

**BOARD MEETING MINUTES**  
**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

Tuesday, December 3, 2019 Host: TD Insurance

TD Conference Centre, 55 King St. West, Concourse Level Toronto, Ontario

**Board Present:**

Nicole Benson	Canadian Premier Life, Chair (by teleconference)
Peter Thompson	National Bank Insurance
Chris Lobbezoo	RBC Insurance Vice-Chair
Peter McCarthy	BMO Insurance
Janice Farrell Jones	TD Insurance
Kelly Tryon	CUMIS Services Incorporated
Sandra Rondzik	CIBC Insurance
Zack Fuerstenberg	ScotiaLife Financial
Wally Thompson	Manulife
Christian Dufour	Desjardins Financial Security

**Board Regrets:**

Paul Cosgrove	Assurant
Louie Georgakis	Canada Life Assurance

**EOC Present:**

Martin Boyle	BMO Insurance, EOC Chair and Board Secretary
Michele Jenneau	National Bank Insurance (by teleconference)
Rob Dobbins	Assurant
Andrea Stuska	TD Insurance (by teleconference)
Kamana Tripathi	TD Insurance (by teleconference)
Scott Kirby	TD Insurance (by teleconference)
Tony Pergola	ScotiaLife Financial (by teleconference)
Peter Thorn	TD Insurance
Dallas Ewen	Canada Life Assurance (by teleconference)
Sharon Apt	Canada Life Assurance
Mindy Tarantelli	ScotiaLife Financial (by teleconference)
Brad Kuiper	ScotiaLife Financial (by teleconference)
Afzal Baig	TD Insurance
Vivek Sahni	RBC Insurance
Joanna Onia	CIBC Insurance (by teleconference)
Charles MacLean	RBC Insurance
Laura Bedford	RBC Insurance (by teleconference)
Moir Gill	TD Insurance (by teleconference)
Michelle Costello	CUMIS Services Incorporated
Shawna Sykes	CUMIS Services Incorporated (by teleconference)

**Also Present:**

Keith Martin	CAFII Co-Executive Director
Brendan Wycks	CAFII Co-Executive Director
Natalie Hill	Managing Matters Inc. <i>Recording Secretary</i>

**1. Call to Order, Meeting Confirmation, & Governance Matters**

Board Vice-Chair C. Lobbezoo chaired this meeting in place of Board Chair N. Benson, who was unable to attend in-person. Mr. Lobbezoo welcomed everyone and called this meeting of the CAFII Board of Directors to order at 2:02 p.m.

M. Boyle confirmed that notice of this meeting was sent to all Directors in accordance with the Association's By-Law.

M. Boyle also confirmed that a quorum of Directors was present, noting that there were 10 Directors present in-person.

C. Lobbezoo declared this meeting of the Board of Directors of the Canadian Association of Financial Institutions in Insurance duly convened and properly constituted for the transaction of business.

### **1(a). Approval of Agenda**

C. Lobbezoo noted that a meeting agenda had been circulated to the Directors. He asked if the Directors had any additions or changes to propose to the agenda. As well, he inquired if anyone would like to discuss any of the ten (10) items listed in the Consent section, such that one or more of them should be moved to the regular section of the agenda.

No changes or additions to the agenda were proposed.

On a motion duly made, seconded and unanimously carried

**IT WAS RESOLVED** that the meeting Agenda be and is approved as presented.

### **2. Approval/Receipt of Consent Items**

One or more documents had been provided for each of ten (10) consent agenda items; and it was presumed that Directors had reviewed them in advance of the meeting.

The following two-part motion was duly made and seconded and unanimously carried:

**It is RESOLVED that** the Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.

And further, **it is RESOLVED that** the minutes of the meeting of the Board of Directors held October 1, 2019 be and are adopted in the form presented, and that a copy of those minutes be signed and placed in the minute book of the Corporation.

### **3. Financial Matters**

#### **3(a). CAFII Financial Statements as at October 31, 2019**

CAFII Treasurer Tony Pergola provided a financial report and review of the October 31, 2019 financial statements for the Board. Overall financial performance was as expected, although the forecast now had higher expenses due to the expenses that would be incurred for the Norton Rose legal opinion on the AMF spousal issue. There would also be meeting hosting associated with two 2019 Board meetings that would be expensed back to the Association at \$7500 each.

