

CAFII Executive Operations Committee Teleconference Meeting Agenda

Date: Tuesday, September 22, 2020

Chair: M. Boyle

Location: Teleconference-Only

Time: 2:00 – 4:00 p.m. EST

Dial-in: 416-477-0921/514-447-8925/1-888-543-2449

Pin #: 1500

| 1. Welcome, Call to Order, and Priority Matters | 2:00 p.m. | Presenter | Action | Page # | Document |
|---|-----------|-----------|--------|--------|----------|
| a. Call to Order | | M. Boyle | | 3 | |
| b. EOC Chair Succession | | M. Boyle | Update | 4 | ✓ (2) |

| 2. Consent Items | 2:05 p.m. | Presenter | Action | Page # | Document |
|---|-----------|-----------|--------|--------|----------|
| a. Consultations/Submissions Timetable | | | | 11 | ✓ |
| b. Regulatory Update | | | | 12 | ✓ |
| c. Regulator and Policy-Maker Visit Plan | | | | 24 | ✓ |
| d. Summary of Board and EOC Action Items | | | | 25 | ✓ |
| e. Summary of Survey Results Providing Feedback On August 25/20 CAFII Webinar | | | | 26 | ✓ |

| 3. Financial Management Matters | 2:07 p.m. | Presenter | Action | Page # | Document |
|---|-----------|------------|--------|--------|----------|
| a. CAFII Financial Statements as at August 31/20 | | T. Pergola | Update | 38 | ✓ |
| b. Forecast For CAFII 2020 Fiscal Year as at August 31/20 | | T. Pergola | Update | 42 | ✓ |
| c. Critical Path For Development Of 2021 CAFII Operating Budget | | T. Pergola | Update | 45 | ✓ |

| 4. Committee Updates | 2:15 p.m. | Presenter | Action | Page # | Document |
|--|-----------|---------------------|-------------------------|--------|----------|
| a. Research & Education | | A. Stuska | | | |
| i. Research & Education Committee-Recommended New Proposal For CAFII 2020 Consumer Research With Pollara Strategic Insights | | A. Stuska/K. Martin | Discussion/ Approval | 47 | ✓ (2) |
| b. Media Advocacy | | C. Blaquiere | Update | | |
| i. CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Disability Insurance | | K. Martin | Update | 55 | |
| ii. CAFII Website Enhancement To Effect Board Request Re Facilitating Consumers' Filing Of Credit Protection Insurance and Travel Insurance Claims With CAFII Members | | K. Martin | Update | 56 | |
| c. Market Conduct & Licensing | | B. Kuiper | Update | | |
| i. September 29/20 FSRA Life & Health Insurance Stakeholder Advisory Committee (SAC) Meeting On Transformation Of Current Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule | | K. Martin | Update | 57 | ✓ |
| ii. FCNB Informal Consultation On Accident & Sickness Insurance-Related Changes To New Brunswick's Insurance Act | | B. Wycks | Update | 75 | ✓ |
| iii. Recent CCIR Chair Transition/Succession | | B. Wycks | Update | 90 | ✓ |
| d. Travel Medical Insurance Experts | | A. Baig | Update | 93 | |
| e. Networking & Events | | S. Kirby/J. Lewsen | Update | | |
| i. Upcoming September 29/20 Webinar On COVID-19's Impact Upon Insurance Policy and Regulation: Now And Post-Pandemic | | K. Martin/B. Wycks | Update | 94 | |
| ii. Plans For Repurposed CAFII 2020 Annual Members' Luncheon As October 21/20 Webinar, With FCAC Deputy Commissioner Frank Lofranco As Guest Speaker/Presenter | | B. Wycks | Update | 95 | |

| 5. Recent and Upcoming Strategic and Regulatory Initiatives | 2:55 p.m. | Presenter | Action | Page # | Document |
|--|-----------|--------------------|---------|--------|----------|
| a. September 14/20 CAFII Get Acquainted and Dialogue Virtual Meeting With Frank Lofranco, FCAC Deputy Commissioner, Supervision and Enforcement, and FCAC Staff Executive Colleagues | | B. Wycks/K. Martin | Update | 96 | ✓ |
| b. CAFII Board Member Proposal Related To FCAC's Upcoming "Appropriateness Test" (Related To Product Suitability) | | | | | |
| i. Interim Update From FCAC On Development of "Appropriateness Provision" | | B. Wycks | Update | 98 | |
| ii. Work Being Done Within CAFII Member Companies To Prepare For FCAC Appropriateness Test/Provision | | M. Boyle | Updates | 99 | |

| | | | | | |
|------|--|--------------------|------------|-----|-------|
| c. | Briefing Document Being Developed For CAFII Board and EOC Members On Federal Financial Consumer Protection Framework (Bill C-86) And Quebec Bills 64 and 53 | K. Martin | Update | 100 | |
| d. | AMF Response To CAFII "Creative Solutions" Submission To AMF On Degree To Which Industry Can Meet Its Requirements Around RADM's Application To Credit Card-Embedded Insurance Benefits | K. Martin | Update | 101 | |
| e. | CCIR/CISRO FTC Working Group Response To CAFII Letter Responding To Its Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models | B. Wycks/K. Martin | Update | 102 | ✓ |
| f. | CAFII Quarterly CPI Benchmarking Study With RSM Canada | K. Martin | Update | 104 | ✓ |
| g. | Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance | | | | |
| i. | CAFII/Industry Position On COVID-19-Driven Trip Cancellation Travel Insurance Claims Where Insured/Claimant Has Also Received An Airline Or Other Travel Services Provider Voucher | M. Boyle/B. Wycks | Discussion | 106 | ✓ |
| ii. | Travel Insurance-Related Comments Made and Actions Proposed by Quebec's Justice Minister On August 19/20 | B. Wycks/K. Martin | Update | 116 | ✓ (2) |
| iii. | Next Meeting of CAFII Directors and Designates COVID-19 Information-Sharing Group: Thursday, October 1/20 | K. Martin | Update | 121 | |
| iv. | Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry | B. Wycks/K. Martin | Update | 122 | |
| h. | Launch of Saskatchewan RIA Advisory Committee: Next Steps | B. Wycks/K. Martin | Update | 123 | |

| 6. | Governance Matters | 3:35 p.m. | Presenter | Action | Page # | Document |
|----|--|-----------|-----------|----------|--------|----------|
| a. | Draft Minutes of August 25/20 EOC Teleconference Meeting | | B. Wycks | Approval | 124 | ✓ |
| b. | Plans for October 15/20 CAFII Board Meeting and Immediately Preceding "Industry Issues Dialogue" With AMF Staff Executives | | B. Wycks | Update | 131 | |

| 7. | Other Business | 3:40 p.m. | Presenter | Action | Page # | Document |
|----|--|-----------|-----------|------------|--------|----------|
| a. | EOC Feedback on CAFII "Weekly Digests" | | B. Wycks | Discussion | 132 | |

| 8. | In Camera Session | 3:45 p.m. | Presenter | Action | Page # | Document |
|----|-------------------|-----------|-----------|--------|--------|----------|
|----|-------------------|-----------|-----------|--------|--------|----------|

| 9. | Tracking Issues | | Presenter | Action | Page # | Document |
|----|--|--|-----------|--------|--------|----------|
| a. | FCNB Insurance Act Rewrite (Including Linked Plan to Introduce an RIA Regime) | | | | | |
| b. | AMF Consultation on Updating Sound Commercial Practices Guideline | | | | | |
| c. | BC Drafting of Regulations To Implement Financial Institutions Amendment Act, 2019 | | | | | |
| d. | FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review | | | | | |

Next Board Meeting: Thursday, October 15/20, 2:00 to 5:00 p.m. Teleconference-Only Meeting, Preceded By 12:30 to 2:00 p.m. Industry Issues Dialogue With AMF Staff Executives Over Virtual Platform (With Dial-in Option)

Next EOC Meeting: Tuesday, October 20/20, 2:00 to 3:30 p.m., Teleconference-Only Meeting

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 1a
Call to Order

Purpose of this Agenda Item

Start of meeting.

Background Information

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 1b Call to Order

Purpose of this Agenda Item

Update by EOC Chair Martin Boyle on his intention to step down, and on next steps to find a successor.

Background Information

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

Two attachments: (i) Reverse Chronology of CAFII Board Chair, Board Vice-Chair, EOC Chair, and Treasurer Appointees; and (ii) CAFII Organization Structure and Governance summary document.

Reverse Chronology of

CAFII Board Chair, Board Vice-Chair, EOC Chair, and Treasurer Appointees

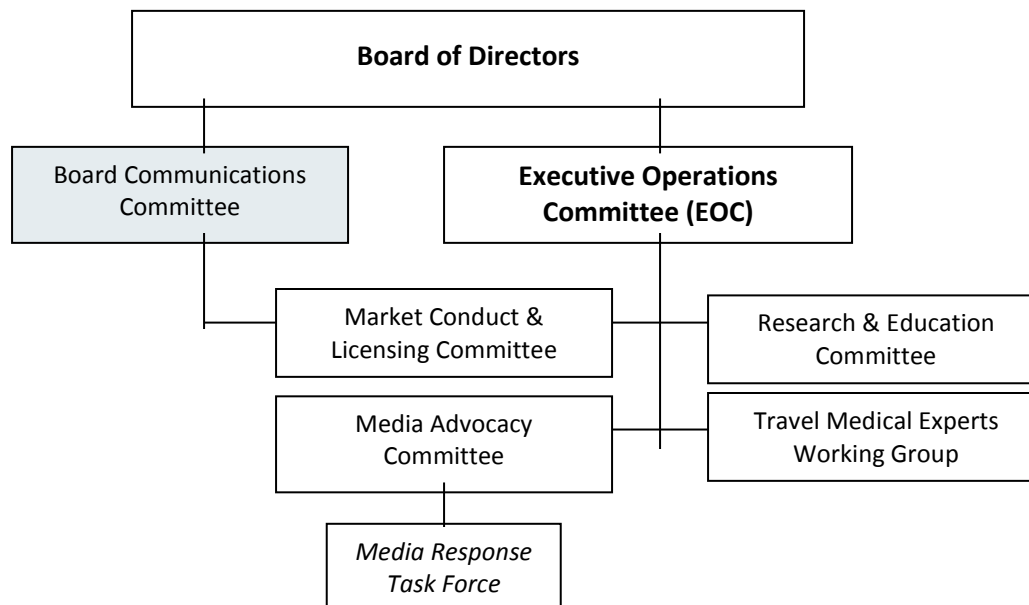
Appointments to the CAFII volunteer Officer positions of Board Chair, Board Vice-Chair, Executive Operations Committee (EOC) Chair, and Treasurer are typically made during the first Board meeting of a new governance year, immediately following the Annual Meeting of Members each June, except where noted below. In most cases, the appointed Officers have served two consecutive, one-year terms, except where noted below.

| Terms (June to June, except where noted) | Board Chair | Board Vice-Chair | EOC Chair | Treasurer |
|---|---|---|---|--|
| 2020-21 | Chris Lobbezoo, RBC Insurance | Peter Thompson, National Bank Insurance | Martin Boyle, BMO Insurance | Tony Pergola, ScotiaLife Financial |
| 2019-20 | Nicole Benson, Canadian Premier Life/Valeyo | Chris Lobbezoo, RBC Insurance | Martin Boyle, BMO Insurance | Tony Pergola, ScotiaLife Financial |
| 2018-19 | Nicole Benson, Canadian Premier Life/Valeyo | Chris Lobbezoo, RBC Insurance | Martin Boyle, BMO Insurance | Tony Pergola, ScotiaLife Financial |
| 2017-18 | Peter McCarthy, BMO Insurance | Vacant | Pete Thorn, TD Insurance | Tony Pergola, ScotiaLife Financial |
| 2016-17 | Peter McCarthy, BMO Insurance | Joane Bourdeau, National Bank Insurance <i>(until April 2017, at which time National Bank Insurance left CAFII membership but rejoined in January 2019)</i> | Pete Thorn, TD Insurance <i>(May 2017 onwards)</i> Eleanore Fang, TD Insurance <i>(until April 2017)</i> | Raja Rajaram, CIBC Insurance <i>(until April 2017)</i> Tony Pergola, ScotiaLife Financial <i>(April 2017 onwards)</i> |
| 2015-2016 | Peter McCarthy, BMO Insurance | Joane Bourdeau, National Bank Insurance <i>(Oct 6, 2015 onwards)</i> Isaac Sananes, Canadian Premier <i>(Jun 9-18, 2015)</i> | Greg Grant, CIBC Insurance | Raja Rajaram, CIBC Insurance |
| 2014-2015 | Rino D'Onofrio, RBC Insurance <i>(Sep 19, 2014)</i> | Isaac Sananes, Canadian Premier <i>(Sep 19, 2014)</i> | Greg Grant, CIBC Insurance | Raja Rajaram, CIBC Insurance |
| 2013-2014 | Mark Cummings, ScotiaLife Financial | Rino D'Onofrio, RBC Insurance | Jennifer Hines, RBC Insurance | Raja Rajaram, CIBC Insurance |

| Terms (June to June, except where noted) | Board Chair | Board Vice-Chair | EOC Chair | Treasurer |
|---|--|---|---|---|
| 2012-2013 | Mark Cummings, ScotiaLife Financial <i>(Dec 2012 onwards)</i> Cathy Honor, RBC Insurance <i>(until Dec 2012)</i> | Keith Demmings, Assurant Solutions <i>(until Dec 2012)</i> | Jennifer Hines, RBC Insurance <i>(Dec 2012 onwards)</i> John Lewsen, BMO Insurance <i>(until Oct 2012)</i> | Matt Fabian, BMO Insurance <i>(until Dec 2013)</i> |
| 2011-2012 | Cathy Honor, RBC Insurance <i>(Dec 2011 onwards)</i> David Minor, TD Insurance <i>(until Dec 2011)</i> | Keith Demmings, Assurant Solutions | John Lewsen, BMO Insurance | Matt Fabian, BMO Insurance |
| 2010-2011 | David Minor, TD Insurance | Keith Demmings, Assurant Solutions | John Lewsen, BMO Insurance | Matt Fabian, BMO Insurance |
| 2009-2010 | David Minor, TD Insurance | Keith Demmings, Assurant Solutions | Lawrie McGill, CIBC Insurance | Matt Fabian, BMO Insurance |
| 2007-2009 | Rick Lancaster, CIBC Insurance | Steve Phillips, Assurant Solutions | Maira Gill, TD Insurance | Matt Fabian, BMO Insurance <i>(Dec 2009 onwards)</i> Monica Smith, BMO Insurance <i>(Oct to Dec 2009)</i> Victor Pywowarczuk, BMO Insurance <i>(until Oct 2009)</i> |
| 2005-2007 | Neil Skelding, RBC Insurance <i>(Oct 2005 onwards)</i> | Steve Phillips, Assurant Solutions | Lawrie McGill, CIBC Insurance | Victor Pywowarczuk, BMO Insurance |
| 2004-2005 | Cathy Honor, RBC Insurance <i>(until Oct 2005)</i> | Steve Phillips, Assurant Solutions | Lawrie McGill, CIBC Insurance | Victor Pywowarczuk, BMO Insurance |
| 2002-2004 | Oscar Zimmerman, ScotiaLife Financial | Isaac Sananes, Canadian Premier | | Ambrish Jaiswal, CIBC Insurance |
| 2001-2002 | Oscar Zimmerman, ScotiaLife Financial | Isaac Sananes, Canadian Premier | | |

| Terms (June to June, except where noted) | Board Chair | Board Vice-Chair | EOC Chair | Treasurer |
|---|------------------------------|---|-----------|-----------|
| | | | | |
| 2000 | Russell Dunbar, TD Insurance | Isaac Sananes, Canadian Premier (Mar 2000 onwards) Bernard Dorval, Canada Trust (until Mar 2000) | | |
| 1998 | Russell Dunbar, TD Insurance | Bernard Dorval, Canada Trust | | |

Organization Structure



Officers 2020-2021

| | |
|-----------------------------|---|
| Board Chair | Chris Lobbezoo, RBC Insurance |
| Past-Chair | Nicole Benson, Canadian Premier Life Insurance Company/Valeyo |
| Vice-Chair | Peter Thompson, National Bank Insurance |
| Board Secretary & EOC Chair | Martin Boyle, BMO Insurance |
| Treasurer | Tony Pergola, ScotiaLife Financial |
| Co-Executive Directors | Brendan Wycks, CAFII |
| | Keith Martin, CAFII |

CAFII BYLAW

ARTICLE 4: DIRECTORS

4.1 Authority and Responsibility: The board shall manage or supervise the management of the activities and affairs of the Corporation, subject to the Act, the articles and the by-laws.

4.2 Number of Directors: The fixed number of directors, within the minimum and maximum numbers provided for in the articles, shall be required to be equal to the number of members. The fixed number of directors shall initially be ten directors. If, from time to time, the number of members - 10 - increases or decreases, the directors and members shall pass such resolutions or by-laws as are necessary to cause the fixed number of directors to be increased or decreased accordingly to ensure the fixed number of directors is equal to the number of members.

ARTICLE 8: EXECUTIVE OPERATIONS COMMITTEE

8.1 Executive Operations Committee: The board may appoint a committee known as the Executive Operations Committee. The Executive Operations Committee shall be chaired by the Secretary. Each CAFII Member may appoint one or more representatives to serve on the Executive Operations Committee, subject to the representatives so designated being confirmed by the board or by the Chair if so delegated by resolution of the board. A director is not permitted to sit on the Executive Operations Committee for as long as he or she hold office as a director of the Corporation. The board may specify the duties of and, in accordance with this bylaw and subject to the Act, delegate to the Executive Operations Committee such powers to manage the business and affairs of the Corporation as would ordinarily be delegated to the officers of the Corporation. For greater certainty, the Executive Operations Committee is not a committee of the board.

8.2 Subcommittees, Rules of Procedure: The Executive Operations Committee may from time to time appoint any sub-committee or ad-hoc committee, as it deems necessary or appropriate. The Executive Operations Committee will formulate rules of procedure and ensure that the majority of subcommittee members are Executive Operations Committee members. The chair of any sub-committee or ad-hoc committee must be a member of the Executive Operations Committee.

Regular Members

CAFII's Regular Members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant Solutions, Canada Life Assurance, Canadian Premier Life Insurance Company/Valeyo, CUMIS Services Inc., Manulife Financial, and Sun Life Financial. CAFII members offer creditor's group, travel, life, health, and property and casualty insurance. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for CAFII members.

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:

- a seat on the CAFII Board of Directors and voting privileges
- **representation on the CAFII Executive Operations Committee, which formulates policy positions for 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

Meeting and Event Attendance

| Event Type | Board Members | EOC Members | Other Representatives from Voting Member Companies | Associates |
|---|--|--|--|---------------|
| Board Meeting | Attend All | Attend All | Do not attend | Do not attend |
| Post-Board Meeting Presentation & Receptions | Attend | Attend | By invitation | By invitation |
| EOC Meeting | Do not attend | Attend | Attendance determined by EOC | Do not attend |
| Regulator Visits | Efforts made to ensure that at least one Board member attends | At least one EOC member requested/ encouraged to attend | Generally not invited | Do not attend |
| Annual Members' Luncheon | Attend | Attend | By invitation | Invited |
| Committee Meetings | Attend only if on committee or as determined by subject matter/expertise | Attend only if on committee or as determined by subject matter/expertise | By invitation of EOC based on subject matter/expertise | Do not attend |

Briefing Note

CAFII EOC Meeting, 25 August, 2020—Agenda Item 2 (a-e) Consent Items

Purpose of this Agenda Item

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

Background Information

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

- Consultations / Submissions Timetable
- Regulatory Update
- Regulator and Policy-Maker Visit Plan
- Summary of Board and EOC Action Items
- Summary of Survey Results Providing Feedback on August 25/20 CAFII Webinar

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

5 attachments.

CAFII Consultations/Submissions Timetable 2020-21

| Regulatory Issue | Deliverable | Deadline | Accountable |
|--|---|--|--|
| BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015) | <ul style="list-style-type: none"> Revised Financial Institutions Act (FIA) tabled in the legislature CAFII Meeting with Ministry of Finance staff executives <i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i> CAFII submissions on draft Regulations in support of Revised FIA | <ul style="list-style-type: none"> October 21/19 October 25/19 Q3 or Q4 2020 (expected) Q3 2020 through Q4 2021 | <ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor |
| AMF Sound Commercial Practices Guideline Update | <ul style="list-style-type: none"> AMF releases consultation document CAFII submission on updated Sound Commercial Practices Guideline | <ul style="list-style-type: none"> <u>September 2020</u> Q4 2020 | <ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor |
| Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM) | <ul style="list-style-type: none"> CAFII submission on Regulations Supporting Bill 141 AMF Response to industry feedback on RADM Implementation/In-Force Period for RADM (varies by Article/Chapter) CAFII sends AMF “creative solutions” submission on degree to which industry can meet AMF’s requirements around RADM’s applicability to credit card-embedded insurance benefits CAFII receives AMF acknowledgement response to July 7/20 submission, indicating “We acknowledge receipt of your correspondence and will get back to you with comments following the analysis of the issues raised AMF responds to CAFII’s “creative solutions” submission | <ul style="list-style-type: none"> December 10, 2018 April 17/19 June 13/19: Chapter 2; June 13/20: Chapter 3 July 7/20 July 9/20 Q3 or Q4 2020 (expected) | <ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor |
| CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers | <ul style="list-style-type: none"> Meeting with CCIR/CISRO Working Group re Guidance implementation Meeting with CCIR/CISRO Working Group re incentives and compensation models used by CAFII members in-market CAFII sends letter to CCIR/CISRO FTC Working Group asking it to obtain information on incentives and compensation models used by member distributors directly and privately, to avoid Competition Act violations <u>CCIR/CISRO FTC Working Group accepts proposal in CAFII’s July 2/20 letter</u> | <ul style="list-style-type: none"> March 27, 2019 March 5, 2020 July 2/20 <u>August 31/20</u> | <ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor |
| SK Bill 177 | <ul style="list-style-type: none"> FCAA delays implementation of new Act and Regulations to Jan 1/20 FCAA releases transition-related Guidance and Interpretation Bulletin FCAA releases further transition-related Guidance/Interpretation Bulletin(s) | <ul style="list-style-type: none"> November 26, 2018 May 17, 2019 Q3 or Q4 2020 (expected) | <ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor |
| FCNB Insurance Act Rewrite and Introduction of RIA Regime | <ul style="list-style-type: none"> CAFII Meeting with David Weir and Jennifer Sutherland Green, FCNB in Fredericton CAFII submission on FCNB Licensing of Insurance Adjusters and Damage Appraisers Consultation FCNB launches industry consultation on RIA licensing regime model CAFII submission on FCNB’s RIA Regime licensing regime model <i>FCNB launches informal stakeholder consultation on applicability of A&S insurance provisions of various provincial Insurance Acts to New Brunswick</i> CAFII responds to FCNB consultation on A&S Insurance Act provisions | <ul style="list-style-type: none"> June 11, 2019 July 2/19 November 29, 2019 January 31, 2020 July 2020 September 30, 2020 | <ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor |

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

CONFIDENTIAL TO CAFII MEMBERS; NOT FOR WIDER DISTRIBUTION

Regulatory Update – CAFII Executive Operations Committee, 22 September 2020

Prepared by Keith Martin, CAFII Co-Executive Director

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Federal/National

Canadian Council of Insurance Regulators (CCIR)

Canadian Council of Insurance Regulators Announces Frank Chong As New Chair

The Canadian Council of Insurance Regulators announced on 10 September, 2020 that Patrick Déry of the AMF was stepping down as the Chair of the CCIR after five years in this role, and would be replaced by Frank Chong, Vice-President and Deputy Superintendent, Regulation, with the BC Financial Services Authority. It is noteworthy that usually such CCIR Chair succession announcements are made in the summer, coming out of CCIR's June meeting.

Canadian Association of Pension Supervisory Authorities (CAPSA)

Canadian Association of Pension Supervisory Authorities Invites CAFII To Join Industry Working Group Regarding CAPSA Capital Accumulation Plans (CAP)

The Canadian Association of Pension Supervisory Authorities' (CAPSA) has invited CAFII Co-Executive Directors Keith Martin and Brendan Wycks to participate in an Industry Working Group (IWG) to assist CAPSA's work on Capital Accumulation Plans (CAP).

CAPSA notes that

CAPSA established the CAP Guideline Committee (the Committee) in April 2019. Since then, the Committee has reviewed the Guideline and is proposing several revisions. It is now looking for technical support and expertise from industry, and has identified your organization as a key stakeholder to provide valuable input towards this work.

The IWG will consist of cross-sectoral stakeholders to ensure that there is expertise from all three sectors - pension, insurance and securities.

Mr. Martin and Mr. Wycks are currently assessing this CAPSA invitation with respect to its fit with CAFII's mission and scope, and the degree to which an affirmative response from one of them might contribute to the Association's regulatory relationship-building strategic priority.

Federal Consumer Agency of Canada (FCAC)

CAFII Holds Get-Acquainted Session with Frank Lofranco, Deputy Commissioner FCAC, Along with Three FCAC Colleagues, on 14 September, 2020

On 14 September, 2020, CAFII held a Get Acquainted and Dialogue Meeting with recently appointed FCAC Deputy Commissioner Frank Lofranco and three FCAC staff executive colleagues: Brad Schnarr, Manager, Supervision and Enforcement; Stephen Wild, Senior Research & Policy Officer; and Thierry Plante, Senior Consumer Education Officer (focused on financial literacy).

This 90-minute virtual meeting was well-attended by approximately 30 CAFII member representatives. A key, CAFII-relevant insight gained from this meeting is that Stephen Wild, Senior Research & Policy Officer, who reports to Brad Schnarr, Manager, Supervision and Enforcement, who in turn reports to Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, will be the lead on drafting the “appropriateness provision/test” for financial products which is embedded within the Financial Consumer Protection Framework (FCPF) section of Bill C-86 which received Royal Assent in December 2018.

That drafting/development work will be completed over the next six to eight months. Part of the FCAC’s process will involve determining which financial products the appropriateness provision/test should apply to, including whether or not Authorized Insurance Products (credit protection insurance and travel insurance) offered by federally regulated financial institutions should be covered.

The FCAC’s critical path for the development and finalization of the appropriateness provision/test includes a pre-consultation with a sounding board/test group in late Fall 2020 or early Winter 2021, followed by a full public consultation on a draft of appropriateness provision/test.

Other key insights gained in the meeting were:

- there are three pillars or streams of responsibility which fall under Frank Lofranco as FCAC Deputy Commissioner, Supervision and Enforcement: Regulatory Guidance & Co-ordination; Supervision (which the FCAC is being more proactive about, given increased powers and resources); and Enforcement (when breaches do occur).
- as Deputy Commissioner, Supervision and Enforcement, Frank Lofranco is effectively the FCAC’s second-in-command (2IC). However, Commissioner Judith Robertson is putting in place a new management team at the Agency, which will include the appointment of a Deputy Commissioner, Consumer Education (with a focus on financial literacy) in the near future.
- Commissioner Robertson has made the decision that the FCAC will have an official Toronto office presence; and after the COVID-19 pandemic when this plan is officially announced and comes to fruition, Deputy Commissioner Frank Lofranco will head up and work out of that FCAC satellite office in Toronto, where he is currently located.
- implementation of the FCPF falls under Brad Schnarr as Manager, Supervision and Enforcement.

CAFII

CAFII Holds Webinar on the Impact of COVID-19 on Insurance Regulation, with Frank Chong of BCFSa, Nathalie Sirois of the AMF, and Huston Loke of FSRA

CAFII held its first of three Summer 2020 virtual webinars with regulators on 28 July, 2020. On the panel of presenters were **Frank Chong**, Vice-President and Deputy Superintendent, Regulation at the British Columbia Financial Services Authority, or BCFSa; **Nathalie Sirois**, Senior Director, Supervision of Insurers and Control of Right to Practise at L'Autorité des marchés financiers (AMF) in Québec; and **Huston Loke**, Executive Vice-President, Market Conduct at the Financial Services Regulatory Authority of Ontario, or FSRA.

There was excellent attendance at the webinar from insurance regulators and policy-makers across Canada, including the BC Financial Services Authority; the BC Ministry of Finance; the Insurance Council of BC; the Alberta Insurance Council; Alberta Treasury Board and Finance; Insurance Council of Manitoba; the Saskatchewan Financial and Consumer Affairs Authority; Nova Scotia's Office of the Superintendent of Insurance; the Ontario Ministry of Finance; the Financial Services Regulatory Authority of Ontario; the Autorité des marchés financiers in Quebec; the Canadian Council of Insurance Regulators, or the CCIR; the Canadian Insurance Services Regulatory Organisations, or CISRO; and the federal Office of the Superintendent of Financial Institutions.

There was a vibrant and engaged discussion on a variety of insurance issues. With respect to the industry's COVID-19 response, Frank Chong commented that¹

...Canada and the broader insurance sector has really performed exceptionally well during this global issue. And credit should really be given to each of you for really contributing to being focused on your customers though this very challenging environment.

