

CAFII EOC Meeting Minutes
Tuesday, November 15, 2016
Location: TD Insurance
320 Front Street, 2nd floor, Jasper Room,
Toronto, ON

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

1. Call to Order

The meeting was called to order at 2:07 pm. J. Lewsen acted as Chair in E. Fang's absence; E. Cloutier acted as Recording Secretary.

2. Approval of Agenda and Previous Minutes

a. Agenda

The agenda for this November 15, 2016 Executive Operations Committee meeting was approved as circulated.

b. EOC Minutes of October 25, 2016

The Executive Operations Committee meeting minutes of October 25, 2016 were approved subject to the following minor amendment: in item 5c on page 6, "Alberta Insurance Council" should be changed to "Alberta Superintendent of Insurance."

c. Summary of Board and EOC Action Items

B. Wycks provided updates on the following items, as detailed in the circulated Summary of Board and EOC Action items:

- #3, #4, #5: J. McCutcheon's draft a legal opinion on the auto dealers are creditors for a moment-in-time issue has been provided as part of the materials for this meeting, and would be reviewed, in conjunction with the related "Effecting of CGI" in BC issue under agenda item 5.a.1.

- #8: B. Wycks will be sending a follow-up note to J. Seibel of the FCAA and CAFII's concern about the insufficient and compressed time being allowed for submissions on the draft Regulations and for preparing for and adapting to the new Insurance Act and related Regulations.

3. Strategy and Governance

a. Balanced Scorecard

B. Wycks reported the following updates since the Balanced Scorecard was last presented at the September 2016 EOC meeting:

- **BC FICOM's 'effecting' of creditor's group insurance issue:** CAFII's review/discussion is underway to decide how to utilize, if at all, the legal opinion obtained on the auto dealers are creditors for a moment-in-time issue. At this time, FICOM is expecting CAFII to provide further information in support of the auto dealers are creditors for a "moment-in-time" argument.
- **Quebec Omnibus Bill:** CAFII has signed a letter of engagement with specialized legal counsel, S. Bourdeau of Fasken Martineau, to be optimally prepared to make an authoritative submission on this matter. Recommendation made and approved. We are waiting the Ministry of Finance's release of an omnibus Bill on modernizing Quebec's financial services sector.
- **CCIR Annual Statement on Market Conduct:** We are waiting CCIR's release of an implementation-ready, final draft of the Annual Statement due sometime in December 2016.
- **CCIR Review of Travel Health Insurance:** We are awaiting CCIR's probable release of a Position Paper on Travel Health Insurance products, due sometime in Q2 of 2017.

4. CAFII Financial Management

a. Financial Statements as at October 31, 2016

R. Rajaram reported on the Association's financial statements as at October 31, 2016. The total unrestricted net assets currently stood at just under \$410K, and reserves of that amount constituted 81% of annual operating expenses.

With respect to the Statement of Operations, R. Rajaram noted that the Association's net income was just under \$51K with 10 months of the year completed as at October 31.

B. Wycks commented that in October, a small current month deficit was sustained. Current month deficits were also expected to be incurred in the final two months of the fiscal year, such that the projection for the full 2016 fiscal year was a more modest surplus of just over \$33K.

b. Draft 2017 CAFII Operating Budget

R. Rajaram presented the Draft 2017 CAFII Operating Budget to the EOC, noting that several alternatives had been provided due to the realization that the Board-approved plan to hire a new, full-time Co-Executive Director was not financially sustainable after the first year without a substantial member dues increase. Therefore, the following options were presented in the budget file:

- two Co-Executive Directors, with no member dues increase in 2017;
- two Co-Executive Directors, with a 20% member dues increase in 2017;
- existing Executive Director plus an Associate Executive Director, with no member dues increase in 2107;

- existing Executive Director plus an Associate Executive Director, with a 20% member dues increase in 2017; and, in addition, a separate tab which provided the 2017, 2018, 2019 *proforma* budgets and a three-step member dues increase proposal which would allow CAFII to achieve steady state sustainability following the introduction of a two Co-Executive Directors staffing model. The calculations therein indicated that member dues increases of 20% in 2017; followed by a further 45% member dues increase in 2018; followed by a further 10% member dues increase in 2019 would be required to achieve steady state sustainability.

