

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, April 7, 2020
MINUTES

Board Present:	Nicole Benson	Canadian Premier Life/valeyo, <i>Chair</i>
	Chris Lobbezoo	RBC Insurance, <i>Vice Chair</i>
	Peter Thompson	National Bank Insurance
	Janice Farrell-Jones	TD Insurance
	Kelly Tryon	CUMIS Services Inc.
	Zack Fuerstenberg	ScotiaLife Financial
	Wally Thompson	Manulife Financial
	Sandra Rondzik	CIBC Insurance
	André Langlois	Desjardins Financial Security
	Sophie Ouellet	Sun Life Financial
	Paul Cosgrove	Assurant
	Louie Georgakis	Canada Life Assurance
Regrets:	Peter McCarthy	BMO Insurance
EOC Present:	Martin Boyle	BMO Insurance, <i>Board Secretary and Chair, EOC</i>
	Tony Pergola	ScotiaLife Financial, <i>Treasurer</i>
	Michelle Costello	CUMIS Services Inc.
	Diane Quigley	CUMIS Services Inc.
	Andrea Stuska	TD Insurance
	Brad Kuiper	ScotiaLife Financial
	Emily Brown	Sun Life Financial
	Karyn Kasperski	RBC Insurance
	Afzal Baig	TD Insurance
	John Lewsen	BMO Insurance
	Joanna Onia	CIBC Insurance
	Monika Spudas	Manulife Financial
	Moir Gill	TD Insurance
	Charles MacLean	RBC Insurance
	Scott Kirby	TD Insurance
	Anita Mukherjee	RBC Insurance
	Dallas Ewen	Canada Life Assurance
Also Present:	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Natalie Hill	Managing Matters <i>Recording Secretary</i>
	Albert Lin	Managing Matters

1: Call to Order, Welcome and Confirmation of Meeting

N. Benson welcomed all present to this teleconference meeting of the CAFII Board of Directors, and called the meeting to order at 2:08 p.m.

1.1: Confirmation of Quorum

M. Boyle confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present on the phone.

N. Benson 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.

1.2: Approval of Agenda

On a motion duly made, seconded and unanimously carried

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

2: Consent Items

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the minutes of the meetings of the Board of Directors held December 3, 2019, February 10, 2020, and March 26, 2020 be and are adopted in the form presented, and that a copy of the minutes of those three meetings be signed and placed in the minute book of the Corporation.

3: Governance Matters

3 (a): Rescheduling of 2020 Informal Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives

B. Wycks noted that today was the originally scheduled date for the 2020 liaison lunch and industry issues dialogue with AMF staff executives, which was slated to occur in conjunction with this Board meeting, but it had to be postponed due to the COVID-19 pandemic. That decision was conveyed to the AMF which, in response, indicated that it fully understood.

The liaison lunch and Industry Issues Dialogue with the AMF staff executives will be rescheduled for the Fall of 2020. However, the currently scheduled date of 6 October, 2020 for a CAFII Board meeting date does not work for Desjardins Financial Security, which will be the host for this meeting, so an alternative date around that time will be found.

3 (b): Recommendation That June 9/20 CAFII Annual Meeting Be Converted To A Virtual-Only Meeting Or Teleconference

B. Wycks recommended that the 9 June, 2020 CAFII Annual Meeting of Members be converted to a virtual-only meeting or teleconference, and that the immediately ensuing first meeting of the CAFII Board for 2020-2021 also be converted to a virtual-only meeting or teleconference. B. Wycks noted that the By-Laws of the Corporation allow for attendance by teleconference, video-conference or any other electronic means.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the 9 June, 2020 CAFII Annual Meeting of Members and the 9 June, 2020 CAFII Board meeting be converted to virtual-only or teleconference meetings.

4: Financial Management Matters

4 (a): CAFII Financial Statements as at February 29, 2020

CAFII Treasurer T. Pergola reported on the CAFII financial statements as at February 29, 2020. He noted that the Association's financial situation is stable, with revenue slightly below projections due to the fact that the budget anticipated the securing of four new Associates and that has not yet materialized. As well, Management Fees are slightly higher Budget Year-to-date, as the budget provided for a 1% salary increase for the CAFII Co-Executive Directors, and the actual increase was 2.5%. The ratio of financial reserves to annual operating expenses is 31%, which is within the Association's target range of 25 to 50%.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Financial Statements as at February 29, 2020 be and are approved as presented.

