



CAFII EOC Meeting
Tuesday, January 8, 2013
Location: CIBC, Commerce Court
199 Bay Street, 4th Floor (Imperial Rm), Toronto, ON
Toronto, ON
2:00 – 5:00 pm

Agenda

1. Call to Order J. Hines
2. Approval of Agenda All
3. Minutes All
 - a. EOC Minutes November 27, 2012
 - b. Board Minutes, December 11, 2012
4. Financials M. Fabian
 - a. November 2012 financials
5. Regulatory Update
 - a. Regulatory Newsletter B. Wycks
 - b. Regulator Visits B. Wycks
 - Regulator Visits Plan
 - CISRO Meeting B. Wycks
 - FSCO Call Centre Visits J. Hines
6. CAFII Priorities and EOC Committees
 - a. CAFII Priorities by Committee B. Wycks
 - b. Distribution and Market Conduct Policy Committee S. Manson
 - *Creditor Insurance Project (2:45 – 3:45 pm)* J. McCutcheon
 - c. Licensing Efficiency Issues Committee M. Gill
 - d. Media & Advocacy Strategy Committee S. Gelgor / J. Lewsen
 - Proposed Partnership with Media Planet on Insurance Supplement in Toronto Star B. Wycks
 - Next Webinar B. Wycks
 - e. Event & Networking Committee P. Yeung / M. Sanchez-Chung
 - Speaker presentation – February 5, 2013
 - CAFII 15th Anniversary Event
7. Other Business
 - a. 2013 Meeting Dates (EOC - Sep 24; Board - Dec 10) J. Hines

Next Board Meeting is April 10, 2013 hosted by RBC Insurance.
Next EOC meeting is February 19, 2012, in Toronto.

Conference call dial-in information:

416-764-8662 or 1.888-884-4534, participant pass code: 771017#, moderator pass code: 7661560#



CAFII EOC Meeting Minutes
Tuesday, November 27, 2012
Location: Royal Bank Plaza
South Tower, Capital Markets
200 Bay St, 5th Floor, DS Boardroom
Toronto, ON

Present: Charles Blaquiere Canadian Premier Life Insurance Co. (*teleconference*)
Emily Brown BMO Insurance
Andre Duval Desjardins Financial Security Life Assurance
Wayne Eccles TD Insurance
Matthew Fabian BMO Insurance *Treasurer*
Sara Gelgor ScotiaLife Financial
Greg Grant CIBC Insurance
Jennifer Hines RBC Insurance *Chair*
John Lewsen BMO Insurance
Sue Manson CIBC Insurance
John Poolman Assurant Solutions (*teleconference*)
Maria Sanchez-Chung TD Insurance (*teleconference*)
Paul Yeung RBC

Also Present: Leya Duigu T•O Corporate Services
Anne Riley Lawrie Savage and Associates
Brendan Wycks CAFII

Regrets: Rose Beckford ScotiaLife Financial
Francois Cholette Desjardins Financial Security Life Assurance
Moirra Gill TD Insurance

1. Call to Order

The meeting was called to order at 1:05pm. J. Hines acted as chair and L. Duigu acted as recording secretary.

2. Approval of Agenda

The agenda was approved as circulated. Action items from the October Board meeting were reviewed.

3. Minutes

a. EOC Minutes October 30, 2012

The EOC Minutes were approved as amended.

b. Board Minutes, October 9, 2012

Amendments were put forward to the minutes.

4. Financials

a. October 2012 Financials

M. Fabian reported that we are in a good cash position and unrestricted net assets are high. We currently have one GIC and can invest more depending on our cash balance at the start of next year. We are currently at 59% of budgeted expenses and expect a few more invoices to come in by year-end including the anticipated \$45K from the Creditor Insurance Project.

b. 2013 Draft Budget

The 2013 Draft Budget was circulated via email prior to the meeting. The expenses have been broken out by association operating expenses and committee expenses. Members discussed the new format and the proposed grouping of expenses by committee.

CAFII 15th Anniversary Budget: members discussed the different options and whether the budget should include some contingency funds in the event our costs increase due to higher attendance or some other unforeseen event.

Insurance: CAFII currently has D&O Insurance which covers everyone working with or for the association up to a maximum of \$5M. Members discussed the cost-benefit of increasing the Limit of Liability on D&O to \$10M. CAFII also has a general office insurance package with coverage to a maximum of \$2M and a recommendation was put forward to increase this to \$5M.

Decision: D&O Coverage to be increased to \$10M at a premium of \$3700
General Office to be increased to \$5M at a premium of \$1050

Management Fees: include the management fees and executive director salary remuneration in this line item.

2013 Reserve Policy: It is being recommended that the policy of maintaining reserves of approximately three months' operating expenses be extended to six months. Now that CAFII has an employee, our obligations are different, with which members agreed.

5. Regulatory Update

a. Lawrie Savage Report

A. Riley presented the Regulatory Report based on the attachment in the package and additional discussion occurred as follows:

- ON. Life Insurance Product Suitability Reviews to commence and CAFII should arrange a meeting with FSCO soon to go over this.

Action: B. Wycks to arrange meeting with FSCO to discuss the Life Insurance Product Suitability Review.

- CCIR. Third Party Administrator (TPA) Regulation could be a priority for CAFII next year and has been added to the agenda for Regulator Meetings.

Action: L. Duigu to send a Save the Date to C. Shevlin for CAFII's 15th Anniversary celebration on April 10, 2013.

- OSFI Superintendent, Julie Dickson, delivered a speech a week ago indicating that Canada is currently under a spotlight in terms of Financial Services regulation and standards. This could eventually become a concern for provincial regulators and trickle down to FI's.

CAFII EOC Members thanked Anne Riley for all her work on the Regulatory Updates which has provided a valuable resource to members.

b. Regulator Visits

A. Riley reviewed the CAFII Regulator Visit Plan noting in particular:

- AMF Meeting. CAFII EOC Members J. Lewsen, J. Hines, M. Gill and G. Grant attended a meeting with Eric Stevenson recently to discuss the priorities of the Quebec ministry of finance. J. Lewsen will be providing a written summary.

Review of the Quebec Distribution Guide will be an action item for the Distribution & Market Conduct Committee.

Action: J. Lewsen to draft a letter to E. Stevenson for review.

Regulator Visit Plan

- FSCO Five Year Review. There was an extensive discussion on social media; however, it appears to be an area that isn't well understood by FSCO and regulators generally.
- CLHIA Compliance and Complaints Conference to be added to the list of meetings.

