

CAFII Executive Operations Committee Meeting

Tuesday, September 24, 2019

Held at CIBC Insurance

9th Floor Boardroom, 18 York St. Toronto, ON

MINUTES

EOC Present:

Martin Boyle, BMO Insurance *Chair*
Peter Thorn, TD Insurance
Tony Pergola, ScotiaLife Financial *Treasurer (by teleconference, for part)*
Monika Spudas, Manulife Financial *(by teleconference)*
Sharon Apt, Canada Life Assurance
Joanna Onia, CIBC Insurance
Scott Kirby, TD Insurance *(by teleconference)*
Dana Easthope, Canadian Premier *(by teleconference)*
Anita Mukherjee, RBC Insurance *(by teleconference)*
Michelle Costello, CUMIS *(by teleconference)*
Brad Kuiper, Scotialife Insurance *(by teleconference)*
Michele Jenneau, National Bank Insurance *(by teleconference)*
Andrea Stuska, TD Insurance
Isabelle Choquette, Desjardins *(by teleconference)*
Kamana Tripathi, TD Insurance *(by teleconference)*
Rob Dobbins, Assurant
Casandra Litniansky, CUMIS *(by teleconference)*

Also Present:

Natalie Hill, Managing Matters *Recording Secretary*
Keith Martin, CAFII *Co-Executive Director*
Brendan Wycks, CAFII *Co-Executive Director*

1. Call to Order

The meeting was called to order at 2:05 p.m.; M. Boyle acted as Chair; N. Hill acted as Recording Secretary.

2. Consent Items

- 2. a. Meeting Notes of August 13/19 EOC Teleconference Meeting
- 2. b. Summary of Board and EOC Action Items
- 2. c. Regulatory Update
- 2. d. Consultations/Submissions Timetable
- 2. e. AMF Save the Date Notice Re 2019 Rendez-Vous Mini-Conference: Monday, November 25/19

3. CAFII Financial Management and Governance Matters

3.a. Financial Statements as at August 31/19

3.b. 2019 Fiscal Year Forecast as at August 31/19

Treasurer Tony Pergola presented the CAFII financial statements as at August 31/19, noting that the Association was tracking quite well to budget, with only some minor timing differences.

He also presented a forecast to the end of the 2019 fiscal year, based on actual results as at August 31/19.

3. c. Preliminary CAFII 2020 Operating Budget, and Committee Funding Requests

A very preliminary 2020 budget has been prepared by Tara Moran, and will be tabled at a future EOC meeting.

3. d. New Approach/Format for October 1/19 CAFII Lunch/Industry Issues Dialogue with AMF Executives

B. Wycks updated the EOC on the discussions that have been in progress with the AMF's Frederic Perodeau to develop a new approach to the lunch and industry issues dialogue with them. Mr. Perodeau indicated that he wanted a much less formal lunch, and for the Industry Issues Dialogue to also be less formal and not consist solely of asking questions of the AMF.

CAFII had proposed a new format that met these expectations, and Mr. Perodeau had responded that he supported the new approach, but that because some AMF staff executives had not reserved the 1 October, 2019 date in their calendars, they were no longer available, and the AMF would therefore need to reschedule.

Keith Martin spoke on 24 September, 2019 to Mr. Perodeau on the phone in French, and Mr. Perodeau asked for CAFII not to "read anything into the request for a rescheduling," and that the AMF would like to reschedule as soon as possible. It was agreed that options for a rescheduled meeting with the AMF will be discussed at the upcoming 1 October, 2019 Board meeting.

3. e. Proposed CAFII 2020 Board and EOC Meeting Dates and Updates Member Board Hosting Rotation

B. Wycks tabled a proposed 2020 schedule of CAFII meetings and events. Members who are slated to host events were asked to review this with their Board member and confirm that they are comfortable with the proposed schedule as soon as possible.