In the context of how the AMF has responded to the challenges posed by the COVID-19 pandemic, Nathalie Sirois commented that

...we had to adapt how we approached our supervisory work. And as an organisation, most of our employees were already ready to work remotely from home, so it was not a real issue for us. But I would say that we had to adapt how we do our supervisory activities, so of course we decided that there was not going to be any on-site supervision. But at the same time, we were very conscious of the fact that insurers themselves had to adapt to the situation, had many adjustments to put in place; and we had to maintain ... our supervision just to make sure (whether) any institution would face any difficulty in their financial condition.

On the issue of regulators supporting industry at a time of great stress, Huston Loke commented that

¹ The comments from the three panelists have been lightly edited.

During a time of crisis, especially a health crisis like this, we have to all think about why are we here? So, the reason I think why we're here is because we want to allow people to receive, to have fulfilled, that promise of security that they purchased in the form of insurance. We want to be able to support them as they access their insurance that they've paid up for. We want to support them, in order to have access to buy new insurance products. All through the pandemic, people continue to have life events, whether it's, you know, having children, getting married, having some other situation in their family and access (to insurance) is important. How can we, as regulators, support access to insurance? And how can we as regulators allow insurers to fulfil their commitment to their customers? Well, coordination is one good way. So, I head up one of the CCIR committees for COVID-19, I'm joined by my capable colleagues across the country and we wanted to make ourselves very available to industry Associations in particular to provide a harmonized view on things.

On the issue of what lessons can be learned during this time and what may endure after the pandemic, Frank Chong commented that

... I think that once we are out of the pandemic, it will be worthwhile for not only the industry, but also for regulators, to sort of sit down and talk about what were some of the lessons learned out of the pandemic. And I think it's very important that we take stock of all the different things that we had not only discussed, whether or not that's at CCIR or individual regulators, and have that conversation with the policy-makers. Because I think that the attendee's (question) is correct to point out that the overarching, sort of legislative framework that we're all operating under does need to get modernized, and we do need to look at how we can do that from the lens of still being able to meet the public interest. Because I think that at the end of the day, what we have seen I think in extraordinary manner was that the industry was able to still meet the public interest in many ways, but doing it in a different manner than maybe perhaps under the old constructs of many of the provincial insurance Acts. And so, there's also some things we may want to sort of re-evaluate and discuss as to whether or not they are still relevant today. But I think that taking stock at the very end once we're out of this, I think is an important, first step in that journey towards modernization.

On this same topic, Nathalie Sirois added:

I'm totally in agreement about what (Frank Chong) was saying about the fact that once we are out of this crisis we will need to get together and see what were the lessons learned from the crisis. What went well, what went less well, and if there is need for improvements in our framework, whether legislative or regulation. I think it will be a good opportunity even for regulators and our governments to sit down together, and other parties that maybe had to grow in this crisis, to sit together and see how we can in the future be better... just to make sure that we will be in a better position to be proactive and less reactive.

Picking up on this theme, Huston Loke said:

What I'd add is some of these things are not necessarily legislative in terms of things that you take away post-pandemic, and I'll give you an example. We always talk about fair treatment because that's the principle that all the work hinges upon. Sometimes fair treatment is a lot less complicated than we make it out to be. It starts with fulfilling the promise to the customer -- what did the customer think they purchased and what ends up happening when they need insurance?

You know, when you think what just happened to us, this was a period where there was no question of the value of insurance. The value of coverage over the last number of months has been made plain and clear. If you had the right coverage, you could be taken care of, and I think one thing that we will take away is the practice that we've seen from some companies and industry Associations to publish their position on things, in real time. So, not waiting for six months and then coming out with an extra thirty pages that they add on to their policy, but actually to issue a press release to guide people and say here is what we are going to cover, and here are the processes that follow, and here is what we are going to be excluding. Because in a time of crisis, and in a time of need, that's fair treatment, to know what you're up against or to know what you're covered for.

The full one-hour webinar was recorded and is available on the CAFII website at the following link:

<https://www.cafii.com/research/>

CAFII Holds Webinar on the Impact of COVID-19 on Insurance Regulation, With a Focus on Licensing Issues, with Catherine Haines of New Brunswick's FCNB; Brent Rathgeber, Alberta Insurance Council; and Brett Thibault, Insurance Council of BC

CAFII held its second of three Summer 2020 virtual webinars with regulators on 25 August, 2020. On the panel of presenters were **Catherine Haines**, Deputy Director of Licensing at New Brunswick's Financial and Consumer Services Commission (FCNB); **Brent Rathgeber**, Director of Policy and Government Relations at the Alberta Insurance Council; and **Brett Thibault**, Director of Governance and Stakeholder Engagement at the Insurance Council of BC.

There was excellent attendance at the webinar from insurance regulators and policy-makers from across Canada, including the BC Financial Services Authority; the BC Ministry of Finance; the Insurance Council of BC; the Alberta Insurance Council; Alberta Treasury Board and Finance; the Insurance Council of Manitoba; the Saskatchewan Financial and Consumer Affairs Authority; l'Autorité des marchés financiers (AMF) in Québec; the Insurance Councils of Saskatchewan; the Government of Yukon; the Financial Services Regulatory Authority of Ontario, or FSRA; the Canadian Council of Insurance Regulators, CCIR; the Canadian Insurance Services Regulatory Organisations, CISRO; the federal Office of the Superintendent of Financial Institutions, or OSFI; and the Ombudsman for Life and Health Insurance (OLHI).

There was a fulsome and engaged discussion among the three panelists, with Catherine Haines commenting that

We certainly appreciate the regular communication from industry members reaching out either directly to our office or via the CCIR or CISRO organizations to provide updates and to outline the challenges they have been experiencing. And again, it's not surprising necessarily but good to see that companies were really keeping the safety of their employees and the needs of their customers front and centre...

On the issue of the Alberta Insurance Council adjusting to the COVID-19 lockdown, Brent Rathgeber commented that

We were able to adjust to hearings and Council meetings quite easily. ... When COVID-19 struck, our meetings beginning in late March, early April ... most of our Board members were Zooming in on a computer...we were already used to having virtual meetings.

On the issue of how regulators would respond to complaints from clients denied insurance because they travelled to a country which Global Affairs Canada had issued an advisory against travelling to, Brett Thibault said

...our job is to oversee the sales process, the licensee process, and so what we would want to do regardless of the complaint is to make sure and review what the sales process looked like, what was communicated to the client by our licensees, the people we have authority over, and take it from there, decide whether that was appropriate and adequate.

The full one-hour webinar was recorded and is available on the CAFII website at the following link:

<https://www.cafii.com/research/>

Desjardins Insurance

Mylène Sabourin, Previously A Staff Executive at the AMF, Joins Desjardins as its Chief Compliance Officer for Insurance and Wealth Management

Mylène Sabourin, previously a staff executive at the AMF for the past four years who played a lead role in the Autorité's drafting of the Regulation respecting Alternative Distribution Methods (RADM), left the AMF in April 2020 to become the Chief Compliance Officer, for insurance along with other areas, for Desjardins Insurance, working out of its corporate office in Lévis, Quebec.

CAFII Co-Executive Directors Brendan Wycks and Keith Martin have reached out to Ms. Sabourin about CAFII and its initiatives, and the three of them held a one-hour get-acquainted session on 11 September, 2020. Ms. Sabourin's formal title at Desjardins is: *Directrice principale Conformité, Gestion de patrimoine et Assurance*; or, in English: *Senior Director Compliance, Wealth management and Insurance*.

Provincial/Territorial

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

FSRA To Meet With Stakeholder Advisory Committee for Life & Health Insurance On New Issue

FSRA has established Stakeholder Advisory Committees (SACs) to serve as consultation bodies for FSRA management and, in particular, for the FSRA Board on FSRA's priorities and budget. CAFII's representative on the Life & Health SAC is Co-Executive Director Keith Martin.

On 4 September, 2020 FSRA CEO Mark White emailed SAC for Life & Health Insurance members to schedule a virtual (via Zoom) discussion meeting with them on October 9, 2020 at 3:00 pm for approximately two hours. This meeting will allow the committee to prepare for an upcoming meeting with the FSRA Board.

In addition, Mark White advised that FSRA management also plans to convene a virtual (via Zoom) discussion with the Life & Health Insurance SAC on September 29, 2020 regarding a FSRA initiative to transform and modernize the current Unfair or Deceptive Acts or Practices (UDAP) Regulation (a holdover from FSCO) into a FSRA Rule.

Quebec

Autorité des Marchés Financiers

AMF To Launch Consultations on Updated Sound Commercial Practices Guideline; and New Regulation On Complaints Imminently

CAFII has learned that throughout the month of September, the AMF is holding private, one-on-one pre-launch meetings with various stakeholder groups, in anticipation of its imminent launch of formal consultations on an updated/amended Sound Commercial Practices Guideline; and a new Regulation on Complaints.

The staff executive leads on the Sound Commercial Practices Guideline Consultation are Hélène Samson, Director of Prudential Supervision of Financial Institutions, who reports to Patrick Déry, Superintendent, Solvency; and Julien Reid, Senior Director of Financial Institutions Supervision, Resolution and Deposit Insurance, Ms. Samson's colleague who also reports to Mr. Déry.

The staff executive lead on the Regulation on Complaints consultation will be Louise Gauthier, Senior Director of Distribution Policy, who reports to Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight.

International Developments, Research, and Thought Leadership

Managing Matters

Article by CAFII's Association Management Company Managing Matters on Fostering Inclusion in the Workplace

The 10 September, 2020 newsletter of the Trillium (Toronto) Chapter of the Canadian Society of Association Executives (CSAE) includes a piece by CAFII Association Management Company Managing Matters on "Fostering Inclusion at Managing Matters." The piece notes that "Inclusion and diversity should always be woven into culture and values" and goes on to state that

In order to achieve this, three internal Committees (Education, MM Gives Back, Health) have been working together to create a series of MM Diversity initiatives. The Education Committee provided a starting point for learning and awareness in the monthly internal newsletter. This offered resources from a variety of sources to increase knowledge and awareness on issues surrounding diversity and anti-racism, especially as they relate to the Canadian experience. We also made sure this information was shared in a variety of ways, to account for our team's diverse learning styles.

The full piece can be found at:

<http://csae-trillium.tv/fostering-inclusion-at-managing-matters/>

Global Risk Institute

Global Risk Institute Interview with Jodi Spall, Manulife's AVP of Marketing and Operational Excellence, Global Talent Acquisition, on Virtual Onboarding

Jodi Spall, AVP, Marketing & Operational Excellence, Global Talent Acquisition at Manulife, spoke with the Global Risk Institute on virtual onboarding of new employees. Ms. Spall noted that "At Manulife, our goal was to focus on that *high human touch, welcoming experience* for new hires." As well, given how many new processes were being implemented, human resources held weekly "ask me anything" sessions with hiring managers to help them with the onboarding process.

Ms. Spall notes that

The other consistent theme that we have heard from new hires is, as I referenced, starting a new job at the best of times can be challenging, let alone during the pandemic. Many of us have personal commitments outside of our day jobs - some of us have elder care, are parents, and so on. We need to balance all of those requirements with working. It's one thing when you are doing that in an organization that you may be familiar with, and it is another to do it in a brand-new organization. Some new hires have been a little anxious about the support available to continue to balance their personal needs. They have felt overwhelming support from all levels of Manulife to both help to start in the new job and get them settled and recognizing that there are personal commitments that they need to fulfill outside of that role.

The full interview can be found at:

<http://blog.tfi.ca/tfi-talent-talks-virtual-onboarding-manulife>

Global Risk Institute Interview with Karen Collins, Chief Talent Officer, BMO, on Leading Virtual Teams

Karen Collins, Chief Talent Officer at BMO, spoke with the Global Risk Institute on how to lead virtual teams. She stated in the interview that “The BMO response was guided by our approach to employee health and safety. We have been consulting with our medical advisors globally, in addition to local health authorities, and our colleagues in other parts of the world who are further ahead in their pandemic response.”

She added that

The health and wellbeing of our employees has been our utmost priority, along with keeping the economy and the banking system functioning. From the early days of the pandemic, we've had a hybrid workforce, with some people working in on-site centres and others working from home. We have core banking services that are essential services for our customers, and as such, require some colleagues to be physically present at those locations.

Ms. Collins said a cornerstone of BMO's approach is to communicate extensively, adding that

One of the biggest elements of the “Communicate, Communicate, Communicate” protocol was leading with empathy. We appreciated that people's lives had been upended and we needed to offer our employees more empathy and more flexibility.

We are now focused on virtual empathy. We want people first of all, to be safe and healthy, and second of all, to be productive. In order to do that, we need to talk to them as people first and bankers second.

BMO has also been conducting regular surveys of employees, and Ms. Collins noted that “In the last survey ... 86% of our employees who are working from home said they feel as or more productive than they did working in the office pre-pandemic.”

Ms. Collins noted that mental health issues and stress are key issues in this environment:

One of the biggest hurdles has been the stress and mental health challenge of what we're facing because of COVID. In our employee surveys, 57% of our workforce said they were feeling a moderate to high degree of stress, which is not unexpected. We're living through a global pandemic. They're worried about their health. They're worried about their family's health. They're worried about being socially isolated.

Commenting on the impact of digitization, Ms. Collins noted that

... we feel that the pandemic has accelerated the digitization of financial services by 10 years. There were a lot of things that the organization dreamed of doing previously but they seemed like future goals. The pandemic has nudged us into doing those now. One example is the number of contact centre agents that we have working from home or from their local branches. Six months ago, I would have said, that's a dream of mine, but we're not able to do it. Now we have those employees working from home productively. Previously, 90% of our contact centre agents were working in BMO buildings. Now, 70% of our agents in North America are working from home or from the branch near their houses.

That's important for a number of reasons. The first is the silver lining of people not having to commute. They have a lot more time at home, doing things that they find rewarding.

Second is the increased access to talent. When people can work either at home or at a branch, it opens up a labour pool that was previously unavailable due to geographic location. We can also increase our access to candidates with disabilities, who cannot easily come into an office. This change will help us to achieve BMO's bold commitment of zero barriers to inclusion.

We are committed to seeing this continue post-pandemic once we get back to the new normal.

The full interview can be found at: <http://blog.tfi.ca/leading-virtual-teams-with-bmos-karen-collins>

Global Risk Institute Interview with Emily Schur, Senior Vice President, Global Talent, at SunLife, on Building a Flexible Workforce

Ms. Schur noted that in a recent employee survey, SunLife "asked employees for their preferences related to physical workplaces and 75% of our employees reported that they would like to continue to work "all, or mostly from home". She added that the pandemic had not shifted the "war for talent," but had complicated it, noting the following key issues:

- i. Generational identity differences and preferences - newer and younger workers have different expectations and value systems compared with the more tenured generations.*
- ii. A zero interest-rate environment makes every person's contribution count that much more, as we are constantly evaluating expenses and cost initiatives.*
- iii. Client, customer, and employee demand for choice is at an all-time high.*
- iv. Requirements for new skills is rapidly evolving, with a continued scarcity of in-demand skills in the marketplace.*

An example of implementing these ideas is the use of “gig” projects at SunLife, where employees are tasked with a shorter-term project that they complete, and then move on to another project: “A gig is defined as anywhere between a few hours a week, to a few months of intensive project work. This pilot allows us to gauge employee and leader interest, and to test the effectiveness of the skills inventory in matching skills to work.”

The full interview can be found at:

<http://blog.tfi.ca/building-a-flexible-workforce-with-sun-lifes-emily-schur-0>

Agenda Item 2(c)
September 22/20 EOC Teleconference Meeting

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From August 19/20 To September 15/20

| <u>Date</u> | <u>Event/Occasion</u> | <u>Who</u> |
|-----------------------|---|---|
| August 19 to 31, 2020 | CAFII arranges September 21/20 dry run/practice session on Zoom for three provincial Superintendent of Insurance officials who have accepted invitation to be a panelist at September 29/20 CAFII webinar | <u>September 29/20 Webinar</u> -Sherri Wilson, Alberta -Jan Seibel, Saskatchewan -Scott Moore, Manitoba |
| August 25, 2020 | CAFII stages very well-received second of three Summer 2020 webinars on <i>COVID-19's Impact on Insurance Policy and Regulation: Now and Post-Pandemic, With A Focus On Licensing Considerations (including a brief dry run/practice session with the panelists several days prior to July 28/20).</i> | <u>August 25/20 Webinar</u> -Catherine Haines, Financial and Consumer Services Commission of New Brunswick -Brent Rathgeber, Alberta Insurance Council -Brett Thibault, Insurance Council of BC <i>Approximately 20 insurance regulators and policy-makers from across Canada joined this webinar as audience members.</i> |
| September 14, 2020 | CAFII holds Get Acquainted and Dialogue Virtual Meeting with recently appointed FCAC Deputy Commissioner, Supervision and Enforcement Frank Lofranco and three other FCAC staff executive colleagues (over FCAC's preferred Microsoft Teams platform). Approximately 30 CAFII member representatives attended this virtual meeting. | -Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, FCAC -Brad Schnarr, Manager, Supervision and Enforcement, FCAC -Stephen Wild, Senior Research & Policy Officer, FCAC -Thierry Plante, Senior Consumer Education Officer, FCAC (focused on financial literacy) |

| Summary of CAFII Board and EOC Action Items | | | | | |
|---|-----------------------------|--|--------------------|-----------|------------------------|
| | Source | Action Item | Responsible | Deadline | Status Aug 21 2020 |
| | | Association Strategy and Governance | | | |
| 1 | EOC and Board: October 2019 | Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group. | B. Wycks/K. Martin | 31-Mar-20 | In progress/ See #2 |
| 2 | BOD: June 9, 2020 | Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes | K. Martin | 12-Jul-05 | In progress |
| 3 | EOC May 29, 2018 | Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members. | B. Wycks/K. Martin | 30-Jun-20 | In progress |
| 4 | EOC February 27, 2018 | Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status | B. Wycks | 25-Oct-19 | In progress |
| | | Regulatory Initiatives | | | |
| 5 | EOC: Aug 25, 2020 | Share critical path on New Brunswick consultation with EOC members | B. Wycks | 22-Sep-20 | In progress |
| 6 | EOC: Aug 25, 2020 | Circulate an Agenda for the Virtual Meeting With CCIR/CISRO FTC Working Group meeting to EOC members | B. Wycks | 2-Sep-20 | Completed |
| 7 | EOC: Aug 25, 2020 | Obtain ACCAP's submission to the Quebec Justice Minister | B. Wycks | 31-Aug-20 | Completed |
| 8 | EOC: Aug 25, 2020 | Invite Board and EOC Members to the get-acquainted and dialogue meeting with FCAC Deputy Commissioner Frank Lofranco | B. Wycks | 15-Sep-20 | Completed |
| | | Website and Media Initiatives | | | |
| 9 | BOD: June 9, 2020 | Create a new tab on the CAFII website and provide How To Make A Claim information there | K. Martin | 31-Jul-20 | In progress |
| 10 | EOC: June 23, 2020 | Share with EOC members the details of the new How to Make A Claim section of the CAFII website section | K. Martin | 21-Jul-20 | In progress |
| 11 | EOC: Aug 25, 2020 | Share draft visuals for CAFII website video with EOC | K. Martin | 30-Sep-20 | In progress |
| 12 | EOC: Aug 25, 2020 | Share final prototype of new claims section of CAFII website with Board and EOC, for approval | K. Martin | 30-Sep-20 | In progress |
| | | Research and Education | | | |
| 13 | EOC: July 21, 2020 | Speak to Lesli Martin at Pollara Strategic Insights with a view to obtaining a proposal and cost quote for a 2020 CAFII consumer survey around the COVID-19-driven digitization of consumer experiences with Credit Protection Insurance | K. Martin | 31-Jul-20 | Completed |
| 14 | EOC: Aug 25, 2020 | Share Pollara proposal with a recommendation to the EOC | K. Martin | 7-Sep-20 | Completed |

Post Event Survey Results

COVID-19's Impact on Insurance Policy and Regulation: Now and Post-Pandemic, with a Particular Focus on Licensing Considerations

Panel Discussion with Catherine Haines, Brent Rathgeber and Brett Thibault

Tuesday, August 25, 2020

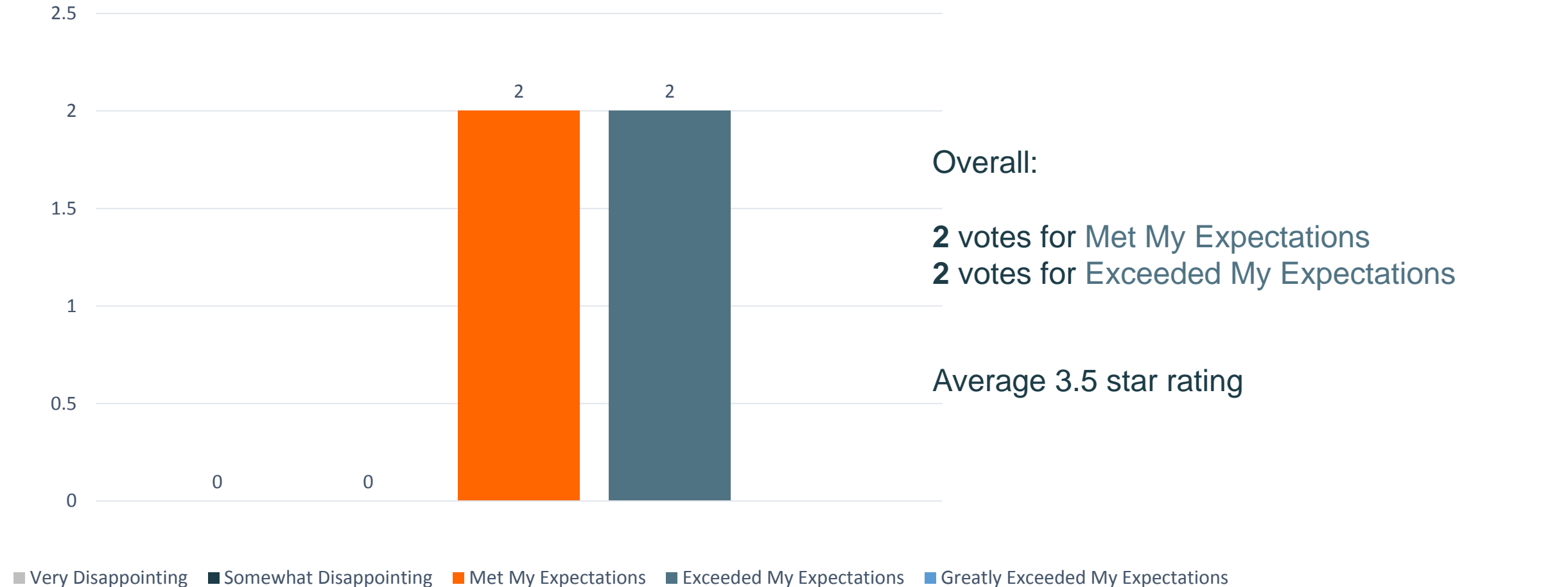
cafii

The Canadian Association of
Financial Institutions in Insurance

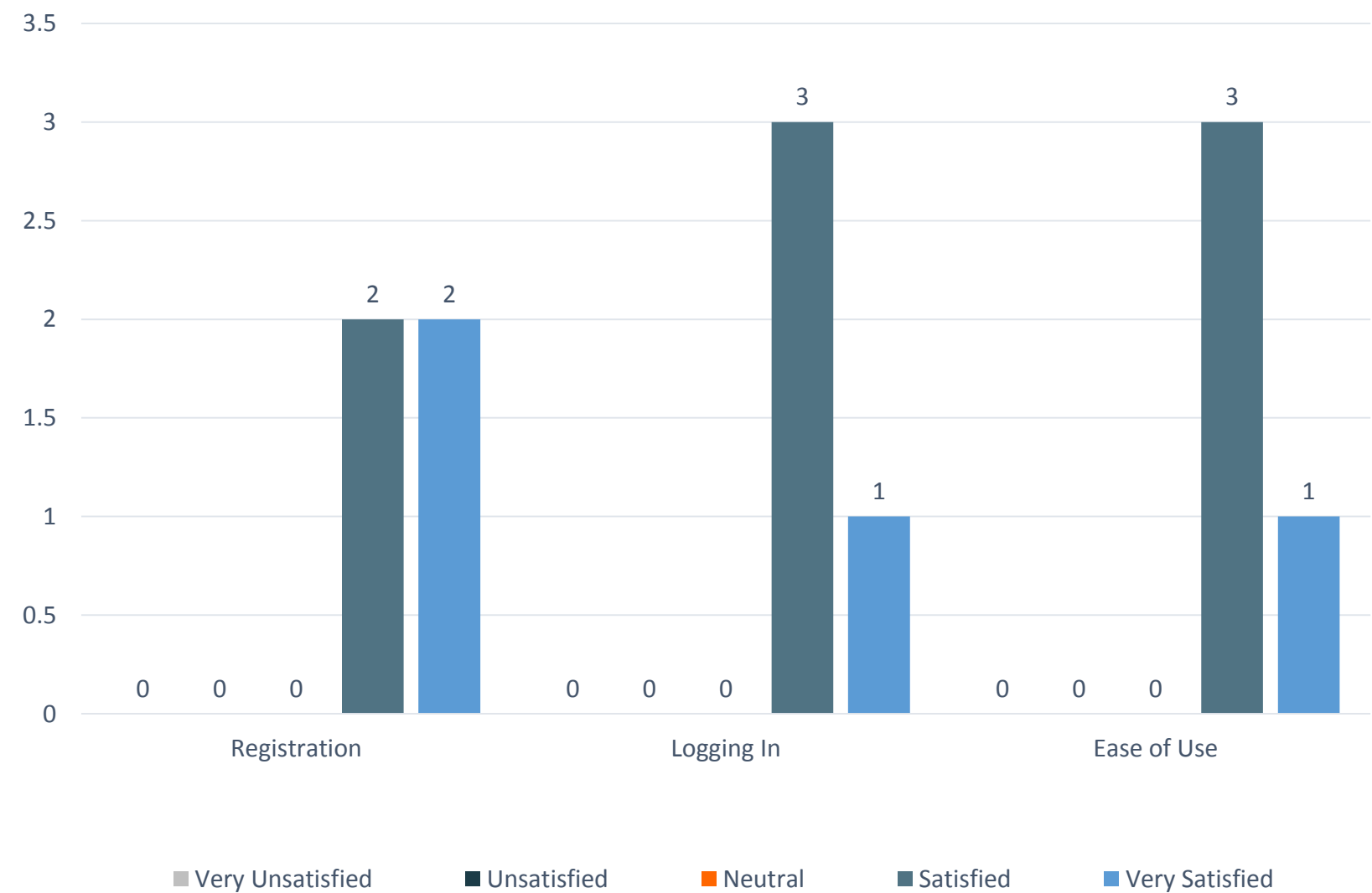
acifa

L'association canadienne des
institutions financières en assurance

Q1. Overall, how would you rate this webinar?



Q2. How satisfied were you with the accessibility aspects of this CAFII webinar?



