



MAY 20, 2020

The Canadian Association of Financial Institutions in Insurance

Future of CPI in Canada – Deloitte Proposal



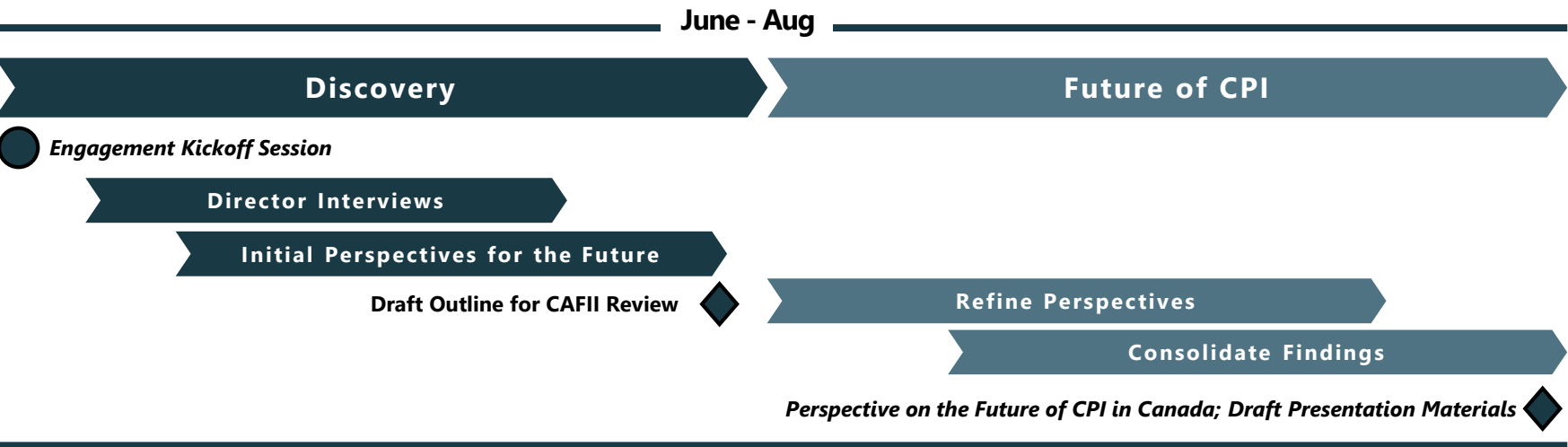
Our Understanding

The Canadian Association of Financial Institutions in Insurance is seeking a reputable and credible partner to develop an independent perspective on the future outlook of the CPI market in Canada

<div>Background & Context</div>	<p>The Canadian Association of Financial Institutions in Insurance ("CAFI") is a not-for-profit industry association dedicated to the development of an open and flexible marketplace in the Canadian insurance industry. CAFI represents a group of member institutions consisting of financial institutions involved in selling insurance in Canada through various distribution channels. Its members typically offer a wide range of authorized bank-distributed insurance products, including travel, life and health, property and casualty, and CPI.</p> <p>CAFI is looking to engage a partner to develop an independent perspective outlining how the outlook for credit protection insurance (CPI) may evolve in the future driven by external factors, including but not limited to advancements in digital tools and technology, demographic and social factors, and evolving consumer preferences. The objective is for CAFI to share the paper & insights with the CAFI Board, regulators and its member companies</p>
<div>Focus Area</div>	<div>What is the future outlook for the Canadian CPI market?</div>
<div>Engagement Outcomes</div>	<div> <div>1</div> <div>Develop an initial perspective on the challenges, opportunities and future outlook for the Canadian CPI industry, through a combination of stakeholder interviews with members, regulators and Deloitte industry expertise (Global & Canadian)</div> </div> <div> <div>2</div> <div>Develop a perspective on the future outlook for CPI in Canada and how its supporting business model may need to evolve in light of emerging trends (i.e., demographics, consumer preferences, technology, data and analytics etc.)</div> </div> <div> <div>3</div> <div>Summarize insights into an independent perspective paper and presentation to be shared with the CAFI Board, member companies and insurance industry regulators</div> </div>

Our Approach, Deliverables, and Timeline

The purpose of this engagement is to provide an independent perspective on how the Canadian CPI market may need to evolve as a result of technology, cultural, and consumer trends to be shared with CAFII, its members and industry regulators



