

**Agenda Item 4(f)**  
**October 29/19 EOC Meeting**

**Memorandum**

**From:** Martin Boyle, EOC Chair and Co-Chair, CAFII Working Group on Credit Protection Insurance Industry Best Practices  
Karyn Kasperski, Co-Chair, Working Group on Credit Protection Insurance Best Practices  
**To:** CAFII Board of Directors  
**Date:** 27 September, 2019  
**RE:** **Progress Report on CAFII Working Group on Credit Protection Insurance Industry Best Practices**

**Background**

At the 4 June 2019 Board meeting, the Board's *in camera* session discussion on the Credit Card Balance Protection Insurance (CCBPI) Special Project concluded with a request that a Working Group of the EOC/CAFII membership be created to identify areas where industry practices could be elevated.

CAFII EOC members were invited to participate in this Working Group, or to nominate non-EOC members to participate. The first meeting of the Working Group was held on 15 August, 2019 and the Working Group has been meeting weekly since then.

Martin Boyle, as Board Secretary and EOC Chair, was in attendance at the Board's *in camera* session and chaired the first meeting of the Working Group on 15 August, 2019.

**Update on Direction of the Working Group**

At the first meeting of the CAFII Working Group on Credit Protection Insurance Industry Best Practices ("Working Group"), several process and strategic issues were considered and it was decided that the Working Group would have two Co-Chairs, Martin Boyle and Karyn Kasperski.

Members of the Working Group received copies of key regulatory documents that set out the market conduct expectations of regulators with respect to credit protection insurance. The Working Group felt that the key regulatory materials to review were the Australian (ASIC) Report on Consumer Credit Insurance; the FCAC's Domestic Bank Retail Sales Practices Report; CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"; and the AMF's Sound Commercial Practices Guideline. The key regulatory expectations from these documents were summarized in a "thought starter" document developed by CAFII management, and the Working Group has been considering each regulatory expectation one-by-one in the weekly meetings.

Working Group members have agreed that producing a principles-based product(s) is the desired outcome, rather than a more concrete, specific (and potentially more prescriptive) document(s). However, there is a recognition among participants in the Working Group that if the output of this effort is too high-level and theoretical, it is less likely to make a positive impression on regulators.

Stikeman Elliot's competition law expert Mike Kilby was asked to speak to the group about the Competition Act and what was permissible, and what was not, in the group's deliberations.

Mr. Kilby noted that members of the Working Group should avoid explicit discussion of pricing strategies, and any discussions of matters such as loss ratios should be at a high-level, and only at an industry-wide, as opposed to company-specific, level. There needs to be a balance between developing best practices 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 best practices that members seek to adhere to is a permissible activity. The approach, Mr. Kilby concluded, should be focused on "guardrails" around issues like appropriate levels of disclosure, that individual members would then separately implement.

The Working Group received a Stikeman Elliott document on CAFII's Competition Law Policy and some comments and feedback on it; a commentary from Stikeman Elliott on the protection of solicitor-client privilege; and a copy of CAFII's Competition Law Policy. Members were asked to review and adhere to the recommendations and parameters set out in these documents.

### **Progress and Next Steps**

The Working Group has had seven weekly meetings to date – three in-person and four teleconference meetings – and has now finished its work on reviewing the regulatory expectations and identifying high-level/possible response initiatives.

Those possible response initiatives will now be bundled into thematically-related issues, and smaller volunteer teams of Working Group members will work on them to identify and flesh out more specific possible industry actions. The development of possible industry commitments/principles around those broad regulatory expectation themes will now be the focus of future Working Group meetings.

The Working Group's expectation is that we will have an Interim Report, with some specific proposals for Board feedback, ready for the Board's next meeting on December 3/19, followed by the Group's final recommendations and output in the March/April 2020 timeframe.