



Credit Protection Insurance Research Report

November 2022



CPI Research Studies

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2018 Benchmark: Online study with 1003 CPI Holders, 424 non-holders and 286 claimants, conducted in October 2018. Objective of the study was to understand Canadian's opinions about CPI.

2021 Impact of COVID: Online study with 1002 Canadians who had either obtained CPI during the pandemic or were likely to in the next two years, conducted in March 2021. Objective of the study was to understand impact of pandemic on perceptions of CPI and desired purchase behaviours.

2022 Wave Two: Online study with 1001 CPI Holders, 430 non-holders and 379 claimants, conducted in October 2022. Objective of the study was to obtain an updated view of Canadians perceptions of CPI and understand current desires when it comes to purchase behaviours.

Deep Dive Research: Further research was conducted to understand why a minority of CPI holders thought their coverage was mandatory. Those who felt this way in the 2022 Wave Two study were re-contacted and ask more questions about this. A total of 121 of the 270 participants contacted choose to take part in this study. Study took place in March 2023.

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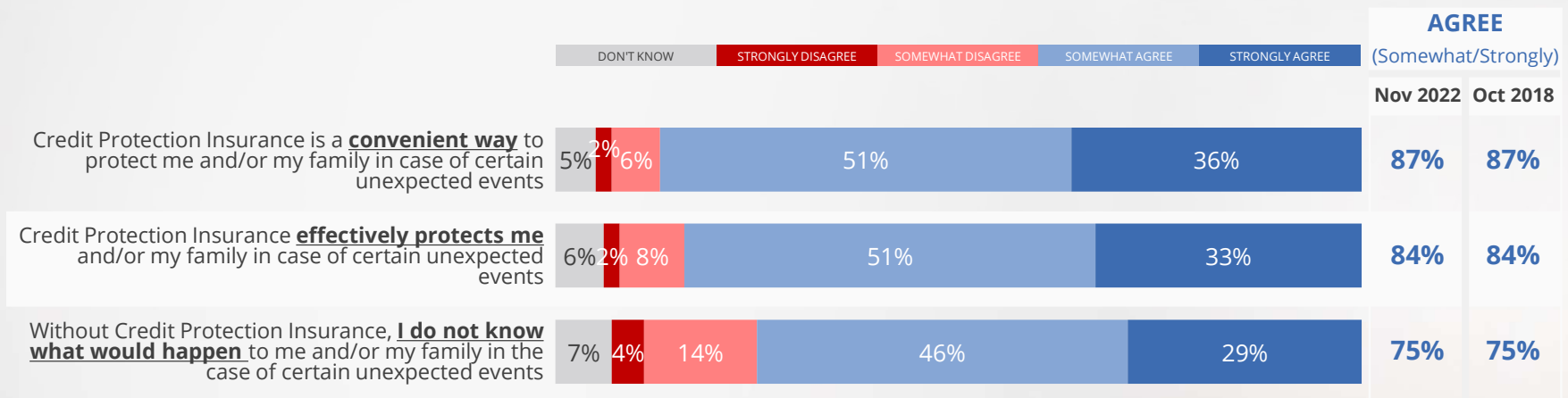
Section 1: Holders of Credit Protection Insurance

Perception of Credit Protection Insurance

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Majority of CPI holders continue to feel Credit Protection Insurance is a convenient and effective way to prepare for unexpected event

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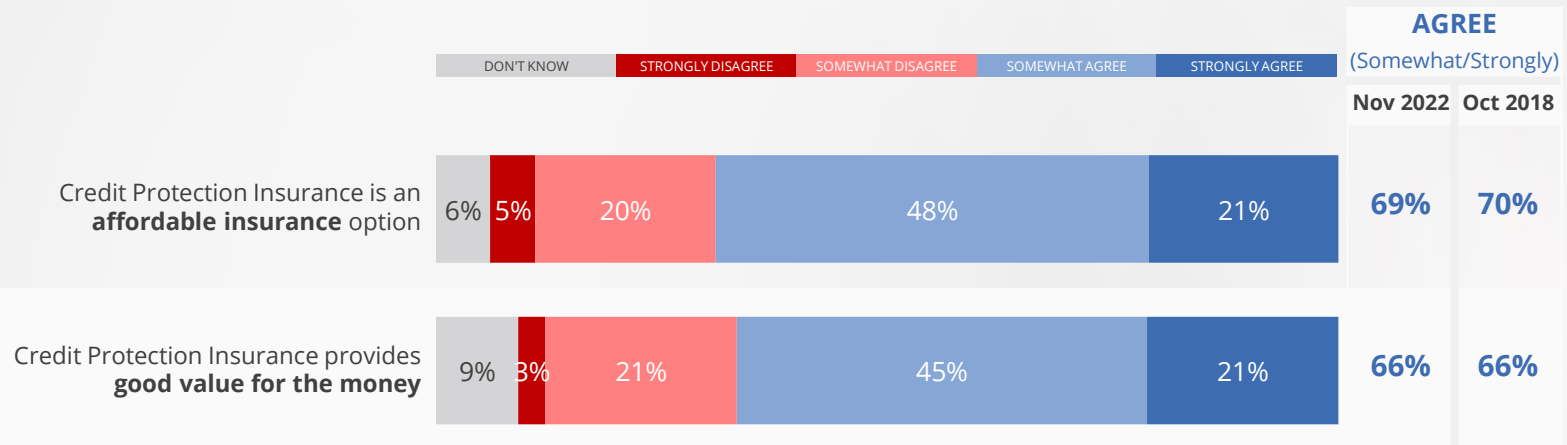
AB2. To what extent do you agree or disagree with each of the following statements about the Credit Protection Insurance for your mortgage/HELOC?
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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While the majority continue to feel it is affordable and a good value for money, one-quarter do not

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AB2. To what extent do you agree or disagree with each of the following statements about the Credit Protection Insurance for your mortgage/HELOC?
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

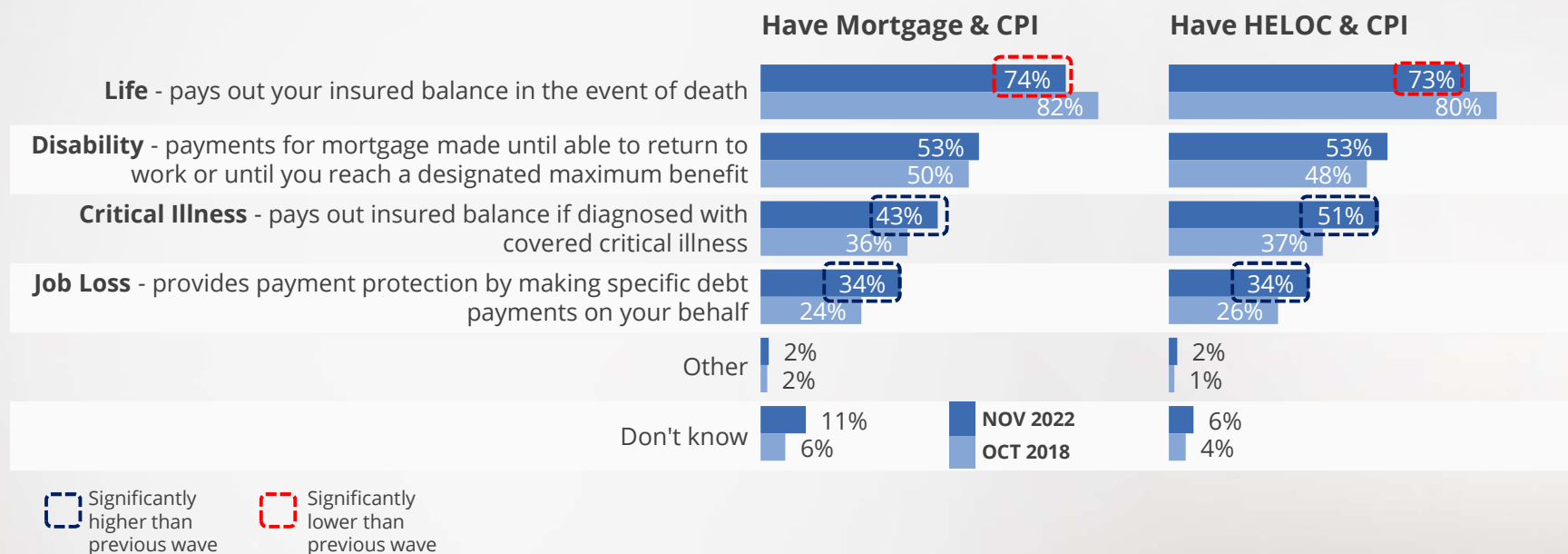
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Life insurance is still the most used Credit Protection coverage, but interest has shifted to other types

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- **Job Loss:** Ontarians are driving the jump in coverage for Job Loss; four-in-ten (44%) have opted for this option.



