

**CAFII Board Meeting Minutes**  
**Tuesday, December 8, 2015**  
**Location: National Club**  
**303 Bay St. [Howland Room], Toronto, ON**

**DRAFT**

<b>Present:</b>	Joane Bourdeau Nicole Benson Chris Knight Todd Lawrence Kelly Tryon Robert Zanussi	National Bank Insurance Co. <i>Chair</i> Canadian Premier Life Insurance TD Insurance <i>(for part by teleconference)</i> CIBC Insurance The CUMIS Group Assurant Solutions
<b>EOC Present:</b>	Rose Beckford Derek Blake Charles Blaquiére Greg Grant John Lewsen Sue Manson Diane Quigley Raja Rajaram Jodi Skeates	ScotiaLife Financial RBC Insurance Canadian Premier Life Insurance Co. CIBC Insurance <i>Secretary</i> BMO Insurance CIBC Insurance The CUMIS Group CIBC Insurance <i>(for part by teleconference)</i> <i>Treasurer</i> The CUMIS Group <i>(by teleconference)</i>
<b>Also Present:</b>	Leya Duigu Chris Lobbezoo Brendan Wycks	T•O Corporate Services <i>Recording Secretary</i> RBC Insurance <i>Director nominee</i> CAFII <i>Executive Director</i>
<b>Regrets:</b>	Linda Fiset Bob Grant Peter McCarthy	Desjardins Financial Security ScotiaLife Financial <i>Director nominee</i> BMO Insurance

A quorum of directors was not present at the start of the meeting. Therefore, matters requiring approval were deferred until a quorum of directors was present to vote on such matters. In the meantime, the meeting proceeded with the following updates and discussions.

## 1. Regulatory Update

- British Columbia Regulator Meetings: A meeting was held with Elizabeth Cole and two other Ministry of Finance colleagues, through which the CAFII delegation was able to provide more detail around insurance regulations and business practices. The meetings were productive and interactive and we were able to dialogue with individuals who will be making policy changes in 2016. Further clarification was requested following the meeting, which CAFII will provide.

Dan Ashton, Parliamentary Secretary for Finance, noted that there were no complaints in our business and from their perspective they are well aware of our business value proposition. Regulators remain sensitive, however, on the matter of post-claims underwriting and voiding contracts, which will likely result in a few follow-up questions.

- British Columbia FICOM: Effecting of CGI: An information bulletin was released in September 2015 requesting industry compliance by March 2016. CAFII made some enquiries, to which we received a positive response on the matter of rewriting CGI contracts that were transferred. CAFII was encouraged to submit our thoughts in writing; however, further developments have occurred through CLHIA and the matter was escalated to Carolyn Rogers, Superintendent. FICOM has since backed away from the March 31, 2016 deadline. CLHIA has also stated that should FICOM continue they will end up removing mortgage brokers from the CGI industry in BC and disenfranchise consumers, which is not an issue for CAFII members. To date, BC has not acknowledged a new date in writing and CLHIA is pushing for a March 2017 compliance date for insurers.
- Ontario Review of FSCO Mandate. A first draft of the proposed CAFII response submission to the Expert Panel's Preliminary Position Paper was posted yesterday; and, given the timing, a discussion will not be held today. The Market Conduct Committee will therefore work on a submission and channel member feedback through the EOC.
- CCIR Annual Statement of Market Conduct. CAFII submitted a response by the deadline of December 4<sup>th</sup> and an acknowledgement has been received from Martin Boyle. EOC members were able to review and comment on the draft in advance.
- CCIR Review of Travel Health Insurance. Harry James reported that other CCIR priorities have taken precedence and the timelines on this initiative have been moved back. The Travel Insurance Working Group's next step is the release of an initial Discussion Paper, expected in June 2016.
- SK Bill 177. No updates.

## **2. Committee Reports**

### **2.1. Media Committee**

C. Blaquiére recalled that he had reported on the committee's work to develop and address a list of hot button issues during the October Board meeting, with a larger goal for this to be a part of a two year communications plan. Since then G. Grant, C. Blaquiére and B. Wycks have met with three different groups that can assist with implementing the plan. Each group has presented strengths in different areas and it is feasible that we could potentially work with more than one.

