



JANUARY 19TH, 2022

The Canadian Association of Financial Institutions in Insurance

Digitization of CPI | Board Presentation



Deloitte.

Objectives and Agenda

Objective

Present the CAFII Board with a summary of the Digitization of CPI research report prior to its publication

Agenda

Section	Timing
Introductions	5 minutes
Report Background, Context & Approach	10 minutes
Deloitte Perspective on Digitizing CPI	30 minutes
Next Steps	5 minutes
Q&A	10 minutes

Our Team



Melissa Carruthers

Partner,
Insurance Strategy

Role: Project Leadership



Marc Lewis

Senior Manager,
Insurance Strategy

Role: Research Lead



Simon Knops

Senior Manager,
Insurance Strategy

Role: Research Lead

Context & Objectives

A dark, monochromatic photograph of a group of people in a meeting. In the foreground, a woman with long dark hair is looking down at a document. To her right, another woman with long dark hair is smiling and looking towards the first woman. In the background, a man with curly hair is visible, looking towards the women. The overall atmosphere is collaborative and professional.

Background & Context

CAFII has engaged Deloitte to share an independent perspective on what it will take to offer 'best-in-class' digital experiences to CPI consumers in response to the evolving needs and preferences of Canadians

Background

- The Canadian Association of Financial Institutions in Insurance ("CAFII") is a not-for-profit industry association that **represents financial institution distributors and insurance company underwriters** involved in selling insurance in Canada
- CAFII is dedicated to fostering an open and flexible marketplace that is efficient and effective and **allows Canadian consumers an expanded choice** in the purchase of insurance products and services.
- In support of its mission & mandate to advance the interests of financial institutions in insurance and affiliated organizations, **CAFII regularly conducts consumer and market research** relevant to the business & offerings of its members
- Credit protection insurance (**CPI**) is a **primary focus of CAFII** as its members' common ground

Why are we here?

- Across all industries we have experienced an **accelerated shift towards digital** purchasing and servicing following the events of COVID-19, however the **insurance industry has been historically slow** at transforming its traditional business models to be more customer centric
- In March 2021, **CAFII conducted a consumer research report** aimed at understanding the impact to the sales & servicing preferences of Canadians in light of COVID 19 with a specific focus on CPI
- Key insights from the research report research suggests that Canadian consumers have not only become more likely, to use virtual channels for CPI sales & servicing and in turn have **higher expectations of their financial institutions** to provide improved multi-channel experiences
- Given the importance of CPI in providing accessible and affordable protection to Canadians, CAFII engaged Deloitte to develop an **independent research report focused on 'Digitizing CPI'** and what it will take for the CPI industry to offer 'best-in-class' digital experiences for CPI
- The objective of the report is to identify opportunities for the **CPI industry to improve the digital experience offered to CPI consumers** in response to increased expectations and advancements in digital tools and technologies
- The subsequent sections of this document outline Deloitte's research approach and its perspective on the key success factors for Digitizing CPI as a means to **help inform the CPI Industries' digital priorities for the future**

Report Approach & Research Methodology

In order to develop its perspective, Deloitte conducted a combination of primary and secondary research, including engagement with CAFII members across 14 organizations that included both underwriters¹ and distributors of CPI

Deloitte Research and Accelerators

Industry External Research

Secondary research was focused on Global insurance markets to help inform key success factors associated with leading digital insurance organizations, including the capabilities contributing to leading digital client experiences

Deloitte's Digital Maturity Model

Deloitte's Digital Maturity Model defines the key capabilities required for an organization to be digital and was used as an input in identifying the summary of functional capabilities required to enable the digitization of CPI

CAFII Members Surveyed and Interviewed



Notes:

1) Underwriters include all CPI product manufacturers

Survey & Interview Scope

CPI Digital Maturity - Sample Questions



- What does **'Digitizing CPI'** mean to your organization and how important do you believe digitizing CPI is to the **future of CPI**?
- How would you describe the current digital **maturity of the Canadian CPI industry**? How would you rank your maturity relative to your peers & your desired future state?






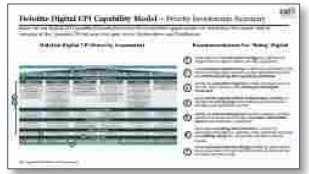
Challenges & Opportunities in Digitizing CPI - Sample Questions



- What do you believe are the **primary friction points / inefficiencies** that exist within CPI operations?
- Where do you believe digitizing CPI may present an **opportunity to improve** these inefficiencies?
- What do you believe is the **biggest challenge in digitizing CPI**?

Digitization of CPI Report Contents

The following table summarizes the contents and structure of our presentation and the research report

Objective	This research report focuses on identifying the key capabilities required to enable a leading digital CPI client experience in order to help inform digital investments and priorities for the future					
Sections	1. Context & Objectives 	2. Deloitte's Perspective on 'Being' a Digital Insurer 	3. Key Research Insights 	4. Sample 'Best-in-Class' Digital CPI Experience 	5. Deloitte's Digital CPI Capability Maturity Model 	6. Looking Forward 
Overview	Summary of the background & context that led to the report, its rational, as well as description of the approach & methodology followed	Deloitte's perspective of key factors leading to the need for digital in insurance and the key characteristics associated with market-leading digital insurers	Key takeaways from research, including member interviews and surveys across distributors and underwriters	Showcase an illustrative leading digital CPI client experience to demonstrate the approach to identifying enabling capabilities	Review of functional capabilities required to enable "Best-in-Class" digital CPI experience, with associated industry maturity assessment	Summary of opportunities for CPI Underwriters & Distributors to consider as they embark on their digital transformation journeys

Note: Regulatory considerations are not confined to a single section and are present throughout the report where applicable

Digitizing Canadian CPI – Key Takeaways

The need to digitize and improve the end-to-end CPI client experience is becoming an imperative for CPI underwriters and distributors in order to keep pace with consumer expectations and the accelerating move to digital lending

- 1** The **urgency to digitize CPI** is accelerating as customers are increasingly expecting to engage via digital channels, yet today the **digital maturity of CPI Distributors across the industry**, with majority feeling they are still behind despite recent investments

57% *Of Distributors ranked their current digital maturity as being 'somewhat behind'*
- 2** CPI distributors have been **challenged to keep pace to their lending partners' digitization efforts** amidst an **evolving regulatory environment**, and **competing priorities** across their organization resulting in **declining penetration rates**

75% *Of CPI Underwriters and Distributors stated lack of alignment with lenders as leading risk to penetration rates and sales²*
- 3** The industry agrees that **digitization extends beyond the front-end customer experience**, and will require investments in **digital-enabling operations** across people, process, data and technology

92% *Of respondents indicated 'being' digital requires digitizing and automating mid- & back-office processes*
- 4** As a result, the industry's ability to provide a seamless customer experience across the client lifecycle will require **strong collaboration amongst Distributors and Underwriters**

