

**CAFII Board Meeting Minutes**  
**Wednesday, April 10, 2013**  
**Action Items from the Meeting**

<b>Agenda Item</b>	<b>Action Item</b>	<b>Responsible</b>	<b>Deadline</b>
4. Board Minutes	<b>Action:</b> Action Items lead sheet to include columns for the party responsible and a proposed due date for each.	<b>L. Duigu</b>	<b>Ongoing</b>
6.3. Planned Regulator Meetings	<p><b>Action:</b> B. Wycks to contact AMF to arrange a summer meeting for a CAFII delegation with their staff executives.</p> <p><b>Action:</b> B. Wycks to liaise with Ron Fullan regarding the exact date of CISRO's next quarterly LLQP Stakeholder Information Session, with a view to determining whether a meeting with CAFII representatives could be arranged during his visit to Toronto at that time.</p> <p><b>Action:</b> B. Wycks to make contact with FCAC to see if we can provide them with any further information regarding CAFII member products.</p>	<p><b>B. Wycks</b></p> <p><b>B. Wycks</b></p> <p><b>B. Wycks</b></p>	<p><b>April 2013</b></p> <p><b>April 2013</b></p>
7.1. CAFII Project	<b>Action:</b> EOC to prepare a proposal regarding this project for approval at the June 11, 2013 Board meeting.	<b>EOC</b>	<b>June 11</b>
7.3.3. CAFII Communications Strategy	<b>Action:</b> MAC to work on reviewing the CAFII Communications Strategy and report back at the June 11, 2013 Board meeting.	<b>MAC</b>	<b>June 11</b>

**CAFII Board of Directors Meeting**  
**Wednesday, April 10, 2013**  
**Location: RBC Insurance**  
**Royal Bank Plaza,**  
**200 Bay St., 40<sup>th</sup> Floor, Main Lounge,**  
**Toronto, ON**

**Draft Minutes**

<b>Present:</b>	Dave Minor	TD Insurance	<i>Acting Chair</i>
	Rick Lancaster	CIBC Insurance	
	Isaac Sananes	Canadian Premier Life Insurance Co.	
	Linda Fiset	Desjardins Financial Security Life Assurance	
	Yvonne Ziomecki	AMEX Bank of Canada	
	Richard Hebert	National Bank Insurance Co.	
	Rino D'Onofrio	RBC Insurance	
	Bob Zanussi	Assurant Solutions	

<b>EOC Present:</b>	Andre Duval	Desjardins Financial Security Life Assurance	
	Wayne Eccles	TD Insurance	
	Maria Sanchez-Chung	TD Insurance	
	Charles Blaquiere	Canadian Premier Life Insurance Co.	
	Paul Yeung	RBC	
	Greg Grant	CIBC Insurance	
	Sue Manson	CIBC Insurance	
	Jennifer Hines	RBC Insurance	<i>Secretary</i>
	Moira Gill	TD Insurance	
	Sara Gelgor	ScotiaLife Financial	
	Rose Beckford	ScotiaLife Financial	
	John Lewsen	BMO Insurance	
	Emily Brown	BMO Insurance	
	Matthew Fabian	BMO Insurance	<i>Treasurer</i>

<b>Also Present:</b>	Brendan Wycks	CAFII	<i>Executive Director</i>
	Leya Duigu	T•O Corporate Services	<i>Recording Secretary</i>

<b>Regrets:</b>	Mark Cummings	ScotiaLife Financial
	Julia Barker-Merz	BMO Insurance

**1. Welcome and Call to Order**

The meeting was called to order at 2:05 p.m. D. Minor acted as Chair, J. Hines acted as Secretary, and L. Duigu acted as Recording Secretary.

## **2. Review of CAFII Competition Guidelines**

D. Minor 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 the CAFII Board's deliberations 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 circulated.**

## **4. Minutes**

### **4.1. Adoption of December 11, 2012 Board Meeting Minutes**

The Action Items were reviewed by J. Hines and an update provided on the status of each. It was noted that a summary cover page of action items had been added to the Minutes for ease of reference.

