

CAFII Strategic Options Proposal to the Board of Directors

October 2017



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High Level CAFII Strategic Plan Recap

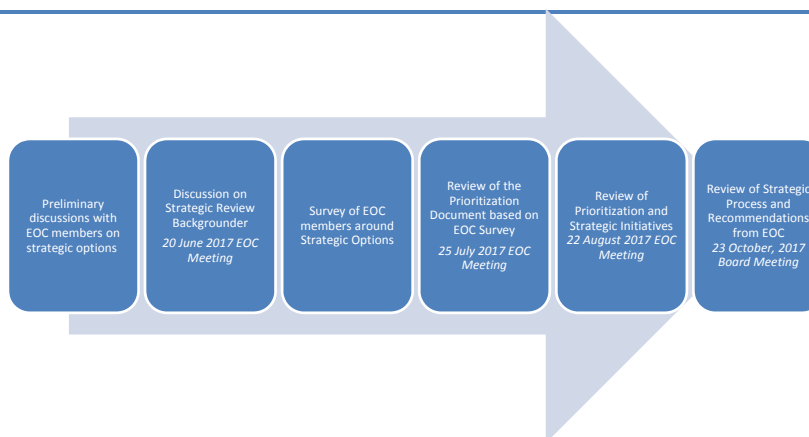
- Three documents have been developed—the **Strategic Plan Background**, the **Strategic Prioritization Exercise**, and the **Strategic Options and Prioritization** document
- We have reviewed and discussed these documents at three EOC meetings—*20 June 2017, 25 July 2017, and 22 August 2017*



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CAFII Strategic Plan Timeline to Date

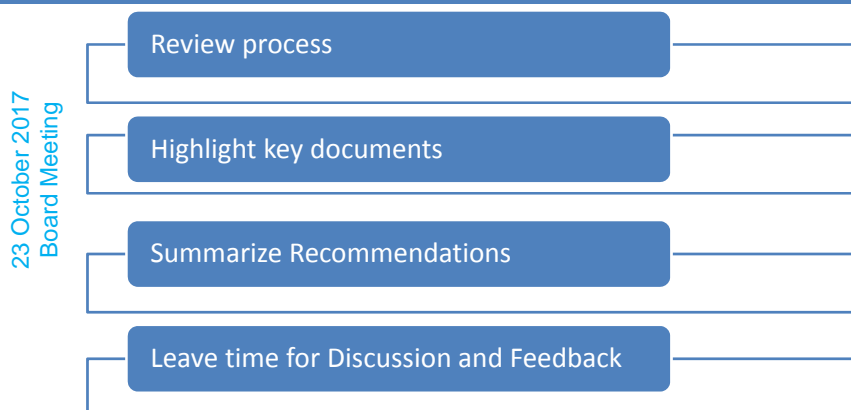


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EOC Recommendation: Full Review and Discussion at 23 Oct. Board Meeting; Approval Deferred to 28 Nov. Board Meeting

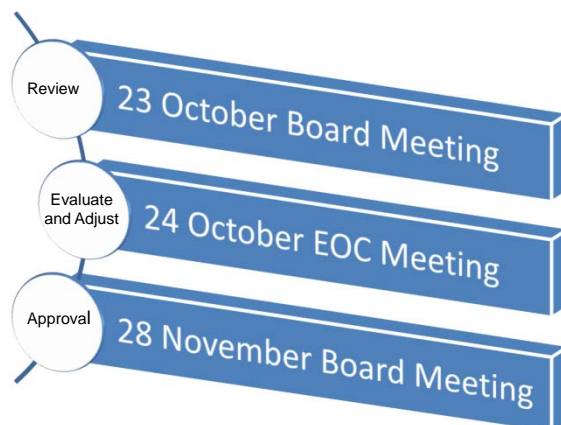


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Possible Process for Board Approval of the Strategy

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CAFII Strategic Plan Process and Analysis

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We Identified 9 Strategic Options to Explore

- Maintain regulatory expertise
 - Build on regulatory competency
 - Enhanced networking and communications program
 - Significant research program
 - More meetings and events
 - Develop Thought Leadership in Insurtech/Innovation/Technology
 - Website best in breed
 - Attract More Associates
 - Create a Certification program



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We explored and discussed each in detail

Maintain regulatory expertise →

Maintaining our strength in regulator and policy-maker monitoring and submissions

