

CAFII Board of Directors Teleconference Meeting Agenda

Date: Tuesday, June 9, 2020
Chair: N. Benson (Item 1)
C. Lobbezoo (Item 2 to Meeting Completion)
Location: Teleconference-Only

Time: 2:20 – 4:40 p.m. EST
Dial-in: 416-477-0921/514-447-8925/1-888-543-2249
Pin #: 1500

1. Call to Order, Meeting Confirmation, and Board Transition Matters	2:20 p.m.	Presenter	Action	Page #	Document
a. CAFII Competition Guidelines		N. Benson	Approval	3	✓
b. Approval of Agenda			Approval	8	✓
c. Election of 2020-2021 CAFII Officers			Approval	9	

2. Consent Items	2:27 p.m.	Presenter	Action	Page #	Document
a. Draft Board Meeting Minutes, April 7, 2020		C. Lobbezoo		11	✓
b. Summary of Board and EOC Action Items				19	✓
c. Regulatory Update				20	✓
d. Consultations/Submissions Timetable				34	✓
e. Regulator and Policy-Maker Visit Plan				35	✓
f. Committee Reports Addressing CAFII Priorities				39	✓

3. Governance Matters	2:29 p.m.	Presenter	Action	Page #	Document
a. EOC-Recommended Cancellation Of CAFII Annual Members' Luncheon For 2020		B. Wycks	Discussion/ Decision	40	
b. Recommendation That Launch/Work of CAFII EOC Working Group On Proposed Lower Dues Category Of CAFII Membership Be Deferred Until "New Normal" Emerges, Post-COVID-19		K. Martin/B. Wycks	Discussion/ Decision	41	
c. Recommendation From CAFII Website & SEO Consultant RankHigher That Ownership Of CAFII.Insurance Domain Name Not Be Renewed		B. Wycks	Discussion/ Decision	42	
d. Rescheduling of October 2020 CAFII Board Meeting; and Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives To Thursday, October 15/20		B. Wycks	Update	44	

4. Financial Management Matters	2:40 p.m.	Presenter	Action	Page #	Document
a. CAFII Financial Statements as at April 30/20		T. Pergola	Approval	45	✓
b. Forecast For CAFII 2020 Fiscal Year		T. Pergola	Update	49	✓
c. Updated CAFII Cheque Signing Authority Policy		T. Pergola	Approval	52	✓
d. Canada 10% Temporary Wage Subsidy For Employers (TWSE): CAFII Decision Not To Apply		T. Pergola	Update	55	✓

Break: 5 Minutes	2:50 p.m.	Presenter	Action	Page #	Document
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5. Strategic and Regulatory Matters	2:55 p.m.	Presenter	Action	Page #	Document
a. CAFII's Two-Pronged Strategy Re AMF's View That RADM Applies To Credit Card-Embedded Insurance Benefits					
i. Update On Two Prongs Of Strategy		K. Martin	Update	57	
ii. Draft CAFII "Creative Solutions" Submission On How Industry Can Meet AMF's Requirements Related To RADM's Applicability To Credit Card-Embedded Insurance Benefits		K. Martin/B. Wycks	Discussion/ Decision	58	✓
b. Proposed CAFII Response To CCIR/CISRO FTC Working Group Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models	3:10 p.m.	B. Wycks/K. Martin	Discussion/ Decision	64	✓
c. CAFII Quarterly CPI Benchmarking Study With RSM Canada: Vetting By Stikeman Elliott Competition Lawyer; and Distribution of First Report	3:15 p.m.	K. Martin	Update	68	✓
d. Research & Education Committee	3:20 p.m.	A. Stuska			
i. 2020 CAFII Research Options, Including Proposed Engagement of Melissa Carruthers, Deloitte Canada For CAFII-Commissioned Thought Leadership/Perspectives Paper On "The Future of Credit Protection Insurance in Canada"		A. Stuska/K. Martin	Discussion/ Decision	71	✓
e. Media Advocacy Committee	3:32 p.m.				

i.	Proposed CAFII Motion Graphic Website Video On Credit Protection Job Loss Insurance: Proceed At This Time Or Defer?	K. Martin	Update	78	✓
ii.	Options For CAFII Around Media Proactivity and Website Enhancements Arising From COVID-19	K. Martin/ C. Blaquiere	Discussion/ Decision	81	✓
iii.	Media Consultant Report On CAFII's 2019 Media Relations and Website Communications Achievements	C. Blaquiere/ K. Martin	Update	84	✓
f.	Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance 3:50 p.m.				
i.	Feedback On and Continuation of CAFII Directors and Designates COVID-19 Information-Sharing Group	K. Martin	Discussion/ Decision	86	
ii.	Insights Gained From Weekly CAFII/CLHIA/THIA Calls Re Impact Of COVID-19 On Travel Insurance Industry	B. Wycks/K. Martin	Update	88	
Break: 5 Minutes		4:00 p.m.			
g.	Launch of Saskatchewan RIA Advisory Committee 4:05 p.m.	B. Wycks/K. Martin	Update	89	
h.	Postponement of Planned CAFII 2020 Atlantic Canada Visits To 2021 Due To COVID-19: Communication of CAFII's Plans To Insurance Regulators and Policy-Makers in NB, NS, PEI, and NF	B. Wycks	Update	90	

6.	Special Matters and Other Business	4:10 p.m.	Presenter	Action	Page #	Document
a.	Feedback On Transition To A New Briefing Notes-Driven Approach To CAFII Board Meetings and Materials		C. Lobbezoo	Discussion	91	
b.	June 9/20CAFII Emerging Issues Webinar On ``The Looming Impact Of Climate Change Upon The Life and Health Insurance Industry``		B. Wycks	Update	92	
c.	Next CAFII Board Meeting: Thursday, October 15/20 Hosted By Desjardins Insurance in Levis, Quebec, Including Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives		B. Wycks	Update	93	

7.	In Camera Session	4:20 p.m.	Presenter	Action	Page #	Document

Next Board Meeting: Thursday, October 15/20 Hosted By Desjardins Insurance in Levis, Quebec, Including Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 1a. CAFII Competition Guidelines

Purpose of this Agenda Item

Once a year, Board members are asked to formally acknowledge that they will adhere to CAFII's Competition Guidelines.

Background Information

An industry Association such as CAFII, which brings together competitors to discuss issues of common interest, must ensure adherence to Competition Law requirements. CAFII adheres to best practices by having Directors acknowledge once a year that they agree to adhere to CAFII's Competition Guidelines, and having this recorded in the minutes of the Corporation.

Recommendation/Direction Sought -- *Approval*

Approval.

Attachments Included with this Agenda Item

One Attachment.

Document Owner:	CAFII Executive Operations Committee
Practice Applies to:	CAFII Members
Process Responsibility:	CAFII Secretary
Final Accountability:	CAFII Board of Directors

DEFINITION:

"Competition Act" means the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

COMPETITION LAW POLICY

1. Competition Law Policy Statement

It is the Corporation's policy that it, and all of its members, fully comply with the Competition Act in respect of any activity undertaken for or on behalf of the Corporation. Responsibility for such compliance rests with the Board and with each member.

2. Guidelines for Competition Act Compliance

At each Annual and Special Meeting of members of the Corporation, members shall be furnished with the Corporation's Guidelines for Competition Act Compliance ("Competition Law Policy") and a summary of the policy shall be read into the record at the beginning of the meeting as a reminder of members' undertakings with respect to Competition Act compliance. At meetings of the Board of Directors of the Corporation and of its Executive Operations Committee, this policy shall be referenced and acknowledged at the beginning of each meeting.

3. Consequences for Failure to Comply with Policy and Guidelines

Failure by a member to comply with this policy or the Guidelines is grounds for removal of that member from the register of the Corporation in accordance with section 9.06.

4. Annual Review of Guidelines

The Guidelines shall be reviewed annually by the Corporation and shall be amended from time to time, as necessary or considered desirable by the Board of Directors.

Any changes to the Competition Law Policy may not be ratified by electronic means.

If you have any questions, comments or suggestions regarding this document, contact the Executive Director, Brendan Wycks at Brendan.wycks@cafii.com.

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

GUIDELINES FOR *COMPETITION ACT* COMPLIANCE

Trade association meetings present a risk of interactions among competitors that in and of themselves may contravene, or may lead to a contravention of, Canada's competition laws. Depending on the circumstances, an inference may be drawn by the Competition Bureau of an improper agreement among competitors resulting from such interactions. In addition to rules of general application to all industries, there are also specific provisions in the *Competition Act* (the "**Act**") dealing with agreements or arrangements between federal financial institutions.¹

Consequently, the Canadian Association of Financial Institutions in Insurance ("**CAFII**"), and its members, should be cognizant of the importance of compliance with the Act and committed to such compliance. In fulfilling the mandate of CAFII, and working towards the achievement of its objectives, members of CAFII are expected to adhere to the guidelines that follow and CAFII's competition law policy to promote and respect the spirit and the letter of the law.

1. Prohibited Activities²

(a) **Anti-Competitive Agreements or Understandings**

Neither CAFII nor any committee or activity of CAFII shall be used for the purpose of bringing about or attempting to bring about any agreement, written or oral, formal or informal, express or implied, among competitors regarding:

- (i) the amount or kind of prices, premiums, service charges, interest rates, or other terms or conditions of any products or services to be offered for sale by insurance companies;
- (ii) the amount or kinds of products or services to be offered to customers or classes of customers;
- (iii) the customers or classes of customers to whom any insurance company product or service may be sold or withheld; or
- (iv) the territories in which an insurance company product or service may be sold.

(b) **Sharing Information Posing Anti-Competitive Risk**

No CAFII activity, including any activity undertaken by a CAFII committee or group, shall involve discussion, exchange, collection or dissemination among competitors, for any purpose or in any fashion, information on those matters identified in subparagraphs (i) to (iv) in paragraph (a) above.

¹ For the purposes of the relevant provisions of the Act, "federal financial institution" means a bank or authorized foreign bank within the meaning of section 2 of the *Bank Act*, a company to which the *Trust and Loan Companies Act* applies or a company or society to which the *Insurance Companies Act* applies.

² The activities captured by these guidelines include any activities undertaken for or on behalf of CAFII, including but not limited to, CAFII meetings, formal or informal CAFII-sponsored events, and advocacy and lobbying initiatives.

Where projects involve the collection of individual firm statistical data, such collection shall involve only aggregate data from past transactions and shall include effective steps to protect against disclosure of individual product-pricing or interest-payment information.

(c) Exchange of Cost Information – Anti-Competitive Purposes

No CAFII activity shall include any discussion of costs or any exchange of cost information for the purpose or with the probable effect of:

- (i) increasing, maintaining, or stabilizing prices, premiums, service charges, interest rates, or other terms or conditions of insurance company products or services;
- (ii) reducing competition with respect to the range or quality of products or services offered by insurance companies; or
- (iii) promoting agreement among insurance companies with respect to their selection of products or services for purchase, their choice of suppliers, or the prices they will pay for such products or services, including commissions for the services of commissioned agents.

(d) Published Papers

Papers published by or on behalf of CAFII or presented in connection with CAFII programs should not discuss or refer to the amount or kind of prices, premiums, service charges, interest rates, or other financial terms or conditions of insurance products or services offered for sale by insurance companies. Additionally, reference to costs in such papers should not be accompanied by any suggestion, express or implied, that prices, premiums, interest rates, service charges or other terms or conditions of insurance company products or services should be raised, adjusted, or maintained in order to reflect such costs. To ensure compliance, authors of conference papers shall be informed of CAFII's Guidelines for Competition Act Compliance and CAFII's competition law policy and the need to comply with these rules in the preparation and presentation of their papers.

(e) No Attempt at Product Standardization

Neither CAFII nor any CAFII committee or group shall make any effort to bring about the standardization of any insurance product or service for the purpose or with the effect of preventing the development or sale of any product or service not conforming to a specified standard.

(f) Independent Dealings with Suppliers

No CAFII activity or communication shall include any agreement, or any discussion which might be construed as an agreement, to collectively refrain from purchasing any products or services from any supplier.

(g) No Exclusion from CAFII Activities

No person shall be arbitrarily or unreasonably excluded from participation in any CAFII committee or activity where such exclusion may impair such person's ability, or the ability of his or her employer, to compete effectively in the insurance industry or as a supplier to the insurance industry.

2. Permissible Activities

The Act expressly permits certain activities among competitors and, as a result, within trade associations. These permitted activities include:

- the exchange of statistics;
- the defining of service or product standards;
- the exchange of credit information;
- the definition of industry terminology;
- co-operation in research and development; and
- agreements on environmental protection measures.

However, the usefulness of these exemptions is **very limited**. These activities become illegal if the result is that competition is unduly decreased, or if entry into an industry or expansion of a business within that industry is unduly restricted. For example, although “the exchange of statistics” is permitted, that does not mean that any and all forms and kinds of statistics and numbers, such as price lists or market-share data, may be exchanged among trade association members. Likewise, the defining of service or product standards may become criminal conduct if there is an agreement that CAFII members will restrict the range of services or products they offer to certain specified customers, or they agree to standards in terms of quality, range or quantity of products or services they offer with the aim of eliminating low price competitors.

3. Efforts to Influence Governmental Action

In general, one has a right to meet and to make joint presentations with respect to governmental activities of common interest. However, this right should not be used jointly by competitors for an anti-competitive purpose such as, for example, the lobbying for a legislative or regulatory change having the objective of impeding entry of new competitors, increasing insurance premiums, or restricting insurance services to certain classes of customers or geographic regions. Caution should be exercised where a particular lobbying initiative pertains to subject-matter that has competitive overtones or may be perceived as a concerted effort to lessen or prevent competition. In such cases, legal advice should be sought before proceeding with the initiative.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 1b.
Approval of Agenda

Purpose of this Agenda Item

Approval of Agenda.

Background Information

This is the opportunity for Board members to suggest changes to the Agenda.

Recommendation/Direction Sought -- *Approval*

Approval.

Attachments Included with this Agenda Item

One Attachment.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 1c. Election of 2020-2021 CAFII Officers

Purpose of this Agenda Item

Approval of the proposed slate of 2020-2021 CAFII Officers.

Background Information

This is the first Board meeting of the 2020-21 CAFII governance year, following the immediately preceding 2020 Annual Meeting of Members.

As this is the first Board meeting following the election of the Association's Directors for 2020-21, the Board must now appoint the volunteer Officers of the Association for 2020-2021, with those volunteer Officer positions being Chair, Vice-Chair, Secretary, and Treasurer.

Article 7.1 of the CAFII Bylaw specifies that "the Directors shall select annually Officers of the Corporation. Except for the Executive Director, Officers shall hold their position for a period of one year."

Therefore, the following slate of Officers is proposed for appointment by the Board:

Chair:	Chris Lobbezoo, RBC Insurance Holdings Inc.
Vice-Chair:	TBC
Secretary & EOC Chair:	Martin Boyle, Bank of Montreal, BMO Insurance
Treasurer:	Tony Pergola, ScotiaLife Financial

Following this Election of 2020-21 CAFII Officers, incoming Board Chair Chris Lobbezoo will "assume the gavel" from outgoing Board Chair Nicole Benson and chair the remainder of the meeting.

Recommendation/Direction Sought -- *Approval*

Approval.

Attachments Included with this Agenda Item

No Attachments.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 2a-2f. Consent Items

Purpose of this Agenda Item

To provide documentation for the Board to review, which does not require updates, discussion, or decisioning.

Background Information

The consent items that do not require updates, discussion, or decisioning are:

- a. Draft Board Meeting Minutes, April 7, 2020
- b. Summary of Board and EOC Action Items
- c. Regulatory Update
- d. Consultations/Submissions Timetable
- e. Regulator and Policy-Maker Visit Plan
- f. Committee Reports Addressing CAFII Priorities

Recommendation/Direction Sought – *Approval of Omnibus “Receipt for the Record” Motion*

With respect to Consent Items, the Board is asked to approve an omnibus motion under which all items are Received for the Record, save and except for Board Meeting Minutes, which are approved under the same omnibus motion with the additional caveat that a copy of said minutes be placed in the Minute Book of the Corporation.

Attachments Included with this Agenda Item

6 Attachments.

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, April 7, 2020
MINUTES

Board Present:	Nicole Benson	Canadian Premier Life/valeyo, <i>Chair</i>
	Chris Lobbezoo	RBC Insurance, <i>Vice Chair</i>
	Peter Thompson	National Bank Insurance
	Janice Farrell-Jones	TD Insurance
	Kelly Tryon	CUMIS Services Inc.
	Zack Fuerstenberg	ScotiaLife Financial
	Wally Thompson	Manulife Financial
	Sandra Rondzik	CIBC Insurance
	André Langlois	Desjardins Financial Security
	Sophie Ouellet	Sun Life Financial
	Paul Cosgrove	Assurant
	Louie Georgakis	Canada Life Assurance
Regrets:	Peter McCarthy	BMO Insurance
EOC Present:	Martin Boyle	BMO Insurance, <i>Board Secretary and Chair, EOC</i>
	Tony Pergola	ScotiaLife Financial, <i>Treasurer</i>
	Michelle Costello	CUMIS Services Inc.
	Diane Quigley	CUMIS Services Inc.
	Andrea Stuska	TD Insurance
	Brad Kuiper	ScotiaLife Financial
	Emily Brown	Sun Life Financial
	Karyn Kasperski	RBC Insurance
	Afzal Baig	TD Insurance
	John Lewsen	BMO Insurance
	Joanna Onia	CIBC Insurance
	Monika Spudas	Manulife Financial
	Moir Gill	TD Insurance
	Charles MacLean	RBC Insurance
	Scott Kirby	TD Insurance
	Anita Mukherjee	RBC Insurance
	Dallas Ewen	Canada Life Assurance
Also Present:	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Natalie Hill	Managing Matters <i>Recording Secretary</i>
	Albert Lin	Managing Matters

1: Call to Order, Welcome and Confirmation of Meeting

N. Benson welcomed all present to this teleconference meeting of the CAFII Board of Directors, and called the meeting to order at 2:08 p.m.

1.1: Confirmation of Quorum

M. Boyle 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 on the phone.

N. Benson 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.

1.2: Approval of Agenda

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

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the minutes of the meetings of the Board of Directors held December 3, 2019, February 10, 2020, and March 26, 2020 be and are adopted in the form presented, and that a copy of the minutes of those three meetings be signed and placed in the minute book of the Corporation.

3: Governance Matters

3 (a): Rescheduling of 2020 Informal Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives

B. Wycks noted that today was the originally scheduled date for the 2020 liaison lunch and industry issues dialogue with AMF staff executives, which was slated to occur in conjunction with this Board meeting, but it had to be postponed due to the COVID-19 pandemic. That decision was conveyed to the AMF which, in response, indicated that it fully understood.

The liaison lunch and Industry Issues Dialogue with the AMF staff executives will be rescheduled for the Fall of 2020. However, the currently scheduled date of 6 October, 2020 for a CAFII Board meeting date does not work for Desjardins Financial Security, which will be the host for this meeting, so an alternative date around that time will be found.

3 (b): Recommendation That June 9/20 CAFII Annual Meeting Be Converted To A Virtual-Only Meeting Or Teleconference

B. Wycks recommended that the 9 June, 2020 CAFII Annual Meeting of Members be converted to a virtual-only meeting or teleconference, and that the immediately ensuing first meeting of the CAFII Board for 2020-2021 also be converted to a virtual-only meeting or teleconference. B. Wycks noted that the By-Laws of the Corporation allow for attendance by teleconference, video-conference or any other electronic means.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the 9 June, 2020 CAFII Annual Meeting of Members and the 9 June, 2020 CAFII Board meeting be converted to virtual-only or teleconference meetings.

4: Financial Management Matters

4 (a): CAFII Financial Statements as at February 29, 2020

CAFII Treasurer T. Pergola reported on the CAFII financial statements as at February 29, 2020. He noted that the Association's financial situation is stable, with revenue slightly below projections due to the fact that the budget anticipated the securing of four new Associates and that has not yet materialized. As well, Management Fees are slightly higher Budget Year-to-date, as the budget provided for a 1% salary increase for the CAFII Co-Executive Directors, and the actual increase was 2.5%. The ratio of financial reserves to annual operating expenses is 31%, which is within the Association's target range of 25 to 50%.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Financial Statements as at February 29, 2020 be and are approved as presented.

