



## **REQUEST FOR PROPOSAL**

### **BUSINESS CONSULTANCY FIRM TO LEAD BENCHMARKING EFFORT FOR A SPECIAL PROJECT ON CREDIT CARD BALANCE PROTECTION INSURANCE**

**FOR THE  
CANADIAN ASSOCIATION OF FINANCIAL  
INSTITUTIONS IN INSURANCE (CAFII)**

**MARCH 2019**

# **CAFII Request for Proposal for Business Consultancy Firm to Lead Benchmarking Research on Credit Card Balance Protection Insurance**

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## CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

### REQUEST FOR PROPOSAL FOR BUSINESS CONSULTANCY FIRM TO LEAD BENCHMARKING STUDY FOR A SPECIAL PROJECT ON CREDIT CARD BALANCE PROTECTION INSURANCE

#### Executive Summary

The Canadian Association of Financial Institutions in Insurance (CAFII) is currently seeking proposals from business consultancy / actuarial firms to lead a benchmarking component of a Special Project on credit card balance protection insurance (CCBPI). We are inviting business consultancy firms to bid on other elements of this project including the benchmarking component, and will decide which model we prefer after we received proposals—to go to a firm that does all components, or to split out the benchmarking component and go to a firm with specialized capabilities in that area.

CCBPI has been the subject of attention by some regulators, including the Financial Consumer Agency of Canada (FCAC). There are signals that Canadian insurance regulators may focus increased attention on this product. There has also been heightened media focus on this product recently, for example the 9 November, 2018 CBC Marketplace story on CCBPI.

It is important for the industry to be prepared for such developments, to be able to articulate and provide evidence of the consumer value proposition of this product.

CAFII is the industry Association most directly focused on CCBPI and it intends to play a leadership role articulating the interests of the industry around this product. CAFII needs to put itself and its Members in a position of poised readiness to present positive information about the product to regulators, media, consumer groups, and other stakeholders.

CAFII's first step in this project was to solicit law firms to bid on a Request for Proposal (RFP). We sought to engage a law firm with a national and international insurance and financial services regulatory presence who could take the lead in two areas: as subject matter experts on the research component of this effort, and to provide a competition law lens on the entire project.

**The overarching reason why CAFII chose to engage a law firm as the first step in this project is to have a competition law lens oversee the entire process, to ensure that at no time would CAFII and its Members inadvertently stray into conversations or actions that are prohibited under the Competition Act or be otherwise inappropriate.**

The law firm that we have chosen is Stikeman Elliott, with leading insurance advisory lawyer Stuart Carruthers as the quarterback for Stikeman Elliott, and competition lawyers Michael Kilby and Michael Laskey as a key part of the legal team on this project. The chosen business

consultancy firm and Stikeman Elliott are expected to work collaboratively together, with the law firm leading all elements of this project to ensure complete compliance with the Competition Act, to ensure that the resulting recommendations are feasible in terms of substantive insurance and banking law requirements, and to maintain client-solicitor and litigation privilege.

Clarification questions on this RFP can be sent directly to CAFII Co-Executive Director Keith Martin at [keith.martin@cafii.com](mailto:keith.martin@cafii.com). All questions will be collected into one document and a consolidated document with all the answers will be sent to all organizations who indicate that they will be responding to this RFP. The identity of the organization posing a question will not be disclosed. The deadline for submitting clarification questions is **5:00 PM, Tuesday, 19 March, 2019**; and CAFII will distribute a consolidated response document by **Friday, 22 March, 2019**.

The deadline for submission of proposals is **5:00 PM, Thursday, 28 March, 2019**. Each firm submitting an RFP response will then be invited to present their proposal in a meeting with a Selection Committee of the CAFII Board of Directors. We anticipate that presentation meetings will occur on **Monday, 1 April, 2019**. Proposals should be submitted electronically through an email sent to [keith.martin@cafii.com](mailto:keith.martin@cafii.com).

## Introduction and Background on CAFII

### *The Canadian Association of Financial Institutions in Insurance*

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our 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. Our 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 our Members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) 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. Our Members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; RBC Insurance; ScotiaLife Financial; TD Insurance; and National Bank Insurance – along with major industry players American Express, Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), and The Canada Life Assurance Company.