**Action:** Action Items lead sheet to include columns for the party responsible and a proposed due date for each.

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**The minutes of the meeting of the Board held on December 11, 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.**

## **5. Financial Update**

### **Adoption of February 2013 Financials**

M. Fabian, Treasurer, reported on the financials which were included in the meeting package. The bank balance is in a good position and membership fees are still coming in, so the balance is expected to be higher next month. Assets are looking healthy, liabilities are on track and we continue to have one GIC. We are close to 10% of budget and there isn't anything of note in the financials, as it is still early in the year.

In terms of membership dues, we received notification from the CFO of Swiss Re. that they will not be continuing their membership with the Association at this time. Therefore, membership revenue will be \$4800 less than anticipated; however, this shortfall will be more than offset by 15<sup>th</sup> Anniversary Celebration expenditures coming in at \$10K less than budgeted.

## **2012 Draft Audited Financial Statements**

M. Fabian, Treasurer, reported that we are making some minor formatting changes to the audited statements in light of the new Accounting Standards for Non-Profit Organizations, and are going to begin reporting on cash flows.

As far as KPMG is concerned, there are no financial issues or concerns at CAFII.

It was noted that there was one typo error in the audited statements with respect to the 2011 insurance premium paid, which would be corrected.

On motion duly made, seconded and unanimously carried

### **IT WAS RESOLVED that:**

The draft 2012 audited financial statements of the Association be and are hereby approved in the form amended.

## **6. Regulatory Update**

### **6.1. Regulatory Newsletter**

B. Wycks reviewed the regulatory newsletter with meeting attendees and discussion occurred as follows:

- CCIR – new development. CCIR's Agencies Regulation Committee (ARC) has issued an invitation for consultation around use and oversight of Third Party Administrators (TPAs) in various lines of insurance. They would like to arrange a preliminary teleconference on this issue that will help shape their review. The goal of the call is to help CCIR define the issue further. B. Wycks has confirmed to CCIR that CAFII would like to participate in this.
- CISRO LLQP Stakeholder Information Session on April 9, 2013. Fay Coleman from TD Insurance attended with B. Wycks. New Development – they've released an agent competency profile which can be found online. There is an opportunity to provide feedback on this and they already have 700 respondents to an online survey. Over 90% of respondents are favourable towards the competency profile. CISRO is open to submissions from industry associations and B. Wycks will be reviewing to see if this is appropriate.
- Global Federation of Insurance Associations (GFIA) was established in October 2012. CLHIA and IBC are its founding Canadian members. Membership is open to any insurance industry association that deals with national and/or international insurance regulators. B. Wycks has reached out to them to enquire about membership for CAFII.

B. Wycks has received a lot of good feedback from the EOC regarding the regulatory newsletter. The plan going forward is to produce:

- a. A Regulatory Newsletter for Board and EOC Members, with more fulsome information (monthly except July and August) in hard copy.
- b. A separate version of the Regulatory Newsletter for Regulators and Associate Members (condensed version of #1).

In addition, an Industry Issues and Trends e-newsletter is in the works for CAFII Board & EOC members. This will be sent monthly, with the exception of July and August. B. Wycks will be exercising his judgement in terms of timing and urgency of news items as they occur.

## **6.2. Report on Regulator Meetings**

### **6.2.1. February 14, 2013 Meeting with FSCO Re. Revised Disciplinary Procedures For Insurance Agents and Adjusters**

FSCO met with CAFII and CLHIA (B. Wycks and Rosemary Troiani of RBC Insurance) on February 14 to outline its plans for modernizing disciplinary procedures for insurance agents and adjusters in Ontario. The industry is now waiting for FSCO to release its formal consultation paper on the proposed changes – to be followed by a 30 day consultation period for industry submissions -- which has been delayed until FSCO can meet with new Finance Minister Charles Sousa to advise him of this consultation.

