

CAFII ALERTS WEEKLY DIGEST: February 17-21, 2025

February 21, 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.

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GOVERNMENT/LEGAL/REGULATORY/BUSINESS DEVELOPMENTS

New Brunswick Proposes Amended Licensing Rules

By Kate McCaffery, Insurance Portal, February 21, 2025

The Financial and Consumer Services Commission of New Brunswick has published amendments to its relatively new licensing rules for insurance intermediaries. The regulator requests comments on the proposed amendments, in writing, by April 18, 2025.

“The purpose of the proposed amendments is to clarify the expectations with respect to supervision and oversight of general insurance agents, streamline the licensing requirements for travel insurance agents and agencies in circumstances where they hold other insurance agent/agency licenses, as well as other minor amendments for clarification and housekeeping purposes,” the regulator states in its call for comments.

Among the changes, the newly amended instrument – New Brunswick Rule INS-001 Insurance Intermediaries Licensing and Obligations – better defines the different general insurance levels of licensing, indicates that agents who change sponsors are required to file a new application and pay the appropriate fees, and clarifies that level 2 general insurance agents should be under the oversight of a designated representative.

Read full article (subscription required): <https://insurance-portal.ca/society/new-brunswick-proposes-amended-licensing-rules/>

Insurance Regulators Seek Feedback On Segregated Funds Guidance

By Alain Thériault, Insurance Portal, January 10, 2025

The Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) released proposed segregated funds guidance for consultation on Jan. 8, 2025. The insurance regulators have invited industry stakeholders to provide comments on the draft guidance by April 8, 2025.

The guidance raises expectations for insurers and distributors regarding the design, sale, and servicing of segregated fund products.

The CCIR and CISRO aim to establish uniform rules across Canada that will offer consumers consistent protection, whether they invest in segregated funds or mutual funds.

“This guidance closes gaps in the conduct standards related to the sale and servicing of IVICs (individual variable insurance contracts) as opposed to mutual funds, ensuring that customers are treated fairly,” says Huston Loke, chair of the CCIR.

“The proposed CCIR/CISRO Consolidated Segregated Funds Guidance creates a consistent national standard for insurers and intermediaries, to be implemented by each province and territory,” adds Patrick Ballantyne, Chair of CISRO.

Read full article (subscription required): <https://insurance-portal.ca/economy/insurance-regulators-look-for-feedback-on-segregated-funds-guidance/>

OTHER CAFII MEMBER-RELEVANT NEWS

Chief Exec On The Challenges And Opportunities Facing The Insurance Industry In 2025

Is The Role Of The Insurance Professional Changing?

By Mia Wallace, Insurance Business, February 13, 2025

https://www.insurancebusinessmag.com/ca/news/breaking-news/chief-exec-on-the-challenges-and-opportunities-facing-the-insurance-industry-in-2025-524714.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20250214&hsenc=p2ANqtz-9qi3IW8mslEE-2S2VbkKW7nA09sTfI5Ukx1XFGVfX7N1SiisTbQl8FEIfsMjMXZRjO9R0rz4PJxGvzrg3fuqUH7106YQ&hsmi=347396290&utm_content=&utm_source=

When Olga Collins (pictured) first took the reins as CEO of the Worldwide Broker Network (WBN), she outlined plans to grow “faster and stronger”. Catching up with Insurance Business to share an update on the group’s strategy, she highlighted some of the key challenges impacting the market today and how the role of the insurance professional is changing.

From the beginning of its now 35-year history, Collins said, the focus for WBN has been trifold – M&A, changing the conversation about talent, and client centricity. Each of these three segments is still very much in play in the early days of 2025, with the network having expanded from circa 100 members when she stepped up as CEO to now include 150 brokers from all around the world.

“Our strategy to have multiple members in major geographies has proven to be the right one,” she said. “Because M&A activity is an opportunity, but it’s also a challenge in some cases, and having multiple brokers in each major geography is its own business continuity plan. Our global footprint has expanded... and we’re a truly global team now, with a lot of client experience and a lot of broker experience, so we can continue to prioritise delivering the right benefits for our members.”

Talent – an ongoing challenge for the insurance market

It has been great to see how the ‘culture of care’ WBN has instilled as core to its operations is resonating with clients, she said, and it’s a key element of how the group is looking to move the dial on talent attraction and retention in the

insurance market. That being said, she noted that the talent conversation remains one of the most pressing challenges facing the insurance industry today.

"I think we just need to rally together around this topic," she said. "Keeping people in the industry is one thing but it's also about making insurance a desirable place to start a career. We've been getting involved at the collegiate level - but not just with people who are young professionals within the industry already. Because we see a huge opportunity in advertising insurance as the cool place to be, where you can grow your career, and it's not just for traditional finance majors with analytical minds.

"It's also for those with communications backgrounds, legal backgrounds, or in engineering. So many of us have found insurance, or it found us somehow. We know the talent piece continues to be a challenge but it's one we need to embrace."

AI – an opportunity if it's leveraged correctly

Collins noted that there's a lot of conversation around AI and digitalisation and what its impact will be on the insurance industry going forward. For the team at WBN, it's clear that AI represents a real opportunity to find efficiencies in traditional insurance processes, but only if the right balance is struck between AI and emotional/cultural intelligence. "When working with a lot of complex global brands, you have to understand, to listen and to deliver creativity. At least at this point, we don't see AI playing that role.

"So, providing that consultancy piece is not the challenge but rather the opportunity presented to us as a market in 2025 and beyond. Beyond [tech and talent], globally, the overall nat-cat situation and the impact of climate change has been a real point of focus. And in the US especially, insurance has recently been in the news for all the wrong reasons."

There are a lot of conversations happening today regarding whether insurance is playing the right role in supporting society, she said, and the industry needs to pay close attention to how that conversation plays out. Whether it's shake-ups to the employee benefits world or P&C conversations about whether insurance is the right risk transfer solution in recent places around the US, and the world more broadly. "I feel like there's a lot of deliverables that we, as an industry, will have to answer to," she said.

Where can insurance professionals stand out in today's marketplace?

Of course, it's never just about the challenges, Collins said, and there are plenty of opportunities in the market today. Insurance is evolving to embrace true risk management.

A risk management-orientated approach requires more creativity and more consultation, she said, and it is inherently less transactional in nature because people are looking to add further value all the time. "I think we are an added-value function, not just a cost centre anymore. So, if we can all focus on speaking loudly and proudly about what insurance can do and what risk management truly does, we're going to be able to avoid the pitfalls of the past."

Canadian Life Insurance Application Activity Breaks Records In January

By Kate McCaffery, Insurance Portal, February 13, 2025

<https://insurance-portal.ca/life/canadian-life-insurance-application-activity-breaks-records-in-january/>

Month-over-month and year-over-year, the Canadian industry's application activity set records during the month of January 2025, according to MIB Group Inc.

Year-over-year in January 2025, Canadian life insurance application activity grew 7.3 per cent. "Missing product type information can have an impact on the Canadian analysis," however, they warn. "Growth varies when looking solely at submissions identified as life insurance products, with activity up 8.3 per cent year-over-year in Canada in January 2025." They add that this is the highest total volume of activity for any January on record with the firm in this country.

On a month-over-month basis activity grew 17.9 per cent when compared to December's figures. This is consistent with historical trends where January application activity is higher than numbers reported in December.

Best month ever for universal life

Year-over-year, MIB Group reports that application activity grew across all face amounts and for all age bands. Without getting into specifics, they note that Canada had more universal life applications reported to MIB in January 2025 compared to any other months on record.

Term life, meanwhile, saw year-over-year growth for all age bands, in the double digits for ages zero to 30 and ages 61 to 70, and in the triple digits for among those over age 71 applying for insurance. Whole life saw year-over-year growth for ages zero to 60, flat activity among those between 61 and 70 and declines among clients over age 71.

Using Generative AI To Transform Customer Experience

By McKinsey, February 06, 2025

<https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/using-generative-ai-to-transform-customer-experience?stcr=DC4407B916584F5E823DCCD39D48EA45&cid=other-eml-alt-mip-mck&hlkid=7ebfd4d48e6d463598c94c4c3a4dbc05&hctky=15382209&hdpid=5d9c2883-fec3-453c-aafd-f5f24e6cca32>

Juan Beltrán, digital manager of global sales excellence at Holcim, describes how the building materials company is using generative AI to improve the customer experience.

At 112 years young, Holcim is proving that age and innovation can go hand in hand. With headquarters in Switzerland, a presence in 70 countries worldwide, and \$27 billion in net sales, the construction building materials company is using cutting-edge technology to help the customer ordering process run more smoothly. To transform what was once a manual system into something speedier and easier to use, Holcim recently began experimenting with a generative-AI (gen-AI)-enabled mobile solution that allows customers to place cement orders quickly through a messaging app. This frees up Holcim's sales staff to focus on higher-touch, more complex orders. As part of the C-Suite Growth Talks series

from McKinsey's Growth, Marketing & Sales Practice, Juan recently sat down with McKinsey's José Carluccio to talk about the great promise this pilot is showing. The following is an edited version of their conversation.

José Carluccio: What does the journey look like for a customer when they want to order cement?

Juan Beltrán: Traditionally, it's been very straightforward. If someone wants cement, they call a sales rep and ask them, "Hey, can you please send me another truck of cement?" And that's all. The sales rep looks at the contract, the materials available, and the address where the company needs to deliver this order. They have a conversation with the customer. Then we ship it. It's very simple.

José Carluccio: How do you make a simple process even simpler with gen AI?

Juan Beltrán: We want to allow customers to order by text. We're doing that by going to a well-known, well-adopted solution for many people. That's WhatsApp. And we're using gen AI to try to understand the customer's natural language when they speak, because when they order, they may not use SKU numbers or product names.

José Carluccio: What has your experiment looked like?

Juan Beltrán: We conducted a pilot last year in Spain to test an AI-enabled copilot customer ordering solution. Instead of picking up the phone to make a call, a customer can open up WhatsApp and request a cement truck. Our tool recognizes the customer, brings up their order history, and makes proposals for the next order. The AI model uses natural language when responding to the customer and makes suggestions for products to order. The customer can then make modifications to the order, including the number of trucks, the delivery time, the type of material, and where we should ship the cement. Then they can confirm the order. Then we ship it.

We wanted to see if this was something our customers would like. We got amazing feedback. They said it's been very convenient for them. It's made it a lot easier to place their orders anytime, from anywhere.

José Carluccio: What have the results been?

Juan Beltrán: With this AI-enabled pilot, around 66 percent of our first-order proposals were accepted because they're accurate and reflect what customers want. There's also been increased adoption with this tool compared to other customer portals; we managed to move from a 25 percent adoption rate to a 93 percent adoption rate.

José Carluccio: We see a lot of hype around gen AI. Getting value out of it is not easy. What have been some of the challenges on your journey so far?

Juan Beltrán: The use case is straightforward, but generative AI is quite new and there's not a ton of expertise around.

During testing, sometimes our gen-AI-enabled tool could be too chatty, or overexplain things, or even recommend products that weren't part of our product portfolio. These are the main challenges. We need to handle them by restricting possible answers to queries.

Latency is also very important. The customer expects a human-like interaction. They expect to receive a message like someone is writing it. They don't expect the message or product proposal to appear too fast. They expect that it takes a

little bit of a time lag. But the response from us also needs to be quick enough. If it takes five or ten minutes, the customer is going to abandon the process. These are some of the tricky things we encountered during our testing.

José Carluccio: Can you give an example of something the gen AI tool got wrong during testing?

Juan Beltrán: During testing, one customer tried to see if he could order a famous Spanish cold tomato soup called gazpacho through this copilot tool. The tool identified gazpacho as a new SKU and proposed sending a truck full of gazpacho soup. It was funny. But no, we didn't deliver a truck full of soup.

José Carluccio: What's your secret sauce to get such high adoption rates?

Juan Beltrán: It's critical to meet customers where they are and offer a solution with tools they're already using. In this case, it's WhatsApp because we know our customers are already using it. They don't need to learn how to use something new. They don't need to select products from a catalog. They don't need to overthink. They just need to use what they use already. It's also important to let them use natural language.

José Carluccio: How do you inject your AI models with a human touch?

Juan Beltrán: We try to make things as human as possible. Humans decide the tone of voice to be used for the interactions and the kinds of messages we send. Humans define the whole process. There are some cases where customers only need to interact with the copilot tool to get their needs met. But there can also be cases where they need more help. The LLM (large language model) may not handle certain queries effectively. That's why we always offer customers the option to interact with a human agent.

José Carluccio: For this project, there are a lot of moving parts. There's a messaging platform, a CRM (customer relationship management) system, a cloud provider, and more. How do you manage the complexity of a project like this when there are so many different systems?

