

CAFII Executive Operations Committee Virtual Meeting

Tuesday, April 27, 2021

Minutes

EOC Present:

Rob Dobbins, Assurant (Chair)
Tony Pergola, ScotiaLife Financial (Treasurer)
Charles Blaquiere, Valeyo
Carmelina Manno, Manulife
Brad Kuiper, ScotiaLife Financial
Marie Nadeau, National Bank Insurance
Scott Kirby, TD Insurance
Anaar Jessa, Sun Life
Anu Bains, CIBC Insurance
Ben Gray, CIBC Insurance
Martin Boyle, BMO Insurance
Monika Spudas, Manulife
Kamana Tripathi, TD 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
Anita Mukherjee, RBC Insurance
Andrea Stuska, TD Insurance
Penny Cordogiannis, RBC Insurance
Casandra Litniansky, CUMIS Services Inc.

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.

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 March 31/21

CAFII Treasurer T. Pergola provided an update on the Association's financial statements as at 31 March, 2021. He noted that year-to-date revenues were \$234,000, expenses were \$169,000, resulting in a surplus of approximately \$65,000. Part of the explanation for the current favourable variance-to-budget was around the timing of expenses, along with the fact that the Association had successfully attracted four new Associates in 2021.

3.b. Forecast For CAFII 2021 Fiscal Year as at March 31/21

CAFII Treasurer T. Pergola noted that CAFII's revenue for the full 2021 fiscal year was now expected to be \$938,000 versus budgeted revenue of \$919,000. The 2021 fiscal year surplus was now forecasted to be \$102,000, and financial reserves at the end of the year were expected to amount to 54% of annual operating expenses.

3.c. Update on Board and Membership Approval of CAFII 2020 Audited Financial Statements

B. Wycks noted that the Association was on target to meet all of its timelines related to the 2020 fiscal year audited financial statements, with a targeted formal adoption of the audit at the 8 June, 2021 Annual Meeting of Members.

4. Committee Updates

4.a. Research & Education

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

Research & Education Committee Chair A. Stuska provided an update on the consumer research project by Pollara on consumers' CPI-related digitization preferences. She noted that the recent internal webinar presentation by Lesli Martin of Pollara on the research results had been well-received, and that the next step was for C. McKendrick of CIBC to turn the presentation into a "consumer-facing" Powerpoint presentation of the research results that could be posted on the CAFII website.

K. Martin noted that CAFII Board approval would also be secured for the public release of the consumer-facing research results report, with the intention being to also issue a press release, create a video on the high level research results, and deliver a webinar presentation on the results to insurance regulators and policy-makers from across Canada.

4.b. Media Advocacy

C. Blaquiére reported that a new blog section was being created on the CAFII website, with the intention being to populate it with eight to 10 new posts per year including the first two before the end of May 2021.

4.c. Market Conduct & Licensing

B. Kuiper reported that the Market Conduct & Licensing Committee was working on a response to the two follow-up questions posed to CAFII by FSRA arising from the Association's recent consultation submission on the regulator's draft Unfair or Deceptive Acts or Practices (UDAP) Rule, and that an advanced draft of the response would be shared with the EOC for review and feedback, prior to its being sent to FSRA.

4.d. Travel Insurance Experts

B. Wycks reported that a new Chair of the Travel Insurance Experts Working Group had been identified and that person's appointment would occur as part of an overall slate to be brought forward to the EOC at its next meeting on 25 May, 2021.

4.e. Networking & Events

4.e.i. CAFII Engagement with Glen Padassery, EVP and Chief Consumer Officer, FSRA, in Preparation for April 28/21 Webinar on "Tapping FSRA's Consumer Office and Consumer Advisory Panel To Help Shape The Authority's Regulatory Policy; and Fostering Internal and External Innovation at FSRA for the Benefit of Consumers and the Regulated Sectors"

K. Martin reported that CAFII had held a successful planning and organizational meeting with Glen Padassery and two of his FSRA Policy Division colleagues in connection with the upcoming 28 April, 2021 CAFII webinar featuring Glen as the fireside chat discussant. Over 115 people have registered for the webinar, including approximately 20 insurance regulators and policy-makers from across Canada.

5. Recent and Upcoming Strategic and Regulatory Initiatives

5.a. Board-Approved Next Step #1 Arising from AMF's March 30/21 Response Letter to CAFII's July 7/20 Creative Solutions Submission on Credit Card-Embedded Insurance Benefits: CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations

K. Martin reported that CAFII Board had approved three initiatives in response to the 30 March, 2020 letter from the AMF indicating that affected CAFII members were expected to fully comply with the requirements of the Regulation respecting Alternative Distribution Methods (RADM) in the case of credit card-embedded insurance benefits.

The first of these actions is the creation of a Working Group on Industry Alignment Around Compliance with the AMF's Expectations. A call for volunteers for that Working Group will be issued and its first meeting will be organized shortly.

In EOC discussion of this matter, the importance of immediately asking the AMF for an extension to its stipulated 17 September, 2021 deadline for affected insurers to respond, including by presenting evidence of the posting of Product Summaries on their websites and by providing the AMF with Action Plans. It was noted that in dealing with the AMF on the preceding spousal coverages issue, CAFII's request for a deadline extension had made reference to the need to conduct work on the Association's legal options. However, the view was expressed that raising the prospect of legal arguments in the current deadline extension request could be counter-productive; and it was agreed that the extension letter would focus on the operational and process challenges of meeting the 17 September, 2021 deadline and not make reference to the legal options avenue being explored by the Association.

