

**CAFII Executive Operations Committee**  
**Tuesday, January 15, 2019**  
**BMO Insurance**  
**6<sup>th</sup> Floor Boardroom, 60 Yonge St. Toronto ON**  
**MINUTES**

**EOC Present:** Martin Boyle, BMO Insurance *Chair*  
Sue Manson, CIBC Insurance  
John Lewsen, BMO Insurance  
Charles Maclean, RBC Insurance  
Dominique Julien, CIBC Insurance  
Brad Kuiper, Scotialife Financial  
Peter Thorn, TD Insurance  
Diane Quigley, CUMIS Group Inc. *(by teleconference)*  
Charles Blaquiére, Canadian Premier Life  
Dallas Ewen, Canada Life Assurance  
Shawna Sykes, The Co-operators *(by teleconference)*  
Tony Pergola, Scotialife Financial *Treasurer (by teleconference, dropped off at 4:30pm)*  
Monika Spudas, Manulife Financial  
Moira Gill, TD Insurance *(by teleconference)*  
Isabelle Choquette, Desjardins *(by teleconference)*  
Anuraj Bains, CIBC Insurance *(by teleconference)*  
Rob Dobbins, Assurant  
Dana Easthope, Canadian Premier Life *(by Teleconference)*  
Sharon Apt, Canada Life Assurance  
Karyn Kasperski, RBC  
Nicolas Moskiou, National Bank Canada  
Michele Jenneau National Bank Canada  
Vivek Sahni, RBC Insurance

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

**Regrets:** Scott Kirby, TD Insurance  
Anita Mukherjee, RBC Insurance  
Mindy Tarantelli, Scotialife Financial  
Nina Desai, Manulife Insurance  
Jérôme Savard, Desjardins Financial Security

## **1. Call to Order**

The meeting was called to order at 3:08 p.m.; M. Boyle acted as Chair; N. Hill acted as Recording Secretary. M. Boyle welcomed newest EOC members: Karyna Kasperski of RBC, and Michele Jenneau and Nicolas Moskiou of National Bank.

## **2. Consent Items**

The following Consent Items were received for the record, without discussion:

### **2. a. Summary of Board and EOC Action Items**

### **2. b. CAFII Submission on AMF's Regulation Respecting Alternative Distribution Methods**

### **2. c. CAFII Submissions on FSRA's proposed Fees and Assessments Rules**

## **3. Approval of Agenda and Previous Minutes**

### **3.a. Agenda for January 15/19 EOC Meeting**

The agenda for this January 15/19 meeting was approved as circulated.

### **3.b. Minutes of November 20/18 EOC Meeting**

Not yet posted; will be approved at March 26/19 EOC in-person meeting.

### **3.c. Minutes of November 27/18 Board Meeting**

The Board Minutes of November 27/18 were approved as presented.

### **3.d. Minutes of December 10/18 Board Meeting**

The Board Minutes of December 10/18 were approved as presented.

## **4. Strategy and Governance**

### **4.a. Special Project On Credit Card Balance Protection Insurance and Next Steps:**

#### **4.a.i. Engagement of firm to manage/co-ordinate research on consumer value proposition and/or international comparisons of CCBPI**

K. Martin noted that the Board has expressed concerns that the regulatory and media environment is shifting and there are risks that this presents for CAFII. While the CBC Marketplace story on credit card balance protection insurance was not as damaging as feared, it was noticed by regulators and may result in increased scrutiny. FCAC has been granted additional powers and resources and have identified credit card balance protection insurance as an area of interest. As well, the *Australian Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* is set to soon release its final report, and testimony from the hearings by the Royal Commission raises concerns that could have an impact on the regulatory environment in Canada.

As a result, it has been agreed by the Board that CAFII will engage in a Special Project on Credit Card Balance Protection Insurance. The intention is to issue Request for Proposals (RFPs) to five law firms with knowledge of competition law and the insurance industry: Fasken, Stikeman Elliott, Torys, BLG, and Blakes. The RFP will be issued to law firms to ensure that a competition law lens is cast on all discussions and activities, but the law firms will be invited to consider outsourcing some components of the project. Specifically, a major component of the project is to conduct research on what has caused regulatory problems with credit card balance protection insurance in other jurisdictions like the UK, the US, and Australia, and to compare and contrast the Canadian situation to understand where we are different, and where we share characteristics. This will then provide the basis for recommendations on possible strategies by the Canadian industry, including possible reforms at the industry or at a proprietary level.

