



CAFII EOC Meeting
Thursday, September 24, 2013
Location: ScotiaLife Financial
100 Yonge Street, 4th Floor, Boardroom, Toronto, ON
1:00 – 4:00 pm

Conference call dial-in information:
416-764-8662 or 1.888-884-4534, participant pass code: 771017#, moderator pass code: 7661560#

Chair: J. Hines

Agenda

1. Call to Order J. Hines
2. Approval of Agenda All
3. Minutes All
 - a. EOC Minutes and Action Items of Meeting held August 22, 2013
4. CAFII Financial Statements as at August 31, 2013
5. Policy Issues and Decision Items
 - a. Project Proposal and Critical Path from Avalon Actuarial for 2013 Study on Creditor's Group Mortgage Life, Disability, and Critical Illness Insurance Versus Comparative Individual Insurance Products E. Brown/B. Wycks
 - b. Nominees for CAFII Treasurer J. Hines/B. Wycks
 - c. Proposed Revised Cheque Signing Authority Policy B. Wycks
6. Regulatory Updates
 - a. CAFII Response to FSCO's "Modernizing Disciplinary Hearings for Insurance Agents and Adjusters" Consultation Proposal: Response Due September 30, 2013 B. Wycks
 - b. CCIR Review of Third Party Administrators B. Wycks
 - c. Regulatory Visits B. Wycks
 - i. September 6, 2013 Follow-up Meeting with FSCO Re Life Insurance Product Suitability Review J. Lewsen/B. Wycks
 - ii. September 9, 2013 Pre-Consultation Discussion with FSCO Re "Modernizing Disciplinary Hearings for Insurance Agents and Adjusters" B. Wycks
 - iii. Regulatory Visit Plan B. Wycks
7. EOC Committee Updates
 - a. CAFII Priorities By Committee B. Wycks
 - b. Distribution and Market Conduct Committee E. Brown/B. Wycks
 - i. CAFII Project Next Steps J. Poolman
 - c. Licensing Efficiency Issues Committee M. Gill/B. Wycks
 - i. Update on CAFII Proposal to Saskatchewan Re Representation for Restricted Licensees
 - ii. New Brunswick's "Opportunities for Reforming the Licensing Framework for Other-than-Life Insurance Agents and Brokers": Response Due October 31, 2013

- d. Media and Advocacy Committee J. Lewsen/S. Gelgor
 - i. Update on New CAFII Logo and Visual Identity Modernization
 - ii. Update on CAFII External Communications Strategy
- e. Events and Networking Committee P. Yeung/M. Sanchez-Chung
 - i. Speaker and Special Operating Rule for October 8, 2013
Regulator Reception
 - ii. 2014 Speaker Suggestions: Annual Members Luncheon in
February; followed by Regulator Receptions in April, June,
September, and December.

8. Other Business

- Next EOC meeting is on October 29, 2013 in Toronto.
- Next Board Meeting/ Regulator Reception is October 8, 2013 hosted by Assurant Solutions at St. Andrew's Club & Conference Centre, Sun Life Financial Tower, 150 King St. West (corner of University Ave.), 27th Floor, Toronto. Room: TBA

CAFII EOC Meeting Minutes
Thursday, August 22, 2013
Action Items from the Meeting

Agenda Item	Action Item	Responsible	Deadline
5b. CAFII Relationship-Building at Charity Events	Brendan Wycks to respond with regrets to charity golf invitation received recently from Herbert H. Carnegie Future Aces Foundation.	B. Wycks	
6ai. FSCO Consultation on Modernizing Disciplinary Hearings for Insurance Agents and Adjusters	Brendan Wycks to coordinate CAFII representative(s) to attend September 9 meeting, where CAFII's support for the consultation and the proposed modernization reforms can be expressed.	B. Wycks	
6bii. Possible CAFII Joint Visit with Atlantic Canada Regulators	Brendan Wycks to identify a time frame in Fall 2013 for this possible visit (based on member availability), along with agenda items.	B. Wycks	
6ci. Speaker for October 8, 2013 Regulator Reception	<p>Leya Duigu to provide English version of letter to Louis Morisset, new AMF CEO, to Board Chair Mark Cummings, for review and approval before sending.</p> <p>Paul Yeung to reach out to alternate speaker John Wilkinson, in the event that Louis Morisset is unavailable.</p>	<p>L. Duigu</p> <p>P. Yeung</p>	

CAFII EOC Meeting

Thursday, August 22, 2013

Held via teleconference and in-person at:

ScotiaLife Financial, 20 Queen Street West, 35th Floor

Toronto, Ontario

Present:	Charles Blaquiere Andre Duval Sara Gelgor Moira Gill Greg Grant Jennifer Hines Richard Hebert John Lewsen Sue Manson John Poolman Maria Sanchez-Chung Paul Yeung	Canadian Premier Life Insurance Co. Desjardins Financial Security Life Assurance <i>(teleconference)</i> ScotiaLife Financial TD Insurance <i>(teleconference)</i> CIBC Insurance <i>(teleconference)</i> RBC Insurance <i>Chair</i> National Bank Insurance Co. <i>(teleconference)</i> BMO Insurance CIBC Insurance <i>(teleconference)</i> Assurant Solutions <i>(teleconference)</i> TD Insurance <i>(teleconference)</i> RBC Insurance <i>(teleconference)</i>
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Also Present:	Leya Duigu Brendan Wycks	T•O Corporate Services CAFII
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Regrets:	Emily Brown Rose Beckford Matthew Fabian	BMO Insurance ScotiaLife Financial BMO Insurance
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1. Call to Order

The meeting was called to order at 10:05 a.m. Jennifer Hines acted as Chair and Brendan Wycks acted as recording secretary until Leya Duigu joined the meeting.

2. Approval of Agenda

The agenda was approved with the following additions:

- Policy Issues and Decision Items
 - CAFII Relationship-Building with Policy-Makers in Addition to Regulators: Invitation to Participate in Herbert H. Carnegie Future Aces Foundation Charity Golf Tournament
- Distribution and Market Conduct Committee
 - FSCO's Life Insurance Product Suitability Review: Follow-up Meeting Between FSCO and CAFII

3. Minutes: EOC Minutes and Action Items of July 24, 2013

EOC members reviewed the Minutes and Action Items from the previous meeting. Updates were provided by the individuals responsible. The following amendment to the Minutes was noted:

- for Maria Sanchez-Chung, company name to be changed to TD Insurance, rather than MBNA Canada.

4. Policy Issues and Decision Items

a. CAFII Project Next Steps

This project was reviewed, and it was agreed that its documentation was proceeding as planned.

Leya Duigu joined the meeting at 10:17 a.m.

Richard Hebert left the meeting at 10:45 am

b. CAFII Relationship-Building at Charity Events

EOC members discussed the purpose and role of the Association's participation in charity events, in particular those attended by regulators and policy-makers. It was determined that CAFII policy on this matter shall be that the Association will not be open to participation in such an event unless it is formally organized and/or operated by a regulator or policy-maker that is of particular relevance to CAFII. In the case of events that are being staged under the direct auspices of a relevant regulator or policy-maker, CAFII will consider such opportunities on a case-by-case basis.

Action: Given that the event does not meet CAFII's policy criteria for consideration, Brendan Wycks to respond with regrets to charity golf tournament invitation received recently from the Herbert H. Carnegie Future Aces Foundation.

5. EOC Committee Updates

a. Distribution and Market Conduct Committee

i. FSCO Consultation on Modernizing Disciplinary Hearings for Insurance Agents and Adjusters

FSCO released a formal consultation proposal on this matter a few weeks ago and offered CAFII a meeting date of September 9 to review the proposal. The deadline for written submissions is September 30, 2013.

In discussion, it was observed and agreed that while CAFII doesn't necessarily have to engage on this, it would be good to participate in order to stay informed.

It was determined that CAFII representatives shall attend the September 9 meeting to express our support for the consultation and the proposed modernizations, and determine whether a written submission in support of the proposal would be helpful.

Action: Brendan Wycks to coordinate CAFII representatives to attend the September 9 meeting and express support for the consultation and the proposed modernizations.

CAFII Attendees: Brendan Wycks and Rosemary Troiani, RBC Insurance (tentatively)

b. Licensing Efficiency Issues Committee

i. Proposal to Saskatchewan Re Representation for Restricted Insurance Agent Licensees

Moira Gill, LEIC Chair, advised that she, Sara Gelgor, Greg Grant, and Brendan Wycks had met with Ron Fullan, Executive Director of the Insurance Councils of Saskatchewan, on July 29. That meeting had led to further revisions to CAFII's draft proposal, which have since been provided to Stikeman Elliott LLP. A revised document will be sent to Saskatchewan in the coming weeks.

ii. Possible CAFII Joint Visit With Atlantic Canada Regulators in Fall 2013

It was determined that a CAFII "joint visit" to the Atlantic Canada insurance regulators should be made in the Fall of 2013, if possible. CAFII shall suggest a date, location, and agenda for the meeting in a proposal to the regulators. Possible meeting locations include Moncton, NB or Halifax, NS where CAFII members have offices that could be used as the meeting venue.

Action: Brendan Wycks to identify a time frame in Fall 2013 for this possible visit (based on member availability), along with proposed agenda items.

Volunteers for joint meeting with Atlantic Canada Regulators: Moira Gill, Charles Blaqui re, John Lewsen, Sara Gelgor (tentative)

c. Events and Networking Committee

i. Speaker for October 8, 2013

A French letter of congratulations on his recent appointment as AMF CEO along with an invitation to be the guest speaker at the next CAFII Regulator Reception on October 8, 2013 has been drafted for Louis Morisset.

Action: Leya Duigu to provide English version of letter to Board Chair, Mark Cummings, for review and approval before sending.

In the event that Mr. Morisset is unavailable, it was suggested that John Wilkinson, former Ontario MPP and Cabinet Minister in the Liberal government of Dalton McGuinty, would be an appropriate alternate speaker for the October 8 Regulator Reception.

Action: Paul Yeung to reach out to alternate speaker John Wilkinson, in the event that Louis Morisset is unavailable.

6. Termination

There being no further business, the meeting terminated at 11:35 p.m.

It was noted that the next EOC meeting was scheduled for September 24, 2013, in Toronto. Location to be confirmed.

Date

Chair

Recording Secretary

CAFI

55 St Clair Ave West, Suite 255

Toronto, ON M4V 2Y7

Balance Sheet

As at August 31, 2013

ASSETS	Current 2013
Current Assets	
Bank Balance	\$273,659
Investments ^A	\$52,852
Accounts Receivable	\$63,550
Interest Receivable	\$167
Prepaid Expenses	\$2,129
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$350)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	\$394,341
TOTAL ASSETS	\$394,341
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$2,884
Deferred Revenue	\$135,100
Total Current liabilities	\$137,984
TOTAL LIABILITIES	\$137,984
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$179,424
Excess of revenue over expenses	\$76,933
Total Unrestricted Net Assets	\$256,357
Total Unrestricted Net Assets	\$256,357
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$394,341

Minimum Reserve = Greater of:

Reserve at 25% of Annual Operating Expense =	\$ 61,383
Reserve at 6 months of Operating Expense =	\$ 121,759

2013 Reserve (based on 6 month Reserve):

CAFI
 55 St Clair Ave West, Suite 255
 Toronto, ON, M4V 2Y7
Balance Sheet Items
As at August 31, 2013

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-12	Tuesday, May 07, 2013	\$52,852.40	1.00%	\$528.52	Wednesday, May 07, 2014
Total		\$52,852.40		\$528.52	

Item B

Accounts Payable

	81.53
	<u>2,802.40</u>
Total outstanding	<u><u>2883.93</u></u>
	145.01

CAFII

55 St Clair Ave West, Suite 255
Toronto, ON M4V 2Y7

Statement of Operations As at August 31, 2013

	Current Month	Current YTD	Budget 2013	% Used	YTD 2012 Balance	% Used YTD 2012
REVENUE						
Membership Fees	\$33,775	\$270,200	\$410,100	66%	\$273,400	71%
Interest Revenue	\$45	\$430	\$750	57%	\$456	456%
TOTAL REVENUE	\$33,820	\$270,630	\$410,850	66%	\$273,856	71%
EXPENSE						
Association Operating Expenses						
Management Fees	\$17,879	\$146,309	209,150	70%	\$47,078	68%
Lawrie Savage Fees	\$0	\$0	-		\$117,434	70%
CAFII Legal Fees/Corporate Governance	\$0	\$0	10,500	0%	\$0	0%
Audit Fees	\$0	\$1,617	13,250	12%	\$347	4%
Insurance	\$237	\$1,892	5,368	35%	\$1,840	43%
Website (incl translation)	\$0	\$333	540	62%	\$2,245	416%
Telephone/Fax/Internet	\$335	\$2,184	750	291%	\$389	18%
Postage/Courier	\$6	\$173	500	35%	\$216	20%
Office Expenses	\$16	\$1,738	4,500	39%	\$554	21%
Bank Charges	\$0	\$70	-	0%	\$38	1%
Miscellaneous Expenses	\$0	\$0	-	0%	\$0	0%
Amortization Expense	\$0	\$0	-	0%	\$0	0%
Depreciation Computer/Office Equipm ¹	\$39	\$311	640	0%	\$0	0%
CCIR Research for Sup.model support	\$0	\$0			\$111	
Sub Total Association Operating Expenses	\$18,511	\$154,628			\$170,252	
Distribution & Market Conduct Committee						
Provincial Regulatory Review	\$125	\$2,861	35,000	8%	\$4,305	8%
Research/Studies	\$0	\$4,996	42,000	12%	\$5,085	12%
Sub Total Distribution & Market Conduct Committee	\$125	\$7,857			\$9,390	
Licensing Efficiency Issues Committee						
Regulatory Model (s)	\$212	\$244	12,000	2%	\$0	0%
Federal Financial Reform	\$0	\$0	-		\$0	0%
Sub Total Licensing Efficiency Issues Committee	\$212	\$244			\$0	
Media & Advocacy Strategy Committee						
Tactical Communications Strategy	\$0	\$72	25,000	0%	\$1,911	8%
Association Branding	\$2,802	\$2,802	7,000	40%	\$0	0%
Sub Total Media & Advocacy Strategy Committee	\$2,802	\$2,874			\$1,911	
Networking & Events Committee						
Board/EOC/AGM Expense ²	\$622	\$12,528	10,000	125%	\$11,261	54%
Networking Events	\$0	\$0	3,500	0%	\$0	0%
15th Anniversary Event	\$10,005	\$15,566	30,000	52%	\$0	0%
Sub Total Networking & Events Committee	\$10,627	\$28,095			\$11,261	
Media Relations, CAFII Consultant						
Media Relations, CAFII Consultant	\$0	\$0	-		\$8,170	68%
Sub Total Media Relations, CAFII Consultant	\$0	\$0			\$8,170	
TOTAL EXPENSE	\$32,276	\$193,697	409,698	47%	\$200,984	45%
EXCESS OF REVENUE OVER EXPENSES	\$1,544	\$76,933	\$1,152		\$72,872.37	

Explanatory Notes:

- (1) Amortization of office equipment based on 4 year straight line depreciation
(2) Board meetings and receptions, special Board or EOC lunch meetings, speaker expenses

