

CAFII Executive Operations Committee Meeting Minutes
Tuesday, 24 March, 2020 Teleconference Only Meeting

EOC Present:

Martin Boyle, BMO Insurance, *Chair*
Tony Pergola, ScotiaLife Financial, *Treasurer*
Dominique Julien, CIBC Insurance
Dana Easthope, Canadian Premier Life Insurance
Maira Gill, TD Insurance
Monika Spudas, Manulife Financial
Sharon Apt, Canada Life Assurance
Charles Blaquiere, valeyo
Scott Kirby, TD Insurance
Michelle Costello, CUMIS Services Inc.
Scott Kirby, TD Insurance
Pete Thorn, TD Insurance
Brad Kuiper, ScotiaLife Financial
Kamana Tripathi, TD Insurance
Vikram Malik, Sun Life Financial
Emily Brown, Sun Life Financial
Rob Dobbins, Assurant
Andrea Stuska, TD Insurance
Joanna Onia, CIBC Insurance
Diane Quigley, CUMIS Services Inc.
Afzal Baig, TD Insurance
Penelope Cordogiannis, RBC Insurance
Dallas Ewen, Canada Life Assurance

Also Present:

Louis Georgakis, CAFII Director, Canada Life Assurance
B. Wycks, CAFII *Co-Executive Director*
K. Martin, CAFII *Co-Executive Director*
Natalie Hill, Managing Matters, Recording Secretary
Albert Lin, Managing Matters

1. Call to Order

The meeting was called to order at 2:02 p.m.; M. Boyle acted as Chair; N. Hill acted as Recording Secretary.

2. Consent Items

A series of Consent Items were tabled and approved by the EOC without further discussion. These included the Consultations/Submissions Timetable; Regulator and Policy-Maker Visit Plan; Summary of Board and EOC Action Items; and a document on *Postponement of the 2020 CAFII Annual Members' Luncheon to the Fall of 2020*.

3a. Draft Minutes of February 10/20 CAFII Board Special Purpose Teleconference Meeting

The EOC endorsed the Draft Minutes of the February 10/20 CAFII Board Special Purpose Teleconference Meeting, for presentation to the Board for approval at its next meeting.

3b. Draft Minutes of February 25/20 EOC Teleconference-Only Meeting

The EOC approved the Draft Minutes of the February 25/20 CAFII EOC Teleconference-Only Meeting.

3c. Conversion of April 7/20 CAFII Board Meeting to a Teleconference-Only Meeting

B. Wycks noted that due to the social distancing and work-at-home requirements currently in place as a result of the COVID-19 pandemic, the April 7, 2020 CAFII Board meeting would no longer be held in-person and would instead be converted to a teleconference-only meeting.

3d. Rescheduling of 2020 Informal Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives

B. Wycks noted that it was no longer possible to hold an in-person liaison lunch and industry issues dialogue with AMF executives on 7 April, 2020 in Quebec City, due to travel and other restrictions as a result of the COVID-19 pandemic. The intention is to reschedule the meeting to the Fall of 2020. The AMF has been notified and, under the circumstances, indicated that they completely understood the reasons for CAFII's postponement and rescheduling decision.

3e. Communications and Timelines Re: CAFII 2020 Annual Meeting of Members on June 9/20

B. Wycks provided EOC members with a timeline of key actions required leading up to the CAFII 2020 Annual Meeting of Members on 9 June, 2020. B. Wycks further noted that it was highly likely that the meeting would be converted to a teleconference-only or virtual meeting.

3f. New CAFII Initiation Member Prospects

B. Wycks reported that current prospects for new Associates included Norton Rose Fulbright, Stikeman Elliott, Deloitte Canada, and Dog and Pony Studios, and that CAFII would follow up with each of these prospects.

4a. Financial Statements as at February 29/20

CAFII Treasurer T. Pergola presented an overview of CAFII's financial statements as at February 29, 2020, noting there were slight adjustments from the Association's finance as at the end of January 2020, including a slight increase in the Management Fees line item, along with the expectation that there would be slightly lower total revenue due to two Associates deciding that they would not renew their Associate status for 2020.