### **6.2.2. March 21, 2013 Meeting with FSCO re. Improving Response Times..**

G. Grant, J. Lewsen, J. Garvey (TD) and B. Wycks met with FSCO staff to discuss this. They would like to have 80% of complaints closed within 75 days and if they are able to do this they will be meeting their performance standard. They would like this new standard met by March 31, 2014 and would like the industry's co-operation and assistance in achieving it.

### **6.2.3. CCIR Invitation To Phone Consultation Re Third Party Administrators**

Covered under 6.1.

## **6.3. Planned Regulator Meetings**

Brendan Wycks reviewed this document briefly.

- BC – Meeting with Gerry Matier to be set up.
- Brendan was attempting to engage with some regulators while they are in town this week; however, he received polite declines as their schedules for the entire week are very full.
- Carolyn Rogers – plan is to have some volunteer leaders meet with her while in town. They are in Vancouver for the CLHIA Compliance Conference in early May. Meetings still to be confirmed.
- Joanne Abram- B. Wycks had a get acquainted chat with her yesterday at the CISRO LLQP Session. S. Gelgor, J. Lewsen and M. Gill are trying to arrange a meeting with her while everyone is in Vancouver for the CLHIA Conference.

- Mark Prefontaine – will be attending the CAFII 15<sup>th</sup> Anniversary event tonight with Phil Howell. P. Yeung was able to speak with Phil who will be bringing a few Superintendents with him tonight.
- SK. Ron Fullan is in town this week and B. Wycks spoke briefly with him on LLQP issues yesterday. He will be attending the CAFII 15th Anniversary event. A meeting with Ron needs to be arranged for this year.
- MB. Jim Scalena will be attending the CAFII 15th Anniversary event. Erin Pearson – a visit should be set-up either for when she is in town or when a board member is travelling to MB.
- ON. P. Howell will be attending the CAFII 15th Anniversary event this evening.

Regulatory Issue: Quebec's 2-page Distribution Guide (DG). In response to B. Wycks' email to Eric Stevenson, a response was received from Stephane Langlois. It appears that Eric has delegated the DG file to Stephane and Louise Gauthier. B. Wycks has proposed a teleconference meeting for those two AMF staff members with CAFII's Distribution and Market Conduct Committee, augmented by other interested EOC members, for next Tuesday, April 16, and we are awaiting Stephane Langlois' response.

AMF – M. Gill noted that CAFII members have scheduled a regular meeting in the summer with the AMF to touch base with them. They have expressed an appreciation for these meetings and CAFII should arrange another meeting this year. There has been a fair bit of senior staff turnover there recently, and it would be highly beneficial for a delegation of CAFII representatives to attend a meeting in Quebec City. Mario Albert, AMF's CEO, has been very accommodating over the last few years and the dialogue has been very cordial and open.

Further feedback was received from CCIR that there was a perception that regulators not be perceived as being too close to industry. They also appreciate meetings being held internally within a bank rather than publicly.

Atlantic Task Force on ISI – this has been a standard item for some time on the Regulator Visits Plan. M. Gill noted that it was announced a number of years ago but we haven't heard anything since.

Atlantic Provinces – it would be ideal to arrange some visits to these provinces this year. Board members were asked if they could be available to conduct a visit to this area and to let B. Wycks know if they can and when. A few date options will be put forward and Board members will be asked to respond with their availability. Dave Minor noted that we have been doing lots of good work in covering our various jurisdictions and it would be a shame to let something fall through the cracks and be surprised by an issue.

Saskatchewan – a direct meeting with Ron Fullan in the near future is important, either in Saskatchewan or when he is visiting Toronto.

**Action:** B. Wycks to contact AMF to arrange a summer meeting for a CAFII delegation with their staff executives.

**Action:** B. Wycks to liaise with Ron Fullan regarding the exact date of CISRO's next quarterly LLQP Stakeholder Information Session, with a view to determining whether a meeting with CAFII representatives could be arranged during his visit to Toronto at that time.

OSFI – there is no particular plan to visit with them at this point.

