

CAFII Executive Operations Committee
Tuesday, January 21, 2020
Held at BMO Insurance
6th Floor Boardroom, 60 Yonge St. Toronto ON
MINUTES

EOC Present: Martin Boyle, BMO Insurance *Chair*
John Lewsen, BMO Insurance
Brad Kuiper, Scotiabank Financial
Peter Thorn, TD Insurance
Tony Pergola, Scotiabank Financial *Treasurer (by teleconference)*
Monika Spudis, Manulife Financial
Sharon Apt, Canada Life Assurance
Joanna Onia, CIBC Insurance
Afzal Baig, TD Insurance
Scott Kirby, TD Insurance *(by teleconference)*
Laura Bedford, RBC Insurance
Charles Blaquiere, Canadian Premier Life/Valeyo
Rob Dobbins, Assurant
Anita Mukherjee, RBC Insurance
Andrea Stuska, TD Insurance
Vivek Sahni, RBC Insurance
Vikram Malik, Sunlife
Anaar Jessa, Sunlife
Michelle Costello, CUMIS
Kamana Tripathi, TD Insurance
Dallas Ewen, Canada Life Assurance *(by teleconference)*
Marie Nadeau *(by teleconference)*

Also Present: Natalie Hill, Managing Matters *Recording Secretary*
Keith Martin, CAFII *Co-Executive Director*
Brendan Wycks, CAFII *Co-Executive Director*

1. Call to Order

The meeting was called to order at 2:35 p.m.; M. Boyle acted as Chair; N. Hill acted as Recording Secretary.

EOC Chair M. Boyle welcomed all attendees to this meeting, in particular V. Malik and A. Jessa of Sun Life Financial who were attending as guest observers.

2. Consent Items

A series of consent items were received for the record without further discussion. These included Regulatory Update; Consultations/Submissions Timetable; Regulator and Policy-Maker Visit Plan; Summary of Board and EOC Action Items; and CAFII Meeting Request Letter To AMF Re Credit Card-Embedded/Inclusive Benefits.

3. Governance Matters

a. Draft Minutes of November 19/19 EOC Meeting

The minutes of the 19 November, 2019 EOC in-person meeting were approved, as circulated.

b. Draft Minutes of December 3/19 CAFII Board Meeting

The EOC endorsed the draft minutes of the 3 December, 2019 CAFII Board, for presentation to the Board for approval at its next in-person meeting.

c. CAFII Research & Education Committee Chair Appointment

K. Martin reported that D. Quigley, after six impactful years as chair of the Research & Education Committee, would be stepping down. He also advised that A. Stuska had agreed to be nominated for appointment as the new Chair of the Committee.

The EOC unanimously appointed A. Stuska as the new chair of the Research & Education Committee.

d. Application Review and Admission of Sun Life Financial As A CAFII Initiation Member

B. Wycks reported that CAFII had received an Initiation Membership application from Sun Life Financial. On January 22/20, a CAFII Member Applicant Review Committee would be meeting with Sun Life officials to discuss its application.

It was noted that two Sun Life Financial staff executives, V. Malik and A. Jessa, were attending today's EOC meeting as guest observers, and they would both also be attending tonight's EOC Appreciation Dinner. EOC members warmly welcomed the two Sun Life Financial representatives to today's meeting.

e. Launch of EOC Working Group to Explore A New Lower Dues Category Of CAFII Membership

M. Boyle recalled that an issue had arisen where some firms that were interested in joining CAFII felt that the dues structure for smaller firms was too high. To explore whether new/alternate membership dues categories could be created to address this issue, a Working Group to explore a new lower dues category of CAFII membership would be struck. B. Wycks noted that some individuals had already indicated a willingness to serve on the Committee, and that further details would be forthcoming.

f. Date And Agenda Items For CAFII Special Purpose Board Teleconference Meeting

B. Wycks advised that a CAFII Special Purpose Board Teleconference Meeting was being planned to deal with a series of items that could not wait until the next regularly scheduled Board meeting on April 7/20. Those items included Sun Life Financial's Initiation Membership application; approval of a revised budget, which would include a Board decision on whether to approve a membership dues increase; and formal motions to capture in Board minutes decisions which were reached in the previous Board meeting's *in camera* session, such as the decision to proceed with a CAFII quarterly benchmarking study on credit protection insurance and to award the related actuarial services contract to RSM Canada.

4. Financial Management Matters

a. Financial Statements as at December 31/19 (full 2019 fiscal year)

CAFII Treasurer T. Pergola reported that the Association's overall financial situation remains strong. As the 2019 fiscal year was being closed, the Association's financial reserves ratio was at the lower end of the target range of between 25% and 50% of annual operating expenses.