Key Activities

- **Conduct Kick-Off:** Facilitate kick-off session with key CAFII stakeholders in order to align on scope, timelines and initial view on perspective paper outline
- **Conduct Executive Interviews:** Conduct interviews with CAFII member directors to understand current challenges, opportunities and initial perspectives on the future outlook of the industry
- **Conduct External Research:** Augment Deloitte industry expertise with secondary research and interviews with regulators (i.e., FSRA, AMF, FCAC and select CCIR and CISRO members) to develop an initial perspective on the future of CPI in Canada
- **Develop Outline for the Paper:** Develop outline for the paper based on initial perspectives for the future, and test with the Research and Education Committee; refine as necessary
- **Engage Subject Matter Experts:** Engage relevant subject matter experts (i.e., Global Insurance, Risk, Technology, Data & Analytics), including Global insights on the key trends impacting insurance and the implications to the Canadian market & CPI business model to test / refine future perspectives identified in the 'Discovery' phase
- **Develop Perspective Paper:** Consolidate output from executive interviews conducted and Deloitte's independent perspective into a perspective paper on *The Future of CPI in Canada*
- **Align on Marketing Plan:** Work with CAFII to align on a plan for distributing the paper to key stakeholders including aspects of branding, sequence of releases and audience
- **Present Findings:** Upon completion of the paper, present key findings from *The Future of CPI* paper to CAFII Board of Directors, its members, and insurance industry regulators

Key Deliverables

Perspective on the Future of CPI in Canada

Independent perspective paper on the Future of CPI in Canada, outlining how operations and business models may need to evolve as a result of technology, cultural, and consumer trends

Summary of Marketing Plan

Summary of the plan for distribution of the perspective paper to key stakeholders, including branding, audience, release dates, and alignment on media presence

Presentation Materials

Materials for Deloitte presentations to regulators, members, and the CAFII Board with key insights from the paper

Guiding Principles

We appreciate the opportunity to partner with CAFII on this important thought piece and have outlined below some key guiding principles that we believe will enable us to provide the CAFII members, Board and Regulators with a comprehensive & independent perspective on the outlook for the CPI market in Canada

- 1 The paper will be an **objective, fact-based** and **independent report** that encompasses **input from a variety of key stakeholders** including CAFII members, Canadian consumers, regulators and Deloitte subject matter advisors with varying perspectives (i.e., technology, operations, risk, industry, etc.)
- 2 Deloitte will include **lessons learned from other global jurisdictions** to help inform recommendations and insights for the Canadian marketplace
- 3 Deloitte and CAFII will together **align on a plan for sharing the paper** with CAFII members and insurance industry regulators (to be confirmed by CAFII once the paper is produced); and, if desired, will discuss and align on how the paper will be shared with industry trade press/ media and the general public.

Our Team & Fees

Our fees based on the proposed approach and scope outlined within this document are provided below



James Colaço
National Insurance Sector Leader, Partner, Monitor Deloitte

James Colaço is the Canadian National leader for Deloitte’s Insurance practice and a Partner in the Monitor Deloitte practice. Based in Toronto, James has over 16 years’ global experience. His areas of focus are corporate and business unit strategy, business case development, and business transformation, primarily in the Insurance sector. James is an industry expert in the insurance space, having led numerous strategic, operational, and transformational engagements with Canadian and global insurers. On one such case, James spent 18 months with a global insurer leading the business transformation of their pricing program. James received a B.A.Sc. in Engineering Science and a Master of Business Administration (MBA) from the University of Toronto.



Melissa Carruthers
Life & Health Strategy and Transformation Leader, Senior Manager, Monitor Deloitte

Melissa Carruthers is a Senior Manager within Monitor Deloitte’s Strategy Consulting practice where she is the National Life and Health Insurance Strategy and Transformation Leader in Canada. Her industry focus spans individual insurance, group benefits and group retirement. Melissa joined Deloitte after working a number of years as an actuary in both the direct insurance as well as reinsurance industries. In her current role as a strategy and transformation advisor she works with a number of the leading Canadian Life & Health insurance carriers and financial institutions as they define and execute on various strategic priorities across the organization.

She is a Fellow of the Society of Actuaries and a Fellow of the Canadian Institute of Actuaries.



Jordan Borenstein
Manager, Monitor Deloitte

Jordan Borenstein is a Manager in the Canadian Monitor Deloitte practice. He joined Monitor Deloitte with over three years of audit experience working primarily in the Individual Life Insurance and Asset Management industries. Since his transition to Monitor Deloitte, he has focused primarily on Insurance strategy, with a broad array of project experiences across Life & Health Insurance, P&C Insurance, and Individual Savings & Retirement. On one such case, he supported a Leading Caribbean Financial Institution looking to penetrate the individual life insurance market in the Caribbean by establishing an end-to-end digital life insurance company. Through this process, he identified the business capabilities required to successfully stand up the life insurance entity, including the development of a comprehensive business case for Board and regulatory approval.

He holds a Chartered Professional Accountant (CPA, CA) designation and a Bachelors of Management and Organizational Studies from Western University.

Professional Fees

\$20,000 + applicable taxes

The fees for the scope outlined in the proposal are **\$20,000**. The pricing and scope of this proposal reflects the following assumptions:

- Fees are offered on a **fixed-fee basis** and are exclusive of out-of-pocket expenses and applicable taxes
- Out-of-pocket expenses (e.g., travel) are **not expected for this particular engagement**
- The proposed approach does not include any **in-depth customer research** and will be based on **insights provided by members, regulators and Global Deloitte industry subject matter advisors**

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