

**BOARD MEETING**  
**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**  
**Tuesday, April 16, 2019**  
**The National Club, Blake Lounge, 3<sup>rd</sup> Floor, 303 Bay St.,**  
**Toronto, Ontario**

**MINUTES**

<b>Directors Present:</b>	Nicole Benson	Canadian Premier Life <i>Chair</i>
	Christian Dufour	Desjardins Financial Security
	David Fear	Canadian Life Assurance
	Peter Thompson	National Bank Insurance
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance
	Chris Knight	TD Insurance (outgoing Director)
	Janice Farrell Jones	TD Insurance (incoming Director)
	Paul Cosgrove	Assurant
	Kelly Tryon	CUMIS Services Incorporated
	Sandra Rondzik	CIBC Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Wally Thompson	Manulife Financial ( <i>by teleconference</i> )
<b>EOC Members Present:</b>	Martin Boyle	BMO Insurance
	Charles Blaquiere	Canadian Premier Life
	Scott Kirby	TD Insurance
	Bradley Kuiper	ScotiaLife Financial
	John Lewsen	BMO Insurance
	Tony Pergola	ScotiaLife Financial
	Dallas Ewen	Canada Life Assurance
	Sharon Apt	Canada Life Assurance
	Rob Dobbins	Assurant
	Anita Mukherjee	RBC Insurance ( <i>by teleconference</i> )
	Vivek Sahni	RBC Insurance
	Mindy Tarantelli	ScotiaLife Financial
	Peter Thorn	TD Insurance
	Afzal Baig	TD Insurance
	Joanna Onia	CIBC Insurance
	Charles MacLean	RBC Insurance
	Karyn Kasperski	RBC ( <i>Teleconference</i> )
	Laura Bedford	RBC Insurance
	Moira Gill	TD Insurance
<b>Also Present:</b>	Gillian Noble	BMO Insurance
	Aaron Kreaden	Stikeman Elliot ( <i>for part</i> )
	Chris Lofft	Stikeman Elliot ( <i>for part</i> )
	Stuart Carruthers	Stikeman Elliot ( <i>for part</i> )

Mike Kilby	Stikeman Elliot ( <i>for part</i> )
Gillian Noble	BMO Insurance
Mike Garofalo	KPMG
Keith Martin	CAFII <i>Co-Executive Director</i>
Brendan Wycks	CAFII <i>Co-Executive Director</i>
Natalie Hill	Managing Matters Inc. <i>Recording Secretary</i>

### **1: Call to Order, Meeting Confirmation, & Governance Matters**

N. Benson, Chair, called the meeting to order at 3:03 p.m. N. Benson acted as Chair; M. Boyle acted as Secretary; and N. Hill acted as Recording Secretary.

M. Boyle confirmed that Notice of the meeting had been sent to all Directors in accordance with the Association's By-Laws. He also confirmed that there was a quorum of Directors present at the meeting, noting that 11 Directors were present in-person; and one Director was present on the phone.

N. Benson welcomed everyone to this meeting of the CAFII Board of Directors, and extended a special welcome to first time attendees; legal counsel representatives Stuart Carruthers, Aaron Kreaden, Chrif Lofft, and Mike Kilby from Stikeman Elliott; Peter Thompson, new CAFII Director from National Bank Insurance, who was appointed by a Special Resolution of the Board in January and was attending his first Board meeting; and Janice Farrell-Jones, whose appointment as the CAFII Director from TD Insurance, succeeding Chris Knight, was an item in the opening section of the agenda.

A special welcome was also extended to several new Executive Operations Committee members who had joined that committee since the Board's last meeting:

- Michele Jenneau from National Bank Insurance;
- Nicolas Moskiou from National Bank Insurance;
- Karyn Kasperski from RBC Insurance;
- Joanna Onia from CIBC Insurance; and
- Afzal Baig from TD Insurance, who is also the new Chair of the CAFII Travel Medical Insurance Experts Working Group.

N. Benson declared this 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: 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.

#### **1.2: Appointment of a CAFII Director**

N. Benson noted that in early March, CAFII was advised that Chris Knight, the current CAFII Director from TD Insurance, would be assuming a new senior executive role at TD Bank; and that, given that he would be handing off the leadership reins at TD Insurance to a successor, he would be resigning from the CAFII Board of Directors, effective with this meeting.

