

CAFII Executive Operations Committee
Tuesday, November 14, 2017
TD Insurance
320 Front St., Toronto

DRAFT MINUTES

EOC Present: Rob Dobbins, Assurant Solutions (*by teleconference*)
Moirra Gill, TD Insurance
John Lewsen, BMO Insurance
Sue Manson, CIBC Insurance
Tony Pergola, Scotialife Financial *Treasurer (by teleconference)*
Andrea Stuska, TD Insurance
Shawna Sykes, The Co-operators (*by teleconference*)
Peter Thorn, TD Insurance *Chair*

Also Present: Caroline Bucksbaum, TO Corporate Services *Recording Secretary*
Keith Martin, CAFII *Co-Executive Director*
Brendan Wycks, CAFII *Co-Executive Director*

Regrets: Jason Beauchamp, BMO Insurance
Rose Beckford, Scotialife Financial
Laura Bedford, RBC Insurance
Charles Blaquiére, valeyo
Isabelle Choquette, Desjardins Financial Security
Jérôme Savard, Desjardins Financial Security
Charles MacLean, RBC Insurance
Katherine Geisler, CIBC Insurance
Diane Quigley, CUMIS Group Inc

1. Call to Order

The meeting was called to order at 2:02 p.m.; P. Thorn acted as Chair; C. Bucksbaum acted as Recording Secretary. It was noted that a new CAFII EOC member, Laura Bedford from RBC Insurance, would be unable to attend this meeting, so she would be welcomed at the next EOC meeting.

2. CAFII Website Video Presentation by RankHigher

K. Martin introduced visitors David Moorcroft of S2C Consulting, CAFII's media consultant, and Cornelius Mwalwanda of RankHigher, the search engine optimization and website development firm which had recently worked with CAFII. Mr. Mwalwanda gave a presentation on the opportunity to have video content as a next step for the new CAFII website. The new website was designed with the capability and expectation of implementing videos. RankHigher's immediate recommendation is to have a video on the home page, with future consideration of videos on insurance products and on the FAQ pages.

A home page video would craft a brand position and mission statement for CAFII; and effectively and concisely communicate this to consumers. The video would answer four questions currently addressed in written content on insurance products pages: (1) what products do CAFII members provide; (2) why is it important to use them; (3) how are the products used; and (4) where can people obtain them.

It would also answer questions currently addressed in written content on the “About CAFII” page: (a) what is CAFII; (b) why is CAFII important; (c) how can people connect with CAFII members; and (d) where can people connect with CAFII. RankHigher clarified that all written content would also remain on the website.

Actor-based videos cost \$5-7K, depending on the talent sought, and animation videos cost approximately \$5K. RankHigher suggests a mix of animation and actors on the home page, allowing for storyboard brainstorming while keeping the video relatable. Videos on insurance products pages and the FAQ page could be animation only, as these could be informative and visual, without need for human connection. Whiteboard animation is a cost-effective option for these pages. RankHigher presented a testimonial video as a future option, illustrating how it can be creatively cut to be organic, dynamic, and engaging.

RankHigher would create multiple outputs of any video/social media content CAFII decides to have, e.g. a short 15-30 second version and a longer 60-90 second version. The outputs would be tested to see which resonates better with the target audience. The test could include an internal group of CAFII members and/or some stakeholders. RankHigher’s strict creative process ensures that all stakeholders are aligned in terms of messaging and timeframe. A question arose as to whether videos would appear the same across devices. RankHigher confirmed it would if embedded on Youtube. Youtube provides a distinct benefit in terms of search optimization.

Following the CAFII website video presentation, D. Moorcroft provided a visibility report on the new CAFII website launched earlier on November 14/17, with the press release going having gone out at 8:30 a.m. As of two hours after the launch, 10 online media organizations had picked up the release and put it on their news sites; at least one print publication picked it up and interviewed K. Martin (the French version of advisors.ca); and overall the release had received 161 views, 106 web crawler hits, 73 media views by individuals at media organizations, and 19 organizational views by CAFII members.

It was noted that RankHigher is limited in tracking website visits, and can only track by geography and device information. Third party tools can be placed on the site to determine visitors’ IP addresses; however, it is not certain this would correlate with specific businesses.

ACTION: Send an email to all Regulators and Policy-Makers with CAFII’s new website URL to announce the website’s launch and encourage feedback on its design, usability, and content [C. Bucksbaum; November 15/17].

ACTION: Forward the email announcing the website launch to Regulators and Policy-Makers to all EOC members [C. Bucksbaum; November 15/17].

