

CAFII Executive Operations Committee Meeting

Date: Tuesday, May 23, 2017
Location: CIBC Insurance
33 Yonge Street, 7th Floor NW,
[Norway Room], Toronto, ON

Chair: E. Fang, Chair
Time: 2:00 – 4:00 p.m.
Dial-in: 416-764-8662 or 1.888-884-4534
Participant: 4532491#
Moderator: 5829171#

Agenda

Item	Presenter	Action	Document
1. Call to Order	E. Fang		
2. Approval of Agenda and Previous Minutes			
a. EOC Minutes of April 25/17	All	Approval	✓
b. EOC Minutes of March 21/17	All	Approval	✓
c. Board Minutes of April 5/17	All	Approval	✓
d. Summary of Board and EOC Action Items	B. Wycks	Update	✓
3. CAFII Financial Management			
a. Financial Statements as at April 30/17	R. Rajaram	Approval	✓
4. Strategy & Governance			
a. CAFII Strategic Planning Session: June 20/17	K. Martin/ B. Wycks	Update	
5. Regulatory			
a. Consultations/Submissions Timetable	B. Wycks	Update	✓
i. Quebec Omnibus Bill on Financial Sector Modernization	R. Beckford/B. Wycks	Update	
ii. Saskatchewan Insurance Regulations Consultation	B. Wycks	Update	
iii. CAFII Draft Submission on FSCO Draft 2017 Statement of Priorities	B. Wycks	Update	✓
b. Regulatory Update	B. Wycks		✓
i. Report on Regulator Liaison Visits at CLHIA Conference	B. Wycks/K. Martin	Update	✓
ii. CCIR Annual Statement on Market Conduct	R. Beckford/B. Wycks	Update	
iii. CCIR Travel Health Insurance Review	S. Manson/K. Martin/ B. Wycks	Update	
iv. Alberta Authorization of CI Sales Under an RIA Certificate	B. Wycks	Update	✓
v. CAFII Letter of Concern to Saskatchewan Finance Minister	B. Wycks /K. Martin	Update	✓
c. Regulator and Policy-Maker Visit Plan	B. Wycks	Update	✓
i. CAFII Presentation to CISRO, June 2/17	B. Wycks	Update	✓
ii. CAFII Western Canada Regulators and Policy-Makers Visits Tour, Fall 2017	B. Wycks	Discussion	✓
6. Committee Updates			
a. Market Conduct	R. Beckford	Update	
b. Media Advocacy	C. Blaquiere	Update	
i. CAFII Website Modernization	K. Martin	Update	
ii. Revised CAFII Media Protocol	K. Martin	Discussion	✓
iii. Extension of Media Consultant Retainer	K. Martin	Update	
c. Licensing Efficiency Issues	M. Gill	Update	
i. CAFII Appointees to FSCO's LII Working Group	B. Wycks	Update	
d. Research & Education	D. Quigley	Update	
i. Proposed New Strategic Direction and Members for Committee	K. Martin	Update	
ii. May 18/17 LIMRA and LOMA Canada Annual Conference	K. Martin	Update	
e. Travel Medical Experts	S. Manson	Update	
7. Other Business			
a. Reconstitution of CAFII Networking and Events Committee	E. Fang	Discussion	
b. CAFII Board (and Annual) Meeting and Networking Reception June 6/17	B. Wycks	Update	
8. In Camera Session	E. Fang	Discussion	

Next Board Meeting (and Annual Meeting): Tuesday, June 6/17, 2:30-5:00 p.m. | **Next EOC Meeting:** Tuesday, June 20/17, 1:30 to 3:00 p.m.

CAFII EOC Meeting Minutes
Tuesday, April 25, 2017
Location: 33 Yonge Street, 7th Floor NW,
[Norway Room], Toronto, ON

DRAFT

EOC Present:	Jason Beauchamp	BMO Insurance <i>(by teleconference)</i>
	Rose Beckford	ScotiaLife Financial
	Rob Dobbins	Assurant Solutions <i>(for part)</i>
	Eleanore Fang	TD Insurance <i>Chair</i>
	Katherine Geisler	CIBC Insurance
	Moira Gill	TD Insurance <i>(for part)</i>
	John Lewsen	BMO Insurance
	Charles MacLean	RBC Insurance <i>(by teleconference, for part)</i>
	Sue Manson	CIBC Insurance <i>(for part)</i>
	Diane Quigley	The CUMIS Group <i>(by teleconference)</i>
	Raja Rajaram	CIBC Insurance <i>Treasurer (by teleconference, for part)</i>
	Andrea Stuska	TD Insurance
Also, Present:	Emily Cloutier	T•O Corporate Services <i>Recording Secretary</i>
	Keith Martin	CAFII <i>Co-Executive Director</i>
	Brendan Wycks	CAFII <i>Co-Executive Director</i>
Regrets:	Isabelle Choquette	Desjardins Financial Security Life Assurance
	Charles Blaquiere	Canadian Premier Life Insurance Company
	Jerome Savard	Desjardins Financial Security Life Assurance

1. Call to Order

The meeting was called to order at 2:10 p.m. E. Fang acted as Chair; E. Cloutier acted as Recording Secretary.

2. Approval of Agenda and Previous Minutes

a. Agenda

The agenda for this April 25, 2017 Executive Operations Committee meeting was approved with the following amendment: addition of item 7(b) *FSCO Invitation Re Life Insurance Industry Working Group*.

b. EOC Minutes of March 21/17

B. Wycks advised that the draft minutes of the March 21/17 EOC meeting had not yet been finalized due to late delivery of the initial draft of those minutes for review. The March 21/17 EOC minutes would therefore be added to the agenda for the May 23/17 EOC meeting, for review and approval.

c. Board Minutes of April 5/17

B. Wycks advised that the draft minutes of the April 5/17 Board of Directors meeting had not yet been finalized due to late delivery of the initial draft of those minutes for review. The April 5/17 Board minutes would therefore be added to the agenda for the May 23/17 EOC meeting, for review and approval.

d. Summary of Board and EOC Action Items

B. Wycks provided an update on the Summary of Board and EOC Action Items, briefly commenting on the following items that had been completed since the March 21/17 EOC meeting and the April 5/17 Board meeting:

- #3: Revisions were made to the CAFII letter to Saskatchewan Finance Minister, based on the Board's direction, to focus solely on the aspect that imposing a PST on all insurance premiums is ill-advised public policy. All references to a deadline extension request were removed. The revised letter was circulated to EOC members for review and feedback, and then submitted to the Minister.
- #4: Through Board Chair P. McCarthy, Board and EOC members were informed of Advocis' position on Saskatchewan's imposition of the PST on all insurance premiums, and its related communication plans. A link to Advocis' letter to Minister of Finance Kevin Doherty was provided.
- #7: The afternoon of Tuesday, June 20/17 has been identified as the best date and time for a CAFII Strategic Planning Session. The session will take place back-to-back with an abbreviated EOC meeting.
- #9: On April 5/17, the Board approved a revision to the CAFII Media Protocol document and provided further direction to K. Martin. He will now prepare an additional document outlining a proactive media strategy. That document will be tabled for review and approval with the EOC at its May 23/17 meeting, and subsequent presentation to the Board at its June 6/17 meeting.
- #14: The invitation to CAFII to make a presentation to CISRO at its June 1-2/17 meeting in Saskatoon was discussed at the April 5/17 Board meeting, with the Board approving proceeding with the presentation.
- #15: C. Blaquiere has identified a new contact at Sigma Loyalty Group, which recently acquired Aimia. That contact is being contacted regarding the company's continuation as a CAFII Associate as a successor to Aimia.
- #16: The CAFII 20th Anniversary Celebration on April 5/17 was well-attended by regulators and policy-makers. A document was prepared and circulated to Board and EOC members in advance, assigning them roles as hosts for specific regulators and policy-makers who had confirmed their attendance. As well, E. Cloutier had circulated a list of each member FI's confirmed attendees to the relevant EOC member for review.

3. CAFII Financial Management

a. CAFII Financial Statements as at March 31/17

Treasurer R. Rajaram reported on CAFII's financial statements as at March 31/17. With regard to the Balance Sheet, he reported that the Association currently has Total Assets of \$572K and a bank balance of \$418K, which will be used to fund operations for the final three-quarters of the year. Total Unrestricted Net Assets at this time are \$371K which means CAFII's Financial Reserves are currently at 49% of Annual Operating Expenses.

With respect to the Statement of Operations, expenses have been incurred at the expected pace over the first quarter; and things appear to be on track towards the budgeted deficit of \$193K for the 2017 fiscal year, Mr. Rajaram indicated.

The first semi-annual instalment of Membership Dues has been received from nine of the 11 Members thus far; and the annual Associate dues have been received from all but two Associates, Mr. Rajaram concluded.

E. Cloutier advised that, as requested by C. Knight during the April 5/17 Board meeting, TO Corporate Services Controller S. Ghebru was working on replacing the 3rd column on the Statement of Operations -- which currently details the approved Budget for the full fiscal year -- with a new column detailing the Budget YTD proportional allocation.

M. Gill requested that, in making that change, the data in the Budget YTD column be expressed as a percentage rather than as an absolute value. There was general EOC support for this request.

ACTION: Revise the Statement of Operations in CAFII's monthly Financial Statements to detail the Budget YTD as a percentage. [S. Ghebru, May 15/17]

b. CAFII Treasurer Succession

B. Wycks reported that ScotiaLife Financial had proposed a nominee for Treasurer to succeed R. Rajaram.

T. Pergola will be added to the slate for election as CAFII's new Treasurer at the June 6/17 Annual Meeting of Members. An Orientation and Get Acquainted Meeting with T. Pergola will be held on May 15/17, hosted by R. Rajaram.

B. Wycks thanked R. Rajaram for four years of outstanding service as CAFII Treasurer.

4. Strategy & Governance

a. Strategic Planning Session

K. Martin advised that he and B. Wycks will be meeting with E. Fang on May 8/17 to review a CAFII Strategic Plan Development Background document. That document will subsequently be provided to the full EOC well in advance of the June 20/17 Strategic Planning Session, which will enable EOC members to provide their views concerning overall direction, prioritization, and resourcing. The recommendations agreed to at the June 20/17 Strategic Planning Session will then be shared with Board Chair P. McCarthy for discussion and feedback, prior to presentation to the entire Board at its October 3/17 meeting.

ACTION: Follow-up with S. Manson's assistant at CIBC Insurance to inquire as to whether a larger room can be secured for the entire time of the EOC meeting and the CAFII Strategic Planning Session on June 20/17. [E. Cloutier, April 28/17]

5. Regulatory Update

a. Consultations/Submissions Timetable

i. Quebec Omnibus Bill on Financial Sector Modernization

B. Wycks advised that during the CAFII 20th Anniversary Celebration on April 5/17, E. Stevenson of the AMF shared with him the personal view that he was not optimistic that the province's Ministry of Finance will meet its recently expressed commitment to table the long-awaited Omnibus Bill to modernize the province's financial services sector by no later than June 16/17, the last date of the current session of the National Assembly.

ii. Saskatchewan Insurance Regulations Consultation

B. Wycks reported that there was no news to report on this matter since the April 5/17 Board meeting. He will continue to monitor the situation and provide updates when any new developments occur.

iii. Draft FSCO 2017 Statement of Priorities

B. Wycks reported that the deadline for submissions in response to FSCO's Draft 2017 Statement of Priorities is May 26/17; and the Market Conduct Committee has developed a Critical Path for making a submission to meet that deadline. While the Draft Statement says that FSCO will continue to focus on seven core activities and initiatives, it also calls out two areas for special focus in 2017: treating consumers fairly; and enabling innovation.

iii. BC FICOM 10-Year Review Act

B. Wycks advised that in an update phone conversation on April 20/17, E. Cole, Executive Director, Strategic Projects & Policy in the BC Ministry of Finance's Policy & Legislation Division and lead on its current 10-Year Review of the Financial Institutions Act and Credit Union Incorporation Act, had advised that the Ministry is now targeting a summer 2017 release, likely in July or August, of its Policy Paper.

Ms. Cole had indicated that regardless of whether the current government is re-elected or a new government takes office, the first priority is likely to be the development and tabling of a provincial budget; and, if everything goes according to plan, the Ministry of Finance will likely be in a position to release the Policy Paper not long after the budget.

M. Gill recalled that CAFII had made its submission in response to the BC Ministry of Finance's Initial Public Consultation Paper on the 10-Year Review of the FIA back in September 2015; and it had submitted some additional information documents to E. Cole in March 2016.

Given that CAFII's last official submission contact with the BC Ministry of Finance was over a year ago, it was suggested and agreed that CAFII should revisit its September 2015 submission and see if it should be updated in any way and a resulting mini-submission made to E. Cole.

ACTION: Review CAFII's September 2015 submission in response to BC's Initial Public Consultation Paper on its 10-Year Review of the FIA/CUIA, and recommend whether an updated submission should be made to E. Cole to reflect any changes in CAFII's views, issues, or priorities since that time. [B. Wycks, May 23/17]

b. Regulatory Update

i. April 24/17 CAFII Liaison Meeting with CCIR Policy Managers

B. Wycks updated EOC members on insights gained with respect to CCIR life and health insurance-related initiatives through a liaison lunch meeting with CCIR Policy Managers M. Boyle and S. Jacobs the previous day. The updates provided arose largely from CCIR's Spring Meeting held April 6-7/17 in Toronto, he indicated.

With respect to CCIR's Memorandum of Understanding for its Framework for Co-operative Market Conduct Supervision, the Northwest Territories is now a signatory to the MOU and Newfoundland is in the late stages of its review and approval process and should be signing on in the very near future. That will leave only the Yukon as a non-signatory among the 13 provincial/regional jurisdictions in the country; and it is currently going through some staff changes in terms of its insurance supervision roles. Jonathan Parker is the new Interim Superintendent of Insurance for the Yukon.

A penultimate draft of CCIR's new 2017-2020 Strategic Plan was approved during the Council's April 6-7/17 meeting. The target release date for the new Plan is early June.

M. Boyle and S. Jacobs offered to meet with CAFII after the new Strategic Plan's release to provide elaboration and clarification, and answer any questions. In discussion, it was agreed that that meeting should take place after June 22/17 – the date of CCIR's summer teleconference meeting – as deferring until then would allow for a wider range of updates to be provided.

CCIR will be continuing its Annual Stakeholder Meetings, but will revert to an October or November timing for them rather than the January and December timing that was used most recently.

The following CCIR Executive Committee re-appointments were made for a two-year term: Patrick Dery; Chair; Brian Mills, Vice-Chair; Robert Bradley, Vice-Chair; and Scott Moore has been added as a third Vice-Chair.

ii. CCIR Annual Statement on Market Conduct

On April 24/17, M. Boyle advised CAFII that CCIR plans to share an aggregated result report from the first year of the Annual Statement on Market Conduct with participating insurers and industry Associations.

J. Beauchamp advised that at the CAFII 20th Anniversary event on April 5/17, he learned that there would only be grammatical changes made to the Annual Statement for its Year 2. Informal consultations on those changes would be conducted during this summer of 2017.

J. Lewsen added that CCIR has also committed to a more fulsome review of the Annual Statement for its Year 3.

iii. CCIR Travel Health Insurance Review

On April 24/17, S. Jacobs advised CAFII that at its April 6-7/17 Spring meeting, CCIR approved the latest draft of the Travel Insurance Working Group's (TIWG) Travel Health Insurance Products Position Paper. The target date for its release is mid- to late May, following translation.

In addition, H. James, Chair of the TIWG, and S. Jacobs will be holding teleconference meetings with industry stakeholders in early May to discuss its communications plan for the release of the Position Paper – which includes putting out a Media Release – with a view to facilitating joint preparedness for the Paper's release.

iv. Alberta Authorization of CI Sales Under an RIA Certificate

B. Wycks advised that in an April 20/17 update teleconference with CLHIA's E. Hiemstra and S. Hobbs, who works with Ms. Hiemstra in supporting CLHIA's CGI and Alternate Distribution Committees, he and K. Martin had received an update on CLHIA's recent discussions with the Alberta Insurance Council's management team about the package of CGI-related definitions –i.e. those products which may be offered as "credit-related insurance" under a Restricted Certificate of Authority -- which the AIC proposes to publish on its consumer-facing website.

The package of definitions in question was set out on page 2 of AIC CEO J. Abram's December 22/16 letter to industry stakeholders, which communicated the Life Insurance Council's decision to approve a definition of critical illness insurance which may be offered as credit-related insurance under an RIA Certificate.

Ms. Hiemstra advised that CLHIA does not have any particular issue with the LIC-approved definition of credit-related critical illness insurance, which is fairly close to the wording which CLHIA had provided to the AIC in October 2016. However, CLHIA did discern potential problems arising from the definitions, as drafted, for credit-related life insurance, disability insurance, and job loss insurance; and it had therefore communicated its concerns to the AIC in early 2017.

In more recent discussions with AIC CEO J. Abram, CLHIA learned that the credit-related insurance definitions, other than CI, have existed and been used for internal reference purposes within the AIC for a number of years; and the Life Council wanted to integrate the new CI definition with them into a comprehensive package that could be shared publicly.

CLHIA observed, and J. Abram agreed, that what has changed at present is AIC's plan to take what were long-standing but internal reference definitions – which have been working well for Council members over the years, as they are “industry insiders” who understand the nuances of such definitions -- and now make them public on the AIC's website.

Therefore, CLHIA stressed its concern to the AIC that the long-standing internal definitions, if shared publicly, could cause misunderstanding and confusion among consumers. CLHIA recommended that the definitions be reviewed and amended before any public communication occurs; and it has facilitated that by submitting a document titled “Industry Feedback on December 2016 Creditor's Group Insurance Definitions” which sets out CLHIA's suggestions for edits/amendments; and what concerns those edits/amendments are intended to address.

Based on CLHIA's most recent discussion with Joanne Abram, Ms. Hiemstra advised that the AIC would soon be reaching out to CAFII to obtain its views on CLHIA's concerns about the AIC's credit-related insurance definitions; and with respect to the amended language that CLHIA had proposed. That discussion with Ms. Abram was likely to occur on May 4/17, as CAFII had a liaison lunch arranged with her during the CLHIA Conference in London, Ontario, Mr. Wycks observed.

Ms. Hiemstra suggested to B. Wycks and K. Martin that the interests of all CGI insurers and distributors in Alberta would be best served if there was a common view on the issue of the AIC's definitions; and she asked for CAFII's support of what CLHIA had submitted to the AIC, when Joanne Abram reaches out to CAFII for its views on the matter.

In EOC discussion of this matter, caution was expressed that before reaching a decision, CAFII should assess CLHIA's feedback on the AIC's definitions from the perspective of distributors. It was recommended that each EOC member reach out to their internal legal counsel for an opinion on CLHIA's views on the definitions which the AIC was proposing to make publicly available.

ACTION: Send the CLHIA document titled “Industry Feedback on December 2016 Creditor's Group Insurance Definitions” to all EOC members, along with background context information and a request that they consult with internal legal counsel and provide their member company's views on CLHIA's concerns about and proposals for amendments to the AIC definitions by May 3/17. [B. Wycks, April 27/17]

v. CAFII Letter of Concern to Saskatchewan Finance Minister

B. Wycks advised that on April 21/17, he and K. Martin had participated, along with CAFII Board Chair P. McCarthy, in a teleconference with CLHIA staff executives S. Frank (President-Elect of CLHIA) and Joeline Simpson. The call had resulted from Mr. McCarthy's communication to CLHIA of CAFII's disappointment that it had "given up on" group insurance; and sacrificed it in the Association's follow-up advocacy efforts with Saskatchewan Finance Minister Kevin Doherty and his officials aimed at persuading the Ministry to amend the recent budget decision to impose a 6% PST on nearly all types of insurance premiums.

