



Credit Protection Insurance – Process and Methods – Research Report



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March, 2021

Methodology

- Survey conducted nationally between **March 3rd to March 10th**, using an online methodology.
- Stratified sample among **1,002 Canadians aged 18 and over, who fit into the following categories :**
 - Who have obtained Credit Protection Insurance for their mortgage or Home Equity Line of Credit since April 2020 n=197
 - Who are likely to obtain a mortgage or Home Equity Line of Credit in the next two years and will likely obtain CPI n=805
- **Reliability:** Online samples cannot officially be assigned a margin of error. As a guideline, a probability sample of N=1003 carries a margin of error of $\pm 3.1\%$, N = 197 carries a margin of error of $\pm 7.0\%$, and N = 805 carries a margin of error of $\pm 3.5\%$, 19 times out of 20.
- **Reporting Conventions:**
 - For Home Equity Line of Credit, the acronym HELOC has been used.
 - For Credit Protection Insurance, the acronym CPI has been used.



Key Findings

Key Findings – Financial Transactions: Past, Present and Future

COVID-19 is changing the way Canadians conduct their banking. While some have continued to go to the branch for transactions such as arranging loans and obtaining insurance, most feel more comfortable and are more likely to use virtual methods. Once the pandemic is over, consumers report that they will continue to depend on financial representatives to assist with CPI arrangements, but it is almost an even split between those who will get this assistance in person or virtually.

- Before the outbreak of COVID-19, Canadians were most likely to conduct bank transactions such as arranging for loans or buying insurance primarily in-person, at a branch. However, most consumers agree that COVID has changed the way they will conduct financial transactions, now and in the future. They feel more comfortable in using virtual methods such as talking to representatives on the phone, through virtual meetings, communicating through email or using web-based methods and to a lesser degree mobile apps for actions for buying insurance or making claims. Many appreciate the convenience of conducting these transactions online and have up-graded their home technology to allow them to do this.
- Consumers expect a lot from their financial institutions to help them with virtual transactions, including easy to understand information, security when it comes to their personal information and the ability to connect with a person (preferably the same one throughout the whole process) if they have questions.
- Once COVID is over, many consumers will move back to conducting these types of bank transactions in general, and obtaining CPI specifically, in person at a branch. These consumers prefer to deal with these matters in person and like to talk to people face-to-face. However, some will continue to conduct these transactions virtually, even after the danger of COVID has passed. In fact, while most will continue to need assistance when it comes to researching and obtaining CPI, it is almost evenly split between those who will get this assistance in person, and those who will use a virtual method.

Key Findings – Obtaining CPI During Pandemic

COVID-19 has encouraged Canadians to obtain insurance, and those obtaining CPI are more likely to include Disability, Critical Illness and Job Loss in their coverage, than they were in 2018. While some who obtained this coverage during the pandemic continue to depend on face-to-face meetings for at least part of the CPI process, the likelihood of using a virtual method has increased significantly. Additionally, knowledge about the coverage and satisfaction with purchase experience has also increased.

- The COVID-19 pandemic has increased the likelihood of consumers obtaining insurance in general, and credit protection insurance specifically. While Life coverage remains the most frequently obtained, incidence of obtaining Disability, Critical Illness and Job Loss coverage has increased since 2018.
- Many of those who obtained CPI during the pandemic are likely to say they met with a representative in-person, at some point to discuss the options or sign the paperwork. However, while some conducted the whole process in-person, they are more likely to have conducted the research and completed the process virtually. This compares to the 2018 findings, when seven-in-ten CPI purchasers completed the process in person.
- Despite the change in method of communication, consumers purchasing CPI are even more satisfied this year than they were in 2018. They say most factors of the insurance were discussed at the same frequency, with the expectation of the review period, which more representatives had discussed this year than in 2018. There is strong confidence in knowledge of the benefits of the coverage types, which has increased significantly since 2018.



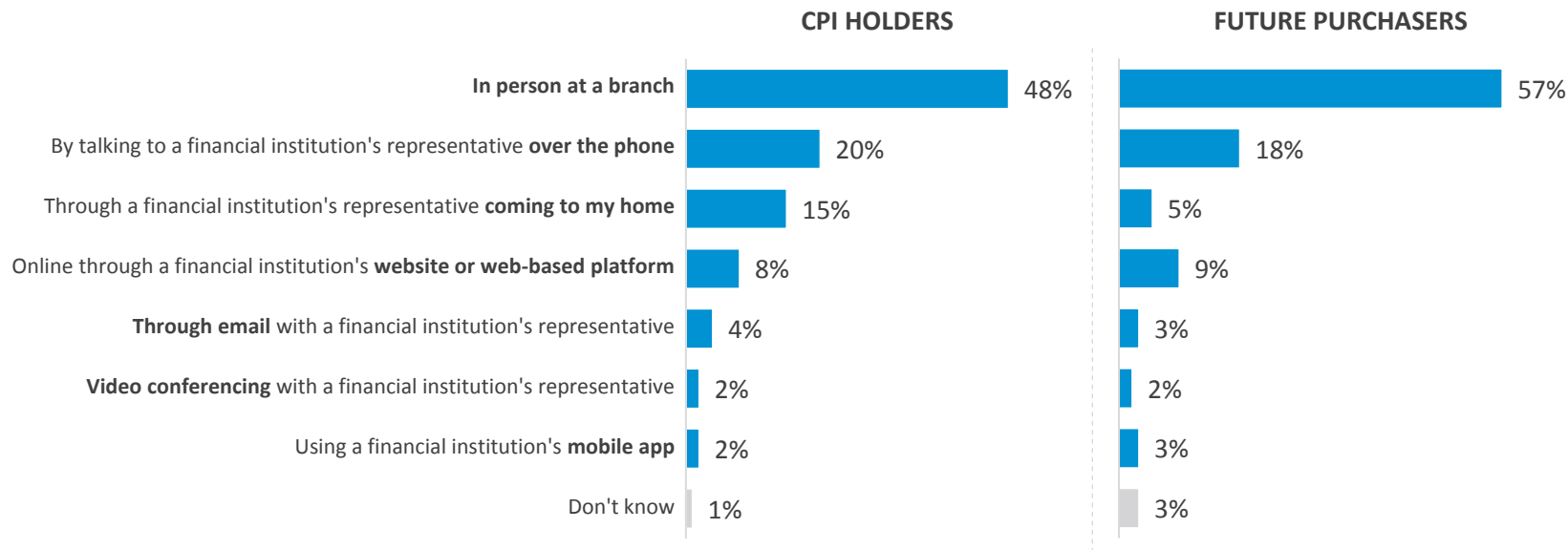
Financial Transactions: Past, Present and Future

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Before COVID, arranging for loans or buying insurance was done in person

- Before COVID, Canadians were most likely to conduct financial transactions such as arranging for loans or buying insurance in person, with most saying they went to a branch (CPI holders 48%, future holders 57%), while a minority had a representative come to their home (CPI holders 15%, future holders 5%).
- While virtual conversations were less popular, those who choose this manner were most likely to talk on the phone (CPR holders 20%, future holders 18%).

METHOD OF FINANCIAL TRANSACTIONS BEFORE COVID



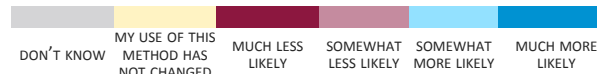
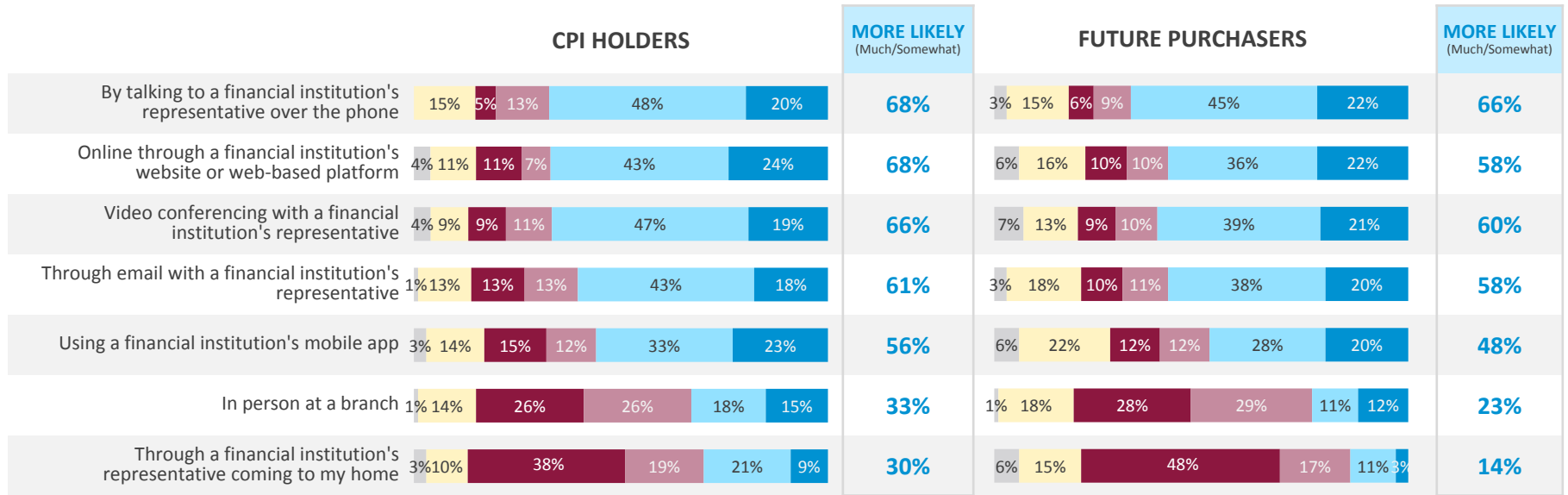
A1. Before the Covid-19 pandemic in Canada, how did you usually conduct financial transactions such as arranging for loans or buying insurance? Base: CPI Holders (N=197)

B1. Before the Covid-19 pandemic in Canada, how did you usually conduct financial transactions such as arranging for loans or buying insurance? Base: Future Purchasers (N=805)

COVID is influencing Canadians to consider virtual methods of banking

- During the pandemic, Canadians are more likely to consider alternative ways to communicate with their financial institution. Those who have gone through the process of obtaining CPI during this time are most likely to consider talking to a representative over the phone, using the web-based platform, video conferencing or email. Those who have not gone through this process are also likely to move to phone, or to a lesser degree video conferencing, but are slightly more hesitant about web-based or mobile platforms.

