

**CAFII Board of Directors Meeting Minutes
Tuesday, December 11, 2012**

Action Items from the Meeting

Agenda Item	Action Item
5. Minutes	B. Wycks to follow up with G. Swanson on his request to arrange a visit to a CAFII member call centre for FSCO staff.
7.2.2 AMF Meeting	J. Lewsen to circulate a draft letter to E. Stevenson in follow-up to this meeting.
7.3. Planned Regulator Meeting (2012 & 2013)	CAFII has a strong working relationship with C. Shevlin at CCIR and should continue to send any value added items that are developed
8.3. Media & Advocacy Committee	ScotiaLife Financial to confirm there is no overlap between this proposed tag line and its own branding. Tag line to be translated into French.
8.4. Licensing Committee	LEIC to develop a list of CAFII representatives who can be recommended to the Saskatchewan Insurance Council.
8.5. Networking & Event Hosting Committee	The committee to look into possible entertainment options for the 15 th Anniversary Celebration on April 10, 2013.



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ScotiaLife Financial
Scotia Plaza, 40 King Street West, 63rd Floor, Ratcliffe Room
Toronto, ON

Present: Julie Barker-Merz, BMO Insurance
Mark Cummings, ScotiaLife Financial
Rino D’Onofrio, RBC Insurance
Linda Fiset, Desjardins Financial Security Life Assurance Company
Cathy Honor, RBC Insurance Services Inc. *Chair*
Richard Hébert, National Bank Insurance Co.
Rick Lancaster, CIBC Insurance
Yvonne Ziomecki, AMEX Bank of Canada (*teleconference*)

EOC Present: Rose Beckford, ScotiaLife Financial
Charles Blaquiere, Canadian Premier Life Insurance
Andre Duval, Desjardins Financial Security Life Assurance Company
Matthew Fabian, BMO Insurance (*teleconference*) *Treasurer*
Sara Gelgor, ScotiaLife Financial
Greg Grant, CIBC Insurance
Jennifer Hines, RBC Insurance Services *Secretary*
John Lewsen, BMO Insurance
Sue Manson, CIBC Insurance
John Poolman, Assurant Solutions
Paul Yeung, RBC

Regrets: Emily Brown, BMO Insurance
Keith Demmings, Assurant Solutions *Vice Chair*
Moira Gill, TD Insurance
Wayne Eccles, TD Insurance
David Minor, TD Insurance
Isaac Sananes, Canadian Premier Life Insurance
Maria Sanchez-Chung, TD Insurance

Also Present: Brendan Wycks, CAFII *Executive Director*
Leya Duigu, T•O Corporate Services *Recording Secretary*

1. Call to Order

The meeting was called to order at 2:00 pm. C. Honor acted as chair, J. Hines acted as secretary and L. Duigu acted as recording secretary.

2. Review of CAFII Competition Guidelines

C. Honor reminded members that the Competition Guidelines provided in the package were adopted at the April 3, 2008 Board of Directors meeting. The practice of reviewing the guidelines was adopted at the start of the meetings to ensure that our activities conform to its principles, which were briefly summarized.

3. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The agenda be approved as presented.

4. Welcome & Appointment of New Directors and Chair

Executive Director

Brendan Wycks was confirmed as CAFII's new Executive Director during the last board meeting and was welcomed to today's meeting.

Appointment of New Directors

K. Demmings of Assurant Solutions will no longer be serving on the CAFII Board of Directors effective December 11, 2012. In addition, C. Honor will be stepping down from the CAFII Board effective at the end of this meeting.

The CAFII Bylaws clause 4.06 provides that "If a vacancy occurs in respect of any position on the board, howsoever caused, the Foundation or Voting Member who nominated the vacating director is entitled to appoint his or her replacement for the remainder of the Director's term."

As a Voting Member, Assurant Solutions is appointing Robert Zanussi, President & CEO of Assurant Solutions, as the successor to Keith Demmings on the CAFII Board of Directors for the remainder of his term. C. Honor thanked Keith Demmings for his many contributions and years of service since 2008, and requested a note of thanks be sent to him for his service during this time.

As a Voting Member, RBC Insurance is appointing Rino D'Onofrio, Senior Vice-President & Head, Canadian Business Insurance, RBC, as the successor to C. Honor on the CAFII Board of Directors for the remainder of her term.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

Robert Zanussi of Assurant Solutions and Rino D'Onofrio of RBC Insurance be appointed to the CAFII Board of Directors until the next Annual General Meeting.

Appointment of New Chair

C. Honor will be stepping down as chair after today's meeting. The CAFII Bylaws, under clause 7.01 Appointment of Officers, specify that "the Board shall from time to time appoint a Chair," and that the filling of a vacancy in the Chair position is also the responsibility of the Board.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

Mark Cummings be appointed as CAFII Chair effective today, to fulfill the remainder of C. Honor's term ending at the Annual General Meeting in 2013.

