

**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
BOARD OF DIRECTORS VIRTUAL MEETING**

Tuesday, April 12, 2022

2:00 to 4:00 p.m. EDT

Minutes

Board Members

Present:

Nicole Benson	Valeyo
Paul Cosgrove	Assurant
Zack Fuerstenberg	ScotiaLife Financial
Louie Georgakis	The Canada Life Assurance Company
Chris Lobbezoo	RBC Insurance; <i>Board Chair</i>
Peter McCarthy	BMO Insurance
Ian Oncea	CIBC Insurance
Wally Thompson	Manulife Financial
Peter Thompson	National Bank Insurance; <i>Board Vice-Chair</i>
Kelly Tryon	CUMIS/The Co-operators
Rob Robinson	Canadian Premier Life Insurance Company
Chantal Gagné	Desjardins
Sophie Ouellet	Sun Life
Atanaska Novakova	TD Insurance (<i>for part</i>)

Regrets:

Adam Vespi	Canadian Tire Financial Services
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Also Present:

Brendan Wycks, Co-Executive Director
Keith Martin, Co-Executive Director
Rob Dobbins, EOC Chair and Board Secretary
Karyn Kasperski, RBC Insurance; EOC Vice-Chair and Vice-Board Secretary
Jake Becker, Recording Secretary

Item 1: Welcome, Call to Order, and Meeting Confirmation

Chris 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. Jake Becker acted as Recording Secretary.

Item 1(a): Declaration of Meeting Properly Called and Constituted

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.

Chris 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.

Item 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 circulated.

Item 2: Consent Items

- a. Draft Board Meeting Minutes, December 7/21
- b. Summary of Board and EOC Action Items
- c. January 2022 Regulatory Update
- d. February 2022 Regulatory Update
- e. March 2022 Regulatory Update
- f. Consultations/Submissions Timetable
- g. Regulator and Policy-Maker Visit Plan
- h. Board-Approved Schedule of CAFII 2022 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.*

*On a further motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the minutes of the Board of Directors held December 7, 2021 be and are adopted in the form presented, and that a copy of those minutes be signed and placed in the minute book of the Corporation.*

Item 3: Governance Matters

Item 3(a): Appointment of a New CAFII Director

Mr. Lobbezoo recalled that Janice Farrell-Jones had taken on a new position within TD Bank; and, as a result, TD Insurance had nominated Atanaska Novakova, Senior Vice-President, TD Life and Health Insurance, TD Bank Group as TD Insurance's new Director on the CAFII Board.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that Atanaska Novakova be appointed as the new TD Insurance Director on the CAFII Board.*

Ms. Novakova was then contacted and invited to join this CAFII Board meeting, in progress.

Item 3(b): Welcome to and Self-Introduction by New CAFII Director Atanaska Novakova, TD Insurance

Chris Lobbezoo welcomed Atanaska Novakova to the CAFII Board. In response to Mr. Lobbezoo's invitation, Ms. Novakova introduced herself to her fellow Board members.

Item 3(c): Need For Successor CAFII Treasurer

Chris Lobbezoo noted that after five years of exemplary service as Treasurer, Tony Pergola had informed CAFII that it would be necessary for him to step down from that role, such that the Association would need to have a new Treasurer in place by the 7 June, 2022 Annual Meeting of Members and immediately ensuring first meeting of the 2022-23 Board of Directors.

Mr. Pergola provided an overview of the responsibilities and time commitment involved in serving as CAFII Treasurer, and Brendan Wycks provided some additional contextual information about the role. Mr. Lobbezoo said that this issue would be further discussed in the *in camera* session of today's Board meeting.

Item 3(d): Plans for June 7/22 Return to In-Person CAFII Annual Meeting of Members; First Meeting of 2022-23 CAFII Board; and CAFII 25th Anniversary Celebration

Mr. Lobbezoo noted that the Association was exploring a return to in-person meetings, with the particular intention of holding an in-person 2022 CAFII Annual Meeting of Members; immediately followed by the first meeting of the 2022-23 CAFII Board; then followed by a CAFII 25th Anniversary Celebration, all on Tuesday, June 7/22 and hosted by BMO Insurance in its parent bank's corporate event space on the 68th floor of First Canadian Place in Toronto.

To gauge the comfort of CAFII member representatives with proceeding with these in-person events, CAFII had surveyed Board and EOC members on their views around the options available.

Brendan Wycks, assisted by CAFII Account Co-ordinator at Managing Matters Jake Becker, then screen-shared the results of that survey in this meeting.

The survey results indicated that a hybrid (in-person and virtual) model for the Annual Meeting of Members and immediately ensuing Board meeting would work, but that there was still considerable hesitancy among many CAFII Board and EOC members around an in-person celebratory event on 7 June.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that:*

- An in-person meeting of the Annual Meeting of Members, and Board meeting, would be held on 7 June, 2022;*
- the in-person CAFII 25th Anniversary celebration event be held later in the year, after Labour Day 2022;*
- the in-person CAFII 25th Anniversary celebration event does not need to be held on the same day as a Board meeting; and*
- the in-person CAFII 25th Anniversary celebration should be held on a date that maximizes regulators' ability to participate.*

[Action Item: Consult with CCIR & CISRO to find a date for holding the in-person CAFII 25th Anniversary celebration that maximizes regulators' participation; B. Wycks, K. Martin, April 30, 2022.]

