

Canadian Association of
Financial Institutions in
Insurance (CAFII)



Proposal for Management of
Quarterly Credit Protection
Insurance (Creditor)
Benchmarking Report

November 13, 2019



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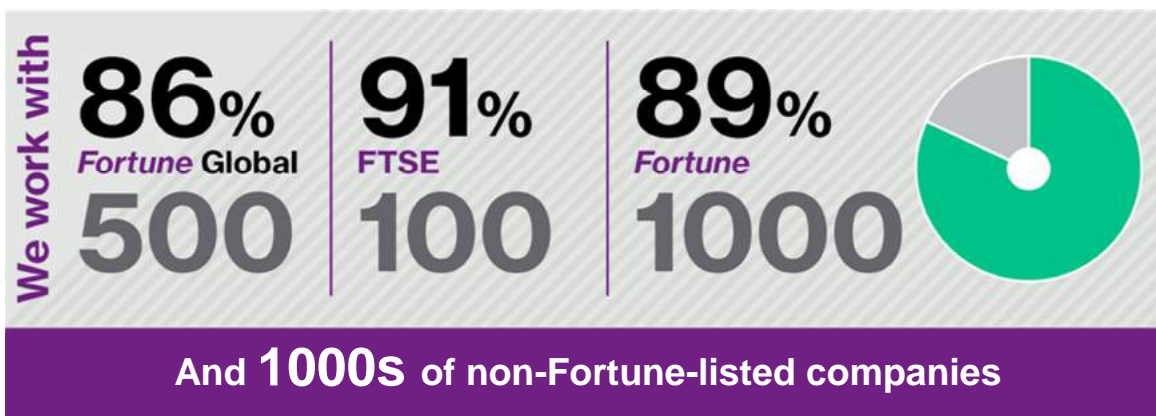
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Appendix A: Bios of Key Support Personnel

Section 1: WTW Experience

1.1 Background on WTW

Willis Towers Watson (WTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, WTW has more than 45,000 employees in 140+ countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance.



We service clients across Canada, operating in six regional offices with over 1,000 colleagues, supported by connections to our global capabilities and breadth:



1.2 WTW Affinity Practice

This RFP response is being led by WTW's Canadian Affinity Practice, part of WTW's Corporate Risk and Broking segment. We have been operating in the Canadian industry for more than 25 years with financial institutions, associations and other groups, developing tailored, customer-centric insurance and ancillary solutions that are complementary to the core offerings and services that our clients provide to their customers or members. Solutions that we develop on behalf of our clients seek to achieve some or all of the following benefits (subject to the desired goals of the client):

- Fulfil the protective needs of customers or members
- Complement the core services of the organization
- Differentiate offers relative to "standard" offerings in the marketplace
- Increase customer/member engagement, benefits, experience, and overall loyalty
- Allow for the generation of new revenue streams

Our Affinity Practice in Canada is supported by a variety of insurance professionals that allow for a full breadth of support for insurance affinity services, including actuaries representing both the property & casualty and life & health insurance segments. The Canadian Affinity practice's experience and knowledge base includes access to a broader Global Affinity business unit of WTW. As a result of this global business unit integration, our Canadian group is able to draw upon marketplace best practices expertise and knowledge from the global marketplace to support our work on product and services offered to our Canadian clients.

While we are bound by confidentiality in naming specific clients we work with, over 25+ years of experience in Canada, WTW's Affinity practice has worked with and/or continues to work with the major banks and insurance companies, most of whom are members of CAFII. This is inclusive of a wide breadth of business lines (i.e. travel, life, health, property and casualty, and creditor).

1.3 Experience with Creditor Insurance Programs and Surveys

WTW is an independent third party organization that undertakes a Quarterly Creditor Insurance Market Survey on behalf of financial institutions, credit unions and alternative lenders that offer creditor insurance products attached to mortgages, loans and lines of credit. The survey is subscriber based and offers full transparency to participating companies as respects:

- Insurance certificates and distribution guides;
- Product comparative charts (e.g. eligibility conditions, product features, benefits, limits, exclusions, etc.);
- Detailed premium rate comparative charts, including the basis of calculation.
- Details and documentation related to health questions, application forms and other aspects of product underwriting;
- Detailed Summary Updates provided each quarter around product, pricing, underwriting or other changes for individual competitors.

Please note that the survey does not disclose proprietary statistics of participants such as business volume generation. WTW has been producing this survey for the industry for over twenty years.

