

## CAFII Board Meeting Minutes

Tuesday, June 10, 2014

Location: AMEX Bank of Canada

One King West, 1 King Street West, Toronto, ON M5H 1A1

DRAFT

<b>Present:</b>	Mark Cummings	ScotiaLife Financial	<i>Chair</i>
	Chris Knight	TD Insurance	
	Todd Lawrence	CIBC Insurance	
	Isaac Sananes	Canadian Premier Life Insurance Co.	
	Vivianne Gauci	AMEX Bank of Canada	
	Richard Hebert	National Bank Insurance Co. (present by teleconference at 3:30 pm)	
<b>EOC Present:</b>	Rose Beckford	ScotiaLife Financial	
	Charles Blaquiere	Canadian Premier Life Insurance Co.	
	Andre Duval	Desjardins Financial Security Life Assurance	
	Eleanore Fang	TD Insurance (by teleconference)	
	Moir Gill	TD Insurance	
	Greg Grant	CIBC Insurance	
	Jennifer Hines	RBC Insurance	<i>Secretary</i>
	John Lewsen	BMO Insurance	
	Sue Manson	CIBC Insurance	
	Maria Sanchez-Chung	TD Insurance	
	Paul Yeung	RBC Insurance	
<b>Also Present:</b>	Leya Duigu	T•O Corporate Services	<i>Recording Secretary</i>
	Brendan Wycks	CAFII	<i>Executive Director</i>
<b>Regrets:</b>	Rino D'Onofrio	RBC Insurance	
	Linda Fiset	Desjardins Financial Security Life Assurance	
	Peter McCarthy	BMO Insurance	
	Robert Zanussi	Assurant Solutions	
	Derek Blake	RBC Insurance	
	Emily Brown	BMO Insurance	
	Raja Rajaram	CIBC Insurance	<i>Treasurer</i>
	Brian Wise	Assurant Solutions	
	Cecilia Xiao	Assurant Solutions	

### 1. Call to Order

It being noted that a quorum of Directors was now present, the meeting was called to order at 3:35 p.m. Jennifer Hines acted as Secretary, and Leya Duigu acted as Recording Secretary.

#### 1.1. Approval of Chair

It was noted that CAFII's Directors for 2014-15 had been appointed during the Annual and Special Meeting held earlier, during which Mark Cummings had announced that he would not be continuing

as ScotiaLife Financial's Director on the Board; therefore, he had not been re-appointed as a Director.

Mr. Cummings advised that given that he was no longer a member of the Board, a special motion of the Board was required to allow him to chair the meeting.

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

Mark Cummings shall act as Chair of this Board meeting.

**1.2. Approval of Agenda**

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The Meeting Agenda be approved as circulated.

**1.3. 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; and
- Regulator and Policy-Maker Visit Plan.

**2. Policy Issues and Decision Items**

**2.1. Director and Officer Appointments**

**2.1.1. Welcome to New Directors**

Mr. Cummings recalled that during the previous Board meeting held April 8, 2014, Rick Lancaster, CAFII Director from CIBC Insurance, had announced that due to his imminent retirement, he would be stepping down from the CAFII Board.

Todd Lawrence, the successor Director from CIBC Insurance, was appointed during the Annual and Special Meeting earlier today.

In addition, Darrell Bruce was appointed to succeed Mark Cummings as the CAFII Director from ScotiaLife Financial during the Annual and Special Meeting.

On behalf of all members of the Board of Directors and the Executive Operations Committee, Mr. Cummings welcomed Todd Lawrence and Darrell Bruce to the CAFII Board.

### **2.1.2. Board Chair**

Mr. Cummings advised that *Clause 7.01 Appointment of Officers* in CAFII's existing bylaw specifies that "the Board shall from time to time appoint a Chair," and that the filling of a vacancy in the Chair position is the responsibility of the Board. Since this is the first Board meeting following the election of Directors, it is also the most appropriate time to appoint the new Chair.

However, circumstances have dictated that the Association is not yet in a position to appoint a new Chair as his successor for 2014-15.

Mr. Cummings advised that he had reached out to two Directors about their interest in becoming Chair of the Association. However, those efforts had not yet reached a definitive outcome.

In Board discussion of this matter, it was recommended and agreed that in order to facilitate the appointment of a new Chair prior to the next regularly scheduled Board meeting on October 7, 2014 a nomination motion should be put forward for an electronic approval vote of the Board during the summer months.

On a motion duly made, seconded and unanimously carried

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

The appointment of a new CAFII Board Chair shall be conducted via an electronic vote of Directors prior to the next regularly scheduled Board meeting on October 7, 2014.