LIKELIHOOD OF CONSIDERING PROCESSES DUE TO COVID

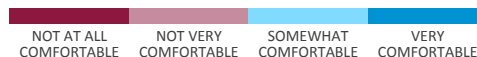
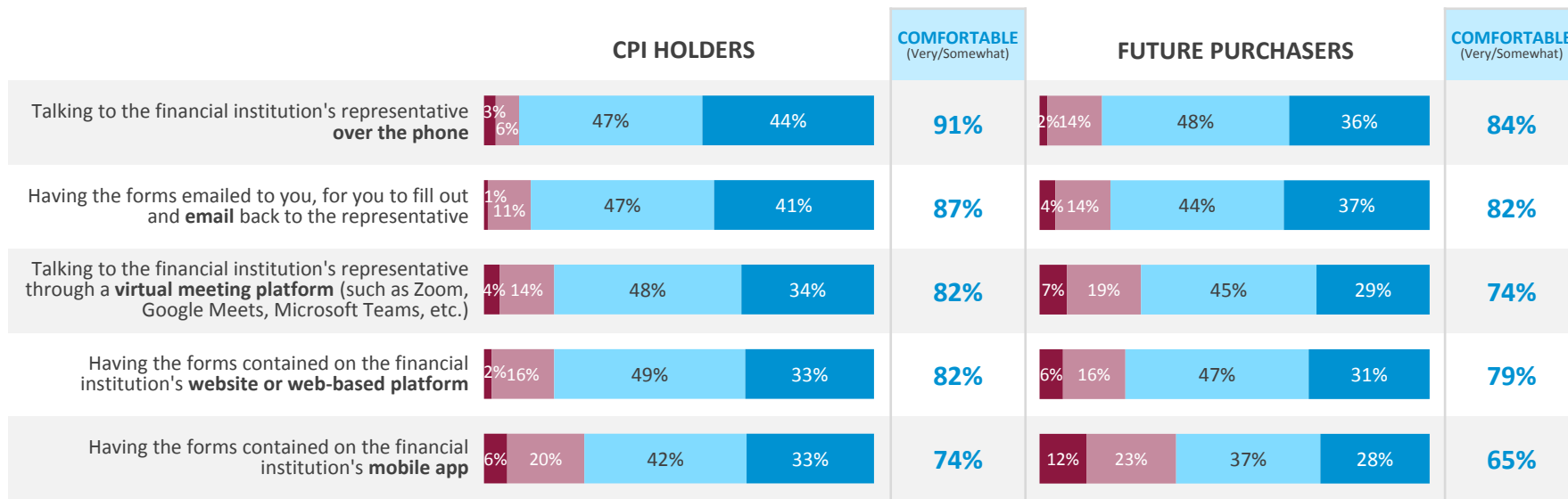


A2. Since the Covid-19 pandemic in Canada, would you say that you are more or less likely to conduct financial transactions such as arranging for loans or buying insurance in each of the following ways? Base: CPI Holders (N=197) **B2.** Since the Covid-19 pandemic in Canada, would you say that you are more or less likely to conduct financial transactions such as arranging for loans or buying insurance in each of the following ways? Base: Future Purchasers (N=805)

Despite many relying on in-person meetings, most would be comfortable obtaining CPI virtually

- Most, particularly those who obtained CPI during the pandemic, would feel at least somewhat comfortable obtaining CPI using virtual methods. Talking to a representative on the phone has the highest comfort rating (CPI holders 91%, future holders 84%), with email (CPI holders 87%, future holders 82%) and virtual meeting platforms (CPI holders 82%, future holders 74%) following closely behind.
- When it comes to financial institutions websites or apps, customers are more comfortable with websites (CPI holders 82%, future holders 79%) than mobile apps (CPI holders 74%, future holders 65%).

COMFORT WITH PROCESS – OBTAINING CPI

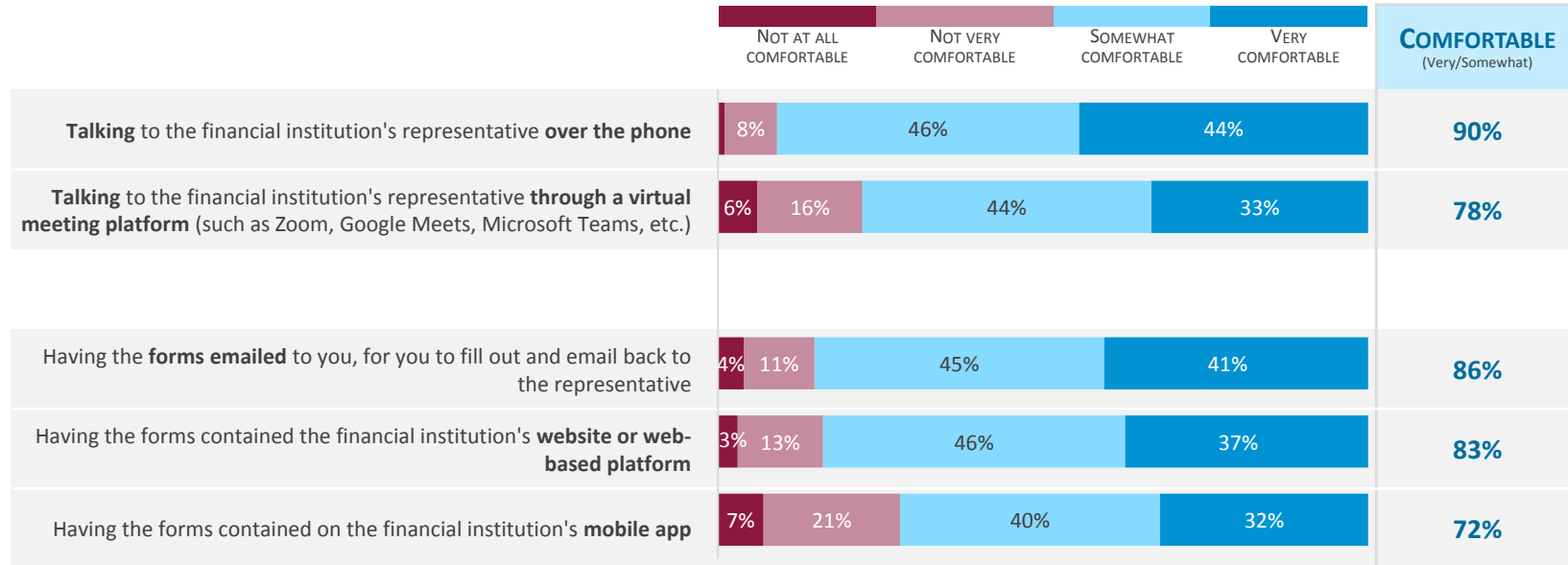


A15. Please indicate how comfortable you are with each of these methods for obtaining Credit Protection insurance? Base: Credit protection insurance holders (N=197)
B8. Please indicate how comfortable you are with each of these methods for obtaining Credit Protection insurance? Base: Future Purchasers (N=805)

Likewise, consumers would feel comfortable making a claim on CPI virtually

- When it comes to making a claim, consumers would feel comfortable doing so by talking to a representative over the phone (90%). While comfort with virtual meeting platforms is lower, still three-quarters (78%) would feel comfortable with this method.
- Consumers would also feel comfortable dealing with forms electronically, particularly through email (86%) or on the financial institutions website (83%). While comfort with mobile apps is less, still 72% would be comfortable using this.