- We have this expertise already
- Developing a relationship strategy where we have an in-person touchpoint with every key regulator and policy-maker at least once every 18 months
- Could supplement our regulatory strategy on avoiding or deflecting undesired regulatory developments, by having a stronger and more proactive focus on achieving our key long-term regulatory objectives



Build on regulatory competency →

Leverage our knowledge of the changing environment with new products, services

Meet the leaders of Human Resources of our members and the leaders of their learning institutes, to identify ways CAFII can develop internal learning modules to increase the strategic, regulatory, and external environment expertise of the staffs of our members



Enhanced Networking and Communications program →

An assertive communications program that broadens CAFII's sphere of influence beyond regulators and policy-makers ...

Build on existing contacts to have ongoing set of meetings to promote CAFII members and their businesses



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We explored and discussed each in detail

Significant Research Program →

A significant research program that both generates and synthesizes / interprets third party data and research reports, thereby producing insights and actionable intelligence which allows CAFII to tell its story both externally and internally (within our F1 parent banks)



More Meetings and Events →

An assertive thought leadership program that builds upon our research program, with seminars, symposia, and workshops ...



Thought Leadership in Technology and Innovation →

Develop a demonstrated commitment to innovation by partnering with and supporting Insurtech initiatives and sharing leading potential new technology opportunities both internally and externally with key stakeholders



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We explored and discussed each in detail

Website Best in Breed →

Building on a revamped website that is ever-more consumer / media-focused, easy to navigate, and visually pleasing – over time, explore building on this with a social media presence

- Phase 1: We are revamping our publicly facing website and changing our look and feel to make it more consumer friendly, with a target date for internal review of June 2017 and a public release in the Fall of 2017
- Phase 2: We could make a series of ongoing enhancements in the new more-friendly WordPress environment, over time, including videos and tools



Attract More Associates →

Sell the benefits of this new Value Proposition to drive an increase in the number of Associates joining CAFII



Develop a Certification Program →

Development of a certification program for member staff who sell creditors group / incidental insurance products and services, with the potential for a new revenue stream for CAFII

- Intelligence gathering – what sorts of programs are available, how were they developed, what resources were required
- Strategic options around types of certification programs we could develop, time commitment to make it happen, associated expenses
- Once all options in place, develop a business and implementation plan, including identifying partners who we could work with in developing the program

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What We Did with these Options



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First, We Explored “Where Are We?” as an Association?

Focus on Regulator and
Policy-Maker
Relationship-Building,
Communications, and
Advocacy



Limited Research and
Public Relations



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Then we Asked “Where Do We Want to Go?”

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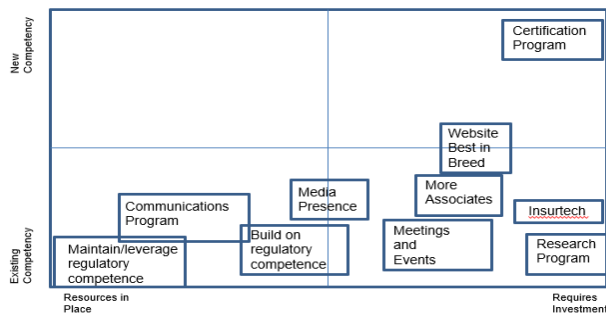
To Explore this Question, We Reviewed Possible Strategic Options

| | | |
|--------------------------|------------------------------------------------------------------------------------------------|----------------------|
| <input type="checkbox"/> | Maintain strength in regulatory affairs | <input type="text"/> |
| <input type="checkbox"/> | Develop new products and services in the regulatory sphere | <input type="text"/> |
| <input type="checkbox"/> | Develop a significant new research stream | <input type="text"/> |
| <input type="checkbox"/> | Hold more meetings, symposia, workshops to showcase our research | <input type="text"/> |
| <input type="checkbox"/> | Develop a proactive media relations program | <input type="text"/> |
| <input type="checkbox"/> | Develop our capacity in understanding Insurtech by partnering with organizations in this space | <input type="text"/> |
| <input type="checkbox"/> | Continue to invest in our website | <input type="text"/> |
| <input type="checkbox"/> | Enhance the Value Proposition for Associates | <input type="text"/> |
| <input type="checkbox"/> | Develop a Certification Program | <input type="text"/> |

We Also Asked “How Do We Get There?”

