

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, December 1, 2020
MINUTES

Board Present:	Chris Lobbezoo	RBC Insurance, <i>Chair</i>
	Nicole Benson	Valeyo (Canadian Premier Life Insurance)
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Andre Langlois	Desjardins Insurance
	Peter McCarthy	BMO Insurance
	Mica Sweet	CIBC Insurance
	Wally Thompson	Manulife Financial
	Peter Thompson	National Bank Insurance
	Kelly Tryon	CUMIS/The Co-operators
	Louie Georgakis	The Canada Life Assurance Company

Regrets: Sophie Ouellet Sun Life

Also Present: Martin Boyle BMO Insurance, *Board Secretary and EOC Chair*
Tony Pergola ScotiaLife Financial, *Treasurer*
Keith Martin CAFII Co-Executive Director
Brendan Wycks CAFII Co-Executive Director
Albert Lin Recording Secretary (Managing Matters)

1. Call to Order and Meeting Confirmation

C. Lobbezoo welcomed all to present to this meeting of the CAFII Board of Directors, which was being held virtually for the first time ever on the Microsoft Teams platform, and called the meeting to order at 2:02 p.m. Albert Lin acted as Recording Secretary.

M. Boyle, Board Secretary, confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present virtually on Microsoft Teams platform.

C. Lobbezoo declared this meeting of the Board of Directors of the Canadian Association of Financial Institutions in Insurance duly convened and properly constituted for the transaction of business.

1.a Approval of Agenda

C. Lobbezoo noted that the agenda for this meeting included, as had the agenda for the previous 15 October, 2020 Board meeting, a "Read Only" section which members were expected to have reviewed, but which would not require discussion during the meeting. Combined with the "Consent Items" section, the designation of certain documents as "Read Only" would allow the meeting to focus largely on items that required Board discussion or decision-making.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting Agenda be and is approved as presented.

2. Consent Items

C. Lobbezoo noted that documents had been provided for each of the following nine (9) Consent Agenda items; and it was presumed that Directors had reviewed them in advance of this meeting:

- Draft Board Meeting Minutes, October 15, 2020
- Summary of Board and EOC Action Items
- Regulatory Update
- Consultations/Submissions Timetable
- Regulator and Policy-Maker Visit Plan
- Committee Reports Addressing CAFII Priorities
- CAFII Submission To FCNB On Informal Consultation on Contemplated Changes to Life Insurance and Accident & Sickness Insurance Parts of New Brunswick Insurance Act
- CAFII Submission on FSRA's 2021-22 Proposed Statement of Priorities and Budget
- Board-Approved CAFII 2021 Schedule of Meetings and Events

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.

And further, IT WAS RESOLVED that the minutes of the CAFII Board of Directors meeting held October 15, 2020 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the minute book of the Corporation.

3. Governance Matters

3.a. Amendment of CAFII Bylaw to Remove Stipulation That Board Secretary / EOC Chair Must Come From A Foundation Member

C. Lobbezoo advised that the first of three agenda items in this section was a prerequisite item, being a recommendation that the Board pass a resolution to amend the Association's Bylaw provision found in *clause 7.2(d)* such that the stipulation that any person whom the Board wishes to appoint into the CAFII Officer role of Board Secretary and Executive Operations Committee Chair must come from a "Foundation Member," that is one of the founding Big 6 Bank insurance distributor members.

The removal of the words "*The Secretary must be appointed from a Foundation Member organization and . . .*" was necessary to allow the Board to appoint a candidate from a Regular Member of the Association into the Board Secretary and EOC Chair position; and that change was recommended for Board approval, Mr. Lobbezoo advised.

Mr. Lobbezoo noted that it was the view of the Association's Co-Executive Directors and of Board Vice-Chair Peter Thompson and himself that while there was obviously good reason for the inclusion of those words in CAFII's original Bylaw at the time of the Association's establishment in 1997, the exclusivity that they created with respect to the role of Board Secretary and EOC Chair was somewhat anachronistic today, given the current membership of the Association – with Foundation Members now being in the minority – and given the Association's current governance approach and practices.

