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**CAFII Working Group on Credit Protection Insurance Industry Best Practices**  
**Meeting Notes of Teleconference Meeting Held 22 August, 2019**

**Members of the Working Group in Attendance**

Karyn Kasperski, RBC Insurance (Working Group Co-Chair)  
Rob Dobbins, Assurant  
Greg Caers, BMO Insurance  
Rebecca Saburi, BMO Insurance  
Sharon Apt, Canada Life Assurance  
Dana Easthope, Canadian Premier Life  
Asma Desai, Canadian Premier Life  
Joanna Onia, CIBC Insurance  
Parminder Rai, CIBC Insurance  
Monika Spudas, Manulife Financial  
Marie Nadeau, National Bank Insurance  
Michèle Jenneau, National Bank Insurance  
Luce Doyon, National Bank Insurance  
Brad Kuiper, ScotiaLife Financial  
Denzyl Monteiro, ScotiaLife Financial  
Jeremy Flanagan, TD Insurance  
Scott Kirby, TD Insurance (for part)

**Guest**

Mike Kilby, Partner Specializing in Competition Law, Stikeman Elliott (for part)

**Staff**

Brendan Wycks, CAFII  
Keith Martin, CAFII

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Karyn Kasperski, Co-Chair of the Working Group, called the meeting to order, welcomed everyone, and thanked participants for participating in this important initiative and making time for today's teleconference meeting.

Ms. Kasperski called on CAFII Co-Executive Director Keith Martin to provide feedback on his outreach to CAFII counsel Stikeman Elliott on protection of solicitor-client privilege; and on prudent restrictions on Working Group's discussions which would be necessary to remain in compliance with the Competition Act.

Mr. Martin noted that documents on solicitor-client privilege had previously been circulated in relation to the contemplated CAFII Special Project on Credit Card Balance Protection Insurance (CCBPI), and that in general there were no measures that could be taken to guarantee solicitor-client privilege and make it air-tight. If the Working Group reaches a point where it will make specific recommendations, or produce specific documents, then it is recommended that Stikeman Elliott be engaged in these initiatives to maximize the likelihood of protecting solicitor-client privilege.

On the issue of the Competition Act, Mr. Martin noted that relevant documents had been circulated, in advance of this meeting, on what is and is not permissible; and that Stikeman Elliott partner Mike Kilby was in attendance for the first part of this meeting to address the Working Group on these matters.

Ms. Kasperski welcomed Mike Kilby to the meeting, noting that he is a partner specializing in competition law at Stikeman Elliott. Ms. Kasperski invited Mr. Kilby to address the Working Group on competition law guidelines that should be kept in mind during the Working Group's deliberations.

Mr. Kilby noted that as part of the contemplated CAFII Special Project that had spawned this particular Working Group, documents were circulated on the Competition Act and related competition law considerations; and they had been re-tabled as part of the documentation for this Working Group, including CAFII's own Competition Law Policy which the Association's Board of Directors reviews each year, at the first Board meeting in a new governance year, and re-acknowledges for the purposes of an adherence commitment.

The Competition Act is meant to discourage competitors from colluding to fix prices, or to restrict product design in such a way as to reduce consumer choice, Mr. Kilby advised. The purpose of this CAFII Working Group exercise, which is to seek to enhance the value proposition of credit protection insurance for consumers, is pro-consumer; and, as such, would not likely be seen as inconsistent with the principles of the Competition Act. Of particular note is that this effort seeks to identify industry best practices, and would be voluntarily implemented by CAFII members.

Nevertheless, Mr. Kilby continued, members of the Working Group should avoid explicit discussion of pricing strategies. In addition, any discussions of matters such as loss ratios should be at a high, industry-level as opposed to a company-specific level. There needs to be a balance between developing industry standards in the interests of the consumer, while not straying into discussions on pricing or product design. As such, "standardization" is not a permissible activity, but developing industry standards which members may seek to adopt is a permissible activity. The approach, Mr. Kilby concluded, should be focused on "guardrails" around issues such as appropriate levels of disclosure, which individual CAFII members could then separately implement, if and how they see fit to do so.

Coming out of this discussion, Chair Karyn Kasperski noted for the record that the Working Group had received the following: (i) CAFII's Competition Law Policy; (ii) a Stikeman Elliott document on CAFII's Competition Law Policy and some comments and feedback on it; and (iii) a commentary from Stikeman Elliott on the protection of solicitor-client privilege.

Ms. Kasperski asked Working Group members to review and adhere to the recommendations and advice set out in those documents. Ms. Kasperski also introduced the following motion:

***Moved by K. Kasperski and seconded by R. Dobbins that this CAFII Working Group has reviewed CAFII's Competition Law Policy and related legal advice documents on Canada's Competition Act and will adhere to them in its deliberations. This Motion Was Carried Unanimously.***

Ms. Kasperski then moved to the next agenda item on the best name for the Working Group. At the 15 August, 2019 meeting, there were a variety of views on the optimal name, with three options being proposed. Those three options had subsequently been voted on by Working Group Members in a confidential online survey. The three options were:

***Option #1: Working Group on Balance Protection Insurance Industry Best Practices***

***Option #2: Working Group on Regulatory Expectations and Credit Protection Insurance Industry Best Practices***

***Option #3: Working Group on Regulatory Expectations and Credit Protection Insurance Industry Best Practices and Optimization***

Brendan Wycks summarized the results of Working Group members' responses to the survey. The first two options received the most support, with Option #1 receiving 8 votes for and 2 against; and Option #2 receiving 7 votes for, 4 against. Therefore, Option #1 appeared to have the most support.