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To Understand “How Do We Get There?” We Reviewed the Implications of the Strategic Options by Reviewing a Matrix of Development Challenges for Competencies and Resources



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How do We Get There?

We Identified Specific Initiatives we could Pursue—related to our existing regulatory focus



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How do We Get There?

We Identified Specific Initiatives we could Pursue—based on new initiatives



Prioritization Exercise



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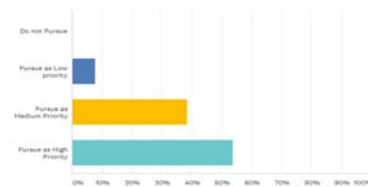
We Surveyed EOC Members to Prioritize the Initiatives

We asked EOC Members to Respond to the Strategic Options with a Choice—"Do not Pursue" "Pursue as a Low Priority" "Pursue as a Medium Priority" "Pursue as a High Priority"

Q4

Complement our response to current regulatory developments with proactive, long-term regulatory objectives that align with our long-term goals as an Association. (An example of a long-term goal could be increased regulatory standardization across different jurisdictions.)

Answered: 12 Skipped: 0



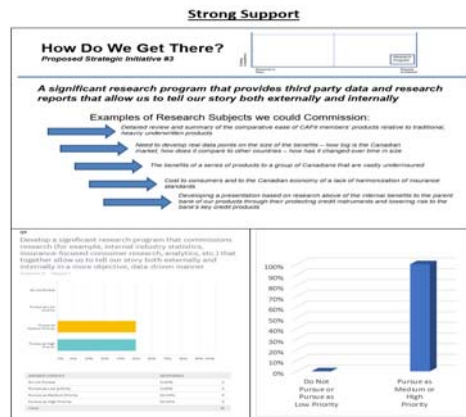
| ANSWER CHOICES | RESPONSES |
|---------------------------|-----------|
| Do not Pursue | 0.00% |
| Pursue as Low priority | 7.69% |
| Pursue as Medium Priority | 33.33% |
| Pursue as High Priority | 59.38% |
| TOTAL | 12 |



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We Surveyed EOC Members to Prioritize the Initiatives

We Discussed the Results at a portion of our July 2017 EOC Meeting, reviewing the Results in a Strategic Prioritization Exercise document



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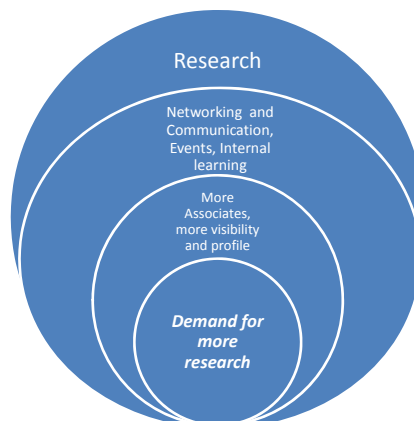
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We Were Not Mechanical in our Ordering of Priorities

We noted that prioritizing between options in the second and third quadrants is not mechanical—for example, expensive research is higher priority because it is a catalyst for other strategic initiatives like meetings, communication, more events, a better website, and an enhanced value proposition...



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We Applied Strategic Methodologies to our Analysis

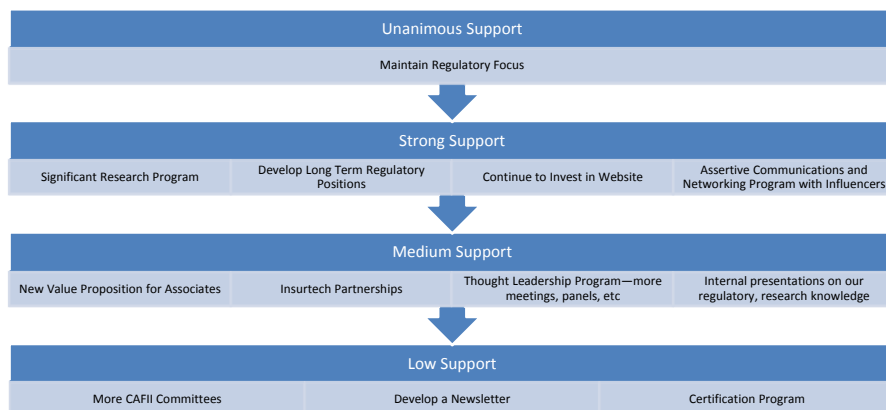
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We Noted the Sequencing Traditionally Associated with a Matrix for Competencies and Resources

| | | |
|---------------------|--------------------|-----------------------------------|
| New Competency | #2 Do Second | #4 Do Last... or not at all |
| | #1 Do First | #2 Do Second |
| Existing Competency | Resources in Place | Requires Investment |