4b. Draft 2019 CAFII Audited Financial Statements

CAFII Treasurer T. Pergola provided an overview of CAFII's 2019 audited financial statements, which had been produced by KPMG. Overall, KPMG had delivered a clean audit opinion with no major issues raised, but the auditor's recommendations for some adjustments to the treatment of CAFII's restricted, special purpose fund had been adopted and were reflected in the audited financial statements.

The EOC endorsed the Draft 2019 CAFII Audited Financial Statements, for presentation to the Board of Directors for approval.

4b. Timelines for Board and Membership Approval of CAFII 2019 Audited Financial Statements

B. Wycks provided an overview of the timelines for the approval by the Board and Membership of the 2019 audited financial statements, leading up to the 9 June, 2020 Annual Meeting of Members.

5a(i) Research & Education Committee—Recommendations on 2020 CAFII Research

Research & Education Committee Chair A. Stuska noted that the Committee had recently met on 10 March, 2020 and 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, and that there could also be funds remaining for CAFII to sponsor a White Paper by Melissa Carruthers of Deloitte Canada on “The Future of Credit Protection Insurance.”

Since the time these recommendations were made, however, much has changed due to the COVID-19 pandemic. The fact-pack will require some time commitment from members to submit the required data, including access to IT resources. As such, it was felt that it made sense to recommend that the sequencing of the research be flipped, and the White Paper be done first, and the fact-pack would only occur when the pandemic situation had stabilized.

The EOC endorsed the Research & Education Committee’s recommendations on 2020 CAFII research, for presentation to the Board at its upcoming 7 April, 2020 meeting.

5b. Market Conduct & Licensing

No information to report at this time.

5c(i, ii, iii) Media Advocacy—CAFII 2019 Website Metrics Report from RankHigher; CAFII 2020 Website Investment Plans/Initiatives; CAFII CPI Opinion Piece in Canadian Business Quarterly

Media Advocacy Chair C. Blaquiere and K. Martin updated the EOC on some recent initiatives. On 4 March, 2020, RankHigher made a presentation on the metrics of CAFII’s 2019 website performance. The report indicated that CAFII was now first-in-line for a much larger number of credit protection insurance-related search terms on Google, and that CAFII was viewed by Google as the leading legitimate source for information in this area.

The 2020 website investment plan was presented, which included more videos, vignettes, and FAQs. It was also noted that CAFII Co-Executive Directors B. Wycks and K. Martin had recently had an article published on credit protection insurance in the Canadian Business Quarterly.

5d. Travel Medical Insurance Experts

No information to report at this time.

5e. Networking & Events

No information to report at this time.

6a. (i) March 9/20 CAFII Presentation Meeting with FCAC Staff Executives on “Credit Protection/Authorized Insurance Product Sales Practices and Fair Treatment of Consumers”

K. Martin and B. Wycks provided an update on the presentation by CAFII to a group of Financial Consumer Agency of Canada staff executives on 9 March, 2020 at the Agency’s office in Ottawa. The presentation was well-received and the FCAC executives appeared engaged and interested in the perspectives that CAFII provided. They also indicated an openness to regular follow-up meetings with CAFII to continue to dialogue and to discuss matters of mutual interest. CAFII’s presentation deck for the 9 March meeting was put together by storytelling firm Dog and Pony Studios, and that included a series of slides based on benchmarking data assembled by actuarial firm Willis Towers Watson. Those slides were not used in the presentation to the FCAC because CAFII management felt that they required validation, and there will be an opportunity for EOC members to review those slides and determine which should be used in future presentations.

6b. CAFII Liaison/Interaction With AMF on Credit Card-Embedded Insurance Benefits Issue

(i) Response from AMF to CAFII Deadline Extension Request Re: “Creative Solutions” Submission

K. Martin reported that Mario Beaudoin had responded to CAFII’s request to extend the deadline for the Association’s submission of “creative solutions” on how to meet the expectations of the AMF around the Regulation respecting Alternative Distribution Methods (RADM)’s applicability to credit card-embedded insurance benefits, by offering an extension to 15 May, 2020.

