

CAFII Board Meeting Minutes

Tuesday, April 12, 2016

Location: Albany Club

91 King St. East, Toronto

DRAFT

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

1. Call to Order

The meeting was called to order at 3:07 p.m. C. Knight acted as Chair; G. Grant acted as Secretary; and L. Duigu and E. Cloutier acted as Recording Secretaries.

C. Knight welcomed all in attendance. He advised that CAFII Board Chair P. McCarthy and Vice-Chair J. Bourdeau were unable to attend, so he would be chairing the meeting in their absence.

C. Knight reminded Directors that, during the Approval of Agenda, he would ask if everyone was comfortable with the Consent section of the agenda. If a Director wished to discuss any of the five items placed in the Consent section, it would be moved into the regular section of the agenda and discussed at the appropriate time.

Secretary G. Grant confirmed that Notice of the meeting was sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present in-person or on the phone.

C. Knight declared the meeting duly convened and properly constituted for the transaction of business.

1.1. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Meeting Agenda be approved as circulated.

1.2. Appointment of New Director

C. Knight advised that he had in-hand an e-mail message from Nick Bilodeau, Head of Insurance (Canada) at Amex Bank of Canada, confirming his willingness to serve as his company's Director on the CAFII Board, if so elected. Mr. Bilodeau was unable to attend this Board meeting. However, as per the CAFII Bylaw, the Board was permitted to proceed with his election to the Board, based upon his written confirmation of his willingness to serve.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

Nick Bilodeau be appointed as a Director representing American Express Bank of Canada on the CAFII Board of Directors, effective April 12, 2016 until the next annual Meeting in June 2016.

Action: Notify Nick Bilodeau, American Express, of his election to the Board of Directors. *[Brendan; April 18, 2016]*

2. Consent Items

C. Knight advised that documents had been provided for each of the five items listed in the Consent section of the agenda; and it was presumed that Directors had reviewed them in advance of this meeting.

With no requests being made by Directors that any of the five items in the Consent section be moved into the regular section of the agenda, on a 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 & EOC Action Items
- Balanced Scorecard
- Regulatory Update
- Regulator and Policy-Maker Visit Plan

IT WAS FURTHER RESOLVED that:

The Minutes of the meeting of the Board held on December 8, 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.

3. Financial Update

3.1 Financial Statements as at February 29, 2016

Treasurer R. Rajaram reported on the Association's financial statements as at February 29, 2016. The Income Statement shows total revenue at \$72,669 and expenses at \$60,123, leaving a small year-to-date surplus of \$12,546. In addition, the first instalment of 2016 membership dues have been received – or are en route via a wire transfer – from all members. The Balance Sheet shows a bank balance of \$257,002; accounts receivable relating to membership dues not yet collected of \$241,875; and liabilities of \$185,464. Unrestricted net assets are at \$371,537 putting the level of our Financial Reserves at 72%.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII financial statements as at February 29, 2016 be and are approved in the form presented.

3.2 Quarterly Financial Reporting – March 2016

Treasurer R. Rajaram presented a newly developed Quarterly Financial Reporting document, and advised that its purpose was to provide more context to the financial statements. He highlighted that it facilitates more accurate forecasting of the Association's spending throughout the year and how revenue and expenses are tracking against the budget. This report also facilitates a more precise monitoring of the Association's financial reserves against the level budgeted for the end of the fiscal year.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Quarterly Financial Reporting – March 2016 document be and is approved in the form presented.

3.3 2015 Draft Audited Financial Statements

Treasurer R. Rajaram presented the Association's 2015 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 auditors KPMG had rendered a clean, unqualified audit opinion and none of the numbers provided in the draft 2015 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 2015 Draft 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 7, 2016.

4. Regulatory Consultations/Submissions Timetable:

4.1. BC 10-Year Review of Financial Institutions Act

B. Wycks reported that on March 24, the BC Ministry of Finance released a high level, summary report on “Input Received from Stakeholders in Response to FIA/CUIA Review Initial Public Consultation Paper” and also published 41 stakeholder submissions on its website.

In the Insurance Sector section, it is evident that there are two opposed camps of stakeholders on the Insurance Retailing and Licensing Exemptions and Regulation of Insurance Intermediaries issues. CAFII, CLHIA, CADRI, CBA, and IBC are well-aligned in favouring the status quo in these areas, while the Insurance Council of BC, Advocis, the Independent Financial Brokers of Canada, the Insurance Brokers Association of BC, and the Canadian Association of Independent Life Brokerage Agencies (CAILBA), a national Association of life-focused Managing General Agents, are aligned in calling for an end to the current system of licensing exemptions for insurance sold incidentally in BC.

G. Grant recalled that CAFII representatives P. McCarthy, K. Tryon, B. Wycks, and himself had met with the key Ministry of Finance policy-makers about this review on November 10/15 in Vancouver. Previously, in November 2014, he had represented CAFII at a pre-consultation roundtable meeting of stakeholders with the Minister of Finance and Ministry officials.