In the call, Mr. Frank explained that CHLIA has found that because the Saskatchewan government is desperate for revenue, it is unwilling to make a substantive change to its imposition of the PST on insurance premiums. However, that said, the argument that CLHIA has put forward that taxing individual retail insurance premiums is akin to taxing a savings element, e.g. GIC or savings account, has resonated with Ministry officials to a limited degree, such that the Minister has agreed to meet with CLHIA representatives on May 4/17 to discuss that matter further.

Mr. Frank indicated that CLHIA decided to hone in on what they saw as the one small winnable argument on which they might be able to gain some traction with the Saskatchewan Ministry of Finance, by asking that individual retail insurance premiums be removed from the recently broadened PST base.

As the cordial teleconference discussion concluded, Mr. Frank said that CHLIA would try to find a way to factor CAFII's concerns about the imposition of the PST on group insurance premiums, including creditor's group insurance, into its discussions with Saskatchewan about the PST issue, but he was unable to make any specific promises.

c. Regulator and Policy-Maker Visit Plan

B. Wycks highlighted recent updates to the Regulator and Policy-Maker Visit Plan, noting that he and K. Martin were working on proposals for a Western Canada Regulator and Policy-Makers Visit Tour and an Atlantic Canada Regulator and Policy-Makers Visit Tour in separate weeks in the Fall of 2017. Those proposals would be brought forward for review and feedback at the May 23/17 EOC meeting, he indicated.

***ACTION: Prepare and present proposals for a Western Canada Regulator and Policy-Makers Visit Tour and an Atlantic Canada Regulator and Policy-Makers Visit Tour in the Fall of 2017
[B. Wycks/K. Martin, May 23/17]***

i. CAFII Liaison Meetings with Regulators at CLHIA Conference, May 3-5/17

B. Wycks advised that he would shortly be disseminating invitations for CAFII liaison meetings, at the upcoming CLHIA Conference in London, Ontario, with the following regulators: J. Abram, CEO of the Alberta Insurance Council; G. Matier, Executive Director of the Insurance Council of BC; and Barbara Palace Churchill, the new Executive Director of the Insurance Council of Manitoba.

***ACTION: Send out Meeting Invitations for liaison meetings with J. Abram, G. Matier, and B. Palace Churchill in London, along with an Agenda and Discussion Guide for each meeting.
[Brendan, April 28/17]***

In addition, Mr. Wycks continued, K. Martin would be seeking to have an update chat with the following regulators who will be speaking in London on May 3/17, the first day of the CLHIA Conference: B. Mills, CEO of FSCO and Vice-Chair of CCIR; H. James, Director, Policy Initiatives with BC FICOM and Chair of CCIR's Travel Insurance Working Group; Anatol Monid, Executive Director, Licensing and Market Conduct Division at FSCO; Nathalie Sirois, the AMF's Senior Director, Supervision of Insurers and Control of Right to Practice; and Julien Reid, the AMF's Senior Director, Financial Institutions Oversight and Deposit Insurance.

ii. CAFII Presentation to CISRO, June 2/17

In EOC discussion of what content should be included in CAFII's half-hour presentation to CISRO on June 2/17 during its meeting in Saskatoon, there was general support for the following content outline:

Proposed Title: CAFII: Past, Present, and Future

- Brief History of CAFII
- Who We Are/About CAFII
- Our Value Proposition: For Members; and for Regulators and Policy-Makers
- Our Current Regulatory Issues/Hot Buttons and Initiatives, including, in particular,
 - high level results of Towers Watson research study on consumer value proposition of CGI mortgage life insurance versus individual life insurance;
 - work of Travel Medical Experts Working Group;
- Website modernization, with a consumer education and making insurance simple and accessible focus;
- Strategic Plan development initiative;
- Open offer to collaborate with CISRO on harmonization initiatives and other issues of multi-jurisdictional interest
- Q&A/Dialogue

ACTION: Prepare an initial draft of content for June 2/17 presentation to CISRO [Working group of K. Martin, B. Wycks, D. Quigley, and S. Manson, May 23/17]

6. Committee Updates

a. Market Conduct

R. Beckford advised that there was nothing further from her committee to report at this time.

b. Media Advocacy

In C. Blaquiere's absence, K. Martin provided an update on the CAFII website modernization initiative, noting that the current plan and timelines featured a June 5/17 target date for a "soft launch" of the new website.

In EOC discussion, it was unanimously agreed that it would be best to wait until the website content is available in both official languages before launching the new website to the general public. Therefore, the soft launch will be internal-only, with French translation only initiated after there is support for the content of the new website in English. The public launch is slated for the Fall of 2017.

ii. Board Direction on CAFII Media Engagement and Media Response Protocol

K. Martin noted that at the April 5/17 CAFII Board meeting, the Board was in favour of a tightened-up CAFII Media Protocol process and a reduced number of people involved in the approval process in the future. Therefore, he will be bringing a revised, proactive Media Protocol forward at the May 23/17 EOC meeting, for review and feedback, prior to taking it forward to the June 6/17 Board meeting.

c. Licensing Efficiency Issues

On behalf of M. Gill, K. Martin reported that the Licensing Efficiency Issues Committee had had a productive meeting earlier that afternoon, and determined its priorities for the year ahead.

7. Other Business

a. Debrief on April 5/17 CAFII 20th Anniversary Celebration

B. Wycks advised that the level of regulator and policy-maker attendance at the CAFII 20th Anniversary Celebration was on a par with their attendance at the Association's 15th Anniversary event in April 2013. Feedback on the event received from regulators and from Member and Associate representatives has been very positive.

However, the fact that it was difficult for attendees to hear the remarks offered by CAFII Board Chair P. McCarthy and by founding Board member O. Zimmerman – given that Ripley's Aquarium does not allow sound amplification of any kind; and the Dangerous Lagoon area does experience "white noise" in the background from the Shark Tank – was a deficiency and a disappointment with respect to the venue, which the Association will have to take precautions to avoid in future venue selections.

b. FSCO Invitation Re: Life Insurance Industry Working Group

B. Wycks advised that on April 21/17, he received an email invitation from Heather Driver, Director of the Licensing Branch in FSCO's Licensing and Market Conduct Division, for CAFII to appoint up to two individuals to sit on its newly established Life Insurance Industry Working Group (LII Working Group). The LII Working Group, which will be chaired by Heather Driver, will include participants from FSCO, the Ministry of Finance, and the following life insurance industry Associations: Advocis; Independent Financial Brokers (IFB); Canadian Association of independent Life Brokerage Agencies (CAILBA); Canadian Life and Health Insurance Association (CLHIA); and Canadian Association of Financial Institutions in Insurance (CAFII).

The purpose of the LII Working Group is to provide a forum to discuss operational policy issues and regulatory matters pertaining to the life insurance industry.

Discussions at this forum are intended to be open and candid so no minutes will be taken at the meetings. Although discussions are not intended to be confidential there may be occasions upon which members are privy to confidential materials and may be asked to sign non-disclosure agreements. A two-hour inaugural meeting of the LII Working Group will be held during the last week of May 2017. A Terms of Reference will be shared at that meeting.

In EOC discussion of this matter, it was agreed that CAFII should accept FSCO's invitation to participate in the LII Working Group; and that K. Martin should be one of the Association's two appointees along with one member of the Licensing Efficiency Issues Committee.

ACTION: Communicate back to H. Driver, FSCO, that CAFII accepts the invitation to have two representatives participate on the Life Insurance Industry Working Group. [B. Wycks, April 28/17]

ACTION: Consult with M. Gill, LEIC Chair, on who should be CAFII's second appointee to FSCO's Life Insurance Industry Working Group [B. Wycks, K. Martin, May 12/17]

8. Termination

The open section of this EOC meeting terminated at 4:10 p.m., and was followed by an in-camera session of EOC members not including Co-Executive Directors B. Wycks and K. Martin; and E. Cloutier of T.O Corp.

9. In-Camera Session

The members of the EOC met *in-camera* from 4:13 p.m. until approximately 4:40 p.m.

Date

Chair

Recording Secretary

CAFII EOC Meeting Minutes
Tuesday, March 21, 2017
Location: RBC Insurance RBC Centre
155 Wellington Street West, 11th Floor, Asia Room
Toronto, Ontario

DRAFT

EOC Present:	Jason Beauchamp	BMO Insurance
	Rose Beckford	ScotiaLife Financial (<i>by teleconference</i>)
	Charles Blaquiere	Canadian Premier Life Insurance Company
	Rob Dobbins	Assurant Solutions (<i>by teleconference</i>)
	Eleanore Fang	TD Insurance <i>Chair</i>
	Katherine Geisler	CIBC Insurance
	Moira Gill	TD Insurance (<i>for part, by teleconference</i>)
	John Lewsen	BMO Insurance
	Charles MacLean	RBC Insurance
	Diane Quigley	The CUMIS Group (<i>by teleconference</i>)
	Raja Rajaram	CIBC Insurance <i>Treasurer (for part, by teleconference)</i>
	Andrea Stuska	TD Insurance
Also, Present:	Emily Cloutier	T•O Corporate Services <i>Recording Secretary</i>
	Keith Martin	CAFII <i>Co-Executive Director (by teleconference)</i>
	Brendan Wycks	CAFII <i>Co-Executive Director</i>
Regrets:	Isabelle Choquette	Desjardins Financial Security Life Assurance
	Sue Manson	CIBC Insurance
	Jerome Savard	Desjardins Financial Security Life Assurance

1. Call to Order

The meeting was called to order at 2:05 p.m. E. Fang acted as Chair; E. Cloutier acted as Recording Secretary.

E. Fang welcomed all in attendance and offered a special welcome to Rob Dobbins who was participating in his first EOC meeting as a representative from Assurant Solutions.

2. Approval of Agenda and Previous Minutes

a. Agenda

The agenda for this March 21, 2017 meeting of the Executive Operations Committee was approved as circulated.

b. EOC Minutes of February 21/17

The Executive Operations Committee meeting minutes of February 21, 2017 were approved as presented.

c. Summary of Board and EOC Action Items

B. Wycks provided an update on the Summary of Board and EOC Action Items, briefly commenting on the following item which had been completed since the February 2017 EOC meeting:

- #9: CAFII Refresher & Update Report on Expected Quebec Financial Sector Modernization Omnibus Bill: a refresher memo on this matter had been recently circulated.

3. CAFII Financial Management

a. CAFII Financial Statements as at Feb 28/17

Reporting on CAFII's financial statements as at February 28/17, Treasurer R. Rajaram noted that on the Balance Sheet, Unrestricted Net Assets stood at \$383,284 and the current level of financial reserves was 51% of Annual Operating Expenses.

With respect to the Statement of Operations, Net Income after two months of the fiscal year was \$2,526, reflecting the budgeted additional costs of a Co-Executive Director and website improvements.

All Member and Associate dues invoices were issued in early February and payments have now started to come in, Mr. Rajaram advised.

C. Blaquiere noted that one of the CAFII Associates, Aimia, had recently been acquired by Sigma Loyalty Group. So it would be important to follow-up with them to ensure they will continue their Associate status despite the acquisition. C. Blaquiere further informed the EOC that Tim Rainville, VP, Business Development, was no longer with Aimia/Sigma Loyalty, and that he would investigate to source an alternate contact with whom CAFII could follow-up.

ACTION: Identify an alternate contact at Aimia, now called Sigma Loyalty Group, so that E. Cloutier/B. Wycks can inquire as to whether that company will continue to hold their CAFII Associate status [C. Blaquiere, April 18/17]

b. Draft Audited Financial Statements

Treasurer R. Rajaram advised that the draft audited 2016 financial statements would be presented to the Board of Directors at its next meeting, for review and approval to be brought forward to the Annual Meeting of Members in June.

In comparing the Association's financial results for fiscal year 2016 to those of the prior year, the numbers had not materially changed; however, there was a slight drop on the liabilities side which is a positive sign indicating that the Association has only a modest amount of outstanding receivables, Mr. Rajaram indicated.

B. Wycks added that CAFII had received a clean, unqualified audit opinion from auditors KPMG; and an audit closing call had been scheduled with them for March 29.

The Draft 2016 Audited Financial Statements were approved by the EOC to be presented at the April 5/17 CAFII Board meeting on April 5/17.

4. Strategy & Governance

a. 2017 Co-Executive Balanced Scorecard

B. Wycks advised that with the addition of Co-Executive Director K. Martin, it was essential to update the CAFII Balanced Scorecard to accommodate dual Executive Directors. The format would remain the same as that used over the past two years, but with the responsibilities and accountabilities of K. Martin now factored in.

K. Martin reported that one of his accountabilities would be to support the initiatives which Mr. Wycks has been leading; but also to focus on the following proposed new initiatives:

- increase the profile of CAFII by working with liaising with key influencers, thought leaders, and decision-makers;
- develop a CAFII Strategic Plan, i.e. new areas to invest in and new activities to drive additional value for CAFII Members and Associates; and
- develop the readiness and capability to respond to media on CGI and other CAFII-relevant issues.

K. Martin noted that many of these initiatives are connected to the CAFII Strategic Planning session, which will assist in identifying new priorities for both himself and Mr. Wycks.

b. Proposed Strategic Planning Session

B. Wycks provided a high-level timeline for the development of a CAFII Strategic Plan.

In EOC discussion of the proposed timeline, B. Wycks and K. Martin were advised to structure the Strategic Planning Session as a dedicated one hour to 1.5 hour meeting, which could occur immediately before or immediately after a scheduled EOC meeting.

ACTION: Coordinate a meeting poll for a one hour to 1.5 hour Strategic Planning Session to be held before/after the EOC meeting on either May 23/17 or June 20/17. [E. Cloutier, April 7/17]

ACTION: Prepare a Strategic Plan Development Background document, for vetting with the EOC Chair and subsequent presentation to the full EOC. [K. Martin, May 8/17]

c. CAFII Preparedness For Responding To Negative Media Columns/Articles

K. Martin highlighted the recent situation in which Board Chair P. McCarthy had asked whether CAFII might be prepared to respond to a recent Rob Carrick column in the Globe and Mail which was very ill-informed and negative about CGI sold by financial institutions.

Based on conversations with EOC and Board members, Mr. Martin continued, there is no consensus on how we should approach such columns/articles that depict CAFII products and services negatively. There appear to be two possible approaches:

1. Ignore them and let them flame out on their own. These columns/articles are infrequent and by responding, we may only create more of an issue by fanning the flames and thereby keeping the issue “alive”. In addition, there are some materials for response but they have not been approved.
2. A more streamlined and expedited Media Protocol needs to be developed and approved, so that as the Co-Executive Director focused on media matters, K. Martin is empowered with a level of pre-approved authority to prepare responses to such columns/articles, while expedited review and approval authority is vested in one or two Officers only, so that responses can be made quickly to the media entity involved.

A. Stuska suggested that the recent R. Carrick column also emphasized the need for CAFII to regularly refresh its data and research. And, as an alternative to responding directly to a negative column/article, consideration should be given to publishing an article of our own, on the CAFII website, that clearly details our perspective and backs it up with facts, she recommended.

R. Beckford added that because CAFII members are all part of larger financial institutions, it is essential that CAFII be aware of what, if anything, a parent FI may be communicating to the media or the public on a given issue. On a case by case basis, the Association can then decide whether to respond or not.

In concluding EOC discussion on this matter, it was suggested and agreed that K. Martin should update and revise CAFII's existing Media Protocol towards a more streamlined and expedited process for media response preparedness; and bring the revised version forward to the April 5/17 CAFII Board meeting for initial feedback.

ACTION: Update and revise CAFII's existing Media Protocol; and bring the revised version forward to the April 5/17 CAFII Board meeting for initial feedback. [K. Martin, April 5/17]

5. Regulatory

a. Consultations/Submissions Timetable

B. Wycks advised that in a conversation following CAFII's stakeholder with the CCIR Travel Insurance Working Group on February 22/17, Louise Gauthier, the AMF's Senior Director, Distribution Policies and Compensation, advised him that in a cocktails event hosted by the AMF the previous week, Quebec Finance Minister Carlos Leitao had committed to a new deadline for tabling the long-awaited Omnibus Bill intended to modernize the province's financial services sector: before the end of the current sitting of the Quebec National Assembly, which means a deadline of on or before Friday, June 16, 2017.

b. Regulatory Update

i. Canadian Bankers Association Updates On Three CAFII-Relevant Matters

B. Wycks advised that Sandy Stephens, Assistant General Counsel, and Charles Docherty, Senior Legal Counsel, with the Canadian Bankers Association had recently confirmed to him that in the upcoming federal Bank Act review, the CBA does not intend to pursue changes to the long-standing prohibition against banks retailing non-Authorized Insurance Products from their branches. The CBA therefore included only a boilerplate paragraph about this issue as a placeholder in its November 15/16 Review of the Federal Financial Sector Framework submission to the Department of Finance Canada.

In a separate but related CBA update, Ms. Stephens advised that under forceful, full court press pressure from the Senate, consumer interest groups, and Opposition MPs, particularly those from Quebec, the Liberal Government decided in mid-December to remove Division 5 (the Consumer Protection Framework) from Bill C-29, Budget Implementation Act, in order to get the Bill passed.

The pressure point was around the federal financial consumer protection framework's infringing upon provincial responsibility for consumer protection; and, to some degree, its assertion of federal paramountcy over the regulation of banks.

The Government currently intends, after an FCAC exercise of benchmarking against provincial financial consumer protection frameworks, to re-introduce a federal financial consumer protection framework as a stand-alone Bill. If and when the Government starts working on that new Bill or when it is introduced as draft legislation, the CBA intends to intervene with Finance Canada at that time and work with it to resolve the two material, unintended consequence concerns for bank insurance products arising from the original Division 5, which were identified by CAFII member CIBC Insurance and then shared with the CBA for appropriate remedial action with Finance Canada.

And on February 28/17, the CBA announced the appointment of Neil Parmenter as president and CEO, effective May 1/17. Parmenter will succeed Terry Campbell, who announced his retirement in September 2016 and has been in the role for six years. Parmenter is currently Senior Vice-President, Corporate and Public Affairs (Global) and Chief Communications Officer at TD Bank. He leads TD's corporate communications for Canada and the United States as well as the its Canadian government relations practice, and counsels the CEO, CFO, senior executive team and Board on government relations, communications, and public affairs issues.

K. Martin suggested that CAFII try to arrange a get acquainted lunch with Mr. Parmenter before he assumes his new CEO role at the CBA on May 1/17. E. Fang agreed to look into arranging such a liaison lunch through CAFII Board member C. Knight, who is well-acquainted with Mr. Parmenter as a colleague at TD Bank.

c. **Regulator and Policy-Maker Visit Plan**

B. Wycks recalled that at the February 2017 EOC meeting, M. Gill suggested that he speak to R. Fullan, Chair of CISRO, about the possibility of CAFII sponsoring a dinner around one of CISRO's two semi-annual meetings, largely as a liaison and get acquainted opportunity for new Co-Executive Director K. Martin.

Mr. Wycks advised that he spoke to Mr. Fullan about that prospect immediately following CAFII's stakeholder meeting with the CCIR Travel Insurance Working Group on February 21/17. Mr. Fullan's response was that like CCIR, CISRO routinely declines such requests because its policy is that its members will not meet as an entire group, in conjunction with a CISRO meeting, with a stakeholder in a social event or dinner sponsored by that stakeholder – because accepting such a request could be perceived as favouritism towards that particular stakeholder and would likely open up a "pandora's box" of such requests.

However, as an alternative, Mr. Fullan, as Chair of CISRO, extended an invitation to CAFII to make a half-hour presentation to CISRO as part of the agenda for CISRO's meeting in Saskatoon on June 1-2/17.