ACTION: Replace Maria Cece, Ontario Ministry of Finance, with Lucy Kang on the list of Regulators to be invited to CAFII’s Year-End Reception on November 28/17 [C. Bucksbaum; Nov 15; 17].

3. Approval of Agenda and Previous Minutes

The agenda for this November 14/17 meeting was approved as circulated.

3.a. EOC Minutes of October 24/17

The EOC Minutes of October 24/17 were approved as presented.

3.b. Summary of Board EOC and Action Items

B. Wycks provided an update on Action Items that had been added or changed in status since the October 24/17 EOC meeting.

It was also noted that the September 19/17 EOC Minutes had been adjusted to reflect housekeeping notes provided at the October 24/17 EOC Meeting.

4. Strategy and Governance

4.a. Outcomes of CAFII Board Special Purpose Meeting, October 30/17

B. Wycks reported that CAFII had a special purpose Board teleconference meeting on October 30/17, at which quorum was achieved and the Board addressed two time-sensitive issues: (1) appointing two new CAFII Directors: André Langlois from Desjardin Financial Security to succeed Linda Fiset; and Sandra Rondzik from CIBC Insurance to succeed Todd Lawrence; and (2) approving the timelines, launch plan, and English and French versions of the media release for the new CAFII website on November 14/17.

5. CAFII Financial Management

5.a. Financial Statements as at October 31/17

Treasurer T. Pergola reported on the highlights of CAFII's financial statements as at October 31/17:

- October 2017 produced a deficit of approximately \$7.7K, arising from revenue of \$40K, and expenses of \$48K;
- the Statement of Operations shows a YTD deficit of just under \$120K;
- from a Balance Sheet perspective, CAFII has a bank balance of \$334K and deferred revenue of \$80K;
- from a financial reserves perspective, current Total Unrestricted Net Assets are \$263K which corresponds to 35% of annual operating expenses, providing a cushion of available funds going forward.

CAFII's Total Unrestricted Net Assets is currently in the mid-range between 25% and 50% of annual operating expenses, and the reserves are expected to stay in that same mid-range by the end of the 2017 fiscal year. CAFII budgeted for a 2017 deficit of \$193K; however, due to lower than expected spending, the year-end deficit will likely be of a somewhat smaller magnitude. That is the case despite the fact that there will be significant spending on Pollara research late in 2017, which has not yet been factored into the financial statements.

5.b. CAFII 2018 Operating Budget

This item was moved to the *in camera* discussion, as per the meeting agenda.

6. Regulatory

6.a. Consultations/Submissions Timetable

Updates to the Consultations/Submissions Timetable were highlighted, as recorded below.

i. Quebec Bill 141 and Bill 150: CAFII Response Plan, Including Notes from October 23/17 CAFII/AMF Industry Issues Dialogue

The Quebec Ministry of Finance has tabled new legislation, Bill 150, on October 31/17. Bill 150 is inter-related with Bill 141, tabled on October 5/17, so the two must be reviewed in combination.

On November 13/17, B. Wycks and K. Martin met in-person with Sylvie Bourdeau, CAFII's legal counsel from Fasken Martineau, who subsequently provided an outline of her understanding of CAFII's issues analysis assignment to review Bills 141 and 150, the timeline for it, and a quote to undertake it. A call with Eric Stevenson and Louise Gauthier of the AMF will be made to confirm elements of her analysis.

Reviewing both Bills would cost \$21,800 - \$29,750, not including anticipated future costs for reviewing the regulations coming in 2018/2019. As the legal provision in CAFII's 2017 budget is \$15K, the EOC discussed narrowing the scope of initial review to certain sections of the Bills and taking the risk as an Association if anything is hidden elsewhere.

B. Wycks and K. Martin raised CAFII's main concerns – the requirement of a “natural person” inhibiting the ability to sell and the inhibiting of selling certain products – with its legal counsel and AMF executives. The AMF stated that Bill 141 does not intend to impair existing business opportunities, but to liberalize the selling of products. While the AMF told CAFII to send any concerns directly to the National Assembly during the consultation period, the underlying message was that Bill 141 has no intention of imposing restrictions on providers of insurance. CAFII's legal counsel and the AMF advise CAFII to focus its energy on the regulations when they come out.

There was a consensus among the EOC to do a preliminary legal analysis focusing on clause 49, section 408, and the “natural person,” and to undertake a fuller analysis when the regulations come out. The EOC agreed to work towards a written submission that will specify its main concerns and offer legal analysis to back them up, while making a broader point that the thrust of the Bill should be about competition and consumer choice, and should not inhibit existing business practices nor restrict choices available to consumers. The consultation period has not been defined; however, AMF staff executives have advised that even if there is no consultation, CAFII should still send a written submission.