4(b): 2020 Fiscal Year Forecast As At February 29, 2020

Treasurer T. Pergola reported on CAFII's 2020 Fiscal Year Forecast as at February 29., 2020, noting that the Association's total revenue for the year was now expected to be slightly lower than budgeted due to fewer new Associates now expected to join the Association; and that total expenses for the year were now expected to be slightly higher than budgeted due to a somewhat higher salary increase for the CAFII Co-Executive Directors than was provided for in the budget.

4(c): Draft 2019 CAFII Audited Financial Statements

N. Benson noted that the Draft 2019 CAFII Audited Financial Statements must be approved by the Board prior to being presented to the membership at the Association's 2020 Annual Meeting which is coming up on June 9/20.

Treasurer T. Pergola noted that KPMG's audit of CAFII's 2019 financial statements had resulted in a clean, unqualified audit opinion, with only small modifications suggested to the treatment of the special project restricted fund created by the Association in 2019.

KPMG representatives Hudson Lopez and Kimmone Gooden joined the meeting for the Board's discussion of this agenda item. Mr. Lopez formally communicated that KPMG is an independent auditor; and advised that KPMG's audit of CAFII's 2019 financial statements and related practices and controls had gone very smoothly, had not identified any issues or concerns, and that the audit team appreciated the full co-operation it had received from CAFII's management, treasurer, and administrative team.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Draft 2019 CAFII Audited Financial Statements be and are approved in the form presented.

4(d): Timelines for Board and Membership Approval of CAFII 2019 Audited Financial Statements

B. Wycks briefly reviewed the timelines with respect to CAFII's 2019 audited financial statements, noting that the final step in the process was now their adoption at the Annual Meeting of Members on 9 June, 2020.

5: Strategic and Regulatory Matters

5(a): COVID-19 Pandemic Issues

5(a)(i): Options Related To A CAFII Working Group On COVID-19 Industry-Level Initiatives

K. Martin indicated that interest had been expressed in CAFII organizing meetings of member representatives related to the COVID-19 pandemic situation, in order to share information and discuss possible industry-level initiatives. Three options were suggested, which were not mutually exclusive: Board meetings, EOC meetings, or meetings with CAFII member employees who were on the front-line of the issue.

Following thorough Board discussion, it was agreed to hold two such meetings of a CAFII COVID-19 Information-Sharing Group initially -- after which subsequent such meetings could be considered -- with membership consisting of each CAFII Board member, along with one Director-nominated Designate from each member company. It was determined that prior to the first full meeting of this Information-Sharing Group, the Designates would meet on their own with the Co-Executive Directors to propose agenda items for the full meeting.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that a CAFII Directors and Designates COVID-19 Information-Sharing Group be convened, based on the following terms: 1. Two representatives from each CAFII member company: the CAFII Board member and a Designate appointed by the CAFII Board member; 2. Designates to meet prior to the first full meeting of the Information-Sharing Group to develop agenda topics; 3. Two meetings to be held one week apart, with the second meeting to include a discussion of whether further meetings are needed; 4. The meetings will be un-minuted but with the CAFII Co-Executive Directors to participate and capture Action Items emerging from the meetings.

5(a)(ii) CAFII Forbearance Request Letters To Insurance Regulators and Policy-Makers

K. Martin provided an update on responses received to CAFII's forbearance letters to regulators and policy-makers across the country, asking for no new regulatory initiatives at this time and for delays in regulatory and filing requirements due to the issues that members are having to deal with arising from the COVID-19 pandemic. He noted that FCAC Commissioner Judith Robertson had phoned him, and indicated that she was supportive of the request CAFII made. She noted that only one CAFII member was currently subject to a regulatory market conduct investigation, and that it had been placed on hold for the time being.

K. Martin advised that the CCIR had agreed to extend the filing deadline for the 2020 Annual Statement on Market Conduct by two months, from 1 May, 2020 to 1 July, 2020. CISRO had indicated its support of postponing licensing deadlines where possible.

The AMF indicated that the 1 May, 2020 filing deadline for its Annual Disclosure requirement would be postponed by 60 days to 1 July, 2020. The request for a delay in meeting the 13 June, 2020 deadline for the Regulation respecting Alternative Distribution Methods (RADM) was denied, but individual members who desired an extension were invited to request one on an individual company basis with an Action Plan for when that member could become compliant. With respect to the RADM's applicability to credit card-embedded insurance benefits, the AMF extended the deadline for CAFII to submit "creative solutions" on how to meet the expectations of the AMF by 60 days, from 15 May, 2020 to 15 July, 2020.

B. Wycks noted that individual provincial regulators and policy-makers had also begun to respond to the CAFII's forbearance request letters, with the responses generally being supportive.

5(a)(iii) CAFII Sharing Of Regulatory Forbearance Requests Strategy With CLHIA, CBA, THIA

B. Wycks noted that CAFII had shared its forbearance request letters with allied industry Associations CLHIA, CBA, and THIA.

5(a)(iv) CAFII Twice Weekly Calls With CLHIA and THIA Re COVID-19 Industry Impact

K. Martin mentioned that CAFII was participating in recently launched twice weekly teleconference meetings with CLHIA and THIA on COVID-19's impact upon the travel insurance industry, and that any important learnings will be shared with CAFII members.

5(a)(v) Postponement of CAFII Quarterly CPI Benchmarking Study With RSM Canada

K. Martin reported that at the 24 March, 2020 EOC meeting, there was a recommendation that the launch and first report from CAFII's Quarterly CPI Benchmarking Study With RSM Canada be temporarily postponed, noting that the same issues that caused CAFII to issue forbearance requests for delays and extensions in regulatory and filing requirements (difficulties in accessing IT back-ends when employees are working from home, challenges in accessing IT resources, and the need to focus on other customer-centric priorities) seemed to apply to this study.

In Board discussion of this matter, several Directors felt that the individuals within their member companies who would supply the required CPI benchmarking data to actuarial firm RSM Canada are not the same individuals who are having to deal with regulatory and filing issues from home; and therefore, they should be able to supply the benchmarking data to RSM Canada on a timely basis despite the COVID-19 stay-at-home lock-down. It was agreed that the Board would further discuss in its *in-camera* session, immediately following this meeting, whether or not a delay in the CAFII Quarterly CPI Benchmarking Study With RSM Canada was necessary.

5(a)(vi) Deferral of 2020 CAFII Atlantic Canada Regulators and Policy-Makers Visits

B. Wycks reported that CAFII's plans for 2020 visits to Atlantic Canada insurance regulators and policy-makers had been postponed to the Fall of 2020.

Item 5(b): AMF Credit Card-Embedded Insurance Benefits Matters On Hold Awaiting AMF Response To CAFII Forbearance Request Due To COVID-19

K. Martin reported that CAFII has a two-pronged approach to the AMF's expectation that the RADM applies to credit card-embedded insurance benefits. One prong is the development of legal options; the other prong is to determine what components of the Regulation CAFII members could meet the AMF's expectations on, and which other components would be problematic or impossible to meet the AMF's expectations on. Both prongs are well-advanced.

However, Mr. Martin continued, the latest letter from Mario Beaudoin of the AMF was notably softer in tone than his communications to CAFII on this issue, and that raised the prospect that the second prong on "creative solutions" to meet the AMF's expectations might be promising as a first step.

With the AMF having granted an extension to 15 July, 2020 with respect to CAFII's deadline for submitting "creative solutions" to the AMF, there would be an opportunity to review this issue again at the 9 June, 2020 CAFII Board meeting, Mr. Martin noted.

S. Kirby, Chair of the Association's Working Group on meeting the expectations of the AMF, noted that the approach taken was along the lines of "we understand what AMF is looking for and here is how we can help" as opposed to focusing on the provisions CAFII members cannot meet.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII's two-pronged strategy with respect to the AMF's expectation that the Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits be reported on and discussed at the 9 June, 2020 CAFII Board meeting.

Item 5(c) AMF Response Letter To CAFII Members' Action Plans Re Run-off Of Non-Debtor/Spousal Coverage

The AMF indicated to CAFII at the 11 December, 2019 meeting on non-debtor/spousal CPI coverage that it would accept natural attrition or runoff, as opposed to the cancellation of in-force policies, as a method for CAFII members to become compliant with the expectations of the AMF on this file, but that the run-off "could not take forever." Subsequently, the AMF has responded to CAFII member insurers' action plans on this file by indicating that members have five years to become compliant with the expectations of the AMF, after which other methods to ensure compliance would need to be considered.

K. Martin reported that this clarification by the AMF provided a significant period of time for members to become compliant. He noted that a lot can change in five years, including the priorities of the AMF and its personnel, and that as the 2025 deadline approaches, CAFII could consider following-up again with the AMF. In the meantime, for the next five years, CAFII members (and the industry more generally) do not need to consider cancelling existing, in-force policies.

5(d) March 5/20 CAFII Stakeholder Meeting With CCIR/CISRO FTC Working Group

5(d)(i) Request From CCIR/CISRO FTC Working Group For Results Of A CAFII Member Survey On "Incentives and Compensation Models Used In Market"

K. Martin reported that the CCIR/CISRO Fair Treatment of Consumers (FTC) Working Group has requested that CAFII provide a high level submission on the compensation and incentive models that the Association's members use in-market. CAFII requested a legal opinion from Stikeman Elliott on this matter, and the law firm indicated that sharing this information in an open meeting was problematic as it entailed sharing competitively sensitive information with CCIR/CISRO in the presence of competitors. However, Stikeman Elliott advised that if the information was collected by a third party, and then presented in anonymous, aggregated fashion, this would not be a concern from the perspective of Competition Law. The CCIR/CISRO FTC Working Group indicated that such a survey would be acceptable to the Working Group, and requested that CAFII proceed with such a survey.

Several Directors expressed significant reservations about providing such information to the CCIR/CISRO FTC Working Group, noting that it was competitively sensitive, and therefore seeking its collection and presentation in a collective manner/setting was outside the mandate of the CCIR/CISRO FTC Working Group. It was agreed that further discussion of this matter would occur in the Board's *in-camera* session, immediately following this meeting.

Item 5(e): March 9/20 CAFII Presentation Meeting With FCAC Staff Executives On “Credit Protection/Authorized Insurance Products Sales Practices and Fair Treatment of Consumers

5(e)(i): CAFII Future Use of WTW-Produced Key Data Point Slides

K. Martin reported that in preparation for CAFII’s 9 March, 2020 presentation meeting with Financial Consumer Agency of Canada (FCAC) staff executives, Willis Towers Watson had provided CAFII with CPI industry highlights benchmarking data. That data was turned into a series of slides by storyteller firm Dog and Pony Studios, but CAFII did not use those slides as it was felt that some of them contained sensitive information and a further review of the content with CAFII EOC members needed to occur first. That review will be organized shortly and the Board will be provided with an update after it has occurred.

Item 5(f): CAFII CPI Industry Best Practices Working Group: Progress Report

M. Boyle, Co-Chair of the CAFII Credit Protection Insurance Industry Best Practices Working Group, reported that the Working Group, which has at least one representative from each CAFII member, had made excellent progress with a focus on assessing regulatory expectations, and the development of a high level principle or standard around industry best practices to meet those expectations. While the Working Group has been put on pause temporarily due to the COVID-19 pandemic, it will reconvene and continue its work as soon as that is possible.

Item 5(g): Research & Education Committee

5(g)(i): Recommendations on 2020 CAFII Research

Research & Education Committee Chair A. Stuska reported that the Committee had recently met on 10 March, 2020 and, stemming from that meeting, was now making two recommendations for 2020 CAFII research. The first was to produce a CLHIA-type “fact pack” study on the size and impact of credit protection insurance, nationally and provincially. This could be published and shared broadly, including via our CAFII website, could be the subject of a media release, and could be included in our presentations to insurance regulators and policy-makers. The Committee was also hopeful that the full \$60K R&E budget for 2020 would not be required to produce such a study, such that there would be funds remaining to sponsor a White Paper by Melissa Carruthers of Deloitte Canada on “The Future of Credit Protection Insurance.”

However, since the time that those recommendations were formulated, much has changed due to the COVID-19 pandemic. The fact-pack will require some time from members to produce the required data, including access to IT resources. As such, it was felt that it made best sense to recommend that the sequencing of the research be flipped, and the White Paper be pursued first, and the fact-pack would only occur when the pandemic situation has stabilized. The EOC had supported these R&E Committee recommendations and that they be presented to the Board at the 7 April, 2020 Board meeting.

In Board discussion of the R&E Committee’s recommendations, some Directors expressed reservations about the value of a fact-pack, while others were concerned that the analysis and prognostications that would be included in a future of CPI-focused White Paper might be bypassed by events because so much was changing due to the COVID-19 pandemic.

It was agreed therefore that further Board discussion on the Association’s 2020 research options was required, and the Board decided to defer this matter to the 9 June, 2020 Board meeting.

Item 5(h): Media Advocacy Committee

5(h)(i): CAFII Website Metrics Report From RankHigher

Media Advocacy Chair C. Blaquiere and K. Martin reported that on 4 March, 2020, RankHigher presented a webinar session on CAFII's 2019 website metrics and performance. The report indicated that CAFII was now first-in-line for a much larger number of CPI-related search terms on Google, and CAFII was now viewed by Google as the lead legitimate source for CPI information.

5(h)(ii): CAFII 2020 Website Investment Plans/Initiatives

K. Martin presented the 2020 investment plans/initiatives recommendation for the CAFII website, which included several new motion graphic videos, new vignettes, and additional FAQs.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the recommended CAFII 2020 website investment plans/initiatives be and are approved.

Item 7: Meeting Termination

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that this Meeting of the CAFII Board of Directors be terminated at 4:07 p.m.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status May 22, 2020
		Association Strategy and Governance			
1	EOC: April 28, 2020	Send out an email invitation to EOC members inviting them to join a "Summer 2020 CAFII Working Group on Refining Dog and Pony Studios-Developed 'CPI Industry Highlights' Slides (Produced From Willis Towers Watson Key Data Point Slides) For Future Use By CAFII and Its Members	K. Martin	25-May-20	Completed
2	Board: April 7, 2020	Ensure that an item re "CAFII's Two-Pronged Strategy Re AMF's View That RADM Applies To Credit Card-Embedded Insurance Benefits" is included on agenda for June 9/20 Board meeting for review and decision-making at that time.	K. Martin/B. Wycks	2-Jun-20	In progress
3	Board: April 7, 2020	Ensure that an item re "CAFII 2020 Research Recommendations From the Research & Education Committee" is included on agenda for June 9/20 Board meeting for review and decision-making at that time.	K. Martin/B. Wycks	2-Jun-20	In progress
4	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Mar-20	Deferred Due to COVID-19
5	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	30-Jun-20	In progress
6	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	25-Oct-19	In progress

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Regulatory Update – CAFII Executive Operations Committee, 19 May, 2020

Prepared by Keith Martin, CAFII Co-Executive Director

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Federal/National

FSRA

Huston Loke, Executive Vice President, Market Conduct, FSRA; Vice-Chair, CCIR; and Chair of the CCIR / CISRO Working Group on COVID-19, Comments on Market Forbearance.

CAFII Co-Executive Director Keith Martin had a telephone conversation with Huston Loke of FSRA in his capacity as Chair of the CCIR / CISRO Working Group on COVID-19 on 13 May, 2020. The call was to explore the possibility of a further extension of the filing date for the CCIR Annual Statement on Market Conduct (ASMC).

Mr. Loke was extremely cordial and engaged, said that he was very sympathetic and aligned with industry's request, but that there were "more than one regulatory jurisdiction" in the CCIR that were reticent to offer any extensions, and that he felt that such a request for a further extension would not be well-received: "there are some around the table who will not agree to this, I would not want CAFII to waste its time asking." He added that some of the life insurers who participate in the ASMC had already submitted their responses, so some in the CCIR would ask why they can meet the already extended 1 July 2020 deadline while others say they cannot.

Mr. Loke said that he found the conversation valuable and that it would help him to understand current trends, and how FSRA can be supportive, in the current environment; and, as such, he requested a further telephone session with CAFII's Co-Executive Directors, himself, and 4-5 of his colleagues at FSRA. CAFII agreed to the request and we will be setting up a 45-minute meeting in the near future.

Federal Consumer Agency of Canada (FCAC)

FCAC Appoints Frank Lofranco as Deputy Commissioner

In a 11 May, 2020 press release the Financial Consumer Agency of Canada (FCAC) announced the appointment of Frank Lofranco as Deputy Commissioner, Supervision and Enforcement. Reporting to the Commissioner, Mr. Lofranco will be responsible for providing strategic leadership and operational oversight for FCAC's supervision and enforcement activities.

The statement said that "Mr. Lofranco arrives at an important point in FCAC's evolution, as the Agency implements a new Financial Consumer Protection Framework set out in the Bank Act. The Agency also has new powers that strengthen its ability to protect financial consumers, including the power to direct a bank to comply with their legal obligations. Having recently come into force, these powers align the Agency with other regulators in Canada and abroad."

The release added that "Mr. Lofranco's proven track record and leadership in financial sector regulation will be invaluable in enabling FCAC to perform its newly expanded and strengthened supervisory role."

The biographical notes on the appointment state that Frank Lofranco is a seasoned leader with significant expertise and experience in regulatory compliance and enforcement, strategic policy, program operations, project management, and business transformation.

Before joining FCAC, Mr. Lofranco was the Deputy Superintendent, Operations and Corporate Services, at the Office of the Superintendent of Bankruptcy, and prior to that he was Vice President of Scotiabank's Global Anti-Money Laundering Operations.

Mr. Lofranco also has held executive positions at the Treasury Board Secretariat, Human Resource and Skills Development Canada, FedDev Ontario, and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). During his 10 years with FINTRAC, he served in multiple roles including Deputy Chief Compliance Officer.

Mr. Lofranco holds a Master of Public Administration (MPA) from the University of Guelph, and a Bachelor of Public Policy and Administration (PPA) from York University.

Competition Bureau of Canada

Competition Bureau Provides Guidance on Competitors Collaborating During the COVID-19 Pandemic

Blakes law firm has issued an interpretation of the guidance from the Competition Bureau on competitors' collaborating. The interpretation notes that "the Competition Bureau (Bureau) has issued a statement directed at businesses that are considering collaborating with competitors during the COVID-19 pandemic, providing additional enforcement guidance and a process for obtaining collaboration-specific guidance from the Bureau." Blakes states that the key takeaways are that:

- *The Bureau will generally refrain from scrutinizing competitor collaborations aimed at responding to COVID-19 issues provided they are limited in duration and scope, undertaken in good faith and do not go beyond what is needed.*
- *The Bureau has set up a team to assess proposed competitor collaborations and assist the Commissioner of Competition (Commissioner) in providing parties with "informal guidance."*
- *Parties seeking the Bureau's informal guidance will be required to submit certain information, and any guidance will be time limited and need to be revisited after an initial period.*

The interpretation further noted that "in an April 8, 2020, statement, the Bureau recognized the exceptionally challenging circumstances that Canadian businesses are facing and acknowledged that collaborations among competitors may help businesses ensure Canadians are able to access products and services that are "critical" to them, such as the "necessities of life." " Blakes notes that in light of these challenging circumstances, the Bureau stated it will generally refrain from scrutinizing competitor collaborations of a limited duration and scope during the COVID-19 crisis, "where there is a clear imperative for companies to be collaborating in the short-term to respond to the crisis, where those collaborations are undertaken and executed in good faith and do not go further than what is needed."

Provincial/Territorial

British Columbia

BC Financial Services Authority

BCFSA Issues Notice that it was Applying Temporary Easing Measures to BC Insurance Companies as Announced by the Office of the Superintendent of Financial Institutions (OSFI)

In a 30 April, 2020 notice BC FSA said that “the BC Financial Services Authority (BCFSA) is applying temporary easing measures to capital adequacy requirements announced on April 9, 2020, by the Office of the Superintendent of Financial Institutions (OSFI).” Among those measures, BC FSA noted that

In situations where payment deferrals for mortgage loans, leases or other loans (for example, private debt, small business loans, and mid-market commercial loans) are granted by insurers because of the impact of COVID-19, these loans and leases will continue to be treated as performing assets under the LICAT guideline. This means that these assets will not fall into the impaired and restructured category and, therefore, will not be subject to a higher credit risk factor as a result of these payment deferrals. Insurers should continue to assess the credit quality of these borrowers and follow sound credit risk management practices.

