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Regulatory Update – CAFII Executive Operations Committee, April 2024

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If, for any reason, one or many of the embedded documents linked within this Regulatory Update do not work, please contact CAFII's Research Analyst, Robyn Jennings, directly, and she will provide you with a copy of the document(s) in question.

Federal/National

Canadian Association of Financial Institutions in Insurance (CAFII)

On April 9, 2024, CAFII Hosted Its First Reception of 2024 at the Hockey Hall of Fame.

On April 9, 2024, following a meeting of the CAFII Board of Directors, CAFII held the first of its 2024 receptions. Hosted by Assurant, the event took place at the Hockey Hall of Fame in downtown Toronto. With over 70 people in attendance, the audience included regulators, member company employees and colleagues, and industry associates.

After a hockey-inspired introduction by CAFII Board Vice Chair Paul Cosgrove (President and CEO of Assurance Canada), the evening commenced with a presentation from two Deloitte partners: Melissa Carruthers and Azadeh Dehghanpour. The informative presentation explored how a number of factors, including customer needs, emerging technology, margin compression, and regulatory forces, are challenging and inspiring insurers to transform operations and business practices. As the market is increasingly subjected to industry shifts, insurers are adjusting their focus toward a more customer-centric approach. One such example of this trend is the digitalization of operations; online platforms are increasingly more cost-effective and accessible for the consumer. However, operational changes are often blocked by fragmented processes, legacy platforms, and ideological resistance to change. While these operational changes are positioned as principally improving the customer experience, they also benefit the organization by improving organizational frameworks and modes of conduct. By modernizing core systems and adopting hybrid technology approaches, insurers can achieve operational model efficiencies that strategically align with their business and consumer intent.

The Deloitte presentation is available on the CAFII website in the research section: [Deloitte presentation](#).

After the presentation, Peter Thompson, President and CEO of National Bank Insurance, thanked the guest speakers and offered a few concluding remarks. Audience members disbursed to look at the Stanley Cup, enjoy hors d'oeuvres, and mingle.

On April 1, 2024, CAFII's Recently Released LIMRA Research on Insurance Among Canadian Homeowners is Picked up by Insurance-Canada.ca.

A testament to the importance of CAFII's recently released LIMRA research on insurance among Canadian homeowners, another industry press outlet published an article on the research. On April 1, 2024, *Insurance-Canada.ca* released an article titled *Critical Gap in Creditor Life Insurance Coverage Among Canadian Homeowners: CAFII Study*. This marks the fourth media outlet reporting on the research. This includes Insurance Business Magazine, Insurance Portal, and Portail de L'Assurance.

Links to each article have been included below:

- **Insurance-Canada.ca:** [Critical Gap in Creditor Life Insurance Coverage Among Canadian Homeowners: CAFII Study](#)
- **Insurance Business Magazine:** [CAFII study shines light on "concerning trend" among homeowners.](#)
- **Insurance Portal:** [Most Canadian Homeowners do not carry sufficient coverage.](#)
- **Portail de L'Assurance:** [La plupart des propriétaires canadiens ne sont pas suffisamment assurés](#)

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Releases its Agenda for the Compliance and Consumer Complaints Annual Conference, May 22-24, 2024, in Vancouver, British Columbia.

The CLHIA has released the agenda for the May 22-24 Compliance and Consumer Complaints Annual Conference. The agenda can be found here :

<https://clhia.swoogo.com/ccos2024/agenda>

CAFII intends to host two breakfasts at the Conference, to which CAFII members and regulators will be invited. More details will be forthcoming.