ACTION: Follow-up with S. Bourdeau to highlight the areas of focus for a high level review of Bills 141 and 150, which can be accommodated within the \$15K budget allocation which CAFII has available for that purpose [B. Wycks/K. Martin; November 17/17].

ii. CCIR Annual Statement on Market Conduct

Martin Boyle, CCIR Policy Manager, has offered CAFII a members-only webinar on the Year II tweaks to the CCIR Annual Statement on Market Conduct. The webinar will be delivered on the afternoon of November 23/17; and there will also be the opportunity for CAFII members to be present at the FSCO office during the webinar, where questions can be asked of Mr. Boyle and other CCIR presenters in-person.

iii. CCIR Travel Health Insurance Products Position Paper

CAFII continues to wait for CCIR to schedule a follow-up meeting re its Travel Health Insurance Products Position Paper. CCIR is waiting on CLHIA's completion of consumer testing focus groups on proposed new language and policy layout enhancements, which stems from work by CAFII's Travel Medical Experts.

iv. Saskatchewan Insurance Act/Regulations

Saskatchewan's *Insurance Amendment Act 2017*, which had been distributed to CAFII EOC members on an embargoed basis, was tabled on October 31/17 and is now public. The Financial and Consumer Affairs Authority (FCAA) is now targeting the Fall of 2018 for the new Insurance Act and related Regulations to come into force, which will give affected industry participants one year to make necessary systems changes.

B. Wycks advised that the FCAA has taken CAFII's views into account to a large degree in its development of the Regulations in support of the Insurance Act.

6.b. Regulatory Update

i. Nov. 8/17 Sask Finance Minister Letter Re PST On Insurance Premiums

Donna Harpauer, the new Saskatchewan Finance Minister, sent CAFII a letter confirming its commitment to the recent imposition of the 6% PST on insurance premiums and asking industry Associations, such as CAFII, to provide data on the impact of that decision on consumers, with just a one-week timeframe to provide the requested information. As there is currently little data available, it seems that the Minister's intent was to not generate any response from industry Associations.

The EOC agreed that CAFII should respond by stating that impacts on consumers will take time to reflect in data and reiterating CAFII's initial proposed timeline of providing data six months and twelve months after the introduction of the PST.

ACTION: Respond to the Donna Harpauer reiterating CAFII's proposed timeline of providing data on the impact on consumers of implementation of PST on insurance premiums six months thereafter and twelve months thereafter [B. Wycks; November 15/17].

ii. CAFII/Member Response(s) To Insurance Council of Manitoba Queries Re Offering And Administration Of 'Single Premium' Insurance Product

B. Wycks wrote to Barabara Palace Churchill, Executive Director of the Insurance Council of Manitoba (ICM), to seek clarification on the questions ICM is asking CAFII. Once the questions are clear, CAFII will decide whether to provide an integrated response as an Association or have members respond independently. K. Martin's written summary on the October 19/17 liaison visit with ICM is included in the meeting package for the purpose of discussing how CAFII should respond. For competitive reasons, and because the answer could differ company to company, it is likely CAFII will not offer a collective response.

6.c. Regulator and Policy-Maker Visit Plan

i. CAFII Stakeholder Meeting with CCIR, October 25/17

CAFII had a productive Stakeholder Meeting with CCIR on October 25/17. CAFII's participating representatives divided up issues to speak to, which generated good dialogue within the condensed 45 minutes available. This opportunity allowed CAFII to raise its profile with CCIR. CCIR noted that this year, as per every two years, its Stakeholder Meetings were reduced from two days to one, and therefore the number of industry Associations invited had been reduced down to 10 or 11; and CAFII made the cut.

ACTION: Send the summary from the Stakeholder Meeting that included CCIR's responses and what CCIR wants to know from CAFII [B. Wycks; November 30/17].

ii. Meeting With Insurance Councils of Saskatchewan & CLHIA, October 27/17

B. Wycks provided a summary on the three-party meeting between CAFII, the Insurance Councils of Saskatchewan (ICS), and CLHIA, to discuss the representation for restricted license holders in Saskatchewan. ICS is happy with the submissions CAFII and CLHIA have made historically, beginning with CAFII's submission in 2013. ICS is now ready to address them, but requests a joint updated submission that it can ultimately bring forward to two key stakeholders for review and approval: the Life Insurance Council and the Superintendent of Insurance. CAFII and CLHIA intend to provide Ron Fullan, Executive Director of ICS, with a joint submission in January 2018.

