



**CAFII Board of Directors Meeting**  
**Tuesday, April 10, 2013**  
**Location: RBC Insurance**

**Royal Bank Plaza, 200 Bay Street, 40<sup>th</sup> Floor, Main Lounge**  
**Toronto, ON**  
**2:00 - 5:00 pm**

**Agenda**

Item	Presenter	Action
1. Welcome	D. Minor	
2. Review of CAFII Competition Guidelines	D. Minor	Review
3. Approval of Agenda	D. Minor	Approval
4. Minutes		
4.1. Adoption of December 11, 2012 Board Meeting Minutes	D. Minor	Approval
5. Financial Update		
5.1. February 2013 Financials	M. Fabian	Approval
5.2. Audited Financial Statements 2012	M. Fabian	Approval
6. Regulatory Update		
6.1. Regulatory Newsletter	B. Wycks	Review
6.2. Report on Regulator Meetings		
6.2.1. February 14, 2013 Meeting With FSCO Re Revised Disciplinary Procedures	B. Wycks	Update
6.2.2. March 21, 2013 Meeting With FSCO Re Improving Response Times To Consumer Complaints To FSCO	B. Wycks	Update
6.2.3. CCIR Invitation To Phone Consultation Re Third Party Administrators	B. Wycks	Update
6.3. Planned Regulator Meetings	B. Wycks	Review
7. Committee Reports Addressing CAFII Priorities		
7.1. Distribution and Market Conduct Policy Committee	S. Manson / W. Eccles	Update
7.1.1. Creditor Insurance Project	B. Wycks / S. Manson	Update
7.2. Licensing Efficiency Issues Committee	M. Gill	Update
7.2.1. CLHIA Restricted Insurance Agency Licensing In Saskatchewan Advisory Committee	M. Gill	Update
7.3. Media and Advocacy Strategy Committee	S. Gelgor / J. Lewsen	Update
7.3.1. Next CAFII Webinar For CCIR	B. Wycks	Update
7.3.2. CAFII Logo Redesign & Rebranding Initiative	B. Wycks	Update
7.3.3. CAFII Communications Strategy	B. Wycks	Update
7.4. Networking and Event Hosting Committee	P. Yeung / M. Sanchez-Chung	Update
7.4.1. 15 <sup>th</sup> Anniversary Celebration, Including Expected Attendees	P. Yeung	Update
7.4.2. CAFII Speaker – June 11, 2013	B. Wycks	Update
8. Other Business		

Next Board Meeting: June 11, 2013 hosted by CIBC Insurance in Toronto, Ontario.

*Conference call dial-in information: 416.764.8662 or 1.888.884.4534*  
*participant pass code: 771017#, moderator pass code: 7661560*

## COMPETITION LAW POLICY FOR CAFII'S BY-LAW NO. 2007 - 1

		Page
<b>SECTION TWELVE</b>	<b>COMPETITION LAW POLICY</b>	<b>1</b>
12.01	Competition Law Policy Statement	1
12.02	Guidelines for Competition Compliance	2
12.03	Consequences for Failure to Comply with Policy	1
12.04	Annual Review of Guidelines	1

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ADD DEFINITION OF “COMPETITION ACT” TO SECTION 1.01:

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

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ADD SECTION TO BODY OF BY-LAW:

### SECTION TWELVE

#### COMPETITION LAW POLICY

##### 12.01 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.

##### 12.02 Guidelines for Competition Act Compliance

At each meeting of the members of the Corporation, each member shall be furnished with a document setting out the Corporation’s guidelines for Competition Act compliance (the “**Guidelines**”). Each attending member shall acknowledge receipt of the Guidelines in writing and agree to adhere to the Guidelines in respect of any activity undertaken for or on behalf of the Corporation.

##### 12.03 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.

##### 12.04 Annual Review of Guidelines

The Guidelines shall be reviewed annually by the Corporation in consultation with its legal counsel and shall be amended from time to time, as necessary or considered desirable by the board.

/MM

## 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.<sup>1</sup>

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 Activities**<sup>2</sup>

##### (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.

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<sup>1</sup> 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.

<sup>2</sup> 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.

**(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.

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.

**CAFII Board of Directors Meeting Minutes**  
**Tuesday, December 11, 2012**

**Action Items from the Meeting**

<b>Agenda Item</b>	<b>Action Item</b>
5. Minutes	B. Wycks to follow up with G. Swanson on his request to arrange a visit to a CAFII member call centre for FSCO staff.
7.2.2 AMF Meeting	J. Lewsen to circulate a draft letter to E. Stevenson in follow-up to this meeting.
7.3. Planned Regulator Meeting (2012 & 2013)	CAFII has a strong working relationship with C. Shevlin at CCIR and should continue to send any value added items that are developed
8.3. Media & Advocacy Committee	ScotiaLife Financial to confirm there is no overlap between this proposed tag line and its own branding.  Tag line to be translated into French.
8.4. Licensing Committee	LEIC to develop a list of CAFII representatives who can be recommended to the Saskatchewan Insurance Council.
8.5. Networking & Event Hosting Committee	The committee to look into possible entertainment options for the 15 <sup>th</sup> Anniversary Celebration on April 10, 2013.

**CAFII Board of Directors Meeting Minutes**  
**Tuesday, December 11, 2012**  
**ScotiaLife Financial**  
**Scotia Plaza, 40 King Street West, 63rd Floor, Ratcliffe Room**  
**Toronto, ON**

**Present:** Julie Barker-Merz, BMO Insurance  
Mark Cummings, ScotiaLife Financial  
Rino D’Onofrio, RBC Insurance  
Linda Fiset, Desjardins Financial Security Life Assurance Company  
Cathy Honor, RBC Insurance Services Inc. *Chair*  
Richard Hébert, National Bank Insurance Co.  
Rick Lancaster, CIBC Insurance  
Yvonne Ziomecki, AMEX Bank of Canada (*teleconference*)

**EOC Present:** Rose Beckford, ScotiaLife Financial  
Charles Blaquiére, Canadian Premier Life Insurance  
Andre Duval, Desjardins Financial Security Life Assurance Company  
Matthew Fabian, BMO Insurance (*teleconference*) *Treasurer*  
Sara Gelgor, ScotiaLife Financial  
Greg Grant, CIBC Insurance  
Jennifer Hines, RBC Insurance Services *Secretary*  
John Lewsen, BMO Insurance  
Sue Manson, CIBC Insurance  
John Poolman, Assurant Solutions  
Paul Yeung, RBC

**Regrets:** Emily Brown, BMO Insurance  
Keith Demmings, Assurant Solutions *Vice Chair*  
Moira Gill, TD Insurance  
Wayne Eccles, TD Insurance  
David Minor, TD Insurance  
Isaac Sananes, Canadian Premier Life Insurance  
Maria Sanchez-Chung, TD Insurance

**Also Present:** Brendan Wycks, CAFII *Executive Director*  
Leya Duigu, T•O Corporate Services *Recording Secretary*

**1. Call to Order**

The meeting was called to order at 2:00 pm. C. Honor acted as chair, J. Hines acted as secretary and L. Duigu acted as recording secretary.

## **2. Review of CAFII Competition Guidelines**

C. Honor reminded members that the Competition Guidelines provided in the package were adopted at the April 3, 2008 Board of Directors meeting. The practice of reviewing the guidelines was adopted at the start of the meetings to ensure that our activities conform to its principles, which were briefly summarized.

## **3. Approval of Agenda**

On a motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**The agenda be approved as presented.**

## **4. Welcome & Appointment of New Directors and Chair**

### Executive Director

Brendan Wycks was confirmed as CAFII's new Executive Director during the last board meeting and was welcomed to today's meeting.

### Appointment of New Directors

K. Demmings of Assurant Solutions will no longer be serving on the CAFII Board of Directors effective December 11, 2012. In addition, C. Honor will be stepping down from the CAFII Board effective at the end of this meeting.

The CAFII Bylaws clause 4.06 provides that "If a vacancy occurs in respect of any position on the board, howsoever caused, the Foundation or Voting Member who nominated the vacating director is entitled to appoint his or her replacement for the remainder of the Director's term."

As a Voting Member, Assurant Solutions is appointing Robert Zanussi, President & CEO of Assurant Solutions, as the successor to Keith Demmings on the CAFII Board of Directors for the remainder of his term. C. Honor thanked Keith Demmings for his many contributions and years of service since 2008, and requested a note of thanks be sent to him for his service during this time.

As a Voting Member, RBC Insurance is appointing Rino D'Onofrio, Senior Vice-President & Head, Canadian Business Insurance, RBC, as the successor to C. Honor on the CAFII Board of Directors for the remainder of her term.

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**Robert Zanussi of Assurant Solutions and Rino D'Onofrio of RBC Insurance be appointed to the CAFII Board of Directors until the next Annual General Meeting.**



#### Appointment of New Chair

C. Honor will be stepping down as chair after today's meeting. The CAFII Bylaws, under clause 7.01 Appointment of Officers, specify that "the Board shall from time to time appoint a Chair," and that the filling of a vacancy in the Chair position is also the responsibility of the Board.

On motion duly made, seconded and unanimously carried

#### **IT WAS RESOLVED that:**

**Mark Cummings be appointed as CAFII Chair effective today, to fulfill the remainder of C. Honor's term ending at the Annual General Meeting in 2013.**

#### **5. Minutes**

J. Hines provided an update on the action items from the October 9, 2012 Board Meeting as follows:

- Testimonials. Members were reminded to submit testimonials that are appropriate to post online.
- Website statistics. 2012 statistics were included in the meeting package. J. Hines noted that the number of visits, unique visitors, and length of time spent on the site had all increased.

**Action:** B. Wycks to follow up with G. Swanson on his request to arrange a visit to a CAFII member call centre for FSCO staff.

