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Regulatory Update – CAFII Executive Operations Committee, 28 June, 2022

Prepared by Keith Martin, CAFII Co-Executive Director

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Federal/National

Canadian Council of Insurance Regulators (CCIR)

Munir Chagpar, Co-Policy Manager for CCIR, has left FSRA and the CCIR

CAFII has learned that Munir Chagpar, Tony Toy's Co-Policy Manager for CCIR, has left FSRA and is no longer in this position. His LinkedIn profile indicates that since May, 2022 he has been "Financial Sector Specialist" at the Bank of Canada, with the following role description: "Strategic policy development to advance the Bank's mandate in supervising retail payment providers."

Canadian Association of Independent Life Brokerage Agencies (CAILBA)

CAILBA Holds its Annual Conference In-Person in Banff, Alberta from May 18-20, 2022

CAILBA held its annual conference from May 18-20, 2022 in Banff, Alberta. The sold-out event included a panel with Janet Sinclair, CEO, Insurance Council of British Columbia; Brent Rathgeber, in-house Counsel and Director of Policy, Alberta Insurance Council; April Stadnek, Executive Director, Insurance Councils of Saskatchewan; Louise Gauthier, Senior Director of Policy Framework and Distribution, AMF; and Angela Mazerolle, Vice President, Regulatory Operations, and Superintendent, Pensions and Insurance at the New Brunswick Financial and Consumer Services Commission (FCNB).

Ontario's insurance regulator FSRA intended to have a senior representative participate (Huston Loke, Executive Vice President, Market Conduct), but at the 6 June, 2022 meeting of the FSRA Sectoral Advisory Committee on Life and Health Insurance, Mr. Loke told CAILBA representative Eric Wachtel that he was sorry he had to cancel his appearance as the meeting coincided with the Ontario provincial election.

There was also a special tribute at the meeting to outgoing Executive Director of the Insurance Councils of Saskatchewan Ron Fullan. The full Agenda for the meeting can be found in Illustration 1.

Illustration 1--Agenda, CAILBA Annual Conference, 18-20 May, 2022

5:00 to 7:00	Sunlife Cocktail Reception & Sponsor Tradeshow (Riverview Lounge)
7:00 to 9:00	Canada Life Welcome Dinner & Champagne Toast – Together Again! (Cascade Ballroom)
7:30 to 8:30	KEYNOTE SPEAKER, Mark Bowden, Expert in Body Language and Human Behaviour (Cascade Ballroom)
THURSDAY MAY 19, 2022	
6:30 to 8:30	Breakfast (Alberta/New Brunswick Room)
8:30 to 8:45	Opening Remarks (Cascade Ballroom)
8:45 to 9:45	KEYNOTE SPEAKER, Ken Wong, How to Compete in an Uncertain Economy (Cascade Ballroom)
9:45 to 10:00	Carlos Cardone, Senior Managing Director, Investor Economics, Segregated Funds, from Stagnation to Renaissance (Cascade Ballroom)
10:00 to 11:00	BREAKOUT A (Alhambra Room) <ul style="list-style-type: none"> MGA Roundtable – The Great, The Good, The Bad: Increasing Sales What's Working and What's Not? Moderated by Gary Wardrop BREAKOUT B (Ivor Petrak Room) <ul style="list-style-type: none"> Fair Treatment of Consumers: Where We Have Been & Where We Are Going; Moderated by Nina Kavalinas BREAKOUT C (Cascade Ballroom) <ul style="list-style-type: none"> Technology Advancing Growth – APEXA, CLIEDIS, Equisoft, iPipeline, NPC DataGuard, Broadridge, APOLLO Insurance. Moderated by Heidi MacDonald
11:00 to 11:30	Equisoft Networking Break & Tradeshow (Riverview Lounge)
11:30 to 12:30	BREAKOUT A (Alhambra Room) <ul style="list-style-type: none"> MGA Roundtable – The Great, The Good, The Bad: Increasing Sales What's Working and What's Not? Moderated by Gary Wardrop BREAKOUT B (Ivor Petrak Room) <ul style="list-style-type: none"> Fair Treatment of Consumers: Where We Have Been & Where We Are Going; Moderated by Nina Kavalinas BREAKOUT C (Cascade Ballroom) <ul style="list-style-type: none"> Technology Advancing Growth – APEXA, CLIEDIS, Equisoft, iPipeline, NPC DataGuard, Broadridge, APOLLO Insurance. Moderated by Heidi MacDonald
12:30 to 1:30	Equitable Life Luncheon & CAILBA AGM (Cascade Ballroom)
1:30 to 2:30	Association Partners Presentations – ADVOCIS, CALU, CLHIA, IFBC (Cascade Ballroom) Moderated by Gary Wardrop
2:30 to 3:00	HST/GST Update (Cascade Ballroom)
3:30 to 4:00	Equisoft Networking Break & Tradeshow (Riverview Lounge)
4:00 to 5:00	Dominic Villeneuve, Director of Security, UV Assurance, Mitigating Cybersecurity Risk, (Cascade Ballroom)
6:00 to 7:00	BMO Cocktail Reception & Sponsor Tradeshow (Riverview Lounge)
7:00 to 9:00	RBC Insurance Gala Dinner featuring the Calgary Fiddlers (Cascade Ballroom)
FRIDAY MAY 20, 2022	
6:30 to 8:30	Breakfast (Alberta/New Brunswick Room)
8:30 to 9:15	An Exclusive Interview with Ron Fullan by Michael Williams. (Cascade Ballroom)
9:15 to 10:45	Provincial Regulatory Presentations: Janet Sinclair, BC; Brent Rathgeber, AB; April Stadnek, SK; Louise Gauthier, PQ; Angela Mazerolle, NB (Cascade Ballroom) Moderated by: Eric Wachtel
10:45 to 12:00	Equitable Life Luncheon – Light Buffet or Lunch Box To Go (Cascade Ballroom) including Closing Remarks

Further information about the conference can be found here:

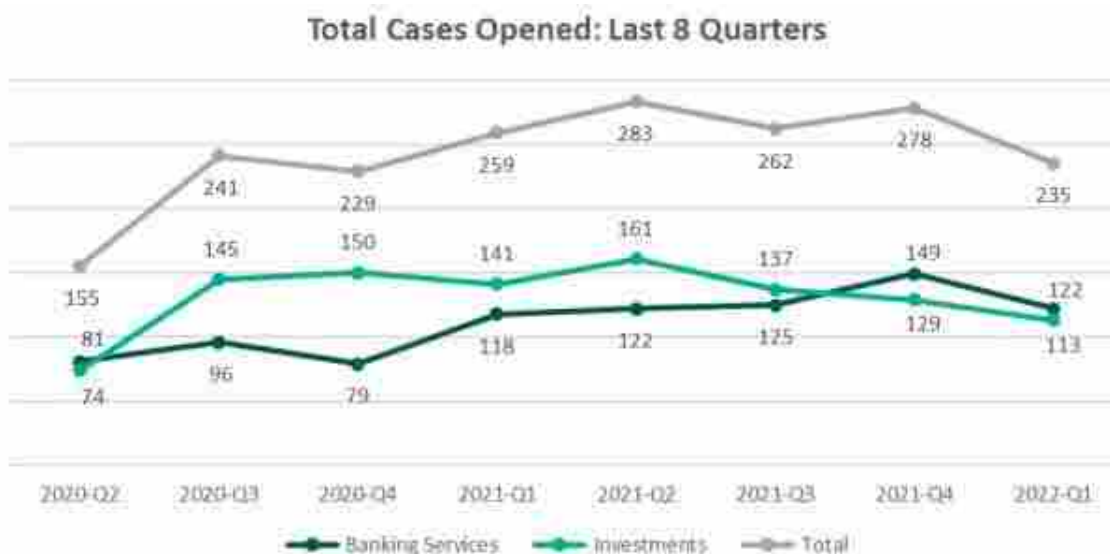
<https://cailba.com/2022-national-conference/>

The Ombudsman for Banking Services and Investments (OBSI)

The Ombudsman for Banking Services and Investments (OBSI) Releases Data That Shows Overall Case Volumes Eased by 15% in Q1 2022 from Q4 2021

The Ombudsman for Banking Services and Investments (OBSI) released data that shows that overall case volumes declined by 15% from the near-record high levels of the previous quarters (see Illustration 2). The analysis found that service issues for both banking and investments were on the rise while e-transfer and fraud cases for banking consumers exceeded 2021 levels.

Illustration 2: Total OBSI Cases Opened: Last 8 Quarters



The full data analysis can be found here:

[Q1-2022-case-summaries_EN.pdf \(obsi.ca\)](#)

OBSI Releases Report to Commemorate 25 Years of Ombudsmanship in Canada

OBSI has released a report to commemorate 25 years of work in Canada. Sarah Bradley, Ombudsman and CEO, OBSI says: “Throughout its 25-year history, OBSI has worked with financial sector regulators, firms, industry, and consumer groups to establish and strengthen access to independent ombuds services for Canadian financial consumers. From the beginning, our vision has been to help to build fairness, effectiveness, and trust in the financial services sector. In our current environment – amid the pandemic and related economic pressure and market volatility – the need for accessible, independent ombudsman services that serve the public interest is more important than ever.

Report highlights are:

- Since opening its doors in 1996, OBSI has responded to over 125,000 Canadians who reached out to us with inquiries and requests for assistance.
- OBSI has investigated and resolved over 13,000 cases and facilitated settlements of over \$39 million dollars in compensation.
- In the aftermath of the 2008 global financial crisis, OBSI's case volumes increased significantly and never returned to pre-crisis levels.
- In 2020, market volatility and economic uncertainty associated with the COVID-19 pandemic triggered a sharp rise in banking and investment case volumes that continued into 2021, setting a new case-opening record over OBSI's 25-year history.

The full report can be found here:

[OBSI's 25th Anniversary Report](#)

OBSI Issues Annual Report

On March 15, 2022 OBSI released its Annual Report, which states that

"The past year marked a number of significant milestones for OBSI," said Sarah Bradley, Ombudsman and CEO, OBSI. "We successfully managed the highest case volumes we have experienced in our 25-year history. During this landmark year, we also completed our 2017–2021 Strategic Plan and finalized the development of our new 5-year strategic plan. 2021 also marked an important governance shift for OBSI as it was the last full year in the term for our Chair of the Board of Directors, and the board undertook the recruitment process for our new chair."

The report states that banking cases increased 55% year-over-year, from 332 cases in 2020 to 514 in 2021. The top concerns raised with OBSI by consumers in 2021 related to credit cards, personal transaction accounts, and mortgage loans. Complaints related to credit cards were the subject of 35% of all banking cases, while personal savings and chequing account complaints followed at 15%, and mortgage loan complaints represented 14% of all banking cases.

It is notable that for anyone who suggests that credit protection insurance is a product that consumers do not want, the data from OBSI is that of 514 complaints in 2021, only 5 (less than 1%) were about credit protection insurance (see Illustration 3).

Illustration 3: Credit Protection Insurance is Subject to Minimal Complaints

Banking products	# of cases	% of cases
Credit card	179	35%
Personal savings and chequing account	77	15%
Mortgage	71	14%
e-Transfer	36	7%
Wire transfer	32	6%
Debit card	21	4%
Cheque/certified/money order/draft	21	4%
Line of credit	14	3%
Personal loan	13	3%
Estate account	11	2%
Commercial account	10	2%
GIC/term deposit	7	1%
Insurance – credit protection	5	1%
Registered accounts	4	1%
Safety deposit box	4	1%
Other – banking services	4	1%
Home equity line of credit	3	1%
Commercial loan	2	<1%
Total	514	100%

Note: Percentages may not total 100 due to rounding.