Following is a list of the regulators who will be presenting at the CLHIA Conference:

- Erica Hiemstra, Head, Insurance Conduct, Market Conduct, Financial Services Regulatory Authority of Ontario
- Harry James, Director, Regulation Advisory Services Policy & Stakeholder Engagement, BC Financial Services Authority
- Julien Reid, Senior Director, Financial Institutions Policy and Resolution, Autorité des marchés financiers, Québec
- Josée Turcotte, Executive Director, Emerging Risk Operations, Directorate, Office of the Superintendent of Financial Institutions
- Kandace Hopkins, Director, Practice and Quality Assurance, Insurance Council of BC
- Marie-José Bernard, Specialist, Supervision and Control – Market Conduct, Autorité des marchés financiers, Québec
- **Véronique Martel**, Director, Supervision – Commercial Practices, Autorité des marchés financiers, Québec
- Stacey Aubrey, Executive Director, Insurance Council of Manitoba
- Janet Sinclair, Chief Executive Officer, Insurance Council of British Columbia
- April Stadnek, Executive Director, Insurance Councils of Saskatchewan
- Zabeda Yaqoob, KC, Barrister & Solicitor, Director of Legal and Regulatory Affairs and FOIB Coordinator, Mediator, Alberta Insurance Council

Provincial/Territorial

Quebec

Authorité des marchés financiers

AMF Sets up Meeting with CAFII on Spousal Coverages.

The AMF has reached out to CAFII to set up a one-hour meeting in mid-April to early May 2024 on the issue of the impending date of January 1, 2025, for the cancellation of spousal policies. CAFII is asking the AMF not to enforce this deadline and to allow for the continued natural attrition of these spousal policies. The meeting will be with the AMF's Véronique Martel, directrice de la Surveillance des pratiques

commerciales (Director, Supervision – Commercial Practices) and Geneviève Komenda, coordonnatrice experte en surveillance et contrôle (Expert Coordinator, Supervision and Controls).

Attending from CAFII will be:

- Rob Dobbins, Chair of the CAFII Executive Operations Committee (EOC) [Assurant];
- Karyn Kasperski, Vice Chair of the CAFII EOC (Royal Bank Insurance);
- Jennifer Russell, Chair of the CAFII Quebec Committee [Assurant];
- Jason Beauchamp, Vice Chair of the CAFII Quebec Committee [Canada Life];
- Keith Martin, CAFII Executive Director.

AMF Releases Background Documents on the Submissions Made on the Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector.

The AMF has released a French and English version of the submissions it received on the Regulation respecting complaint processing and dispute resolution in the financial sector, which was published on February 15, 2024, and will be in force on July 1, 2025.

The documents can be accessed here:

- [Traitement des commentaires reçus dans le cadre de la consultation publique concernant le projet de Règlement sur le traitement des plaintes et le règlement des différends dans le secteur financier.](#)
- [Response to comments received as part of the public consultation on the draft Regulation respecting complaint processing and dispute resolution in the financial sector.](#)

Ontario

The Financial Services Regulatory Authority of Ontario (FSRA)

FSRA Holds a Meeting of the Life and Health Insurance Sectoral Advisory Committee with the FSRA Management Team.

On April 17, 2024, FSRA's management team held a virtual meeting with the Life and Health Insurance Sectoral Advisory Committee (SAC). FSRA identified a series of surveys that will be sent to insurers and advisors to better understand some of the key supervisory issues that FSRA should focus on. FSRA also said that the MGA channel and work on segregated funds would be the key 2024 priorities for it.

Credit protection insurance was not mentioned in the one-hour meeting. Industry's key point is that the unrelenting pace of regulatory activity is causing companies stress and creating a risk around the ability to implement all of the required changes. FSRA said it was aware of that concern and would ensure it was factored into its activities.

CAFII Executive Director Keith Martin sits on the Sectoral Advisory Committee. The membership of the SAC is:

Name	Organization
Cathy N. Hiscott	PPI
Eric Wachtel	Canadian Association of Independent Life Brokerage Agencies (CAILBA)
Chris Donnelly	Manulife
Keith Martin	Canadian Association of Financial Institutions in Insurance (CAFII)
Neil Paton	Third Party Administrators Association of Canada
Jim Mavroidis	CIGNA Life Insurance Company of Canada
Lyne Duhaime	CLHIA
Harris Jones	Advocis
Jamie Greenfield	HUB Financial Inc.
Susan Allemang	Independent Financial Brokers of Canada
Ali Salam	Sun Life Financial
Yasmin Visram	iA Financial Group
Ali Ghiassi	Canada Life
Moria Gill	TD Insurance
Dennis Craig	RBC Insurance
Rosie Orlando	Primerica

The presentation made by FSRA to the SAC can be found [here](#).