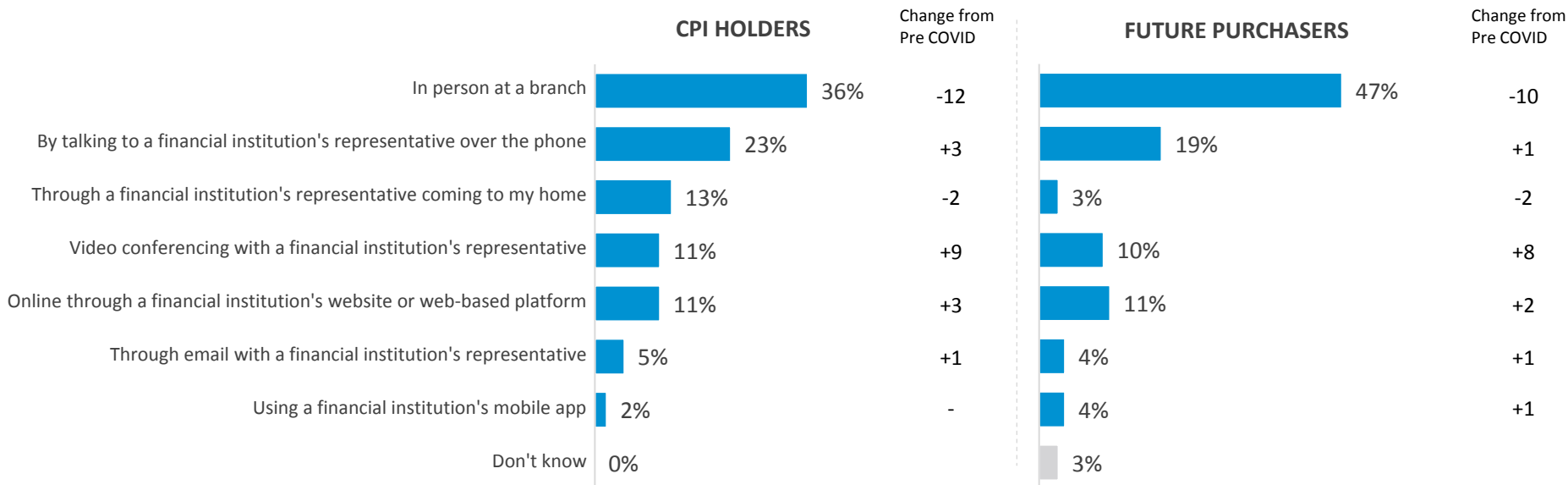
COMFORT WITH PROCESS – SUBMITTING CLAIM



After COVID, many Canadians will want to go back to in branch banking, although some will move to video conferencing

- When asked how they would like to conduct transactions like arranging for loans or buying insurance after the pandemic, the greatest number say they will go back to in branch banking (CPI holders 36%, future holders 47%). However, this has declined by more than 10% compared to what these people were doing before the pandemic.
- The process that has gained the most in popularity is video conferencing with one-in-ten saying this would be their preference (CPI holders 11% up from 2% pre-COVID, future purchasers 10% up from 2% pre-COVID).

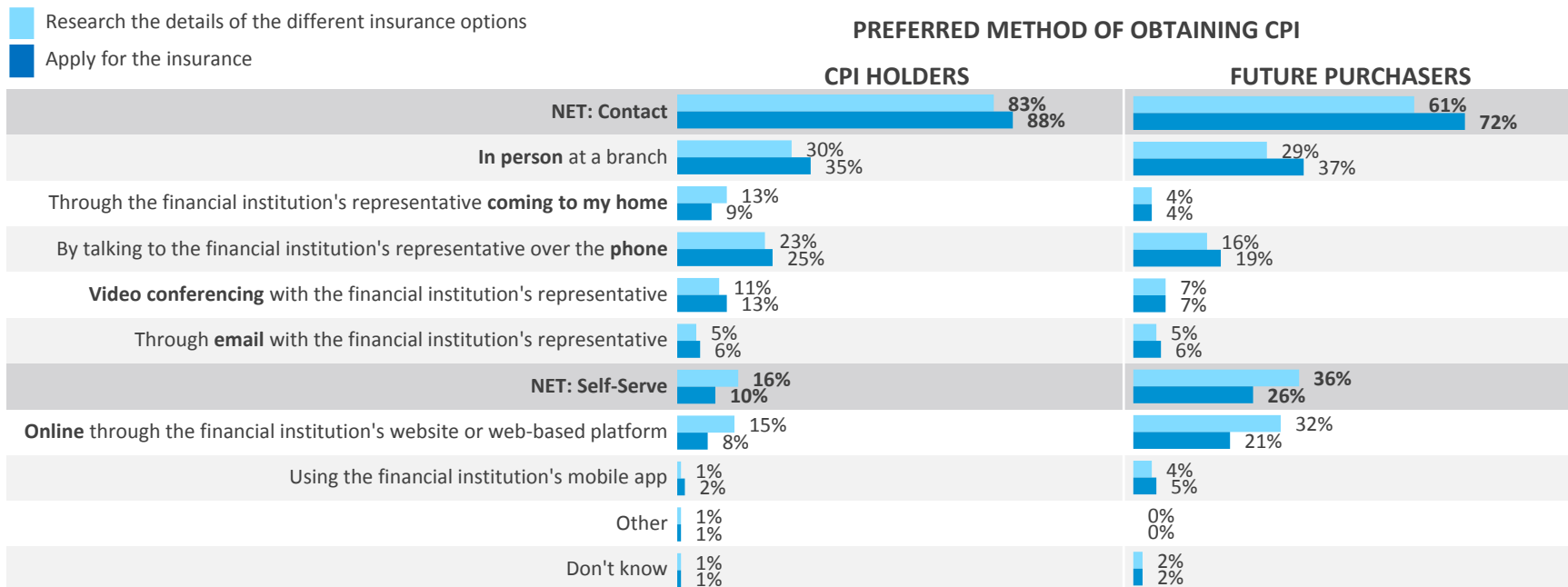
METHOD OF FINANCIAL TRANSACTIONS AFTER COVID



A3. Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance?
 Base: CPI Holders (N=197) **B3.** Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance, such as credit protection insurance? Base: Future Purchasers (N=805)

While customers will want to have help in obtaining CPI, it does not necessarily have to be in-person

- After COVID, the majority of consumers will expect to need assistance in order to obtain CPI, both when it comes to researching and applying for the insurance. However, there is mixed reaction as to whether this will be in-person or virtual contact.
- Among those who have obtained CPI, two-fifths will want in person contact to research (43%) and apply for (44%) CPI, while a similar proportion will want to do it virtually (39% and 44% respectively, with over the phone being most popular. Future purchasers are also split with 33% wanting to research and 41% wanting to apply in person, while one-in-three want to do so virtually (28% and 32% respective). Those who have not yet gone through the process of getting CPI are more likely to think they would want to do it with no help.



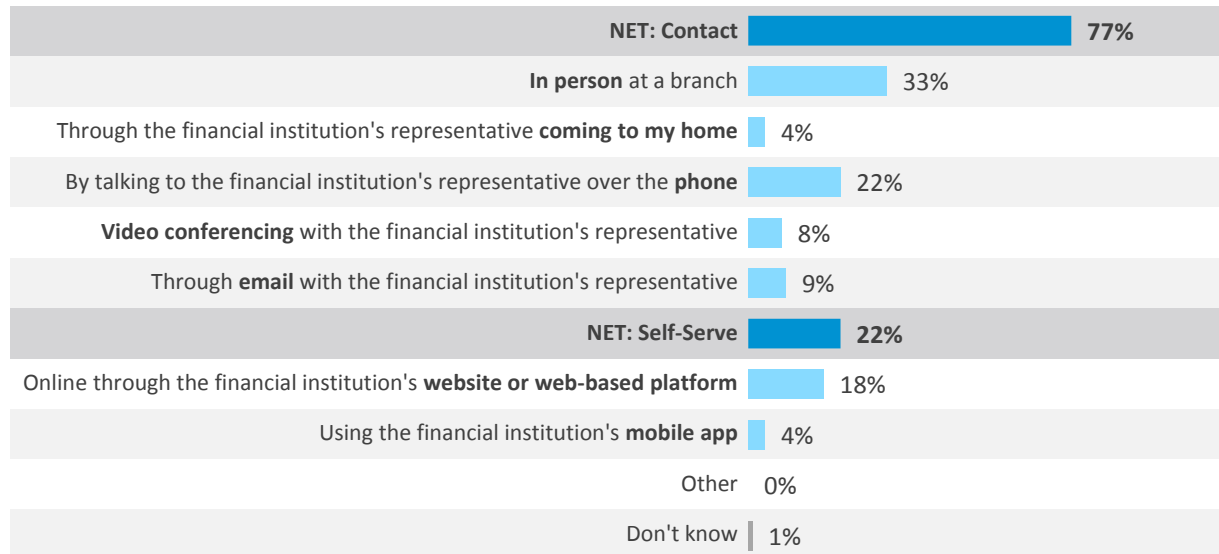
A17. Once the Covid-19 pandemic in Canada is over, how would you like to complete each step of the process of obtaining credit protection insurance? Base: Credit protection insurance holders (N=197)

B10. Once the Covid-19 pandemic in Canada is over, how would you like to complete each step of the process of obtaining credit protection insurance? Base: Future Purchasers (N=805)

When it comes to making a claim, consumers also want assistance, but it does not necessarily have to be in person

- If they were to make a claim on their CPI policy, three-quarters (77%) would want to do so with the assistance of a representative. However, this is split between those who would want this assistance in person (37%) and those who would want it virtually (39%).
- One-fifth (22%) feel they could make the claim without assistance, with a web-based platform (18%) being more popular than a mobile app (4%).

PREFERRED METHOD OF SUBMITTING CLAIMS



Those who want in-person meetings say this is the way they like to do business

- Almost two-thirds of those who want to conduct financial transactions such as arranging for loans or buying CPI with an in-person meeting simply say this is the way they like to deal with people. While this is particularly true among those 55 and older (73%), the majority of all age groups feel the same. More than half simply like to speak to a knowledgeable representative before making a decision.
- There are, however, one-quarter who do not see how papers could be signed virtually, and one-fifth that do not feel comfortable with virtual methods.

