

CAFII Executive Operations Committee
Tuesday, September 19, 2017
ScotiaLife Financial, 100 Yonge St., Toronto

DRAFT MINUTES

- EOC Present:** Peter Thorn, TD Insurance, *Chair*
Rose Beckford, ScotiaLife Financial
Rob Dobbins, Assurant Solutions Sue Manson, CIBC Insurance
Katherine Geisler, CIBC Insurance (via teleconference)
Charles MacLean, RBC Insurance (via teleconference)
Julie Medeiros, RBC Insurance (via teleconference)
Tony Pergola, ScotiaLife Financial *Treasurer*
Diane Quigley, CUMIS Group Inc (via teleconference)
Andrea Stuska, TD Insurance
- Also Present:** Caroline Bucksbaum, T•O Corporate Services *Recording Secretary*
Keith Martin, CAFII *Co-Executive Director*
Brendan Wycks, CAFII *Co-Executive Director*
- Regrets:** Jason Beauchamp, BMO Insurance
Charles Blaquiére, Canadian Premier Life
Isabelle Choquette, Desjardins Assurances
Moirá Gill, TD Insurance
John Lewsen, BMO Insurance
Jerome Savard, Desjardins Assurances

1. Call to Order

The meeting was called to order at 2:47 p.m.; P. Thorn acted as Chair; C. Bucksbaum acted as Recording Secretary.

2. Approval of Agenda

The agenda for this meeting was approved as circulated.

2. a. EOC Minutes of July 25/17

The EOC Minutes of July 25/17 were approved as presented.

2. b. EOC Minutes of August 22/17

The EOC Minutes of August 22/17 were approved as presented.

It was noted that these minutes were more concise, as per the EOC's request at its July 25/17 meeting. It was agreed that this level of detail is sufficient, so long as all decisions, action items and salient points are captured.

2. c. Summary of Board EOC and Action Items

B. Wycks provided an update on Action Items that had been added or had changed in status since the July 25/17 EOC meeting.

He noted that there was no prospect of Sigma Loyalty continuing its CAFII Associate status. He and K. Martin have prepared a member benefits package to present to Laurentian Bank, which has also dropped its Associate status this year. He and K. Martin hope to schedule a meeting with Laurentian Bank on November 13/17 in Montreal, in conjunction with their attendance at the AMF's Rendez-vous event.

ACTION: Once received, circulate to EOC members the email reply from Patrick Déry and/or Eric Stevenson re whether or not CAFII should send a letter to the Ministry of Finance requesting that there be a consultation on the expected Omnibus Bill (re: Action Item 13) [B. Wycks, October 13/17].

3. CAFII Financial Management

3. a. Financial Statements as at August 31/17

Treasurer T. Pergola reported on the following highlights of CAFII's financial statements as at August 31/17, which included a new Budget Year-to-Date (YTD) column:

- from a Balance Sheet perspective, assets have increased by \$42K, mainly as a result of the cash collected from July assessments;
- the liabilities stem from the deferral of revenues recently collected – this has increased from \$14K to \$158K;
- in developing and approving the 2018 Operating Budget, CAFII will have to consider whether to solicit new members; increase member dues; and/or or control spending to maintain a prudent level of financial reserves at all times;
- the Statement of Operations shows a deficit YTD of \$101K while the YTD budget calls for a deficit of \$129K. The difference between the actual and budgeted figures relates partially to timing and deferred expenditures that will likely not occur this year.

Concerning the financial reserves – which are currently still healthy and in the mid-range between 25% and 50% of annual operating expenses -- although the loss of National Bank Insurance's membership dues will be offset by lower spending on a few key line items, it is expected that over the remainder of 2017, CAFII's level of reserves will continue to drift downward and get closer to the minimum target level of 25% of annual operating expenses.

In November 2016, the CAFII Board approved a 25% dues increase for 2017, with a second 25% dues increase for 2018 – to be reviewed and reaffirmed. The second increase will be discussed by the Board at its November 2017 meeting. In a pro forma 2018 budget created in the fall of 2016, it was projected that CAFII would get back to a reserves level of 37% of annual operating expenses by the end of 2018, through a further 25% member dues increase.

4. Regulatory

4. a. AMF Consultation on Conflicts of Interest Re Incentives

The Market Conduct Committee has held an initial meeting to provide input on the framing of CAFII's submission to the AMF in responses to its Issues Paper on managing conflicts of interest related to incentives. The comments/feedback have been incorporated into a preliminary/point form draft of CAFII's submission.

The Market Conduct Committee's discussion has resolved that CAFII will approach its submission from a high-level risk and principles based perspective; and provided a number of specific points of guidance for the submission's content.

The EOC was reminded that the deadline for CAFII's submission to the AMF is Sunday, October 15/17. B. Wycks indicated, however, that the goal is to send CAFII's submission to the AMF on Friday, October 13/17.

ACTION: Send penultimate draft of CAFII's submission to the EOC and Market Conduct Committee for feedback [B. Wycks; October 9/17].

ACTION: Provide feedback to B. Wycks on penultimate draft of CAFII's submission to the AMF [EOC and Market Conduct Committee; October 12/17].

