

**EXECUTIVE OPERATIONS COMMITTEE VIRTUAL MEETING  
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

**November 19, 2024, 2:00-4:00pm**

**Minutes**

<b>In-Person:</b>	Martin Boyle	BMO Insurance
	Tejal Harri-Morar	BMO Insurance
	Rebecca Saburi	BMO Insurance
	Peter Thorn	TD Insurance
	Shahnoor Khimjee	TD Insurance
<b>Virtually:</b>	Karyn Kasperski	RBC Insurance and Chair
	John Burns	Securian Canada and Vice-Chair
	Rob Dobbins	Assurant Canada
	Jennifer Russell	Assurant Canada
	Catherine Latulippe	Canadian Tire Bank
	David Parkatti	Canadian Western Bank
	Afzal Baig	Chubb Life Insurance Company of Canada
	John Juba	Chubb Life Insurance Company of Canada
	Michelle Costello	CUMIS/The Co-operators
	Deidre Kennedy	CUMIS/The Co-operators
	Isabelle Choquette	Desjardins Insurance
	Suzie Blanchard	Manulife Financial
	Janet Pacini-Thibodeau	Manulife Financial
	Archie Sachdeva	Manulife Financial
	Gaël Jaron	National Bank Insurance
	Shannon Dowe	RBC Insurance
	Fernando Heleno	RBC Insurance
	Charles MacLean	RBC Insurance
	Sushil Masih	RBC Insurance
	Brad Kuiper	Scotia Insurance
	Stephanie Kotani	Scotia Insurance
	Sean Kradjian	Scotia Insurance
	Alfonso Movilla	Scotia Insurance
	Asma Desai	Securian Canada
	Fay Coleman	TD Insurance
	Andrea Stuska	TD Insurance
	Jason Beauchamp	The Canada Life Assurance Company
	Dallas Ewen	The Canada Life Assurance Company
<b>Regrets:</b>	<b>Donald Hinnecke</b>	<b>RBC Insurance and Treasurer</b>
	<b>William Oyetakin</b>	<b>BMO Insurance</b>
	Cynthia Golubic	Canadian Tire Bank
	Lauren Ross	CIBC Insurance
	David Self	CIBC Insurance

Kevin Szweras	CIBC Insurance
Diane Quigley	CUMIS/The Co-operators
Cassandra Litniansky	CUMIS/The Co-operators
Almas Satwat	CUMIS/The Co-operators
Nathalie Baron	Desjardins Insurance
Pierre-Olivier Cyr	Desjardins Insurance
Sharon Murrell-Foster	Manulife Financial
Carmelina Manno	Manulife Financial
Katia Umutoniwase	Manulife Financial
Ivan Murray	National Bank Insurance
Jonathan Poulin	National Bank Insurance
Stacey Hughes-Brooks	RBC Insurance
Mais El-Magraby	Scotia Insurance
Prithipal Rajasekaran	Scotia Insurance
Jacqlyn Marcus	Securian Canada
Marco DeiCont	Valeyo

**Also Present:**

Keith Martin, *Executive Director*  
Robyn Jennings, *Research Analyst*  
Troy Woodland, *Association Coordinator*  
Wendy Bairos, *Media Consultant*

**Item 1: Welcome, Call to Order, and Priority Matters**

**Item 1 (a): Call to Order**

The meeting was chaired by EOC Chair Karyn Kasperski, who called the meeting to order.

**Item 1 (b): Land Acknowledgement**

EOC Member Tejal Harri-Morar from BMO Insurance, the meeting's host, shared a land acknowledgment for the meeting.

**Item 1 (c): Welcome to New EOC Members: Gael Jasaron (BNC), Stephanie Kotani (Scotia Insurance)**

EOC Chair Karyn Kasperski welcomed two new EOC members, Gaël Jasaron (BNC) and Stephanie Kotani (Scotia Insurance), who introduced themselves.

