

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Thursday, October 15, 2020
MINUTES

Board Present:

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| Chris Lobbezoo | RBC Insurance, <i>Chair (remainder after Board slate approved)</i> |
| Nicole Benson | Valeyo (Canadian Premier Life Insurance) |
| Paul Cosgrove | Assurant Canada |
| Janice Farrell-Jones | TD Insurance |
| Zack Fuerstenberg | ScotiaLife Financial |
| Andre Langlois | Desjardins |
| Peter McCarthy | BMO Insurance |
| Sophie Ouellet | Sun Life |
| Mica Sweet | CIBC Insurance |
| Wally Thompson | Manulife Financial |
| Peter Thompson | National Bank Insurance |
| Kelly Tryon | CUMIS/The Co-operators |

Regrets:

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| Louie Georgakis | The Canada Life Assurance Company |
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Also Present:

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| Martin Boyle | BMO Insurance, <i>Board Secretary and EOC Chair</i> |
| Tony Pergola | ScotiaLife Financial, <i>Treasurer</i> |
| Keith Martin | CAFII Co-Executive Director |
| Brendan Wycks | CAFII Co-Executive Director |
| Albert Lin | Managing Matters |

1. Call to Order and Meeting Confirmation

C. Lobbezoo welcomed all to present to this meeting of the CAFII Board of Directors and called the meeting to order at 2:02 p.m. Albert Lin acted as Recording Secretary.

M. Boyle, Board Secretary, confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present on the phone.

C. Lobbezoo declared this meeting of the Board of Directors of the Canadian Association of Financial Institutions in Insurance duly convened and properly constituted for the transaction of business.

1.a Approval of Agenda

C. Lobbezoo noted that the agenda for this meeting had been significantly adjusted from previous meetings' agendas, as all items that would not require a discussion or decision had been changed to "Read Only" status. That change had been made at his request, Mr. Lobbezoo advised, in order to limit the need for verbal updates and reduce the overall length of the meeting, especially given that this meeting was occurring immediately following an Industry Issues Dialogue with AMF staff executives which was of 1.5 hours duration itself.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting Agenda be and is approved as presented.

2. Consent Items

C. Lobbezoo noted that Consent item documents had been provided for each of the six (6) Consent Agenda items; and it was presumed that Directors had reviewed them in advance of this meeting.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.

And further, IT WAS RESOLVED that the minutes of the CAFII Board of Directors meeting held June 9, 2020 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the minute book of the Corporation.

3. Governance Matters

3.a. Appointment of New Board Secretary/EOC Chair

Mr. Lobbezoo advised that after two years of exemplary service, Board Secretary and EOC Chair Martin Boyle had recently announced his intention to step down from that CAFII Officer role.

It had been expected that a recommendation for a new Board Secretary and EOC Chair would be ready to be tabled at today's meeting, but that had turned out not to be the case, Mr. Lobbezoo advised. Therefore, recruitment and nomination efforts to identify a recommended successor to M. Boyle as Board Secretary and EOC Chair would continue; and an update will be provided to the Board as soon as that work has come to fruition.

This matter would also be discussed in the *in camera* session at the conclusion of the open portion of today's Board meeting, Mr. Lobbezoo advised, during which the document titled "Reverse Chronology of CAFII Officer Appointees, 2020 to 1997" would be used as a reference.

3.b. Documentation of CAFII HR Policy Re Co-Executive Directors Performance Review Process

M. Boyle advised that currently, there is no documented policy supporting CAFII's annual performance review process for its Co-Executive Directors. As a final task to be completed before he steps down from the role of Board Secretary and EOC Chair, Mr. Boyle indicated that he intends to bring forward a draft policy in this area, which will include an appeal process for the Co-Executive Directors, for the Board's review and approval at its subsequent 1 December, 2020 meeting.

3.c. Proposed CAFII 2021 Board and EOC Meeting Dates; and Updated Board Hosting Rotation

B. Wycks highlighted the key features of the proposed schedule of 2021 CAFII Board and EOC Meeting dates, which had been included in the meeting materials. He noted that it was not clear if there would be any in-person meetings or CAFII Receptions permitted in 2021 due to the ongoing COVID-19 pandemic. If there are not, then the Board meeting hosting rotation becomes less important as all meetings will be held virtually.

