

**CAFII Board of Directors Meeting**

**Tuesday, December 2, 2014**

**Location: Arcadian Loft**

**401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON**

**2:00 – 4:45 pm**

*Conference call dial-in information: 416.764.8662 or 1.888.884.4534*

*participant pass code: 771017#, moderator pass code: 7661560*

**Agenda**

Item	Presenter	Action
1. Call to Order and Welcome: 1.1. Confirmation of New CAFII Regular Member 1.2. Appointment of Director from The CUMIS Group Ltd.	R. D'Onofrio	Update Approval
2. Adoption of Minutes: 2.1. Draft Board Meeting Minutes, October 7, 2014 2.2. Summary of Board & EOC Action Items	All G. Grant	Approval Review
3. Financial Update: 3.1. Financial Statements as at October 31, 2014 3.2. 2015 CAFII Operating Budget 3.3. Revised Expense Reimbursement Policy proposal	R. Rajaram B. Wycks G. Grant, B. Wycks	Approval Approval Approval
4. Strategy and Governance: 4.1. Transition Arising from Board Direction on Media Advocacy 4.2. Balanced Scorecard	G. Grant G. Grant, B. Wycks	Update Update
5. Regulatory: 5.1. Travel Insurance Pan-Industry Project Group (TIPIP) 5.2. FSCO Panel 5.3. BC Roundtable Discussion on 10 Year Review of Financial Institutions Act 5.4. Stakeholder Meeting with CCIR: January 28, 2015 5.5. Regulatory Update 5.6. 2015 Regulator and Policy-Maker Visit Plan	B. Wycks, G. Grant B. Wycks G. Grant  B. Wycks, G. Grant B. Wycks B. Wycks	Update Update  Update Update Update
6. Committee Reports Addressing CAFII Priorities: 6.1. Media Communications Committee 6.1.1. Update on media outreach 6.2. Distribution and Market Conduct Policy Committee 6.2.1. CAFII Value Proposition Project 6.3. Licensing Efficiency Issues Committee 6.4. Media and Advocacy Committee 6.5. Networking and Event Hosting Committee 6.5.1. Events & Speakers: Feb 10/15	G. Grant, B. Wycks, C. Blaquiére  S. Manson M. Gill J. Lewsen, M. Gill  P. Yeung, M. Sanchez-Chung	Update  Update Update Update Update
7. Other Business 7.1. Draft 2015 Meeting Calendar	B. Wycks	Update
8. In-Camera Session	R. D'Onofrio	

Next Board Meeting: Tuesday, April 7, 2015 hosted by CIBC Insurance in Toronto, ON.

**CAFII Board Meeting Minutes**  
**Tuesday, October 7, 2014**  
**Location: TD Bank Tower**  
**66 Wellington St. W, 54<sup>th</sup> Floor, Toronto, ON**

**DRAFT**

<b>Present:</b>	Chris Knight	TD Insurance	
	Todd Lawrence	CIBC Insurance	
	Peter McCarthy	BMO Insurance	
	Isaac Sananes	Canadian Premier Life Insurance Co.	<i>Chair</i>
	Vivianne Gauci	AMEX Bank of Canada	
	Joane Bourdeau	National Bank Insurance Co.	
<b>EOC Present:</b>	Carol Allen	Assurant Solutions	
	Rose Beckford	ScotiaLife Financial	<i>(by teleconference for part)</i>
	Charles Blaquiere	Canadian Premier Life Insurance Co.	
	Emily Brown	BMO Insurance	
	Andre Duval	Desjardins Financial Security Life Assurance	
	Eleanore Fang	TD Insurance	
	Moiria Gill	TD Insurance	
	Greg Grant	CIBC Insurance	<i>Secretary</i>
	John Lewsen	BMO Insurance	
	Sue Manson	CIBC Insurance	
	Rosemary Pulla	BMO Insurance	
	Raja Rajaram	CIBC Insurance	<i>Treasurer (by teleconference for part)</i>
	Maria Sanchez-Chung	TD Insurance	
	Paul Yeung	RBC Insurance	
<b>Also Present:</b>	Leya Duigu	T•O Corporate Services	<i>Recording Secretary</i>
	Brendan Wycks	CAFII	<i>Executive Director</i>
<b>Regrets:</b>	Darrell Bruce	ScotiaLife Financial	
	Rino D'Onofrio	RBC Insurance	
	Linda Fiset	Desjardins Financial Security Life Assurance	
	Robert Zanussi	Assurant Solutions	
	Derek Blake	RBC Insurance	
	Brian Wise	Assurant Solutions	

**1. Call to Order**

The meeting was called to order at 2:10 p.m. I. Sananes acted as Chair; G. Grant acted as Secretary; and L. Duigu acted as Recording Secretary.

### **1.1. Approval of Agenda**

On a motion duly made, seconded and unanimously carried

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

The Meeting Agenda be approved as circulated.

### **1.2. Confirmation of Appointments**

Previous Chair M. Cummings stepped down from the CAFII Board at the Annual and Special Meeting in June. A nominations process was conducted resulting in a motion to appoint a successor Chair and Vice-Chair that was carried out electronically.

The following motions were unanimously carried:

#### **IT WAS RESOLVED THAT:**

- R. D'Onofrio of RBC Insurance be appointed Chair of the Corporation, effective immediately and for a term concluding with the Annual Meeting in June 2015.
- I. Sananes of Canadian Premier Life Insurance Company be appointed Vice-Chair of the Corporation, effective immediately and for a term concluding with the Annual Meeting in June 2015.

### **1.3. Appointment of New Director**

On a motion duly made, seconded and unanimously carried

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

Joane Bourdeau from National Bank Insurance be appointed to the CAFII Board of Directors until the next Annual Meeting in June 2015.

## **2. Adoption of Minutes:**

### **2.1. Draft Board Meeting Minutes, April 8, 2014**

On a motion duly made, seconded and unanimously carried

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

The Minutes of the meeting of the Board of Directors held April 8, 2014 be and are adopted in the form presented, and that a copy of these Minutes be signed and placed in the Minute Book of the Corporation.

### **2.2. Draft Board Meeting Minutes, June 10, 2014**

On a motion duly made, seconded and unanimously carried

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

The Minutes of the meeting of the Board of Directors held June 10, 2014 be and are adopted in the form presented, and that a copy of these Minutes be signed and placed in the Minute Book of the Corporation.

### **2.3. Summary of Board Action Items**

G. Grant presented the summary documents, informing the Board that we have included the combined Board and EOC documents for the Board's information and review. Today, he will be going through the Summary of the Board Meeting. The items will also be put into a proper order at a later date.

## **3. Financial Update:**

### **3.1. Financial Statements as at August 31, 2014**

R. Rajaram presented the financials that were included in the meeting materials, summarizing total assets, unrestricted net assets and the statement of operations which is currently at 70% of the year's budgeted expenses.

On a motion duly made, seconded and unanimously carried

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

The financial statements for CAFII as at August 31, 2014 be and are approved in the form presented.

## **4. Balanced Scorecard**

The Balanced Scorecard outlines the work that CAFII has committed to and provides a measure for the EOC and Executive Director, B. Wycks, to be reviewed against.

G. Grant provided an item-by-item update on performance against the Balanced Scorecard noting that a great deal had been accomplished since the previous Board meeting, but much remained to be done.

## **5. Matters Arising From CNCA:**

### **5.1. CAFII CNCA Compliance Confirmation**

During the Annual and Special meeting held June 10, 2014, CAFII members approved the documents necessary for the Association to achieve continuance under the Canada Non-Profit Corporations Act (CNCA); and this continuance became effective August 25, 2014. Those involved in the review process were thanked for their participation including members of the EOC, Fasken Martineau, and TO Corporate Services.

### **5.2. Draft Competition Law Policy**

On a motion duly made, seconded and unanimously carried

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

The Competition Law Policy be adopted in the form presented.

### **5.3. Draft Associates Policy**

On a motion duly made, seconded and unanimously carried

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

The Associates Policy be adopted in the form presented.

## **6. Regulatory:**

### **6.1. Travel Insurance Pan-Industry Project Group (TIPIP)**

TIPIP group is comprised of CLHIA, THiA and CAFII, and Jill McCutcheon of BLG is acting as legal counsel. TIPIP members have committed to meeting every two weeks for the purpose of making recommendations to the CCIR on addressing issues related to travel insurance. Each of the participating Associations has a different stake in the initiative. Since travel insurance is its raison d'être, THiA has the largest stake in the effort and is driving much of the process. TIPIP's short-term goal is to create a Briefing Document and send it to the CCIR in advance of its November stakeholder meetings. The names of all three organizations will appear on the document's cover and the EOC will be asked to review and approve the document before it goes forward to the CCIR.

### **6.2. Joint Visit to Atlantic Canada Regulators: Oct 1/14**

- Manitoba Insurance Council: Erin Pearson provided an update on the implementation of the ISI regime, through which the regulator is anticipating approximately 500 Restricted Insurance Agent licensees. A draft Application Form has been shared with B. Wycks and M. Gill, to give CAFII an opportunity to provide informal feedback. Plans for an ISI committee are also being developed.
- Alberta. Mark Prefontaine, Superintendent of Insurance, indicated there are no pending changes on the horizon with respect to life and accident & sickness insurance. The Superintendent's office recently hired a new deputy and Laurie Balfour has a new inter-jurisdictional role with the Canadian Council of Insurance Regulators (CCIR).
- Atlantic Canada Regulators Meeting. CAFII members G. Grant and J. Lewsen presented on the Underserved Insurance Market. The presentation was well-received and it was felt that a slide to summarize our "ask" of the regulators would be a helpful addition. Travel insurance was noted as a hot button issue; however, the exact nature of these issues in the Atlantic Provinces is unclear. Introduction of a Restricted Licensing Regime is not on the horizon; however, if it's adopted in the rest of Canada, the Atlantic regulators expect there will be more pressure for them to join in on this approach.

### **6.3. Stakeholder Meeting with CCIR: 2014-17 Strategic Plan**

A CCIR Stakeholder meeting has been confirmed for November 5, 2014 at 9:00 a.m., and shall be attended by P. McCarthy, C. Knight, T. Lawrence, D. Bruce and B. Wycks. One item that will require a decision before this meeting is whether travel insurance should be discussed as a 'CAFII' issue. The EOC shall discuss this in more detail.

#### **6.4. Regulatory Update**

B. Wycks summarized the Regulatory Update that was included in the meeting materials.

### **7. Committee Reports Addressing CAFII Priorities:**

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

The committee has been quite involved with the AMF distribution guide response submitted recently, as well as preparing the Underserved Market presentation for CAFII's Oct 1, 2014 meeting with Atlantic Canada regulators.

##### **7.1.1. CAFII Value Proposition Project**

The Creditor Value Proposition study has been completed by all CAFII members. At this time, the individual insurer survey has been distributed to 24 companies and, to-date, 12 completed responses have been received. To secure more responses, the sub-committee has recently decided to extend the deadline for individual insurers and this may delay the presentation to the Board.

#### **7.2. Licensing Efficiency Issues Committee**

##### **7.2.1. Nova Scotia Bill 43**

M. Gill updated the Board on changes that have been proposed to the Nova Scotia Act affecting direct sellers. At this time, CLHIA is tracking this matter and has communicated with the province about preserving the exemption for insurance found in the previous version of the Act. To date, CAFII has not made a representation to Nova Scotia on this matter; however, we are dealing directly with the regulator to supplement the communications coming from CLHIA.

##### **7.2.2. Representation for Restricted Licensees in Saskatchewan**

M. Gill provided an update on the licensing committee's initiatives, including those relating to Saskatchewan, as follows:

- New Brunswick: a consultation paper will be released this fall, with the goal creating a more streamlined individual licensing process.
- The licensing committee continues to track issues related to LLQP modernization and, as the situation evolves, we are considering the timing of a follow-up CAFII letter of support.
- Manitoba: CAFII members recently had dinner with the Executive Director of the Insurance Council, which was a great success and opened opportunities for further dialogue and relationship-building.
- Alberta: initially, the concept of representation for restricted licence holders in this province wasn't an option; however, we have since made great progress.

- Saskatchewan: we continue to work on a model for achieving representation for restricted licence holders through an advisory committee to the Executive Director of the Insurance Councils; however, due to a predominant focus on the LLQP modernization initiative and this province's leadership on that issue, representation as well as some other issues has been delayed.
- British Columbia: the Financial Institutions Act is up for a mandated 10-year review beginning this fall. The exemption for creditor insurance is in this Act and it seems obvious that it will become a topic of conversation. British Columbia has a history of doing things on its own, so it might be beneficial to consider what we would like and start making submissions on this.

### **7.3. Media and Communications Committee**

#### **7.3.1. External Communications Strategy Summary**

M. Gill and J. Lewsen presented the summary. It was noted that creditor insurance is repeated a number of times throughout the document and now travel is starting to be a recurring topic of discussion. In future, it would be ideal to expand our field of expertise to "alternate distribution"; however, right now creditor insurance is a starting point for growing CAFII recognition in the various stakeholder groups.

#### **7.3.2. Update on Media Outreach**

Directors discussed a recent missed opportunity to communicate with the media and challenges with moving the communications agenda forward. Consideration was given to whether CAFII had the right resources and/or processes to deal with communications matters. To-date, CAFII has done a great job with our regulator audience which is a slower moving environment. The media is a faster moving environment and we need to decide as a Board whether B. Wycks should be given a license to communicate the CAFII message with confidence.

Directors felt that the Board has expressed a desire to have a buttoned down plan/strategy that is proactive. This would include documenting who our spokesperson is and what their boundaries are for communicating, and then confirm those recommendations with the Board. G. Grant confirmed that the direction from the Board was clear and that it is time to execute. He has provided a list of eight items and a document of key messages to move forward with and the approach was not to react but begin building our relationships with friendly media. His view is that we have received approval and are at the point of execution.

Directors were informed of a media opportunity that was recently confirmed through which B. Wycks shall engage in a practice educational discussion with a business reporter from the Toronto Star. The goal of this interview is to provide education to a friendly media person in a controlled environment. A document shall be circulated to the Executive Operations Committee (EOC) on this matter and we will reassess after this initial experience with a friendly reporter.

