



Credit Protection Insurance

Offered by CAFII Members

Making insurance simple and accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens



Credit Protection Insurance Overview

Credit Protection Insurance (CPI)

Optional group insurance for specific debts, including:



Mortgages



Line of credit
(secured/unsecured)



Credit cards



Loans

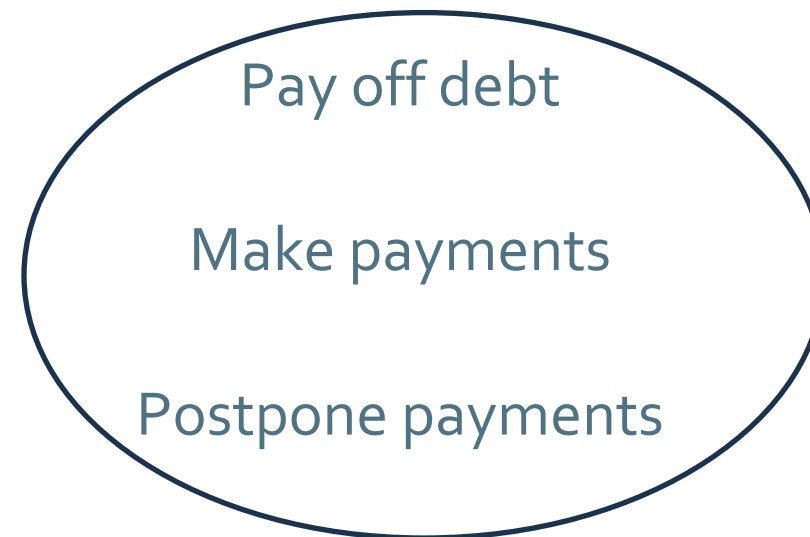
Credit Protection Insurance (CPI)

Protects consumers' debt obligations against a variety of risks

In the case of:



CPI can help to either:



Simple, accessible and affordable

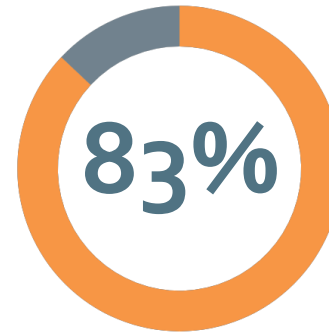


87%

87% of Canadians with CPI on their mortgages and Home Equity Lines of Credit (HELOCs) say it is a convenient way to protect themselves and/or their families.*



69% of Canadians with CPI say CPI is an affordable insurance option*



83% of Canadians with CPI coverage say it is an effective way to protect themselves and their families.*

*Source: CAFII commissioned national online survey of 1,003 adult Canadians who have Credit Protection Insurance on a mortgage and/or home equity line of credit. The survey was conducted in October 2022 by Pollara Strategic Insights.

Coast-to-coast-coast access

Financial institutions



Insurers





Sobering statistics

Inadequate coverage

38% of Canadian homeowners are “at risk” due to being underinsured or uninsured



These are Canadian homeowners who have credit, have dependents, and are underinsured or uninsured*

.....
*Source: LIMRA “Insurance Among Canadian Homeowners” Study for CAFII, February 2024.

Rising debt levels

At the same time, Canadians are more indebted than ever

As of January 2025, **50%** of Canadians feel they're within **\$200** of not being able to cover their monthly bills and debt obligations¹

In 2024, the average consumer non-mortgage debt was over **\$25,500**²

In 2023, the average Canadian consumer had over **\$110,000** in debt, including mortgage³

In 2023, the median mortgage debt was **\$205,000**⁴

In 2023, an average of **337** Canadians filed for insolvency **per day**⁵

As of 2023, Canadians have over **\$122bn** in outstanding credit card balances⁶

Sources:

¹ Global News <https://globalnews.ca/news/Canadian-mnp-debt-index-new-low-2025>

² TransUnion Report <https://www.transunion.ca/Quarterly-Overview-of-Consumer-Credit-Trends-2024>

