

CAFII Executive Operations Committee Teleconference Meeting Agenda

Date: Tuesday, July 21, 2020

Chair: M. Boyle

Location: Teleconference - Only

Time: 2:00 – 3:30 p.m. EST

Dial-in: 416-477-0921/514-447-8925/1-888-543-2449

Pin #: 1500

1. Item	2:00 p.m.	Presenter	Action	Page #	Document
Call to Order		M. Boyle		3	
2. Consent Items	2:03p.m.	Presenter	Action	Page #	Document
a. Consultations/Submissions Timetable				5	✓
b. Regulator and Policy-Maker Visit Plan				6	✓
c. Summary of Board and EOC Action Items				7	✓
d. Summary of Survey Results Providing Feedback On June 9/20 CAFII Webinar				9	✓
3. Financial Management Matters	2:05 p.m.	Presenter	Action	Page #	Document
a. CAFII Financial Statements as at June 30/20		T. Pergola	Update	21	✓
b. Forecast For CAFII 2020 Fiscal Year		T. Pergola	Update	25	✓
4. Committee Updates	2:10 p.m.	Presenter	Action	Page #	Document
a. Research & Education		A. Stuska			
i. Deloitte Canada Response To CAFII Board-Directed Follow-up For Modifications To Proposal For CAFII-Commissioned Thought Leadership/Perspectives Paper On “The Future of Credit Protection Insurance in Canada”		A. Stuska/K. Martin	Update	28	
ii. 2020 CAFII Research Initiatives Being Considered, Arising From July 10/20 Research & Education Committee Meeting		A. Stuska/K. Martin	Discussion/ Direction	29	✓
b. Media Advocacy		C. Blaquiere	Update		
i. New Vignettes and FAQs Posted On CAFII Website		K. Martin	Update	33	
ii. Storyboard For CAFII Motion Graphic Website Video On Credit Protection Critical Illness and Disability Insurance		K. Martin	Discussion/ Direction	34	✓
iii. CAFII Website Enhancements To Effect Board Request Re Facilitating Consumers’ Filing Of Credit Protection Insurance and Travel Insurance Claims With CAFII Members		K. Martin	Update	37	
c. Market Conduct & Licensing		B. Kuiper	Update		
i. FCNB’s Planned Next Steps For Introducing An RIA Regime In New Brunswick		B. Wycks	Update	38	
d. Travel Medical Insurance Experts		A. Baig	Update	39	
e. Networking & Events		S. Kirby/J. Lewsen	Update		
i. CAFII Webinars In July, August, and September 2020 With Panels Of Insurance Regulators/Policy-Makers		K. Martin/B. Wycks	Update	40	
ii. Response Received From FCAC Commissioner Judith Robertson’s Office To CAFII’s Proposals Re New Approach To CAFII 2020 Annual Members Luncheon In Fall 2020		B. Wycks	Update	41	
5. Recent and Upcoming Strategic and Regulatory Initiatives	2:40 p.m.	Presenter	Action	Page #	Document
a. AMF Response To CAFII “Creative Solutions” Submission To AMF On Degree To Which Industry Can Meet Its Requirements Around RADM’s Application To Credit Card-Embedded Insurance Benefits		K. Martin/S. Kirby	Update	42	✓
b. Release Of Q2 Report From CAFII Quarterly CPI Benchmarking Study With RSM Canada		K. Martin	Update	53	
c. CCIR/CISRO FTC Working Group Response TO CAFII Letter Responding To Its Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models		B. Wycks/K. Martin	Update	54	✓
d. Summer 2020 CAFII Virtual Meeting With CCIR/CISRO FTC Working Group		B. Wycks	Update	59	
e. Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance					
i. Highlights Of July 9/20 Meeting Of CAFII Directors and Designates COVID-19 Information-Sharing Group		K. Martin	Update	60	

ii.	Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry	B. Wycks/K. Martin	Update	61	
f.	Scheduling Of CAFII Get-Acquainted-And-Dialogue Meeting With Frank Lofranco, FCAC Deputy Commissioner, Supervision and Enforcement	B. Wycks	Update	62	
g.	Launch of Saskatchewan RIA Advisory Committee: Next Steps Emanating From July 8/20 and July 15/20 CAFII Meetings With CLHIA	B. Wycks/K. Martin	Update	63	
h.	CAFII EOC Working Group on Refining Dog and Pony Studios-Developed "CPI Industry Highlights" Slides (Produced From Willis Towers Watson Key Data Point Slides) For Future Use By CAFII and Its Members: Progress Report	K. Martin	Update	64	✓

6.	Governance Matters	3:10 p.m.	Presenter	Action	Page #	Document
a.	Draft Minutes of May 26/20 EOC Teleconference Meeting		B. Wycks	Approval	71	✓
b.	Draft Minutes of June 23/20 EOC Teleconference Meeting		B. Wycks	Approval	82	✓
c.	Draft Minutes of June 9/20 Board Meeting		B. Wycks	Approval	91	✓

7.	Other Business	3:15 p.m.	Presenter	Action	Page #	Document
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8.	In Camera Session	3:20 p.m.	Presenter	Action	Page #	Document
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9.	Tracking Issues		Presenter	Action	Page #	Document
a.	FCNB Insurance Act Rewrite (Including Linked Plan to Introduce an RIA Regime)					
b.	AMF Consultation on Updating Sound Commercial Practices Guideline					
c.	BC Drafting of Regulations To Implement Financial Institutions Amendment Act, 2019					
d.	FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review					

Next EOC Meeting: Tuesday, August 25/20, 2:00 to 3:30 p.m., Teleconference-Only Meeting

Next Board Meeting: Thursday, October 15/20, 12 Noon To 4:00 p.m., Hosted By Desjardins Insurance In Levis, Quebec

Briefing Note

CAFII EOC Meeting, 21 July 2020—Agenda Item 1.
Call to Order

Purpose of this Agenda Item

Start of meeting.

Background Information

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

No Attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 2 (a-d). Consent Items

Purpose of this Agenda Item

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

Background Information

The Consent Items that do not require any discussion or decisions are:

- Consultations / Submissions Timetable
- Regulator and Policy-Maker Visit Plan
- Summary of Board and EOC Action Items
- Summary of Survey Results Providing Feedback on June 9/20 CAFII Webinar

Recommendation / Direction Sought – *Information Only*

No action required.

Attachments Included with this Agenda Item

4 Attachments.

CAFII Consultations/Submissions Timetable 2020-21

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> Revised Financial Institutions Act (FIA) tabled in the legislature CAFII Meeting with Ministry of Finance staff executives <i>CAFII Follow-up Meeting with Ministry officials Re Credit Protection Insurance Sales Practices and Related Fair Treatment of Consumers Considerations</i> CAFII submissions on draft Regulations in support of Revised FIA 	<ul style="list-style-type: none"> October 21/19 October 25/19 <i>Q3 or Q4 2020 (expected)</i> Q3 2020 through Q4 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> AMF releases consultation document CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> <u>Q3 or Q4 2020 (expected)</u> Q3 or Q4 2020 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> AMF releases Regulation Respecting Alternative Distribution Methods (RADM) CAFII submission on Regulations Supporting Bill 141 AMF Response to Feedback on RADM Implementation/In-Force Period for RADM (varies by Article/Chapter) <u>CAFII sends AMF “creative solutions” submission on degree to which industry can meet AMF’s requirements around RADM’s applicability to credit card-embedded insurance benefits</u> 	<ul style="list-style-type: none"> October 10, 2018 December 10, 2018 April 17/19 June 13/19: Chapter 2; June 13/20: Chapter 3 July 7/20 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> Meeting with CCIR/CISRO Working Group re Guidance implementation Meeting with CCIR/CISRO Working Group re Guidance implementation Meeting with CCIR/CISRO Working Group re Guidance implementation Meeting with CCIR/CISRO Working Group re incentives and compensation models used by CAFII members in-market <u>CAFII sends letter to CCIR/CISRO FTC Working Group asking it to obtain information on incentives and compensation models used by member distributors directly and privately, to avoid Competition Act violations</u> <u>CAFII Summer 2020 Meeting with CCIR/CISRO FTC Working Group (July/August 2020 pending confirmation)</u> 	<ul style="list-style-type: none"> September 27, 2018 November 28, 2018 March 27, 2019 March 5/2 July 2/20 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA delays implementation of new Act and Regulations to Jan 1/20 FCAA releases transition-related Guidance and Interpretation Bulletin FCAA releases further transition-related Guidance/Interpretation Bulletin(s) 	<ul style="list-style-type: none"> November 26, 2018 May 17, 2019 <u>Q3 or Q4 2020 (expected)</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> CAFII Meeting with David Weir and Jennifer Sutherland Green, FCNB in Fredericton CAFII submission on FCNB Licensing of Insurance Adjusters and Damage Appraisers Consultation FCNB launches industry consultation on RIA licensing regime model CAFII submissions on FCNB’s Insurance Act Rewrite and RIA Regime <i>CAFII meeting with FCNB re its proposed RIA licensing regime model</i> 	<ul style="list-style-type: none"> June 11, 2019 July 2/19 November 29, 2019 January 31, 2020 <i>Q3 or Q4 2020 (post-COVID-19 outbreak)</i> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor

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

Agenda Item 2(b)
July 21/20 EOC Teleconference Meeting

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions From June 17, 2020 To July 14, 2020

Date	Event/Occasion	Who
3 July 2020	CAFII invites selected insurance regulator and policy-makers from across Canada to be panelists in a series of three CAFII Summer 2020 webinars on: <i>COVID-19's Impact on Insurance Policy and Regulation: Now and Post-Pandemic</i>	<u>July 28/20 Webinar</u> -Frank Chong, BCFS (accepted) -Huston Loke, FSRA (accepted) -Frederic Perodeau, AMF (on vacation; AMF participant will be Nathalie Sirois) <u>August 25/20 Webinar</u> -Angela Mazerolle, FCNB (accepted) -Jennifer Calder, Nova Scotia -Renee Dyer, Newfoundland -Robert Bradley, PEI <u>September 29/20 Webinar</u> -Sherri Wilson, Alberta (accepted) -Jan Seibel, Saskatchewan (accepted) -Scott Moore, Manitoba (accepted)
7 July 2020	CAFII submits "creative solutions" letter to AMF on how the industry can meet the AMF's expectations re the Regulation respecting Alternative Distribution Methods (RADM)'s applicability to credit card-embedded insurance benefits	-Mario Beaudoin, Director, Alternative Insurance Distribution Policy C.c.'d to : -Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight -Patrick Déry, Superintendent, Solvency -Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise -Louise Gauthier, Senior Director, Distribution Policies
9 July 2020	CAFII receives AMF's acknowledgement response to 7 July, 2020 submission, indicating "We acknowledge receipt of your correspondence and will get back to you with comments following the analysis of the issues raised."	-Charlene Boucher, Distribution Management Analyst
10 July 2020	Short details-confirming and clarification teleconference re participation of Huston Loke, FSRA in July 28/20 CAFII webinar	<u>From FSRA</u> -Diba Kohandani, Engagement & Events Co-ordinator

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status July 14 2020
		Association Strategy and Governance			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Mar-20	Deferred Due to COVID-19
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes	K. Martin	12-Jul-05	In progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	30-Jun-20	In progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	25-Oct-19	In progress
5	BOD: June 9, 2020	Discontinue the renewal of the CAFII.insurance domain name	B. Wycks	28-Jun-20	Completed
6	BOD: June 9, 2020	Change the frequency of the CAFII Directors and Designates COVID-19 Information-Sharing Group's meetings to once per month	K. Martin	30-Jun-20	Completed
7	EOC: June 23, 2020	Bring forward the matter of the New York Times article on travel insurance in the US to the 9 July, 2020 meeting of the CAFII Directors and Designates COVID-19 Information-Sharing Group	K. Martin	9-Jul-20	Completed
		Regulatory Initiatives			
8	BOD: June 9, 2020	Finalize CAFII's creative solutions submission On How The Industry Can Meet The AMF's Requirements Related To The RADM's Applicability To Credit Card-Embedded Insurance Benefits and submit it to the AMF	B. Wycks	15-Jul-20	Completed
9	EOC: June 23, 2020	Finalize and submit the CAFII letter on Creative Solutions To Meet The AMF's Expectations Around Credit Card-Embedded Insurance Benefits, in both French and English, on or before 15 July, 2020	B. Wycks	15-Jul-20	Completed
10	BOD: June 9, 2020	Send a letter to the CCIR/CISRO FTC Working Group advising it to contact relevant CAFII members directly and privately to obtain the desired information on incentives and compensation models used in-market	K. Martin/B. Wycks	30-Jun-20	Completed
11	EOC: June 23, 2020	Advise the Insurance Council of BC that CAFII will not be responding to its consultation on continuing education requirements for licensees	B. Wycks	21-Jul-20	In progress
12	EOC: June 23, 2020	Finalize and submit the CAFII letter on Creative Solutions To Meet The AMF's Expectations Around Credit Card-Embedded Insurance Benefits, in both French and English, on or before 15 July, 2020	K. Martin/B. Wycks	15-Jul-20	Completed
13	EOC: June 23, 2020	Set up a CAFII get acquainted virtual meeting with FCAC Deputy Commissioner Frank Lofranco, and invite interested EOC members to attend it	B. Wycks	31-Aug-20	In progress
14	EOC: June 23, 2020	Organize meetings with the CLHIA on the next steps for operationalizing and implementing the launch of a Saskatchewan RIA Advisory Committee	B. Wycks	21-Jul-20	Completed
		Website and Media Initiatives			
15	EOC: May 26, 2020	Schedule the first meeting of the Working Group on Refining Dog and Pony Studios-Developed "CPI Industry Highlights" Slides	K. Martin	22-Jun-20	Completed
16	BOD: June 9, 2020	Create a new tab on the CAFII website and provide How To Make A Claim information there	K. Martin	31-Jul-20	In progress
17	EOC: June 23, 2020	Produce storyboard for a website video on critical illness insurance and disability insurance, for EOC review and comment	K. Martin/ D. Moorcroft	21-Jul-20	Completed
18	EOC: June 23, 2020	Share with EOC members the details of the new How to Make A Claim section of the CAFII website section	K. Martin	21-Jul-20	In progress

	Source	Action Item	Responsible	Deadline	Status July 14 2020
		Research and Education			
19	BOD: June 9, 2020	Reconnect with Deloitte Canada and ask that the proposal be revised by reducing the price/cost and enhancing the deliverables to CAFII	K. Martin/B. Wycks/A. Stuska	20-Jul-20	Completed
20	EOC: June 23, 2020	Produce options and recommendations to the EOC after the revised Deloitte Canada proposal is received	K. Martin/B. Wycks	21-Jul-20	Completed
		Events			
21	BOD: June 9, 2020	Re-orient the 2020 CAFII Annual Members' Luncheon into a virtual or partially-virtual presentation by FCAC Commissioner Judith Robertson in late September/October	K. Martin/B. Wycks	15-Sep-20	Completed
22	EOC: June 23, 2020	Send a request to FCAC Commissioner Judith Robertson to ask if she would be open to a scaled down, in-person lunch meeting with CAFII in the Fall of 2020, followed by a webinar presentation by her to CAFII members	B. Wycks	21-Jul-20	Completed
23	EOC: June 23, 2020	Send selected insurance regulators and policy-makers invitations to be presenters in a series of CAFII webinars on the regulatory environment in the context of the COVID-19 pandemic	K. Martin/B. Wycks	21-Jul-20	Completed

Post Event Survey Results

CAFII's Emerging Issues Guest Speaker Webinar

The Looming Impact of Change Upon the Life & Health Insurance Industry

Presentation by Joe Solly, Carolyn Murnaghan and Harry Li from Deloitte Canada

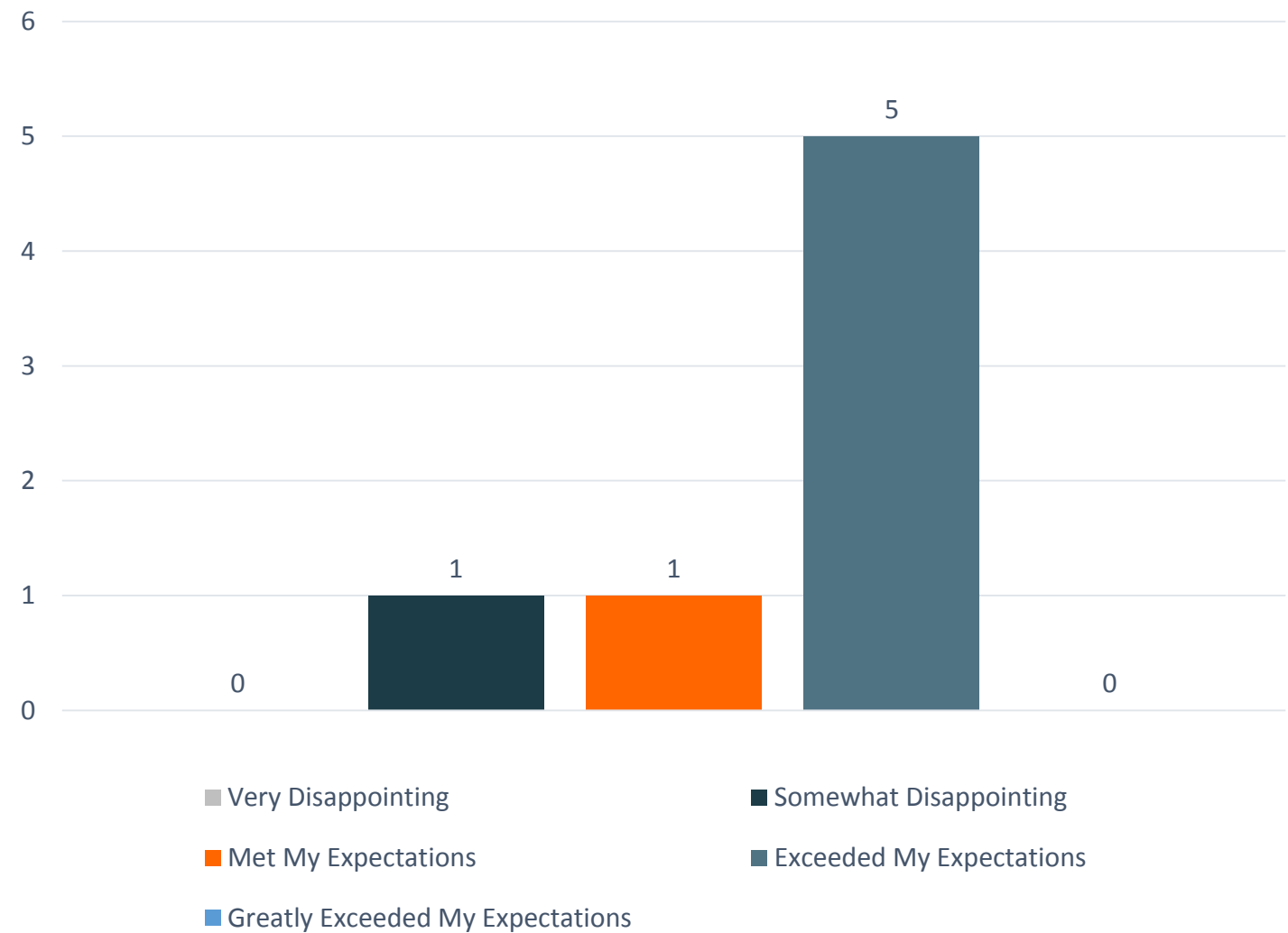
Tuesday, June 9, 2020



The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

Q1. Overall, how would you rate this webinar?

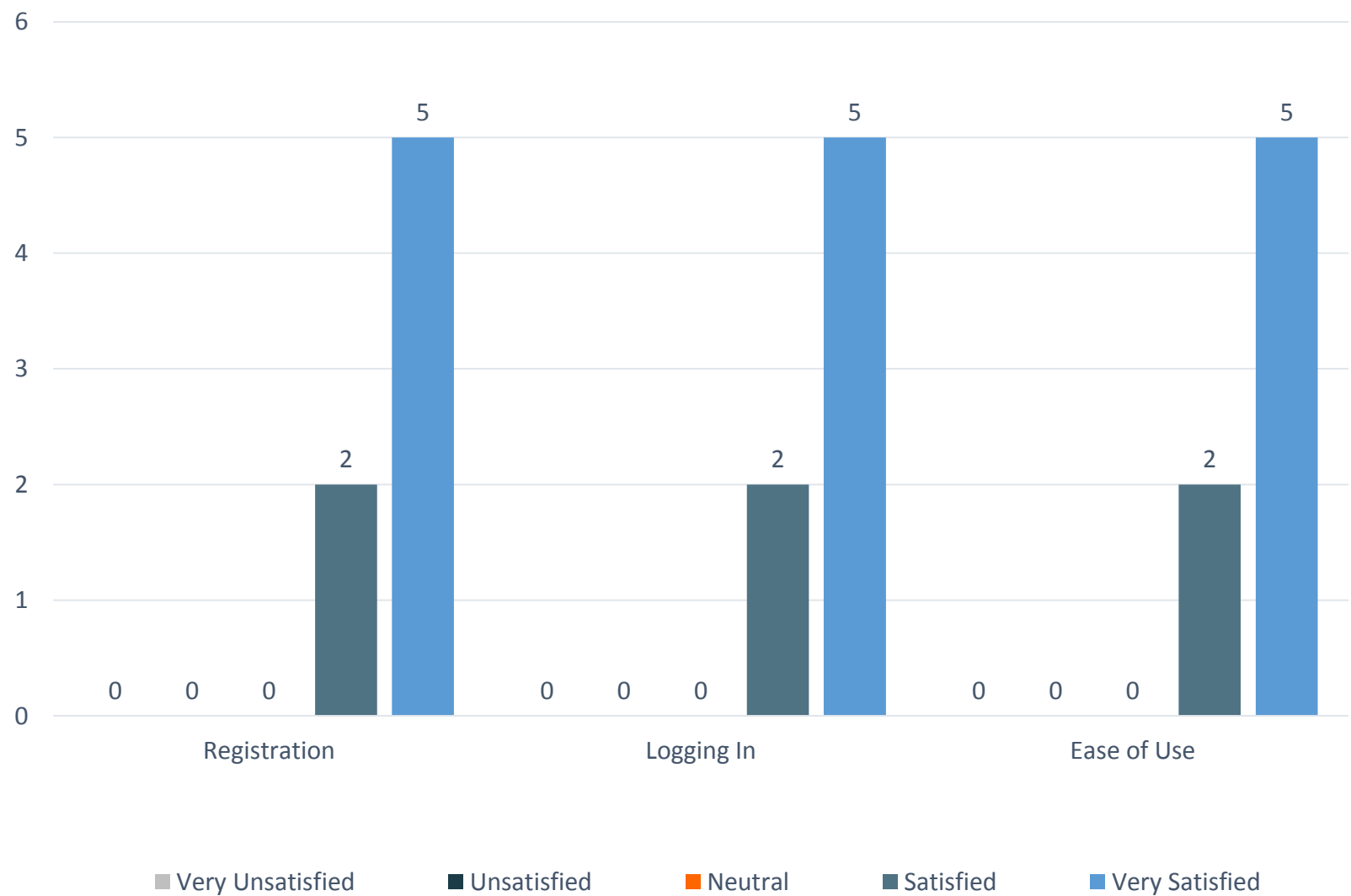


Overall:

1 vote for Somewhat Disappointing
1 vote for Met My Expectations
5 votes for Exceeded My Expectations

Average 3.6 star rating

Q2. How satisfied were you with the accessibility aspects of this CAFII webinar?



