further meetings with the Expert Panel. The key item is ensuring that we have the right people representing CAFII at these meetings. Next steps include considering CAFII's ideal representation at the life and health insurance sectoral roundtable meeting in late July: for example, the current and immediate past-Chairs, Peter McCarthy and Rino D'Onofrio. In addition, we shall seek a one-on-one stakeholder meeting with the Expert Panel.

#### **Action Items:**

- Contact David McLean regarding a one-on-one stakeholder meeting for CAFII with the Expert Panel. *[Brendan; tba]*
- Confirm timing and details of meetings and prepare briefing notes highlighting key CAFII positions and those of other relevant organizations. *[Brendan; tba]*

**c. CCIR Travel Insurance Working Group**

Carol Shevlin, CCIR's Policy Manager, recently shared an advance copy of the near-final version of the Travel Insurance Working Group (TIWG)'s survey of travel health insurers, with a request that it not be shared. To-date, CCIR has not approached any ombudservices for travel insurance complaint data, but it is in their work plan to do so in a subsequent phase of the review. Carol advised that a survey conducted by the Financial Conduct Authority in the UK regarding consumer satisfaction with travel insurance had been a source of information for CCIR.

**d. Ontario Ministry of Health: OHIP Reimbursement Changes**

Joan Weir, CLHIA's Director, Health and Dental Policy, recently met with representatives from the Ontario Ministry of Health regarding a review of the provincial government's payment levels for health benefits when an Ontarian is outside of Canada. Their last review in this area occurred four years ago and no changes were made at that time. This time around, they intend to make some changes. At the meeting, Joan suggested that CAFII should be consulted as well. In the event that a meeting is requested, Brendan will advise members of next steps.

**e. Quebec Review of Distribution Act**

The recently announced Quebec Ministry of Finance consultation on the province's Distribution Act puts forward five recommendations for change due to the current system showing signs of inadequacy. The first three recommendations are germane to CAFII, whereas the fourth and fifth are less so.

During the June 9 Board meeting discussion, Directors noted that aspects of the Quebec consultation align with the CAFII's 2011 submission on DWR and suggested that we review that submission to ensure our message on the latest consultation is aligned.

**Action Items:**

- Obtain 2011 CAFII submission on DWR to ensure our messaging is consistent and if it isn't, confirm rationale for changing it. *[Brendan; tba]*
- Schedule two meetings of the Market Conduct and Licensing Committees starting with July 21<sup>st</sup>, in lieu of the EOC meeting, and another date approximately two weeks later. *[Leya; asap]*

**f. SK Bill 177**

Draft regulations are still being developed. Jan Seibel informed Brendan recently that one of the regulations will not require legislative approval.

**g. Regulatory Update**

The Regulatory Update was included in the meeting package and key highlights were itemized on today's agenda for discussion.

**h. Regulator and Policy-Maker Visit Plan**

An updated plan was provided for review.

## 6. EOC Committees Updates

### a. Media Advocacy Committee

Charles, chair of this committee, reported that the committee will be meeting this coming Thursday and therefore no substantive updates were available at this time. The group is starting to discuss key messaging and potentially developing an options document outlining their thinking for review by the EOC. The options document would provide some of the recommendations made in the initial strategic plan, questioning the role of CAFII in the media. Committee members have noted that FI's will likely deal with media issues that affect them directly. Should CAFII's goal be to deal with the media that currently contact individual member FIs or is it better to educate consumers? The benefit of this new committee is the right people are looking at the issues and asking the right questions.

### b. Market Conduct Committee

Updates were provided earlier in this meeting via the two consultations that are currently under review by this committee and the Licensing Committee.

### c. Research & Education Committee

The committee is close to having a concrete proposal from Pollara on a consumer satisfaction survey regarding travel insurance. It is also continuing to work on a proposed Code of Conduct for Travel Health Insurance.

Towers Watson is also expected to submit its final report at the end of this month and the reports for individual insurer participants are expected to be ready at the same time.

### d. Licensing Efficiency Issues Committee

The committee is currently finalizing a follow-up letter to Saskatchewan on representation for RIA licence holders on the Insurance Council, following which they will draft a letter to Manitoba asking if they will adopt something similar.

The Premier in New Brunswick recently confirmed that an online licensing system will be available in the fall despite the absence of industry consultations. In addition, the province has agreed to coordinate the development of regulatory policy with Nova Scotia. Now that this has been stated publicly, there will be more pressure for them to deliver something.

Brendan informed members of a new Licensing Manager at FSCO and of a letter we received regarding the launch of a new on-site examination program for life agents.

**Action:** Circulate copy of the FSCO letter regarding the launch of a new program for life agents to members of the Licensing Committee and Derek. *[Brendan; tba]*

### e. Events and Networking Committee

The next speaker opportunity will be the Annual Members' Luncheon in early 2016. Brian Mills had been identified as a potential speaker for this event. However, due to the uncertainty within FSCO, members felt this may not be the best idea for an early 2016 event. Another idea put forward was to host a speaker panel instead.

## 7. Other Business

### a. AMF/CAFI and Board Meeting – Oct 6/15

The next Board meeting will be held in Levis (QC) on October 6, hosted by Desjardins. A luncheon with AMF executives and subsequent presentation and Board meeting will be held between 12:45 – 4:45 pm. Unfortunately Louis Morisset, AMF's CEO, is not available to attend on this day however several other AMF staff executives, are available and Louis asked that the meeting proceed without him.

### b. Regulator Meeting Notes

Members requested copies of the notes from any regulator meetings that had been conducted recently be circulated.

**Action:** Provide meeting notes from the Quebec City regulator meetings in April 2015 to EOC members. *[Brendan; tba]*

## 8. Termination

There being no further business, the meeting was terminated at 4:00 p.m.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary

**CAFII EOC Meeting Minutes**  
**Tuesday, August 25, 2015**  
**Location: ScotiaLife Financial**  
**20 Queen St. W, 35<sup>th</sup> Floor, Toronto, ON**

<b>Present:</b>	Carol Allen	Assurant Solutions ( <i>by teleconference</i> )
	Charles Blaquiere	Canadian Premier Life Insurance Co.
	Rose Beckford	ScotiaLife Financial
	Derek Blake	RBC Insurance
	Isabelle Choquette	Desjardins Financial Security Life Assurance ( <i>by teleconference</i> )
	Eleanore Fang	TD Insurance ( <i>by teleconference</i> )
	Maira Gill	TD Insurance
	Greg Grant	CIBC Insurance, <i>Chair</i>
	John Lewsen	BMO Insurance ( <i>by teleconference</i> )
	Sue Manson	CIBC Insurance
	Jamie Paradis	BMO Insurance
	Diane Quigley	The CUMIS Group ( <i>by teleconference</i> )
	Jodi Skeates	The CUMIS Group ( <i>by teleconference</i> )
<b>Regrets:</b>	Raja Rajaram	CIBC Insurance ( <i>for part by teleconference</i> )
	Maria Sanchez-Chung	TD Insurance ( <i>by teleconference</i> )
<b>Also Present:</b>	Leya Duigu	T•O Corporate Services, <i>Recording Secretary</i>
	Brendan Wycks	CAFII Executive Director

**1. Call to Order and Welcome to New Members**

The meeting was called to order at 2:05 pm. G. Grant acted as Chair and Leya acted as Recording Secretary. Members welcomed new EOC member Jamie Paradis from BMO Insurance.

**2. Regulatory Relations and Advocacy**

**a. CAFII Consultations/Submissions Timetable 2015-16**

The Licensing and Market Conduct committees have been collaborating over the summer in producing submissions to the BC and Quebec consultations.

**b. Draft Submission Re. BC FICOM 10-Year Review of FIA**

CAFII's draft submission to BC was recently circulated to EOC members and Brendan provided a high level overview of the document. The committee will have the opportunity to review the document in greater detail and provide feedback to Brendan.

**Action:** Review draft submission re. BC FICOM 10-Year Review of FIA and provide feedback to Brendan. It was agreed that in the event there are no major changes or comments Rose and Maira

shall have the authority to approve the final document on behalf of the EOC. [EOC members; Deadline September 4, 2015]

**c. BC “Effecting” of CGI Issue**

Brendan followed up with Kristine Mactaggart Wright, Executive Director, Conduct Supervision at BC’s FICOM, but did not receive a response. The expected Information Bulletin from FICOM on the effecting of CGI issue is still pending.

**d. CCIR Review of Travel Health Insurance**

Brendan followed up with Carol Shevlin and Harry James for an update on how CCIR’s review is progressing and is awaiting a response.

During this meeting, Brendan received an e-mail response from Harry James which indicated that the CCIR’s Travel Insurance Working Group had adjusted its timelines to accommodate other work being undertaken by CCIR. As a consequence, it would most likely not be releasing an Issues Paper for industry comment until early 2016, possibly as late as April 2016.

**e. QC Review of Distribution Act**

The combined Market Conduct and Licensing Committees have discussed the areas that CAFII will respond to and, based on this, Brendan will be producing a first draft of the submission.

The AMF wishes to hold insurers more accountable for their intermediaries/mandataries. It was proposed that CAFII should push back, noting that the insurer/distributor relationship is working well under the DWR regime and highlighting the potential danger of not holding distributors accountable for their actions and omissions. Members agreed that CAFII should remain neutral on this for now, as we aren’t aware of any issues with the current regime. In addition, we will tie this into CAFII’s previous DWR submission in 2011 as our position has not changed.

**Action:** Draft submission on QC Review of Distribution Act to be circulated to EOC members.  
[Brendan; deadline August 28, 2015]

**f. ON Review of FSCO Mandate**

Peter McCarthy and Greg Grant represented CAFII at the July 30 life and health insurance sector roundtable meeting with the Expert Panel leading Ontario’s review of FSCO’s mandate. The Preliminary Position Paper will be released in the early fall and no additional stakeholder meetings are being entertained at this time. Other life and health sector roundtable participants included CLHIA, Advocis, the Independent Financial Brokers of Canada, the Life Insurance Settlement Association of Canada, and Sun Life. Primerica made a written submission but didn’t attend the roundtable meeting. It was agreed that CAFII will send a letter to the Expert Panel reiterating our messages around alternate distribution and encouraging them to meet with CCIR.

**Action:** CAFII to send follow-up letter to the Expert Panel leading Ontario’s review of FSCO’s mandate, re-iterating our position. [Brendan; Deadline September 2015]

**g. SK Bill 177**

No update.



**h. Alberta Miscellaneous Provisions Regulation**

Members were informed of a one page Policy Proposal recently received from the Alberta Superintendent of Insurance, inviting stakeholders to comment on proposed amendments to the province's Miscellaneous Provisions Regulation by September 3, 2015. This Regulation pertains exclusively to property and casualty insurance, and the main change being proposed is to make insurer corporate licences perpetual rather than having to be renewed periodically.

Members discussed whether it would be prudent to ask for Restricted Insurance Agent licences to be made perpetual also, but agreed that consumer protection concerns related to RIA licence holders who are smaller entities and only peripherally involved in incidental sales of insurance would outweigh the benefits of perpetual licensing for CAFII members.

Members discussed the potential for a CAFII submission. While this issue is not directly relevant to CAFII, it is a positive development in p&c insurance that we could comment on for the purpose of building good regulatory relations.

**Action:** A further review of the Alberta Miscellaneous Provisions Regulation to be completed to determine if a submission should be made. [Brendan; tba]

**i. Email re. Brokers being told to Lobby Politicians regarding the Bank Act.**

Alberta property and casualty insurance brokers have been establishing a relationship with the province's new Finance Minister and have chosen the federal Bank Act as a topic of discussion. Members agreed that this should be added as a monitor/watch file for CAFII.

**3. EOC Committees Updates**

**a. Media Advocacy Committee**

The committee is proposing to develop a modified version of the communications strategy. The member FI media experts' view is that CAFII should focus on consumer education, as this could lead to increased opportunities for CAFII to field enquiries from consumers.

Regarding the media "hot button" responses, Greg, Charles and Brendan met with the Research & Education Committee to combine the key points with the identified hot buttons, and they are currently refining the results for review by the Media Advocacy Committee. One of the recommendations is to optimize the website and further consideration shall be given to resources and the direction previously provided by the Board.

**b. Market Conduct Committee**

The committee's priorities were already discussed in the Regulatory Relations and Advocacy section.

**c. Licensing Committee**

No update.

**d. Research & Education Committee**

The committee has been working on two main items including finalizing the Towers Watson study report and the travel insurance project.

**i. Travel Insurance Project**

The committee has been working in tandem with the Media Committee to answer some of their hot button topics around travel insurance. Next steps include developing an evidenced-based presentation which can be used by other committees, for presentation to and approval by the Board at the December 2015 meeting.

The travel insurance working group includes members from RBC, Desjardins, TD, BMO and CIBC and focuses on three main areas: developing a code of conduct; harmonization of definitions and exclusions; and consumer research.

Harmonization of Definitions and Exclusions

There is some uncertainty on whether all stakeholders have reviewed and aligned with the definitions and exclusions. Questions were posed as to how this dovetails with the work of the CCIR Travel Insurance Working Group (TIWG) and how to coordinate efforts with the CLHIA which has assumed the file on behalf of the industry. It was agreed that CAFII should continue working on the travel insurance file while considering how to integrate those efforts with the work of the CLHIA committee. Membership between the CAFII and CLHIA committees is similar and Charles has joined the CLHIA committee, following the departure of Isaac Sananes.

Pollara Consumer Research

The CCIR's TIWG has developed its views based on consumer research from other jurisdictions including the FCA in the UK and this was the key trigger for our pursuing some consumer research in Canada with Pollara. The Pollara survey will be a 16 minute online survey of 1,000 Canadians and, where possible, will align its questions with the UK survey. Questions include their general perception of travel insurance, purchase satisfaction and claims satisfaction. Preliminary results were received last week and are positive. Once the final report is received, CAFII will need to determine next steps.

**ii. Ontario Ministry of Health: OHIP Reimbursement Changes**

The committee was also tasked with responding to a request received from the Ontario Ministry of Health (MOH) regarding possible changes to consumer reimbursements for out-of-country medical expenses. Six key questions were posed by the MOH officials and a conference call was held, with travel insurance experts from RBC and TD participating. Questions were raised around reducing compensation in some areas and items that aren't covered by policies. MOH staff wished to understand the impact on insurers if they made changes to the coverages (service and benefits). The meeting was more of an information session and the experts did an excellent job of educating MOH staff and raising CAFII's credibility.

**iii. Code of Conduct for Travel Health Insurance**

The code being developed will cover all aspects of travel health insurance and apply to both distributors and insurers. A draft has been completed and members are now reaching out to

third party insurers with the goal of confirming that the commitments set out in the code are reasonable. A legal perspective will be sought once we are past the early stages and shall include any considerations on the potential for the code to lead to regulation.

#### 4. Other Business

##### a. Membership Update

Brendan, Greg and Leya participated in a conference call with new AMEX Bank of Canada staff executive Nick Bilodeau on August 4. During the call, Nick confirmed AMEX's ongoing interest in regulatory relations and advocacy on behalf of creditor and travel insurance and alternate distribution, and indicated that he would be recommending that his company maintain its CAFII membership. The Regular Member dues invoices for 2015 were emailed to him following the meeting.

##### b. AMF/CAFII and Board Meeting – Oct 6/15

The meeting materials included an overview of the Board Meeting on October 6 in Levis, which will be shorter than most Board meetings.

##### c. Thank You to Departing EOC Member

Members wished to communicate their appreciation to Andre Duval for his work on CAFII, through a small token gift.

