

CAFII Executive Operations Committee
Tuesday, July 25, 2017
ScotiaLife Financial, 100 Yonge Street, Suite 4000
Maple Leaf Conference Room, Toronto

MINUTES

EOC Present:

Peter Thorn, TD Insurance *Chair*
Jason Beauchamp, BMO Insurance
Rose Beckford, ScotiaLife Financial
Charles Blaquiére, Canadian Premier Life
Rob Dobbins, Assurant Solutions
John Lewsen, BMO Insurance
Sue Manson, CIBC Insurance
Julie Medeiros, RBC Insurance *(by teleconference)*
Tony Pergola, ScotiaLife Financial *Treasurer*
Diane Quigley, CUMIS Group Inc *(by teleconference)*
Andrea Stuska, TD Insurance

Also, Present:

Emily Cloutier, TO Corporate Services *Recording Secretary*
Keith Martin, CAFII *Co-Executive Director*
Brendan Wycks, CAFII *Co-Executive Director*

Regrets:

Isabelle Choquette, Desjardins
Katherine Geisler, CIBC Insurance
Maira Gill, TD Insurance
Charles MacLean, RBC Insurance
Jerome Savard, Desjardins

1. Call to Order

The CAFII EOC meeting was called to order at 2:06 p.m.; P. Thorn acted as Chair; E. Cloutier acted as recording secretary.

2. Approval of Agenda and Previous Minutes

The agenda for this July 25/17 meeting was approved as circulated.

a. EOC Minutes of June 20/17

The EOC Minutes of June 20/17 were approved as presented. However, EOC members expressed a desire for the minutes to be shorter, include less detail, and focus on decisions and actions.

b. Summary of Board and EOC Action Items

B. Wycks provided an update on Action Items which had been added or changed in status since the previous EOC meeting on June 20/17, *as per the Summary of Board and EOC Action Items* document included in the meeting package.

At the request of M. Gill and J. Lewsen, debrief notes resulting from their recently completed Action Item #3: *Set-up an informal meeting with A. Monid, FSCO* have been included as Appendix A to these minutes.

3. CAFII Financial Management

a. Financial Statements as at June 30/17

Treasurer T. Pergola reported on the highlights of CAFII's Financial Statements as at June 30/17, as follows:

- YTD column has been added to the Income Statement;
- Statement of Operations indicates a deficit of \$81K YTD which seems to be the result of timing within the year; outstanding member dues; and the loss of National Bank as a member; and
- at this time, budgetary issues will not impact the completion of 2017 mandated initiatives; however, 2018 budget preparation will need to be precisely focused. YTD budget numbers are not adjusted for seasonality.

ACTION: Review list of CAFII initiatives to ensure they are on budget in terms of seasonality [T. Pergola/S. Ghebru; October 31/17]

An update was provided on 2017 CAFII Associate and Regular Member Dues:

- **Aimia** was bought by Sigma Loyalty Group in late 2016; at this time, it is unclear if Sigma will assume the Associate status previously held by Aimia.

ACTION: Connect with alternate contact at Sigma Loyalty group to inquire whether they would be interested in CAFII membership. [K. Martin/B. Wycks; August 15/17]

- **Laurentian Bank** has confirmed that it will not be renewing its Associate status; however, the company has agreed to receive a proposal detailing the value proposition of CAFII Regular membership.

ACTION: Prepare a benefits package on the value proposition of CAFII Membership for Laurentian Bank to review as a prospective applicant for CAFII membership in 2018. [B. Wycks/K. Martin; October 20/17]

- **Desjardins Financial Security Life Assurance** has requested a re-evaluation of the current CAFII member dues policy. This member dues issue will be raised *in camera* at the October 2017 Board meeting and a Board task force may be struck to consider the matter.

ACTION: Add review of CAFII membership dues policy to in camera agenda for October 2017 Board meeting agenda. [B. Wycks/K. Martin; October 2017]

b. Renewal of CAFII Authorized Cheque Signing Authorities

E Cloutier advised that newly appointed CAFII officers Tony Pergola, Treasurer; Keith Martin, Co-Executive Director; Peter Thorn, Secretary and EOC Chair are being added to the CAFII Authorized Cheque Signing Authorities at TD Bank.