5. Minutes

J. Hines provided an update on the action items from the October 9, 2012 Board Meeting as follows:

- Testimonials. Members were reminded to submit testimonials that are appropriate to post online.
- Website statistics. 2012 statistics were included in the meeting package. J. Hines noted that the number of visits, unique visitors, and length of time spent on the site had all increased.

Action: B. Wycks to follow up with G. Swanson on his request to arrange a visit to a CAFII member call centre for FSCO staff.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Minutes of the meeting of the Board held on October 9, 2012 be adopted in the form presented, and that a copy of these Minutes be signed and placed in the Minute book of the Corporation.

6. Financial Update

6.1. October Financials

The CAFII bank balance remains strong. Unrestricted net assets are quite good and CAFII is just above its reserve ratio. There are approximately \$90K in expenses still outstanding and the year-end statement of operations is anticipated to reach 85-95% of budget. CAFII's year-end is December 31. The additional expenses incurred as a result of the Distribution and Market Conduct Policy Committee's Creditor Insurance Project are well within the 2012 budget. Overall CAFII had budgeted for a modest deficit initially but will now end the year with a surplus.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The October 2012 financial statements be and are hereby approved in the form presented.

6.2. Adoption of 2013 Budget

At the request of Chair C. Honor, L Duigu of TO Corporate Services, a supplier to the Association, absented herself from the room for the Board's discussion of this agenda item.

M. Fabian, Treasurer, presented the proposed 2013 CAFII Budget and answered Board members' questions, with the following highlights arising from that discussion:

- The Board supported the budget-related recommendation that the Association's Reserves Policy be adjusted to target six months of operating expenses, up from three months of operating expenses. It was acknowledged that now that CAFII has an employee, the Executive Director, it is prudent and optimal to maintain reserves of six months' operating expenses;
- The Board supported the budget-related recommendation that, given the modest increase in premium cost involved, CAFII's Directors and Officers' Liability Insurance coverage should be increased from \$5 million to \$10 million, and its Comprehensive General Liability insurance coverage should be increased from \$2 million to \$5 million;
- For future fiscal year budget proposals, it would be better to provide, as relevant comparators, prior year "actuals" rather than prior year budgets; and rather than providing the budget for the current fiscal year for comparison purposes, a forecast to the end of the current fiscal year should be provided; and
- The Board supported the new format which allows for better tracking of expenses by committee.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Proposed 2013 Budget be and is hereby approved in the form presented.

7. Regulatory Update

7.1. Regulatory Newsletter

B. Wycks provided commentary on the regulatory newsletter included in the meeting package and additional discussion occurred as follows:

- Federal: Credit Union Conversion to Federal Charter. It has been suggested that CAFII consider exploring the addition of federally regulated credit unions as members of the Association. Given that the first credit union likely to obtain a federal bank charter is based in British Columbia, a meeting to explore potential synergies could be arranged the next time CAFII Directors visit BC regulators.
- British Columbia: Changes to Restricted Licensing Regime for Motor Vehicle Dealers. Members discussed sending a communication to the other provinces with this update noting that it makes sense and providing the reasons why.
- Manitoba: Insurance Act Review Update. Members discussed whether Manitoba regulators have enough information regarding the restricted licensing regime to make the appropriate changes. M. Gill and S. Gelgor have met with them on a number of occasions and raised their awareness of the nuances.
- Ontario: Life Insurance Product Suitability Review to Commence. International regulators are coming to audit Canadian financial regulators. One of their goals is to identify issues within the different channels. This could provide an opportunity for CAFII to communicate the benefits of the direct distribution channel and highlight the key advantages of our industry.
- CCIR: Third Party Administrator (TPA) Regulation.
Action: Follow-up with E. Stevenson on this review for more information.
- Financial Literacy Month. This initiative occurs annually in November and is becoming increasingly important to regulators and the public. The initiative offers another opportunity for CAFII to educate regulators about the industry.

7.2. Report on Regulator Meetings

7.2.1. CCIR Meeting

A delegation of CAFII Board members met with CCIR Executive members on October 25, 2012 to discuss current industry issues and concerns as well as CCIR's work plans for the coming year. A copy of the follow-up letter was included in the Board meeting materials and the following highlights were provided:

- CAFII is encouraged to continue with the proposed webinars for CCIR members.
- CCIR noted they are under time pressures and agreed to include CAFII's 15th Anniversary in their spring meeting plans.
- The overall discussion was very open.

7.2.2. AMF Meeting

A delegation of CAFII EOC members attended a meeting with E. Stevenson on November 15, 2012 to discuss the priorities of the Quebec Ministry of Finance (AMF). J. Lewsen reported on a number of changes within the AMF since CAFII's last meeting with them in June 2012. E. Stevenson indicated that the Quebec Minister of Finance has quite a lot of priorities currently. CAFII will offer

recommendations on the Distribution Without Representation Guide, which was discussed in detail. An updated copy of the Guide would be circulated next year and the AMF is looking at implementation in 2014.