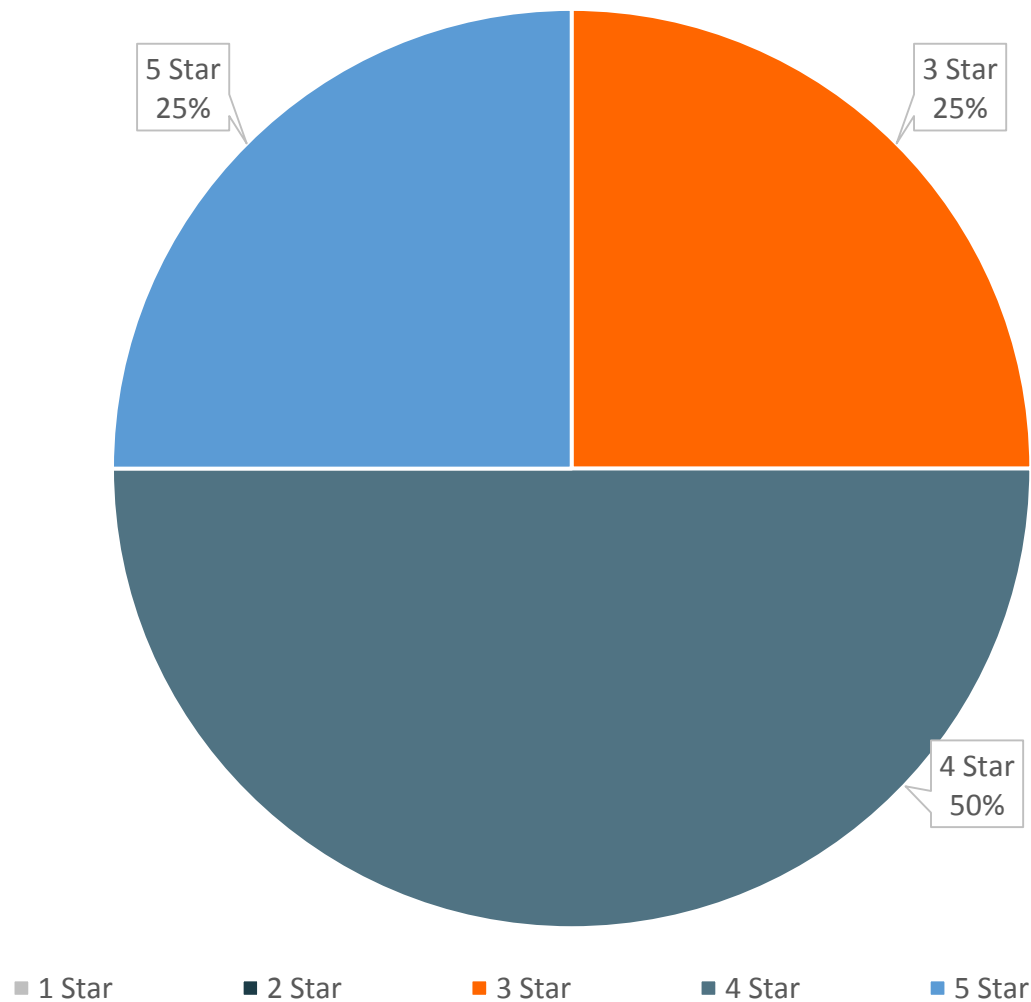
Overall:

Registration received **2** votes for Satisfied, and **2** votes for Very Satisfied

Logging In received **3** votes for Satisfied, and **1** vote for Very Satisfied

Ease of Use received **3** votes for Satisfied, and **1** vote for Very Satisfied

Q3. How would you rate the usefulness of this webinar’s content to you/your organization? (5 point scale with 5 being very useful)



Overall:

1 vote for 3 Stars
2 votes for 4 Stars
1 vote for 5 Stars

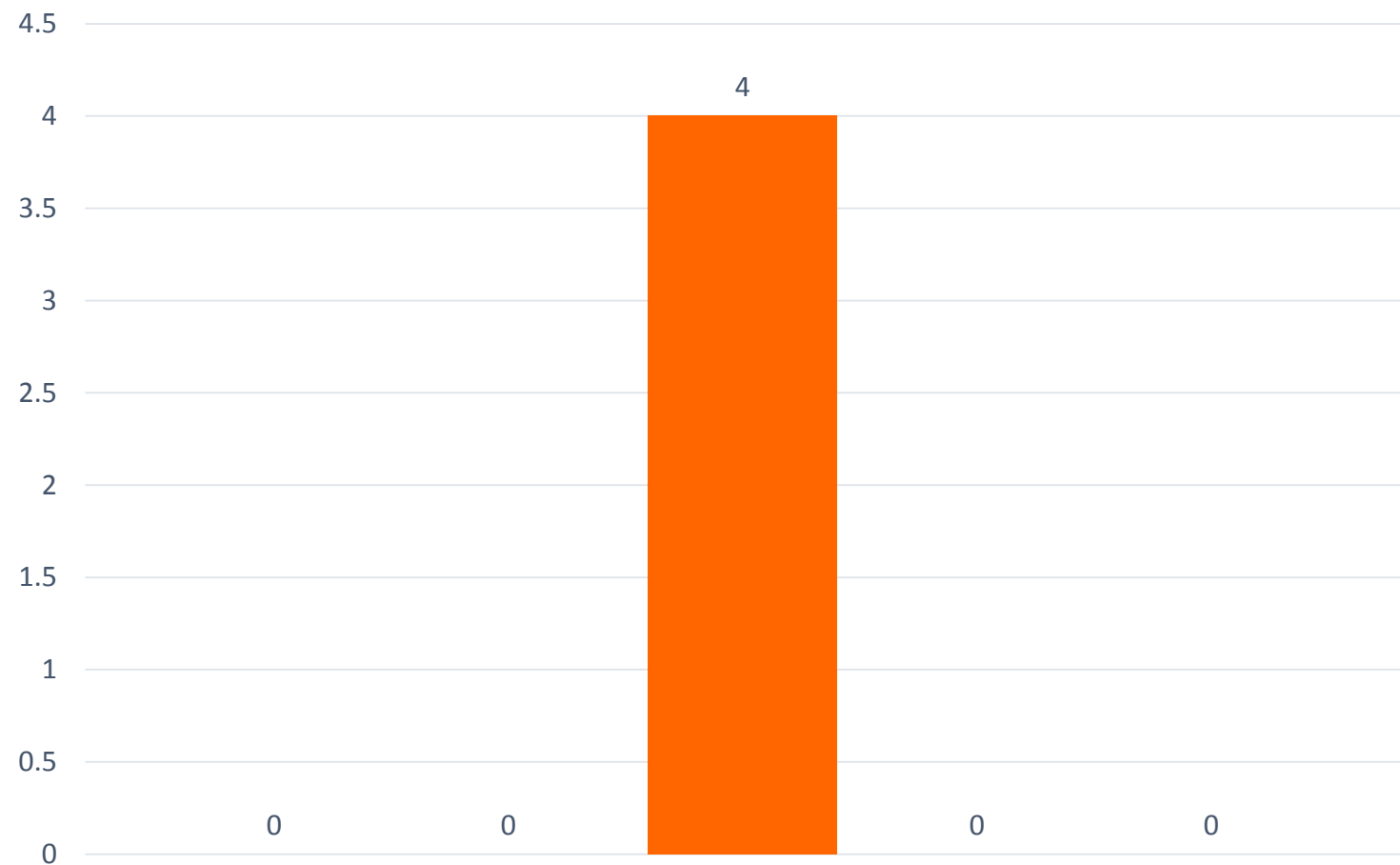
Q4. What did you like best or find most useful about this webinar?

“Great attendance, and ease to ask anonymous questions which encourages the real issues to be tabled”

“Getting the perspective from other regulators.”

“I enjoyed the panels' insights on the topics discussed. Found the various perspectives across the jurisdictions interesting.”

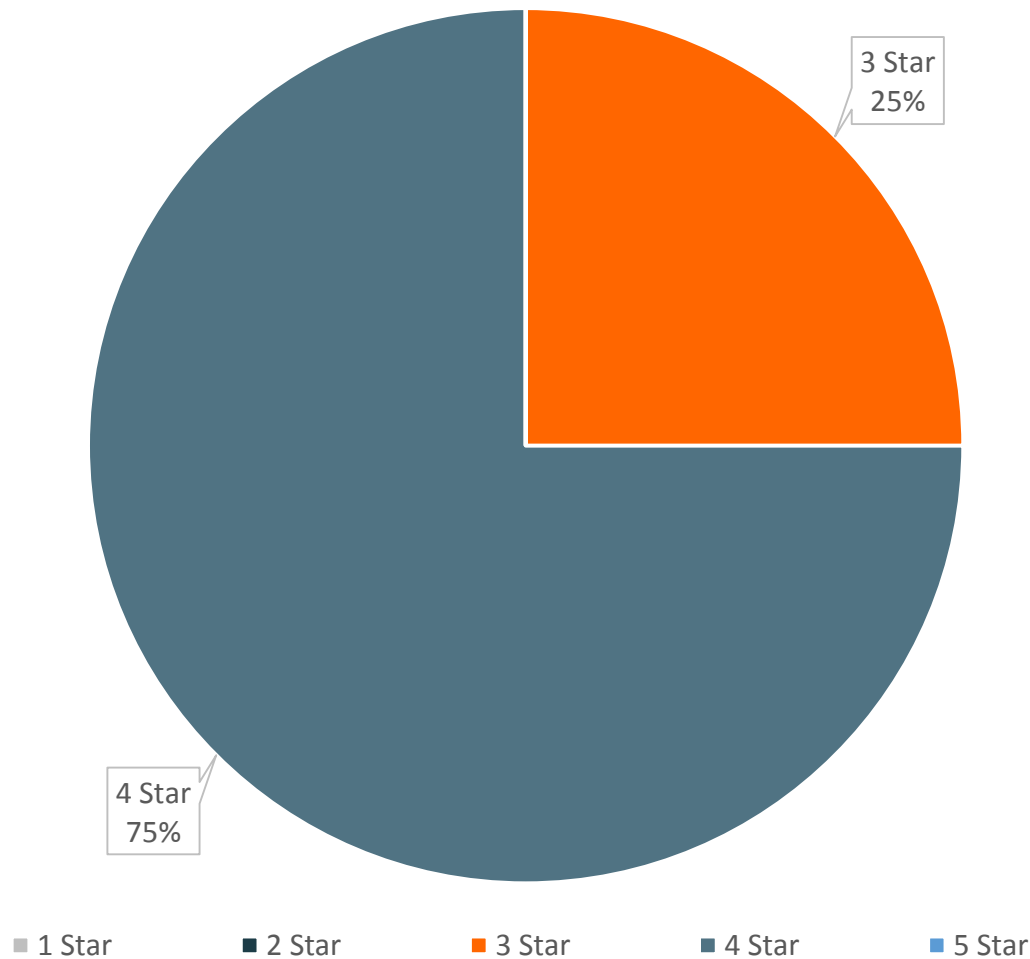
Q5. Did you feel the webinar delved into the questions/themes at the right level of detail?



Overall:
4 votes for Just the Right Level of Detail

■ Not Enough Detail ■ Slightly Lacking in Detail ■ Just the Right Level of Detail ■ Too Much Detail ■ Far Too Much Detail

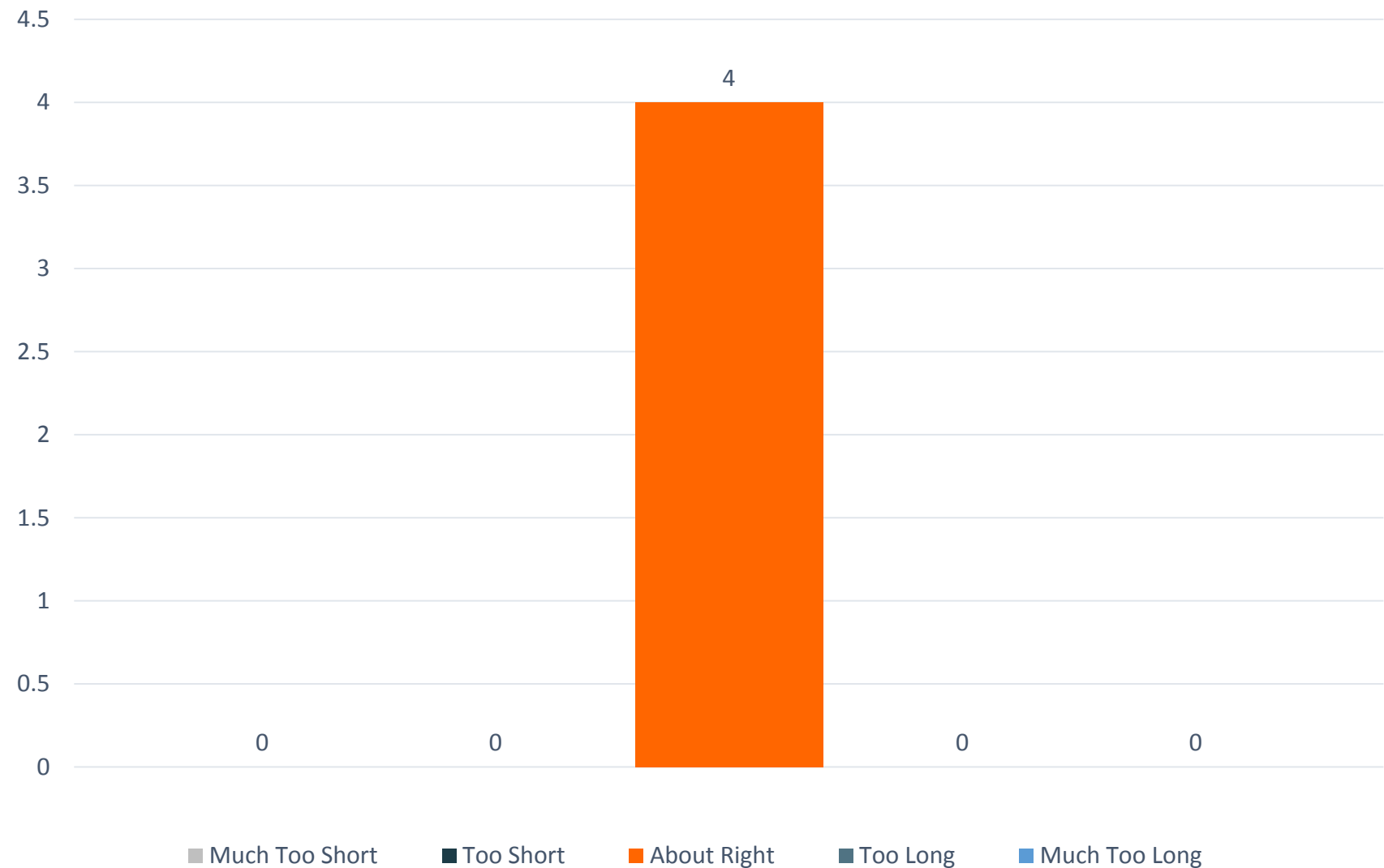
Q6. How would you rate the organizational and delivery aspects of this webinar? (5 point scale with 5 being very well-organized)



Overall:

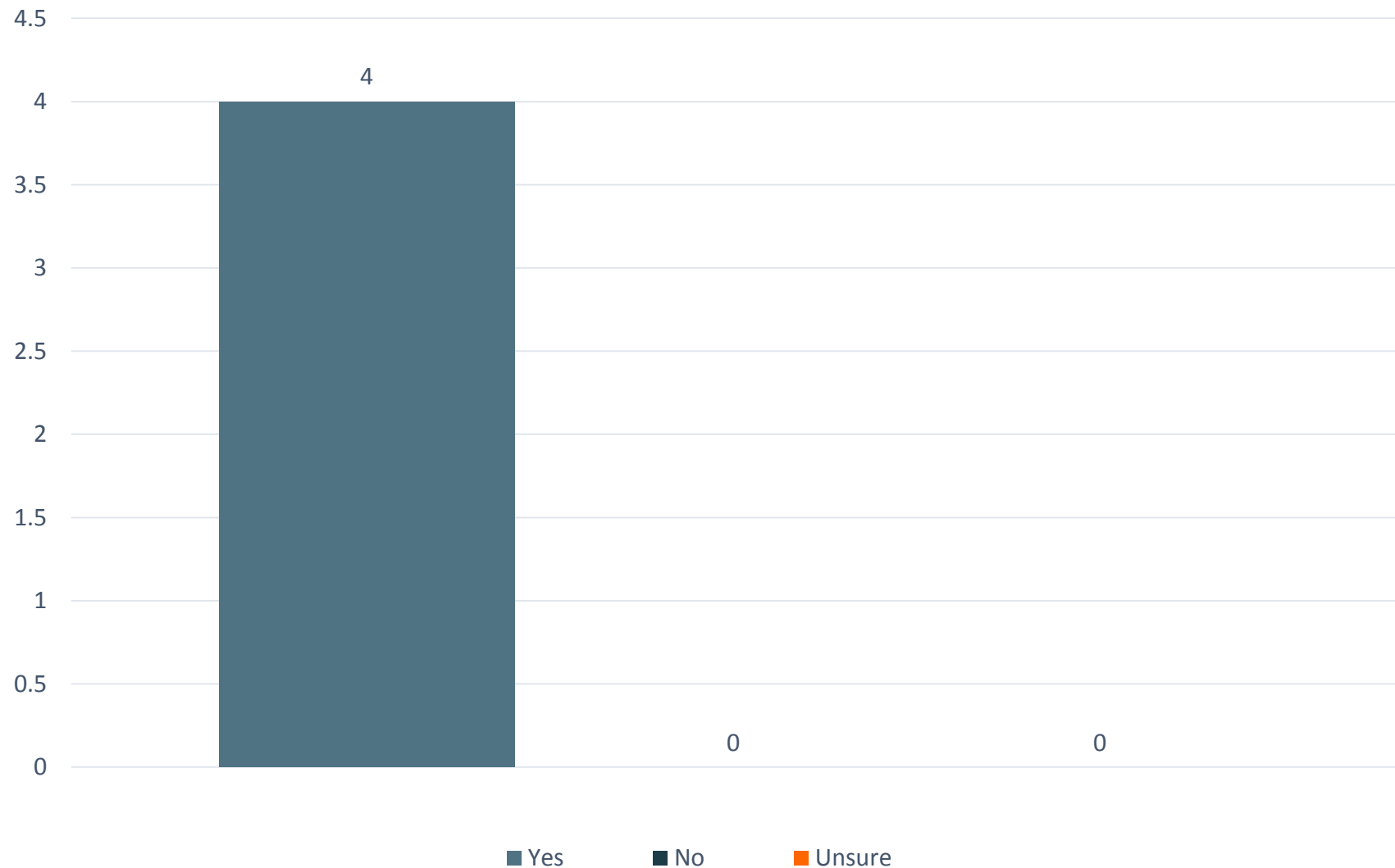
1 vote for 3 Stars
3 votes for 4 Stars

Q7. How would you rate the one hour duration of this webinar?



Overall:
4 votes for About Right

Q8. Would you be interested in attending another CAFII webinar?



Overall:

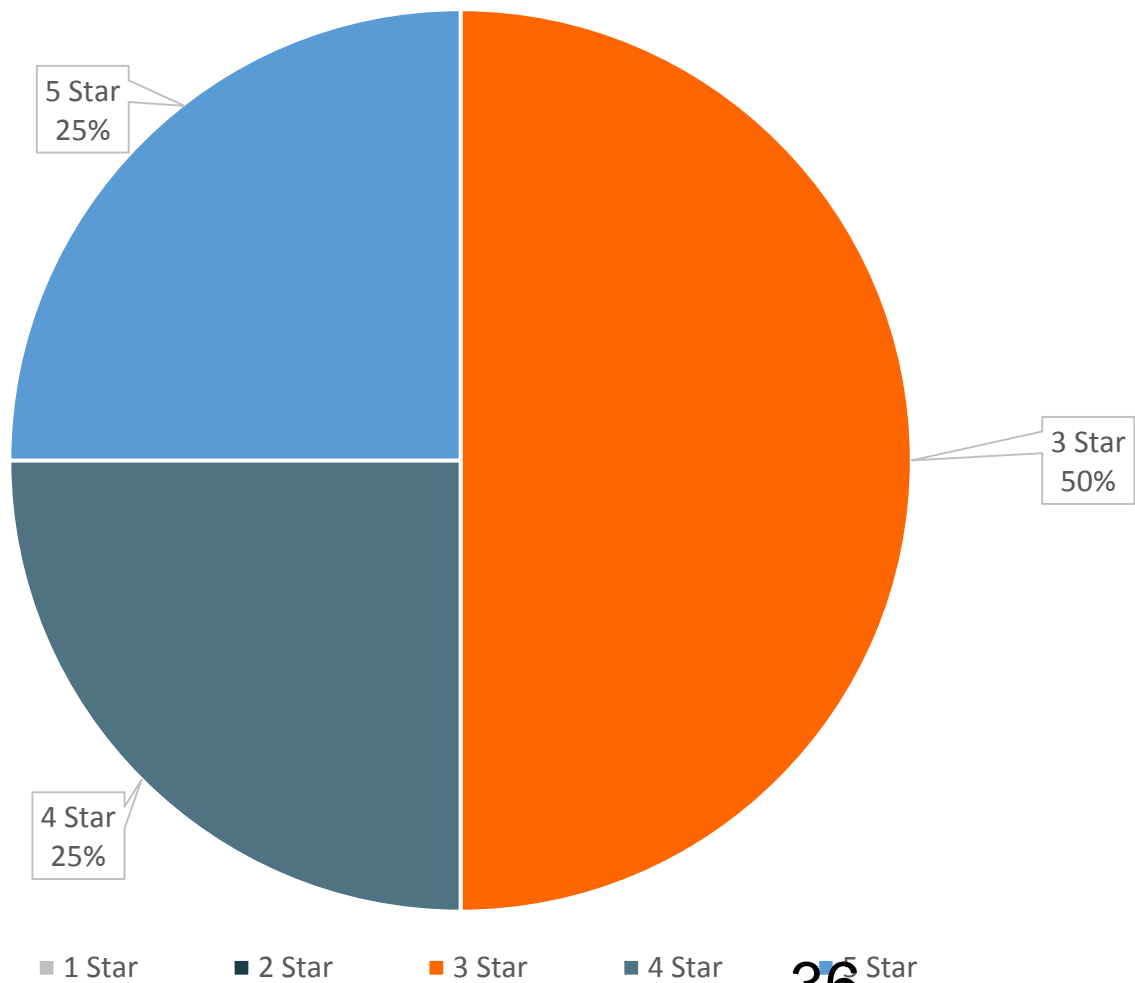
4 votes for Yes

Q9. What topics would you like to see presented in future CAFII webinars?

“COVID recovery”

“Group Credit Insurance”

Q10. How likely are you to recommend CAFII webinars to a colleague? (5 point scale with 5 being very likely)



Overall:

2 votes for 3 Stars
1 vote for 4 Stars
1 vote for 5 Stars

Q11. Do you have any suggestions for improvement or additional comments regarding this CAFII webinar?

“Need to check the connectivity, as the moderator had issues”

“Poor quality...kept getting kicked off the Zoom call.”

“I enjoyed the webinar.”

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 3a Financial Statements as at 31 August, 2020

Purpose of this Agenda Item

To update the EOC on the Association's finances.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as of 31 August, 2020.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

1 attachment.

CAFII

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

Statement of Operations As at August 31, 2020

| | Current Month | Budget Aug-20 | Variance to Monthly Budget | Current YTD | Budget '20 YTD | Variance Budget to YTD | Budget 2020 |
|--|------------------|------------------|-------------------------------|------------------|-------------------|---------------------------|------------------|
| Revenue | | | | | | | |
| Membership Dues | \$73,727 | \$75,727 | (\$2,000) | \$589,813 | \$605,813 | (\$16,000) | \$908,720 |
| Luncheon Revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest Revenue | \$24 | \$17 | \$8 | \$314 | \$133 | \$181 | \$200 |
| TOTAL REVENUE | \$73,751 | \$75,743 | (\$1,992) | \$590,128 | \$605,947 | (\$15,819) | \$908,920 |
| Expenses | | | | | | | |
| Management Fees | \$39,034 | \$39,582 | \$548 | \$320,707 | \$316,659 | (\$4,048) | \$474,989 |
| CAFII Legal Fees/Corporate Governan | \$0 | \$0 | \$0 | \$28,975 | \$10,000 | (\$18,975) | \$20,000 |
| Audit Fees | \$1,271 | \$1,271 | (\$0) | \$11,659 | \$10,165 | (\$1,495) | \$15,247 |
| Insurance | \$449 | \$458 | \$9 | \$3,590 | \$3,664 | \$74 | \$5,500 |
| Website Ongoing Maintenance | \$597 | \$458 | (\$139) | \$3,640 | \$3,667 | \$27 | \$5,500 |
| Telephone/Fax/Internet | \$104 | \$483 | \$379 | \$3,400 | \$3,867 | \$466 | \$5,800 |
| Postage/Courier | \$0 | \$21 | \$21 | \$0 | \$167 | \$167 | \$250 |
| Office Expenses | \$63 | \$167 | \$103 | \$1,820 | \$1,333 | (\$487) | \$2,000 |
| Bank Charges | \$149 | \$16 | (\$133) | \$236 | \$127 | (\$109) | \$190 |
| Miscellaneous Expenses | \$0 | \$42 | \$42 | \$0 | \$800 | \$800 | \$500 |
| Depreciation Computer/Office Equipm | \$95 | \$100 | \$5 | \$757 | \$336 | (\$421) | \$1,200 |
| Board/EOC/AGM | | | | | | | |
| Annual Members Lunch | \$0 | \$0 | \$0 | \$0 | \$12,400 | \$12,400 | \$12,400 |
| Board Hosting (External) | \$0 | \$0 | \$0 | \$0 | \$15,000 | \$15,000 | \$22,500 |
| Board/EOC/Meeting Expenses | \$0 | \$3,292 | \$3,292 | \$5,559 | \$26,333 | \$20,774 | \$39,500 |
| Industry Events | \$0 | \$0 | \$0 | \$0 | \$1,300 | \$1,300 | \$1,300 |
| EOC Annual Appreciation Dinner | \$0 | \$0 | \$0 | \$4,244 | \$4,244 | \$0 | \$4,244 |
| Sub Total Board/EOC/AGM | - | 3,292 | 3,292 | 9,803 | 59,277 | 49,474 | 79,944 |
| Provincial Regulatory Visits | \$0 | \$0 | \$0 | \$983 | \$8,000 | \$7,017 | \$12,875 |
| Research/Studies | \$0 | \$5,000 | \$5,000 | \$0 | \$40,000 | \$40,000 | \$60,000 |
| Website SEO and Enhancements | \$6,874 | \$3,496 | (\$3,378) | \$14,976 | \$27,967 | \$12,991 | \$41,950 |
| Regulatory Model(s) | \$0 | \$5,000 | \$5,000 | \$0 | \$10,000 | \$10,000 | \$15,000 |
| Federal Financial Reform | \$0 | \$625 | \$625 | \$540 | \$5,000 | \$4,460 | \$7,500 |
| CAFII Benchmarking Study/RSM Canada | \$11,777 | \$5,650 | (\$6,127) | \$34,465 | \$45,200 | \$10,735 | \$67,800 |
| FCAC Presentation | \$0 | \$1,883 | \$1,883 | \$20,905 | \$15,067 | (\$5,838) | \$22,600 |
| Media Outreach | \$2,610 | \$3,008 | \$398 | \$18,995 | \$24,067 | \$5,072 | \$36,100 |
| Marketing Collateral | \$0 | \$0 | \$0 | \$195 | \$4,000 | \$3,805 | \$5,000 |
| CAFII Reception Events | \$0 | \$0 | \$0 | \$0 | \$500 | \$500 | \$900 |
| Speaker fees & travel | \$0 | \$0 | \$0 | \$0 | \$1,400 | \$1,400 | \$2,000 |
| Gifts | \$0 | \$0 | \$0 | \$0 | \$300 | \$300 | \$500 |
| Networking Events | \$0 | \$0 | \$0 | \$0 | \$300 | \$300 | \$500 |
| Sub Total Networking & Events | - | - | - | - | 2,000 | 2,000 | 3,000 |
| TOTAL EXPENSE | 63,023 | 70,552 | 7,529 | 475,645 | 591,861 | 116,216 | 883,845 |
| NET INCOME | 10,728 | 5,191 | 5,537 | 114,482 | 14,085 | 100,397 | 25,075 |

Explanatory Notes:

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

CAFII
411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5
Balance Sheet
As at August 31, 2020

| | CAFII Operations | | | CCBPI Project | | | Combined | | |
|--|------------------|------------------|------------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| ASSETS | 31-Aug 2020 | 30-Jun 2020 | 31-Dec 2019 | 31-Aug 2020 | 30-Jun 2020 | 31-Dec 2019 | 31-Aug 2020 | 30-Jun 2020 | 31-Dec 2019 |
| Current Assets | | | | | | | | | |
| Bank Balance | \$545,999 | \$459,550 | \$251,549 | \$0 | \$0 | \$0 | \$545,999 | \$459,550 | \$251,549 |
| Savings Account | \$102,193 | \$102,169 | \$101,879 | \$12,151 | \$12,151 | \$12,151 | \$114,344 | \$114,320 | \$114,030 |
| Accounts Receivable | \$0 | \$173,497 | \$0 | \$0 | \$0 | \$0 | \$0 | \$173,497 | \$0 |
| Prepaid Expenses | \$3,779 | 10,255 | 3,251 | \$0 | \$0 | \$0 | \$3,779 | \$10,255 | \$3,251 |
| Computer/Office Equipment | \$8,014 | \$8,014 | \$8,014 | \$0 | \$0 | \$0 | \$8,014 | \$8,014 | \$8,014 |
| Accumulated Depreciation -Comp/Equip | (\$6,499) | (\$6,404) | (\$5,742) | \$0 | \$0 | \$0 | (\$6,499) | (\$6,404) | (\$5,742) |
| Total Current Assets | \$653,486 | \$747,079 | \$358,951 | \$12,151 | \$12,151 | \$12,151 | \$665,637 | \$759,230 | \$371,102 |
| TOTAL ASSETS | \$653,486 | \$747,079 | \$358,951 | \$12,151 | \$12,151 | \$12,151 | \$665,637 | \$759,230 | \$371,102 |
| LIABILITIES | | | | | | | | | |
| Current Liabilities | | | | | | | | | |
| Accrued Liabilities | \$10,168 | \$8,897 | \$115,891 | \$0 | \$0 | \$0 | \$10,168 | \$8,897 | \$115,891 |
| Credit Card | \$1,445 | \$889 | \$1,223 | \$0 | \$0 | \$0 | \$1,445 | \$889 | \$1,223 |
| Account Payable | \$2,260 | \$34,681 | \$11,613 | \$0 | \$0 | \$0 | \$2,260 | \$34,681 | \$11,613 |
| Deferred Revenue | \$294,908 | \$368,634 | \$0 | \$0 | \$0 | \$12,151 | \$294,908 | \$368,634 | \$12,151 |
| Total Current liabilities | \$308,780 | \$413,102 | \$128,727 | \$0 | \$0 | \$12,151 | \$308,780 | \$413,102 | \$140,879 |
| TOTAL LIABILITIES | \$308,780 | \$413,102 | \$128,727 | \$0 | \$0 | \$12,151 | \$308,780 | \$413,102 | \$140,879 |
| UNRESTRICTED NET ASSETS | | | | | | | | | |
| Unrestricted Net Assets, beginning of year | \$230,223 | \$230,223 | \$271,190 | \$12,151 | \$12,151 | \$0 | \$242,375 | \$242,375 | \$271,190 |
| Excess of revenue over expenses | \$114,482 | \$103,754 | (\$40,967) | \$0 | \$0 | \$0 | \$114,482 | \$103,754 | (\$40,967) |
| Total Unrestricted Net Assets | \$344,706 | \$333,977 | \$230,223 | \$12,151 | \$12,151 | \$0 | \$356,857 | \$346,129 | \$230,223 |
| Total Unrestricted Net Assets | \$344,706 | \$333,977 | \$230,223 | \$12,151 | \$12,151 | \$0 | \$356,857 | \$346,129 | \$230,223 |
| TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS | \$653,486 | \$747,079 | \$358,950 | \$12,151 | \$12,151 | \$12,151 | \$665,637 | \$759,230 | \$371,102 |

Financial Reserves Targets as per 2019 Budget:

Minimum 3 months (25%) of Annual Operating Expenses= \$ 220,961
Maximum 6 months (50%) of Annual Operating Expenses= \$ 441,923

Current Level of Financial Reserves (total unrestricted net assets): **\$344,706**

Current Level of Financials Reserve (%): **39%**

CCBPI initiative

- 1) Invoice paid to Stikeman Elliott on 19th December 2019 for Consulting Services incurred to date (31 October 2019) for \$92,113.81 (\$81,516.65 plus HST).
- 2) Invoice to be paid to Norton Rose Fulbright in Feb 2020 for Consulting Services incurred to date (30 November 2019) for \$85,226.13 (\$75,421.35 plus HST).
- 3) Invoice to be paid to Norton Rose Fulbright in Feb-Mar 2020 for Consulting Services incurred to date (31 December 2019) for \$15,765.82 (\$13,952.05 plus HST).