Banking issues	# of cases	% of cases
Fraud	111	22%
Service issues	91	18%
Chargeback	71	14%
Relationship ended	36	7%
Product information disclosure/misrepresentation	26	5%
Credit decision	21	4%
Pre-payment penalty	21	4%
Other – banking	20	4%
Missing or lost funds	18	4%
Credit reporting	16	3%
Unauthorized transaction	15	3%
Transaction error	14	3%
Hold on funds	12	2%
Collections process	11	2%
Interest rate	9	2%
Privacy breach	8	2%
Product modification	6	1%
Fee disclosure/misrepresentation/calculation	5	1%
Joint holder disputes	3	1%
Total	514	100%

The full report can be found here:

[Ombudsman for Banking Services and Investments Annual Report 2021 \(obsi.ca\)](https://obsi.ca)

OBSI Announces Maureen Jensen as its New Chair

OBSI announces that Maureen Jensen, past Chair and Chief Executive Officer of the Ontario Securities Commission, is its new Chair. “I am looking forward to my new role on the board and to working with all OBSI stakeholders and staff to ensure we are a fair, effective and trusted Canadian ombuds service,” said Ms. Jensen, past Chair and Chief Executive Officer of the Ontario Securities Commission.

OBSI Board Welcomes Canadian Government’s Decision To Establish a Single Ombudsman for Banks

The Board of Directors for the Ombudsman for Banking Services and Investments (OBSI) welcomed the Federal Government’s decision to establish a single, not-for-profit ombudsman for federally regulated banks announced in the April 7, 2022 budget.

“We applaud the government’s decision to correct our current system that allows banks to choose the ombudsman who will investigate and decide on their customers’ complaints,” said Maureen Jensen, Chair, OBSI. “A single non-profit ombudsman will make the system fair. An ombudsman needs to be a fair arbiter between banks and their customers and if an ombudsman needs to compete for the banks’ business, it puts banks in the position of choosing their own referee.”

OBSI has long argued that a competitive dispute resolution model leads consumers to reasonably question the impartiality and independence of the system. This perception of conflict of interest can undermine public confidence in the financial sector. The only way to improve consumer confidence is to remove ombudsman competition and establish a single, independent, not-for-profit ombudsman dedicated to the public interest.

“Internationally, a single impartial ombudservice is recognized as the best practice,” said Ms. Jensen. “OBSI has over 25 years of experience providing ombudsmanship services to the Canadian financial services sector, and we are committed to working with the government in support of this important initiative, which we strongly believe is in the best interest of both consumers and the financial sector.”

Financial Consumer Agency of Canada (FCAC)

FCAC Consumer Protection Framework to Go Into Force on 30 June, 2022

Ian Bickis of the Globe and Mail reports that the new consumer protection reforms that the FCAC will be enforcing are about to go into force, on 30 June 2022. Banks need to send alerts when an account balance goes below \$100, and there are new rules limiting the liability on lost or stolen cards to \$50 unless there's gross negligence. The new rules also reduce the number of days to 56 after first submitting a complaint against a bank before someone can elevate the issue to one of the third-party evaluators. The new rules now specifically state that banks can't "impose undue pressure" to sell a product or service, and that those products and services need to be "appropriate for the person" and their financial needs.

Canadian Bankers Association

CAFII Meets With New CBA President and CEO Anthony Ostler, and the CBA Vice President of Communications Aaron Boles

As an acquaintance of Anthony Ostler, the new President & CEO of the Canadian Bankers Association, CAFII media consultant David Moorcroft arranged a get acquainted lunch with Anthony for Keith Martin and Brendan Wycks, which David and Aaron Boles, CBA's Vice President of Communications, also attended.

The lunch was largely a get-acquainted session. Mr. Ostler was very engaged and forthcoming, and said that he would welcome regular interactions with CAFII. He said that one of his strategic objectives was to increase the staff complement of the CBA, which he said had been significantly depleted over the years, and which made it challenging to meet the expectations of the CBA membership. He said that he would in that respect be making a request to the CBA Board for a fee increase.

Mr. Ostler said that he had already been in several discussions with FCAC Commissioner Judith Robertson, and that the first one was a quite difficult discussion where she "laid down the gauntlet" and came across as quite forceful and unyielding. Subsequent conversations have been more of a dialogue and more positive.

There was discussion of the recently released report from FCAC based on mystery shopping in 2019 that indicated that vulnerable populations were more likely to be sold inappropriate products. Aaron Boles said that this was an example of the need to constantly communicate the reality to regulators, and that the study in question was anecdotal and dated.

Brendan Wycks raised the issue of the AMF file around compliance with credit-card embedded insurance benefits, and that some CAFII members had hoped the CBA would get engaged in this issue. Mr. Ostler was not familiar with this file and did not comment, but he did say he would take this under advisement. Mr. Ostler was quite interested in CAFII's background information on the provincial regulatory environment, and particularly around details on some of the issues with the AMF. He said that the CBA did not have a strong presence amongst provincial regulators and that this was something he wanted to look at strengthening for the Association.

Canadian Health and Life Insurance Association of Canada (CLHIA)

CLHIA Holds 4-5 May 2022 Virtual Compliance and Consumer Complaints Annual Conference

CAFII attended the two-day virtual Compliance and Consumer Complaints Annual Conference on 4-5 May, 2022.

One panel, moderated by Jill McCutcheon, Partner, Torys, consisted of Angela Mazerolle, Superintendent of Pensions and Insurance, Financial and Consumer Services Commission, FCNB; Chris Carter, VP and Deputy Superintendent, Market Conduct, BC Financial Services Authority (BCFSA); and Louise Gauthier, Directrice principale, Autorité des marchés financiers (AMF).

Another panel consisted of April Stadnek, Executive Director, Insurance Councils of Saskatchewan; Janet Sinclair, Chief Executive Officer, Insurance Council of British Columbia; and Joanne Abram, Chief Executive Officer, Alberta Insurance Council. In that panel, Ms. Stadnek mentioned that Saskatchewan has rolled out a Restricted Insurance Agent Committee consisting of members from CLHIA and CAFII, and that this is working very well.

Detailed notes on the presentations made by panelists have been developed by CAFII and are available here: [https://infocafii-](https://infocafii-my.sharepoint.com/:f/g/personal/info_cafii_com/EjpPVC6ip91JueM0wluU4-UBqbFgyb7xDEkIGBz4wdcPuQ?e=kD9YxC)

[my.sharepoint.com/:f/g/personal/info_cafii_com/EjpPVC6ip91JueM0wluU4-UBqbFgyb7xDEkIGBz4wdcPuQ?e=kD9YxC](https://infocafii-my.sharepoint.com/:f/g/personal/info_cafii_com/EjpPVC6ip91JueM0wluU4-UBqbFgyb7xDEkIGBz4wdcPuQ?e=kD9YxC)

CLHIA Announces Bernard Lord as its New Chair of the Board

The CLHIA has announced that Bernard Lord, Chief Executive Officer of Medavie has been elected Chair of its Board of Directors. Mr. Lord became CEO of Medavie in September 2016 to provide strategic leadership and further the company's mission to improve the wellbeing of Canadians. Prior to this, he served eight years on its board of directors.

Mr. Lord was premier of New Brunswick from 1999 to 2006. He is currently the Chair of the International Federation of Health Plans, and the incoming President of the Canadian Association of Blue Cross Plans. He is a Queen's Counsel and a member of the New Brunswick Law Society and the Canadian Bar Association.

Insurance Bureau of Canada

Don Forgeron To Retire from the Insurance Bureau of Canada

Alyssa DiSabatino of Canadian Underwriter reports that Don Forgeron will retire as president and CEO of the Insurance Bureau of Canada after a tenure of almost 30 years. He will also retire as a member of the IBC's board of directors. The search for Forgeron's successor will begin in July, and he will continue to lead the company until his successor is onboarded in late 2022.

"It has been an honour to serve as IBC's president and CEO," Forgeron said in a press release. "IBC has grown to become a credible and trustworthy voice for governments, regulators, and consumers who rely on insurers to provide protection to Canadians when they need it most. "We've made progress on fixing broken auto insurance systems to work better for drivers. We've built on the momentum for a national flood insurance program to protect homeowners from the impacts of our changing climate. And IBC and its members have continued to show that a strong, competitive insurance industry is a force for good in the lives of Canadians," he continued.

From 1999 to 2002, Forgeron served as IBC's vice-president of strategic development of investigative services. He was vice-president of Atlantic from 1993 to 2008, vice-president of Ontario from 2008 to 2009, and was appointed as president and CEO in 2009, according to his LinkedIn profile. In his early career, he worked for Alberta's Department of Environment and the National Research Council in Nova Scotia.

Forgeron is a founding member and current president of the Global Federation of Insurance Associations (GFIA) and leads an international working group at GFIA. He is a Cape Breton University graduate and completed management studies at the University of Toronto, Harvard, and McGill universities. "I'm proud of what IBC and the industry have accomplished during my tenure," Forgeron said.

“Under Don’s leadership, IBC has become an invaluable voice for important issues affecting the P&C insurance industry,” Heather Masterson, president and CEO of Travelers Canada and chair of IBC’s board of directors, said in a press release. “Over the years, Don has been integral to the expert counsel, consumer education programs, and strategic initiatives that IBC offers our industry – the importance of which has never been more evident than during the unprecedented events of the past couple of years.

“We wish Don and his family all the best for his retirement and look forward to continue working with IBC on issues that make a true impact on the industry and consumers,” she stated.

Canadian Credit Union Association (CCUA)

Canadian Credit Union Association (CCUA) Announces Martha Durdin’s Retirement, and the Appointment of Jeff Guthrie as the New President and CEO Effective 1 July, 2022

The Canadian Credit Union Association (CCUA) has announced that Martha Durdin is retiring, and that Jeff Guthrie would be the new President and CEO as of 1 July, 2022.

Keith Martin worked with Martha Durdin while at BMO and he spoke to her at the 9 June, 2022 FSRA reception, at which she mentioned that she had not yet met Mr. Guthrie but would soon be meeting him for a day to provide context and background about the CCUA.

The news release announcing the leadership change says that Jeff Guthrie is a skilled senior leader with a wide range of experience in financial services and has led organization-wide transformations throughout much of his career. With a focus on collaboration, he has an established record of leading teams and working with partners to develop and execute strategies to deliver and grow shareholder value.

The CCUA press release stated: “On behalf of the board, we are thrilled to welcome Jeff as the new leader of CCUA,” said the Chair of CCUA’s board, Shelley Besse. “This is a pivotal time in the financial services industry, and we are pleased to have Jeff at the helm of our national trade association. We are very much looking forward to working together to build upon CCUA’s foundation as we implement and execute our new three-year strategic plan to support our members”.

Jeff has built his leadership expertise over the past twenty years, having held senior executive leadership positions at RBC, Moneris Solutions and most recently, President and COO of Hank Payments. He has also written over 20 essays on LinkedIn highlighting some of the vital issues facing businesses and Canadians, including Economic Recovery, Cryptocurrencies, and Buy Now Pay Later.

“I am honoured to be appointed as President & CEO of CCUA,” said Guthrie. “Credit unions play an important role in the financial services industry by providing Canadians with more choice in how they bank. I welcome the opportunity to join a sector with co-operative values that align closely with my own”.

“The financial services landscape is rapidly changing, and credit unions are well-positioned to capitalize on the opportunities we have as a system, such as open banking, payments modernization, ESG and social purpose. I am looking forward to working with the CCUA team to build on the last five years’ accomplishments and continue to champion the credit union system across the country,” he added.

Jeff takes the reins of CCUA from retiring President & CEO Martha Durdin. Martha has stewarded the association over the past eight years and led the charge to successfully transform CCUA into the first member-owned and governed national trade association for Canada’s credit unions.

