

TO: Keith Martin, CAFII

FROM: Lesli Martin

DATE: July 5, 2018

RE: **Creditor Insurance Research Proposal**

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Dear Keith,

On behalf of Pollara, thank you for the opportunity to again collaborate with CAFII on this important project to examine Creditor Insurance in Canada.

The 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

Credit Protection Insurance, or Creditor's Insurance is used to pay out a mortgage or loan, or to make debt payments in the event of a consumer's death, disability, job loss or critical illness.

It is my understanding that the Canadian Association for Financial Institutions in Insurance would like to get a better perception of Canadian consumers' views of Creditor's Insurance. Specifically, they would like to know the following:

- Canadians' overall perception of creditor insurance on a number of factors including value for the money, trustworthiness and ability to cover needed expenses;
- Incidence of having Creditor's Insurance;
- Reasons for purchasing Creditor's Insurance;
- How Creditor's Insurance was purchased;
- Satisfaction of purchase experience;
- Incidence of making a claim on Creditor's Insurance;
- Satisfaction with claims process;
- Whether or not the claim has met expectations for paying needed debt.

## METHODOLOGY

### Online Survey using Panel

In order to reach the above listed objectives, Pollara recommends conducting an online survey with Canadians. This survey would be tailored to three quota groups:

- **General Population:** These will be Canadians who do not currently hold Creditor's Insurance, although they may have had it in the past. This group will be asked basic questions about this product, such as awareness and perceptions of the products trustworthiness and value for money.
- **Creditor Insurance Holders:** These will be Canadians who currently have Creditor Insurance. They will be asked questions such as reasons for having the product, comprehension of what the product covers, as well as perceptions of the products trustworthiness and value for money. These participants will also be asked questions regarding their purchase experience.
- **Creditor Insurance Claimants:** These will be Canadians who have made a claim on a Creditor's Insurance Policy. While this may be a subset of the Creditor Insurance Holders, it is possible they will be a stand-alone group who were not involved in purchasing the policy from which they were the beneficiary. These participants will be asked all of the questions above (with except of purchase experience if this is not applicable) as well as satisfaction with the claims process and whether the insurance met their expectations.

Pollara recently conducted a small flash poll of 200 Canadians to get an approximate incidence of Creditor Insurance Holders and Claimants. This poll showed that approximately 30% of Canadians hold Creditor Insurance and 3% have made a claim on such a policy.

Determining the appropriate sample size for any study is a matter of finding a balance between a large enough sample to be statistically reliable and meet the intended objectives and yet one that fits into your budget. Due to the relatively low incidence of these sample groups, we would recommend conducting surveys with 500 general population, 800 with Creditor Insurance holders and 100 with claimants. A sample of this size will allow for some reliable subgroup analysis of the general population and holders samples, while providing us with a reliable sample of claimants. If the budget allows, we could increase the sample of claimants to n=200, but due to the low incidence, we do not recommend increasing this sample any further. While margin of error is not valid on this study due to its online methodology, the below table provides the margin of error at a 95% level of confidence for random samples of these sizes for guidance.

Population	Sample Size	Margin of Error*
General Public	N=400	±4.9%
Holders	N=800	±3.5%
Claimants	N=100	±9.8%
	N=200	±6.9%

\* Margin of Error based on a probability sample of this size, at a 95% level of confidence.

### Online Survey using Customer Lists

Another, and perhaps more effective, way of obtaining views from such a narrow target is to use customer lists provided by CAFII and/or its member organizations. This would allow us to sample from a population that we know fit into our holders or claimants categories and would make it possible to get a higher sample size and a more reasonable cost.

However, there are a few caveats to this type of approach. First and foremost, we would not be able to contact these customers unless they have provided permission for their contact to be used for research. If the customers on the lists have provided this permission, we will work within the Marketing Research and Intelligence Association (MRIA) guidelines when making contact with participants.

Secondly, we will have to understand that the sample will only come from the customer list provided and not from any other method of obtaining this type of insurance.

If it is possible to obtain these lists, Pollara will work with the CAFII member team to determine the most effective way to use them to conduct or enhance this research.

## COST

### Online Survey using Panel

The table below outlines the cost for the two sample options provided in the methodology section of this proposal:

Sample	Cost
<b>Total sample n=1100</b> General Population n=400 Creditor Insurance Holders n=800 Claimants n=100	\$43,000
<b>Total sample n=1200</b> General Population n=400 Creditor Insurance Holders n=800 Claimants n=200	\$49,500

This cost includes all aspects of this research study, including project management and client meetings, survey design, programming, testing, fielding of survey, data analysis, final report and up to four presentations.

If it is possible to obtain customer lists, we will examine the lists we have at our disposal and make alternate recommendations.