Summary of the Survey Results

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Bundling and Prioritizing the Strategic Options



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Where there Was Clarity—Areas of Unanimous or High Support

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Where there Was Clarity—Areas of No Support

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Where there Was Less Clarity—Areas of Medium Support

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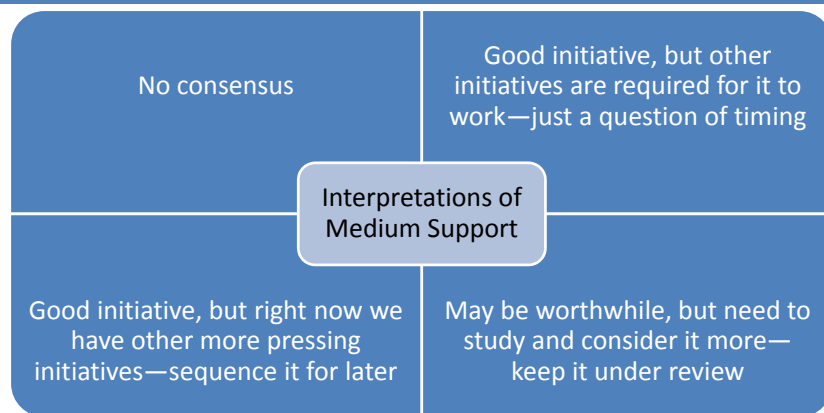


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There are Many Ways to Interpret Medium Support

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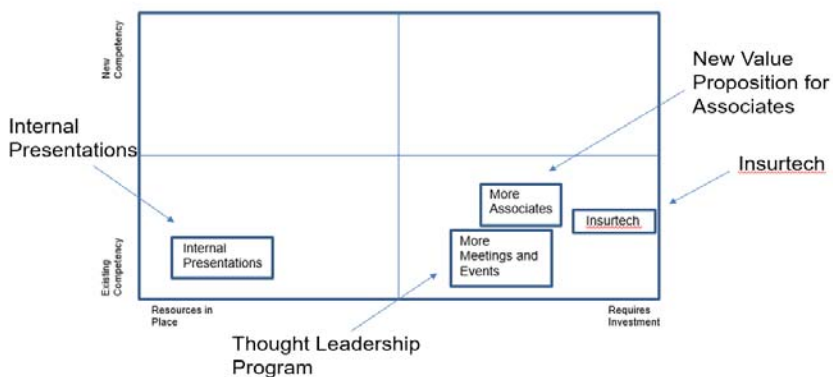


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Medium Support Initiatives Were Reviewed in the Matrix of Competencies and Resources

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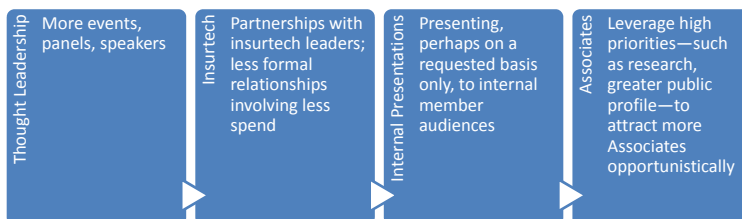


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We Needed to Determine an Approach to Medium Priorities

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Strategically remove them



Keep them but don't allocate budget to them



Keep them on a "watching brief" for later review, re-evaluation



Keep them and prioritize them, but behind high priorities



Sequence them to do later



Keep them only if they don't incur money, resources, time

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Strategic Options—Prioritization Core Statement

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The EOC Developed a Proposed Core Strategic Prioritization Statement

Core Statement

CAFII's **mission** remains the same:

CAFII will represent, promote and advance the interests of financial institutions in insurance and affiliated organizations. Its express goal is fostering an open and flexible marketplace that is efficient and effective and allows consumers an expanded choice in the purchase of insurance products and services. CAFII will work with other industry associations, where appropriate, to ensure public policy supports a legislative and regulatory environment that is healthy for future growth.

In support of this mission, CAFII's fundamental strategic priority will be to develop outstanding relationships and communications with insurance regulators and policy-makers across Canada. To promote this objective, we will meet in-person with representatives of these groups at least once every 18 months.