**Action Item:** In conjunction with Mr. Cummings, as Immediate Past-Chair, the EOC Chair and Executive Director Brendan Wycks to oversee the circulation of a Board Chair nomination motion for an electronic approval vote by Directors prior to the next regularly scheduled Board meeting on October 7, 2014.

### **2.1.3. Secretary and Chair of Executive Operations Committee**

Mr. Cummings advised that Jennifer Hines would be stepping down as CAFII Secretary and Executive Operations Committee Chair, after today's meeting.

Therefore, a nomination recommendation was being brought forward to the Board to appoint Greg Grant of CIBC Insurance as the Association's Secretary and EOC Chair for 2014-15.

On a motion duly made, seconded and unanimously carried

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

Greg Grant be appointed as CAFII Secretary and Chair of the Executive Operations Committee effective at the conclusion of this meeting, until the next Annual General Meeting in 2015.

In concluding discussion of this matter, it was noted that Jennifer Hines had joined CAFII's EOC in 2007 and served as EOC Chair since 2012. On behalf of the Board, EOC, and all members of the Association, Mr. Cummings presented Ms. Hines with a thank you gift, to the warm applause of all present. Jennifer thanked everyone for their support during her time on the EOC and wished the Association much success in future.

## **2.2. LLQP Modernization**

Brendan Wycks provided an update on a recent meeting with Gerry Matier, Executive Director of the Insurance Council of BC. In order to provide some counter-balancing perspective to the oppositional lobbying campaign being waged by Primerica and Oliver's, Mr. Matier encouraged CAFII to take further action in support of the Canadian Insurance Regulatory Organisations (CISRO)'s current Life License Qualification Program (LLQP) modernization effort.

Moira Gill added that the LLQP was introduced over a decade ago and the program is currently comprised of a single, four hour exam with pass grade of 60%. At present, an individual could fail the segregated fund section of the exam but still be able to sell those products if they received an overall grade of 60%.

The provincial insurance regulators in CISRO have been working to modernize program and make it more meaningful as a qualification standard, without making it unduly more onerous or costly to pass. The modernized LLQP will be restructured into four separate modules, each with its own multiple choice question exam.

In addition, Quebec refused to participate in the original LLQP due to its shortcomings; but with the adoption of the changes proposed, it has been a leader in the modernization effort that will lead to a truly national program and a uniform standard.

CAFII is supportive of the new program, which will be more flexible and better for member companies and the marketplace overall.

Having already provided a letter of support for LLQP modernization to CISRO, which was shared with relevant provincial Ministers across the country, there is value for CAFII in increasing and escalating its level of support for the new program. However, there are also risks associated with any action that the Association might take. CAFII has already been the subject of Freedom of Information requests filed with Ron Fullan in Saskatchewan, Chair of CISRO, and with FSCO in Ontario, seeking information that might serve to undermine the validity of CAFII's stated support for LLQP modernization.

The purpose of today's discussion was to provide Directors with an update and establish what degree of risk the Board is willing to accept on the issue.

The Board of Directors discussed possible approaches and the risks associated with them, and resolved upon the following steps:

### **Action Items:**

- EOC is tasked with developing a list of relevant policy-makers and legislators; and drafting a letter to them focusing on the fact that CAFII members focus on simple, accessible, cost-

effective insurance solutions to the vast, underserved middle market of Canadians in the channel of their choice; the need for greater interprovincial harmonization; and highlighting LLQP modernization as a great solution and vehicle for harmonization.

- EOC to continue to monitor developments on this issue and, after assessing the impact of the letter to policy-maker and regulators, consider scheduling follow-up meetings with the recipients of the letter.

### **2.3. Pan-Industry Project Group on Travel Insurance Issues**

Jennifer Hines reminded Directors of a discussion that occurred at the April 8, 2014 Board meeting and Directors' agreement to begin preliminary work on a possible pan-industry project group on travel insurance issues.

Since then, CAFII has proactively reached out to the Canadian Life and Health Insurance Association (CLHIA) and to the Travel Health Insurance Association (THiA). Both those Associations were receptive to CAFII's proposal, and are willing and eager to collaborate.

However, CAFII needs to do some preparatory position formulation work on the relevant issues around travel insurance before our Association can fully participate in a pan-industry group.

In Board discussion of this matter, Directors reaffirmed support for the pan-industry project group initiative and indicated that CAFII's ability to become fully immersed in such a group need not wait for the next Board meeting in October. While it would have been ideal to have the Association's policy positions on the key issues related to travel insurance already formulated, it is still possible to be engaged without having all of the answers ahead of time.

