

Benefits of CAFII Special Project on Credit Card Balance Protection Insurance –

Actionable Outputs from a Business Consultancy

<u>Initiative</u>	<u>Description</u>	<u>Benefit</u>
Comparative international research	Compare Canada to Australia, U.K., U.S., and Ireland, along the following dimensions: what was it about CCBPI that upset regulators and consumer groups in those jurisdictions?; with respect to those issues that upset regulators and consumer groups in those countries, what is the same here in Canada?; and what is different here in Canada?	Provides an evidence-based, research output that gives CAFII and its members information on where there might be vulnerabilities from an insurance regulation and/or insurance policy perspective.
Benchmarking	Aggregate CAFII Member-supplied data into anonymized metrics across a series of dimensions (loss ratios, claims payout percentages, complaints data, cancellation levels, premiums collected, etc.)	Gives CAFII useful industry level statistics. CAFII members could get proprietary information on their own metrics relative to the industry, to let them know whether they are above, below, or at industry norms.
Fact Pack	Develop simple and easy-to-understand explanations of how CAFII Members' CCBPI products work.	Could be shared with regulators as an educational tool.
Value Proposition	Develop a detailed explanation of the value proposition of the CCBPI product to Canadian consumers; and of its shortcomings.	Provides a deeper understanding of what is beneficial about the product, and what could be improved.
Strategic options, industry and proprietary	Develop a list of what industry-level and individual company proprietary-level reforms and adjustments could be made to improve the value proposition of the CCBPI product.	Provides options, for consideration, of ways to reform the CCBPI product to get ahead of the regulatory interventions that we feel may be imminent.
Strategic recommendations	Develop specific, actionable recommendations on industry-level and individual company proprietary-level changes that could be implemented.	Allows CAFII and its Members to make decisions on reform/adjustment initiatives that can be adopted at an industry-level or at an individual company proprietary-level. Industry-level funding will be for industry level implementations only; proprietary, individual company implementations will be separately funded by individual firms.
Business Modeling	Identify different models of changes that could be made at an individual company proprietary-level to reform the CCBPI product. Then model how those changes could be implemented in an institution.	Individual firms could test the models against their own financials to identify the best mix for themselves from the list of possible changes. Industry-level modeling will be funded by the Association funds for the Special Project; individual firms seeking to test the model internally will fund that effort themselves.

- ***All discussions of reforms or modifications will be made with the involvement of a competition lawyer to ensure compliance with the Competition Act***
- ***Possible firms to bid on this element of the project are PWC, KPMG, Deloitte, E&Y, Accenture, McKinsey, Bain & Company, Boston Consulting Group (BCG), and Towers Watson (for benchmarking—they have done this in the past for CAFII)***