From: Keith Martin
Sent: October 12, 2018 5:19 PM
To: 'McCarthy, Peter' <Peter.Mccarthy@bmo.com>; 'Benson, Nicole' <Nicole.Benson@valeyo.com>; 'Grant, Bob' <bob.grant@scotiabank.com>; 'Rondzik, Sandra' <Sandra.Rondzik@CIBC.com>; 'Sarah J deGruchy' <sarah.j.degruchy@aexp.com>; 'Lobbezoo, Chris' <chris.lobbezoo@rbc.com>; 'Chris Knight' <chris.knight@td.com>; 'Kelly Tryon' <kelly.tryon@cumis.com>; 'Mastroianni, Marisa' <MARISA.MASTROIANNI@bmo.com>; 'Notter, Lesly' <lesly.notter@scotiabank.com>; 'Fernandes, Rachel' <Rachel.Fernandes@CIBC.com>; 'Dela Cruz, Nancy' <nancy.dela.cruz@td.com>; 'Beattie-Sycko, Kathie' <kathie.beattie-sycko@rbc.com>; 'Jaimee Romans' <Jaimee.Romans@assurant.com>; 'Thorn, Peter' <Peter.Thorn@td.com>; 'Pergola, Antonio' <tony.pergola@scotiabank.com>; 'Bedford, Laura' <laura.bedford@rbc.com>; 'Isabelle Choquette' <isabelle.choquette@dsf.ca>; 'Charles Blaquiere' <Charles.Blaquiere@valeyo.com>; 'Rob Dobbins' <rob.dobbins@assurant.com>; 'Easthope, Dana' <dana.easthope@canadianpremier.ca>; 'Dominique Julien' <dominique.julien@cibc.com>; 'MacLean, Charles' <charles.maclean@rbc.com>; 'Diane Quigley' <diane.quigley@cumis.com>; 'Gill, Moira' <moira.gill@td.com>; 'Lewsen, John' <john.lewsen@bmo.com>; 'Manson, Sue' <Sue.Manson@cibc.com>; 'Jerome Savard' <jsavard2@dsf.ca>; 'Anuraj Bains' <anuraj.bains@cibc.com>; 'Shawna Sykes' <Shawna_Sykes@cooperators.ca>; 'Scott Kirby' <scott.kirby@td.com>; 'Bradley Kuiper' <bradley.kuiper@scotiabank.com>; 'Boyle, Martin' <Martin.Boyle@bmo.com>; 'Monika Spudas' <Monika_Spudas@manulife.com>; 'Wally Thompson' <wallace_thompson@manulife.com>; 'Christopher Donnelly' <christopher_donnelly@manulife.com>; 'Nina Desai' <nina_desai@manulife.com>; 'Leena Khan' <leena_khan@manulife.com>; 'Sandy Zeidenberg' <Sandy_Zeidenberg@manulife.com>; 'Sandy Prokop' <sandy.prokop@rbc.com>; 'Coleman, Fay' <Fay.Coleman@td.com>; 'Liliana Ripandelli' <liliana_ripandelli@cooperators.ca>; 'Tara Clemens' <tara_clemens@manulife.com>; 'Katia Umutoniwase' <Katia_Umutoniwase@manulife.com>; 'Casandra Litniansky' <casandra.litniansky@cumis.com>; 'Pabani, Huma' <Huma.Pabani@td.com>; 'Cecillia Xiao' <cecillia.xiao@assurant.com>; 'Brian Wise' <brian.wise@assurant.com>; 'Noel Brackney' <noel.brackney@bmo.com>; 'McKendrick, Craig' <Craig.McKendrick@cibc.com>; 'Aneta Murphy' <aneta.murphy@scotiabank.com>; 'Johane Lachapelle' <Johane_Lachapelle@cooperators.ca>; 'Johnson, Sarah' <Sarah.Johnson@valeyo.com>; 'darija.aksin@scotiabank.com' <darija.aksin@scotiabank.com>; 'Crystal Jongeward' <crystal.jongeward@td.com>; 'Nadine Roy' <nadine.roy@assurant.com>; 'Henderson, Neil' <Neil.Henderson@td.com>; 'Martin Plante' <mplante2@dsf.ca>; 'Voisin, Lisa (RBC Insurance)' <lisa.voisin@rbc.com>; 'Veronica Lewis' <veronica.lewis@cumis.com>; 'Fear, David' <david_fear@canadalife.com>; 'Georgakis, Louie' <Louie_Georgakis@canadalife.com>; 'Ewen, Dallas' <dallas.ewen@GWL.CA>; 'Greg Skinner' <greg.skinner@rbc.com>; 'Paul Cosgrove' <Paul.Cosgrove@assurant.com>; 'christian.dufour@dsf.ca' <christian.dufour@dsf.ca>; 'Zack Fuerstenberg' <zack.fuerstenberg@scotiabank.com>; 'Mukherjee, Anita' <anita.mukherjee@rbc.com>; 'Vivek Sahni' <vivek.sahni@rbc.com>; 'Mindy Tarantelli' <mindy.tarantelli@scotiabank.com>
Cc: Natalie Hill <Natalie.Hill@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>; 'david@strategy2communications.com' <david@strategy2communications.com>
Subject: CAFII Update -- CBC Marketplace to Run Story on Credit Card Balance Protection Insurance
Importance: High

