

CAFII Board of Directors Meeting
Tuesday, April 17, 2018
Lena Restaurante | Sala Dos (Private Boardroom, 2nd Floor)
176 Yonge St. Toronto, ON M5C2L7
3:00 – 5:00 p.m.

MINUTES

Board Present:	Nicole Benson	valeyo
	David Fear	Canada Life Assurance <i>(for part)</i>
	Bob Grant	ScotiaLife Financial
	Chris Knight	TD Insurance <i>(teleconference, for part)</i>
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance <i>Chair</i>
	Sandra Rondzik	CIBC Insurance
	Wally Thompson	Manulife
	Kelly Tryon	CUMIS Services Incorporated
	André Langlois	Desjardins Financial Security
	Robert Zanussi	Assurant <i>(t)</i>
Regrets:	Nick Bilodeau	AMEX Bank of Canada
EOC Present:	Anuraj Bains	CIBC Insurance <i>(teleconference)</i>
	Rose Beckford	ScotiaLife Financial
	Charles Blaquiere	valeyo
	Moira Gill	TD Insurance
	Dominique Julien	CIBC Insurance <i>(teleconference)</i>
	Scott Kirby	TD Insurance
	Bradley Kuiper	ScotiaLife Financial
	John Lewsen	BMO Insurance
	Sue Manson	CIBC Insurance
	Monika Spudas	Manulife Financial
	Peter Thorn	TD Insurance <i>Secretary and EOC Chair</i>
Also Present:	Keith Martin	CAFII <i>Co-Executive Director</i>
	Brendan Wycks	CAFII <i>Co-Executive Director</i>
	Natalie Hill	Managing Matters Inc. <i>Recording Secretary</i>
	Criag Worden	Pollara Strategic Insights <i>(for part)</i>
	Lesli Martin	Pollara Strategic Insights <i>(for part)</i>

1. Call to Order; Welcome; and Confirmation of Meeting

The meeting was called to order at 3:04p.m. P. McCarthy acted as Chair; P. Thorn acted as Secretary; and N. Hill acted as Recording Secretary.

P. McCarthy extended particular welcome to those individuals who were attending a CAFII Board meeting in-person for the first time or who had recently taken on new leadership positions within CAFII:

- Andre Langlois, who was attending his first Board meeting in-person since his appointment late last year as CAFII Director from Desjardins Financial Security;
- the three representatives from Manulife Financial:
 - Wally Thompson, nominated for appointment as the CAFII Director from Manulife; along with
 - Nina Desai and Monika Spudas who were now members of Executive Operations Committee from Manulife;
- several other new EOC members who had joined that committee since the Board's last meeting. They were:
 - Anuraj Bains from CIBC Insurance;
 - Dominique Julien from CIBC Insurance;
 - Brad Kuiper from Scotiabank Financial; and
 - Scott Kirby from TD Insurance.

P. McCarthy also welcomed:

- Craig Worden, President, and Lesli Martin, Vice-President, Public Affairs, with Pollara Strategic Insights, who were present to provide a research highlights presentation; and
- Natalie Hill, new CAFII Administrative Co-ordinator at Managing Matters, serving as Recording Secretary for this meeting.

P. McCarthy noted that the Consent Agenda approach was a tool used to streamline meeting procedures by grouping routine, non-controversial items together, which were then approved or simply received for the record via a single motion and vote. No discussion or debate is permitted on any item that is part of an approved Consent section of the agenda. Therefore, during the upcoming Approval of Agenda, Board members would be asked if they are comfortable with the Consent section. If a Director wishes to discuss any of the five items which have been placed in the Consent section, it will be moved into the regular section of the agenda and discussed at the appropriate time.

Secretary P. Thorn confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Laws.

P. Thorn confirmed that there was a quorum of Directors present at the meeting, noting that six (6) Directors were present in-person; and two (2) Directors were on the phone; with one additional Director expected to dial in at 4:00 p.m.

P. McCarthy 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.

1.1. Approval of Agenda

P. McCarthy called for, with respect to the agenda, a mover and seconder for a motion to amend the agenda as follows, so that the Board may deal with both the admission of Canada Life Assurance as an Initiation Member and the appointment of its first CAFII Director at this meeting:

- move forward current agenda item 5.1 Initiation Member Application: Canada Life Assurance to the Governance and Special Matters section and make it agenda item 1.2;
- re-number and amend current agenda item 1.2 Appointment of a CAFII Director so that it becomes item 1.3 Appointment of CAFII Directors; and
- re-number all subsequent agenda items accordingly.

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

The Meeting Agenda be and is approved as amended.