On motion duly made, seconded and unanimously carried

#### **IT WAS RESOLVED that:**

**The Minutes of the meeting of the Board held on October 9, 2012 be adopted in the form presented, and that a copy of these Minutes be signed and placed in the Minute book of the Corporation.**

#### **6. Financial Update**

##### **6.1. October Financials**

The CAFII bank balance remains strong. Unrestricted net assets are quite good and CAFII is just above its reserve ratio. There are approximately \$90K in expenses still outstanding and the year-end statement of operations is anticipated to reach 85-95% of budget. CAFII's year-end is December 31. The additional expenses incurred as a result of the Distribution and Market Conduct Policy Committee's Creditor Insurance Project are well within the 2012 budget. Overall CAFII had budgeted for a modest deficit initially but will now end the year with a surplus.

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**The October 2012 financial statements be and are hereby approved in the form presented.**

**6.2. Adoption of 2013 Budget**

At the request of Chair C. Honor, L Duigu of TO Corporate Services, a supplier to the Association, absented herself from the room for the Board's discussion of this agenda item.

M. Fabian, Treasurer, presented the proposed 2013 CAFII Budget and answered Board members' questions, with the following highlights arising from that discussion:

- The Board supported the budget-related recommendation that the Association's Reserves Policy be adjusted to target six months of operating expenses, up from three months of operating expenses. It was acknowledged that now that CAFII has an employee, the Executive Director, it is prudent and optimal to maintain reserves of six months' operating expenses;
- The Board supported the budget-related recommendation that, given the modest increase in premium cost involved, CAFII's Directors and Officers' Liability Insurance coverage should be increased from \$5 million to \$10 million, and its Comprehensive General Liability insurance coverage should be increased from \$2 million to \$5 million;
- For future fiscal year budget proposals, it would be better to provide, as relevant comparators, prior year "actuals" rather than prior year budgets; and rather than providing the budget for the current fiscal year for comparison purposes, a forecast to the end of the current fiscal year should be provided; and
- The Board supported the new format which allows for better tracking of expenses by committee.

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**The Proposed 2013 Budget be and is hereby approved in the form presented.**

**7. Regulatory Update**

**7.1. Regulatory Newsletter**

B. Wycks provided commentary on the regulatory newsletter included in the meeting package and additional discussion occurred as follows:

- Federal: Credit Union Conversion to Federal Charter. It has been suggested that CAFII consider exploring the addition of federally regulated credit unions as members of the Association. Given that the first credit union likely to obtain a federal bank charter is based in British Columbia, a meeting to explore potential synergies could be arranged the next time CAFII Directors visit BC regulators.
- British Columbia: Changes to Restricted Licensing Regime for Motor Vehicle Dealers. Members discussed sending a communication to the other provinces with this update noting that it makes sense and providing the reasons why.
- Manitoba: Insurance Act Review Update. Members discussed whether Manitoba regulators have enough information regarding the restricted licensing regime to make the appropriate changes. M. Gill and S. Gelgor have met with them on a number of occasions and raised their awareness of the nuances.
- Ontario: Life Insurance Product Suitability Review to Commence. International regulators are coming to audit Canadian financial regulators. One of their goals is to identify issues within the different channels. This could provide an opportunity for CAFII to communicate the benefits of the direct distribution channel and highlight the key advantages of our industry.
- CCIR: Third Party Administrator (TPA) Regulation.  
**Action:** Follow-up with E. Stevenson on this review for more information.
- Financial Literacy Month. This initiative occurs annually in November and is becoming increasingly important to regulators and the public. The initiative offers another opportunity for CAFII to educate regulators about the industry.

## **7.2. Report on Regulator Meetings**

### **7.2.1. CCIR Meeting**

A delegation of CAFII Board members met with CCIR Executive members on October 25, 2012 to discuss current industry issues and concerns as well as CCIR's work plans for the coming year. A copy of the follow-up letter was included in the Board meeting materials and the following highlights were provided:

- CAFII is encouraged to continue with the proposed webinars for CCIR members.
- CCIR noted they are under time pressures and agreed to include CAFII's 15<sup>th</sup> Anniversary in their spring meeting plans.
- The overall discussion was very open.

### **7.2.2. AMF Meeting**

A delegation of CAFII EOC members attended a meeting with E. Stevenson on November 15, 2012 to discuss the priorities of the Quebec Ministry of Finance (AMF). J. Lewsen reported on a number of changes within the AMF since CAFII's last meeting with them in June 2012. E. Stevenson indicated that the Quebec Minister of Finance has quite a lot of priorities currently. CAFII will offer

recommendations on the Distribution Without Representation Guide, which was discussed in detail. An updated copy of the Guide would be circulated next year and the AMF is looking at implementation in 2014.

**Action:** J. Lewsen to circulate a draft letter to E. Stevenson in follow-up to this meeting.

### **7.3. Planned Regulator Meetings (2012 & 2013)**

The meeting package contains two documents (2012 and 2013) that the EOC has developed to highlight and guide CAFII's meetings with regulators.

2012: overall, CAFII wisely used its time on key issues in key provinces.

2013: the same concept of spending time in key provinces was proposed. If any Board members are travelling and can incorporate a regulator visit, please advise your EOC member. EOC members have done a tremendous job conducting these visits and it is important for Directors to engage regulators.

Further to this CAFII should leverage any meetings and conferences that bring regulators to Toronto. B. Wycks indicated that he will be reaching out to regulators by phone and will invite them to notify CAFII should they be travelling to Toronto.

The Atlantic Canada regulators haven't been visited recently and it would be ideal to touch base with them in 2013. It would also be good to get on the agenda of the Financial Consumer Agency of Canada.

CCIR. CAFII has a strong working relationship with C. Shevlin and it would be ideal maintain this relationship.

**Action:** CAFII has a strong working relationship with C. Shevlin at CCIR and should continue to send any value added items that are developed

The regulator meetings are a work in progress and members are comfortable with the proposed plan as presented.

## **8. Committee Reports on addressing CAFII Priorities**

### **8.1. Review of Committee Mandates**

See notes under Minutes.

### **8.2. Distribution and Market Conduct Policy Committee**

Creditor Insurance Project: Chaired by S. Manson and W. Eccles, the Committee's major item now is the Creditor Insurance project. Members of the Board were thanked for approving the request for additional funds, particularly in light of all the interviews that were scheduled for the following week. The EOC will receive a verbal report at its January 2013 meeting on the common interest items.

### **8.3. Media and Advocacy Strategy Committee**

Chaired by J. Lewsen and S. Gelgor, the Committee is working on a number of deliverables including:

CAFII branded regulator value added strategy: Website redesign is complete and the number of site visits has increased. The next goal is to add some value added information online. The EOC is also proposing to update the logo.

The Media Protocol is in good shape and will be updated by B. Wycks.

Webinars: CAFII is planning a webinar for the second quarter and will begin work on it in January.

Testimonials. Members are reminded to submit these for the committee to review and consider for use.

Video. The Committee is considering whether a video should be created using the creditor content with the goal of highlighting the human and emotional aspects of the products.

#### CAFII Tag Line

Suggestions were gathered during the last meeting that reflected what CAFII stands for. The goal is to create something brief for brand recognition and members agreed upon the following: Making Insurance Simple And Accessible For Canadians.

**Action:** ScotiaLife Financial to confirm there is no overlap between this proposed tag line and its own branding.

**Action:** Tag line to be translated into French.

### **8.4. Licensing Efficiency Issues Committee**

S. Gelgor provided an update on behalf of LEIC Chair M. Gill.

The Saskatchewan Insurance Council's Executive Director is amenable to the establishment of an Advisory Council that would provide an avenue for restricted license holders to provide input into Council.

**Action:** LEIC to develop a list of CAFII representatives who can be recommended to the Saskatchewan Insurance Council.

### **8.5. Networking and Event Hosting Committee**

P. Yeung thanked ScotiaLife for hosting today's meeting and reception. There are 82 people confirmed to attend the reception which is one of our largest events to date.

CAFII 15<sup>th</sup> Anniversary. P. Yeung provided an overview, indicating that historically we have hosted a dinner. An alternative proposal would be to hold the event at RBC and put

the funds towards bringing in entertainment for the evening. In addition, CCIR has expressed interest in a presentation on the Review of Canada's Adherence to Insurance Core Principles which could be delivered at this time.

**Action:** The committee to look into possible entertainment options for the 15<sup>th</sup> Anniversary Celebration on April 10, 2013.

Members Speaker Forum, February 2013. J. Poolman has suggested Jane Carr of Assurant Solutions in the U.S. who is an expert on credit card insurance, as the potential speaker for the upcoming February luncheon at the Albany Club.

## **9. Other Business**

### **9.1. 2013 Calendar of CAFII Meetings**

The 2013 Calendar of CAFII Meetings, included in the meeting package, was received for information.

## **10. Termination**

Recognizing that C. Honor has been a member of the CAFII Board and a strong contributor to the Association for a number of years, particularly most recently as Chair, M. Cummings paid tribute to her, conveying sincere thanks and appreciation, on behalf of the Board, for her leadership of the Association. C. Honor received a warm round of applause and best wishes from all present.

