

**BOARD MEETING**  
**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**  
**Tuesday, October 1, 2019**  
**Held At National Bank Insurance**  
**600 de la Gauchetière, 4th Floor, Montreal QC**  
**Montreal, QC**  
**MINUTES**

<b>Board Present:</b>	Nicole Benson	Canadian Premier Life <i>Chair</i>
	Peter Thompson	National Bank Insurance
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance
	Janice Farrell Jones	TD Insurance
	Paul Cosgrove	Assurant
	Sandra Rondzik	CIBC Insurance
	Louie Georgakis	Canada Life Assurance
	Christian Dufour	Desjardins Financial Security (by teleconference)
<b>Regrets:</b>	Wally Thompson	Manulife
	Kelly Tryon	CUMIS Services Incorporated
	Zack Fuerstenberg	ScotiaLife Financial (attended <i>in camera</i> session by teleconference)
<b>EOC Present:</b>	Martin Boyle	BMO Insurance
	Michele Jenneau	National Bank Insurance
	Rob Dobbins	Assurant
	Andrea Stuska	TD Insurance (by teleconference)
	Kamana Tripathi	TD Insurance (by teleconference)
	Scott Kirby	TD Insurance (by teleconference)
	Tony Pergola	ScotiaLife Financial (by teleconference)
	Diane Quigley	CUMIS (by teleconference)
	Peter Thorn	TD Insurance (by teleconference)
	Joanna Onia	CIBC (by teleconference)
	Charles MacLean	RBC (by teleconference)
	Karyn Kasperski	RBC (by teleconference)
	Laura Bedford	RBC (by teleconference)
	Moira Gill	TD Insurance (by teleconference)
	Michelle Costello	CUMIS (by teleconference)
	Shawna Sykes	CUMIS (by teleconference)
<b>Also Present:</b>	Colin Chisholm	ScotiaLife Financial
	Stephanie Gamache	Canada Life Assurance
	Lynne Chlala	Canada Life Assurance
	Élyse Lemay	Canada Life Assurance
	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Natalie Hill	Managing Matters Inc. <i>Recording Secretary</i>

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

Chair N. Benson welcomed everyone to the meeting of the CAFII Board of Directors, which was called to order at 1:08 p.m.

N. Benson extended a special welcome to those individuals who were attending a CAFII Board meeting for the first time, in particular:

- Louie Georgakis, whose appointment as the CAFII Director from Canada Life Assurance, succeeding David Fear, was an item in the opening section of the agenda; and
- Colin Chisholm, the new Vice-President, Insurance Canada at ScotiaLife Financial, who was attending the meeting as a Board surrogate, representing his colleague Zack Fuerstenberg, the CAFII Director from ScotiaLife Financial.

It was noted that as per the Association's By-Law, Mr. Chisholm was permitted to participate in the Board's deliberations and discussions, but he was not empowered to vote on resolutions or other voting matters.

Particularly for those attending a CAFII Board meeting for the first time, N. Benson noted that the Consent Agenda approach was a tool used to streamline meeting procedures by grouping routine, non-controversial items together, which were then approved or simply received for the record via a single motion and vote. No discussion or debate was permitted on any item that was part of the approved Consent section of the agenda.

M. Boyle confirmed that Notice of this meeting was sent to all Directors in accordance with the Association's By-Law.

M. Boyle also confirmed that a quorum of Directors was present, as there were 8 (eight) Directors present in-person; and one (1) Director present on the phone.

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

N. Benson noted that a meeting agenda had been circulated to the Directors. She asked if there were any additions or changes to propose to the agenda. As well, she inquired if anyone would like to discuss any of the items listed in the Consent section, such that they should be moved into the regular section of the agenda.

No changes or additions to the agenda were proposed.

*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 (Canada Life Assurance)

N. Benson noted that in early September, CAFII was advised that David Fear, the current CAFII Director from Canada Life Assurance, would be retiring on September 30 after 36 years of service with that company; and that, given that he would be handing off the reins as Vice-President, Group Creditor Insurance at Canada Life to a successor, he would be resigning from the CAFII Board of Directors, effective with this meeting.

N. Benson also recalled that in accordance with Article 4.2 of CAFII Bylaws, the fixed number of Directors must be equal the number of Members of the Association.

As an Initiation Member of the Association which was due to become a Regular Member on January 1, 2020, Canada Life Assurance had recommended that Louie Georgakis, its new Vice-President, Group Creditor Insurance, be appointed to the CAFII Board of Directors until the Association's next Annual Meeting in 2020.