In addition to the Quarterly Creditor Insurance Market Survey, WTW has managed the collection and compilation of an annual Credit Card Balance Protection Insurance (CCBPI) Market Survey for the industry. Participants in the study include the major Canadian banks, credit unions, and retailers, and an approximate ninety percent overall share of the market. WTW compiles and analyses the data of such participating credit card issuers, and develops the study as a benchmarking tool for participants. This study largely focuses upon the distribution and acquisition of consumers of CCBPI and includes various key customer acquisition metrics of the relevant CCBPI programs. Additionally, the study provides detailed analysis on tactics for customer retention, core credit card acquisition and reasons for CCBPI program cancellation, amongst other items. The study focuses on results for the current year, along with consideration of trends developing over an approximate five year period. The results of the Credit Card Balance Protection Insurance Market Survey are presented on an aggregate basis.

In addition to the survey-related activities noted above, WTW's affinity group has engaged in consulting support related to significant blocks of creditor insurance business in Canada. This includes, but is not limited to:

- Actuarial analysis on creditor insurance programs, including review of cession statements to captive reinsurers, and sign-offs on actuarial valuations supporting annual audits;
- Management of RFP's in respect of creditor insurance programs and provision of related consulting guidance to sponsoring card issuers;
- Assistance with the management of creditor insurance portfolio transfers from one insurance carrier to another;
- Provision of consulting support on marketing and acquisition of creditor insurance participants.

Our experience on creditor insurance collectively as a group spans a wide array of overall skillsets and aspects of the business. This has helped us to collectively better understand the value proposition of this product from a consumer standpoint, and to trace this evolution over its historical development period.

As part of a global affinity practice, we are able to share learnings across geographies, inclusive of specific learnings on creditor insurance, with a focus on the financial institutions sector. This additional feedback and learning helps to articulate potential issues that could come to light in the Canadian market as respects the distribution and ongoing consumer relationships for creditor insurance products.

Our Affinity practice experience also includes being closely engaged with various professional associations linked to the banking and insurance industries in Canada, along with ongoing monitoring of new developments in regulations, guidelines and other matters affecting positioning on behalf of clients.

Additionally, we have supported CAFII in past endeavours, including a survey on the provision of Mortgage Creditor Insurance, the results of which were presented to CAFII members and regulatory bodies.

Lastly, we are uniquely positioned as a firm which has decades of experience in managing benchmarking surveys with a wide array of clients. Notwithstanding the creditor and CCBPI survey referenced above, WTW manages the additional market surveys / benchmarking activities, which include:

- Quarterly credit card market surveys, inclusive of key details on all embedded credit card insurance, as well as an examination of select optional insurance offerings such as CCBPI;
- Quarterly surveys conducted on the travel insurance market in Canada;
- A bi-annual survey conducted for the United States Travel Health Insurance Association (USTIA), presented to members at their conference;
- An annual survey conducted for the North American Pet Health Insurance Association (NAPHIA), similarly presented to members at their annual conference.

In addition to the foregoing, individual clients engage us for specific benchmarking analyses to support various endeavours. This is managed within the parameters of focus desired by our clients, and the required preservation of privileged and confidential information.

Given this breadth of experience in managing benchmarking and survey activities over decades of tenure, we have created a dedicated survey and market research unit in Canada. This unit is managed by Pascal Bino, who will be a core member of the team leading this initiative on behalf of CAFII, if selected.

Section 2: Methodology

2.1 Overall Process Steps

We have broken down our proposed process methodology into a number of key steps as follows:

- Step 1:** Reaffirm goals and objectives of CAFII; confirm scope of analysis, member participation, preferred process for data collection and member communication, and definition of report format and dissemination.
- Step 2:** WTW development of survey based on parameters of Step 1, inclusive of development of all data collection points. Review and feedback on survey by CAFII, with adjustments made as necessary.
- Step 3:** CAFII-led and/or jointly developed intro communication to members. Distribution of survey, completion by members, and subsequent collection of results.
- Step 4:** Compilation of results by WTW and analysis.
- Step 5:** Release of report to survey participants.

Each of the above-noted proposed steps is discussed further in the sections that follow. We would also like to emphasize that WTW is flexible in its approach, and the above-noted steps should be viewed as recommended steps only. This can be adapted to suit CAFII's preferred method of proceeding and member engagement.

Lastly, we would also recommend (and would intend to undertake) periodic status updates (either weekly or bi-weekly) with the designated CAFII project team to track project progress and any issues as they develop.

