



**CAFII EOC Meeting
Tuesday, July 24, 2013
Via Teleconference
12:00 – 1:30 pm**

Conference call dial-in information:

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

Chair: J. Hines

Draft Agenda

1. Call to Order J. Hines
2. Approval of Agenda All
3. Minutes All
 - a. EOC Minutes and Action Items of June 25, 2013 Meeting
4. CAFII Financial Statements As At June 30, 2013 -- Review M. Fabian
5. Policy Issues and Decision Items S. Manson/ J. Poolman
 - a. CAFII Project Next Steps
 - b. Draft CAFII Response to CCIR E-Commerce Position Paper
6. Regulatory Update
 - a. CAFII Focus Group With FSCO On Life Insurance Product Suitability Review B. Wycks
 - b. Regulator Visits B. Wycks
 - i. B. Wycks' Get Acquainted Lunch With Phil Howell, FSCO
 - ii. Regulator Visit Plan
7. CAFII Priorities and EOC Committees
 - a. Licensing Efficiency Issues Committee M. Gill
 - i. Submission to Saskatchewan Re Representation Via Restricted Licensee Advisory Committee
 - b. Media and Advocacy Strategy Committee S. Gelgor / J. Lewsen
 - i. Logo Redesign & Rebranding Initiative B. Wycks
 - ii. CAFII Communications Strategy B. Wycks
 - iii. Topic and Timing of Next CAFII Webinar For CCIR B. Wycks
 - c. Events and Networking Committee
 - i. Speaker for October 8, 2013 Regulator Reception
 - ii. Potential Speakers for 2014 Annual Members Luncheon and Speaker Forum P. Yeung / M. Sanchez-Chung
8. Other Business
 - Next EOC meeting is on September 24, 2013, in Toronto.
 - Next Board Meeting/ Regulator Reception is on October 8, 2013 in Toronto. Host/location: to be confirmed.

**Action Items From CAFII EOC Meeting
Tuesday, June 25, 2013**

Agenda Item	Action Item	Responsible	Deadline
3b. Board Minutes	Sara Gelgor to review the minutes and send edits to Leya Duigu.	S. Gelgor	
4bii. Advocacy with Policy-Makers	<p>Brendan Wycks to consult with Paul Yeung regarding a strategy for policy-makers, in his development of CAFII's Communications Strategy.</p> <p>The issue of differentiating CAFII members from other industry players to be added to next Media & Advocacy Committee meeting agenda. The committee to discuss three (3) top-of-mind Key Messages and Brendan Wycks to distill the discussion into a response that addresses the two issues recently raised by regulators.</p> <p>CAFII has interest in participating in FSCO's "Life Insurance Product Suitability Review" stakeholder focus groups; so Brendan Wycks to rsvp affirmatively to FSCO's invitation.</p>	<p>B. Wycks</p> <p>MAC and B. Wycks</p> <p>B. Wycks</p>	
6. CAFII Financial Statements	<p>Leya Duigu to follow-up on the outstanding bill from RBC Insurance for the 15th Anniversary Celebration.</p> <p>Brendan Wycks to follow-up with Associate Member Oliver Wynman Consulting, regarding its outstanding 2013 membership dues.</p> <p>Matthew Fabian to query and clarify the negative interest revenue that appears on the Statement of Operations for the five months ended May 31, 2013.</p>	<p>L. Duigu</p> <p>B. Wycks</p> <p>M. Fabian</p>	
5c. BC FICOM	Brendan Wycks to draft a letter to BC FICOM notifying them that the use of MGAs isn't a direct CAFII issue and therefore the Association will not be providing a response to the consultation.	B. Wycks	
5eii. Appointment of Louis Morisset, AMF CEO	Brendan Wycks to prepare a congratulatory letter from CAFII to Louis Morisset, new CEO of the AMF.	B. Wycks	
7ai. Logo Redesign & Rebranding	L. Duigu to pull together a package including commentary (Sara Gelgor and John Lewsen to review) for Mark Cummings approval. Once approval is received, the package to be sent to the Board of Directors.	L. Duigu	

7aii. Co-ordination with CCIR's Spring 2014 Meeting	B. Wycks to find out the dates and location of CCIR's 2014 Spring Meeting from Carol Shevlin, and determine if co-ordination of CAFII's Board meeting with that meeting is possible.	B. Wycks	
7bii. Event & Networking Committee	CAFII Board Member Linda Fiset, to reach out to Louis Morisset, new AMF CEO, to invite him to speak to CAFII at our October 8, 2013 Board meeting or the ensuing Regulator Reception. Andre Duval to coordinate.	A. Duval	
8b. CAFII Board Meeting Hosting Rotation	Leya Duigu to determine which member is next on the Board hosting schedule and see if they can host the October 2013 Board meeting instead of AMEX. J. Hines or B. Wycks will then contact AMEX to discuss.	L. Duigu B. Wycks	

CAFII EOC Meeting
Tuesday, June 25, 2013
Location: CIBC, Commerce Court
199 Bay Street, 4th Floor, Imperial Room
Toronto, ON

Present:

Emily Brown	BMO Insurance
Andre Duval	Desjardins Financial Security Life Assurance (<i>teleconference</i>)
Wayne Eccles	TD Insurance
Matthew Fabian	BMO Insurance (<i>teleconference</i>)
Sara Gelgor	ScotiaLife Financial
Moira Gill	TD Insurance (<i>teleconference</i>)
Greg Grant	CIBC Insurance
Jennifer Hines	RBC Insurance <i>Chair</i>
John Lewsen	BMO Insurance
Sue Manson	CIBC Insurance
John Poolman	Assurant Solutions (<i>teleconference</i>)
Maria Sanchez-Chung	MBNA Bank of Canada (<i>teleconference</i>)
Paul Yeung	RBC Insurance

Also Present: Leya Duigu T•O Corporate Services
Brendan Wycks CAFII

Regrets: Rose Beckford ScotiaLife Financial
Charles Blaquiere Canadian Premier Life Insurance Co.

