

**CAFII Board Meeting Minutes
Tuesday, October 8, 2013
Action Items from the Meeting**

Agenda Item	Action Item	Responsible	Deadline
5.1. Financial Update	EOC to develop a recruitment and retention plan for Associate Members.	EOC	November 26, 2013 (?)
6.4 CAFII External Communications Strategy	Media and Advocacy Committee to review and revise communications strategies for media and for public/consumer interest group audiences, in light of Board feedback.	MAC	November 26, 2013 (?)
7.4.1. Regulatory Visit Plan	B. Wycks to request meeting with the Minister in Manitoba to discuss matters related to the draft ISI regulation and harmonization. Volunteers to include Board and EOC members. B. Wycks to provide a one-page Executive Summary of the Regulatory Update for future board meetings.	B. Wycks B. Wycks	? Ongoing
8.4.2. 2014 Speaker Suggestions	Networking and Events Committee to present a tentative speaker line-up at the next Board Meeting on December 4, 2013. Leya Duigu to facilitate.	L. Duigu	November 26, 2013

CONFIDENTIAL DRAFT



CAFII Board of Directors Meeting

Tuesday, October 8, 2013

**Location: St. Andrew's Club & Conference Centre, Sun Life Financial Tower
150 King Street West, 16th Floor, Garden Two Room
Toronto, ON**

Draft Minutes

Present:	Julia Barker-Merz	BMO Insurance
	Mark Cummings	ScotiaLife Financial <i>Chair</i>
	Dave Minor	TD Insurance
	Rick Lancaster	CIBC Insurance
	Isaac Sananes	Canadian Premier Life Insurance Co.
	Linda Fiset	Desjardins Financial Security Life Assurance
	Vivianne Gauci	AMEX Bank of Canada
	Richard Hebert	National Bank Insurance Co. (teleconference)
	Rino D'Onofrio	RBC Insurance (teleconference)
	Bob Zanussi	Assurant Solutions
EOC Present:	John Poolman	Assurant Solutions
	Emily Brown	BMO Insurance
	Andre Duval	Desjardins Financial Security Life Assurance
	Maria Sanchez-Chung	TD Insurance
	Charles Blaquiere	Canadian Premier Life Insurance Co.
	Paul Yeung	RBC
	Greg Grant	CIBC Insurance
	Sue Manson	CIBC Insurance
	Jennifer Hines	RBC Insurance <i>Secretary</i>
	Sara Gelgor	ScotiaLife Financial
	John Lewsen	BMO Insurance
	Matthew Fabian	BMO Insurance <i>Treasurer</i>
	Eleanor Fang	TD Insurance
	Moira Gill	TD Insurance
Also Present:	Brendan Wycks	CAFII <i>Executive Director</i>
	Leya Duigu	T•O Corporate Services <i>Recording Secretary</i>
Regrets:	Rose Beckford	ScotiaLife Financial

1. Welcome and Call to Order

The meeting was called to order at 2:05 p.m. M. Cummings acted as Chair; J. Hines acted as Secretary; and L. Duigu acted as Recording Secretary.

2. Review of CAFII Competition Guidelines

M. Cummings reminded members that the Competition Guidelines provided in the package were adopted at the April 3, 2008 Board of Directors meeting. The practice of reviewing the guidelines at the beginning of meetings was adopted to ensure that the CAFII Board's deliberations conform to its principles, which were briefly summarized.

3. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Revised Agenda be approved as circulated.

3.1. Appointment of New Director

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

Vivianne Gauci of AMEX Bank of Canada be appointed to the CAFII Board of Directors until the next Annual General Meeting in 2014.

4. Minutes

4.1. Adoption of June 11, 2013 Board Meeting Minutes

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The minutes of the meeting of the Board held on June 11, 2013 be adopted in the form presented, and that a copy of these minutes be signed and placed in the Minute Book of the Corporation.

J. Hines provided a verbal update on the status of Action Items from the Board meeting held June 11, 2013, noting that all items had been addressed.

5. Financial Update

5.1. Financial Statements as at August 31, 2013

M. Fabian, Treasurer, reported on the CAFII financial statements as at August 31, 2013, a copy of which was included in the meeting materials.

With respect to the Balance Sheet, the bank balance is up due to the collection of the second instalment of 2013 membership dues.

With respect to the Statement of Operations, we are currently at 47% of budgeted operating expenses for the year and anticipate this will increase once we receive some outstanding invoices.

The Association's financial reserves are currently at 14 months of operating expenses, supporting a healthy and stable position for the Association.

At this time all 2013 membership dues have been paid, with the exception of Swiss Re and Oliver Wyman Consulting who have decided not to renew their Associate Membership with CAFII.

Given that the Association has lost two Associate Members in 2013, D. Minor asked that the EOC develop a plan for the recruitment of new Associate Members and the retention of current Associate Members.