CAFII should be a full participant in the pan-industry group, while doing its policy development work on the side, as it's better to be at the table than not.

Following Board discussion of this matter, there was broad agreement in support of the following Action Items.

#### **Action Items:**

- Given the urgency of the issue, the Board agreed that this can't wait until the Fall and CAFII should participate in the pan-industry group and assess its position as the group's work progresses.
- EOC to prepare proposed CAFII positions on the key travel insurance issues. This proposal development work will proceed in tandem with the pan-industry project group's meetings and discussions. Given the urgency of the issue, the Board agreed that this can't wait until the fall and CAFII should participate and assess its position as the group's work progresses.
- Directors agreed to be ready to provide approval of such proposals via electronic means, before the next regularly scheduled Board meeting on October 7, 2014, with the possibility of meeting via conference call to discuss the issues if necessary. EOC to prepare proposed CAFII

positions on the key travel insurance issues. This proposal development work will proceed in tandem with the pan-industry project group's meetings and discussions.

- Directors to communicate any hot button issues or any particular sensitivities related to travel insurance, through their EOC members or directly to Brendan Wycks.

#### **2.4. Fasken Martineau Invoice Re CNCA Continuance**

Brendan Wycks reported on the issue regarding the Fasken Martineau invoice for the work related to CAFII's continuance under the Canada Non-Profit Corporations Act, which the firm's *pro forma* invoice indicates exceeded their initial quote by more than \$13,000. The EOC agreed that work outside the scope of the initial proposal was requested, but CAFII was never notified of the potential to exceed the quote before this work was undertaken.

Fasken Martineau has been a long-time supplier of legal services to CAFII and, in the interests of preserving this relationship, has indicated a willingness to negotiate on the charges. Therefore, it was recommended that CAFII counter-propose to meet Fasken Martineau halfway on the excess charges of approximately \$13,000. This would result in CAFII paying charges of slightly over \$15,567.55 plus disbursements plus applicable HST.

Members were reminded that this is the second time that this issue has come up. In future, CAFII will need to provide consultants with more clarity on the circumstances around the Association's decision-making, as they are, in effect, dealing with 10 stakeholders simultaneously rather than one. In addition, it should be made clear that the Association must receive notice of any potential overage before it is incurred.

On motion duly made, seconded and unanimously carried

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

CAFII shall counter-offer to Fasken Martineau that the Association will pay half the excess charges that are over and above the firm's initial quote of \$9,000, amounting to a payment of \$15,567.55 plus disbursements plus applicable HST.

#### **2.5. Balanced Scorecard**

Jennifer Hines provided an update, noting that, along with herself and Brendan Wycks, Greg Grant had been actively involved in the development of the Balanced Scorecard.

The revised Scorecard outlines the objectives and initiatives to be achieved in 2014, in three broad categories. A Status column has been added to indicate whether initiatives are on target or not.

A Director suggested that for Board reporting purposes, it would be ideal to move towards a higher level version of the Balanced Scorecard in which each section has just two or three major goals. Greg Grant noted that the Balanced Scorecard would continue to evolve as CAFII applied and used it; and he agreed to work with Brendan Wycks on a high level version for Board reporting.

**Action Item:** Greg Grant and Brendan Wycks to continue refining the Balanced Scorecard to highlight major goals within each section, for purposes of reporting at Board meetings.

### 3. Other Business

#### 3.1. CAFII Compliance with Canada's Anti-Spam Legislation (CASL)

Brendan Wycks provided an update on CAFII's compliance with Canada's Anti-Spam Legislation (CASL), which comes into force on July 1, 2014. The legislation applies to both for-profit and non-profit organizations.

CAFII is not required to seek consent from members due to their existing relationship with the Association. However, CAFII is required to seek consent from regulators and other industry contacts, which it will be obtaining prior to July 1. Moving forward, the Association will maintain a record of those who have provided consent, continue to include permission reminders in electronic messages to these groups, and seek permission to communicate with new contacts.

Mr. Wycks thanked Leya Duigu for her diligent work in getting CAFII into a position of readiness to achieve CASL compliance.

#### 3.2. *In Camera* Discussion

The Board of Directors met *in camera* to discuss a proposal with respect to CAFII administrative support.

### 4. Termination

The Board of Directors meeting was terminated upon completion of the *in camera* discussion. The next CAFII Board of Directors meeting will be held on October 7, 2014, in Toronto.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary