

CAFII ALERTS WEEKLY DIGEST: January 13-17, 2025

January 17, 2025

The CAFII Alerts Weekly Digest is intended to provide a curated compendium of news on insurance, regulatory, and industry/business/societal topics of relevance to CAFII Members – drawn from domestic and international industry trade press and mainstream media – to aid in Members' awareness of recently published media content in those areas.

TABLE OF CONTENTS

Government/Legal/Regulatory/Business Developments	2
Finance Minister Approves National Bank's Stock-Swap Deal For Canadian Western Bank	2
Other CAFII Member-Relevant News.....	3
Life And Health Insurers' Market Shares In Canada In 2023	3
Insurers Struggle To Keep Pace With Technology	3
LIMRA And Equisoft Report Reveals 78% Of Global Life Insurers Believe Data Readiness Is The Biggest Challenge To Getting Value From AI	4
'We Can Live Our Lives Again Without Worrying': Ontario Man Relieved After Insurance Company Agrees To Pay \$620,000 Hospital Bill.....	5
Life Insurance In 2025: The Leaders Are Well Positioned	7
Upcoming CAFII Relevant Webinars & Events; And Related Education Content	7
2025 FSRA Exchange	7

GOVERNMENT/LEGAL/REGULATORY/BUSINESS DEVELOPMENTS

Finance Minister Approves National Bank's Stock-Swap Deal For Canadian Western Bank

By Jameson Berkow, *The Globe and Mail*, December 20, 2024

<https://www.theglobeandmail.com/business/article-national-bank-to-buy-canadian-western-bank-after-receiving-final/>

National Bank of Canada has cleared the last hurdle in its effort to acquire Canadian Western Bank.

Federal Finance Minister Dominic LeBlanc approved the proposed \$5-billion stock-swap deal on Friday, just days after he replaced Chrystia Freeland in the role. Canada's banking regulator, the Office of the Superintendent of Financial Institutions, also blessed the transaction on Friday, National Bank spokesperson Debby Cordeiro said via e-mail.

The Competition Bureau of Canada signed off on the deal in late September, meaning all required approvals have now been received. The deal is set to close on Feb. 3, the two banks said in a joint statement, and National Bank intends to provide financial information related to the deal alongside its first-quarter results on Feb. 26.

Edmonton-based CWB reported lower-than-expected fourth-quarter profit on Wednesday, after a lawsuit forced the bank to delay the release of its quarterly results by nearly two weeks. Ripple effects from the collapse of Canadian trucking conglomerate Pride Group Holdings Inc. have required CWB to set aside large sums of money as provisions against loans at risk of default and the bank warned on Wednesday that loan loss provisions will remain elevated through most of 2025.

Montreal-based National Bank said it will start including CWB in its own consolidated financial results starting in the second quarter of 2025. Current Canadian Western shareholders will own about 10.5 per cent of National Bank after the deal closes and National Bank has said it will add two Canadian Western directors to its board.

Acquiring CWB will dramatically expand National Bank's presence in Western Canada, where it has been seeking to build its business for several years. CWB is Canada's eighth-largest lender, with \$37-billion in loans across 65,000 customers and 39 branches in Western Canada and Ontario.

National Bank is the country's sixth-largest bank, with \$462-billion in assets. The combined entity will have 19 branches in British Columbia and 17 in Alberta. National Bank currently has only three branches in each province.

Separately on Friday, National Bank announced Michael Denham, previously the bank's executive vice-president of commercial and private banking, is being promoted to vice-chair as of March 1, 2025. Mr. Denham will be responsible for leading the integration of CWB.

When the deal was first announced in June, National Bank said it expects to save \$270-million annually within three years of the transaction closing.

OTHER CAFII MEMBER-RELEVANT NEWS

Life And Health Insurers' Market Shares In Canada In 2023

By Alain Castonguay, Insurance Portal, January 16, 2025

Using data provided by MSA Research, the Insurance Portal presents the market shares of life and health insurers in Canada in 2023.

Market share is determined by total insurance revenue. In 2023, the 47 companies that disclosed this figure to MSA had a combined insurance revenue of \$88.3 billion.

This represents an 8.3% increase on the \$81.6 billion reported for 2022.

Read full article (subscription required): <https://insurance-portal.ca/life/life-and-health-insurers-market-shares-in-canada-in-2023/>

Insurers Struggle To Keep Pace With Technology

By Kate McCaffery, Insurance Portal, January 16, 2025

Insurance company leaders are expected to double down on modernization efforts and on implementing artificial intelligence (AI) to improve risk assessments in 2025. Technology firm, Kyndryl Canada also believes some companies will recruit senior leaders from customer-focused industries in the year to come.

Key focus areas for IT insurance leaders include integrating climate data into risk assessment efforts, investing in AI-enabled, end-to-end solutions, beginning with first-notice-of-loss claims, and investing in customer centric leadership and talent.