K. Martin noted that the project is not budgeted and so if CAFII proceeds with it, arrangements will have to be made on how to fund it. He also noted that if this phase of the project leads to meaningful changes that could be impactful with regulators and media, a second phase will be considered where a public affairs or government affairs firm could help us develop messaging.

Non-Disclosure Agreements must be signed by each of the law firms prior to their receiving the RFP. The RFPs must be submitted by 14 February, 2019; there will be a full-day meeting with the law firms presenting to CAFII members on 21 February, 2019, after which CAFII members will choose a winner and how to fund the project; and the project is to be completed and presented to the Board at the next Board meeting on 16 April, 2019.

#### **4.a.ii. February 2019 Visit of Helen Troup, General Manager, Comminsure, Australia, to Toronto for Confidential Meetings with CAFII, Member Companies, and Allied Industry Associations**

B. Wycks mentioned that those who were in attendance at Nov 27 Board Meeting would have been introduced to CAFII's newest Director Zack Fuerstenberg. Mr. Fuerstenberg has had some phone conversations with Helen Troup, the General Manager of Comminsure in Australia. Ms. Troup has provided testimony to the Australian Royal Commission and is well-suited to help CAFII members understand what has happened in Australia and the risks it provides to the companies operating in the credit protection insurance space there.

Arrangements are currently being made for Ms. Troup to spend a week in Toronto to meet with CAFII members, both as a group and in private meetings, as well as with allied industry associations like CLHIA and CBA, with the meeting occurring most likely during the week of the 18<sup>th</sup> of February, 2019. It was originally proposed that the CAFII Board meet with Ms. Troup privately, followed by a meeting with the EOC, but those present at this meeting felt this was not optimal and it was agreed that CAFII management would work with the Board to change this to a meeting with the Board to which EOC members would be invited to attend as silent observers. Ms. Troup will also attend the Annual Members' Luncheon on 19 February, 2019. Ms. Troup will also be invited to be present at the presentations by law firms on the Special Project, on 21 February, 2019. The expenses for this visit will be sourced from the 2019 CAFII budget and are expected to be in the range of \$15,000.

#### **4.b. Possible CAFII Association-Level Action/Intervention Re AMF Letters To Individual Members Directing A Cease To Spousal Coverage Under Business/Consumer Creditor Protection Insurance**

M. Boyle summarized that the AMF has contacted insurers directly regarding their intention to have companies cease offering credit protection insurance to spouses, with a request for an action plan on this by 30 January, 2019. CAFII has decided to intervene on this issue, with a request to provide an extension to the deadline for the action plan, an intention to provide a written submission explaining CAFII's disagreement with this edict, and a request for an in-person meeting on this issue. Ms. Sylvie Bourdeau of Fasken, CAFII's legal counsel in Quebec, will be involved in this process including reviewing CAFII's written submission.

#### **4.c. Re-Admission of National Bank Insurance As A CAFII Foundation Member**

B. Wycks noted that CAFII is about to officially welcome back National Bank Insurance as a Member. Written resolutions will be distributed to Board members to make this official. Nicolas Moskiou and Michele Jenneau from National Bank Canada are in attendance at this meeting and will join the EOC, and National Bank Insurance President Peter Thompson will be NBI's Board member. CAFII EOC members welcomed National Bank Insurance back as a foundation member.

#### **4.d. CAFII Initiation Member, Returning Member, and Associate Prospects**

##### **4.d.i. Sun Life Financial**

K. Martin updated EOC members on the efforts to bring SunLife on board as a member. There have been positive discussions on this with Laura Hewitt and Russell Purre.

##### **4.d.ii. Chubb Insurance Canada**

K. Martin updated the EOC on Chubb Insurance membership. While Chubb had an interest in membership, they are a small entity and did not feel they could absorb the fees. It was noted that they may be occasion to review CAFII's membership fee structure, including whether a lesser fee might be possible for smaller entities. If that transpires, Chubb's interest in membership with CAFII could be revisited.

