

A person is sitting on a dark metal park bench in a park. They are holding a large, bright orange umbrella. The background shows trees with some autumn-colored leaves, suggesting a park setting. The overall image has a dark, muted color palette with the orange umbrella as the focal point.

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The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

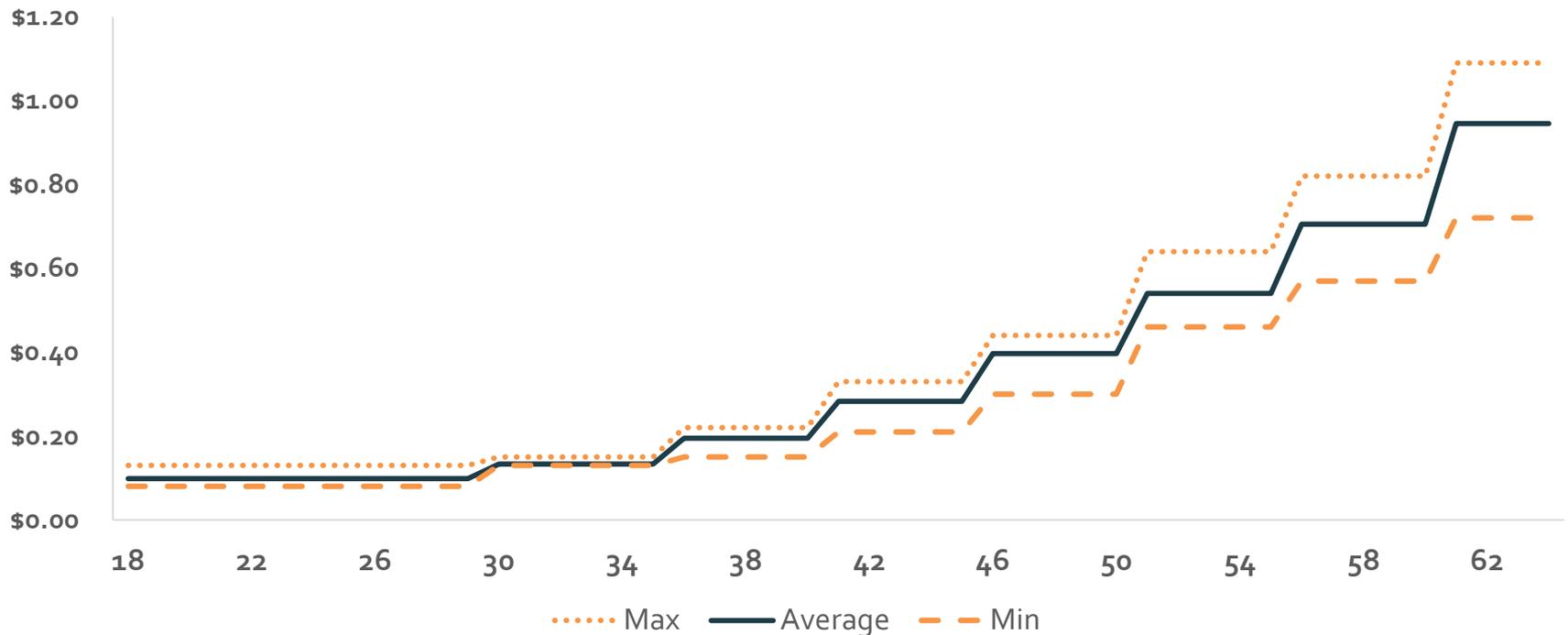
Credit Protection Insurance Offered by CAFII Members

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

Premium rates: mortgage life insurance

Life insurance per \$1,000 of initial mortgage balance, based on six CAFII bank participants