[Action Item: Reach out for volunteers for and organize meetings of the Working Group on the AMF and Credit Card-Embedded Insurance Benefits; K. Martin, May 2021.]

[Action Item: Submit a letter to AMF requesting an extension of the 17 September, 2021 deadline for providing Product Summaries evidence and Action Plans to the AMF; K. Martin, B. Wycks, May 2021.]

5.b. Board-Approved Next Step #2 Arising from AMF's March 30/21 Response Letter to CAFII's July 7/20 Creative Solutions Submission on Credit Card-Embedded Insurance Benefits: CAFII Outreach Request To CBA That It Engage In This Issue, Given Implications For Core Credit Card Offerings in Quebec

K. Martin reported that as per the second of three CAFII Board directives on this issue, the Association has reached out to the CBA requesting that it engage on this issue. The CBA has indicated that it will get back to the Association with a response in due course.

5.c. Board-Approved Next Step #3 Arising from AMF's March 30/21 Response Letter to CAFII's July 7/20 Creative Solutions Submission on Credit Card-Embedded Insurance Benefits: CAFII Outreach to Norton Rose Around Furtherance of Legal Arguments/Opinion Opposed to AMF's Interpretation on RADM's Applicability and Resulting Regulatory Expectations

K. Martin reported that as per the third of three CAFII Board directives on this issue, the Association has asked Marc Duquette of Norton Rose to provide CAFII with a proposal on his firm's development of legal options and opinions on the AMF's position on this issue. This proposal will be presented to the Board at a Special Purpose Board Meeting in the near future, at which the various actions taken by the Association on this file will be shared.

It was noted that THIA is also looking at legal options with its legal counsel Jill McCutcheon of Tory's LLP, and that Ms. McCutcheon had raised the issue that the AMF does indeed have the power to modify a Regulation that is under its purview; and, as a result, it can make amendments to how the RADM applies to credit card-embedded insurance benefits.

[Action Item: Organize Special Purpose CAFII Board Meeting to review and reach a decision on legal services proposal from Norton Rose; B. Wycks, K. Martin, May 2021.]

5.d. Board-Approved 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

K. Martin reported that CAFII will be reaching out for volunteers to join a Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline, which Martin Boyle of BMO Insurance will chair.

[Action Item: Reach out for volunteers for and organize meetings of a Working Group on the FCAC Appropriateness Guideline; K. Martin, May 2021.]

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

Due to time constraints, this item was deferred to the next EOC meeting.

6. Governance Matters

6.a. CAFII Board Confirmation of Tweaks/Amendments to Three-to-Five-Year CAFII Strategic Plan

K. Martin reported that at its 11 February, 2021 Special Purpose Meeting, the CAFII Board had generally indicated that the CAFII Strategic Plan was moving the Association in the right direction. Board members called for some modest tweaks to be made to the Strategic Plan, mainly around an increased focus on specific items, such as monitoring regulatory developments in international jurisdictions, and increasing the focus on digitization trends.

A Powerpoint deck capturing these changes was presented to the Board at its 13 April, 2021 Board meeting, at which the Board formally approved the changes to the CAFII Strategic Plan.

6.b. CAFII Board Input Around Planning For Return to In-Person Meetings: (i) October 5/21 Board Meeting and Linked "Industry Issues Dialogue Session" with AMF Staff Executives; (ii) December 7/21 Board Meeting and Immediately Ensuing Holiday Season/Year-End Reception; (iii) General Need To Deliver An Enhanced Experience For Virtual/Remote Attendees

B. Wycks reported that at its 13 April, 2021 meeting, the CAFII Board expressed the view that an attempt should not be made to hold the scheduled October 5, 2021 CAFII Board meeting and related "Industry Issues Dialogue With AMF Staff Executives" as an in-person event; therefore, we will plan to hold those early October meetings virtually.

However, there will be further exploration of the possibility of holding the 7 December, 2021 CAFII Board meeting and the immediately ensuing CAFII Holiday Season Reception as in-person events.

In general, the feedback from the Board was that CAFII Board meetings in future should include the option of seamless virtual attendance; and that the quality of the meeting experience for remote users needed to be better than it was prior to the pandemic.

6.c. Results and Next Steps Arising From CAFII Outreach to EOC Members Re Creating Better Engagement and Succession Pipeline of CAFII Committee Chairs and Other Volunteer Leadership Roles; and Need to Secure Near-Term Successor Chairs for Two CAFII Committees

B. Wycks reported that CAFII had already received positive responses to its request for volunteers for its various committees, including identifying Vice-Chair nominees for several committees. The Association would be in a position to bring forward a slate of nominees for the EOC's review or appointment, as appropriate, at its next meeting on 25 May, 2021.

6.d. New CAFII Initiation Membership Applicant: Canadian Tire Bank (CTB)

B. Wycks reported that CAFII had just received a new Initiation Membership application from Canadian Tire Bank (CTB), and the Association would therefore be organizing a CAFII Membership Applicant Review Committee meeting with CTB senior executives.

6.e. Draft Minutes of March 30/21 EOC Meeting

The EOC approved the draft minutes of its 30 March, 2021 meeting.

6.f. Draft Minutes of April 13/21 Board Meeting

The EOC approved endorsed the draft minutes of the 13 April, 2021 CAFII Board meeting, for presentation to the Board for approval.