FSRA Announces the Release of Its 2024-27 Annual Business Plan.

On April 8, 2024, FSRA announced the release of its 2024-27 Annual Business Plan, which details its core strategy for the next three fiscal years. On April 3, the Minister of Finance approved FSRA’s Annual Business Plan. This approval included a mandate letter detailing the Minister’s expectations for FSRA’s priorities throughout 2024-25.

As per FSRA’s e-blast publicizing the release:

The Annual Business Plan incorporates the organization’s priorities and objectives while also identifying risk and risk mitigation strategies, plans for information technology, and FSRA’s approved budget.

It demonstrates that FSRA continues to mature as an organization and is further developing supervision and enforcement capacity in order to achieve regulatory excellence and contribute towards public confidence in its regulated sectors.

Access [FSRA’s 2024-27 Annual Business Plan](#).

Read the [Minister of Finance’s mandate letter](#) to FSRA regarding its 2024-25 priorities.

On April 02, 2024, FSRA Announces the Appointment of Five New Members to FSRA's Consumer Advisory Panel.

On April 02, 2024, FSRA circulated an e-blast announcing the appointment of five new members to FSRA's Consumer Advisory Panel to help inform the organization's decisions and direction on consumer-facing issues. This decision follows FSRA's commitment to improving consumer protection. The e-blast has been included below:

Ontario's financial services regulator (FSRA) is committed to improving consumer protection by ensuring consumer perspectives inform direction, policy, and communications decisions. A critical part of this is regular input from our Consumer Advisory Panel.

Today, FSRA is pleased to announce the appointment of five new members to the Panel. These members were selected after a public call for applications and bring extensive experience and leadership to the table.

FSRA thanks all applicants for the time, effort and passion required to put their name forward for consideration. After careful evaluation, FSRA is pleased to announce the following new Panel members who will serve a two-year term:

- *Ellen Bessner*
- *Leeann Corbeil*
- *Ninette Ibanez*
- *Peter A. D'lorio*
- *Terri Williams Kinghorn*

FSRA thanks outgoing members Harold Geller, Kristina Booi, Krysta Nesbitt, Rhona DesRoches, and Sharon Altman-Leamen, who contributed significant consumer-focused advice to the organization.

Additional information regarding the Consumer Advisory Panel, including membership, can be found on [the FSRA website](#).

FSRA Announces It Will Allow Regulated Entities to Report IT Risk Incidents Online.

On April 02, 2024, FSRA sent out an e-blast explaining that it will allow regulated entities to use its online platform to report IT risk incidents. Supporting documents will also now be accepted online. This change came into effect on April 1, 2024, in conjunction with the new Information Technology (IT) Risk Management Guidance. The e-blast has been included below:

To help make it easier for regulated entities and individuals to inform FSRA of IT risk incidents, Ontario's financial services regulator (FSRA) will allow the reporting of IT risk incidents online. In addition to notifying FSRA of the incident, supporting documents can be uploaded online in a safe and secure way. FSRA will maintain the confidentiality of any incidents reported by regulated entities and individuals to the extent allowable by the law.

On April 1, 2024, FSRA's Information Technology (IT) Risk Management Guidance came into effect. The guidance helps FSRA-regulated sectors and individuals effectively manage threats to their IT systems, infrastructure, and data.

As part of the guidance, regulated entities and individuals are expected to notify FSRA in the event of a material IT risk incident, such as a significant cyber break which disrupts operations or compromises consumer data.

Regulated entities must still comply with existing requirements related to IT risk and the protection of personal information, including the requirements of the [Personal Information Protection and Electronic Documents Act \("PIPEDA"\)](#).

Visit [FSRA's website](#) to access the online reporting platform, including guidance and proper use information.

[On March 27, 2024, FSRA Announced the Release of Its First Credentialing Body Examination Results.](#)

On March 27, FSRA announced the [results of the organization's first credentialing body examination](#). Releasing the results is just another way FSRA maintains and honours its commitment to transparency and consumer protection. According to the organization, the "examinations took place in Fall of 2023 to determine if FSRA-approved credentialing bodies were compliant with the requirements prescribed in the Financial Professionals Title Protection Act, 2019 (FPTPA), the Financial Professionals Title Protection Rule (FPTP Rule) and the terms and conditions of their approval."

