

**CAFII Board Meeting Minutes**  
**Wednesday, April 5, 2017**  
**Location: TD Insurance, 320 Front Street,**  
**2<sup>nd</sup> Floor, Cape Breton Room,**  
**Toronto, ON M5V 3B6**

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

**1. Call to Order, Welcome, and Confirmation of Meeting**

The meeting was called to order at 2:37 p.m. P. McCarthy acted as Chair; E. Fang acted as Secretary; and E. Cloutier acted as Recording Secretary.

P. McCarthy extended a particular welcome to Keith Martin, Co-Executive Director, who had joined CAFII on January 23/17 as Co-Executive Director and was attending his first CAFII Board meeting.

Secretary E. Fang confirmed that notice of the meeting was sent to all Directors in accordance with the Association's By-Law and there was a quorum of Directors present, with seven Directors present in-person and one Director 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.

## **1.2. Approval of Agenda**

On a motion duly made, seconded and unanimously carried

### **IT WAS RESOLVED that:**

The Meeting Agenda be and is approved with the following amendment: addition of a new item *4.6 CAFII Letter of Concern to Saskatchewan Minister of Finance.*

## **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:

- Draft Board Meeting Minutes, November 29, 2016
- Summary of Board & EOC Action Items
- 2017 Co-Executive Directors Balanced Scorecard
- Regulatory Update
- Regulator and Policy-Maker Visit Plan
- Committee Reports Addressing CAFII Priorities

**IT WAS FURTHER RESOLVED** that the Minutes of the Board meeting held November 29, 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 Matters**

### **3.1. Financial Statements as at February 28, 2017**

Treasurer R. Rajaram reported on the Association's financial statements as at February 28, 2017. With respect to the Balance Sheet, he noted that the Membership Dues invoices had been issued in mid-February and that total unrestricted net assets currently stood at \$383,284. Reserves of that amount constituted 51% of annual operating expenses.

T. Lawrence asked how the increase in CAFII Management Fees due to the addition of a Co-Executive Director would affect the total reserves and if CAFII would be in a budget deficit position at the end of 2017. B. Wycks confirmed that the 2017 CAFII Operating Budget called for a budget deficit of approximately \$193,000, which would draw down the Association's reserves to approximately 25% of annual operating expenses.

With respect to the Statement of Operations, Mr. Rajaram advised that the Association's net income was just under \$2, 500 with two months of the year completed as at February 28, 2017.

C. Knight inquired as to whether it would be possible to change Column 3 in the monthly Statement of Operations to contain Budget YTD data rather than the full annual budget for each line item. It was agreed upon that the Budget YTD allocation would be more helpful data to provide in the Statement of Operations.

***ACTION: Revise column 3 in the monthly CAFII Statement of Operations to contain Budget YTD data rather than the full annual budget. [S. Ghebru/R. Rajaram, May 15/17]***

On a motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The CAFII financial statements as at February 28, 2017 be and are approved in the form presented.

**3.2. Quarterly Financial Reporting – March 2017**

Treasurer R. Rajaram recalled that the Quarterly Financial Report was a mechanism developed by in early 2016, with its purpose being 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.

Mr. Rajaram noted that with current month deficits expected to be incurred in each of the nine months in the remaining three quarters of the year, the projection for the full 2017 fiscal year was a deficit of \$193,268.

On a motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The CAFII Quarterly Financial Reporting as at March 2017 be and is approved in the form presented.

**3.3 Draft 2016 Audited Financial Statements**

Treasurer R. Rajaram presented the Association's 2016 Draft Audited Financial Statements, with particular focus on the Statement of Operations and Changes in Unrestricted Net Assets; the Statement of Financial Position; and the Independent Auditors' Report. He noted that the auditors KPMG had rendered a clean, unqualified audit opinion and none of the numbers provided in the draft 2016 year-end statements prepared by the Association's Controller had changed as a result of the audit.

On a motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The 2016 Draft CAFII Audited Financial Statements be and are hereby approved in the form presented, and will be presented to the membership for approval at the Annual Meeting on June 6, 2017.