**Item 2: Consent Items**

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

- Consultations/Submissions Timetable
- October & November Regulatory Update
- Regulator and Policy-Maker Visit and Communication Recap
- Summary of Board and EOC Action Items
- Schedule of CAFII 2024 Meetings and Events
- EOC Approved Schedule of CAFII 2025 Meetings and Events

### **Item 3: Financial Management Matters**

#### **Item 3 (a): CAFII Financial Statements as at October 31/24**

CAFII's Executive Director, Keith Martin, provided an update on CAFII's financial statements as at October 31/24. Revenues are on track, with additional revenues above budget due to one new member and one new Associate having joined CAFII. There were some new expenses: \$15k for Managing Matters' help in recruiting a new Senior Manager of Operations and \$12k for the expansion of the RSM Canada Quarterly benchmarking study to include HELOCs. CAFII is currently settling invoices for some investments, including the rebuilding of the website backend and video production. CAFII is on track to end the year with a surplus.

#### **Item 3 (b): CAFII Forecast as at October 31/24**

CAFII's Executive Director, Keith Martin, provided an update on CAFII's forecast as at October 31/24. Because it is close to the year's end, the forecast paints a reasonably accurate picture of 2024 actuals and how the year will actually end. CAFII began 2024 with the expectation that it would end the year with a \$96K deficit and a cash balance of \$507,000; CAFII is now projected to end 2024 with an \$18K surplus and a cash balance of \$621,000. On the revenue side, CAFII gained one new Associate member and one new initiation member (Canadian Western Bank) in 2024. Finally, due to higher-than-anticipated interest rates, CAFII increased its investment funds to a total of \$30K, which is \$15K above the budget. On the expense side, CAFII will not spend the \$30K allocated for legal expenses. Furthermore, CAFII was able to negotiate lower costs for the rebuilding of the backend and reduced costs for SEO optimization, thereby saving approximately \$27K. Research costs were also negotiated at a cost of \$6K lower than anticipated. Finally, unexpected staffing departures led to a \$30K decrease in staffing costs. Offsetting these lower costs are two new expenses - \$15K for Managing Matters to help CAFII find a new operations manager and \$12K for expanding the quarterly benchmarking study. Finally, CAFII has dealt with the issue of \$450K being erroneously deposited into its account. The financial institution responsible for this error has refunded and returned the \$450K erroneously deposited, and it is no longer in CAFII's account.

#### **Item 3 (c): CAFII Draft Operating Budget for 2025**

CAFII's Executive Director, Keith Martin, provided an update on CAFII's draft 2025 operating budget. The philosophy for the operating budget is to deliver on the implementation of all the key elements of the recently revised, EOC-endorsed, and Board-approved 3-5-year strategic plan. Overall, the budget allows for investments in the following areas to deliver on the strategic plan:

- Staffing component of three – an Executive Director, a Research Analyst, and a Senior Manager, Operations.
- Continued support from Managing Matters on administration support, events management, and accounting.
- A media consultant to implement a recently approved media strategy.
- Major annual research project and the RSM Canada Quarterly benchmarking study.
- Relationship building with regulators, including 2025 regulatory tours in Atlantic Canada and Western Canada.
- Annual Members luncheon, EOC appreciation dinner, and CAFII's attendance at various important conferences and events.

Looking at the operating budget, there is a gap in revenue to fund the items necessary to deliver on the strategic plan. First, CAFII is assuming that Canadian Western Bank, which is in the process of merging with National Bank, will remain a paying member. CAFII's member Chubb is moving from an initiation member to a full lower-tier member in 2025, resulting in an additional \$15.5K in revenue. CAFII is revising its expected investment income from \$30K to \$15K because of lower interest rates.

Several higher-cost expenses are expected in 2025 relative to 2024. With a full staff complement, the annual staffing cost increase has been reflected in the operating budget. Managing Matters has had a modest price increase in recent years despite high inflation, and to reflect current realities, CAFII is recommending increases in the 2025-27 contract of 10%, 6%, and 6%. Another significant cost increase in 2025 will be the return to regulatory tours. As in 2024, a \$30K allocation for legal fees has been included in the operating budget. The bottom line is that with reduced revenues and increased expenses, 2025 has a projected deficit of \$68K and an end-of-year cash balance of \$554K. Management will attempt to lower that deficit through diligent expense management.

