

Agenda Item 1.3
April 16/19 Board Meeting

1.3 Loss of Amex Bank of Canada as a CAFII Member

CAFII Board and EOC Members:

For your information only at this time, Keith Martin and I regret to advise that as per the communication below from Joe Ryan, Vice-President, Consumer Lending, Insurance, and Internal Acquisition at Amex Bank of Canada, his company is terminating its membership in CAFII, effective immediately. (Amex had not yet paid its 2019 membership dues.)

This development, while unfortunate, did not come as a surprise to us – and we had informed the EOC, in particular, in recent meetings, that Amex's membership was very tenuous and "at risk" – for the following reasons:

- Joe Ryan's opening premise/salvo to Keith and me in our February 28/19 half-hour teleconference meeting with him (first and only opportunity granted to meet with him, following his appointment into the senior insurance role at Amex Bank of Canada in early January) was "given that we're a very small, ancillary insurance player in the industry, why should we not just cancel our CAFII membership, save a lot of money, and then ride on the coattails of the other CAFII members who are big players in the full spectrum of creditor's group insurance and travel insurance; and thereby benefit indirectly, rather than directly, in the work that CAFII does on behalf of the industry?" (Without much reading between the lines, it was readily apparent to Keith and me that a major component of Joe's current mandate is cost-cutting); and
- while Amex Bank of Canada has been a Regular Member of CAFII since 2012 (following two years as a CAFII Associate from 2010-12),
 - it has not had a CAFII Director since June 2018 when Nick Bilodeau left the company;
 - it has not had an active participant CAFII Director since January 2015 when then-CAFII Director Vivianne Gauci left the company (Nick Bilodeau attended just two CAFII Board meetings in two-plus years as a Director, both by teleconference);
 - during its time as a CAFII Member, Amex Bank of Canada has only had an EOC Member for a brief period of about six months, in the latter part of 2012; and
 - CAFII was previously at risk of losing Amex Bank of Canada as a member in 2015, following a management reorganization in January of that year and an ensuing, extended hiatus period with no Amex Director on the CAFII Board. However, thanks in part to the positive influence/intervention of another CAFII member, Amex did remain a CAFII member at that time and paid its 2015 dues in November 2015.

We have included two items related to this development on the agenda for the upcoming April 16/19 CAFII Board Meeting (draft agenda attached):

1.3 *Loss of Amex Bank of Canada as a CAFII Member* (in the Governance and Special Matters section); and

3.2 *Revised 2019 Budget Forecast, Reflecting Loss of Amex Bank* (in the Financial Management section).

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From: Joseph P Ryan <joseph.p.ryan@aexp.com>

Sent: March-29-19 8:46 AM

To: Keith Martin <Keith.Martin@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>

Cc: Sarah J deGruchy <sarah.j.degruchy@aexp.com>

Subject: CAFII Membership

Good morning Brendan/Keith

As a follow up to our call a month ago, I wanted to advise you that we have decided to terminate our CAFII membership. This will be effective immediately.

As discussed on our call in February, we feel that the mutual value of CAFII membership is more relevant to the larger players in the industry; less so for non-insurance companies like us, who offer a small range of insurance products as ancillary benefits to our core products.

Please advise if there are any exit formalities that must be addressed.

Thank you for your past support.

Regards

Joe

JOE RYAN | VP, CONSUMER LENDING, INSURANCE AND INTERNAL ACQUISITION

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