

CAFII Executive Operations Committee

Tuesday, March 27, 2018

CIBC Insurance

33 Yonge St., Toronto

MINUTES

EOC Present:

Rob Dobbins, Assurant Solutions
Moir Gill, TD Insurance
John Lewsen, BMO Insurance
Sue Manson, CIBC Insurance
Tony Pergola, Scotiabank Financial *Treasurer (by teleconference)*
Shawna Sykes, The Co-operators *(by teleconference)*
Rose Beckford, Scotiabank Financial *(by teleconference)*
Peter Thorn, TD Insurance *Chair*
Diane Quigley, CUMIS Group Inc. *(by teleconference)*
Monika Spudas, Manulife Financial
Scott Kirby, TD Insurance

Also Present:

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

Regrets:

Charles Blaquiére, valeyo
Isabelle Choquette, Desjardins Financial Security
Jérôme Savard, Desjardins Financial Security
Charles MacLean, RBC Insurance
Katherine Geisler, CIBC Insurance

1. Call to Order

The meeting was called to order at 2:03 p.m.; P. Thorn acted as Chair; N. Hill acted as Recording Secretary. EOC Chair Pete Thorn welcomed new EOC member Scott Kirby from TD Insurance who was substituting for Andrea Stuska during her maternity leave; and new EOC member Monika Spudas from Manulife Financial.

2. Consent Items

2.a. Proposed Use of Consent Items to Keep EOC In-Person Meeting to Two hours

As EOC meetings have recently run over time, there has been a review of ways we could try to keep to our schedule. It has been suggested that information items and documentation, that should be shared but do not require discussion or a decision, could be put into a consent item section and approved or received for the record, without discussion. This approach is being taken for this meeting and will be used going forward at in-person EOC meetings.

One consent item, “2.e. CAFII Letter to Saskatchewan Premier and Follow-up Re PST” was subject to update. D. Quigley noted that CUMIS / Co-Operators had recently had a meeting with the Government of Saskatchewan’s Ministry of Finance to discuss the PST exemption for certain insurance products. S. Sykes added that the Ministry of Finance was looking for industry feedback on the refund process and, in that connection, there would soon be two draft Information Bulletins on this issue shared with industry as part of a consultation process.

All consent items were approved or received for the record, as appropriate, without further discussion.

3. Approval of Agenda and Previous Minutes

3.a. Approval of Agenda and Previous Minutes

The agenda for this March 27/18 meeting was approved as circulated.

3.b. EOC Minutes of January 16/18

The EOC Minutes of January 16/18 were approved as presented.

3.c. Board Minutes of February 7/18 Special Purpose Teleconference Meeting

The EOC Minutes of February 7/18 were approved as presented.

3.c. Summary of Board EOC and Action Items

B. Wycks provided an update on action items that had been added or changed in status since the October 24/17 EOC meeting.

4. Strategy and Governance

4.a. Proposal for Keeping to One-Hour Time Limit for EOC Teleconference Meetings

K. Martin noted that over half the items at the first EOC one hour teleconference meeting were not discussed as we ran out of time. Subsequent to the meeting, there was a debrief on how to structure these meetings better. It was proposed that all items that are for information only can be put into a consent item section. The remainder of the agenda will place items that require discussion first, and items that require just an update second, and these items will be ordered by importance.

M.Gill mentioned that the amount of material makes it necessary to pre-read items, and that it is the responsibility of the members of the EOC to make a point of doing this. It will, for that reason, be more important than ever for the meeting materials to be available well before the meeting itself.

P.Thorn added that high priority items should be available first.

4.b. Manulife Financial Application for CAFII initiation Membership

B.Wycks noted that since the January EOC meeting, CAFII has been through the membership application process with Manulife Financial. The usual Member Applicant review process was followed, with a review committee consisting of J. Lewsen, P. Thorn, K. Martin and B. Wycks. The committee met with three executives from Manulife Financial, and a report to the Board was prepared. The Committee recommended approving Initiation Membership for Manulife; a poll of Directors was conducted and there was unanimous support for the resolution to approve the application from Manulife Financial.

4.c. Other CAFII Initiation Member, Returning Member, and Associate Prospects

K. Martin reported on prospective members, noting that encouraging meetings have been held with HSBC and Canada Life. B. Wycks and K. Martin had lunch with Sara Gelgor of HSBC, and held an in-person meeting with David Fear, and both were sent a document outline the benefits of membership in CAFII. We are currently waiting on the next steps and will follow up with them in early April. We emphasized 'what is it about CAFII that is unique', noting that in-person access to regulators was a key benefit. The renewed focus on research was also viewed as positive.