In accordance with Article 4.2 of the CAFII Bylaw, the fixed number of Directors shall be equal the number of Members of the Association.

As a Foundation Member of the Association, TD Insurance had recommended that Janice Farrell-Jones, the new Head of its Life & Health Insurance Business, be appointed to the CAFII Board of Directors until the next Annual Meeting in 2019. A capsule CV for Janice was included in the materials for this meeting.

***On a motion duly made, seconded and unanimously carried***

**IT WAS RESOLVED that** Janice Farrell-Jones be appointed as the Director representing TD Insurance on the CAFII Board of Directors, effective April 16, 2019 until the next Annual Meeting on June 4, 2019.

N. Benson congratulated Janice Farrell-Jones on her appointment as the CAFII Director from TD Insurance; and expressed thanks to Chris Knight on behalf of the Board for his many years of exemplary service as the Director from TD Insurance.

**1.3: Loss of Amex Bank of Canada as a CAFII Member**

N. Benson noted that Directors would be aware, from an advisory notice that was circulated by Co-Executive Director B. Wycks the previous week, that Amex Bank of Canada had decided to terminate its CAFII membership, effective immediately. A document related to this development was also posted as part of the materials for this meeting.

**1.4: Next Steps for the Special Project on Credit Card Balance Protection Insurance (CCBPI) 3:10 p.m.**

*1.4(i): Common Interest Privilege and Joint Defence Agreement*

N. Benson mentioned that Directors would be aware, from an advisory notice circulated by Co-Executive Director K. Martin on April 12/19, that three Members of the Association had recently expressed serious concerns and reservations about proceeding further with the CAFII Special Project on Credit Card Balance Protection Insurance, such that the next steps for the Special Project were now in doubt.

At Ms. Benson's invitation, Stuart Carruthers from Stikeman Elliott began the discussion of Special Project-related matters by introducing his colleagues more fully and identifying their areas of legal expertise and roles within Stikeman Elliott.

Mr. Carruthers addressed issues around this initiative, including the use of a Common Interest Privilege and Joint Defense Agreement to maximize confidentiality and client-solicitor privilege.

Mr. Carruthers explained that some outputs from the Special Project, such as benchmarking and data collection, were not privileged and likely could not be protected, but that was true currently in any event.

*1.4(ii): Recommendations Arising from Presentations Meeting with Business Consultant RFP Respondents*

K. Martin updated the Board on the recommendations coming out of the 1 April, 2019 full-day set of presentations by business consultancy firms who made submissions in response to a related RFP for the Special Project. It was recommended that PwC be awarded the contract for the overall project, with Towers Watson recommended as the firm to conduct the benchmarking component.

*1.4(iii): CCBPI Special Project Funding Issues*

K. Martin updated the Board on CCBPI Special Project Funding Issues. He noted that if the Special Project moved forward, a second round of funding would be required.

*1.4(iv): Next Steps in the CCBPI Special Project*

N. Benson noted that a conclusive discussion on the next steps for the Special Project was critical, as it would determine whether or not the project would proceed, and if so in what form.

In Board discussion, Directors raised a variety of issues.

C. Lobbezoo indicated that RBC Insurance had concerns with proceeding further, with the introduction of much risk in return for only limited benefits being the principal concern.

S. Rondzik of CIBC Insurance felt that the value of the outputs needed to be clearer.

K. Martin noted that a consensus had emerged that the Special Project should not include strategic recommendations, just a list of strategic options, but P. McCarthy of BMO Insurance said that a regulator might not make a distinction between a recommendation and an option.

Z. Fuerstenberg of Scotiabank Financial felt that perhaps the project, as currently constituted, tried to do too much; and perhaps if it was scaled back, it could move forward.

P. Cosgrove of Assurant felt that there were issues around protecting solicitor-client privilege raised by the Special Project.

It was agreed that further discussion about the Special Project would occur during the Board's in camera session at the conclusion of today's meeting, at which point the representatives from Stikeman Elliott were excused from the meeting.