Mr. Lobbezoo noted that this Bylaw amendment was necessary to allow the Board to appoint a highly recommended candidate, Rob Dobbins of Assurant Canada, as the Association's new Board Secretary and EOC Chair under the ensuing agenda item.

Mr. Lobbezoo further noted that, in keeping with clause 13.1 *Bylaws, Amendment or Repeal* of the CAFII Bylaw,

the Directors may, by resolution, make, amend or repeal any by-law that regulates the activities or affairs of the Corporation. Subject to the Act (i.e. the Canada Non-Profit Corporations Act) and the articles, any such by-law, amendment or repeal shall be effective from the date of the resolution of directors until the next meeting of members (i.e. our Annual General Meeting in June, or a Special General Meeting that could be held before then) where it may be confirmed, rejected or amended by the Foundation Members by special resolution.

With that as background, Mr. Lobbezoo requested a Mover and a Seconder for a Board Resolution which would strike out and remove the words *"The Secretary must be appointed from a Foundation Member organization and . . ."* from clause 7.2(d) of the CAFII Bylaw, such that the sentence in question would instead read as follows: *"The Secretary will also serve as the chair of the Executive Operations Committee."*

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that clause 13.1 of CAFII's Bylaw be amended to read: *"The Secretary will also serve as the chair of the Executive Operations Committee."*

3.b. Appointment of New Board Secretary/EOC Chair

C. Lobbezoo advised that the Association's Co-Executive Directors, Board Vice-Chair P. Thompson, and he were recommending the appointment of a new Board Secretary and EOC Chair to succeed Martin Boyle, who had advised the Association earlier this Fall that he would be stepping down after two years of service in that Officer role. Mr. Lobbezoo made note of Mr. Boyle's excellent contribution as EOC Chair and Board Secretary and thanked him for his service.

A capsule biography of a well-qualified candidate for appointment as Board Secretary and EOC Chair – Rob Dobbins of Assurant Canada – had been included in the materials for this meeting. Mr. Lobbezoo noted that in addition to his impressive career background, Mr. Dobbins was also an experienced EOC member who had been a strong contributor to its deliberations over the past three years.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Rob Dobbins be appointed as CAFII's Board Secretary and Executive Operations Committee Chair, effective 1 December, 2020 until the Association's next Annual Meeting of Members in June 2021.

3.c. Proposed CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment

M. Boyle, CAFII's outgoing Board Secretary and EOC Chair, presented for Board approval a CAFII human resources-related policy which he had documented, in consultation with the Co-Executive Directors.

Mr. Boyle advised that the *Proposed CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment* codified the process by which an annual performance review and compensation adjustment for the Association's Co-Executive Directors was to be made, with an emphasis on obtaining input from EOC and Board members on the Executive Staff's performance through an annual survey, as well as a self-evaluative accomplishments document to be produced by each member of the Executive staff. The proposed policy also outlined an appeal process should an Executive Staff member take issue with the findings of the annual review or compensation adjustment recommendation.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the *Proposed CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment* be formally approved and adopted as a CAFII Policy.

4. Financial Management Matters

4.a. CAFII Financial Statements as at October 31/20

Treasurer T. Pergola provided an overview of the financial statements as at 31 October, 2020, noting that the Association's year-to-date financial results reflected slightly lower than budgeted revenue due to the fact that two anticipated new Associates had not joined CAFII, and three existing Associates had also chosen not to renew for 2020. Offsetting the reduced revenue, however, CAFII's 2020 expenses were much lower than budgeted due to restricted activities as a result of the COVID-19 pandemic.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII Financial Statements as at October 31, 2020 be and are approved in the form presented.

