

**BOARD VIRTUAL MEETING VIA MS TEAMS  
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

**Tuesday, June 8, 2021, 2:20-4:30pm**

**MINUTES**

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

**Also Present:** Brendan Wycks, *Co-Executive Director*  
Keith Martin, *Co-Executive Director*  
Lyn Wallington, *Managing Matters* (Recording Secretary)

**1. Welcome, Call to Order, and Priority Matters**

C. Lobbezoo welcomed all to this meeting of the CAFII Board of Directors, which was held virtually on the Microsoft Teams platform, and called the meeting to order at 2:20 p.m. Lyn Wallington acted as Recording Secretary.

Rob Dobbins, 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.

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. Welcome to New CAFII Member; and to Two New CAFII Directors**

C. Lobbezoo thanked André Langlois, en absentia, for his service to CAFII as a Director from Desjardins. Mr. Langlois is stepping down as the Director from Desjardins, and Mr. Lobbezoo welcomed his successor Chantal Gagné, Senior Vice-President, Individual Insurance Division, Desjardins Financial Security. Ms. Gagné then briefly introduced herself to the other members of the Board.

### 1.b. Approval of Agenda

C. Lobbezoo noted that the agenda for this meeting included a “Read Only” section which members were expected to review but which would not require discussion in the meeting. Combined with the “Consent Items” section, these sections allow the meeting itself to focus on items that require Board discussion and/or decision-making.

Mr. Lobbezoo noted that two inter-related items would be added as agenda items 1(c) and 1(d). He indicated that those two items could be titled 1(c) *“Recommendation on Canadian Tire Bank’s Application for CAFII Initiation Membership”*; and then, assuming Board approval of that item, 1(d) would be *“Appointment of Canadian Tire Bank’s First Director on the CAFII Board.”*

If the Board agreed to add those two items, the items that were 1(c) and 1(d) as displayed on the originally circulated agenda would become items 1(e) and 1(f), Mr. Lobbezoo advised.

Mr. Lobbezoo also noted that it had been decided to defer one further agenda item which could have been added to today’s agenda – on a Bylaw Amendment to permit “Voting By Electronic Means, Outside of a Board Meeting” – to a Special Purpose Board Meeting that would likely occur in late June, around the legal arguments being developed for CAFII by Norton Rose.

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

### 1.c. Recommendation on Canadian Tire Bank’s Application for CAFII Initiation Membership

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** to approve the recommendation from the CAFII Membership Applicant Review Committee that Canadian Tire Bank be admitted to CAFII Initiation Membership.

### 1.d. Appointment of Canadian Tire Bank’s First Director On The CAFII Board

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that Adam Vespi, Associate Vice-President, Insurance & Services, at Canadian Tire Bank, be appointed as Canadian Tire Bank’s first Director on the CAFII Board.

Following passage of the motion, Mr. Vespi joined the meeting and Mr. Lobbezoo welcomed him to the CAFII Board. Mr. Vespi then briefly introduced himself to the other members of the Board.

### 1.e. Review and Acceptance of CAFII Competition Law Policy

C. Lobbezoo noted that the CAFII Competition Law Policy provided in today’s Board meeting package was adopted by the Association’s then-Board of Directors on April 3, 2008. The Association’s practice has been to highlight the key principles set out in the Competition Law Policy annually, at this first Board meeting in a new CAFII governance year.

Mr. Lobbezoo noted that the CAFII Competition Law Policy commits the Association’s Directors and other Member representatives who participate in the Association’s affairs to avoidance of the following:

- Making or discussing any agreement on prices, premiums, fees, or products;
- Exchanging cost information (with 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.f. Appointment of 2021-2022 CAFII Volunteer Officers**

Mr. Lobbezoo noted that as this was the first Board meeting following the election of the Association's Directors for 2021-22, the Board must now appoint the volunteer Officers of the Association for 2021-22, with those volunteer Officer positions being Board Chair; Board Vice-Chair; Board Secretary & Executive Operations Committee Chair; Vice-Board Secretary & Executive Operations Committee Chair; and Treasurer.

Mr. Lobbezoo noted that the position of Vice-Board Secretary & Executive Operations Committee Chair was a new Officer role which the EOC had recommended the Board create; and the EOC was also recommending a candidate as the first appointee into that position.