The Board confirmed that once a Key Messages Map and Key Messages are provided for approval G. Grant and B. Wycks are empowered to make a decision. Should anything occur outside of this plan, then G. Grant and B. Wycks can make a decision on this at that time.

**Action:** Key Messages Map and Key Messages to be provided to the board for approval. [B. Wycks, G. Grant: date]

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

##### **7.4.1. Events & Speakers: Oct 7/14 and Feb 10/15**

The speaker presentation and reception today will be well-attended, as we received 110 acceptances. P. Yeung highlighted the key regulators who will be in the audience.

The 2015 Annual Members luncheon speaker has been confirmed as Jane Rooney of the FCAC, Canada's first Financial Literacy Leader. The date for this event is February 10, 2014. The venue shall be confirmed shortly.

Suggested speakers for subsequent 2015 events included the new CEO of FSCO as well as Jeremy Rudin, Superintendent of Financial Institutions and the head of OSFI.

#### **8. In Camera Discussion**

The Board of Directors met *in camera* for the remainder of the meeting.

#### **9. Termination**

The Board of Directors meeting was terminated upon completion of the *in camera* discussion. The next CAFII Board of Directors meeting will be held on December 2, 2014, in Toronto.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

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



## Summary of Meeting Action Items: BOARD & EOC

	Source	Action Item	Responsible	Deadline	Status as of 28-Nov-14
<b>BALANCED SCORECARD / PERFORMANCE MANAGEMENT</b>					
		<b>Balanced Scorecard</b>			
1	Board June 10, 2014	<ul style="list-style-type: none"> <li>Continue refining the Balanced Scorecard to highlight major goals within each section, for purposes of reporting at Board meetings.</li> </ul>	Greg, Brendan	Ongoing	Ongoing
2	Board April 8, 2014	Brendan Wycks and the EOC to refine the Balanced Scorecard to reflect the following feedback: <ul style="list-style-type: none"> <li>Identify top three (3) priorities for 2014 in each area of activity</li> <li>Use colour coding to aid in identifying importance and risk, for example: red (high risk) and blue (low risk)</li> <li>Add a percentage weighting to each broad area of activity/audience; and to sub-items</li> <li>Identify key persons responsible, primary and secondary, for each item</li> </ul>	B. Wycks, EOC		Pending
<b>FINANCIAL MANAGEMENT</b>					
		<b>2015 Budget</b>			
3	EOC Nov 18, 2014	<ul style="list-style-type: none"> <li>Budget discrepancies in the 2013 column to be reviewed and corrections to be made if necessary in order to present to the board on December 2, 2014.</li> </ul>	Greg, Brendan	28-Nov-14	Completed
4	EOC Sept 23, 2014	<ul style="list-style-type: none"> <li>Develop preliminary 2015 Operating Budget including 2014 spending and percentage used to date. Chairs to be prompted to provide committee projects and budgets.</li> </ul>	Brendan	23-Oct-14	Completed
<b>MEMBERSHIP</b>					
		<b>Voting Member Application: CUMIS Group</b>			
5	EOC July 22, 2014	<ul style="list-style-type: none"> <li>BMO Insurance sponsorship of The CUMIS Group membership application by to be confirmed by John.</li> <li>Upon confirmation of above, Brendan to arrange an interview with CUMIS representatives as outlined in step #3 of the briefing document</li> </ul>	John, Brendan	29-Aug-14	Completed
				16-Sep-14	Completed
6	Ad Hoc	<ul style="list-style-type: none"> <li>Board members to vote electronically on recommendation re CUMIS' admission as a Regular Member of CAFII, prior to December 2/14 Board meeting.</li> </ul>	Board	26-Nov-14	In progress
7	Ad Hoc	<ul style="list-style-type: none"> <li>Board to appoint initial Director from CUMIS at December 2/14 Board meeting.</li> </ul>	Board	2-Dec-14	Pending

	Source	Action Item	Responsible	Deadline	Status as of 28-Nov-14
8	EOC June 19, 2014	<ul style="list-style-type: none"><li>• Prepare briefing package on CUMIS’ application for Regular Membership. The package should document CAFII’s membership application process including pertinent by-laws and past practices regarding new members. A list of current voting and non-voting members should be included along with analysis of relevant issues pertaining to the balance of Foundation versus Regular members. Finally, steps taken to-date with regard to the CUMIS application should be outlined along with the relevant information uncovered during our investigation. Briefing package to be vetted with EOC Chair Greg Grant and then disseminated to Board and EOC members.</li></ul>	Brendan, Leya	4-Jul-14	Completed
		<ul style="list-style-type: none"><li>• Pose the following questions to their Board Members: “Are they familiar with The CUMIS Group Ltd.? Would they consider sponsoring CUMIS’ application to become a Regular (voting) Member of the Association? If sponsoring isn’t an option, would they support the application?”</li></ul>	Foundation EOC members	21-Jul-14	Completed
GOVERNANCE AND ADMINISTRATION					
		CAFII Strategy Session			
9	EOC Nov 18, 2014	<ul style="list-style-type: none"><li>• CAFII strategy session to be added to the agenda of the next EOC meeting for an indepth discussion and decision making.</li></ul>	Greg	13-Jan-15	Pending
		Expense Reimbursement Policy Draft			
10	EOC Nov 18, 2014	<ul style="list-style-type: none"><li>• Previous three invoices relating to board hosting to be provided to Greg in order to identify a more reasonable limit for reimbursing hosts.</li></ul>	Leya	28-Nov-14	In progress
		2015 Draft Meeting Calendar			
11	EOC Oct 28, 2014	<ul style="list-style-type: none"><li>• Leya and Brendan to be notified of any conflicting dates in the proposed 2015 meeting calendar.</li></ul>	EOC	12-Nov-14	Completed
REGULATOR / POLICY-MAKER RELATIONS AND ADVOCACY					
		Central Canada: MB, ON, QC			
12	EOC Nov 18, 2014	<ul style="list-style-type: none"><li>• CAFII to consider making a submission on the Ontario Credit Unions 5-Year Review Review (Deadline Jan 15, 2015). Follow-up on Greg’s email suggesting our two credit union members lead this initiative and report back to EOC.</li></ul>	Brendan, Greg	13-Jan-15	Pending
		Regulator & Policy-Maker Visit Plan			
13	EOC Oct 28, 2014	<ul style="list-style-type: none"><li>• The Regulator &amp; Policy-Maker Visit Plan to be presented at the next EOC Meeting.</li></ul>	Brendan	18-Nov-14	Completed
		Eastern Canada: NB, NL, NS			
14	EOC Sep 23, 2014	<ul style="list-style-type: none"><li>• Draft letter of response to Nova Scotia Bill 43.</li></ul>	Brendan, Moira	31-Dec-14	Outstanding
15	EOC- June 19, 2014	<ul style="list-style-type: none"><li>• Submit a letter on the potential changes to the New Brunswick Insurance Act to Invest New Brunswick.</li></ul>	LEIC	Jan 2015	In progress

	Source	Action Item	Responsible	Deadline	Status as of 28-Nov-14
		<b>Western Canada: BC, AB, SK</b>			
16	EOC Sep 23, 2014	• Provide feedback on the draft input on Representation for Restricted License Holder in Saskatchewan.	EOC	25-Sep-14	Completed
17	EOC Nov 18, 2014	• Request legal counsel to develop draft by-law	LEIC, Moira	TBA	
18	EOC June 19, 2014	• Make recommendation to EOC on BC representation for banks-in-insurance sector.	LEIC	15-Sep-14	Pending
		<b>Pan-Industry Group on Travel Insurance Issues</b>			
19	Board June 10, 2014	• Directors to communicate any hot button issues or any particular sensitivities related to travel insurance, through their EOC members or directly to Brendan Wycks.	EOC, Brendan	Ongoing	Ongoing
		<b>New Ministers</b>			
20	Board June 10, 2014	• Prepare and send a CAFII letter of congratulations to the new Ministers of Finance in Newfoundland, Ontario and Quebec (Mr. Carlos J. Leitão), as well as the Premier of Newfoundland once s/he is appointed.	Brendan	19-Dec-14	In progress
		<b>FCAC</b>			
21	EOC Sep 23, 2014	• FCAC Research Study: CAFII shall respond to the online survey and, if selected to participate in a 30 minute interview, decline.	Brendan	24-Oct-14	Completed
		<b>LLQP Modernization</b>			
22	EOC July 22, 2014	• Draft letter of support for LLQP modernization for review at the July 30 MAC meeting	Brendan	30-Jul-14	Completed
23	Ad Hoc	• Present final LLQP letter to EOC for approval	Brendan, Moira	13-Jan-15	In progress
24	Board June 10, 2014	• Develop a list of relevant policy-makers and legislators; and drafting a letter to them in support of the LLQP modernization	Brendan, EOC	13-Jan-15	In progress
		• Continue to monitor developments on this issue and consider scheduling follow-up meetings with the recipients of the letter.	EOC	Ongoing	No action taken
<b>INDUSTRY RESEARCH</b>					
		<b>CAFII Value Proposition Project</b>			
25	EOC Oct 28, 2014	• An interim report to be presented to the EOC (November 18) and Board (December 2) at their upcoming meetings. The final results to be presented at the Board meeting in April 2015.	DMC	2-Dec-14	In progress

	Source	Action Item	Responsible	Deadline	Status as of 28-Nov-14
<b>MEDIA AND COMMUNICATIONS</b>					
		<b>FCAC National Financial Literacy Conference</b>			
26	EOC Oct 28, 2014	<ul style="list-style-type: none"> <li>Judy Dobbs, RBC, to be invited to provide an update on the FCAC National Financial Literacy Conference to the EOC at the next meeting.</li> </ul>	Paul	18-Nov-14	Completed
		<b>Media Outreach</b>			
27	Board Oct 7, 2014	<ul style="list-style-type: none"> <li>Key Messages Map and Key Messages to be provided to the board for approval.</li> </ul>	Brendan, Greg	2-Dec-14	In progress
28	EOC Sep 23, 2014	<ul style="list-style-type: none"> <li>Hold lunch education session with Toronto Star reporter. CAFII's key messages and Q&amp;A portion of an educational meeting to be finalised for use at the sessions.</li> </ul>	Brendan, Greg, Paul	19-Nov-14	Completed
29	EOC July 22, 2014	<ul style="list-style-type: none"> <li>A plan to be developed leading to a future lunch meeting with Ms. Roseman, including documenting key messages and collecting data and, if appropriate, recommending an alternate media contact(s) to engage</li> </ul>	Brendan, Charles	30-Jul-14	In progress
30	Ad Hoc	<ul style="list-style-type: none"> <li>Schedule and hold additional media outreach sessions with other media, e.g. Ellen Roseman, Toronto Star; Rob Carrick, Globe and Mail; Gary Marr, National Post; Gail Vaz-Oxlade, independent consumer financial literacy writer, etc.</li> </ul>	Brendan, Charles		Pending
<b>EVENTS AND NETWORKING</b>					
<b>OTHER</b>					

# CAFII

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

## Statement of Operations

As at October 31, 2014

REVENUE	Current Month	Current YTD	Budget 2014	% Used	YTD 2013 Balance	% Used YTD 2013
Membership Fees	\$33,375	\$333,750	\$400,500	83%	\$333,750	87%
Interest Revenue	\$36	\$348	\$720	48%	\$474	474%
<b>TOTAL REVENUE</b>	<b>\$33,411</b>	<b>\$334,098</b>	<b>\$401,220</b>	<b>83%</b>	<b>\$334,224</b>	<b>87%</b>
<b>EXPENSE</b>						
<b>Association Operating Expenses</b>						
Management Fees	\$18,375	\$187,656	223,380	84%	\$182,072	263%
Lawrie Savage Fees	\$0	\$0	-		\$0	0%
CAFII Legal Fees/Corporate Governance	\$0	\$20,812	19,500	107%	\$0	0%
Audit Fees	\$0	\$0	14,000	0%	\$1,617	16%
Insurance	\$432	\$4,353	5,368	81%	\$2,769	64%
Website (incl translation)	\$0	\$924	540	171%	\$361	67%
Telephone/Fax/Internet	\$337	\$4,266	2,250	190%	\$2,630	122%
Postage/Courier	\$84	\$450	500	90%	\$186	17%
Office Expenses	\$349	\$2,236	4,500	50%	\$1,881	70%
Bank Charges	\$0	\$0	38	0%	\$70	3%
Miscellaneous Expenses	\$0	\$0	-	0%	\$0	0%
Amortization Expense	\$0	\$0	-	0%	\$0	0%
Depreciation Computer/Office Equipm <sup>1</sup>	\$39	\$233	640	0%	\$544	20%
<b>Sub Total Association Operating Expenses</b>	<b>\$19,616</b>	<b>\$220,930</b>	<b>\$270,716</b>	<b>82%</b>	<b>\$192,131</b>	
<b>Distribution &amp; Market Conduct Committee</b>						
Provincial Regulatory Review	\$3,622	\$6,584	3,000	219%	\$2,934	5%
Research/Studies	\$0	\$25,201	50,000	50%	\$4,996	12%
<b>Sub Total Distribution &amp; Market Conduct Committee</b>	<b>\$3,622</b>	<b>\$31,785</b>	<b>\$53,000</b>	<b>60%</b>	<b>\$7,930</b>	
<b>Licensing Efficiency Issues Committee</b>						
Regulatory Model (s)	\$1,401	\$6,100	12,000	51%	\$244	8%
Federal Financial Reform	\$0	\$101	3,000		\$0	0%
<b>Sub Total Licensing Efficiency Issues Committee</b>	<b>\$1,401</b>	<b>\$6,201</b>	<b>\$15,000</b>	<b>41%</b>	<b>\$244</b>	
<b>Media &amp; Advocacy Strategy Committee</b>						
Tactical Communications Strategy	\$53	\$2,187	51,500	4%	\$228	1%
Association Branding	\$0	\$1,130	2,500	45%	\$2,802	11%
<b>Sub Total Media &amp; Advocacy Strategy Committee</b>	<b>\$53</b>	<b>\$3,317</b>	<b>\$54,000</b>	<b>6%</b>	<b>\$3,030</b>	
<b>Networking &amp; Events Committee</b>						
Board/EOC/AGM Expense <sup>2</sup>	\$179	\$12,871	20,500	63%	\$12,718	61%
Networking Events	\$1,106	\$1,115	1,756	64%	\$510	2%
15th Anniversary Event	\$0	\$0	-		\$15,566	74%
<b>Sub Total Networking &amp; Events Committee</b>	<b>\$1,285</b>	<b>\$13,987</b>	<b>\$22,256</b>	<b>63%</b>	<b>\$28,794</b>	
<b>Media Relations, CAFII Consultant</b>						
Media Relations, CAFII Consultant	\$0	\$0	-		\$0	0%
<b>Sub Total Media Relations, CAFII Consultant</b>	<b>\$0</b>	<b>\$0</b>			<b>\$0</b>	
<b>TOTAL EXPENSE</b>	<b>\$25,977</b>	<b>\$276,220</b>	<b>414,972</b>	<b>67%</b>	<b>\$232,129</b>	<b>64%</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$7,434</b>	<b>\$57,879</b>	<b>(\$13,752)</b>		<b>102,094.77</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 October 31, 2014

