

Exploring Emerging Technology & Gen AI Trends in CPI

Research, Media, Education & Communication Committee Check In

November 8th 2024

cafii
The Canadian Association of
Financial Institutions in Insurance

Deloitte.

Today's Objectives

To update the Research, Media, Education & Communication Committee (RMEC) on the Deloitte – CAFII CPI research engagement we will cover the below topics;

- 1. Context and background review**
- 2. Progress to date and next steps**
- 3. Initial insights from member interviews**
- 4. Member survey plan**
- 5. Open questions**



Engagement Background & Objectives

CAFII engaged Deloitte to provide a perspective on emerging technology and Gen AI trends and the implications to the Credit Protection Insurance industry and customer experience, leveraging industry experts and supplementary research



Background

- The **financial services and insurance industries** are facing several headwinds and market shifts, largely driven by **evolving customer expectations, availability of emerging technologies**, and **intensifying competition**, both within and outside the industries
- To craft **CAFII's 2024 research report**, Deloitte will bring their **perspectives and insights** on the **most critical emerging technology and Gen AI trends** and highlight **key implications for the Canadian Credit Protection Insurance (CPI) industry**
- Through the **research report developed by Deloitte**, CAFII will be able to bring **Deloitte's perspective and insights on emerging technologies and key implications for CPI** to its members, Board, regulators, and the public as appropriate



Objectives

- 1 **Highlight** how **emerging technologies and Gen AI are changing the CPI landscape**
- 2 **Gather** perspectives **on impacts from emerging technology and Gen AI trends in CPI** from subject matter experts
- 3 **Highlight priorities** and identify **strategic investment opportunities** for CPI insurers and distributors in light of industry trends
- 4 **Consolidate** key insights and findings into a **comprehensive research report** and summarize into **presentation materials and summary output**

To achieve these objectives, we will be **working directly with CAFII members**, engaging them in both a **survey and deep dive interviews**
The focus of this document is on the Deep Dive Interviews with CAFII Members



Status Report – Week of Oct 28th

OVERALL STATUS:

MEDIUM DELAY

KEY ACTIVITIES COMPLETED

- ✓ Consolidated initial interview themes – Scotia and BMO outstanding
- ✓ Initiated external research to gather perspectives on emerging technologies impact on CPI, and customer preferences

KEY ACTIVITIES IN-FLIGHT

- Continue to complete interviews, consolidating insights and themes:
 - 11 interviews completed, 2 outstanding (BMO, Scotia)
 - 2 organizations will not be engaged (Chubb, CT Financial)
- Finalize quantitative Survey – Nov 5th
- Continue secondary research

UPCOMING ACTIVITIES

- Complete interview synthesis when final
- Share out survey finalized with members
- Finalize research and synthesize with survey and interview outputs
- Draft preliminary report

MILESTONES (M) / DELIVERABLES (D)

	Timing	Status
1 Kick-Off (M)	Prep	C
2 Stakeholder Interviews (M)	Week 1-5	M
3 Conduct Quantitative Survey (M)	Week 3-5	M
4 Conduct Supplementary External Research (M)	Week 3-5	OT
5 Touchpoint #1: Share preliminary findings (M)	Week 8	OT
6 Preliminary Research Report (M)	Week 10	M
7 Touchpoint #2: Review & Refine with CAFII RMEC	Week 13	-
8 Comprehensive Research Report (D)	January	-
9 Summary Document (D)	January	-
10 Presentation-friendly Board Materials (D)	January	-
11 Virtual Presentations (D)	TBC	-

OUTSTANDING ITEMS / ISSUES / RISKS

#	Description	Owner	Current Status	Due Date	Status
3	Finalize Survey	Deloitte/ CAFII	In progress	Nov. 5th	M

Update on the Interview Process

Deloitte has conducted the majority of interviews with CAFII members covering both underwriters and distributors of CPI, with a focus on interviewing CPI business and technology leads