4.b. Forecast for CAFII 2020 Fiscal Year as at October 31/20

Treasurer T. Pergola reported that as at October 31, 2020, CAFII's forecasted 2020 year-end revenues were \$885,000, and the anticipated year-end expenses were \$774,000, leading to a forecasted surplus of revenues over expenses of \$111,000, which is a favourable variance to budget of \$86,000 and will lead to 2020 year-end financial reserves of 44% of annual operating expenses. Mr. Pergola noted that he did not feel that CAFII's having reserves of 44% of annual operating expenses would cause the Association any concerns with Canada Revenue Agency, as it was a one-year surplus and also not unreasonably large.

4.c. Proposed CAFII 2021 Operating Budget

C. Lobbezoo thanked CAFII Treasurer T. Pergola for working closely with the Association's Co-Executive Directors and Controller to develop a Proposed CAFII 2021 Operating Budget, noting the complexity of developing a budget in the context of an unresolved pandemic.

In presenting the proposed CAFII 2021 Operating Budget for the Board's consideration, T. Pergola noted that the recommendation to the Board was that line items for travel and in-person meetings be reduced to \$0 in 2021, but that as a prudent measure the budget include a \$50,000 contingency fund which could be tapped in the event that in the latter part of 2021, there is some resumption of travel and in-person events.

Mr. Pergola also highlighted the fact that the budget included a 2% contractual increase in the fees payable to Managing Matters, CAFII's Association management services provider; and a 2.5% compensation increase for the Association's two Co-Executive Directors.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII's Proposed 2021 Operating Budget be approved and adopted as presented.

5. Strategic and Regulatory Matters

5.a. Distribution to Insurance Regulators and Policy-Makers of Announcement Re Fair Treatment of Customers Enhancement to CAFII Website: New Claims Facilitation Section

K. Martin reported that in early November 2020, CAFII sent an announcement about the recently implemented enhancement to the CAFII website – the inclusion of a new “How to Make a Claim” section which provides links to the claims sections on the Association's members' websites – to over 200 insurance regulators and policy-makers across Canada.

The new website page will be permanently displayed in a CAFII tab under “Tools and Resources.” This will provide easy access to our members' claims sections for consumers seeking claims information, and it demonstrates the transparency and openness of our members to regulators and to the public. Several regulators had commented positively on the CAFII announcement, and C. Lobbezoo said that he felt this was an important achievement for the Association.

5.b. EOC Engagement and Information-Sharing Around FCAC's Development Of “Appropriateness Guideline” For Financial Products and Services

K. Martin reported that at the 15 October, 2020 Board meeting, the Board had requested that CAFII closely monitor the FCAC's work on the development of an “Appropriateness Guideline”; and, in particular, that the EOC members collect information about what work is being done on this file internally within their own member organizations, and share that information with CAFII's Co-Executive Directors.

This item was discussed at the 17 November, 2020 EOC Meeting. While some limited information was shared with CAFII's Co-Executive Directors, EOC members were still gathering the requested information. There was a consensus at the meeting, however, that CAFII should not engage with FCAC on this matter right now, and more careful consideration and discussion was needed, including by the Board, as to the best course of action by CAFII. There was a concern that the Association should not give the FCAC the impression that we expect, or feel that it is necessary, for credit protection insurance to be subject to a future “Appropriateness Guideline.”

Following Mr. Martin's context-setting introduction to this matter, a thorough Board discussion ensued about whether or not to engage with the FCAC on it at this time, with most Board members of the view that it was too early to do so, and that the FCAC would be fully engaged with Canada's banks before they would have the capacity to explore whether credit protection insurance should fall under an Appropriateness Guideline.

It was noted, however, that approximately six to eight months hence, the FCAC was expected to issue an initial consultation document on the Appropriateness Guideline, and that it might be advisable to pre-empt any notion in that document that credit protection insurance should fall under the auspices of an Appropriateness Guideline.

As a prudent preparatory step, the Board agreed that CAFII management should produce an initial set of industry views and arguments as to why credit protection insurance should not be subject to an Appropriateness Guideline, for review by the Board in 2021.

