



CAFII Board of Directors Meeting Minutes
Tuesday, June 19, 2012
Domaine Cataraqui
2141, chemin Saint-Louis
Quebec, QC G1T 1P9

Present: Keith Demmings, Assurant Solutions *Vice Chair*
Linda Fiset, Desjardins Financial Security Life Assurance Company
Cathy Honor, RBC Insurance Services Inc. *Chair*
Richard Hébert, National Bank Insurance Co.
David Minor, TD Insurance

EOC Present: Charles Blaquerie, Canadian Premier Life Insurance
Andre Duval, Desjardins Financial Security Life Assurance Company
Matthew Fabian, BMO Insurance *Treasurer*
Sara Gelgor, ScotiaLife Financial
Moira Gill, TD Insurance (*teleconference*)
Jeff Gladwish, AMEX Bank of Canada
Greg Grant, CIBC Insurance
Jennifer Hines, RBC Insurance Services
John Lewsen, BMO Insurance *Secretary*
John Poolman, Assurant Solutions
Paul Yeung, RBC
Sue Manson, CIBC Insurance (*teleconference*)

Regrets: Julie Barker-Merz, BMO Insurance
Emily Brown, BMO Insurance
Mark Cummings, ScotiaLife Financial
Wayne Eccles, TD Insurance
Rick Lancaster, CIBC Insurance
Isaac Sananes, Canadian Premier Life Insurance
Maria Sanchez-Chung, TD Insurance
Yvonne Ziomecki, AMEX Bank of Canada

Also: Leya Duigu, T•O Corporate Services *Recording Secretary*
Richard Evans, Media Relations CAFII (*teleconference*)
Anne Riley, Lawrie Savage and Associates

1. Call to Order

The meeting was called to order at 1:20 pm. C. Honor acted as chair, J. Lewsen acted as secretary and L. Duigu acted as recording secretary.

2. Discussion with AMF Representatives

Members of the AMF were welcomed to the meeting. P. Dery provided opening remarks and distributed handout. Their overall goal is appropriate consumer disclosure, while balancing the interests of various stakeholders. To date they have appreciated the support received from industry.

Internet. There were two consultations done recently in May by the AMF and CCIR. They noted that there appear to be very polarised views on this issues and are looking to achieve more clarity on this issue. Some feel a licensed representative must be involved at some point in the process whereas others believing the sale can be fully completed over the internet. Regardless of channel the consumer protection must be of a similar level. They anticipate this file should progress quickly (next 6-12 months) but this is dependant on priorities that arise.

Guideline on Commercial Practices. They are waiting on comments from the government and it was felt that this guideline is not a priority right now. International pressures are a component of this and they believe that most international standards are fulfilled.

Trade Agreement. This is a large agreement that was signed in September 2009, in which there is a whole chapter on the financial sector. P. Dery outlined what was agreed to as it was listed in their presentation. Work plans are being finalized and implementation is due to start this year. They weren't able to make any announcements today however there will be an announcement in the coming months.

Financial Education. There are many concerns in this area, in particular that knowledge is not always linked to responsible behaviour. This is the main topic of the education campaign that was aired last spring which encouraged consumers to ask themselves some basic questions in order to become more informed about the process. They are interested in improving behaviour and this is part of their strategic plan. The survey was a tool used to help them become informed about regulating this area.

The AMF wishes to identify ways of working effectively with industry. We all have a common goal of improving consumer literacy, to which CAFII offered its assistance.

3. 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.

4. Approval of Agenda

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

The agenda be approved as presented.

5. New Members & Appointments

5.1. Appointment of Executive Director

The Board of Directors held an in-camera discussion prior to the meeting to review the evolution of the CAFII organizational structure given the current external environment, combined with changes that are occurring within CAFII (recent resignation of A. Riley from Lawrie Savage & Associates, and the appointment of a new Secretary & EOC Chair). A recommendation was made to create an Executive Director role

The Communications Sub Committee was tasked to finalize an Executive Director mandate, post the position and commence a candidate search.

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

An Executive Director role be created and filled and the communications committee will draft and finalize the mandate for this role.

5.2. Appointment of Secretary & EOC Chair

A recommendation is being put forward, to break precedent, and nominate Jennifer Hines of RBC Insurance as the next Secretary.

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

J. Hines be appointed as Secretary for the term until the June 2014 Annual General Meeting.

It was further noted that it shall not be a regular precedent to have the Chair and Secretary from the same institution.

6. Minutes

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

The minutes of the meeting of the board held on April 10, 2012 be adopted as amended, and that a copy of these minutes be signed and placed in the minute book of the Corporation.

7. Financial Update

7.1. April Financials

M. Fabian reported that we are well within the reserve policy and have only one cashable GIC that has been reinvested recently and will appear in the next financials. The statement of operations features a new column showing the balance as of this time last year and the % used of the previous budget. At this time all members have paid except for, CIT and Ecklar, who have resigned from the association.

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

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

7.2. Audited Financial Statements

The audited financial statements were circulated via email for review. Board members were thanked for approving the financials again via email and overall nothing stood out during the audit

8. Regulatory Update

8.1. Lawrie Savage Report

A. Riley presented the regulatory updated included in the meeting materials and additional discussion occurred as follows:

- US Discover Card. Lawsuits are underway and the consumer financial protection bureau has been called in. This issues can be linked to the treating customers fairly movement and include a number of other issues that would be of interest to CAFII members.