³ Statistics Canada <https://www150.statcan.gc.ca/n1/Survey-of-Financial-Security,2023>

⁴ Statistics Canada <https://www150.statcan.gc.ca/assets-and-debts-held-by-economic-family-type,by-age-group,Canada,provinces-and-selected-census-metropolitan-areas,Survey-of-Financial-Security>

⁵ Canadian Association of Insolvency and Restructuring Professionals <https://www.CAIRP:2023Annual&Q4CanadianInsolvencyStatistics.com>

⁶ Equifax <https://www.Equifax.ca/about-Equifax/press-release/-/Economic-Pressures-Could-Impact-Credit-Performance-of-Consumers,Especially-Young-Adults>

Unforeseen life events happen

Critical illness, disability or job loss a reality many Canadians will face

In 2024, an estimated **675,000** Canadians were diagnosed with Cancer¹

As of December 2024, the Canadian unemployment rate was **6.7%**, with concerns among economists it could increase due to recessionary pressures⁶

In November 2024, the number of unemployed Canadians increased by **87,000**³

As of 2023, strokes remain the **leading cause of adult disability** in Canada⁴

As of 2022, the annual stroke rate was approx. **108,707** or **1** stroke every **5** minutes²

Sources:

¹Canadian Cancer Society <https://cancer.ca/en/research/cancer-statistics/cancer-statistics-at-a-glance>

²Statista <http://www.statista.com/statistics/unemployment-rate-in-canada-from-2019-2029>

³Statistics Canada <https://www150.statcan.gc.ca/n1/Labour-Force-Survey/November-2024>

⁴Provincial Health Service Authority <http://www.phsa.ca/about/news-stories/stories/world-stroke-day-2023>

⁵Heart & Stroke Foundation <https://www.heartandstroke.ca/what-we-do/media-centre/news-releases/stroke-in-canada-is-on-the-rise>



Closing the gap

Having the “what if?” conversation

If it isn’t offered, most people won’t seek it out



As of 2023, only **8%** of Canadians have Critical Illness Insurance*

Having the insurance conversation opens a difficult but critical dialogue to help people understand their risks – and what’s available to them

*Sources: Advisor Talks, *Critical Illness Insurance – Do We Position Its True Value or Baulk at the Cost?* (October 2023).

Canadian Life & Health Insurance Association, *Got questions about critical illness insurance? CLHIA’s latest consumer guide has answers to help you* (February 2024).

Meet Marie

37 years old,
married

2 kids, one in
daycare, one
in school

Primary
income
earner



~\$300,000
remaining on a
\$500,000
mortgage

20-year
amortization

Owens life
insurance through
her employer's
group benefits plan

Debts have a way of piling up

Takes out \$50,000
HELOC for home
renovations

Takes out an
unsecured loan for
private school



Puts new furnace
on credit card

What if something happens?