Quebec

Autorité des marchés financiers

CLHIA Receives Notification of Consultations, Delayed Filing Date for Survey on Trip Cancellation Insurance

Fourteen insurance companies received a very detailed survey on trip cancellation insurance from the Autorité des marchés financiers (AMF) in early May, 2020, with instructions to return the survey by 22 May, 2020. The CLHIA intervened, noting many confusing elements to the survey, components that the insurers cannot complete, an unrealistic timeline for completion, and the lack of consultations with industry prior to issuing the survey. CAFII has learned from the CLHIA that the AMF has acknowledged many of these points, has suspended the survey temporarily, and will be consulting with industry on the survey prior to issuing another request for it to be filled out.

On Friday, 15 May, 2020, CAFII learned from the Travel Health Insurance Association (THIA) and CLHIA that the AMF had just reissued its trip cancellation survey of insurers, after just a three day pause, with the following deadlines for submission of the data it requests: 30 June, 2020 for **Sections 1 and 2** (revised sections of the questionnaire); and 29 May, 2020 for **Sections 3 and 4** (unaltered sections of the original questionnaire).

New Brunswick

Financial and Consumer Services Commission of New Brunswick

Financial and Consumer Services Commission of New Brunswick Tells Insurers Not to Hold In-Person AGMs in New Brunswick, and Suspends LLQP Exam Sessions

The New Brunswick Financial and Consumer Services Commission (FCNB) has announced that

Any New Brunswick incorporated insurers planning to hold annual general meetings (AGMs) in the near future should either postpone or hold the meeting virtually. In-person AGMs at this time could result in large public meetings, which would be contrary to current public health advice.

The FCNB also announced that

Given recommendations related to COVID-19 pandemic with respect to social distancing and limiting gatherings in large groups, FCNB has suspended the LLQP exam sessions until further notice. For those impacted by these cancellations, certification for LLQP candidates has been extended to 31 December 2020.

International Developments, Research, and Thought Leadership

Prosper Canada

Prosper Canada Launches a New Website Hub To Provide Canadians with Information in One Place on Financial Resources and Government Programs Related to COVID-19

Prosper Canada, an organization dedicated to providing Canadians with financial empowerment and whose financial supporters include Canada's banks, has launched a new portal that provides information in one place to Canadians on the various programs and supports that are available. The intention is to enhance the content in the coming weeks, and to launch a bilingual version in the next few weeks as well. The portal can be found here:

<https://learninghub.prospercanada.org/knowledge/managing-financial-well-being-during-tough-times/>

Liz Mulholland, the CEO of Prosper Canada who has attended several CAFII events in the past, has invited CAFII Co-Executive Director Keith Martin to join an Advisory Group that was originally intended to provide advice on a new capital campaign, but which will now pivot to a new role in the current circumstances, as described in this snippet from a recent email from Liz Mulholland sent to Advisory Group members:

We see this moment as an opportunity for Prosper Canada to shine a light on the need to address the growing financial vulnerability of Canadian households – connecting people to relief in the short term, helping them build a plan for the recovery, and putting in place longer term policies and supports that will help Canadians build their financial resilience against future shocks. We are working with our KCI fundraising consultants to write and publish media articles to share this story.

Accenture

Accenture Study Finds that COVID-19 Will Reinforce Employee Expectations for Workplace Flexibility

Teleworking and working from home will reinforce expectations for more workplace flexibility from insurance employees, especially younger workers who are comfortable with technology, and want flexibility in their work environment, according to a new Accenture study. According to the study, 88% of employees want flexible work schedules, 82% say technology plays an integral part in where they decide to work, and 66% of employees want a compressed work week.

Remote work was already becoming well-established prior to the pandemic, with 9% of the U.S. workforce already working remotely before the pandemic. Insurers are now finding this trend is accelerating. Among the lessons learned is that:

- Freelancers and contractors bring flexibility and the ability to scale the workforce up and down when needed.
- Tapping into the rising number of on-demand workforce marketplaces and crowdsourcing sites can significantly enhance an organization's agility.
- HR leaders must focus their strategies on ensuring that people have the right skills for the new jobs that technology enables. Skills associated with data science, machine learning and deep learning are among those in high demand. Additional new roles will emerge as humans and machines collaborate in a new environment.
- There is a valuable potential pool of experienced senior talent for insurers to tap into, with more workers delaying retirement out of financial necessity and to stay active.

RSM

RSM Researcher Says that the Use of Term "Business Interruption Insurance" Will Create a Public Relations Disaster for the Insurance Industry

Robert Muir-Wood, Chief Research Officer at RSM, feels that the insurance industry set itself up for a public relations disaster when it comes to business interruption claims, and it should be prepared to be called out more often on the name given to the coverage. Calling it "business interruption" when the product wouldn't actually cover some business interruption events was a mistake, he says. "In retrospect, it was not smart PR for insurers to provide a product called 'business interruption,' but with a clause in the small print explaining why it would not pay out in a pandemic."

In most instances, business interruption is more likely to occur because of a natural catastrophe, not a pandemic. “The coverage should have been clearly labelled ‘Fire and NatCat BI,” he said during RMS’s conference Exceedance 2020. Partly as a result of the misnomer, groups such as business owners, lawyers, and political leaders in the United States are now calling on insurers to recognize the pandemic as a business interruption loss and allow claims to be processed, Muir-Wood explained.

A number of American states drew up proposals to legislate U.S. property and casualty insurers to pay retroactively for BI claims due to the pandemic. The American Property Casualty Insurance Association responded that such a move would cost P&C insurers between \$220 billion and \$383 billion per month. The U.S. insurers’ association noted that U.S. carriers handled three million claims during the 2005 hurricane season and the current pandemic could push through 30 million claims.

Muir-Wood called the reaction to lock horns with insurers a classic case of “coverage expansion post-event loss amplification,” adding that this won’t shine a bright light on the industry. “In the time of the greatest national disaster, it does not look good for insurers to be avoiding their share of the economic pain.”

In Canada, the P&C industry has been public about the fact that pandemic coverage is generally not offered in basic commercial insurance packages. That said, Insurance Bureau of Canada (IBC), the country’s trade association for insurers, has advised clients to check with their brokers and insurers to confirm whether or not they have coverage, since each commercial policy is tailored to the specific client.

Intact reported that only a small number (0.5%) of its clients would be eligible for such protection thanks to a specialized program. For the rest, they’re seemingly out of luck unless they suffer physical damage to the property by an insured peril.

“Beyond this first line of defence, we have exclusions in our policy language that make it very clear that the inability to use or access a property – even in times such as this, in a lock-down – does not qualify for coverage,” Darren Godfrey, senior vice president of commercial lines for Intact, said during a conference call where it was also noted that the insurer has set aside more than \$80 million to account for possible commercial claims specifically due to COVID-19.

With the insurance industry taking punches from all comers, Muir-Wood expects the “post-event loss amplification” to pick up beyond the lockdown. He cited data that showed a possibly elevated level of hurricane activity for this year (Canadian scientists, meanwhile, are predicting an above-average wildfire season in Western Canada as well). Any spot where policy language would exclude a claim could come under attack, he suggested.

As far as pandemics are concerned, Muir-Wood said that even setting up some sort of relief fund to provide coverage would be fraught with challenges. “Pandemic risk pooling proposals are appearing,” he observed. “But this is a risk that cannot be diversified across countries or from the wider economy. If an insurer promises to pay for lost business in a pandemic, in what uncorrelated assets do they reserve?”

Global Risk Institute (GRI)

Global Risk Institute (GRI) Makes Recommendations on Long-Term Policies Post-Pandemic, Including for Regulatory Authorities

The Global Risk Institute is a Toronto-based organization that is a “preeminent source of ideas on the management of emerging risks and trends for financial services organizations.” The GRI website says that “the GRI was founded in 2011 as a result of an idea conceived by Mark Carney, Governor of the Bank of England, and Jim Flaherty, former Canadian Minister of Finance. There were 16 founding financial institutions, with the Governments of Canada, Ontario, TD Bank Group, and Manulife Financial acting as the core architects.” Former GRI President and CEO Richard Nesbitt has been a keynote speaker at CAFII’s Annual Members’ Luncheon.

James K. Stewart, Executive in Residence, Global Risk Institute, and Hugh O'Reilly, Executive in Residence, Global Risk Institute have produced a commentary in which they

... propose guidelines based upon three phases to assist policy-makers and regulators in making balanced choices during the crisis, including assessing the tradeoffs and issues for the recovery and expansion after the crisis. In doing so, we recognize that the nature, magnitude and timing of both the economic recovery and future expansion are highly uncertain. The post-crisis phases may vary significantly among industries, regions and countries. Major risks include the potential for renewed outbreaks, and the length of time until most nations achieve comprehensive COVID-19 “test and trace” capabilities. There is also the critical uncertainty surrounding when a vaccine will be developed, produced, and made widely available to meet Canadian and global needs. Accordingly, the uncertainty around these risks as of mid-April and the likely substantial variation in timing of and boundaries among our three phases bear emphasis.

The authors then go on to recommend the following guidelines for policy-makers:

- 1. Pandemic phase where urgency, magnitude and, often, coordination aspects of choices and responses focus on short-term needs and dominate decision-making.*
- 2. Transition phase centred upon an exit strategy to ease back emergency initiatives with a prudent, viable approach that facilitates post-crisis success.*
- 3. Sustainable path phase after the transition that addresses (i) longer-term issues and opportunities existing before the pandemic that were temporarily de-emphasized during the crisis, and (ii) transformative trends resulting from the pandemic.*

The authors then state that “using this approach, we consider several risk management elements for policy and regulatory decision-making. While assessing the full range of policy and regulatory issues is far beyond the scope of this commentary, we hope to spark conversation and analysis so that these and other risks can be better identified, assessed and managed.” The authors also conclude that

Governments and regulators are under pressure to respond quickly and meaningfully with effective emergency policies to save those afflicted with significant liquidity issues. Yet, care needs to be exercised to avoid providing undue aid to structurally over-leveraged businesses and consumers. These and other policies to provide temporary relief to businesses and individuals risk unintended consequences, perverse incentive effects and moral hazard.

The full report can be found here:

[GRI "Long Term Thinking in Extraordinary Times"](#)

Global Risk Institute Report on Regulatory Forbearance in the Age of COVID-19

Michael Stramaglia, Executive in Residence, Global Risk Institute writes in a commentary that

... financial regulators have begun to implement a wide range of special policy actions. These include a number of forbearance measures, whereby regulated financial institutions have been granted various forms of explicit “relief” relative to established regulatory requirements. The fundamental economic and public policy intents underlying this regulatory relief are laudable, and these measures are well-positioned to play a decisive role in maintaining financial system resiliency.

However, it is important to recognize that any forbearance of established enterprise risk management (ERM) systems introduces the associated potential for unintended consequences. For example, these actions can create the erroneous perception that risk standards are being unduly “relaxed”, precisely at the time when they are needed the most. Dynamic risk limits may also inadvertently mask the extent to which inherent risk positions have migrated through the course of the crisis. Any resulting stakeholder misstep could undermine the overall effectiveness of these relief actions and generate collateral impacts that may be felt far beyond the course of the immediate crisis.

The author states that four key principles should be used by regulators should be used by regulators in offering forbearance. These principles have direct applicability to some of the forbearance requests and responses in the insurance industry. The first recommended principle is the “fit-for-purpose” principle: “The fit-for-purpose” principle embodies this fundamental linkage between risk actions and objectives, reflecting the tenet that ERM is a means to an end, not an end in itself.” The second is proportionality:

Proportionality is a fundamental ERM principle and has applicability at all levels of risk portfolio consolidation. Simply put, this principle prescribes that risk management resources should be focused on the most significant risks and opportunities. It also implies that a “one size fits all” approach is generally not appropriate for managing risks within a broader portfolio or system.

The third principle is a progressive approach: “This often demands a progressive approach to development of risk responses, which embodies a number of interdependent attributes.” The final principle is practicality:

Risk responses must be feasible to apply in practice and the implementation costs should not be disproportionately large relative to the expected risk mitigation benefits. This requires an intimate understanding of the operating environment in which they are being applied and a pragmatic approach to balancing the inevitable trade-offs between ideals and expediency. A raging crisis is never a good time to let perfection be the enemy of good.

The full report can be found here:

[Regulatory Forbearance in the Age of COVID-19](#)

Appendix A

CAFII Alerts 18 March 2020 – 19 May 2020

Date of Email Alert	Topic of CAFII Alert
14 May 2020	Life Insurance Sales Look Great: American Council of Life Insurers (ACLI) President
14 May 2020	Customers Were Ready For A New Insurance Experience Even Before Coronavirus
14 May 2020	LIMRA Survey: Insurance Companies Making Changes to New Business in Light of COVID-19
14 May 2020	Opinion: Is Insurance A Commodity?
13 May 2020	COVID-19 Hits Life Insurance Application Activity In The U.S.
13 May 2020	Crisis-Driven Adaptations Are Good For Insurers' Future
13 May 2020	Opinion: How Has Online Shopping Affected Insurance?
12 May 2020	FCAC Appoints Frank Lofranco As New Deputy Commissioner, Supervision and Enforcement
11 May 2020	COVID-19 Promotes Acceleration of Everything Digital: Sun Life Exec
11 May 2020	Some Americans Are Being Turned Away Trying to Buy Life Insurance
8 May 2020	BCFSA Allows BC Charities To Accept Donated Life Insurance Policies
8 May 2020	Flood of COVID-19-related lawsuits expected to hit courts
8 May 2020	CCIR/CISRO Launch "Fintech/Insurtech Advisory Hub"
7 May 2020	Manulife CEO Urges Countries To Move Slowly On Re-Opening To Avoid A Second Wave Of Coronavirus
7 May 2020	Coronavirus Business Interruption Battle Pits Business Lobby Against Itself
7 May 2020	Underwriting Among Early Effects Of COVID-19 On Life Insurance
7 May 2020	Disability Insurance Awareness Months Slips In (In The US)
7 May 2020	Special Spring 2020 Communique Newsletter From Canadian Council of Insurance Regulators (CCIR)
6 May 2020	Sun Life Profit Falls As CEO Says Coronavirus Will Impact Insurers For Rest Of The Year
5 May 2020	US Insurance Market Trends During The Pandemic: McKinsey Interview With Jennifer Fitzgerald, CEO of Policygenius
5 May 2020	The Pandemic's Impact on North American Life Insurance Business and IT Plans
5 May 2020	Swiss Re COVID-19 Consumer Survey: Financial anxiety, demand for insurance products accelerates across Asia Pacific Region
5 May 2020	FSRA Extends Deadline For Insurance Agent Licence Renewals By 60 Days
4 May 2020	Insurance Scenario Planning For The Day After Coronavirus
4 May 2020	COVID-19 Crisis Sparks Greater Interest In Life Insurance
4 May 2020	Canadian Life and Health Insurers Adjust Products and Procedures In Response To COVID-19 Pandemic
1 May 2020	Coronavirus Spurring Big Claims Volume In Life Insurance
30 April 2020	Stories Of Helpful Things Done By Banks In The Pandemic
30 April 2020	NGOs Call For Insurers To Champion A 'Green Recovery' From Pandemic
30 April 2020	Mandatory Naming, Greater Penalties And Clarified Objectives: The New FCAC Provisions

Date of Email Alert	Topic of CAFII Alert
30 April 2020	CBC Marketplace Story on Credit Card Balance Protection Insurance Refunds
29 April 2020	Recovery of the Canadian Life Insurance Market (LIMRA MarketFacts, Number 2, 2020)
28 April 2020	FSRA Details Licensing, CE Extension For Life Agents
24 April 2020	Why Canada's Big Banks Can't Afford To Screw Up Their Response To The Coronavirus Crisis
24 April 2020	COVID-19 Is A Digital Reality Check For Financial Institutions And Insurers
23 April 2020	FSRA Appoints Former Canadian Life Insurer CEO To Its Board of Directors; and Government Of Ontario Extends The Terms Of Three Current FSRA Directors
23 April 2020	CCIR Publishes Its 2020-23 Strategic Plan, Without Meaningful Industry Consultation
21 April 2020	"CCIR Communique #2: Covid-19" Focusing On Fair Treatment Of Customers During The Pandemic
20 April 2020	FCNB and BCFSR Responses To CAFII's COVID-19 Regulatory Forbearance Request Letter
17 April 2020	Canada Life Cuts Premiums For Group Health Insurance Plans
17 April 2020	Ontario Makes Regulatory Changes For Easier Auto Insurance Rebates
16 April 2020	Fasken Financial Services Bulletin On "COVID-19 Response: Measures Affecting Insurers, Agents and Brokers"
16 April 2020	Ontario Changes Law To Allow Auto Insurers To Provide Rebates During Pandemic
16 April 2020	Highlights of April 15/20 Willis Towers Watson Webinar On COVID-19's Impact On The Life Insurance Industry
14 April 2020	LIMRA Survey Reveals Impact Of COVID-19 On Canada and US Life Insurance
13 April 2020	Life Insurance Industry Responds To COVID-19 (An Interview With CLHIA President Stephen Frank)
13 April 2020	Willis Towers Watson Webinar On "Impacts On Life Insurers From COVID-19": Wednesday, April 15/10, 1:00 to 2:30 p.m. EDT
13 April 2020	"OSFI Relaxes Capital Rules For Banks, Insurers"; and "Canadian Securities Administrators (CSA) Pauses Policy Work"
13 April 2020	Competition Bureau Relaxes Collusion Enforcement For Companies Working Together On Pandemic Response
8 April 2020	McMillan Litigation Bulletin: Heading Towards an Epidemic of Class Actions
8 April 2020	McMillan Competition Law Bulletin: Cartels In A Time Of COVID
6 April 2020	Global Federation of Insurance Associations (GFIA) Issues Warning About Forced Coronavirus Payouts; and National Class Action Lawsuit Launched Against Canadian Indemnity Insurers Refusing To Pay Coronavirus-Related Claims
3 April 2020	Deloitte Canada's View On "COVID-19: The Impact On The L&H Insurance Industry In Canada"
3 April 2020	Credit Insurance Sector In The U.S. Could Face A Massive Coronavirus Hit
3 April 2020	Asian Insurer Enjoys Surprise Surge From Coronavirus Coverage
2 April 2020	CCIR Responds Directly To CAFII's Postponement/Deferral Request: Industry Filing Deadline Date For 2020 CCIR Annual Statement on Market Conduct (ASMC)
2 April 2020	CCIR Extends Filing Deadline For 2020 Annual Statement On Market Conduct By 60 Days To July 1, 2020
1 April 2020	COVID-19: North American life insurers' risks are escalating

<u>Date of Email Alert</u>	<u>Topic of CAFII Alert</u>
1 April 2020	COVID-19: OSFI Announces Regulatory Flexibility
30 March 2020	For Insurers, Coronavirus Provides A Lesson In Not To Fail Customers
30 March 2020	Ontario's FSRA Announces Regulatory Changes In Light Of COVID-1
25 March 2020	Insurance Faces A Crossroads In Post-Coronavirus World
23 March 2020	Quebec and Ontario Blue Cross Suspend Sales Of Travel Insurance
21 March 2020	Insurance Companies Are Failing The Vulnerable In Vulnerable Times
19 March 2020	Why some Canadians abroad aren't rushing home, despite Trudeau's plea--Some travellers say they're safer from COVID-19 where they are, but their medical insurance could run out
19 March 2020	Banks, Insurers Seek Court Approval to Hold Online Annual Meetings Amid Coronavirus Outbreak
18 March 2020	Ontario To Waive Three-Month OHIP Waiting Period For Returning Canadians
18 March 2020	Canadians Seek Insurance Clarity Amid Continuing Uncertainty