Travel Health Insurance Association of Canada (THIA)

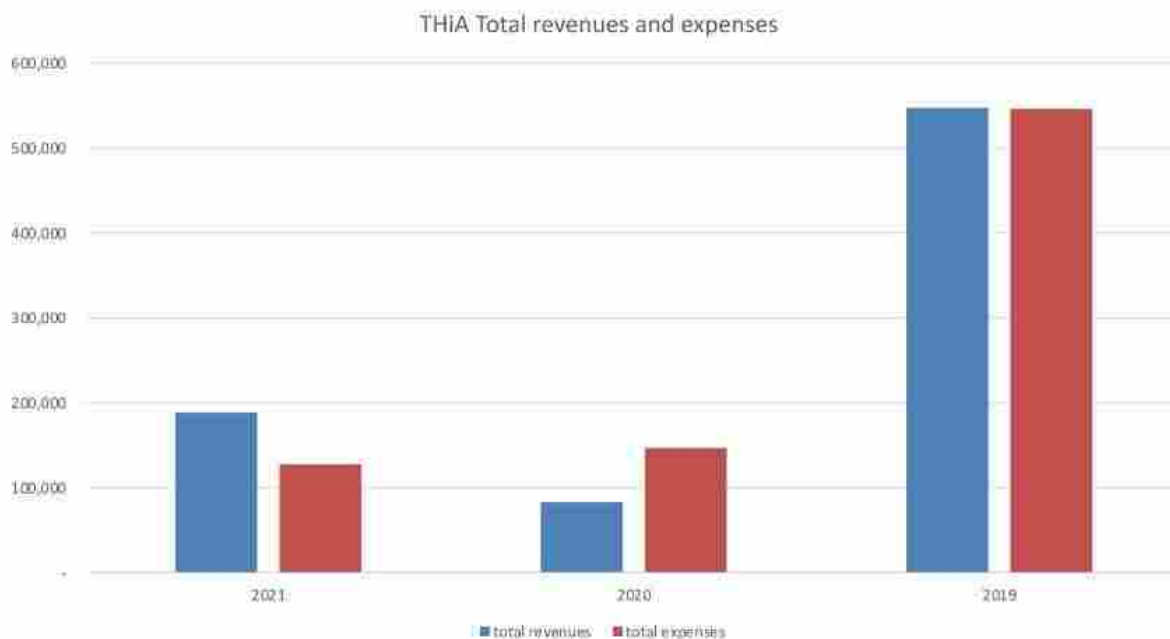
THIA Holds In-Person AGM on 15 June, 2022

Keith Martin and Brendan Wycks attended THIA’s in-person AGM at the Richmond Hill Golf and Country Club. Michael Camacho, CSI Brokers, whose company was a former CAFII Associate, was acclaimed as the new President, replacing outgoing president Richard Ollier, Allianz Global Assistance. Mr. Camacho was acclaimed after Mindy Tarantelli, who until recently was an EOC member from Scotiabank Financial (she left to become SVP-National Affinity Practice Leader, Marsh McLennan), stepped down as a candidate for President. Vice-President Kimberly Winkworth, AIG, would normally have stepped into the President role (normally at THIA, the Vice President serves for two years and steps thereafter into the President role), but she declined as she has recently taken a new role at AIG that is not focused on travel health insurance. Elliott Draga from Nordic Insurance Software was elected Vice President, in an election with Kellee Irwin, Vice President, CAA Club Group of Companies.

Patrick Charbonneau, THIA Treasurer, noted that COVID had a very negative impact on THIA’s financials, with lost revenue due to the cancellation of two annual in-person conferences that are flagship events for THIA (see Illustration 4).

Illustration 4—THIA Revenue and Expenses Pre-COVID and Now

Comparison with pre-covid and now

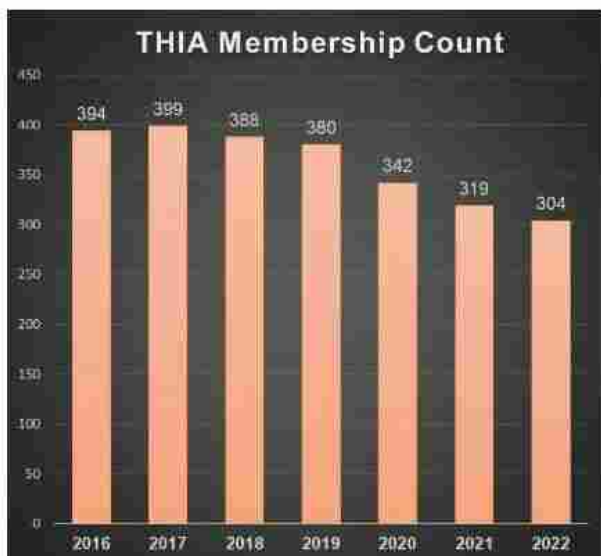


Markus Mueller, Chair of the Membership Committee, said that COVID had accelerated a decline in membership in THIA that has been occurring over the past five years, with a 10% drop in membership during that period (see Illustration 5).

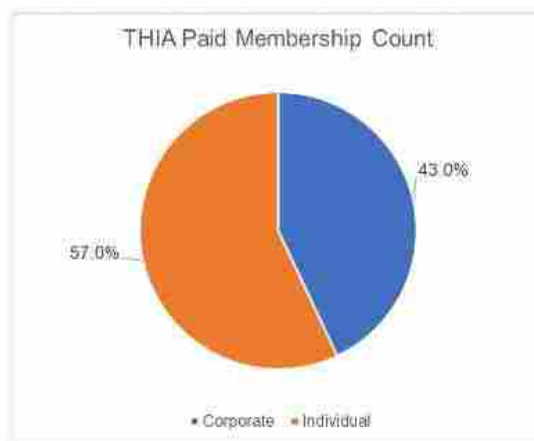
Mr. Mueller said that reversing this trend would be a strategic priority of THIA going forward.

Illustration 5—THIA Membership Snapshot

2022 THIA Membership Snapshot



NOTE: Historical figures higher as Conference increases membership and there was no in person conference in 2020 or 2021



NOTE: Corporate memberships include up to 5 members. On average using 4.6 membership spots.

- Membership in steady decline over the last 5 years (membership erosion of 4.5% per year)
- Of individual members corporate memberships account for almost 80%
- COVID-19 will continue to pressure on membership as companies rethink expenditures
- Consolidation continues within the travel insurance space (M&A, unloading of portfolio)
- Membership declines in corporate (8%) and increases individual (5%)



2022 Annual General Meeting – June 15, 2022

Janet Pacini Thibodeau, Chair of THIA's Education Committee and a CAFII EOC member, gave an update on the very successful TRIP program, which is an online accreditation program with nine modules. The TRIP program has recently been launched in French, and it is recognized by provincial regulators as meeting high educational standards for insurance agents, broker and adjusters in Alberta, Ontario, Manitoba, Quebec, and Saskatchewan.

There was a Guest Presentation by Atila Ulku, Manager, Industry Relationships, Canada & Bermuda, AMERICAS-Field Offices, International Air Transport Association (IATA). IATA's mandate is "to represent, lead and serve the airline industry." It is an international organization that was founded in 1945 in Havana, Cuba. It has 290 members from 120 countries, with its headquarters in Montreal, Quebec.

In 2020, the IATA Financial Settlement Systems processed \$156.3 billion in transactions. There are 53,000 plus IATA accredited travel agencies globally. In 2019, there were 1 million flights in Canada by IATA members, contributing \$60.3 billion to the Canadian GDP, and supporting 729,000 jobs.

COVID has devastated the passenger industry in 2020 and 2021, with recovery now being impacted by the tremendous pressures on operating costs on the industry especially due to fuel costs. Current estimates are that the passenger industry will only fully recover from COVID by 2024, with IATA predicting 5 billion flights by then, exceeding slightly the pre-COVID 2019 numbers. The recovery is fastest in those regions like North America where pandemic restrictions have been lifted most quickly, with a 15% travel demand reduction in March 2022 versus March 2019 in that region; the ongoing reduction is much more pronounced in the Asia Pacific where restrictions remain stringent, with a 66.7% reduction in demand in March 2022 versus March 2019.

In 2020 and 2021 the industry contribution to GDP declined by \$950 billion globally, and 1724 routes were lost. While most of this was on the personal travel side and the cargo sector of the industry was much less impacted by COVID, it too is now facing inflationary and operating cost pressures.

A full copy of the presentation is available here: https://infocafii-my.sharepoint.com/:f/g/personal/info_cafii_com/EjpPVC6ip91JueM0wluU4-UBqbFgyb7xDEkIGBz4wdcPuQ?e=kD9YxC.

Torys

Torys Holds a Webinar on the Fundamentals of Banking and Insurance Law—Business & Investment Powers and Federal Players (April 20, 2022)

Torys has organized a series of webinars on financial institutions, with the first on the “Fundamentals of Banking and Insurance Law—Business & Investment Powers and Federal Players” held on April 20, 2022. The presenters were Blair Keef, Eli Monas, and Melissa Prado.

The presentation focused on the relevant provisions of the *Bank Act* and the *Insurance Companies Act*, which are collectively called the Acts. It was noted that historically, the Bank Act was required to be revised every 10 years and there was no sunset clause in the federal insurance legislation. In 1992 this was changed to every 5 years for the Bank Act to be reviewed, and a regular review was added to the Insurance Companies Act. At the same time, the Acts were modernized and sections of the *Trust and Loan Companies Act* and the *Cooperative Credit Associations Act* were introduced into those statutes at the same time. The

Acts provide for main business powers for industry, noting that “an insurance company shall not engage in or carry on any business other than such business generally as appertains to the business of providing financial services”; similarly, the Bank Act specifies that a bank shall not engage in or carry on any business other than the business of banking.

The Acts also provide numerous business constraints:

- *insurance companies cannot insure any risk other than classes of insurance which have been approved;*
- *insurance companies cannot accept deposits except as otherwise permitted by the ICA;*
- *cannot act as a trustee for a trust in Canada;*
- *cannot generally issue guarantees of unlimited amounts, except to subsidiaries;*
- *cannot deal in securities in Canada to the extent prohibited by the regulations;*
- *cannot provide operating leases or auto leases in Canada;*
- *cannot provide residential mortgages in Canada above an 80% loan-to-value ratio cannot grant security interests except in accordance with the policy established by the board;*
- *cannot be a partner in a partnership or a general partner in a limited partnership*
- *cannot directly or through a subsidiary hold share in the company/bank or its holding company (insurance companies can hold shares in a seg fund which mirrors a recognized index)*
- *banks cannot undertake the business of insurance (generally in Canada) except to the extent permitted by the regulations;*
- *cannot act as agent in Canada for any person in the placing of insurance;*
- *cannot lease or provide space in any branch in Canada to any person engaged in placing of insurance.*

It was noted that banks cannot undertake the business of insurance except to the extent permitted by the regulations. Banks cannot act as an agent in Canada for any person in the placing of insurance, and cannot lease or provide space in any branch in Canada to any person engaged in the placing of insurance.

However, banks may administer an authorized type of insurance, and are permitted to promote and provide advice on authorized types of insurance but not on other types of insurance. They may, however, provide advice in respect of insurance policy that is not an authorized type of insurance if advice is general in nature, and not in respect of a specific risk, insurance policy or

service, or any particular insurance company, agent or broker. Authorized types of insurance are:

- *credit or charge card-related insurance;*
- *creditors' disability insurance;*
- *creditors' life insurance;*
- *creditors' loss of employment insurance;*
- *creditors' vehicle inventory insurance; export credit insurance;*
- *mortgage insurance, and*
- *travel insurance.*

Other insurance restrictions for banks are that a bank cannot share customer information with, or promote, an insurance company, agent or broker; and a bank cannot provide a telecommunications device that is primarily for the use of customers in Canada and that links a customer with an insurance company, agent or broker.

The full presentation can be found here: https://infocafii-my.sharepoint.com/:f/g/personal/info_cafii_com/EjpPVC6ip91JueM0wluU4-UBqbFgyb7xDEkIGBz4wdcPuQ?e=kD9YxC

Torys Holds a Webinar on the New Financial Consumer Protection Framework (May 24, 2022)

The second Torys series of webinars on financial institutions was on the “New Financial Consumer Protection Framework” and was held on May 24, 2022. The presenters were Marissa Daniels, Brigitte Goulard, and Eli Monas. Brigitte Goulard is a former FCAC Deputy Commissioner, and she made a presentation to CAFII in that capacity at a special purpose Board meeting on 14 September, 2018, at which she was quite critical of some CPI sales practices.