Item 4: Financial Management Matters

Item 4(a): Draft CAFII 2021 Audited Financial Statements and Independent Auditor's Report Thereon

Mr. Lobbezoo advised that CAFII's 2021 Audited Financial Statements and Independent Auditor's Report Thereon must be approved by the Board prior to being presented to the membership for approval at the Association's 2022 Annual Meeting which was coming up on Tuesday, June 7.

CAFII Treasurer Tony Pergola presented an overview of the audit's findings, noting that KPMG had delivered a clean audit opinion and the Association's finances were very sound. KPMG Partner Huston Lopez said that the audit process had gone smoothly and KPMG had received full co-operation from CAFII management.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board approves the Draft 2021 CAFII Audited Financial Statements and Independent Auditor's Report Thereon, in the form presented, for presentation to the Membership for approval at the 2022 Annual Meeting of Members on June 7, 2022.*

Item 4(b): Timelines for Board and Membership Approval of CAFII 2021 Audited Financial Statements

Brendan Wycks reported that the audited financial statements would now be included in the materials distributed to Directors in conjunction with the Annual Meeting of Members on 7 June, 2022, where they will be presented for formal approval.

Item 4(c): Recommendation Re Closure of Existing Restricted Fund In CAFII Financial Statements; and Related Transfer of Residual Funds into General Fund during Fiscal Year 2022

Treasurer Tony Pergola recalled that CAFII had previously created a special Restricted Fund which had been funded via a Special Levy upon members to carry out a special project on credit card balance protection insurance.

Most of the Restricted Fund monies were subsequently spent, but residual funds of approximately \$12,000 remain in the Restricted Fund.

Board members had previously indicated that they felt that the amount was too low to warrant a pro ratas refund to their member companies.

With the Restricted Fund's residual monies no longer needed as the special project is now concluded, Mr. Pergola advised that he, as Treasurer, and the Co-Executive Directors, as CAFII management, were recommending that the Restricted Fund be wound down and that its residual monies be transferred into the Association's General Fund during the Association's 2022 fiscal year.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board approves the winding down of CAFII's Restricted Fund and that its residual monies be transferred into the Association's General Fund during the 2022 fiscal year.*

[Action Item: Work with CAFII's Treasurer and assigned Controller to wind down the Restricted Fund and transfer its residual monies into the Association's General Fund during the 2022 fiscal year; B. Wycks, K. Martin, December 31, 2022.]

Item 4(d): CAFII Financial Statements as at February 28/22

Treasurer Tony Pergola said that in the first two months of 2022, CAFII had revenues of \$166K, expenses of \$114K, producing a \$52K surplus which is \$55K favourable to budget. He advised that this is mostly due to the timing of expenses, for example no legal expenses have been incurred to date. Mr. Pergola also noted that the Association's financial reserves are currently at a very healthy 55% of annual operating expenses, but that level of reserves is expected to drop to 47% of annual operating expenses by the end of the 2022 fiscal year, which is on the higher end of the 25% to 50% range that the Association targets.

Item 4(e): Forecast for CAFII 2022 Fiscal Year as at February 28/22

Treasurer Tony Pergola reported that a key change had recently been made to the CAFII 2022 fiscal year forecast document: a 4% salary and benefits increase for the two Co-Executive Directors, resulting from the just-completed 2021 performance appraisal process. The amounts in the Management Fees line will therefore be slightly higher on a go-forward basis, than the amounts previously included there under the mid-range 3% salary increase Scenario.

The 2022 fiscal year forecast as at February 28/22 calls for \$996K in revenue and \$1022K in expenses, which would produce a deficit of \$26K and year-end financial reserves constituting 47% of annual operating expenses, Mr. Pergola concluded.

Item 4(f): Dissemination of 2022 Member Renewal Letters and First Instalment Dues Invoices; and 2022 Associate Renewal Letters and Dues Invoices

Brendan Wycks reported that the 2022 Membership Renewal letters and related first instalment dues invoices had been distributed to members in early March; and he encouraged Board members to confirm that their organizations were in the process of paying their first instalment dues invoices on a timely basis.

Item 4(g): Canadian Premier Life's Acquisition of Sun Life's CPI Business; and Resulting Loss of Sun Life as a CAFII Member After 2022

Brendan Wycks highlighted for Board members' information the fact that CAFII had learned that Sun Life had recently sold its CPI business to Canadian Premier Life; and, pending regulatory approval which was expected later in 2022, that would mean that Sun Life would no longer be in the CPI business. Therefore, CAFII was expecting to lose Sun Life as a member of the Association at the beginning of the 2023 membership/fiscal year.

Item 5: Strategy Setting and Implementation; and Regulatory Matters

Item 5(a): Next Steps on Deloitte Canada Research Paper on "Best Practices In The Digitization Of Credit Protection Insurance": Recommendation from EOC Re Public Release/Publication of Results

Research & Education Committee Chair Andrea Stuska and Keith Martin reported that the EOC had endorsed a proposed plan for the selective public release of components of the Deloitte Canada thought leadership paper research results.