**Action:** Investigate the potential of sending a token gift to Andre Duval for his many contributions to CAFII. [*Leya; tba*]

#### 5. Termination

There being no further business, the meeting was terminated at 3:45 p.m.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary

## 2015 Summary of Meeting Action Items: BOARD &amp; EOC

	Source	Action Item	Responsible	Deadline	Status as of 16-Sep-15
<b>BALANCED SCORECARD / PERFORMANCE MANAGEMENT</b>					
		<i>no action items</i>			
<b>FINANCIAL MANAGEMENT</b>					
		<i>no action items</i>			
<b>MEMBERSHIP</b>					
		<i>no action items</i>			
<b>GOVERNANCE AND ADMINISTRATION</b>					
1	EOC Aug 25, 2015	• Investigate the potential of sending a token gift to Andre Duval for his many contributions to CAFII.	Leya	tba	In progress
<b>REGULATOR / POLICY-MAKER RELATIONS AND ADVOCACY</b>					
		<b>Central Canada: MB, ON, QC</b>			
2	EOC Jun 23, 2015	• Circulate copy of the FSCO letter regarding the launch of a new program for agents to members of the Licensing Committee and Derek	Brendan	tba	Completed
		<b>Ontario Review of FSCO Mandate</b>			
3	EOC Aug 25, 2015	• CAFII to send follow-up letter to the FSCO Mandate review committee, re-iterating our position.	Brendan	September	Not started
4	EOC Jun 23, 2015	• Monitor Ontario government site to confirm CAFII's submission is published.	Brendan	tba	Completed
5		• Confirm timing and details the meetings and prepare briefing notes highlighting key CAFII positions and those of other relevant organizations.	Brendan	tba	Completed
6		• Contact David McLean regarding a one-on-one meeting with the review panel.	Brendan	tba	Completed - no 1-on-1 meetings being entertained until Preliminary Position Paper published
7	EOC May 26, 2015	• Reach out to Erica Hiemstra and connect with Frank Zinatelli and Peter Goldthorpe at CLHIA, with a view to securing agreement on a transparent, reciprocal approach to aligning the Associations' respective submissions; and, if agreement is obtained, draft the CAFII submission based upon the approach outlined by the EOC to drafting.	Brendan	tba	Completed
8		• Seek Rino D'Onofrio's views on CAFII's response to the FSCO Mandate Review, and provide them to Brendan.	Derek	tba	Completed
9	Board Apr 7, 2015	• Develop list of potential issues, important to CAFII members, which could come forward in the Ontario Review of FSCO's mandate and draft the industry's position for board consideration.	LEIC	tba	Completed
10	EOC Mar 24, 2015	• Draft a preliminary plan regarding the ON Review of FSCO's Mandate for board consideration.	Moira, EOC	28-Apr-15	Completed

	Source	Action Item	Responsible	Deadline	Status as of 16-Sep-15
		<b>Quebec Review of DWR</b>			
11	EOC Aug 25, 2015	• Draft submission to consultation on QC Review of DWR to be circulated with EOC members	Brendan	28-Aug-15	Completed
12	EOC Jun 23, 2015	• Obtain 2011 CAFII submission on DWR to ensure our messaging is consistent and if it isn't confirm rationale for changing it.	Brendan	tba	Completed
13		• Schedule two meetings of the Market Conduct and Licensing Committees starting with July 21st, in lieu of the EOC meeting, and another date approximately two weeks later.	Leya	asap	Completed
		<b>Eastern Canada: NB, NL, NS</b>			
		<i>no action items</i>			
		<b>Western Canada: BC, AB, SK</b>			
14	Board Apr 7, 2015	• Develop an education campaign on creditor's group insurance and the underserved market for regulators and policy-makers in the BC ministry	EOC	tba	Not started
15	EOC Aug 25, 2015	• A further review of the Alberta Miscellaneous Provisions consultation to be completed to determine if a submission should be made.	Brendan	3-Sep-15	No submission made
		<b>BC FICOM 10-Year Review of FIA</b>			
16	EOA Aug 25, 2015	• Review draft submission re. BC FICOM 10-Year Review of FIA and provide feedback to Brendan. Rose and Moira shall have the authority to approve the final document in the event there are no	EOC Members	4-Sep-15	Completed
17	EOC Mar 24, 2015	• Draft CAFII response to Insurance Council of BC's proposal – to be put forward during the 10-Year Review of the Financial Institutions Act -- that a dollar limit ceiling be imposed on the amount of coverage that can be sold under the province's licensure exemption for CGI; and determine how our position should be communicated and to whom.	Greg, Brendan	tba	Pending
		<b>Regulator and Policy-Maker Visit Plan</b>			
18	EOC Jun 23, 2015	• Provide notes from the Quebec City regulator meetings in April 2015 to EOC members.	Brendan	tba	Completed
19	EOC May 26, 2015	• Set up lunch meeting for CAFII representatives with Carol Shevlin (and her successors) in the Fall 2015.	Brendan	Fall 2015	Pending
<b>INDUSTRY RESEARCH</b>					
		<i>no action items</i>			
<b>MEDIA AND COMMUNICATIONS</b>					
		<i>no action items</i>			
<b>EVENTS AND NETWORKING</b>					
		<i>no action items</i>			

**CAFIL - 2015 Executive Director Balanced Scorecard - September 16, 2015**

CAFIL - 2015 Executive Director Balanced Scorecard - September 16, 2015					
	H = High Priority; M = Medium; L = Low				
Priority	Objectives	Measures	Timing	Status As At September 16/15	Outcome
	Regulatory and Advocacy (50% of ED and EOC focus/time)				
#1 H	Draft and deliver highly quality regulatory submissions and follow-up with regulators and policy-makers, as appropriate.	Regulatory submissions are well-written, comprehensive and produced on time; Board and EOC have sufficient time to review and provide input, which is given due and equitable consideration and included where appropriate; submissions reflect consultation with allied industry Associations where appropriate	Ongoing		
H		Bill 177, The Insurance Act (Saskatchewan)	Q1 2015 thru Q4 2016	CAFIL submission sent on Feb. 23/15; follow-up teleconference on March 2/15 to address CAFIL issues; CAFIL follow-up letter sent May 13/15.	Bill passed May 6/15 but won't be "proclaimed in force" until Regulations drafted and a thorough consultation with industry has occurred. Some sections of Act of concern to CAFIL to be amended or repaled via Regulations.
H		British Columbia Consultation on 10-Year Review of Financial Institutions Act (FIA)	Q1 2015 thru Q2 2016	CAFIL response to Consultation Paper sent Sept 9/15.	
H		BC FICOM's 'effecting' of creditor's group insurance issue	Q1 thru Q4 2015	FICOM released Information Bulletin on CGI in BC on Sept. 14/15. CAFIL response to be determined.	
H		AMF's final E-Commerce in Insurance position paper	Q2 thru Q4 2015	CAFIL met with AMF executives on April 29/15 and received clarification on implementation plans for "Orientations" in paper.	Final E-Commerce Report released April 2/15.
H		AMF's Distribution Guide template initiative	Q2 thru Q4 2015	Pending	Draft Regulation on Distribution Guide to be circulated to industry for brief consultation, likely in Q4 2015, with goal being to finalize it by end of 2015.
		Ontario Ministry of Finance consultation on "Proposed Regulations Related to Parts V and VII of the Insurance Act"	Q2 2015	CAFIL submission sent May 19/15.	Regulations expected to be passed in October 2015, with 'in force' date of July 1, 2016.
M		Ontario government review of FSCO mandate	Q2 2015 thru Q1 2016	Peter McCarthy & Greg Grant (due to Rino's illness) participated in life & health sector roundtable meeting with Expert Panel on July 30/15; May 21/15 informal meeting with Expert Panel; made written submission on June 5/15.	Debrief meeting with P. McCarthy and G. Grant following July 30/15 roundtable, and provided highlights at August 25/15 EOC meeting. Followed up with D. McLean for one-on-one meeting for CAFIL, but was advised that Expert Panel not holding further meetings with any stakeholders at this time.
		Quebec Ministry of Finance consultation on "Report on the Application of the Act respecting the Distribution of Financial Products and Services" (Bill 188)	Q2 thru Q4 2015	CAFIL submission well-advanced; to be reviewed by EOC on Sept. 22/15. Deadline for submissions: Sept. 30/15	
M		Quebec government review of "An Act Respecting the AMF" (empowering and governing the AMF)	Q2 thru Q4 2015	Intention to review Act announced as part of Quebec provincial budget on March 26/15, but no consultation launched yet.	
M		Letter to Opportunities New Brunswick re changes necessary to Insurance Act and regulatory processes to facilitate efficient business operations in the province.	Q1 2015	Letter sent April 16/15, with copy to Superintendent of Insurance. Possible follow-up meeting with Jay Reid of Opportunities New Brunswick to be considered.	Government of New Brunswick and FCNB made deadline commitments in August 2015 re launch of online insurance licensing system.
M		New Brunswick Consultation on Rule INS-001 Fees, In Relation To The Insurance Act	Q2 thru Q4 2015	CAFIL submission sent May 1/15. Had follow-up teleconference with David Weir, Deputy Superintendent, on June 9/15.	June 9/15 teleconference with David Weir revealed that some proposals made in Rule INS-001 were not legislatively permissible. New consultation to be launched but he had no idea when the government will act on this.
M		Conditions are amenable to smooth transition by CAFIL members to Manitoba's new RIA Regime	Ongoing	Monitoring through liaison with Erin Pearson, Insurance Council of Manitoba	New RIA/ISI regime launched June 1/15.
M		Nova Scotia Direct Sellers' Regulation Act (DRSA)	Ongoing	CAFIL made submission in Dec/14 in support of proposed insurance xemption language. Monitoring and liaising with Service Nova Scotia to ensure favorable exemption is enacted.	
L		Possible Nova Scotia review of life insurance sections of Insurance Act in 2015	Q1 thru Q4 2015	Monitoring	On April 22/15, Superintendent of Insurance advised that NS unlikely to initiate this review in 2015 (continuing to monitor).
L		Possible PEI review of life insurance sections of Insurance Act in 2015	Q1 thru Q4 2015	Monitoring	On April 23/15, Superintendent of Insurance advised that PEI may initiate this review in late 2015 (continuing to monitor).
#2 H	Develop and execute on Regulator and Policy-Maker Visit Plan in support of CAFIL positions on legislative and regulatory issues	CAFIL investments in regulator and policy-maker visits are appropriately scheduled; well-organized and executed, including briefing/preparation of CAFIL participants. These meetings successfully support and advance CAFIL's positions on legislative and regulatory issues	Ongoing	On Target	
#3 H	Maintain ongoing monitoring of and liaison/communications with regulators, policy-makers, allied Associations, and other industry stakeholders for relationship-building and intelligence gathering	EOC and Board members are kept well-informed of hot button, urgent, time-sensitive issues	Ongoing	On Target	
H		CAFIL "Alerts" sent to EOC and Board members on hot button, urgent, time-sensitive issues	Ongoing	On Target	
#4 H	Monitor and report key developments in CCIR's review of travel insurance (including CCIR Working Group on Travel Insurance; CISRO; CLHIA high level committee on travel insurance; and THIA) ; and support related work of CAFIL internal group on travel insurance (in conjunction with Research & Education Committee)	Intelligence gathered through monitoring and work of internal group on travel insurance put CAFIL in a position of readiness and strength, to make a regulatory submission or otherwise make its views known, as distributors of travel insurance, should the need arise	Ongoing	Underway	
H		CAFIL internal group on travel insurance completes review; addresses issues and concerns identified by CCIR project	Ongoing	CAFIL internal group on travel insurance formed, and work now underway	

	H = High Priority; M = Medium; L = Low				
Priority	Objectives	Measures	Timing	Status As At September 16/15	Outcome
#5 M	Secure Representation for CAFII members as Restricted Insurance Agents in Saskatchewan, Alberta, and Manitoba	CAFII's proposed model for a Restricted Insurance Agent Advisory Committee to ICS Executive Director is adopted in Saskatchewan	Ongoing	Draft 2 of CAFII letter of support re proposed Terms of Reference for Advisory Committee, to augment submission made by CLHIA on December 19/14, is in development.	
M		CAFII's interests are advanced in shaping of a model for representation of Restricted Insurance Agents with Joanne Abram, CEO of the Alberta Insurance Council	Ongoing	Pending submission of Saskatchewan letter	
M		Insurance Council of Manitoba calls upon CAFII members, as appropriate, when requiring subject matter expert advice to its ISI Subcommittee	Ongoing	Monitoring	ICM has formed new ISI Subcommittee, comprised of five Council members, but is forming a roster of subject matter experts who can be called upon on "as needed" basis
<b>Media and Communications (20% of ED and EOC focus/time)</b>					
#1 (H)	Move CAFII into a position of readiness and confidence to respond to media opportunities re Creditor's Group Insurance and Alternate Distribution	Successful execution of tactics within specified timelines	Q1 and Q2 2015	Drafts of three documents completed and currently under review by Media Communications Committee	
H	Monitor media coverage re CGI, travel insurance, and alternate distribution	Any hot button issues related to media coverage are identified and dealt with in a timely, appropriate manner	Ongoing	In process, in concert with Media Committee	
#2 H	Make CAFII web site more robust and audience-friendly for members; regulators and policy-makers; the media (pending Media Committee approval); and the public	Content and navigation of CAFII site are reviewed and overhauled; information updates are posted on a timely and consistent basis; and site becomes a "go to" resource for key audiences	Q1 thru Q4 2015	Underway	
#3 H	Monitor Consumer Interest Groups	Include intelligence on Consumer Interest Groups' issues and activities in Regulatory Updates for EOC and Board meetings	Ongoing	On Target	
#4 M	Consumer Financial Literacy (CFL): Move CAFII into a position of readiness and confidence to engage proactively with regulators, the public, and consumer interest groups in support of CFL (Medium/long term objective: CAFII and its members are seen as advocates for CFL; and a "go to" industry Association in that area)	Three-year plan developed and approved by Media Committee, EOC, and Board for CAFII to become incrementally engaged in CFL activities	Q1 thru Q4 2015	Pending	
		CAFII web site content on CFL made more specific and compelling	Q2 2015	Underway	
TBD		CAFII gets involved in Financial Literacy Month (November) in 2015 through an event or initiative; and has specific plans for continued participation in future years	Q1 thru Q4 2015	Pending	
TBD		Plan developed and approved by Media Committee, EOC, and Board for CAFII to be involved in Fraud Prevention Month (March) in 2016, as directly related to CFL	Q1 thru Q4 2015	Pending	
<b>Association Oversight and Management (30% of ED and EOC focus/time)</b>					
#1 H	Produce an "industry intelligence" Regulatory Update monthly, for each EOC and Board meeting	Regulatory Update is produced for each EOC and Board meeting, containing outside-of-the-public-domain information on regulatory actions, pronouncements, trends and leading indicators	Ongoing	On Target	
#2 H	Efficient, effective CAFII meetings: with EOC Chair and standing committee Chairs, ensure agendas are focused and goal-oriented and meetings are well-managed	Agendas and meeting materials are distributed with appropriate lead time. Board and committee members are engaged in meeting discussions and feel meetings are productive and advance CAFII's objectives	Ongoing	In process	
#3 H	Ensure that CAFII prepares an annual operating budget that is well-grounded in approved strategic and operational plans; funds are spent according to plan; and financial control policies and procedures -- including monthly financial statements -- are adhered to	Play a leadership role in development, management, and tracking/monitoring of CAFII's annual operating budget, and committee and project budgets. Budget targets are met, except for explainable/approved variances	Ongoing	On Target	
#4 H	Provide strategic and operational support to the EOC Chair in management of CAFII priorities and activities, and accountability reporting thereon	Engaged strategic and operational support to EOC Chair; escalates appropriate matters to EOC Chair for review and decision-making	Ongoing	In process	

# CAFII

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

## Statement of Operations As at August 31, 2015

	Current Month	Current YTD	Budget 2015	% Used
<b>Revenue</b>				
Membership Fees	35,333.00	282,664.00	424,000.00	67%
Interest Revenue	22.85	248.64	500.00	50%
<b>TOTAL REVENUE</b>	<b>35,355.85</b>	<b>282,912.64</b>	<b>424,500.00</b>	<b>67%</b>
<b>Expenses</b>				
Management Fees	20,937.65	172,063.72	249,264.00	69%
CAFII Legal Fees/Corporate Governan	0.00	248.60	5,000.00	5%
Audit Fees	0.00	0.00	14,000.00	0%
Insurance	436.50	3,469.50	5,368.00	65%
Website (incl translation)	0.00	7,814.87	6,260.00	125%
Telephone/Fax/Internet	244.14	2,810.62	8,000.00	35%
Postage/Courier	0.00	172.81	500.00	35%
Office Expenses	0.00	1,539.93	3,000.00	51%
Bank Charges	0.00	25.00	60.00	42%
Miscellaneous Expenses	0.00	0.00	0.00	
Amortization Expense	0.00	0.00	300.00	0%
Depreciation Computer/Office Equipm	38.89	311.12	0.00	
<b>Board/EOC/AGM</b>	<b>0</b>	<b>0</b>		
Annual Members Lunch	0	9,754.99	7,000.00	0%
Board Hosting (External)	0	2,597.26	9,000.00	0%
Board/EOC/Meeting Expenses	175.76	2,239.62	10,000.00	0%
Industry Events	0	0	805.00	0%
EOC Annual Lunch	0	0	2,000.00	0%
<b>Sub Total Board/EOC/AGM</b>	<b>175.76</b>	<b>14,591.87</b>	<b>28,805.00</b>	
Provincial Regulatory Visits	0.00	2,007.01	10,000.00	20%
Research/Studies	0.00	11,513.19	90,000.00	13%
Regulatory Model(s)	845.23	1,229.97	12,000.00	10%
Federal Financial Reform	0.00	0.00	2,000.00	0%
Media Outreach	0.00	0.00	8,500.00	0%
Marketing Collateral	0.00	0.00	1,500.00	0%
<b>Networking Events</b>	<b>0.00</b>	<b>0.00</b>		
Speaker fees & travel	0	0	3,000.00	
Gifts	0	0	1,000.00	
<b>Sub Total Networking &amp; Events</b>	<b>0.00</b>	<b>0.00</b>	<b>4,000.00</b>	<b>0%</b>
15th Anniversary Event	0.00	0.00	0.00	
<b>TOTAL EXPENSE</b>	<b>22,678.17</b>	<b>217,798.21</b>	<b>448,557.00</b>	<b>49%</b>
<b>NET INCOME</b>	<b>12,677.68</b>	<b>65,114.43</b>	<b>-24,057.00</b>	<b>-271%</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 cafii.com, Vimeo(videos) subscription and website improvements



# CAFII

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

## Membership Fees As At August 31, 2015

	<u>Jan-15</u>		<u>Jul-15</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 23,500.00	April 24, 2015	\$ 23,500.00	
CIBC Insurance	\$ 23,500.00	Mar13,2015	\$ 23,500.00	12-Aug-15
RBC Insurance	\$ 23,500.00	Mar26,2015	\$ 23,500.00	13-Aug-15
ScotiaLife Financial	\$ 23,500.00	Mar6,2015	\$ 23,500.00	1-Sep-15
TD Insurance	\$ 23,500.00	Mar13,2015	\$ 23,500.00	12-Aug-15
AMEX Bank of Canada	\$ 11,750.00		\$ 11,750.00	
Assurant Solutions	\$ 11,750.00	Mar6,2015	\$ 11,750.00	12-Aug-15
Canadian Premier Life Insurance Company	\$ 11,750.00	Mar13,2015	\$ 11,750.00	12-Aug-15
Desjardins Financial Security Life Assurance Company	\$ 11,750.00	April 24, 2015	\$ 11,750.00	01-Sep-15
National Bank Insurance Company	\$ 11,750.00	Mar13,2015	\$ 11,750.00	12-Aug-15
Cumis Group Ltd	\$ 11,750.00	April 8, 2015	\$ 11,750.00	12-Aug-15
Aimia	\$ 4,800.00	April 8, 2015		
Avalon Actuarial	\$ 4,800.00	Mar13,2015		
Collins Barrow Toronto Actuarial Services	\$ 4,800.00	June 24, 2015		
CSI Brokers Inc.	\$ 4,800.00	April 8, 2015		
KPMG	\$ 4,800.00			
Laurentian Bank of Canada	\$ 4,800.00	April 24, 2015		
Munich Re	\$ 4,800.00	June 24, 2015		
Optima Communications	\$ 4,800.00	Feb27,2015		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	April 8, 2015		
The Canada Life Assurance Company	\$ 4,800.00	Mar13,2015		
<b>January Invoices</b>	<b>\$236,000</b>		<b>\$188,000</b>	
<b>July Invoices</b>	<b>\$188,000</b>			
<b>Total Membership Fees</b>	<b>\$424,000</b>			
Total amount to realocate monthly Jan-Dec	\$35,333			

# CAFI

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

## Balance Sheet As at August 31, 2015

ASSETS	Current 2015
<b>Current Assets</b>	
Bank Balance	\$387,520
Investments <sup>A</sup>	\$53,808
Accounts Receivable	\$87,050
Interest Receivable	\$57
Prepaid Expenses	\$3,929
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$1,283)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
<b>Total Current Assets</b>	<b>\$533,413</b>
<b>TOTAL ASSETS</b>	<b>\$533,413</b>
<b>LIABILITIES</b>	
Current Liabilities	
Account Payable <sup>B</sup>	\$19,272
Deferred Revenue	\$141,336
<b>Total Current liabilities</b>	<b>\$160,608</b>
<b>TOTAL LIABILITIES</b>	<b>\$160,608</b>
<b>UNRESTRICTED NET ASSETS</b>	
Unrestricted Net Assets, beginning of year	\$307,691
Excess of revenue over expenses	\$65,114
<b>Total Unrestricted Net Assets</b>	<b>\$372,806</b>
<b>Total Unrestricted Net Assets</b>	<b>\$372,806</b>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$533,413</b>

### Financial Reserves Targets:

Minimum 3 months (25%) of Annual Operating Expenses =	\$ 112,139
Maximum 6 months (50%) of Annual Operating Expenses =	\$ 224,279
<b>Current Level of Financial Reserves:</b>	<b>\$372,806</b>
<b>Current Level of Financials Reserve (%):</b>	<b>83%</b>

**C A F I I**  
21 St Clair Ave east, Suite 802  
Toronto, ON, M4T 1L9  
**Balance Sheet Items**  
**As at August 31, 2015**

**Item A**

**Investment Portfolio**

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-13	June-17-15	\$53,807.97	0.50%	\$269.04	June-16-16
<b>Total</b>		<b>\$53,807.97</b>		<b>\$269.04</b>	

**Item B**

**Accounts Payable**

	<b>Total</b>
	2,486.00
	-8,214.49
	25,000.00
<b>Total outstanding:</b>	<b><u>19,271.51</u></b>

## CAFII Consultations/Submissions Timetable 2015-16

Regulatory Issue	Deliverable	Deadline	Accountable
ON Review of FSCO Mandate (consultation paper released April 21, 2015)	<ul style="list-style-type: none"> <li>Life &amp; health sector stakeholder roundtable meeting</li> <li>Expert Panel releases Preliminary Position Paper</li> <li><b>Response to Preliminary Position Paper</b></li> <li>Panel delivers final report to Minister</li> </ul>	<ul style="list-style-type: none"> <li>Held July 30/15</li> <li>Fall 2015</li> <li><b>Late Fall 2015</b></li> <li>Feb/Mar 2016</li> </ul>	<ul style="list-style-type: none"> <li>EOC</li> </ul>
CCIR Review of Travel Health Insurance	<ul style="list-style-type: none"> <li>CCIR TIWG releases Discussion Paper</li> <li><b>Response to Discussion Paper due</b></li> <li>Meeting with TIWG and/or CCIR</li> <li>CCIR releases Position Paper</li> </ul>	<ul style="list-style-type: none"> <li>March/April 2016</li> <li><b>May/June 2016</b></li> <li>June or Sep 2016</li> <li>Fall 2016</li> </ul>	<ul style="list-style-type: none"> <li>EOC, ED to monitor</li> </ul>
QC Review of Distribution Act – (consultation Report released June 12, 2015)	<ul style="list-style-type: none"> <li><b>Response to Report</b></li> <li>Meeting with Ministry of Finance officials re CAFII submission</li> </ul>	<ul style="list-style-type: none"> <li><b>Sep 30, 2015</b></li> <li>Oct/Nov, 2015</li> </ul>	<ul style="list-style-type: none"> <li>Joint Market Conduct/Licensing Committee</li> </ul>
BC FICOM 10-Year Review of FIA (consultation paper released June 2, 2015)	<ul style="list-style-type: none"> <li><b>Response to consultation paper</b></li> <li>Meeting with Ministry of Finance officials re CAFII submission</li> </ul>	<ul style="list-style-type: none"> <li><b>Sep 15, 2015</b></li> <li>Oct/Nov 2015</li> </ul>	<ul style="list-style-type: none"> <li>Joint Market Conduct/Licensing Committee</li> </ul>
BC “Effecting” of CGI Issue	<ul style="list-style-type: none"> <li>FICOM Information Bulletin on CGI</li> <li>Meeting with FICOM officials re Bulletin’s directives</li> </ul>	<ul style="list-style-type: none"> <li>Issued Sep 14, 2015</li> <li>Sep 2015 (tentative)</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 publishes Draft Regulations</li> <li><b>Response to Draft Regulations</b></li> <li>Meeting with FCAA officials re CAFII submission</li> </ul>	<ul style="list-style-type: none"> <li>Oct/Nov 2015</li> <li><b>Jan 2016</b></li> <li>Feb/Mar 2016</li> </ul>	<ul style="list-style-type: none"> <li>Market Conduct Committee, ED to monitor</li> </ul>
Ontario Insurance Act Parts V and VII	<ul style="list-style-type: none"> <li>CAFII Comments submitted</li> <li>Regulations approved</li> <li>Regulations comes into force</li> </ul>	<ul style="list-style-type: none"> <li>May 19, 2015</li> <li>End Oct 2015</li> <li>July 1, 2016</li> </ul>	<ul style="list-style-type: none"> <li>ED to monitor</li> </ul>

September 9, 2015

FIA & CUIA Review  
Policy & Legislation Division  
Ministry of Finance  
PO Box 9470 Stn Prov Govt  
Victoria, BC V8W 9V8  
Email: [fiareview@gov.bc.ca](mailto:fiareview@gov.bc.ca)

**Subject:** Financial Institutions Act & Credit Union Incorporation Act Review

CAFII is pleased to provide the following input in response to the issues and questions raised in the Initial Public Consultation Paper that are relevant to our members' insurance-related activities. Our responses are offered from the perspective of insurers and distributors that

- offer creditor's group insurance and travel insurance in BC and across Canada;
- offer insurance solutions through alternate, non-traditional distribution channels such as direct mail, contact centres, and the internet; and
- for the most part, are federally incorporated and subject to both federal and provincial regulation.

## OVERALL/FRAWORK ISSUES

### Issue 1: Financial Consumer Protection

*Q1. Should BC consider adopting a market conduct code for fair treatment of consumers that would apply to financial institutions? If so, should there be one code for all financial institutions or separate codes for different types of financial institution?*

With respect to insurance, CAFII believes that there should be one national, principles-based code for fair treatment of consumers (FTC), developed by the CCIR, which all jurisdictions would adopt. We also note that the Financial Consumer Agency of Canada (FCAC) concluded a consultation on a proposed federal financial consumer code in early 2014, the results of which have not yet been announced.

*Q3. Should ombudservices be mandated for addressing consumer complaints against mutual insurers and/or insurance agents and brokers?*

In this area, we note that CAFII members have robust processes in place which operate under a "company first" approach to review and resolve/escalate complaints. If consumers are not satisfied, they have recourse to the financial institution's (FI) own Ombudsperson. FIs have well-established policies and procedures to receive, investigate, and respond to consumer complaints with respect to the products they offer. The FI informs consumers of these procedures, which are easy to understand and use. These procedures set out a clear complaint resolution process and identify appropriate contacts within the organization. Information concerning these complaint procedures is available from personnel at any branch, on the FI's website and in printed brochures that explain the process in detail. Our members make every effort to respond to complaints fairly and promptly.

Should a consumer remain dissatisfied with the outcome of the complaint review, they can then escalate their case to the OmbudService for Life & Health Insurance (OLHI).

*Q4. Should authorization requirements for financial institutions and licensing requirements for insurance agents and brokers specifically require fair treatment of consumers?*

CAFII's view is that fair treatment of consumers is a point-of-sale issue and not a point-of-authorization/licensure issue and it would not be appropriate to include FTC in licensing requirements. In addition, embedding FTC directly in authorization/licensure documents and/or screening processes would be impractical and add unnecessary red tape while not enhancing consumer protection. That said, if a FTC code is introduced, requiring applicants to promise to adhere to it as part of the authorization/licensure process would be a positive step.

In the case of most CAFII members, the selling of creditor insurance products is federally regulated and consumers are well-protected through the financial institutions' compliance with the CBA Code of Conduct for Authorized Insurance Activities. This Code – part of the CBA's suite of Voluntary Commitments and Codes of Conduct – applies to all authorized insurance products promoted in Canada. The CBA's Voluntary Commitments and Codes of Conduct are non-legislated commitments that banks have made to their consumers in a number of areas. The banks' federal consumer regulator, the Financial Consumer Agency of Canada, oversees the banks' compliance with them.

All CAFII members also follow relevant CLHIA Guidelines, including Guideline G7 Creditor's Group Insurance, G9 Direct Marketing, and G5 Travel Insurance.

*Q6. Does BC have the correct framework for use of corporate and business names and logos, and the disclosure of identity for financial institutions?*

CAFII believes that BC's current legislative framework for use of corporate and business names and logos works well, and ensures that the identities of the financial institutions are clear and transparent to consumers. However, to provide additional flexibility for industry participants, we would encourage BC to consider Quebec's approach where applicants are allowed to have both the company name and the brand name on the license. This approach recognizes that some distribution models have more than one brand operating under a corporate licence.

## **Issue 2: Market Discipline/Public Disclosure of Key Financial Risk Information**

*Q1. Should BC financial institutions be required to make additional financial and risk information available publicly, including online? If so, which types of information? What are the benefits and risks or issues associated with more stringent public disclosure requirements?*

The public availability of financial and risk information related to our members is addressed in both federal and provincial Insurance legislation and/or regulations, including in BC. As BC considers disclosure of financial and risk information for FIs incorporated in the province, we would encourage harmonization, to the extent possible, with parallel provisions in other jurisdictions.

*Q2. Should FICOM be permitted to publish information it collects from financial institutions online? Are there certain types of information that should not be published or exemptions that should be provided (e.g., to particular types or sizes of institution)?*

CAFII believes that the current requirements in the FIA are appropriate and that FICOM's disclosure powers do not need to be extended to online posting.

In this connection, CAFII members want to reserve the right to provide privileged responses to regulator surveys or other information requests, where appropriate. Legislating a self-evaluative privilege protection for insurers in BC would promote open and transparent self-assessments by companies and ultimately contribute to consumer protection improvements that could be achieved through regulators' use of such assessments.

*Q3. Should financial institutions in BC be required to provide information to national databases for regulatory purposes, and should FICOM be allowed to do so?*

We encourage BC to join and participate in the National Complaint Reporting System (NCRS) for life and health insurance.

With respect to national databases, CAFII would also like to impress upon FICOM and the Insurance Council of BC the compelling need for an integrated national database to facilitate licensing and monitoring of insurance agents across all jurisdictions. A nationally integrated electronic licensing system could become the foundation for a system of mutual recognition for vetting of applications and for ongoing supervision.

### **Issue 3: Financial Literacy**

CAFII believes that financial literacy can be well-supported under existing federal and provincial legislation. However, if there are to be new financial literacy obligations for the life and health insurance sector, we would like to see a nationally co-ordinated approach, one which builds upon the work being led by the FCAC's National Financial Literacy Leader.