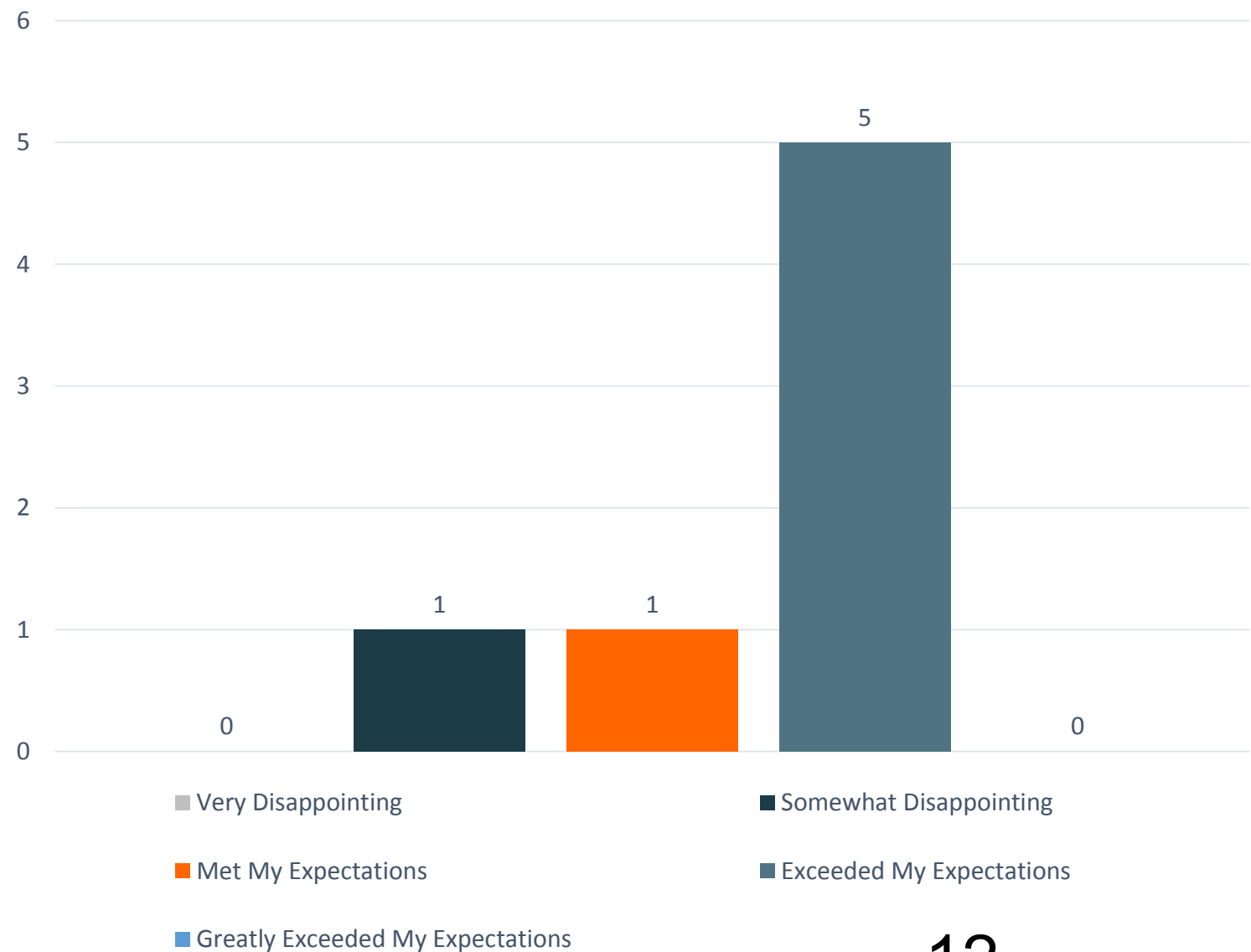
Overall:

Registration received **2** votes for Satisfied, and **5** votes for Very Satisfied

Logging In received **2** votes for Satisfied, and **5** votes for Very Satisfied

Ease of Use received **2** votes for Satisfied, and **5** votes for Very Satisfied

Q3. How would you rate this webinar?



Overall:

1 vote for Somewhat Disappointing
1 vote for Met My Expectations
5 votes for Exceeded My Expectations

Q4. What did you like best or find most useful about this webinar?

“Provided good background information for those not familiar with the topic.”

“I found the stats around the environment and the catalyst results on the future of the world and insurance industry very interesting.”

“It gave me better insight into how Climate change can impact other lines of insurance. Most of the material out there only explains this for P&C coverage which is easily understandable.”

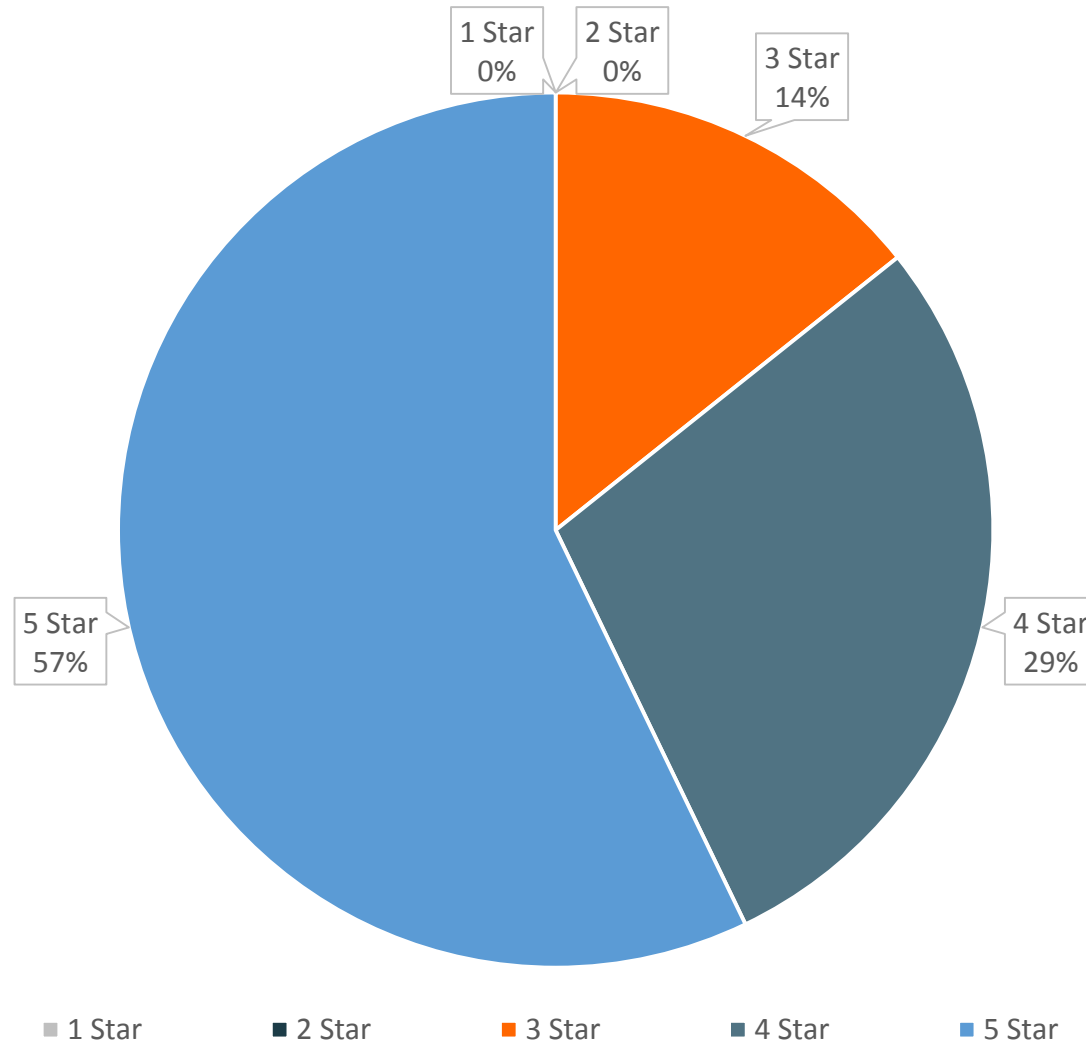
“Hard to say.”

“This is a new topic that we have not heard much about in the L&H space”

“Very interesting, seeing the impact of climate change on our lives, health and financial products, and associated rising costs.”

Having 3 different "voices" rather than one speaker for the entire hour.

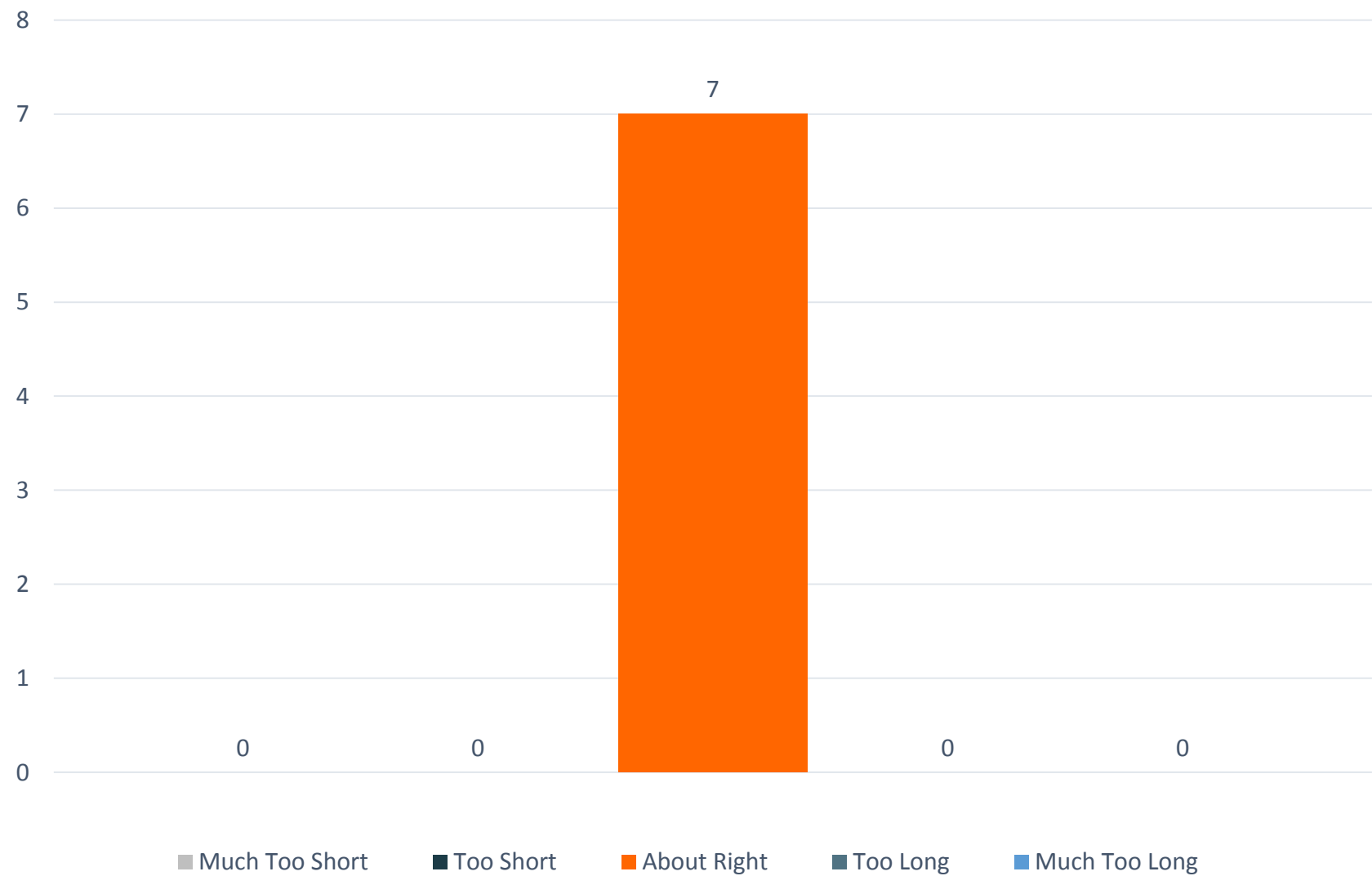
Q5. How would you rate the organization and delivery of this webinar?



Overall:

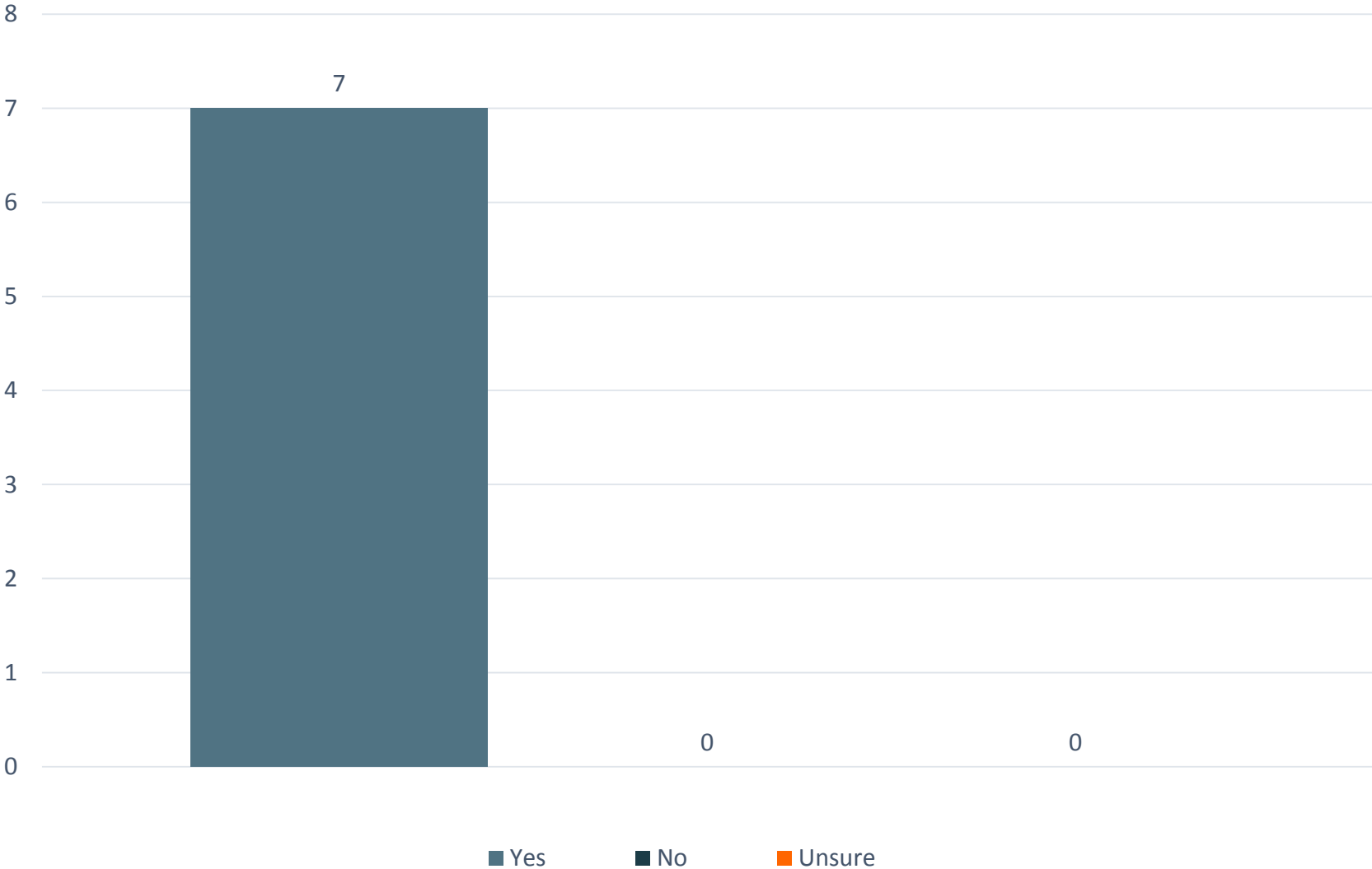
1 vote for 3 Stars
2 votes for 4 Stars
4 votes for 5 Stars

Q6. How would you rate the one hour length of this webinar?



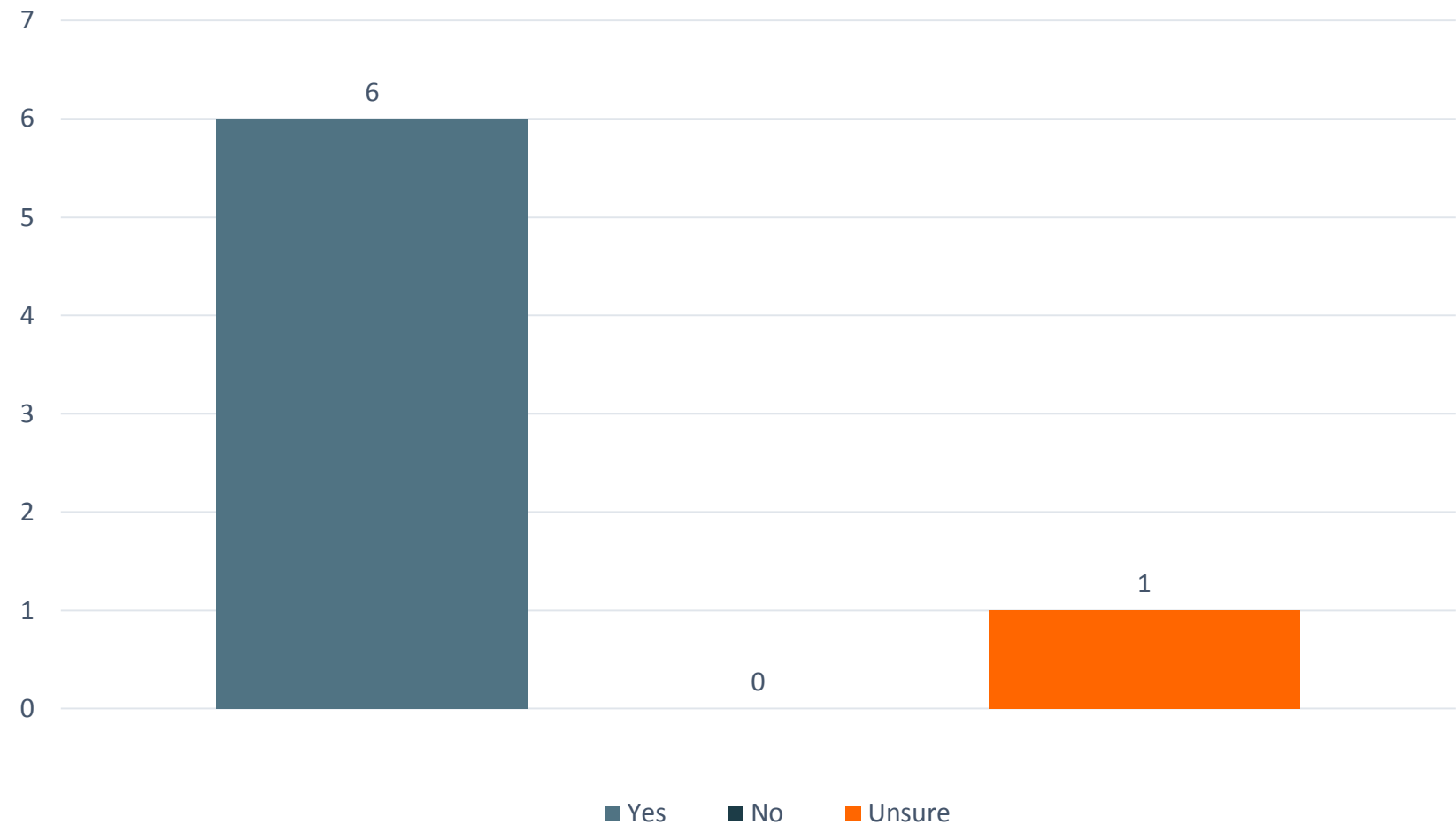
Overall:
7 votes for About Right

Q7. Would you be interested in attending another CAFII webinar?



Overall:
7 votes for Yes

Q8. Would you be interested in attending another CAFII webinar on a different aspect of the potential impact of climate change upon the life and health insurance industry?



Overall:

6 votes for Yes
1 vote for Unsure

17

Q9. What topics would you like to see presented in future CAFII webinars?

“The current Pandemic environment and its affect on the future global market and insurance industry.”