Action: If anyone has changes to make to the 2013 Regulator Meeting document, send them to A. Riley by Friday, November 30, 2012.

6. CAFII Priorities and EOC Committee

a. CAFII Priorities by Committee

b. Review of Committee Mandates

On the matter of research it was determined that any research undertaken to create key messages or respond to media enquiries will be overseen by the Media and Advocacy Committee. Research such as that conducted by Avalon will be overseen by the Distribution and Market Conduct Committee.

c. Distribution and Market Conduct Committee

Creditor Insurance Project. CAFII was initially approved to spend \$35K on this project. At this time, the project is well over the initial estimates provided and work has ceased temporarily as a result. Reasons for the overage were provided and it was noted that CAFII was the cause of this due to the multiple levels of feedback that exist. It would be ideal to complete the project as intended; and, in order to do so, it was felt the Board needed to be advised and have the opportunity to approve the additional spending required.

Decision:

- a) S. Manson and J. Poolman to setup a call with J. McCutcheon with the goal of getting a realistic idea of what the final cost will be, confirm the deliverables and also an assurance that the new budget can be maintained.
- b) A revised budget to be determined and Board approval to be secured in order to proceed.

d. Licensing Efficiency Issues Committee

No updates.

e. Media and Advocacy Strategy Committee

Deferred.

f. Event and Networking Committee

15th Anniversary Event, April 10, 2013. Venue, speaker and guest list still need to be confirmed. P. Yeung to come up with suggestions and L. Duigu to contact venues for availability and quotes.

February 2012 speaker. Jane Carr, VP Legal, Assurant was suggested and J. Poolman will be following up with her.

January 8, 2013 EOC meeting shall be from 2-5pm, followed by an annual celebration dinner at 5:30pm.

7. Other Business

a. 2013 Draft Calendar

A calendar of 2013 CAFII meeting dates was distributed in its final version.

8. Termination

There being no further business, the meeting terminated at 3:50 p.m. The next EOC meeting will be held on Tuesday, January 8, 2012 at 2:00 pm in Toronto.

Date

Chair

Recording Secretary

CONFIDENTIAL DRAFT



CAFII Board of Directors Meeting Minutes
Tuesday, December 11, 2012
ScotiaLife Financial

Scotia Plaza, 40 King Street West, 63rd Floor, Ratcliffe Room
Toronto, ON

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

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

Regrets: Emily Brown, BMO Insurance
Keith Demmings, Assurant Solutions *Vice Chair*
Andre Duval, Desjardins Financial Security Life Assurance Company
Moirra Gill, TD Insurance
Wayne Eccles, TD Insurance
David Minor, TD Insurance
Isaac Sananes, Canadian Premier Life Insurance
Maria Sanchez-Chung, TD Insurance

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

1. Call to Order

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

2. Review of CAFII Competition Guidelines

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

3. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The agenda be approved as presented.

4. Welcome & Appointment of New Directors and Chair

Executive Director

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

Appointment of New Directors

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

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

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

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

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

Appointment of New Chair

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

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

5. Minutes

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

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

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

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

6. Financial Update

6.1. October Financials

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

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

6.2. Adoption of 2013 Budget

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

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

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

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

7. Regulatory Update

7.1. Regulatory Newsletter

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

- Federal: Credit Union Conversion to Federal Charter. It has been suggested that CAFII should be open to having federally regulated credit unions become

members of the Association. Given that the first credit union likely to obtain a federal bank charter is based in British Columbia, a meeting to explore potential synergies could be arranged the next time CAFII Directors visit BC regulators.

- British Columbia: Changes to Restricted Licensing Regime for Motor Vehicle Dealers. Members discussed sending a communication to the other provinces with this update noting that it makes sense and providing the reasons why.
- Manitoba: Insurance Act Review Update. Members discussed whether Manitoba regulators have enough information regarding the restricted licensing regime to make the appropriate changes. M. Gill and S. Gelgor have met with them on a number of occasions and raised their awareness of the nuances.
- Ontario: Life Insurance Product Suitability Review to Commence. International regulators are coming to audit the Canadian regulators and there is some concern about this. Their goal is to identify issues within the different channels which could provide an opportunity to communicate the benefits of the direct distribution channel. This is an opportunity for CAFII member companies to highlight the key advantages of our industry.
- CCIR: Third Party Administrator (TPA) Regulation.
Action: Follow-up with E. Stevenson on this review for more information.
- Financial Literacy Month. Occurs annually in November and is becoming increasingly important to regulators and the public. This provides another opportunity for CAFII to educate.

7.2. Report on Regulator Meetings

7.2.1. CCIR Meeting

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

- CAFII is encouraged to continue with the proposed webinars for CCIR members.
- They stressed the pressure they are under and agreed to include CAFII's 15th Anniversary in their spring meeting plans.
- The overall discussion was very open.

7.2.2. AMF Meeting

A delegation of CAFII EOC members attended a meeting with E. Stevenson recently to discuss the priorities of the Quebec Ministry of Finance (AMF). J. Lewsen reported on a number of changes within the AMF since our last meeting with them in June. E. Stevenson indicated that the Quebec Minister of Finance has quite a lot of priorities currently. CAFII will be drafting a letter outlining our recommendations on the Distribution Without Representation Guide which was

discussed in detail. An updated copy of the Guide would be circulated next year and they are looking at implementation in 2014.

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

7.3. Planned Regulator Meetings (2012 & 2013)

The meeting package contains two documents (2012 and 2013) that the EOC have developed to highlight and guide CAFII's investment in regulator meetings.

2012: overall, we wisely used our time on key issues in key provinces.

2013: the same concept of spending time in key provinces was proposed. If any board members are travelling and can incorporate a regulator visit, please advise your EOC member. EOC members have done a tremendous job of conducting these visits and it is important for directors to volunteer and help spread the work load.

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

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

CCIR. We have a strong relationship with C. Shevlin and it would be ideal to continue to nurture this relationship, particularly with Executive Director B. Wycks now in place.

Action: Send C. Shevlin valueadded items as much as possible.

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

8. Committee Reports on addressing CAFII Priorities

8.1. Review of Committee Mandates

See notes under minutes.