80% *Of Underwriters identified multiple stakeholders owning various aspects of the CPI experience was the greatest challenge to digitizing CPI*
- 5** **Digital-enabled experiences** provide an **opportunity to achieve simplicity, transparency and accessibility** of CPI to clients **at scale** at any point throughout their lending and protection journey but **will not replace the human-led experience**

86% *Of Distributors have indicated that cross-channel integration is key for successful digital CPI experiences²*
- 6** **Despite these challenges, CPI remains a strategic priority** for Canadian FIs and the industry feels **investments in digital will be critical** in its ability to **deliver affordable protection** to Canadians who are currently **under-advised & under-protected**

100% *Of Underwriters and Distributors indicated digitizing CPI as a strategic priority²*

‘Being’ a Digital Insurer



Factors Driving Digital in Insurance

Digital is at the heart of the insurance industry's most prominent and disruptive trends, forcing the industry to respond with new and innovative business models, offerings and experiences



Heightened Customer Expectations

Driven by experiences offered by other industries, consumers are expecting seamless, convenient and more personalized digital experiences from their insurers



Pressure on Back-office Operational Efficiency

Rising margin compression has insurers actively looking to implement automation and digitization to improve productivity and efficiency across their operations



Increasingly Competitive Landscape

New & non-traditional entrants with tech-enabled business models are driving new competitive in the industry forcing incumbents to rethink their traditional business models



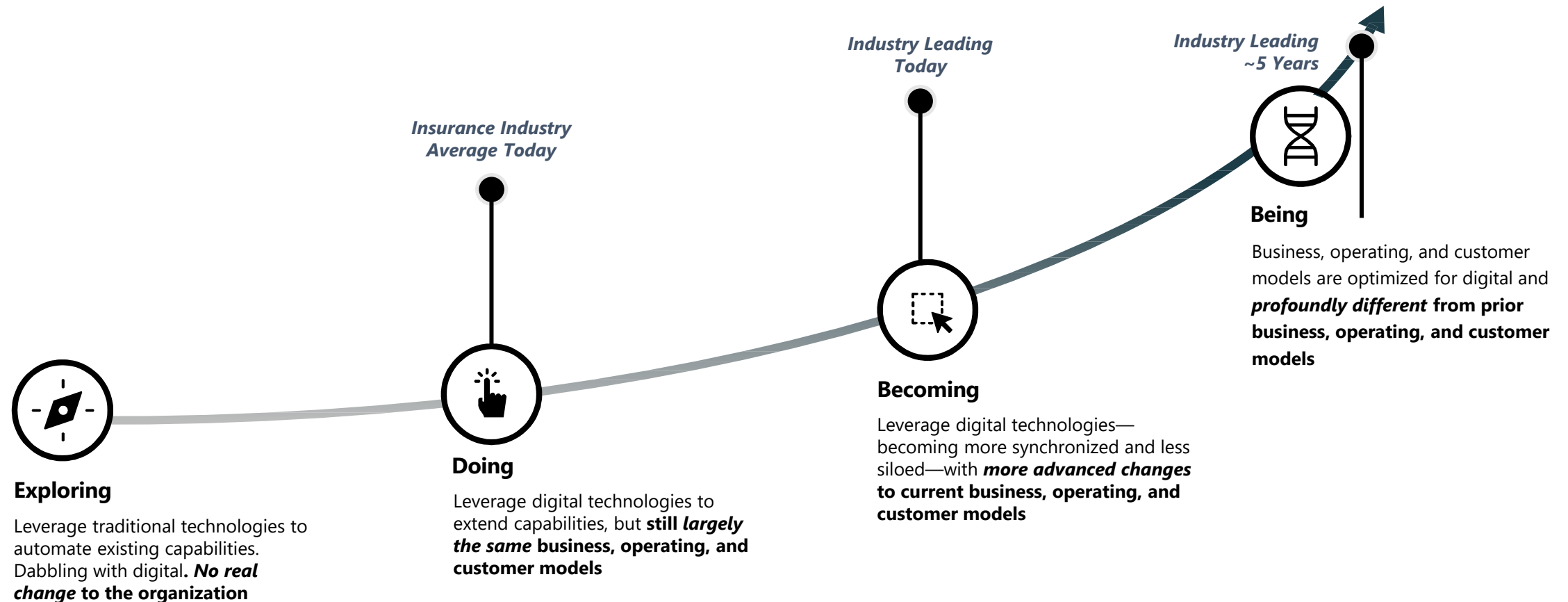
Availability and Ability to Activate Data

The increased availability of data and the use of advanced analytics to derive greater insight provides insurers an opportunity to better assess and manage personalized risks

These trends are forcing insurers to **rethink and transform their experiences, offerings, operations, distribution, and enabling technologies** – all in ways that are **truly more digital**

Going From 'Doing' digital to 'Being' Digital

As a result of COVID-19, the degree of digital transformation will see a rapid acceleration across all global markets and lines of business in order to play 'catch-up' with other industries and better meet consumer preferences for digital experiences



Why Now?

Consumer expectations for digitally-enabled experiences, coupled with the turbulence associated with COVID-19 will present a **turning point for accelerating digital maturity** in the industry

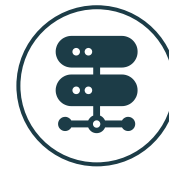
6 Key Attributes of 'Being' a Digital Insurer

Through our research & experience, we've observed that leading digital insurance organizations exhibit the following 6 attributes and respective underlying capabilities which contribute to offering leading digital experiences



Articulated Strategy & Digital Ambition

High performing digital organizations have a well articulated business and supporting digital strategy with clarity on the supporting customer, product and channel strategy



Sophisticated Data, Analytics & Insights

Inform business priorities, product development, and customer experiences all based on data-driven insights - allowing for hyper personalization of experiences, features, pricing and risk assessment



User Centric Digital Experiences

Highly customer-oriented in how they do business and take a human centered design approach to designing their end-to-end user journey allowing for seamless and highly personalized digital experiences



Scalable Technology Architecture

Utilize modern (e.g., cloud based, APIs) technology architecture to support flexibility, modularity and speed to market allowing for seamless integration with ecosystem partners through APIs



Hyper Focused on Operational Efficiency

Digital-enabled insurers have a commitment to relentless expense efficiency, optimizing investments in technology & data through process automation and digitization and business model innovation



Digital Talent & Culture

Digital culture, skills and ways of working (e.g., agile) are embedded throughout the organization driving a holistic culture of innovation and moving away from isolating digital as a standalone team

These **6 foundational attributes** are core to Deloitte's Framework for '**Being**' Digital In Insurance & will serve as the **basis for which we will identify the requirements to digitize CPI in Canada**

Digitizing CPI - Research Insights



Unique Considerations for Digitizing CPI

Our analysis suggests that there is no comparable Global CPI market to Canada and that offering a seamless digital client experience may be more challenging relative to other lines of insurance

What makes digitizing CPI uniquely challenging?