On a motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**The meeting be terminated at 5:00 pm.; and that the next meeting of the Board is to be held on Tuesday, April 10, 2013 in Toronto, hosted by RBC Insurance.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary

# CAFI

55 St Clair Ave West, Suite 255  
Toronto, ON M4V 2Y7

## Balance Sheet As at February 28, 2013

	Current 2013
<b>ASSETS</b>	
<b>Current Assets</b>	
Bank Balance	\$159,167
Investments <sup>A</sup>	\$52,097
Accounts Receivable	\$222,695
Interest Receivable	\$615
Prepaid Expenses	\$710
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$117)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
<b>Total Current Assets</b>	<b>\$437,499</b>
<b>TOTAL ASSETS</b>	<b>\$437,499</b>
<b>LIABILITIES</b>	
Current Liabilities	
Account Payable <sup>B</sup>	\$56,702
Deferred Revenue	\$165,500
<b>Total Current liabilities</b>	<b>\$222,202</b>
<b>TOTAL LIABILITIES</b>	<b>\$222,202</b>
<b>UNRESTRICTED NET ASSETS</b>	
Unrestricted Net Assets, beginning of year	\$186,581
Excess of revenue over expenses	\$28,716
<b>Total Unrestricted Net Assets</b>	<b>\$215,297</b>
<b>Total Unrestricted Net Assets</b>	<b>\$215,297</b>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$437,499</b>

### Minimum Reserve = Greater of:

Reserve at 25% of Annual Operating Expense =	\$ 61,383
Reserve at 6 months of Operating Expense =	\$ 121,759

### 2013 Reserve (based on 6 month Reserve):

**C A F I I**  
55 St Clair Ave West, Suite 255  
Toronto, ON, M4V 2Y7  
**Balance Sheet Items**  
**As at February 28, 2013**

**Item A**

**Investment Portfolio**

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-11	May-07-12	\$52,096.99	1.45%	\$755.41	May-07-13
<b>Total</b>		<b>\$52,096.99</b>		<b>\$755.41</b>	

**Item B**

**Accounts Payable**

	Total
	99.65
	38,957.88
	5,367.50
	12,277.45
<b>Total outstanding:</b>	<b>56,702.48</b>



# CAFII

55 St Clair Ave West, Suite 255  
Toronto, ON M4V 2Y7

## Statement of Operations As at February 28, 2013

	Current Month	Current YTD	Budget 2013	% Used	YTD 2012 Balance	% Used YTD 2012
<b>REVENUE</b>						
Membership Fees	\$34,175	\$68,350	\$410,100	17%	\$69,150	18%
Interest Revenue	\$58	\$122	\$750	16%	\$100	100%
<b>TOTAL REVENUE</b>	<b>\$34,233</b>	<b>\$68,472</b>	<b>\$410,850</b>	17%	<b>\$69,250</b>	18%
<b>EXPENSE</b>						
<b>Association Operating Expenses</b>						
Management Fees	\$18,693	\$36,205	209,150	17%	\$11,770	17%
Lawrie Savage Fees	\$0	\$0	-		\$29,358	17%
CAFII Legal Fees/Corporate Governance	\$0	\$0	10,500	0%	\$0	0%
Audit Fees	\$0	\$0	13,250	0%	\$0	0%
Insurance	\$237	\$473	5,368	9%	\$473	11%
Website (incl translation)	\$0	\$10	540	2%	\$0	0%
Telephone/Fax/Internet	\$0	\$58	750	8%	\$112	5%
Postage/Courier	\$0	\$4	500	1%	\$13	1%
Office Expenses	\$0	\$698	4,500	16%	\$124	5%
Bank Charges	\$0	\$0	-	0%	\$0	0%
Miscellaneous Expenses	\$0	\$0	-	0%	\$0	0%
Amortization Expense	\$0	\$0	-	0%	\$0	0%
Depreciation Computer/Office Equipm <sup>1</sup>	\$39	\$78	640	0%	\$0	0%
<b>Distribution &amp; Market Conduct Committee</b>						
Provincial Regulatory Review	\$0	\$0	35,000	0%	\$0	0%
Research/Studies	\$0	\$0	42,000	0%	\$0	0%
<b>Licensing Efficiency Issues Committee</b>						
Regulatory Model (s)	\$0	\$0	12,000	0%	\$0	0%
Federal Financial Reform	\$0	\$0	-		\$0	0%
<b>Media &amp; Advocacy Strategy Committee</b>						
Tactical Communications Strategy	\$0	\$0	25,000	0%	\$0	0%
Association Branding	\$0	\$0	7,000	0%	\$0	0%
<b>Networking and Events Committee</b>						
Board/EOC/AGM Expense <sup>2</sup>	\$100	\$2,230	10,000	22%	\$3,014	14%
Networking Events	\$0	\$0	3,500	0%	\$0	0%
15th Anniversary Event	\$0	\$0	30,000	0%	\$0	0%
Media Relations, CAFII Consultant	\$0	\$0	-		\$0	0%
<b>TOTAL EXPENSE</b>	<b>\$19,068</b>	<b>\$39,756</b>	<b>409,698</b>	10%	<b>\$44,863</b>	9%
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$15,165</b>	<b>\$28,716</b>	<b>\$1,152</b>		<b>24,387.46</b>	

### Explanatory Notes:

- (1) Amortization of office equipment based on 4 year straight line depreciation  
(2) Board meetings and receptions, special Board or EOC lunch meetings, speaker expenses

# CAFII

Toronto, ON M4V 2Y7

## Membership Fees

As At February 28, 2013

	<u>Jan-13</u>		<u>Jul-13</u>
	<u>Billed</u>	<u>Received</u>	<u>Billed</u> <u>Received</u>
TD Insurance	\$23,500.00	8-Mar-13	\$23,500.00
Assurant Solutions	\$11,750.00	22-Feb-13	\$11,750.00
BMO Insurance	\$23,500.00		\$23,500.00
Canadian Premier Life Insurance Company	\$11,750.00	1-Mar-13	\$11,750.00
CIBC Insurance	\$23,500.00	8-Mar-13	\$23,500.00
National Bank Insurance Company	\$11,750.00	8-Mar-13	\$11,750.00
RBC Insurance	\$23,500.00		\$23,500.00
ScotiaLife Financial	\$23,500.00		\$23,500.00
Desjardins Financial Security Life Assurance Company	\$11,750.00	8-Mar-13	\$11,750.00
AMEX Bank of Canada	\$11,750.00	15-Mar-13	\$11,750.00
Avalon Actuarial	\$4,800.00		
CSI Brokers Inc.	\$4,800.00		
Dion, Durrell & Associates Inc.	\$4,800.00	15-Mar-13	
KPMG	\$4,800.00		
Laurentian Bank of Canada	\$4,800.00	15-Mar-13	
Oliver, Wyman Consulting Limited	\$4,800.00		
Optima Communications	\$4,800.00		
RGA Life Reinsurance Company of Canada	\$4,800.00	1-Mar-13	
Swiss Reinsurance Company Ltd	\$4,800.00		
Munich Re	\$4,800.00	8-Mar-13	
Aimia	\$4,800.00	15-Mar-13	
The Canada Life Assurance Company	\$4,800.00	1-Mar-13	
<b>January Invoices</b>	<b>\$233,850</b>		<b>\$176,250</b>
<b>July Invoices</b>	<b>\$176,250</b>		
<b>Total Membership Fees</b>	<b>\$410,100</b>		

Financial Statements of

**CANADIAN ASSOCIATION OF  
FINANCIAL INSTITUTIONS IN  
INSURANCE**

Years ended December 31, 2012 and 2011

## INDEPENDENT AUDITORS' REPORT

To the Members of the Canadian Association of Financial Institutions in Insurance

We have audited the accompanying financial statements of the Canadian Association of Financial Institutions in Insurance, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations and changes in unrestricted net assets for the years ended December 31, 2012 and December 31, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Association of Financial Institutions in Insurance as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

**DRAFT**

Chartered Accountants, Licensed Public Accountants

April 10, 2013  
Toronto, Canada

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

## ***DRAFT*** Statements of Financial Position

	December 31, 2012	December 31, 2011	January 1, 2011
<b>Assets</b>			
Current assets:			
Cash and short-term deposits (note 4)	\$ 237,005	\$ 145,575	\$ 121,045
Accounts receivable	594	—	—
Interest receivable	493	90	132
Prepaid expenses	10,339	6,946	9,369
Capital assets (note 6)	2,295	—	—
	<b>\$ 250,726</b>	<b>\$ 152,611</b>	<b>\$ 130,546</b>

## Liabilities and Unrestricted Net Assets

Current liabilities:			
Accounts payable	\$ 71,302	\$ 15,292	\$ 31,913
Unrestricted net assets	179,424	137,319	98,633
	<b>\$ 250,726</b>	<b>\$ 152,611</b>	<b>\$ 130,546</b>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

## ***DRAFT*** Statements of Operations and Changes in Unrestricted Net Assets

Years ended December 31, 2012 and 2011

	2012	2011
Revenue:		
Membership fees	\$ 410,100	\$ 419,100
Interest	709	748
	410,809	419,848
Expenses:		
Professional fees (note 5)	281,221	308,418
Administration (note 5)	84,253	69,217
Miscellaneous and office	3,230	3,527
	368,704	381,162
Excess of revenue over expenses	42,105	38,686
Unrestricted net assets, beginning of year	137,319	98,633
Unrestricted net assets, end of year	\$ 179,424	\$ 137,319

The accompanying notes are an integral part of the financial statements.

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

## ***DRAFT*** Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 42,105	\$ 38,686
Items not involving cash:		
Amortization	39	—
Change in non-cash working capital	51,620	(14,156)
	93,764	24,530
Financing activities:		
Purchase of capital assets	2,334	—
Increase in cash position	91,430	24,530
Cash position, beginning of year	145,575	121,045
Cash position, end of year	\$ 237,005	\$ 145,575
Represented by:		
Cash	\$ 184,908	\$ 93,785
Short-term deposits	52,097	51,790
	\$ 237,005	\$ 145,575

The accompanying notes are an integral part of these financial statements.

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

## ***DRAFT*** Notes to Financial Statements

Years ended December 31, 2012 and 2011

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The Canadian Association of Financial Institutions in Insurance ("CAFII") is a not-for-profit association incorporated under the Canada Corporations Act. CAFII was incorporated on October 29, 1997 and commenced operations on January 1, 1998. CAFII was established to provide an industry-based forum to represent a range of financial institutions in insurance in Canada and to work in partnership with governments to create an efficient and effective regulatory framework that provides consumer choice in the purchase of insurance products and services. CAFII's members provide life, property and casualty, travel and credit insurance, reinsurance and other products and services through a wide variety of distribution systems. CAFII is exempt from income taxes under paragraph 149(1)(i) of the Income Tax Act (Canada).

On January 1, 2012, CAFII adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of The Canadian Institute of Chartered Accountants' Handbook. These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, CAFII has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards.

A summary of transitional adjustments recorded to net assets and excess of revenue over expenses is provided in note 8.

