

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, April 13, 2020
MINUTES

Board Present:	Chris Lobbezoo	RBC Insurance, <i>Chair</i>
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Andre Langlois	Desjardins Insurance
	Peter McCarthy	BMO Insurance
	Sophie Ouellet	Sun Life
	Mica Sweet	CIBC Insurance
	Wally Thompson	Manulife Financial
	Peter Thompson	National Bank Insurance
	Louie Georgakis	The Canada Life Assurance Company
Regrets:	Kelly Tryon	CUMIS/The Co-operators
	Rob Robinson	Canadian Premier Life Insurance Company
	Nicole Benson	Valeyo
Also Present:	Rob Dobbins	Assurant Canada, <i>Board Secretary and EOC Chair</i>
	Tony Pergola	ScotiaLife Financial, <i>Treasurer</i>
	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Albert Lin	Managing Matters

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 2:02 p.m. Albert Lin acted as Recording Secretary.

Rob 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.a Approval of Agenda

C. Lobbezoo noted that the agenda for this meeting included a "Read Only" section of update and background materials which members were expected to have read, but which would not require discussion in the meeting. Combined with the "Consent Items" section, those classifications of certain items would allow the meeting itself to focus on items which required Board discussion or decision-making.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting Agenda be and is approved as presented.

2. Consent Items

- Draft Board Meeting Minutes, December 1, 2020
- Draft Board Meeting Minutes, February 11, 2021
- Summary of Board and EOC Action Items
- Regulatory Update
- Consultations/Submissions Timetable
- Regulator and Policy-Maker Visit Plan
- Board-Approved CAFII 2021 Schedule of Meetings and Events

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.

And further, IT WAS RESOLVED that the minutes of the CAFII Board of Directors meeting held December 1, 2020 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the minute book of the Corporation.

And further, IT WAS RESOLVED that the minutes of the CAFII Board of Directors meeting held February 11, 2021 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the minute book of the Corporation.

3. Governance Matters

3.a. Tentative Plan For Return To In-Person CAFII Board Meetings: December 7, 2021 CAFII Board Meeting and Immediately Ensuing Holiday Season Reception

B. Wycks reported that CAFII was exploring the possibility of returning to in-person Board meetings in December 2021, and also looking into whether it made sense to have a contingency plan in place in case travel and in-person meetings were allowed again by the time of the scheduled October 8, 2021 Board meeting.

Board members felt that exploring that possibility was not a problem, but there was skepticism that in-person meetings could actually happen as early as October 5, 2021. When in-person meetings do happen again, CAFII members will have internal corporate in-person meetings to attend as a priority. There also will likely be a mix of in-person and remote participants at meetings for the foreseeable future; and, as such, the experience for remote users needs to be better than it was prior to the pandemic; the expectations for remote participants has risen considerably.

3.b New CAFII Associates Secured and Admitted in 2021

B. Wycks reported that three new CAFII Associates had been secured in 2021: Stikeman Elliott; Dog and Pony Studios; and RSA; and there also had been no loss of existing Associates in 2021. He attributed these recent successes to the fact that a new value proposition for Associates had been developed, with the Board's approval and support, which included giving Associates access to CAFII's monthly Regulatory Updates and to the Weekly Digests, and the feedback has been very positive.

Mr. Wycks further reported that CAFII expected to receive imminently an application for CAFII Initiation Membership from Canadian Tire Bank (CTB); and, if that prospect came to fruition, CAFII's Membership Applicant Review Process would then unfold, before the outcome was elevated to the Board for a decision.

4. Financial Management Matters

4.a. CAFII Financial Statements as at March 31/21

CAFII Treasurer Tony Pergola reported that the CAFII's financial statements as at March 31/21 indicated that the Association was in sound financial shape, with \$234K in revenue, \$169 in expenses, producing to a \$65K surplus. The favourable variance in expenses compared to the budget was largely due to timing, he noted.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII Financial Statements as at March 31, 2020 be and are approved in the form presented.

4.b. Forecast for CAFII 2021 Fiscal Year as at March 31/21

CAFII Treasurer Tony Pergola reported that the Association's forecast for the 2021 fiscal year as at the end of the first quarter called for \$938K in revenue and \$837K in expenses, resulting in a surplus of \$101K. Revenues would be higher at \$938K than the budgeted \$919K due to a combination of having budgeted for the attrition of some Associates -- which did not happen -- and due to the landing of three new Associates which conservatively had not been included in the budget. The Association's financial reserves were forecasted to be at 54% of annual operating expenses at the end of 2021, which would be slightly higher than the target range of 25 to 50% of annual operating expenses.

4.c. Draft 2020 CAFII Audited Financial Statements

Hudson Lopez, KPMG partner in charge of CAFII's annual audit, reported that his firm's audit of CAFII's 2020 financial statements had been standard and routine, resulting in a clean, unqualified audit opinion. He indicated that KPMG's audit team appreciated the full co-operation it had received from the CAFII management and administrative team.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII's 2020 Audited Financial Statements, as prepared and presented by KPMG, be approved for presentation to the Membership at the 8 June, 2021 Annual Meeting of Members.

4.d. Timelines for Board and Membership Approval of CAFII 2020 Audited Financial Statements

B. Wycks reported that CAFII was now on track to meet its Critical Path timelines for the 2020 audited financial statements, which would culminate with their presentation to the Membership for adoption at the 8 June, 2021 Annual Meeting of Members.

5. Strategic and Regulatory Matters

5.a. Recap of CAFII Board's February 11/21 Input On Updates Needed To CAFII Three-to-Five Year Strategic Plan, For Board Confirmation/Approval

K. Martin reported that the general feedback from the 11 February, 2021 Special Purpose CAFII Board Meeting on the CAFII Three-to-Five Year Strategic Plan was that the Association was largely moving in the right direction, with some modifications and tweaks to the Plan being warranted in order to emphasize certain elements more.

