



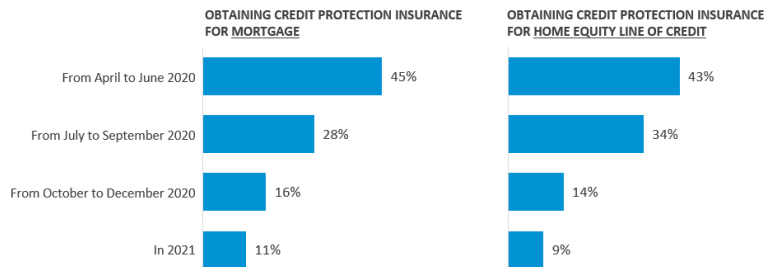
Credit Protection Insurance – Process and Methods – Research Report



March, 2021

Methodology

- Survey conducted nationally between **March 3rd to March 10th**, using an online methodology.
- Stratified sample among **1,002 Canadians aged 18 and over, who fit into the following categories :**
 - Who have obtained Credit Protection Insurance for their mortgage or Home Equity Line of Credit since April 2020 n=197



- Who are likely to obtain a mortgage or Home Equity Line of Credit in the next two years and will likely obtain CPI n=805
- **Reliability:** Online samples cannot officially be assigned a margin of error. As a guideline, a probability sample of N=1003 carries a margin of error of $\pm 3.1\%$, N = 197 carries a margin of error of $\pm 7.0\%$, and N = 805 carries a margin of error of $\pm 3.5\%$, 19 times out of 20.
- **Reporting Conventions:**
 - For Home Equity Line of Credit, the acronym HELOC has been used.
 - For Credit Protection Insurance, the acronym CPI has been used.

Key Findings – Financial Transactions: Past, Present and Future

COVID-19 is changing the way Canadians conduct their banking. While some have continued to go to the branch for transactions such as arranging loans and obtaining insurance, most feel more comfortable and are more likely to use virtual methods. Once the pandemic is over, consumers report that they will continue to depend on financial representatives to assist with CPI arrangements, but it is almost an even split between those who will get this assistance in person or virtually.

- Before the outbreak of COVID-19, Canadians were most likely to conduct bank transactions such as arranging for loans or buying insurance primarily in-person, at a branch. However, most consumers agree that COVID has changed the way they will conduct financial transactions, now and in the future. They feel more comfortable in using virtual methods such as talking to representatives on the phone, through virtual meetings, communicating through email or using web-based methods and to a lesser degree mobile apps for actions for buying insurance or making claims. Many appreciate the convenience of conducting these transactions online and have up-graded their home technology to allow them to do this.
- Consumers expect a lot from their financial institutions to help them with virtual transactions, including easy to understand information, security when it comes to their personal information and the ability to connect with a person (preferably the same one throughout the whole process) if they have questions.
- Once COVID is over, many consumers will move back to conducting these types of bank transactions in general, and obtaining CPI specifically, in person at a branch. These consumers prefer to deal with these matters in person and like to talk to people face-to-face. However, some will continue to conduct these transactions virtually, even after the danger of COVID has passed. In fact, while most will continue to need assistance when it comes to researching and obtaining CPI, it is almost evenly split between those who will get this assistance in person, and those who will use a virtual method.

Key Findings – Obtaining CPI During Pandemic

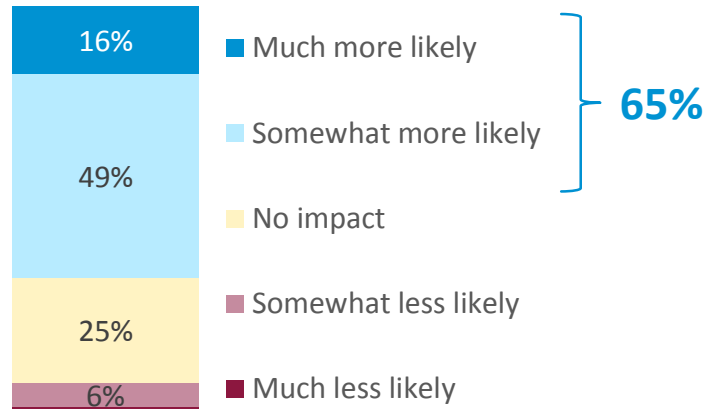
COVID-19 has encouraged Canadians to obtain insurance, and those obtaining CPI are more likely to include Disability, Critical Illness and Job Loss in their coverage, than they were in 2018. While some who obtained this coverage during the pandemic continue to depend on face-to-face meetings for at least part of the CPI process, the likelihood of using a virtual method has increased significantly. Additionally, knowledge about the coverage and satisfaction with purchase experience has also increased.

