

CAFII Board of Directors Meeting Minutes
Tuesday, October 4, 2016
RBC Insurance, 1 Place Ville Marie, Montréal, Québec
DRAFT

Board Present:	Nicole Benson	CRI Canada <i>(by teleconference)</i>
	Joane Bourdeau	National Bank Insurance Co.
	Chris Knight	TD Insurance
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance <i>Chair</i>
	Nick Bilodeau	AMEX Bank of Canada <i>(by teleconference)</i>
	Bob Grant	ScotiaLife Financial <i>(by teleconference)</i>
	Kelly Tryon	The CUMIS Group <i>(by teleconference)</i>
	Robert Zanussi	Assurant Solutions <i>(by teleconference)</i>
EOC Present:	Carol Allen	Assurant Solutions <i>(by teleconference)</i>
	Rose Beckford	ScotiaLife Financial <i>(by teleconference)</i>
	Charles Blaquiere	Canadian Premier Life Insurance Co. <i>(by teleconference)</i>
	Isabelle Choquette	Desjardins Financial Security
	Eleanore Fang	TD Insurance <i>Secretary & EOC Chair</i>
	Maira Gill	TD Insurance <i>(by teleconference)</i>
	Charles MacLean	RBC Insurance
	Sue Manson	CIBC Insurance <i>(by teleconference)</i>
	Diane Quigley	The CUMIS Group
	Raja Rajaram	CIBC Insurance <i>(for part, by teleconference) Treasurer</i>
	Jérôme Savard	Desjardins Financial Security
	Andrea Stuska	TD Insurance
Also Present:	Emily Cloutier	T•O Corporate Services <i>Recording Secretary</i>
	Brendan Wycks	CAFII <i>Executive Director</i>
Regrets:	Linda Fiset	Desjardins Financial Security
	Todd Lawrence	CIBC Insurance
	Kelly Tryon	The CUMIS Group
	Jason Beauchamp	BMO Insurance
	Katherine Geisler	CIBC Insurance
	Ana Vu	BMO Insurance

1. Call to Order

P. McCarthy called the meeting to order at 2:32 p.m. and welcomed all in attendance. P. McCarthy acted as Chair; E. Fang acted as Secretary; and E. Cloutier acted as Recording Secretary.

P. McCarthy extended a particular welcome to E. Fang as it was her first meeting as Board Secretary, an office associated with her new role as Chair of the Executive Operations Committee.

Secretary E. Fang confirmed that notice of the meeting was sent to all Directors in accordance with the Association's By-Law and that there was a quorum of Directors present, with four Directors present in-person and five Directors participating by teleconference.

P. McCarthy 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.

1.1 Approval of Agenda

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Meeting Agenda be approved as presented.

1.2 Appreciation Resolution

P. McCarthy proposed that the Board pass a resolution of thanks and appreciation to G. Grant for his two years of outstanding service as EOC Chair and Secretary to the Board.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Board of Directors expresses its thanks and appreciation to Greg Grant, for two years of outstanding service as Executive Operations Committee Chair and Secretary to the Board of Directors; for his dedication of much time, energy, and professionalism to that volunteer leadership position; and for significantly moving this Association forward on numerous regulatory consultation issues and other strategic matters.

Action: Communicate the CAFII Board's Resolution of Appreciation to G. Grant [E. Fang or B. Wycks; October 21, 2016].

1.3 Debrief on Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives

P. McCarthy noted that time had been set aside on the agenda to hold a debrief discussion on the Liaison Lunch and Industry Issues Dialogue that CAFII leaders had just completed with the CEO and other members of the AMF management team.

P. McCarthy advised that in his view, today's meetings with the AMF executives were a great success, having produced much collaborative and candid discussion. With each successive liaison meeting that CAFII holds with the AMF, it is obvious that a stronger rapport is being built between our Association and the regulator. He also noted that CEO Louis Morisset articulated a clear message that the AMF respects and values CAFII's role in the industry and was eager to gain further perspectives from us on issues.