1. Call to Order

The meeting was called to order at 1:05 p.m. Jennifer Hines acted as Chair and Leya Duigu acted as Recording Secretary.

2. Approval of Agenda

The agenda was approved with the addition of an Other Business item, by Sara Gelgor, as a minor amendment.

3. Minutes

a. EOC Minutes and Action Items, May 28, 2013

Members reviewed the Action Items from the previous meeting, noting that all had been completed. The Minutes were accepted as presented.

b. Board Minutes, June 11, 2013

Members reviewed the Action Items from the previous Board meeting, including items with future completion dates. S. Gelgor will be providing comments and edits on the Minutes after this meeting. No other changes were received.

Action: Sara Gelgor to review the June 11, 2013 Board minutes and send edits to Leya Duigu.

4. Policy Issues and Decision Items

a. Action on Board-Approved Recommendations Re CAFII Project Next Steps

The project is proceeding as planned.

b. Board Issues Re

i. Self-Regulation of the Incidental Sales of Insurance (ISI) Industry

EOC members discussed the recent regulator comment that the ISI industry needs to do a better job of self-regulation – to counteract some consumer protection issues arising from acts or omissions of peripheral ISI players -- and what, if anything, can be done to address this situation.

Possible solutions proposed included educating regulators on how CAFII members are currently regulated, including the OSFI guidelines. Education tools include developing Key Message materials and distributing the information via mail outs, presentations, and leave-behind materials after regulator meetings. A range of communications solutions would be better than just one.

ii. Advocacy with Policy-Makers in addition to Regulators

CAFII has been successful at getting on the CCIR agenda and reaching out to Superintendents of Insurance; however, another key target audience for the Association is government policy-makers.

P. Yeung can help identify who the policy-makers are, so we can start inviting them to networking receptions and events as well as including them in our Communications Strategy. The offices of policy-makers tend to experience higher turnover rates, so general information such as the “Creditor Insurance 101” piece would be most relevant, as well as providing information that is more granular. For positioning, define the problem and a possible solution. Make CAFII known to them, in the event they wish to reach out to us on any issues that come up in their offices.

Action: Brendan Wycks to consult with Paul Yeung regarding a strategy for policy-makers, in his development of CAFII’s Communications Strategy.

The challenge is to address the issues that regulators have identified to CAFII, without alienating other ISI industry players who may be CAFII members’ customers.

Action: The issue of differentiating CAFII members from other ISI industry players to be added to next Media & Advocacy Committee meeting agenda. The committee to discuss three (3) top-of-mind Key Messages and Brendan Wycks to distill the discussion into a response that addresses the two issues recently raised by regulators.

Brendan Wycks reported that FSCO will be holding focus group discussions on the selling of term life, whole life, and universal life as part of its Life Insurance Product Suitability Review. The results of the discussions will be incorporated into an online survey that will be released to a random sample of agents in the Fall. Based on the data gained from the survey and from follow-up site visits to a random sample of the agents who complete the survey, FSCO intends to write a report with recommendations for presentation to the Superintendent in the first quarter of 2014.

Action: CAFII has interest in participating in FSCO's "Life Insurance Product Suitability Review" stakeholder focus groups; so Brendan Wycks to rsvp affirmatively to FSCO's invitation.

5. Regulatory Update

a. Manitoba's Draft ISI Amendments to Insurance Agents and Adjusters Regulation

Brendan Wycks met with the Licensing committee recently and has enough information to create a first draft of CAFII's submission. CAFII members have some serious concerns with some items in the Draft Regulation. Therefore, M. Gill has offered to contact Jim Scalena, Manitoba's Superintendent of Insurance, directly to communicate this as well as to request an extension on the July 2 deadline so these issues can be addressed via further consultation. The EOC fully endorsed Ms. Gill's proposed approach.

Randy Hopkins at the Canadian Banking Association is in support of CAFII's position on the issues and has offered to cite this in the CBA's response submission to Manitoba.

Matthew Fabian joined the meeting by teleconference

b. CCIR E-Commerce Position Paper

Sue Manson reported that the Distribution & Market Conduct Committee will be meeting on July 18 to discuss a draft CAFII response to the CCIR E-Commerce Position Paper. EOC members will have an opportunity to review the submission before the submission deadline of July 26.

c. BC FICOM Consultation on Use of Managing General Agents

In discussion, the EOC was unanimous in the view that CAFII should not provide a submission in response to this consultation because this issue is being addressed in other ways by members.

Action: Brendan Wycks to draft a letter to BC FICOM notifying them that the use of MGAs isn't a direct CAFII issue; and therefore, the Association will not be providing a response to the consultation.

d. AMF's Commercial Practices Guideline

Brendan Wycks noted that while he had sourced this document from the AMF's web site, he had not seen a communication to stakeholders about its release as a final document. He would therefore be following up with Louise Gauthier, the AMF manager responsible for this initiative, about that.

e. Regulator Visits

i. June 7, 2013 CAFII Liaison Visit with AMF Executives

A written summary of the visit was included in the meeting materials and Brendan Wycks provided a high level verbal overview.

Moira Gill advised that during the meeting, AMF CEO Mario Albert remarked that the time had come to look at a passport-type system for multi-jurisdictional licensing, which was a breakthrough and great news.

Since the June 7 meeting, it had been announced that Mario Albert would be leaving the AMF for a CEO role with a different arm of the Quebec government. Louis Morisset has been appointed as AMF's new President and CEO.