However, Mr. Wycks noted that he and Keith Martin, in the intervening week, had reached out to CAFII Board Chair Nicole Benson to seek clarification on the Board's direction as to the scope of the Working Group's mandate. Ms. Benson had confirmed that the Board wanted the Working Group to look at credit protection insurance generally, not just credit card balance protection insurance. That being the case, Option #1 was somewhat restrictive, as it refers to "Balance Protection Insurance."

Keith Martin then proposed a "friendly amendment" to modify the first option such that "balance protection insurance" was instead replaced by "credit protection insurance," and members of the Working Group were supportive of that amendment. On that basis, the following motion was proposed:

***Moved by K. Kasperski and seconded by M. Spudas that the Working Group be formally named "CAFII Working Group on Credit Protection Insurance Industry Best Practices." This Motion Was Carried Unanimously.***

Ms. Kasperski then moved discussion on to the next agenda item: review of "thought starter" documents produced by CAFII Co-Executive Director Brendan Wycks -- one on overarching principles, and one specific to the Australian Securities & Investments Commission (ASIC) Report 622 (July 2019) on consumer credit insurance (CCI), the Australian equivalent of what is called credit protection insurance in Canada.

The Working Group engaged in a broad discussion on the thought starter documents, which included the challenges of developing best practices around business culture, as that dimension is highly specific to individual companies. However, it was agreed that a general, pro-consumer approach needs to be at the centre of the Working Group's efforts. It was noted that if the Working Group develops high level, general principles, they may be of less utility. Mr. Wycks noted that there are two ends to the spectrum, one being high-level ideals, the other being specific expectations that need to be met.

Ms. Kasperski emphasized the importance of concrete, actionable results if the Working Group's efforts are to be meaningful, and there was strong support for her vision. This exercise should not be about "minimum standards" but about something more than that, i.e. "best practices."

Fair treatment of customers guidelines are establishing regulatory expectations, it was agreed, and they are a foundation for the industry to build upon. Ms. Kasperski gave the example of outsourcing, and using language that is more than just aspirational—for example, specific expectations such as this: if you outsource to a call centre, that call centre's staff must be trained to use specific scripts and not to deviate from them; they must ask for consent; and they must inform the consumer that the products are optional.

Working Group members agreed with this approach, noting that philosophical commitments are already in place within the industry; what is needed now are concrete and specific actions that demonstrate how the philosophical commitments can be implemented and acted upon.

In that connection, it was noted that the 2019 ASIC report on consumer credit insurance was focused on sales practices; and that topic might be a good place for the Working Group to begin the focus of its work, after which it could move onto other topics such as reporting, governance, and claims handling.

For the Working Group's next meeting on 29 August, 2019, CAFII Co-Executive Director Brendan Wycks was asked to produce another thought starter document, focusing on sales practices and the related specific regulatory expectations set out in the 2019 ASIC Report 622 and the 2018 Financial Consumer Agency of Canada (FCAC) Domestic Bank Sales Practices Review. The purpose of that thought starter document will be to help stimulate the development of concrete ideas and proposals on how the industry can meet the regulatory expectations set out in those reports.

## **Appendix A—Members of the Working Group on Credit Protection Insurance Industry Best Practices**

### **BMO Insurance**

Martin Boyle, EOC Chair, BMO Insurance, Co-Chair of the Working Group

Greg Caers, BMO Insurance

Rebecca Saburi, BMO Insurance

### **RBC Insurance**

Karyn Kasperski, RBC Insurance, Co-Chair of the Working Group

### **Assurant**

Rob Dobbins, Assurant

### **Canada Life Assurance**

Sharon Apt, Canada Life Assurance

**Canadian Premier Life/Valeyo**

Dana Easthope, Canadian Premier Life

Asma Desai, Canadian Premier Life

**CIBC Insurance**

Joanna Onia, CIBC Insurance

Parminder Rai, CIBC Insurance

**Desjardins Financial Security**

Nathalie Baron, Desjardins Financial Security

Isabelle Choquette, Desjardins Financial Security

**Manulife Financial**

Monika Spudas, Manulife Financial

**National Bank Insurance**

Michele Jeanneau, National Bank Insurance

Luce Doyon, National Bank Insurance

Marie Nadeau, National Bank Insurance

Caroline Cardinal, National Bank Insurance

**ScotiaLife Financial**

Brad Kuiper, ScotiaLife Financial

Denzyl Monteiro, ScotiaLife Financial

**TD Insurance**

Jeremy Flanagan, TD Insurance

Scott Kirby, TD Insurance

Elenda Yuma-Morisho, TD Insurance

**Staff**

Brendan Wycks, CAFII Co-Executive Director

Keith Martin, CAFII Co-Executive Director