

**CAFII Board Meeting Minutes**

**Tuesday, April 7, 2015**

**Location: CIBC Insurance**

**Commerce Court, 199 Bay Street, 56<sup>th</sup> Floor, Toronto, ON**

**DRAFT**

<b>Present:</b>	Rino D'Onofrio	RBC Insurance	<i>Chair</i>
	Linda Fiset	Desjardins Financial Security Life Assurance	
	Chris Knight	TD Insurance	
	Todd Lawrence	CIBC Insurance	
	Isaac Sananes	Canadian Premier Life Insurance Co.	
	Kelly Tryon	The CUMIS Group	
<b>EOC Present:</b>	Carol Allen	Assurant Solutions	
	Rose Beckford	ScotiaLife Financial	
	Derek Blake	RBC Insurance	
	Charles Blaquiere	Canadian Premier Life Insurance Co.	
	Emily Brown	BMO Insurance	
	Andre Duval	Desjardins Financial Security Life Assurance	
	Moir Gill	TD Insurance	
	Greg Grant	CIBC Insurance	<i>Secretary</i>
	Sue Manson	CIBC Insurance	
	Rosemary Pulla	BMO Insurance	
	Diane Quigley	The CUMIS Group	
	Maria Sanchez-Chung	TD Insurance	
	Jodi Skeates	The CUMIS Group	
<b>Also Present:</b>	Leya Duigu	T•O Corporate Services	<i>Recording Secretary</i>
	Brendan Wycks	CAFII	<i>Executive Director</i>
<b>Regrets:</b>	Joane Bourdeau	National Bank Insurance Co.	
	Darrell Bruce	ScotiaLife Financial	
	Eleanore Fang	TD Insurance	
	John Lewsen	BMO Insurance	
	Peter McCarthy	BMO Insurance	
	Raja Rajaram	CIBC Insurance	<i>Treasurer</i>
	Robert Zanussi	Assurant Solutions	

**1. Call to Order**

The meeting was called to order at 2:10 p.m. R. D'Onofrio acted as Chair; G. Grant acted as Secretary; and L. Duigu acted as Recording Secretary.

Members were advised that board member Vivianne Gauci is no longer with AMEX Bank of Canada and is therefore no longer on the CAFII Board. We expect AMEX to nominate a successor in due course.

### **1.1. Approval of Agenda**

On a motion duly made, seconded and unanimously carried

#### **IT WAS RESOLVED that:**

The Meeting Agenda be approved as circulated.

## **2. Adoption of Minutes:**

### **2.1. Draft Board Meeting Minutes, December 2, 2014**

On a motion duly made, seconded and unanimously carried

#### **IT WAS RESOLVED that:**

The Minutes of the meeting of the Board of Directors held December 2, 2014 be and are adopted in the form presented, and that a copy of these Minutes be signed and placed in the Minute Book of the Corporation.

### **2.2. Summary of Board and EOC Action Items**

Greg provided the Board with an update on the summary of Board and EOC action items highlighting hot button issues on the horizon including the AMF Ecommerce paper that was recently released. Progress has also been slower than expected with the Media Advocacy Committee initiatives due to losing many of its members since the first meeting and it is anticipated that this will change in the coming months with new appointments from member organizations.

## **3. Financial Update:**

### **3.1. Financial Statements as at February 28, 2015**

Brendan presented the financial statements as at February 28, 2015, as CAFII Treasurer Raja Rajaram was unable to attend. We are at 13% of the budgeted expenses year-to-date and have exceeded our budgeted allocation in the Members Annual Luncheon due to additional audiovisual costs and hosting the event at a more expensive venue. First instalments of 2015 membership dues are still being collected with additional cheques having been received at the office recently. The Balance Sheet shows that we have a reserve of 72% of annual operating expenses.

On a motion duly made, seconded and unanimously carried

#### **IT WAS RESOLVED that:**

The financial statements for CAFII as at February 28, 2015 be and are approved in the form presented.