2.2 Process Steps Detail

2.2.1 Step 1: Reaffirm Key Aspects of Project

Goals and Objectives

It was noted in the RFP document that “CAFII members are focused on the Fair Treatment of Customers. We would like to capture customer-centric measures that give us indications of customer satisfaction.” The baseline metrics of penetration through the CBA study may be a broad indicator of customer satisfaction, but we believe that this metric in isolation would not provide key details that pinpoint operational process issues, reasons for customer dissatisfaction, etc. With this in mind, during Step 1, we would want to review the key elements to be collected through the benchmarking exercise, and ensure a consistent definition in conjunction with the project Working Group (as defined in the RFP). This has been considered further in Section 2.3 that examines potential additional benchmark input data points (i.e. Scenarios 2 and 3 presented in the RFP) that could be collected from members to support more robust examinations on specific elements.

Scope of Analysis and Participating Members

As we understand it from the RFP, participating members at the outset would include the big six banks that are CAFII members (Royal Bank, Scotiabank, BMO, TD, CIBC and National Bank). Other participants may be included in future studies that could entail incremental new entrants that are either banks or credit unions. It is our understanding that other CAFII members such as insurers would not be participants, nor would they be recipients of the survey. It is our understanding that CAFII member participation will be on a voluntary basis for all those encompassed in the scope of the survey. Therefore, some level of discussion should be had with the CAFII Working Group to better understand the commitment of individual CAFII members, and to determine contingencies in the event that the universe of participants declines, rather than expands.

We would develop the study such that participants are provided with a copy that would identify anonymized results for each competing issuer (e.g. Participant A, Participant B, Participant C, etc.), as well as an aggregated summary of results across all participants. Additionally, full transparency over a participant's own results would be provided. The format of the report and manner in which results may be disseminated is discussed further under “Format of Report” in this Section. In consideration of the metrics sought under this report, and in particular, those identified by CAFII as part of Scenario 2 (described further in Section 2.3.2 of this response), further discussion should take place around the use of such metrics to ensure confidentiality of member identity is maintained through the dissemination of anonymized results.

Preferred Process for Data Collection

WTW would intend to work with CAFII to align with preferred methods for member engagement and data collection, and to be consistent with prior surveys which have met with success in terms of

timeliness and responsiveness of members. We are happy to take the lead on all member communications as may be desired by CAFII; however, we would seek additional guidance from CAFII's Working Group around preferred methods for member contact.

Additionally, we anticipate that the data collection step will include the development and execution of Non-Disclosure Agreements (NDA's). Such NDA's may need to be setup as tri-party NDA's (i.e. CAFII, WTW and survey respondents) in the event that CAFII itself may receive a copy of the survey (without transparency of any individual member results). WTW would ensure that all data points are collected confidentially and fully compliant with competition laws. WTW is also happy to work collaboratively with CAFII's appointed legal counsel to ensure all elements of the benchmarking reports are compliant with best practices thereof.

Preservation of highly confidential info in transmission from participants to WTW is critical towards ensuring client anonymity and confidentiality. WTW has experience in working with clients to ensure safe transmission of data and information, including utilizing clients own secure portals and email servers, as well as WTW providing its own options for secure emails and/or secure FTP site protocols. We would be happy to further discuss and define the approach(es) that may make the most sense for CAFII and its members.

Data points collected for the purposes of a benchmarking study should be standardized as much as possible. This includes working with CAFII's Working Group to ensure alignment on common definitions of key metrics collected for the study. Standardization ensures a comparative of common, meaningful results, particularly in a report which will reveal results on an anonymous basis without the ability to adjust for individually tailored metrics or nuances of underlying data collection. By collecting standardized metrics, we also ensure a minimal requirement for data scrubbing / cleansing. Our work in data scrubbing / cleansing would therefore be largely associated with higher level checks of data reasonableness, and ensuring consistency of participant data from period to period.

Format of Report

CAFII provided template files from the CBA accompanying the RFP document, which represented the format of the CBA quarterly report. While we are happy to replicate this type of reporting, consistent with the Scenario 1 request, we would recommend as part of Step 1 that we review potential alternative formats for report results. Some key considerations could include:

- Graphical representations of data and key results, in addition to the tabular report form data;
- Potential for inclusion of key statistics such as average and median, and, if warranted based on sample size, inclusion of additional statistics such as percentiles. While we would be happy to work with CAFII to develop potential weighted average statistics, we would note the potential here for compromising individual results for certain aspects where weights of a single competitor may significantly influence weighted average results, particularly for subdivisions where the universe of competitive participants could be smaller than the number of competitors in the overall data set;

- “Personalized” graphical representations of a participant's individual results, relative to anonymized competitors;
- Comparatives relative to the same period from the year prior (as results are available);
- Whether or not CAFII as an organization would want to receive a copy of the report. If so, this version would need to be provided on a fully anonymized basis to preserve confidentiality of all member data.