4(b): 2020 Fiscal Year Forecast As At February 29, 2020

Treasurer T. Pergola reported on CAFII's 2020 Fiscal Year Forecast as at February 29, 2020, noting that the Association's total revenue for the year was now expected to be slightly lower than budgeted due to fewer new Associates now expected to join the Association; and that total expenses for the year were now expected to be slightly higher than budgeted due to a somewhat higher salary increase for the CAFII Co-Executive Directors than was provided for in the budget.

4(c): Draft 2019 CAFII Audited Financial Statements

N. Benson noted that the Draft 2019 CAFII Audited Financial Statements must be approved by the Board prior to being presented to the membership at the Association's 2020 Annual Meeting which is coming up on June 9/20.

Treasurer T. Pergola noted that KPMG's audit of CAFII's 2019 financial statements had resulted in a clean, unqualified audit opinion, with only small modifications suggested to the treatment of the special project restricted fund created by the Association in 2019.

KPMG representatives Hudson Lopez and Kimmone Gooden joined the meeting for the Board's discussion of this agenda item. Mr. Lopez formally communicated that KPMG is an independent auditor; and advised that KPMG's audit of CAFII's 2019 financial statements and related practices and controls had gone very smoothly, had not identified any issues or concerns, and that the audit team appreciated the full co-operation it had received from CAFII's management, treasurer, and administrative team.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Draft 2019 CAFII Audited Financial Statements be and are approved in the form presented.

4(d): Timelines for Board and Membership Approval of CAFII 2019 Audited Financial Statements

B. Wycks briefly reviewed the timelines with respect to CAFII's 2019 audited financial statements, noting that the final step in the process was now their adoption at the Annual Meeting of Members on 9 June, 2020.

5: Strategic and Regulatory Matters

5(a): COVID-19 Pandemic Issues

5(a)(i): Options Related To A CAFII Working Group On COVID-19 Industry-Level Initiatives

K. Martin indicated that interest had been expressed in CAFII organizing meetings of member representatives related to the COVID-19 pandemic situation, in order to share information and discuss possible industry-level initiatives. Three options were suggested, which were not mutually exclusive: Board meetings, EOC meetings, or meetings with CAFII member employees who were on the front-line of the issue.

Following thorough Board discussion, it was agreed to hold two such meetings of a CAFII COVID-19 Information-Sharing Group initially -- after which subsequent such meetings could be considered -- with membership consisting of each CAFII Board member, along with one Director-nominated Designate from each member company. It was determined that prior to the first full meeting of this Information-Sharing Group, the Designates would meet on their own with the Co-Executive Directors to propose agenda items for the full meeting.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that a CAFII Directors and Designates COVID-19 Information-Sharing Group be convened, based on the following terms: 1. Two representatives from each CAFII member company: the CAFII Board member and a Designate appointed by the CAFII Board member; 2. Designates to meet prior to the first full meeting of the Information-Sharing Group to develop agenda topics; 3. Two meetings to be held one week apart, with the second meeting to include a discussion of whether further meetings are needed; 4. The meetings will be un-minuted but with the CAFII Co-Executive Directors to participate and capture Action Items emerging from the meetings.

5(a)(ii) CAFII Forbearance Request Letters To Insurance Regulators and Policy-Makers

K. Martin provided an update on responses received to CAFII's forbearance letters to regulators and policy-makers across the country, asking for no new regulatory initiatives at this time and for delays in regulatory and filing requirements due to the issues that members are having to deal with arising from the COVID-19 pandemic. He noted that FCAC Commissioner Judith Robertson had phoned him, and indicated that she was supportive of the request CAFII made. She noted that only one CAFII member was currently subject to a regulatory market conduct investigation, and that it had been placed on hold for the time being.

K. Martin advised that the CCIR had agreed to extend the filing deadline for the 2020 Annual Statement on Market Conduct by two months, from 1 May, 2020 to 1 July, 2020. CISRO had indicated its support of postponing licensing deadlines where possible.

The AMF indicated that the 1 May, 2020 filing deadline for its Annual Disclosure requirement would be postponed by 60 days to 1 July, 2020. The request for a delay in meeting the 13 June, 2020 deadline for the Regulation respecting Alternative Distribution Methods (RADM) was denied, but individual members who desired an extension were invited to request one on an individual company basis with an Action Plan for when that member could become compliant. With respect to the RADM's applicability to credit card-embedded insurance benefits, the AMF extended the deadline for CAFII to submit "creative solutions" on how to meet the expectations of the AMF by 60 days, from 15 May, 2020 to 15 July, 2020.

B. Wycks noted that individual provincial regulators and policy-makers had also begun to respond to the CAFII's forbearance request letters, with the responses generally being supportive.