Juan Beltrán: It's not always smooth. Sometimes we work in parallel with two different models that are providing intelligence to the tool. But we make sure everyone knows what their roles and responsibilities are in the project. We try to provide clear accountability and transparency. And someone from our Holcim team took the lead in the project, jointly with McKinsey, making sure we were moving in the right direction and aiming toward a clear goal, which was to provide a fantastic customer experience. Everyone was very committed. Excitement makes collaboration easier.

José Carluccio: How long did this pilot project take? What was it like to prepare, set up teams, and stand up the proof of concept?

Juan Beltrán: The most consuming part of the whole project was the prework: looking at the requirements, finding the right partner, and understanding where the technology stands. It took some time to determine if the right technology existed to provide the solution we needed. This took around seven months. The actual development of the solution was quite fast. It took two to three months in total. The project took more time to find the right technology than to develop the solution itself.

José Carluccio: You now have proof of concept in Spain. How are you envisioning the next wave of AI-enabled ordering?

Juan Beltrán: We're rolling out this solution to all regions in Spain. We want to make sure it works. We want to capture customer feedback, fine-tune the solution, and make sure it's valuable for customers. Then in 2025, we'll expand to other countries. We're starting in Europe, then we'll go global. This is an easy business line compared to others. We have more complex ones where there are many more products, many more SKUs, and many more ship-to addresses. Finally, we want to expand to other channels. WhatsApp is, of course, one of the most used channels, but phone calls are still popular with our customers. It's a very industrial business, and when customers need cement, they don't wait for someone to ask them. They pick up the phone, they call straight away, and say, "Hey, I need cement for today or tomorrow." We need to find a way to add this technology behind phone calls and emails as well. LLMs will need to handle much more complexity. That's next for our road map, and it's very exciting.

New Regulations And AI Hacks Drive Cyber Security Changes In 2025

By Frank Gargano, Digital Insurance, January 22, 2025

https://www.dig-in.com/news/new-regulations-and-ai-hacks-drive-cyber-security-changes?utm_campaign=NL_DIG_Morning_Briefing_01232025&position=5&utm_source=newsletter&utm_medium=email&campaignname=NL_DIG_Morning_Briefing_01232025&oly_enc_id=1794I9343067F0V

The cybersecurity landscape is due to change in 2025, as the growing use of tools powered by generative artificial intelligence, new regulations and enhanced cyber insurance all push companies to improve defenses against data breaches.

But with organizations like Blue Yonder, Mr. Cooper and Landmark Admin among the growing cohort of victims, can companies implement stronger cybersecurity protocols faster than hackers can figure out how to break them?

Roughly 50% of risk managers say that information technology and cybersecurity vulnerabilities are their top concerns, according to Nationwide's 2024 Cybersecurity Survey Report. Close behind were risks associated with compliance and regulations, as well as fraud and other forms of criminal activity, with 47% and 40% respectively in agreement.

When asked what types of threats were most concerning, 32% said data breaches were top of the list, while 21% said ransomware attacks and 13% said phishing attempts.

Andy Lunsford, founder of incident management software provider BreachRx, said the "perfect storm" of increasingly severe "class action lawsuits, SEC scrutiny of executive trading surrounding breaches and personal liability" poses a costly problem for organizations of all sizes.

"This new reality will force companies to fundamentally rethink their approach to cybersecurity," Lunsford said. "Compliance alone won't suffice; robust, cross functional and proactive risk management will become critical to mitigate the threat of lawsuits that could far exceed traditional penalties."

Ransomware attacks became commonplace across the financial services industry in 2024, as hacking groups stole sensitive consumer data from companies like Loandepot, Evolve Bank & Trust, EquiLend and more. As the name suggests, ransomware attacks occur when hackers lock up data (e.g., passwords, Social Security numbers and emails) through complex encryption until a ransom is paid.

Experts predict that the evolution of generative AI could dethrone ransomware as the top tool for hackers in 2025, as detection methods for altered videos, photos and other media still lag.

"These threats are now fuelled by innovative tools such as AI, meaning the tactics threat actors deploy have become increasingly sophisticated. ... This means that organizations will be required to balance the need to protect themselves without [blindly] investing in costly cyber protection," Stuart Favier, client manager at the U.K.-based IT consultancy firm Northdoor Plc, said.

