

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, June 9, 2020
MINUTES

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

EOC Present:	Martin Boyle	BMO Insurance, <i>Board Secretary and Chair, EOC</i>
	Tony Pergola	ScotiaLife Financial, <i>Treasurer</i>
	Sharon Apt	The Canada Life Assurance Company
	Charles Blaquiére	Valeyo (Canadian Premier Life Insurance)
	Emily Brown	Sun Life
	Michelle Costello	CUMIS/The Co-operators
	Dallas Ewen	The Canada Life Assurance Company
	Karyn Kasperski	RBC Insurance
	Scott Kirby	TD Insurance
	Brad Kuiper	ScotiaLife Financial
	John Lewsen	BMO Insurance
	Charles MacLean	RBC Insurance
	Vikram Malik	Sun Life
	Anita Mukherjee	RBC Insurance
	Diane Quigley	CUMIS/The Co-operators
	Monika Spudas	Manulife Financial
	Andrea Stuska	TD Insurance
	Kamana Tripathi	TD Insurance

Also Present:	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Albert Lin	Managing Matters, <i>Recording Secretary</i>

1. Call to Order, Meeting Quorum Confirmation, and Board Transition Matters

N. Benson welcomed all to this first meeting of the newly constituted 2019-2020 CAFII Board of Directors, including newly elected Board Member Mica Sweet from CIBC insurance, and called the meeting to order at 2:00 p.m. A. Lin acted as Recording Secretary.

M. Boyle confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that all 13 Directors of the Corporation, constituting a quorum, were present on the phone.

N. Benson 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. CAFII Competition Guidelines

N. Benson noted that the CAFII Competition Guidelines provided in the meeting package were adopted by the Association's then-Board of Directors on April 3, 2008. CAFII's practice has been to highlight the key principles set out in the Competition Guidelines annually, at this first Board meeting in a new governance year.

N. Benson summarized the CAFII Competition Guidelines, noting that they commit the Association's Directors and other Member representatives who participate in the Association's affairs to avoiding the following:

- making or discussing any agreement on prices, premiums, fees, or products;
- exchanging cost information (with the intent to fix prices or reduce competition);
- restricting independent dealing with industry suppliers; and
- precluding, arbitrarily, participation in CAFII in a manner that may limit competition.

1.b. Approval of Agenda

On a motion duly made, seconded and unanimously carried

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

1.c. Election of 2020-2021 CAFII Officers

N. Benson noted that at this first Board meeting in a new governance year, following the election of the Association's Directors at the Annual Meeting of Members, the Board must appoint the volunteer Officers of the Association, with those volunteer Officer positions being Chair, Vice-Chair, Secretary, and Treasurer.

She advised that Article 7.1 of CAFII's Bylaw specifies that "the Directors shall select annually Officers of the Corporation. Except for the Executive Director, Officers shall hold their position for a period of one year."

N. Benson stated that the following slate of Officers was therefore nominated for appointment by the Board:

Chair:	Chris Lobbezoo, RBC Insurance Holdings Inc.
Vice-Chair:	Peter Thompson, National Bank Insurance
Secretary & EOC Chair:	Martin Boyle, Bank of Montreal, BMO Insurance
Treasurer:	Tony Pergola, ScotiaLife Financial

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the nominated slate of officers is approved by the Board.

N. Benson welcomed C. Lobbezoo into his new position as Board Chair, who proceeded to chair the remainder of the meeting.

2. Consent Items

C. Lobbezoo noted that Consent item documents had been provided for each of the six (6) Consent Agenda items; and it was presumed that Directors had reviewed them in advance of this meeting.

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 meeting of the Board of Directors held April 7, 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. EOC-Recommended Cancellation Of CAFII Annual Members' Luncheon For 2020

B. Wycks advised that the EOC had recently recommended, for the Board's consideration, that rather than trying to reschedule the 2020 CAFII annual Members' Luncheon with FCAC Commissioner Judith Robertson as guest speaker for the Fall of 2020, the event should be cancelled entirely for 2020 and rescheduled for 2021.