8.2. Distribution and Market Conduct Policy Committee

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

8.3. Media and Advocacy Strategy Committee

Chaired by J. Lewsen and S. Gelgor, the committee is working on a number of deliverables as follows:

CAFII branded regulator valueadded strategy: Website redesign is completed and we have seen the numbers going up. The next goal is to add some valueadded information online. The EOC is also proposing to update the logo.

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

Webinars: we are planning on a webinar in the first quarter and will begin work on it in January.

Testimonials. If members could submit these the committee will review and decide upon how this information will be used.

Video. Making a video was suggested, one similar to the LIMRA video entitled “The Heart of the Matter.” A similar video could be created using the creditor content with the goal of highlighting the human and emotional aspects.

CAFII Tag Line

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

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

Action: Tag line to be translated into French.

8.4. Licensing Efficiency Issues Committee

S. Gelgor provided an update on behalf of, LEIC Chair M. Gill, who was unable to attend.

The issue of industry representation on the province’s Insurance Council has been raised in Saskatchewan and Superintendent R. Fullan sees this as more of an advisory council. He wishes to have something in place whereby there will be direct feedback from the industry.

The LEIC needs to find out the process for making this change. For now, R. Fullan is willing to begin something informally. Stikeman Elliott has been contacted and the LEIC anticipates having something ready and up and running in 2013. R. Fullan is supportive of CAFII and has recommended us to other regulators. As a result, Saskatchewan will likely be the first province in which we will have representation on the Insurance Council. It was suggested that we should start thinking about the members who could be volunteered to serve on this advisory council.

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

8.5. Networking and Event Hosting Committee

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

CAFII 15th Anniversary. P. Yeung provided an overview, indicating that historically we have hosted a dinner. An alternative proposal would be to hold the event at RBC and put the funds towards bringing in entertainment for the evening. In addition, CCIR has expressed interest in a presentation on the Review of Canada's Adherence to Insurance Core Principles which could be delivered at this time.

Action: The committee to look into possible entertainment options for April 10, 2013.

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

9. Other Business

9.1. 2013 Calendar of CAFII Meetings

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

10. Termination

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

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

Date

Chair

Recording Secretary

CAFI

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

Balance Sheet As at November 30, 2012

ASSETS	Current 2012
Current Assets	
Bank Balance	\$253,458
Investments ^A	\$52,097
Accounts Receivable	\$0
Interest Receivable	\$366
Prepaid Expenses	\$1,656
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	\$307,577
TOTAL ASSETS	\$307,577
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$14,966
Deferred Revenue	\$68,350
Total Current liabilities	\$83,316
TOTAL LIABILITIES	\$83,316
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$137,319
Excess of revenue over expenses	\$86,942
Total Unrestricted Net Assets	\$224,261
Total Unrestricted Net Assets	\$224,261
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$307,577

RESERVE RATIO:	
Minimum Reserve for 2012	\$71,258
Maximum Reserve for 2012:	\$435,177
Current Reserve Ratio (CAFI policy requires min. 3 months reserve)	9.5 Months

C A F I I
 55 St Clair Ave West, Suite 255
 Toronto, ON, M4V 2Y7
Balance Sheet Items
As at November 30, 2012

Item A

Investment Portfolio

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

Item B

Accounts Payable

	Total
	<u>14,679.19</u>
Total outstanding:	<u>14,679.19</u>

CAFII

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

Statement of Operations As at November 30, 2012

REVENUE	Current Month	Current YTD	Budget 2012	% Used	YTD 2011 Balance	% Used YTD 2011
Membership Fees	\$0	\$341,750	\$419,700	81%	\$384,175	100%
Interest Revenue	\$0	\$583	\$750	78%	\$696	696%
TOTAL REVENUE	\$0	\$342,333	\$420,450	81%	\$384,871	89%
EXPENSE						
Management Fees	\$5,885	\$64,732	\$70,617	92%	\$63,454	92%
Lawrie Savage Fees	\$14,679	\$161,471	\$171,289	94%	\$158,305	94%
Fasken Martineau Fees ¹	\$0	\$1,694	\$10,467	16%	\$0	0%
Audit Fees	\$0	\$347	\$11,594	3%	\$1,162	12%
Board/EOC/AGM Expense ²	\$338	\$12,923	\$21,000	62%	\$15,011	71%
Insurance	\$0	\$2,365	\$4,320	55%	\$2,595	60%
Website (incl translation)	\$30	\$2,738	\$540	507%	\$13,679	2533%
Telephone/Fax/Internet	\$58	\$574	\$1,000	57%	\$1,009	47%
Postage/Courier	\$8	\$242	\$500	48%	\$251	23%
Office Expenses	\$85	\$811	\$2,700	30%	\$1,928	71%
Bank Charges	\$0	\$38	\$0	0%	\$0	
Miscellaneous Expenses	\$587	\$866	\$0	0%	\$0	
Amortization Expense	\$0	\$0	\$0	0%	\$0	
Regulatory Model (s)	\$0	\$0	\$2,940	0%	\$0	0%
Tactical Communications Strategy ⁷	\$509	\$2,420	\$22,250	11%	\$9,549	38%
Media Relations, CAFII Consultant	\$0	\$10,430	\$12,000		\$8,129	68%
Research/Studies ⁴	\$0	\$5,085	\$42,000	12%	\$55,568	132%
Federal Financial Reform ⁵	\$0	\$0	\$2,160	0%	\$0	0%
Provincial Regulatory Review ⁶	\$0	\$10,723	\$54,000	20%	\$11,205	21%
Provincial Networking Strategy ³	\$0	\$0			\$17	
CCIR Research for Sup.model support	\$0	\$111	\$5,800	2%	\$0	0%
TOTAL EXPENSE	\$22,180	\$277,571	\$435,177	64%	\$341,862	64%
EXCESS OF REVENUE OVER EXPENSES	(\$22,180)	\$64,762	(\$14,727)		43,009.33	

Explanatory Notes:

- (1) Legal work relating specifically to CAFII
- (2) Board meetings and receptions, special Board or EOC lunch meetings, speaker expenses
- (3) Speaker lunches such as the one we did in BC and other events where we invite provincial regulators
- (4) Research for the creditor issues committee and any new issue that may come up
- (5) Placeholder
- (6) Faskin Martineau work: costs associated with regulation changes, insurance act updates, and issues related to restricted licensing regimes.
- (7) Fees for PR, media and communications firm