- The COVID-19 pandemic has increased the likelihood of consumers obtaining insurance in general, and credit protection insurance specifically. While Life coverage remains the most frequently obtained, incidence of obtaining Disability, Critical Illness and Job Loss coverage has increased since 2018.
- Many of those who obtained CPI during the pandemic are likely to say they met with a representative in-person, at some point to discuss the options or sign the paperwork. However, while some conducted the whole process in-person, they are more likely to have conducted the research and completed the process virtually. This compares to the 2018 findings, when seven-in-ten CPI purchasers completed the process in person.
- Despite the change in method of communication, consumers purchasing CPI are even more satisfied this year than they were in 2018. They say most factors of the insurance were discussed at the same frequency, with the expectation of the review period, which more representatives had discussed this year than in 2018. There is strong confidence in knowledge of the benefits of the coverage types, which has increased significantly since 2018.

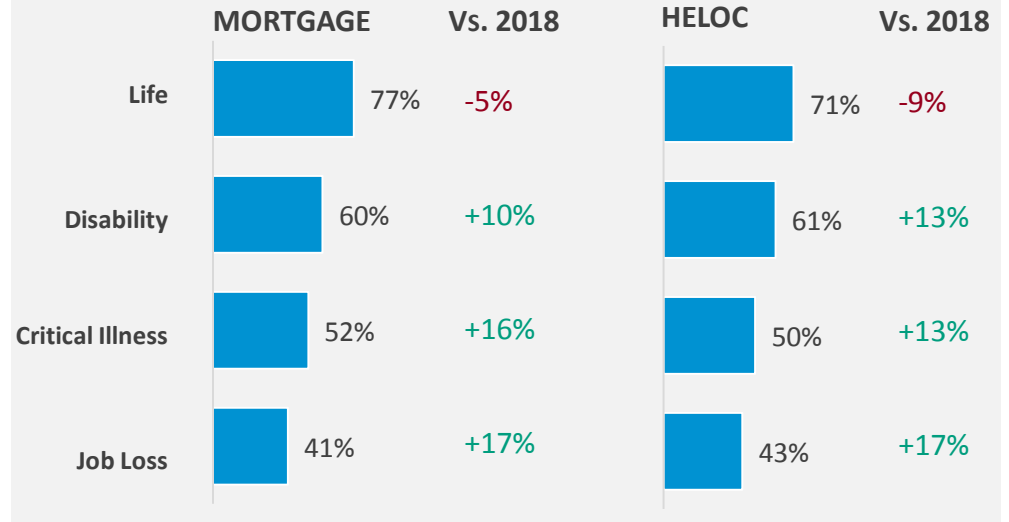
The pandemic has increased consumer interest in obtaining credit protection insurance (CPI)

- This increased interest is reflected in higher incidences of Job loss, critical illness and disability insurance obtained during the pandemic vs. 2018

COVID IMPACT ON OBTAINING INSURANCE FOR MORTGAGE OR LINE OF CREDIT



CREDIT PROTECTION COVERAGE OBTAINED DURING THE PANDEMIC

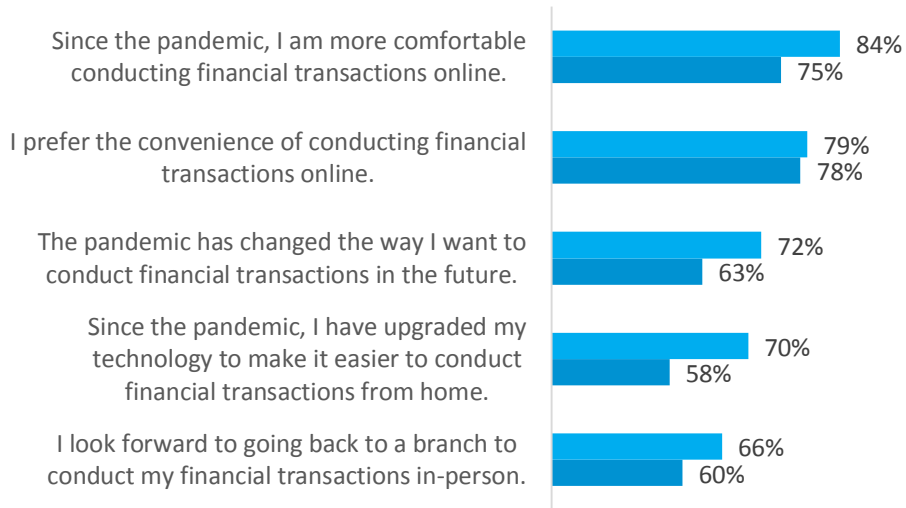


Q. And has the COVID-19 pandemic changed how you feel about obtaining credit protection insurance for your mortgage or line of credit? Base: Total (N=1002)
 Q. And what does the credit protection insurance cover you for? Base: Obtain CPI mortgage (N=170) / Base: Obtain CPI for HELOC (N=112)