	<u>Jan-14</u>		<u>Jul-14</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 23,500.00	Mar7,2014	\$ 23,500.00	August 21,2014
CIBC Insurance	\$ 23,500.00	Mar20,2014	\$ 23,500.00	August 21,2014
RBC Insurance	\$ 23,500.00	Mar17,2014	\$ 23,500.00	August 06,2014
ScotiaLife Financial	\$ 23,500.00	Mar7,2014	\$ 23,500.00	July 25,2014
TD Insurance	\$ 23,500.00	Mar7,2014	\$ 23,500.00	July 25,2014
AMEX Bank of Canada	\$ 11,750.00	Apr7,2014	\$ 11,750.00	October 21,2014
Assurant Solutions	\$ 11,750.00	Apr7,2014	\$ 11,750.00	August 21,2014
Canadian Premier Life Insurance Company	\$ 11,750.00	Apr7,2014	\$ 11,750.00	August 21,2014
Desjardins Financial Security Life Assurance Company	\$ 11,750.00	Apr7,2014	\$ 11,750.00	Apr7,2014
National Bank Insurance Company	\$ 11,750.00	Apr7,2014	\$ 11,750.00	July 25,2014
Aimia	\$ 4,800.00	Mar7,2014		
Avalon Actuarial	\$ 4,800.00	Mar20,2014		
Collins Barrow Toronto Actuarial Services	\$ 4,800.00	June6,2014		
CSI Brokers Inc.	\$ 4,800.00	May23,2014		
KPMG	\$ 4,800.00	October 21,2014		
Laurentian Bank of Canada	\$ 4,800.00	Mar20,2014		
Munich Re	\$ 4,800.00	Mar7,2014		
Optima Communications	\$ 4,800.00	Mar20,2014		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	Apr7,2014		
The Canada Life Assurance Company	\$ 4,800.00	Mar20,2014		
<b>January Invoices</b>	<b>\$224,250</b>		<b>\$176,250</b>	
<b>July Invoices</b>	<b>\$176,250</b>			
<b>Total Membership Fees</b>	<b>\$400,500</b>			
Total amount to realocate monthly Jan-Dec	\$33,375			

# CAFI

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

## Balance Sheet As at October 31, 2014

ASSETS	Current 2014
<b>Current Assets</b>	
Bank Balance	\$355,318
Investments <sup>A</sup>	\$53,381
Accounts Receivable	\$0
Interest Receivable	\$164
Prepaid Expenses	\$3,024
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$894)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
<b>Total Current Assets</b>	<b>\$413,326</b>
<b>TOTAL ASSETS</b>	<b>\$413,326</b>
<b>LIABILITIES</b>	
Current Liabilities	
Account Payable <sup>B</sup>	\$561
Deferred Revenue	\$66,750
<b>Total Current liabilities</b>	<b>\$67,311</b>
<b>TOTAL LIABILITIES</b>	<b>\$67,311</b>
<b>UNRESTRICTED NET ASSETS</b>	
Unrestricted Net Assets, beginning of year	\$288,136
Excess of revenue over expenses	\$57,879
<b>Total Unrestricted Net Assets</b>	<b>\$346,014</b>
<b>Total Unrestricted Net Assets</b>	<b>\$346,014</b>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$413,326</b>

### Financial Reserves Targets:

Minimum 3 months (25%) of Annual Operating Expenses =	\$ 103,743
Maximum 6 months (50%) of Annual Operating Expenses =	\$ 207,486
<b>Current Level of Financial Reserves:</b>	<b>\$346,014</b>
<b>Current Level of Financials Reserve (%):</b>	<b>83%</b>

**C A F I I**  
55 St Clair Ave West, Suite 255  
Toronto, ON, M4V 2Y7  
**Balance Sheet Items**  
**As at October 31, 2014**

**Item A**

**Investment Portfolio**

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-12	June-17-14	\$53,380.92	0.80%	\$427.05	June-17-15
<b>Total</b>		<b>\$53,380.92</b>		<b>\$427.05</b>	

**Item B**

**Accounts Payable**

	<b>Total</b>
	561.38
<b>Total outstanding:</b>	<b>561.38</b>



**2015 Budget Development Template - Canadian Association of Financial Institutions in Insurance**  
**Version: November 26, 2014**

	2013 Actual	2014 Forecast <sup>1</sup>	2014 Budget	2014 Forecast to Budget Variance (%)	2015 Budget Recommendation	Change 2013-2014	Change 2014-2015	Comments re: 2015
<b>Revenue</b>								
Membership Fees	\$400,500	\$400,500	\$ 400,500	0.0%	\$424,000	0.0%	5.9%	Based on all members renewing in 2015 & CUMIS joining
Interest	\$607	\$417	\$ 720	-42.1%	\$500	-31.3%	-30.6%	
<b>TOTAL REVENUE</b>	<b>\$ 401,107</b>	<b>\$ 400,917</b>	<b>\$ 401,220</b>	-0.1%	<b>\$ 424,500</b>	0.0%	5.8%	
<b>EXPENSE</b>								
Management Fees <sup>2</sup>	\$217,848	\$224,406	\$223,380	0.5%	\$249,264	3.0%	11.6%	Facilitator for Strategy Discussion
CAFII Legal Fees/Corporate Governance	\$0	\$20,812	\$19,500	6.7%	\$5,000	0.0%	-74.4%	
Audit Fees	\$15,836	\$13,500	\$14,000	-3.6%	\$14,000	-14.7%	0.0%	
Insurance	\$3,646	\$5,217	\$5,368	-2.8%	\$5,368	43.1%	0.0%	Postage and Bank Charges combined
Website <sup>3</sup>	\$361	\$924	\$540	71.1%	\$6,260	155.9%	1059.3%	
Telephone/Fax/Internet	\$3,208	\$4,379	\$2,250	94.6%	\$8,000	36.5%	255.6%	
Postage/Courier	\$207	\$400	\$500	-20.0%	\$500	93.2%	0.0%	Postage and Bank Charges combined
Office Expenses	\$3,092	\$1,887	\$4,500	-58.1%	\$3,000	-39.0%	-33.3%	
Bank Charges	\$70	\$0	\$38	0.0%	\$60	-100.0%	57.9%	
Amortization Expense <sup>4</sup>	\$622	\$311	\$640	-51.4%	\$300	-50.0%	-53.1%	
Board/EOC/AGM								
Annual members Lunch					\$7,000			
Board Hosting (External)					\$9,000			
Board/EOC Meeting Expenses					\$10,000			
Industry Events					\$805			
EOC Annual Lunch					\$2,000			
<b>Total Board/EOC/AGM</b>	<b>\$13,820</b>	<b>\$30,704</b>	<b>\$20,500</b>	49.8%	<b>\$28,805</b>	122.2%	40.5%	
Provincial Regulatory Visits	\$3,063	\$4,363	\$3,000	45.4%	\$10,000	42.4%	233.3%	Western Canada Regulators Tour, Insurance Act Review
Research/Studies <sup>5</sup>	\$4,996	\$50,500	\$50,000	1.0%	\$90,000	910.9%	80.0%	
Regulatory Model(s) <sup>6</sup>	\$992	\$9,100	\$12,000	-24.2%	\$12,000	817.1%	0.0%	
Federal Financial Reform	\$0	\$101	\$3,000	-96.6%	\$2,000	0.0%	-33.3%	Federal advocacy and FCAC education Media training for ED x 4 (formerly called Tactical Communications Strategy) formerly Association Branding
Media Outreach	\$305	\$3,829	\$51,500	-92.6%	\$8,500	1155.4%	-83.5%	
Marketing Collateral	\$4,328	\$1,130	\$2,500	-54.8%	\$1,500	-73.9%	-40.0%	
Networking Events								
Speaker fees & travel					\$3,000			
Gifts					\$1,000			
<b>Total Networking Events</b>	<b>\$4,281</b>	<b>\$9</b>	<b>\$1,756</b>	-99.5%	<b>\$4,000</b>	-99.8%	127.8%	
15th Anniversary Event	\$15,566							
<b>TOTAL EXPENSE</b>	<b>\$292,240</b>	<b>\$ 371,573</b>	<b>\$ 414,972</b>	-11.7%	<b>\$ 448,557</b>	27.1%	20.7%	
<b>Excess of Revenue over Expenses</b>	<b>\$ 108,867</b>	<b>\$ 29,344</b>	<b>-\$ 13,752</b>		<b>-\$ 24,057</b>			
Unrestricted Net Assets (beginning of year)	\$ 179,424	\$ 288,291	\$ 288,291		\$ 317,635			
Unrestricted Net Assets (end of year)	\$ 288,291	\$ 317,635	\$ 274,539	13.6%	\$ 293,578	10.2%	-7.6%	

**Explanatory Notes:**

- (1) 2014 Forecast combines January to September actuals and a forecast for 4th quarter  
(2) Management fees includes TO Corp (\$106,285.09) and Executive Director (\$142,979.20)  
(3) Website includes hosting cafii.com, Vimeo (videos) subscription and website improvements  
(4) Amortization of office equipment based on 4 year straight line depreciation  
(5) Research/Studies includes: 2 Towers Watson Presentations \$10K; IAIS Core Principles resource \$10K; LIMRA membership \$5K; Travel Insurance Survey \$65K  
(6) Regulatory Model(s): SK (\$2K) and AB (\$5K) Council Representation; MB RIA Council (\$5K)

**2015 Forecasted Financial Reserves Targets**

Minimum 3 months (25%) of Annual Operating Expenses =	\$112,139
Maximum 6 months (50%) of Annual Operating Expenses =	\$224,279
Forecasted Level of Financial Reserves :	\$293,578
Forecasted Level of Financial Reserves %:	65%

## Expense Reimbursement Policy

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<b>Document Owner:</b>	Executive Operations Committee (EOC)
<b>Practice Applies to:</b>	CAFII Member Organizations, Directors, Volunteers and Staffs
<b>Process Responsibility:</b>	CAFII Executive Director
<b>Final Accountability:</b>	Executive Operations Committee (EOC)

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This policy applies to CAFII Member Organizations hosting a quarterly Board Meeting as well as Directors, Volunteers and Staff conducting regulatory meetings on behalf of CAFII.

### I. Board Hosting Expense Guideline

Effective as of fiscal year 2015,

CAFII will reimburse a CAFII member for the expenses related to hosting a CAFII Board meeting and CAFII Board reception up to a maximum of **\$7500**.

### II. Expense Guideline for Government Representation by CAFII EOC or Board Members

Effective as of *December 2, 2014*

Travel, accommodation and meal expenses incurred by CAFII Board and EOC members representing CAFII while on:

- a) Government initiated meetings that have requested CAFII representation (e.g. Provincial Insurance Act rewrite committees, Provincial Superintendent initiated meetings), or
- b) Government meetings to influence specific regulatory or administrative changes as part of a strategy with budget approved by the CAFII EOC or the CAFII Chair prior to confirming attendance or incurring any expenses on behalf of CAFII

Will be reimbursed based on reasonable and customary costs reflecting the travel policy of the institution the representative is employed by.

Concurrence of persons and numbers attending the event shall be at the approval of the CAFII EOC or the CAFII Chair prior to confirming attendance or incurring any expenses on behalf of CAFII:

- Each CAFII representative invited to the event should have a business reason to attend. CAFII typically sends two members to each government meeting. Unless directed otherwise by the Board, only the expenses of two members will be covered.
- CAFII will not reimburse for entertainment of a questionable nature that may negatively impact CAFII's reputation.

Expenses incurred to travel to a CAFII Board meeting will not be reimbursed.

All expenses must be summarized on the CAFII Expense report and submitted with the associated receipts to the CAFII Secretary prior to reimbursement (or the CAFII Chair if the Secretary is not available).

### Authorization

Only the Board of Directors has the authority to change or modify the policy on expense reimbursement as it may from time-to-time deem required.