We would anticipate that this activity would largely be limited to the initial development of the quarterly survey. For the second and subsequent surveys, we would expect limited requirements and time investment for Step 1, barring any changes to member participation, desired metrics, etc. In this regard, we would recommend a touchpoint with the CAFII Working Group prior to the commencement of the second and subsequent surveys managed by WTW to review any feedback and potential changes required.

2.2.2 Step 2: Survey Development

The parameters of Step 1 will become the key inputs towards the construction of the survey questionnaire and data templates. Based on the feedback from the CAFII Working Group in Step 1, WTW will take the lead in developing a draft survey questionnaire and accompanying data templates along with any required member communications or process items to support it. WTW's draft survey will be distributed to CAFII's Working Group for this mandate for review and input and will endeavour to satisfy the key parameters of Step 1 (i.e. goals and objectives of CAFII, scope of analysis and participating, preferred process for data collection and format of report).

Any CAFII Working Group feedback on the draft survey would be incorporated, with the survey adjusted as required to finalize.

Similar to Step 1, we would anticipate that this activity would largely be limited to the development of the initial quarterly survey. For the second and subsequent surveys, we would only adjust the survey questionnaire and associated data templates if changes are desired and/or warranted.

2.2.3 Step 3: Survey Distribution and Collection

In Step 1, we would seek to better understand how CAFII has historically engaged members to support surveys, how the Canadian Bankers Survey (CBA) was done previously, and to confirm the preferred process for member contact for this survey. We would once again note that WTW is flexible in the preferred manner of member contact and survey distribution, and would be happy to consider multiple approaches, which could include:

1. WTW manages all contact with members, thereby minimizing resourcing requirements of CAFII to coordinate.

2. CAFII provides an intro communication to members introducing the concept of the survey (potentially co-crafted by WTW), and WTW manages communications thereafter, including dissemination of the survey and collection of key data points.

At this stage, without further information and discussion, we would suggest that approach 2 is preferable from WTW's standpoint, and optimally positioned to introduce the concept of the survey from CAFII itself (to enhance overall resonance and any required participation of members), while still alleviating pressure upon CAFII to support ongoing communications and requirements of members. A powerful communication from CAFII regarding the importance of the survey at the outset, along with key timelines to adhere to will help to ensure that the entire process stays on track for timely delivery.

We would also request CAFII's ongoing support towards any required follow-ups with members for data collection, as may be needed under exceptional circumstances.

2.2.4 Step 4: Compilation of Results and Analysis

WTW will collect and compile all of the survey information and commence its analysis as quickly and efficiently as possible upon receipt, along with managing any required follow-ups to CAFII members to clarify responses or manage data collection. In this regard, we would note that WTW has significant experience in managing client surveys (as noted in Section 1.3), and therefore are uniquely positioned to quickly pinpoint data or member inputs that may be out of sync with expected results, enabling a flag for quick and easy follow-up.

To ensure expeditious analysis and compilation, this requires well thought out survey construction and consistency of format, making Step 1 a critical link to the efficiency of additional steps, including the compilation of results and analysis.

2.2.5 Step 5: Development of Survey Results Report

The final work product would intend to report on:

- Aggregated results across all participants;
- Anonymized results (e.g. Participant A, Participant B, etc.) based on all respondents to the survey, to the extent such is in agreement with the Working Group and does not compromise confidentiality;
- Transparency of results for a participant's own results (i.e. uniquely tailored for each participant);

The format of the report will depend upon the outcome of Step 1, along with the depth and breadth of data points collected which is discussed further in Section 3.

2.3 Data Collection Point Parameters / Metrics for Consideration

CAFIL has requested for RFP respondents to consider three different scenarios for quotation in responding to this RFP, as described in the sections that follow:

2.3.1 Scenario 1

As part of the RFP document, CAFIL provided backup information around data collection points that were included as part of the CBA study. This included:

- Quarterly penetration rates on new business and the bank's portfolio as a whole, broken down by:
 - Underlying financial instrument type (e.g. Mortgage, Secured Line of Credit, Credit Cards)
 - Type of insurance sale (where relevant) (e.g. Life, Disability, Critical Illness)
 - Distribution channel for each of the mortgage (Branch, mortgage specialists, mortgage brokers) and credit card portfolio (branch, card activation)

A randomized summary was provided for each Bank (identified as "Bank A", "Bank B", etc.), with one set of results on a nationwide basis, and a separate set of results broken down by major region (ON (with separate breakout for GTA results), QC, BC & YK, Prairies (AB, SK, MB, NWT, NU), and Atlantic provinces (NL, NB, NS, PE).

