

BOARD MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
In-Person/Hybrid Meeting at Scotiabank in Toronto, Ontario
Tuesday, December 5, 2023
3:00 to 5:00 p.m. EDT
Minutes

Board Members

Present In Person:

Peter Thompson	National Bank Insurance and Chair
Paul Cosgrove	Assurant and Vice Chair
Rohit Thomas	BMO Insurance
Louie Georgakis	The Canada Life Assurance Company
Konstance Allain	CIBC Insurance (representing Ian Oncea)
Heather McLachlin	CUMIS/The Co-operators
Julie Gaudry	RBC Insurance
Wayne Hewitt	Scotia Insurance
Nigel Branker	Securian Canada
Valerie Gillis	TD Insurance
Louie Georgakis	The Canada Life Assurance Company
Nicole Benson	Valeyo

Virtually:

Adam Vespi	Canadian Tire Bank
Simon Lacroix-Hubert	Desjardins
Andrew Kugler	Manulife Financial

Regrets:

Rahul Kakar	Chubb Life Insurance Company of Canada
Ian Oncea	CIBC Insurance

Also Present:

Brendan Wycks, *Co-Executive Director*
Keith Martin, *Co-Executive Director*
Rob Dobbins, *Secretary*
Karyn Kasperski, *Vice-Secretary*
Donald Hinnecke, *Treasurer*
Robyn Jennings, *Research Analyst*
Shanay Smith, *Operations Manager*
Troy Woodland, *Association Administrator*

Item 1: Welcome, Call to Order, Meeting Confirmation, and Board Construction Matters

Item 1(a): Welcome and Call to Order

CAFII Board Chair Peter Thompson welcomed all to this meeting of the CAFII Board of Directors, which was hosted by Scotiabank in Toronto, Ontario, as well as virtually on the Microsoft Teams platform, and called the meeting to order at 3:05 p.m. CAFII's Research Analyst, Robyn Jennings, acted as Recording Secretary.

Item 1(b): Land Acknowledgement

CAFII Board Member Wayne Hewitt shared a land Acknowledgement for the meeting.

Item 1(c): Welcome to New CAFII Director: Andrew Kugler, Manulife

CAFII Board Chair Peter Thompson welcomed CAFII's New Director, Andrew Kugler (Manulife), who joined virtually. A. Kugler was officially voted onto CAFII's Board of Directors by electronic vote on November 9/2023. A. Kugler made some brief introductory comments.

Item 1(d): Declaration of Meeting Properly Called and Constituted

Board Secretary Rob Dobbins confirmed that there was a quorum of Board members present for the meeting; and that the meeting had been properly called and constituted.

Item 1(e): Approval of Agenda

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the meeting Agenda be and is approved.*

Item 2: Consent Items

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the Consent Agenda items itemized below be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.*

- a. Draft Minutes, October 10, 2023, CAFII Board Meeting
- b. Summary of Board and EOC Action Items
- c. October 2023 and November 2023 Regulatory Updates
- d. Consultations/Submissions Timetable
- e. Regulator and Policy-Maker Visit Plan Recap
- f. Committee Reports Addressing CAFII Priorities
- g. Board-Approved CAFII 2024 Schedule of Meetings and Events

*Further, **IT WAS RESOLVED** that the minutes of the meeting of the CAFII Board of Directors held October 10, 2023, be and are adopted in the form presented and that copies of those minutes be signed and placed in the minute book of the Corporation.*

Item 3: Governance Matters

Item 3(a): CAFII-Relevant News from Securian Canada

CAFII Board Member Nigel Branker shared Securian Canada's decision to reintegrate Valeyo under the Securian Canada banner. N. Branker will remain Securian Canada's CAFII Board representative, but Nicole Benson, who

represented Valeyo, will be stepping down as a CAFII Board Member. This is N. Benson's final meeting with CAFII, and Peter Thompson thanked her for her service as a Board member and as a former Board Chair.

Item 3(b): Implementation of Board-Approved "New CAFII Management Structure (Post-2023)"

CAFII Co-Executive Director Keith Martin updated the Board on CAFII's new management structure, which included a significant overlap between the new hires and Co-Executive Director Brendan Wycks' retirement. To adequately prepare for B. Wycks' departure, Operations Manager Shanay Smith has created a Policies and Procedures manual, which will aid in the transfer of knowledge from B. Wycks to the rest of the team. The Manual will act as a permanent repository for the documentation of all CAFII deliverables, processes, documents, and records.

Item 4: Financial Management

Item 4(a): CAFII Financial Statements as at October 31/23

CAFII Treasurer Donald Hinnecke provided an overview of the Association's financial statements as at October 31/23, noting that the Association's finances were in a strong position, with additional revenues over the budget due to a new member joining, and expenses being managed effectively.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the CAFII financial statements as at October 31/23 be and are approved.*

Item 4(b): Forecast for CAFII 2023 Fiscal Year as at October 31/23

CAFII Treasurer Donald Hinnecke provided an update on the forecast for CAFII's 2023 fiscal year, noting that revenue was ahead of expectations due to higher investment income and an additional member. Overall, while there are still outstanding expenses accruing, CAFII is well positioned for ending 2024 with a lower than budgeted deficit.

Item 4(c): Proposed 2024 Operating Budget¹ (may be assigned to In Camera Session, following initial discussion, if desired by Board)

CAFII Treasurer Donald Hinnecke and Co-Executive Director Keith Martin provided an overview of CAFII's Proposed 2024 Operating Budget, noting that CAFII will continue with the implementation of the Board-Approved Strategic Plan. While CAFII's Proposed 2024 Budget has taken a conservative approach to spending, there is a one-time 40k new spend recommended in 2024 to rebuild CAFII's website's backend. The proposed budget does not plan for a major regulatory tour in 2024, but there is a provision for some visits to Quebec to meet with the AMF. The operating budget recommendation includes provisions for a research initiative in 2024, for investments to the CAFII website, and a \$30K provision for legal fees in the event that such an expenditure is necessary.