Following the departure of the Stikeman Elliott representatives, and in a separate but related discussion, C. Lobbezoo opined that CAFII Board meetings were increasingly delving into areas of heightened sensitivity and it was important to ensure that proper procedures were being taken, including for Board meeting minutes.

***On a motion duly made, seconded and unanimously carried***

**IT WAS RESOLVED** that CAFII engage legal counsel to conduct a review, with the Co-Executive Directors, on proper Board and committee meeting procedures and minuting; and that upon its completion, a report on the findings of that review be tabled with the Board.

### **1.5: Deployment of Credit Protection Insurance Research Results**

K. Martin reported that the EOC, the Research & Education Committee, and the Media Advocacy Committee had previously recommended to the Board that an executive summary of the results of the Pollara Consumer Research on Credit Protection Insurance be publicly released, along with a press release, and also shared with regulators. However, more recently, some Board members had expressed concerns about publicly releasing the results. At a time of increasing regulatory scrutiny, might this be viewed as the industry not listening, and potentially provoke regulators?, the concerned Directors had opined.

K. Martin mentioned that at the March 27/19 CAFII meeting with the CCIR/CISRO Fair Treatment of Consumers Working Group, Working Group Chair Louise Gauthier of the AMF had said that a good way to demonstrate a commitment to the fair treatment of customers was to conduct surveys of customers.

P. McCarthy said that the regulators had made that point in the past for many years, and that the research conducted by CAFII on consumer views of travel medical insurance had shifted the views of regulators.

S. Rondzik felt that if the research is released, great care has to be taken to ensure that the press release is very tight.

There was agreement by the Board that prior to releasing the results publicly, they should be shared with regulators through a meeting with CCIR/CISRO, to gauge the reaction and views of regulators on the new research. After that occurs, and depending on how regulators react, consideration could be given to a public release of the results including a press release.

#### ***On a motion duly made, seconded and unanimously carried***

**IT WAS RESOLVED that the** CAFII Co-Executive Director seek to arrange an opportunity to share an executive summary of the results of the Pollara consumer research on Credit Protection Insurance with insurance regulators, through CCIR/CISRO; and then share the results of that presentation with the CAFII Board at its 4 June, 2019 meeting.

### **2: Approval/Receipt of Consent Items**

N. Benson advised that documents had been provided for each of seven (7) consent agenda items.

#### ***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 is **RESOLVED** that the minutes of the Meeting of the Board of Directors held November 27, 2018; the minutes of the Special Teleconference Meeting of the Board of Directors held December 10, 2018; and the minutes of the Special Teleconference Meeting of the Board of Directors held March 1, 2019 be and are adopted in the form presented, and that a copy of those minutes be signed and placed in the minute book of the Corporation.

### **3: Financial Matters**

#### **3.1: CAFII Financial Statements as at March 31, 2019**

Treasurer T. Pergola provided a high level overview of the March 31/19 financial statements, noting that the Association's finances were tracking as expected to this point in the fiscal year.

*On a motion duly made, seconded and unanimously carried*

**IT WAS RESOLVED** that the March 31, 2019 financial statements be and are approved in the form presented.

#### **3.2: Revised 2019 Budget Forecast, Reflecting Loss of Amex Bank of Canada**

Treasurer T. Pergola updated the Board on the Revised 2019 Budget Forecast, which was included in the meeting materials and had been prepared to reflect the loss of Amex Bank of Canada as a Member of the Association; and to identify management control actions on the expenses side of the ledger which can be taken to offset the loss of approximately \$38,000 in membership revenue.

Mr. Pergola noted that the 2019 CAFII budget includes a \$60,000 expense for research. The EOC has discussed the research budget, noting that we have not yet released the 2018 Pollara consumer research study on credit protection insurance, and we may conduct research in 2019 in relation to the Special Project.

For these reasons, and in light of the need to find expense reductions to offset the revenue loss from AMEX Bank of Canada's decision to leave as a member, it was recommended that the 2018 research budget be reduced by \$55,000 to \$5,000.

By general assent, the Board endorsed that recommendation.

#### **3.3: Draft 2018 Audited Financial Statements**

N. Benson noted that the 2018 Audited Financial Statements must be approved by the Board prior to being presented to the membership at the Association's 2019 Annual Meeting which is coming up on June 4/19.

Mike Garafalo from KPMG, CAFII's auditor, highlighted for the Board the Draft CAFII 2018 Audited Financial Statements, noting that there were no significant issues found and this was a clean audit. Mr. Garafalo also formally communicated that KPMG is an independent auditor.

*On a motion duly made, seconded and unanimously carried*

**IT WAS RESOLVED** that the Draft 2018 CAFII Audited Financial Statements be and are approved in the form presented.

### **4: Regulatory Matters**

#### **4.1: EOC Recommendation That CAFII Pursue a Liaison and Education Meeting with Richard Bilodeau, Acting Deputy Commissioner, FCAC**

N. Benson noted that the Executive Operations Committee had recommended that CAFII pursue a liaison and education meeting with Richard Bilodeau, Acting Deputy Commissioner of the FCAC.

B. Wycks mentioned that coming out of the September 17/18 CAFII Special Purpose Board meeting with then-FCAC Deputy Commissioner Brigitte Goulard, it was felt that CAFII should proactively cultivate a relationship with the FCAC.

M. Gill indicated that having a more frequent contact relationship with the FCAC would allow for a more positive dialogue, and that approach had been successfully used with the FCAC in the past.

By way of general assent, the Board endorsed the EOC's recommendation that a meeting with Richard Bilodeau, Acting Deputy Commissioner of the FCAC, be organized, with the Pollara consumer research results being a possible key item to be shared with him and FCAC colleagues.

#### **4.2: CAFII Dialogue with CCIR/CISRO Re Fair Treatment of Customers Guidance**

B. Wycks updated the Board on a March 27/19 CAFII meeting with the CCIR/CISRO Fair Treatment of Consumers Working Group. The meeting was positive with excellent two-way dialogue. There will continue to be quarterly meetings around the industry's implementation of the CCIR/CISRO FTC Guidance, for the foreseeable future.

#### **4.3: AMF Regulation Respecting Alternative Distribution Methods; and Next Steps**

K. Martin noted that the AMF's Regulation Respecting Alternative Distribution Methods is supposed to be in force as of 13 June, 2019, but the final version of the Regulation has not yet been released. CAFII asked Louise Gauthier about this following its March 27/19 meeting with the CCIR/CISRO Fair Treatment of Consumers Working Group, which she chairs, and Ms. Gauthier said that the AMF would be reaching out to CAFII soon to set up a meeting. That AMF outreach had now occurred, with a meeting set up in Montreal for tomorrow, 17 April, 2019.

#### **4.4: AMF Spousal Coverage Issue; and Next Steps**

B. Wycks updated the Board on the AMF Spousal Coverage issue. CAFII is continuing to engage with the AMF on this issue, with a May 3/19 deadline for affected Members to submit detailed action plans to the AMF fast approaching. However, to date the AMF has not appeared to be open to the strategies and solutions which CAFII and CLHIA have proposed to address the regulator's concerns.

B. Wycks shared his view that the AMF was under great pressure from the advisor channel around Quebec's opening up and facilitating of direct-to-consumer insurance sales through the Regulation on Alternative Distribution Methods; and an arbitrary clampdown on sales of creditor's group insurance spousal coverage under the Distribution Without a Representative regime was perhaps a way to make a modest offsetting concession to the advisor channel. P. McCarthy shared the view that the AMF was under tremendous pressure and that might explain its reluctance to move off of what seemed a very capricious new interpretation of Section 76 of the province's Regulation Respecting Insurance, on the spousal coverage issue. C. Dufour noted his belief that the AMF wanted to eliminate the offering of creditor's group insurance spousal coverage entirely; and they were therefore holding fast to a very strict and narrow interpretation on this issue.

#### **4.5: FSRA Start-Up as Successor Regulator to FSCO in Ontario**

B. Wycks updated the Board on the current status of the Financial Services Regulatory Authority of Ontario, and its taking up the role of successor regulator to FSCO.

Through the Industry Advisory Group – Life and Health Insurance consultation sessions with FSRA’s management and Board of Directors, CAFII had had an opportunity to meet many members of FSRA’s recently hired senior staff executives team. CAFII was generally impressed with the calibre and knowledge of those individuals, although there was a concern about the lack of specific life and health insurance knowledge and expertise among that senior executives group.

K. Martin noted that FSRA President and CEO Mark White, as well as Anatol Monid of FSCO, would be in attendance at this evening’s CAFII Reception.

#### **4.6: BC Ministry of Finance: 10-Year Review of Financial Institutions Act**

B. Wycks updated the Board on the current status of the BC Ministry of Finance’s 10-Year Review of the Financial Institutions Act. On April 4/19, he had circulated a CAFII Alert about the BC government’s moving forward on its previously stated intention to transform FICOM into an independent Crown Agency. Subsequently, CAFII had been informed by Harry James of BC FICOM that, as a Crown Agency, the new authority, BC Financial Services Authority, would need to be self-funded through contributions from industry; and that consultations with industry on the funding formula would begin shortly.

#### **4.7: Saskatchewan Implementation of New Insurance Act and Regulations on January 1, 2020**

B. Wycks provided an update on Saskatchewan’s implementation of its new Insurance Act and related Regulations, which will have an in-force date of January 1, 2020. Saskatchewan has posted modifications to the original regulations, which address many industry concerns including removing the need for a physical address in Saskatchewan to be displayed in documentation to customers, as well as longer transition periods for implementation of the regulations, and additional guidance, he advised.

#### **4.8: Insurance Councils of Saskatchewan Launch of RIA Advisory Committee**

B. Wycks updated the Board on the Insurance Councils of Saskatchewan’s plans to launch a Restricted Insurance Agent Advisory Committee in that province. Despite the delay in the implementation of Saskatchewan’s new Insurance Act and Regulations, Ron Fullan and April Stadnek of the Insurance Councils of Saskatchewan have assured CAFII that the implementation of the new Advisory Committee will not be unduly delayed; and it is expected that the Advisory Committee will be launched within the next few months.

#### **4.9: Manitoba: July 1/19 Reduction in PST Rate and Impact on Periodic Life and Health Insurance Premiums**

B. Wycks updated the Board on CAFII’s recent correspondence and interaction with Manitoba’s Ministry of Finance with respect to its reduction in the rate of Provincial Sales Tax, effective July 1, 2019, and the impact of that change upon periodic life and health insurance premiums. CAFII submitted questions about communications with consumer insureds and about precise implementation timing details to the Manitoba Ministry of Finance; responses were recently received and they’ve been shared with CAFII members.

#### **4.10: New Brunswick Insurance Act Rewrite**

- (i) Introduction of RIA Licensing Regime**
- (ii) Consultation on Licensing Exemptions**

B. Wycks updated the Board on the New Brunswick Financial and Consumer Services Commission’s plans to undertake a rewrite of its Insurance Act; to introduce an RIA licensing regime in that province; and its recent undertaking of an informal consultation on licensing exemptions.

#### **4.11: CAFII Regulator and Policy-Maker Meetings during 2019 CLHIA Conference**

B. Wycks updated the Board on plans to arrange liaison meetings with insurance regulators and policy-makers during the upcoming 2019 CLHIA Compliance and Consumer Complaints Conference, which is being held from May 8 to 10 in Niagara Falls.

CAFII has always attempted to arrange meetings with regulators and policy-makers during the CLHIA Conference, but our Association may hold fewer meetings during this year's Conference than in the past or attempt to have meetings with multiple regulators at the same time, in an effort to streamline the meetings and reduce the time pressures upon CAFII members attending the Conference.

#### **4.12: CAFII Western Canada Regulators and Policy-Makers Visits Tour: Deferral to Fall 2019 Recommended**

K. Martin updated the Board on plans for a CAFII visits tour this year to insurance regulators and policy-makers in Western Canada; and he outlined why a deferral to the Fall was being recommended.

Mr. Martin noted that the Board-approved CAFII Strategic Plan included a mandate for CAFII to organize meetings with regulators on their own turf no less than every 18 months. The Spring of 2019 was the time originally targeted to go back to Western Canada. However, with the increased scrutiny by regulators on creditor's group insurance and incidental sales of insurance more broadly, it would be advantageous to have new information and insights to proactively share with regulators during the planned liaison meetings.

The CCBPI Special Project might produce such information and insights, and the recent Pollara consumer research on credit protection insurance could also be helpful material to share with Western Canada regulators and policy-makers.

By way of general assent, the Board endorsed the recommendation that the planned CAFII visits tour to Western Canada insurance regulators and policy-makers should be postponed to the Fall of 2019, to allow for the development of a strategy that included possible use of those materials.

### **5: Strategy & Research**

#### **5.1: Feedback on H. Troup, Australia, Visit to CAFII and Its Members**

Board member feedback on the February 2019 visit by Helen Troup, Executive General Manager, Comminsure, Australia, was very positive, with Board members feeling that it was a valuable initiative.

#### **5.2: CAFII Initiation Member, Returning Member, and Associate Prospects**

B. Wycks reported that CAFII continues to court Sun Life, but that initiative has been slowed down by numerous leadership changes at that company.

There were also discussions with MCAP, an underwriter for creditors group insurance referred to CAFII by RSM Canada, about the prospect of becoming a CAFII Initiation Member.

B. Wycks and K. Martin have also met with executives from a research company called RIWI Canada, about becoming a CAFII Associate; two individuals from that company will be in attendance at this evening's CAFII Reception.

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

### **6.1: Market Conduct Committee**

B. Kuiper, Chair of the Market Conduct Committee, reported that there were no further updates beyond those matters previously discussed in the meeting.

### **6.2: Media Advocacy Committee**

C. Blaquiere, Chair of the Media Advocacy Committee, reported that feedback has been very positive on the recently published CAFII website video on the results of the travel medical insurance research results.

#### **6.2(i): CAFII Website Enhancement Investments in 2019**

K. Martin updated the Board on planned 2019 investments to continue enhancing the CAFII website, which will include new videos, additional consumer vignettes, and RankHigher reporting to monitor progress against key metrics.

### **6.3: Licensing Efficiency Issues Committee**

M. Gill, Chair of the Licensing Efficiency Issues Committee, reported that there were no further updates beyond those matters previously discussed in the meeting.

### **6.4: Research & Education Committee**

K. Martin reported that despite the recommendation to not spend the 2019 research budget spend from \$60,000 to \$5,000, there was a consensus among CAFII Members that research was a critical component of CAFII's Strategic Plan and, therefore, research should again be prioritized in future years' budgets.

### **6.5: Travel Medical Experts Working Group**

A. Baig, Chair, updated the Board on recent initiatives of the Travel Medical Experts Working Group, noting that a key current priority was working with the CCIR Travel Insurance Working Group (TIWG) on its request to receive travel health insurance industry data on an ongoing basis. Efforts are being made to move this forward, in close collaboration with CLHIA and THIA.

A. Baig also noted that Harry James, Chair of the CCIR TIWG, had recently expressed an interest in turning his group's attention to trip cancellation insurance.

In a related vein, a meeting was recently held with the Ontario Ministry of Health and Long-Term Care on its exploration of reducing or eliminating OHIP coverage for Ontarians when they travel outside of Canada.

## **7: Other Business**

### **7.1: Expected Regulator and Policy-Maker Attendance at April 16/19 CAFII Reception**

B. Wycks noted the following expected regulator attendees at this evening's CAFII Reception; Adrienne Warner (FSCO), Allan Amos (FSCO), Anatol Monid (FSCO), and Mark White (FSRA).

### **7.2: Next CAFII Board Meeting and Reception: June 4/19 at Manulife Financial**

B. Wycks expressed thanks to Manulife Financial for hosting the June 4/19 CAFII Board Meeting and Reception at its corporate offices at 250 Bloor St. East in Toronto.

**7.3: Speaker at June 4/19 CAFII Reception**

K. Martin noted that CAFII's Events and Networking Committee was looking at several options with respect to a speaker for the 4 June, 2019 CAFII Reception following.

**7: Termination and *In Camera* Session**

N. Benson thanked all attendees for their participation in this meeting.

There being no further business, the meeting was terminated at 5:39 p.m.

The Board adjourned into its *in camera* session; and non-Directors departed from the meeting.