Evolving & Regional Regulation	A lack of harmonization in the regulatory and legislation across provinces forces national distributors to adhere to the strictest of digital sales practices which can be difficult to deliver as a scalable & seamless digital experience
Inability for Personalization & Advice	As CPI needs to be group underwritten, it does not create an opportunity to provide greater personalization in pricing and product design relative to individual insurance; similarly, differentiating based on personalized advice will be difficult under the current sales regulations
Strong Ties to Lending	CPI sale is highly connected to the lending journey, which are increasingly moving towards digital and human-assisted channels; strong collaboration is required with lending partners
Multiple Stakeholders	The client journey is owned by multiple stakeholders at varying stages of the policy lifecycle and requires significant alignment on roles, priorities and capabilities amongst underwriters & distributors
Eligibility and Sales Practices	Distributors must ensure that a customer purchasing a CPI product goes through a specific eligibility and exclusion assessment, adding steps & therefore friction to the purchasing journey

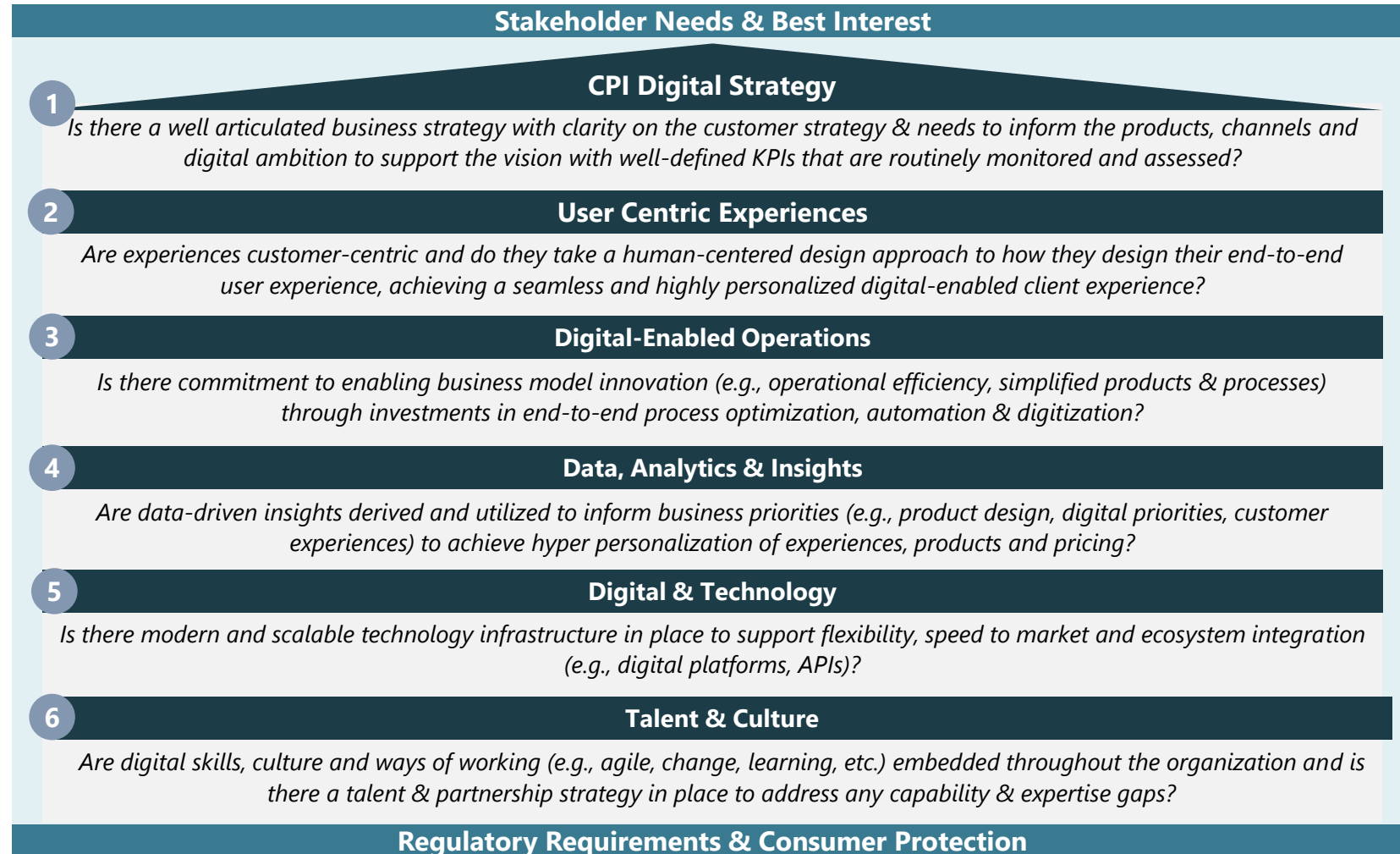
“Finding the right approach to mirror a face-to-face experience into digital channels is and will remain our biggest challenge”
- Distributor

“Traditionally you got a mortgage, so we offered mortgage protection, now it needs to be customer centric, based on all your needs here are the best options for you”
- Underwriter

“Each partner has their own Loan Origination System (LOS) and it’s archaic, we can’t integrate so a lot of the interactions are done over the phone”
- Underwriter

Deloitte's Framework for Digitizing CPI

Utilizing the 6 attributes for 'Being' a digital insurer and our analysis on the Canadian CPI industry, we have defined a framework outlining our perspective on what it will take to Digitize CPI and assess the industry's current digital maturity



Key research findings have been summarized across each of the **6 layers in Deloitte's Digital CPI framework** to inform a set of **distinct capabilities** that apply to CPI distributors and underwriters

Future Best in Class CPI Experience

A grayscale photograph of a man and a woman sitting on a couch, looking at a laptop. The woman is on the left, wearing a patterned shirt and a headband. The man is on the right, wearing a patterned shirt and a beard. They are both smiling and looking at the laptop screen. The background shows a window with plants and a lamp.