¹ Plan/expectation is that Proposed 2024 Operating Budget will be discussed in open portion of this Board meeting; further discussed in In Camera Session of this meeting, if desired by the Board; and then approved in January 2024 via either an Electronic Vote of the Board, Outside of a Board Meeting or a Special Purpose Board Meeting.

Item 5: Strategic and Regulatory Matters

Item 5(a): CAFII Implications of Éric Jacob's Transition into AMF Head of Enforcement Role and Departure as Superintendent, Client Services and Distribution Oversight

Co-Executive Director Keith Martin reported that, although it is unfortunate for CAFII that Éric Jacobs will no longer be AMF's Superintendent, it is important that CAFII maintain its strong working relationship with his replacement and, more generally, with the AMF. Furthermore, É. Jacob communicated to Peter Thompson and Keith Martin that, though his role will be different, he will remain accessible within the AMF.

Item 5(b): Insights Gained from November 24/23 Quarterly Virtual Liaison Meeting Between CAFII Board Chair P. Thompson and AMF Superintendent É. Jacob

CAFII Board Chair Peter Thompson reported that the virtual meeting between himself and the AMF's Superintendent Clients Services and Distribution Oversight Éric Jacobs went well. He reassured P. Thompson that, concerning Credit Card Embedded Insurance, the verbal agreement established between CAFII and É. Jacobs will be honoured, regardless of E. Jacob's new position within the AMF—that agreement, he stated, was not with Mr. Jacobs but rather with the AMF. Furthermore, P. Thompson expressed his confidence that if CAFII can provide the AMF with a report on the attrition of spousal policies, É. Jacobs will remain a vocal ally for CAFII on this topic. É. Jacobs communicated that Christian Beaulieu would play an important role after Mr. Jacob left his current role and that he was a solution-finder and collaborative.

Item 5(c): Plans for December 14/23 Hybrid Get Acquainted and Dialogue Meeting with AMF's New CEO Yves Ouellet

Co-Executive Director Keith Martin informed the Board that Yves Ouellet, the AMF's new CEO, and CAFII will hold a hybrid get-acquaintance and dialogue meeting on December 14/23. CAFII Chair Peter Thompson, Vice Chair Paul Cosgrove, and K. Martin will attend in person, and Mr. Martin will present on CAFII's priorities and key messages.

Item 5(d): Insights Gained from Recent CAFII Insurance Regulator and Policy-Maker Tour Visits:

- i. Meeting with Nova Scotia Superintendent of Insurance and Staff Members, October 18/23**
- ii. Meeting with Newfoundland and Labrador Superintendent of Insurance and Staff Members, October 19/23**

Co-Executive Directors Keith Martin and Brendan Wycks reported how appreciative both the Nova Scotia and Newfoundland and Labrador Superintendents of Insurance and staff were of the meetings and information sharing with them during the Atlantic portion of the Regulatory and Policy-Maker Tour. Both superintendents were open to participating in a webinar with CAFII in 2024.

Item 5(e): Update on November 29/23 Special-Purpose EOC and Quebec/AMF Issues Committee Meeting on the RSM Canada Study on Attrition of Spousal Insurance Policies in Quebec

- i. Possible Release of RSM Canada Study on Attrition of Spousal Insurance Policies in Quebec to the AMF**

Co-Executive Director Keith Martin was joined by RSM Canada partner Fabricio Naranjo, and staff lead Jamie Wong to update the Board on the Study on Attrition of Spousal Insurance Policies in Quebec. The goal completion date for the final version of the study is the end of December 2023 or the first week of January 2024.

From Dec. 31, 2019, to Dec. 31, 2023, the report found an average attrition rate of 9.8% annually and projects that attrition rate or higher will continue moving forward to the end of Dec. 31, 2029, and beyond. At the end of 2024, the report projects that 41% or 367,332 of the number of policies in force at the beginning of 2020 will have been eliminated. At the end of 2029, approximately 579,224 spousal policies are projected to be eliminated, representing 65% of the 2020 figures. CAFII will suggest to the AMF that these figures show that the natural attrition strategy is working and will continuously reduce the number of policies over time. In the discussion, it was suggested that the comment that spousal policies are free to be removed, and instead, the report simply says that removing the policy from a spouse will not result in a reduction of premium.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that CAFII moving ahead with the RMS Canada Study, as well as RMS Canada participating in a presentation to the AMF, be and is approved.*

Item 5(f): Next Steps in Completed CAFII 2023 Research Project with LIMRA on CPI's Accessibility to and Utility for Canadian Consumer Segments

This item was not discussed due to time constraints.

Item 5(g): Introduction of CAFII's New Media Consultant, Wendy Bairos

Co-Executive Director Keith Martin introduced CAFII's new Media Consultant, Wendy Bairos, who then provided a brief overview of her vision for CAFII's media and communications strategy.

Item 5(h): Plans for December 5/23, 5:30 to 7:30 p.m. CAFII Year-End/Holiday Season Reception, Immediately Following This Board Meeting

CAFII Operations Manager Shanay Smith briefly reminded the Board of CAFII's Holiday Reception Party occurring immediately following the Board Meeting.

Item 6: Meeting Termination

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that this meeting of the CAFII Board of Directors be terminated at 4:35 p.m.*