

CAFII Board Meeting Minutes
Tuesday, June 11, 2013
Action Items from the Meeting

Agenda Item	Action Item	Responsible	Deadline
6.3. Request to Commission Avalon Actuarial to Update Study “A Comparison Of Creditor’s Group Mortgage, Life & Disability and Equivalent Individual Insurance”	DMC to provide a more specific time line for this initiative at the next board meeting on October 8, 2013.	DMC	September 30, 2013
7.3. May 30, 2013 CAFII Webinar for CCIR	L. Duigu to circulate <i>Digital & Social Media: Insurance Trends, Practices and Implications</i> presentation and evaluation results to EOC Members.	L. Duigu	June 21, 2013
7.6. Regulator Visit Plan	EOC to look at ISI industry issue in more detail with a view to differentiating and buffering CAFII member companies from other ISI players; and developing strategies to address this issue.	EOC	July to September, 2013; and ongoing
7.6. Regulator Visit Plan	CAFII should include policy makers in our target audiences and the tactical communications strategy should be expanded to address this.	MAC	July 2013

CAFII Board of Directors Meeting
Tuesday, June 11, 2013
Location: CIBC
Commerce Court, 199 Bay Street, 56th Floor
Toronto, ON

Draft Minutes

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

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 was adopted at the start of the meetings 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 with amendments (Rino re feedback from regulators, AMEX Board member resignation)

IT WAS RESOLVED that:

The agenda be approved as amended.

4. Minutes

4.1. Adoption of April 10, 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 April 10, 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.

5. Financial Update

Adoption of April 2013 Financials

M. Fabian, Treasurer, reported on the financial statements for the four month period ending April 30, 2013.

The Association's bank balance is positive due to receiving the 2013 membership fees. Liabilities are normal and unrestricted net assets remain at \$220K. The investment page is slightly out-dated as the GIC matured in May and the full maturity amount has since been reinvested based on discussion with the EOC. This will be reflected in the May financial statements. The Statement of Operations shows that we are on track and the only significant expenses that have come through pertain to CAFII's 15th Anniversary Celebrations in Toronto. Membership fees show some outstanding invoices; however, M. Fabian confirmed that the only outstanding fees at this time are from Oliver Wyman Consulting and a follow-up reminder will be issued to them.

6. Decision Items

6.1. Appointment of Board Vice-Chair

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

Rino D'Onofrio be appointed Vice-Chair of the Association for a one year term expiring at the time of the Annual General Meeting in 2014.

6.2. EOC Recommendation Re. CAFII Project Next Steps

S. Manson reminded the Board of its discussion of this topic at the last meeting, following which the EOC was tasked with conducting further research into the matter, with a view to presenting a recommendation on the CAFII project at this meeting. A handout providing highlights of the project was provided, and Board discussion ensued.

6.3. Request to Commission Avalon Actuarial to Update Study “A Comparison of Creditor’s Group Life & Disability Insurance and Equivalent Individual Insurance”

S. Manson summarized for the Board the Distribution and Market Conduct Committee’s proposal that CAFII engage Avalon Actuarial to update this independent research study, which was last carried out for CAFII in 2009-10 using 2008 data. An addition to the prior study would be a trend analysis which wasn’t an option previously.

It was observed and agreed that this project required a considerable amount of work the last time from member companies and it would be ideal to have as much lead time as possible. The budget for this initiative will straddle the Association’s 2013 and 2014 fiscal years. The EOC will have an opportunity to review and request enhancements to the study’s results report and any presentation of the findings, before they are released in Spring 2014.

Action: DMC to provide a more specific timeline at the next Board meeting for the execution of this initiative.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

CAFII allocate resources to commission Avalon Actuarial to update the study “A Comparison of Creditor’s Group Mortgage Life & Disability Insurance and Equivalent Individual Insurance” with a maximum budget of \$42,000.

7. Regulatory Update

7.1. Regulatory Newsletter

B. Wycks presented the regulator newsletter that was circulated in early May 2013. Many of the updates will be raised under subsequent agenda items and discussed then. A separate newsletter was created for regulators that is a more condensed version of the member’s newsletter.

7.2. CCIR E-Commerce Position Paper

The CCIR E-Commerce Position Paper was released on May 23, following which CAFII, with the assistance of PwC, presented a timely webinar on *Digital & Social Media: Insurance Trends, Practices and Implications* to the CCIR audience.

B. Wycks has completed an analysis of the position paper, including CAFII's position on various issues, and he provided the Board with highlights of that analysis. EOC members have received a copy of his analysis for review and discussion at their next meeting.

7.3. May 30, 2013 CAFII Webinar for CCIR

CAFII presented a webinar to CCIR Members across the country on *Digital & Social Media: Insurance Trends, Practices and Implications*, with guest presenters from PwC. A copy of the presentation was provided to Board members in today's meeting package. J. Hines reported that the presentation highlighted that consumers are the driving force behind social media and ecommerce, and industry (ie. insurance companies) need to catch up.

Action: L. Duigu to circulate the *Digital & Social Media: Insurance Trends, Practices and Implications* presentation and evaluation results to EOC Members.

7.4. Report on Regulator Meetings

7.4.1. May 7, 2013 Meeting with J. Abram and R. Gilbertson, Alberta Insurance Council

Members discussed various items that have been coming from Alberta including commission disclosure and the potential for the Insurance Council to seek an expansion on its mandate.

7.4.2. May 15, 2013 Meeting with G. Matier, Insurance Council of BC

This matter was treated as a consent item. As Board members did not raise any questions about it, the matter was not discussed.

