

August 11, 2021

Mr. Mark White, CEO  
Financial Services Regulatory Authority of Ontario (FSRA)  
25 Sheppard Avenue West, Suite 100  
Toronto, Ontario  
M2N 6S6  
[mark.white@fsrao.ca](mailto:mark.white@fsrao.ca); and  
<https://www.fsrao.ca/engagement-and-consultations/fsra-releases-its-revised-proposed-unfair-or-deceptive-acts-or-practices-udap-rule-public-consultation>

Dear Mr. White:

**Re: Notice of Changes and Request for Further Comment -- Proposed Rule 2020-002: Unfair or Deceptive Acts or Practices**

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks FSRA for the opportunity to comment on the changes recently made to the Authority's *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices (UDAP)*.

We appreciate FSRA's efforts to engage industry stakeholders -- including our Association -- in a further, second phase consultation on the *Proposed Rule*.

Our Association is supportive of the amendments, clarifying changes, and other adjustments which FSRA has made to the *Proposed Rule*, based on stakeholder feedback and other inputs.

In particular, we thank FSRA for the helpful amendment made to the definition of "Incentives" found in clause 7(1) and clause 7(1)(i), as follows:

*7(1) Payment, rebate, consideration, allowance, gift or thing of value being offered or provided, directly or indirectly, to an insured or person applying for insurance,*

*(i) as an incentive or inducement for a person to take an action or make a decision ~~that would encourage that person~~ relating to ~~buy a~~ an insurance product which would not, considering the options generally available in the marketplace, be recommended as a suitable ~~insurance product~~ action or decision by a reasonable person licensed to sell such an insurance product, . . .*

We believe that the above-noted amendment adequately addresses the concern expressed in our submission of March 18, 2021 -- under the heading "Issue of Noteworthy Concern For CAFII Members -- with respect to problematic issues arising from use of the term "suitable insurance product."

CAFII also appreciates the clarifying amendment that has been introduced to the definition of “contract of insurance” found in section 1(1)(v) -- to properly reference the life insurance and accident and sickness insurance definitions found in Ontario’s Insurance Act – which makes it clear that the *Proposed Rule* does capture creditor’s group insurance.

Finally, CAFII acknowledges and accepts the fundamental decision that FSRA has made to pivot and to retain, at least for the time being, the current prohibition on the offering of incentives in the life and health insurance sector. We understand that that change was made in response to life and health insurance stakeholder concerns regarding potential consumer harms associated with removing the Regulation’s prohibition against incentives. We concur with FSRA’s determination that further stakeholder input and discussion are required in order to assess and address potential consumer risks in this area fully.

### Conclusion

Thank you again for the opportunity to provide further input on FSRA’s revised *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices (UDAP)*. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at [keith.martin@cafii.com](mailto:keith.martin@cafii.com) or 647-460-7725.

CAFII and its members remain committed to supporting FSRA in its critically important mission and mandate; and we look forward to continuing our involvement as key stakeholder contributors to the Authority’s ongoing success.

Sincerely,



Rob Dobbins  
Board Secretary and Chair, Executive Operations Committee

### About CAFII

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

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer credit protection, travel, life, health, and property and casualty insurance across Canada. In particular, credit protection insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

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

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; Scotiabank Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.