### **3.4. CAFII Treasurer Succession**

P. McCarthy advised the Board that R. Rajaram had expressed a desire to step down as Treasurer of the Association; and therefore the time had come to identify and secure a successor. It would be essential to have the new Treasurer identified prior to June 6, 2017 so that that individual could be appointed as an Officer of the Association at the first meeting of the new 2017-18 Board on that day.

Mr. McCarthy thanked R. Rajaram for four years of diligent and dedicated service as CAFII Treasurer.

At Mr. McCarthy's request, Mr. Rajaram elaborated on the CAFII Treasurer Position Profile included in the meeting materials, and on the level of workload and time commitment involved in serving as Treasurer.

Mr. McCarthy further advised that it would be advisable to ensure that the Association's Treasurer, Board Chair, and EOC Chair are all from different member companies -- to ensure transparency and to limit the possibility of undue influence being exerted by any one member company.

***ACTION: Consider the opportunity to nominate a suitably qualified representative from your member company for the key CAFII Officer position of Treasurer [all member companies other than BMO Insurance and TD Insurance, May 30/17].***

## **4. Regulatory**

### **4.1 Consultations/Submissions Timetable**

#### **i. BC FICOM 10-year Review of FIA**

B. Wycks advised that CAFII is still waiting for the BC Ministry of Finance to release its Policy Paper related to the 10-Year Review of the Financial Institutions Act. He will be reaching out to Elizabeth Cole of the Ministry for an update.

#### **ii. Quebec Omnibus Bill on Financial Sector Modernization**

B. Wycks advised that the latest commitment expressed by the Ministry of Finance is that it will table the long-awaited Omnibus Bill to modernize the province's financial services sector by the last date of the current sitting of the National Assembly which is June 16/17.

#### **iii. CCIR Annual Statement on Market Conduct**

B. Wycks advised that following a CAFII member-exclusive, high level webinar on the Annual Statement on Market Conduct which was CCIR presented on March 1/17, CCIR has now scheduled an instructional webinar for all industry players on April 11/17 which will focus on "how to complete the Statement" and other operational aspects.

#### **iv. CCIR Travel Health Insurance Review**

S. Manson, Chair of the CAFII Travel Medical Experts Working Group, reported that a CAFII delegation met with the CCIR Travel Insurance Working Group on February 22/17 to review the draft recommendations proposed for inclusion in the TIWG's upcoming Travel Health Insurance (THI) Products Position Paper.

Thereafter, CAFII submitted written feedback on the draft recommendations on March 10/17. The essence of CAFII's feedback was that

- greater specificity should be added to the recommendations wherever possible, to avoid vagueness, especially in terms of "measures of success";
- clarity, not standardization, should be the linchpin for improving consumers' understanding of THI and their ability to make an informed purchase decision; and

- greater balance should be infused into the Position Paper by emphasizing, where appropriate, consumers' responsibilities with respect to THI, in addition to their rights; and acknowledging – as appropriate throughout the Paper; and not just via a single passing reference – where the industry has already achieved high standards or made substantial progress in addressing the particular THI concerns which the CCIR has articulated.

B. Wycks added that CCIR has confirmed that it plans to seek some media attention and publicity by putting out a Media Release announcing the publication of its Travel Health Insurance Products Position Paper.

#### **v. Saskatchewan Insurance Act/ Regulations Consultation**

R. Beckford, Chair of the Market Conduct Committee, advised that in mid-February, CAFII was informed by Jan Seibel, Legal Counsel with the Financial Consumer Affairs Authority (FCAA) of Saskatchewan and lead on its Insurance Act and Regulations Re-write file, that the FCAA “had heard and appreciated the concerns expressed by CAFII and other industry stakeholders” that the planned April 2017 implementation date for the new Insurance Act and its related Regulations was not realistic or achievable; and that the FCAA had therefore recently decided that the implementation/proclamation into force date would be pushed back by one year to Spring 2018.

This favourable news was an indication that it is important for CAFII to push back on certain issues with regulators and policy-makers; and to take the opportunity to communicate our concerns and recommendations, and ensure that our voice is heard, Ms. Beckford indicated.