### **3.2. 2014 Draft Audited Financial Statements**

On the Statement of Financial position, CAFII's assets grew by \$45,490 year-over-year, and unrestricted net assets grew by almost \$20,000 which is in line with the Statement of Operations on page 2. An adjustment was made to the opening paragraph of the Notes to the Financial Statements to reflect the date on which CAFII's filing for continuance under the Canada Non-Profit Corporations

Act was approved in 2014. The other Notes to the Statements are boilerplate content as per the accounting profession's auditing standards.

On a motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The 2014 Draft Audited Financial Statements be and are hereby approved in the form presented and will be presented to the membership for approval at the Annual Meeting in June.

**4. Strategy and Governance**

**4.1. Balanced Scorecard**

The Balanced Scorecard has been broken up as per Brendan's three main areas of deliverables and the details can be found in the measures column. Brendan's time is divided between regulatory and advocacy, media and communications and association oversight activities as indicated in the Balanced Scorecard document. The last four months have been challenging due to the number of regulatory submissions that have come up.

The number one priority is to draft high quality submissions so regulators are listening to us and taking our position into consideration. A number of submissions have already been made this year including one on Saskatchewan Bill 177 and next will be a submission to British Columbia's 10-year review of the Financial Institutions Act (FIA). It's important to keep our regulatory relationships up-to-date, using the opportunity to speak to our key messages and receive information ahead of time. Brendan also has regular touch points with CLHIA staff.

Travel insurance has become a focal point this year and Brendan is regularly monitoring the industry, other Associations and regulators on this issue. Providing a regular update newsletter is a deliverable that was relocated within the Balanced Scorecard from the regulatory section to Association oversight.

**5. Regulatory:**

**5.1. CCIR Working Group on Travel Insurance**

The CCIR 2014-2017 Strategic Plan was included in today's meeting materials as a reminder of their priorities which are relevant to members, including travel insurance. It was recently confirmed that the Travel Insurance Pan Industry Project Group (TIPIP) will no longer be meeting. Instead, CLHIA has formed a high level group on travel insurance. CAFII also formed an internal working group on travel insurance ahead of receiving the news about TIPIP, and have established a focused group with well-defined priorities. Some overlap exists in membership between the CLHIA and CAFII groups, and Brendan will continue to work closely with CLHIA staff to ensure that the work proceeds in a complementary manner.

Members of the EOC and CAFII's travel insurance project group recently met with Harry James, Chair of the CCIR Working Group on Travel Insurance, to discuss the industry survey that CCIR is proposing. Members were able to impress upon Harry the enormity of the survey and the information it is seeking, such that it may not improve their understanding of the industry and issues. It was also suggested that CCIR start the process by contacting the ombudsman organizations which will likely

improve the survey's focus. The feedback was well-received and Harry indicated he would be proposing a slightly different approach for information gathering and the survey, and will likely be in contact with CAFII members again.

**Action:** Determine the goals of the CCIR Working Group on Travel Insurance and propose a strategy on how to proceed with the travel insurance issue. *[Brendan, EOC; tba]*

#### **CCIR Executive Succession**

Brendan also reported that Carolyn Rogers (BC FICOM) was recently succeeded by Patrick Dery (AMF) as CCIR Chair and members were informed that Patrick looks forward to working on harmonization between the provinces. CAFII will be requesting a meeting with Patrick during the CLHIA Conference in Quebec City later this month. It is clear that CCIR is doing some fact-finding and the Board requested additional information on the goals or end game for its review of travel health insurance.

#### **5.2. BC 10-Year Review Of Financial Institutions Act**

As a follow-up to the roundtable meeting that Greg attended last November, it was reported that as part of the upcoming review of BC's Financial Institutions Act, the Insurance Council will be proposing that a dollar limit be imposed upon the amount of CGI that can be sold under the licensure exemption that this type of insurance currently has in the province. There is a supervisory issue here and how they are choosing to address it is of concern, as they don't appear to be familiar with how the industry works. This is an area that will need to be monitored closely. A presentation will be received shortly on CAFII's Value Proposition Project which may provide some helpful information.