## Timelines

CAFII has identified the following timelines for this RFP:

- 11 March, 2019 – Distribution of NDA; after signed NDA is received, firm will be sent RFP
- 19 March, 2019 (5.00P PM)—Deadline for submission of RFP clarification questions
- 22 March, 2019—CAFII circulates consolidated responses document to answer RFP clarification questions
- 28 March, 2019 (5:00 PM) – Deadline for RFP Submissions
- 1 April, 2019 – Presentations by respondent firms to CAFII Board of Directors
- Post 4 April, 2019 – CAFII's Selection Decision Announced
- 8 Weeks Following Selection Decision—Deadline for Submission of final outputs with winning firm presenting to Board of Directors

## Confidentiality and Access to Information

All data and information which firms participating in this RFP gather from CAFII or its Members must be managed in a strictly confidential manner and be maintained on computer programs in a secure and encrypted manner and in a manner that protects and maintains privilege. All firms bidding on this RFP are to have pre-signed an NDA. Any third-party firms which the bidding firm seeks to engage in this RFP, and with whom it shares any information contained in the RFP, is expected to sign an NDA with the bidding firm prior to any information being shared with that third-party.

## Detailed Requirements

### *Benchmarking*

We will ask the business consultancy firm to bid on a benchmarking component of this effort, although we will consider outsourcing this component of the project to a separate business firm specializing in this type of study. This effort entails consulting with CAFII about the dimensions we seek to benchmark, and then anonymously and confidentially collecting information about these attributes across the CAFII membership in a manner that is fully compliant with competition laws, and in a manner that maintains privilege. The aggregated, anonymized results can then be assembled and shared subject to competition law oversight. Individual CAFII members can, on a proprietary basis, have access to their individual results so as to make comparative analysis, but any analysis or recommendations at a proprietary level

will be paid for individually by interested CAFII members and will not be funded at an industry level as part of the budget for this Special Project.

## Benchmarking List of Components

***Following are items to capture in the benchmarking effort. This study is limited to credit card balance protection insurance, for all products and also broken out for: life, critical illness, disability, and job loss; figures would be both totals and for 2018 only. Again, the information would at all times be handled in compliance with relevant competition laws.***

<b>Benchmarking Component</b>	<b>Metric</b>
Total in-force policies	#
Total premium (overall and per policy)	\$
Total claims made	#
Total claims paid	\$
Percentage claims paid	%
Loss ratio	%
Applications approved	%
Applications denied	%
Total employees	#
Complaints made	#
Cancellation of the Product within XX months	#
Complaints escalated to ombudsperson	#

## Proprietary Presentations

While CAFII will only be paying for industry level efforts, and individual Members will be paying individually for any work done in their own institutions at a proprietary level, including identifying how they individually compare to the industry findings around benchmarking.

## Research Effort and Price Ranges

CAFII is seeking the research output, and the strategy recommendations as outlined in the next section, within 8 weeks of the granting of the contract.

As part of the proposal to CAFII, please indicate your expectations around remuneration (paid up front, paid upon completion of project, portion paid up front and remainder paid upon completion etc.).

## Engagement of the Wider Industry

This section of the RFP is for background information purposes only. If coming out of this Special Project, there are enhancements contemplated to CCBPI, there are non-members of CAFII whom we may wish to engage in the industry-wide enhancement opportunity. This will be a consideration that CAFII will discuss with its Members. The non-members of CAFII players

include Canadian Tire Financial, PC Financial, Walmart Bank, Rogers Bank, HBC, Sears, and Chubb Insurance. As well, as this project moves forward, CAFII would need to find a way to keep the Canadian Bankers Association (CBA) and the Canadian Life and Health Insurance Association (CLHIA) informed of developments.

### **Possible Phase II of the Special Project on CCBPI**

After considering the output of Phase I of this project, CAFII and its Members may consider a Phase II which would involve an RFP to engage a government relations / public relations firm which would develop a GR/PR campaign based on our findings in Phase I, including any possible enhancements that may be made at an industry or proprietary level. This will only be decided upon after the completion of Phase I.

### **Additional Work Coming out of this Special Project**

It is possible that individual CAFII Members will seek the involvement of a business consultancy firm, at their firm's own individual cost, to guide the firm through any proprietary CCBPI enhancements they may engage in coming out of this industry Association-led special project on CCBPI.

### **Proposal Submission—Required Content**

Review all of the detailed requirements as outlined above and provide a written submission detailing how your organization is able to meet or exceed these requirements, including pricing for each of the services required and any and all additional costs you would charge for.

Provide details around how your firm would structure its involvement in this project and the required outputs, and detail the costs associated with each component part as well as the overall cost.

Provide details on what components of this Special Project you would outsource and the process for such outsourcing.

