

BOARD MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, June 4, 2019
Manulife Financial, Holmes Gooderham A
200 Bloor St. East, North Tower, Toronto, ON

MINUTES

Board Present:	Nicole Benson	valeyo (<i>Chair</i>)
	David Fear	Canada Life Assurance
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance
	Sandra Rondzik	CIBC Insurance
	Wally Thompson	Manulife
	Kelly Tryon	CUMIS Services Incorporated (<i>by teleconference</i>)
	Christian Dufour	Desjardins Financial Security
	Paul Cosgrove	Assurant
	Zack Fuerstenberg	Scotialife Financial
	Peter Thompson	National Bank Insurance
	Janice Farrell-Jones	TD Insurance
EOC Present:	Charles Blaquiere	valeyo
	Moir Gill	TD Insurance
	Scott Kirby	TD Insurance
	John Lewsen	BMO Insurance
	Monika Spudas	Manulife Financial
	Peter Thorn	TD Insurance
	Martin Boyle	BMO Insurance (<i>Secretary and EOC Chair</i>)
	Sharon Apt	Canada Life Insurance
	Karyn Kasperski	RBC (<i>by teleconference</i>)
	Tony Pergola	Scotialife Financial (<i>by teleconference</i>)
	Anita Mukherjee	RBC Insurance
	Dallas Ewen	Canada Life Assurance (<i>by teleconference</i>)
Also Present:	Rob Dobbins	Assurant
	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Natalie Hill	Managing Matters Inc. Recording Secretary
	Jemma Wilson	Managing Matters Inc.
	Mike Kilby	Stikeman Elliott (<i>for part</i>)
	Victoria Hale	Stikeman Elliott (<i>for part</i>)

1: Call to Order, Meeting Confirmation & Governance Matters

N. Benson, Chair called the meeting to order at 3: 16 p.m. N. Benson acted as Chair; M. Boyle acted as Secretary; and N. Hill acted as Recording Secretary.

M. Boyle confirmed that a Notice of Meeting had been sent out to all Directors in accordance with the Association's By-Law. He also confirmed that there was a quorum of Directors present at the meeting, noting that all 12 Directors were present in-person.

N. Benson welcomed everyone to this first meeting of the newly constituted 2019-2020 CAFII Board of Directors.

She reminded everyone that CAFII's consent agenda approach is a tool used to streamline meeting procedures by grouping routine, non-controversial items together, which are then approved or simply received for the record via a single motion and vote. No discussion or debate is permitted on any item that is part of an approved consent agenda.

N. Benson declared the meeting of the Board of Directors of the Canadian Association of Financial Institutions in Insurance duly convened and properly constituted for the transaction of business.

1.1: Review of CAFII Competition Guidelines

N. Benson noted that the CAFII Competition Guidelines provided in today's Board meeting package were adopted by the Association's then-Board of Directors on April 3, 2008. CAFII's practice has been to highlight the key principles set out in the Competition Guidelines annually, at this first Board meeting in a new governance year.

Ms. Benson summarized the CAFII Competition Guidelines, noting that they commit the Association's Directors and other Member representatives who participate in the Association's affairs to avoiding the following:

- Making or discussing any agreement on prices, premiums, fees, or products;
- Exchanging cost information (with the intent to fix prices or reduce competition);
- Restricting independent dealing with industry suppliers; and
- Precluding, arbitrarily, participation in CAFII in a manner that may limit competition.

1.2: Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting Agenda be and is approved as presented.

1.3: Election of 2019-2020 Officers

N. Benson noted that at this first Board meeting following the election of the Association's Directors, the Board must appoint the volunteer Officers of the Association for 2019-2020, with those volunteer Officer positions being Chair, Vice-Chair, Secretary, and Treasurer.

Article 7.1 of CAFII Bylaw specifies that "the Directors shall select annually Officers of the Corporation. Except for the Executive Director, Officers shall hold their position for a period of one year."

