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Regulatory Update – CAFII Board of Directors and Executive Operations Committee, 27 February, 2018

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Table of Contents

Provincial/Territorial

- **British Columbia**
    - **Insurance Council of British Columbia (ICBC)**
        - G. Matier to continue in advisory capacity to Executive Director J. Sinclair for several months (Page 10)

- **Manitoba**
    - **Insurance Council of Manitoba (ICM)**
        - Insurance Council of Manitoba releases a Bulletin on important changes to E&O reporting (Page 10)

- **Ontario**
    - **Insurance Bureau of Canada (IBC) and FSCO**
        - Insurance Bureau of Canada complains about regulatory restrictions impeding use of telematics (Page 10)

- **Quebec**
    - **Autorité des marchés financiers (AMF)**
        - AMF Director Louise Gauthier advises that new AMF Superintendent Frédéric Pérodeau will attend CLHIA Session in Calgary (Page 11)

International / Thought Leadership

- **Financial Conduct Authority (FCA)**
    - Britain's Financial Conduct Authority (FCA) to launch probe into alleged insurance discrimination (Page 11)

- **Cake & Arrow**
    - Recommendations from Cake & Arrow on how to improve digital sales of insurance to consumers (Page 11)

- **Thomas Cook**
    - Thomas Cook partners with fintech firm for pay-per-day travel insurance (Page 12)

- **Life Insurance Marketing and Research Association (LIMRA)**
    - LIMRA international study on top concerns of industry executives (Page 12)
    - LIMRA: boomers most likely to look for life insurance information online (Page 13)

- **Social Media**
    - Fight for insurance benefits highlights dangers of social media, says lawyer (Page 13)

- **International Business Machines (IBM)**
    - Complacency could be the undoing of insurance executives – IBM (Page 14)

Appendix A

- **CAFII Alerts January 16 2018 – February 25 2018** (Page 15)

Federal / National

Federal Government

Federal cybersecurity regulations likely to heat up in 2018
Bethan Moorcraft reported in a 15 January, 2018 article that Canada's cybersecurity regulatory landscape is about to heat up with the long-awaited enforcement of Bill S-4, the Digital Privacy Act. The Act, passed by the federal government in June 2015, enforces mandatory breach notification, which means organizations will be required by law to alert potential victims if their personal identifiable information has been disclosed in an unauthorized fashion.

Regulatory and legislative changes are a key section in Aon's 2018 Cybersecurity Predictions Report. The insurer states that "In 2018, regulators at the international, national, and local levels will more strictly enforce existing cybersecurity regulations and increase compliance pressures by introducing new ones."

It says organizations across all sectors of business will need to optimize their compliance programs to satisfy this increased cyber scrutiny by leveraging external experts, automation, analytics, and other tools to drive actual, risk-based cybersecurity improvements.

"Canada is going to see some significant regulatory and legislative changes when amendments to the Digital Privacy Act finally come into effect," said Brian Rosembaum, senior vice president and national director, Legal and Research, ARS Canada. "The new regulations will clarify the obligations organizations are under to report breaches.

"The country is entering a mandatory breach notification regime and organizations of all sizes are going to have to develop a framework setting out how they will comply with the regulations if they haven't already done so."

Canadian Council of Insurance Regulators

CCIR provides an update on Year 2 2018 Market Conduct Filing
CCIR provided an update on 13 February, 2018 on Year 2 of the Annual Market Conduct Survey. The update includes information on the Annual Statement on Market Conduct, Sample Forms, and instructions and definitions for the 2018 filing. CCIR provided a series of documents on these issues, including General Instructions; Definitions (P&C); Definitions (L&H); the Annual Statement on Market Conduct (life and health insurers); and the Annual Statement on Market Conduct (P&C insurers). This material can be found at
https://www.ccir-ccrra.org/en/init/Market_Intelligence_Data_Gathering_and%20Analytics/Market_Intelligence_Data_Gathering_and_Analytics.asp

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Submission on Quebec Bill 141
CLHIA's submission on Bill 141 to the Committee on Public Finance of the Quebec National Assembly is aligned with CAFII's submission, particularly on matters relating to online and alternate distribution. The

submission states that *"… the bill provides a framework for the online distribution of financial products and services, for which until now no rules existed. These improvements will enable insurance companies and advisors to invest with confidence in this mode of distribution and to innovate in response to evolving consumer habits, while promoting greater access to insurance protection, regardless of the distribution method chosen."*