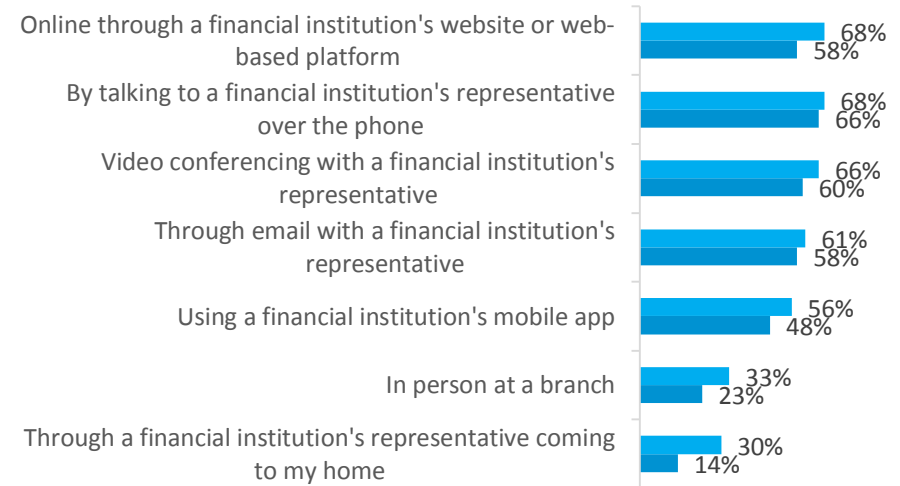
The pandemic has also resulted in consumers becoming much more comfortable banking online

- Most also indicate the pandemic has changed the way they want to bank in the future; however, consumers are also looking forward to going back into the branch

AGREEMENT WITH STATEMENT (% STRONGLY / SOMEWHAT AGREE)



LIKELIHOOD OF CONSIDERING PROCESSES DUE TO COVID (% MUCH / SOMEWHAT MORE LIKELY)



■ CPI Holders ■ Future Purchasers

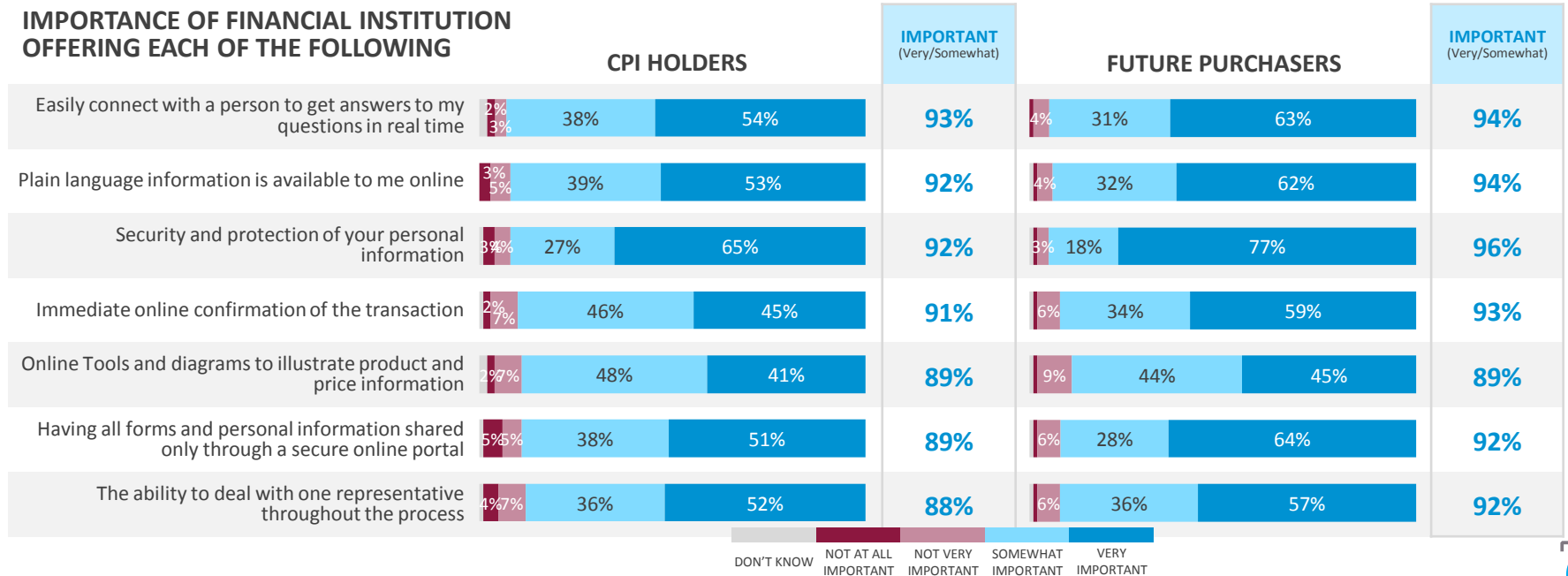
Q. To what extent do you agree or disagree with the following statements?

Q. Since the Covid-19 pandemic in Canada, would you say that you are more or less likely to conduct financial transactions such as arranging for loans or buying insurance in each of the following ways?

Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)

Consumers are expecting their financial institutions to take the necessary steps to help facilitate virtual banking

- Protection of information is most important with more than nine-in-ten thinking it is important overall and two-thirds of CPI holders and three-quarters of future holders finding this very important

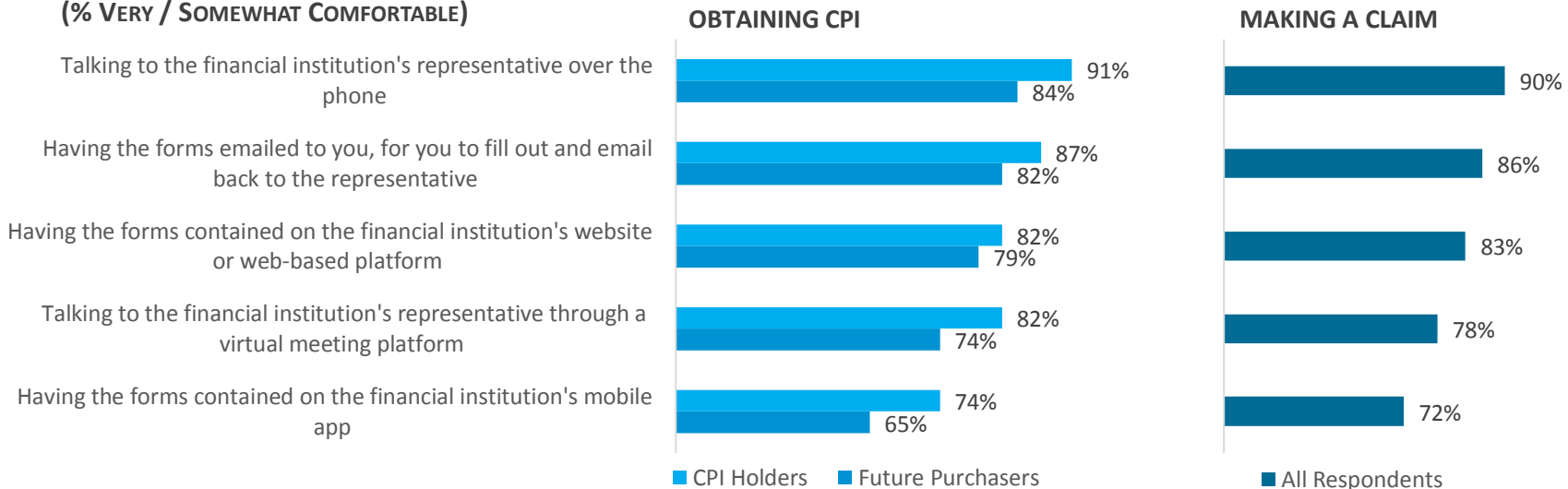


Q. How important is it to you that a financial institution offers each of the following when conducting transactions online? Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)

Consumer comfort with virtual banking extends specifically to obtaining CPI and making CPI claims

- Talking to a representative on the phone has the highest comfort rating, with email and virtual meeting platforms following closely behind
- When it comes to financial institutions websites or apps, customers are more comfortable with websites than mobile apps

COMFORT WITH VIRTUAL PROCESSES (% VERY / SOMEWHAT COMFORTABLE)

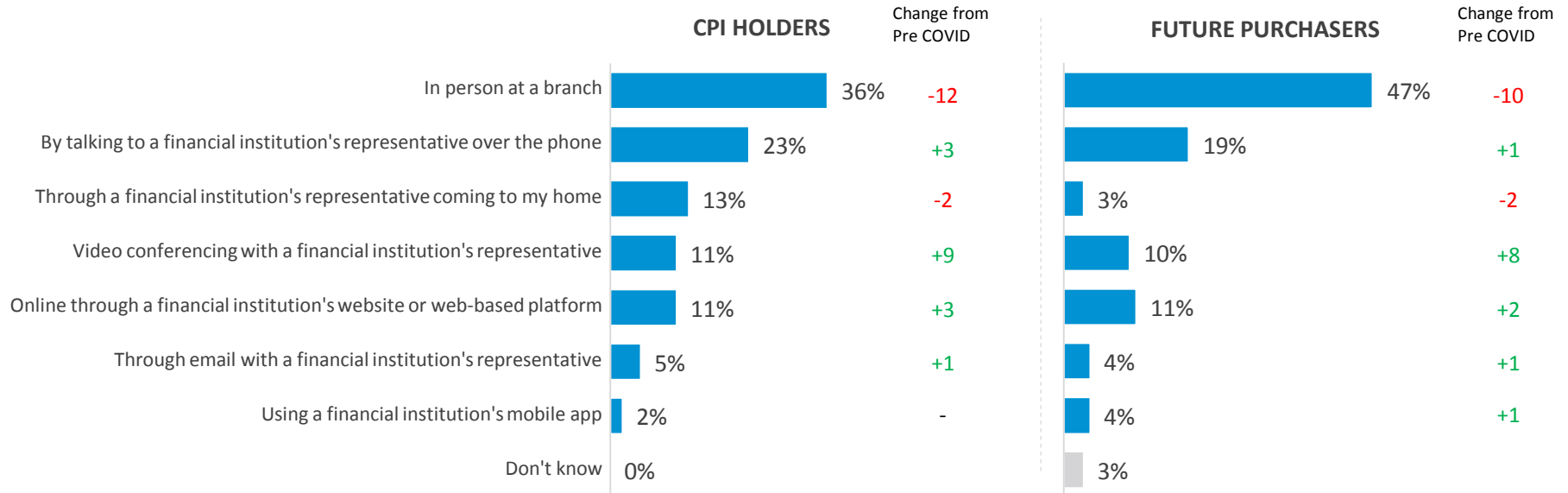


Q. Please indicate how comfortable you are with each of these methods for obtaining Credit Protection insurance? Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)
 Q. If you needed to make a claim on your credit protection insurance in the future, how comfortable would you feel with the process of making this claim in each of the following manners? Base: Total (N=1,002)

