

CAFII Executive Operations Committee Meeting Minutes

Tuesday, May 24, 2016

Location: CIBC Insurance, Imperial Room

4th Floor, 199 Bay St., Toronto

DRAFT

EOC Present:	Carol Allen	Assurant Solutions <i>(by teleconference)</i>
	Rose Beckford	ScotiaLife Financial
	Isabelle Choquette	Desjardins Financial Security <i>(by teleconference)</i>
	Katherine Geisler	CIBC Insurance
	Greg Grant	CIBC Insurance <i>Chair</i>
	John Lewsen	BMO Insurance
	Charles Maclean	RBC Insurance
	Sue Manson	CIBC Insurance
	Diane Quigley	The CUMIS Group
	Raja Rajaram	CIBC Insurance <i>(by teleconference, for part)</i>
	Andrea Stuska	TD Insurance
Also Present:	Emily Cloutier	T•O Corporate Services <i>Recording Secretary</i>
	Brendan Wycks	CAFII <i>Executive Director</i>
Regrets:	Jason Beauchamp	BMO Insurance
	Charles Blaquiére	Canadian Premier Life Insurance Co.
	Eleanore Fang	TD Insurance
	Maira Gill	TD Insurance
	Jerome Savard	Desjardins
	Ana Vu	BMO Insurance

1. Call to Order

G. Grant called the meeting to order at 2:08 p.m. and welcomed all in attendance. In particular, he welcomed new EOC member K. Geisler to her first meeting. Greg noted that Katherine is Senior Director, Compliance and works closely with CIBC's insurance team. Katherine is a member of CAFII's Market Conduct Committee is also actively involved in a number of CLHIA committees and as such will be a valuable member of the EOC.

2. Approval of Agenda and Previous minutes

a. Board Minutes of April 12, 2016

S. Manson recommended that in item 5.2 Media Advocacy Committee, the phrase "a decision was made to cut them loose" be changed to "a decision was made to terminate the arrangement."

J. Lewsen recommended that in item 5.2, the word "fortunately" be deleted from the phrase "Fortunately, committee member Brian Smith from BMO then recommended . . .".

Action: Draft minutes of the April 12/16 Board meeting to be adjusted to reflect the edits proposed above. [Emily; May 31, 2016]

b. EOC Minutes of April 26, 2016

R. Beckford noted that C. Maclean was present at the April 26, 2016 EOC meeting, but his name was not reflected in the attendance list at the top of the minutes.

Action: Draft minutes of the April 26/16 EOC meeting to be adjusted to reflect the edit proposed above. [Emily; May 31, 2016]

c. Summary of Board and EOC Action Items

- #1. In follow-up to CAFII's teleconference meeting with BC FICOM representatives on April 14/16, D. Quigley of CUMIS Group recently completed research to support that auto dealers are creditors at a "moment-in-time". A teleconference is being arranged with D. Quigley, Sykes, G. Grant, B. Wycks from CAFII and E. Hiemstra from CLHIA, to discuss the results of that research and to determine next steps in communicating with FICOM.
- #8. B. Wycks will produce a first draft of a CAFII submission on FSCO's 2016 Draft Statement of Priorities by May 25. Working with Market Conduct Committee Chair R. Beckford he will ensure that Committee and the EOC have an opportunity to review and provide input on the document prior to the May 31 submission deadline.
- #21. S. Manson confirmed that Lesli Martin, a Senior Vice- President at Pollara Strategic Insights, agreed to present the results of the Travel Medical Study at CAFII's June 7 reception at St. Andrew's Club and Conference Centre.

Action: Prepare and send out initial invitation e-blast promoting the June 7/16 CAFII Reception Event and its guest speaker by May 25/16 (using the current invitee list); prepare and execute follow-up e-blasts and a final confirmation message on the day of the event. [Emily, Brendan; May 25 to June 7, 2016]

Action: Send out a Save the Date invitation e-blast re all CAFII Reception Events one month in advance of the confirmed dates. [Emily, Ongoing]

3. CAFII Financial Management

a. Financial Statements as at April 30, 2016

Treasurer Raja Rajaram commented on the Statement of Operations, noting that as at the end of April, CAFII had a modest surplus year-to-date of just over \$13,000. However, it is expected that significant spending over the remainder of the year, in particular in the line item area of Media Outreach, will move the Association towards our budgeted deficit of \$71,000 for 2016.

With respect to the Balance Sheet, we currently have unrestricted net assets of just over \$388,000, meaning our financial reserves are at 77% of the Association's annual operating expenses. However, with the healthy spending on projects expected over the balance of the year, we anticipate that the reserves will move closer to the 58% of annual operating expenses we've forecasted to the end of the year.

In terms of Member and Associate dues payments, the first 2016 dues instalment remains outstanding for two Members & four Associates and Emily will be following up with them regarding payment.