While the definition of "penetration" differed by Bank participant, in general, it was calculated as:

$$\text{Penetration} = \frac{\text{Number of credit products where an insurance product was sold with it}}{\text{Number of credit products sold}}$$

As a third party reviewing the CBA study, we found the potential for inconsistencies of this penetration metric based on individual participant interpretation. The ability to report different definitions of penetration leads to metrics which could be less meaningful and more difficult to compare. This is particularly true when results are provided in a randomized format, without the ability to adjust for differing definitions of the same metric.

Moving forward, we would seek to standardize and prescribe the definition of penetration (or potentially two to three separate definitions) in order to collect statistics across respondents on a consistent basis. While Scenario 1 relies entirely on a single metric for analysis (penetration), this same philosophy would be carried through to Scenarios 2 and 3 i.e. any metric that is collected for the purposes of benchmarking should be standardized across participants to the extent practically possible. Standardization of data at the outset of receipt from participants prevents significant requirements to attempt to cleanse, interpret, and/or adjust submitted data for use in a benchmarking study.

Additionally, we would want to further review the provincial / regional data splits to ensure that the reporting groupings continue to make sense for the Working Group.

2.3.2 Scenario 2

Scenario 2 requests respondents to consider all or some of the following additional benchmark points as part of the study:

Benchmarking Component	Metric
Total in-force policies	#
Total premium (overall and per policy)	\$
Total claims made	#
Total claims paid	\$
Percentage claims paid	%
Applications approved	%
Applications denied	%
Total employees	#
Complaints made	#
Cancellation of the product within XX months	#
Complaints escalated to ombudsperson	#

WTW would be pleased to consider expansion of the Cafil survey to include these metrics; however, some of these metrics may have the ability to compromise participant identities, and further discussion should be undertaken with the Working Group to ensure confidentiality of results is maintained, and precise definitions of each metric are clear and understood.

Additionally, WTW would need to obtain clarity if the above-noted metrics are to be collected with the target of the granular level splits as scenario 1 (e.g. ability to split by credit instrument type, coverage type, distribution channel, province/region, etc.).

2.3.3 Scenario 3

In consideration of the expansion upon the core metrics identified in Scenarios 1 and 2, we would recommend potential further subdivision of such key metrics according to key demographics desired by participants (e.g. by age, gender, single/couple/family status, household income levels, etc.), and to the level available. Each of these subdivisions could be utilized to analyse and benchmark participation and satisfaction rates by credit product, by creditor product type, by region, etc. We are flexible in our approach and would be happy to work with the Working Group to define the level of granularity desired.

In addition to expanding upon demographics in support of scenarios 1 and 2, WTW has considered an “open slate” towards additional benchmarking components that focus on the Fair Treatment of Customers (as described in the RFP), and ones which may provide key indicators of overall creditor insurance consumer satisfaction. The following represent some additional metrics which we feel may be relevant of CAFII's consideration. Please note that each of these metrics/data points would need to be validated according to availability across survey participants (and consistency thereof), and member willingness / desire to report upon these for inclusion in the surveys:

- § Proportion of customer cancellations organized into top reasons (e.g. uncompetitive price, uncompetitive product, overlapping coverage with other insurance, etc.);
- § Proportion of claims denials organized into top reasons (e.g. eligibility restrictions, coverage exclusion, etc.);
- § Proportion of customer complaints organized into top reasons (e.g. lack of product understanding, price too high, etc.);
- § Retention rates (e.g. proportion of customers remaining after 60/90 days, 1 year, 2 years, etc.), split by those with and without claims;
- § Customer journey time, organized by transaction type and distribution channel e.g. time to quote, time to bind, etc.;
- § Customer participation with creditor relative to the number of core banking and credit products elected for by the customer (e.g. to understand the strength of the overall banking relationship).

While the above-noted list provides an idea to CAFII regarding the realm of potential data inputs, we would intend to focus the benchmarking survey around a simple, easy-to-complete exercise for participating members to facilitate an expeditious completion of our mandate. Each of the foregoing metrics would need to be discussed further to help determine availability / suitability and to shape standardized data collection through the survey. As noted in Scenario 1, each metric that is collected should have a standardized definition such as to avoid potential inconsistencies in reporting and benchmark analysis.