B. Wycks added that, over lunch, E. Stevenson had expressed a high degree of confidence that in its imminent modernization of key pieces of legislation, the Quebec Government will support internet sales of simple insurance products without the necessary involvement of a licensed advisor.

C. Lobbezoo agreed and added that P. Lebel had raised important questions about where the role of an advisor would fit into the online insurance purchase experience. Will online sales offer the ability to speak to an advisor when needed?

P. McCarthy concluded by reiterating that meeting with the AMF annually was an important initiative as the AMF definitely wants to hear CAFII's perspectives and feedback on industry issues as the viewpoints of CAFII and its members often differ from those of other industry Associations.

2. Consent Items

On a motion duly made, seconded and unanimously carried

It was **RESOLVED** that the following 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:

- Summary Board and EOC Action Items
- Balanced Scorecard
- Regulatory Update
- Regulatory and Policy-Maker Visit Plan
- Committee Reports Addressing CAFII Priorities

IT WAS FURTHER RESOLVED that:

The Minutes of the Board meeting held June 7, 2016 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.

3. Financial Update

3.1 Approval of August 31, 2016 Financials

Treasurer R. Rajaram commented on the Statement of Operations, noting that while August was essentially a break-even month that did not add to the level of financial reserves, CAFII still had a surplus year-to-date of just over \$49,000. However, it was expected that significant spending over the remainder of the year, in particular in the line item areas of Media Outreach, including the CAFII website, and Regulatory Models, would move the Association closer to the budgeted deficit for 2016.

With respect to the Balance Sheet, we currently have unrestricted net assets of just over \$408,000, meaning our financial reserves are at 80% of the Association's annual operating expenses. However, with the healthy spending on projects expected over the balance of the year, we anticipate that by the end of the fiscal year, the reserves will be closer to the 72% of annual operating expenses set out in the forecast to the end of the year.

In terms of Member and Associate dues, E. Cloutier was pleased to report all 2016 dues had now been paid and none remained outstanding.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII financial statements as at August 31, 2016 be and are approved in the form presented.

3.2 Quarterly Financial Reporting – September 2016

P. McCarthy noted that the Quarterly Financial Report is a new mechanism developed this year to track the Association's financial results against the approved budget; and to project those results to the end of the fiscal year, with more precision, on a quarterly basis.

Treasurer R. Rajaram commented on the highlights of the Quarterly Financial Reporting as at September 2016. It appeared that the Association will come very close to meeting the forecast numbers of Q3. But for the full fiscal year, expenses are tracking lower below forecast so, barring unforeseen major expenditures over the remaining four months, it will still be a challenge to meet or exceed the budgeted deficit of \$71,000.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Quarterly Financial Reporting of September 2016 be and is approved in the form presented.

3.3 Appointment of CAFII Cheque Signing Authorities

P. McCarthy provided background to this item, noting that the Board's recent appointment of a new EOC Chair and Secretary gave rise to a need to update the CAFII Cheque Signing Authorities in a manner that meets the requirements of the Association's bank.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Board of Directors approves the appointment of the following individuals as authorized signatories for all cheques prepared and issued by the Canadian Association of Financial Institutions, revoking any person previously named in that capacity:

- Brendan Wycks, CAFII Executive Director
- Raja Rajaram, CIBC Insurance, CAFII Treasurer
- Eleanore Fang, TD Insurance, CAFII EOC Chair & Board Secretary
- Lynn Beauregard, President, TO Corporate Services
- Senait Ghebru, Controller, TO Corporate Services

Action: Submit Board-approved resolution on appointment of CAFII Cheque Signing Authorities to TD Bank and follow-up to ensure that CAFII's signing authorities are brought up-to-date in the bank's systems [E. Cloutier; October 24, 2016].

4. Regulatory Consultations/Submissions Timetable

P. McCarthy advised that the summer months had been an especially busy period for the Association, as two major CCIR regulatory consultation submissions were due – one in August; and another in September -- and a number of other consultations were in an active "watch and monitoring" mode. The status of each of those items was set out in the Regulatory Consultations/Submissions Timetable, and updates on several were provided in the Regulatory Update.

