

CAFII Executive Operations Committee Teleconference-Only Meeting

Tuesday, 23 June, 2020, 2.00-4.00pm

Minutes

EOC Present:

EOC Present:

Martin Boyle, BMO Insurance and EOC Chair
Charles Blaquiere, Valeyo
Sharon Apt, Canada Life Assurance
Afzal Baig, TD Insurance
Emily Brown, Sun Life Financial
Penelope Cordogiannis, RBC Insurance
Michelle Costello, CUMIS/The Co-operators
Rob Dobbins, Assurant Canada
Dana Easthope, Canadian Premier Life Insurance
Dallas Ewen, Canada Life Assurance
Moirra Gill, TD Insurance
Dominique Julien, CIBC Insurance
Karyn Kasperski, RBC Insurance
Scott Kirby, TD Insurance
Vikram Malik, Sun Life Financial
Anita Mukherjee, RBC Insurance
Marie Nadeau, National Bank Insurance
Joanna Onia, CIBC Insurance
Tony Pergola, ScotiaLife Financial, CAFII Treasurer (for part)
Monika Spudas, Manulife Financial
Andrea Stuska, TD Insurance
Brad Kuiper, ScotiaLife Financial

Also Present:

Brendan Wycks, CAFII Co-Executive Director
Keith Martin, CAFII Co-Executive Director
Albert Lin, CAFII/Managing Matters (*Recording Secretary*)

1. Call to Order

Martin Boyle called the meeting to order at 2.02 pm.

2. Consent Items

The following consent Items that do not require any discussion or decisions were tabled:

- Regulatory Update
- Consultations/Submissions Timetable
- Regulator and Policy-Maker Visit Plan
- Summary of Board and EOC Action Items

3. Financial Management Matters

3.a. CAFII Financial Statements as at May 31/20

CAFII Treasurer T. Pergola updated the EOC on the CAFII Financial Statements as at 31 May, 2020. He noted that while revenues were slightly lower than expected, largely due to some prospective new Associates that were expected to join the Association not doing so, along with some Associates not renewing in 2020. However, this was more than offset by “forced savings” due to the COVID-19 pandemic, such as the absence of travel by CAFII’s Co-Executive Directors, the Association not holding Receptions following Board meetings, and the Association not holding the 2020 Annual Members’ Luncheon. As a result, the Association is expected to achieve a much larger 2020 fiscal year surplus than was originally budgeted.

3.b. Forecast For CAFII 2020 Fiscal Year

CAFII Treasurer T. Pergola noted that as a result of the “forced savings” noted in Agenda item 3.a., the forecast had been updated to reflect an anticipated significant 2020 fiscal year surplus, with the expectation being that the Association’s financial reserves would rise to a much healthier 37% of annual operating expenses at the end of 2020.

3.c. Highlights of June 9/20 CAFII Board *In Camera* Discussion Re Financial Considerations Arising From Developing CAFII 2020 Fiscal Year Surplus (Due To COVID-19)

M. Boyle reported that during the CAFII Board’s 9 June, 2020 *in camera* discussion, the issue of the Association’s anticipated 2020 surplus was raised, with the question examined of whether a partial rebate of 2020 Member Dues should occur as a result. There was a unanimous consensus among Board members that the Association should all of the 2020 surplus as part of its financial reserves, with the expectation being that the 2020 surplus would only increase the level of financial reserves to the mid-point (37%) of the target range of 25% to 50% of annual operating expenses. It was expected that regulatory activity would increase significantly after the COVID-19 pandemic becomes less of a concern, and funds returned to members would be much harder to secure back, as opposed to just retaining them for future activity. Unused funds can always be put to good use in future years as well.

However, it was also agreed that with CAFII Members under extreme financial strain due to COVID-19, the Association needed to pay even more attention than usual to being financially rigorous, and cautious and prudent about expenditures.

4. Committee Updates

4.a. Research & Education

4.a.i. CAFII Board-Directed Follow-up With Deloitte Canada For Modifications To Proposal For CAFII-Commissioned Thought Leadership/Perspectives Paper On “The Future of Credit Protection Insurance in Canada”

A. Stuska, Research & Education Committee Chair, with supporting comments from Co-Executive Directors Keith Martin and Brendan Wycks, provided an update on the 9 June, 2020 CAFII Board discussion on the proposal from Deloitte Canada on a thought leadership/perspectives paper on “The Future of Credit Protection Insurance in Canada.”

It was noted that while a variety of views were expressed by Board members, there was a concern voiced by two Directors that the \$20,000 budget was too high for the output to be received, along with the view that Deloitte Canada would gain business development opportunities from this engagement.