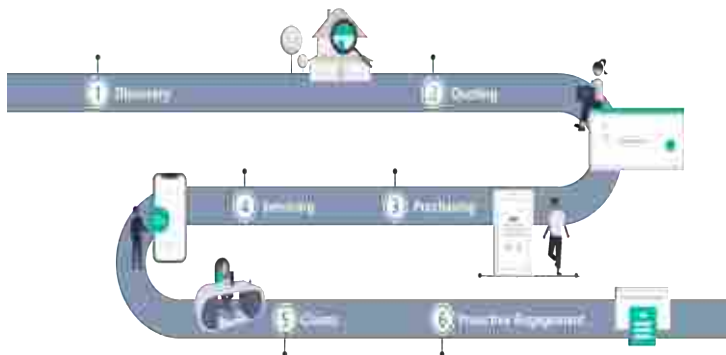
Deloitte's Approach for Digitizing CPI

We utilized the framework to define a Digital CPI Capability Maturity Model which outlines the key enabling capabilities & functionality required across the 6 layers to achieve an illustrative 'best-in-class' digital CPI customer experience



A

Defined illustrative future state customer experience based on consumer research



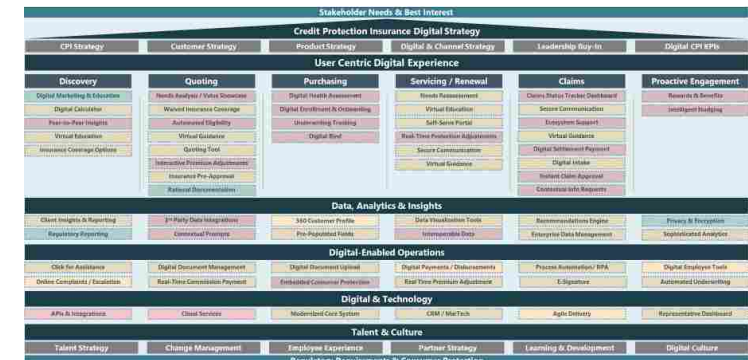
B

Defined a Digital CPI Capability Maturity Model to enable the future state client experience



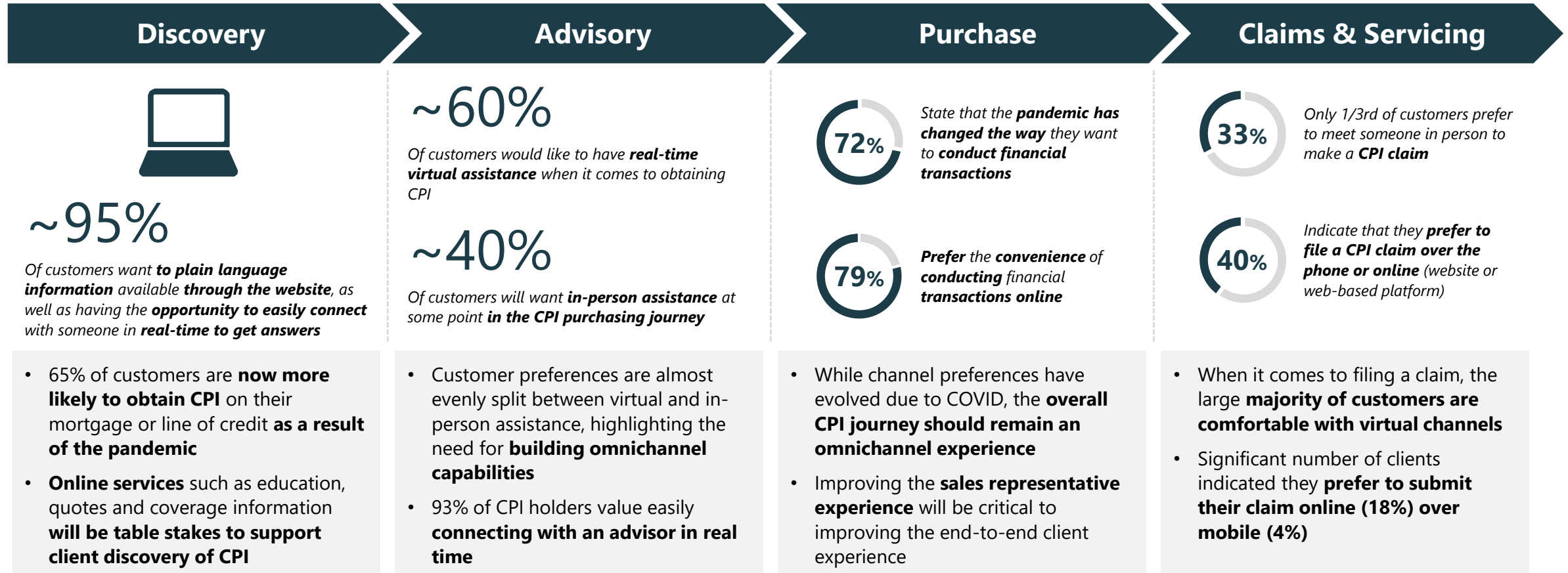
C

Assessed CPI industry digital maturity and identified opportunities for addressing gaps



Insights From Previous CAFII Consumer Research

CAFII previously conducted consumer research in order to identify the post-COVID-19 implications to how CPI clients needs & preferences for sales, servicing and claims have evolved to inform the development of a customer-centric future journey



Illustrative Future Digital CPI Customer Journey

Sam is a 33-year-old Teacher looking to purchase her first home; She goes online to complete an online mortgage pre-approval and was provided relevant information for 'first time home buyers' with an option to virtually connect with Blair, a certified lending representative

1 Discovery



While completing the online mortgage application, Sam is notified she's eligible for Credit Protection and is provided with relevant 'what if' scenarios that demonstrate the value of having protection in the event something unexpected happens, along with the estimated additional cost of adding the coverage.

2 Quoting



6 months later Sam and her partner are expecting a baby and want to revisit the impact of job loss or going on disability leave. Blair is notified through the representative portal that Sam wishes to discuss coverage changes

Before confirming her mortgage rate & coverage, Sam schedules a video call with Blair who is able to address her questions and shares a link for Sam to securely complete her health questionnaire online; Blair is automatically notified that Sam has completed her application and its ready for review

4 Servicing



3 Purchasing



5 Claims



Sam is unfortunately involved in a car accident and will be unable to work for an extended period. Sam goes into her online banking to view her coverage and is able to submit her claim and upload the required documentation securely online