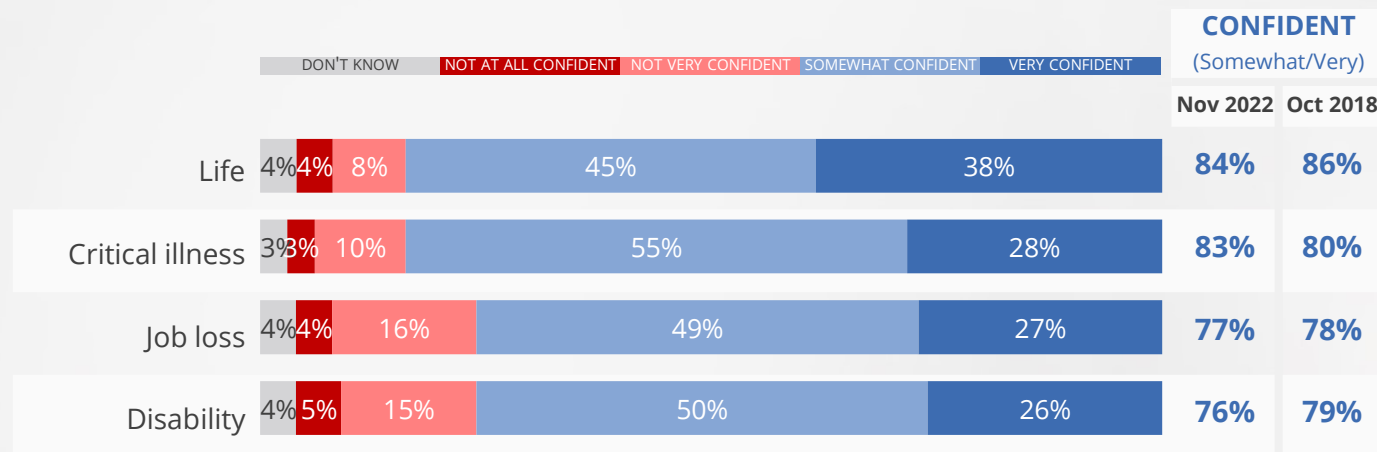
Q3/ Q6. And what does the Credit Protection Insurance cover you for? Base: Have Mortgage & CPI (N=783), Oct 2018 (N=775), Have HELOC & CPI (N=430), Oct 2018 (N=485)

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Overall, large majority of holders are confident that they understand what their CPI benefit claims will pay

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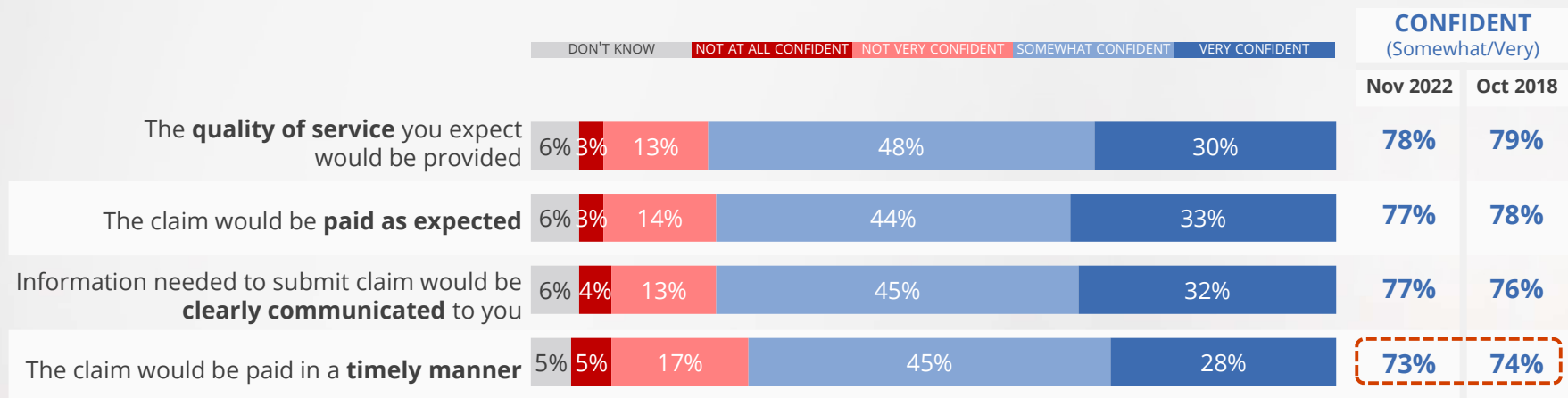


Q A/B7. How confident are you that you know how much of your mortgage/ HELOC will be paid with each of the types of coverage that you have? Please indicate your level of confidence for each.
Base: Combined Mortgage / HELOC CPI Holder / CPI Covers You . Base: Life (N=738/828), Critical Illness (N=399/349), Job Loss (N=303/238), Disability (N=462/461)

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More than three-quarters are at least somewhat confident in their CPI in the event of a claim

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Significantly higher than other statements

Significantly lower than other statements

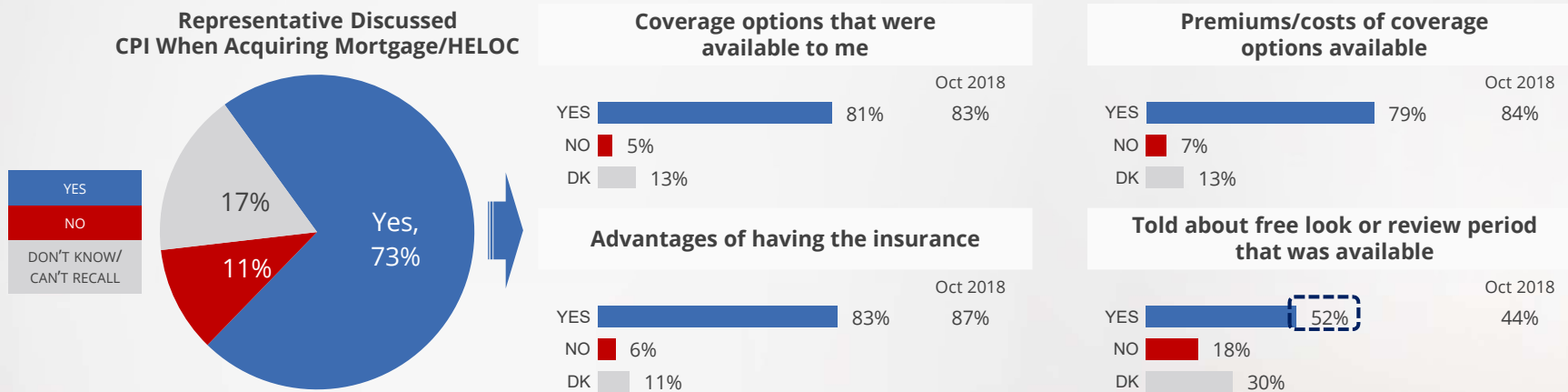
Q A/B1. For the next few questions, please consider the Credit Protection Insurance you have on your mortgage/ HELOC. Thinking of this insurance, in general, how confident are you that in the event of a claim ... ? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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Purchase Experience and Satisfaction

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Majority were given most information about CPI by their financial institute representative



Q A/B3. Thinking back to when you got your mortgage/ HELOC, did a representative of the financial institution talk to you about Credit Protection Insurance? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003) A/B4. Did a representative of your financial institution talk to you about each of the following factors of the available Credit Protection Insurance? Base: Combined Mortgage / HELOC CPI Holder & Talked to Rep (N=746), Oct 2018 (N=761)

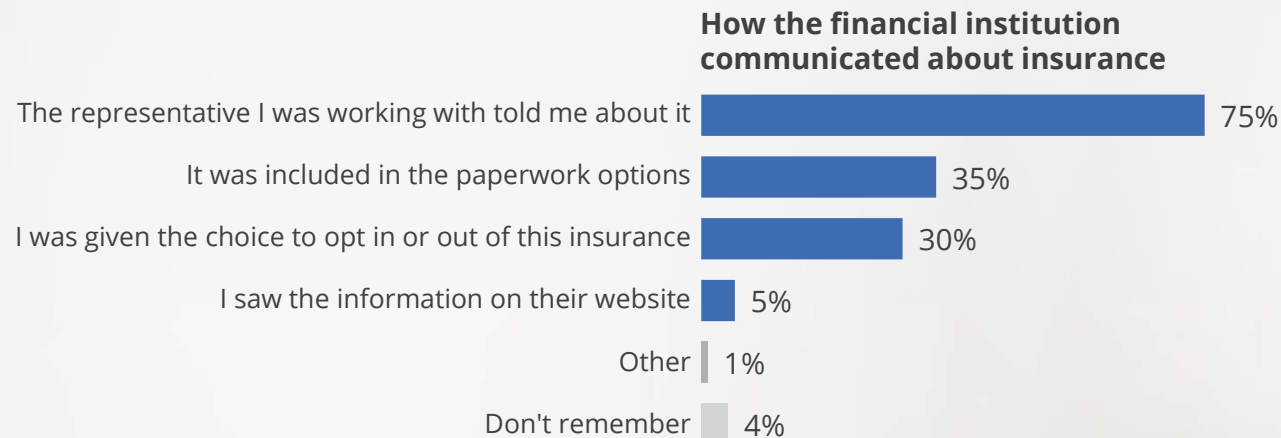
52% Significantly higher than previous wave

18% Significantly lower than previous wave

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Majority of CPI holders who learned about the insurance from their financial institution were informed by a representative.

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A/B4A. How did the financial institution inform you of this insurance? BASE: Financial Institution Informed About The Availability Of Credit Protection Insurance (N=746)

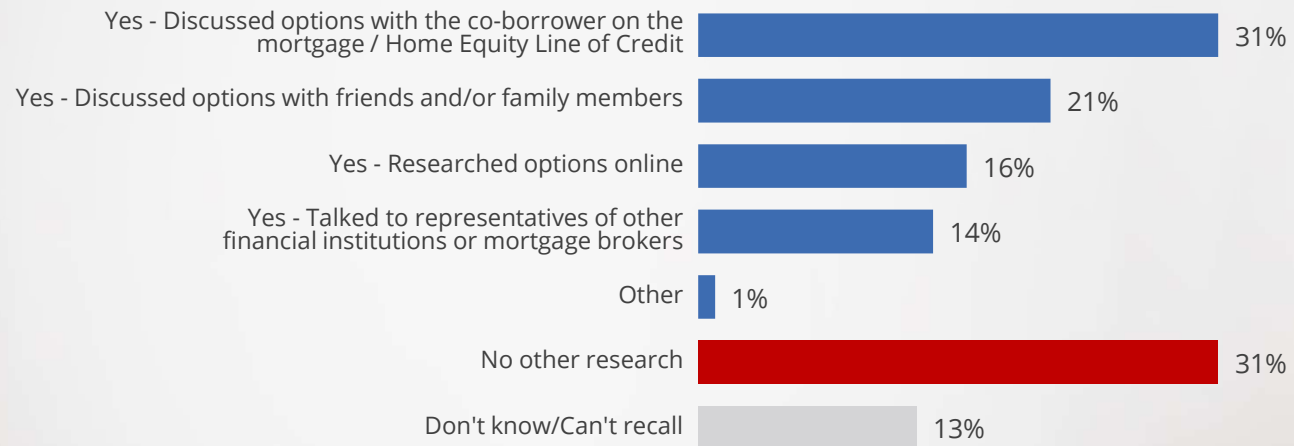
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More than half sought information about CPI options from other sources beyond their financial institution

