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☎ (416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

CAFII ALERTS WEEKLY DIGEST: April 29 - May3, 2024

May 3, 2024

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

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GOVERNMENT/LEGAL/REGULATORY/ BUSINESS DEVELOPMENTS

New Members Appointed To FSRA's Consumer Advisory Panel To Help Inform The Organization's Decisions And Direction

By FSRA, April 2, 2024

https://www.fsrao.ca/newsroom/new-members-appointed-fsras-consumer-advisory-panel-help-inform-organizations-decisions-and-direction

Ontario's financial services regulator (FSRA) is committed to improving consumer protection by ensuring consumer perspectives inform direction, policy, and communications decisions. A critical part of this is regular input from our Consumer Advisory Panel.

Today, FSRA is pleased to announce the appointment of five new members to the Panel. These members were selected after a public call for applications, and bring extensive experience and leadership to the table.

FSRA thanks all applicants for the time, effort and passion required to put their name forward for consideration. After careful evaluation, FSRA is pleased to announce the following new Panel members who will serve a two-year term:

- Ellen Bessner
- Leeann Corbeil
- Ninette Ibanez
- Peter A. D'Iorio
- Terri Williams Kinghorn

FSRA thanks outgoing members Harold Geller, Kristina Booi, Krysta Nesbitt, Rhona DesRoches and Sharon Altman-Leamen who made significant contributions to FSRA with consumer-focused advice.

OTHER CAFII MEMBER-RELEVANT NEWS

Nova Scotia Adopts Association's Short And Long-Term Disability Templates

By Kate McCaffery, Insurance Portal, April 29, 2024

https://insurance-portal.ca/life/nova-scotia-adopts-associations-short-and-long-term-disability-templates/?utm_source=sendinblue&utm_campaign=daily_complete_202405-02&utm_medium=email

Alongside some claims that provinces are taking steps to help doctors and primary care providers with their paperwork, the Canadian Life and Health Insurance Association (CLHIA) says it too has been working to reduce this burden. To that end, insurer members of the CLHIA in Nova Scotia have adopted the industry association's template form for short-term disability and long-term disability claims.

"Members of the CLHIA have agreed to accept one consistent template form," the CLHIA writes, pointing out that this has already been adopted in Nova Scotia. "We invite other provinces to do the same," they state.

Alternative plan design
The CLHIA says technology, over time, will also help with the administrative burden physicians face. "Historically, insurers have required a physician's referral to support a claim," they state. "However, new technology and alternative plan design are replacing this practice over time. Insurers, working with employers, are reducing and eliminating the need for doctor referrals for services like physiotherapy and orthotics."

Citing widespread burnout, in 2022 it was estimated by the Canadian Medical Association that 46 per cent of doctors across the country would reduce their clinical hours in the next two years. In the survey of 4,121 physicians at that time found burnout among 53 per cent of respondents and low professional fulfillment among eight-in-ten.

The Prospect Of Halal Mortgages In Canada: What You Need To Know

And What Some Critics Are Saying

By Jared Lindzon, Canadian Mortgage Strategies, April 25, 2024

https://www.canadianmortgagetrends.com/2024/04/the-prospect-of-halal-mortgages-in-canada-what-you-need-to-know/

Since Ali Najaf moved from Pakistan to Vancouver as a student in 2012, he has earned a degree, landed a job in human resources, and gotten married.

Now, the 30-year-old says he's ready to purchase his first property in his adoptive homeland, but there's a problem; as a practising Muslim, Najaf cannot collect or pay interest, barring him from traditional mortgage products.

In fact, since he arrived in Canada, Najaf has kept all his earnings in a checking account and paid every credit card bill on time and in full to avoid paying or collecting interest, a common practice among devout Muslims in Canada.

"In Islam, we have been taught from a young age that it's forbidden to pay interest," he says. "We want to buy a home, but most major banks charge interest, so there's a dilemma."

Najaf, who hopes to purchase a home in Vancouver before the end of the year, says his options for doing so are limited.

While there are lenders who will structure mortgages in a way that avoids collecting interest — often referred to as "halal mortgages" — those niche products are not offered by major banks, typically cost more, and often require a larger down payment.

"There are small organizations that offer plans, but I'm more comfortable talking to bigger banks, because they have a brand and a reputation, and it's easier to deal with them," he says. "Those [Islamic financial] companies are asking for a minimum payment of a 20% deposit, because it's a different finance model."

