



CAFII Board of Directors Meeting Minutes
Tuesday, April 10, 2012
The CARLU
444 Yonge St., 7th Floor, Clipper Room
Toronto, ON M5B 2H4

Present: Mark Cummings, ScotiaLife Financial
Keith Demmings, Assurant Solutions *Vice Chair*
Gordon Henderson, BMO Insurance
Cathy Honor, RBC Insurance Services Inc. *Chair*
Richard Hébert, National Bank Insurance Co.
Rick Lancaster, CIBC Insurance
David Minor, TD Insurance
Isaac Sananes, Canadian Premier Life Insurance
Yvonne Ziomecki, AMEX Bank of Canada

EOC Present: Emily Brown, BMO Insurance
Andre Duval, Desjardins Financial Security Life Assurance Company
Matthew Fabian, BMO Insurance *Treasurer*
Sara Gelgor, ScotiaLife Financial
Moirra Gill, TD Insurance
Greg Grant, CIBC Insurance
Jennifer Hines, RBC Insurance Services
John Lewsen, BMO Insurance *Secretary*
Charles Blaquerie, Canadian Premier Life Insurance
John Poolman, Assurant Solutions
Maria Sanchez-Chung, TD Insurance
Paul Yeung, RBC
Sue Manson, CIBC Insurance

Regrets: Wayne Eccles, TD Insurance
Linda Fiset, Desjardins Financial Security Life Assurance Company

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

1. Call to Order

The meeting was called to order at 2:05 pm. C. Honor acted as chair, J. Lewsen 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. Minutes

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

The minutes of the meeting of the board held on December 13, 2011 be adopted as amended, and that a copy of these minutes be signed and placed in the minute book of the Corporation.

5. Financial Update

5.1. February Financials

M Fabian reported that we are well within our reserve methodology of a minimum of 25% of budget and maximum not exceeding budget. There is a GIC maturing in May and the EOC will address this at their next meeting in April. We are currently at 11% of our budget with no surprises in spending. Almost all members have paid their fees and for those that haven't we have been assured their payments are forthcoming.

2011 Audit

KPMG is once again working with us on the audit. This year we are working with a new team and therefore the process is taking a little longer than normal. The audited financial statements will need to be approved prior to the June meeting, similar to last year, and will therefore be circulated to the Board via email and we will be seeking 100% approval in order to proceed. The initial findings indicate that everything is fine and next year we will endeavour to present the financials in the spring meeting for approval.

During the discussion the following points were made: generally we do not accrue on the financials as the statement of operations indicates spending to date. The board requested the addition of the previous years spending to compare with this year going forward.

Action: The financial statements are to be amended to include the previous year's spending.

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

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

6. Regulatory Update

6.1. Lawrie Savage Report

A. Riley indicated that the report has been divided into two part CAFII Response and Update Only sections. Additional discussion occurred as follows:

- OSFI. Will be releasing a strategic plan and there is currently no indication of what this will include.

Action: A. Riley to make preliminary enquiries with OSFI regarding their strategic plan.

- Quebec. D. Boulet indicated during her December remarks that a Commercial Practices Guideline will be coming out around now, however to date nothing has been released.

DWR. The information is presently being discussed with insurers and the meetings are being conducted in French. RBC, Desjardins and National Bank have representation, through CLHIA, at the meetings.

- CCIR held their spring meeting recently and CAFII members will be meeting with C. Shevlin soon to follow-up on their priorities.

6.2. Regulator Meetings

C. Honor noted that there is a lot of great activity right now and members are welcome to comment on any meetings outlined in the regulator meetings document. Additional discussion occurred as follows:

- Ontario. At present there are no meetings scheduled and FSCO have requested comments to their strategic plan.

Action: A. Riley to increase communication with FSCO office starting with our comments to their strategic plan.

- Quebec. The DWR Guide was discussed during a meeting on February 28 and a future meeting has been requested with P. Dery in Montreal.
- Julie Dickson. Members discussed extending an invitation to J. Dickson to speak at a CAFII reception and the potential for media attention as a result. P. Yeung will be

connecting with her office for an update. CAFII to revisit this in the future based on any new information we receive.

- Atlantic provinces. No meetings have been scheduled. If board members are travelling to these areas this year please consider a visit to local regulators with the goal of providing a CAFII update, as well as finding out about any initiatives that may affect the industry.

6.3. Reports on Regulator Meetings

6.3.1. AB Ministry of Finance

C. Honor and M. Gill met with the Superintendent of Financial Institutions – Regulation & Policy Finance on January 13, 2012 and summary meeting notes were included in the meeting package. The goal of the meeting was to introduce CAFII and make inquiries as to their priorities for life and creditor products.

M. Gill reminded members that application forms were gathered last year from a number of companies. Alberta identified concerns around the health questions and expressed a desire to improve these forms. As a result of the meeting it is clear that more education needs to be provided regarding member products and of note is their willingness to work with us.

6.3.2. AB Council

C. Honor and M. Gill met with T. Hampton, Chief Operating Officer for the Alberta Insurance Council (AIC) while in Alberta. They were originally to meet with CEO, J. Abram, who was not available. A summary of the meeting was included in the meeting package for review.

6.3.3. FCAC

A summary of the first meeting with the FCAC Consumer Education Group was included in the meeting materials. Following this a request was received from the Compliance Group for a presentation on Creditors Insurance. M. Gill and J. Lewsen presented the information to them recently in Ottawa and it was clear that they have little knowledge of our industry. Participants were very engaged throughout the presentation, asking many questions.

