

CAIU

at 25



Top row: Ted Ballantyne, Susan St. Amand, Roger Thorpe, Pollyanna Sher, Brian Henley, Dennis Erker. Middle row: Bill Strain, David Sung, Mildred Davis, Terry Zive, Monette Malewski. Front row: Jim Burton, Kate Pal, Brian Etherington, Diane McCurdy.

PART 1

How the Conference for Advanced Life Underwriting established itself as a powerful voice for Canadian life insurance agents and their clients

BY ALISON MACALPINE

Twenty-five years ago, Jim Burton recalls, life insurance agents didn't have a voice of their own on tax policy. Instead, the industry was represented primarily by the life insurance companies and their association, the Canadian Life and Health Insurance Association (CLHIA). In the late 1980s, Burton, now chairman and

CEO of PPI in Toronto, was then serving on the taxation legislation committee of the Life Underwriters Association of Canada (LUAC, now Advocis) and he accompanied a delegation of the life companies and CLHIA to Ottawa to advise the Department of Finance that a new tax would not be acceptable.

"As we arrived at the meeting, a few of the companies brought out position papers that proposed adding an additional amount of tax at the policyholder level, instead of at the insurer level. That became known as the IIT [Investment Income Tax]," Burton recounts. It was a turning point for him and, as it turns out, for the industry.

"I came back home and that was the starting motivation for me, personally, to rally a group of peers to say, 'We can't allow this to happen. We need to stand up for our rights. ... It's time for us to have our own technical support. It's time for us to be more sophisticated. It's time for us to become recognized not only with Finance but with all the players [so they understand] that we represent the interests of life insurance agents and we represent the interests of our clients,'" Burton says.

Within a year, Burton was chairing a LUAC taskforce that also identified the need for a forum for life insurance agents to share leading-edge sales, marketing, and estate planning ideas and that proposed the creation of the Conference for Advanced Life Underwriting (CALU). CALU was born in January 1991 with Burton as its first chair.

Burton described it as practice insurance. "That resonated with a significant group who became known as the founding and charter members, who not only committed to join but committed to put additional amounts of money in to help us have the seed money that we would need to begin our operations."

Among CALU's early supporters was Brian Etherington, now chairman of Etherington Generations Inc. in Toronto. He was one of the leading voices in Action Committee Taxation (ACT), which had mobilized more than a decade earlier to prevent a proposed tax on life insurance policy gains.

"In the course of six weeks, with the help of LUAC, Opposition MPs, other industry leaders, public opinion and the Senate, we were able to get 60,000 letters onto the desk of the prime minister and the minister of finance, and we stopped the legislation," Etherington recalls. But a similar bill bubbled to the surface four years later.

"We beat it again [but] it was then that we realized that we needed to do more than just scream and shout and rattle our chains amongst Canadians against government. What we really needed to do was ... to create an organization that could build a dialogue with the Canada Revenue Agency and with the Department of Finance," says Etherington.

"We had concerns that the voice of our clients wasn't reaching the people in Ottawa," adds Dennis Erker, now a partner at Fairley Erker Advisory Group in Edmonton. "[CALU] initially was 300 of the top agents across the country that were relatively independent, that wrote large amounts of insurance, [and] operated in the more complex cases, [and] we wanted all our members to be politically active. ... We wanted people that were going to be there on the ground."

With more than \$1 million raised, CALU had the financial heft to be taken seriously — by the industry and by the policy-makers. It also had personal heft, in the form of John Humphries, a former LUAC chair, who took the lead with Burton on developing relationships in Ottawa, and Bill Strain, now retired, a tax expert who had high technical credibility with the Canada Revenue Agency (CRA) and the Department of Finance.

"Our starting point came from personal relationships, and then we earned the right to build out from that," says Burton. Over the past 25 years, CALU has answered with a resounding "yes" Burton's quarter-century-old question: "Can we create an organization that steps up our positioning in terms of activism on policy issues in Ottawa, and secondly creates this

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forum for leading-edge knowledge and interplay and discussion at the agent level?”