4. Financial Management Matters

4.a. CAFII Financial Statements as at September 30/20

CAFII Treasurer T. Pergola provided an update of CAFII's finances as at September 30, 2020, noting that the Association had somewhat reduced revenues as compared to budget due to some Associates not renewing, and some anticipated new Associates not joining the Association. However, the reduction in the Association's expenses was even greater due to cancelled receptions and the lack of travel due to COVID-19; and, as a result, the Association was in line to have a significantly larger 2020 fiscal year surplus than originally budgeted.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII Financial Statements as at September 30/20 be and are approved in the form presented.

4.b. Forecast For CAFII 2020 Fiscal Year as at September 30/20

CAFII Treasurer T. Pergola provided an update on the Association's 2020 fiscal year forecast, highlighting an expected increase in the surplus at the end of the year and that the level of financial reserves was currently at 38% of annual operating expenses, well within CAFII's target range of 25% to 50% of annual operating expenses.

4.c. Critical Path For Development of 2021 CAFII Operating Budget; and Related Budget Assumptions

CAFII Treasurer T. Pergola highlighted the key timelines in the Critical Path for the development of the Association's 2021 operating budget.

With respect to budget assumptions for 2021, it was noted that it will be difficult to develop next year's operating budget because it is not clear what travel or meeting restrictions will be in place later in 2021 due to COVID-19.

As such, Mr. Pergola proposed, he and CAFII management will present two or more budget options to the Board at its subsequent 1 December, 2021 meeting.

Board Chair C. Lobbezoo observed that it would not be necessary or appropriate for the Association to seek a member dues increase in 2021, but that the increased surplus achieved in 2020 would position the Association well for future regulatory initiatives and efforts.

5. Strategic and Regulatory Matters

5.a. Research & Education Committee

5.a.i. EOC-Recommended New Proposal For CAFII 2020 Consumer Research With Pollara Strategic Insights

K. Martin provided an overview of the new proposal for CAFII 2020 consumer research with Pollara Strategic Insights. He noted that the revised proposal has two components.

First, data will be collected on consumers' willingness to use digital means to interact with CPI providers since the onset of the pandemic, and those data points will be compared to existing data we collected on how consumers interacted with CPI providers in 2018, to see what shift, if any, has occurred.

Second, consumers who are in the market for a mortgage or Home Equity Line of Credit (HELOC), and who are aware of CPI and are considering obtaining it, will be asked for their views on how they prefer and intend to interact with CPI providers. This second part of the study is to get a sense of future trends around channel preference and digitization.

Several Board members voiced strong support for the updated Pollara proposal, which was recommended by the Research & Education Committee and the EOC.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Pollara Strategic Insights' proposal for CAFII 2020 Consumer Research dated September 14, 2020 be approved.

[Action Item: Sign a contract with Pollara Strategic Insights based on its research proposal dated September 14, 2020; K. Martin, 1 December 2020.]

[Action Item: Create a CAFII Working Group on the questions to be asked in the Pollara consumer research; begin work with Pollara on the development and implementation of the project, K. Martin, 1 December 2020.]

5.b. Feedback on October 15/20 "Industry Issues Dialogue" with AMF Staff Executives

In providing feedback on the Industry Issues Dialogue with AMF staff executives which had occurred earlier that afternoon, Board members felt that the session had yielded beneficial insights and produced good dialogue. In the 90 minutes available, the AMF and CAFII each made two brief presentations, followed by approximately 10 minutes of Q&A after each presentation.

CAFII was able to present statistics on how underinsured Canadians are with respect to life insurance, and the risk that poses for them. CAFII also shared with the AMF some enhancements that had recently been made to the CAFII website, including the creation of a new claims page that provides links to the claims sections of CAFII members' websites.

In the Industry Issues Dialogue, it was also valuable to hear Frederic Perodeau, the AMF's Superintendent, Client Services and Distribution Oversight, state the regulator's official position that unless a travel insurance contract expressly states in its terms and conditions that a trip cancellation claim will not be paid in cases where an insured consumer has received a voucher from an airline or other travel services provider, then such trip cancellation claims must be paid despite the fact that the consumer will, in effect, be "double dipping."