Additional Membership and Associate Dues revenue and prudent cost management over the course of 2019 had put CAFII in a good fiscal position.

b. Revised Draft CAFII 2020 Operating Budget

T. Pergola advised that revisions were still being made to the Draft 2020 CAFII Operating Budget and for that reason it had not been posted with the materials for today's meeting.

5. Committee Updates

a. Research & Education

i. 2020 Research Options

K. Martin reported that a \$60,000 line item for research was in the proposed CAFII 2020 Operating Budget. There was also a new line item that would need to be included in the operating budget, which was \$60K for the Quarterly Benchmarking Study. While that new initiative is research-related, most of its output will be for internal use, so there is still a strong argument to be made for retaining the \$60K line item for original research that can be shared publicly and with regulators. There are many options available for how to spend that research provision, but the detailed discussion by the R&E Committee on which options are best will necessarily have to await the Board's decision on the budget allocation for research in 2020.

b. Market Conduct & Licensing

B. Kuiper reported that the Market Conduct & Licensing Committee is currently working on finalizing two written submissions, one to the FCNB on its consultation on a proposed RIA regime; the other to FSRA on its consultation on a new guidance framework.

c. Media Advocacy

i. 2020 Website Enhancements

C. Blaquiere reported that the Media Advocacy Committee was recommending that the 2020 website budget remain at \$35,000, with the intention of continuing with the strategy of investing in the website, including the production of more videos and other content to make it an ever-richer site for consumers and for promoting key messages about credit protection insurance.

RankHigher has shared its proposals for CAFII 2020 website investments, and they are very aligned with this proposed strategy. B. Wycks noted that TD Insurance has shared that it is exploring using some of the CAFII website videos for internal training, which is a positive affirmation of the value of those videos.

i. Opportunity For CAFII CPI Opinion Piece In Canadian Business Quarterly

K. Martin updated the EOC on an opportunity for CAFII to submit an opinion piece/column to a business-friendly, online publication called the Canadian Business Quarterly.

CBQ has 55,000 online subscribers, and a submission would provide CAFII with an opportunity to get some of its key messages out. Media Consultant David Moorcroft has recommended proceeding with the opportunity to make a submission.

The EOC was supportive of moving forward with this opportunity, but there was feedback that it should be an objective piece, and not a marketing pitch; and that it should not be overly reliant on the 2018 Pollara research on credit protection insurance, as that research was becoming dated.

6. Recent and Upcoming Strategic and Regulatory Initiatives

a. CAFII-Requested Early 2020 Meeting with FCAC Staff Executives For CAFII Presentation On “Credit Protection/Authorized Insurance Products Sales and Fair Treatment of Consumers”

B. Wycks reported that the response to the request to present to the FCAC took much longer than expected, and that they have now responded with a date of 5 February 2020. There was a strong view expressed by EOC members that the February 5 date would provide insufficient lead time for CAFII’s preparation for the meeting. It was strongly recommended that CAFII ask the FCAC to offer a new date for the meeting, later in February or early March.

i. Engagement of Dog and Pony Studios For Preparation Of Professional Calibre Presentation Deck

K. Martin reported that the CAFII Board had called for the engagement of a “professional story-telling firm” to assist CAFII in the development of the deck for the Association’s upcoming presentation meeting with the Financial Consumer Agency of Canada (FCAC) on credit protection insurance sales practices and related fair treatment of customers considerations.

A CAFII member had previously used such a firm, called Dog and Pony Studios. K. Martin and B. Wycks interviewed its CEO, Chris Davies, and were very impressed by the approach he recommended, and by his knowledge of the industry. Dog and Pony Studios had therefore been retained by CAFII, and the firm has been provided with a lot of background material, and is busy preparing a first draft of the deck.

ii. Launch of CPI Sales Subject Matter Experts Working Group To Provide Feedback On Content and Design Of Dog and Pony Studios-Developed Presentation Deck For FCAC Meeting

Dog and Pony Studios have recommended that a CAFII Working Group review the deck they are presenting only when it is more advanced. K. Martin and B. Wycks will assist them in getting the deck to the appropriate stage, after which a meeting of the Working Group will be called. K. Martin asked for EOC members who are interested in joining such a Working Group to let him know of their interest.

iii. Engagement of Willis Towers Watson To Provide Key Data Points For Presentation Deck

The CAFII Board has recommended that the data collected from CAFII members, as part of the regular Willis Towers Watson benchmarking study, could be interesting material to include in the FCAC presentation deck. Willis Towers Watson has been retained to prepare this material for CAFII, and it will be available for inclusion in the FCAC presentation deck being developed by Dog and Pony Studios.

b. CAFII Launch Of Quarterly Credit Protection Insurance Benchmarking Study – Update and Next Steps

K. Martin recalled that RSM Canada is the actuarial firm which was selected to provide actuarial services to CAFII with respect to the Association’s new quarterly credit protection insurance benchmarking study.