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

**IT WAS RESOLVED** that Louie Georgakis be appointed as Canada Life Assurance's Director on the CAFII Board of Directors until the Association's next Annual Meeting in June 2020.

N. Benson congratulated Mr. Georgakis on his appointment as the CAFII Director from Canada Life Assurance, and welcomed him aboard. She indicated that CAFII was looking forward to having the benefit of his experience, insights, and contributions in moving the Association forward.

N. Benson also advised that there would be an opportunity for CAFII members to thank and recognize David Fear for his leadership service to our Association as a CAFII Director, at the upcoming Holiday Season/Year-End Reception on December 3, 2019 at the TD Conference Centre in Toronto, which he had indicated to Co-Executive Directors K. Martin and B. Wycks that he would be pleased to attend, if invited.

## 1.3: Background To AMF Decision To Cancel October 1/19 Meeting With CAFII

N. Benson referred to a recent advisory notice which had been circulated by Co-Executive Director B. Wycks to inform the Board that on September 24, the AMF had notified CAFII that it had to cancel its participation in today's scheduled Liaison Lunch and Industry Issues Dialogue session with our Association.

Mr. Wycks provided context and background on this issue. In June, Frederic Pérodeau, the AMF's Superintendent, Client Services and Distribution Oversight, had let CAFII know that the AMF preferred a different, less formal approach to the Liaison Lunch and Industry Issues Dialogue. They preferred not to have a formal, white linen luncheon, which they felt produced challenging optics. As well, the AMF felt that the discussion during the Industry Issues Dialogue Session was too formal, and they preferred brief presentations on matters of mutual interest followed by informal dialogue. These changes were made and Mr. Pérodeau indicated that they satisfied the concerns of the AMF, but that AMF executives had in the meantime made other commitments which made their participation in today's meeting impossible.

K. Martin advised that he had called Mr. Pérodeau about this decision and they had a ten-minute phone conversation in French, during which Mr. Pérodeau emphasized that this was about a scheduling issue, and asked that CAFII “not read anything more into it.” He said that the AMF still wanted to have the liaison lunch and meeting with CAFII, and asked for some new dates to be proposed for rescheduling purposes.

The Board discussed the various options available and it was recommended that the Spring 2020 CAFII Board meeting on 7 April, 2020 be moved to Lévis, Quebec at the offices of Desjardins Financial Security, and that the AMF be offered the opportunity to participate in a Liaison Lunch and Industry Issues Dialogue at that time. It was agreed to make that change and to propose this new date to the AMF.

**[ACTION ITEM: Contact Frederic Pérodeau at the AMF and propose 7 April, 2020 in Lévis, Quebec at the offices of Desjardins Financial Security as the date and location for a rescheduled CAFII/AMF Liaison Lunch and Industry Issues Dialogue: B. Wycks/K. Martin]**

#### **1.4: Proposed Schedule of CAFII 2020 Board and EOC Meeting Dates; and Updated Board Hosting Rotation**

B. Wycks provided background and briefing comments with respect to the Proposed Schedule of 2020 CAFII Board and EOC Meetings and Related Events, seeking Board approval at this time.

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

**IT WAS RESOLVED that** the Proposed Schedule of CAFII 2020 Board and EOC Meeting Dates; and Updated Board Hosting Rotation be approved as presented.

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

N. Benson noted that documents had been provided for each of six (6) 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 June 4, 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: CAFII Financial Statements as at August 31, 2019**

CAFII Treasurer T. Pergola provided a financial report and reviewed the August 31, 2019 financial statements for the Board. He noted that the Association was tracking well against the budget and the forecast to fiscal year-end, with some unanticipated expenses associated with the visit of Helen Troup being offset by reduced expenditures in other areas of activity, in particular around the 2019 CAFII research budget. As well, Mr. Pergola noted that the Association’s financial reserves as a percentage of annual operating expenses were within the target range at 31%.

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

**IT WAS RESOLVED that** the August 31, 2019 CAFII financial statements be and are approved as presented.

### 3.2: Revised 2019 Budget Forecast

Treasurer T. Pergola provided an update on CAFII's financial forecast to the end of the current fiscal year, noting that the Association was on track to meet the current expectation of a modest year-end surplus.

Mr. Pergola noted that the Association was generally in sound financial shape. He also noted that the Special Project fees were held in a separate account, with over \$100,000 expected to be remaining in that account after currently-incurred legal expenses are paid from it.