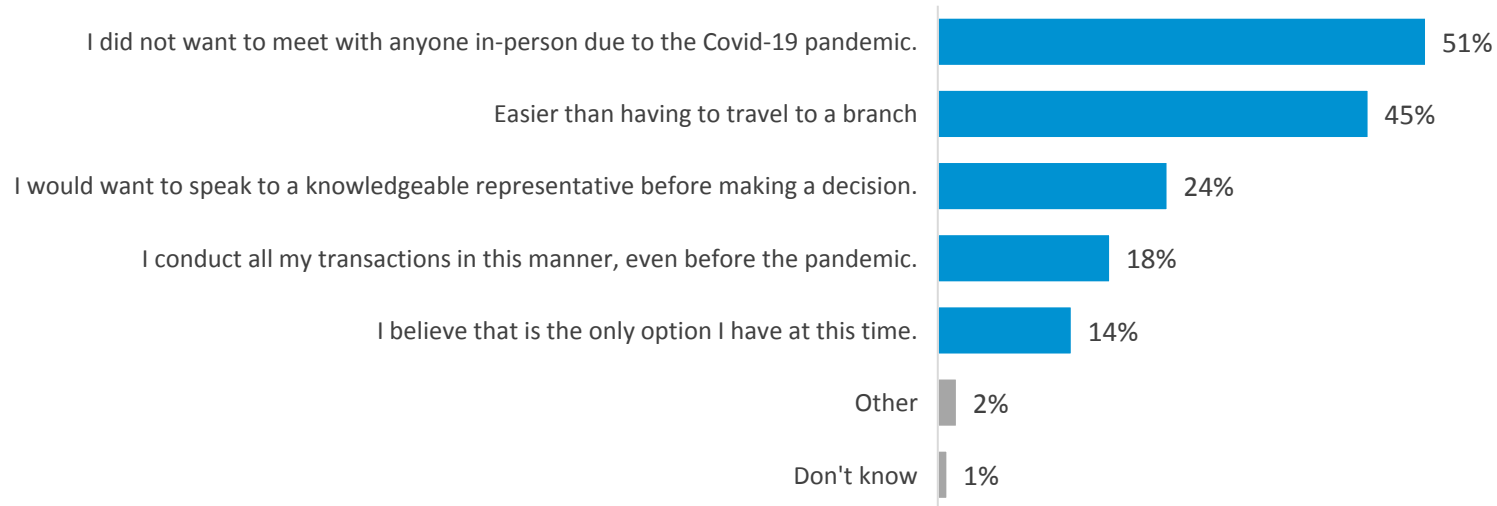
REASONS TO CONDUCT FINANCIAL TRANSACTIONS WITH AN IN-PERSON MEETING



While COVID is the main reason for virtual communication, some find it more convenience than travelling

- The main reason for not wanting an in-person meetings is the COVID-19 pandemic (51%). However, more than two-fifths find virtual methods of communication to be easier than travelling to a branch (45%) and 18% said they did this before the pandemic.

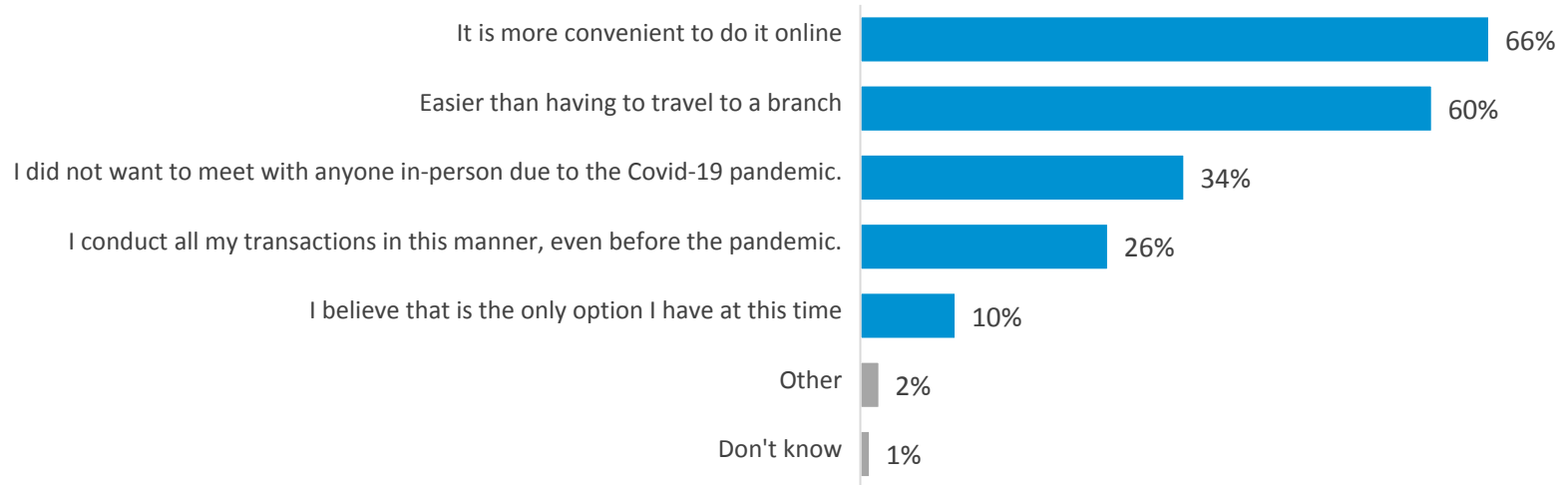
REASONS TO CONDUCT FINANCIAL TRANSACTIONS WITH NO IN-PERSON MEETING



Convenience is the reason for applying for CPI online

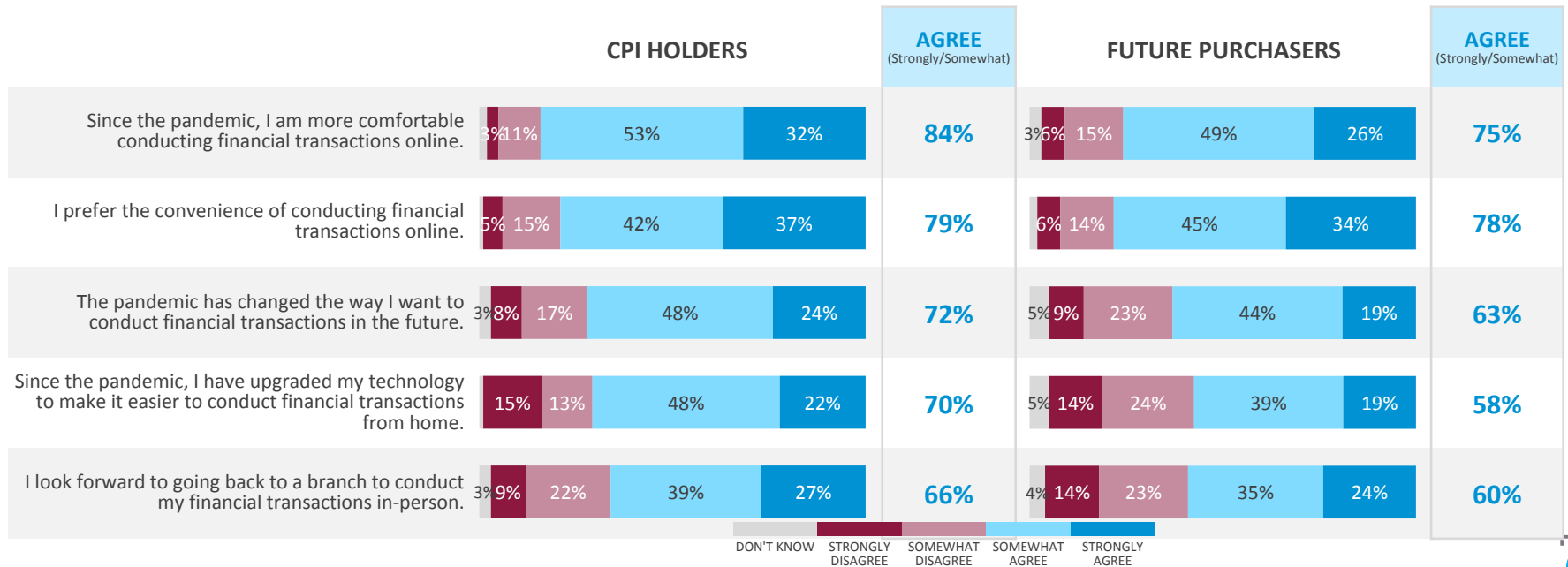
- Those who would like to apply for CPI using a self-serve method find this to be convenient overall (66%) and easier than travelling to a branch (60%).

REASONS TO APPLY FOR CREDIT PROTECTION INSURANCE THROUGH THE FINANCIAL INSTITUTION'S WEBSITE, WEB-BASED PLATFORM OR MOBILE APP



Consumers feel the pandemic has changed the way they do business, particularly among CPI holders

- Four-fifths of CPI holders and three-quarters of future holders agree that they are now at least somewhat more comfortable with online financial transactions and more than three-quarter now prefer the convenience. Seven-in-ten CPI holders have upgraded their technology. While this is less common among those who not yet gone through the process, still 58% say the same.
- In looking to the future, the majority say the pandemic has changed the way they want to conduct financial transactions in the future, however a similar proportion are looking forward to being able to go back to a branch.