CAFII members have been focused on consumer financial literacy for many years by using plain language and clear communication in offering insurance products. Members adhere to the FCAC's *Commissioner's Guidance on Clear Language (CG-3)* and the CLHIA's reference document *A Model Demonstrating Clear Communication Principles and Techniques Using Examples From Insurance Policies*.

Our Association's tag line is "Making Insurance Simple and Accessible for Canadians" and our members focus on achieving that.

CAFII member client service representatives use plain language and clear communication to help consumers understand exactly what they are buying. Their objective is to give consumers the information they need to make an informed and sound decision. They are trained to point out features and limitations of the insurance and answer consumer questions. In addition, information is available on member websites and consumers are given a toll-free phone number to call with any questions they may have.

CAFII members provide marketing materials and insurance policies and certificates, detailing coverages and exclusions in a manner that is easy to understand; and they are always working to improve clarity. Consumers can take their time to do a full review of all materials during the "free look" period - typically 30 days - during which time they can cancel and receive a full premium refund.

#### **Issue 4: Technological Change**

CAFII believes that the future of the life and health insurance industry will be marked by continued innovation and an increase in consumer demand for electronic commerce.

As such, CAFII members utilize electronic commerce extensively to distribute authorized and other life and health insurance products and we share regulators' objective of ensuring that consumers are protected while purchasing products through their channel of choice.

At the same time, many regulatory requirements were designed for traditional paper-based and personal interaction sales practices and they will need to be revisited to ensure that they do not create inadvertent obstacles for innovation in alternate distribution models.

*Q1. Are there any barriers or impediments to using new technology in the current legislative and regulatory framework (e.g., for member engagement, provision of products and services, etc.)? What changes are needed to ensure the regulatory framework continues to enable and accommodate technological change, now and in the future?*

CAFII believes that the current legislative and regulatory framework in BC provides the flexibility needed to support technological innovation and improvements in consumers' insurance purchase experiences.

We compliment BC for being a leader in supporting technological innovation, e.g. the inter-related changes made to the Electronic Transactions Act and the Insurance Act to allow for electronic beneficiary designations. One further area in which BC could lead by removing a barrier to innovation would be to allow for online/electronic termination of an insurance contract, where both the insurer and the individual insured agree to that option.

With respect to legislative or regulatory changes, CAFII requests that lead time of 12 to 18 months be provided to facilitate our members' implementation of the changes. These changes inevitably give rise to major information systems projects within member companies and it takes time to ensure that necessary systems changes are made, forms revised, staff trained, and consumers notified of how the changes affect them.

*Q2. Are any changes needed to ensure consumers continue to be protected and provided with the information they need to make informed choices?*

The existing legislative and regulatory framework in BC, along with the CBA Code of Conduct for Authorized Insurance Activities and CLHIA Guidelines, works well to ensure that consumers are adequately protected and have access to the information they need to make informed decisions in their channel of choice.

The CCIR's final position paper on *Electronic Commerce in Insurance Products*, issued in October 2013, sets out a number of consumer protection expectations that are satisfied by current industry standards. CAFII strongly recommends that any changes be aligned with CCIR's recommendations. Indeed, Quebec's Ministry of Finance, in its current consultation report on the province's *Act Respecting the Distribution of Financial Products and Services*, is proposing to take that approach.



*Q3. Are there certain financial products or services that should not be available for purchase directly by consumers online without using a professional broker or financial advisor at a regulated institution?*

CAFI does not believe that it is appropriate to limit consumer choice. Our view is that the focus should be on clear, plain language disclosure so that consumers can make informed choices and CAFI members are committed to providing consumers who choose to shop online with access to a licensed representative, where not prohibited by law.

*Q4. Are there consumer protection and regulatory issues related to record storage or retention? Should there be limits on what kinds of data can be entrusted to a third party service provider for storage and/or processing?*

CAFI does not believe that any legislative and/or regulatory changes are required in this area, as the current FIA contains provisions requiring insurers to maintain facilities that the Superintendent considers adequate for FICOM to be able to obtain access to records. As well, insurance industry participants are required to comply with the province's Personal Information Protection Act (PIPA). PIPA's Part 9 – Care of Personal Information sets out requirements for the protection and retention of such information.

With respect to federally-incorporated insurers, they must also adhere to the Personal Information Protection and Electronic Documents Act (PIPEDA) and follow the rules set out in sections 260 to 270 of the Insurance Companies Act. Records can be outsourced but the Superintendent of OSFI can require records processing to be done in Canada if that is seen to be appropriate. OSFI Guideline B-10 sets out expectations for financial institutions related to outsourcing, including outsourcing to providers outside of Canada. Insurers are required to ensure that OSFI can readily access in Canada any records necessary to fulfill its mandate. If legislative changes are contemplated, we encourage consideration of OSFI's approach, with a view to adapting and incorporating the expectations in place at the federal level.

#### **Issue 5: Out of Province Business**

*Q3. Are changes to the current legislative framework needed to address the use of technology by out-of-province entities providing financial products and services to British Columbians? Do the current definitions of what constitutes "carrying on business in BC" need to be revisited in light of increased e-commerce/online distribution of financial products?*

CAFI's view is that all online insurance communications with residents of BC – regardless of origin location – should be afforded the protections set out in the FIA and the Insurance Act and we believe that the current legislative framework does cover such communications and transactions.

#### **Issue 6: Regulatory Powers and Guidelines**

With respect to FICOM's regulatory powers and guidelines, CAFI is not aware of any deficiencies in the existing tools that are set out in Part 7 of the current FIA.

## INSURANCE SECTOR

A 2013 independent research study conducted by the Life Insurance Market Research Association (LIMRA) found that life insurance ownership in Canada is at a 30-year low with only 68% of households owning life insurance, down from 79% seven years earlier. Further, a recent independent actuarial report prepared by Towers Watson shows that nationally in 2013, creditor insurance on mortgages provided Canadians with \$85B of new life insurance risk protection, while new term life insurance purchased that year was approximately \$166B. As such, both creditor and term life insurance are important components of risk protection for Canadians.

### Issue 1: Insurance Retailing and Licensing Exemptions

*Q1. Are the current exemptions appropriate? Should any additional exemptions be provided?*

CAFII believes that the current exemptions are appropriate and effective.

*Q2. Should insurers have more responsibility for exempt sellers? Should they be required to provide more direct oversight?*

CAFII believes that insurers already shoulder an appropriate level of responsibility for their exempt sellers and that the current system is working well for most such relationships.

All CAFII member client service representatives are required to undergo comprehensive and recurring product training to ensure that they provide consumers with accurate and reliable information. That training ensures that representatives offering insurance have the knowledge and skills to do their jobs and serve clients well. It also ensures that they act in accordance with the CBA Code of Conduct for Authorized Insurance Activities; the Bank Act; federal and provincial privacy legislation; and CLHIA Guidelines, including Guideline G7 Creditor's Group Insurance, G9 Direct Marketing, and G5 Travel Insurance.

CAFII member client service representatives – the majority of whom are salaried staff – are also highly supervised both in branch and in client contact centres.

*Q3. Should the FIA be amended to give the Insurance Council increased powers to license and regulate incidental sellers of insurance?*

From CAFII's perspective, BC's existing system of insurance retailing and licensing exemptions is working well and we are not in favour of providing the Insurance Council with increased powers in this area.

In the absence of a framework provided by a Restricted Insurance Agent licensure regime akin to those that exist in the other Western Canada provinces, it would be very challenging to establish an effective model under which the Insurance Council of BC could carry out such increased powers over incidental sellers.

As a general principle, CAFII believes that the Insurance Council of BC should be "channel neutral." That is, the Council should be designed such that the interests of all distribution channels are well-served and the representatives of any particular channel are not in a position to make decisions which could negatively impact consumers' access to competing distribution channels.

*Q4. Should certain insurance products only be sold by licensed agents? If so, which ones?*

No, CAFII believes that the existing system of insurance retailing and licensing exemptions in BC is working well and we don't see a compelling need for change.

CAFII members adhere to the market conduct and consumer protection provisions of the province's FIA, Insurance Act, and PIPA. In addition, the distribution of creditor insurance products is federally regulated in the case of most CAFII members. In that connection, consumers are well-protected through their compliance with the CBA Code of Conduct for Authorized Insurance Activities; and, in the case of all CAFII members, through their adherence to CLHIA Guidelines, including Guideline G7 Creditor's Group Insurance, G9 Direct Marketing, and G5 Travel Insurance.

*Q5. Should the restricted insurance agent model used by some other provinces, and applicable to travel agencies in BC, be looked at with respect to the sale of other types of incidental insurance such as credit insurance and/or product and vehicle warranties? If so, which types?*

CAFII believes that BC's current system of insurance retailing and licensing exemptions is working well. However, if the province feels that additional legislation and/or regulations are required, CAFII members would be open to the introduction of an RIA/ISI regime and we would encourage BC to harmonize with the existing regimes in the other western provinces.

Should an RIA/ISI regime be established, care must be taken to ensure that the interests of RIA licence holders are well-served in terms of representation on Council and that the representatives of competing channels are not in a position to make decisions which could negatively impact consumers' access to alternate distribution channels.

**Issue 2: Regulation of Insurance Intermediaries**

*Q1. Should some or all members of the Insurance Council of BC be elected?*

CAFII supports a new governance model for the Insurance Council of BC that would see some of its members appointed by industry Associations.

We would also strongly recommend that the residency requirement to serve on the Insurance Council be repealed. Our members distribute creditor's group and travel insurance largely through contact centres situated in various provinces, and the current residency requirement to be eligible to serve on the Council means that it is very difficult for a representative from a CAFII member to do so. As a result, there is no voice at Council to represent the views of alternate distribution channels that meet consumer needs.

**Issue 3: Protection of Confidential Information**

*Q2. Would insurer self-assessment privilege provide a net public benefit by enhancing internal compliance systems and confidential disclosure to the regulator? Do the benefits outweigh the costs of limiting evidence available in court proceedings?*

Yes, CAFII feels that the benefits of implementing a compliance self-evaluative privilege outweigh the costs of limiting evidence available in court proceedings.

Legislating a self-evaluative privilege protection for insurers promotes open and transparent self-assessments by companies and ultimately contributes to consumer protection improvements that can be achieved through regulators' use of such assessments.

We would also point out that providing a self-evaluative privilege protection is a position recommended by CCIR that was adopted with minimal modifications by Alberta and Manitoba in their recent Insurance Act reviews. In addition, earlier this year, Saskatchewan legislated a self-evaluative privilege into its Insurance Act re-write that will come into force at the time of the new Act's proclamation.

### **Conclusion**

Thank you for the opportunity to share CAFII's comments and recommendations in this important legislative review. We look forward to participating in future phases of the review.

Should you require further information from CAFII or wish to meet with our Association at any time as the review progresses, please contact Brendan Wycks, our Executive Director, at [brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com) or 647-218-8243.

Sincerely,



Greg Grant, MBA, FLMI, ACS  
Board Secretary and Chair, Executive Operations Committee  
Canadian Association of Financial Institutions in Insurance

## Links to Non-BC Regulatory and Self-Regulatory Documents Cited In This Submission

- CBA Code of Conduct for Authorized Insurance Activities: [http://www.cba.ca/contents/files/misc/vol\\_20090000\\_authorizedinsuranceactivities\\_en.pdf](http://www.cba.ca/contents/files/misc/vol_20090000_authorizedinsuranceactivities_en.pdf)
- CLHIA Guidelines: [https://www.clhia.ca/domino/html/clhia/clhia\\_lp4w\\_lnd\\_webstation.nsf/page/E0DABC49378B65DE85257A5B0062D156](https://www.clhia.ca/domino/html/clhia/clhia_lp4w_lnd_webstation.nsf/page/E0DABC49378B65DE85257A5B0062D156)
- Federal Bank Act and related Regulations, including Insurance Business (Banks and Bank Holding Companies) Regulations: <http://laws-lois.justice.gc.ca/eng/acts/b-1.01/>
- FCAC's Commissioner's Guidance on Clear Language (CG-3): <http://www.fcac-acfc.gc.ca/eng/forIndustry/publications/commissionerGuidance/Pages/CG3Clear-DC3Princ.aspx>
- CLHIA's A Model Demonstrating Clear Communication Principles and Techniques Using Examples From Insurance Policies: <https://www.clhia.ca/domino/html/clhia/committees/newsletter.nsf/0/4dbad59fcc18f2aa85257d9e0057152f!OpenDocument&Click=>
- CCIR Electronic Commerce in Insurance Products Position Paper: [http://www.ccir-ccra.org/en/init/Elec\\_Commerce/ECC\\_position\\_paper\\_2013\\_EN\\_final.pdf](http://www.ccir-ccra.org/en/init/Elec_Commerce/ECC_position_paper_2013_EN_final.pdf)
- Quebec Ministry of Finance Report on An Act Respecting the Distribution of Financial Products and Services: [http://www.finances.gouv.qc.ca/documents/Autres/en/AUTEN\\_lolidistriprodsvfin.pdf](http://www.finances.gouv.qc.ca/documents/Autres/en/AUTEN_lolidistriprodsvfin.pdf)
- Personal Information Protection and Electronic Documents Act: <http://laws-lois.justice.gc.ca/eng/acts/p-8.6/>
- Federal Insurance Companies Act: <http://laws-lois.justice.gc.ca/eng/acts/i-11.8/>
- OSFI Guideline B-10: <http://www.osfi-bsif.gc.ca/eng/fi-if/rg-ro/gdn-ort/gl-ld/pages/b10.aspx>

## ABOUT CAFII

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

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

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

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

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

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

September 14, 2015  
File No.: 78000-03  
Ref. No.: 0591

**To: All Insurers Authorized to Write Life and/or Accident & Sickness Insurance in British Columbia**

**Re: Information Bulletin INS-15-002: Creditor's Group Insurance**

The Financial Institutions Commission (FICOM) has issued an Information Bulletin, INS-15-002, setting out FICOM's expectations for insurers, exempt sellers, and creditors regarding creditor's group insurance (CGI) being offered in British Columbia. Enclosed is a copy of this bulletin for your records.

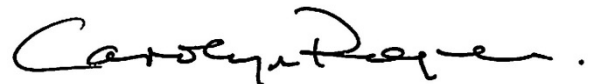
FICOM expects insurance companies to immediately take steps to ensure that the expectations set out in this bulletin will be met. FICOM recognizes insurers need time to review their existing oversight and controls over CGI and make any necessary changes. FICOM expects insurers, creditors and exempt sellers to be compliant with this bulletin by March 31, 2016. Insurers are expected to have in place by that date effective controls and oversight of their CGI products to ensure that all of the expectations set out in the bulletin are being met. Exempt sellers are expected to have sufficient knowledge and training by that date to ensure they can meet the expectations. Creditors are expected to be actively and substantively involved in the negotiation and procurement of any new or renewal CGI contract involving their debtors after March 31, 2016.

FICOM does not expect insurers to revise existing CGI group contracts set to be renewed or expire on or before December 31, 2017. However, FICOM does expect that any existing CGI contract with a duration longer than December 31, 2017, be renegotiated with the creditors involvement by March 31, 2016. Contracts do not need to be submitted to FICOM for approval.

Failure to comply with the bulletin's requirements could result in regulatory action.

If you have any questions regarding the content of the attached bulletin, please contact Frank Chong, Deputy Superintendent, Regulation, at [Frank.Chong@ficombc.ca](mailto:Frank.Chong@ficombc.ca).

