

CAFII EOC Meeting Minutes
Tuesday, March 26, 2013
Action Items from the Meeting

Agenda Item	Action Item
3(a). EOC Minutes	Action: L. Duigu to include a lead sheet of Action Items with all future EOC and Board minutes.
5(b). Regulatory Update	<p>Action: B. Wycks to consult with CLHIA to understand their position re FSCO re initiative to improve response times to consumer complaints.</p> <p>Action: CAFII members to check in-house re meeting standard of responding to FSCO-referred complaints within 30 business days.</p>
5(c). Representation of Restricted Insurance Agency Licensees in Saskatchewan	<p>Action: J. Hines and M. Gill to meet and discuss strategy and alignment before the next CLHIA advisory committee meeting on April 5.</p> <p>Action: S. Gelgor and M. Gill to reach out to Ron Fullan for a meeting while he is in Toronto from April 8-14, to offer to walk him through CAFII's position on this issue.</p>
5(d). Regulator Visits Plan	<p>Action: S. Gelgor to attempt to arrange a meeting with BC, Alberta, and Manitoba regulators at the CLHIA conference.</p> <p>Action: M. Gill to reach out to Joanne Abrams for a dinner meeting on Monday, April 8 when she is in Toronto.</p>
6(b)(i) CCIR Invitation For Pre-Consultation Re TPAs	Action: B. Wycks to contact CCIR and confirm their definition of a TPA and seek examples of the types of relationships they have in mind.
6(b)(ii) Follow-up With AMF Re Distribution Guide	Action: B. Wycks to speak to Leslie Byrnes at CLHIA and suggest that both Associations ask the AMF to share the next iteration of the DG with industry stakeholders as soon as possible, to allow time for consultation and response feedback.
6(d)(ii) CAFII Communications Strategy	<p>Action: MAC to review and revise the CAFII Communications Strategy, and build in clear filters that can be used to assess, weigh, and make decisions on future communications opportunities. The Media Protocol, (appendix to the Communications Strategy) to include a section on issues and scenarios that CAFII will be prepared to respond to.</p> <p>Action: B. Wycks to contact D. Marino, Executive Director of the American Bankers Insurance Association, to explore the potential for a mutually beneficial reciprocal relationship between CAFII and ABIA.</p>

CAFII EOC Meeting
Tuesday, March 26, 2013
Location: RBC Insurance
Royal Bank Plaza, South Tower, Capital Markets
200 Bay St., 5th Floor, DS Boardroom,
Toronto, ON

Present:

Rose Beckford	ScotiaLife Financial
Charles Blaquiere	Canadian Premier Life Insurance Co.
Emily Brown	BMO Insurance
Wayne Eccles	TD Insurance
Matthew Fabian	BMO Insurance (<i>teleconference</i>)
Sara Gelgor	ScotiaLife Financial
Moira Gill	TD Insurance (<i>teleconference</i>)
Greg Grant	CIBC Insurance
Jennifer Hines	RBC Insurance <i>Chair</i>
John Lewsen	BMO Insurance
Sue Manson	CIBC Insurance
John Poolman	Assurant Solutions
Maria Sanchez-Chung	MBNA Bank of Canada
Paul Yeung	RBC Insurance

Also Present:

Leya Duigu	T•O Corporate Services
Brendan Wycks	CAFII

Regrets:

Andre Duval	Desjardins Financial Security Life Assurance
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1. Call to Order

The meeting was called to order at 2:10 p.m. J. Hines acted as Chair and L. Duigu acted as Recording Secretary.

2. Approval of Agenda

The agenda was approved as circulated.

3. Minutes

a. EOC Minutes February 19, 2013

Members reviewed the Action Items from the February 19, 2013 EOC meeting.

Action: EOC members expressed support for use of an Action Items lead sheet, as prepared by L. Duigu in conjunction with the February 19 EOC minutes. It was suggested and agreed that Action Items should be made prominent in this manner in all future EOC and Board minutes.

4. Financials

a. Draft Audited Financial Statements For 2012 Fiscal Year

The draft audited financial statements for 2012 were circulated at the meeting. Matt Fabian, Treasurer, reported that the auditors had introduced minor formatting changes to the audited statements, so they will look a little different from last year.

The theme and content are the same. KPMG has found no inconsistencies from last year,.

The Engagement Letter will be signed by Mark Cummings, Board Chair; Jennifer Hines, EOC Chair; and Brendan Wycks, Executive Director.

The audited financial statements will be on the Board agenda on April 10 for approval, and presented at the Annual General Meeting on June 11.

