

BOARD VIRTUAL MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

Tuesday, October 5, 2021

2:00 to 4:00 p.m. EDT

Minutes

Board Members	Chris Lobbezoo	RBC Insurance
Present:	Peter Thompson	National Bank Insurance
	Nicole Benson	Valeyo
	Paul Cosgrove	Assurant
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Louie Georgakis	The Canada Life Assurance Company
	Peter McCarthy	BMO Insurance
	Ian Oncea	CIBC Insurance <i>(for part)</i>
	Wally Thompson	Manulife Financial
	Kelly Tryon	CUMIS/The Co-operators
	Rob Robinson	Canadian Premier Life Insurance Company
	Adam Vespi	Canadian Tire Financial Services

Regrets:	Sophie Ouellet	Sun Life
	Chantal Gagné	Desjardins

Also Present:	Brendan Wycks, <i>Co-Executive Director</i>
	Keith Martin, <i>Co-Executive Director</i>
	Rob Dobbins, <i>Board Secretary and EOC Chair</i>
	Karyn Kasperski, <i>Vice-Board Secretary and Vice-EOC Chair</i>
	Jake Becker, <i>Association Coordinator</i>

Item 1: Call to Order, Welcome and Confirmation of Meeting

C. Lobbezoo welcomed all to this meeting of the CAFII Board of Directors, which was held virtually on the Microsoft Teams platform, and called the meeting to order at 2:02 p.m. Jake Becker acted as Recording Secretary.

Item 1 (a): Declaration of Meeting Properly Called and Constituted

Rob Dobbins, Board Secretary, confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present.

C. Lobbezoo 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.

Item 1 (b): Approval of Agenda

Board Chair Chris Lobbezoo proposed adding a new item **1(e) News About A Director's Imminent Departure From The CAFII Board.**

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the meeting Agenda be and is approved as amended.

Item 1 (c): Appointment of a New CAFII Director

Mr. Lobbezoo advised that in late July, CAFII had been informed by CIBC Insurance that its current CAFII Director Mica Sweet had been appointed to a new position within the bank; and that Ian Oncea had been appointed her successor as Vice-President, Insurance, CIBC; and President & CEO, CIBC Life Insurance Company. CIBC Insurance also informed CAFII of its nomination of Ian Oncea for appointment to the CAFII Board, succeeding Mica Sweet as the Director from CIBC Insurance.

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that Ian Oncea, Vice-President, Insurance, CIBC; and President & CEO, CIBC Life Insurance Company, be appointed as CIBC's Director on the CAFII Board.

Item 1 (d): Welcome to and Self-Introduction by New CAFII Director Ian Oncea, CIBC Insurance

Having been invited into this meeting immediately following his appointment by the Board as the new Director from CIBC Insurance, Ian Oncea was welcomed to the meeting; and he introduced himself to his fellow CAFII Board members.

Item 1 (e): News About A Director's Imminent Departure From The CAFII Board

Mr. Lobbezoo noted that in late July, CAFII Director from TD Insurance Janice Farrell-Jones had informed the Association that after several years in the role of Senior Vice-President, Life and Health at TD Insurance, she had received a promotion into a new leadership role within TD Canada Trust, which has her leading the Environmental, Social and Governance (or ESG) mandate for the enterprise, meaning the entire corporate bank.

With this move by Janice Farrell-Jones, TD will be appointing a new leader for its Life & Health Insurance business in the near future, although that successor at TD Life & Health has not yet been named. Mr. Lobbezoo thanked Ms. Farrell-Jones for her contributions to the CAFII Board and to the advancement of the Association over the past three years; and Ms. Farrell-Jones made some comments of thanks, appreciation, and best wishes to her fellow Board members.

Item 2: Approval/Receipt of Consent Items

The following Consent Items that do not require any discussion or decisions were tabled:

- a. Draft Board Meeting Minutes, June 8/21
- b. Draft Special Purpose Board Meeting Minutes, June 29/21
- c. Summary of Board and EOC Action Items
- d. Regulatory Update
- e. Consultations/Submissions Timetable
- f. Regulator and Policy-Maker Visit Plan
- g. Board-Approved CAFII 2021 Schedule of Meetings and Events

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the 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.

Item 3: Governance Matters

Item 3 (a): Decision To Confirm That December 7/21 CAFII Board Meeting Will Be A Virtual-Only Meeting, And Cancel Plans To Hold An In-Person Holiday Season Reception

Mr. Lobbezoo noted that CAFII had, in consultation with Board members, recently made the decision that the 7 December, 2021 CAFII Board meeting would be a virtual-only meeting, and had cancelled plans to hold an in-person Holiday Season Reception immediately following that Board meeting.

Item 3 (b): Negotiations Around Possible Renewal of CAFII's Association Management Service Contract With Managing Matters

Keith Martin reported on the status of CAFII's negotiations with Managing Matters around the possible renewal of the current Association Management Services contract with that company, which expires at the end of this year.