P. McCarthy asked if the Directors have any additions or changes to propose to the agenda.

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

The amended agenda be and is approved as presented.

1.2. Initiation Member Application: Canada Life Assurance

With respect to the new agenda item 1.2, B. Wycks and K. Martin provided an update on the status of an Initiation Member Application which had been received from Canada Life Assurance; and, in particular, a report on a CAFII Member Applicant Review Committee meeting with Canada Life executives.

B. Wycks noted the recommendation from the Member Applicant Review Committee is that the Board admit Canada Life Assurance to Initiation Membership in the Association. K. Martin mentioned that Canada Life Assurance is enthusiastic about becoming a member of the Association.

It was noted that there was recent negative media coverage in Quebec that named three insurers, including Canada Life, as being fined by the AMF for certain activities. The Canada Life Assurance gave a thorough explanation about what caused this and felt that the rules were being applied in a very technical manner, and that they had a case for defending against the AMF's allegations, but in the end decided to settle and move on.

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that:

The CAFII Board of Directors admits Canada Life Assurance as an Initiation Member (a sub-class of Regular Member) of the Canadian Association of Financial Institutions in Insurance, effective April 17, 2018, for a two year period encompassing the Association's 2018 and 2019 membership years, following which Canada Life Assurance's status will transition to that of full Regular Member for the Association's 2020 membership year.

P. McCarthy then invited into the meeting room David Fear, Senior Vice-President, Creditor Insurance at Canada Life Assurance and Canada Life Assurance's nominee for appointment as its first Director on the CAFII Board.

1.3. Appointment of Two CAFII Directors

P. McCarthy recalled that based on a report from a CAFII Member Applicant Review Committee and via unanimous support for a Written Resolution, the Board of Directors had recently admitted Manulife Financial as an Initiation Member of the Association. After a two year trial period, it is the hope and expectation that Initiation Members will become full, Regular Members of the Association.

In accordance with Article 4.2 of the CAFII Bylaw, the fixed number of Directors shall be equal to the number of members of the Association. As an Initiation Member, Manulife Financial has recommended that Wally Thompson, its Vice-President of Sales and Marketing, Consumer Markets, be appointed as its representative on the CAFII Board of Directors until the Association's next Annual Meeting in June 2018.

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that:

Wally Thompson is appointed the Director representing Manulife Financial on the CAFII Board of Directors, effective April 17, 2018 until the next Annual Meeting on June 5, 2018.

P. McCarthy congratulated and welcomed W. Thompson to the CAFII Board of Directors.

P. McCarthy further recalled that, in anticipation of the possibility that it would be admitted as a CAFII Initiation Member on an expedited basis at this meeting, Canada Life Assurance had nominated David Fear, Senior Vice-President, Creditor Insurance, for appointment as its representative on the CAFII Board of Directors until the Association's next Annual Meeting in June 2018.

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that:

David Fear is appointed the Director representing Canada Life Assurance on the CAFII Board of Directors, effective April 17, 2018 until the next Annual Meeting on June 5, 2018.

P. McCarthy congratulated and welcomed David Fear to the CAFII Board of Directors.

1.4. CAFII Board and EOC Chair Succession

P. McCarthy highlighted the need for the Board to identify a successor Chair and appoint a candidate at the next meeting of the Board on June 5, immediately following the Annual Meeting of Members at which a Director for each Member of the Association is appointed or re-appointed.

Mr. McCarthy indicated that it had been a privilege for him to serve as Chair of the CAFII Board of Directors for the past three years, but when the Board transitions from its 2017-18 governance year to its 2018-19 year on June 5, good governance practice dictates that it is time for a Director from another Regular Member of the Association to succeed him.

It was noted that a document related to this particular item had been included in the meeting materials. It sets out a Candidate Profile for the Board Chair, including the duties and responsibilities of the position which are specified in the Association's By-laws; and the desired skills, attributes, experience, and related qualifications of a Board Chair. Also included is the Reverse Chronology of CAFII Board Chair, Vice-Chair, EOC Chair, and Treasurer appointees over the years, as relevant background information.

It was also noted that the EOC and Board Chair should ideally not be from the same member organization. Further discussion of this matter was deferred until the *in camera* session of the Board meeting.

1.5. 2018 Pollara Travel Insurance Research: High Level Results

P. McCarthy called upon S. Manson, Chair of CAFII's Travel Medical Experts Working Group, and L. Martin from Pollara Strategic Insights to present to the Board the high level results from recently refreshed CAFII-commissioned research, carried out by Pollara -- related to Canadians' experiences and satisfaction with travel health insurance.