Despite the increased comfort with virtual banking, most consumers anticipate they will go back to pre-Covid patterns of arranging for loans and buying insurance

- When asked how they would like to conduct transactions like arranging for loans or buying insurance after the pandemic, the greatest number say they will go back to in branch banking. However, this has declined by more than 10% compared to what these people were doing before the pandemic
- The process that has gained the most in popularity is video conferencing with one-in-ten saying this would be their preference

METHOD OF FINANCIAL TRANSACTIONS AFTER COVID



Q. Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance?

Base: CPI Holders (N=197) **B3.** Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance, such as credit protection insurance? Base: Future Purchasers (N=805)

The importance of face-to-face, human interaction can not be underestimated once the pandemic is over

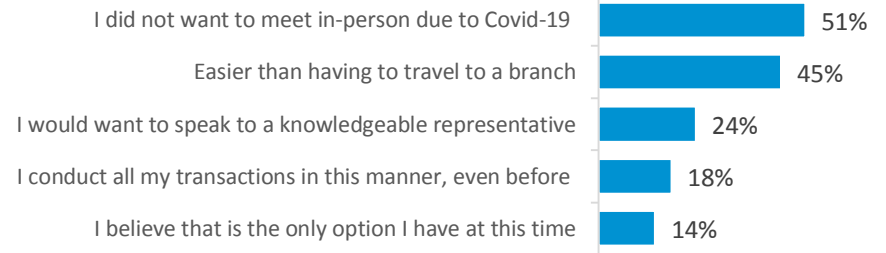
- Almost two-thirds of those who want to conduct financial transactions such as arranging for loans or buying CPI with an in-person meeting simply say this is the way they like to deal with people. While this is particularly true among those 55 and older (73%), the majority of all age groups feel the same
- Aside from concerns related to the pandemic, convenience is the main reason for preferring virtual methods

REASONS FOR CHANNEL PREFERENCE

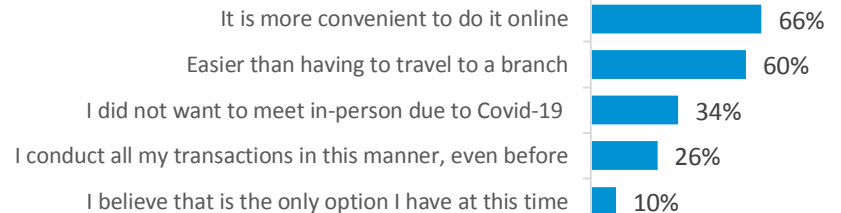
IN-PERSON MEETING



PHONE, VIDEO OR EMAIL



WEB-BASED OR MOBILE APP



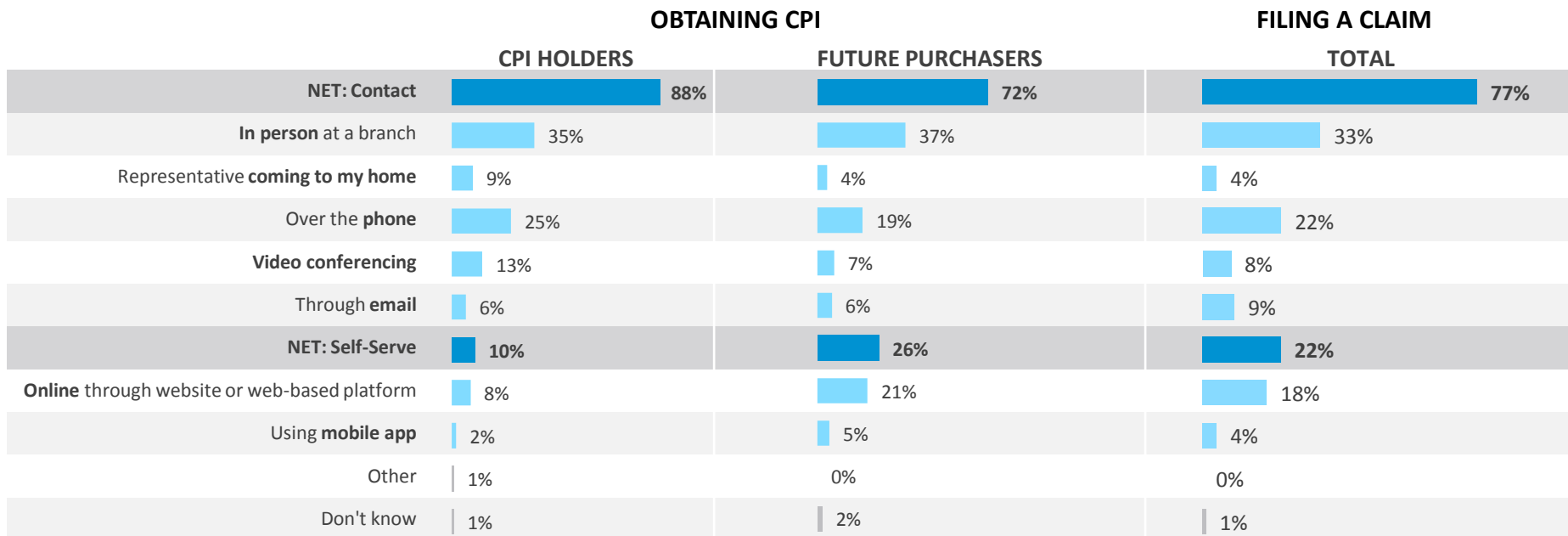
Q. Why would you want to conduct financial transactions such as arranging for loans or buying credit protection insurance with?