We will deepen these relationships by embarking on a significant research program that will provide us with interesting and relevant content to share, and which can gain us public profile. Our research program will dovetail with a proactive element to our regulatory focus through which we will seek to educate and influence key constituents about our long-term objectives.

Our research findings and our regulatory expertise will also serve as the foundation for an assertive communications and networking strategy through which we will meet on an ongoing basis with key influencers including policy-makers, senior bureaucrats, politicians, thought leaders, Association leaders, academics and others with whom we will share our research insights and key messages. As part of our efforts to increase our focus on and relevance to consumers and to heighten our public profile, we will continue to invest in the CAFII website and explore expanding and enhancing our media profile.

In addition to these strategic priorities there are other initiatives that CAFII will continue to promote, but as lower priorities. We will keep a watching brief on Insurtech, Technology Developments, Digitization, and Innovation, and on increasing our thought leadership through additional meetings and presentations in our areas of expertise. We will leverage our regulatory expertise and research with presentations to internal audiences within our membership; and we will explore ways to enhance the value proposition of being an Associate, with the objective of attracting more to join CAFII.

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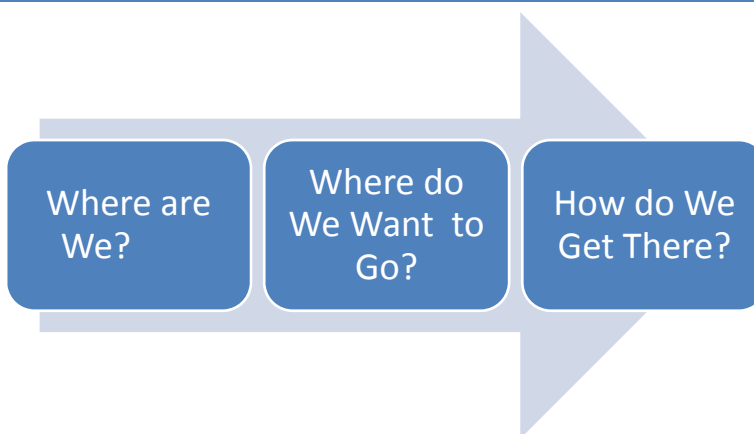
Where Things Stand

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We Utilized a Methodology around Current State and Future State

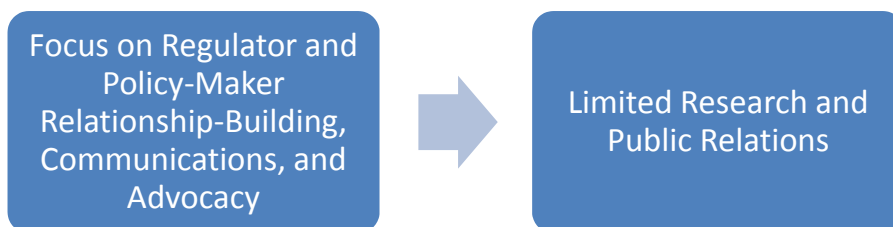


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We Agreed on “Where Are We?”



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We Agreed on “Where do we Want to Go?”

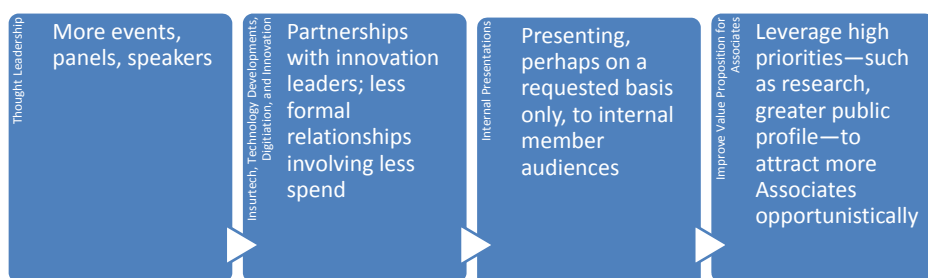


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We Discussed our Approach to Medium Priorities