CAFII

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

Membership Fees

| | | Feb-20 | | Jul-20 | |
|--|--------------------------------------|---------------------|-----------------|---------------------|-----------------|
| | | <i>To be billed</i> | <i>Received</i> | <i>To be billed</i> | <i>Received</i> |
| BMO Bank of Montreal | 2020 Upper Tier Member | \$ 38,555 | 6-Apr-20 | \$ 38,555 | 15-Aug-20 |
| CIBC Insurance | 2020 Upper Tier Member | \$ 38,555 | 18-Mar-20 | \$ 38,555 | 31-Jul-20 |
| RBC Insurance | 2020 Upper Tier Member | \$ 38,555 | 20-Mar-20 | \$ 38,555 | 30-Jul-20 |
| ScotiaLife Financial | 2020 Upper Tier Member | \$ 38,555 | 2-Mar-20 | \$ 38,555 | 7-Aug-20 |
| TD Insurance | 2020 Upper Tier Member | \$ 38,555 | 12-Mar-20 | \$ 38,555 | 13-Aug-20 |
| Desjardins Financial Security Life Assurance Company | 2020 Upper Tier Member | \$ 38,555 | 10-Apr-20 | \$ 38,555 | 31-Jul-20 |
| National Bank Life Insurance Company | 2020 Upper Tier Member | \$ 38,555 | 2-Mar-20 | \$ 38,555 | 24-Jul-20 |
| Manulife Financial | 2020 Upper Tier Member | \$ 38,555 | 6-Mar-20 | \$ 38,555 | 14-Jul-20 |
| The Canada Life Assurance Company | 2020 Upper Tier Member | \$ 38,555 | 30-Apr-20 | \$ 38,555 | 8-Jul-20 |
| Assurant Solutions | 2020 Lower Tier Member | \$ 19,277 | 2-Mar-20 | \$ 19,277 | 2-Jul-20 |
| Canadian Premier Life Insurance Company | 2020 Lower Tier Member | \$ 19,277 | 2-Mar-20 | \$ 19,277 | 31-Jul-20 |
| Cumis Group Ltd/Co-operators Life Insurance Co. | 2020 Lower Tier Member | \$ 19,277 | 3-Apr-20 | \$ 19,277 | 13-Aug-20 |
| Sun Life Financial | 2020 Initiation Members (Upper Tier) | \$ 23,133 | 23-Mar-20 | \$ 23,133 | 31-Jul-20 |
| RSM Canada | Associate | \$ 4,800 | 24-Mar-20 | | |
| Willis Towers Watson | Associate | \$ 4,800 | 16-Apr-20 | | |
| KPMG MSLP | Associate | \$ 4,800 | 29-May-20 | | |
| Munich Reinsuranc Company Canada Branch (Life) | Associate | \$ - | Not Renewing | | |
| Optima Communications | Associate | \$ 4,800 | 3-Mar-20 | | |
| RGA Life Reinsurance Company of Canada | Associate | \$ 4,800 | 3-Mar-20 | | |
| Torys LLP | Associate | \$ 4,800 | 6-Mar-20 | | |
| PWC | Associate | \$ - | Not Renewing | | |
| RankHigher.ca | Associate | \$ - | Not Renewing | | |
| TBC | Associate | \$ - | | | |
| TBC | Associate | \$ - | | | |
| Feb Invoices | | \$456,760 | | \$427,960 | |
| July Invoices | | \$427,960 | | | |
| Total Membership Fees | | \$884,720 | | | |
| Total amount to realocate monthly Jan-Sept | | \$73,727 | | | |
| Total amount to realocate monthly Oct-Dec | | \$73,727 | | | |

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 3b Forecast For CAFII 2020 Fiscal Year as at August 31/20

Purpose of this Agenda Item

To update the EOC on the Association's budget forecast.

Background Information

Treasurer Tony Pergola will provide an update on the Association's budget forecast.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

1 attachment.

2020 CAFII Budget

| | 2016 Actual | 2017 Actuals | 2018 Actuals | 2019 Actuals | 2020 Budget | 2020 YTD August 2020 | 2020 Revised Forecast | Comment/Rationale |
|--|-------------------|--------------------|-------------------|-------------------|-------------------|----------------------|-----------------------|---|
| Revenue | | | | | | | | |
| Membership Dues | \$435,750 | \$475,425 | \$695,545 | \$734,664 | \$908,720 | \$589,813 | \$884,720 | See breakdown in Member Dues Revenue Tab |
| Luncheon 2019 | \$231 | \$126 | \$0 | \$195 | \$0 | \$0 | \$0 | Additional Attendees at Luncheon |
| Interest | \$231 | \$126 | \$0 | \$982 | \$200 | \$314 | \$410 | Interest from the Savings Account |
| TOTAL REVENUE | \$ 436,212 | \$ 475,677 | \$ 695,545 | \$ 735,841 | \$ 908,920 | \$ 590,128 | \$ 885,130 | |
| EXPENSE | | | | | | | | |
| Management Fees | \$279,042 | \$442,012 | \$460,299 | \$465,134 | \$474,989 | \$320,707 | \$482,867 | Includes MM Fees (2.5% contractual increase) and two Co-Eds (2.5% increase each) |
| CAFII Legal Fees/Corporate Governance | \$10,565 | \$2,954 | \$563 | \$0 | \$20,000 | \$28,975 | \$28,975 | Legal Fees increased from \$10K to \$20K to reflect the estimated spend of \$10K in February 2020 for Norton Rose to offer a legal opinion around imbedded credit card coverages re: the AMF; Legal Fees contingency for provincial and/or federal regulatory matters (see note 3). |
| Audit Fees | \$13,560 | \$14,271 | \$14,432 | \$14,799 | \$15,247 | \$11,659 | \$15,247 | 3% increase over 2019 Revised Forecast |
| Insurance | \$5,238 | \$5,238 | \$5,258 | \$5,338 | \$5,500 | \$3,590 | \$5,500 | Same as 2019 Budget |
| Website Ongoing Maintenance | \$13,060 | \$42,575 | \$6,461 | \$10,022 | \$5,500 | \$3,640 | \$4,637 | Includes CG Technology (\$250 per month), Translation (\$400), Domain (\$30), Zoom (\$75 per month) & Survey Monkey \$307.36 |
| Telephone/Fax/Internet | \$3,538 | \$6,119 | \$5,939 | \$6,494 | \$5,800 | \$3,400 | \$5,650 | Same as 2019 Budget |
| Postage/Courier | \$180 | \$380 | \$458 | \$159 | \$250 | \$0 | \$150 | 2019 Revised Forecast plus \$50 contingency |
| Office Expenses | \$5,257 | \$1,312 | \$2,423 | \$2,025 | \$2,000 | \$1,820 | \$2,000 | Same as 2019 Budget |
| Bank Charges | \$25 | \$38 | \$23 | \$112 | \$190 | \$236 | \$190 | Same as 2019 Actual plus Annual Fee for CAFII TD Visa credit card |
| Depreciation Computer/Office Equipment | \$467 | \$1,564 | \$1,136 | \$1,136 | \$1,200 | \$757 | \$1,200 | Same as 2019 Budget |
| Miscellaneous Expense | | \$433 | \$0 | \$0 | \$500 | \$0 | \$500 | Same as 2019 Budget |
| Board/EOC/AGM | | | | | | | | |
| Annual Members Luncheon | \$12,044 | \$10,247 | \$10,503 | \$12,052 | \$12,400 | \$0 | \$2,400 | 3% increase over 2019 Revised Forecast - Smaller Event planned for later in the year |
| Board Hosting (External) | \$19,407 | \$7,500 | \$19,515 | \$14,001 | \$22,500 | \$0 | \$15,000 | Two Board Meetings/Receptions at \$7,500 each |
| Board/EOC Meeting Expenses | \$8,145 | \$25,493 | \$20,715 | \$35,419 | \$39,500 | \$5,559 | \$11,118 | 2019 actual amount decreased by 50% |
| Industry Events | | \$36 | \$1,270 | \$0 | \$1,300 | \$0 | \$0 | CAFII Purchase of full table of 11 seats at one Economic Club of Canada Luncheon |
| EOC Annual Appreciation Dinner | \$2,079 | \$8 | \$763 | \$2,193 | \$4,244 | \$4,244 | \$4,244 | 3% increase over 2019 Revised Forecast |
| Total Board/EOC/AGM | \$41,675 | \$43,284 | \$52,766 | \$63,665 | \$79,944 | \$9,803 | \$32,762 | |
| Provincial Regulatory Visits and Relationship-Building | \$10,395 | \$11,011 | \$11,230 | \$16,833 | \$12,875 | \$983 | \$2,575 | 3% increase over 2019 Revised Forecast - Atlantic Trip been deferred to 2021. Expense decreased by 80% of budget |
| Research/Studies | \$1,356 | \$17,807 | \$77,345 | \$5,368 | \$60,000 | \$0 | \$60,000 | Same amount as originally budgeted for 2019 before decision to scale back Research due to loss of Amex Bank of Canada as a Member |
| Website SEO and Enhancements | | | \$21,702 | \$40,914 | \$41,950 | \$14,976 | \$41,950 | 3% increase over 2019 Revised Forecast |
| Regulatory Model(s) | \$0 | \$15,001 | \$6,490 | \$7,555 | \$15,000 | \$0 | \$7,500 | Reduced by 50% |
| Federal Regulatory Visits and Relationship-Building | \$0 | \$0 | \$0 | \$442 | \$7,500 | \$540 | \$3,750 | Reduced by 50% |
| CAFII Benchmarking Study/RSM Canada | \$0 | \$0 | \$0 | \$0 | \$67,800 | \$34,465 | \$67,800 | New Line - CAFII Benchmarking Study/RSM Canada estimated at \$60K plus HST. The expense related to CAFII Benchmarking Study/RSM Canada could be found from this line item in the first year, or this \$60K research fund could be reduced to offset the cost of the benchmarking study. |
| FCAC Presentation | \$0 | \$0 | \$0 | \$0 | \$22,600 | \$20,905 | \$22,600 | New Line - FCAC Presentation estimated at \$20K plus HST - \$10K plus HST for Dog and Pony; \$10K plus HST for WTW Benchmarking Data. |
| Media Outreach | \$27,408 | \$44,023 | \$38,522 | \$32,803 | \$36,100 | \$18,995 | \$36,100 | 3% increase over 2019 Budget |
| Marketing Collateral | \$1,781 | \$0 | \$557 | \$1,629 | \$5,000 | \$195 | \$5,000 | Same as 2019 Budget |
| Tactical Communications Strategy | \$446 | \$379 | \$0 | \$0 | \$0 | \$0 | \$0 | covered under Media Outreach |
| CAFII Reception Events | \$0 | \$500 | \$0 | \$0 | \$900 | \$0 | \$500 | Incidental expenses related to hosting of three CAFII Receptions in Toronto |
| Media Relations | \$0 | \$164 | \$0 | \$0 | \$0 | \$0 | \$0 | covered under Media Outreach |
| Speaker fees & travel | \$0 | \$0 | \$191 | \$1,189 | \$2,000 | \$0 | \$0 | Same as 2019 Budget |
| Gifts | \$221 | \$452 | \$0 | \$200 | \$500 | \$0 | \$500 | Same as 2019 Budget |
| CAFII 25th Anniversary Celebration | \$0 | \$26,495 | \$0 | \$0 | \$0 | \$0 | \$0 | Deferred to 2022 |
| Networking Events | \$0 | \$350 | \$0 | \$0 | \$500 | \$0 | \$500 | Same as 2019 Budget |
| TOTAL EXPENSE | \$ 414,214 | \$ 675,862 | \$ 705,793 | \$ 675,816 | \$ 883,845 | \$ 475,645 | \$ 828,454 | |
| Excess of Revenue over Expenses | \$21,998 | (\$200,185) | (\$10,248) | \$60,025 | \$25,075 | \$114,482 | \$56,676 | |
| Unrestricted Net Assets (beginning of year) | \$358,991 | \$380,758 | \$180,447 | \$170,198 | \$230,223 | \$230,223 | \$230,223 | |
| Unrestricted Net Assets (end of year) | \$380,989 | \$180,573 | \$170,198 | \$230,223 | \$255,298 | \$344,705 | \$286,899 | |

Explanatory Notes:

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

| Actual/Forecasted Financial Reserves | 2016 Actual | 2017 Actuals | 2018 Actuals | 2019 Actuals | 2020 Budget | 2020 Revised Forecast |
|---|-------------|--------------|--------------|--------------|-------------|-----------------------|
| Minimum 3 months (25%) of Annual Operating Expenses = | \$103,554 | \$168,965 | \$176,448 | \$168,954 | \$220,961 | \$207,113 |
| Maximum 6 months (50%) of Annual Operating Expenses = | \$207,107 | \$337,931 | \$352,897 | \$337,908 | \$441,923 | \$414,227 |
| Actual/Forecasted Level of Financial Reserves: | \$380,758 | \$180,573 | \$170,198 | \$230,223 | \$255,298 | \$286,899 |
| Actual/Forecasted Level of Financial Reserves %: | 92% | 27% | 24% | 34% | 29% | 35% |

2019 Operational Budget - Member Dues Breakdown
2018 Member Dues Breakdown

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

2019 (Base) Member Dues Breakdown

| | | | |
|--------------------|-----------|---|------------|
| Upper Tier Member | 73,438.00 | 6 | 440,628.00 |
| Lower Tier Member | 36,719.00 | 4 | 146,876.00 |
| Initiation Members | 44,000.00 | 3 | 132,000.00 |
| Associate | 4,800.00 | 8 | 38,400.00 |
| | | | 757,904.00 |

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

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

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

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

2020 Upper Tier Member

- 1 BMO Bank of Montreal
- 2 CIBC Insurance
- 3 RBC Insurance
- 4 ScotiaLife Financial
- 5 TD Insurance
- 6 Desjardins Financial Security Life Assurance Company
- 7 National Bank Life Insurance Company
- 8 Manulife Financial
- 9 The Canada Life Assurance Company

2020 Lower Tier Member

- 1 Assurant Solutions
- 2 Canadian Premier Life Insurance Company
- 3 Cumis Group Ltd/Co-operators Life Insurance Co.

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

- 1 RSM Canada
- 2 Willis Towers Watson
- 3 KPMG MSLP
- 4 Munich Reinsurance Company Canada Branch (Life)
- 5 Optima Communications
- 6 RGA Life Reinsurance Company of Canada
- 7 Torys LLP
- 8 PWC
- 9 RankHigher.ca
- 10 *TBC
- 11 *TBC

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

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

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

2020 Upper Tier Member

- 1 BMO Bank of Montreal
- 2 CIBC Insurance
- 3 RBC Insurance
- 4 ScotiaLife Financial
- 5 TD Insurance
- 6 Desjardins Financial Security Life Assurance Company
- 7 National Bank Life Insurance Company
- 8 Manulife Financial
- 9 The Canada Life Assurance Company

2020 Lower Tier Member

- 1 Assurant Solutions
- 2 Canadian Premier Life Insurance Company
- 3 Cumis Group Ltd/Co-operators Life Insurance Co.

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

- 1 RSM Canada
- 2 Willis Towers Watson
- 3 KPMG MSLP
- 4 Optima Communications
- 5 RGA Life Reinsurance Company of Canada
- 6 Torys LLP
- 7 *TBC
- 8 *TBC

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

Did not renew in 2020

PWC
Munich Reinsurance Company Canada Branch (Life)
RankHigher.ca

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 3c Critical Path For Development Of 2021 CAFII Operating Budget

Purpose of this Agenda Item

To update the EOC on the process for developing the Association's 2021 Operating Budget.

Background Information

Treasurer Tony Pergola will provide an update on the next steps for the development of the Association's 2021 Operating Budget. Some considerations are whether funds need to be set aside for travel in 2021, given the likelihood that travel will be significantly curtailed. As well, consideration needs to be given to how active we anticipate regulatory authorities to be, and what funds should be allocated for legal reviews.

Recommendation / Direction Sought – *Information Only*

No action required.

Attachments Included with this Agenda Item

1 attachment.

Critical Path for Development and Approval of 2021 CAFII Operating Budget

| Task | Responsible | Timing/Deadline |
|---|---|-------------------|
| Reach out to CAFII Committee Chairs, on behalf of Co-Executive Directors, with request for input submissions on individual portfolio 2021 Operating Budget spending requests, along with related rationale, by October 5/20 | T. Moran (CAFII Controller) | September 25/20 |
| Provide input submissions on individual portfolio 2021 Operating Budget spending requests, along with related rationale, to Controller T. Moran (with c.c. to T. Pergola, B. Wycks, and K. Martin) | Committee Chairs | October 5/20 |
| Prepare Draft 1 of 2021 Operating Budget, in consultation with B. Wycks and K. Martin | T. Moran | October 7/20 |
| Meet virtually to review and amend, as necessary, Draft 1 of 2021 Operating Budget | T. Pergola, B. Wycks, K. Martin, T. Moran | October 8 or 9/20 |
| Produce Draft 2 of 2021 Operating Budget based on October 8 or 8/20 review meeting. | T. Moran | October 13/20 |
| Review and refine Draft 2 of 2021 Operating Budget, to ready it for posting for October 20/20 EOC Meeting. | T. Pergola, B. Wycks, K. Martin | October 14/20 |
| Post Draft 2 of 2021 Operating Budget for October 20/20 EOC Meeting and incorporate it into consolidated package of meeting materials. | Albert Lin, B. Wycks, K. Martin | October 14/20 |
| Provide feedback on Draft 2 of 2021 Operating Budget in EOC meeting. | EOC Members | October 20/20 |
| Communicate EOC budget feedback input to T. Moran, coming out of October 20/20 EOC meeting. | B. Wycks, K. Martin | October 21/20 |
| Prepare Draft 3 of 2021 Operating Budget, based on EOC input, with oversight from B. Wycks and K. Martin | T. Moran | October 28/20 |
| Meet virtually to review and amend, as necessary, Draft 3 of 2021 Operating Budget | T. Pergola, B. Wycks, K. Martin, T. Moran | October 30/20 |
| Prepare Draft 4 of 2021 Operating Budget, with oversight from B. Wycks and K. Martin | T. Moran | November 4/20 |
| Send Draft 4 of 2021 Operating Budget to Committee Chairs, on behalf of B. Wycks and K. Martin, with request for review and feedback by November 9/20 | T. Moran | November 4/20 |
| Provide feedback on Draft 4 of 2021 Operating Budget to Controller T. Moran (with c.c. to T. Pergola, B. Wycks, and K. Martin) | Committee Chairs | November 9/20 |
| Prepare Draft 5 of 2021 Operating Budget, if necessary, for posting for November 17/20 EOC Meeting. | T. Moran | November 9/20 |
| Post Draft 5 of 2021 Operating Budget for November 17/20 EOC Meeting and incorporate it into consolidated package of meeting materials. | Albert Lin, B. Wycks, K. Martin | November 10/20 |
| Review and endorse Draft 5 of 2021 Operating Budget, in November 17/20 EOC meeting, for presentation to the Board for approval at its December 1/20 meeting. | EOC Members | November 17/20 |
| Post Draft 5 of 2021 Operating Budget for December 1/20 Board of Directors Meeting and incorporate it into consolidated package of meeting materials. | Albert Lin, B. Wycks, K. Martin | November 24/20 |
| Present Draft 5 of 2021 Operating Budget to Board of Directors with rationale/case for approval. | T. Pergola | December 1/20 |
| Review, discuss, and approve Draft 5 of 2021 Operating Budget (must be in open Board meeting so the approval decision can be minuted.) | Board of Directors | December 1/20 |

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 4ai Research & Education – Research & Education Committee-Recommended New Proposal For CAFII 2020 Consumer Research With Pollara Strategic Insights

Purpose of this Agenda Item

To update the EOC on the recommendation by the Research & Education Committee on a research project for 2020.

Background Information

On 10 September, 2020, the Research & Education Committee reviewed a proposal from Pollara Strategic Insights for a CAFII research project on consumers' adoption of digital means of communicating with CPI providers since the onset of the pandemic. The Committee felt that some adjustments to the proposal would strengthen it, and those were communicated to Pollara, which revised the proposal in response.

The revised proposal has two components.

First, there will be data collected on willingness to use digital means to interact with CPI providers since the pandemic, and this will be compared to existing data we collected on how consumers interacted with CPI providers in 2018, to see what, if any, shift has occurred.

Second, consumers who are in the market for a mortgage or loan, and who are aware of CPI and considering obtaining it, will be asked for their views on how they would interact with CPI providers. This second part of the study is to get a sense of future trends.

Recommendation / Direction Sought – Recommendation Requested

The R&E Committee is recommending moving forward with the Pollara proposal. The EOC Committee is being asked to support this recommendation and make its own recommendation to the Board, to move forward with the Pollara proposal.

Attachments Included with this Agenda Item

2 attachments.

TO: Keith Martin, CAFII

FROM: Lesli Martin

DATE: September 14, 2020

RE: **Online Procedures for Insurance Products – Research Proposal**

Dear Keith,

On behalf of Pollara Strategic Insights, thank you for the opportunity to again collaborate with CAFII on this important project to examine changes to consumers opinions on dealing with credit protection insurance.

This proposal brief contains a summary of our understanding of the research objective, our recommended approach, scope and costs.

I hope this document meets your immediate needs and I look forward to discussing this with you in more detail.

Sincerely,



Lesli Martin
Vice-President
Pollara Strategic Insights
416-921-0090 x 2207
LesliMartin@Pollara.com

BACKGROUND AND OBJECTIVES

With the outbreak of COVID-19 in Canada, consumers have been required, or have requested, to refrain from conducting many financial transactions in-person, but instead move these procedures to virtual platforms. Past research shows that credit protection insurance (in the form of mortgage or Home Equity Line of Credit (HELOC) protection) purchases tend to be conducted in-person or over the phone, rather than online.

It is my understanding that the Canadian Association for Financial Institutions in Insurance (CAFII) would like to get a better understanding of how the new reality of living within the confines of COVID-19 has and will continue to impact credit protection insurance (CPI), both in terms of purchasing the insurance and filing claims. More specifically, this research will examine the following:

- Satisfaction with past transaction experiences across all channels used (both purchases and claims);
- Concerns regarding face-to-face financial transactions during the current situation and moving forward;
- Willingness to move to online transactions;
- Concerns regarding completing these transactions online;
- Requirements for consumers to feel comfortable with online transactions when it comes to purchasing, changing coverage, or making a claim with credit protection insurance.

In addition, CAFII is interested in understanding if consumers have changed the way they are purchasing CPI, and their satisfaction with their purchase venue.

METHODOLOGY

Online Survey using Panel

In order to understand the differences in experience and satisfaction with purchases and claims in credit protection insurance since the current COVID restrictions as well as exploring the needs of consumers who are considering this type of purchase, we recommend conducting research with Canadians who have either purchased credit protection insurance since the COVID outbreak (March 2020) or who will be considering this type of purchase in the next year or two. As credit protection insurance is primarily purchased when a new mortgage or Home Equity Line of Credit is being negotiated, we recommend talking to consumers who are at least somewhat likely to obtain a new mortgage or HELOC. From there, we will ask consumers if they are aware of credit protection insurance and if they intend to purchase it when getting their new mortgage or HELOC. Only those who are at least somewhat likely to obtain CPI will be included in this survey.

To understand how the purchase of CPI has changed over the past few years, we recommend designing the survey to allow for the basic purchase channel questions to be tracked from research which was done on behalf of CAFII in 2018. Comparing results of this new survey to the previous one will allow us to understand if the incidence of purchasing CPI online has changed over the past two years and if consumers are now more or less satisfied with this process, compared to their satisfaction then. Pollara will work with the CAFII project team to develop a survey that would allow us to track the relevant data points, while obtaining all the new information that is necessary for this new objective set.

We recommend conducting a total of 1,000 interviews, approximately 200 with Canadians who have purchased CPI since March 2020 and approximately 800 with those who are likely to do so in the next year or two.

In preparing this proposal, we conducted an incidence test and found that 3% of Canadians have purchased credit protection insurance since March 2020. Due to this low incidence, we do not recommend a sample higher than 200. However, this sample will provide us with statistically relevant results and will allow for some high end sub-group analysis which will be important to understand consumers' reasons for their behaviours and opinions.

The survey would be approximately 12 minutes (35-40 questions for each respondent type) in length and would consist of primarily closed-ended questions, although up to two open-ended questions could be included, if required.

COST

The cost of conducting the research as described above is as follows:

| | Cost | HST | Total Cost |
|---|----------|---------|-----------------|
| N=1,000 surveys: 200 with people who have purchased CPI since March 2020, 800 with those considering purchasing CPI within the next year or two. | \$49,800 | \$6,474 | \$56,274 |

These costs includes all aspects of this research study, including project management and client meetings, survey design, programming, testing, fielding of a 12 minute survey with up to two open-ended questions, data analysis, final report, and up to four presentations.

Keith, I hope this document meets your current needs. If you have any questions, or if you would like to discuss in more detail, please do not hesitate to contact me.

An Analysis Of the Current CAFII Research Proposal from Pollara Strategic Insights, September 2020

Current CAFII Research Proposal

The CAFII research proposal recommended for 2020 consists of a Pollara consumer survey, split into two parts.

Part 1 will assess whether Canadians with CPI have developed a greater willingness to use digital means to secure credit protection insurance (CPI) and to communicate with their CPI provider since the onset of the COVID-19 pandemic. To determine this, 200 Canadians who obtained CPI since the pandemic started will be surveyed on their preferred ways of obtaining CPI and communicating with their CPI provider. We have this information already for 2018 from a prior Pollara consumer survey, and we will compare the 2018 versus 2020 data to see what, if any, shifts have occurred.

Part 2 will seek to understand whether the changes identified in Part 1 will be ongoing and have a degree of permanence, and what we can expect going forward. To do this, Pollara will ask 800 Canadians questions to determine if they are likely to purchase a mortgage or loan in the near future; if so, whether they know about CPI and, if yes, might consider securing it; and if so, they will then be asked about their preferred channels for securing CPI and communicating with their CPI provider. This could yield very insightful information on the future trends we can expect around CPI and digitization, and will allow us to test the hypothesis that the trend towards digitization is not temporary but rather will be a new reality going forward.

The cost of the consumer survey would be \$56,274; CAFII's approved budget for 2020 is \$60,000, so this would be our lone 2020 research project. (See Exhibit 1.)

Exhibit 1

COST

The cost of conducting the research as described above is as follows:

| | Cost | HST | Total Cost |
|---|----------|---------|-----------------|
| N=1,000 surveys: 200 with people who have purchased CPI since March 2020, 800 with those considering purchasing CPI within the next year or two. | \$49,800 | \$6,474 | \$56,274 |

Approval Process

The development of the current research proposal from Pollara has been vetted through several meetings of the Research & Education Committee, chaired by Andrea Stuska of TD Insurance (for the list of members of the R&E Committee, please see Exhibit 2). The Committee has provided valuable feedback at several steps in the process, which has been incorporated into the current proposal. The R&E Committee recommends proceeding with this proposal, and this will be tabled with the EOC at its 22 September, 2020 meeting. If the EOC agrees with the recommendation, this will be tabled at the 15 October, 2020 Board meeting.