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CPI Research or Discussions



TOTAL YES	
NOV 2022	OCT 2018
56%	54%

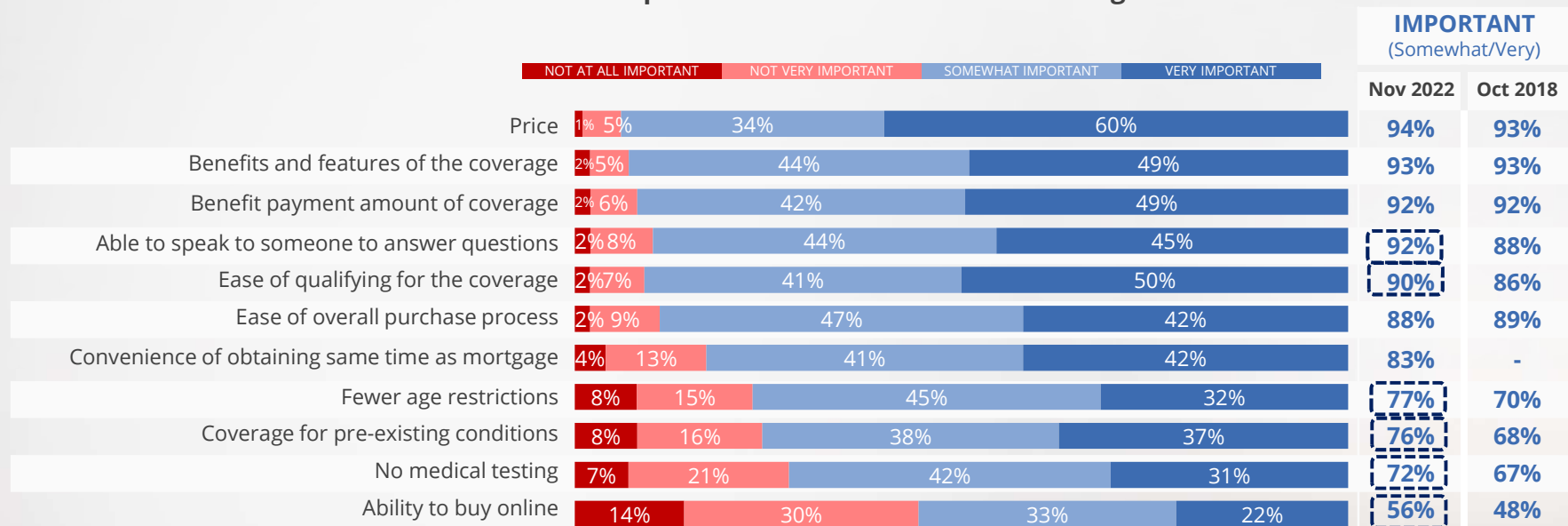
Q A/B5. Aside from talking to a representative of the financial institution, did you discuss or do additional research on the Credit Protection Insurance options that were available?
Base: Combined Mortgage / HELOC CPI Holder (N= 1001), Oct 2018 (N=1003)

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Other factors beyond price, benefits and coverage amount are gaining importance

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Importance of Factors when Purchasing CPI



 Significantly higher than previous wave

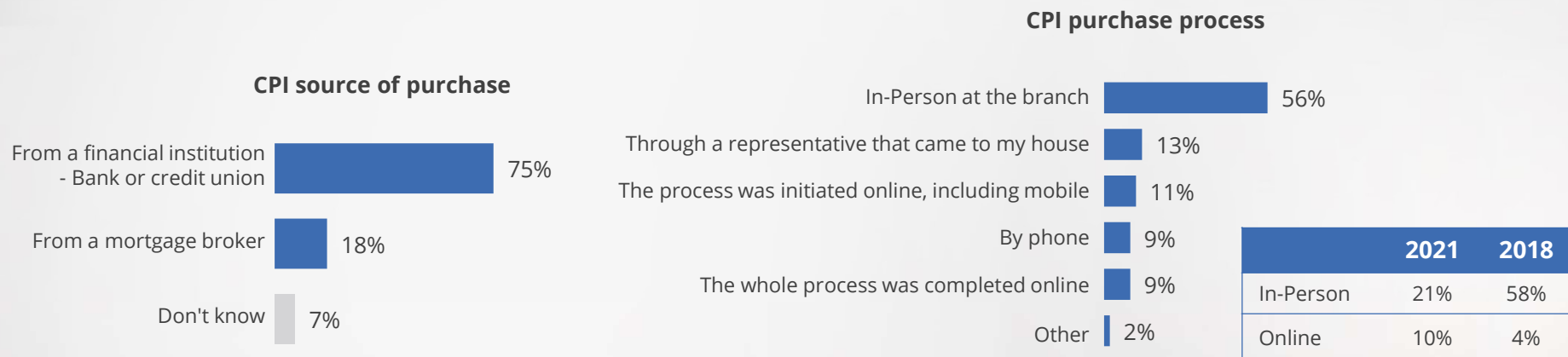
 Significantly lower than previous wave



A/B9. When you researched and/or purchased Credit Protection Insurance for your mortgage/ HELOC, how important were the following factors: ?
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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In-person CPI purchase returned to pre-pandemic levels



BASE: Mortgage Credit Protection / HELOC Insurance Holders (N=1001)

A/B10A. The following questions are in regard to your experience purchasing your Credit Protection Insurance for your mortgage / Home Equity Line of Credit.

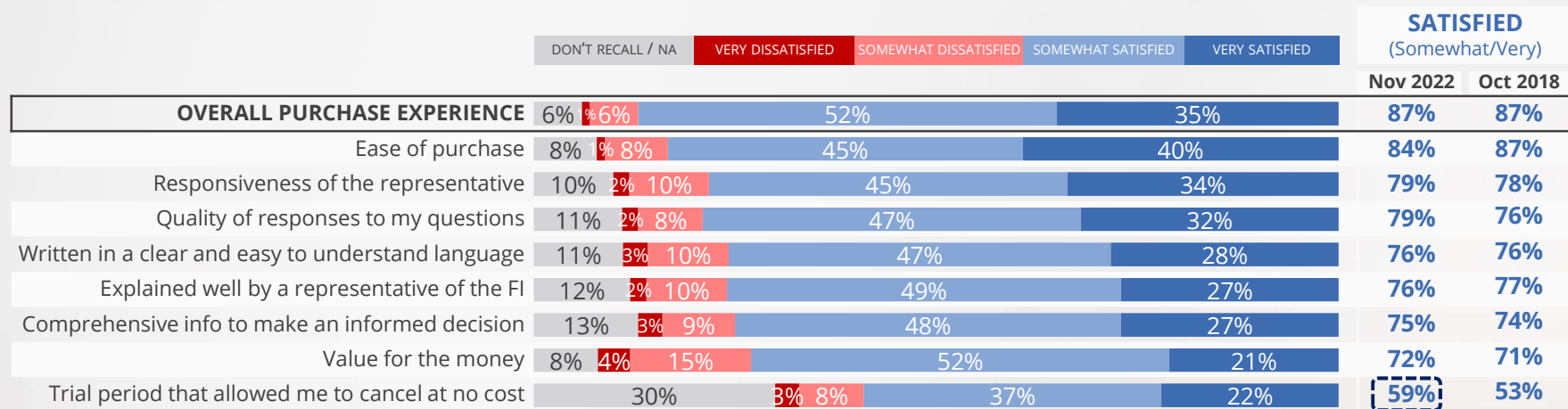
From whom did you purchase your credit protection insurance?

A/B10B. How did you complete the purchase of your Credit Protection Insurance?



Satisfaction remained high on various aspects and Improved for trial periods

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59% Significantly higher than previous wave

53% Significantly lower than previous wave

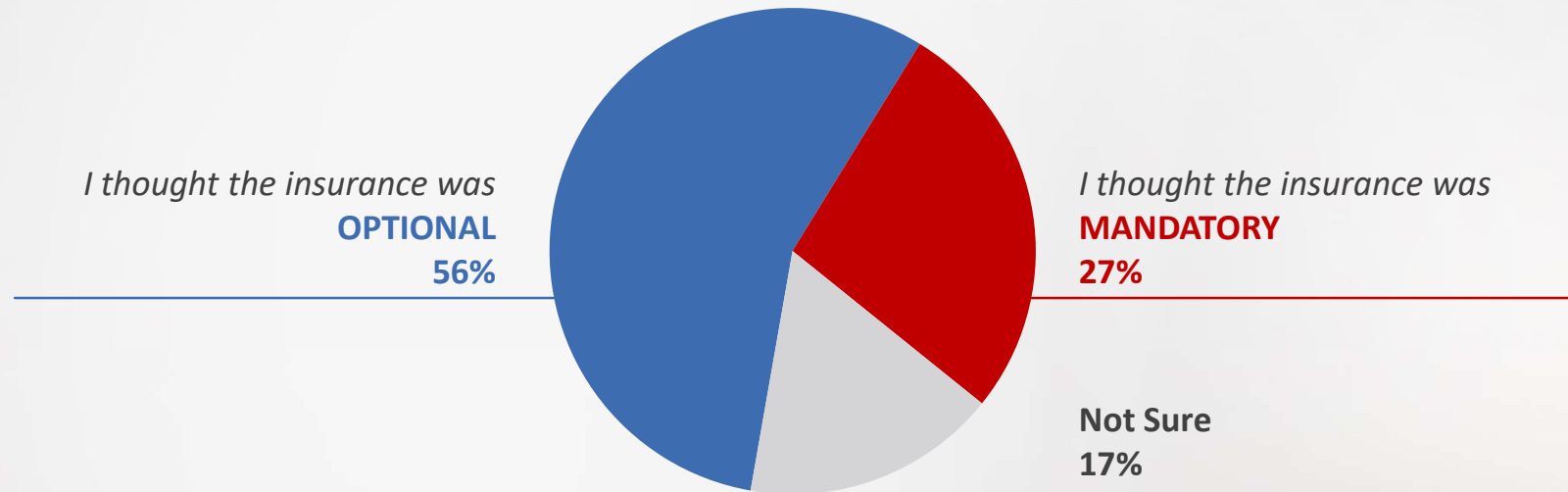
Q A/B11. Overall, how would you rate your level of satisfaction with the purchase experience, when you purchased your Credit Protection Insurance for your mortgage/ HELOC?
A/B12. More specifically, how satisfied were you with the following elements of the purchase process? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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More than half of CPI holders think the insurance was optional

