

## CAFII Executive Operations Committee Meeting Minutes

Tuesday, September 20, 2016

Location: TD Insurance, 320 Front St.,

2nd Floor, Jasper Rm, Toronto, ON

**EOC Present:**

Carol Allen	Assurant Solutions <i>[by teleconference]</i>
Charles Blaquiere	Canadian Premier Life Insurance <i>[by teleconference]</i>
Isabelle Choquette	Desjardins Financial Security <i>[by teleconference]</i>
Eleanore Fang	TD Insurance <i>EOC Chair</i>
Katherine Geisler	CIBC Insurance <i>[by teleconference]</i>
Moira Gill	TD Insurance
Greg Grant	CIBC Insurance
John Lewsen	BMO Insurance
Charles Maclean	RBC Insurance <i>[by teleconference]</i>
Sue Manson	CIBC Insurance <i>[for part]</i>
Diane Quigley	The CUMIS Group <i>[by teleconference]</i>
Raja Rajaram	CIBC Insurance <i>Treasurer [for part, by teleconference]</i>
Andrea Stuska	TD Insurance

**Also Present:**

Emily Cloutier	T•O Corporate Services <i>Recording Secretary</i>
Brendan Wycks	CAFII <i>Executive Director</i>

**Regrets:**

Rose Beckford	ScotiaLife Financial
Jason Beauchamp	BMO Insurance
Jérôme Savard	Desjardins Financial Security
Ana Vu	BMO Insurance

### 1. Call to Order

The meeting was called to order at 2:06 p.m. E. Fang acted as Chair; E. Cloutier acted as Recording Secretary.

### 2. Approval of Agenda and Previous Minutes

#### a. Approval of Agenda

The agenda for this September 20, 2016 Executive Operations Committee meeting was approved as circulated.

#### b. Approval of Draft EOC Minutes of August 23, 2016

The Executive Operations Committee minutes of August 23, 2016 were approved as presented.

#### c. Summary of Board and EOC Action Items

B. Wycks highlighted Action Items that had been updated since the previous Summary, as follows:

- **#1: Alberta AIC – Follow-up with A. Maramieri and/or J. Abram of the AIC management team to secure a brief telephone meeting to find out what resolution options will be on the table for the LIC's consideration.** This item was completed via a teleconference meeting of CAFII representatives G. Grant, B. Wycks, and E. Cloutier with J. Abram on September 12/16. While Ms. Abram advised that a resolution that is very favourable to CAFII members would be proposed to the LIC, this matter was ultimately not discussed during the LIC's September 14/16 meeting due to time constraints and the absence of some LIC members. J. Abram subsequently advised that, instead, the matter will be dealt with in a special purpose meeting of the LIC to be scheduled for the near future. That meeting will likely take place in the week of September 26-30, as J. Abram is on vacation this week.
- **#8: Revise draft CAFII submission on CCIR Annual Statement on Market Conduct, based on EOC feedback; circulate to EOC and Market Conduct Committee members for final review; and send to CCIR by August 26 deadline.** This item was completed on August 26/16; and, in E. Fang's absence, G. Grant was the signatory on CAFII's submission.

### **3. Financial**

#### **3.1 Financial Statements as at August 31, 2016**

Treasurer R. Rajaram commented on the Statement of Operations, noting that while August was essentially a break-even month that did not add to the level of financial reserves, CAFII still had a surplus year-to-date of just over \$49,000. However, it was expected that significant spending over the remainder of the year, in particular in the line item areas of Media Outreach, including the CAFII website, and Regulatory Models, would move the Association towards the budgeted deficit of \$71,000 for 2016.

With respect to the Balance Sheet, we currently have unrestricted net assets of just over \$408,000, meaning our financial reserves are at 80% of the Association's annual operating expenses. However, with the healthy spending on projects expected over the balance of the year, we anticipate that by the end of the fiscal year, the reserves will be closer to the 72% of annual operating expenses set out in the forecast to the end of the year.