Regards,



Carolyn Rogers  
CEO & Superintendent  
Financial Institutions Commission

Enclosure

HJ/ac

- Superintendent of Financial Institutions
- Superintendent of Pensions
- Superintendent of Real Estate
- Registrar of Mortgage Brokers

2800 – 555 West Hastings  
Vancouver, BC V6B 4N6  
Telephone: 604 660-3555  
Facsimile: 604 660-3365  
[www.fic.gov.bc.ca](http://www.fic.gov.bc.ca)

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<b>BULLETIN NUMBER:</b>	<b>INS-15-002</b>
<b>TITLE:</b>	<b>CREDITOR'S GROUP INSURANCE</b>
<b>LEGISLATION:</b>	<b><i>FINANCIAL INSTITUTIONS ACT INSURANCE ACT</i></b>
<b>DATE:</b>	<b>SEPTEMBER 2015</b>
<b>DISTRIBUTION:</b>	<b>LIFE AND ACCIDENT &amp; SICKNESS INSURERS CGI EXEMPT SELLERS CGI CREDITORS</b>

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## **PURPOSE**

The purpose of this bulletin is to clarify the Financial Institutions Commission's (FICOM) expectations for insurers, exempt sellers and creditors regarding creditor's group insurance (CGI) being offered in British Columbia.

## **BACKGROUND INFORMATION**

Any group product under which the lives or well-being of a number of a creditor's debtors are insured under a single contract is considered a CGI product.

FICOM has identified consumer protection concerns in relation to CGI. Those concerns include inadequate oversight and due diligence over CGI sale and distribution, insufficient training of CGI sellers, overly aggressive sales practices, inadequate disclosure practices, the use of unauthorized insurers or unlicensed agents, and insufficient creditor involvement in the initiation of a CGI product.

This bulletin sets out FICOM's expectations regarding CGI for insurers, exempt sellers and creditors<sup>1</sup>.

Regulatory action may be undertaken against the insurer or exempt seller if they are found in contravention of the requirements stated below.

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<sup>1</sup> Note that creditors, in some instances, may also be exempt sellers depending on their role in the sale or distribution of CGI products.



## EXPECTATIONS OF INSURERS

FICOM expects insurance companies to have robust and effective oversight and controls over its CGI products, from formation of the contract to the settlement of claims.

Where an insurer uses a third party in the sale or distribution of an insurance product, the insurer must extend its oversight and control regime to the functions provided by that third party.

At a minimum, an effective oversight and control regime includes the following:

1. Ongoing monitoring, reporting and auditing procedures to ensure the insurance is being sold in the manner expected by both the insurer and the creditor, is suitable to the needs of the consumer, and is in accordance with legislative requirements. This includes ensuring that:
  - coercive sales practices are not taking place;
  - all disclosure requirements set out in legislation are being met;
  - consumers are clearly aware of the voluntary nature of the product;
  - controls are in place to mitigate against enrolment of ineligible insureds;
  - unauthorized or unlicensed insurance activity is not taking place;
  - all product materials are clear, written in plain language, and provide sufficient information on terms and conditions of the contract for the consumer to make an informed choice; and
  - all product materials indicate how to contact the insurer for information, clarification, changes and disputes.
2. Established, ongoing training programs for exempt sellers to ensure they have current and appropriate knowledge and understanding of the product offerings and materials being provided to consumers.

In particular, training programs should ensure that exempt sellers are sufficiently trained on eligibility requirements, product features and can identify instances where they should direct consumers to the insurer.

Exempt sellers that have not completed the required training should not be permitted to sell CGI to consumers.

3. Outsourcing agreements with third parties, including distributors and exempt sellers, that clearly define the roles and responsibilities of the third parties and permit the insurer to engage in effective monitoring and oversight of services being provided.

The agreements should be monitored periodically by insurers to ensure third parties are operating within the terms of the agreement and that the terms remain current and relevant. These agreements should include clear termination procedures which can be used in the event any third party does not fulfill the expectations of the insurer.

Insurers are also responsible for ensuring that only authorized or licensed persons, or appropriately exempt persons, are involved in the distribution of CGI.

## EXPECTATIONS OF EXEMPT SELLERS

Pursuant to the *Insurance Licensing Exemptions Regulation*, CGI can be sold incidentally to the arranging of credit by exempt sellers that are not licensed insurance agents (e.g., mortgage brokers, bank employees, auto dealers). FICOM expects all exempt sellers of CGI to:

- possess sufficient knowledge and training on eligibility requirements and product features to ensure ineligible customers are not being enrolled;
- be able to identify instances where they should direct customers to contact the insurer for further information or clarification;
- provide clear information to customers on the terms and conditions of all CGI products;
- refrain from engaging in coercive practices or imposing undue pressure on individuals to obtain CGI coverage;
- provide proper disclosure to all customers on the voluntary nature of CGI; and
- communicate to customers how they can contact the insurance company for clarification regarding eligibility, the terms and conditions of the coverage, the claims process, or any other matters related to the coverage.<sup>2</sup>

If an exempt seller is found to be in contravention of any of the above requirements, FICOM may take regulatory action against the insurer and/or the exempt seller.

## CREDITOR INVOLVEMENT IN INITIATION OF CGI

Pursuant to sections 37 and 92 of the *Insurance Act*, all CGI products offered in British Columbia must be effected by the creditor. In order for a creditor to effect a CGI contract, insurance companies must ensure that the creditor plays an active and substantial role in the following areas:

- procurement of the insurance contract;
- product design, including all related forms and materials, to ensure that the product is designed to be suitable to the needs of the creditor's debtors; and
- negotiation of the terms and conditions under which the insurance coverage will be offered to its debtors, including who will be permitted to enrol customers into the CGI program.

Note that a creditor can explicitly assign a third party agent to undertake the role of effecting a CGI product on its behalf, however the insurer and the creditor retain responsibility for ensuring regulatory expectations are met.

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<sup>2</sup> Specific disclosure requirements for mortgage brokers are set out in Section 2(2)(a) of the FIA's *Insurance Licensing Exemptions Regulation*.

### Continuous Oversight

In addition to the regulatory requirement that the creditor is involved in the initiation of any CGI product, FICOM recommends that the creditor continuously liaise with its insurance company to ensure that the CGI coverage being offered to its customers is suitable to their needs and specific circumstances, and that the overall program is not being provided in a manner that is harmful to its customers.

This liaison should address any concerns either party has regarding distribution, disclosure, administration, consumer protection or regulatory compliance. Examples of areas that creditors should verify with the insurer include the following:

- ensuring its customers are being provided with clear disclosure on the terms and conditions of the insurance;
- verifying that only eligible customers are being enrolled into the program;
- confirming that coercive sales practices are not taking place; and
- ensuring that its customers are being provided with sufficient information on how to contact the insurance company for further information or to file a claim.

At the Financial Institutions Commission, we issue information bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Financial Institutions Act and Insurance Act*, Regulations and other pertinent legislation. While the comments in a particular part of an information bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an information bulletin generally applies as of the date on which it was published, unless otherwise specified.

September xx, 2015

M. Richard Boivin

Sous-Ministre Adjoint Aux Politiques Relatives Aux Institutions Financières et Au Droit Corporatif

Ministère des Finances

8, rue Cook, 4e étage Québec (Québec)

G1R 0A4

Email: [consultation\\_ldpsf@finances.gouv.qc.ca](mailto:consultation_ldpsf@finances.gouv.qc.ca)

Dear Sir:

**Subject:** *Report on the Application of the Act respecting the distribution of financial products and services*

CAFII is pleased to provide input in response to the Proposals and questions put forward in the above-referenced report. Our responses are offered from the perspective of insurers and distributors that:

- offer creditor's group insurance and travel insurance in Québec and across Canada;
- offer insurance products primarily through alternate, non-traditional distribution channels such as direct mail, contact centres, and the internet; and
- for the most part, are federally incorporated and subject to both federal and provincial regulation.

## CHAPTER 2: TRENDS IN THE REALM OF DISTRIBUTION

**Proposal 1:** *Draw on the recommendations of the Canadian Council of Insurance Regulators to put in place a flexible legal framework that will enable insurers to offer their products online.*

We endorse the recommendations set out in the CCIR's final position paper on *Electronic Commerce in Insurance Products* and are pleased that Québec is proposing to use them to modernize its own framework. We congratulate the AMF on playing a leadership role in the CCIR consultation on electronic commerce and note that the consumer protection expectations set out in the final position paper are satisfied by current industry standards.

On a related point, we encourage Québec to move forward on the legislative and/or regulatory changes necessary to permit electronic beneficiary designations and electronic termination of insurance contracts, where both the insurer and the individual insured agree to those options.

**Proposal 2:** *Establish a legislative framework for distribution without a representative that applies directly to insurers, which must ensure that the mandataries (now called distributors) abide by the rules.*

CAFII believes that insurers already shoulder adequate responsibility for their mandataries/distributors and that the current distribution without a representative (DWR) system is working well for most such relationships. We believe that section 436 of the existing *Act respecting the distribution of financial products and services* sufficiently addresses the legal requirements of the insurer under the DWR regime.

CAFII would like to point out that the majority of CAFII member client service representatives are salaried staff and are supervised both in branch and in client contact centres. All CAFII member client service representatives are required to undergo comprehensive and recurring training to ensure that they provide consumers with accurate and reliable information. This training ensures that representatives offering insurance have the knowledge and skills to do their jobs and serve clients well.

Our members adhere to CLHIA Guideline G7, Creditor's Group Insurance, which requires insurers to a) establish reasonable procedures to train those offering their insurance products; and b) establish reasonable procedures to monitor the activities of those handling enrolments. With respect to travel insurance, members adhere to Guideline G5, Travel Insurance which sets out practices for providing consumers with information that will enable them to make an informed decision about the coverage being made available. Our members also follow Guideline G9, Direct Marketing.

In the case of most CAFII members, the selling of creditor's group and travel insurance, in addition to being subject to provincial regulation, is federally regulated. Consumers are well-protected through the financial institutions' compliance with the CBA Code of Conduct for Authorized Insurance Activities. This Code – part of the CBA's suite of Voluntary Commitments and Codes of Conduct – applies to all authorized insurance products promoted in Canada. The CBA's Voluntary Commitments and Codes of Conduct are non-legislated commitments that banks have made to their consumers in a number of areas. The banks' federal consumer regulator, the Financial Consumer Agency of Canada, oversees the banks' compliance with them.

As CAFII has said in past submissions, by and large, our members have delivered DWR products on a relatively complaint-free basis in Québec and we urge the AMF to take a principles- and risk-based approach focusing on ensuring compliance by any distributors that are causing concern.

**Proposal 3:** *Examine all approaches to ease the regulatory and financial burden of registrants, while maintaining adequate oversight of the distribution of financial products and services.*

CAFII members have not encountered any particular issues with the current oversight structure and have no comments to offer at this time. However, we commend the Ministry of Finance for initiating this review and, if specific proposals for change are brought forward in the future, we would like to have the opportunity to comment at that time.

### **Conclusion**

CAFII appreciates the opportunity to provide our comments and recommendations in this important review of the *Act respecting the distribution of financial products and services*. We look forward to providing further input on any proposed changes to the *Act* which may result from this consultation.

Should you require further information from CAFII or wish to meet with our Association at any time as the review progresses, please contact Brendan Wycks, our Executive Director, at [brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com) or 647-218-8243.

Sincerely,

Greg Grant, MBA, FLMI, ACS  
Board Secretary and Chair, Executive Operations Committee  
Canadian Association of Financial Institutions in Insurance

## Links To Other Regulatory and Self-Regulatory Documents Cited In This Submission

- CCIR Electronic Commerce in Insurance Products Position Paper: [http://www.ccir-ccra.org/en/init/Elec\\_Commerce/ECC\\_position\\_paper\\_2013\\_EN\\_final.pdf](http://www.ccir-ccra.org/en/init/Elec_Commerce/ECC_position_paper_2013_EN_final.pdf)
- CLHIA Guidelines: [https://www.clhia.ca/domino/html/clhia/clhia\\_lp4w\\_ind\\_webstation.nsf/page/E0DABC49378B65DE85257A5B0062D156](https://www.clhia.ca/domino/html/clhia/clhia_lp4w_ind_webstation.nsf/page/E0DABC49378B65DE85257A5B0062D156)
- CBA Code of Conduct for Authorized Insurance Activities: [http://www.cba.ca/contents/files/misc/vol\\_20090000\\_authorizedinsuranceactivities\\_en.pdf](http://www.cba.ca/contents/files/misc/vol_20090000_authorizedinsuranceactivities_en.pdf)

## ABOUT CAFII

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**Regulatory Update – CAFII Executive Operations Committee, September 15, 2015**

Prepared By Brendan Wycks, CAFII Executive Director

**Introduction**

**Federal/National**

- **CCIR:**
  - Timeline For Travel Health Insurance Issues Paper Pushed Back To Early 2016 **(page 2)**
  - Seven Provinces Now Signatories To CCIR's Memorandum Of Understanding **(page 2)**
  - Electronic Commerce Committee Reconstituted **(page 2)**
  - Updated Ombuds Oversight Framework Approved **(page 2)**
  - Policy Manager Retirement And Succession Unfolding **(page 2)**
- **CISRO:**
  - Initial Exam Fees For Nationally Harmonized Life Licence Qualification Program Set **(page 3)**

**Provincial**

- **British Columbia:**
  - FICOM Releases Information Bulletin On Creditor's Group Insurance **(page 3)**
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  - Insurance Council Amends Criminal Record Check Requirements **(page 4)**
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- **Nova Scotia**
  - William Ngu Appointed Acting Superintendent Of Insurance **(page 8)**

## **Federal/National**

### **Canadian Council of Insurance Regulators (CCIR)**

#### Timeline For Travel Health Insurance Issues Paper Pushed Back To Early 2016

On August 25/15, Harry James, Chair of CCIR's Travel Insurance Working Group (TIWG), advised Brendan Wycks that the TIWG's timeline for release of an Issues Paper on travel health insurance had been pushed back to early 2016, possibly as late as April 2016.

Earlier, Harry had indicated that the Issues Paper would likely be released in November 2015, with a February 2016 deadline for response submissions.

The first phase of CCIR's review of travel insurance is the TIWG's survey of travel health insurers, which was disseminated in early July 2015 with an early September response deadline. The results of the survey will then inform the content for the Issues Paper.

#### Seven Provinces Now Signatories To CCIR's Memorandum of Understanding

Over the course of the summer, three additional provincial insurance regulators – Saskatchewan, Nova Scotia, and PEI – have signed on to CCIR's new Memorandum of Understanding, bringing the total to seven.

BC, Alberta, Ontario and Quebec were the first provinces to sign the MOU, which sets out the terms for co-operation and information exchange among provincial and territorial insurance regulators.

The information to be shared under the MOU relates mainly to insurance entities that carry on business in more than one province or territory, with the objective of allowing more consistent handling of consumer complaints, more effective risk surveillance, and greater collaboration on market conduct issues. The MOU also sets out specific protocols for ensuring the protection of confidential information and is part of the CCIR's broader Supervisory College initiative to create a harmonized framework for market conduct regulation and supervision to replace the current fragmented system.

#### Electronic Commerce Committee Reconstituted

During its June 26/15 conference call, CCIR approved terms of reference for a reconstituted Electronic Commerce Committee. Its first two priorities are to address electronic proof of automobile insurance cards; and a common regulatory approach to telematics/usage-based insurance.

#### Updated Ombuds Oversight Framework Approved

During its June 26/15 conference call, CCIR approved an updated *Insurance OmbudServices Cooperation and Oversight Framework*. This framework outlines principles for ongoing collaboration among the OmbudService for Life & Health Insurance (OLHI), the General Insurance Ombudservice (GIO), and the CCIR as their regulatory oversight body.

#### Policy Manager Retirement and Succession Unfolding

In keeping with CCIR's earlier indication that it would be expanding its Secretariat resources, CAFII has been advised that there will be two new Policy Managers succeeding Carol Shevlin in that role.

Sean Gamble joined CCIR as Policy Manager in July, having previously worked at the Insurance Bureau of Canada, Deloitte Canada, and Stikeman Elliott.



And towards the end of September, Martin Boyle, currently Policy Manager with the Mortgage Brokers Regulatory Council of Canada (administered by FSCO), will be moving over to CCIR and becoming its second Policy Manager.

Carol Shevlin will be facilitating training/orientation for Sean and Martin and introducing them to industry contacts over the next two to three months before she takes her retirement.