An initial kick-off meeting was held with RSM Canada on 13 January, 2020 and the project is moving forward. The legal contract with RSM Canada is still being negotiated around some technical provisions, but that is not holding up the work effort. RSM Canada is aware of the desire, over time, to try to improve the quality of the data in the study. When the time is right to work on that element, a Working Group will be created to engage with RSM Canada on that effort.

c. CAFII Credit Protection Insurance Industry Best Practices Working Group: Progress Report

M. Boyle reminded EOC members that the CAFII CPI Industry Best Practices Working Group was developed at the recommendation of the Board, flowing out of the Helen Troup visit and the preliminary work on a possible CAFII Special Project. Much progress has been made, and the Working Group has been focused on sub-groups called Workstreams that are tackling individual components of the overall effort. One Workstream, on sales practices, is too large; and, as such, it has been broken out into five smaller Workstreams. The intention is to add detail to the overall plans developed, and ultimately to present recommendations to the Board later in 2020.

d. AMF December 20/19 Communique Re Operational Incident Reporting

M. Boyle reported that the AMF had sent a letter to insurers in December 2019 around their reporting on operational incidents. He felt that the AMF had not provided industry with necessary materiality thresholds for company reporting on operational incidents; and that, as a result, the trigger for reporting to the AMF could be too low.

EOC discussion ensued as to whether a letter to the AMF might be warranted. It was noted that two related letters had been sent to industry, with the first one dating back to July 2019; and the two letters were not entirely consistent with each other.

As an Action Item, it was agreed that the two letters would be distributed to EOC members, and that there would be further discussion about this issue and a determination reached as to what action, if any, CAFII should take on this matter.

e. AMF Review of Critical Illness Insurance

M Boyle provided a brief update on the AMF's two critical illness insurance-related surveys, completion of which had been required by 15 January, 2020. The CLHIA intended to provide a written submission to the AMF on some concerns it had with the surveys.

f. CAFII Views/Arguments Content To Be Used In Meeting With AMF On Credit Card-Embedded/Inclusive Benefits

B. Wycks mentioned he had recently sent a request to have a meeting with the AMF on credit card-embedded insurance benefits, and was waiting for a response. A document outlining the legal and technical arguments to be potentially used had been circulated, and would be updated based on feedback received.

K. Martin indicated that after the feedback is incorporated into an updated version of the CAFII Views/Arguments document, Norton Rose Fulbright would be asked to offer their legal advice on the document.

There will also be CAFII meetings to determine the approach that CAFII should take to the AMF meeting, and what we want to say and what we should avoid saying. There will be a Working Group created to specifically review and consider the approach to take with the AMF on this issue.

g. Proposed Approach and Target Dates For CAFII Spring 2020 Atlantic Canada Insurance Regulators and Policy-Makers Visits

B. Wycks gave an update on the intention to have a CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in the Spring of 2020. It was noted that regular visits (no less than once every two years) to regulators and policy-makers in their own jurisdictions was part of the Board-approved CAFII strategic plan. There were many benefits, including getting CAFII's message out to regulators, who all speak with each other.

In discussion of this matter, EOC members expressed the view that there were so many CAFII priorities right now, consideration should be given to postponing the Atlantic Canada Visits Tour. It was agreed that options around the Atlantic Canada visits in terms of timing should be shared with EOC members, and a further discussion on this should occur at a subsequent EOC meeting.

7. Other Business

a. Possible CAFII Working Group on Regulatory Relationship-Building, Communications, and Advocacy with The AMF Re Credit Card-Embedded Insurance Benefits

P. Thorn introduced an issue he had previously raised with CAFII management, around the benefits of a striking a CAFII Working Group that would review the approach to take and options available on dealing/working with the AMF on the issue of the applicability of the Regulation respecting Alternative Distribution Methods (RADM) to credit card-embedded insurance benefits.

In EOC discussion of the possible *CAFII Working Group on Regulatory Relationship-Building, Communications, and Advocacy with The AMF Re Credit Card-Embedded Insurance Benefits* proposed by P. Thorn, it was agreed that such a Working Group was a good idea and one that CAFII act upon.

8. Termination

There being no further business, the meeting was terminated at 4:50 p.m.