

**CAFII Board of Directors Special Purpose Teleconference Meeting
 Monday, February 10, 2020
 MINUTES**

In Attendance

Directors Present:

Nicole Benson	Valeyo	<i>Chair</i>
Chris Lobbezoo	RBC Insurance	
Zack Fuerstenberg	ScotiaLife Financial	
Sandra Rondzik	CIBC Insurance	
Peter Thompson	National Bank Insurance	
Janice Farrell-Jones	TD Insurance	
Wally Thompson	Manulife Financial	
Louie Georgakis	Canada Life Assurance	
Paul Cosgrove	Assurant	

Regrets:

Peter McCarthy	BMO Insurance
Kelly Tryon	CUMIS Services Inc.

EOC Members Present:

Martin Boyle	BMO Insurance	<i>Board Secretary</i>
Rob Dobbins	Assurant	
John Lewsen	BMO Insurance	
Andrea Stuska	TD Insurance	
Peter Thorn	TD Insurance	
Charles MacLean	RBC Insurance	
Tony Pergola	ScotiaLife Financial	<i>Treasurer</i>
Brad Kuiper	ScotiaLife Financial	
Vikram Malik	Sun Life Financial	

Also Present:

Keith Martin	CAFII	<i>Co-Executive Director</i>
Brendan Wycks	CAFII	<i>Co-Executive Director</i>
Natalie Hill	CAFII	<i>Recording Secretary</i>

1. Call to Order, Welcome and Confirmation of Meeting

N. Benson welcomed everyone to this Special Purpose Teleconference Meeting of the CAFII Board of Directors and called the meeting to order at 12.05pm. N. Benson thanked all Directors and EOC members for making the time to attend.

N. Benson advised that this Special Meeting had been arranged to allow the Board to deal with several time-sensitive matters, including

- the admission of Sun Life Financial to CAFII Initiation Membership and the appointment of a CAFII Director from Sun Life Financial;
- the appointment of a new CAFII Director from Regular Member Desjardins Financial Security;

- formal approval of a CAFII quarterly benchmarking study on credit protection insurance, so that two decisions related to that initiative which the Board had reached during the *in camera* session at its December 3, 2019 meeting could now be captured in the minutes of the Corporation; and
- approval of a CAFII 2020 Operating Budget.

1.1. Confirmation of Quorum

M. Boyle confirmed that notice of this meeting had been sent to all Directors in accordance with the Association's By-law, and also confirmed that a quorum of Directors was present, as there were nine (9) of the current eleven (11) CAFII Directors on the phone.

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 as presented.

2.1. i. Recommended Admission of Sun Life Financial to CAFII Initiation Membership

At N. Benson's request, B. Wycks provided a brief report on Sun Life Financial's application for CAFII Initiation Membership and the CAFII Member Applicant Review Committee's recommendation on the application.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Sun Life Financial be admitted to CAFII Initiation Membership, and that its two year period for reduced Initiation Member Dues be 2020 and 2021.

2.1.ii. Appointment of a CAFII Director from Sun Life Financial

At N. Benson's request, B. Wycks provided a brief report on Sun Life Financial's nomination of Sophie Ouellet for appointment as its first Director on the CAFII Board.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Sophie Ouellet, Vice-President, Business Development, Group Benefits at Sun Life Financial be appointed as that new Member's Director on the CAFII Board.

Following a brief pause, Sophie Ouellet from Sun Life Financial then joined this CAFII Board Special Purpose Teleconference Meeting and she was warmly welcomed and congratulated by her fellow CAFII Directors.

2.2. Appointment of a CAFII Director from Desjardins Financial Security

At N. Benson's request, B. Wycks provided a brief report on Desjardins Financial Security's nomination of André Langlois for appointment as its Director on the CAFII Board, succeeding Christian Dufour.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that André Langlois, Senior Vice-President, Life and Health Insurance, at Desjardins Financial Security be appointed as its Director on the CAFII Board, succeeding Christian Dufour.

Following a brief pause, André Langlois, Senior Vice-President, Life and Health Insurance, at Desjardins Financial Security then joined this CAFII Board Special Purpose Teleconference Meeting and he was warmly welcomed and congratulated by her fellow CAFII Directors.

