

CAFII EOC Meeting Minutes
Tuesday, April 25, 2017
Location: 33 Yonge Street, 7th Floor NW,
[Norway Room], Toronto, ON

DRAFT

EOC Present:	Jason Beauchamp	BMO Insurance <i>(by teleconference)</i>
	Rose Beckford	Scotiabank Financial
	Rob Dobbins	Assurant Solutions <i>(for part)</i>
	Eleanore Fang	TD Insurance <i>Chair</i>
	Katherine Geisler	CIBC Insurance
	Moira Gill	TD Insurance <i>(for part)</i>
	John Lewsen	BMO Insurance
	Charles MacLean	RBC Insurance <i>(by teleconference, for part)</i>
	Sue Manson	CIBC Insurance <i>(for part)</i>
	Diane Quigley	The CUMIS Group <i>(by teleconference)</i>
	Raja Rajaram	CIBC Insurance <i>Treasurer (by teleconference, for part)</i>
	Andrea Stuska	TD Insurance
Also, Present:	Emily Cloutier	T•O Corporate Services <i>Recording Secretary</i>
	Keith Martin	CAFII <i>Co-Executive Director</i>
	Brendan Wycks	CAFII <i>Co-Executive Director</i>
Regrets:	Isabelle Choquette	Desjardins Financial Security Life Assurance
	Charles Blaquiére	Canadian Premier Life Insurance Company
	Jerome Savard	Desjardins Financial Security Life Assurance

1. Call to Order

The meeting was called to order at 2:10 p.m. E. Fang acted as Chair; E. Cloutier acted as Recording Secretary.

2. Approval of Agenda and Previous Minutes

a. Agenda

The agenda for this April 25, 2017 Executive Operations Committee meeting was approved with the following amendment: addition of item 7(b) *FSCO Invitation Re Life Insurance Industry Working Group*.

b. EOC Minutes of March 21/17

B. Wycks advised that the draft minutes of the March 21/17 EOC meeting had not yet been finalized due to late delivery of the initial draft of those minutes for review. The March 21/17 EOC minutes would therefore be added to the agenda for the May 23/17 EOC meeting, for review and approval.

c. Board Minutes of April 5/17

B. Wycks advised that the draft minutes of the April 5/17 Board of Directors meeting had not yet been finalized due to late delivery of the initial draft of those minutes for review. The April 5/17 Board minutes would therefore be added to the agenda for the May 23/17 EOC meeting, for review and approval.

d. Summary of Board and EOC Action Items

B. Wycks provided an update on the Summary of Board and EOC Action Items, briefly commenting on the following items that had been completed since the March 21/17 EOC meeting and the April 5/17 Board meeting:

- #3: Revisions were made to the CAFII letter to Saskatchewan Finance Minister, based on the Board's direction, to focus solely on the aspect that imposing a PST on all insurance premiums is ill-advised public policy. All references to a deadline extension request were removed. The revised letter was circulated to EOC members for review and feedback, and then submitted to the Minister.
- #4: Through Board Chair P. McCarthy, Board and EOC members were informed of Advocis' position on Saskatchewan's imposition of the PST on all insurance premiums, and its related communication plans. A link to Advocis' letter to Minister of Finance Kevin Doherty was provided.
- #7: The afternoon of Tuesday, June 20/17 has been identified as the best date and time for a CAFII Strategic Planning Session. The session will take place back-to-back with an abbreviated EOC meeting.
- #9: On April 5/17, the Board approved a revision to the CAFII Media Protocol document and provided further direction to K. Martin. He will now prepare an additional document outlining a proactive media strategy. That document will be tabled for review and approval with the EOC at its May 23/17 meeting, and subsequent presentation to the Board at its June 6/17 meeting.
- #14: The invitation to CAFII to make a presentation to CISRO at its June 1-2/17 meeting in Saskatoon was discussed at the April 5/17 Board meeting, with the Board approving proceeding with the presentation.
- #15: C. Blaquiere has identified a new contact at Sigma Loyalty Group, which recently acquired Aimia. That contact is being contacted regarding the company's continuation as a CAFII Associate as a successor to Aimia.
- #16: The CAFII 20th Anniversary Celebration on April 5/17 was well-attended by regulators and policy-makers. A document was prepared and circulated to Board and EOC members in advance, assigning them roles as hosts for specific regulators and policy-makers who had confirmed their attendance. As well, E. Cloutier had circulated a list of each member FI's confirmed attendees to the relevant EOC member for review.

