

CAFII Board Meeting Minutes
Tuesday, April 8, 2014
Location: National Bank
600, rue de la Gauchetière Ouest, 4th floor
Montréal, Québec

Present:	Peter McCarthy Chris Knight Rick Lancaster Isaac Sananes Linda Fiset Vivianne Gauci Richard Hebert Rino D'Onofrio	BMO Insurance TD Insurance CIBC Insurance Canadian Premier Life Insurance Co. Desjardins Financial Security Life Assurance AMEX Bank of Canada <i>(by teleconference)</i> National Bank Insurance Co. RBC Insurance <i>Vice-Chair</i>
EOC Present:	Rose Beckford Derek Blake Andre Duval Eleanore Fang Moiria Gill Greg Grant Jennifer Hines John Lewsen Sue Manson Raja Rajaram Maria Sanchez-Chung Cecilia Xiao Paul Yeung	ScotiaLife Financial <i>(by teleconference)</i> RBC Insurance Desjardins Financial Security Life Assurance TD Insurance <i>(by teleconference)</i> TD Insurance CIBC Insurance RBC Insurance <i>Secretary</i> BMO Insurance CIBC Insurance <i>(by teleconference)</i> CIBC Insurance <i>Treasurer (by teleconference, for part)</i> TD Insurance Assurant Solutions <i>(by teleconference)</i> RBC Insurance
Also Present:	Kathryn Beck Hudson Lopez Pamela Smith Vivienne Chen Leya Duigu Brendan Wycks	Fasken Martineau <i>(by teleconference, for part)</i> KPMG <i>(by teleconference, for part)</i> T•O Corporate Services <i>(by teleconference, for part)</i> KPMG <i>(by teleconference, for part)</i> T•O Corporate Services <i>Recording Secretary</i> CAFII <i>Executive Director</i>
Regrets:	Mark Cummings Robert Zanussi Charles Blaquiére Emily Brown Brian Wise	ScotiaLife Financial <i>Chair</i> Assurant Solutions Canadian Premier Life Insurance Co. BMO Insurance Assurant Solutions

1. Call to Order and Welcome

The meeting was called to order at 2:30 p.m. R. D'Onofrio acted as Chair; J. Hines acted as Secretary; and L. Duigu acted as Recording Secretary.

1.1. CAFII Competition Guidelines

1.2. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

the Meeting Agenda be approved as circulated.

2. Welcome and Appointment of New Directors

2.1. Appointment of New Directors

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

Peter McCarthy from BMO Insurance and Chris Knight from TD Insurance be and are appointed to the CAFII Board of Directors until the next Annual General Meeting in 2014.

3. Consent Items

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

the Consent Items be and are approved or received for the record, as indicated in the Action column beside each item on the agenda, including:

- Regulatory Update
- Regulatory Visit Plan;

IT WAS FURTHER RESOLVED that:

the Minutes of the meeting of the Board of Directors held December 4, 2013 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.

4. Financial Update

4.1. Financial Statements as at February 28, 2014

Raja Rajaram, Treasurer, presented the Financial Statements as at February 28, 2014 which were included in the meeting materials.

He noted that the Assets side of the Balance Sheet was a bit misleading at this early point in a new fiscal year. It appears quite high, as we have received the first instalment of 2014 membership dues without having incurred any significant expenses, being just two months into the year. At this time,

all Foundation and Voting Members have paid their first instalment dues; and we will be following up with three Associate Members whose dues are still outstanding.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

the financial statements for CAFII as at February 28, 2014 be and are approved in the form presented.

4.2. 2013 Draft Audited Financial Statements

Raja Rajaram, Treasurer, presented the draft audited financial statements which were included in the meeting materials.

Hudson Lopez, CPA and Victoria Chen, CPA from KPMG, CAFII's auditor, were in attendance by phone to assist in answering any Board member questions on the draft audited statements. It was noted that KPMG had rendered a clean audit opinion on CAFII's financials and the ensuing process was identical to that followed in previous years: the audited financial statements were being presented in draft form for approval by the Board today, in order for the auditors to be in a position to issue the final financial statements for approval at the Annual Meeting on June 10, 2014.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

the 2013 Draft Audited Financial Statements be and are hereby approved in the form presented.