Starting with history, it was noted that in 2014, the Supreme Court ruled against banks in a provincial consumer protection class action (known as “Marcotte”). In response, as part of the 2016 Budget Implementation Bill (Bill C-29), a new federal consumer code was tabled, which included provisions asserting paramountcy of the banks, but due to political pressure, the Bill C-29 consumer code was pulled. The FCAC subsequently released the “Domestic Bank Retail Sales Practices Review” (March 2018) and the “Report on Best Practices in Financial Consumer Protection” (May 2018).

Bill C-86, *Budget Implementation Act, 2018, No. 2* was introduced in the House of Commons in 2018. This Act introduced new Bank Act amendments to consolidate and strengthen financial consumer protection, as well as amendments to the FCAC Act strengthening the powers of the FCAC Commissioner. The Framework received Royal Assent in December 2018, and the FCAC Act amendments came into force in April 2020. These important Bank Act amendments will come into force on June 30, 2022. The FCAC also introduced 3 guidelines to assist with interpretation of the framework (related to provisions on complaints, whistleblowing, and the appropriateness of products).

Banks must now establish and implement policies and procedures that ensure products and services sold are appropriate, taking into account a consumer's circumstances, including their financial needs. The banks' specific responsibility is to establish Policies and Procedures, but the new requirement should be read in combination with the provisions requiring banks to ensure that remuneration, payment or benefit offered to officers and employees does not interfere with their ability to comply with these policies and procedures; and that banks' officers and employees are trained in the bank's policies and procedures for complying with the consumer provisions.

Several other provisions also promote responsible business conduct (which may now apply to business customers) including a prohibition from communicating or providing false or misleading information to a customer, the public or the FCAC Commissioner; and a general prohibition, added to the tied selling restriction, against imposing undue pressure on a person for any reason or taking advantage of a person; a requirement that advertisements be accurate, clear and not misleading and a codification of disclosure standards; the introduction of a cooling off period, during which a consumer can cancel an agreement for certain products or services without any cancellation charge; and a prohibition against imposing any charges for optional products or services under promotional, preferential, introductory or special offers on the day the promotion ends without obtaining the person's express consent (promotional, preferential, introductory or special offers with respect to products or services other than optional products or services trigger disclosure obligations in advance of the end of the promotional period). As well, the provisions significantly enhance the complaint-reporting framework, and the banks are required to eliminate the word Ombudsman, or any term that suggests its employees are independent of the bank.

To ensure these new provisions are adhered to, amendments have been made that strengthen the enforcement capabilities of the FCAC. The FCAC is a market conduct regulator with the power to investigate and enforce, and it has been provided with significantly increased penalties that it can apply for violations.

There was reference to a technical legal issue around the application of these requirements to authorized insurance, since the provisions (perhaps due to a drafting error) occasionally refer to products or services provided by the bank. But authorized insurance is not provided by the bank, so if only “provided” is used technically this would exempt authorized products, which would only be captured if the term “offer, provide, or sell” was used. This was viewed as an uncertainty which will require clarification.

An attendee said that they have defined appropriateness based on: purpose (need); objective (timeline); tolerance (rate/risk); qualification (affordability). The panelists said that they felt that this sounded, in principle, like a good approach.

The full presentation can be found here: https://infocafii-my.sharepoint.com/:f/g/personal/info_cafii_com/EjpPVC6ip91JueM0wluU4-UBqbFgyb7xDEkIGBz4wdcPuQ?e=kD9YxC

Torys Holds a Webinar on the Overview of the Canadian Foreign Bank Regime (June 22, 2022)

Torys third webinar in its series on financial institutions was on an “Overview of Canadian Foreign Bank Regime.” The presenters were Blair Keef and Eli Monas.

The presentation noted that there have been several changes to the foreign bank entry regime over the last 40 years or so. The 1980 Bank Act allowed banks to establish banking subsidiaries in Canada but not branches. Most large international banks were established in Canada in the 1980’s, but in the 1990’s many banks started retreating from Canada. In 1997 the government recognized the need to establish a new framework for foreign banks to operate in Canada to stem the withdrawal of foreign banks from the Canadian market and to encourage the entry or re-entry of foreign banks into Canada.

In 1999 the Canadian government proclaimed in force legislation implementing a key part of its foreign bank entry framework – to allow qualifying banks to carry on wholesale banking business directly in Canada through a branch without establishing a Canadian subsidiary. This legislation brought Canada into line with other industrialized countries that permit direct branch banking and results in greater operational flexibility, increased lending capacity and reduced corporate governance requirements for foreign banks. The policy behind the foreign bank entry regime is to try to put foreign banks on a relatively level playing field with Canadian domestic banks.

Keith Martin asked anonymously if foreign banks can offer credit protection insurance, and the answer was in principle yes, but doing so would require that the bank be engaged in offering lending products to Canadians. In practice, since there are restrictions on gathering deposits from Canadians for foreign banks, most are not likely to offer CPI other than through credit cards.

The remainder of the presentation was on the legal and technical elements of this regime. The full presentation can be found here: https://infocafii-my.sharepoint.com/:f/g/personal/info_cafii_com/EjpPVC6ip91JueM0wluU4-UBqbFgyb7xDEkIGBz4wdcPuQ?e=kD9YxC

LIMRA / LOMA Canada

LIMRA / LOMA Holds its Canada Annual Conference Virtually from 25-26 May, 2022

Keith Martin attended this virtual conference which had about 80 participants. Brent Lemanski, AVP and Executive Director at LIMRA / LOMA, made some opening comments that focused on the theme of change in insurance that would be covered by the conference, including issues such as staff developments, rapid technology advances, and how to reach consumers differently. New issues to be tackled included the inflationary economy, increasing regulation, and cyber-crime.

Kartik Sakthivel, Vice President and Chief Information Officer, LIMRA LOMA Global, Speaks About "The Great Digital Reset: The COVID Catalyst On the Right Side of Digital Transformation."

Kartik Sakthivel, Vice President and Chief Information Officer, LIMRA LOMA Global, spoke about what to expect after COVID-19, stating that the industry was in constant transformation. He said that there were three issues to look at: the "now normal," the "new normal," and the "next normal" (see Illustration 6 and Illustration 7).

Insurance is undergoing a major digital transformation. This has been happening for the past ten to twelve years, but insurance has overall been a laggard in the financial services industry, with retail banking 3-5 years ahead of the industry. Just three years ago, key themes were moving to agile project managing, cloud technology, an emphasis on innovation, the impact of blockchain, and the challenges of legacy systems, all of which was predicated on technology.

There has been a remarkable transformation in technology over the past 25 years. Netflix is the gold standard in scaling effectively, quickly, and globally, while delivering a consistent, yet regionalized experience to consumers worldwide. Blackberry transformed the world by letting people connect to their email at all times, but they did not adapt to all consumers, and did not develop apps.

Post COVID, transformation will continue. In 2019, pre-COVID, the focus was on transformation and dealing with the chaos of the levels of change in the industry. Operationally insurance has been challenged, but the industry has a long history and is strategically sound. Insurance however has to deal with transformation, including the pace of technology change, new skills sets, and the burden of legacy systems. The pandemic has also demonstrated the importance of life insurance.

Despite all the strides that have been made, major challenges exist. The cloud will continue to be key, there is a concern around employee burnout, agile is a mindset that needs to be fundamentally embraced, and communication is critical.

Illustration 6: What Does the “Now Normal” Look Like?

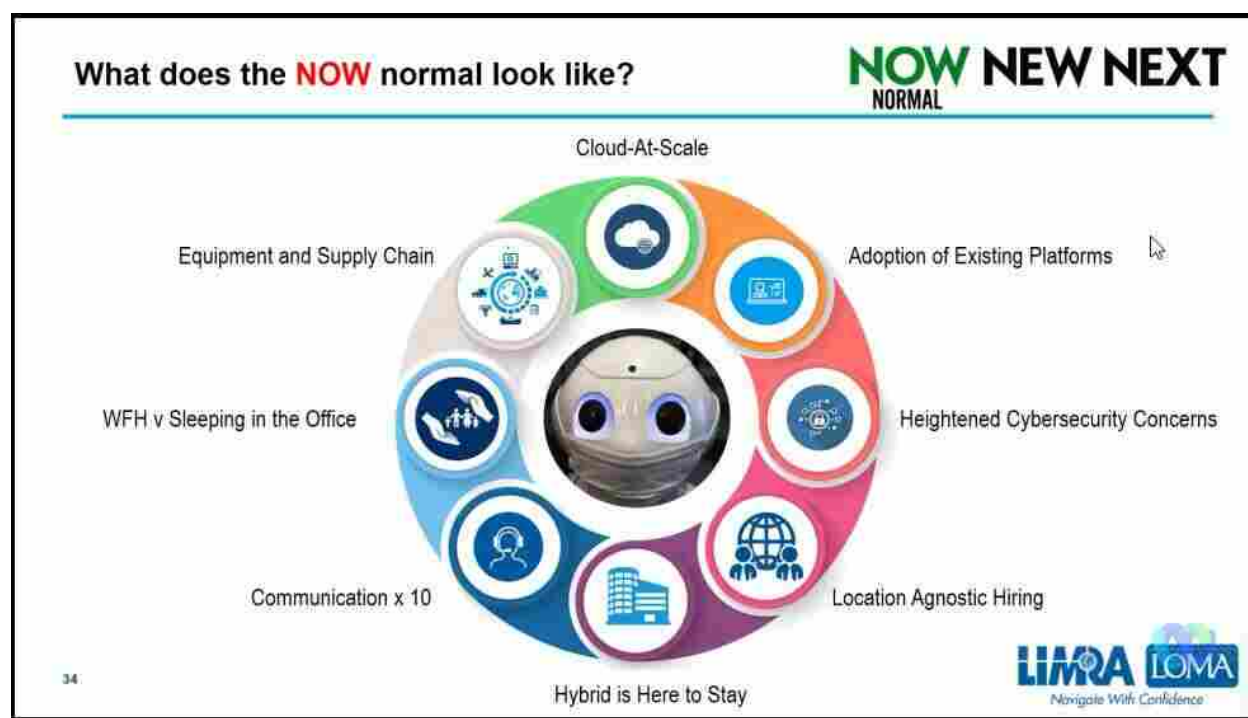


Illustration 7: What Does the “New Normal” Look Like?



The next normal will involve a transformation strategically, foundationally, and elementally. Digitization will need to occur not only around traditional functions of insurance, but across the entire value chain. APIs will continue to be fundamental to these changes. Underwriting will continue to evolve to improve the customer experience.

There will be an intersection between data and analytics, and legacy systems will need to be replaced. The foundation is data strategy and information management, legacy systems, modernization, technical debt, and cybersecurity.

To review a video of the presentation, go to:

[THE COVID CATALYST ON THE RIGHT SIDE OF DIGITAL - limra-1 \(wistia.com\)](https://wistia.com/medias/limra-1)

Mark Hardy, VP Direct Life and Health at TD Insurance on “Driving a Balance for Customers and Employees that can Outlast COVID”

Mark Hardy, VP Direct Life and Health at TD Insurance made a presentation on “Driving a Balance for Customers and Employees that can Outlast COVID.” He spoke to the importance of not just receiving feedback, but using it and actually incorporating it into your actions. Mr. Hardy said that life insurance premiums are up 25% from 2020, and that the preference for shopping online up 29% over the last six years. He added that consumer confidence in life insurance companies remains high compared to pre-pandemic levels. Key future needs are to make it simple for customers to interact with insurance companies, to accelerate digital marketing, to automate where possible, to keep the customers at the centre, and to simplify the fundamentals.

Mr. Hardy said that TD is committed to a diverse workforce and inclusion. He added that it is important for insurance organizations to have cross functional collaboration, including marketing; data and analytics; product; underwriting; and sales. Mr. Hardy concluded by emphasizing that at TD Insurance, people are the greatest investment (see Illustration 8).

