

Agenda Item 4(b)
June 25/19 EOC Teleconference Meeting

CAFII Consider Taking Over Of Quarterly CGI Benchmarking Study From Canadian Bankers Association

From: Meyer, Aaron <AMeyer@cba.ca>

Sent: June-12-19 3:15 PM

To: Keith Martin <Keith.Martin@cafii.com>

Cc: Brendan Wycks <brendan.wycks@cafii.com>; Ciappara, Alex <ACiappara@cba.ca>

Subject: RE: Follow up from CAFII

Hi Keith,

We agree an in-person meeting to discuss the survey is a logical next step. We are available from 1-5pm Thursday June 20 or 9am-12pm Friday June 21. Please let us know if either of these dates/times work for you, and we can send a meeting invite.

Many thanks,
Aaron

Aaron Meyer | Advisor, Consumer & Household Finances, and Mortgage Markets
Conseiller, Consommation, Finances des ménages et Marché hypothécaire

From: Keith Martin <Keith.Martin@cafii.com>

Sent: June 5, 2019 10:49 AM

To: Meyer, Aaron <AMeyer@cba.ca>

Cc: Brendan Wycks <brendan.wycks@cafii.com>

Subject: Follow up from CAFII

Hello Aaron,

We had a CAFII Board meeting yesterday and the Board would like us to move forward in exploring taking over the Credit Protection Insurance benchmarking survey from CBA.

Brendan and I thought the next step would be an in-person meeting with you at your offices, to learn more about the current survey and discuss next steps. Are you available to meet with us, and if so can you propose some dates / times?

Regards,

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

Background

For a number of years, the Canadian Bankers Association has been producing a quarterly benchmarking report on Creditor Insurance. The report has been focused on penetration rates for new business and for the existing portfolio, as well as penetration rates by channel. In the past, this quarterly report also captured premium levels, but that part of the analysis was recently discontinued.

A CAFII Board Member brought to the Association's attention the fact that the CBA communicated the following to its member participants in this study on 16 May 2019:

"Consistent with the overall direction that CBA has been given by Executive Council (our Board of Directors), the CBA has made the decision to focus the CBA's work on core advocacy issues and allocate internal resources accordingly. As a result, CBA has made the decision to rationalize our benchmarking activities to reflect the fact that internal human resources have been reallocated from benchmarking to key strategic issues aligned with the organization's strategic plan. Therefore, the CBA has determined that this edition (Q1 2019, as at January 31st) of the Creditor Insurance is the final report that the CBA will produce.

"While the CBA will no longer be able to support this report including the proposed updates to the report, if members would like this report to continue into the future with another provider or vendor, CBA staff are willing to work with members to approach vendors that may be able to provide this service on a fee-for-service / subscription basis to participating institutions. We would also provide the vendor information on the work completed to date on updating the Creditor Insurance report. By Friday, May 31st, please indicate if you would like the CBA to approach third party vendors about continuing this report and, if so, who those third parties are. If there is sufficient interest, then we will reach out to possible vendors."

Opportunity For CAFII

If there is a desire among CAFII members for our Association to do so, taking over from the CBA and managing the continued production of a quarterly benchmarking Creditor Insurance Report, possibly including additional data such as premium rates, would seem to be a natural fit for CAFII, working with an external actuarial firm supplier for quarterly data collection and production of an anonymized, aggregated results report.

Issues to be Resolved

- Does the CAFII Board see value in and desire the continuation of a quarterly creditor insurance benchmarking study, with CAFII as the Association managing it?
- If there is a desire to take over and continue the CBA study, which CAFII members would be involved, both as data respondents and as recipients of the quarterly results report? If CAFII becomes the Association running this study, it might make sense to expand it to include as data respondents the following distributors of creditor insurance: the “Big 6 Banks” FI members; Desjardins Financial Security (DFS), and non-DFS credit unions (through CUMIS); and to share the quarterly results report with all CAFII members, as CAFII’s insurer/underwriter members would certainly also have a keen interest in the results and the insights they provide.
- The fact that both HSBC and Laurentian Bank of Canada participate in the current CBA quarterly benchmarking modestly complicates a hand-off/transition from CBA to CAFII. However, it also gives CAFII some further leverage to invite/persuade those two FIs to become CAFII Initiation Members.
- How should such a quarterly benchmarking study be funded within CAFII, especially in 2019 when it has not been budgeted for?
- What creditor insurance data should be collected in this quarterly benchmarking study if CAFII takes it over? This is an opportunity to see if there are additional data (for example, premium levels) that members would like to see collected.
- If the Board’s decision is that CAFII should take over and continue this study, what actuarial firm supplier(s) should we approach?

Recommendations

- That the CAFII Board mandate the Co-Executive Directors to reach out to actuarial firms Towers Watson and RSM Canada with a “mini-RFP” on this initiative.
 - Towers Watson was the recent winner of a CAFII RFP on benchmarking for the Special Project. However, RSM Canada was a bidder on that project, and may consider it unfair if we award this slightly different project to Towers Watson without an opportunity for RMS Canada to bid.
- That the CAFII Board mandate the Co-Executive Directors to reach out to the CBA and communicate our Association’s intention to take over this study, and to request its cooperation and support. (Note: Keith Martin has already communicated to the CBA that CAFII is exploring options around this project with the CAFII Board of Directors.)
- After the Co-Executive Directors have conducted their analysis based on this initial mandate, they will issue a brief which lays out options and recommendations for CAFII Board approval.