The objective of the committee is to focus on updating the communications strategy from 2013, develop a four cycle consumer-focused plan over two years, create consumer-oriented content, update the CAFII website to be more consumer-friendly, and develop a media strategy and training. The goal is to be in a position to finalize the plan for review by the EOC at the end of Q1 2016.

Committee members have acknowledged that CAFII doesn't currently have the resources to manage this on its own. Of the external groups that have been consulted, one can provide writing, one can manage media and it would be incumbent on CAFII to manage the initiative and consultants overall which could be problematic. As a small organization, there is a small pool of resources to rely on.

Once we become more active in a consumer space, it will create more activity and we will need the resources to meet the demand.

## **2.2. Market Conduct Committee**

Since CAFII submitted its response to CCIR on its draft Harmonized Annual Statement on Market Conduct, CCIR has released the underlying foundation document called “Framework for Co-operative Market Conduct Supervision in Canada” which clarifies how they plan to use the Harmonized Annual Statement. Their focus will include the fair treatment of consumers and business culture. Particular areas of interest for CAFII include their plan to leverage complaint data and a statement on page 6 regarding new products. The Market Conduct Committee will continue to monitor developments in this area to ensure CAFII continues to have a voice.

## **2.3. Licensing Committee**

B. Wycks reported that this committee combined efforts with the Market Conduct Committee over the summer to collaborate on CAFII’s response to the BC FICOM 10-year review of the Financial Institutions Acts and Quebec’s Distribution Act Review. The committee met yesterday to discuss a submission in response to New Brunswick’s recently released Position Paper on modernizing that province’s insurance licensing framework and B. Wycks will be drafting a submission by the January 22, 2016 deadline.

## **2.4. Events and Networking Committee**

B. Wycks reported on behalf of committee chair M. Sanchez Chung who was unable to attend the meeting. The next event is the Annual Members Luncheon and Speaker Forum on February 9, 2016. The previous speaker was Jane Rooney from the FCAC and we are currently working on a few ideas including a panel with the Chair of the CCIR’s Insurance Core Principles Implementation Committee Laurie Balfour or, alternatively, Alison Salka from LIMRA who, based on her research from across different industries and from neuroscience, would present on innovations in insurance.

## **3. 2015 Review by EOC Chair**

G. Grant provided a review of the highlights from 2015, such as the length of CAFII meetings being reduced to two hours and improvements in meeting management with materials going online earlier than in the past. The former Distribution and Market Conduct Committee was divided into the Market Conduct Committee and the Research and Education Committee, providing additional resources and helping us develop regulatory submissions more effectively. The work on the travel insurance initiative is another example which has allowed the EOC and CAFII to draw upon the knowledge of travel insurance experts from member companies. CAFII responds to a number of regulatory consultations annually and this year we were able to provide an industry voice and perspective on a number of consultations. In addition, CAFII directors and volunteers have provided much value to the Association by participating in meetings with the regulators including those held recently in Vancouver with the BC Ministry of Finance and attended by Directors Kelly Tryon from The CUMIS Group and Peter McCarthy from BMO Insurance. CAFII has also succeeded in raising its visibility with regulators. There have been instances with past consultations being published and CAFII not being notified or having an opportunity to participate. However, this has not happened in the past year. Finally, we continue to develop stronger working relationships with allied Associations such as the CLHIA and THiA.

## **4. Research and Education Committee**

S. Manson presented the results of the Pollara Travel Medical Insurance Consumer Survey for the benefit of Directors and EOC members. One of the reasons this survey was undertaken is due to CCIR’s adopting

an initiative to review issues on travel insurance without any data or statistics. Their perception is that many consumers would have their claims denied in the event they purchased travel insurance and, based on this, some of the questions and results of the Pollara survey seek to uncover consumer behavior. This point can be seen in the questions relating to the review of travel insurance policies by non-buyers. Another point raised was of the group who had their claim fully paid, 26% are somewhat satisfied so it would seem that no matter what, we will see complaints. The satisfaction levels relate to the entire purchase and claims experience, so this could indicate that the claims process is too long or it could reflect back to their purchase experience. Finally, for those who felt they were more knowledgeable about the product, members questioned if this was before or after they made a claim, and whether they were fully or partially paid. However, this specific information was not targeted in this survey.

