

BOARD MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

Tuesday, November 27, 2018

Location: The Canada Life Assurance Company

15th Floor Boardroom, 330 University Avenue

Toronto, Ontario

MINUTES

Board Present:

Nicole Benson	Canadian Premier Life <i>Chair</i>
Christian Dufour	Desjardins Financial Security
David Fear	Canada Life Assurance
Chris Lobbezoo	RBC Insurance
Peter McCarthy	BMO Insurance
Chris Knight	TD Insurance (<i>for part</i>)
Paul Cosgrove	Assurant
Kelly Tryon	CUMIS Services Incorporated
Sandra Rondzik	CIBC Insurance
Zack Fuerstenberg	ScotiaLife Financial (<i>appointed at 1.3</i>)

Regrets:

Wally Thompson	Manulife Financial
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EOC Present:

Martin Boyle	BMO Insurance
Charles Blaquiere	Canadian Premier Life
Dominique Julien	CIBC Insurance
Scott Kirby	TD Insurance
Bradley Kuiper	ScotiaLife Financial
John Lewsen	BMO Insurance
Sue Manson	CIBC Insurance
Tony Pergola	ScotiaLife Financial
Diane Quigley	CUMIS Services Incorporated
Dallas Ewen	Canada Life Assurance
Sharon Apt	Canada Life Assurance

Also Present:

Keith Martin	CAFII <i>Co-Executive Director</i>
Brendan Wycks	CAFII <i>Co-Executive Director</i>
Nicole Cork	Managing Matters Inc. <i>Recording Secretary</i>
Lesli Martin	Pollara (<i>for part</i>)
David Moorcroft	S2C (<i>for part</i>)

1: Call to Order, Meeting Confirmation, & Governance Matters

The meeting was called to order at 3:09 p.m. N. Benson acted as Chair; M. Boyle acted as Secretary (following his appointment at 1.4); and N. Cork acted as Recording Secretary.

B. Wycks confirmed that Notice of this meeting had been sent to all Directors in accordance with the Association's By-Law. He also confirmed that there was a quorum of Directors present at the meeting, noting that five eleven (11) Directors were present in-person; and two.

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.

1.1: 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.

1.2: Appointment of Board Vice-Chair

N. Benson recalled that during the *in-camera session* which concluded the Board meeting on October 2, 2018, Chris Lobbezoo, CAFII Director from RBC Insurance, was nominated to serve as Vice-Chair of the CAFII Board of Directors. It was now required that the Board formalize Mr. Lobbezoo's appointment as Vice-Chair via the approval of a motion which can be captured in the minutes of the Corporation.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Chris Lobbezoo be and is appointed Vice-Chair of the CAFII Board of Director, effective November 27, 2018 until the next Annual Meeting in June 2019.

N. Benson congratulated Mr. Lobbezoo on his appointment as Board Vice-Chair.

1.3: Appointment of a CAFII Director

N. Benson recalled that in mid-October, CAFII was advised that Bob Grant, the current CAFII Director from ScotiaLife Financial, would be retiring from Scotiabank effective January 1, 2019; and that, as such, he would be resigning from the CAFII Board of Directors, effective with this meeting.

ScotiaLife Financial has therefore nominated Zack Fuerstenberg, currently Vice-President, Creditor Products & Operations at ScotiaLife Financial, be appointed to the CAFII Board of Directors.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Zack Fuerstenberg be and is appointed as the Director representing ScotiaLife Financial on the CAFII Board of Directors, effective November 27, 2018 until the next Annual Meeting in June 2019.

N. Benson congratulated Mr. Fuerstenberg on his appointment as a CAFII Director.

On behalf of the Board of Directors and everyone else connected with Association, N. Benson expressed thanks and appreciation to Bob Grant for three years of distinguished service as the Director from ScotiaLife Financial, and wished him all the best for a rewarding and fulfilling retirement.