CAFII Consultations/Submissions Timetable 2020-21

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> FICOM-led Consultation on Industry Funding of BCFSa (successor regulator) CAFII submission on Industry Funding of BCFSa Revised Financial Institutions Act (FIA) tabled in the legislature CAFII submissions on draft Regulations in support of Revised FIA CAFII Meeting with Ministry of Finance staff executives <i>CAFII Follow-up Meeting with Ministry officials Re Credit Protection Insurance Sales Practices and Related Fair Treatment of Consumers Considerations</i> 	<ul style="list-style-type: none"> Released June 10, 2019 July 24/19 October 21/19 Q3 2020 through Q4 2021 October 25/19 Q2 or Q3 2020 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> AMF releases consultation document CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> Q2 or Q3 2020 (expected) Q2 or Q3 2020 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> National Assembly passes Bill 141 (certain Bill 150 provisions included) AMF releases Regulation Respecting Alternative Distribution Methods (RADM) CAFII submission on Regulations Supporting Bill 141 AMF Response to Feedback on RADM Implementation/In-Force Period for RADM (varies by Article/Chapter) 	<ul style="list-style-type: none"> June 2018 October 10, 2018 December 10, 2018 April 17/19 June 13/19: Chapter 2; June 13/20: Chapter 3 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> CCIR issues final version of FTC Guidance document Meeting with CCIR/CISRO Working Group re Guidance implementation Meeting with CCIR/CISRO Working Group re Guidance implementation Meeting with CCIR/CISRO Working Group re Guidance implementation <i>Meeting with CCIR/CISRO Working Group with expectation of CAFII submission re incentives and compensation models used by CAFII members in-market</i> 	<ul style="list-style-type: none"> September 27, 2018 November 28, 2018 March 27, 2019 March 5/20 <u>June/20 meeting postponed: COVID-19</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
CCIR 2020-2023 Strategic Plan	<ul style="list-style-type: none"> CCIR releases preliminary consultation draft of 2020-23 Strategic Plan CAFII 2019 Stakeholder Meeting With CCIR Focused On Strategic Plan <u>CCIR publishes final version of 2020-23 Strategic Plan, without meaningful industry consultation</u> 	<ul style="list-style-type: none"> September 30, 2019 November 5, 2019 <u>April 2020</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; EOC; Co-EDs to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA delays implementation of new Act and Regulations to Jan 1/20 FCAA releases transition-related Guidance and Interpretation Bulletin FCAA releases further transition-related Guidance/Interpretation Bulletin(s) 	<ul style="list-style-type: none"> November 26, 2018 May 17, 2019 <u>Q2 or Q3 2020 (expected)</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> CAFII Meeting with David Weir and Jennifer Sutherland Green, FCNB in Fredericton CAFII submission on FCNB Licensing of Insurance Adjusters and Damage Appraisers Consultation FCNB launches industry consultation on RIA licensing regime model CAFII submissions on FCNB's Insurance Act Rewrite and RIA Regime <i>CAFII meeting with FCNB re its proposed RIA licensing regime model</i> 	<ul style="list-style-type: none"> June 11, 2019 July 2/19 November 29, 2019 January 31, 2020 Q2 or Q3 2020 (post-COVID-19 outbreak) 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor

Underline = new/updated item since previous publication; **Boldface** = CAFII response pending; *Italics* = CAFII meeting with regulators/policy-makers pending

Agenda Item 2(e)
June 09/20 Board Teleconference Meeting

CAFII Insurance Regulator and Policy-Maker Meetings From March 19, 2020 To April 21, 2020

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
25 March 2020	CAFII teleconference meeting (K. Martin and B. Wycks, Co-Executive Directors) with Financial Services Regulatory Authority of Ontario (FSRA), at FSRA's request, re "How Are CAFII Members Coping With And Responding To COVID-19 Pandemic?"	<u>From FSRA</u> -Huston Loke, Executive Vice-President, Market Conduct -Anthonet Maramieri, Head, Insurance -Swati Agarwal, Senior Manager, Life Insurance Market Conduct
30 March 2020	CAFII teleconference meeting (B. Wycks and K. Martin, Co-Executive Directors; and M. Boyle, EOC Chair) with Insurance Councils of Saskatchewan (ICS), at ICS' request, re "CAFII's Regulatory Forbearance Request Letter Arising From COVID-19 and What are Specific Asks of ICS?"	<u>From ICS</u> -Ron Fullan, Executive Director -April Stadnek, Director, Strategic Initiatives
31 March 2020	CAFII phone discussion (K. Martin, Co-Executive Director) with FCAC Commissioner, initiated by FCAC, re "CAFII's Regulatory Forbearance Request Letter Arising From COVID-19 and What are Specific Asks of FCAC?"	<u>From FCAC</u> -Judith Robertson, Commissioner

CAFII Insurance Regulator and Policy-Maker Meetings From April 22, 2020 To May 21, 2020

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
13 May 2020	CAFII teleconference meeting (K. Martin) with Huston Loke, FSRA re whether it would make sense for CAFII (possibly in conjunction with THIA) to make an official request to CCIR for a further extension, due to COVID-19, of the filing deadline for	<u>From FSRA</u> -Huston Loke, Executive Vice-President, Market Conduct, FSRA, who is also Vice-Chair of CCIR and Chair of the CCIR/CISRO Covid-19 Group

	<p>the 2020 Annual Statement on Market Conduct, beyond the 60 day extension already granted to July 1/20.</p> <p>Conversation resulted in an H. Loke request for a further small group teleconference meeting between CAFII and FSRA Market Conduct representatives around what is happening with consumers and insureds and their life and health insurance providers in the marketplace at present, due to COVID-19. That meeting now scheduled to occur on May 25/20.</p>	
21 May 2020	<p>B. Wycks sends CAFII email to insurance regulators in four Atlantic Canada provinces with the following Subject line: "CAFII Is Thinking Of You In These Unprecedented, Stressful COVID-19 Times; And Hopes To Visit You In _____ In 2021"</p> <p>(See sample provided in Appendix A)</p>	<p><u>Atlantic Canada Insurance Regulator Recipients</u></p> <p>New Brunswick: Angela Mazerolle, Jennifer Sutherland-Green, David Weir;</p> <p>Nova Scotia: Paula Boyd, Jennifer Calder ;</p> <p>Newfoundland: Renee Dyer</p> <p>PEI: Robert Bradley</p>

Appendix A

May 21, 2020

Ms. Angela Mazerolle
Vice-President, Regulatory Operations and Superintendent of Insurance
Financial and Consumer Services Commission of New Brunswick

Hi, Angela.

As you know, building and maintaining mutually beneficial relationships with insurance regulators and policy-makers across Canada is of vital importance to CAFII. It is central to our Association's mission, in the interests of working with regulators and policy-makers in support of consumer choice and fair treatment of customers in the life and health insurance marketplace while also finding the "right regulatory balance" which serves to foster industry innovation and stimulate investment in new product offerings and better consumer experiences.

In that connection, a key component of CAFII's strategic plan is to meet in-person with regulators and policy-makers in their own offices in their own provinces at least once every two years.

We were planning to reach out to you in March of this year, in order to arrange a Spring 2020 (May or June) visit to you in Fredericton, in follow-up to our previous visit in May 2018.

But then the COVID-19 pandemic struck and the current societal lock-down and related physical/social distancing directives resulted.

Back in March, we initially thought that we might be able to defer our planned visits to Atlantic Canada to the Fall of this year, and possibly arrange a visit to you in September or October.

However – given the current uncertainty about whether relatively "normal" domestic air travel will be possible in the Fall; about whether in-person meetings of more than five people will be permitted by that time; and about whether the borders of certain provinces will be open to "non-essential" visitors from other parts of Canada by September or October – we have now decided that a longer term deferral of our Atlantic Canada visit plans makes best sense.

We now intend to take a fresh look at our planned visits to the four Atlantic Canada provinces in very early 2021, with a view to possibly arranging a visit to you in your Fredericton office next May or June.

We trust that you are comfortable with CAFII's thinking and decisions on these matters. We wanted to write and share our thinking and amended plans with you at this time; and, in part, to reassure you that our relationship with you as New Brunswick's Superintendent of Insurance remains vitally important.

We are thinking of you, and regret having to defer our planned 2020 visit with you until next year.

Kind regards and stay safe,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

Agenda Item 2(f)
June 9/20 Board Meeting

Committee Reports Addressing CAFII Priorities

Market Conduct & Licensing Committee; Brad Kuiper, Chair

Since the CAFII Board's last regularly scheduled meeting on April 7/20, the COVID-19 pandemic situation has brought about a relatively quiet and dormant period, with no active regulatory consultations, for the Market Conduct & Licensing Committee.

However, that said, on May 26/20, the Insurance Council of BC launched a consultation on proposed Continuing Education (CE) Guidelines for insurance licensees in the province, with a response deadline of July 31/20. The Market Conduct & Licensing Committee is currently assessing the consultation document to determine whether or not it is in-scope for CAFII and warrants a response submission from our Association.

In addition, on June 1/20, the Insurance Council of BC published its 2020-2023 Strategic Plan and circulated it to industry stakeholders including CAFII. The document sets out the Council's three-year strategic plan framework, accompanied by an introductory letter from current Council Chair Lesley Maddison and CEO Janet Sinclair. Brett Thibault, the Council's Director of Governance and Stakeholder Engagement, has invited questions and feedback on the new Strategic Plan, so the Market Conduct & Licensing Committee will be reviewing the document to determine if any post-release comments from our Association are warranted.

Other anticipated market conduct and licensing-related regulatory issues and opportunities which the Market Conduct & Licensing Committee expects to have near future involvement in, once the COVID-19 pandemic has abated and a semblance of normalcy has returned to Canadian civil society and the business community, are the following:

- the Financial and Consumer Services Commission of New Brunswick (FCNB)'s launch of Restricted Insurance Agent (RIA) licensing regime in that province, which would be the first in Atlantic Canada;
- the BC Ministry of Finance's development of Regulations related to the CAFII-relevant provisions of the province's Financial Institutions Amendment Act, 2019 (Bill 37);
- an updated Sound Commercial Practices Guideline from the AMF; and
- Phase 2 of the FCAC's Domestic Bank Retail Sales Practices Review.

Media Advocacy Committee; Charles Blaquiére, Chair

See agenda item 5(e) on June 9/20 CAFII Board agenda.

Research & Education Committee; Andrea Stuska, Chair

See agenda item 5(d) on June 9/20 CAFII Board agenda.

Travel Medical Experts Working Group; Afzal Baig, Chair

See agenda item 5(f)(ii) on June 9/20 CAFII Board agenda.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 3a.

EOC-Recommended Cancellation Of CAFII Annual Members' Luncheon For 2020

Purpose of this Agenda Item

To confirm support for the EOC recommendation calling for the cancellation of the Annual Members' Luncheon for 2020.

Background Information

At the 28 April, 2020 EOC meeting there was discussion about moving the Annual Members' Luncheon to the Fall of 2020, as per the following Meeting Notes excerpt:

CAFII has let FCAC Commissioner Judith Robertson know that due to the COVID-19 pandemic the 2020 CAFII Annual Members' Luncheon, which she is the intended guest speaker at, has been postponed to the Fall of 2020. However, in discussion of this item, EOC members noted that there were already multiple other events that have been moved to the Fall of 2020, including many internal member meetings. It was also not at all clear that there would be a return to normalcy in the Fall. Furthermore, it was noted that large events would likely be conducted differently, with fewer people eating at the same table, and physical distancing rules still in place. This could have an impact on the economics of holding such events.

On the basis of these observations, the EOC asked CAFII management to not hold the Annual Members' Luncheon in 2020 and instead look to hold the event in 2021.

(In discussion on this item, the Board may wish to consider alternative ways to hear Judith Robertson's thoughts, such as a teleconference call or webinar with just the Board, or the Board and one designate, at which she could share her priorities and answer questions.)

Recommendation/Direction Sought – Discussion/Decision

Approval of this EOC recommendation to cancel the 2020 Annual Members' Luncheon is sought.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 9 June, 2020—Agenda Item 3b.

Recommendation That Launch/Work of CAFII EOC Working Group On Proposed Lower Dues Category Of CAFII Membership Be Deferred Until “New Normal” Emerges, Post-COVID-19

Purpose of this Agenda Item

To share with the Board the EOC’s recommendation that this CAFII Working Group initiative on a lower dues category of CAFII membership be postponed at this time.

Background Information

Some companies have expressed an interest in joining CAFII but would have liked a separate, lower dues category of membership.

While there is still a need to explore this option, it is unclear how the economic situation will look after the pandemic. It might be better to wait for things to settle down before striking a Working Group to review a lower dues category of membership.

Recommendation/Direction Sought – Discussion/Decision

Board approval of the EOC’s recommendation that this Working Group be deferred for the time being.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 9 June 2020—Agenda Item 3c.

Recommendation from CAFII Website & SEO Consultant RankHigher That Ownership of CAFII.Insurance Domain Name Not Be Renewed

Purpose of this Agenda Item

To secure Board approval of an EOC recommendation that we discontinue owning/protecting the CAFII.Insurance domain name.

Background Information

CAFII pays about \$1,000 US annually to own and protect the CAFII.Insurance domain name. RankHigher has advised that this is not a worthwhile investment, and recommends that CAFII discontinue it. Below are the 2 notes from Chris Barrett, President of RankHigher, on this matter.

FIRST EMAIL FROM CHRIS BARRETT

From: Chris Barrett <chris@rankhigher.ca>

Sent: March-08-20 10:51 AM

To: Brendan Wycks <brendan.wycks@cafii.com>

Cc: Keith Martin <Keith.Martin@cafii.com>

Subject: Re: Thank You

Morning Brendan and Keith,

I had a chance to regroup with the team, and they have resoundingly said to get rid of the domain immediately and save yourself the \$1,000 USD each year.

In brief, the .insurance domain is a net negative because of:

A) Lack of consumer trust.

Users do not trust "non-traditional" top-level domains such as .insurance, or .investments or .bank as general adoption of these with legitimate businesses have not taken off. To further elevate the issue many of these domains have been used for spammy and sometimes illegal purposes.

2) Lack of traffic and SEO effect on your other efforts.

The low level of trust will lead to low traffic even if we were to build a site and that low traffic and trust would negatively affect the efforts you have put into your online presence.

Ultimately, we have initiatives that will yield far better results for your investment or would rather see you save the money.

SECOND EMAIL FROM CHRIS BARRETT:

Sun 2020-03-08 12:37 PM
You're more than welcome.

*To my knowledge, these domains were released in full force approximately 4 years ago (June 4th 2016)
In that time entire time only slightly more than 5,000 have been registered globally.
In addition, the amount of them being registered has declined significantly each year since then.
(most were done right out of the gate when everyone thought they may catch on).*

*For context, there are 338 million registered domains, and they increase by about 1% per year. So in the
same time frame that 5,000 were registered with the .vertical TLD (such as .insurance) - almost
14,000,000 .com's and the like we registered. Therefore (the fact that they are .00001% of domains) this
approach has overwhelmingly been considered a failure.*

*In addition, the average domain name costs \$10-12 annually. Which is why we are all confused as to who
you are paying \$1,000 USD annually.
It seems as if you are already being charged "extortion-level pricing".*

*That said if you wish to continue to protect it in the hopes that changes down the road - we would be
happy to revisit this together in a year.
I assume this is the first time you are probably receiving this info, so looking at it year over year may
make you more comfortable in whatever decision you make.*

I hope that's helpful and that you gentleman are having a wonderful Sunday.

Recommendation/Direction Sought – Discussion/Decision

Board approval of the EOC's recommendation that CAFII discontinue its ownership and protection of the CAFII.Insurance domain name.

Attachments Included with this Agenda Item

No Attachments.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 3d.

Rescheduling of October 2020 CAFII Board Meeting; and Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives To Thursday, October 15/20

Purpose of this Agenda Item

To update the Board on the rescheduling of the October 2020 CAFII Board meeting in Quebec and the related liaison lunch and Industry Issues Dialogue with AMF staff executives on the same day.

Background Information

The liaison lunch and industry issues dialogue with the AMF had to be rescheduled from 7 April 2020, due to COVID-19. CAFII has found a date when a quorum of 10 Directors can attend the meeting in the Fall of 2020. The meeting will be hosted by Desjardins Insurance in Levis, Québec.

Recommendation/Direction Sought – Update

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 4a.
CAFII Financial Statements as at April 30/20

Purpose of this Agenda Item

To secure Board approval of the CAFII Financial Statements as at 30 April, 2020.

Background Information

The Board will be asked to approve the Financial Statements as at 30 April, 2020.

Recommendation/Direction Sought – *Approval*

Approval of the financial statements as at 30 April, 2020.

Attachments Included with this Agenda Item

1 attachment.

CAFII

411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5

Statement of Operations As at April 30, 2020

	Current Month	Budget Apr-20	Variance to Monthly Budget	Current YTD	Budget '20 YTD	Variance Budget to YTD	Budget 2020
Revenue							
Membership Dues	\$73,727	\$75,727	(\$2,000)	\$294,907	\$302,907	(\$8,000)	\$908,720
Luncheon Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$25	\$17	\$8	\$218	\$67	\$151	\$200
TOTAL REVENUE	\$73,751	\$75,743	(\$1,992)	\$295,125	\$302,973	(\$7,849)	\$908,920
Expenses							
Management Fees	\$40,718	\$39,582	(\$1,136)	\$164,570	\$158,330	(\$6,240)	\$474,989
CAFII Legal Fees/Corporate Governan	\$0	\$5,000	\$5,000	\$5,528	\$10,000	\$4,472	\$20,000
Audit Fees	\$1,271	\$1,271	(\$0)	\$6,575	\$5,082	(\$1,493)	\$15,247
Insurance	\$449	\$458	\$9	\$1,795	\$1,832	\$37	\$5,500
Website Ongoing Maintenance	\$298	\$458	\$160	\$1,349	\$1,833	\$485	\$5,500
Telephone/Fax/Internet	\$617	\$483	(\$133)	\$2,103	\$1,933	(\$170)	\$5,800
Postage/Courier	\$0	\$21	\$21	\$0	\$83	\$83	\$250
Office Expenses	\$621	\$167	(\$454)	\$1,176	\$667	(\$510)	\$2,000
Bank Charges	\$0	\$16	\$16	\$87	\$63	(\$24)	\$190
Miscellaneous Expenses	\$0	\$42	\$42	\$0	\$168	\$168	\$500
Depreciation Computer/Office Equipm	\$95	\$100	\$5	\$379	\$400	\$21	\$1,200
Board/EOC/AGM							
Annual Members Lunch	\$0	\$0	\$0	\$0	\$12,400	\$12,400	\$12,400
Board Hosting (External)	\$0	\$7,500	\$7,500	\$0	\$7,500	\$7,500	\$22,500
Board/EOC/Meeting Expenses	\$1,765	\$3,292	\$1,526	\$4,999	\$7,500	\$2,501	\$39,500
Industry Events	\$0	\$0	\$0	\$0	\$0	\$0	\$1,300
EOC Annual Appreciation Dinner	\$0	\$0	\$0	\$4,244	\$4,244	\$0	\$4,244
Sub Total Board/EOC/AGM	1,765	10,792	9,026	9,243	31,644	22,401	79,944
Provincial Regulatory Visits	\$63	\$0	(\$63)	\$983	\$0	(\$983)	\$12,875
Research/Studies	\$0	\$5,000	\$5,000	\$0	\$20,000	\$20,000	\$60,000
Website SEO and Enhancements	\$0	\$3,496	\$3,496	\$812	\$13,983	\$13,171	\$41,950
Regulatory Model(s)	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$15,000
Federal Financial Reform	\$0	\$625	\$625	\$540	\$2,500	\$1,960	\$7,500
CAFII Benchmarking Study/RSM Canada	\$0	\$5,650	\$5,650	\$0	\$22,600	\$22,600	\$67,800
FCAC Presentation	\$0	\$1,883	\$1,883	\$0	\$7,533	\$7,533	\$22,600
Media Outreach	\$2,260	\$3,008	\$748	\$9,040	\$12,033	\$2,993	\$36,100
Marketing Collateral	\$0	\$0	\$0	\$9,800	\$2,000	(\$7,800)	\$5,000
CAFII Reception Events	\$0	\$250	\$250	\$0	\$250	\$250	\$900
Speaker fees & travel	\$0	\$0	\$0	\$0	\$700	\$700	\$2,000
Gifts	\$0	\$0	\$0	\$0	\$150	\$150	\$500
Networking Events	\$0	\$150	\$150	\$0	\$150	\$150	\$500
Sub Total Networking & Events	-	150	150	-	-	1,000	3,000
TOTAL EXPENSE	48,157	78,452	30,296	213,979	298,936	84,957	883,845
NET INCOME	25,595	- 2,709	28,304	81,146	4,037	77,109	25,075

