

Final Draft – Not for distribution until June 29

WHAT WILL IT TAKE TO OFFER ‘BEST-IN-CLASS’ DIGITAL EXPERIENCES TO CONSUMERS OF CREDIT PROTECTION INSURANCE?

New report outlines challenges and opportunities for financial institutions in keeping pace with the evolving insurance needs and preferences of Canadians

TORONTO, June 29, 2022 – New research has found that collaboration across distributors, underwriters and regulators of Credit Protection Insurance (CPI) is key to delivering the type of “best-in-class” digital experience that Canadian consumers have increasingly come to expect.

The Deloitte Canada report (insert link to report), commissioned by the Canadian Association of Financial Institutions in Insurance (CAFII), says digitization is at the heart of the insurance industry’s most prominent and disruptive trends, which requires the industry to respond with new and innovative business models and customer experiences. The report identifies four key trends that are driving the need to transform the insurance business in ways that are truly more digital:

- Consumers expect more seamless, convenient, and personalized digital experiences from their insurers;
- There is growing competition from new entrants with tech-enabled business models;
- There are opportunities to create greater efficiency in back-office operations; and,
- The increased availability of data and use of advanced analytics has made it possible to generate greater customer insights.

In order to offer a leading digital experience, the report says that insurers will need to exhibit six attributes and underlying capabilities:

- Have a well articulated business digital strategy with clarity on the supporting customer, product, and channel strategy;
- Be highly customer-oriented in how they do business and take a human-centered design approach to their end-to-end user journey and digital experience;
- Become hyper-focused on operational efficiency, optimizing investments and data through process automation and digitization;
- Inform business priorities, product development, and customer experiences based on data-driven insights;
- Utilize modern technology architecture to support flexibility, seamless integration, and speed to market;
- Embed digital culture, skills, and ways of working throughout the organization which drive a holistic culture of innovation.

According to the report, there are unique challenges facing the CPI industry in Canada, accentuated by the multiple stakeholders involved including underwriters, distributors, and regulators. For example, the CPI digital experience is highly dependent upon the future lending journey (i.e., mortgages, loans) where most sales take place, and the regulatory environment can be difficult to navigate digitally, especially due to lack of harmonization across provinces.

Despite the challenges, the CPI industry is committed to keeping pace with client expectations, with 100% of CAFII members surveyed by Deloitte indicating that digitizing CPI is a top strategic priority for their company, and 43% saying up to 40% of their applications will be fully digital by 2025. Furthermore, distributors of CPI recognize the need for greater omni-channel alignment, with 86% stating that cross channel integration is a key for creating successful digital CPI experiences.

“While the digital expectations of insurance consumers have been evolving for a while, the pandemic was a turning point for accelerating digital maturity in the Credit Protection Insurance industry,” said Keith Martin, Co-Executive Director of the Canadian Association of Financial Institutions in Insurance (CAFII). “Consumers of CPI expect a ‘best-in-class’ digital experience, and our members are committed to working with all of our stakeholders to deliver that outcome.”

“Offering digital-enabled experiences for clients, sales representatives and employees is no longer a choice. To effectively meet the needs of CPI clients and attract or retain top talent, the distributors of CPI in Canada will need to think thoughtfully about how and where it prioritizes its digital investment in collaboration with its lending and underwriting partners,” said Melissa Carruthers, Partner and Leader of Deloitte Canada’s Life & Health Insurance Strategy & Transformation Practice.

The Deloitte report is the latest in a series of studies commissioned by CAFII over the past seven years that have looked at customer satisfaction with CPI and Travel Insurance, and how its members can keep pace with evolving consumer expectations.

Over the past decade consumers of financial services have been shifting more of their transactions to digital channels, and this trend accelerated during the pandemic. In fact, the vast majority of Canadian consumers with CPI who participated in a [Pollara Strategic Insights survey](#) last year said their experience during COVID-19 had made them more comfortable conducting financial transactions online, with most saying it had changed the way they want to conduct these transactions in future.

About CAFII: The [Canadian Association of Financial Institutions in Insurance](#) is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. CAFII believes that consumers are best served when they have meaningful choice in the purchase of insurance products and services. CAFII’s 15 members include the insurance arms of Canada’s major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Life Insurance Company; along with major industry players Assurant Canada; The Canada Life Assurance Company; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

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