##### **4.d.iii. HSBC Bank Canada**

B. Wycks updated the EOC on the standing of HSBC on CAFII Membership. The primary contact at HSBC is Sarah Gelgor, Senior Compliance Officer. She was recently promoted to a more senior role, which might help her in advancing this file internally within HSBC Bank Canada.

#### **4.e. Possible Member Request For Review of CAFII Member Dues Structure**

B. Wycks spoke to the possibility of reviewing CAFII Member Dues. He mentioned that Peter Thompson of National Bank Insurance had raised a concern that some of the larger banks pay the same fee as a much smaller bank like NBI, and it was agreed that consideration would be given later in 2019 to a possible review of the fee structure.

### **5. CAFII Financial Management**

#### **5. a. Financial Statements as at November 30/18**

T. Pergola walked the EOC through the latest financials, noting that with National Bank Insurance rejoining CAFII we had achieved an important revenue target, and this would help the financial situation of CAFII in 2019. Overall, the 2018 budget will end up with a much lower deficit than originally anticipated, largely due to two new initiation members joining the Association in 2018.

#### **5. b. Board-Approved CAFII 2019 Operating Budget**

B. Wycks spoke to the 2019 Board-approved budget. The budget was approved with the caveat that the expenses, in particular the discretionary expenses (research and website investments) depending on CAFII landing at least one new initiation member at the higher tier of membership, representing \$44K in additional revenue. With National Bank Insurance rejoining there is an additional \$55K of revenue that will be booked, and so this requirement has been achieved, assuming all existing members remain.

## **6. Regulatory**

### **6. a. Consultations/Submissions Timetable**

B. Wycks gave an update on the Consultations/Submission Timetable. He noted that there were no major changes since the last time it was produced in November.

B. Wycks noted that with respect to Saskatchewan Bill 177, an encouraging email was received from the Financial Consumer Affairs Authority (FCAC) indicating that the implementation of the new Act and accompanying regulations would be delayed by a year to 1 January, 2020.

### **6. b. Regulatory Update**

#### **6.b.i. Proclamation Delay for New Saskatchewan Insurance Act and Regulations**

#### **6.b.ii. Next Steps Arising from AMF's Regulation Respecting Alternative Distribution**

With respect to the Regulation on Alternative Distribution Methods, K. Martin noted that currently individual companies are expected to come up with a template that will replace the Distribution Guide. CAFII asked for many changes in terms of the required content for that template, and until we hear back from the AMF it is not possible to do meaningful work on the development of a template. When the AMF does issue its final expectations, CAFII may strike a Working Group of EOC members to develop a model template that members could use as a starting point or basis for their individual templates.

#### **6.b.iii. RAMQ Requirement of Insured's Written Consent for Life Insurance Claim Investigation**

P. Thorn mentioned that electronic consent has been accepted on this issue and this file is now resolved.

#### **6.b.iv. November 28/18 CAFII Meeting with CCIR/CISRO FTC Working Group; and CAFII Responses To Requests For Sharing of Data on (a) Implementation of FTC Guidance; and (b) Credit Card Balance Protection Insurance**

B. Wycks update members on the recent CCIR/CISRO meeting with the Working Group on the Fair Treatment of Customers, noting that credit card balance protection insurance was specifically called out. B. Wycks is organizing the next quarterly meeting with Tony Toy of the CCIR Secretariat, which is likely to be held on 27 or 28 March, 2019, and it was agreed that CAFII needs to be well-prepared for that meeting.

#### **6.b.v. December 5/18 CAFII Meeting With David Weir Re New Brunswick Insurance Act Rewrite**

B. Wycks noted that CAFII attended a meeting on December 5, 2019 with David Weir, the Deputy Director, Insurance of the Financial and Consumer Services Commission of New Brunswick (FCNB). Mr. Weir is spearheading a major, multi-year project to re-write the province's insurance act. Among his possible recommendations will be the introduction of a restricted insurance licensing regime in the province. He has identified a series of high-level issues to which he requested CAFII provide written thoughts and comments, which we agreed to.

#### **6.b.vi. December 5/18 Industry Meeting with CCIR Travel Insurance Working Group; and Ongoing Co-ordinated Response to TIWG Request for Travel Health Insurance Industry Data**

S. Manson mentioned that there will be a meeting on this issue with the CCIR Travel Medical Working Group next week, they are getting close to finalizing the data requirements.