3. f. CAFII membership and Associate Status-Related Matters

3. f. i. Proposal to Enhance The Benefits/Value Proposition Of CAFII Associate Status

B. Wycks noted that a proposal was brought to the June EOC teleconference meeting, but was postponed at that time, as that meeting was running overtime. There has been considerable churn in the Associate category, and part of the reason why is that it is an expensive proposition to pay \$4800 per annum for essentially the opportunity to attend four CAFII receptions/events annually (three receptions following Board meetings, and the Annual Members Luncheon once a year).

CAFII management has been exploring ways to enhance and enrich the value proposition for Associates, and one suggestion is that the monthly Regulatory Update could be made available to Associates, providing them with some interesting insider information on developments in the industry.

The EOC agreed that this could be valuable to Associates, without diluting significantly the existing value that full dues paying members receive. The EOC supported moving forward on this initiative.

3. f. ii. Proposal To Create A New Category Of CAFII Membership

B. Wycks introduced a proposal to offer smaller potential CAFII members a larger reduced “Initiation Membership” fee which, over time, would increase to the appropriate upper or lower member dues.

However, in discussion, doubts were expressed about whether that would be fair to Initiation Members who paid the higher fees, and whether a considerably smaller-sized potential member would be enticed by an offer that eventually required them to pay fees at the same level as much larger companies.

It was agreed that the concept of investigating a new tier of membership at a lower fee level be raised at the upcoming October 1/19 Board meeting, with the Board asked to support the creation of an EOC Working Group which would investigate this possibility and ultimately report back to the Board with a recommendation.

4. CAFII Regulatory and Other Initiatives

4. a. CAFII Follow-Up Letter to AMF on Spousal Coverage Issue

K. Martin noted that the AMF has not supported CAFII’s arguments on why CAFII members should be able to continue to offer spousal insurance, and that CAFII members have submitted Action Plans to the AMF on how they will either be consistent with the AMF’s expectations around the creditor’s demonstrating a pecuniary interest in the life and/or health of a non-debtor spouse, if such spousal insurance is offered, or otherwise cease to offer such spousal insurance going forward.

However, subsequently the AMF has indicated, to the surprise of CAFII and its members, that it expects the industry to bring existing, in-force policies into conformity with its expectations, and to submit Action Plans on how it will do this by 1 October, 2019. CAFII therefore sent the AMF a letter formally requesting an extension of this deadline for submission of Action Plans. Resulting from the CAFII letter, Nathalie Sirois from AMF spoke with CAFII Co-Executive Director Keith Martin in French on 23 September, 2019 and agreed to a one-month extension; K. Martin requested at least a two-month extension, and Ms. Sirois said she would respond shortly with a written response.

There was considerable discussion about the AMF’s challenging and unco-operative approach on a number of files, and the implications for CAFII members, including how best to respond.

4. b. Possible CAFII Approach To AMF Re Whether A Fact Sheet and Summary Document Will Be Required Under RADM Regime For Insurance Coverages Embedded As A Credit Card Feature/Benefit

K. Martin noted that the CLHIA had shared with CAFII recently that they had learned from the AMF that the AMF expected that all embedded credit card coverages will require a fact sheet and summary document, a position the industry does not agree with and will find onerous to implement. The EOC requested that this matter be further investigated, including how the communication was shared with the CLHIA and by whom, with the intention to discuss further if and how CAFII should respond to this development with the AMF.

4. c. AMF Review of Critical Illness Insurance

M. Boyle updated the EOC on the recent AMF delivery of two surveys on critical illness insurance to 16 global insurers and 10 Quebec-based insurers. Included in the questionnaires are questions that will allow the AMF to determine loss ratios, which is an issue they have increasingly focused attention on.

4. d. CAFII Credit Protection Insurance Industry Best Practices Working Group: Update and Next Steps

M. Boyle provided an update on the work of the CAFII Working Group on Credit Protection Insurance Industry Best Practices, which had been meeting weekly for the past six weeks. The Working Group is reviewing regulatory expectations with a view to identifying where the industry can try to enhance how it meets those expectations. The Working Group will continue its work and is expected to be in a position to provide a debrief on progress made to the Board on 1 October, 2019, and to provide a more detailed update at the 3 December, 2019 Board meeting. The Working Group anticipates completing its work early in 2020.