B. Wycks therefore recommended that:

- CAFII accept R. Fullan's invitation to make a half-hour presentation to CISRO at its June 1-2/17 meeting in Saskatoon;
- CAFII request a separate liaison lunch meeting with R. Fullan immediately following the CISRO meeting on Friday, June 2, which could serve as both a CAFII-relevant debrief on the entire CISRO meeting and an opportunity to resurrect CAFII's Concept Proposal for a Restricted Insurance Agents Advisory Committee to the Executive Director of the Insurance Councils of Saskatchewan, which had been put on the back-burner since October 2013 due to Mr. Fullan's need to dedicate all of his time and energy to leading the LLQP modernization initiative, which is now complete; and
- consideration be given to using CAFII's Seven Point Guide To The Creditors Group Insurance Regulatory Regime, recently updated by the Research and Education Committee, as the topic for the presentation to CISRO.

In EOC discussion of this matter, the following feedback was provided:

- the EOC supports acceptance of R. Fullan's invitation; and a recommendation to that effect should be brought forward to the Board for approval at its April 5/17 meeting;
- M. Gill concurred that the timing is right to resurrect CAFII's proposal for representation for Restricted Licence Holders and a liaison meeting with R. Fullan in Saskatoon presents an ideal opportunity to attempt to have it put back on the rails; and
- the target audience for the Seven Point Guide To The Creditors Group Insurance Regulatory Regime deck is the Atlantic Canada regulators alone; so it likely would not be appropriate to use it as a presentation for CISRO members from across the country. We will need to come up with a topic that is more general and high level, and appropriate for the entire CISRO group.

ACTION: Bring forward a recommendation to the Board at its April 5/17 meeting, for discussion and approval, that CAFII accept R. Fullan's invitation to make a presentation to CISRO during its June 1-2/17 meeting [Brendan, March 28/17].

6. Committee Updates

a. Market Conduct Committee

R. Beckford updated the EOC on the current status of CCIR Annual Statement. Insurers are receiving communications from CCIR about their obligation to complete the Statement in year one; and CCIR has posted related FAQs on its website.

b. Media Advocacy Committee

i. CAFII Website Modernization

C. Blaquiere, Chair of the Media Advocacy Committee, advised that his committee is currently working closely with media consultant David Moorcroft and search engine optimization (SEO) consultant RankHigher on content and design changes to our CAFII website to make it more appealing for consumers and media and to increase traffic to it, thereby making it a more strategically advantageous tool for the Association and its members.

As such, the Committee is also looking forward to playing an active, input-providing role in the development of a new CAFII Strategic Plan, particularly with respect to proposed initiatives related to media engagement and related research and thought leadership. As well, there will be an in-person committee update meeting in early April.

Mr. Blaquiere distributed a one-page handout which illustrated the proposed secondary navigation for the Association's proposed new consumer education-focused website; and invited EOC members to review the navigation diagram and provide him with any feedback they may have.

c. Licensing Efficiency Issues Committee

M. Gill, LEIC Chair, reported that she has been working closely with Co-Executive Director K. Martin, who will be supporting the LEIC, by facilitating orientation and learning opportunities for him related to insurance licensing issues. An in-person LEIC meeting has been scheduled for April 25/17, she advised, the purpose of which will be to develop a work plan and resume an active agenda.

d. Research and Education Committee

No updates at this time.

e. Travel Medical Experts Working Group

On behalf of S. Manson, Chair of the Travel Medical Experts Working Group, B. Wycks reported that the Group's recent work has included:

- participation in CAFII's February 22/17 stakeholder meeting with the CCIR Travel Insurance Working Group related to its Draft Recommendations for inclusion in its Travel Health Insurance Products Position Paper; and the related March 10/17 CAFII submission to the TIWG on those Recommendations; and
- completion of the output of the committee's extensive and detailed work on "policy layout" for travel health insurance policies.

7. Other Business

a. CAFII 20th Anniversary Celebration on April 5/17

B. Wycks provided an update on expected regulator and policy-maker attendees attendance at CAFII's 20th Anniversary Celebration on April 5/17, as confirmed by CCIR Policy Manager S. Jacobs. With respect to those VIP guests, Mr. Wycks also advised that he would be putting together a CAFII Assigned Hosts document.

ACTION: Prepare and circulate to the EOC and Board a CAFII Assigned Hosts document for the 20th Anniversary Celebration [B. Wycks, April 4/17]

E. Cloutier reported that all event logistics and special requests for food and beverage had been addressed. 20th Anniversary silver pens will be distributed to the attendees as a gift. In addition, two 20th Anniversary pop-up banners have been received and the design is very impactful. Expected attendance at the event was now more than 90 persons.

ACTION: Circulate list of attendees to each EOC member to ensure there are sufficient attendees from their respective member companies. [E. Cloutier, March 24/17]

b. CAFII Trademark Renewal

B. Wycks reported that he had received a recent communication from B. Soucy of Blaney McMurtry, the Association's trademark law firm, which indicated that the firm had received a further office action with respect to our application to register the CAFII logo as a trademark in Canada. Regrettably, the Examiner has maintained her objection on the basis that the trademark is clearly descriptive of the underlying services.

Mr. Soucy advised that he found the arguments made by the Examiner to be "incongruent." She is asserting that the average Canadian would naturally understand CAFII to mean the Canadian Association of Financial Institutions in Insurance. The major shortcoming in her analysis is that the Trademarks Office has already approved the registration of the acronym CAFII, which suggests that it is sufficiently distinctive on its own. For them to take a different position in terms of the related logo, of which CAFII is obviously the predominant element, is puzzling. It also ignores the fact that CAFII successfully registered its prior logo which included the same combination of acronym and words.

B. Wycks advised he has agreed to Blaney McMurtry's request that it be instructed to file additional arguments to challenge the Examiner's assertions. The cost to prepare such arguments will be nominal.

8. Termination

The meeting was terminated at 4:16 p.m. EST.

Date

Chair

Recording Secretary

CAFII Board Meeting Minutes
Wednesday, April 5, 2017
Location: TD Insurance, 320 Front Street,
2nd Floor, Cape Breton Room,
Toronto, ON M5V 3B6

Board Present:	Nicole Benson Joane Bourdeau Bob Grant Chris Knight Todd Lawrence Chris Lobbezoo Peter McCarthy Robert Zanussi	Canadian Premier Life Insurance Co. National Bank Insurance Co. ScotiaLife Financial TD Insurance CIBC Insurance RBC Insurance BMO Insurance Assurant Solutions <i>(by teleconference)</i>
Regrets:	Nick Bilodeau Linda Fiset Kelly Tryon	AMEX Bank of Canada Desjardins Financial Security The CUMIS Group
EOC Present:	Jason Beauchamp Rose Beckford Charles Blaquiére Eleanore Fang Katherine Geisler Moirá Gill John Lewsen Charles MacLean Sue Manson Diane Quigley Andrea Stuska Raja Rajaram	BMO Insurance ScotiaLife Financial Canadian Premier Life Insurance Co. TD Insurance CIBC Insurance TD Insurance <i>(for part)</i> BMO Insurance RBC Insurance CIBC Insurance The CUMIS Group TD Insurance CIBC Insurance <i>Treasurer (for part)</i>
Also Present:	Keith Martin Brendan Wycks Emily Cloutier	CAFII <i>Co-Executive Director</i> CAFII <i>Co-Executive Director</i> T•O Corporate Services <i>Recording Secretary</i>

1. Call to Order, Welcome, and Confirmation of Meeting

The meeting was called to order at 2:37 p.m. P. McCarthy acted as Chair; E. Fang acted as Secretary; and E. Cloutier acted as Recording Secretary.

P. McCarthy extended a particular welcome to Keith Martin, Co-Executive Director, who had joined CAFII on January 23/17 as Co-Executive Director and was attending his first CAFII Board meeting.

Secretary E. Fang confirmed that notice of the meeting was sent to all Directors in accordance with the Association's By-Law and there was a quorum of Directors present, with seven Directors present in-person and one Director participating by teleconference.

P. McCarthy 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.

1.2. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Meeting Agenda be and is approved with the following amendment: addition of a new item *4.6 CAFII Letter of Concern to Saskatchewan Minister of Finance.*

2. Consent Items

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The following 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:

- Draft Board Meeting Minutes, November 29, 2016
- Summary of Board & EOC Action Items
- 2017 Co-Executive Directors Balanced Scorecard
- Regulatory Update
- Regulator and Policy-Maker Visit Plan
- Committee Reports Addressing CAFII Priorities

IT WAS FURTHER RESOLVED that the Minutes of the Board meeting held November 29, 2016 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. Financial Matters

3.1. Financial Statements as at February 28, 2017

Treasurer R. Rajaram reported on the Association's financial statements as at February 28, 2017. With respect to the Balance Sheet, he noted that the Membership Dues invoices had been issued in mid-February and that total unrestricted net assets currently stood at \$383,284. Reserves of that amount constituted 51% of annual operating expenses.

T. Lawrence asked how the increase in CAFII Management Fees due to the addition of a Co-Executive Director would affect the total reserves and if CAFII would be in a budget deficit position at the end of 2017. B. Wycks confirmed that the 2017 CAFII Operating Budget called for a budget deficit of approximately \$193,000, which would draw down the Association's reserves to approximately 25% of annual operating expenses.

With respect to the Statement of Operations, Mr. Rajaram advised that the Association's net income was just under \$2, 500 with two months of the year completed as at February 28, 2017.

C. Knight inquired as to whether it would be possible to change Column 3 in the monthly Statement of Operations to contain Budget YTD data rather than the full annual budget for each line item. It was agreed upon that the Budget YTD allocation would be more helpful data to provide in the Statement of Operations.

ACTION: Revise column 3 in the monthly CAFII Statement of Operations to contain Budget YTD data rather than the full annual budget. [S. Ghebru/R. Rajaram, May 15/17]

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII financial statements as at February 28, 2017 be and are approved in the form presented.

3.2. Quarterly Financial Reporting – March 2017

Treasurer R. Rajaram recalled that the Quarterly Financial Report was a mechanism developed by in early 2016, with its purpose being to track the Association's financial results against the approved budget; and to project those results to the end of the fiscal year, with more precision, on a quarterly basis.

Mr. Rajaram noted that with current month deficits expected to be incurred in each of the nine months in the remaining three quarters of the year, the projection for the full 2017 fiscal year was a deficit of \$193,268.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Quarterly Financial Reporting as at March 2017 be and is approved in the form presented.

3.3 Draft 2016 Audited Financial Statements

Treasurer R. Rajaram presented the Association's 2016 Draft Audited Financial Statements, with particular focus on the Statement of Operations and Changes in Unrestricted Net Assets; the Statement of Financial Position; and the Independent Auditors' Report. He noted that the auditors KPMG had rendered a clean, unqualified audit opinion and none of the numbers provided in the draft 2016 year-end statements prepared by the Association's Controller had changed as a result of the audit.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The 2016 Draft CAFII Audited Financial Statements be and are hereby approved in the form presented, and will be presented to the membership for approval at the Annual Meeting on June 6, 2017.

3.4. CAFII Treasurer Succession

P. McCarthy advised the Board that R. Rajaram had expressed a desire to step down as Treasurer of the Association; and therefore the time had come to identify and secure a successor. It would be essential to have the new Treasurer identified prior to June 6, 2017 so that that individual could be appointed as an Officer of the Association at the first meeting of the new 2017-18 Board on that day.

Mr. McCarthy thanked R. Rajaram for four years of diligent and dedicated service as CAFII Treasurer.

At Mr. McCarthy's request, Mr. Rajaram elaborated on the CAFII Treasurer Position Profile included in the meeting materials, and on the level of workload and time commitment involved in serving as Treasurer.

Mr. McCarthy further advised that it would be advisable to ensure that the Association's Treasurer, Board Chair, and EOC Chair are all from different member companies -- to ensure transparency and to limit the possibility of undue influence being exerted by any one member company.

ACTION: Consider the opportunity to nominate a suitably qualified representative from your member company for the key CAFII Officer position of Treasurer [all member companies other than BMO Insurance and TD Insurance, May 30/17].

4. Regulatory

4.1 Consultations/Submissions Timetable

i. BC FICOM 10-year Review of FIA

B. Wycks advised that CAFII is still waiting for the BC Ministry of Finance to release its Policy Paper related to the 10-Year Review of the Financial Institutions Act. He will be reaching out to Elizabeth Cole of the Ministry for an update.

ii. Quebec Omnibus Bill on Financial Sector Modernization

B. Wycks advised that the latest commitment expressed by the Ministry of Finance is that it will table the long-awaited Omnibus Bill to modernize the province's financial services sector by the last date of the current sitting of the National Assembly which is June 16/17.

iii. CCIR Annual Statement on Market Conduct

B. Wycks advised that following a CAFII member-exclusive, high level webinar on the Annual Statement on Market Conduct which was CCIR presented on March 1/17, CCIR has now scheduled an instructional webinar for all industry players on April 11/17 which will focus on "how to complete the Statement" and other operational aspects.

iv. CCIR Travel Health Insurance Review

S. Manson, Chair of the CAFII Travel Medical Experts Working Group, reported that a CAFII delegation met with the CCIR Travel Insurance Working Group on February 22/17 to review the draft recommendations proposed for inclusion in the TIWG's upcoming Travel Health Insurance (THI) Products Position Paper.

Thereafter, CAFII submitted written feedback on the draft recommendations on March 10/17. The essence of CAFII's feedback was that

- greater specificity should be added to the recommendations wherever possible, to avoid vagueness, especially in terms of "measures of success";
- clarity, not standardization, should be the linchpin for improving consumers' understanding of THI and their ability to make an informed purchase decision; and

- greater balance should be infused into the Position Paper by emphasizing, where appropriate, consumers' responsibilities with respect to THI, in addition to their rights; and acknowledging – as appropriate throughout the Paper; and not just via a single passing reference – where the industry has already achieved high standards or made substantial progress in addressing the particular THI concerns which the CCIR has articulated.

B. Wycks added that CCIR has confirmed that it plans to seek some media attention and publicity by putting out a Media Release announcing the publication of its Travel Health Insurance Products Position Paper.

v. Saskatchewan Insurance Act/ Regulations Consultation

R. Beckford, Chair of the Market Conduct Committee, advised that in mid-February, CAFII was informed by Jan Seibel, Legal Counsel with the Financial Consumer Affairs Authority (FCAA) of Saskatchewan and lead on its Insurance Act and Regulations Re-write file, that the FCAA “had heard and appreciated the concerns expressed by CAFII and other industry stakeholders” that the planned April 2017 implementation date for the new Insurance Act and its related Regulations was not realistic or achievable; and that the FCAA had therefore recently decided that the implementation/proclamation into force date would be pushed back by one year to Spring 2018.

This favourable news was an indication that it is important for CAFII to push back on certain issues with regulators and policy-makers; and to take the opportunity to communicate our concerns and recommendations, and ensure that our voice is heard, Ms. Beckford indicated.

4.2 Alberta Authorization of CI Sales Under an RIA Certificate

B. Wycks advised that subsequent to the previous CAFII Board meeting on November 29/16, the Alberta Insurance Council (AIC) approved a definition of critical illness insurance that can be sold as a type of credit-related insurance under a Restricted Certificate of Authority. That definition was in harmony with the closely aligned definitions of critical illness creditor insurance proposed by CAFII and CLHIA.

However, AIC CEO Joanne Abram's letter of December 22/16 to CAFII and CLHIA, which communicated the approved definition of creditor critical illness insurance, also indicated that that definition would be packaged together with existing AIC internally-used definitions of creditor life insurance, creditor disability insurance, and creditor loss of employment insurance; and the full suite of definitions would be published on the AIC's website for public information.

At that point, CLHIA identified some concerns about the wording of the AIC's three internally-used definitions, asserting that it could cause misperceptions and confusion among the public. The AIC has therefore committed to have its Life Insurance Council re-examine those definitions in its next meeting on April 12/17; and to communicate back to CAFII and CLHIA thereafter.

4.3 Consumer Protection Framework in Federal Budget Implementation Act, 2016 (Bill C-29)

B. Wycks reported that Sandy Stephens, Assistant General Counsel, Canadian Bankers Association (CBA), had recently advised him that under forceful, full court press pressure from the Senate, consumer interest groups, and Opposition MPs, particularly those from Quebec, the federal Government decided in mid-December to remove Division 5 (the Consumer Protection Framework) from Bill C-29, Budget Implementation Act, in order to get the Bill passed.

The pressure point was around the federal financial consumer protection framework's infringing upon provincial responsibility for consumer protection; and, to some degree, its assertion of federal paramountcy over the regulation of banks.

The Government currently intends, after a Financial Consumer Agency of Canada (FCAC) exercise of benchmarking against provincial financial consumer protection frameworks, to re-introduce a federal financial consumer protection framework as a stand-alone Bill. If and when the Government starts working on that new Bill or when it is introduced as draft legislation, the CBA intends to intervene with Finance Canada at that time and work with it to resolve the two material, unintended consequence concerns for bank insurance products arising from the original Division 5, which were identified by CAFII member CIBC Insurance and then shared with the CBA for appropriate remedial action with Finance Canada.

4.4 CBA Positioning Re Federal Bank Act Review and Insurance Retailing Prohibitions

B. Wycks advised that Sandy Stephens, Assistant General Counsel, and Charles Docherty, Senior Legal Counsel, with the CBA had recently confirmed to him that in the upcoming federal Bank Act review, the CBA does not intend to pursue changes to the long-standing prohibition against banks retailing non-Authorized Insurance Products from their branches. The CBA therefore included only a boilerplate paragraph about this issue as a placeholder in its November 15/16 Review of the Federal Financial Sector Framework submission to the Department of Finance Canada.

4.5 Opportunity to Present at June 1-2/17 CISRO Meeting in Saskatoon

B. Wycks advised the Board that at the February 2017 EOC meeting, M. Gill had suggested that he speak to R. Fullan, Chair of CISRO, about the possibility of CAFII sponsoring a dinner around one of CISRO's two semi-annual meetings, largely as a liaison and get acquainted opportunity for new Co-Executive Director K. Martin.

Mr. Wycks then did speak to Mr. Fullan about that prospect at CAFII's stakeholder meeting with the CCIR Travel Insurance Working Group on February 21/17. Mr. Fullan's response was that just as CCIR does, CISRO declines such requests because its policy is that its members will not meet as an entire group, in conjunction with a CISRO meeting, with a stakeholder in a social event or dinner sponsored by that stakeholder – because accepting such a request could be perceived as favouritism towards that particular stakeholder.

However, as an alternative, Mr. Fullan, as Chair of CISRO, extended an invitation to CAFII to make a half-hour presentation to CISRO as part of the agenda for CISRO's meeting in Saskatoon on June 1-2/17.

At its March 21/17 meeting, the EOC supported acceptance of R. Fullan's invitation; and that a recommendation to that effect be brought forward to the Board for approval at this April 5/17 meeting.

B. Wycks also advised that if CAFII accepted the CISRO presentation invitation, the presentation could be arranged for the morning of Friday, June 2, during the final portion of CISRO's 1.5 day meeting. That way, CAFII would also be able to secure a separate liaison lunch meeting with R. Fullan immediately following the CISRO meeting, which could serve as both a CAFII-relevant debrief on the entire CISRO meeting and an opportunity to resurrect CAFII's Concept Proposal for a Restricted Insurance Agents Advisory Committee to the Executive Director of the Insurance Councils of Saskatchewan, which had been put on the back-burner since October 2013 due to Mr. Fullan's need to dedicate all of his time and energy to leading the LLQP modernization initiative, which was now complete.

In Board discussion of this matter, there was consensus that

- CAFII should accept the invitation to make a presentation to CISRO at its June 1-2/17 meeting in Saskatoon;
- the EOC was empowered to identify an appropriate topic and develop the content for the CAFII presentation to CISRO; and
- CAFII's delegation for the presentation, and a possible post-CISRO liaison meeting with R. Fullan, should include Co-Executive Directors B. Wycks and K. Martin, along with Board and/or EOC representatives.

