

CAFII EOC Meeting Minutes
Tuesday, November 17, 2015
Location: RBC Insurance
155 Wellington St. W, 15th Flr [Rm 16], Toronto, ON

Present:	Rose Beckford	ScotiaLife Financial
	Charles Blaquiere	Canadian Premier Life Insurance Co.
	Derek Blake	RBC Insurance
	Isabelle Choquette	Desjardins Financial Security Life Assurance (<i>by teleconference</i>)
	Greg Grant	CIBC Insurance, <i>Chair</i>
	John Lewsen	BMO Insurance (<i>by teleconference</i>)
	Sue Manson	CIBC Insurance
	Jamie Paradis	BMO Insurance
	Diane Quigley	The CUMIS Group (<i>by teleconference</i>)
	Raja Rajaram	CIBC Insurance (<i>for part by teleconference</i>)
	Maria Sanchez-Chung	TD Insurance
Regrets:	Carol Allen	Assurant Solutions
	Eleanore Fang	TD Insurance
	Moira Gill	TD Insurance
	Jodi Skeates	The CUMIS Group
	Ana Vu	BMO Insurance
Also Present:	Yemi Adedaja	T•O Corporate Services
	Miki Haldane	T•O Corporate Services, <i>Recording Secretary</i> (<i>by teleconference</i>)
	Brendan Wycks	CAFII Executive Director

1. Call to Order

The meeting was called to order at 2:05 pm. G. Grant acted as Chair and M. Haldane acted as Recording Secretary.

2. Approval of Agenda and Previous Minutes

a. Approval of Agenda

Members were advised that Item 6c (i). CCIR Annual Statement on Market Conduct will be a discussion rather than an update, and the agenda was approved as amended.

b. Approval of EOC Minutes of October 27, 2015

The minutes were approved with the following amendments:

- Research & Education Committee (pg 4), paragraph 1, sentence 4 to read "The CLHIA is taking a phased approach to the industry *response*..."

c. Summary of Board and EOC Action Items

- Item #6: Alberta Insurance Council. Rose advised that CLHIA is monitoring the situation with respect to Alberta's review of the types of insurance that may be sold under a Restricted

Insurance Agent licence, and will be writing to the Insurance Council to stress the industry's view that critical illness insurance has always been a part of credit-related insurance that is permitted to be offered under a restricted certificate.

- Ontario Review of FSCO Mandate. On the last page of the Expert Panel's recently released Preliminary Position Paper, a message to stakeholders discourages requests for further meetings with the Panel and encourages everyone to ensure that their full feedback is captured in writing. It was agreed that CAFII should make a response submission to the Preliminary Position Paper but not pursue a further meeting with the Panel at this time.
- Item #3: CCIR is expected to release its Framework for Co-operative Market Conduct Supervision in Canada later this week or early next week, for the industry's information.
- Item #4: CCIR Travel Insurance Review. The travel health insurance reform proposals developed by CLHIA's working group have been approved by a CLHIA standing committee, and will advance to the CLHIA Board next week. CLHIA is continuing to work with THiA and expects to be able to take its reform proposals forward to CCIR sometime in early 2016.

3. Strategy and Governance

a. Balanced Scorecard

Updates will be provided during the discussion in today's related agenda items.

4. CAFII Financial Management

a. Financial Statements as at October 31, 2015

Treasurer Raja Rajaram reported that CAFII has a healthy bank balance of \$365K. Liabilities are modest at \$73K, unrestricted net assets are \$365K and our reserves are 81% of annual operating expenses. Membership dues are fine, with one Associate's dues still outstanding. Total expenses are \$295K with a net surplus of \$58K, putting us at 66% of our budget.

b. Draft 2016 Operating Budget

The goal of the 2016 budget is to manage our reserves down to 50% of annual operating expenses, as seen at the bottom of the page. This was also our goal last year; however, we didn't spend as much on the media front as planned. That said, plans are already coming together for several media committee initiatives in 2016 and we expect to be closer to the 50% target next year. The three major areas of spending will be media outreach, research studies and the website.

5. Regulatory Relations and Advocacy

a. CAFII Consultations/Submissions Timetable 2015-16

i. BC Ministry of Finance and FICOM Meetings

A CAFII delegation made up of Peter McCarthy, Kelly Tryon, Greg and Brendan had two productive meetings with Ministry of Finance officials on November 10 in Vancouver, around the 10-year review of the province's Financial Institutions Act. Members complimented BC on their approach to electronic commerce and emphasized the mantra that "there is enough room for

everyone in the market”, reiterating the messaging around life insurance ownership in Canada being at an all-time low.

For the meeting with Dan Ashton, MLA and Parliamentary Secretary for Finance, and Elizabeth Cole, Ministry staff leader of the FIA review, the discussion focused primarily on our submission and our disappointment with the Insurance Council’s proposals, including a cap on the amount of CGI that can be sold under the current licensing exemptions. Interestingly, on the matter of consumer complaints, the Parliamentary Secretary had taken particular note of the Council’s indication that it had not received any complaints about CGI.

They were also interested in our views on the possibility of BC implementing an RIA regime. We responded that while our Association is not advocating for an RIA regime, we would not be opposed to that model being introduced in BC so long as it is harmonized with the existing RIA/ISI regimes in Alberta, Saskatchewan, and Manitoba.