Illustration 8: Employee Investments at TD Insurance



Winning with our Talent: Employee Experience



Our people are our greatest investment; COVID uniquely challenged us to re-think the future of work

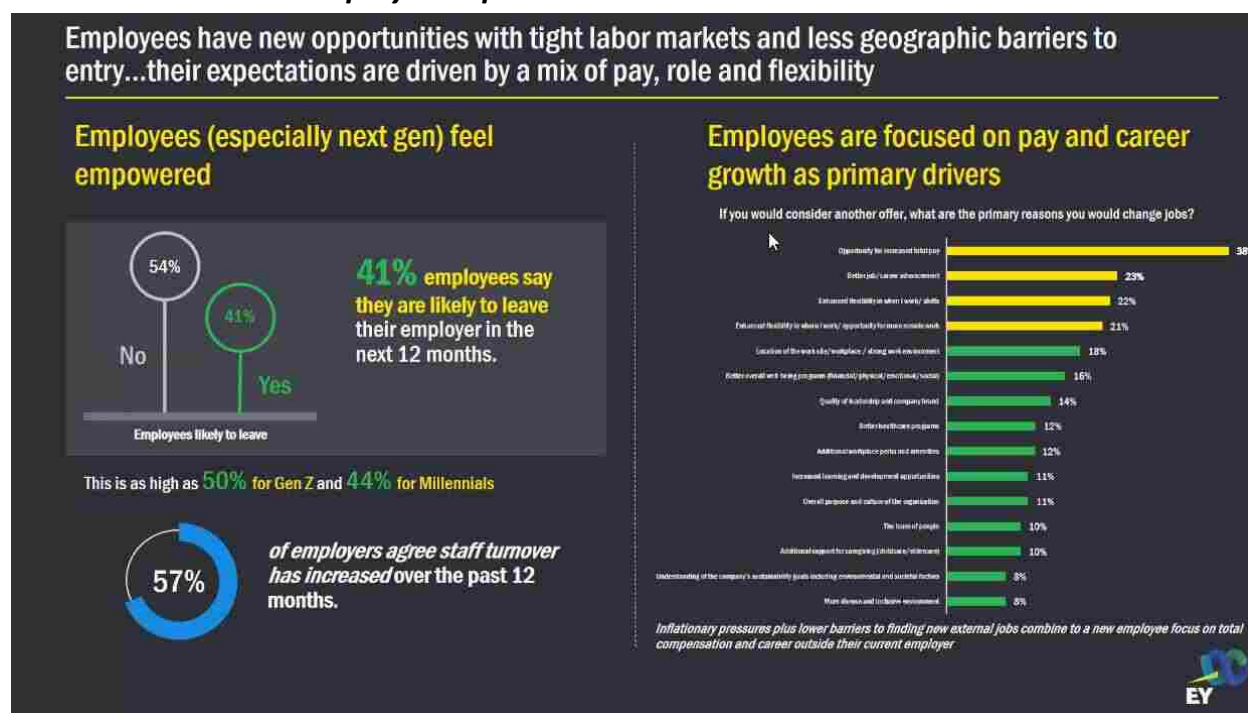
Initial COVID Investments	The Future of Work	Career Confidence
 <ul style="list-style-type: none"> ✓ Remote set up costs ✓ Financial incentives ✓ Flexible scheduling 	 <ul style="list-style-type: none"> ✓ Hybrid environment ✓ Health & Safety ✓ Moments that Matter 	 <ul style="list-style-type: none"> ✓ Development focus ✓ OneTD Advantage ✓ Pulse check ins



In insurance, 90% of employees want to work 2 plus days remotely, and on average employees want 3-4 days remotely. Only 9% of employers say everyone must return to the office 5 days. However, there are a series of issues where there are serious divergences between employer expectations and employee expectations (see Illustration 9).

Survey results found that 41% of employees say they are likely to leave their employer in the next 12 months, and 57% of employers agree staff turnover has increased over the past 12 months (see Illustration 10).

Illustration 10: New Employee Expectations



Employees and employers feel much more can be done on diversity equity and inclusion. Fully 45% of Canadian employers report difficulty filling jobs.

The presenters noted nine trends that are emerging in the workforce:

- employees are being given more flexibility around when and where they work;
- more hiring outside of market;
- need to focus on purpose & culture;
- physical and mental wellbeing programs;

- *training & upskilling focus;*
- *diversity & inclusion;*
- *collaborating remotely;*
- *physical workplaces will need to change;*
- *need to manage effectively in a virtual environment.*

It was noted that 50% of the workforce is now made up of millennials, yet only 4% of millennials are interested in insurance; and that 1 in 4 P&C insurance workers in Canada will retire over the next 10 years. Together, these trends are combining in ways that will prove very challenging for the industry. This is combined with changes in the types of competencies required within insurers (see Illustration 11).

Illustration 11: Evolving Competencies Required in Insurance Companies



To review a video of the presentation, go to:

[THE FUTURE OF WORK IN INSURANCE - limra-1 \(wistia.com\)](https://www.wistia.com/medias/limra-1)

John Carroll, Senior Vice President, Member Relations and Sales, LIMRA and LOMA

John Carroll, Senior Vice President, Member Relations and Sales, LIMRA and LOMA, said the Association was conducting a review of the challenges around searching for talent. There are more challenges in hiring than ever, especially for core competencies like information technology, cybersecurity, and risk management.

To review a video of the presentation, go to:

[CANADIAN UPDATE - JOHN CARROLL - limra-1 \(wistia.com\)](#)

Scott Plummer, Vice President, Product Management, Vitech Systems Group and Barry Redfern, Director, Product Management, Vitech Systems Group on Achieving Successful Digital Engagement

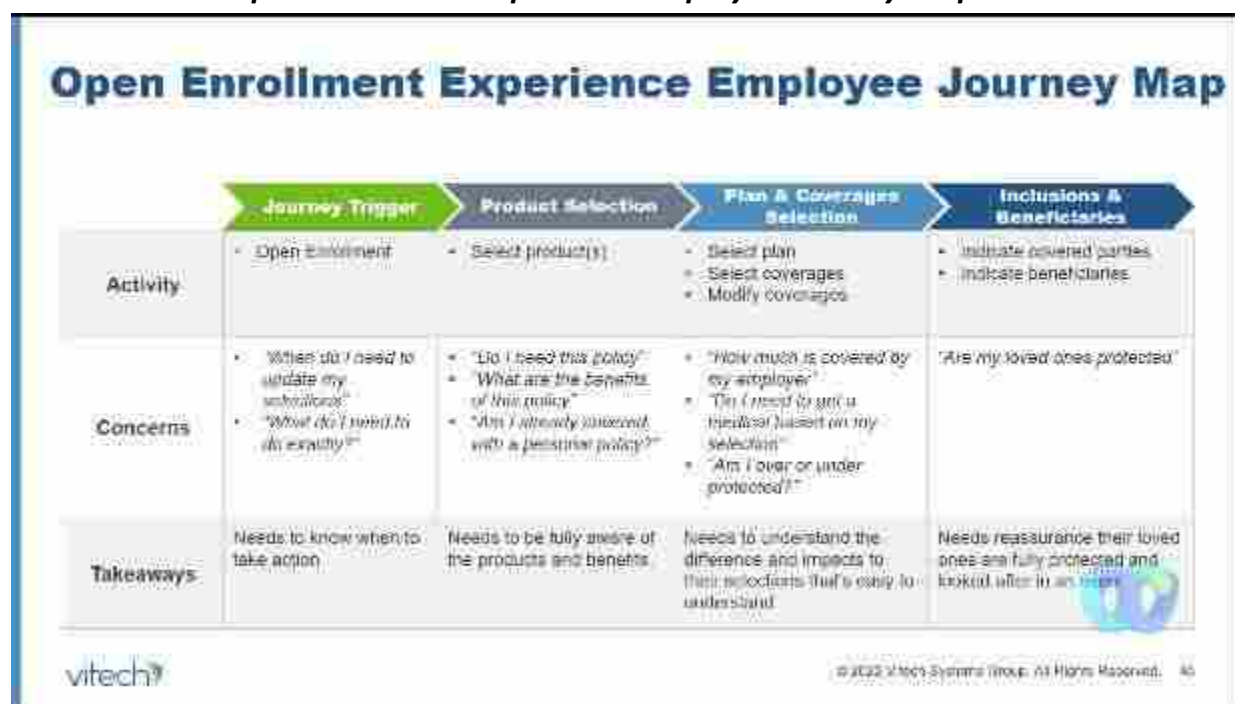
Scott Plummer and Barry Redfern said that it was critical to create a personalized digital experience for customers. Personalization is about a “convenient, data-driven experience that feels fully tailored to them and comparable to interacting in person” (McKinsey definition).

Illustration 12: Employee User Persona Example



Employees who were surveyed on their preferred way of engaging on their benefits with their carrier said online, followed by phone, but the more complex the issue the greater the chance that they would want human interaction. Most interactions could be resolved digitally but if it became more complex the employee may switch to human interaction. Key takeaways are that digital excellence is critical, and organizations should aim to avoid requiring the customer to change channels. However, some switching is inevitable so an omni-channel strategy is also critical. It was noted that omnichannel is not multichannel; omnichannel is a “unified, seamless experiences” such that one channel is not siloed.

Illustration 13: Open Enrollment Experience Employee Journey Map



The presenters spoke about a persona-driven digital engagement, where for digital engagement to work you need to understand the end user you are serving, as well as key segments including employees, employers, brokers and consultants. Each of these can then be further segmented with key features for each segment identified (see Illustration 12).

A further recommendation was to map out customer journeys, anticipate channel switching, lean into advice & education, and look to delight the customer (see Illustration 13).

Keith Martin asked what size of budget/resourcing is needed to successfully implement this sort of initiative, and the presenters said that the personalization initiative is a significant investment and there is some human time required to make it work. They added that it requires a very strong technical foundation, including technical foundations around cloud technology, an administration engine, an API first approach, a data lake, data & analytics, and a low/no code configuration.

To review a video of the presentation, go to:

[ACHIEVING SUCCESSFUL DIGITAL ENGAGEMENT - limra-1 \(wistia.com\)](#)

Dave Harris, Partner, Actuarial Services, PwC Canada, and Matthew Lawrence, Partner, Financial Services Consulting Group, PwC Canada on Insurance Banana Skins Report: Key Risks and Potential Implications

Dave Harris and Matthew Lawrence reported that key market trends are a changing employee landscape including changes due to demographics and aging; a pending massive transfer intergenerational transfer of wealth; a generational shift – by 2025 millennials and Gen Z will represent 85% of workers and will want a digital-first models; and the workforce composition will also change with increasing immigration and with 20-30% of the workforce in the gig economy.

Illustration 14: Technology Trends in Insurance

Several technology trends are becoming increasingly accessible to insurers, changing distribution and operations

Technology trend	Impact to Insurers
 Cloud storage / distributed architecture	Canadian insurers' technology debt is mounting, as underlying policy administration technology and data architecture are largely still hosted on mainframe technology and built in-house.
 Process automation / Applied AI	AI capabilities such as automated client intake & underwriting, streamlined operational processes, proactive care management, and claims management fraud detection are becoming increasingly accessible to insurers. Embedding AI capabilities will reduce effort and create higher quality client interactions.
 Digital platforms / open APIs	Grouping enterprise capabilities in a single technology architecture will enable insurers to bring consolidated offerings from multiple entities to clients in a single, seamless experience. Digital platforms can also be configured to consolidate processes and streamline tasks to put the client at the centre of insurers' operations.
 Digital advice channels	Insurers are facing increased pressure to grow their digital distribution channels to drive meaningful relationships, and provide fit-for-purpose advice. Digital advice channels are supported by tools such as chatbots and data-driven next best actions to create more meaningful interactions.
 IoT integration	Improved data gathering and application integration with technology such as wearables and telematics will support near real-time data & information gathering, helping insurers to increase client tracking accuracy, prevent risks and claims, and provide performance-based rewards to clients.

FIGURE 14: Technology Trends in Insurance

The legacy of the pandemic will be behavioural changes that improve productivity and quality of life. Medium and long-term growth is not expected to be damaged, but there will be a legacy of higher public debt and sustained low interest rates. There will be a future emphasis on digitization.

Working from home has been shown to improve productivity especially in service industries. The pandemic will leave behind stronger future productivity growth in advanced economies due to acceleration of artificial intelligence, machine learning, cloud computing, and automation.