The process of developing the 2014 operating budget will begin shortly, Mr. Fabian advised. The EOC will be reviewing this over the next few meetings, with the goal of presenting a draft for approval at the December 4, 2013 Board meeting.

Action: EOC to develop a recruitment and retention plan for Associate Members.

5.2. New Treasurer – Nominees

M. Cummings recalled that Directors were notified in September that M. Fabian, CAFII Treasurer, would be stepping down from the position soon. He has served as Treasurer since December 11, 2007, providing oversight of the financial portfolio, developing the annual operating budget, and the Association's reserves policy.

On behalf of the Board and the Executive Operations Committee, J. Hines presented M. Fabian with a card and gift in recognition of his many contributions as Treasurer.

As a result of M. Fabian's resignation, a Call for Nominees led to member CIBC Insurance's nomination of Raja Rajaram, Controller at CIBC Insurance, for the position of CAFII Treasurer. At this time, however, his appointment can only be made conditionally, as his assuming this external volunteer leadership role still required an internal compliance approval at CIBC.

M. Fabian advised that he would be in a position to continue to provide support and act as a resource for the new Treasurer for the next few months.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

Raja Rajaram is appointed Treasurer of the Canadian Association of Financial Institutions in Insurance for a two-year term ending in October 2015, subject to his appointment receiving internal clearance at CIBC.

5.3. Cheque Signing Authority Policy – Proposed Revisions

Executive Director B. Wycks provided an overview of the proposed policy included in the meeting materials, noting that it would add rigour and control to the existing process without imposing an onerous administrative burden.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

- ***All CAFII cheques in amounts of greater than \$2,500 must be signed by any two of the Treasurer, Executive Operations Committee (EOC) Chair, or Executive Director.***
- ***All CAFII cheques in amounts of less than \$2,500 must be signed by any two of (a) the Treasurer, EOC Chair, or Executive Director; and (b) the Controller of TO Corp., or the President of TO Corp. At least one of the two signatories for cheques in amounts of less than \$2,500 must be one of the Officers of the Association listed in (a) above.***
- ***A designated signing authority, as noted above, may not be a signatory to a CAFII cheque that is payable to himself/herself nor to a cheque that is payable to his/her company or organization.***
- ***At least quarterly, the Treasurer -- or in his/her absence, the EOC Chair -- shall review and sign-off on all cheque stubs and their backup invoices/documentation, as a post-issuance internal audit and control measure.***

6. Policy Issues and Decision Items

6.1. Independent Actuarial Study on Customer Value Proposition of Creditor's Group Insurance for Mortgages

S. Manson, Chair of the Distribution and Market Conduct Committee, provided a verbal update on the plan to re-commission a study comparing the Customer Value Proposition of Creditor's Group Insurance for Mortgages (life, disability and potentially critical illness) with Individual Insurance (life, disability and potentially critical illness).

A quote had been received from Avalon Actuarial that was much higher than the amount previously paid by CAFII. The Board had approved a budget of \$42,000 for this project at the June 11, 2013 meeting, and it was expected that total expenses for the project could exceed this amount under the quote provided by Avalon Actuarial.

In discussion, the Board expressed support for reducing the number of years of data to be included in the scope of the survey for this project, as this was one of the drivers of the cost increase; and approaching other actuarial services providers for competitive quotes, recognizing Avalon Actuarial's success in completing previous iterations of this project.

6.2. CAFII Project Next Steps

S. Manson, co-chair of the CAFII project, provided a verbal update on related developments since the previous Board meeting.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

- 1. The CAFII Board of Directors may, from time to time, approve a delegation of authority to the Executive Operations Committee (EOC) to retain legal counsel and solicit legal opinions on matters relevant to CAFII's interest and affairs;***
- 2. In such circumstances, no waiver of CAFII's solicitor and client privilege or release of any written legal opinion may be made without the unanimous written agreement of the CAFII Board of Directors; and***
- 3. This "no waiver of privilege policy" may not be altered or amended without the unanimous written agreement of the CAFII Board of Directors.***

6.3. New CAFII Logo and Visual Identity Modernization

J. Lewsen, co-chair of the Media and Advocacy Committee, provided a verbal update on the new CAFII logo and visual identity modernization project, based on the materials in the meeting package.

He indicated that upon approval by the Board, additional applications with the new logo would be finalized including a Powerpoint presentation template, newsletter templates, and other materials.

In Board discussion, several Directors indicated that they were satisfied with the new logo and congratulated the Media and Advocacy Committee for seeing this project through to successful completion.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The new CAFII Logo and Visual Identity Modernization applications, as recommended by the Media and Advocacy Committee, be approved as presented.

6.4. CAFII External Communications Strategy

Executive Director B. Wycks presented highlights from the CAFII Draft External Communications Strategy. The document had been developed in collaboration with the EOC and, in particular, members of the Media and Advocacy Committee.