**On a motion duly made**, seconded and unanimously carried

**IT WAS RESOLVED** that the October 31, 2019 CAFII financial statements be and are approved as presented.

### **3(b). 2019 Fiscal Year Forecast As At October 31, 2019**

The forecast for the Association's 2019 fiscal year had deteriorated somewhat due to unbudgeted expenses related to the Norton Rose legal opinion. The Operating Ratio was now anticipated to come in at 21%, which is lower than the 25% minimum of the target range for the Association's financial reserves, if the Norton Rose legal costs are allocated to the expense line of the regular budget. However, there is a pool of money available in the 2019 Special Project fund, to which this expense could be allocated.

### **Item 3(c). Payment of 2019 Stikeman Elliott Legal Services Invoice**

Keith Martin provided the Board with the background to Stikeman Elliott's recently received invoice for legal services rendered in 2019, with a view to having a motion thereafter for the Board to approve payment of that invoice. Mr. Martin noted that based on the size of the original bill, which was a straight time calculation, and which was close to the amount originally estimated for the Special Project, even though that Special Project was put on hold, a request was made for a volume discount, to which Stikeman Elliott had agreed. As a result, the original invoice was reduced by 10%, resulting in an \$11,000 discount.

On a **motion duly made**, seconded and unanimously carried,

**IT WAS RESOLVED** that the CAFII Board of Directors approves the payment of Stikeman Elliott's 2019 legal services invoice to CAFII, totaling \$92,113.81, with the funds to be drawn from the separate Special Project account monies which were received from members earlier this year for such purposes

### **3(d). Proposed 2020 CAFII Operating Budget Options**

Treasurer Tony Pergola advised that there were some recent Board-approved expense items, such as the Norton Rose legal opinion, which were unbudgeted. The Board had the option of drawing from the Special Project funds, if desired, to pay for some of these expenses.

It was noted that it was expected that after the Board had had an opportunity to discuss the Proposed 2020 CAFII Operating Budget Options in today's *in camera* session, a Special Purpose Board Teleconference Meeting will be arranged for a date next month, in January, 2020, for the express purpose of approving the Association's 2020 Operating Budget.

## **4. Regulatory Matters**

### **4(a). Implementation of Board-Mandated External Counsel Legal Opinion**

C. Lobbezoo advised that this section of the agenda related to implementation and utilization of the external counsel legal opinion, which the Board had mandated at its previous meeting on October 1, 2019, with respect to the AMF's directive to cancel and remove existing, in-force credit protection insurance coverage from non-debtor spouses in Quebec. The Board was now being called upon to make some strategic decisions related to utilization of the legal opinion.

While the Board engaged in some preliminary discussion on this agenda item in this open portion of the Board meeting, this matter was ultimately assigned to the *in camera* session to allow for more thorough and candid discussion.

K. Martin updated the Board on the development and content of the legal opinion intended for the AMF, on recent CAFII liaison with the AMF on this matter, and on the strategic decisions related to utilization of the legal opinion which the Board was being called upon to make. Mr. Martin noted that there were a variety of internal CAFII opinions around utilization of the Norton Rose legal opinion.

Some of the arguments advanced in the opinion, while effective for the specific issue at hand, were of concern in terms of broader strategic implications. As a result, many arguments had been removed from the opinion, rendering it much watered-down. Furthermore, there was a concern with sharing the opinion in writing with the AMF, out of concern it could be discoverable.

The key objective at this point was to request of the AMF that Action Plans not include cancellation of existing, in-force policies, but rather see these policies diminish over time through natural attrition. It was suggested that this could be made through an in-person meeting in Quebec City involving AMF, Norton Rose, and CAFII representatives. It was also noted that the Action Plans deadline had been extended to 13 December, 2019.

It was agreed to continue and conclude discussion on this matter in the Board's *in camera* session, a discussion for which the Co-Executive Directors would be invited to remain and participate.

#### **4(b). CAFII Strategy on AMF Position on Credit Card-Embedded Insurance Coverages**

K. Martin and B. Wycks updated the Board on the matter of CAFII's strategy on the AMF's position on credit-card embedded credit protection and travel insurance coverages. It was mentioned that the AMF had recently indicated to the CLHIA that it expects a Fact Sheet and Product Summary to be provided to customers for insurance embedded in credit cards, and it would be auditing distributors in January and February 2020 to ensure they are complying with this expectation. Because this means that the AMF is treating this insurance coverage as a "sale," it raises implications for CAFII members that are concerning, and is a position that is opposed by the industry.