5.c. Insights Gained From November 25/20 Sectoral Advisory Committee (SAC) For Life and Health Insurance Virtual Meeting With FSRA Board

K. Martin reported that as CAFII's representative, he had made several direct speaking interventions during the 25 November, 2020 Sectoral Advisory Committee for Life and Health Insurance virtual meeting with the FSRA Board on FSRA's 2021-2022 Statement of Priorities and Budget. In particular, he noted that he had highlighted CAFII's view that FSRA should play an enhanced role with the International Association of Insurance Supervisors (IAIS). On that point, FSRA Board Chair Bryan Davies had responded that FSRA had applied for membership in the IAIS, and its application had been accepted.

K. Martin also noted that Erica Hiemstra, who worked for 21 years at CLHIA, most recently as Assistant Vice-President, Distribution, and who was a key CLHIA liaison with CAFII; and who had joined Sun Life in July 2019 as Director, Regulatory Initiatives had quite recently left Sun Life to join FSRA's executive staff, effective Monday, November 16/20, as Director, Insurance within Huston Loke's Market Conduct Division. Ms. Hiemstra had managed credit protection insurance files for CLHIA, and has intimate knowledge of credit protection insurance products and regulatory concerns and preoccupations around these products.

5.d. CAFII Quarterly CPI Benchmarking Study With RSM Canada: Time To Launch CAFII Working Group To Upgrade Data Collected And Resulting Report?

K. Martin provided background on the CAFII CPI Benchmarking Study with RSM Canada, noting that the Board had initially wanted the report relaunched in the same way it was designed when the CBA produced it, but that at some point a Working Group could be struck to work with RSM Canada at improving the data quality and comparability of the study.

Mr. Martin posed the question, for the Board's consideration, as to whether this was the right time to move forward with such a Working Group. Board member Janice Farrell-Jones expressed the view that this was indeed the right time, and feedback from other Board members was strongly aligned with her perspective.

K. Martin advised that he would therefore soon send an email to Board members, copied to EOC members, inviting nominees from the nine CAFII members participating in the study to join the Working Group, with an expected launch of its deliberations in early 2021.

5.e. Reactivation Of CCIR Travel Insurance Working Group (TIWG) and Consultation With Industry Around Reforms Needed to Trip Cancellation Component of Travel Insurance; and Tweaks to Travel Insurance Data Gathered Via Annual Statement on Market Conduct

A. Baig, Chair of the CAFII Travel Medical Insurance Experts Working Group, provided an update on developments emanating from CCIR's Travel Insurance Working Group (TIWG), chaired by Harry James of BCFS, whose activities had been put on hold due to COVID-19 earlier in 2020, but which would now be reactivated.

The TIWG wanted the insurance industry to provide a variety of travel health insurance-related data, through the Annual Statement on Market Conduct, and was working with industry to agree on those data points. The first incidence of providing this data is expected for the Year 6/2022 Annual Statement on Market Conduct. Mr. Baig noted that some of the data that being requested of the industry was not currently collected by the industry, and, as such, the expectations of the TIWG may not be realistic.

5.f. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact of COVID-19 on Travel Insurance Industry

B. Wycks reported that the three Associations, CLHIA, THIA, and CAFII, continue to meet weekly to discuss issues related to the COVID-19 pandemic's impact upon the travel insurance industry. On Tuesday, 9 December, 2020, CLHIA's Committee on Travel Insurance would be receiving presentations from Global Affairs Canada on various COVID-related issues including the Canada-US border closure, and the Committee would also be hearing from the Government of Ontario regarding the re-introduction of OHIP coverage for out of country travel health coverage claims. CAFII and THIA have been invited to participate in both of those presentations to the CLHIA Committee.

5.g. Timing Of Early 2021 CAFII Board Special Purpose Meeting Re Possible Updating of CAFII Strategic Plan

B. Wycks recalled that the Board had requested that a Special Purpose Board Meeting be scheduled to review the Three-to-Five-Year CAFII Strategic Plan, adopted by the Board in February 2018, to see if it needs updating. He advised that an availability poll would be sent to Board members shortly to ascertain the best date, with the last two weeks in January 2021 and the first two weeks in February 2021 being the period that CAFII is currently looking at for this session.