In terms of Member and Associate dues, all 2016 dues have now been paid and none remain outstanding.

#### **3.2 Quarterly Financial Reporting – September 2016**

Treasurer R. Rajaram briefly highlighted from the Quarterly Financial Reporting document as at September 2016, noting that its purposes were to provide more context to the financial statements and to facilitate more accurate forecasting of the Association's spending throughout the year and how revenue and expenses are tracking against the budget.

In discussion, it was observed and agreed that while the Quarterly Financial Reporting document is moving CAFII in the right direction towards the achievement of its stated purposes, it is still a work-in-progress. It was noted that the current version contains a handful of typos and discrepancies where stated amounts don't align with corresponding amounts in the Statement of Operations or the Balance Sheet as at the most recent month-end.

It was suggested that once those deficiencies are addressed and corrected in the next iteration of the Quarterly Financial Reporting document, it will also facilitate a more precise monitoring of the Association's financial reserves against the level budgeted for the end of the fiscal year.

#### 4. Strategy and Governance

##### a. Balanced Scorecard

B. Wycks highlighted updates made to the Balanced Scorecard since its previous presentation at the June 2016 Board and EOC meetings.

EOC discussion of updated Balanced Scorecard items focused on the likely next steps to be taken by Ontario's Ministry of Finance with respect to the Final Report of the Expert Panel on the future mandates of FSCO, DICO, and the FST which was made public on June 20/16. M. Gill advised that a Fall Economic Statement is typically put out by the Ministry every year; and the release of that document this year will likely be the forum that the Ministry uses for announcing whether or not it plans to replace FSCO with the Financial Services Regulatory Authority (FSRA) recommended by the Expert Panel.

#### 5. Regulatory

##### a. Consultations/Submissions Timetable

B. Wycks highlighted recent updates to expected timelines for the following consultation/submission opportunities currently on CAFII's timetable: BC Ministry of Finance 10-Year Review of the Financial Institutions Act; and Regulations in support of The Insurance Act (Saskatchewan).

##### i) **Proposal to CAFII Board Re Engagement of Specialized Legal Counsel Re Quebec Omnibus Bill on Insurance/Distribution Act Overhaul**

I. Choquette and B. Wycks commented on and recommended this proposal, which they had prepared along with Market Conduct Committee Chair R. Beckford following a teleconference interview meeting with specialized legal counsel S. Bourdeau of Fasken Martineau DuMoulin.

EOC members approved the proposal for presentation to the CAFII Board, subject only to the condition that should the Board approve the recommendation, CAFII's negotiation of a letter of engagement with Ms. Bourdeau should include a conflict-of-interest stipulation that she agrees not serve as legal counsel to a broker/advisor body, a regulator, or another industry Association on the same matter as that for which CAFII has engaged her services.

**Action:** *With approval of the EOC, proceed in bringing to the Board on October 4/16 a proposal to engage Sylvie Bourdeau, Fasken Martineau DuMoulin, as specialized legal counsel with respect to expected overhaul of Quebec's Insurance Act and/or Distribution Act. [Rose, Isabelle, Brendan: October 4, 2016]*

##### ii) **CAFII Response to CCIR Travel Health Insurance Products Issues Paper**

G. Grant advised that S. Manson had just produced a first draft of CAFII's submission in response to CCIR's Travel Health Insurance Products Issues Paper. G. Grant had just completed his review of the draft submission and provided feedback to S. Manson, who was now working on making refinements and producing a second draft.

In discussion, it was agreed that (i) S. Manson would provide the second draft of the CAFII submission to B. Wycks and E. Fang for review as soon as possible; (ii) B. Wycks would work with S. Manson and E. Fang to produce and circulate an advanced draft to EOC and Travel Medical Experts Working Group members for feedback; and (iii) B. Wycks and E. Fang would finalize the document for submission by the September 30 deadline, under E. Fang's signature as EOC Chair.