In response, a detailed letter explaining why CAFII does not agree with this position has been developed, but it was suggested that this should be sent only after resolution of the Spousal Issue. However, given that the AMF is moving forward quickly on this file, a counter view has been expressed that CAFII should proceed with finalization of the letter as soon as possible.

Further discussion on this issue was assigned to the Board's *in camera* session.

#### **4(c). AMF Review of Critical Illness Insurance**

EOC Chair M. Boyle reported that the AMF had undertaken a review of critical illness insurance, which included a requirement for affected insurers to complete one of two separate surveys. The investigation was based on a concern that the product is overly complex, and the claims ratio is too low. The CLHIA has a working group providing industry views to the AMF on this matter.

#### **4(d). CAFII Follow-Up on October 28, 2019 Meeting With FCAC**

B. Wycks and K. Martin updated the Board on two developments that had arisen from an October 28/19 relationship-building and dialogue meeting which the Association had had with Judith Robertson, the Financial Consumer Agency of Canada's new Commissioner, and three of her FCAC staff executives.

First, an invitation had been sent to Commissioner Judith Robertson to be the guest speaker at CAFII's 2020 Annual Members Luncheon.

Second, CAFII was proceeding to secure and prepare for a presentation meeting with FCAC staff executives on “Credit Protection/Authorized Insurance Products Sales and Fair Treatment of Consumers Implications” in early 2020.

Board members felt that this was an opportunity not to be missed to provide critical information and facts to the FCAC.

Z. Fuerstenberg, Board member for ScotiaLife Financial, suggested that consideration be given to engaging consultants to assist in the preparation of the presentation deck, including developing a product fact sheet and information on members’ distribution methods. Mr. Fuerstenberg felt that having such information on the letterhead of a credible external consultant might give it additional credibility.

In Board discussion of that suggestion, concerns expressed about taking such an approach, as consultants would offer an opinion, and could be very expensive. However, while the specifics of how to get external support was still open for discussion, there was Board consensus that this was a critically important presentation and “CAFII had to put its best foot forward.”

Further discussion on this matter was assigned to the Board’s *in camera* session.

#### **4(e). CAFII 2019 Stakeholder Meeting With CCIR On November 5/19**

Keith Martin provided an overview of the 5 November, 2019 CAFII stakeholder meeting with the CCIR, noting that it was a good discussion at which CAFII made some suggestions to the CCIR on how it could move to the next level of harmonization, including focusing not so much on coordinating activities between regulators, but actually developing policy positions that CCIR members could consider adopting. While the CCIR did not commit to these suggestions, they indicated that they were willing to consider and explore them.

#### **4(f). Implementation of Saskatchewan’s New Insurance Act and Regulations**

B. Wycks updated the Board on the latest developments with respect to Saskatchewan’s plans for implementing and bringing into force its new Insurance Act and related Regulations. He noted that Jan Seibel of Saskatchewan’s Financial and Consumer Affairs Authority had indicated that there would be no further delay to the 1 January, 2020 implementation date, but that select sections of the Act might be proclaimed into force at a later date.

#### **4(g). FSRA Launch of Life and Health Insurance Sector Stakeholder Advisory Committee**

K. Martin provided an update on a meeting of the FSRA Stakeholder Advisory Committee (SAC) with FSRA management, at which a presentation was made by FSRA management on their budget and policy priorities. FSRA continued to demonstrate a commitment to a principles-based approach and to collaborative consultation. A meeting is also soon to be held with the FSRA Board of Directors and the SAC. The SAC has about 15 members, with representation from various industry Associations and from industry itself.

CAFII's presentation to the SAC noted that the FSRA launch was successful, its management team impressive, and its commitment to principles-based regulation noted and supported. The presentation recommended that FSRA take on a leadership role within both the Canadian Council of Insurance Regulators and the International Association of Insurance Supervisors, continue to promote harmonization across Canadian jurisdictions including on licensing, and support the development of ways to promote innovation in the industry, including the development of regulatory sandboxes.

## **5. Strategic Matters**

### **5(a). Opportunity to Take over CBA's Quarterly CPI Benchmarking Study**

C. Lobbezoo advised that the first item in this section of the agenda related to (i) the opportunity for CAFII to take over the Canadian Bankers Association's quarterly credit protection insurance benchmarking study, and (ii) the outcomes of a November 19 meeting which a CAFII selection committee had had with representatives from two actuarial firms which responded to a CAFII Request For Proposals related to launching an enhanced version of the CBA's benchmarking study, under CAFII's auspices, next year.