There is a lot of pressure for business to be more socially responsible; Canada has lots of room to improve. Canadian life and health insurers are also behind industry generally in technology and digitization, and they will have to move away from their legacy systems (see Illustration 14).

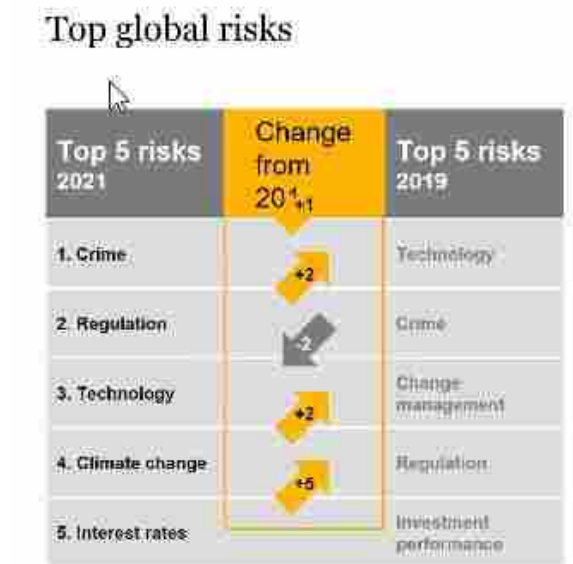
Illustration 15: Emerging Societal Forces in Insurance



Turning to societal forces, the speakers that that several are impacting insurance and uncertainty and resilience will become more important (see Illustration 15).

A global survey found that life insurance executives felt that regulation was the second top risk in 2021, up from fourth in 2019 (see Illustration 16).

Illustration 16: Top Global Risks in Life Insurance



Regulation is especially at the top of risks for life insurance (see Illustration 17).

Illustration 17: Issues Related to Regulation for the Life Insurance Industry



To review a video of the presentation, go to:

<https://limra-1.wistia.com/medias/xoup6z4o1t?wvideo=xoup6z4o1t>

Jennifer McGarrity Vice President, Strategy and Enablement, RBC Insurance on “Stronger Today: What the Pandemic Has Taught Us.”

Ms. McGarrity notes that RBC Insurance has 2600 employees, and offers a wide range of services. For the past two years, she said, everyone has been working from home. Key lessons learned are:

- culture is a powerful differentiator;
- you need to foster a strong and healthy culture;
- the need to be *purpose-driven*;
- People want to be part of something bigger, to be doing something that matters;
- Employees need to feel that it is *safe to speak-up*;
- the pandemic has actually increased interactivity and dialogue, collaboration as well as the development of new technologies to communicate;
- leadership style has become more casual and authentic;
- the importance of cultivating a culture of curiosity;
- a commitment to continually improving.

Ms. McGarrity said that it is also critical to ensure that clients are always at the centre, and that everything begins and ends with client experience. She added that 89% of Canadians agreed that mental health support is more important than ever.

Other important requirements for employees are to be “a master of change”; to accelerate digital investments; and continue to learn to pivot and move faster than ever thought possible. Data is a key enabler, including for the movement of documents—over the past year alone, RBC has reduced 1 million pieces of paper.

Ms. McGarrity added that innovation is an *always on* capability, and must be integrated into every part of the organization. It is also necessary to build capability to advance change, and with change comes opportunity. She said “*Sustainable success comes from embedding change as a capability throughout the organization.*”

She added that the employee experience is key, and it is critical to attract and retain a diverse workforce, and to invest to enable your employees to grow and succeed. It was noted that how we work matters more than where we work, and that future-proofing for sustainable success requires a strong purpose-driven commitment and aptitude for change.

To review a video of the presentation, go to:

[STRONGER TODAY WHAT THE PANDEMIC HAS TAUGHT US - limra-1 \(wistia.com\)](#)

Canadian Association of Financial Institutions in Insurance (CAFII)

CAFII Holds Webinar on “Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or “Dynamic Tension” For Canada’s Insurance Regulators.”

On 3 May, 2022 CAFII held a well-attended webinar on “Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or “Dynamic Tension” For Canada’s Insurance Regulators.” Two leading Canadian experts participated in the panel discussion: Dr. Cristie Ford who is a full tenured Professor at the Peter A. Allard School of Law, University of British Columbia; and Stuart Carruthers who is a partner at Stikeman Elliott and a member of their Insurance & Reinsurance, Financial Products & Services, and Mergers & Acquisitions Groups, and a lawyer with whom CAFII has worked in the past.

Over 100 people registered for the webinar, including over 45 regulators and policy-makers, including 14 registrants from FSRA. In total, the following regulators registered for the event:

- The Government of the North-West Territories;
- The British Columbia Financial Services Authority, or BCFSa;
- The British Columbia Ministry of Finance;
- The Insurance Council of BC;
- The Government of Alberta;
- The Alberta Ministry of Finance ;
- The Alberta Insurance Council;
- The Financial and Consumer Affairs Authority of Saskatchewan, or FCAA;
- The Insurance Councils of Saskatchewan ;
- The Financial Services Regulatory Authority of Ontario, or FSRA ;
- The Ontario Ministry of Finance ;
- The Autorité des marchés financiers, or the AMF ;
- The New Brunswick Financial and Consumer Services Commission, or FCNB;
- The Canadian Insurance Services Regulatory Organizations, or CISRO; and
- The Office of the Superintendent of Financial Institutions, or OSFI.

Professor Ford began the webinar by stating that principles-based regulation (PBR) could be viewed as a “changed approach” to regulation, and she identified four characteristics of such an approach. The first was that more of the regulatory rules would be at a higher level of generality to allow for flexibility. An example of this would be not to say “do not drive over 50 kilometres and hour” (which is a rule) but rather to say “you should drive in a manner that is prudent and reasonable” (which is a principle). Furthermore, when a new requirement comes about, the first approach should not be to develop a new rule, but rather to see if existing rules can cover that situation.

Second, principles-based regulation makes sense in an environment where there is more change or complexity, and where one set of rules will not cover everything. In this sort of environment, regulators can struggle to get the rules right and to get the information they need to build rules that are effective and able to adopt to constantly changing circumstances. In a principles-based regulatory environment, on the other hand, the regulator sets out the overall context, and industry fills in the details.

The third feature is that principles-based regulation works most effectively where it is outcome-oriented and data-driven. This involves ongoing consultation and dialogue with industry to ensure that the principles are understood and being met. Fourth, cooperation is critical to the success of this model, but there has to be an enforcement capability that regulators can use if they need to. Overall this model is more effective in many cases than developing a rule, to which industry may try to find a loophole, which the regulator then tries to close. Principles-based regulation is more about industry and regulators working together towards a common objective. Professor Ford said that the development of the FSRA Unfair or Deceptive Acts or Practices (UDAP) rule is an example of principles-based regulation, in that the rule is only 8-pages long and is based on broad, open concepts.

Stuart Carruthers commented on PCR and its relation to the fair treatment of customers (FTC) and said that FTC was the logical outcome of a principles-based regulatory regime. This regime has its source in developments that begin in the United Kingdom coming out of the global financial crisis. A critical source of insurance principles is the work done around insurance core principles (ICPs) by the IAIS (International Association of Insurance Supervisors), in particular ICP-19, which establishes core insurance market conduct principles. This principle looks at a product across its entire life-cycle.

Christie Ford said that PBR and enforcement capability are not at odds, but rather they are complimentary. Rules can have benefits as they can produce certainty and clarity, but they can also be restrictive and arbitrary. The challenge for the regulator is to get the balance right. The key here is proper implementation of the mix of tools the regulator has at its disposal. Dialogue with industry is necessary to fill in the areas of vagueness.

Stuart Carruthers said that the benefit of rules-based authority is to give regulators the ability to respond to developments more quickly. Principles-based regulation should allow for a more efficient system, letting industry apply expectations in a way that makes sense for their organization, while allowing regulators to focus on a risk-based approach that emphasizes the largest regulatory issues they need to look at. A drawback of PBR is that it can lead to more ambiguity, which in turn can lead to more work and a requirement for more resources. For smaller firms with fewer resources in particular, rules-based approaches can be easier to deal with.

Cristie Ford said that PBR does require a mental shift in terms of the approach taken to regulation. PBR is an ongoing, evolving regulatory approach that requires confidence and transparency. Regulators may need to provide support for smaller firms that have fewer resources. Christie Ford added said while PBR can produce more innovation, not all innovation is necessarily good—and the financial products that led to the financial crises is an example of that. Stuart Carruthers felt that a PBR-regime fosters more innovation because it is more flexible and adapts better to change.

Stuart Carruthers felt that Canada does not have a PBR-regime throughout the country, with different provinces at different stages down this path, but that there is a general trend toward principles-based regulation. On the issue of the Canadian insurance industry having 17 regulators and therefore a need for harmonization, Stuart Carruthers mentioned CCIR and CISRO as an example of an effort to coordinate activity. But there are also siloes where different provinces are going in different directions. More provinces are providing their regulators with rule-making authorities, and there is a tendency for regulators with rule-making authority to use it.

Cristie Ford said that rule-making authority for regulators is better than relying on the legislature to shift rules where necessary, which is a very time-consuming process. But that does not mean rules should be developed unless they are absolutely necessary, and unless existing rules cannot manage the outcomes the regulator is seeking. Stuart Carruthers said that some of the work that FSRA is doing is the high-water mark in Canada around principles-based regulation.

Stuart Carruthers said that a rules-based approach leads to compliance departments being like referees; PBR leads to compliance departments being more like coaches. On the issue of how to demonstrate a FTC culture, Cristie Ford said it was difficult to measure but ongoing dialogue and transparency can help show that the regulated industry is doing the right thing.

Stuart Carruthers said that Canada was a world leader in PBR and Canadian regulators have better relationships with their regulated entities than is the case in many other jurisdictions. Canada does not suffer from the problems other jurisdictions have where the regulator is focused on fines for revenue-generation, and where regulatory leaders are politically-appointed and use those positions as a stepping stone to political careers.

The video of the webinar can be found on the CAFII website here:

<https://www.cafii.com/research/?video=4373>

CAFII Holds Webinar on Deloitte Research Project on Best Practices in the Digitization of Credit Protection Insurance (June 2, 2022)

Deloitte Partner Melissa Carruthers and her colleague Marc Lewis presented to regulators, policy-makers, and government officials on 2 June, 2022 the high-level findings of their CAFII-commissioned research study on the best practices in the digitization of credit protection insurance. There was excellent representation from regulators and policy-makers with the following registering for the webinar:

- The Alberta Insurance Council;
- The Autorité des marchés financiers, or the AMF, in Quebec;
- The Insurance Council of BC;
- The British Columbia Financial Services Authority, BCFSa;
- The BC Ministry of Finance;
- The Government of Alberta;
- The Canadian Council of Insurance Regulators, CCIR;
- The Government of Yukon;
- The Nova Scotia Office of the Superintendent of Insurance;
- The Nova Scotia Department of Finance & Treasury Board;
- The Ontario Ministry of Finance; and
- The Financial Services Regulatory Authority of Ontario, FSRA.

The webinar covered the background on the purpose of the research, noting that it intended to identify best practices for CPI firms to adopt digitization, and drew on the March 2021 Pollara research study on the preferences of Canadians around digitization. It noted that industry has experienced an accelerated shift towards digital purchasing and servicing following the events of COVID-19, however the insurance industry has also been historically slow at transforming its traditional business models to be more customer centric.

The presenters noted that the methodology for the research included interviews with CAFII members along with Deloitte's own digitization models and knowledge. The key findings were that:

- Digitizing CPI is a strategic priority for Canadian financial institutions;
- Relative to other insurance industries, Canadian CPI has unique challenges with regards to its digitization, accentuated by the multiple stakeholders involved;
- The CPI digital experience offered is highly dependent upon the lending journey (i.e., mortgages, lines of credit);
- The regulatory environment surrounding CPI can be perceived difficult to navigate digitally, especially for national organizations offering CPI across provinces;
- Several CPI distributors and underwriters have taken a leadership position by relatively investing more in digital over the past years;
- Adoption from representatives as well as clients in digital experiences continues to be an inhibitor to realizing the benefits of digital investments;
- Successful digitization of CPI extends beyond client-facing experiences, and includes back / mid-office operations;
- Digital experiences enabled by automation across the value chain with partners (e.g., underwriting, claims) were the most cited friction points;
- Collaboration across Distributors, Underwriter and Regulators will be key to delivering "Best-in-Class" experiences.