## CAFII Evaluation Criteria

<u>Criteria</u>	<u>Weight</u>
Firm has demonstrated a thorough, comprehensive, credible understanding of the project; has demonstrated that it has the required expertise and experience within the firm to lead the project and to successfully produce the required outputs	45%
Firm's price is competitive	25%
Firm has a strong Project Management capability and has demonstrated a Project Management plan to guide the entire project	15%
Firm has demonstrated knowledge of CAFII and its Members, including being an Associate of CAFII, so that CAFII time and effort required for orientation and assistance in climbing learning curve will be minimal. <b><u>Specifically:</u></b> CAFII Associates get 3 automatic points in this category All bidding firms are assessed on "demonstrated knowledge of CAFII and its Members," with a maximum possible score on this dimension of 12 points	15%



## CAFIL Non-Disclosure Agreement (NDA)

### Confidentiality and Non-disclosure Obligations.

1. BIDDING FIRM agrees and undertakes:
  - (a) to maintain in strict confidence any data or information provided pursuant to this agreement by CAFIL and/or CAFIL Member (whether orally, in writing or in any other form) ("Confidential Information") by virtue of the Initiative, provided that information that is (i) already known to BIDDING FIRM at the time of disclosure; (ii) in the public domain or publicly available; (iii) available from a third party who is under no such obligation of confidentiality; or (iv) independently developed by BIDDING FIRM shall not be considered as 'Confidential Information';
  - (b) to protect all Confidential Information which the other party provides to it against unauthorized access, use, disclosure, destruction, loss or alteration using at least the same degree of care that BIDDING FIRM uses to protect its own confidential and/or proprietary information, but in no event less than a reasonable degree of care;
  - (c) to restrict access to the Confidential Information only to those employees engaged in the Initiative and who have a need to know for the purposes described herein and provided that such employees are bound by obligations of confidentiality that are at least as strict as those set out herein, to the exclusion of any other employees who do not provide services in connection with the Initiative;
  - (d) use the Confidential Information for solely for evaluating and implementing the Initiative (except if required otherwise by applicable laws, court or governmental agency) ("Permitted Purpose");
  - (e) not use or attempt to use the Confidential Information in any way that would be in violation of any applicable law or in any manner that could be deemed anticompetitive;
  - (f) not disclose, make available to, or provide or permit access to or use of any Confidential Information, by a third party except as expressly permitted by this agreement; and
  - (g) establish safeguards to ensure that all data is uniquely identified as to the Initiative participant to whom it belongs, and all Confidential Information will be secure from unauthorized disclosure, access and/or use.

### Ownership of Confidential Information

2. All Confidential Information will remain the exclusive property of CAFIL and/or applicable CAFIL Member, and BIDDING FIRM will have no rights, by license or otherwise, to the Confidential Information except for use as expressly provided in this agreement.

### **Compelled Disclosure**

3. BIDDING FIRM may disclose Confidential Information to its legal advisors to protect its own legitimate interests and to comply with any legal or regulatory requirements. If any court, regulatory authority, professional body or legal process requires the recipient to disclose information covered by this confidentiality obligation, then BIDDING FIRM may make any such disclosure; provided that the BIDDING FIRM will, if permitted by law, advise the CAFII promptly of any such requirement and cooperate, at the CAFII's expense, in responding to it.

### **Additional Obligations of Bidding Firm**

4. BIDDING FIRM represents and warrants that it is familiar with, has complied with, and will comply, in all respects, with applicable competition laws including the provisions of Canada's Competition Act and will implement appropriate policies, conduct appropriate training of its employees and directors, and adopt appropriate processes for meetings and documentation to ensure that it and their employees and directors will remain compliant.
5. BIDDING FIRM will be liable for any failure by its employees to comply with the terms of this agreement. BIDDING FIRM shall indemnify and hold CAFII and CAFII Members and their respective officers, employees, directors, agents and representatives harmless from, and shall pay for, any cost, loss, expense, liability, claim, demand or damage (including reasonable legal fees and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure of the Confidential Information or other breach of this agreement by BIDDING FIRM or its employees.
6. Irrespective of where BIDDING FIRM receives or holds individually identifiable personal information ("Personal Data") on behalf of any of the other parties, BIDDING FIRM confirms that, acting as data processor it will take appropriate technical, physical and organizational/administrative measures to protect that Personal Data against accidental or unlawful destruction or accidental loss or unauthorized alteration, disclosure or access. BIDDING FIRM will only use that Personal Data for the Permitted Purpose, unless permitted otherwise in writing by CAFII or a CAFII Member. The other parties and BIDDING FIRM shall each comply with the provisions and obligations imposed on each of them by applicable data privacy legislation and regulations.
7. Upon written request from CAFII or a CAFII Member, BIDDING FIRM will promptly return or destroy, and verify in writing its destruction of all material, in any form, embodying any Confidential Information, provided that BIDDING FIRM may retain a copy of such

Confidential Information only to the extent that it is part of its backup or recovery processes where such Confidential Information is not readily accessible.