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Credit Protection Insurance for your Mortgage/HELOC



ASA. Which of the following best describes your impression of the Credit Protection Insurance for your mortgage? Base: Combined Mortgage / HELOC CPI Holder (N= 1001),

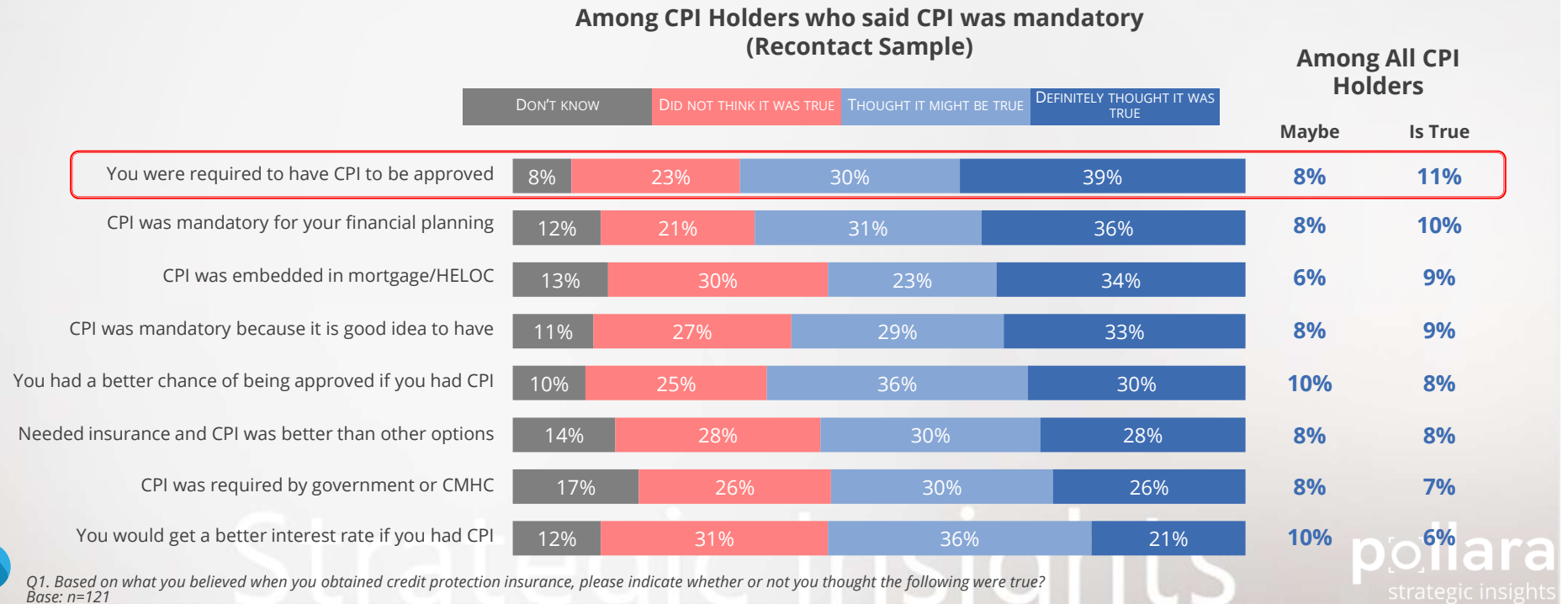
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DEEP DIVE RESEARCH

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- The 27% of CPI holders who thought the coverage was mandatory was asked what “mandatory” meant to them, including did they think it was required to be approved for their mortgage/HELOC. 39% thought this was true.
- The 39% of the 27% who thought it was mandatory equals **11% of all CPI holders thought they needed this coverage in order to be approved for their mortgage/HELOC.** This is similar to findings in 2018



DEEP DIVE RESEARCH: About half of the one-quarter believing it was mandatory still say they were not informed the insurance was optional

- Results were similar among those who had obtained their CPI in the past 5 years, with 29% being told it was optional, 45% not being told and 27% not remembering.

To the best of your recollection, did a representative of your financial institution or mortgage broker inform you that Credit Protection Insurance is optional?

Among CPI Holders who said CPI was mandatory (Recontact Sample)

YES was informed it was optional
27%

NO was not informed it was optional
48%

Don't Remember
25%

Among All CPI Holders

	2022	2018
No was not informed it was optional	12%	7%
Don't remember	8%	12%

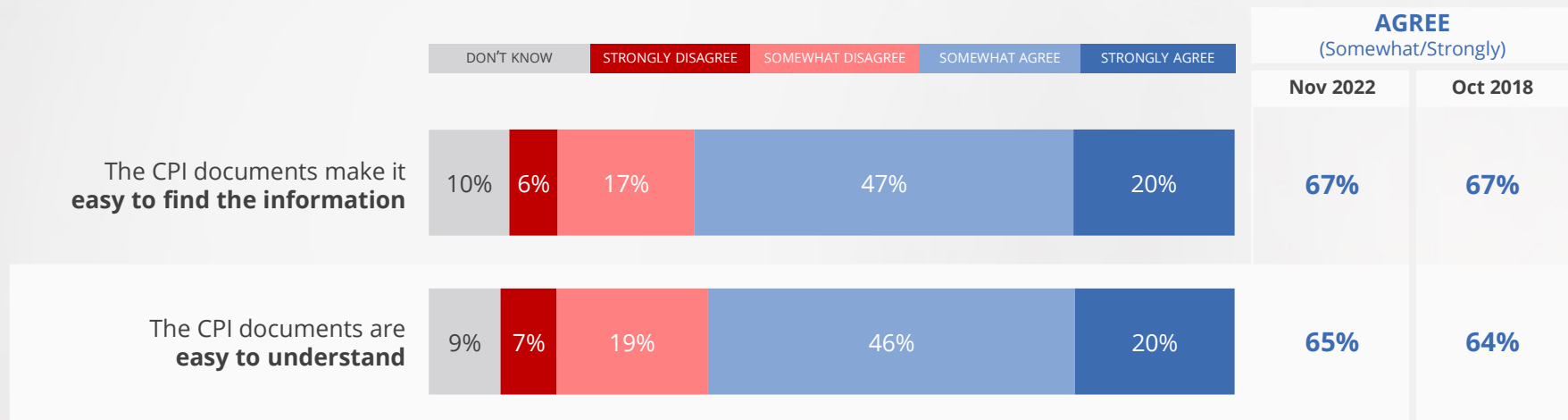


3. To the best of your recollection, did a representative of your financial institution or mortgage broker inform you that Credit Protection Insurance is optional?
Base: Total (n=121)

Credit Protection Insurance Documentation & Information



Comprehension of the CPI documentation remains moderate

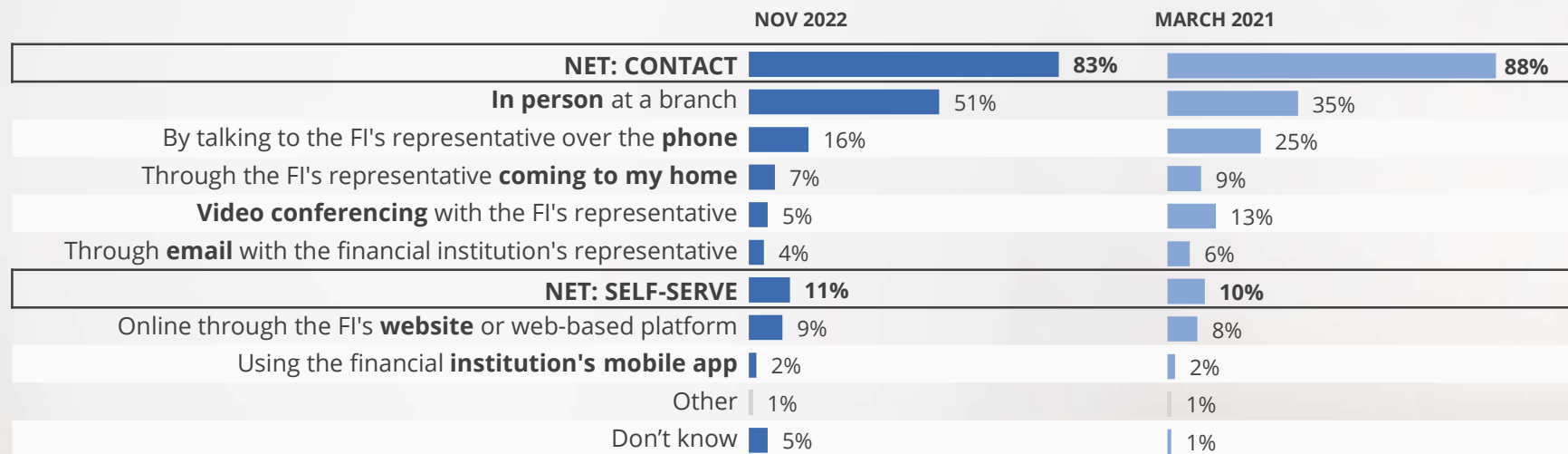


Q A/B8. To what extent do you agree or disagree with each of the following statements about the documents which outline your Credit Protection Insurance for your mortgage/ HELOC.
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

While customers will want to have help when buying CPI, it does not necessarily have to be in-person

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PREFERRED METHOD OF OBTAINING CPI



A/B13. If you were obtaining credit protection insurance now, how would you like to apply for the insurance? Base: (N=1001), CPI holders Mar 2021 (N=197)