Exhibit 2

| Research & Education Committee | | | | |
|---|-------------|--|--|--------------------------|
| First | Last | Email | Company | BOD/EOC/Committee |
| Cecillia | Xiao | (Cecillia Xiao) cecillia.xiao@assurant.com | Assurant Canada | Research & Education |
| Craig | McKendrick | (Craig McKendrick) craig.mckendrick@cibc.com | CIBC Insurance | Research & Education |
| Sandy | Zeidenberg | (Sandy Zeidenberg) sandy_zeidenberg@manulife.com | Manulife Financial | Research & Education |
| Aneta | Murphy | (Aneta Murphy) aneta.murphy@scotiabank.com | ScotiaLife Financial | Research & Education |
| Rob | Dobbins | (Rob Dobbins) rob.dobbins@assurant.com | Assurant Canada | Research & Education |
| Dallas | Ewen | (Dallas Ewen) dallas.ewen@gwl.ca | The Canada Life Assurance Company | Research & Education |
| Elaine | Parr | (Elaine Parr) elaine.parr@td.com | TD Insurance | Research & Education |
| Andrea* | Stuska | Andrea Stuska < andrea.stuska@td.com > | TD Insurance | Research & Education |
| Michelle | Costello | (Michelle Costello) michelle.costello@cumis.com | CUMIS/The Co- operators | Research & Education |
| * Chair | | | | |

Tying The Research Proposal Into CAFII's 3-5 Year Strategic Plan

It is helpful to go back several years to the CAFII Board's approval of the Association's 3-5 year strategic plan in February 2018, to understand the role that research is intended to play in CAFII's overall strategic direction.

While certain elements of the current research proposal are novel and new, that is not a requirement for determining that the research should be approved. Research should not be evaluated as a stand-alone project; it was the Board's intention to have research as a key component for pursuing a multitude of other CAFII objectives, including providing an opportunity for communicating CAFII's key messages, increasing our profile, strengthening our interactions with insurance regulators and policy-makers, and increasing traffic to our website. It is also of benefit to have consumer-friendly material on our website that will provide consumers with interesting information about how the industry is adopting to changing consumer expectations.

More specifically, by conducting independent, third-party research with a credible, professional services firm, CAFII has the opportunity to use the research to achieve the following important strategic objectives:

- the key findings of the research can be shared with insurance regulators and policy-makers, providing an opportunity to reinforce our key messages on related issues such as our members' customer centricity, innovativeness, and fair treatment of customers;
- the key findings can be press-released, with opportunities for positive stories about CPI especially in the trade press, and providing further reinforcement of the media strategy of having positive stories about CPI in the public domain;
- the key findings can be published on our website, enriching the content of the site, enhancing the credibility of the website, and driving traffic to it as part of our Search Engine Optimization strategy, as well as providing consumer-friendly material on the website that can contribute to consumer education; and
- we can consider producing a video on the key findings, and publish this on the website, thereby providing more positive information about CPI and also enriching the website, which drives traffic to it and improves our Google and BING search results.

Can This Research Be Done Internally?

The component of the research on how customers are obtaining CPI since the pandemic is likely already captured by individual CAFII members. Could we try to aggregate the information from our members and avoid some of the costs of an external research provider?

We have given serious consideration to this, and have experience with this sort of exercise as we did it for the previous CPI research around claims payments for mortgage life insurance. Here are the reasons we recommend against this approach:

- it is by no means certain to be cheaper or quicker, as the material still needs to be anonymously collected and aggregated by a third-party vendor;

- each CAFII member has different definitions and methodologies around products and channels, making comparability of the data challenging;
- there is a considerable IT and data collection exercise required of our members if this information was to be collected internally, at a time when members' IT and staff resources are already stretched, in particular as this material would be collected during the end of fiscal year for most of CAFII's members; and
- some will question the veracity of material that is internally collected and reported, something that can be entirely avoided by having the research conducted by an independent, third-party vendor.

Summary and Recap

It is our view that this research proposal offers the opportunity to advance CAFII's strategic objectives.

To not conduct the research would be a lost opportunity since all the benefits that would arise by conducting the research would be foregone.

Given that CAFII has infrastructure costs (two Co-Executive Directors' compensation costs, and costs of Association Management Company), it is in the best interests of the Association to utilize those investments by investing in projects which they can direct and manage and which are intended to advance the organization's strategic goals.

Finally, if the EOC or the Board choose not to approve this specific research proposal, we recommend not attempting to spend any of the research budget in 2020; instead, in the development of Association's strategic priorities-driven 2021 Operating Budget, we can reconsider the approach to research going forward.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 4bi

CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Disability Insurance

Purpose of this Agenda Item – Update

This is an update about a website enhancement.

Background Information

As part of the 2020 website enhancements, CAFII will post two new videos. The first will be on credit protection critical illness and disability insurance.

Operatic Agency (formerly RankHigher) has produced the first iteration of the visuals to accompany the storyboard, and feedback has been provided to them. They are now in the process of producing a revised version.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachment.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 4bii

CAFII Website Enhancements to Effect Board Request Re Facilitating Consumers' Filing Of Credit Protection Insurance and Travel Insurance Claims With CAFII Members

Purpose of this Agenda Item – Update

This is an update about a website enhancement.

Background Information

The CAFII COVID-19 Information-Sharing Group has recommended that the CAFII website should have a section on how to make a claim, and the Board passed a motion supporting this recommendation at its 9 June, 2020 meeting.

CAFII has now received links from each of its members that would point to each member's relevant website section on claims. Operatic Agency (formerly RankHigher) has produced a prototype, and feedback has been provided on it, and additional information has been obtained from some members to enhance the prototype.

The revised prototype is nearly complete and will then be circulated for final review by CAFII members, before being posted on the website.

Recommendation / Direction Sought – Update Only

This is just an update.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting, 22 September, 2020—Agenda Item 4ci
Market Conduct & Licensing—September 29/20 FSRA Life & Health Insurance Stakeholder Advisory
Committee (SAC) Meeting On Transformation Of Current Unfair or Deceptive Acts or Practices (UDAP)
Regulation Into A FSRA Rule**

Purpose of this Agenda Item – Update

This is an update about a FSRA initiative.

Background Information

FSRA is inviting members of its Life & Health Insurance Sectoral Advisory Committee (on which CAFII's representative is Keith Martin) to a Zoom meeting on 29 September, 2020: "FSRA has rule-making authority under the *Insurance Act* to define unfair or deceptive acts or practices. We are currently taking a staged approach to using that authority; and as a first step, we want to engage with SAC members to outline our approach and seek your input on our initial assessment of existing [Regulation 7/00 \(Unfair or Deceptive Acts or Practices\)](#) under the *Insurance Act*."

The attachment included in the materials for this Agenda item is a detailed PowerPoint from FSRA on their proposed approach.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

1 attachment.

UDAP Rulemaking: Stage One Update

September 29, 2020
Meeting with L&H SAC Members

FSRA

Financial Services Regulatory
Authority of Ontario



Ontario



Purpose

- Outline **recommended approach** for defining unfair or deceptive acts or practices (UDAP) under the *Insurance Act* through a FSRA rule
- **Seek input** on FSRA's initial assessment of the existing UDAP regulation
- Review **next steps** including immediate opportunity for consensus feedback

Key Takeaways

- FSRA is undertaking a two stage process for transforming current UDAP regulation into a FSRA rule
- Stage One has started with a focus on removing barriers to innovation and shifting to principles-based provisions
- FSRA is seeking your input to finalize its recommended approach prior to proceeding with public consultation
- Stage One rule could be posted for public comment as soon as fall 2020 and FSRA is tentatively targeting Ministerial approval for spring 2021

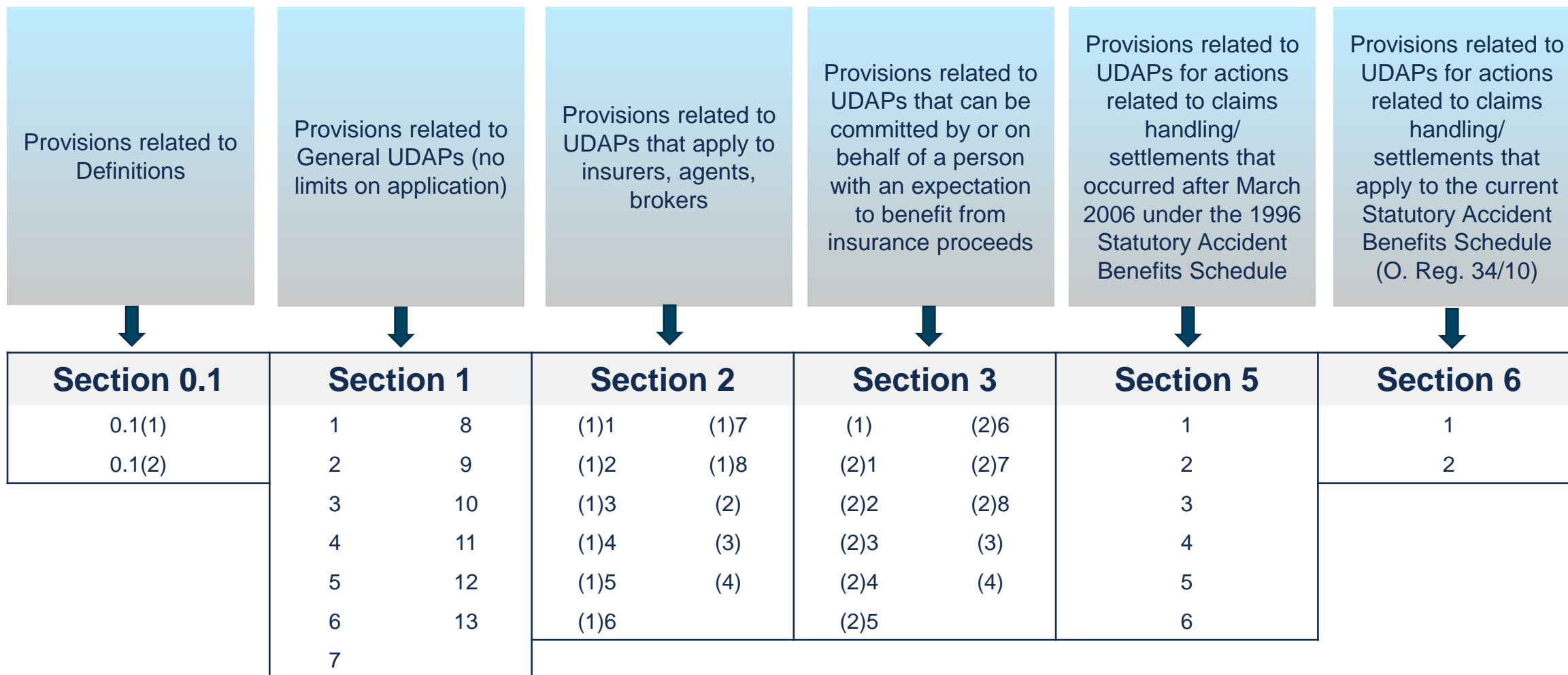


UDAP Regulation: Background and Current State

FSRA 2020-21 Business Plan commits to exploring opportunities for UDAP rule making

- Section 439 of the *Insurance Act* prohibits “unfair or deceptive acts or practices” which is any activity or failure to act that is prescribed as an unfair or deceptive act or practice
 - Under the Act, the CEO of FSRA has powers to examine and investigate, in order to determine whether a person has been, or is, engaged in any unfair or deceptive act or practice
 - The Act also allows the CEO to administer various compliance measures, such as administrative penalties, to sanction unfair or deceptive acts or practices
- O. Reg. 7/00 (UDAP regulation) under the *Insurance Act* prescribes specific actions that are considered as unfair or deceptive, and may apply to insurers, brokers, intermediaries, adjusters, and goods/ service providers engaged in the insurance sector such as health service providers, vehicle repair shops, automobile storage facilities, and tow truck operators
- The UDAP regulation first came into effect in 2003, and since then it has been amended 15 times in an effort to expand/ clarify the definition of what constitutes an unfair or deceptive act or practice. Despite the amendments, the current regulation is difficult to enforce, and therefore has not always been effective in addressing consumer harm
- Stakeholders have stated that the regulation inhibits innovation, and have requested a review of it to allow for more flexibility; the current regulation has been deemed as overly prescriptive by stakeholders
- There is an opportunity to shift to a principles-based UDAP rule in order to align with FSRA’s overall principles based regulatory approach

UDAP Regulation: Map of Current Structure



UDAP regulation can also be segmented by themes that appear in different sections, such as: i) automobile insurance specific provisions; ii) provisions related to Incentives/ rebates; iii) provisions related to general conduct; and iv) claim related provisions



UDAP Rule: Shift to Principles-Based Regulation

Benefits of shifting to a principles-based rule in place of a prescriptive regulation

Internalize principles

- Principles-based standards for Regulated Entities (REs) to achieve outcomes are outlined in the Rule.
- REs internalize principles into their business processes, instead of following technical compliance requirements, and align their policies and practices to achieve desired outcomes.
- Focus is on changing behavior within the REs, so that they are driven by principles and achieving outcomes that are in the public interest while they conduct business.

Principles-based regulation requires REs to internalize the desired outcome of regulation

Supervise to facilitate achievement of desired outcomes

- FSRA to actively engage with REs and public to evaluate whether principles are understood and internalized, and to assess whether desired outcomes are being achieved.
- Supervise to assess successful implementation of principles and the achievement of desired outcomes.
- Focus is on understanding why desired outcomes may not be taking place, not on penalizing the REs.

Supervise mostly against outcomes, instead of actions

Support innovation and competition

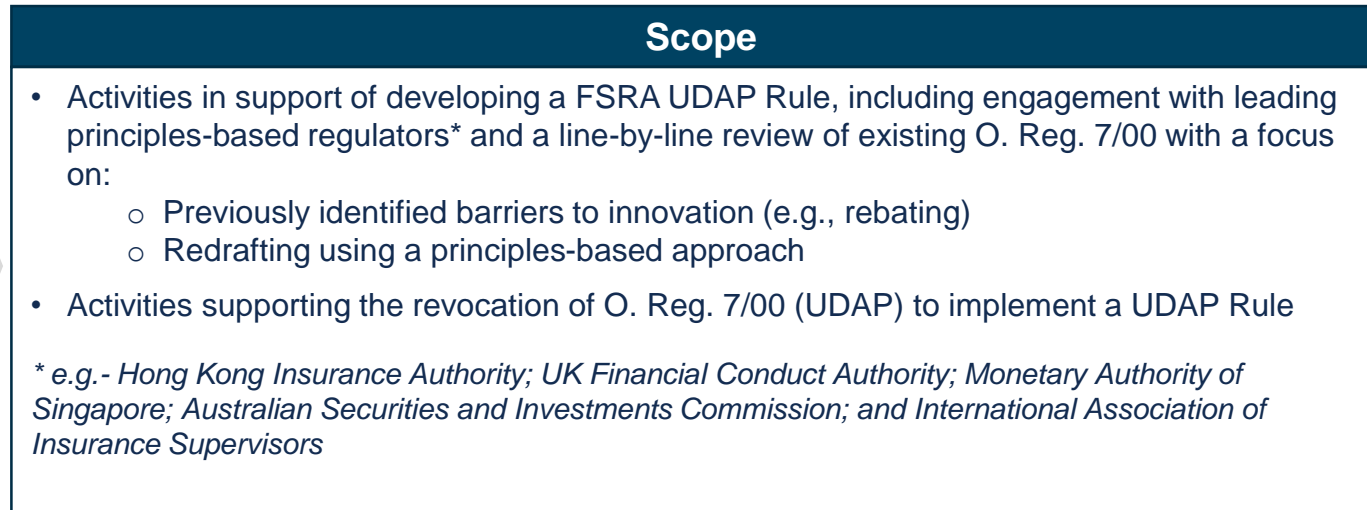
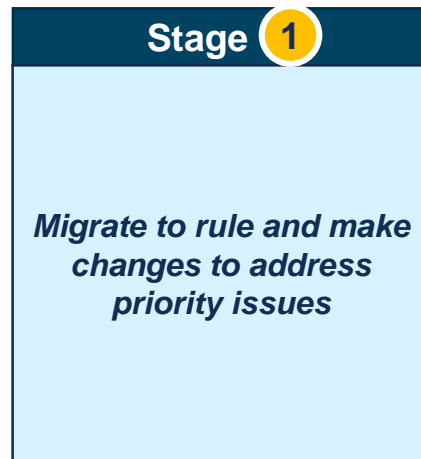
- Principles provide greater flexibility and discretion with respect to enforcement, which allows the regulator more latitude to ensure that it can respond to changes in the market, facilitating innovation while also allowing it to respond to unanticipated consumer harm.

Serve the public interest by allowing competition, flexibility, and choice

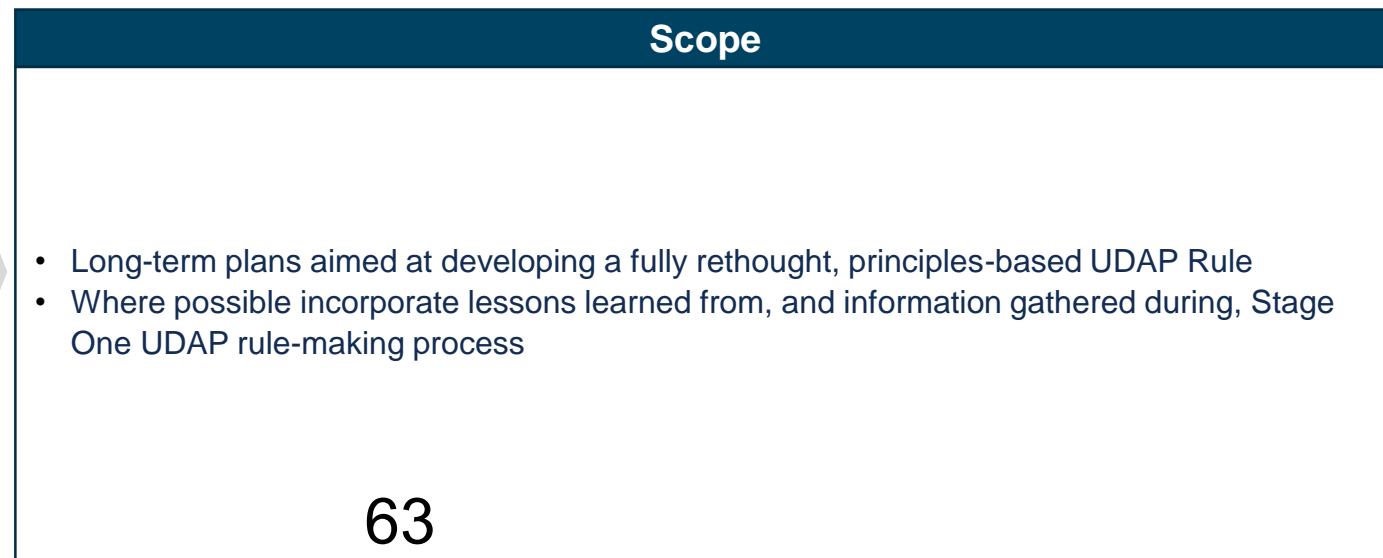
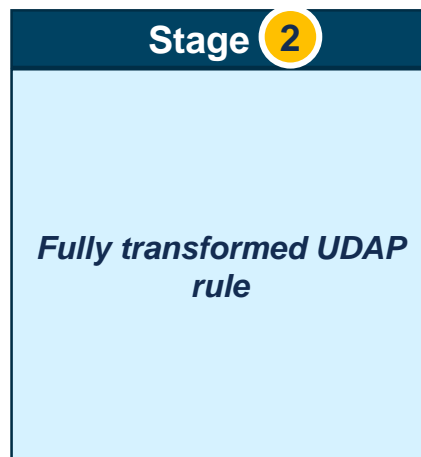


Recommended Approach: Staging and Scope

FSRA is pursuing a two-stage process for transitioning to a UDAP rule



*Anticipated
Timing:
Spring 2021*



*Anticipated
Timing:
2021-2022+*



Approach to Initial Assessment of UDAP Regulation

Initial assessment is preliminary

Recommended approach to Stage One UDAP Rule will be finalized after FSRA hears from you

Initial Assessment Inputs

Previous Stakeholder Input

- Review of stakeholder submissions (insurance companies, trade associations, etc.) that provided input on relevant UDAP sections and/or requested a review of the regulation to allow for more flexibility

Analysis

- Line-by-line review of the UDAP regulation undertaken based on Stage One scope and timing

Alignment with Certain CCIR FTC Guidance

- Comparative analysis of CCIR/CISRO FTC Guidance to identify certain principles that can be adopted into the Stage One rule (principles-based rules redrafting will be aligned with portions of the FTC Guidance where possible, but not solely based on it)



Overview of Initial Assessment

Innovation

Focus on regulatory flexibility and reviewing/addressing provisions often cited as barriers to industry making new offers available to consumers (rebating, incentives etc.)

Principles-Based Redrafting

Modernizing and aligning drafting with principles-based concepts where possible; removing certain provisions to consolidate and redraft as principles-based

Reconfigure

Migrate current language into the new proposed UDAP rule where there is limited scope for change given various factors (e.g., complexity; existing policy initiatives)

UDAP Map: Initial Assessment by Provision

| Section 0.1 | Section 1 | | Section 2 | | Section 3 | | Section 5 | Section 6 |
|-------------|-----------|----|-----------|------|-----------|------|-----------|-----------|
| (1) | 1 | 8 | (1)1 | (1)7 | (1) | (2)6 | 1 | 1 |
| (2) | 2 | 9 | (1)2 | (1)8 | (2)1 | (2)7 | 2 | 2 |
| | 3 | 10 | (1)3 | (2) | (2)2 | (2)8 | 3 | |
| | 4 | 11 | (1)4 | (3) | (2)3 | (3) | 4 | |
| | 5 | 12 | (1)5 | (4) | (2)4 | (4) | 5 | |
| | 6 | 13 | (1)6 | | (2)5 | | 6 | |
| | 7 | | | | | | | |

Reconfigure

Potential Change

Overview: Removing Barriers to Innovation

Problem Area

Discretionary Authority

- Innovative models developed to address evolving market needs may include components that are considered to be UDAPs
- CEO currently does not have discretion to give entities exemptions for such UDAPs; this creates a potential barrier to innovation

Customer Incentives

- Insurers are currently not able to offer incentives (i.e. rebates/ inducements) for customers
- This prohibition hinders companies' ability to offer innovative, pro-consumer benefits to their customers, and impedes overall competition
- This initiative is not presently aimed at conduct related concerns resulting from the CCIR work on incentives.

Desired Outcome

Greater flexibility available to meet evolving consumer needs; more transparent decision making

Greater value and benefit to consumers in the form of incentives; increased options for innovative incentive programs offered by companies

Evaluation Metrics

Industry's confidence in the regulator to remove barriers to innovation, and to react flexibly to market developments

Percentage of policies benefited through new incentive programs; complaints received about unfair treatments through rebating programs

Timeline / Method

Spring 2022
(approx. one year post rule implementation)
Method: Industry survey to determine confidence

Summer 2022
(approx. one year post rule implementation)
Method: Insurer survey/ Consumer survey/ Focus Group Discussion

Overview: Principles-Based Redrafting

Problem Areas

Alignment with Certain FTC Provisions

- Existing UDAP provisions related to general compliance, disclosure and claims handling do not match expectations in certain of the provisions in FTC guidance (opportunity to align using Stage One UDAP Rule)

Auto Specific Provisions

- Multiple auto-specific provisions exist that relate to conduct around shopping / purchasing process – prohibition on use of credit info/ prohibited factors and applying these factors in a prohibited manner; tied-selling; misclassifying risks; requirement for affiliated insurers to provide the lowest rate available – dispersed throughout existing regulation
- Opportunity to consolidate and redraft as principles based while retaining prescriptive elements (e.g. use of credit information) where appropriate

Regulatory Burden

- Legacy provisions that are redundant with other current UDAP provisions and/or proposed principles-based redrafting create unnecessary regulatory burden

Desired Outcome

Consumers benefit from higher standards of business conduct including high quality, accurate, clear, not-misleading information, and fair claims handling

Enhanced availability and choice of auto insurance as a result of high standards for treatment of consumers related to auto insurance quotations, applications, renewals

Reduced regulatory burden as a result of removing provisions

Evaluation Metrics

Consumer confidence, satisfaction, and understanding of the claims process

Impact on availability of insurance; lower compliance burden for industry

Number of redundant provisions and/or compliance obligations removed

Timeline / Method

Summer 2022
(approx. one year post rule implementation)
Method: Consumer survey

Summer 2022
(approx. one year post rule implementation)
Method: Insurer survey/ consumer survey/ data collected from Facility Association on trends re: availability

Spring 2021
(immediately following rule implementation)
Method: FSRA internal review



Overview: Reconfigure

| Item | Analysis |
|--|---|
| <i>Transition Provision: FSCO Forms</i> s. 0.1(2) | <ul style="list-style-type: none">Although some key FSCO (Superintendent) forms will have migrated to new FSRA versions, others will still be in use at projected time of implementation of a new UDAP rule |
| <i>Unfair discrimination in rates</i> s. 1.2-3 | <ul style="list-style-type: none">Unclear if this provision acts as a barrier to innovation; principles-based redrafting may introduce complexity given scope of application (opportunity for consideration in Stage Two) |
| <i>Inappropriate Collection and Use of Credit Information</i> s. 2(1)7 <i>Related Definitions</i> s. 0.1(1) | <ul style="list-style-type: none">Unclear if this provision acts as a barrier to innovation; principles-based redrafting may introduce complexity given scope of application (opportunity for consideration in Stage Two particularly given alignment with broader IAIS ICP principle regarding protection of consumer personal information) |
| <i>Abusive billing practices, referral payments, and encouraging signing of blank forms</i> s. 3(2)1-5, 7 | <ul style="list-style-type: none">Intent of these provisions is to address misconduct primarily of unlicensed persons with whom FSRA does not have a regulatory relationshipPrinciples-based redrafting not appropriate given inability to modify behavior flexibly through supervisory tools typically used for licensed entitiesReconfiguration could include adding outcomes to supplement activities-based provisions |



Next Steps

| Milestone / Activity | Dates |
|---|-----------------|
| Written feedback on initial assessment | October 7, 2020 |
| Rule posted for public comment | Fall 2020 |
| Public comment period closed | Winter 2020-21 |
| Potential approval of Rule by Minister | Spring 2021 |
| Initiate planning for Stage Two UDAP rule | Summer 2021 |



Appendix 1: Stage One UDAP Rule – Potential Changes

Innovation

| Item | Potential Change | Analysis |
|--|--|--|
| <i>Discretionary Authority</i> s. 1 | <ul style="list-style-type: none"> Grant CEO discretion to authorize conduct otherwise considered a UDAP where it wouldn't be prejudicial to the public interest | <ul style="list-style-type: none"> Would provide regulator with exemptive powers for flexible / nimble reaction to market developments Exercise of authority with precedential value likely to require Decision guidance |
| <i>Rebating</i> s. 1.7; 2(1)1-3, 2(3)-(4) | <ul style="list-style-type: none"> Remove existing provisions Replace with provision making it a UDAP to offer incentives (e.g. a rebate or an inducement) to insure unless the incentive: <ul style="list-style-type: none"> is designed in a way that pays due regard to the interests of consumers and minimizes risk of sales which are not appropriate to a consumer's needs clearly and transparently communicated to consumers by the insurer, including explanation of how any incentive, such as a rebate or an inducement is calculated applies consistently and is not unfairly discriminatory not an anti-competitive practice such as tied selling or predatory pricing. | <ul style="list-style-type: none"> Government made a change to rebating provisions in the UDAP regulation in April 2020 aimed at facilitating rebating for purposes of providing financial relief to auto insurance policyholders during the COVID-19 pandemic Potential change aligned with guidance issued by FSRA after government regulation change that outlined principles for acceptable rebating (Auto Insurance – Consumer Relief during a Declared Emergency under the Emergency Management and Civil Protection Act) Related provisions in s. 17 of O. Reg 347/04 related to life agent conduct are not in scope for FSRA's Stage One approach |

Principles-Based Redrafting: FTC

| Item | Potential Change | Analysis |
|--|---|---|
| <i>Disclosure</i> s. 1.4-6, 3(2)6 | Redraft to make the following a UDAP: <ul style="list-style-type: none"> Failure to provide adequate, high quality, accurate and non-misleading information, product promotional materials, and/or advice to a customer, policyholder, or claimant that can affect their fair treatment or ability to make informed decisions | <ul style="list-style-type: none"> Aligns with certain provisions of FTC guidance (e.g. advice; product promotion, disclosure to policyholder/customer) Related provisions in s. 17 of O. Reg 347/04 related to life agent conduct are not in scope for FSRA's Stage One approach |
| <i>Claims Handling</i> s. 1.9, 5, 6 | Redraft to make the following a UDAP: <ul style="list-style-type: none"> Conduct that does not meet the standard of examining and settling claims fairly and/or treating claimants fairly Indicators of fair treatment include: <ul style="list-style-type: none"> - maintaining written documentation on claims handling procedures; - informing claimants about the status of their claim, processes for claims settlement and where appropriate claims-determinative factors; - subject to legal requirements, following balanced and impartial dispute resolution procedures; - establishing and using internal mechanisms to review claims disputes; and - taking measures to ensure that services and service quality provided by a Preferred Provider Network is equal to or greater than what is commonplace in the industry. | <ul style="list-style-type: none"> Aligns with certain provisions of FTC guidance (e.g. diligent examination and fair settlement) |
| <i>Non-compliance with the law</i> s. 1.1 | Redraft to make the following a UDAP: <ul style="list-style-type: none"> Material non-compliance with the statutory scheme, including any regulations or rules | <ul style="list-style-type: none"> Aligns with certain provisions of FTC guidance (e.g. conduct of business – compliance with laws) |



Principles-Based Redrafting: Auto

| Item | Potential Change | Analysis |
|--|--|---|
| <i>Use of prohibited factors, including credit information</i> s. 2(1)4-6 | <p>Redraft to make the following a UDAP:</p> <ul style="list-style-type: none">• Unfair treatment of a consumer with regard to any matter relating to quotations for automobile insurance, applications for automobile insurance or renewals of existing contracts of automobile insurance.• Indicators of unfair treatment include:<ul style="list-style-type: none">- unreasonable delay in servicing a consumer;- inequitable variance of processes and procedures when servicing a class of consumers;- using credit information or a prohibited factor;- applying any other information in a prohibited manner;- while having regard for mitigating circumstances such as innovative pricing models or differing means of distribution, not offering the lowest price among affiliated insurers- making servicing a consumer conditional on their having or purchasing another insurance policy;- making servicing a consumer conditional in any way on consent or obtaining the consent of another person to collection, use or disclosure of any credit information; or- misclassifying a risk according to the insurer's risk classification system or that required by law. | <ul style="list-style-type: none">• Potential change allows for consolidation of multiple existing auto-specific provisions into one redrafted provision focused on unfair treatment• Further information from regulated entities on specific challenges posed by current affiliated insurers requirement will be helpful in determining its place in the new rule |
| <i>Tied selling</i> s. 1.10 | | |
| <i>Misclassifying of risk</i> s. 1.11 | | |
| <i>Affiliated Insurers</i> s. 2(1)8, s. 2(2) | | |



Principles-Based Redrafting: Redundant and Other

| Item | Potential Change | Analysis |
|---|---|---|
| <i>Extra contractual charges with commission</i> s. 1.8 | <ul style="list-style-type: none">Remove | <ul style="list-style-type: none">Dependent on potential consumer harm being adequately addressed by new provision regarding disclosure |
| <i>Material deviation from FSRA-approved forms</i> s. 1.12 | <ul style="list-style-type: none">Remove | <ul style="list-style-type: none">Duplicative of Insurance Act provision to use forms approved by the regulator |
| <i>Non-compliance with examination under oath requirements</i> s. 1.13 | <ul style="list-style-type: none">Remove | <ul style="list-style-type: none">Dependent on retention / redrafting of provision regarding non-compliance with the law |
| <i>Application</i> s. 1, 2(1) | <ul style="list-style-type: none">No limit on application of most parts of UDAP Rule (rather than limiting certain provisions to certain types of persons in the business of insurance)Retain scoping applicable to s. 3, which is focused primarily on misconduct by unlicensed persons | <ul style="list-style-type: none">Principles-based redrafting not appropriate for s. 3 given inability to modify behavior flexibly through supervisory tools typically used for licensed entities |

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 4cii FCNB Informal Consultation On Accident & Sickness Insurance-Related Changes To New Brunswick's Insurance Act

Purpose of this Agenda Item – Update

This is an update about a New Brunswick request for CAFII to provide input into a review it is undertaking on accident & sickness insurance.