## CAFII EOC Sub-Committee Structure

Current			New				
	Committee & Mandate	Members	FI		Committee & Mandate	Members	FI
1)	Events & Networking Board Reception Speakers Annual Member luncheon	Paul Yeung* Maria Sanchez-Chung*	RBC TD	1)	Events & Networking No change recommended	Paul Yeung* Maria Sanchez-Chung*	RBC TD
2)	Licensing LLQP Restricted Licensing Council Representation	Moira Gill* Rose Beckford Carol Allen Greg Grant Sandy Prokop	TD BNS Assurant CIBC RBC	2)	Licensing Appoint co-chair & add new members Otherwise, no changes	Moira Gill* Rose Beckford Carol Allen Sandy Prokop New	TD BNS Assurant RBC
3)	Distribution & Market Conduct Regulatory Submissions Research	Sue Manson* Emily Brown Derek Blake Andre Duval Rose Beckford Cecililia Xiao Eleanore Fang	CIBC BMO RBC Desjardins BNS Assurant TD	3)	Market Conduct (Regulatory Submissions) Distribution Guide E-commerce SK Insurance Act changes	TBD	
				4)	Research & Education CAFII Value Proposition IAIS Core Principles Complaint Statistics Underserved Market presentation	TBD	
4)	Media & Advocacy Regulator Relations Media Advocacy	John Lewsen* Moira Gill* Charles Blaquiere Paul Yeung Greg Grant	BMO TD CPL RBC CIBC	5)	Media Advocacy Media Relations Public Advocacy	Charles Blaquiere* Paul Yeung Pascal Dessureault Christian Tanquay Brian Shaw Greg Grant	CPL RBC TD Desjardins BMO CIBC
				6)	Quebec AMF Relations	TBD	

\*Chair

\*Chair

2014 Executive Director Balanced Scorecard - Nov. 27/14		H = High; M = Medium; L = Low. # = Prioritization within High Category				
		H without number assigned = Ongoing, "Table Stakes" High Priority				
	Objectives	Measures	Priority	Timing	Nov. 27/14 Status	Outcome
Regulatory and Advocacy						
	Deliver on Regulator and Policy-Maker Strategy and Tactics within timelines set out in the Board-approved Communications Strategy (60% of ED and EOC focus/time)	Successful execution of tactics within specified timelines as itemized in Board-approved Communications Strategy				
1	Joint Visit with Atlantic Canada Insurance Regulators	Organize and execute successful CAFII meeting with four Atlantic Canada Insurance Regulators, with education and information-sharing focus	#1 (H)	Q3 2014	Completed on October 1/14	Positive feedback obtained from Regulators and CAFII attendees
2	Regulator Kit	Develop and finalize content and design of materials for inclusion in Regulatory Kit	#3 (H)	Q3 and Q4 2014	Outstanding	
3	Produce an informative, "industry intelligence"-focused Regulatory Update targeted at regulators and policy-makers	Prepare first issue of quarterly Regulatory Newsletter, for inclusion with Regulator Kit	H	Q3 2014 and Ongoing	Outstanding	
4	Comparative Project on Consumer Value of Creditor's Group Insurance	Oversee successful completion of project, in conjunction with DMC subcommittee and Towers Watson consultants	#4 (H)	Q2 2014 thru Q2 2015	In process	Led by DMC
5	Manitoba Draft ISI Regulation	Monitor to ensure that Regulation passed is as promised	#2 (H)	Q1 thru Q3 2014	Completed Sept. 1/14	Reasonable implementation timeline secured
6	Ensure that Regulator and Policy-Maker Visit Plan is well-maintained, updated for every EOC and Board meeting, and executed/achieved	Face-to-face meetings are secured with regulators and policy-makers in accordance with plan, at least once every 18 months even for those receiving a "courtesy visit"; they are willing to take advocacy arguments into account; favourable legislative and regulatory action or inaction	H	Ongoing	2015 Visit Plan Prepared Nov 2014	
7	Produce an informative, "industry intelligence"-focused Regulatory Update for each EOC & Board meeting	Regulatory Update is produced for each EOC and Board meeting, containing outside-of-the-public-domain information on regulatory actions, pronouncements, trends and leading indicators	H	Ongoing	Complete	
8		Communiques to EOC members on issues & developments, in between EOC & Board meetings	H	Ongoing	On Target	
9		Direct communiques selectively sent to EOC members on time-sensitive issues; other news consolidated into weekly e-newsletter	H	Ongoing	On Target	
10	Draft and deliver highly quality regulatory submissions	Regulatory submissions are well-written, comprehensive & produced on time; Board and EOC have sufficient time to review and provide input; which is given due and equitable consideration and included where appropriate; submissions reflect prior consultation with allied industry Associations where appropriate	H	Ongoing	Complete	
11	CISRO education around multi-jurisdictional licensing issues and compliance challenges	Presentation to CISRO on multi-jurisdictional licensing and other compliance challenges faced by national contact centers, at meeting in Fredericton, September 29-30	M	Q3 2014	Cancelled due to proprietary information concerns	
12	Pan-industry project group to address travel insurance concerns Identified by regulators	If fully supported by Board, manage CAFII's effective participation in pan-industry project group on travel insurance in concert with CLHIA and THIA.	M	Q2 2014 thru Q2 2015	In process	
13	Maintain productive, collegial, mutually beneficial working relationships with allied industry Associations (e.g., CLHIA, CBA)	Demonstrable collaboration & productive working relationships with allied Associations, particularly around regulatory submissions. Leadership in forming joint cross industry working groups, where appropriate	M	Ongoing	Complete	Excellent working relationship with CLHIA
14	Independent consumer research on insurance topics and issues	Lead formulation of a plan and budget and obtain approval for increased use of independent consumer research, to provide communications content for Regulators/Policy-Makers and other audiences	M	Q4 2014	Deferred to 2015	

		H without number assigned = Ongoing, "Table Stakes" High Priority				
	Objectives	Measures	Priority	Timing	Nov. 27/14 Status	Outcome
<b>Media and Communications</b>						
	<b>Deliver on Media and Communications Strategy and Tactics within timelines set out in Board-approved Communications Strategy (25% of ED and EOC focus/time)</b>	<b>Successful execution of tactics within specified timelines as itemized in Board-approved Communications Strategy</b>				
	<i>Media: Improve, Consolidate, &amp; Confirm "Readiness" to Respond to Media Requests</i>					
15	Key Messages/Story Scenarios/Stock Answers	Complete Key Messages/Stock Answers/Story Scenarios with strong emphasis on "human touch" aspects of how CAFII members meet consumers' needs	#1 (H)	Q3 and Q4 2014	First draft of FAQs completed	To be reviewed and refined with Media Committee
16	Short articles on case for Creditor Insurance & Alternate Distribution	Develop series of short articles on Creditor Insurance and Alternate Distribution, with emphasis on human interest angle, for use on web site, in Media Kit, in "pen control" media opportunities, etc.	#2 (H)	Q3 and Q4 2014	Outstanding	
17	Media Kit	Develop "About Creditor Insurance" Media Kit, using existing web site content and other resources	#3 (H)	Q3 and Q4 2014	Outstanding	
18	Independent consumer research on insurance topics and issues: Medium Priority	Lead formulation of a plan and budget and obtain approval for increased use of independent consumer research, to provide communications content for media and other audiences	M	Q4 2014	Deferred to 2015	
	<i>Selective Pro-active Engagement With Media</i>					
19	Roundtable Discussion meeting with "friendly media"	Roundtable with targeted "friendly media" to discuss and educate around Creditor's Group Insurance; the under-served market; and alternate distribution, utilizing the Media Kit as a discussion guide	M	Q3 and Q4 2014	"Friendly" media interview completed Nov. 19/14	Media Committee to develop plan for next steps
	<i>The Public and Consumer Interest Groups: Monitoring and Engagement</i>					
20	Financial Literacy Month	Obtain approval and execute a plan to increase CAFII profile/involvement in Financial Literacy Month (November) to raise CAFII's profile with FCAC and/or other regulators	M	Q3 and Q4 2014	Deferred to 2015	
21	FAQs on Creditor Insurance for FCAC web site: High Priority	Develop approved FAQs using existing CAFII content and provide to FCAC for use on their site	#4 (H)	Q3 and Q4 2014	In process	
22	Monitoring of Consumer Interest Groups: Ongoing High Priority	Include intelligence on Consumer Interest Groups' issues and activities in Regulatory Update for EOC and Board meetings	H	Ongoing	On Target	
<b>Association Oversight and Management Metrics (15% of ED and EOC focus/time)</b>						
23	Ensure that CAFII successfully and optimally "continues" under Canada Non-Profit Corporations Act (CNCA)	"Articles of Continuance" and Revised Bylaw filed with Industry Canada by October 17/14 deadline; Certificate of Continuance is received	#1 (a) (H)	Q1 thru Q3 2014	Complete	
		Revised By-law is optimally structured, within constraints imposed by CNCA, leading to no major operational or governance issues encountered	#1 (b) (H)	Ongoing	Complete	
24	Ensure that Association adheres to good governance practices in Board, EOC, and committee appointments; conducts annual and special meetings of members; required policies and procedures are in place and followed	Smooth, successful, non-controversial conduct of Board and EOC succession appointments; and of Annual Meeting	H	Ongoing	On Target	
25	Completion of the "re-branding" of the Association. New brand becomes synonymous with CAFII's name in the eyes of key stakeholders and members	All print and collateral materials updated with agreed-upon new logo/tagline and communicated to all members, regulators and policy-makers, and other stakeholders/audiences	#2 (H)	Q1 thru Q4 2014	Complete	
	ED becomes a "go-to" information source	Plays lead role in agenda preparation for Board and EOC meetings, and attends all scheduled Board, EOC, and subcommittee meetings	H	Ongoing	In process	
26		Board and EOC increasingly view ED as "go to" resource on governance and strategic decision matters	M	Ongoing	In process	
27	Ensure that CAFII prepares an annual operating budget that is well-grounded in approved strategic and operational plans; funds are spent according to plan; and financial control policies and procedures are appropriate and adhered to	Play a leadership role in development, management, and tracking/monitoring of CAFII's annual operating budget, and committee and project budgets. Budget targets are met, except for explainable/approved variances	#3 (H)	Q4 2014 & Ongoing	Complete	
28	With EOC Chair, oversee forming and activities of standing EOC subcommittees and ad hoc working groups; and monitor and foster their progress	Participate in all EOC subcommittees; helps to determine priorities and budgets, and works to support their activities and success in the achievement of objectives	H	Ongoing	On Target	
	Ensure that CAFII's daily operations and ongoing administration function smoothly	Complete assessment of workload allocation and resourcing; time tracking, compilation of results and development of insights and recommendation for Board review and approval	#4 (a) (H)	Q2 2014	Complete	
29		Engage with TO Corp and EOC Chair to identify opportunities to streamline processes and realign workloads to ensure smooth and timely completion of all deliverables	#4 (b) (H)	Q2 2014 and Ongoing	In process	
	Efficient, effective CAFII meetings: With EOC Chair and standing committee	Agendas and meeting materials are distributed with appropriate lead time	H	Ongoing	In process	Documents late
	Chairs, ensure agendas are focused and goal-oriented and meetings are well managed	Committee members are engaged in meeting discussions and feel meetings are productive		Ongoing	In process	
30		Meeting outcomes are productive and advance CAFII's objectives.		Ongoing	On Target	
	Ensure that "CAFII Priorities By Committee" document is kept up-to-date and	ED demonstrates engaged "ownership" of "CAFII Priorities By Committee" document	H	Ongoing	On hold	

		H without number assigned = Ongoing, "Table Stakes" High Priority				
	Objectives	Measures	Priority	Timing	Nov. 27/14 Status	Outcome
31	well-utilized as an operations plan for the Association	"Priorities By Committee" document is updated for every EOC and Board meeting and used as a roadmap for Committee activity		Ongoing	On hold	
32	Provide strategic and operational support to the EOC Chair in management of CAFII priorities and activities, and accountability reporting thereon	Engaged strategic and operational support to EOC Chair; escalates appropriate matters to EOC Chair for review and decision-making	H	Ongoing	In process	

Evergreen/Bring Forward Items For 2015						
Regulatory and Advocacy						
		Formulate plan and budget for engaging with non-FI Creditor Insurance Groups around regulatory risk and industry education	L	2015		
Media and Communications						
	<i>Media: Improve, Consolidate, &amp; Confirm "Readiness" to Respond to Media Requests</i>					
33	Media section on CAFII web site	Develop a media-focused section on web site, using Media Kit materials and other content	L	2015		
	<i>The Public &amp; Consumer Interest Groups: Enhanced Consumer-Friendly Web Presence</i>					
34	Consumer Testimonials	Secure additional Consumer Testimonials from CAFII members and post to CAFII site, and regularly refresh	L	2015		
35	Enhance consumer-friendliness of CAFII's web presence	Engage Search Engine Optimization services to improve CAFII's ranking in search results, and drive consumers with Creditor Insurance inquiries to site	L	2015		
36		Post Kit materials developed for other audiences that are directly relevant to consumers to the CAFII site; Revamp "Contact Us" section of site to encourage consumer questions and develop process for prompt responses	L	Q1 and Q2 2015		
	<i>The Public &amp; Consumer Interest Groups: Monitoring &amp; Engagement</i>					
37	Direct engagement with Consumer Interest Groups	Formulate plan and budget for CAFII to engage directly, beginning in 2015, with one or more key Consumer Interest Groups (e.g., Seat on Advisory Board of Consumer's Council of Canada)	L	2015		

**CONFIDENTIAL TO CAFII MEMBERS  
NOT FOR WIDER DISTRIBUTION**

**Regulatory Update – CAFII Board of Directors, November 27, 2014**

Prepared By Brendan Wycks, CAFII Executive Director

**Introduction**

**Federal/National**

- CCIR Stakeholder Meetings Rescheduled For January 28-29, 2015 **(page 2)**
- CCIR Publishes Speaking Notes For Chair's Remarks At CAFII's October 7/14 Reception **(page 2)**
- National Complaint Reporting System (CRS): Highlights of November 13/14 Presentation **(page 2)**
- FCAC:
  - FCAC Removes Quarterly Reporting Requirement For Insurance Companies **(page 3)**
  - CAFII Completes Stakeholder Survey On Satisfaction With FCAC **(page 3)**
  - Government Unveils New Financial Literacy Resources At FCAC Conference **(page 4)**
- CLHIA:
  - CLHIA Releases Compliance Guide For MGAs **(page 4)**
- OLHI: Highlights of Recently Published 2013-14 Annual Report **(page 4)**
- **British Columbia:**
  - CAFII Participates In Pre-Consultation Roundtable Discussion On 10-Year Review of Financial Institutions Act **(page 5)**
  - Insurance Council Likely To Develop Mandatory Courses For Life Insurance Agents **(page 6)**
- **Saskatchewan:**
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## **Federal/National**

### **Canadian Council of Insurance Regulators (CCIR)**

#### Stakeholder Meetings Rescheduled For January 28-29/15

On November 15/14, CAFII received notification from Carol Shevlin, CCIR Policy Manager, that the Council had rescheduled its stakeholder meetings, recently postponed from November 5-6/14, for Wednesday, January 28 and Thursday, January 29, 2015 at St. James Cathedral Centre in Toronto.