The submission builds on this statement with the following commentary:

> *"A new chapter on commercial practices sets out the expectation that insurers must be able to demonstrate their adherence to sound commercial practices that ensure fair treatment for consumers, and defines their responsibility toward them, particularly with regard to the following:*
>
> *• the processing of client complaints and mediation by the Autorité des marchés financiers where required;*
>
> *• the right to cancel a contract purchased online within 10 days;*
>
> *• the provision of temporary insurance until a final contract is made;*
>
> *• the various modes of distributing insurance;*
>
> *• the direct distribution of insurance;*
>
> *• the liability of an insurer with respect to distributors;*
>
> *• the provision of appropriate information to consumers in a timely manner. These changes represent a significant step forward for consumer protection."*

The CLHIA submission reinforces this commitment to alternate distribution later in the submission with the additional statement that

> *"In the proposed legislation we see a real commitment to ensuring broader access to insurance products, while establishing the necessary safeguards around consumer protection. We need think only of the proposed framework for selling insurance online. Such measures are likely to pave the way and influence legislation in the other provinces, as they have not yet taken action in this area."*

This statement is further elaborated on with the submission's comment that

> *"The industry especially commends the decision by the government to implement a framework that clarifies the rules around the online sale of insurance products. It is important to remember that online distribution currently still lacks a legal framework and specific accountability. Once the bill is passed, insurance companies and firms, in particular, will be able to take full advantage of technological innovations, and will be able to do so with greater confidence and predictability going forward (fintech and insurtech). Technology is in fact a tool that allows insurers, firms, distributors and representatives to connect with a segment of the population that is increasingly engaged in online consumption, a segment that cannot be reached using traditional distribution models. But this has to be done in a way that respects and complements traditional*

distribution networks. In this way, an online presence may become a means of reaching younger people who might then turn to a licensed representative for help with needs that are more complex. In order to offer additional protection, the bill provides that any client who purchases insurance online will have access to advice from a natural person, if he or she so wishes. It further ensures protection for consumers by stipulating a 10-day period during which they may cancel policies purchased online."

While some technical issues are raised, the submission overall appears less concerned with technical language and potentially confusing clauses than was the CAFII submission. The CLHIA submission, like the CAFII submission, supports the thrust of the legislation enthusiastically, including the integration of the Chambres into the AMF.

<u>CLHIA joins North American Insurance Associations that reaffirm support of the North American Free Trade Agreement (NAFTA)</u>

The CLHIA joined a group of insurance associations -- *The American Council of Life Insurers, American Insurance Association, Insurance Bureau of Canada, Mexican Association of Insurance Companies, Property Casualty Insurers Association of America and Reinsurance Association of America* – in reaffirming support for the North American Free Trade Agreement (NAFTA). The statement says that the NAFTA "has benefitted the customers we serve across North America, along with our industry at large. … We urge the three parties to engage constructively to ensure that consumers and businesses are able to continue to benefit from NAFTA for decades to come." The statement adds that "NAFTA improved consumer access to innovative insurance products and bolstered competition by eliminating national ownership restrictions and establishing a non-discriminatory government procurement process. In addition, NAFTA bolstered investor confidence through investment protections and a path to resolve disputes."

Financial Services Regulatory Authority of Ontario (FSRA)

<u>FSRA releases job application for founding Chief Executive Officer</u>

FSRA has engaged in a job search through executive recruitment firm Odgers Berndtson for its inaugural Chief Executive Officer. The overview of the position states that "The FSRA Board's immediate priority is the appointment of a Chief Executive Officer (CEO) to lead the formation and development of an institution that will establish a world-class regulatory system within Ontario's financial services and pension sectors. This is an extraordinary opportunity to play an integral part in shaping a regulatory framework that will enable market participants to respond more effectively to the dynamic changes occurring in the marketplace, and to develop and implement structures and processes to enhance financial services regulation and consumer protection." The position description continues with the comment that "Success in this groundbreaking role will require a decisive leadership style in both strategy and execution. The CEO will have superior communications skills and the drive/energy to move multiple projects forward in a fast moving, fluid and evolving environment. This is a complex undertaking, calling for a sophisticated executive with an understanding of regulatory environments and financial services, strategic and operational skills, and proven experience in creating a new organization or facilitating the merger of existing entities."

