

**SPECIAL PURPOSE VIRTUAL MEETING VIA MS TEAMS**  
**BOARD OF DIRECTORS**  
**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**  
**Tuesday, June 29, 2021**  
**MINUTES**

<b>Board Present:</b>	Chris Lobbezoo	RBC Insurance; Chair
	Peter Thompson	National Bank Insurance; Vice-Chair
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Louie Georgakis	Canada Life Assurance
	Peter McCarthy	BMO Insurance
	Mica Sweet	CIBC Insurance
	Wally Thompson	Manulife Financial
	Kelly Tryon	CUMIS/The Co-operators
	Rob Robinson	Canadian Premier Life Insurance Company
	Chantal Gagné	Desjardins Insurance
<b>Regrets:</b>	Sophie Ouellet	Sun Life
	Adam Vespi	Canadian Tire Bank
	Nicole Benson	Valeyo
<b>Also Present:</b>	Marc Duquette	Norton Rose Fulbright Corporation ( <i>for part</i> )
	Dominic Dupoy	Norton Rose Fulbright Corporation ( <i>for part</i> )
	Brendan Wycks	CAFII
	Keith Martin	CAFII

**1. Call to Order and Meeting Confirmation**

C. Lobbezoo welcomed all to this meeting of the CAFII Board of Directors, which was held virtually on the Microsoft Teams platform, and called the meeting to order at 12:31 p.m. Lyn Wallington acted as Recording Secretary.

**1.a. Declaration of Meeting Properly Called and Constituted**

R. Dobbins, Board Secretary, confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present.

C. Lobbezoo declared this meeting of the Board of Directors of the Canadian Association of Financial Institutions in Insurance duly convened and properly constituted for the transaction of business.

**1.b. Approval of Agenda**

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

## 2. Strategic and Regulatory Matters

### 2.a. CAFII's Next Steps On AMF Credit Card-Embedded Insurance Benefits Issue

C. Lobbezoo asked K. Martin to provide an update to begin the meeting, by summarizing recent developments at the AMF on the credit card-embedded insurance benefits issue.

Mr. Martin advised that there appeared to be some softening of positions at the AMF. Two consultations which the AMF was planning had been postponed to the Fall of 2021, seemingly to allow for a summer vacations hiatus. Mr. Martin received a phone call on 18 June, 2021 from AMF staff executive M. Beaudoin who indicated that the AMF was planning to grant CAFII its requested three-month extension to the deadline for affected insurers to submit Product Summaries and Action Plans for credit card-embedded insurance benefits; and on 23 June, 2021, a formal AMF letter granting the extension was received.

As well, CAFII had learned that Richard Ollier, President of the Travel Health Insurance Association of Canada (THIA) had spoken to Mr. Beaudoin, who indicated that the AMF was open to discussions about the Fact Sheet which could lead to its being modified in a way that made it more appropriate for credit card-embedded insurance benefits, and the regulator would aim to do that by 1 May, 2022.

Mr. Martin noted that these were significant changes and that while this was speculative, it was interesting that they had all occurred since Eric Jacob was appointed as the new Superintendent, Client Services and Distribution Oversight.

Mr. Lobbezoo then welcomed and thanked Marc Duquette and Dominic Dupoy from Norton Rose for their efforts on behalf of CAFII in preparing a legal arguments/opinion to counter the AMF's views on the applicability of Quebec's Regulation respecting Alternative Distribution Methods (RADM) to credit card-embedded insurance benefits, and turned the meeting over to Mr. Duquette.

Norton Rose had produced a 17-page legal opinion, and Mr. Duquette spoke to the major points in it. He noted that the legislation supporting the RADM does not mandate a Fact Sheet, and that the specific requirements of the Regulation are based on the AMF's efforts. As such, the AMF can freely revise the Regulation without any requirement that the source legislation be changed. He said that this might require a request to the Quebec Minister of Finance, but otherwise is within the jurisdiction of the AMF.

Mr. Duquette also noted that some of the requirements of the RADM, such as presentation of a Fact Sheet to customers that contains misleading and false information, contradict other regulatory requirements upon CAFII members. As such, such requirements are not appropriate, which is a view that a Court would likely support. Regulations cannot lead to absurd or impracticable consequences, which was surely the case with the RADM as currently drafted.

