

**EXECUTIVE OPERATIONS COMMITTEE VIRTUAL MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

March 25, 2025, 2:00-3:30pm

Minutes

Virtually:

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| Karyn Kasperski | RBC Insurance and Chair |
| John Burns | Securian Canada and Vice-Chair |
| Donald Hinnecke | RBC Insurance and Treasurer |
| Rob Dobbins | Assurant Canada |
| Jennifer Russell | Assurant Canada |
| Martin Boyle | BMO Insurance |
| William Oyetakin | BMO Insurance |
| Rebecca Saburi | BMO Insurance |
| Dallas Ewen | Canada Life Assurance Company |
| Kiran Thakkar | Canada Life Assurance Company |
| Catherine Latulippe | Canadian Tire Bank |
| Afzal Baig | Chubb Life Insurance Company of Canada |
| Michelle Costello | CUMIS/The Co-operators |
| Deidre Kennedy | CUMIS/The Co-operators |
| Suzie Blanchard | Manulife Financial |
| Carmelina Manno | Manulife Financial |
| Sharon Murrell-Foster | Manulife Financial |
| Janet Pacini-Thibodeau | Manulife Financial |
| Archie Sachdeva | Manulife Financial |
| Gaël Jaron | National Bank Insurance |
| Fernando Heleno | RBC Insurance |
| Sean Kradjian | Scotia Insurance |
| Marco DeiCont | Securian Canada |
| Asma Desai | Securian Canada |
| Fay Coleman | TD Insurance |
| Shahnoor Khimjee | TD Insurance |
| Andrea Stuska | TD Insurance |

Regrets:

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| Tejal Harri-Morar | BMO Insurance |
| Cynthia Golubic | Canadian Tire Bank |
| David Parkatti | Canadian Western Bank |
| John Juba | Chubb Life Insurance Company of Canada |
| Kevin Szweras | CIBC Insurance |
| Casandra Litniansky | CUMIS/The Co-operators |
| Diane Quigley | CUMIS/The Co-operators |
| Almas Satwat | CUMIS/The Co-operators |
| Nathalie Baron | Desjardins Insurance |
| Isabelle Choquette | Desjardins Insurance |
| Pierre-Olivier Cyr | Desjardins Insurance |
| Katia Umutoniwase | Manulife Financial |

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| Jonathan Poulin | National Bank Insurance |
| Shannon Dowe | RBC Insurance |
| Charles MacLean | RBC Insurance |
| Sushil Masih | RBC Insurance |
| Mais El-Magraby | Scotia Insurance |
| Stephanie Kotani | Scotia Insurance |
| Bradley Kuiper | Scotia Insurance |
| Alfonso Movilla | Scotia Insurance |
| Prithipal Rajasekaran | Scotia Insurance |
| Peter Thorn | TD Insurance |

Also Present:

Keith Martin, *Executive Director*
Robyn Jennings, *Research Analyst*
Lara Doig, *Senior Manager, Operations*
Troy Woodland, *Association Coordinator*

Item 1: Welcome, Call to Order, and Priority Matters

Item 1 (a): Call to Order

On behalf of EOC Chair Karyn Kasperski, the meeting was chaired by EOC Vice-Chair John Burns, who called the meeting to order.

Item 1 (b): Welcome to New EOC Member Kiran Thakkar, Canada Life

EOC Vice-Chair John Burns welcomed CAFII's new EOC Member Kiran Thakkar, who then introduced herself.

Item 1 (c): Draft Minutes of February 25/25 EOC Meeting

The EOC approved the draft minutes of the February 25/25 EOC Meeting.

Item 2: Consent Items

The following Consent Items that do not require any discussion or decisions were tabled:

- Consultations/Submissions Timetable
- Regulator and Policy-Maker Visit and Communication Recap
- Summary of Board and EOC Action Items
- Schedule of CAFII 2025 Meetings and Events
- List of CAFII Member Company Primary Contacts for Specifying Invitees to May 22nd, 2025 CAFII Annual Members and Associates Luncheon

Item 3: Financial Management

Item 3 (a): CAFII Financial Statements as at February 28/25

CAFII's Treasurer, Donald Hinnecke, updated the EOC on CAFII's financial statements as at February 28/25. From an earning perspective, CAFII is ahead on membership fees due to several new associate

members. Otherwise, nothing material to report; the Association's finances are in excellent shape and investment income is as expected. From an Association operations perspective, finances are slightly below plan, largely due to timing and the absence of legal-related fees. The Research & Media Committee had planned for expenditures, but these have not been spent yet; this will likely change in March. No expenses were incurred for the Market Conduct & Licensing Committee or the Networking & Events Committee. Overall, CAFII is in a healthy position from an earnings perspective.