## 4: Regulatory Matters

### 4.1: AMF Spousal Coverage Issue

K. Martin updated the Board on the latest developments on the AMF spousal coverage issue. He recalled that the original understanding was that the AMF expected CAFII members to no longer offer spousal coverage when the AMF's expectations around the creditor being able to demonstrate a pecuniary interest in the life and/or health of a non-debtor spouse were not satisfied, and that CAFII's members were to submit action plans to conform with this expectation. Subsequently, CAFII members had been asked to submit, by 30 September, 2019, action plans on the cancellation of existing/in-force spousal coverage, which is a much more problematic request. In what is viewed as concerning language, the AMF has argued that they are not requiring cancellation, just the conformity of existing insurance contracts with their interpretation of the legislative and regulatory requirements.

As an interim step, CAFII had submitted a letter requesting an extension of the stated 30 September, 2019 deadline. N. Sirois of the AMF responded with a phone call to K. Martin (in French) on 23 September, 2019, in which she offered a one-month extension, with Mr. Martin requesting a minimum two-month extension. Subsequently, the AMF wrote a letter to K. Martin and CAFII on 26 September, 2019 offering an extension of the deadline to 29 November, 2019.

The Board discussed the appropriate response to this directive from the AMF. After reviewing the options, it was felt that external legal counsel should be engaged to produce arguments countering the directive to cancel existing/in-force spousal coverage, which will be presented to the AMF. As a first step, it was agreed that the Board should be consulted on options around the best legal counsel for this task.

***[ACTION ITEM: Send a communication to Board members asking for recommendations as to who would be the best external legal counsel for CAFII to engage to purposes of the contemplated legal opinion on the AMF's directive to insurers to cancel/remove existing/in force spousal coverage when the creditor cannot demonstrate to the AMF's satisfaction that it has a pecuniary interest in the life and/or health of a non-debtor spouse: K. Martin]***

### 4.2: AMF Review of Critical Illness Insurance

M. Boyle updated the Board on an AMF Review of Critical Illness Insurance which had recently been launched. Mr. Boyle noted that there are two separate surveys being distributed, one simplified and one more detailed; the surveys were sent to 16 global insurers and 10 Quebec-based insurers. Included in the questionnaires are questions that will allow the AMF to determine loss ratios, which is an issue on which they have increasingly focused their attention. It is likely that the AMF will raise some concerns coming out of the survey results, and both the CLHIA and CAFII will monitor this situation carefully and prepare responses for any eventual AMF comments coming out of this exercise.

#### **4.3: CAFII Credit Protection Insurance Industry Best Practices Working Group Progress Report**

N. Benson recalled that the next Regulatory Matters agenda item related to an initiative which was mandated by the Board during its previous *in camera* session on 4 June 2019, as a special project to be carried out under the EOC's oversight.

M. Boyle and fellow EOC Member K. Kasperski, from RBC Insurance, as Co-Chairs of the CAFII Credit Protection Insurance Industry Best Practices Working Group, then provided the Board with a report on the Working Group's progress to date.

The Working Group, comprised mainly of Member representatives drawn from the EOC, is reviewing the key regulatory documents around expectations of regulators, including the CCIR/CISOR Fair Treatment of Customers Guidance; the FCAC report on domestic banks' sales practices; and the ASIC report on consumer credit insurance (CCI) in Australia, with the objective of identifying opportunities for the Canadian industry to elevate its practices. The Working Group has been active and productive; will provide an update report at the 3 December, 2019 CAFII Board meeting; and intends to complete its work in the Spring of 2020.

#### **4.4: Yukon Licensure Issue Re Sales of Credit Protection Insurance**

K. Martin provided an update on a communication from Bradley Rowett from the Yukon Superintendent of Insurance office, who was surprised that 10 firms which did not have a life license in the Yukon had not recently applied for one. K. Martin confirmed that all CAFII insurer members did have a Yukon life license, and that the firms in question were not CAFII members. The CLHIA agreed to take on this conversation with Mr. Rowett, who was so advised. While this indicates that Yukon still has some areas of confusion about the life and health insurance sector, the tone of the communications also indicated that Mr. Rowett and his colleagues appear very committed to trying to rectify the confusion that was caused by Yukon's recent directives on credit protection insurance in their Territory.

#### **4.5: CAFII 2019 Annual Stakeholder Meeting With CCIR: November 5/19**

B. Wycks confirmed that CAFII's Annual Stakeholder meeting with CCIR would be held on 5 November, 2019; and that this year, CCIR wants the Stakeholder dialogue to focus on a preliminary draft of its 2020-2023 Strategic Plan. Mr. Wycks notified Tony Toy, CCIR Policy Manager, that CAFII would have preferred a more wide-ranging discussion, but he was assured that the focus on the new Strategic Plan would still afford the ability to discuss a wide range of issues of mutual interest.

#### **4.6: CCIR/CISRO Fair Treatment of Consumers Working Group: Fall 2019 Stakeholder Meetings**

B. Wycks updated the Board on the CCIR/CISRO Fair Treatment of Consumers Working Group's plans for meeting with industry stakeholders this Fall. The FTC Working Group would be focusing on issues exclusively related to insurers and MGAs in its Fall stakeholder meetings, such that CAFII would receive a pass and not be meeting with the Working Group until the next round of meetings in the Spring of 2020.

#### **4.7: FSRA Launch of Life and Health Insurance Sector Stakeholder Advisory Committee**

K. Martin recalled that FSCO previously had a life and health insurance advisory group, on which he had represented CAFII. That advisory group had been disbanded with the transition from FSCO to FSRA. However, K. Martin continued, he had recently received a phone call from S. Agarwal, who has moved as a manager from FSCO to FSRA, advising him that a new FSRA Advisory Group on Life and Health Insurance Sector would be created, and she invited Mr. Martin to participate on it as CAFII's representative.



Ms. Agarwal had also asked Mr. Martin for a follow-up phone call to discuss FSRA and CAFII priorities. A very constructive discussion was held on 18 September, 2019, in which Ms. Agarwal indicated that FSRA priorities would include harmonization of regulations, improved licensing efficiency, a greater focus on the practices of MGAs, and a continued emphasis on the fair treatment of customers.

Mr. Martin indicated that CAFII's FSRA-related priorities included clarity around the expectations for the fair treatment of customers, noting that CAFII members can attempt to determine eligibility for products but are not allowed to offer advice and as such cannot determine suitability of products for customers; a continued commitment to harmonization; a continued commitment to principles-based, risk-based regulation; a view that FSRA should play a leadership role in CCIR, CISRO, and international insurance regulation organizations such as the International Association of Insurance Supervisors; a recommendation that at least one member of the FSRA Board should have an expertise or background in life and health insurance; and the importance of FSRA looking to create regulatory sandboxes to allow new, innovative players to experiment and test before they fully launch into the market, without having the burden of the full regulatory regime placed upon them.

#### **4.8: CAFII Outreach to FCAC For Credit Protection Insurance Education and Dialogue Meeting**

B. Wycks informed the Board that CAFII had sent a congratulatory letter to Judith Robertson, in her new role as Commissioner of the Financial Consumer Agency of Canada; and the Association planned to send a follow-up communication to her shortly, requesting the opportunity for a Get Re-Acquainted and Dialogue Meeting with her and FCAC senior executive colleagues at the Agency's office Ottawa.

***[ACTION ITEM: Send a follow-up communication to the office of Judith Robertson, new FCAC Commissioner, requesting a Fall 2019 CAFII Get Re-Acquainted and Dialogue Meeting with her and FCAC senior executive colleagues at the Agency's office in Ottawa: B. Wycks]***

#### **4.9: Itinerary and Delegation For CAFII 2019 Western Canada Insurance Regulators Visits Tour**

B. Wycks updated the Board on CAFII's confirmed itinerary for the upcoming 2019 Western Canada Insurance Regulators and Policy-Makers Visits Tour, which will take place from 21-25 October starting in Manitoba and then working through Saskatchewan, Alberta, and British Columbia. Seven or eight CAFII volunteers are expected to join the tour with the two CAFII Co-Executive Directors, and a full set of meetings with all of the insurance regulators and policy-makers in the four Western Canada provinces had now been finalized.

### **5: Strategic Matters**

#### **5.1: CAFII Opportunity To Take Over CBA's Quarterly CGI Benchmarking Study**

K. Martin provided an update on the possibility of CAFII taking over a now discontinued Canadian Bankers Association (CBA) quarterly benchmarking study on credit protection insurance. One CAFII Board member had doubts about the value of the research given that, in the past, this study did not produce "apples-to-apples" output, and there was also concern about continuing a benchmarking study that focused on sales and penetration rates at a time of increasing regulatory scrutiny. Another Board member felt that if all members did not participate, this study would not be of value. As a result, an RFP for CAFII's continuation of the CBA benchmarking study had not been distributed to potential actuarial firm supplier, so as to allow for a fulsome discussion of these matters at this CAFII Board meeting.

Board discussion of this matter was deferred to the *in camera* portion of this meeting.

## **5.2: Proposal To Enhance The Benefits/Value Proposition of CAFII Associate Status**

B. Wycks advised the Board that there has been considerable churn in the CAFII Associate membership category in recent years, and part of the reason why is that it is an expensive proposition to pay \$4800 per annum for essentially the opportunity to have up to five company representatives attend four social events per annum (three Receptions plus the Annual Members Luncheon). CAFII management had been exploring ways to enhance and enrich the value proposition for Associates, and one suggestion was that the monthly Regulatory Update and periodic CAFII Alerts could be made available to Associates, providing them with some value-added intelligence on developments in the industry.

The recommendation from the Association's Co-Executive Directors was that the additional value represented by receiving the monthly Regulatory Updates and periodic CAFII Alerts, subject to CAFII management's discretion, would increase the likelihood of retaining existing Associates and attracting new ones; and, as such, it was recommended that this change should not be accompanied initially by any increase in the dues paid by Associates.

It was also noted that the EOC had endorsed this recommendation at its 24 September, 2019 meeting, for approval by the Board.

Discussion of this matter concluded with general assent from the Board in support of the recommendation put forward by CAFII's Co-Executive Directors and the EOC.

***[ACTION ITEM: Implement the Board-approved policy that the benefits associated with CAFII Associate Status will now include receipt of CAFII Regulatory Updates and CAFII Alerts, at CAFII management's discretion: B. Wycks and K. Martin]***

## **5.3: Proposal To Create An EOC Working Group To Investigate The Possibility Of Creating A New, Lower Dues Category Of CAFII Membership**

M. Boyle provided the Board with the background to a proposal, which had emerged from the 24 September 2019 EOC meeting, that the EOC create a Working Group to investigate the possibility of creating a permanent lower dues category of CAFII membership.

Board discussion ensued that proposal, on which the EOC was seeking the Board's feedback, particularly with respect to whether there was an appetite among the Directors and their member organizations to create a permanent lower dues category of CAFII membership.

Discussion of this matter concluded with general assent from the Board in support of the recommendation that the EOC create a Working Group to investigate the possibility of creating a permanent lower dues category of CAFII membership.

***[ACTION ITEM: Implement the Board-approved directive that the EOC form a Working Group to investigate the possibility of creating a new, permanent lower dues category of CAFII membership: M. Boyle, B. Wycks and K. Martin]***



#### **5.4: Update On Prospect Of Sun Life Financial Applying For CAFII Initiation Membership**

K. Martin updated the Board on the prospect of Sun Life Financial applying for CAFII Initiation Membership. Conversations had been ongoing, with the latest development coming from a former BMO Insurance representative on the EOC -- Emily Brown, who now worked at Sun Life Financial and had expressed an interest, on behalf of her superiors there, in the prospect of Sun Life Financial joining CAFII. CAFII's Co-Executive Directors recently had a very fruitful conversation with her and she will be following up with CAFII management on her internal discussions on this matter at Sun Life Financial.

#### **6: Other Business**

##### **6.1: Proposed New Timetable For Finalization and Posting/Dissemination of CAFII Board Agenda and Meeting Materials Packages**

B. Wycks informed the Board of a new timetable which he and fellow Co-Executive Director K. Martin were recommending, as requested by Board Chair N. Benson and Board Vice-Chair C. Lobbezoo, for earlier finalization and more timely posting and dissemination of the agenda and meeting materials for future CAFII Board meetings.

B. Wycks noted that the materials were currently being posted without sufficient lead time in advance of the actual meeting date, and said that the 2020 schedule would be modified to allow for more time between the EOC and the Board meetings, which should permit an earlier posting of Board materials.

He also suggested that going forward, if a document on a developing, urgent matter is not ready at least a week prior to the Board meeting, that matter will then be dealt with through a verbal update only, as opposed to through being posted less than a week before the Board meeting date.

##### **6.2: Next CAFII Board Meeting and Reception: December 3/19 At TD Insurance, Toronto**

B. Wycks provided an update on plans for the next CAFII Board meeting scheduled to take place on December 3/19, hosted by TD Insurance at its TD Conference Centre in Toronto; and on the guest speaker M. Carruthers of Deloitte Monitor Canada, who had been secured for the ensuing CAFII Reception that same evening.

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

N. 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 3:10 p.m.**

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