### **1. Significant accounting policies:**

#### **(a) General:**

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of The Canadian Institute of Chartered Accountants' Handbook.

#### **(b) Revenue recognition:**

CAFII derives its revenue primarily through membership fees. Fees are recognized as revenue in the membership period to which they relate.



# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

**DRAFT** Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

Deferred membership fees represent fees received in advance of the membership period to which they relate.

### (c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

### (d) Capital assets:

Capital assets are recorded at cost. When a capital asset no longer contributes to CAFII's ability to provide services, its carrying amount is written down to its residual value.

Capital assets consist of computer equipment and is amortized on a straight-line basis over five years.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. CAFII has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, CAFII determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount CAFII expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

## **DRAFT** Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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### **1. Significant accounting policies (continued):**

#### **(g) Use of estimates:**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

### **2. Unrestricted net assets:**

Management intends to utilize unrestricted net assets on projects subject to approval by the Board.

### **3. Financial instruments:**

The carrying amounts of financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

### **4. Cash and cash equivalents:**

Cash and cash equivalents is comprised of the following:

	December 31, 2012	December 31, 2011	January 1, 2011
Cash	\$ 184,908	\$ 93,785	\$ 70,045
Short-term deposits	52,097	51,790	51,000
	<u>\$ 237,005</u>	<u>\$ 145,575</u>	<u>\$ 121,045</u>

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

**DRAFT** Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

## 5. Allocation of costs by type:

Professional fees are comprised of the following costs incurred by CAFII:

	2012	2011
Consulting fees	\$ 161,471	\$ 172,696
Research studies	51,200	55,568
Provincial regulatory review	16,315	11,909
Director expenses	14,597	15,409
Audit fees	12,625	13,092
Media relations	10,430	10,423
Website	7,521	2,428
Insurance	2,838	52,831
Tactical communications strategy	2,420	20,832
Legal fees	1,694	—
Other	110	3,230
	<b>\$ 281,221</b>	<b>\$ 308,418</b>

Administration costs relate to management fees paid to TO Corporate Services and the Executive Director. The total administration costs for 2012 were \$84,253 (2011-- \$69,217).

## 6. Capital assets:

	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 2,334	\$ 39	\$ 2,295

There were no capital assets as at December 31, 2011 and January 1, 2011.

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

**DRAFT** Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## **7. Financial risks and concentration of credit risk:**

### **(a) Liquidity risk:**

Liquidity risk is the risk that CAFII will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CAFII manages its liquidity risk by monitoring its operating requirements. CAFII prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2011.

### **(b) Credit risk:**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. CAFII is exposed to credit risk with respect to the accounts receivable. CAFII assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

## **8. Transitional adjustments:**

There were no adjustments to unrestricted net assets as at January 1, 2011 or adjustments to excess of revenue over expenses for the year ended December 31, 2011 as a result of the transition to Not-For-Profit Standards.

## **CAFII Regulatory Issues And Perspectives Newsletter**

### **FEDERAL/NATIONAL**

#### **CANADIAN COUNCIL OF INSURANCE REGULATORS**

##### **CCIR Considers National Database -- Would Allow Users To Determine If An Insurance Agent Has Faced Disciplinary Action**

In the published highlights of its January 24, 2013 Conference Call, CCIR recently reported that since both CCIR and CISRO have now agreed in principle to move forward with an electronic form-based database as a central source for disciplinary information, CCIR has approved a new Disciplinary Information Implementation Working Group (DIIWG) to oversee the building of the database.

The DIIWG is to be joint between CCIR and CISRO and co-chaired by Shonna Neil, FSCO's Senior Manager of Licensing, for CCIR; and a designate to be named by CISRO.

In January, Investment Executive reported the following on this topic:

*Insurance advisors who have been sanctioned for misconduct could soon see that enforcement activity recorded in a centralized, Canada-wide database, as regulators aim to make it easier for consumers to identify those advisors who have breached the rules.*

*The **Canadian Council of Insurance Regulators (CCIR)** has established a committee to explore the feasibility of this kind of national database. The idea is to allow consumers, regulators and firms to search a single database to determine whether an insurance advisor has faced disciplinary action in any province across the country. The database would include listings for both life and property and casualty agents.*

*Under the current system, information about disciplinary action is scattered among multiple databases across the country, as this task is handled by provincial insurance regulators. Thus, even if an advisor is licensed in multiple jurisdictions, details of any disciplinary action against that advisor appear only on the website of the regulator in the province in which the misconduct took place.*

*The CLHIA is urging the CCIR to take the national database concept even further by including not only disciplinary details but also licensing information for all insurance agents, as this information is also dispersed among different databases across the country.*

*Despite the broad support for the national database, the committee responsible for the project must overcome a variety of technological, legal and operational hurdles in order to implement the database. For example, from a legal perspective, access to information laws vary slightly among the provinces, so regulators must ensure the database is constructed in compliance with the laws of each province.*

*From an operational standpoint, there are challenges associated with distinguishing between agents with the same name: regulators want to avoid having an advisor with a clean record mistaken for one with a history of misconduct.*

*To address this issue, the Alberta Insurance Council (AIC) is pushing for each insurance advisor across the country to be assigned a unique registration number.*

### **IAIS/IMF Audit of Canada Around Insurance Core Principles**

The International Monetary Fund (IMF) will be conducting a financial stability assessment of Canada in 2013 under the Financial Sector Assessment Program (FSAP). The FSAP will assess Canada's adherence with international standards in the areas of insurance, banking, securities, payment/settlement systems, and fiscal transparency.

CCIR has shared with CAFII the news that, likely due to limited time and resources, the auditors/reviewers from the IMF will be taking a sample-based approach to Canada.

CCIR learned in recent months that the IMF auditors will be looking at just Ontario and Quebec. They'll be on-site beginning in June, and working mainly out of Ottawa. They'll be looking at a wide range of financial system areas including banking, securities, clearing, solvency, and insurance.

How much time they'll have to focus on market conduct in insurance is unknown, but because the Insurance Core Principles (ICPs) are new, they may give that area a generous amount of time.

So Ontario (FSCO) and Quebec (AMF) are having to devote a lot of time and resources now to self-assessment processes against the ICPs; and their CCIR colleagues are providing support and encouragement.

### **Agencies Regulation Committee To Review Third Party Administrators (TPAs)**

In the published highlights of its January 24, 2013 Conference Call, CCIR reported that it had approved a workplan for the second phase of its Agencies Regulation Committee (ARC)'s work. The ARC will now review the regulation of Third Party Administrators (TPAs) in group life, accident and sickness, creditor's group insurance, and travel insurance to determine potential risks to consumers.

### **CANADIAN INSURANCE SERVICE REGULATORY ORGANIZATIONS (CISRO)**

#### **CISRO Provides Update On Harmonized Life Insurance Licensing Qualification Program**

CISRO's LLQP Committee, chaired by Ron Fullan, Executive Director of Saskatchewan's Insurance Council, provided a comprehensive update on the Harmonized Life Insurance Licensing Qualification Program (LLQP) at a Stakeholder Information Session held at the FSCO office in Toronto on January 17.

At this information session, Fullan and LLQP Committee colleagues from B.C., Alberta, Ontario, Quebec, and New Brunswick updated attendees on the following:

- the harmonized LLQP's features, program governance, and development/implementation timeline;
- progress to date in developing the new program;
- stakeholder feedback and CISRO responses;
- their stakeholder engagement plan; and
- next steps in the process.

Information will continue to be posted on the CISRO site as the project progresses; and quarterly stakeholder information sessions will also continue. There will be opportunities for written submissions to CISRO at key points in the process. The next quarterly stakeholder information session is scheduled for Tuesday, April 9 in Toronto.

## **JOINT FORUM OF FINANCIAL MARKET REGULATORS**

### **Role And Future Direction Of The Joint Forum Of Financial Market Regulators**

In 2011, the Joint Forum of Financial Market Regulators began a review to determine what its role and future direction should be going forward. The consensus feedback of the constituent organizations (CCIR, CSA, CAPSA, CISRO) was that changes should be made to enhance the value of the Joint Forum. There were concerns regarding resource commitments and the need to align the work of the Joint Forum with the priorities of the individual constituent organizations.

At its September 2012 meeting, the Joint Forum decided that the next step in defining its role and future direction would be to arrange a session in April 2013 with participation from members of the Joint Forum and other senior decision-makers from each of its constituent organizations.

The Spring 2013 Joint Forum meeting will be held on April 10 in Toronto.

## **COMPETITION BUREAU**

### **March Is Fraud Prevention Month**

March is Fraud Prevention Month; and on February 28, the federal Competition Bureau announced that it will be participating in a variety of initiatives aimed at helping Canadians protect themselves when faced with fraud. This year's Fraud Prevention Month theme is consumer empowerment, and the Bureau is encouraging Canadians to become informed and proactive in the fight against fraud.

The Competition Bureau is Chair of the Fraud Prevention Forum, which includes more than 125 private sector firms, consumer and volunteer groups, government agencies and law enforcement organizations that have banded together to help combat fraud and raise awareness. During Fraud Prevention Month, Forum members will participate in a number of activities across the country designed to raise awareness among consumers and businesses about the dangers of fraud.

One of the tools the Bureau has developed for educating consumers and businesses about fraud, and how to report it, is the *Canadian Edition of the Little Black Book of Scams*. Available on the Bureau's website, improvements are being made this year to improve the book's accessibility.

***FRAUD: Recognize It. Report It. Stop It.***

## **OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS (OSFI)**

### **Anti-Money Laundering/Anti-Terrorist Financing Regulations Approved**

On February 13, the Financial Transactions and Reports Analysis Centre (FINTRAC) announced that amendments to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act's Regulations had been approved.

The changes will take effect on February 1, 2014. More information about each change will be available in updates to the FINTRAC Guidelines in the fall of 2013.

The approved Regulations take into account and reflect concerns expressed by CAFII during the Department of Finance's 2012 Consultation on Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Regime.