CAFII

Toronto, ON M4V 2Y7

Membership Fees

As At November 30, 2012

	<u>Jan-12</u>		<u>Jul-12</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
TD Insurance	\$23,500.00	24-Feb-12	\$23,500.00	11-Sep-12
Assurant Solutions	\$11,750.00	24-Feb-12	\$11,750.00	7-Sep-12
BMO Insurance	\$23,500.00	16-Mar-12	\$23,500.00	Sep21,2012
Canadian Premier Life Insurance Company	\$11,750.00	17-Feb-12	\$11,750.00	11-Sep-12
CIBC Insurance	\$23,500.00	2-Mar-12	\$23,500.00	28-Sep-12
National Bank Insurance Company	\$11,750.00	9-Mar-12	\$11,750.00	14-Sep-12
RBC Insurance	\$23,500.00	9-Mar-12	\$23,500.00	24-Sep-12
ScotiaLife Financial	\$23,500.00	17-Feb-12	\$23,500.00	10-Oct-12
Desjardins Financial Security Life Assurance Company	\$11,750.00	24-Feb-12	\$11,750.00	7-Sep-12
AMEX Bank of Canada	\$11,750.00	23-Mar-12	\$11,750.00	12-Oct-12
Avalon Actuarial	\$4,800.00	2-Mar-12		
CSI Brokers Inc.	\$4,800.00	23-Mar-12		
Dion, Durrell & Associates Inc.	\$4,800.00	18-May-12		
Eckler Partners Ltd.	\$4,800.00	resigned		
KPMG	\$4,800.00	20-Apr-12		
Laurentian Bank of Canada	\$4,800.00	2-Mar-12		
Oliver, Wyman Consulting Limited	\$4,800.00	25-May-12		
Optima Communications	\$4,800.00	16-Mar-12		
RGA Life Reinsurance Company of Canada	\$4,800.00	25-May-12		
Swiss Reinsurance Company Ltd	\$4,800.00	10-Feb-12		
Munich Re	\$4,800.00	13-Apr-12		
CIT Financial Ltd.	\$4,800.00	resigned		
Aimia	\$4,800.00	9-Mar-12		
The Canada Life Assurance Company	\$4,800.00	13-Apr-12		
January Invoices	\$243,450		\$176,250	
July Invoices	\$176,250			
Total Membership Fees	\$419,700			

CAFII Regulator Visit Plan 2013

updated November, 2012

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Org	Date/Venue	Status
British Columbia	Insurance Council of BC: Gerry Matier, Exec. Dir.	X	Update on Council priorities			Invite when in Toronto	
	Financial Institutions Commission(FICOM) Carolyn Rogers , CEO FICOM, Superintendent (interim CCIR chair) Doug McLean, Deputy Superintendent	X	CLHIA Compliance Conference in BC in May, Meetings to be coordinated around conference.			Surrey When Carolyn is in Toronto or CAFII chair is in BC	
Alberta	Alberta Insurance Council : Joanne Abram, CEO, Tom Hampton, Chief Operating Officer	X	Update on Council priorities Council Representation Licensing for 3 rd party providers Business number registration system			Edmonton	
	Ministry of Finance: Mark Prefontaine, Superintendent					Edmonton	
	New President of Treasury Board and Minister of Finance Doug Horner						
Saskatchewan	Sask. Insurance Council: Ron Fullan, Chair	X	Review Council priorities Council Representation			Invite when in Toronto	
	Financial and Consumer Affairs Authority, David Wild, Chairperson Superintendent of Insurance, Ian McIntosh Deputy Superintendent of Insurance		Courtesy visit, Introduction of CAFII Insurance Act review, ISI council representation			Regina	
	Consultant (ex Superintendent) Jim Hall		Insurance Act review				

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Org	Date/Venue	Status
Manitoba	Ministry of Finance: Jim Scalena, Superintendent	X	Update on Insurance Act review. ISI regime			Winnipeg	
	Manitoba Insurance Council: Erin Pearson, Exec Director;	X	Review Council priorities Restricted cert holder representation on council				
	Ministry of Finance Minister Stan Struthers		Letter of introduction sent, include on a visit of Chair to Manitoba. Wait until issues with Insurance act review are resolved				
Ontario	FSCO: Phil Howell, CEO & Superintendent	X				Toronto	
	FSCO: Grant Swanson, Exec Dir Licensing & Market Conduct division						
	FSCO: Company Complaint Officer Day			-individual companies		Toronto November	
Quebec	AMF: Mario Albert, CEO;	X				Quebec City	
	AMF: Superintendent, Eric Stephenson	X					
	AMF : Rendez-vous			-individual companies		October	
New Brunswick	Superintendent		Review priorities Discuss /educate on creditor's group insurance (CGI) and Avalon; Licensing issues, electronic licensing; Insurance Act Review Status ; David Weir (Deputy Super)- Atlantic Taskforce on ISI (chair)			TBD Fredericton	
	Consumer Advocate		Review priorities, Discuss /educate on creditor's group insurance (CGI) and Avalon;			TBD Fredericton	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Org	Date/Venue	Status
Nova Scotia	Superintendent		Review priorities, Discuss /educate on creditor's group insurance (CGI) and Avalon; Atlantic Taskforce on ISI			TBD Halifax	
PEI	Superintendent		Courtesy- Low priority for 2013 (if member is in Charlottetown)			Charlottetown	
Newfoundland and	Superintendent		Review priorities, Discuss /educate on creditor's group insurance (CGI) and Avalon;			St John's	
CCIR	Carol Shevlin, Policy Manager	X	Annual lunch. Discuss priorities			May Toronto	
	CCIR Executive						
CISRO	Ron Fullan Chair					-invite when in Toronto	
Federal	Federal Finance		Educational – marketing of CGI				
	OSFI: Julie Dickson, Superintendent						
	OBSI: Doug Melville Ombudsman		Educational – marketing of CGI				
	Financial Consumer Agency of Canada (FCAC)		Financial Literacy re insurance				

Regulatory Update - CAFII Board of Directors, December 11, 2012

By Lawrie Savage & Associates Inc

Federal

Guidance Issued on Electronic Commerce Protection Regulations

In October, the Canadian Radio-television and Telecommunications Commission (CRTC) issued Bulletin 2012-548 which sets out how industry can interpret the Electronic Commerce Protection regulations under *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act*, S.C. 2010, c. 23 (the Act). The regulations will come into force when section 6 to 11 and subsection 64(2) of the Act come into force. The bulletin can be found at <http://www.crtc.gc.ca/eng/archive/2012/2012-548.htm>