Further predictions from Experian's Data Breach Industry Forecast for 2025 show that as AI usage increases, governments and companies could shift away from static identifiers like driver's licenses and Social Security cards in favor of more dynamic personally identifiable information.

"Creating an incident response plan, performing background checks on employees and conducting cyber risk assessments for vendors and customers who keep assets with the financial services company are additional ways a business can be cyber smart," Tim Francis, vice president and enterprise cyber lead for Travelers, said. "The consequences that come with a cyberattack should be enough to convince companies that taking cyber threats seriously is the best approach."

Learn more about the top cybersecurity issues plaguing insurers in 2024 and what trends are likely to improve or worsen in 2025.

Rising frequency of hacks drives cyber reinsurance growth

Experts are predicting that the growing trend of cybersecurity breaches in 2024 will drive similar growth in the reinsurance market in 2025, particularly for policies protecting against cyber incidents.

For this year, the spread of increasingly complex hacking tools has pushed business leaders to double down on reviewing security frameworks and ensuring continuity plans for outages are up to date.

Speaking at the Zywave Cyber Risk New York event in November, Erin Flaherty, senior vice president of treaty broking in the Cyber Center of Excellence at Guy Carpenter, said reinsurers working to improve their understanding of the long-term impacts of cybersecurity losses make the market "extremely profitable."

"Five years ago, the size of the market was maybe a third of what it is today, so we think it's something like \$15 to \$16 billion," Flaherty said. "Depending on who you ask, who's come out with their numbers, it could be three times that in the next 10 years."

Efficient data mining can help cut breach recovery costs

The increasing complexity of cyber attacks is driving up the price tag for restoring operations at impacted organizations, which by extension raises the expenses for carriers covering the costs to do so. Some experts say that improving data mining procedures can help trim excessive costs and speed up response times.

In speaking with Digital Insurance, Christian Geyer, chief executive and founder of data-mining firm Actfore, highlighted how shortening breach response times can lower the costs of "regulatory fines, legal fees [and] forensic investigations" posed to carriers and companies.

"By ensuring timely breach response, carriers help limit business interruption, ransomware payments and additional costs that can arise from delayed or inadequate responses — thereby driving down their own costs," Geyer said.

What tactics can insurers use in the war against deepfakes?

Deepfake technology, or synthetic visual media like videos and images generated by artificial intelligence, is proving to be an insurance quagmire for carriers flooded with fraudulent claims and other challenges. The question is how insurers can sharpen their detective skills to sniff out the truth.

Abhishek Peter, manager of digital marketing for FECUND Software Services, said in an opinion article for Digital Insurance that a balance of AI tools trained to detect manipulated materials and skilled human intervention can be the core of a strong defense.

"The fight against deepfakes is not just about minimizing losses — it's about safeguarding the integrity of the entire insurance ecosystem," Peter said. "The insurance industry must strike a delicate balance between automation and human oversight to stay ahead in this new battleground."

A small business approach to a large problem — cybersecurity

Data from Verizon Business' 2024 Data Breach Investigations Report found that systems breaches and social-engineering attacks topped the list of security threats to insurance and financial service organizations. With small businesses accounting for 23% of breaches, how can leaders defend themselves at the appropriate scale?

Alla Reznik, senior director at Verizon Business, said working with small business clients on training employees and recommending tools for monitoring cybersecurity levels is the first step in building up defenses against breaches.

"If they don't have a CISO [chief information security officer] and they don't know how to deploy something, we will set up a solution on their mobile devices or router," Reznik said. "We hope small businesses realize cyber security doesn't have to be scary. ... They can do it with simple steps, and get to the levels they really should have."

Social engineering hacks pose growing problem for insurers

Social engineering, wherein hackers manipulate a person to give up sensitive information by pretending to be an authoritative figure or by building a rapport with the victim, is proving to be tougher to protect against when compared to traditional data breaches.

Even tactics like multi-factor authentication, which are still a recommended security measure and one of the strongest, aren't infallible and can be bypassed by hackers through SIM swapping, according to Matt Cullina, head of TransUnion's global cyber insurance business, who discussed the topic in an opinion article for Digital Insurance.

"Social engineering has evolved into one of the most significant threats for policyholders and cyber insurers alike," Cullina said. "As the fallout from social engineering scams drive up insurance claims, understanding the growth and evolution of the technique is important to reshaping policies and coverage."

