

CAFII Board of Directors Special Purpose Teleconference Meeting

26 March, 2020

MINUTES

In Attendance

Directors Present:

Nicole Benson	Canadian Premier Life <i>Chair</i>
Chris Lobbezoo	RBC Insurance Vice Chair
Paul Cosgrove	Assurant
André Langlois	Desjardins Financial Security
Louie Georgakis	Canada Life
Janice-Farrell Jones	TD Insurance
Zack Fuerstenberg	ScotiaLife Financial
Sandra Rondzik	CIBC Insurance
Peter Thompson	National Bank Insurance
Peter McCarthy	BMO Insurance
Wally Thompson	Manulife
Kelly Tryon	CUMIS
Sophie Oulette	Sun Life Financial

Also Present:

Martin Boyle	Board Secretary and EOC Chair
Keith Martin	CAFII <i>Co-Executive Director</i>
Brendan Wycks	CAFII <i>Co-Executive Director</i>
Natalie Hill	Managing Matters
Natalie Hill	CAFII

Over 25 CAFII EOC members indicated that they were going to participate in the call, but their attendance was not captured in the roll call.

1. Call to Order, Welcome and Confirmation of Meeting

N. Benson, CAFII Board Chair, called the meeting to order at 1:03 p.m. and welcomed all attendees to this Special Purpose Teleconference Meeting of the CAFII Board of Directors. She thanked all Directors and EOC members for making the time to attend.

N. Benson advised that this meeting had been arranged to allow the Board to discuss industry-level matters related to the unprecedented COVID-19 global pandemic crisis and the pressures it had created for the credit protection insurance and the travel insurance sectors in Canada, particularly in terms of fair treatment of customers, financial risk and reputational risk.

1.1. Confirmation of Quorum

M. Boyle, Board Secretary, confirmed that notice of this meeting had been sent to all Directors in accordance with the Association's By-law. He also confirmed that a quorum of Directors was present, noting that all thirteen (13) of the Association's Directors were present 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. Updates from CAFII Management

B. Wycks provided an update on twice-a-week teleconference meetings which were being held among CLHIA, THIA, and CAFII, in which the three Associations; participants provided each other with updates on the COVID-19 pandemic's impact upon the travel insurance industry, and coordinated activities as appropriate. He noted that the latest COVID-19-related issue that the industry and the government were dealing with in this area was around ensuring that truckers entering the United States continued to receive travel medical insurance for COVID-19, something which the CLHIA supports. Another emerging issue was travel health insurance for migrant agricultural workers entering Canada from other countries. Progress was being made on allowing these workers into Canada and providing for insurance for them.

Mr. Wycks also noted that Swati Agrawal of the Financial Services Regulatory Authority of Ontario (FSRA) Market Conduct Division had reached out to K. Martin to arrange a teleconference with CAFII to discuss the COVID-19 crisis and what were the current preoccupations of CAFII members. That call took place on Wednesday, 25 March with CAFII Co-Executive Directors B. Wycks and K. Martin conversing with FSRA's Swati Agrawal; Anthonet Maramieri, Head, Insurance; and Huston Loke, Executive Vice President, Market Conduct. K. Martin and B. Wycks provided the FSRA staff executives with an overview of the challenges CAFII members are facing as their employees work from home as much as possible, while dealing with a large volume of calls and inquiries from insureds and customers who facing financial hardship due to the COVID-19 pandemic's impact upon the economy. CAFII shared that it would be writing imminently to all insurance regulators and policy-makers across Canada to request regulatory forbearance in the form of a six-month moratorium on filing requirements, new regulatory initiatives, and discretionary audits. CAFII learned that the CCIR has created a new COVID-19 Working Group, which is meeting four times a week on this issue.

3. Premium Relief

As a possible industry-level initiative related to COVID-19, the Board discussed the topic of premium relief for customers who hold credit protection insurance.

It was noted that financial institutions were offering mortgage payment and loan relief to customers facing financial hardship due to the economic situation created by the COVID-19 crisis, including the shut down of non-essential businesses.

Most CAFII Directors indicated that their member companies had considered offering CPI premium relief for customers whose mortgage or loan payments had been suspended, but for a variety of reasons most, but not all, had decided not to offer CPI premium relief. One member indicated that for its customers, CPI premiums are paid out of the interest charges for a mortgage or loan; and, as such, for its customers, a suspension of mortgage or loan payments would automatically give rise to a suspension of CPI premiums as well.