4. b. Consultations/Submissions Timetable

Updates to the consultations/submissions timetable were highlighted.

Québec's Omnibus Bill has not yet been released; timelines for that item have therefore been adjusted accordingly.

Given that CCIR's Travel Insurance Working Group (TIWG) has not yet extended an invitation to CAFII to meet, it appears likely that the TIWG's follow-up meetings with stakeholders about its Travel Health Insurance Products Position Paper would be delayed until early 2018.

ACTION: Include the matter of the Québec Omnibus Bill on the agenda of list of topics that CAFII will discuss with the AMF in the October 23/17 Industry Issues Dialogue session [B. Wycks; October 23/17].

ACTION: Touch base with Sylvie Bourdeau, CAFII's retained special legal counsel re responding to the Quebec Omnibus Bill, to ensure that she is up to date on potential timelines for a consultation around the Bill [B. Wycks; October 20/17].

ACTION: Send an analysis to EOC members of how Saskatchewan's new insurance regulations line up against CAFII's submissions to that province's Financial Consumer Affairs Authority [B. Wycks; October 31/17].

4.b.i. BC 10-Year Review of Financial Institutions Act

B. Wycks reported that in early September, CAFII had received a stakeholder letter from the BC Ministry of Finance – under the signature of new Deputy Minister Lori Wanamaker – which advised that the release of the Ministry's promised Policy Paper, outlining proposals for change arising from the consultation on the 10-Year Review of the Financial Institutions Act/Credit Union Incorporation Act would now be delayed until early 2018.

4.b.ii. Alberta Authorization of CI Sales Under RIA Certificate

B. Wycks reviewed the Alberta Life Insurance Council's new July 2017 approved definitions of the four types of coverage which can be offered as credit-related insurance under a Restricted Certificate of Authority in that province, and compared them to the previous December 2016 definitions and against the feedback and request for changes submitted by the industry.

It was noted that the definition of 'creditor's critical illness' – which the industry was happy with and supported -- remains almost the same, while the definitions of 'creditor's disability,' 'creditor's life,' and 'creditor's loss of employment insurance' have been amended in an effort to address the concerns articulated by CLHIA and supported by CAFII. CAFII has no issues with the changes.

However, it is CAFII's understanding that CLHIA that CLHIA has continuing concerns about some aspects of the revised definitions and opposes their being published on the AIC's website, as doing so could lead to mis-perceptions and misunderstandings on the part of consumers.

EOC members agreed that any further comments that CAFII might offer to the AIC on this matter should reflect our Association's own perspective, regardless of CLHIA's concerns.

ACTION: Follow-up with Erica Hiemstra from CLHIA re CLHIA's expected response to the AIC on its definitions of the four types of coverage that can be offered as credit-related insurance under a Restricted Certificate of Authority in Alberta [B. Wycks, K. Martin; October 23/17].

4.b.iii. New Saskatchewan Insurance Act and Regulations

No further update at this time.

4. c. Regulatory Update

K. Martin highlighted items from the *Regulatory Update* distributed as part of the EOC meeting package:

- Federal/National:
 - B. Wycks attended the Travel Health Insurance Association's AGM on September 12/17, and a summary of its highlights is included in the *Regulatory Update*;
 - CCIR intends to publish a Position Paper on Segregated Funds.
- Provincial:
 - K. Martin attended the FSCO Life Insurance Working Group and is hopeful that CAFII's and CLHIA's input will cause FSCO to rethink how they structure its Bank-Owned Insurers Questionnaire. FSCO still intends to have a questionnaire on the two items detailed in the *Regulatory Update* (p. 7-8). FSCO assured that, prior to distributing this questionnaire, CAFII will have the opportunity to provide input – no timelines have been provided;
- International:
 - Australian regulators have become vocal in challenging the creditor and incidental insurance sector and have discussed prohibiting the selling of creditor insurance in the auto-dealership space; it is important for CAFII to follow closely what is happening in other regulatory jurisdictions such as Australia.

ACTION: Circulate to EOC members the article from Thomson's World Insurance News on recent Australian regulator interventions against creditor and incidental insurance [R. Dobbins, B. Wycks, K. Martin; October 24/17].

4. d. Regulator and Policy-Maker Visit Plan

4.d.ii. CAFII BC, Alberta, and Manitoba Regulators and Policy-Makers Visits Tour, October 16-19, 2017

B. Wycks provided an plans for CAFII's upcoming visits tour to insurance regulators and policy-makers in BC, Alberta, and Manitoba.

4.d.ii. CAFII Stakeholder Meeting with CCIR, October 25/17

B. Wycks reported that CCIR will be holding its Annual Stakeholder Meetings in Toronto on October 25/17; and CAFII has an early morning slot for 40 minutes on that day.

As well, a CAFII/CCIR liaison lunch with Policy Managers Martin Boyle and Tony Toy has been scheduled for October 20/17.

ACTION: Send an invite to all EOC members to join the October 20/17 liaison lunch with CCIR Policy Managers Martin Boyle and Tony Toy [B. Wycks; October 5/17].