Najaf, however, says he was encouraged to see halal mortgages referenced in this year's federal budget. In it, the Government of Canada said it is "exploring new measures to expand access to alternative financing products, like halal mortgages," adding "this could include changes in the tax treatment of these products or a new regulatory sandbox for financial service providers, while ensuring adequate consumer protections are in place."

"When the government said they were going to look at more plans to promote halal mortgages, that was something a lot of people got excited about; people who never thought they could buy a home," Najaf says.

How Halal Mortgages Work

Halal mortgages seek to take interest out of the equation in accordance with Shariah law. According to Saskatoon-based mortgage broker Conrad Neufeldt, there are three kinds of halal mortgages: Musharaka, Ijara and Murabaha.

Musharaka is a co-ownership agreement between the client and the financial institution whereby both parties maintain legal ownership of the property, and the occupant earns a higher ownership stake as they make scheduled monthly payments.

"With that one, you can't go through traditional banks because the risk component is quite large," Neufeldt said.

He adds that this kind of agreement can cause challenges if the property value drops, if the tenant misses a payment, or if the financial institution — which technically owns the property — refuses to sell.

Ijara, another form of halal mortgages, is structured as a rent-to own agreement, wherein the property is purchased by a trust, which then leases it to the customer, with those payments contributing towards eventual ownership. This structure too often runs into complications, however.

"Because of the renting and taxation component; that just doesn't jibe well with Canadian regulation," Neufeldt says.

The third option, which is offered by some Islamic financial institutions in Canada, is called Murabaha, which is structured as cost-plus financing.

"It basically means the bank is buying it and then they are selling it back to you at a higher cost, but there's all sorts of complications with that too, like title transfer taxes — particularly in Ontario," Neufeldt says. "There are all kinds of capital gains problems with it too, because the bank is buying it at a lower value and selling it at a higher value."

Why Halal Mortgages Remain Scarce In Canada

Neufeldt adds that even those who can acquire a halal mortgage typically have to put 20% down and often end up paying a higher price to own their homes in the long run.

"Right now, halal mortgages definitely cost more, because there's not a lot of competition, and there are a lot of extra risks — regulatory and taxation wise — that make them more cost prohibitive than a regular mortgage," he says.

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"If more players were to enter the market, if taxation codes and federal regulations were to somehow align to make this more doable and more advantageous, I don't think it would become more expensive, and it is conceivable that we can get to the point where it is equal," he adds.

While he believes the announcement will be welcome news to the 5% of the Canadian population that practices Islam, Neufeldt doesn't believe a halal mortgage will be offered by Canada's major banks anytime soon.

"This is done in other countries — it's not like Canada would be the first to roll out a halal mortgage — so we have frameworks we can emulate from other countries," he says. "I sincerely hope we do see halal mortgages; I just don't see them happening realistically for another two to five years."

Mixed Reactions To Halal Mortgages

Others, however, aren't convinced that the introduction of more financing options labelled as halal-friendly is ultimately beneficial to Canada's Muslim community.

In fact, Zahra Alavi, a Muslim mortgage agent for Real Mortgage Associates based in Richmond Hill, ON, says it could ultimately inspire some to take on more expensive financing products unnecessarily.

"There's a huge population of Muslim people that are new to Canada, and with the lack of information [they have about mortgage products], putting the label of a 'halal' mortgage will attract them, but it will rip them off and cause problems," she says. "This is nothing beneficial for Muslims or any religious people; I think this is just about getting votes from the huge Muslim community for the Liberals."

Alavi adds that the government could have used a different label to encourage banks to offer the same kinds of products, like "reverse mortgages" or "rent-to-own."

By adding a religious affiliation, she worries that non-Muslims will consider it discriminatory, and practising Muslims will feel pressured to take on a more expensive product simply because it's labelled "halal."

Alavi, who used to work at a major bank where she often served Muslim clients, says there are much simpler solutions that don't require new product categories or complicated workarounds.

"When I was working in the banking industry, I was trained to use different words for the Muslim community members who wanted to build their credit, but could not get credit cards or any kind of credit product because they have to pay the interest, and now the federal government is using the same approach," she says.

"Instead of a monthly mortgage payment, which includes 'interest' and 'principal,' the client had to pay a 'fee' or 'monthly rent,'" she added. "The client was making the same payment — often paying more — but they just used different words in order to make it Halal."

She explains that there are countless practising Muslims in Canada who have traditional mortgages and worries that if a more expensive "halal" product became more commonplace, it would create a stigma for those in her community who choose a different option.