Cannot afford
daycare, affecting
employability

Misses
credit card
payments

Family's lifestyle
dramatically
altered

Loses family
home



No coverage for
job loss, disability
or critical illness

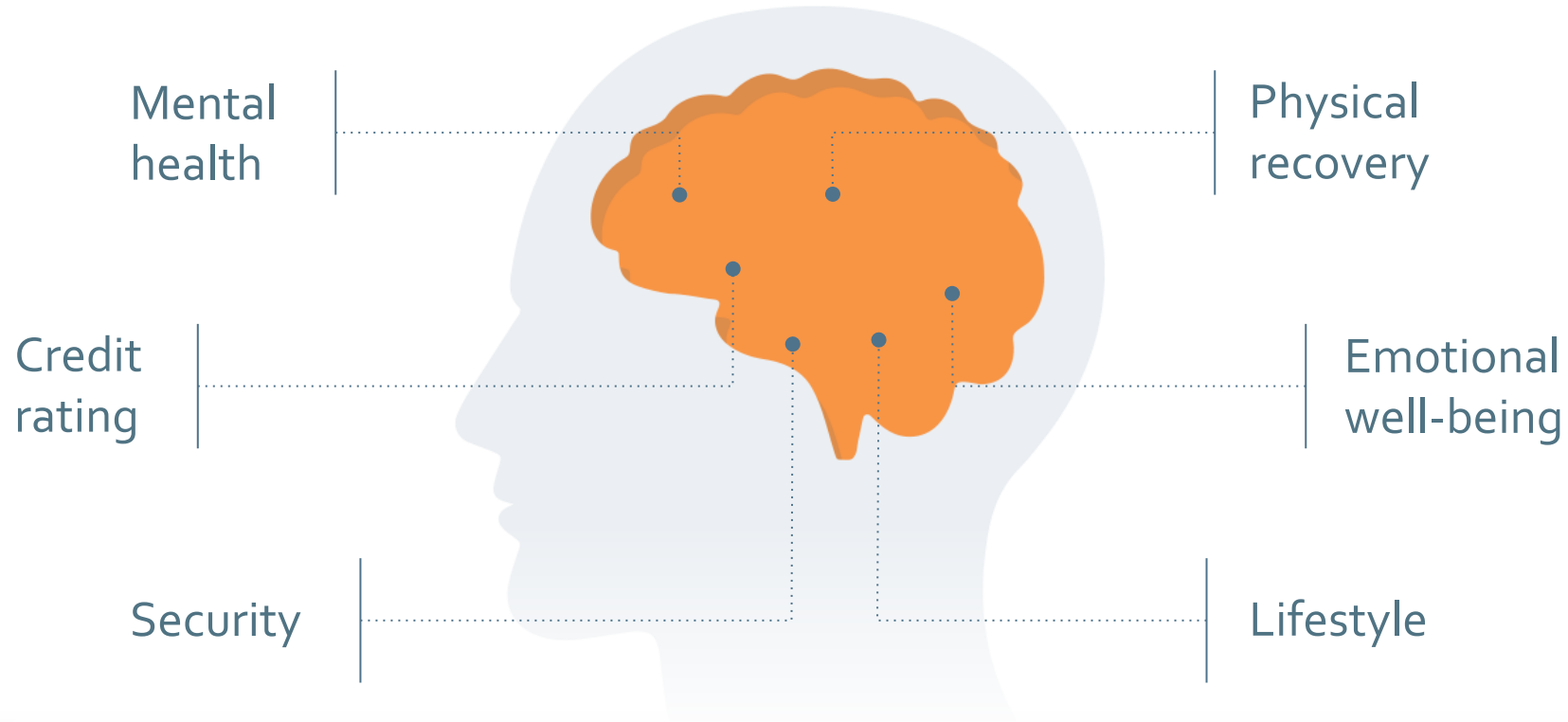
Credit rating
plummets

Experiences
depression

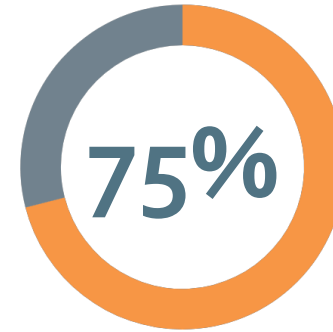
Group benefits life
insurance insufficient to
cover mortgage

What if she had the conversation?

Opening a dialogue at the point of sale



Marie's not alone



75% said that without CPI, they do not know how they and/or their family would be able to cope, should an unexpected life occurrence negatively impact them financially.

*Source: CAFII commissioned national online survey of 1,001 adult Canadians who have Credit Protection Insurance on a mortgage and/or home equity line of credit. The survey was released in November 2022 by Pollara Strategic Insights.



