

CAFII Customer Value Proposition Project

With Towers Watson

Dec 2, 2014

Project Purpose

- Provide independent, data-based evidence to regulators that creditor insurance products, processes and distribution channels are serving Canadian borrowers well
- Update the previous version of the study and expand it from life and disability insurance to include critical illness insurance

Methodology

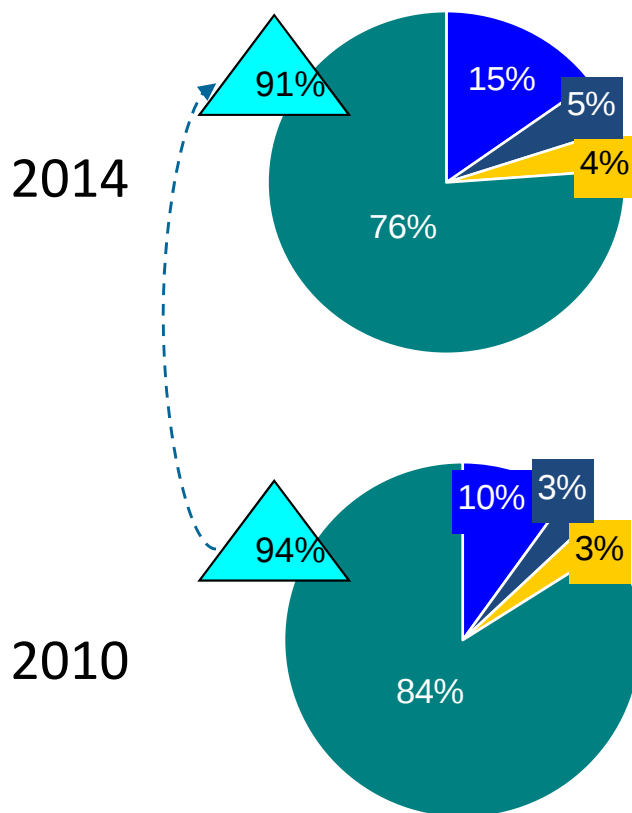
- Survey seven CAFII members about creditor insurance on mortgages: Bank of Montreal, CIBC, Desjardins Financial Security, National Bank, RBC, Scotiabank and TD Bank
- Survey individual life insurers
- Compare creditor's group insurance with individual insurance across the following dimensions:
 - Application approval rates
 - Claims approval rates
 - Pricing, affordability
 - Other key variables, e.g. access to coverage, societal benefits

Today's Objective

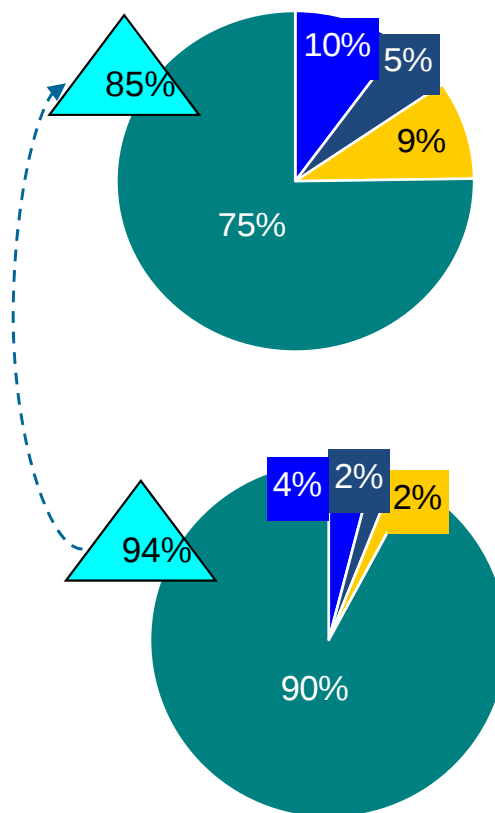
- Provide an interim project results report to the CAFII Board:
 - CAFII member survey results 2014 compared to 2010 for:
 - Application approval rates
 - Claims approval rates
 - Reasons for claims denials