3. CAFII Financial Management

a. CAFII Financial Statements as at March 31/17

Treasurer R. Rajaram reported on CAFII's financial statements as at March 31/17. With regard to the Balance Sheet, he reported that the Association currently has Total Assets of \$572K and a bank balance of \$418K, which will be used to fund operations for the final three-quarters of the year. Total Unrestricted Net Assets at this time are \$371K which means CAFII's Financial Reserves are currently at 49% of Annual Operating Expenses.

With respect to the Statement of Operations, expenses have been incurred at the expected pace over the first quarter; and things appear to be on track towards the budgeted deficit of \$193K for the 2017 fiscal year, Mr. Rajaram indicated.

The first semi-annual instalment of Membership Dues has been received from nine of the 11 Members thus far; and the annual Associate dues have been received from all but two Associates, Mr. Rajaram concluded.

E. Cloutier advised that, as requested by C. Knight during the April 5/17 Board meeting, TO Corporate Services Controller S. Ghebru was working on replacing the 3rd column on the Statement of Operations -- which currently details the approved Budget for the full fiscal year -- with a new column detailing the Budget YTD proportional allocation.

M. Gill requested that, in making that change, the data in the Budget YTD column be expressed as a percentage rather than as an absolute value. There was general EOC support for this request.

ACTION: Revise the Statement of Operations in CAFII's monthly Financial Statements to detail the Budget YTD as a percentage. [S. Ghebru, May 15/17]

b. CAFII Treasurer Succession

B. Wycks reported that ScotiaLife Financial had proposed a nominee for Treasurer to succeed R. Rajaram.

T. Pergola will be added to the slate for election as CAFII's new Treasurer at the June 6/17 Annual Meeting of Members. An Orientation and Get Acquainted Meeting with T. Pergola will be held on May 15/17, hosted by R. Rajaram.

B. Wycks thanked R. Rajaram for four years of outstanding service as CAFII Treasurer.

4. Strategy & Governance

a. Strategic Planning Session

K. Martin advised that he and B. Wycks will be meeting with E. Fang on May 8/17 to review a CAFII Strategic Plan Development Background document. That document will subsequently be provided to the full EOC well in advance of the June 20/17 Strategic Planning Session, which will enable EOC members to provide their views concerning overall direction, prioritization, and resourcing. The recommendations agreed to at the June 20/17 Strategic Planning Session will then be shared with Board Chair P. McCarthy for discussion and feedback, prior to presentation to the entire Board at its October 3/17 meeting.

ACTION: Follow-up with S. Manson's assistant at CIBC Insurance to inquire as to whether a larger room can be secured for the entire time of the EOC meeting and the CAFII Strategic Planning Session on June 20/17. [E. Cloutier, April 28/17]

5. Regulatory Update

a. Consultations/Submissions Timetable

i. Quebec Omnibus Bill on Financial Sector Modernization

B. Wycks advised that during the CAFII 20th Anniversary Celebration on April 5/17, E. Stevenson of the AMF shared with him the personal view that he was not optimistic that the province's Ministry of Finance will meet its recently expressed commitment to table the long-awaited Omnibus Bill to modernize the province's financial services sector by no later than June 16/17, the last date of the current session of the National Assembly.

ii. Saskatchewan Insurance Regulations Consultation

B. Wycks reported that there was no news to report on this matter since the April 5/17 Board meeting. He will continue to monitor the situation and provide updates when any new developments occur.

iii. Draft FSCO 2017 Statement of Priorities

B. Wycks reported that the deadline for submissions in response to FSCO's Draft 2017 Statement of Priorities is May 26/17; and the Market Conduct Committee has developed a Critical Path for making a submission to meet that deadline. While the Draft Statement says that FSCO will continue to focus on seven core activities and initiatives, it also calls out two areas for special focus in 2017: treating consumers fairly; and enabling innovation.

iii. BC FICOM 10-Year Review Act

B. Wycks advised that in an update phone conversation on April 20/17, E. Cole, Executive Director, Strategic Projects & Policy in the BC Ministry of Finance's Policy & Legislation Division and lead on its current 10-Year Review of the Financial Institutions Act and Credit Union Incorporation Act, had advised that the Ministry is now targeting a summer 2017 release, likely in July or August, of its Policy Paper.