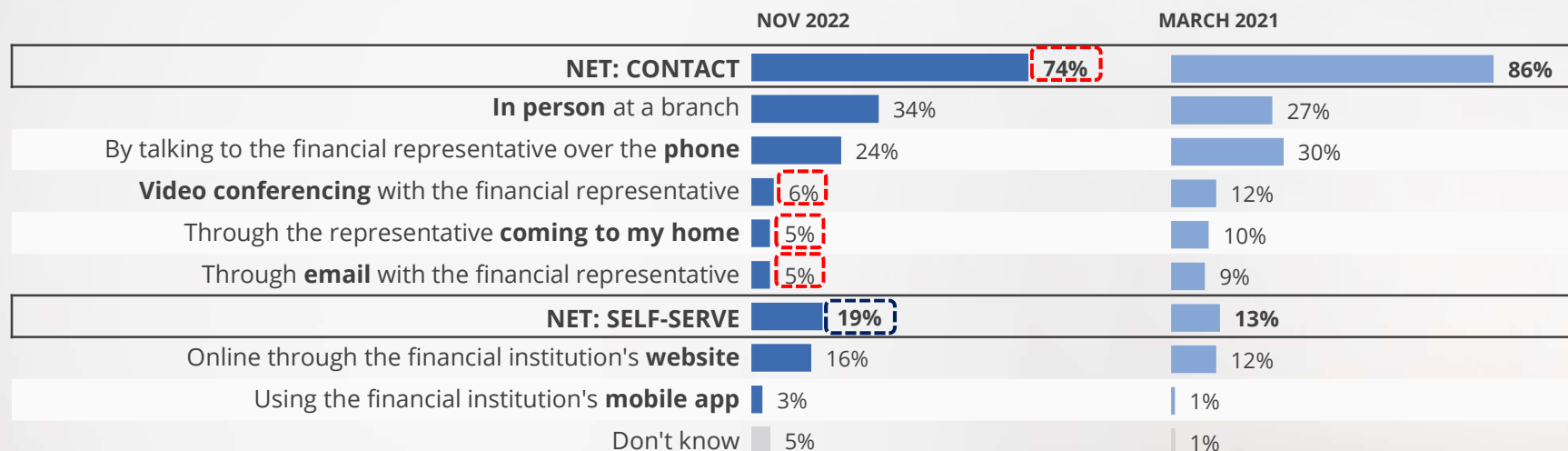
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When it comes to making a claim, consumers also want assistance, but less so than a year ago

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PREFERRED METHOD OF SUBMITTING CLAIMS



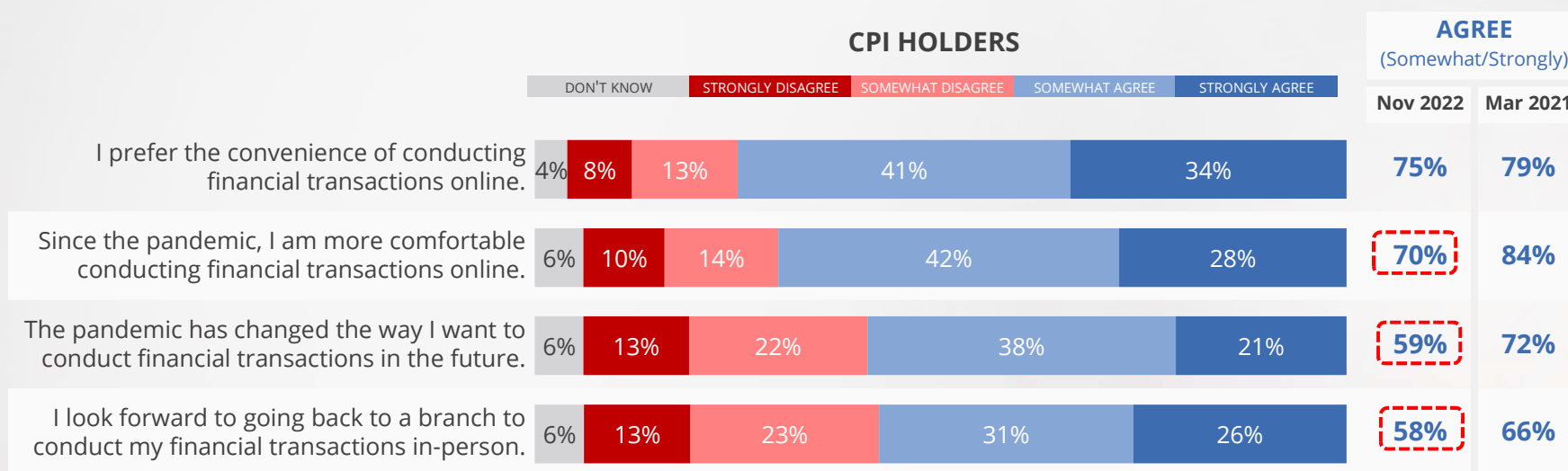
 Significantly higher than previous wave
 Significantly lower than previous wave


Q A/B14. If you needed to submit a claim on your credit protection insurance now, how would you prefer to do this? BASE: Mortgage Credit Protection / HELOC Insurance Holders (N=1001)
 Oct 2018: C10. Once the Covid-19 pandemic in Canada is over, how would you prefer to submit a claim on your credit protection insurance? Base: Those with CPI (N=197)


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The pandemic has had an effect on the way CPI holders do business

24



 Significantly higher than previous wave

 Significantly lower than previous wave

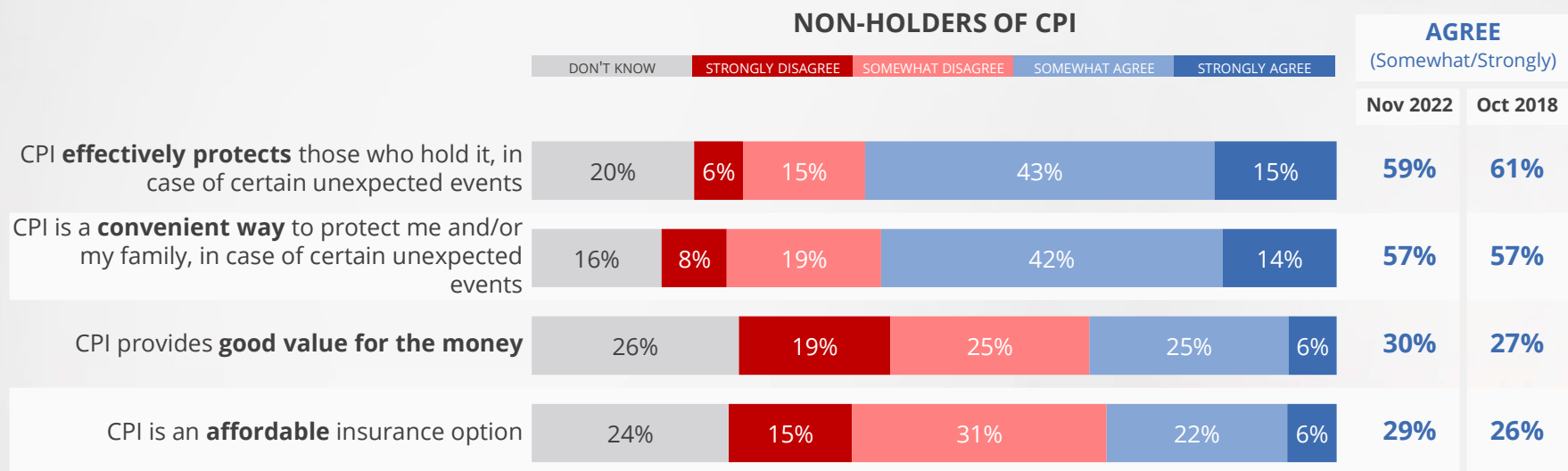


A/B15. To what extent do you agree or disagree with the following statements about conducting financial transactions since the start of the COVID-19 pandemic?
Base: Mortgage Credit Protection / HELOC Insurance Holders (N=1001), Oct 2018 CPI Holders (N=197)

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Section 2: Non-Holders of Credit Protection Insurance

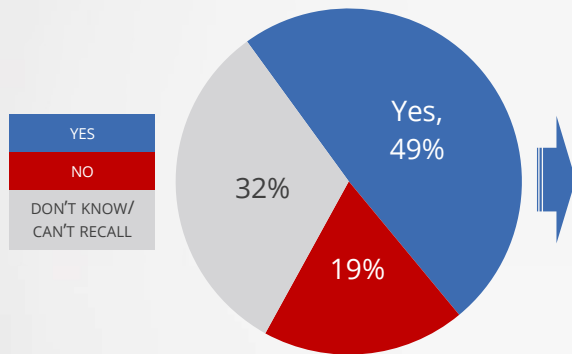
Those without CPI acknowledge some benefits of the insurance, although the large majority feel it is not affordable and not a good value for money.



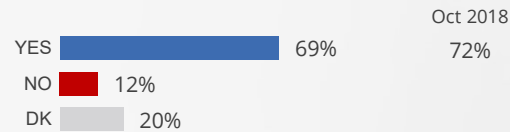
Q C1. While you do not currently hold Credit Protection Insurance on your mortgage or Home Equity Line of Credit, we would like to understand your feelings about these products. To what extent do you agree or disagree with each of the following statements about Credit Protection Insurance? Base: NON-CPI (N=430), Oct 2018 (N=424)

Half recall their representative offering them CPI when getting their mortgage or HELOC

Representative Offered CPI When Acquiring Mortgage/HELOC

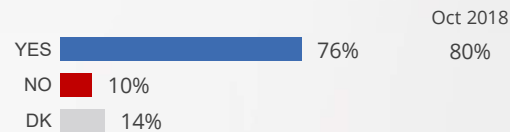


Coverage options that were available to me



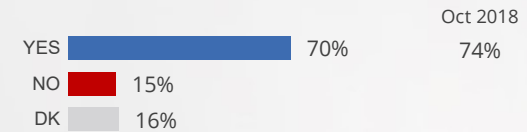
Oct 2018
72%

Advantages of having the insurance



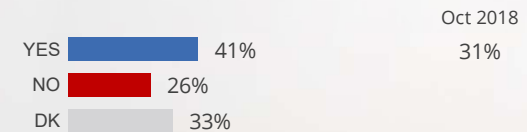
Oct 2018
80%

Premiums/costs of coverage options available



Oct 2018
74%

Told about free look or review period that was available



Oct 2018
31%

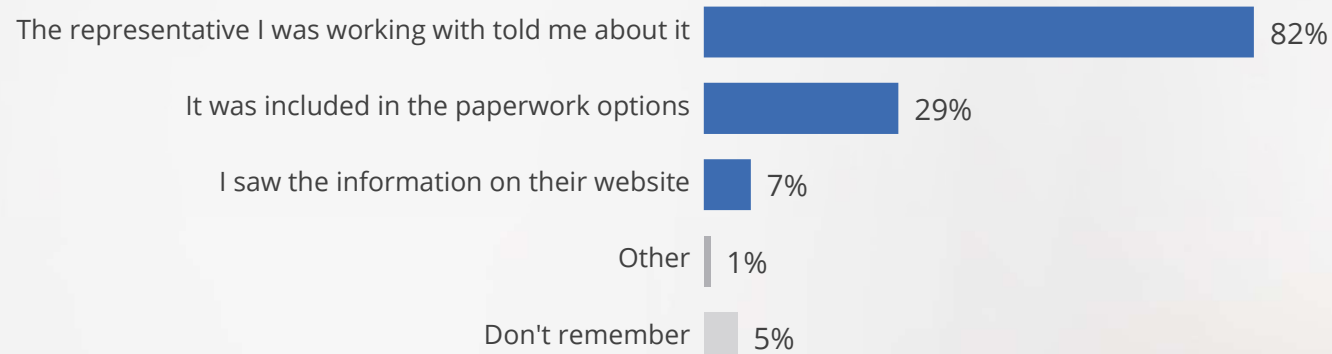


C2. Thinking back to when you got your mortgage or Home Equity Line of Credit, did a representative of the financial institution offer you Credit Protection Insurance?
Base: Mortgage / HELOC NON-CPI (N=430), Oct 2018 (N=424)
C3. Did a representative of your financial institution talk to you about each of the following factors of the available Credit Protection Insurance?
Base: NON-CPI / Talked to Rep (N=213), Oct 2018 (N=226)