Board Chair P. McCarthy advised that he would check to see if his schedule would allow him to be part of the CAFII delegation for the presentation to CISRO during its June 1-2 meeting in Saskatoon.

4.6 CAFII Letter of Concern to Saskatchewan Finance Minister

The Board reviewed a draft CAFII letter of concern to Saskatchewan Finance Minister K. Doherty with respect to his government's recent decision to impose a 6% provincial sales tax (PST) on most types of insurance premiums – including creditor's group insurance and travel insurance – effective July 1, 2017. The draft CAFII letter had been prepared by Co-Executive Directors K. Martin and B. Wycks, in consultation with EOC and Market Conduct Committee members.

P. McCarthy noted that the draft CAFII letter was clear and well-written. Essentially, he noted, the draft letter asked for two things: (i) please reverse your budget decision and don't do this because it is bad public policy; and (ii) if you still insist on imposing the PST on insurance premiums, give us more lead time to implement it to allow for necessary technology systems and process changes.

In contrast, Mr. McCarthy continued, CLHIA's already-sent letter of concern to the Finance Minister took quite a different approach. It essentially 'sacrificed' group insurance premiums by encouraging Saskatchewan to exempt individual retail life insurance premiums from the PST, asserting that "modifying the proposals to only apply retail sales tax on group life, disability, and health insurance (both insured and uninsured arrangements), while refraining from taxing individual life, disability and health insurance, would still leave Saskatchewan with over 80% of the targeted revenue from this measure."

Following thorough Board discussion of the draft CAFII letter, there was unanimous agreement that the Association's letter should be revised to focus solely on the aspect that imposing a PST on insurance premiums is ill-advised public policy; and to remove any reference to a deadline extension request.

ACTION: Revise CAFII letter to Saskatchewan Finance Minister to focus solely on aspect that imposing a PST on insurance premiums is ill-advised public policy; and remove any reference to a deadline extension request; circulate revised letter to EOC members for review and feedback; and submit letter to the Minister [B. Wycks, K. Martin, E. Fang, April 7/17]

ACTION: Find out from Advocis what position it will be taking on Saskatchewan's imposition of the PST on insurance premiums and its related communication plans; and share with Board and EOC members. [P. McCarthy, April 7/17]

5. Governance & Strategy

5.1 Strategic Plan Development Plan Proposal

K. Martin advised that in consultation with Co-Executive Director B. Wycks and EOC Chair E. Fang, he was developing a Strategic Plan Development Backgrounder document, which would serve as the discussion guide for a strategic planning session with EOC members which was being arranged to occur in conjunction with either the upcoming May or June EOC meeting.

The objective of the CAFII strategic development initiative was to review Who are we?; Where we are?; Where do we want to go?; and How Do We Get There, in terms of priorities, initiatives, and resources. The EOC had agreed that working through a strategic planning process was an important exercise, especially given the recent addition of a Co-Executive Director as a staff resource, Mr. Martin indicated

Mr. Martin added that he and B. Wycks would be meeting with EOC Chair E. Fang on May 8 to review the CAFII Strategic Plan Development Backgrounder; and that document would then be provided to the full EOC well in advance of its May or June Strategic Planning Session, which will enable EOC members to provide their views concerning overall direction, prioritization, and resourcing. The recommendations agreed to at the Strategic Planning Session would be shared with Board Chair P. McCarthy for discussion and feedback, prior to being presented to the entire Board at its October 3/17 meeting, he concluded.

5.2 CAFII Media Engagement; and Related Media Protocol

K. Martin highlighted the recent situation in which he had been asked whether CAFII might be prepared to respond to a recent Rob Carrick column in the Globe and Mail which was very ill-informed and negative about creditor's group insurance sold by financial institutions.

Based on conversations with EOC and Board members, Mr. Martin continued, there did not appear to be consensus on how CAFII should approach such columns/articles that depict CAFII products and services negatively. There were two possible approaches, as follows, he indicated:

1. Ignore them and let them flame out on their own. These columns/articles are infrequent and by responding, we may only create more of an issue by fanning the flames and thereby keeping the issue "alive". In addition, there are some materials for response but they have not been approved.
2. A more streamlined and expedited Media Protocol needs to be developed and approved, so that as the Co-Executive Director focused on media matters, K. Martin is empowered with a level of pre-approved authority to prepare responses to such columns/articles, while expedited review and approval authority is vested in one or two Officers only, so that responses can be made quickly to the media entity involved.

In extensive Board discussion of this matter, there was general agreement that

- CAFII should begin to reach out to the media for relationship-building purposes and to start a long-term educational process around CAFII members' products and their valuable role in the marketplace, rather than continuing to sit back and always being in a reactionary, defensive position;
- an expedited Media Protocol should be prepared which empowers CAFII Co-Executive Director K. Martin to respond promptly to negative print media columns/articles with pre-approved CAFII Letter to the Editor-type content, without the need for unanimous member consent or full Board approval;

- stock Letters to the Editor should be developed, drawing upon CAFII's Key Messages content, for the Board's review and approval, which will then put Co-Executive Director K. Martin in a position of readiness to respond to negative print media columns/articles; and
- a media relations expert should be available to CAFII, as a sounding board consultant and a resource in dealing with media response situations as they arise.

ACTION: Revise CAFII Media Protocol, based on Board direction with respect to responding to media, and present the updated document for Board review and approval at its June 6/17 meeting [K. Martin, May 30/17]

ACTION: Revise and renew CAFII's media consultant retainer relationship with D. Moorcroft – to extend it beyond June 30/17 – and build his involvement as a sounding board into the updated Media Protocol so that the number of review/approval steps can be minimized and CAFII Co-Executive Director K. Martin can be empowered to respond to media on behalf of the Association expeditiously [K. Martin, May 30/17]

6. Other Business

6.1 Upcoming CAFII Event Reminders

i. Order of Proceedings and Board/EOC Assignments for CAFII 20th Anniversary Celebration

B. Wycks provided an update on the Order of Proceedings and Board/EOC member Hosting Assignments for the CAFII 20th Anniversary Celebration taking place that evening. He noted that all regulators and policy-makers in attendance would be readily visible by the blue-ribbon at the bottom of their name badges.

ii. June 6/17 and October 3/17 CAFII Board Meetings

B. Wycks advised that the next Board meeting, along with the Annual Meeting of Members, would be held on Tuesday June 6, 2017 at The Albany Club, President's Room, 91 King St. East, in Toronto; and a CAFII Social Reception would immediately follow at the same venue in the Sir John A. MacDonald Room.

The subsequent Board meeting on Tuesday, October 3, 2017 would be hosted by National Bank Insurance in Montreal, to allow for CAFII's annual liaison luncheon and Industry Issues Dialogue session with the staff executives of the AMF.

7. Termination

There being no further business to discuss, the meeting was terminated at 4:30 p.m.

8. In-Camera Session

The Board met in-camera from 4:30 to 5:00 p.m. The Board meeting did not resume thereafter, due to the CAFII 20th Anniversary Celebration taking place at the nearby Ripley's Aquarium.

Date

Chair

Recording Secretary

Summary of CAFII Board and EOC Action Items					
Source		Action Item	Responsible	Deadline	Status 18-May-2017
		BC Ministry of Finance & FICOM Regulatory Issues			
1	EOC April 25, 2017	• Review CAFII's September 2015 submission in response to BC's Initial Public Consultation Paper on its 10-Year Review of the FIA/CUIA, and recommend whether an updated submission should be made to E. Cole to reflect any changes in CAFII's views, issues, or priorities since that time.	Brendan	23-May-17	In progress
2	EOC Feb 16, 2016	• Investigate opportunities to engage with BC Ministry of Finance to provide information and find out more about what will be included in the Policy Paper to be released in late 2016C38:C150.	Brendan	Ongoing	In progress
		Alberta Critical Illness Insurance Issue			
3	EOC April 25, 2017	• Send the CLHIA document titled "Industry Feedback on December 2016 Creditor's Group Insurance Definitions" to all EOC members, along with background context information and a request that they consult with internal legal counsel and provide their member company's views on CLHIA's concerns about and proposals for amendments to the AIC definitions by May 3/17.	Brendan	27-Apr-17	Complete
4	EOC February 21, 2017	• Contact J. McCutcheon to ask her to review the definition of Creditors' Critical Illness Insurance approved by the Alberta LIC to ensure there are no issues with it from an industry-wide perspective.	Brendan	28-Feb-17	Deferred
		Ontario Ministry of Finance & FSCO/FSRA Regulatory Issues			
5	EOC April 25, 2017	• Communicate back to H. Driver, FSCO, that CAFII accepts the invitation to have two representatives participate on the Life Insurance Industry Working Group.	Brendan	28-Apr-17	Complete
6		• Consult with M. Gill, LEIC Chair, on who should be CAFII's second appointee to FSCO's Life Insurance Industry Working Group	Brendan, Keith	12-May-17	Complete
7	EOC January 17, 2017	• Follow-up with S. Roberts, FSRA Implementation Secretariat, with a request that CAFII be given an opportunity to provide input for the Secretariat's development of draft Regulations.	Brendan	3-Feb-17	Complete
		Canadian Insurance Services Regulatory Organizations (CISRO)			
8	EOC April 25, 2017	• Prepare an initial draft of content for June 2/17 presentation to CISRO	Working group of Keith, Brendan, Diane, Sue	23-May-17	In progress
		Finance Canada Regulatory Issues			
9	Board Nov 29, 2016	• Monitor Canadian Bankers Association's plans and actions for seeking redress with Finance Canada re deficiencies in Bill C29, Budget Implementation Act's Consumer Framework related to creditor insurance and standalone insurance products.	Brendan	Ongoing	In progress
		Regulator and Policy-Maker Meetings			
10	EOC April 25, 2017	• Send out Meeting Invitations for liaison meetings with J. Abram, G. Matier, and B. Palace Churchill in London, along with an Agenda and Discussion Guide for each meeting.	Brendan	28-Apr-17	Complete
11		• Prepare and present proposals for a Western Canada Regulator and Policy-Makers Visit Tour and an Atlantic Canada Regulator and Policy-Makers Visit Tour in the Fall of 2017	Brendan	23-May-17	In progress
		Strategy and Governance			
12	EOC April 25, 2017	• Follow-up with S. Manson's assistant at CIBC Insurance to inquire as to whether a larger room can be secured for the entire time of the EOC meeting and the CAFII Strategic Planning Session on June 20/17.	Emily	28-Apr-17	Complete
13	EOC March 21, 2017 and Board April 5, 2017	• Prepare a proposed CAFII Strategy Plan Development Background document to be reviewed with the EOC Chair, and subsequently provided to the full EOC well in advance of the confirmed date for the Strategic Planning Session.	Keith	15-May-17	In progress
		Media and Communications			
14	Board April 5, 2017	• Revise CAFII Media Protocol, based on Board direction with respect to responding to media, and present the updated document for Board review and approval at its June 6/17 meeting.	Keith	30-May-17	Complete
15		• Revise and renew CAFII's media consultant retainer relationship with D. Moorcroft--to extend beyond June 30/17--and build his involvement as a sounding board into the updated Media Protocol so that the number of review/approval steps can be minimized and CAFII Co-ED K. Martin can be empowered to respond to media on behalf of the Association expeditiously.	Keith	30-May-17	In progress
		Association Budgeting and Financial Management			
16	EOC April 25, 2017	• Revise the Statement of Operations in CAFII's monthly Financial Statements to detail the Budget YTD as a percentage.	Senait, Raja	15-May-17	Complete
17	Board April 5, 2017	• Revise column 3 on the monthly Statement of Operations to contain Budget Year-to-Date data on an ongoing basis, rather than the full Annual Budget	Senait, Raja	15-May-17	Complete

CAFI

21 St Clair Ave East, Suite 802
Toronto, ON M4T 1L9

Balance Sheet As at April 30, 2017

	Current 2017
ASSETS	
Current Assets	
Bank Balance	\$364,907
Investments ^A	\$54,077
Accounts Receivable	\$77,116
Interest Receivable	\$180
Prepaid Expenses	\$437
Computer/Office Equipment	\$8,014
Accumulated Depreciation -Comp/Equip	(\$2,440)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	\$502,290
TOTAL ASSETS	\$502,290
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$17,047
Deferred Revenue	\$131,875
Total Current liabilities	\$148,922
TOTAL LIABILITIES	\$148,922
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$380,758
Excess of revenue over expenses	(\$27,390)
Total Unrestricted Net Assets	\$353,367
Total Unrestricted Net Assets	\$353,367
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$502,290

Financial Reserves Targets as per 2016 Budget:

Minimum 3 months (25%) of Annual Operating Expenses=	\$ 188,161
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 376,322

Current Level of Financial Reserves (total unrestricted net assets):	\$353,367
Current Level of Financials Reserve (%) :	47%

C A F I I
21 St Clair Ave east, Suite 802
Toronto, ON, M4T 1L9
Balance Sheet Items
As at April 30, 2017

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-13	June-16-16	\$54,077.01	0.40%	\$216.31	June-16-17
Total		\$54,077.01		\$216.31	

Item B

Accounts Payable

	Total
	<hr/>
	97.09
	13,560.00
	3,390.00
Total outstanding:	<hr/>
	17,047.09
	<hr/>

CAFII

21 St Clair Ave East, Suite 802
Toronto, ON M4T 1L9

Statement of Operations As at April 30, 2017

	Current Month	Current YTD	Budget 2017	% Used
Revenue				
Membership Fees	46,594	186,375	559,125	33%
Interest Revenue	36	71	250	28%
TOTAL REVENUE	46,630	186,446	559,375	33%
Expenses				
Management Fees	38,744	146,201	500,115	29%
CAFII Legal Fees/Corporate Governan	-	110	7,000	2%
Audit Fees	-	-	14,560	0%
Insurance	437	1,746	5,500	32%
Website (incl translation)	-	10,810	33,700	32%
Telephone/Fax/Internet	99	832	5,000	17%
Postage/Courier	28	103	375	27%
Office Expenses	86	1,181	3,300	-36%
Bank Charges	-	-	40	0%
Miscellaneous Expenses	-	-	-	-
Amortization Expense	-	-	-	-
Depreciation Computer/Office Equipm	134	534	468	114%
Board/EOC/AGM				
Annual Members Lunch	0	10,247	13,200	78%
Board Hosting (External)	0	0	15,000	0%
Board/EOC/Meeting Expenses	494.42	4,230	11,000	38%
Industry Events	0	36	2,000	2%
EOC Annual Lunch	0	0	2,200	0%
Sub Total Board/EOC/AGM	494	14,513	43,400	33%
Provincial Regulatory Visits	-	-	8,000	0%
Research/Studies	-	-	50,000	0%
Regulatory Model(s)	-	-	20,000	0%
Federal Financial Reform	-	-	2,000	0%
Media Outreach	3,390	13,560	20,000	68%
Marketing Collateral	-	-	7,000	0%
Tactical Communications Strategy	-	-	-	-
Networking Events				
Speaker fees & travel	0	0	4,000	0%
Gifts	55.0	113.3	500	23%
Sub Total Networking & Events	55	113	4,500	3%
20th Anniversary Event	21,256	26,495	27,685	96%
TOTAL EXPENSE	64,722	213,837	752,643	28%
NET INCOME	- 18,092	- 27,390	- 193,268	14%

Explanatory Notes:

- 1 - Amortization of office equipment based on 4 year straight line depreciation
- 2 - Management fees includes TO Corp and Executive Director
- 3- Website includes hosting cafii.com, Vimeo(videos) subscription and website improvements

CAFII

21 St Clair Ave East, Suite 802
Toronto, ON M4V 2Y7

Membership Fees As At April 30, 2017

	<u>Jan-17</u>		<u>Jul-17</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 29,375.00	31-Mar-17	\$ 29,375.00	
CIBC Insurance	\$ 29,375.00	17-Mar-17	\$ 29,375.00	
RBC Insurance	\$ 29,375.00	16-Mar-17	\$ 29,375.00	
ScotiaLife Financial	\$ 29,375.00	10-Mar-17	\$ 29,375.00	
TD Insurance	\$ 29,375.00	3-Mar-17	\$ 29,375.00	
National Bank Insurance Company	\$ 29,375.00		\$ 29,375.00	
Desjardins Financial Security Life Assurance Company	\$ 20,562.50		\$ 20,562.50	
AMEX Bank of Canada	\$ 14,687.50	17-Mar-17	\$ 14,687.50	
Assurant Solutions	\$ 14,687.50	28-Feb-17	\$ 14,687.50	
Canadian Premier Life Insurance Company	\$ 14,687.50	10-Mar-17	\$ 14,687.50	
Cumis Group Ltd/Co-operators Life Insurance Co.	\$ 14,687.50	10-Mar-17	\$ 14,687.50	
Willis Towers Watson	\$ 4,800.00	17-Mar-17		
Aimia	\$ 4,800.00			
Collins Barrow Toronto Actuarial Services	\$ 4,800.00	17-Mar-17		
CSI Brokers Inc.	\$ 4,800.00			
KPMG LLP	\$ 4,800.00	17-Mar-17		
Laurentian Bank of Canada	\$ 4,800.00			
Munich Reinsuranace Company Canada Branch (Life)	\$ 4,800.00	31-Mar-17		
Optima Communications	\$ 4,800.00	13-Apr-17		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	10-Mar-17		
The Canada Life Assurance Company	\$ 4,800.00	17-Mar-17		
January Invoices	\$303,563		\$255,563	
July Invoices	\$255,563			
Total Membership Fees	\$559,125			
Total amount to realocate monthly Jan-Dec	\$46,593.75			

CAFII Consultations/Submissions Timetable 2017-18

Regulatory Issue	Deliverable	Deadline	Accountable
BC FICOM 10-Year Review of FIA (consultation paper released June 2, 2015)	<ul style="list-style-type: none"> CAFII Response to Initial Consultation Paper Meetings with Ministry of Finance officials Public Report on input received on Initial Consultation Paper Policy Paper on proposals for change CAFII Response to Policy Paper <i>Meeting with Ministry of Finance officials, if necessary</i> Amendments to Act and drafting of Regulations 	<ul style="list-style-type: none"> Sep 15, 2015 Nov 10, 2015 Issued March 23, 2016 <u>Expected Q3 2017</u> <u>Q3 or Q4 2017</u> <i>Q3 or Q4 2017</i> Q4 2017 or Q1 2018 	<ul style="list-style-type: none"> Joint Market Conduct/Licensing Committee; ED to monitor
QC Ministry of Finance Review of Distribution Act	<ul style="list-style-type: none"> CAFII Response to June 12/15 Consultation Report Dialogue with Ministry re meeting re online distribution CAFII secures specialized legal counsel, in preparation for draft Bill Draft omnibus Bill to be tabled, for industry consultation CAFII Response to draft legislation <i>Meeting with Ministry of Finance officials, if necessary</i> 	<ul style="list-style-type: none"> Sep 30, 2015 Completed March 2016 Nov 2016 Q2 2017 Q3 or Q4 2017 <i>Q3 or Q4 2017</i> 	<ul style="list-style-type: none"> Joint Mkt Conduct/Licensing Committee; ED to monitor
CCIR Annual Statement on Market Conduct	<ul style="list-style-type: none"> CAFII Response to Draft 3 CCIR releases implementation-ready final version of Statement CCIR presents webinar on Annual Statement for CAFII members Access to AMF-developed system for data submissions provided Insurers submit “best attempts” data based on 2016 fiscal year <u>CCIR to consult industry on grammatical changes only for Year 2</u> <u>CCIR to share aggregated results report from Year 1 with industry</u> <u>CCIR to do detailed review for Year 3 version of Annual Statement</u> 	<ul style="list-style-type: none"> August 26, 2016 Dec 2016 March 1, 2017 March 28, 2017 May 1, 2017 <u>Q3 2017</u> <u>Q3 or Q4 2017</u> <u>Q3 or Q4 2018</u> 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
CCIR Review of Travel Health Insurance	<ul style="list-style-type: none"> CAFII Response to Issues Paper Meeting with CCIR TIWG re draft Recommendations in Position Paper CAFII Submission on draft Recommendations in Position Paper <u>Meeting with CCIR TIWG re Communications Plan for Position Paper</u> CCIR releases Position Paper CAFII Response to Position Paper <i>Meeting with CCIR TIWG Re Position Paper, if necessary</i> 	<ul style="list-style-type: none"> Sep 30, 2016 Feb 22, 2017 March 10, 2017 <u>May 10, 2017</u> Expected May 2017 Q3 2017 <i>Q2 or Q3 2017</i> 	<ul style="list-style-type: none"> EOC; ED to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA releases Draft Regulations for industry consultation CAFII Responses to Draft Regulations & TPA Sub-consultation CAFII Response to FCAA-proposed definition of TPA <i>Meeting with FCAA officials re CAFII submissions, if necessary</i> New Saskatchewan Insurance Act and Regulations come into force 	<ul style="list-style-type: none"> Oct 7, 2016 Dec 2 and 9, 2016 March 13, 2017 <i>Q2 or Q3 2017</i> Spring 2018 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
“Modernizing the New Brunswick Insurance Licensing Framework”	<ul style="list-style-type: none"> CAFII Response to Position Paper on aspects related to life agents FCNB delivers final recommendations to Minister 	<ul style="list-style-type: none"> Jan 22, 2016 ? 	<ul style="list-style-type: none"> Licensing Committee; ED to monitor

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

May 26, 2017

Mr. Brian Mills
Chief Executive Officer and Superintendent of Financial Services
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
Toronto, ON M2N 6L9

Subject: FSCO's Draft 2017 Statement of Priorities

Dear Mr. Mills:

I am writing on behalf of the Canadian Association of Financial Institutions in Insurance (CAFII) with respect to the FSCO's Draft 2017 Statement of Priorities. We note that this year's Draft Statement of Priorities indicates that while FSCO will continue its efforts on core activities and initiatives in seven priority areas in 2017-18, the Commission has decided to focus the Statement on two over-arching themes: Treating Consumers Fairly; and Enabling Innovation. We have therefore restricted our feedback comments to those two themes.