The balance sheet is well-positioned. CAFII has one GIC, totalling \$303K, and is investigating how to put a significant amount of the Association's savings into another 6-month GIC. Accounts receivable is dropping as CAFII collects from more members. CAFII's unrestricted assets have increased; the Association is well over the expected thresholds.

Overall, CAFII's finances are looking healthy; revenues are tracking as expected with no unexpected expenses that are material.

Item 3 (b): CAFII FY 2024 Audited Financial Statements and Independent Auditor's Report Thereon

CAFII's Senior Operations Manager, Lara Doig, updated the EOC on the CAFII Audit for the fiscal year 2024. She explained that the Audit, which has been included in the consolidated package, if approved by the EOC, will be reviewed by the Board for approval at the April 8/25 Board meeting. CAFII's Executive Director, Keith Martin, added that KPMG sent CAFII a letter and held a closing meeting, during which it was indicated that it found no misrepresentations or unexpected results. Therefore, CAFII had a clean audit.

The EOC endorsed the CAFII FY 2024 Audited Financial Statements and Independent Auditor's Report Thereon.

Item 3 (c): Operating Budget 2026: Options for Dues Increases

CAFII's Executive Director, Keith Martin, updated the EOC on CAFII's operating budget for 2026, including the options for a dues increase. He explained that, at the last EOC meeting, he presented a one-year review of the structural deficits that CAFII is facing (due to increased spending and lower revenue). Mr. Martin was asked to provide a three-year analysis. Previously, K. Martin suggested a dues increases of either 5%, 10%, and 15%. The EOC suggested an increase lower than 10% but spread out over several years. Therefore, in the three-year analysis, K. Martin provided three scenarios:

- 0% in 2026, 0% in 2027, and 0% in 2028 (with the assumed 3% expenses increase every year): This option leads to a significant deficit of \$176K by 2028. The end-of-year cash balance would be \$118K and the operating ratio would be 11%.
- 0% in 2026, 5% in 2027, and 5% in 2028 (with the assumed 3% expenses increase every year): This leads to a deficit of \$78K by 2028. This would result in a cash balance of \$268K and an operating ratio of 25% by 2028
- 5% in 2026, 5% in 2027, and 5% in 2028 (with the assumed 3% expenses increase every year): This leads to a deficit of \$25K by 2028. This would result in a cash balance \$420K and an operating ratio of 37% by 2028.

K. Martin asked the EOC if it is still of the opinion that it is a better idea to do three increases in a row (over the course of three years) instead of a large one-time increase.

J. Burns asked if the three-year analysis included CAFII's investments that may offset the deficit. K. Martin explained that due to the slowing and declining interest rates, it is hard to predict the future investment revenues, but the current assumptions seem realistic. J. Burns then asked K. Martin what his recommendation is. K. Martin said that, from a managerial perspective, he prefers to have sufficient cash reserves to survive unexpected events. He, therefore, prefers the third option (5% in 2026, 5% in 2027, and 5% in 2028). His next choice would be 0% in 2026, 5% in 2027, and 5% in 2028. Another option is 5% in 2026, 5% in 2027, and 0% in 2028.

Several EOC members expressed their support for option three for presentation to the Board. It was agreed that EOC members can confirm their support for this option via email; however, all emails should be sent before the April 8/25 meeting. It was agreed that EOC members would socialize this option within their organizations for input and provide feedback via email.

Item 3 (d): CAFII 2025 Members and Associates Dues Invoices

CAFII's Senior Operations Manager, Lara Doig, updated the EOC on CAFII's 2025 members and associate dues invoices. She explained that CAFII is still waiting on a few payments. A follow-up will be sent to all outstanding members and associates. CAFII's Executive Director, Keith Martin, added that the delays are seemingly due to administrative issues, and no membership or associate renewals appear to be at risk.