4.1.1 BC 'Effecting' of CGI Issue

EOC Chair E. Fang updated the Board on the status of CAFII's further engagement with BC's FICOM on matters arising from its Information Bulletin on Creditor's Group Insurance which was released in September 2015. E. Fang noted that while the Bulletin was released just over a year ago, CAFII had had a number of follow-up discussions with H. James and other FICOM staff executives on matters of concern in the Bulletin, which ultimately led to the Association's decision to engage J. McCutcheon of Borden Ladner Gervais to provide a legal opinion. At this time, J. McCutcheon has completed her research on the issue and though there has been a delay, she expects to be in a position to deliver her draft opinion to CAFII by mid-October. Following the EOC's review of that draft opinion, a formal recommendation for CAFII action will be presented to the Board.

Action: Secure legal opinion from J. McCutcheon on auto dealers are creditors for a moment-in-time issue for possible submission to FICOM; and facilitate review by EOC at October 25/16 meeting and subsequent recommendation to CAFII Board on use of the legal opinion [E. Fang; October 20, 2016].

4.1.2 Proposal to CAFII Board Re Engagement of Specialized Legal Counsel

P. McCarthy introduced a proposal to the Board from the EOC related to the engagement of specialized legal counsel in connection with Quebec's expected omnibus Bill on overhauling its Insurance Act and Distribution Act.

It was noted that engaging Sylvie Bourdeau of Fasken Martineau DuMoulin's Montreal office for specialized legal counsel services would enable CAFII to make an informed and strong submission in response to the Quebec Ministry of Finance's expected omnibus Bill.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Board of Directors approves the Association's engagement of Sylvie Bourdeau, LLB, a partner in the Montreal office of Fasken Martineau DuMoulin; and empowers the EOC Chair and Executive Director to do so through a letter of engagement with a fee estimate of approximately \$15,000 plus HST.

Action: Implement Board-approved motion to engage Sylvie Bourdeau of Fasken Martineau DuMoulin through a letter of engagement with a fee estimate of approximately \$15,000 plus HST [R. Beckford, I. Choquette, B. Wycks, E. Fang; October 31, 2016].

4.1.3 CCIR Review of Travel Health Insurance

Sue Manson, Chair of the Association's Travel Medical Insurance Experts Working Group, updated the Board on CCIR's review of travel health insurance and CAFII's recent response to the CCIR Travel Insurance Working Group (TIWG)'s Travel Health Insurance (THI) Products Issues Paper.

CAFII had put together a comprehensive response submission which drew heavily upon the expertise of the members of the Travel Medical Insurance Experts Working Group and upon the CAFII-commissioned research by Pollara Strategic Insights into consumers' perceptions and satisfaction with THI; and had made its submission prior to the deadline of Sept 30, 2016.

B. Wycks advised that based on his attendance at the Travel Health Insurance Association's Annual General Meeting on September 27, where Harry James, Chair of CCIR's TIWG, was the keynote speaker, he had learned that it was no longer definite that the Council would be issuing a Position Paper on THI as the next phase in its review process; and that while the first iteration of CCIR's Annual Statement on Market Conduct Health would not seek THI data, it would definitely be sought in a subsequent iteration.

P. McCarthy thanked and congratulated S. Manson and the other members of the CAFII Travel Medical Insurance Experts Working Group for all their work, noting that he had read the CAFII submission and found it to be compelling; persuasive in its strong basis in independent, quantitative research; and supportive of positive change for the industry.

4.2 Alberta Decision on CI Sold Under an RIA Certificate

B. Wycks provided an update on the Alberta Life Insurance Council's decision on critical illness insurance benefits sold under a Restricted Certificate of Authority in that province, by sharing the following positive news communicated by J. Abram, CEO of the Council, on September 28, 2016:

The LIC met this morning and have come to the decision to redefine Credit Related Insurance to include Creditor group (CG) Life, CG Disability, CG Critical Illness and loss of employment. I will be sending out a formal letter to advise you of such and to seek CAFII's input regarding the definition of creditor group critical illness to be adopted for the purposes of restricted licensing.