Ms. Cole had indicated that regardless of whether the current government is re-elected or a new government takes office, the first priority is likely to be the development and tabling of a provincial budget; and, if everything goes according to plan, the Ministry of Finance will likely be in a position to release the Policy Paper not long after the budget.

M. Gill recalled that CAFII had made its submission in response to the BC Ministry of Finance's Initial Public Consultation Paper on the 10-Year Review of the FIA back in September 2015; and it had submitted some additional information documents to E. Cole in March 2016.

Given that CAFII's last official submission contact with the BC Ministry of Finance was over a year ago, it was suggested and agreed that CAFII should revisit its September 2015 submission and see if it should be updated in any way and a resulting mini-submission made to E. Cole.

ACTION: Review CAFII's September 2015 submission in response to BC's Initial Public Consultation Paper on its 10-Year Review of the FIA/CUIA, and recommend whether an updated submission should be made to E. Cole to reflect any changes in CAFII's views, issues, or priorities since that time. [B. Wycks, May 23/17]

b. Regulatory Update

i. April 24/17 CAFII Liaison Meeting with CCIR Policy Managers

B. Wycks updated EOC members on insights gained with respect to CCIR life and health insurance-related initiatives through a liaison lunch meeting with CCIR Policy Managers M. Boyle and S. Jacobs the previous day. The updates provided arose largely from CCIR's Spring Meeting held April 6-7/17 in Toronto, he indicated.

With respect to CCIR's Memorandum of Understanding for its Framework for Co-operative Market Conduct Supervision, the Northwest Territories is now a signatory to the MOU and Newfoundland is in the late stages of its review and approval process and should be signing on in the very near future. That will leave only the Yukon as a non-signatory among the 13 provincial/regional jurisdictions in the country; and it is currently going through some staff changes in terms of its insurance supervision roles. Jonathan Parker is the new Interim Superintendent of Insurance for the Yukon.

A penultimate draft of CCIR's new 2017-2020 Strategic Plan was approved during the Council's April 6-7/17 meeting. The target release date for the new Plan is early June.

M. Boyle and S. Jacobs offered to meet with CAFII after the new Strategic Plan's release to provide elaboration and clarification, and answer any questions. In discussion, it was agreed that that meeting should take place after June 22/17 – the date of CCIR's summer teleconference meeting – as deferring until then would allow for a wider range of updates to be provided.

CCIR will be continuing its Annual Stakeholder Meetings, but will revert to an October or November timing for them rather than the January and December timing that was used most recently.

The following CCIR Executive Committee re-appointments were made for a two-year term: Patrick Dery; Chair; Brian Mills, Vice-Chair; Robert Bradley, Vice-Chair; and Scott Moore has been added as a third Vice-Chair.

ii. CCIR Annual Statement on Market Conduct

On April 24/17, M. Boyle advised CAFII that CCIR plans to share an aggregated result report from the first year of the Annual Statement on Market Conduct with participating insurers and industry Associations.

J. Beauchamp advised that at the CAFII 20th Anniversary event on April 5/17, he learned that there would only be grammatical changes made to the Annual Statement for its Year 2. Informal consultations on those changes would be conducted during this summer of 2017.

J. Lewsen added that CCIR has also committed to a more fulsome review of the Annual Statement for its Year 3.

iii. CCIR Travel Health Insurance Review

On April 24/17, S. Jacobs advised CAFII that at its April 6-7/17 Spring meeting, CCIR approved the latest draft of the Travel Insurance Working Group's (TIWG) Travel Health Insurance Products Position Paper. The target date for its release is mid- to late May, following translation.