Section 3: Project Team, Timelines and Fees

2.4 Project Team

This project will be managed by WTW's Canadian Affinity team, and will be led by Michael Arlitt, based in Toronto. Christine Panet-Raymond, who leads the combined Affinity, Commercial Programs and Personal Lines team, will be the executive sponsor of this endeavour and will assist with providing key input into the process along with helping to shape and deliver our final work product. The management of the survey activities, inclusive of survey design, member communication and data collection will be driven by Pascal Bino who manages our survey unit based out of Montreal, inclusive of the surveys described herein. Bios of these three key team members are included in Appendix A to this document; however, additional Affinity team members not explicitly included in Appendix A will be leveraged to support this mandate.

Please note that no aspects of this mandate would be outsourced to third parties outside of WTW.

2.5 Anticipated Timelines and Fees

The timelines and fees for the survey have been split according to an "ongoing component" (i.e. new surveys commencing with Q1 2020) and the potential for a "catch-up component" (i.e. to provide surveys missing from 2019 since CBA was no longer engaged to support).

2.5.1 Ongoing Component: New Survey for Q1 2020

Notwithstanding CAFII's desire for potential "catch-up" periods for missed surveys in 2019, we have assumed that the new survey would be rolled out with the first edition offered in conjunction with the winner of this RFP commencing with the completion of Q1 2020 (i.e. following availability of Q1 2020 data, subsequent to January 31, 2020). Rather than expose CAFII to separate setup fees, and an ongoing fee thereafter, we believe it would be more prudent and easier for CAFII's member budgets to consider a stable cost structure from period to period, assuming a fixed initial term of partnership of a minimum of two years, with fees indexed at 3% per annum thereafter. We also believe that a flat fee per participant per quarter will ensure ease in the ability to expand the number of participants in the survey without imposing burdens on initial participants for survey development. Under this premise, we would anticipate the following approximate schedule and associated fees under each scenario explored by CAFII in the RFP:

Scenario 1:

Cost per participating member: \$2,000 plus applicable taxes per quarter

Anticipated timeline:

Project Milestone	Applicability	Anticipated Timing	Parties Involved
Project definition (scope and availability of data points, communication process, survey output format, etc.)	Primarily Q1 2020 Review	Weeks 1-2	CAFII / WTW
Craft benchmarking survey and submit to CAFII for review	Primarily Q1 2020 Review	Weeks 2 – 3	WTW
CAFII feedback to survey and updates; distribution to membership	All Quarterly Reviews	Week 4	CAFII
Member completion of survey	All Quarterly Reviews	Weeks 5 – 6	CAFII members
Compilation of results by WTW and analysis	All Quarterly Reviews	Weeks 7 – 8	WTW
Report Distributed to Participants	All Quarterly Reviews	Week 9	CAFII / WTW

Please note that as per the above-noted timeline, we would expect approximately nine weeks from start to finish for the completion of the initial Q1 2020 report, and approximately six weeks for subsequent reports (i.e. reflecting the streamlining of processes in subsequent periods). Please note that in order to affect a timely release of the initial Q1 2020 report, we would prefer to commence the initial foundational work (i.e. steps 1 and 2) with the CAFII Working Group well prior to January 31, 2020.

Scenario 2:

Incremental Cost per Participating Member: Up to \$1,500 plus applicable taxes per quarter for inclusion of all data elements listed in Section 2.3.2.

Augmentation of Scenario 1 Timeline: We would anticipate an additional time commitment of 1 – 2 weeks to be required on the front-end for the initial Q1 2020 report to review the feasibility and format of applicable incremental data points and to scope out how this would be presented as part of a benchmarking report. Thereafter, we would expect the “Member completion of survey” and “Compilation of results by WTW and analysis” stages to be augmented by approximately four weeks for each quarterly report that is delivered, reflecting the additional metrics that would need to be collected for the reports, and the added complexity of further analysis and results dissemination.

Scenario 3:

Incremental Cost per Participating Member: Up to \$1,500 plus applicable taxes per quarter for inclusion of all elements listed in Section 2.3.3.

Augmentation of Scenario 2 Timeline: In addition to the expanded timeline associated with Scenario 2, we would expect approximately one additional week on the front-end for the initial Q1 2020 report to review these incremental data points, and their use in a benchmarking report. Similarly, we would anticipate a further expansion of the “Member completion of survey” and “Compilation of results by WTW and analysis” stages of approximately two further weeks (beyond the Scenario 2 timeline).