Premium Rate per \$1,000 of Initial Balance by Age of Insured



Source: Willis Towers Watson Creditor Insurance Survey 2019

Creditor insurance landscape in Canada

Type of protection available & supporting underwriters

	Mortgage				Personal Line of Credit				Personal Loan			
	Life	Critical illness	Disability	Job loss	Life	Critical illness	Disability	Job loss	Life	Critical illness	Disability	Job loss
Bank of Montreal	SL	SL	SL	SL	SL	SL	SL	SL	SL	-	SL	-
CIBC	CL	CL	CL	CL	CL		CL	-	CL	-	CL	CL
National Bank	AVBN	AVBN	AVBN	-	AVBN	AVBN	AVBN	-	AVBN	AVBN	AVBN	-
Royal Bank	CL	CL	CL	-	CL	CL	CL	-	CL	CL	CL	-
Scotiabank	CL	CL	SL	-	CL	CL	SL	-	CL	CL (auto loans only)	CL	CL (auto loans only)
TD	CL	CL	-	-	CL	CL	-	-	CL	-	CL	-

AVBN Assurance Vie Banque Nationale
 CL Canada Life
 SL Sun Life

Source: Willis Towers Watson Creditor Insurance Survey 2019



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Appendix

*The information on slides 38-54 is sourced from Willis Towers Watson Credit Insurance Survey (2019)



Creditor insurance by type

Mortgage creditor insurance in Canada

Mortgage creditor insurance in Canada

Key features

-  Mortgage Creditor Life insurance is available through all banks
-  Critical Illness coverage is offered by all banks and typically bundled with Life coverage. Only one bank offers this on a standalone basis.
-  **Age Eligibility:** Assessed at the product level (Life, CI, Disability, Job Loss), but generally 18 – 64 with a maximum termination age of 70. Some banks restrict age eligibility for CI and Job Loss products to a maximum of age 54 or 55.
-  All banks offer a 30-day 'trial period' (i.e. premium refunded if customer cancels within the first 30 days)
-  Job Loss and Disability coverage deemed optional 'add-ons' where both coverage types may not necessarily be offered by a particular bank

Mortgage creditor insurance in Canada

Life insurance



Benefits payable



Outstanding balance on death, up to an overall maximum (ranges from \$500,000 - \$1,000,000; median of \$750,000)

Among CAFII participants



Two banks **do not** apply a pre-existing condition exclusion

- Two banks apply an exclusion **only when mortgages are refinanced** (whole amount or additional amount)
- One bank applies exclusion **only if the insured person was not required to answer any health questions on application**
- One bank applies a pre-existing condition **to all participants**

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*Medical pre-existing condition exclusions approach differs by bank.

Mortgage creditor insurance in Canada

Critical illness insurance



Benefits payable



Outstanding mortgage balance at the date of diagnosis of a covered critical illness, up to an **overall maximum**. Generally \$125,000 - \$500,000; median of \$475,000; one bank is an outlier with a maximum of \$1 M.

Covered illness



The illnesses typically covered are cancer, heart attack and stroke.

Mortgage creditor insurance in Canada

Loss of employment / job loss insurance



Positioning of offerings



Only two banks offer this protection, on a bundled basis with Disability protection

Benefits payable



Monthly mortgage payment for up to 6 months, up to a maximum dollar amount of \$3,000

Waiting period



Benefits payable after a waiting period of 60 days



Creditor insurance by type

Personal line of credit insurance in Canada

Personal line of credit insurance in Canada

Key features

- ✓ Life insurance is included in scope of all product offerings
- ✓ Critical Illness is offered by all but one CAFII participant bank and is always bundled with life insurance.
- ✓ **Age Eligibility:** Assessed at the product level (Life, CI, Disability, Job Loss), but generally 18 – 64 with a maximum termination age of 70. Some banks restrict age eligibility for CI and Job Loss products to a maximum of age 54 or 55.
- ✓ All banks offer a 30-day 'trial period' (i.e. premium refunded if cancelled within 30 days)
- ✓ Disability insurance is offered by all but one CAFII participant bank. Banks are split between bundling this with life insurance or offered on a standalone basis.
- ✓ Only one bank offers Job loss insurance.