J Lewsen advised that the treasurer had developed a number of budget alternatives, as current cash flows were not adequate to sustain the Board proposal for a new co-director role.

S. Manson suggested it might be advisable to quantify for the Board what would not get done without adding the additional Co-Executive Director.

J Lewsen noted that CAFII 's increased role and recognition had added to the Association's workload , and that that having a co-director should alleviate much of the work currently being absorbed by the EOC Chair and Committee leads.

Discussion concluded with the EOC's approval of the Draft 2017 CAFII Operating Budget, for presentation to the Board of Directors.

ACTION: Bring Draft 2017 CAFII Operating Budget, approved by the EOC, forward to November 29/16 Board meeting; and position on the agenda such that the Board has generous amount of time to deliberate on options available [Raja, Brendan: Nov. 24/16].

ACTION: Inform Board Chair P. McCarthy of major decision facing the Board, and alternatives available, in approving the 2017 Operating Budget [John, Nov. 21/16].

ACTION: Brief respective individual Board members on major decision facing the Board, and alternatives available, in approving the 2017 Operating Budget [All EOC members: Nov. 25/16].

5. Regulatory

a.

i. BC 'Effecting' of CGI Issue: Legal Opinion on Auto Dealers for a Moment-in-Time

EOC members discussed the background as to why CAFII had obtained a legal opinion from expert legal counsel J. McCutcheon on the auto dealers are creditors for a moment-in-time issue, the compelling strength and potential future value of that opinion, and how the Association could best use the opinion in its still-open dialogue with BC FICOM on how auto dealers who offer creditor's group insurance fit within the framework outlined in the regulator's "Effecting of CGI" Information Bulletin of September 2015.

D. Quigley proposed the following next steps for CAFII on this matter: send a CAFII letter to H. James of BC FICOM to thank him for the helpful clarifications and insights on this issue provided in the teleconference meeting of April 14/16 and to advise that CAFII has since had further internal consultations on the matter, now feels fully informed on all aspects of the CGI Information Bulletin, such that our inquiry on the auto dealers as creditors issue can be closed.

EOC members expressed support for the next steps proposed by D. Quigley

ACTION: Prepare draft letter to H. James, BC FICOM, to bring closure to CAFII's open inquiry on auto dealers are creditors for a moment-in-time issue, for review at November 29/16 CAFII Board meeting [Brendan, Diane, Carol, Eleanore: Nov. 24/16].

ii. CAFII Engagement of Specialised Legal Counsel Re Quebec

R. Beckford reported that CAFII had recently secured the services of specialized legal counsel S. Bourdeau of Fasken Martineau, via a letter of engagement, and was now in a position of readiness to respond once the Quebec Ministry of Finance releases its omnibus Bill on modernizing the province's financial services sector, including the Insurance Act and Distribution Act.

iii. SK Bill 177

R. Beckford reported that on October 12/16, Saskatchewan's Financial Consumer Affairs Authority (FCAA) released, for consultation, draft Regulations related to the province's recently revised Insurance Act, which has not yet been proclaimed into force. The Regulations Consultation document was released under a restrictive embargo which limits its being shared for review and comment; and it also contains a sub-consultation related to the FCAA's plans to license Third Party Administrators (TPAs).

The joint Market Conduct and Licensing Committees met on October 31 to discuss preliminary questions and feedback regarding the draft Regulations; and the sub-consultation on TPAs will be dealt with in a separate meeting. While the time provided for stakeholders to comment is quite compressed, especially given the constraining embargo, CAFII's work is on schedule to meet the December 2/16 submission deadline, including an imminent opportunity for EOC members to review penultimate drafts of both submissions and provide feedback.

iv. Alberta Decision on CI Sold Under a Restricted Certificate

B. Wycks reported that he had recently received an update from J. Abram, CEO of the Alberta Insurance Council, indicating that after receiving proposed definitions of Critical Illness Insurance offered as credit-related insurance under a Restricted Certificate from industry stakeholders, including CAFII, AIC's management would be taking forward a recommended definition for approval by the Life Insurance Council at its next meeting on December 14/16. Ms. Abram promised to communicate again with CAFII shortly after the December 14 meeting; and hoped to have this matter fully resolved by the end of this calendar year.