However, in Board discussion, Directors advised that, if possible, CAFII should try to find an alternative way to have a dialogue session in 2020 with the FCAC Commissioner. One idea was to hold a lunch with the Commissioner, the CAFII Board of Directors, and the CAFII Co-Executive Directors, followed by a webinar presentation by the Commissioner over a virtual platform, which a larger audience of CAFII member representatives would be able to attend.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII 2020 Annual Members' Luncheon be re-oriented into a virtual or partially-virtual presentation by FCAC Commissioner Judith Robertson to CAFII in late September or October 2020.

[Action Item: Re-orient the 2020 CAFII Annual Members' Luncheon into a virtual or partially-virtual presentation by FCAC Commissioner Judith Robertson in late September/October; B. Wycks/K. Martin, September 15/20.]

3.b. Recommendation That Launch/Work of CAFII EOC Working Group On Proposed Lower Dues Category Of CAFII Membership Be Deferred Until "New Normal" Emerges, Post-COVID-19

K. Martin recalled that some companies had expressed an interest in joining CAFII but they would only be prepared to do so if there was a lower dues category of membership.

While there is still a need to explore this option, it is unclear how the economic situation will look after the COVID-19 pandemic subsides. The EOC has recommended that it would be better to wait for things to settle down before striking a Working Group to review a lower dues category of CAFII membership, and has recommended temporarily postponing this initiative.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the launch of a CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership be deferred until the COVID-19 pandemic subsides and a semblance of normalcy has emerged in the economy.

[Action Item: Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, K. Martin, 2020.]

3.c. Recommendation From CAFII Website & SEO Consultant RankHigher That Ownership Of CAFII.Insurance Domain Name Not Be Renewed

B. Wycks reported that CAFII pays \$1,000 US annually to Encirca, a US internet domain name registrar, to own and protect the CAFII.insurance domain. CAFII has owned this domain since 2016, the year that .insurance domains first became available for purchase, and it renews on July 1 each year.

CAFII's website consultant firm RankHigher has suggested that the CAFII.insurance domain not be renewed, as it offers no value and if CAFII was to use the domain, it would diminish the value of the CAFII.com domain. The EOC agreed with this recommendation and has recommended to the Board that the CAFII.insurance domain not be renewed.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII discontinue ownership and protection of the CAFII.insurance domain name.

[Action Item: Discontinue the renewal of the CAFII.insurance domain name, B. Wycks, June 28, 2020.]

3.d. Rescheduling of October 2020 CAFII Board Meeting; and Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives To Thursday, October 15/20

B. Wycks recalled that the liaison lunch and industry issues dialogue with the AMF had to be rescheduled from April 7/20, due to COVID-19. CAFII has found an alternate date when a quorum of Directors can attend the meeting in the Fall of 2020. The meeting will be hosted by Desjardins Insurance in Lévis, Québec on Thursday, October 15/20.

4. Financial Management Matters

4.a. CAFII Financial Statements as at April 30/20

T. Pergola, CAFII Treasurer, reported that revenue was slightly lower than budgeted due largely to non-renewal by three former Associates (Munich Re, PWC and RankHigher). Expenses were significantly lower due to reduced activity caused by the COVID-19 pandemic, including that the CAFII Co-Executive Directors are not travelling; and some activities such as CAFII in-person Receptions and the 2020 Annual Members' Luncheon have not been held. As a result, it is expected that at the end of the 2020 fiscal year, CAFII's financial reserves will increase to 35% of annual operating expenses, which is well within the target range of 25% to 50% of annual operating expenses.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII Financial Statements as at April 30/20 are approved in the form presented.

4.b. Forecast For CAFII 2020 Fiscal Year

T. Pergola, CAFII Treasurer, reiterated that while revenues are down slightly in 2020, expenses will likely come in at \$85,000 lower than originally budgeted, resulting in a forecast of a significant 2020 fiscal year surplus.

4.c. Updated CAFII Cheque Signing Authority Policy

T. Pergola, CAFII Treasurer, recommended the Board's approval of the following changes to CAFII's cheque signing authority policy:

- Update the header and the footer with current office address
- Change from "TO Corp" to "Managing Matters Inc."; and "Executive Director" to "Co-Executive Directors"
- Change point 4 from "physical signature" on all cheque stubs and back-up to "email approval".

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII Cheque Signing Authority Policy updates be approved as set out in the *Updated CAFII Cheque Signing Authority Policy* document included in the meeting package.