4. e. Yukon Licensure Issue Re: Sales of Credit Protection Insurance

K. Martin provided an update on a communication from Bradley Rowett from the office of the Yukon Superintendent of Insurance, who was surprised that 10 particular insurers which did not have a Yukon “life license” had not recently applied for one. K. Martin confirmed that all CAFII insurer members did have a Yukon life license, and that the firms in question were not CAFII members. The CLHIA agreed to take on this conversation with Mr. Rowett, who was so advised. While this indicates that Yukon still has some areas of confusion about the life and health insurance sector, the tone of the communications also indicated that Mr. Rowett and his colleagues appear very committed to trying to rectify the confusion that was caused by the Yukon’s earlier directives on credit protection insurance licensure in their Territory.

4. f. CAFII 2019 Annual Stakeholder Meeting With CCIR: November 5/19

B. Wycks confirmed that CAFII’s 2019 Annual Stakeholder Meeting with CCIR will be on 5 November, 2019, and that this year it will focus on providing feedback on a preliminary draft of CCIR’s 2020-2023 Strategic Plan. Mr. Wycks notified Tony Toy that CAFII would have preferred a more wide-ranging discussion, but he was assured that the focus on the strategic plan would still afford the ability to discuss an array of industry issues.

4. g. CCIR/CISRO Fair Treatment of Consumers Working Group: Fall 2019 Meetings With Stakeholders

The CCIR/CISRO Fair Treatment of Consumers Working Group’s Fall 2019 meetings with industry stakeholders will focus on insurer and MGA groups; and, as such, CAFII has been notified that we will not be participating in this round of discussions. Since these meetings often were difficult to manage, as CCIR/CISRO expected concrete examples of how our members were implementing the “Guidance: Conduct of Insurance Business and Fair Treatment of Customers” when specific examples could be difficult to provide, CAFII management advised that being granted a “pass” on the Fall 2019 set of meetings should not be a concern.

4. h. FSRA Launch Of Life and Health Insurance Sector Stakeholder Advisory Committee

FSCO previously had a life and health insurance advisory group that K. Martin represented CAFII on; this has now been disbanded with the transition from FSCO to FSRA. K. Martin recently received a phone call from Swati Agarwal, who has moved as a manager from FSCO to FSRA, advising him that a new FSRA Advisory Group on Life and Health Insurance will be created, and she invited Mr. Martin to participate on behalf of CAFII.

Ms. Agarwal also asked for a follow-up phone call to discuss FSRA and CAFII priorities. A very constructive discussion was held on 18 September, 2019 at which Ms. Agarwal indicated that FSRA's priorities would include harmonization of regulations, improved licensing efficiency, a greater focus on the practices of MGAs, and a continued emphasis on the fair treatment of customers. Mr. Martin indicated that CAFII priorities included clarity around the expectations on the fair treatment of customers, noting that CAFII members can attempt to determine eligibility for products but are not allowed to offer advice and, as such, cannot determine suitability of products for customers; a continued commitment to harmonization; a continued commitment to principles-based, risk-based regulation; a view that FSRA should play a leadership role in CCIR, CISRO, and international insurance regulation organizations such as the International Association of Insurance Supervisors; a recommendation that at least one member of the FSRA board should have an expertise or background in life and health insurance; and the importance of FSRA looking to create regulatory sandboxes to allow new, innovative players to experiment in product or distribution innovation without the burden of the full regulatory regime placed upon them in doing so.

4. i. CAFII Opportunity To Take Over CBA's Quarterly CGI Benchmarking Study

K. Martin provided an update on the possibility of CAFII taking over a now discontinued Canadian Bankers Association (CBA) quarterly benchmarking study on creditor's group insurance. One CAFII Board member had doubts about the value of this benchmarking study, given that in the past it had not produced "apples-to-apples" output; and that CAFII Director was also concerned about a study that focused on sales and penetration at a time of increasing regulatory scrutiny. Another Board member felt that if all CAFII financial institution members did not participate, this study would not be of value. As a result, the RFP on the study was not distributed to potential actuarial firm bidders, so as to allow for a fulsome discussion on these matters at the upcoming 1 October, 2019 Board meeting.