Item 4: Committee and Working Groups

Item 4 (a): Research & Media Committee

i. Plans to Proceed with EOC-Approved Research with Pollara

CAFII's Research Analyst, Robyn Jennings, updated the EOC on CAFII's plans to proceed with the EOC-approved research with Pollara. She explained that, at the last EOC meeting, Pollara presented its plan, which received unanimous approval. Afterwards, CAFII's Executive Director, Keith Martin, reviewed and signed the contract. Currently, Pollara is drafting the segmentation survey questions, which will be sent to R. Jennings and K. Martin for review. Once received, R. Jennings will set up a meeting with the R&M Committee to conduct a second review of the questions. Once this is done and the questions have been approved by both CAFII and the Committee, the questions will be sent back to Pollara and used in their survey.

ii. Implementation of the Media Strategy

On behalf of CAFII's Media Consultant, Wendy Bairos, CAFII's Executive Director, Keith Martin, updated the EOC on the implementation of CAFII's media strategy. He explained that, though the National Post did not publish CAFII's article, CAFII published it itself on LinkedIn. The next major activity in terms of media is the April 1/25 webinar with Deloitte on the research results on CPI and technology trends. Soon after that, there will be a press release of Deloitte's result document (published on the CAFII website), and then CAFII will go ahead creating public deliverables, like videos. W. Bairos is working with the R&M Committee and the EOC on comments and feedback for the press release. Once this is finalized and translated, it will be published.

Item 4 (b): Market Conduct & Licensing

i. Intention of the Insurance Council of BC to have an Accreditation of Courses and Training for Performance Indicators

On behalf of the Chair of the Market Conduct & Licensing Committee, Brad Kuiper, the Vice-Chair, Fay Coleman, updated the EOC on the Insurance Council of BC's intention to have accreditation courses and training for performance indicators in their RIA regime. CAFII has been in conversation with the Insurance Council for some time. CAFII's Executive Director, Keith Martin, explained that, over a year ago, the Insurance Council had a licensing individual share its intention to have the RIA non-licensed regime include some performance indicators. The performance indicators are things that the Insurance Council feels a representative operating under a corporate license (no individual license) should know. At the time, CAFII observed that some of these items veered far closer to individual licensing than what was necessary or seen in other RIA regimes. In response, the Insurance Council made modest language adjustments but otherwise did not alter the proposal.

A few weeks ago, the Insurance Council shared with CAFII that it is ready to share its intentions around accreditation, which will determine how the training materials for corporate licensees, like CAFII members, are meeting expectations around performance indicators.

The Insurance Council presented this to K. Martin, who suggested having a second meeting with a broader audience (EOC members). On March 24/25, a second meeting occurred, with many EOC members in attendance. The Insurance Council made it clear during the exchange that it was uninterested in changing its proposals, nor was it receptive to CAFII members' suggestions. Due to this, it was suggested that a dedicated Working Group be created to determine the next steps. The Group's objective will be to discuss how CAFII and its members can challenge the Insurance Council, what CAFII's strongest refutations are, and what is the best approach for handling this issue. K. Martin explained that this will likely take over a year before the new regime is implemented. He added that, during these tumultuous times, it is important that Canada is harmonized and united; the Insurance Council's proposal is the opposite of this. The chair of the R&M Committee, Andrea Stuska, asked if the Working Group would be a part of the Market Conduct Committee or if it is separate. She also asked if the EOC, in general, would be privy to the results of this Working Group. K. Martin explained that those members who attended the meeting with the Insurance Council on the 24th would be the first asked to join; however, ultimately, both EOC and Market Conduct Committee members will have the chance to join. The results of this Working Group will be reported to the EOC in terms of recommendations.

A. Stuska observed that this is more than just a societal or harmonization issue. There seems to be a disconnect between intention and actuality. On the call, some of the material presented did not make sense, though the clarifications were helpful. She felt that the Insurance Council was defensive by the end of the meeting. Therefore, CAFII will likely need to be very specific in its feedback so that it properly conveys the burdensome nature of these changes. EOC Member Rob Dobbins added that he thinks CAFII will also need to be more direct. He supports the Working Group but stressed the need for active participation by Working Group members and a granular look at the performance indicators.