1.4: Appointment of CAFII EOC Chair and Board Secretary

N. Benson recalled that during the *in-camera session* which concluded the Board meeting on October 2, 2018, Martin Boyle of BMO Insurance was nominated for appointment as CAFII Executive Operations Committee Chair and Board Secretary.

It became necessary to identify a successor because EOC Chair and Board Secretary Pete Thorn had communicated his intention to step down after a year-and-a-half of exemplary service in that volunteer leadership role, due to new priorities and demands upon his time in his position at TD Insurance.

It was now required that the Board formalize Mr. Boyle's appointment as EOC Chair and Board Secretary via the approval of a motion which can be captured in the minutes of the Corporation.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Martin Boyle be and is appointed as CAFII Executive Operations Committee Chair and Board Secretary, effective November 27, 2018 until the next Annual Meeting in June 2019.

N. Benson congratulated Mr. Boyle on his appointment as Executive Operations Committee Chair and Board Secretary.

1.5: Appointment of CAFII Cheque Signing Authorities

N. Benson advised that the next item on the agenda arose from the just-completed appointment of a new EOC Chair and Board Secretary. That change necessitates an updating of the CAFII Cheque Signing Authorities in a manner that meets the requirements of the Association's bank.

N. Benson called upon Co-Executive Director Brendan Wycks to read a recommendation to the Board for the approval of a formal Resolution on the appointment of new CAFII Cheque Signing Authorities.

B. Wycks read aloud the memorandum document that outlined the formal Resolution, and asked if there were any questions from the Board about it.

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that Martin Boyle, Tony Pergola, Brendan Wycks, Keith Martin, Jenny Faucher, and Tara Moran be and are appointed as CAFII's Cheque Signing Authorities, under the terms specified in the Board Resolution dated November 26, 2018.

1.6: Proposed Schedule of 2019 CAFII Meetings and Events

B. Wycks provided a brief update on the Proposed Schedule of 2019 CAFII Meetings and Events, for which Board approval was requested. He noted that the proposed schedule had been circulated to EOC members for review in October. The key dates in the schedule were the four Board meeting dates – with the fourth Board meeting of 2019 and the immediately ensuing Holiday Season/Year-End Reception to be held in early December, rather than late November – and the target date of February 19/19 for the Annual Members' Luncheon.

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On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that The Proposed Schedule of 2019 CAFII Meetings and Events be and is approved.

2: Approval/Receipt of Consent Items

N. Benson noted that documents had been posted for each of the six consent agenda 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 October 2, 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: CAFII Financial Statements as at October 31, 2018

Treasurer T. Pergola reported on the highlights of CAFII's financial statements as at October 31/2018, which included:

- a positive variance on the revenue side, due to additional membership revenues received from the two new Initiation Members of the Association, which had not been budgeted for.
- expenses are currently under budget about \$54K; however, this is largely due to timing difference on budgeted expenses which have not yet been incurred, but which are expected to be incurred before year-end.
- currently there is a positive net revenue of \$127K, as opposed to the budgeted deficit of \$86K.
- financial reserves are currently at 32% of annual operating expenses, which is well within the target range of between 25% and 50%; but as more 2018 expenses are incurred, we will be moving closer to the 25% lower limit of that target range

3.2: Draft CAFII 2019 Operating Budget Options

N. Benson advised that discussion of the Proposed 2019 CAFII Operating Budget Option would be deferred to the *in-camera session* at the conclusion of this meeting.

4: Regulatory Matters

4.1: October 25/18 CAFII Stakeholder Meeting With CCIR

N. Benson noted that the first item in the Regulatory section of the agenda relates to CAFII's 2018 Stakeholder Meeting with CCIR, which occurred on October 25, with a sizeable delegation from our Association present in-person and several additional representatives participating via teleconference.