It was noted that the factors driving a move towards digitization in CPI were heightened customer expectations; an increasingly competitive landscape; pressure on back-office operational efficiency; and the availability and ability to activate data. Deloitte spent time explaining their ideal digital model and how to move from expectations to actually delivering, noting that the key attributes of successful digital insurers were:

- an articulated strategy and digital ambition;
- user centric digital experiences;
- being hyper focused on operational efficiency;
- sophisticated data, analytics and insights;
- scalable technology architecture;
- and digital talent and culture.

Deloitte also noted that there are unique challenges to digitization in CPI, including the evolving and regional regulatory environment; group underwriting in CPI; the strong ties of the product to lending; the multiple stakeholders; and eligibility practices.

The video of the webinar can be found on the CAFII website here:

<https://www.cafii.com/research/?video=4389>

The CAFII website Research section also includes a copy of the executive summary of the research.

Provincial/Territorial

Quebec

Autorité des marchés financiers (AMF)

The Autorité des marchés financiers (AMF) Announces its Annual Rendez-Vous to Take Place in Quebec on Tuesday, 22 November, 2022

The Autorité des marchés financiers (AMF) has announced that its annual rendez-vous will take place in Quebec on 22 November, 2022. No further details have been announced, but typically there are presentations at this event by AMF executives including AMF CEO Louis Morisset ; a speech over lunch by the Quebec Minister of Finance ; and other executive presentations and panelists from outside the AMF, with strong industry attendance.

There is an EOC meeting on the same date and CAFII will seek to change the date of that meeting to allow attendance at the meeting.

The invitation details can be found here :

[À mettre à votre agenda : Le RDV avec l'Autorité sera le mardi 22 novembre 2022 \(dialoginsight.com\)](https://dialoginsight.com)

Yukon

Government of Yukon

Yukon Launches a Consultation with Industry on Developing an Online Licensing Portal

CAFII has met with Yukon regulatory staff, at their request, around the intention to develop an online licensing portal for insurance executives. In the meeting with Spring Huston, Licensing Online Project Lead, and Bradley Rowett, Manager, Strategic Policy and Programs, CAFII offered to hold a meeting with CAFII licensing subject matter experts to provide feedback and advice. That meeting is now scheduled for June 29, 2022 from 1-2pm (EST).

British Columbia

British Columbia Financial Services Authority

BCFSA Announces that Chris Carter, Vice-President, Financial Institutions and Mortgage Broker Market Conduct, is Leaving the Regulator

In a June 8, 2022 email Blair Morrison announces that Chris Carter, Vice-President, Financial Institutions and Mortgage Broker Market Conduct, will be moving to Australia and leaving the BCFSA effective June 20, 2022. Mr. Morrison would be taking over his responsibilities for the time being. In the announcement, Mr. Morrison says:

He has advanced BC's interests on the national stage through his membership with the Canadian Council of Insurance Regulators and the Mortgage Brokers Regulators' Council of Canada. Chris has also been instrumental on the anti-money laundering file, representing BCFSA on the Counter Illicit Finance Alliance of BC, and supporting various independent reviews and the Cullen Commission process. He built strong relationships through open dialogue with industry.

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

CAFII Attends 9 June, 2022 FSRA In-Person Event at FSRA's New Offices on Sheppard Avenue, and Hears Important Comments from Judith Robertson (FCAC Commissioner) and Huston Loke (FSRA Executive Vice President, Market Conduct)

Keith Martin and Brendan Wycks attended an in-person celebration on 9 June, 2022 which mostly consisted of FSRA staff and Board members. The event was a celebration the inaugural board of FSRA (Bryan Davies, Kathryn Bouey, Judith Robertson, and Richard Nesbitt), in particular the inaugural Board Chair Bryan Davies; the celebration of the third year since the launch of FSRA; and to welcome people to FSRA's new offices on Sheppard Avenue. FSRA CEO

Mark White noted the importance of a new attitude to work space in his opening comments, adding that this was why he did not have an office.

In a side-bar conversation that Keith Martin and Brendan Wycks were part of, Bryan Davies queried Judith Robertson about the FCAC releasing a mystery shopping survey done in 2019 which the media reported on, which stated that vulnerable populations were more likely to be sold inappropriate products. Brendan Wycks asked if the timing was in conjunction with the impending 30 June, 2022 coming into force of new regulatory requirements on the Banks, and Ms. Robertson said no, that was a coincidence. She said that the survey being released was important because it “changed the conversation with the banks”—they tended to speak about their excellent net promoter scores, but it was not enough, she said, for customers to say employees are nice. “Nice people does not mean the banks are compliant.”

Ms. Robertson also commented on the need for focus in the Ministry of Finance, commenting that Deputy Minister Michael Sabia had an enormous amount on his plate. She said that Honourable Randy Boissonnault, Minister of Tourism and Associate Minister of Finance, would add focus to the issues the ministry deals with by emphasizing open banking¹.

Bryan Davies, in his comments, said that the US equivalent to the FCAC, the Consumer Financial Protection Bureau (CFPB) had moved from being eviscerated during the Trump presidency to becoming a problem for the US banking sector by being too aggressive, especially around banks’ desire to increase scale.

Keith Martin spoke in person to Huston Loke, Executive Vice President of FSRA, and they discussed the FSRA Sectoral Advisory Committee on Life and Health Insurance meeting held on 6 June, 2022 (virtually), at which FSRA noted that there were many critical and problematic issues identified in the MGA sector. Mr. Loke asked Keith Martin what he felt about what had been presented and how members of the SAQ would have felt about FSRA’s report. Keith Martin said that he found the revelations very important and interesting, and that it was notable that the non-licensed CPI space represented the gold standard in terms of oversight, monitoring, controls, training and industry compliance with regulatory expectations. Mr. Loke said that he appreciated that point and that over the years in his interactions with CAFII he had been exposed to many CPI executives, and that “your guys are an example of doing things right—your leadership walks the talk.”

¹ An important press release on these matters can be found here: <https://www.canada.ca/en/department-finance/news/2022/03/government-moves-forward-with-open-banking-and-names-a-lead.html>

Meeting of the FSRA Sectoral Advisory Committee on Life and Health Insurance on 6 June 2022

At a meeting of the FSRA Sectoral Advisory Committee held virtually on 6 June, 2022, on which Keith Martin represents CAFII, FSRA managers – led by Swati Agrawal, Director, Market Conduct, Life and Health Insurance – reported on their investigations of the MGA space, which found that behaviours among three MGAs in particular were very problematic. These three MGAs had seen large increases among non-licensed employees in recent years, with these individuals required to bring in family and friends for presentations. A total of 30,000 unlicensed recruits had been brought into these MGAs.

The top earners in these MGAs earn little or no commission from the actual sales of life insurance, and instead earn money from those who are below them in the organization (there was a visual representation of this revenue model in the form of a pyramid). Non-licensed individuals are involved in the sales process, and often vulnerable individuals are sold complex products like permanent insurance with a cash top up. There is “false and misleading training” and the risk of “real customer harm.” FSRA said they were concluding their investigation phase and would be looking at enforcement options, and that insurers whose products are being sold by these MGAs are ultimately responsible and accountable for what these intermediaries are doing.

CAFII Invites FSRA CEO Mark White to be the Keynote Speaker for its 13 September, 2022 Annual Members and Associates Luncheon

CAFII spoke to Mark White, CEO of the Financial Services Regulatory Authority of Ontario, at a 9 June, 2022 in-person event at FSRA’s offices, and invited him to be the keynote speaker at CAFII’s Annual Members and Associates Luncheon on 13 September, 2022 at St. James Cathedral Event Centre. In a formal letter of invitation subsequently sent to Mr. White, he was invited to speak on any of the following topics:

- how FSRA is making principles-based regulation (PBR) work and how it fits with rule-making authority and enforcement powers;
- how FSRA is making consumer views/input a “by-design” element of its priorities;
- how FSRA strives to find the right balance between Fair Treatment of Customers and fostering industry innovation (Innovation Office and other mechanisms);
- the role FSRA sees for itself in harmonization initiatives, at the CCIR and CISRO national co-ordinating body tables;
- how FSRA plans to play a role on the international stage – through its membership involvement in the International Association of Insurance Supervisors (IAIS) – and how IAIS insights will be brought home to inform regulatory initiatives in Ontario and Canada (through CCIR and CISRO);

- how FSRA is deploying technology (reg-tech) to enhance its consumer protection initiatives;
- how FSRA has designed its return-to-office around a hybrid work model; and how it has configured its new office space to be collaborative and team-building; and
- how FSRA plans to maintain and continue to “walk the talk” on its commitment to fulsome, meaningful consultation with industry stakeholders.

FSRA Releases Report That Indicates that it Has Improved Its Service Standards

FSRA released a June, 2022 eblast in which it states that it has improved its service standards. FSRA states that “Fourth-quarter performance results are in and FSRA has improved its service standards, overall, by over 10% and exceeded service targets for most of its key standards,” including 90.3% of Insurance Agent licenses issued within 10 days from receipt of a complete application. The eblast also states that

FSRA uses the performance data to evaluate the efficiency and effectiveness of its resourcing, business processes and public service year-round. This holistic, data-oriented approach helps to ensure constant improvement of its public service.

The service standards measure operational and regulatory activities that FSRA provides to industry and consumer stakeholders, such as licence renewals, regulatory applications, complaints resolution and annual information returns. FSRA continues to monitor the standards and targets on a regular basis and will propose changes based on its regulatory activities in the current market, resources and stakeholder needs.

The full report can be found here: [Q4 Service Standards Scorecard](#).

Nova Scotia

Nova Scotia Department of Finance and Treasury Board

David McCarron is the New Nova Scotia Superintendent of Insurance

CAFII has learned that David McCarron is the new Nova Scotia Superintendent of Insurance, within the Nova Scotia Department of Finance and Treasury Board (Financial Institutions Division). CAFII will attempt to meet Mr. McCarron at the first available opportunity. There was no release of Mr. McCarron’s new responsibilities and his biography is not available on the internet or on Nova Scotia government websites. Jennifer Calder, the Deputy Superintendent of Insurance, continues to be the Nova Scotia representative with the CCIR.

International Developments, Research, and Thought Leadership

Insurance Business Canada

IBM Study Finds that Insurance CEOs Are Committed to Being A “Force for Good,” Including Commitments to ESG and Sustainability

A 20 June, 2022 article in Insurance Business Canada states that sustainability is on top of CEOs' minds now more than ever, according to IBM's latest global study, surveying 3,000 company leaders, including 150 insurance leaders in 40 countries.

Around half (48%) of CEOs surveyed cited the issue as one of their top challenges this year. Similarly, 44% of insurance CEOs identified sustainability as a major priority, and 83% expect sustainability investments to improve business results in the next five years. Insurance CEOs are also engaging their chief financial officers on sustainability at a higher rate of 55%, compared to their business peers at 47%, as it becomes increasingly clear that environmental, social and governance (ESG) frameworks are no longer optional.

“Investors and entities have become increasingly interested in ESG. There are some ESG-specific funds now that will only invest in those companies. And you can debate whether those funds are doing the right thing or not, but you cannot debate that it has a huge financial impact on companies around the world,” IBM's global general manager for insurance, Mark McLaughlin told Insurance Business.

The 2016 Paris agreement was a watershed moment for climate action, triggering a global surge in corporate and government policies to protect the environment. The pandemic also exposed glaring social inequalities around class, gender, race, and sexual orientation. Stakeholders are pushing on the pedals for ESG engines to run, and insurers can no longer sit in the back seat.