CAFII's revenue and expenses are out of sync, and CAFII will continue to experience structural deficits in the absence of reduced spending or increased revenues. CAFII has not had a fee increase since 2020, and due to the merger with BNC, it will eventually lose Canadian National Bank in 2026. Management suggests the Board consider the possibility of fee adjustments in 2026.

*The EOC endorsed the Draft Operating Budget for 2025, which will be presented to the Board for approval at the December 3/24 Board of Directors Meeting.*

### **Item 3 (d): CAFII Updated Critical Path for 2025 Operating Budget**

CAFII's Executive Director, Keith Martin, provided an update on CAFII's critical path for the 2025 operating budget. He explained that, with the EOC's just-received endorsement, the 2025 operating budget will now be presented to the Board at the December 3/24 BOD meeting for approval. A motion will also request approval from the Board to permit the Board Chair and Vice-Chair the ability to approve the recommended final salary adjustment for the Executive Director of the budget *after* December 3/24.

### **Item 4: Committee Updates**

#### **Item 4 (a): Marketing Conduct & Licensing**

##### **i. Federal Department of Finance Proposed Amendment to the Criminal Cod to Include Insurance Costs in the Calculation of Interest**

CAFII Executive Director Keith Martin updated the EOC on the Federal Department of Finance's proposed amendments to the criminal code to include insurance costs in the calculation of interest. He explained that CAFII did make a detailed submission on the matter but did not hear back from the Department. He emailed them on November 9/24 to inquire about the status of the file and whether the Department had any questions regarding CAFII's submission. He has still not heard back from the Department.

The Department originally intended the amendments to be an end-of-year deliverable, which is no longer the case. K. Martin is optimistic about the silence from the Department but will continue to monitor the issue closely. He will also keep in contact with the CHLIA and the CBA, both of whom have

contacted the Department on the subject. The CLHIA was able to get a meeting with the Department, at which they were asked to collect data on how many sales occur after the point-of-sale where the mortgage or loan is offered. The Department's reason for requesting this data is unclear. K. Martin's concern is that the Department will get data with virtually no after-sales sales because CPI is a product purchased, not sold after the mortgage or loan is made. He is worried that the Department will use this data to suggest concerns about the product or think of a deferred sales model.

EOC member Andrea Stuska commented that the CLHIA did reach out to the Department to clarify why they needed the data but has not heard back. EOC Chair Karyn Kasperski asked A. Stuska, if the CLHIA is going back to the department with clarifying questions, are their members still submitting data despite the lack of clarity? A. Stuska replied that she was not sure and that CAFII may want to contact the CLHIA to get the answer.

On another market conduct matter, K. Martin informed the EOC that the Insurance Council of British Columbia contacted him and K. Kasperski regarding CAFII's submission on the regulator's Restricted Insurance Agency Regime, particularly the performance requirements. The Insurance Council clarified a few points and backed off some of the earlier requirements. However, they are still asking for the industry to demonstrate that they are meeting most of the performance requirements. The important takeaway is that the Insurance Council has confirmed in writing that institutions that already have an education or training program do not have to go to a training authority or third party for training; therefore, if a bank already has an education or training program, it just needs to get it approved by the Insurance Council. After reading the Insurance Council's letter, it became clear that the regulator simply wants to ensure that the training courses offered meet its standards. K. Martin will distribute the letter after the meeting.

Finally, K. Martin informed the EOC that FSRA just announced a consultation on its priorities for 2025-26. After consulting with the Market Conduct & Licensing committee, CAFII decided it would make a submission to FSRA on this matter. K. Martin will draft a letter that he will circulate to the Market Conduct & Licensing Committee and the EOC for input.

