

Agenda Item 6 c
November 14/23 EOC Meeting

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
BOARD OF DIRECTORS MEETING
In-Person/Hybrid Meeting Hosted by RBC Insurance at 1 Place Ville Marie, Montreal, Quebec
Tuesday, October 10, 2023
2:20 to 4:00 p.m. EDT
Minutes

Board Members

Present In Person:

Peter Thompson, National Bank Insurance
Paul Cosgrove, Assurant Canada
Heather McLachlin, CUMIS Services Inc./The Co-operators
Louie Georgakis, The Canada Life Assurance Company
Julie Gaudry, RBC Insurance

Present Virtually:

Adam Vespi, Canadian Tire Bank
Ian Oncea, CIBC Insurance
Rohit Thomas, BMO Insurance
Rahul Kakar, Chubb Life Insurance Company of Canada
Wayne Hewitt, Scotia Insurance
Wally Thompson, Manulife; outgoing Board member
Valerie Gillis, TD Insurance
Nicole Benson, Valeyo
Simon Lacroix-Hubert, Desjardins Insurance

Regrets:

Nigel Branker, Securian Canada

Also Present:

Andrew Kugler, Manulife; incoming Board member (Guest Observer present virtually)
Rob Dobbins, EOC Chair and Board Secretary, Assurant Canada
Karyn Kasperski, EOC Vice Chair, RBC Insurance
John Burns, Securian Canada (Surrogate for Board Member Nigel Branker)
Donald Hinnecke, Treasurer, RBC Insurance
Brendan Wycks, Co-Executive Director, CAFII
Keith Martin, Co-Executive Director, CAFII
Robyn Jennings, Research Analyst, CAFII
Shanay Smith, Operations Manager, CAFII (virtual-only)
Pamela Hicks, Association Administrator, Managing Matters

Item 1: Welcome, Call to Order, and Meeting Confirmation.

CAFII Board Chair Peter Thompson welcomed all to this meeting of the CAFII Board of Directors, which was hosted by RBC Insurance in Montreal, Quebec, as well as virtually on the Microsoft Teams platform, and called the meeting to order at 2:24 p.m. Robyn Jennings acted as Recording Secretary.

Item 1(a): Declaration of Meeting Properly Called and Constituted.

Board Secretary Rob Dobbins confirmed that there was a quorum of Board members present for the meeting; and that the meeting had been properly called and constituted.

Item 1(b): Welcome to New CAFII Staff Members and Managing Matters Support Team Member Robyn Jennings, Research Analyst; Shanay Smith, Operations Manager; and Pamela Hicks, Association Administrator.

Board Chair Peter Thompson welcomed and introduced CAFII's two new staff members, Robyn Jennings (Research Analyst) and Shanay Smith (Operations Manager), along with Managing Matters' on-site support team member Pamela Hicks (Association Administrator).

Item 1(c): Approval of Agenda.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the meeting Agenda be and is approved.*

Item 2: Consent Items.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the Consent Agenda items itemized below be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.*

- a. Draft Board Meeting Minutes, June 6, 2023
- b. May 31/23 CAFII Submission to FSRA on "Proposed Guidance: Administrative Monetary Penalties"
- c. Summary of Board and EOC Action Items
- d. June/July 2023 Regulatory Update
- e. September 2023 Regulatory Update
- f. Consultations/Submissions Timetable
- g. Regulator and Policy-Maker Visit Plan Recap
- h. Committee Reports Addressing CAFII Priorities
- i. Board-Approved CAFII 2023 Schedule of Meetings and Events

*Further, **IT WAS RESOLVED** that the minutes of the meeting of the CAFII Board of Directors held June 6, 2023, be and are adopted in the form presented and that copies of those minutes be signed and placed in the minute book of the Corporation.*

Item 3: Governance Matters

Item 3(a): Retirement of Wally Thompson, Manulife Financial; and Appointment of Andrew Kugler, Vice President, Head of Distribution, Affinity Markets Canada, Manulife as New CAFII Board Member.

Peter Thompson called upon CAFII Director and current Board Vice-Chair Wally Thompson (Manulife) to update the Board on his plans to retire imminently, effective Friday, October 13, 2023.

Wally Thompson thanked his fellow CAFII Directors, other member company representatives, and the Association's staff team for the experience he had very much enjoyed in serving as a CAFII Board member for the past five-plus years. He advised that he will be succeeded at Manulife and on the CAFII Board by Andrew Kugler.

Peter Thompson advised that Andrew Kugler's appointment to the CAFII Board would be implemented via the *Electronic Vote of the Board, Outside of a Board Meeting* provision set out in the Association's Bylaw.

All Board members joined Mr. Thompson in a warm round of applause for Wally Thompson for his distinguished service on the CAFII Board, and to the Association more generally.