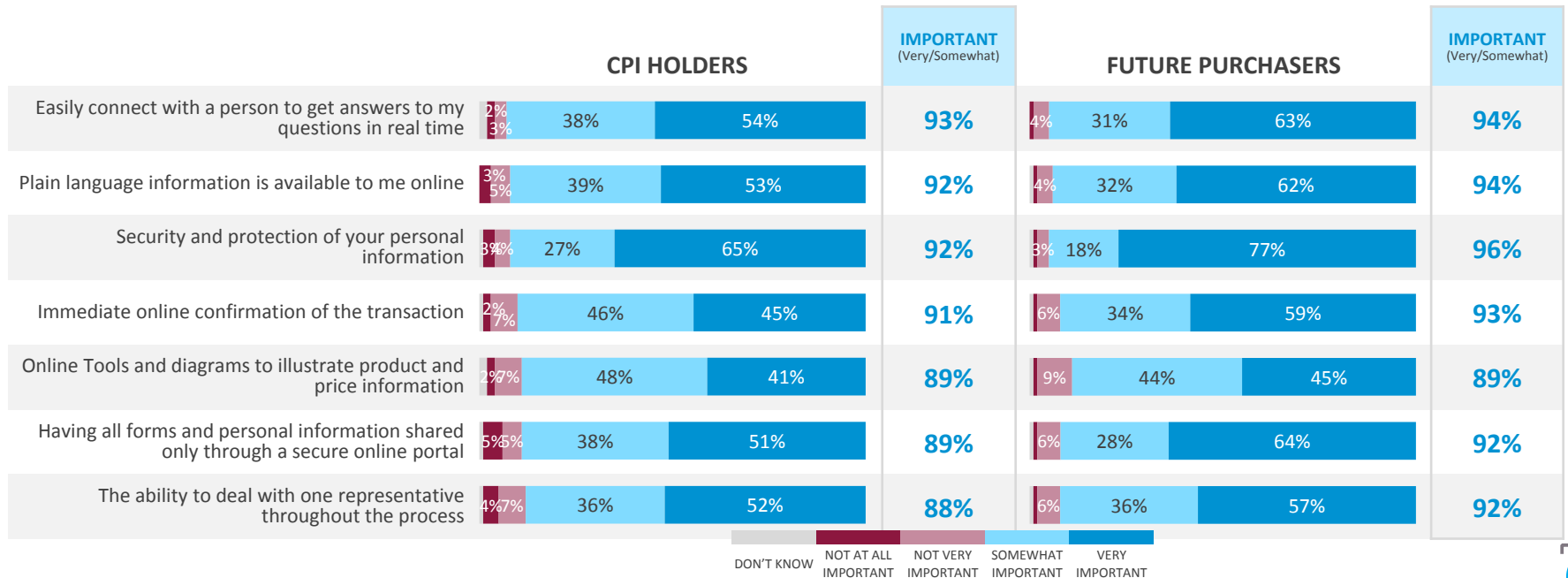


A18. To what extent do you agree or disagree with the following statements? Base: Credit protection insurance holders (N=197)

B11. To what extent do you agree or disagree with the following statements? Base: Future Purchasers (N=805)

Customers believe it is important for financial institutions to take a number of steps to make them comfortable with online transactions

- In order to conduct transactions online, customers expect financial institutions to take a number of steps to help them feel comfortable.
- Protection of information is most important with more than nine-in-ten thinking it is important overall and two-thirds of CPI holders and three-quarters of future holders finding this very important.
- Online tools to illustrate product and price are important to most but less so, with less than half saying this is very important. Less than half of CPI holders (45% vs. 59% of future holders) also consider immediate confirmation of transactions to be very important



A16. How important is it to you that a financial institution offers each of the following when conducting transactions online? Base: Credit protection insurance holders (N=197)

B9. How important is it to you that a financial institution offers each of the following when conducting transactions online? Base: Future Purchasers (N=805)



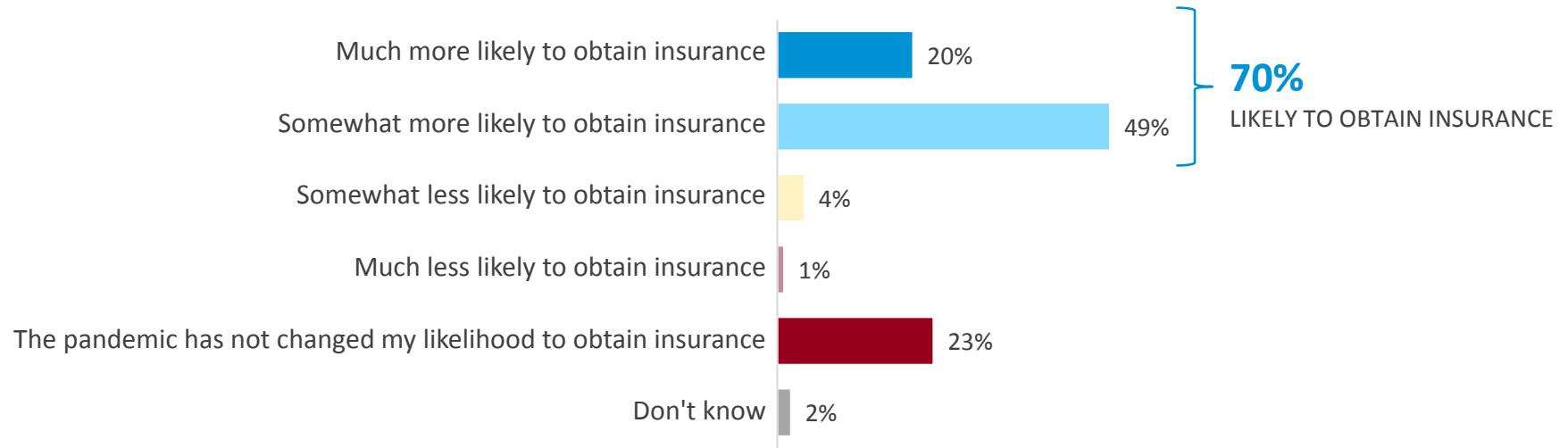
Obtaining Credit Protection Insurance During the Pandemic

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COVID-19 has made Canadians more likely to consider insurance

- For seven-in-ten Canadians, COVID has increased the likelihood that they would consider obtaining insurance, with 20% being much more likely to and 49% somewhat more likely.
- While few say the pandemic would discourage them (5%), 23% say it has had no impact.
- Those in Quebec are least likely to consider insurance now (58%), with 36% saying it has had no impact.

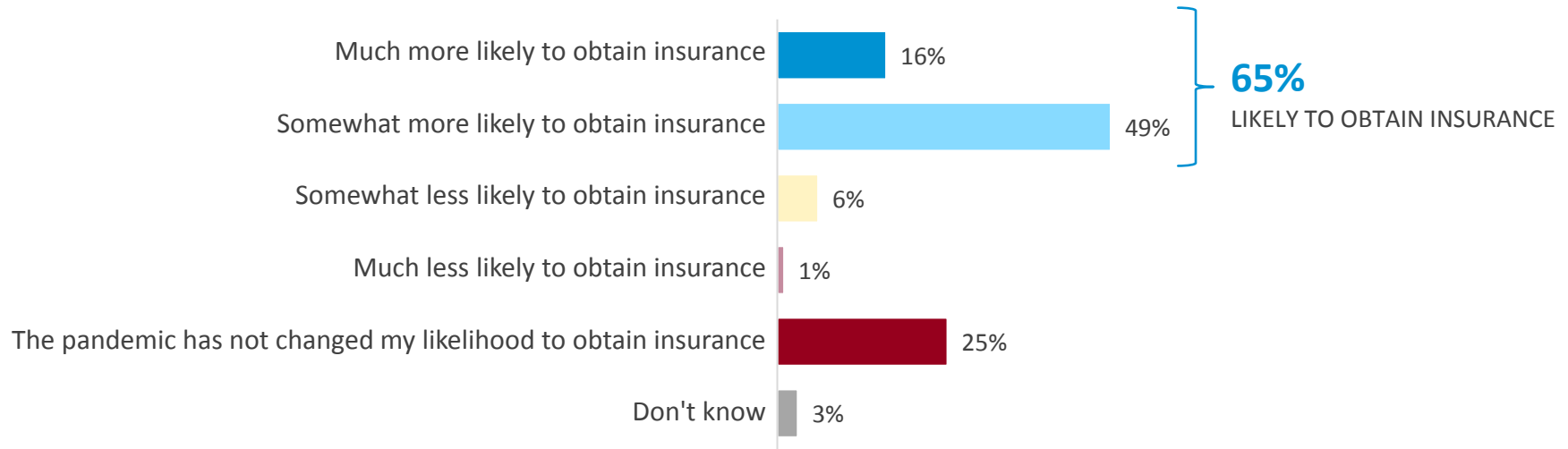
COVID IMPACT ON OBTAINING INSURANCE TO PROTECT IN CASE OF UNFORESEEN EVENTS



Similarly, more than two-thirds are likely to consider obtaining CPI due to the pandemic