Majority of CPI non-holders who were informed of the availability of insurance by the financial institution found out from a representative

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How financial institutions informed them about insurance



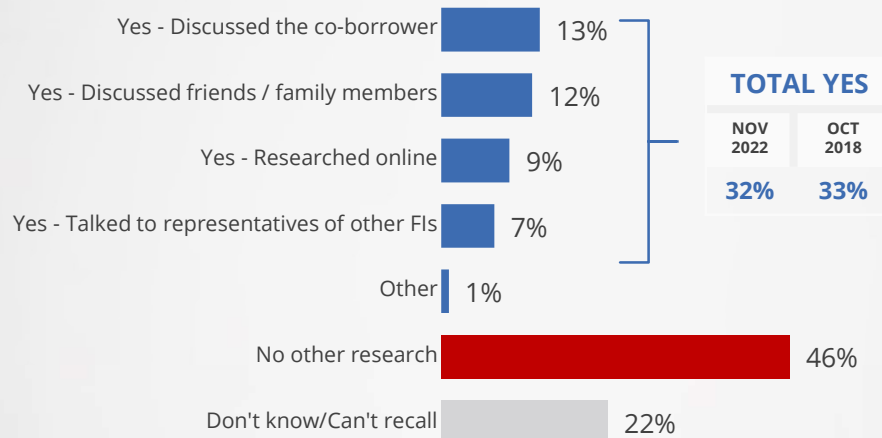
C3A. How were you informed about this insurance? BASE: Financial Institution Informed The Availability Of Credit Protection Insurance (N=213)

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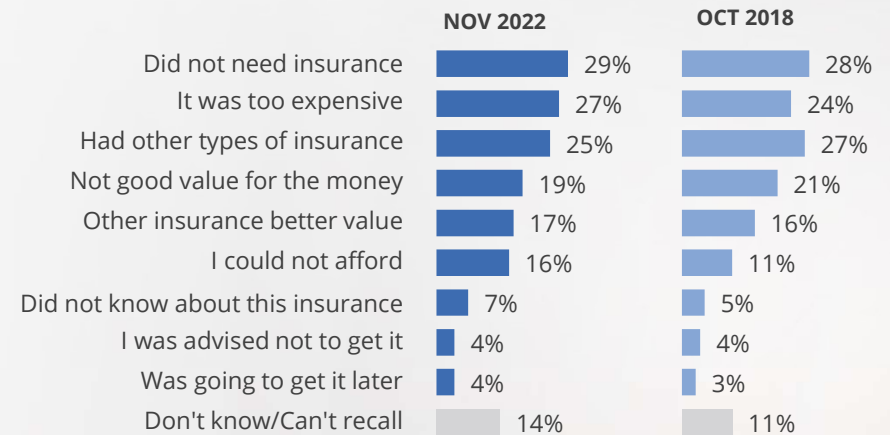
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Those who did not get CPI felt they didn't need it or it was too expensive – half did no further research

Research aside from talking to representative



Reason for not Getting CPI



C4. Aside from talking to a representative of the financial institution, did you research the credit protection options that were available yourself?
Base: NON-CPI (N=430), Oct 2018 (N=424)

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Majority of non-holders have life coverage, and some have disability and critical illness coverage – few purchased term life insurance

Have Other Insurance Policies

YES
HAVE
ANOTHER
POLICY

DON'T KNOW

NO

YES

OCT 2018

If I were to die

8%

29%

64%

69%

If become disabled

10%

45%

45%

50%

If diagnosed with a critical illness

12%

48%

40%

41%

If lose my job

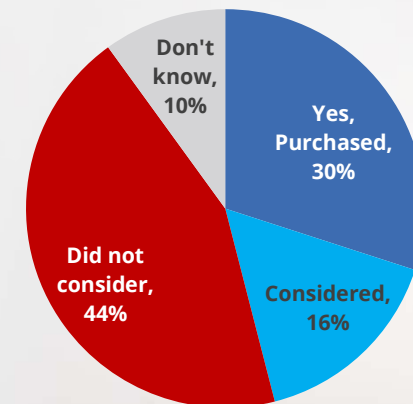
12%

68%

20%

18%

Purchased/Considered Term Life Insurance



Q C7. Do you have a different type of insurance policy, that is not Credit Protection Insurance, that would protect you and/or your loved ones if you were to experience any of the following unplanned events? C8. When you incurred debt on your mortgage or Home Equity Line of Credit, did you consider buying term life insurance specifically to cover that debt in the case of death?

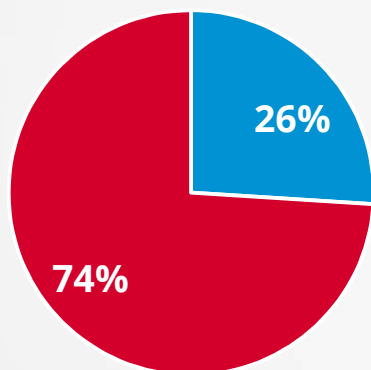
Base: Mortgage / HELOC NON-CPI (N=430), Oct 2018 (N=424)

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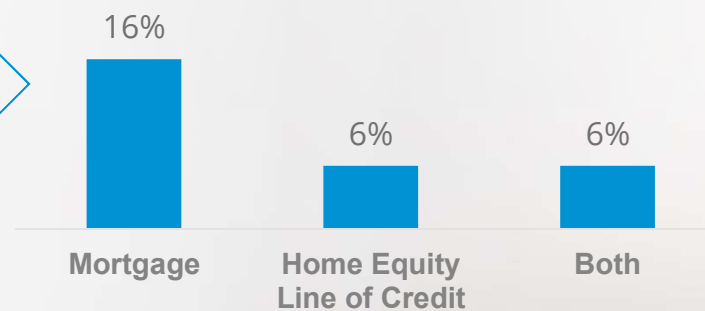
Section 3: Claims – Experience and Satisfaction

More claims are made for CPI for mortgage

■ Made a claim ■ Did not make claim

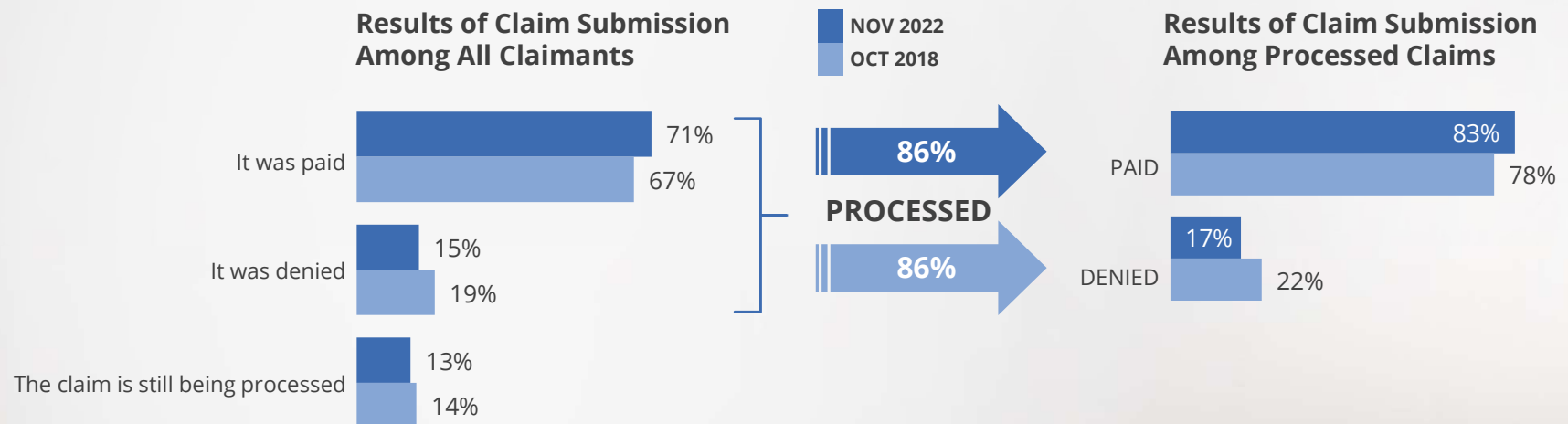


Type of financial product with a claim



- Q • Q8. Have you ever submitted a claim for Credit Protection Insurance for your mortgage or Home Equity Line of Credit?
• A claims is made in the event the insured person had died, or had been diagnosed with a critical illness, became disabled or lost your/their job; Base: All Respondent (n=1494)