The Government accepted CAFII's arguments that the Regulations should be structured to continue to exempt insurance products of immaterial (or no) cash value to the client, and those below a \$10,000 threshold for the cost of an annuity or insurance policy.

Removing that exemption, for products that pose very little AML/ATF risk, would have created a significant barrier to transactions carried out using alternate distribution channels such as e-commerce and telephone. And it also would have made it uneconomic to offer a number of important insurance products to the underserved middle market of Canadians: consumers whose insurance needs are too small to attract the personal attention of an individual broker.

On March 8, CAFII wrote to Nicholas Burbidge, Senior Director, AML and Compliance Division at Office of the Superintendent of Financial Institutions, to thank him for OSFI's willingness to engage with the industry and listen to stakeholder concerns, with a view to achieving the best possible outcome that balances AML/ATF risk with both consumer protection and business efficiency considerations.

## **CAFII**



### **Canadian Association of Financial Institutions in Insurance Appoints Executive Director**

The Board of Directors of the Canadian Association of Financial Institutions in Insurance (CAFII) is pleased to announce the appointment of Brendan Wycks, BA, MBA, CAE as Executive Director of the Association, effective immediately.



Brendan brings to CAFII leadership experience with several industry and professional Associations in the areas of government and regulatory relations; self-regulation and protection of the public interest; public and media relations, including national branding campaigns; and delivering compelling member value. He has served as Executive Director of the Marketing Research and Intelligence Association and the Insurance Brokers Association of Canada, and as a staff executive with the Institute of Chartered Accountants of Ontario.

Brendan holds a BA from the University of Western Ontario, an MBA from the University of Toronto, and the Certified Association Executive (CAE) designation from the Canadian Society of Association Executives.

The Canadian Association of Financial Institutions in Insurance (CAFII), established in 1997, is a not-for-profit industry association that represents and provides a voice for financial institutions involved in selling insurance products and services through a variety of distribution methods. CAFII members offer travel, life, health, property and casualty, and creditor's group insurance through call centres, agents and brokers, travel agents, direct mail and the internet. CAFII believes consumers are best served when they have meaningful choice and easy access in the purchase of insurance products and services.

## **PROVINCIAL**

### **ALBERTA**

#### **Alberta Insurance Council To Begin Publishing Disciplinary Decisions Effective April 1**

On February 25, the Alberta Insurance Council announced that it will begin publishing disciplinary decisions effective April 1, 2013.

The Minister of Finance has issued an order directing the Alberta Insurance Council to publish the decisions of the General, Life and Adjusters' Insurance Councils effective April 1, 2013. There will be a link placed on the web site directing interested parties to the source of the decision.

#### **Alberta Insurance Council Announces Changes To Certificate Expiry, Penalties and Fees Regulation, AR 125/2001**

The Alberta Insurance Council recently announced that the Certificate Expiry, Penalties and Fees Regulation has been amended to provide for a single annual renewal date that applies to all classes of certificates. The new renewal term will run from July 1 of one year to June 30 of the following year. All sectors (Life, General and Adjusters) will be transitioned to the new term by June 30, 2014. Fees for the certificate will be prorated during the transitional term.

Complete details of the changes, a table of prorated fees, and links to the regulation can be viewed on the Alberta Insurance Council website at [www.abccouncil.ab.ca](http://www.abccouncil.ab.ca).

### **BRITISH COLUMBIA**

In late January, the B.C. Government passed an Order-in-Council (OIC) to implement amendments to the province's *Financial Institutions Act* that were passed in 2010.

Two provisions of the OIC are of particular relevance to CAFII members.

First, the Order brings into force an updated administrative penalty framework set out in section 253.1 of the Act and also enacts a regulation listing provisions of the statute and related regulations for which an administrative penalty may be imposed, along with the maximum penalty for a contravention of each provision.

A second change relates to the exemption available for the sale of credit insurance by a lender from the obligation to use a licensed insurance agent, **which has now been expanded to include regulated insurers that themselves advance credit.**

## **ONTARIO**

### **FSCO Granted New Powers To Impose AMPs In Ontario Insurance Sector**

The Financial Services Commission of Ontario (FSCO) recently announced that changes made by the Ontario Government to the province's insurance-related statutes grant it new powers to levy Administrative Monetary Penalties (AMPs) for contraventions of legislation or regulations that occur on or after January 1, 2013.

An AMP is a financial penalty imposed by a regulator such as FSCO, instead of a court, for contraventions of law. AMPs encourage regulatory compliance and prevent financial benefit from violations.

The introduction of AMPs is in keeping with the Ontario Government's commitment to modernize financial regulation and regulatory practices. This enforcement tool provides FSCO with more flexibility in assessing appropriate penalties for non-compliance and misconduct in the insurance sector. AMPs also give FSCO an authority similar to other financial services regulators across Canada.

The changes allow FSCO to apply AMPs for existing contraventions that are identified in the AMP regulations. They do not create new compliance requirements.

The contraventions to which an AMP can apply include listed unfair or deceptive acts or practices by any person or entity including insurers, agents, brokers, adjusters and those involved in the provision of goods and services to insurance claimants.

AMPs can be imposed for breaches of orders, undertakings and licence conditions, as well as for contraventions of statutory provisions such as:

- Failure of agent to meet annual continuing education requirements
- Failure of agent to notify Superintendent of address change
- False billing practices
- Failure of insurer to charge authorized rates
- Engaging in prohibited acts and/or practices
- Acting as an agent when unlicensed or suspended
- Other unfair or deceptive acts/practices

## **FSCO Holds Pre-Consultation Meetings Around Modernizing Discipline Hearings For Ontario Insurance Agents And Adjusters**

On February 14, FSCO held a pre-consultation meeting with CAFII and CLHIA representatives to discuss

- A new model for holding hearings and disciplining insurance agents and adjusters; and
- The Superintendent's authority to issue interim orders and maintain jurisdiction once a disciplinary process is underway.

FSCO's desire is to replace the current Advisory Board (AB) disciplinary model – unique to insurance agents and adjusters in Ontario, and limited to licensing decisions – with the Financial Services Tribunal (FST), which has adjudicative powers with respect to other industry players, as the body that holds hearings and issues orders.

Making this change would require changes to the Insurance Act to remove the requirement for the Superintendent to appoint AB panels to conduct hearings. Under the current model for agents and adjusters, an AB prepares a "Findings of Fact" Report following a disciplinary hearing and issues non-binding recommendations for the Superintendent to consider, but the Superintendent is not a "party to" the hearing.

The FST model is seen as a more modern and streamlined disciplinary process as compared to the AB model, which involves more steps and sometimes increased costs, time, and risk of uncertainty and inconsistency. For example, currently an agent or adjuster facing both an Administrative Monetary Penalty (AMP) or fine and licensing discipline must go through two different processes to deal with the same set of facts because the due process for imposing an AMP falls under the FST disciplinary process rather than an AB.

The Superintendent's disciplinary toolbox was expanded recently to include Administrative Monetary Penalties (AMPs) or fines. With this new tool now at its disposal, FSCO intends to make greater use of AMPs, either stand-alone or in combination with licensing sanctions (suspension or revocation).

Another drawback that FSCO highlighted with respect to the current AB model for agents and adjusters is that it is inconsistent with the more explicit and comprehensive powers that the Superintendent has in other regulated sectors. Currently, the Insurance Act doesn't provide the Superintendent with the explicit authority to issue Interim Orders to suspend an agent's or adjuster's license; nor does it ensure that the Superintendent retains jurisdiction after a disciplinary process has begun.

In terms of next steps, after its round of pre-consultation meetings, FSCO plans to release a formal Consultation Paper, which will include an invitation for written submissions within 30 days. The outcomes of that consultation will then be shared with the Government, to inform its decision as to whether to make the changes to the Insurance Act.

## **FSCO Requests Meeting With CAFII Around Consumer Complaint Handling**

On March 1, FSCO contacted CAFII to arrange a meeting to discuss its plan to make changes to its consumer complaint handling timelines to accommodate faster response times to consumers. That meeting has since been confirmed for Thursday, March 21 from 1:30 to 2:30 p.m. at the FSCO office.

## **QUEBEC**

### **AMF Announces Senior Management Appointment**

On February 8, the *Autorité des marchés financiers* (AMF) announced the appointment of Patrick Déry as Superintendent, Solvency, effective February 18.

In this role as Superintendent, Solvency, Déry will be responsible for standards and deposit insurance, the supervision of deposit institutions, control of the right to practise and the supervision of insurers. Déry returns to the AMF after previously serving as Superintendent, Client Services, Compensation and Distribution from July 2011 to September 2012.

Déry, who holds a master's degree in economics, also has extensive management experience at the Québec Ministry of Finance. In particular, he served as Assistant Deputy Minister, Federal-Provincial and Financial Policies and was instrumental in managing the impact of the 2007-08 financial crisis on financial institutions operating in Québec.

### **AMF Strikes Insurance Firms Off Roll; Imposes Penalties Of \$100,000**

On January 17, the AMF announced that on December 20, 2012, its Bureau de décision et de révision (the "Bureau") had approved an agreement to deregister Sherpa Holding and Déry Capital inc., as well as impose an administrative penalty of \$50,000 upon each firm.

These insurance firms and their officers set up a scam, which enabled them to sell to targeted clients a life insurance product in which part of the premium paid by the client was reimbursed after the payment had been made to the insurer.

The scam enabled the firms and their officers to sell a life insurance product, typically Universal Life, for a face amount of more than \$1 million, thus earning a commission greater than the amount of the annual premium reimbursed to the client. As a result of this scam, the firms earned significant commissions.

## **GLOBAL/INTERNATIONAL**

### **Global Federation Of Insurance Associations Established**

On October 9, 2012, 32 national insurance industry associations -- representing insurers and re-insurers in 56 countries, and collectively 87 per cent of the world-wide insurance business -- formally established the Global Federation of Insurance Associations (GFIA). The GFIA is incorporated in Switzerland and its secretariat is based in Brussels.