4. Regulatory Update

a. New Saskatchewan Insurance Act and Regulations

The Financial and Consumer Affairs Authority released the final versions of the Insurance Regulations it had recently drafted, along with the revised Insurance Act, on June 29/17. The “in force” date for the new Act and Regulations remains to be announced.

ACTION: Perform an analysis comparing the final version of the New Saskatchewan Insurance Act and Regulations compared to the initial draft and recommendations made by CAFII. [B. Wycks; September 30/17]

b. Alberta Authorization of CI Sales Under an RIA Certificate

It was reported that with regard to the critical illness insurance definitions, J. Abram of the AIC had written to CAFII to advise that the Life Insurance Council had adopted critical illness insurance definitions that combine input from CAFII and CLHIA. With regard to the other three credit-related insurance definitions, the AIC have moved closer to what CLHIA had recommended in terms of amended language, to limit consumer confusion.

c. June 23/17 CAFII Meeting with CCIR Policy Managers

A successful liaison luncheon had occurred between CAFII and CCIR Policy Managers S. Jacobs and M. Boyle at which a number of current initiatives of CCIR were shared. A complete debrief of the June 23/17 meeting can be found in the following documents within the materials package for this meeting:

- 4.c(i) *CAFII Meeting With CCIR Policy Managers, June 23/17*
- 4.c(ii) *Regulatory Visit Liaison Lunch Meeting Between CAFII Representatives and CCIR Policy Managers, June 23/17*

d. CCIR 2017-2020 Strategic Plan

A high-level summary of the CCIR 2017-2020 Strategic Plan was relayed by M. Boyle to CAFII during the June 23/17 liaison luncheon. Highlights from the Strategic Plan include:

- Fair treatment of consumers;
- Regulatory harmonization;
- Fintech/insurtech – an item which CAFII had encouraged CCIR to establish as a priority in past correspondence.

e. June 29/17 CAFII Meeting with FSRA Secretariat

CAFII delegates engaged in a liaison meeting with Stuart Wilkinson, FSRA Implementation Secretariat and Paul Brathwaite, Ontario Ministry of Finance. Unfortunately, Sandy Roberts, Director of the Secretariat, was unable to attend and it was later learned this was due to preparing for the release of a major announcement the following day. CAFII agreed to submit its key priorities in a follow up letter, which was subsequently prepared for EOC review (See 4.e(iii) *CAFII Recommendations Comment Letter To FSRA Implementation Secretariat, July 28/17*)

ACTION: Review and provide feedback on the draft submission to S. Roberts [All EOC; July 27/17]

f. CAFII BC, Alberta, and Manitoba Regulators and Policy-Makers Visits Tour, October 16-19, 2017

CAFII has proposed a four-day tour of BC, Alberta, and Manitoba Regulators and Policy-Makers. The planning is well under way and a summary document of the proposed itinerary will be distributed to EOC members shortly.

g. CAFII Stakeholder Meeting with CCIR: October 25/17

CAFII has learned that CCIR will be holding annual stakeholder meetings on October 25/17 in Toronto.

Each meeting will be 40 minutes long. Three CAFII Directors have communicated an interest in participating as part of the Association's delegation. CAFII has communicated a preference for a morning slot on October 25.

5. Other Business

a. CAFII Website Modernization

It was reported that the website project is nearing completion. The content is undergoing final revisions, and is close to being finalized. After that is done, the English content will be translated and populated on the website. When these remaining components are complete, there will be a plan presented to the EOC about a soft and hard launch of the site.

The CAFII Board had suggested that the Complaints and Ombudsperson sections of the CAFII website include details on how to directly communicate with our members on these matters. This was thoroughly explored and a number of concerns were identified, including the possibility of confusing consumers, along with the challenge of keeping this information updated. It was agreed by the EOC that, for these reasons, only generic information would be included on these sections of the CAFII website.

c. Date and Location of October 2017 CAFII Board and AMF Liaison Meetings

It was reported that the dates currently being explored for the October 2017 CAFII Board and AMF Liaison Luncheon and Industry Issues Dialogue are not optimal. It was agreed that alternative dates later in October will now need to be explored.