Members briefly discussed inviting Louis Morisset to speak to the CAFII Board at its October 8, 2013 Board meeting or the ensuing Regulator Reception.

ii. Appointment of Louis Morisset as CEO of AMF

Action: Brendan Wycks to prepare a letter of congratulations to Louis Morisset, on behalf of CAFII.

iii. Regulatory Visit Plan

Moira Gill is following up with David Weir, New Brunswick's Deputy Superintendent of Insurance, regarding a CAFII joint visit with the Atlantic Canada Regulators.

iv. Regulatory Newsletter

Nothing new at this time.

6. CAFII Financial Statements as at May 31, 2013 - Review

Treasurer Matthew Fabian provided a verbal report based on the May 31, 2013 financial statements included in the meeting package.

The Balance Sheet is healthy and we are still within our Reserve Policy limits.

The Statement of Operations shows an increase in expenditures of approximately \$25K over the previous month, which is normal as spending has been within the anticipated range.

Action: Leya Duigu to follow-up on the outstanding invoice from RBC Insurance for the 15th Anniversary Celebration.

Action: Brendan Wycks to follow-up with Associate Member Oliver Wynman Consulting, regarding its outstanding 2013 membership dues.

Action: Matthew Fabian to query and clarify the negative interest revenue that appears on the Statement of Operations for the five months ended May 31, 2013.

Matthew Fabian departed the meeting

7. CAFII Priorities and EOC Committee

a. Media & Advocacy Strategy Committee

i. Logo Redesign & Rebranding Initiative

John Lewsen presented the options developed by the designer in consultation with the committee. The redesign is a modernization of the existing logo in both French and English and the colours are consistent with the colour scheme of CAFII's existing web site. Members liked the options presented and offered the following feedback:

- remove the exclamation mark after the CAFII tag line; and
- go with the business card design that features the solid blue colour on the bottom half of the card, with wording reversed out of the solid blue.

Next steps: Sara Gelgor to run the new logo design by Board Chair Mark Cummings for his feedback, prior to circulation of the design to the Board of Directors.

Action: L. Duigu to pull together a logo design package, including commentary, (Sara Gelgor and John Lewsen to review) for Mark Cummings' approval. Once approval is received, the package to be sent to the Board of Directors.

ii. Topic and Timing of Next CAFII Webinar for CCIR

The results of the next iteration of the Avalon Study were suggested as the topic/content for a future CAFII webinar for CCIR.

It was also suggested that webinars be put on the back burner for a period of time; and instead CAFII should focus on opportunities that get us in front of CCIR on a face-to-face basis.

CAFII could schedule its Spring 2014 Board meeting to coincide with the CCIR's meeting at that time, expected to be held in Quebec.

Action: B. Wycks to find out the dates and location of CCIR's Spring 2014 Meeting from Carol Shevlin, and determine if co-ordination of CAFII's Board meeting with that meeting is possible.

Members were reminded of the importance of communicating with Quebec regulators in French, as was learned during a previous reception hosted in Montreal.

b. Event and Networking Committee

The possibility of inviting new AMF CEO Louis Morisset to speak at the October 8, 2013 CAFII Board meeting or the immediately ensuing Regulator Reception was discussed. Based on his availability and response, we can determine whether to proceed or postpone this opportunity to a session that might coincide with CCIR's Spring 2014 meeting, expected to be held in Quebec.

At this time, Julie Dickson has been approached a number of times to speak and has declined each time.

Action: CAFII Board Member Linda Fiset to reach out to new AMF CEO Louis Morisset, to invite him to speak to CAFII at our October 8, 2013 Board meeting or the ensuing Regulator Reception. Andre Duval to coordinate.

John Lewsen left the meeting

c. Distribution and Market Conduct Policy Committee

In addition to reviewing the draft CAFII response to the CCIR E-Commerce Position Paper, this committee has active projects on the IAIS' Insurance Core Principles and industry complaint statistics. Other issues being addressed by the committee include the AMF Distribution Guide and Quebec Insurance Act Re-write. The next meeting will be held next week at which time these items will be discussed.

d. Licensing Efficiency Issues Committee

Submission to Saskatchewan Re Representation Via Restricted Licensee Advisory Committee

Moiria Gill provided a brief report on the committee's progress, noting that the work on Council representation for restricted licence holders is on track; and the CAFII document will be ready to send to Saskatchewan shortly. CLHIA has sent its letter already, but the CAFII submission will contain more detail.

8. Other Business

a. P&C Offerings on Website

Sara Gelgor summarized a web site issue related to consumers who may want to file a p&c insurance claim arising from the recent flooding in southern Alberta. Upon further consideration, it was felt that this was more a Canadian Bankers Association issue and therefore no action by CAFII was required.

b. CAFII Board Meeting Hosting Rotation

Action: Leya Duigu to determine which member is next on the Board hosting schedule and see if they can host the October 2013 Board meeting instead of AMEX. J. Hines or B. Wycks will then contact AMEX to discuss.

9. Termination

There being no further business, the meeting terminated at 3:00 p.m. The next EOC meeting is a teleconference tentatively scheduled for Wednesday, July 24, 2013. Next regular EOC meeting is September 24, 2013, in Toronto.

Date

Chair

Recording Secretary

CONFIDENTIAL DRAFT 1

CAFI

55 St Clair Ave West, Suite 255

Toronto, ON M4V 2Y7

Balance Sheet

As at June 30, 2013

	Current 2013
ASSETS	
Current Assets	
Bank Balance	\$204,530
Investments ^A	\$52,097
Accounts Receivable	\$4,800
Interest Receivable	\$78
Prepaid Expenses	\$2,602
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$272)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	\$266,168
TOTAL ASSETS	\$266,168
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$594
Deferred Revenue	\$26,400
Total Current liabilities	\$26,994
TOTAL LIABILITIES	\$26,994
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$179,424
Excess of revenue over expenses	\$59,750
Total Unrestricted Net Assets	\$239,174
Total Unrestricted Net Assets	\$239,174
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$266,168

Minimum Reserve = Greater of:	
Reserve at 25% of Annual Operating Expense =	\$ 61,383
Reserve at 6 months of Operating Expense =	\$ 121,759
2013 Reserve (based on 6 month Reserve):	

C A F I I
 55 St Clair Ave West, Suite 255
 Toronto, ON, M4V 2Y7
Balance Sheet Items
As at June 30, 2013

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-12	May-07-13	\$52,852.40	1.00%	\$528.52	May-07-14
Total		\$52,852.40		\$528.52	

Item B

Accounts Payable

	Total
	10.67
	98.32
	15.00
	270.52
	15.82
	183.90
Total outstanding:	594.23

CAFII

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

Statement of Operations As at June 30, 2013

REVENUE	Current Month	Current YTD	Budget 2013	% Used	YTD 2012 Balance	% Used YTD 2012
Membership Fees	\$33,775	\$202,650	\$410,100	49%	\$170,875	45%
Interest Revenue	\$43	(\$415)	\$750	-55%	\$328	328%
TOTAL REVENUE	\$33,818	\$202,235	\$410,850	49%	\$171,203	53%
EXPENSE						
Association Operating Expenses						
Management Fees	\$17,879	\$110,552	209,150	53%	\$35,309	51%
Lawrie Savage Fees	\$0	\$0	-		\$88,075	52%
CAFII Legal Fees/Corporate Governance	\$0	\$0	10,500	0%	\$0	0%
Audit Fees	\$0	\$1,617	13,250	12%	\$347	4%
Insurance	\$237	\$1,419	5,368	26%	\$1,402	32%
Website (incl translation)	\$302	\$333	540	62%	\$1,314	243%
Telephone/Fax/Internet	\$375	\$1,790	750	239%	\$277	13%
Postage/Courier	\$23	\$152	500	30%	\$198	18%
Office Expenses	\$302	\$1,382	4,500	31%	\$374	14%
Bank Charges	\$0	\$70	-	0%	\$38	1%
Miscellaneous Expenses	\$0	\$0	-	0%	\$0	0%
Amortization Expense	\$0	\$0	-	0%	\$0	0%
Depreciation Computer/Office Equipm ¹	\$39	\$233	640	0%	\$0	0%
Sub Total Association Operating Expenses	\$19,155	\$117,548			\$127,333	
Distribution & Market Conduct Committee						
Provincial Regulatory Review	\$2,058	\$2,736	35,000	8%	\$2,235	4%
Research/Studies	\$0	\$4,758	42,000	11%	\$5,085	12%
Sub Total Distribution & Market Conduct Committee	\$2,058	\$7,494			\$7,320	
Licensing Efficiency Issues Committee						
Regulatory Model (s)	\$17	\$32	12,000	0%	\$0	0%
Federal Financial Reform	\$0	\$0	-		\$0	0%
Sub Total Licensing Efficiency Issues Committee	\$17	\$32			\$0	
Media & Advocacy Strategy Committee						
Tactical Communications Strategy	\$61	\$72	25,000	0%	\$893	4%
Association Branding	\$0	\$0	7,000	0%	\$0	0%
Sub Total Media & Advocacy Strategy Committee	\$61	\$72			\$893	
Networking & Events Committee						
Board/EOC/AGM Expense ²	\$251	\$11,776	10,000	118%	\$8,446	40%
Networking Events	\$0	\$0	3,500	0%	\$0	0%
15th Anniversary Event	\$157	\$5,562	30,000	19%	\$0	0%
Sub Total Networking & Events Committee	\$408	\$17,338			\$8,446	
Media Relations, CAFII Consultant						
Media Relations, CAFII Consultant	\$0	\$0	-		\$8,170	68%
Sub Total Media Relations, CAFII Consultant	\$0	\$0			\$8,170	
TOTAL EXPENSE	\$21,699	\$142,485	409,698	35%	\$152,162	33%
EXCESS OF REVENUE OVER EXPENSES	\$12,119	\$59,750	\$1,152		19,041.41	

Explanatory Notes:

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

CAFII
 Toronto, ON M4V 2Y7
Membership Fees
As At June 30, 2013

	<u>Jan-13</u>		<u>Jul-13</u>
	<u>Billed</u>	<u>Received</u>	<u>Billed</u> <u>Received</u>
TD Insurance	\$23,500.00	8-Mar-13	\$23,500.00
Assurant Solutions	\$11,750.00	22-Feb-13	\$11,750.00
BMO Insurance	\$23,500.00	31-May-13	\$23,500.00
Canadian Premier Life Insurance Company	\$11,750.00	1-Mar-13	\$11,750.00
CIBC Insurance	\$23,500.00	8-Mar-13	\$23,500.00
National Bank Insurance Company	\$11,750.00	8-Mar-13	\$11,750.00
RBC Insurance	\$23,500.00	7-Mar-13	\$23,500.00
ScotiaLife Financial	\$23,500.00	12-Apr-13	\$23,500.00
Desjardins Financial Security Life Assurance Company	\$11,750.00	8-Mar-13	\$11,750.00
AMEX Bank of Canada	\$11,750.00	15-Mar-13	\$11,750.00
Avalon Actuarial	\$4,800.00	26-Apr-13	
CSI Brokers Inc.	\$4,800.00	28-Mar-13	
Dion, Durrell & Associates Inc.	\$4,800.00	15-Mar-13	
KPMG	\$4,800.00	12-Apr-13	
Laurentian Bank of Canada	\$4,800.00	15-Mar-13	
Oliver, Wyman Consulting Limited	\$4,800.00		
Optima Communications	\$4,800.00	12-Apr-13	
RGA Life Reinsurance Company of Canada	\$4,800.00	1-Mar-13	
Swiss Reinsurance Company Ltd	\$4,800.00	Will not be renewing 2013 membership	
Munich Re	\$4,800.00	8-Mar-13	
Aimia	\$4,800.00	15-Mar-13	
The Canada Life Assurance Company	\$4,800.00	1-Mar-13	
January Invoices	\$233,850		\$176,250
July Invoices	\$176,250		
Total Membership Fees	\$410,100		

CAFII Regulator Visit Report
Confidential: Not For Distribution

Regulator: FSCO
Date: July 18, 2013
Location: FSCO Office, North York
Purpose: *Life Insurance Product Suitability Review Focus Group Discussion*

Attendees:

FSCO: Anatol Monid, Director, Market Regulation Branch; Adrienne Warner, Market Intelligence Consultant, Market Regulation Branch; and four other members of the Market Regulation Branch

CAFII: Peter Kent, BMO Insurance/Assurance; Jason Beauchamp, RBC Insurance; Sue Manson, CIBC Insurance; and Brendan Wycks, Executive Director

This focus group discussion related to FSCO's Life Insurance Product Suitability Review – the scope of which FSCO had narrowed to include only term life, whole life, and universal life sales, primarily with a licensed intermediary in an “across the kitchen table” scenario – lasted approximately 75 minutes.

Noting that they were trying to gather information to establish a benchmark that would inform an online survey questionnaire, FSCO asked CAFII representatives for their views on the following questions:

- What are best practices at point-of-sale for term life, whole life, and universal life, in terms of establishing product suitability?; and
- With respect to the consumer's financial literacy,
 - what role do you see your company playing from (i) a general financial literacy perspective; and (ii) a product-specific financial literacy perspective?
 - what actions have you taken or will you be taking with respect to this?

Peter Kent of BMO Insurance/Assurance and Jason Beauchamp of RBC Insurance answered FSCO's questions, from their respective company perspectives, in significant detail and provided generous input.

Where appropriate, Peter and Jason took pains to differentiate their company's practices as between their proprietary/captive sales force and their use of independent agents.

Both placed significant emphasis on Needs Analysis/Personal Needs Assessment (PNA) practices, and on practices with respect to the management and oversight of Managing General Agents.

FSCO clarified that the information gathered through its series of stakeholder focus groups will be used to design an online survey for licensed agents. A random sample of agents will be sent a link to the survey, and their participation will be mandatory. In addition, site visits will be made to a random sample of the sample of agents who were required to complete the online survey. All stakeholders who participated in the focus group discussions will be given an opportunity to comment on the online survey questionnaire before it goes live.

In concluding discussion, Anatol Monid clarified that with respect to increasing expectations of insurers/distributors/MGAs/sales agents in the area of consumer financial literacy, “we’re not looking perfection. It’s a ‘reasonability test.’ How can we be certain that the consumer prospect understood that the product was ‘suitable’ for him/her?”

CAFII Regulator Visit Report
Confidential: Not For Distribution

Regulator: FSCO
Date: July 5, 2013
Location: Trio Restaurant, Novotel, North York Centre, Toronto
Purpose: *Get Acquainted Lunch, which Phil Howell invited Brendan Wycks to arrange during informal discussion at CAFII's 15th Anniversary event on April 10, 2013*

Attendees:

FSCO: Phil Howell, Superintendent

CAFII: Brendan Wycks, Executive Director

CAFII Relationship-Building With Policy-Makers, In Addition To Regulators

As per the advice that Phil Howell and Carolyn Rogers shared with CAFII Board Vice-Chair Rino D'Onofrio in a recent meeting, the regulator members of CCIR appreciate and value their long-established relationship with CAFII; are well familiar with the Association and its members' businesses; and pay close attention to its regulatory submissions and listen to its advice.

However, regulators do not have policy-making authority in any jurisdiction in Canada; and they do not have a direct pipeline to the final decision-makers (Ministers and Cabinet) with respect to legislative and regulatory policy. They have to work through policy staff in Ministerial offices.

Part of the job of regulators is to bring forward to policy-makers recommendations for sound prudential and market conduct regulation. But policy-makers also pay attention to direct communication from industry stakeholders and other interest groups; and sometimes political considerations outweigh policy recommendations from a regulator.

(Witness IBAC's success in the 2000-2001 timeframe, in deploying a grassroots, full court press campaign of lobbying visits by p&c brokers to their individual Members of Parliament across the country, which resulted in the Paul Martin Liberal government backing down from its proposal to allow banks to sell insurance from their branches.)

Hence, it would make eminent good sense for CAFII to devote some of its communications and advocacy resources to building relationships with key influencers and decision-makers at the policy level.

In Ontario, the key policy group for CAFII to focus on building a stronger relationship with is the Office of Economic Policy in the Ministry of Finance. This Office reports into Pat(rick) Deutscher, Assistant Deputy Minister, who is also Chief Economist for the province.

The head of the Office of Economic Policy is Alvaro Del Castillo; and he has policy responsibility for insurance and all financial services. Paul Braithwaite works in the Office of Economic Policy (B. Wycks had a valuable *Get Acquainted* chat with Paul at CAFII's Regulator Reception on June 11, 2013. Paul followed up with a phone call to B. Wycks to invite him to participate in the September 2013 charity fundraising golf tournament for the Herbert H. Carnegie Future Aces Foundation. Paul serves on the Board of this Foundation, and B. Wycks had expressed interest in its work, given his awareness of Herb Carnegie as a pioneering black ice hockey player in the 1950s and 60s.)

Catherine McFarlane is Manager of a related group within the Ministry of Finance that deals with insurance issues. However, she is retiring in a few months, so it doesn't make any sense to spend time building a relationship with her. Better to wait until her successor is appointed.

CAFII's Evolution and Presence With Regulators

Towards the end of our discussion over lunch, Phil offered up the following unprompted observations:

- It was a wise move for CAFII to hire an Executive Director, given the point it had reached in its evolution/history. It's very hard for an Association that is entirely volunteer-led and driven to have a strong, sustained presence with regulators, legislators, and other key audiences and stakeholders.
- He knows, based on conversations with Grant and Anatol from his FSCO team and with several of his counterpart provincial regulators, that I have established a presence as the "face" of CAFII and as the go-to person at the Association, which is the way things should be.
- Key to long-term, sustained success as Executive Director of an Association such as CAFII will be face-to-face relationship-building with the heads and other key senior people at the provincial regulators, OSFI, FCAC, and a few other key bodies. He recommended that, in addition to availing of opportunities to meet with regulators when they are in Toronto, CAFII should also invest in and make a point of having me visit the regulators in their offices periodically, ideally at least once a year, whether alone or with representatives from member financial institutions. Regulators appreciate it when Association representatives go out of their way to visit them on their home turf, even if it's just for a courtesy call and a general update discussion. "If you're not given the resources and the mandate to make those visits and to nurture the critically important face-to-face relationships, then you're fighting an uphill battle."

CAFII Joint Visit With Atlantic Canada Regulators

When I mentioned to Phil that CAFII was looking into the possibility of a joint liaison visit with the four Atlantic Canada regulators in the near future, he said that was an excellent idea.

Based partly upon some direct information from Phil but also upon a "reading between the lines" of a few indirect things he said on this topic, I came away with the following perceptions/observations:

- the Atlantic Canada regulators would very much appreciate a joint meeting with a CAFII delegation, as they feel somewhat neglected/ignored by CAFII and other industry stakeholders;
- given that the Atlantic regulators are all small shops/offices without the same degree of specialized knowledge/expertise that the larger provincial regulators have thanks to their greater resources, there is an opportunity for CAFII to sow some seeds and reap some dividends by investing in relationship-building with these smaller regulators through periodic educational, face-to-face liaison meetings. While they represent provinces with small populations, they still have an influential voice and an equal vote at the CCIR table.
- Craig Whalen is taking on a lot of responsibility for insurance regulation in Newfoundland, although Doug Connolly is still in charge from a titular viewpoint.
- There was a key announcement out of New Brunswick just this week, about the creation of a new Financial and Consumer Services Commission (FCSC) – as a one-stop shop for consumer information and industry regulation -- which includes responsibility for insurance regulation. Angela Mazerolle-Stephens remains Acting Superintendent of Insurance for the time being, but creation of the FCSC may cause that to change in the near future.
- David Weir, Deputy Superintendent of Insurance in New Brunswick, is one of the longest-serving in a provincial insurance regulatory role. He's a great guy and very professional. Definitely makes good sense for CAFII to channel its efforts to arrange a joint meeting in Atlantic Canada through him. "If I was CAFII, I'd definitely push hard to have that meeting this year and start building a relationship with the Atlantic Canada regulators." There's a real opportunity to educate and inform them, and increase their knowledge, understanding and appreciation of creditor's group insurance and ISI.

FSCO Initiative To Modernize Disciplinary Procedures For Insurance Agents and Adjusters

The reason why this project has been stalled since March is that there has been a "revolving door" of Policy Advisors in Minister of Finance Charles Sousa's office since his recent appointment (a parade of three different advisors with responsibility for insurance matters, in just a few months).

The most recent Policy Advisor was briefed by Phil and other FSCO senior executives a few weeks ago. Assuming a reasonable period of longevity by that Advisor in her role, the necessary briefing of and approval by the Minister should occur by no later than September, and this project should be back on the rails in the early Fall.

If delays beyond the early Fall are encountered/expected, Phil asked if CAFII might be willing to submit an official letter to FSCO stating that our Association is in support of the modernization proposals and is not averse to seeing the changes implemented forthwith, without a further consultation period. Other industry stakeholders would be asked to submit a similar letter.

I said that CAFII would be willing to consider FSCO's request for such a letter, if it became necessary, to help move this initiative forward into implementation.

IMF Visit To FSCO Re Compliance With IAIS' Insurance Core Principles

The IMF assessors completed their visit to FSCO a couple of weeks ago. Preparation and document submissions prior to the visit was extensive and exhaustive work. Phil said that it's nice to have it behind us now, so that we can reallocate some resources to other items in our 2013 Statement of Priorities.

Phil Howell Suggestion/Request Re Industry Complaint Statistics

Phil clarified that the complaint statistics request/suggestion he made at the October 25, 2012 liaison meeting in Toronto between CAFII Board representatives and CCIR members was exclusively related to travel insurance.

He said that CAFII could play an important leadership role by compiling travel insurance statistics and sharing them with regulators. There is a need to equip regulators with credible, big picture data that would put them in a position to respond authoritatively to the government attention that inevitably stems from media reports on travel insurance situations (typically stories reporting on one-off cases re denial of claim, "post-claims underwriting," etc.)

Senior Leadership Change At the AMF

Louis Morisset is a very bright and accomplished guy, who is well known and highly regarded in Quebec and on the national and international stages as well. So he should be an excellent President and CEO as successor to Mario Albert. Louis is collegial and should be a pleasure to work with, just as Mario was and just as Patrick Dery is now as Superintendent of Solvency.

Julien Reid, Senior Director, Standards and Deposit Insurance, who was one of the four executives who met with a CAFII delegation on June 7, is another very bright and accomplished member of the AMF team.

Financial Consumer Agency of Canada (FCAC)

Phil hasn't heard any news about who might be appointed to succeed Ursula Menke as Commissioner of FCAC.

If Jim Flaherty does not remain as Minister of Finance following the Prime Minister's imminent Cabinet shuffle, then the initiative to appoint a "Financial Literacy Leader" at FCAC could well languish and wither on the vine. The Financial Literacy Leader initiative is very much a "pet project" of Minister Flaherty's, just as the National Securities Commission initiative is a pet project of his, dating from the time that he was Ontario's Minister of Finance.

Office of the Superintendent of Financial Institutions (OSFI)

Phil hasn't heard anything about who might be on the roster as potential successor to Julie Dickson. She has done a very good job in a challenging, demanding role.

Appointment of her successor may be several months away, as she'll be completing her term which runs until some point in 2014.

Insurance Brokers Association of Canada (IBAC)

Phil went out of his way to mention how much he enjoys his periodic meetings and encounters with Dan Danyluk, current CEO of IBAC. Phil likes Dan's zany, often self-deprecating (in spades!) sense of humour and the fact that he takes pains to frame and shape all IBAC communications from a consumer protection perspective.

Personal

Phil will not be taking much summer vacation, but will be going to the Mexican Riviera for a week to attend his nephew's wedding. Phil's son is Best Man. The nephew is marrying an Australian woman and, given that family members will be going from distant/disparate parts of the world, they decided to have their wedding on the beach in Mexico.

For their next vacation, outside of the family duty trip to Mexico, Phil and his wife are looking forward to a cruise with another couple in November: two weeks in the waters and ports of Antarctica.

CAFII Regulator Visit Plan 2013¹

updated July 23, 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
British Columbia	Insurance Council of BC: Gerry Matier, Exec. Dir.	X	-Update on Council priorities -Maintain and strengthen relationship	S. Gelgor J. Lewsen R. Beckford T. VanMeggelen B. Wycks	Invite when in Toronto	Five CAFII reps had liaison lunch meeting with G. Matier in Toronto on May 15, 2013; covered range of topics in CAFII Briefing document
	Financial Institutions Commission(FICOM): Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR chair); Doug McLean, Deputy Superintendent	X	-update on FICOM priorities -Maintain and strengthen relationship (-CAFII has decided not to submit a formal response to FICOM's summer 2013 Consultation on Use of Managing General Agents, as that is not CAFII members' distribution channel.)		Surrey, BC When Carolyn is in Toronto; or CAFII Board member in Vancouver	Targeted networking with C. Rogers occurred during CAFII 15 th Anniversary event on April 10, 2013; and at CLHIA Compliance Conference in Vancouver in May 2013
Alberta	Alberta Insurance Council : Joanne Abram, CEO; Tom Hampton, Chief Operating Officer; Ron Gilbertson, Chair (2012-15)	X	-Update on Council priorities -Council Representation -Licensing for 3 rd party providers - Business number registration system -Maintain and strengthen relationship	S. Gelgor M. Gill J. Lewsen R. Beckford T. VanMeggelen	When Joanne or Tom is in Toronto; or CAFII Board member in Edmonton	Five CAFII reps met with J. Abram and R. Gilbertson in Vancouver on May 7, 2013; discussion captured in Regulatory Visit Report

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	Ministry of Finance: Mark Prefontaine, Superintendent of Insurance Brad Geddes, Deputy Superintendent of Insurance		-Update on Superintendent's priorities -Maintain and strengthen relationship		When Mark is in Toronto; or CAFII Board member in Edmonton	Targeted networking with M. Prefontaine and B. Geddes occurred during CAFII 15 th Anniversary event on April 10, 2013 Effective June 27, 2013 Laurie Balfour became Deputy Superintendent of Insurance - Alberta. Brad Geddes has been seconded to the Government of Alberta's Flood Recovery Task Force as the Director of Stakeholder Engagement. This is for an indefinite period of time, likely for at least 6 months.
	New President of Treasury Board and Minister of Finance Doug Horner					

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Saskatchewan	Sask. Insurance Council: Ron Fullan, Chair	X	-Update on Council priorities -Council Representation -Maintain and strengthen relationship		Invite when Ron is in Toronto	Targeted networking with R. Fullan occurred during CAFII 15 th Anniversary Event on April 10, 2013, and during CLHIA Compliance Conference in May 2013. CAFII reps have breakfast meeting with R. Fullan on Monday, July 29, 2013 to present and discuss CAFII's Proposal For Restricted Licensee Representation in Sask. R. Fullan will also be in Toronto for CISRO LLQP Stakeholder Info Session on Thursday, September 12, 2013
	Financial and Consumer Affairs Authority, David Wild, Chairperson and Superintendent of Insurance; Ian McIntosh, Deputy Superintendent of Insurance		-Courtesy visit, Introduction of CAFII -Insurance Act Review, ISI; Council Representation -Maintain and strengthen relationship		When David or Ian is in Toronto; or CAFII Board member in Regina	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	Consultant (ex Superintendent) Jim Hall		-Update on Insurance Act review -Maintain and strengthen relationship		When Jim is in Toronto; or CAFII Board member in Regina	
Manitoba	Ministry of Finance: Jim Scalena, Superintendent	X	-Update of Insurance Act review and ISI regime -Maintain and strengthen relationship		Winnipeg	Targeted networking with J. Scalena occurred during CAFII 15 th Anniversary Event on April 10, 2013; Manitoba's release of Draft ISI Regulations in early June 2013. CAFII responded with detailed submission. Will likely require a regulatory relations/advocacy visit by a CAFII rep(s) to Winnipeg, given that the draft regs contain a number of problematic issues for CAFII members
	Manitoba Insurance Council: Erin Pearson, Exec Director;	X	-Update on Council priorities -Restricted Certificate holder representation on Council -Maintain and strengthen relationship		When Erin is in Toronto; or CAFII Board member in Winnipeg	
	Ministry of Finance Minister Stan Struthers		Letter of introduction sent; include on a visit of CAFII Chair or Board member to Manitoba. Wait until issues with Insurance Act review are resolved			

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Ontario	FSCO: Phil Howell, CEO & Superintendent	X	-Update on FSCO priorities -Maintain and strengthen relationship		Toronto	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013. B. Wycks had Get Acquainted lunch meeting with P. Howell, at his request, on July 5, 2013. Insights gained captured in Regulatory Visit Report

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<p>FSCO: Grant Swanson, Executive Director, Licensing & Market Conduct Division</p> <p>Anatol Monid, Director, Market Regulation Branch</p>					<p>On February 14, 2013, B. Wycks and Rosemary Troiani, RBC Insurance, met with G. Swanson, Isobel Scovino and Jim Fox around FSCO's plans for Modernizing Disciplinary Procedures For Life Insurance Agents and Independent Adjusters</p> <p>Adrienne Warner of A. Monid's team is "point person" for FSCO's "Life Insurance & Mortgage Broker Product Suitability Review," scope of which was narrowed to cover just term life, whole life, and universal life sales. Four CAFII reps participated in focus group discussion with A. Monid, A. Warner, and other FSCO reps on this matter on July 18, 2013</p>

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	FSCO: Company Complaint Officer Day			-individual companies	Toronto November	FSCO's Adrienne Warner advised on June 12 that FSCO's 6 th Annual Symposium for the Life and Health Insurance Sector will take place on Friday, November 22, 2013 from 8:00 a.m. to 12 Noon at Novotel in North York
Quebec	AMF: Mario Albert, CEO New CEO effective July 2, 2013: Louis Morisset		-Update on AMF priorities -Maintain and strengthen relationship		When Louis is in Toronto; or CAFII Board member in Quebec City	R. Hebert, M. Gill, R. Beckford, I. Choquette, and B. Wycks met with Mario Albert, CEO; Eric Stevenson; Julien Reid; and Louise Gauthier in Quebec City on June 7, 2013 for a very productive/informative two hour lunch liaison meeting L. Morisset to be invited by CAFII Board member L. Fiset to speak at CAFII Board meeting on October 8, 2013 or ensuing Regulator Reception

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	AMF: Superintendent, Client Services and Distribution Oversight: Eric Stevenson	X				Targeted networking with E. Stevenson and P. Dery occurred during CAFII 15 th Anniversary event on April 10, 2013
	AMF: Superintendent of Solvency, Patrick Dery					
	AMF: Rendez-vous			-individual companies	October	
New Brunswick	Superintendent (Acting) Angela Mazerolle-Stephens		<ul style="list-style-type: none"> -Update on Superintendent's priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon; -Licensing issues, electronic licensing; Insurance Act Review Status; -Maintain and strengthen relationship <ul style="list-style-type: none"> -David Weir (Deputy Superintendent); Atlantic Taskforce on ISI (Chair) 		TBD Fredericton	Targeted networking with A. Mazerolle-Stephens, Acting Superintendent of Insurance; and David Weir, Deputy Superintendent of Insurance, occurred during CAFII 15 th Anniversary Event on April 10, 2013
	Consumer Advocate For Insurance, Ronald Godin		<ul style="list-style-type: none"> -Update on Consumer Advocate's priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon -Build relationship 		When Ronald Godin is in Toronto; or CAFII Board member in Fredericton	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Nova Scotia	Superintendent Doug Murphy		-Update on Superintendent's priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon; -Atlantic Taskforce on ISI -Build relationship		TBD Halifax	Targeted networking with D. Murphy occurred during CAFII 15 th Anniversary event on April 10, 2013
PEI	Superintendent Robert Bradley		Courtesy- Low priority for 2013 (only if CAFII Board member in Charlottetown) -Update on Superintendent's priorities -Build relationship		Charlottetown	Targeted networking with R. Bradley occurred during CAFII 15 th Anniversary event on April 10, 2013
Newfoundland	Superintendent Douglas Connolly		-Update on Superintendent's priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon -Build relationship		St John's	Targeted networking with D. Connolly occurred during CAFII 15 th Anniversary event on April 10, 2013
Atlantic Canada	Joint Forum of Insurance Regulators		- Update on Superintendents' priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon -Build relationships		Moncton or Charlottetown ?	M. Gill to contact David Weir, Deputy Superintendent of Insurance, New Brunswick, re prospect of CAFII having a Joint Meeting with all four Atlantic Canada insurance regulators in Summer or Fall 2013 Such a joint visit to Atlantic Canada regulators was strongly encouraged by Phil Howell of FSCO

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
CCIR	Carol Shevlin, Policy Manager	X	-Annual lunch. Discuss priorities -Maintain and strengthen relationship		Toronto	B. Wycks had a Get Acquainted Lunch with C. Shevlin in January 2013; and is in regular contact with her
	CCIR Executive		Meet when pressing issues or opportunistic meeting occasions arise.		October 29-30, 2013 in Toronto	At CLHIA Conference in May 2013, C. Rogers, CCIR Chair, announced that CCIR will hold a Town Hall Meeting/Stakeholder Open Forum-type event in Toronto in October 2013
CISRO	Ron Fullan Chair		-Update on CISRO priorities -Maintain and strengthen relationship		-invite when in Toronto	B. Wycks has contacted R. Fullan to inquire if his travel plans and itinerary would allow for a breakfast, lunch, or coffee meeting around his trip to Toronto for CISRO LLQP Stakeholder Info Session on September 12, 2013.
Federal	Federal Finance		Educational – marketing of CGI			
	OSFI: Julie Dickson, Superintendent					
	OBSI: Doug Melville Ombudsman		Educational – marketing of CGI			

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	Financial Consumer Agency of Canada (FCAC)		Financial Literacy re insurance			<p>Ursula Menkes retiring from FCAC CEO role at end of May 2013; successor not yet named.</p> <p>M. Gill had liaison lunch with FCAC contact in late April 2013; contact advised that FCAC is “not working on insurance at this time”</p>