Credit Union Conversion to Federal Charter

Draft regulations to allow credit unions to incorporate and continue federally were published in the Canada Gazette Vol. 146, No. 27 — July 7, 2012 for a 30 day consultation period. The regulations can be found at <http://www.gazette.gc.ca/rp-pr/p1/2012/2012-07-07/html/reg4-eng.html>

By way of background- David Phillips, President and CEO of CUCC, advises that credit unions lobbied for the reforms of the *Bank Act* that would permit federal charters for credit unions. Credit unions are thus very supportive of the regulations and are anxious to see the section put in force. He advised that it may be several years before credit unions convert although one credit union in BC has announced its intention to do so. A federal charter has a number of implications that must be considered such as loss of the 100% deposit guarantee, higher capital requirements and lack of insurance distribution powers. Credit unions need to start planning for these matters. Mr. Phillips expects that credit unions are likely going to seek federal charters as multi-province operation will be necessary to allow for growth.

Consultation on Changes to Regulations Amending the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations (PCMLTFR)

Finance has issued revised proposed changes to the PCMLTFR. The previous version had proposed to remove an exemption from onerous customer due diligence that had been used by insurers. CAFII wrote two letters to Finance explaining the negative effect that removal of the exemption would have on business lines. The revised regulations no longer propose to remove the exemption. The revised regulations were posted on October 13. Interested parties had 30 days to comment to the department

of Finance. CAFII has drafted a follow up letter to Nick Burbidge to be sent after the regulations are final, to thank him for taking CAFII issues into account. The consultation can be found at

<http://www.gazette.gc.ca/rp-pr/p1/2012/2012-10-13/html/reg1-eng.html>

Financial Literacy Month

November is Financial Literacy Month (FLM) in Canada. FLM brings together the resources, information, products and services developed by organizations across the country that help Canadians strengthen their financial literacy. The calendar of activities was on the Financial Consumer Agency of Canada website.

British Columbia

Changes to Restricted Licensing Regime for Motor Vehicle Dealers

On October 5th, the Insurance Council published Notice ICN 12-006 which sets out restrictions and conditions on Motor Vehicle dealers' restricted insurance licenses. These licensees will be restricted to offering only insurance products that are incidental to the sale of a motor vehicle. Products must be offered under the direct supervision of a named unrestricted general insurance agent. The licensed representative must obtain initial and continuing education, including a minimum of 1 hour annually on each product offered. All products offered must be reviewed and approved by Council. Council will meet with the underwriting insurer. If product features are changed, the product cannot be offered until reapproved by Council. Coverage of products must be less than \$15,000. Client disclosure requirements include the consumer's right to decline coverage, all premiums and fees charged. These disclosures must be in plain language prior to the purchase of insurance. The requirements were effective immediately.

Alberta

License Renewal to be July 1st Each Year for all Classes

The *Certificate Expiry, Penalties and Fees Regulation* has been amended to require licenses to run from July 1st of to June 30th for all classes (Life, General and Adjusters). The changes will be phased in beginning with the Life and Accident and Sickness agents in December of 2012, with holders receiving a certificate that will expire on June 30, 2014. In April 2013, Adjusters will be issued a certificate that will expire on June 30, 2014. Fees will be prorated accordingly and Continuing Education requirements remain at the current 15 hour requirement. **Alberta advises that restricted certificates will also have a June 30 expiry date. The transition date will be determined by whether the product aligns with General or Life and Sickness.** Complete details of the changes, a table of prorated fees and links to the regulation can be viewed on the Alberta Insurance Council website at www.abcouncil.ab.ca

New Probationary License / Changes to General Agent Licensing

The *Insurance Agents and Adjusters Regulation* has been amended and was effective November 7, 2012. Changes include:

- 1) A new Probationary Certificate to allow prospective new general insurance agents to try out the job prior to qualification. It is available on a 1 time basis only, is valid for 90 days and is subject to supervision.
- 2) Removal of the requirement to move to level 2 from level 1 within 3 years. Level 1 agents whose certificates were cancelled for failing to advance to Level 2 may be entitled to re-apply for the Level 1 certificate. Level 1 agents are subject to ongoing supervision.
- 3) Level 2 applicants will have to pass a single examination that covers both personal and commercial insurance.
- 4) A new level 3 certificate will be issued to the Designated Representative of an agency. All Level 2 certificate holders who are currently the Designated Representative of an agency will be issued a Level 3 certificate. Those wishing to become a Designated Representative must successfully pass a Management Examination in addition to meeting other requirements.

Saskatchewan

Financial and Consumer Affairs Authority Created

What was previously the Saskatchewan Financial Services Commission is now the Financial and Consumer Affairs Authority (FCAA). David Wild is Superintendent of Insurance and Ian McIntosh is Deputy Superintendent. The name change occurred on October 1, 2012.

Manitoba

Insurance Act Review Update

Superintendent Jim Scalena reports that the department is still in the process of drafting regulations which will be available for comment in early 2013. This will not be a full consultation but a circulation of regulations to those parties who are impacted ie industry associations, including CAFII. It may be that not all regulations are implemented at the same time; in particular, ISI may take longer than other areas. For Life and A&S sections, implementation will likely be for fall of 2013 with not as much lead time as industry requested.

ISI Regime Update

Council reports that there is no news that can be made public at this time as recommendations have been sent to government. Comments provided by industry in August 2012 have been taken into consideration in the recommendations.

Insurance Regulator Merged with Securities Commission

The Financial Institutions Regulation Branch which oversees insurance companies, the Insurance Council, credit unions and co-operatives has merged with the Manitoba Securities Commission which has responsibility for securities regulation, real estate agents and mortgage brokers. The Financial Institutions Regulation branch which had reported as a branch of the Ministry of Finance becomes part

of a “special operating agency” reporting through the Ministry of Finance. The Insurance group expects to move to the securities commission building. The effective date of merged operations was October 1, 2012.