CAFII

Toronto, ON M4V 2Y7

Membership Fees

As At August 31, 2013

	<u>Jan-13</u>		<u>Jul-13</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
TD Insurance	\$23,500.00	8-Mar-13	\$23,500.00	23-Aug-13
Assurant Solutions	\$11,750.00	22-Feb-13	\$11,750.00	23-Aug-13
BMO Insurance	\$23,500.00	31-May-13	\$23,500.00	19-Jul-13
Canadian Premier Life Insurance Company	\$11,750.00	1-Mar-13	\$11,750.00	23-Aug-13
CIBC Insurance	\$23,500.00	8-Mar-13	\$23,500.00	30-Aug-13
National Bank Insurance Company	\$11,750.00	8-Mar-13	\$11,750.00	16-Sep-13
RBC Insurance	\$23,500.00	7-Mar-13	\$23,500.00	
ScotiaLife Financial	\$23,500.00	12-Apr-13	\$23,500.00	23-Aug-13
Desjardins Financial Security Life Assurance Company	\$11,750.00	8-Mar-13	\$11,750.00	20-Sep-13
AMEX Bank of Canada	\$11,750.00	15-Mar-13	\$11,750.00	
Avalon Actuarial	\$4,800.00	26-Apr-13		
CSI Brokers Inc.	\$4,800.00	28-Mar-13		
Dion, Durrell & Associates Inc.	\$4,800.00	15-Mar-13		
KPMG	\$4,800.00	12-Apr-13		
Laurentian Bank of Canada	\$4,800.00	15-Mar-13		
Oliver, Wyman Consulting Limited	\$4,800.00			
Optima Communications	\$4,800.00	12-Apr-13		
RGA Life Reinsurance Company of Canada	\$4,800.00	1-Mar-13		
Swiss Reinsurance Company Ltd	\$4,800.00	Will not be renewing 2013 membership		
Munich Re	\$4,800.00	8-Mar-13		
Aimia	\$4,800.00	15-Mar-13		
The Canada Life Assurance Company	\$4,800.00	1-Mar-13		
January Invoices	\$233,850		\$176,250	
July Invoices	\$176,250			
Total Membership Fees	\$410,100			

Date	Payee	Ck#	Amount
January			
01/25/2013	TO Corporate Services	1189	849.44
01/25/2013	Brendan Wycks	1190	251.55
01/25/2013	GreenHouse Graphics Inc	1191	231.65
01/25/2013	TO Corporate Services	1192	3,035.97
01/25/2013	Stikeman Elliott LLP	1194	3,404.92
			7,773.53
February			
02/01/2013	TO Corporate Services	1193	5,884.75
02/01/2013	TD Waterhouse RRSP 183898-S of B	1195	1,300.00
02/05/2013	Brendan Wycks	1197	291.38
02/12/2013	Accutel Inc.	1198	158.72
02/28/2013	TO Corporate Services	1200	247.09
02/28/2013	Kivasbagels	1201	92.66
			7,974.60
March			
03/01/2013	TD Waterhouse RRSP 183898-S of B	1196	1,300.00
03/01/2013	TO Corporate Services	1199	5,884.75
03/07/2013	Accutel Inc.	1202	99.65
03/19/2013	TO Corporate Services	1203	136.01
03/19/2013	TO Corporate Services	1204	883.26
03/27/2013	Borden Ladner Gervais LLP	1206	46,115.30
			54,418.97
April			
04/01/2013	TO Corporate Services	1205	6,179.17
04/04/2013	Alex Toskov	1207	720.00
04/04/2013	Oliver & Bonacini Events	1208	2,612.81
04/04/2013	Alex Toskov	1210	720.00
04/09/2013	TD Waterhouse RRSP 183898-S of B	1212	1,300.00
04/17/2013	Lenore Dunlop	1213	39.04
04/17/2013	Jennifer Hines	1214	55.00
04/17/2013	Howard Prendergast Photography	1215	678.00
04/17/2013	TO Corporate Services	1217	116.99
04/17/2013	Brendan Wycks	1218	1,099.81
04/17/2013	Benoit Huot	1219	108.25
04/19/2013	TO Corporate Services	1220	6,287.10
04/25/2013	KPMG	1222	13,894.48
			33,810.65
May			
05/01/2013	TO Corporate Services	1211	6,179.17
05/01/2013	TD Waterhouse RRSP 183898-S of B	1221	1,300.00
05/06/2013	A & B Courier	1223	13.18
05/06/2013	Accutel Inc.	1224	180.33
05/06/2013	Federal Express Canada Ltd	1225	69.53
05/07/2013	Receiver General for Canada	1226	30.00
05/07/2013	Tidy's Flowers Inc	1227	656.47
05/07/2013	European Marketing Group 2009	1228	1,889.36
05/07/2013	Brendan Wycks	1229	309.92

05/15/2013	Borden Ladner Gervais LLP	1231	4,758.34
05/15/2013	A & B Courier	1232	13.80
05/15/2013	Reprodux	1233	58.82
05/15/2013	Accutel Inc.	1234	140.55
05/15/2013	TO Corporate Services	1235	301.19
05/24/2013	Mastercard	1236	651.82

16,552.48

June

06/01/2013	TO Corporate Services	1230	6,179.17
06/01/2013	TD Waterhouse RRSP 183898-S of B	1237	1,300.00
06/14/2013	Accutel Inc.	1238	394.61
06/14/2013	Pamela Smith	1239	7.95
06/14/2013	Lenore Dunlop	1240	13.50
06/19/2013	Leya Duigu	1242	156.55
06/19/2013	TO Corporate Services	1243	212.44
06/24/2013	Company B	1244	5,367.50
06/24/2013	Rose Beckford	1245	680.36
06/25/2013	Brendan Wycks	1246	1,887.61
06/30/2013	Marsh Canada Limited	1247	2,838.24

19,037.93

July

07/01/2013	TO Corporate Services	1241	6,179.17
07/08/2013	TD Waterhouse RRSP 183898-S of B	1248	1,300.00
07/10/2013	Leya Duigu	1249	270.52
07/10/2013	TO Corporate Services	1250	183.90
07/10/2013	Accutel Inc.	1251	98.32
07/10/2013	A & B Courier	1252	10.67
07/10/2013	Reprodux	1253	15.82
07/16/2013	NEBS Business Products Limited	1256	215.21
07/16/2013	A & B Courier	1257	10.67
07/24/2013	TO Corporate Services	1258	188.33
07/30/2013	Borden Ladner Gervais LLP	1259	237.30

8,709.91

August

08/01/2013	TO Corporate Services	1254	6,179.17
08/01/2013	TD Waterhouse RRSP 183898-S of B	1255	1,300.00
08/14/2013	Accutel Inc.	1260	130.01
08/22/2013	RBC Financial Group	1263	10,004.50
08/22/2013	TO Corporate Services	1264	80.93
08/28/2013	The New Toronto Group Inc	1265	508.50
08/28/2013	Brendan Wycks	1266	282.70
08/28/2013	Brendan Wycks	1267	376.40

18,862.21

September 16, 2013

«Title» «FirstName» «LastName»

c/o CAFII

«Address1»

«City», «Province»

«PostalCode»

Subject: Proposal for Consulting Services

Dear «FirstName»,

CAFII requires the preparation of a new 2013 Survey and Report that will analyze Creditor's Group Mortgage Insurance offered through deposit-taking institutions (DTI) and compare it with equivalent Individual Insurance. The purpose of this study is to examine whether Creditor's Group Mortgage Insurance provided by DTIs serves the public interest and if it provides value to consumers in general.

The study will specifically focus on Mortgage Life and Disability Insurance as well as similar products on the Individual side, more specifically Term Life insurance products and Individual Disability Insurance products. In addition, Critical Illness Insurance products may also be included in the Study, depending on the interest from CAFII to include such products.

This proposal outlines the steps involved in the Survey and production of the final report, along with the timelines associated with each of the steps and anticipated budget. The steps include discussions around and production of the final Survey collection tool, answering questions from participants related to the data required, analyzing data and performing verification tests for consistency and accuracy, contacting participants for any questions that may arise related to the data submitted, compiling the data and producing key metrics, validating and analyzing of aggregate metrics, researching and collecting other data and information pertaining to the Creditor's Group Mortgage Insurance and Individual Insurance markets including pricing, product benefits, trends and other, and lastly, preparing the final report.

(514) 282-1181

Fax: (514) 282-9293 | solutions@avalon.ca

2000 McGill College Avenue, Suite 1050, Montréal, Québec, CANADA H3A 3H3

www.avalon.ca



Avalon Actuarial proposes the following report structure and content:

Avalon will conduct a quantitative survey of the major DTIs in Canada and perform premium comparisons of their products with equivalent individual insurance products.

The report will specifically include comparisons between Individual Insurance and Creditor's Group Mortgage Insurance issued with the clear objective of demonstrating the value of Creditor's Group Mortgage Insurance as a significant source of financial security for Canadians and its positive social impact.

We recommend that the report include an executive summary with key data and conclusions, and that the following sections be included to provide more in-depth information and detailed references validating key findings and conclusions.

1. Methodology

This section will outline the sources of information used to assess the value of Creditor's Group Mortgage Insurance, including a brief overview of the quantitative Survey tool sent to the DTIs, as well as additional sources of data used to supplement our research.

2. An Overview of the Creditor's Group Mortgage Insurance Market

This section will consist of a brief description of the Creditor's Group Mortgage Insurance industry, with a focus on Life and Disability Insurance. This will include a summary of the product benefits, sales process, market size and growth in recent years. This section will also include the same information with respect to Critical Illness Insurance should CAFII decide to include this product in the Study.

3. An Overview of the Individual Insurance Market

This section will consist of a brief description of the Individual Insurance industry, with a focus on Life and Disability Insurance. This will include a summary of the product benefits, market size and growth in recent years. This section will also include the same information with respect to Critical Illness Insurance should CAFII decide to include this product in the Study.



4. Analysis

The information included in the two previous sections of the report will serve as a basis for the comparison of key performance indicators of Creditor's Group Mortgage Insurance and Individual Insurance, notably:

- General Market Results
 - Premiums Collected
 - Number of Mortgages
- Access to Coverage
 - Application Process
 - Approval Rates for Coverage
 - Timeliness of the Insurance Offer
 - Availability of Coverage
 - Channels
- Social Benefits
 - Lessening the burden on individuals
 - Taxes
- Premium Comparisons
- Claims Practices
- Other items may also be covered in this section of the report

The data will compare Creditor's Group Mortgage Life Insurance and Disability Insurance with Term Life Insurance and Individual Disability Insurance products. In addition, it will compare Creditor's Group Mortgage Critical Illness Insurance and Individual Critical Illness Insurance products should CAFII wish to include CI in the study.

From the list of key performance indicators, a specific discussion on the comparative financial value to Canadian consumers between Creditor's Group Mortgage Insurance and Individual Insurance will be developed, emphasizing key positive features of Creditor's Group Mortgage Insurance.

On the Individual Insurance side, in the past report to CAFII the statistics related to the life insurance application approval rates (at standard rates and substandard rates) and denied/withdrew rates came from a Survey done by Munich Re. This was the only information used from the Survey in our report. We will endeavour to obtain a more recent version of this Survey or similar information from another source, however, should this not be possible, we will refer to the past Munich Re study.



Timetable

We anticipate sending the newly revised Survey collection tool to CAFII members for their feedback by September 30, 2013. Assuming a two to three week timeframe for review and approval, the final Survey should be distributed to the DTIs the week of October 21, 2013 and request that the completed questionnaires be returned to our attention by January 15, 2014.

A detailed target timeline is outlined below:

Phase 1

Action Items	Target Date
<ul style="list-style-type: none">Complete initial modifications to Survey and send to CAFII members for feedback	September 30, 2013
<ul style="list-style-type: none">Finalize the new 2013 Survey collection tool, including revisions and modifications	Mid October, 2013
<ul style="list-style-type: none">Send the 2013 Survey to all participating DTIs	Week of October 21, 2013
<ul style="list-style-type: none">Research and analyze additional data/information from other sources (e.g. LIMRA, CHLIA, etc.)	November and December, 2013
<ul style="list-style-type: none">Individual insurance market research and competitive pricing analysis	November and December, 2013
<p>Phase 1 includes discussions with CAFII and project leaders, production of the final Survey collection tool and answering questions from participants related to the data required. While the DTIs are working on completing the Survey, Avalon will research, collect, and analyze other data and information pertaining to the Creditor's Group Mortgage Insurance and Individual Insurance markets.</p> <p><i>The estimated cost for Phase 1: \$12,000 to \$14,000 without including Critical Illness. Should CI be included in the study, the range would be between \$15,000 and \$17,000.</i></p>	

**Phase 2**

Action Items	Target Date
<ul style="list-style-type: none">Due date for DTIs to submit completed Survey collection tool	January 15, 2014
<ul style="list-style-type: none">Analyze data and perform verification tests for consistency and accuracy; contact participants for any questions that may arise related to the data submitted	Mid January through early February, 2014
<ul style="list-style-type: none">Compile the data and produce key metrics	February 2014
<ul style="list-style-type: none">Validate and analyze aggregate metrics and trends; compare to previous survey results	February 2014
<p>Phase 2 will consist mainly of analyzing the individual data received from each participating DTI for consistency and completeness. Follow-ups may be required with the participants. Aggregate industry metrics will be generated once all of the data is received.</p> <p><i>The estimated cost for Phase 2: \$11,000 to \$13,000 without including Critical Illness. Should CI be included in the study, the range would be between \$12,500 and \$14,500.</i></p> <p>This estimate assumes that the new revised Survey collection tool will gather information from 2005 to 2013. Should it not be possible for CAFII members to collect data prior to 2008, the new Survey tool will request 2008-2013 data. Avalon will then need to reconcile between the previously submitted and newly submitted 2008 data. Depending on the consistency and accuracy of the results and the number of changes made to the information requested in the survey, this may add a significant layer of work to the project. It is difficult to anticipate exact costs related to this; however for budgeting purposes, we can assume <i>additional estimated fees ranging from \$3,000 to \$6,000.</i></p> <p>The actual target dates may change over the course of Phase 2 depending on the date of receipt and accuracy of the data.</p>	



Phase 3

Action Items	Target Date
<ul style="list-style-type: none">• Provide CAFII with an initial draft of the report	Mid March 2014
<ul style="list-style-type: none">• Field questions from CAFII; potential revisions to the initial report	Mid to End of March 2014
<ul style="list-style-type: none">• Provide CAFII with the final draft of the report	End of March 2014
<p>Phase 3 will consist mainly of bringing all of the information gathered and analyzed together and drafting the report to CAFII.</p> <p><i>The estimated cost for Phase 3: \$9,000 to \$11,000 without including Critical Illness. Should CI be included in the study, the range would be between \$10,500 and \$12,500.</i></p> <p>The actual target dates for Phase 3 will depend on Phase 2, specifically if one or more of the DTIs do not meet the submission due date of January 15, 2014.</p>	

Professional Fees

We are typically compensated on an hourly basis with hourly rates varying depending on the level of expertise of the consultant involved. We assign the work in the most cost-efficient manner based on the level of expertise required for the project.

For a project with the scope outlined above, we anticipate the total professional fees to range between \$32,000 and \$38,000 without including Critical Illness in the Study. Should CAFII choose to include Critical Illness in this year's Survey, we estimate fees ranging between \$38,000 and \$44,000. Avalon would be prepared to complete the project on a fixed fee basis should CAFII prefer. As such, the project estimated fees would be \$34,000 for the study excluding CI, and \$39,000 including CI. This budget assumes the Survey would be compiled using newly submitted 2004-2013 data.

CAFII had also expressed its interest in obtaining estimated fees for the preparation of and presentation of a PowerPoint presentation of the results of the study. The estimated cost



to prepare the PowerPoint presentation would be \$5,000 and the cost for actual presentation to CAFII would be \$2,500.

We do not anticipate any cost overruns; however, if at any point it appears that the project budget could be exceeded because of a change in scope of the project, we will obtain your formal approval prior to proceeding. Should the time charges allocated to this project be below the fixed fee quoted above, CAFII would only be billed for the time charges incurred.



If you are in agreement with the above, kindly indicate the options you are interested in and sign and return a copy of this letter to my attention.

We look forward to working with you on this project.

Best regards,

A handwritten signature in blue ink that reads "Raymond".

Christine Panet-Raymond
Executive Vice President

ACCEPTANCE:

SIGNATURE _____

NAME _____

DATE _____



Agenda Item 5(b)

September 24, 2013 EOC Meeting

From: Brendan Wycks [<mailto:brendan.wycks@cafii.com>]

Sent: September-11-13 3:36 PM

To: 'David Minor'; 'Isaac Sananes'; 'Julie Barker-Merz'; 'Linda Fiset'; 'Mark Cummings'; 'Richard Hebert'; 'Rick Lancaster'; 'Rino D'Onofrio'; 'Robert Zanussi'; 'sara.gelgor@scotiabank.com'; 'André L. Duval'; 'Blaquiere, Charles'; 'Emily Brown'; 'Fabian, Matthew'; 'Greg Grant'; 'Hines, Jennifer'; 'John.Poolman@assurant.com'; 'Lewsen, John'; 'Maria Sanchez-Chung'; 'moira.gill@td.com'; 'paul.yeung@rbc.com'; 'Rose Beckford'; 'Sue Manson'; 'Wayne Eccles'; 'Leya Duigu'; eleanore.fang@td.com; 'vivianne.gauci@aexp.com'

Subject: CAFII Treasurer Transition; and Call For Nominees for Successor Treasurer

CAFII Board and EOC Members:

The purpose of this communiqué is

- to advise you that EOC Member Matt Fabian will be stepping down as Treasurer of the Association imminently. Matt has informed EOC Chair Jennifer Hines of the need to relinquish his CAFII Treasurer role, due to a change in the focus of his role and responsibilities at BMO; and
- to issue a **Call For Nominees**, so that we can have a successor Treasurer appointed at the October 8 Board meeting and complete the transition process expeditiously. The 2014 budget development process is coming up shortly, beginning in mid-October.

On behalf of all members of the Association, as well as Leya and her colleagues at TO Corp. and myself, I extend thanks and appreciation to Matt Fabian for the fine job he has done, over a number of years, in the important financial stewardship and volunteer leadership role of Treasurer.

CAFII's Bylaw is terse with respect to the role of Treasurer, stating only that the Board may appoint one and the following:

7.07 Treasurer

The Treasurer shall have general supervision of the financial affairs of the Corporation, shall have custody of the financial books of the Corporation, shall report on the financial statements of the Corporation at each meeting of the Board, and shall have such other duties as may from time to time be assigned to him or her by the Board.

Therefore, there are no particular restrictions on whom may be appointed to the position of Treasurer.

At this time, each Voting Member is encouraged to give serious consideration to the pressing matter of Treasurer succession, with a view to possibly identifying and nominating a Treasurer candidate from within your organization. A Candidate Profile for the position of Treasurer is attached.

Candidate nominations should be sent – preferably by Friday, September 20 – to Jennifer Hines (jennifer.hines@rbc.com), with a c.c. to me (brendan.wycks@cafii.com). Please provide a capsule biography of the candidate when advising of his/her nomination.

Given that

- RBC Insurance currently has appointees in the roles of Vice-Chair of the Board and EOC Chair; and
- BMO Insurance has had an appointee in the role of Treasurer for the past several years,

it is unlikely that a new Treasurer nominee will be brought forward by either of those two member FIs. Therefore, **Treasurer nominees from the other eight Voting Members are particularly encouraged.**

Brendan Wycks, BA, MBA, CAE

Executive Director

Canadian Association of Financial Institutions in Insurance

Candidate Profile: CAFII Treasurer

The following are desired skills, attributes, experience, and related qualifications for the position of CAFII Treasurer:

- strong numeracy and financial literacy skills
- familiarity with accounting. Able to read, understand, and interpret financial statements
- strong monitoring orientation and attention-to-detail
- good presentation skills, especially for reporting to the EOC and Board on Year-to-Date financial results versus Budget; and on the Association's financial reserves
- available to attend most EOC and Board meetings to provide financial reports. Occasional attendance by teleconference in lieu of in-person would be acceptable, as would occasional attendance for only the financials-relevant portion of a meeting
- experience in development of annual operating budgets; familiarity with budgeting for an Association or similar non-profit organization is an asset
- available to work intensively during the mid-October through early December period each year on development of the subsequent year's operating budget
- some experience/familiarity with the annual audit process for non-profit organizations, and in working with external auditors
- reasonable level of availability and flexibility to be a signatory on CAFII cheques, in keeping with the Association's Cheque Signing Authority Policy
- a collegial nature, as must be able to work co-operatively with other members; the Executive Director; the Administrative Co-ordinator, Controller, and President at TO Corp.; external auditors; and other suppliers and stakeholders in the overall stewardship of the Association's financial affairs



Proposed Revised Cheque Signing Authority Policy

1. All Canadian Association of Financial Institutions (CAFII) cheques in amounts of greater than \$2,500 must be signed by any two of the Treasurer, Executive Operations Committee (EOC) Chair, or Executive Director.
2. All CAFII cheques in amounts of less than \$2,500 must be signed by any two of (a) the Treasurer, EOC Chair, or Executive Director; and (b) the Controller of TO Corp., or the President of TO Corp. At least one of the two signatories for cheques in amounts of less than \$2,500 must be one of the Officers of the Association listed in (a) above.
3. A designated signing authority, as noted above, may not be a signatory to a CAFII cheque that is payable to himself/herself nor to a cheque that is payable to his/her company or organization.
4. At least quarterly, the Treasurer -- or in his/her absence, the EOC Chair -- shall review and sign-off on all cheque stubs and their backup invoices/documentation, as a post-issuance internal audit and control measure.



Financial Services
Commission
of Ontario

Modernizing Disciplinary Hearings for Insurance Agents and Adjusters in Ontario: A Proposal for Consultation

August 1, 2013

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CONSULTATION PROCESS

Stakeholders are invited to provide written comments or suggestions regarding this consultation paper **on or before September 30, 2013.**

If you would like to submit your comments to the Financial Services Commission of Ontario (FSCO), please send an e-mail to jim.fox@fSCO.gov.on.ca and include "Consultation on Insurance Disciplinary Hearings" in your e-mail's subject line.

Please note that this is a public consultation process. All submissions that FSCO receives are subject to the access and privacy provisions of the Freedom of Information and Protection of Privacy Act. All comments that are received will be posted on FSCO's website at the end of the consultation period. If, for any reason, you do not want your submission to be made public, please clearly indicate this in your submission.

FSCO will contact you if clarification or further information about your comments is required.

Next Steps

The information that FSCO gathers through this consultation will help inform any government decision regarding the policy proposals.

If you have any questions about this consultation process, please contact:

Jim Fox
Senior Policy Analyst
Licensing and Market Conduct Division
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
Toronto ON M2N 6L9

Tel. (416) 590-7277 or 1-800-668-0128 ext. 7277
E-mail: jim.fox@fSCO.gov.on.ca

ABOUT FSCO

FSCO is an integrated financial services regulator. FSCO is an agency of the Ministry of Finance established under the Financial Services Commission of Ontario Act, 1997 (FSCO Act). It regulates insurance, pension plans, credit unions and caisses populaires, mortgage brokering, loan and trust companies, and co-operative corporations in Ontario.

FSCO's legislative mandate is to provide regulatory services that protect the public interest, enhance public confidence in the sectors it regulates and make recommendations to the Ministry of Finance on matters affecting these sectors. As an organization, FSCO is committed to being a progressive and fair regulator, working with stakeholders to support a strong financial services industry.

Who We Regulate

As of February 28, 2013, FSCO regulated or registered:

- 343 insurance companies
- 46,756 insurance agents
- 4,385 corporate insurance agencies
- 1,501 insurance adjusters
- 1,143 mortgage brokerages
- 106 mortgage administrators
- 2,550 mortgage brokers
- 9,389 mortgage agents
- 7,641 pension plans
- 144 credit unions and caisses populaires
- 59 loan and trust corporations
- 1,758 co-operative corporations

Superintendent and Staff

The Superintendent of Financial Services administers and enforces the FSCO Act and also exercises the authority contained in the other 10 Acts that confer powers on or assign duties to the Superintendent.

All FSCO staff report to the Superintendent. The staff, who are public servants under the Public Service of Ontario Act, 2006, perform FSCO's day-to-day work.

ABOUT THE FINANCIAL SERVICES TRIBUNAL (FST)

The FST was established in 1997 under the FSCO Act. It is an independent adjudicative body of at least 9 and not more than 15 members appointed by the Lieutenant Governor in Council (LGIC). Currently, there are 12 members including the Chair and two Vice-Chairs. The FSCO Act requires the LGIC to appoint FST members who have experience and expertise in the sectors FSCO regulates, which includes the insurance sector, to the extent that is feasible. The FSCO Act also requires the Chair to take into consideration the need for experience and expertise in assigning members to a hearing panel to enable the panel to decide the issues.

The FST can determine all questions of fact or law in any proceeding before it. It has issued Rules of Practice and Procedure governing its hearing procedures. It also has the power to require witnesses to provide evidence at a hearing. At a hearing, the onus is on the Superintendent to prove his case against the person who is the subject of a Superintendent's proposal to make an order.

INTRODUCTION

This consultation paper proposes a new model for holding hearings and disciplining insurance agents and adjusters under Ontario's Insurance Act (Act). The current process set out in the Act for making disciplinary decisions about agents and adjusters is 90 years old. It is cumbersome and does not align with modern disciplinary and enforcement processes and standards. Nor does it align with the statutory processes for licensing and discipline matters in other sectors that FSCO regulates.

Under the current process, before the Superintendent refuses an application for a licence, suspends or takes away a licence, a person¹ can request a hearing before an Advisory Board (AB) appointed² by the

¹ For the purposes of this paper, a "person" includes individuals, as well as corporations, partnerships and sole proprietorships.

² If the person does not request a hearing, the Superintendent will make a decision based upon the information available to him.

Superintendent. The AB panel consists of a Chair (a representative of the Superintendent), a representative of insurers, and a representative of insurance agents or adjusters (depending on the case). FSCO maintains a roster of AB representatives who may be appointed to a panel. Even though the AB panel hears the evidence presented by FSCO and the person or the person's representative, the AB panel does not make any decisions about discipline. The AB panel can only make findings of fact and non-binding recommendations to the Superintendent.

The AB hearing process does not provide the decision-maker with the opportunity to hear the evidence. Although the Superintendent does not hear the evidence directly, he is the decision-maker. The Superintendent must consider the factual findings of the AB's report³, and take into consideration its recommendations to make a decision and issue an order. He does not have the benefit of hearing oral evidence or assessing the character and credibility of witnesses. He accepts the findings of fact made by the AB panel.

This complicates the decision-making process, since it requires an AB report with recommendations, the Superintendent's review of the recommendations and report, and the issuance of a decision with reasons and an order.

The AB model is not used in other regulatory hearing processes at FSCO. Hearings are generally held by the FST.

Administrative Monetary Penalties (AMPs) were introduced under the Act on January 1, 2013. The Superintendent may now impose AMPs against insurance agents and adjusters who contravene or fail to comply with requirements under the Act, separately or in combination with licence suspensions or revocations. Hearings relating to AMPs are held by the FST (i.e., after receiving the Superintendent's Notice of Proposal to impose an AMP, a person may request a hearing and decision by the FST). The FST has the legal authority to hear AMP matters and discipline matters under the Act⁴.

Currently, persons facing disciplinary actions involving both licensing and AMPs must go through two separate hearing processes: one for the AMP (at the FST) and one for the licensing/discipline matter (AB and Superintendent). This can be costly and time-consuming for the affected person. There is also the potential of uncertainty and inconsistency, since the person must participate in two different processes and wait until both matters have been dealt with. It's also possible that the FST and the Superintendent could arrive at different conclusions on the same set of facts.

For these reasons, it makes sense that all disciplinary decisions (i.e., licence suspensions, revocations, denials, and AMPs) for insurance agents and adjusters should be subject to the same process.

³ The Superintendent must consider and accept the facts set out in the AB report, and must be satisfied that due process has been followed. He may disagree with the recommendations of the AB panel and substitute his own opinion. This happens infrequently and only when the Superintendent is of the view that the penalty recommended by the panel is not appropriately supported by the report.

⁴ The FST also hears appeals from insurance agent and adjuster licensing decisions of the Superintendent made after an AB hearing. If the Superintendent's decision is appealed, the FST may confirm, change or substitute its decision for that of the Superintendent.

REQUIRED CHANGES TO THE ACT

The desired model set out in this paper requires changes to the Act to:

- Remove the requirement for the Superintendent to appoint AB panels that conduct hearings about disciplinary matters.
- Replace the AB process with the FST as the body that holds hearings. The FST would have the authority, following a hearing, to direct the Superintendent to carry out his proposal, with or without changes. It would also have the authority to substitute its opinion for that of the Superintendent and impose such conditions as it considers appropriate, for all disciplinary matters.
- Give the person and the Superintendent the right of appeal for licensing decisions from the FST to the Divisional Court.

The responses that FSCO gathers from this consultation will help inform the government's decision to modernize the disciplinary process for insurance agents and adjusters.

MODEL OVERVIEW

Under the desired model, all insurance agent and adjuster disciplinary decisions would follow the FST model. The FST model has fewer steps than the AB model. In summary form, it would involve these steps:

1. FSCO staff would complete an investigation, assess the facts and recommend to the Superintendent disciplinary action, if warranted. The Superintendent would then issue a Notice of Proposal (NOP) to the person. The NOP would set out the allegations and a description of the evidence, the proposed disciplinary action(s), and advise the person how to request a hearing before the FST.
2. If a person requested a hearing by the FST, the FST chair would appoint a panel to hear the case. At the hearing, FSCO would present the evidence to prove the Superintendent's case. The person or their representative would have the right to present their own defence. The actual hearing would not be significantly different than the current AB hearing process.
3. Following the hearing, the FST could direct the Superintendent to carry out the proposal, with or without changes, or substitute its opinion for that of the Superintendent and impose conditions it feels are appropriate.
4. The person or Superintendent would be able to appeal the FST decision to the Divisional Court.
5. If the person did not request a hearing within the time period specified in the NOP, the Superintendent could issue an order carrying out the proposal stated in the NOP.

ADVANTAGES OF THE RECOMMENDED PROCESS

- *Aligns more easily with modern principles of fairness.* Under the desired model, there would only be one regulatory proceeding. One body would have the authority to hear and decide all insurance agent and adjuster cases, and take into account all possible sanctions under the Act.
- *Results in a more streamlined process.* The recommended process would eliminate additional steps for a hearing, including the need for a report and recommendations by an AB, and would be a more efficient process.
- *Eliminates additional costs, saves time and avoids inconsistency.* Applying the FST process to all discipline matters would help eliminate additional costs and save time for persons facing both licensing sanctions and AMPs. In addition, it would avoid potential for uncertainty and inconsistency in decisions.
- *Creates consistency.* The proposed model would harmonize the process for persons who may be licensed in more than one sector that FSCO regulates (e.g., mortgage brokering and insurance).

OTHER PROPOSED AMENDMENTS

In addition to these changes, FSCO also proposes housekeeping/clarification changes and other changes that would avoid the loss of jurisdiction once a disciplinary process has begun. This would include giving the Superintendent explicit authority to:

- issue interim orders to suspend licences where there was a risk of harm to the public, if there was any delay;
- continue disciplinary matters despite the fact that a licence may have expired, or been suspended or surrendered; and
- consider applications by agents and adjusters seeking permission to surrender their licences.

INTERIM ORDERS

Giving the Superintendent explicit authority to issue interim orders to suspend an insurance agent or adjuster licence will ensure that the public is protected, while providing a fair and open process for the affected person to request a hearing. With this authority, the Superintendent could issue both a NOP⁵ to revoke or suspend a licence, along with an interim order to suspend the person's licence, if the public interest would be adversely affected by a delay in the suspension or revocation of the licence. This is a public protection measure and is consistent with good regulatory supervision. It is also consistent with the statutory interim order powers the Superintendent has in other regulated sectors.

The obligation would be on the Superintendent to determine that the public was at risk by any delay in the licence suspension such that an interim order was required. In such a case, the Superintendent would immediately suspend the person's licence, provide his reasons why the interim order is necessary and issue a NOP. However, this action would only be taken in those exceptional situations where the

⁵ The NOP can also include the levying of an AMP.