K. Martin and B. Wycks met in Montreal on 9 February, 2018 with Joane Bourdeau of National Bank Insurance, to discuss the possibility of NBI rejoining CAFII. Joane Bourdeau reported that the President of NBI who decided to discontinue membership with CAFII had been moved to a new position within National Bank, and the appointment of a new President of NBI was imminent. Since that meeting, Joane Bourdeau has written to K. Martin and B. Wycks announcing that after a recent reorganization at NBI, she was no longer employed with the bank. She had passed on all of our files to another executive at NBI, Michele Jeanneau, who K. Martin and B. Wycks plan to follow up with.

Also on 9 February, 2018 an hour long session was held with executives from Laurentian Bank, including Andre Lopresti, Senior Vice President and Chief Accountant; Caroline Oum, Senior Manager, Insurance Products; and manager Nathalie St. Amant. There was a thorough discussion, although Laurentian Bank emphasized that they are very resource constrained, both in terms of funds as well as the availability of their staff to participate in Associations, and this could be an issue for them.

Currently, it is proposed that the Associate Application of One Main Solutions be brought to the Board for review at the 17 April 2018 Board meeting. If that application is approved, then consideration can be given to approval of an application for Initiation Membership. EOC members were asked if they worked with or know of anyone that has worked with One Main Solutions to assist in the decision.

4.d. CAFII Transition to Managing Matters

K. Martin noted that with the passage of time the implementation of the new Association Management Company Managing Matters (MM) was largely complete. The transition had been made successfully, with Natalie Hill having developed a good knowledge already of CAFII. The bench strength of MM, with backup for Natalie Hill and with specialized resources for event management, was a good model for CAFII and was working well.

It was noted that T.O. Corp's Caroline Bucksbaum had made every effort to assist in the transition and that we should acknowledge the important role she played in this successful hand-over.

4.e. CAFII Member Perquisite/Benefit Proposal from Insurance-Canada.ca

B. Wycks spoke to a proposal from Insurance Canada.ca whereby CAFII members would be given access to their events at a reduced price, in exchange for sharing information about their events with EOC members. There was some hesitation due to a concern about the number of emails members already receive. It was suggested that instead, the information could perhaps be made available on our website, for members to review on their own if they wished. It was further suggested that we should consider providing Associates with access to our Regulatory Updates, to strengthen the value proposition for this category of membership.

5. CAFII Financial Management

5.a. Financial Statements as at February 28/18

Treasurer T. Pergola reported on the highlights of CAFII's financial statements as at February 28/18 which included:

- Reserve ratio of 24% base at end of February 2018, below the minimum of 25%.
- There have been challenges in the financial results due to the loss of National Bank Insurance in 2017. However, CAFII is making headway with finding new members including Manulife Financial.
- Statement of operations for February - the net cash outflow of \$5000 is better than expected.

B. Wycks mentioned that last week Associate RSM Canada announced they would not be renewing. We will be making an effort to get that firm to reconsider its decision.

5.b. Draft CAFII 2018 Audited Financial Statements

It was mentioned that KPMG expects to have the Audited Financials ready for next week. Every effort will be made to share these with the EOC before the Board reviews them at the April 17, 2018 Board meeting.

6. Regulatory

6.a. Consultations/Submissions Timetable

Updates to the Consultations/Submissions Timetable were highlighted, as recorded below:

i. BC Financial Institutions Act Review: Preliminary Recommendations Paper

A Preliminary Recommendations Paper, containing policy proposals for change, was released in mid-March. There is a 90 day response period. A critical path has been prepared.

ii. Quebec Bills 141 and 150: CAFII Letter on Minister's Proposed Amendment to Bill 141

Our legal counsel Sylvie Bourdeau at Fasken has drawn to our attention that Clause 71.1 of the bill had been amended, to clarify what was intended by the original use of the term "natural person," and we believe that this clarification is friendly and helpful, and does not require further comment from our Association at this time. It was also noted that we continue to believe that the next key juncture for CAFII to provide its views will be when the AMF drafts regulations to put the legislation into action. Among the issues will be what exactly replaces the Distribution Guide, with our current impression being that a very easy-to-read "two-pager" is what the Ministry of Finance is envisioning as the replacement document. In that connection, we have made previous submissions on this issue in the past and we should consult these in preparation for the AMF regulations around a replacement for the Distribution Guide.

iii. FSCO Draft 2018 Statement of Priorities

Response submissions are due by May 8/18 and the Market Conduct Committee will be meeting to develop CAFII's response.