(ii) Norton Rose Fulbright Strategy Proposal to CAFII RE AMF Credit Card-Embedded Insurance Benefits Issue

K. Martin reported that Norton Rose Fulbright had provided an overview of work they could engage in around the legal basis for CAFII’s position that the Regulation respecting Alternative Distribution Methods (RADM) does not apply to credit card-embedded insurance benefits. The law firm’s proposal suggests that CAFII has strong, solid, and credible legal arguments to explore in support of the position that the RADM does not apply to these products. This legal approach is one prong of a two-pronged strategy, which also includes exploration of ways in which CAFII members could meet the expectations of the AMF on this file.

(iii) CAFII Working Group on Credit Card-Embedded Insurance Benefits and Industry Relations With the AMF

K. Martin recalled that the second prong of CAFII’s two-pronged strategy on the AMF credit card-embedded insurance benefits issues is developing a “creative solutions” response to the AMF’s expectations that the RADM applies to these insurance coverages. The intention is to indicate to the AMF which components of the RADM CAFII members are able to apply, and which are problematic or impossible to apply. A Working Group chaired by Scott Kirby of TD Insurance has been developing a draft of a detailed creative solutions response, and that potential submission is nearly complete.

(iv) CAFII Board Special Purpose Teleconference Meeting Re Strategy and Next Steps on AMF Credit Card-Embedded Insurance Benefits Issue: Thursday, March 26/20, 1.00 to 2.00 pm Eastern

K. Martin advised that a CAFII Board Special Purpose Teleconference Meeting had been set up to discuss the two-pronged approach to the AMF's expectations that the RADM applies to credit card-embedded insurance benefits, and to decide on how to move this file forward. However, since the point in time that that meeting was set up, there has been discussion of the possibility of asking the AMF, along with other regulatory bodies, for regulatory forbearance with respect to current reporting and regulatory deadlines, in the context of the challenges posed by the COVID-19 pandemic.

EOC discussion then pivoted to the issue of CAFII letters requesting regulatory forbearance, with a strong desire expressed by EOC members to request extensions of the RADM deadline, along with other imminent deadlines such as the 1 May, 2020 Annual Disclosure to the AMF, as well as the 1 May, 2020 filing deadline for CCIR's 2020 Annual Statement on Market Conduct. Members noted that it was difficult to co-ordinate these filings with staff working from home, with the challenges this produced for access to back-end legacy systems; that IT resources were stretched to the limit; that CAFII members were focused on meeting emerging, critical needs of customers who were suddenly in financial distress; and that, generally, these filings should not be top priorities at this critical juncture. The EOC strongly supported CAFII's sending forbearance request letters to regulatory bodies, including the AMF and CCIR, requesting extensions of deadlines.

On that basis, it was agreed that until a response from the AMF was received, it was premature to hold the scheduled 26 March, 2020 CAFII Board Special Purpose Teleconference Meeting, and it was requested that the meeting therefore be cancelled and that the approach to take to the AMF be put on hold until we have a response from the AMF on CAFII's request for a further extension to the deadline on the credit card-embedded insurance benefits issue.

In that connection, it was also noted that the same reasoning around the challenges of access to IT resources and the difficulty of moving forward on new initiatives at this time with employees both working from home and focused on customer-centric issues, may make it challenging to submit to RSM Canada the data they require as part of the new CAFII credit protection insurance quarterly benchmarking study. As such, the EOC supported the temporary postponement of further work on this initiative at this time.

6c. AMF Response Letter to CAFII Members' Action Plans Re Runoff of Non-Debtor/Spousal CPI Coverage

The AMF indicated to CAFII at an 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 insurer members' submitted action plans on this file with an indication that insurers 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 priorities of the AMF and AMF personnel, and that as that 2025 deadline approached CAFII would consider following-up again with the AMF. For the next five years, CAFII members (and the industry more generally) do not need to consider cancelling existing, in-force policies.