In Board discussion following Mr. Wycks' summary presentation, the following feedback was provided:

- consideration should be given to separating “the public” and “consumer interest groups” into two audiences, each with its own strategy;
- the issue of consumer financial literacy provides a great opportunity to get our message out to the public; and
- CAFII should continue to invest in its website, as it is a very useful vehicle for presenting CAFII members as leaders on key topics, by making our site the “go to” place for information.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII External Communications Strategy pertaining to regulators and policy-makers be approved as presented, and the media and the public/consumer interest group audience strategies be amended as discussed.

Action: Media and Advocacy Committee to review and revise communications strategies for media and for public/consumer interest group audiences in light of Board feedback.

7. Regulatory Update

7.1. CCIR Review of Third Party Administrators

J. Lewsen reported that he and B. Wycks had represented CAFII in a September 26 pre-consultation meeting about this CCIR initiative with Harry James, chair of its Agencies Regulation Committee, and Carol Shevlin, CCIR Policy Manager.

In the meeting, we were able to communicate key CAFII messages about creditor insurance, in particular the kind of controls that exist in large financial institutions and their compliance with OSFI guidelines. We also learned of regulator concerns regarding the segment of the creditor industry that is using third party administrators in a manner that is not in line with the regulatory guidelines.

7.2. FSCO's Consultation "Modernizing Disciplinary Hearings for Insurance Agents and Adjusters"

Executive Director B. Wycks reported that FSCO had recognized and thanked CAFII for its participation in face-to-face consultation meetings on this issue and for the Association's recent written submission, which has since been posted on the FSCO website.

7.3. FSCO's "Life Insurance Product Suitability Review"

As a written report was included in the meeting package, this agenda item was treated as a consent item and did not give rise to discussion.

7.4. Regulator Visits

7.4.1. Regulatory Visit Plan

Executive Director B. Wycks reported that CAFII has engaged with regulators a number of times since the last meeting in June -- in particular with FSCO, Manitoba and Saskatchewan.

A joint visit to the Atlantic Canada regulators (Nova Scotia, New Brunswick, Newfoundland, and PEI), at their suggestion, was also being planned for the spring of 2014.

Manitoba: M. Gill provided an update on the draft ISI regulation, noting a troubling new direction with respect to requirements around education. The Board was supportive of her recommendation that this issue be raised at the political level via an in-person meeting with the relevant Minister, of which the regulators would also be notified. Harmonizing with other jurisdictions such as Alberta is the key message that we want to deliver.

Action: A meeting with the Minister in Manitoba to be requested to discuss matters related to the draft ISI regulation and harmonization. Volunteer leader attendees could include both Board and EOC members.

Action: B. Wycks to provide a one-page Executive Summary of the Regulatory Update for future board meetings.

7.5. Regulator Newsletter

As a written Regulatory Update had been provided in meeting materials, this item was treated as consent item and did not give rise to discussion.

8. Committee Reports on Addressing CAFII Priorities

8.1. Distribution and Market Conduct Committee

It was noted that the Distribution and Market Conduct Committee's projects had been discussed previously under Policy Issues and Decision Items.

8.2. Licensing Efficiency Issues Committee

8.2.1. Saskatchewan Representation for Restricted Licensees

M. Gill reported that the committee had been working with the regulator on a proposal regarding representation for restricted licence holders, which was now complete and ready to be sent.

8.2.2. New Brunswick's "Opportunities for Reforming the Licensing Framework for Other-than-Life Agents and Brokers"

M. Gill reported that CAFII has made submissions on this issue in the past. Regulators have been open to our feedback in this area; but the recently released New Brunswick paper regarding Opportunities to Reform the Licensing Framework for Other-than-Life Agents and Brokers lacks vision. CAFII will therefore be submitting a response that will be more holistic in its approach.

8.3. Media and Advocacy Strategy Committee

J. Lewsen, Media and Advocacy Strategy Committee Co-Chair, advised that the committee's key updates had been addressed earlier in the agenda.

8.4. Networking & Event Hosting Committee

8.4.1. October 8, 2013 Speaker and Reception

Board Chair M. Cummings thanked Assurant Solutions Canada for hosting today's meeting and events.

He noted that the speaker tonight was former Ontario Cabinet Minister John Wilkinson and the audience would include CAFII members and industry contacts. In addition, members of the regulator community had been invited to the reception to follow.

8.4.2. 2014 Speaker Suggestions

Action: Networking and Events Committee to present a tentative speaker line-up at the next Board Meeting on December 4, 2013.

9. Termination

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The meeting be terminated at 4:15 p.m.; and that the next meeting of the Board be held on Wednesday, December 4, 2013 in Toronto, hosted by BMO Insurance.