Superintendent had reasons to believe that the public would be adversely affected, if the person continued to be licensed during the notice of hearing period.

If the person requested a hearing, the Superintendent could extend the interim order until the hearing was completed and the FST issued its decision. During the interim suspension period, the person would not be allowed to carry on the business of an insurance agent or adjuster. If the person did not request a hearing, the interim order would remain in effect until the Superintendent issued an order that reflected the proposed sanction in the NOP.

CONTINUING JURISDICTION

The Superintendent's authority to continue disciplinary action after issuing a NOP to suspend or revoke a licence is not clearly stated in the Act. This could give rise to uncertainty about the Superintendent's jurisdiction in the event of the intervening expiry of a licence or loss of insurer sponsorship. This proposal would ensure that after the Superintendent issues a NOP, the Superintendent and FST would continue to have the power to make an order to suspend or revoke a licence, even if:

- the licence expired and the person did not renew the licence;
- the person is allowed to surrender his/her licence; or
- the licence is suspended (e.g., due to the loss of the person's sponsorship by an insurance company). (In situations where an insurer relinquishes its sponsorship, the agent's licence is automatically suspended under the Act until the agent secures a new sponsor).

SURRENDERING A LICENCE

This proposed change would mean that an agent or adjuster wanting to surrender a licence would need to seek the Superintendent's approval. Currently, there is no specific process or requirement for surrendering a licence under the Act.

In making a decision to approve the surrender, the Superintendent would need to consider a number of factors, such as:

- Whether there were any current disciplinary actions against the person.
- Whether there were any outstanding complaints or investigations against the person.
- The steps taken by the person to notify clients.
- What arrangements had been made to ensure services continued to be provided to existing clients.

The Superintendent could allow the surrender, impose conditions on the surrender, or refuse the surrender if he believed (on reasonable grounds) that it would not be in the public interest. This proposal is consistent with the Superintendent's statutory licence surrender powers in other regulated sectors.

If the Superintendent had issued a NOP in conjunction with a disciplinary matter, the person's request for the surrender of a licence would not resolve or eliminate the allegations against the agent or adjuster in the NOP, or avoid the NOP or hearing process.

QUESTIONS

Stakeholders are invited to provide written comments or suggestions regarding the questions below:

1. Would the substitution of the AB with the FST provide a more fair and streamlined disciplinary process for insurance agents and adjusters?
2. Does the proposal to clarify the Superintendent's authority to issue interim orders achieve an appropriate balance between protecting consumers, and providing agents and adjusters access to justice?
3. Are there any other factors that the Superintendent should consider when approving licence surrender requests from agents and adjusters?

Draft/Preliminary CAFII Feedback/Input on
FSCO's Modernizing Disciplinary Hearings for Insurance Agents and Adjusters in Ontario:
A Proposal for Consultation
(Responses to Questions on page 8)

1. Would the substitution of the Financial Services Tribunal (FST) model for the Advisory Board (AB) model provide a more fair and streamlined disciplinary process for insurance agents and adjusters?

Yes, CAFII agrees that the FST model would be superior to the current AB model, which is dated and archaic. The AB model is a convoluted, disjointed two-stage process that gives rise to blurred accountabilities and, in cases where the Superintendent sees fit to exercise his new authority to impose an Administrative Monetary Penalty (AMP), the possibility of an inconsistent and embarrassing situation in which two separate but related tribunals might reach different conclusions/decisions on the same set of facts.

CAFII supports FSCO's proposal to modernize disciplinary hearings for insurance agents and adjusters by moving to an FST model, as doing so would

- Align the disciplinary hearings process with modern principles of administrative law and natural justice/fairness;*
 - Create a more streamlined and efficient process;*
 - Eliminate unnecessary costs incurred under the current model, save time, and avoid inconsistency; and*
 - Create harmonization and consistency with the disciplinary hearings process in use in other financial services sectors under the Superintendent's regulatory authority.*
2. Does the proposal to clarify the Superintendent's authority to issue interim orders achieve an appropriate balance between protecting consumers, and providing agents and adjusters with access to justice?

CAFII is generally in agreement that granting the Superintendent the authority to issue interim orders – in cases where there would be a risk of harm to the public if there was any delay – would be a prudent, modernizing reform that would achieve an appropriate balance between consumer protection, on the one hand, and insurance agents' and adjusters' right to fairness and justice on the other hand.

However, we have the following question with respect to this proposed change:

- What criteria will be used to determine that there is an imminent risk of harm to the public?*

These criteria should be published/communicated, at least on a broad brush basis, so that both the public (and media) and the insurance agent and adjuster community will have a basis for knowledge and expectations in this area. Such publication will also help avoid or minimize perceptions of arbitrariness or capriciousness in cases where the Superintendent imposes an interim order on an agent's or adjuster's licence, which will compromise his/her livelihood.

3. Are there any other factors that the Superintendent should consider when approving licence surrender requests from agents and adjusters?

CAFII is generally in support of FSCO's modernization proposals with respect to Surrendering of a Licence.

In addition to the factors itemized on page seven of the consultation proposal, CAFII recommends that the following factor be considered as a possible addition:

- *Has the licensee been diagnosed with a serious medical condition and/or become mentally or physically incapacitated?*

4. Any other relevant feedback or input?

*CAFII commends FSCO for the well-thought out improvement proposals set out in the **Modernizing Disciplinary Hearings for Insurance Agents and Adjusters in Ontario** document. Our Association is in general agreement with and supportive of all of the recommendations set out therein.*

We find that the future model proposed for agent and adjuster disciplinary hearings is analogous to and closely parallels the best practices of many leading professional Associations, including Chartered Public Accountants of Ontario, but with appropriate customization tweaks for a regulated financial services sector.

That said, we have a few suggestions to make for FSCO's consideration:

- *As part of the modernization process and resulting legislative/regulatory change, you may want to review the terms and conditions related to the "complaints process" that may give rise to an FST hearing.*

By that, we mean reviewing and clarifying who may initiate a complaint, ie. can a complaint be initiated by any or only some of the following?: an individual or entity who is a member of the public; an individual or entity who is a member of the insurance industry or a regulated financial sector; and the Superintendent (FSCO staff).

- *If complaints of agent and adjuster misconduct are accepted from parties external to FSCO, then FSCO may want to consider introducing an "Independent Reviewer of Complaints" mechanism for unsatisfied complainants – ie. a party unhappy that FSCO, after investigating his/her complaint, has decided not to issue an NOP against an agent or adjuster. This would be akin to the Reviewer of Complaints process utilized by Chartered Public Accountants of Ontario in its Standards Enforcement and Disciplinary Procedures.*
- *In that connection, CAFII recommends to FSCO, for review/reflection and benchmarking purposes, the document **Standards Enforcement and Disciplinary Procedures: Information For Complainants, Members, Students, Professional Corporations and Firms**, found at <http://www.icao.on.ca/Public/ComplaintsProcess/1013page14067.pdf>*



March 22, 2013

Dear Stakeholder

RE: Invitation

I am writing to bring to your attention the next phase of work to be undertaken by the Agencies Regulation Committee (ARC) and invite your organization to meet with us.

ARC is a working committee that was established by the Canadian Council of Insurance Regulators (CCIR) to research whether the activities of managing general agents (MGAs), wholesale brokers and third part administrators (TPAs) cause risk to consumers and whether existing legislative and regulatory regimes provide adequate protection. If gaps are identified, part of ARC's mandate is to try to identify appropriate solutions, keeping in mind the desire for harmonized risk based regulatory approaches.

Recently ARC completed its review of the role of MGAs in the distribution of individual life products [add hyperlink to paper]. ARC is now intending to examine the use and oversight of TPAs in group life, group accident and sickness, creditor's protection insurance, and travel insurance.

The objectives of this work will be the following:

- Gather up-to-date information on current regulation of TPAs across Canada;
- Research industry practices regarding the use and oversight of TPAs in the targeted sectors;
- Identify if there are any regulatory issues or potential regulatory issues arising from insurers' use of TPAs in these sectors, including potential risks to consumers;
- Formulate proposed recommendations to mitigate any identified risks or potential risks;
- If legislative gaps exist, identify appropriate solutions; and
- If necessary, develop a position paper on the findings.

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télécopieur: (416) 226-7878

As part of our information gathering, we would like to gather your preliminary input on the use and oversight of TPAs to ensure we are focusing on the correct areas. The committee envisions this could be done by teleconference with appropriate representatives of your organizations. We would also like to gather your feedback on the types of consultations or surveys that could be undertaken and, if applicable, the survey delivery method.

Please advise Carol Shevlin, at (416) 226-7893, whether you are interested in participating in this pre-consultation phase by April 5th. If you wish to participate, please also provide contact information for your principle representative.

We thank you for your time.

Regards,

Harry James
ARC Chair

Agenda Item 6(b)(ii)
September 24, 2013 EOC Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: September-18-13 11:17 AM
To: Media and Advocacy Committee
C.C.: Distribution and Market Conduct Committee; Executive Operations Committee
Subject: Update On CCIR's TPA Review Initiative

As per below, Carol Shevlin, CCIR Policy Manager, has extended an invitation to CAFII to meet with her and Harry James, Chair of CCIR's Agencies Regulation Committee (from BC's FICOM), for some pre-consultation discussion about CCIR's "TPA Review" initiative on **Thursday, September 26 in downtown Toronto, with a start time of 9:00/9:15 a.m. or 12 Noon.**

As a precursor development to this, I was surprised back, on September 9, to receive an e-mail from Erica Hiemstra who wanted to touch base and do some pre-vetting consultation on a submission that CLHIA was about to make to CCIR on the TPA Review initiative (penultimate draft circulated to CLHIA Committee members yesterday), given that Erica had met with Harry James and Carol about it back in May. In contrast, we had been waiting since April to hear back from Carol re the scheduling of a pre-consultation teleconference between the ARC and a small delegation of CAFII members about the TPA Review.

However, when I teleconferenced with Erica, Leslie Byrnes, Karen Voin, and Annie Duval of CLHIA on September 11 for a verbal-only review of CLHIA's draft submission, I found out that the meeting between Erica and Harry/Carol back in May was just a brief informal meeting, held at the CLHIA Compliance Conference in Vancouver, which had been arranged impromptu at Erica's request.

In addition to the helpful e-mail from Carol below (September 11, 11:27 a.m.) -- which clarifies where the CCIR's "head is at" on this issue – Carol also shared the following with me in a phone chat:

- The "shape of things" and the direction that the ARC is going in on this can be seen in the e-mail that she sent to me on September 11. Also, the ARC has many of the same questions about TPAs as it had about MGAs in the recent MGA Review initiative
- One issue that's on the ARC's mind is that *we understand that there are some situations out there where small life agents who are looking to land a contract are simply buying some administration software and then claiming to have experience/expertise in this area and saying "We can handle administration for you." We'd like to find out if that sort of situation is really out there. Is that really going on?*
- Timelines: At the CCIR Fall meeting (October 2-4 in Ottawa), the ARC wants to be able to say to the Council that "We've got some preliminary information on this, in a short report (based on CLHIA's pre-consultation submission)." And then we'll be able to come back to the Council during its Winter conference call (February 2014) with a Draft Consultation Paper, which would likely then be released shortly thereafter. So it's still early days. CAFII hasn't been forgotten or left out. There's still plenty of time and opportunity for you to get involved in the TPA Review consultation and make your views known.

At the April EOC meeting, we had a fairly extensive discussion about the just-announced TPA Review initiative. Given that there is some sensitivity/exposure around the issue of use and oversight of TPAs, we decided that when a CAFII delegation meets with CCIR about it, the Association should be represented by our more seasoned/savvy members.

It would be great if we could form a CAFII delegation of three to five reps, and take advantage of this face-to-face meeting opportunity when Harry James is going to be in Toronto next Thursday.

As per the EOC discussion in April, we'll definitely want to have a preparatory teleconference (45 minutes to an hour, I'd say) to agree on the Key Messages we want to deliver, and to anticipate questions and lines of inquiry that Harry and Carol might raise and how we'll respond.

From: Carol Shevlin [<mailto:Carol.Shevlin@fscs.gov.on.ca>]
Sent: September-17-13 12:41 PM
To: 'Brendan Wycks'
Cc: 'James, Harry FIN:EX'
Subject: RE: CCIR - TPA review

Brendan,

It's Sept. 26th – sorry for the confusion. We have booked 10:30 to 11:30 at the CLHIA. Can you do 9:00 or 9:30 (or after 11:30) somewhere downtown?

Carol

From: James, Harry FIN:EX [<mailto:Harry.James@ficombc.ca>]
Sent: September-16-13 5:55 PM
To: 'Brendan Wycks'; 'Carol Shevlin'
Subject: RE: CCIR - TPA review

Sorry, for the confusion it is the Thursday of next week – the 26th that I'll be in Toronto

Harry James
Director, Policy Initiatives
Financial Institutions Commission
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Phone 604 660-1935 | Fax 604 660-3365
www.fic.gov.bc.ca

From: Brendan Wycks [<mailto:brendan.wycks@cafii.com>]
Sent: September-16-13 5:53 PM
To: Carol Shevlin
Cc: 'James, Harry FIN:EX'
Subject: RE: CCIR - TPA review

Thanks, Carol and Harry.

The date/time you've offered could just work. Let me check with some of my members and get back to you asap, hopefully tomorrow.

Just want to confirm the date: Thursday of **this week**, the 19th, that Harry will be in Toronto and you'd both be available to meet with a small group from CAFII in the morning?

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

From: Carol Shevlin [<mailto:Carol.Shevlin@fsco.gov.on.ca>]
Sent: September-16-13 5:35 PM
To: Brendan Wycks
Cc: 'James, Harry FIN:EX'
Subject: CCIR - TPA review

Brendan,

Harry James is going to be in town next week and, if CAFII is interested, he and I will be available to have a pre-consultation talk with some of your people (or just you) on TPAs Thursday the 19th –in the morning.

Let me know.

Carol Shevlin
Policy Manager
Canadian Council of Insurance Regulators
Phone: (416) 226-7893
E-Mail: Carol.Shevlin@fsco.gov.on.ca
Web Site: www.ccir-ccrra.org

From: Carol Shevlin [<mailto:Carol.Shevlin@fsco.gov.on.ca>]
Sent: September-11-13 11:27 AM
To: 'Brendan Wycks'
Cc: 'James, Harry FIN:EX'
Subject: RE: CCIR Agencies Regulation Committee's TPA Review Initiative

Brendan,

We can do something by phone, if you'd like, or you can write to us.

We haven't defined TPA yet – and may not, depending on what we learn. For now, we generalize them as non-insurers who either stand between an insurer and an insured to perform one or more policy administration functions, or administer benefit plans directly for employers or Trustees.

We would be interested in knowing the details of the arrangements that insurers have with TPAs, for instance:

- Who initiates the arrangements? We understand that there are TPAs who develop a product and then search out an insurer to underwrite it. Have any of your members seen this happen or are these all outsourcing arrangements where the insurer has a product that they contract with a TPA to administer?
- What processes are in place to oversee the work of the TPA? Onsite visits? Audits?

- How often are the contracts reviewed?

I note here that our expectations for outsourced work will likely resemble those that we have outlined for MGAs, so, if you could review those in this light and comment, it might save some time.

- What procedures are in place for escalating consumer complaints?
- What disclosure is there to consumers on identification of the insurer, complaint escalation, etc.?

Let me know how you'd like to proceed.

Carol

From: Brendan Wycks [<mailto:brendan.wycks@cafii.com>]
Sent: September-10-13 3:27 PM
To: Carol Shevlin
Subject: RE: CCIR Agencies Regulation Committee's TPA Review Initiative

Carol:

Yes, several of them do.

And that answer might even be “many/most of them do” depending upon how you define “TPA.” Uncertainty around definition of TPA was one of the key issues when our Executive Operations Committee discussed this imminent CCIR initiative back in the Spring, upon receipt of the invitation letter. We were looking forward to the opportunity to have some input and help the ARC define the scope and work plan for this Review.