Other key findings in the report produced by Kyndryl, entitled Navigating the readiness paradox, include the finding that 56 per cent of insurance leaders are concerned that their IT tools or processes are outdated or close to end-of-life, despite 94 per cent also reporting confidence that their IT infrastructure is best in class.

Read full article (subscription required): <https://insurance-portal.ca/entrepreneurship/insurers-struggle-to-keep-pace-with-technology/>

LIMRA And Equisoft Report Reveals 78% Of Global Life Insurers Believe Data Readiness Is The Biggest Challenge To Getting Value From AI

By NewsWire, January 15, 2025

<https://www.newswire.ca/news-releases/limra-and-equisoft-report-reveals-78-of-global-life-insurers-believe-data-readiness-is-the-biggest-challenge-to-getting-value-from-ai-817662831.html>

Equisoft commissioned LIMRA to conduct research in collaboration with UCT to assess data readiness for AI in the life insurance industry. This report enables life insurance carriers to evaluate their data readiness and benchmark critical areas for data modernization investment and prioritization.

MONTREAL and PHILADELPHIA, Jan. 15, 2025 /CNW/ - Equisoft, a leading global digital solutions provider to the financial industry, and LIMRA, in collaboration with Universal Conversion Technologies (UCT), a global leader for insurance data services, published the findings of the Assessing Data Readiness for AI in the Life Insurance Industry report, which enables insurers to assess their data foundation and implement data strategies that will deliver significant organizational results.

The report found that 78% of respondents believe data readiness is the biggest challenge in getting value from artificial intelligence (AI) and that while most companies rank as "progressive" in terms of their data perceived readiness, 46% of respondents say they aren't ready to implement AI.

"Data is foundational to everything a carrier does, now and in the future. But carriers aren't necessarily data ready for AI because they haven't yet considered a wholistic view of their data practices. Data quality and integrity are still work-in-progress," said Mike Allee, President of UCT. "While insurers have done a good job building their data infrastructure and are making progress on aligning data strategy with business objectives, many have yet to realize AI's vast potential because their data practices aren't fully aligned with their AI strategy and therefore aren't fully mature. You can't be AI ready if you're not also becoming data ready."

At the heart of the report is the Global Data Readiness Benchmark, a data maturity model that analyzed carriers across six key dimensions: organizational alignment, infrastructure, sourcing and integration, quality and integrity, governance, and analytics. The model reveals the relative preparedness of life insurance carrier data for implementing AI solutions and enables carriers to assess and compare their position on the spectrum to their peers.

"High-quality data is the bedrock of any AI initiative, and without it, the outputs of AI systems will be fundamentally flawed. Bad data leads to bad AI," said Kartik Sakthivel, Ph.D., Vice President & Chief Information Officer at LIMRA and LOMA. "It is imperative that organizations prioritize data governance, quality, and integrity to harness the full potential of AI and drive meaningful business outcomes."

Other key global findings from the report include:

- Global Maturity Score: Globally, carriers scored themselves "Progressive" in AI data readiness. Australian insurers led in their assessment of data readiness maturity across all dimensions, while North America scored somewhat lower than other regions.
- 87% of respondents are currently using AI in some operational areas like underwriting, operations and new business. Machine Learning is the most widely adopted AI technology, with rapid future growth expected for Natural Language Processing and Large Language Models.

- Data governance is also a significant area of concern, with many reporting that governance guidelines have been created but adoption and accountability are low. This is clearly an opportunity for progress globally.
- Carriers that have already implemented AI solutions are encountering project challenges due to unexpected issues with technology, scaling challenges or the negative impact of erroneous assumptions made during planning.

Key regional findings from the report include:

- Australia was a top performer across all dimensions, with 38% of carriers being "Optimal" in readiness.
- Latin America outperformed global benchmarks; 82% of carriers are "Progressive."
- 66% of United States life insurance carriers feel unready for AI, with organizational alignment as the strongest dimension and sourcing & integration as the weakest.
- Canada scored the lowest regionally with infrastructure as the strongest dimension, but sourcing & integration needs improvement.

‘We Can Live Our Lives Again Without Worrying’: Ontario Man Relieved After Insurance Company Agrees To Pay \$620,000 Hospital Bill

By Pat Foran, CP24, January 14, 2025

<https://www.cp24.com/news/2025/01/14/we-can-live-our-lives-again-without-worrying-ontario-man-relieved-after-insurance-company-agrees-to-pay-620000-us-hospital-bill/>

Here's how Pat Foran helped an Ontario man get his \$620,000 Florida hospital bill paid off after his travel insurance denied coverage.

An Ontario man who received a \$620,000 medical bill from a Florida hospital is now relieved that his insurance company has reversed its decision and decided to pay the bill.

