

Memo To: CAFII Board of Directors

Memo From: CAFII Nominating Committee (Peter Thompson, Board Chair; Paul Cosgrove, Board Vice Chair; Rob Dobbins, EOC Chair; Karyn Kasperski, EOC Vice Chair; Keith Martin, CAFII Executive Director)

Subject: Application by Canadian Western Bank to Become a CAFII Initiation Member

Date: March 7, 2024

Recommendation

The CAFII Nominating Committee unanimously recommends to the Board of Directors that Canadian Western Bank be accepted as a CAFII Initiation Member.

Background

On January 15, 2024 CAFII received an application from Elizabeth Gandolfi, Senior Vice President, Client Solutions at Canadian Western Bank (CWB) to join CAFII as an initiation member. Initiation members pay 60% of regular dues for two years, after which they pay full dues.

Nominating Committee Meeting

On March 7, 2024 the CAFII Nominating Committee met with representatives of Canadian Western Bank on the application to join CAFII as an Initiation Member.

In attendance from CAFII were:

- Peter Thompson, Board Chair;
- Paul Cosgrove, Board Vice Chair;
- Karyn Kasperski, EOC Vice Chair;
- Keith Martin, CAFII Executive Director;
- (Shanay Smith, CAFII Operations Manager, attended the meeting as an observer; Rob Dobbins could not attend the meeting but participated in the recommendation to the Board).

In attendance from CWB were:

- Elizabeth Gandolfi, Senior Vice President, Client Solutions;
- Graeme Auchincloss, AVP Insurance and Lending;
- David Parkatti, V.P. and Chief Compliance Risk Officer, Regulatory Compliance.

A briefing note on CWB and the interview questions asked at the meeting with its executives will separately be shared with Board members along with this memo.

Learnings from the Meeting with Canadian Western Bank

The Canadian Western Bank (**CWB**) team provided some background about their team, with Elizabeth Gandolfi noting that she had much exposure to CAFII during her time at Scotia Insurance in a previous role. David Parkatti noted that he had overall responsibility for regulatory compliance at CWB, and Graeme Auchincloss provided an overview of his extensive financial services background.

Peter Thompson asked about CWB's alignment with CAFII's goals around CPI and travel insurance, as well as our regulatory priorities. Elizabeth Gandolfi said that CWB wants to continue its evolution of CPI in the organization, which is small now but which the organization wants to grow. CWB believes in solutions for customers and adherence to the regulatory requirements, and in that respect is very well aligned with CAFII's goals. Graeme Auchincloss said that CWB began to offer CPI in 2000 and is focused on growing the offering of this product.

Paul Cosgrove asked about whether there could be conflicts with the licensed, broker channel which often opposed direct offers of insurance to consumers. David Parkatti said that there is a small licensed channel in the wealth side of the business, but not in the retail bank, so there is no conflict of interest for CWB. As well, these different channels can be viewed as complimentary and there should not be a conflict between these channels—there is plenty of opportunity for all channels to offer solutions to customers.

Karyn Kasperski asked about the perspective that all insurance should go through individually licensed individuals. Graeme Auchincloss said that training and learning is important, but that does not mean that a licensed individual only should sell insurance. CWB is primarily a commercial bank, which represents 81% of the bank's lending portfolio. But the bank is expanding to include a more retail focus.

Elizabeth Gandolfi said that there currently are no direct-to-consumer offerings like P&C or Travel Insurance at CWB, but there could be in future. There would be no problem with CAFII supporting the CBA to expand the ability to offer insurance through licensed individuals in branches.

David Parkatti said that there was only one investigation of material note in 2020 from FCAC, which had to do with disclosure gaps. The penalties had no material impact on the bank and the bank took corrective actions.

Peter Thompson outlined some of the responsibilities of CAFII members, including around the Board and the EOC. CWB said that it is well-aware of the commitment required if it were to be a member of CAFII and is prepared and enthusiastic to be fully engaged. If CWB is admitted as a CAFII member Elizabeth Gandolfi would be the Board member, David Parkatti would join the EOC, and others may join other Committees.

Karyn Kasperski asked about the CAFII Bylaw about confidentiality and whether this raised any concerns. The response was unanimous—no concerns.

Paul Cosgrove asked about Competition Law Policy and again, the answer was unanimous—yes, CWB would be fully aligned.

Elizabeth Gandolfi said that CWB understood how consensus was necessary on resolving issues within CAFII, and that this approach made sense. There was a thorough discussion of this approach by the Association and how consensus was achieved when there was a different set of perspectives. Elizabeth Gandolfi said that CWB would be very interested in learning more about the CAFII Strategic Plan and its areas of focus.

Throughout the meeting, Canadian Western Bank demonstrated that it understood what CAFII was trying to achieve and was aligned with it, that it was well-prepared for the discussion, and that it was engaged and enthusiastic about contributing to CAFII's mission and mandate.