CCIR will be presenting a retirement/mementoes scrapbook to Carol during its Fall Meeting in St. John's on October 1 and 2. CAFII has been invited to provide a letter and/or signed card for inclusion in the scrapbook, and we have decided to provide both. The September 22/15 CAFII EOC meeting provides an opportunity for members to sign a retirement card for Carol for inclusion in the CCIR scrapbook.

While the end of November is currently the target date for Carol's retirement from CCIR, Sean Gamble indicated that that timing is still tentative and her last day may get carried over into December. Regardless of whether Carol is still at CCIR or not in early December, it will still be appropriate for CAFII to proceed with plans to invite her to attend our Holiday Season Reception on December 8/15, where we can recognize her and wish her well in her retirement.

### **Canadian Insurance Services Regulatory Organisations (CISRO)**

#### Initial Exam Fees For Nationally Harmonized Life Licence Qualification Program Set

Ron Fullan, Chair of CISRO and its LLQP Committee, has advised that registration fees to write the new, nationally harmonized LLQP will be the following for 2015-16:

- to write exam modules to obtain a full life licence: \$90
- to write exam modules to obtain an accident & sickness licence only: \$54 (60% of full licence)
- top-up from accident & sickness licence: \$36
- ethics module only: \$18 (20% of full licence)

In an update sent to agents in July, Ron stressed that the harmonized LLQP will remain an entry level program, and that both the pre-exam course and the modular examinations will have proficiency standards that are comparable in both their length and level of difficulty to the current LLQP.

### **Provincial**

#### **British Columbia**

#### FICOM Releases Information Bulletin On Creditor's Group Insurance

On September 14/15, FICOM distributed a long awaited Information Bulletin on Creditor's Group Insurance to life and accident & sickness insurers; CGI exempt sellers; and CGI creditors operating in the province, along with a transmittal letter from Carolyn Rogers, FICOM CEO and Superintendent of Insurance.

The Bulletin's purpose is to provide regulatory direction to the industry to address concerns related largely to the 'effecting' of CGI, which FICOM first identified in March 2014.

The four-page Bulletin contains sections on Background Information; Expectations of Insurers; Expectations of Exempt Sellers; and Creditor Involvement in Initiation of CGI.

The transmittal letter from Carolyn Rogers, FICOM CEO and Superintendent of Insurance, indicates that FICOM expects insurers, creditors, and exempt sellers to be compliant with the Bulletin by March 31, 2016. Both the letter and the Bulletin stress that failure to comply with the Bulletin's requirements could result in regulatory action.

On September 17/15, Harry James, FICOM's Director, Policy Initiatives advised Brendan Wycks that Kristine Mactaggart Wright, Executive Director, Conduct Supervision since March 2015, left FICOM's employ in August. Chris Carter has become Acting Head, Market Conduct Supervision and assumed leadership responsibility for the 'effecting of CGI' file. Mr. Carter's full-time role is as Deputy Superintendent, Real Estate and Deputy Registrar, Mortgage Brokers.

#### CAFII Makes Submission To BC's Review Of Financial Institutions Act

On September 9/15, CAFII made its submission in response to the BC Ministry of Finance's preliminary consultation paper on the 10-year review of the province's Financial Institutions Act. The following acknowledgement response was received from the Ministry's Policy & Legislation Division:

*Thank you for your submission to the Financial Institutions Act (FIA) and Credit Union Incorporation Act (CUIA) review. The review will consider the regulatory tools British Columbia has to oversee credit unions, insurers and intermediaries, and trust companies, and whether changes to the regulatory framework are needed.*

*Input from stakeholders in the financial services sector, and other interested parties and members of the public, is an important component of the FIA/CUIA review. Ministry of Finance staff will be reviewing submissions and comments received in response to the initial public consultation paper, and may follow up with stakeholders for further information.*

Now that the consultation period has ended, the Ministry will prepare and release a public report on the stakeholder input received, and further public consultation will occur in a later phase of the review.

#### Insurance Council Amends Criminal Record Check Requirements

In July, Gerry Matier, Executive Director of the Insurance Council of BC, advised CAFII that the Council had amended its policy for licence applicants who reside in another Canadian jurisdiction (non-resident licence applicants) and who are subject to criminal record check requirements in their home province or territory.

Going forward, non-resident licence applicants who hold an insurance licence that is in good standing in their home province or territory are no longer required to provide a criminal record check when they submit their licence application to the Insurance Council of BC.

This change is a positive development, one which CAFII has been advocating for with jurisdictions across the country for several years.

## **Saskatchewan**

### Drafting of Bill 177 Regulations Progressing Slowly; Consultation May Be Delayed

On September 16/15, Jan Seibel, Legal Counsel with Saskatchewan's Financial and Consumer Affairs Authority, advised Brendan Wycks that progress over the summer months on the drafting of Regulations for Bill 177 (Insurance Act) has been steady, but not as extensive or quick as had been hoped. That being the case, the timing of the promised thorough consultation period with the industry, following completion and publication of the draft Regulations, is now less certain. The consultation period could still begin in the late Fall of 2015 or it could be pushed back into the first quarter of 2016.

Jan promised to get back to CAFII once she has more certainty around timing for release of the draft Regulations and the ensuing industry consultation period.

In an earlier conversation, Jan clarified that once the Regulations are completely final, following a thorough consultation period, they only need to be approved and accepted by the Cabinet of the government and will not require review and approval by the legislature.

## **Manitoba**

### Launch Of Restricted Insurance Agent/ISI Regime Goes Smoothly

On September 15/15, Erin Pearson, Executive Director of the Insurance Council of Manitoba, advised Brendan Wycks that the launch of the province's new RIA/ISI regime had gone relatively smoothly, with few hiccups and the vast majority of applicant licences issued prior to the June 1/15 "in force" date.

Two issues that did have an initial impact on the application review process were (i) the requirement for applicants to having errors and omissions insurance coverage in place that met Manitoba requirements; and (ii) the registration of business names, where required.

To date, the new regime has resulted in the issuance of 427 restricted licenses, with most applicants being automobile dealerships, travel agencies, and deposit-taking institutions.

Following an Insurance Council ISI Committee meeting on September 17/15, Erin will provide CAFII with an update on the "ISI regime items for further review and development" matter that is on the committee's agenda.

### Ken Lofgren Appointed Acting Superintendent of Insurance

The Insurance Council of Manitoba's 2015 Annual Report, submitted by Executive Director Erin Pearson on May 31, indicates that Ken Lofgren has been appointed Acting Superintendent of Insurance for the province, succeeding Jim Scalena who retired at the end of 2014. Mr. Lofgren also continues to serve as Deputy Superintendent, Deposit-Taking, while Scott Moore remains Deputy Superintendent, Insurance.

## Ontario

### Expert Panel On FSCO Mandate Review To Release Preliminary Position Paper

On August 24/15, David McLean, Senior Policy Advisor with the Ontario Ministry of Finance and Secretary to the Expert Panel reviewing FSCO's mandate, advised Brendan Wycks that following completion of sectoral roundtable meetings with stakeholder groups in late July, the Expert Panel's next step will be to release a Preliminary Position Paper sometime this Fall. There is currently no firm release date for the paper (previously referred to as a "Trial Balloon Report").

On September 14, David confirmed that the release date for the Preliminary Position Paper had still not been set, but promised to alert CAFII once it was established.

David also indicated that the Panel would not be holding any additional meetings with stakeholder groups at this time.

In CAFII's May 21/15 preliminary, informal meeting with the Expert Panel, David provided the following timetable and work plan:

- June 5/15: Deadline for response submissions to the consultation paper
- Summer 2015: Panel holds stakeholder roundtable meetings with respondent groups
- Early Fall 2015: Panel drafts and releases for comment "trial balloon report" based on written submissions and roundtable meetings
- Late Fall 2015: Panel assimilates stakeholder input on trial balloon recommendations; and drafts final report
- Winter 2016: Panel delivers final report to Minister of Finance.

### FSCO Conducting On-Site Examinations Of Life Agents

Stemming from the findings of its 2014 Life Insurance Product Suitability Review, FSCO is now conducting on-site examinations of life agents to verify their compliance with the Insurance Act and related Ontario Regulation 347/04.

The examinations will look at how agents are assessing product suitability for consumers, as well as confirm that they have valid E&O insurance in place and have completed their required continuing education (CE) credits.

FSCO may apply various regulatory tools, depending on an agent's examination findings, to achieve a desired regulatory outcome. The type of regulatory action taken will be proportionate to the findings and may include Administrative Monetary Penalties and/or licence suspension or revocation.

### FSCO To Develop Life Insurer Compliance Examination Program

FSCO has indicated that it plans to develop a life insurer compliance examination program, as an outgrowth from its current on-site examinations of life agents. This will be facilitated by the fact that reviews of agent compliance with the Insurance Act and related Ontario Regulation 347/04 will include an examination of the level of oversight of agent activities by insurers.

### FSCO Updates Licensing Link for Agents' Errors & Omissions Insurance

To make it easier for insurance agents to advise FSCO of any changes to their errors and omissions insurance information, the regulator has added two new features to its *Licensing Link* portal. Agents can now update their E&O insurance information online, and they will also receive a reminder before their policies expire.

### FSCO's Annual Life and Health Sector Symposium: Friday, November 20/15

On August 17/15, FSCO's Symposium Organizing Committee advised Brendan Wycks that its 8<sup>th</sup> Annual Symposium for the Life and Health Insurance Sector will be held on Friday, November 20/15 from 8:00 a.m. to 12 Noon at Novotel Hotel, North York. Invitations and the symposium agenda will be sent to industry stakeholders closer to the date.

### Insurance Brokers Association of Ontario Appoints New CEO

In July, the IBAO announced that Jim Murphy had been appointed its new CEO. Murphy comes to IBAO from the Canadian Association of Accredited Mortgage Professionals (CAAMP), where he served 11,500 members as president and CEO since 2007.

Prior to leading CAAMP, he served as the senior director of government relations and communications for the Association. He also worked as the director of government relations for the Greater Toronto Home Builders Association (now BILD) from 1999-2005, where he coordinated all advocacy and research efforts.

## **Quebec**

### AMF Releases Results of Insurer Commercial Practices Self-Assessments

On July 16/15, the AMF released the results of its 2014 self-assessment questionnaire on insurer implementation of its 2013 Sound Commercial Practices Guideline. The results report is published on the AMF web site at <https://www.lautorite.qc.ca/en/press-releases-2015-autre.html> [2015 results-of-insurer-commercial-practices-self-assessment17-07-2015-00-0.html](https://www.lautorite.qc.ca/en/press-releases-2015-autre.html).

In May 2014, the AMF sent a self-assessment questionnaire on expectations set out in the Sound Commercial Practices Guideline to 219 insurers licensed to operate in Quebec.

The general findings of the results report indicate that self-assessment scores in the eight theme areas explored varied greatly from one insurer to another; and that implementation of the Sound Commercial Practices Guideline's fair treatment of consumers requirements is still a work-in-progress for many insurers. In the report's Conclusions, the AMF stresses that an insurer's commercial practices must take fair treatment of consumers into account at every phase of a product's life cycle.

The report's findings will help shape the AMF's future actions on sound commercial practices, particularly with respect to off-site and on-site supervisory activities carried out under its Supervisory Framework.

The AMF indicates that it will conduct industry consultations and undertake specific work in the coming months related to some of the areas discussed in the report that will require ongoing vigilance, such as Incentives Management; Design and Marketing of Products; and Disclosures to Consumers.

## **New Brunswick**

### FCNB Updates Plans For Online Insurance Licensing System

On August 7/15, the Insurance Division of New Brunswick's Financial and Consumer Services Commission issued an Insurance Stakeholder Notice which provided an update on the province's plans for introducing an online insurance licensing system.

Phase 1 of the new system, targeted for launch in the early Fall of 2015, will allow new applicants for an intermediary licence to complete their application online; and the status of previously submitted applications will also be viewable.

Phase 2, scheduled to be launched at some point in 2016, will include functionality to complete intermediary and insurer licence renewal processes and new insurer applications online.

Upon full implementation, the online system will enable insurance agents, brokers, adjusters, damage appraisers, and insurers to interact with FCNB online for the majority of their regulatory registration needs.

## **Nova Scotia**

### William Ngu Appointed Acting Superintendent of Insurance

In July, Jennifer Calder, Nova Scotia's Deputy Superintendent of Insurance, advised CAFII that William Ngu had been appointed Acting Superintendent of Insurance following Doug Murphy's retirement from that role on May 30/15. William also continues to serve as Deputy Superintendent, Financial Institutions.

When CAFII disseminated its letter encouraging the four Atlantic Canada provinces to move forward with the legislative and/or regulatory changes necessary to permit electronic beneficiary designations, William replied to Brendan Wycks as follows: "thank you for your email and letter outlining CAFII's position on electronic commerce and beneficiary designations. We will continue to work with the Atlantic Provinces to harmonize where appropriate."

## CAFII Regulator and Policy-Maker Visit Plan 2015

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
<b>British Columbia</b>				
Gerry Matier, Executive Director, Insurance Council of BC	Feb. 27/15 meeting in Toronto addressed review of BC FIA; representation for banks-in-insurance on Insurance Council; new CE requirements for new licensees; LLQP support; CCIR travel insurance initiative	When Gerry is in Toronto for CISRO/related meetings	-10 yr. Review of BC Financial Institutions Act (if appropriate) -LLQP modernization -Update on Council priorities -Update on CCIR travel insurance review -Communicate CAFII issues -Maintain and strengthen relationship	Pending
Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR Vice-Chair)	Lunch meeting in Quebec City on April 30/15	<b>When Carolyn is in Toronto for CCIR/related meetings</b>	<b>-FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue)</b> -10 yr. Review of BC Financial Institutions Act (if appropriate) -Update on CCIR travel insurance review -Update on FICOM priorities -Communicate CAFII issues; maintain and strengthen relationship	<b>Pending</b>
Doug McLean, Deputy Superintendent of Insurance, FICOM	No contact/meeting for at least past two years	When Doug is in Toronto for CCIR/related meetings		Pending
<b>Chris Carter, Acting Head, Market Conduct Supervision (replaced K. Mactaggart Wright in Aug./15). Full-time job is Deputy Superintendent, Real Estate and Deputy Superintendent, Mortgage Brokers</b>	<b>No previous contact with CAFII</b>	<b>Sept/15 follow-up call to set up teleconference for CAFII members to discuss issues/concerns with Information Bulletin; followed, if necessary, by Q4 2015 meeting in Vancouver</b>	<b>- FICOM Information Bulletin on CGI, ie. 'effecting' of CGI in BC issue (C. Carter has leadership responsibility for this issue)</b>	<b>Pending</b>
Harry James, Director, Policy Initiatives, FICOM (Chair of CCIR's Travel Insurance Working Group)	Nov. 21/14: G. Grant chatted with H. James during FIA Review roundtable discussion  Jul 28/14: call with CAFII reps re: "effecting" CGI	<b>Not directly involved in current CAFII-relevant FICOM issues</b>		<b>N/A</b>