*[Action Item: K. Martin to contact the CLHIA to inquire if its members are submitting data to the Department of Finance, as per the Department's request, despite a lack of clarity around this request; K. Martin, 2024].*

#### **Item 4 (b): Quebec Committee**

##### **i. Feedback on October 30, 2024, Quebec Committee Review of the Deck Presented by Mario Beaudoin on October 8, 2024**

Chair of the Quebec Committee Jennifer Russell updated the EOC on the Committee's review of the deck presented by the AMF's Mario Beaudoin on October 8/24. After the review, the Committee did not feel any specific follow-ups were needed between CAFII and the AMF. M. Beaudoin also highlighted a number of critical illness (CI) statistics, which reinforced the AMF's negative position towards CI products and their value to consumers in terms of the return of premiums paid to customers. The Committee is anticipating that CI will remain a focus for the AMF.

The Committee also discussed claims denial. In terms of statistics, one insurer in the industry is an outlier with much better results than the industry as a whole. M. Beaudoin showed the statistics with

and without that one outlier to show CAFII what the industry's performance looks like without the outlier.

It was also noted that the AMF required spousal action plans by November 15/24. Insurers should expect quick follow-ups with the AMF after that date to discuss plans and timelines. The next Committee meeting will discuss whether there are any particular AMF inquiries or items resulting from the submission of the spousal action plans that the committee may want to align on before going back to the AMF.

Quebec Committee Vice Chair Jason Beauchamp informed the EOC that the pre-consultation period for a Guideline on the Ethical use of AI has begun. Finally, it was noted that the regulation respecting the management and reporting of information security incidents by certain financial institutions has passed. As a result, this regulation will come into effect in April 2025. M. Boyle asked how the AMF could build a Guideline when it hadn't finished studying the current principles-based AI regulation guidelines in place across all major industry players.

#### **Item 4 (c): Research, Media, Education & Communication Committee**

Chair of the Research, Media, Education, & Communication Committee (RMEC) Andrea Stuska updated the EOC on the merger of the Research & Education Committee with the Media Advocacy Committee. The newly formed RMEC Committee's mandate and member list have been included in the consolidated package that was distributed to EOC members prior to this meeting.

##### **i. Article for the National Post**

CAFII Executive Director Keith Martin informed the EOC that the article for the National Post had been updated a few times. The new article has been included in the consolidated package and will be circulated to the Board for formal email approval. Once approved, the article will be pitched to the National Post.

##### **ii. Execution of Media Plan, Including Posting Blogs**

CAFII Executive Director Keith Martin updated the EOC on the execution of CAFII's media plan, including blog posts. He explained that the blog topics have been approved (a series of ten, four of which have been written). The next blog will be posted in the following days. K. Martin will circulate the link to the new post to the EOC when it is posted.

##### **iii. Front and Backend Website Investments, Including Videos on LIMA Research**

CAFII Executive Director Keith Martin informed the EOC that CAFII has signed the contracts with the new website vendors and has regularly interacted with them to ensure that CAFII's expectations are met. A storyboard for one of the two videos on the LIMRA Research has been included in the consolidated package. The first video should be ready for production in the next few weeks.

Thanks to the new vendor and with assistance from Managing Matters, significant progress has also been made on the development of a revamped CAFII backend website (members-only Intranet). This will ultimately be another tool for the EOC and the Board to access documents.



#### **iv. Deloitte Research on Technology Trends and Artificial Intelligence**

Chair of the Research, Media, Education, & Communication Committee (RMEC) Andrea Stuska informed the EOC that Deloitte sent a survey to the RMEC Committee, with a completion date of November 27/24. Deloitte expects a member from each of CAFII's member companies to complete the survey. Once all the surveys have been completed, there will be another RMEC Committee touchpoint on the research initiative on December 16/24.

#### **Item 4 (d): Diversity, Equity, and Inclusion Working Group**

##### **i. Summary Results of the DEI Survey with CAFII Members**

CAFII's Research Analyst, Robyn Jennings, presented the summary results from the DEI survey with CAFII members. She walked the EOC through the results, which were converted into graphs for ease of reference. The survey found that all CAFII's members have robust, dynamic DEI policies and initiatives in place. EOC Chair Karyn Kasperski suggested a few minor language modifications to highlight the fact that DEI is not a passing phase but rather a continual commitment.