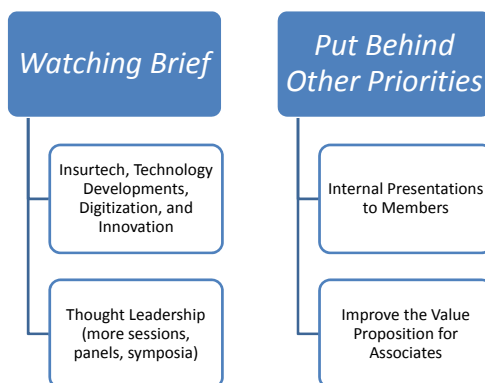


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We Agreed to Retain these Medium Priorities, but to Focus on Top Priorities

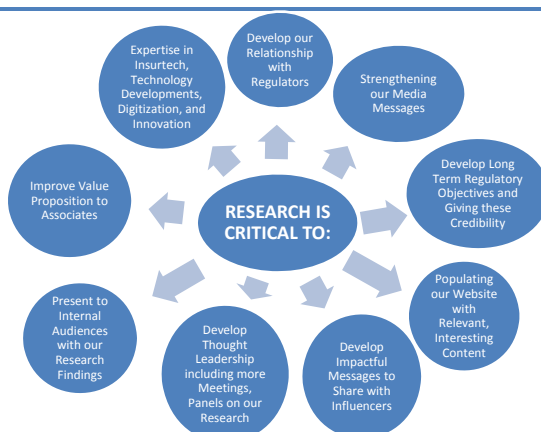


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A Key Observation: Research is a Foundation for the Success of the Strategy

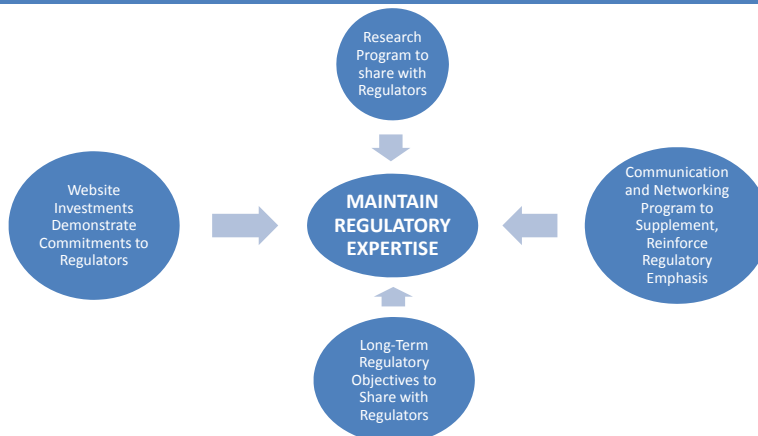


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We Noted that Areas of Strong Support Reinforce each Other



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Strategic Options—Budgetary Implications

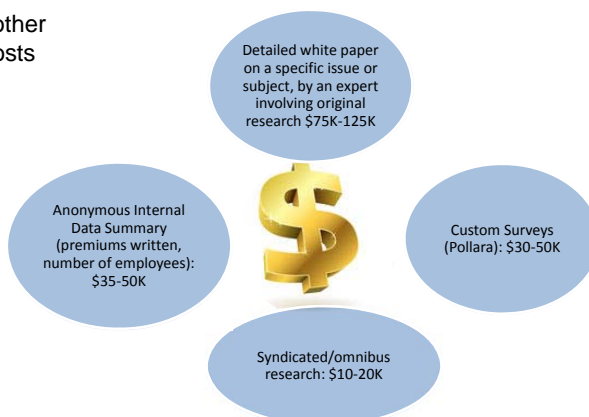
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The Largest Proposed Investment in the Strategic Plan is for Research

Partnered Research with other organizations can lower costs

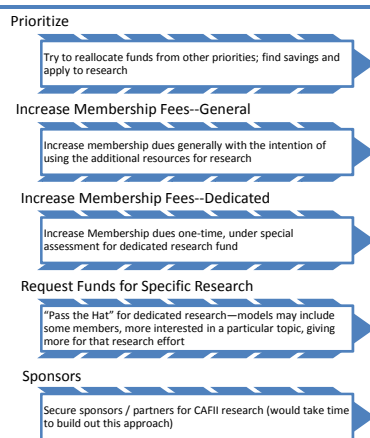


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We Explored Options to Find Additional Funds for Research