Financial Planning Standards Council (FPSC) and Credit Canada

Clients feel depressed about their finances in January – especially young adults
More than half of Canadians are feeling the financial blues, and particularly those 45 and under, according to a recent survey conducted on behalf of the Financial Planning Standards Council (FPSC) and Credit Canada.

Leah Golob reported in a 15 January, 2018 article that he third Monday in January is known as "Blue Monday" and said to be the most depressing day of the year. To help Canadians combat sad feelings around their finances, the FPSC and Credit Canada developed a survey to ask: "When it comes to your finances, what makes you blue this time of year?"

Here are some of the survey's key findings:

> One-in-five respondents (20%) has a credit card balance larger than their savings account.
> Younger adults aged 18 to 44 are especially blue about finances this time of year (68%) compared to those 45 and older (41%).
> One-in-four Canadians surveyed (25%) do not have funds to escape the winter melancholy through a vacation.
> Six per cent of respondents have already broken their financial new years resolutions.
> Approximately 21% of Canadians survey spent more money than expected over the holidays.

Canadian Group Insurance Brokers (CGIB)

Brokers group hits out at insurers over compensation guideline G19
Proposed guidelines on compensation disclosure in group benefits has received short shrift from a national brokers group. Members of the Canadian Group Insurance Brokers (CGIB) claim the Canadian Life and Health Insurance Association's (CLHIA) consultation process has neglected their views. Earlier this month, CLHIA head Stephen Frank announced that Guideline G19 – Compensation Disclosure in Group Benefits and Group Retirement Services – would be held back until January 1, 2019. This, he explained, would provide insurers more time to properly engage with advisors and brokers. But in a 13 February, 2018 article by David Keelaghan, CGIB head Dave Patriarche says that this isn't the case, and claims that brokers have been largely left out of any real decision making.

"I think it creates an adversarial relationship with the insurance companies," he said. "They are going right past us and direct to our clients. Whenever you have someone going past you, especially on something like compensation disclosure, everyone will get their backs up. I think the effect will be a lot of people getting out of the business. I can see us losing 15–20% of brokers in Canada."

In announcing G19, the CLHIA stated that it wanted to see insurers disclose all broker/advisor compensation to group contract sponsors. In Patriarche's opinion, it's a solution to a problem that doesn't really exist.

"A broker is free to charge whatever they want, and sometimes the highest commission means a lot of value add, and other times it is just someone charging the highest price they can," he says. "I think this (G19) will drive things to the lowest price, but you have to consider what the client is giving up. In the UK and Australia when they have moved over to full fee-for-service, people didn't want to pay for advice, and everyone suffers."

National Coalition of Benefit Advisors (NCBA)

Fledgling coalition of group benefits advisors says it will speak for consumers
Susan Yellin reported on 21 February, 2018 that group benefit advisors and brokers are being urged to join a new Canada-wide group called the National Coalition of Benefit Advisors (NCBA), which it says will speak for consumers rather than insurance companies.

The group is being spearheaded by a number of Canada's benefits firms, including TRG Benefits and Pensions Inc. in Vancouver, and follows the release of G-19, a compensation disclosure guideline created by the Canadian Life and Health Insurance Association (CLHIA).

Robert Taylor, managing director at TRG, said a number of benefits brokers were told eight months before G-19 was issued that the advisor community would be consulted to help craft the guideline. "We were told that not once, not twice, but on numerous occasions from multiple sources, from the CLHIA and members themselves. [Even] CLHIA members are miffed. They're wondering what happened along the way."

Taylor said the guideline was entered into hastily and misses the target when it comes to transparency, conflict of interest and the best interests of the consumer. "When you have insurers' self-interest at the table it's pretty difficult to hit those three marks. You need to have a collaborative consultation." Taylor said the fledging NCBA is 100 per cent in favour of disclosure – on all sides – and wants to restart the disclosure discussion with all the key stakeholders at the table.

G-19, as released by the CLHIA, is broken into two parts. It aims to disclose brokers' commissions as well as other inducements like travel rewards and bonuses directly to brokers' clients rather than through the brokers themselves. Phase 1 of the disclosure is set to begin January 1, 2019 and the second stage January 1, 2020. Some of the disclosures will be retroactive.