Mr. Lobbezoo advised that Article 7.1 of the CAFII 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."

Therefore, the following slate of volunteer Officers was nominated for appointment by the Board:

Board Chair: Chris Lobbezoo, RBC Insurance Holdings Inc.  
Board Vice-Chair: Peter Thompson, National Bank Insurance  
Board Secretary & EOC Chair: Rob Dobbins, Assurant Canada  
Vice-Board Secretary & EOC Chair: Karyn Kasperski, RBC Insurance Holdings Inc.  
Treasurer: Tony Pergola, ScotiaLife Financial

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the nominated slate of CAFII volunteer Officers for 2021-22 be appointed by the Board.

#### **2. Consent Items**

Mr. Lobbezoo advised that the following Consent Items would not require any discussion during the meeting:

- a. Draft Board Meeting Minutes, April 13, 2021;
- b. Draft Board Meeting Minutes, May 19, 2021;
- c. Summary of Board and EOC Action Items;
- d. Regulatory Update;
- e. Consultations/Submissions Timetable;
- f. Regulator and Policy-Maker Visit Plan;
- g. Committee Reports Addressing CAFII Priorities;
- h. 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 meeting of the Board of Directors held April 13, 2021 and the minutes of the meeting of the Board of Directors held May 19, 2021 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.

### **3. Governance Matters**

#### **3.a. Results of Recent Outreach To EOC Members To Create Succession Pipeline Of Committee Chairs and Vice-Chairs**

CAFII EOC Chair and Board Secretary R. Dobbins noted that CAFII had engaged in an effort to attract new members to the various CAFII Committees, including identifying a Vice-Chair for each committee, such that the Vice-Chairs would be in line to succeed the Chair when that person stepped down. This effort had been very successful and had resulted in most Committees now having a Vice-Chair, along with a significant addition of new Committee and Working Group members.

#### **3.b. Plans For Negotiating A Renewal of CAFII's Association Management Services Contract With Managing Matters**

K. Martin noted that CAFII, as a small Association, relied on an Association Management Company (AMC) support to meet most of its support services needs, such as administrative support, accounting services, and event management. Four years ago, CAFII chose Managing Matters in an RFP process. One year thereafter, CAFII was sufficiently pleased with the service levels provided by Managing Matters that the Association negotiated a three-year extension, with cost concessions offered to CAFII in exchange for the longer-term contract.

CAFII management feels that Managing Matters is continuing to provide exemplary service and is well-aligned with CAFII's priorities and values. It has recommended to the EOC that a recommendation should be made to the Board that it give CAFII management the authority to negotiate the terms of a three-year extension to the contract, which expires 31 December, 2021, which would then be presented to the Board for approval, and the EOC supported that recommendation.

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** to empower Keith Martin and Brendan Wycks, the CAFII management team, to proceed with negotiating proposed terms for renewal and extension of CAFII's Association management services contract with Managing Matters, which would then be brought back to the Board for approval at the 5 October, 2021 Board meeting.

*[Action Item: Negotiate terms for a three-year contract renewal with Managing Matters, to present to the Board at the October 2021 Board meeting; K. Martin, B. Wycks, Summer 2021.]*

#### **4. Financial Management Matters**

##### **4.a. CAFII Financial Statements as at April 30/21**

CAFII Treasurer Tony Pergola noted that CAFII's financial situation is very healthy. In April 2021, revenues were \$78K, expenses were \$65K, and there was a monthly surplus of \$14K. Year-to-date, CAFII's revenues were \$313K, expenses were \$233K, and the surplus was \$79K, which is a positive variance from the budget of \$25K. That was partly caused by higher revenues due to securing four new Associates being onboarded, as well as timing around expenses. The level of financial reserves as at May 31/21 was 55% of annual operating expenses, which was slightly above the 25 to 50% range which the Association targets.

##### **4.b. Forecast for CAFII 2021 Fiscal Year as at April 30/21**

CAFII Treasurer Tony Pergola reported that the current forecast through to the end of CAFII's 2021 fiscal year was positive, with projected revenue of \$939K, expenses of \$836K, and a surplus of \$102K. The projected level of financial reserves as at December 31/21 was 58% of annual operating expenses.