#### **4.2 Alberta Authorization of CI Sales Under an RIA Certificate**

B. Wycks advised that subsequent to the previous CAFII Board meeting on November 29/16, the Alberta Insurance Council (AIC) approved a definition of critical illness insurance that can be sold as a type of credit-related insurance under a Restricted Certificate of Authority. That definition was in harmony with the closely aligned definitions of critical illness creditor insurance proposed by CAFII and CLHIA.

However, AIC CEO Joanne Abram's letter of December 22/16 to CAFII and CLHIA, which communicated the approved definition of creditor critical illness insurance, also indicated that that definition would be packaged together with existing AIC internally-used definitions of creditor life insurance, creditor disability insurance, and creditor loss of employment insurance; and the full suite of definitions would be published on the AIC's website for public information.

At that point, CLHIA identified some concerns about the wording of the AIC's three internally-used definitions, asserting that it could cause misperceptions and confusion among the public. The AIC has therefore committed to have its Life Insurance Council re-examine those definitions in its next meeting on April 12/17; and to communicate back to CAFII and CLHIA thereafter.

#### **4.3 Consumer Protection Framework in Federal Budget Implementation Act, 2016 (Bill C-29)**

B. Wycks reported that Sandy Stephens, Assistant General Counsel, Canadian Bankers Association (CBA), had recently advised him that under forceful, full court press pressure from the Senate, consumer interest groups, and Opposition MPs, particularly those from Quebec, the federal Government decided in mid-December to remove Division 5 (the Consumer Protection Framework) from Bill C-29, Budget Implementation Act, in order to get the Bill passed.

The pressure point was around the federal financial consumer protection framework's infringing upon provincial responsibility for consumer protection; and, to some degree, its assertion of federal paramountcy over the regulation of banks.

The Government currently intends, after a Financial Consumer Agency of Canada (FCAC) exercise of benchmarking against provincial financial consumer protection frameworks, to re-introduce a federal financial consumer protection framework as a stand-alone Bill. If and when the Government starts working on that new Bill or when it is introduced as draft legislation, the CBA intends to intervene with Finance Canada at that time and work with it to resolve the two material, unintended consequence concerns for bank insurance products arising from the original Division 5, which were identified by CAFII member CIBC Insurance and then shared with the CBA for appropriate remedial action with Finance Canada.

#### **4.4 CBA Positioning Re Federal Bank Act Review and Insurance Retailing Prohibitions**

B. Wycks advised that Sandy Stephens, Assistant General Counsel, and Charles Docherty, Senior Legal Counsel, with the CBA had recently confirmed to him that in the upcoming federal Bank Act review, the CBA does not intend to pursue changes to the long-standing prohibition against banks retailing non-Authorized Insurance Products from their branches. The CBA therefore included only a boilerplate paragraph about this issue as a placeholder in its November 15/16 Review of the Federal Financial Sector Framework submission to the Department of Finance Canada.

#### **4.5 Opportunity to Present at June 1-2/17 CISRO Meeting in Saskatoon**

B. Wycks advised the Board that at the February 2017 EOC meeting, M. Gill had suggested that he speak to R. Fullan, Chair of CISRO, about the possibility of CAFII sponsoring a dinner around one of CISRO's two semi-annual meetings, largely as a liaison and get acquainted opportunity for new Co-Executive Director K. Martin.

Mr. Wycks then did speak to Mr. Fullan about that prospect at CAFII's stakeholder meeting with the CCIR Travel Insurance Working Group on February 21/17. Mr. Fullan's response was that just as CCIR does, CISRO declines such requests because its policy is that its members will not meet as an entire group, in conjunction with a CISRO meeting, with a stakeholder in a social event or dinner sponsored by that stakeholder – because accepting such a request could be perceived as favouritism towards that particular stakeholder.

However, as an alternative, Mr. Fullan, as Chair of CISRO, extended an invitation to CAFII to make a half-hour presentation to CISRO as part of the agenda for CISRO's meeting in Saskatoon on June 1-2/17.

At its March 21/17 meeting, the EOC supported acceptance of R. Fullan's invitation; and that a recommendation to that effect be brought forward to the Board for approval at this April 5/17 meeting.