Given that the letter refers to the use of TPAs in group life, group accident and sickness, creditor's protection insurance, and travel insurance – the latter two of which are CAFII members' primary lines of business – we were looking forward to a consultation discussion about the Review.

Brendan Wycks, BA, MBA, CAE
Executive Director
Canadian Association of Financial Institutions in Insurance
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Alternate: (647) 361-9852
brendan.wycks@cafii.com
www.cafii.com

From: Carol Shevlin [<mailto:Carol.Shevlin@fscs.gov.on.ca>]
Sent: September-10-13 2:56 PM
To: 'Brendan Wycks'
Subject: RE: CCIR Agencies Regulation Committee's TPA Review Initiative

Brendan,

Do your members use TPAs much?

Carol

From: Brendan Wycks [<mailto:brendan.wycks@cafii.com>]
Sent: September-10-13 2:55 PM
To: Carol Shevlin
Subject: CCIR Agencies Regulation Committee's TPA Review Initiative

Hi, Carol.

Just wondering about the status of the TPA Review initiative?

Below is the last correspondence between us about it.

Yesterday, however, in a casual e-mail exchange with Erica Hiemstra of CLHIA, I learned that she had met with Harry James and yourself about the TPA Review initiative back in May; and that CLHIA is preparing a pre-consultation submission to CCIR about it.

As per the March 22 invitation letter to stakeholders, to which we indicated acceptance, is CCIR still wanting to engage with CAFII for at least a pre-consultation teleconference about the TPA Review initiative?

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CAFII Regulator Visit Plan 2013¹

updated September 23, 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
British Columbia	Insurance Council of BC: Gerry Matier, Exec. Dir.	X	-Update on Council priorities -Maintain and strengthen relationship	S. Gelgor J. Lewsen R. Beckford T. VanMeggelen B. Wycks	Invite when in Toronto	Five CAFII reps had liaison lunch meeting with G. Matier in Toronto on May 15, 2013; covered range of topics in CAFII Briefing document
	Financial Institutions Commission(FICOM): Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR chair); Doug McLean, Deputy Superintendent	X	-update on FICOM priorities -Maintain and strengthen relationship (-CAFII has decided not to submit a formal response to FICOM's summer 2013 Consultation on Use of Managing General Agents, as that is not CAFII members' distribution channel.)		Surrey, BC When Carolyn is in Toronto; or CAFII Board member in Vancouver	-Targeted networking with C. Rogers occurred during CAFII 15 th Anniversary event on April 10, 2013; and at CLHIA Compliance Conference in Vancouver in May 2013 -CAFII has meeting with Harry James, of FICOM and Chair of CCIR's Agencies Regulation Committee, and Carol Shevlin of CCIR on September 26, 2013 around CCIR's TPA Review initiative. Presents opportunity to have brief side meeting with Harry around BC/FICOM regulatory issues

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Alberta	Alberta Insurance Council : Joanne Abram, CEO; Tom Hampton, Chief Operating Officer; Ron Gilbertson, Chair (2012-15)	X	-Update on Council priorities -Council Representation -Licensing for 3 rd party providers - Business number registration system -Maintain and strengthen relationship	S. Gelgor M. Gill J. Lewsen R. Beckford T. VanMeggelen	When Joanne or Tom is in Toronto; or CAFII Board member in Edmonton	Five CAFII reps met with J. Abram and R. Gilbertson in Vancouver on May 7, 2013; discussion captured in Regulatory Visit Report
	Ministry of Finance: Mark Prefontaine, Superintendent of Insurance Brad Geddes, Deputy Superintendent of Insurance		-Update on Superintendent's priorities -Maintain and strengthen relationship		When Mark is in Toronto; or CAFII Board member in Edmonton	Targeted networking with M. Prefontaine and B. Geddes occurred during CAFII 15 th Anniversary event on April 10, 2013 Effective June 27, 2013 Laurie Balfour became Deputy Superintendent of Insurance - Alberta. Brad Geddes has been seconded to the Government of Alberta's Flood Recovery Task Force as the Director of Stakeholder Engagement. This is for an indefinite period of time, likely for at least 6 months.
	New President of Treasury Board and Minister of Finance Doug Horner					

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Saskatchewan	Sask. Insurance Council: Ron Fullan, Chair	X	-Update on Council priorities -Council Representation -Maintain and strengthen relationship		Invite when Ron is in Toronto	Targeted networking with R. Fullan occurred during CAFII 15 th Anniversary Event on April 10, 2013, and during CLHIA Compliance Conference in May 2013. CAFII reps had breakfast meeting with R. Fullan on Monday, July 29, 2013 to discuss main themes in CAFII's imminent Proposal For Restricted Licensee Representation in Sask.
	Financial and Consumer Affairs Authority, David Wild, Chairperson and Superintendent of Insurance; Ian McIntosh, Deputy Superintendent of Insurance		-Courtesy visit, Introduction of CAFII -Insurance Act Review, ISI; Council Representation -Maintain and strengthen relationship		When David or Ian is in Toronto; or CAFII Board member in Regina	
	Consultant (ex Superintendent) Jim Hall		-Update on Insurance Act review -Maintain and strengthen relationship		When Jim is in Toronto; or CAFII Board member in Regina	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Manitoba	Ministry of Finance: Jim Scalena, Superintendent	X	-Update of Insurance Act review and ISI regime -Maintain and strengthen relationship		Winnipeg	Targeted networking with J. Scalena occurred during CAFII 15 th Anniversary Event on April 10, 2013; Manitoba's release of Draft ISI Regulations in early June 2013. CAFII responded with detailed submission. Will likely require a regulatory relations/advocacy visit by a CAFII rep(s) to Winnipeg, given that the draft regs contain a number of problematic issues for CAFII members
	Manitoba Insurance Council: Erin Pearson, Exec Director;	X	-Update on Council priorities -Restricted Certificate holder representation on Council -Maintain and strengthen relationship		When Erin is in Toronto; or CAFII Board member in Winnipeg	
	Ministry of Finance Minister Stan Struthers		Letter of introduction sent; include on a visit of CAFII Chair or other reps to Manitoba. Wait until issues with Insurance Act review are resolved			

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Ontario	FSCO: Phil Howell, CEO & Superintendent	X	-Update on FSCO priorities -Maintain and strengthen relationship		Toronto	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013. B. Wycks had Get Acquainted lunch meeting with P. Howell, at his request, on July 5, 2013. Insights gained captured in Regulatory Visit Report

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<p>FSCO: Grant Swanson, Executive Director, Licensing & Market Conduct Division</p> <p>FSCO: Anatol Monid, Director, Market Regulation Branch</p>		<p>Consultation Proposal on “Modernizing Disciplinary Hearings for Insurance Agents and Adjusters”</p> <p>Industry consultation on “Life Insurance & Mortgage Broker Product Suitability Review”</p>			<p>On February 14, 2013, B. Wycks and Rosemary Troiani, RBC Insurance, met with G. Swanson, Isobel Scovino and Jim Fox around FSCO’s plans for Modernizing Disciplinary Procedures For Life Insurance Agents and Independent Adjusters</p> <p>Adrienne Warner of A. Monid’s team is “point person” for FSCO’s “Life Insurance & Mortgage Broker Product Suitability Review,” scope of which was narrowed to cover just term life, whole life, and universal life sales.</p> <p>CAFII reps participated in focus group discussion with A. Monid, A. Warner, and other FSCO reps on this matter on July 18, 2013. Follow-up discussion on draft survey of insurance agents occurred on September 6, 2013.</p>

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	FSCO: Company Complaint Officer Day			-individual companies -CAFII Executive Director	Toronto November	FSCO's 6 th Annual Symposium for the Life and Health Insurance Sector will take place on Friday, November 22, 2013 from 8:00 a.m. to 12 Noon at Novotel in North York
Quebec	New AMF CEO effective July 2, 2013: Louis Morisset		-Update on AMF priorities -Maintain and strengthen relationship		When Louis is in Toronto; or CAFII Board member in Quebec City	R. Hebert, M. Gill, R. Beckford, I. Choquette, and B. Wycks met with Mario Albert, CEO; Eric Stevenson; Julien Reid; and Louise Gauthier in Quebec City on June 7, 2013 for a very productive/informative two hour lunch liaison meeting L. Morisset to be invited by CAFII Board member L. Fiset to speak at CAFII Board meeting on October 8, 2013 or ensuing Regulator Reception

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	AMF: Superintendent, Client Services and Distribution Oversight: Eric Stevenson	X				Targeted networking with E. Stevenson and P. Dery occurred during CAFII 15 th Anniversary event on April 10, 2013
	AMF: Superintendent of Solvency, Patrick Dery					
	AMF: Rendez-vous			-individual companies	Fall	The AMF's 8 th Annual Rendez-vous event has been scheduled for Monday, November 18, 2013 at the Palais des Congres in Montreal, beginning at 9:30 a.m.
New Brunswick	Superintendent (Acting) Angela Mazerolle-Stephens		<ul style="list-style-type: none"> -Update on Superintendent's priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon; -Licensing issues, electronic licensing; Insurance Act Review Status; including consultation on "Opportunities for Reforming the Licensing Framework for Other-than-Life Agents and Brokers" announced in late August 2013 -Maintain and strengthen relationship -David Weir (Deputy Superintendent); Atlantic Taskforce on ISI (Chair) 		TBD Fredericton	Targeted networking with A. Mazerolle-Stephens, Acting Superintendent of Insurance; and David Weir, Deputy Superintendent of Insurance, occurred during CAFII 15 th Anniversary Event on April 10, 2013
	Consumer Advocate For Insurance, Ronald Godin		<ul style="list-style-type: none"> -Update on Consumer Advocate's priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon -Build relationship 		When Ronald Godin is in Toronto; or CAFII Board member in Fredericton	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Nova Scotia	Superintendent Doug Murphy		-Update on Superintendent's priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon; -Atlantic Taskforce on ISI -Build relationship		TBD Halifax	Targeted networking with D. Murphy occurred during CAFII 15 th Anniversary event on April 10, 2013
PEI	Superintendent Robert Bradley		Courtesy- Low priority for 2013 (only if CAFII Board member in Charlottetown) -Update on Superintendent's priorities -Build relationship		Charlottetown	Targeted networking with R. Bradley occurred during CAFII 15 th Anniversary event on April 10, 2013
Newfoundland	Superintendent Douglas Connolly		-Update on Superintendent's priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon -Build relationship		St John's	Targeted networking with D. Connolly occurred during CAFII 15 th Anniversary event on April 10, 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Atlantic Canada	Joint Forum of Insurance Regulators		<ul style="list-style-type: none"> - Update on Superintendents' priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon -Build relationships 		Moncton or Charlottetown ?	<ul style="list-style-type: none"> -M. Gill contacted David Weir, Deputy Superintendent of Insurance, New Brunswick, re prospect of CAFII having a Joint Meeting with all four Atlantic Canada insurance regulators in Fall 2013 - CAFII to make proposal for joint meeting with all Atlantic Canada insurance regulators in Fall 2013 -Such a joint visit to Atlantic Canada regulators was strongly encouraged by Phil Howell of FSCO
CCIR	Carol Shevlin, Policy Manager	X	<ul style="list-style-type: none"> -Annual lunch. Discuss priorities -Maintain and strengthen relationship 		Toronto	<ul style="list-style-type: none"> -B. Wycks had a Get Acquainted Lunch with C. Shevlin in January 2013; and is in regular contact with her -S. Gelgor, J. Lewsen, and B. Wycks of CAFII have meeting with Carol Shevlin and Harry James, ARC Chair, on September 26, 2013 around CCIR's TPA Review initiative

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	CCIR Executive		Meet when pressing issues or opportunistic meeting occasions arise.		October 29-30, 2013 in Toronto	Six CAFII Board members and Executive Director B. Wycks have “industry stakeholder meeting” with CCIR Executive on October 30 from 10:30 a.m. to 12 Noon. In addition to discussing industry issues, CCIR has invited CAFII to provide input for development of next CCIR Strategic Plan
CISRO	Ron Fullan Chair		-Update on CISRO priorities -Maintain and strengthen relationship -LLQP Modernization		-invite when in Toronto	B. Wycks has contacted R. Fullan to inquire if his travel plans and itinerary would allow for a breakfast, lunch, or coffee meeting around his trip to Toronto for CISRO LLQP Stakeholder Info Session on October 30, 2013.
Federal	Federal Finance		Educational – marketing of CGI			
	OSFI: Julie Dickson, Superintendent					
	OBSI: Doug Melville Ombudsman		Educational – marketing of CGI			

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	Financial Consumer Agency of Canada (FCAC)		Financial Literacy re insurance			<p>Ursula Menkes retired from FCAC Commissioner role at end of May 2013; successor not yet named. Finance Minister Flaherty announced appointment of Lucie Tedesco as new Commissioner on September 4, 2013.</p> <p>A congratulatory letter from CAFII re appointment to be sent to Ms. Tedesco. Follow-up Get Acquainted meeting may be in order</p> <p>M. Gill had liaison lunch with FCAC contact in late April 2013; contact advised that FCAC is “not working on insurance at this time”</p>



Proposed CAFII Joint Visit To Atlantic Canada Insurance Regulators In Fall 2013

Possible Locations

- CAFII Member office in Moncton, New Brunswick;
- CAFII Member office in Charlottetown, PEI;
- CAFII Member office in Halifax, Nova Scotia

Possible Dates That Work From A CAFII Perspective

-Wednesday, October 16	-Thursday, October 24
-Thursday, October 17	-Monday, November 18
-Monday, October 21	-Tuesday, November 19
-Tuesday, October 22	-Wednesday, November 20
-Wednesday, October 23	-Wednesday, November 27
	-Thursday, November 28

Possible Agenda Issues

- Quick Overview of Creditor's Group Insurance and Alternative Distribution (CAFII "Creditor Insurance 101" overview presentation to CCIR from a few years ago will need only minor tweaks and updates)
- Update on Avalon Study comparing Creditor's Group Mortgage Life, Disability, and Critical Illness Insurance versus Individual Insurance Products
- Electronic Commerce
- Licensing issues, electronic licensing; and Insurance Act Review status in each province
- Superintendent's Priorities in each province
- Update on status of Atlantic Task Force on ISI; other opportunities for regulatory modernization and inter-provincial harmonization
- LLQP modernization
- Use and oversight of TPAs in Creditor's Group Insurance
- Plain Language, Consumer Financial Literacy, and Consumer Protection

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If there is appetite to get into provincial-specific issues, then perhaps also:

-New Brunswick's "Opportunities for Reforming the Licensing Framework for Other-than-Life Agents and Brokers"; and

-Newfoundland's recent efforts to prohibit insurance sales via telemarketing.

CAFII Priorities by Committee – September 23, 2013

Executive Operations Committee

Membership: As per CAFII Bylaw 6.01. Sub-committees may strike taskforces drawing on expertise of other individuals associated with member companies.

Mandate	Activities	Issues of Interest
Recommend budget and priorities to Board	Draft and review Financial Reports	
Keep environment open to key products	Be aware of current and emerging issues (Regulatory Update).	
	Develop responses to regulatory initiatives. Forward to board for approval as necessary. Oversight of Distribution and Market Conduct Policy Committee (DMC)	Regulation of ISI
		International regulation of creditor products
		Market Conduct Regulation
		Electronic Commerce
		Provincial Insurance Act Reviews
		Quebec Distribution Guide
Keep environment flexible /efficient	Identify barriers to efficient operations. Oversight of Licensing Efficiency Issues Committee (LEIC)	Licensing Irritants
		Provincial Insurance Councils and CISRO issues, including LLQP
		Electronic licensing
		Multi-jurisdictional licensing/mutual recognition
Develop communication plans and tools	Oversight of Media and Advocacy Strategy Committee(MAC)	Communications strategy, CAFII Branding Advocacy Strategy Website
Build relationships with key stakeholders	Connect with regulators. Manage and conduct regulator visits. (Manage Regulator Visit Plan) Approve attendees at regulator meetings, review meeting notes and manage follow-up actions	
	Oversight of Networking and Events committee	
Other items	Continuance under new Canada Not for Profit Corporations Act (CNCA)	Articles of Continuance to be filed by October 26, 2014
	Changes to CAFII Management structure – development of Executive Director role	Executive Director hired effective December 2012; oversight of establishment of ED's role, its evolution and effectiveness

Distribution and Market Conduct Policy Committee

Membership: The committee will have 4 permanent members including 2 co-chairs all of whom are members of the EOC.