Preliminary survey results were presented to CCIR Chair Patrick Dery during a recent CAFII meeting in Levis and additional information will be provided. S. Manson has reached out to P. Dery with an offer to present more in-depth results and additional information by way of a presentation by Alex Franek from Pollara. The CCIR's next round of annual stakeholder meetings could be an ideal time for us to present the information in-person; or alternatively it could be delivered via a webinar.

CLHIA had begun their work on the travel insurance initiative at the same time and are proceeding a little slower. There is a concern that the longer the survey information sits with CAFII, the more stale it will become. While CAFII has committed to collaborating with the CLHIA on this, CCIR's tentative recommendations revolve mainly around policy wording and making them easier to understand and since this is the area that CAFII has been working on, we will continue to move forward in our discussions with CCIR.

#### **5. CAFII Financials**

R. Rajaram presented the financial statements as at October 31, 2015. Total assets are currently at \$438K and the largest item on the balance sheet is the bank balance of \$364K. Liabilities include a small number of accounts payable. Unrestricted net assets are at \$365K and revenues remain on track. At this time, all members and Associates have paid their 2015 dues with the exception of KPMG, an Associate. Regular member AMEX Bank of Canada is the only member FI without representation on the Board of Directors. In reviewing the financials against the budget that was set for the year, the website is the only line item in which we exceeded our budget.

#### **6. CAFII 2016 Operating Budget**

The draft 2016 Operating Budget was presented to the Board for review and approval. The goal for next year will be to decrease our surplus. Additional funds have been allocated to developing CAFII's website and media outreach in support of the media committee initiatives. Modest provisions have been made under the Federal Financial Reform for the work on the Bank Act that will begin early next year.

#### **7. Director Appointments**

J. Bourdeau introduced Chris Lobbezoo as RBC Insurance's new appointee to the CAFII Board, replacing Rino D'Onofrio. In addition, Bob Grant from ScotiaLife Financial will also be joining the Board replacing Darrell Bruce. Both individuals will be appointed by an email vote if a quorum of Directors is not achieved during today's meeting.

**8. Call to Order**

It being noted that a quorum of Directors was now present, the meeting was called to order at 4:35 p.m. Joane Bourdeau acted as Chair, Greg Grant acted as Secretary and Leya Duigu acted as Recording Secretary.

**9. Approval of Agenda**

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The Meeting Agenda be approved as presented.

**10. Appointment of Directors**

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

- Chris Lobbezoo be appointed as a Director representing RBC Insurance on the CAFII Board of Directors, effective December 8, 2015 until the next Annual Meeting in 2016.
- Bob Grant be appointed as a Director representing ScotiaLife Financial on the CAFII Board of Directors, effective December 8, 2015 until the next Annual Meeting in 2016.

**11. Consent Items**

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The following Consent items be and are approved or received for the record, as indicated in the Action column beside each agenda item:

- Summary of Board and EOC Action Items
- Balanced Scorecard
- Regulatory Update
- Regulatory and Policy-Maker Visit Plan

**IT WAS FURTHER RESOLVED that:**

The Minutes of the meeting of the Board held on October 6, 2015 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.

**12. CAFII Financial Statements as at October 31, 2015**

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The CAFII financial statements as at October 31, 2015 be and are approved in the form presented.

**13. Proposed 2016 CAFII Operating Budget**

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The proposed 2016 CAFII operating budget be and is approved in the form presented.

**14. In Camera Discussion**

The Board of Directors met in camera from 4:45 to 4:59 p.m. Following this, members of the EOC, B. Wycks and L. Duigu were invited to rejoin the meeting.

**15. Termination**

There being no further business to discuss, the meeting was terminated at 5:00 p.m. The Chair advised that the next CAFII Board of Directors meeting would be held on April 12, 2016 in Toronto, ON.

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Date

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Chair

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Recording Secretary