Ontario

Proposed Administrative Monetary Penalties (AMP) Regulations

Budget Bill 55 amended the *Automobile Insurance Rate Stabilization Act, 2003*, *Compulsory Automobile Insurance Act*, and *Insurance Act* to provide the Superintendent of Financial Services with the authority to impose administrative penalties and provide the Lieutenant Governor in Council the power to make regulations under these Acts. The Ministry of Finance has posted to the Ontario Regulatory Registry a summary of three regulations under the above noted Acts. Amendments under the Acts would be proclaimed in force at the same time as the regulations. As with the mortgage broker regulations, **the Ministry of Finance advises that they will publish the names of those fined and the amounts fined, ie it will be public.**

According to the registry posting, the three sets of proposed AMP regulations may:

- Prescribe provisions of the Act or the regulations for the purposes of general or summary administrative penalties;
- Prescribe criteria the Superintendent is required or permitted to consider when imposing a general or summary administrative penalty;
- Prescribe the amount of a penalty, or the method for calculating the amount of a penalty, and prescribe different penalties or ranges of penalties for different types of contraventions or failures to comply and for different classes of persons;
- Authorize the Superintendent to determine the amount of a penalty, if the amount of the penalty or the method for calculating the amount of the penalty is not prescribed, and prescribe criteria the Superintendent is required or permitted to consider when determining this;
- Authorize a penalty to be imposed for each day or part of a day on which a contravention or failure to comply continues;
- Authorize higher penalties for a second or subsequent contravention or failure to comply by a person;
- Govern the manner of paying the penalties;
- Require that a penalty be paid before a specified deadline or before a deadline specified by the Superintendent;

- Authorize the imposition of late payment fees respecting penalties that are not paid before the deadline, including graduated late payment fees; and
- Prescribe lesser maximum administrative penalties and the requirements established under the Act to which the lesser maximum penalties apply.

CAFII met with the Ministry to do a technical review of the regulations. It was subject to a confidentiality agreement. Comments on the AMP regulations are due by **December 15, 2012**

Life Insurance Product Suitability Reviews to Commence

FSCO's 2012 Statement of Priorities set out as a priority to "undertake a market conduct review to determine how the life insurance industry is ensuring that consumers get appropriate information to make informed decisions when purchasing life insurance products. The focus of the review will be to understand and assess the processes life insurance agents use in making recommendations to consumers and the processes in place at life insurance companies when developing and distributing products." FSCO advises that this review will start as an information gathering process in 2013.

FSCO wants to assess suitability at point of sale (POS), and follow the application through to the insurer to determine how insurers validate suitability. FSCO will be looking at captive agents, independent agencies and the call center environment. They do not intend to contact consumers or policyholders directly at this time. FSCO would like access to companies' internal client satisfaction survey information to help determine level of suitability. FSCO will be starting with the agent side first. FSCO is modelling the exercise after the OSC which is doing a similar exercise. FSCO will do its field work in early 2013 and hopes to complete the review over the summer. The range of products includes travel health, term, whole life and seg funds. (ISI is not specifically included). FSCO noted that suitability is of interest to many countries and dovetails with IAIS Financial Sector Assessment Program (FSAP) which the CCIR will be working on this year.

Quebec

AMF Appointments

In November, the Autorité des marchés financiers (AMF) appointed Eric Stevenson to the position of Superintendent, Client Services and Distribution Oversight, which includes Distribution Policies and Compensation and Distribution Practices. Mr. Stevenson will also oversee the AMF's systems modernization and integration project (MISA, Modernisation et intégration des systèmes d'affaires), which will enhance its effectiveness and efficiency by delivering integrated, high performance information systems. Philippe Lebel was appointed to the position of Executive Director, Legal Affairs.

Review of Insurance Distribution

The Finance Minister announced at the recent “Rendez-vous with the AMF” that the province would be undertaking a review of the *Act Respecting the Distribution of Financial Products and Services*. In November 2010, the AMF began a review of distribution of insurance other than through a representative (DWR) which is part of the Act. The consultation has resulted in planned changes to the distribution guide as well as other possible changes which have not yet been finalized. The AMF has shared preliminary recommendations on further changes with the Finance department but any changes will be part of the overall review of the Act. The AMF does not anticipate any major changes to the representative distribution channel. Internet distribution recommendations will be part of the review. Eric Stevenson met with CAFII in November to discuss these matters.

New Consumer Insurance Guide

The AMF has produced a practical guide to answer consumer questions and to help consumers understand insurance. It focuses on two broad insurance classes: damage insurance, which includes automobile and home insurance, and insurance of persons, which includes life insurance. It is currently available in bookstores and on-line at www.protegez-vous.ca/boutique.

Canadian Council of Insurance Regulators

Final MGA Paper released

At its fall meeting, CCIR adopted the final version of the position paper on the MGA distribution channel in the life insurance industry. It was given a new title - *Strengthening the Life MGA Distribution Channel*. The paper is otherwise the same as was released in March 2012. The paper does not apply to distribution of group products; it applies to MGA distribution of life, accident and sickness insurance and annuities. The paper contained four recommendations as follows:

- Insurer Relationship with MGAs - Insurers must have in place effective systems and controls whenever they use the services of an MGA
- Agent Supervision - Insurers should incorporate the principles in CLHIA Guideline G8 - *Screening Agents for Suitability and Reporting Unsuitable Agents* into all of their business across Canada, including any contracts involving the outsourcing of these functions to an MGA.
- Product Suitability- Regular market conduct reviews should be undertaken by regulators to determine if insurers and their agents are providing consumers with adequate information to make informed decisions, and suitable product recommendations.
- Information needs of regulators- Regulators will develop options and an action plan to make sure that adequate information on life agents and MGAs is obtained in a timely manner.

The paper also contained *Best Practices for Insurer-MGA Relationships* (core principles). Strategies for achieving each principle are included.

Third Party Administrator (TPA) Regulation

The Agencies Regulation Committee (ARC) will commence a review of TPA regulation for group life, accident and sickness, creditor's group insurance, and travel insurance to determine potential risks to consumers.

Review of Canada's Adherence to Insurance Core Principles

According to the CCIR fall meeting highlights, "The International Monetary Fund will be conducting a financial stability assessment of Canada in 2013 under the Financial Sector Assessment Program (FSAP). The FSAP will assess Canada's adherence with international standards and insurance core principles (ICPs) in the areas of insurance, banking, securities, payment/settlement systems and fiscal transparency. Federal and provincial regulators, including CCIR, are working together to assemble the necessary documentation for the review team."

Credit Score Project Completed

At the fall meeting, CCIR approved the release of the Credit Scoring Working Group *Findings Report – Use of Credit Scores by Insurers* which summarizes the summer 2011 consultation which compiled research and facts surrounding credit-based insurance scores and how they are used. The report notes that the input was largely from 2 camps -brokers who are against the use of credit information and insurers who support continued use. It was felt that both groups produced little in the way of supporting evidence for their opinion. The CCIR will not be making recommendations or issuing a Position paper. The report can be found on the CCIR website.

Webinar on Underserved Insurance Market

In September, CAFII made a presentation to CCIR on the Underserved Insurance Market. The presentation was web-based and attended by over 40 participants from regulators offices coast to coast.

Electronic Commerce

The CCIR fall highlights report that the Electronic Commerce Committee (ECC) presented preliminary recommendations arising from its consultation earlier this year on Electronic Commerce in Insurance Products.

Topics for recommendations include:

- Consumer access to additional information/advice from a licensed intermediary when using electronic channels
- The role and regulation of comparison shopping sites
- Designating Beneficiaries through electronic means, and
- Termination of insurance by the insurer through electronic means.

The ECC will now proceed to prepare a Position Paper for consultation in 2013.

CCIR to Become Involved with Dispute Resolution

The CCIR fall highlights notes that “the Joint Forum of Financial Market Regulators (JF) has asked CCIR to play a greater role in working with the two insurance Ombudservices - OmbudService for Life and Health Insurance (OLHI) and the General Insurance OmbudService (GIO) - in the interests of Canadian consumers. CCIR recognizes the importance of dispute resolution mechanisms for consumers and the role of regulators in providing some oversight. CCIR intends to engage representatives of OLHI and GIO as well as other members of the JF Dispute Resolution Committee to consider next steps.”

Upcoming CCIR Meetings

CCIR will hold a winter conference call meeting on January 24, 2013. The CCIR Spring meeting will be held April 11 and 12, 2013 in Toronto. **The CCIR has agreed that they would like to have a function with CAFII, potentially on April 10, as part of the CAFII 15 year celebration.**

Canadian Insurance Services Regulatory Organizations (CISRO)

New CISRO Website Launched

Stakeholders can be kept up to date on CISRO activities by visiting its website at <http://www.cisro-ocra.com/>

Life License Qualification Program (LLQP) Redesign

As announced in July 2012, a new national life training program is being developed. The CISRO project is being coordinated by the AMF. The program is to be ready by September 2015. Currently the LLQP does not include BC and Quebec but both provinces will be included in the new program.

International

Gender to be Banned as Insurance Variable in Europe

The European Court of Justice ruled in March 2011 that insurance pricing cannot take gender into account. The ruling comes into effect in December 2012. The Association of British Insurers (ABI) has published a document to advise consumers of the products affected by the ruling including auto insurance, life, critical illness and annuities as well as to advise that pricing will be affected. Women typically had lower rates for automobile insurance and for annuities but with gender –neutral pricing, this differential will not be maintained.

British Brokers Call for a Canadian-style Ban on Bank Sales of Insurance

In September 2012, the British Insurance Brokers' Association (BIBA) Chief Executive Eric Galbraith said that the Financial Services Authority should “explore the merits of adopting a similar approach to Canada where banks are prevented from directly selling general insurance products altogether. Advice is the area of the professional insurance broker and intermediary whose business is insurance and not a bank or other organization whose main business is not insurance.”

Systemically Important Financial Institutions

The Basel Committee and the Financial Stability Board (FSB) have developed a policy framework for systemically important financial institutions. In November, 2011, a group of 29 banks were identified as globally Systemically Important Banks (G- SIBs). (No Canadian banks were on the list.) Final rules were adopted for dealing with these banks. In October 2012, the Basel committee set out a framework for how national regulators will identify and deal with Domestic Systemically Important Banks (D-SIBs). D-SIBs will be required to have higher loss absorbency (HLA) requirements. This would entail increasing their capital levels and thus costs. The Basel committee recommends that D-SIBS be required by their national regulators to comply with G-SIB principles beginning in January 2016.

CAFII Priorities by Committee –November 2012

Executive Operations Committee

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

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

CAFII Priorities by Committee –November 2012

Distribution and Market Conduct Policy Committee

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

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

5) Andre Duval, DSF 6) Rose Beckford Scotialife Financial

Mandate: Oversee development of CAFII policy positions as directed by EOC. Oversee taskforces as required

Activities: Draft CAFII submissions, Manage and interpret industry research projects as approved by EOC

Priorities	Issues	Currently Active Issues	Status
Regulation of ISI	Quebec DWR, distribution guide review, review of Distribution Act	✓	Input provided on Guide (signature, remuneration) letter sent June 2012 , meeting Nov 2012
	Alberta – review of medical questions on applications	✓	Project for review required by CAFII, response to Superintendent required -recommend referral to CLHIA
AML/ATF paper			Complete- Response sent March 1, 2012, follow up questions answered
Intn'l regulation of creditor	PPI	✓	review developments
	US Debt protection products		review developments
	IAIS core principles		Watch file - CCIR committee announced
Market Conduct Regulation	Quebec Commercial Practices Guideline		Awaiting re-release for comment, remove from priorities as AMF has lost interest in this
	MGA CCIR consultation		Complete-Letter of input -June 30 2012
	Input to provincial strategic plans and priorities		Complete- FSCO priorities submitted May 2012
Electronic Commerce	CCIR consultation released Feb 2012 -CCIR to produce a position paper for consultation on key issues spring 2013		Complete- Submission made May 2012
	AMF consultation released Feb 2012		Complete- Submission made May 2012
Provincial Insurance Act Reviews	Manitoba Insurance Act Review	✓	Insurance act changes made spring 2012
	Saskatchewan Insurance Act	✓	Comments sent November 2012
	Ontario Insurance Act review , AMP regulations		Insurance act changes made with budget bill
Research	Undertake research to support policy positions. Consider updating Avalon research on CGI		

AMF Distribution Guide Task Force

(Task Force of Distribution and Market Conduct Policy Committee)