Co-Chairs: 1) Sue Manson CIBC 2) ? **Other members:** 3) Emily Brown BMO 4) John Poolman, Assurant

5) Andre Duval, DSF 6) Rose Beckford Scotiabank Financial **Mandate:** Oversee development of CAFII policy positions as directed by EOC. Oversee taskforces as required. Activities: Draft CAFII submissions, Manage and interpret industry research projects as approved by EOC

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
Regulation of ISI	Quebec <ul style="list-style-type: none"> DWR (review of Insurance Act) 	<ul style="list-style-type: none"> CAFII members met with Eric Stevenson November 15, 2012 and with AMF staff executives on June 7, 2013 Insurance Act Overhaul/Re-write formally announced by Quebec Government on April 30, 2013 	<ul style="list-style-type: none"> Active
	Quebec <ul style="list-style-type: none"> Review of Distribution Guide 	<ul style="list-style-type: none"> CAFII input provided on Guide (e.g. signature, remuneration) through letter sent to AMF June 2012, meeting with Eric Stevenson on November 15, 2012 and follow-up letter sent to AMF Dec 2012 	<ul style="list-style-type: none"> Active EOC involvement and oversight Met with AMF in Quebec City on June 7, 2013 DMC proposes information session
International Regulation of Creditor Insurance	PPI IAIS Core Principles	<ul style="list-style-type: none"> Brendan reported on US and UK developments CAFII Project 	<ul style="list-style-type: none"> Active/Monitor ongoing Board approval received on June 11 to secure draft communication of project outcomes Post Implementation Review
		<ul style="list-style-type: none"> Subcommittee working on matrix of impact of Insurance Core Principles (ICPs) and international regulations 	<ul style="list-style-type: none"> EOC Input obtained Active
Industry Complaint Statistics		<ul style="list-style-type: none"> Subcommittee working on compilation of Industry Complaint Statistics 	<ul style="list-style-type: none"> EOC Input obtained DMC Subctte met on June 4 and 25, 2013
Consultations	FSCO life insurance product suitability review	<ul style="list-style-type: none"> FSCO has held consultation meetings with CAFII on this initiative in July and September 2013 	<ul style="list-style-type: none"> Having provided significant input through two meetings, CAFII will be consulted on final draft of survey of life agents, and on final report from Suitability Review

CAFII Priorities by Committee – September 23, 2013

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
	E-commerce	<ul style="list-style-type: none"> CCIR and AMF – upcoming consultations 	<ul style="list-style-type: none"> Active with Release of CCIR E-Commerce Position Paper on May 23, 2013 CAFII submitted detailed response to CCIR E-Commerce Position Paper in July 2013
	Provincial Insurance Acts	<ul style="list-style-type: none"> Manitoba 	<ul style="list-style-type: none"> Draft ISI Regulations released on June 3, 2013; Licensing Committee to deal with this matter. CAFII submitted detailed response to Draft ISI Regulations in July 2013
		<ul style="list-style-type: none"> Saskatchewan 	<ul style="list-style-type: none"> Watch
		<ul style="list-style-type: none"> Ontario 	<ul style="list-style-type: none"> Watch
Avalon Report Update	Survey members companies, update analysis and research	<ul style="list-style-type: none"> Comparison of creditor insurance on mortgages with term life and individual disability insurance: pricing, approval rates, claim approval rates, etc. 	<ul style="list-style-type: none"> Active Last conducted in late 2009/early 2010 on 2008 data DMC secured Board approval for refresh of this study, using 2013 data; to be conducted in late 2013 and first quarter of 2014. Avalon proposal and draft survey brought to EOC at September 24, 2013 meeting

AMF Distribution Guide Task Force

(Task Force of Distribution and Market Conduct Policy Committee)

Members: Emily Brown, John Poolman, Rose Beckford, Moira Gill, Sue Manson

Purpose: Recommend changes to the AMF Distribution Guide based on the Mutual Fund Guide, customized for exclusion disclosure

Licensing Efficiency Issues Committee

Membership – 1 Chair who is a member of EOC and 3 members from representative companies.

Chair: Moira Gill TD 2) John O’Hoski Cdn Premier 3)Sara Gelgor , ScotiaLife Financial 4) John Poolman, Assurant 5)Greg Grant CIBC

Mandate: Identify and manage licensing efficiency issues for restricted and individual licensing processes.

Priorities	Issues	Currently active issues	Status
Licensing operation issues Streamlining and harmonizing licensing requirements (training, CE, other)	Request for restricted certificates for 3 rd parties Alberta	v	CAFII letter to the Council (2011). Council responded that they did not support the request. Committee decision to address the issue with the Council again in <u>year ?</u>
	CISRO project to redesign LLQP – project completion target Sept 2014		Quarterly Stakeholder Information Sessions being held by CISRO, incl. January 17/13 and April 9, 2013. Next Session to be held on October 30, 2013.
	Licensing process -streamlining and harmonization		Identification of issues ongoing
ISI regime implementation	Manitoba – issues to be resolved with implementing regulations		Included in Insurance Act Spring 2012 Letter sent in August 2012 -CAFII response to draft ISI Regulations sent in early July 2013. May require more detailed follow-up submission and a visit by a CAFII rep(s) to Jim Scalena, Superintendent of Insurance, in Winnipeg
Provincial Insurance Councils and CISRO issues	Opportunities to have restricted licensees represented or otherwise participate on Council discussed with Saskatchewan and Alberta. Committee identified a need for an analysis of options for BC, Alberta & Saskatchewan. Council representation needed	v	Legal assistance engaged and analysis of options underway. Meeting with AIC Jan 2012. Meeting with Sask. held Meeting with Manitoba held
Electronic licensing	Promote use of electronic licensing systems by provincial regulators; possible use of “business numbers” to link		Letter of support sent to CISRO May 2012
Multi-jurisdictional licensing/ mutual recognition	Trade Agreements - promote mutual recognition (Ontario – Quebec, New West Partnership)		Attended trade agreement update meeting May 2012

Media and Advocacy Strategy Committee

Membership: The committee will have 4 permanent members including 2 co-chairs, all of whom are members of EOC. EOC chair is co-chair.

Co-Chairs: 1) Sara Gelgor 2) John Lewsen

Members: 3) Paul Yeung, 4) Moira Gill 5) Greg Grant

Resources: Leya Duigu, Brendan Wycks

Mandate: Identify key stakeholders and develop, recommend and implement communication and advocacy strategy. Oversee CAFIL branding. Oversight of Media Response taskforce.

Areas of Interest: Underserved Market: Creditor Insurance (value proposition, disclosure); Counter broker lobby messages

Initiatives	Status/Explanation	Resp	Next steps
-Develop a Communications Strategy	<p>-Update Communications Strategy: CAFIL-branded “Regulatory Value Added Strategy” for website and regulator communication. Most materials exist but materials should be reviewed and recommendations made as to how to package and brand materials. Include concept of sending targeted messages to regulators when an issue is in the media.</p> <p>-bring strategy up to date, should be a refresher at every board meeting</p>	ED	<p>-Draft External Communications Strategy prepared by B. Wycks and reviewed with MAC on September 19, 2013. Feedback received, but still to be incorporated. Highlights presentation to be shared with EOC on September 24, 2013, and revised Executive Summary of Strategy document – reflecting MAC and EOC feedback and including some Communications Tactics examples included -- to be prepared for Board review and approval on October 8, 2013</p>
<p><u>Website</u></p> <p>-collect testimonials, post on site</p> <p>-Refresh CAFIL mission statement</p> <p>-expand tabs to include other products & regulators/industry</p>	<p>-Testimonial (written or video)- 1 per member , have 7 or 8 available and determine how to rotate through (value –add to members)</p> <p>-review mission statement to ensure it is in line with branding,</p> <p>-incorporate alternate distribution (underserved market)</p>	<p>J Lewsen</p> <p>ED</p> <p>ED</p>	<p>-Email reminder sent w/o Oct 22, 2012; One written and two video testimonials received to date. B. Wycks to follow-up with direct request to each Voting Member, via EOC members</p> <p>-Removed from MAC Priorities, as Mission Statement is solely within Board purview and typically is reviewed as part of Strategic Plan renewal. J. Hines and B. Wycks to discuss with Chair M. Cummings</p> <p>-Underserved market material drafted, to be approved for website. In process with ED B. Wycks</p>

CAFII Priorities by Committee – September 23, 2013

Initiatives	Status/Explanation	Resp	Next steps
	- Travel insurance product – ED to reach out to travel association and CLHIA; look at it from distribution perspective	ED	B. Wycks met with CLHIA Execs. on April 1 and June 3; had get acquainted discussion with John Thain, volunteer President of Travel Health Insurance Association, who works for Assurant Solutions, at CAFII 15 th Anniversary event. Will have a full meeting with Thain in Fall 2013.
-Develop CAFII “Did you know” video to convey important facts	-(Charles Blaquiere suggestion) Budget allocation request \$10,000	ED	-In process as part of CAFII Re-Branding and Visual Identity Modernization initiative
-what’s new	-In place, ongoing update of news	ED	-Ongoing
<u>CAFII Branding</u> -develop marketing tagline	several taglines to be sent to Board, -identify differentiating factor, eg advocating for insurance access , choice, all Canadians	J Lewsen	Completed
	- include tagline on all submissions, website, swag, and letters to regulators	ED	-In process; to be completed in conjunction with Re-Branding and Visual Identity Modernization initiative
-CAFII newsletter for regulators	-Insurance regulatory news to be collected monthly and shared with regulators as a value added service Budget Request re formatting?	ED	-Completed and ongoing.
-CAFII “look”	-Develop a font and layout unique to CAFII to be used in letters, submissions and newsletter; assess if new logo needed Budget allocation request \$10,000	ED	-In process as part of CAFII Re-Branding and Visual Identity Modernization
-Acquire soft marketing tools (pads, pens etc),	-Coasters suggested– include tagline and web address on next re-order -Budget allocation request		-Pens, mugs and i-phone holders are in stock

CAFII Priorities by Committee – September 23, 2013

Initiatives	Status/Explanation	Resp	Next steps
<u>Media Protocol</u> -Develop and manage protocol for handling media requests -media training for ED	-Protocol to be revised with arrival of ED -Budget allocation request \$2,000	ED	-Completed; revised Media Protocol approved by MAC on January 17/13 -Schedule training for Q4 2013. Expand to include Board members who are interested and available on the day booked for media training.
-Monitor Media		ED	Ongoing
-Develop List of Friendly media			Paul & Moira have completed list
-Notify communications departments of member firms	-To be done when messaging is reviewed		
-News Release	-Send out notification re new ED		-Notice sent to all CAFII members. Included in first issue of Regulators' newsletter. Also to be sent directly to each regulator with a cover letter from M. Cummings
Develop 2-3 likely scenarios		ED	-B. Wycks reviewing material drafted by G. Grant.
Key Message Development - identify issues and develop key messages	-Key message document: develop and review stock messages to be used in communication opportunities	ED	-Key Messages reviewed and refined by B. Wycks as part of External Communications Strategy development
-Regulator Kit -develop booklet /brochure -Key Facts sheet	For new regulators. Compile package of information for regulators which can include -booklet - past submissions, -testimonials and -key fact sheet. Booklet - take images from website, testimonials, designed to highlight major issues. Small 10 page booklet that can be given out with business cards. -develop a "Key Facts" sheet to be part of regulator package	ED ED ED	-Some content developed by RBC intern -To be completed as part of External Communications Strategy implementation -To be completed as part of External Communications Strategy implementation

CAFII Priorities by Committee – September 23, 2013

Initiatives	Status/Explanation	Resp	Next steps
Manage research to support message (eg. Pollara) - develop key messages - manage plan of use of research - determine when and what research must be undertaken or renewed	-Pollara plan of use in place	MAC	-Research is a key component of External Communications Strategy. Plan of use to be reviewed by ED in light of Strategy, once approved
-Industry Statistics	- identify and keep current statistics from LIMRA and CAFII research	ED	-overlapping responsibility with DMC. Referred/delegated to DMC.
-Webinars Develop and offer webinar education Determine distribution of webinar material	-develop / oversee development of new webinars -review and keep webinars current -track who has seen which webinars -plan number of webinars per year, have list of upcoming webinars -deliver webinars Budget allocation request \$10,000	ED	-Digital commerce and social media webinar, developed by Davis Yoo and Debbie Dimoff of PwC, delivered to CCIR audience on May 30, 2013. -Topic and timing of next webinar for CCIR under consideration.

Media Response Taskforce

Membership: Taskforce consists of any two members of the Media and Advocacy Strategy committee plus Brendan Wycks.

Purpose: Deal with media issues as they arise. Make recommendation to Board communications committee (Members: Mark Cummings, Scotialife Financial; Dave Minor, TD; Rick Lancaster, CIBC; Julie Barker-Merz BMO)

CAFII Priorities by Committee – September 23, 2013

Networking and Events Committee

Membership: 1 Chair - 2 members , EOC chair is an ex-officio member

Chair: Paul Yeung RBC 2) Maria Sanchez –Chung TD 3) Ex-officio: Jennifer Hines Resources: Leya Duigu, Brendan Wycks

Mandate : Operate CAFII events and receptions to maintain contact with regulators, associate members and other key stakeholders.

Priority	Activities	Status
Plan Quarterly Speaker and reception events, and member-only event	-February Speaker Event (members only)	-Moved to March 26, 2013, with Jane Carr, Vice-President and Managing Attorney, Assurant Solutions, Atlanta, speaking on “Issues, Challenges and Opportunities in U.S. Debt and Other Protection Products.” -Completed and successful
	-April 10, 2013 CAFII 15 th Anniversary Event	-Completed and successful
	-June AGM/Regulator Reception Event	-Completed and successful. Doug McPhie, Ernst & Young’s Canadian Insurance Leader, was speaker on “2013 Canadian Life Insurance Outlook” for Regulator Reception event on June 11, 2013
	October Speaker Event	John Wilkinson, former Ontario MPP and Cabinet Minister in McGuinty Liberal government, booked as Speaker under “Chatham House Rule”
	December Reception	
Keep current lists of key contacts		
Christmas cards to key contacts?		
Seek out other opportunities to meet with contacts (eg. corporate table)		

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]

Sent: September-05-13 10:09 AM

To: 'Grant, Greg'

Cc: 'Manson, Sue'; 'moira.gill@td.com'; 'Lewsen, John'; 'Hines, Jennifer'; 'sara.gelgor@scotiabank.com'; 'Leya Duigu'

Subject: RE: New Brunswick Launches Consultation on "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers"

Hi, Greg.

Yes, actually I do have some insight on that question.

Towards the end of my phone conversation with David Weir yesterday – which was mainly to find out which of the proposed changes could have a spillover impact upon life agents, as the Insurance Division sees things unfolding in New Brunswick – I asked him this: “With respect to Issue 10 – Partnership or Corporate Licence, is part of the motivation for the proposed change there an intention to move towards a Restricted ISI Licence regime akin to what exists in Alberta and Saskatchewan?”

David’s reply was “No, we really aren’t contemplating a Restricted Licence approach at this time. This change is one that definitely relates mainly, but not exclusively, to the Other-than-Life side. The Partnership or Corporate Licence change is really just intended to put flesh on the bones, and give us the regulatory means to issue a corporate licence, which the Insurance Act allows but regulations have never been put into effect yet to make it actionable. One of the things that’s behind this is that the Act says that you can only pay a commission from an insurance sale to a licenced entity. And some stakeholders have been telling us that we need to make this change because they want to be able to have commissions paid into a corporation or a partnership, rather than only having the option of having them paid to an individual licensee.”