Base: In-person at branch or home (N=401) Base: Over the phone, video conference or through email (N=263) / Base: Using financial institutions website or mobile app (N=118)

While customers will want assistance, it does not have to be in person

- After COVID, the majority of consumers will expect to need assistance both in obtaining CPI and submitting a claim. However, there is mixed reaction as to whether this will be in-person or virtual contact.
- Close to two-fifths will want in-person assistance when it comes to obtaining CPI (44% holders, 41% future purchasers) and submitting a claim (37%), a similar proportion would want to have this assistance virtually (44% holders obtaining, 32% future obtainers, 39% when submitting a claim).

PREFERRED METHOD OF

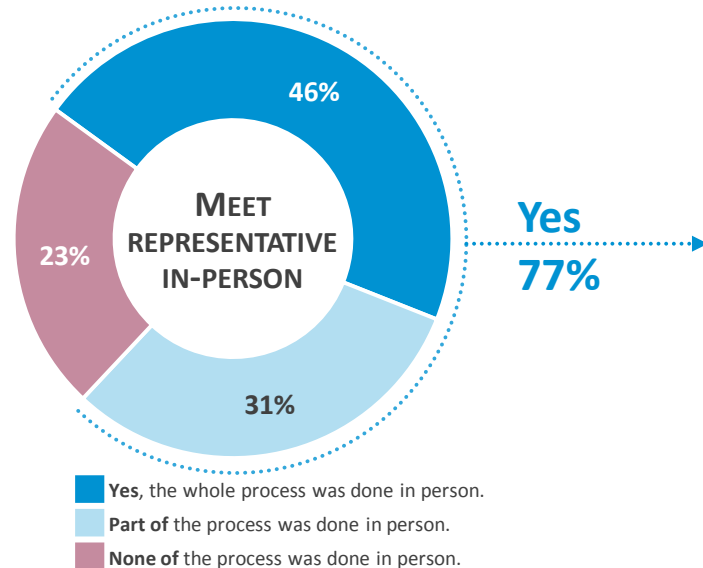


Once the Covid-19 pandemic in Canada is over, how would you like to complete each step of the process of obtaining credit protection insurance? Base: Credit protection insurance holders (N=197)
 Base: Future Purchasers (N=805) Once the Covid-19 pandemic in Canada is over, how would you prefer to submit a claim on your credit protection insurance? Base: Total (N=1,002)

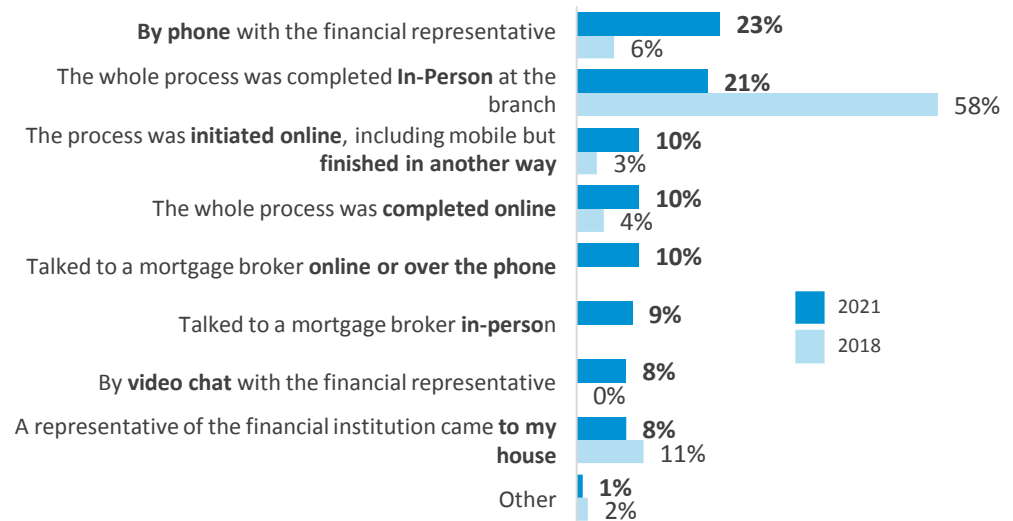
During COVID-19 the process of obtaining CPI was split between in-person and virtual methods for most