Financial Consumer Agency of Canada -- Educational sessions were conducted with FCAC by Moira Gill, John Lewsen and Maria Sanchez-Chung. CAFII initiated the first one and was asked to attend a second. It would be good to do another visit with the FCAC. Of note is the brochure that was on their website over a year ago, which we found by chance and which contained incorrect information. Engaging them more will ensure that we are aware of any issues that arise which will affect us.

**Action:** B. Wycks to make contact with FCAC to see if we can provide them with any further information regarding CAFII member products.

Consumers Council of Canada. B. Wycks knows Ken Whitehurst, the Executive Director there, and it was noted that Leslie Byrnes (CLHIA) is on the advisory board to this organization on behalf of CLHIA.

Consumers Association of Canada. B. Wycks noted that Bruce Cran of Vancouver is the head of this organization. While Brendan, as Executive Director of the Marketing Research and Intelligence Association, has had adversarial exchanges with Mr. Cran, it was observed that he has been reasonably helpful to CAFII in the past.

Rick Lancaster reported observed that, in his opinion, it is becoming increasingly important for CAFII to cultivate beneficial relationships with industry and consumer organizations, in addition to regulators. Regulator relationships are long-term and move relatively slowly, but industry changes, etc. occur quickly. Having cordial, communicative relationships with industry and consumer organizations will ensure that we are at least in the loop when such changes are imminent.

## **7. Committee Reports on Addressing CAFII Priorities**

### **7.1. Distribution & Market Conduct Committee**

B. Wycks briefly summarized the preparatory meeting for this Board meeting, in which Board Chair Mark Cummings had provided the following advice: the Board hasn't yet had an opportunity to have a thorough discussion on the CAFII Project, and it would therefore be premature to have the Board make a decision at the April 10 meeting on how to wrap up the project. Instead, a discussion should be held in order to draw out the different perspectives of Board members. Based on that input, the EOC can take the feedback and develop a final proposal for approval at the June 11 Board meeting.

#### **7.1.1. CAFII Project**

The CAFII project was discussed and it was agreed that the EOC shall prepare a proposal for approval at the June 11, 2013 Board meeting.

**Action:** EOC to prepare a proposal regarding this project for approval at the June 11, 2013 Board meeting.

## **7.2. Licensing Efficiency Issues Committee**

### **7.2.1. CLHIA Restricted Insurance Agency Licensing In SK Advisory Committee**

Moira Gill recapped the Licensing Efficiency Issues Committee's work on developing a proposal for representation of restricted insurance agency licensees with the Insurance Councils of Saskatchewan. The committee had engaged a legal firm to assist in this work. The committee had reviewed an initial draft and was now close to finalizing a polished proposal.

However, there had been an 11<sup>th</sup> hour change, in that CLHIA had recently decided to become engaged in this process. There is now a CLHIA Advisory Committee working to make a recommendation on this issue. Moira and Jennifer Hines are sitting on the CLHIA Advisory Committee, representing distributors.

CAFII has been involved in this matter for some time and Moira therefore was not at liberty to divulge our position to the CLHIA committee, given that CAFII has invested in advice from legal counsel.

It is Moira's recommendation that CAFII will and CLHIA should proceed independently and make separate submissions to Saskatchewan, which was supported by the Board. Sara Gelgor noted that there is a precedent on another issue in which both organizations worked independently.

Moira has communicated to CLHIA, CAFII's position in favour of separate submissions to Saskatchewan. Having the benefit of chairing CAFII's LEIC and being at the CLHIA Advisory Committee table, she noted that the proposals being developed by the two organizations are not at cross-purposes and do not undermine each other.

## **7.3. Media & Advocacy Committee**

### **7.3.1. Next CAFII Webinar for CCIR**

B. Wycks reported that work on this is coming along very well. A teleconference on March 28 involving Debbie Dimoff and Davis Yoo of PwC, Carol Shevlin of CCIR, Jennifer Hines and himself – in which PwC's content outline for the webinar was reviewed – had been very productive.

Timing: Carol Shevlin is currently canvassing CCIR members on Thursday, May 30 and Friday, May 31 date/time possibilities for this webinar.