Desjardins Insurance Isn't Waiting For The Industry To Catch Up – It's Taking The Lead

Advisor Education: A Dynamic Approach To Empowering Knowledge And Building Community

By Manal Ali, Wealth Professional, January 03, 2025

https://www.wealthprofessional.ca/investments/life-and-health-insurance/desjardins-insurance-isnt-waiting-for-the-industry-to-catch-up-its-taking-the-lead/387685?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20250213&hsenc=p2ANqtz-42x6O4lf15CFWXsdsrBkLL7WxJwCsdgkyNEWbV07hV5mNb6tj18hQ1VBZrdeP4jHlm40knXkFJnr1DMUihLuuleTTOq&hsmi=347265817&utm_content=&utm_source=

Advisors today need more than just standard training seminars or product manuals—they require dynamic, adaptable learning resources that address the complexities of a rapidly changing industry. Recognizing this need, Desjardins Insurance has prioritized empowering advisors with tools and strategies to stay ahead of the curve, transforming challenges into opportunities.

In response, Desjardins Insurance crafted a dual approach with its Discovery Series and Master Class webinars, tailored to meet advisors at every stage in their careers and equip them with both technical know-how and human-centered insights. “We didn’t want to wait for the industry to change, so we decided to take the lead,” says David Lee, Business Development Support Manager at Desjardins Insurance.

Empowering knowledge for stronger client relationships

The Discovery Series embodies Desjardins Insurance’s commitment to creating accessible, peer-driven platforms where advisors can share real-world experiences and actionable insights. The Series empowers advisors to learn directly from their peers, offering both practical advice and inspiration to strengthen client relationships.

Through its engaging and interactive sessions, the Discovery Series fosters a sense of community, connecting advisors across the country to share best practices, successes, and challenges. “Our strategy was to democratize peer-to-peer content nationwide,” adds Lee, making it possible for advisors to hear directly from their peers in ways that are both relatable and impactful.

The Discovery Series creates a sense of connection and community, while the CE-accredited Master Class webinars offer the technical expertise advisors need to excel. Tailored to real-world applications, these webinars empower advisors to confidently apply advanced product knowledge in their practices. By combining a conversational approach with technical depth, these sessions are more than lectures—they provide actionable insights advisors can use immediately to better serve their clients.

Rebuilding community in a remote work era

Through the Discovery Series and Master Class, Desjardins Insurance fosters a sense of community and support that helps bridge this gap. In this digital space, advisors can connect with others to address shared challenges and learnings, transforming isolation into innovation.

The *Discovery Series: Unplugged* podcast expands the conversation, offering deeper dives into advisor stories, practical strategies, and expert insights. It’s another way Desjardins Insurance democratizes access to knowledge,

empowering advisors to learn and grow wherever they are. This platform highlights a wide range of voices and topics that may not fit the traditional webinar format, creating a well-rounded resource for continuous learning.

A foundation rooted in cooperative values and community commitment

Desjardins Insurance's community-driven approach lies at the heart of its mission as part of Desjardins Group, North America's largest cooperative financial group. By supporting local growth and well-being, Desjardins Insurance not only empowers advisors but also strengthens the ties between advisors, clients, and their communities.

This commitment is reflected in initiatives like the GoodSpark Grant program, which in 2023 provided \$3 million in grants to 150 local businesses. Many advisors actively participate by helping clients apply for these grants, reinforcing Desjardins cooperative mission and strengthening their ties to the community.

In 2023 alone, Desjardins returned \$538 million to its members and local communities, underscoring its commitment to sustainable development. These community investments represent Desjardins dedication to supporting advisors, clients, and regional growth, creating a foundation of trust and shared purpose.

A strategy set to evolve

Desjardins Insurance is redefining advisor education to keep pace with a rapidly evolving industry. Through its innovative, multi-platform approach—including webinars, podcasts, and CE-accredited courses—Desjardins Insurance ensures advisors are equipped with the insights and resources they need to thrive in a competitive landscape.

By offering timely, relevant content from a range of voices—including advisors who don't typically appear on industry circuits—Desjardins Insurance provides practical advice that resonates with both new and experienced advisors. These "everyday heroes," as Lee calls them, offer grounded, relatable insights that advisors can use to improve their practices.