Sales practices built on fair
treatment of customers

Coverage is optional

Multiple accountabilities and product features reinforce optional nature of coverage

Bank client service representatives are **trained to communicate that CPI is optional**, in keeping with CBA Code of Conduct for Authorized Insurance Activities

Coverage can be **cancelled at any time**

Customers have an initial **period of 10 to 30 days**, within which they may cancel coverage and receive a full premium refund

Tied selling is strictly prohibited in legislation for banks



Accurate information

Comprehensive and recurring training to ensure consumers receive accurate and reliable information

Staff adheres to carefully developed scripts and protocols during the customer conversation to:

- ✓ Ensure that customers are provided full disclosure prior to purchasing
- ✓ Ensure that the financial institution obtains express consent (verbal or written) from the customer

CAFII member FIs educate those offering CPI through:

- ✓ Individual coaching
- ✓ Formal CPI training programs
- ✓ Team huddles

Prioritizing consumer protection

Oversight doesn't end once the consumer has enrolled in CPI coverage

Post sale practices are designed to ensure the fair treatment of customers:

- ✓ Calls are routinely recorded and monitored
- ✓ Post-sale reviews ensure customers understood and gave express consent
- ✓ Complaints are monitored for any emerging trends
- ✓ CPI insurers monitor spikes of cancellations



Consumer-friendly documentation

Post Sale Disclosure reinforces informed purchase decisions

Certificates of insurance

- ✓ Eligibility conditions
- ✓ Features and benefits
- ✓ Limitations
- ✓ Exclusions
- ✓ Statement that the coverage is optional and voluntary

Transparency

- ✓ Cost outlined in “plain language”
- ✓ Optionality reinforced

Clear & simple processes for making a claim

- ✓ How to submit a claim
- ✓ Insurer’s name and contact information
- ✓ Premium charges
- ✓ Review period within which coverage may be cancelled for a full premium refund

Straightforward complaint handling

Significant back-end work to ensure fair front-end sales practices

Robust internal complaint handling process

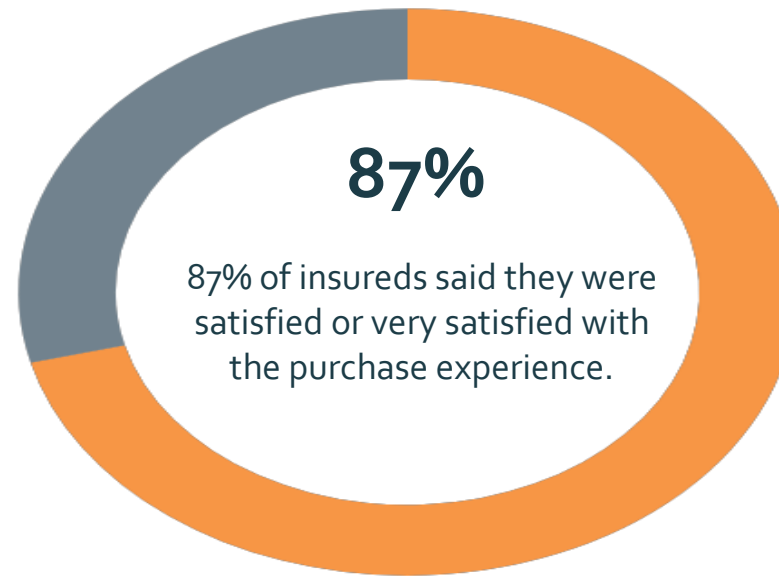
- ✓ Complaints are handled with an emphasis on the **fair treatment of customers**
- ✓ CPI insurers track and report complaints to the new national database rooted in the **CCIR Annual Statement on Market Conduct**

We take Complaint Handling seriously and our members ~~adhere~~ to FCAC's Financial Consumer Protection Framework

Consumer satisfaction a priority

Making sure consumers understand their coverage

At the time of signing up
for their CPI coverage:



*Source: CAFII commissioned national online survey of 1,001 adult Canadians who have Credit Protection Insurance on a mortgage and/or home equity line of credit. The survey was conducted in October 2022 by Pollara Strategic Insights.



