

# **An Analysis Of the Current CAFII Research Proposal from Pollara Strategic Insights, September 2020**

## **Current CAFII Research Proposal**

The CAFII research proposal recommended for 2020 consists of a Pollara consumer survey, split into two parts.

Part 1 will assess whether Canadians with CPI have developed a greater willingness to use digital means to secure credit protection insurance (CPI) and to communicate with their CPI provider since the onset of the COVID-19 pandemic. To determine this, 200 Canadians who obtained CPI since the pandemic started will be surveyed on their preferred ways of obtaining CPI and communicating with their CPI provider. We have this information already for 2018 from a prior Pollara consumer survey, and we will compare the 2018 versus 2020 data to see what, if any, shifts have occurred.

Part 2 will seek to understand whether the changes identified in Part 1 will be ongoing and have a degree of permanence, and what we can expect going forward. To do this, Pollara will ask 800 Canadians questions to determine if they are likely to purchase a mortgage or loan in the near future; if so, whether they know about CPI and, if yes, might consider securing it; and if so, they will then be asked about their preferred channels for securing CPI and communicating with their CPI provider. This could yield very insightful information on the future trends we can expect around CPI and digitization, and will allow us to test the hypothesis that the trend towards digitization is not temporary but rather will be a new reality going forward.

The cost of the consumer survey would be \$56,274; CAFII's approved budget for 2020 is \$60,000, so this would be our lone 2020 research project. (See Exhibit 1.)

## **Exhibit 1**

### **COST**

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

	Cost	HST	Total Cost
<b>N=1,000 surveys:</b> 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	<b>\$56,274</b>

## **Approval Process**

The development of the current research proposal from Pollara has been vetted through several meetings of the Research & Education Committee, chaired by Andrea Stuska of TD Insurance (for the list of members of the R&E Committee, please see Exhibit 2). The Committee has provided valuable feedback at several steps in the process, which has been incorporated into the current proposal. The R&E Committee recommends proceeding with this proposal, and this will be tabled with the EOC at its 22 September, 2020 meeting. If the EOC agrees with the recommendation, this will be tabled at the 15 October, 2020 Board meeting.

## **Exhibit 2**

<b>Research &amp; Education Committee</b>				
<b>First</b>	<b>Last</b>	<b>Email</b>	<b>Company</b>	<b>BOD/EOC/Committee</b>
Cecillia	Xiao	(Cecillia Xiao) <a href="mailto:cecillia.xiao@assurant.com">cecillia.xiao@assurant.com</a>	Assurant Canada	Research & Education
Craig	McKendrick	(Craig McKendrick) <a href="mailto:craig.mckendrick@cibc.com">craig.mckendrick@cibc.com</a>	CIBC Insurance	Research & Education
Sandy	Zeidenberg	(Sandy Zeidenberg) <a href="mailto:sandy_zeidenberg@manulife.com">sandy_zeidenberg@manulife.com</a>	Manulife Financial	Research & Education
Aneta	Murphy	(Aneta Murphy) <a href="mailto:aneta.murphy@scotiabank.com">aneta.murphy@scotiabank.com</a>	ScotiaLife Financial	Research & Education
Rob	Dobbins	(Rob Dobbins) <a href="mailto:rob.dobbins@assurant.com">rob.dobbins@assurant.com</a>	Assurant Canada	Research & Education
Dallas	Ewen	(Dallas Ewen) <a href="mailto:dallas.ewen@gwl.ca">dallas.ewen@gwl.ca</a>	The Canada Life Assurance Company	Research & Education
Elaine	Parr	(Elaine Parr) <a href="mailto:elaine.parr@td.com">elaine.parr@td.com</a>	TD Insurance	Research & Education
Andrea*	Stuska	Andrea Stuska < <a href="mailto:andrea.stuska@td.com">andrea.stuska@td.com</a> >	TD Insurance	Research & Education
Michelle	Costello	(Michelle Costello) <a href="mailto:michelle.costello@cumis.com">michelle.costello@cumis.com</a>	CUMIS/The Co- operators	Research & Education
* Chair				

## **Tying The Research Proposal Into CAFII's 3-5 Year Strategic Plan**

It is helpful to go back several years to the CAFII Board's approval of the Association's 3-5 year strategic plan in February 2018, to understand the role that research is intended to play in CAFII's overall strategic direction.

While certain elements of the current research proposal are novel and new, that is not a requirement for determining that the research should be approved. Research should not be evaluated as a stand-alone project; it was the Board's intention to have research as a key component for pursuing a multitude of other CAFII objectives, including providing an opportunity for communicating CAFII's key messages, increasing our profile, strengthening our interactions with insurance regulators and policy-makers, and increasing traffic to our website. It is also of benefit to have consumer-friendly material on our website that will provide consumers with interesting information about how the industry is adopting to changing consumer expectations.

More specifically, by conducting independent, third-party research with a credible, professional services firm, CAFII has the opportunity to use the research to achieve the following important strategic objectives:

- the key findings of the research can be shared with insurance regulators and policy-makers, providing an opportunity to reinforce our key messages on related issues such as our members' customer centricity, innovativeness, and fair treatment of customers;
- the key findings can be press-released, with opportunities for positive stories about CPI especially in the trade press, and providing further reinforcement of the media strategy of having positive stories about CPI in the public domain;
- the key findings can be published on our website, enriching the content of the site, enhancing the credibility of the website, and driving traffic to it as part of our Search Engine Optimization strategy, as well as providing consumer-friendly material on the website that can contribute to consumer education; and
- we can consider producing a video on the key findings, and publish this on the website, thereby providing more positive information about CPI and also enriching the website, which drives traffic to it and improves our Google and BING search results.

### **Can This Research Be Done Internally?**

The component of the research on how customers are obtaining CPI since the pandemic is likely already captured by individual CAFII members. Could we try to aggregate the information from our members and avoid some of the costs of an external research provider?

We have given serious consideration to this, and have experience with this sort of exercise as we did it for the previous CPI research around claims payments for mortgage life insurance. Here are the reasons we recommend against this approach:

- it is by no means certain to be cheaper or quicker, as the material still needs to be anonymously collected and aggregated by a third-party vendor;

- each CAFII member has different definitions and methodologies around products and channels, making comparability of the data challenging;
- there is a considerable IT and data collection exercise required of our members if this information was to be collected internally, at a time when members' IT and staff resources are already stretched, in particular as this material would be collected during the end of fiscal year for most of CAFII's members; and
- some will question the veracity of material that is internally collected and reported, something that can be entirely avoided by having the research conducted by an independent, third-party vendor.

### **Summary and Recap**

It is our view that this research proposal offers the opportunity to advance CAFII's strategic objectives.

To not conduct the research would be a lost opportunity since all the benefits that would arise by conducting the research would be foregone.

Given that CAFII has infrastructure costs (two Co-Executive Directors' compensation costs, and costs of Association Management Company), it is in the best interests of the Association to utilize those investments by investing in projects which they can direct and manage and which are intended to advance the organization's strategic goals.

Finally, if the EOC or the Board choose not to approve this specific research proposal, we recommend not attempting to spend any of the research budget in 2020; instead, in the development of Association's strategic priorities-driven 2021 Operating Budget, we can reconsider the approach to research going forward.