4.d. Canada 10% Temporary Wage Subsidy For Employers (TWSE): CAFII Decision Not To Apply

T. Pergola, CAFII Treasurer, reported that the Association is eligible for the federal government's COVID-19 10% Temporary Wage Subsidy For Employers (TWSE). However, organizations are not automatically provided with the subsidy, and have to apply for it.

The TWSE amount that CAFII is eligible for is small (\$2,750) and if the media were to become aware that CAFII applied for and received this subsidy, there is the potential for negative coverage. As a result, CAFII has decided not to apply for the TWSE.

5. Strategic and Regulatory Matters

5.a. CAFII's Two-Pronged Strategy Re AMF's View That RADM Applies To Credit Card-Embedded Insurance Benefits

5.a.i. Update On Two Prongs Of Strategy

K. Martin recalled that CAFII has taken a two-pronged approach to the AMF's view that the Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits. The first prong was to develop our legal options. In that respect, CAFII asked Marc Duquette of law firm Norton Rose to provide us with his views on our legal options. In a March 6/20 note to CAFII, Mr. Duquette indicated that he felt our legal foundation for challenging the AMF's views was strong. He proposed detailing the options and sharing these with the AMF, at an estimated cost of \$50,000. If the AMF did not accept our analysis, he felt that we had options around a court challenge, but the cost of such an approach would be considerably higher.

The second prong, K. Martin continued, was to produce a letter for the AMF on how CAFII members could try to meet its expectations around the RADM's applicability to credit card-embedded insurance benefits, even though in our view embedded insurance benefits are not a sale of insurance. This would include "creative solutions" that tried to work around some of the RADM's requirements that are a poor fit for these products.

5.a.ii. Draft CAFII "Creative Solutions" Submission On How Industry Can Meet AMF's Requirements Related To RADM's Applicability To Credit Card-Embedded Insurance Benefits

K. Martin advised that, based partly on the observation that recent correspondence from the AMF appeared to have softened in tone and be more conciliatory, it was the EOC's recommendation that CAFII should implement the second prong approach and send a "creative solutions" submission letter to the AMF, prior to further investigating the first prong legal option, if it becomes necessary.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII creative solutions submission On How The Industry Can Meet The AMF's Requirements Related To The RADM's Applicability To Credit Card-Embedded Insurance Benefits be finalized and submitted to the AMF on or before July 15, 2020.

[Action Item: Finalize CAFII's creative solutions submission On How The Industry Can Meet The AMF's Requirements Related To The RADM's Applicability To Credit Card-Embedded Insurance Benefits and submit it to the AMF, B. Wycks, July 15/20.]

5.b. Proposed CAFII Response To CCIR/CISRO FTC Working Group Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models

B. Wycks recalled that at CAFII's quarterly stakeholder meeting with the CCIR/CISRO FTC Working Group on March 5/20, the FTC Working Group asked CAFII to undertake a third party-conducted survey of its financial institution distributor of insurance members about their incentives and compensation models used in-market; and to share the results report with the Working Group prior to the next quarterly meeting, which at that time was loosely scheduled for sometime in June 2020.

Subsequent to March 5/20, CAFII's next meeting with the FTC Working Group was postponed, due to COVID-19, to an indefinite date in the future.

Mr. Wycks also recalled that during its *in camera* discussion of this issue on April 7/20, the CAFII Board asked management to consult with the Canadian Bankers Association (CBA), to see if it collected the incentives and compensation models information which the CCIR/CISRO FTC Working Group was seeking. CAFII reached out to the CBA, which responded that it does not collect such information for any of its member banks.

CAFII management's recommendation was therefore that the Association should respond to the CCIR/CISRO FTC Working Group that if it wants to secure information on the incentives and compensation models which CAFII FI distributor members use in-market, it should make that request directly and privately to one or more members – due to the ongoing significant concerns on the part of several CAFII members about disclosing and discussing such competitively sensitive and competitively differentiating information in an Association-level meeting where competitors are present – rather than look to CAFII to undertake a third party survey and provide an aggregated and anonymized results report.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII respond to the CCIR/CISRO FTC Working Group – in the very immediate future, rather than waiting until the date of the next CAFII quarterly meeting with the Working Group is confirmed -- that if it wants to secure information on the incentives and compensation models which CAFII FI distributor members use in-market, it should make that request directly and privately to one or more members.

[Action Item: Send a letter to the CCIR/CISRO FTC Working Group advising it to contact relevant CAFII members directly and privately to obtain the desired information on incentives and compensation models used in-market, B. Wycks/K. Martin, June 30/20.]