Therefore, the following slate of Officers was nominated for appointment by the Board:

Chair:	Nicole Benson, valeyo
Vice-Chair:	Chris Lobbezoo, RBC Insurance Holdings Inc.
Secretary & EOC Chair:	Martin Boyle, Bank of Montreal, BMO Insurance
Treasurer:	Tony Pergola, ScotiaLife Financial

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the nominated slate of officers is approved by the Board.

2: Approval/Receipt of Consent Items

N. Benson noted that Consent item documents had been provided for each of the five (5) Consent Agenda items; and it was presumed that Directors had reviewed them in advance of this meeting.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.

And further, IT WAS RESOLVED that the minutes of the meeting of the Board of Directors held April 16, 2019 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.

3: Financial Matters

3.1: Approval of April 30, 2019 Financial Statements &

3.2: Revised 2019 Fiscal Year Forecast

T. Pergola, CAFII Treasurer, provided a financial report and review of the April 30, 2019 financial statements for the Board, as well as the related Revised 2019 Fiscal Year Forecast. He noted that the finances are largely on track, with decreased spending offsetting an unbudgeted expense for the Helen Troup from Australia visit in February 2019.

The financial reserves as a percentage of annual operating expenses ratio is at 26%, which is at the low end of the 25-50% range that the Association strives for. The loss of Amex Bank of Canada as a member has been offset by reducing the research budget significantly for 2019.

Details around website enhancements are now largely complete, and Keith Martin reported that the \$40,000 budget for that initiative would be partly spent in the next few weeks.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the April 2019 Financial statements be and are approved as presented.

4: Regulatory Matters

4.1: AMF Spousal Coverage Issue

B. Wycks provided an update on the AMF Spousal Coverage issue. He stated that since last Board meeting, CAFII received a reply back from the AMF in regards to CAFII's submission on the issue in March. CAFII had made several proposals that would have allowed spousal coverage to continue, and these were not accepted by the AMF. Instead, the onus was on affected members to submit individual action plans by 3 May, 2019.

Just prior to the 3 May, 2019 action plan deadline, the CLHIA and the AMF held a further meeting which provided some hope that the AMF might be more flexible on the issue. The CLHIA is making another written submission and CAFII will monitor the outcome carefully and report to the Board and EOC on developments.

On the issue of the approach which the AMF has recently been taking to regulatory matters, K. Martin noted that at the recent 8-10 May, 2019 CLHIA Compliance and Consumer Complaints, there was a francophone luncheon. This session consisted of CLHIA members only (no regulators) and the discussion was entirely focused on how difficult, frustrating, rigid, and enforcement-oriented the AMF had become over the course of the past year or so.

4.2: AMF Finalization of Regulation Respecting Alternative Distribution Methods

K. Martin provided the Board with an update on the AMF's finalization of its Regulation Respecting Alternative Distribution Methods. He noted that the AMF has distributed the final version of the Regulation, which was consistent with what they had previously indicated the final version would look like. The final version of the Regulation & Guidelines in both English and French, along with an accompanying Guidance, were provided in the Board meeting package.

4.3: Saskatchewan Guidance Re Implementation of New Insurance Act and Regulations

B. Wycks updated the Board on a recent Guidance issued by Saskatchewan's Financial and Consumer Affairs Authority with respect to the province's new Insurance Act and related Regulations. He specifically noted that on 18 May, 2019, Saskatchewan published a Guidance around the new Insurance Act. The Guidance also addressed some concerns industry had with a few provisions of the Act, which will not be enacted.

4.4: FCNB Insurance Act Rewrite

B. Wycks provided a multi-part update for the Board on the Financial and Consumer Services Commission of New Brunswick's plans to rewrite the province's Insurance Act and introduce a Restricted Insurance Agent licensing regime; and on some insurance licensing-related consultations which the FCNB currently has underway. He noted that David Weir of the FCNB has been reassigned to be solely focused on the Insurance Act rewrite project. David Weir recently sent CAFII a set of questions that he invited us to offer our thoughts on in relation to this initiative.

The FCNB has also issued a more formal document on the Licensing of Insurance Adjusters and Damage Appraisers in New Brunswick. We have the opportunity to make comments prior to the 2 July, 2019 deadline.