In addition, H. James, Chair of the TIWG, and S. Jacobs will be holding teleconference meetings with industry stakeholders in early May to discuss its communications plan for the release of the Position Paper – which includes putting out a Media Release – with a view to facilitating joint preparedness for the Paper's release.

iv. Alberta Authorization of CI Sales Under an RIA Certificate

B. Wycks advised that in an April 20/17 update teleconference with CLHIA's E. Hiemstra and S. Hobbs, who works with Ms. Hiemstra in supporting CLHIA's CGI and Alternate Distribution Committees, he and K. Martin had received an update on CLHIA's recent discussions with the Alberta Insurance Council's management team about the package of CGI-related definitions –i.e. those products which may be offered as "credit-related insurance" under a Restricted Certificate of Authority -- which the AIC proposes to publish on its consumer-facing website.

The package of definitions in question was set out on page 2 of AIC CEO J. Abram's December 22/16 letter to industry stakeholders, which communicated the Life Insurance Council's decision to approve a definition of critical illness insurance which may be offered as credit-related insurance under an RIA Certificate.

Ms. Hiemstra advised that CLHIA does not have any particular issue with the LIC-approved definition of credit-related critical illness insurance, which is fairly close to the wording which CLHIA had provided to the AIC in October 2016. However, CLHIA did discern potential problems arising from the definitions, as drafted, for credit-related life insurance, disability insurance, and job loss insurance; and it had therefore communicated its concerns to the AIC in early 2017.

In more recent discussions with AIC CEO J. Abram, CLHIA learned that the credit-related insurance definitions, other than CI, have existed and been used for internal reference purposes within the AIC for a number of years; and the Life Council wanted to integrate the new CI definition with them into a comprehensive package that could be shared publicly.

CLHIA observed, and J. Abram agreed, that what has changed at present is AIC's plan to take what were long-standing but internal reference definitions – which have been working well for Council members over the years, as they are “industry insiders” who understand the nuances of such definitions -- and now make them public on the AIC's website.

Therefore, CLHIA stressed its concern to the AIC that the long-standing internal definitions, if shared publicly, could cause misunderstanding and confusion among consumers. CLHIA recommended that the definitions be reviewed and amended before any public communication occurs; and it has facilitated that by submitting a document titled “Industry Feedback on December 2016 Creditor's Group Insurance Definitions” which sets out CLHIA's suggestions for edits/amendments; and what concerns those edits/amendments are intended to address.

Based on CLHIA's most recent discussion with Joanne Abram, Ms. Hiemstra advised that the AIC would soon be reaching out to CAFII to obtain its views on CLHIA's concerns about the AIC's credit-related insurance definitions; and with respect to the amended language that CLHIA had proposed. That discussion with Ms. Abram was likely to occur on May 4/17, as CAFII had a liaison lunch arranged with her during the CLHIA Conference in London, Ontario, Mr. Wycks observed.

Ms. Hiemstra suggested to B. Wycks and K. Martin that the interests of all CGI insurers and distributors in Alberta would be best served if there was a common view on the issue of the AIC's definitions; and she asked for CAFII's support of what CLHIA had submitted to the AIC, when Joanne Abram reaches out to CAFII for its views on the matter.

In EOC discussion of this matter, caution was expressed that before reaching a decision, CAFII should assess CLHIA's feedback on the AIC's definitions from the perspective of distributors. It was recommended that each EOC member reach out to their internal legal counsel for an opinion on CLHIA's views on the definitions which the AIC was proposing to make publicly available.

ACTION: Send the CLHIA document titled “Industry Feedback on December 2016 Creditor's Group Insurance Definitions” to all EOC members, along with background context information and a request that they consult with internal legal counsel and provide their member company's views on CLHIA's concerns about and proposals for amendments to the AIC definitions by May 3/17. [B. Wycks, April 27/17]

v. CAFII Letter of Concern to Saskatchewan Finance Minister

B. Wycks advised that on April 21/17, he and K. Martin had participated, along with CAFII Board Chair P. McCarthy, in a teleconference with CLHIA staff executives S. Frank (President-Elect of CLHIA) and Joeline Simpson. The call had resulted from Mr. McCarthy's communication to CLHIA of CAFII's disappointment that it had "given up on" group insurance; and sacrificed it in the Association's follow-up advocacy efforts with Saskatchewan Finance Minister Kevin Doherty and his officials aimed at persuading the Ministry to amend the recent budget decision to impose a 6% PST on nearly all types of insurance premiums.