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"If the federal government labels something halal, of course, people will think the rest isn't halal," she says. "As someone who studied business, who has been in the industry for 18 years, I don't think this is going to be beneficial for the Muslim community in the long run; it will only cause problems."

How Cybersecurity And Insurance Can Reduce Risk And Enhance Security

By Stu Sjouwerman, Digital Insurance, April 23, 2024

https://www.dig-in.com/opinion/how-cybersecurity-and-insurance-can-reduce-risk?utm_campaign=NL_DIG_Morning_Briefing_04242024&position=2&utm_source=newsletter&utm_medium=email&campaignname=NL_DIG_Morning_Briefing_04242024&oly_enc_id=1794I9343067F0V

Data breaches, ransomware attacks and social engineering scams are becoming an everyday affair. Cyber incidents are also becoming more financially damaging with each passing year, making it harder for organizations to recover. The average cost of a data breach (at $4.45 million) has risen by 15% over the past three years, while the median recovery cost of a ransomware attack stands at about $1.82 million, excluding the cost of the ransom.

To counterbalance these risks proactively and to reduce financial exposure, more organizations are opting for cyber insurance to partially cover losses from a range of information risks. That being, insurance should not be a substitute for cybersecurity. Here are five reasons why:

1. Cyber insurance will only compensate a portion of financial losses
When an attack or breach happens, there is a lot more at stake than just money. A cyberattack can result in loss of intellectual property, loss of customer trust and confidence, loss of reputation, loss of competitive edge and productivity. It can be difficult to quantify these losses and insurance claims will not recoup all that is lost.

2. Paying the ransom does not always guarantee outcomes
Insurance money might help pay the ransom, but paying the ransom does not always guarantee that threat actors will release the encryption key or return the hijacked data. Most victims (92%) fail to receive their data after paying the ransom. There is also no guarantee that threat actors will not repeat the offense. On the contrary, paying the ransom only encourages malign actors to perpetuate their attacks.

3. Cyber insurance policies too have exclusions
As cyberattacks increase, insurance claims are also rising, introducing more risk to insurers. To offset these losses, insurers have begun tightening policy guidelines and introducing exclusions that allow them to reject or deny claims under specific conditions. For example, 21% of cyber policy holders have a clear ransomware exclusion. While a standard clause among insurers, the language around war exclusions is murky at best. Defining whether a hacktivist is operating solo or in concert with a nation-state is a big unknown; geopolitical adversaries typically deny affiliation with ransomware gangs.

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4. New disclosure rules raises insurance risk
The Security and Exchange Commission (SEC) has mandated that publicly traded companies report cyber incidents within four days of determining whether an incident will have a material or substantial impact on shareholders. These new rules enable insurers to scrutinize their client's cybersecurity and governance practices more closely. It is also worth noting that the U.S. government is already mulling over an outright ban on ransomware payments.

5. Cyber insurance is not a replacement for security obligations
Every business has an obligation to protect its information assets as well as its customers, employees, business partners and their data against cyberattacks and data breaches. Simply transferring this risk to a third-party insurance provider does not absolve them of these responsibilities or obligations.

What Can Organizations Do To Reduce Their Risk Exposure?

Cyber insurance is certainly beneficial for businesses; however, it must only be seen as a contingent strategy to cover sudden or unexpected risks. Cyberattacks are more inevitable than they are a probability. It is critical that organizations focus on real mitigations involving technology, people, policies and processes, and not depend solely on insurance policies. Here are some recommended best practices:

1. Have a robust cybersecurity program in place: Deploy multi-layered cybersecurity defenses (multi-factor authentication, firewalls, email security, web security, et. al.) along with clear cybersecurity policies and processes. Organizations seeking insurance coverage may need to undergo security audits to verify they meet minimum security standards.

2. Train employees well: 74% of cyberattacks and breaches are caused by human error. Organizations can significantly reduce exposure to security incidents by providing employees with in-person training and regular phishing and social engineering simulation exercises to help identify and report these malign attacks. Some cyber insurance providers offer security tabletop exercises, training videos and breach response scenarios for insureds. Take advantage of those materials, services and content to train your people.

*3. Adhere strictly to compliance and regulatory mandates:*Be sure to implement industry-leading guidelines, frameworks and compliance standards to ensure that all required and recommended protections and practices are followed. Insurers are known to deny claims if they discover that a company has misstated its adherence to certain privacy laws or regulations.