5. Committee Updates

5. a. Market Conduct

See agenda item 4.a.

5. b. Media Advocacy

5.b.i. CAFII Website Modernization

K. Martin advised that the English version of the new CAFII website is now complete and there will be no further content changes prior to launch. S. Manson was thanked for her involvement on all technical elements.

A reasonable quote for translation to French was received; and CAFII will proceed with RankHigher once translation is complete. Discussion on timelines for launching the website was deferred to the next EOC Meeting (October 24/17).

K. Martin noted that there are two options for publicizing the launch of the Association's new website via a media release: (1) use CAFII's media consultant's personal distribution list; or (2) disseminate the release through a news wire service, which is estimated to cost between \$1,000 - \$1,200.

There as EOC consensus that an investment in option (2) would be beneficial and optimal, as going through a news wire service would increase awareness about the new CAFII site and enhance its search engine optimization results.

5.b.ii. Media Strategy – Letters to the Editor – Responses for Review

Members were reminded that the EOC and Board have previously deliberated on the possibility of CAFII responding to negative columns/articles in the media through pre-approved 'letters to the editor.' A process for using pre-approved content has already been approved by the EOC and the Board (see *Media Protocol II* in previous meeting packages).

Now that the new CAFII website content has been approved, K. Martin has developed nine pre-approved letters, based on the content of the website, and which were further edited by media consultant David Moorcroft for style and tone.

The content for these letters will be distributed to EOC members. It was agreed that EOC members will have two weeks to provide feedback, prior to these letters being brought forward for approval at the October 23/17 Board meeting. CAFII's media consultant has reiterated that the content of these letters must be consumer-friendly in order to be published.

ACTION: Send all EOC members a copy of the content for the pre-approved letters to the editor, with a deadline for feedback (K. Martin; October 13/17).

5.b.iii. Licensing Efficiency issues

No update at this time.

5.b.iv. Research & Education

The Research & Education Committee has welcomed four new members: Craig McKendrick (CIBC), Noel Brackney (BMO), Julie Medeiros (RBC), and Rob Dobbins (Assurant). The committee's course of action will become more focused once CAFII's strategic plan is finalized and approved by the Board.

5.b.v. Travel Medical Experts (including Pollara Research)

The Travel Medical Experts Committee met with Pollara Strategic Insights at the end of July. CAFII has commissioned Pollara to undertake a consumer survey as part of its travel medical insurance consumer research. The aim is to be able to reference more recent research – the last consumer survey was conducted in 2015 – and show consistency and trends between the 2015 research and the new research. In recent dialogue between CAFII and Pollara, it was agreed to include new questions in the updated survey that address specific aspects of what CCIR included in its Travel Health Insurance Products Position Paper. S. Manson has received a summary of suggestions to incorporate into the new survey. CAFII is now waiting for a timeline from Pollara for fielding the survey.

There was discussion around postponing the refreshed Pollara survey to January 2018 so that the data it produces could be referenced as 2018 data. It was agreed that there would be merit in commissioning and paying for the survey in 2017, but actually conducting the survey early in 2018.

6. Other Business

6. a. CAFII Board Chair and Vice-Chair Succession

EOC members were reminded that in the October 23/17 Board meeting, Board Chair Peter McCarthy will likely want to follow-up on his June request for Directors to propose successors to him as Chair, and also to propose a Vice-Chair.

ACTION: Approach your CAFII Director to see if he/she would consider becoming the new CAFII Chair to succeed Peter McCarthy; or becoming the Vice-Chair [All EOC members; Oct 23/17].

6. b. Associate Status Application from DGA Careers

CAFII has received an unsolicited application from DGA Careers to become an Associate. DGA Careers has been offered pro-rated dues for the remaining quarter of 2017, totaling \$1,200, with the full \$4,800 Associate dues to be paid in 2018. DGA Careers is an insurance-specific recruiting agency.

The EOC unanimously approved DGA Careers' application for Associate status in CAFII.

6. c. October 23/17 CAFII Board and AMF Liaison Meetings

B. Wycks provided an update on expected attendance at the upcoming CAFII Board meeting in Lévis, Québec on October 23/17; and the related liaison lunch with AMF staff executives and ensuing Industry Issues Dialogue. While the AMF's CEO, Louis Morisset, is unable to attend in-person or via teleconference, there will still be excellent AMF representation from AMF staff executives. Desjardins Assurances will host the event.

6. d. Website Demo including Video Proposal

D. Moorcroft provided an update on the progress of the new CAFII website. The content was vetted thoroughly. The French translation is now in-progress, and is expected to be completed within two weeks, with two additional weeks required for RankHigher to post the French content. Once the French content is up, there will be a soft launch for CAFII members only, followed by a hard launch targeted for late October or early November 2017.

EOC feedback was that the new website is simple to navigate and very professional-looking, with content easier to absorb.

7. In Camera Session

The Members of the EOC met *in camera* from 4:17 until 4:30 p.m.

8. Termination

There being no further business to address, the CAFII EOC meeting was terminated at 4:30 p.m. EST.