Action: Follow-up with Members and Associates who haven't yet paid the 2016 CAFII fees now due. [Emily; June 7, 2016]

4. Regulatory

a. Consultations/Submissions Timetable

Brendan presented the highlights of the updated Consultations/Submissions Timetable as at May 2016, and discussion occurred as follows:

- **BC FICOM 10-Year Review of FIA**

Carolyn Rogers, CEO of FICOM, recently advised CAFII that she does not expect the BC Ministry of Finance's to publish its Policy Paper until after the next provincial election on May 9, 2017. She also stated that no policy positions with respect to the FIA Review issues have been formed yet in the minds of Ministry staff or the Government officials.

- **BC "Effecting" of CGI issue**

C. Rogers recently advised that the Commission views its CGI Information Bulletin has moved from the realm of "Policy" into the realm of "Enforcement." Now that sufficient follow-up dialogue with the industry has occurred and FICOM has provided explanations and clarifications, responsibility for the Bulletin rests with the Enforcement area under staff executives Chris Carter and Lorena Dimma. The underlying message in her comments is that FICOM is neither sympathetic toward nor interested in the industry's arguments about the impact of the Bulletin upon auto dealers and mortgage brokers who distribute CGI and will be forging ahead to enforce the Bulletin's provisions by the March 31, 2017 implementation deadline.

- **Quebec Review of Distribution Act**

In an April 28 appearance before Quebec's Committee on Public Finance, when pressed by the opposition's finance critic to make a commitment as to when the government will table a Bill to reform the province's financial sector, including the Distribution Act, Minister of Finance Carlos Leitão said "maybe in the fall, we'll see. There will be a financial omnibus bill that will address this situation and others. We are going to modernize it, we will adapt it to new realities, and it will happen in this Bill that will, I hope, still come this year." The Minister also promised to hold consultations around the omnibus Bill.

- **CCIR Annual Statement on Market Conduct**

Martin Boyle, CCIR Policy Manager, recently reaffirmed to CAFII that, based on input from the CLHIA-led industry working group, the Council's Harmonized Annual Statement on Market Conduct has been significantly revised as compared to the first draft that was circulated in late 2015; and a new draft will be circulated to CAFII and other stakeholders for comment soon.

In a webinar presentation for CAFII members on May 19/16, Laurie Balfour, Chair of CCIR's Insurance Core Principles Implementation Committee (ICPIC), stressed that a reasonable amount of time will be allowed for industry feedback on the new Annual Statement draft, likely 45 days.

- **CCIR Review of Travel Health Insurance**

C. Rogers, Vice-Chair of CCIR, recently confirmed to CAFII that the Council's Issues/Discussion Paper on Travel Health Insurance was currently being revised for an early summer release and will include a 90 day consultation period. She also indicated that because the industry had demonstrated significant movement in terms of the reforms, at its April 7-8/16 meeting, CCIR decided that the Paper - which was slated for release in the spring - would be revised to reflect the latest industry input and released in the summer instead.

- **Saskatchewan Bill 177 Regulations**

On May 16, J. Seibel, Legal Counsel with Saskatchewan's Financial Consumer Affairs Authority (FCAA) and lead on the province's Insurance Act rewrite file, advised B. Wycks that they are behind schedule with respect to sending out materials to the industry related to Part I of its planned two-part consultation. The release of Part I materials on viaticals, TPAs, and employee benefit plans, now likely won't occur until sometime in June. For Part 2 of the consultation, the actual regulations, the FCAA is targeting the late summer or early fall to disseminate them to the industry for comments.

- **Educational Material For Regulators On Regulation Of Incidental Sales Of Insurance**

In our May 4 meeting in Halifax, A. Mazerolle, New Brunswick's Superintendent of Insurance, stated that incidental sales of insurance are essentially unregulated in her province. S. Manson suggested that CAFII's presentation on a "Seven Point Guide To The Creditor Insurance Regulatory Regime," from several years ago, could be updated and provided to New Brunswick and other insurance regulators as a useful educational resource which would counteract the false impression that ISI is unregulated.

There was general EOC support for this suggestion, as providing up-to-date and accurate information to New Brunswick and other regulators about how ISI is regulated/self-regulated in terms of both products and distribution would both correct any mistaken impressions and open up a dialogue opportunity.

Action: Update and polish CAFII presentation on "Seven Point Guide To The Creditor Insurance Regulatory Regime," for possible use as an educational communication to New Brunswick and/or other insurance regulators. [Sue, Brendan, June 30, 2016]

b. Regulatory Update

- **Alberta Decision on Critical Illness Insurance Sold Under A Restricted Certificate Of Authority**

G. Grant advised he consulted with several EOC and Board members and it was agreed that CAFII would engage J. McCutcheon, Borden Ladner Gervais to advise CAFII on this issue.