S. Manson mentioned that the field work was conducted in February and March with top line results now tabulated. CAFII Committees will be digging into the results to pull out the most relevant findings and determine next steps, working with Pollara's Lesli Martin and Craig Worden, who were involved in the 2015 study as well.

L. Martin noted that the research was commissioned to see if the perspectives of Canadians on travel and health insurance had changed since the study was last conducted in 2015. This year, the sample size was increased to 1200 from 1000, allowing for a more in-depth analysis.

A few key observations were that of Canadians who had purchased travel medical insurance within the past 12 months, 64% had access to it through work; buyers of private insurance are two to three times more confident in their coverage; and the more confident they are, the more likely they are to buy the coverage; those who made a claim felt more confident and were more likely to know what is in their policy; high satisfaction levels are virtually identical by channel (phone, online etc.); and in general, consumers feel positively about the industry and the products it is offering.

A counterintuitive finding was that consumers who complained, perhaps because their complaints were resolved, had more positive results than consumers who had not complained. Overall, the more exposed the consumer is to the industry, the more positive they feel.

Even after increasing the sample size by 33%, the result stayed consistent with the 2015 results, validating that the original results were credible. The study results contain many positive messages that could be a good story to go to the media with. The results could also be shared with regulators, possibly through a webinar with the CCIR; could be summarized on the CAFII website; and could be turned into physical collateral that could be "leave behinds" with regulators, policy-makers, and influencers.

2. Approval/Receipt of Consent Items

On a motion duly made, seconded and unanimously carried,

It was **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 was **RESOLVED** that the minutes of the meeting of the Board of Directors held November 28, 2017; and the minutes of the meeting of the Board of Directors held February 7, 2018 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

3.1. Approval of Financial Statements as at March 31, 2018

On behalf of Treasurer T. Pergola, B. Wycks highlighted that the current year-to-date and budgeted year to date numbers are tracking very closely. Expenses are lower by \$7,000. The revenue figures reflect the acquisition of Manulife as an Associate (initially) but not its new status as an Initiation Member; when that adjustment is made, it will result in an incremental boost in revenue in the financial forecast.

It was noted that as revenues from new Members is included in the financials, the Association's financial stability will improve and the financial concerns highlighted late in 2017 will be alleviated.

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that:

The Financial Statements be and are approved as presented.

3.2. Draft 2017 Audited Financial Statements

P. McCarthy mentioned that the Audited Financial Statements must be approved by the Board prior to being presented to the membership at our 2018 Annual Meeting on June 5.

B. Wycks presented the 2017 audited financial statements mentioning that at the end of the year the unrestricted net assets had a decline of \$2,000. KMPG had asked for a portion of the Pollara expense to be moved forward from fiscal 2017 into fiscal 2018.

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that:

The Draft 2017 CAFII Audited Financial Statements be and are approved as presented.

4. Regulatory Matters

4.1. Regulatory Consultations/Submissions Timetable

4.1(i). BC Financial Institutions Act Review: Preliminary Recommendations Paper

B. Wycks highlighted that CAFII was preparing a submission to the B.C. Ministry of Finance with respect to its recently released Preliminary Recommendations Paper, which set out some policy proposals for change arising from its 10-Year Review of the Financial Institutions Act. There was one particular recommendation in the Preliminary Recommendations Paper, which K. Martin pointed out to the Board, which was of serious concern and to which CAFII intended to communicate a forceful response.

R. Beckford noted that there are some parts of the Preliminary Recommendations Paper to which CAFII will not be directly responding as an Association, but which CAFII members may want to have other departments within their organizations examine.

4.1(ii). Quebec Bills 141 and 150

K. Martin reported that CAFII's submission to the Committee on Public Finance of the National Assembly of Quebec included a concern that the language in Section 71.1, referring to the requirement for a Natural Person to be involved in the selling of insurance, including online, could be interpreted as being contrary to our understanding of the intention of the Bill. It was reported that an amendment to this clause clarified the requirements, and was viewed as addressing our concerns adequately.

K. Martin noted that Quebec Ministry of Finance Associate Deputy Minister P. Boivin had addressed the National Assembly's Committee on Public Finance about what would replace the Distribution Guide, another area CAFII had requested clarification on; and his comments, some of which K. Martin read out to the Board from a document tabled on this matter as part of the Board package, made clear that there would still be a requirement for documentation, but it would be much simpler and easier for consumers to understand than the Distribution Guide

Sue Manson noted some concerns that had been identified around the more recently tabled and tangentially related Quebec Bill 134; and requested that CAFII look into this matter.