In an [article published on the subject](#), FSRA summarized the examination's key findings:

- *No violations of the FPTPA, the FPTP Rule, or FSRA's terms and conditions of approval were observed.*
- *Three areas for improvement for credentialing bodies were observed. One is the need to improve credential holder continuing education compliance rates.*
- *The credentialing bodies demonstrated 12 best practice categories, exceeding the required minimum standards. For example, they conveyed the importance of putting the client's interests first to credential holders through various communication channels.*

In addition to honouring its commitment to consumer protection, the findings from FSRA's examination of credentialing bodies will inform future amendments and/or enhancements to the Financial Professional Title Protection Framework. The overarching goal of this work is to achieve consistency between credentialing bodies, enhanced professionalism, and consumer protection.

An [article in Investment Executive](#) notes that FSRA identified a few issues from its examination:

However, despite FSRA's positive report, FSRA's approach to giving organizations credentialing authority has not been without controversy: "The head of Canada's largest professional association of financial planners says she is disappointed and concerned that Ontario's financial services regulator has approved a designation with a similar name to its own." For more information, see the full article [here](#).

On March 18, 2024, FSRA Published an Article Announcing Rob Wellstood's Appointment to Its Board of Directors.

On March 18, FSRA published an article announcing Rob Wellstood's appointment to the organization's Board of Directors. Wellstood's appointment is a two-year term, effective March 7, 2024. The announcement has been included below:

March 18, 2024

Rob Wellstood appointed to the Board of Financial Services Regulatory Authority

Joanne De Laurentiis, Chair of the Board for the Financial Services Regulatory Authority (FSRA), is pleased to announce the appointment of Rob Wellstood to its Board of Directors for a two-year term, effective March 7, 2024.

"We are delighted to welcome Rob to the FSRA Board," said Joanne De Laurentiis, Chair of FSRA's Board of Directors. "His extensive experience and strategic insight in the credit union sector will be invaluable as we continue to fulfill our mandate to protect the public interest and enhance consumer confidence in the financial services sector."

Rob Wellstood recently retired from his role as President and CEO of Kawartha Credit Union Limited, bringing with him a wealth of experience in the financial sector. During his tenure at Kawartha, he played a key role in developing the growth strategy and was accountable for enhancing the credit union's risk management capability.

He also has extensive board experience, including ten years on the Boards of ABCP 2008 Limited Partnership and CUCO Co-operative Association, as well as various not-for-profit and financial sector boards.

Rob Wellstood holds a CPA designation from the Chartered Professional Accountants of Ontario and a Bachelor of Mathematics degree from the University of Waterloo.

To read more about FSRA's governance, see the organization's [governance page](#).

British Columbia

The Insurance Council of British Columbia

The Insurance Council of British Columbia Consults with CAFII on its Restricted Insurance Agent (RIA) Regime, Including the Performance Requirements Competency Framework.

Keith Martin and Galen Aker, Stakeholder Engagement Specialist at the Insurance Council of British Columbia, have been exchanging emails in preparation for a virtual meeting on April 24, 2024, to discuss the Performance Requirements Competency Framework. Mr. Aker has agreed to extend the invitation to the meeting to CAFII volunteer members and to release a draft of the Framework.

The draft Framework can be reviewed [here](#).

BC Financial Services Authority (BCFSA)

On April 03, 2024, BCFSA Released its 2024/25 Regulatory Roadmap.

On April 3, in an e-blast, BCFSA announced the release of its 2024/25 Regulatory Roadmap. According to BCFSA, the Roadmap is to act as a guide by providing a detailed explanation of the planned regulatory priorities over the next three years to achieve the organization's mandate – protect consumers and promote confidence in BC's financial services sector. The e-blast has been included below:

BCFSA Releases 2024/25 Regulatory Roadmap

Date: April 03, 2024

Distribution: All Regulated Entities and Individuals

Advisory Number: 24-008

Purpose

BCFSA is releasing its 2024/25 Regulatory Roadmap ("Roadmap"). As an integrated regulator with responsibility across B.C.'s financial services sector, BCFSA's mission is to promote confidence in B.C.'s financial services sector and protect the public by providing risk-based and proportional regulation. The Roadmap sets out the planned regulatory priorities over the next three fiscal years to achieve this mandate.

