

**CAFII Board Meeting Minutes
 Tuesday, December 2, 2014
 Location: Arcadian Loft
 401 By St., Simpson Tower, 8th Floor, Toronto, ON**

DRAFT

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| Present: | Joane Bourdeau Darrell Bruce Rino D'Onofrio Linda Fiset Vivianne Gauci Chris Knight Todd Lawrence Robert Zanussi | National Bank Insurance Co. ScotiaLife Financial RBC Insurance <i>Chair</i> Desjardins Financial Security Life Assurance (<i>present by teleconference</i>) AMEX Bank of Canada TD Insurance CIBC Insurance (<i>present for part</i>) Assurant Solutions |
| EOC Present: | Derek Blake Charles Blaquiere Emily Brown Andre Duval Moira Gill Greg Grant John Lewsen Sue Manson Maria Sanchez-Chung Paul Yeung | RBC Insurance Canadian Premier Life Insurance Co. BMO Insurance Desjardins Financial Security Life Assurance TD Insurance (<i>present for part</i>) CIBC Insurance <i>Secretary</i> BMO Insurance CIBC Insurance TD Insurance RBC |
| Also Present: | Leya Duigu Joshua Whittingham Brendan Wycks | T•O Corporate Services <i>Recording Secretary</i> RBC CAFII <i>Executive Director</i> |
| Regrets: | Peter McCarthy Isaac Sananes Kelly Tryon Carol Allen Rose Beckford Eleanore Fang Rosemary Pulla Raja Rajaram Brian Wise | BMO Insurance Canadian Premier Life Insurance Co. The CUMIS Group Assurant Solutions ScotiaLife Financial TD Insurance BMO Insurance CIBC Insurance <i>Treasurer</i> Assurant Solutions |

1. Call to Order

The meeting was called to order at 2:05 p.m. R. D'Onofrio acted as Chair; G. Grant acted as Secretary; and L. Duigu acted as Recording Secretary.

1.1. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Meeting Agenda be approved as circulated.

1.2. Confirmation of New CAFII Regular Member

A written resolution in lieu of meeting was conducted in order to approve the admission to membership of The CUMIS Group Limited, as sponsored by BMO Insurance. Unfortunately, representatives from The CUMIS Group were unable to attend today's meeting, but they look forward to attending future CAFII meetings.

1.3. Appointment of Director from The CUMIS Group Ltd.

With the addition of a new member and as per the CAFII bylaw, a new director from The CUMIS Group shall be appointed to the CAFII Board. The CUMIS Group is recommending Kelly Tryon and she has accepted the appointment, in writing.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

Kelly Tryon from The CUMIS Group Ltd. be appointed to the CAFII Board of Directors until the next Annual Meeting in June 2015.

2. Adoption of Minutes:

2.1. Draft Board Meeting Minutes, October 7, 2014

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Minutes of the meeting of the Board of Directors held October 7, 2014 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.

2.2. Summary of Board and EOC Action Items

G. Grant reviewed each action item for the Board, providing comments on the following:

- Item #12. Ontario Credit Unions 5 year review. This submission, if any, will be led by the EOC members from Desjardins and The CUMIS Group.
- Item #14 and #15. Letters to Nova Scotia and Invest New Brunswick shall be delivered by December 31, 2014 and in January 2015, respectively.
- Item #20. CAFII Letter to new ministers is outstanding and shall be reconsidered.
- Item #24. Develop list of relevant policy-makers is still outstanding.

All other items will be addressed in today's' agenda or have been completed.

3. Financial Update:

3.1. Financial Statements as at October 31, 2014

B. Wycks provided an update on the financials as Treasurer R. Rajaram was unable to attend today's meeting. B. Wycks noted that Revenues are as expected whereas expenses are under budget. He also noted that our reserves are well above our maximum target of 50% but confirmed that our auditor is not concerned with this (although suggested that we consider a plan to reduce them).

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The financial statements for CAFII as at October 31, 2014 be and are approved in the form presented.

3.2. 2015 CAFII Operating Budget

G. Grant and B. Wycks presented the 2015 Operating Budget to the Board. The forecasted level of financial reserves for the 2015 year end is 65% and will be the start of addressing the number of years CAFII has consistently under-spent its budget.