Treating Consumers Fairly

CAFII agrees that treating consumers fairly means putting their interests first and taking the time to understand their needs and putting in the effort to ensure that they understand the risks of the product(s) being considered, along with their rights and responsibilities as consumers.

In that connection, we believe that in its communications, FSCO should emphasize, where appropriate, consumers' responsibilities with respect to financial and insurance products, in addition to their rights. In our view, the Financial Consumer Agency of Canada has found the right balance in its recent pronouncements, which place equal emphasis on consumers' rights and responsibilities: <https://www.canada.ca/en/financial-consumer-agency/services/financial-toolkit/insurance/insurance-3/10.html>

Enabling Innovation

CAFII agrees that the marketplace drives the creation of new and innovative products, services, and delivery models; and that while emerging financial technology (fintech) provides new opportunities, it also brings new challenges for everyone involved. We share regulators' objective of ensuring that consumers are well-protected while they have the ability to purchase products through their channel of choice. In the insurance industry context, it is important to note that part of the overall objective of fair treatment of consumers is to ensure that the insurer can provide support and meet their expectations throughout the user experience.

We also concur with the International Association of Insurance Supervisors' (IAIS) observations, as noted in the media release announcing its recent *FinTech Developments in the Insurance Industry* report, that fintech may increase the insurance industry's focus on improving the customer experience; and that it has "the potential to change the way the insurance sector serves policyholders."

Insurance has traditionally been an industry marked by low consumer touch and slow adoption of new technologies. But today's insurance consumers, shaped by their experiences with other industries, expect on-demand, high touch, and rapidly innovating services. Major shifts in consumer demographics, behaviours, and expectations are underway and will have important implications for the insurance landscape.

This shift has been led by millennials, individuals born roughly between 1980 and 2000. This generation will constitute half of the global workforce by the end of the current decade. In Canada in 2015, they equalled Baby Boomers in terms of the largest share of the overall population (27% each) and already comprised the largest share of the employed population—at 37% versus 31% for Gen Xers and 30% for Boomers (source: Statistics Canada).

Millennials, whose exposure to digital technology and innovative platforms from an early age have made them the first generation of “digital natives,” are beginning to move into their peak earning and spending years and have become an influential segment of the population. Their high expectations for technology-based services, convenience, transparency, speed, regular engagement, and a personalized experience that reflects their needs are defining how products and services are delivered. Their preferences and expectations are a particular challenge for the insurance industry.

Hence, CAFII believes that the future of the life and health insurance industry will be marked by continued innovation and an increase in consumer demand for electronic commerce and other alternate forms of distribution. Consumers continue to demand greater access to sales through digital channels; and we believe these channels will play an increasingly important role in meeting the needs of Canadian consumers.

With life insurance ownership in Canada at a 30-year low, we believe that regulatory structures should foster a harmonized, flexible, and open marketplace where consumers are able to choose how and where to purchase coverage. Regulation should embrace the role of all insurance channels in meeting the insurance needs of consumers. In that connection, it is important that regulatory frameworks help to foster and support the ongoing growth and development of technology-enabled, alternate distribution channels.

Technology and consumer habits are evolving rapidly, and more and more clients expect insurance offerings to cater to their specific needs. Even though *insurtech* (digital innovation in the insurance industry) is currently at an embryonic stage as compared to its more advanced *fintech* sibling, new innovative business models within the insurance industry continue to emerge, such as micro-insurance and pay-as-you-go insurance.

The unique value proposition of *insurtech* innovation lies in the shift from complexity and long-termism to real-time, easy-to-use, configurable, customized and cost-friendly products and services, all offered with the utmost consumer convenience through digital devices.¹ The biggest winners from *insurtech* innovation will be the end customers, who will benefit from better user experience, more personalized insurance solutions, and possibly improved pricing through lower premiums.²

CAFII therefore strongly encourages FSCO to play a leadership role in this area, through the CCIR, by pursuing a specific strategic priority to create an updated, nationally co-ordinated structure which fosters innovation and supports consumer choice in a digital world. One possible leadership initiative in this area would be the development of a national “regulatory sandbox.”

A number of financial services regulators – including the Financial Conduct Authority (FCA) in the UK; its counterparts in Australia and Singapore; and the Ontario Securities Commission (OSC LaunchPad) here at home – have recently established regulatory sandboxes, as projects designed to help companies test innovation with a limited number of users, without having to comply with existing regulatory rules, for a limited period of time.

¹ *Opportunities await: How Insurtech is reshaping insurance. Pwc Global Fintech Survey, June 2016.*

² *Insurtech: Disruptions and opportunities in the Insurance Industry, Pinebridge Investments, October 2016.*

With respect to its regulatory sandbox, the FCA has said

- technology has the potential to improve not only how products and services are designed, but also how they are distributed;
- it wants more firms to embrace innovation and it wants to work with innovators to build in consumer protection from the outset; and
- the sandbox has been designed to reduce the time and potential costs of getting innovative ideas to market; and it will accelerate the testing and introduction of genuinely novel products and distribution enhancements that will benefit consumers.

FSCO leadership in this area, through the CCIR, should also include reviewing and updating regulatory requirements which were designed for traditional paper-based and personal interaction sales practices, to ensure that they do not create obstacles for meeting consumers' needs in the digital space. The regulatory framework should focus on the quality of consumer outcomes regardless of the mode of interaction or the delivery channel. We advocate a principles-based regulatory framework that is flexible to the changing landscape and can be more easily harmonized across jurisdictions.

We believe that a FSCO leadership initiative in this area would enable the Commission to demonstrate significant progress and a major "win" in one of its other priority areas for the current year, namely "Be an agile and adaptable organization."

On a related point, we also encourage FSCO to move Ontario forward on the legislative and/or regulatory changes necessary to permit electronic beneficiary designations and electronic termination of insurance contracts, where both the insurer and the individual insured agree to those options.

Conclusion

With respect to any regulatory changes which FSCO might be contemplating, CAFII requests that lead time of 12 to 18 months be provided to facilitate our members' implementation of the changes. Legislative and/or regulatory changes inevitably give rise to major information systems projects within member companies and it takes time to ensure that necessary systems changes are made, forms revised, staff trained, and consumers notified of how the changes affect them.

CAFII appreciates the opportunity to comment on FSCO's Draft 2017 Statement of Priorities and we look forward to continued communication and input on policy matters. We applaud the Commission for the open and transparent approach it takes in communicating with the industry, and for its steadfast commitment to stakeholder consultation on key policy and regulatory matters.

Should you require further information from CAFII or wish to meet with representatives of our Association at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,

Eleanore Fang,
Board Secretary and Chair, Executive Operations Committee
Canadian Association of Financial Institutions in Insurance

ABOUT CAFII

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. CAFII was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. CAFII members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. CAFII works with government and regulators (primarily provincial) to develop a legislative and regulatory framework for the insurance sector that helps ensure Canadian consumers get the insurance products that suit their needs. Our aim is to ensure appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. CAFII's full members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; Scotiabank Financial; and TD Insurance – along with major industry players American Express, Assurant Solutions, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd.

CAFII members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for CAFII as its members' common ground.

Regulatory Update – CAFII Executive Operations Committee, May 19, 2017

Prepared By Brendan Wycks, CAFII Co-Executive Director

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Federal/National

Financial Consumer Agency of Canada (FCAC)

Commissioner Calls For New Consumer Protection Advisory Committee Volunteers

On May 1/17, Lucie Tedesco, Commissioner of the Financial Consumer Agency of Canada (FCAC), issued a call for volunteer applicants for a new Consumer Protection Advisory Committee (CPAC) which will play a key role by supporting the Commissioner in carrying out the Agency's financial consumer protection mandate.

Committee members will help protect consumers by informing FCAC's supervision work, research initiatives, and the development of consumer education material. In addition, members will share their perspectives on marketplace trends and emerging issues, concerns regarding the delivery of financial services, and how changes in the financial services sector are impacting Canadians.

The CPAC will have up to 12 members, who will be selected by Ms. Tedesco. The FCAC is seeking candidates from the public, non-profit and private sectors. The Commissioner will consider the roles, experience and knowledge of applicants in selecting members of the Committee. The Commissioner also reserves the right to select a member who, in her view, has expertise or represents interests that may help advance the Committee's work. Membership selection will be open and transparent, representative of Canada's diversity, and merit-based.

Applicants and the organizations they represent should be able to demonstrate the importance they accord to financial consumer protection issues and the identification and evaluation of trends and emerging issues. Members should be senior representatives of organizations and/or experts in their field related to the financial industry, active in the financial sector and have significant influence within their sector. Members are required to actively participate in the Committee's activities.

The Committee will meet at least twice per year and may, at the discretion of the Chair, hold additional meetings. In-person participation is preferred; however, conference call facilities will be made available if required. Membership on the Committee is for renewable, two-year terms. The Commissioner will determine whether members are renewed.

Interested individuals may apply online until 11:59 p.m. on June 30, 2017.

Canadian Council of Insurance Regulators (CCIR)

Northwest Territories Signs Onto MOU Re Co-operative Framework

In an April 24/17 meeting, CCIR Policy Managers M. Boyle and S. Jacobs advised CAFII that the Northwest Territories had recently signed the Council's Memorandum of Understanding related to its Framework for Co-operative Market Conduct Supervision.

As well, Newfoundland is in the late stages of its review and approval process and should be signing the MOU in the very near future. That will leave only the Yukon as a non-signatory among the 13 provincial/regional jurisdictions in the country; and it is currently going through some staff changes in terms of its insurance supervision roles. Jonathan Parker is the new Superintendent of Insurance for the Yukon.

CCIR Approves New 2017-2020 Strategic Plan; Targets Early June Release

CCIR approved a penultimate draft of its new 2017-2020 Strategic Plan during its April 6-7/17 Spring meeting. The target release date for the new Plan is early June.

M. Boyle and S. Jacobs offered to meet with CAFII after the new Strategic Plan's release to provide elaboration and clarification, and answer any questions. It was agreed that that meeting should take place after June 22/17 – the date of CCIR's Summer teleconference meeting – as deferring until then would allow for a wider range of updates to be provided.

CCIR To Resume October/November Timing For Annual Stakeholder Meetings

On April 24/17, CCIR Policy Managers M. Boyle and S. Jacobs advised CAFII that the Council will be continuing its Annual Stakeholder Meetings, but will revert to an October or November timing for them rather than the January and December timing that was used most recently.

CCIR Re-Appoints Executive Committee Members; Adds Third Vice-Chair

At its April 6-7/17 Spring meeting, CCIR made the following Executive Committee re-appointments for a two-year term: Patrick Dery; Chair; Brian Mills, Vice-Chair; and Robert Bradley, Vice-Chair; and Scott Moore was added as a third Vice-Chair.

CCIR To Share Aggregated Annual Statement On Market Conduct Results With Industry

On April 24/17, M. Boyle advised CAFII that CCIR plans to share an aggregated results report from the first year of the Annual Statement on Market Conduct with participating insurers and industry Associations, likely in the third or fourth quarter of 2017.

CAFII has also learned that there will only be grammatical changes made to the Annual Statement for its Year 2. Informal consultations on those changes would be conducted during the summer of 2017. Thereafter, CCIR has committed to a more fulsome review of the Annual Statement for its Year 3.

Travel Health Insurance Association (THiA)

THiA Progressing On Travel Insurance Bill Of Rights and Responsibilities

Will McAleer, President of the Travel Health Insurance Association (THiA), reported in its Winter 2017 quarterly newsletter that the Association's in-development Travel Insurance Bill of Rights and Responsibilities (BofRs) had been reviewed and refined by the Executive Committee and would be showcased to the membership, along with a comprehensive communications plan, at the THiA Annual Conference, which was held April 30 to May 3/17 in Las Vegas.

"Our intention is to outline ways that you and your organizations can participate in the promotion of this exciting new initiative, such that we can show both regulators and the public our support for the programs we offer to Canadian travelers," McAleer said in his President's Message.

(At this time, no further news about the BofRs has been published on the THiA website, in either the public or members-only sections.)

Earlier, at THiA's AGM on September 27/16, the then-current draft of the BofRs was unveiled as follows:

Know Your Health, Know Your Policy, Know Your Trip, Know Your Rights

You Have The Right To

1. *A No Obligation Purchase: your travel insurance provider will allow you a '10-day free look.'*

2. *Be Informed: you will receive your policy documentation and confirmation of coverage outlining the policy terms and conditions, whether you purchased in-person, over the phone, or online.*
3. *Request Clarification: you may ask questions about the travel insurance you have purchased.*
4. *Review and Modify Medical Screening: you will receive a copy of the answers you provided on the medical questionnaire prior to the start of your policy.*
5. *Receive World-wide Assistance and Toll-free Support: you will have 24/7 access to the help you need, when you need it, from your travel insurance provider.*
6. *Fair and Prompt Claims Handling: you will have a timely and transparent communication process.*
7. *Escalate and Appeal: you may challenge decisions and request additional reviews with new information.*
8. *Confidentiality: your personal information will be protected in all dealings with your travel insurance provider.*
9. *Know Your Insurer: your policy will clearly identify the underwriter of your travel insurance and the process to file and resolve complaints.*
10. *Your Preferred Language: you may transact and correspond about all components of your travel insurance in English or French.*

You Have The Responsibility To

1. *Provide Accurate Information: you must complete the travel insurance application accurately.*
2. *Understand Your Purchase: you should read and understand your policy wording.*
3. *Travel With Proof of Insurance: you should have your policy number and emergency assistance contact information easily accessible.*
4. *Notify Your Travel Insurance Provider: you must provide prompt and timely communication when a claim situation arises and provide all requested documentation related to your claim, including all receipts.*

In addition to the BofRs itself, THiA is developing a 'Seal of Approval' icon which will be made available to members to use on their corporate websites, policy documentation, and promotional materials. THiA has indicated that to be able to use the 'Seal of Approval,' member companies will need to make sure that their policies and practices are in line with the BofRs; and in the near-term that process will be entirely self-managed.

British Columbia

Judge Dismisses Application To Certify Class Action Against Banks

In a judgment handed down on March 28/17, the Honourable Mr. Justice J. Macintosh dismissed an application by Ms. Harpreet Kaur Sekhon to have a class action certified against Royal Bank of Canada, Toronto Dominion Bank, Canadian Imperial Bank of Commerce, Bank of Montreal, and Bank of Nova Scotia related to their credit card balance protection insurance (BPI).

The class definition proposed by Ms. Sekhon and her lawyers evolved over the course of a six-day hearing and ended up as *"this action is brought on behalf of members of a class consisting of the Plaintiff and all persons who, while residing in the Province of British Columbia, were enrolled in Credit Protection by telephone by the Defendant Banks and who paid monthly premiums and/or fees for Credit Protection, or such other class and/or subclass definitions or class periods as the Court may ultimately decide on the motion for certification."*

Key elements of the judge's dismissal decision included the following:

“The Plaintiff could not point to anything that contravenes any law in the voluminous documentary evidence the Banks filed, showing their BPI policies, procedures, and protocols. . . . Given my finding that it was permissible for the Certificates of Insurance to be sent after the enrollment phone calls, no claim by a potential plaintiff can get off the ground without an examination of that individual’s enrollment phone call and his or her other knowledge about BPI. In the result, there is nothing common about the claims of the members in any potential plaintiff group.

It is not a common issue whether thousands of Canadians have enrolled by phone with the Banks to obtain BPI coverage, and have paid for that coverage. That is common ground.

There is a further level of individuality when any potential BPI claims is examined. The five Banks each have their own BPI program. While there are many common points in the five programs, there are also enough differences that it would be relevant to know which Bank a particular complainant dealt with. Similarly, each of the five programs changes from time to time.

The application for certification fails to satisfy the requirements in s. 4(1)(b)-(e) of the Class Proceedings Act. The central point of the case is the absence of “commonality” as discussed in the case law addressing s. 4(1)(c) of the Act. Every potential class member, no matter how the class was defined, would need to advance a case which was almost entirely specific to that customer.”

In his judgement, Mr. Justice Macintosh did, however, make one backhanded slap at the defendants, as follows: *“I sympathize with the Plaintiff. From reviewing the Sekhon and Barbero phone transcripts . . . , I expect that Bank representatives, not infrequently, are, or at least have been, overly aggressive and persistent in selling BPI to their customers, many of whom phoned their Banks only to activate their credit cards. But in my view, that is not enough to make a finding of commonality so as to bring this application within the ambit of s. 4(1)(c) of the Act.”*

Alberta

CAFII Provides Feedback on AIC’s Internal Definitions of Credit-Related Insurance

In a May 19/17 response to CAFII’s “Feedback on Definitions of Credit-Related Insurance Authorized for Sale Under a Restricted Insurance Agent’s Certificate in Alberta,” J. Abram, CEO of the Alberta Insurance Council, wrote to B. Wycks as follows: “Thanks, Brendan. I appreciate your quick response on this issue and value your feedback. I will place this matter before the LIC at their next meeting and will let you know the outcome.”

Earlier on May 19/17, B. Wycks had made the following submission to Ms. Abram on behalf of CAFII:

“In follow-up to our recent discussion at the CLHIA Conference in London where we shared our views on this matter with you verbally, I’m now pleased to communicate in writing CAFII’s views on the definitions of the four types of Credit-Related Insurance authorized for sale under a Restricted Insurance Agent’s Certificate, in keeping with section 454 of the Alberta Insurance Act, as set out on page 2 of your December 22, 2016 letter to us.