Today, CALU is Advocis’s sister organization, focused on political advocacy and government relations activities relating to advanced planning issues on behalf of CALU members, Advocis members, and Canadian life insurance policyholders. Meanwhile, its annual general meeting (AGM) provides an indispensable forum for CALU’s active members to learn from experts and each other. The prime minister, leader of the Opposition and minister of finance regularly attend the AGM. So do representatives from the CRA and the Department of Finance.

Of course, it wasn’t always a sure thing the organization would be successful.

We’re different — really

“There were probably 10 or 15 moments when we were worried that it wasn’t going to work,” acknowledges Etherington. “But I’d say as soon as we got into that first AGM, we’d raised quite a bit of money, the prime minister came, we’d launched the government relations program, we had the CRA panel there — I think we knew we could make it happen then. It took us a few years to work our way through it. But we knew this was going to be something that was going to work.”

At that first AGM, Bill Strain remembers stepping up on stage and discovering, right away, that the CALU members facing him were unlike any of his previous audiences.

“I walked to the podium, got up and said, ‘Good morning,’ and prepared to carry on,” he says. “And I got this resounding ‘good morning’ back from almost everybody in the audience. I said, ‘Wow, is this a different group!’” He adds, “It was a very fun group to be involved with.”

CALU set out to prove it was different in other, more fundamental ways, too — but it wasn’t easy. “The biggest challenge for us at the very beginning was earning the trust, politician by politician, that we were different than the traditional approach to lobbying and that we could create a trusted relationship,” Burton explains.

“In the early stages, [politicians] were skeptical,” agrees Strain. “They thought: here comes another special interest group that’s going to just lobby and try to get what they want without really considering the bigger picture.”

Instead, explains Burton, CALU was interested in “win-win” negotiating, informed by an understanding of the policy-makers’ requirements and goals. But simply stating that wasn’t enough.

“We had to demonstrate to the politicians that we were different,” Burton says. “I can remember some of our very first meetings with people who were on the Hill, politicians, when we would explain that we were there to get to know them, and we were there to have a relationship with them and that we saw this as a win-win type of negotiation. There were a significant number of doubters, but they welcomed our refreshing approach.”

And, over time, CALU’s work began to speak for itself, reinforcing its members’ message. “I think we were able, with the submis-



Jim Burton

“Our starting point came from personal relationships, and then we earned the right to build out from that.”

sions that we made, and also with the contact, to demonstrate that we did see the big picture and we understood where they were coming from,” says Strain. “Then it was much easier to convince them that we might have some valid points to make as well. ... We managed to build those bridges and had, over the years, very meaningful dialogue with the people in government.”

Hello, it’s Paul Martin

Years later, Burton remembers getting a call from then Minister of Finance Paul Martin. CALU representatives had met with him when he was in Opposition. Now he was part of the government of the day, in a position of real power, and he was reaching out for counsel. “That stood out to me as the affirmation of us investing the time in relationships years earlier and building the credibility,” he says.

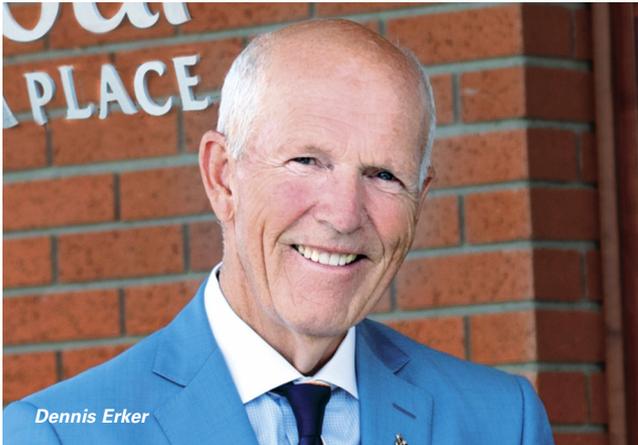
Diane McCurdy, a CALU member from the start and now CEO of McCurdy Financial Planning Inc. in Vancouver, credits Burton with getting advanced life underwriters “a seat at the table.” He did that, she believes, by holding firm to the organization’s unique approach: “We had Canadians’ interests at heart. We weren’t self-serving. It wasn’t about the industry. That’s why they listened and that’s why we had impact. ... Today, because of that progress, they now come to us and they say, ‘What do you think of some of these ideas? Does it make sense?’”