Summary of Fees & Timelines:

The fees and timelines for each scenario can be summarized as follows:

	Scenario 1	Scenario 2	Scenario 3
Cost per Participant (plus applicable Taxes)			
Incremental Cost of Scenario per Quarter	\$2,000	\$1,500	\$1,500
Total/Cumulative Cost per Quarter	\$2,000	¹ \$3,500	¹ \$5,000
Approximate Timing			
² Project definition (scope and availability of data points, communication process, survey output format, etc.)	Weeks 1 - 2	Weeks 1 - 4	Weeks 1 – 5
² Craft benchmarking survey and submit to CAFII for review	Weeks 2 – 3	Weeks 4 – 5	Weeks 5 – 8
CAFII feedback to survey and updates; distribution to membership	Week 4	Weeks 6 - 7	Weeks 9 – 10
Member completion of survey	Weeks 5 – 6	Weeks 8 – 10	Weeks 11 – 14
Compilation of results by WTW and analysis	Weeks 7 – 8	Weeks 11 – 13	Weeks 15 – 18
Report Distributed to Participants	Week 9	Week 14	Week 19

¹Total costs for scenario 2 assumes that scenario 1 metrics would also be included. Similarly, the total cost for scenario 3 assumes that scenario 1 and 2 metrics would also be included.

²The timeline for these steps may be significantly cut down and/or eliminated following the initial Q1 2020 survey once processes, formats and data collection points are defined for future surveys.

2.5.2 Management of Catch-up Periods for 2019

It is our understanding that the CBA produced its last quarterly creditor insurance survey on behalf of CAFII based on its Q1 2019 edition (i.e. as at January 31st). As CAFII noted in the RFP, there may be a requirement for the selected RFP bidder to cover both the current quarter, as well as a “catch-up” for prior periods (i.e. to capture Q2 – Q4 of 2019). We have therefore assumed for the sake of pricing that our initial benchmarking activities may include a Q1 2020 current quarter, as well as three quarters of “catch-up” for the prior three quarterly periods of 2019 which were not completed by the CBA. However, we would recommend that this proceeds according to one of the following two approaches:

1. **Approach 1:** The “catch-up” periods for 2019 would follow the same format as the CBA report (i.e. Scenario 1). Any new metrics under Scenarios 2 or 3 would solely be introduced for 2020.
2. **Approach 2:** If CAFII would like to capture new metrics under scenarios 2 and 3 for the 2019 period, we would recommend the catch-up be performed **for all four quarters of 2019**. This will facilitate the ability to compare quarters with 2020 results as they come available.

With these two approaches in mind, we have noted the following fee estimates, which have been set up consistently with the pricing approach applied to Q1 2020 and beyond:

	Approach 1 or 2 Scenario 1	Approach 2 Scenario 2	Approach 2 Scenario 3
Cost per Participant (plus Applicable Taxes)			
Incremental Cost per “Catch-up” Quarter	\$2,000	\$1,500	\$1,500
Total Cost per “Catch-up” Quarter	\$2,000	¹ \$3,500	¹ \$5,000

¹Total costs for scenario 2 assumes that scenario 1 metrics would also be included. Similarly, the total cost for scenario 3 assumes that scenario 1 and 2 metrics would also be included.

We would estimate an approximate time period of 12 – 14 weeks to complete the catch-up for Scenario 1. For Scenarios 2 and 3, we would estimate approximate time periods of 16 – 20 weeks for completion, with some of the elements in defining the scope of the surveys tied together with the timing of scoping this out for Q1 2020 and beyond.

2.5.3 Additional Notes on Fees

In the event that, upon completion of Step 1, we see additional complexity and fees associated with significant additional parameters to be captured and reported on, or scope beyond that described in the RFP and our associated response, we would bring this to the attention of CAFII.

We would anticipate invoicing for each quarterly survey upon distribution of the survey to participating members each quarter. It is anticipated that this would be done directly with each participating member; however, we are flexible in this regard and would be happy to work with CAFII around preferred invoicing processes and timing.

Appendix A

Bios of Key Support Personnel



Michael Arlitt
Hons. B. Sc., ASA
 Assistant Vice President
 Affinity Practice

Willis Towers Watson
 Toronto Office (Downtown)

Telephone: 416.646.3168

Email: michael.arlitt
 @willistowerswatson.com

Role in this Project

Michael will be the account lead for this project, coordinating input from CAFII regarding project scope, work requirements with the WTW team, and managing regular status updates to CAFII. Michael will also coordinate the production and delivery of reports through this project.