### **7.3.2. CAFII Logo Redesign & Rebranding**



B. Wycks reported that this initiative is coming along quite well. He and L. Duigu have provided feedback to designer Chrissy Aitchison on her initial concepts, and we are moving toward presenting some three logo options at the next EOC meeting. This initiative will also include rebranding of newsletters, emails, regulator submissions, letterhead and envelopes.

J. Lewsen noted that the goal is to create a standard look and feel for anything we put out on behalf of CAFII.

### **7.3.3. CAFII Communications Strategy**

B. Wycks has had an opportunity to review the Communications Strategy created by Richard Evans for the Board in 2012.

His feedback on that Communications Strategy is that based on where CAFII is today and as per member reactions to recent media communications opportunities, a “reactive but prepared” approach to media and public communication; and a concentration on proactive relationship-building and communications with regulators is appropriate for the Association at this time.

In Board discussion of this issue, the following observations were made:

Rick Lancaster noted that CAFII’s communications focus has been on regulators and that should be continued. However, he has recently come to the view that we may get blind-sided via social media and on the consumer side. As a first step, CAFII should do more relationship-building and advocacy with consumer-oriented associations with the goal of identifying high risk areas.

Dave Minor noted that a common communications used by CAFII member FIs is to use consumer polls to inform and create media and public communication opportunities. This can be used by CAFII as a basis for entering engaging with the media. This can be strategic in focus and relatively neutral in content, and is a great vehicle for getting messages out there. The main expense is in commissioning the polls.

Paul Yeung advised that there is an inherent risk whenever CAFII or its members communicate proactively about their products or business. For every positive argument that can be made on creditor insurance, a negative argument exists as well. The risk versus reward of doing anything proactive needs to be debated. Social media is here and perhaps having a strategy with respect to it is a good idea. Before embarking on a proactive strategy, we need to be cognizant of the risk.

Yvonne Ziomecki indicated that she supports Dave Minor’s suggestion of using surveys to generate positive, low risk communication opportunities – which can stay high level and not be product-specific. In terms of social media, we don’t necessarily have six hours to respond; so there should be someone available to respond right away.

Dave Minor advised that for every decision we make in terms of external communication, whether proactive or reactive, we should go in with our eyes wide open on the risk. We need to be selective in terms of the issues and scenarios we are willing to go public on.

Greg Grant noted that we should also ensure that regulators have all the necessary collateral and information at their disposal to be able to respond to media inquiries that come to them about creditor insurance and other CAFII members' products.

Jennifer Hines indicated that Board Chair Mark Cummings had stated that CAFII should have a comprehensive, focused Communications Strategy document that will be used to inform our actions and decisions going forward.

**Action:** MAC to work on reviewing the CAFII Communications Strategy and report back at the June 11, 2013 Board meeting.

#### **7.4. Networking & Eventing Hosting Committee**

##### **7.4.1. CAFII 15th Anniversary.**

P. Yeung thanked B. Wycks and L. Duigu for all their work on the 15<sup>th</sup> Anniversary Celebration. There are approximately 90 attendees coming tonight. We have Benoit Huot, a Canadian Paralympic swimmer and 19-time medallist, as our guest presenter; and our entertainment is a quartet from the Royal Conservatory of Music.

B. Wycks circulated a briefing document regarding our issues with regulators at this time. He also assigned each Board and EOC member a role as "host" to a regulator guest this evening.

##### **7.4.2. June 11, 2013 Regulator Reception Event.**

B. Wycks reported we have booked a speaker for the next meeting, Doug McPhie, Ernst & Young's Canadian Insurance Practice Leader, who will be speaking on E&Y's 2013 Life Insurance Outlook.

#### **8. Other Business**

No other business was raised or discussed.

#### **9. Termination**

On motion duly made, seconded and unanimously carried

#### **IT WAS RESOLVED that:**

The meeting be terminated at 4:40 p.m; and that the next meeting of the Board is to be held on Tuesday, June 11, 2013 in Toronto, hosted by CIBC Insurance.