PART 2

The Conference for Advanced Life Underwriting solidifies its role in the industry, moving from innovation to tradition



Brian Etherington



Dennis Erker



Bill Strain



Diane McCurdy

“When CALU was formed,” emphasizes Etherington, “it wasn’t reactive; it was meant to be anticipatory. It wasn’t negative; it was meant to be positive. ... It’s been so rewarding to see those early days and struggles that we faced be overtaken by the sustainability of the organization, the credibility that it’s earned on both the political side and the technical side of government, the impact it has, the educational arm that it has become amongst our practitioners, the depth, technical and organizational merit of our staff. It’s really assisted the industry [in] raising the bar.”

Burton adds, “This has been a great privilege in my life to be a participant in this process and to see us grow and to see us become more recognized as professional life insurance agents. That’s something I can celebrate as one of the people who was a participant at the beginning.”

“Talking hockey with the prime minister, talking pursuit of happiness with the real Chris Gardner, [and] getting an adrenalin boost from the infectious energy of Marc and Craig Kielburger” — those were standout experiences for David Sung at the 2013 CALU AGM.

As AGM chair that year, Sung, president of Nicola Wealth Management in Vancouver, had more access than most to the speakers — but one of the defining features of a CALU AGM is that members have an opportunity to mingle with top technical minds and inspirational business figures. And, right from the start, CALU was committed to attracting leading experts and thinkers to its marquee event.

“The conferences are technically the best in the country, and we have more than 70 per cent attendance of our members every year,” emphasizes Diane McCurdy. “Nobody wants to miss it.”

“It’s wonderful that there’s a place where people can go to learn the most advanced components of life insurance and wealth management related issues — whether it be how to explain them to our clients or how to connect with how tax policy is changing,” says Roger Thorpe, CALU’s current chair and president of Thorpe Benefits in Toronto.

“Not only do our CALU members learn the technical components of the products that we sell and the policy around it,” Thorpe continues, “but they learn how to apply best practices, how to manage their clients, how to communicate better with their clients, [and] I think especially high-net-worth Canadians who have very complicated situations need to know that there are people who are continuously raising the bar on their knowledge.”

At the AGM, there is always a stirring opening — Mildred Davis, principal of Davis Capital Management in Toronto, says “it makes you really proud to be a Canadian.” There is always a rigorous Q&A with the CRA, and CALU members have the opportunity to mingle with the agency’s representatives afterwards. And there is always an entertaining political pundit panel, which sheds light on the issues of the day on Parliament Hill.

Innovations introduced 25 years ago have become tradition.

Quiet but authoritative

Another tradition at CALU is to work quietly — in the background, out of the limelight — to influence policy decisions.

“The success of CALU to date in my personal opinion is that we have stayed under the radar, we have gained the confidence of bureaucrats and politicians of various political parties, [and] that

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we add value to the conversation,” says Brian Henley, president and CEO of Alec G. Henley & Associates Ltd. in St. John’s, Nfld.

In negotiations, CALU sticks to what it knows. “One of the things that CALU has a really good handle on is the practical application of tax policies when they’re made,” says Susan St. Amand, president of Sirius Financial Services in Ottawa. “When tax policy is being written or made, we can actually test the changes to determine outcomes and avoid unintended consequences — to explain, ‘How would this apply to this client’s situation?’” She adds, “That’s what makes us credible.”

And by looking for the “win-win” that Jim Burton instilled in the organization from the start, CALU has been effective even in seemingly unwinnable negotiations.

In the mid-1990s, a few years after CALU was founded, Bill Strain recalls, “The government proposed new rules that they described as being brought in to close loopholes, which would have had a massive impact on various estate planning arrangements and business planning arrangements that our members had long used ... where a corporation would own life insurance on the shareholders of the corporation, with those proceeds being used to redeem their shares at death.”

It took many meetings in Ottawa, but in the end, even after the changes had been publicly announced, CALU was able to convince the government to adopt grandfathering rules that protected arrangements in place when the budget came down. “That was the moment for me that said, ‘We’ve accomplished what we set out to do here,’” Strain says. “We had built trust. We had built the relationship. And here’s the proof. Very rarely do you get the kind of concession that we were able to achieve there.”