Role at Willis Towers Watson

Michael joined WTW's Affinity practice in 2012 and leads its Toronto chapter; providing consulting support to financial institutions, retail and association clients. This includes the development of new insurance and specialty non-insurance lines of business, strategic program structuring and negotiation of financial arrangements, modeling of specialty risks, dynamic financial analysis, pricing development, and valuation of life and health and property & casualty and actuarial reserves supporting Affinity lines of business.

Relevant Experience/Specialization

Michael has a total of approximately 19 years of professional and actuarial consulting experience, the majority of which has been focused on the Affinity markets segment (financial institutions, retailers, professional associations, group employers and union groups). Prior to joining WTW, Michael was employed with a competing actuarial consulting firm for approximately 12 years where he held a number of roles in the financial institutions, retail and alternative markets, and property and casualty actuarial practice areas. This included providing actuarial consulting to providers of creditor insurance, actuarial evaluations to support captive insurance company audits, and managing RFP's on creditor insurance products which included the transition of well-established blocks of creditor insurance across insurer providers. Within WTW, Michael continues to work with Financial Institution and alternative providers of creditor insurance.

Education and Credentials

Michael graduated from the University of Toronto with an Honors B.Sc. degree in Statistics and Actuarial Science. He earned his Associate Actuary designation from the Society of Actuaries where he has served on project oversight groups related to the development of the profession into non-traditional specialty lines.



**Christine Panet-Raymond
ASA**

Executive Vice President
National Practice Leader
Affinity Practice

Willis Towers Watson
Montreal Office (Downtown)

Telephone: 514-360-4801

Email: Christine.raymond
@willistowerswatson.com

Role in this RFP

Christine will provide executive guidance to the team on this RFP. This shall include provision of key insights related to the survey development and analysis, and the production and delivery of the final work product to CAFII commensurate with the goals and objectives of CAFII and its members.

Role at Willis Towers Watson

Christine manages the Affinity, Commercial Programs and Personal Lines practice. Consulting services include competitive market analyses, insurance product design, pricing, underwriting criteria assessments, RFP management, claims and reserve analyses, financial arrangement and reinsurance structuring, preparation of financial and actuarial reports, third party audits, and marketing of credit card, travel, and other affinity insurance programs, among other tasks. Her clients include banks and large financial institutions, credit card issuers, retailers, tour operators/airlines, insurance companies (and captives), industry and professional/trade associations and other affinity groups.

The Affinity group which Christine oversees produces competitive insurance industry market surveys and benchmarking studies which are distributed to a number of large Canadian and foreign-based financial institutions, and Insurance Industry Associations.

Relevant Experience/Specialization

Christine started her career in 1994 at W F Corroon in employee benefits consulting and banking and insurance products. Since that time, Ms. Panet-Raymond developed a special expertise in Affinity Insurance Programs, working with large clients including major financial institutions, travel and leisure companies, retailers, and associations, and other affinity groups for over 20 years.

Ms. Panet-Raymond is recognized as a leading source of travel and credit card insurance expertise and has frequently been interviewed by several industry journals and newspapers and speaks at many association conferences.

Education and Credentials

Ms. Panet-Raymond graduated with distinction from Concordia University, obtaining a bachelor of science degree with a specialization in actuarial mathematics and is an Associate member of the Society of Actuaries. She was awarded a Leadership Prize from the MS Society in recognition of her achievements in her field of expertise.



Pascal Bino

Senior Consultant
Affinity Practice

Willis Towers Watson

Montreal Office

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Email: pascal.bino
@willistowerswatson.com

Role in this Project

Pascal will support the workflow of the benchmarking survey, including the distribution of the data collection tool, consolidation of responses and data analysis.

Role at Willis Towers Watson

Pascal is a senior consultant in WTW's Affinity practice, with expertise spanning across a variety of product offerings, including creditor insurance, embedded and optional credit card insurance, travel insurance, extended warranty solutions and pet insurance, amongst others. Pascal leads the development and management oversight of our market surveys that span across various product lines, and is part of a dedicated staff that constantly monitors developments in the Canadian marketplace.

Relevant Experience/Specialization

Pascal has more than 20 years of consulting experience in all aspects of WTW's Affinity Practice, including the development of ad hoc benchmarking studies. Pascal has worked with a variety of Affinity sponsors, distributors, associations, assistance providers and insurers to provide "out of the box" solutions and market intelligence to help grow their business.

Education and Credentials

Pascal graduated from Concordia University, obtaining a Bachelor's degree in Actuarial Science.