Eight out of ten processed claims were paid



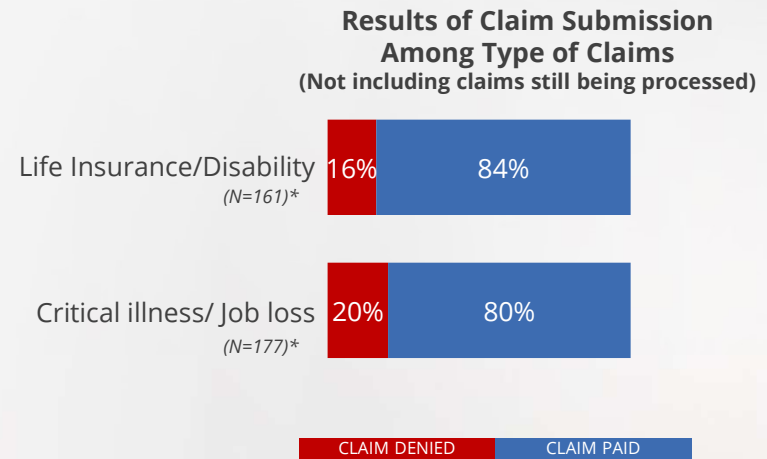
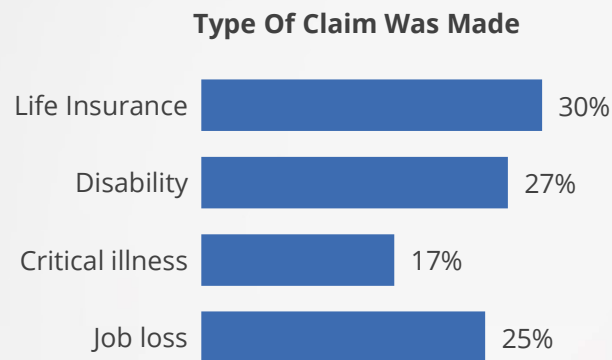
D3. What was the result of your claim submission? Base: CPI Claim (n=379), Oct 2018 (N=286)
Base: CPI Claim Processed (N=244)

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Majority of processed claims resulted in payment, regardless of claim type

34

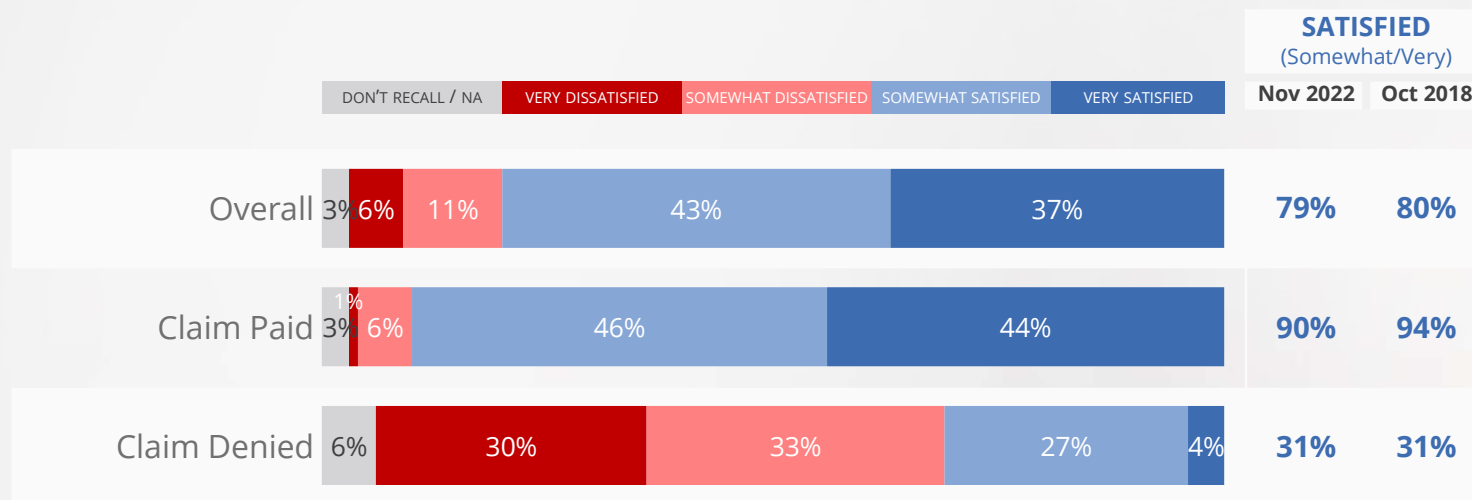


D2. What type of claim was made? Base: Claimants (N=379)
D3. What was the result of your claim submission? *Base: Those who's claims were processed

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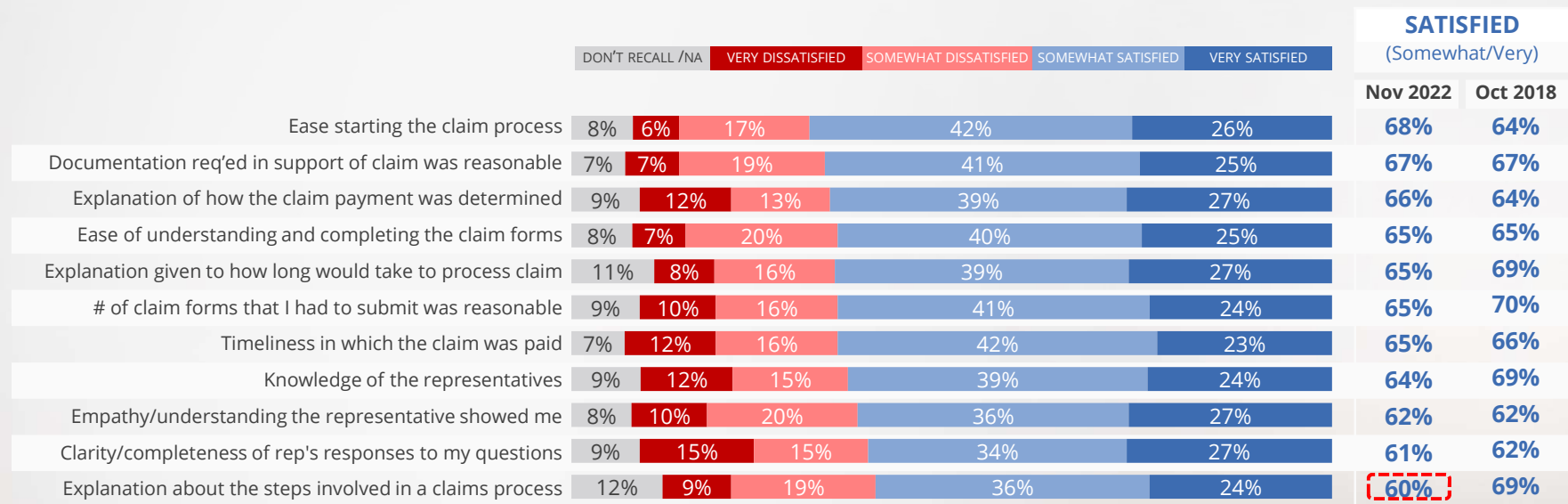
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Eight out of ten are satisfied with their claim experience



D4. Thinking back about the entire claim experience, from the initial contact to the final outcome, how would you rate your satisfaction with the overall experience?
Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)

Claimants are satisfied with various factors of the claim process



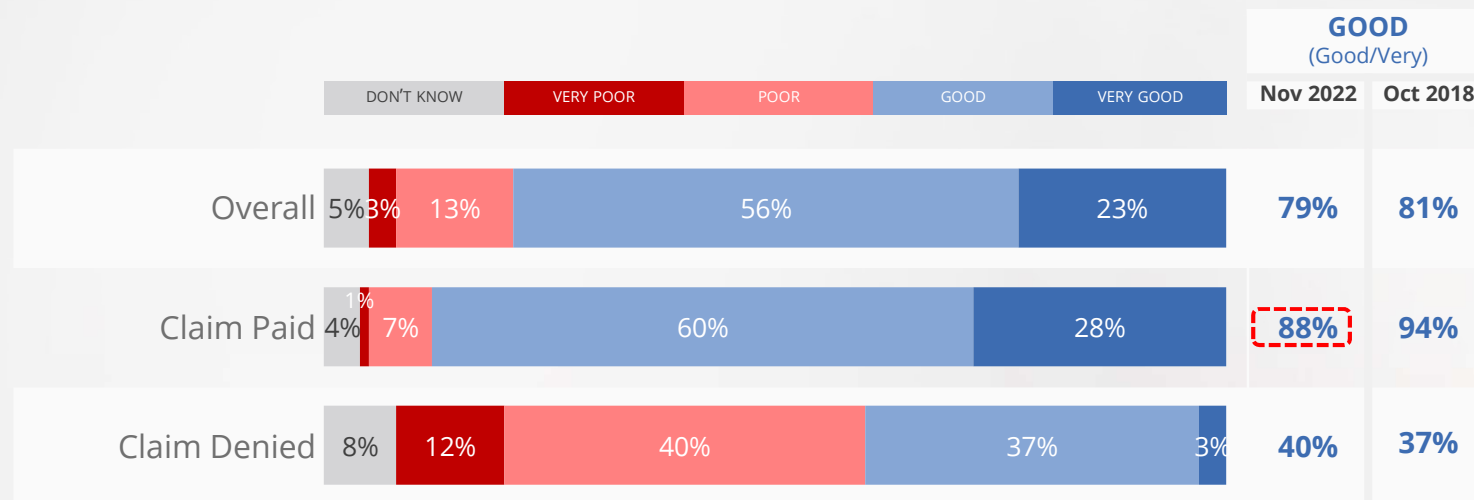
D5. And how satisfied were you with each of the following factors involved in this claim? Base: CPI Claim/ Claim Resolved (N=322), Oct 2018 (N=244)

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Explanation provided by the insurer was good for almost all of those whose claim was paid

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Significantly higher than previous wave