EOC, Board, and CAFII Committee Members,

This note is to provide an update on an issue that several members have been in touch about.

Background

The Canadian Bankers Association (CBA) has recently been approached by CBC Marketplace about a story they are planning on running on credit card balance protection insurance. The email from CBC Marketplace made it clear what direction the story was going to take, stating that "Consumer advocates have told us that this kind of insurance is "useless" for most consumers" and "They tell us that this kind of insurance is expensive, doesn't cover a lot of situations, and will only pay out a very small amount most of the time, if at all." The note also makes reference to FCAC Commissioner Lucie Tedesco identifying credit card balance protection insurance as a "problematic, high risk" product, adding that "FCAC also warns that consumers may be given misleading advice or inappropriate explanations about credit card balance protection insurance." The email then continues by saying that "…we would like to know why the CBA continues to condone a product that many call "problematic", "useless" and not in the best interest of the consumer."

CBC Marketplace has requested an on-camera interview between their host, David Common, and CBA President and CEO Neil Parmenter.

In response, the CBA spoke on background and off the record with the producer for CBC Marketplace, and in response to the question "Why the CBA continues to condone a product (creditor insurance) that many call "problematic"" the CBA stated that it does not recommend or approve products for its member banks to distribute. Therefore, the CBA stated that they have neither condoned nor condemned any product – and would never do so.

In terms of the second question, "What the CBA is doing to ensure bank employees are giving appropriate advice on this product" the CBA stated that they do not have a mandate to train bank employees on any aspect of their roles.

The CBA therefore felt that they were in no position to respond to CBC's questions, and declined the interview; and they did not suggest the names of any organizations or companies that the CBC should contact.

The CBC Producer agreed that the CBA was not the proper entity for this line of inquiry, and pledged that the Marketplace story would **not** say, "The CBA refused to appear on camera to answer questions."

The CBA was also invited to offer a written comment which might be used in the online version of the story, and sent the following quote: **"Banks in Canada are fundamentally customer-focused institutions that are dedicated to serving clients across the country to help them achieve their financial goals. As such, banks offer a range of products and services to suit the diverse needs of customers in a variety of circumstances."**

Next Steps

How CAFII should respond to this emerging story is a question we are now examining.
On Monday morning Co-Executive Directors Keith Martin and Brendan Wycks; media consultant David Moorcroft; and Media Advocacy Chair Charles Blaquiere will have a meeting to discuss options and develop recommendations.

The recommendations from that meeting will first be run past the **Media Advocacy Committee**, which includes representatives from our members with a media or communications expertise.
We will then share options and recommendations more broadly with the EOC and Board.

In the interim, please share with Brendan and Keith any views you may have on how CAFII should best respond; and I will be following up with further information next week.

Thank you

--Keith

Keith Martin
Co-Executive Director / Co-Directeur général
Canadian Association of Financial Institutions in Insurance
L'association canadienne des institutions financières en assurance
keith.martin@cafii.com
T: 647.460.7725
www.cafii.com

cafii acifa
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