6 Proactive Engagement

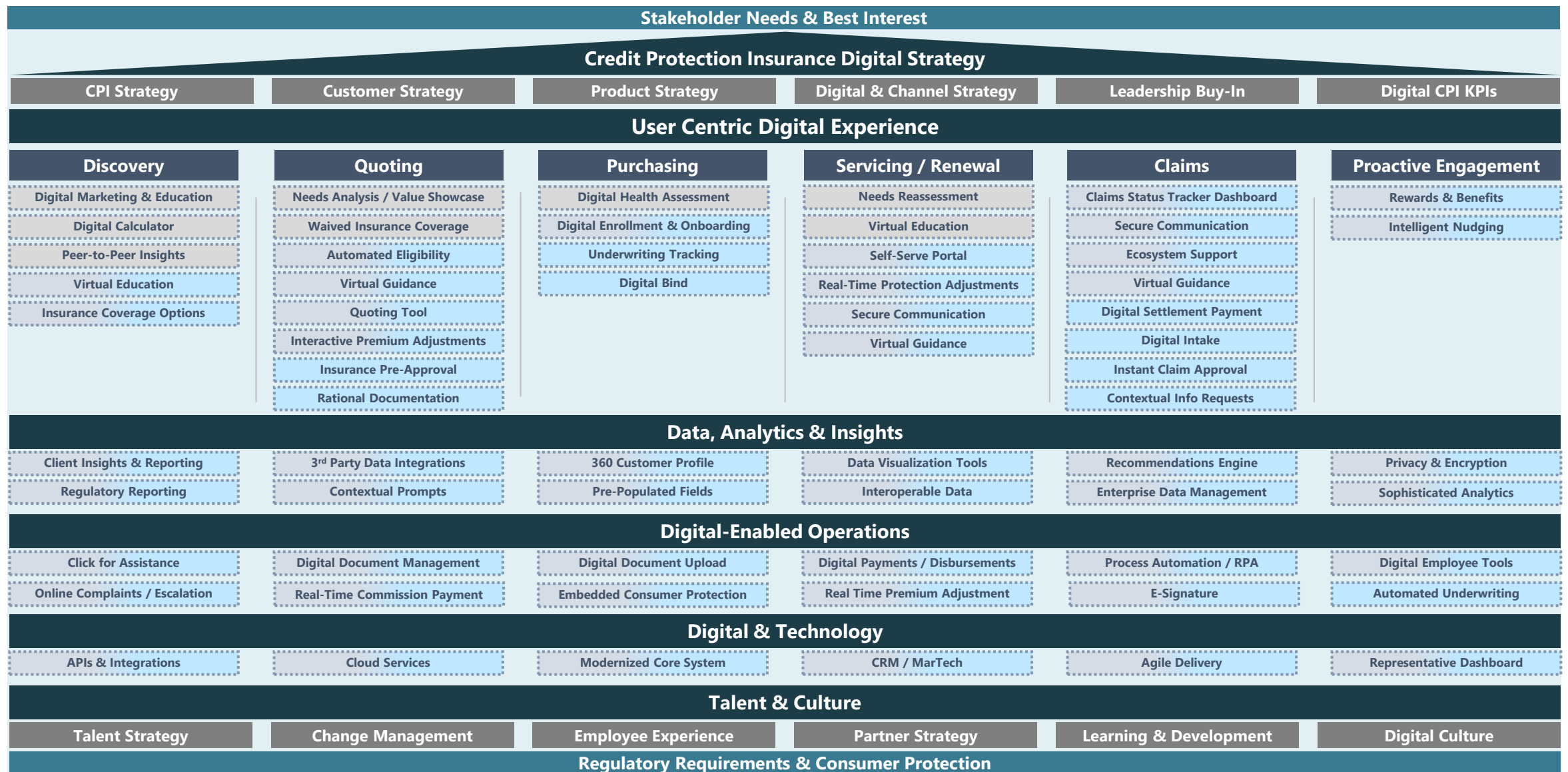


Sam purchases a new vehicle with the use of a personal loan, and is notified of the option to add-on the same protection that is present on their mortgage on the personal loan which she selects easily online

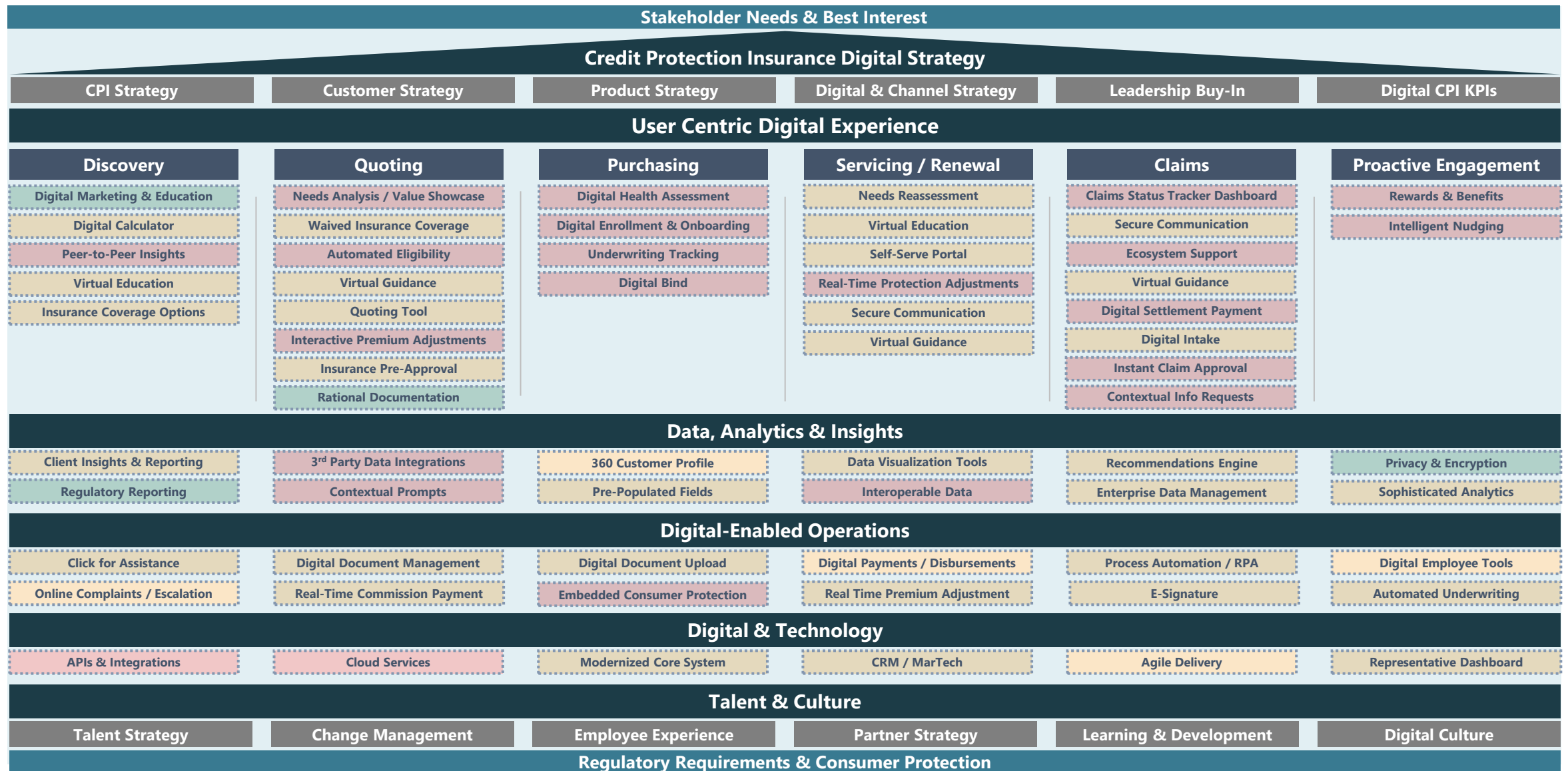
A man and a woman are sitting in a modern living room, working on their devices. The woman is on the left, sitting in a wooden chair and using a laptop. The man is on the right, sitting in a wooden chair and using a tablet. They are both wearing casual clothing. The room has large windows in the background, a small round table with a cup and papers, and several potted plants. The overall atmosphere is calm and focused.