Explanatory Notes:

- 1 - Amortization of office equipment based on 4 year straight line depreciation
- 2 - Management fees includes Mananging Matters and Executive Director
- 3 - Website includes hosting cafi.com, subscription and website improvements

CAFII

411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5

Balance Sheet As at April 30, 2020

	CAFII Operations			CCBPI Project			Combined																																								
	30-Apr 2020	31-Mar 2020	31-Dec 2019	30-Apr 2020	31-Mar 2020	31-Dec 2019	30-Apr 2020	31-Mar 2020	31-Dec 2019																																						
ASSETS																																															
Current Assets																																															
Bank Balance	\$368,906	\$295,044	\$251,549	\$0	\$0	\$0	\$368,906	\$295,044	\$251,549																																						
Savings Account	\$102,097	\$102,072	\$101,879	\$12,151	\$12,151	\$12,151	\$114,248	\$114,223	\$114,030																																						
Accounts Receivable	\$4,800	\$144,543	\$0	\$0	\$0	\$0	\$4,800	\$144,543	\$0																																						
Prepaid Expenses	\$5,460	6,630	3,251	\$0	\$0	\$0	\$5,460	\$6,630	\$3,251																																						
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014																																						
Accumulated Depreciation -Comp/Equip	(\$6,120)	(\$6,026)	(\$5,742)	\$0	\$0	\$0	(\$6,120)	(\$6,026)	(\$5,742)																																						
Total Current Assets	\$483,156	\$550,277	\$358,951	\$12,151	\$12,151	\$12,151	\$495,307	\$562,428	\$371,102																																						
TOTAL ASSETS	\$483,156	\$550,277	\$358,951	\$12,151	\$12,151	\$12,151	\$495,307	\$562,428	\$371,102																																						
LIABILITIES																																															
Current Liabilities																																															
Accrued Liabilities	\$5,084	\$3,813	\$115,891	\$0	\$0	\$0	\$5,084	\$3,813	\$115,891																																						
Credit Card	\$665	\$368	\$1,223	\$0	\$0	\$0	\$665	\$368	\$1,223																																						
Account Payable	\$4,182	\$24,740	\$11,613	\$0	\$0	\$0	\$4,182	\$24,740	\$11,613																																						
Deferred Revenue	\$161,855	\$235,582	\$0	\$0	\$0	\$12,151	\$161,855	\$235,582	\$12,151																																						
Total Current liabilities	\$171,787	\$264,503	\$128,727	\$0	\$0	\$12,151	\$171,787	\$264,503	\$140,879																																						
TOTAL LIABILITIES	\$171,787	\$264,503	\$128,727	\$0	\$0	\$12,151	\$171,787	\$264,503	\$140,879																																						
UNRESTRICTED NET ASSETS																																															
Unrestricted Net Assets, beginning of year	\$230,223	\$230,223	\$271,190	\$12,151	\$12,151	\$0	\$242,375	\$242,375	\$271,190																																						
Excess of revenue over expenses	\$81,146	\$55,551	(\$40,967)	\$0	\$0	\$0	\$81,146	\$55,551	(\$40,967)																																						
Total Unrestricted Net Assets	\$311,369	\$285,774	\$230,223	\$12,151	\$12,151	\$0	\$323,520	\$297,926	\$230,223																																						
Total Unrestricted Net Assets	\$311,369	\$285,774	\$230,223	\$12,151	\$12,151	\$0	\$323,520	\$297,926	\$230,223																																						
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$483,156	\$550,277	\$358,950	\$12,151	\$12,151	\$12,151	\$495,307	\$562,428	\$371,102																																						
<table border="1"> <tr> <td colspan="3">Financial Reserves Targets as per 2019 Budget:</td><td colspan="7">CCBPI initiative</td></tr> <tr> <td>Minimum 3 months (25%) of Annual Operating Expenses=</td><td colspan="2"></td><td>\$ 220,961</td><td colspan="6" rowspan="3"> 1) Invoice paid to Stikeman Elliott on 19th December 2019 for Consulting Services incurred to date (31 October 2019) for \$92,113.81 (\$81,516.65 plus HST). 2) Invoice to be paid to Norton Rose Fulbright in Feb 2020 for Consulting Services incurred to date (30 November 2019) for \$85,226.13 (\$75,421.35 plus HST). 3) Invoice to be paid to Norton Rose Fulbright in Feb-Mar 2020 for Consulting Services incurred to date (31 December 2019) for \$15,765.82 (\$13,952.05 plus HST). </td></tr> <tr> <td>Maximum 6 months (50%) of Annual Operating Expenses=</td><td colspan="2"></td><td>\$ 441,923</td></tr> <tr> <td>Current Level of Financial Reserves (total unrestricted net assets):</td><td colspan="2"></td><td>\$311,369</td></tr> <tr> <td>Current Level of Financials Reserve (%):</td><td colspan="2"></td><td>35%</td><td colspan="6"></td></tr> </table>										Financial Reserves Targets as per 2019 Budget:			CCBPI initiative							Minimum 3 months (25%) of Annual Operating Expenses=			\$ 220,961	1) Invoice paid to Stikeman Elliott on 19th December 2019 for Consulting Services incurred to date (31 October 2019) for \$92,113.81 (\$81,516.65 plus HST). 2) Invoice to be paid to Norton Rose Fulbright in Feb 2020 for Consulting Services incurred to date (30 November 2019) for \$85,226.13 (\$75,421.35 plus HST). 3) Invoice to be paid to Norton Rose Fulbright in Feb-Mar 2020 for Consulting Services incurred to date (31 December 2019) for \$15,765.82 (\$13,952.05 plus HST).						Maximum 6 months (50%) of Annual Operating Expenses=			\$ 441,923	Current Level of Financial Reserves (total unrestricted net assets):			\$311,369	Current Level of Financials Reserve (%):			35%						
Financial Reserves Targets as per 2019 Budget:			CCBPI initiative																																												
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Current Level of Financials Reserve (%):			35%																																												

CAFII

411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5

Membership Fees

		Feb-20		Feb-20	
		<u>To be billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	2020 Upper Tier Member	\$ 38,555	6-Apr-20	\$ 38,555	
CIBC Insurance	2020 Upper Tier Member	\$ 38,555	18-Mar-20	\$ 38,555	
RBC Insurance	2020 Upper Tier Member	\$ 38,555	20-Mar-20	\$ 38,555	
ScotiaLife Financial	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	
TD Insurance	2020 Upper Tier Member	\$ 38,555	12-Mar-20	\$ 38,555	
Desjardins Financial Security Life Assurance Company	2020 Upper Tier Member	\$ 38,555	10-Apr-20	\$ 38,555	
National Bank Life Insurance Company	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	
Manulife Financial	2020 Upper Tier Member	\$ 38,555	6-Mar-20	\$ 38,555	
The Canada Life Assurance Company	2020 Upper Tier Member	\$ 38,555	30-Apr-20	\$ 38,555	
Assurant Solutions	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	
Canadian Premier Life Insurance Company	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	
Cumis Group Ltd/Co-operators Life Insurance Co.	2020 Lower Tier Member	\$ 19,277	3-Apr-20	\$ 19,277	
Sun Life Financial	2020 Initiation Members (Upper Tier)	\$ 23,133	23-Mar-20	\$ 23,133	
RSM Canada	Associate	\$ 4,800	24-Mar-20		
Willis Towers Watson	Associate	\$ 4,800	16-Apr-20		
KPMG MSLP	Associate	\$ 4,800			
Munich Reinsuranc Company Canada Branch (Life)	Associate	\$ -	Not Renewing		
Optima Communications	Associate	\$ 4,800	3-Mar-20		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	3-Mar-20		
Torys LLP	Associate	\$ 4,800	6-Mar-20		
PWC	Associate	\$ -	Not Renewing		
RankHigher.ca	Associate	\$ -	Not Renewing		
TBC	Associate	\$ -			
TBC	Associate	\$ -			
Feb Invoices		\$456,760		\$427,960	
July Invoices		\$427,960			
Total Membership Fees		\$884,720			
Total amount to realocate monthly Jan-Sept		\$73,727			
Total amount to realocate monthly Oct-Dec		\$73,727			

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 4b. Forecast for CAFII 2020 Fiscal Year

Purpose of this Agenda Item

To update the Board on the 2020 Fiscal Year Forecast.

Background Information

There is a significant deviation in the forecast versus the budget for 2020, due to significantly reduced expenses. Due to COVID-19, events have been cancelled that were planned for 2020 (Annual Members' Luncheon, Receptions following Board meetings, Atlantic Canada Tour) and the Co-Executive Directors are not travelling.

The reduced expenses against stable revenues will result in a significant improvement in the Association's financial reserves at the end of the 2020 fiscal year.

Recommendation/Direction Sought – *Update*

Update only.

Attachments Included with this Agenda Item

1 attachment.

2020 CAFII Budget

	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 YTD April -2020	2020 Revised Forecast	Comment/Rationale
Revenue								
Membership Dues	\$435,750	\$475,425	\$695,545	\$734,664	\$908,720	\$294,907	\$884,720	See breakdown in Member Dues Revenue Tab
Luncheon 2019	\$231	\$126	\$0	\$195	\$0	\$0	\$0	Additional Attendees at Luncheon
Interest	\$231	\$126	\$0	\$982	\$200	\$218	\$410	Interest from the Savings Account
TOTAL REVENUE	\$ 436,212	\$ 475,677	\$ 695,545	\$ 735,841	\$ 908,920	\$ 295,125	\$ 885,130	
EXPENSE								
Management Fees	\$279,042	\$442,012	\$460,299	\$465,134	\$474,989	\$164,570	\$484,027	Includes MM Fees (2.5% contractual increase) and two Co-Eds (2.5% increase each)
CAFII Legal Fees/Corporate Governance	\$10,565	\$2,954	\$563	\$0	\$20,000	\$5,528	\$20,000	Legal Fees increased from \$10K to \$20K to reflect the estimated spend of \$10K in 2020 for Norton Rose to prepare a legal opinion on the AMF's view that credit card-embedded insurance benefits are subject to the Regulation respecting Alternative Distribution Methods (RADM); plus a legal fees contingency for provincial and/or federal regulatory matters (see note 3).
Audit Fees	\$13,560	\$14,271	\$14,432	\$14,799	\$15,247	\$6,575	\$15,247	3% increase over 2019 Revised Forecast
Insurance	\$5,238	\$5,238	\$5,258	\$5,338	\$5,500	\$1,795	\$5,500	Same as 2019 Budget
Website Ongoing Maintenance	\$13,060	\$42,575	\$6,461	\$10,022	\$5,500	\$1,349	\$4,150	Includes CG Technology (\$250 per month), Translation (\$400), and CAFII.com Domain (\$30)
Telephone/Fax/Internet	\$3,538	\$6,119	\$5,939	\$6,494	\$5,800	\$2,103	\$5,800	Same as 2019 Budget
Postage/Courier	\$180	\$380	\$458	\$159	\$250	\$0	\$200	2019 Revised Forecast plus \$50 contingency
Office Expenses	\$5,257	\$1,312	\$2,423	\$2,025	\$2,000	\$1,176	\$2,000	Same as 2019 Budget
Bank Charges	\$25	\$38	\$23	\$112	\$190	\$87	\$190	Same as 2019 Actual plus Annual Fee for CAFII TD Visa credit card
Depreciation Computer/Office Equipment	\$467	\$1,564	\$1,136	\$1,136	\$1,200	\$379	\$1,200	Same as 2019 Budget
Miscellaneous Expense		\$433	\$0	\$0	\$500	\$0	\$500	Same as 2019 Budget
Board/EOC/AGM								
Annual Members Luncheon	\$12,044	\$10,247	\$10,503	\$12,052	\$12,400	\$0	\$2,400	3% increase over 2019 Revised Forecast - Smaller Event planned for later in the year
Board Hosting (External)	\$19,407	\$7,500	\$19,515	\$14,001	\$22,500	\$0	\$15,000	Two Board Meetings/Receptions at \$7,500 each
Board/EOC Meeting Expenses	\$8,145	\$25,493	\$20,715	\$35,419	\$39,500	\$4,999	\$17,700	2019 actual amount decreased by 50%
Industry Events		\$36	\$1,270	\$0	\$1,300	\$0	\$0	
EOC Annual Appreciation Dinner	\$2,079	\$8	\$763	\$2,193	\$4,244	\$4,244	\$4,244	Actual amount as event occurred in January 2020
Total Board/EOC/AGM	\$41,675	\$43,284	\$52,766	\$63,665	\$79,944	\$9,243	\$39,344	
Provincial Regulatory Visits and Relationship-Building	\$10,395	\$11,011	\$11,230	\$16,833	\$12,875	\$983	\$2,575	3% increase over 2019 Revised Forecast - Atlantic Trip been deferred to 2021. Expense decreased by 80% of budget
Research/Studies	\$1,356	\$17,807	\$77,345	\$5,368	\$60,000	\$0	\$60,000	Same amount as originally budgeted for 2019 before decision to scale back Research due to loss of Amex Bank of Canada as a Member
Website SEO and Enhancements			\$21,702	\$40,914	\$41,950	\$812	\$41,950	3% increase over 2019 Revised Forecast
Regulatory Model(s)	\$0	\$15,001	\$6,490	\$7,555	\$15,000	\$0	\$7,500	Reduced by 50%
Federal Regulatory Visits and Relationship-Building	\$0	\$0	\$0	\$442	\$7,500	\$540	\$3,750	Reduced by 50%
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$0	\$0	\$67,800	\$0	\$67,800	New Line - CAFII Benchmarking Study/RSM Canada estimated at \$60K plus HST. The expense related to CAFII Benchmarking Study/RSM Canada could be found from this line item in the first year, or this \$60K research fund could be reduced to offset the cost of the benchmarking study.
FCAC Presentation	\$0	\$0	\$0	\$0	\$22,600	\$9,605	\$22,600	New Line - FCAC Presentation estimated at \$20K plus HST - \$10K plus HST for Dog and Pony; \$10K plus HST for WTW Benchmarking Data.
Media Outreach	\$27,408	\$44,023	\$38,522	\$32,803	\$36,100	\$9,040	\$36,100	3% increase over 2019 Budget
Marketing Collateral	\$1,781	\$0	\$557	\$1,629	\$5,000	\$195	\$5,000	Same as 2019 Budget
Tactical Communications Strategy	\$446	\$379	\$0	\$0	\$0	\$0	\$0	covered under Media Outreach
CAFII Reception Events	\$0	\$500	\$0	\$0	\$900	\$0	\$500	Incidental expenses related to hosting of three CAFII Receptions in Toronto
Media Relations	\$0	\$164	\$0	\$0	\$0	\$0	\$0	covered under Media Outreach
Speaker fees & travel	\$0	\$0	\$191	\$1,189	\$2,000	\$0	\$0	Reduced to \$0
Gifts	\$221	\$452	\$0	\$200	\$500	\$0	\$500	Same as 2019 Budget
CAFII 25th Anniversary Celebration	\$0	\$26,495	\$0	\$0	\$0	\$0	\$0	2022 is the year of CAFII's 25th Anniversary
Networking Events	\$0	\$350	\$0	\$0	\$500	\$0	\$500	Same as 2019 Budget
TOTAL EXPENSE	\$ 414,214	\$ 675,862	\$ 705,793	\$ 675,816	\$ 883,845	\$ 213,979	\$ 826,933	
Excess of Revenue over Expenses	\$21,998	(\$200,185)	(\$10,248)	\$60,025	\$25,075	\$81,146	\$58,197	
Unrestricted Net Assets (beginning of year)	\$358,991	\$380,758	\$180,447	\$170,198	\$230,223	\$230,223	\$230,223	
Unrestricted Net Assets (end of year)	\$380,989	\$180,573	\$170,198	\$230,223	\$255,298	\$311,368	\$288,420	

Explanatory Notes:

- (1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support
- (2) Amortization of office equipment based on 4 year straight line depreciation
- (3) \$45,000 Legal Expense for Marc Dequette/Norton Rose Fulbright to complete legal opinion re: AMF Spousal Coverage Issue. Alternative for paying for legal opinion is to use the remaining funds from the CCPBI Special Project Fund

Actual/Forecasted Financial Reserves	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 Revised Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$103,554	\$168,965	\$176,448	\$168,954	\$220,961	\$206,733
Maximum 6 months (50%) of Annual Operating Expenses =	\$207,107	\$337,931	\$352,897	\$337,908	\$441,923	\$413,467
Actual/Forecasted Level of Financial Reserves:	\$380,758	\$180,573	\$170,198	\$230,223	\$255,298	\$288,420
Actual/Forecasted Level of Financial Reserves %:	92%	27%	24%	34%	29%	35%

2019 Operational Budget - Member Dues Breakdown
2018 Member Dues Breakdown

Upper Tier Member	73,438.00	5	367,190.00
DFS	55,079.00	1	55,079.00
Lower Tier Member	36,719.00	4	146,876.00
Initiation Members	44,000.00	2	88,000.00
Associate	4,800.00	8	38,400.00
			695,545.00

2019 (Base) Member Dues Breakdown

Upper Tier Member	73,438.00	6	440,628.00
Lower Tier Member	36,719.00	4	146,876.00
Initiation Members	44,000.00	3	132,000.00
Associate	4,800.00	8	38,400.00
			757,904.00

2019 Operational Budget - Member Dues Breakdown - Revised
2019 Member Dues Breakdown

Upper Tier Member	73,438	6	440,628.00
National Bank	55,079	1	55,079.00
Lower Tier Member	36,719	3	110,157.00
Initiation Members	44,000	2	88,000.00
Associate	4,800	8.5	40,800.00
			734,664.00

2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase
2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	11	52,800.00
			908,719.89

2020 Upper Tier Member

- 1 BMO Bank of Montreal
- 2 CIBC Insurance
- 3 RBC Insurance
- 4 ScotiaLife Financial
- 5 TD Insurance
- 6 Desjardins Financial Security Life Assurance Company
- 7 National Bank Life Insurance Company
- 8 Manulife Financial
- 9 The Canada Life Assurance Company

2020 Lower Tier Member

- 1 Assurant Solutions
- 2 Canadian Premier Life Insurance Company
- 3 Cumis Group Ltd/Co-operators Life Insurance Co.

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

- 1 RSM Canada
- 2 Willis Towers Watson
- 3 KPMG MSLP
- 4 Munich Reinsurance Company Canada Branch (Life)
- 5 Optima Communications
- 6 RGA Life Reinsurance Company of Canada
- 7 Torys LLP
- 8 PWC
- 9 RankHigher.ca
- 10 *TBC
- 11 *TBC

*Associate Candidates - Stikeman Elliott, Norton Rose, Deloitte, Dog and Pony - To be confirmed

2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase
2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	6	28,800.00
			884,719.89

2020 Upper Tier Member

- 1 BMO Bank of Montreal
- 2 CIBC Insurance
- 3 RBC Insurance
- 4 ScotiaLife Financial
- 5 TD Insurance
- 6 Desjardins Financial Security Life Assurance Company
- 7 National Bank Life Insurance Company
- 8 Manulife Financial
- 9 The Canada Life Assurance Company

2020 Lower Tier Member

- 1 Assurant Solutions
- 2 Canadian Premier Life Insurance Company
- 3 Cumis Group Ltd/Co-operators Life Insurance Co.

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

- 1 RSM Canada
- 2 Willis Towers Watson
- 3 KPMG MSLP
- 4 Optima Communications
- 5 RGA Life Reinsurance Company of Canada
- 6 Torys LLP
- 7 *TBC
- 8 *TBC

*Associate Candidates - Stikeman Elliott, Norton Rose, Deloitte, Dog and Pony - To be confirmed

Did not renew in 2020

PWC
Munich Reinsurance Company Canada Branch (Life)
RankHigher.ca

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 4c. Updated CAFII Cheque Signing Authority Policy

Purpose of this Agenda Item

To secure Board approval for housekeeping updates to the CAFII Cheque Signing Authority Policy.

