

Recommendation to CAFII EOC

To: CAFII EOC

From: Distribution and Market Conduct Sub-Committee

Subject: Customer Value Proposition of Creditor's Group Insurance Initiative

Supplier Recommendation

Towers Watson

Rationale for Recommending Towers Watson

1. Towers Watson provides more value for price.
2. The sub-committee has the most comfort with Towers Watson because they have been the most inquisitive and thoughtful about CAFII needs and completely transparent throughout our discussions
3. There is a 50/50 chance that:
 - a. Avalon could succeed at obtaining Munich Re approval to publish the individual life application approval data (1 variable), or that
 - b. Towers Watson will be successful at obtaining approval to survey individual insurers for application and claims approval data (6 variables – application and claims approval data across three products).

If Towers Watson is successful, there will be more depth to the information as well as long term potential to repeat the survey.

Other Considerations

1. No previous Avalon proposal indicated their ownership of the CAFII member survey, final report or proposal.
2. We think there is a low probability that Avalon would propose to charge CAFII a fee based on work done to date (proposal and one update to the spreadsheet survey).
3. Knowing that Avalon will be disappointed in our decision, we need to manage communication of our decision to Avalon carefully.

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Background

Measure	Avalon	Towers Watson	PWC	Collins Barrow
Quote (excludes GST)	\$40k	\$40-\$53	\$70	\$25
Quote capped unless scope changes	yes	Upon confirmation of survey topics	yes	yes
Knowledge and experience	yes	yes	yes	yes
Sub-committee overall comfort rank	#2	#1	#4	#3
Proposal to obtain individual insurance application and claims data	Ask for Munich Re for approval to publish from Munich Re 2012 survey data	Survey individual insurers; leverage existing insurer relationships	Directly from insurers by leveraging internal and CAFII contacts	Directly from insurers by leveraging internal and CAFII contacts
Recommend Quid Pro Quo with insurers	yes	yes	yes	no
Sub-committee confidence that individual insurance application and claims data can be obtained	50%	50%	10%	10%
Depth of individual insurance application and claims data if obtained	1 variable	1-6 variables	Unknown	Did not guarantee any level of granularity
Proposal includes one presentation to CAFII members and non-members as deemed appropriate by CAFII	yes	yes	yes	yes