

CAFII Executive Operations Committee Virtual Meeting

Tuesday, March 30, 2021

Minutes

EOC Present: Rob Dobbins, Assurant (Chair)
Tony Pergola, ScotiaLife Financial (Treasurer)
Carmelina Manno, ManuLife
Scott Kirby, TD Insurance
Anaar Jessa, Sun Life
Anu Bains, CIBC Insurance
Ben Gray, CIBC Insurance
Martin Boyle, BMO Insurance
Monika Spudas, Manulife
Dana Easthope, Canadian Premier Life Insurance
Edward Kuo, Sun Life
Michelle Costello, CUMIS Services Inc.
Sharon Apt, Canada Life Assurance
Emily Brown, Sun Life
Fernando Heleno, RBC Insurance
Pete Thorn, TD Insurance
Isabelle Choquette, Desjardins Insurance
Karyn Kasperski, RBC Insurance
Maira Gill, TD Insurance
Afzal Baig, TD Insurance
Anita Mukherjee, RBC Insurance
Andrea Stuska, TD Insurance
Aanchal Gulia, Sun Life
Penny Cordogiannis, RBC 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

EOC Chair and Board Secretary R. Dobbins called the meeting to order at 2:02 p.m.

1.b. Welcome to New EOC Member: Fernando Heleno, RBC Insurance

R. Dobbins welcomed new EOC member F. Heleno from RBC Insurance, following which Mr. Heleno provided a self-introduction.

2. Consent Items

The following Consent Items that do not require any discussion or decision were tabled:

- a. Consultations/Submissions Timetable
- b. Regulatory Update
- c. Regulator and Policy-Maker Visit Plan
- d. Summary of Board and EOC Action Items
- e. Board-Approved Schedule Of CAFII 2021 Meetings And Events

3. Financial Management Matters

3.a. CAFII Financial Statements as at February 28/21

CAFII Treasurer T. Pergola highlighted from the Association's financial statements as at 28 February, 2021. He noted that for the year-to-date, revenues were \$155K, and expenses were \$98K, producing to a year-to-date surplus of \$57K. This relatively high level of surplus was partly due to timing issues around expenses, along with additional unbudgeted revenues due to both a higher retention of 2020 Associates than anticipated, along with CAFII attracting three new Associates.

3.b. Forecast for CAFII 2021 Fiscal Year as at February 28/21

CAFII Treasurer T. Pergola reported that CAFII's forecasted revenue for 2021, with two months of the fiscal year completed, was higher than in the budget, at \$933K versus budgeted revenue of \$918K. The Association's finances are in strong shape, he indicated, with forecasted year-end financial reserves of 53% of annual operating expenses, which is above the target range of 25 to 50% of annual operating expenses.

3.c. Update on KPMG Audit of CAFII 2020 Fiscal Year Financial Statements

B. Wycks noted that the CAFII's 2020 audited financial statements process was proceeding smoothly -- with a targeted approval by the Board of Directors at its 13 April, 2021 meeting followed by formal adoption at the 9 June, 2021 Annual Meeting of Members.

4. Committee Updates

4.a. Research & Education

4.a.i. CAFII 2020-21 Consumer Research Project With Pollara Strategic Insights On Consumers' Digitization Preferences: Progress Report

Research & Education Committee Chair A. Stuska and K. Martin updated the EOC on progress around the consumers' digitization preferences research project being undertaken by Pollara Strategic Insights. The project has gone to field and the draft report should be ready within the next few weeks. When the report is in, arrangements will be made to share results with the EOC.

4.b. Media Advocacy

4.b.i. Finalization/Launch of CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Credit Protection Disability Insurance; Media Release; and Sharing of This News with Insurance Regulators and Policy-Makers Across Canada

On behalf of Media Advocacy Committee Chair C. Blaquiere, who was unable to attend the meeting, K. Martin reported that the CAFII motion graphic video has been completed and posted on the Association's website. A media release has also been issued, and posted on the website. CAFII shared the news of the posting of the video with over 200 regulators and policy-makers across Canada, and received 10 positive and supportive responses.