GFIA's founding Canadian members are the Canadian Life and Health Insurance Association (CLHIA) and the Insurance Bureau of Canada (IBC). Frank Swedlove, President of CLHIA, was elected GFIA's inaugural Chair.

The GFIA will be active in commenting on a broad range of issues affecting the international insurance industry, including developments in the systemic risk debate; the work of the IAIS in developing ComFrame, the common framework for the supervision of international groups; market conduct and trade issues; and initiatives in relation to financial inclusion and anti-money laundering.

**Further information about GFIA can be found on its web site at [www.GFIAinsurance.org](http://www.GFIAinsurance.org).**

### **Global Federation Of Insurance Associations Worried About Regulatory Constraints**

On February 27, Investment Executive reported the following:

*The insurance industry remains concerned about efforts to designate certain firms as systemically important, which would likely bring additional regulatory constraints.*

*In a letter to the International Association of Insurance Supervisors (IAIS), the Global Federation of Insurance Associations (GFIA) urges the IAIS to consider the questions raised by the industry as it finalizes the process for identifying global systemically important insurers (G-SIIs).*

*"Some of the open questions are complex, and need careful consideration as the outcomes are likely to have a significant impact on the targeted entities and thus, we believe, further analysis and exchange with the industry should be allowed for," it says.*

*In particular, the industry lobby says that it remains concerned about the proposed methodology for identifying G-SIIs, which, it says, will result in insurers being designated "not for the risk they pose to the financial system but because of their size."*

*It also says it believes that "the potential systemic risk posed by certain insurers as a result of activities they engage in should be assessed versus the global financial system as a whole, and not versus other insurance companies, as currently suggested."*

*And, it maintains that it's not correct to think that insurers could benefit from being on a list of G-SIIs, as this status would give them access to more favourable funding conditions. "GFIA wishes to reiterate its strong opinion that such reasoning is excessively bank-centric and has no rationale in insurance," it says.*

*Additionally, the letter stresses that the GFIA is worried about the sorts of added regulatory constraints such firms could face.*

## **Banking Rules Under Scrutiny In Canada--EU Trade Talks**

### **... Canada Resisting EU Attempts To Weaken Oversight Of Financial Institutions**

The following is an excerpt from a Canadian Press article published on February 27:

*A leaked draft of part of the Canada-Europe trade talks shows that Canada's vaunted banking system is on the negotiating table. The Canadian Press has obtained the Feb. 1 version of the services chapter of the Canada-Europe trade deal that Europe has circulated to its member states.*

*It shows that Canada is struggling to maintain the traditional stringent standards it imposes to ensure financial stability and protect financial services in Canada from foreign control. "EU does not want to exclude financial services from the scope of performance requirements," says notes written into the draft text.*

*The documents also show that Canada is resisting European Union attempts to weaken oversight of financial institutions — leading to a heavily contested text that is one more obstacle to completing an agreement with Europe soon.*

*Both sides want more access to each other's financial services markets. For Canada, the European market is a huge opportunity for big insurance companies located mainly in Ontario. And Germany in particular has been pushing for more financial services opportunities in Canada.*

*But the documents show Canada is taking a cautious approach, and will only allow a more open market if Canadian authorities can block business activity that would put the financial system at risk. Canada's caution is bumping up against an aggressive European drive for investor protections that have no strings attached.*

*Canada wants the text to say: "A party may prevent or limit transfers ... through the equitable, non-discriminatory and good-faith application of measures relating to maintenance of the safety, soundness, integrity or financial responsibility of financial institutions or cross-border financial service suppliers."*

*But that section of text is in bright red, indicating — like much of the financial services portion of the agreement — that the EU has not yet agreed.*

*Canada also wants to set up a special mechanism that would have governments resolve any disputes that arise from new forays into each other's financial services sector. The draft shows the EU is somewhat open to a version of this idea, but has deep reservations for fear Canada will use the mechanism as an excuse to block legitimate European investment. European officials have not agreed to many parts of the Canadian text in this area.*

*That's because the federal government speaks frequently about the strength of Canada's financial services, boasting about the oversight that allowed Canada to avoid the worst of the global financial crisis that is still undermining Europe's banks.*

# CAFII Regulator Visit Plan 2013<sup>1</sup>

updated March 25, 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
British Columbia	<b>Insurance Council of BC:</b> Gerry Matier, Exec. Dir.	X	-Update on Council priorities		Invite when in Toronto	B. Wycks to invite for a breakfast, lunch, or coffee meeting around CISRO LLQP Stakeholder Info Session or CCIR Meeting in Toronto, April 9-10, 2013
	Financial Institutions Commission(FICOM) Carolyn Rogers , CEO FICOM, Superintendent (interim CCIR chair) Doug McLean, Deputy Superintendent	X	-CLHIA Compliance and Consumer Complaints Annual Conference in Vancouver, May 8-10, 2013: meetings to be co-ordinated around conference.	M. Gill; S. Gelgor; J. Lewsen; J. Hines ?	Surrey, BC When Carolyn is in Toronto; or CAFII Board member in Vancouver	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
Alberta	<b>Alberta Insurance Council</b> : Joanne Abram, CEO; Tom Hampton, Chief Operating Officer	X	-Update on Council priorities -Council Representation -Licensing for 3 <sup>rd</sup> party providers - Business number registration system		When Joanne or Tom is in Toronto; or CAFII Board member in Edmonton	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
	<b>Ministry of Finance:</b> Mark Prefontaine, Superintendent of Insurance				When Mark is in Toronto; or CAFII Board member in Edmonton	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
	<b>New President of Treasury Board and Minister of Finance</b> Doug Horner					
Saskatchewan	<b>Sask. Insurance Council:</b> Ron Fullan, Chair	X	-Review Council priorities -Council Representation		Invite when in Toronto	B. Wycks to invite for a breakfast, lunch, or coffee meeting around CISRO LLQP Stakeholder Info Session or CCIR Meeting in Toronto, April 9-10, 2013
	<b>Financial and Consumer Affairs Authority,</b> David Wild, Chairperson and Superintendent of Insurance; Ian McIntosh Deputy Superintendent of Insurance		-Courtesy visit, Introduction of CAFII -Insurance Act Review, ISI; Council Representation		When David or Ian is in Toronto; or CAFII Board member in Regina	
	<b>Consultant ( ex Superintendent )</b> Jim Hall		Insurance Act review		When Jim is in Toronto; or CAFII Board member in Regina	



Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
Manitoba	<b>Ministry of Finance:</b> Jim Scalena, Superintendent	X	Update on Insurance Act review. ISI regime		Winnipeg	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
	<b>Manitoba Insurance Council:</b> Erin Pearson, Exec Director;	X	Review Council priorities Restricted cert holder representation on council		When Erin is in Toronto; or CAFII Board member in Winnipeg	
	<b>Ministry of Finance</b> Minister Stan Struthers		Letter of introduction sent, include on a visit of Chair to Manitoba. Wait until issues with Insurance act review are resolved			
Ontario	<b>FSCO:</b> Phil Howell, CEO & Superintendent	X			Toronto	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
	<b>FSCO:</b> Grant Swanson, Exec Dir Licensing & Market Conduct division					On February 14, B. Wycks and Rosemary Troiani, RBC Insurance, met with G. Swanson, Isobel Scovino and Jim Fox around FSCO's plans for Modernizing Disciplinary Procedures For Life Insurance Agents and Independent Adjusters
	FSCO: Company Complaint Officer Day			-individual companies	Toronto November	
Quebec	<b>AMF:</b> Mario Albert, CEO	X			When Mario is in Toronto; or CAFII Board member in Quebec City	
	<b>AMF:</b> Superintendent, Eric Stevenson	X				Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
	<b>AMF:</b> Rendez-vous			-individual companies	October	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
New Brunswick	Superintendent		<ul style="list-style-type: none"> <li>-Review priorities</li> <li>-Discuss /educate on creditor's group insurance (CGI) and Avalon;</li> <li>-Licensing issues, electronic licensing; Insurance Act Review Status;</li> </ul> -David Weir (Deputy Superintendent); Atlantic Taskforce on ISI (Chair)		TBD Fredericton	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
	Consumer Advocate For Insurance, Ronald Godin		<ul style="list-style-type: none"> <li>-Review priorities</li> <li>-Discuss /educate on creditor's group insurance (CGI) and Avalon</li> </ul>		When Ronald Godin is in Toronto; or CAFII Board member in Fredericton	
Nova Scotia	Superintendent		<ul style="list-style-type: none"> <li>-Review priorities</li> <li>-Discuss /educate on creditor's group insurance (CGI) and Avalon;</li> <li>-Atlantic Taskforce on ISI</li> </ul>		TBD Halifax	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
PEI	Superintendent		Courtesy- Low priority for 2013 (only if CAFII Board member in Charlottetown)		Charlottetown	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
Newfoundland	Superintendent		-Review priorities -Discuss /educate on creditor's group insurance ( <b>CGI</b> ) and Avalon		St John's	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host". Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
CCIR	Carol Shevlin, Policy Manager	X	Annual lunch. Discuss priorities		May Toronto	B. Wycks had a Get Acquainted Lunch with C. Shevlin in early January; and is in regular contact with her
	CCIR Executive		Meet when pressing issues or opportunistic meeting occasions arise.			

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
CISRO	Ron Fullan Chair				-invite when in Toronto	B. Wycks to invite for a breakfast, lunch, or coffee meeting around CISRO LLQP Stakeholder Info Session or CCIR Meeting in Toronto, April 9-10, 2013
Federal	<b>Federal Finance</b>		Educational – marketing of CGI			
	<b>OSFI:</b> Julie Dickson, Superintendent					
	<b>OBSI:</b> Doug Melville Ombudsman		Educational – marketing of CGI			
	<b>Financial Consumer Agency of Canada (FCAC)</b>		Financial Literacy re insurance			

<sup>1</sup> If meaningful liaison meeting discussions between CAFII representatives and key Regulator officials cannot be arranged in conjunction with other visits/meetings/conferences etc. as proposed in the plan above, then CAFII should invest in a dedicated Regulator Visits Tour (in full or in part) in order to nurture, maintain and build these critically important relationships.

