

*Agenda Item 5.1  
June 4/19 Board Meeting*

## **CAFII Summary Notes**

# **Webinar Presentation to CCIR / CISRO On CAFII Pollara Consumer Research on Credit Protection Insurance**

**29 May 2019**

29 MAY 2019 CAFII POLLARA WEBINAR TO CCIR / CISRO

**Insurance Regulator and Policy-Maker Attendees (from CCIR/CISRO Member Organizations)**

British Columbia

Janet Sinclair, Executive Director, Insurance Council

Brett Thibault, Director, Governance and Stakeholder Engagement, Insurance Council of BC

Roberta Lam, Examiner, Financial Institutions, BC FICOM

Alberta

Heath Young, Director of Information Technology & Business Services, Alberta Insurance Council

Saskatchewan

Angela Ottenbreit, Lawyer, Legal Branch, Financial and Consumer Affairs Authority (FCAA)

Ron Fullan, Executive Director, Insurance Councils of Saskatchewan (Chair, CISRO)

April Stadnek, Director, Strategic Initiatives, Insurance Councils of Saskatchewan

Manitoba

Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba

Lee Roth, Investigator, Insurance Council of Manitoba

Ontario

Ivy Lau, Financial Services Commission of Ontario (FSCO)

Tim Goff, Director, Complaints & Investigations, Registered Insurance Brokers of Ontario

Debbie Lee, Senior Examiner, Registered Insurance Brokers of Ontario

Quebec

Angie Couzam, Chambre de la Sécurité Financière

Nova Scotia

Jennifer Calder, Deputy Superintendent of Insurance

Angela MacLeod, Insurance Officer, Office of the Superintendent of Insurance

Newfoundland and Labrador

Craig Whalen, Deputy Superintendent of Insurance

Northwest Territories

Louise Lavoie, Superintendent of Insurance

Nunavut

Sean Clark, Superintendent of Insurance

CCIR and CISRO Secretariats

Adrienne Warner, CCIR Secretariat

Joanna Reading, CISRO Secretariat

### **Summary Observations**

The presentation, including a questions and answers session, lasted just under one hour. The webinar was notable for the significant turnout/presence of staff executives from CCIR/CISRO organizations, suggesting a high level of interest in the subject matter. Another notable observation was the high level of engagement, with many comments and questions throughout the presentation.

The three CAFII member representatives in attendance (Diane Quigley, CUMIS; Charles Blaquiére, Canadian Premier Life/Valeyo; and Scott Kirby, TD Insurance) noted that there was neither wholesale support for the results nor significant opposition, but CAFII Co-Executive Directors Brendan Wycks and Keith Martin felt that in relation to previous CAFII webinars delivered to the CCIR/CISRO regulators audience (approximately five offered over the past seven years), there was a higher level of attendance and a much higher degree of comments, questions, and overall engagement.

Many of the questions asked were for clarification, or to get more detail. There was a request from Janet Sinclair of the Insurance Council of British Columbia to provide some specific demographic breakdowns of the data—such as whether there were any interesting differences based on age, income, gender, region, or education level. Lesli Martin of Pollara will look into this and we will provide that information to the regulator participants.

There were two questions posed/framed from a perspective critical of creditor insurance.

The first critical question -- posed by Lee Roth, Investigator at the Insurance Council of Manitoba -- asked whether the survey disclosed to respondents that in buying creditor's group mortgage life insurance, they would be paying a fixed premium but for a declining balance amount of coverage (the mortgage payout amount).

Brendan Wycks explained that premiums on CGI mortgage life do not decline over time -- by design. Instead of charging a higher premium at the beginning and allowing it to decrease as the mortgage balance covered goes down, the CGI pricing structure is designed to have a lower, affordable premium at the outset and hold it constant. This assists clients to budget and manage expenses by providing a lower, level premium over the life of the mortgage which can be an attractive feature, particularly in the early years, when cash flow can be an issue. Also, while the amount of coverage goes down as the mortgage balance declines, the CGI premium has the offsetting advantage of staying constant and not increasing as the customer ages, which would be the case with individual life insurance.

The second critical question -- posed by Angie Couzam from the Chambres de la Sécurité Financière in Quebec -- asked if survey respondents who said they felt that the credit protection insurance was good value for money were actually given sufficient/adequate factual information to be able to make that statement, for example being provided with the loss ratio of the product. It was explained that no insurer or distributor in the marketplace, in any line of business, provides loss ratio information to consumers; and that the consumers who said they felt that the credit protection insurance provided value for money were self-reporting based on their own perceptions.

29 MAY 2019 CAFII POLLARA WEBINAR TO CCIR / CISRO

Brendan Wycks cited a number of the key findings from the 2015 CAFII-commissioned study by actuarial firm Towers-Watson on the consumer value proposition of creditor's group life insurance on mortgages, one of which was that creditor's group life coverage is generally very price competitive with Term 10 and Term 20 life insurance products, and very often more economical for certain demographic groups/customer profiles (typically younger lives, males, smokers, and smaller amount coverages).

Participants were asked, at three separate junctures in the latter part of the presentation, whether they had any views or feedback on CAFII publishing the Pollara research results on its website and issuing a media release. No comments, either in favour or against, were made.