

Confidential

<p style="text-align: center;">CAFII STANDBY STATEMENT CBC MARKETPLACE STORY ON CREDIT CARD BALANCE PROTECTION</p>
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Draft 2a, October 19, 2018

Background:

CBC Marketplace contacted the Canadian Bankers Association in early October about a story they are planning to run on credit card balance protection insurance. The email from CBC Marketplace made it clear the story would be negative.

The note also made 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.”

CBC Marketplace 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.

Since then, at least three CAFII members (TD, CIBC and BMO) have been approached for on-camera interviews and have been told the CBC has found clients who claim to have been miss-sold the product, and an employee who said he/she was pressured to sell the product. We believe CBC may have sent a reporter to bank branches pretending to be a client applying for a credit card and secretly video- taped conversations with employees trying sell them credit card balance protection insurance.

The banks contacted by the CBC will likely decline on camera interviews, but may provide a written statement. They may also refer the CBC to CAFII for further information, and if they wish to, we recommend the following wording:

“Should you wish to learn more about how financial institutions in Canada are making insurance simple, accessible, and affordable for Canadians, please visit the website of the Canadian Association of Financial Institutions in Insurance at www.cafii.com.”

The episode on credit balance protection insurance, which will be negative, is expected to air November 9.

Communications Strategy:

CAFII has decided not to participate in an on camera video interview with CBC Marketplace for the following reasons:

- The Financial Consumer Association of Canada (FCAC) and the Department of Finance are expected to release a report this fall recommending new protections for consumers. Finance has asked the industry to remain in a "no noise" mode about consumer protection issues until after the report is issued.
- Participating in an interview with the CBC will add fuel to the fire by giving Marketplace an opportunity to create on air conflict and controversy between the industry and its critics. We suspect FCAC may not participate for the same reason.
- Credit card balance protection insurance is not the product that the industry should make the poster child for creditor insurance. If we want to win an argument about the value of creditor insurance, there are better products to hang our hat on.

Potential statement from CAFII:

If approached by CBC Marketplace for comment, CAFII will decline an on camera interview, but will offer to provide a written statement as follows:

"CAFII members provide a range of competitively priced creditor insurance products that help consumers and their families cover their mortgage, loan and credit card debt obligations against a number of risks such as death, disability, critical illness, and job loss. Our members monitor consumer acceptance of and satisfaction with all of their creditor insurance products, including credit card balance protection, and will continue to make product improvements going forward based on customer research.

In addition, CAFII provides helpful consumer information about creditor insurance products on its website at www.cafii.com."

CAFII media contact:

David Moorcroft (416-727-1858) has been designated the media quarterback for this issue, and he will handle all media requests to CAFII. He will speak off the record on background in an effort to diffuse follow up interest in the story by providing helpful information, namely the content in the written statement. If David decides the media call needs to be escalated, he will contact Keith and Brendan to determine the best strategy.

As of October 19, 2018

For more information, contact David Moorcroft, 416-727-1858.