The guideline applies to both insurers' group retirement services and group benefits business. The CLHIA says the goal of the new guideline is to be more customer-focused and transparent in compensation disclosure by establishing industry standards. It also says that insurers are responsible for the fair treatment of clients and having the insurer disclose compensation will ensure consistency throughout the industry.

Canada Protection Plan

The insurance opportunities in Canada's changing demographic
Bethan Moorcraft reported on 25 January 2018 that insurance for new immigrants is both a challenge and an opportunity for the industry. Canada is set to welcome nearly one million immigrants by 2020. Immigration Minister Ahmed Hussen has said that Liberal targets for economic migrants, refugees and family members would bring Canada's immigrant populace to nearly 1% of the country's total population in the next three years.

Changes to a country's socio-economic fibre can present exciting opportunities for the insurance industry, according to Canada Protection Plan's president, Henry Auyeung. Canada Protection Plan is a provider of non-medical and simplified-issue life insurance in Canada.

“When you look at population growth in Canada over the past few years, there has been a particular increase in the immigrant demographic,” he said. “Some newcomers to Canada might never have held insurance before or come from a background where insurance had such value. Therefore, we see huge opportunity in helping the immigrant demographic with their insurance needs.

“At Canada Protection Plan, we really focus on relaying an insurance solution to meet the needs of the Canadian people, which now includes more of an immigrant demographic. Even though there could be risks, we always try to look at the positives and find opportunities.”

As Canadian society transforms, the insurance industry must change with it. A majority of Canada Protection Plan’s business comes from middle-class income families with two bread-earners, and very little time on their hands.

“The challenge we face as a company comes from the changing socio-economic system in Canada,” Auyeung told *Insurance Business.* “Time is a luxury for many Canadians. In the past people might have been happy to spend an hour at the kitchen discussing life insurance prospects with a broker, but these days they want to spend that quality time with their family.

“Therefore, we are doing everything we can to make sure it’s easy to do business with us. We have simplified our end-to-end process using technology to provide quick and affordable insurance solutions to help Canadians deal with adverse life-changing events.”

Technological advancement in other industries has also provided opportunities for the life insurer. The company has launched an initiative to look at cancer differently, segregating aggressive versus non-aggressive variations of the disease, so that people with minor health issues are able to get coverage.

Royal Bank of Canada (RBC)

RBC to open cybersecurity lab and support research at University of Waterloo
IJ Staff reported on 29 January, 2018 that RBC announced that it is opening a cyber security lab and investing $1.78 million into research at the University of Waterloo to develop advanced cybersecurity and privacy tools.

Online malicious attacks and botnets have become increasingly sophisticated and targeted as people share more and more personal data online, says the bank. The funding will support researchers in the David R. Cheriton School of Computer Science and the Department of Combinatorics and Optimization at Waterloo's Faculty of Mathematics.

In addition to the new RBC cybersecurity lab for the financial sector within Waterloo's William G Davis Computer Research Centre, the funding will support research on data-driven software defined security, which is focused on detecting and mitigating security threats using machine learning and AI. The funding will also support research on privacy enhancing technologies, focused on the safety and security of consumer metadata, including identity and location.

Research into post-quantum cryptography will also be funded. This research led by David Jao “will focus on a unique blend of pure mathematics and computer science that produces a data encryption so strong that quantum computers cannot crack it,” says RBC. "Collaborating with the University of

Waterloo's Faculty of Mathematics and their pool of talented researchers will give us more brain power to continually develop Canadian talent to support the demands of the cyber security industry," said David Fairman, Chief Information Security Officer, RBC. "This partnership is important to RBC as we'll be able to leverage Waterloo's unique capabilities in mathematical science as it applies to tackling increasingly sophisticated cyber attacks."

Desjardins Insurance

Desjardins Insurance now covers all cancers

Alain Thériault reported on 19 February 2018 that Desjardins Insurance has launched *Health Priorities*, a critical illness insurance product that covers all cancers and abolishes the 30-day survival period that the insurer's former product *Harmony* required for a cancer diagnosis – a practice common in the industry. Abolishing the survival period for cancer will speed up payment.

"All insurance companies require a survival period of at least 30 days after a diagnosis of cancer," said Nathalie Tremblay, head of life insurance products and living benefits, in an interview with *The Insurance and Investment Journal*. "We decided to remove it because it is very rare that a person dies less than 30 days after a cancer diagnosis."