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We Examined 2018 Budgetary Implications of the Strategic Plan

| Priority | Budgetary Implication 2018 |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maintain Regulatory Expertise | Limited additional travel budget to support commitment to meet each regulator and policy-maker in-person at least once every 18 months |
| Significant Research Program | \$50K budget in 2017 to be expanded in 2018 |
| Developing Long-Term Proactive Regulatory Positions | Dovetail with research Should not have major budgetary implications |
| Continue to Invest in Website | \$35K budget in 2017 achieved much |
| Assertive Communications, Networking, Media Program | Minimal budgetary requirements Some investment possible in Media Training Refresher (\$2K - \$5K) If choose to participate as speakers in more conferences, speaking opportunities may require some budget allocation |
| New Value Proposition for Associates | Depends on strategic decision Can dovetail off existing research and other initiatives to make case to Associates with no additional budgetary implications Could reset Associate dues to attract more Associates – budgetary implications are mostly around potential new revenue |
| Insurtech Partnerships | Depends on strategic decision Could form more informal, ad hoc relationships More formal partnerships would involve a cost along a spectrum depending on how important a priority this is |
| Thought Leadership Program – more meetings, events | Depends on strategic decision More meetings would involve a cost along a spectrum depending on how many events, how large, how often Could involve staff / resourcing costs |
| Internal presentations to members based on our regulatory and research knowledge | Minimal budgetary implications Some travel costs if this was pursued with out of town members to enhance their value proposition (Quebec, Western based members) |

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An Initial Review was Conducted of Where we could Find Funds for Research

| | Budget | |
|----------------------------------------|------------------|---------------------------------------------------------------------------------|
| | Approved 2017 | Proposed 2018 Adjustments |
| Revenue | | |
| Membership Fees | 518,125 | |
| Interest Revenue | 250 | |
| TOTAL REVENUE | 559,375 | |
| Expenses | | |
| Management Fees | 500,125 | |
| CAFI Legal Fees/Corporate Governance | 7,000 | |
| Audit Fees | 14,500 | |
| Insurance | 15,500 | |
| Website (incl translation) | 31,700 | -15000 Should continue to invest in website but expense overall should go down |
| Telephone/Fax/Internet | 1,000 | |
| Postage/Courier | 175 | |
| Office Expenses | 3,300 | |
| Bank Charges | 40 | |
| Miscellaneous Expenses | - | |
| Amortization Expense | - | |
| Depreciation Computer/Office Equipment | 468 | |
| Board/EOC/AGM | | |
| Annual Members Luncheon | 11,200 | -3000 only spent \$10000 in 2017 |
| Board Meeting (External) | 15,000 | |
| Board/EOC/Meeting Expenses | 11,000 | |
| Industry Events | 2,000 | 3000 Anticipate more spend for thought leadership/conferences in 2018 |
| EOC Annual Luncheon | 2,200 | |
| Sub Total Board/EOC/AGM | 44,400 | |
| Provincial Regulatory Visits | 8,000 | 2000 Continued investment in this activity a 2018 priority |
| Research/Studies | 50,000 | |
| Regulatory Model(s) | 20,000 | -10000 Anticipate \$10000 may be sufficient |
| Federal Financial Reform | 2,000 | |
| Media Outreach | 20,000 | 25000 Annual fees for media consultant are \$45000 |
| Marketing/Collateral | 7,000 | |
| Technical Communications Strategy | | |
| Networking Events | | |
| Speaker Fees & Travel | 4,000 | |
| Gifts | 500 | |
| Sub Total Networking & Events | 4,500 | |
| 20th Anniversary Event | 27,685 | -27000 Not an expense in 2018 – could be reallocated |
| TOTAL EXPENSE | 752,643 | |
| | | -25000 We could free up \$25,000 for research bringing total budget to \$75,000 |
| NET INCOME | - 193,268 | |

| Budget Item | Adjustment |
|-------------------------|-----------------------------------------|
| Website | Reduce budget from \$33,700 by \$15,000 |
| Annual Members Luncheon | Reduce budget by \$3000 |
| Regulatory Models | Reduce budget by \$10,000 |
| 20th Anniversary Event | \$27,685 2017 Spend—Not a 2018 Expense |

What Comes Next?



