

**CAFII Working Group on Credit Protection Insurance Industry Best Practices**  
**Meeting Notes of Teleconference Meeting Held 29 August, 2019**

**Members of the Working Group in Attendance**

Karyn Kasperski, RBC Insurance (Working Group Co-Chair)  
Greg Caers, BMO Insurance  
Scott Kirby, TD Insurance  
Denzyl Monteiro, ScotiaLife Financial  
Rebecca Saburi, BMO Insurance  
Jeremy Flanagan, TD Insurance  
Marie Nadeau, National Bank Insurance  
Sharon Apt, Canada Life  
Asma Desai, Canadian Premier Life  
Luce Doyon, National Bank Insurance  
Brad Kuiper, ScotiaLife Financial  
Monika Spudas, Manulife  
Isabelle Choquette, Desjardins

**Staff**

Brendan Wycks, CAFII Co-Executive Director  
Keith Martin, CAFII Co-Executive Director

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**THESE MEETING NOTES ARE PRIVILEGED AND CONFIDENTIAL**

Karyn Kasperski, Co-Chair of the Working Group, called the meeting to order, welcomed everyone, and thanked participants for joining today's call.

Ms. Kasperski thanked Brendan Wycks for producing and distributing his "thought starter" document titled "*Regulatory Expectations Related to Credit Protection Insurance Sales Practices*," which focused on the concerns around sales practices identified by the Financial Consumer Agency of Canada (FCAC)'s Report on its Domestic Bank Retail Sales Practices Review (March 2018); and the Australian Securities & Investments Commission's "Consumer Credit Insurance" Report of July 2019.

Ms. Kasperski asked Mr. Wycks to walk the Working Group through the thought starter document, followed by discussion on specific items in the document, one at a time.

Mr. Wycks noted that there were certain items in the document that he felt did not lend themselves to a specific, concrete best practices recommendation, in which case he had a more high-level, principles-based recommendation.

Mr. Martin interjected on this point that at the previous meeting, there seemed to be an emerging consensus that in the absence of specific, concrete, and actionable recommendations, this exercise might have limited impact in terms of favourably influencing the perceptions of regulator, i.e. reiterating a commitment to high-level principles might not be what regulators are desiring at this time.

Mr. Martin gave the example of a CAFII member company which had recently advised him that when it enrolls a customer in a credit card balance protection insurance coverage, it always sends a follow-up email to that customer reminding him/her that he/she has been enrolled in a CCBPI policy and re-sharing the terms and conditions; and providing an easy online method to cancel the coverage if the consumer has changed his/her mind.

A discussion ensued on the issue raised by Mr. Martin – with respect to the “desired outcomes” of the Working Group’s mandate and work -- with several members indicating that, at least at this time, overly specific and concrete recommendations were not something they were comfortable with. Individual members might have different ways of implementing principles, and there would be different challenges and costs to different members of engaging in specific actions.

Based on that feedback, it was agreed that while discussion on best practices opportunities arising from particular regulatory expectations would continue, specific, concrete recommendations would be parked for the time-being and revisited later on in the Working Group’s deliberations.

Discussion then turned to the fourth item in the thought starter document, the issue of the optional nature of credit card balance protection insurance. Similarly on this issue, it was felt that while members could comfortably commit to adhering to CLHIA Guideline G-7, they would be uncomfortable with additional specific/concrete best practices commitments.

With respect to item #5 in the thought starter document, reference was made to the meeting between then-FCAC Deputy Commissioner Brigitte Goulard and CAFII Board and EOC representatives on September 17/18, at which Ms. Goulard raised concerns about domestic banks’ call centre representatives leveraging credit protection insurance’s free-look period as a sales benefit and incentive for consumers to enrol in the insurance, since he/she could cancel it for a full premium refund within the first month after enrolling. This, she felt, was not an appropriate sales technique and not the right way to position this free-look period.

On this issue of appropriate positioning/utilization of the free-look period, several Working Group members expressed concern about overly-specific best practices language, with some noting that this is dealt with in members’ operations through monitoring and other controls. There was, however, a contrary view also expressed that call centres should never use the free-look period as a sales tool. This item was parked for the time-being.

Some specific regulatory expectations set out in ASIC’s report on consumer credit insurance in Australia were then reviewed, including one calling for the cessation of outbound sales calls; and another calling for a four-day deferral/cooling off period, after the finalization of the related debt obligation, before credit protection insurance could be offered to the consumer debtor.

Both of those recommendations had been positioned in the thought starter document as untenable in and not applicable to the Canadian marketplace; and that approach was supported by the members on the call.

Another Australian regulatory expectation discussed was an annual follow-up communication to consumers who had enrolled in credit protection insurance, reminding them that they were enrolled in the coverage and re-sharing the key details around price, limits, and exclusions. While there was general Working Group support for this principle, some members expressed concern about prescribing the frequency of such follow-up communications, preferring to use language such as “periodic” or “occasional.”

The FCAC’s regulatory expectations around obtaining express consent from consumers were then discussed. The FCAC felt that bank branches had weaker controls than call centres around adhering to scripts and ensuring that consumers were asked for consent for their enrolment in credit protection insurance. In comparison, in Australia, ASIC’s regulatory expectation is that a consumer’s informed consent must be obtained before a credit protection insurance sales pitch is even raised/broached with a consumer.

There was Working Group discussion of the challenges around verifying consent, and the difference between asking for consent and proving, after the fact, that it had been obtained.

It was noted that the client also needs to understand what they have been sold, as then-FCAC Deputy Commissioner Brigitte Goulard specifically highlighted for CAFII the issue that arising from some of the bank call centre calls which she listened to, as part of the Agency’s review of domestic banks’ sales practices, she concluded that language barriers resulted in some customers agreeing to buy/be enrolled in credit protection insurance coverage which they did not really understand. Working Group members expressed the view that this was another matter which individual companies needed to navigate through on their own; and that the establishment of a broader industry guideline or best practice in this area would require much further discussion.

With respect to Next Steps and preparation for the Working Group’s in-person meeting on Thursday, 5 September from 1:00 to 2:30 p.m., there was agreement that an updated thought starter document would be helpful. The document should be updated/revised to number each of the items in the table, in order to simplify the referencing of specific items within it; and related items should be grouped together under specific themes. Items which have been determined not to be relevant, or which have been parked, can be moved to the end of the document. As well, regulatory expectations from a third source document, the CCIR/CISRO “Guidance: Conduct of Insurance Business and Fair Treatment of Customers,” should be added to the items in the table.

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

### **BMO Insurance**

*Martin Boyle, EOC Chair and Co-Chair of the Working Group*  
Greg Caers  
Rebecca Saburi

### **RBC Insurance**

*Karyn Kasperski, Co-Chair of the Working Group*

### **Assurant**

Rob Dobbins

### **Canada Life Assurance**

Sharon Apt

### **Canadian Premier Life/Valeyo**

Dana Easthope  
Asma Desai

### **CIBC Insurance**

Joanna Onia  
Parminder Rai

### **Desjardins Financial Security**

Isabelle Choquette  
Nathalie Baron

### **Manulife Financial**

Monika Spudas

### **National Bank Insurance**

Michele Jeanneau  
Luce Doyon  
Marie Nadeau  
Caroline Cardinal

### **ScotiaLife Financial**

Brad Kuiper  
Denzyl Monteiro

### **TD Insurance**

Jeremy Flanagan  
Scott Kirby  
Kathy Tetford

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