#### **6.b.vii. FSCO: Implementation Plans for ISI Market Conduct Questionnaire and CEO Attestation**

K. Martin mentioned that there was a meeting late last year with FSCO on these matters. They were very receptive to the feedback provided by CAFII and CLHIA. R. Dobbin mentioned that was a notification in late December from CLHIA (Sarah Hobs) noting that the questionnaire is on hold,

#### **6.c. Regulator and Policy-Maker Visit Plan**

B. Wycks noted that as a part of CAFII Strategic plan, there is a commitment to relationship building to insurance regulators and Policy Makers with the intention to visit every regulator on their own turn no less than once every 18 months. In October 2017, CAFII visited the four western provinces, and it is now time to do so again. Mr. Wycks noted that the ideal week to do this is 13-17 of May 2019. He encouraged EOC members and volunteers to check if their schedules permit them to participate.

### **7. Committee Updates**

#### **7. a. Research & Education**

##### **7. a. i. Development of Credit Protection Insurance Research Results**

K. Martin indicated that the research effort on Credit Protection Insurance is moving forward. A shorter, public version of the deck will be produced, which Craig McKendrick will turn into a storyline as he did for the Travel Medical Consumer Research. The Board and EOC will then be engaged on the issue of releasing the research publicly.

##### **7. a. ii. CAFII Research Priorities, 2019**

K. Martin noted that decision on 2019 research priorities will require further work to first be done on the Special Project on Credit Card Balance Protection Insurance.

#### **7. b. Market Conduct**

No further update.

#### **7. c. Media Advocacy**

##### **7. c. i. New CAFII Website Video on Travel Medical Insurance Research Results**

K. Martin mentioned that the production of a video on the Travel Medical Insurance Consumer Research was well-advanced, and should be ready to post in the new month or so.

K. Martin thanked two EOC members, Sue Manson of CIBC Insurance and Scott Kirby of TD Insurance, for their very helpful review of the videos and suggested changes.

##### **7. c. ii. CAFII Website Enhancements, 2019**

K. Martin stated that RankHigher had made 2019 proposals for investing in the website, totaling a budget of \$35,000 and including the production of 3 new videos (French and English), turning 10 remaining consumer examples into vignettes, further work on search engine optimization, and continuing with bi-annual metric reports.

#### **7.d. Licencing Efficiency Issues, including**

##### **7. d. i. Saskatchewan Restricted Insurance Agent Advisory Committee**

B. Wycks noted that at the November 28<sup>th</sup> meeting with the CCIR/SISRO, Ron Fullen and April Stadnek of the Insurance Councils of Saskatchewan indicated that despite the delay by one year of the Saskatchewan Insurance Act and Regulations, their intention to develop an Advisory Group to the ICS would not be delayed.

##### **7. e. Travel Medical**

##### **7. f. Networking & Events**

##### **7. f. i. 2019 CAFII Annual Members' Luncheon on February 19/19**

K. Martin mentioned that the proposed approach to this year's Annual Members' Luncheon is to have a panel of Insurance law experts present their views in a panel to be moderated by CAFII Chair Nicole Benson.

It was mentioned that the senior EOC members will be asked to vet the invite list for the Luncheon. CAFII members can bring up to seven guests, Associates can bring five, although additional guests can be invited but on the condition that the nominal costs of their attendance will be charged back to their institution.

##### **7. F. ii. Proposed Speaker for April 2019 CAFII Reception Event; In Comparison To Proposed Revised Location and Approach for October 2/19 CAFII Board Meeting; Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives; and CAFII Reception Event**

B. Wycks noted that a draft letter was posted in the meeting materials to Louis Morisset, CEO of the AMF, to be CAFII's speaker for the 16 April, 2019 reception following the Board meeting. It was agreed that the letter would note that Patrick Déry from the AMF was warmly invited to attend the speech.

#### **8. Other Business**

K. Martin mentioned that the FCAC released a report about Canadians' use of HELOCs, which noted the high levels of usage among some Canadians.

M. Boyle noted that the FCAC had sent a letter to some members to collect information on their complaint handling policies.

#### **9. Termination**

There being no further business, the meeting was terminated at 5:23pm