4. j. CAFII Outreach To FCAC For Credit Protection Insurance Education and Dialogue Meeting With Judith Robertson, Commissioner, and Staff Executives

Mr. Wycks noted that CAFII had sent a congratulatory letter to Judith Robertson, in her new role as Commissioner of the Financial Consumer Agency of Canada, on July 29/19 and planned to follow-up with her office shortly, requesting the opportunity to meet with her and her colleagues in Ottawa, likely with a small delegation of CAFII member representatives.

4. k. Itinerary, Delegation, and Agenda for CAFII Fall 2019 CAFII Western Canada Tour: October 21-25/19

Mr. Wycks provided an update on the upcoming CAFII 2019 Western Canada insurance regulators and policy-makers visits tour, which will take place from 21-25 October starting in Manitoba, and working west through Saskatchewan, Alberta, and British Columbia.

Between five and seven CAFII member representatives are expected to join the tour with the two CAFII Co-Executive Directors, and a full set of meetings with key regulators has now been nearly finalized.

4. l. 2019 THIA "Innovation Summit" and Annual General Meeting: September 9-10/19

K. Martin and B. Wycks attended THIA's "Innovation Summit" on 9 September, 2019, and the THIA Annual General Meeting on 10 September, 2019; and they provided an update on those meetings.

5. Committee Updates

5. a. Research & Education

K. Martin noted that due to the delays in releasing the Pollara consumer research on mortgage and HELOC credit protection insurance, and due to some CAFII financial pressures, the 2019 CAFII research budget was not spent. However, research remains a commitment for CAFII and the Research & Education Committee will be requesting a 2020 budget of \$50,000.

5.b. Market Conduct

No update was required beyond the regulatory issues already discussed in the meeting.

5. c. Media Advocacy

K. Martin noted that a series of website enhancements will be shortly released, including three new videos, a visually-pleasing version of the executive summary of the Pollara consumer research on mortgage and HELOC credit protection insurance, and new vignettes that provide a storyline explaining CAFII products.

5. d. Licensing Efficiency Issues

B. Wycks provided an update on the FCNB's plans to develop an RIA licensing regime in New Brunswick, including CAFII's opposition to the possible use of the term "incidental sellers of insurance licensing regime."

5. e. Travel Medical Insurance Experts

B. Wycks reported that the CLHIA had recently hosted a meeting with the Ontario Ministry of Health on its plans for implementing the now confirmed decision to stop providing out-of-country travel medical insurance coverage for Ontarians effective January 1, 2020.

5. f. Networking & Events

5. f. i. Speaker for December 3/19 CAFII Reception: Melissa Carruthers, Monitor Deloitte

K. Martin reported that Melissa Carruthers, a consultant at Deloitte Monitor, gave an excellent speech on insurance trends at the September 9/19 THIA Innovation Summit – which led him and Mr. Wycks to investigate having Ms. Carruthers as a speaker at the reception following the 3 December, 2019 CAFII Board meeting. Ms. Carruthers has accepted CAFII's invitation and will speak at that reception.

6. Other Business

6. a. Stikeman Elliott Advice Re CAFII Co-Executive Director Registration As A Lobbyist: Federally And With Provinces/Territories

Mr. Wycks advised that Stikeman Elliott had just delivered to CAFII, on September 23/19, an analysis of whether CAFII's Co-Executive Directors should register as lobbyists in the various federal and provincial/territorial jurisdictions across the country. It was therefore agreed that the two documents received would be tabled and discussed at a future EOC meeting.

6. b. Results of Survey Monkey Evaluation Feedback on EOC Teleconference-Only Meetings

N. Hill presented the results of the surveys conducted recently about EOC Meetings. It was agreed that further surveys should be conducted to get a larger sample size, and the results could be more fully discussed in a future EOC meeting.

7. Adjournment

There being no further business, the meeting was terminated at 4:01 p.m.