After review and due diligence at both Association-wide and individual member company levels, I can confirm that CAFII

- *has no issues with the definition of Creditors’ Critical Illness Insurance which the Life Insurance Council recently approved, following input from industry stakeholders; but*

- *shares the concerns recently identified by CLHIA with respect to the definitions of Creditors' Disability Insurance, Creditors' Life Insurance, and Creditors' Loss of Employment Insurance which were set out on page 2 of your December 22/16 letter.*

More specifically, we concur with CLHIA – as itemized in its document “Industry feedback on December 2016 Creditor’s Group Insurance Definitions – that

- *the language “pays off” could be read as a guaranteed payment. Similarly, the language “pays off the loan” could be read as payment for the entire outstanding loan amount;*
- *the terms "person" or "debtor" would be preferable to the term "borrower" that is used in the AIC definitions, as they are more commonly used in legislation; and*
- *the term "beneficiary" is more commonly used in individual insurance and has certain policy-holder rights associated with it that do not extend to CGI products. In addition, using "beneficiary" to describe the creditor could exclude an important exemption for farm, fishery and ranch lines of credit under the Insurance Business (Banks and Bank Holding Companies) Regulations, where the insurance monies may be paid to parties other than the creditor.*

It is our understanding that the definitions of Creditors' Disability, Creditors' Life, and Creditors' Loss of Employment Insurance have been used for internal reference purposes within the AIC for a number of years; and the Life Council wanted to integrate the new CI definition with them into a comprehensive package that could be shared publicly.

However, we agree with CLHIA that those previously existing internal definitions, if shared publicly via the AIC website or other public channels, could cause misunderstanding and confusion among consumers.

That said, given that the three long-standing definitions have been working well for internal reference purposes at the AIC, CAFII would support the following solution which we believe that CLHIA has also proposed for your consideration: on your website and/or in other public channels, publish only the list of types of Credit-Related Insurance that are authorized for sale under a Restricted Insurance Agent's Certificate, without any accompanying definitions. That simple solution would allow the three long-standing definitions, along with the new definition of Creditors' Critical Illness Insurance, to continue to be used for internal purposes at the AIC.

Should the Council determine that it definitely must publish the definitions of the types of Credit-Related Insurance for public information, then CAFII strongly recommends that the definitions of Creditors' Disability, Creditors' Life, and Creditors' Loss of Employment Insurance be reviewed and revised in accordance with the comments provided in CLHIA's document “Industry feedback on December 2016 Creditor’s Group Insurance Definitions.”

Saskatchewan

Retiring IBAS Executive Director Reminisces On Wins Against Banks In Insurance

Retiring after 25 years as Executive Director of the Insurance Brokers Association of Saskatchewan, Ernie Gaschler said the following in his farewell column to IBAS members in the Spring 2017 issue of the Association's Saskatchewan Broker magazine:

“IBAS’ political effectiveness has been legendary when it comes to keeping the banks from selling insurance through their branches and websites. Protecting the public interest at the point where credit is granted is a message that’s resonated well with governments at both the national and provincial levels and should continue to do so in the future.”

Gaschler's parting comments also include a reminiscence that when he first became Executive Director of IBAS in 1992, for a number of years he also served in the dual role of General Manager of the relatively new Insurance Councils of Saskatchewan. "Although managing both provided a few challenges, there weren't many conflicts since the benefit of a fair and consistent regulatory regime served the best interests of industry and the public equally well," he opines.

Interestingly, the Spring issue of Saskatchewan Broker does not contain any mention of Finance Minister Kevin Doherty's imposition of a 6% provincial sales tax on most types of insurance premiums including home and auto premiums; nor any mention of IBAS initiatives either before or after the Minister's announcement of that PST measure in his March 22/17 provincial budget.

Manitoba

Insurance Council To Launch 2017-18 RIA Licence Renewal Period Shortly

The Insurance Council of Manitoba (ICM) has published a Notice on its website advising that the period for online renewal of Restricted Insurance Agent (RIA) licences for 2017-18 will open shortly. An email notice will be sent to an RIA's Designated Official as soon as that occurs.

The ICM recommends that RIAs renew their licences immediately after receiving the notification email indicating that its licensing portal is ready to accept RIA renewals. That's because if issues occur with an RIA entity's renewal application, and the license ends up not being issued prior to the July 1 renewal deadline, the entity and its employees will not be licensed or authorized to conduct insurance business in Manitoba after the current licence has expired.

The Notice also advises that amendments to an organization's name cannot be completed via the online licence renewal process; but rather must be submitted to the ICM in paper format. A new, fully completed application – including required documentation and an amendment fee of \$70 – is required to complete an amendment to an organization's name. In that connection, the Notice warns that under Section 391 of the Insurance Act of Manitoba, a licensee can only hold out in the manner in which it has been licensed by the ICM.

Ontario

FSCO To Launch Life Insurance Industry Working Group

On April 21/17, Heather Driver, Director, Licensing Branch in FSCO's Licensing and Market Conduct Division, wrote to CAFII and four other industry Associations in the life and health insurance sector, with an invitation to appoint up to two representatives to the Commission's new Life Insurance Industry Working Group (LII Working Group).

The purpose of the LII Working Group will be to provide a forum to discuss operational policy issues and regulatory matters pertaining to the life insurance industry.

Ms. Driver, who will chair the LII Working Group, indicated that it will include participants from FSCO, the Ontario Ministry of Finance, and the following life insurance industry Associations: Advocis; Independent Financial Brokers (IFB); Canadian Association of independent Life Brokerage Agencies (CAILBA); Canadian Life and Health Insurance Association (CLHIA); Canadian Association of Financial Institutions in Insurance (CAFII).

Discussions at this forum are intended to be open and candid, so no minutes will be taken at the meetings. Although discussions are not intended to be confidential, there may be occasions upon which members are privy to confidential materials and may be asked to sign non-disclosure agreements.

The LII Working Group will meet three to four times per year and face-to-face meetings are being recommended for the first few meetings.

CAFII has determined that Co-Executive Director K. Martin and one member representative from the Association's Licensing Efficiency Issues Committee will be its representatives on FSCO's LII Working Group.

FSCO has now confirmed that the first meeting of the LII Working Group will take place on May 30/17.

Quebec

AMF Creates Fintech Lab

On April 27/17, the AMF announced that it was creating a Fintech Lab to explore the current and potential applications of new technologies among regulated entities (including market infrastructures) or in connection with its regulatory activities. The Lab will be accessible to all AMF staff who contribute to the various projects of the Fintech Working Group.

The Fintech Lab's mandate is to study new technologies rather than the business models that are based on them. It will therefore serve as a think tank, equipped with exploration tools, whose purpose is to provide the AMF with the knowledge it requires to fully carry out its role as a regulator in an increasingly digital environment.

In connection with its new Fintech Lab, the AMF also announced that it had signed a partnership agreement with R3, an innovation firm focused on building platforms and applications for the financial sector. R3 has established a consortium of financial institutions for developing and applying blockchain technology in the financial services industry.

R3 invited regulators to join the consortium in order to address the regulatory issues of the new technologies adopted by these institutions. By joining the consortium, the AMF will be able to gain access to relevant information about projects undertaken by other regulators, enter into project partnerships and develop its own initiatives in a more timely manner through the contributions of other members.

Finance Minister Says Integrating Chambres Into AMF Would Be Desirable

In a Quebec National Assembly Committee on Public Finance debate on May 2/17, Finance Minister Carlos Leitão confirmed that he is considering integrating the province's self-regulatory organization for financial advisors – the Chambre de la sécurité financière; and the Chambre de l'assurance de dommages (an SRO for general insurance agents, brokers and adjusters) – with the Quebec's financial sector regulator, the Autorité des marchés financiers. (AMF).

"We want to make the AMF more effective as a regulator. It would be desirable that this integration happens... The objective is not to cause turmoil to save money. We want the AMF to provide a better framework and give it the latitude it needs to carry out its role," said the Minister.

Louis Morisset, President and CEO of the AMF, was in attendance during the debate. He said the regulator is ready to take on this integration if the government decides on this path.

Finance Minister Non-Committal About Consultations Around Omnibus Bill

In a Quebec National Assembly Committee on Public Finance debate on May 2/17, an Opposition MNA asked Finance Minister Carlos Leitão if the government intends to hold consultations related to the long-awaited Omnibus Bill aimed at modernizing the province's financial services sector, once the Bill is tabled?

Minister Leitão replied "there has already been a great deal of consultation and we received many submissions. The positions of various industry bodies are well-known. We'll see. The industry has been amply consulted. There won't be any big surprises in this Bill."

International

United Kingdom

Payment Protection Insurance Dominant Cause Of Complaints By Consumers

Financial services firms in the UK received more than three million complaints and paid £1.9 billion in consumer redress in the second half of 2016, according to new data released on April 26/17 by the the UK's Financial Conduct Authority (FCA).

Payment protection insurance (PPI) was the product that drew the most complaints, accounting for almost 900,000, and accounted for £1.6 billion or 84 percent of the redress paid to consumers in the second half of 2016, according to the FCA's report, which is based on the complaints that firms reported under new complaint-handling rules that took effect in June 2016.

The new data on industry complaints are more informative because they provide greater insight into the products that consumers complain about, and they show the number of complaints against size of the business, the FCA's report states.

"Greater transparency of complaints information will enable consumers looking to invest or buy products to be better informed about the products that have caused concern for other consumers," the report notes.

Research, Thought Leadership, and Innovation

KPMG Acquires Online Fintech Match-Up Firm

Netherlands-based KPMG International has acquired Matchi, a firm that provides an online platform to match financial services institutions with financial technology (fintech) companies. Through the Matchi platform, firms such as banks and insurance companies, can access a database that features more than 700 fintech solutions and more than 2,500 fintech companies.

"[The Matchi platform] is designed to identify, match and enable collaboration with the most innovative fintechs and solutions to address issues being faced by financial institutions," says Ian Pollari, global co-leader of fintech at KPMG International, in a statement.

Companies included in the database are first vetted. In Canada, there are about 22 fintech firms represented in the database and eight financial services institutions currently signed on to the service, says Andrée Gage, national manager of communications at KPMG MSLP, in an email.

Regulatory Visit Report
Liaison Lunch Meeting Between CAFII Representatives and
Joanne Abram, CEO, Alberta Insurance Council
Thursday, May 4/17; Delta Armouries Hotel, London, Ontario

CAFII Representatives present:

- Jason Beauchamp, BMO Insurance
- John Lewsen, BMO Insurance
- Rose Beckford, ScotiaLife Financial
- Andrea Stuska, TD Insurance
- Fay Coleman, TD Insurance
- Diane Quigley, The CUMIS Group Ltd. (Co-operator's Insurance)
- Shawna Sykes, The CUMIS Group Ltd. (Co-operator's Insurance)
- Keith Martin, Co-Executive Director
- Brendan Wycks, Co-Executive Director

Through this regulatory liaison meeting, CAFII gained the following insights:

Possible Separate Restricted Licensing Regime For Travel Agencies Selling Travel Health Insurance

J. Abram advised that the Alberta Insurance Council is looking seriously at the possibility of introducing a separate restricted licensing regime for travel agencies that sell travel health insurance in the province.

The AIC was approached by the Association of Canadian Travel Agencies (ACTA) with a proposal to that end. Currently, an RIA Certificate allows only the employees of travel agencies to engage with consumers under the licence with respect to travel insurance sales; no outsourcing is allowed. However, travel agencies would like to be able to engage TPAs to assist with the travel insurance aspect of their business. In that connection, the AIC has started to look at Saskatchewan's plans for a TPA licensing regime, but not in great detail yet.

This contemplated separate licensing regime would affect only individual travel insurance policy sales by travel agencies, Ms. Abram clarified.

If the AIC decides to move ahead with this proposal, there will be a consultation with the industry on it.

AIC Approves New 2017-22 Strategic Plan; Target Release Time Is End Of May

J. Abram advised that the AIC had recently reviewed and approved a new five-year, 2017-22 Strategic Plan for the organization. It should be posted on the AIC website by the end of May.

One initiative within the new Strategic Plan is undertaking a review of the Council's current system with respect to Errors and Omissions Insurance requirements, with the goal of implementing a better system for monitoring/auditing and enforcement.

Review of Alberta Insurance Act Not On Near-Term Horizon

J. Abram advised that a review of the Alberta Insurance Act was not on the near-term horizon, particularly given that the next fixed-term provincial election date is only two years away.

Nilam Jetha Now Permanent As Superintendent of Insurance

Ms. Abram advised that in early 2017, Nilam Jetha's appointment as Alberta's Superintendent of Insurance was made permanent, following a one-year temporary appointment in early 2016 when her predecessor Mark Prefontaine was seconded to an Assistant Deputy Minister role.

AIC Proud Of Canadian Insurance Participant Registry Adoption

Ms. Abram advised that its Canadian Insurance Participant Registry (CIPR), a technology platform developed by the AIC at no cost to any other jurisdiction, is now being used by all provinces and territories for initial enrolments of insurance licensees.

Obtaining a unique, once-per-lifetime CIPR number is an essential first step for anyone to become licensed to work in insurance in Canada. The AIC is pleased that that level of adoption has occurred, thereby creating at least a nationally harmonized foundation for insurance licensing.

CAFII Feedback In Writing Requested On AIC's Internal Definitions of Credit-Related Insurance

Ms. Abram said she was pleased that CAFII had taken the opportunity to review and formulate its views as an Association on the concerns which CLHIA had recently communicated to the AIC about its internal definitions of credit-related insurance.

Ms. Abram asked that CAFII also convey its feedback in writing to her as soon as possible.

AIC Would Be Pleased To Receive A CAFII Delegation For A Liaison Visit In Alberta

In response to CAFII's indication that it was planning a liaison visits tour to Western Canada insurance regulators and policy-makers in the Fall of 2017, Ms. Abram said that the AIC would be delighted to host and meet with a CAFII delegation.

She advised that the AIC currently has 22 staff, with 11 situated in Edmonton (head office) and 11 situated in Calgary. She said she would be pleased to arrange to have all key staff available at one of the AIC's two offices on the day that CAFII is visiting, to make it convenient for the CAFII representatives to meet all key AIC players at one location.

Regulatory Visit Report
Get Acquainted Meeting Between CAFII Representatives and
Barbara Palace Churchill, Insurance Council of Manitoba
Thursday, May 4/17; London Convention Centre, London, Ontario

CAFII Representatives present:

- John Lewsen, BMO Insurance
- Andrea Stuska, TD Insurance
- Fay Coleman, TD Insurance
- Shawna Sykes, The CUMIS Group Ltd. (Co-operator's Insurance)
- Keith Martin, Co-Executive Director
- Brendan Wycks, Co-Executive Director

Through this brief get acquainted and preliminary liaison discussion, CAFII gained the following insights:

Existing ISI Committee Could Be Vehicle For Representation For Restricted Licence Holders

After being introduced to the concern that with a relatively new Restricted Insurance Agent/Incidental Sales of Insurance regime now in place, Manitoba now faces the issue of coming up with an approach whereby the interests of all distribution channels are well-served by the Insurance Council and the representatives of any particular channel are not in a position to make decisions which could negatively affect or disadvantage competing channels, Ms. Palace Churchill said that she understood and appreciated that concern.

She said that in her opinion, meaningful representation for Restricted Licence Holders could be achieved through the Council's existing ISI Committee.

However, she expressed interest in reviewing a copy of CAFII's Concept Proposal For A Restricted Insurance Agents Advisory Committee to the Executive Director of the Insurance Councils of Saskatchewan.

ICM Would Appreciate A Substantive Liaison Meeting With And Educational Presentation From CAFII In Winnipeg

Ms. Palace Churchill said that she would be delighted to have a more substantive liaison meeting with CAFII representatives in the near future.

Through discussion, it was agreed that that best approach and location for such a meeting would be a meeting at ICM's office in Winnipeg in late June or early July 2017 (following completion of ICM's intensive licence renewal period), in which CAFII's representatives also make a presentation to all ICM staff to help educate them about ISI Distribution/CGI Sales By Financial Institutions. It was agreed that CAFII would follow-up with Ms. Palace Churchill to schedule and co-ordinate that meeting and presentation opportunity.

Regulatory Visit Report
Liaison Breakfast Meeting Between CAFII Representatives and
Gerry Matier, Executive Director, Insurance Council of British Columbia
Friday, May 5/17; Delta Armouries Hotel, London, Ontario

CAFII Representatives present:

- Andrea Stuska, TD Insurance
- Shawna Sykes, The CUMIS Group Ltd. (Co-operator's Insurance)
- Keith Martin, Co-Executive Director
- Brendan Wycks, Co-Executive Director

Through this regulatory liaison meeting, CAFII gained the following insights:

Representation For Banks-in-Insurance Sector in British Columbia

Mr. Matier advised that the "BC residency requirement" remains an obstacle for creating a vehicle for CAFII and the financial institutions in insurance sector to have representation on the Insurance Council.

However, if the non-resident appointee prohibition remains a stumbling block, he advised that CAFII and the Insurance Council could create a work-around by setting up a permanent opportunity for CAFII to make a presentation to the Insurance Council at one of its scheduled meetings, perhaps annually or semi-annually.

Mr. Matier suggested that CAFII pursue setting this up with his successor, as he will be retiring as Executive Director of the Insurance Council at the end of 2017.

Insurance Council Of BC Would Be Pleased To Receive A CAFII Delegation For A Liaison Visit In Alberta

In response to CAFII's indication that it was planning a liaison visits tour to Western Canada insurance regulators and policy-makers in the Fall of 2017, Mr. Matier said that the Insurance Council of BC would be delighted to host and meet with a CAFII delegation.

He suggested that the best date for such a visit to the Council's office in Vancouver would be around a scheduled Council meeting in the Fall, so that the visiting CAFII representatives could be introduced to Council members and have some interaction with them, in addition to meeting with Council staff.

(Gerry Matier subsequently communicated to B. Wycks that the Fall 2017 dates on which the Insurance Council meets are Tuesday, September 12; Tuesday, September, October, 17; and Tuesday, November 14.)

Agenda Item 5(b)(iv)
May 23/17 CAFII EOC Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Friday, May 19, 2017 1:40 PM
To: 'Joanne Abram'
Cc: 'Anthonet Maramieri'; 'wmartinson@abcouncil.ab.ca'
Subject: CAFII Feedback on Definitions of Credit-Related Insurance Authorized for Sale Under a Restricted Insurance Agent's Certificate in Alberta

Hi, Joanne.

In follow-up to our recent discussion at the CLHIA Conference in London where we shared our views on this matter with you verbally, I'm now pleased to communicate in writing CAFII's views on the definitions of the four types of Credit-Related Insurance authorized for sale under a Restricted Insurance Agent's Certificate, in keeping with section 454 of the Alberta Insurance Act, as set out on page 2 of your December 22, 2016 letter to us.

After review and due diligence at both Association-wide and individual member company levels, I can confirm that CAFII

- has no issues with the definition of Creditors' Critical Illness Insurance which the Life Insurance Council recently approved, following input from industry stakeholders; but
- shares the concerns recently identified by CLHIA with respect to the definitions of Creditors' Disability Insurance, Creditors' Life Insurance, and Creditors' Loss of Employment Insurance which were set out on page 2 of your December 22/16 letter.

More specifically, we concur with CLHIA – as itemized in its document “Industry feedback on December 2016 Creditor's Group Insurance Definitions – that

- the language “pays off” could be read as a guaranteed payment. Similarly, the language “pays off the loan” could be read as payment for the entire outstanding loan amount;
- the terms "person" or "debtor" would be preferable to the term "borrower" that is used in the AIC definitions, as they are more commonly used in legislation; and
- the term "beneficiary" is more commonly used in individual insurance and has certain policy-holder rights associated with it that do not extend to CGI products. In addition, using "beneficiary" to describe the creditor could exclude an important exemption for farm, fishery and ranch lines of credit under the Insurance Business (Banks and Bank Holding Companies) Regulations, where the insurance monies may be paid to parties other than the creditor.