KPMG will be attending the AGM in-person to present their findings. They will make suggestions as to best practices around control procedures and other measures.

We expect the 2012 audit fee to come in at the same level as 2011, Mr. Fabian concluded.

b. February 2013 Financial Statements

Matt Fabian reported that CAFII's bank balance is in a positive position, which is mainly attributable to the Reserves carried over from the previous year.

In terms of the Statement of Operations for the two months ended February 28, it is still very early in the year so many line items have zero balances.

Membership Dues and member payments of the first instalment for 2013 are still being recieved, Mr. Fabian advised.

5. Regulatory Update

a. Regulatory Newsletter

EOC members discussed the draft newsletters that Brendan Wycks had prepared.

- Brendan had received some feedback already, including that it wasn't necessary to prepare a separate newsletter on "Industry Issues and Perspectives"; rather, all relevant content should be contained in one newsletter. Two versions of that Regulatory Newsletter should be produced: one for CAFII Full Members; and the other for Regulators and CAFII Associate Members. Sharing the Regulators' version of the monthly newsletter with Associate members will be a value-added benefit for them.

In addition, a regular (weekly or biweekly) e-newsletter was suggested for disseminating short updates on news items that come to light in between planned editions of the regular Regulatory Newsletter. In the event that highly important and relevant news breaks, it should be disseminated to EOC members immediately.

It was noted that the draft newsletters presented were longer than will be the norm, due to the three month period between the last newsletter produced by Ann Riley and the first newsletter produced by Mr. Wycks.

EOC members offered the following additional suggestions to Mr. Wycks:

- Include a table of contents in the monthly newsletter.
- Print a glossy, inaugural edition of the Regulators version of the newsletter for distribution at the CAFII 15th Anniversary event.
- The monthly Regulatory newsletter for Board and EOC should be posted online
- The version of the monthly newsletter for Regulators and Associate members should be disseminated via e-mail

b. FSCO Initiative To Improve Response Times To Consumer Complaints

Brendan Wycks reported that he, John Lewsen, Greg Grant and Joe Garvey had met with FSCO representatives Kathleen Hamilton and Anatol Monid on this issue on March 21.

Kathleen Hamilton led the discussion regarding FSCO's need for industry co-operation in improving its response times in dealing with consumer complaints. FSCO's new performance standard, on which their staff are being evaluated, is to close 80% of consumer complaints within 75 days of the date of their filing with FSCO.

It was noted that the driving force behind this is the Superintendent's response to the Drummond Report, which made a recommendation around timeliness of responses to consumer complaints. The changes are going into effect on April 1, 2013 and FSCO wants to be meeting the new performance standard by the end of its 2013-14 fiscal year (March 31, 2014).

FSCO is not imposing any new requirement upon the industry to help it meet this standard; rather, it is seeking prioritization of FSCO-forwarded complaints and that responses be delivered within the 30 business days currently allowed. However, FSCO is willing to use its new Administrative Monetary Penalties (AMPs) powers to gain compliance with its responsiveness requirements.

FSCO is currently building a Microsoft-based Customer Relationship Management system to be launched in 2014. The new system will enable FSCO to better track complaints coming in, and to be more immediate in referring some consumers back to the company in the absence of the final position letter from the company involved.

FSCO advised that CAFII members aren't perceived to be a problem in terms of tardy responses on complaints forwarded. However, CAFII members should all do an internal check on how well they are meeting the requirement to respond within 30 business days,

Re. complaints in litigation – if we are dealing with a special situation and therefore need more time to respond – FSCO doesn't want to be informed of this on the last (30th) day. They would like to be kept informed via regular updates.

FSCO is consulting with us because CAFII is an industry association and needs to be included.

Action: Brendan Wycks to (i) B. Wycks to consult with CLHIA to understand their position on this initiative, as they have apparently requested a subsequent meeting with FSCO (ii) draft a thank you to FSCO regarding the consultation, noting that CAFII members support their new performance standard and will co-operate.

Action: CAFII members to check in-house with respect to whether they are meeting the standard of responding to FSCO on referred complaints within 30 business days.

c. CLHIA Restricted Insurance Agency Licensing in Saskatchewan Advisory Committee

Moira Gill reported that a new development on the issue of representation of Restricted Insurance Agents in Saskatchewan is that CLHIA has asked Ron Fullan, Executive Director of the Insurance Councils of Saskatchewan, to have input on the issue.

