



The Canadian Association of
Financial Institutions in Insurance

CAFII October 2019 Update Dialogue With the Insurance Council of BC

*Recent CAFII Initiatives & Research
Highlights; and Future Perspectives About
the Life and Health Insurance Sector*

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

ABOUT CAFII: Who We Are

Non-profit industry Association dedicated to development of an open and flexible insurance marketplace.

Established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels.

ABOUT CAFII: Who We Are

CAFII members offer credit protection insurance; travel insurance; other types of life and health insurance; and, in some cases, property & casualty insurance across Canada. Credit protection insurance and travel insurance are product lines of primary focus for CAFII as members' common ground.

CAFII members offer insurance through financial institution branches; client contact centres; the internet and other digital channels; direct mail; and, in some cases, agents and brokers (including travel agents for travel insurance).

CAFII's Membership is Comprised of Seven Financial Institutions (Bank and Credit Union Distributors) and Five Insurers / Underwriters of Credit Protection Insurance

Financial Institutions



Insurers



Recent CAFII Insurance Policy, Regulation, and Related Submissions To British Columbia Authorities

Date	Regulator/Policy-Maker Audience	Subject/Focus of Submission
July 24, 2019	Frank Chong, Acting Superintendent of Financial Institutions, BC FICOM	Insurance Fees Consultation Paper, June 2019 (on industry funding of new BC Financial Services Authority as an independent Crown Corporation)
July 5, 2019	Brett Thibault, Director, Governance and Stakeholder Engagement, Insurance Council of BC	Consultation on Updated Guidance for New Life Agent Supervision Requirement
June 18, 2018	Policy and Legislation Division, BC Ministry of Finance	Preliminary Recommendations Paper arising from 10-Year Review of Financial Institutions Act and Credit Union Incorporation Act
December 7, 2016	Harry James, Senior Regulatory Advisor, BC FICOM	Follow-up and closure letter in response to BC FICOM letter of April 19, 2016 which provided clarification responses in answer to CAFII letter of March 15, 2016 re two difficult/uncertain aspects of FICOM's Information Bulletin INS-15-002: Creditor's Group Insurance
June 7, 2016	Carolyn Rogers, CEO, BC FICOM	Congratulatory letter on appointment as Assistant Superintendent, Regulation Sector at Office of the Superintendent of Financial Institutions (OSFI)
April 2016	Policy and Legislation Division, BC Ministry of Finance	Information Response To BC Ministry of Finance Questions Arising From CAFII's September 2015 Submission on Initial Public Consultation Paper on 10-Year Review of Financial Institutions Act and Credit Union Incorporation Act: Responses Provided In Form of Short Powerpoint Presentation On "Creditor's Group Insurance" and "CAFII – Pollara Travel Medical Insurance Consumer Research"
March 15, 2016	Harry James, Senior Regulatory Advisor, BC FICOM	Clarification-seeking letter re two difficult/uncertain aspects of FICOM's Information Bulletin INS-15-002: Creditor's Group Insurance
September 9, 2015	Policy and Legislation Division, BC Ministry of Finance	Initial Public Consultation Paper on 10-Year Review of Financial Institutions Act and Credit Union Incorporation Act

CAFII's Key Insurance Policy and Regulation Priorities Outside of Western Canada

CCIR / CISRO Fair Treatment of Customers
Guideline—A Top Priority for CAFII
Members



A New Regulator in Ontario—Financial Services Regulatory
Authority of Ontario

A New Regulatory Regime in Quebec—the *Regulation
on Alternative Distribution Methods*



In the Spring of 2018 CAFII Visited all Atlantic Canada
Regulatory Authorities

CAFII Organizes Presentations on Emerging Trends from Industry/Societal Thought Leaders



Vikram Kamath, Director, LIMRA Center of Excellence for Analytics, “The Power of Analytics: How Data Is Changing the Life Insurance Industry,” April 16/19



Kai Lakhdar, Partner, PwC Canada Corporate Strategy Group, “Using Machine Learning Technology to Improve Clients’ Health and Wellness – and Produce Better Outcomes for Their Life and Health Insurers,” June 4/19



Melissa Carruthers, Senior Manager, Monitor Deloitte Canada, “Modernize & Transform: Winning in the Future of Life and Health Insurance,” upcoming on December 3/19

CAFII Organizes Presentations on Emerging Trends from Industry/Societal Thought Leaders



Keegan Iles, Director, Insurance Consulting Practice, PwC Canada, “Tomorrow is Today: Insurtech Disruption in the Life and Health Insurance Sector,” February 7/17



Neil Parmenter, President & CEO, Canadian Bankers Association, “A Review of the Future of Banking, the Opportunities and Challenges of Fintech, and Prospects for the Broader Digital Economy in an Age of Unprecedented Change and Innovation,” June 5/18

Technology is Having a Profound Impact on the Insurance Industry

CAFII believes future of life and health insurance industry will be marked by continued innovation and an increase in consumer demand for electronic commerce and other alternate forms of distribution.

Consumers continue to demand greater access to purchasing through digital channels, which will play an increasingly important role in meeting needs of Canadians.



Consumer Expectations are Constantly Evolving and Escalating

Millennials' high expectations for technology-based services, convenience, transparency, speed, regular engagement, and a personalized experience that reflects their needs are defining how products and services are delivered.

Their preferences and expectations are a particular challenge and opportunity for the insurance industry.



Alberta Regulation Modernization Supports Innovation and Enhanced Consumer Experience

CAFII congratulates and lauds Alberta for its October 10/19 announcement that the Fair Practices Regulation has been modernized to remove exceptions to electronic insurance transactions, which will:

- *allow insurers and consumers to conduct insurance transactions electronically, provided that the consumer gives prior consent;*
- *allow insurers to further modernize their digital communications processes related to consumer experience; and*
- *bring Alberta into harmony with BC, where electronic insurance transactions have been permitted since 2012 under that province's Electronic Transactions Act.*

CAFII Members Embrace and Prioritize Fair Treatment of Consumers



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.

CAFII Supports Regulations That Embrace Electronic Commerce

CAFII believes regulatory structures should foster a harmonized, flexible, and open marketplace where consumers are able to choose how and where to purchase coverage.

Regulation should embrace the role of all insurance channels in meeting consumers' insurance needs. It's important that regulatory frameworks help foster and support ongoing growth and development of technology-enabled, alternate distribution channels.



CAFII Strategic Focus is on Regulatory and Policy-Making Relationship-Building

CAFII's predominant strategic focus and priority is relationship-building and communications with insurance regulators and policy-makers.

Insurance Council BRITISH COLUMBIA

Janet Sinclair, Executive
Director, Insurance
Council of
British Columbia

Kandace Hopkins,
Director, Practice and
Quality Assurance,
Insurance Council of
British Columbia

Brett Thibault,
Director, Governance
and Stakeholder
Engagement, Insurance
Council of British
Columbia

CAFII's Value-Added Industry Research

CAFI adds value to consultative relationships and ongoing dialogue with regulators and policy-makers through research, including commissioning and sharing the results of independent, third party research on important insurance-related topics.

Key research priorities include obtaining consumer feedback on their attitudes toward and experiences and satisfaction with the credit protection and travel insurance products offered by CAFII members.



pollara
strategic insights

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

Key Takeaways

A strong majority of Canadians who own credit protection insurance (CPI) believe that these products are an affordable, convenient and effective way of protecting themselves and their families in case of certain unexpected events

In addition, most CPI holders do not know what they would do without it should something happen to them and/or their family, further illustrating the importance of these products

CPI holders are highly satisfied with the purchase process overall and are confident in their knowledge of these products (i.e. payout amounts and policy terms)

High levels of purchase satisfaction and policy knowledge are being driven by sharing of quality information by representatives of financial institutions vs. information outlined in CPI documents

CPI holders' expectations of claim payouts are being met by the industry

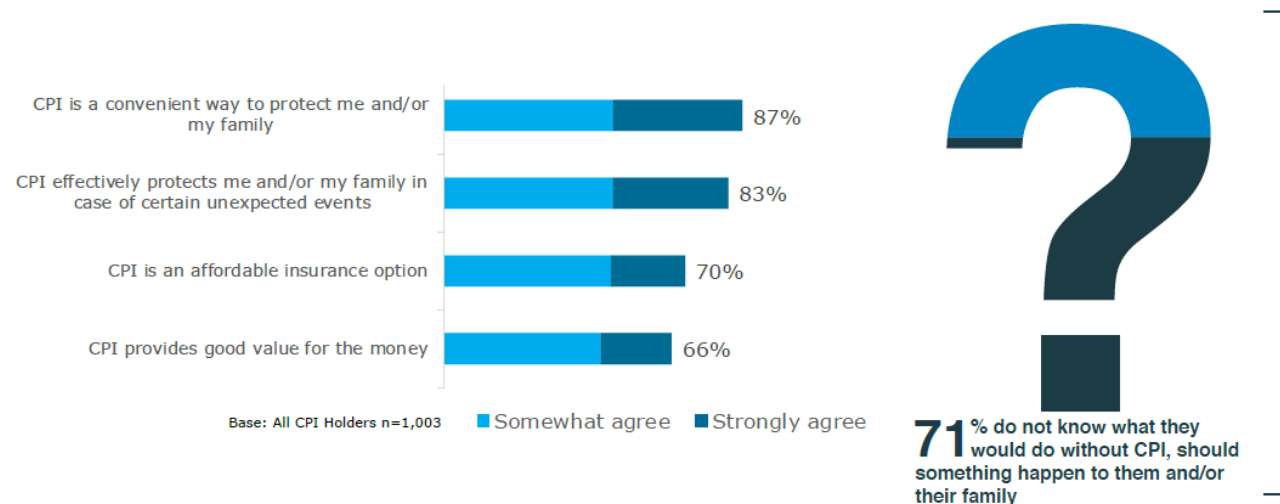
This indicates that the industry is effective at educating its consumers, open and transparent with consumers at the time of purchase, and consistently delivers on its promises

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

A strong majority of CPI holders have positive impressions of these products

[CPI holders agree that these products are a convenient, effective and affordable way to protect their families in case of certain unexpected events]

Agreement with Statements Regarding Credit Protection Insurance among CPI Holders (% somewhat / strongly agree)



CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

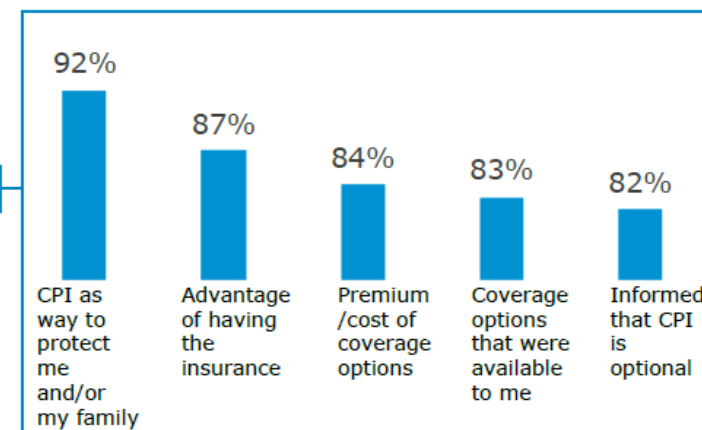
CPI holders are highly satisfied with the purchase experience overall

CPI holders are satisfied with the information provided by representatives of financial institutions at purchase (e.g., benefits, price, coverage options, etc.)

Satisfaction with Purchase Experience (% somewhat / very satisfied)



Elements of CPI Discussed by Representative

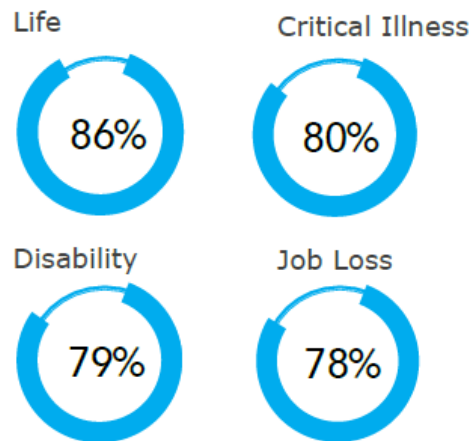


CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

CPI holders are confident in their knowledge of insurance payout amounts and policy terms

These high levels of confidence are in contrast to slightly lower levels of agreement that CPI documents are easy to understand

Confidence among CPI Holders in Knowledge of Payment Amount (% somewhat / very confident)



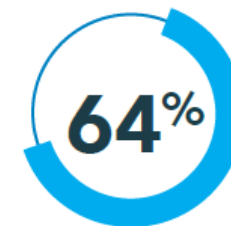
Understanding of Credit Protection Insurance Terms (% understand somewhat / very well)



My understanding when I purchased the Credit Protection Insurance for my mortgage

Base: All CPI Holders n=1,003

Comprehension of Documents which Outline CPI (% somewhat / strongly agree)



The CPI documents are easy to understand

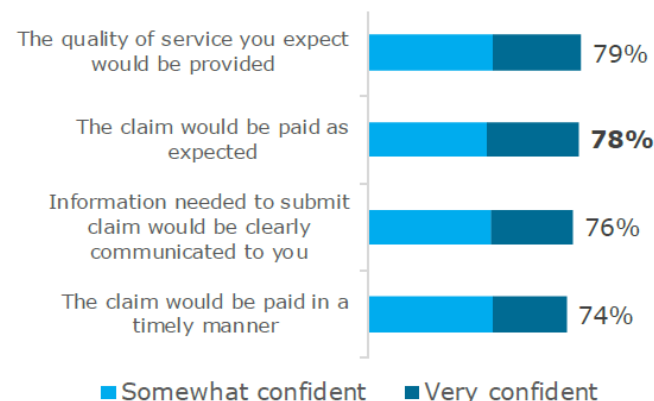
This includes all the details around terms, exceptions, and legal details

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

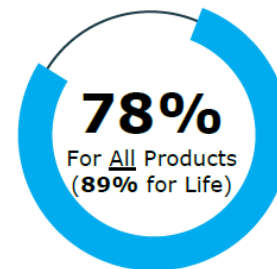
CPI holders' expectations for claim payout are in-line with actual results of claim submissions

The high incidence of claim payouts results in high levels of satisfaction with the claims process overall

Confidence in Credit Protection Insurance in event of a claim (% somewhat / very confident)



Results of Claims Submission Among Processed Claims (all products) (% that were paid)



Aggregated self-reported data provided by CAFII members validates this finding, with **94%** of Life claims paid

94% of those whose claims were paid are satisfied with the claims process overall (80% for claimants overall)

Base: CPI Claim/ Claim Resolved (All Products N=244 / Life N=60)

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Released June 2019

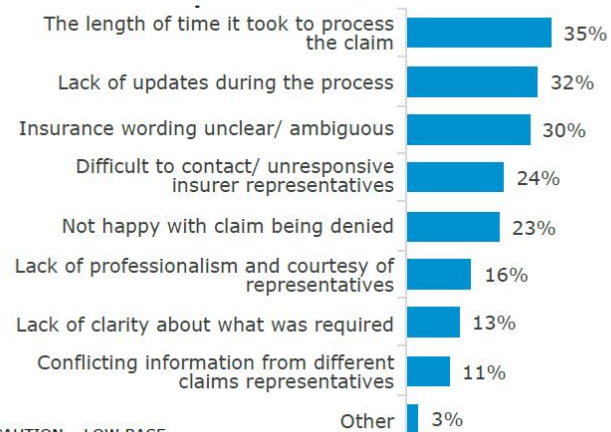
% Made A Complaint During Claim process



Of the 25% who made a complaint during the claims process, **85%** were satisfied with how the complaint was handled

Base: CPI Claim/ Claim Resolved (N=244)

Reason for Complaint*



* CAUTION – LOW BASE
Base: CPI Claim/ Made Complaint (N=53)

CAFII-Pollara Research on Travel Medical Insurance— Released June 2018

GENERAL CONCLUSIONS

Consumers' depth of knowledge of their existing travel medical insurance coverage (i.e., through work and/or credit card) strongly correlates with the purchase of private policies

Suggesting that existing policies are not sufficiently meeting consumers' needs. This highlights the importance of education, transparency and accessibility to private travel medical insurance

Confidence in the travel medical insurance industry is far higher among 'purchasers' and 'claimants' vs. the general population

Implying consumers' direct experiences with the industry has met or exceeded their expectations

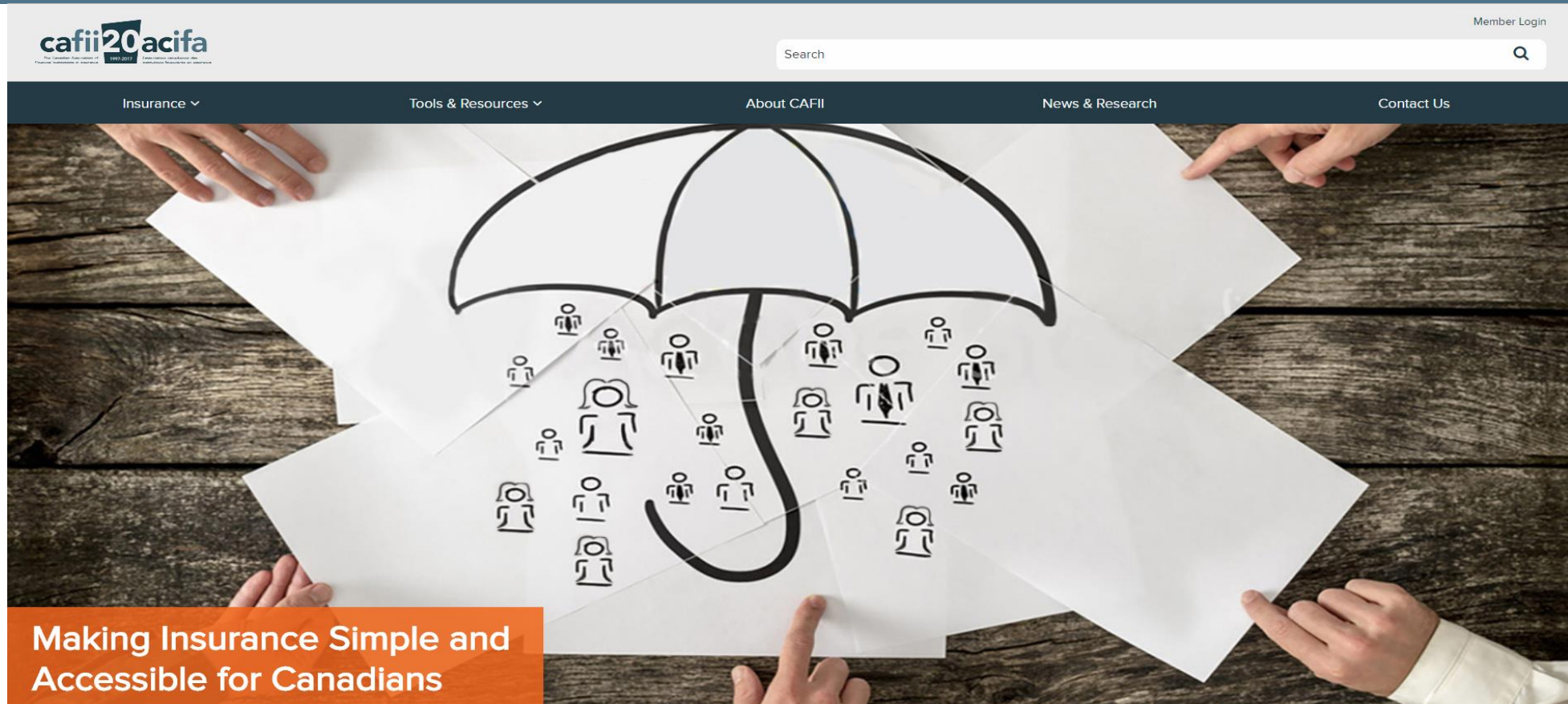
Purchasers of travel medical insurance feel knowledgeable about the terms and conditions pertaining to the policies they buy

Illustrating that the industry is doing a good job educating its consumers

The vast majority of claims are being paid and consumers are highly satisfied with the claims submission experience overall

Providing further evidence that the industry is being open and transparent with consumers at the time of purchase and is also facilitating a client-friendly claim experience

CAFII Continues to Invest in a Consumer-Friendly Website, Including Videos



Making Insurance Simple and Accessible for Canadians

CAFII Continues to Invest in a Consumer-Friendly Website, Including Vignettes



Anne-Sophie and Mathieu, who have two children, have been approved for a \$250,000 mortgage to purchase a home. Anne-Sophie is the primary income earner, and the family's ability to make their mortgage payments is largely dependent on her income.

Peace of mind and predictability of expenses are important for Anne-Sophie and Mathieu, so they purchase Mortgage Life Insurance for Anne-Sophie, which will pay out the balance of their mortgage (up to the maximum specified in the certificate of insurance) in the event of her death. They like the fact that their premiums will not change over the life of their mortgage, which means that they are not exposed to higher costs for this coverage as Anne-Sophie ages or possibly develops health issues.

They also like the fact that the proceeds of her mortgage life insurance will go directly to pay out the mortgage balance rather than possibly being used to pay other debts. It's important to Anne-Sophie that her family will be able to continue living in their family home, without financial duress.

[See FAQ section for more information](#)

CAFII Is Becoming More Proactive In Media Relations and Publicly Sharing Our Perspective



More time and communication needed before ending Ontario's out-of-country medical coverage

July 29, 2019

Libby Znaimer of "Fight Back" on Zoomer Radio chats with CAFII's Co-Executive Director Keith Martin and MPP Marit Stiles about the provincial government's decision to ca...

[Read More](#)



Credit protection insurance proves to be convenient and effective, says survey

June 19, 2019

The Insurance Journal reports on the Pollara Strategic Insights study that found the majority of Canadians with credit protection insurance on their mortgages and home equit...



Ready, fire, aim: the Ford government's reckless approach on cutting costs

May 21, 2019

In an editorial about cuts to OHIP's out-of-country medical coverage, the Toronto Star credits CAFII for warning that the Government is moving too fast. [Read More](#)

Q & A / Dialogue

- Any questions on what we have shared in this presentation?
- CAFII extends a standing offer to collaborate with you, as a key insurance regulator or policy-maker, on regulatory or legislative initiatives or other issues of mutual interest. Are there any matters on the near-term horizon on which you might wish to call upon us for participation/collaboration?