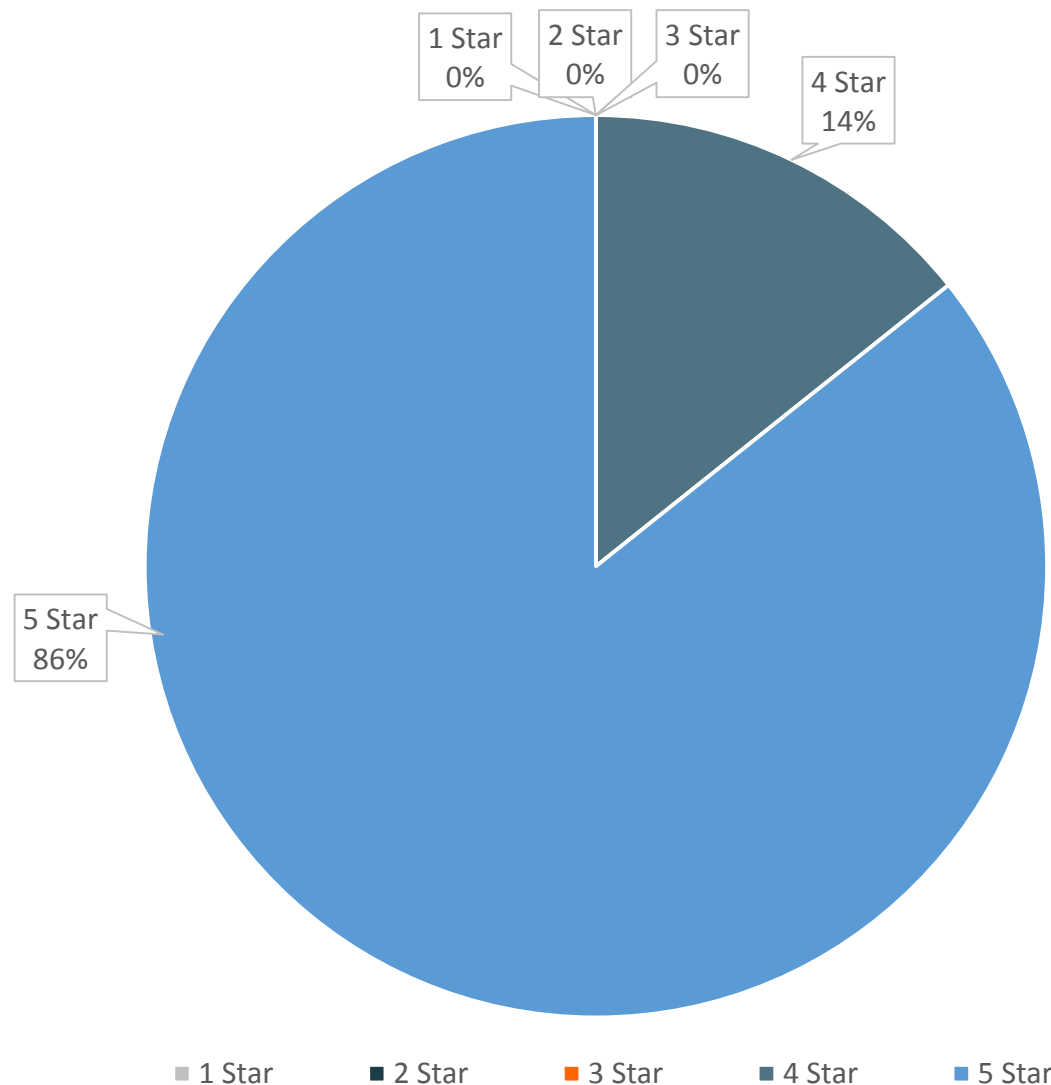
“Impact of changing work models within the industry. Impact of increased automation on how we work - e.g. impact on underwriting on using predictive analytics, Point of sale decisions, etc.”

“Regulatory landscape, market conduct, trends in the overall industry (whether group, individual), different channels (individual, alternate), etc.”

“Technological advances (e.g. blockchain) and their potential impact on the industry.”

“‘Other’ regulatory issues/topics.”

Q10. How likely are you to recommend CAFII webinars to a colleague?



Overall:

1 vote for 4 Stars
6 votes for 5 Stars

Q11. Do you have any suggestions for improvement or additional comments regarding this CAFII webinar?

“Too broad. Interesting to start, but then lost my interest overall.”

“Thank you for having this as a discussion. It was better and more interesting than I first anticipated.”

“Not at this time.”

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 3a. Financial Statements as at June 30/20

Purpose of this Agenda Item

To update the EOC on the Association's finances.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at June 30/20.

Recommendation / Direction Sought – *Information Only*

No action required.

Attachments Included with this Agenda Item

1 attachment.

CAFI

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

Statement of Operations As at June 30, 2020

	Current Month	Budget Jun-20	Variance to Monthly Budget	Current YTD	Budget '20 YTD	Variance Budget to YTD	Budget 2020
Revenue							
Membership Dues	\$73,727	\$75,727	(\$2,000)	\$442,360	\$454,360	(\$12,000)	\$908,720
Luncheon Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$23	\$17	\$7	\$266	\$100	\$166	\$200
TOTAL REVENUE	\$73,750	\$75,743	(\$1,993)	\$442,626	\$454,460	(\$11,834)	\$908,920
Expenses							
Management Fees	\$39,034	\$39,582	\$548	\$242,638	\$237,495	(\$5,144)	\$474,989
CAFI Legal Fees/Corporate Governan	\$19,098	\$0	(\$19,098)	\$24,626	\$10,000	(\$14,626)	\$20,000
Audit Fees	\$1,271	\$1,271	(\$0)	\$9,117	\$7,624	(\$1,494)	\$15,247
Insurance	\$449	\$458	\$9	\$2,692	\$2,748	\$56	\$5,500
Website Ongoing Maintenance	\$486	\$458	(\$27)	\$2,537	\$2,750	\$213	\$5,500
Telephone/Fax/Internet	\$730	\$483	(\$247)	\$3,065	\$2,900	(\$165)	\$5,800
Postage/Courier	\$0	\$21	\$21	\$0	\$125	\$125	\$250
Office Expenses	\$462	\$167	(\$295)	\$1,689	\$1,000	(\$689)	\$2,000
Bank Charges	\$0	\$16	\$16	\$87	\$95	\$8	\$190
Miscellaneous Expenses	\$0	\$42	\$42	\$0	\$252	\$252	\$500
Depreciation Computer/Office Equipm	\$95	\$100	\$5	\$568	\$600	\$32	\$1,200
Board/EOC/AGM							
Annual Members Lunch	\$0	\$0	\$0	\$0	\$12,400	\$12,400	\$12,400
Board Hosting (External)	\$0	\$7,500	\$7,500	\$0	\$15,000	\$15,000	\$22,500
Board/EOC/Meeting Expenses	\$259	\$3,292	\$3,032	\$5,559	\$19,750	\$14,191	\$39,500
Industry Events	\$0	\$1,300	\$1,300	\$0	\$1,300	\$1,300	\$1,300
EOC Annual Appreciation Dinner	\$0	\$0	\$0	\$4,244	\$4,244	\$0	\$4,244
Sub Total Board/EOC/AGM	259	12,092	11,832	9,803	52,694	42,891	79,944
Provincial Regulatory Visits	\$0	\$0	\$0	\$983	\$8,000	\$7,017	\$12,875
Research/Studies	\$0	\$5,000	\$5,000	\$0	\$30,000	\$30,000	\$60,000
Website SEO and Enhancements	\$879	\$3,496	\$2,617	\$1,691	\$20,975	\$19,284	\$41,950
Regulatory Model(s)	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$15,000
Federal Financial Reform	\$0	\$625	\$625	\$540	\$3,750	\$3,210	\$7,500
CAFI Benchmarking Study/RSM Canada	\$22,688	\$5,650	(\$17,038)	\$22,688	\$33,900	\$11,212	\$67,800
FCAC Presentation	\$0	\$1,883	\$1,883	\$20,905	\$11,300	(\$9,605)	\$22,600
Media Outreach	\$2,260	\$3,008	\$748	\$13,560	\$18,050	\$4,490	\$36,100
Marketing Collateral	\$0	\$1,000	\$1,000	\$195	\$4,000	\$3,805	\$5,000
CAFI Reception Events	\$0	\$250	\$250	\$0	\$500	\$500	\$900
Speaker fees & travel	\$0	\$700	\$700	\$0	\$1,400	\$1,400	\$2,000
Gifts	\$0	\$150	\$150	\$0	\$300	\$300	\$500
Networking Events	\$0	\$150	\$150	\$0	\$300	\$300	\$500
Sub Total Networking & Events	-	1,000	1,000	-	2,000	2,000	3,000
TOTAL EXPENSE	87,711	76,602	- 11,109	357,384	455,757	98,373	883,845
NET INCOME	- 13,961	- 859	- 13,102	85,242	- 1,297	86,539	25,075

Explanatory Notes:

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

CAFI
411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5
Balance Sheet
As at June 30, 2020

	CAFII Operations			CCBPI Project			Combined		
ASSETS	30-Jun 2020	31-May 2020	31-Dec 2019	30-Jun 2020	31-May 2020	31-Dec 2019	30-Jun 2020	31-May 2020	31-Dec 2019
Current Assets									
Bank Balance	\$272,433	\$326,166	\$251,549	\$0	\$0	\$0	\$272,433	\$326,166	\$251,549
Savings Account	\$102,145	\$102,121	\$101,879	\$12,151	\$12,151	\$12,151	\$114,296	\$114,272	\$114,030
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses	\$7,690	\$8,139	\$3,251	\$0	\$0	\$0	\$7,690	\$8,139	\$3,251
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$6,310)	(\$6,215)	(\$5,742)	\$0	\$0	\$0	(\$6,310)	(\$6,215)	(\$5,742)
Total Current Assets	\$383,971	\$438,225	\$358,951	\$12,151	\$12,151	\$12,151	\$396,122	\$450,376	\$371,102
TOTAL ASSETS	\$383,971	\$438,225	\$358,951	\$12,151	\$12,151	\$12,151	\$396,122	\$450,376	\$371,102
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$7,626	\$6,355	\$115,891	\$0	\$0	\$0	\$7,626	\$6,355	\$115,891
Credit Card	\$1,323	\$627	\$1,223	\$0	\$0	\$0	\$1,323	\$627	\$1,223
Account Payable	\$45,155	\$13,688	\$11,613	\$0	\$0	\$0	\$45,155	\$13,688	\$11,613
Deferred Revenue	\$14,402	\$88,129	\$0	\$0	\$0	\$12,151	\$14,402	\$88,129	\$12,151
Total Current liabilities	\$68,506	\$108,799	\$128,727	\$0	\$0	\$12,151	\$68,506	\$108,799	\$140,879
TOTAL LIABILITIES	\$68,506	\$108,799	\$128,727	\$0	\$0	\$12,151	\$68,506	\$108,799	\$140,879
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$230,223	\$230,223	\$271,190	\$12,151	\$12,151	\$0	\$242,375	\$242,375	\$271,190
Excess of revenue over expenses	\$85,242	\$99,202	(\$40,967)	\$0	\$0	\$0	\$85,242	\$99,202	(\$40,967)
Total Unrestricted Net Assets	\$315,465	\$329,426	\$230,223	\$12,151	\$12,151	\$0	\$327,616	\$341,577	\$230,223
Total Unrestricted Net Assets	\$315,465	\$329,426	\$230,223	\$12,151	\$12,151	\$0	\$327,616	\$341,577	\$230,223
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$383,971	\$438,224	\$358,950	\$12,151	\$12,151	\$12,151	\$396,122	\$450,376	\$371,102

Financial Reserves Targets as per 2019 Budget:	
Minimum 3 months (25%) of Annual Operating Expenses=	\$ 220,961
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 441,923
Current Level of Financial Reserves (total unrestricted net assets):	\$315,465
Current Level of Financials Reserve (%):	36%

CCBPI initiative	
1) Invoice paid to Stikeman Elliott on 19th December 2019 for Consulting Services incurred to date (31 October 2019) for \$92,113.81 (\$81,516.65 plus HST).	
2) Invoice to be paid to Norton Rose Fulbright in Feb 2020 for Consulting Services incurred to date (30 November 2019) for \$85,226.13 (\$75,421.35 plus HST).	
3) Invoice to be paid to Norton Rose Fulbright in Feb-Mar 2020 for Consulting Services incurred to date (31 December 2019) for \$15,765.82 (\$13,952.05 plus HST).	

CAFII

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

Membership Fees

		Feb-20		Jul-20	
		<u>To be billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	2020 Upper Tier Member	\$ 38,555	6-Apr-20	\$ 38,555	
CIBC Insurance	2020 Upper Tier Member	\$ 38,555	18-Mar-20	\$ 38,555	
RBC Insurance	2020 Upper Tier Member	\$ 38,555	20-Mar-20	\$ 38,555	
ScotiaLife Financial	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	
TD Insurance	2020 Upper Tier Member	\$ 38,555	12-Mar-20	\$ 38,555	
Desjardins Financial Security Life Assurance Company	2020 Upper Tier Member	\$ 38,555	10-Apr-20	\$ 38,555	
National Bank Life Insurance Company	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	
Manulife Financial	2020 Upper Tier Member	\$ 38,555	6-Mar-20	\$ 38,555	14-Jul-20
The Canada Life Assurance Company	2020 Upper Tier Member	\$ 38,555	30-Apr-20	\$ 38,555	
Assurant Solutions	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	2-Jul-20
Canadian Premier Life Insurance Company	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	
Cumis Group Ltd/Co-operators Life Insurance Co.	2020 Lower Tier Member	\$ 19,277	3-Apr-20	\$ 19,277	
Sun Life Financial	2020 Initiation Members (Upper Tier)	\$ 23,133	23-Mar-20	\$ 23,133	
RSM Canada	Associate	\$ 4,800	24-Mar-20		
Willis Towers Watson	Associate	\$ 4,800	16-Apr-20		
KPMG MSLP	Associate	\$ 4,800	29-May-20		
Munich Reinsuranc Company Canada Branch (Life)	Associate	\$ -	Not Renewing		
Optima Communications	Associate	\$ 4,800	3-Mar-20		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	3-Mar-20		
Torys LLP	Associate	\$ 4,800	6-Mar-20		
PWC	Associate	\$ -	Not Renewing		
RankHigher.ca	Associate	\$ -	Not Renewing		
TBC	Associate	\$ -			
TBC	Associate	\$ -			
Feb Invoices		\$456,760		\$427,960	
July Invoices		\$427,960			
Total Membership Fees		\$884,720			
Total amount to reallocate monthly Jan-Sept		\$73,727			
Total amount to reallocate monthly Oct-Dec		\$73,727			

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 3b. Forecast For CAFII 2020 Fiscal Year

Purpose of this Agenda Item

To update the EOC on the Association's financial forecast for the 2020 fiscal year as at June 30/20.

Background Information

Treasurer Tony Pergola will provide an update on the Association's 2020 fiscal year forecast.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

1 attachment.

2020 CAFII Budget

	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 YTD June 2020	2020 Revised Forecast	Comment/Rationale
Revenue								
Membership Dues	\$435,750	\$475,425	\$695,545	\$734,664	\$908,720	\$442,360	\$884,720	See breakdown in Member Dues Revenue Tab
Luncheon 2019	\$231	\$126	\$0	\$195	\$0	\$0	\$0	Additional Attendees at Luncheon
Interest	\$231	\$126	\$0	\$982	\$200	\$266	\$410	Interest from the Savings Account
TOTAL REVENUE	\$ 436,212	\$ 475,677	\$ 695,545	\$ 735,841	\$ 908,920	\$ 442,626	\$ 885,130	
EXPENSE								
Management Fees	\$279,042	\$442,012	\$460,299	\$465,134	\$474,989	\$242,638	\$484,027	Includes MM Fees (2.5% contractual increase) and two Co-Eds (2.5% increase each)
CAFII Legal Fees/Corporate Governance	\$10,565	\$2,954	\$563	\$0	\$20,000	\$24,626	\$24,626	Legal Fees increased from \$10K to \$20K to reflect the estimated spend of \$10K in February 2020 for Norton Rose to offer a legal opinion around imbedded credit card coverages re: the AMF; Legal Fees contingency for provincial and/or federal regulatory matters (see note 3).
Audit Fees	\$13,560	\$14,271	\$14,432	\$14,799	\$15,247	\$9,117	\$15,247	3% increase over 2019 Revised Forecast
Insurance	\$5,238	\$5,238	\$5,258	\$5,338	\$5,500	\$2,692	\$5,500	Same as 2019 Budget
Website Ongoing Maintenance	\$13,060	\$42,575	\$6,461	\$10,022	\$5,500	\$2,537	\$4,637	Includes CG Technology (\$250 per month), Translation (\$400), Domain (\$30), Zoom (\$75 per month) & Survey Monkey \$307.36
Telephone/Fax/Internet	\$3,538	\$6,119	\$5,939	\$6,494	\$5,800	\$3,065	\$5,800	Same as 2019 Budget
Postage/Courier	\$180	\$380	\$458	\$159	\$250	\$0	\$200	2019 Revised Forecast plus \$50 contingency
Office Expenses	\$5,257	\$1,312	\$2,423	\$2,025	\$2,000	\$1,689	\$2,000	Same as 2019 Budget
Bank Charges	\$25	\$38	\$23	\$112	\$190	\$87	\$190	Same as 2019 Actual plus Annual Fee for CAFII TD Visa credit card
Depreciation Computer/Office Equipment	\$467	\$1,564	\$1,136	\$1,136	\$1,200	\$568	\$1,200	Same as 2019 Budget
Miscellaneous Expense		\$433	\$0	\$0	\$500	\$0	\$500	Same as 2019 Budget
Board/EOC/AGM								
Annual Members Luncheon	\$12,044	\$10,247	\$10,503	\$12,052	\$12,400	\$0	\$2,400	3% increase over 2019 Revised Forecast - Smaller Event planned for later in the year
Board Hosting (External)	\$19,407	\$7,500	\$19,515	\$14,001	\$22,500	\$0	\$15,000	Two Board Meetings/Receptions at \$7,500 each
Board/EOC Meeting Expenses	\$8,145	\$25,493	\$20,715	\$35,419	\$39,500	\$5,559	\$13,634	2019 actual amount decreased by 50%
Industry Events		\$36	\$1,270	\$0	\$1,300	\$0	\$0	CAFII Purchase of full table of 11 seats at one Economic Club of Canada Luncheon
EOC Annual Appreciation Dinner	\$2,079	\$8	\$763	\$2,193	\$4,244	\$4,244	\$4,244	3% increase over 2019 Revised Forecast
Total Board/EOC/AGM	\$41,675	\$43,284	\$52,766	\$63,665	\$79,944	\$9,803	\$35,278	
Provincial Regulatory Visits and Relationship-Building	\$10,395	\$11,011	\$11,230	\$16,833	\$12,875	\$983	\$2,575	3% increase over 2019 Revised Forecast - Atlantic Trip been deferred to 2021. Expense decreased by 80% of budget
Research/Studies	\$1,356	\$17,807	\$77,345	\$5,368	\$60,000	\$0	\$60,000	Same amount as originally budgeted for 2019 before decision to scale back Research due to loss of Amex Bank of Canada as a Member
Website SEO and Enhancements			\$21,702	\$40,914	\$41,950	\$1,691	\$41,950	3% increase over 2019 Revised Forecast
Regulatory Model(s)	\$0	\$15,001	\$6,490	\$7,555	\$15,000	\$0	\$7,500	Reduced by 50%
Federal Regulatory Visits and Relationship-Building	\$0	\$0	\$0	\$442	\$7,500	\$540	\$3,750	Reduced by 50%
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$0	\$0	\$67,800	\$22,688	\$67,800	New Line - CAFII Benchmarking Study/RSM Canada estimated at \$60K plus HST. The expense related to CAFII Benchmarking Study/RSM Canada could be found from this line item in the first year, or this \$60K research fund could be reduced to offset the cost of the benchmarking study.
FCAC Presentation	\$0	\$0	\$0	\$0	\$22,600	\$20,905	\$22,600	New Line - FCAC Presentation estimated at \$20K plus HST - \$10K plus HST for Dog and Pony; \$10K plus HST for WTW Benchmarking Data.
Media Outreach	\$27,408	\$44,023	\$38,522	\$32,803	\$36,100	\$13,560	\$36,100	3% increase over 2019 Budget
Marketing Collateral	\$1,781	\$0	\$557	\$1,629	\$5,000	\$195	\$5,000	Same as 2019 Budget
Tactical Communications Strategy	\$446	\$379	\$0	\$0	\$0	\$0	\$0	covered under Media Outreach
CAFII Reception Events	\$0	\$500	\$0	\$0	\$900	\$0	\$500	Incidental expenses related to hosting of three CAFII Receptions in Toronto
Media Relations	\$0	\$164	\$0	\$0	\$0	\$0	\$0	covered under Media Outreach
Speaker fees & travel	\$0	\$0	\$191	\$1,189	\$2,000	\$0	\$0	Same as 2019 Budget
Gifts	\$221	\$452	\$0	\$200	\$500	\$0	\$500	Same as 2019 Budget
CAFII 25th Anniversary Celebration	\$0	\$26,495	\$0	\$0	\$0	\$0	\$0	Deferred to 2022
Networking Events	\$0	\$350	\$0	\$0	\$500	\$0	\$500	Same as 2019 Budget
TOTAL EXPENSE	\$ 414,214	\$ 675,862	\$ 705,793	\$ 675,816	\$ 883,845	\$ 357,384	\$ 827,980	
Excess of Revenue over Expenses	\$21,998	(\$200,185)	(\$10,248)	\$60,025	\$25,075	\$85,242	\$57,150	
Unrestricted Net Assets (beginning of year)	\$358,991	\$380,758	\$180,447	\$170,198	\$230,223	\$230,223	\$230,223	
Unrestricted Net Assets (end of year)	\$380,989	\$180,573	\$170,198	\$230,223	\$255,298	\$315,464	\$287,373	

Explanatory Notes:

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

Actual/Forecasted Financial Reserves	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 Revised Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$103,554	\$168,965	\$176,448	\$168,954	\$220,961	\$206,995
Maximum 6 months (50%) of Annual Operating Expenses =	\$207,107	\$337,931	\$352,897	\$337,908	\$441,923	\$413,990
Actual/Forecasted Level of Financial Reserves:	\$380,758	\$180,573	\$170,198	\$230,223	\$255,298	\$287,373
Actual/Forecasted Level of Financial Reserves %:	92%	27%	24%	34%	29%	35%

2019 Operational Budget - Member Dues Breakdown

2018 Member Dues Breakdown

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

2019 (Base) Member Dues Breakdown

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

2019 Operational Budget - Member Dues Breakdown - Revised

2019 Member Dues Breakdown

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

2020 Member Dues Breakdown

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

2020 Upper Tier Member

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

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

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

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

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

2020 Member Dues Breakdown

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

2020 Upper Tier Member

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

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

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

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

Did not renew in 2020

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

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 4ai.