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B. Wycks reported that this was a worthwhile meeting and that CAFII had the largest delegation of representatives attending, among the 10 or 11 stakeholder groups which met with CCIR on that day. The meeting focused on the CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers," release on September 27/18, which there will be a follow-up meeting about tomorrow with the CCIR/CISRO Fair Treatment of Consumers Working Group. Another key topic was the recent Financial Sector Assessment Program visit from International Monetary Fund officials, who were conducting an audit of some provincial insurance regulators in Canada and which the AMF's Patrick Déry, Chair of CCIR, was engaged in and reported to be a very time-consuming and intense process.

B. Wycks noted that in a follow-up meeting which he and K. Martin had had with CCIR Policy Manager **Tony Toy**, he complimented CAFII as the most organized and well-prepared stakeholder group among those with which CCIR liaises.

4.2: CAFII Dialogue With CCIR/CISRO Re Fair Treatment of Customers Guidance

B. Wycks updated the Board on the status of CAFII's dialogue November 28/18 meeting with the CCIR/CISRO Fair Treatment of Consumers Working Group with respect to its recently issued "Guidance: Conduct of Insurance Business and Fair Treatment of Customers."

K. Martin advised that a two item agenda for tomorrow's meeting on this issue had initially been shared with CAFII, but a new item has now been added to a revised agenda -- credit card balance protection insurance -- which might have been stimulated by the 9 November, 2018 CBC marketplace story on this issue.

On the matter of whether there was a common view among CAFII members of the 9 November, 2018 CBC Marketplace story, K. Martin stated that the shared view among Media Advocacy Committee members within was that the story was one-sided and unbalanced.

4.3: CAFII Dialogue with CCIR Re Travel Health Insurance Data Gathering

N. Benson called upon Sue Manson, Chair of CAFII's Travel Medical Experts Working Group, to update the Board on the status of CAFII's recent dialogue with CCIR's Travel Insurance Working Group (TIWG) with respect to its desire to gather industry data related to travel health insurance on an ongoing basis.

S. Manson reported that the main agenda item at CAFII's recent meeting with CCIR's Travel Insurance Working Group (TIWG) was to review the travel health insurance data request which had recently been made by the TIWG. The Travel Medical Experts Working Group met in advance to consolidate the CAFII feedback that would be provided.

Ms. Manson advised that there is another meeting tentatively scheduled for next week to review the progress that has been made. The CAFII working group is currently preparing for this meeting.

K. Martin noted that Harry James, Chair of CCIR's TIWG, made a comment at the recent meeting about "voided policies" which seemed to suggest that he was suspicious of CAFII's Pollara Travel Medical Insurance Consumer Research claims statistics, which found that 97% of claims were paid in full or in part. Mr. James seemed to be suggesting that some policies were being removed from the category of a denied claim by being classified as "voided."

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4.4: CAFII Response Submission on AMF's Regulation Respecting Alternative Distribution Methods

N. Benson called upon Keith Martin and Brad Kuiper, Chair of the Market Conduct Committee, to update the Board on the Association's response submission on the AMF's Regulation Respecting Alternative Distribution Methods, which was released on October 10 for a 60-day consultation period.

K. Martin noted that this submission is due by December 10/18. CAFII is currently continuing to receive input on the submission, which will also be shared with our Quebec legal counsel Sylvie Bourdeau of Fasken, after which it will be translated into French prior to being submitted to the AMF. K. Martin reported that the submission is well-advanced and in good shape.

B. Kuiper acknowledged and thanked K. Martin for his efforts on this submission.

4.5: CAFII Response Submission on FSRA's Proposed Fees and Assessments Rules

B. Wycks updated the Board on CAFII's response submissions on FSRA's Proposed Fees and Assessments-related Rules, which were released in early October for a 90 day public consultation.

He noted that a pre-consultation had been held with an Industry Advisory Group – Life and Health Insurance, which CAFII is represented on, in October. Work will begin next week on CAFII's response submissions, which will be finalized and delivered by the January 4/19 deadline.