Background Information

On 21 July, 2020, David Weir of the FCNB wrote CAFII's Co-Executive Directors with the following note:

Hello Brendan and Keith,

I have been doing a selected jurisdictional review of the life and accident and sickness provisions. I am reaching out to some key stakeholders to obtain feedback on some issues that I have identified.

If there are any other issues that you want to raise as well, please don't hesitate to mention them.

Thank you in advance for your assistance. If anything is not clear, please let me know.

Best regards,

David Weir

In a follow up 31 July, 2020 note Mr. Weir said that a response by end of September, 2020 would be fine.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

1 attachment.

FCNB Informal Consultation On Accident & Sickness Insurance-Related Changes To New Brunswick's Insurance Act

From: Weir, David (FCNB) <david.weir@fcnb.ca>
Sent: July-31-20 7:50 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: Keith Martin <Keith.Martin@cafii.com>
Subject: Re: Questions on Life and A&S parts

Hi Brendan,

The end of September would be great.

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From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: Thursday, July 30, 2020 4:41:37 PM
To: Weir, David (FCNB) <david.weir@fcnb.ca>
Cc: Keith Martin <Keith.Martin@cafii.com>
Subject: FW: Questions on Life and A&S parts

Hi, David.

Thanks for reaching out to CAFII for input/responses on your Questions on the Life and Accident & Sickness parts of various provincial/territorial Insurance Acts, as they relate to your work in leading a rewrite of New Brunswick's Insurance Act.

CAFII would be pleased to provide answers to the questions you've posed in the attached document.

However, we would like to get a sense of your deadline/timelines for receiving responses from industry stakeholders.

Given that your request has arrived in July and many CAFII member representatives and staff (Keith and myself) will be on vacation at various points in July and August, we would ideally like to have until the end of September to get our response submission in to you.

Would a September 30 submission deadline work for you?

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com
T: 647.218.8243
Alternate T: 647.361.9465

From: Weir, David (FCNB) <david.weir@fcnb.ca>
Sent: July-21-20 3:03 PM
To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>
Subject: Questions on Life and A&S parts

Hello Brendan and Keith,

I hope that you are well.

I have been doing a selected jurisdictional review of the life and accident and sickness provisions. I am reaching out to some key stakeholders to obtain feedback on some issues that I have identified.

If there are any other issues that you want to raise as well, please don't hesitate to mention them.

Thank you in advance for your assistance. If anything is not clear, please let me know.

Best regards,

David Weir

New Brunswick *Insurance Act* Modernization Project
Life and Accident and Sickness Insurance Review

As you are aware, the Financial and Consumer Services Commission is engaged in a complete review of the *Insurance Act*, with the goal of modernizing the Act which is over 50 years old. Our primary goal is to enhance consumer protection. However, we also intend to harmonize as much as possible with other jurisdictions and to update any archaic language in the Act to make it easier to read.

For updating the life part (Part X) and the accident and sickness part (Part XI), we are using the Manitoba *Insurance Act* as our primary source. However, we are also consulting the Alberta and Ontario Acts and the new Saskatchewan Act to ensure that our new Act is truly modern and captures the best consumer protections.

During our review, we have identified some issues that we are hoping to get your input on to assist us in making recommendations for amendments to government.

Sections 132 (life) and 186 (A&S) - Definition of Declaration

The current definition of "declaration" reads:

"declaration" means an instrument signed by the insured

(a) with respect to which an endorsement is made on the policy, or

(b) that identifies the contract, or

(c) that describes the insurance or insurance fund or a part thereof,

in which he designates, or alters or revokes the designation of, his personal representative or a beneficiary as one to whom or for whose benefit insurance money is to be payable;

We are contemplating adopting the Alberta provision

“declaration”, except in sections 677 to 681, means an instrument signed by the insured

(i) with respect to which an endorsement is made on the policy,

(ii) that identifies the contract, or

(iii) that describes the insurance or insurance fund or a part of the insurance or insurance fund,

in which the insured

(iv) designates, or alters or revokes the designation of, the insured, the insured’s personal representative or a beneficiary as one to whom or for whose benefit insurance money is to be payable, or

(v) makes, alters or revokes an appointment under section 663(1) or a nomination referred to in section 669;

Based on the wording of our current Act, we believe that the exceptions should be ss. 168 to 172 for the life part. Are there other provisions that should be included? There will be similar changes in the accident and sickness part.

Application of certain provisions:

Section 148.1 of Manitoba’s Act reads

[148.1](#) Despite section 115, section 119 and subsections 123(1) and (2) apply to contracts of life insurance.

Section 115 exempts A&S and Life from application of general contract provisions. However, this provision makes s. 119 (imperfect compliance) and s. 123 (waiver and estoppel) apply to life contracts. Saskatchewan and Ontario reference the same two matters (ss. 8-14 and 8-19 for Sask and 126 and 131 for Ontario (may not be proclaimed)).

Alberta’s 635 on the other hand references the following provisions:

515 (imperfect compliance),

521 (waiver and estoppel),

527 (limitations of actions),

533 (effect of criminal act), (this does not seem necessary as the provision specifically mentions “contract of insurance” includes insurance as part of life insurance for disability)

537 (filing policy with the Superintendent) and

547 (electronic communication)

Currently NB does not have an equivalent provision. We are proposing to add one. We intend to reference:

- 101 (imperfect compliance)
- 109 (waiver and estoppel – which will be amended)
- 117 (filing policy with the Superintendent)

Alberta's s. 537 is different than NB's s. 117. In particular, s. 537 includes "any endorsement or rider or advertising material issued or used by the insurer". Further, NB's s. 117 allows policies or applications that are "unfair, fraudulent or not in the public interest" to be prohibited.

Section 533 in Alberta is similar to s. 2 of NB, but that provision already explains that it applies to life contracts for the limited purpose of disability.

Alberta's s. 547 deals with allowing electronic communications. We intend to introduce a similar provision, but it should be outside of general insurance part so that it applies to life (and A&S) policies.

Likewise, for the A&S part, Manitoba's s. 203.1 reads:

203.1 Despite section 115, the following provisions apply to contracts of accident and sickness insurance:

- (a) section 119; (imperfect compliance)
- (b) subsections 123(1) and (2); (waiver and estoppel)
- (c) section 132. (method of notice to insurer or insured).

Alberta's s. 696 the lists the following sections

- 515 (imperfect compliance),
- 521 (waiver and estoppel),
- 527 (limitations Act),
- 530 (method of notice to insurer or insured),
- 533 (effect of criminal act),**
- 537 (filing policy with the superintendent) and
- 547 (electronic communication)**

We intend to include a similar provision and propose to include:

- 101 (imperfect compliance)
- 109 (waiver and estoppel – which will be amended)
- 117 (filing policy with the Superintendent)
- ??? (method of notice to insurer or insured – new provision)

We think that we will capture all of the Alberta provisions, but would welcome any insights that you have.

July 1, 1962 and transition dates

Section 133 in NB Act references July 1, 1962. We will be updating these provisions to match new wording in other jurisdictions. I understand that July 1, 1962 was the date that there was a major reform of the “uniform Life Act”. I assume that those amendments were made in NB at the time. Based on your experience in other jurisdictions that have updated their life and A&S parts, are there any other transition dates that we need to be considering?

Rights of group insured or claimant to group policy

We will be recommending adopting provisions similar to ss. 151(5) and 151(6) of the *Manitoba Insurance Act*.

151(5) In the case of a contract of group insurance, the insurer

- (a) must, upon request, provide a group life insured or claimant under the contract with a copy of
 - (i) the group life insured's application, and
 - (ii) any written statement or other record provided to the insurer as evidence of the insurability of the group life insured under the contract that is not part of the application; and
- (b) must, upon request and reasonable notice,
 - (i) permit a group life insured or claimant under the contract to examine a copy of the group insurance policy, and
 - (ii) provide that person with a copy of the policy.

151(6) In the case of a contract of creditor's group insurance, the insurer

- (a) must, upon request, provide a debtor insured or claimant under the contract with a copy of
 - (i) the debtor insured's application, and
 - (ii) any written statement or other record provided to the insurer as evidence of the insurability of the debtor insured under the contract that is not part of the application; and
- (b) must, upon request and reasonable notice,
 - (i) permit a debtor insured or claimant under the contract to examine a copy of the creditor's group insurance policy, and
 - (ii) provide that person with a copy of the policy.

Subsection 151(9) of the Manitoba Act goes on to read:

151(9) A claimant's access to documents under subsections (4) to (6) extends only to information that is relevant to:

- (a) a claim under the contract; or
- (b) a denial of such a claim.

Manitoba is consistent with Alberta and Ontario. Saskatchewan's new Act has a similar provision, but includes a paragraph (c). Saskatchewan's ss. 8-103(8) reads:

8-103 (8) A claimant's access to documents pursuant to subsections (4) to (6) extends only to information that is relevant to:

- (a) a claim under the contract;
- (b) a denial of a claim under the contract; and
- (c) obtaining the terms or extent of coverage under the contract.

We are proposing to include Saskatchewan's paragraph (c) to enhance consumer rights and to assist a person in understanding his or her coverage even when there is not a claim. This could be helpful if a person is considering other insurance. We propose to do the same under the Accident and Sickness part (Saskatchewan's s. 8-159(8)). We welcome your thoughts.

Information set out in Policy and Certificate

We will be recommending adopting a provision similar to s. 154(2) of the Manitoba *Insurance Act*.

154(2) In the case of a contract of group insurance or creditor's group insurance, the insurer must issue, for delivery by the insured to each group life insured or debtor insured, a certificate or other document in which are set out the following:

- (a) the name of the insurer and a sufficient identification of the contract;
- (b) the amount, or the method of determining the amount, of insurance on
 - (i) the group life insured and any person whose life is insured under the contract as a person dependent on or related to the group life insured, or
 - (ii) the debtor insured;
- (c) the circumstances in which the insurance terminates and the rights, if any, on termination of the insurance of
 - (i) the group life insured and any person whose life is insured under the contract as a person dependent on or related to the group life insured, or
 - (ii) the debtor insured;
- (d) in the case of a contract of group insurance that contains a provision removing or restricting the right of the group life insured to designate persons to whom or for whose benefit insurance money is to be payable,
 - (i) the method of determining the persons to whom or for whose benefit the insurance money is or may be payable, and
 - (ii) the following statement in conspicuous bold type:

This policy contains a provision removing or restricting the right of the group life insured to designate persons to whom or for whose benefit insurance money is to be payable.

- (e) in the case of a contract of group insurance that replaces another contract of group insurance on some or all of the group life insureds under the replaced contract, whether a designation of a group life insured, a group life insured's personal representative or a beneficiary as a person to whom or for whose benefit insurance money is to be payable under the replaced contract applies to the replacing contract;
- (f) the rights of the group life insured, the debtor insured or a claimant under the contract to obtain copies of documents under subsection 151(5) or (6);
- (g) the following statement:

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in The Insurance Act.

Saskatchewan includes an additional provision at paragraph 8-106(1)(e) that reads “a description of any restrictions or exclusions of coverage under the contract”. We are considering including Saskatchewan’s provision to enhance consumer rights and to assist a person in understanding his coverage. We welcome your thoughts.

We note that Saskatchewan also includes “a description of any restrictions or exclusions of coverage under the contract” in s. 8-105 related to what needs to be set out in the policy. Neither Manitoba nor any other jurisdiction have this. It seems odd to include it in a list of what must be set out in a policy as one would think that any restrictions or exclusions would have to be set out in the policy or they would not be restrictions or exclusions. We don’t feel that it is necessary, but perhaps we are missing something. I note that Saskatchewan does not include it for a regular policy at s.8.8.

We note that Saskatchewan’s s. 8-164(1) dealing with certificates for group and creditor’s group for accident and sickness insurance have the provision, but Saskatchewan’s s. 8-161 dealing with the policy does not. We intend to include it for our equivalent of Manitoba’s s. 209(2) (certificate). However, we don’t think that it belongs in our proposed equivalent of Manitoba’s s. 207(4) (what needs to be set out in the policy)? We want to confirm that you agree.

Termination of Policy

Manitoba has the following provision:

155(4) A person whose life is insured may, if an insurable interest no longer exists, apply to the court for an order requiring the insurer to immediately terminate the policy and pay over to the policy owner any value that exists in the policy.

We are proposing to adopt this and Manitoba's s. 217.1 under accident and sickness insurance. Although we intend to adopt a provision similar to Manitoba's s. 155.1 (and s. 217.2) which allows people to apply to court for an order respecting a policy, we feel that there is a gap, as a prerequisite to relief under s. 155.1 and 217.2 is that the application reasonably believe that their life or health might be endangered. We are curious as to why no other jurisdiction has felt the need to adopt it. Do you have any insights on this?

Court Action

We are proposing to adopt a provision similar to Manitoba's 155.1. However, we prefer the structure of Ontario's s. 179.1 (subject to what the drafters wish to do). Section 179.1 reads:

179.1 (1) A person may make an application to the court if,

- (a) the person's life is insured under a contract;
- (b) the person is not the insured under the contract; and
- (c) the person reasonably believes that the person's life or health might be endangered by the insurance on his or her life continuing under that contract.

Ontario's provision goes on to read:

(2) Upon an application being made under subsection (1), the court may make any order it considers just in the circumstances, including,

- (a) an order that the insurance on that person's life under the contract be terminated in accordance with the terms of the contract other than any terms respecting notice of termination; and
- (b) an order that the amount of insurance under the contract on that person's life be reduced.

The court's authority to make an order is broad (i.e., an order that the "court considers just"). Each jurisdiction has the same two potential orders (termination of policy, reduction of amount). Based on our previous work with the Maritime Harmonized project, we intend to include the following two potential orders:

- an order designating a different beneficiary; and
- an order designating a different owner or assigning the contract.

Despite the broad authority, we want to make it clear that these are two options and we believe that they may provide better solutions in some cases. For the second item we are envisioning a situation where a spouse may feel more comfortable if her or his former partner was no longer the owner of a policy, but still wants to maintain the policy and to protect insurability. We believe that her taking over ownership of the policy is the best solution. We welcome your thoughts and would like your opinion on the best wording for that clause (i.e., is "assigning" appropriate?).

Further, the jurisdictions include the following subsection:

- An order made pursuant to this section binds any person having an interest in the contract.

During the Harmonization Project, we had proposed the following wording:

- An order made by the court binds any person having an interest in the contract and, if applicable, discharges the insurer of all liabilities in respect of the policy terminated by the order.

We think that this provides greater clarity, but would like your input to ensure that there are no unintended consequences arising from the additional words.

We are proposing the same for the accident and sickness part.

Medical Assistance in Dying

Saskatchewan adopted the following:

8-118.1(1) In this section, “medical assistance in dying” means medical assistance in dying as defined in section 241.1 of the *Criminal Code*.

(2) Section 8-118 does not apply to an insured who receives medical assistance in dying.

(3) If a contract contains an undertaking, express or implied, that insurance money will be paid if a person whose life is insured receives medical assistance in dying, the undertaking is lawful and enforceable.

(4) For the purposes of this Act, if an insured receives medical assistance in dying, that insured is deemed to have died as a result of the illness, disease or disability for which he or she was determined to be entitled to receive that assistance, in accordance with clause 241.2(3)(a) of the *Criminal Code*.

We are proposing to adopt something similar. We appreciate that industry has taken the position to not deny in cases of medical assistance in dying, but we would like to see it codified. Do you have any feedback on Saskatchewan’s provision? Also, we propose to use “person whose life is insured” as opposed to “insured” which will make it clear that it also applies to group life insureds.

Prescribed rights of insured

We are proposing to introduce a provision similar to Manitoba’s ss. 174(2):

174(2) Despite subsection 168(1), if a beneficiary is designated irrevocably and has not consented as described in clause (l)(b), the insured may exercise any rights in respect of the contract that are prescribed by regulation.

Saskatchewan has a similar provision at ss. 8-128(2). However, we note that Saskatchewan also has the following provision at ss. 8-122(4):

8-122(1) An insured may, in a contract or by a declaration, other than a declaration that is part of a will, filed with the insurer at its head office in Canada during the lifetime of the person whose life is insured, designate a beneficiary irrevocably.

(2) If the insured makes a designation pursuant to subsection (1):

(a) the insured, while the beneficiary is living, may not alter or revoke the designation without the consent of the beneficiary; and

(b) the insurance money is not subject to the control of the insured or the claims of the insured's creditors and does not form part of the insured's estate.

(3) If an insured purports to designate a beneficiary irrevocably in a will or in a declaration that is not filed pursuant to subsection (1), the designation has the same effect as if the insured had not purported to make it irrevocable.

(4) If a beneficiary is designated irrevocably, the insured may exercise the prescribed rights to deal with the contract of insurance. 2015, c.I-9.11, s.

We feel that the substance of ss. 8-122(4) is covered in ss. 174(2), but want to confirm that we are not missing anything.

Enforcement of payment

Section 208(3) in the Accident and Sickness part of the New Brunswick *Insurance Act* reads:

208(3) A beneficiary designated under section 207 may upon the death by accident of the person insured or group person insured enforce for his own benefit, and a trustee appointed pursuant to section 209 may enforce as trustee, the payment of insurance money payable to him, and the payment to the beneficiary or trustee discharges the insurer to the extent of the amount paid, but the insurer may set up any defence that it could have set up against the insured or his personal representative.

There are three elements

- A beneficiary or the trustee can enforce a payment of insurance money,
- The payment to the beneficiary or the trustee discharges the insurer, and
- The insurer can set up a defence that it could have set up against the insured.

Manitoba has broken this into three subsections:

[225\(6\)](#) A beneficiary designated under section 224 may enforce for his or her own benefit, and a trustee appointed under section 226 may enforce as trustee, the payment of insurance money payable to the beneficiary or for his or her benefit under the contract or by a declaration in accordance with the provisions of the contract or declaration.

[225\(7\)](#) In an action by the beneficiary or trustee, the insurer may set up any defence that it could have set up against the insured or the insured's personal representative.

[225\(8\)](#) Payment by the insurer to the beneficiary or trustee discharges the insurer to the extent of the amount paid.

Like N.B.'s ss. 208(3), the payment to either the beneficiary or the trustee discharges the insurer. However, the other jurisdictions who have updated their Acts do not have this clause. For example, Saskatchewan's s. 8-183 reads:

8-183 A beneficiary may enforce for the beneficiary's own benefit, and a trustee appointed pursuant to section 8-181 may enforce as trustee, the payment of insurance money made payable to the beneficiary or trustee in the contract or by a declaration in accordance with the provisions of the contract or declaration, but the insurer may set up any defence that it could have set up against the insured or the insured's personal representative.

Saskatchewan's Act (like the others) has the following:

8-181(1) An insured may in a contract or by a declaration appoint a trustee for a beneficiary and may alter or revoke the appointment by a declaration.

(2) A payment made by an insurer to a trustee for a beneficiary discharges the insurer to the extent of the amount of the payment.

Unlike Manitoba's subsection 225(3), Saskatchewan's subsection 8-181(2) only talks about the payment to the trustee discharging the insurer.

In the life part, all jurisdictions are like the Saskatchewan Accident and Sickness provisions. For example, Manitoba's Act includes these provisions:

170(1) An insured may, in a contract or by a declaration, appoint a trustee for a beneficiary and may change or revoke the appointment by a declaration.

170(2) A payment made by an insurer to a trustee for a beneficiary discharges the insurer to the extent of the amount paid.

[172\(1\)](#) A beneficiary may enforce for his or her own benefit, and a trustee appointed under section 170 may enforce as trustee, the payment of insurance money made payable to the beneficiary or trustee in the contract or by a declaration in accordance with the provisions of the contract or declaration.

172(2) In an action by the beneficiary or trustee, the insurer may set up any defence that it could have set up against the insured or the insured's personal representative.

We like the Manitoba provisions for the Accident and Sickness, but wonder why it is treated differently in other jurisdictions and in the Life Part. We welcome your comments on the discrepancies and the rationale.

Presumption of death declaration

Subsection 8-140(2) of the Saskatchewan Act reads:

8-140 (2) A declaration of presumption of death made by the court pursuant to subsection (1) must contain particulars of the following information to the extent that those particulars have been established to the satisfaction of the court:

- (a) the full name of the person presumed dead, including, if applicable, a birth or married name;
- (b) the place where the death is presumed to have occurred;
- (c) the date on which the death is presumed to have occurred;
- (d) whether the presumed death was accidental;
- (e) any other information that the court directs.

We are proposing to include a similar provision. We note that Alberta has a similar provision (ss. 680(2)) but includes “the sex of the person presumed dead”. We are not sure of the need to include this, so would welcome your opinion. We will also proposing similar provisions for the accident and sickness part.

Accident and Sickness

Section 187(1) of the NB Act references provisions that apply to a contract that was made, or in effect, prior to October 1970. We compared Manitoba and Saskatchewan and have identified several provisions that we will be adopting and will be included in the list. In particular, provisions similar to the following provisions will be included (Saskatchewan references):

- 8-156, - provisions applying to A&S
- 8-158 – application to group insurance
- 8-173 – Disclosure of material facts (same as our 202 and Manitoba’s 219)
- 8-179 – Irrevocable designation
- 8-180 – designation in will
- 8-186 – insured dealing with contract
- 8-188 – entitlement to dividends
- 8-189 - transfer of ownership
- 8-191 – enforcement of creditor’s group rights
- 8-193 – insurer obligation to pay upon sufficient evidence (not sure if we will adopt this)
- 8-194 - Declaration as to sufficiency of proof (Manitoba’s 230.4(2))
- 8-195 – declaration of presumption of death

Please let us know if there are any issues with these provisions applying to policies issued prior to 1970.

Further, we feel that our proposed provisions similar to s. 217.1 and s. 217.2 in Manitoba (court order re termination of policy or other relief) should also be included on the list, as it would make sense that that relief was also available for pre October 1970 policies.

Statutory Conditions

There is a difference in whether the Statutory Conditions are placed in a schedule or not. What is your opinion on this? What are your thoughts on putting them in a regulation? Our final decision may depend on drafters' preference.

Statutory Condition 4

NB's Act has the following statutory condition:

4 Where the benefits for loss of time payable hereunder either alone or together with any other benefits, compensation or right of payment for or in respect of loss of time due to disability exceed the money value of the time of the person insured, the insurer is liable only for that proportion of the benefits for loss of time stated in this policy that the money value of the time of the person insured reduced by all such other benefits, compensation, or rights of payment other than as are provided under this and similar contracts or as are provided under a contract of group insurance, or a life insurance contract providing disability benefits bears to the aggregate of the benefits for loss of time payable hereunder and under similar contracts and any contract of group insurance or life insurance contract providing disability benefits and the excess premium, if any, for the current term shall be returned to the insured.

I note that Alberta, BC and Manitoba removed the condition, but note that Ontario did not. We are proposing to repeal it, but wonder if you have any insights into why Ontario retained it. Ontario also appears to be out of sync on statutory conditions 5 and 6 as well.

Payment of premium by assignee or beneficiary

Manitoba has the following provision under its accident and sickness part:

217.3 Except in the case of group insurance or creditor's group insurance, an assignee of a contract, a beneficiary or a person acting on behalf of one of them or on behalf of the insured may pay any premium that the insured is entitled to pay.

Most jurisdictions only have it for life insurance. We welcome your thoughts on whether it should also be included under accident and sickness.

Non-payment of premium

NB's Act includes ss. 198(2), which reads:

198(2) Where a cheque or other bill of exchange or a promissory note or other written promise to pay is given for the whole or part of a premium and payment is not made according to its tenor the premium or part thereof shall be deemed never to have been paid.

Manitoba retained the provision for accident and sickness. The other jurisdictions removed the provision (but retained it for life insurance). We welcome your thoughts on whether it should be retained under accident and sickness insurance.

Persons insurable - Insurable Interest

Saskatchewan had proposed the following new provision at 8-171(2):

(2) If a primary person places insurance on the life or well-being or both of any person set out in clause (1)(a), the insurer shall send a notice in writing to those persons who are insured:

(a) at the time the insurance is placed, advising of the particulars of the insurance; and

(b) when any material changes are made to the insurance, advising of the particulars of the changes, including assignment or cancellation of the contract.

This provision was not proclaimed. No other jurisdiction appears to have it. I understand why Saskatchewan had proposed it. Did industry have issues with it?

Payment to relatives or persons equitably entitled

Section 217 of the New Brunswick Act reads:

217 Notwithstanding that insurance money is payable to a person, the insurer may if the contract so provides, but subject always to the rights of an assignee, pay an amount not exceeding two thousand dollars to

(a) a relative by blood or connection by marriage of a person insured or the group person insured, or

(b) any person appearing to the insurer to be equitably entitled thereto by reason of having incurred expense for the maintenance, medical attendance or burial of a person insured or the group person insured, or to have a claim against the estate of a person insured or the group person insured in relation thereto,

and any such payment discharges the insurer to the extent of the amount paid.

We note that this provision has been maintained in those jurisdictions that have updated their accident and sickness part and we intend to do the same. We understand how the provision works, but would welcome your input on why such a provision was enacted. We also propose to increase the amount to \$10,000 and welcome your thoughts on that.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 4ciii Recent CCIR Chair Transition/Succession

Purpose of this Agenda Item – Update

This is an update about Frank Chong taking on the role of CCIR Chair.