- However, most customers did in fact meet with a representative in-person at some point during the process

PROCESS OF OBTAINING CPI



METHOD USED TO OBTAIN CPI DURING PANDEMIC



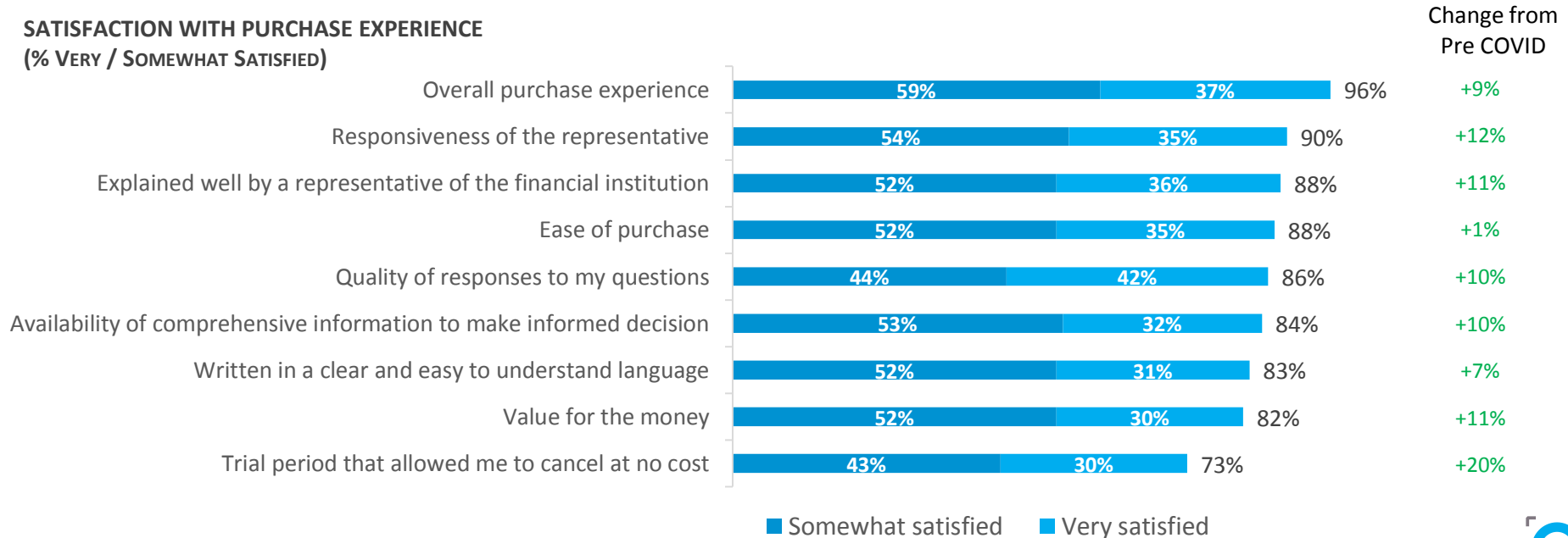
Q. At any point in the process of obtaining Credit Protect Insurance for your [mortgage/home equity line of credit], did you meet with a representative of the bank, financial institution or mortgage brokerage in-person? | **A14.** Why did you choose to conduct all or part of the process in person?
 Base: Credit Protection Insurance Holders (N=197)

Q. The following questions are regarding your experience obtaining your Credit Protection Insurance for your [mortgage/home equity line of credit]. How did you complete the process of obtaining your Credit Protection Insurance? Base: Credit Protection Insurance Holders (N=197)

Satisfaction with CPI purchase experience during COVID-19 is high and has increased vs. 2018

- Satisfaction with specific aspects of the purchase experience are also very high (with more than four-fifths expressing satisfaction with most) and has increased by about 10% since 2018. Generally, customers feel their representatives are more responsive, and give more detailed yet clear and easy to understand information.

SATISFACTION WITH PURCHASE EXPERIENCE (% VERY / SOMEWHAT SATISFIED)