Through its proactive strategy, Desjardins Insurance isn't just meeting current needs—it's anticipating future ones. As the insurance industry changes, Desjardins Insurance's commitment to empowering advisors will continue, building a future that prioritizes meaningful connection, sustainable growth, and a robust support network for all.

Embracing AI Board Oversight Amid Risks And Opportunities

Key Inquiries About Ethics, Funding, And Risk Frameworks Help Align AI Initiatives With Goals

By Kenneth Araullo, Wealth Professional, November 25, 2024

https://www.insurancebusinessmag.com/ca/risk-management/news/embracing-ai-board-oversight-amid-risks-and-opportunities-515391.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20241126&hsenc=p2ANqtz-9xP9ike_KwW80OfEAf5InB_JLIJcm7wfK96fZhbtFvrybw8TwGJf-N5ZhrwICMblX5WMMnauhivajx9ERFEnoH7tC8g&hsmi=335752171&utm_content=&utm_source=

As artificial intelligence (AI) technologies continue to gain traction in business, corporate boards face increasing pressure to oversee AI adoption responsibly.

Experts from Grant Thornton and industry specialists underscored the importance of balancing innovation with risk management while ensuring compliance with ethical and regulatory standards. These professionals emphasised that while AI offers significant potential, its integration requires deliberate oversight by board members.

"Boards need to make sure management's AI initiatives are grounded appropriately and have flexibility within their structures to accommodate changes that might occur through M&A or other shifts in the environment," said Janet Malzone, CEO of Grant Thornton LLP.

She noted that building a robust foundation for AI adoption could pave the way for sustainable and well-managed performance.

AI's rapid evolution raises questions about whether board members possess the expertise needed to oversee such technology effectively. A survey conducted at the NACD Summit revealed that 23% of respondents have AI specialists on their boards, a significant increase from 4% the previous year. This shift highlights a growing awareness of the importance of specialised knowledge in AI governance.

Some boards are considering forming technology-focused committees to address these challenges. According to the National Association of Corporate Directors (NACD), the number of Fortune 100 boards with dedicated technology committees increased from 7 in 2012 to 36 in 2022.

These committees could provide critical oversight of AI projects and ensure that the organisation's AI strategies align with long-term goals.

Ethan Rojhani, a principal in Grant Thornton's Risk Advisory Services, stressed the need for boards to evaluate risks and opportunities in individual AI use cases.

"There's a different level of risk from the advertising side. If you lose a customer, that's a problem. But if you're using AI for hiring and a candidate can prove the AI algorithm was biased, you may have just broken the law," he said, illustrating the complexities of AI oversight.

People-centric considerations

Although 90% of CFOs surveyed by Grant Thornton in Q3 2024 reported using or exploring generative AI, only 50% had formal training programmes in place—a drop of eight percentage points from the previous quarter. This gap underscores a critical need for investment in employee training to maximise AI's potential while mitigating associated risks.

Joe Ranzau, Grant Thornton's managing principal for growth advisory services, highlighted the disconnect between AI investment and workforce preparedness.

"While we're investing in this technology, we're also cutting back on the investment in our people to use that technology to increase productivity and also to manage the associated risks," he said.

Ranzau suggested that boards encourage management to allocate AI-driven cost savings toward training initiatives, creating a positive cycle of innovation and workforce development.

AI's role in human resources is also expanding, with applications such as candidate screening and internal talent identification. However, these developments carry risks, particularly regarding algorithmic bias. Boards are advised to ensure robust safeguards are in place to prevent discriminatory outcomes and to consider how AI can be leveraged to improve workforce productivity.

Ethical considerations

Boards must oversee how AI aligns with organisational ethics and regulatory frameworks. Investment in data privacy and security measures is critical to addressing the risks associated with AI.

Johnny Lee, a principal in Grant Thornton's Risk Advisory Services, noted three pillars of AI data security: preventive measures, detective capabilities, and insurance coverage to address residual risks.

"I don't think there can be AI adoption on a meaningful scale without insurance," Lee said. "If you're not detecting that drift and its relative impact on liability, transparency, bias and other factors, then you may not be testing the model in a way that would be deemed responsible."

AI systems must also be monitored for issues such as model drift—when an AI model's outputs shift over time due to changes in input data—and hallucinations, where AI generates incorrect or biased outputs. Effective oversight involves ensuring that organisations have mechanisms to detect and mitigate these issues.