4.b.ii. Proposed Website Blog As An Ongoing CAFII Initiative (Visitor: D. Moorcroft, CAFII Media Consultant)

CAFII's media consultant D. Moorcroft shared details around a proposal to create a blog on the CAFII website, and to post eight to 10 new entries there annually. In response to some concerns that this was a less current way to communicate with consumers than utilizing social media would be, B. Wycks recalled that the Board desired an incremental, cautious approach to public communications, and as a highly controlled communication method, a blog made sense as the next step in this strategy. The EOC supported the development of a blog on the website; and approved this initiative for recommendation to the CAFII Board.

4.c. Market Conduct & Licensing

B. Wycks and K. Martin provided a high level update on current market conduct-related regulatory consultations, with much of the detail deferred to specific agenda items on these consultations later in the meeting.

4.d. Travel Insurance Experts

A. Baig provided a high level update on new travel insurance-related data points which the CCIR Travel Insurance Working Group would like to see included in the Annual Statement on Market Conduct (AMSC) in future years.

4.e. Networking & Events

4.e.i. Cancellation of Planned CAFII Fireside Chat Webinar with Helen Troup

R. Dobbins provided background context and explanation as to why a decision had been taken to cancel a planned CAFII webinar in which H. Troup from Australia would have been the fireside chat discussant. It was noted that there were some Board members who were concerned that some might interpret CAFII's organization of this webinar as suggesting that the situation around credit protection insurance in Australia was similar to what exists in Canada, when that is not the case.

4.e.ii. Plans For CAFII 2021 Webinars:

An update was provided on the current slate of proposed CAFII webinars for 2021, as follows:

- Glen Padassery, EVP and Chief Consumer Officer, FSRA;
- RIA Regimes in Canada;
- The Future of Travel Insurance As The World Emerges From COVID-19;
- Lesli Martin, Pollara Strategic Insights, On Results Of CAFII 2020-21 Consumer Research On Consumers' Digitization Preferences: (i) Webinar 1 For CAFII Board, EOC, and Other Member Representatives; (ii) Webinar 2 For Allied Industry Association Representatives; (iii) Webinar 3 For Insurance Regulators and Policy-Makers
- Two Relatively New Superintendents of Insurance (Alberta and Newfoundland) and Their Priorities;
- BCFSA and Its Priorities (Introduction To/Profile-Raising of Blair Morrison and Peta Wale);
- Consumer-Focused Innovation In The Life and Health Insurance Industry.

5. Recent and Upcoming Strategic and Regulatory Initiatives

5.a. New Brunswick's "An Act To Amend The Insurance Act," Tabled March 17/21

B. Wycks provided an update on the Financial and Consumer Services Commission of New Brunswick's communique which advised that "An Act To Amend The Insurance Act" had been tabled in the province's legislature on March 17/21; and that the FCNB would be releasing a related Rule for consultation later in 2021. He noted that David Weir of FCNB has agreed to CAFII's request for a dialogue meeting on these latest developments and the FCNB's plans for the in-development Rule. While B. Wycks suggested that it might be best to take part in this meeting when a draft of the coming Rule was available, EOC members recommended meeting with FCNB in the near future – in order to have an opportunity to influence the in-development Rule -- and then again, after the Rule is released for consultation.

[Action Item: Organize a virtual meeting for CAFII with David Weir, FCNB around the in-development Rule and its provisions addressing the creation of a Restricted Insurance Agent licensing regime in New Brunswick; B. Wycks, May 15, 2021.]

5.b. AMF's Recently Confirmed Distribution Act Interpretation Which Requires That A Licensed Insurer Representative Be Involved In The Sale/Distribution of A Group Policy to The Distributor, Including Auto Dealers; and Industry Monitoring of/Intervention on This Issue Under CLHIA

R. and M. Costello spoke to some recent interpretations from the AMF that are particularly relevant to those involved in credit protection insurance that is distributed by auto dealers. There is ongoing work to better understand the subtleties of the AMF's position, it was noted.

