

Agenda Item 2 a
December 5/23 Board Meeting

BOARD MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
In-Person/Hybrid Meeting at RBC Insurance in Montreal, Quebec
Tuesday, October 10, 2023
2:20 to 4:00 p.m. EDT
Minutes

Board Members

Present In Person:

Peter Thompson, National Bank Insurance
Paul Cosgrove, Assurant Canada
Heather McLachlin, CUMIS Services Inc./The Co-operators
Louie Georgakis, The Canada Life Assurance Company
Julie Gaudry, RBC Insurance
John Burns (surrogate for Nigel Branker), Securian Canada

Virtually:

Adam Vespi, Canadian Tire Bank
Ian Oncea, CIBC Insurance
Rohit Thomas, BMO Insurance
Rahul Kakar, Chubb Life Insurance Company of Canada
Wayne Hewitt, Scotia Insurance
Wally Thompson, Manulife; outgoing Board member
Andrew Kugler, Manulife; incoming Board member
Valerie Gillis, TD Insurance
Nicole Benson, Valeyo
Simon Lacroix-Hubert, Desjardins Insurance

Regrets:

None

Also Present:

Rob Dobbins, EOC Chair and Board Secretary, Assurant Canada
Karyn Kasperski, EOC Vice Chair, RBC Insurance
Donald Hinnecke, Treasurer, RBC Insurance
Brendan Wycks, Co-Executive Director, CAFII
Keith Martin, Co-Executive Director, CAFII
Robyn Jennings, Research Analyst, CAFII
Shanay Smith, Operations Manager, CAFII (virtual-only)
Pamela Hicks, Association Administrator, Managing Matters

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

CAFII Board Chair Peter Thompson welcomed all to this meeting of the CAFII Board of Directors, which was held at RBC Insurance in Montreal, Quebec, as well as virtually on the Microsoft Teams platform, and called the meeting to order at 2.24 p.m. Robyn Jennings acted as Recording Secretary.

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

Board Secretary Rob Dobbins confirmed that there was Boarduorum for the meeting and that the meeting was properly called and constituted.

Item 1(b): Welcome to New CAFII Staff Members and Managing Matters Support Team Member Robyn Jennings, Research Analyst; Shanay Smith, Operations Manager; and Pamela Hicks, Association Administrator.

CAFII Chair Peter Thompson welcomed and introduced CAFII's two new staff members, Robyn Jennings (Research Analyst) and Shanay Smith (Operations Manager) and Managing Matters' on-site support team member Pamela Hicks (Association Administrator).

Item 1(c): Approval of Agenda.

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

Item 2: Consent Items.

*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.*

The consent items approved are as follows:

- a. Draft Board Meeting Minutes, June 6, 2023
- b. May 31/23 CAFII Submission to FSRA on "Proposed Guidance: Administrative Monetary Penalties"
- c. Summary of Board and EOC Action Items
- d. June/July 2023 Regulatory Update
- e. September 2023 Regulatory Update
- f. Consultations/Submissions Timetable
- g. Regulator and Policy-Maker Visit Plan Recap
- h. Committee Reports Addressing CAFII Priorities
- i. Board-Approved CAFII 2023 Schedule of Meetings and Events

*Further, **IT WAS RESOLVED** that the minutes of the meeting of the CAFII Board of Directors held June 6, 2023, be and are adopted in the form presented and that copies of those minutes be signed and placed in the minute book of the Corporation.*

Item 3: Governance Matters.

Item 3(a): Retirement of Wally Thompson, Manulife Financial; and Appointment of Andrew Kugler, Vice President, Head of Distribution, Affinity Markets Canada, Manulife as New CAFII Board Member.

CAFII Chair Peter Thompson called upon CAFII Director and current Board Vice-Chair Wally Thompson (Manulife) to update the board on his retirement, which will begin as of Friday, October 14/23. W. Thompson will be succeeded at Manulife and on the CAFII Board by Andrew Kugler. A. Kugler's appointment to the Board will be done by electronic vote and on an expedited basis. Great thanks were expressed to W. Thompson for his time with CAFII.

Item 3(b): Appointment of Paul Cosgrove, President & CEO, Assurant Canada, as New CAFII Board Vice-Chair.

CAFII Chair Peter Thompson updated the Board on the Association's current Board Vice-Chair situation; and sought its approval for the appointment of Paul Cosgrove (President and CEO, Assurant Canada) as the new Vice Chair for CAFII's Board of Directors. The CAFII nominating committee unanimously nominated Paul Cosgrove as the Board Vice Chair.