7.4.3. June 7, 2013 Meeting with AMF Staff Executives In Quebec City

A written summary of this meeting was included in the meeting package; and B. Wycks provided a brief verbal summary for the Board. One of the AMF's strategic priorities, he noted, is fostering consumer financial literacy through social media projects and communications initiatives.

7.5. CCIR Invitation to Phone Pre-Consultation Re "Review of Third Party Administrators" Initiative

The EOC is treating this as an important priority and when CCIR's Agencies Regulation Committee arranges the pre-consultation teleconference, the CAFII delegation will include members who are well versed in this issue and prepared with key messages.

7.6. Regulator Visits Plan

The Regulator Visit plan was included in the meeting materials for review.

R. D'Onofrio shared some commentary on a regulator meeting he recently had with C. Rogers (BC) and P. Howell (ON). Concerns were raised regarding how creditor insurance is being sold in particular channels (ie. payday loan companies and car dealers). It is felt that the industry (CAFII Members included) isn't doing enough to self-regulate; and should regulations be created to address these concerns, they won't differentiate between company types. .

Action: EOC to look into "self-regulation of Incidental Sellers of Insurance (ISI)" in more detail with a view to differentiating and buffering CAFII member companies from other ISI players; and developing strategies to address this issue.

During the same meeting, Ms. Rogers and Mr. Howell were asked how effective CAFII's voice is as an industry Association. The response was that CAFII's voice and messaging are heard quite well by regulators such as themselves; however, policy-makers tend to receive more information and input from brokers, who are thereby able to have more influence at the policy level.

Action Item: CAFII should include policy-makers in our target audiences and the tactical communications strategy should be expanded to address this.

8. Committee Reports on Addressing CAFII Priorities

8.1. Distribution & Market Conduct Committee

S. Manson provided an update based on the CAFII Priorities document included in the meeting materials. The committee was asked to review the International Association of Insurance Supervisors' (IAIS) Core Principles on Treating the Customer Fairly, with a focus on principles 18 and 19. Through cross-referencing these principles with CAFII member practices, the committee will seek to identify best practices and potential conflicts of interest. The result should be a Best Practices advisory document, which can also be used for future regulatory submissions.

The Distribution and Market Conduct Committee has a very active, multi-issue work plan at this time.

8.2. Licensing Efficiency Issues Committee

8.2.1. Restricted Licensee Representation on Saskatchewan Insurance Council

The Restricted Licensee Representation initiative is going well. A number of conversations have occurred with R. Fullan, Executive Director of the Saskatchewan Insurance Councils, and the objective will be for CAFII to take the lead on the initiative while continuing to collaborate with CLHIA on it. The committee is meeting next week to review the latest proposal developed in consultation with legal counsel.

8.2.2. Manitoba Draft Regulation on Incidental Sales of Insurance

S. Gelgor reported that the Licensing Efficiency Issues Committee would be meeting next week to review the draft regulations from Manitoba in advance of the July 2 deadline for stakeholder submissions.

8.3. Media & Advocacy Strategy Committee

B. Wycks provided an update on the Media and Advocacy Strategy Committee's progress on initiatives.

8.3.1. CAFII Logo Redesign & Rebranding Initiative

The committee has reviewed a number of logo iterations. Members recently determined that including a pictorial element in the logo was problematic. . As a result, they have asked the designer to provide an updated typography-only logo, which has now been received and is currently being reviewed by the committee's co-chairs for guidance.

8.3.2. CAFII Communications Strategy

B. Wycks will be focusing on developing a proposed CAFII Communications Strategy over the next month. He will add policy-makers to the list of stakeholders, as discussed earlier in the meeting.

M. Cummings feels this is an important strategy that will provide us with real life examples. J. Hines added that the communications strategy has been discussed on a few occasions and what it is evident is that there are varying comfort levels among members with different communication approaches to different channels. The strategy will be to clearly define different target audiences and the specific messages and tactics targeted at each, to facilitate Board approval and allow us to move forward with the strategy.

8.3.3. Industry Issues and Trends E-Newsletter

B. Wycks has disseminated the first issue of an Industry Issues and Trends e-newsletter and would welcome feedback from Board and EOC members on it.

8.4. Networking & Event Hosting Committee

8.4.1. CAFII 15th Anniversary.

P. Yeung reported on the results of CAFII's 15th Anniversary Celebration, thanking B. Wycks, L. Duigu and members of the EOC for their help with the event. The feedback has been very positive from both members and regulators, regarding the networking opportunities and CAFII swag given to all attendees. The event also came in significantly under budget at ~\$15,000 versus the \$30,000 budget, with RBC paying for a small portion of the reception as per the agreement when hosting.

8.4.2. June 11, 2013 Regulator Reception Event.

It was noted that 60 people had confirmed their attendance for this evening's Reception event, to hear guest speaker Doug McPhie from Ernst & Young present on his firm's "2013 Canadian Life Insurance Outlook".

9. Other Business

M. Cummings reported that Y. Ziomecki, Board Member from AMEX Bank of Canada, has accepted another position within her company and will therefore be leaving the CAFII Board of Directors. Y. Ziomecki was thanked for her work on the Board of Directors. A replacement from AMEX will be appointed at the next meeting of the Board on October 8, 2013.

10. Termination

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The meeting be terminated at 4:30 p.m; and that the next meeting of the Board is to be held on Tuesday, October 8, 2013 in Toronto, hosted by AMEX Bank of Canada.