Action:

- Send thank-you letters to Dan Ashton, Parliamentary Secretary for Finance and Ministry staff officials re-CAFII meetings on Nov.10/15 *[Brendan; Nov 30/15]*
- Follow-up information to be provided as requested by Brian Dillon including the three standard questions that typically appear on an application for creditor’s group life insurance; statistics on CGI claims made and claims paid; and information on CAFII’s proposal to Ron Fullan, Executive Director of the Insurance Councils of Saskatchewan, for a Restricted Insurance Agents Advisory Committee. *[Brendan; tba]*
- Provide BC officials with the data from CAFII’s consumer survey on travel insurance. *[Sue, Brendan; tba]*

While in Vancouver, the CAFII delegation also met with Frank Chong, Chris Carter and Molly Burns of BC’s FICOM for a discussion about CAFII questions and concerns related to the Information Bulletin on CGI that was released in mid-September. The discussion focused primarily on the dilemma that Financial Institutions face when they provide new credit financing, e.g. a new mortgage, and may not be aware of whether the client had existing creditor insurance, however they did not seem to fully grasp this issue. Regarding car dealers, the regulators acknowledged that they are the creditor for a “moment in time” when a vehicle is sold. In this meeting, CAFII benefited greatly from the attendance of Kelly Tryon as BC looks very favourably upon credit unions.

Referencing Action Items #8 and #10 in the Summary of Board and EOC Action Items, Brendan noted that CAFII had achieved some of the objectives of an education campaign through the verbal information-sharing with BC officials that had occurred in the two November 10 meetings.

Action: CAFII to draft a follow-up letter to FICOM on two key points regarding FIs inheriting CGI business and automobile dealers being the creditor for a moment in time. *[Diane, Jodi, Brendan; Greg; tba]*

ii. BC “Effecting” of CGI Issue

As discussed under 5(a)(i) above.

iii. Position Paper on FSCO Mandate

Members discussed a passage in the Expert Panel’s Preliminary Position Paper that states that there should be common and consistent standards for all intermediaries of a similar nature, and whether this could suggest that bank employees who enrol consumers in CGI should be licensed? The Panel appears to be recommending a one-size-fits-all approach.

Action: EOC Members to provide their comments on the Position Paper to Brendan by November 23, who will then draft a submission for review and approval. Deadline for submissions is December 14, 2015.

iv. CCIR Review of Travel Health Insurance

CAFI continues to collaborate with CLHIA; however, their progress has been slow -- making it difficult to coordinate the release to CCIR of their reform proposals with that of the CAFI survey results presentation, which has been available for some time. At this time, CLHIA is aware of the CAFI research – as area growing number of regulators -- and it is likely that CAFI will present its survey results first.

b. Regulatory Update

Brendan provided brief highlights of the Regulatory Update for members. No additional discussion occurred.

c. Regulator and Policy-Maker Visit Plan

Meetings with FSCO and Carol Shevlin are next on the list. In addition, to balance the strong and frequent lobbying efforts of the broker community, members discussed a potential meeting with Quebec Ministry of Finance with respect to the recommendations in the report on the Distribution Act that are favourable towards distribution without a representative.

Action: A recommendation for lobbying Quebec Ministry of Finance officials to be drafted for consideration. *[Brendan; tba]*

6. EOC Committees Updates

a. Research & Education

The Research and Education Committee is still working on finalizing the Value Proposition research by Towers Watson and Travel Insurance working group continues its work on the definition and languages within the travel policies. Sue has reached out to Patrick Dery regarding a presentation of the consumer research on travel insurance and will provide an update to the board if she has received a response.

b. Media Advocacy

Charles, Brendan and Greg are still meeting with potential consultants to assess how we will work with them, with the goal of updating CAFI’s communications plan. Once the strategy and plan are approved, there will be a lot of activity for this committee next year.

c. Market Conduct Committee

i. CCIR Annual Statement on Market Conduct

With respect to the draft Harmonized Annual Statement on Market Conduct, the two concerns identified were the volume of information being requested and self-evaluative privilege. Members queried why privacy as well as design and marketing of products were included in the scope of the Annual Statement, and concerns were raised regarding duplication of existing complaints data.

Action: CAFII submission on CCIR's Annual Statement to be drafted based on today's discussion, and Brendan to reach out to Frank Zinatelli to ensure our views are aligned with CLHIA's. Deadline: November 28, 2015 (extended by CCIR to December 4). *[Brendan; asap]*

d. Licensing Committee

A meeting of this committee has been scheduled for early December to finalize our comments on the Terms of Reference for a Restricted Insurance Agents Advisory Committee in Saskatchewan.

e. Events and Networking Committee

Annual Members Luncheon and Speaker Forum

Maria continues to pursue a CCIR panel led by Laurie Balfour, which Brendan will enquire about the meeting with Carol Shevlin. Alternative speakers were discussed, including Alison Salka of LIMRA on innovations in insurance. It was determined that Alison should be tentatively invited to speak, in the event the CCIR panel cannot be arranged.

Action: Alison Salka, LIMRA to be tentatively booked as a speaker for CAFII's next Annual Members Luncheon and Speaker Forum in early 2016. *[Sue; asap]*

Spring Board Meeting

The CUMIS Group is hosting the April 2016 Board meeting and wished to propose hosting it at the Glen Abbey Golf Course in Oakville. It was confirmed that a downtown Toronto location was preferred for CAFII meetings and receptions, as the majority of our attendees find this location more accessible.

7. Termination

There being no further business, the meeting was terminated at 4:00 p.m.

Date

Chair

Recording Secretary