

VERSION 6, March 21 – FOR DISCUSSION ONLY

**CANADIANS SAY CREDIT PROTECTION INSURANCE IS A CONVENIENT,
EFFECTIVE, AND AFFORDABLE FORM OF FINANCIAL PROTECTION FOR
MORTGAGES AND LOANS**

Consumer expectations for claims payouts are being exceeded by the industry

TORONTO, March XX, 2019 – The experience of Canadians with Credit Protection Insurance (CPI) on their mortgages and Home Equity Lines of Credit (HELOCs) is very positive, with 87% saying it is a convenient way to protect themselves and/or their families against major financial setbacks arising from death, disability, critical illness, or job loss.

Canadians with CPI coverage also report that they are somewhat or highly satisfied with the purchase experience overall (87%), and are confident in their knowledge about CPI products (90% at time of purchase). In addition, CPI holders say their expectations of the claims process are being met by the industry, with 80% reporting satisfaction with their claim experience (94% for those whose claims were paid.).

Those are the key findings of new public opinion research by Pollara Strategic Insights that asked Canadians about their experience with CPI on their mortgage and/or HELOC. This type of insurance, also known as creditor's insurance, is used to pay off or pay down a mortgage or HELOC, or to make debt payments in the event of covered occurrences such as death, disability, critical illness, or job loss.

According to the research, 83% of Canadians with CPI coverage said it is an effective way to protect themselves and their families from unexpected life occurrences. Furthermore, 71% 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 – for example, not being able to work and earn a regular income. And 70% said CPI is an affordable insurance option.

With respect to the purchase process experienced by CPI holders, 87% said they were satisfied with the overall purchase process; 77% reported satisfaction with the product explanations provided to them; and 74% said they were satisfied with the information provided to them to make an informed purchase decision.

Canadians with CPI coverage also expressed confidence in the CPI claims process, and that their expectations for claims payouts are being met or exceeded. For example, 89% of survivors/next-of-kin who made a CPI life insurance claim reported that it was paid. (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.)

With respect to the factors which Canadians believe are the most important when purchasing Creditor Protection Insurance:

- 93% said benefits and features of the coverage;
- 93% said price;
- 92% said benefit payment amount of coverage;
- 89% said ease of overall purchase process; and,
- 88% said being able to speak to someone to answer my questions.

Canadians also said they have a reasonable understanding of CPI coverage terms and limitations, and about the amount of coverage. For example, at the time of signing up for their CPI coverage, 90% of insureds said they understood “very well” or understood somewhat their credit protection insurance terms.

The survey also identified some areas which CAFII members and other providers of CPI coverage on mortgages and HELOCs in Canada can look at to improve the consumer’s experience with this insurance.

For example, 25% of CPI claimants said they had made a complaint about the claims process, with the top two complaints being the following:

- 35% complained about the length of time it took to process the claim; and,
- 32% complained about the lack of updates during the process.

However, 85% of claimants who made a complaint said they were satisfied with how their complaint was handled.

Furthermore, some 22% of CPI holder respondents expressed a lack of confidence that a life insurance claim would be paid, without even having made a claim. As this level of confidence is well below the actual claims payout ratio, it is an issue that is concerning to the industry.

“We’re pleased that Canadians feel Credit Protection Insurance is a convenient, effective and affordable type of financial protection for them and their families,” said Keith Martin, Co-Executive Director of the Canadian Association of Financial Institutions in Insurance (CAFII), which commissioned the Pollara research. “However, the survey also shows that there is room for improvement. As an industry, we will continue to look for ways to improve customer satisfaction, and enhance the value to consumers of the Credit Protection Insurance products that our members provide.”

These are the key results from a national online survey of 1,490 adult Canadians who have Credit Protection Insurance on a mortgage and/or home equity line of credit. The survey was conducted from October 3 to 16, 2018.

About CAFII:

The Canadian Association of Financial Institutions in Insurance is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace.

CAFII believes that consumers are best served when they have meaningful choice in the purchase of insurance products and services. CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players American Express Bank Canada; Assurant; Canada Life; Canadian Premier Life Insurance Company; CUMIS Services Incorporated; and Manulife (The Manufacturers Life Insurance Company).

About Pollara Strategic Insights:

Founded in 1980, Pollara Strategic Insights is one of Canada's premier full-service research firms – a collaborative team of senior research veterans who are passionate about conducting research through hands-on creativity and customized solutions. Taking full advantage of their comprehensive toolbox of industry-leading quantitative and qualitative methodologies and analytical techniques, Pollara provides research-based strategic advice to a wide array of clients across all sectors on a local, national, and global scale.

Media contact for Cafii:

David Moorcroft, Public Affairs Advisor
Email: david@strategy2communications.com
Tel: 416-727-1858