ACTION: Explore further the concerns around Quebec Bill 134 [Keith and Brendan: May 25/18]

4.1(iii). FSCO Draft 2018 Statement of Priorities

R. Beckford reported that CAFII will be making a submission on FSCO's 2018 Statement of Priorities, with CAFII pointing out key concerns and making recommendations, with the deadline for submissions being 8 May, 2018.

4.1(iv). FSCO Treating Consumers Fairly (TCF) Guideline

R. Beckford reported that treating consumers fairly (TCF) is a priority for all regulators. FSCO's TCF Guideline will be the subject of a CAFII submission, which is due by 8 May, 2018. Among the key issues CAFII will be addressing is the need for balance between consumer rights and consumer responsibilities, and the importance of harmonized regulations on this subject.

J. Lewsen advised that part of the reason that FSCO is embarking on this initiative with ambitious timelines is to have its TCF Guideline finalized and promulgated prior to the International Monetary Fund's re-assessment visit to Canada, on behalf of the International Association of Insurance Supervisors, which is expected to occur sometime in 2018.

4.1(v). CCIR Fair Treatment of Customers Guidance

It was reported that FSCO is trying to finalize its guidelines before CCIR does, and that CAFII is monitoring the CCIR effort carefully.

4.2. FCAC "Domestic Bank Retail Sales Practices Review"

P. Thorn and K. Martin provided an update on the FCAC's published report on its "**Domestic Bank Retail Sales Practices Review**". CAFII had recently had a useful meeting with the CBA, where it was noted that the FCAC report was very general and did not identify any specific evidence of systemic mis-selling. The CBA strategy, to which CAFII agreed to carefully adhere, was to avoid making statements to the media in the expectation that the story would fizzle out quickly.

4.3. Outcomes of Saskatchewan Exemptions to PST on Insurance Premiums Issue

K. Martin provided an update on CAFII's submission and advocacy with the Government of Saskatchewan on which insurance products were newly exempt from PST, and on the refunding of premiums previously collected on those products. The Ministry of Finance initially appeared not to exempt creditors group insurance from PST. CAFII protested this in a letter sent to the Ministry, and a draft Information Bulletin subsequently did exempt creditor life insurance, but not other products like creditor job loss insurance; and if products were bundled together, the products had to be broken out for a refund to be issued, and the refund would only apply to the life component. If the products could not be broken out, no refund would be applied at all. This would be a complex and costly process for some CAFII members, and the reasons why it was not good policy were shared by K. Martin in a series of phone calls with Ministry of Finance officials. Subsequently, the Ministry of Finance modified its position, and the final Information Bulletin gave a blanket PST exemption to all creditors group insurance products.

B. Wycks advised these developments in Saskatchewan constituted a major win for CAFII and its members. It resulted from timely communication from K. Martin with officials in the Saskatchewan Ministry of Finance, which caused the Ministry to change its position.

4.4. CAFII Letter to Manitoba on Single Premium Insurance Policies

K. Martin noted that CAFII had submitted a the letter to Manitoba's Financial Institutions Regulation Branch with respect to Single Premium Insurance Policies, noting that these policies are accompanied by full consumer disclosure.

4.5. March 16/18 CAFII Meeting with FSRA Board of Directors

B. Wycks and K. Martin provided an update on CAFII's early March meeting with the three initial members of Financial Services Regulatory Authority of Ontario's founding Board of Directors, and related developments subsequent to that meeting. It was noted that coming out of the meeting, FSRA Chair Bryan Davies had indicated that he, and possibly incoming FSRA President and CEO Mark White, would like to address CAFII, and in the interim, both would be in attendance at the CAFII Reception immediately following this Board meeting.

4.6. CAFII Regulator and Policy-Maker Meetings During 2018 CLHIA Conference

B. Wycks provided an update on plans for a number of CAFII liaison meetings with regulators and policy-makers in Calgary, in connection with the 2018 CLHIA Compliance and Consumer Complaints Conference taking place there in early May.

4.7 CAFII Atlantic Canada Regulators and Policy-Makers Visits Tour, May 13-17/18

B. Wycks provided an update on the itinerary for and participants in a CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour from May 13 to 17.

5. Strategy and Membership

5.1. Initiation Member and Associate Status Applications: OneMain Solutions Canada

B. Wycks provided an update on the Initiation Member Application and the Associate Status Application which had been received from OneMain Solutions Canada.