<b>Jurisdiction Regulator/Policy-Maker</b>	<b>Last Meeting /Contact</b>	<b>Proposed Meeting</b>	<b>Topics/Purpose</b>	<b>Status Sept 16/15</b>
<p>Michael de Jong, Minister of Finance</p> <p><b>Dan Ashton, Parliamentary Secretary for Finance (elected MLA)</b></p> <p><b>Elizabeth Cole, Executive Director, Strategic Projects &amp; Policy (head of 10-Year Review of FIA)</b></p> <p><b>Heather Wood, Assistant Deputy Minister</b></p> <p><b>Marcus Gill, Executive Director</b></p>	<p>Nov. 21/14: G. Grant represented CAFII at FIA Review roundtable discussion hosted by Minister</p>	<p><b>Sept/15 follow-up call to Ministry officials re publication of stakeholder submissions, timing of public report on initial input received, etc.; followed, if necessary, by Q4 2015 meeting in Victoria with Ministry of Finance officials and Dan Ashton</b></p>	<p><b>-10-year Review of Financial Institutions Act: follow-up on CAFII issues/concerns</b></p>	<p><b>Pending</b></p>
<b>Alberta</b>				
<p><b>Alberta Insurance Council:</b> Joanne Abram, CEO;</p> <p>Ron Gilbertson, Chair (2012-15)</p>	<p>Nov 20/14: CLHIA COSS seminar (B. Wycks); Mar 17/14; Toronto, ON</p> <p>Mar 17/14; Toronto, ON</p>	<p>When Joanne, Anthonet, or Warren is in Toronto for CISRO/CCIR/related meetings</p>	<p>-Representation for Restricted Licence Holders            -Licensing for 3<sup>rd</sup> party providers            -Canadian Insurance Participant Registry (CIPR)            -LLQP modernization            - Update on Council priorities            -Communicate CAFII issues            -Maintain and strengthen relationship</p>	<p>Pending</p>
<p>Anthonet Maramieri, COO (succeeded retired Tom Hampton at beginning of 2015)</p> <p>Warren Martinson, Legal Counsel (member of CISRO LLQP Ctte)</p>	<p>Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session</p> <p>Feb 10/14: Toronto, ON</p>			



Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Mark Prefontaine, Superintendent of Insurance	Sep 30/14; Fredericton, NB (informal meeting)	When Mark is in Toronto for CCIR/related meetings	See above	Pending
David Sorensen, Deputy Superintendent of Insurance	No face-to-face contact to date - <i>appointed Sep 15/14; CAFII congratulatory letter sent</i>	When David is in Toronto for CCIR/related meetings	See above - and introduce CAFII	Pending
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch	Sep 30/14: Fredericton, NB (informal meeting)  Jul 28/14: call with CAFII reps re: "effecting of CGI"	When Laurie is in Toronto for CCIR/related meetings	See above	Pending
Robin Campbell, President of Treasury Board and Minister of Finance	No contact – appointed Sept 15/14	TBD	TBD until CAFII has a "direct ask"	Pending
<b>Saskatchewan</b>				
Ron Fullan, Executive Director, Insurance Councils of Saskatchewan and CISRO Chair	June 5/15 CISRO LLQP Stakeholder Info Session	<b>When Ron is in Toronto for September 22/15 CISRO LLQP Stakeholder Info Session</b>	-Restricted Insurance Agents Advisory Cttee. -Sask RIA regime and licensure issues -LLQP modernization - Update on ICS and CISRO priorities -Communicate CAFII issues -Maintain and strengthen relationship	<b>R. Fullan requested a short meeting with B. Wycks on Sask. issue, following Sept. 22/15 LLQP mtng.</b>
April Stadnek, Director of Licensing	Sep 30/14; Fredericton, NB (informal meeting)  November/13 in Toronto when April attended CLHIA CCROSS Seminar	When April is in Toronto for CISRO/CCIR/related meetings		Pending
<b>Roger Sobotkiewicz, Interim Chairperson and Superintendent of Insurance</b>	-no previous contact; congratulatory letter on appointment sent March 4/15	<b>See J. Seibel below. If necessary, Q4 2015 or Q1 2016 meeting in Regina</b>	-introduce CAFII and build relationship <b>-Regulations being developed following passage of Bill 177, The Insurance Act (Saskatchewan)</b> -ISI: Representation for Restricted Licence Holders -LLQP modernization - Update on Superintendent's priorities -Communicate CAFII issues	<b>Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Ian McIntosh, Deputy Superintendent of Insurance	Jul 28/14 call with CAFII reps re: "effecting CGI"	Same as above	See above	Pending
<b>Janette Seibel, Lawyer, FCAA, became lead on Bill 177 and Regulations file effective June 1/15</b>	-teleconference meeting, along with Jim Hall, on CAFII submission on Bill 177, on March 2/15  -(subsequent telephone discussion between J. Hall and B. Wycks on May 7/15 re passage of Bill 177; and plans for Regulations to effect changes to sections of Insurance Act via "not proclaimed in force." J. Seibel did not participate in call but received report from J. Hall)	<b>Q4 2015 or Q1 2016 follow- up call to set up teleconference for CAFII members to discuss issues/concerns with Draft Regulations published; followed, if necessary, by Q4 2015 or Q1 2016 meeting in Regina</b>	<b>-Regulations being developed following passage of Bill 177, The Insurance Act (Saskatchewan)</b>	<b>Pending</b>
<b>Manitoba</b>				
<b>Ministry of Finance:</b>  Jim Scalena, Superintendent <b>*Retired at end of 2014</b>  <b>Ken Lofgren, Acting Superintendent of Insurance</b>	April 29/14; Winnipeg, MB  <b>Appointed Spring 2015; no previous CAFII contact</b>		-Introduce CAFII and build/maintain relationship -Implementation of ISI regime -Representation for Restricted Licence Holders -Update on Insurance Act Review -LLQP modernization -Update on Superintendent's and Council's priorities -Communicate CAFII issues	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Scott Moore, Deputy Superintendent of Insurance	April 15/15 teleconference with three CAFII reps re concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents  April 29/14: Winnipeg, MB	<b>When Ken or Scott is in Toronto for CCIR/related meetings</b>		
Greg Dewar, Minister of Finance	No contact – appointed Nov/14	TBD	TBD until CAFII has “direct ask”	Pending
Erin Pearson, Executive Director, Insurance Council of Manitoba:	Sept. 30/14: dinner in Fredericton, NB re: ISI implementation  Apr 29/14; Winnipeg, MB	When Erin is in Toronto for CISRO/related meetings	Same as above; <b>and Insurance Council's “ISI items for further review and development”</b>	Pending
<b>Ontario</b>				
<b>FSCO:</b> Brian Mills, appointed Interim CEO and Superintendent on October 18/14	January 28/15 stakeholder meeting with CCIR  November 21/14 at FSCO Life and Health Insurance Symposium	<b>Possible meeting in conjunction with FSCO Life &amp; Health Insurance Symposium: Friday, Nov. 20/15</b>  <b>Q4 2015: get acquainted lunch or dinner meeting</b>	(i)-Introduce CAFII and build/maintain relationship (ii) Ontario government review of FSCO's mandate (iii) next steps, if any, in Life Insurance Product Suitability Review (iv)-CCIR review of travel insurance (v) LLQP modernization (vi)-enhancing the national CRS (vii)-Update on Superintendent's priorities (viii)-communicate CAFII issues	<b>Pending</b>  <b>Pending unqualified appointment as CEO and Supt.</b>

<b>Jurisdiction Regulator/Policy-Maker</b>	<b>Last Meeting /Contact</b>	<b>Proposed Meeting</b>	<b>Topics/Purpose</b>	<b>Status Sept 16/15</b>
Anatol Monid, Interim Executive Director, Licensing and Market Conduct Division	June 9/15: B. Wycks had informal update conversation with A. Monid at CAFII Reception  January 28/15 stakeholder meeting with CCIR  November 21/14 at FSCO Life and Health Insurance Symposium	<b>Possible meeting in conjunction with FSCO Life &amp; Health Insurance Symposium: Friday, Nov. 20/15</b>	<b>Same as above; and on-site examinations of life agents and life insurer compliance examination program</b>	<b>Pending</b>
Isabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	Nov 21/14 at FSCO Life & Health Insurance Symposium  Nov 13/14 re: Report on Joint Review (FSCO and AMF) of National Complaint Reporting System (CRS)	<b>Possible meeting in conjunction with FSCO Life &amp; Health Insurance Symposium: Friday, Nov. 20/15</b>	Item (vi) above	<b>Pending</b>
<b>Ministry of Finance</b>  <b>Charles Sousa, Minister</b>	CAFII made submission to OMAF on "Proposed Regulations Related to Parts V and VII of the Insurance Act" on May 19/15			
<b>Three-member Expert Panel advising on Government's review of FSCO's mandate</b>	<b>July 30/15 life &amp; health insurance sector roundtable meeting (P. McCarthy and G. Grant)</b>  <b>May 21/15 informal meeting</b>	<b>Seek exclusive, one-on-one meeting for CAFII (Board member representation) with Expert Panel in Fall 2015, following release of Preliminary Position Paper</b>	<b>-discuss positions outlined in Position Paper; follow-up on CAFII's written submission; ask questions; dialogue.</b>	<b>Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
<b>Quebec</b>				
<b>AMF:</b> Louis Morisset, CEO;  Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15)  Eric Stevenson, Superintendent, Client Services and Distribution Oversight	Apr 8/14: Montreal, QC  April 29/15 meeting in Quebec City, along with AMF staff executives Eric Stevenson, Nathalie Sirois, and Louise Gauthier  January 28/15 stakeholder meeting with CCIR  January 30/15 meeting in Toronto, along with L. Gauthier, re (i) and (ii)	<b>Liaison lunch and meeting in  conjunction with October  6/15 CAFII Board meeting, to  be hosted by Desjardins in  Levis, Quebec</b>  <b>Oct/15 follow-up call to  Ministry officials re  publication of stakeholder  submissions, next steps and  their timing; followed, if  necessary, by Q4 2015  meeting in Quebec City with  Ministry officials</b>	-(i)AMF final paper on electronic commerce in insurance, setting out Orientations/expectations -(ii)Distribution Guide template and implementation timelines -LLQP modernization -enhancing the national CRS -Update on AMF priorities -Communicate CAFII issues -Maintain and strengthen relationship	<b>Confirmed</b>
<b>Ministry of Finance</b>  <b>Carlos Leitao, Minister</b>  <b>Richard Boivin, Assistant  Deputy Minister, Financial  Institution Policy and  Corporate Law</b>  <b>Guillaume Caudron, Chief of  Staff</b>	<b>N/A</b>		<b>CAFII submission in response to Report on  the Application of the Act respecting the  distribution of financial products and  services</b>	<b>Pending</b>
<b>Atlantic Canada</b>				
Joint Forum of Insurance Regulators (four provinces)	Oct 1/14: Fredericton, NB	Spring or Fall 2016	TBD	Deferred to 2016

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
<b>New Brunswick</b>				
Angela Mazerolle, Superintendent of Insurance	Oct 1/14: Fredericton, NB	None planned for 2015	TBD	Deferred to 2016
David Weir, Deputy Superintendent of Insurance	June 9/15 teleconference re New Brunswick licensing issues  Oct 1/14: Fredericton, NB	When David is Toronto for CISRO/related meetings	-Development of online licensing system -renewed consultation on Rule re licensing fees -other New Brunswick licensing issues	Pending
Jay Reid, Investment Attraction Officer, Opportunities New Brunswick	Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	Q3 2015 when Jay is in Toronto; or alternatively via teleconference	- CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick	Pending
Ronald Godin, Consumer Advocate for Insurance	No contact		-Introduce CAFII and build relationship -Position CAFII as an information resource	Pending
<b>Nova Scotia</b>				
<b>William Ngu, Acting Superintendent</b>	Appointed June 2015; no previous CAFII contact	<b>When William is in Toronto for CCIR/related meetings</b>	-Review of life and accident & sickness provisions of Insurance Act (D. Murphy confirmed on April 22/15 that this is unlikely to occur in 2015)	<b>Pending</b>
<b>PEI</b>				
Superintendent Robert Bradley	Oct 1/14: Fredericton, NB	Q4 2015 or Q1 2016 in PEI or Toronto, if necessary	-Review of life and accident & sickness provisions of Insurance Act (on April 23/15, R. Bradley advised that this may get underway in late 2015) -LLQP modernization -Update on Superintendent's priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending
<b>Newfoundland</b>				
Craig Whalen, Deputy Superintendent	Oct 1/14: Fredericton, NB	None in 2015	N/A	Deferred to 2016

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
<b>FEDERAL/NATIONAL</b>				
<p>Carol Shevlin, Policy Manager, CCIR *Retiring at end of 2015</p> <p><b>Sean Gamble, Policy Manager, appointed July 2015</b></p> <p><b>Martin Boyle, Policy Manager, appointed September 2015</b></p>	<p>-Liaison lunch with B. Wycks on Feb. 23/15</p> <p>-January 28/15 stakeholder meeting with CCIR</p>	<p><b>-Q4 2015 liaison lunch for B. Wycks, EOC Chair, and one additional EOC rep. with C. Shevlin and two CCIR Policy Manager successors (S. Gamble and M. Boyle)</b></p> <p>-December 8/15 CAFII Holiday Season Reception</p>	<p>-CCIR review of travel health insurance -Update on CCIR 2014-17 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR audience</p> <p>-Recognition and tribute to Carol, upon her imminent retirement at end of 2015 (confirmed as agreeable to her)</p>	<p><b>Pending</b></p> <p>Confirmed</p>
<p>Patrick Dery, Chair, CCIR (Superintendent, Solvency, AMF)</p> <p>Carolyn Rogers, CCIR Past-Chair and current Vice-Chair (CEO, FICOM &amp; Superintendent of Insurance)</p>	<p>April 29/15 meeting in Quebec City, along with CCIR Vice-Chair Carolyn Rogers</p> <p>April 29/15 in Quebec City, along with CCIR Chair Patrick Dery</p> <p>January 28/15 stakeholder meeting with CCIR Oct 7/14: Toronto, ON at CAFII Regulator Reception</p>	<p>When Patrick is in Toronto for CCIR/related meetings</p> <p>When Carolyn is in Toronto for CCIR/related meetings</p>	<p>-CCIR review of travel health insurance -Update on CCIR 2014-17 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship</p> <p>See above</p>	<p>Pending</p>
<p>Harry James, Chair, CCIR Travel Insurance Working Group (TIWG) (Director, Policy Initiatives, BC FICOM)</p>	<p>March 24/15 meeting with CAFII EOC re draft industry survey of travel insurance underwriters</p> <p>January 30/15 and December 10/14, CAFII participated in TIPIP meetings with CCIR Working Group on Travel Insurance</p>	<p><b>Q4 2015 or Q1 2016 meeting when Harry is in Toronto for CCIR/related meetings</b></p>	<p><b>-highlights/findings of CCIR survey of travel health insurers</b> <b>-issues/positions to be included in Issues Paper for industry consultation in Q1 or Q2 2016</b></p>	<p><b>Pending</b></p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Ron Fullan Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB) <b>CISRO</b>	June 5/15 CISRO LLQP Stakeholder Info Session  Feb 27/15: CISRO LLQP Stakeholder Info Session	<b>When Ron is in Toronto for September 22/15 LLQP Stakeholder Info Session</b>	-LLQP modernization -possible CISRO Strategic Plan	<b>Confirmed</b>
Jeremy Rudin, Superintendent, Office of the Superintendent of Financial Institutions	No contact – appointed June/14	None	-introduce/educate about CAFII, CGI and alternate distribution -build relationship -invite to be speaker at a CAFII Reception event	Watch/ monitor
<b>Sarah Bradley, Ombudsman, OBSI (appointed Sept. 14/15)</b>	None	None	TBD	Watch/ monitor
<b>Financial Consumer Agency of Canada (FCAC):</b>  Lucie Tedesco, Commissioner  Brigitte Goulard, Deputy Commissioner  Jane Rooney, Financial Literacy Leader  Jeremie Ryan, Director, Financial Literacy and Consumer Education  Karen Morgan, Marketing Officer	May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference  Jun 10/14  Feb 10/15 (presentation at CAFII Annual Luncheon)  Feb. 10/15  Jan 9/14	Q4 2015 (either in-person in Ottawa or Toronto; or via teleconference)	-CAFII proposed enhancements to FAQs and other content on FCAC web site re creditor insurance  -CAFII involvement in consumer financial literacy initiatives, including Financial Literacy Month	Pending



Media Committee Discussion Document

**CAFII Responses/Rebuttals to Hot Button Criticisms of Creditor's Group Insurance**

**Issue: Declining Balance**

***With CGI mortgage life insurance, why does coverage decline as mortgage is repaid yet the premiums don't go down?***

- Premiums are level by design so that they are predictable and easy to budget for and, because they are priced in a manner that perfectly matches the mortgage amount and the amortization period, they are very affordable.
- Also while the amount of coverage goes down as the mortgage balance declines, the CGI premium has the offsetting advantage of staying constant and not increasing as the customer ages
- In contrast, with individual term life insurance, the coverage remains level but premiums increase at each renewal as the customer ages and those increases can be substantial especially if the insured is not in perfect health.