CAFII's stakeholder meeting slot has now been confirmed for Wednesday, January 28 from 10:15 to 11:00 a.m. CAFII Board members Rino D'Onofrio, Darrell Bruce, Chris Knight, and Peter McCarthy have confirmed their attendance, along with EOC Chair Greg Grant and Executive Director Brendan Wycks.

The Travel Insurance Pan-Industry Project Group (TIPIP), on which CAFII is one of three participating Associations, will also be meeting with CCIR on January 28. It will be doing so to discuss regulatory concerns about travel insurance and TIPIP's recently submitted Briefing Document on the Canadian travel health insurance industry.

#### Speaking Notes For Chair's Remarks At CAFII Reception Published On CCIR Web Site

CCIR has published on the home page of its web site the speaking notes used by Chair Carolyn Rogers for her remarks to CAFII's Reception event on October 7/14.

### **National Complaint Reporting System (CRS)**

#### Highlights of November 13/14 Presentation To CAFII And CLHIA

On November 13/14, CAFII and CLHIA representatives attended an AMF/FSCO presentation on a 2014 joint review of the national Complaint Reporting System (CRS) that those two regulators own and operate.

The key outcomes highlights of the presentation are

- participating regulators (all jurisdictions except BC, NWT, and Nunavut) are using the data on an ad hoc basis, almost exclusively for "own jurisdiction" analysis only;
- individual company analysis is usually done only when there is a scheduled examination/inspection upcoming;
- while the system has national aggregation and analysis capabilities, that's not currently being done as the participating regulators haven't yet come together to decide how to do this;
- in order to achieve more strategic use of nation-wide data that would benefit all participants, a more collaborative and co-ordinated approach is needed. Operationally, the AMF and FSCO, owners and operators of the CRS, will support such an approach through more ongoing communication and training of participating regulators in order to facilitate the sharing of best practices;
- in keeping with its new Strategic Plan, the CCIR is developing a Market Conduct Supervisory Framework (a "Supervisory College"); and more effective, nationally co-ordinated use of the CRS can support that framework.



Following the presentation, Isabel Scovino and Letitia Miculescu of FSCO, the primary presenters, expressed receptivity to the following proposal from industry representatives in attendance:

- a joint regulator/industry working group should be formed, similar to the group that did the formative work, over several years, that led to the launch of the CRS in 2005;
- that working group, which should include complaints/compliance practitioners from the industry, should initially meet intensively to address the current shortcomings of the CRS; and then once or twice per year after those problems are fixed;
- the working group should look at

-what is the end goal of the CRS;

-what are the “data points” that are being collected? Are they the relevant ones?

-how are the data and trends being reported and shared with the industry? (more than just an annual reporting at FSCO’s Life & Health Insurance Symposium is needed).

It was noted that such a joint regulator/industry working group could be used to help the AMF and FSCO to prioritize possible improvements and enhancements to the CRS without adding significant new costs, as the regulators noted that limited financial resources was a constraint.

### **Financial Consumer Agency of Canada**

#### FCAC Removes Quarterly Reporting Requirement For Insurance Companies

Currently, FCAC requires all insurance companies to submit self-reportable complaints and reportable compliance issues on a quarterly basis. The review of these reportable complaints assists the Commissioner in assessing whether the federally regulated insurance companies are in compliance with the consumer provisions that apply to them. However, the FCAC has found there are very few consumer provision complaints reported to insurance companies and that the process of filing Nil reports is an administrative burden on both financial institutions and the agency, with minimal benefit to either party.

Therefore, effective January 1, 2015, FCAC will no longer require insurance companies to file quarterly reports. However, FCAC’s Compliance and Enforcement Branch (CEB) will maintain the rest of the reporting requirements, including the reporting of compliance issues should they arise. In addition, CEB will add an attestation for insurance companies in the yearly examination questionnaire requesting confirmation that all complaint-related requirements have been met for the year.

#### CAFII Completes Stakeholder Survey On Satisfaction With FCAC

In late October, CAFII completed an online survey related to invited stakeholders’ perceptions of and satisfaction with the FCAC.

Conducted by Harris-Decima and focused mainly on the financial literacy and consumer education component of FCAC’s mandate, the survey had four main purposes:

- understand stakeholder knowledge and perceptions of FCAC;
- obtain feedback from stakeholders about various aspects of the organization’s activities in order to improve various elements of its programs and activities;
- obtain feedback to help improve its dealings with stakeholders; and

- gauge key stakeholders' perceptions about potential actions that they believe would be important for FCAC to consider during its business planning cycle.

#### Government Unveils New Financial Literacy Resources At FCAC Conference

Representatives from grass-roots groups, government and non-profit organization leaders, private-sector stakeholders and academics attended the FCAC's National Financial Literacy Conference in Vancouver on November 6-7 which had "strengthening financial literacy through collaboration" as its theme.

During the conference, the Government of Canada unveiled the following tools which are now available on the FCAC's web site:

- a new Canadian Financial Literacy Database which provides Canadians with comprehensive information on the financial literacy resources, events and tools available from various financial education providers, including the public, private and non-profit sectors across the country; and
- a self-assessment quiz which allows Canadians to assess their financial literacy skills and knowledge and see how they compare to other Canadians on five domains of financial capability.

In roundtable discussions, participants voiced their ideas about how best to reach and engage Canadians. This input will be used by Jane Rooney, Financial Literacy Leader, in shaping the development of a national strategy for financial literacy, which will be announced in 2015.

#### **Canadian Life and Health Insurance Association**

##### CLHIA Releases Compliance Guide For MGAs

CLHIA recently published a reference document titled "MGA Compliance: A Risk-based Approach for Compliance Programs in the MGA Channel."

Based on the premise that insurance advisors will be the focus of more compliance audits and a higher level of oversight of their day-to-day sales activities by their managing general agencies (MGAs) as the industry adopts a set of standardized compliance practices for the MGA distribution channel, the document is intended to serve as a guide for MGAs in developing compliance policies regarding advisor screening and monitoring, as well as other compliance responsibilities.

#### **OmbudService For Life and Health Insurance**

##### Highlights Of Recently Published 2013-14 Annual Report

OLHI's recently published 2013-14 Annual Report features the following highlights relevant to CAFII members:

- OLHI received 2,480 complaints over the course of the year, up 5.5% over the prior year and up by 24.7% from 2009-10. OLHI believes that this growth is indicative of an increase in consumer awareness as Canadians become better apprised of their options for third party review of life and health insurance complaints;

- the top three product complaint categories remain Disability; Life; and Extended Health Care & Dental. Together, these three categories account for 81.5% of all complaints. For the third consecutive year, disability insurance-related complaints (36%) were below historic levels but they continue to represent the highest proportion of complaints. Life-related complaints (28%) and EHC & Dental complaints (17.5%) remained at levels comparable to the prior year.
- the distribution of complaints among the Group, Individual, and Creditor categories remained unchanged from the prior year. Each of Group and Individual account for approximately 45% of all complaints received, while Creditor complaints make up the remaining 10%.

In a presentation at CLHIA's Consumer Complaints Officers Section Seminar on November 20/14, OLHI Executive Director Holly Nicholson reported that only 8% of the escalated complaints that reach OLHI relate to travel insurance, but those particular complaints tend to be major "headline grabbers."

## **British Columbia**

### **Financial Institutions Commission (FICOM)**

CAFII Participates In Pre-Consultation Roundtable Discussion On 10-Year Review of Financial Institutions Act  
On October 24/14, Executive Director Brendan Wycks received an invitation letter from Michael De Jong, BC Minister of Finance, inviting him to represent CAFII in a roundtable discussion about that province's financial institutions legislation on Friday, November 21 in Vancouver.

The timing of the roundtable discussion conflicted with Brendan's prior commitment to participate on a panel at FSCO's Life & Health Insurance Symposium in Toronto on Nov 21, 2014. Therefore, he arranged with Minister de Jong's office (which was looking for industry Association CEO or Board-level participants) for CAFII's invitation to be transferred to Greg Grant, as Chair of CAFII's Executive Operations Committee and Secretary to the Association's Board of Directors.

The invitation letter recognizes CAFII as a leading stakeholder in the insurance industry, as follows:

*"... I am requesting your assistance, as a recognized leader in the insurance sector who will contribute a broad range of perspectives and views, in further developing proposed objectives and identifying key issues that should be considered as part of the upcoming government review of key legislation that applies to the financial services sector.*

*... To ensure that the regulatory framework for financial institutions and intermediaries continues to be modern and both efficient and effective, the FIA contains a requirement that it be reviewed every 10 years. As it is now time for the required review to be initiated, I would like to invite you to participate in a roundtable discussion about British Columbia's financial institutions legislation. The roundtable discussion is intended, in particular, to help inform the development of an initial consultation paper that will be shared with all stakeholders in the financial services sector for their feedback and input."*

## **Insurance Council of British Columbia**

### Insurance Council Likely To Develop Mandatory Courses For Life Insurance Agents

In remarks at CLHIA's Consumer Complaints Officers Section Seminar on November 20/14, Gerry Matier, Executive Director of the Insurance Council of BC, advised that the Council is giving serious consideration to developing four mandatory courses for life agents on "responsibilities and practice issues." When implemented, these courses would be mandatory continuing education for life agents with it being required that they take one of the courses in each of their first four years of practice.

Gerry's statement augments the following which is published on the Council's web site: "... Council plans to review its CE program to determine if it can be better tailored to assist new licensees in the early years of their insurance careers. Council is satisfied the entry-level education requirements are adequate but is concerned that the education available to new licensees may be inadequate. Council will consider modifying the CE program to ensure the education new licensees obtain early in their careers is appropriate. One possible solution is to develop courses or programs licensees would be required to complete within specific time frames during the first three to four years of their career."

## **Saskatchewan**

### **Financial Consumer Affairs Authority (FCAA)**

#### Saskatchewan To Release Draft Bill For Consultation On Modernizing Insurance Act

Saskatchewan Superintendent of Insurance David Wild is expected to release imminently (and definitely before the end of 2014) a draft Bill which will set out the province's proposed amendments to its Insurance Act. The draft legislation will be used as the vehicle for consultation with the industry. This information was shared with Brendan Wycks by Craig Anderson, Associate Counsel at CLHIA.

While the industry was aware that Saskatchewan had begun a preliminary review of its Insurance Act in 2014 and indicated on its web site that the review would be completed in 2015, the fact that the FCAA has leapt ahead to the draft legislation stage is surprising. The FCAA was expected to take the more typical approach of releasing a consultation document on the Insurance Act review. Moving immediately to draft legislation makes it appear that the FCAA is trying to expedite and accelerate the legislative review process.

## **Ontario**

### **Financial Services Commission of Ontario (FSCO)**

#### FSCO To Undergo Mandate Review In Early 2015

FSCO and the Deposit Insurance Corporation of Ontario (DICO) will undergo an "Agency Review" of their mandates during the first half of 2015. An Ontario government initiative, this mandate review is conducted periodically (typically once every 10 years) and will be led by an independent reviewer.

This information was shared by Brian Mills, recently appointed Interim CEO and Superintendent, in a get-acquainted conversation with CAFII representatives Brendan Wycks and Moira Gill at FSCO's Market Conduct Symposium for the Life and Health Insurance Sector on November 21/14.

#### FSCO Announces “Next Steps” Emerging From Life Insurance Product Suitability Review

At FSCO’s Market Conduct Symposium for the Life and Health Insurance Sector on November 21/14, Anatol Monid, Interim Executive Director of FSCO’s Licensing and Market Conduct Division, announced that the Commission would be taking the following next steps stemming from its recently completed Life Insurance Product Suitability Review:

- providing bulletins and other educational initiatives for life insurance agents;
- conducting more in-depth compliance audits of life insurance agents. On-site visits to corroborate the results of the Product Suitability Review survey will begin shortly;
- conducting on-site examinations of life insurance companies, particularly with respect to their oversight and monitoring responsibilities; and
- communicating to industry stakeholders that FSCO expects that they will self-assess against the aggregate results of the Review and identify areas for improvement

Anatol noted that 60 of the approximately 1,000 life agents who were randomly selected to complete the Product Suitability Review’s online survey did not do so, and an administrative monetary penalty has been imposed on them. For those who have appealed this fine for non-compliance, hearings will begin in January 2015 and Anatol will be “giving evidence.”

He also advised that the International Monetary Fund’s summer 2013 Financial System Stability Assessment (FSSA) of FSCO’s practices, which included reviewing the Commission’s performance against the International Association of Insurance Supervisors’ (IAIS) Core Principles, indicated that FSCO should be doing more in terms of setting market conduct expectations and communicating them to the industry. He stressed that FSCO will be implementing that recommendation for improvement, and the industry will be seeing more evidence of that soon.

#### Anatol Monid Appointed Interim Executive Director Of Licensing and Market Conduct Division

On October 28/14, FSCO announced that Anatol Monid had been appointed Interim Executive Director of the Licensing and Market Conduct Division. He assumes that role from Grant Swanson who retired on October 23/14 after a distinguished career in the Ontario public service.

In 2004, Anatol joined FSCO as Director of the Market Regulation Branch, within the Licensing and Market Conduct Division. In this role, he was responsible for oversight of prudential and market conduct examinations, and consumer complaint handling across FSCO’s regulated sectors.

Anatol brings to his new position experience in both the private and public sectors. He was with the supervision group of the Office of the Superintendent of Financial Institutions and worked for a number of general and multi-line insurers in various capacities. He also served with the Canadian Armed Forces.

Anatol occasionally serves as a program leader supporting the work of the Toronto Leadership Centre which is working to build the capacity of financial sector regulators and supervisors in emerging markets and low income countries. He is also a member of Sheridan College Faculty of Continuing & Professional Study and teaches insurance courses.