4.6: 2018 FSCO Life and Health Insurance Market Conduct Symposium

K. Martin provided the Board with a brief report on FSCO's 2018 Market Conduct Symposium for the Life and Health Insurance Industry, which took place on November 16. The major theme at the event was FSCO's Treating Customers Fairly (FTC) Guideline, which was release in late September. On the issue of there being two FTC Guidelines, one from FSCO and one from CCIR, FSCO said that companies could just pick one of the two and use that to guide their activities.

K. Martin also reported that Izabel Scovino from FSCO took him aside to let him know that the Incidental Sales of Insurance Questionnaire would be re-introduced and further consultations would be held on it with the industry.

4.7: 2018 AMF Rendez-Vous Conference

B. Wycks and K. Martin gave a brief report on the AMF's 19 November, 2018 annual Rendez-Vous Conference in Montreal.

K. Martin noted that the keynote speaker was Eric Girard, Quebec's recently appointed Minister of Finance, who stated that Quebec would not be joining the national securities agency despite the Supreme Court ruling that it was a legitimate entity. He said that "I love Canada" and "I am a federalist," and that the reason was entirely about Quebec's interests, and not about taking an anti-Canadian stand. K. Martin also noted that the speech was noteworthy for how pro-business the Finance Minister's comments were.

B. Wycks noted that National Bank Insurance President Peter Thompson was in attendance at the Rendez-Vous, and that he was also intending to come to tonight's CAFII Reception following this Board meeting, but no longer could do so due to inclement weather in Montreal.

However, P. McCarthy and K. Martin are having a lunch with Peter Thompson on November 30/18 in Montreal, to discuss with him the benefits of NBI rejoining CAFII as a member.

4.8: Industry Advisory Group – Life and Health Insurance Dialogue with FSRA Re: 2019-20 Priorities and Budget

B. Wycks updated the Board on a meeting of the Industry Advisory Group – Life and Health Insurance, which is comprised of representatives from both CAFII and CLHIA, with FSRA which took place on November 26/18 on the subject of FSRA's priorities and budget in its 2019-2020 start-up year. B. Wycks noted that during this meeting FSRA walked the group through FSRA's budgetary priorities for its upcoming fiscal year.

4.9: Implementation of Saskatchewan's New Insurance Act and Regulations

B. Wycks advised that Saskatchewan's Financial and Consumer Affairs Authority had communicated, on November 26/18, its intention to delay the implementation date of the province's new Insurance Act and related Regulations by one year, to January 2020.

4.10: New Brunswick Insurance Act Rewrite

B. Wycks reported that David Weir, New Brunswick's Deputy Superintendent of Insurance, had recently communicated to CAFII that he had been assigned to lead a multi-year Insurance Act Rewrite project, which subsume the initiative to introduce an Restricted Insurance Agent licensing regime in that province.

Mr. Weir would be holding a pre-consultation meeting with CAFII about the Insurance Act Rewrite on December 5/18, which would focus on a series of high level environmental scan questions related to the past, present, and future of the insurance industry and the factors impacting upon it.

5: Strategy & Research

N. Benson welcomed two visitors to the Board meeting: Lesli Martin, Vice-President at Pollara Strategic Insights; and David Moorcroft, CAFII's Media Consultant.

5.1: Results of Pollara Credit Protection Insurance Research Project

L. Martin highlighted for the Board the results of the Credit Protection Insurance Research Project which her firm Pollara had recently completed for CAFII with respect to consumers' experiences and satisfaction with credit protection insurance on mortgages and Home Equity Lines of Credit (HELOCs).

A strong majority of consumers who purchased the product felt it provided good value for money, but those who did not purchase the product felt much less convinced of this. People who purchased the product had a high degree of confidence that they would be paid if they made a claim, and nearly 90% of life claims were reported to have been paid.

K. Martin noted that the percentage of life claims that are paid will also be directly collected from our members, and he added that the analysis of the results was still in progress and these results were preliminary.

5.2: Deployment of Credit Protection Insurance Research Results

David Moorcroft, CAFII's media consultant, advised that while the results for the travel medical insurance consumer research study were more positive than the results for this current study, the credit protection insurance research results were still generally very positive. He indicated that not all the results needed to be released, but that an executive summary of the key results warranted a public release, including a media release.

