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***Agenda Item 6(a)(2)***  
***March 24/20 EOC Meeting***

**CAFII Speaker's Notes**

**Slide 1: Credit Protection Insurance Offered by CAFII Members**

Welcome and introduce presentation

**Slide 2: Credit Protection Insurance Overview**

Credit protection insurance is a lot like a seatbelt – you hope you never have to use it, but it's there if you do. It's also, like a seatbelt, a simple way to protect yourself against the uncertainty that life may bring.

**Slide 3: Credit Protection Insurance (CPI)**

Explain that it is insurance you buy on specific debt vehicles

**Slide 4: Protects consumers' debt obligations against a variety of risks**

Credit Protection Insurance, also known as Creditor's Insurance or Creditor's Group Insurance, is used to pay out a mortgage or loan balance (up to the maximum specified in the certificate of insurance) or to make/postpone debt payments on the customer's behalf in the event of death, disability, job loss or critical illness. It can be obtained for a variety of debt obligations, including mortgages, consumer loans, lines of credit, and credit cards. It is sold by banks and credit unions across Canada, including by CAFII member financial institutions.

**Slide 5: Simple, accessible and affordable**

Our goal is to simplify the insurance process and make it easier for customers to get protection. An overwhelming number of surveyed Canadians who own CPI believe that CPI is not only convenient and affordable, but also important for protecting their families.

**Slide 6: Paid claims and peace of mind**

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The 89% level of CPI life insurance claims payouts reported by the survivors/next-of-kin of CPI insureds in the survey is close to the level found in aggregated self-reported data from CAFII members, which shows that 94% of CPI life insurance claims were paid in the 2018 fiscal year.

### **Slide 7: Coast-to-coast access**

CPI is offered by banks and credit unions and provides Canadians with coast-to-coast access to simple, optional insurance solutions at their convenience, on a 24/7 basis, through branches, contact centres, and the internet.

Virtually every financial institution offers credit protection and specifically CAFII members are mentioned in this slide

Creating that national network for convenient access to credit insurance. We represent the vast majority of providers for this insurance although not everyone.

### **Slide 8: Sobering statistics**

The harsh reality is far too many Canadians are underinsured, uninformed, and lack proper guidance on how to protect their families should a tragedy occur.

### **Slide 9: Inadequate coverage**

50% of Canadians don't own life insurance coverage. This isn't a small gap in coverage, this is half the population who isn't protected and could leave their families in financial ruin if something were to happen.

### **Slide 10: Inadequate coverage (2)**

Families are being affected the most by the lack of coverage, especially lower and middle-income families where fewer than half of all married individuals own any life insurance whatsoever.

### **Slide 11: Rising debt levels**

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With debt levels rising, it's more important than ever to have a set plan in the event someone is unable to continue working. Many Canadians are barely even getting by paying off their monthly bills and an unexpected loss of income could prove to be crippling.

### **Slide 12: Unforeseen life events happen**

What's more, there are few options that protect people in the case of critical illness, job loss or disability – which will be a difficult reality for many Canadians.

### **Slide 13: Closing the gap**

Our goal is to give Canadians a simple, accessible and affordable option to protect themselves.

### **Slide 14: Having the “what if?” conversation**

We believe that having the “what if” conversation helps clients recognize scenarios and flaws in their coverage they may have never considered otherwise. 90% of Canadians have never even been offered insurance against critical illness, so how could they even begin to protect themselves without someone there to have the conversation and explain what could happen and how they could mitigate that risk. By not having the “What if” conversation, we rely on Canadians to be proactive and research this information on their own.

### **Slide 15: Meet Marie**

We've talked about the statistics -- now let's bring that home and take a look at a real-life scenario. Who's Marie? She's like a lot of us: has a family, is the primary income earner, and has taken out a \$500,000 mortgage with a 20-year amortization period to buy a home.

### **Slide 16: Debts have a way of piling up**

As any of us know, debts have a way of quickly piling up. Lines of credit, loans, outstanding balances on credit cards and mortgage payments. Before long, a large chunk of a family's income can be getting put towards

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paying off these debts. Managing this debt is often predicated on being able to maintain or grow your income.

### **Slide 17: What if something happens?**

But what if something were to happen for Marie here where she could no longer make those payments? If she had to stop working because of an illness, disability, or job loss she could see the life she knew completely crumble around her. She thought the life insurance coverage she had through her employer was enough, but plenty of gaps still existed in her coverage that exposed her and her family to risk.