CAFII's Co-Executive Directors are signed up to attend an 11 June, 2019 FCNB inaugural one-day "2019 Consumer Protection Conference" in Fredericton. They will take the opportunity to meet in-person with David Weir and potentially some colleagues of his during that trip to Fredericton.

4.5: CAFII Dialogue with CCIR/CISRO Re Fair Treatment of Consumers

K. Martin provided an update for the Board on our Association's recent interaction and dialogue with the CCIR/CISRO Fair Treatment of Consumers Working Group around industry implementation of the "Guidance: Conduct of Insurance Business and Fair Treatment of Customers" which was issued last September. He noted that CAFII has now participated in two of these quarterly sessions.

At the strategic level, the challenge is to provide evidence to the AMF of progress in the implementation of the Guidance, without offering detailed and granular member-specific information that could be utilized in unforeseen ways by the CCIR Working Group. In particular, the CCIR Working Group has asked CAFII members to provide specific examples of how they are implementing the FTC Guidance, and that is something that some members are very concerned about doing.

It was also noted that the CAFII Pollara consumer research study results could be presented to the CCIR Working Group as an example of CAFII trying to understand the priorities and views of customers.

4.6: FSRA Start-Up as Successor Regulator To FSCO In Ontario, Including Insights From May 17/19 CAFII Liaison Lunch With Glen Padassery, EVP, Policy

Co-Executive Directors B. Wycks and K. Martin provided an update on the start-up of the Financial Services Regulatory Authority of Ontario, or FSRA, which is due to launch and replace FSCO sometime this month. B. Wycks also made reference to the liaison lunch CAFII had with Glen Padassery (FSRA Executive Vice-President of Policy) on May 17/19. Mr. Padassery came across as very aligned with Mark White, FSRA's CEO, as a consultative, principles-based regulator. He made multiple references to burden reduction as a key priority of FSRA. More recently, the Co-Executive Directors attended a Fasken Insurance Law Breakfast Seminar, at which Huston Loke and Mark White both re-emphasized some of the key messages we have been hearing about the importance of consultation and the need for industry to be engaged in the regulatory process.

B. Wycks suggested that FSRA is going to be a quite a different regulator around the CCIR national table, with a more consultative, principles-based approach than some of the other regulators have been deploying of late.

4.7: Insights From 2019 CLHIA Conference Sessions and Related Regulatory Meetings

Co-Executive Directors K. Martin and B. Wycks updated the Board on CAFII-relevant insights gained at the recent 2019 CLHIA Compliance and Consumer Complaints; and related regulatory meetings which were held in conjunction with the conference. K. Martin noted that because there were several sessions that were reviews of “Insurance 101” topics, the comprehensive report on the conference could be a good package for a new employee to review.

4.8: Insights from May 17/19 CAFII Dialogue With Harry James, BC FICOM

Co-Executive Directors B. Wycks and K. Martin provided an update on insights gained from a recent CAFII meeting with Harry James of BC FICOM on plans for the industry’s “self-funding” of the new BC Financial Services Authority (BCFSA) which will replace FICOM later this year.

This informal consultation with Mr. James will be followed by a more formal release of a consultation paper, to which we will likely have 45 days to respond. The funding formula will likely shift for the new BCFSA, and be based more closely on the actual level of business conducted in BC, as opposed to a company’s assets size. BCFSA will be more independent than FICOM and will seek to be able to pay higher salaries so as to be more competitive in the marketplace.

4.9: Proposed Dates for CAFII Western Canada Regulators and Policy-Makers Visits Tour

B. Wycks updated the Board on the proposed dates and tentative itinerary for an October 2019 CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour, which is currently expected to take place during the week of October 21-25, starting in Manitoba and working its way west.

5: Strategic Matters

5.1: Feedback from CCIR and CISRO Members Arising From May 29/19 CAFII Webinar On Pollara Consumer Research Results On Credit Protection Insurance

K. Martin provided a brief report on the feedback received from CCIR and CISRO Members during and after a recent CAFII webinar for them on our Association’s Pollara consumer research on credit protection insurance. At the last Board meeting, it was suggested that prior to making a decision on whether to release the research results publicly, that they be shared with regulators. This webinar was organized in that connection. About 20 regulators from CCIR and CISRO participated, with a high level of interest and multiple questions asked. Two questions were negative, but the individuals who posed those questions are known to have a biased view of credit protection insurance.