Significantly lower than previous wave

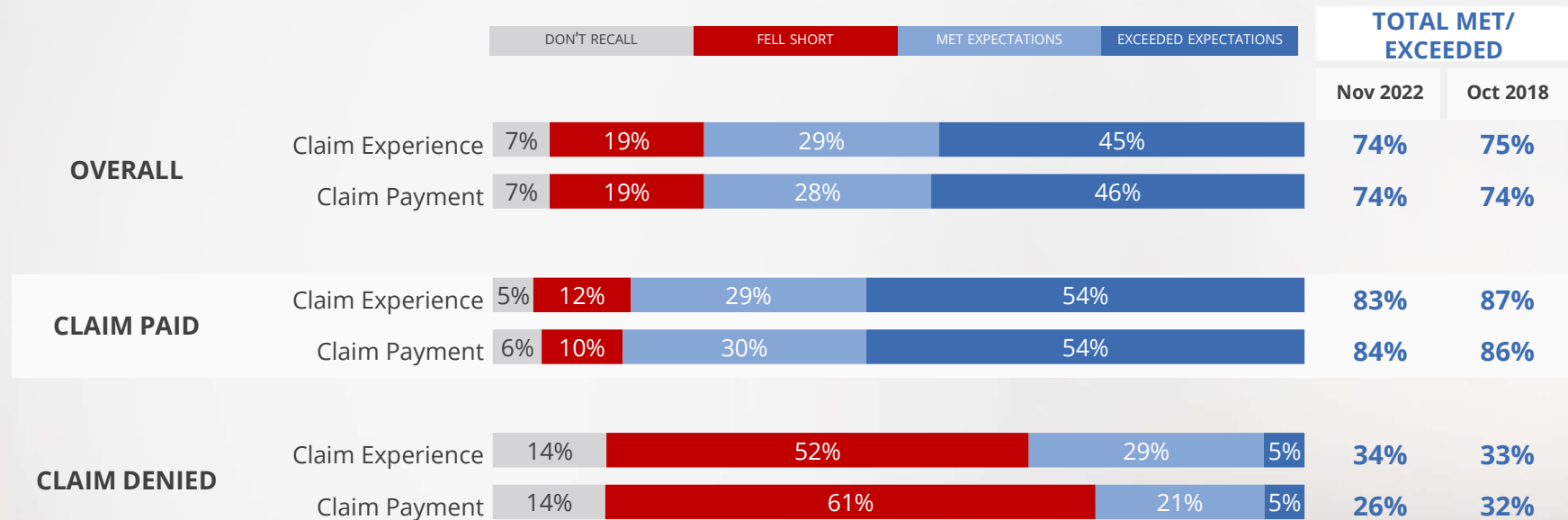


D6. How would you rate the clarity of explanation your insurer gave you about your claim payment/ claim denial?
Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)

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Expectations with claim experience and payment were met amongst those whose claims were paid, but fell short for those whose claims were denied

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D7. Would you say that the claim payment met, exceeded, or fell short of your expectations?
D8. Overall, would you say that the claim experience met, exceeded, or fell short of your expectations?
Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)

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Complaints

More claimants made a complaint in 2022 compared to 2018

40

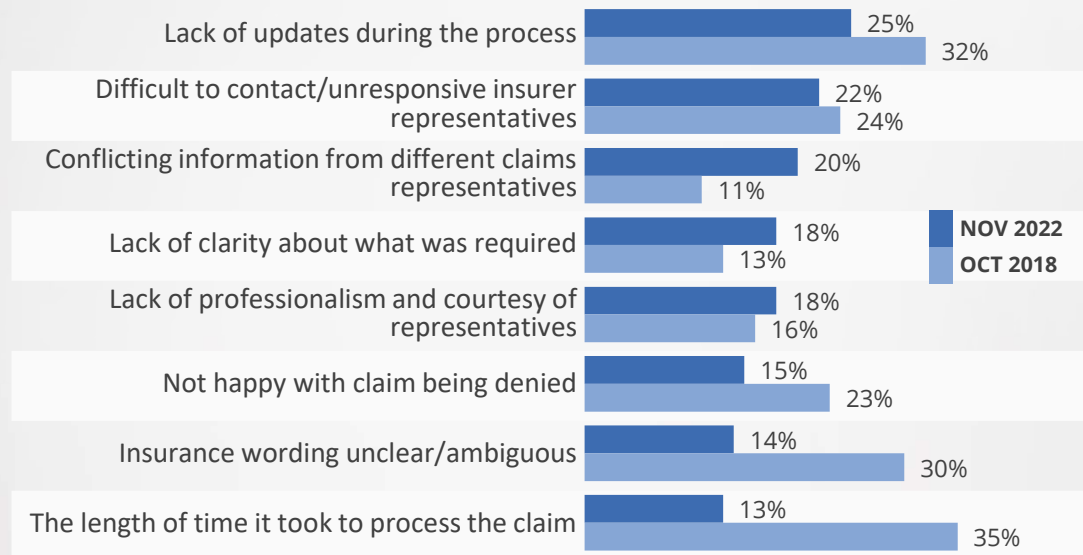


D9. Did you make a complaint about your claim at any point during or after the claim process? Base: CPI Claim/ Claim Resolved (N=379)/(N=244)
 D10. How did you make this complaint? Base: CPI Claim/ Made Complaint (N=103)/(N=53)

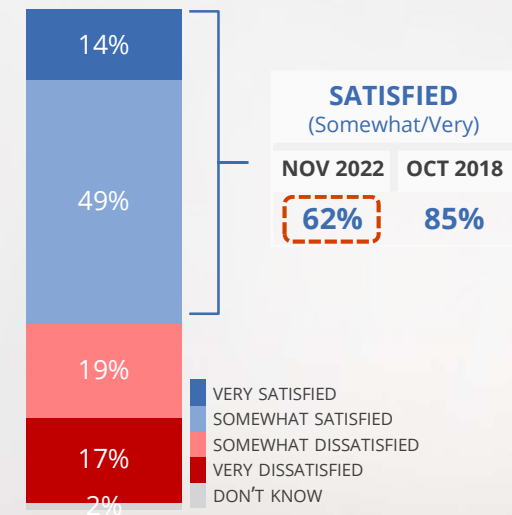
Satisfaction with complaint handling declined compared to 2018

41

Reason for Complaint



Satisfaction with Handling of Complaint



D11. What was the major reason(s) for your complaint?
D12. Were you satisfied with how the complaint was handled?
Base: CPI Claim/ Made Complaint (N=103)/(N=53) *small base

Significantly higher than previous wave

Significantly lower than previous wave

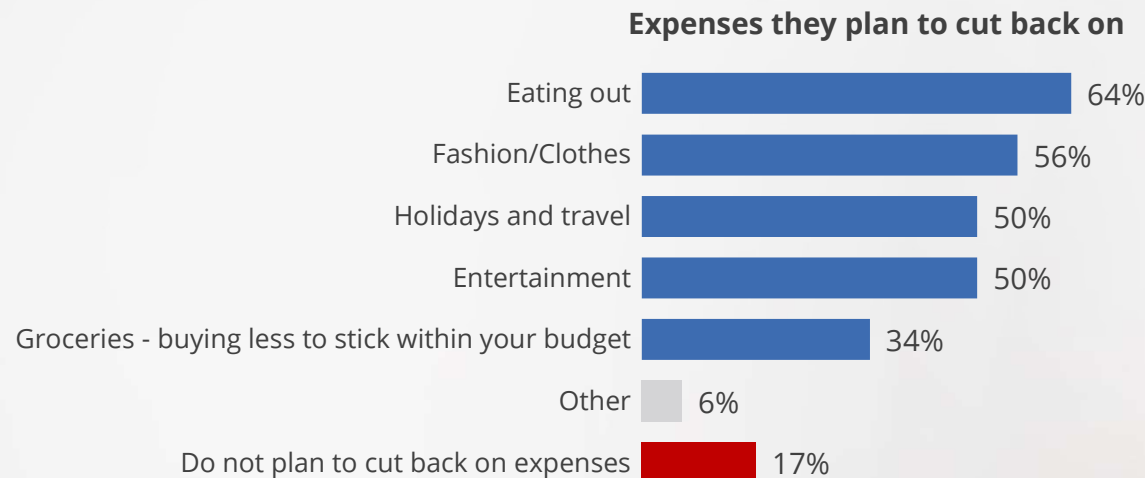
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Economic Conditions

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Majority claim they will cut back on expenses as a result of economic conditions

- Two-third say they will cut back on eating out, half say they will cut back on buying clothes and a similar proportion say they will cut back on holidays and entertainment.
- More Quebecers (25%) and Middle-agers (40-54: 20% vs others: 13%) are not planning to cut back.



E1. With inflation and the current state of the economy, do you plan to cut back on any of the following expenses? Base: Total (N=1494)

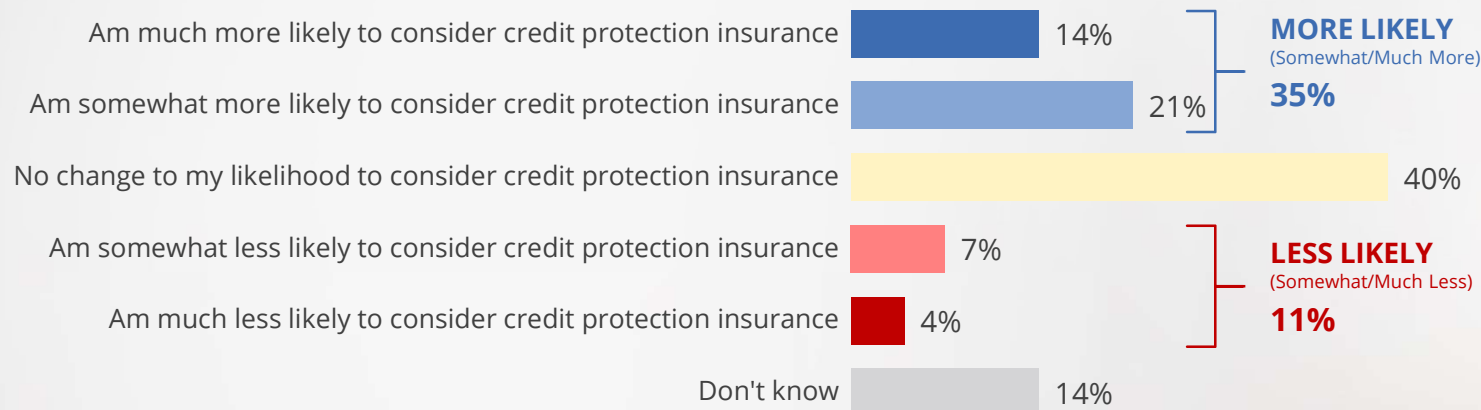
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Difficult market conditions are not likely to negatively affect claimed interest in credit protection insurance

- Two-fifth claim they expect no change to their likelihood of considering credit protection insurance and a third claim they are more likely to consider it, despite the harsh economic conditions.

Impact of Economic Condition on Likelihood of Obtaining CPI



E2. With rising inflation, economic uncertainty and the possibility of a housing market correction, how do you feel about obtaining credit? Base: Total (N=1494)

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