5. Policy Issues and Decision Items

5.1. Balanced Scorecard

Jennifer Hines provided an overview of the Balanced Scorecard document provided in the meeting materials. The goal of the Balanced Scorecard, developed by Brendan Wycks and the EOC, is to establish agreed-upon benchmarks for measuring and evaluating the Association's performance throughout the year and whether we were successful in achieving our goals and objectives. Target completion dates have been provided throughout the year; however, these may change depending upon intervening and/or competing priorities, as determined by the EOC.

Action: Brendan Wycks and the EOC to refine the Balanced Scorecard, to the degree possible, to reflect the following feedback:

- Identify top three (3) priorities for 2014 in each area of activity;
- Use colour coding to aid in identifying importance and risk, for example: red (high risk) and blue (low risk);
- Add percentage weightings to each broad area of activity/audience and to sub-items; and
- Identify key persons responsible, primary and secondary, for each item.

It was noted that the Board's feedback on the Balanced Scorecard would apply also to the Communications Tactics Implementation Timelines.

5.2. Communications Strategy Tactical Implementation Timelines

Brendan Wycks provided an update based on the document included in the meeting materials.

The External Communications Strategy and its Tactical Implementation Timelines are an extension of the Balanced Scorecard and also have linkages to the Regulatory Visit Plan, he advised. The Regulators and Policy-Makers section is the dominant section of the Tactical Implementation Timelines document, as they are, by a wide margin, the Association's primary audience.

It was noted that the Board's feedback on the Balanced Scorecard would apply also to the Communications Tactics Implementation Timelines.

5.3. Approval of Proposed By-Law 2014-5

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

1. *By-law 2014-5A, being a by-law to amend By-law 2009-5, be and is hereby approved;*
2. *By-law 2014-5A shall be submitted to the Foundation Members for confirmation;*
3. *subject to the confirmation of By-law 2014-5A by the Foundation Members of the Corporation, the Chair and Secretary of the Corporation (the "Authorized Signatories") be and are hereby authorized and directed to do, execute and perform all acts, documents and instruments necessary or desirable to give full force and effect to the foregoing, including, without limitation, the execution and delivery to Industry Canada of By-law 2014-5A; and*
4. *the Authorized Signatories be and are hereby authorized and directed to make such technical changes in By-law 2014-5A as may be required by Industry Canada, with no further recourse to the Board or members to approve or confirm such changes, and any such amendments made by such Authorized Signatories shall be conclusive evidence of the need to make such amendments and are hereby ratified, sanctioned and approved.*

The Board Meeting was adjourned at 3:07 p.m. to allow for the conduct of a Special Meeting of Foundation Members.

The Board Meeting was called to order and resumed at 3:10 p.m.

5.4. CAFII Continuance Under Canada Non-Profit Corporations Act (CNCA)

Pamela Smith, Governance Officer at TO Corp. who had been engaged by CAFII to assist the Association in CNCA compliance and continuance requirements, provided an overview of CAFII's

CNCA transition initiatives to date. She advised that John Lewsen (BMO Insurance) was a key member of the task force was a key member of the task force working on this project, along with Kathryn Beck (Fasken Martineau), Koker Christensen (Fasken Martineau), Leya Duigu (T•O Corporate Services), Brendan Wycks (CAFII), and herself.

She highlighted the areas within proposed By-law No. 1, under which CAFII would achieve compliance with the CNCA and could receive a Certificate of Continuance, which were changes to the current By-law 2009-5. The elimination of the current Associate Member class was the most significant change, and was necessary because the new Act would confer voting rights on all members in certain circumstances.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

1. *the Corporation is hereby authorized to make an application under section 297 of the CNCA to the Director appointed under the CNCA for a Certificate of Continuance of the Corporation;*
2. *the Articles of Continuance of the Corporation, which been previously circulated to the Board and which are annexed to these minutes as Schedule A, are hereby approved;*
3. *all existing by-laws of the Corporation are repealed in their entirety effective on the date that the Corporation continues under the CNCA, and the new general operating By-law No. 1, which has been previously circulated to the Board, is approved to be effective on the same date, and the Chair and Secretary of the Corporation are hereby authorized and directed to sign the By-Law as evidence of the foregoing and to insert the same in the minute book of the Corporation;*
4. *the Articles of Continuance and By-Law No. 1 shall be submitted to the members of the Corporation for approval at the Annual General Meeting to be held in June 2014; and*
5. *the persons executing the Articles of Continuance and the By-Law (the "Authorized Signatories") be and are hereby authorized and directed to make such technical changes in the Articles of Continuance and/or the By-Law as may be required by Industry Canada, as the case may be, with no further recourse to the Board or the members to approve or confirm such changes, and any such amendments made by such Authorized Signatories shall be conclusive evidence of the need to make such amendments and are hereby ratified, sanctioned and approved.*