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After Approval, a Business and Implementation Plan is Next

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*A successful
strategy requires
exquisite
execution*



Establish timelines for
the Strategic Objectives



Develop a Budget and
Implementation Plan



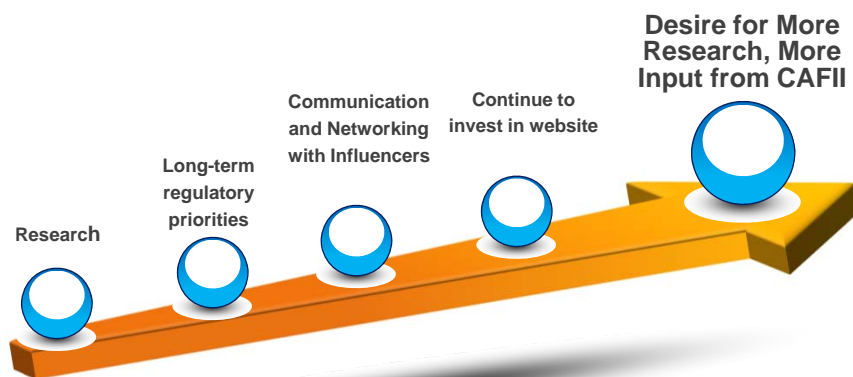
Establish Metrics to
Measure Success



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We will Develop Detailed Timelines and Goals with Measures



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Key CAFII Committees will be Critical to the Successful Implementation of the Strategy

| Research & Education Committee – Chaired by Diane Quigley, CUMIS / Co-operators Group | Media Advocacy Committee— Chaired by Charles Blaquiere, Valeyo | Licensing Efficiency Issues Committee – Chaired by Moira Gill, TD Insurance | Market Conduct Committee – Chaired by Rose Beckford, Scotiabank Financial |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Will be critical to recommending research priorities | Will be focused on our media strategy, website enhancements, and identifying key influencers to share our message with | Will play a key role in our long-term regulatory objectives and will input into research priorities | Our regulatory priority means a continued key role for this Committee, including input into research topics |
| This Committee focuses on: CAFII Value Proposition IAIS Core Principles Complaint Statistics Underserved Market Research | This Committee focuses on: Media Relations Public Advocacy Website | This Committee focuses on: LLQP Modernization Representation on Provincial Councils ISI Regime / Restricted Licensing | This Committee focuses on: Regulatory Submissions Distribution Guide E-Commerce Insurance Act & Related Legislative / Regulatory Reviews |



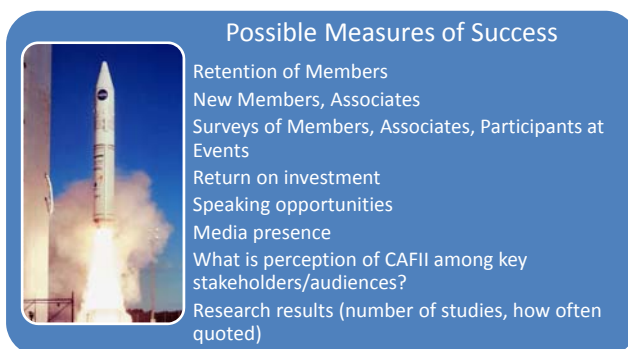
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How do we Measure Success after 6 / 12 / 18 Months? ...did we choose the Right Initiatives?

A successful execution requires measures

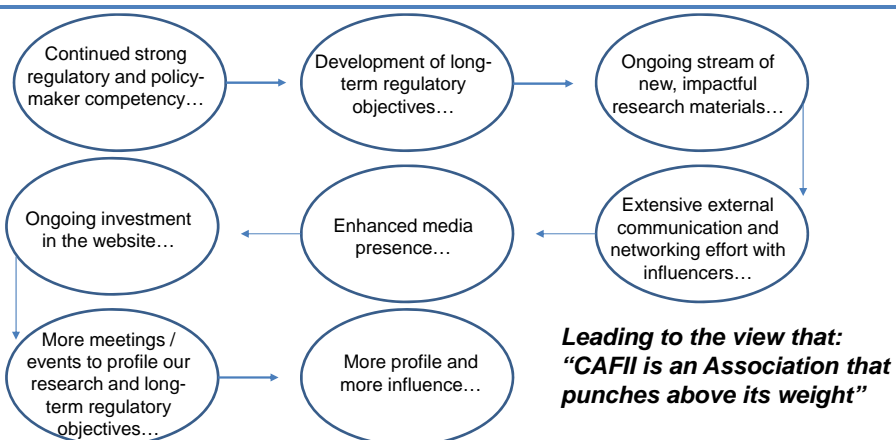


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If this Strategic Plan is Successful...What Might CAFII Look Like...in 2021?



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Thank You