On a motion duly made, seconded, and carried, **IT WAS RESOLVED** that Paul Cosgrove be and is accepted as the CAFII Board's new Vice Chair.

Item 3(c): Implementation of Board-Approved "New CAFII Management Structure (Post 2023)."

CAFII Co-Executive Director Keith Martin updated the Board on the implementation of the Board-approved new CAFII management structure (post-2023). This new structure is in response to Co-Executive Director Brendan Wycks' impending retirement. As a result, CAFII has hired two new staff members – Shanay Smith (Operations Manager) and Robyn Jennings (Research Analyst), reporting to Keith Martin as the sole Executive Director.

As K. Martin explained, since the learning curve for CAFII and industry is steep, the onboarding process will continue into 2024. One key result of the new management structure is the creation of a Policies & Procedures Manual (P&P), currently being developed by S. Smith. This will act as a repository of documentation on all CAFII deliverables and processes. The goal of the P&P Manual is to have a permanent record of all CAFII procedures, policies, timelines and deadlines, key terms, and general information.

Item 3(d): Proposed 2024 Schedule of CAFII Meetings and Events

CAFII Co-Executive Director Brendan Wycks informed the Board of the CAFII Proposed 2024 Schedule of Meetings and Events.

As explained, in 2024 and as per member requests, there will be no EOC or Board meetings following any holiday or three-day weekend. The 11 EOC meetings were tabled in the schedule of events that was circulated to Board members as part of the consolidated package.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the Proposed 2024 Schedule of CAFII Meetings and Events be and is approved, as presented.*

Item 4: Financial Management

Item 4(a): CAFII Financial Statements as at August 31/23

Treasurer Donald Hinnecke provided an overview of the Association's financial statements as at August 31, 2023, noting that CAFII was in a strong financial position and will finish 2023 with a significant fiscal year surplus mainly due to some expenses, such as legal fees, travel, and event costs, not having been incurred.

Item 4(b): Forecast for CAFII 2023 Fiscal Year as at August 31/23.

Treasurer Donald Hinnecke provided an update on the forecast for CAFII's 2023 fiscal year as at August 31, 2023, noting that CAFII will be well-positioned for the 2024 fiscal year. There may still be some expenses incurred before the new year in connection with the expenses incurred for the CAFII Regulatory and Policy-Maker Tours.

Item 4(c): Critical Path for Development of 2024 CAFII Operating Budget, Including Proposal from Operatic Agency for Development of New Back End of CAFII Website

Co-Executive Directors Keith Martin and Brendan Wycks updated the Board on the development of the 2024 budget. A proposed budget will be presented to the EOC for endorsement, following which it will be presented to the Board for approval. The 2024 budget will include a one-time \$40K expense for a rebuilding of the CAFII intranet, or website backend. Because this is a sizeable one-time expense, the Board is being asked to support proceeding with this investment separately.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the Proposal from Operatic Agency for the Development of a New Back End of the CAFII Website be and is approved, as presented.*

Item 5: Strategic and Regulatory Matters

Item 5(a): Debrief Discussion on Just-Completed 'Industry Issues Dialogue' with AMF Staff Executives

See item 5(b) below for an update regarding the debrief discussion on the just-completed 'Industry Issues Dialogue' with AMF Staff Executives.

Item 5(b): Insights Gained from July 4/23 and Plans for September 29/23 Quarterly Virtual Liaison Meetings Between CAFII Board Chair P. Thompson and AMF Superintendent E. Jacob

CAFII Chair Peter Thompson and CAFII Co-Executive Director Keith Martin updated the Board on items 5(a) and 5(b) in tandem as they were related. P. Thompson stated that the Industry Issues Dialogue was very different from last year's meeting in that it was positive, amicable, and collaborative. He noted that, though there are still issues to discuss with the AMF, the clear difference in approach and tenor indicates that we have turned a corner in the relationship. This positive change has been largely attributed to the benefits that have flowed out of the quarterly meetings that Peter Thompson has been holding with AMF Superintendent of Client Services and Distribution Éric Jacob. Brendan Wycks noted that this breakthrough must also be credited to Eric Jacob, who, though relatively new to the superintendent role, has shown his commitment to dialogue.

The biggest topic of discussion between the AMF and CAFII remains spousal insurance. CAFII members have made it clear that their ideal and desired course of action would be to let all remaining spousal insurance policies naturally run off; however, with the deadline of January 1/25 fast approaching, there is a need to quickly gain clarity on the expectations of the AMF. The general sentiment from the AMF is that they are willing to listen to CAFII and consider attrition if CAFII can demonstrate that progress is being made in running down the number of these policies.