Required Capabilities & Maturity

Deloitte Digital CPI Capability Model – CX Enabling Capabilities¹



Deloitte Digital CPI Capability Model – CPI Industry Maturity



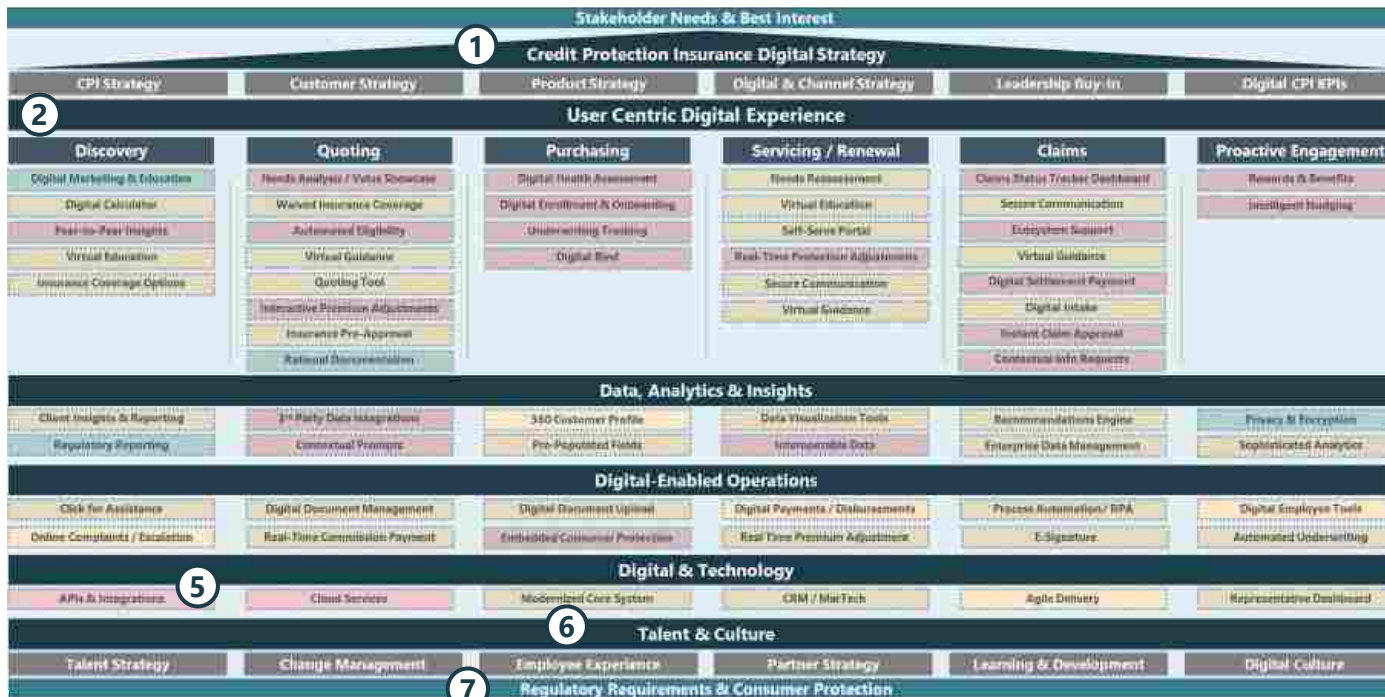
Looking Forward



Deloitte Digital CPI Capability Model – Priority Investments Summary

Based on our Digital CPI Capability Maturity Model we have identified opportunities for enhancing the current digital maturity of the Canadian CPI Industry that span across Underwriters and Distributors

Deloitte Digital CPI Maturity Assessment



Recommendations For 'Being' Digital

- Assess gaps in current **CPI digital strategy** (i.e., alignment on target customers, digital ambition, priorities, digital KPIs)
- Leverage **human centered design** to define key functionality in the end-to-end future state customer and sales representative journey and **validate feasibility from regulatory perspective**
- Identify the **capabilities required** to enable the experience across the mid-, front- and back-office **utilizing the CPI Digital Framework**
- Assess **current maturity relative to future state** capabilities to identify and **prioritize gaps** to be addressed based on business priorities, projected benefits and KPIs
- Identify the **APIs and Integrations** required to enable a seamless experience across partners and align **on partner collaboration model** across distributors / underwriter
- Assess gaps in **enabling Talent & Culture**, with plan for addressing Talent gaps (i.e., upskilling, hiring, partnering, acquiring) and **enabling change** (i.e., culture shift, new skills) across the business
- Refine **consumer protection strategy**, identifying opportunities to ensure value delivery through digital consumer experiences at key moments within the journey

Next Steps

A man and a woman are in a meeting, looking at a wall covered with sticky notes. The man is pointing at a note, and the woman is looking at it. The image is in a dark, blue-tinted style.

Next Steps

Following the presentation of the report insights summary to the CAFII Board, Deloitte will work collaboratively with the core CAFII working team and R&E committee to achieve the following

1

Present report summary insights to regulators (to be scheduled)

2

Present report summary insights to key CAFII stakeholders (to be scheduled)

3

Publish formal Digitization of CPI Report (February 2022)



Thank You

**Any
Questions?**

Appendix






A woman with long dark hair is sitting at a desk in a dimly lit room, looking at a laptop. She is holding a white cup with both hands. A desk lamp is positioned above her, casting a soft glow. To the left of the laptop is a dark vase with some dried flowers. The background is blurred, showing some framed pictures on the wall.

A man with glasses and a beard is gesturing with his hands while speaking. The image is dark and has a high-contrast, artistic feel. The text 'Appendix A – Approach' is overlaid on the left side of the image.