6d. AMF Correspondence Re Operational Incident Reporting, Including Publication On Information and Communications Technology Risk Management, February 2020

There was a discussion on the correspondence from the AMF on this issue, with concern expressed that the AMF expectations were unrealistic -- especially due to the lack of any materiality thresholds with respect to operational incident reporting to the regulator -- and could therefore result in significant additional compliance burden and challenges for members. It was observed and agreed, however, that the AMF's recent February 2020 publication of an official guidance document on Information and Communications Technology Risk Management made it unlikely that the AMF would be willing to listen to arguments seeking amendments at this time. It was also agreed, however, that this issue would continue to be monitored by CAFII and, if warranted, brought back to the EOC for consideration of future action by the Association.

6e.(i) March 5/20 CAFII Stakeholder Meeting with CCIR/CISRO FTC Working Group—CAFII Completion of a Third Party-Conducted Survey Exercise Re Member-Utilized Incentives and Compensation Models, for June 2020 Quarterly Meeting with CCIR/CISRO TFC Working Group

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 which Association members currently use in-market. CAFII requested a legal opinion from Stikeman Elliott on this matter, and they indicated that sharing this information in an open meeting was problematic as it would entail 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.

6f. Launch of Saskatchewan RIA Advisory Committee

At the conclusion of CAFII's 5 March, 2020 meeting with the CCIR/CISRO FTC Working Group, K. Martin and B. Wycks had a conversation with Insurance Councils of Saskatchewan (ICS) executive April Stadnek, in which she mentioned that she had met earlier that week with CLHIA members on the launch of the Saskatchewan RIA Advisory Committee, and that the initiative was moving forward. CAFII will follow up with the CLHIA and with ICS to determine next steps and timelines.

6g. Launch of CAFII Quarterly Credit Protection Insurance Benchmarking Study

K. Martin noted that this project had moved forward and the method by which CAFII members who were participating in the study would submit data had been finalized. However, based on the earlier discussion by the EOC (agenda item 6(b)(iv)), further work on this initiative would be paused temporarily at this time.

6h.(i) CAFII Credit Protection Insurance Best Practices Working Group: Progress Report: Call for Additional EOC and Other Member Company Volunteers For Work Streams

It was the intention under this agenda item to request that additional CAFII EOC members volunteer for Work Streams related to this initiative. However, in light of the issues raised by the COVID-19 pandemic, it was agreed that efforts will be paused temporarily on this initiative.

6i. Proposed CAFII/Industry-Level Co-ordinated Action Re COVID-19

There was a discussion of possible CAFII industry level activities around COVID-19, with several possible activities mentioned. It was agreed that this would continue to be reviewed.

6j. Proposal From a Board Member That CAFII Engage in Consumer Research and Issue A Media Release Re COVID-19 and CPI Coverage

K. Martin reported that a CAFII Board member had suggested that CAFII commission some research around the preoccupations of Canadians on financial matters, and then share the findings in a media release which would also note that CPI could protect consumers at times of economic uncertainty. CAFII Media Consultant David Moorcroft was asked to offer his advice on this idea, and he felt that it might be interpreted as opportunistic and lead to risks around media coverage. EOC members shared this concern and did not support moving forward on this initiative at this time.

6k. Proposed Amendments to Regulations Under Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada); and Potential Impact Upon Life Insurers, Brokers, and Agents

D. Ewen advised that new information had come to light over the past month with respect to recent amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* which had alleviated initial concern about those changes; and it was agreed that this matter could therefore be dealt with outside of the meeting through an email update to EOC members.

6i. Proposed Approach and Target Dates For CAFII 2020 Atlantic Canada Insurance Regulators and Policy-Makers Visits

B. Wycks provided an update on options for CAFII's plan for 2020 visits to Atlantic Canada regulators and policy-makers. It was agreed that the visits would be postponed to the Fall of 2020, and that instead of visiting all four Atlantic provinces on one trip, the visits would occur in two blocks of two provinces each.