"I can't believe it. It's such a relief and takes away so many worries. I'll be able to sleep at night now," said Richard Bishop, of Tecumseh, Ont., near Windsor.

Last March Bishop suffered cardiac arrest in a Florida airport ended up with a hospital bill of more than \$620,000. CTV News Toronto first spoke with Bishop about the bill in July.

Seventy-four-year-old Bishop was flying back from Florida last March, when he suffered cardiac arrest at the Orlando airport and collapsed. It took 14 minutes of CPR to revive him.

"I'm recovering. I had 10 broken ribs but I'm recovering, I'm good," Bishop said at the time.

Bishop had travel medical insurance and thought his medical bills would be covered. He was given an \$80,000 defibrillator while in hospital.

But following an investigation by Greenshield, his insurance company, his claim was denied.

He was told he wasn't covered due to having pre-existing conditions related to his heart.

“After you get an \$80,000 defibrillator, they say ‘Oh, we’re not paying’” Bishop said.

At the time Bishop had travel insurance with Greenshield, and the company told CTV News it could not provide details due to privacy concerns.

‘It was never properly explained to him’: Travel insurance expert

We interviewed Martin Firestone, the president of Travel Secure Inc. about the importance of travel insurance, and he agreed to help the Bishops appeal their case.

“Our defence to get this claim paid was that it was never properly explained to him,” Firestone said.

Firestone felt Bishop did check to make sure they had proper coverage before going to Florida, by calling their insurance company and asking them about their coverage.

“They called prior to leaving and were told that this retirement plan coverage they had is the best there is. When that comment was made, I said, ‘Stop right there,’” Firestone said.

With Firestone’s help, the case was appealed and Greenshield agreed to settle the hospital bill for a reduced amount of almost \$365,000.

Firestone said when settling hospital bills in the U.S., you can often negotiate a lower amount which was done in this case.

“I just think everything lined up properly with your program, and my letter, and the fact this was a battle they decided they didn’t want to fight,” Firestone said.

Bishop says resolution is a ‘major relief’

When CTV news reached out to Greenshield, JP Girard, Executive Vice President, Head of GreenShield Insurance said in a statement, “As a non-profit health and benefits company, GreenShield is committed to our social mission of advancing better health for all. As such, the care of our members is our first priority.”

“Given this individual claim contains private personal health information, we cannot provide specific details. All claim decisions involve multiple levels of review with both internal claim examiners and external medical experts. We understand how overwhelming and stressful medical emergencies can be, particularly when they occur far from home.”

“Upon receiving the requisite medical documentation, we were pleased this resulted in a positive outcome for the Bishop family – and wish them all the best as they continue to recover from this difficult health experience.”

Bishop said he was thankful to CTV News for airing his story, and for Firestone stepping in to help.

“This is a major relief, and it turned out really good that they did pay,” Bishop said.

If you plan to travel outside of Canada you need proper travel insurance, but you also must ask questions if you've had health problems or changes in your medication as no one wants to get a stuck with a massive medical bill.

Life Insurance In 2025: The Leaders Are Well Positioned

By Alain Thériault, Insurance Portal, January 14, 2025

In its December 2024 issue, Insurance Journal reported that Canadian life insurers increased their revenues by 8.3 per cent in 2023 compared to 2022, reaching \$88.3 billion.

Manulife leads the market with a 27.1 per cent revenue share, followed by Sun Life (24.2 per cent), Canada Life (22.9 per cent), and iA Financial Group (6.1 per cent).

"The four largest Canadian life insurers are expected to finish 2024 on a strong note," Morningstar DBRS stated in a bulletin released on December 13.

According to the rating agency, the Big 4 – the largest Canadian life insurers – benefited from robust equity markets in 2024. They also capitalized on sustained demand for financial services across North America and Asia. "Going forward, we expect these favourable conditions to continue in our base-case scenario," the agency noted.

Read full article (subscription required): <https://insurance-portal.ca/life/life-insurance-in-2025-the-leaders-are-well-positioned/>

UPCOMING CAFII RELEVANT WEBINARS & EVENTS; AND RELATED EDUCATION CONTENT

2025 FSRA Exchange

We are excited to invite you to the 4th Annual FSRA Exchange, where this year's theme is "The Impact of Innovation on the Financial Services Industry and Consumers."

Date: March 3, 2025

In-person Location: Toronto Downtown Sheraton

Virtual

Innovation is transforming the financial services landscape, presenting new opportunities and challenges for the industry and consumers alike. Join thought leaders, regulators, and industry experts for a day of engaging discussions on topics such as:

- Balancing innovation and consumer protection.
- Regulatory approaches to emerging technologies like AI.
- Building resilience in an evolving and uncertain global market.

This event will feature interactive panels and networking opportunities, offering insights into how innovation can drive sustainable growth while safeguarding consumers and fostering a fair financial system.

View the full agenda and register for the event [here](#).