### **Slide 18: What if she had the conversation?**

Marie was put at risk because she never had the conversation. When she got her mortgage and HELOC she went to a broker and no one ever took the time to explain to Marie what risks were in place and how she could protect her family from having their lifestyle altered should the worst happen. By not being offered optional insurance from her bank she was never even given the chance to make this important decision.

### **Slide 19: Marie's not alone**

Marie is not the only one at risk. Many Canadians have never had the "What if" conversation and as a result, don't have a plan in place to protect themselves and their family.

### **Slide 20: Sales practices built on fair treatment of customers**

### **Slide 21: Coverage is optional**

All coverage being offered is entirely optional with multiple layers of accountability to ensure the customer can properly consent and understands it can be waived or cancelled at any time.

### **Slide 22: Accurate information**

Staff are trained not only to give accurate information regarding insurance coverage and benefits, but also to adhere to best practices for proper disclosure and consumer protection.

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### **Slide 23: Prioritizing consumer protection**

Oversight continues long after the sale is complete. Post-sale reviews and monitoring spikes in sales are just some of the many ways we ensure the consumer is protected.

### **Slide 24: Consumer-friendly documentation**

Clients are given clear documentation that easily outlines all the conditions, benefits, limitations, and exclusions of insurance. Every process from clarifying that coverage is optional and comes with a review period to submitting a claim is clearly explained and outlines for easy review.

### **Slide 25: Straightforward complaint handling**

Escalated customer complaints -- complaints that are not resolved internally -- are tracked and resolved through the independent Ombudsman for Banking Services and Investment (OBSI); ADR Chambers Banking Ombuds Office, or the Ombuds Service for Life and Health Insurance (OLHI); and the AMF, as appropriate.

### **Slide 26: Consumer satisfaction is a priority**

Our top priority is consumer satisfaction. With that, we're proud to boast such high numbers of understanding and satisfaction from those who have had the conversation and signed up for CPI coverage.

### **Slide 27: Strict industry self-regulation and robust provincial/federal regulation**

### **Slide 28: Industry self-regulation**

We're an industry with multiple layers of accountability – starting with our own accountability to our customers.

### **Slide 29: Robust provincial regulation network**

**About:** The Canadian Insurance Services Regulatory Organizations (CISRO), is a forum of Canadian insurance licensing/regulatory authorities

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who are dedicated to consistent qualifications and conduct of business standards for insurance intermediaries.

**Mission:** To collaborate on initiatives that support a consistent approach to consumer protection through the regulation of insurance intermediaries.

**History:** CISRO was created in the mid 1990s as a conduit for communication among the member jurisdictions. For the most part, that mandate has continued throughout CISRO's existence. CISRO has completed significant co-operative national projects:

- Development of the original Life Licence Qualification Program (LLQP), culminating with the program launch in 2003
- In conjunction with the Canadian Council of Insurance Regulators (CCIR), development of the Canadian Insurance Regulators Disciplinary Actions (CIRDA) database, which launched on December 1, 2013 and centralized licensee disciplinary decision documents on a national level
- Implementation of a modernized LLQP in January 2016, which updated and harmonized the pre-licensing life education program across the country.

### **Slide 30: Provincially regulated**

The **Canadian Council of Insurance Regulators (CCIR)** is an inter-jurisdictional association of insurance regulators. The mandate of the CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. We work together to develop solutions to common regulatory issues.

### **Slide 31: Federal oversight**

A number of federal legislations and regulations are all followed to protect customers through multiple layers of oversight.

### **Slide 32: Looking forward**

CAFII and its Members are always seeking to innovate and achieve better consumer experiences and satisfaction levels, and even higher levels of fair of treatment of consumers performance with CPI offerings.

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### **Slide 33: Questions**

Our goal is to keep an open dialogue -- we welcome feedback

### **Slide 34: End**

## **Appendix**

### **Slide 38: Accessible to more people**

Minimal underwriting, simple questions, no medical, blood or urine samples

### **Slide 41: Appropriate adjudication**

- Insurance companies have the right to validate that the information they were provided was correct
- If you lie, you can be denied. That's not PCU.
- Every insurance company adjudicates all life claims
- Allegation of Post-Claims Underwriting (PCU) has been leveled in situations where consumer seriously misrepresented health at the time of application, e.g. responded "no" to a health question knowing he/she was being treated for a serious health condition
- But the fact is that insurers of CAFII member FI-distributed CGI do not practice PCU

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