Strict industry self-regulation and
robust provincial/federal regulation

Industry self-regulation

Mandatory participation in and compliance with industry guidelines and codes of conduct



CAFII Insurance company members that are members of the CLHIA are **required to adhere to CLHIA Industry Guidelines** for CPI product design and distribution, in particular, *G7 Creditor's Group Insurance* and *G9, Direct Marketing**.

CBA Code of Conduct for Authorized Insurance Activities outlines obligations and best practice standards expected of bank representatives who offer Authorized Insurance Products

- CLHIA is a voluntary trade association that represents the collective interests of its member life and health insurers, which account for 99 per cent of the life and health insurance business in Canada. Source: [CLHIA - Membership Information](#)

CAFII's Regulators and Authorities we Deal With...



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The Canadian Association of
Financial Institutions in Insurance

Making Insurance Simple and Accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens

Robust provincial regulation network

Established conduit for communication among member jurisdictions



Provincially regulated

Fair treatment of customers integral to provincial regulators



CCIR / CISRO Fair Treatment
of Customers Guidance a top priority



CAFII Members are Committed to the Fair Treatment of Customers



GUIDANCE: CONDUCT OF INSURANCE BUSINESS AND FAIR TREATMENT OF CUSTOMERS

CAFII shares regulators' objective of ensuring consumers are well-protected while also having the ability to purchase products through their channel of choice.

In an insurance industry context, it's important to note that part of the overall objective of FTC is to ensure insurers can provide support and meet consumers' expectations throughout the user experience.

Federal oversight

Robust legislative/regulatory framework, monitoring & oversight to ensure fair treatment and protection of consumers

Financial Consumer Agency of Canada (FCAC)

Monitors and enforces compliance with federal consumer protection measures

Federal legislation and regulations

The Bank Act and the related Insurance Business (Banks and Bank Holding Companies) Regulations control key market conduct issues such as tied selling and privacy





Looking forward

CAFII Posts Research Results, Summaries of In-Person Speeches, and Webinars on www.cafii.com

We Post our Research Findings at www.cafii.com



Exploring Emerging Technology Trends in CPI
February 2025 | Executive Presentation



Summaries of In-Person Events are Posted at www.cafii.com



Justeena Zaki-Azat, Senior Research Analyst of Applied Research Solutions, LIMRA and LOMA, on "Insurance Among Canadian Homeowners" March 19, 2024

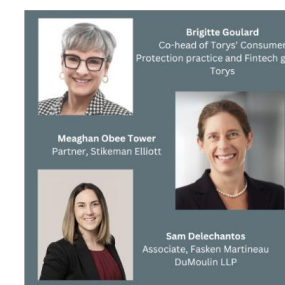


Keegan Iles, PwC, speaks at CAFII's December 3, 2023 Reception

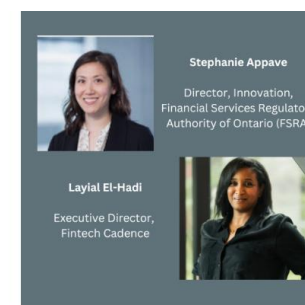


Dominic Hains, President and Chief Executive, RGA Life Reinsurance Company of Canada, at CAFII's Annual Members' and Associates' Luncheon, May 28, 2024

Webinars are Recorded and Posted at www.cafii.com



October 17, 2024
Summary of CAFII's Webinar: A Conversation on Open Banking



January 30, 2025
Summary of CAFII's Webinar: Insurance Innovation in Ontario



September 11, 2024
CAFII Fireside Chat with Jennifer Sutherland Green, Jennifer Crummy, Lauren Keefe-Hogan, and Rahul Deshmukh



April 25, 2024
CAFII Webinar Mental Health Issues in the Workplace: A CAFII Virtual Fireside Chat with Jeff Scott, Jennifer Heaslip, and Paula Allen

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Questions

Keeping the conversation and dialogue going