#### **5. Strategic and Regulatory Matters**

##### **5.a. Proposal That CAFII Investigate Development and Launch of an Education/Master Class/Certification Program For Member Company Employees On "CPI Legislative and Regulatory Principles and Environment"**

Zack Fuerstenberg, Board member for ScotiaLife Financial, presented some ideas he had on how to build on the many educational materials that CAFII offers. He felt that it might be beneficial for CAFII to develop standards around the staff training that CAFII members offer their credit protection insurance (CPI) employees, which would ensure an industry minimum standard and also be a positive message to share with regulators. He also felt that a curated set of educational modules on various strategic and regulatory matters could be developed and offered to head office staff of CAFII members.

In discussing this proposal, many Board members felt that there could be value to such an initiative, but that it could be a very large undertaking and could distract CAFII from some of its other strategic priorities. It was also felt that there was a significant pipeline of regulatory and strategic initiatives already being undertaken by CAFII and its members at this time; and that, as such, it could be difficult to find the resources for moving forward on such an initiative.

The Board felt that it would be worthwhile for CAFII management to develop a high-level summary of the options available around this proposal, including the pros, the cons, the costs, and the resource implications, and to present this to the Board at its next meeting on October 5, 2021.

*[Action Item: Develop a summary of the pros, cons, and costs of different options related to the CAFII education program, for presentation to the Board at the October, 2021 Board meeting; K. Martin, B. Wycks, September 28, 2021.]*

**5.b. Norton Rose's Development of Legal Arguments That Could Be Used To Counter AMF's Position On RADM's Applicability To Credit Card-Embedded Insurance Benefits**

Keith Martin updated the Board on the status of CAFII's engagement of law firm Norton Rose to develop legal arguments that could be used to counter the AMF's position on the applicability of Quebec's *Regulation respecting Alternative Distribution Methods (RADM)* to credit card-embedded insurance benefits, an engagement decision which the Board had taken recently at a Special Purpose Board Meeting on May 19/21.

K. Martin noted that the Board had not indicated that it would necessarily use any legal opinion to challenge the AMF, but rather wanted to know its legal standing and options. Norton Rose was currently developing the legal arguments and it was expected to be ready in late June or early July 2021. A Special Purpose Board Meeting will be called for Norton Rose to present its findings to the Board and to answer any questions.

*[Action Item: Organize a 90 minute Special Purpose Board Meeting at which Norton Rose will present the legal arguments from its AMF RADM legal analysis in relation to credit card-embedded insurance benefits; K. Martin, B. Wycks, June 30, 2021.]*

**5.c. CAFII Submission Of Deadline Extension Request Letter To AMF Re September 17/21 Deadline For Affected Insurers To Submit Product Summaries and An Action Plan**

Keith Martin updated the Board on CAFII's recent submission of a deadline extension request letter to the AMF with respect to its stipulated September 17, 2021 deadline for affected insurers to submit, to it, Product Summaries and an Action Plan with respect to the RADM's applicability to credit card-embedded insurance benefits.

K. Martin noted that the letter had been sent on June 7/21 and CAFII was now awaiting an answer. If the AMF did not answer within the next few weeks, Mr. Martin planned to call Mario Beaudoin at the AMF and inquire about when an answer might be forthcoming.

**5.d. CAFII Outreach To CBA That It Engage In AMF Credit Card-Embedded Insurance Benefits Issue, Given Implications For Core Credit Card Offerings In Quebec**

K. Martin updated the Board on the status of CAFII's outreach to the Canadian Bankers Association to request that it engage in the AMF credit card-embedded insurance benefits issue, given the implications of the AMF's position for core credit card offerings in Quebec.

Mr. Martin noted that although the CBA had not updated CAFII on its view of the request, several CAFII Board members had previously indicated that the CBA was exploring the request.

In Board discussion of this matter, several Board members indicated that they were aware that the CBA was in discussions internally on this matter.

**5.e. CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits**

K. Martin updated the Board on the work and progress to date of the recently formed *CAFII Working Group on Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits*.

Mr. Martin noted that the Working Group was co-chaired by Karyn Kasperski of RBC Insurance and Scott Kirby of TD Insurance, and had a strong membership including many representatives from members' credit card operations. The Working Group was focusing on how to develop the required Product Summaries, and the meetings to date had been extremely productive, with much important information being shared and discussed about the expectations of the AMF and how to best respond to them.

**5.f. CAFII Working Group On Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance**

K. Martin updated the Board on the work and progress to date of the recently formed *CAFII Working Group on Industry Alignment Re Interpretation of the FCAC's Appropriateness Guideline's Application to Credit Protection Insurance Products; and Potential Approaches to Compliance*.

K. Martin noted that the Working Group, which meets every second week and is chaired by Martin Boyle of BMO Insurance, was challenged in that it was attempting to respond to a document that was not publicly available at this time. But the Working Group was still making progress by looking at what could be appropriate, and what might not be appropriate, in the credit protection insurance space, so that when the FCAC Appropriateness Guideline is made public, CAFII and its members will be readily able to offer a detailed feedback response on an advanced draft of the document.

**5.g. CISRO Consultation On "Principles of Conduct For Intermediaries"**

B. Wycks updated the Board on a new consultation which the Canadian Insurance Services Regulatory Organisations (CISRO) had recently launched, on May 25, on "Principles of Conduct for Intermediaries." Mr. Wycks noted that the consultation was relevant to CAFII and that the Association's Market Conduct & Licensing Committee would be working on a submission.

*[Action Item: Develop with Market Conduct Committee the CAFII submission to CISRO on its consultation on "Principles of Conduct For Intermediaries"; B. Wycks, K. Martin, July 9, 2021.]*

**5.h. Launch Of Saskatchewan Restricted Insurance Agent Advisory Committee**

B. Wycks updated the Board on the Insurance Councils of Saskatchewan's plans for the launch of a Saskatchewan Restricted Insurance Agent Advisory Committee, which will be the first of its kind in Canada, with seven (7) industry representatives who have been nominated by CAFII and CLHIA working in collaboration.

**5.i. Insights Gained From June 3/21 CAFII Webinar On "RIA Regimes In Canada"**

K. Martin noted that the 3 June, 2021 CAFII webinar on "RIA Regimes in Canada" had been highly successful, with over 100 registrants including over a dozen regulators and policy-makers. The panelists were very engaged and much positive feedback on the webinar had been received.



B. Wycks noted that Joanne Abram, CEO of the Alberta Insurance Council, specifically said in her comments that she felt that credit protection insurance products were positive for consumers by offering a simple, affordable insurance option for those taking out a loan instrument, and that the other two panelists (April Stadnek, Director of Compliance & Enforcement, Insurance Councils of Saskatchewan, and Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba) echoed that sentiment. Mr. Wycks noted that such a positive statement from regulators would have been very unlikely five years ago, demonstrating that CAFII's communication strategy is working.

**5.j. Next Steps Arising From Results Report From CAFII Research Project On Insurance CPI Consumers' Digitization Preferences: Webinar For Regulators and Policy-Makers; Public Release; and Media Release**

K. Martin noted that with the Board having recently approved, via a Written Resolution, the public release of the results of CAFII's recent research on digitization, the Association was now preparing the next steps. A webinar with regulators and policy-makers will be held on 15 June, 2021 to present to them the key findings of the study, with Lesli Martin, Vice-President at Pollara making the presentation. A day or so later, there will be a press release issued on the study, and the high-level results will be posted in English and French on the Association's website.

**5.k. New Motion Graphics Website Video On Consumers' CPI Digitization Preferences**

K. Martin noted that CAFII was preparing a video on the recent CAFII research on CPI consumers' digitization preferences, for posting on the CAFII website.

Mr. Martin added that about a year ago, CAFII had developed a script for a video on job loss CPI, but some Board members felt, at the time, that with the claims experience of consumers with job loss insurance in the context of the pandemic not being clear, the timing for releasing such a video might be premature. With the passage of a year, and given that job loss CPI had not been subject to criticism in that time period, Mr. Martin asked if the Board would be comfortable with releasing that video now. The Board expressed strong support for so doing.

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

Mr. Wycks noted that CLHIA and THIA meetings with Global Affairs Canada had recently been cancelled. He also noted that the key COVID-19 issue currently being discussed by this group is when the Canada-US border will re-open.

**6. Meeting Termination**

B. Wycks updated the Board on plans for the next regularly scheduled CAFII Board meeting, on October 5, 2021.

Then, on a motion duly made, seconded and unanimously carried, **IT WAS RESOLVED** to terminate the meeting.