Some Board members recommended that Deloitte Canada should be requested to resubmit its proposal with a lower fee and an enhanced set of benefits, including the possibility that all 13 CAFII members would individually receive a presentation on the report from Deloitte Canada.

A. Stuska advised that she, Brendan Wycks, and Keith Martin had therefore met on 18 June, 2020 with Deloitte Canada's Melissa Carruthers, and firm partner James Colaco, to provide the CAFII Board's feedback the Board and request that their firm submit a revised proposal. CAFII management will provide the EOC with options and recommendations after the revised proposal is received.

[Action Item: Produce options and recommendations to the EOC after the revised Deloitte Canada proposal is received; B. Wycks, K. Martin, 21 July/20.]

4.a.ii. Recommendation From A Member That CAFII Pursue Professionally-Conducted Consumer Research on Experiences With CPI Job Loss Insurance and Trip Cancellation Insurance in 2020 (During COVID-19)

A. Stuska advised that at the 9 June, 2020 CAFII Board meeting, an EOC member proposed that CAFII pursue a consumer research study on consumer experiences with claims for job loss insurance and trip cancellation insurance during the COVID-19 pandemic.

In discussion of this proposal, EOC members felt that while the findings from such a study could be interesting, the sample size would be low; the results might not be as positive as hoped-for given that claims is an area where consumers can easily have concerns or complaints; and it might make more sense to revisit this idea after the pandemic is over. There was also the suggestion that another way to tackle the issue of the experience of consumers with these products would be to get story-telling firm Dog and Pony Studios to do some slides on some of these products, which could be commissioned at a much lower cost.

4.b. Market Conduct & Licensing

4.b.i. Possible CAFII Submission In Response To Insurance Council of BC Consultation On Continuing Education For Licensees

EOC members felt that the issues raised by this Insurance Council of BC Consultation on Continuing Education for Licensees were not germane to CAFII members and our Association. It was agreed that CAFII would communicate to the Insurance Council of BC that while we appreciate being asked to make a submission on this matter, CAFII will take a pass on doing so because the subject matter is largely out-of-scope for our Association.

[Action Item: Advise the Insurance Council of BC that CAFII will not be responding to its consultation on continuing education requirements for licensees; B. Wycks, 21 July/20.]

4.c. Media Advocacy

4.c.i. Alternate Subjects For CAFII Motion Graphic Website Videos (As No Consensus On Timeliness and Efficacy Of Video On Credit Protection Job Loss Insurance)

Media Advocacy Committee Chair C. Blaquiére, supported by CAFII Co-Executive Directors Keith Martin and Brendan Wycks, recalled that there was no EOC consensus at this time on whether to proceed with a website video on job loss insurance.

The storyboard produced by CAFII media consultant David Moorcroft could be revisited at a future time, but in the meanwhile, it was suggested that a new topic for the website video should be found.

In EOC discussion, it was agreed that a video on critical illness insurance and disability insurance, including the differences between the two, could be very consumer-friendly and educational, and it was agreed that this topic should be explored further by the development of a website storyboard.

[Action Item: Produce storyboard for a website video on critical illness insurance and disability insurance, for EOC review and comment; K. Martin, D. Moorcroft, 21 July/20.]

4.c.ii. Board-Approved Request For CAFII Website Enhancement Related To Consumers Filing Of Credit Protection Insurance and Travel Insurance Claims With CAFII Members

K. Martin reported that its 9 June, 2020 meeting, the CAFII Board decided to proceed with the development of a new section of the CAFII website where there would be a high-level explanation of how to make a claim on credit protection insurance, with links to the relevant claims sections on the websites of all CAFII members.

While the operational details would be finalized in consultation with our website consultants Operatic Agency (formerly called RankHigher), the initial thinking was that there would be a link to the new claims section in the COVID-19 pop-up information box that currently appears on the homepage of the website, for the duration of the pandemic; and that that link would point to a new section which would be permanently included in a new sub-tab called “How to Make a Claim” in the “Tools and Resources” section of the website.

[Action Item: Share with EOC members the details of the new How to Make A Claim section of the CAFII website section; K. Martin, 21 July/20.]

4.d. Travel Medical Insurance Experts

A. Baig noted that, as shared by several member representatives at the most recent meeting of the CAFII Directors and Designates COVID-19 Information-Sharing Group, the travel medical insurance claims backlog had been reduced in recent weeks and was becoming more manageable.