Background Information

The following changes are proposed:

- Updated header and the footer with current CAFII office address
- Change from TO Corp to Managing Matters Inc. and “Executive Director” to “Co-Executive Directors”
- Change point 4 from physical signature on all cheque stubs and back-up, to email approval in advance for all CAFII cheques.

Recommendation/Direction Sought – Approval

Approval.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(c)
June 9/20 Board Meeting

CAFII Cheque Signing Authority Policy

Previously Reviewed/Revised By CAFII Board On October 8, 2013

(Proposed Revised Clean Version)

1. All Canadian Association of Financial Institutions (CAFII) cheques in amounts of greater than \$2,500 must be signed by any two of the Treasurer, Executive Operations Committee (EOC) Chair, or Co-Executive Directors.
2. All CAFII cheques in amounts of up to \$2,500 must be signed by any two of (a) the Treasurer, EOC Chair, or Co-Executive Directors; and (b) the Controller of Managing Matters Inc., or the President of Managing Matters Inc. At least one of the two signatories for cheques in amounts of up to \$2,500 must be one of the Officers of the Association listed in (a) above.
3. A designated signing authority, as noted above, may not be a signatory to a CAFII cheque that is payable to himself/herself nor to a cheque that is payable to his/her company or organization.
4. The four Officers of the Association listed in (a) above must be notified by email of the intention to prepare any CAFII cheque and at least one of them must provide e-mail approval before any CAFII cheque is prepared. On a monthly basis or more frequently upon request, one of the Officers listed in (a) above will review and approve the supporting invoices/documentation for each CAFII cheque issued.

CAFII Cheque Signing Authority Policy

Previously Reviewed/Revised By CAFII Board On October 8, 2013

(Track Changes Edited Version)

1. All Canadian Association of Financial Institutions (CAFII) cheques in amounts of greater than \$2,500 must be signed by any two of the Treasurer, Executive Operations Committee (EOC) Chair, or *Co-Executive Directors* ~~Executive Director~~.
2. All CAFII cheques in amounts of less than \$2,500 must be signed by any two of (a) the Treasurer, EOC Chair, or Co-Executive Directors ~~Executive Director~~; and (b) the Controller of *Managing Matters Inc.* ~~To Corp.~~, or the President of *Managing Matters Inc.* ~~TO Corp.~~. At least one of the two signatories for cheques in amounts of less than \$2,500 must be one of the Officers of the Association listed in (a) above.
3. A designated signing authority, as noted above, may not be a signatory to a CAFII cheque that is payable to himself/herself nor to a cheque that is payable to his/her company or organization.
4. *The four Officers of the Association listed in (a) above must be notified by email of the intention to prepare any CAFII cheque and at least one of them must provide e-mail approval before any CAFII cheque is prepared. On a monthly basis or more frequently upon request, one of the Officers listed in (a) above will review and approve the supporting invoices/documentation for each CAFII cheque issued.*

~~At least quarterly, the Treasurer — or in his/her absence, the EOC Chair — shall review and sign-off on all cheque stubs and their backup invoices/documentation, as a post-issuance internal audit and control measure.~~

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 4d.

Canada 10% Temporary Wage Subsidy For Employers (TWSE): CAFII Decision Not To Apply

Purpose of this Agenda Item

To provide the Board with an update about CAFII and the TWSE.

Background Information

CAFII is eligible for the federal government COVID-19 10% wage subsidy:

CAFII is an eligible employer as it meets the requirements 1) non-profit organization 2) has an existing business number and payroll program account with the CRA on March 18, 2020 3) pays salary, wages, bonuses, or other remuneration to an eligible employee (an eligible employee is an individual who is employed in Canada)

The subsidy is equal to 10% of the remuneration which the employer pays from March 18, 2020 to June 19, 2020, up to \$1,375 for each eligible employee to a maximum of \$25,000 total per employer.

Calculation for CAFII would be \$2,750 (\$1,375 x2) total reduction to CRA remittance.

However, organizations are not automatically provided with the subsidy:

...if you do not apply for the 10% Temporary Wage Subsidy for Employers then you will not receive the TWSE subsidy – there is an option to opt out of the subsidy.

The sum for the Association is modest and inconsequential (\$2,750) and if it were leaked that these funds were received by CAFII, there is the potential for negative media coverage. The Conservative Party of Canada and the Liberal Party of Canada were both recently criticized in the media for applying for this wage subsidy.

Recommendation/Direction Sought – Update

Update on CAFII decision not to apply for the TWSE.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(d)
June 9/20 Board Meeting

Government of Canada's 10% Temporary Wage Subsidy for Employers (TWSE): CAFII Decision Not To Apply

CAFII is eligible for the Government of Canada's COVID-19 pandemic-related 10% wage subsidy called the Temporary Wage Subsidy for Employers (TWSE).

CAFII can apply for the TWSE as the Association meets the three eligibility requirements:

- is a non-profit organization;
- had an existing business number and payroll program account with Canada Revenue Agency (CRA) on March 18, 2020; and
- pays salary, wages, bonuses, or other remuneration to an eligible employee (an eligible employee is an individual who is employed in Canada).

The subsidy is equal to 10% of the remuneration which the employer pays from March 18, 2020 to June 19, 2020, up to \$1,375 for each eligible employee to a maximum of \$25,000 total per employer.

The subsidy amount that CAFII would be eligible for is a \$2,750 reduction in required remittances to CRA (\$1,375 X 2).

Eligible employers must apply for the subsidy via their payroll services provider, and will not receive it automatically, i.e. it is not a universal, across-the-board benefit/subsidy that CRA will automatically be dispensing. Not applying for the TWSE is the vehicle for "opting out."

The potential TWSE subsidy for CAFII is modest and inconsequential (\$2,750) and if it were to come to the media's attention that CAFII had applied for the TWSE ("the industry Association of the insurance arms of the Big Banks"), there is the potential for negative coverage and reputational harm. The Conservative Party of Canada and the Liberal Party of Canada were both recently criticized in the media for applying for the TWSE.

In considering whether or not CAFII should apply for the TWSE, CAFII's Treasurer, EOC Chair, and Co-Executive Directors have determined that the potential risks of doing so outweigh the potential benefits, and that CAFII should take a pass and not apply.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 5ai.

CAFII's Two-Pronged Strategy Re AMF's View That RADM Applies to Credit Card-Embedded Insurance Benefits—Update on Two Prongs of Strategy

Purpose of this Agenda Item

To update the Board on the two-pronged strategy.

Background Information

This note is intended to remind Directors of the approach taken vis a vis the AMF and its view that the Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits.

The first prong is to develop our legal options. In that respect, we asked Marc Duquette of Norton Rose to provide us with his views on our legal options. In a 6 March, 2020 note to CAFII, Marc Duquette indicated that he felt our legal foundation for challenging the AMF's views were strong. He proposed detailing the options and sharing these with the AMF, at an estimated cost of \$50,000. If the AMF did not accept our analysis, he felt that we had options around a court challenge, but the cost of such an approach would be considerably higher.

The second prong is to make a written submission to the AMF on how CAFII members/the industry could try to meet the expectations of the AMF around the applicability of the RADM to credit card-embedded insurance benefits, even though in our this product line is not an offer of insurance. This would include "creative solutions" that try to work around some of the RADM requirements that are a poor fit for this product line.

Recommendation/Direction Sought – Update

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 5a.ii.

CAFII's Two-Pronged Strategy Re AMF's View That RADM Applies to Credit Card-Embedded Insurance Benefits— Draft CAFII "Creative Solutions" Submission On How Industry Can Meet AMF's Requirements Related To RADM's Applicability To Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item

To provide the Board with an update on the second prong "creative solutions" submission to the AMF on credit card-embedded insurance benefits issue -- for discussion and a decision on whether to send the letter to the AMF.

Background Information

The second prong of the CAFII strategy with the AMF on this issue is to produce a letter for the AMF on how CAFII members could try to meet the requirements of the AMF around the RADM's applicability to credit card-embedded insurance benefits.

In considering the two prongs, it is worth noting that at the original 11 February, 2020 meeting in Québec City, Mario Beaudoin and the AMF were unbending and unyielding on their view that the RADM fully applies to credit card-embedded insurance benefits. They asked CAFII to submit its ideas on "creative solutions" to meet the AMF's requirements by 27 March, 2020. We asked for an extension and received one to 15 May, which was granted in a letter from Mario Beaudoin dated 21 February, 2020 in which he again was adamant in his views: "Note that these products are subject to the distribution without a representative regime. This position will not be debated."

Due to COVID-19, we asked for another extension, and received one to 15 July, 2020. However, it is noteworthy that the language of this most recent letter from Mario Beaudoin was much softer and conciliatory than had previously been the case, suggesting the possibility that the AMF is adjusting its views and may be looking for a solution:

At this stage, the AMF is asking the industry to communicate its issues and concerns regarding insurance products embedded in credit cards. The AMF is currently considering the measures that will be taken with respect to these products. We are granting you an additional 60 days to submit your comments and suggestions, that is until July 15, 2020. These comments will feed our reflection and we will get back to you on this matter later.

A Working Group that has been chaired by Scott Kirby of TD Insurance, with representative from members' credit card departments (list of members below) has held four one-hour teleconference meetings to develop and flesh out CAFII's draft submission, which has also been reviewed favourably by the EOC.

Working Group Members Credit Credit-Embedded Insurance Benefits

Scott Kirby, TD Insurance, Chair
Martin Boyle, BMO Insurance
Isabelle Choquette, Desjardins
Mandy Rutten, CIBC (credit cards)
Michelle Butler, Scotiabank (credit cards)
Karyn Kasperski, RBC Insurance
Pete Thorn, TD Insurance
Monika Spudas, Manulife
Greg Shirley, Manulife
Tracey Torkopoulos, Assurant
Benita Chan, RBC (credit cards)
Beljana Radisa, RBC (credit cards)
Caroline Jimdar, RBC (credit cards)
Chris Lee, Scotiabank Financial (credit cards)
Mark Ardern, CIBC (credit cards)
Silvana Capobianco, BMO (credit cards)

Recommendation/Direction Sought – Discussion/Decision

Board members are asked to approve the Draft CAFII “Creative Solutions” Submission On How Industry Can Meet AMF’s Requirements Related To RADM’s Applicability To Credit Card-Embedded Insurance Benefits for submission to the AMF.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(a)(ii)
June 9/20 Board Meeting

CONFIDENTIAL DRAFT ONLY
NOT FOR DISTRIBUTION

XX July, 2020

Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Policy
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

c.c. Mr. Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight
Mr. Patrick Déry, Superintendent, Solvency
Ms. Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise
Ms. Louise Gauthier, Senior Director, Distribution Policies

WITHOUT PREJUDICE

Dear Mr. Beaudoin:

Re: Credit Card-Embedded Insurance Benefits

During our Association's 11 February, 2020 meeting with you and your AMF colleagues at the Autorité's office in Quebec City, CAFII communicated its strongly held view that the *Regulation respecting Alternative Distribution Methods (RADM)* – as drafted, finalized, and published -- does not apply to credit card-embedded insurance benefits.

Credit card-embedded insurance benefits are not directly purchased or offered, but rather are included with some credit cards as part of the ancillary benefits the card provides to the consumer. If a consumer wants a particular credit card, the embedded insurance benefits are not optional: they are embedded features of the card. If the embedded insurance benefits of a particular card are not desired, the consumer can choose to decline that particular credit card or simply opt not to use the included benefits.

The insurance benefits embedded in a credit card are issued under a group master policy to the policyholder (i.e. a bank or credit union) for the benefit of individual cardholders, who are provided with insurance certificates as participants under the group policy. Therefore, an individual cardholder under the group master policy cannot choose to cancel coverage under the certificate, as only the policyholder can terminate a group policy which would have the effect of cancelling coverage for all cardholders.

Despite our firm view that credit card-embedded insurance benefits are not offers of insurance and therefore the *RADM* does not apply to this product line, CAFII has endeavoured, through the proposals outlined below, to address the AMF's submission request of our Association by providing consumer outcomes for this product line which align with those that are actual offers of insurance.

We thank the AMF for granting a deadline extension, to 15 July, 2020, for this submission, in response our request due to the COVID-19 pandemic.

Filings and Disclosures to the AMF

With respect to credit card-embedded insurance benefits, CAFII members would be able to meet the following disclosures to the AMF:

1. the name and contact information of the card issuer; and
2. the contact information of the insurer's assistance service.

However, certain aspects of the information currently being disclosed by group insurers to the AMF do not fit with the credit card-embedded insurance benefits product line. More specifically,

1. The number of rescissions or cancellations of credit card-embedded insurance benefits. The consumer cannot cancel credit card-embedded insurance benefits as a component part of the overall credit card package; rather, he/she must cancel the credit card in its entirety. Consumers most often choose to cancel a credit card for other reasons -- including the interest rate, the rewards program, in an effort to reduce the overall amount of credit they are carrying, or because they have found a more desirable alternative credit card.

Since credit card-embedded insurance benefits cannot be cancelled, the only possible way the industry might address the AMF's filings and disclosures requirements in this area would be to report on actual credit card cancellations. However, reporting on credit card cancellations would provide the AMF with no market conduct or consumer protection-related indicators or red flags relevant to embedded insurance benefits.

2. Remuneration paid to all distributors. For credit card-embedded insurance benefits, there is no remuneration paid to card issuers.

Given the realities outlined above and to ensure that the AMF still receives relevant data to fulfill its industry oversight responsibilities, CAFII recommends that the AMF align its reporting requirements of the industry with those in the CCIR's Annual Statement on Market Conduct (ASMC). The ASMC calls for the provision of relevant credit card-embedded insurance benefits data and insurers could provide similar Quebec-specific data to the AMF rather than being required to implement different and/or additional reporting.

Consumer Disclosures

Given that credit cards can have over 10 different embedded insurance benefits, and each card issuer has a portfolio of unique credit cards, a particular card issuer may have dozens of different embedded insurance benefits. It would be impractical to expect that, at the time of card application, the card issuer would provide the consumer with 10-plus summaries of the embedded insurance benefits when the relevant disclosure information relates to the credit card's annual fee, its interest rate, payment grace period, and its rewards program. Providing summaries of the many embedded insurance benefits at time of application could overwhelm and confuse the consumer, rather than provide clarity.

However, given the AMF's request, CAFII members are prepared to produce summaries of credit card-embedded insurance benefits, which would be made available to all consumers on the insurer's and/or card issuer's website.

The summaries of embedded insurance benefits would

1. be concise;
2. be written in clear, consumer-friendly language;
3. present accurate information;

4. not contain any advertising or any promotional offers; and
5. not be the Certificate of Insurance.

The summaries of embedded insurance benefits would include

1. the insurer's name and contact information;
2. the client number of the insurer registered in the Authority's register of insurers and the Authority's website address;
3. the name and type of insurance product embedded;
4. claims eligibility criteria;
5. the name and contact information of the card issuer that is providing the product;
6. the product coverage, exclusions, and limitations;
7. any other specific clauses which may affect the insurance;
8. the insurer's website address providing access to the information on where the client can file a complaint with the insurer and a summary of the complaint processing policy; and
9. the manner in which the Certificate of Insurance can be accessed on the website.

Fact Sheet

It is CAFII's intent to try to find creative solutions to the AMF's requests which will lead to positive consumer outcomes.

However, because the Fact Sheet, as prescribed by the *RADM*, is not aligned with credit card-embedded insurance benefits and would be a "forced fit", CAFII believes that it would be most beneficial to consumers to not confuse them by requiring card issuers to provide them with a Fact Sheet for this product line.

We must stress that while the "*It's your choice*" and "*How to choose*" Fact Sheet sections are problematic and ill-suited for this product line, the section that is of most concern is "*Right to Cancel*." As stated previously, credit card-embedded insurance benefits cannot be cancelled without cancelling the credit card itself. Similarly, the Notice of Rescission required to be provided to consumers under the *RADM* also does not align with the credit card-embedded insurance benefits product line.

Other comments:

Information collected from consumers

No information is collected up-front from consumers relative to credit card-embedded insurance benefits. Any information collected from the credit card applicant is compliant with all applicable privacy requirements, including the federal PIPEDA. The insurer does not see any of the details about a specific enrollee in the group plan underlying a credit card-embedded insurance benefit until an enrollee makes a claim.

Consequently, insurers are not in a position to provide an applicant with the summary of the information collected from him/her, as it is not collected for insurance purposes. However, the Certificates of Insurance would be provided, per normal fulfillment procedures.

Insurer Assistance service

CAFII members would be able to meet the AMF's requirement regarding the insurer having an Insurer Assistance Service, to answer questions from the card issuer regarding each benefit provided.

Training

Training of card issuer staff in respect of embedded benefits already exists. Staff are provided with the necessary knowledge to ensure that consumers' questions are addressed and that the appropriate information is being provided about the credit card-embedded insurance benefits. A common practice is for the card issuer's staff to provide high level product information (e.g. *this credit card includes \$X Million in travel medical insurance for up to Y days*) and to direct more detailed questions about claims eligibility, pre-existing conditions, etc. to a specialized customer service representative or licensed agent.

Conclusion

We thank you, in advance, for considering the creative solutions and related recommendations put forward by our Association in this letter.

We look forward to dialoguing with the AMF on the proposals we have made. In that connection, please contact Keith Martin, Co-Executive Director, at keith.martin@cafii.com or 647-460-7725 at your earliest convenience, to set up an in-person or teleconference meeting for that purpose.

Sincerely,

Martin Boyle
Board Secretary and Chair, Executive Operations Committee

About CAFII

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector that helps ensure Canadian consumers get the insurance products that suit their needs. Our aim is to ensure appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), Sun Life Financial, and The Canada Life Assurance Company.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 5b.

Proposed CAFII Response To CCIR/CISRO FTC Working Group Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models

Purpose of this Agenda Item

To secure Board approval for CAFII management's recommendation that the Association should respond to the CCIR/CISRO FTC Working Group that if it wants to secure information on the incentives and compensation models which CAFII FI distributor members use in-market, it should make that request directly and privately to one or more members – due to the ongoing significant concerns on the part of several CAFII members about disclosing and discussing such competitively sensitive and competitively differentiating information in an Association-level meeting where competitors are present – rather than look to CAFII to undertake a third party survey and provide an aggregated and anonymized results report.

Background Information

At CAFII's periodic stakeholder meeting with the CCIR/CISRO FTC Working Group on March 5/20, the FTC Working Group asked CAFII to undertake third party-conducted survey of its members about their incentives and compensation models used in-market and to share the results report with the Working Group prior to the next quarterly meeting, which at that time was loosely scheduled for sometime in June 2020.

Subsequent to March 5/20, CAFII's next meeting with the FTC Working Group has been postponed, due to COVID-19, to an indefinite date in the future.

During its in camera discussion of this issue on April 7/20, the CAFII Board asked management to consult with the Canadian Bankers Association, to see if it collected the incentives and compensation models information which the CCIR/CISRO FTC Working Group was seeking. CAFII reached out to the CBA, which responded that it does not collect such information for any of its member banks.

Recommendation / Direction Sought – Discussion/Decision

Board members are asked to approve CAFII management's recommendation that that the Association should respond to the CCIR/CISRO FTC Working Group – in the very immediate future, rather than waiting until the date of the next CAFII quarterly meeting with the Working Group is confirmed -- that if it wants to secure information on the incentives and compensation models which CAFII FI distributor members use in-market, it should make that request directly and privately to one or more members.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(b)
June 9/20 Board Meeting

**Proposed CAFII Response To CCIR/CISRO FTC Working Group Request That CAFII Undertake A Third Party-
Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives And Compensation Models**

From: Meyer, Aaron <AMeyer@cba.ca>
Sent: April-28-20 2:38 PM
To: Brendan Wycks <brendan.wycks@cafii.com>; Ciappara, Alex <ACiappara@cba.ca>
Cc: Keith Martin <Keith.Martin@cafii.com>; Docherty, Charles <CDocherty@cba.ca>
Subject: RE: CAFII Query Of CBA Arising From An Information/Data Request From Canadian Council of Insurance Regulators/Canadian Insurance Regulatory Organizations "Fair Treatment of Customers Working Group"

Hi Brendan,

Hope you are keeping well and staying safe under these circumstances.