CAFII Member Organizations to be Interviewed



Interview Context and Scope

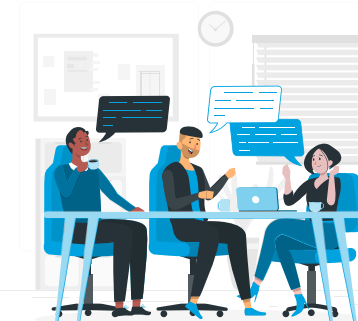
13/15

organization
interviewed

>25

Interviewees both on the
business and technology side

1. **Chubb, and CT Financial declined to participate in interviews**
2. **Draft key themes are highlighted on the subsequent slide**
3. **Insights will be supplemented with both Deloitte research and the upcoming member benchmarking survey**



Preliminary CAFII Member Engagement Themes

Based on interviews conducted with both CPI distributors and underwriters, the below key themes have emerged which will be synthesized with the upcoming survey results and Deloitte research to shape the report



Strategic Priorities

- A – Retention:** Proactively identifying opportunities to improve value to existing customers, prevent cancelations & changes
- B - Digital Discovery:** Introducing new digital experiences (i.e., education, resources, etc.) to help consumers better understand the value of CPI and the coverages available to facilitate lead generation
- C – Improve Penetration:** Creating engaging experiences and offerings that are aligned to emerging lending distribution and drive increased penetration across target segments
- D – Simplify & Streamline Operations:** Driving additional value both internally and for customers through operational enhancements



Technology Priorities

- E – Value Through Analytics:** Generating value from the data that is available across the entire value chain with a focus on client insights
- F – Scalability & Flexibility:** Powering modern front-end experiences with cost efficient operations through workflow automation
- G – Digital Engagement Channels:** Introducing self-serve functionality for customers and digital tools for advisors to easily address clients' questions
- H – Simplified Integrations:** Enabling partners and modern experiences by simplifying connectivity and data sharing through APIs where possible



Emerging Opportunities

- I – Product Innovation:** Evolving CPI products to meet the needs / expectations of today's customers and the realities of a digital first financial service ecosystem
- J – AI-Enabled Tools:** Equipping employees, both frontline and back-office, with intelligent tools to support agent training, education (e.g., agent assist, chatbot, etc.)
- K – Personalized Engagement:** Leveraging AI to personalize experiences along the lending & CPI journey to inform next best action & recommendations
- L – Automated UW & Claims:** Automatic UW at time of application and real-time adjudication and triage of claims minimizing turnaround times & costs

Key Challenges

Regulatory Limitations
Many feel regulatory bodies haven't kept pace with emerging technology, stifling innovation

Legacy Platforms
Still operating on mainframe Banking systems that are expensive to change and difficult to modernize

Reliance On Lending Model
CPI remains a secondary product, with a high dependency on the use of digital, technology & AI in lending

Funding & Resources Availability
Competitive environment internally for limited funding and resources to deliver emerging technology

Next Steps on the Survey

To build on the interviews and Deloitte research, we will be conducting a survey with participating CAFII members with the objective of obtaining quantifiable benchmark data

Target Audience



- We will engage the respective CAFII member appointed point of contacts to coordinate the completion of the survey
- Although each member will complete a single response, the survey can be completed by multiple individuals
- To Confirm: Should organizations that have not participated in the interview be included in the survey?



Survey



Focus Areas (Quantitative):

- **Priority Business Outcomes Driving Investment** (e.g., growth, customer penetration, profitability)
- **Operational Metrics & Targets** (e.g., % STP for new business)
- **Digital KPIs Monitored** (e.g., % of sales from digital, % of digitally active)
- **Customer Experience** (e.g., NPS, client retention)
- **Technology Investment** (e.g., budget allocation to various Technology domains current and future, approach for funding new initiatives)

Additional Details / Next Steps

1. The survey is targeted to be sent out on October November 11th and we will provide a 2-week time frame to member for its completion
2. We estimate approximately 2 weeks upon receipt of responses to consolidate and synthesize takeaways
3. The survey includes approximately 20 questions and is evaluated to take about 30 minutes to complete – assuming information is readily available
4. Anonymized survey takeaways / outputs will be shared with participating members
5. Members will have the opportunity to engage the Deloitte team to help complete the survey an address any concerns, questions, and clarifications

Questions



Any Questions?

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