4.e. Networking & Events

4.e.i. CAFII Letter To FCAC Commissioner Judith Robertson Proposing New Approach To CAFII 2020 Annual Members Luncheon In Fall 2020

B. Wycks reported that at the 9 June, 2020 CAFII Board meeting, Directors supported exploring with FCAC Commissioner Judith Robertson the possibility of a Fall 2020 scaled-down, in-person lunch meeting with her – which would be attended only Board members, the EOC Chair, possibly a select group of additional CAFII volunteers, and the two Co-Executive Directors as participants – and which would be followed by Ms. Robertson's delivery of a webinar presentation via a virtual platform, which other CAFII member representatives could attend remotely.

[Action Item: Send a request to FCAC Commissioner Judith Robertson to ask if she would be open to a scaled down, in-person lunch meeting with CAFII in the Fall of 2020, followed by a webinar presentation by her to CAFII members; B. Wycks, 21 July/20.]

4.e.ii. Feedback On June 9/20 CAFII Webinar On “The Looming Impact Of Climate Change Upon The Life and Health Insurance Industry,” With Guest Presenter Panel From Deloitte Canada

EOC members provided positive feedback on the 9 June, 2020 CAFII webinar with a panel of presenters from Deloitte Canada, noting that it was relevant, interesting, and provided valuable profile for the Association.

4.e.iii. CAFII Plans To Offer Future Educational Webinars: Request For Topic and Presenter Suggestions

B. Wycks advised the EOC of a proposal to hold a series of three Summer 2020 CAFII webinars, with panels of insurance regulators and policy-makers being the presenters in each case. The EOC supported this proposed initiative and it was agreed that CAFII would move forward with the invitations.

[Action Item: Send selected insurance regulators and policy-makers invitations to be presenters in a series of CAFII webinars on the regulatory environment in the context of the COVID-19 pandemic; B. Wycks, K. Martin, 21 July/20.]

5. Recent and Upcoming Strategic and Regulatory Initiatives

5.a. Penultimate Draft of CAFII Board-Approved Strategy (Prong 2) of “Creative Solutions” Submission To AMF On Degree To Which Industry Can Meet Its Requirements Around RADM's Application To Credit Card-Embedded Insurance Benefits

B. Wycks reported that CAFII's draft letter to the AMF on “creative solutions” to meet its expectations around credit card-embedded insurance benefits arising from the Regulation respecting Alternative Distribution Methods (RADM) had been through multiple iterations, and was now nearly finalized. After some final minor adjustments are made, it will be sent to our translation firm to produce a French version; and then submitted to the AMF on or before its 15 July, 2020 deadline.

[Action Item: Finalize and submit the CAFII letter on Creative Solutions To Meet The AMF's Expectations Around Credit Card-Embedded Insurance Benefits, in both French and English, on or before 15 July, 2020; B. Wycks, K. Martin; 15 July/20.]

5.b. Enhanced Participation In CAFII Quarterly CPI Benchmarking Study With RSM Canada; Distribution of First Report; and Launch of Data Gathering For Second Report

K. Martin advised that the Q1 2019-2020 report from the CAFII quarterly benchmarking study with RSM Canada, the first such report from this new CAFII initiative, was now complete. The first report was the most time-consuming to produce, as it was the original report, required approvals that will not be required for future reports, and also resulted in an additional CAFII member participant being added at a late stage, which necessitated some additional data-gathering. The collection of data for the Q2 report would soon begin, and future reports will be published much more expeditiously.

5.c. CAFII-Delivered Response To CCIR/CISRO FTC Working Group Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models

B. Wycks reported that CAFII members have expressed serious concerns around an Association-level submission to the CCIR/CISRO Fair Treatment of Customers (FTC) Working Group on the incentives and compensation models which CAFII member FI distributors of insurance use in-market. It was felt by the Board that this would be difficult information to gather, and that it was competitively sensitive information.

As a result and as approved by the CAFII Board at its 9 June 2020 meeting, CAFII will therefore inform the CCIR/CISRO FTC Working Group that if it wishes to receive this information, it should do so by reaching out directly and individually to the relevant CAFII members.

[Action Item: Send a letter to the CCIR/CISRO FTC Working Group outlining CAFII's counter-proposal re how it should obtain the desired information from CAFII FI distributor of insurance members on the incentives and compensation models they are using in-market; B. Wycks, 10 July/20.]

5.d. June 16/20 Meeting of FSRA's Life and Health Insurance Sectoral Advisory Committee (SAC)

K. Martin reported that a ZOOM webinar was held by FSRA on 16 June, 2020 with FSRA's Life and Health Insurance Sectoral Advisory Committee (SAC), on which he represents CAFII. He noted that the meeting was high-level and fairly generic, but that an issue did arise about whether the industry desired any delay in the implementation of FSRA's decision not have two distinct guidelines on the fair treatment of customers. K. Martin responded at the meeting that CAFII members would prefer not to have a delay on this initiative, and would like for it to proceed as expeditiously as possible.

5.e. Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance

5.e.i. Continuation of CAFII Directors and Designates COVID-19 Information-Sharing Group with Monthly Frequency of Meetings

K. Martin reported that the CAFII Board had decided at its 9 June, 2020 meeting that while the meetings of the CAFII Directors and Designates COVID-19 Information-Sharing Group were very valuable, with things becoming somewhat more stable of late, the frequency of the Group's meetings could be changed to monthly rather than once every two weeks.

5.e.ii. Insights Gained From Weekly CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry

B. Wycks reported that the weekly meetings of CAFII, CLHIA, and THIA representatives on the impact of COVID-19 on the travel insurance industry were producing much mutually beneficial information-sharing. Among recent learnings was that the Canada-US border was likely to remain closed to non-essential travel for much longer than the current 21 July, 2020 deadline.

5.f. CAFII Congratulatory and Get-Acquainted-And-Dialogue-Meeting-Request Letter To Frank Lofranco, FCAC Deputy Commissioner, Supervision and Enforcement

B. Wycks reported that CAFII had already received a response from Frank Lofranco to CAFII's congratulatory letter to him, and he was open to a get acquainted and dialogue/information-sharing virtual meeting with our Association, which would be arranged for a date before the end of September.

[Action Item: Set up a CAFII get acquainted virtual meeting with FCAC Deputy Commissioner Frank Lofranco, and invite interested EOC members to attend it; B. Wycks, 31 August/20.]

5.g. Launch of Saskatchewan RIA Advisory Committee With CLHIA And ICS

B. Wycks reported that meetings would soon be organized with the CLHIA on the next steps for operationalizing and implementing the launch of a Saskatchewan RIA Advisory Committee.

[Action Item: Organize meetings with the CLHIA on the next steps for operationalizing and implementing the launch of a Saskatchewan RIA Advisory Committee; B. Wycks, 21 July/20.]

5.h. Launch of CAFII EOC Working Group on Refining Dog and Pony Studios-Developed "CPI Industry Highlights" Slides (Produced From Willis Towers Watson Key Data Point Slides) For Future Use By CAFII and Its Members

K. Martin reported that as part of the effort to develop a Powerpoint deck for the presentation on 9 March, 2020 to the FCAC in Ottawa, Willis Towers Watson had shared some data and some Powerpoint slides with CAFII, based on a credit protection insurance benchmarking study it conducts.

These slides were then revised and refined by Dog and Pony Studios, and a set of very interesting slides on the insurance products of CAFII members were produced.

However, while it was felt that these slides could be valuable to share with regulators, there was not enough time prior to the FCAC presentation to do a proper review.

An EOC Working Group has now been struck, with Dana Easthope of Canadian Premier Life as Chair, to review the slides and determine which could be shared in future presentations with regulators and policy-makers.

6. Governance Matters

6.a. Draft Minutes of May 26/20 EOC Teleconference Meeting

Deferred to 21 July, 2020 EOC meeting due to time constraints which precluded the addressing of this matter at this meeting.

6.b. Confirmation of EOC Summer 2020 Teleconference Meetings: Tuesday, July 21/20; and Tuesday, August 25/20

EOC members agreed that its tentatively scheduled summer teleconference meetings should be held, in July and August 2020.

6.c. Rescheduling of October 6/20 CAFII Board Meeting; and Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives To Thursday, October 15/20

B. Wycks reported that the Fall 2020 CAFII Board meeting and the related liaison lunch and industry issues dialogue session with AMF staff executives had been rescheduled for Thursday, 15 October, 2020.

7 Other Business

B. Wycks reported on a New York Times article on travel insurance in the US, and a commentary on that article, which had been shared by CAFII media consultant David Moorcroft.

The EOC felt that discussion of any possible actions to be taken by CAFII on the issues raised by the New York Times article should be addressed by the CAFII Directors and Designates COVID-19 Information-Sharing Group at its next meeting, which was scheduled for 9 July, 2020.

[Action Item: Bring forward the matter of the New York Times article on travel insurance in the US to the 9 July, 2020 meeting of the CAFII Directors and Designates COVID-19 Information-Sharing Group; K. Martin, 9 July/20.]