Thank you for reaching out to CBA regarding our data on member banks.

To answer your query: CBA does not collect information on the sales incentives and compensation models that banks use for financial product distribution.

Please let us know if you have any further questions, we're happy to help.

Regards,
Aaron



Aaron Meyer | Advisor, Consumer & Household Finances, and Mortgage Markets
Conseiller, Consommation, Finances des ménages et Marché hypothécaire

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: April 28, 2020 10:44 AM
To: Ciappara, Alex <ACiappara@cba.ca>; Meyer, Aaron <AMeyer@cba.ca>
Cc: Keith Martin <Keith.Martin@cafii.com>; Docherty, Charles <CDocherty@cba.ca>
Subject: CAFII Query Of CBA Arising From An Information/Data Request From Canadian Council of Insurance Regulators/Canadian Insurance Regulatory Organizations "Fair Treatment of Customers Working Group"

Hi, Alex and Aaron.

Hope you and your families are keeping well under the current COVID-19 lockdown circumstances.

The purpose of this message is to inquire as to whether the CBA gathers a certain type of information from its member banks – information which, if the answer is yes, would be helpful to CAFII in figuring out how to respond to an information request from the Canadian Council of Insurance Regulators (CCIR)/Canadian Insurance Services Regulatory Organizations (CISRO)'s Fair Treatment of Customers (FTC) Working Group.

In September of 2018, CCIR and CISRO jointly released a regulatory expectations document called "Guidance: Conduct of Insurance Business and Fair Treatment of Customers" (<https://www.ccir-ccra.org/Documents/View/3450>).

Since then, the CCIR/CISRO FTC Working Group has been meeting quarterly with industry stakeholder Associations, including CAFII, around how the industry is implementing and complying with the FTC Guidance document.

Most recently, the CCIR/CISRO FTC Working Group has turned its attention to the industry's implementation of/compliance with the "conflicts of interest/sales incentives and compensation models" component of its FTC Guidance document.

In that connection, the CCIR/CISRO FTC Working Group has asked CAFII (and other industry Associations) to prepare, provide in advance, and discuss in an upcoming meeting a high level aggregated and anonymized submission on our members' "incentives and compensation models currently used in-market."

Competition law experts at CAFII's legal services provider Stikeman Elliott have advised us that while the information being requested by the CCIR/CISRO FTC Working Group is competitively sensitive information (especially given that CAFII member financial institutions which distribute credit protection insurance and travel insurance view their sales incentives and compensation models as a source of "competitive differentiation"), if the requested data was collected by an independent third party, such as an actuarial firm or a law firm, and then presented in an aggregated and anonymized form, that would alleviate any concerns about compliance with the CCIR/CISRO information request causing CAFII and its members to violate the Competition Act.

At our quarterly meeting on March 5/20, the CCIR/CISRO FTC Working Group has asked CAFII to proceed with such a third party actuarial/law firm survey to gather the requested information on the sales incentives and compensation models which our member bank insurance arms use in-market.

Subsequently, however, the CAFII Board of Directors expressed significant reservations about CAFII's ability as an Association to provide the requested information to the CCIR/CISRO FTC Working Group, noting that

- (a) CAFII member FIs (being the insurance arms of the Big 6) probably don't know/don't have the information to accurately provide the data that the CCIR/CISRO FTC Working Group is looking for because incentives and compensation models used with respect to credit protection insurance and travel insurance varies at the branch level, and decision-making with respect to incentives and compensation is not centralized and dictated by the insurance distributor entity (BMO Insurance, CIBC Insurance, TD Insurance, Scotiabank Financial, RBC Insurance, National Bank Insurance) but rather is decentralized/distributed and made at the Vice-President, Retail Distribution level in conjunction with the branches. **(This leads to our specific ask of the CBA. See below.)**

- (b) The requested information is definitely competitively sensitive and a source of competitive differentiation. So even if it is gathered by an independent, third party professional services firm and only reported in aggregated and anonymized form, the disclosure of that information to the CCIR/CISRO FTC Working Group could still lead to a violation of the Competition Act as an unintended consequence. That's because CAFII members would definitely see a copy of the report also; and, as a result, they would gain competitive intelligence and learn what incentives and compensation models their competitors are using, even if the report does not disclose which particular bank is using which particular incentive/compensation model. Therefore, the only prudent and acceptable way for the CCIR/CISRO FTC Working Group to obtain the sales incentive/compensation model information it is looking for is to ask each CAFII member FI to provide it directly and privately to the Working Group.

With respect to (a) above, at its April 7/20 meeting, the CAFII Board asked management (Keith and me) to reach out to the CBA to find out if it, as part of its activities, gathers information/data from member banks on the sales incentives and compensation models that they use for financial product distribution – and, in particular, with respect to offers/sales of credit protection insurance and travel insurance?

If CBA does this and has this information available, the feeling of the CAFII Board is that the best approach would be for our Association to refer the CCIR/CISRO FTC Working Group to the CBA.

If not, then at least we will have explored that possibility with the CBA and we can move forward and redirect our attention to other avenues (likely the one itemized in (b) above).

Thanks, in advance, for your anticipated reply to this query asap.

Regards and stay safe,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

T: 647.218.8243

Alternate T: 647.361.9465

www.cafii.com

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Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 5c.

CAFII Quarterly CPI Benchmarking Study With RSM Canada: Vetting By Stikeman Elliott Competition Lawyer; and Distribution of First Report

Purpose of this Agenda Item

To update the Board on the status of the CAFII quarterly benchmarking study on CPI, including a review by Stikeman Elliott.

Background Information

The first CAFII Quarterly Benchmarking Study is ready for release. Stikeman Elliott's competition lawyer Mike Kilby has done a review and is comfortable with the report and its content. A note was shared with the eight CAFII members who are data contributors to this study to confirm that they understand and are comfortable with the report also being shared with the five insurer members of CAFII who do not submit data for the study.

Recommendation/Direction Sought – *Update Only*

Update only.

Attachments Included with this Agenda Item

1 Attachment.

Toronto Memorandum

To: Canadian Association of Financial Institutions in Insurance (“**CAFII**”)
From: Michael Kilby / 416.869.5282
Re: Quarterly Benchmarking Reports – Competition Law
Date: May 19, 2020

This memo summarizes our competition law assessment of the proposed quarterly benchmarking reports to be prepared and distributed by RSM Canada to CAFII members.

Background

- For many years, the Canadian Bankers Association (the “**CBA**”) prepared and distributed to its membership periodic reports summarizing certain metrics regarding the uptake of creditor insurance products in Canada (and regions thereof) based on data collected from its membership.
- While the CBA has ceased collecting the relevant data and distributing the relevant reports, CAFII’s membership has shown an interest in re-starting the practice that was in place at the CBA for many years, and the membership has asked CAFII whether it could assume this function.
- In contrast to the CBA, CAFII determined that it would be best to retain an expert actuarial firm, RSM Canada, to gather the data from each individual financial institution (FI) member (of whom there are eight) and then to prepare and distribute the reports in question to the banking members and the insurer members (of whom there are five).
- CAFII has provided Stikeman Elliott LLP (“**Stikeman**”) with templates of the proposed quarterly reports (the “**Reports**”) and has also made available RSM Canada to provide further context and to respond to questions from Stikeman, in order that Stikeman may provide a view to CAFII that the preparation and distribution of the Reports is unlikely to raise competition law concerns.

Assessment

- The sharing of competitively sensitive information between competitors gives rise to risk under the Competition Act. As such, and while benchmarking studies are reasonably common in a variety of industries, it is important that such studies be carried out with appropriate protocols in place so as to address such risks. This is important in substance and also in perception; the sharing of information between competitors cannot in substance violate the Competition Act nor should it give rise to a plausible perception or allegation of same.
- In relation to the Reports:

- RSM Canada is a highly reputable firm with experience in benchmarking studies. It is always preferable to rely upon such firms to implement / manage such studies, with competition law oversight, rather than seek to fulfil this function in-house.
- None of the CAFII FI members provide any of their information directly to each other or even to the CAFII executive. Rather, each CAFII FI member provides its individual information to RSM Canada only.
- The information in question relates only to uptake / penetration rates of creditor insurance in various channels and aggregated regions. No absolute numbers are provided to RSM Canada or in the quarterly reports which it produces and distributes.
- No pricing information is provided.
- No market share information is provided.
- The Reports prepared by RSM Canada anonymize the data received. This is to say that while an FI member is itself identified in the version of the Reports that it individually receives, every other FI member is assigned a random number (1 through 7) in such version of the Reports. In this manner, each FI member receives a different version of the Reports, anonymizing all other members.
- The anonymization performed by RSM Canada, together with the fact that there are eight contributors in total, means that while each individual FI member is able to compare its relative performance in creditor insurance penetration as against its peer group, it does not know the same in respect of any individual competitor (as they are not identified by name) and gains no insight at all into pricing practices. It may be possible to make certain inferences or educated guesses based on overall competitor characteristics but such information is not contained within the Reports.
- The CAFII insurer members will also receive a version of the Reports, with all eight FI members being anonymized in such version of the Reports. Much of the underlying data ultimately originates from such insurer members (in the sense that their products are being distributed by FI members)
- The Reports will be prepared on quarterly basis.

Conclusion

In our view, and based on our experience in relation to such matters, the protocols described above and that have been put in place in relation to the Reports may be characterized as industry-leading best practices. Competition law risks have been appropriately identified and addressed to minimize the prospect of it being alleged that the Reports raise competition law issues, and we consider that they do not. We would be pleased to consider any proposed changes to the Reports going forward.

Briefing Note

CAFII Board Meeting, 9 June, 2020—Agenda Item 5di.

Research & Education— 2020 CAFII Research Options, Including Proposed Engagement of Melissa Carruthers, Deloitte Canada For CAFII-Commissioned Thought Leadership/Perspectives Paper On “The Future of Credit Protection Insurance in Canada”

Purpose of this Agenda Item – Discussion/Decision

To seek the Board’s approval of an EOC recommendation that Deloitte Canada’s proposal for a thought leadership/perspectives paper on “The Future of Credit Protection Insurance in Canada” be approved.

Background Information

The Research & Education Committee is proposing, in the current circumstances, to explore investing initially in a thought leadership/perspectives paper on the future of credit protection insurance in Canada. Specifically, the recommendation is for the engagement of Melissa Carruthers, Deloitte Canada for a CAFII-commissioned thought leadership/perspectives paper on “The Future of Credit Protection Insurance in Canada.” The cost of the study is \$20,000.

Some of the themes could include the accelerated adoption by customers of digital means of communicating with insurers. This has been a trend for a while, but it has been greatly accelerated by the COVID-19 situation. The paper is not about industry changes due to COVID-19, but it will touch on how the pandemic may have accelerated or modified already existing trends.

Included in the methodology proposed by Deloitte Canada are short interviews with CAFII Directors to get their perspectives on the future of credit protection insurance. They will also tap into the firm’s own proprietary research, and their subject matter experts within Deloitte.

The output will be a thought leadership/perspectives paper that potentially can be shared with regulators and policy-makers, potentially posted on our website, and potentially be media released. As well, Deloitte will make a presentation to CAFII members about the research findings, and potentially to regulators and policy-makers as well. It is expected that the research would occur over the summer, and be ready for release after Labour Day 2020.

Recommendation/Direction Sought – Discussion/Decision

The Board is asked to approve the EOC’s recommendation that the proposal from Melissa Carruthers, Deloitte Canada for a CAFII-Commissioned Thought Leadership/Perspectives Paper On “The Future of Credit Protection Insurance in Canada” be approved.

Attachments Included with this Agenda Item

1 Attachment.



MAY 20, 2020

The Canadian Association of Financial Institutions in Insurance

Future of CPI in Canada – Deloitte Proposal



Our Understanding

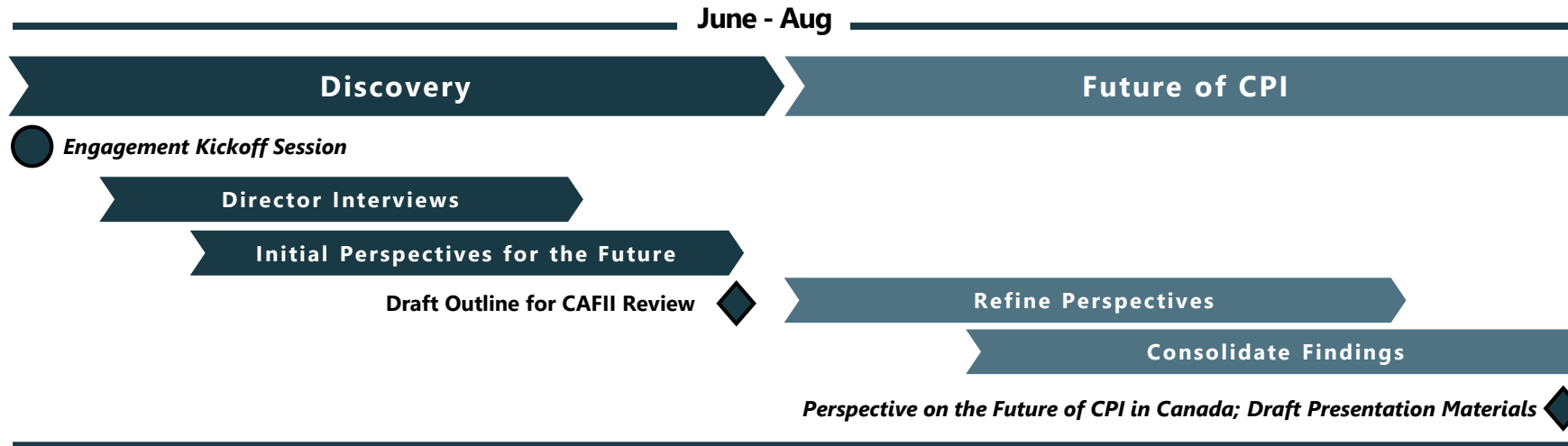
The Canadian Association of Financial Institutions in Insurance is seeking a reputable and credible partner to develop an independent perspective on the future outlook of the CPI market in Canada

Background & Context	<p>The Canadian Association of Financial Institutions in Insurance ("CAFII") is a not-for-profit industry association dedicated to the development of an open and flexible marketplace in the Canadian insurance industry. CAFII represents a group of member institutions consisting of financial institutions involved in selling insurance in Canada through various distribution channels. Its members typically offer a wide range of authorized bank-distributed insurance products, including travel, life and health, property and casualty, and CPI.</p> <p>CAFII is looking to engage a partner to develop an independent perspective outlining how the outlook for credit protection insurance (CPI) may evolve in the future driven by external factors, including but not limited to advancements in digital tools and technology, demographic and social factors, and evolving consumer preferences. The objective is for CAFII to share the paper & insights with the CAFII Board, regulators and its member companies</p>
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Focus Area	What is the future outlook for the Canadian CPI market?
Engagement Outcomes	<ol style="list-style-type: none"> <li data-bbox="392 882 2339 975"> 1 Develop an initial perspective on the challenges, opportunities and future outlook for the Canadian CPI industry, through a combination of stakeholder interviews with members, regulators and Deloitte industry expertise (Global & Canadian) <li data-bbox="392 1053 2295 1146"> 2 Develop a perspective on the future outlook for CPI in Canada and how its supporting business model may need to evolve in light of emerging trends (i.e., demographics, consumer preferences, technology, data and analytics etc.) <li data-bbox="392 1225 2333 1310"> 3 Summarize insights into an independent perspective paper and presentation to be shared with the CAFII Board, member companies and insurance industry regulators

Our Approach, Deliverables, and Timeline

The purpose of this engagement is to provide an independent perspective on how the Canadian CPI market may need to evolve as a result of technology, cultural, and consumer trends to be shared with CAFII, its members and industry regulators



Key Activities

- **Conduct Kick-Off:** Facilitate kick-off session with key CAFII stakeholders in order to align on scope, timelines and initial view on perspective paper outline
- **Conduct Executive Interviews:** Conduct interviews with CAFII member directors to understand current challenges, opportunities and initial perspectives on the future outlook of the industry
- **Conduct External Research:** Augment Deloitte industry expertise with secondary research and interviews with regulators (i.e., FSRA, AMF, FCAC and select CCIR and CISRO members) to develop an initial perspective on the future of CPI in Canada
- **Develop Outline for the Paper:** Develop outline for the paper based on initial perspectives for the future, and test with the Research and Education Committee; refine as necessary
- **Engage Subject Matter Experts:** Engage relevant subject matter experts (i.e., Global Insurance, Risk, Technology, Data & Analytics), including Global insights on the key trends impacting insurance and the implications to the Canadian market & CPI business model to test / refine future perspectives identified in the 'Discovery' phase
- **Develop Perspective Paper:** Consolidate output from executive interviews conducted and Deloitte's independent perspective into a perspective paper on *The Future of CPI in Canada*
- **Align on Marketing Plan:** Work with CAFII to align on a plan for distributing the paper to key stakeholders including aspects of branding, sequence of releases and audience
- **Present Findings:** Upon completion of the paper, present key findings from *The Future of CPI* paper to CAFII Board of Directors, its members, and insurance industry regulators

Key Deliverables

Perspective on the Future of CPI in Canada

Independent perspective paper on the Future of CPI in Canada, outlining how operations and business models may need to evolve as a result of technology, cultural, and consumer trends

Summary of Marketing Plan

Summary of the plan for distribution of the perspective paper to key stakeholders, including branding, audience, release dates, and alignment on media presence

Presentation Materials

Materials for Deloitte presentations to regulators, members, and the CAFII Board with key insights from the paper

Guiding Principles

We appreciate the opportunity to partner with CAFII on this important thought piece and have outlined below some key guiding principles that we believe will enable us to provide the CAFII members, Board and Regulators with a comprehensive & independent perspective on the outlook for the CPI market in Canada

- 1 The paper will be an **objective, fact-based** and **independent report** that encompasses **input from a variety of key stakeholders** including CAFII members, Canadian consumers, regulators and Deloitte subject matter advisors with varying perspectives (i.e., technology, operations, risk, industry, etc.)
- 2 Deloitte will include **lessons learned from other global jurisdictions** to help inform recommendations and insights for the Canadian marketplace
- 3 Deloitte and CAFII will together **align on a plan for sharing the paper** with CAFII members and insurance industry regulators (to be confirmed by CAFII once the paper is produced); and, if desired, will discuss and align on how the paper will be shared with industry trade press/ media and the general public.

Our Team & Fees

Our fees based on the proposed approach and scope outlined within this document are provided below



James Colaço

National Insurance Sector Leader, Partner, Monitor Deloitte

James Colaço is the Canadian National leader for Deloitte's Insurance practice and a Partner in the Monitor Deloitte practice. Based in Toronto, James has over 16 years' global experience. His areas of focus are corporate and business unit strategy, business case development, and business transformation, primarily in the Insurance sector. James is an industry expert in the insurance space, having led numerous strategic, operational, and transformational engagements with Canadian and global insurers. On one such case, James spent 18 months with a global insurer leading the business transformation of their pricing program. James received a B.A.Sc. in Engineering Science and a Master of Business Administration (MBA) from the University of Toronto.



Melissa Carruthers

Life & Health Strategy and Transformation Leader, Senior Manager, Monitor Deloitte

Melissa Carruthers is a Senior Manager within Monitor Deloitte's Strategy Consulting practice where she is the National Life and Health Insurance Strategy and Transformation Leader in Canada. Her industry focus spans individual insurance, group benefits and group retirement. Melissa joined Deloitte after working a number of years as an actuary in both the direct insurance as well as reinsurance industries. In her current role as a strategy and transformation advisor she works with a number of the leading Canadian Life & Health insurance carriers and financial institutions as they define and execute on various strategic priorities across the organization.

She is a Fellow of the Society of Actuaries and a Fellow of the Canadian Institute of Actuaries.