Application Approval Rates

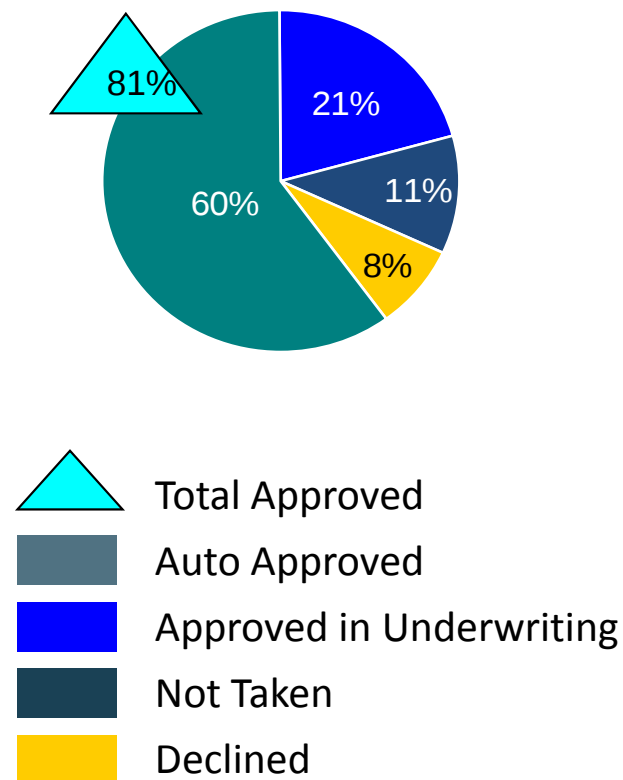
Life Insurance



Disability Insurance



Critical Illness Insurance



Base: All Applications Decided

Claims Approval Rates

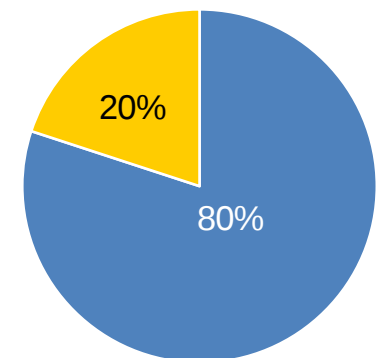
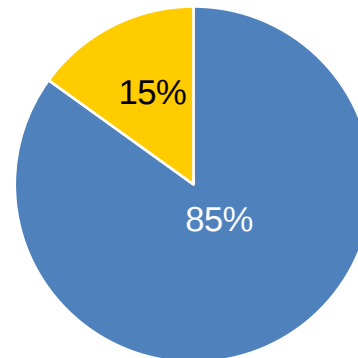
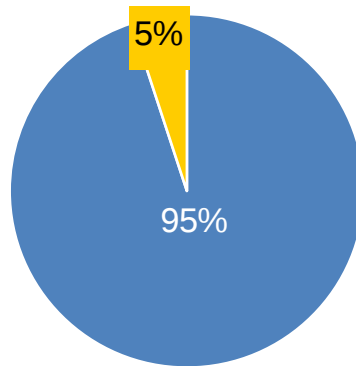
Very consistent 2010 to 2014

Life Insurance

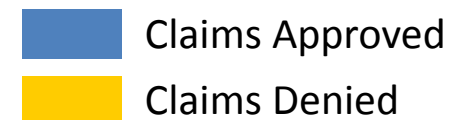
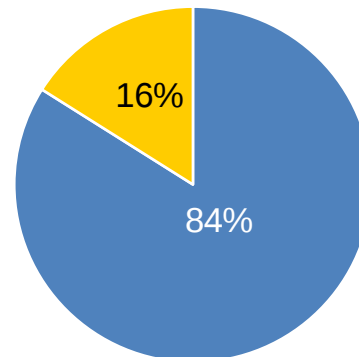
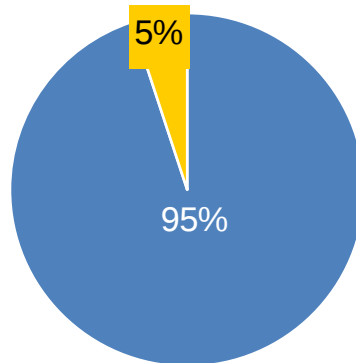
Disability Insurance