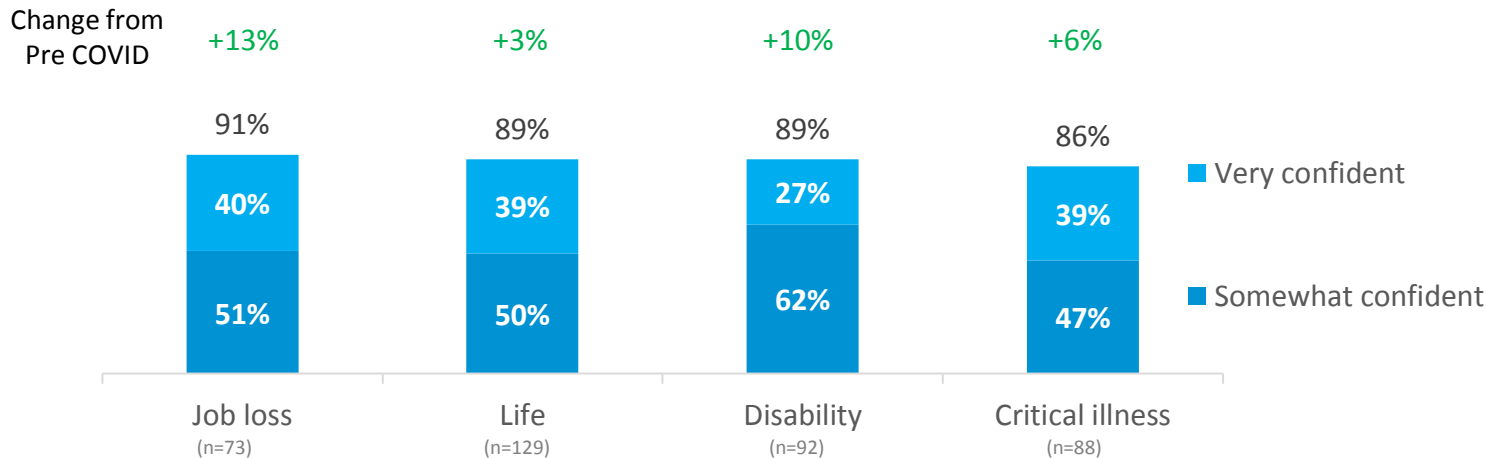
Q. Overall, how would you rate your level of satisfaction with the purchase experience, when you purchased your Credit Protection Insurance for your [mortgage/home equity line of credit]?

Q. More specifically, how satisfied were you with the following elements of the purchase process? Base: Credit Protection Insurance Holders (N=197)

Confidence in knowledge of benefits is also high and improved vs. 2018 for those obtaining CPI during the pandemic

- Confidence in this knowledge has increased across all insurance types compared to 2018 findings. The greatest increase was seen in that of job loss insurance, with 91% being confident now, compared to 78% having that same level of confidence in 2018. Confidence in disability insurance has also increased by 10%, while confidence in critical illness benefits is up by 6% and life insurance benefits is up by 3%.

CONFIDENCE IN KNOWLEDGE OF BENEFITS (% VERY / SOMEWHAT CONFIDENT)



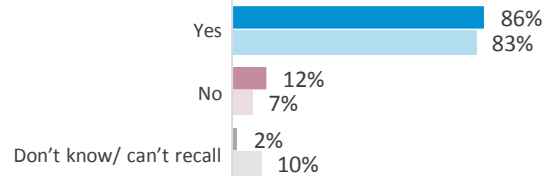
The changing methods of obtaining CPI had a minimal impact on the topics covered by representatives during the process

- In total, 79% of those obtaining a mortgage/HELOC talked to a representative about CPI – up slightly from 75% in 2018. Of the four-fifths who talked to a financial representative about CPI, the vast majority were told about the coverage options, the premiums, the advantages of the insurance and that it is optional.

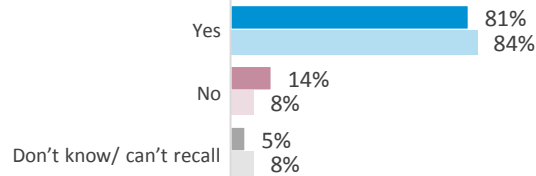
79% Talked To Representative

2018 75% TALKED TO REPRESENTATIVE

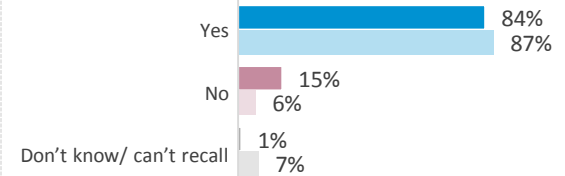
Coverage options that were available to me



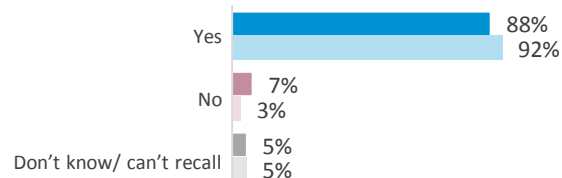
Premiums/costs of coverage options available



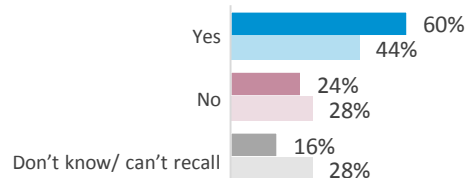
Advantages of having the insurance



CPI as way to protect me and/or my family



Told about free look or review period that was available



Q. Did a representative of your financial institution talk to you about each of the following features of Credit Protection Insurance?
 Base: Talked To Representative In A6 or A7 (N=158)

2021
2018