b. Regulatory Update

i. AMF Rendez-vous Event in Montreal Nov 14/16

B. Wycks reported that at the AMF's annual Rendez-vous mini-conference on November 14/16, which he attended in Montreal, Quebec Finance Minister Carlos Leita, the luncheon speaker, announced that his Ministry would table the anticipated omnibus Bill to modernize the province's financial services sector by no later than December 9/16, which is the last day on which the National Assembly sits before its Holiday Season recess.

ii. Ontario Replacement of FSCO with Financial Services Regulatory Authority

B. Wycks reported that on November 14/16, as part of his 2016 Ontario Economic Outlook and Fiscal Review, Finance Minister Charles Sousa introduced enabling legislation for the creation of a new Financial Services Regulatory Authority (FSRA), which will replace and merge FSCO and DICO. The Minister's statement, which confirmed the news he had pre-announced in a business community speech on November 8, indicated that the new FSRA will be "a new independent and flexible regulator of financial services and pensions that, once established, would be more consumer-focused and improve protections for consumers, investors and pension plan beneficiaries."

c. Regulator and Policy-Maker Visit Plan

i. Annual Stakeholder Dialogue with CCIR on December 12/16

B. Wycks reported that Board members P. McCarthy, J. Bourdeau, and C. Knight would be attending CAFII's Stakeholder Dialogue meeting with CCIR on December 12/16, along with EOC members E. Fang, J. Lewsen, and himself. An agenda and related Briefing Document will be circulated to CAFII's participants several days prior to the meeting.

6. EOC Committee Updates

6.1. Research and Education Committee

No update as this time.

6.2. Media Advocacy

i. Implementation of Board Approved Media Strategy

C. Blaquiere, Chair of the Media Advocacy Committee, reported that his committee recently had a follow-up meeting with RankHigher to review its proposed new structure for the CAFII website. In that meeting, the committee provided feedback and further direction on RankHigher's structure and navigation proposal and a revised draft will now be produced.

6.3. Market Conduct

For EOC members' information, R. Beckford reported that BC FICOM had recently released Conflict of Interest Guidelines for Mortgage Brokers.

6.4 Licensing Efficiency Issues

No update at this time.

7. Other Business

7.1. Proposed 2017 Board and EOC Meeting Calendar

Following EOC review of the Proposed 2017 CAFII Board and EOC Meeting Calendar and consent for it to be brought forward for approval at the November 29/16 Board meeting, the following Action Item was recommended and agreed upon:

ACTION: Include in Board Chair's remarks for November 29/16 Year-End Reception a thank you to all CAFII committee members for their service to the Association over the past year [Brendan, Nov. 28/16].

7.2. Possible Topics and Speakers for 2017 Annual Members' Luncheon

Following EOC discussion of possible topics and speakers for the 2017 CAFII Annual Members' Luncheon, the following Action Item was recommended and agreed upon:

ACTION: Research possible speakers who could present on insurtech developments, and secure a knowledgeable and passionate speaker for the 2017 CAFII Annual Members' Luncheon on February 7/17 [Brendan, Nov. 25/16].

7.3. CAFII 20th Anniversary Celebration in 2017

B. Wycks reported that, as previously recommended by EOC members, Ripley's Aquarium had been secured as the venue for CAFII's 20th Anniversary Celebration on April 5/17; and E. Cloutier was now proceeding to coordinate the catering and other event logistics.

8. Termination

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

It was noted that the next CAFII Board meeting would be held on Tuesday, November 29/16, 2:30 to 4:30 p.m.; hosted by BMO Insurance at 60 Yonge St., Main Boardroom, 6th Floor, Toronto; followed by the CAFII Year-End Reception, 5:00 to 7:30 p.m., at First Canadian Place, 100 King St W, 40th Floor, Toronto.

The next CAFII EOC Meeting would be held Tuesday, January 17/17; Location: TBD; followed immediately by the EOC's Annual Appreciation Dinner.

Date

Chair

Recording Secretary