B. Wycks reviewed the details of the 2015 budget noting that revenue will be slightly higher with the addition of new member The CUMIS Group. As mentioned earlier, CAFII plans to hold a strategy session and a budget has been set aside for this purpose.

The Board was in favour of the provisions that are being made toward reducing the reserves.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The proposed 2015 Operating Budget be and are approved in the form presented.

T. Lawrence arrived at 2:20 pm.

3.3. Revised Expense Reimbursement Policy Proposal

The Expense Reimbursement Policy was last revised in 2007 and an updated policy was presented to the Board for approval. The main change was to increase maximum reimbursement for Board hosting from \$4,500 to \$7,500 to reflect the cost of more recent events.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Expense Reimbursement Policy be adopted in the form presented.

4. Strategy and Governance

4.1. Transition Arising from Board Direction on Media Advocacy

The CAFII Board held an in-camera session during the last meeting in which it was agreed that CAFII shall adopt a new approach to its media advocacy. G. Grant provided a progress report summarising the state of the committees before and after the change including:

- Media & Advocacy Strategy Committee. This committee provided oversight to CAFII media advocacy and regulator relations. Moving forward, media advocacy will be supported by the new *Media Communications Committee* and regulator relations will be supported by the Executive Director with guidance from the EOC and Board.
- Distribution & Market Conduct Committee to be divided into two committees:
 - *Market Conduct* (Regulatory Submissions)
 - *Research & Education*. It was suggested that we could reach out to members (as we did with the new Media Communications Committee) to nominate individuals with a background in research.
- Ad hoc *Quebec* committee comprised of Quebec-based members will provide guidance on issues related to the AMF.

Given the expanded number of the committees, B. Wycks' role on each will need to be reconsidered as he simply does not have the time to actively contribute to all of them. Also, further consideration shall be given to whether CAFII has the resources to address all of the issues it faces or whether additional resources are required to support such issues as Financial Literacy.

4.2. Balanced Scorecard

B. Wycks provided an update on Balanced Scorecard items achieved, not completed, deferred, and removed.

In the area of Regulatory Advocacy, it was noted that in addition to completing a number of high-quality regulatory submissions over the course of the year, relationship building with allied industry Associations had been deepened and broadened. In particular, the relationship with the CLHIA has proven to be reciprocally beneficial, with much valuable information being shared in both directions. As well, the Travel Insurance Pan-Industry Project Group (TIPIP) has provided valuable insight into the travel sector and created a new relationship with THIA.

5. Regulatory:

5.1. Travel Insurance Pan-Industry Project Group (TIPIP)

B. Wycks and G. Grant confirmed that CCIR has struck a new working group on travel insurance, led by Harry James of BC's FICOM. CCIR is expected to approve terms of reference for the working group in early 2015.

H. James has expressed a desire to begin work early and has therefore scheduled a preliminary meeting with TIPIP for December 10, 2014. TIPIP members are preparing for this meeting by developing a list of tough questions that may be encountered.

5.2. FSCO Panel

CAFII was invited to participate on a FSCO Panel along with representatives from CLHIA, Advocis, OLHI and CAILBA, held during FSCO's annual Symposium for the Life & Health Insurance Sector.

Members were informed that B. Wycks did an excellent job on the panel, answering questions based on the outline discussed at a MAC meeting, and taking a pass on questions not within CAFII's mandate.

5.3. BC Roundtable Discussion on 10 Year Review of Financial Institutions Act

G. Grant attended the BC Roundtable Discussion recently along with 15 other representatives, including the Minister of Finance as well as national and provincial broker organizations. G. Grant provided a quick summary of CAFII for the benefit of the meeting, focusing on access and consumer choice. Overall, the meeting went well and the Minister was interested in what we had to say.

G. Grant was thanked for representing CAFII at this meeting.

M. Gill arrived at 3:25 pm.

5.4. Stakeholder Meeting with CCIR: January 28, 2015

These meetings have been rescheduled for late January. The CAFII delegation includes directors R. D'Onofrio, D. Bruce, C. Knight and P. McCarthy.