6. Committee Reports Addressing CAFII Priorities

6.1. Distribution and Market Conduct Committee (DMC)

Sue Manson, Chair of the Distribution and Market Conduct Committee, reported on her committee's achievements to date. She noted that the subcommittee working on the Comparative Value of Creditor's Group Insurance Project was currently finalizing the contract with Towers Watson, as independent actuarial services provider. She noted that, as usual, generating the input data for this project would require considerable work on the part of each member FI, particularly their IT

departments. The survey instrument for CAFII members will be ready in May and at least eight (8) weeks will be provided for its completion and submission to Towers Watson.

CAFII's recent response to Finance Canada's consultation on a proposed federal financial consumer code was first developed by the DMC; and a subcommittee is also nearing completion of a significant project on a matrix analysis of the IAIS' Insurance Core Principles that are relevant to our sector of the industry. In future, the DMC will be working with Brendan Wycks on materials for the Joint Visit with the Atlantic Canada Regulators on May 15; and a submission in response to FSCO's 2014 Statement of Priorities, which is due by May 30.

6.2. Licensing Efficiency Issues Committee (LEIC)

Moirra Gill, Chair of the Licensing Efficiency Issues Committee, reported that her committee was currently active in two key licensing-related issues: CISRO's Life License Qualification Program (LLQP) modernization initiative; and Manitoba's Incidental Sellers of Insurance (ISI) Regulation.

6.2.1. Representation for Restricted Licensees in SK and AB

The Saskatchewan and Alberta representation for restricted licensees item relates to corporate licensing, in particular the ability of corporate licensees to be represented on the Insurance Councils in those provinces. A CAFII proposal is currently being considered by Ron Fullan, Executive Director of the Insurance Councils of Saskatchewan, but his response has been delayed by his heavy involvement as Chair of CISRO.

In addition, CAFII representatives have recently discussed this issue with the Alberta Insurance Council, and the CEO has expressed interest in moving forward on it. However, Alberta would like to see what direction Saskatchewan will be taking on this matter, with the goal of taking a harmonized approach.

6.3. Media and Communications Committee (MAC)

John Lewsen, Co-Chair of the Media and Communications Committee, reported that most of the committee's work was discussed earlier under Policy Issues and Decision Items. It was noted that Brendan Wycks is doing the bulk of the work on the committee's initiatives, with support from committee members. The visual identity and rebranding project has been completed and the results can be seen in the materials that have been developed.

Brendan Wycks and two members from the MAC attended a media training session last week that was extremely valuable.

Brendan Wycks reported that the strongest message received was the importance of humanizing our communications, whether they are direct to the consumer or through media. The consumer testimonials, for example, are an important tool and we have in-hand three (3) video testimonials and one (1) written testimonial from member FIs.

Paul Yeung added that trainer Patrick McGee did a great job of ensuring that our messaging was focused, noting it should be human and highlighting the top three (3) messages. Brendan Wycks did a great job in the mock interviews and CAFII is well-positioned to use him as a spokesperson.

In future, the MAC will be proposing media educational sessions through round table discussions. The goal being that when something does come up in the media, they will turn to CAFII as a source of information, Mr. Yeung advised.

Action: CAFII Member FIs to be approached about providing additional testimonials for display on www.cafii.com.

6.4. Events and Networking Committee

Maria Sanchez-Chung provided an update on the speaker line up for the remainder of 2014. A potential speaker is being confirmed for June 10 from the FCAC; and Carolyn Rogers, BC Superintendent of Insurance and Chair of CCIR, is a potential speaker for the October 7 event.

Action: Brendan Wycks to approach Carolyn Rogers informally about speaking on October 7, 2014.

7. Other Business

7.1. Recognition of a Retiring Director

Rick Lancaster, CAFII Director from CIBC Insurance, has announced that he will be retiring soon and today's meeting will be his last as a CAFII Director. The Board and the EOC thanked Rick for his many contributions to the Association.

8. Termination

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

the meeting be terminated at 3:45 p.m.

Date

Chair

Recording Secretary