Several Directors said that even if no formal program of CPI premium relief had been announced for their customers, on a case-by-case basis they were providing temporary CPI premium suspension where a customer requests it. It was noted that whatever individual companies are indicating is their policy currently, that could change quickly due to government action or market pressure.

Several Directors advised that their companies would wait on settling on a CPI premium relief policy, and follow what was ultimately agreed to by the CLHIA when its position on this matter was determined in the near future.

A Director suggested that any CAFII member who is slow to provide CPI premium relief than other members of the Association could create a reputational risk for all. The Directors agreed that the first reputational risk and challenge for industry would be around travel insurance claims, followed by job loss, disability, and life insurance claims in that order. However, it was noted that given the current nature of the COVID-19 virus, which tends to cause deaths in older adults, the exposure to life claims was low as adults over 70 years of age typically would no longer be eligible for CPI life insurance coverage.

It was agreed that any Association-level discussion on CPI premium relief – perhaps under the auspices of a *CAFII COVID-19 Working Group* which the Association may decide to strike – would have to be conducted with the advice of a competition lawyer to ensure that the discussion did not stray into areas that would be off-side the Competition Act. One member noted that so long as the discussion did not lead to an agreement on premiums or pricing, but was more around sharing information, that would not be outside the parameters of appropriate discussion by members of an industry Association.

4. Likelihood of Elevated Claims Levels

CAFII Directors indicated that they felt that a wave of claims would soon hit the credit protection insurance and travel medical insurance sectors, with up to five times the normal number of claims likely to occur for travel medical insurance. Other elevated levels of claims would likely occur for job loss insurance, and for disability insurance.

Several Directors indicated that their companies were attempting to simplify the claims process for customers, including around the need for a doctor's note for travel medical insurance claims, or easing the conditions for making a job loss insurance claim. Some Directors said that they were paying out claims, wholly or partially, immediately upon receiving the claims submission, before the claim had actually been adjudicated, and they would sort out the details later.

Several Directors cautioned that if the industry cannot adjust and pay legitimate claims very promptly in a manner that is outside of the usual parameters, that could lead to significant reputational risk for the industry.

A Director indicated that one approach that could be taken to allow for the payment of claims which were marginally and/or technically outside of the terms specified in the Certificate of Insurance – for which there was precedent in Canada in the property & casualty insurance industry, in the aftermath of the major Bow and Elbow Rivers flooding in Calgary and surrounding area in 2013 – would be to allow insureds to purchase retroactively a rider that would specifically provide for the desired coverage.

5. Desirability of a CAFII Working Group on COVID-19

Some CAFII Directors expressed a desire for the Association to work closely with CLHIA on issues related to the COVID-19 pandemic's impact upon the industry; and, in that connection, it was recommended that CAFII's approach, when finalized, be shared with CLHIA President Stephen Frank.

However, a view was also expressed that CLHIA had so much on its plate right now that it might be distracted, and that CAFII could take the lead on work around credit protection insurance and COVID-19.

It was proposed and agreed that as CAFII member companies develop policies to provide relief to customers and to adjust to the other special issues raised by COVID-19, CAFII could try to document industry best practices in these areas that could be shared with all members of the Association.

In that connection, it was suggested that a special purpose *CAFII COVID-19 Working Group* might be the best vehicle for carrying out such work. It was also suggested that such a Working Group might benefit by having members whose roles in CAFII member companies are more policy development and implementation/operational in nature, as opposed to the more compliance focus of most EOC members.

It was proposed and agreed that before focusing on who should be on the contemplated *CAFII COVID-19 Working Group*, a decision should be made on what are the desired outputs from the Working Group.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Board directs CAFII management to produce a document which outlines *Options For A CAFII COVID-19 Working Group*, for consideration by the Board at its next regularly scheduled meeting on 7 April, 2020.

6. Other COVID-19 Related Matters

Some Directors advised that their member companies are taking proactive steps, during the COVID-19 crisis, to remind CPI insureds that they have this coverage and that they should make a claim if, for example, they have job loss/loss of employment CPI insurance and they lose their job involuntarily.

7. 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 2:00 p.m.