

Agenda Item 4(a)(ii)
July 21/20 EOC Meeting

2020 CAFII Research Initiatives Being Considered, Arising From July 10/20 Research & Education Committee Meeting

Members of the Committee

Research & Education Committee				
First	Last	Email	Company	BOD/EOC/Committee
Cecillia	Xiao	(Cecillia Xiao) cecillia.xiao@assurant.com	Assurant Canada	Research & Education
Craig	McKendrick	(Craig McKendrick) craig.mckendrick@cibc.com	CIBC Insurance	Research & Education
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Andrea*	Stuska	Andrea Stuska < andrea.stuska@td.com >	TD Insurance	Research & Education
Diane	Quigley	(Diane Quigley) diane.quigley@cumis.com	CUMIS/The Co-operators	Research & Education

In Attendance at July 10/20 Meeting

Andrea Stuska, TD Insurance -- Chair
Aneta Murphy -- ScotiaLife Financial
Craig McKendrick -- CIBC Insurance
Sandy Zeidenberg -- Manulife
Elaine Parr -- TD Insurance
Keith Martin, CAFII Co-Executive Director
Brendan Wycks, CAFII Co-Executive Director

Summary of the Meeting

Andrea Stuska, Research & Education Committee Chair, provided background on how some members of the CAFII Board of Directors, in its 9 June, 2020 meeting, had expressed a desire for the proposed Deloitte Canada research/perspectives paper on “The Future of Credit Protection Insurance in Canada” to be delivered at a lower cost than \$20K, and with some additional value-add/benefits to be included at the reduced cost.

The outcomes of the CAFII Board’s deliberations on the Deloitte Canada proposal had been shared in a productive meeting on 18 June, 2020 with Deloitte’s Melissa Carruthers and partner James Colaco, by CAFII representatives Andrea Stuska, Keith Martin, and Brendan Wycks. Ms. Carruthers and Mr. Colaco had committed to regroup and to respond to CAFII with a revised proposal within a few weeks, Ms. Stuska advised.

However, Melissa Carruthers spoke to Keith Martin on 8 July, 2020, at which time she explained that Deloitte Canada was under some COVID-19-driven financial pressures, and as a result many of the firm’s consultants and partners were working reduced hours. That, combined with CAFII’s counter-proposal which called for Deloitte Canada to deliver additional outputs/benefits but at a reduced price, had led the firm to decide to withdraw its research/perspectives paper proposal to CAFII at this time.

Keith Martin provided background context on an additional factor that had contributed to Deloitte Canada’s proposal withdrawal decision, noting that all of the firm’s partners who have some manner of relationship or project with a CAFII member client had been involved in the firm’s internal discussion of the proposal. Concerns had been expressed by some of them that if the research/perspectives paper was not well-received by a CAFII member or by an insurance regulator, that result could produce some risk for Deloitte Canada.

It was observed and agreed that given the withdrawal of the Deloitte Canada proposal, the Research & Education Committee was back to square one, with a blank slate, in terms of CAFII’s 2020 research options. The Committee then examined a series of research options that were tabled for consideration:

- Commissioned research with LIMRA: there was concern that LIMRA was a U.S. organization and that CAFII should try to spend its research funds in Canada; and that LIMRA was a very advisor channel-focused organization and, as such, not a natural fit for CAFII;
- Consumer research by Pollara Strategic Insights on a credit protection insurance product for which CAFII had not previously commissioned such research: the concern here was that during the midst of a pandemic might not be a productive time to conduct such research, as consumer attitudes could be distorted by unique and unusual circumstances related to COVID-19;
- Refreshing/updating of previously conducted CAFII research – by an independent, third party actuarial firm -- on the consumer value proposition of credit protection mortgage life insurance relative to T10 and T20 term life insurance: the view was expressed that while an updating of this research could be valuable, the current time was not optimal to do so, given all of the other priorities and issues that the industry is currently grappling with.

It was noted that there was also a prior recommendation that CAFII undertake the necessary research in order to be able to produce a “Fact Pack On Credit Protection Insurance in Canada,” similar to what CLHIA annually produces on the life insurance industry in Canada. However, it was recalled that the CAFII Board did not seem enthusiastic about this proposal; plus it would require accessing voluminous data from CAFII members, which might be difficult with staff working from home and focused on other priorities.

A theme that emerged in discussion is that the trend towards digitization in the insurance industry had been accelerated by the pandemic. While it was noted that Deloitte Canada was planning on taking a close look at digitization in its proposed research/perspectives paper for CAFII, there was an emerging consensus among R&E Committee members that a research study on consumer attitudes towards, experiences with, and expectations of digitization in credit protection insurance/travel insurance (or, more broadly, life and health insurance) could be of value; and, at a later date, this work could potentially form part of the material reviewed by Deloitte in writing a research/perspectives paper.

It was agreed that further discussion on these matters was required; and that a further 30-minute meeting of the Committee would be required for that purpose (*now scheduled for Monday, July 20/20*).