B. Wycks also advised that if CAFII accepted the CISRO presentation invitation, the presentation could be arranged for the morning of Friday, June 2, during the final portion of CISRO's 1.5 day meeting. That way, CAFII would also be able to secure a separate liaison lunch meeting with R. Fullan immediately following the CISRO meeting, which could serve as both a CAFII-relevant debrief on the entire CISRO meeting and an opportunity to resurrect CAFII's Concept Proposal for a Restricted Insurance Agents Advisory Committee to the Executive Director of the Insurance Councils of Saskatchewan, which had been put on the back-burner since October 2013 due to Mr. Fullan's need to dedicate all of his time and energy to leading the LLQP modernization initiative, which was now complete.

In Board discussion of this matter, there was consensus that

- CAFII should accept the invitation to make a presentation to CISRO at its June 1-2/17 meeting in Saskatoon;
- the EOC was empowered to identify an appropriate topic and develop the content for the CAFII presentation to CISRO; and
- CAFII's delegation for the presentation, and a possible post-CISRO liaison meeting with R. Fullan, should include Co-Executive Directors B. Wycks and K. Martin, along with Board and/or EOC representatives.

Board Chair P. McCarthy advised that he would check to see if his schedule would allow him to be part of the CAFII delegation for the presentation to CISRO during its June 1-2 meeting in Saskatoon.

#### **4.6 CAFII Letter of Concern to Saskatchewan Finance Minister**

The Board reviewed a draft CAFII letter of concern to Saskatchewan Finance Minister K. Doherty with respect to his government's recent decision to impose a 6% provincial sales tax (PST) on most types of insurance premiums – including creditor's group insurance and travel insurance – effective July 1, 2017. The draft CAFII letter had been prepared by Co-Executive Directors K. Martin and B. Wycks, in consultation with EOC and Market Conduct Committee members.

P. McCarthy noted that the draft CAFII letter was clear and well-written. Essentially, he noted, the draft letter asked for two things: (i) please reverse your budget decision and don't do this because it is bad public policy; and (ii) if you still insist on imposing the PST on insurance premiums, give us more lead time to implement it to allow for necessary technology systems and process changes.

In contrast, Mr. McCarthy continued, CLHIA's already-sent letter of concern to the Finance Minister took quite a different approach. It essentially 'sacrificed' group insurance premiums by encouraging Saskatchewan to exempt individual retail life insurance premiums from the PST, asserting that "modifying the proposals to only apply retail sales tax on group life, disability, and health insurance (both insured and uninsured arrangements), while refraining from taxing individual life, disability and health insurance, would still leave Saskatchewan with over 80% of the targeted revenue from this measure."

Following thorough Board discussion of the draft CAFII letter, there was unanimous agreement that the Association's letter should be revised to focus solely on the aspect that imposing a PST on insurance premiums is ill-advised public policy; and to remove any reference to a deadline extension request.

***ACTION: Revise CAFII letter to Saskatchewan Finance Minister to focus solely on aspect that imposing a PST on insurance premiums is ill-advised public policy; and remove any reference to a deadline extension request; circulate revised letter to EOC members for review and feedback; and submit letter to the Minister [B. Wycks, K. Martin, E. Fang, April 7/17]***

***ACTION: Find out from Advocis what position it will be taking on Saskatchewan's imposition of the PST on insurance premiums and its related communication plans; and share with Board and EOC members. [P. McCarthy, April 7/17]***

## **5. Governance & Strategy**

### **5.1 Strategic Plan Development Plan Proposal**

K. Martin advised that in consultation with Co-Executive Director B. Wycks and EOC Chair E. Fang, he was developing a Strategic Plan Development Backgrounder document, which would serve as the discussion guide for a strategic planning session with EOC members which was being arranged to occur in conjunction with either the upcoming May or June EOC meeting.

The objective of the CAFII strategic development initiative was to review Who are we?; Where we are?; Where do we want to go?; and How Do We Get There, in terms of priorities, initiatives, and resources. The EOC had agreed that working through a strategic planning process was an important exercise, especially given the recent addition of a Co-Executive Director as a staff resource, Mr. Martin indicated

Mr. Martin added that he and B. Wycks would be meeting with EOC Chair E. Fang on May 8 to review the CAFII Strategic Plan Development Backgrounder; and that document would then be provided to the full EOC well in advance of its May or June Strategic Planning Session, which will enable EOC members to provide their views concerning overall direction, prioritization, and resourcing. The recommendations agreed to at the Strategic Planning Session would be shared with Board Chair P. McCarthy for discussion and feedback, prior to being presented to the entire Board at its October 3/17 meeting, he concluded.