5.5. Regulatory Update

B. Wycks provided highlights of the written Regulatory Update with a special focus on:

- AMF. Eric Stevenson is coming to Toronto for the CCIR Stakeholder meetings and wishes to meet with CAFII regarding the next phase of Quebec's e-commerce consultation and next steps in its Distribution Guide Template consultation.
- Nova Scotia. CAFII's plan to submit a letter to Service Nova Scotia about the province's Direct Sellers Regulation Act was superseded by its release of a short consultation document that proposes nine exemptions from the Act. The regulator is already working toward an exemption for the insurance industry, which is a positive outcome.
- Ontario Five-Year Review of Credit Unions and Caisses Populaires Act. The CUMIS Group is submitting a response to this consultation and will be working with the EOC on whether to submit a CAFII response.

5.6. 2015 Regulator and Policy-Maker Visit Plan

In collaboration with G. Grant, B. Wycks developed a new Regulator and Policy-Maker Visit Plan for 2015. The key approach will be to visit regulators that have an active review underway in 2015, e.g. British Columbia and Saskatchewan Act reviews; and visits regarding representation for restricted licence holders on the Saskatchewan and Alberta Insurance Councils will also be considered. No visit to Atlantic Canada is planned in 2015, as we met those regulators on September 30, 2014.

Otherwise, meetings will be arranged when regulators are in Toronto. Meeting attendees shall be decided on a case-by-case basis. However, in general, meetings with regulators shall be attended by B. Wycks and one or two individuals from the EOC and/or Board.

6. Committee Reports Addressing CAFII Priorities:

6.1. Media Communications Committee

6.1.1. Update on Media Outreach

This new committee chaired by C. Blaquiere shall oversee CAFII's communications with media. CAFII recently held an education session with a Toronto Star reporter, and P. Yeung provided a report on its outcomes. In preparation for the media session, B. Wycks underwent a repeat media training session as a refresher. Overall, the media session helped us understand who we are and that we still have some work to do. Next steps are to schedule a meeting of this new committee.

6.2. Distribution and Market Conduct Policy Committee

6.2.1. CAFII Value Proposition Project

S. Manson provided the Board with the preliminary CAFII member results from the Customer Value Proposition Project conducted by Towers Watson. Results for individual life insurers will be available at the next meeting. Reporting on the survey results has taken longer to complete than anticipated as CAFII members completed the survey a few weeks later than planned and getting responses from individual insurers took much longer than expected.

Action: A copy of the final results deck from the CAFII Value Proposition Project to be emailed to CAFII Directors in advance of the formal presentation by Towers Watson on April 7, 2015. [DMC Working Group; as soon as available]

6.3. Licensing Efficiency Issues Committee

M. Gill reported that CAFII's follow-up letter of support for LLQP modernization is in the process of being finalized. The committee is also working on phase two of the Saskatchewan proposal for Council representation and to ease the process of adopting the changes directly into legislation, we have requested that our legal counsel redraft the Terms of Reference for an Advisory Committee.

6.4. Media and Communications Committee

J. Lewsen reported that most of this committee's work is now complete and oversight for media advocacy is being transitioned to the new committee chaired by C. Blaquiere. The committee held its last meeting a few weeks ago to review the remaining work and it was confirmed that there isn't enough to support an active committee and therefore MAC doesn't have a future role in CAFII.

The technical challenges of posting testimonials on the CAFII site were brought forward by L. Duigu and an approach was recently approved. The matter now rests with each FI's respective legal departments to approve their testimonials prior to their being posted online.

Directors acknowledged the tremendous amount of work that was accomplished under the MAC Committee, the winding up of which is indicative of a job well done.

6.5. Networking and Event Hosting Committee

M. Sanchez-Chung reported on plans for this evening's Year-End Reception and that 94 people, including regulators, were expected to attend.

7. Other Business

7.1. Draft 2015 Meeting Calendar

The 2015 Calendar of Meetings was included in the meeting materials for review. Desjardins is proposing to host the October Board meeting in Quebec City so that a liaison meeting could be arranged with the Autorité des marchés financiers (AMF) that same day.

8. In Camera Discussion

The Board of Directors met *in camera* from 4:15 to 4:54 p.m. Following this, members of the EOC, B. Wycks and L. Duigu were invited back.

9. Termination

With nothing further to discuss, the meeting was terminated at 4:56 pm. The next CAFII Board of Directors meeting will be held on April 7, 2015, in Toronto.

Date

Chair

Recording Secretary