C. Blaquiere commented that participants asked what the next research initiative would be, suggesting an interest in the research results.

In discussion, S. Kirby agreed that the regulator participants were engaged in the webinar, albeit also guarded. K. Martin asked the regulator participants on several occasions during the webinar for their views around CAFII publicly releasing the study, including a media release, but no one offered a view one way or the other.

K. Martin noted that similar presentations of the Pollara credit protection insurance research results would also be made to the AMF and to FSRA.

5.2: Public/Media Results Release of Pollara Consumer Research on Credit Protection Insurance on Mortgages/HELOCs

K. Martin briefly refreshed for the Board the opportunity for CAFII to undertake a public and media results release of the Pollara consumer research on credit protection insurance on mortgages and HELOCs, which was the subject of the recent webinar for CCIR and CISRO regulators.

Based on the positive feedback from the regulators, it was recommended to the board that CAFII release the results publicly, and publish them on the CAFII website, and issue a media release.

In discussion J. Farrell-Jones commented that some of the results might lead to further questions. P. McCarthy mentioned that the fact that the results aren't perfect add to the credibility of the results. C. Lobbezoo agreed and said that the results were generally solid and this was a good way for us to get our message out.

The general consensus was to move forward. It was suggested that possible negative questions be drafted with possible responses.

On a motion duly made, seconded and carried (S. Rondzik abstaining),

IT WAS RESOLVED that CAFII publicly release the Pollara Consumer Research on Credit Protection Insurance on Mortgages/HELOCs.

5.3: Streamlined Process for Approval of CAFII Media Releases

K. Martin provided background on a proposal for a streamlined process for the approval of CAFII media releases, based on the amount of time it took to approve the media release on OHIP eliminating coverage for Ontarians travelling outside of the country.

It was suggested that when CAFII issues a media release, the full Board can be asked to approve the concept, but a Working Group of the Board could be engaged in reviewing drafts of the release.

The view of the Board was that this was not a pressing matter, as CAFII has not traditionally issued many press releases on public policy issues. If this re-emerged as an issue, it could be revisited. It was agreed, therefore, that this matter should be deferred and not pursued further at this time.

5.4: Proposal That CAFII Consider Taking Over Quarterly CGI Benchmarking Study From CBA

K. Martin provided background on a proposal that CAFII consider taking over a quarterly creditor's group insurance benchmarking study from the Canadian Bankers Association.

CBA has been producing this study for a number of years, but has chosen for strategic reasons to discontinue doing so.

C. Lobbezoo suggested that taking over the quarterly CGI benchmarking study from the CBA would be a natural fit for CAFII.

The Board agreed that this was a worthwhile initiative to explore further. Next steps will include contacting the CBA about it, and developing a proposal. It is likely that an RFP will be required for an external actuarial firm to actually conduct the study itself.

K. Martin noted that two participants in the study currently, HSBC and Laurentian Bank, are not CAFII members and would either have to join CAFII if they wished to continue participating in the study, or they would not be part of the study. It was suggested that two members who distribute CPI but are not CBA members, Desjardins and CUMIS, would likely participate in the study if CAFII took it over. Furthermore, CAFII's insurance members (Manulife, Canada Life, Canadian Premier Life, and Assurant) would have access to the research results as CAFII members, even if they do not participate in the study itself by providing data for it.

5.5: EOC Recommendation Re CAFII Pursuit of a Meeting With FCAC Staff Executive(s):

B. Wycks provided background on an EOC recommendation re CAFII possibly pursuing a "Creditor Insurance Education and Dialogue Meeting" with one of more staff executives who remain at the Financial Consumer Agency of Canada, after some very recent senior management departures at the federal regulator. The Acting Commissioner to our knowledge is now Teresa Frick. The Board supported CAFII moving forward to set up a meeting in Ottawa with Teresa Frick.