In the call, Mr. Frank explained that CHLIA has found that because the Saskatchewan government is desperate for revenue, it is unwilling to make a substantive change to its imposition of the PST on insurance premiums. However, that said, the argument that CLHIA has put forward that taxing individual retail insurance premiums is akin to taxing a savings element, e.g. GIC or savings account, has resonated with Ministry officials to a limited degree, such that the Minister has agreed to meet with CLHIA representatives on May 4/17 to discuss that matter further.

Mr. Frank indicated that CLHIA decided to hone in on what they saw as the one small winnable argument on which they might be able to gain some traction with the Saskatchewan Ministry of Finance, by asking that individual retail insurance premiums be removed from the recently broadened PST base.

As the cordial teleconference discussion concluded, Mr. Frank said that CHLIA would try to find a way to factor CAFII's concerns about the imposition of the PST on group insurance premiums, including creditor's group insurance, into its discussions with Saskatchewan about the PST issue, but he was unable to make any specific promises.

c. Regulator and Policy-Maker Visit Plan

B. Wycks highlighted recent updates to the Regulator and Policy-Maker Visit Plan, noting that he and K. Martin were working on proposals for a Western Canada Regulator and Policy-Makers Visit Tour and an Atlantic Canada Regulator and Policy-Makers Visit Tour in separate weeks in the Fall of 2017. Those proposals would be brought forward for review and feedback at the May 23/17 EOC meeting, he indicated.

ACTION: Prepare and present proposals for a Western Canada Regulator and Policy-Makers Visit Tour and an Atlantic Canada Regulator and Policy-Makers Visit Tour in the Fall of 2017
[B. Wycks/K. Martin, May 23/17]

i. CAFII Liaison Meetings with Regulators at CLHIA Conference, May 3-5/17

B. Wycks advised that he would shortly be disseminating invitations for CAFII liaison meetings, at the upcoming CLHIA Conference in London, Ontario, with the following regulators: J. Abram, CEO of the Alberta Insurance Council; G. Matier, Executive Director of the Insurance Council of BC; and Barbara Palace Churchill, the new Executive Director of the Insurance Council of Manitoba.

ACTION: Send out Meeting Invitations for liaison meetings with J. Abram, G. Matier, and B. Palace Churchill in London, along with an Agenda and Discussion Guide for each meeting.
[Brendan, April 28/17]

In addition, Mr. Wycks continued, K. Martin would be seeking to have an update chat with the following regulators who will be speaking in London on May 3/17, the first day of the CLHIA Conference: B. Mills, CEO of FSCO and Vice-Chair of CCIR; H. James, Director, Policy Initiatives with BC FICOM and Chair of CCIR's Travel Insurance Working Group; Anatol Monid, Executive Director, Licensing and Market Conduct Division at FSCO; Nathalie Sirois, the AMF's Senior Director, Supervision of Insurers and Control of Right to Practice; and Julien Reid, the AMF's Senior Director, Financial Institutions Oversight and Deposit Insurance.

ii. CAFII Presentation to CISRO, June 2/17

In EOC discussion of what content should be included in CAFII's half-hour presentation to CISRO on June 2/17 during its meeting in Saskatoon, there was general support for the following content outline:

Proposed Title: CAFII: Past, Present, and Future

- Brief History of CAFII
- Who We Are/About CAFII
- Our Value Proposition: For Members; and for Regulators and Policy-Makers
- Our Current Regulatory Issues/Hot Buttons and Initiatives, including, in particular,
 - high level results of Towers Watson research study on consumer value proposition of CGI mortgage life insurance versus individual life insurance;
 - work of Travel Medical Experts Working Group;
- Website modernization, with a consumer education and making insurance simple and accessible focus;
- Strategic Plan development initiative;
- Open offer to collaborate with CISRO on harmonization initiatives and other issues of multi-jurisdictional interest
- Q&A/Dialogue

ACTION: Prepare an initial draft of content for June 2/17 presentation to CISRO [Working group of K. Martin, B. Wycks, D. Quigley, and S. Manson, May 23/17]

6. Committee Updates

a. Market Conduct

R. Beckford advised that there was nothing further from her committee to report at this time.

b. Media Advocacy

In C. Blaquiere's absence, K. Martin provided an update on the CAFII website modernization initiative, noting that the current plan and timelines featured a June 5/17 target date for a "soft launch" of the new website.