After being engaged by CAFII, J. McCutcheon drafted an email to W. Martinson, the AIC's internal legal counsel, outlining the relevant issues and asking for a discussion. Greg had a chance to review the email before it was sent and suggested some revisions to soften the message. Greg also noted that the email does not identify CAFII as the client behind Ms. McCutcheon's inquiry.

G. Grant promised to circulate a copy of J. McCutcheon's email and invite J. McCutcheon to the CAFII Board meeting on June 7/16.

Action: Circulate J. McCutcheon's email to the CAFII EOC and Board members and invite J. McCutcheon to visit the CAFII Board meeting on June 7/16. [Greg; May 31, 2016]

c. Regulator and Policy-Maker Visit Plan

- B. Wycks reported that the Executive Assistant to L. Morisset, CEO of the AMF in Quebec, had recently communicated acceptance of CAFII's invitation to a liaison lunch in Montreal on October 4/16 and noted that the following AMF staff executives would be attending: Louis Morisset, CEO; Patrick Déry, Superintendent, Solvency, Eric Stevenson, Superintendent, Client Services and Distribution Oversight, Gilles Leclerc, Superintendent, Securities Markets, Philippe Lebel,

Director General of Legal Affairs, Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise and, Julien Reid, Senior Director, Financial Institutions Oversight and Deposit Insurance.

5. EOC Committee Updates

a. Research and Education

S. Manson reported that the Research and Education Committee's travel insurance experts group continues to work on "terms and conditions" and "policy layout." The travel insurance experts were meeting for a half-day once every two weeks, with a view to completing as much of its mandate as possible by the end of June. When complete, the recommendations will be handed off the CLHIA travel insurance committee.

b. Media Advocacy

i. Media Strategy Proposal

Chair C. Blaquiere was unable to attend, so G. Grant summarized the Media Strategy Proposal prepared by consultant David Moorcroft. He noted that the cost of the proposal, which included fees for Mr. Moorcroft to serve as CAFII's media spokesperson for one year, was \$51,730.

In EOC discussion, there was general support for the Media Strategy Proposal and agreement that it should be presented to the CAFII Board for approval at its June 7, 2016 meeting.

It was also agreed that as the Media Strategy is implemented, the question of whether it would be appropriate for the EOC Chair or any other CAFII volunteer leader to serve as a spokesperson for the Association – e.g. as a backup to the official, designated spokesperson – would require further discussion.

c. Market Conduct

i. CAFII submission on FSCO 2016 Draft Statement of Priorities

R. Beckford asked EOC members for their views on the following which had been raised by FSCO for stakeholder comment in its 2016 Draft Statement of Priorities: *give consideration to expanding the information that FSCO provides to the public about its enforcement actions, e.g. on the FSCO website, through social media or media outlets.*

It was agreed that CAFII's response should indicate that such publication by FSCO should only be done after careful deliberation and only after full due process, including any right of appeal, has run its course, and that such publication should never become routine or automatic.

ii. CUMIS Representation on Market Conduct Committee

With Jodi Skeates having left CUMIS, D. Quigley agreed to speak to K. Tryon about appointing a successor to the Market Conduct Committee and agreed to serve as a stand-in for Jodi on the committee until a successor is identified.

d. Licensing Efficiency Issues

No update at this time.

6. Other Business

a. .INSURANCE Registration

B. Wycks noted that, because CAFII currently does not have a nationally registered trademark, the first opportunity for us to register a domain will be at 8:00 p.m. Eastern on June 14/16, during the General Availability period. The cost for registering a domain under .insurance is \$1,000 U.S. annually, and there will be additional fees that will push the yearly cost somewhat higher.

In EOC discussion of this, as a defensive measure, it was agreed that CAFII should register cafii.insurance when the opportunity to do so opens up.

Action: Register cafii.insurance as a CAFII-controlled domain name with a registrar approved by fTLD Registry Services, LLC. [Emily, Brendan; June 15, 2016]

b. CAFII EOC Appreciation Gathering

B. Wycks reminded EOC members that an informal CAFII appreciation event to thank and recognize recently departed members Sara Gelgor, Paul Yeung, Emily Brown, Jodi Skeates, and Derek Blake, along with former Administrative Co-ordinator Leya Duigu, would take place that evening from 5:00 to 7:00 p.m. in the Library Room at The HotHouse Restaurant and Bar. He also noted that Maria Sanchez-Chung and Andre Duval had been invited but were unable to attend.

iii. Meeting Termination

There being no further business to discuss, the meeting was terminated at 3:44 p.m.

The next CAFII Board of Directors meeting will be held on June 7, 2016, hosted by Assurant Solutions at St. Andrew's Club & Conference Centre, 150 King St. West (Sun Life Tower), 27th Floor, Toronto.

The next CAFII EOC meeting will be held on June 21, 2016, hosted by CIBC Insurance at Commerce Court, Imperial Room, 199 Bay Street, 4th Floor, Toronto.

Date

Chair

Recording Secretary