Action: J. Lewsen to circulate a draft letter to E. Stevenson in follow-up to this meeting.

7.3. Planned Regulator Meetings (2012 & 2013)

The meeting package contains two documents (2012 and 2013) that the EOC has developed to highlight and guide CAFII's meetings with regulators.

2012: overall, CAFII wisely used its time on key issues in key provinces.

2013: the same concept of spending time in key provinces was proposed. If any Board members are travelling and can incorporate a regulator visit, please advise your EOC member. EOC members have done a tremendous job conducting these visits and it is important for Directors to engage regulators.

Further to this CAFII should leverage any meetings and conferences that bring regulators to Toronto. B. Wycks indicated that he will be reaching out to regulators by phone and will invite them to notify CAFII should they be travelling to Toronto.

The Atlantic Canada regulators haven't been visited recently and it would be ideal to touch base with them in 2013. It would also be good to get on the agenda of the Financial Consumer Agency of Canada.

CCIR. CAFII has a strong working relationship with C. Shevlin and it would be ideal maintain this relationship.

Action: CAFII has a strong working relationship with C. Shevlin at CCIR and should continue to send any value added items that are developed

The regulator meetings are a work in progress and members are comfortable with the proposed plan as presented.

8. Committee Reports on addressing CAFII Priorities

8.1. Review of Committee Mandates

See notes under Minutes.

8.2. Distribution and Market Conduct Policy Committee

Creditor Insurance Project: Chaired by S. Manson and W. Eccles, the Committee's major item now is the Creditor Insurance project. Members of the Board were thanked for approving the request for additional funds, particularly in light of all the interviews that were scheduled for the following week. The EOC will receive a verbal report at its January 2013 meeting on the common interest items.

8.3. Media and Advocacy Strategy Committee

Chaired by J. Lewsen and S. Gelgor, the Committee is working on a number of deliverables including:

CAFII branded regulator value added strategy: Website redesign is complete and the number of site visits has increased. The next goal is to add some value added information online. The EOC is also proposing to update the logo.

The Media Protocol is in good shape and will be updated by B. Wycks.

Webinars: CAFII is planning a webinar for the second quarter and will begin work on it in January.

Testimonials. Members are reminded to submit these for the committee to review and consider for use.

Video. The Committee is considering whether a video should be created using the creditor content with the goal of highlighting the human and emotional aspects of the products.

CAFII Tag Line

Suggestions were gathered during the last meeting that reflected what CAFII stands for. The goal is to create something brief for brand recognition and members agreed upon the following: Making Insurance Simple And Accessible For Canadians.

Action: ScotiaLife Financial to confirm there is no overlap between this proposed tag line and its own branding.

Action: Tag line to be translated into French.

8.4. Licensing Efficiency Issues Committee

S. Gelgor provided an update on behalf of LEIC Chair M. Gill.

The Saskatchewan Insurance Council's Executive Director is amenable to the establishment of an Advisory Council that would provide an avenue for restricted license holders to provide input into Council.

Action: LEIC to develop a list of CAFII representatives who can be recommended to the Saskatchewan Insurance Council.

8.5. Networking and Event Hosting Committee

P. Yeung thanked ScotiaLife for hosting today's meeting and reception. There are 82 people confirmed to attend the reception which is one of our largest events to date.

CAFII 15th Anniversary. P. Yeung provided an overview, indicating that historically we have hosted a dinner. An alternative proposal would be to hold the event at RBC and put

the funds towards bringing in entertainment for the evening. In addition, CCIR has expressed interest in a presentation on the Review of Canada's Adherence to Insurance Core Principles which could be delivered at this time.

Action: The committee to look into possible entertainment options for the 15th Anniversary Celebration on April 10, 2013.

Members Speaker Forum, February 2013. J. Poolman has suggested Jane Carr of Assurant Solutions in the U.S. who is an expert on credit card insurance, as the potential speaker for the upcoming February luncheon at the Albany Club.

9. Other Business

9.1. 2013 Calendar of CAFII Meetings

The 2013 Calendar of CAFII Meetings, included in the meeting package, was received for information.

10. Termination

Recognizing that C. Honor has been a member of the CAFII Board and a strong contributor to the Association for a number of years, particularly most recently as Chair, M. Cummings paid tribute to her, conveying sincere thanks and appreciation, on behalf of the Board, for her leadership of the Association. C. Honor received a warm round of applause and best wishes from all present.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The meeting be terminated at 5:00 pm.; and that the next meeting of the Board is to be held on Tuesday, April 10, 2013 in Toronto, hosted by RBC Insurance.

Date

Chair

Recording Secretary