6.b. Regulatory Update

i. FCAC “Domestic Bank Retail Sales Practices Review”

The FCAC Report had a significant section on Creditors Group Insurance, but nowhere in the report was there any evidence cited of systemic mis-selling of products by banks. There was a conference call with CBA Vice President of Communication Aaron Boles, and K. Martin, B. Wycks, and CAFII Media Consultant D. Moorcroft; a key message from Mr. Boles at that meeting was that the report was not being picked up by the media, and the CBA’s view was that the industry should under no circumstances draw any further media attention to it.

i. FSCO Incidental Insurance Market Conduct Questionnaire

Feedback on the Questionnaire has been provided to FSCO, and we are now waiting on the next version, which we will also have the opportunity to comment on. Because the Questionnaire was prompted by allegations of mis-selling in banks, which was not corroborated by the FCAC Report on this issue, we are hoping that perhaps the justification for this exercise no longer exists and it will be discontinued.

iii. FSCO Bank-Owned Insurance Company CEO Attestation

Feedback on the Attestation has been provided to FSCO, and we are now waiting on the next version, which we will also have the opportunity to comment on. Because the Questionnaire was prompted by allegations of mis-selling in banks, which was not corroborated by the FCAC Report on this issue, we are hoping that perhaps the justification for this exercise no longer exists and it will be discontinued.

6.c. Regulator and Policy-Maker Visit Plan

i. Regulatory and Policy-Maker Liaison Meetings during CLHIA Conference, May 2-4/18 in Calgary
CAFII will be arranging liaison meetings with regulators who’ll be in attendance at the CLHIA Conference in Calgary.

ii. CAFII Regulatory and Policy-Maker Visits Tour to Atlantic Canada, Week of May 14-18/18
B. Wycks is putting the final touches on the itinerary for the tour to insurance regulators and policy-makers in Atlantic Canada in mid-May, 2018.

7. Committee Updates

7.a. Market Conduct

No further update beyond those provided under the Regulatory section of the agenda.

7.b. Media Advocacy

i. March 28/18 CAFII Media Awareness & Training Session

K. Martin noted that CAFII is holding a Media Session on 28 March, 2018 at which the benefits and risks of being more active with media will be reviewed, along with guidance on how best to approach media.

ii. Proposal for CAFII Website Enhancement Investments 2018

CAFII had a successful website launch last year, and there was approval to continue to invest in the website. There have been several in-depth meetings with Rank Higher and D. Moorcroft on our priorities for 2018.

A proposal has now been agreed upon, which includes a video, a variety of improvements to the content and look and feel of the website, and a variety of investments to increase our Search Engine Optimization strategy. A document outlining these proposed investments was included in the meeting materials.

7.c. Licensing Efficiency issues

i. CAFII/CLHIA Joint Submission Re Saskatchewan RIA Advisory Committee

CAFII is working with CLHIA on a proposal to the Insurance Councils of Saskatchewan for an RIA Advisory Committee.

7.d. Research & Education

i. Recommendation for 2018 and 2019 CAFII Research

A detailed document on our 2018 research options was reviewed by the Research & Education Committee. The recommendation is that we spend our 2018 budget largely on a consumer survey (much like the Pollara Travel Medical consumer survey), on consumers' attitudes and satisfaction levels with creditors group insurance. The recommendation is that we also ask Pollara for a quote on this, as we are largely satisfied with them.

ii. Options Related to Syndicated/Omnibus Research for CAFII

Charles Blaquiére, Chair of the Media Advocacy Committee, recently made the point that while consumer survey research is valuable for CAFII, it would be beneficial to supplement it with ongoing, smaller research results that could garner positive media coverage. One such possibility is participating in syndicated/omnibus research where we could regularly ask questions of interest. Craig McKendrick, a member of the R&E Committee (CIBC Insurance), has a relationship with a firm in this area and an introductory meeting is being set up to explore this idea.

ACTION: Report back on the findings of the exploratory meeting on the possibility of CAFII engaging in syndicated/omnibus research [Keith, Brendan: May 25/15]

7.e. Travel Medical Experts (including Pollara Research)

i. Pollara Research Update; and Related media Strategy

Sue Manson of the Travel Medical Experts Working Group reported that the Pollara consumer research is completed, and results are being tabulated. Initial results appear to be promising. The results will be presented to the Board at the upcoming 17 April, 2018 meeting. It is currently the intention to have a media release accompanying the formal release of the results, along with the development of collateral, both digital and paper-based, that could be shared with regulators, media, and interested parties, and placed on our website.

ii. Repatriation of Ontarians to Ontario Hospitals

S. Manson reported that there has been significant recent media attention around some cases where Ontarians are not being repatriated to Ontario hospitals in a timely manner. CAFII is working with CLHIA, THiA, and the Ministry of Health to better understand the cause of these issues, and to identify possible remedies.

8. Other Business

a. Reconstitution of CAFII Networking and Events Committee

P. Thorn advised that CAFII will continue to seek someone who might be interested in chairing this Committee.

b. CAFII Board Meeting Hosting Rotation

Managing Matters will be talking with Manulife Financial on when they would be interested in hosting a CAFII Board meeting. It is preferred that the November/December Board meeting is hosted by one of the big five Canadian banks at a downtown Toronto location.

9. In Camera Session

The members of the EOC met *in camera* from 4:05 until 4:15 p.m.

10. Termination

With no further business, the CAFII EOC meeting was terminated at 4:15 p.m. EST.