Background Information

On 10 September 2020 CCIR issued a news release that included the following information:

TORONTO – The Canadian Council of Insurance Regulators (CCIR) is pleased to announce the appointment of Frank Chong as CCIR Chair.

As Vice President and Deputy Superintendent, Regulation, with the BC Financial Services Authority, Mr. Chong is a seasoned leader and regulatory executive, bringing over 20 years of financial services sector experience to the role. Mr. Chong has also served as a CCIR Vice Chair.

The CCIR also wishes to acknowledge the significant leadership of the outgoing chair, Patrick Déry. Over the past five years, Mr. Déry oversaw the development and implementation of strategic initiatives including, the Framework for Cooperative Market Conduct Supervision in Canada, the Annual Statement on Market Conduct and the joint CCIR/CISRO guidance on the fair treatment of customers.

“I would like to thank Patrick Déry for his tremendous leadership of CCIR and am very honoured to be appointed as the next CCIR Chair. For over 100 years, CCIR has been at the forefront of promoting consistent regulatory approaches across jurisdictions. During a time of innovation and rapid change, I look forward to continuing to work collaboratively with CCIR members and the industry to enable modernization while maintaining fair treatment of customers and public confidence in the insurance sector,” said Frank Chong.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

1 attachment.

***Agenda Item 4(c)(iii)
September 22/20 EOC Meeting***

From: Tony Toy <Tony.Toy@fsrao.ca>
Sent: September-10-20 3:51 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: Keith Martin <Keith.Martin@cafii.com>; CCIR-CCRA <ccir-ccra@fsrao.ca>
Subject: CCIR Executive Announcement

Confidential

Dear Mr. Wycks,

As a key stakeholder of the Canadian Council of Insurance Regulators (CCIR), we are writing to inform you that Patrick Déry has stepped down from his position as CCIR Chair. As you are aware, Mr. Déry oversaw the development and implementation of strategic initiatives including, the Framework for Cooperative Market Conduct Supervision in Canada, the Annual Statement on Market Conduct and the joint CCIR/CISRO guidance on the fair treatment of customers.

We will be announcing the appointment of Frank Chong as the new Chair of the CCIR. As Vice President and Deputy Superintendent, Regulation, with the BC Financial Services Authority, Mr. Chong is a seasoned leader and regulatory executive, bringing over 20 years of financial services sector experience to the role. Mr. Chong has also served as a CCIR Vice Chair.

As a public announcement of Mr. Chong's appointment is being issued later today, we would ask that this notice be treated as confidential until that time. If you would like to reach out to Mr. Chong, he would be happy to receive your call.

CCIR Secretariat

TORONTO, Sept. 10, 2020 /CNW/ - CCIR Executive Announcement

The Canadian Council of Insurance Regulators (CCIR) is pleased to announce the appointment of Frank Chong as CCIR Chair.

As Vice-President and Deputy Superintendent, Regulation, with the BC Financial Services Authority, Mr. Chong is a seasoned leader and regulatory executive, bringing over 20 years of financial services sector experience to the role. Mr. Chong has also served as a CCIR Vice Chair.

The CCIR also wishes to acknowledge the significant leadership of the outgoing chair, Patrick Déry. Over the past five years, Mr. Déry oversaw the development and implementation of strategic initiatives including, the Framework for Cooperative Market Conduct Supervision in Canada, the Annual Statement on Market Conduct and the joint CCIR/CISRO guidance on the fair treatment of customers.

"I would like to thank Patrick Déry for his tremendous leadership of CCIR and am very honoured to be appointed as the next CCIR Chair. For over 100 years, CCIR has been at the forefront of promoting consistent regulatory approaches across jurisdictions. During a time of innovation and rapid change, I look forward to continuing to work collaboratively with CCIR members and the industry to enable modernization while maintaining fair treatment of customers and public confidence in the insurance sector," said Frank Chong.

About CCIR

The Canadian Council of Insurance Regulators (CCIR) is an inter-jurisdictional association of insurance regulators. The mandate of the CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. We work together to develop solutions to common regulatory issues.

Current strategic priorities and initiatives of the CCIR are outlined in the CCIR 2020-23 Strategic Plan.

SOURCE Canadian Council of Insurance Regulators (CCIR)

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 4d Travel Medical Insurance Experts Working Group

Purpose of this Agenda Item – Update

This is an update on the activities of the Travel Medical Insurance Experts Working Group.

Background Information

None.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 4ei

Networking & Events: Upcoming September 29/20 Webinar On *COVID-19's Impact Upon Insurance*

Policy and Regulation: Now And Post-Pandemic

Purpose of this Agenda Item – Update

This is an update about an upcoming CAFII webinar.

Background Information

COVID-19's Impact On Insurance Policy and Regulation Now And Post-Pandemic
Tuesday, September 29, 2020
from 12:00 to 1:00 pm EDT
via Zoom Webinar

This webinar will feature a CAFII-moderated panel discussion with Superintendent of Insurance officials from Alberta, Saskatchewan, and Manitoba:

Sherri Wilson

Assistant Deputy Minister of Financial Sector
Regulation and Policy, and Superintendent of
Insurance, Alberta
(For capsule biography, [click here](#))



Janette Seibel

Director of the Insurance and Real Estate
Division (IRED), Financial and Consumer
Affairs Authority (FCAA), Saskatchewan
(For capsule biography, [click here](#))



Scott Moore

Superintendent of Financial Institutions,
Financial Institutions Regulation Branch (FIRB),
Manitoba
(For capsule biography, [click here](#))



Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 4eii

Networking & Events: Plans For Repurposed CAFII 2020 Annual Members' Luncheon As October 21/20 Webinar, With FCAC Deputy Commissioner Frank Lofranco As Guest Speaker/Presenter

Purpose of this Agenda Item – Update

This is an update about an upcoming CAFII webinar to replace the originally in-person Annual Members' Luncheon.

Background Information

Due to the pandemic, the Annual Members' Luncheon was postponed. FCAC Commissioner Judith Robertson has also subsequently told us that FCAC Deputy Commissioner Frank Lofranco will be the surrogate FCAC staff executive who will be presenting to the CAFII member audience, on her behalf.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 5a

**September 14/20 CAFII Get Acquainted and Dialogue Virtual Meeting With Frank Lofranco, FCAC
Deputy Commissioner, Supervision and Enforcement, and FCAC Staff Executive Colleagues**

Purpose of this Agenda Item – Update

This is an update about a 14 September, 2020 CAFII get acquainted and dialogue virtual meeting with Frank Lofranco and three of his FCAC Supervision and Enforcement staff executives.

Background Information

Approximately 30 CAFII members attended this session with Frank Lofranco and three of his FCAC colleagues, which included a detailed presentation by CAFII on “Credit Protection Insurance Offered by CAFII members; Sales Practices; and Related Fair Treatment of Customers Considerations.”

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(a)
September 22/20 EOC Meeting

September 14/20, CAFII held a Get Acquainted and Dialogue Meeting with Frank Lofranco, FCAC Deputy Commissioner, Supervision and Enforcement; and FCAC Staff Executive Colleagues

On 14 September, 2020, CAFII held a Get Acquainted and Dialogue Meeting with recently appointed FCAC Deputy Commissioner Frank Lofranco and three FCAC staff executive colleagues: Brad Schnarr, Manager, Supervision and Enforcement; Stephen Wild, Senior Research & Policy Officer; and Thierry Plante, Senior Consumer Education Officer (focused on financial literacy).

This 90-minute virtual meeting was well-attended by approximately 30 CAFII member representatives. A key, CAFII-relevant insight gained from this meeting is that Stephen Wild, Senior Research & Policy Officer, who reports to Brad Schnarr, Manager, Supervision and Enforcement, who in turn reports to Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, will be the lead on drafting the “appropriateness provision/test” for financial products which is embedded within the Financial Consumer Protection Framework (FCPF) section of Bill C-86 which received Royal Assent in December 2018.

That drafting/development work will be completed over the next six to eight months. Part of the FCAC’s process will involve determining which financial products the appropriateness provision/test should apply to, including whether or not Authorized Insurance Products (credit protection insurance and travel insurance) offered by federally regulated financial institutions should be covered.

The FCAC’s critical path for the development and finalization of the appropriateness provision/test includes a pre-consultation with a sounding board/test group in late Fall 2020 or early Winter 2021, followed by a full public consultation on a draft of appropriateness provision/test.

Other key insights gained in the meeting were:

- there are three pillars or streams of responsibility which fall under Frank Lofranco as FCAC Deputy Commissioner, Supervision and Enforcement: Regulatory Guidance & Co-ordination; Supervision (which the FCAC is being more proactive about, given increased powers and resources); and Enforcement (when breaches do occur).
- as Deputy Commissioner, Supervision and Enforcement, Frank Lofranco is effectively the FCAC’s second-in-command (2IC). However, Commissioner Judith Robertson is putting in place a new management team at the Agency, which will include the appointment of a Deputy Commissioner, Consumer Education (with a focus on financial literacy) in the near future.
- Commissioner Robertson has made the decision that the FCAC will have an official Toronto office presence; and after the COVID-19 pandemic when this plan is officially announced and comes to fruition, Deputy Commissioner Frank Lofranco will head up and work out of that FCAC satellite office in Toronto, where he is currently located.
- implementation of the FCPF falls under Brad Schnarr as Manager, Supervision and Enforcement.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 5bi

CAFII Board Member Proposal Related To FCAC's Upcoming "Appropriateness Test" (Related To Product Suitability): Interim Update From FCAC On Development of "Appropriateness Provision"

Purpose of this Agenda Item – Update

This is an update about an "appropriateness test" which is embedded in the federal Bill C-86 Financial Consumer Protection Framework (FPCF) legislation; and which the FCAC will be requiring FRFI regulated entities to meet/use.

Background Information

Brendan Wycks has learned that FCAC's Brad Schnarr (Manager, Supervision and Enforcement Branch) will oversee the work of FCAC counterpart Stephen Wild (Regulatory Guidance and Supervisory Coordination) who will lead an effort on developing an appropriateness test for FIs over the next six to eight months. At this time the FCAC has not determined, with certainty, whether or not the appropriateness test will apply to credit protection insurance products.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting, 22 September, 2020—Agenda Item 5bii
CAFII Board Member Proposal Related To FCAC's Upcoming "Appropriateness Test" (Related To
Product Suitability): Work Being Done Within CAFII Member Companies To Prepare For FCAC
Appropriateness Test/Provision**

Purpose of this Agenda Item – Update

This is an update about an "appropriateness test" that FCAC will be developing for financial products and requiring regulated entities to meet/use with respect to consumers.

Background Information

At the 25 August, 2020 EOC meeting, EOC members were asked to determine what work has been done within their organizations on an FCAC appropriateness test, and to share that information with CAFII's Co-Executive Directors and/or during the next EOC meeting on 22 September, 2020.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 5c
Briefing Document Being Developed For CAFII Board and EOC Members On Federal Consumer
Protection Framework (Bill C-86) And Quebec Bills 64 and 53

Purpose of this Agenda Item – Update

There are some recent federal and Quebec-specific legislative and regulatory changes that may have an impact on CAFII members.

Background Information

Board Chair Chris Lobbezoo has asked CAFII management to prepare a briefing document on some emerging federal and Quebec-specific legislative and regulatory developments.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 25 August, 2020—Agenda Item 5d

AMF Response To CAFII “Creative Solutions” Submission To AMF On Degree To Which Industry Can Meet Its Requirements Around RADM’s Applicability To Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – Update/Discussion

This is an update about CAFII’s submission to the AMF on “creative solutions” for industry to meet requirements around the RADM’s applicability to credit card-embedded insurance benefits.

Background Information

CAFII submitted its letter to the AMF on 7 July, 2020 and we are still awaiting a response.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 5e CCIR/CISRO FTC Working Group Response To CAFII Letter Responding To Its Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models

Purpose of this Agenda Item – Update/Discussion

This is an update on the CCIR/CISRO FTC Working Group's response to CAFII's letter of 2 July, 2020.

Background Information

CAFII members have serious concerns around an Association-level submission on members' incentives and compensation models. It was felt by the Board that this would be difficult information to gather, and was confidential.

CAFII, as a result, submitted a letter on 2 July, 2020 informing the CCIR/CISRO FTC Working Group that if it wanted to obtain this information, it should do so by reaching out individually to CAFII members.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

1 attachment.

***Agenda Item 5(e)
September 22/20 EOC Meeting***

From: Tony Toy <Tony.Toy@fsrao.ca>
Sent: August-31-20 11:36 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: 'Ron Fullan' <Ron.Fullan@skcouncil.sk.ca>; Louise Gauthier <louise.gauthier@lautorite.qc.ca>
Subject: CCIR FTCWG and CAFII Meeting - Sept 2 - Cancellation

Hi Brendan,

As per our telephone conversation this morning, CCIR/CISRO and CAFII do not need to meet this Wednesday, September 2 regarding the fair treatment of customers and incentives. As per CAFII's July 2 response letter, CCIR and CISRO will likely reach out to individual CAFII members to talk about incentive programs within their organization. We will reach out to CAFII for member contact information once we finalize our list.

Thank you.

Tony Toy
Policy Manager
Canadian Council of Insurance Regulators
National Regulatory Coordination Branch
Financial Services Regulatory Authority (FSRA)
T: 416.590.7257
C: 437.990.8475
E: Tony.Toy@fsrao.ca
www.fsrao.ca

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 5f CAFII Quarterly CPI Benchmarking Study With RSM Canada

Purpose of this Agenda Item – Update/Discussion

This is an update on CAFII's quarterly benchmarking study with RSM Canada.

Background Information

CAFII's quarterly benchmarking studies are now being produced on a timely basis and data for the third quarter study is currently being collected by RSM Canada.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(f)
September 22/20 EOC Meeting

From: Wong, Jamie <jamie.wong@rsmcanada.com>
Sent: September-15-20 11:21 AM
Cc: Haymes, Matthew <matthew.haymes@rsmcanada.com>; Cohen, Joel <joel.cohen@rsmcanada.com>; Zhao, Erica <Erica.Zhao@rsmcanada.com>; Keith Martin <Keith.Martin@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>
Subject: Q3 CAFII Penetration Benchmarking Study

Good morning everyone,

This e-mail is to let you know that you will soon receive a secured e-mail through our SFTP server that includes the completed Q3 CAFII Penetration Benchmarking Study.

As a reminder, for security reasons, we will require you to re-create and verify your account on the SFTP each quarter going forward in order to send and receive files.

Thank you for your help throughout this process and please let us know if you have any issues downloading the reports.

Regards,

Jamie Wong, ASA, ACIA
Supervisor, Actuarial Services

RSM Canada
11 King St. W., Suite 700, Box 27, Toronto, Ontario, Canada, M5H 4C7
D: 647.727.3633 **F:** 416.480.2646 | **E:** jamie.wong@rsmcanada.com | **W:** www.rsmcanada.com

Briefing Note

**CAFII EOC Meeting, 22 September, 2020—Agenda Item 5gi
Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance:
CAFII/Industry Position On COVID-19-Driven Trip Cancellation Travel Insurance Claims Where
Insured/Claimant Has Received A Travel Voucher**

Purpose of this Agenda Item – Update/Discussion

This is an update, with an opportunity for discussion, on the issue of trip cancellation travel insurance claims where the claimant has already received a travel voucher from an airline, travel agency, or other travel services provider.

Background Information

There have been media stories about trip cancellation claims being denied where the claimant has received a travel voucher. If these claims were paid out, the claimant would be able to “double dip” as they would receive both a claims payout, and would be able to use the voucher as well.

This matter will be discussed at the 1 October, 2020 next meeting of the CAFII COVID-19 Directors and Designates Information Sharing Group; and the EOC’s discussion of it will help to inform that discussion.

Recommendation / Direction Sought – Update Only

Comments and feedback from EOC members is being sought.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(g)(i)
September 22/20 EOC Meeting

English Translation of Original French Industry Trade Press Article On COVID-19-Driven Trip Cancellation Travel Insurance Claims Where Insured/Claimant Has Also Received An Airline Or Other Travel Services Provider Voucher; Followed By The Original French Article

TRAVEL CREDITS FINANCE AIRLINES

The Quebec government's inertia has allowed the travel industry to decide the rules of the game on travel insurance reimbursements.

Headaches were experienced by travelers last spring. Billions of dollars are at stake and everyone in the travel industry is successfully shirking their obligations. Many Canadians do not want travel credits, and all it takes is political will for consumers to get their money back. The bill shows how the consumer is held hostage.

Much disappointed, forestry entrepreneur Mélanie Lampron did not leave for the Dominican Republic on April 18. After months of preparation, she was due to go and get married, taking 17 of her relatives with her. Total bill: almost \$ 30,000. As compensation, Air Transat offered them a travel credit, valid for two years, which does not suit them at all. The battle began.

*There are people in the group who had never traveled, they were just coming for the wedding. [...] There were four people who were alone. What do you want to do with travel credit alone? It's not something interesting. People really needed their money. There are people in the group who have lost their jobs since the news of the COVID crisis: **Mélanie Lampron***

Ms. Lampron has spent hours trying to get reimbursed. Formal notice, appeal to her elected representatives, to her city, to the Consumer Protection Office ... Her efforts led to several findings. The first: Articles 1693 and 1694 of the Civil Code of Quebec prove her right.

The law is on the side of travelers

Louis Jolin is a lawyer, and an associate professor in tourism law at UQAM. He claims that both the Civil Code and the Consumer Protection Act provide for reimbursement. The client has done business with the travel agency, she has not done business with the other suppliers. She has done business with the travel agency, so she expects the travel agency to provide the service or offer a refund. If the travel agency is not in a position to provide the service, the travel agency must provide a refund.

Mélanie Lampron's travel agency categorically refuses to reimburse her in cash. The problem? Carriers, insurers, credit card issuers, and travel agencies have established that reimbursement with travel credit - not cash - is a valid reimbursement.

The weakness of the Travelers Charter

Mélanie Lampron's second observation shocked her: the pandemic uncovered a loophole in the Travelers' Charter.

Nothing in the Charter, however recent, obliges airlines to reimburse their customers in cash in cases of force majeure. This breach of the Charter allowed carriers to decide to offer travel credits.

The director of the International Observatory of Aeronautics and Civil Aviation, Mehran Ebrahimi, points out that the Canadian Transportation Agency, which has the mandate to enforce the Charter and which receives complaints from travelers, had not foreseen the situation.

Behind the scenes of non-reimbursement to travelers

*Surprisingly, the CTA advised passengers last March that it is appropriate for an airline to offer travel credit in today's environment, as its economic viability is threatened. When the regulator comes up with this kind of argument, there is a very obvious bias in favour of the airlines. While the role of the CTA is to ensure safety conditions and ensure the rights of passengers, once again, the tradition of powerful airline lobbies, including our national carrier, weighed heavily. The transport bureau has forgotten its main mandate, and that is shameful: **Mehran Ebrahimi, Director of the International Observatory of Aeronautics and Civil Aviation***

The reimbursement in credit, not in cash, is of great benefit to carriers. According to Louis Jolin, there is no doubt that travelers' money is funding the airline industry today. Of course, airlines finance themselves a lot with consumers' money, unlike travel agencies, which are required, especially those in Quebec, to put money first in a trust account. The airlines don't, so they fund themselves with it. They use this money for their daily activities.

In fact, it is for this reason that elsewhere in the world, whether in the United States or in Europe, governments have forced airlines to reimburse their customers in cash. They are really in a breach of contract which has serious consequences. This is something that must be addressed very quickly.

Moreover, the logic that the American government and the European Commission chose very early on was to say: we understand the difficult situation of airlines, but it is not for passengers to finance.

This is why in Europe, in North America, all over the world, governments have overwhelmingly supported the airlines so that it is the state that helps the airline which, at the same time, reimburses its passengers: Mehran Ebrahimi, Director of the International Observatory of Aeronautics and Civil Aviation

An unlikely chargeback

Faced with the refusals of airlines, many travelers then turned to their insurer, or like Mélanie Lampron, to their credit card issuer, to request a refund.

Third observation: it will be difficult.

*Air Transat mistakenly emailed someone in our group, who is a former travel agent, mentioning that they would do anything to help them block our chargeback requests. Then, in that email, they asked to pass on their confidential communications with their customers in order to help them block our chargeback requests: **Mélanie Lampron, Air Transat customer***

We have obtained Air Transat's email from various sources. We have also received emails from Air Canada and Sunwing from another source stating that chargeback requests will be systematically denied.

Here is an excerpt from Air Transat's email that is reassuring for travel agents:

We actively seek the collaboration of financial institutions, credit card companies and government authorities at various levels for the benefit of our industry. We will strongly dispute any chargeback dispute resulting from Covid-19.

The email goes further: If a Covid-19 chargeback is allocated to the customer by their credit card issuer, [...] we will have to call back the commission.

In this regard, Air Transat replied: We do not believe we should, in this situation of force majeure, totally beyond our control, issue a full refund for trips that could not be made.

Air Canada tells us: Our travel credits no longer have an expiration date, are fully transferable and retaining

And the Canadian Life and Health Insurance Association states that when the travel provider cancels the trip and offers reimbursement through a travel credit that is 100% of the cost of the service, claims made to insurers are not be eligible and will be refused.

Government assistance to help consumers

According to Mehran Ebrahimi, carriers have taken consumers' money hostage, pending a possible federal bailout.

Air Canada has to compete with companies that have been force-fed billions of dollars by their governments. I absolutely do not accept the fact that Air Canada does not reimburse passengers. For me, it's a hostage-taking, and taking the passenger as a provider of capital, when that is not his role.

Ebrahimi wonders how Air Canada will be able to compete with Air France or American Airlines, which have received billions in bailout dollars. It is obvious that the Canadian air transportation industry is not at the same level as its competitors, which may partly explain the harshness of air carriers with their customers. The only nation among the OECD countries that has not gone in this direction is Canada, Ebrahimi said.

Government assistance received since the start of the pandemic:

In Canadian dollars

- Air France: 10.6 billion
- Lufthansa: 13.9 billion
- Emirates: 2.6 billion
- American Airlines: 7.5 billion
- Delta: 7 billion

* The 6 major airlines in the United States have collectively received a total envelope of 25 billion US dollars.

A paradoxical proposition, because the major Canadian air carriers have enough influence on the federal government, in particular with the CTA which has taken a position in their favour, but not enough for it to support the industry monetarily.

Industry relies on FICAV to reimburse travelers

The Quebec Compensation Fund for Customers of Travel Agents (FICAV) has received 35,000 claims due to COVID-19 trip cancellations. No request has been honored to date.

According to Louis Jolin, the Fund could reimburse consumers and then use its power of subrogation.

"I think the FICAV must intervene as quickly as possible. [...] After that, the FICAV can sue the airlines.," said Jolin.

Quebec may have a solution

In a parliamentary committee meeting in August, the new Quebec Minister of Justice of Quebec, Simon Jolin-Barrette, affirmed: to prevent the Fund from being used to meet the obligations of air carriers, of travel agents, of financial institutions that offer insurance, because they are not paying what they have to pay, I think that the solution is to make sure that each party pays its share. And that it is not Quebec consumers through the FICAV who should have to reimburse.

Win at arm's length

A happy ending last month for Mélanie Lampron. She married and was reimbursed by her financial institution ... after threatening to close her accounts.

However, the struggle is not over for those close to her. Consequently, in the absence of a comprehensive solution, each customer must fight individually to be reimbursed. She also called on the federal government to take leadership on this issue.

Les Crédits Voyage Financent Les Compagnies Aériennes

L'immobilisme du gouvernement a permis à l'industrie du voyage de décider des règles du jeu sur les remboursements aux voyageurs.

Des maux de tête, il y en a eu chez les voyageurs au printemps dernier. Des milliards de dollars sont en jeu et tous les acteurs de l'industrie du voyage réussissent à se défiler de leurs obligations. Beaucoup de Canadiens ne veulent pas de crédit voyage, et il suffirait d'une volonté politique pour que les consommateurs retrouvent leur argent. *La facture* a constaté à quel point le consommateur est pris en otage.

Bien déçue, l'entrepreneure dans le domaine forestier Mélanie Lampron n'est pas partie en République dominicaine le 18 avril dernier. Après des mois de préparation, elle devait aller se marier, emmenant avec elle 17 de ses proches. Facture totale : près de 30 000 \$. En guise de compensation, Air Transat leur a offert un crédit voyage, valide pour deux ans, qui ne leur convient pas du tout. La bataille commence.

Il y a des gens dans le groupe qui n'avaient jamais voyagé, ils venaient simplement pour le mariage. [...] Il y avait quatre personnes qui étaient seules. Qu'est-ce que tu veux faire avec un crédit voyage seul? Ce n'est pas quelque chose d'intéressant. Les gens avaient vraiment besoin de leurs sous. Il y a des gens dans le groupe qui ont perdu leur emploi depuis l'annonce de la crise du COVID.

Mélanie Lampron, cliente d'Air Transat

Mélanie Lampron a passé des heures à essayer de se faire rembourser. Mise en demeure, appel à ses députés, à sa ville, à l'Office de la protection du consommateur... Ses démarches l'ont menée à plusieurs constatations. La première : les articles 1693 et 1694 du Code civil du Québec lui donnent raison.

La loi est du côté des voyageurs

Louis Jolin est juriste, professeur associé en droit du tourisme à l'UQAM. Il affirme qu'autant le Code civil que la Loi sur la protection du consommateur prévoient le remboursement. Le client a fait affaire avec l'agent de voyages, il n'a pas fait affaire avec les autres fournisseurs, il a fait affaire avec l'agent de voyages, donc il s'attend à ce que l'agent de voyages soit le rembourser ou offre le service. S'il n'est pas en mesure d'offrir le service, que l'agence de voyages rembourse.

L'agence de voyages de Mélanie Lampron a refusé catégoriquement de la rembourser en argent. Le problème? Les transporteurs, les assureurs, les émetteurs de carte de crédit et les agences de voyages ont établi que le remboursement par un crédit voyage – et non en argent – est un remboursement valable.

La faiblesse de la Charte des voyageurs

La deuxième constatation de Mélanie Lampron l'a choquée : la pandémie a permis de découvrir une faille dans la Charte des voyageurs.

Rien dans la Charte, aussi récente soit-elle, n'oblige les compagnies aériennes à rembourser en argent leurs clients en cas de force majeure. Cette brèche de la Charte a permis aux transporteurs de décider d'offrir des crédits voyage.

Le directeur de l'Observatoire international de l'aéronautique et de l'aviation civile, Mehran Ebrahimi, souligne que l'Office des transports du Canada (OTC), qui a le mandat de faire respecter la Charte et qui reçoit les plaintes des voyageurs, n'avait pas prévu la situation.

Les coulisses du non-remboursement aux voyageurs

Fait surprenant, l'OTC a avisé les passagers en mars dernier qu'il est convenable qu'une compagnie aérienne offre un crédit voyage dans le contexte actuel, puisque sa viabilité économique est menacée.

Quand l'agent régulateur arrive avec ce genre d'argument, il y a un parti pris très évident en faveur des compagnies aériennes. Alors que le rôle du bureau transport [OTC], c'est d'assurer des conditions de sécurité et d'assurer les droits des passagers. Encore une fois, la tradition de lobbies puissants des compagnies aériennes, notamment notre compagnie nationale, a pesé. Le bureau de transport a oublié son mandat principal, et ce, même si c'est honteux.

Mehran Ebrahimi, directeur de l'Observatoire international de l'aéronautique et de l'aviation civile

Un mois plus tard, l'OTC a publié un second communiqué nuanciant la position énoncée dans le premier communiqué, précisant que son premier message n'était pas exécutoire, que les passagers peuvent refuser le crédit et demander un remboursement.

Ce second message aux allures de rétractations n'a pas fait autant de bruit. Transporteurs et agents de voyages ont martelé le premier message pour convaincre leurs clients d'accepter les crédits voyage.

Cela n'a pas échappé à Mélanie Lampron : Mon agent de voyages m'a envoyé un ultimatum pour que j'accepte le crédit. Elle m'a écrit : "Voici le lien où l'OTC donne sa décision finale pour vous dire que vous devez accepter le crédit voyage et que c'est ça la solution".

Un lobby puissant

Pour l'expert Mehran Ebrahimi, c'est aussi une affaire de lobby. Air Canada a toujours eu un lobby très puissant au niveau du gouvernement fédéral. Ce qu'Air Canada veut, le gouvernement fédéral veut.

Il dénonce par le fait même la culture d'Air Canada, et cette culture a un impact sur le service à la clientèle : On s'en fout. On est les seuls. On détermine comment ça doit fonctionner.

Les consommateurs au secours des compagnies aériennes

Le remboursement en crédit, et non en argent, avantage considérablement les transporteurs. Selon Louis Jolin, il ne fait aucun doute que l'argent des voyageurs finance l'industrie aérienne présentement. C'est sûr que les compagnies aériennes se financent beaucoup avec l'argent des consommateurs, contrairement aux agences de voyages qui sont tenues, surtout celles du Québec, à mettre de l'argent dans un premier temps dans un compte en fiducie. Les compagnies aériennes ne le font pas, donc elles se financent avec ça. Elles utilisent cet argent pour leurs activités quotidiennes.