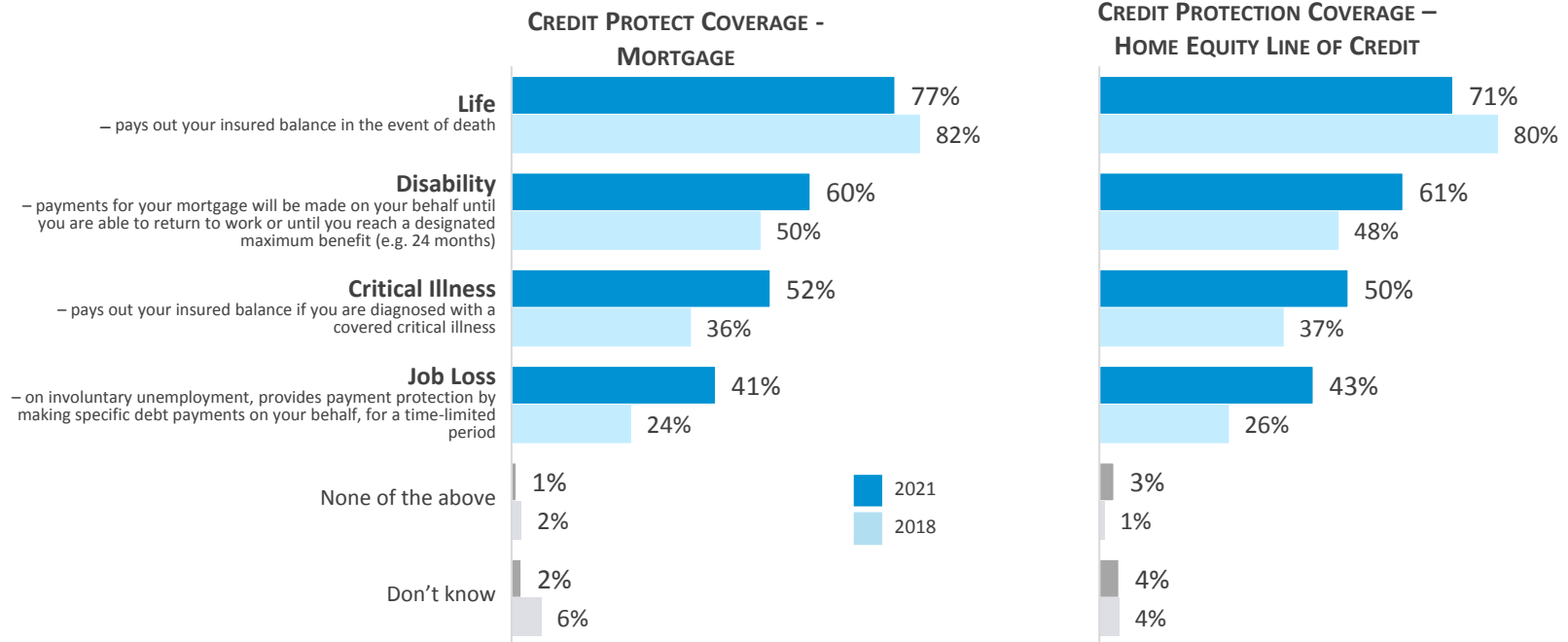
- As Canadians are more likely to consider obtaining insurance, it is not surprising that 65% are also more likely to consider obtaining Credit Protection Insurance with few saying the pandemic has discouraged this and 25% saying it has had no impact.
- Again, Quebec residents are least likely to be considering this insurance due to COVID (53% more likely to consider, 38% no impact).

COVID IMPACT ON OBTAINING INSURANCE FOR MORTGAGE OR LINE OF CREDIT



Incidence of Disability, Critical Illness and Job Loss coverage has increased since 2018

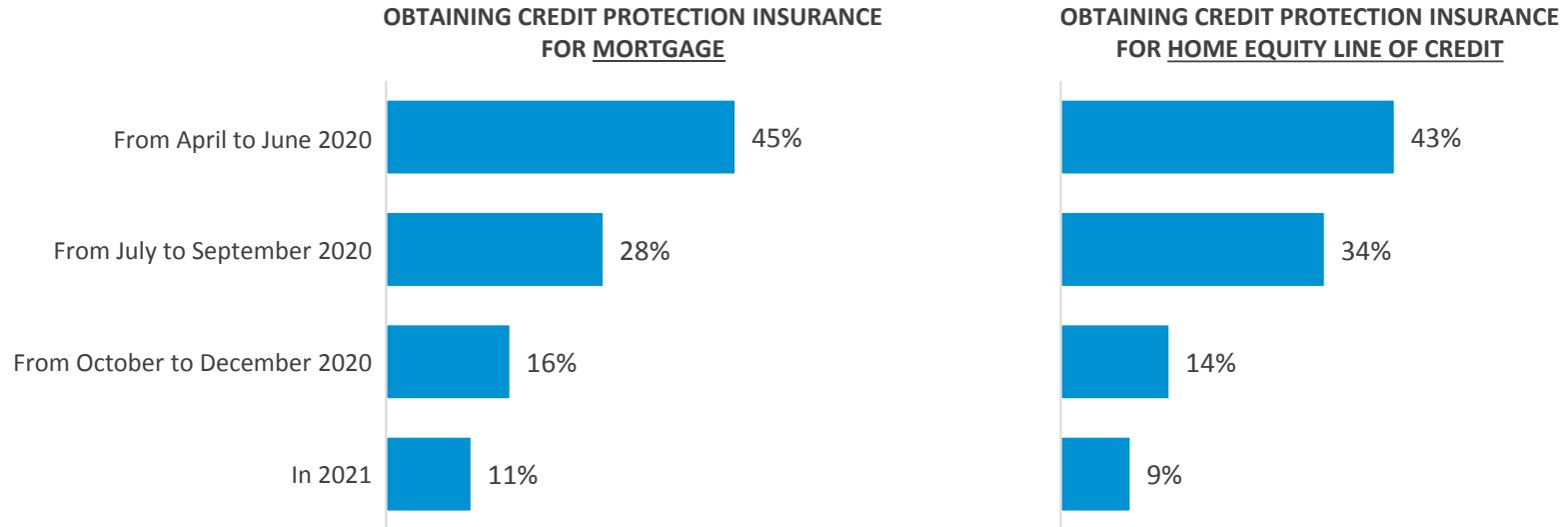
- While Life is the most common coverage, more than half of CPI holders also have Disability and Critical Illness coverage, with two-fifths having job loss.
- Compared to 2018 findings, the incidence of having Life coverage has declined somewhat particularly among HELOC holders (2018 Life coverage: Mortgage 82%, HELOC 80%). However, all other types of coverage has increased



Q4. And what does the credit protection insurance cover you for? Base: Obtain CPI mortgage (N=170)
 Q7. And what does the credit protection insurance cover you for? Base: Obtain CPI for HELOC (N=112)

CPI Holders are most likely to have obtained coverage at the beginning of the pandemic

- Of those who obtained CPI during the pandemic, this was most likely to have happened at the beginning, with only one-in-ten having done so in 2021.



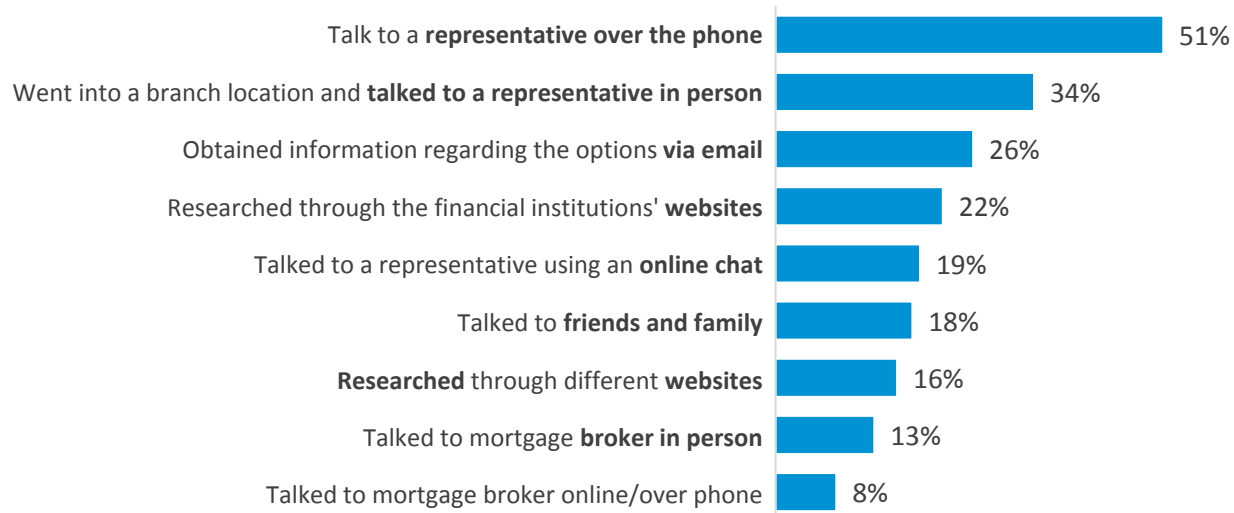
Q3. When did you obtain the credit protection insurance for your mortgage? Base: Obtain CPI mortgage (N=170)

Q6. When did you obtain your credit protection insurance for your Home Equity Line of Credit? Base: Obtain CPI for HELOC (N=112)

When researching CPI during the pandemic, most talked to their representative over the phone, while one-third still did so in person

- Those who had obtained CPI since April 2020 are most likely to have researched it by talking to their representative on the phone (51%), while one-quarter (26%) did so via email and one-fifth (22%) through the website. One-fifth also relied on online chat (19%).
- Despite this research being done during the pandemic, still one-third (34%) talked to the representative in person.