The Roadmap provides transparency and enables regulated entities to prepare for consultations and implementation of upcoming regulatory initiatives. It helps regulated entities (credit unions, insurers, pension plans, mortgage brokers, trusts, real estate licensees, real estate developers and money services businesses) and other stakeholders understand and plan for initiatives that may have a significant operational impact.

The 2024/25 Roadmap includes a summary of regulatory initiatives and priorities undertaken by BCFSA over the past year.

Ongoing dialogue with regulated sector participants has helped to shape and develop the content of the Roadmap. BCFSA values this ongoing dialogue, and further questions and comments can be submitted to policy@bcfsa.ca

Access [BCFSA's 2024/25 Regulatory Roadmap](#). If you are unable to access the Roadmap through the link provided, it can also be accessed through [BCFSA's website](#).

International Developments, Research, and Thought Leadership

Reinsurance Group of America (RGA)

RGA Publishes Article on the Predicted Emerging Risks Ahead for Insurance Industry.

In January 2024, RGA published an article summarizing the key takeaways from a study conducted by the Geneva Association on industry risk. According to the RGA, the Geneva Association found that the very nature of risk within industry is changing rapidly. Therefore, insurers must be prepared to adapt.

According to RGA, insurance is, at its core, about mitigating risk, including responsive and predictive risk redistribution. Insurers protect consumers and organizations alike by doing this. Per the Geneva Association, “the very nature of risk [within the insurance industry] is changing amid a shifting cultural, geopolitical, and environmental landscape, and insurers will need to adapt their traditional business model to keep pace.” From climate change to a global pandemic to the surge of digitalization to economic turmoil, the industry must be cognizant of the widespread instability that has and will likely continue to result in change. Therefore, insurers and organizations are encouraged to take steps to adapt their services and develop programs or tools to ensure the protection of consumers. While it is not necessarily possible to have complete predictive models, finding a balance between predictive and responsive tools will ensure success.

At the end of 2023, the Geneva Association published a report titled [The Value of Insurance in a Changing Risk Landscape](#). The top three takeaways from this report, as per RGA, are:

- **The Changing Risk Landscape:** Emerging risks are increasingly systemic. This can become so widespread that the risk impacts the organization, even industry’s, ability to pool and redistribute risk. Organizations should consider adopting frameworks that monitor factors that shape the risk environment to adequately determine where and how insurance can help.
 - The Geneva Association provided a framework to help with this concern. The framework relies on four categories of assessment: Novelty of risks, changing characteristics of existing risks, knowledge gaps, and governance issues. It also considers tangible vs intangible risks.
- **The Need to Enhance Traditional Risk Transfer:** Customers have expressed concern over the cost and/or availability of insurance amidst increasing climate catastrophes and digitalization growth. These risks pose a threat to insurability due to their volatile nature. Therefore, insurers need to adopt innovative approaches to traditional risk transfer mechanisms, including incorporating more technology and AI into internal frameworks. Using alternative capital to narrow the protection gap is another example of innovative options.
- **The Need to Explore Options Beyond Risk Transfer:** Due to the increasing volatility of the market, insurers should seriously consider offering new approaches to traditional risk transfer mechanisms, such as risk prediction and prevention services or wellbeing initiatives to promote healthy living. In fact, insurers could expand their role within society to become promoters of a common good, like sustainability or wellness.

Read RGA’s full article summarizing the Geneva Association’s report [here](#).

Read the Geneva Association's complete report [here](#).

RGA Life Reinsurance Company of Canada (RGA Canada) is a wholly-owned subsidiary of RGA, and a CAFII Associate. Its President & CEO, Dominic Hains, will be the speaker in a fireside chat with CAFII Executive Director Keith Martin at the Annual Members and Associates Luncheon on May 28, 2024 at St. James Cathedral in downtown Toronto. All CAFII members have 7 free spots to the luncheon, and Associates have 5 free spots.