5.6: CAFII Initiation Member and Associate Prospects:

Co-Executive Directors B. Wycks and K. Martin provided an update with respect to recent CAFII Initiation Member and Associate Prospects developments. Key opportunities right now that are being explored are with MCAP, IA Financial, and Sun Life Financial.

6: Committee Reports Addressing CAFII Priorities

6.1: Market Conduct Committee

It was noted that many of the items under the Market Conduct Committee's purview had already been updated, under the Regulatory section of the agenda.

6.2: Media Advocacy Committee

C. Blaquiére, Chair of the Media Advocacy Committee, provided an update on his committee's recent initiatives and progress.

K. Martin mentioned that media initiatives give CAFII credibility. Media coverage lets CAFII provide its side of the narrative around the products offered by our members, and improves search engine results.

With respect to the website, new videos were being produced, as well as short stories that personalize explanations on our members' products ("vignettes").

6.2(i): Media Coverage of CAFII Release on Ontario's Ending Out-of-Country Medical Coverage

K. Martin updated the Board on our recent CAFII media release initiative and the resulting coverage related to Ontario's ending Out-of-Country Medical Coverage. The media coverage was excellent and included references to CAFII in several newspaper editorials, including the Toronto Star.

6.2(ii): CAFII Website Video on Creditor's Group Mortgage Life Insurance

K. Martin provided an update on plans for a CAFII website video on Creditor's Group Mortgage Life Insurance.

6.3: Licensing Efficiency Issues Committee, including

6.3(i): Saskatchewan RIA Advisory Committee

M. Gill provided an update on the Saskatchewan RIA Advisory Committee initiative, noting that CAFII is consulting with CLHIA and the Insurance Councils of Saskatchewan about the possibility of an early "soft launch" of the RIA Advisory Committee in 2019, prior to the January 1, 2020 in-force date of the province's new Insurance Act, related Regulations, and new Insurance Councils of Saskatchewan Bylaws.

6.4: Research and Education Committee

K. Martin mentioned that the R&E Committee has been focused on the recent Pollara research study. Going forward, the Committee will meet to review options for research in 2020.

6.5: Travel Medical Experts Working Group, including

6.5(i) CCIR Collection of Travel Insurance Data Via Annual Statement on Market Conduct

B. Wycks mentioned that in the past month, there has been a pan-industry initiative on travel medical insurance data collection in which CAFII is working with CLHIA and THIA. There is some additional work being done by this group on the data being requested by the CCIR on travel medical insurance.

7: Special Matters and Other Business

7.1: Stikeman Elliott Review of CAFII Meeting Processes, Minutes, and Association Policies, for Competition Act Compliance and Protection of Solicitor-Client Privilege

Ms. Benson welcomed two visitors to this meeting, Mike Kilby and Victoria Hale from Stikeman Elliott.

Those individuals from Stikeman Elliott had conducted a review of CAFII's documents and procedures, to determine compliance with the Competition Act. In general, their report indicated that CAFII was conducting its business in a professional and appropriate manner, and was fully consistent with the law and intentions of the Competition Act. However, there were some small housekeeping amendments recommended.

The Board agreed with the recommendations made by Stikeman Elliott.

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that CAFII will proceed with the proposed modifications to the CAFII By-Law, Competition Guideline, and related documents, as recommended by Stikeman Elliott.

7.2: June 4/19 CAFII Reception, Including Expected Regulator and Policy-Maker Guests

B. Wycks provided an update on the CAFII Reception which would immediately follow this Board meeting.

He noted that the following regulator and policy-maker guests were expected at this evening's Reception:

Alan Amos, FSCO

Anne Mackenzie, FSRA

Mark White, FSRA

7.3: Next CAFII Board Meeting: October 1/19 In Montreal

B. Wycks provided an update on plans for the next CAFII Board meeting on 1 October, 2019 in Montreal, Quebec.

8: Meeting Termination

Ms. Benson thanked everyone for their participation and contributions to CAFII's advancement through this Board meeting.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting be terminated at 5:40 p.m.

The Board then moved into its *in camera* session.