

BOARD MEETING

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

In-Person/Hybrid Meeting at Chubb Life Insurance Company of Canada in Toronto, Ontario

Tuesday, December 3, 2024

3:00 to 5:00 p.m. EDT

Minutes

Board Members

Present In-Person:

Valerie Gillis	TD Insurance and Board Chair
Paul Cosgrove	Assurant and Board Vice Chair
Rohit Thomas	BMO Insurance
Louie Georgakis	The Canada Life Assurance Company
Rahul Kakar	Chubb Life Insurance Company of Canada
Andrew Kugler	Manulife Financial
Peter Thompson	National Bank Insurance
Julie Gaudry	RBC Insurance
Sarah Armstrong	CUMIS/The Co-operators
Konstance Allain	CIBC Insurance

Virtually:

Elizabeth Gandolfi	Canadian Western Bank
Simon Lacroix-Hubert	Desjardins
Wayne Hewitt	Scotia Insurance

Regrets:

Adam Vespi	Canadian Tire Bank
Nigel Branker	Securian Canada

Also Present:

Karyn Kasperski, Board Secretary
John Burns, Board Vice Secretary
Donald Hinnecke, Treasurer
Keith Martin, Executive Director
Robyn Jennings, Research Analyst
Wendy Bairos, Media Consultant
Troy Woodland, Association Coordinator

Item 1: Welcome, Call to Order, Meeting Confirmation and Board Constitution Matters

Item 1(a): Welcome and Call to Order

CAFII Board Chair Valerie Gillis welcomed all to this meeting of the CAFII Board of Directors, which was hosted by Chubb Life Insurance Company of Canada in Toronto, Ontario, as well as virtually. The meeting was called to order at 3:00 p.m. CAFII's Research Analyst, Robyn Jennings, acted as Recording Secretary.

Item 1(b): Land Acknowledgement

CAFII Board Chair Valerie Gillis Thompson shared a land acknowledgement for the meeting.

Item 1(c): Declaration of Meeting Properly Called and Constituted

Board Secretary Karyn Kasperski confirmed that there was a quorum of Board members present for the meeting, with 10 members present in person and 3 members present virtually, and that the meeting had been properly called and constituted. Board Chair Valerie Gillis declared the meeting properly convened and constituted.

Item 1(d): Approval of Agenda

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the meeting Agenda be and is approved.*

Item 2: Consent Items

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the Consent Agenda items itemized below be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.*

- a. Draft Minutes of October 8/24 CAFII Board Meeting
- b. Summary of Board and EOC Action Items
- c. October & November Regulatory Update
- d. Consultations/Submissions Timetable
- e. Regulator and Policy-Maker Visit Plan Recap
- f. Committee Reports Addressing CAFII Priorities
- g. EOC-Approved CAFII 2025 Schedule of Meetings and Events

*Further, **IT WAS RESOLVED** that the minutes of the meeting of the CAFII Board of Directors held October 8, 2024, be and are adopted in the form presented and that copies of those minutes be signed and placed in the corporation's minute book.*

Item 3: Financial Management

Item 3(a): CAFII Financial Statements as at October 31/24

CAFII Treasurer Donald Hinnecke provided an overview of the Association's financial statements as at October 31/24, noting that the Association's finances are above plan. CAFII is in a strong financial position going into 2025, with a healthy balance sheet and income statement. Revenue is above budget expectations due to new membership, along with higher investment earnings than expected. Furthermore, expenses are down due to effective expense management and reduced staffing (net savings in terms of salary expenses due to the departure of CAFII's Operations Manager and the delay in replacing that role). In terms of website costs,

K. Martin was able to negotiate all website deliverables to fall under \$70K, meaning CAFII will have a net saving of nearly \$30K from what was in the original budget. In terms of the current trajectory, CAFII is projecting a \$16K surplus by December 3/24 and is in a healthy cash position for the year's end.

K. Martin mentioned that the unexpected and erroneous deposit of \$452K into the CAFII bank account has been resolved and all funds have been returned to the correct bank. CAFII will continue to monitor the situation closely.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the CAFII financial statements as at October 31/24 be and are approved.*

Item 3(b): CAFII Forecast as at October 31/24

CAFII Treasurer Donald Hinnecke provided an overview of the organization's forecast as of October 31/24, noting that revenue is above expectations—\$975K versus the expected \$931K. This is thanks to higher investment income and higher associate and member dues. There will be a one-time recruitment cost to help replace the missing staff, but lower salary costs will offset this. SEO and website enhancements have cost less than originally budgeted. Furthermore, several expenditures did not occur, including legal costs and staffing expenses. K. Martin is currently interviewing people for the Operations Manager position and feels he may have found someone to fill the role. Because of the urgency around filling the role and the addition of the word Senior to the Operations Manager title, the salary will likely increase by up to \$8K. K. Martin did remark that if the candidate does not work out then CAFII may have to go back to market. The annual member's luncheon did have a higher cost than expected due to higher attendance and a general increase in the cost of hosting receptions. By year's end, CAFII is projected to have a \$20K surplus versus the budgeted \$96K loss. All in all, CAFII is in a strong financial position. November and December will likely have higher expenses, meaning the surplus may be less than \$20K, but the Association's finances remain stable. CAFII is currently sitting on 65% financial reserves while the target is between 25%-50%.

Item 3(c): CAFII 2025 EOC-Endorsed Operating Budget, including a Motion to Authorize the Board Chair and Vice Chair to Approve the Salary Adjustments for CAFII Staff at a Later Date

CAFII Executive Director Keith Martin informed the Board that the EOC endorsed CAFII's 2025 Operating Budget. He then explained that the philosophy adopted to draft the Operating Budget focused on the implementation of the key elements of the 2025 3–5-year strategic plan. This budget allows for investments in staffing, continued Managing Matters support, a media consultant to implement the media strategy, major annual research projects, continued maintenance of regulator relationships through meetings and regulatory tours, funds for the annual members' luncheons and the EOC appreciation dinner, and funds for industry.

The Operating Budget does reveal a systemic gap in revenues versus expenses; therefore, CAFII is reviewing the option to increase its membership costs, something it has not done since 2020. The membership increase is not urgent and will be discussed throughout 2025.

CAFII is anticipating a lower investment revenue of \$15K in 2025, due to lower interest rates. CAFII will have several higher expenses in 2025 than 2024, including a return to full staffing numbers. Managing Matters has also increased its fees, which has been deemed fair and reasonable in the current environment. Another

significant cost will be the return to regulatory tours. Furthermore, \$30K has been allocated for legal costs, but there is no indication that this will be spent.

[Action Item: Include Potential Membership Dues Increase on the April 3/25 Board Meeting Agenda for further discussion; K. Martin, April 2025].

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the CAFII 2025 EOC-Endorsed Operating Budget, including a motion to authorize the Board Chair and Vice Chair to Approve the Salary Adjustments for CAFII Staff at a later date, be and is approved.*

Item 4: Strategic and Regulatory Initiatives

Item 4(a): Federal Department of Finance Proposed Amendment to the Criminal Code to Include Insurance Costs in the Calculation of Interest

CAFII Executive Director Keith Martin informed the Board that, in November 2024, he contacted the Department of Finance for an update regarding CAFII's submission on the proposed amendments to the criminal code to include insurance costs in the calculation of interest. As of December 3/24, he has not heard back from the Department. This is not necessarily a bad thing and could instead indicate that the department is not moving forward with these proposed amendments at this time. K. Martin reached out to the CBA, who has also not heard back from the Department. K. Martin has been in contact with the CLHIA, which received a data request from the Department, to which CLHIA is preparing a response.

Tangentially, a *Globe and Mail* journalist, Erica Alina, is preparing an article on this issue. She has interviewed the Canadian Lenders Association and asked for K. Martin's and CLHIA's input. After some discussion on the appropriate course of action, the Board gave K. Martin permission to work with CAFII's Media Consultant, Wendy Bairos, to draft quotes for E. Alina. This permission is predicated on receiving feedback from the Board on the quotes.

[Action Item: Draft quotes on the Federal Department of Finance's proposed amendments to the Criminal Code to Include Insurance Costs in the Calculation of Interest for circulation to the Board for feedback before circulation to Globe and Mail Journalist Erica Alina; K. Martin, December 2024].

Item 4(b): Next Steps on the October 8, 2024, Presentation by the AMF to CAFII

CAFII Executive Director Keith Martin informed the Board that, at the last EOC meeting, there were concerns that the AMF's Mario Beaudoin had misinterpreted the information and statistics he received from CAFII members. Therefore, it was suggested that CAFII's Quebec Committee participate in a special-issue meeting to discuss and identify the key messages CAFII will share with the AMF. K. Martin is currently organizing a working group to determine the direction CAFII will take and to flesh out what positions will be shared with M. Beaudoin.

Item 4(c): Update on Plans to Visit FCAC and the Federal Department of Finance, in Ottawa

CAFII's Executive Director, Keith Martin, updated the Board on CAFII's plans to visit the FCAC and the federal Department of Finance in Ottawa. During the November EOC meeting, EOC members expressed a desire for CAFII to meet with both entities, ideally in February or March 2025. The Board supported K. Martin in setting up meetings in Ottawa with the FCAC and the federal Department of Finance in Ottawa in the new year.

Item 4(d): Update on the Research with Deloitte on Technology Trends and Artificial Intelligence

CAFII's Executive Director, Keith Martin, updated the Board on CAFII's research with Deloitte on technology trends and artificial intelligence. Deloitte has completed all interviews with CAFII members' executives and circulated a written survey to all participating members. Deloitte is now collecting the survey responses. In terms of timelines, Deloitte believes it will have the aggregated results by early January 2025. According to Deloitte, they have already found some important insights that will be of great interest to members and regulators.

Two companies decided not to participate in the survey. Deloitte will present company-specific findings to each participant; those who did not participate will not have this opportunity. The research intention at the end will be to have a special webinar, a press release for media pickups, and a presentation of the key findings to regulators over the regulatory tours. The Board will have a chance to review the findings as well; this will be a special webinar for the EOC and the Board prior to any decision to publicly release the research findings.

Item 4(e): Update on Expansion of Quarterly RSM Canada Benchmarking Study to Include HELOC Penetration Rates

CAFII's Executive Director, Keith Martin, updated the Board on CAFII's intention to expand the RSM Benchmarking study to include HELOCs. The quote for this has been received, which K. Martin negotiated down from the original request. The lower cost was accepted by RSM Canada, which has now begun working on the study. The first draft is expected for Q1 2025.

Item 4(f): Update on Hiring of New Senior Manager, Operations

This item was included and discussed in the update for Agenda Item 3(b).

Item 5: Governance

Item 5(a): EOC-Endorsed Policy Around Who Can Join CAFII Committees

EOC Chair Karyn Kasperski informed the Board of the EOC-Endorsed policy around who can join CAFII's committees. In short, the proposed policy established three principles: 1) all members must be actively employed members with a member company, 2) all members must receive approval from a sitting Board member of a member company approving their participation in CAFII's committee(s), and 3) if the person is leaving CAFII's member company, regardless of the reason, they must leave CAFII and any committees and/or sub-committees. This policy also requires communication from Board members of any impending retirements and/or departures so that CAFII can adjust committee numbers. This policy was presented to the EOC at the October EOC meeting and was endorsed for Board approval.

On a related matter, there was a request for CAFII to distribute to all Board members early in the new year the list of volunteers currently serving on CAFII Committees and Working Groups.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the CAFII's EOC-Endorsed Policy Around who can join CAFII's Committees be and is approved.*

[Action Item: Distribute List of Each Member Volunteers on CAFII Committees and Working Groups; K. Martin, January 2025].

Item 5(b): Summary Results of the DEI Survey with CAFII Members

On behalf of CAFII's Research Analyst, Robyn Jennings, CAFII's Executive Director, Keith Martin, shared with the Board the summary results of the DEI Working Group's DEI survey of CAFII members. A DEI-focused survey was sent to CAFII's 15 member companies, 13 of which participated. R. Jennings aggregated the results into two documents – a survey summary and a series of graphs depicting the results.

The key finding was that all the participating members are actively involved in DEI. Therefore, CAFII did not need to develop its own DEI policies for members. K. Martin went on to explain the survey's graphs. Chair of the DEI Working Group, Tejal Harri-Morar, added that, from the outset, the working group wanted to increase board diversity. Thus, as presented, the survey shows that CAFII members have strong DEI programs in place, including strong Board representation. The working group has, therefore, achieved its goal. K. Martin and T. Harri-Morar suggested that the Working Group be disbanded. DEI will remain a priority for CAFII and its committees.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the CAFII's recommendation to dissolve the Diversity, Equity, and Inclusion Working Group be and is approved.*

Item 5(c): EOC-Endorsed Proposal to Wind-Down the DEI Working Group Now that it Has Achieved its Objectives

This item was included and discussed in Agenda item 5(b).

Item 5(d): Update on Website Investments, Including Videos on LIMRA Research and Rebuild of Backend

CAFII's Executive Director, Keith Martin, informed the Board that CAFII has found a good vendor to rebuild the Association's website's backend. There are two important new goals for the backend: 1) it must have a document repository for all Board and EOC meetings and regulatory issues, and 2) it must be easy to navigate. K. Martin will provide another update in the early new year when the backend is anticipated to be completed.

CAFII's new video company is nearly done creating one of two LIMRA research videos.

Additionally, CAFII now has an SEO vendor. In the coming months, K. Martin will be able to present far more regularly regarding CAFII's SEO progress.

Item 5(e): Update on Article for National Post

CAFII's Executive Director, Keith Martin, updated the Board on the article for the National Post. He explained that the article is a key step in CAFII's new media strategy. The article's primary focus is on publicizing and sharing with the public and regulators the results of CAFII's LIMRA research. When CAFII shared the LIMRA results previously, the response was overwhelmingly positive; the information gathered highlighted the importance of CPI and how it is needed to help fill a vital insurance gap. In fact, after a Board-approved press release of the research, CAFII received three trade media articles on the topic and hosted a webinar, which had 30 regulators in attendance.

CAFII's media strategy, which the National Post article is a part of, went through many iterations to arrive at the current version.

After K. Martin's update, a Board member expressed concerns about the article opening a channel for criticism and asked if there was a better way to publicize the research without inviting commentary from the media, suggesting a press package instead of an article. Board Chair Valerie Gillis explained that the objective of the article is to increase education and challenge misinformation. K. Martin added that journalists and media are a part of the desired readership because CAFII wants to educate them as well. The logic behind the article is to create a positive and informative article on CPI for journalists and consumers alike so that they have access to these perspectives when they are researching information about CPI. CAFII's Media Consultant, Wendy Bairos, explained that no one will ever be able to control the commentary in the media but that this should not dissuade CAFII from publicizing this information and offering its point of view.

After a lengthy discussion, it was agreed that a couple of areas within the article could be modified so that the message appears somewhat softer. The concerned Board members agreed to provide their edits to K. Martin by the end of the week (December 6/24) so CAFII can update the article and send it out in a timely manner.

[Action Item: Update the National Post article to reflect input and edits from Board members; K. Martin, December 2024].

[Action Item: Circulate updated National Post article to the Board for final input before socializing the article with the National Post; K. Martin, December 2024].