David gave me the sense that Issue 10 is a change being proposed in response to petitioning/lobbying from certain stakeholders, but one which they realize is overdue and don’t have a problem with because it would bring the province into harmony with what is permitted in other jurisdictions.

He also stressed that even with regulatory changes that would facilitate the issuance of licences to partnerships and corporations, individuals would still be required to obtain individual licences. He highlighted that as evidence that they are not contemplating a Restricted Licence regime.

Brendan Wycks, BA, MBA, CAE

Executive Director

Canadian Association of Financial Institutions in Insurance

Cell: (647) 218-8243

Alternate: (647) 361-9852

brendan.wycks@cafii.com

www.cafii.com

From: Grant, Greg [<mailto:Greg.Grant@cibc.com>]
Sent: September-05-13 9:31 AM
To: 'Brendan Wycks'
Cc: Manson, Sue; moira.gill@td.com; Lewsen, John; Hines, Jennifer; sara.gelgor@scotiabank.com
Subject: RE: New Brunswick Launches Consultation on "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers"

Brendan,

I had a look through the document yesterday and the general approach seems to be "modernization/harmonization". The part that I'm not clear on is the implication of the title "Other-than-Life Insurance Agents and Brokers". It made me think they were considering a Restricted Licensing Regime but I saw nothing explicit on that in the paper except perhaps Issue 10 – Partnership or Corporate Licence. I wouldn't want to bring the issue up but it would be good to know if they are heading in this direction.

Do you have any insight into this?

Greg Grant
Senior Director, Insurance Strategy & Planning
905-306-4924
647-464-5581 (mobile)

From: Brendan Wycks [<mailto:brendan.wycks@cafii.com>]
Sent: Wednesday, September 04, 2013 1:47 PM
To: Grant, Greg; 'Hines, Jennifer'; 'Yeung, Paul'; john.lewsen@bmo.com; sara.gelgor@scotiabank.com; 'Gill Moira'; cblaquiere@aegonusa.com; 'Brown Emily'; 'André L. Duval'; John.Poolman@assurant.com; 'Maria Sanchez-Chung'; 'Rose Beckford'; Manson, Sue; Fabian, Matthew; eleonore.fang@td.com
Cc: mark.cummings@scotiabank.com; heather.latimer@scotiabank.com; 'Leya Duigu'; Richard Hebert; vivianne.g.maglione@aexp.com
Subject: New Brunswick Launches Consultation on "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers"

EOC Members:

As per David Weir's transmittal message below and the attached document, New Brunswick's Financial and Consumer Services Commission has just released a Discussion Paper, for consultation, titled "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers."

Note that even though this consultation, by title, relates to proposed modernizations and reforms to the province's regulatory framework for Other-than-Life agents and brokers, David Weir, Deputy, Director, Insurance, included CAFII in his distribution of the Discussion Paper. And he says "**although the main focus of the paper is the licensing regime for other-than-life agents and brokers, some of the items discussed also impact other insurance intermediaries. Therefore, we also welcome any feedback from these intermediaries.**"

I have read the Discussion Paper and reviewed Part XV of New Brunswick's Insurance Act and its Life Insurance Agent Regulation, for background. **And I just chatted with David Weir on the phone to get clarification on a few points.**

The reason why David stated that some of the items discussed in the paper also impact other insurance intermediaries is that New Brunswick may well introduce amendments that affect both Other-than-Life agents and brokers and Life agents and brokers simultaneously, particularly for matters where amendments to the Insurance Act will be required, and where it makes sense to do so based upon the feedback they receive from stakeholders.

The Issues where David said that such a kill-two-birds-with-one-stone approach could be used are Licence Renewals; Supervision; Trust Accounts; E&O Insurance; and Duty to Report.

This being the case, and even though the Discussion Paper has an Other-than-Life focus, **it is my recommendation that CAFII should submit a response to the paper by the October 31 deadline.** Raising our profile/status as a stakeholder with the Regulator would be a secondary motivation for and benefit of doing so.

The matters in the Discussion Paper are squarely licensing and related efficiency issues, so I look forward to the LEIC's consideration of this opportunity and to working with them and other EOC members on a response if we decide to move ahead.

From my reading and analysis of the Discussion Paper and my chat with David Weir, here are short summaries of the proposed changes that I believe could have a subsequent spill-over into the life insurance agent regulatory framework:

Issue 4 - Licence Renewals

NB would repeal the requirement that all licence applications and renewals must be sworn under oath. NB is the only Canadian jurisdiction that still has this requirement. The modernization would be to replace sworn oath with a certification as to the truthfulness of information provided. Would remove a barrier to an online licensing system.

Issue 5 - Compliance and Enforcement Matters

NB seems to be following in the footsteps of FSCO in this area, in wanting to clarify and beef up the Superintendent's power to compel the provision of information; impose interim suspensions or restrictions on a licence; and have enforcement powers over individuals who are no longer licenced (surrendered their licence to avoid enforcement action). Also, is looking for input/feedback re having other regulatory sanctions at the Superintendent's disposal, with Administrative Monetary Penalties (AMPs) being one under consideration.

Also, NB seems keen to introduce a "Naming and Shaming" dimension to its enforcement powers. ". . . the Act should be amended to authorize the publication of decisions by the Superintendent to grant or refuse a licence or to revoke or suspend a licence. . . . publication of decisions will help educate other licenced individuals . . . publication would allow insurance regulators in other jurisdictions to be informed of determinations . . ."

Issue 6 -- Trust Accounts

NB Act currently requires **all life** and other-than-life agents and brokers to hold a trust account. In light of modern day marketplace realities, Insurance Division proposes amendment so that the trust account requirements apply only to agents and brokers who receive trust funds. Also considering requiring annual trust reconciliation statements.

Issue 7 -- Errors and Omissions Insurance

NB considering introducing a requirement for licence holders to carry errors and omissions insurance issued by an insurer licenced in NB and a further requirement to hold fidelity insurance issued by a licensed insurer.

Issue 8 -- Duty to Report

Currently, there is no requirement for an NB licence holder to report to the Superintendent when he/she has been subject to disciplinary action by another regulator, has been charged with or convicted of an offence, or has had a civil judgment rendered against him/her, until the individual applies to renew his/her licence (licence period is two years). That said, the NB Adjusters Regulation requires adjusters to report these types of issues within 10 business days. Establishing a similar mandatory self-reporting requirement in the Agents and Brokers Regulation would enhance consumer protection.

Issue 9 -- Lapse in Licence/Reinstatement

NB's Life Insurance Agent Licensing Regulation requires that a life insurance agent who ceases to hold his/her licence for two years must retake the LLQP examination. The Insurance Division believes that to enhance consumer protection, lapsed other-than-life agents and brokers should also be required to re-qualify by taking courses and being under direct supervision.

Issue 10 -- Partnership or Corporate Licence

In NB, regulations have never been created to put into effect the Insurance Act's provisions related to the issuance of agents or brokers licences to a partnership or corporation that is incorporated expressly for the purpose of acting as an insurance agent, broker, adjuster, or damage appraiser. The Insurance Division is considering regulatory amendments to allow for the licensing of partnerships or corporations, subject to provisions in the Act. (The Act says that commissions on an insurance sale can only be paid to a licensed entity. The amendment would make it possible to pay commissions into a corporation.) However, individuals would still be required to obtain individual licences.

Brendan Wycks, BA, MBA, CAE

Executive Director

Canadian Association of Financial Institutions in Insurance

Cell: (647) 218-8243

Alternate: (647) 361-9852

brendan.wycks@cafii.com

www.cafii.com

-----Original Message-----

From: Weir, David (FCNB) [<mailto:david.weir@fcnb.ca>]

Sent: August-29-13 8:48 PM

To: amcnair@nbinsurancebrokers.ca; Dean, Amanda; Olmstead, Stephen; fswedlove@clhia.ca; Peter Goldthorpe; 'andre.vincent@assumption.ca'; 'camille.theriault@acadie.com'; 'Janice.Rickard@ugic.nb.ca'; 'jim.wilson@fundymutual.com'; 'john.garwood@stanleymutual.com'; 'Eugene.patterson@carletonmutual.com'; 'Darrel.Coates@SEMUTUAL.NB.CA'; jpaullee@nb.aibn.com; smurray@cadri.com; laura.bedford@rbc.com; pfulton@allstate.ca; Frances.klassen@sunlife.com; Tracy_reitzel@manulife.com; Barb_Wesselius@cooperators.ca; Lynn.McIntyre@ACEGroup.com; Ruth.draper@rsagroup.ca; Erika.Hingar@Primerica.com; Decarie, Catherine; Geordie Lamb; Ted Hellyer; Sandra Parker; ken@ilscorp.com; laucoin@planthope.com; agervis@camic.ca; BMacKenzie@wawanesa.com; lynn.prescott@assistplus.ca; info@cafii.com

Cc: Mazerolle, Angela (FCNB); Finn, Kathryn (FCNB); Robichaud, Michelle (FCNB); Lawlor, Gert (FCNB)

Subject: Discussion Paper/document de discussion

Dear Stakeholder:

Re: Release of Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers

The Insurance Division of the Financial and Consumer Services Commission is pleased to announce the release of the discussion paper entitled Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers

The Insurance Act ("the Act") requires all individuals carrying on the business of insurance as agents or brokers to be licenced. Part XV of the Act deals with the licensing of agents and brokers and other intermediaries.

The Agents and Brokers Regulation establishes the terms, conditions and qualifications for other-than-life agents and brokers.

The Insurance Division is proposing to update the current licensing regime for other-than-life insurance agents and brokers. As a first step in this review, the Insurance Division has prepared this paper to facilitate dialogue and consultation with stakeholders who wish to provide feedback on reforming the current licensing framework. The main objective of this review is to ensure that the regulatory framework reflects the current insurance marketplace while, most importantly, providing robust protection for consumers.

Although the main focus of the paper is the licensing regime for other-than-life agents and brokers, some of the items discussed also impact other insurance intermediaries. Therefore, we also welcome any feedback from these intermediaries.

The issues paper is available on the Commission's website at www.fcnb.ca/insurance<<http://www.fcnb.ca/insurance>>

Submissions should be made electronically to information@fcnb.ca<<mailto:information@fcnb.ca>>. no later than October 31, 2013.

Alternatively, written submissions may be sent by mail or fax to:

Insurance Division

Financial and Consumer Services Commission P. O. Box 6000 Kings Place

637 - 440 King Street

Fredericton, NB E3B 5H8

Fax: (506) 453-7435

David Weir

Deputy Director, Insurance/Directeur adjoint, Assurances Tel/Tél :

506-453-2512

Financial and Consumer Services Commission Commission des services financiers et services aux consommateurs

PO Box 6000

Fredericton NB

E3B 5H1

Fax/Téléc : 506-453-7435

www.fcnb.ca<<http://www.fcnb.ca>>

Effective 1 July 2013, the Insurance Branch became part of the Financial and Consumer Services Commission. Our website www.fcnb.ca<<http://www.fcnb.ca>> provides more details.

DISCUSSION PAPER

Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers

August 2013

Financial and Consumer
Services Commission

INSURANCE DIVISION

Background

The *Insurance Act* (“the *Act*”) requires all individuals carrying on the business of insurance as agents or brokers to be licenced. Part XV of the *Act* deals with the licensing of agents and brokers and other intermediaries. The *Agents and Brokers Regulation*, which establishes the terms, conditions and qualifications for other-than-life agents and brokers, was first introduced in February 1995 and since that time the *Regulation* has not been updated. A copy of the current *Act* and *Regulations* can be viewed at:

www2.gnb.ca/content/gnb/en/departments/attorney_general/acts_regulations.html

Introduction

The Insurance Division of the Financial and Consumer Services Commission will be developing and analyzing policy options to reform the current licensing scheme for other-than-life insurance agents and brokers. As a first step in this review, the Insurance Division has prepared this Discussion Paper to facilitate dialogue and consultation with stakeholders who wish to provide feedback on reforming the current licensing framework.

The main objective of this review is to ensure that the regulatory framework reflects the current insurance marketplace while providing robust protection for consumers.

Submissions

Submissions should be made electronically to information@fcnb.ca, no later than October 31, 2013.

Alternatively, written submissions may be sent by mail or fax to:

Insurance Division
Financial and Consumer Services Commission
P. O. Box 6000
Kings Place
637 - 440 King Street
Fredericton, NB E3B 5H8

Fax: (506) 453-7435

Please note that we cannot keep submissions confidential. Any comments received during the comment period will be made public.

Issue 1 - Levels and Types of Licences

The licensing provisions of the *Insurance Act* related to other-than-life intermediaries distinguish between residents and non-residents, and agents and brokers. Likewise, the *Agents and Brokers Regulation* establishes two levels of other-than-life agent licences (class I and class II) and four levels of other-than-life broker licences (class I, II, III, and IV).

The discrepancies in the *Insurance Act* between non-residents and resident agents and brokers reflect a time when most individuals dealing with insurance clients were resident in the Province with a few non-residents doing infrequent business in the Province. Today's marketplace is significantly different. The Insurance Division believes that this distinction between non-residents and residents should be eliminated so that non-residents meet the same standards and operate within the same regime as resident agents and brokers. However, consideration must also be given to the Agreement on Internal Trade related to labour mobility which has recently incorporated individuals working within financial sectors.

In the current marketplace, there are some agents who sell for more than just a specific insurance company and some brokers who have very restricted markets. This can create confusion for consumers. It also raises questions as to why they are treated differently and not on a level playing field. Most jurisdictions have eliminated the distinction between agent and broker and only issue agent licences. The Insurance Division believes that it is time for New Brunswick to follow suit.

The Insurance Division believes that roles and responsibilities for a particular level of licence should be spelled out in the Regulation and that they should be consistent for all individuals whether they are agents or brokers and regardless of the size of their particular organization. Further, the role and responsibilities of a particular level of licence should relate to the educational requirements for that licence.

Discussion Questions

- 1.1 Should the *Insurance Act* and Regulations be amended to eliminate the distinction between resident and non-resident other-than-life intermediaries?
- 1.2 Should the *Insurance Act* and Regulations be amended to eliminate the distinction between agent and broker licences and move to a common licence for all other-than-life insurance intermediaries?
- 1.3 What levels of licences should there be, and what should be the corresponding role and responsibilities for each level?
- 1.4 Which activities by staff of a brokerage or an agency should not require the individual to hold a licence?

- 1.5 Should a licence holder be obliged to move to the next level of licence?
- 1.6 If a licence holder were obliged to move to the next level of licence, what should the time limit be for moving to the next level of licence?
- 1.7 Are there any other matters for consideration on this issue?

Issue 2 - Educational and Experience Requirements

Ensuring that insurance intermediaries have appropriate education is a key component of consumer protection. The educational requirements contained in the *Agents and Brokers Regulation* have not been updated in some time. As stated above, the Insurance Division believes that the roles and responsibilities attached to each level of licence should reflect the educational requirements of that level of licence. The Insurance Division believes that further information is required in order to determine what course requirements are appropriate for each different level of licence.

Given that there are variations in educational requirements across the country, the licensing regime should permit the recognition of equivalent educational standards from other jurisdictions.

While education is critical in the proper development of insurance intermediaries, practical experience gained through supervised on-the-job training ensures that intermediaries are properly trained. For new licence holders, direct supervision is necessary to ensure consumer protection and appropriate development. Some licensing regimes include probationary periods where a new licence holder's activities are restricted until they reach a minimum level of experience. Upon reaching the minimum level of experience, individuals would be free to work more independently and with fewer restrictions, if any, on their licences; although they are still subject to overall supervision by a managing licence holder.