Flash forward to the period between 2012 and 2014 when the exempt-test rules were refined through an extended period of consultations, submissions, and dialogue. Not only was CALU’s input considered during pre-consultation, but the organization was also able to effect changes to draft legislation before the bill was enshrined in law.

“In 1981 when the Department made the changes to the taxation rules for life insurance, they made them without any consultation with the industry,” points out Terry Zive, president of Zive Financial Inc. in Toronto. “Contrast that to 2012 when [then Finance] Minister [Jim] Flaherty stated in his budget that there would be a review of the taxation rules and that the Department [of Finance] would put out a pre-consultation document. That’s virtually unheard of. Most industries find out about their proposed changes in the budget. We found out that there would be a pre-consultation, and that’s exactly what it was.”

Zive points to several aspects of the final legislation that CALU helped achieve: strong grandfathering, the removal of an anti-avoidance provision, and a softening of the so-called 250 per cent test. “We were very, very happy with the whole process because it truly was a good model for a consultation,” he says. “We didn’t get everything we wanted, but we also were very successful in forcefully and nicely putting forward the needs of the industry. And Finance listened.”



Susan St. Amand

“When tax policy is being written or made, we can actually test the changes to determine outcomes and avoid unintended consequences.”

Avoiding self-interest

CALU has earned even more credibility with policy-makers by taking positions that are right for consumers even when they don’t favour the insurance industry. “CALU’s always stood for what is good public policy and how we can help ensure that good policy is made so that the government *and* the clients are all served appropriately,” says St. Amand. Ted Ballantyne, now retired, who served as CALU’s tax consultant from 1998 to 2010, gives a good example.

“They were going to make it very clear that RRSPs were not creditor-protected other than those offered by life insurance companies, and the CALU board felt that their reasoning was faulty,” he explains. “The Canadian retirement system is like a three-legged stool. You’ve got the CPP, you’ve got employer pension plans — both of which are fully creditor-protected — and then you’ve got personal Registered Retirement Savings Plans.”

So why shouldn’t RRSPs be creditor-protected, too? CALU hired outside legal counsel to examine the court cases the govern-

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ment was using to show that people were employing RRSPs to shelter money from bankruptcy and claims by creditors. The outside counsel discovered that in the cases being cited by the government, the individuals were already doing shady things such as underreporting income or overstating expenses — things that could be considered fraudulent.

“It wasn’t people that are normal human beings putting money into their RRSPs and then going bankrupt and not having them seized by creditors,” Ballantyne says. “Our position was that, yes, we realize that it may be a disadvantage to some of our members but, above and beyond that, it’s important that people can save for their retirement and have it creditor-protected unless it can be proved in court that use of the creditor protection was fraudulent and was intended to circumvent the *Bankruptcy and Insolvency Act*.”

Ballantyne vividly recalls the moment all the hard work paid off: “At the end of the meeting, Mr. Bernier [then Minister of Industry] said, ‘They’re right. Amend the legislation.’”

Thanks to successes like that, CALU has proven its value to members and their clients. Brian Etherington observes, “CALU has deepened its resources, broadened its mandate, and achieved its own momentum, but the original need to represent millions of policy owners across Canada — in thinking out both the political and technical impact of public policy affecting their retirement, estate, and business succession planning — remains paramount.”

An evolving organization

“We continue to have that leadership on tax policy. We continue to have the relationships we have both in Ottawa and with the insurance industry. And we do have a very vibrant annual general meeting,” says Jim Burton. “The fundamentals are as important and real today as they were 25 years ago.”

But, in many ways, CALU continues to evolve. “While I was chair of the board, we negotiated with Advocis,” recalls Henley. “CALU had always operated as a sister organization with full autonomy, but we officially signed an agreement to that effect. ... It has worked out to be very beneficial for both CALU and Advocis.” Henley adds, “While we do have separate mandates, we do have a common goal of taking care of the best interests of our clients first, taking positions on public policy for the best interests of Canada as a whole, and of course for developing members of Advocis and CALU in their areas of expertise and information, allowing them to be better advisors to their clients from coast to coast.”