5. In Camera Discussion

The Board of Directors met *in camera* from 3:10 to 3:35 p.m. Following this, the meeting reconvened with agenda item 6. *Other Business*.

6. Other Business

6.1 CCIR Annual Stakeholder Meetings: December 12-13/16

Executive Director B. Wycks updated the Board on CCIR's plans to hold Annual Stakeholder Meetings in Toronto on December 12 and 13, 2016. M. Boyle, CCIR Policy Manager, had recently communicated that the Council is moving ahead with these meetings and will be assigning 45 minute meeting slots to stakeholder groups. At this point in time, CCIR is not ready to assign meeting time slots but will do so in the near future. Board members P. McCarthy, J. Bourdeau, and C. Knight have indicated that they will attend CAFII's stakeholder meeting with CCIR on either December 12 or 13.

6.2 CAFII 20th Anniversary Celebration in 2017

Executive Director B. Wycks provided an update on plans for a CAFII 20th Anniversary Celebration in 2017. He noted that CAFII's 15th Anniversary Celebration was held in April 2013 on a Wednesday evening, scheduled to coincide with the arrival in Toronto of regulators for CCIR's Spring Meeting the following two days, without a scheduled commitment for the Wednesday evening. Many regulators attended and enjoyed some festive fellowship and networking with CAFII members.

During the EOC on September 20, feedback was provided that neither a guest speaker nor an entertainment act should be the focus of CAFII's Anniversary Celebration, but rather facilitating members' networking and socializing with regulators should be the focus.

B. Wycks advised that based on the EOC's recommendation, a "Save the Date" preliminary invitation had already been circulated to CCIR and CISRO members; and E. Stevenson of the AMF had indicated that he had received the invitation earlier that day and was planning to attend.

P. McCarthy suggested that Oscar Zimmerman, along with other founding members of CAFII, should be extended an invitation to attend. B. Wycks was in agreement and noted that Lawrie McGill had attended the 15th Anniversary celebration in 2013.

B. Wycks suggested that instead of an official speaker, the CAFII founding members could be asked to provide brief reminiscences into why and how CAFII was founded 20 years ago and how far the Association has come over the past two decades.

Action: Ask Oscar Zimmerman, founding CAFII Board member, who was in the founders group in 1997 and should be invited to the CAFII 20th Anniversary event on April 5, 2017 and communicate that information to B. Wycks and E. Cloutier [B. Grant; November 22, 2016].

6.3 OSFI Ruling on Promotion of a "Comprehensive Credit Insurance" (CCI) Policy By a Bank

Executive Director B. Wycks advised that Alex Ciaparra, Director of Economic Analysis at the Canadian Bankers Association, had brought to CAFII's attention that the Office of the Superintendent of Financial Institutions had recently issued a ruling that banks are not permitted to promote Comprehensive Credit Insurance (CCI) from their branches. He had asked CAFII to get back to him as to whether this OSFI ruling was of concern to the Association and its members.

In Board discussion of this matter, it was agreed that B. Wycks should send an email to all Board and EOC members, outlining this issue and asking that bank members get back to him with an indication as to whether OSFI's ruling on CCI is of any relevance to their business.

Action: Send information on recent OSFI Ruling 2016-01 on Promotion of a "Comprehensive Credit Insurance" Policy by a Bank to Board and EOC members in order to obtain feedback on whether this issue is of importance/relevance to member banks; and provide a results summary to the Canadian Bankers Association [B. Wycks; October 14, 2016].

7. Termination

There being no further business to discuss, the meeting was terminated at 3:53 p.m. The next CAFII Board of Directors meeting will be held on Tuesday, November 29, 2016 hosted by BMO Insurance at First Canadian Place, 100 King St. West, 40th Floor, in Toronto, and will be immediately followed by the Association's Holiday Season Reception event.

Date

Chair

Recording Secretary