5(a)(iii) CAFII Sharing Of Regulatory Forbearance Requests Strategy With CLHIA, CBA, THIA

B. Wycks noted that CAFII had shared its forbearance request letters with allied industry Associations CLHIA, CBA, and THIA.

5(a)(iv) CAFII Twice Weekly Calls With CLHIA and THIA Re COVID-19 Industry Impact

K. Martin mentioned that CAFII was participating in recently launched twice weekly teleconference meetings with CLHIA and THIA on COVID-19's impact upon the travel insurance industry, and that any important learnings will be shared with CAFII members.

5(a)(v) Postponement of CAFII Quarterly CPI Benchmarking Study With RSM Canada

K. Martin reported that at the 24 March, 2020 EOC meeting, there was a recommendation that the launch and first report from CAFII's Quarterly CPI Benchmarking Study With RSM Canada be temporarily postponed, noting that the same issues that caused CAFII to issue forbearance requests for delays and extensions in regulatory and filing requirements (difficulties in accessing IT back-ends when employees are working from home, challenges in accessing IT resources, and the need to focus on other customer-centric priorities) seemed to apply to this study.

In Board discussion of this matter, several Directors felt that the individuals within their member companies who would supply the required CPI benchmarking data to actuarial firm RSM Canada are not the same individuals who are having to deal with regulatory and filing issues from home; and therefore, they should be able to supply the benchmarking data to RSM Canada on a timely basis despite the COVID-19 stay-at-home lock-down. It was agreed that the Board would further discuss in its *in-camera* session, immediately following this meeting, whether or not a delay in the CAFII Quarterly CPI Benchmarking Study With RSM Canada was necessary.

5(a)(vi) Deferral of 2020 CAFII Atlantic Canada Regulators and Policy-Makers Visits

B. Wycks reported that CAFII's plans for 2020 visits to Atlantic Canada insurance regulators and policy-makers had been postponed to the Fall of 2020.

Item 5(b): AMF Credit Card-Embedded Insurance Benefits Matters On Hold Awaiting AMF Response To CAFII Forbearance Request Due To COVID-19

K. Martin reported that CAFII has a two-pronged approach to the AMF's expectation that the RADM applies to credit card-embedded insurance benefits. One prong is the development of legal options; the other prong is to determine what components of the Regulation CAFII members could meet the AMF's expectations on, and which other components would be problematic or impossible to meet the AMF's expectations on. Both prongs are well-advanced.

However, Mr. Martin continued, the latest letter from Mario Beaudoin of the AMF was notably softer in tone than his communications to CAFII on this issue, and that raised the prospect that the second prong on "creative solutions" to meet the AMF's expectations might be promising as a first step.

With the AMF having granted an extension to 15 July, 2020 with respect to CAFII's deadline for submitting "creative solutions" to the AMF, there would be an opportunity to review this issue again at the 9 June, 2020 CAFII Board meeting, Mr. Martin noted.

S. Kirby, Chair of the Association's Working Group on meeting the expectations of the AMF, noted that the approach taken was along the lines of "we understand what AMF is looking for and here is how we can help" as opposed to focusing on the provisions CAFII members cannot meet.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII's two-pronged strategy with respect to the AMF's expectation that the Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits be reported on and discussed at the 9 June, 2020 CAFII Board meeting.

Item 5(c) AMF Response Letter To CAFII Members' Action Plans Re Run-off Of Non-Debtor/Spousal Coverage

The AMF indicated to CAFII at the 11 December, 2019 meeting on non-debtor/spousal CPI coverage that it would accept natural attrition or runoff, as opposed to the cancellation of in-force policies, as a method for CAFII members to become compliant with the expectations of the AMF on this file, but that the run-off "could not take forever." Subsequently, the AMF has responded to CAFII member insurers' action plans on this file by indicating that members have five years to become compliant with the expectations of the AMF, after which other methods to ensure compliance would need to be considered.

K. Martin reported that this clarification by the AMF provided a significant period of time for members to become compliant. He noted that a lot can change in five years, including the priorities of the AMF and its personnel, and that as the 2025 deadline approaches, CAFII could consider following-up again with the AMF. In the meantime, for the next five years, CAFII members (and the industry more generally) do not need to consider cancelling existing, in-force policies.