In EOC discussion, it was unanimously agreed that it would be best to wait until the website content is available in both official languages before launching the new website to the general public. Therefore, the soft launch will be internal-only, with French translation only initiated after there is support for the content of the new website in English. The public launch is slated for the Fall of 2017.

ii. Board Direction on CAFII Media Engagement and Media Response Protocol

K. Martin noted that at the April 5/17 CAFII Board meeting, the Board was in favour of a tightened-up CAFII Media Protocol process and a reduced number of people involved in the approval process in the future. Therefore, he will be bringing a revised, proactive Media Protocol forward at the May 23/17 EOC meeting, for review and feedback, prior to taking it forward to the June 6/17 Board meeting.

c. Licensing Efficiency Issues

On behalf of M. Gill, K. Martin reported that the Licensing Efficiency Issues Committee had had a productive meeting earlier that afternoon, and determined its priorities for the year ahead.

7. Other Business

a. Debrief on April 5/17 CAFII 20th Anniversary Celebration

B. Wycks advised that the level of regulator and policy-maker attendance at the CAFII 20th Anniversary Celebration was on a par with their attendance at the Association's 15th Anniversary event in April 2013. Feedback on the event received from regulators and from Member and Associate representatives has been very positive.

However, the fact that it was difficult for attendees to hear the remarks offered by CAFII Board Chair P. McCarthy and by founding Board member O. Zimmerman – given that Ripley's Aquarium does not allow sound amplification of any kind; and the Dangerous Lagoon area does experience "white noise" in the background from the Shark Tank – was a deficiency and a disappointment with respect to the venue, which the Association will have to take precautions to avoid in future venue selections.

b. FSCO Invitation Re: Life Insurance Industry Working Group

B. Wycks advised that on April 21/17, he received an email invitation from Heather Driver, Director of the Licensing Branch in FSCO's Licensing and Market Conduct Division, for CAFII to appoint up to two individuals to sit on its newly established Life Insurance Industry Working Group (LII Working Group). The LII Working Group, which will be chaired by Heather Driver, will include participants from FSCO, the Ministry of Finance, and the following life insurance industry Associations: Advocis; Independent Financial Brokers (IFB); Canadian Association of independent Life Brokerage Agencies (CAILBA); Canadian Life and Health Insurance Association (CLHIA); and Canadian Association of Financial Institutions in Insurance (CAFII).

The purpose of the LII Working Group is to provide a forum to discuss operational policy issues and regulatory matters pertaining to the life insurance industry.

Discussions at this forum are intended to be open and candid so no minutes will be taken at the meetings. Although discussions are not intended to be confidential there may be occasions upon which members are privy to confidential materials and may be asked to sign non-disclosure agreements. A two-hour inaugural meeting of the FII Working Group will be held during the last week of May 2017. A Terms of Reference will be shared at that meeting.

In EOC discussion of this matter, it was agreed that CAFII should accept FSCO's invitation to participate in the LII Working Group; and that K. Martin should be one of the Association's two appointees along with one member of the Licensing Efficiency Issues Committee.

ACTION: Communicate back to H. Driver, FSCO, that CAFII accepts the invitation to have two representatives participate on the Life Insurance Industry Working Group. [B. Wycks, April 28/17]

ACTION: Consult with M. Gill, LEIC Chair, on who should be CAFII's second appointee to FSCO's Life Insurance Industry Working Group [B. Wycks, K. Martin, May 12/17]

8. Termination

The open section of this EOC meeting terminated at 4:10 p.m., and was followed by an in-camera session of EOC members not including Co-Executive Directors B. Wycks and K. Martin; and E. Cloutier of T.O Corp.

9. In-Camera Session

The members of the EOC met *in-camera* from 4:13 p.m. until approximately 4:40 p.m.

Date

Chair

Recording Secretary