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

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

CONFIDENTIAL

CAFII Priorities by Committee –November 2012

Licensing Efficiency Issues Committee

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

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

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

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

Media and Advocacy Strategy Committee

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

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

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

Resources: L. Duigu, Rick Evans

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

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

Initiatives	Status/Explanation	Resp	Next steps
Develop a communications strategy	Update communications strategy-CAFIL branded “Regulatory Value Added Strategy” for website and regulator communication. Most materials exist but materials should be reviewed and recommendations made as to how to package and brand materials. Include concept of sending targeted messages to regulators when an issue is in the media. -bring strategy up to date, should be a refresher at every board meeting	ED	Develop ideas at MAC cttee Nov 20
<u>Website</u> -collect testimonials, post on site -Refresh CAFIL mission statement -expand tabs to include other products®ulators/industry	Testimonial (written or video)- 1 per member , have 7 or 8 available and determine how to rotate through (value –add to members) review mission statement to ensure it is in line with branding, -incorporate alternate distribution (underserved market) - Travel product – ED to reach out to travel	J Lewsen ED ED ED	Website live May 2012 Email reminder sent w/o Oct 22 2012 1written testimonial received to date Underserved market material drafted , to be approved for website

CAFII Priorities by Committee –November 2012

Initiatives	Status/Explanation	Resp	Next steps
-Develop CAFII “Did you know” video to convey important facts -what’s new	association and clhia, look at it from distribution perspective (Charles Blaquiere suggestion) Budget allocation request \$10,000 In place, ongoing update of news	ED	Updating
CAFII Branding -develop marketing tagline	several taglines to be sent to Board, -identify differentiating factor, eg advocating for insurance access , choice, all Canadians, - include tagline on all submissions, website, swag, and letters to regulators	J Lewsen	3 recommendations to be sent to board for Dec 2012
-CAFII newsletter for regulators	Insurance regulatory news to be collected monthly and shared with regulators as a value added service Budget Request re formatting?	ED	December 2012– first month
-CAFII “look”	Develop a font and layout unique to CAFII to be used in letters, submissions and newsletter , assess if new logo needed Budget allocation request \$10,000	ED	
-Acquire soft marketing tools (pads, pens etc),	Coasters suggested– include tagline and web address on next re-order - Budget allocation request	P Yeung	Pens, mugs and iphone holders are in stock
Media Protocol -Develop and manage protocol for handling media requests -media training for ED	Protocol needs to be revised for arrival of ED Budget allocation request \$2,000	ED	Schedule training for March 2013
-Monitor Media		ED	
-Develop List of Friendly media			Paul & Moira have the list
-Notify communications	To be done when messaging is reviewed		

CAFII Priorities by Committee –November 2012

Initiatives	Status/Explanation	Resp	Next steps
department s of member firms			
-News Release	Send out notification of new ED		To each regulator and industry associations
Develop 2-3 likely scenarios		G Grant	By October 26, 2012
Key Message Development - identify issues and develop key messages	Key message document Develop and review stock messages to be used in communication opportunities	A Riley	Key messages document drafted for review
Regulator kit -develop booklet /brochure -key facts sheet	For new regulators.(Do not want to be proactive with media.) Compile package of information for regulators which can include -booklet - past submissions, -testimonials and -key fact sheet. Booklet - Take images from website, testimonials, designed to highlight major issues. Small 10 page booklet that can be given out with business cards. -develop a “Key facts” sheet to be part of regulator package	 ED ED	Possible RBC intern to do kit, testimonials To be developed by ED as he reviews CAFII materials
Manage research to support message (eg. Pollara) - develop key messages - manage plan of use of research - determine when and what research must be undertaken or renewed	Pollara plan of use in place		
Industry Statistics	- identify and keep current statistics from LIMRA and CAFII research	ED	
Webinars Develop and offer webinar	-develop / oversee development of new webinars -review and keep webinars current		Digital, apps and social media webinar to be developed by an outside consultant.

CAFII Priorities by Committee –November 2012

Initiatives	Status/Explanation	Resp	Next steps
education Determine distribution of webinar material	-track who has seen which webinars -plan number of webinars per year, have list of upcoming webinars -deliver webinars Budget allocation request \$10,000		

Media Response Taskforce

Membership: Taskforce consists of any 2 members of the Media and Advocacy Strategy committee plus Rick Evans.

Purpose: Deal with media issues as they arise. Make recommendation to Board communications committee (Members: Cathy Honor, RBC; Mark Cummings, Scotia; Dave MinorTD; Rick Lancaster, CIBC, Julie Barker-Merz BMO)

CAFII Priorities by Committee –November 2012

Networking and Events Committee

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

Chair: Paul Yeung RBC 2) Maria Sanchez –Chung TD 3)

Ex-officio: John Lewsen Resources: Leya Duigu

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

Priority	Activities	Status
Plan Quarterly Speaker and reception events, and member-only event	February Speaker Event (members only)	Derek Yoo PWC on Ecommerce
	March/April	Byren Innes, NewLink Group Emerging products in Insurance and distribution trends
	June AGM	no speaker, Board meeting with AMF in Quebec city
	October	Janet Ecker, TFSA
	December Reception	
Keep current lists of key contacts		
Christmas cards to key contacts?		
Seek out other opportunities to meet with contacts (eg corporate table)		



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2013 SCHEDULE OF MEETINGS

EOC:

All meetings will be held at 1pm (Tuesday) unless otherwise specified

January 8, 2013 – EOC Luncheon at 12:00 pm prior to meeting

February 19, 2013

March 26, 2013

April 23, 2013

May 28, 2013

June 25, 2013

August 13, 2013 (optional conference call)

September 24, 2013

October 29, 2013

November 26, 2013

BOARD:

All meetings will be held at 2pm unless otherwise specified

Wednesday, April 10, 2013

HOST: RBC (coordinate with 15th Anniversary)

Tuesday, June 11, 2013

HOST: *BMO Insurance* (CAFII AGM)

Tuesday, Oct 8, 2013

HOST: *AMEX*

Tuesday, December 10, 2013

HOST: *CIBC Insurance (venue booked-Feb 2012)*

AGM: June 11, 2013

Host: BMO Insurance

Receptions

Spring Member Luncheon and Speaker Forum

February 5, 2013

Toronto 12-2:00 pm

Venue: The Albany Club (suggested)

Speaker: tba

CAFII 15th Anniversary Celebration

April 10, 2013 (tentative)

Toronto

Venue: tba

CAFII Member, Associate Member and Regulator Receptions (following Board meetings)

Jun 11, Oct 8, Dec 10, 2013

Toronto

2012 Board Meetings Hosted by:

National Bank, Desjardins Financial Security, TD Insurance, ScotiaLife Financial; AGM: *Desjardins Financial Security*

2011 Board Meetings Hosted by:

Assurant Solutions, RBC Insurance, Canadian Premier Life Insurance Co., BMO Insurance; AGM: *RBC Insurance.*