As the organization has grown, increasing its active membership to 450 in 2016 from 300 in 1991, it has deepened its operational capacity. “Professional full-time support has been brought



Ted Ballantyne



David Sung



Terry Zive

in to carry out more of the vitally important operational activities,” says Sung. “I’ve seen the organization become more built-out.”

In addition, CALU has formalized its governance structure. St. Amand explains, “We redid all our governance, re-struck all the committees, put terms of reference in place. It became a very professionally run organization.”

There have been changes to the way CALU defines political activism as well. In the beginning, there was the Candidate Recognition Program.

“We encouraged the members to write a cheque — I think the minimum was \$500,” Etherington explains, “and CALU came up with a recommended slate of politicians across the country whose record showed that they were supportive of the life insurance industry — that they had an open mind about it, that they were entrepreneurs, that they understood that it was generally a good thing.”

Today, the Candidate Recognition Program has been remade as the Political and Civic Involvement Program. “This program encourages our members to become involved at the grassroots level in riding associations, in becoming members of political parties, in running for office, in making contributions, also in going to see ministers,” says Zive. “I like to say we’ve upped the game.”

What hasn’t changed — what has become an indelible part of the CALU tradition — is the depth of education members get at the AGM, at regional meetings throughout the year, in publications such as the *CALU Report* and *infoEXCHANGE*, and from their peers.

Kate Pal, managing director of Pal Insurance in Toronto, says, “I just love the fact that I’ve broadened my network of other professionals in the industry. I’ve met some really great people. I’ve gained awareness about our industry, which I’m thankful for, and also knowledge as it relates to advanced financial planning.”

Or, as Zive puts it, “If you’re going to work in the upscale markets, there are few organizations in this country, or even in North America, that will provide you with the level of upscale education and advocacy work at the federal level that this organization provides.”

He adds, “If you truly are committed to the business, and to work in the highly technical upscale market, membership in CALU is a necessity.”

The Conference for Advanced Life Underwriting sets itself up for the next quarter century, welcoming diversity, and identifying future challenges

Last year, Mildred Davis's husband had shoulder surgery the week before CALU's AGM. "It had to be done. It was sudden ... and they were kind, they understood, they said I could move my stuff forward for the following year [but] I said to her on the phone, 'You know what? I can't believe I'm going to miss a CALU!'"

Davis cancelled her flight, rented a bigger car, and drove to Ottawa with her husband. On breaks from the AGM, she made her way discreetly upstairs to their hotel room to take care of him. "That's the extent I go to not miss a CALU!" she says. "It's an unbelievable conference."

Davis is an evidently highly motivated member of the next generation of CALU members. Part of the organization since 2002, she loves the challenging tax sessions and how open members are to sharing their knowledge.

"If you don't understand something, you have the opportunity where you can go up to 400 other people in the room, including the panel speakers, and ask questions," she says. "You can walk up to any member and say, 'I don't understand this, can you spend a few minutes with me?' or 'I hear you're good in this area, can you spend a few minutes with me?'"

CALU: the next generation

The mentorship opportunities afforded to CALU members will likely be at the forefront of recruitment drives as the organization prepares for the inevitable departure of the CALU pioneers. As Brian Henley, one of those inaugural members, puts it, "We don't have lifetime memberships. We don't have honorary memberships. You're either an active member or you're a member of the industry." So, when members retire, they leave CALU.

Associate membership was added early on to include related professionals and insurance company representatives. Henley was on the board when another category of membership was introduced. Provisional membership is designed for those ages 45 and under, and comes with less stringent production and income standards. Provisional members can step up to full active membership after three calendar years (or three AGMs) with CALU. It's one way to open the door to younger advisors.

"In order for us to fill that generation gap, we need to have more provisional members," says Pollyanna Sher, a regional sales director at Sun Life in Vancouver and a CALU associate member who serves on the membership committee. She acknowledges that it can be harder to identify candidates for provisional membership than for active membership. But many advisors who have never heard of

CALU likely have the qualities she thinks are important: passion for their work, a long-term vision, a desire to be counted among premier advisors, and an interest in being more actively involved in the industry.

The generational issue is cyclical, suggests David Sung. "The average age is increasing among CALU members [and] we certainly need to look at doing something to try to engage and bring younger people into the profession," he says. But, he adds, even if nothing changes, vacancies in the industry will make a career in insurance that much more attractive to the next generation.