D'ailleurs, c'est pour cette raison qu'ailleurs dans le monde, que ce soit aux États-Unis ou en Europe, les gouvernements ont obligé les compagnies aériennes à rembourser leurs clients en argent.

On est vraiment dans une rupture de contrat qui est grave de conséquences. C'est quelque chose qu'il faut contrer très rapidement. D'ailleurs, la logique que le gouvernement américain et la Commission européenne ont choisie très tôt, c'était de dire : on comprend la situation difficile des compagnies aériennes, mais ce n'est pas aux passagers de financer. C'est pour cela qu'en Europe, en Amérique du Nord, un peu partout à travers le monde, les gouvernements ont très massivement supporté les compagnies aériennes pour que ce soit l'État qui aide la compagnie aérienne qui, par la même occasion, rembourse ses passagers.

Mehran Ebrahimi, directeur de l'Observatoire international de l'aéronautique et de l'aviation civile

Une rétrofacturation peu probable

Devant les refus des compagnies aériennes, beaucoup de voyageurs se sont alors tournés vers leur assureur, ou comme Mélanie Lampron, vers leur émetteur de carte de crédit, pour demander un remboursement. Troisième constat : ce sera difficile.

Air Transat a envoyé un courriel à quelqu'un de notre groupe par erreur, qui est une ancienne agente de voyages, mentionnant qu'ils allaient tout faire pour les aider à bloquer nos demandes de rétrofacturation. Puis, ils demandaient dans ce courriel de transmettre leurs communications confidentielles avec leurs clients dans le but de les aider à bloquer nos demandes de rétrofacturation.

Mélanie Lampron, cliente d'Air Transat

La facture a obtenu, de différentes sources, le courriel d'Air Transat. Nous avons aussi reçu d'une autre source des courriels d'Air Canada et de Sunwing qui affirment que les demandes de rétrofacturation seront systématiquement refusées. Voici un extrait du courriel d'Air Transat qui se veut rassurant à l'égard des agents de voyages:

Nous sollicitons activement la collaboration des institutions financières, compagnies de cartes de crédit et des autorités gouvernementales à différents niveaux pour le bénéfice de notre industrie. Nous contesterons vivement tout litige de chargeback résultant de la Covid-19.

Le courriel va plus loin : Si un *chargeback* [rétrofacturation] Covid-19 est alloué au client par son émetteur de carte de crédit, [...] nous devons rappeler la commission.

À ce sujet, Air Transat nous a répondu : Nous ne pensons pas devoir, dans cette situation de force majeure, totalement en dehors de notre contrôle, procéder à un remboursement complet pour les voyages qui n'ont pu être effectués.

Air Canada quant à elle nous dit : Nos crédits de voyage n'ont plus de date d'expiration, sont entièrement transférables et permettent de conserver toute valeur résiduelle. À chaque fois que nous avons fait une mise à jour de notre politique d'annulation, les clients ont été contactés et un crédit de voyage actualisé leur a été envoyé. Sunwing n'a pas répondu à nos demandes.

Et l'Association canadienne des compagnies d'assurances de personnes déclare que lorsque le fournisseur de voyages annule le voyage et offre un remboursement au moyen d'un crédit-voyage qui correspond à 100 % du coût du service, les demandes faites aux assureurs ne seront pas admissibles et seront refusées.

Une aide gouvernementale pour aider les consommateurs

Selon Mehran Ebrahimi, les transporteurs ont pris l'argent des consommateurs en otage, en attendant un éventuel plan de sauvetage du fédéral. Air Canada doit concurrencer avec des compagnies qui ont été gavées de milliards de dollars par leur gouvernement. Je n'accepte absolument pas le fait qu'Air Canada ne rembourse pas les passagers. Pour moi, c'est une prise d'otage, et prendre le passager comme un fournisseur de capitaux, alors que ce n'est pas son rôle.

L'expert se demande comment Air Canada pourra concurrencer Air France ou American Airlines, qui ont touché des milliards de dollars. Il est évident que les transports canadiens ne sont pas au même niveau que leurs concurrents, ce qui peut expliquer en partie la dureté des transporteurs aériens avec leur clientèle. Puisque le seul pays parmi les pays de l'OCDE qui n'est pas allé dans ce sens-là, c'est le Canada, a affirmé Mehran Ebrahimi.

Aides gouvernementales depuis le début de la pandémie :

En dollars canadiens :

- Air France : 10,6 milliards
- Lufthansa : 13,9 milliards
- Emirates : 2,6 milliards
- American Airlines : 7,5 milliards

- Delta : 7 milliards

* Les 6 grandes compagnies aux États-Unis ont bénéficié d'une enveloppe totale de 25 milliards de dollars américains.

Une proposition paradoxale, car les grands transporteurs aériens canadiens ont suffisamment d'influence sur le gouvernement, notamment avec l'Office des transports qui a pris position en leur faveur, mais pas suffisamment pour qu'il soutienne l'industrie monétairement.

L'industrie se fie au FICAV pour rembourser

Financé par les voyageurs, le Fonds d'indemnisation des clients des agents de voyages (FICAV) a reçu 35 000 demandes de remboursement. Aucune demande n'a été honorée à ce jour. D'après Louis Jolin, le Fonds pourrait rembourser et ensuite se servir de son pouvoir de subrogation. Je pense que le FICAV doit intervenir le plus rapidement possible. [...] Après ça, le FICAV, lui, peut poursuivre les compagnies aériennes.

Québec aura peut-être une solution

En commission parlementaire en août dernier, le nouveau ministre de la Justice du Québec, Simon Jolin-Barrette, a affirmé : Pour éviter que le Fonds serve à remplir les obligations des transporteurs aériens, des agents de voyages, des institutions financières qui offrent des assurances, parce qu'ils ne paient pas la part qu'ils ont à payer, je réfléchis à la solution pour m'assurer que chaque partie paie sa part. Et que ce ne soit pas les consommateurs québécois par le biais du FICAV qui remboursent.

Gagner à bout de bras

Dénouement heureux le mois dernier pour Mélanie Lampron. Elle s'est mariée et a été remboursée par son institution financière... après l'avoir menacée de fermer ses comptes. Toutefois, la lutte n'est pas terminée pour ses proches.

Conséquemment, en l'absence de solution globale, chaque client doit se battre pour être remboursé.

Il a également invité le gouvernement fédéral à avoir du leadership dans ce dossier.

Briefing Note

**CAFII EOC Meeting, 22 September, 2020—Agenda Item 5gii
Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance: Travel
Insurance-Related Comments Made and Actions Proposed by Quebec’s Justice Minister On August
19/20**

Purpose of this Agenda Item – Update/Discussion

This is an update on ill-informed and biased comments with respect to travel insurance which were made by Quebec’s Justice Minister before a National Assembly committee on August 19/20.

Background Information

An update on work being done by CLHIA (ACCAP) in relation to ill-informed and biased comments made by Quebec’s Justice Minister will be shared.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(g)(ii)(1)
September 22/20 EOC Meeting

English Translation of Original CLHIA/ACCCAP Letter in French (see below) sent August 20/20 via email to Members of the Quebec National Assembly Committee on Citizen Relations

Sent by e-mail to: crc@assnat.qc.ca

Subject: Compensation for Quebec consumers when their trip is canceled due to COVID-19

To the members of the Committee on Citizen Relations:

I am writing to you regarding compensation for Quebecers who have seen their trip canceled due to COVID-19, a topic that members of the Commission are rightly interested in.

About ACCAP

ACCAP is an open membership association with member companies holding 99% of the business of life and health insurance policies in-force in Canada. The life and health insurance industry plays an important economic and social role in Quebec. It protects around 7.4 million residents of the province. It pays them more than \$20 billion in benefits per year: 90% of this amount is paid to insureds during their lifetimes (in the form of annuities, disability benefits, supplementary health insurance benefits, etc.) and the remaining 10% is paid to beneficiaries, upon the death of the insureds.

In addition, our industry holds investments in Quebec amounting to nearly \$140 billion. The vast majority of life and health insurance providers in the Canadian market are Canadian companies authorized to carry out activities in Quebec and 15 of them have their head offices here.

Insurers are there for Quebecers

The extraordinary situation of COVID-19 has been a hardship for Quebecers in many respects and the life and health insurance industry has made every effort to support them. For example, we can cite measures put in place to ease the payment of premiums, relaxing rules making it easier to access disability insurance, and services related to mental health that were quickly put in place.

Quebeckers have seen their travel plans delayed or simply canceled due to the government's recommendation to avoid non-essential travel, the closure of borders, and related risks associated with COVID-19.

Fortunately, many Quebecers had trip cancellation insurance in place, whether it was taken out individually or through group insurance. In fact, life and health insurers doing business in Quebec have paid over \$50 million to date in trip cancellation insurance compensation due to COVID-19.

Life and health insurers are present and intend to remain so in these difficult times for Quebecers.

We understand that in certain circumstances, Quebecers face difficulties in obtaining reimbursements for services not rendered from certain suppliers of services: for example when an airline or travel agency decides to issue credits rather than offering a refund.

This unfortunate situation is, however, beyond the control of insurers. We encourage the government to discuss the consequences of this decision with these service providers in order to achieve a solution for consumers.

For more information on this subject, please do not hesitate to contact us.

We will be happy to discuss this situation with you and provide you with more information on the actions taken by our industry.

Please accept, Members of the Committee, my best regards.

Lyne Duhaime,
President, ACCAP Quebec



Lyne Duhaime
Présidente ACCAP-Québec

Transmis par courriel à : crc@assnat.qc.ca

Le 20 août 2020

Commission des relations avec les citoyens

Édifice Pamphile-Le May
1035, rue des Parlementaires
3e étage
Québec (Québec) G1A 1A3

Objet : Indemnisation des consommateurs québécois lors de l'annulation de leur voyage en raison de la COVID-19

Aux membres de la Commission des relations avec les citoyens,

Je vous écris relativement à l'indemnisation des Québécoises et des Québécois qui ont vu leur voyage annulé en raison de la COVID-19, sujet dont les membres de la Commission s'intéressent à juste titre.

À propos de l'ACCAP

L'ACCAP est une association à adhésion libre dont les sociétés membres détiennent 99 % des affaires d'assurances vie et maladie en vigueur au Canada. L'industrie des assurances de personnes joue un rôle important sur les plans économique et social au Québec. Elle protège environ 7,4 millions de résidents du Québec. Elle verse à ces derniers plus de 20 milliards de dollars de prestations par année : 90 % de cette somme sont versés aux assurés de leur vivant (sous forme de rentes, d'indemnités d'invalidité, de prestations d'assurance maladie complémentaire, etc.) et les 10 % restants sont versés aux bénéficiaires, au décès de l'assuré. En outre, notre industrie détient au Québec des investissements s'élevant à près de 140 milliards de dollars. La vaste majorité des fournisseurs d'assurances vie et maladie sur le marché canadien sont habilités à mener des activités au Québec et 15 d'entre eux y ont leur siège social.

Canadian Life and Health Insurance Association
79 Wellington St. West, Suite 2300
P.O. Box 99, TD South Tower
Toronto, Ontario M5K 1G8
416-777-2221 www.clhia.ca

Association canadienne des compagnies d'assurances de personnes
79, rue Wellington Ouest, bureau 2300
CP 99, TD South Tower
Toronto (Ontario) M5K 1G8
416-777-2221 www.accap.ca

Les assureurs sont présents pour les Québécoises et les Québécois

La situation hors du commun de la COVID-19 a été une épreuve pour les Québécoises et les Québécois à plusieurs égards et l'industrie de l'assurance de personnes a déployé tous les efforts possibles afin de les soutenir. À titre d'exemple, nous pouvons nommer les mesures mises en place afin d'alléger le paiement des primes, l'assouplissement des règles rendant l'accès à l'assurance invalidité plus facile ou les services liés à la santé mentale qui ont été rapidement mis en place.

Les Québécoises et les Québécois ont vu leurs plans de voyage retardés ou tout simplement annulés en raison de la recommandation du gouvernement d'éviter tout voyage non essentiel, de la fermeture des frontières et des risques liés à la COVID-19. Heureusement, plusieurs des Québécoises et des Québécois détenaient une assurance annulation de voyage, qu'elle ait été souscrite de manière individuelle ou incluse dans leur assurance collective. Dans les faits, les assureurs de personnes faisant affaires au Québec ont versé à ce jour plus de 50 millions de dollars à titre d'indemnisation en assurance annulation de voyage en raison de la COVID-19. Les assureurs de personnes sont présents et ont l'intention de le demeurer en ces temps difficiles pour les Québécoises et les Québécois.

Nous comprenons que dans certaines circonstances, des Québécoises et des Québécois font face à des difficultés afin d'obtenir des remboursements pour des services non-rendus de certains fournisseurs de services, par exemple lorsque la compagnie aérienne ou l'agence de voyage a décidé d'émettre des crédits plutôt qu'offrir un remboursement. Cette situation malheureuse est cependant hors du contrôle des assureurs. Nous encourageons le gouvernement à discuter des conséquences de cette décision avec ces fournisseurs de services afin de parvenir à une solution pour les consommateurs.

Pour obtenir des renseignements supplémentaires à ce sujet, n'hésitez pas à communiquer avec nous. Nous serons heureux d'échanger avec vous et de vous fournir plus de renseignement sur les actions prises par notre industrie.

Je vous prie d'agréer, membres de la Commission, mes salutations distinguées.



Lyne Duhaime

Présidente, ACCAP-Québec

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 5giii
Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance: Next Meeting of CAFII Directors and Designates COVID-19 Information-Sharing Group: Thursday, October 1/20

Purpose of this Agenda Item – Update/Discussion

This is an update on the next meeting of the CAFII COVID-19 Directors and Designates Information-Sharing Group.

Background Information

The meetings of the CAFII COVID-19 Information-Sharing Group are being held less regularly, and the next meeting on October 1/20 is scheduled for 30 minutes only.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting, 22 September, 2020—Agenda Item 5giv
Impact Of COVID-19 On CAFII Members, Credit Protection Insurance, and Travel Insurance: Insights
Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry**

Purpose of this Agenda Item – Update/Discussion

This is an update on the regular weekly meetings of CAFII, CLHIA, and THIA members on COVID-19 and travel insurance.

Background Information

CLHIA, THIA, and CAFII meet weekly to discuss developments and share notes regarding COVID-19 and the travel insurance industry.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 5h Launch of Saskatchewan RIA Advisory Committee: Next Steps

Purpose of this Agenda Item – Update/Discussion

This is an update on the development of a Saskatchewan RIA Advisory Committee.

Background Information

CAFII and CLHIA have been invited to propose candidates for appointment by the Insurance Councils of Saskatchewan to the initial Saskatchewan RIA Advisory Committee.

CAFII's proposed candidates will be:

Moira Gill, TD Insurance;

Shawna Sykes, CUMIS/The Co-operators; and

Charles MacLean or Penelope Cordogiannis, RBC Insurance.

Recommendation / Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 6a Draft Minutes of August 25/20 EOC Teleconference Meeting

Purpose of this Agenda Item – Approval

This is a request for the EOC to approve the draft minutes of the 25 August, 2020 EOC teleconference meeting.

Background Information

The EOC is asked to approve the 25 August, 2020 EOC teleconference minutes.

Recommendation / Direction Sought – Approval

This is a request for approval.

Attachments Included with this Agenda Item

One attachment.

CAFII Executive Operations Committee Teleconference-Only Meeting

Tuesday, 25 Aug, 2020, 2.00-3.30pm

Minutes

EOC Present: Martin Boyle, BMO Insurance and EOC Chair
Rob Dobbins, Assurant Canada
John Lewsen, BMO Insurance
Sharon Apt, Canada Life Assurance
Ben Gray, CIBC Insurance
Louise Nash, CIBC Insurance
Michelle Costello, CUMIS/The Co-operators
Marie Nadeau, National Bank Insurance
Charles MacLean, RBC Insurance
Karyn Kasperski, RBC Insurance
Vivek Sahni, RBC Insurance
Emily Brown, Sun Life
Andrea Stuska, TD Insurance
Kamana Tripathi, TD Insurance
Pete Thorn, TD Insurance
Tony Pergola, ScotiaLife Financial and CAFII Treasurer (for part)
Aneta Murphy, ScotiaLife Financial
Brad Kuiper, ScotiaLife Financial

Also Present: Brendan Wycks, CAFII Co-Executive Director
Keith Martin, CAFII Co-Executive Director
Albert Lin, CAFII/Managing Matters

1. Call to Order

M. Boyle called the meeting to order at 2:02 pm.

2. Consent Items

The following consent Items that do not require any discussion or decisions were tabled:

- Consultations/Submissions Timetable;
- Regulator and Policy-Maker Visit Plan;
- Summary of Board and EOC Action Items;
- Summary of Survey Results Providing Feedback On July 21/20 CAFII Webinar.

3. Financial Management Matters

3.a. CAFII Financial Statements as at July 31/20

Treasurer T. Pergola indicated that CAFII continues to trend towards a larger than budgeted surplus for the 2020 fiscal year due to lower expenses associated with the COVID-19 pandemic, which have more than offset slightly lower than expected revenue for the year.

3.b. Forecast For CAFII 2020 Fiscal Year as at July 31/20

Treasurer T. Pergola reported that as at July 31, CAFII was now forecasting a surplus of \$57,000 for the 2020 fiscal year, which was a direct result of lower expenses due to reduced activities because of COVID-19.

4. Committee Updates

4.a. Research & Education

4.a.i. Features/Highlights Of Pending New Proposal For CAFII 2020 Consumer Research With Pollara Strategic Insights

R&E Committee Chair A. Stuska provided an update on the status of 2020 CAFII research. Currently, the focus is on a possible consumer survey of the attitudes of consumers before and after COVID-19 on interacting with insurance companies for CPI digitally, as well as their perceptions as to whether their CPI providers had made digital tools more accessible and easier to use. To make this comparison, it was suggested that consumers be surveyed on these issues in two groups, one being those who had obtained CPI before the March 2020 pandemic, the other being those who had obtained CPI after March 2020.

It was noted that because financial institutions needed a bit of time to adjust to the new digital requirements after the March 2020 initial declaration of a pandemic, perhaps the second group should be surveyed from April 2020 on. Keith Martin noted that even if there is other research that is or will be conducted on digitization shifts due to the pandemic, CAFII research on this topic allows us to share this information with regulators, potentially get some media coverage, and add rich content to our website.

It was agreed that an updated research proposal from Pollara, which had just been received, would be reviewed by the R&E Committee and then shared with the full EOC, with a recommendation. Part of the challenge of this research is that Pollara estimates that only 3% of Canadians have obtained CPI since March 2020, so the sample size for that group is very limited.

[Action Item: Share Pollara proposal with a recommendation to the EOC; K. Martin, early September/20.]

4.b. Media Advocacy

4.b.i. Storyboard For CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Disability Insurance

K. Martin reported that the storyboard (the words) for the CAFII website video on credit protection critical illness insurance and disability insurance is now complete, and Operatic Agency (formally RankHigher) is now working on the visuals. A draft of these should be complete in the next few weeks, at which time they will be circulated to the EOC for review and comment.

[Action Item: Share draft visuals for CAFII website video with EOC; K. Martin, September 30/20.]

4.b.ii. CAFII Website Enhancement Prototype To Effect Board Request Re Facilitating Consumers' Filing Of Credit Protection Insurance and Travel Insurance Claims With CAFII Members

K. Martin reported that a new section of the CAFII website on how to make a claim is now largely complete. As soon as some final edits are made, a prototype will be circulated to the Board and copied to the EOC, for final approval, after which it will be published on the website. A link to the new section of the website will be on the COVID-19 information pop-up box that appears when one visits the CAFII website, for the duration of the pandemic. The new section will exist as a permanent feature of the website.

[Action Item: Share final prototype of new claims section of CAFII website with Board and EOC, for approval; K. Martin, early September 30/20.]

4.c. Market Conduct & Licensing

4.c.i. FCNB Informal Consultation On Accident & Sickness Insurance-Related Changes To New Brunswick's Insurance Act

B. Wycks reported that David Weir of FCNB had asked CAFII for its input on some issues related to New Brunswick's revision of its Insurance Act. CAFII has until the end of September to share its views, and B. Wycks will follow up with a critical path with dates for input from Market Conduct & Licensing Committee and EOC members.

[Action Item: Share critical path on New Brunswick consultation with EOC members; B. Wycks, early September 22/20.]

4.cii. FCNB's Planned Next Steps For Introducing An RIA Regime In New Brunswick

B. Wycks updated EOC members on recent developments in the FCNB's intention to introduce a new RIA regime in New Brunswick.

4.d. Travel Medical Insurance Experts

No report at this time.

4.e. Networking & Events

4.e.i. Just-Completed CAFII August 25/20 Webinar On COVID-19's Impact Upon Insurance Policy and Regulation: Now And Post-Pandemic, With A Focus On Insurance Licensing Considerations

EOC members provided positive feedback on the webinar held earlier this day with three senior regulators. It was noted that recordings of both the August 25, 2020 and July 28, 2020 CAFII webinars would be posted on the Association's website. A transcript was also produced of the July 28/20 webinar, and EOC members were asked for their feedback on whether the transcript should be translated into French at a cost of approximately \$2,000, and posted on the website as well. Some concerns expressed that producing a transcript of the proceedings might make regulators in CAFII webinars hesitant to be candid, and further consideration of this idea was suggested before proceeding.

4.e.ii. Plans For Tuesday, September 29/20 CAFII Webinar

B. Wycks provided an update on plans for a third summer 2020 CAFII webinar on 29 September, 2020 with Superintendent of Insurance officials from the three prairie provinces. The three panelists have all confirmed and the final touches are being made to the invitation e-blast.

4.e.iii. Repurposing CAFII 2020 Annual Members' Luncheon Into A Webinar On Wednesday, October 21/20, Based On Response Received From FCAC Commissioner Judith Robertson's Office

B. Wycks reported that the FCAC has informed CAFII that Frank Lofranco, who recently joined FCAC as Deputy Commissioner, Supervision and Enforcement, will be making the Annual Members' Luncheon presentation to the audience of CAFII Member and Associate representatives on 21 October, 2020. This will now be a webinar event, and the final details are currently being arranged.

5. Recent and Upcoming Strategic and Regulatory Initiatives

5.a. CAFII Board Member Proposal Related To FCAC's Upcoming "Appropriateness Test" (Related To Product Suitability)

K. Martin reported that he and B. Wycks recently met with Board Chair C. Lobbezoo and Board Vice-Chair P. Thompson, about a proposal from CAFII Board Member Z. Fuerstenberg that CAFII do some work on the FCAC's intention to develop a new "appropriateness" test for financial products, .

C. Lobbezoo and P. Thompson supported the proposal, and felt that EOC members should initially be asked to canvas their own organizations internally to see what work had been done already, and then share this information with the EOC. EOC members were asked to conduct this effort and share their findings with the EOC and the Co-Executive Directors in the next EOC meeting on September 22/20.

5.b. Opportunity For CAFII To Make A Submission In Response To Competition Bureau of Canada's Consultation On "Competitor Collaboration Guidelines"

B. Wycks reported that the Competition Bureau of Canada was currently conducting a stakeholder consultation on new guidelines around competitor collaboration. EOC feedback was that this was out-of-scope for CAFII and the Association should not make a submission.

5.c. Opportunity For CAFII To Make A Submission In Response To Ontario Government Consultation To Improve And Enhance Province's Privacy Protection Laws

B. Wycks reported that the Ontario Government was currently conducting a public consultation on the province's privacy law. EOC feedback was that we should see what CLHIA was planning to submit, and that CAFII should only make a submission if it had something substantive to contribute. It was suggested that if a submission was made, the importance of harmonized standards across provinces would be an important point to make.

5.d. AMF Response To CAFII "Creative Solutions" Submission To AMF On Degree To Which Industry Can Meet Its Requirements Around RADM's Application To Credit Card-Embedded Insurance Benefits

B. Wycks reported that no response had been received from the AMF to date on CAFII's submission on this matter.

5.e. Release Of Q2 Report From CAFII Quarterly CPI Benchmarking Study With RSM Canada; and Launch of Q3 Report Data Gathering

K. Martin reported that there were some delays in the initial launch of the CAFII quarterly benchmarking study with RSM Canada, mostly around data collection and processes, but these have now been ironed out and going forward the quarterly reports will be produced on a timely basis.

5.f. CCIR/CISRO FTC Working Group Response TO CAFII Letter Responding To Its Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models

B. Wycks reported that no response has been received to date from the CCIR/CISRO FTC Working Group on CAFII's July 2/20 letter submission, which indicated that if the FTC Working Group wishes to receive information about incentives and compensation models being used in-market by CAFII CAFII FI distributors of insurance, it should do so by reaching out individually and directly to those members.

5.g. CAFII Summer 2020 Virtual Meeting With CCIR/CISRO FTC Working Group: Wednesday, September 2/20, 2:00 to 3:00 p.m. EDT

B. Wycks noted that a meeting had been set up with the CCIR/CISRO FTC Working Group for Wednesday, 2 September, 2020 and an agenda would be circulated to EOC members prior to the meeting.

[Action Item: Circulate an Agenda for the meeting to EOC members; B. Wycks, prior to September 2/20.]

5.h. Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance

5.h.i. Travel Insurance-Related Comments Made and Actions Proposed by Quebec's Justice Minister On August 19/20

B. Wycks reported that that Quebec's Justice Minister Monsieur Jolin-Barrette had made some negative, ill-informed comments about the travel insurance industry before a National Assembly committee on August 19/20, and an EOC discussion ensued as to whether CAFII should respond. It was noted that the CLHIA's Quebec division, ACCAP, was engaged on this issue and was planning to send a letter to the Minister. CAFII will follow-up with ACCAP and then consider what further action, if any, to take.

[Action Item: Obtain ACCAP's submission to the Quebec Justice Minister; B. Wycks, August 31/20.]

5.h.ii. Highlights Of August 20/20 Meeting Of CAFII Directors and Designates COVID-19 Information-Sharing Group

K. Martin reported that while members of the CAFII COVID-19 Directors and Designates COVID-19 Information-Sharing Group are still finding the meetings valuable, it was felt that they did not need to be held as frequently. It was agreed that a further 30-minute meeting would be held six weeks out from the most recent August 20/20 meeting, as opposed to a monthly frequency.

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

B. Wycks reported that among the highlights of the most recent weekly meetings of CAFII, CLHIA, and THIA on COVID-19's impact upon the travel insurance industry was information from Global Affairs Canada that the Canada-U.S. border will not be re-opened within the foreseeable future. Global Affairs Canada has also indicated that it will not bow to pressure to limit or loosen its travel advisories.

5.i. Scheduling Of CAFII Get-Acquainted-And-Dialogue Meeting With Frank Lofranco, FCAC Deputy Commissioner, Supervision and Enforcement

B. Wycks reported that CAFII is engaged in discussions with FCAC officials about a get-acquainted and dialogue meeting with Frank Lofranco, FCAC's recently Deputy Commissioner, Supervision and Enforcement. When a date and time for the meeting is finalized, CAFII Board and EOC members will be invited to join the meeting.

[Action Item: Invite Board and EOC Members to the get-acquainted and dialogue meeting with FCAC Deputy Commissioner Frank Lofranco; B. Wycks, September 15/20.]

5.j. Launch of Saskatchewan RIA Advisory Committee: Next Steps Emanating From Recent CAFII Meetings With CLHIA

B. Wycks reported that CAFII and CLHIA are now moving forward with developing lists of proposed nominees for appointment by the Insurance Councils of Saskatchewan to the initial Saskatchewan RIA Advisory Committee.

6. Governance Matters

6.a. Draft Minutes of July 21/20 EOC Teleconference Meeting

The draft minutes of the 21 July/20 EOC teleconference meeting were approved.

7. Other Business

7.a. EOC Feedback on CAFII "Weekly Digests"

Deferred to EOC's next meeting on September 22/20.

8. Adjournment

The meeting was adjourned at 3:30 p.m.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 6b Plans for October 15/20 CAFII Board Meeting and Immediately Preceding “Industry Issues Dialogue” With AMF Staff Executives

Purpose of this Agenda Item – Update

This is an update on the approach planned for the 15 October, 2020 CAFII Industry Issues Dialogue with AMF staff executives; which will be immediately followed by a CAFII Board meeting.

Background Information

CAFII intended to meet with AMF officials in-person in Quebec City on 15 October, 2020 but COVID-19 restrictions will prevent that. The meeting will instead be a virtual meeting.

Recommendation / Direction Sought – Update

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 22 September, 2020—Agenda Item 7a EOC Feedback on CAFII “Weekly Digests”

Purpose of this Agenda Item – *Discussion*

CAFII is now producing Weekly Digests on topical media stories, as a replacement for the former CAFII Alerts one-offs approach.

Background Information

EOC feedback is sought on the Weekly Digests approach.

Recommendation / Direction Sought – *Discussion*

This is a request for feedback.

Attachments Included with this Agenda Item

No attachments.