5(d) March 5/20 CAFII Stakeholder Meeting With CCIR/CISRO FTC Working Group

5(d)(i) Request From CCIR/CISRO FTC Working Group For Results Of A CAFII Member Survey On "Incentives and Compensation Models Used In Market"

K. Martin reported that the CCIR/CISRO Fair Treatment of Consumers (FTC) Working Group has requested that CAFII provide a high level submission on the compensation and incentive models that the Association's members use in-market. CAFII requested a legal opinion from Stikeman Elliott on this matter, and the law firm indicated that sharing this information in an open meeting was problematic as it entailed sharing competitively sensitive information with CCIR/CISRO in the presence of competitors. However, Stikeman Elliott advised that if the information was collected by a third party, and then presented in anonymous, aggregated fashion, this would not be a concern from the perspective of Competition Law. The CCIR/CISRO FTC Working Group indicated that such a survey would be acceptable to the Working Group, and requested that CAFII proceed with such a survey.

Several Directors expressed significant reservations about providing such information to the CCIR/CISRO FTC Working Group, noting that it was competitively sensitive, and therefore seeking its collection and presentation in a collective manner/setting was outside the mandate of the CCIR/CISRO FTC Working Group. It was agreed that further discussion of this matter would occur in the Board's *in-camera* session, immediately following this meeting.

Item 5(e): March 9/20 CAFII Presentation Meeting With FCAC Staff Executives On “Credit Protection/Authorized Insurance Products Sales Practices and Fair Treatment of Consumers

5(e)(i): CAFII Future Use of WTW-Produced Key Data Point Slides

K. Martin reported that in preparation for CAFII’s 9 March, 2020 presentation meeting with Financial Consumer Agency of Canada (FCAC) staff executives, Willis Towers Watson had provided CAFII with CPI industry highlights benchmarking data. That data was turned into a series of slides by storyteller firm Dog and Pony Studios, but CAFII did not use those slides as it was felt that some of them contained sensitive information and a further review of the content with CAFII EOC members needed to occur first. That review will be organized shortly and the Board will be provided with an update after it has occurred.

Item 5(f): CAFII CPI Industry Best Practices Working Group: Progress Report

M. Boyle, Co-Chair of the CAFII Credit Protection Insurance Industry Best Practices Working Group, reported that the Working Group, which has at least one representative from each CAFII member, had made excellent progress with a focus on assessing regulatory expectations, and the development of a high level principle or standard around industry best practices to meet those expectations. While the Working Group has been put on pause temporarily due to the COVID-19 pandemic, it will reconvene and continue its work as soon as that is possible.

Item 5(g): Research & Education Committee

5(g)(i): Recommendations on 2020 CAFII Research

Research & Education Committee Chair A. Stuska reported that the Committee had recently met on 10 March, 2020 and, stemming from that meeting, was now making two recommendations for 2020 CAFII research. The first was to produce a CLHIA-type “fact pack” study on the size and impact of credit protection insurance, nationally and provincially. This could be published and shared broadly, including via our CAFII website, could be the subject of a media release, and could be included in our presentations to insurance regulators and policy-makers. The Committee was also hopeful that the full \$60K R&E budget for 2020 would not be required to produce such a study, such that there would be funds remaining to sponsor a White Paper by Melissa Carruthers of Deloitte Canada on “The Future of Credit Protection Insurance.”

However, since the time that those recommendations were formulated, much has changed due to the COVID-19 pandemic. The fact-pack will require some time from members to produce the required data, including access to IT resources. As such, it was felt that it made best sense to recommend that the sequencing of the research be flipped, and the White Paper be pursued first, and the fact-pack would only occur when the pandemic situation has stabilized. The EOC had supported these R&E Committee recommendations and that they be presented to the Board at the 7 April, 2020 Board meeting.

In Board discussion of the R&E Committee’s recommendations, some Directors expressed reservations about the value of a fact-pack, while others were concerned that the analysis and prognostications that would be included in a future of CPI-focused White Paper might be bypassed by events because so much was changing due to the COVID-19 pandemic.

It was agreed therefore that further Board discussion on the Association’s 2020 research options was required, and the Board decided to defer this matter to the 9 June, 2020 Board meeting.

Item 5(h): Media Advocacy Committee

5(h)(i): CAFII Website Metrics Report From RankHigher

Media Advocacy Chair C. Blaquiere and K. Martin reported that on 4 March, 2020, RankHigher presented a webinar session on CAFII's 2019 website metrics and performance. The report indicated that CAFII was now first-in-line for a much larger number of CPI-related search terms on Google, and CAFII was now viewed by Google as the lead legitimate source for CPI information.

5(h)(ii): CAFII 2020 Website Investment Plans/Initiatives

K. Martin presented the 2020 investment plans/initiatives recommendation for the CAFII website, which included several new motion graphic videos, new vignettes, and additional FAQs.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the recommended CAFII 2020 website investment plans/initiatives be and are approved.

Item 7: Meeting Termination

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that this Meeting of the CAFII Board of Directors be terminated at 4:07 p.m.