**Issue: Proceeds are paid to the financial institution.**

***Isn't CGI really just a product that benefits the financial institution because the payout goes to the bank or credit union?***

- No, one way or another outstanding debt will need to be repaid and CGI helps make that happen.
- CGI does much more than make a payout to a bank or credit union. The insurance pays off the mortgage balance for the client, enabling the client to stay in their home (in the case of mortgage life insurance) which might not otherwise be possible if the family loses their primary income earner
- In addition, by directly covering a specific debt obligation, CGI frees up other individual and group life and disability coverage to protect a family's quality of life by covering such costs as medical, education, child care, and burial expenses; capital gains taxes, etc.

**Issue: Post Claim Underwriting**

***Isn't one of the inherent flaws of CGI that it is not medically underwritten until the time a claim is made potentially leading to a denial when the consumer needs the coverage most?***

- No, for products where the client is asked to attest to their medical condition such as Mortgage Life Insurance, coverage is underwritten when it is issued.
- For products where there is no medical underwriting up-front, such as credit cards and small amounts of insurance on loans and lines of credit, pre-existing condition clauses are utilized and fully disclosed in the certificate.
  - Pre-existing Condition clauses are actually beneficial as they allow people with pre-existing conditions to obtain coverage at standard premium rates and, other than for the pre-existing conditions, they can make a claim at any time. After the pre-existing condition exclusion period ends, they can make a claim for pre-existing conditions as well. With individual insurance coverage, people with pre-existing conditions would either not be able to obtain any insurance or would pay a higher premium.

- All claims are adjudicated in the same way and by the same companies that issue individual insurance policies.
- Financial institutions are interested in fostering long-term relationships with their clients and have no interest in seeing claims denied.

**Issue: Value Proposition/Cost**

***Isn't CGI mortgage insurance inferior to individual term life insurance?***

- Towers Watson study shows that CGI provides almost one-third of new life insurance risk protection in Canada and, as such, is an important component of risk protection for Canadians (i.e. \$85B Creditor Life versus \$166B Term Life)<sup>1</sup>

Approximately two-thirds of Canadian households, especially those in younger age brackets, do not have a life insurance agent or broker<sup>2</sup> and lower/middle income Canadians have not been well-served by the “traditional” insurance industry because their commission-based compensation incents the sale of larger policies.

- For many Canadians with smaller protection needs, CGI may be their only real insurance option. The average size new term life insurance policy in Canada is \$387k while the average new mortgage half of that at \$230k.<sup>3</sup> (Note: 4 in 10 Canadian parents say they buy life insurance just to pay off the mortgage<sup>4</sup> )
- As an optional benefit offered alongside a credit product, CGI is inherently timely and convenient and mitigates procrastination in securing insurance coverage.
- CGI is available coast-to-coast through more than 8,000 branches, contact centres, and via distributor websites.
- CGI features a simple product design and straightforward enrolment process with application forms typically limited to 1 page.
- CGI's group policy structure allows more Canadians to be insured at standard rates, and almost all applicants are accepted. It also covers occupational groups and vocations that individual policies may not cover.
- CGI provides benefits not readily available elsewhere. For example, Job Loss coverage is available on most CGI products but isn't available as an individual product.
- The level of consumer satisfaction with CGI is high. An independent Pollara study found that 92% of Canadians who had purchased CGI said that the coverage gave them “peace of mind” that their family would be protected in the event of a death or disability.<sup>5</sup>

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<sup>1</sup> Towers Watson 2015 Report, A Comparison of the Customer Value Proposition of Creditor Insurance on Mortgages Compared to Individual Insurance Products (based on 2013 data)

<sup>2</sup> LIMRA Canadian Insurance Ownership Study 2013

<sup>3</sup> Towers Watson 2015 Report, A Comparison of the Customer Value Proposition of Creditor Insurance on Mortgages Compared to Individual Insurance Products (based on 2013 data)

<sup>4</sup> LIMRA Fact Sheet, Canadian Families at Risk 2007

<sup>5</sup> Pollara Strategic Insights in association with CAFII, Consumer Satisfaction with Secured Line of Credit and Mortgage Insurance Purchase Experience, April 2010

**Issue: Sales Practices.**

**How is CGI sold? Shouldn't it be sold only by licensed insurance agents?**

- CGI is sold by well-trained and supervised salaried staff at banks and credit unions who are required to undergo comprehensive and recurring training and act in accordance with:
  - The Canadian Bankers Association Code of Conduct for Authorized Insurance Activities;
  - The Bank Acts prohibition of “coercive tied selling”
  - Canadian Life and Health Insurance Association Guidelines
    - *G7 Creditor's Group Insurance*
    - *G9 Direct Marketing*
    - *G13 Compensation Structures: Managing Conflicts of Interest (??)*
  - Federal privacy legislation “PIPEDA”
  - Financial Consumer Agency of Canada (FCAC)
    - The selling practices of CAFII members are monitored by the FCAC and by the provincial insurance regulators for compliance with industry guidelines and codes of conduct. The insurer underwriters of CGI are regulated by both provincial insurance regulators and the federal Office of the Superintendent of Financial Institutions (OSFI).
    - The FCAC tracks enquiries and complaints from the public pertaining to the financial marketplace, including complaints about CGI. The negligible number of complaints about CGI to any regulator shows that it meets a consumer need and that the current mix of government regulation and industry self-regulation is working.
- CGI comes with a "free look" period, typically 20 to 30 days, during which the consumer can cancel and obtain a full refund. After the free look period, consumers can cancel coverage at any time with no penalty.

**Additional Customer Value Proposition Of CGI Highlights From Towers Watson Study<sup>6</sup>**

- An independent actuarial study by *Towers Watson (2015)* compared the average cost of creditor insurance to the average cost of corresponding individual insurance. It compared creditor life and critical illness insurance over 20 years to Term 20 and Term 10 (with one renewal) individual life and critical illness insurance; and also compared creditor disability insurance to individual disability insurance. For all comparisons, three ages (25, 35 and 50) and three mortgage amounts (\$100k, \$250k and \$500k) were used for both male and female insureds.
- Towers Watson found that:
  - creditor disability insurance is less expensive than individual disability insurance for all ages, amounts and genders;
  - creditor critical illness insurance is less expensive than individual critical illness insurance for all ages, amounts and genders; and
  - creditor life insurance is less expensive than individual Term 10 insurance (renewed once over 20 years) **for almost all (94%) customer profiles; and is less expensive than Term 20 for more than half (55%) the customer profiles.**
- **Towers Watson pricing comparisons used average premium rates for a standard risk class for all individual insurance customer profiles**, even though a portion of the population would be charged higher premiums due to health or lifestyle concerns **and others would benefit from preferred insurance rates.** All creditor insurance clients are accepted at standards rates regardless of their health or avocation.
- The insurance companies that underwrite creditor insurance accept somewhat higher mortality and morbidity risks for creditor group coverage as compared to individual insurance coverage.<sup>7</sup>
- The Towers Watson study shows that applications for CGI are significantly more likely to be auto-approved than are individual insurance (life, CI and disability) applications; and more consumers don't have to go through the more complex and time-consuming underwriting process

<sup>6</sup> Towers Watson 2015 Report, A Comparison of the Customer Value Proposition of Creditor Insurance on Mortgages Compared to Individual Insurance Products (based on 2013 data)

<sup>7</sup> Source: Avalon Actuarial, Assessing the Value Proposition of Creditor's Group Mortgage Life and Disability Insurance Presentation April 2011

**Appendix A**

**Typical CGI Application and Underwriting; and Claims Adjudication Process**

*Application and Underwriting*

- a consumer applies for CGI by completing an application form that includes several questions about their health.
- if the consumer answers “No” to all of the health questions, then the insurer takes them at their word and trusts that the information provided on the application is accurate. The consumer is approved for coverage effective on the date indicated on the application form.
- if the consumer answers “Yes” to any of the health questions, then he/she is required to complete a more detailed health questionnaire which is forwarded to the insurance company for further consideration.
- the insurer will carry out a detailed underwriting analysis. Once a decision is made by the insurer on whether the applicant meets the criteria associated with the particular CGI product, the insurer advises the applicant in writing.
- for some coverages, eg. lower value loans, there may not be any health questions asked on the application form; and, in such cases, coverage is automatically approved. For such coverages that are not underwritten at the time of application, there is no misrepresentation exclusion. However, benefits will be paid for the covered event (death or disability) subject to a pre-existing health exclusion. The exclusion applies if death or disability occurs within six to 12 months (depending on the policy) of the enrolment date, and the event was caused by or related to a health condition that pre-existed for six to 12 months (depending on the policy) prior to enrolment and for which the insured has received treatment. All other medical conditions will be covered from the enrolment date.
- the standard CGI pre-existing conditions clause is significantly more accommodating than the approach taken by individual insurance under the same circumstances. Specifically, pre-existing conditions clauses in CGI allow people with pre-existing conditions to obtain coverage at standard premium rates and – other than for the pre-existing conditions – they can make a claim at any time. After the pre-existing condition exclusion period ends (typically x year(s)), they can make a claim for the pre-existing conditions as well. In contrast, with individual insurance, people with pre-existing conditions would either not be able to obtain any insurance or would pay a higher premium.

*Claims Adjudication*

- just as in the adjudication of claims in other types of insurance, CGI insurers perform a thorough and fair review of all claims to ensure that they comply with the terms and conditions stated in the Certificate of Insurance. An analysis is done to verify that the circumstances of the incident triggering the claim meet the terms of the contract signed by the insured.
- as with any insurance product, there are some coverage exclusions which could make a claim ineligible, including misrepresentation of information required on the insurance application. Details of any limitations and exclusions are disclosed to the consumer at the time of application and set out in the certificate of insurance.

## Meeting Details – Confidential: Not For Distribution

<b>Regulator</b>	Autorite des marches financiers	<b>Date:</b>	October 6, 2015
<b>Purpose</b>	<ul style="list-style-type: none"><li>• Education and dialogue on specific industry issues</li><li>• CAFII Quarterly Board Meeting</li></ul>	<b>Location:</b>	Desjardins Financial Security 150, rue des Commandeurs, 15th floor Lévis, Québec
<b>Attendees:</b>	<u>AMF:</u> Patrick Déry, Eric Stevenson, Louise Gauthier <b>Total AMF: 3</b>		
	<b>In-person</b> <u>Board:</u> Joane Bourdeau, National; Kelly Tryon, CUMIS; Linda Fiset, Desjardins; Peter McCarthy, BMO - <i>Chair</i> ; Robert Zanussi, Assurant; Todd Lawrence, CIBC; <u>Tentative:</u> Chris Knight, TD;  <u>EOC:</u> Derek Blake, RBC; Charles Blaquiere, CPL; John Lewsen, BMO <i>Acting Secretary</i> ; Moira Gill, TD; Rose Beckford, ScotiaLife;  <u>Others:</u> Brendan Wycks, Leya Duigu  <b>Total CAFII: 13 (+ 1 tentative)</b>	<b>Dial-in</b>  Maria Sanchez-Chung, TD; Sue Manson, CIBC; Jodi Skeates, CUMIS; <i>Carol Allen, Assurant</i> ; Sue Manson, CIBC Insurance	
<b>Dial-in / Virtual Attendees:</b>	For AMF discussion and board meeting (1:45 – 4:15 pm) Dial-in: <b>416.764.8662 or 1.888.884.4534</b> Participant passcode: <b>8504948#</b> / Moderator passcode: <b>2551109#</b>		

TUESDAY, OCTOBER 6, 2015			LEVIS, QC
Time	Details	Attendees	
12:30 PM	Arrival	All	
12:45 – 1:45 Pm	CAFII Lunch with AMF executives	CAFII Board, EOC and B. Wycks	
1:45 – 2:45 pm	Dialogue with/presentations to AMF executives	All	
2:50 – 4:15 pm	CAFII Board Meeting	Board, EOC, B. Wycks, L. Duigu	
4:30 pm	Departure to airport	Board, EOC, B. Wycks, L. Duigu	

## CAFII Website: Proposed Changes to Membership Text (Aug 26, 2015)

Existing page: [http://www.cafii.com/membership\\_benefits](http://www.cafii.com/membership_benefits)

PUBLIC PAGE

**Background Information:** The following changes were put forward during follow-up meetings regarding the CAFII website (April 2015) and it was determined that further discussion and approval by the EOC is needed before proceeding with the changes.

## Membership Categories and Benefits

Existing Text	Proposed New Text
<p><b>Regular members</b></p> <p>Regular members include financial institutions that are involved in the business of insurance in Canada. Each voting member has a single vote. Member fees vary, depending on the size of the member and its corporate family. Fees are payable in equal semi-annual amounts. Here are some of the benefits of becoming a Voting member:</p> <ul style="list-style-type: none"> <li>• Voting privileges</li> <li>• Regulatory Updates</li> <li>• Seats on the Board and Executive Operating Committee of CAFII</li> <li>• Set strategic direction and annual priorities for CAFII</li> <li>• Networking with leading insurance companies</li> <li>• Complimentary access to sponsored seminars</li> <li>• Benefits of shared resources</li> <li>• Representation by CAFII to government and regulatory organizations</li> <li>• Access to member only resources and information</li> </ul> <p><b>Associates</b></p> <p>Associates include any organization or other interested party that fully supports the mission statement and objectives of the Association. Associates do not have voting status and are not eligible to sit on the Board of Directors or Executive Operations Committee. Associates fees are payable annually. Here are some of the benefits of becoming an Associate of CAFII:</p> <ul style="list-style-type: none"> <li>• Networking with leading insurance companies</li> <li>• Complimentary access to CAFII sponsored seminars</li> <li>• Representation by CAFII to government and regulatory organizations</li> </ul>	<p><b>Regular Members</b></p> <p>CAFII's Regular Members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players American Express, Assurant Solutions, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd.</p> <p>CAFII members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for the Association as our members' common ground. In addition, we advocate on behalf of alternate distribution of insurance – through channels such as direct mail, contact centres, and the internet including mobile devices -- and in support of regulatory structures that foster an open marketplace where consumers can freely choose how and where to purchase coverage.</p> <p>Each Regular Member is represented on the CAFII Board of Directors by a Director who has a single vote. Annual dues for Regular Membership vary based on the size of the member's corporate family assets, and are payable in equal semi-annual instalments. The benefits of Regular Membership include:</p> <ul style="list-style-type: none"> <li>• a seat on the CAFII Board of Directors and voting privileges</li> <li>• representation on the CAFII Executive Operations Committee, which formulates policy positions for</li> </ul>

- Access to resources and information

For more information on joining please contact Leya Duigu at 416-494-9224 ext. 316 or [leya@cafii.com](mailto:leya@cafii.com)

Board approval and oversees implementation of Board-approved strategy

- access to monthly Regulatory Update newsletters and industry intelligence
- representation by CAFII to insurance regulators and government policy-makers
- complimentary access to CAFII industry receptions and networking events
- networking with insurance regulators and industry leaders
- access to members-only resources via CAFII website

### Associates

CAFII Associates are organizations that support the role of financial institutions in insurance, consumer choice, and alternate distribution. Any organization that supports the mission and objectives of the Association can apply for Associate status.

The benefits of becoming an Associate include:

- representation by CAFII to insurance regulators and government policy-makers
- complimentary access to CAFII industry receptions and networking events

Associate dues are paid annually in January.

For more information on joining CAFII as a Regular Member or Associate, please contact Leya Duigu at 416-494-9224 ext. 316 or [leya@cafii.com](mailto:leya@cafii.com).