Mr. Duquette felt that it was within the power of the AMF to revise the RADM appropriately and, as well, the AMF could issue a "Staff Notice" which would indicate that it was not enforcing certain provisions of the Regulation.

In response to a Board question, Mr. Duquette opined that the AMF had presented interpretations of the RADM that were not appropriate; and that there seemed to be inadequate oversight of the activities of some of the AMF's personnel.

Mr. Duquette and Mr. Dupoy then departed the meeting, to allow CAFII Board members to discuss CAFII's next steps with respecting to utilizing the just-presented Norton Rose legal arguments/opinion.

Next step options were:

- Do nothing with the legal opinion at this time — with a new AMF Superintendent, Client Services and Distribution Oversight (Eric Jacob) in place, focus solely on relationship-building;
- In an early/imminent relationship-building meeting with Eric Jacob, ask whether the AMF might be interested in receiving a brief CAFII-sponsored legal presentation from Norton Rose (based on a legal opinion it has prepared for CAFII) or in receiving just a copy of the written legal opinion (abridged version) on the AMF's ability to change the RRADM and/or Fact Sheet without requiring a change to the parent legislation (ARDFPS);
- Write to the AMF and use excerpts from Norton Rose legal opinion to indicate that certain aspects of the RRADM (e.g. Rights of Rescission) and the Fact Sheet continue to be an issue for CAFII and the industry re credit card-embedded insurance benefits, such that we request formal, written amendment(s) which remove the likelihood of misleading or confusing consumers;
- Write to the AMF with some/all of the legal opinions developed by Norton Rose and indicate that we are considering all of our legal options;
- Court challenge; and/or
- Some mix of the above options.

In Board discussion, a strong consensus emerged that CAFII should initially take a "soft" approach that focuses on relationship-building with Eric Jacob, the AMF's recently appointed new Superintendent, Client Services and Distribution Oversight. It was suggested that a Get Acquainted and Dialogue Meeting involving Mr. Jacob and CAFII's Co-Executive Directors be set up, at which CAFII management would mention that its members intend to comply with the Regulation; are still concerned about the Fact Sheet; and had had a legal analysis done by Norton Rose. CAFII would then ask Mr. Jacob if he was interested in some of the findings of the Norton Rose legal analysis, which could be presented by Norton Rose in a virtual meeting, alternatively in a written summary only, or via both methods.

## **2.b. Insights Gained From Conversation With Stephen Frank, CLHIA Re CAFII-Relevant Federal Bank Act Matter**

Peter McCarthy reported that he had recently spoken with Stephen Frank, CEO of the Canadian Life and Health Insurance Association (CLHIA), with respect to how its members would respond to an effort by CAFII and/or the Canadian Bankers Association to obtain amendments to the Federal Bank Act to allow banks and other federally regulated financial institutions (FRFIs) to distribute non-Authorized Insurance Products in their branches. Mr. Frank said that he was of the view that many of CLHIA's major insurer members would oppose such an effort.

## **3. Governance Matters**

### **3.a. Board Motion To Amend CAFII Bylaw To Allow Email Votes of the Board of Directors, Outside of Board Meetings, on Time-Sensitive Approval and/or Decision Matters**

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the CAFII Board hereby amends the Association's Bylaw No. 1 through the addition of the following new clause 5.13:

#### **5.13 Voting By Electronic Means, Outside Of A Board Meeting**

*At the discretion of the board chair – or in his/her absence, the board vice-chair – and in lieu of 5.13, a resolution in writing may be proposed to the directors via electronic means, outside of a properly constituted board meeting, for approval via electronic means. Where this option is exercised, a simple affirmative vote response by a director shall suffice and be as valid as if it had been cast at a board meeting. A two-thirds majority vote of all directors entitled to vote shall be required for approval of the resolution -- absent any vote against the resolution by a director entitled to vote, the occurrence of which shall immediately void the voting on the resolution by electronic means, outside of a board meeting. Voting by electronic means outside of a board meeting shall be reserved for matters requiring board approval which are of particular time-sensitivity and urgency. A copy of every such resolution in writing proposed to directors for voting by electronic means, outside of a board meeting, shall be kept with the minutes of the proceedings of the board or committee of directors.*

## **4. Meeting Termination**

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** to terminate the meeting at 1:55 p.m.