Item 5(c): Insights Gained from September 28/23 Presentation of CAFII's 2023 Research Results-Focused PowerPoint Deck to AMF Staff Executives in a Special Purpose In-Person (in Quebec City)/Hybrid Meeting in French Only

CAFII Co-Executive Director Keith Martin reported that the AMF was appreciative of the clear efforts made by CAFII to present in person and in French only. The overall engagement from AMF staff executives was high and positive; conversations were amicable, and the AMF attendees expressed curiosity about CAFII's research results, particularly CAFII's findings on consumer satisfaction. This sharing of research may be an avenue for continuing CAFII's relationship development with the AMF.

Item 5(d): Insights Gained from June 8/23 CAFII Special Purpose Virtual Meeting with Christian Beaulieu and Mario Beaudoin on AMF's Gathering of Industry Statistics on Claims Denials, and Utilization Intentions

K. Martin reported that this was a productive meeting at which Mario Beaudoin provided additional clarity around the gathering of statistics and how the AMF intended to use these statistics. The meeting made it clear that this was a long-term project for the AMF and not an immediate priority.

Item 5(e): Insights Gained from June 21/23 CAFII Special Purpose Virtual Meeting with Louise Gauthier and Melissa Perreault on AMF's Regulation on Complaints Handling and Dispute Resolution; and Ensuing Correspondence Exchange

CAFII Co-Executive Director Keith Martin informed the Board that, overall, the Special Purpose Virtual Meeting with Louise Gauthier and Melissa Perreault on AMF's Regulation on Complaints Handling and Dispute Resolution (and the ensuing correspondence on this matter) was productive, with Louise Gauthier saying that she understands industry concerns and the AMF would do what it could to adjust the regulation accordingly.

Item 5(f): Insights Gained from Recent CAFII Insurance Regulator and Policy-Maker Tour Visits:

CAFII Co-Executive Director Keith Martin informed the Board on the following items:

- i. **British Columbia Ministry of Finance, June 13/23**
- ii. **British Columbia Financial Services Authority (BCFSA), June 13/23**
- iii. **Insurance Council of British Columbia, June 14/23**
- iv. **Alberta Insurance Council, June 15/23**
- v. **Alberta Treasury Board and Finance, June 15/23**
- vi. **PEI Financial and Consumer Services Division, Ministry of Justice and Public Safety, September 21/23**

Regarding CAFII's Regulatory Tours, there was no major verbal update since much of the information has already been shared through other updates. K. Martin did provide a few thematic observations:

- In-person meetings in each regulator's province are highly beneficial for dialogue and build a strong foundation for collaboration;
- Regulators are starved for information and are eager to learn what is going on in the industry;
- It is useful for CAFII to continue to bring industry representatives on the tours as it allows regulators to speak to those with operational responsibilities;
- There is an older generation of regulators that bring a somewhat jaded view of Credit Protection Insurance. Both Robert Bradley from PEI and Angela Masserole from New Brunswick, for example, said that they would not purchase credit protection insurance themselves. CAFII will continue to focus on providing credible research results and information to regulators and policy-makers so that they can understand the benefits of these products.

Brendan Wycks added that another insight gained from these meetings is that some regulators are receptive to harmonization and seemed to understand industry concerns around the differences from province to province in the restricted insurance agent regimes.

Item 5(g): EOC-Approved CAFII 2023 Research Project with LIMRA on CPI's Accessibility to and Utility for Canadian Consumer Segments

Co-Executive Director Keith Martin reported on the status of the EOC-Approved CAFII 2023 Research Project with LIMRA on *CPI's Accessibility to and Utility for Canadian Consumer Segments*. K. Martin noted that this research will identify whether different income stratus for Canadian homeowners have different rates of purchasing CPI versus other types of life insurance. The hypothesis is that lower income groups among homeowners will have higher rates of CPI as a product, which would indicate that this product is especially important for those consumers in the marketplace.

Item 5(h): Recruitment of and Transition to New Media Consultant

Co-Executive Director Keith Martin updated the Board on CAFII's search for a new Media Consultant. CAFII intends to fill this position in the near future.

Item 5(i): Insights Gained from September 26/23 CAFII Webinar with Stuart Wilkinson, Director, Consumer Office, FSRA

Co-Executive Director Keith Martin provided an update to the Board on the insights gained from the September 26/23 webinar with Stuart Wilkinson. Generally, K. Martin has consistently received messages from regulators that they find great value in CAFII webinars. It is also an excellent way to give a platform to regulators, allowing them to speak to industry representatives. Stuart Wilkinson was highly appreciative of the platform CAFII gave him to share the priorities of the Consumer Office that he runs.