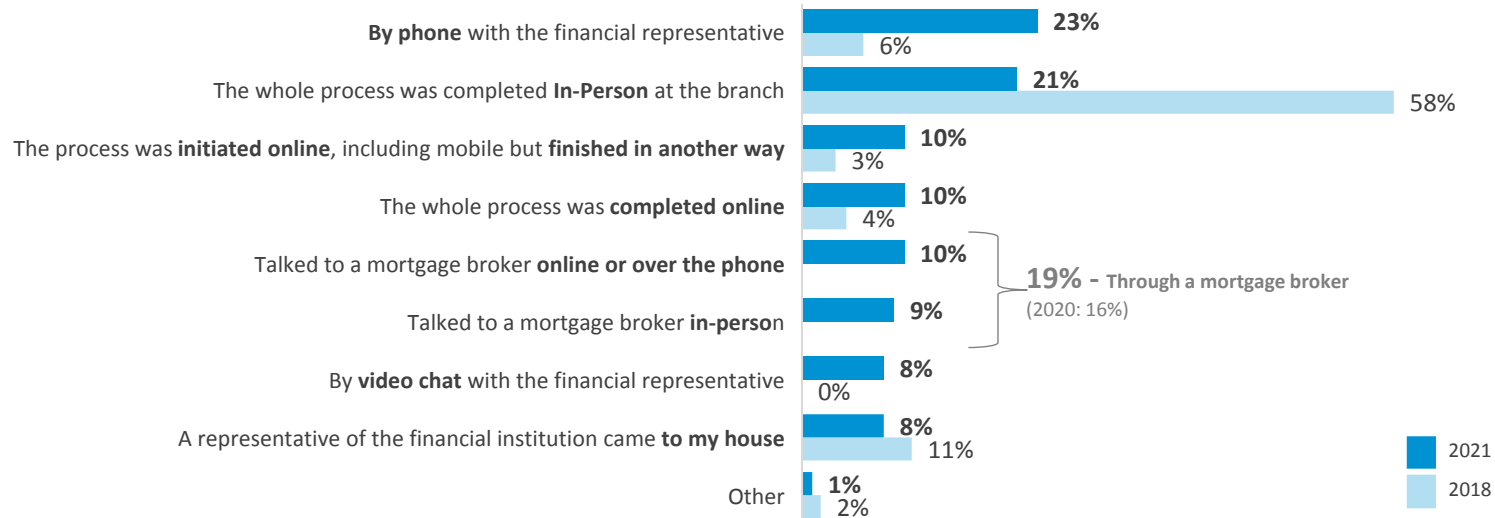
METHODS USED WHEN RESEARCHING FOR MORTGAGE/HOME EQUITY LINE OF CREDIT - CPI HOLDERS



The process of obtaining CPI is split between in-person and virtual methods

- In 2018, the majority of CPI was obtained in-person meeting, either at the branch (58%) or at their home (11%). This year, half (51%) conducted the process virtually (most likely over the phone with a representative 23% or broker 10%), while one-third (34%) did so in person.
- Those who obtained the CPI at the beginning of the pandemic (from April to June) were split on whether they got it virtually (49%) or in-person (42%). In the middle of the pandemic (July to September) the process moved more virtual (58%) than in-person (30%). However, since October, the process has once again become split (41% virtual, 47% in-person).
- One-in-ten completed the process online or initiated it online but completed it in another manner.

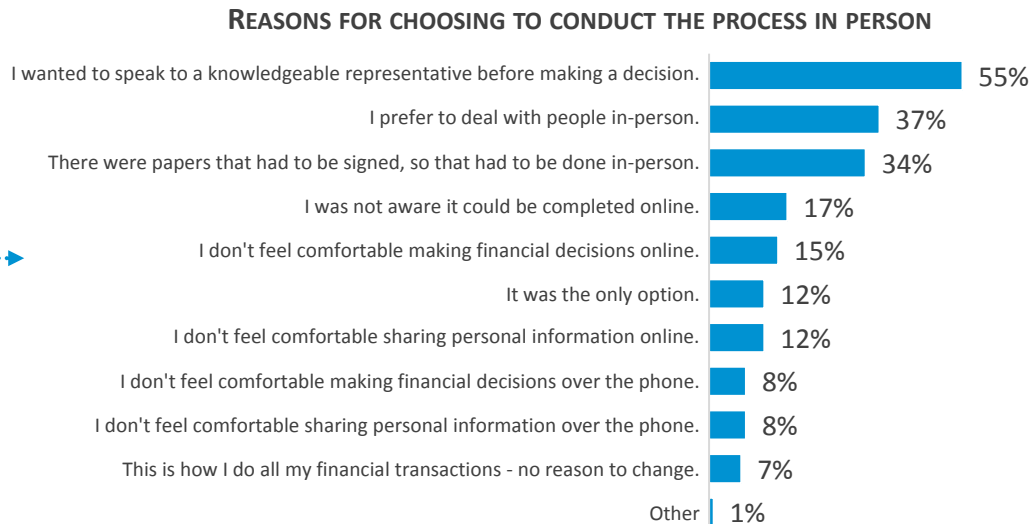
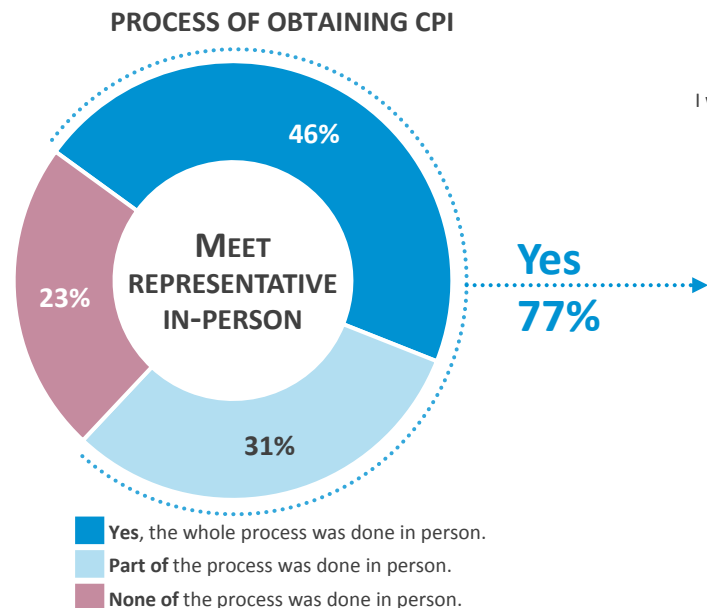
METHOD USED TO OBTAIN CPI DURING PANDEMIC



A10. The following questions are regarding your experience obtaining your Credit Protection Insurance for your [mortgage/home equity line of credit]. How did you complete the process of obtaining your Credit Protection Insurance? Base: Credit Protection Insurance Holders (N=197)

The majority of customers met with a representative in-person at some point in the purchase process, with some not realizing there was another choice

- Three-quarters of those who had purchased CPI during the pandemic had met a representative in-person for at least some of the process, with only 23% saying it was all done virtually. Results are similar, regardless of when in the pandemic the insurance was obtained
- Half said they met in person because they wanted to speak to someone (55%), one-third (37%) because this is their preferred method and 15% because they do not feel comfortable doing it online. One-third (34%) did so to sign the paperwork, 17% because they didn't know they could do it online, and 12% because it was the only option. One-third (34%) did so to sign the paperwork, 17% because they didn't know they could do it online, and 12% because it was the only option.