#### Isabel Scovino Appointed Director, Market Regulation Branch In Licensing and Market Conduct Division

On November 13/14, CAFII learned that Isabel Scovino had recently been appointed Director of the Market Regulation Branch in FSCO’s Licensing and Market Conduct Division, succeeding Anatol Monid in that role.

Isabel previously worked in the Licensing and Market Conduct Division for many years – recently having liaison with CAFII around FSCO’s “Modernizing Disciplinary Hearings For Insurance Agents and Adjusters” consultation in early 2013 – but her most recent role was Senior Manager of the Motor Vehicle Accident Claims Fund in the Auto Insurance Division.

## **Quebec**

### **AMF**

#### AMF To Announce New Round Of Consultation On E-Commerce In Insurance Sector

CAFII has learned that the AMF plans to launch the next phase in its own consultation on electronic commerce in the insurance sector imminently, either before the end of 2014 or in early 2015.

Eric Stevenson, the AMF’s Superintendent, Client Services and Distribution Oversight, has advised Brendan Wycks that his team is currently in the process of finalizing its report on the e-commerce consultation the AMF conducted a few years ago.

He noted that as the CCIR usually does (and did for the Electronic Commerce Report), the idea was to publish a report for consultation before the final version is published. In the upcoming consultation report, the AMF will suggest some guidance and principles on electronic commerce. The previous Position Paper was asking questions and did not propose any such guidance or principles.

Based on a conversation with Eric at the AMF’s annual Rendez-vous conference in Montreal on November 10/14, Claude Di Stasio, CLHIA’s Vice-President, Quebec Affairs, indicated that the rationale for the imminent timing for a further round of AMF consultation on e-commerce in insurance is (i) products and technology in the marketplace have changed so much in recent years that it may no longer hold true that the e-commerce distribution channel should operate under the exact same regulations as any other distribution channel; and (ii) the AMF’s data is showing that consumer purchases of insurance via e-commerce are growing significantly.

#### CAFII To Meet With AMF On E-Commerce Consultation And Distribution Guide Initiative In January 2015

In response to a request from Brendan Wycks, Eric Stevenson, the AMF’s Superintendent, Client Services and Distribution Oversight, has offered to meet with CAFII in Toronto on the afternoon of January 27 or the morning of January 30, while he is in town for the CCIR stakeholder meetings that week.

The AMF’s further round of consultation on e-commerce in insurance and the Distribution Guide (DG) template initiative will be two key items on the meeting agenda.

#### AMF Response To Industry On Distribution Guide Consultation Submissions Could Be Delayed

At the AMF’s recent Rendez-vous event, Claude Di Stasio of CLHIA picked up the following insights from Eric Stevenson with respect to the industry’s recent submissions on the AMF’s DG template:

- the AMF has reviewed all of the submissions from industry stakeholders. It understands the feedback received, and acknowledges the merits of many of the points made about shortcomings in the DG template; and

- the AMF recognizes that some of the shortcomings with the DG are rooted in the fact that it was designed with a face-to-face sales situation in mind, which creates problems for its applicability to alternate distribution channels; and

In light of AMF plans to launch a further round of consultation on e-commerce in insurance, the outcomes of which will likely have implications for the DG, CLHIA believes that the AMF will probably decide that it does not make sense to pursue the DG initiative further until the new e-commerce consultation is completed.

However, Eric Stevenson has advised Brendan Wycks that, in his view, the upcoming e-commerce consultation will not have any direct impact on the timeframe for completing the DG template initiative.

## **Nova Scotia**

### Consultation On Regulations Supporting Direct Sellers' Regulation Act (DSRA), Bill 43

Nova Scotia's Bill 43, once proclaimed, will remove from the province's Direct Sellers' Regulation Act (DSRA) an exemption for goods and services whose sale is regulated by another federal or provincial statute.

After learning of Bill 43 in July 2014 and flagging it as of regulatory concern, CAFII subsequently found out that Nova Scotia planned to continue to have some exclusions from the Act, but that they would be more focused and set out in regulations.

On August 5/14, CLHIA sent a letter to Service Nova Scotia asking the government to reaffirm that life and health insurance products and services regulated under the province's insurance legislation will continue to be excluded from application of the DSRA; and that the province would include provisions in its new DSRA regulations to exclude both contracts for and the selling of life and health insurance which are already regulated under the province's Insurance Act. .

On November 24, Brendan Wycks learned from Craig Anderson, CLHIA's Associate Counsel, that

- Service Nova Scotia had recently released a broad consultation document "to all known interested parties" on the proposed exemptions via Regulation from the new Act; and the stated deadline for submissions was November 24;
- the consultation document proposes nine exemption clauses, with only the first one being applicable to the direct selling of insurance; and
- CLHIA has made a brief submission and proposed some wording tweaks to the first exemption clause to make it more precise and inclusive of what should be captured in the exemption's net.

Brendan Wycks subsequently contacted Service Nova Scotia and obtained the consultation document. CAFII's Licensing Efficiency Issues Committee is currently reviewing the proposed exemption clause related to direct selling of insurance, to determine if our Association has any specific wording changes to recommend. Service Nova Scotia was pleased to hear from CAFII and has invited us to pass along any feedback or comments by December 3.

## CAFII Regulator and Policy-Maker Visit Plan 2015

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 27/14
<b>British Columbia</b>				
Gerry Matier, Executive Director, Insurance Council of BC	Nov. 21/14: roundtable re 10 yr. Review of BC FIA (G. Grant in Vancouver)  Nov 20/14: CLHIA COSS seminar (B. Wycks in Toronto)  May 28/14: Toronto, ON	When Gerry is in Toronto for CISRO/CCIR/related meetings	-10 yr. Review of BC Financial Institutions Act (FIA) -Representation for banks-in-insurance sector on Council -LLQP modernization -Update on TIPIP initiative -Update on Council priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending
Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR Chair)	May 6/14; Ottawa, ON	January 28/15 stakeholder meeting with CCIR  When Carolyn is in Toronto for CCIR/related meetings	See above	Confirmed
Doug McLean, Deputy Superintendent	No contact/meeting for at least past two years	When Doug is in Toronto for CCIR/related meetings	See above	Pending
Harry James, Director, Policy Initiatives, FICOM; Chair of CCIR's new Working Group on Travel Insurance	Jul 28/14: call with CAFII reps re: "effecting" CGI	December 10/14 TIPIP meeting CCIR Working Group on Travel Insurance	-Regulatory concerns re travel insurance; and see above	Confirmed
Michael de Jong, Minister of Finance	Nov. 21/14: G. Grant represented CAFII at FIA Review roundtable discussion	If necessary, Q1 or Q2 2015	- follow up on CAFII issues/concerns re: 10-year Review of Financial Institutions Act	Pending



Alberta				
<b>Alberta Insurance Council:</b> Joanne Abram, CEO;  Ron Gilbertson, Chair (2012-15)  Tom Hampton, COO (retiring at end of 2014)  Warren Martinson, Legal Counsel (member of CISRO LLQP Ctte)	Nov 20/14: CLHIA COSS seminar (B. Wycks); Mar 17/14; Toronto, ON Mar 17/14; Toronto, ON  Jan 8/14: Toronto, ON  Feb 10/14: Toronto, ON	When Joanne is in Toronto for CISRO/CCIR/related meetings   When Mark is in Toronto for CISRO/CCIR/related meetings  When David is in Toronto for CISRO/CCIR/related meetings  When Laurie is in Toronto for CISRO/CCIR/related meetings	-Representation for Restricted Licence Holders - - Licensing for 3 <sup>rd</sup> party providers: business number registration system -LLQP modernization -Update on TIPIP initiative - Update on Council priorities -Communicate CAFII issues -Maintain and strengthen relationship  See above  See above - and introduce CAFII  See above	Pending          Pending  Pending  Pending
Mark Prefontaine, Superintendent of Insurance	Sep 30/14; Fredericton, NB (informal meeting)	When Mark is in Toronto for CISRO/CCIR/related meetings	See above	Pending
David Sorenson, Deputy Superintendent of Insurance	No contact - <i>appointed Sep 15/14</i>	When David is in Toronto for CISRO/CCIR/related meetings	See above - and introduce CAFII	Pending
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch	Sep 30/14: Fredericton, NB (informal meeting)  Jul 28/14: call with CAFII reps re: "effecting of CGI"	When Laurie is in Toronto for CISRO/CCIR/related meetings	See above	Pending
Robin Campbell, President of Treasury Board and Minister of Finance	No contact – appointed Sep 15/14	TBD	TBD until CAFII has a "direct ask"	Pending
Saskatchewan				
Ron Fullan, Executive Director, Insurance Councils of Saskatchewan and CISRO Chair  April Stadnek, Director of Licensing	Sep 30/14; Fredericton, NB (informal meeting)  Same as above	When Ron is in Toronto for CISRO/CCIR/related meetings  When April is in Toronto for CISRO/CCIR/related meetings	-Restricted Insurance Agents Advisory Ctte. - LLQP modernization -Update on TIPIP initiative - Update on ICS and CISRO priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending  Pending

David Wild, Chairperson and Superintendent of Insurance	-no contact/meeting for at least past two years	Q1 or Q2 2015 meeting in Regina	-introduce CAFII and build relationship -Insurance Act Review: underway; draft Bill to be released, as consultation document, in late 2014 -ISI: Representation for Restricted Licence Holders -LLQP modernization -Update on TIPIP initiative - Update on Superintendent's priorities -Communicate CAFII issues	Pending
Ian McIntosh, Deputy Superintendent of Insurance	Jul 28/14 call with CAFII reps re: "effecting CGI"	Same as above	See above	Pending
<b>Consultant (ex-Superintendent)</b> Jim Hall <i>*Semi-retired</i>	-no contact/meeting for at least past two years	Same as above	Review and rewrite of SK Insurance Act	Pending
<b>Manitoba</b>				
<b>Ministry of Finance:</b>				
Jim Scalena, Superintendent <i>*Retiring at end of 2014</i>	April 29/14; Winnipeg, MB	When successor or Scott is in Toronto for CISRO/CCIR/related meetings	-Introduce CAFII and build/maintain relationship -Implementation of ISI regime -Representation for Restricted Licence Holders -Update on Insurance Act Review -LLQP modernization -Update on TIPIP initiative -Update on Superintendent's and Council's priorities -Communicate CAFII issues	Pending
Scott Moore, Deputy Superintendent	April 29/14: Winnipeg, MB;			Pending
Jennifer Howard, Minister of Finance – resigned Nov 3/14 Greg Dewar New Minister of Finance	April 29/14; Winnipeg, MB  No contact – appointed Nov/14	TBD	TBD until CAFII has "direct ask"	Pending
Erin Pearson, Executive Director, Insurance Council of Manitoba:	Sept. 30/14: dinner in Fredericton, NB re: ISI implementation  Apr 29/14; Winnipeg, MB	When Erin is in Toronto for CISRO/CCIR/related meetings	Same as above	Pending

<b>Ontario</b>				
<b>FSCO:</b>				
Brian Mills, appointed Interim CEO and Superintendent on October 18/14	November 21/14 at FSCO Life and Health Insurance Symposium	Q1 or Q2 2015: follow-up lunch or dinner	(i)-Introduce CAFII and build/maintain relationship (ii) -next steps, if any, in Life Insurance Product Suitability Review (iii)-LLQP modernization (iv)-enhancing the national CRS (v)-Update on TIPIP initiative	Pending
Anatol Monid, Interim Executive Director, Licensing and Market Conduct Division	Nov 21/14 FSCO Life & Health Insurance Symposium	Meeting, if required re (ii)	(vi)-Update on Superintendent's priorities (vii) "Agency Review" of FSCO's mandate (viii)-communicate CAFII issues	Pending
	April 9/14 re: Interim Report of Life Insurance Product Suitability Review			
Isabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	Nov 21/14 FSCO Life & Health Insurance Symposium	Meeting, if required	Item (iv) above	Pending
	Nov. 20/14 Networking Dinner following CLHIA CCOS Seminar			
	Nov 13/14 re: Report on Joint Review (FSCO and AMF) of National Complaint Reporting System (CRS)			

<b>Quebec</b>				
<b>AMF:</b> Louis Morisset, CEO; Patrick Dery, Eric Stevenson, Julien Reid, Stephane Langlois, Louise Gauthier	Apr 8/14: Montreal, QC	January 27 or 30/15 meeting with Eric Stevenson in Toronto re (i) and (ii)	- (i) Further round of AMF consultation re electronic commerce in insurance - (ii) Distribution Guide template and implementation timelines - LLQP modernization - enhancing the national CRS - Update on TIPIP initiative - Update on AMF priorities - Communicate CAFII issues - Maintain and strengthen relationship	Pending        Pending
<b>Atlantic Canada</b>				
Joint Forum of Insurance Regulators (four provinces)	Oct 1/14: Fredericton, NB	spring or fall 2016	TBD	Deferred to 2016
<b>New Brunswick</b>				
Angela Mazerolle, Superintendent of Insurance	Oct 1/14: Fredericton, NB	None in 2015	TBD	Deferred to 2016
David Weir, Deputy Superintendent of Insurance	Oct 1/14: Fredericton, NB	Same as above	TBD	Deferred to 2016
Adam Mitton, Attractiveness Executive, Invest New Brunswick	Jun 3/14: Toronto, ON	Q1 2015 when Adam is in Toronto or, if necessary, in Fredericton	- highlight and discuss CAFII submission re: Insurance Act changes	Pending
Ronald Godin, Consumer Advocate for Insurance (role to be taken over by provincial ombudsman effective Jan 1/15)	No contact			
Charles Murray, New Brunswick Ombudsman (apptd. June/13)	No contact – taking over insurance consumer advocacy on Jan 1/15	Q1 or Q2 2015	- Introduce CAFII and build relationship - Position CAFII as an information resource - Find out how provincial ombudsman will carry out role formerly held by Consumer Advocate For Insurance	Pending