## Remedies

8. Disclosure or use of Confidential Information provided by CAFII contrary to this agreement, or any other breach of the terms and conditions of this agreement by BIDDING FIRM, will give rise to irreparable injury to CAFII and/or CAFII Member that is not adequately compensable by damages. CAFII and/or CAFII Member may, in addition to any other remedy, enforce the performance of this agreement by way of injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damages (and without the requirement of posting a bond or other security) and, notwithstanding that damages may be readily quantifiable, you agree not to plead sufficiency of damages as a defence in any such proceeding. The rights and remedies provided in this agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or equity. All such rights and remedies may be exercised from time to time, and as often and in such order as is deemed to be expedient.
9. In the event of a breach of BIDDING FIRM'S obligations under this agreement or any actual or suspected security breach involving Confidential Information provided by CAFII, BIDDING FIRM will immediately notify CAFII and CAFII Members, immediately allocate required resources to address and cure the breach and implement all reasonable mechanisms to mitigate the risk and prevent future occurrences, including cooperating in all reasonable respects with CAFII and CAFII Members to minimize the impact of the security breach or loss and any damage resulting therefrom.

## Miscellaneous

10. Except as otherwise provided in this agreement, the obligations of the parties under this agreement continue and are binding for an indefinite period of time.
11. Any notice, direction or other communication given regarding the matters contemplated by this agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:  
to BIDDING FIRM at:

[INSERT]

to CAFII at:

Keith Martin

Co-Executive Director, CAFII  
411 Richmond Street East, Suite 200  
Toronto, Ontario  
M5A 3S5

12. A notice, direction or other communication is deemed to be given and received (i) if sent by personal delivery or courier, on the date of delivery if it is a business day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next business day, or (ii) if sent by facsimile, on the business day following the date of confirmation of transmission by the originating facsimile. A party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice, direction or other communication must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a notice will be assumed not to be changed.
13. No waiver of any of the provisions of this agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the party to be bound by the waiver. A party's failure or delay in exercising any right under this agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right it may have.
14. This agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such subject matter. This agreement may only be amended, supplemented, or otherwise modified by written agreement signed by all of the parties.
15. Neither this agreement nor any of the rights or obligations under this agreement may be assigned or transferred, in whole or in part, by a party without the prior written consent of the other party.
16. If any provision of this agreement is determined to be illegal, invalid or unenforceable, by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this agreement and the remaining provisions will remain in full force and effect.
17. This agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable

therein and the parties attorn to the non-exclusive jurisdiction of the courts in the City of Toronto.

18. This agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this agreement.

If BIDDING FIRM services do not conform to the requirements agreed between all parties, BIDDING FIRM will be notified promptly and it shall re-perform any non-conforming services at no additional charge or, at BIDDING FIRM option, refund the portion of the fees paid with respect to such services.

If re-performance of the services or refund of the applicable fees would not provide an adequate remedy for damages, the aggregate liability of BIDDING FIRM and its employees, directors, officers, agents and subcontractors (the “related persons”) to the parties whether in contract, tort (including negligence), breach of statutory duty or otherwise for any losses arising from or in any way connected with our services shall not exceed in aggregate the greater of (a) \$250,000 or (b) the total amount of the fees paid to BIDDING FIRM for the services provided pursuant to this agreement, unless otherwise agreed in writing. Nothing in these terms shall exclude or limit the liability of BIDDING FIRM or its related persons in the case of: (a) death or personal injury resulting from our or our related person’s negligence; (b) willful misconduct; (c) fraud; or (d) other liability to the extent that the same may not be excluded or limited as a matter of law. In no event shall BIDDING FIRM or any of its related persons or affiliates be liable for any incidental, special, punitive, or consequential damages of any kind (including, without limitation, loss of income, loss of profits, or other pecuniary loss).

Where BIDDING FIRM are jointly liable with another party, BIDDING FIRM shall to the extent permitted by law only be liable for those losses that correspond directly with its share of responsibility for the losses in question.

**SIGNED BY REPRESENTATIVE OF BIDDING FIRM**