S. Manson was recognized for her work on the deck which provided a very compelling presentation.

6.3.4. CCIR

The group met with CCIR representatives recently to discuss the consultation paper to which CAFII is expected to respond. They are pursuing a principles based regime, support electronic designation of beneficiaries and would like more information on how to approach this. They are very receptive and the only follow-up item is answering questions regarding simple versus complex products.

Members discussed the similarities with the AMF Ecommerce paper. It appears they want to replicate a non-ecommerce model on the internet with the goal of building in the same protections.

7. Committee Reports on addressing CAFII Priorities

7.1. Distribution and Market Conduct Policy Committee

7.1.1. Proposed Education Curriculum

J. Hines provided a brief report based on the proposed curriculum outline included in the meeting package. CAFII members will be meeting with C. Shevlin to discuss next steps.

Members discussed the information adding that the materials could be made available to regulators on the CAFII website. An executive summary should be developed to provide context and should also include a few themes, as examples, that can be linked to the bigger picture.

The board supports the proposed Education Curriculum as presented and the EOC to continue with next steps as proposed.

Action: EOC was directed to create a section online for regulators.

Action: EOC was directed to continue with the proposed plan as outlined.

7.1.2. UK PPI

The committee continues to work on PPI and will provide an update at a future meeting.

Proposed Timeline:

- Board to review survey at next meeting in June 2012.
- Completion and results due by August/September 2012.
- Recommendations presented at board meeting in December 2012.

7.1.3. AML Submission

CAFII submitted a response to the federal consultation paper on Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime (AML) in March. Following this OSFI's N. Burbidge posed a number of questions to CAFII via C. Honor. It appears that CAFII is being heard and the feedback so far has been good. A response to OSFI is presently in draft form pending approval.

7.2. Media and Advocacy Strategy Committee

7.2.1. Media Protocol Test

A test of CAFII's media protocol was conducted a few weeks ago at the suggestion of the board. It was a valuable exercise through which members were able to identify potential vulnerabilities to be addressed.

7.2.2. Communications Plan

R. Evans presented the communications plan document that was included in the meeting package. This information was presented to the EOC at their last meeting and the following next steps were identified:

1. Board is in agreement with strategy as it pertains to regulators.
2. Media Kit to be created and provided for review in the Fall.
3. Our main objective is to avoid misinformation and damage (articulate in documentation). We also want to increase awareness of CAFII in the media.
4. Develop internal list of influential media. Deadline is December 2012.
5. Once key messages are finalised (see 8 below) members are to notify their communications departments that CAFII is available to answer questions and provide information on Creditor. This same message to be communicated with CLHIA in the event they receive calls from media outlets. The goal is to differentiate ourselves and provide each group with more information.
6. Identify two or three top scenarios that we can or will respond to and how. Deadline is December 2012.
7. Develop short-term tactics for releasing stories before the end of the year.
8. Develop stock answers.
9. There's a story coming up from Rob Carrick on mortgage life insurance. The Media and Advocacy Strategy Committee to prepare pieces in response to an article we believe is coming.

C. Honor commended the Committee and R. Evans on the development of the Strategy Document.

Action: R. Evans is welcome to communicate with the Board Communications Committee in order to move forward with finalizing the communications plan.

7.2.3. CCIR & AMF Ecommerce Submission

CAFII is preparing a submission to the CCIR consultation on ecommerce. The EOC is sourcing relevant research that can strengthen our submission. In reviewing the preliminary results, S. Gelgor confirmed that the findings would indeed strengthen CAFII's submission.

A. Riley reviewed the highlights of CAFII's response, requesting further input on advice tools and registration. The AMF will be doing additional research with a university. It was pointed out that they are not looking for polarized submissions as they are seeking solutions that can be implemented.

7.2.4. Website Launch

S. Gelgor and J. Lewsen provided a brief update noting that we are ready to go live very soon.

Action: L. Duigu to do a soft launch once the site is live by providing members with a link.

7.3. Licensing Efficiency Issues Committee

No update at this time.

7.4. Networking and Event Hosting Committee

- Speaker Presentation and Reception, April 10, 2012. We are expecting 61 attendees this afternoon. Members were advised of a last minute change in the speaker tonight due to an emergency and we hope to invite John Collins to present to members later this year. Today's speaker is Byren Innis. M. Sanchez-Chung and P. Yeung were congratulated for securing another speaker at such short notice.
- Board Meeting and luncheon, June 19, 2012. The next board meeting will be held in Quebec City hosted by Desjardins and the date was reschedule to June 19 so M. Albert would be available to attend. The format will begin with a lunch for the AMF and Board, followed by the CAFII board meeting. A reception is currently not on the agenda.

Action: A. Riley to draft a letter to M. Albert on behalf of C. Honor.

8. Other Business

8.1. CAFII Secretary

C. Honor announced that J. Lewsen will be stepping down as CAFII Secretary and EOC Chair at the next board meeting. We are therefore seeking a replacement and invite interested members to contact C. Honor and J. Lewsen.

9. Termination

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that:

The meeting be terminated at 4:50 pm. The next meeting of the board is on Tuesday, June 19, 2012 in Quebec City, hosted by Desjardins. Motion passed.

Date

Chair

Recording Secretary