Mr. Martin noted that Managing Matters' CEO Jenny Faucher had indicated that there were tremendous retention and employment challenges emanating out of the pandemic, and that there were major labour pressures on Managing Matters, leading to significant increases in the proposed 2022 contractual terms. Mr. Martin and Mr. Wycks had asked Managing Matters to review this again, since all of CAFII's members were facing the same realities and would expect suppliers to manage them just as CAFII members are.

A new proposal would therefore be submitted based on a three-year renewal, and it would be reviewed by the EOC and presented, with a recommendation, to the Board at its December 7, 2021 meeting. If terms that are acceptable can be negotiated, Mr. Martin stated that CAFII is generally very pleased with the performance of Managing Matters and is aiming for a three-year renewal term.

[Action Item: Negotiate terms for a three-year contract renewal with Managing Matters, to present to the Board at the December 7, 2021 Board meeting; K. Martin, B. Wycks, October-November 2021.]

Item 3 (c): Proposed CAFII 2022 Schedule of Meetings and Events

Mr. Wycks provided an overview of the proposed 2022 schedule of meetings and events. Mr. Wycks presented two options, one in which in-person events would begin again in January 2022, and another in which in-person events would only start again in May 2022. The Board preferred Option B, which was to tentatively start in-person events again only in May 2022.

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the Proposed 2022 CAFII Schedule of Meetings and Events be approved, and based on a return to in-person events starting in May 2022.

Item 4: Financial Management Matters

Item 4 (a): CAFII Financial Statements as at August 31/21

CAFII Treasurer Tony Pergola presented the CAFII financial statements as at August 31, 2021, noting that the September 2021 financials were not available for this meeting due to the fact that the September month-end had occurred just five days ago. Year-to-date revenues were at \$637K, and expenses were at \$476K, leading to a surplus of \$161K which is a favourable variance to budget of \$53K. This favourable variance was due to a combination of higher revenues due to two new Members (Valeyo and Canadian Tire Bank) and several new Associates, and reduced expenses. The balance sheet was stable and healthy; there was a cash balance of \$750K; and the level of financial reserves as a percentage of annual operating expenses was 65%, which is above the range that CAFII targets of 25 to 50%.

Item 4 (b): Forecast For CAFII 2021 Fiscal Year As At August 31/21

CAFII Treasurer Tony Pergola stated that as at August 31/21, the forecast for CAFII's 2021 fiscal year was revenue of \$956K, and expenses of \$791K, leading to a projected surplus of \$164K.

Mr. Martin noted that CAFII's legal fees are projected to be higher due to a Board-approved request for some additional work from Norton Rose, and will likely go from \$50K to \$65K.

Item 4 (c): Critical Path For Development of 2022 CAFII Operating Budget

Brendan Wycks shared with the Board the key milestones in the critical path for the development of the Association's 2022 CAFII Operating Budget.

Item 4 (d): Updating CAFII's Cheque Signing Authorities

Brendan Wycks updated the Board on changes in the people authorized to sign CAFII cheques, both within CAFII and within its Association Management Company Managing Matters, leading to a requirement for the following changes to its cheque signing authorities:

- add Karyn Kasperski, RBC Insurance;
- delete Tara Moran, CAFII's former Accountant/Controller at Managing Matters (MM); and
- add Maria Saqib, CAFII's new Accountant/Controller at Managing Matters.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the proposed revised CAFII cheque signing authorities be approved.

Item 5: Strategic and Regulatory Matters

Item 5 (a): CAFII's Next Steps On AMF Credit Card-Embedded Insurance Benefits Issue

i) CAFII Follow-up Thank You Letter To AMF To Confirm Fact Sheet and Notice of Rescission Concession Outcome of September 10/21 Meeting

K. Martin reported that a detailed summary of the 10 September, 2021 CAFII Get Acquainted and Dialogue Meeting with Eric Jacob, the AMF's new Superintendent, Client Services and Distribution Oversight, had been distributed to Board and EOC members. The meeting was very successful, with the AMF providing a concession around members not needing to provide consumers with a copy of the Fact Sheet or the Notice of Rescission by the 17 December, 2021 deadline for implementation of the AMF's expectations related to the Regulation respecting Alternative Distribution Methods (RADM)'s applicability to credit card-embedded insurance benefits.

CAFII has subsequently sent a follow-up thank you letter to the AMF, in which it thanked the Superintendent for the meeting and outlined in writing CAFII's understanding of the expectations of the AMF with respect to the 17 December, 2021 deadline. The AMF had indicated that a pan-industry Working Group would be established and tasked with developing modified versions of the Fact Sheet and the Notice of Rescission.

