

CAFII Board Meeting Minutes
Tuesday, June 7, 2016
Location: St. Andrew's Club & Conference Centre
150 King Street West, 27th Floor, L1 Room, Toronto

Present:	Nicole Benson Joane Bourdeau Linda Fiset Chris Knight Chris Lobbezoo Peter McCarthy Kelly Tryon Robert Zanussi	Canadian Premier Life Insurance Co. National Bank Insurance Co. Desjardins Financial Security TD Insurance (<i>for part</i>) RBC Insurance BMO Insurance <i>Chair</i> The CUMIS Group (<i>by teleconference</i>) Assurant Solutions
EOC Present:	Rose Beckford Charles Blaquiere Greg Grant John Lewsen Sue Manson Raja Rajaram	ScotiaLife Financial Canadian Premier Life Insurance Co. CIBC Insurance <i>Secretary</i> BMO Insurance CIBC Insurance CIBC Insurance <i>Treasurer (by teleconference, for part)</i>
Also Present:	Emily Cloutier Zack Fuerstenberg David Moorcroft Brendan Wycks	T•O Corporate Services <i>Recording Secretary</i> ScotiaLife Financial (<i>observer for Bob Grant</i>) Stretegy2Communications (<i>for part</i>) CAFII <i>Executive Director</i>
Regrets:	Nick Bilodeau Bob Grant Todd Lawrence Carol Allen Jason Beauchamp Isabelle Choquette Eleanore Fang Katherine Geisler Moira Gill Charles MacLean Diane Quigley Jérôme Savard Andrea Stuska Ana Vu	AMEX ScotiaLife Financial CIBC Insurance Assurant Solutions BMO Insurance Desjardins Financial Security TD Insurance CIBC Insurance TD Insurance RBC Insurance The CUMIS Group Desjardins Financial Security TD Insurance BMO Insurance

1. Call to Order

The meeting was called to order at 2:42 p.m. P. McCarthy acted as Chair; G. Grant acted as Secretary; and E. Cloutier acted as Recording Secretary.

1.1 CAFII Competition Guidelines

P. McCarthy reminded members that the Competition Guidelines provided in the package were first adopted on April 3, 2008 and last updated October 7, 2014. The practice of reviewing the guidelines annually, at the beginning of the first Board meeting after the Annual Meeting of Members, was adopted to ensure that the Board's deliberations adhere to the guidelines, which were briefly summarized.

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 with the following amendment: *Deletion of 3.2 Quarterly Financial Reporting – June 2016.*

1.3. Election of 2016-2017 CAFII Officers

Prior to announcing the proposed slate of Officers for 2016-17, P. McCarthy advised Directors that TD Insurance had recently informed him that it would be in a position to nominate a new Secretary & EOC Chair for appointment at the Board's October 2016 meeting. On behalf of all members of the Association, he thanked Greg Grant and CIBC Insurance for his service as EOC Chair over the last two years and on his willingness to stay on in the role of Secretary & EOC Chair until October.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The following slate of Officers be and is hereby appointed by the Board for a one year period or, in the case of the Secretary & EOC Chair, until the October 2016 Board meeting:

Chair:	Peter McCarthy, Bank of Montreal, BMO Insurance
Vice-Chair:	Joane Bourdeau, National Bank Life Insurance Company
Secretary & EOC Chair:	Greg Grant, CIBC Insurance
Treasurer:	Raja Rajaram, CIBC Insurance

2. Consent Items

2.1 Draft Board Meeting Minutes, April 12 2016

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

- Summary of Board & EOC Action Items
- Balanced Scorecard
- Regulatory Update
- Regulator and Policy-Maker Visit Plan

IT WAS FURTHER RESOLVED that:

The Minutes of the meeting of the Board held on April 12, 2016 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 Statements as at May 31, 2016

Treasurer R. Rajaram reported on the financial statements as at May 31, 2016. He noted that the Statement of Operations is showing a year-to-date surplus of just under \$33,000 at this time. However, it is expected that significant spending over the remainder of the year, in particular in the line item area of Media Outreach, will move the Association towards our budgeted deficit of \$71,000 for 2016.

With respect to the Balance Sheet, there is a healthy bank balance of approximately \$363,000; and we currently have unrestricted net assets of just under \$392,000 which amounts to 77% of the Association's annual operating expenses. However, with the healthy spending on projects expected over the balance of the year, we anticipate that the reserves will move closer to the 58% of annual operating expenses that has been forecasted to the end of this fiscal year.

With respect to membership dues payments, the CAFII office is following up with one member, National Bank Insurance, which remains outstanding on the first instalment of its 2016 dues; and with three Associates that have not yet paid their 2016 dues.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII financial statements as at May 31, 2016 be and are approved in the form presented.

4.1 Regulatory Consultations/Submissions Timetable:

4.1.1 BC 10-Year Review of Financial Institutions Act

B. Wycks reported that in a liaison meeting with CAFII on May 4/16, C. Rogers, CEO of BC's FICOM and Superintendent of Insurance, Ms. Rogers said that she doesn't expect the Ministry of Finance's Policy Paper arising from the province's 10-Year Review of its Financial Institutions Act and Credit Unions Incorporation Act to be published until after the next provincial election on May 9, 2017. As well, she doesn't believe that any policy positions with respect to FIA review have yet been formed in the minds of Ministry staff or Government officials.

4.1.2 BC "Effecting" of CGI Issue

B. Wycks reported that in mid-April, CAFII held a conference call with FICOM officials to discuss the Association's March 15/16 follow-up letter requesting clarification on certain points in the Commission's Information Bulletin of September 2015 on the Effecting of Creditor's Group Insurance in BC. FICOM provided clarification and comfort to CAFII on points raised related to existing certificates of insurance; and there was a discussion on the issue of auto dealers being the creditor for "a moment-in-time" meaning, therefore, that the creditor *is* involved in effecting the contract. However, FICOM expressed skepticism about this argument and asked CAFII to provide FICOM with some proof that this concept is valid.

After deliberation on this matter, the Board agreed that because the creditor for a moment-in-time issue affects more than one member of the Association, CAFII will remain engaged in this matter and will engage J. McCutcheon to provide CAFII with legal advice regarding next steps on this issue.

Action: Engage J. McCutcheon of Borden Ladner Gervais to provide legal advice to CAFII on the Association's next steps in dealing with BC FICOM on the auto dealers are creditors for a moment-in-time issue [Greg; June 30/16].

With respect to the mortgage broker market, it appears that there will be no further progress with FICOM on this issue.

At a May 4 lunch meeting with CAFII in Halifax, C. Rogers advised that FICOM views its CGI Information Bulletin as having now moved fully from the realm of "Policy" into the realm of "Enforcement." Her message underlying this statement seemed to be that FICOM is not sympathetic toward nor interested in the industry's arguments about the impact of the Bulletin on auto dealers and mortgage brokers who distribute CGI; and that it will now be forging ahead to enforce the Bulletin's provisions, as they currently stand, by the March 31, 2017 implementation deadline.

4.1.3 Quebec Review of Distribution Act

B. Wycks reported that the industry is in a holding pattern on the matter of Quebec's review of its Distribution Act, waiting on the Ministry of Finance to introduce legislation. In an April 28/16 appearance before the legislature's Committee on Public Finance, Minister of Finance Carlos Leitão said his Ministry may introduce a financial omnibus bill this Fall but his comments were couched in words that appeared to suggest this timing is more hopeful than real.

4.1.4. CCIR Review of Travel Health Insurance

B. Wycks reported that on May 4/16, C. Rogers, CCIR Vice-Chair, advised CAFII that because the industry had demonstrated significant movement in terms of proposed reforms to travel health insurance, the Council then decided at its April 7-8/16 meeting that the Paper (which was slated for release in the spring) would be revised to reflect the latest industry input and released in the summer instead.

4.1.5 Saskatchewan Bill 177 Regulations

B. Wycks reported that in mid-April, Jan Seibel, Legal Counsel with Saskatchewan's Financial Consumer Affairs Authority and lead on the province's Insurance Act rewrite file, advised CAFII that the FCAA now planned to conduct its consultation with the industry on the Regulations in two parts. First, they will ask for comments on "some of the more complex issues that arose in the new Act, in particular viatical regulation, TPAs, and employee benefit plans." The FCAA hopes to have something out on this to the industry by late June. Thereafter, the FCAA is targeting having actual draft Regulations ready for dissemination to the industry, as Part II of the consultation, by late summer or early fall.

4.2 Alberta Decision on CI sold Under a Restricted Certificate of Authority

G. Grant advised that subsequent to the May 16/16 email communication from J. McCutcheon to W. Martinson, internal legal counsel at the Alberta Insurance Council, which was included in the Board meeting materials, they had connected by phone and had a cordial and positive conversation.

In that conversation, W. Martinson seemed unaware that the critical illness insurance products being sold incidentally in Alberta by deposit-taking institutions are generally simple products covering three or four major illnesses and are part of a bundle with other forms of creditor's group insurance. He also seemed unaware of the relevant definitions in both federal and provincial legislation regarding disability insurance. Mr. Martinson suggested that a written submission to the Insurance Council should be prepared and he promised to speak to J. Abram, CEO of the Council; find out when would be a good time for that submission to be brought forward and presented to the Council; and communicate the answer back to J. McCutcheon.

In concluding discussion on this matter, G. Grant advised that by the time of the next EOC meeting on June 21, CAFII should have a clearer sense of the timing for making a submission to the Alberta Insurance Council. A teleconference meeting or in-person meeting with W. Martinson, possibly with J. Abram in attendance also, would likely be arranged in conjunction with the Association's written submission.

5. Committee Reports Addressing CAFII Priorities

5.1 Media Advocacy Committee

5.1.1 Media Strategy Proposal

P. McCarthy welcomed D. Moorcroft as a visitor to the Board meeting, and invited him to highlight the "Media Strategy & Implementation Plan for CAFII" that was before the Board for consideration.

D. Moorcroft provided an overview of the proposed plan, focusing on its four key deliverables:

- Key Deliverable #1: Make CAFII's website more appealing to consumers and the media, and increase traffic to it.
- Key Deliverable #2: Enhance the external communications capability of CAFII.
- Key Deliverable #3: Develop and deliver the necessary protocols and training to help designated CAFII excel in the communication aspects of their mandates.
- Key Deliverable #4: Implement an outreach program to financial institution member public relations teams to increase their awareness of CAFII and its new website capabilities.

Mr. Moorcroft also outlined how his company, Strategy2Communications, would deliver on the plan; and the costs associated with doing so. He noted that \$11,730 of the overall \$51,730 cost for one year was related to redesigning the CAFII website to make it more consumer education-focused and thereby more attractive to consumers and the media; and that the other \$40,000 was the cost of implementing the media relations and consumer education strategy, with himself serving as the Association's media spokesperson for the first year.

In Board discussion of the Media Strategy & Implementation Plan with D. Moorcroft, questions were posed and addressed related to using CAFII-commissioned research as content for the website and with media; overhauling the Association's website and using search engine optimization to drive traffic to it; and the process and timelines by which having a more consumer-friendly website and driving traffic to it will translate into a position of readiness for CAFII to interact with the media.

Discussion of the Media Strategy & Implementation Plan concluded with the Board's unanimous approval of the plan, as presented.

5.2 Market Conduct Committee

R. Beckford, Chair of the Market Conduct Committee, advised that her committee had recently overseen the preparation of a CAFII submission of FSCO's Draft 2016 Statement of Priorities. In addition, CAFII was currently awaiting CCIR's release of a revised version of its Harmonized Annual Statement on Market Conduct, which it had committed to release for an industry consultation period of about 45 days.

5.3 Licensing Efficiency Issues Committee

On behalf of M. Gill, Chair of the Licensing Committee, B. Wycks reported that CAFII was currently in a holding pattern with respect to New Brunswick's final position paper on reforming the licensing framework for other-than-life agents and brokers. Even though the last round of consultation with the industry was completed in January, due to resource constraints within the FCNB, the Commission's final positions on the licensing framework modernizations were not yet ready for submission to the government.

5.4 Research and Education Committee

S. Manson reported that the Research and Education Committee's travel insurance experts group was continuing to work on "terms and conditions" and "policy layout." The travel insurance experts were meeting regularly, with a view to completing as much of its mandate as possible by the end of June. When complete, the recommendations will be handed off the CLHIA travel insurance committee.

6. Other Business

6.1 CAFII Meeting and Events Calendar

B. Wycks noted the following details with respect to the two remaining CAFII Board meetings in 2016:

- a Board Meeting will be hosted by RBC Insurance at 1 Place Ville Marie, 41st Floor, Montreal, October 4/16. Immediately prior to this meeting, Board and EOC members will have a liaison lunch and industry issues dialogue session with Louis Morisset, CEO, and other staff executives from the AMF at the same location; and
- a Board meeting and CAFII Year-End Reception will take place on Tuesday, November 29/16, hosted by BMO Insurance at First Canadian Place.

6.2 Presentation and Regulator Attendees at June 7 CAFII Reception

B. Wycks advised that the following Regulator and Policy-Maker guests would be in attendance at that evening's CAFII Speaker Reception Event:

- Sean Jacobs, CCIR Secretariat
- Anatol Monid, FSCO
- Allan Amos, FSCO
- Michael Weisman, Ontario Ministry of Finance
- Stuart Wilkinson, Ontario Ministry of Finance
- David McLean, Ontario Ministry of Finance
- Amanda Lloyd, Ontario Ministry of Finance
- Terence Yim, Ontario Ministry of Finance

7. In Camera Discussion

The Board of Directors met *in camera* from 4:10 to 4:55 p.m. Following this, the meeting was ended and EOC and Board Members continued to the CAFII Presentation and Reception.

8. Termination

There being no further business to discuss, the meeting was terminated at 4:55 pm. The next CAFII Board of Directors meeting will be held on October 4, 2016, hosted by RBC Insurance at 1 Place Ville Marie, 41st Floor, Montreal.

Date

Chair

Recording Secretary