It is our understanding that the definitions of Creditors' Disability, Creditors' Life, and Creditors' Loss of Employment Insurance have been used for internal reference purposes within the AIC for a number of years; and the Life Council wanted to integrate the new CI definition with them into a comprehensive package that could be shared publicly.

However, we agree with CLHIA that those previously existing internal definitions, if shared publicly via the AIC website or other public channels, could cause misunderstanding and confusion among consumers.

That said, given that the three long-standing definitions have been working well for internal reference purposes at the AIC, CAFII would support the following solution which we believe that CLHIA has also proposed for your consideration: on your website and/or in other public channels, publish only the list of types of Credit-Related Insurance that are authorized for sale under a Restricted Insurance Agent's Certificate, without any accompanying definitions. That simple solution would allow the three long-standing definitions, along with the new definition of Creditors' Critical Illness Insurance, to continue to be used for internal purposes at the AIC.

Should the Council determine that it definitely must publish the definitions of the types of Credit-Related Insurance for public information, then CAFII strongly recommends that the definitions of Creditors' Disability, Creditors' Life, and Creditors' Loss of Employment Insurance be reviewed and revised in accordance with the comments provided in CLHIA's document "Industry feedback on December 2016 Creditor's Group Insurance Definitions."

Thank you and best regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
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Agenda Item 5(b)(v)
May 23/17 CAFII EOC Meeting

From: Srinivas, Arun FI [mailto:Arun.Srinivas@gov.sk.ca]
Sent: Wednesday, May 17, 2017 10:57 AM
To: Brendan Wycks
Subject: Saskatchewan PST on Insurance - updated information

Dear Stakeholder,

I am writing to advise you that the Government of Saskatchewan is issuing an update to its Information Notice regarding the application of PST to insurance products. This Notice is now posted on the Government's website at: <http://www.finance.gov.sk.ca/revenue/pst/IN2017-07-PSTOnInsurancePremiums.pdf>

Following discussions with insurance industry associations the Government has postponed the effective date for the application of PST to insurance premiums from July 1, 2017 to August 1, 2017.

The extension provides the industry with additional time to implement the application of PST and to address updates.

In addition:

- periodic premium payments in respect of individual permanent life insurance policy contracts entered into before August 1, 2017 will not be subject to PST;
- endorsements in respect of property and casualty insurance contracts that were entered into before August 1, 2017 will not be subject to PST; and,
- self-insured group benefit arrangements, including those known as Administrative Services Only (ASO) arrangements, will be subject to the PST.

The Government expects to have a draft Information Bulletin prepared in the coming days and will share that with you for your comment before finalizing and posting it.

Arun Srinivas, Executive Director 944 - 2350 Albert Street
Taxation & Intergovernmental Affairs Regina, Saskatchewan, S4P 4A6
Ministry of Finance phone: 306-787-6731
Government of Saskatchewan email: arun.srinivas@gov.sk.ca

----- Original Message -----

Subject: Re: Saskatchewan sales tax on insurance premiums - update

From: Ronald Sanderson <rsanderson@clhia.ca>

Date: May 12, 2017, 16:00

To: Committee on Company Taxes - Members <Committee_on_Company_Taxes_-_Members@clhia.ca>

Discussions with Saskatchewan Finance officials over the last week suggest that an announcement re a revised scope for the sales tax will likely be announced next week.

Officials suggested that there is political resistance to inclusion of ASO arrangements in premium and sales taxes, although some movement may be possible there. It was also suggested that some grandfathering of individual life insurance with cash values may be possible, although it appears that existing term insurance contracts and all new life products would be subject to the sales tax. No grandfathering or exemption appears likely for individual health insurance.

Any exemptions are expected to be provided via regulation, rather than in the sales tax act itself, making the exemptions more vulnerable to future changes. Officials also confirmed that, despite some perceived ambiguity in the wording of the draft legislation, the intent is to impose the tax on monthly and other non-annual premiums for existing policies as they are due, rather than exempting such premiums from tax until the first policy anniversary after June 30, 2017.

Officials expressed little sympathy for the implementation challenges faced by insurers - be those timing, system costs and/or potential absorption by insurers of the tax until such systems are functional.

Given the adverse precedent that Saskatchewan appears intent on setting, CLHIA has reached out to the C.D. Howe Institute to initiate an independent appraisal of the adverse policy impact of premium-based taxes, as part of efforts to reverse Saskatchewan's intent and to discourage other provinces from following this path.

Ron Sanderson
Director, Policyholder Taxation and Pensions
Direct: 416-359-2021
Canadian Life and Health Insurance Association Inc.

From: Ronald Sanderson/Toronto/CLHIA
To: Committee on Company Taxes - Members, Committee on Policyholder Taxes - Members, Committee on Group Insurance - Members, Sales Tax Working Group of the Committee on Company Taxes, Working Group on Group Insurance Taxation, Committee on Alternate Distribution - Members
Cc: Committee on Company Taxes - Observers, Committee on Policyholder Taxes - Observers, Committee on Group Insurance - Observers, Committee on Alternate Distribution - Observers
Date: 05/05/2017 11:32 AM
Subject: Saskatchewan sales tax on insurance premiums - update

Our VP for Taxation, Noeline Simon, and our incoming CEO, Stephen Frank, met with Saskatchewan's Finance Minister Kevin Doherty and senior Finance officials for about an hour yesterday afternoon.

Following our having identified for government the public policy challenge of taxing savings in individual life insurance products, officials now appear to be trying to assess whether it is possible to apply the sales tax to only the non-savings portion of such policies. We reiterated that there is no readily available means of differentiating the savings element of such premiums from the premiums as a whole. With luck, that will stop that line of investigation..

Officials had expressed concern that, because of their perceived large volume of broader-public sector ASO plans in Saskatchewan, extending the sales tax to ASO would result in a substantial increase in public costs for such plans, offsetting any new tax revenue from those plans. Recent CLHIA estimates suggest that the public sector portion of the ASO market is around 22% of total ASO in Saskatchewan, and part of such "premium equivalents" would reflect employee rather than employer contributions. That is, the publicly financed share of the ASO market may be on the order to 11-16%. Our continuing arguments about equity between group insurance and ASO arrangements appear to be resonating with officials, and the public/private split appears to be giving them comfort that taxing ASO could be part of the revenue solution Saskatchewan needs.

While it appears that some slight deferral of implementation may be possible, no specifics were given, and no decision re timing and scope appears to have been made.

We understand that this issue has generated considerable adviser input to the Minister and MLAs generally. To some extent, those activities divert elected individuals and officials from focusing on solving the problem, and it is not clear that continued, broadly based, engagement is helpful. Importantly, the Minister thanked CLHIA for the professional approach we have taken, and our efforts to identify and quantify revenue sources that make better public policy sense.

The Minister noted that this issue is on the agenda for discussion within the Treasury Board, suggesting that some change to the approach announced in the March 22nd budget may be forthcoming.

CLHIA will continue to work with Saskatchewan to encourage smart policy decisions and minimize potential disruption to insurers and their clients, and will keep you posted as this issue evolves.

Ron Sanderson
Director, Policyholder Taxation and Pensions
Direct: 416-359-2021
Canadian Life and Health Insurance Association Inc.

CAFII Regulator and Policy-Maker Visit Plan 2017-18

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
British Columbia				
Insurance Council of BC: Gerry Matier, Executive Director	- May 5/17 liaison breakfast in London, Ontario -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session -Feb. 27/15 liaison breakfast in Toronto	-follow-up liaison meeting as part of CAFII tour of Western Canada regulators and policy-makers, in October 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings.)	-Council's current view on 10-Year Review of Financial Institutions Act -Representation of alternate distribution/non-resident sellers on Council -Update on Council priorities	-Pending
FICOM: Frank Chong, Acting Superintendent of Financial Institutions (effective August 1/16)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Nov 10/15 in Vancouver re CGI Information Bulletin	-follow-up liaison meeting as part of CAFII tour of Western Canada regulators and policy-makers, in October 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings.)	-FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue: ED and EOC to monitor re need for meeting/ dialogue around any member or industry issues re compliance with CGI Info Bulletin -Monitoring for appt. of interim or permanent FICOM CEO successor - -10 yr. Review of BC Financial Institutions Act (if appropriate)	-Pending
Doug McLean, Deputy Superintendent of Insurance	-No contact/meeting for at least past three years	-See F. Chong above	-See F. Chong above	-See F. Chong above
Chris Carter, Acting Superintendent, Real Estate and Acting Registrar, Mortgage Brokers (effective August 1/16)	-April 14/16 teleconference re CAFII follow-up letter - Follow-up letter, seeking clarification on CGI Info Bulletin key issues, sent March 15/16 - Nov 10/15 in Vancouver re CGI Information Bulletin	-See F. Chong above	-See F. Chong above	-See F. Chong above
Lorena Dimma, Director, Market Conduct (assuming Harry James' former policy advisor role re 'effecting' of CGI issue)	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-See F. Chong above	-See F. Chong above	-See F. Chong above

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Harry James, Senior Regulatory Advisor (Chair of CCIR's Travel Insurance Working Group)	-Dec. 8/16 cordial reply email to E. Fang, agreeing with CAFII's request that auto dealers are creditors for a moment-in-time issue be closed. -April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-See F. Chong above	-See F. Chong above. Although H. James is supposed to have handed the CGI Information Bulletin file to L. Dimma and C. Carter, he did most of talking in April 14/16 teleconference; so CAFII will continue to include Harry in discussions on "effecting" issue.	-Pending
Molly Burns, Analyst, Policy Initiatives	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin -Nov 10/15 in Vancouver	-None at this time	-See F. Chong above	-see F. Chong above
Erin Morrison, Regulatory Analyst, Policy Initiatives	-August 10/16 in Toronto, accompanied Harry James and participated in CCIR TIWG meeting with CAFII	-None at this time	-See F. Chong above	-see F. Chong above
Ministry of Finance: Michael de Jong, Minister of Finance	-Nov. 21/14: G. Grant represented CAFII at FIA Review roundtable discussion hosted by Minister	-None at this time	TBD until CAFII has a "direct ask" at Ministerial level	
Dan Ashton, Parliamentary Secretary for Finance (elected MLA)	-November 10/15 in Vancouver, along with Elizabeth Cole	-If necessary, follow-up meeting in Q2 or Q3 2017 in Vancouver, after Policy Paper released	-Update on 10-year Review of Financial Institutions Act: follow-up on CAFII issues/concerns including recommendations of other stakeholders	Pending (see E. Cole below)
Elizabeth Cole, Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA)	- April 20/17 and June 23/16 telephone conversations with B. Wycks re updates on expected release date of Policy Paper and other FIA Review timelines	-If necessary, follow-up meeting in Q3 or Q4 2017 in Vancouver, after Policy Paper is released		-Pending Ministry of Finance's release of Policy Paper -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
	-November 10/15 in Vancouver along with Dan Ashton; and separate meeting along with Brian Dillon and Kari Toovey	-liaison meeting as part of CAFII tour of Western Canada regulators and policy-makers, in October 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings.)		
Brian Dillon, Director, Financial Institutions		-See E. Cole above		-Pending (see E. Cole above)
Kari Toovey, Senior Policy Advisor		-See E. Cole above		-Pending (see E. Cole above)
Alberta				
Alberta Insurance Council: Joanne Abram, CEO;	-May 4/17 liaison lunch in London, Ontario -December 21/16 letter to CAFII confirming definition of CGI critical illness insurance approved by Life Council to include selling of CI under existing RIA licence -Oct 31/16 CAFII submission of letter proposing definition of CGI critical illness insurance to be adopted for inclusion under existing RIA licence -Sept 16 & 28/16 and Oct 11/16 e-mail correspondence with B. Wycks re LIC decision on allowing CI to be sold under an RIA licence	-follow-up liaison meeting as part of CAFII tour of Western Canada regulators and policy-makers, in October 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings.)- -if necessary, Q2 2017 teleconference or in-person meeting with AIC management or LIC	-AIC's implementation of approved definition and process for CI to be sold under existing RIA licence -Representation for Restricted Licence Holders on Life Insurance Council	-Pending -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Anthonet Maramieri, COO	<ul style="list-style-type: none"> -March 8/17 email to B. Wycks advising of Life Council's further look at definition of credit-related insurance approved to be offered under a Restricted Certificate, at April 12/17 meeting. -Sept 12/16 teleconference with G. Grant and B. Wycks -July 12/16 teleconference with G. Grant and B. Wycks - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session 	-See J. Abram above	-See J. Abram above	Pending (see J. Abram above)
Warren Martinson, Legal Counsel	<ul style="list-style-type: none"> -W. Martinson in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -May/June 2016 telephone discussion with J. McCutcheon (on CAFII's behalf) re legislative and regulatory underpinnings of selling of CI benefits as credit-related insurance under an RIA licence -Feb 10/14: Toronto, ON (with B. Wycks, as W. Martinson then on LLQP Governance Cttee.) 	-See J. Abram above	-See J. Abram above	Pending (see J. Abram above)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Treasury Board and Ministry of Finance: Nilam Jetha, Superintendent of Insurance (made permanent at beginning of 2017, following one year interim period) Mark Prefontaine, Superintendent of Insurance (seconded to Senior Asst. Deputy Minister for one year, effective Jan. 11/16)	No contact – appointed Jan 11/16 (congratulatory letter sent Feb. 1/16) -Sep 30/14; Fredericton, NB (informal meeting)	-liaison meeting as part of CAFII tour of Western Canada regulators and policy-makers, in October 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings) -Not applicable	- Update on Superintendent’s priorities -Communicate CAFII issues; build and strengthen relationship	-Pending
David Sorensen, Deputy Superintendent of Insurance	No face-to-face contact to date - <i>appointed Sep 15/14</i>	-See N. Jetha above	See N. Jetha above	-Pending
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch (Chair of CCIR Insurance Core Principles Implementation Ctte)	-CAFII 20 th Anniversary: April 5/17 -Sep 30/14: Fredericton, NB (informal meeting) -Jul 28/14: call with CAFII reps re: “effecting of CGI”	-See N. Jetha above	-See N. Jetha above	-Pending
Joe Ceci, President of Treasury Board and Minister of Finance	No contact – appointed May 24/15	-None at this time	TBD until CAFII has a “direct ask” at Ministerial level	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Saskatchewan				
Insurance Councils of Saskatchewan: Ron Fullan, Executive Director, (CISRO Chair)	-CAFII 20 th Anniversary: April 5/17 -R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session	-lunch meeting with CAFII small group on June 2/17 at Delta Bessborough Hotel, Saskatoon, immediately following CAFII presentation at CISRO meeting -follow-up liaison meeting as part of CAFII tour of Western Canada regulators and policy-makers, in October 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings.)-	-timing of renewed focus on establishing a Restricted Insurance Agents Advisory Committee -ICS-relevant aspects of implementation of new Saskatchewan Insurance Act and Regulations -Sask. RIA regime and licensure issues	-Confirmed -Pending
April Stadnek, Director of Licensing	-Sept 22/15 CISRO LLQP Stakeholder Info Session in Toronto (B. Wycks) - Sep 30/14; Fredericton, NB (informal meeting) - November/13 in Toronto when April attended CLHIA CCOSS Seminar	-See R. Fullan above	-See R. Fullan above	-Confirmed
Financial Consumer Affairs Authority (FCAA): Roger Sobotkiewicz, former Director of FCAA Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-no previous contact; congratulatory letter on appointment sent March 4/15	-See J. Seibel below	-see J. Seibel below; and -introduce CAFII and build relationship -Regulations being developed following passage of <i>Bill 177, The Insurance Act (Saskatchewan)</i> -ISI: Representation for Restricted Licence Holders -Sask's imposition of PST on all insurance premiums - Update on Superintendent's priorities	-Pending (see J. Seibel below)
Ian McIntosh, Deputy Superintendent of Insurance	-Jul 28/14 call with CAFII reps re: "effecting CGI"	-see J. Seibel below	-see J. Seibel below; and -see R. Sobotkiewicz above	-Pending (see J. Seibel below)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Janette Seibel, Lawyer, became lead on Bill 177 and Regulations file effective June 1/15	March 2017 email exchange with B. Wycks re invitation to CAFII to provide feedback on FCAA-proposed definition of TPA, for inclusion in Insurance Regulations -February 17/17 call to B. Wycks advising that “in force” date for new Insurance Act and Regulations had been deferred to Spring 2018 -Jan 2017 email exchange with B. Wycks re timing of “in force” date for new Saskatchewan Insurance Act and related Regulations -Nov and Dec. 2016 email exchanges with B. Wycks re Insurance Regulations Consultation and TPAs sub-consultation.	-Get acquainted/liaison meeting with CAFII reps on June 1/17 in Regina, following CAFII meeting with Sask Finance Minister K. Doherty and Ministry officials re issue of imposition of PST on insurance premiums -teleconference meeting in Q2 2017, if necessary	-timing of “in force” date for new Saskatchewan Insurance Act and related Regulations -CAFII’s response submissions on FCAA’s Insurance Regulations Consultation document (submitted Dec. 2/16) and TPAs sub-consultation (submitted Dec. 9/16) -Sask’s imposition of PST on all insurance premiums	-Pending
<u>Ministry of Finance</u> Kevin Doherty, Minister of Finance	no previous contact; appointed Finance Minister on May 21/15 (first elected in 2011)	-June 1/17, 1:00 to 1:30 p.m. in Regina	-introduce CAFII and build relationship -Sask’s imposition of PST on all insurance premiums	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Manitoba				
Ministry of Finance: Ken Lofgren, Acting Superintendent of Insurance Scott Moore, Deputy Superintendent of Insurance	-Appointed Spring 2015; no previous CAFII contact -CAFII 20 th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -April 15/15 teleconference with three CAFII reps -April 29/14: meeting in Winnipeg, MB	-See S. Moore below -late June or early July 2017 liaison meeting in Winnipeg, on same day as (perhaps in combination with) meeting with Insurance Council of Manitoba (see B. Palace Churchill below)	-See S. Moore below -Maintain and build relationship -Representation for Restricted Licence Holders on Life Insurance Council -concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents	-Pending -Pending
Cameron Friesen, Minister of Finance	No contact – took office May 3/16	-None at this time	TBD until CAFII has “direct ask” at Ministerial level	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
<p>Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (appointed late November 2016)</p> <p>Erin Pearson, former Executive Director, Insurance Council of Manitoba (retired at end of 2016)</p>	<p>-May 4/17 short get acquainted/liaison meeting in London, Ontario</p> <p>-Sept. 23/16 email exchange with B. Wycks re amendments to Regulation 389/87 which ICM's ISI Committee recommended to Government re incorporating other organizations and other types of insurance into prescribed regulatory framework for RIA licence regime</p> <p>-Sept. 30/14: dinner in Fredericton, NB re: ISI implementation</p>	<p>-late June or early July 2017 liaison meeting at ICM office in Winnipeg, including an educational presentation for ICM staff on CGI and other CAFII member products and practices (as suggested/ requested by B. Palace Churchill)</p> <p>-</p>	<p>-Introduce CAFII and build/maintain relationship</p> <p>-Representation for Restricted Licence Holders on Life Insurance Council</p> <p>-Insurance Council's "ISI items for further review and development"</p> <p>-communicate CAFII issues</p>	-Pending
Ontario				
<p>FSCO:</p> <p>Brian Mills, appointed Interim CEO and Superintendent on October 18/14. Will likely be FSCO's last CEO, as Ontario Government transitions to a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018), as stated by B. Mills at FSCO Symposium on November 25/16.</p>	<p>-May 3/17: informal chat with K. Martin during CLHIA Conference</p> <p>-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto - January 28/15 stakeholder meeting with CCIR</p>	-None at this time	<p>(i)Build/maintain relationship</p> <p>(ii) Ontario government review of FSCO's mandate</p> <p>(iii) next steps in Life Insurance Product Suitability Review</p> <p>(iv)CCIR review of travel health insurance</p> <p>(v)Update on Superintendent's priorities</p> <p>(vi)communicate CAFII issues</p>	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Anatol Monid, Executive Director, Licensing and Market Conduct Division	-May 3/17: informal chat with K. Martin during CLHIA Conference -CAFII 20 th Anniversary event: April 5/17 -June 7/16, December 8/15 and June 9/15: informal update conversations at CAFII Reception events -January 28/15 stakeholder meeting with CCIR	- None at this time	-next steps in Life Insurance Product Suitability Review -other FSCO initiatives re life insurance agent and/or insurer compliance	
Izabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	-conversation with B. Wycks at Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto Oct. 8/15 at CLHIA CCOS Fall Seminar (B. Wycks) -Nov 21/14 at FSCO Life & Health Insurance Symposium	-None at this time	-see A. Monid above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Heather Driver Director, Licensing Branch Licensing and Market Conduct Division (assumed position in Jan 2016, following retirement of Shonna Neil)	-conversation with B. Wycks at Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 14/16 email exchange with B. Wycks following CAFII's delivery of input, requested by FSCO in Oct. 7/16 meeting, re optimal wording to use in FSCO communications re life insurance agent and insurer relationship -Oct. 7/16 meeting with CAFII reps, at FSCO's invitation, re FSCO initiatives around life agent and insurer compliance, particularly re E&O insurance (also attended by Richard Tillman, Allan Amos, Kelly Picard, and Abina Rogers of FSCO)	-May 30/17 initial meeting of FSCO Life Insurance Industry Working Group (LII Working Group), of which H. Driver is Chair	-see A. Monid above	-Confirmed
Richard Tillman, Senior Manager, Insurance and Deposit Institutions Policy	-conversation with B. Wycks at Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto - Oct. 7/16 meeting with CAFII reps re life agent and insurer compliance	-None at this time	-see A. Monid above	
Reena Vora, Manager, Market Regulation Branch, Licensing and Market Conduct Division	-December 8/16 with CAFII reps for feedback on draft questionnaire for life insurer examination visits (one pilot test visit planned in Q1 2017), as next phase in Life Insurance Product Suitability Review	-None at this time	-Life insurer examination visits - -	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Ministry of Finance -Sandy Roberts, Director, FSRA Implementation Secretariat (appointed Nov 2016) -Stuart Wilkinson, Senior Manager, FSRA Implementation Secretariat (transferred from previous MOF role in Nov 2016) -David McLean, Policy Advisor	-congratulatory letter on appointment sent January 2017 -CAFII 20 th Anniversary Reception: April 5/17 (regular attendee at CAFII Receptions) -June 7/16 and April 12/16 informal conversations with B. Wycks at CAFII Receptions -July 30/15 life & health insurance sector roundtable -May 21/15 informal meeting: insurance sector round table	-introductory face-to-face meeting for CAFII reps being pursued for June 2017	-Ontario Government's replacement of FSCO with a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018); and Regulations to implement FSRA	-Pending
Quebec				
AMF: Louis Morisset, CEO;	-AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Apr 8/14: CAFII liaison lunch and Industry Issues Dialogue with AMF in Montreal	-CAFII liaison lunch and Industry Issues Dialogue with AMF on Oct. 3/17 -AMF 2017 Rendez-Vous event in November 2017	-(i)draft omnibus Bill to modernize Quebec's financial services sector, including Distribution Act (expected release by Ministry of Finance in Q4 2016) -(ii)AMF final paper on electronic commerce in insurance, setting out Orientations/expectations -(iii)Distribution Guide template and implementation timelines -(iv)Update on AMF priorities -(v)Communicate CAFII issues -(vi)Maintain and strengthen relationship	-Pending: invitation letter sent -Pending