It was highlighted that OneMain Solutions is the successor to Citi Financial Canada which sold off its branch retail distribution network in 2017 and those branches had recently been rebranded by their new owner as Fairstone Financial. OneMain Solutions Canada currently has two creditor insurance companies operating in Canada, which are American Life and Health Insurance Company and Triton Insurance Company. There was a desire to ensure that CAFII understood the business model of OneMain Solutions Canada, and it was agreed that a through due diligence was required prior to their becoming CAFII Initiation Members.

ACTION: Arrange a CAFII Member Applicant Review Committee meeting with representatives of OneMain Solutions Canada to review their CAFII Initiation Member application [Brendan, Keith: May 15/18].

5.3. Other CAFII Initiation Member, Returning Member, and Associate Prospects

B. Wycks and K. Martin provided an update on other CAFII Initiation Member, Returning Member, and Associate prospects. It was noted that CAFII is currently trying to get National Bank Insurance back as a member. The contact that had previously been on the CAFII Board, Joane Bourdeau, has recently left National Bank Insurance, but she has positioned CAFII well by putting us in contact with another person at NBI, Michele Jenneau.

K. Martin mentioned that as CAFII puts out news releases on new members joining CAFII, he is sending them to National Bank Insurance; these news releases are often picked up by trade and industry press who, because of the topic, list the Association's members, with NBI being notable by its absence.

CAFII has also had meetings with Laurentian Bank about the prospect of its joining CAFII, but this seemed to be a less immediate prospect.

CAFII has also had good contact with Sara Gelgor at HSBC and we are following up on the efforts to have her company join CAFII as an Initiation Member.

ACTION: Follow up with Sarah Gelgor to advance the possibility of HSBC joining CAFII {Brendan, Keith: May 15/18}

6. Committee Reports Addressing CAFII Priorities

6.1. Market Conduct Committee

P. McCarthy noted that many of the updates from the Market Conduct Committee had already been discussed during the Regulatory Updates earlier in the agenda.

6.2. Media Advocacy Committee

C. Blaquiere, Chair of the Media Advocacy Committee, provided an update on his committee's recent initiatives and progress. He noted that the Media and Awareness Training Session held on March 28/18 was highly informative and successful.

K. Martin reiterated that we are moving forward on our media strategy, consistent with the controlled and cautious approach which the Board has approved.

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

K. Martin provided a brief report on the Media Awareness & Training Session which was held on March 28/18, to review CAFII's approach to the media including the development of key messages.

6.2(ii). CAFII Website Enhancement Investments in 2018

K. Martin provided a brief update on 2018 CAFII investments to enhance the Association's website.

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

M. Gill provided an update on her committee's recent initiatives, particularly with respect to work underway on a CAFII/CLHIA joint submission on a Saskatchewan Restricted Insurance Agent Advisory Committee.

6.4. Research and Education Committee

K. Martin provided an update on the Research and Education committee's recent initiatives. It was noted that a document titled "CAFII Research Options 2018" had been included in the Board meeting materials package, which reviewed the options for CAFII research in 2018. The R&E Committee has deliberated on the document and recommended that we complete a consumer survey in the Fall of 2018 on creditors group insurance. This would be a research project similar to the consumer survey just completed on travel insurance. It was also recommended that CAFII solicit a quote from Pollara first, before deciding if it wants to go to an RFP for the consumer survey on creditors insurance.

6.5. Travel Medical Experts Working Group

S. Manson, Chair of the CAFII Travel Medical Experts Working Group, provided an update on her committee's recent initiatives beyond the recently refreshed Pollara travel health insurance research. It was reported that there had recently been significant media coverage of challenges in repatriating Ontario residents to Ontario hospitals. CLHIA is taking the lead on this initiative, and is working with the Ontario Ministry of Health. CAFII actively involved.

7. Other Business

7.1. CAFII Transition to Managing Matters

K. Martin provided an update on the transition to Managing Matters. He stated that the new model was working well, including better bench strength and backup of employees than with our previous supplier, and a better focus on specialized services at Managing Matters, e.g. events are managed by a team focused just on that activity. The transition is now complete and the new supplier is fully on boarded.

7.2. Expected Regulator and Policy-Maker Attendance at April 17 CAFII Reception

B. Wycks provided an update on expected attendees at the CAFII Reception which would immediately follow the Board meeting.

7.3. Next CAFII Board Meeting and Reception: June 5/18 at ScotiaLife Financial

B. Wycks noted that the next CAFII Board of Directors meeting would be held on Tuesday, June 5, 2018, from 3:00 to 5:30 p.m., at Scotia Plaza, hosted by ScotiaLife Financial.

8. Termination and *In Camera* Session

There being no further business to discuss, the meeting was terminated at 4:58p.m., following which CAFII Directors alone met for an *in camera* session.