Jordan Borenstein

Manager, Monitor Deloitte

Jordan Borenstein is a Manager in the Canadian Monitor Deloitte practice. He joined Monitor Deloitte with over three years of audit experience working primarily in the Individual Life Insurance and Asset Management industries. Since his transition to Monitor Deloitte, he has focused primarily on Insurance strategy, with a broad array of project experiences across Life & Health Insurance, P&C Insurance, and Individual Savings & Retirement. On one such case, he supported a Leading Caribbean Financial Institution looking to penetrate the individual life insurance market in the Caribbean by establishing an end-to-end digital life insurance company. Through this process, he identified the business capabilities required to successfully stand up the life insurance entity, including the development of a comprehensive business case for Board and regulatory approval.

He holds a Chartered Professional Accountant (CPA, CA) designation and a Bachelors of Management and Organizational Studies from Western University.

Professional Fees

\$20,000 + applicable taxes

The fees for the scope outlined in the proposal are **\$20,000**. The pricing and scope of this proposal reflects the following assumptions:

- Fees are offered on a **fixed-fee basis** and are exclusive of out-of-pocket expenses and applicable taxes
- Out-of-pocket expenses (e.g., travel) are **not expected for this particular engagement**
- The proposed approach does not include any **in-depth customer research** and will be based on **insights provided by members, regulators and Global Deloitte industry subject matter advisors**

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Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 5e(i)

Media Advocacy— Proposed CAFII Motion Graphic Website Video On Credit Protection Job Loss Insurance – Proceed At This Time Or Defer?

Purpose of this Agenda Item

To provide the Board with an update on CAFII work around producing a RankHigher video on job loss.

Background Information

The Board has previously approved the EOC's recommendation on the 2020 website investment plan (budget of \$35K), which includes two new motion graphic videos, more vignettes, and more FAQs.

The first proposed video is on credit protection job loss insurance. This was viewed as a good video to invest in because it is one of the highest search terms on Google around credit protection insurance, and because with the COVID-19 pandemic it is highly topical. However, there may be a risk if some job loss claims are denied, and there is negative press. There may also be some members who may choose to exit this market.

The proposed storyboard for a video on job loss insurance is attached for review. It has been updated based on numerous EOC member feedback.

At the 26 May, 2020 EOC meeting, discussion of this item revealed a split of views. Some EOC members feel that a video on job loss is very timely and appropriate, and would put the industry in a positive light. Others are concerned that it could draw attention to a product that may receive some negative press if there are job loss claim denials.

It should be noted that job loss insurance is already on the CAFII website, and this video would not produce new information on the site, but rather would highlight the product and increase its profile. The key issue is one of risk versus reward—there is a risk to producing a video on job loss, but there is also a risk to not proactively sharing industry's views and positions in a positive light.

Recommendation/Direction Sought – Update

As there is no consensus or recommendation from the EOC, this is an update item only at this time.

Attachments Included with this Agenda Item

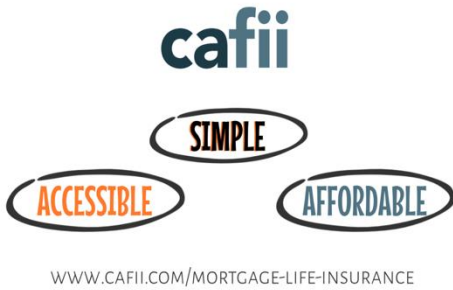
1 Attachment.

CAFII WEBSITE VIDEO – JOB LOSS INSURANCE

“What is job loss credit protection insurance?”

Draft 3, June 2, 2020

Audio	Story Board Description	Time	
This is Dave with his wife Susan and son Todd. Dave is the family’s main income earner.		6 sec	Put family names on storyboard graphic: <i>Dave, Susan and Todd</i>
Like many families, Dave and Susan have debt obligations and a number of payments to make each month. These include a mortgage, a car loan, a home equity line of credit, and a credit card.		13 sec	
Dave is worried that should he lose his job, he and his family won’t be able to make their monthly debt payments. So he asks his financial institution about Job Loss credit protection insurance.		12 sec	
Dave discovers that this type of insurance is included with balance protection coverage, which he can purchase for his credit card. He also learns that some banks and credit unions also offer job loss protection as an “add on” to life insurance on mortgages and some types of personal loans.		18 sec	
Job loss insurance can help people such as Dave make certain debt payments for a period of time should he involuntarily lose his employment.		8 sec	

Dave's financial institution offers job loss insurance on some credit products. So he buys balance protection coverage on his credit card, and adds job loss coverage to his life insurance on his mortgage.		13 sec	
This means that should Dave involuntarily lose his employment, his job loss insurance will cover some or all of the monthly payments on his insured debt. These payments will continue for a specific period of time, or until Dave returns to work – whichever comes first.		17 sec	
Knowing they have Job Loss credit protection insurance in place gives Dave and Susan peace of mind.		6 sec	
CAFII: Making insurance simple, accessible and affordable		5 sec	
Total:		1.38 min	

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 5eii

Media Advocacy Committee-- Options For CAFII Around Media Proactivity and Website Enhancements Arising From COVID-19

Purpose of this Agenda Item

Update to the Board on some website and media ideas emerging from the CAFII COVID-19 Information-Sharing Group.

Background Information

The CAFII COVID-19 Information-Sharing Group has proposed some ideas, which are captured in the attached document. These are to publish good news stories from customers about how our members are supporting them during the pandemic; to publish statistics on the escalated level of claims and payouts due to the pandemic; and to include information on the CAFII website on how to make a claim.

EOC members were asked to discuss these ideas with their Board members; and at the 21 May, 2020 COVID-19 Information-Sharing Group meeting, where these ideas were reviewed, Board members were asked to identify some good news stories to share at the Board meeting, and to consider the three proposed options so that a decision on them can be taken at the 9 June, 2020 Board meeting.

Recommendation/Direction Sought – Discussion/Decision

The Board is being asked to discuss the three proposed options, and provide direction/approval as to which, if any, should be pursued.

Attachments Included with this Agenda Item

1 Attachment.

Agenda Item 5(e)(ii)
June 09/20 Board Teleconference Meeting

Options for CAFII Members around Media Proactivity and Posting COVID-19 Related Information on the CAFII Website

Background: CAFII is having regular teleconference meetings of a Directors and Designates COVID-19 Information-Sharing Group. During these discussions, it was suggested that the Association and its members may benefit at this time from particular proactive media communications initiatives, including collecting information that could be used if a negative media column/story about credit protection insurance or travel insurance appears, along with the potential for posting material on our website that positions the industry in a positive light. It is important to note that these options are not mutually exclusive. For example, CAFII Media Consultant David Moorcroft feels that if we share positive client stories, media will ask us for data on claims levels and whether our percentage of claims approved has changed.

Option 1: Positive customer stories. CAFII Media Consultant David Moorcroft has recommended that CAFII collect from members “positive stories” about how they are supporting their customers during COVID-19. These would not be customer testimonials and therefore would not require customers’ permission to be used — rather, these would be examples of new, more flexible approaches to customer service and claims adjudication/payout. Examples are reducing the requirements for customers to submit a job loss insurance claim, such as not requiring an employer letter to support a job loss insurance claim; paying claims quickly, before the supporting documentation file is complete, and then verifying the claim thereafter; and not requiring a doctor’s note for certain travel medical insurance claims. We should also consider how job loss claims from customers receiving CERB are treated. There could be a very positive message to tell here if those individuals are eligible to make claims and benefit from job loss coverage while temporarily not getting a full salary.

There may also be high-level examples of happy customers who were provided excellent support and service, the summary details of which could be reported on an anonymized basis, without naming the customers.

Next Steps: If CAFII members agree with this approach, members would need to send examples of such positive stories to CAFII management. These could be kept for use in the event of a need to respond to a media story, and/or they could be posted on the CAFII website.

Option 2: Statistics on CAFII Members’ Actions During the Pandemic. CAFII members have reported a heightened level of claims, especially for travel medical insurance and job loss insurance. If CAFII collected “time period comparative statistics” on this heightened activity, it could be shared on our website and provide evidence of the industry going the extra mile, and also be positive information to share with the media and regulators.

Next Steps: If CAFII members agree with this approach, there would be a need to collect statistics and review them with the Board, before publishing them on the website. These statistics could be collected by CAFII management and aggregated in anonymous form, or a third-party supplier (such as RSM Canada or Willis Towers Watson) could collect these statistics, aggregate them in anonymous form, and share them with CAFII.

Two examples of the type statistics that could be collected are provided below:

Q1 November-December-January 2019-2020 Pre-Pandemic			Q2 February-March-April 2020 During Pandemic		
Job Loss Insurance Claims—Number of Claims Submitted	Job Loss Insurance Claims—Total Dollar Amount of Claims Paid Out	Job Loss Insurance Claims—Percentage of Claims Paid Out	Job Loss Insurance Claims—Number of Claims Submitted	Job Loss Insurance—Total Dollar Amount of Claims Paid Out	Job Loss Insurance—Percentage of Claims Paid Out
#	\$	%	#	\$	%

Q1 November-December-January 2019-2020 Pre-Pandemic			Q2 February-March-April 2020 During Pandemic		
Travel Medical Insurance Claims—Number of Claims Submitted	Travel Medical Insurance Claims—Total Dollar Amount of Claims Paid Out	Travel Medical Insurance Claims—Percentage of Claims Paid Out	Travel Medical Insurance Claims—Number of Claims Submitted	Travel Medical Insurance—Total Dollar Amount of Claims Paid Out	Travel Medical Insurance—Percentage of Claims Paid Out
#	\$	%	#	\$	%

For the two examples above, it may also be appropriate to gather and report Pre-Pandemic data for the period February-March-April 2019, particularly if there is a known “seasonality variation” in claims experience for these two types of insurance.

Option 3: Providing Claims Support Information to Customers on the CAFII Website. A CAFII Board member has suggested that CAFII could provide claims support to customers on the CAFII website.

The first step would be a short explanation of the types of credit protection insurance coverage that customers might have in place and which they might be able to claim against arising from COVID-19, such as travel medical insurance, trip cancellation insurance, job loss insurance, and disability insurance.

Next would be a simple explanation of the eligibility requirements for making a claim against these types of insurance, and the process for submitting a claim. The website could then have links to the areas of CAFII members’ websites where the necessary claims forms are found.

It was felt that this was a customer-friendly initiative that would also be positively viewed by regulators.

Next Steps: Discussion at the CAFII Directors and Designates COVID-19 Information-Sharing Group about whether there is support for this proposal. If there is, draft website copy would be developed, reviewed, and approved, and CAFII members would have to send CAFII management the links to their websites that would be posted on the CAFII website.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 5eiii
Media Advocacy— Media Consultant Report On CAFII's 2019 Media Relations and Website
Communications Achievements

Purpose of this Agenda Item

To provide information on CAFII's achievements in 2019 with respect to the website and media.

Background Information

Media Consultant David Moorcroft has produced a summary of the website and media achievements in 2019, which he feels was the most productive media year ever for CAFII.

Recommendation/Direction Sought – *Update Only*

This is just an update.

Attachments Included with this Agenda Item

1 Attachment.

Agenda Item 5(e)(iii)
June 09/20 Board Teleconference Meeting

**CAFII Media Consultant's Report On CAFII's 2019 Media Relations and
Website Communications Achievements**

Media Successes in 2019

- CAFII enjoyed its most successful year ever for positive media coverage, with a total of 12 stories in the mainstream and trade media during 2019.
- Mainstream media outlets with prominent mentions of CAFII included The Toronto Star, Hamilton Spectator, and Waterloo Region Record, while trade publications mentioning CAFII included Retail Banker International, Insurance Business Canada, and the Insurance and Investment Journal.
- This coverage resulted from two news releases issued by CAFII: one about Ontario ending out-of-country medical coverage too quickly, and a second release announcing results from CAFII-sponsored research about Credit Protection Insurance.
- CAFII also handled a number of incoming media enquiries, and was successful in preventing a negative story being contemplated by Robert McLister, the Mortgage Columnist for The Globe and Mail, and founder of Rate Spy.

Communications Strategy/Media Opportunities for 2020

- Continue "low-risk" strategy of safe and selective media engagement; do not give added oxygen to high-profile attack stories such as those pursued by CBC Marketplace
- Use survey data and market research as key drivers of media outreach via news releases and opinion pieces
- Continue to expand consumer education content on the CAFII website as a direct way to reach the public
- Be alert and ready to respond to negative newspaper articles and columns with Letters to the Editor, where appropriate.
- We've done well with this strategy to date, so let's continue to be careful and selective going forward.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 5fi

Impact of COVID-19 On CAFII Members, Credit Protection Insurance and Website Communications

Achievements—Feedback On and Continuation of CAFII Directors and Designates COVID-19

Information-Sharing Group

Purpose of this Agenda Item

To update the Board on the meetings of the COVID-19 Information-Sharing Group, and secure Board direction on whether this Group should continue to meet.

Background Information

CAFII's Directors and Designates COVID-19 Information-Sharing Group has held four meetings, in which useful information has been shared. The members are listed below.

CAFII Directors and Designates COVID-19 Information-Sharing Group

<u>CAFII Member Company</u>	<u>Director</u>	<u>Designate</u>
RBC Insurance	Chris Lobbezoo	Karyn Kasperski
ScotiaLife Financial	Zack Fuerstenberg	Colin Chisholm
Desjardins	André Langlois	Isabelle Choquette
Sun Life	Sophie Ouellet	Vikram Malik
National Bank Insurance	Peter Thompson	Caroline Cardinal
BMO Insurance	Peter McCarthy	David D'Amico
Assurant	Paul Cosgrove	Rob Dobbins
Canada Life	Louie Georgakis	Jason Campigotto
ManuLife Financial	Wally Thompson	Monika Spudas
CIBC Insurance	Sandra Rondzik	Louise Nash
TD Insurance	Janice Farrell-Jones	Kamana Tripathi
CUMIS	Kelly Tryon	Michelle Costello
Canadian Premier Life / valeyo	Nicole Benson	Lindsey LeClair

Recommendation/Direction Sought – Discussion/Decision

The Board will be asked to discuss and decide if meetings of the CAFII Directors and Designates COVID-19 Information-Sharing Group should be continued?; and, if so, with what frequency.

Attachments Included with this Agenda Item

No Attachments.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 5fii

**Impact of COVID-19 On CAFII Members, Credit Protection Insurance and Website Communications
Achievements—Insights Gained From Weekly CAFII/CLHIA/THIA Calls Re Impact of COVID-19 Upon
Travel Insurance Industry**

Purpose of this Agenda Item

To update the Board on weekly meetings held between CLHIA, CAFII, and THIA on COVID-19 impacts upon the travel medical insurance industry.

Background Information

CAFII Co-Executive Directors Brendan Wycks and Keith Martin, EOC Chair Martin Boyle, and Travel Medical Insurance Committee Chair Afzal Baig participate in a weekly call between CLHIA, CAFII, and THIA to compare notes on the impact of COVID-19 upon the travel medical insurance industry.

Recommendation/Direction Sought – *Update Only*

This will be an update to the Board on some of the learnings from the meetings of the three Associations on travel medical insurance impacts.

Attachments Included with this Agenda Item

No Attachments.

Briefing Note

CAFII Board Meeting, 9 June, 2020—Agenda Item 5g. Launch of Saskatchewan RIA Advisory Committee

Purpose of this Agenda Item

To update the Board on the status of the Saskatchewan RIA Advisory Committee.

Background Information

CAFII has been working with the Insurance Councils of Saskatchewan (ICS) since as far back as 2012 on the creation of a Restricted Insurance Agent (RIA) Advisory Committee, to create a “voice” for RIA licence holders and a vehicle for providing advisory expertise to the Executive Director of ICS and the province’s Insurance Councils.

CAFII and CLHIA ultimately collaborated on a joint proposal to ICS for an RIA Advisory Committee, which was finalized in 2018, approved by the province’s Superintendent of Insurance in 2019, and resulted in enabling clauses for the Advisory Committee’s creation and operation being included in ICS’ new Bylaws published in January 2020.

CAFII and CLHIA are currently working with April Stadnek, ICS’ Director, Strategic Initiatives, to facilitate the start-up of the RIA Advisory Committee this year.

Recommendation/Direction Sought – *Update Only*

Update only.

Attachments Included with this Agenda Item

No Attachment.

Briefing Note

CAFII Board Meeting, 9 June, 2020—Agenda Item 5h.

Postponement of Planned CAFII 2020 Atlantic Canada Visits To 2021 Due To COVID-19: Communication of CAFII's Plans To Insurance Regulators and Policy-Makers in NB, NS, PEI, and NF

Purpose of this Agenda Item

To update the Board on the status of the planned 2020 CAFII Atlantic Canada insurance regulators and policy-makers visits.

Background Information

The EOC has suggested that it will be difficult to fit all delayed activities into the Fall of 2020; that internal meetings of CAFII member companies may need to take priority in the Fall of 2020; and that it is not clear what ongoing travel and meeting restrictions may be in place in the Fall of 2020 due to the COVID-19 pandemic.

As such, it was recommended that the Atlantic Canada tour not occur in the Fall of 2020, but instead be delayed to the Spring of 2021.

Brendan Wycks has written all the regulatory and policy-maker authorities that we were planning to visit, letting them know of this delay.

Recommendation/Direction Sought – Update Only

Update only.

Attachments Included with this Agenda Item

No Attachments.

Briefing Note

CAFII Board Meeting, 9 June, 2020—Agenda Item 6a.

Special Matters and Other Business—Feedback on Transition To A New Briefing Notes-Driven Approach To CAFII Board Meetings and Materials

Purpose of this Agenda Item

To secure direct and immediate Board member feedback on the new Briefing Notes-driven approach, used for the first time at this meeting, with respect to Board agendas and meeting materials.

Background Information

In the *in camera* session following the Board meeting of 7 April, 2020, there was a desire expressed for a tighter, less voluminous Board meeting materials; and to have meeting agendas be driven by Briefing Notes that identify the purpose of the agenda Item, and the objective or outcome desired. This approach has been implemented for this Board meeting and the Board's feedback is requested.

Recommendation/Direction Sought – Discussion and Feedback

Request for feedback.

Attachments Included with this Agenda Item

No Attachments.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 6b

Special Matters and Other Business--June 9/20 CAFII Emerging Issues Webinar On “The Looming Impact Of Climate Change Upon The Life and Health Insurance Industry”

Purpose of this Agenda Item

Update only.

Background Information

CAFII will hold a one-hour webinar with guest speakers from Deloitte on “The Looming Impact of Climate Change Upon the Life and Health Insurance Industry.” CAFII’s Co-Executive Directors and Scott Kirby, of the Networking and Events Committee, held a Zoom meeting on 11 May, 2020 with Deloitte partner Joe Solly, and his colleague Carolyn Murnaghan, and were impressed by the strong presentation ideas they had.

This webinar will be on Zoom. We are aware that some of CAFII’s members have prohibitions on using Zoom. We did a survey of all our members and what platforms they were allowed/not allowed to use, and the results varied widely—the members all have different platforms they are allowed/not allowed to use. So no solution seemed to work for everyone.

We chose Zoom as the platform based on research we conducted and our own experience with different platforms, with Zoom being the most intuitive and easy-to-use.

It is important to note that this is not a Zoom meeting—where participants are on video and can talk—but rather is a Zoom webinar, which means that the participants are completely muted, are not on video, and are just viewing/listening to the host/panelists. As well, the webinar will require registration from participants; and will require participants to enter a password that is emailed to their email address after they register.

If participation is still prohibited for some of our members, it might still be possible for those members to join the webinar via a personal computer, tablet, or smart phone.

Invites have now been sent and the three Deloitte panelists will meet with CAFII beforehand to ensure that they have content to share that is of significant interest to CAFII members.

Recommendation/Direction Sought – *Update*

Update only.

Attachments Included with this Agenda Item

No Attachments.

Briefing Note

CAFII Board Meeting, 9 June 2020—Agenda Item 6c
Special Matters and Other Business—Next Board Meeting: Thursday, October 15/20 Hosted by Desjardins Insurance in Lévis, Québec Including Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives

Purpose of this Agenda Item

Update only.

Background Information

CAFII's next Board meeting will include a liaison lunch and industry issues dialogue with the AMF, in Lévis, Québec.

Recommendation/Direction Sought – *Update*

Update only.

Attachments Included with this Agenda Item

No Attachments.