Who's not in the picture?

Age isn't the only dimension of diversity on CALU's agenda. Today, 11 per cent of CALU members are female. That's about the percentage of women in the industry who could qualify for CALU, according to preliminary taskforce findings. So, according to Monette Malewski, president and CEO of M Bacal Group in Montreal, and CALU's membership chair, for CALU to attract a higher proportion of women, "we know now, more than ever, that we have to look at how to move the next group up to that level."

CALU has elected two female chairs over the years. The first, Diane McCurdy, says it was a challenge to be a woman in male-dominated CALU. "As in many industries at the time, women were blazing trails," she says. "It was wonderfully fulfilling to be part of the evolution of such a meaningful organization."

The second, Susan St. Amand, didn't feel that being a woman put obstacles in her path. "If they were there, I didn't see them or feel them, and I probably ignored them," she says. "Certainly, I didn't feel unwelcome and I didn't feel disrespected. It's a very supportive organization in many ways."

The fact that everyone in CALU must meet certain standards may help to promote equality once you're in the organization. As Davis puts it, "I'm very comfortable within it. I'm here because I earned to be here. Not dollars. My abilities allowed me to be here."

Diverse faces, diverse languages

Beyond considering the number of women in CALU, Sher would like to see the organization broaden the ethnic diversity of its membership. "Part of the challenge of diversity is to be able to have the other ethnic groups embrace what CALU has to offer," she adds. "For some, it could be part of the journey, perhaps those who are new to a country not knowing they can share their experiences to benefit others and be accepted for their opinions while learning from their peers."



Roger Thorpe



Mildred Davis



Pollyanna Sher



Monette Malewski



Brian Henley



Kate Pal

It may be helpful, Sher suggests, to include breakout sessions at the AGM that address the needs of those advisors and their clients, such as those serving in the new immigrant market. However it is achieved, greater diversity, which is more representative of Canada as a whole, “will be the future” for CALU, she believes.

Providing the right programming is something Malewski thinks can help attract more members from Quebec, too. The two Quebecers currently on the board (including Malewski) have spear-headed the translation of some of CALU’s materials into French. They have also been looking for opportunities to address the needs of Quebec AGM attendees.

“What can we do at the conference that puts some French into play so that people will feel comfortable without expecting the whole conference to be bilingual?” she asks. “In the last three or four years, we’ve done a good job of bringing that forward, and I think that’s where we will head in the future more and more.”

What’s next for CALU?

In a fast-paced industry, new challenges are always on the horizon and CALU members are full of ideas about what to address next.

“Each member has a responsibility to ensure that the politicians who represent us in the government — whether it’s at a more local or national level — are aware of the type of work that we do in our industry to help protect policyholders and protect Canadian families,” says Kate Pal. She and Sung would like to see CALU get ahead of the conversation on compensation disclosure in the insurance industry. As Sung puts it, “CALU has an opportunity to take a leadership role there in addressing that issue and getting out in front of it before the industry is surprised by it.”

St. Amand points to three other looming issues: succession planning for small family businesses, because transfers to family members are currently treated less favourably than transfers to strangers; helping people prepare to finance their own long-term care, perhaps by allowing long-term care policies to be held inside RRSPs; and over the longer term, keeping an eye on any changes to product development, including annuities, as interest rates rise.

The point for McCurdy is for CALU to remain “on the leading edge of change” so members never feel they have to play catch-up. That means paying attention to government, and offering to help them create the best solutions, but also listening to clients. “You’ll always find the next issues from [clients], by the questions they’re asking [and] what’s on their mind,” she says.

“There are so many issues that we could tackle,” says CALU’s current chair, Roger Thorpe. “There are so many areas of insurance that require someone to pay attention to [them], in terms of how our products are delivered, how we’re compensated, the distribution base. And we need to make sure

that we put a voice to the policy-makers so that they don’t necessarily make sweeping changes that aren’t in keeping with what Canadians want.”

The key to remaining effective and relevant over the next quarter century is, for Thorpe, to continue to educate policy-makers and advocate for policyholders. “If we do right by the policyholders,” he says, “and watch out for them and protect them, that will serve our industry well.”

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