

Agenda Item 4(b)(i)
March 26/19 EOC Meeting

From: Brendan Wycks

Sent: March-01-19 9:57 PM

To: Kathryn Martin (FCAC/ACFC) <Kathryn.Martin@fcac-acfc.gc.ca>

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

Subject: CAFII Feedback on FCAC Consumer Education Materials on "Credit or Loan Insurance" and "Credit Card Balance Protection Insurance"

Hi, Kate.

As Canada's only industry Association focused exclusively on creditor's group insurance, travel insurance, and alternate distribution in the life and health insurance industry, CAFII thanks you for the opportunity you've given us to bring the expertise of our members to bear in reviewing and providing feedback on two directly relevant FCAC consumer education documents which the Agency is developing. We also thank you for granting a deadline extension to end of day on March 1/19 for us to provide our feedback.

As promised, please find attached CAFII's Track Changes feedback submissions on the FCAC's draft online/web consumer education materials on

- Credit or Loan Insurance;
- Credit Card Balance Protection Insurance; and, in addition,
- a separate but directly related document titled "CAFII Outreach Questions & Answers On Creditor's Group Insurance and Alternate Distribution," which we are providing as an integral Appendix A to our Track Changes submissions.

We have provided our two Track Changes submissions in MSWord format, to make it easy and convenient to expand/open our marginal comments and view them in their entirety.

As noted in the marginal comments in our Track Changes submissions, CAFII would like to meet with you and/or other FCAC representatives to discuss and clarify the content of our Track Changes submissions and, in particular, our Appendix A submission as it addresses a number of factual errors and misperceptions/misunderstandings which were evident in the two FCAC draft consumer education documents.

And as noted specifically in the marginal comments in our Credit or Loan Insurance feedback submission, CAFII is strongly of the view that the example provided in that document is not credible and potentially misleading. The term life premiums quoted therein assume that the insured is not in sub-standard health. While the term life premium quoted may be accurate for some 37 year old women, it would not be accurate for a significant proportion of such consumers. There are other examples which could be used in which the cost of term life insurance would be much higher than for an equivalent amount of creditor mortgage life insurance. For example, a 50 year old male smoker would generally pay much more for a \$250,000 term life policy than for an equivalent amount of creditor mortgage life insurance. Consumers may get the false impression from Figure 1 that term life insurance is always less expensive than creditor mortgage life insurance and, based on that misinformation, could decide to decline creditor mortgage life insurance without investigating the cost for themselves.

In that connection, CAFII would like to meet and work with FCAC representatives to develop a credible example, drawn from independent, third party actuarial research on the Consumer Value Proposition of Creditor Mortgage Life Insurance Versus Term Life Insurance, research which CAFII has at its disposal and would be pleased to share.

We look forward to hearing back from you shortly, Kate, about some near future date/time options when it would be possible for a small group of CAFII representatives to meet with relevant FCAC senior staff members, at your offices in Ottawa/vicinity, to discuss these important matters.

Regards,
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From: Kathryn Martin (FCAC/ACFC) <Kathryn.Martin@fcac-acfc.gc.ca>
Sent: February-12-19 10:55 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Subject: For review: FCAC Consumer Education materials

Good morning Brendan,

Thank you for your patience as we prepare educational web content on credit and loan insurance and credit card balance insurance for your review.

As part of our process, we ask key stakeholders to review draft content and provide comments before publication.

What we're looking for reviewers to do

We mainly ask reviewers to help us ensure our information for consumers is accurate, relevant, useful and easy to understand. If there are any key points that consumers should know which you feel are missing, please let me know. Editorial comments are not the main point of the review exercise, but would also be welcome, especially if the text is phrased in a way that seems unclear or potentially misleading.

Guidelines for web content

To further inform your review, here are some of the parameters that guide the drafting of our web content:

- This web content will be published on the government-wide web site Canada.ca, updating the pages: [Credit card balance insurance](#) and [Credit and loan insurance](#).
- We need to adhere to Canada.ca style guidelines, including:
 - Aiming for a Grade 8 reading level
 - Using simple terms and short and simple sentences that are easy for readers to scan quickly
 - Only including information that helps readers “complete their task”. In this case, the “task” is to understand the credit card balance insurance and credit and loan insurance.

Requested date for comments

If possible, could you please provide any comments by end of day **February 26, 2018**.

Typically, reviewers provide comments via track changes. I'd also be glad to discuss any feedback by email or phone if you like.

We greatly appreciate the feedback we receive from stakeholders. We endeavour to revise our draft content when appropriate, although we may not be able to accept all suggestions for revisions.

Thanks in advance,

Kate Martin

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