B. Wycks advised that as a follow-up to the November 2015 meeting with the Ministry’s leaders of this review, CAFII would soon be sending a package of follow-up information to them. G. Grant noted that this information should help the Ministry officials to gain a better understanding and appreciation of where creditor’s group insurance fits within the overall insurance landscape.

4.2. BC ‘Effecting’ of CGI Issue

B. Wycks advised that after CAFII sent a follow-up letter to BC FICOM on March 15, to pose a few follow-up questions in relation to the CGI Information Bulletin which FICOM issued last September. On April 4, Harry James, Senior Regulatory Advisor at FICOM, called to set up a teleconference on April 14 to discuss the questions raised in CAFII’s letter, and FICOM’s likely responses, before responding in writing.

B. Wycks also indicated that prior to this call, he will seek an update from CLHIA on what progress has been made, if any, in its discussions with FICOM on CGI Information Bulletin issues, particularly with respect to the mortgage broker distribution channel.

R. Beckford recalled that in January, the CLHIA had been successful in securing from FICOM a one-year extension in the deadline date for implementation of the Bulletin’s provisions, to March 31, 2017. G. Grant noted that in pursuing resolution of some outstanding questions related to the Bulletin’s scope and application, CLHIA had also been able to have them raised to the level of Carolyn Rogers, CEO of the Commission.

4.3. Quebec Review of Distribution Act

B. Wycks reported that in response to a CAFII-initiated request to the Quebec Ministry of Finance for a meeting around online distribution of insurance – which had been approved by the EOC and Board Chair P. McCarthy – he received a phone call on February 25 from a Policy Advisor to Minister Carlos Leita. The Policy Advisor provided reassurance that, in due course, the Ministry will be moving ahead in support of online distribution of insurance without the necessity of having a licensed agent or advisor involved.

Confirmation of a meeting date/time was deferred, as Ministry staff were focusing on delivering the provincial budget on March 17. Subsequently, on March 22, the Ministry contacted B. Wycks again to offer a meeting in Montreal on Monday, April 4. However, in consultation with Board Chair P. McCarthy, and in light of the information communicated by the Ministry's Policy Advisor, we decided to diplomatically withdraw the meeting request.

4.4. CCIR Annual Statement on Market Conduct

R. Beckford advised that in a liaison meeting with CCIR's two Policy Managers earlier today, CAFII was informed that in late April or early May, CCIR intends to circulate another draft of its Harmonized Annual Statement on Market Conduct to industry stakeholders for comment, with a 45 day feedback period. This is good news as it indicates that CCIR is willing to provide CAFII and other stakeholders with an opportunity for further review before the Statement is finalized.

R. Beckford also noted that over the past several months CCIR had been working with industry working groups led by CLHIA (for the life and health insurance sector) and the Insurance Bureau of Canada (for property and casualty insurance) on refining the draft Annual Statement. Martin Boyle, the Policy Manager responsible for this file, advised CAFII today that based on the feedback put forward by CLHIA, the revised version to be circulated for comment will be substantially different from the original version circulated in 2015.

B. Wycks noted that with respect to implementation of the Annual Statement, Mr. Boyle informed CAFII that because CCIR accepts that some insurers either aren't currently tracking at all the information that regulators seek, or they aren't tracking it in the manner that regulators want, a preliminary version of the Annual Statement will be used for the first year in 2017. This will ensure that insurers are able to provide regulators with some of the information requested. A more substantive version of the Statement will be implemented the following year.

B. Wycks also advised that in response to an outreach from CAFII, Laurie Balfour, Chair of CCIR's Insurance Core Principles (ICPs) Implementation Committee (ICPIC), had offered to make a teleconference/webinar presentation to CAFII members on her committee's recent work on the IAIS' ICPs, its Co-operative Framework For Market Conduct Supervision, and the Harmonized Annual Statement on Market Conduct. That presentation will likely take place in May.

4.5. Ontario Review of FSCO Mandate

B. Wycks advised that Ontario's February 25 provincial budget states that the final report from the Expert Panel on the future mandates of FSCO, DICO, and the FST is expected in the Spring and that the government will identify and pursue necessary legislative or regulatory changes "as early as possible." Previously, the Expert Panel's final report was expected to be released by late Winter 2016.

4.6. CCIR Review of Travel Health Insurance

B. Wycks advised that in a liaison lunch earlier today with CCIR Policy Managers Martin Boyle and Sean Jacobs, they advised that the Council's Travel Insurance Working Group (TIWG) will be releasing an Issues/Discussion Paper in the early summer, for a 90 day consultation period.

From the summary of the March 16 CAFII/CLHIA joint meeting with the TIWG, B. Wycks highlighted G. Grant's presentation of the results from the CAFII-commissioned research by Pollara Strategic Insights on Canadian consumers' satisfaction with travel health insurance.