Critical Illness Insurance

2014



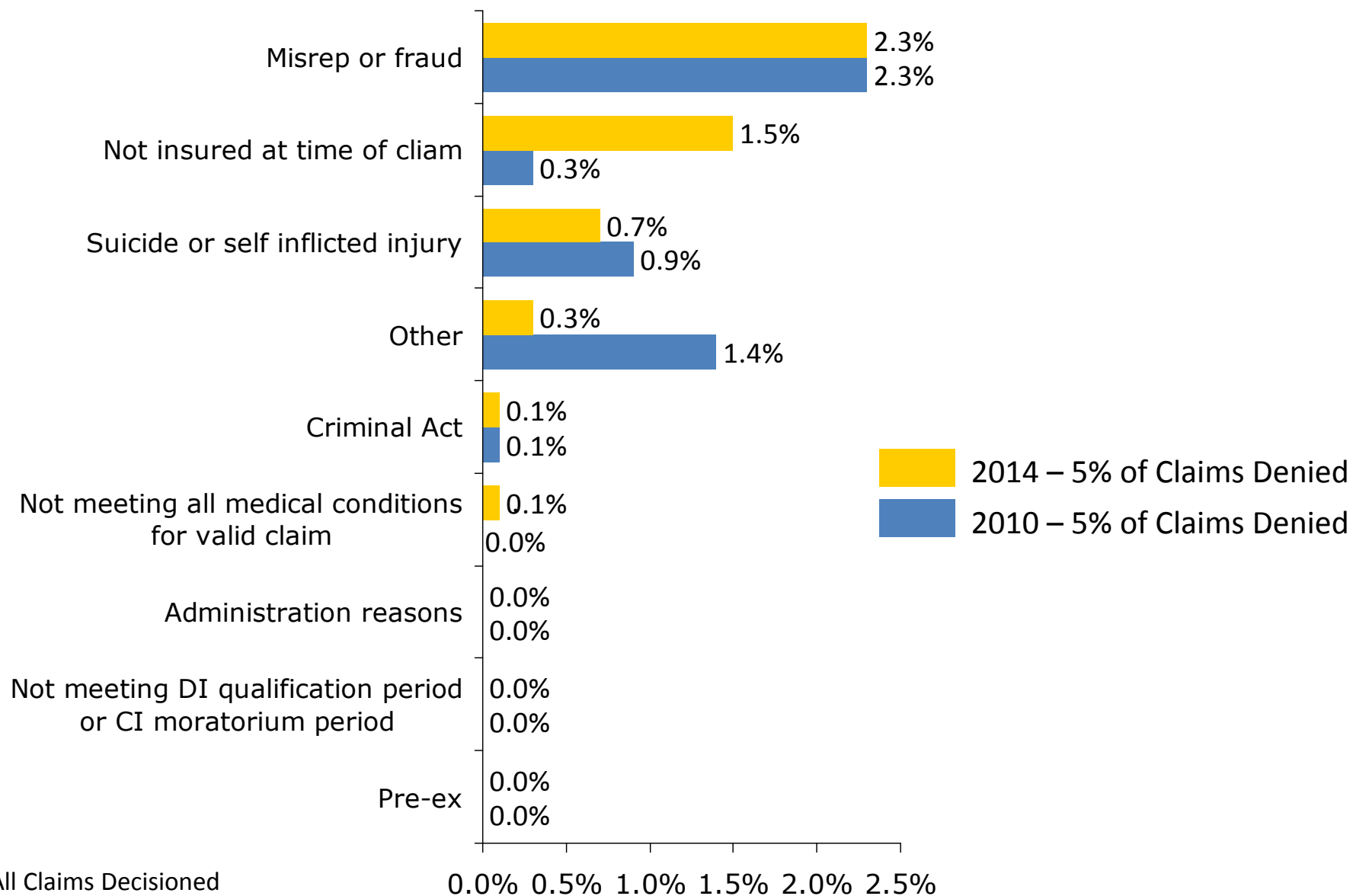
2010



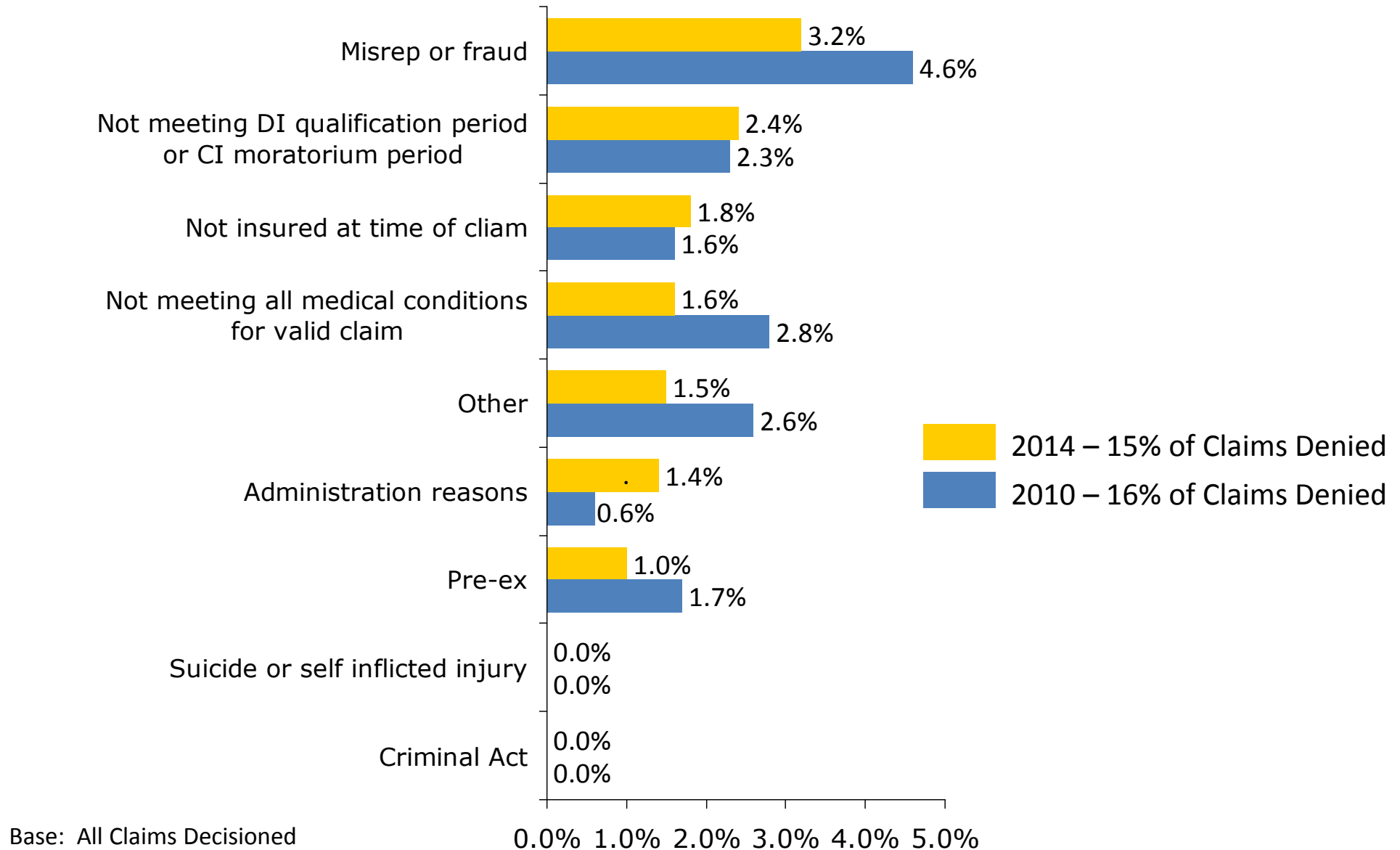
Base: All Claims Decisioned

Reasons for Claims Denied – Life Insurance

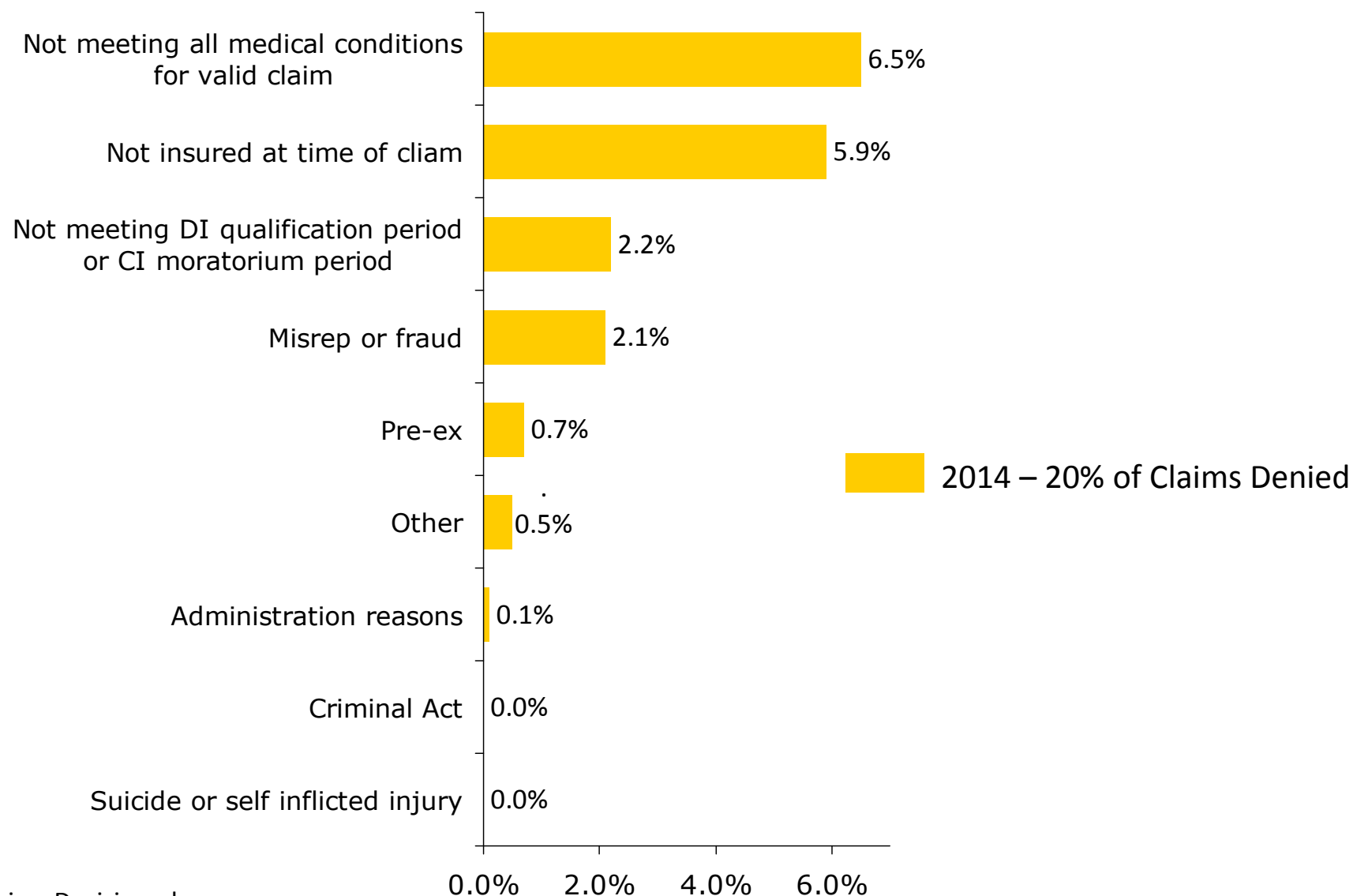
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Reasons for Claims Denied – Disability Insurance



Reasons for Claims Denied – Critical Illness Insurance⁹



Next Steps

■ Towers Watson:

- Analyze individual survey results and compare to creditor insurance survey results
- Prepare report for working group feedback and then for CAFII Board

■ CAFII

- Identify if additional analysis desired beyond original contract
- Provide feedback to Towers Watson on analysis and report
- Towers Watson presentation to CAFII Board of Directors