Appendix A – Approach

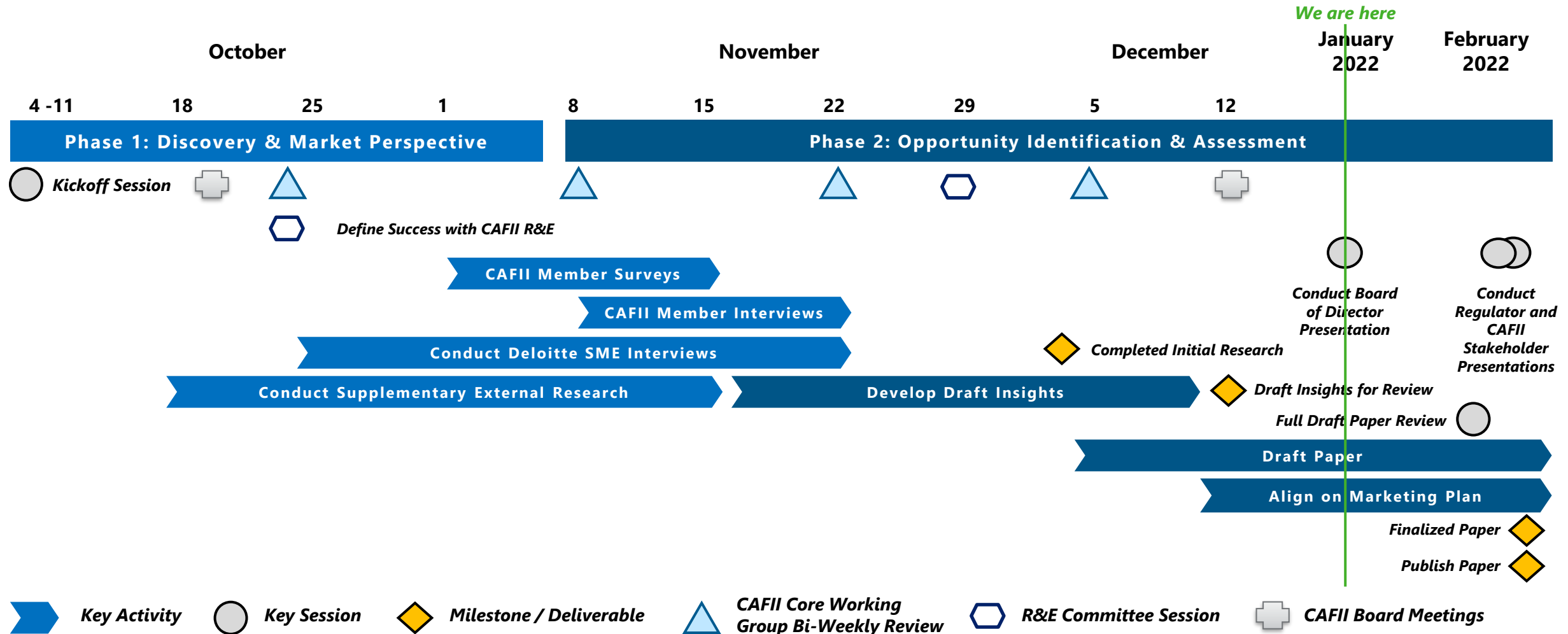
Research & Report Objectives

This research report focuses on identifying the key capabilities required to enable a leading digital CPI client experience in order to help inform digital investments and priorities for the future

Focus Area	What will be required for the Canadian CPI industry to offer best-in-class digitally-enabled client experiences?
Report Objectives	<div>1</div> <div>2</div> <div>3</div> <div>Develop a perspective on what digital capabilities will be required to respond to and meet evolving customer needs and create a best-in-class digitally-enabled client experiences for their CPI customers</div> <div>Provide a perspective on how the Canadian insurance industry compares in its digital maturity relative to its global peers and identify key considerations (e.g., regulatory) that the Canadian CPI industry should consider in its evolution to a digitally-enabled business model for CPI</div> <div>Summarize insights into an independent perspective report to be shared with the CAFII Board, CAFII Stakeholders and industry regulators and on the Association’s website</div>
Key Outcomes	<div>  <div> CAFII Commissioned Deloitte Perspective Paper <i>The Digitization of CPI in Canada</i> </div> </div> <div>  <div> Three 60-minute Presentations <div>  Presentation 1: Board of Directors  Presentation 2: Regulators  Presentation 3: CAFII Stakeholders </div> </div> </div>

Engagement Timeline

Over the course of 12 weeks, Deloitte and the CAFII core working team have collaboratively developed the Digitization of CPI Report to be published in February 2022





Appendix B – Additional Insights

Deloitte's Framework for Digitizing CPI (1/6)

While participants unanimously identify digitizing CPI as a key strategic priority, the alignment with lending experiences and the required executive buy-in across the organization create a risk in delivering on the digital ambition

1

CPI Digital Strategy

Is there a well articulated business strategy with clarity on the customer strategy & needs to inform the products, channels and digital ambition to support the vision with well-defined KPIs that are routinely monitored and assessed?

The industry agrees that digitization is a strategic imperative moving forward

100% of respondents indicated digitizing CPI as strategically important

CPI distributors recognize the need to digitize but feel they are behind

57% of distributors ranked their current digital maturity relative to their peers as being 'somewhat behind'

Ambitions for future digital fulfillment vary significantly by distributor

43% of distributors expect 25%-40% of new CPI insurance applications to be completed fully online by 2025

Risks commonly cited to achieving these ambitions were alignment with lending partners and continued regulatory changes

75% of members marked the lack of alignment with lending & mortgage digitization as the greatest risk

71% of distributors expect new compliance and regulatory interventions

Internal and external partnerships will play a key role to achieving the industries digital ambitions

80% Of underwriters identified multiple stakeholders owning various aspects of the CPI experience was the greatest challenge to digitizing CPI

Key Insights

- While all participants identified digitizing CPI as a priority, most referenced the need to **compete with broader enterprise priorities** & investment as a challenge in accelerating their progress
- Future **ambitions for digital varied significantly** amongst distributors with digital leaders aspiring towards an end-to-end **fully digital client experience by 2025**
- Many distributors referenced their **structure influencing the degree of collaboration** with their lending partners
- Digital transformation will require strong **alignment across multiple organizations** (banks, distributors, underwriters) and **business partners**

Deloitte's Framework for Digitizing CPI (2/6)

A differentiating CPI experience will be omni-channel and will successfully incorporate human-assisted elements at key moments in the journey, while allowing customers to easily access digital self-serve capabilities when they want to

2

User Centric Digital Experience

Are experiences customer-centric and do they take a human-centered design approach to how they design their end-to-end user experience, achieving a seamless and highly personalized digital-enabled client experience?

CPI distributors recognize the need to augment client and sales representative experience through digital

86% of distributors want to offer digital tools to their sales representative

While Sales & Servicing is the primary investment area for distributors, they are turning to underwriters to enable digital claims

86% of distributors ranked 'inefficient advisor sales process' as a primary friction point

100% Of distributors identified digital claims portals & processes as the biggest opportunity for CPI underwriters to support their digitization efforts

Distributors selected the following as the features they plan to invest in the client experience



Key Insights

- To date, most distributors (>50%) have prioritized their investments in improving the systems and **digital tools for sales representatives** rather than client-facing digital experiences
- Replicating the human-guided purchasing experience in digital continues to be a challenge as demonstrated by **low digital client-led penetration rates** (less than 5%)
- Digital **experiences reliant on underwriting partners** (e.g., underwriting, claims) were **commonly cited friction points** in the end-to-end client journey
- Distributors also referenced the opportunity for **automation of client eligibility** at point of sale and the **need for health questions via advisors** negatively impacting the purchasing experience

Deloitte's Framework for Digitizing CPI (3/6)

There is significant opportunities to streamline, automate and digitize back-end processes across the CPI journey as manual procedures and paper-based information exchange remain widespread

3

Digital-Enabled Operations

Is there commitment to enabling business model innovation (e.g., operational efficiency, simplified products & processes) through investments in end-to-end process optimization, automation & digitization?