As proposed in the Communications Strategy developed by the EOC in 2012, under the guidance of consultants Anne Riley and Richard Evans, this dedicated relationship-building approach would likely take the form of a cross-Canada tour for the Executive Director – either alone or accompanied by one or two volunteer leaders – armed with a short list of issues to discuss and prepared key messages. This would be an effective and efficient way to kick-start and advance the necessary relationship-building.

Such a cross-Canada tour – possibly broken up into two or three segments – should be repeated periodically, possibly annually but at least once every 18 months.

While there is a cost associated with such relationship-building travel (but one that can be carefully managed), the optics of making such a tour will be very positive for CAFII from the perspective of the Regulators. Investing in such a tour conveys and demonstrates to each Regulator that CAFII values and places significant importance upon its relationship with them that it's willing to invest in dedicated travel and visits to discuss issues of common interest, rather than meeting only when they're in Toronto or solely arranging such liaison meetings in conjunction with other events and travel opportunities.



## CAFII 15th Anniversary Reception and Dinner

### An Evening Of Celebration And Anticipation

On this special occasion, CAFII will pause to celebrate a milestone anniversary -- while at the same time toasting the future, with all of its possibilities and expectations for continued success for our Association.

This Cocktails and Dinner event, including a delicious buffet meal and libations, will take place on the 40th floor of the Royal Bank Plaza, in the spacious Main lounge with panoramic views of the waterfront and the Toronto skyline.

**When:** Wednesday, April 10, 2013 from 5:00 to 8:30 pm

**Location:** RBC Insurance  
Royal Bank Plaza, 200 Bay Street, 40th Floor, Main Lounge  
Toronto, ON

We've organized a memorable evening that is sure to tantalize and please all of the senses! Here's a flavour of what our Anniversary evening has in store for you:

#### EVENT OVERVIEW

- |                |  |
|----------------|--|
| 2:00 – 5:00 pm | CAFII Board Meeting  |
| 5:00 - 5:30 pm | Cocktail Reception [Main Lounge]<br>Beer, wine, soft drinks. Snacks and hors d'oeuvres available |
| 5:30 - 6:15 pm | Welcome and Guest Presentation [Georgia/Pine Room]   |

#### **Benoit Huot**, Canadian Paralympic Swimming Champion

*Benoit Huot (aka "The Shark") is a 19-time Paralympic medalist, including Gold and Silver medals at the London 2012 Paralympic Games where he was the flag bearer at the Closing Ceremonies. He was a medalist at four Paralympic Games (2000, 2004, 2008 & 2012) including 9 Gold, 5 Silver and 5 Bronze. Benoit is an engaging and inspiring Canadian personality who has been an ambassador not only to Para-swimming but for the entire Paralympic movement.*

- |                |  |
|----------------|--|
| 6:15 - 8:30 pm | Mix & mingle dining and cocktails [Main Lounge]<br>Networking; chatting with Benoit Huot |
|----------------|--|

## FOOD STATIONS

### Station #1

- Roast Alberta Beef Tenderloin
- Maple Glazed Gammon Ham on the Bone
- Roast Ontario Vegetables
- Celeriac Mash
- Horseradish Sauce
- Muskoka Cranberry and Orange Sauce

### Station #2

- Venison and Bison Slider, Lettuce, Tomato, Pickle
- Truffled Mac and Cheese with Nova Scotia Lobster
- Cookstown Leaves with Cherry Tomato and Cucumber
- Butternut Squash Salad with Maple Red Wine Dressing

### Station #3

- Blueberry Shots
- Butter Tart
- Nainamo Bars

RECEPTION Food will also be circulating at 6pm.

**Entertainment:** Porteno Ensemble Toronto led by Alex Toskov playing from 6:00 pm to 8:30pm

- *ALEX TOSKOV, Student at the Royal Conservatory of Music Toronto*
- *Will be graduating in April 2013 and has recently been hired by the Toronto Symphony Orchestra*
- *Winner of The Glenn Gould School Chamber Music Competition 2011*
- *Recipient of The Royal Conservatory of Music Full tuition scholarship and Serbian Fund for highly gifted students.*

**Photographer:** Howard Prendergast Photography

8:15 pm

Start wrapping up

8:30 pm

Event closed

Upon departure guests will receive one of the following:

- Blackberry Holders engraved with CAFil logo and website url
- Slate Coasters engraved with CAFil logo, tag line and website url

In addition CAFil pens and key chains will also be available for people to take.

# CAFII Priorities by Committee – March 2013

## Executive Operations Committee

**Membership:** As per CAFII Bylaw 6.01. Sub-committees may strike taskforces drawing on expertise of other individuals associated with member companies.

Mandate	Activities	Issues of Interest
Recommend budget and priorities to Board	Draft and review <b>Financial Reports</b>	
Keep environment open to key products	Be aware of current and emerging issues ( <b>Regulatory Update</b> ).	
	Develop responses to regulatory initiatives. Forward to board for approval as necessary. Oversight of <b>Distribution and Market Conduct Policy Committee (DMC)</b>	Regulation of ISI
		International regulation of creditor products
		Market Conduct Regulation
		Electronic Commerce
Keep environment flexible /efficient	Identify barriers to efficient operations. Oversight of <b>Licensing Efficiency Issues Committee</b>	Provincial Insurance Act Reviews
		Licensing Irritants
		Provincial Insurance Councils and CISRO issues, including LLQP
		Electronic licensing
Develop communication plans and tools	Oversight of <b>Media and Advocacy Strategy Committee(MAC)</b>	Multi-jurisdictional licensing/mutual recognition
		Communications strategy, CAFII Branding Advocacy Strategy Website
Build relationships with key stakeholders	Connect with regulators. Manage and conduct regulator visits. (Manage <b>Regulator Visit Schedule</b> ) Approve attendees at regulator meetings, review meeting notes and manage follow-up actions	
	Oversight of <b>Networking and Events committee</b>	
Other items	Continuance under new Not for Profit Corporations Act	Changes to be made by October 2014
	Changes to CAFII Management structure – development of Executive Director role	Executive Director hired effective December 2012; oversight of establishment of ED's role, its evolution and effectiveness



**Distribution and Market Conduct Policy Committee**

**Membership:** The committee will have 4 permanent members including 2 co-chairs all of whom are members of the EOC.

**Co-Chairs:** 1) Sue Manson CIBC 2) Wayne Eccles TD **Other members:** 3) Emily Brown BMO 4) John Poolman, Assurant

5) Andre Duval, DSF 6) Rose Beckford Scotialife Financial **Mandate:** Oversee development of CAFII policy positions as directed by EOC. Oversee taskforces as required. Activities: Draft CAFII submissions, Manage and interpret industry research projects as approved by EOC

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
<b>Regulation of ISI</b>	Quebec <ul style="list-style-type: none"> <li>DWR(review of Act)</li> </ul>	<ul style="list-style-type: none"> <li>CAFII members met with Eric Stevenson Nov 2012</li> </ul>	<ul style="list-style-type: none"> <li>Deferred/Watch</li> </ul>
	Quebec <ul style="list-style-type: none"> <li>Review of Distribution Guide</li> </ul>	<ul style="list-style-type: none"> <li>CAFII input provided on Guide (e.g. signature, remuneration) through letter sent to AMF June 2012, meeting with Eric Stevenson Nov 2012 and follow-up letter sent to AMF Dec 2012</li> </ul>	<ul style="list-style-type: none"> <li>Active</li> <li>EOC issue</li> <li>DMC proposes information session</li> </ul>
<b>International Regulation of Creditor Insurance</b>	PPI IAIS Core Principles	<ul style="list-style-type: none"> <li>Brendan reported on US and UK developments</li> <li>CAFII Project</li> </ul>	<ul style="list-style-type: none"> <li>Active/Monitor ongoing</li> <li>Prepare for discussion with Board April 10</li> <li>Post Implementation Review</li> </ul>
		<ul style="list-style-type: none"> <li>Proposed committee work on impact of international regulations matrix</li> </ul>	<ul style="list-style-type: none"> <li>Obtain EOC Input</li> </ul>
<b>Complaint Statistics</b>		<ul style="list-style-type: none"> <li>Proposed committee work on Complaint Statistics</li> </ul>	<ul style="list-style-type: none"> <li>Obtain EOC Input</li> </ul>
<b>Consultations</b>	FSCO life insurance suitability review	<ul style="list-style-type: none"> <li>FSCO will hold a pre-consultation meeting with CAFII when ready to launch initiative</li> </ul>	<ul style="list-style-type: none"> <li>Active/Coming up</li> </ul>
	ecommerce	<ul style="list-style-type: none"> <li>CCIR and AMF – upcoming consultations</li> </ul>	<ul style="list-style-type: none"> <li>Active/Coming up</li> </ul>
	Provincial Insurance Acts	<ul style="list-style-type: none"> <li>Manitoba</li> <li>Saskatchewan</li> <li>Ontario</li> </ul>	<ul style="list-style-type: none"> <li>Active/Coming up</li> <li>Watch</li> <li>Watch</li> </ul>
<b>Avalon Report Update</b>	Survey members companies, update analysis and research	<ul style="list-style-type: none"> <li>Comparison of creditor insurance on mortgages with term life and individual disability insurance: pricing, approval rates, claim approval rates, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Active, draft timeline</li> </ul>

**AMF Distribution Guide Task Force**

(Task Force of Distribution and Market Conduct Policy Committee)

**Members:** Emily Brown, John Poolman, Rose Beckford, Moira Gill, Sue Manson

**Purpose:** Recommend changes to the AMF Distribution Guide based on the Mutual Fund Guide, customized for exclusion disclosure

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## CAFII Priorities by Committee – March 2013

### Licensing Efficiency Issues Committee

**Membership** – 1 Chair who is a member of EOC and 3 members from representative companies.

Chair: Moira Gill TD 2) John O'Hoski Cdn Premier 3) Sara Gelgor, ScotiaLife Financial 4) John Poolman, Assurant 5) Greg Grant CIBC