**iii) Legal Opinion on Auto Dealers as Creditors for a Moment-in-Time Re BC 'Effecting' of CGI Issue**

G. Grant advised that one of his final initiatives during his recently concluded term as EOC Chair was to engage J. McCutcheon of Borden Ladner Gervais to provide CAFII with a legal opinion in support of the auto dealers are creditors for a moment-in-time argument, as requested by the CAFII Board at its June 7/16 meeting. J. McCutcheon is currently working on the legal opinion and, while she has not yet finalized it, she has expressed much confidence that her opinion will be compelling and persuasive, noting that the auto dealers are creditors for a moment-in-time position has a solid legal foundation.

E. Fang, as new EOC Chair, advised that she will now be taking on responsibility for following up with J. McCutcheon to secure the legal opinion on a timely basis.

D. Quigley advised that while it has a direct interest in this matter, CUMIS/The Co-operators does not see any immediate need for it to communicate independently with BC FICOM on the issue, and will instead wait to see what Ms. McCutcheon's legal opinion for CAFII says before determining its next steps.

**iv) CAFII Next Steps Re Alberta Decision on CCI Sold Under A Restricted Certificate of Authority Covered under 2(c).**

**b. Regulatory Update**

B. Wycks highlighted Regulatory Update items for which new developments had recently occurred; and also noted new items which had emerged since its publication. EOC discussion ensued on the following matters:

**i) CCIR Annual Statement on Market Conduct**

M. Gill advised that she had just learned from an industry contact that CCIR was giving serious consideration to adding an attestation to the Annual Statement on Market Conduct (Property and Casualty Insurance) along the following lines: *the insurer is in compliance with the applicable federal, provincial, and territorial Insurance Acts and regulations*. And given that CCIR was taking pains to ensure that the Annual Statement (PC) and the Annual Statement (Life and Health) are in harmony, it seemed likely that CCIR would want to add an identical/similar attestation to the Annual Statement (Life and Health).

There was EOC consensus that CAFII should oppose the adding of such a broad, sweeping attestation to the Annual Statement (Life and Health) since our Association does not believe that insurers will be comfortable with signing off on it. Rather, CAFII would be comfortable with an attestation focused on the information provided in completing the Annual Statement, from which the *"compliance with applicable laws..."* component has been removed.

**Action:** Contact E. Hiemstra, CLHIA, and inquire as to what she may know about a possible attestation being added to CCIR's Annual Statement on Market Conduct (Life and Health). **[Brendan: September 21, 2016]**

**Action:** Contact M. Boyle, CCIR Policy Manager, re whether an attestation will be added to the Annual Statement on Market Conduct (Life and Health); and, if so, convey CAFII's opposition to attestation wording that contains reference to laws, Acts, and Regulations. **[Brendan: September 21, 2016]**

**ii) Insurance Council of Manitoba Asks Government To Expand RIA License Parameters**

In its 2015-16 Annual Report, published in June 2016, the ICM reports that during the first year of RIA licensing, the difficulties presented by the existing limitations on types of organizations and the types of insurance products prescribed in the Regulation became apparent. ICM's ISI Committee has therefore made recommendations to the Government for amendments to Regulation 389/87 to allow for other organizations and other types of insurance which were not prescribed in the original regulatory framework.

**Action:** Contact E. Pearson, Executive Director of the Insurance Council of Manitoba, to seek clarification on what amendments to Regulation 389/7 the Council's ISI Committee has proposed to Government re incorporating "other organizations" and "other types of insurance" into the prescribed regulatory framework. **[Brendan: September 23, 2016]**

**iii) FSCO Update Meetings With Industry Associations On Insurance Agent Compliance**

Heather Driver, Director, Licensing Branch in the Licensing and Market Conduct Division at FSCO, contacted B. Wycks on September 20/16 to set up a meeting to update CAFII on FSCO's planned initiatives regarding life insurance agent compliance, in particular related to mandatory errors and omissions insurance.