The industry agrees that digitization extends beyond the front-end customer experience

92%

of respondents indicated being digital requires digitizing and automating mid- & back-office processes

Manual internal processes is one of the key area that requires investment now to enable quality digital experiences

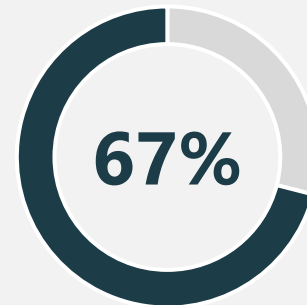
71%

Of distributors rated "significant manual processes" as a primary friction point for their business

60%

Of underwriters rated "automation of manual process" as a primary investment area for their business

Internally, operations remain manual for most respondents



of respondents indicated that most processes are still manual

Key Insights

- To date investments have primarily been **focused on improving the external facing sales & servicing** aspects of the CPI journey (100% of distributors having invested in digitizing their quote engine) with Underwriters focused on improving back-office operations
- To achieve the scale and efficiency benefits of digitization, **mid- & back-office operations must be digitally enabled across both parties**
- Industry participants agree digitally-enabled operations (e.g., straight-through processing) are required to deliver digital experiences but **are highly dependent on ability to redesign processes and exchange data** between underwriters and distributors

Deloitte's Framework for Digitizing CPI (4/6)

Customer acquisition and retention are two areas where leading institutions are already actively leveraging data, but companies also have an opportunity to better use data-driven insights to prioritize digital investments

4

Data, Analytics & Insights

Are data-driven insights derived and utilized to inform business priorities (e.g., product design, digital priorities, customer experiences) to achieve hyper personalization of experiences, products and pricing?

Data and insight generation will be a key enabler to inform digital experience design and execution

86% *of distributors aspire to offer digital targeted marketing as part of their CPI digitization efforts*

Today, few representatives have access to real-time data about the CPI products they sell

60% *of underwriters stated have no current capability with regards to providing representatives with real-time data*

Distributors and underwriters intend to leverage data-driven insights to help streamline their operations

67% *of respondents indicated that digitizing CPI meant increasing the use of data insights in their operations*

Most distributors do not have capabilities in place to allow a representative to leverage a holistic view of relevant customer data

50% *of distributors do not offer their representative the ability to access a unified profile of the consumer they are quoting (incl. loan and client data)*

Key Insights

- **Digital and data capabilities** offer new **opportunities** to better **understand** customers and their **protection needs**
- Hyper personalization is scarce in CPI due to regulation (e.g., group underwriting), **lead generation and digital marketing** are areas where companies can leverage new sources of data & analytics
- Increase in **sales penetration** is still the main metric that is tracked to determine the success of an initiative, but many providers indicated desire to **expand the range of data** they collect and analyze to **inform digital investment decisions**
- New & 3rd party data sets are expected to continue to help improve underwriting and risk assessment but **regulatory limitations on data usage** was cited by Underwriters as a challenge

Deloitte's Framework for Digitizing CPI (5/6)

Technology modernization stands out as a key investment priority across participants, together with a continuous focus on capabilities that enable better integration across systems, organizations and channels

5

Digital & Technology

Is there modern and scalable technology infrastructure in place to support flexibility, speed to market and ecosystem integration (e.g., digital platforms, APIs)?

Underwriters are aligned that they need to invest in modernizing their core technology

100% *of underwriters indicated technology modernization as a priority investment area*

And distributors agree, believing it's the #1 action underwriters should take

80% *of distributors indicated that Modernized technology (e.g., APIs, claims or UW engines) is how underwriters can support digitization of CPI*

Improving technical integration between underwriters and distributors systems is a priority

100% *of underwriters have identified the integration with CPI distributors systems as a primary friction point*

As well as developing the technological infrastructure to enable cross-channel integration

86% *of distributors indicated that integrating multiple channels into a single customer journey is a key success factor in digitizing CPI*

Key Insights

- **Legacy technologies** are still limiting the ability of underwriters and distributors to seamlessly transfer data and information, which creates **friction in the customer journey**
- As the CPI journey will remain an omni-channel experience, companies will need to excel at **integrating multiple channels and systems** to remove pain points for customers and sales representatives
- **Technology modernization** and **system integration** are key investment priorities for the industry with a focus on developing **external facing APIs**
- Underwriters quote challenges with the need to **integrate with multiple different loan origination systems** of distributors
- **Marketing Technology** was cited as an investment area opportunity for enabling more client-centric experiences & insights

Deloitte's Framework for Digitizing CPI (6/6)

To successfully deliver on the digitization of their CPI business, organizations will need to attract and retain new types of talent while promoting digital ways of working within their teams and with their partners

6

Talent & Culture

Are digital skills, culture and ways of working (e.g., agile, change, learning, etc.) embedded throughout the organization and is there a talent & partnership strategy in place to address any capability & expertise gaps?

As organizations evolve, so do their talent requirements, amidst growing concerns of skilled talent scarcity in the insurance industry

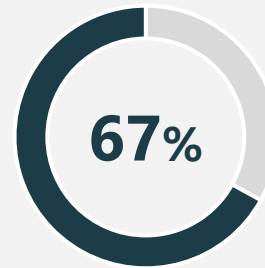
43%

Of respondents to its global insurance survey stated finding and retaining skilled candidates a key concern¹

While Information Technology talent was ranked as the greatest concern, the top 5 areas were from a diverse set of functions

1. Information Technology
2. Marketing
3. Cybersecurity
4. Risk Management
5. Finance

Embedding agile ways of working internally and with partners will foster alignment and support continuous improvement in CPI journeys



of respondents marked the strong alignment to digital lending processes from bank and credit unions as key for successful CPI digitization

Key Insights

- As insurance knowledge and expertise are critical to best position the value of CPI, organizations should leverage digital to **facilitate access to training and education** for CPI sales representatives
- Understanding the **value of CPI** and the **how client segments can benefit from the protection** must be embedded across the organization and will likely **require a culture shift from current state**
- Embarking on a digital transformation will **require new digital skillsets** for insurance and lending organizations (e.g., UX, data & analytics, developers, etc.)
- A more **collaborative mind-set and approach** across Distributors & Underwriters will be a key success factor to meeting the expectations of CPI clients throughout their policy life cycle

Notes:

1) Deloitte 2022 Global Insurance Outlook Survey



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at www.deloitte.com

This communication contains general information only, and none of none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2020. For information, contact Deloitte Touche Tohmatsu Limited.