Deloitte Canada Response to CAFII Board-Directed Follow-up For Modifications To Proposal For CAFII-Commissioned Thought Leadership/Perspectives Paper On “The Future of Credit Protection Insurance in Canada”

Purpose of this Agenda Item – Update/Discussion

To update the EOC on the status of the proposed modifications to the thought leadership/perspectives paper on the future of credit protection insurance in Canada by Deloitte Canada.

Background Information

The Research & Education Committee recommended to the EOC the engagement of Melissa Carruthers, Deloitte Canada for a CAFII-commissioned thought leadership/perspectives paper on “The Future of Credit Protection Insurance in Canada.” The cost of the study was to be \$20,000.

At the 26 May 2020 EOC meeting, the EOC agreed with this proposal and made a recommendation to the Board that it pass a motion authorizing CAFII to proceed with the Deloitte research paper.

At the 9 June 2020 Board meeting, discussion on this item raised some concerns among some Board members about the cost of the study. There was some concern that the expense was high for the anticipated output; and that in the current economic environment, the Association had to be especially attentive to incurring discretionary expenses.

The Board asked CAFII management to ask Deloitte to submit another version of its proposal, with lower costs and more benefits. A Zoom meeting between Research & Education Chair Andrea Stuska, CAFII Co-Executive Directors Keith Martin and Brendan Wycks, and Deloitte’s Melissa Carruthers and Deloitte partner James Colaço was held on Thursday, 18 June 2020 to discuss this matter. At that meeting, high-level feedback on the comments from the Board was provided, and Deloitte was asked to submit a new proposal. The meeting was positive and Deloitte Canada said they understood that the current environment was a challenging one for our members.

On 7 July, Melissa Carruthers called Keith Martin to update him on the project. She advised that Deloitte Canada is facing significant financial challenges due to COVID-19; and as a result, many of its consultants and partners are on a reduced work week, resulting in resource constraints. Given that reality, along with CAFII’s request that the firm produce more work for a lower fee in connection with the proposed thought leadership/perspectives paper, Deloitte Canada has decided to withdraw its proposal to CAFII at this time.

The Research & Education Committee held a one-hour teleconference meeting on Friday, 10 July to discuss other possible CAFII research projects, since the committee is now back to the drawing board with respect to the Association’s 2020 research initiatives.

Recommendation / Direction Sought – Update/Discussion

This is an update only.

Attachments Included with this Agenda Item

No Attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 4aii.

2020 CAFII Research Initiatives Being Considered, Arising From July 10/20 Research & Education Committee Meeting

Purpose of this Agenda Item – Update/Discussion

To provide the EOC with the updated/revised recommendation of the Research & Education Committee on 2020 CAFII research.

Background Information

On Friday, 10 July 2020, the Research & Education Committee met to discuss 2020 research priorities, given that Deloitte Canada has withdrawn its proposal to produce a thought leadership/perspectives paper on “The Future of Credit Protection Insurance In Canada” for CAFII.

(A follow-up meeting of the Research & Education Committee will be held on Monday, 20 July, 2020.)

An update will be provided on the most recent thinking of the R&E Committee, and the EOC will be asked to provide feedback and, potentially, to support a recommendation to the Board of Directors.

Recommendation / Direction Sought – Update/Discussion

The EOC is being asked to provide feedback on an updated/revised CAFII 2020 Research Recommendation from the R&E Committee, and potentially to support its recommendation to the Board.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 4(a)(ii)
July 21/20 EOC Meeting

2020 CAFII Research Initiatives Being Considered, Arising From July 10/20 Research & Education Committee Meeting

Members of the Committee

Research & Education Committee				
First	Last	Email	Company	BOD/EOC/Committee
Cecillia	Xiao	(Cecillia Xiao) cecillia.xiao@assurant.com	Assurant Canada	Research & Education
Craig	McKendrick	(Craig McKendrick) craig.mckendrick@cibc.com	CIBC Insurance	Research & Education
Sandy	Zeidenberg	(Sandy Zeidenberg) sandy_zeidenberg@manulife.com	Manulife Financial	Research & Education
Aneta	Murphy	(Aneta Murphy) aneta.murphy@scotiabank.com	ScotiaLife Financial	Research & Education
Rob	Dobbins	(Rob Dobbins) rob.dobbins@assurant.com	Assurant Canada	Research & Education
Dallas	Ewen	(Dallas Ewen) dallas.ewen@gwl.ca	The Canada Life Assurance Company	Research & Education
Elaine	Parr	(Elaine Parr) elaine.parr@td.com	TD Insurance	Research & Education
Andrea*	Stuska	Andrea Stuska < andrea.stuska@td.com >	TD Insurance	Research & Education
Diane	Quigley	(Diane Quigley) diane.quigley@cumis.com	CUMIS/The Co-operators	Research & Education

In Attendance at July 10/20 Meeting

Andrea Stuska, TD Insurance -- Chair
Aneta Murphy -- ScotiaLife Financial
Craig McKendrick -- CIBC Insurance
Sandy Zeidenberg -- Manulife
Elaine Parr -- TD Insurance
Keith Martin, CAFII Co-Executive Director
Brendan Wycks, CAFII Co-Executive Director

Summary of the Meeting

Andrea Stuska, Research & Education Committee Chair, provided background on how some members of the CAFII Board of Directors, in its 9 June, 2020 meeting, had expressed a desire for the proposed Deloitte Canada research/perspectives paper on “The Future of Credit Protection Insurance in Canada” to be delivered at a lower cost than \$20K, and with some additional value-add/benefits to be included at the reduced cost.

The outcomes of the CAFII Board’s deliberations on the Deloitte Canada proposal had been shared in a productive meeting on 18 June, 2020 with Deloitte’s Melissa Carruthers and partner James Colaco, by CAFII representatives Andrea Stuska, Keith Martin, and Brendan Wycks. Ms. Carruthers and Mr. Colaco had committed to regroup and to respond to CAFII with a revised proposal within a few weeks, Ms. Stuska advised.

However, Melissa Carruthers spoke to Keith Martin on 8 July, 2020, at which time she explained that Deloitte Canada was under some COVID-19-driven financial pressures, and as a result many of the firm’s consultants and partners were working reduced hours. That, combined with CAFII’s counter-proposal which called for Deloitte Canada to deliver additional outputs/benefits but at a reduced price, had led the firm to decide to withdraw its research/perspectives paper proposal to CAFII at this time.

Keith Martin provided background context on an additional factor that had contributed to Deloitte Canada’s proposal withdrawal decision, noting that all of the firm’s partners who have some manner of relationship or project with a CAFII member client had been involved in the firm’s internal discussion of the proposal. Concerns had been expressed by some of them that if the research/perspectives paper was not well-received by a CAFII member or by an insurance regulator, that result could produce some risk for Deloitte Canada.

It was observed and agreed that given the withdrawal of the Deloitte Canada proposal, the Research & Education Committee was back to square one, with a blank slate, in terms of CAFII’s 2020 research options. The Committee then examined a series of research options that were tabled for consideration:

- Commissioned research with LIMRA: there was concern that LIMRA was a U.S. organization and that CAFII should try to spend its research funds in Canada; and that LIMRA was a very advisor channel-focused organization and, as such, not a natural fit for CAFII;
- Consumer research by Pollara Strategic Insights on a credit protection insurance product for which CAFII had not previously commissioned such research: the concern here was that during the midst of a pandemic might not be a productive time to conduct such research, as consumer attitudes could be distorted by unique and unusual circumstances related to COVID-19;
- Refreshing/updating of previously conducted CAFII research – by an independent, third party actuarial firm -- on the consumer value proposition of credit protection mortgage life insurance relative to T10 and T20 term life insurance: the view was expressed that while an updating of this research could be valuable, the current time was not optimal to do so, given all of the other priorities and issues that the industry is currently grappling with.

It was noted that there was also a prior recommendation that CAFII undertake the necessary research in order to be able to produce a “Fact Pack On Credit Protection Insurance in Canada,” similar to what CLHIA annually produces on the life insurance industry in Canada. However, it was recalled that the CAFII Board did not seem enthusiastic about this proposal; plus it would require accessing voluminous data from CAFII members, which might be difficult with staff working from home and focused on other priorities.

A theme that emerged in discussion is that the trend towards digitization in the insurance industry had been accelerated by the pandemic. While it was noted that Deloitte Canada was planning on taking a close look at digitization in its proposed research/perspectives paper for CAFII, there was an emerging consensus among R&E Committee members that a research study on consumer attitudes towards, experiences with, and expectations of digitization in credit protection insurance/travel insurance (or, more broadly, life and health insurance) could be of value; and, at a later date, this work could potentially form part of the material reviewed by Deloitte in writing a research/perspectives paper.

It was agreed that further discussion on these matters was required; and that a further 30-minute meeting of the Committee would be required for that purpose (*now scheduled for Monday, July 20/20*).

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 4bi. New Vignettes and FAQs Posted on CAFII Website

Purpose of this Agenda Item – Update/Discussion

This is an update about a website enhancement.

Background Information

As part of CAFII's 2020 website enhancements, new FAQs and new vignettes will be added to the website.

The new FAQs are:

Q: Who can apply for mortgage life insurance?

Q: I have other life insurance. Why do I need mortgage life insurance as well?

Q: What is travel insurance?

The new vignettes are:

Who can apply for mortgage life insurance?

Do I need mortgage life insurance if I have other life insurance already in place?

Is there a maximum amount of coverage available for mortgage life insurance?

If I purchase mortgage life insurance, will my premium increase over time?

Does Credit Protection insurance provide good value?

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 4bii.

Storyboard for CAFII Motion Graphic Website Video On Credit Protection Critical Illness and Disability Insurance

Purpose of this Agenda Item – Update/Discussion

This is an update about a website enhancement.

Background Information

As part of the 2020 website enhancements, CAFII will develop two new motion graphic videos, in English and French, for posting to the Association's website.

The storyboard on a video on job loss did not receive a consensus level of support from EOC members. Therefore, at the previous EOC meeting on 23 June, 2020, it was agreed that instead CAFII should look at a video on Critical Illness and Disability Credit Protection Insurance. A video storyboard on those topics was circulated to EOC members on 14 July 2020, and the feedback provided will be incorporated into the next iteration of the storyboard.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item


One attachment.

WEBSITE VIDEO – DISABILITY & CRITICAL ILLNESS CPI

“What is disability and critical illness credit protection insurance?”

Draft 2 – July16, 2020

Audio	Story Board Description	Time	Comment
Would you be able to make your monthly mortgage or loan payments for an extended period if you became disabled or critically ill? If not, you may want to consider two types of credit protection insurance that can help you and your family.		15 sec	
Disability Insurance will cover the regular payments on your mortgage, loan or credit card for a specified period of time if you become ill or have an accident that leaves you unable to work.		12 sec	
Critical Illness Insurance will pay off or reduce the outstanding balance on your mortgage, loan or credit card if you are diagnosed with one of several types of critical illnesses that are covered under the policy.		11 sec	
While these two types of insurance are complementary and can be purchased together, they provide protection against different risks.		8 sec	
More specifically, Disability Insurance replaces part of your lost income that would normally be used to pay your monthly debt obligations to your bank or credit union. You'll still be responsible for paying the remaining balance on these loans when you recover from your disability or after the coverage period ends, whichever comes first.		19 sec	
Unlike Disability Insurance, Critical Illness Insurance is not related to employment and being unable to work. You can be covered and receive a benefit under Critical Illness		22 sec	

Insurance regardless of your employment status. This type of insurance pays off all or most of your insured debt obligations in one lump sum, thereby freeing up money for other uses.			
These types of insurance help people manage their debt obligations while they are still alive. In contrast, credit protection life insurance on mortgages, loans and credit cards is designed to benefit surviving family members after their insured loved one has passed away.		15 sec	
All three types of Credit Protection Insurance – Disability, Critical Illness, and Life -- can be purchased to cover your mortgage, loan or credit card balance from most CAFII-member financial institutions.		12 sec	
CAFII: Making insurance simple, accessible and affordable	 <p>WWW.CAFII.COM/MORTGAGE-LIFE-INSURANCE</p> <p>www.cafii.com/mortgage-life-insurance</p>	6 sec	
Total:		2.00 min	

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 4biii.

CAFII Website Enhancements to Effect Board Request Re Facilitating Consumers' Filing Of Credit Protection Insurance and Travel Insurance Claims With CAFII Members

Purpose of this Agenda Item – Update/Discussion

This is an update about a website enhancement.

Background Information

The CAFII Directors and Designates COVID-19 Information-Sharing Group recommended that the CAFII website should have a section on how to make a claim; and the CAFII Board of Directors subsequently passed a motion supporting this recommendation at its 9 June, 2020 meeting.

CAFII is in discussion with Operatic Agency (previously RankHigher) about how best to do this; and, once a prototype of the resulting new section of the website is developed, it will be shared with the Board and EOC.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 4ci. FCNBs Planned Next Steps For Introducing An RIA Regime in New Brunswick

Purpose of this Agenda Item – Update/Discussion

This is an update about an initiative in New Brunswick.

Background Information

FCNB is well-advanced in the development of a Restricted Insurance Agent (RIA) licensing regime for New Brunswick, including having conducted (but not yet reported back on) an initial round of stakeholder consultation, which will be the first in Atlantic Canada.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting, 21 July, 2020—Agenda Item 4di.
Travel Medical Insurance Experts**

Purpose of this Agenda Item – Update/Discussion

This is an update about travel medical insurance.

Background Information

None.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 4ei.

Networking and Events—CAFII Webinars in July, August, and September 2020 With Panels Of Insurance Regulators/Policy-Makers

Purpose of this Agenda Item – Update/Discussion

This is an update about a CAFII relationship-building and communications initiative with insurance regulators and policy-makers across Canada.

Background Information

With COVID-driven restrictions reducing the opportunity for in-person interaction with insurance regulators and policy-makers, CAFII is undertaking to offer a series of three educational webinars featuring their involvement instead.

In July, the webinar will feature representatives from Ontario, Quebec, and B.C.; in August, the Atlantic Canada provincial regulators will participate; and in September, the webinar will feature representatives from Alberta, Saskatchewan, and Manitoba. While we are still finalizing the list of participants, invitation responses from regulators and policy-makers has been very positive and plans for all three of the planned webinars are all well-advanced.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 4eii.

Response Received From FCAC Commissioner Judith Robertson's Office To CAFII's Proposals Re New Approach To CAFII 2020 Annual Members' Luncheon in Fall 2020

Purpose of this Agenda Item – Update/Discussion

This is an update about CAFII's desire to have a meeting with and presentation from FCAC Commissioner Judith Robertson.

Background Information

While executing on the original plan to have FCAC Commissioner Judith Robertson be the guest speaker at CAFII's 2020 Annual Members Luncheon with approximately 200 attendees will not be possible in the near future due to COVID-19, a proposal has been made for a smaller in-person lunch meeting in the Fall of 2020 with the CAFII Board of Directors, some other CAFII volunteer leaders, and the CAFII Co-Executive Directors, followed by a webinar presentation by Ms. Robertson to a larger CAFII audience.

CAFII has made these proposals to Ms. Robertson and is awaiting her response.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting, 21 July, 2020—Agenda Item 5a.
AMF Response To CAFII “Creative Solutions” Submission To AMF On Degree To Which Industry Can
Meet Its Requirements Around RADM’s Application To Credit Card-Embedded Insurance Benefits**

Purpose of this Agenda Item – Update/Discussion

This is an update about CAFII’s submission to the AMF on “creative solutions” for industry to meet the AMF’s requirements around the Regulation respecting Alternative Distribution Methods (RADM)’s applicability to credit card-embedded insurance benefits.

Background Information

CAFII submitted its letter to the AMF on 7 July, 2020, and we are awaiting a response.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(a)
July 21/20 EOC Meeting

From: Boucher Charlène <Charlene.Boucher@lautorite.qc.ca>
Sent: July-09-20 5:55 PM
To: Keith Martin <Keith.Martin@cafii.com>
Cc: Pérodeau Frédéric <Frederic.Perodeau@lautorite.qc.ca>; Déry Patrick
<Patrick.Dery@lautorite.qc.ca>; Sirois Nathalie <nathalie.sirois@lautorite.qc.ca>; Gauthier Louise
<Louise.Gauthier@lautorite.qc.ca>; Beaudoin Mario <Mario.Beaudoin@lautorite.qc.ca>; Brendan Wycks
<brendan.wycks@cafii.com>
Subject: RE: Avantages d'assurance intégrés aux cartes de crédit -- ACIFA

Bonjour,

Nous accusons réception de votre correspondance et nous vous reviendrons avec des commentaires suite à l'analyse des enjeux soulevés.

Salutations,

Me Charlène Boucher
Analyste à l'encadrement de la distribution
Direction des pratiques de distribution alternatives en assurance
Autorité des marchés financiers

Téléphone 418 525-0337, poste 4784
Sans frais: 1 877 525-0337, poste 4784
www.lautorite.qc.ca

English Translation:

Hello,

We acknowledge receipt of your correspondence and will get back to you with comments following the analysis of the issues raised.

Greetings,

Me Charlène Boucher
Analyste à l'encadrement de la distribution
Direction des pratiques de distribution alternatives en assurance
Autorité des marchés financiers

7 July, 2020

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

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

WITHOUT PREJUDICE

Dear Mr. Beaudoin:

Re: Credit Card-Embedded Insurance Benefits

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

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

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

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

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

Filings and Disclosures to the AMF

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

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

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

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

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

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

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

Consumer Disclosures

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

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

The summaries of embedded insurance benefits would

3. be concise;
4. be written in clear, consumer-friendly language;

5. present accurate information;
6. not contain any advertising or any promotional offers; and
7. not be the Certificate of Insurance.

The summaries of embedded insurance benefits would include

8. the insurer's name and contact information;
9. the client number of the insurer registered in the Authority's register of insurers and the Authority's website address;
10. the name and type of insurance product embedded;
11. claims eligibility criteria;
12. the name and contact information of the card issuer that is providing the product;
13. information on the coverage, exclusions, and limitations, and where to find the full details in the certificate of insurance;
14. any other specific clauses which may affect the insurance;
15. the insurer's website address providing access to the information on where the client can file a complaint with the insurer and a summary of the complaint processing policy; and
16. the manner in which the Certificate of Insurance can be accessed on the insurer's and/or card issuer's website.

Fact Sheet

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

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

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

Other Comments:

Information collected from consumers

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

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

Insurer Assistance service

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

Training

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

Conclusion

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

Sincerely,



Martin Boyle
Board Secretary and Chair, Executive Operations Committee

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

Envoyé : 7 juillet 2020 08:46

À : Beaudoin Mario <Mario.Beaudoin@lautorite.qc.ca>

Cc : Pérodeau Frédéric <Frederic.Peroiseau@lautorite.qc.ca>; Déry Patrick
<Patrick.Dery@lautorite.qc.ca>; Sirois Nathalie <nathalie.sirois@lautorite.qc.ca>; Gauthier Louise
<Louise.Gauthier@lautorite.qc.ca>; Brendan Wycks <brendan.wycks@cafii.com>

Objet : Avantages d'assurance intégrés aux cartes de crédit -- ACIFA

7 juillet 2020

M. Mario Beaudoin, Directeur des pratiques de distribution alternatives en assurance
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

c.c. M. Frédéric Pérodeau, Surintendant de l'assistance aux clientèles et de l'encadrement de la
distribution

M. Patrick Déry, Surintendant de l'encadrement de la solvabilité

Mme Nathalie Sirois, Directrice principale de la surveillance des assureurs et du contrôle du droit
d'exercice

Mme Louise Gauthier, Directrice principale des politiques d'encadrement de la distribution

SOUS RÉSERVE DES DROITS DE L'OFFRANT

Monsieur Beaudoin,

Objet : Avantages d'assurance intégrés aux cartes de crédit

Nous remercions l'AMF d'avoir accordé une prolongation de délai, jusqu'au 15 juillet 2020, pour cette
soumission, après que nous en ayons fait la demande en raison de la pandémie de COVID-19.

Lors de notre rencontre du 11 février 2020 avec vous et vos collègues de l'AMF au bureau de l'AMF à
Québec, l'Association canadienne des institutions financières en assurance (ACIFA) a fait part de son
point de vue ferme selon lequel le *Règlement sur les modes alternatifs de distribution* (RMAD) – tel qu'il
a été rédigé, finalisé et publié – ne s'applique pas aux prestations d'assurance intégrées aux cartes de
crédit.

Les prestations d'assurance intégrées aux cartes de crédit ne sont pas directement achetées ou offertes,
mais sont plutôt incluses dans certaines cartes de crédit en tant qu'avantages accessoires que la carte
offre au consommateur. Si un consommateur veut une carte de crédit en particulier, les garanties
d'assurance intégrées ne sont pas facultatives; ce sont des caractéristiques intégrées de la carte. Si les
garanties d'assurance intégrées d'une carte donnée ne sont pas souhaitées, le consommateur peut
choisir de refuser cette carte de crédit ou simplement de ne pas utiliser les avantages inclus.

Les prestations d'assurance intégrées à une carte de crédit sont émises en vertu d'un contrat principal d'assurance collective à l'intention du titulaire de la police (c.-à-d. une banque ou une coopérative de crédit) au profit des titulaires de carte individuels, qui reçoivent des certificats d'assurance en tant que participants à la police d'assurance collective. Tous les titulaires de carte sont des participants au contrat principal d'assurance collective, mais, contrairement à ce qui se fait pour la plupart des formes d'assurance protection de crédit, ils ne sont pas individuellement inscrits à la police. Par conséquent, en ce qui concerne les prestations d'assurance intégrées aux cartes de crédit, un titulaire de carte individuel ne peut pas choisir d'annuler la couverture en vertu du certificat, car seul le titulaire de police peut mettre fin à une police d'assurance collective, ce qui aurait pour effet d'annuler la couverture pour tous les titulaires de carte.

Bien que nous croyons fermement que les avantages d'assurance liés aux cartes de crédit ne sont pas des offres d'assurance et que, par conséquent, le *RMAD* ne s'applique pas à cette gamme de produits, l'ACIFA a entrepris, au moyen des propositions décrites ci-dessous, de répondre à la demande de présentation de l'AMF à notre Association en fournissant des résultats pour les consommateurs pour cette gamme de produits qui correspondent à ceux des offres d'assurance réelles.

Dépôts et divulgations à l'AMF

En ce qui concerne les prestations d'assurance intégrées aux cartes de crédit, les membres de l'ACIFA seraient en mesure de répondre aux exigences de divulgation suivantes de l'AMF :

17. le nom et les coordonnées de l'émetteur de la carte;
18. les coordonnées du service d'assistance de l'assureur.

Cependant, certains aspects de l'information actuellement divulguée par les assureurs collectifs à l'AMF ne correspondent pas à la gamme de produits des prestations d'assurance intégrées aux cartes de crédit. Plus précisément :

1. Le nombre d'annulations des prestations d'assurance intégrées à une carte de crédit. Le consommateur ne peut pas annuler les prestations d'assurance intégrées à une carte de crédit dans le cadre du forfait global de la carte de crédit; il doit plutôt annuler la carte de crédit dans son intégralité. Le plus souvent, les consommateurs choisissent d'annuler une carte de crédit pour d'autres raisons, y compris le taux d'intérêt ou le programme de récompenses, dans le but de réduire le montant global du crédit qu'ils détiennent, ou parce qu'ils ont trouvé une autre carte de crédit plus attrayante.

Étant donné que les prestations d'assurance intégrées aux cartes de crédit ne peuvent pas être annulées, la seule façon possible pour l'industrie de satisfaire aux exigences de l'AMF en matière de dépôt et de divulgation dans ce domaine serait de faire rapport sur les annulations réelles de cartes de crédit. Toutefois, la déclaration des annulations de cartes de crédit ne fournirait à l'AMF aucun indicateur de conduite du marché ou de protection des consommateurs ni aucun signal d'alarme concernant les prestations d'assurance intégrées.

2. La rémunération versée à tous les distributeurs. En ce qui concerne les prestations d'assurance intégrées aux cartes de crédit, aucune rémunération n'est versée aux émetteurs de cartes.

Compte tenu des réalités décrites ci-dessus et pour veiller à ce que l'AMF reçoive toujours les données pertinentes pour s'acquitter de ses responsabilités de surveillance de l'industrie, l'ACIFA recommande que l'AMF harmonise ses exigences en matière de rapports avec celles de la Déclaration annuelle sur les pratiques commerciales (DAPC) du Conseil canadien des responsables de la réglementation d'assurance (CCRRA). La DAPC préconise la fourniture de données pertinentes sur les prestations d'assurance intégrées aux cartes de crédit, et les assureurs pourraient fournir à l'AMF des données semblables propres au Québec plutôt que d'être tenus de mettre en œuvre des rapports différents ou supplémentaires.

Renseignements des consommateurs

Étant donné que les cartes de crédit peuvent avoir plus de 10 prestations d'assurance intégrées différentes, et que chaque émetteur de carte a un portefeuille de cartes de crédit uniques, un émetteur de carte particulier peut avoir des douzaines de prestations d'assurance intégrées différentes. Il ne serait pas pratique de s'attendre à ce que, au moment de la demande de carte, l'émetteur de la carte fournisse au consommateur plus de 10 résumés des prestations d'assurance intégrées lorsque les renseignements pertinents des divulgations concernent les frais annuels de la carte de crédit, son taux d'intérêt, le délai de grâce de paiement et son programme de récompenses. Le fait de fournir des résumés des nombreuses prestations d'assurance intégrées au moment de la demande pourrait submerger et embrouiller le consommateur, plutôt que de rendre les choses plus claires.

Toutefois, compte tenu de la demande de l'AMF, les membres de l'ACIFA sont prêts à produire des résumés des prestations d'assurance intégrées aux cartes de crédit, qui seraient mis à la disposition de tous les consommateurs sur le site Web de l'assureur ou de l'émetteur de la carte.

Les résumés des prestations d'assurance intégrées :

1. seront concis;
2. seront rédigés dans un langage clair et convivial;
3. présenteront des renseignements exacts;
4. ne contiendront pas de publicité ni d'offres promotionnelles;
5. ne constitueront pas un certificat d'assurance.

Les résumés des prestations d'assurance intégrées comprendront :

1. le nom et les coordonnées de l'assureur;
2. le numéro de client de l'assureur inscrit au registre des assureurs de l'AMF et l'adresse du site Web de l'AMF;
3. le nom et le type de produit d'assurance intégré;
4. les critères d'admissibilité pour les réclamations;
5. le nom et les coordonnées de l'émetteur de la carte qui fournit le produit;
6. des renseignements sur la couverture, les exclusions et les limites, et où trouver tous les détails dans le certificat d'assurance;
7. toute autre clause spécifique qui pourrait affecter l'assurance;

8. l'adresse du site Web de l'assureur donnant accès à l'information sur l'endroit où le client peut déposer une plainte auprès de l'assureur et un résumé de la politique de traitement des plaintes;
9. la procédure à suivre pour consulter le certificat d'assurance sur le site Web de l'assureur ou de l'émetteur de la carte.

Fiche d'information

L'ACIFA a l'intention d'essayer de trouver des solutions créatives aux demandes de l'AMF qui mèneront à des résultats positifs pour les consommateurs.

Cependant, parce que la fiche d'information, comme prescrit par le *RMAD*, n'est pas harmonisée avec les prestations d'assurance intégrées aux cartes de crédit et qu'elle serait une « adaptation forcée », l'ACIFA croit qu'il serait plus avantageux pour les consommateurs de ne pas les confondre en exigeant que les émetteurs de cartes leur fournissent une fiche d'information pour cette gamme de produits.

Nous devons souligner que même si les sections « *C'est votre choix* » et « *Comment choisir* » des fiches d'information sont problématiques et mal adaptées à cette gamme de produits, la section la plus préoccupante est « *Droit d'annuler* ». Comme je l'ai déjà dit, les prestations d'assurance intégrées à une carte de crédit ne peuvent être annulées sans annuler la carte de crédit elle-même. De même, l'avis d'annulation qui doit être fourni aux consommateurs en vertu du *RMAD* ne correspond pas non plus à la gamme de produits de prestations d'assurance intégrées aux cartes de crédit.

Autres commentaires :

Renseignements recueillis auprès des consommateurs

Aucune information n'est recueillie d'entrée de jeu auprès des consommateurs en ce qui concerne les prestations d'assurance intégrées aux cartes de crédit. Tous les renseignements recueillis auprès du demandeur de carte de crédit sont conformes à toutes les exigences applicables en matière de protection des renseignements personnels, y compris la *Loi sur la protection des renseignements personnels et les documents électroniques* du gouvernement fédéral. L'assureur ne voit aucun détail sur une personne précise inscrite au régime collectif sous-tendant une prestation d'assurance intégrée à une carte de crédit tant qu'elle n'a pas présenté une demande de règlement.

Par conséquent, les assureurs ne sont pas en mesure de fournir au demandeur le résumé des renseignements qu'il a recueillis, car ils ne sont pas recueillis à des fins d'assurance. Toutefois, les certificats d'assurance seraient fournis conformément aux procédures normales d'exécution.

Service d'assistance aux assureurs

Les membres de l'ACIFA seraient en mesure de satisfaire à l'exigence de l'AMF selon laquelle l'assureur doit offrir un Service d'assistance, afin de répondre aux questions de l'émetteur de la carte concernant chaque prestation fournie.

Formation

La formation du personnel des émetteurs de cartes en ce qui concerne les prestations intégrées existe déjà. Le personnel dispose des connaissances nécessaires pour répondre aux questions des consommateurs et pour fournir les renseignements appropriés sur les prestations d'assurance intégrées aux cartes de crédit. La pratique courante veut que le personnel de l'émetteur de la carte fournisse des renseignements de haut niveau sur le produit (p. ex., *cette carte de crédit comprend X millions de dollars d'assurance voyage pour frais médicaux pour une période maximale de Y jours*) et qu'il renvoie les questions plus détaillées sur les critères d'admissibilité pour les réclamations, les affections préexistantes et autres à un représentant spécialisé du service à la clientèle ou à un agent autorisé.

Conclusion

Nous avons hâte de discuter avec l'AMF des propositions que nous avons faites dans cette présentation. À cet égard, veuillez communiquer avec Keith Martin, codirecteur général, à keith.martin@cafii.com ou au 647-460-7725 le plus tôt possible, pour organiser une réunion par téléconférence ou une réunion virtuelle à cette fin.

Je vous prie d'agréer, Monsieur, l'expression de nos sentiments les meilleurs.



Martin Boyle
Secrétaire et président, Comité exécutif des opérations

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 5b.

Release of Q2 Report From CAFII Quarterly CPI Benchmarking Study With RSM Canada

Purpose of this Agenda Item – Update/Discussion

The Q1 report from this benchmarking study was released several weeks ago; and the Q2 report will have been released by the date of this EOC meeting.

Background Information

CAFII produces with RSM Canada a quarterly CPI benchmarking study report.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting, 21 July, 2020—Agenda Item 5c.
CCIR/CISRO FTC Working Group Response To CAFII Letter Responding To Its Request That CAFII
Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized
Incentives and Compensation Models**

Purpose of this Agenda Item – Update/Discussion

This is an update on CAFII's response to a request from the CCIR/CISRO Fair Treatment of Customers (FTC) Working Group.

Background Information

CAFII members have serious concerns around a requested Association-level third party survey on members' incentives and compensation models, in order to produce a report for the CCIR/CISRO FTC Working Group. It was felt by the CAFII Board that this would be difficult information to gather, and that it was competitively sensitive information.

As a result, CAFII has informed the CCIR/CISRO FTC Working Group that if it wishes to receive this information, it should do so by reaching out individually and directly to CAFII FI distributor of insurance members.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

One attachment.

***Agenda Item 5(c)
July 21/20 EOC Meeting***

From: Brendan Wycks

Sent: July-02-20 3:55 PM

Subject: CCIR/CISRO Fair Treatment of Customers (FTC) Working Group Request For Summer 2020 Virtual Meeting With CAFII: Please Reply By Tuesday, July 7/20 To Confirm Your Interest and Any July/August Availability Constraints

CAFII EOC and Market Conduct & Licensing Committee Members:

As you will know, the CAFII submission to the Co-Chairs of the CCIR/CISRO Fair Treatment of Customers (FTC) Working Group, below and attached, was sent to them earlier today.

However, in that connection, on the afternoon of Tuesday, June 30/20, I received a directly relevant phone call from Tony Toy, CCIR Policy Manager.

Given the coincidental timeliness of his call, I was able to tell Tony that he (and others) at CCIR/CISRO would very shortly be receiving a letter from CAFII re our response/position on the FTC Working Group's recent request of our Association, and he was appreciative of receiving the advance heads-up.

Based on his response, Tony was not fazed at all by the stance CAFII which CAFII would be taking and the recommendation we'd be making in our letter. He was pleased to hear that CAFII was willing to assist by providing a directory of key contacts at our Association's member FI distributors of insurance, for the purpose of the CCIR Secretariat reaching out directly and privately to one or more of them to request data on incentives and compensation models currently used in-market around the offering of credit protection and/or travel insurance.

It remains to be seen, however, whether the Co-Chairs and other regulator members of the FTC Working Group have the same easy-going and immediately accepting response as Tony did.

Tony's main purpose in calling on Tuesday was to advise that the FTC Working Group now wants to put its work back on the rails re consulting with industry stakeholders around implementation of the "Guidance: Conduct of Insurance Business and Fair Treatment of Customers," especially re incentives and compensation models being used in-market.

He said that the Working Group wants to resume that work fairly soon, rather than waiting until September, and he asked if CAFII would be amenable to hold a meeting in July or August, over a virtual meeting platform (he said that he also has been using Zoom a lot of late).

I replied that we would indeed be amenable to a virtual meeting in July or August, provided we can land on a mutually convenient date/time.

Tony will be formalizing the CCIR/CISRO FTC Working Group's summer meeting request and making it official via an email to us shortly.

If you would like to "attend" CAFII's summer 2020 virtual meeting with the CCIR/CISRO FTC Working Group, please reply to Keith and me by end of day on Tuesday, July 7/20 to confirm your interest and advise of any availability constraints you have during July and August. We will do our best to take your availability into account in settling on the date/time for the meeting with the CCIR Secretariat.

Thanks and best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

T: 647.218.8243

Alternate T: 647.361.9465

www.cafii.com

July 2, 2020

Ms. Louise Gauthier, Co-Chair, CCIR/CISRO Fair Treatment of Customers (FTC) Working Group; and
Mr. Ron Fullan, Co-Chair, CCIR/CISRO Fair Treatment of Customers Working Group
c/o Messrs. Tony Toy and Munir Chagpar, CCIR Policy Managers/Secretariat; and
Ms. Adrienne Warner, CISRO Policy Manager/Secretariat

Dear Ms. Gauthier and Mr. Fullan:

Re: CAFII Position and Recommended Solution Re CCIR/CISRO FTC Working Group's Request For Information On Sales Incentives and Compensation Models Used In-Market By CAFII Member Financial Institution Distributors of Credit Protection Insurance and Travel Insurance

As you will recall, prior to CAFII's most recent March 5/20 meeting with the CCIR/CISRO FTC Working Group, our Association received legal advice from Stikeman Elliott with respect to an FTC Working Group request that CAFII gather information and provide a report on the sales incentives and compensation models utilized in-market by CAFII member financial institution distributors of credit protection insurance and travel insurance.

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

You will also recall that the primary outcome of CAFII's March 5/20 stakeholder meeting with the FTC Working Group was a request from the Working Group that CAFII proceed to commission a third party professional services firm to gather information on the sales incentives and compensation models used in-market by CAFII member financial institution distributors of credit protection insurance and travel insurance; and to produce an aggregated, anonymized results report which could be shared with the FTC Working Group.

However, in a subsequent CAFII Board of Directors meeting, our Board expressed significant doubts and misgivings about our Association's ability to provide the requested information to the CCIR/CISRO FTC Working Group through such a professional services firm survey, noting that

- the requested information is most definitely competitively sensitive and a source of competitive differentiation. So even if it were to be gathered by an independent professional services firm and only reported in aggregated and anonymized form, the disclosure of that information to the CCIR/CISRO FTC Working Group could still lead to a violation of the Competition Act as an unintended consequence.

That's because all CAFII members would definitely see a copy of the professional services firm's results report, in addition to the FTC Working Group; and they would gain competitive intelligence and learn what incentives and compensation models their competitor members of the Association are using, even if the report does not disclose which particular FI is using which particular incentive/compensation model;

- as the FTC Working Group's data request relates primarily to bank branch and contact centre staff, it is important to note that incentives and compensation models used with respect to credit protection insurance and travel insurance are not typically determined by the insurance distributor entity itself, but rather by the banking arm of the financial group of companies of which CAFII member insurance distributors are part. That being the case, for most CAFII member insurance distributors, responding to a professional services firm survey request for data on incentives and compensation models would not be a straightforward and readily fulfilled task, but rather would require consultation with and co-operation from other parties within the financial group of companies; and
- as a possible expeditious route to the same end, CAFII reached out to the Canadian Bankers Association to find out if it routinely gathers and assembles aggregated and anonymized data on sales incentives/compensation, such as that which the FTC Working Group is seeking. The response we received was that "CBA does not collect information on the sales incentives and compensation models that banks use for financial product distribution."

Therefore, CAFII has come to the realization that trying to obtain the incentives and compensation models-related information requested by the CCIR/CISRO FTC Working Group at an industry Association level, through CAFII, is not a workable approach; and that the only prudent and acceptable way for the FTC Working Group to obtain it is to ask one or more CAFII member FI insurance distributors to provide it directly and privately to the regulator members of the Working Group.

CAFII recommends that the FTC Working Group approach one or more CAFII member FI insurance distributors directly and privately with a view to obtaining the requested/desired information. CAFII can assist by providing the FTC Working Group with a directory of contact persons at each of our FI distributor of insurance members; and they, in turn, can co-operate by obtaining and reporting back directly and privately with the requested sales incentives and compensation information, which in most cases will come from their corporate parent FI/bank.

Sincerely,



Martin Boyle
Board Secretary and Chair, Executive Operations Committee

Briefing Note

**CAFII EOC Meeting, 21 July, 2020—Agenda Item 5d.
Summer 2020 CAFII Virtual Meeting With CCIR/CISRO FTC Working Group**

Purpose of this Agenda Item – Update/Discussion

This is an update about the CCIR/CISRO FTC Working Group.

Background Information

Tony Toy from the CCIR/CISRO Secretariat has notified CAFII that the FTC Working Group is looking to hold a virtual stakeholder meeting with CAFII in July or August 2020.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 5e.

Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance—Highlights of July 9/20 Meeting Of CAFII Directors and Designates COVID-19 Information-Sharing Group

Purpose of this Agenda Item – Update/Discussion

This is an update about the July 9/20 CAFII Directors and Designates COVID-19 Information-Sharing Group meeting.

Background Information

The CAFII Directors and Designates COVID-19 Information-Sharing Group currently meets once a month. At its most recent meeting, members indicated that there may be some limited return of some employees to the office starting in September 2020, but a full return will not happen for some time. There were some doubts about whether members would be able to participate in-person in an October 15/20 meeting with the AMF and CAFII Board meeting in Levis, Quebec, or in a Fall 2020 lunch meeting with FCAC Commissioner Judith Robertson in Toronto.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 5eii.

Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance—Insights Gained From Weekly CAFII/CLHIA/THIA Calls Re Impact Of COVID-19 On Travel Insurance Industry

Purpose of this Agenda Item – Update/Discussion

This is an update about the weekly calls on travel medical insurance and COVID-19 involving CAFII, CLHIA, and THIA.

Background Information

A key issue that the group has been reviewing is the re-opening of the Canada-US border.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting, 21 July, 2020—Agenda Item 5f.
Scheduling Of CAFII Get-Acquainted And Dialogue Meeting With Frank Lofranco, FCAC Deputy
Commissioner, Supervision and Enforcement**

Purpose of this Agenda Item – Update/Discussion

This is an update about a proposed CAFII virtual meeting with Frank Lofranco, newly appointed FCAC Deputy Commissioner.

Background Information

CAFII sent Frank Lofranco a congratulatory letter about his appointment as FCAC Deputy Commissioner, and requested a meeting with him. Mr. Lofranco has responded favourably and affirmatively.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 5g.

Launch of Saskatchewan RIA Advisory Committee: Next Steps Emanating from July 8/20 and July 15/20 CAFII Meetings With CLHIA

Purpose of this Agenda Item – Update/Discussion

This is an update about the launch of an RIA Advisory Committee in Saskatchewan.

Background Information

CAFII has held some meetings to move the launch of the RIA Advisory Committee in Saskatchewan forward. Among the issues currently being reviewed jointly with CLHIA are:

1. Luke O'Connor's recollection, from an early March 2020 meeting with April Stadnek, the Insurance Councils of Saskatchewan's Director, Strategic Initiatives, that ICS is actually envisioning having two separate RIA Advisory Committees, one for those that offer life and health types of insurance under their RIA licence; and the other for those that offer property & casualty-types of insurance under their RIA licence, which would include those that offer extended warranty insurance on things like electronic devices; and
2. The likely need for the roster of nominees to include potential RIA licence holder representatives that come from segments such as the mortgage broker distribution channel and the car dealer distribution channel, so that our proposed list will be more likely to find favour with April Stadnek and Ron Fullan. Given that CAFII's assignment is to bring to the table proposed RIA licence holder nominees, CLHIA has us to factor in proposed nominees from these two segments within the RIA landscape.

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 5h.

CAFII EOC Working Group On Refining Dog and Pony Studios-Developed “CPI Industry Highlights” Slides (Produced From Willis Towers Watson Key Data Point Slides) For Future Use By CAFII and its Members: Progress Report

Purpose of this Agenda Item – Update/Discussion

This is an update about the efforts of the CAFII Working Group reviewing the Dog and Pony Studios-developed slides emanating from a Willis Towers Watson study.

Background Information

Some slides were produced by Dog and Pony Studios, the storytelling firm that developed the deck for the March 9/20 CAFII presentation to FCAC staff executives in Ottawa, based on benchmarking data from Willis Towers Watson. Because these included some sensitive materials, the slides were not used in the FCAC presentation but they could be helpful for future CAFII regulatory submissions or presentations. A Working Group is reviewing the slides, and held its first meeting on 9 July, 2020.

At that meeting, it was agreed that a few summary slides would be sufficient, as the detailed review of products is too much detail for regulators and policy-makers. The revisions proposed to the slides that will be retained will be made, and then distributed to Working Group members, followed by EOC members, for review.

Dog and Pony Slides Review – Working Group Members

Dana Easthope, Canadian Premier Life (Chair)

Vivek Sahni, RBC Insurance

Andrea Stuska, TD Insurance

Michelle Costello, CUMIS

Monika Spudas, Manulife Financial

Staff: Keith Martin, Brendan Wycks, Albert Lin

Recommendation / Direction Sought – Update Only

This is an update only.

Attachments Included with this Agenda Item

One attachment.



The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

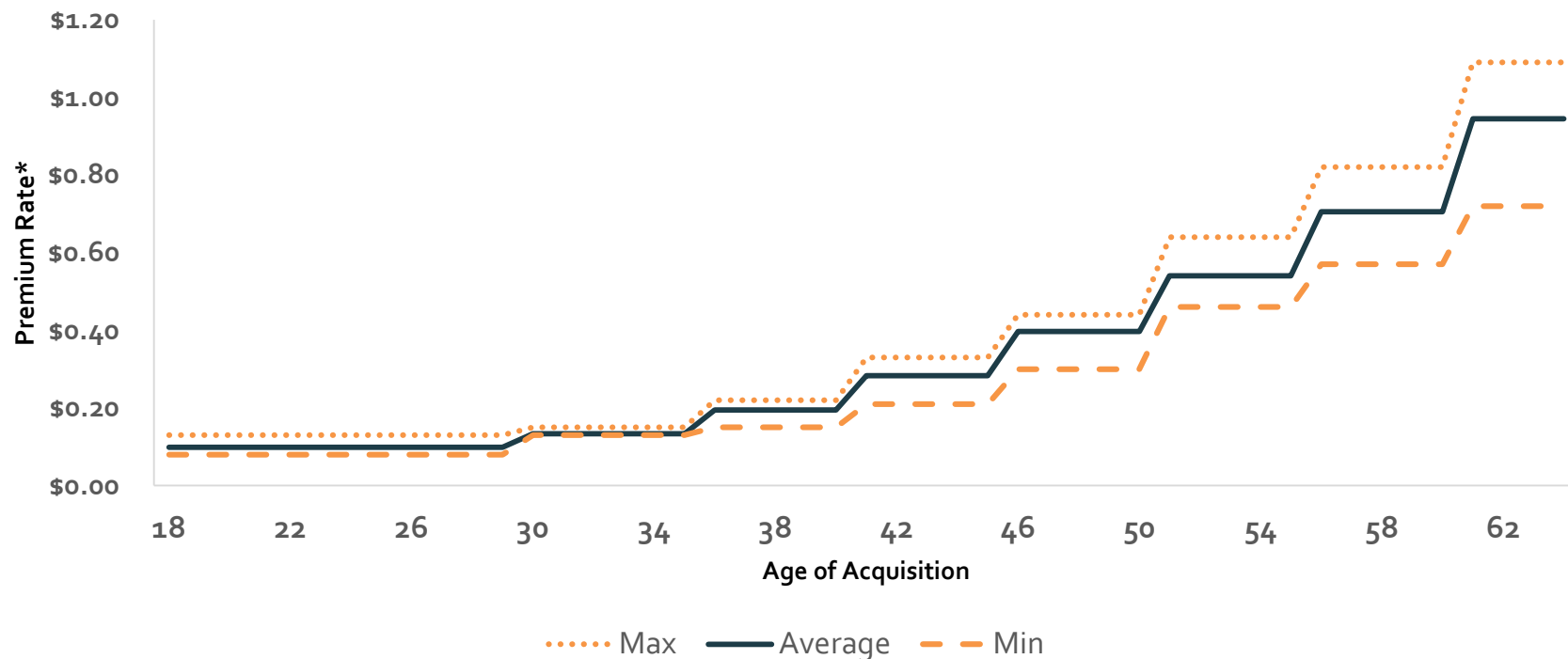
Credit Protection Insurance Offered by CAFII Members

Making insurance simple and accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens

Premium rates: mortgage life insurance

Life insurance per \$1,000 of initial mortgage balance,
based on six CAFII bank participants

Premium Rate per \$1,000 of Initial Balance by Age of Insured



* Rates remain the same after acquisition.

Source: Willis Towers Watson Creditor Insurance Survey 2019

Mortgage creditor insurance in Canada

	Mortgage					
	Bank of Montreal	CIBC	National Bank	Royal Bank	Scotiabank	TD
Life	✓	✓	✓	✓	✓	✓
Critical illness	✓	✓	✓	✓	✓	✓
Disability	✓	✓	✓	✓	✓	-
Job loss	✓	✓	-	-	-	-

Source: Willis Towers Watson Creditor Insurance Survey 2019

Personal line of credit insurance in Canada

	Personal Line of Credit					
	Bank of Montreal	CIBC	National Bank	Royal Bank	Scotiabank	TD
Life	✓	✓	✓	✓	✓	✓
Critical illness	✓	-	✓	✓	✓	✓
Disability	✓	✓	✓	✓	✓	-
Job loss	✓	-	-	-	-	-

Source: Willis Towers Watson Creditor Insurance Survey 2019

Personal line of credit insurance in Canada

	Personal Loan					
	Bank of Montreal	CIBC	National Bank	Royal Bank	Scotiabank	TD
Life	✓	✓	✓	✓	✓	✓
Critical illness	-	-	✓	✓	(auto loans only)	-
Disability	✓	✓	✓	✓	✓	✓
Job loss	-	✓	-	-	(auto loans only)	-

Source: Willis Towers Watson Creditor Insurance Survey 2019



cafi acifa

The Canadian Association of
Financial Institutions in Insurance

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L'association canadienne des
institutions financières en assurance

Briefing Note

CAFII EOC Meeting, 21 July, 2020—Agenda Item 6a. Draft Minutes of May 26/20 EOC Teleconference Meeting

Purpose of this Agenda Item – Approval

This is a request for the EOC to approve the May 26/20 EOC minutes.

Background Information

The EOC is asked to approve the May 26/20 EOC minutes.

Recommendation / Direction Sought – Approval

This is a request for approval.

Attachments Included with this Agenda Item

One attachment.

CAFII Executive Operations Committee Teleconference-Only Meeting

Tuesday, 26 May, 2020

Minutes

EOC Present:

Sharon Apt, Canada Life Assurance
Afzal Baig, TD Insurance
Emily Brown, Sun Life Financial
Isabelle Choquette, Desjardins Insurance
Penelope Cordogiannis, RBC Insurance
Michelle Costello, CUMIS Services Inc.
Rob Dobbins, Assurant Canada
Dana Easthope, Canadian Premier Life Insurance
Dallas Ewen, Canada Life Assurance
Moir Gill, TD Insurance
Dominique Julien, CIBC Insurance
Karyn Kasperski, RBC Insurance
Scott Kirby, TD Insurance
John Lewsen, BMO Insurance (for part)
Casandra Litniansky, CUMIS Services Inc.
Vikram Malik, Sun Life Financial
Anita Mukherjee, RBC Insurance
Marie Nadeau, National Bank Insurance
Joanna Onia, CIBC Insurance
Tony Pergola, ScotiaLife Financial (for part)
Diane Quigley, CUMIS Services Inc.
Monika Spudas, Manulife Financial
Andrea Stuska, TD Insurance
Pete Thorn, TD Insurance
Kamana Tripathi, TD Insurance

Also Present:

Brendan Wycks, CAFII Co-Executive Director
Keith Martin, CAFII Co-Executive Director
Albert Lin, CAFII/Managing Matters (*Recording Secretary*)

1. Call to Order

Due to the unplanned absence of Chair Martin Boyle, CAFII's Co-Executive Directors called the meeting to order. K. Martin noted the new format of the meeting package with hyperlinks in the agenda to the related documents for each item with supporting documents; and B. Wycks moderated the meeting.

2. Consent Items

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

- Regulatory Update;
- Consultations/Submissions Timetable;
- Regulator and Policy-Maker Visit Plan;
- Summary of Board and EOC Action Items.

3a. CAFII Financial Statements as at April 30/20

Treasurer T. Pergola updated the EOC on the CAFII Financial Statements as at 30 April 2020. He noted that revenues were slightly down versus budget, due to some Associates not renewing in 2020 (Munich Re, PWC, and RankHigher). However, expenses were considerably lower than expected, mostly due to travel and meetings not occurring because of the COVID-19 pandemic, which has more than offset the lower revenue.

3b. Forecast For CAFII 2020 Fiscal Year

Treasurer T. Pergola noted that the forecast needed to be updated to reflect that some deferrals, such as expenses associated with the 2020 Annual Members' Luncheon, were more likely to become cancellations resulting in a complete avoidance of spend. CAFII's Co-Executive Directors are not travelling and, as well, the costs associated with post-Board meeting Receptions are not being incurred. As a result, the Association will be projecting a significant surplus in fiscal year 2020, which will strengthen the Association's financial reserves at the end of the year from the previously forecast 24% of annual operating expenses to approximately 35% of annual operating expenses.

P. Thorn asked whether the sizeable 2020 fiscal year surplus could create an issue for CAFII with the Canadian Revenue Agency which might jeopardize CAFII's tax exempt status as a non-profit Association, but T. Pergola replied that such a concern would only arise if CAFII achieved multiple successive years of large surpluses, resulting in financial reserves well in excess of a full year of annual operating expenses. The 2020 surplus would be fully explainable and would not raise any immediate tax status concerns.

T. Pergola left the meeting following his Forecast For CAFII 2020 Fiscal Year update.

[Action Item: Produce an updated version of the financial forecast for the June 9,20 CAFII Board meeting that reflects the COVID-19 related expense reductions; B. Wycks, June 2/20.]

4a. Research & Education

4a i. 2020 CAFII Research Options, Including Proposed Engagement of Melissa Carruthers, Deloitte Canada For CAFII-Commissioned Thought Leadership/Perspectives Paper On "The Future of Credit Protection Insurance in Canada"

A. Stuska provided the EOC with an update on the recommendations of the Research & Education Committee around 2020 CAFII research.

The EOC is proposing, in the current circumstances, that CAFII invest in a thought/perspectives paper on the future of credit protection insurance in Canada. Specifically, the recommendation is for the engagement of Melissa Carruthers, Deloitte Canada for a CAFII-commissioned thought leadership/perspectives paper on "The Future of Credit Protection Insurance."

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

Included in the methodology proposed by Deloitte Canada are short interviews with all CAFII Directors to get their perspectives on the future of credit protection insurance in Canada. And if the report is well-received, there could be consideration of a follow-up consumer survey study.

The cost of “The Future of Credit Protection Insurance in Canada” thought leadership/perspectives paper is \$20,000. Deloitte would present the findings to the CAFII Board and to insurance regulators and policy-makers, under CAFII’s direction.

EOC members discussed the proposal and supported recommending its adoption by the Board at the upcoming 9 June, 2020 Board meeting.

[Action Item: Bring forward the EOC’s recommendation on the Deloitte Canada thought leadership/perspectives paper for the CAFII Board’s approval at its 9 June, 2020 meeting; K. Martin/B. Wycks, June 9/20.]

4b. Market Conduct & Licensing Committee

B. Wycks provided an update on behalf of Market Conduct & Licensing Committee Chair B. Kuiper, who was unable to attend this meeting.

B. Wycks noted that he had received a communication from Brett Thibault, Director of Stakeholder Engagement at Insurance Council of BC, advising that the Council planned to conduct a ‘low-key’ and ‘non-controversial’ consultation on mandatory continuing education for licensees in BC, with 60 days provided for submissions. CAFII can decide if this Insurance Council of BC consultation is in-scope for the Association, once the consultation paper is released and can be assessed.

4c. Media Advocacy Committee

4c i. Proposed CAFII Motion Graphic Website Video On Credit Protection Job Loss Insurance: Proceed At This Time Or Defer

K. Martin provided an update on behalf of Media Advocacy Committee Chair C. Blaquiere who was unable to attend this meeting.

By way of background, K. Martin recalled that the CAFII Board had approved the EOC’s recommendation on the 2020 website investment plan (budget of \$35K), which included two new motion graphic videos, more vignettes, and more FAQs.

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

The proposed storyboard for a video on job loss insurance was circulated to the EOC as part of the meeting materials. It had been updated to more accurately reflect how this product works, based on feedback from some EOC members.

In a wide-ranging EOC discussion on the proposed motion graphic video, both the benefits and the risks of producing such a video on job loss insurance at this time were noted. In the end, there was no consensus and it was agreed that this could be presented as an option for discussion, without an EOC recommendation, at the upcoming 9 June, 2020 Board meeting. EOC members were also encouraged to speak to their Board member about the video so that they would be well-prepared for the Board discussion on this topic.

[Action Item: Bring this option to the Board at its 9 June, 2020 meeting as an option for discussion, without an EOC recommendation; K. Martin / B. Wycks, June 9/20.]

4c ii. Media Consultant Report On CAFII's 2019 Media Relations and Website Communications Achievements

K. Martin provided an update on behalf of Media Advocacy Committee Chair C. Blaquiére, who was unable to attend this meeting.

K. Martin noted that Media Consultant David Moorcroft had produced a summary of the Association's website and media achievements in 2019. D. Moorcroft felt that 2019 was CAFII's most successful media year ever, with 12 stories in mainline and trade media, including the Toronto Star, Hamilton Spectator, and Waterloo Region Record. Mr. Moorcroft felt that CAFII should continue with its strategy of safe and selective media engagements. M. Gill noted that CAFII's media and website achievements in 2019 constituted a notable and important achievement.

4d. Travel Medical Insurance Experts Working Group

A. Baig, Chair of the Travel Medical Insurance Experts Working Group, provided an update on form work coming out from CCIR position paper.

4e. Networking & Events Committee

4e i. June 9/20 CAFII Emerging Issues Webinar On "The Looming Impact Of Climate Change Upon The Life and Health Insurance Industry" With Guest Presenters From Deloitte Canada

S. Kirby, Co-Chair of the Networking & Events Committee, provided an update on a webinar planned for 9 June, 2020, following CAFII's Board meeting. The proposed topic is "The Looming Impact of Climate Change Upon the Life and Health Insurance Industry." Co-Executive Directors K. Martin and B. Wycks and S. Kirby held a Zoom meeting on 11 May, 2020 with Deloitte partner Joe Solly, and his colleague Carolyn Murnaghan, and were impressed by the strong presentation ideas they had.

K. Martin noted that there is no webinar platform that all CAFII members have permission to use in common, and that Zoom was being used as the most intuitive of the available platforms. This is not a meeting and attendees are not on video or audio, but if there are still restrictions on some members joining a Zoom webinar, he proposed that those individuals join the webinar via a personal device.

5a. Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance

5ai. Highlights of May 7/20 and May 21/20 Meetings CAFII Directors and Designates COVID-19 Information-Sharing Group

K. Martin provided an update on the CAFII Directors and Designates COVID-19 Information-Sharing Group meetings, which have been held every two weeks recently.

Board members and designates have indicated that the meetings are very useful and productive.

K. Martin noted that some recommended initiatives coming out of these meetings would need to be tabled formally at upcoming, minuted Board meetings for Board approval and/or direction.

5a ii. Insights Gained From Weekly CAFII/CLHIA/THIA Calls Re Impact Of COVID-19 On Travel Insurance Industry

B. Wycks reported that since shortly after the COVID-19 pandemic lockdown was declared, CAFII had been involved in weekly teleconference meetings with the CLHIA and THIA on the impact of COVID-19 on the travel insurance industry, with participation by CAFII Co-Executive Directors Keith Martin and Brendan Wycks, as well as Afzal Baig and Martin Boyle.

B. Wycks noted that:

- there are indications that European countries will begin reopening their borders in June 2020;
- the recent AMF trip cancellation insurance survey initially sent to 14 insurers had been revised and resent to the insurers;
- it was expected that the Canada-U.S. border would remain closed until at least 21 June, 2020;
- Air Canada has extended travel vouchers for cancelled flights indefinitely, the only Canadian airline to do so thus far.

5a iii. Possible CAFII Requests For Further Regulatory Forbearance Deadline Extensions To CCIR And AMF

K. Martin provided an update on a request from some Board members that CAFII seek further regulatory forbearance deadline extensions related to two upcoming filing requirements. By way of background, two regulatory filing deadlines had previously been extended: the AMF had extended the 1 May, 2020 deadline for filing the Annual Disclosure to 1 July, 2020; and the CCIR had extended the 1 May, 2020 deadline for filing the Annual Statement on Market Conduct to 1 July, 2020.

Members of the CAFII Directors and Designates COVID-19 Information-Sharing Group recommended that CAFII reach out to these regulatory bodies to seek a further extension, on the basis that the situation that caused the request to be made in the first place (employees working at home, difficulty accessing back-end systems, stretched IT resources) were still in place. Furthermore, it was recommended that we seek to make this a multi-Association request and ask CLHIA and THIA to join in the ask.

Brendan Wycks and Keith Martin therefore had a recent teleconference with CLHIA Quebec office staff executives (Lyne Duhaime and Michele Helie) on this matter, and they said that they needed to ask CLHIA members about it. They have subsequently come back and advised that CLHIA members did **not** express a need for a further extension, and as such CLHIA would not be participating in this request.

The response to CAFII's initial request for an extension to the Annual Statement on Market Conduct, made in a 27 March, 2020 letter to CCIR Chair Patrick Déry, came via a letter from CCIR Vice-Chair Huston Loke (FSRA Executive Vice President, Market Conduct), in his capacity as Chair of CCIR's COVID-19 Working Group.

Prior to making a formal request to the CCIR, Keith Martin asked Huston Loke if he could speak to him on the phone, and Mr. Loke readily agreed. They had a 15-minute conversation on the morning of 13 May, 2020, during which K. Martin provided context on the CAFII Directors and Designates COVID-19 Information-Sharing Group, noted some of the efforts the industry was making to support customers, and explained the reasons why members were interested in a further extension of the filing deadline for the 2020 CCIR Annual Statement on Market Conduct (ASMC).

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

Mr. Loke said that he found the conversation valuable and that it would be helpful to understand current trends, and how FSRA can be supportive, in the current environment; and, as such, he requested a further telephone session with CAFII management, himself, and four to five of his Market Conduct Division colleagues at FSRA. CAFII agreed to the request and we will be setting up a 30-minute teleconference, at FSRA's request, in the near future.

The issue of further forbearance extensions for filings, and the recommendation that CAFII not make a formal request at this time given this feedback from Huston Loke, was on the Agenda of the 21 May, 2020 CAFII Directors and Designates COVID-19 Information-Sharing Group; and at that meeting, there was support for not making a request for a further delay.

5a iv. Options For CAFII Around Media Proactivity and Website Enhancements Arising From COVID-19

The CAFII Directors and Designates COVID-19 Information-Sharing Group has proposed some ideas for website enhancements in relation to COVID-19. The three specific proposals are

- share "good news" stories from customers on the website about how the industry is supporting customers;
- produce statistics of number of job loss and travel medical cancellation claims, and percentage payout, before and after COVID-19 to show that the industry is responding to enhanced customer claim activity due to COVID-19;
- develop a section on the website about how to make a claim, and provide links to the relevant claims sections of CAFII's members.

These ideas will be discussed at the 9 June, 2020 Board meeting, and Board members have been asked to come to that meeting with some positive stories about customers that can be shared for consideration by participants at the meeting.

5b. Draft CAFII "Creative Solutions" Submission To AMF On How Industry Can Comply With Expectation That RADM Applies To Credit Card-Embedded Insurance Benefits

S. Kirby, Chair of the CAFII Working Group on Credit Card-Embedded Insurance Benefits, provided an update on the draft letter which the Working Group has developed, noting that it was close to complete. The Working Group has benefited from strong representation from credit card experts from several CAFII members.

K. Martin provided background on the two-prong approach to the AMF's expectation that the RADM applies to credit card-embedded insurance coverages. One prong is the development of legal options; the other prong is to determine what components of the Regulation respecting Alternative Distribution Methods (RADM) CAFII members could meet the AMF's expectations on, and which components would be problematic to meet the AMF's expectations on. K. Martin noted that both prongs are well-advanced.

K. Martin noted that the latest letter from the AMF on this issue was softer in tone than previous ones, and that raised the prospect that the second prong on “creative solutions” to meet the AMF’s expectations might be promising as a first step. With the extension of the AMF’s submission deadline on this matter to 15 July, 2020, there would be an opportunity to review this issue at the 9 June, 2020 Board meeting.

[Action Item: Bring forward the EOC’s recommendation of proceeding with Prong 2 via a creative solutions submission to the AMF strategy to the CAFII Board for approval at its 9 June, 2020 meeting; K. Martin/B. Wycks, June 9/20]

5c. CAFII Quarterly CPI Benchmarking Study With RSM Canada: Vetting By Stikeman Elliott Competition Lawyer; and Distribution of First Report

K. Martin noted that the first CAFII Quarterly Benchmarking Study was nearly ready for release.

Stikeman Elliott’s competition lawyer Mike Kilby had conducted a review and was comfortable with the report and its content. A note was shared with the eight CAFII members that provide data for the study, to confirm that they understand and are comfortable with the report also being shared with the five insurer members of CAFII which do not provide any data for the study. K. Martin advised that he was now working through the final approvals, after which members would be able to access the report through a secure portal and distribute it within their own organizations.

5d. Proposed CAFII Response To CCIR/CISRO FTC Working Group Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models

B. Wycks recalled that the CCIR/CISRO FTC Working Group had requested that CAFII financial institution distributor members share information on the incentives and compensation models that they use in-market with the Working Group. CAFII requested a legal opinion from Stikeman Elliott on this matter, and its competition law expert indicated that sharing this information in an open meeting was problematic as it entailed sharing competitively sensitive information with the CCIR/CISRO in the presence of competitors.

However, Stikeman Elliott advised that if the information was collected by a third party, and then presented in anonymous, aggregated fashion, that would not be a concern from the perspective of competition law. The CCIR/CISRO FTC Working Group then indicated that such a survey conducted by a third-party professional services firm would be acceptable to it, and requested that CAFII proceed with such a survey. CAFII Board members subsequently expressed significant reservations about providing such information to the CCIR/CISRO FTC Working Group, noting that it was competitively sensitive.

CAFII has also asked the Canadian Bankers Association if it collects information on the incentives and compensation models used by member banks, and they replied that they do not.

B. Wycks advised that CAFII management’s recommendation at this stage was that the Association should recommend to the CCIR/CISRO FTC Working Group that it should seek the information it desires on the incentives and compensation models used in-market directly and privately from CAFII member financial institution distributors, as opposed to through the Association.

[Action Item: Bring forward to the 9 June, 2020 Board meeting the EOC’s recommendation that CAFII recommend to the CCIR/CISRO FTC Working Group that it ask CAFII member FI distributors directly and privately for the desired information on incentives and compensation models used in-market; B. Wycks/K. Martin, June 9/20]

5e. Launch of Saskatchewan RIA Advisory Committee

B. Wycks provided an update on the status of the launch of a Saskatchewan Restricted Insurance Agent (RIA) Advisory Committee, noting that CAFII is currently working with CLHIA and with April Stadnek, the Insurance Councils of Saskatchewan's Director, Strategic Initiatives, on this matter.

5f. Launch of CAFII EOC Working Group on Refining Dog and Pony Studios-Developed "CPI Industry Highlights" Slides (Produced From Willis Towers Watson Key Data Point Slides) For Future Use By CAFII and Its Members

K. Martin noted that the presentation deck for the FCAC was put together by storytelling firm Dog and Pony Studios, and that included a series of slides based on benchmarking data assembled by actuarial firm Willis Towers Watson. Those slides were not used in the presentation to the FCAC because CAFII management felt that they required validation.

Volunteers will participate in a Working Group that will review the data from Willis Towers Watson; review the slides that Willis Towers Watson produced out of the data; review the 30 plus slides produced by Dog and Pony based on the material they reviewed from Willis Towers Watson; review comments on the slides including from a member, and from Willis Towers Watson; and determine which slides should be changed, which should be used in future presentations to regulators and policy-makers, and which should be used internally only. It was anticipated that the Working Group will need to hold two to three one-hour teleconference meetings. K. Martin advised that the first meeting of the Working Group would be called soon.

[Action Item: Schedule the first meeting of the Working Group on Refining Dog and Pony Studios-Developed "CPI Industry Highlights" Slides; K. Martin, June 22/20.]

5g. Recommendation That Launch/Work of CAFII EOC Working Group On Proposed Lower Dues Category Of CAFII Membership Be Deferred Until "New Normal" Emerges, Post-COVID-19

EOC Chair M. Boyle recalled that while some non-member companies had expressed an interest in joining CAFII and they had indicated that they would only be prepared to do so if there was a separate, lower dues category of CAFII membership, it was now unclear what the economic situation will look after the COVID-19 pandemic's impact upon the economy is resolved. Therefore, it might be better to wait for things to settle down before striking a Working Group to consider and make proposals around a new lower dues category of CAFII membership.

The EOC agreed with this view and supported making a recommendation to the Board that the work of an EOC Working Group On A Proposed Lower Dues Category of CAFII Membership be deferred until the current economic uncertainty abates, post-COVID-19.

[Action Item: Bring forward the EOC's recommendation to the CAFII Board that the work of a CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership be deferred; B. Wycks/K. Martin, June 9/20]

5h. Postponement of Planned CAFII 2020 Atlantic Canada Visits To 2021 Due To COVID-19: Communication of CAFII's Plans To Insurance Regulators and Policy-Makers in NB, NS, PEI, and NF

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

As such, CAFII management was recommending that the planned CAFII visits to insurance regulators and policy-makers in Atlantic Canada not occur in the Fall of 2020, but instead be delayed to the Spring of 2021.

The EOC agreed with this view and supported reporting this as an update to the Board at its upcoming 9 June, 2020 meeting.

[Action Item: Provide an update to the CAFII Board on the postponement of the planned CAFII visits to insurance regulators and policy-makers in Atlantic Canada to the Spring of 2021; B. Wycks/K. Martin, June 9/20]

5i. Appointment Of Frank Lofranco As Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada

B. Wycks noted that CAFII had drafted a congratulatory letter to Mr. Lofranco which included a request to set up an introductory meeting with him. EOC members were asked to provide feedback on the letter.

[Action Item: Invite EOC members provide feedback on the proposed letter to Mr. Lofranco and subsequently send the letter to him; B. Wycks/K. Martin, June 12/20]

6a. Departure of Natalie Hill For New Position Outside Managing Matters

B. Wycks provided an update on personnel changes at CAFII's Association Management Company Managing Matters, noting that Natalie Hill had recently left the company for a new position as Manager, Member Engagement at the Region of Toronto Board of Trade.

Albert Lin is CAFII's new Account Co-ordinator at Managing Matters, supporting the Association on all manner of administrative matters. Martha Feenstra, also a new employee at Managing Matters, has taken over the role of events coordination for CAFII.

6b. Draft Minutes of April 28/20 EOC Teleconference Meeting

The draft minutes of the April 28/20 EOC teleconference meeting were approved.

6c. EOC-Recommended Cancellation Of CAFII Annual Members' Luncheon For 2020

B. Wycks noted that the EOC had recommended cancelling the Annual Members' Luncheon, and this recommendation would be tabled with the Board at the 9 June, 2020 Board meeting. He noted that the EOC's recommendation would be brought forward to the Board so that Directors could consider whether they supported a complete cancellation, or preferred a hybrid approach, such as a CAFII small group lunch with Judith Robertson, FCAC Commissioner, followed by her making a presentation to CAFII member representatives at large via a virtual meeting platform. Mr. Wycks noted that Ms. Robertson had appeared very keen to address a CAFII audience in 2020 on her future vision for the FCAC, and we should seize upon that opportunity.

6d. Rescheduling of October 6/20 CAFII Board Meeting; and Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives To Thursday, October 8/20 or Thursday, October 15/20

B. Wycks noted that the new date for the Fall 2020 CAFII Board meeting and the related liaison lunch and Industry Issues Dialogue session with AMF staff executives would be either Tuesday, October 15/20 in Quebec City or Tuesday, October 8/20 in Montreal, hosted by Desjardins Insurance in either case.

6e. CAFII 2020 Annual Meeting of Members On June 9/20

B. Wycks noted that the Notice of Meeting for the 2020 CAFII Annual Meeting of Members had been issued and the related meeting materials package had been circulated.

6e i. CAFII Board Chair and Vice-Chair Succession

B. Wycks advised that N. Benson would be concluding a two-year term as CAFII Board Chair on 9 June, 2020, and she would be succeeded by C. Lobbezoo, the current Board Vice-Chair. A search was currently underway for a new Vice-Chair to succeed Mr. Lobbezoo in that CAFII volunteer Officer capacity.

6e ii. Distribution of CAFII 2019-20 Annual Report In Conjunction With June 9/20 Annual Meeting

K. Martin advised that CAFII would be producing a 2019-20 Annual Report, similar to the 2018-19 Annual Report distributed at the 2019 Annual Members Luncheon, the purpose of which was to celebrate the Association's achievements and recognize its volunteer leaders. This year's report would be entirely digital.

6f. Proposed New Approach For "CAFII Alerts"

B. Wycks advised that EOC Chair M. Boyle had proposed a new approach for CAFII Alerts, where the Alerts would be aggregated as short snippets, with links to the full article, in a weekly digest.

[Action Item: Send out a sample of the proposed new Weekly Digest approach to CAFII Alerts to EOC members for review and feedback during the June 23/20 EOC meeting; B. Wycks/A. Lin, June 22/20]

Briefing Note

**CAFII EOC Meeting, 21 July, 2020—Agenda Item 6b.
Draft Minutes of June 23/20 EOC Teleconference Meeting**

Purpose of this Agenda Item – Approval

This is a request for the EOC to approve the June 23/20 EOC minutes.

Background Information

The EOC is asked to approve the June 23/20 EOC minutes.

Recommendation / Direction Sought – Approval

This is a request for approval.

Attachments Included with this Agenda Item

One attachment.

CAFII Executive Operations Committee Teleconference-Only Meeting

Tuesday, 23 June, 2020, 2.00-4.00pm

Minutes

EOC Present:

EOC Present:

Martin Boyle, BMO Insurance and EOC Chair
Charles Blaquiere, Valeyo
Sharon Apt, Canada Life Assurance
Afzal Baig, TD Insurance
Emily Brown, Sun Life Financial
Penelope Cordogiannis, RBC Insurance
Michelle Costello, CUMIS/The Co-operators
Rob Dobbins, Assurant Canada
Dana Easthope, Canadian Premier Life Insurance
Dallas Ewen, Canada Life Assurance
Moirra Gill, TD Insurance
Dominique Julien, CIBC Insurance
Karyn Kasperski, RBC Insurance
Scott Kirby, TD Insurance
Vikram Malik, Sun Life Financial
Anita Mukherjee, RBC Insurance
Marie Nadeau, National Bank Insurance
Joanna Onia, CIBC Insurance
Tony Pergola, ScotiaLife Financial, CAFII Treasurer (for part)
Monika Spudas, Manulife Financial
Andrea Stuska, TD Insurance
Brad Kuiper, ScotiaLife Financial

Also Present:

Brendan Wycks, CAFII Co-Executive Director
Keith Martin, CAFII Co-Executive Director
Albert Lin, CAFII/Managing Matters (*Recording Secretary*)

1. Call to Order

Martin Boyle called the meeting to order at 2.02 pm.

2. Consent Items

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

- Regulatory Update
- Consultations/Submissions Timetable
- Regulator and Policy-Maker Visit Plan
- Summary of Board and EOC Action Items

3. Financial Management Matters

3.a. CAFII Financial Statements as at May 31/20

CAFII Treasurer T. Pergola updated the EOC on the CAFII Financial Statements as at 31 May, 2020. He noted that while revenues were slightly lower than expected, largely due to some prospective new Associates that were expected to join the Association not doing so, along with some Associates not renewing in 2020. However, this was more than offset by “forced savings” due to the COVID-19 pandemic, such as the absence of travel by CAFII’s Co-Executive Directors, the Association not holding Receptions following Board meetings, and the Association not holding the 2020 Annual Members’ Luncheon. As a result, the Association is expected to achieve a much larger 2020 fiscal year surplus than was originally budgeted.

3.b. Forecast For CAFII 2020 Fiscal Year

CAFII Treasurer T. Pergola noted that as a result of the “forced savings” noted in Agenda item 3.a., the forecast had been updated to reflect an anticipated significant 2020 fiscal year surplus, with the expectation being that the Association’s financial reserves would rise to a much healthier 37% of annual operating expenses at the end of 2020.

3.c. Highlights of June 9/20 CAFII Board *In Camera* Discussion Re Financial Considerations Arising From Developing CAFII 2020 Fiscal Year Surplus (Due To COVID-19)

M. Boyle reported that during the CAFII Board’s 9 June, 2020 *in camera* discussion, the issue of the Association’s anticipated 2020 surplus was raised, with the question examined of whether a partial rebate of 2020 Member Dues should occur as a result. There was a unanimous consensus among Board members that the Association should all of the 2020 surplus as part of its financial reserves, with the expectation being that the 2020 surplus would only increase the level of financial reserves to the mid-point (37%) of the target range of 25% to 50% of annual operating expenses. It was expected that regulatory activity would increase significantly after the COVID-19 pandemic becomes less of a concern, and funds returned to members would be much harder to secure back, as opposed to just retaining them for future activity. Unused funds can always be put to good use in future years as well.

However, it was also agreed that with CAFII Members under extreme financial strain due to COVID-19, the Association needed to pay even more attention than usual to being financially rigorous, and cautious and prudent about expenditures.

4. Committee Updates

4.a. Research & Education

4.a.i. CAFII Board-Directed Follow-up With Deloitte Canada For Modifications To Proposal For CAFII-Commissioned Thought Leadership/Perspectives Paper On “The Future of Credit Protection Insurance in Canada”

A. Stuska, Research & Education Committee Chair, with supporting comments from Co-Executive Directors Keith Martin and Brendan Wycks, provided an update on the 9 June, 2020 CAFII Board discussion on the proposal from Deloitte Canada on a thought leadership/perspectives paper on “The Future of Credit Protection Insurance in Canada.”

It was noted that while a variety of views were expressed by Board members, there was a concern voiced by two Directors that the \$20,000 budget was too high for the output to be received, along with the view that Deloitte Canada would gain business development opportunities from this engagement.

Some Board members recommended that Deloitte Canada should be requested to resubmit its proposal with a lower fee and an enhanced set of benefits, including the possibility that all 13 CAFII members would individually receive a presentation on the report from Deloitte Canada.

A. Stuska advised that she, Brendan Wycks, and Keith Martin had therefore met on 18 June, 2020 with Deloitte Canada's Melissa Carruthers, and firm partner James Colaco, to provide the CAFII Board's feedback the Board and request that their firm submit a revised proposal. CAFII management will provide the EOC with options and recommendations after the revised proposal is received.

[Action Item: Produce options and recommendations to the EOC after the revised Deloitte Canada proposal is received; B. Wycks, K. Martin, 21 July/20.]

4.a.ii. Recommendation From A Member That CAFII Pursue Professionally-Conducted Consumer Research on Experiences With CPI Job Loss Insurance and Trip Cancellation Insurance in 2020 (During COVID-19)

A. Stuska advised that at the 9 June, 2020 CAFII Board meeting, an EOC member proposed that CAFII pursue a consumer research study on consumer experiences with claims for job loss insurance and trip cancellation insurance during the COVID-19 pandemic.

In discussion of this proposal, EOC members felt that while the findings from such a study could be interesting, the sample size would be low; the results might not be as positive as hoped-for given that claims is an area where consumers can easily have concerns or complaints; and it might make more sense to revisit this idea after the pandemic is over. There was also the suggestion that another way to tackle the issue of the experience of consumers with these products would be to get story-telling firm Dog and Pony Studios to do some slides on some of these products, which could be commissioned at a much lower cost.

4.b. Market Conduct & Licensing

4.b.i. Possible CAFII Submission In Response To Insurance Council of BC Consultation On Continuing Education For Licensees

EOC members felt that the issues raised by this Insurance Council of BC Consultation on Continuing Education for Licensees were not germane to CAFII members and our Association. It was agreed that CAFII would communicate to the Insurance Council of BC that while we appreciate being asked to make a submission on this matter, CAFII will take a pass on doing so because the subject matter is largely out-of-scope for our Association.

[Action Item: Advise the Insurance Council of BC that CAFII will not be responding to its consultation on continuing education requirements for licensees; B. Wycks, 21 July/20.]

4.c. Media Advocacy

4.c.i. Alternate Subjects For CAFII Motion Graphic Website Videos (As No Consensus On Timeliness and Efficacy Of Video On Credit Protection Job Loss Insurance)

Media Advocacy Committee Chair C. Blaquiere, supported by CAFII Co-Executive Directors Keith Martin and Brendan Wycks, recalled that there was no EOC consensus at this time on whether to proceed with a website video on job loss insurance.

The storyboard produced by CAFII media consultant David Moorcroft could be revisited at a future time, but in the meanwhile, it was suggested that a new topic for the website video should be found.

In EOC discussion, it was agreed that a video on critical illness insurance and disability insurance, including the differences between the two, could be very consumer-friendly and educational, and it was agreed that this topic should be explored further by the development of a website storyboard.

[Action Item: Produce storyboard for a website video on critical illness insurance and disability insurance, for EOC review and comment; K. Martin, D. Moorcroft, 21 July/20.]

4.c.ii. Board-Approved Request For CAFII Website Enhancement Related To Consumers Filing Of Credit Protection Insurance and Travel Insurance Claims With CAFII Members

K. Martin reported that its 9 June, 2020 meeting, the CAFII Board decided to proceed with the development of a new section of the CAFII website where there would be a high-level explanation of how to make a claim on credit protection insurance, with links to the relevant claims sections on the websites of all CAFII members.

While the operational details would be finalized in consultation with our website consultants Operatic Agency (formerly called RankHigher), the initial thinking was that there would be a link to the new claims section in the COVID-19 pop-up information box that currently appears on the homepage of the website, for the duration of the pandemic; and that that link would point to a new section which would be permanently included in a new sub-tab called “How to Make a Claim” in the “Tools and Resources” section of the website.

[Action Item: Share with EOC members the details of the new How to Make A Claim section of the CAFII website section; K. Martin, 21 July/20.]

4.d. Travel Medical Insurance Experts

A. Baig noted that, as shared by several member representatives at the most recent meeting of the CAFII Directors and Designates COVID-19 Information-Sharing Group, the travel medical insurance claims backlog had been reduced in recent weeks and was becoming more manageable.

4.e. Networking & Events

4.e.i. CAFII Letter To FCAC Commissioner Judith Robertson Proposing New Approach To CAFII 2020 Annual Members Luncheon In Fall 2020

B. Wycks reported that at the 9 June, 2020 CAFII Board meeting, Directors supported exploring with FCAC Commissioner Judith Robertson the possibility of a Fall 2020 scaled-down, in-person lunch meeting with her – which would be attended only Board members, the EOC Chair, possibly a select group of additional CAFII volunteers, and the two Co-Executive Directors as participants – and which would be followed by Ms. Robertson’s delivery of a webinar presentation via a virtual platform, which other CAFII member representatives could attend remotely.

[Action Item: Send a request to FCAC Commissioner Judith Robertson to ask if she would be open to a scaled down, in-person lunch meeting with CAFII in the Fall of 2020, followed by a webinar presentation by her to CAFII members; B. Wycks, 21 July/20.]

4.e.ii. Feedback On June 9/20 CAFII Webinar On “The Looming Impact Of Climate Change Upon The Life and Health Insurance Industry,” With Guest Presenter Panel From Deloitte Canada

EOC members provided positive feedback on the 9 June, 2020 CAFII webinar with a panel of presenters from Deloitte Canada, noting that it was relevant, interesting, and provided valuable profile for the Association.

4.e.iii. CAFII Plans To Offer Future Educational Webinars: Request For Topic and Presenter Suggestions

B. Wycks advised the EOC of a proposal to hold a series of three Summer 2020 CAFII webinars, with panels of insurance regulators and policy-makers being the presenters in each case. The EOC supported this proposed initiative and it was agreed that CAFII would move forward with the invitations.

[Action Item: Send selected insurance regulators and policy-makers invitations to be presenters in a series of CAFII webinars on the regulatory environment in the context of the COVID-19 pandemic; B. Wycks, K. Martin, 21 July/20.]

5. Recent and Upcoming Strategic and Regulatory Initiatives

5.a. Penultimate Draft of CAFII Board-Approved Strategy (Prong 2) of “Creative Solutions” Submission To AMF On Degree To Which Industry Can Meet Its Requirements Around RADM’s Application To Credit Card-Embedded Insurance Benefits

B. Wycks reported that CAFII’s draft letter to the AMF on “creative solutions” to meet its expectations around credit card-embedded insurance benefits arising from the Regulation respecting Alternative Distribution Methods (RADM) had been through multiple iterations, and was now nearly finalized. After some final minor adjustments are made, it will be sent to our translation firm to produce a French version; and then submitted to the AMF on or before its 15 July, 2020 deadline.

[Action Item: Finalize and submit the CAFII letter on Creative Solutions To Meet The AMF’s Expectations Around Credit Card-Embedded Insurance Benefits, in both French and English, on or before 15 July, 2020; B. Wycks, K. Martin; 15 July/20.]

5.b. Enhanced Participation In CAFII Quarterly CPI Benchmarking Study With RSM Canada; Distribution of First Report; and Launch of Data Gathering For Second Report

K. Martin advised that the Q1 2019-2020 report from the CAFII quarterly benchmarking study with RSM Canada, the first such report from this new CAFII initiative, was now complete. The first report was the most time-consuming to produce, as it was the original report, required approvals that will not be required for future reports, and also resulted in an additional CAFII member participant being added at a late stage, which necessitated some additional data-gathering. The collection of data for the Q2 report would soon begin, and future reports will be published much more expeditiously.

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

B. Wycks reported that CAFII members have expressed serious concerns around an Association-level submission to the CCIR/CISRO Fair Treatment of Customers (FTC) Working Group on the incentives and compensation models which CAFII member FI distributors of insurance use in-market. It was felt by the Board that this would be difficult information to gather, and that it was competitively sensitive information.

As a result and as approved by the CAFII Board at its 9 June 2020 meeting, CAFII will therefore inform the CCIR/CISRO FTC Working Group that if it wishes to receive this information, it should do so by reaching out directly and individually to the relevant CAFII members.

[Action Item: Send a letter to the CCIR/CISRO FTC Working Group outlining CAFII's counter-proposal re how it should obtain the desired information from CAFII FI distributor of insurance members on the incentives and compensation models they are using in-market; B. Wycks, 10 July/20.]

5.d. June 16/20 Meeting of FSRA's Life and Health Insurance Sectoral Advisory Committee (SAC)

K. Martin reported that a ZOOM webinar was held by FSRA on 16 June, 2020 with FSRA's Life and Health Insurance Sectoral Advisory Committee (SAC), on which he represents CAFII. He noted that the meeting was high-level and fairly generic, but that an issue did arise about whether the industry desired any delay in the implementation of FSRA's decision not have two distinct guidelines on the fair treatment of customers. K. Martin responded at the meeting that CAFII members would prefer not to have a delay on this initiative, and would like for it to proceed as expeditiously as possible.

5.e. Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance

5.e.i. Continuation of CAFII Directors and Designates COVID-19 Information-Sharing Group with Monthly Frequency of Meetings

K. Martin reported that the CAFII Board had decided at its 9 June, 2020 meeting that while the meetings of the CAFII Directors and Designates COVID-19 Information-Sharing Group were very valuable, with things becoming somewhat more stable of late, the frequency of the Group's meetings could be changed to monthly rather than once every two weeks.

5.e.ii. Insights Gained From Weekly CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry

B. Wycks reported that the weekly meetings of CAFII, CLHIA, and THIA representatives on the impact of COVID-19 on the travel insurance industry were producing much mutually beneficial information-sharing. Among recent learnings was that the Canada-US border was likely to remain closed to non-essential travel for much longer than the current 21 July, 2020 deadline.

5.f. CAFII Congratulatory and Get-Acquainted-And-Dialogue-Meeting-Request Letter To Frank Lofranco, FCAC Deputy Commissioner, Supervision and Enforcement

B. Wycks reported that CAFII had already received a response from Frank Lofranco to CAFII's congratulatory letter to him, and he was open to a get acquainted and dialogue/information-sharing virtual meeting with our Association, which would be arranged for a date before the end of September.

[Action Item: Set up a CAFII get acquainted virtual meeting with FCAC Deputy Commissioner Frank Lofranco, and invite interested EOC members to attend it; B. Wycks, 31 August/20.]

5.g. Launch of Saskatchewan RIA Advisory Committee With CLHIA And ICS

B. Wycks reported that meetings would soon be organized with the CLHIA on the next steps for operationalizing and implementing the launch of a Saskatchewan RIA Advisory Committee.

[Action Item: Organize meetings with the CLHIA on the next steps for operationalizing and implementing the launch of a Saskatchewan RIA Advisory Committee; B. Wycks, 21 July/20.]

5.h. Launch of CAFII EOC Working Group on Refining Dog and Pony Studios-Developed "CPI Industry Highlights" Slides (Produced From Willis Towers Watson Key Data Point Slides) For Future Use By CAFII and Its Members

K. Martin reported that as part of the effort to develop a Powerpoint deck for the presentation on 9 March, 2020 to the FCAC in Ottawa, Willis Towers Watson had shared some data and some Powerpoint slides with CAFII, based on a credit protection insurance benchmarking study it conducts.

These slides were then revised and refined by Dog and Pony Studios, and a set of very interesting slides on the insurance products of CAFII members were produced.

However, while it was felt that these slides could be valuable to share with regulators, there was not enough time prior to the FCAC presentation to do a proper review.

An EOC Working Group has now been struck, with Dana Easthope of Canadian Premier Life as Chair, to review the slides and determine which could be shared in future presentations with regulators and policy-makers.

6. Governance Matters

6.a. Draft Minutes of May 26/20 EOC Teleconference Meeting

Deferred to 21 July, 2020 EOC meeting due to time constraints which precluded the addressing of this matter at this meeting.

6.b. Confirmation of EOC Summer 2020 Teleconference Meetings: Tuesday, July 21/20; and Tuesday, August 25/20

EOC members agreed that its tentatively scheduled summer teleconference meetings should be held, in July and August 2020.

6.c. Rescheduling of October 6/20 CAFII Board Meeting; and Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives To Thursday, October 15/20

B. Wycks reported that the Fall 2020 CAFII Board meeting and the related liaison lunch and industry issues dialogue session with AMF staff executives had been rescheduled for Thursday, 15 October, 2020.

7 Other Business

B. Wycks reported on a New York Times article on travel insurance in the US, and a commentary on that article, which had been shared by CAFII media consultant David Moorcroft.

The EOC felt that discussion of any possible actions to be taken by CAFII on the issues raised by the New York Times article should be addressed by the CAFII Directors and Designates COVID-19 Information-Sharing Group at its next meeting, which was scheduled for 9 July, 2020.

[Action Item: Bring forward the matter of the New York Times article on travel insurance in the US to the 9 July, 2020 meeting of the CAFII Directors and Designates COVID-19 Information-Sharing Group; K. Martin, 9 July/20.]

Briefing Note

**CAFII EOC Meeting, 21 July, 2020—Agenda Item 6c.
Draft Minutes of June 9/20 CAFII Board Teleconference Meeting**

Purpose of this Agenda Item – Approval

This is a request for the EOC to approve the June 9/20 CAFII Board teleconference meeting minutes.

Background Information

The EOC is asked to approve the June 9/20 CAFII Board teleconference meeting minutes.

Recommendation / Direction Sought – Approval

This is a request for approval.

Attachments Included with this Agenda Item

One attachment.

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, June 9, 2020
MINUTES

Board Present:	Nicole Benson	Valeyo (Canadian Premier Life Insurance), <i>Chair (for part)</i>
	Chris Lobbezoo	RBC Insurance, <i>Chair (for part)</i>
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Louie Georgakis	The Canada Life Assurance Company
	Andre Langlois	Desjardins Insurance
	Peter McCarthy	BMO Insurance
	Sophie Ouellet	Sun Life
	Mica Sweet	CIBC Insurance
	Peter Thompson	National Bank Insurance
	Wally Thompson	Manulife Financial
	Kelly Tryon	CUMIS/The Co-operators

EOC Present:	Martin Boyle	BMO Insurance, <i>Board Secretary and Chair, EOC</i>
	Tony Pergola	ScotiaLife Financial, <i>Treasurer</i>
	Sharon Apt	The Canada Life Assurance Company
	Charles Blaquiére	Valeyo (Canadian Premier Life Insurance)
	Emily Brown	Sun Life
	Michelle Costello	CUMIS/The Co-operators
	Dallas Ewen	The Canada Life Assurance Company
	Karyn Kasperski	RBC Insurance
	Scott Kirby	TD Insurance
	Brad Kuiper	ScotiaLife Financial
	John Lewsen	BMO Insurance
	Charles MacLean	RBC Insurance
	Vikram Malik	Sun Life
	Anita Mukherjee	RBC Insurance
	Diane Quigley	CUMIS/The Co-operators
	Monika Spudas	Manulife Financial
	Andrea Stuska	TD Insurance
	Kamana Tripathi	TD Insurance

Also Present:	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Albert Lin	Managing Matters, <i>Recording Secretary</i>

1. Call to Order, Meeting Quorum Confirmation, and Board Transition Matters

N. Benson welcomed all to this first meeting of the newly constituted 2019-2020 CAFII Board of Directors, including newly elected Board Member Mica Sweet from CIBC insurance, and called the meeting to order at 2:00 p.m. A. Lin acted as Recording Secretary.

M. Boyle confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that all 13 Directors of the Corporation, constituting a quorum, were present on the phone.

N. Benson declared this meeting of the Board of Directors of the Canadian Association of Financial Institutions in Insurance duly convened and properly constituted for the transaction of business.

1.a. CAFII Competition Guidelines

N. Benson noted that the CAFII Competition Guidelines provided in the meeting package were adopted by the Association's then-Board of Directors on April 3, 2008. CAFII's practice has been to highlight the key principles set out in the Competition Guidelines annually, at this first Board meeting in a new governance year.

N. Benson summarized the CAFII Competition Guidelines, noting that they commit the Association's Directors and other Member representatives who participate in the Association's affairs to avoiding the following:

- making or discussing any agreement on prices, premiums, fees, or products;
- exchanging cost information (with the intent to fix prices or reduce competition);
- restricting independent dealing with industry suppliers; and
- precluding, arbitrarily, participation in CAFII in a manner that may limit competition.

1.b. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting Agenda be and is approved as presented.

1.c. Election of 2020-2021 CAFII Officers

N. Benson noted that at this first Board meeting in a new governance year, following the election of the Association's Directors at the Annual Meeting of Members, the Board must appoint the volunteer Officers of the Association, with those volunteer Officer positions being Chair, Vice-Chair, Secretary, and Treasurer.

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

N. Benson stated that the following slate of Officers was therefore nominated for appointment by the Board:

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

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the nominated slate of officers is approved by the Board.

N. Benson welcomed C. Lobbezoo into his new position as Board Chair, who proceeded to chair the remainder of the meeting.

2. Consent Items

C. Lobbezoo noted that Consent item documents had been provided for each of the six (6) Consent Agenda items; and it was presumed that Directors had reviewed them in advance of this meeting.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.

And further, IT WAS RESOLVED that the minutes of the meeting of the Board of Directors held April 7, 2020 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.

3. Governance Matters

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

B. Wycks advised that the EOC had recently recommended, for the Board's consideration, that rather than trying to reschedule the 2020 CAFII annual Members' Luncheon with FCAC Commissioner Judith Robertson as guest speaker for the Fall of 2020, the event should be cancelled entirely for 2020 and rescheduled for 2021.

However, in Board discussion, Directors advised that, if possible, CAFII should try to find an alternative way to have a dialogue session in 2020 with the FCAC Commissioner. One idea was to hold a lunch with the Commissioner, the CAFII Board of Directors, and the CAFII Co-Executive Directors, followed by a webinar presentation by the Commissioner over a virtual platform, which a larger audience of CAFII member representatives would be able to attend.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII 2020 Annual Members' Luncheon be re-oriented into a virtual or partially-virtual presentation by FCAC Commissioner Judith Robertson to CAFII in late September or October 2020.

[Action Item: Re-orient the 2020 CAFII Annual Members' Luncheon into a virtual or partially-virtual presentation by FCAC Commissioner Judith Robertson in late September/October; B. Wycks/K. Martin, September 15/20.]

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

K. Martin recalled that some companies had expressed an interest in joining CAFII but they would only be prepared to do so if there was a lower dues category of membership.

While there is still a need to explore this option, it is unclear how the economic situation will look after the COVID-19 pandemic subsides. The EOC has recommended that it would be better to wait for things to settle down before striking a Working Group to review a lower dues category of CAFII membership, and has recommended temporarily postponing this initiative.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the launch of a CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership be deferred until the COVID-19 pandemic subsides and a semblance of normalcy has emerged in the economy.

[Action Item: Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, K. Martin, 2020.]

3.c. Recommendation From CAFII Website & SEO Consultant RankHigher That Ownership Of CAFII.Insurance Domain Name Not Be Renewed

B. Wycks reported that CAFII pays \$1,000 US annually to Encirca, a US internet domain name registrar, to own and protect the CAFII.insurance domain. CAFII has owned this domain since 2016, the year that .insurance domains first became available for purchase, and it renews on July 1 each year.

CAFII's website consultant firm RankHigher has suggested that the CAFII.insurance domain not be renewed, as it offers no value and if CAFII was to use the domain, it would diminish the value of the CAFII.com domain. The EOC agreed with this recommendation and has recommended to the Board that the CAFII.insurance domain not be renewed.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII discontinue ownership and protection of the CAFII.insurance domain name.

[Action Item: Discontinue the renewal of the CAFII.insurance domain name, B. Wycks, June 28, 2020.]

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

B. Wycks recalled that the liaison lunch and industry issues dialogue with the AMF had to be rescheduled from April 7/20, due to COVID-19. CAFII has found an alternate date when a quorum of Directors can attend the meeting in the Fall of 2020. The meeting will be hosted by Desjardins Insurance in Lévis, Québec on Thursday, October 15/20.

4. Financial Management Matters

4.a. CAFII Financial Statements as at April 30/20

T. Pergola, CAFII Treasurer, reported that revenue was slightly lower than budgeted due largely to non-renewal by three former Associates (Munich Re, PWC and RankHigher). Expenses were significantly lower due to reduced activity caused by the COVID-19 pandemic, including that the CAFII Co-Executive Directors are not travelling; and some activities such as CAFII in-person Receptions and the 2020 Annual Members' Luncheon have not been held. As a result, it is expected that at the end of the 2020 fiscal year, CAFII's financial reserves will increase to 35% of annual operating expenses, which is well within the target range of 25% to 50% of annual operating expenses.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII Financial Statements as at April 30/20 are approved in the form presented.

4.b. Forecast For CAFII 2020 Fiscal Year

T. Pergola, CAFII Treasurer, reiterated that while revenues are down slightly in 2020, expenses will likely come in at \$85,000 lower than originally budgeted, resulting in a forecast of a significant 2020 fiscal year surplus.

4.c. Updated CAFII Cheque Signing Authority Policy

T. Pergola, CAFII Treasurer, recommended the Board's approval of the following changes to CAFII's cheque signing authority policy:

- Update the header and the footer with current office address
- Change from "TO Corp" to "Managing Matters Inc."; and "Executive Director" to "Co-Executive Directors"
- Change point 4 from "physical signature" on all cheque stubs and back-up to "email approval".

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII Cheque Signing Authority Policy updates be approved as set out in the *Updated CAFII Cheque Signing Authority Policy* document included in the meeting package.

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

T. Pergola, CAFII Treasurer, reported that the Association is eligible for the federal government's COVID-19 10% Temporary Wage Subsidy For Employers (TWSE). However, organizations are not automatically provided with the subsidy, and have to apply for it.

The TWSE amount that CAFII is eligible for is small (\$2,750) and if the media were to become aware that CAFII applied for and received this subsidy, there is the potential for negative coverage. As a result, CAFII has decided not to apply for the TWSE.

5. Strategic and Regulatory Matters

5.a. CAFII's Two-Pronged Strategy Re AMF's View That RADM Applies To Credit Card-Embedded Insurance Benefits

5.a.i. Update On Two Prongs Of Strategy

K. Martin recalled that CAFII has taken a two-pronged approach to the AMF's view that the Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits. The first prong was to develop our legal options. In that respect, CAFII asked Marc Duquette of law firm Norton Rose to provide us with his views on our legal options. In a March 6/20 note to CAFII, Mr. Duquette indicated that he felt our legal foundation for challenging the AMF's views was strong. He proposed detailing the options and sharing these with the AMF, at an estimated cost of \$50,000. If the AMF did not accept our analysis, he felt that we had options around a court challenge, but the cost of such an approach would be considerably higher.

The second prong, K. Martin continued, was to produce a letter for the AMF on how CAFII members could try to meet its expectations around the RADM's applicability to credit card-embedded insurance benefits, even though in our view embedded insurance benefits are not a sale of insurance. This would include "creative solutions" that tried to work around some of the RADM's requirements that are a poor fit for these products.

5.a.ii. Draft CAFII "Creative Solutions" Submission On How Industry Can Meet AMF's Requirements Related To RADM's Applicability To Credit Card-Embedded Insurance Benefits

K. Martin advised that, based partly on the observation that recent correspondence from the AMF appeared to have softened in tone and be more conciliatory, it was the EOC's recommendation that CAFII should implement the second prong approach and send a "creative solutions" submission letter to the AMF, prior to further investigating the first prong legal option, if it becomes necessary.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII creative solutions submission On How The Industry Can Meet The AMF's Requirements Related To The RADM's Applicability To Credit Card-Embedded Insurance Benefits be finalized and submitted to the AMF on or before July 15, 2020.

[Action Item: Finalize CAFII's creative solutions submission On How The Industry Can Meet The AMF's Requirements Related To The RADM's Applicability To Credit Card-Embedded Insurance Benefits and submit it to the AMF, B. Wycks, July 15/20.]

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

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

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

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

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

On a motion duly made, seconded and unanimously carried

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

[Action Item: Send a letter to the CCIR/CISRO FTC Working Group advising it to contact relevant CAFII members directly and privately to obtain the desired information on incentives and compensation models used in-market, B. Wycks/K. Martin, June 30/20.]

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

K. Martin reported that the first report emanating from the CAFII Quarterly Benchmarking Study With RSM Canada was now ready for release. Stikeman Elliott's competition lawyer Mike Kilby has conducted a review and is comfortable with the report and its content. A note was shared with the eight CAFII members which participate in the benchmarking study by submitting their data, to confirm that they understand and are comfortable with the report also being shared with the five insurer members of CAFII who do not directly participate in the study.

5.d. Research & Education Committee

5.d.i. 2020 CAFII Research Options, Including Proposed Engagement of Melissa Carruthers, Deloitte Canada For CAFII-Commissioned Thought Leadership/Perspectives Paper On "The Future of Credit Protection Insurance in Canada"

A. Stuska, Chair of the Research & Education Committee, reported that Melissa Carruthers of Deloitte Canada had submitted a proposal to CAFII for the delivery of a thought leadership/perspectives paper on "The Future of Credit Protection Insurance in Canada."

In addition to tapping into its own internal research and other knowledge resources, it was proposed that Deloitte Canada would also conduct short interviews with all 13 CAFII Directors to get their perspectives. It was felt that this report could potentially be publicly released, with the opportunity for some media pick-up. The cost of the study would be \$20,000.

In discussion, some Board members expressed reservations about a spend of this size at a time when members are facing unprecedented financial pressures. The view was expressed that a consultancy firm benefits from the business development opportunity of conducting a study with leading financial institutions, and that they should be asked to conduct this research *pro bono*. Others felt that the investment was worthwhile and could produce a valuable study which would have a positive reputational impact for CAFII. One Board member suggested that the Deloitte Canada deliverables under its proposal should include a separate presentation to each of the 13 CAFII member companies.

In concluding this discussion, the Board asked Ms. Stuska and the Co-Executive Directors to counter-propose to the Deloitte Canada representatives that they reduce the price/cost of the study, and enhance the deliverables, and resubmit a revised proposal.

[Action Item: Reconnect with Deloitte Canada and ask that the proposal be revised by reducing the price/cost and enhancing the deliverables to CAFII, B. Wycks/K. Martin/A. Stuska, July 20/20.]

5.e. Media Advocacy Committee

5.e.i. Proposed CAFII Motion Graphic Website Video On Credit Protection Job Loss Insurance: Proceed At This Time Or Defer?

K. Martin recalled that the Board had previously approved the EOC's recommendation on the 2020 CAFII website investment plan (budget of \$35,000), which includes two new motion graphic videos, more vignettes, and more FAQs.

The first proposed video was on credit protection job loss insurance. This was viewed as a good video to invest in because it is one of the highest search terms on Google around credit protection insurance, and because with the COVID-19 pandemic, it is highly topical.

However, there may be risks associated with featuring a video on job loss insurance on the CAFII website, especially if a noticeable number of job loss insurance claims end up being denied, and/or there is negative media coverage about the product. There may also be some members who may choose to exit this market.

At the May 26/20 EOC meeting, discussion of this item revealed a divergence of views on the merits of proceeding with a CAFII website video on job loss insurance and no consensus. Some EOC members felt that such a video would be very timely and appropriate, and would put the industry in a positive light. Others were concerned that it could draw attention to a product that may receive some negative press if there are job loss claim denials.

In concluding Board discussion on this matter, given that the EOC had not arrived at a consensus view and had not made a recommendation on it to the Board, the Board asked the EOC to revisit the issue of CAFII 2020 website videos.

5.e.ii. Options For CAFII Around Media Proactivity and Website Enhancements Arising From COVID- 19

K. Martin reported that the *CAFII Directors and Designates COVID-19 Information-Sharing Group* has proposed some ideas for the CAFII website, including the publication of good news stories from customers about how our members are supporting them during the pandemic; publication of statistics on the escalated level of claims and payouts due to the pandemic; and publication of information on the CAFII website on how to make a claim.

In Board discussion of these proposed options, it was agreed that, at this time, the best option to pursue is the publication on the website of information on how to make a claim, with links to the claims sections of each of CAFII's members.

An EOC member also suggested that CAFII also consider pursuing a consumer research study on the claims experience of customers who have made a job loss insurance claim or a travel medical insurance claim during the pandemic timeframe; and the Board asked the EOC to consider that suggestion.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII management is directed to implement Option 3 and publish How To Make A Claim information on the CAFII Website, with each member providing links to the claims sections of their own websites.

[Action Item: Create a new tab on the CAFII website and provide How To Make A Claim information there; K. Martin, July 31/20.]

5.e.iii. Media Consultant Report On CAFII's 2019 Media Relations and Website Communications Achievements

C. Blaquiére, Media Advocacy Committee Chair, reported that CAFII media consultant D. Moorcroft had produced a summary report on the Association's website and media achievements in 2019, which he felt was the most productive media year ever for CAFII. Mr. Blaquiére shared the highlights of Mr. Moorcroft's report with the Board.

5.f. Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance

5.f.i. Feedback On and Continuation of CAFII Directors and Designates COVID-19 Information-Sharing Group

In a feedback discussion facilitated by C. Lobbezoo, Board members indicated that the CAFII Directors and Designates COVID-19 Information-Sharing Group meetings were quite valuable and informative, but that with the recent stabilization following the pandemic-driven surge in claims and related challenges that the industry had met, the frequency of its meetings could shift to once per month.

IT WAS RESOLVED that the frequency of the CAFII Directors and Designates COVID-19 Information-Sharing Group's meetings be changed to once per month.

[Action Item: Change the frequency of the CAFII Directors and Designates COVID-19 Information-Sharing Group's meetings to once per month, K. Martin, June 30/20.]

5.f.ii. Insights Gained From Weekly CAFII/CLHIA/THIA Calls Re Impact Of COVID-19 On Travel Insurance Industry

B. Wycks reported that CAFII's Co-Executive Directors, EOC Chair M. Boyle, and Travel Medical Insurance Committee Chair A. Baig participate in a weekly call involving CLHIA, CAFII, and THIA to compare notes on the impact of COVID-19 on the travel medical insurance industry. He then shared updates from recent such meetings with the Board.

5.g. Launch of Saskatchewan RIA Advisory Committee

B. Wycks recalled that CAFII and CLHIA have jointly been advocating for the creation of a Restricted Insurance Agent Advisory Committee in Saskatchewan, which could provide the Insurance Councils of Saskatchewan (ICS) with expert advice from an RIA licence holder perspective, and that work was about to come to fruition in 2020.

ICS has included provisions in its new Bylaw, which came into force on January 1/20, to allow for the creation and operation of an RIA Advisory Committee.

CAFII will be following up with the CLHIA and with ICS to determine next steps and timelines.

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

B. Wycks reported that the EOC had advised that it would be difficult to fit all COVID-19-delayed activities into the Fall of 2020; that internal meetings of CAFII member companies may need to take priority during that period; and that it was not clear what travel and meeting restrictions would still be in place in the Fall of 2020 due to the pandemic.

As such, it was recommended that the Atlantic Canada tour not occur in the Fall of 2020, but instead be delayed to the Spring of 2021. CAFII has therefore written to all of the Atlantic Canada insurance regulatory and policy-maker authorities that we were planning to visit, letting them know of this postponement.

6. Special Matters and Other Business

6.a. Feedback On Transition To A New Briefing Notes-Driven Approach To CAFII Board Meetings and Materials

Board members provided feedback that the new briefing-notes driven approach to CAFII Board meetings was effective and should continue for future meetings.

6.b. June 9/20 CAFII Emerging Issues Webinar On "The Looming Impact Of Climate Change Upon The Life and Health Insurance Industry"

B. Wycks reminded Board members that following this meeting, CAFII would be holding a webinar with Deloitte Canada on "The Looming Impact of Climate Change Upon The Life and Health Insurance Industry."

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

B. Wycks highlighted that the next CAFII Board meeting would be held on Thursday, October 15/20, hosted by Desjardins Insurance in Levis, Quebec, and that it would be immediately preceded by an informal liaison lunch and an Industry Issues Dialogue session with AMF staff executives.