Mr. Martin then briefly highlighted from a Powerpoint deck which captured the Board's feedback on the Strategic Plan. In Board discussion, the Board agreed that the Powerpoint deck captured the desired updates to the Strategic Plan accurately.

Zack Fuerstenberg noted that due to time constraints on 11 February, 2021, there were some additional elements which he would have liked to have seen discussed. Board Chair Chris Lobbezoo acknowledged Mr. Fuerstenberg's desire for continued opportunities for Association strategy-level discussions, noting that the Strategic Plan was a living, breathing document which would need to be reviewed periodically, either in the open portion of Board meetings and/or in Board *in camera* discussions.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Powerpoint deck on the proposed changes to the CAFII Three-to-Five Year Strategic Plan, as presented in this meeting by Keith Martin, be approved and adopted, and that based on that document, the Strategic Plan be modified accordingly.

5.b. Market Conduct & Licensing Committee

5.b.i. AMF Response Letter to CAFII's July 7/20 Creative Solutions Submission on Credit Card-Embedded Insurance Benefits; and CAFII's Next Steps, If Any

A fulsome Board discussion occurred on the AMF's 30 March, 2021 response letter to CAFII's 7 July, 2020 creative solutions submission to the regulator on credit card-embedded insurance benefits.

Mr. Martin reminded the Board that CAFII had met with AMF officials in-person on 11 February, 2020 to discuss this file; and at that meeting, Mario Beaudoin of the AMF himself asked CAFII to propose creative solutions on how credit card-embedded insurance benefits could fit within the regulatory regime created by the Regulation respecting Alternative Distribution Methods (RADM); and with CAFII's having done precisely that, the AMF subsequently, after an eight-month delay, rejected all the proposed solutions.

The Board felt that the AMF's decision to wholly reject the industry's proposed solutions would have a negative impact not just on credit card-embedded insurance benefits, but potentially on core credit card offerings in Quebec as well. Given the seriousness of the situation, the Board directed CAFII management to undertake the following three initiatives:

#1: Develop a CAFII Working Group on Industry Alignment Around Compliance with the AMF's Expectations Arising From Its Interpretation That the RADM Does Apply To Credit Card-Embedded Insurance Benefits;

#2: CAFII to reach out to the CBA and ask it to engage in this issue, given its implications for core credit card offerings in Quebec; and

#3: CAFII to reach out to Marc Duquette and his associates at Norton Rose Fulbright and ask them to develop the legal arguments supporting CAFII's position, with the possibility of presenting those verbally or in writing to the AMF.

5.b.ii. 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

Martin Boyle presented a proposal from BMO Insurance that a CAFII Working Group be created to examine how CAFII members could comply with the expectations of the FCAC around how credit protection insurance should be subject to the provisions of its in-development Appropriateness Guideline.

The Board supported this proposal, so long as this Working Group initiative did not at this time involve CAFII's communicating directly with the FCAC about its Appropriateness Guideline. It was noted that the draft Appropriateness Guideline – which the FCAC was currently consulting with some industry representatives and the CBA on -- is not available to CAFII; and it was agreed that the Working Group would need to conduct its work without direct reference to the document at this time.

5.b.iii. 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

Brendan Wycks and Keith Martin reported that a CAFII and CLHIA joint meeting with FSRA around the use of incentives and the UDAP Rule which FSRA is developing included some concerning hypothetical scenario-related questions from FSRA. Those questions were subsequently posed in writing to CAFII and the Market Conduct Committee is working on a written response to FSRA.

5.c. Research & Education Committee

5.c.i. Preliminary Results Highlights from CAFII 2020-21 Consumer Research Project on CPI Consumers' Digitization Preferences

Lesli Martin, Vice-President, Pollara Strategic Insights, provided for the Board a high-level overview of the results of the recently completed CAFII consumer research project on consumers' digitization preferences with respect to credit protection insurance. She noted that while there was a significant increase in the number of customers comfortable conducting their CPI interactions digitally, after the pandemic was over there would be a portion of customers who would still want to return to in-person transactions.

It was noted that Ms. Martin would be making a one-hour virtual presentation shortly to CAFII members on the detailed findings of the research project.

5.c.ii. Proposed Supplementary CAFII Research Project on Digitization in Insurance

Keith Martin reported that at the Special Purpose CAFII Board Meeting on 11 February, 2021, there was support for continuing research efforts on digitization. One specific idea proposed was to conduct research on the best way to deliver a digital experience for consumers.

The Board supported continuing to examine this option and requested that a more detailed research plan for this project be presented to the Board at its next meeting.

5.d. Media Advocacy Committee

5.d.i. EOC-Endorsed CAFII Website Blog As Ongoing CAFII Website Initiative

The Board was informed that the EOC has recommended the development of a new blog section on the CAFII website, to be called "Insights," with would have eight to 10 annual postings. The Board supported this initiative.

5.e. Networking and Events Committee

Scott Kirby, Chair of the Networking & Events Committee, provided an update on the CAFII webinars planned for 2021, including a 28 April, 2021 fireside chat with Glen Padasserry, Executive Vice-President & Chief Consumer Officer at FSRA.

5.f. Travel Insurance Experts Working Group

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

Brendan Wycks provided an update on the insights gained from CAFII's recent weekly meetings with CLHIA and THIA on COVID-19's impact upon the travel insurance industry, including the expectation that the Canada-US land border would continue to be closed for the foreseeable future.

6. Meeting Termination and Adjournment

There being no further business,

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting be adjourned at 3:41 p.m.

The Board then transitioned into its in camera session.