**Mandate:** Identify and manage licensing efficiency issues for restricted and individual licensing processes.

Priorities	Issues	Currently active issues	Status
<b>Licensing operation issues</b> Streamlining and harmonizing licensing requirements (training, CE, other)	Request for restricted certificates for 3 <sup>rd</sup> parties Alberta	v	CAFII letter to the Council (2011). Council responded that they did not support the request. Committee decision to address the issue with the Council again in 2012.
	CISRO project to redesign LLQP – project completion target Sept 2014		Quarterly Update Forums being held by CISRO, incl. January 17/13 Next Forum expected to be held in Toronto on April 9, 2013
	Licensing process -streamlining and harmonization		Identification of issues on going.
<b>ISI regime implementation</b>	Manitoba – issues to be resolved with implementing regulations		Included in Insurance Act spring 2012 <b>Letter sent in August 2012</b>
<b>Provincial Insurance Councils and CISRO issues</b>	Opportunities to have restricted licensees represented or otherwise participate on Council discussed with Saskatchewan and Alberta. Committee identified a need for an analysis of options for BC, Alberta & Saskatchewan. Council representation needed	v	Legal assistance engaged and analysis of options underway. <b>Meeting with AIC Jan 2012.</b> <b>Meeting with Sask. held</b> <b>Meeting with Manitoba held</b>
<b>Electronic licensing</b>	Promote use of electronic licensing systems by provincial regulators Possible use of “business numbers” to link		<b>Letter of support sent to CISRO May 2012</b>
<b>Multi-jurisdictional licensing/ mutual recognition</b>	Trade Agreements - promote mutual recognition ( Ontario – Quebec, New West Partnership )		Attended trade agreement update meeting May 2012

**Media and Advocacy Strategy Committee**

**Membership:** The committee will have 4 permanent members including 2 co-chairs, all of whom are members of EOC. EOC chair is co-chair.

**Co-Chairs:** 1) Sara Gelgor 2) John Lewsen

**Members:** 3) Paul Yeung, 4) Moira Gill 5) Greg Grant

**Resources:** Leya Duigu, Brendan Wycks

**Mandate:** Identify key stakeholders and develop, recommend and implement communication and advocacy strategy. Oversee CAFIL branding. Oversight of Media Response taskforce.

**Areas of Interest:** Underserved Market: Creditor Insurance (value proposition, disclosure); Counter broker lobby messages

Initiatives	Status/Explanation	Resp	Next steps
-Develop a Communications Strategy	-Update Communications Strategy: CAFIL-branded “Regulatory Value Added Strategy” for website and regulator communication. Most materials exist but materials should be reviewed and recommendations made as to how to package and brand materials. Include concept of sending targeted messages to regulators when an issue is in the media.  -bring strategy up to date, should be a refresher at every board meeting	ED	-ED B. Wycks provided Feedback/Commentary on Communications Strategy at March 21, 2013 MAC meeting -Update to be provided at March 26, 2013 EOC meeting  -Update to be provided at April 10, 2013 Board meeting
<u>Website</u> -collect testimonials, post on site  -Refresh CAFIL mission statement  -expand tabs to include other products & regulators/industry	-Testimonial ( written or video)- 1 per member , have 7 or 8 available and determine how to rotate through ( value –add to members)  -review mission statement to ensure it is in line with branding,  -incorporate alternate distribution ( underserved market)	J Lewsen  ED  ED	-Website live May 2012. Email reminder sent w/o Oct 22, 2012; One written testimonial received to date. B. Wycks to follow-up with direct request to each Voting Member, via EOC members -In process with ED B. Wycks; for review and discussion at April 2013 MAC meeting -Underserved market material drafted, to be approved for website. In process with ED B. Wycks; for review and discussion at April 2013 MAC meeting

CAFII Priorities by Committee – March 2013

Initiatives	Status/Explanation	Resp	Next steps
-Develop CAFII “Did you know” video to convey important facts	- Travel insurance product – ED to reach out to travel association and CLHIA; look at it from distribution perspective  -(Charles Blaquiere suggestion ) <b>Budget allocation request \$10,000</b>	ED	-Pending; target completion in April/May 2013; ED B. Wycks has meeting with three CLHIA Execs. on April 3; and is arranging meeting with John Thain, volunteer President of Travel Health Insurance Association of Canada, who works for Assurant Solutions
-what’s new	-In place, ongoing update of news	ED	-In process as part of CAFII Re-Branding and Visual Identity Modernization initiative  -Ongoing
<u>CAFII Branding</u> -develop marketing tagline	several taglines to be sent to Board, -identify differentiating factor, eg advocating for insurance access , choice, all Canadians	J Lewsen	Completed
-include tagline on all submissions, website, swag, and letters to regulators	- include tagline on all submissions, website, swag, and letters to regulators	ED	-In process; to be completed in conjunction with Re-Branding and Visual Identity Modernization initiative
-CAFII newsletter for regulators	-Insurance regulatory news to be collected monthly and shared with regulators as a value added service <b>Budget Request re formatting?</b>	ED	-Completed and ongoing. First issue produced in March 2013
-CAFII “look”	-Develop a font and layout unique to CAFII to be used in letters, submissions and newsletter; assess if new logo needed <b>Budget allocation request \$10,000</b>	ED	-In process. RFP issued for CAFII Re-Branding and Visual Identity Modernization
-Acquire soft marketing tools (pads, pens etc),	-Coasters suggested– include tagline and web address on next re-order <b>-Budget allocation request</b>		-Pens, mugs and i-phone holders are in stock
<u>Media Protocol</u>			

CAFII Priorities by Committee – March 2013

Initiatives	Status/Explanation	Resp	Next steps
-Develop and manage protocol for handling media requests  -media training for ED	-Protocol needs to be revised for arrival of ED  <b>-Budget allocation request \$2,000</b>	ED	-Completed; revised Media Protocol approved by MAC on January 17/13  -Schedule training for April/May 2013
-Monitor Media -Develop List of Friendly media		ED	Ongoing  Paul & Moira have draft list. In process; for review and discussion at April 2013 MAC meeting
-Notify communications departments of member firms -News Release	-To be done when messaging is reviewed  -Send out notification re new ED		
Develop 2-3 likely scenarios		ED	-B. Wycks reviewing material drafted by G. Grant. For review and discussion at April 2013 MAC meeting
Key Message Development - identify issues and develop key messages	-Key message document: develop and review stock messages to be used in communication opportunities	ED	-Key Messages document drafted by A. Riley for B. Wycks' review. In process; for review and discussion at April 2013 MAC meeting
-Regulator Kit  -develop booklet /brochure	For new regulators. Compile package of information for regulators which can include -booklet - past submissions, -testimonials and -key fact sheet. Booklet - take images from website, testimonials, designed to highlight major issues. Small 10 page booklet that can be given out with business cards.	ED  ED	-Some content developed by RBC intern       -To be completed in conjunction with Re-Branding and Visual Identity Modernization initiative

CAFII Priorities by Committee – March 2013

Initiatives	Status/Explanation	Resp	Next steps
-Key Facts sheet	-develop a “Key Facts” sheet to be part of regulator package	ED	-To be completed in conjunction with Re-Branding and Visual Identity Modernization initiative
Manage research to support message (eg. Pollara) - develop key messages - manage plan of use of research - determine when and what research must be undertaken or renewed	-Pollara plan of use in place	MAC	-Plan of use to be reviewed by ED and feedback brought to MAC meeting in April/May 2013
-Industry Statistics	- identify and keep current statistics from LIMRA and CAFII research	ED	-overlapping responsibility with DMC. For possible referral/delegation to DMC.
-Webinars Develop and offer webinar education Determine distribution of webinar material	-develop / oversee development of new webinars -review and keep webinars current -track who has seen which webinars -plan number of webinars per year, have list of upcoming webinars -deliver webinars  <b>Budget allocation request \$10,000</b>	ED	-Digital, apps and social media webinar in process with Davis Yoo and Debbie Dimoff of PwC; for delivery to CCIR audience on either Thursday, May 30 or Friday, May 31, during consultation period following release of CCIR’s follow-up discussion paper on e-commerce. Teleconference to review Content Outline for webinar -- involving Davis Yoo, Debbie Dimoff, Carol Shevlin of CCIR, and B. Wycks scheduled for March 28

**Media Response Taskforce**

**Membership:** Taskforce consists of any two members of the Media and Advocacy Strategy committee plus Brendan Wycks.

**Purpose:** Deal with media issues as they arise. Make recommendation to Board communications committee (Members: Mark Cummings, Scotialife Financial; Dave Minor, TD; Rick Lancaster, CIBC; Julie Barker-Merz BMO)

# CAFII Priorities by Committee – March 2013

## Networking and Events Committee

**Membership:** 1 Chair - 2 members , EOC chair is an ex-officio member

Chair: Paul Yeung RBC 2) Maria Sanchez –Chung TD 3) Ex-officio: Jennifer Hines Resources: Leya Duigu, Brendan Wycks

**Mandate :** Operate CAFII events and receptions to maintain contact with regulators, associate members and other key stakeholders.

Priority	Activities	Status
<b>Plan Quarterly Speaker and reception events, and member-only event</b>	-February Speaker Event ( members only)	-Moved to March 26, 2013, with Jane Carr, Vice-President and Managing Attorney, Assurant Solutions, Atlanta, speaking on “Issues, Challenges and Opportunities in U.S. Debt and Other Protection Products.” Completed
	-April 10, 2013 CAFII 15 <sup>th</sup> Anniversary Event	-Plans fully in place
	-June AGM/Regulator Reception Event	-Doug McPhie, Ernst & Young’s Canadian Insurance Leader, proposed as speaker on “2013 Canadian Life Insurance Outlook” for Regulator Reception event on June 11, 2013
	October Speaker Event	
	December Reception	
<b>Keep current lists of key contacts</b>		
<b>Christmas cards to key contacts?</b>		
<b>Seek out other opportunities to meet with contacts (eg. corporate table)</b>		