It was noted that it was important when looking at multiple products offered by an FI to keep in mind that each product has its own training and process materials. Therefore, this would be very challenging to review within a reasonable time frame. F. Coleman asked if K. Martin was going to reach out to the other insurance councils to see if they are in support of the Insurance Council's proposed approach. K.

Martin replied that this is something the Working Group can discuss because there are risks and benefits to this.

R. Dobbins added that New Brunswick has opened a consultation looking at their RIA regime, however, no mention has been made about adding in training.

[Action Item: Keith Martin to create a Working Group to deal with the Insurance Council of BC's proposed accreditation review of training materials around meeting performance indicators for representatives operating under a corporate licence in an RIA regime; K. Martin, April 2025.]

Item 5: Strategic and Regulatory Initiatives

Item 5 (a): Feedback on March 17, 2025, Meetings in Ottawa with FCAC and the Federal Department of Finance

CAFII's Executive Director, Keith Martin, updated the EOC on CAFII's March 17/25 meetings with the FCAC and the federal Department of Finance in Ottawa. He explained that CAFII had not met with the FCAC in five years (due to COVID and FCAC staffing delays). During the meeting, it was clear that the FCAC was not familiar with CPI; nonetheless, the meeting went well. The new Commissioner, Shereen Miller, was receptive and inquisitive. She is clearly dedicated to her role and the FCAC's commitment to the fair treatment of customers. She also had some interesting ideas for continued collaboration with CAFII, which was a good sign.

The meeting with the federal Department of Finance went well; they were very engaged and curious. The finance officials seemed genuinely interested in the overview by CAFII and asked many questions. Overall, this was a successful foray with two important federal government departments. CAFII also mentioned contacting the Vice-President of Research at FCAC to have her participate in a CAFII webinar, which S. Miller supported.

Item 5 (b): Plans for Visits to Atlantic Canada and Western Canada – Call out for Volunteers

CAFII's Senior Operations Manager, Lara Doig, updated the EOC on CAFII's plans to visit Atlantic Canada and Western Canada. She explained that CAFII has established dates for its Atlantic Canada portion of the regulatory tours. The first stop will be New Brunswick and Prince Edward Island from May 11-16, 2025, in conjunction with the CLHIA conference. A high-level itinerary will be circulated to EOC members who would like to join. CAFII has also circulated a call-out for volunteers.

The next leg of the Tours will be Halifax (Nova Scotia) and St. John's (Newfoundland and Labrador) from June 11-13, 2025. The itinerary for this phase will be finalized and sent out in the coming weeks. This will include flight and hotel details. There will also be a call-out for volunteers.

Item 6: Governance Matters

Item 6 (a): Reminder of Competition Law Obligation for CAFII Members

CAFII's Executive Director, Keith Martin, reminded the EOC of CAFII's members' compliance obligations with respect to competition law. As a good governance practice, once a year, the competition law will be included in the consolidated package for review. K. Martin explained that concern has been expressed around the use of reply-all for sensitive emails and content. The concern is that reply-all is not

the best way to share perspectives. K. Martin proposed exercising discretion or sharing any opinions or documents with the CAFII staff, who can then share it verbally with a broader group after vetting. EOC member Rob Dobbins commented that the competition act states that it must be referenced at the beginning of every EOC and Board meeting, and that will be CAFII's practice going forward.

[Action Item: The competition law policy will be referenced and EOC and Board members will be asked to acknowledge that they have reviewed it and will adhere to its requirements at the beginning of each meeting of these bodies; K. Martin, 2025].

Item 6 (b): Feedback from Robyn Jennings 1-on-1 EOC Meetings

CAFII's Research Analyst, Robyn Jennings, updated the EOC on her one-on-one meetings. She explained that because the meeting frequency significantly slowed by the end of 2024, she started setting up meetings herself with all outstanding EOC members. Over the course of 2025, she has had numerous meetings, all of which have been informative. She has received positive feedback, specifically regarding CAFII's relationships with regulators and research. Overall, the meetings are going well now that they are back on track. R. Jennings should be done with all her EOC one-on-ones by the end of April.