**Action:** Poll Licencing Committee/EOC members for availability to attend a meeting with FSCO at its invitation around life insurance agent compliance, particularly re E&O Insurance, during the week of October 3-7/16. If none of FSCO's proposed date/time options that week work for at least several CAFII members, propose an alternate option in the following week to FSCO. **[Brendan: September 28, 2016]**

**iv) AMF's New Operational Risk Management Guideline**

B. Wycks briefly highlighted the AMF's new Operational Risk Management Guideline which, after a short consultation period in the summer, was due to come into force on October 1/16.

**Action:** Add a question re highlights of AMF's new Operational Risk Management Guideline to agenda for Industry Issues Dialogue with the AMF staff executives in Montreal on October 4/16. **[Brendan: September 27, 2016]**

**b. Regulator and Policy-Maker Visit Plan**

B. Wycks highlighted opportunities for upcoming visits with regulators and policy-makers, as proposed in the updated Regulator and Policy-Maker Visit Plan, noting in particular a liaison lunch with the CCIR Policy Managers in October following CCIR's Fall Meeting in Edmonton on October 6-7/16.

**6. EOC Committee Updates**

**a. Research & Education**

D. Quigley, Chair of the Research & Education Committee, reported that the committee met by teleconference on September 16/16 to review and update the "Seven Point Guide to the Creditor Insurance Regulatory Regime" which is a subset of a larger CAFII presentation deck on "Fundamentals of Creditor's Group Insurance." The committee made substantive progress in that meeting and expects to be in a position to bring the revised Seven Point Guide forward to the EOC for approval at its October 25 meeting. Thereafter, the initial target audience for the updated Guide is the Atlantic Canada insurance regulators and we will try to set up a webinar or teleconference to present this educational material in Q4 2016 or Q1 2017.

**b. Media Advocacy**

C. Blaquiere, Chair of the Media Advocacy Committee, reported that the committee is currently working closely with media consultant David Moorcroft and search engine optimization (SEO) consultant RankHigher on content and design changes to the CAFII website to make it more appealing for consumers and media and to increase traffic to it, thereby making it a more strategically advantageous tool for the Association and members.

The committee received a thorough and impressive digital marketing analysis presentation from RankHigher on September 16/16, and will be meeting with David Moorcroft and RankHigher again next week to provide feedback and refine RankHigher's SEO optimization and website design strategy for CAFII.

**c. Market Conduct**

On behalf of R. Beckford, Chair of the Market Conduct Committee who was unable to attend, B. Wycks reported that with broad participation and input from many members of the Association, the committee completed a submission to CCIR on its latest draft of the Annual Statement on Market Conduct (Life and Health) to meet its August 26 deadline.

Similarly, the committee is overseeing the development of CAFII's submission in response to the CCIR Travel Insurance Working Group's Travel Health Insurance Products Issues Paper, which has a September 30 deadline. That submission, which is drawing heavily upon our CAFII-commissioned research by Pollara Strategic Insights into Canadians' perceptions, confidence and satisfaction with travel medical insurance, has also benefitted from a leadership contribution by Sue Manson, Chair of the CAFII Travel Medical Experts Working Group, and significant input from the members of that group.

At this time, the Market Conduct Committee was also looking forward to the release of Saskatchewan's draft Regulations in support of Bill 177 (the Insurance Act) and Quebec's omnibus Bill aimed at overhauling the Insurance Act and Distribution Act, both of which are expected this Fall.