5.c. Updates Arising From CAFII's and Members' Monitoring of Developments Around FCAC's "Appropriateness Guideline" Initiative

EOC members were reminded of the Board's desire that CAFII members who are working on internal initiatives around the FCAC's Appropriateness Guideline share their insights with CAFII management, so that this information can be aggregated and anonymously shared with the members.

5.c.i. Proposed CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance

M. Boyle presented a recommendation that a CAFII Working Group be struck to develop an industry position on how best to respond to future FCAC's requirements that the credit protection insurance sector be subject to an Appropriateness Guideline.

EOC discussion of this proposal focused on the challenges around members not being permitted to offer advice to consumers with respect to CPI products.

It was agreed that this proposal had merit, but that it should be referred to the Board of Directors for deliberation at its upcoming 13 April, 2021 meeting.

5.d. Outcomes of March 24/21 Special FSRA-Called Meeting with CLHIA and CAFII Around Concerns Raised By Group Insurance/Employee Benefits Advisors Related To How Section 7 (Incentives) of Proposed UDAP Rule Would Apply To Their Sector Within Life and Health Insurance

B. Wycks and K. Martin provided an overview of the March 24/21 meeting which CAFII and CLHIA had with FSRA around its draft Unfair and Deceptive Acts or Practices (UDAP) Rule, with an emphasis on some challenging questions FSRA had posed. CAFII will be working with the Market Conduct & Licensing Committee on a response to the two specific questions which FSRA had raised for our Association.

[Action Item: Working with the Market Conduct & Licensing Committee, prepare a CAFII response to FSRA's two UDAP Rule-related follow-up questions; B. Wycks, K. Martin, April 30, 2021.]

5.e. CAFII Data Improvements Working Group With RSM Canada Around Quarterly CPI Benchmarking Study: Progress Report

K. Martin reported that a Working Group had been developed with RSM Canada and the members participating in the Quarterly CPI Benchmarking Study, to pursue improvements to the data quality and comparability of the study.

[Action Item: Present report to EOC and Board on outcomes of the efforts of the Working Group on Data Improvements to the Quarterly CPI Benchmarking Study; K. Martin, Q3/Q4 2021.]

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

B. Wycks provided an overview of recent insights gained in the weekly calls on COVID-19's impact upon the travel insurance industry which involve CAFII, CLHIA, and THIA. He noted that there continued to be an expectation that the Canada-US land border would remain closed for the foreseeable future.

6. Governance Matters

6.a. Proposed Mechanisms for Creating Better Engagement/Succession Pipeline of CAFII Committee Chairs and Other Volunteer Leadership Roles; and Need To Secure Near-Term Successor Chairs for Two CAFII Committees

R. Dobbins and M. Gill presented a well-received proposal to secure nominees for Vice-Chairs for all CAFII Committees, so that each Committee would have a Chair successor in line who would learn the ropes prior to taking on the Chair role. The EOC supported moving forward with this initiative. The EOC was also informed that CAFII was looking for a new Chair of the Media Advocacy Committee, and a new Chair of the Travel Insurance Experts Working Group.

[Action Item: Share outcomes of new Committee Vice-Chair Initiative with the EOC; B. Wycks, K. Martin, April 27, 2021.]

6.b. Application Review and Admission of RSA as a New CAFII Associate

The EOC approved the admission of RSA as a new CAFII Associate.

6.c. Draft Minutes of February 11/21 Special Purpose Board Meeting

The EOC endorsed the draft minutes of the 11 February, 2021 CAFII Board Special Purpose Meeting, and recommended them to the Board for its approval.

6.d. Draft Minutes of February 23/21 EOC Meeting

The draft minutes of the 23 February, 2021 EOC meeting were approved.