Another factor spurring insurers into embracing ESG is public perception. McLaughlin said the industry is among the biggest spenders in terms of branding, with some organizations shelling out billions to boost their image. “If insurers are not perceived as environmentally conscious, if they are not perceived as on board with social justice trends, if they are not perceived as having good governance over those issues, their brand is at risk. I think this is the biggest driver for insurers aside from the investment issue,” he said.

But far from ESG becoming a vanity project, for the insurance industry, its unique position in the sustainability movement should also be intrinsically motivating. McLaughlin explained: “Insurers are in a position where we manage risk for a living, and environmental and social justice concerns are big risk drivers too. We can not only make our own firms more sustainable, more environmentally conscious, more socially conscious, but we can ensure through our insurance products that we can get all the other industries on board.”

There are still significant barriers inhibiting CEOs from weaving sustainability into their agenda, including lack of clarity on how ESG policies can affect their bottom line. Across the IBM study, CEOs said their biggest fear is unclear return on investments. But McLaughlin pointed out that this shouldn't be an issue for insurance CEOs.

“In insurance, that's actually an easier conversation [to have], because if there is risk in these areas, we are positioned to build products and services that might help. You help companies avoid or reduce those risks and make some money while you're doing that.”

For insurers, integrating ESG within the core business and operations means pivoting their underwriting, investing and risk management strategies, and developing tailored ESG products and services. But slow adoption processes and dated technology are dragging that transformation, McLaughlin said.

“I don't know that I've ever come across a person in insurance who has said: ‘I'd like to roll out my products more deliberately,’” he noted with a chuckle. “They want to move faster. The limiter tends to be the underlying technology, and the speed with which it can build new products that can address sustainability concerns.”

Regulators are another piece in the sustainability puzzle for insurers. According to the IBM study, regulatory concerns are the top external factor, cited by 58% of insurance CEOs, that will impact their enterprise over the next 2-3 years. How can CEOs address regulatory pressures on top of stakeholder demands? The answer to that, McLaughlin said, is to lean in and collaborate.

“When regulators in the United States [tell insurance companies]: ‘Hey, we want some evidence that you are managing climate impact in your portfolio,’ the result of that will inevitably be that the industry will attempt to make poor environmental practices more expensive from a risk standpoint. Because you run the risk of investor revolts, litigation, environmentally-based lawsuits, or environmental regulatory changes,” McLaughlin explained. “Those businesses that are not building ESG are in fact riskier. If the industry prices that risk appropriately, it will encourage not just insurance, but all industries to be more responsible.”

Therein lies the opportunity for insurers to partner with regulators and stakeholders to drive down bad practices through a combination of management and financial incentives. McLaughlin said the conversation should strive for compromise: “We have figure out how to work with politicians to manage those changes in ways that encourage sustainability, while not being completely oblivious to the fact that if you raise insurance rates 30%, you price out a lot of the market.”

ESG considerations, amid an already complex economic environment, can seem like a minefield of risk. But insurers are uniquely positioned to be a force for good, McLaughlin told Insurance Business. “Our industry's biggest opportunity is managing our investments to encourage sustainable practice. There is no other industry that can work with these companies to help them improve their environmental practice, to encourage that reduction of environmental impact through risk premiums and products,” he stressed.

“A third of CEOs in our industry are already trying to drive those sorts of products with business partners. I think that number is going to be double in a couple of years.”

The full article can be found here:

[How insurers can become a 'force for good' | Insurance Business Canada \(insurancebusinessmag.com\)](https://www.insurancebusinessmag.com/How-insurers-can-become-a-force-for-good)

Wealth Professional

BMO Chief Talent Officer Karen Collins Says Industry Is In The Biggest War For Talent “Most of Us Have Ever Seen”

Noelle Boughton reports in Wealth Professional that industry is in the biggest war for talent ever. Karen Collins, the chief talent officer at BMO Financial Group, states that a strong brand with a defined purpose and values plus flexible work arrangements can still attract the best talent:

“That’s been helping us compete in what I would say has been, for the last little while, probably the biggest war for talent that most of us have ever seen,” she said. “It’s been a challenging time.”

She said one important learning, post-pandemic, is acknowledging that “it’s not a one-size-fits-all model”. During the pandemic, BMO had 15,000 people working from the office and 30,000 working from home, but it’s still offering flexibility. While young parents or those working in a more rural location may be opting to work from home, others are engaging a hybrid model. She also noted that while

millennials want more flexibility, BMO's older staff is returning to work and in-person contact, and said staff attraction and retention now is about more than jobs.

"When you think about the commoditized nature of jobs in the world now, particularly given that many people can work anywhere, the talent's really in the driver's seat. But what we have, being a big bank, is not only the jobs people want, but a culture where people feel they can do more than just have a career. We want to help our customers build a financial future, but it goes beyond that."

"So, our employees can contribute to their community. They can spend time with their families. They can think about a net-zero world, an inclusive society, a sustainable future, and a thriving economy. As head of talent at BMO, I'm particularly proud that we have a special recipe that makes people really feel supported by our culture."

The article also reports that BMO has also been taking other measures. It recently scaled up its talent acquisition team and started making offers quickly before others could scoop up candidates. It has announced a pay increase for its lower-graded employees and is increasing its online learning so staff can keep their professional credentials fresh as well as develop new skills, especially in technology.

The full article can be found here:

['This is probably the biggest war for talent most of us have seen' | Wealth Professional](#)

Globe and Mail

Zoom CIO predicts Hybrid Work Will Last Due to Young Employees' Emphasis on Work-Life Balance

In an interview with the Globe and Mail ahead of an appearance at Running Remote, a Montreal conference on remote and hybrid work, Mr. Mosley, Zoom CIO, said that there was a general consensus among Zoom clients that the era of working from the office five days a week was over.

"Younger workers are prioritizing their life over work and over compensation. A lot of people have said that those water cooler conversations we used to enjoy at the office, whilst intellectually interesting, are a complete waste of time," he said.

The continued success of Zoom as a business is contingent upon the dominance of remote and hybrid work. The company's revenue exploded during the first year of the pandemic, as employees, businesses and students adapted to working from home and began relying on videoconferencing technology. Zoom's annual revenue soared 560 per cent to more than \$4-billion between the end of 2019 and the end of 2021.

But the company's most recent revenue and profit forecasts, in February, signalled some turbulence ahead due to fewer new users on its core Meetings platform, as well as competition from other videoconferencing giants such as Cisco's Webex and Microsoft's Teams platform. In fact, Zoom's market value peaked in October, 2020, at US\$159-billion, and since then the company has lost more than three-quarters of its value, partly due to the slow unwinding of the tech bubble and investor trepidation about an eventual return to the office.

When asked about these challenges, Mr. Moseley said Zoom has always been a first mover in the world of videoconferencing and any innovations the company makes to its platform tend to be immediately replicated by competitors. Most recently, in an attempt to make its platform more user-friendly, Zoom launched Smart Gallery, a feature that creates individual video feeds of employees gathered in the same room to give remote participants a clearer view of each person.

"One of the biggest challenges with the hybrid model is how do you maintain that equality between the people who are in the office and people who aren't. This Smart Gallery feature makes you feel like every participant in the call or meeting is equal," Mr. Moseley said.

As a proponent of remote and hybrid work, he said it would have been a privilege to spend a greater part of his working years away from the office and with his children.

But whether or not employers are going to permanently embrace hybrid and remote work remains to be seen and could directly affect Zoom's growth. A Deloitte report released Wednesday showed that the majority of Gen Z and millennial workers (75 per cent and 76 per cent, respectively) prefer hybrid work to just working remotely, but less than half currently have the option to do so.

Currently, according to the report, 51 per cent of Gen Z workers in Canada and 43 per cent of millennials work in a fixed location such as an office, but 57 per cent and 51 per cent of those age groups would prefer a hybrid work arrangement.

Younger workers, the report said, tend to value flexible work because it helps them save money and gives them more free time with friends and family.

For employers, however, one of the benefits of a permanent hybrid work model is cost. Research by flexible workspace company IWG found that, in Canada, hybrid work could save organizations an average of \$13,000 per employee each year. **IWG's modelling suggests, for example, that a major Canadian bank with 89,000 employees could save \$1.1-billion a year.**

Investment Executive

Health and Fitness Monitoring Technology is Not Being Used by Insurance Firms to Drive Underwriting Decision

Greg Meckbach of Investment Executive reports that health and fitness monitoring technology is one way of engaging with life insurance clients, but insurers aren't yet making actuarial decisions based on the data — which some clients may be reluctant to share.

Whether the device is a Fitbit, Galaxy Watch Active, mobile app or another device, some tech-savvy life and health insurers are encouraging clients to share wellness data, such as physical activity and what they eat.

A case in point is Foresters Financial. The Toronto-based insurer launched a mobile app — dubbed Foresters Go — in Canada in 2021 and in Britain in May 2022. Foresters tracks and scores participating clients on their physical activity, “mindfulness” (measured through pulse and breathing rate, for example), nutrition, and sleep.

“It gives an opportunity for insurance advisors to offer some additional value beyond the death benefit for their clients,” said Juanpaolo Mercado, vice-president of sales, Asian markets and Western Canada, with Canada Protection Plan, a Foresters subsidiary.

Insurance advisors can “strengthen their own value proposition by educating consumers on how this turns their life insurance into a broader benefit-driven device,” Mercado said. That, in turn, “forges a stronger client relationship.”

Life and health insurers' use of wearables is similar in concept to auto insurers that use telematics, said Jonathan Weir, a partner with KPMG Canada LLP. But unlike usage-based auto insurance — in which driving behaviour is one factor in pricing — there's no indication that life insurers are using wearable health monitors to make underwriting decisions.

Foresters Go, for example, is used solely as a member benefit, said Nicole Gourley, global chief membership officer with Foresters Financial. Data from the platform isn't leveraged for underwriting or distribution.

While health monitoring technology gives carriers "additional data points," said Michael Adams, associate director of life/health insurance ratings with A.M. Best Co. Inc., the industry doesn't have enough data yet to make underwriting decisions.

Jamie Tucker, head of North American life insurance with Fitch Ratings Inc., agreed. "Perhaps over time, as the data builds up, it'll allow insurers to make more sound actuarial conclusions as they look at their experience with [policyholders using wearables] versus those not wearing or using this technology," Tucker said.

Brad Ellis, head of North American health insurance with Fitch Ratings, said there also may be issues with the data's accuracy. "There's outright fraud on the part of the policyholder in some instances," he said. "I've heard that there are actually apps that come along and simulate steps."

For now, insurers are using wearables to engage clients and encourage healthier habits. An example of the concept is Manulife Financial Corp.'s Vitality program, said Paul Jones, senior manager with KPMG Canada: "This is a space that I think the other large insurers in Canada are definitely exploring."

The role which life insurance agents can play includes explaining how clients can earn rewards through these types of programs, Tucker said. In other words, life agents can add value by discussing the pros and cons.

"I think the major 'con' would just be someone who has concerns around privacy and not understanding how this data will be used," Tucker said.

Clients would have to trust insurers to keep their data secure from a third party with whom the client doesn't want to share their data, Jones said.

"That's significant for insurers because the traditional relationship between policyholders and insurers isn't always really strong in terms of perception," Jones cautioned. "There's a common perception out there that insurers aren't going to act in the best interest of the consumer." Weir said health data is normally shared with a third-party technology firm that hosts the information in the cloud.

That third-party tech firm “ultimately makes some calculations and computations and shares a small subset of information or insight based on my raw data with my insurance carrier — and maybe my broker,” Weir said.

Some data shows that older clients are less willing to share data with insurers than their younger counterparts, Jones said.

“Consumers’ willingness to share their data is, in aggregate, increasing. But there are strings attached. They’re becoming more sophisticated. Consumers are realizing that their data has value and are expecting to see that value returned to them in their pocket, so to speak,” Jones said. Ellis said there is not enough accurate data out there to calculate user uptake for wearables.

The full article can be found here:

https://www.investmentexecutive.com/newspaper /insurance-guide/step-up-customer-engagement-with-wearables/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN&hash=6d73923380f292a40dc042b455f0fde3