

COVERING MEMO & RESOLUTION REGARDING

BOARD AGENDA ITEM 5.3: Approval of By-Law 2014-5A

Purpose: To approve By-Law 2014-5A and in effect remove the non-voting class of Associate Members.

Reasoning:

- Under new CNCA, non-voting members will have voting rights extended to them in the case of certain fundamental decisions, ie. certain amendments to membership classes;
- EOC does not believe the CAFII board wishes to extend such voting rights to Associate Members;
- This change is consistent with current practice;
- These corporations will be redefined as Associates, and defined in a corporate policy outlining terms of recognition, etc;
- This change is recommended as part of CAFII's transition to the new *Canada Not-for-profit Corporations Act*.

RESOLUTION TO BE PASSED:

RESOLVED that:

1. *By-law 2014-5A, being a by-law to amend By-law 2009-5, be and the same is hereby approved;*
2. *By-law 2014-5A shall be submitted to the Foundation Members for confirmation;*
3. *subject to the confirmation of By-law 2014-5A by the Foundation Members of the Corporation, the Chair and Secretary of the Corporation (the "Authorized Signatories") be and are hereby authorized and directed to do, execute and perform all acts, documents and instruments necessary or desirable to give full force and effect to the foregoing, including without limitation the execution and delivery to Industry Canada of By-law 2014-5A; and*
4. *the Authorized Signatories be and are hereby authorized and directed to make such technical changes in By-law 2014-5A as may be required by Industry Canada, with no further recourse to the board or members to approve or confirm such changes, and any such amendments made by such Authorized Signatories shall be conclusive evidence of the need to make such amendments and are hereby ratified, sanctioned and approved.*

BY-LAW NO. 2014-5A

BEING A BY-LAW TO AMEND BY-LAW NO. 2009-5 OF THE CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE/ ASSOCIATION CANADIENNE DES INSTITUTIONS FINANCIÈRES EN ASSURANCE (CAFII) (THE "CORPORATION")

Upon and subject to obtaining the approval of the Minister of Industry, By-law 2009-5 of the Corporation is hereby amended as follows:

- 1) Article 1.01's definition of "Associate Members" is hereby deleted.
- 2) Article 9.02 is hereby deleted and replaced by the following:

9.02 Classes of Members

There shall be two classes of members of the Corporation: Foundation Members and Regular Members.

- (a) The Foundation Members shall consist of entities that are controlled by a bank as that term is defined in the *Bank Act* (Canada), and shall be, as of the date that this by-law comes into force, RBC Insurance Holdings Inc., CIBC Life Insurance Company Limited, Toronto Dominion Life Insurance Company, Scotia Life Insurance Company, Bank of Montreal Insurance Company, and National Bank Life Insurance Company, and their successors as well as such other qualified entities whose applications for admission as Foundation Members have been accepted by at least a two-thirds (2/3) majority of the directors in office nominated by the Foundation Members or their successors. If there is a change in control of a Foundation Member such that it is no longer controlled by a bank, the Foundation Member shall be deemed to be a Regular Member as of the date of the change in control of that member, and that member may be removed as a Regular Member pursuant to section 9.06. Each Foundation Member or its successor shall be entitled to receive notice of all meetings of the members, to be represented at and to vote at all meetings of members and, in addition, shall have the specific voting rights set out in this by-law, and shall be entitled to nominate and have elected one director of the Corporation.
- (b) The Regular Members shall consist of such other corporations, partnerships or other entities that have an interest in furthering the objects of the Corporation and whose applications for admission as Regular Members have been accepted by the board and shall be, as of the date that this by-law comes into force, Canadian Premier Life Insurance Company, Assurant Solutions and Desjardins Financial Security Life Assurance Company. If there is a change in control of a Regular Member, the Regular Member may be removed as a Regular Member pursuant to section 9.06. Regular Members shall be entitled to receive notice of all meetings of members, to be represented at, to vote at all meetings of members, except on matters that are expressly reserved to the Foundation Members, and each Regular Member shall be entitled to nominate and have elected one director of the Corporation.

3) Article 9.02.1 is added as follows:

On this by-law coming into force and effect, all existing Associate Members of the Corporation immediately prior to such time will automatically be deemed to be “Associates” and shall continue to be Associates until they withdraw, are removed or otherwise cease to qualify as an Associate pursuant to any Associate Policy that may be adopted by the board. For greater certainty, Associates are not a class of membership in the Corporation.

4) The term “Voting Member” shall be replaced with “Regular Member” throughout.

5) The term “Associate Member” shall be replaced with “Associate” throughout.

MADE by the board on the <@> day of <@>, 2014.

<@>, Chair

<@>, Secretary

CONFIRMED by the Foundation Members on the <@> day of <@>, 2014.

<@>, Chair

<@>, Secretary

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