Final Thoughts

A strong partnership between cybersecurity and cyber insurance can foster a robust security culture and reduce risks. Organizations understand that having insurance alone does not mean they can forego implementing necessary security measures. Relying solely on insurance coverage undermines both the insurance carrier and policyholder. Both stakeholders are genuinely more satisfied when strong security protocols are in place, as this lowers the overall risk profile.

When cybersecurity and insurance work in tandem, organizations can build a more resilient security culture. Both policyholder and carrier benefit since the coordination of efforts can narrow the likelihood of filing claims. Cybersecurity plays a pivotal role in mitigating cyber threats. It involves strong access controls, continuous cybersecurity training and simulated phishing exercises, incident response plans, regular risk assessments, and monitoring systems for any signs of compromise. Proactive cybersecurity measures can greatly reduce the likelihood and impact of cyber incidents and potentially lower premiums.

Cyber insurance providers can support the security mission by offering risk assessments, security consulting, and resources to help organizations improve their security posture. Acting as a safety net to ensure organizations have the capacity to bounce back from incidents, cyber insurance provides coverage for costs associated with incident response, recovery, legal fees, regulatory fines, and potential lawsuits.

By collaborating closely, cybersecurity professionals and insurance providers can share insights, best practices, and trends in cyber threats, leading to a more stable and secure environment for all parties involved.

Where We're At: Generative AI In The Canadian Advisory Scene

By Chris Patterson, Levin Karg, Steven Berger, and Ian Tam, Wealth Professional, April 22, 2024

https://premium.wealthprofessional.ca/ca-2024-roundtable-where-we-are-at-generative-ai-in-the-canadian-advisory-scene/p/1?utm_campaign=idc&utm_medium=banner&_hsenc=p2ANqtz-9TAPn1VlQuMh3WQFHAlpB50fGVI4FrL77BhWrcwhqzQo7oGr8ui5JOTt8HwXGFbmpSfAVIoZdnTK3ELZwHHQTWjUSFnw&_hsmi=305347169&utm_content=KMADV-002392&utm_source=newsletter

"IT IS HARD to believe that just over a year ago, large language models and generative AI [GenAI] took the world by storm with the arrival of Open AI's ChatGPT. Since then, the use of the technology has exploded, unlocking great potential for efficiencies across the global economy," said Ian Tam, director of investment research at Morningstar Canada.

"Though it seems like the sky is the limit in terms of what can be done to leverage it, the implications of applying GenAI warrant an extra-cautious approach, especially in the financial advice space right here in Canada."
The adage "Time is money" holds especially true in banking and financial institutions today. Time spared in signing on new clients, expediting loan processes, curtailing fraud, or handling regulatory matters directly affects financial outcomes.

Enhancing operational speed not only elevates team efficiency but also fosters innovative ways to personalize services and improve customer experiences. The introduction of generative AI promises to amplify these benefits in banking significantly.

Understanding and leveraging the capabilities of generative AI is crucial, though actual implementation to achieve tangible business outcomes poses a significant hurdle. Many executives grapple with the complexities of integrating such technologies, recognizing their importance for future success yet struggling with organizational and technological readiness to fully capitalize on these advancements.

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In partnership with Wealth Professional, Tam facilitated the panel discussion “Generative AI in the Canadian advice space” (watch by clicking play on the webinar above). Tam emphasizes the transformative power of GenAI technologies in reshaping global economic efficiencies. Yet, Tam highlights the need for a cautious approach to leveraging these technologies.

The panel features prominent experts, including Chris Patterson, head of AI governance and advisory at CIBC; Levin Karg, manager of modernization regulation at the Ontario Securities Commission; and Steven Berger, director of product management and research distribution at Morningstar.

The Current State Of Genai In Canada

According to Patterson’s assessment, the use of generative AI technologies by Canadian financial institutions is in the early stages. He goes on to say, “I would like to emphasize that this isn’t due to a lack of interest – quite the opposite, really, given the number of people reaching out across the enterprise just in the past year.”

“Despite the palpable excitement and high expectations throughout the bank regarding the potential of this technology, our strategy is to proceed with careful consideration to ensure we fully understand and can leverage its capabilities responsibly.”

As noted by Karg, AI use cases by wealth management firms and advisors in Ontario’s capital markets are generally in the intermediate stage. “Market participants are using AI systems more to enhance their existing products and services” rather than create new ones. AI systems are being rolled out in a phased approach.”

When it comes to generative AI tools, “they are being used for low-risk applications such as generating summaries; higher-risk applications like those that would fall under the category of risk management or revenue generation are being used in a more limited way.”