Diagnoses for non-life threatening cancers will qualify for an advance of the critical illness insurance benefit, which will vary according to the severity of the situation. "We cover all cancers in Canada, an industry first. When a cancer meets criteria defined by the CLHIA, we will pay 100 per cent of the critical illness insurance benefit. For all others, we will advance 30 per cent, 15 per cent or 1 per cent (of the benefit amount), depending on the case."

For the coverage of cardiovascular diseases, Desjardins has added more coverage for less severe conditions. "In slightly less severe conditions, all insurers cover angioplasty. We cover other conditions, including aortic aneurysm and the implantation of a defibrillator," she said.

iA Financial Group and TuGo

iA Financial Group teams up with TuGo to offer travel insurance

IIJ reported on 17 January, 2018 that iA Financial Group is partnering with TuGo, a travel insurance provider, to offer a new travel insurance product. It will feature simplified eligibility criteria, 24/7 emergency assistance anywhere in the world, multilingual customer service and the *myTuGo* online client portal.

"Travel insurance meets the needs of most people who are concerned with being properly protected when they travel, stated Pierre Vincent, Senior Vice-President, Individual Insurance and Sales at iA Financial Group in an announcement. "We are proud to extend our product offer through our partnership with TuGo, a company that is recognized for the quality of the service it provides."

The product is exclusively digital and can be obtained from an advisor or directly at ia.ca. There are no medical eligibility questions for travellers under age 60. Older travellers are required to answer five questions.

Provincial/Territorial

British Columbia

Insurance Council of British Columbia (ICBC)

G. Matier to continue in advisory capacity to Executive Director J. Sinclair for several months
In conversation with K. Martin following the CISRO LLQP Stakeholder Information Session on December 6/17 (held at FSCO offices in North York, Ontario), recently retired ICBC Executive Director G. Matier advised that while J. Sinclair had succeeded him as Executive Director of the ICBC on 1 November 2017, he had been retained by her to provide management consulting services for several additional months. Mr. Matier also went out of his way to emphasize how valuable the CAFII consultation with the ICBC in their own offices on 17 October, 2017 had been, and how he strongly supported CAFII's intention of visiting regulators on an ongoing basis in their own locale.

Manitoba

Insurance Council of Manitoba (ICM)

Insurance Council of Manitoba releases a Bulletin on important changes to E&O reporting
The Insurance Council of Manitoba released a Bulletin on important changes to E&O reporting that states that "Beginning in June 2018, in order to maintain your licence(s) you will be required to enter your updated professional liability (E&O) insurance renewal information in the ICM online portal." The Bulletin also states that "The Insurance Act requires that all Agents continually maintain E&O insurance in order to have a valid licence." The full Bulletin can be found at:
https://www.icm.mb.ca/files/Bulletin/Website_Notice_EO_changes_1st_notice_Life_AS_Hail_RIA.pdf

Ontario

Insurance Bureau of Canada (IBC) and FSCO

Insurance Bureau of Canada Complains Regulatory Restrictions Impeding use of Telematics
While technology is creating new opportunities for insurers to be more efficient and adjust premiums to actual consumer behavior, regulatory rules are restricting the adoption of some of these opportunities, according to the Insurance Bureau of Canada (IBC) in an interview with Canadian Underwriter's Jason Contant on 14 February, 2018.

IBC's director of media and digital communications, Steve Kee, gave the example of Ontarians' access to "dynamic insurance products and services," including UBIP, which customizes the price of insurance based on a person's driving habits, rewarding good drivers with lower premiums. It generally consists of a device that a customer installs in his or her vehicle, or it can be an application installed on a smartphone, either of which allows an insurer to track distance driven and driving behaviours. The devices collate the information, which is then sent to the insurer to determine a price for insurance.

Ontario's insurance regulator, the Financial Services Commission of Ontario (FSCO), imposes restrictions on insurers' use of UBIP through Bulletin No. A-16/16. The restrictions in the bulletin include the ways in which consumers can be enrolled in UBIP, and the ways in which insurers can use the data collected through the UBIP device. Proposed UBIP models may first be reviewed by FSCO for comment, following which an insurer would make a formal filing for the Superintendent's approval.

