

SPECIAL PURPOSE BOARD OF DIRECTORS MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Wednesday, 19 May, 2021
MINUTES

Board Present:	Chris Lobbezoo	RBC Insurance, <i>Chair</i>
	Nicole Benson	Valeyo
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Louie Georgakis	The Canada Life Assurance Company
	Peter McCarthy	BMO Insurance
	Rob Robinson	Canadian Premier Life Insurance
	Mica Sweet	CIBC Insurance
	Peter Thompson	National Bank Insurance
	Wally Thompson	Manulife Financial
	Kelly Tryon	CUMIS/The Co-operators
Regrets:	Andre Langlois	Desjardins Insurance
	Sophie Ouellet	Sun Life
Also Present:	Rob Dobbins	Assurant, <i>Board Secretary and EOC Chair</i>
	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Adam Vespi	Canadian Tire Bank (Guest Observer)

1. Call to Order and Meeting Confirmation

CAFII Board Chair Chris Lobbezoo welcomed CAFII Board members to this Special Purpose Board Meeting.

Mr. Lobbezoo also welcomed a special guest who had been invited to sit in on this Board meeting as an observer. Adam Vespi is Associate Vice-President, Insurance & Services at Canadian Tire Bank; and CTB is a current applicant for CAFII Initiation Membership.

Mr. Lobbezoo advised that the previous week, a CAFII Member Applicant Review Committee had held a very positive *Get Acquainted and Dialogue Meeting* with Adam Vespi and Megan Jones, who is Vice-President, Financial Products & Services at CTB. CAFII will soon be bringing forward a Written Resolution for Board approval, which recommends the admission of Canadian Tire Bank as an Initiation Member. In anticipation of that decision, CAFII had invited Mr. Vespi to attend this CAFII Board meeting as a guest observer.

1.a Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting Agenda be and is approved as presented.

2. Strategic and Regulatory Matters

2.a.i CAFII Outreach To Canadian Bankers Association To Encourage It To Engage In This Issue

Keith Martin reported that at the Board's direction following its 13 April, 2021 meeting, CAFII had reached out to the Canadian Bankers Association (CBA) on 14 April, 2021 asking it to engage in the issue of the AMF's insistence that its Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits. The CBA acknowledged receipt of CAFII's email on 21 April, 2021 but no further communication from the CBA has been received on this matter.

However, several members of the Board indicated that it had come to their attention that the CBA had raised this issue internally and with its credit cards committee, and that there was serious consideration being given to the CBA becoming more engaged in this issue.

2.a.ii Direction And Next Steps Which THIA Plans To Take In Dealing With AMF On This Issue

Brendan Wycks gave an overview of the Travel Health Insurance Association's planned next steps on the AMF-related credit card-embedded insurance benefits issue, indicating that, earlier that afternoon, THIA President Richard Ollier had confidentially provided CAFII with the near-final draft of a letter it plans to send to the AMF, challenging its current position. THIA's legal counsel is Jill McCutcheon, and the letter is a very direct challenge to the AMF's position, including asserting the legal argument that the AMF does indeed have the ability to modify Regulations which fall under its purview; and, as such, it does not need to wait for legislative changes in order to make the Regulation more appropriate for credit card-embedded insurance benefits. THIA's letter also directly challenges the AMF's view that the Fact Sheet, as currently worded, needs to be shared with consumers, noting that it contains information that is simply not correct with respect to credit card-embedded insurance benefits.

THIA is aware that CAFII may seek a legal opinion but that it was on a different schedule than THIA, and that its members were also pursuing a compliance-focused approach.

2.a.iii Norton Rose Proposal To CAFII For Development Of Legal Arguments Which Could Be Used To Challenge AMF's Position On This Matter And/Or To Negotiate A More Mutually Agreeable Outcome

Keith Martin provided an overview of the legal options available to CAFII, noting that Norton Rose, the Association's Quebec-based legal counsel, believes that there are strong legal arguments to be explored with a view to countering the AMF's current position. Norton Rose indicated that it could provide CAFII with its legal opinion in five to six weeks at a cost of \$50,000 to \$60,000.

Thorough Board discussion ensued on the issue of whether or not CAFII should engage Norton Rose by accepting its proposal to develop the legal arguments which could be used to challenge the AMF's position on this file.

Board members generally expressed support for proceeding with the proposal, noting that doing so would not necessarily mean that after receiving it, CAFII would use the arguments to challenge the AMF. While that was an option to explore, many Board members said that it would be informative and important to understand the legal arguments and related avenues open to CAFII and its members, regardless of how the legal opinion was eventually used, if at all.

The point was also made that the option existed for CAFII to share the legal findings set out in a Norton Rose legal opinion with the AMF without trying to change its mind on the current issue -- with the purpose being to signal to the AMF that CAFII and its members were prepared to explore their legal options on any and all matters, which might have a deterrent effect on the AMF in terms of future regulatory actions.

A Board member also recommended that Norton Rose be asked to structure its legal opinion in the form of a continuum of potential actions, ranging from a “light” and exploratory legal pushback approach to a “heavy” court challenge approach, and this suggestion was met with strong support from the Board.

The Board noted that CAFII was also exploring, through a Working Group, ways for members to comply with the AMF’s position on the RADM’s applicability to credit card-embedded insurance benefits; and the Association was also intending to ask the AMF for a three-month extension beyond its currently stipulated 17 September, 2021 deadline for affected insurers to respond to the its requirements. The Board strongly endorsed the continuance of both of those CAFII initiatives.

Board discussion concluded with unanimous support for proceeding with Norton Rose’s proposal to prepare a legal opinion for CAFII which sets out legal arguments and related approaches that could be used to have further dialogue with the AMF on this issue, subject to the above-noted provisos.

3. Adjournment

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting be adjourned at 4:40 p.m.