*[Action Item: R. Jennings to edit the DEI Survey summary results to reflect language modifications; R. Jennings, November 2024].*

##### **ii. Proposed Recommendation to the Board to Wind Down the DEI Working Group Now that it Has Achieved its Objectives**

Chair of the DEI Working Group, Tejal Harri-Morar, informed the EOC of the proposed recommendation to wind down the DEI Working Group now that it has achieved its objectives. The Group's purpose was to further CAFII's Board diversity. The Group made significant strides, directly and indirectly, to further diverse representation on the Board and promote DEI in general. DEI will not cease for CAFII; rather, DEI efforts and awareness will be absorbed into other Committees. It is the recommendation then to dissolve the Working Group which, if endorsed by the EOC, will be presented to the Board for approval.

*The EOC endorsed the proposed recommendation to the Board to wind down the DEI Working Group now that it has achieved its objectives. The recommendation will be presented to the Board for approval at the December 3/24 BOD Meeting.*

#### **Item 4 (f): Networking & Events**

##### **i. Speaker and Webinar Ideas for 2025**

CAFII Executive Director Keith Martin updated the EOC on the speakers and webinar ideas for 2025. A document has been included that highlights the proposed webinar ideas for 2025, which were discussed at a previous Networking & Events Committee meeting. K. Martin encouraged all EOC members to send him additional webinar ideas if they have any. K. Martin mentioned several speaker ideas, including the incoming CEOs of FSRA and BCFSa and technology speaker Mary Carmicheal. Swati Agrawal from FSRA has also agreed to participate in a 2025 webinar on DEI initiatives from the International Association of Insurance Supervisors (IAIS). A panel of CAFII legal Associates is proposed for the Annual Members Luncheon.

## **Item 5: Strategic and Regulatory Initiatives**

### **Item 5 (a): Expansion of the RSM Canada Quarterly Benchmarking Study to Include HELOCs**

CAFII's Executive Director Keith Martin updated the EOC on the expansion of the RSM Canada study. RSM Canada received the authority to include HELOC in its Quarterly benchmarking study. It will reach out to each of CAFII's participating members to gauge what additional HELOC data members have available. RSM Canada is aiming for the first draft of the findings to be ready by the Q1 2025 fiscal year.

### **Item 5 (b): DISCUSS: When should CAFII seek to meet the new FCAC Commissioner and the Department of Finance in Ottawa?**

CAFII's Executive Director Keith Martin updated the EOC on whether CAFII should go in person to meet the FCAC's new commissioner as well as meet officials in the Department of Finance. At the previous EOC meeting, the view was that yes, CAFII should go meet the FCAC, but only when a permanent Commissioner has been appointed. Now that this has happened with the appointment of Shereen Miller, should CAFII begin planning a meeting? If so, when would be the best time to go? EOC members agreed that CAFII should go and do so quickly, and it was agreed that CAFII would attempt to arrange a meeting in late January or early February.

*[Action Item: K. Martin to contact the FCAC to set up a meeting with the new Commissioner, Shereen Miller; K. Martin, 2024].*

## **Item 6: Governance Matters**

### **Item 6 (a): Hiring Senior Manager, Operations**

CAFII's Executive Director Keith Martin updated the EOC on the progress regarding hiring a new Senior Manager of Operations. A new job listing was posted, and good applications were received. K. Martin believes he will be able to begin interviews within the next few weeks.

### **Item 6 (b): Feedback from Robyn Jennings 1-on-1 EOC Meetings**

CAFII's Research Analyst, Robyn Jennings, updated the EOC on her 1-on-1 EOC meetings. She explained that meeting frequency has slowed since the summer and encouraged all outstanding EOC members to meet with her.

### **Item 6 (c): Draft Minutes of October 29/24 EOC Meeting**

The EOC approved the draft minutes of the October 29/24 EOC Meeting.