K. Martin advised that there would be further exploration about this and when that analysis was complete, a follow-up recommendation would be shared with the Board.

5.3: CAFII Research Priorities, 2019

K. Martin noted that it was difficult for the Research & Education Committee to offer suggestions on 2019 research priorities until the 2019 operating budget was finalized, and until decisions were made around potential research on credit card balance protection insurance. The CAFII Research and Education Committee would be meeting on these priorities and there would be follow-up on this with the Board.

5.4: CAFII Video On Travel Medical Insurance Research Results

K. Martin noted that CAFII was moving forward on developing a website video on the research results of the Travel Medical Insurance study.

5.5: Credit Card Balance Protection Insurance; and CAFII "Next Steps"

5.5(i) CBC Marketplace and GO Public Stories

K. Martin noted that the view of media representatives from CAFII was that the CBC Marketplace story on credit card balance protection insurance which aired on November 9/18 could have been much more problematic for the industry. It was so one-sided and anecdotal that it was not credible.

5.5(ii) CAFII-Sponsored Research on Consumer Value Proposition and/or International Comparisons of Balance Protection Insurance

K. Martin noted that there could be value to research that allowed CAFII to understand how Canada compared to other jurisdictions where there have been regulatory actions taken against credit card balance protection insurance, as well as identify areas of potential reform that could allow CAFII and its members to buttress its case in defending the protect. This will be a topic more fully discussed by the Board in the *in-camera* section of this Board meeting.

5.5(iii) CAFII-Developed Guidelines/Standards and/or Training/Certification Program Related To Balance Protection Insurance

K. Martin noted that the Association is doing work around options around developing common training standards or a possible certification program, but actually moving forward on this work would require a budget and dedicating resources to it, as it would be a large project.

5.5(iv): CAFII Special Purpose GR/PR Campaign In Support Of Balance Protection Insurance

N. Benson advised that Zack Fuerstenberg, Director from ScotiaLife Financial, would be called upon to speak to the Board about his concept and proposal for a CAFII special purpose government relations and public relations campaign in support of credit card balance protection insurance during the *in-camera* session at this meeting.

5.6: CAFII Response to Recent B. Goulard, FCAC, Presentation: Next Steps

K. Martin reported on options available to the Association to follow-up on the Special Purpose CAFII Board meeting held with FCAC Deputy Commissioner Brigitte Goulard on September 14/18. Options included a written submission to the FCAC; a meeting with them where a presentation on some of the issues Ms. Goulard raised could be addressed; and possibly sharing some of the initiatives that the Association is exploring taking on a variety of issues.

5.7: CAFII Initiation Member, Returning Member, and Associate Prospects

B. Wycks and K. Martin provided an update on recent efforts and progress made with respect to CAFII Initiation Member, Returning Member, and Associate prospects. Good progress has been made with National Bank Insurance and with Sun Life Financial; and discussions are also continuing with HSBC.

6: Other Business

6.1: Informal Dialogue Session With FSRA CEO Mark White Following This Board Meeting; and His Presentation and Other Notable VIP Guests At Ensuing CAFII Reception

B. Wycks provided an update on the two separate CAFII events which would follow the conclusion of this Board meeting: a Dialogue Session with FSRA CEO Mark White; followed by the Association's Holiday Season/Year-End Reception at which Mr. White would be the guest speaker.

6.2: Presentation Concept for 2019 CAFII Annual Members' Luncheon

K. Martin shared with the Board a proposal for the 2019 Annual Members' Luncheon: a panel of insurance lawyers discussing emerging legal and regulatory issues in the industry, moderated by Board Chair Nicole Benson. There was general support for Mr. Martin's proposal.

7: Termination and In Camera Session

N. Benson thanked everyone for their participation in this meeting. There being no further business, the meeting was terminated at 4:53p.m.

Date

Board Chair