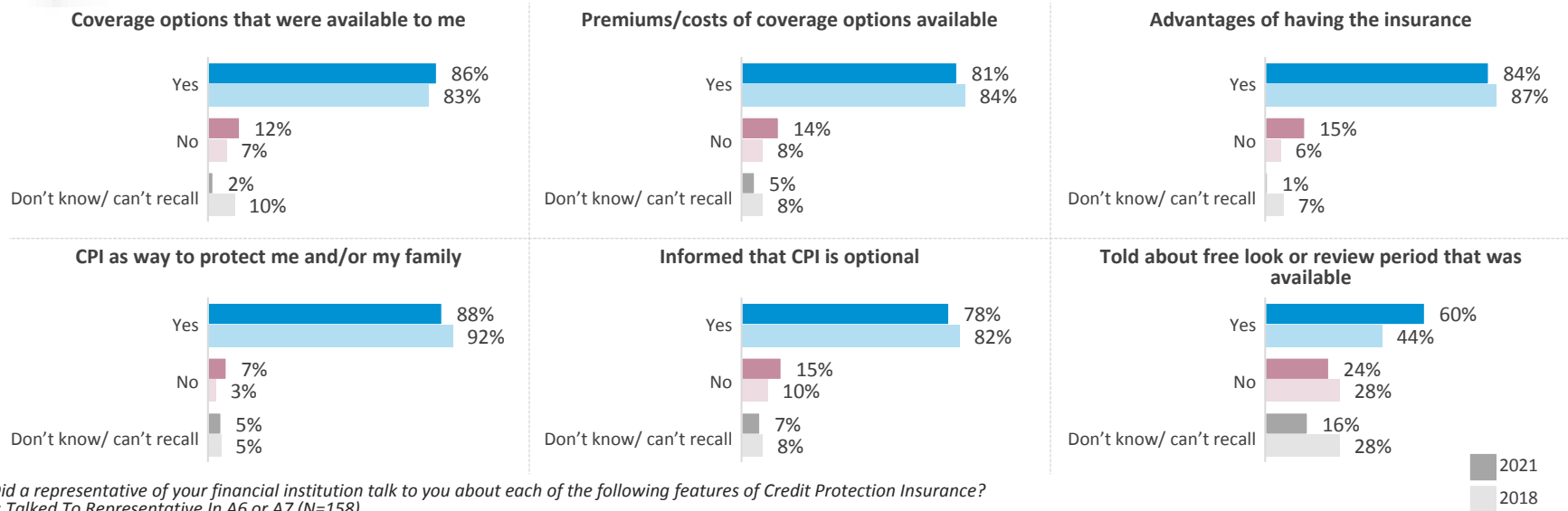


A13. At any point in the process of obtaining Credit Protect Insurance for your [mortgage/home equity line of credit], did you meet with a representative of the bank, financial institution or mortgage brokerage in-person? | **A14.** Why did you choose to conduct all or part of the process in person?
 Base: Credit Protection Insurance Holders (N=197)

Different methods of communication have had little impact on the CPI topics covered

- In total, 79% of those obtaining a mortgage/HELOC talked to a representative about CPI – up slightly from 75% in 2018. Of the four-fifths who talked to a financial representative about CPI, the vast majority were told about the coverage options, the premiums, the advantages of the insurance and that it is optional. Three-in-five were also told about the review period.
- When comparing this to results of 2018, representatives are continuing to have the in-depth conversations about all relevant topics. The only difference is seen in the conversations about the review period, which is being discussed significantly more now (60%) than it was in 2018 (44%).

79% Talked To Representative
 2018 75% TALKED TO REPRESENTATIVE

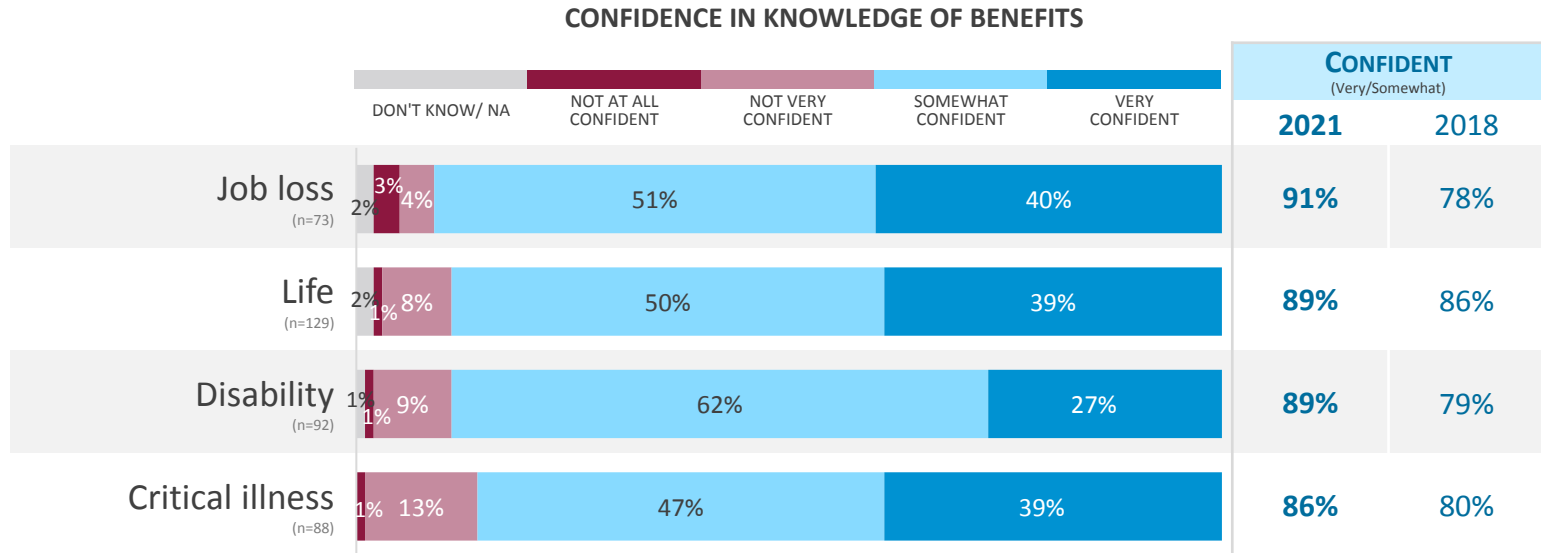


A8. Did a representative of your financial institution talk to you about each of the following features of Credit Protection Insurance?
 Base: Talked To Representative In A6 or A7 (N=158)

2021
 2018

Confidence in knowledge of benefits is high across all insurance types, and up from 2018

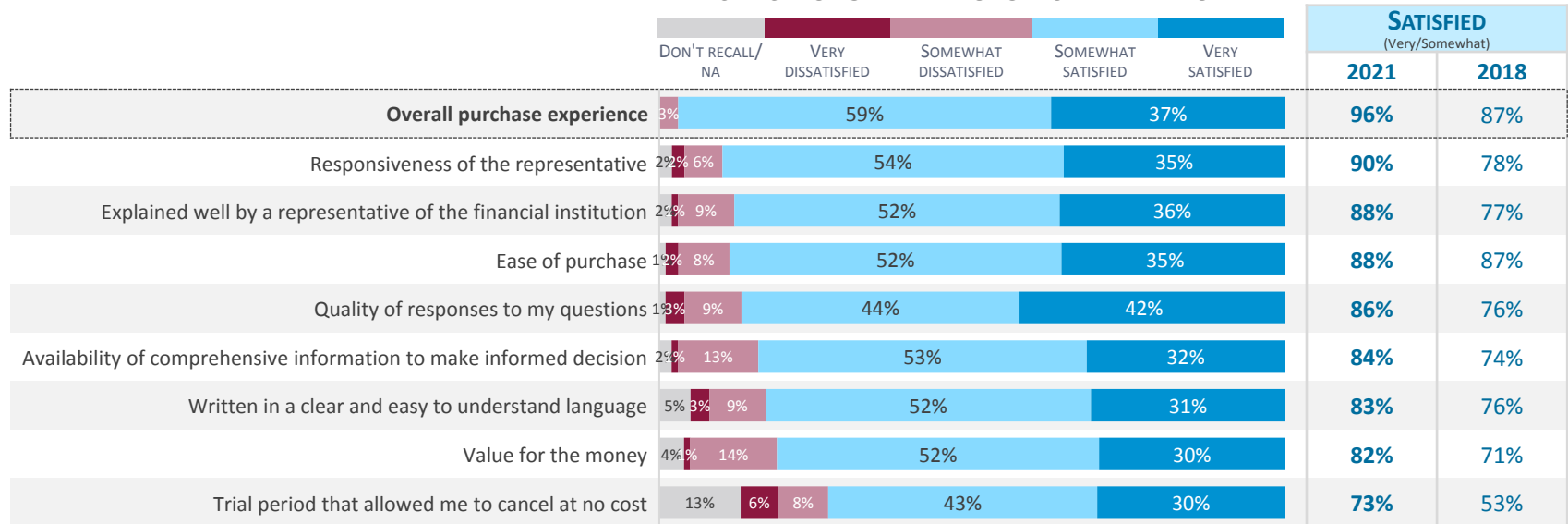
- Those who have obtained CPI during the pandemic feel confident that they know what they will get if they make a claim on their insurance, with nine-in-ten saying they are at least somewhat confident with each insurance type.
- Confidence in this knowledge has increased across all insurance types compared to 2018 findings. The greatest increase was seen in that of job loss insurance, with 91% being confident now, compared to 78% having that same level of confidence in 2018. Confidence in disability insurance has also increased by 10%, while confidence in critical illness benefits is up by 6% and life insurance benefits is up by 3%.



Satisfaction with CPI purchase experience is high and has increased since 2018.

- Almost all CPI holders were at least somewhat satisfied with the CPI purchase experience (96%), with more than one-third being very satisfied. Overall satisfaction has increased significantly from 2018 (87% up 9%) although the proportion who are very satisfied remained the same (37%).
- Satisfaction with specific aspects of the purchase experience are also very high (with more than four-fifths expressing satisfaction with most) and has increased by about 10% since 2018. Generally, customers feel their representatives are more responsive, and give more detailed yet clear and easy to understand information.
- While satisfaction with ease of purchase is high (88% satisfied), this is similar to the findings of 2018 (87%).
- While the majority are satisfied with the trial period, this is lower than satisfaction with other factors (73%). However, satisfaction with this has seen the largest increase compared to 2018 findings (up 20%).

SATISFACTION WITH PURCHASE EXPERIENCE



A11. Overall, how would you rate your level of satisfaction with the purchase experience, when you purchased your Credit Protection Insurance for your [mortgage/home equity line of credit]?

A12. More specifically, how satisfied were you with the following elements of the purchase process? Base: Credit Protection Insurance Holders (N=197)



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