**d. Licensing Efficiency Issues**

M. Gill, Chair of the Licensing Efficiency Issues Committee, reported that the LEIC does not have any active Regulatory Consultation issues on its agenda at this time. However, the committee is monitoring and liaising with the Insurance Division of the Financial and Consumer Services Commission of New Brunswick with respect to

- its planned release of a final Position Paper on its "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers" which will have implications for the licensing of life agents;
- its launch of Phase 2 of its online Portal for life insurance agent licensing; and
- a half-day FCNB education session called "FCNB 2.0: How It Affects You" which will be held on October 27 in Saint John. This afternoon session will focus on recent changes in FCNB's expectations with respect to compliance and in its approach to investigation and enforcement of financial and consumer services legislation – including the Insurance Act -- and their effect on the industry; and

In addition, the LEIC will be reaching out to Ron Fullan, Chair of CISRO, which is meeting in Winnipeg this week, to seek an update on its near-term agenda, with a view to organizing LEIC activities accordingly.

**7. Other Business**

**a. CAFII 20th Anniversary Celebration in 2017**

B. Wycks commented on the proposal for a CAFII 20<sup>th</sup> Anniversary Celebration in 2017, noting that Wednesday, April 5, 2017 seemed to be an optimal date for insurance regulator attendance, based on information obtained from Martin Boyle and Sean Jacobs, CCIR Policy Managers. Most CCIR members will be in Toronto by that afternoon, in preparation for their April 6-7/17 Council meeting, and without a scheduled commitment for the evening.

EOC feedback was strongly in favour of organizing a CAFII 20<sup>th</sup> Anniversary Celebration on April 5, 2017, with the following specific points of advice being offered:

- the event should be held at an appealing social venue in Toronto, not at a CAFII member location as was the case with the 15<sup>th</sup> Anniversary Celebration. Ripley's Aquarium was recommended as a desirable venue, along with Royal Conservatory of Music; the Royal Ontario Museum (C5 Lounge); and the CN Tower as other attractive alternatives;
- a speaker presentation should be optional; include one if it adds interest/value and contributes to a celebratory theme. But networking with regulators and industry colleagues in a festive milieu should be the main focus of the event;
- while the CAFII Board should be asked to provide feedback at its October 4 meeting, a "Save the Date" invitation should be sent to CCIR and CISRO members asap and prior to the upcoming CCIR Fall meeting on October 6-7 in Edmonton, so that our April 5/17 CAFII event can be mentioned and highlighted at that CCIR meeting.

**b. Registration of CAFII .Insurance Internet Domain**

B. Wycks reported that Symantec's vetting processing with respect to CAFII's recent registration has been successfully completed, such that CAFII has now secured the domain name *cafii.insurance*. This domain is now the property of CAFII and the Association can begin to use it at any point in the future.

**c. Possible CAFII Membership in LIMRA**

S. Manson reported that her recent correspondence with B. Lemanski, LIMRA's representative in Canada, included communicating to him that, based on the moderate use that our Association would be making of LIMRA research reports and related resources, paying the \$20,000 U.S. in annual dues which LIMRA had requested of CAFII could not be justified. CAFII counter-offered \$5,000 to 7,500 U.S. as a more reasonable level of annual dues. However, in back-and-forth discussion, it became clear that the needs of CAFII did not fit into any of LIMRA's available membership categories. Therefore, after some deliberation, LIMRA proposed that it would grant CAFII access to its website on a case-by-case basis at no charge, in order to allow CAFII to obtain useful research reports.

**8. Meeting Termination**

There being no further business, the meeting was terminated at 4:05 p.m.

It was noted that the next CAFII Board meeting was scheduled for Tuesday, October 4, 2016 hosted by RBC Insurance at 1 Place Ville Marie, 41<sup>st</sup> Floor, in Montreal; and, as per our customary practice, this meeting will be preceded by a lunch and industry issues dialogue with AMF staff executives.

It was also noted that the next EOC meeting was scheduled for Tuesday, October 25, 2016, 2:00 p.m. at TD Insurance, 320 Front St., 2nd Floor, Jasper Room, in Toronto.

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Date

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Chair

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Recording Secretary