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To: CAFII Board

From: CAFII EOC

Subject: Request to Commission Avalon Actuarial to update study:
"A Comparison of Creditor's Group Mortgage Life & Disability Insurance and
Equivalent Individual Insurance"

Purpose:

- The goal of the research is to provide independent, data-based evidence to regulators that current creditor insurance products, processes and distribution channels are serving Canadian borrowers well
- The previous version of this study is based on 2008 data and needs to be updated with 2012/2013 data; in addition a decision will be made on expanding the study to include critical illness and/or expanding the data to include 2009-2011

Objective:

- Update the Avalon study comparing the customer value proposition of creditor's group mortgage life and disability insurance with equivalent individual insurance for:
 - Application approval rates
 - Claims approval rates
 - Pricing
 - Other key variables, e.g. access to coverage, societal benefits

Action to be Taken as a Result of this Research

- Identify relevant trends, target audiences and key messaging
- Invite Avalon to present findings at a CAFII reception of members and regulators
- Communicate value proposition effectively with regulators

Methodology:

- Survey seven CAFII members: Bank of Montreal, CIBC, Desjardins Financial Security, National Bank, RBC, Scotiabank and TD Bank
- Compare creditor's group insurance with individual insurance using multiple resources including
 - Compulife quotation system
 - Major provider Individual disability insurance rates
 - Munich Re Canadian Life Insurance Industry Survey
- Perform trend analysis
- Prepare report and PowerPoint presentation
- Avalon present findings at a CAFII Board of Directors' meeting

Request for Board Approval:

- Budget: \$35k - \$42k (including taxes) for study and report
- Does not include ≈8k for PowerPoint and presentation at CAFII reception
- Budget and decision re: inclusion of critical illness insurance to be determined