<b>Nova Scotia</b>				
Doug Murphy, Superintendent	Oct 1/14: Fredericton, NB	To Be Determined	- possible Insurance Act Review in 2015	Pending
<b>PEI</b>				
Superintendent Robert Bradley	Oct 1/14: Fredericton, NB	Q2 2015 in PEI or Toronto	-Review of life and accident & sickness provisions of Insurance Act, previously communicated as a definite priority for 2015 -LLQP modernization -Update on TIPIP initiative -Update on Superintendent's priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending
<b>Newfoundland</b>				
Craig Whalen, Deputy Superintendent	Oct 1/14: Fredericton, NB	None in 2015	N/A	Deferred to 2016
<b>FEDERAL/NATIONAL</b>				
Carol Shevlin, Policy Manager, <b>CCIR</b> *Retiring end of 2015	May 7/14; Ottawa, ON (informal update)	Dec 2014 or Jan 2015 informal catch-up lunch with B. Wycks  Jan 28/15 CCIR stakeholder meeting	-Update on CCIR 2014-17 Strategic Plan and related priorities -possible CAFII webinar(s) for CCIR in 2015 -succession plans for CCIR Policy Manager given upcoming retirement -opportunity to thank and acknowledge C. Shevlin at CAFII Reception later in 2015	Pending  Confirmed
Carolyn Rogers, <b>CCIR Chair</b> (CEO, FICOM & Superintendent of Insurance)	Oct 7/14: Toronto, ON	Jan 28/15 CCIR stakeholder meeting  CAFII webinar(s)	-Update on CCIR 2014-17 Strategic Plan and related priorities -LLQP modernization -Communicate CAFII issues	Confirmed  Pending
Ron Fullan Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB) <b>CISRO</b>	Feb 10/14: Toronto, ON	When Ron is in Toronto for CISRO/CCIR/related meetings	-LLQP modernization -possible CISRO Strategic Plan	Pending
Jeremy Rudin, Superintendent, <b>Office of the Superintendent of Financial Institutions</b>	No contact – appointed June/14	Q1 2015 “get acquainted” meeting in Ottawa or Toronto	-introduce/educate about CAFII, CGI and alternate distribution -build relationship -invite to be speaker at CAFII Reception in June or October 2015	Pending

Doug Melville, Ombudsman, <b>OBSI</b>	None	None	TBD	Watch/ monitor
<b>Financial Consumer Agency of Canada (FCAC):</b>				
Lucie Tedesco, Commissioner	No contact	Q1 2015 (either in-person in Ottawa or Toronto; or via teleconference)	-CAFII proposed enhancements to FAQs and other content on FCAC web site re creditor insurance	Pending
Brigitte Goulard, Deputy Commissioner	Jun 10/14			
Jane Rooney, Financial Literacy Leader	No contact	Feb 10/15	Jane Rooney to be guest speaker at Feb CAFII Annual Members' Luncheon in Toronto	Confirmed
Karen Morgan, Marketing Officer	Jan 9/14			

## Key facts about Creditor's Group Insurance

- When it comes to Life & Health insurance Canadians are both underinsured *and* underserved; life insurance ownership is at a 30-year low; commission-based traditional insurance agent incentives encourage the sale of fewer, larger policies to more affluent Canadians
- Creditor's Group Insurance (CGI) offered by Banks and Credit Unions provides Canadians with coast-to-coast access to simple, optional insurance solutions on a 24/7 basis through branches, contact centers and the internet
- CGI is an optional, single-purpose product that can insure debt repayment in the event of death, disability, critical illness and job loss and is intended to be *complementary* to other types of insurance products
- CGI products are underwritten and claims are adjudicated by the same Canadian Life Insurance companies that offer Individual Life & Health Insurance products
- CGI's group-like structure allows more Canadians to be insured at standard rates and almost all are accepted. For example, 94% of Mortgage Life Insurance applicants are accepted for coverage versus 79% accepted for Individual Life Insurance (and some of them are only accepted at higher premium rates)
- Pre-existing Condition clauses in CGI certificates allow people with pre-existing conditions to obtain coverage at standard premium rates and, other than for the pre-existing conditions, they can make a claim at any time. After the pre-existing condition exclusion period ends, they can make a claim for pre-existing conditions as well. With individual insurance coverage, people with pre-existing conditions would either not be able to obtain any insurance or would pay a higher premium.
- 95% of Mortgage Life Insurance claims are paid – similar to individual life insurance
- Banks and Credit Unions are interested in fostering a long-term relationship with their clients. Banks follow the Canadian Bankers Association (CBA) Code of Conduct for authorized insurance activities (adherence to the Code is monitored by the Financial Consumer Agency of Canada (FCAC)). The insurance companies which underwrite CGI adhere to all Canadian Life and Health Insurance Association (CLHIA) guidelines.

**CAFII Media Advisory Committee**  
**November 19, 2014**  
**Mock Interview with Madhavi Tom-Yew, Toronto Star Business Reporter**  
**Summary**

**Deliverables since the last CAFII Board of Directors meeting**

- EOC Media Committee was struck.
- Executive Director underwent media training.
- Executive Director and EOC Chair conducted an informational interview with a Toronto Star reporter, focusing on creditor insurance. Post interview feedback was provided by the reporter.

**CAFII Media Feedback**

- Need for development of a DECK / presentation telling the CAFII / creditor story that acts as a road map.
- When creating a potential media outreach list, a differentiation between business reporters and columnists must be made.
- It is very unlikely that a columnist's point of view will change – editors give them more leeway. For example, Ellen Roseman.
- There is a need to report some new information about creditor when conducting media outreach; otherwise CAFII's outreach could potentially become the story (i.e. a public relations campaign).
- Printed background materials about CAFII and creditor would be useful.
- There is a need to focus on the consumer benefiting from creditor.
- The insurance "pay out" statistic was more credible vs. "customer satisfaction" statistic – this was not convincing to the reporter.
- The key factor of creditor insurance was that it would pay out if a catastrophic situation took place.
- The question was raised, do employees who approve mortgages have enough experience or training to sell creditor insurance?
- The free look period was received positively.

**Next Steps**

- Conduct the first meeting of the EOC Media Committee; and set objectives.
- Development of a DECK / presentation telling the CAFII / creditor story.
- Creation of CAFII marketing / background materials (brochure).
- Continued media training.
- Creation of a media list for future outreach.
- Contacting communications/media departments of CAFII members to let them know who to call in case of a Creditor related story.



# CAFII Customer Value Proposition Project

With Towers Watson

Dec 2, 2014

# Project Purpose

- Provide independent, data-based evidence to regulators that creditor insurance products, processes and distribution channels are serving Canadian borrowers well
- Update the previous version of the study and expand it from life and disability insurance to include critical illness insurance

# Methodology

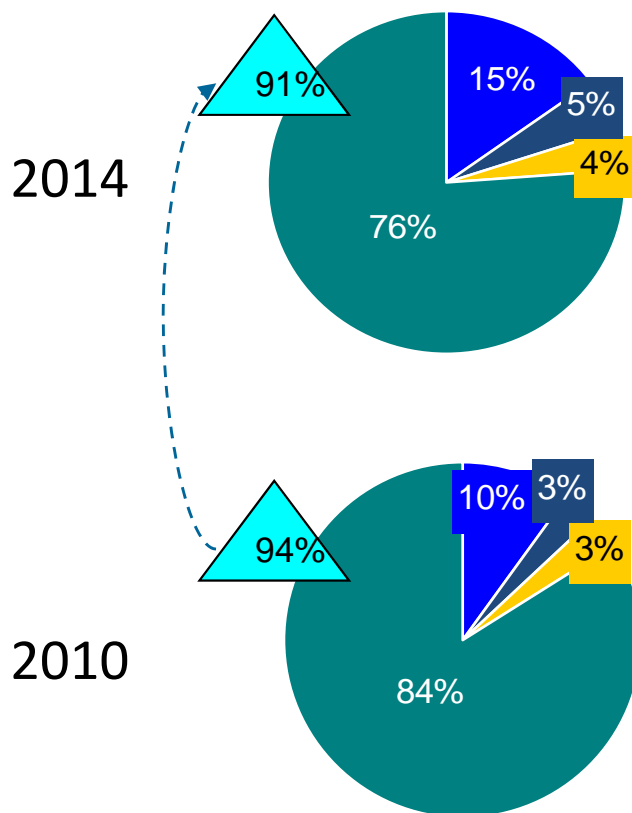
- Survey seven CAFII members about creditor insurance on mortgages: Bank of Montreal, CIBC, Desjardins Financial Security, National Bank, RBC, Scotiabank and TD Bank
- Survey individual life insurers
- Compare creditor's group insurance with individual insurance across the following dimensions:
  - Application approval rates
  - Claims approval rates
  - Pricing, affordability
  - Other key variables, e.g. access to coverage, societal benefits

# Today's Objective

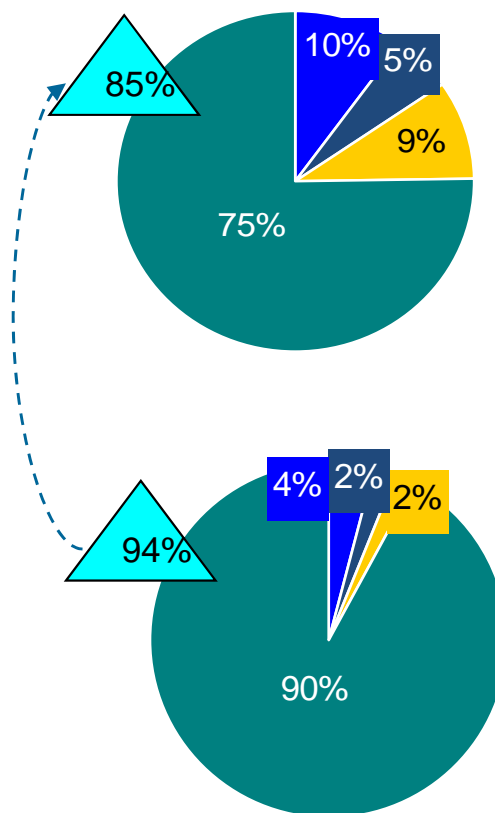
- Provide an interim project results report to the CAFII Board:
  - CAFII member survey results 2014 compared to 2010 for:
    - Application approval rates
    - Claims approval rates
    - Reasons for claims denials

# Application Approval Rates

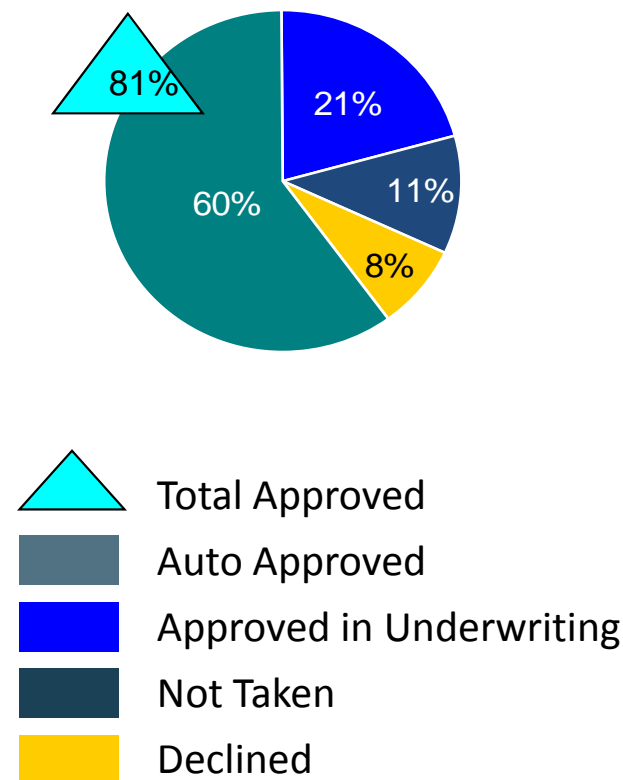
## Life Insurance



## Disability Insurance



## Critical Illness Insurance



Base: All Applications Decided

# Claims Approval Rates

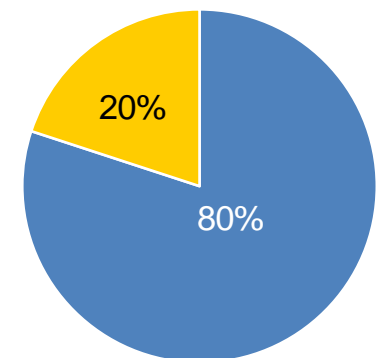
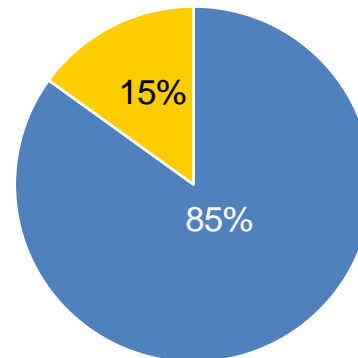
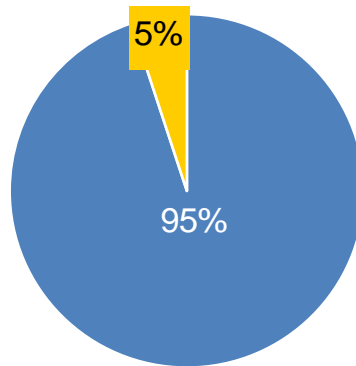
Very consistent 2010 to 2014

## Life Insurance

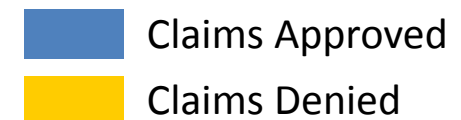
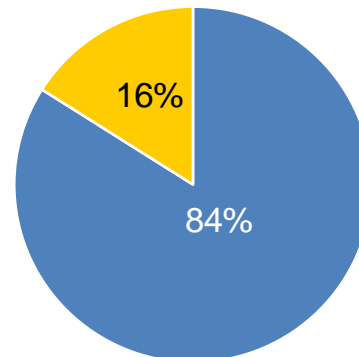
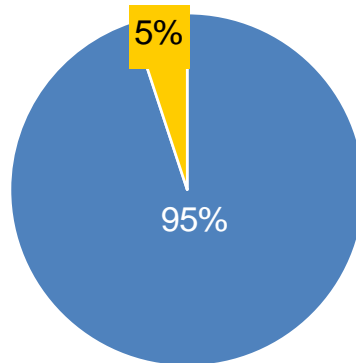
## Disability Insurance