**Action:** Develop an education campaign on creditor's group insurance and the underserved market for regulators and policy-makers in the BC ministry. *[EOC; tba]*

#### **5.3. Ontario Review of FSCO Mandate**

Since the Board last meeting, Ontario has launched a review of FSCO's mandate and a three-member expert panel has been appointed to lead the review. Moira advised that this is intended to be a fundamental review and recommendations are likely to include a self-regulatory licensing counsel. The consultation paper is expected to come out in June and the panel's final report is due in the Fall, providing us with a narrow window of opportunity for advocacy. Possible next steps include having the Licensing committee discuss the three scenarios likely to come out of this review and what CAFII can put forward ahead of time.

**Action:** Develop list of potential issues, important to CAFII members, which could come forward in the Ontario Review of FSCO's mandate and draft the industry's position for board consideration. *[LEIC; tba]*

#### **5.4. Regulatory Update**

The Regulatory Update was tabled in the meeting and Brendan highlighted recent developments in New Brunswick relating to the Financial and Consumer Services Commission releasing a proposed Insurance Act-related rule for consultation.

#### **5.5. Regulator and Policy-Maker Visit Plan**

CAFII will be meeting with Carolyn Rogers in Quebec City, during the CLHIA Conference later this month, to discuss regulatory issues in British Columbia such as the 10-Year Review of the Financial

Institutions Act. The October Board meeting will be held in Quebec City where CAFII members will have an opportunity to meet with Louis Morisset and his team from the AMF.

## **6. Committee Reports Addressing CAFII Priorities:**

### **6.1. Media Advocacy Committee**

The Media Advocacy Committee almost has a full complement of members now, thanks to recent appointments by Desjardins, TD and RBC. In the interim, members have focused their attention on short-term deliverables including leveraging the existing documentation through cataloguing it by key issues and formulating responses to these issues. In terms of a time line, the short-term deliverables will be rolled out first so we can leverage the expertise of the individuals on the committee.

### **6.2. Market Conduct Committee**

#### **6.2.1. Saskatchewan Bill 177**

CAFII submitted comments to Saskatchewan Bill 177 in February and held a conference call with the Ministry of Justice's leaders of the Bill on March 2, so they could address the concerns raised in our submission. Jim Hall and Janette Seibel from Saskatchewan provided reassurance to CAFII, asserting that the revised Insurance Act is not tampering with the province's existing RIA/ISI regime in the slightest and that there will be thorough consultation with the industry around the regulations that will be drafted over the summer of 2015 to support the Act. Jim Hall outlined the expected legislative timetable for the Bill, noting that they want to see the legislation passed by May 8, 2015, the last day of the legislature's current session, with final proclamation of the Bill expected to occur in the latter half of 2016.

### **6.3. Research and Education Committee**

#### **6.3.1. CAFII Value Proposition Project**

Towers Watson, an independent actuarial firm, was engaged by the Research and Education Committee in 2014 to compare the customer value proposition of Creditors Group Insurance to individual insurance. Board members were provided with the preliminary results of the project in today's meeting materials.

Helene Pouliot from Towers Watson provided a summary presentation of this preliminary report, noting that neither the report nor her presentation slides should be distributed to anyone outside of CAFII member organizations.

Following Helene's presentation and discussion with the Board, it was noted that the final Towers Watson report shall be provided shortly.

#### **6.3.2. Travel Insurance Project**

Emily reported that the travel insurance committee was formed recently with members from most member FIs. The group was first surveyed on what they perceive the hot button issues to be, and while there were some differences between the channels it is clear that some are hot button issues across the industry. The group reviewed the issues at an initial meeting,

following which a list of key priorities/action items were developed and this list was included in the meeting materials for Board consideration. Emily reviewed the priorities briefly. Board members requested information regarding the hot button issues identified to date.