Ron Fullan recently notified Moira of this development, noting that he saw some benefit to involving CLHIA at this point in the process. He wants to have a consultation on the issue that will involve CAFII and CLHIA.

CLHIA has therefore formed a Restricted Insurance Agency Licensing in Saskatchewan Advisory Committee, on which Moira Gill and Jennifer Hines have been invited to participate.

At a recent meeting of the CLHIA Committee, Ron Fullan joined the meeting by teleconference. He provided a general overview of and background on the issues at hand. The points raised in the committee's subsequent discussion will be important to consider.

It was noted that CAFII has been involved in this matter for some time and Moira therefore was not at liberty to divulge our position to the CLHIA committee, given that CAFII has invested in advice from legal counsel.

CAFII will and CLHIA should proceed independently and make separate submissions to Saskatchewan, it was suggested and agreed.

Action: Jennifer Hines and Moira Gill to meet and discuss strategy and alignment before the next CLHIA advisory committee meeting on April 5.

Action: Sara Gelgor and Moira Gill to reach out to Ron Fullan for a meeting while he is in Toronto from April 8-14, to offer to walk him through CAFII's position on this issue.

d. Regulator Visits

- **Regulator Visits Plan**

At Brendan Wycks' suggestion, it was agreed that each EOC and Board member would be assigned as a "host" to a particular Regulator guest expected at the CAFII 15th Anniversary Celebration on April 10. This event represents an outstanding Regulator Visits opportunity for CAFII, particularly for Mr. Wycks as the new Executive Director, it was noted.

The CLHIA Compliance Conference in early May in Vancouver is another opportunity to conduct visits with regulators.

It was agreed that CAFII representatives who will be attending this conference should focus on engaging with BC, Alberta, and Manitoba regulators while in Vancouver.

Action: Sara Gelgor to attempt to arrange a meeting with BC, Alberta, and Manitoba regulators at the CLHIA Conference.

Action: Moira Gill to reach out to Joanne Abrams for a dinner meeting on Monday, April 8 when she is in Toronto.

It was suggested and agreed that if CAFII needs to meet with Regulators from the AMF, a delegation could travel to Quebec City, which is close to Toronto.

6. CAFII Priorities and EOC Committee

a. CAFII Priorities by Committee

b. Distribution and Market Conduct Policy Committee

(i) CCIR Invitation For Pre-Consultation Discussion With Agencies Regulation Committee on Use and Oversight of Third Party Administrators in Group Life, Group Accident and Sickness, Credit Protection Insurance, and Travel Insurance

Brendan Wycks advised that this letter of invitation – to participate in a preliminary telephone consultation with CCIR’s Agencies Regulation Committee (ARC) on the use and oversight of third party administrators (TPAs) within several different lines of insurance -- had been received by CAFII on March 22.

In discussion, CCIR’s definition of a TPA, especially in creditor’s group insurance, was queried. Risk to consumers could take many forms and it’s difficult to know what they are getting at. It was opined that any use of a third party to handle a customer-facing task or process could potentially be categorized as a TPA by CCIR.

Action: Brendan Wycks to contact CCIR and confirm their definition of a TPA and seek examples of the types of relationships they have in mind.

(ii) Follow-up Correspondence from Eric Stevenson, AMF Re Quebec Distribution Guide and Insurance Act

Sue Manson, Co-Chair of the Distribution and Market Conduct Committee, noted that CAFII representatives who attended the November 15, 2012 meeting with Eric Stevenson of the AMF, which focused mainly on the AMF’s Distribution Guide (DG), were not permitted to retain a copy of the then-current draft of the DG that was shared with them in the meeting.

We are still waiting on the next iteration of the DG and really can’t take any action on this issue until that next version is provided by the AMF.

It was suggested and agreed that while this issue properly falls under the auspices of the DMC, given the importance of this issue to efficient and effective distribution of CAFII members' products in Quebec, and given CAFII's representation at the November 2012 meeting with Eric Stevenson, there should be direct EOC involvement in this issue on an ongoing basis.

Action: Brendan Wycks to speak to Leslie Byrnes at CLHIA and suggest that both Associations ask the AMF to share the next iteration of the DG with industry stakeholders as soon as possible, and to allow time for consultation and response feedback.

(iii) Proposed DMC Project on IAIS Core Principles

Deferred.