## Critical Illness Insurance

2014



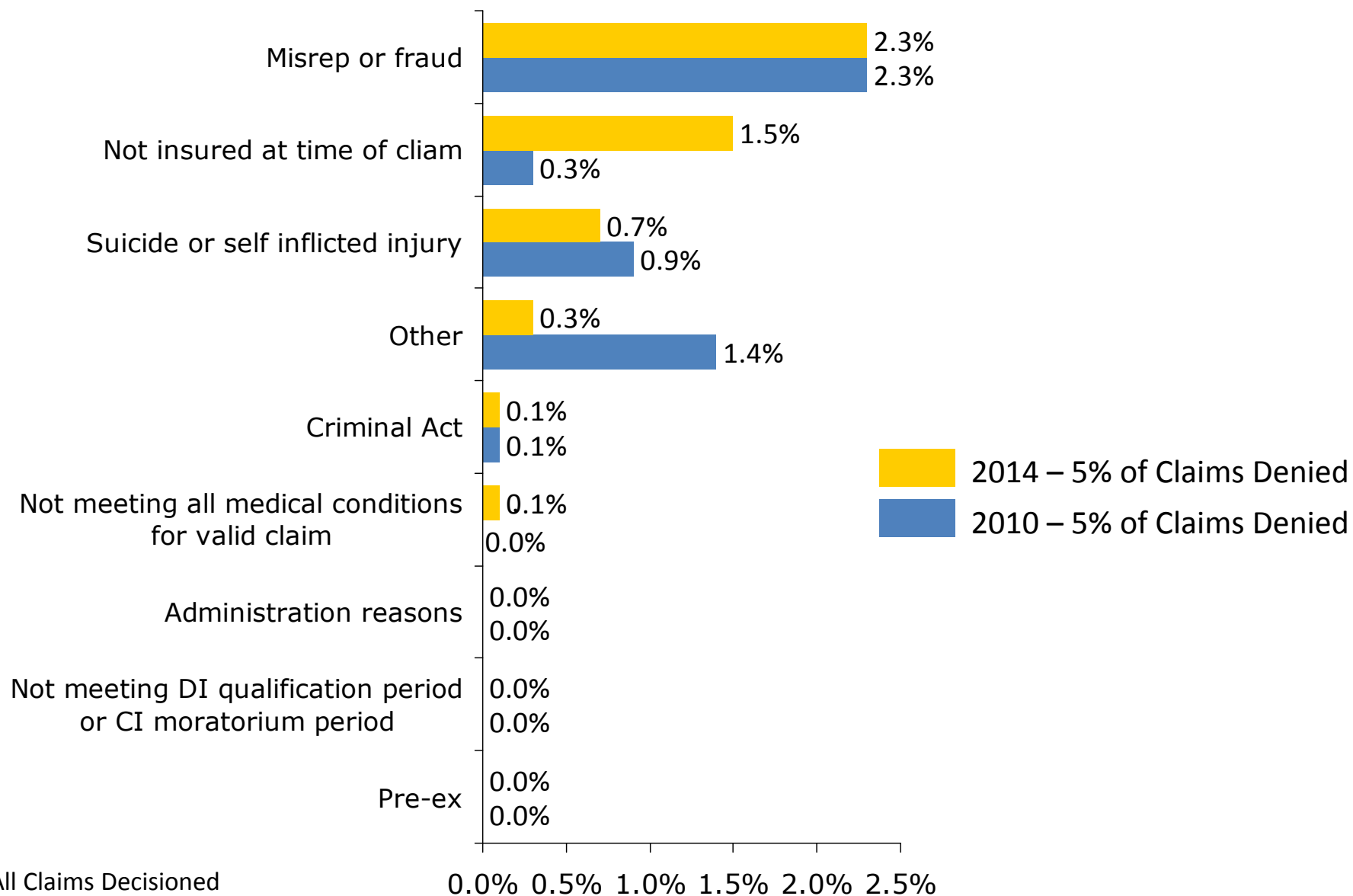
2010



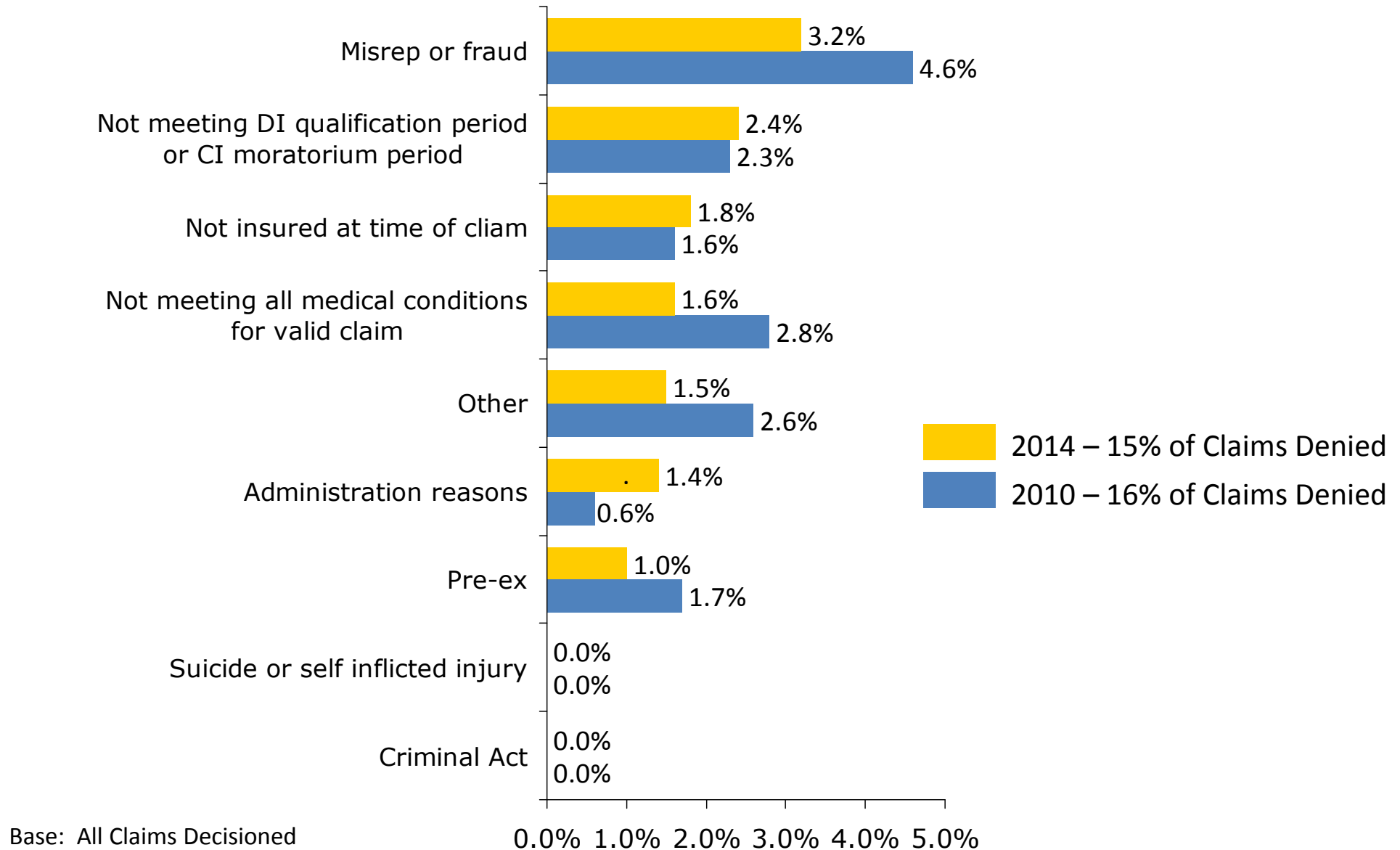
Base: All Claims Decisioned

# Reasons for Claims Denied – Life Insurance

7

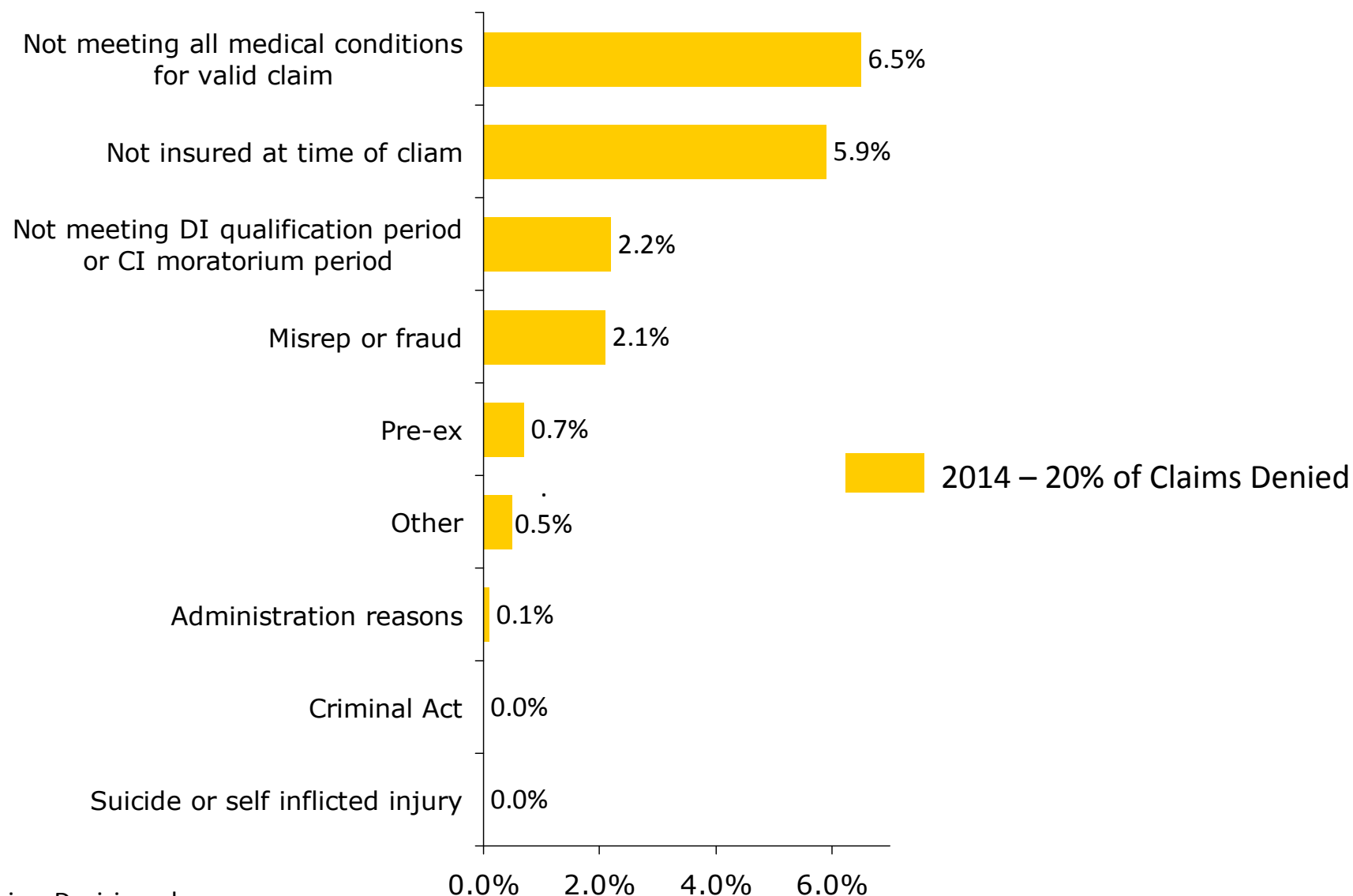


# Reasons for Claims Denied – Disability Insurance





# Reasons for Claims Denied – Critical Illness Insurance<sup>9</sup>



# Next Steps

- Towers Watson:

- Analyze individual survey results and compare to creditor insurance survey results
- Prepare report for working group feedback and then for CAFII Board

- CAFII

- Identify if additional analysis desired beyond original contract
- Provide feedback to Towers Watson on analysis and report
- Towers Watson presentation to CAFII Board of Directors

## CAFII 2015 Schedule of Meetings

### EOC Meetings:

- January 13, 2015 and EOC Annual Dinner at 5:30 pm
- February 17, 2015
- March 24, 2015
- April 28, 2015
- May 26, 2015
- June 23, 2015
  - \* Holidays to avoid: St. Jean Baptiste Day, Jun 24; Canada Day, Jul 1.
- July 21, 2015 \*tentative summer meeting
- August 25, 2015 \*tentative summer meeting
- September 22, 2015
- October 27, 2015
- November 17, 2015
- January 12, 2016 and EOC Annual Dinner at 5:30 pm

### Board Meetings:

- |                             |  |
|-----------------------------|--|
| • Tuesday, April 7, 2015    | HOST: CIBC Insurance   |
| • Tuesday, June 9, 2015     | HOST: ScotiaLife Financial<br><i>incl. Annual Meeting of Members</i> |
| • Tuesday, October 6, 2015  | HOST: Desjardins   |
| • Tuesday, December 8, 2015 | HOST: Canadian Premier   |

*PLEASE NOTE: Each board meeting is typically followed by a speaker presentation (except December) and networking reception which are well attended by members, associates, allied associations, and regulators.*

### Annual Members Luncheon & Speaker Forum:

*February 10, 2015 from 12 -2pm*

*Venue: TBA, Toronto, ON*

*Topic: Consumer Financial Literacy*

*Speaker: Jane Rooney, FCAC*

### 2014 Board Meetings Hosted by:

National Bank, AMEX, TD Insurance, ScotiaLife Financial; AGM: AMEX

### 2013 Board Meetings Hosted by:

RBC Insurance, CIBC Insurance, Assurant, BMO Insurance; AGM: CIBC Insurance