Item 3(b): Appointment of Paul Cosgrove, President & CEO, Assurant Canada, as New CAFII Board Vice-Chair.
Chair Peter Thompson provided an update on the Association's current Board Vice-Chair situation and the related, recent deliberations of the Board Chair and Vice-Chair Nominating Committee; and he sought the Board's approval for the appointment of Paul Cosgrove (President and CEO, Assurant Canada) as the new Vice-Chair of the Board.

On a motion duly made, seconded, and unanimously carried, IT WAS RESOLVED that Paul Cosgrove be and is appointed as Vice-Chair of the CAFII Board of Directors.

Item 3(c): Implementation of Board-Approved "New CAFII Management Structure (Post 2023)."
CAFII Co-Executive Director Keith Martin provided an update on implementation of the Board-approved new CAFII management structure (post-2023). This new structure is in response to Co-Executive Director Brendan Wycks' impending retirement. As a result, CAFII has hired two new staff members – Shanay Smith (Operations Manager) and Robyn Jennings (Research Analyst) -- reporting to Keith Martin as the sole Executive Director.

One key outcome of the new management structure is the creation of a Policies & Procedures Manual (P&Ps), currently being developed by Shanay Smith. This will act as a repository of documentation on all CAFII deliverables and processes. The goal of the P&Ps Manual is to have a permanent record of all CAFII procedures, policies, timelines and deadlines, key terms, and general information.

Item 3(d): Proposed 2024 Schedule of CAFII Meetings and Events
CAFII Co-Executive Director Brendan Wycks presented to the Board a Proposed 2024 Schedule of CAFII Meetings and Events.

He advised that in 2024, in keeping with member requests, there will be no EOC or Board meetings on a day immediately following a statutory holiday or on the Tuesday following a long, holiday weekend. The recommended dates for the four Board meetings to be held in 2024 were set out prominently in the Proposed Schedule that had been circulated.

On a motion duly made, seconded, and unanimously carried, IT WAS RESOLVED that the Proposed 2024 Schedule of CAFII Meetings and Events be and is approved, as presented.

Item 4: Financial Management

Item 4(a): CAFII Financial Statements as at August 31/23
Treasurer Donald Hinnecke provided an overview of CAFII's financial position as at August 31, 2023, noting that the Association was in a strong financial position and would finish the 2023 fiscal year with a significant surplus, mainly due to the fact that some budgeted expenses -- such as legal fees, travel, and event costs -- will not be incurred.

Item 4(b): Forecast for CAFII 2023 Fiscal Year as at August 31/23.

Treasurer Donald Hinnecke provided an update on the forecast for CAFII's 2023 fiscal year as at August 31, 2023, noting that the Association was in a very strong cash and overall financial position; and will be well-situated for the upcoming 2024 fiscal year.

Item 4(c): Critical Path for Development of 2024 CAFII Operating Budget, Including Proposal from Operatic Agency for Development of New Back End of CAFII Website

Co-Executive Director Brendan Wycks updated the Board on the critical path for the development of the Association's proposed 2024 operating budget. A proposed budget would be presented to the EOC for endorsement, following which it will be presented to the Board for approval at its next meeting on December 5/23, he advised.

Co-Executive Director Keith Martin noted that the 2024 budget will include a one-time \$40,000 expense for a rebuilding of the CAFII intranet, or website back-end. Because this is a sizeable one-time expense, the Board is being asked to support, separately, the Association's proceeding with this investment in its 2024 budget, he indicated.

*On a motion duly made, seconded, and unanimously carried, **IT WAS RESOLVED** that the CAFII-requested Proposal from Operatic Agency for the Development of a New Back End of the CAFII Website be and is approved, as presented.*

Item 5: Strategic and Regulatory Matters

Item 5(a): Debrief Discussion on Just-Completed 'Industry Issues Dialogue' with AMF Staff Executives

See item 5(b).

Item 5(b): Insights Gained from July 4/23 and Plans for September 29/23 Quarterly Virtual Liaison Meetings Between CAFII Board Chair P. Thompson and AMF Superintendent E. Jacob

Chair Peter Thompson and Co-Executive Director Keith Martin addressed agenda items 5(a) and 5(b) in tandem, as they were integrally related.

Peter Thompson stated that the just-concluded Industry Issues Dialogue was very different from last year's parallel meeting in that it was positive, amicable, and collaborative. He noted that, though there are still issues to discuss with the AMF, the clear difference in approach and tenor indicates that we have turned a corner in the relationship.

Keith Martin noted that this positive change can be largely attributed to the benefits that have flowed out of the quarterly meetings that Peter Thompson has been holding with AMF Superintendent of Client Services and Distribution Éric Jacob.

The most important ongoing topic of discussion between the AMF and CAFII at this time is spousal insurance, Mr. Martin indicated. CAFII members have made it clear that their ideal and desired course of action would be to let all remaining spousal insurance policies be naturally run off; however, with the deadline of January 1/25 fast approaching, there is a need to quickly gain clarity on the expectations of the AMF on this issue.

The general sentiment from the AMF is that they are willing to listen to CAFII and consider a natural attrition approach, if CAFII can demonstrate that member companies are making progress in running down the number of those policies.

Item 5(c): Insights Gained from September 28/23 Presentation of CAFII's 2023 Research Results-Focused PowerPoint Deck to AMF Staff Executives in a Special Purpose In-Person (in Quebec City)/Hybrid Meeting in French Only

Keith Martin reported that the AMF was appreciative of the clear efforts made by CAFII to present its research results-focused PowerPoint deck to a group of the Autorité's staff executives in-person and in French only on September 28/23. The engagement level displayed by the AMF staff executives at that session was high and positive; conversations were amicable, and the AMF attendees expressed curiosity about CAFII's research results, particularly the findings on consumer satisfaction. Further sharing of such research results, in future, may be an avenue for continuing CAFII's relationship development with the AMF.

Item 5(d): Insights Gained from June 8/23 CAFII Special Purpose Virtual Meeting with Christian Beaulieu and Mario Beaudoin on AMF's Gathering of Industry Statistics on Claims Denials, and Utilization Intentions

Keith Martin reported that his June 8/23 special purpose meeting with the AMF's Christian Beaulieu and Mario Beaudoin on the Autorité's gathering of industry statistics on claims denials, and related utilization intentions with respect to those statistics, was a very productive meeting. Mario Beaudoin provided additional clarity around the AMF's gathering of statistics and how it intends to use them. The meeting made it clear that this was a long-term project for the AMF and not an immediate priority.

Item 5(e): Insights Gained from June 21/23 CAFII Special Purpose Virtual Meeting with Louise Gauthier and Melissa Perreault on AMF's Regulation on Complaints Handling and Dispute Resolution; and Ensuing Correspondence Exchange

Keith Martin informed the Board that, overall, his June 21/23 special purpose virtual meeting with AMF staff executives Louise Gauthier and Melissa Perreault on the Autorité's Regulation on Complaints Handling and Dispute Resolution (along with the ensuing correspondence on this matter) had been very productive, with Ms. Gauthier concluding the meeting by saying that she understands the industry's concerns and that the AMF would do what it could to adjust the draft Regulation accordingly.

Item 5(f): Insights Gained from Recent CAFII Insurance Regulator and Policy-Maker Tour Visits:

With respect to CAFII's recently completed insurance regulator and policy-maker visits tours (Phases 1 and 2 of Western Canada Tour in May and June 2023; and Phase 1 of Atlantic Canada Tour in September 2023), Keith Martin provided the following thematic observations:

- in-person meetings in each regulator/policy-maker's province are highly beneficial for dialogue and building a strong foundation for collaboration;
- regulators and policy-makers are starved for information and are eager to learn what is going on in the industry;
- it is beneficial for CAFII to continue to bring member company representatives on the tours, as doing so allows insurance regulators and policy-makers to speak to industry participants with operational responsibilities; and
- there is an older generation of regulators and policy-makers who carry a somewhat jaundiced view of credit protection insurance. Both Robert Bradley from PEI and Angela Mazerolle from New Brunswick, for example, said that they would not purchase credit protection insurance themselves. CAFII will

continue to focus on providing credible research results and information to regulators and policy-makers so that they can understand the benefits of these products.

Brendan Wycks added that another insight gained from these meetings is that some regulators are receptive to harmonization and seemed to understand industry concerns around the differences from province-to-province, particularly with respect to restricted insurance agent licensing regimes.

Item 5(g): EOC-Approved CAFII 2023 Research Project with LIMRA on CPI's Accessibility to and Utility for Canadian Consumer Segments

Keith Martin reported on the status of the EOC-Approved CAFII 2023 Research Project with LIMRA on *CPI's Accessibility to and Utility for Canadian Consumer Segments*. He noted that this research will identify whether homeowners in different income bands have different rates of purchasing CPI versus other types of life insurance. The hypothesis is that lower income groups among homeowners will have higher enrolment rates in CPI as an insurance protection product, which would indicate that this product is especially important for lower and middle income consumers in the marketplace.

Item 5(h): Recruitment of and Transition to New Media Consultant

Keith Martin updated the Board on CAFII's search for a new Media Consultant.

Item 5(i): Insights Gained from September 26/23 CAFII Webinar with Stuart Wilkinson, Director, Consumer Office, FSRA

Keith Martin provided an update on insights gained from a September 26/23 CAFII webinar with Stuart Wilkinson, Director of the Financial Services Regulatory Authority of Ontario (FSRA)'s Consumer Office. He also noted that he has consistently received messages from insurance regulators and policy-makers that they find great value in being invited to attend CAFII webinars. It is also an excellent way to give a raise the profile of selected, often recently appointed, regulators and policy-makers, and to give them a platform to share their views and priorities to industry representatives. Stuart Wilkinson was highly appreciative of the platform which CAFII gave him to share the priorities of the FSRA Consumer Office which he is responsible for.

Item 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 3:50 p.m.