Quebec

Autorité des marchés financiers (AMF)

AMF Director Louise Gauthier advises that new AMF Superintendent of Clients Services and Distribution Oversight Frédéric Pérodeau will attend CLHIA Session in Calgary

In conversation with B. Wycks following CAFII's 21 February 2018 meeting with CCIR's Fair Treatment of Consumers Working Group with respect to its plans to issue "Insurance Industry Guidance" on the Fair Treatment of Customers, Louise Gauthier, Directrice principale des politiques d'encadrement de la distribution at the AMF, advised that Frédéric Pérodeau, successor to Eric Stevenson as Superintendent, Client Services and Distribution Oversight (*surintendant de l'assistance aux clientèles et de l'encadrement de la distribution*) -- and her new boss -- would definitely be in attendance at the 2018 CLHIA Compliance and Consumer Complaints Conference in Calgary from 2-4 May 2-4 2018. CAFII will endeavor to arrange a get-acquainted liaison meeting with Mr. Perodeau at that conference. Ms. Gauthier also mentioned at the CCIR meeting that the Committee on Public Finance of the National Assembly of Québec had begun its clause by clause examination of Bill 141, and that officials from the Québec Ministry of Finance, and the AMF, would be participating in person in this exercise.

International / Thought Leadership

Financial Conduct Authority (FCA)

Britain's Financial Conduct Authority (FCA) to launch probe into alleged insurance discrimination

Paul Lucas reports in a 14 February, 2018 article that the Financial Conduct Authority (FCA) is set to extend its consumer data research to examine whether names can impact the cost of car insurance cover.

Concerns have been raised that insurance computer programs are often singling out people with certain names as posing a higher risk – the investigations both suggested that ethnic minorities are discriminated against as simply changing the name on a quote search (and leaving all other details unchanged) can lead to a hike in the price offered. Insurers, for their part, deny using race to set premiums.

Cake & Arrow

Recommendations from Cake & Arrow on how to improve digital sales of insurance to consumers

Christina Goldschmidt of Cake & Arrow states that when it comes to digital transformation, the insurance industry lags woefully behind other industries, and it is not just a question of technology. Even

Geico, the darling of online auto insurance sales, still closes the majority of its new policies on the phone, via an agent.

Based on research done at Cake & Arrow, a series of recommendations were made for insurers who want to be more effective in selling directly to consumers:

1. Establish consistent workflows.
2. Invest in quality visual design.
3. Implement a killer content strategy.
4. Enable the right level of customization.
5. Play around with promotions.
6. Leverage user-generated content.

Thomas Cook

Thomas Cook partners with fintech firm for pay-per-day travel insurance
Reuters reported that British travel company Thomas Cook has partnered with fintech firm Revolut to launch a "pay-per-day" travel insurance service which automatically provides users with medical cover by tracking their location through their mobile phones.

Revolut, the digital bank start-up, said it could pinpoint customers' location through its app technology and automatically turn on the coverage when required, starting at less than 1 pound ($1.38) a day. "We wanted to create a type of insurance that uses technology to help our customers and only cover you on the days you actually needed to be covered," Revolut CEO Nikolay Storonsky said in a statement.

Life Insurance Marketing and Research Association (LIMRA)

LIMRA International Study on Top Concerns of Industry Executives
A new LIMRA survey of more than 300 industry executives across 47 countries revealed 4 in 10 consider talent management to be their top challenge in the coming years. This is higher than results collected in LIMRA's 2015 study, where just 34 percent cited talent management – hiring and retaining good employees - as their top challenge. Looking only at responses from CEOs and presidents, 35 percent listed talent management as their top challenge.

The second most common challenge cited by industry executives was technology. Forty-one percent of all executives listed technology as one of the top five challenges they face in 2017. More CEOs and presidents consider this a higher priority, with nearly 6 in 10 citing technology as a concern. While technology wasn't one of the top five concerns from LIMRA's 2015 study, it is clear executives are more concerned with keeping up with technological processes, implementing automation and digitizing operations to remain competitive.

Concerns around regulation are more top of mind for CEOs and presidents. Forty-six percent of CEOs and presidents list regulation as a one of their greatest challenges, compared to only 25 percent of executives overall. However when specifically asked about which external forces would have the biggest impact in the next five years, regulation came out number one with 57 percent.