Failure to adopt AI effectively could leave organisations at a competitive disadvantage. Experts pointed to sectors such as customer service, pharmaceuticals, and professional services as areas where AI is driving significant disruption.

For example, advanced AI chatbots in customer service have outperformed human operators in customer satisfaction ratings, while generative AI accelerates drug discovery processes in pharmaceuticals.

Boards should ask management how AI investments align with long-term strategic objectives, including whether additional external expertise is needed. In some cases, bringing in third-party consultants to evaluate AI opportunities can provide fresh perspectives and unlock untapped potential.

As organisations integrate AI into their operations, boards have a critical role in ensuring that its adoption aligns with strategic priorities, workforce needs, and ethical standards. By asking the right questions and fostering a culture of continuous learning, boards can help their organisations navigate the complexities of AI and remain competitive in an evolving technological landscape.

AI adoption presents both risks and opportunities, and organisations that fail to address these issues may face operational and reputational challenges. However, with deliberate oversight and strategic investment, boards can help their organisations realise the full potential of AI while managing its inherent risks.

UPCOMING CAFII RELEVANT WEBINARS & EVENTS; AND RELATED EDUCATION CONTENT

2025 FSRA Exchange – POSTPONED

By FSRA, February 06, 2025

We regret to inform you that the *2025 FSRA Exchange*, originally scheduled for *March 3, 2025*, is being **postponed**.

The event will be rescheduled to a date after the Caretaker Period, which will conclude once a new Cabinet is sworn in following the Ontario general election on February 27, 2025.

As a result, we are refunding registration fees. Please note that refunds can take a few weeks to appear on your statement.

Once a new date is confirmed, we will actively share the details through direct communications with the sectors we regulate and on our social media channels.

We apologize for the inconvenience and appreciate your understanding. We look forward to welcoming you to a future FSRA Exchange.

For any further questions, please email fsraexchange@fsrao.ca.

Thank you,
FSRA Team

Advocis' Symposium

<https://symposium.advocis.ca/>

ABOUT SYMPOSIUM 2025

The Advocis Regulatory Affairs Symposium provides a platform for financial advisors, regulators and corporate executives to debate and exchange perspectives on the key regulatory issues facing the sector.

Date and Time

Thursday,
March 20, 2025
8:00 A.M. - 4:00 P.M. EST

Location

InterContinental Toronto
225 Front St W,
Toronto, ON

M5V 2X3

Advocis is thrilled to invite you to Symposium 2025, a premier event bringing together leading financial advisors, industry experts, and thought leaders from across Canada. Join us in Toronto on March 20th for a day of insightful discussions and networking opportunities focused on shaping the future of the financial advisory profession.

CAILBA 2025 National Conference

<https://cailba.com/2025-national-conference/>

When: April 30th - May 2nd

Where: Le Centre Sheraton, 1201 René-Lévesque Blvd W, Montreal, Quebec, H3B 2L7

Phone: 514) 878-2000

Le Centre Sheraton Montreal is a stylish landmark in the heart of downtown Montreal and just steps away from the iconic Bell Centre and the vibrant St. Catherine Street. A short stroll connects visitors to Montreal's famed 19-mile Underground City, a marvel of urban design filled with boutiques, restaurants, and passageways that come alive year-round. With its stunning skyline views and proximity to the historic charm of Old Montreal, Le Centre Sheraton is a gateway to discovering the city's rich heritage and dynamic energy.

CAILBA and our proud sponsors welcome you to join us as we host the CAILBA 2025 National Conference & AGM — offering an inspiring, memorable, and educational networking experience in a city that masterfully blends history with modern charm.

CLHIA's Compliance And Consumer Complaints Conference

https://www.clhia.ca/web/CLHIA_LP4W_LND_Webstation.nsf/page/AD9B1618FBC1C2E5852584EA006C7099

Release Date: 01/09/2020

Staff Reference: Ethan Kohn; James Wood; Margaret Campbell

When: May 14 - 16, 2025

Where: Charlottetown, PEI

Location: Delta Hotels Prince Edward

This conference is the only one in Canada dedicated to compliance and complaint handling functions in the life and health insurance industry. We offer a premier opportunity to support your clients as you network with industry leaders as they discuss their key issues.