

CAFII Executive Operations Committee Teleconference-Only Meeting

Tuesday, October 29, 2020

Minutes

EOC Present: Martin Boyle, BMO Insurance
Dana Easthope, Canadian Premier Life
John Lewsen, BMO Insurance
Michelle Costello, CUMIS
Sharon Apt, Canada Life Assurance
Emily Brown, Sun Life
Pete Thorn, TD Insurance
Marie Nadeau, National Bank Insurance
Kamana Tripathi, TD Insurance
Diane Quigley, CUMIS/The Co-Operators
Dominique Julien, CIBC Insurance
Tony Pergola, ScotiaLife Financial, CAFII Treasurer
Shawna Sykes, CUMIS/The Co-Operators
Brad Kuiper, ScotiaLife Financial
Charles Blaquiere, Valeyo
Andrea Stuska, TD Insurance
Penelope Cordogiannis, RBC Insurance
Ben Gray, CIBC Insurance
Anita Mukherjee, RBC Insurance
Afzal Baig, TD Insurance

Also Present: Brendan Wycks, *Co-Executive Director*
Keith Martin, *Co-Executive Director*
Albert Lin, CAFII/Managing Matters

1. Welcome, Call to Order, and Priority Matters

1.a. Call to Order

CAFII Co-Executive Director B. Wycks moderated the meeting, and called the meeting to order at 2:02 pm.

1.b. EOC Chair Succession

It was reported that a willing and qualified candidate to be the successor to M. Boyle as EOC Chair and Board Secretary had not yet been secured. CAFII's Co-Executive Directors are working diligently with the CAFII Board Chair on this file and should have a further update soon.

2. Consent Items

The following six consent Items that do not require any discussion or decisions were received for the record:

- Consultations/Submissions Timetable
- Regulatory Update

- Regulator and Policy-Maker Visit Plan
- Summary of Board and EOC Action Items
- CAFII Submission To FCNB On Informal Consultation on Contemplated Changes To Life Insurance and Accident & Sickness Insurance Parts of New Brunswick Insurance Act
- Board-Approved Schedule of CAFII 2021 Board and EOC Meeting Dates

3. Financial Management Matters

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

CAFII Treasurer T. Pergola reported that CAFII's financial position as at September 30, 2020 was strong, partly due to lower expenses due to activities not taking place due to COVID-19 (such as travel by CAFII's Co-Executive Directors, or in-person receptions). Year-to-date revenues of \$664,000 relative to expenses of \$542,000 are producing an interim surplus of \$121,000, which is a positive variance of \$102,000 versus the year-to-date budget. Currently, the Association's financial reserves are at 40% of annual operating expenses, but as some expenses are booked that have not occurred yet due to timing issues, that level of financial reserves will be reduced somewhat by the end of the fiscal year.

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

Treasurer T. Pergola reported that CAFII's 2020 fiscal year surplus will be higher than expected due to lower expenses being incurred in this pandemic-afflicted year; and currently it is expected that CAFII's end-of-year financial reserves will be at 38% of annual operating expenses, which is well within the Association's 25% to 50% target range.

3.b.i. Preliminary Draft of CAFII 2021 Operating Budget (Incorporating Assumptions and Related Feedback From CAFII Board on October 15/20)

Treasurer T. Pergola advised that at its December 1/20 meeting, the CAFII Board will be presented with two or more 2021 Operating Budget Options, which will vary based upon whether the current pandemic-imposed travel and in-person meeting restrictions are expected to be lifted at some point during 2021.

B. Wycks advised that there had been an indication that in 2021, CAFII would have one new Member at the lower tier of membership dues, arising from the fact that a current Member and its distribution company subsidiary had decided that they would each be separate members of the Association starting in 2021. Pending confirmation of this signalled intention, the change would result in an incremental \$39,000 in membership dues revenue.

[Action Item: Produce Draft 2 of Proposed CAFII 2021 Operating Budget, containing two or more Budget Options, for the EOC's review at its 17 November, 2020 meeting and prior to the CAFII Board's 1 December, 2020 meeting; B. Wycks, K. Martin, T. Pergola, T. Moran, 13 November, 2020.]

4. Committee Updates

4.a. Research & Education

4.a.i. Next Steps In Implementing Board-Approved CAFII 2020 Consumer Research Project With Pollara Strategic Insights, Including Creation Of Working Group To Assist Research & Education Committee In Developing Survey Questions

A. Stuska, Chair of the Research & Education Committee, reported on the CAFII Board's approval of the CAFII 2020 consumer research project with Pollara, at its 15 October, 2020 meeting. CAFII will now set up a *Working Group on the Questionnaire for the 2020 Consumer Research Project*. EOC members are invited to join, or to nominate an individual from their organization to be on the Working Group. It was also noted that the current projected timeline is to have the questionnaire completed in 2020, but to actually go to field early in 2021, so that the lifespan of the research can be extended.

[Action Item: Ask EOC members to nominate volunteers for a Working Group on the Questionnaire for the 2020 Consumer Research Project; K. Martin, 6 November, 2020.]

4.b. Media Advocacy

4.b.i. CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Disability Insurance; and New Website Vignettes and FAQs On CAFII Member Products

C. Blaquiere reported that CAFII had made significant progress in delivering on some of its investment priorities around the CAFII website. K. Martin added that the motion graphic website video on credit projection insurance was moving to production of the video component, and new FAQs and vignettes were now posted on the CAFII website.

4.b.ii. CAFII Website Enhancement To Effect Board Request Re Facilitating Consumers' Filing Of Credit Protection Insurance and Travel Insurance Claims With CAFII Members

K. Martin noted that the CAFII website now included a new "How to Make a Claim" section with links to the claims section of each of the Association's members. Because this was an important Fair Treatment of Customers enhancement, an announcement about this initiative would be sent to insurance regulators and policy-makers across Canada, Mr. Martin advised.

[Action Item: Disseminate announcement about new CAFII website section on "How to Make a Claim" with insurance regulators and policy-makers across Canada; K. Martin, 6 November, 2020.]

4.c. Market Conduct & Licensing

4.c.i. Insights Gained From October 26/20 AMF Background/Launch Webinar For CAFII On Two Upcoming Industry Consultations

K. Martin and B. Wycks provided a brief update on the important learnings from the webinar on October 26, 2020 with the AMF officials on their intention to hold stakeholder consultations on their update plans with respect to the Autorite's Sound Commercial Practices Guideline (2013) and its new Draft Regulation on Complaints Processing. The AMF said that they would give industry stakeholders at least 60 days to offer their comments.

It was noted that during the webinar, B. Wycks made the observation to the AMF that if they release the documents in late November, with a 60 day consultation window, that would mean that the submissions from industry would need to be developed over the holiday season. The AMF said that they were taking note of that important observation and would take it into consideration.

[Action Item: Share the AMF's presentation deck with EOC members and other relevant CAFII member representatives; B. Wycks, 17 November, 2020.]

4.c.ii. Development Of CAFII Response Submission On AMF's Updating Of "Sound Commercial Practices Guideline"

K. Martin advised that CAFII will develop a response submission to the AMF's consultation on its updated Sound Commercial Practices Guideline, and more information will be forthcoming when the AMF publishes the actual consultation document and its timelines for submissions.

4.c.iii. Development of Response Submission On AMF's Draft Regulation On Complaint Processing

B. Wycks advised that CAFII will develop a response to the AMF's consultation on its Draft Regulation on Complaint Processing, and more information will be forthcoming when the AMF publishes the actual consultation document and its timelines for submissions.

4.c.iv. Development of CAFII Response Submission on FSRA's Unfair or Deceptive Acts or Practices (UDAP) Rule

K. Martin reported that CAFII recently participated in a FSRA Life and Health Insurance Sectoral Advisory Committee virtual meeting on FSRA's desire to turn the inherited FSCO Regulation on Unfair or Deceptive Acts or Practices (UDAP) into a FSRA rule; and AFII has already provided FSRA with some preliminary feedback on this initiative. When the formal document and timelines on this FSRA initiative, CAFII will develop a formal action plan and will share this with EOC members.

4.c.v. Development of CAFII Response Submission on FSRA's Fiscal Year 2021-22 Proposed Statement of Priorities and Budget

K. Martin reported that CAFII is preparing a formal submission to FSRA on its Proposed 2021-2022 Statement of Priorities and Budget. The draft CAFII response submission will be shared initially with the Market Conduct and Licensing Committee, and then shared with the EOC for review and feedback, before it is finalized and sent to FSRA.

4.d. Travel Medical Insurance Experts

A. Baig advised that his update related to the Travel Medical Insurance Experts Working Group would be made under Agenda Item 6di.

4.e. Networking & Events

4.e.i. CAFII Board Feedback On Possible Webinar Or Other Virtual Event Immediately Following December 1/20 CAFII Board Meeting

B. Wycks reported that the CAFII Board indicated at its 15 October, 2020 meeting that it did not wish to have a webinar or a Holiday Season virtual social event immediately following the 1 December, 2020 Board meeting.

5. Recent and Upcoming Strategic and Regulatory Initiatives

5.a. Insights Gained From October 21/20 CAFII 2020 Annual Members' Luncheon Webinar Presentation By FCAC On Financial Consumer Protection Framework

B. Wycks noted that the 21 October, 2020 CAFII 2020 Annual Members' Luncheon Webinar by Teresa Frick, the FCAC's Director of Supervision and Enforcement, provided many insights, and was also a good relationship-building exercise. It was noted that CAFII now had a much better understanding of some of the FCAC's key priorities, and had learned what the FCAC's new organizational structure is.

[Action Item: Share the FCAC's presentation deck with EOC members and other relevant CAFII member representatives; B. Wycks, 17 November, 2020.]

5.b. CAFII Board Directive/Request For Ongoing EOC Engagement In Monitoring FCAC's Development Of "Appropriateness Guideline" and Related Sharing of Members' Insights

K. Martin advised that at its 15 October, 2020 meeting, the CAFII Board had formally requested that the EOC monitor the issue of the FCAC's development of an "Appropriateness Guideline" for financial products and services carefully; and it had specifically requested that CAFII's federally regulated financial institution (FRFI) members find out what their organizations are doing on this file internally, and share information on this with CAFII's Co-Executive Directors.

The CAFII Board also requested that any information about work on this file which FRFI members are involved in at the Canadian Bankers Association (CBA) be shared with CAFII's Co-Executive Directors.

It was also noted that the Board was still discussing the timeline for reaching out to the FCAC on this matter, with some Board members concerned that proactively engaging the FCAC on the matter could lead the Agency to feel that they should definitely include credit protection insurance in the Appropriateness Guideline.

[Action Item: FRFI EOC members to share with Co-Executive Directors the work being done within their organizations on the FCAC's Appropriateness Guideline and about their organization's involvement in this file with the CBA; relevant EOC members, 17 November, 2020.]

5.c. Feedback From CAFII Board On Briefing Note On Quebec Bills 53 and 64

K. Martin noted that Quebec Bill 53 is about credit rating agencies and is of only marginal relevance to CAFII's focus.

Quebec Bill 64 is on updating the province's personal information and privacy protection legislation and is of greater relevance to CAFII's focus and mandate, but the September 30/20 timeline for making a submission on this Bill has passed. CAFII will continue monitoring this Bill and if there is an opportunity to do so, will provide views to the Quebec Government, particularly on the need to harmonize Quebec legislation with the federal PIPEDA, and to avoid overly constrictive informed consent requirements.

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

5.d.i. Insights Gained From October 15/20 CAFII/AMF “Industry Issues Dialogue,” Including Position On Denial Of Trip Cancellation Travel Insurance Claims Where Insured Has Also Received An Airline Or Other Travel Services Provider Voucher

CAFII learned from Frédéric Pérodeau, the AMF’s Superintendent, Client Services and Distribution Oversight, at the 15 October, 2020 CAFII/AMF Industry Issues Dialogue, that if a travel insurance contract indicates that trip cancellation claims will not be paid out if an airline offers the consumer a voucher, that is something the AMF is comfortable with; but if there is no such language in the insurance contract, then the AMF’s position is that an airline’s issuance of a voucher is not sufficient grounds to deny a trip cancellation claim.

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

B. Wycks noted that based on regular meetings with Global Affairs Canada, both CLHIA and THIA are of the view that Canada’s land border with the United States will not be re-opening within the foreseeable future.

6. Governance Matters

6.a. Draft Minutes of September 22/20 EOC Teleconference Meeting

The draft minutes of the 22 September, 2020 EOC teleconference meeting were approved.

6.b. Draft Minutes of October 15/20 CAFII Board Teleconference Meeting

The EOC endorsed the draft minutes of the 15 October, 2020 CAFII Board teleconference meeting, for presentation to the Board for its approval.

6.c. Documentation of CAFII HR Policy Re Co-Executive Directors Performance Review Process

M. Boyle updated the EOC on his proposal to document into a formal policy the currently undocumented process for the CAFII Co-Executive Directors’ annual performance review, for approval by the Board at its 1 December, 2020 meeting.

7. Other Business

None raised.