5.c. CAFII Quarterly CPI Benchmarking Study With RSM Canada: Vetting By Stikeman Elliott Competition Lawyer; and Distribution of First Report

K. Martin reported that the first report emanating from the CAFII Quarterly Benchmarking Study With RSM Canada was now ready for release. Stikeman Elliott's competition lawyer Mike Kilby has conducted a review and is comfortable with the report and its content. A note was shared with the eight CAFII members which participate in the benchmarking study by submitting their data, to confirm that they understand and are comfortable with the report also being shared with the five insurer members of CAFII who do not directly participate in the study.

5.d. Research & Education Committee

5.d.i. 2020 CAFII Research Options, Including Proposed Engagement of Melissa Carruthers, Deloitte Canada For CAFII-Commissioned Thought Leadership/Perspectives Paper On "The Future of Credit Protection Insurance in Canada"

A. Stuska, Chair of the Research & Education Committee, reported that Melissa Carruthers of Deloitte Canada had submitted a proposal to CAFII for the delivery of a thought leadership/perspectives paper on "The Future of Credit Protection Insurance in Canada."

In addition to tapping into its own internal research and other knowledge resources, it was proposed that Deloitte Canada would also conduct short interviews with all 13 CAFII Directors to get their perspectives. It was felt that this report could potentially be publicly released, with the opportunity for some media pick-up. The cost of the study would be \$20,000.

In discussion, some Board members expressed reservations about a spend of this size at a time when members are facing unprecedented financial pressures. The view was expressed that a consultancy firm benefits from the business development opportunity of conducting a study with leading financial institutions, and that they should be asked to conduct this research *pro bono*. Others felt that the investment was worthwhile and could produce a valuable study which would have a positive reputational impact for CAFII. One Board member suggested that the Deloitte Canada deliverables under its proposal should include a separate presentation to each of the 13 CAFII member companies.

In concluding this discussion, the Board asked Ms. Stuska and the Co-Executive Directors to counter-propose to the Deloitte Canada representatives that they reduce the price/cost of the study, and enhance the deliverables, and resubmit a revised proposal.

[Action Item: Reconnect with Deloitte Canada and ask that the proposal be revised by reducing the price/cost and enhancing the deliverables to CAFII, B. Wycks/K. Martin/A. Stuska, July 20/20.]

5.e. Media Advocacy Committee

5.e.i. Proposed CAFII Motion Graphic Website Video On Credit Protection Job Loss Insurance: Proceed At This Time Or Defer?

K. Martin recalled that the Board had previously approved the EOC's recommendation on the 2020 CAFII website investment plan (budget of \$35,000), which includes two new motion graphic videos, more vignettes, and more FAQs.

The first proposed video was on credit protection job loss insurance. This was viewed as a good video to invest in because it is one of the highest search terms on Google around credit protection insurance, and because with the COVID-19 pandemic, it is highly topical.

However, there may be risks associated with featuring a video on job loss insurance on the CAFII website, especially if a noticeable number of job loss insurance claims end up being denied, and/or there is negative media coverage about the product. There may also be some members who may choose to exit this market.

At the May 26/20 EOC meeting, discussion of this item revealed a divergence of views on the merits of proceeding with a CAFII website video on job loss insurance and no consensus. Some EOC members felt that such a video would be very timely and appropriate, and would put the industry in a positive light. Others were concerned that it could draw attention to a product that may receive some negative press if there are job loss claim denials.

In concluding Board discussion on this matter, given that the EOC had not arrived at a consensus view and had not made a recommendation on it to the Board, the Board asked the EOC to revisit the issue of CAFII 2020 website videos.

5.e.ii. Options For CAFII Around Media Proactivity and Website Enhancements Arising From COVID- 19

K. Martin reported that the *CAFII Directors and Designates COVID-19 Information-Sharing Group* has proposed some ideas for the CAFII website, including the publication of good news stories from customers about how our members are supporting them during the pandemic; publication of statistics on the escalated level of claims and payouts due to the pandemic; and publication of information on the CAFII website on how to make a claim.

In Board discussion of these proposed options, it was agreed that, at this time, the best option to pursue is the publication on the website of information on how to make a claim, with links to the claims sections of each of CAFII's members.

An EOC member also suggested that CAFII also consider pursuing a consumer research study on the claims experience of customers who have made a job loss insurance claim or a travel medical insurance claim during the pandemic timeframe; and the Board asked the EOC to consider that suggestion.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII management is directed to implement Option 3 and publish How To Make A Claim information on the CAFII Website, with each member providing links to the claims sections of their own websites.

[Action Item: Create a new tab on the CAFII website and provide How To Make A Claim information there; K. Martin, July 31/20.]

5.e.iii. Media Consultant Report On CAFII's 2019 Media Relations and Website Communications Achievements

C. Blaquiére, Media Advocacy Committee Chair, reported that CAFII media consultant D. Moorcroft had produced a summary report on the Association's website and media achievements in 2019, which he felt was the most productive media year ever for CAFII. Mr. Blaquiére shared the highlights of Mr. Moorcroft's report with the Board.

5.f. Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance

5.f.i. Feedback On and Continuation of CAFII Directors and Designates COVID-19 Information-Sharing Group

In a feedback discussion facilitated by C. Lobbezoo, Board members indicated that the CAFII Directors and Designates COVID-19 Information-Sharing Group meetings were quite valuable and informative, but that with the recent stabilization following the pandemic-driven surge in claims and related challenges that the industry had met, the frequency of its meetings could shift to once per month.

IT WAS RESOLVED that the frequency of the CAFII Directors and Designates COVID-19 Information-Sharing Group's meetings be changed to once per month.

[Action Item: Change the frequency of the CAFII Directors and Designates COVID-19 Information-Sharing Group's meetings to once per month, K. Martin, June 30/20.]

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

B. Wycks reported that CAFII's Co-Executive Directors, EOC Chair M. Boyle, and Travel Medical Insurance Committee Chair A. Baig participate in a weekly call involving CLHIA, CAFII, and THIA to compare notes on the impact of COVID-19 on the travel medical insurance industry. He then shared updates from recent such meetings with the Board.

5.g. Launch of Saskatchewan RIA Advisory Committee

B. Wycks recalled that CAFII and CLHIA have jointly been advocating for the creation of a Restricted Insurance Agent Advisory Committee in Saskatchewan, which could provide the Insurance Councils of Saskatchewan (ICS) with expert advice from an RIA licence holder perspective, and that work was about to come to fruition in 2020.

ICS has included provisions in its new Bylaw, which came into force on January 1/20, to allow for the creation and operation of an RIA Advisory Committee.

CAFII will be following up with the CLHIA and with ICS to determine next steps and timelines.

5.h. Postponement of Planned CAFII 2020 Atlantic Canada Visits To 2021 Due To COVID-19: Communication of CAFII's Plans To Insurance Regulators and Policy-Makers in NB, NS, PEI, and NF

B. Wycks reported that the EOC had advised that it would be difficult to fit all COVID-19-delayed activities into the Fall of 2020; that internal meetings of CAFII member companies may need to take priority during that period; and that it was not clear what travel and meeting restrictions would still be in place in the Fall of 2020 due to the pandemic.

As such, it was recommended that the Atlantic Canada tour not occur in the Fall of 2020, but instead be delayed to the Spring of 2021. CAFII has therefore written to all of the Atlantic Canada insurance regulatory and policy-maker authorities that we were planning to visit, letting them know of this postponement.

6. Special Matters and Other Business

6.a. Feedback On Transition To A New Briefing Notes-Driven Approach To CAFII Board Meetings and Materials

Board members provided feedback that the new briefing-notes driven approach to CAFII Board meetings was effective and should continue for future meetings.

6.b. June 9/20 CAFII Emerging Issues Webinar On "The Looming Impact Of Climate Change Upon The Life and Health Insurance Industry"

B. Wycks reminded Board members that following this meeting, CAFII would be holding a webinar with Deloitte Canada on "The Looming Impact of Climate Change Upon The Life and Health Insurance Industry."

6.c. Next CAFII Board Meeting: Thursday, October 15/20 Hosted By Desjardins Insurance in Levis, Quebec, Including Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives

B. Wycks highlighted that the next CAFII Board meeting would be held on Thursday, October 15/20, hosted by Desjardins Insurance in Levis, Quebec, and that it would be immediately preceded by an informal liaison lunch and an Industry Issues Dialogue session with AMF staff executives.