(iv) Proposed DMC Project on Industry Complaint Statistics

Deferred.

c. Licensing Efficiency Issues Committee

Covered under 5 (c).

d. Media & Advocacy Strategy Committee

(i) Next Webinar for CCIR

Brendan Wycks reported that plans for this are progressing well. A teleconference involving Debbie Dimoff and Davis Yoo of PwC, Carol Shevlin of CCIR, Jennifer Hines, and himself has been arranged for March 28 to review a content outline for the webinar. The tentative dates for the webinar are Thursday, May 30 or Friday, May 31, and Carol Shevlin is canvassing CCIR members on these options.

He also reported that he has received written confirmation from Davis and Debbie at PwC that they are treating this CAFII webinar presentation as a business development opportunity and will not be charging CAFII for their time.

(ii) Logo Redesign & Rebranding Initiative

Brendan Wycks reported that this project is now well-advanced. Chrissy Aitchison has started to develop logo mock-ups, having received direction from MAC members.

At this time, each CAFII member FI is asked to provide the pantone colour number of its corporate logo in order to help with the project.

(iii) Feedback/Commentary on June 7, 2012 CAFII Communications Strategy

Sara Gelgor, MAC Co-Chair, provided a brief overview of the MAC's recent discussion on this issue, noting that it had been stimulated by Brendan Wycks' written commentary on the June 7, 2012 Communications Strategy document prepared by Richard Evans.

She noted that there really isn't an appetite at the CAFII Board for the Association to take a proactive approach to media and public communications opportunities at this time.

John Lewsen observed that we keep raising the point but probably won't be proactive until we are forced to do so.

Paul Yeung indicated that the exploratory work that has been done around proactive communications has been valuable, but our exclusive target audience at this time should be regulators.

Jennifer Hines noted that there will be opportunities for Brendan to meet with regulators while they are in town or on urgent issues that may come up. The option for him to make a regulatory visits tour of one or more regions of the country can be revisited in the third quarter of this year, when we review which regulators have not been visited for an extended period.

Greg Grant noted that Brendan, as Executive Director, has provided a single point of contact for regulators and other external stakeholders. When CAFII delegations have recently visited FSCO on regulatory issues, the FSCO representatives have gravitated to Brendan, as the Association's primary representative and its continuity, he noted.

In further discussion, there was general agreement with the following observations:

- a "reactive but prepared" approach is the right positioning for CAFII at this point in time;
- a revised Communications Strategy should be prepared for an upcoming Board meeting, and should include an articulation of what types of scenarios the Association would be prepared to respond to.

The new Communications Strategy should also state CAFII's high level communications objectives. The CAFII website should be an integral component in the Communications Strategy.

Action: MAC to review and revise the CAFII Communications Strategy, and build in clear filters that can be used to assess, weigh, and make decisions on future communications opportunities. The Media Protocol, an integral appendix to the Communications Strategy, should include a section on issues and scenarios that CAFII will be prepared to respond to.

On a separate but related development, Jennifer Hines advised that she had recently met with the Deanne Marino, Executive Director of the American Bankers Insurance Association (ABIA), in Washington, DC. They do best practices forums, have an annual conference, and offer a number of other value-added member benefits. There could be some significant benefits to establishing an ongoing CAFII/ABIA reciprocal relationship. Brendan Wycks will further explore the potential for such a relationship.

Action: B. Wycks to contact Deanne Marino, Executive Director of the American Bankers Insurance Association, to explore the potential for a mutually beneficial reciprocal relationship between CAFII and ABIA.

e. Event & Networking Committee

(i) CAFII 15th Anniversary Event

Paul provided an overview of the Order of Proceedings for the event, and noted that everyone in attendance would receive a small CAFII-branded gift upon departure.

(ii) Speaker for June 11 Regulator Reception

Brendan Wycks advised that with the Event & Networking Committee's support, Doug McPhie, Ernst & Young's Canadian Insurance Practice Leader, had been secured as guest speaker for the Regulator Reception event immediately following the CAFII Board meeting on June 11. He will be speaking on E&Y's 2013 Canadian Life Insurance Outlook.

7. Other Business

a. Possible CAFII Membership in Global Federation of Insurance Associations (GFIA)

Deferred.

b. Possible CAFII Observer Status with International Association of Insurance Supervisors (IAIS)

Deferred.

c. April 10 Board Meeting Chair (in Mark Cummings' possible absence)

In brief discussion, this matter was delegated to Jennifer Hines, EOC Chair, and Brendan Wycks, Executive Director, for follow-up action.

8. Termination

There being no further business, the meeting terminated at 4:45 p.m. The next EOC meeting will be held on Tuesday, April 23, 2013 at 1:00 pm in Toronto.

Date

Chair

Recording Secretary