LIMRA: boomers most likely to look for life insurance information online

New research by LIMRA has found that members of the Baby Boomer generation in the U.S. are most likely to use online information when shopping for life insurance when compared to other generations. The study found that 61 per cent of Boomers say they found online information "to be very useful," compared with 58 per cent of Millennials and 54 per cent of Gen Xers.

"Conversely, Millennial and Gen X consumers are more likely to consult with friends and family to learn about life insurance (26 per cent and 21 per cent respectively)," says LIMRA's research. This may be because "younger consumers may have less familiarity with life insurance products and therefore, may feel more comfortable relying on people they trust rather than online sources," suggested study researchers.

The research also found that Millennials are more likely to work with a financial professional than older generations (38 percent of Millennials compared to 34 per cent of Gen Xers, 31 per cent of Boomers and 28 per cent of members of the Silent Generation). "While this may be contrary to what most people would think, it is a trend in the life insurance industry. The younger generations don't always have as much knowledge in this area and often start out having more questions and working with a financial professional is the best way for them to learn and understand. The trend shows as the buyers age they feel more comfortable using other purchasing methods," says LIMRA.

Social Media

Fight for insurance benefits highlights dangers of social media, says lawyer

Canadian Press reported on 21 February 2018 on the case of a Montreal writer who said his insurance company refused to pay him disability benefits due in part to online postings. Lawyers say that this is a reminder to people to watch what they put on the Internet.

Literature professor Samuel Archibald published a letter in Montreal newspaper *La Presse* earlier this month detailing his struggles to get disability benefits after being diagnosed with severe depression. Archibald wrote that his insurer had refused his claim in part because of photos on Facebook and Instagram that showed him jogging or playing with his children.

Lawyer David Share says companies are increasingly using social media as a quick and easy way to find grounds to deny insurance claims. He says that while the issue of social media monitoring raises privacy concerns, thus far there are few government regulations in place to stop it. Share says the best advice is for people to be very careful about what they post online.

International Business Machines (IBM)

Complacency could be the undoing of insurance executives - IBM
Lucy Hook reported on 23 February 2018 that while three in four senior executives believe insurtechs are disrupting the industry, just 43% see the same disruptive effect in their own business, according to new research from tech giant IBM.

The report, which found that insurance companies that either invest in or work alongside insurtechs tend to perform better than insurers that do not, identified an interesting trend in the perceptions of insurance's c-suites. "Part of this is complacency, and part of this is the feeling that they have a better understanding of things than their peers," Mark McLaughlin, IBM's global insurance director told *Insurance Business*.

While cognitive bias is not an uncommon finding in studies of top executives, according to McLaughlin, even those insurance execs that overestimate the disruptive effect on the industry, while underestimating their own, will be disrupted "more than they imagine right now."

"A lot of this also comes down to availability bias. C-suite leaders spend much of their time working on their own problems and strategies, so their perception of their own business can be, 'it's too complex to disrupt,' and their knowledge of potential disruptors can be scarce and simplistic," the director said. "There are plenty of past examples of senior leaders underestimating this phenomenon, in industries more forward-thinking than insurance."

IBM's report, *'Friend or foe?: Insurtechs and the global insurance industry,'* found that 81% of outperforming insurers have either invested in, or are working with insurtechs – suggesting that addressing the wave of new disruptors is critical to the future success of incumbents.

Appendix A
<u>CAFII Alerts January 16 2018 – February 25 2018</u>

Date of Email Alert	**Topic of CAFII Alert**
23 February 2018	Quebec brokers' association calls online insurance sales "a looming disaster"
21 February 2018	THiA Releases New Travel Health Insurance Bill of Rights & Responsibilities
14 February 2018	Bills 141 and 150 -- CAFII Opposes l'Association Professionnelle des Conseillers en Services Financiers (APCSF) and Calls for Further Clarification
12 February 2018	CCIR Developing Guidance to Enhance Consumer Protection
12 February 2018	Lavery welcomes Eric Stevenson, ex-superintendent, client services and distribution oversight at the AMF
12 February 2018	Links to three articles in the Invesment and Insurance Journal, along with English translations of those articles: *Quebec Bill 141 -- Selling Insurance Over The Internet Raises Profound Differences; IBC Requests Adoption Before 2018 Quebec Provincial Election; and The Main Provisions of Bill 141*
2 February 2018	Beware of unforgiving and aggressive regulators
24 January 2018	Quebec brokers concerned about regulatory 'vacuum' on web sales