2.3. Formal Approval of CAFII Quarterly Benchmarking Study on Credit Protection Insurance; and Related Actuarial Firm Selection

N. Benson noted that the purpose of this agenda item was to allow the following two decisions which the Board had reached in the *in camera* session of its December 3, 2019 meeting to be officially captured in the minutes of the Corporation:

- to proceed with a CAFII quarterly benchmarking study on credit protection insurance at an initial cost of \$60,000 per annum; and
- to select RSM Canada as the winning RFP bidder and to contract with that firm to provide actuarial expertise services to CAFII for the quarterly benchmarking study.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Board of Directors approves the undertaking of a CAFII quarterly benchmarking study on credit protection insurance and, in that connection, authorizes CAFII management to proceed with the launch of such a study at an initial cost of \$60,000 per annum.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Board of Directors selects RSM Canada as the winning bidder in the Request for Proposals process related to a CAFII quarterly benchmarking study on credit protection insurance; and that the Board authorizes CAFII management to contract with RSM Canada to provide actuarial expertise services to the Association and its members for that study.

2.4. CAFII 2020 Operating Budget

At N. Benson's request, CAFII Treasurer T. Pergola presented an updated Proposed CAFII 2020 Operating Budget, and highlighted the changes made to an earlier draft of the budget presented at the Board's December 3, 2019 meeting. The revised CAFII 2020 Operating Budget set out three options – No Member Dues Increase (status quo); a three percent (3%) Member Dues Increase; and a five percent (5%) Member Dues Increase – and T. Pergola outlined the implications of each option.

In Board discussion, it was agreed that the insurance policy and regulatory environment that CAFII was dealing with was becoming increasingly complex, and that it was advisable to provide additional revenue in the CAFII budget in anticipation of heightened regulatory and legal activity.

As such, a proposal was made to increase Member Dues by five percent (5%) over 2019 levels. S. Rondzik requested that a new expense line item be added to the 2020 CAFII Operating Budget for unforeseen or unbudgeted expenditures, which the Association may deem it necessary to undertake, related to the insurance policy and regulatory environment.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Board of Directors approves the CAFII 2020 Operating Budget Option which calls for a Members Dues Increase of five percent (5%), as set out in the Budget Options document dated February 10, 2020.

2.5. Presentation Deck for CAFII March 9, 2020 Meeting with FCAC Around CPI Sales Practices and Related Fair Treatment of Consumers Considerations

At N. Benson's request, K. Martin provided an update on preparations for CAFII's upcoming 9 March, 2020 meeting with Financial Consumer Agency of Canada (FCAC) staff executives in Ottawa.

Noting that the focus of that meeting would be a CAFII presentation on *Credit Protection/Authorized Insurance Products Sales Practices and Related Fair Treatment of Customers Considerations*, K. Martin advised that Dog and Pony Studios was working diligently on a draft presentation deck, and a Working Group of EOC members would provide feedback on it. Willis Towers Watson was producing some benchmarking data that was also intended to be incorporated into the presentation deck.

In response to Mr. Martin's update, the Board requested an opportunity to review an advanced, penultimate draft of the presentation deck, and to receive it sufficiently early to permit its being shared with internal legal counsel for review and feedback comments.

2.6. Proposed CAFII Working Group on Credit Card-Embedded Insurance Benefits and Industry Relations with the AMF

At N. Benson's request, K. Martin outlined the rationale behind the EOC's recommendation that a *CAFII Working Group on Credit Card-Embedded Insurance Benefits and Industry Relations With The AMF* be formed.

Mr. Martin noted that a meeting was going to be held in Quebec City the following day, 11 February, 2020, with the AMF on embedded credit card insurance benefits. Following that meeting, consideration would be given to next steps, and the EOC felt that a Working Group could contribute to the advancement of CAFII's further work in this area, he indicated.

The Board endorsed the creation of a *CAFII Working Group on Credit Card-Embedded Insurance Benefits and Industry Relations With The AMF*.

S. Rondzik recommended that any such Working Group should have a plan and strategy as a key component of its mandate. That strategy could include the benefits and risks of escalating, versus trying to find a middle ground with the AMF, it was noted.

2.7. Strategy for CAFII February 11, 2020 Meeting with AMF on RADM's Applicability to Credit Card-Embedded Insurance Benefits

At N. Benson's request, K. Martin highlighted the CAFII-controlled proposed agenda for the February 11/20 meeting with the AMF; the proposed Opening Statement to be delivered partly in French; and related strategy elements.

A thorough Board discussion ensued, from which a consensus emerged that the February 11/20 meeting with the AMF should be approached as a preliminary, exploratory meeting, especially since more senior AMF executives would not be present. It was recommended that CAFII's principal focus for the meeting should be information-gathering, and while our Association's position on this file should be communicated to the AMF, our key objective should be to listen and learn what the AMF's position is.

3. Meeting Termination

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that this Special Purpose Teleconference Meeting of the CAFII Board of Directors be terminated at 1:05 p.m.