The Board was now being asked to formally the EOC's recommendation for a selective public release of the research results, which was in line with the strategic plan objective to use research to enhance CAFII's proactive communication with regulators, and to enhance our public profile including on the CAFII website.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that:*

- 1. A slightly modified version of the Powerpoint deck presented to the CAFII Board should be presented in a Deloitte Canada webinar for insurance regulators and policy-makers;*
- 2. A slightly modified version of the Powerpoint deck presented to the CAFII Board should be presented to allied industry Association representatives (CLHIA, THIA, CBA);*
- 3. A slightly modified version of the Powerpoint deck presented to the CAFII Board should be publicly posted on the CAFII website, along with a press release to industry press; and the highlights of that Powerpoint deck should also be displayed on the CAFII website via a visually-pleasing info-graphic designed by a graphic designer;*

4. *The detailed MSWord document produced by Deloitte Canada should be for the exclusive information and use of CAFII member representatives and should not be publicly released or shared with non-CAFII members;*
5. *At the time of the news release, CAFII will explore having Deloitte Canada share the public documentation through its marketing platforms;*
6. *Deloitte Canada will make an entirely optional offer to CAFII members to make customized presentations to them of how the research best applies to their organizations.*

[Action Item: Implement the Board resolution around public release of selective components of the Deloitte Canada thought leadership paper research results; B. Wycks, K. Martin, June 30, 2022.]

Item 5(b): CAFII's Next Steps on AMF Credit Card-Embedded Insurance Benefits Issue

- i. **AMF's Consideration of CAFII's January 17/22 Submission on Proposed Wording Modifications to Fact Sheet and Notice of Rescission to Make Them Fit Credit Card-Embedded Insurance Benefits**

Keith Martin provided an overview of the history of this file, noting that in January 2022 CAFII had submitted to the AMF its proposed wording modifications to the Fact Sheet and Notice of Rescission to make them appropriate to distribute to the holders of credit cards with embedded insurance benefits. CAFII is now waiting for the AMF to respond to its proposed wording modifications.

- ii. **AMF's Plans for Issuing Feedback Letter to The Industry With Respect to December 17/21 Action Plans Submitted for Bringing Credit Card-Embedded Insurance Benefits into Compliance with AMF's RADM-Based Expectations**

Keith Martin provided a background context update to the AMF's recent delivery of a feedbackletter to the industry on the Action Plans which relevant insurers submitted on December 17 of last year, in order to bring credit card-embedded insurance benefits into compliance with the regulator's expectations arising from its Regulation respecting Alternative Distribution Methods, or RADM. The April 1/22 letter was sent to CAFII, with relevant/affected insurers being blind-copied on it.

Item 5(c): Insights Gained from February 17/22 Meeting with FCAC Staff Executives for Feedback on How CAFII's Submission on Consultation on Proposed "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks" Has Resonated with FCAC and Influenced Final Version of the Guideline (Released February 24/22)

Keith Martin reported that CAFII had made significant headway in enhancing its profile with the FCAC and sharing the unique characteristics of the CPI industry. The FCAC had asked CAFII for several meetings to discuss issues related to its Proposed "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks, including a 17 February, 2022 meeting at which the FCAC shared the major elements of its pending final version of the Guideline. That final version included some important modifications to the previous version's language; and, as well, two FCAC staff executives communicated to CAFII's Co-Executive Directors that ensuring the appropriateness of a financial product – including an Authorized Insurance Product -- did not necessarily require a needs analysis, which is an important concession for CAFII given that its members' employee typically are not provincially/territorially licensed to provide advice to consumers in connection with an offer of credit protection insurance or travel insurance.

Item 5(d): Insights Gained From CAFII/CLHIA/THIA Biweekly Meetings Re Impact of COVID-19 on Travel and the Travel Insurance Industry

Brendan Wycks provided an overview of the insights gained from the biweekly meetings of CAFII, CLHIA, and THIA on the impact of COVID-19 upon travel and the travel insurance industry, noting that there were fewer issues at play recently, as there had been no recent CLHIA or THIA meetings with Global Affairs Canada.

Item 5(e): Highlights of EOC-Approved 2022 Scope of Work Proposal from Operatic Agency Re CAFII Website and Search Engine Optimization Results Enhancements

Media Advocacy Chair Jacqlyn Marcus provided an overview of the EOC-approved 2022 Scope of Work which had been proposed by CAFII's website firm Operatic Agency, which included one new website video this year rather than two, with the funds thereby freed up being used to enhance the French section of the Association's website, along with continued work on search engine optimization, FAQs, and Google My Business enhancements.

In response to a question as to the timing of the approved website enhancements, Keith Martin stated that the subject of the new 2022 video would likely be the results of the recent Deloitte Canada thought leadership research on Best Practices in the Digitization of CPI, and it would be targeted for the fall of 2022, with the other deliverables coming on stream throughout the 2022 calendar year.