Discussion Questions

- 2.1 Referring back to question 1.3, what should the corresponding educational requirements be for each level of licence?
- 2.2 Should there be a probationary period, for individuals entering the profession? If so, what should the probationary period be?
- 2.3 If there is a probationary licence, what restrictions should be placed on a probationary licence?
- 2.4 Should there be further educational requirements for an individual to move from a probationary licence?
- 2.5 Referring back to question 1.3, should there be minimal experience requirements to move to the different levels of licence? If so, what should those minimum requirements be?
- 2.6 Should there be a requirement for licence holders to complete mandatory continuing education?

2.7 Are there any other matters for consideration on this issue?

Issue 3 - Supervision

Under the *Agents and Brokers Regulation*, a licensee with an other-than-life agent licence class I must be under the supervision of his or her employer. Similarly, a licensee with an other-than-life broker licence class I must be under the supervision of his or her employer. A licensee with an other-than-life broker licence class II must be under the supervision of a holder of a broker licence class III or IV.

Going forward, the nature of supervision will depend greatly on the levels and types of licences that are in a new licensing regime. However, generally speaking the Insurance Division believes that the following are necessary key elements:

- a managing licence holder who is responsible to provide an effective level of oversight and active supervision of all insurance activities within an operation;
- on-sight supervision of branch offices by a senior licence holder;
- direct supervision of new entrants by a senior licence holder.

Discussion Questions

- 3.1 What level of licence(s) should be subject to direct supervision under the *Regulation*?
- 3.2 What should be the nature of supervision for each corresponding level of licence?
- 3.3 What requirements should an individual meet to be a supervisor?
- 3.4 What obligations would the supervisor have, how long would the supervision last and how many licensees should an individual be able to supervise at one time?
- 3.5 Are there any other matters for consideration on this issue?

Issue 4 - Licence Renewals

Pursuant to the *Insurance Act*, the Superintendent of Insurance must determine whether an individual is eligible to have his or her licence renewed. Where issues arise with respect to an individual's eligibility, the Superintendent may require an investigation to be completed in order to assist in making a determination. Therefore, requiring a regular renewal allows for the confirmation of an individual's eligibility by sponsors and the Office of the Superintendent.

The *Licence and Examination Fees for Agents and Brokers Regulation* establishes renewal periods for agents and brokers. In 2009, New Brunswick moved to two year licences for most licence holders to lessen the regulatory burden. As well, we staggered our renewal dates to increase the effectiveness of the application review process. These changes attempt to balance efficiency with regular monitoring to ensure consumer protection.

The Insurance Division believes that these changes have improved the licence renewal process. That said, we are seeking feedback on other initiatives that could increase the efficiency of the renewal process while still ensuring a regular review of licence holders.

The *Insurance Act* requires that applications be sworn. New Brunswick is the only jurisdiction that still has this requirement. While this adds some assurances as to the veracity of the information provided, it also adds to the administrative burden for the applicant. It is also a barrier to moving to an online licensing system. The Insurance Division believes that this requirement should be eliminated in favour of a certification as to the truthfulness of the information provided.

There are times when issues going to eligibility are only disclosed when a renewal application is filed. The issues can require an investigation and, in some cases, a hearing. This can lead to delays in the licence being renewed and can result in individuals being unable to carry on business pending the investigation or a hearing. The Insurance Division believes that there should be authority to issue a temporary licence in situations where there is not a significant risk to consumers.

Discussion Questions

- 4.1. What improvements could be made to increase the efficiency of the renewal process while ensuring a regular review of licence holders?
- 4.2. Should there be a filing date for licence renewal applications which predates the expiry date with a late filing fee?
- 4.3. Should the Act authorize, in appropriate cases, the issuance of temporary licences pending an investigation or hearing respecting eligibility?

4.4. Are there any other matters for consideration on this issue?

Issue 5 - Compliance and Enforcement Matters

The Insurance Division believes that there are some minor changes needed related to enforcement and compliance under the Act and Regulations. The intent is to ensure that the process is more effective and efficient.

There are many incidents where the Insurance Division must investigate general business practices of insurance intermediaries and deal with unlicensed individuals engaged in the business of insurance. Further, as financial regulators adopt risk based approaches to compliance, greater reliance is placed on the gathering of information through questionnaires and surveys of market participants and similar methods. Therefore, the Division believes that the Act should be amended to clarify the Superintendent's power to obtain information relating to any contract of insurance, relating to any settlement or adjustment, or respecting any activities related to the business of insurance.

Section 352 of the *Insurance Act* allows for the revocation or suspension of a licence on particular enumerated grounds. The Insurance Division would like to know if the enumerated grounds are appropriate or should they be amended. Further, should other regulatory sanctions be available. The Division believes that the Act should permit interim suspensions of a licence or the imposition of restrictions pending an investigation and/or hearing where there is a significant risk to the public.

Individuals should not be permitted to avoid enforcement action simply by surrendering their licence. If the matter is not dealt with, the individual may seek a licence at a later time when it may be more difficult to deal with or he or she may seek a licence in another jurisdiction. Therefore, the Insurance Division believes that the Act should be amended to clarify the Superintendent's jurisdiction to deal with individuals who are no longer licensed.

The Insurance Division believes that the Act should be amended to authorize the publication of decisions by the Superintendent to grant or refuse a licence or to revoke or suspend a licence. The publication of decisions will make the licensing process more transparent for licence holders and consumers. Further, publication of decisions will help educate other licensed individuals on the appropriate conduct in carrying on the business of insurance. Finally, publication would allow insurance regulators in other jurisdictions to be informed of determinations with respect to individuals who may be or may wish to be licensed in their jurisdictions.

Discussion Questions

The Insurance Division does not have any specific questions with respect to this section. However, we welcome any feedback on the proposals set out above.

Issue 6 - Trust Accounts

Section 364 of the New Brunswick *Insurance Act* requires all life and other-than-life agents and brokers to hold a trust account. Agents and brokers are required to pay any payment received from an insurer or an insured into the trust account immediately. Trust accounts offer consumer protection as well as protection for the insurer. Several jurisdictions require trust accounts. Licence holders are not permitted to co-mingle other funds in trust accounts and are not entitled to use the funds in the trust account for any purpose not authorized by section 364. Agents and broker are not permitted to withdraw money from a trust account, unless the withdrawal is for money paid to or on behalf of an insurer or an insured, the money is payment of commission, or the money paid into the trust account was done by mistake.

In the current insurance marketplace, there are a significant number of agents and brokers who do not receive payments from clients or insurers, as many payments are made directly to the insurer or the insured. There are also agents who work directly for an insurer and can deposit any payments directly into the insurer's account. In light of these facts, the Insurance Division is considering an amendment to the *Act* so that the trust account requirements apply only to agents and brokers who receive trust funds. Also, the Insurance Division is considering requiring annual trust reconciliation statements.

Discussion Questions

- 6.1 Should the *Act* be amended so that agents and brokers who do not receive any payments from clients or insurers are not required to maintain a trust account?
- 6.2 Should the *Act* be amended so that employees of an insurer who deposit payments directly into an insurer's account and whose access to the account is limited to making deposits are not required to maintain a trust account?
- 6.3 Should the *Act* be amended to include other instances where an agent/broker can withdraw money from a trust account? If yes, which specific withdrawals should be allowed and why?
- 6.4 Should licence holders be required to file an annual reconciliation?
- 6.5 Are there any other matters for consideration on this issue?

Issue 7 - Errors and Omissions Insurance

A licence holder can be exposed to liability to an insured or an insurer. Therefore, professional liability insurance is a key element of consumer protection. It can also protect the licence holder by covering potential losses and defraying costs of defending an action. Most jurisdictions require that licence holders carry errors and omissions insurance and many also require fidelity insurance against losses arising from dishonesty of employees, a proprietor or partners, directors and officers. Some jurisdictions require that the policy include an extended reporting period.

The Insurance Division is considering introducing a requirement for licence holders to carry errors and omissions insurance issued by an insurer licenced in New Brunswick and a further requirement to hold fidelity insurance issued by a licensed insurer. Proof of insurance would be a prerequisite to the issuance or renewal of a licence. Further, a licence holder's licence would be automatically suspended on the effective termination or non-renewal date of the insurance policies. The policy would require the insurer to notify the Office of the Superintendent when the policy is terminated or not renewed.

The minimum errors and omissions coverage in the other jurisdictions is either \$500,000 or \$1,000,000 for any one occurrence with an aggregate amount of \$2,000,000 or \$5,000,000. The minimum coverage for fidelity insurance for those jurisdictions where it is required is \$100,000.

Discussion Questions

- 7.1 Should the *Insurance Act* and Regulations be amended to require that every general insurance licensee or agency that holds a general insurance licence have errors and omissions insurance?
- 7.2 What should be the elements of the insurance coverage?
- 7.3 Should the coverage include an extended reporting period and, if so, what should that period be?
- 7.4 What is the appropriate amount of coverage for errors and omissions coverage?
- 7.5 What is the appropriate amount of coverage for fidelity insurance coverage?
- 7.6 Are there any other matters for consideration on this issue?

Issue 8 - Duty to Report

Issues of consumer protection can arise where a licence holder is subject to disciplinary action by another regulatory entity, has been charged or convicted of an offence or has had a civil judgment against him or her. Currently, there is no obligation for the licence holder to report these matters to the Office of the Superintendent until the individual applies to renew his or her licence. This has the potential to cause consumer harm and may require immediate action by the Office. Further, where matters are only disclosed upon a renewal application, this can delay the renewal of an individual's licence as the Insurance Division obtains information and reviews the matter. The delay can be even greater where a hearing is required. The *Adjusters Regulation* requires adjusters to report these types of issues to the Insurance Division within 10 business days.

We believe establishing a similar mandatory self reporting requirement in the *Agents and Brokers Regulation* would enhance consumer protection and resolve the challenges outlined above. The requirement would be that all licence holders notify our Office within 10 days of any disciplinary investigations or decisions, civil judgements involving fraud, breach of trust, or criminal charges and convictions.

Further, licence holders should be required to report the following information to the Insurance Division within 10 days:

- Change in name;
- Change in contact information;
- Change in employer.

Some of these changes would require a new application and the issuance of a new licence.

Discussion Questions

- 8.1 Should the *Regulation* be amended to require a mandatory self reporting requirement for agents and brokers?
- 8.2 If the *Regulation* was amended to include mandatory self reporting, what types of incidents should agents and brokers be required to report?
- 8.3 How much time should an insurance intermediary have to report an issue?
- 8.4 Which type of these issues should require a new application?
- 8.5 Are there any other matters for consideration on this issue?

Issue 9 - Lapse in Licence / Reinstatement

Where an agent or a broker ceases to hold his or her licence for a period of time, issues of eligibility to obtain a new licence may arise. Neither the *Insurance Act* nor the Regulations contain any provisions related to the reinstatement of a licence. The *Life Insurance Agent Licensing Regulation* provides that a life insurance agent who ceases to hold his or her licence for two years is required to retake the Life Licensing Qualification Program examination. Likewise, the *Adjusters Regulation* includes provisions for the reinstatement of a licence.

To ensure consumer protection, the Insurance Division believes that agents or brokers who have not been licenced for an extended period of time should be required to requalify by taking courses and to be under direct supervision. Further, where appropriate, some individuals who have not been licenced for a lesser period could have conditions imposed on their licences.

Discussion Questions

- 9.1 What is an appropriate period for requiring an individual who has had a lapse in their licence to requalify?
- 9.2 What should the requalification requirements be for the various licence levels? Should they vary based on the individual's length of absence? If yes, how should they vary?
- 9.3 What information should be provided by someone who is seeking reinstatement?
- 9.4 Are there any other matters for consideration on this issue?

Issue 10 - Partnership or Corporate Licence

The *Insurance Act* permits (but does not require) the issuance of agents or brokers licences to a partnership or corporation that is incorporated expressly for the purpose of acting as an insurance agent, broker, adjuster or damage appraiser. However, regulations have never been created to put these provisions into effect. The Insurance Division is considering regulatory amendments to allow for the licensing of partnerships or corporations subject to the provisions in the Act. Individuals would still be required to obtain individual licences.

Discussion Questions

- 10.1 Should other-than-life insurance agencies or brokerages be required to obtain a partnership or corporate licence? Please elaborate on why?
- 10.2 What should be the requirements on an agency or brokerage applying for a partnership or corporate licence?
- 10.3 What parameters should be on a corporate or partnership licence?
- 10.4 Should each agency or brokerage require a designated representative?
- 10.5 Should each branch of an agency or brokerage require a separate licence?
- 10.6 Are there any other matters for consideration on this issue?

Issue 11 - Other Issues

The Insurance Division welcomes any comments on any other matters that are not covered in this paper.

CAFII Board Meeting, Speaker Presentation & Reception

Tuesday, October 8, 2013

Speaker:



John Wilkinson

President & CEO, Wilkinson Insight Incorporated

John Wilkinson was first elected to the Ontario Legislature in 2003 as the MPP for Perth-Middlesex. In 2007 he was re-elected as the MPP for Perth-Wellington. During his first term he served as; Vice Chair of the Standing Committee on Finance & Economic Affairs, Vice Chair of the Municipal Property Assessment Corporation, Parliamentary Assistant to the Minister of the Environment and then as Parliamentary Assistant to Premier Dalton McGuinty in his role as Minister of Research & Innovation. During his second term John was called to Cabinet and served as Minister of Research & Innovation, then as Minister of Revenue and finally as Minister of the Environment.

John and his wife live in Stratford where he founded Wilkinson & Keller Financial Planning Limited. He was the first Certified Financial Planner elected to the Ontario Legislature. Presently, John is the owner of Wilkinson Insight Incorporated which offers his unique insight on a wide range of topics through public speaking engagements, post secondary lectures and to select clients.

John continues to be in the news. He recently served as Campaign Co-Chair for Kathleen Wynne's successful bid to become Ontario Liberal Party Leader and the province's 25th Premier. He currently serves alongside two other former Cabinet Ministers, John Snobelen & Elmer Buchanan, on the tri-partisan Expert Panel hired by the Ontario Ministry of Agriculture & Food to facilitate a new relationship between the horse racing industry and the government of Ontario.

For his extensive charitable service John has been honoured with the Julia Award by the Canadian Cystic Fibrosis Foundation, a Paul Harris Fellowship from Rotary International and the Queen's Golden Jubilee Medal. He is a graduate from the Faculty of Music at the University of Western Ontario.

Topic: **Maneuvering and Moving Forward in an Ontario Minority Government**

Date: Tuesday, October 8, 2013

Time: 5:00 to 7:00 p.m.

Location: St. Andrew's Club & Conference Centre
Sun Life Financial Tower
150 King St. West (corner of University Ave.), 27th Floor
Toronto
Room: TBA

Audience: *For Presentation:* 50 to 60 representatives from CAFII member companies

For Reception: Attendees from Presentation plus approximately 20 additional guests from the insurance regulatory community (Financial Services Commission of Ontario; Ontario Ministry of Finance; Office of the Superintendent of Financial Institutions; Financial Consumer Agency of Canada, etc.)

Event Format: 5:05 p.m. Welcome and Introduction of Guest Speaker
5:10 – 5:35 p.m. Speaker Presentation
5:35 – 5:50 p.m. Q&A Session
5:50 – 6:00 p.m. Break for Speaker Presentation Attendees
6:00 – 7:00 p.m. Networking Reception

Topic: *Maneuvering and Moving Forward in an Ontario Minority Government*” (or similar topic/title as per your discussion with Paul Yeung)

Ground Rules: The Chatham House Rule will apply. Specifically, attendees will be free to use the views communicated and/or discussed during your presentation, but all will agree not to attribute those views to any individual or organization

Fee: This will be a *pro bono* speaking engagement, but one which will provide a meaningful profile-raising and networking opportunity with CAFII members and other leaders in the insurance sector. As a sign of good will CAFII will present the speaker with a cheque donation in the amount of \$500 to:
Performing Arts Lodge Stratford (payee: “PAL Stratford Inc.”)
Charitable Registration #86363 2881 RR0001

Expenses: CAFII will reimburse your reasonable Economy-class expenses incurred in traveling to and from our event.