C. Lobbezoo, who attended the selection meeting with the actuarial firm representatives, and K. Martin provided an update on this initiative and the recommendations to the Board which emerged from the RFP process. It was felt that the better proposal was from RSM Canada, and the recommendation to the Board was to proceed with this initiative with RSM Canada as the winning bidder. It was also recommended that the initial project be just a go-forward quarterly study, with additional data points considered at a later point in time. It was observed and accepted that the RSM proposal for continuing the study as it currently exists, but with improved data quality and definitions to make it a more credible study, would cost 15,000 for each quarterly study or \$60,000 annually.

It was also noted that this item was not currently in the draft CAFII 2020 operating budget, although there was \$60,000 allocated for research in the budget that potentially could be allocated to this initiative.

Further discussion on this item was assigned to the Board's *in camera* session.

### **5(b). CAFII Credit Protection Insurance Industry Best Practices Working Group: Progress Report**

M. Boyle and K. Kasperski, co-chairs of the CAFII Credit Protection Insurance Industry Best Practices Working Group, provided the Board with a progress report on its work since the last Board meeting at the beginning of October. A significant amount of progress had been made, with the Working Group breaking up into smaller groups to develop specific initiatives around components of the overall effort. A more detailed progress report would be delivered to the Board at its 7 April, 2020 meeting.

### **5(c). Implementation of Decision to Enhance the Benefits of CAFII Associate Status**

B. Wycks provided an update the Board on the implementation of the Board-approved decision, made at our October 1/19 meeting, to enhance the benefits and value proposition of CAFII Associate status. The Board at that meeting supported a recommendation to provide Associates with addition value by sharing the monthly Regulatory Updates with them, along with CAFII Alerts. A transmittal message on this new benefit is being crafted, with the intention of providing Associates with some recent Regulatory Updates and a list of 2019 CAFII Alerts.



## **5(d). Creation of Board-Mandated EOC Working Group to Explore A New Lower Due Category of CAFII Membership**

M. Boyle reported that there had been discussion at the Board and EOC of the possible value of a new category of membership for smaller members. An EOC Working Group was therefore being developed to propose specifics, and the results of its work would be presented at a future meeting of the Board for consideration.

## **6. Other Business**

### **6(a). Timetable for Finalization and Posting/Dissemination of CAFII Board Agenda and Meeting Materials Packages**

B. Wycks provided an update to the Board on the implementation of the plan, which the Board had approved at its 1 October 2019 meeting, for earlier finalization and timelier posting and dissemination of the agenda and meeting materials for CAFII Board meetings. He advised that CAFII management was committed to posting the materials for meetings at least one week prior to meetings, and had made good, demonstrable progress on this initiative.

### **6(b). Provision of a “Briefing Note” For Each Board Meeting Agenda Item**

K. Martin provided an update on implementation of the Board’s request to provide a Briefing Note for each Board meeting agenda item; and he made a request for some feedback from Directors on the Briefing Note that was introduced with today’s Board meeting materials.

He advised that the Briefing Note was intended to provide a short summary for each agenda item, including its purpose, objective, background information, and the decision the Board was being asked to take. Board feedback was positive and the consensus was that this was a valuable addition to the Board materials, and should be continued going forward.

### **6(c). Regulator and Other Special Guests Expected At December 3/19 CAFII Reception**

B. Wycks updated the Board on the insurance regulators and policy-makers and other special guests who were expected to be in attendance at this evening’s CAFII Reception.

### **6(d). Next CAFII Board Meeting: Tuesday, April 7/20 In Levis, Quebec**

B. Wycks updated the Board on the next Board meeting in April of 2020, noting that CAFII had received confirmation from the AMF that its CAFII-relevant staff executives would attend an informal lunch and Industry Issues Dialogue with CAFII on that date.

In other business, B. Wycks noted that a consultation paper had just been received from David Weir of New Brunswick’s Financial and Consumer Services Commission (FCNB), on the development of an RIA Regime in that province. The deadline for submissions is 31 January, 2020 and CAFII is gearing up to make a compelling submission.

## **Item 7. Meeting Termination**

C. Lobbezoo thanked everyone for their participation and contributions to CAFII’s advancement through today’s Board meeting. The meeting was terminated and adjourned at 4:00 p.m.