[illegible]

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Maryse Pineault, Senior Director, Distribution Framework	-Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -AMF 2016 Rendez-Vous on November 14/16 in Montreal	-See L. Morisset above	-See L. Morisset and L. Gauthier above	-Pending
Ministry of Finance Carlos Leitao, Minister Richard Boivin, Assistant Deputy Minister, Financial Institution Policy and Corporate Law Guillaume Caudron, Chief of Staff Yann Nachabé, Policy Advisor	-Feb. 25/16 phone call between B. Wycks and Yann Nachabé, Policy Advisor, Ministry of Finance, resulting from CAFII request for April 2016 in-person follow-up meeting with Richard Boivin and Guillaume Caudron	-in-person or teleconference meeting with Ministry officials coincident with consultation period on Omnibus Bill expected in Q3 or Q4 2017, if necessary	-Omnibus Bill expected to modernize financial sector, incl. the Distribution Act (Minister Leitao in response to question at legislative committee meeting on April 28/16) -Ministry's direction on online distribution of insurance without involvement of an advisor -CAFII submission in response to Report on the Application of the Act respecting the distribution of	-Pending release of Omnibus Bill -Request politely withdrawn, based on reassuring information from Y. Nachabé
New Brunswick				
Financial and Consumer Services Commission (Insurance Division): Angela Mazerolle, Superintendent of Insurance	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto - May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Oct 1/14: Fredericton, NB	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in September or November 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings)	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -implementation of further phases of online licensing system -legislative/regulatory change to support electronic beneficiary designations -other New Brunswick licensing issues	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
David Weir, Deputy Superintendent of Insurance	-Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb. 19/16 re CAFII feedback on online insurance licensing system - Sept. 22/15 CISRO LLQP Info Session in Toronto (B. Wycks) -Oct 1/14: Fredericton, NB	-See A. Mazerolle above	-see A. Mazerolle above -timing of final recommendations on reforming licensing framework for other-than-life agents and brokers -CAFII feedback on New Brunswick online insurance licensing system	-Pending
Opportunities New Brunswick: Jay Reid, Investment Attraction Officer	-Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	-None at this time	- CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick -Introduce CAFII and build relationship -Position CAFII as an information resource	
Consumer Advocate for Insurance: Ronald Godin, Consumer Advocate	No contact	-None at this time		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Nova Scotia				
Superintendent of Insurance: William Ngu, Acting Superintendent of Insurance	-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Appointed June 2015; no previous CAFII contact	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in September or November 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings)	-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent’s priorities -Communicate CAFII issues; build and strengthen relationship	-Pending
Jennifer Calder, Deputy Superintendent of Insurance	-CAFII 20 th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR (participated by phone) -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax	-See W. Ngu above	-See W. Ngu above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
PEI				
Superintendent of Insurance: Robert Bradley, Superintendent	-CAFII 20 th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct 1/14: Fredericton, NB	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in September or November 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings)	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act (on April 23/15, R. Bradley advised that this may get underway in late 2015) -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues -Maintain and strengthen relationship	-Pending
Newfoundland				
Superintendent of Insurance: John O'Neill, Superintendent Craig Whalen, Deputy Superintendent of Insurance	-N/A; appointed in October 2015 -Oct 1/14: Fredericton, NB	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in September or November 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings) -see J. O'Neill above	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	-Pending -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
FEDERAL/NATIONAL				
CCIR: Martin Boyle, Policy Manager	-informal chats during May 3-5 CLHIA Conference -liaison lunch on April 24/17 -CAFII 20 th Anniversary event: April 5/17 -March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -November 29/16 CAFII Holiday Season Reception -October 24/16 CAFII liaison lunch with CCIR Policy Managers -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -May 19/16 CCIR ICPIc teleconference/webinar meeting with CAFII members (L. Balfour and M. Boyle) -May 4/16 lunch meeting in Halifax (with C. Rogers and S. Jacobs)	-liaison lunch in week of June 26-30/17, following CCIR Summer Teleconference on June 22/17	-Annual Statement on Market Conduct (Martin) -Framework for Cooperative Market Conduct Supervision (Martin) -attendance of CCIR members at CAFII 20 th Anniversary celebration in 2017 -Possible CCIR speakers/panelists at CAFII events -Update on CCIR 2014-17 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR audience -updates on Annual Statement on Market Conduct	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Sean Jacobs, Policy Manager	-informal chats during May 3-5 CLHIA Conference -liaison lunch on April 24/17 -CAFII 20th Anniversary event: April 5/17 -February 22/17 CAFII stakeholder meeting with CCIR Travel Insurance Working Group -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -November 29/16 CAFII Holiday Season Reception -October 24/16 CAFII liaison lunch with CCIR Policy Managers -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -July 7/16 CAFII webinar presentation by Lesli Martin, Pollara, on Canadians' perceptions, confidence, and satisfaction with travel medical insurance -May 4/16 lunch meeting in Halifax (with C. Rogers and M. Boyle) -March 16/16 CAFII/CLHIA joint stakeholder meeting with CCIR Travel Insurance Working Group	-liaison lunch in week of June 26-30/17, following CCIR Summer Teleconference on June 22/17	-CCIR TIWG's Position Paper (expected May 2017) -CCIR review of travel health insurance -See M. Boyle above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
Patrick Déry, Chair (Superintendent, Solvency, AMF)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -October 6/15: CAFII liaison lunch and industry issues dialogue with AMF -April 29/15 meeting in Quebec City, along with CCIR Vice-Chair Carolyn Rogers	-If necessary, Q2 or Q3 2017 meeting with P. Déry, as Chair of CCIR, following release of Travel Health Insurance Products Position Paper	-CCIR review of travel health insurance -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; maintain and strengthen relationship	-Pending
Harry James, Chair, CCIR Travel Insurance Working Group (TIWG)	- May 10/17 teleconference with S. Jacobs and CAFII reps re CCIR TIWG Communications Plan for release of Travel Health Insurance Products Issues Paper - May 3/17: informal chat with K. Martin during CLHIA Conference -H. James chaired Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -February 22/17 CAFII stakeholder meeting with CCIR Travel Insurance Working Group -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper	-If necessary, Q2 or Q3 2017 meeting with Harry and TIWG members following release of Travel Health Insurance Products Position Paper	-CCIR Travel Health Insurance Products Position Paper (expected May 2017) and CAFII response to same	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
	<ul style="list-style-type: none"> -March 16/16 CAFII/CLHIA joint meeting with CCIR Travel Insurance Working Group -March 24/15 meeting with CAFII EOC re travel health insurance review initiative 			
Laurie Balfour, Chair, CCIR Insurance Core Principles Implementation Committee (ICPiC)	<ul style="list-style-type: none"> -CAFII 20th Anniversary event: April 5/17 -March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 19/16 CCIR ICPiC webinar presentation for CAFII members (L. Balfour and M. Boyle) 	-liaison meeting as part of CAFII tour of Western Canada regulators and policy-makers, in October 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings)	<ul style="list-style-type: none"> -Harmonized Annual Statement on Market Conduct -Framework for Co-operative Market Conduct Supervision in Canada -ICPiC work on IAIS' Insurance Core Principles 	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 15/17
CISRO: Ron Fullan, Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB)	-CAFII 20 th Anniversary event: April 5/17 -R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference)	-June 2/17 CISRO meeting in Saskatoon (CAFII to make a presentation) -lunch meeting with CAFII small group on June 2/17 at Delta Bessborough Hotel, Saskatoon, immediately following CISRO meeting -follow-up liaison meeting as part of CAFII tour of Western Canada regulators and policy-makers, in October 2017 (dependent on conflict avoidance with CCIR and CISRO Fall meetings)	-national, online licensing system for insurance and related harmonization issues -possible CISRO Strategic Plan and opportunity for stakeholders to provide input	-Confirmed -Confirmed -Pending
Financial Consumer Agency of Canada (FCAC): Lucie Tedesco, Commissioner Brigitte Goulard, Deputy Commissioner Jane Rooney, Financial Literacy Leader	-May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference -Jun 10/14: B. Goulard was speaker at CAFII event -Feb 10/15 (presentation at CAFII Annual Luncheon)	-None at this time -None at this time -None at this time	-FCAC consultation on its Proposed Supervision Framework and Publishing Principles for FCAC Decisions (released September 29/16 with November 14/16 deadline for submissions) of document expected). CAFII decided not to respond to this consultation, as out-of-scope	
Jeremie Ryan, Director, Financial Literacy and Consumer Education Karen Morgan, Marketing Officer	-Feb. 10/15 (with J. Rooney for presentation at CAFII event) -Jan 9/14 (meeting with M. Gill and B. Wycks in Ottawa)	-None at this time -None at this time		

Agenda Item 5(c)(i)
May 23/17 CAFII EOC Meeting

CAFII Presentation to CISRO, June 2/17, Saskatoon

Proposed Title: CAFII: Past, Present, and Future

- Brief History of CAFII (B. Wycks)
- Who We Are/About CAFII (B. Wycks)
- Our Value Proposition:
 - For Members (A. Stuska, C. MacLean, and S. Sykes); and
 - ;For Regulators and Policy-Makers (B. Wycks and K. Martin)
- Current Research, Regulatory Issues/Hot Buttons, and Initiatives:
 - High level results of Towers Watson research study on consumer value proposition of CGI mortgage life insurance versus individual life insurance (B. Wycks and K. Martin);
 - Work of Travel Medical Experts Working Group (B. Wycks and K. Martin);
- Website modernization, with a consumer education and making insurance simple and accessible focus (K. Martin);
- Strategic Plan Development Initiative (K. Martin);
- Open offer to collaborate with CISRO on harmonization initiatives and other issues of multi-jurisdictional interest (A. Stuska)
- Q&A/Dialogue

Agenda Item 5(b)(iii)
May 23/17 CAFII EOC Meeting

Proposed CAFII 2017 Western Canada Regulators and Policy-Makers Visits Tour

1. Thursday, June 1/17, 3:00 p.m.: Get Acquainted/Liaison Meeting with Roger Sobotkiewicz, Superintendent of Insurance, and Jan Seibel, Lawyer, Saskatchewan Financial and Consumer Affairs Authority, in Regina (Confirmed).
2. Friday, June 2/17, 12:45 to 2:15 p.m.: Liaison Meeting with Ron Fullan, Executive Director, and April Stadnek, Director of Licensing, Insurance Councils of Saskatchewan, at Delta Bessborough Hotel, Saskatoon, following conclusion of CISRO meeting (Confirmed).
3. Week of July 3-7/17: Liaison Meeting with Barbara Palace Churchill, Executive Director, and staff of Insurance Council of Manitoba; with CAFII representatives to make a an educational presentation on "ISI Distribution/CGI Sales By Financial Institutions." (Tentative)

BC and Alberta Combined Visits Tour

- Monday, October 16/17: fly from Toronto to Vancouver
- 4. Tuesday, October 17/17, morning: Liaison meeting with Insurance Council of BC (both Council members and staff), Vancouver (Tentative).
- 5. Tuesday, October 17/17, early afternoon: Liaison meeting with Elizabeth Cole, Brian Dillon, and Kari Toovey, BC Ministry of Finance, Re 10-Year Review of Financial Institutions Act, Vancouver (same office as FICOM) (Tentative).
- 6. Tuesday, October 17/17, late afternoon: Liaison meeting with Chris Carter, Frank Chong, and Harry James, BC FICOM, re CAFII-related regulatory issues, Vancouver (same office as Ministry of Finance) (Tentative).
- Tuesday evening, October 17/17: fly from Vancouver to Edmonton.
- 7. Wednesday, October 18/17: Liaison meeting with Joanne Abram, CEO, and key senior staff of Alberta Insurance Council at AIC's Edmonton head office.
- Wednesday afternoon/evening, October 18/17: fly home to Toronto.

CAFII Media Protocol II

June 2017

Background

CAFII has an existing Media Protocol, entitled “CAFII Media Protocol,” -- to be called “Media Protocol I” for the purposes of this document -- which was updated in March 2017 and approved at the April 5, 2017 Board meeting. This Media Protocol I details the process by which CAFII will respond to media requests.

The CAFII Board has noted that the process to respond to media requests is consensus-based and potentially time-consuming; and has therefore recommended that a streamlined approach would increase the probability of CAFII effectively responding to media in specific circumstances. More specifically, it was noted that negative columns/articles in print media could be countered by a Letter to the Editor, but this requires a rapid (typically same day) response. It was proposed that as part of a proactive, not reactive media strategy, a first step for CAFII would be to develop a rapid response to negative media columns/articles where a same or next day Letter to the Editor could provide a counter point of view. This will be called Media Protocol II.

Strategic Objectives and Tactical Considerations

There has been a vibrant and useful discussion among senior CAFII leaders about how best to respond to negative print media columns/articles. On the one hand, there have been examples of erroneous, unfair, and inaccurate columns/articles to which CAFII could, but has not, set the record straight. On the other hand, the impact of these columns/articles on public perception is not clear: responding could keep the issue in the public eye, and elicit further negative commentary--for example from the active and well-organized broker lobby.

Is it best to respond and set the record straight? Or to take our lumps and let sleeping dogs lie, letting our customers make their own judgments based on CAFII members’ strong and proven record? Or do we best respond more indirectly, by making our case through networking with influencers; through our website where we can share a controlled message in our own environment; and through research where we can disseminate the facts objectively and methodically.

To move forward the potential for responding quickly to negative print media columns/articles with a Letter to the Editor as part of the tactical toolkit in our media strategy, the Board has directed staff to develop a rapid-response approach—Media Protocol II.

Media Protocol II—The Preparatory Process

Step I – Preparation

The Media Spokesperson for CAFII (Co-Executive Director KMartin), in consultation with Co-Executive Director of BWycks, and in close collaboration with the Media Consultant (DMoorcroft), will develop a set of Letters to the Editor (likely eight in total), which can serve as pre-approved responses to probable and typical negative print media columns/articles. These will differ slightly in content and tone, in anticipation of how best to respond to different types of negative columns/articles.

Step II—Article Approval and Pre-Approval

The CAFII Board will make any desired changes to the Letters to the Editor, including eliminating any or requesting additional ones for development with a new, different, and specified content and tone. The final drafts will be approved by the Board and then serve as a pre-approved set available for responding to negative print media columns/articles.

Step III—The People and Process Involved in the Decision to Send a Letter to the Editor

The CAFII Board will review and approve, up-front, the following: the process for sending a Letter to the Editor including the people to be involved; and the set of Letters to the Editor to be used to respond to a negative column/article. The process to be followed in actually responding to a negative media column/article will be a streamlined one.

Media Protocol II

The proposed people to be involved and the proposed process are as follows:

The People

Media Spokesperson:	Co-Executive Director (KMartin)
Proposal to Respond to Media:	Any Board or EOC member, or staff, or the Media Consultant
Staff Initiators:	Co-Executive Directors (KMartin and BWycks)
Media Consultant:	Media Consultant (DMoorcroft)
Leadership Deciders:	Board Chair or designate (currently PMcCarthy)
	EOC Chair or designate (currently EFang)

The Process

Action I:

Identifying a Situation Which Warrants a CAFII Response: any Board or EOC member can bring a specific article to the attention of one of the co-Executive Directors (KMartin and BWycks) to initiate the process.

Action II:

Recommendation (yes or no) with rationale: Co-Executive Directors (KMartin, with BWycks)—to be brought to Leadership Deciders. Yes or No decision is made by Leadership Deciders. If decision is no, file is closed. **If decision is yes, proceed to Action III.**

Action III:

Media Spokesperson to consult with Media Consultant on the following:

- Is there an appropriate pre-approved Letter to the Editor available, and if so which of the pre-approved Letters to the Editor is to be used?
- What tweaks/modest changes (if any) are to be made to the pre-approved Letter to the Editor?

Action IV:

The chosen Letter to the Editor, slightly modified as required, is sent for publication under the CAFII Board Chair's signature. Notice is sent to the EOC and Board. The EOC and Board is kept up to date on subsequent developments.