8.2. Regulator Meetings

- Atlantic meetings. Members were reminded to consider incorporating a regulator visit in their travel schedules, in particular the Atlantic provinces.

8.3. Reports on Regulator Meetings

8.3.1. AB Council

M. Gill reported that a meeting was held with the AB Insurance Council during a trip to Montreal for the CLHIA conference.

8.3.2. AMF

J. Lewsen reported that a meeting was held with members of the AMF during the CLHIA conference as well and meeting notes were available in today's package.

8.3.3. CCIR

J. Hines, G. Grant and A. Riley met with Carol Shevlin recently for their annual lunch and update. A replacement for D. Boulet as Chair had not yet been identified. They will be issuing the credit score findings paper soon, FSCO decided not to proceed with the ISI Surveys and the webinars will be discussed below.

Action: A. Riley to confirm that they won't be proceeding with the surveys.

9. Committee Reports on addressing CAFII Priorities

9.1. Distribution and Market Conduct Policy Committee

9.1.1. Proposed Education Curriculum

A one-page document of possible webinar topics was provided to C. Shevlin who will follow-up with regulators across the country to solicit interest on the initial topic. The concept was very well received and we anticipate scheduling the first webinar towards the end of the summer.

9.1.2. UK PPI

While the initial intent was to focus on mortgage and card creditor insurance, a subsequent decision was made to focus on card creditor insurance only. S. Manson provided a summary of a draft survey by section noting that the focus was based on key points taken from the UK PPI issues, as well as perceived areas of potential vulnerability. J. Poolman reported that two legal firms have been consulted and provided a summary of the proposals received.

Next Steps: At this time the committee would like to seek agreement on representation and bring forward the timing, so the survey can be released in August, based on the input received from legal counsel.

Decision: Members of the board were satisfied with the information presented and with delegating the decision of selecting a law firm to the EOC. It was also noted that all members were interested in participating in the survey.

Budget: The EOC shall review the budget with the goal of reallocating expenses to cover this initiative. The board is in agreement with this additional spending, subject to earmarking approximately \$35K from the existing budget to fund the project.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Committee continue to review and develop the PPI survey project and the board approves spending up to \$35K for external legal counsel for legal advice regarding it.

EOC members shall commit to follow up with their board members regarding the survey.

Action: EOC members shall brief their board members on the survey, discuss concerns and questions and report back at the next EOC meeting.

9.2. Media and Advocacy Strategy Committee

9.2.1. Communications Strategy

J. Lewsen and S. Gelgor reported on the committee's follow-up items from the previous meeting including the media kit, which is being developed with a focus on regulators rather than media. This was discussed with the board communications committee. The website is now live and the members only area is much improved with greater access to materials. Related to this is a recommendation to start providing testimonials on the website and members of the board were asked to see if they have any testimonials available, which we will seek the relevant permissions to display on the CAFII web site. During the committee discussion it was suggested that a CAFII tag line be developed that can encapsulate what CAFII is and this can become our brand. In addition soft marketing tools such as pens and mouse pads shall be ordered for use when visiting regulators. A CAFII brochure can also be developed providing an overview of CAFII, what we do, key messages, testimonials and contact information, in both English and French.

The website currently displays information only about creditor and it was suggested that content be developed for alternate distribution as this is another area of focus for CAFII members companies.

9.3. Licensing Efficiency Issues Committee

M. Gill reported that since the last meeting the committee has been focusing on licensing and representation on council. The purpose of this presentation is to work through the approaches and recommendations. An update was included in the meeting package and it was noted that this is an ideal time to engage Manitoba. The licensing committee is seeking agreement from members of the board as follows:

- a. Engage Manitoba to discuss implementing concepts 3, 4 or 5 outlined in the document. If agreed a face-to-face meeting shall be requested with MB, a law firm will be engaged to refine the possible models and updates will be communicated with the Board and EOC as they become available for further discussion and approval as required.

- b. Preliminary discussions will be held with Alberta and Saskatchewan on the same concepts.

The board discussed the concepts presented and the committee was commended on their work so far. The board supports this initiative and agrees to proceeding as outlined.

9.4. Networking and Event Hosting Committee

P. Yeung reported that the committee is working on securing a speaker for the next event on October 9 including Julie Dickson or John Collins from AMEX. The next board meeting will be held in December. While we don't typically have a speaker at this time, given this year mark's CAFII's 15th Anniversary consideration should be given to recognizing this milestone.

10. Other Business

10.1. New Canadian Not-for-Profit Corporations Act

CAFII has been notified by its suppliers (T·O Corporate Services and Faskens) that a new Canada Not-for-Profit Corporations Act came into force in October 2011. As a result all federally incorporated not-for-profit organizations are required to transition under the new legislation by October 2014, including CAFII. J. Lewsen reported that support can be provided by T·O Corporate Services and Faskens to complete this process. At this time they would like to seek quotes from both for the work. Members suggested that this work be combined with the proposed restructuring and creation of the ED position.

Volunteers: S. Gelgor and J. Lewsen.

11. Termination

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

The meeting be terminated at 4:45 pm. The next meeting of the board is on Tuesday, October 9, 2012 in Toronto , hosted by TD Insurance. Motion passed.

Date

Chair

Recording Secretary