



# Communique

Fall 2020

## What's New?

The Canadian Council of Insurance Regulators (CCIR) held its Fall Call on October 22-23, 2020.

In September, CCIR welcomed Frank Chong as the new Chair. Mr. Chong is the Vice President and Deputy Superintendent, Regulation, at BC Financial Services Authority (BCFSA). Mr. Chong is a seasoned leader and regulatory executive, bringing over 20 years of financial services sector experience. Mr. Chong and the members of the CCIR expressed appreciation for the significant leadership of the outgoing Chair, Patrick Déry.

The CCIR welcomed three new members: Chervahun Emilien, from the Northwest Territories replacing Louise Lavoie, Jennifer Calder from Nova Scotia replacing Paula Boyd and Theresa Hinz from OSFI replacing Chris Machado. Members of the CCIR extended their appreciation to Ms. Lavoie, Ms. Boyd and Mr. Machado for their contribution and service.

## COVID-19

The industry and working group meeting frequency was adjusted over the summer as business and regulators adapted to the new environment. The frequency of meetings will be reviewed as new issues emerge with the second wave of COVID-19. The CCIR is monitoring developments with respect to business interruption and travel insurance.

The Canadian Life and Health Insurance Association (CLHIA) informed the working group that some companies have begun offering travel insurance products that include coverage for COVID-19. CCIR has emphasized the importance of clearly communicating to customers coverage and terms, including changes in policy wording or exclusions.

The working group will continue to monitor the availability and affordability of insurance products that provide essential protections to individuals, households and businesses.

## Condo/Strata Insurance

The BCFSFA reported to CCIR members on its work on the strata corporation property insurance market in British Columbia (BC). CCIR members are conscious of the fact that commercial lines in their jurisdictions are facing similar pressures and will be drawing on BC's experiences with strata insurance.

## Fintech Working Group

The Fintech Working Group (FWG) received approval from CCIR members to publish an issues paper on connected and automated vehicles (CAV) and their impact on the automobile insurance market. The paper outlines a common understanding of the legal and regulatory actions to be taken for the implementation of CAV and identifies certain issues related to the protection of personal information and cybersecurity attributable to the development and use of these vehicles. Publication of the paper is planned for December.

## Annual Statement on Market Conduct

CCIR saw an increase in the number of insurers filing by the deadline for the 2019 Annual Statement on Market Conduct (ASMC), with 98.4 per cent filing by July 1 (97 per cent in 2019).

Changes to Year 5 ASMC are complete and final versions of the forms were shared with the industry in September 2020.

The Cooperative Supervision Oversight Committee (CSOC) achieved a milestone by preparing an ASMC Public Report for release to the industry. The report was approved by CCIR members for publication and its purpose is to ensure transparency with industry on the data collected, trends and how the ASMC is used for supervision. Publication of the report is planned for November.



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## Fair Treatment of Customers (FTC)

Following the conclusion of a fact-finding exercise conducted over the last months in collaboration with industry stakeholders, the FTC Working Group presented to the CCIR its conclusions on the alignment of compensation and incentive structures with the principles of the FTC Guidance.

The FTC Working Group has received direction from CCIR to develop with the Canadian Insurance Services Regulatory Organizations (CISRO) a joint principles-based Guidance on Incentives Management. The guidance will include governance principles to ensure FTC is integrated into insurers' and intermediaries' compensation and incentives structures. It will use a principles-based FTC approach designed to avoid negative outcomes for consumers. This approach will also confirm expectations in relation to specific areas such as compensation programs that may impede provision of ongoing advice, risk associated with high-up front commissions, and, with segregated funds, compensation associated with fee structures.

## Regulatory Harmonization & Coordination Working Group (RHCWG)

One of the mandates of the RHCWG is the periodic review of the CCIR and the Canadian Insurance Services Regulatory Organizations (CISRO) harmonized forms.

The insurance application forms were recently updated and received CCIR members' approval for posting. The WG is targeting the new year for posting.

## OmbudServices Oversight Standing Committee (OOSC)

The OOSC continues to meet with the OmbudService for Life and Health Insurance (OLHI) and the General Insurance OmbudService (GIO) to understand trends in complaints and indications of emerging risks to consumers.

## Next Meeting

The CCIR's 2021 Winter Call is scheduled to take place on January 21, 2021.