The Board had a broad discussion of the approach that CAFII should take going forward with the AMF on this file, which included item 5(a)(ii) on the possible engagement of the Canadian Bankers Association in this file.

ii) Possibility Of Re-Attempting To Secure CBA's Engagement In This Issue, Especially Re AMF-Led Pan-Industry Working Group On Modifying Fact Sheet and Notice of Rescission

The Board discussed the importance of CAFII not making commitments around documents that FI members' credit card departments need to distribute for embedded insurance benefits in Quebec without credit card expert involvement; and that the CBA might be an ideal body to engage in such an effort. There was also discussion around not giving the AMF the impression that the CBA was involved in an effort to challenge the applicability of the Regulation respecting Alternative Distribution Methods (RADM) to credit card-embedded insurance benefits.

While the Board supported continuing to review these matters including the appropriate membership in an AMF-led pan-industry Working Group on how to modify the Fact Sheet and Notice of Rescission, at this time the Board supported continuing with the existing strategy which is focused on complying with the Regulation.

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that CAFII would continue with the existing strategy with the AMF around credit card-embedded insurance benefits; and not re-attempt to secure the CBA's direct engagement in this file at this time.

iii) CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits

Karyn Kasperski, Chair of this Working Group, provided an update on its progress made around industry compliance with the AMF's expectations on the RADM's applicability to credit card-embedded insurance benefits, noting that the members of the Working Group felt that its work was very impactful and was helping members determine how best to implement compliance with the RADM.

Item 5 (b): Preparation For October 14/21 Industry Issues Dialogue With AMF Staff Executives

Brendan Wycks provided an update on CAFII's preparations for a 14 October, 2021 Industry Issues Dialogue with AMF staff executives, in which CAFII would be giving two short mini-presentations.

Item 5 (c): Desire To Have Canadian Tire Bank Participate In CAFII's Quarterly CPI Benchmarking Study With RSM Canada

Keith Martin reported that distributors contributing to the CAFII Quarterly CPI Benchmarking Study With RSM Canada have access to the full report, as do CAFII insurer members. However, new member Canadian Tire Bank is a monoline credit card CPI distributor, and this raises the issue of how best to provide this new Member with the report. It was suggested that a member that contributes to the study in a very limited fashion should only have access to that data from other members. It was further observed that the principle of "the data you put in is equivalent to the aggregated, anonymized data you get out" was a good adage under which to govern Member participation in the CAFII Quarterly CPI Benchmarking Study With RSM Canada.

Item 5 (d): Implications For CAFII Of Just-Released Regulations In Support of Federal Financial Consumer Protection Framework Aspects Of Bill C-86

EOC Chair Rob Dobbins provided the Board with an overview of possible implications for the bancassurance sector of the new federal Regulations that had just been released in August in support of the federal consumer protection framework around Bill C-86.

Item 5 (e): CAFII Working Group on Industry Alignment Re Interpretation Of FCAC's Appropriateness Guideline's Application To Authorized Insurance Products/CPI; and Potential Approaches To Compliance

Martin Boyle, Chair of this Working Group, provided Board members with an update on its work related to CAFII's being in a well-prepared position to respond to FCAC's draft Appropriateness Guideline once released, noting that much progress had been made. The Working Group is identifying the elements of a submission to the FCAC on this issue, which could occur within a very short consultation window, Mr. Boyle advised.

Item 5 (f): CAFII-Commissioned Research/Thought Leadership Paper By Deloitte Canada On "Best Practices In The Digitization Of Credit Protection Insurance"

Keith Martin provided the Board with an update on the process for Deloitte Canada's development of a CAFII-commissioned thought leadership paper on best practices in digitization for credit protection insurance. Mr. Martin indicated that Deloitte had understood well the objectives of the project and had developed a good process that included regular touchpoints with CAFII internal stakeholders.

Item 5 (g): Insights Gained From September 21/21 Meeting Of Saskatchewan Restricted Insurance Agent Advisory Committee

Brendan Wycks provided an update on the 21 September, 2021 second meeting of the Saskatchewan RIA Advisory Committee, reporting that Moira Gill was serving as Committee Chair; Charles MacLean was elected Vice-Chair in this meeting; and the meeting covered many matters including new audit powers that had been granted to the Insurance Councils of Saskatchewan under the province's new Insurance Act. Mr. Wycks noted that Insurance Councils of Saskatchewan Executive Director Ron Fullan announced that he would be formally retiring on 31 July, 2022.

Item 5 (h): Insights Gained From CAFII/CLHIA/THIA Weekly Meetings Re Impact Of COVID-19 On Travel and Travel Insurance Industry

Brendan Wycks provided an overview of the weekly CAFII, CLHIA, and THIA virtual meetings on the impact of COVID-19 on travel and the travel insurance industry, noting that Global Affairs Canada had recently indicated that a new travel advisory website landing page for the public would be launched in the near future.

Item 7: Meeting Termination

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the meeting be terminated at 3:40 p.m.