ACTION: Schedule a follow-up meeting with Erica Hiemstra and Sarah Hobbs from CLHIA for mid-December to discuss the joint submission to ICS [B. Wycks/K. Martin; November 24/17].

iii. FSCO 2017 Life and Health Insurance Market Conduct Symposium, November 6/17

The FSCO Life and Health Insurance Market Conduct Symposium was well organized with good content. On Friday, November 10/17, FSCO distributed to attendees only, on an embargoed basis, a slide deck highlighting the sessions. B. Wycks requested permission to share this with all CAFII Board and EOC members. There were two main takeaways from the symposium. First, FSCO is moving forward with a Questionnaire on incidental sales of insurance and a separate CEO Attestation insurance for bank-owned insurance companies. FSCO will offer a consultation on the Attestation to CAFII members alone, as the Attestation relates only to banks that offer incidental insurance, and a broader consultation on the Questionnaire, which relates to all offerers of incidental insurance, is to be held in late November/early December, 2017. CAFII will participate in both consultations.

Second, FSCO is moving forward with a Fair Treatment of Consumers Guideline and will be having a consultation on it with the industry. At the Symposium, CAFII raised the concern that this Guideline is not being drafted nationally.

It is unclear whether Anatol Monid passed on to Izabel Scovino or other FSCO staff the insights that J. Lewsen and M. Gill shared with him in the Summer of 2017. They informed him that the assumption that all banks manufacture products is not correct. CAFII will reiterate this to FSCO staff in the upcoming Questionnaire consultation.

iv. AMF 2017 Rendez-Vous, November 13/17

In a private conversation with AMF staff executives at this Rendez-Vous event, it was made clear that they had known about Bill 150 during the CAFII/AMF Liaison Luncheon and Industry Issues Dialogue in Levis on October 23/17; however, they were bound to secrecy not to mention it.

v. CAFII Liaison Lunch with CCIR Policy Managers, November 17/17

The liaison meeting with CCIR Policy Managers Martin Boyle and Tony Toy has been rescheduled to Friday, November 17/17, to be hosted in Assurant Solutions' Maple Leafs Boardroom.

vi. CISRO LLQP Information Session, December 6/17

CISRO will be holding an LLQP Stakeholder Information Session at the FSCO offices on the afternoon of December 6/17. K. Martin will be representing CAFII at that session.

7. Committee Updates

7.a. Market Conduct

No further update beyond those provided under the Regulatory section of the agenda.

7.b. Media Advocacy

i. CAFII Website Update: Soft/Hard Launch Dates and Media Release

No further update at this time.

ii. Media Strategy Op-Ed Responses for Review

No update at this time.

7.c. Licensing Efficiency issues

The Licensing Committee is looking forward to, and has budgeted for, potential licensing matters that could require legal expertise, specifically on the representation of restricted licensees in Saskatchewan, Alberta and Manitoba may follow suit on this. The BC Ministry of Finance has told CAFII that its Policy Paper will include a proposal to introduce an RIA regime, which would be another area where the committee may seek expert help in responding to the specifics of BC's proposal.

7.d. Research & Education

The Research & Education Committee has done preliminary work in anticipation of an increased focus on research in the 2018 Operating Budget and CAFII Strategic Plan. Work has gone into restructuring the committee to benefit more from the knowledge and strength of current and new committee members. New members will be meeting with CAFII's Co-Executive Directors individually to discuss past work and future goals. Regular meetings will be structured in 2018 to develop a list of potential topics and prepare recommendations for the EOC of where potential research could occur from 2018.

7.e. Travel Medical Experts (including Pollara Research)

The Travel Medical Insurance Working Group will proceed with a bit of additional spend on the refreshed Pollara research project -- to achieve a larger number of claimant respondents by going back 24 months for a claimant experience; and to increase the overall number of respondents by between 100 and 200 .

As the EOC previously agreed, CAFII will pay for the research in December, 2017 but will field the research in early 2018 to achieve 2018 data. Pollara is refining the final cost, which is expected to be approximately \$35K.

The time required for a respondent to complete the survey online is aimed to be no more than 17 minutes, which is one minute longer than the previous version of the survey. The draft survey (included in the meeting package) is nearly final, but is undergoing a final check.

A question arose regarding whether Pollara is planning to ensure that the survey is visually and graphically attractive to engage respondents.

ACTION: Request that Pollara provide the Travel Medical Insurance Working Group with the opportunity to review the visual presentation of the final survey [S. Manson; November 30/17].

8. In Camera Session

The Members of the EOC met in *camera* from 3:40 until 4:28 p.m.

9. Termination

With no further business, the CAFII EOC meeting was terminated at 4:31 p.m. EST.