**Action:** Board members to be provided with the list of “hot button” issues identified during the initial consultation phase with members of CAFII’s travel insurance committee. [Brendan; asap]

#### **6.4. Licensing Efficiency Issues Committee**

##### **6.4.1. Invest New Brunswick**

In follow-up to a meeting with Invest New Brunswick last year, the licensing committee is working on a submission in support of CAFII’s position on licensing issues in that province. Recently, we have learned that the province’s new Premier has replaced Invest New Brunswick with a new organization, with a new name but much the same mandate. Moira connected with Opportunities New Brunswick recently and they expressed an interest in receiving a submission from CAFII and in particular our views on electronic licensing.

#### **6.5. Networking and Event Hosting Committee**

Maria reported on today’s guest speakers from KPMG, Elizabeth Murphy and David Pelkola, presenting on the Evolution of Market Conduct Expectations. Seventy one people have confirmed their attendance tonight including regulators and staff from allied association CLHIA. The next two CAFII Board meetings will not have speaker presentations including: June 9 due to the meeting space; and October 6 which will be held in Quebec City. Therefore, a speaker presentation will be considered following the December 8 meeting and FSCO’s interim CEO and Superintendent of Financial Institutions, Brian Mills, has been proposed as the potential speaker.

### **7. Other Business**

#### **7.1. CAFII Website and Regulatory Issues & Perspectives**

Greg reported that previous CAFII consultant Lawrie Savage provided a regulatory newsletter for the industry which has since been discontinued. We have also heard from regulators that they don’t always know what’s going on in other jurisdictions and they are interested in receiving this news. To fill this gap, a bi-monthly regulatory newsletter, based on Brendan’s Regulatory Update, is being proposed with the help of an outside contractor. The regulatory newsletter shall be posted online as part of the regulatory news section, and news will also be posted in the News & Media section. All this activity is designed to create value for regulators, keep CAFII top-of-mind and create information and drive traffic to the CAFII website. Brendan and Leya were thanked for their work on this initiative to date.

#### **7.2. Manitoba Residency Requirement**

Directors discussed a concern about a clause in Section 380.1(3) of the recently amended Manitoba Insurance Act which reads as follows:

*Subject to the regulations, a restricted insurance agent licence authorizes the holder, through its employees in Manitoba, to act or offer to act as an agent in respect of the class or type of insurance specified in the licence.*

The concern relates to the province's intent behind its use of the words "through its employees in Manitoba." A literal interpretation of these words would be problematic for CAFII members' call centre operations, as that would mean that employees must be resident in Manitoba.

However, call centres are typically staffed by financial institutions' own employees and are located in different jurisdictions throughout the country. If these words are interpreted to mean that employees must reside in Manitoba, call centre employees would not be able to offer and enroll Manitoba consumers in creditor's group insurance.

Neither of the RIA/ISI regimes on which Manitoba's is modeled, namely Alberta and Saskatchewan, imposes such a residency requirement. And throughout the consultation process on the establishment of a Manitoba RIA/ISI regime, it was never indicated or suggested that a residency requirement was being contemplated, so we hope that you will be able to confirm that our concern is misplaced.

It was suggested and agreed that CAFII should make a confidential phone call to Scott Moore, Manitoba's Deputy Superintendent of Insurance, to seek clarification on this issue.

**Action:** CAFII to conduct an informal call with Scott Moore in Manitoba seeking clarification on the apparent residency requirement for employees of Restricted Insurance Agents found in 380.1(3) of the amended Insurance Act. [Brendan, Greg, Derek; tba]

### 7.3. LLQP Harmonization Efforts

Earlier this year, CAFII issued a follow-up letter of support for LLQP modernization to Ministers across the country responsible for insurance regulation; and some members have subsequently received a direct request from a regulator for their individual FI to provide a similar letter. Following Board discussion of this matter, it was decided that since not all members have received such a direct invitation, no further action will be taken by CAFII at this time.

## 8. *In Camera* Discussion

The Board of Directors met *in camera* from 4:15 to 4:55 p.m. Following this, members of the EOC, B. Wycks and L. Duigu were invited back.

## 9. Termination

There being no further business to discuss, the meeting was terminated at 4:56 pm. The next CAFII Board of Directors meeting will be held on June 9, 2015, in Toronto.

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Date

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Chair

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Recording Secretary