5.c. Briefing Document on Federal Bill C-86, including Financial Consumer Protection Framework (FCPF); and Related Development of "Appropriateness Guideline"

K. Martin summarized the Briefing Document developed for the Board on Bill C-86, including what we have learned about the FCAC's plans to develop an "Appropriate Guideline" as part of the Financial Consumer Protection Framework (FCPF) which Bill C-86 supports.

The Board discussed how to proceed with respect to the FCAC's Appropriateness Guideline, and a desire was expressed to obtain information from the CBA on what it was planning to do on this issue. It was also recommended that the EOC should look at this issue and offer its recommendations on how best to proceed.

[Action Item: Get EOC engaged in the issue of an FCAC Appropriateness Guideline, B. Wycks/K. Martin, 1 December 2020.]

5.d. Briefing Document on Quebec Bills 53 and 64

K. Martin highlighted from the Briefing Document prepared for the Board on Quebec Bill 53, which creates new regulatory oversight over credit bureaus in the province; and Quebec Bill 64, which creates new rules around data privacy. It was noted that CLHIA/ACCAP would be making a submission on Bill 64, and it was felt that CAFII should, if feasible and timely, align with CLHIA/ACCAP on this file and plan to make its own submission to the Quebec Government. The key points to make are the challenges of having to deal with differing federal PIPEDA legislation and Quebec's own privacy legislation; and the onerous "informed consent" provisions of Bill 64.

[Action Item: Connect with CLHIA/ACCAP and investigate the feasibility and timeliness of making a CAFII submission to the Quebec government on Bill 64, K. Martin, 1 December 2020.]

5.e. Possible CAFII/Industry Position on COVID-19-Driven Trip Cancellation Travel Insurance Claims Where Insured/Claimant Has Also Received An Airline Or Other Travel Services Provider Voucher

The Board discussed whether or not CAFII should take an official industry Association position on the issue of denying a trip cancellation travel insurance claims where the insured has also received a travel voucher from an airline or other travel services provider. The Board noted that this issue has been ongoing for months, and travel insurance providers have already made decisions about how they wish to handle this issue. As such, it was felt that developing an official CAFII position at this time would appear odd, and not add value. As such, it was agreed not to pursue this matter further at this time.

5.f. Confidentiality Around Sharing of Highlights of CAFII Directors and Designates COVID-19 Information-Sharing Group Discussions

C. Lobbezoo noted that in recent CAFII dialogues with insurance regulators and policy-makers, mention has been made of the existence of a CAFII Directors and Designates COVID-19 Information-Sharing Group. However, the meetings of that Group are not minuted and they are premised upon being strictly confidential. Concern expressed by Board members that the comfort level of members of the COVID-19 Information-Sharing Group with sharing insights and initiatives freely within the confines of that Group could be compromised if even high level themes from the Group's discussions were to be shared with anyone outside the Group.

As such, it was agreed that neither the existence of nor any high level discussion themes related to the CAFII Directors and Designates COVID-19 Information-Sharing Group should be shared with anyone outside the membership of the Group.

5.g. Proposal Re Review and Possible Updating of CAFII Strategic Plan

K. Martin recalled that CAFII's 3-5 year CAFII Strategic Plan was approved by the Board in February 2018, nearly three years ago. The key elements of the Strategic Plan remain very relevant today, and continue to be implemented, including strengthening regulatory relationships; developing independent research to share with regulators and to enrich content of the Association's website; and increasing our media profile.

However, with the passage of time, it might be advisable for the Board to review and possibly update the Strategic Plan, particularly in the context of industry changes that may be caused by the COVID-19 pandemic.

The Board concurred and it was agreed by assent that in early 2021, a dedicated, special purpose CAFII Board Virtual Meeting should be convened to review the CAFII Strategic Plan and determine if any adjustments to it are required.

[Action Item: Schedule and organize a Dedicated, Special Purpose CAFII Board Virtual Meeting in early 2021 to review and possibly update CAFII's 3 to 5 Year Strategic Plan, B. Wycks/K. Martin, 31 December, 2020.]

6. Meeting Termination

On a motion duly made, seconded and unanimously carried IT WAS RESOLVED that this Meeting of the CAFII Board of Directors be terminated at 3:40 p.m.