Personal line of credit insurance in Canada

Life insurance



Benefits payable



Outstanding balance on death, up to an **overall maximum** (typically ranging from \$300,000 to \$1,000,000; median \$600,000)

Medical pre-existing exclusion



All banks have some **type of Pre-existing condition exclusion**

Non-evidence maximum



For all banks, approval for coverage is automatic up to a prescribed threshold (no health questions required) that ranges from \$50,000 to \$150,000

Personal line of credit insurance in Canada

Critical illness insurance



Benefits payable



Outstanding balance at date of diagnosis of a critical illness, up to a **maximum** of \$300,000 to \$1,000,000; median \$450,000)

Covered illness



The illnesses typically covered are cancer, heart attack and stroke

Personal line of credit insurance in Canada

Disability insurance



Benefits payable



Monthly payment, generally up to 24 months and a dollar maximum of \$1,500 to \$5,000 (median of \$3,000)

Waiting period



Benefits payable after a waiting period which typically is 60 consecutive days; one bank with a 30-day waiting period

Personal line of credit insurance in Canada

Loss of employment / job loss insurance



Benefits payable



Monthly payment for up to 6 months, to maximum of \$1,500 (revolving LOC) or \$3,000 (instalment LOC)

Waiting period



Monthly benefits are payable after a waiting period of 60 days



Creditor insurance by type

Personal loan insurance in Canada

Personal loan insurance in Canada

Key features

- ✓ Life insurance is included in scope of all product offerings
- ✓ Critical Illness is offered by three CAFII participant banks and is always bundled with life insurance.
- ✓ **Age Eligibility:** Assessed at the product level (Life, CI, Disability, Job Loss), but generally 18 – 64 with a maximum termination age of 70. Some banks restrict age eligibility for CI and Job Loss products to a maximum of age 54 or 55.
- ✓ All banks offer a 30-day 'trial period' (i.e. premium refunded if cancelled within 30 days)
- ✓ Disability insurance is offered by all CAFII participant banks. Banks are split between bundling this with life insurance or offered on a standalone basis.
- ✓ Two banks offer Job Loss insurance.

Personal loan insurance in Canada

Life insurance



Benefits payable



Outstanding balance on death, up to an **overall maximum** (typically ranging from \$150,000 to \$500,000; median \$250,000)

Medical pre-existing exclusion



All banks have some type of **Pre-existing** condition exclusion

Non-evidence maximum



Amongst CAFII participants:

- Three banks do not require a health questionnaire (automatic approval regardless of amount);
- One bank provides automatic approval on amounts **\$100,000 or less**;
- One bank provides automatic approval on amounts **\$300,000 or less**;
- One bank provides automatic approval on amounts **\$50,000 or less and under age 55**;

Personal loan insurance in Canada

Critical illness insurance



Benefits payable



Two banks pay the outstanding balance at date of diagnosis of a critical illness, up to a maximum of \$150,000 or \$500,000; whereas one bank pays a monthly benefit payment of up to a **maximum** of \$3,500

Covered illnesses



The illnesses typically covered are cancer, heart attack and stroke

Personal loan insurance in Canada

Disability insurance



Benefits payable



Typically pays the monthly payment, generally up to 24 months and a dollar maximum of \$1,500 to \$3,000 (median of \$2,000), however two banks do not have a maximum monthly limit, but rather an overall maximum limit of \$150,000 or \$200,000

Waiting period



Benefits payable after a waiting period which typically is 30 or 60 consecutive days (market is split)

Personal loan insurance in Canada

Loss of employment / job loss insurance



Benefits payable



One bank pays the interest payable on the loan until the person is no longer eligible for job loss benefits up to a maximum of 6 months; one bank pays the monthly payment for up to 6 months, to maximum of \$3,500

Waiting period



Benefits are payable after a waiting period of 30 or 60 days