G. Grant commented that the Pollara research results present quite a good news story for the industry in terms of very high levels of consumer satisfaction with all aspects of travel health insurance. While there is skepticism on the part of some members of the TIWG about the insights generated by the Pollara study, the group seemed to appreciate the presentation and the fact that CAFII had decided to commission a study by a professional market research firm to obtain quantitative data. They acknowledged the benefits of having nationally representative consumer data to augment the anecdotal data that was previously generated by a travel insurance broker and a CCIR media release.

Subsequent to the March 16 meeting, G. Grant advised, CAFII has shared a copy of the full Pollara results report with CCIR and with the industry, through CLHIA. We are now in a holding pattern awaiting the release of the TIWG's Issues/Discussion Paper, which will have a response deadline in September or October.

5. Committee Reports Addressing CAFII Priorities:

5.1. Research and Education Committee

5.1.1. Travel Insurance Project

S. Manson, Chair of the Research and Education Committee, reported that CAFII's recent presentation of the results of its study by Pollara on consumer satisfaction with travel health insurance to CLHIA's travel insurance committee was very well-received. Several members of that committee said they were delighted to have such rigorous, quantitative, nationally representative research data available. The CCIR TIWG members also generally acknowledged the relevance of the Pollara study to their mandate, so that bodes well for its potential to inform their Issues/Discussion Paper.

She also advised that while the consumer satisfaction levels with travel health insurance revealed by the Pollara study are very reassuring, the data also shine a light on certain areas of opportunity for the industry to improve upon. These are mainly policy wording issues such as limitations and exclusions; and a general need to communicate and present information in a more consumer-friendly manner so that people will better understand what they're buying.

A CAFII travel medical insurance working group, a subcommittee of experts in this area, has been focusing on these policy wording and presentation issues in recent months, as a dedicated project. In fact, earlier in the day on April 12, the working group handed-off its recommendations report on limitations and exclusions to the CLHIA travel insurance committee, for it to build upon on behalf of the entire industry.

The working group will now continue working on wording for key terms in travel health policies and a common policy layout.

5.2. Media Advocacy Committee

C. Blaquiere remarked that the committee's goal was to have a media plan for review and discussion at today's meeting. However, a few setbacks were experienced with the firm that was hired to complete the work and, after a few meetings, a decision was made to cut them loose. We then approached a firm recommended by TD Insurance, Fleishman Hillard, but they were not suitable. Fortunately, committee member Brian Smith from BMO recommended David Moorcroft who, before retiring in 2008, was SVP of Corporate Communications at RBC.

C. Blaquiere and G. Grant met with David and Brian yesterday and believe that we have now found an individual with the background and understanding of our industry who will be able to give us what we need. Before we formally engage David, he has agreed to provide an outline of his proposed strategy and deliverables. That said, G. Grant added that he and C. Blaquiere now feel comfortable that they've identified a consultant who understands the committee's direction and are confident that the Media Committee will be in a position to present a plan and strategy to the Board at its next meeting on June 7.

Action: Finalize new CAFII Communications Plan for presentation at June 7, 2016 Board meeting.
[Charles, Greg, Brendan; June 2, 2016]

5.3. Market Conduct Committee

R. Beckford, Chair of the Market Conduct Committee, reported that the March 17 Quebec provincial budget highlighted the government's intention to introduce modernizing amendments to both the Insurance Act and the Distribution Act in the near future. The comments in the budget indicated that this would include looking at how the insurance industry functions and the powers that the AMF has under provincial regulations.

In addition, in its March 22 budget, the Government of Canada proposed delaying by two years the next mandatory review of the *Bank Act*, by extending the current statutory sunset date by two years to March 29, 2019.

In Board discussion of the next *Bank Act* review, it was agreed that, as it has done in the past, CAFII will act as a resource to the Canadian Bankers Association in support of its submission.

5.4. Licensing Efficiency Issues Committee

On behalf of M. Gill, Chair of the Licensing Committee, B. Wycks reported that the Licensing Committee recently worked on a CAFII submission in response to the FCNB's position paper on reforming the licensing framework for other-than-life agents and brokers; and also provided feedback directly to FCNB officials on the functionality and effectiveness of Phase 1 of its online insurance licensing system.

B. Wycks also advised that he had spoken with David Weir, New Brunswick's Deputy Superintendent of Insurance, at a CISRO LLQP Stakeholder Information Session the previous day. Mr. Weir advised that due to resource constraints within the FCNB, the Commission's final positions on the licensing framework modernizations were not ready for submission to the government. Mr. Weir also indicated that work is underway to address some of the online licensing system's deficiencies identified by CAFII and other stakeholders but there was no firm date yet for the release of Phase 2.

6. Other Business

6.1 CAFII Meetings and Events Calendar

B. Wycks highlighted for Directors the plans for this evening's Networking and Social Reception, as well as the dates and locations of the three upcoming Board meetings in 2016.

7. In Camera Session

The Board of Directors met *in camera* from 4:25 to 4:55 p.m. Following this, members of the EOC, B. Wycks and L. Duigu were invited back.

8. Termination

There being no further business to discuss, the meeting was terminated at 4:57 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.

Date

Chair

Recording Secretary