ACTION: Poll the Board and EOC to determine if dates during the last two weeks of October may work as an alternative to October 3/17 [E. Cloutier/B. Wycks; August 15/17]

6. In Camera Session

To accommodate the time-sensitive nature of the abbreviated EOC meeting, and to allow sufficient time for the Strategic Plan Development Review II session, the *in camera* portion of the EOC meeting was deferred until 4 p.m. immediately following the Strategic Plan Review.

7. Termination

There being no further business, the meeting was terminated at 3:06 p.m. EST.

APPENDIX A

Debrief of Meeting with Anatol Monid, FSCO

CAFII delegates: M. Gill and J. Lewsen

Lunch, North York, July-24-17 12:00pm

Financial Services Regulatory Authority of Ontario (FSRA)	<ul style="list-style-type: none"> Anatol sees the appointment of Bryan Davies to chair the new FSRA as positive. He is also noted that Kathryn Bouey, another Director on the three-member founding FSRA Board, has financial services regulatory experience. The third director is Judith Robertson Richard Tillman from his team has transferred to work with the FSRA Implementation Secretariat in setting up the operation and liaising with FSCO. Andrea Chow backfilled Richard as Senior Manager, Financial Services Regulatory Policy Unit and brings a background of municipal Licensing and market conduct from her former Ministry of Finance role. He feels the FSRA will be up and running within one to three years. If it's one year, the focus would be on getting a name on the door before the next provincial election it will take close to three years if they plan to set it up from scratch as a full financial services regulator FSCO staff is experiencing some uncertainty. However, Anatol believes that most of the junior managers and their staff will transfer to the FSRA. He is not sure about the leadership
Current FSCO Priorities: Creditor Insurance: Proposed Survey of banks that have captive insurance companies is still on	<ul style="list-style-type: none"> FSCO is planning to do a survey of banks that have captive insurance companies since Anatol wants to better understand their oversight of creditor insurance distribution and market conduct practice We pointed out that most of the banks' insurance subs do not manufacture their creditor insurance products. He seemed surprised by this, but said he still wants to understand the oversight of creditor practices by the banking sector's insurance divisions. The real purpose seems to be the review of the insurer's oversight, not the review of insurers owned by banks. We also pointed out that that the FSCO survey might be a duplication of the work OSFI and the FCAC are doing. FSCO would not have access to OSFI findings, as OSFI did not come in under the CCIR shared services MOU. He indicated that he might reach out informally to the FCAC. They don't have an information-sharing protocol with the FCAC and are not likely to have them join CCIR any time soon.

	<ul style="list-style-type: none"> Anatol is open to talk about the survey with CAFII. We suggested that FSCO might want to have meetings with individual insurers to understand their business prior to developing the survey, but he was not open to this since he felt that this would take up a lot of resources and this is what the survey is for.
Financial Advisors	<ul style="list-style-type: none"> Anatol mentioned that FSCO will be doing work on oversight of financial advisors. This priority stems from the recent discussion paper and spring budget mandate for FSCO/ FSRA to address regulating those who hold out as Financial Planners under a harmonized set of standards. FSCO will not be waiting for the FSRA to do work on this Restricting use of the Financial Planner title and prohibiting the use of misleading and non-descriptive titles. He also mentioned that the Fair Treatment standard contained in the discussion paper should be applicable to all industry players, not just those using the financial planner title.
Auto Insurance	<ul style="list-style-type: none"> Anatol believes the auto insurance file will continue to be a priority even after the FSRA is established. A lot of time is being spent on this while setting up FSRA because the expert panel left several unanswered questions on the structure of auto regulation in their report.
FSCO Market Conduct Guidelines For Insurance Sector	<ul style="list-style-type: none"> FSCO plans to establish a set of market conduct guidelines for the insurance sector. The first priority will be a Fair Treatment of Customers Guideline that will mirror the Quebec Commercial Practices Guideline. The sense is that this is a high FSCO priority.