### **5.2 CAFII Media Engagement; and Related Media Protocol**

K. Martin highlighted the recent situation in which he had been asked whether CAFII might be prepared to respond to a recent Rob Carrick column in the Globe and Mail which was very ill-informed and negative about creditor's group insurance sold by financial institutions.

Based on conversations with EOC and Board members, Mr. Martin continued, there did not appear to be consensus on how CAFII should approach such columns/articles that depict CAFII products and services negatively. There were two possible approaches, as follows, he indicated:

1. Ignore them and let them flame out on their own. These columns/articles are infrequent and by responding, we may only create more of an issue by fanning the flames and thereby keeping the issue "alive". In addition, there are some materials for response but they have not been approved.
2. A more streamlined and expedited Media Protocol needs to be developed and approved, so that as the Co-Executive Director focused on media matters, K. Martin is empowered with a level of pre-approved authority to prepare responses to such columns/articles, while expedited review and approval authority is vested in one or two Officers only, so that responses can be made quickly to the media entity involved.

In extensive Board discussion of this matter, there was general agreement that

- CAFII should begin to reach out to the media for relationship-building purposes and to start a long-term educational process around CAFII members' products and their valuable role in the marketplace, rather than continuing to sit back and always being in a reactionary, defensive position;
- an expedited Media Protocol should be prepared which empowers CAFII Co-Executive Director K. Martin to respond promptly to negative print media columns/articles with pre-approved CAFII Letter to the Editor-type content, without the need for unanimous member consent or full Board approval;



- stock Letters to the Editor should be developed, drawing upon CAFII's Key Messages content, for the Board's review and approval, which will then put Co-Executive Director K. Martin in a position of readiness to respond to negative print media columns/articles; and
- a media relations expert should be available to CAFII, as a sounding board consultant and a resource in dealing with media response situations as they arise.

***ACTION: Revise CAFII Media Protocol, based on Board direction with respect to responding to media, and present the updated document for Board review and approval at its June 6/17 meeting [K. Martin, May 30/17]***

***ACTION: Revise and renew CAFII's media consultant retainer relationship with D. Moorcroft – to extend it beyond June 30/17 – and build his involvement as a sounding board into the updated Media Protocol so that the number of review/approval steps can be minimized and CAFII Co-Executive Director K. Martin can be empowered to respond to media on behalf of the Association expeditiously [K. Martin, May 30/17]***

## **6. Other Business**

### **6.1 Upcoming CAFII Event Reminders**

#### **i. Order of Proceedings and Board/EOC Assignments for CAFII 20th Anniversary Celebration**

B. Wycks provided an update on the Order of Proceedings and Board/EOC member Hosting Assignments for the CAFII 20<sup>th</sup> Anniversary Celebration taking place that evening. He noted that all regulators and policy-makers in attendance would be readily visible by the blue-ribbon at the bottom of their name badges.

#### **ii. June 6/17 and October 3/17 CAFII Board Meetings**

B. Wycks advised that the next Board meeting, along with the Annual Meeting of Members, would be held on Tuesday June 6, 2017 at The Albany Club, President's Room, 91 King St. East, in Toronto; and a CAFII Social Reception would immediately follow at the same venue in the Sir John A. MacDonald Room.

The subsequent Board meeting on Tuesday, October 3, 2017 would be hosted by National Bank Insurance in Montreal, to allow for CAFII's annual liaison luncheon and Industry Issues Dialogue session with the staff executives of the AMF.

## **7. Termination**

There being no further business to discuss, the meeting was terminated at 4:30 p.m.

## **8. In-Camera Session**

The Board met in-camera from 4:30 to 5:00 p.m. The Board meeting did not resume thereafter, due to the CAFII 20<sup>th</sup> Anniversary Celebration taking place at the nearby Ripley's Aquarium.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary