

TO: Keith Martin, CAFII

FROM: Lesli Martin

DATE: September 14, 2020

RE: **Online Procedures for Insurance Products – Research Proposal**

Dear Keith,

On behalf of Pollara Strategic Insights, thank you for the opportunity to again collaborate with CAFII on this important project to examine changes to consumers opinions on dealing with credit protection insurance.

This proposal brief contains a summary of our understanding of the research objective, our recommended approach, scope and costs.

I hope this document meets your immediate needs and I look forward to discussing this with you in more detail.

Sincerely,



Lesli Martin
Vice-President
Pollara Strategic Insights
416-921-0090 x 2207
LesliMartin@Pollara.com

BACKGROUND AND OBJECTIVES

With the outbreak of COVID-19 in Canada, consumers have been required, or have requested, to refrain from conducting many financial transactions in-person, but instead move these procedures to virtual platforms. Past research shows that credit protection insurance (in the form of mortgage or Home Equity Line of Credit (HELOC) protection) purchases tend to be conducted in-person or over the phone, rather than online.

It is my understanding that the Canadian Association for Financial Institutions in Insurance (CAFII) would like to get a better understanding of how the new reality of living within the confines of COVID-19 has and will continue to impact credit protection insurance (CPI), both in terms of purchasing the insurance and filing claims. More specifically, this research will examine the following:

- Satisfaction with past transaction experiences across all channels used (both purchases and claims);
- Concerns regarding face-to-face financial transactions during the current situation and moving forward;
- Willingness to move to online transactions;
- Concerns regarding completing these transactions online;
- Requirements for consumers to feel comfortable with online transactions when it comes to purchasing, changing coverage, or making a claim with credit protection insurance.

In addition, CAFII is interested in understanding if consumers have changed the way they are purchasing CPI, and their satisfaction with their purchase venue.

METHODOLOGY

Online Survey using Panel

In order to understand the differences in experience and satisfaction with purchases and claims in credit protection insurance since the current COVID restrictions as well as exploring the needs of consumers who are considering this type of purchase, we recommend conducting research with Canadians who have either purchased credit protection insurance since the COVID outbreak (March 2020) or who will be considering this type of purchase in the next year or two. As credit protection insurance is primarily purchased when a new mortgage or Home Equity Line of Credit is being negotiated, we recommend talking to consumers who are at least somewhat likely to obtain a new mortgage or HELOC. From there, we will ask consumers if they are aware of credit protection insurance and if they intend to purchase it when getting their new mortgage or HELOC. Only those who are at least somewhat likely to obtain CPI will be included in this survey.

To understand how the purchase of CPI has changed over the past few years, we recommend designing the survey to allow for the basic purchase channel questions to be tracked from research which was done on behalf of CAFII in 2018. Comparing results of this new survey to the previous one will allow us to understand if the incidence of purchasing CPI online has changed over the past two years and if consumers are now more or less satisfied with this process, compared to their satisfaction then. Pollara will work with the CAFII project team to develop a survey that would allow us to track the relevant data points, while obtaining all the new information that is necessary for this new objective set.

We recommend conducting a total of 1,000 interviews, approximately 200 with Canadians who have purchased CPI since March 2020 and approximately 800 with those who are likely to do so in the next year or two.

In preparing this proposal, we conducted an incidence test and found that 3% of Canadians have purchased credit protection insurance since March 2020. Due to this low incidence, we do not recommend a sample higher than 200. However, this sample will provide us with statistically relevant results and will allow for some high end sub-group analysis which will be important to understand consumers' reasons for their behaviours and opinions.

The survey would be approximately 12 minutes (35-40 questions for each respondent type) in length and would consist of primarily closed-ended questions, although up to two open-ended questions could be included, if required.

COST

The cost of conducting the research as described above is as follows:

	Cost	HST	Total Cost
N=1,000 surveys: 200 with people who have purchased CPI since March 2020, 800 with those considering purchasing CPI within the next year or two.	\$49,800	\$6,474	\$56,274

These costs includes all aspects of this research study, including project management and client meetings, survey design, programming, testing, fielding of a 12 minute survey with up to two open-ended questions, data analysis, final report, and up to four presentations.

Keith, I hope this document meets your current needs. If you have any questions, or if you would like to discuss in more detail, please do not hesitate to contact me.