

Agenda Item 2.1(i)(b)

February 10/20 Board Special Purpose Teleconference Meeting

MEMORANDUM

To: CAFII Board of Directors
From: CAFII Member Applicant Review Group (Chris Lobbezoo, Brendan Wycks, Keith Martin)
Copy: CAFII EOC Members
Date: February 7, 2020
Subject: Recommendation On Sun Life Financial Application For CAFII Initiation Membership

Recommendation: The CAFII Member Applicant Review Group unanimously recommends to the Board of Directors that it approve Sun Life Financial's application for Initiation Membership in the Association.

On 22 January, 2020 the CAFII Member Applicant Review Group met with four staff executives from Sun Life Financial for an informal screening interview/dialogue session to review their company's application for CAFII Initiation Membership.

Sun Life Financial's completed CAFII Initiation Member Application Form and the Terms and Conditions of CAFII Initiation Membership are set out in a separate document which accompanies this recommendation report from the Member Applicant Review Group.

Representing Sun Life Financial at the meeting were:

- Vikram Malik, Assistant Vice-President, Sponsored Markets;
- Anaar Jessa, Director, Sponsored Markets;
- Cindy Keller, Client Relationship Manager, Creditor; and
- Emily Brown, Best Practice Consultant, Sponsored Markets.

The screening interview/dialogue was marked by the engagement and transparency of the Sun Life Financial executives. They were professional, enthusiastic, and candid, and answered all questions thoroughly.

It was acknowledged that Sun Life Financial underwrites insurance products which are sold both through both direct/alternate distribution channels and through traditional advice-based channels such as agents and brokers. A central point of discussion, therefore, was whether this reality would cause Sun Life Financial to run into "conflicting views" situations as a CAFII Member.

The Sun Life executives' answers to this line of questioning were well-thought out and credible.

It was acknowledged that there was some potential for conflicting views with other CAFII Members (such as the Foundation Members, being bank-owned insurance subsidiaries). But a large, multi-channel player such as Sun Life Financial is well-used to such conflicts and deals with them regularly, even just internally within the company itself; and managing through such conflicts and finding a way forward was something which Sun Life had developed a great deal of experience with over the years.

If such a distribution channel-based conflict were ever to occur within CAFII deliberations, Vikram Malik asserted that Sun Life Financial would not block or try to dilute CAFII's efforts. Sun Life wants to join CAFII as a Member because there is strong alignment between the company's consumer markets objectives and the Association's focus, policy positions, and objectives.

There was also significant dialogue about Sun Life Financial's value/benefits expectations in seeking to join CAFII; and about CAFII's expectations of Association Members, particularly in terms of volunteer leadership resource commitments at the Board of Directors, Executive Operations Committee, and other committee levels.

The Sun Life Financial representatives indicated that one of the reasons they were pursuing CAFII Initiation Membership was that they felt disconnected from, and in a vacuum about, some of the recent regulatory developments in Quebec; and it had been brought to their attention that CAFII had been playing a leadership role on some of those files, including the spousal coverage issue and the credit card-embedded insurance benefits issue. They felt that being a CAFII Member would allow them to close that gap.

The Sun Life representatives were comfortable with committing their company to fulfilling all of volunteer leadership expectations that CAFII has of its Members; and they were pleased with the confirmations provided with respect to the value and benefits Sun Life can expect to receive as a CAFII Member.

Overall, the Sun Life Financial executives delivered a persuasive message that their company's objectives -- especially with respect to credit protection insurance, travel insurance, and alternate distribution -- were very well-aligned with and supportive of CAFII's policy and advocacy positions.

The Sun Life Financial representatives indicated that they understood and appreciated the duties and responsibilities of being a CAFII Member -- including participating in the Board, the EOC, and committees-- and they were ready to become an active and engaged Member. They also asked questions about the CAFII EOC subcommittees and expressed interest in also participating in those as soon as possible, along with the Board and the EOC.

Respectfully submitted,

Chris Lobbezoo

Brendan Wycks

Keith Martin