The Advisor Advantage

According to Karg, leveraging generative AI tools will largely depend on the unique circumstances of each advisor or firm, emphasizing the need for an interdisciplinary team approach to address these varied needs.

Berger illustrates how generative AI can streamline the user experience within their advisor software, making it more intuitive for advisors to navigate and use its comprehensive functionality.

Incorporating a generative AI-powered chatbot application into Morningstar’s advisor workstation aims to facilitate access to product features and support, thus enabling advisors to focus more on their core tasks rather than on navigating the software.

This AI application not only serves as a research assistant by parsing vast amounts of trusted content to provide relevant insights but also offers real-time support, enhancing productivity and enabling advisors to deliver better outcomes for their clients.

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Regulatory Framework Considerations

The conversation about future implementations of AI tools in the advice field reveals concerns over fraudulent use and accessibility to data sets. One worry Karg points out is the potential for AI tools to enable fraudsters to conduct scams more effectively, including mimicking advisors to deceive customers. Data, the fundamental component of any AI system, is also a concern, emphasizing the need for equitable access to training data sets to prevent monopolization by a few entities and ensure competitive fairness in the market.

Another critical issue raised is the interpretability and explicability of AI models. Given the complexity of generative AI systems, which often lack the inherent interpretability found in traditional models, it's crucial to address these concerns. This necessitates the expertise of individuals with a deep understanding of AI techniques, highlighting the importance of tapping into the talent pool in Ontario.

This speaks directly to Morningstar's Responsible Al Council, which is composed of senior leaders from various disciplines. As Berger details, "This council oversees the use of Al tools by employees, reviewing all use cases transitioning from an experiment to a prototype that might be shared externally or productionized, especially if it involves personal or non-public data. They evaluate projects from legal, data privacy, ethical, and reputational perspectives, based on responsible AI principles.

"Because it's easy to produce very sophisticated-seeming generative AI prototypes, there's a risk of introducing unforeseen consequences if those projects are rushed to market. Our council provides an important check to make sure everything we are releasing is in line with our brand and mission."

Right now, advisors in Canada face some pressures to improve the experience for the end investor, one method of course being client-focused reforms. On the horizon is total cost reporting, which Tam argues might even put a bit more pressure on the advisor to produce value for the advice for which the client is being charged.

As Patterson says, "Generative AI's potential to transform advisory workflows is notable, particularly in enhancing productivity and compliance with regulatory tasks. The technology can streamline the know-your-client [KYC] process, traditionally a time-consuming task requiring yearly review of client details and documentation of any changes.

"By automating data collection, analysis, and documentation processes, GenAI can significantly reduce the workload associated with KYC obligations, allowing advisors to focus more on delivering value and personalized advice to their clients."

A Decade From Now

In a future shaped by generative AI, financial advisory services will have been profoundly transformed a decade from now. Karg envisions a world where generative AI tools are seamlessly integrated into user interfaces using both third-party and in-house solutions.

These advancements could enable advisors to focus more on understanding investors and tailoring communication and advice to their specific needs. The question of whether meetings between advisors and investors will occur in person or virtually, possibly through innovative channels or even with AI-driven virtual advisors, reflects a broadening of how advisory services might be delivered.

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The use of AI tools could extend to new, more intuitive forms of interaction beyond traditional laptops or paper, possibly involving wearable technology that further eliminates manual and repetitive tasks, thereby enhancing the accessibility and personalization of advice.

Commenting on these technological advances, Patterson says, "A very important point is [that] the human element in the advisory process is irreplaceable. Advisors will continue to play a crucial role by providing necessary guidance and oversight, ensuring that advice remains personalized and aligned with clients' goals."

This future scenario paints a picture of a financial advisory sector in which AI significantly augments the efficiency and personalization of services – without diminishing the value of human insight.

Insurers Pushing Their Limits In Accelerated Underwriting

By Alain Thériault, Insurance Portal, April 18, 2024

https://insurance-portal.ca/life/insurers-pushing-their-limits-in-accelerated-underwriting/?utm_source=sendinblue&utm_campaign=daily_complete_202404-25&utm_medium=email

Unlike simplified issue insurance, traditional, accelerated underwriting also offers the possibility of obtaining insurance without medical exams or bodily fluid tests.

Although a thorough risk selection process is necessary for accelerated underwriting compared to simplified issue, it allows for the underwriting of high insurance amounts.

Since the mid-2010s, major insurers have been racing towards increasingly higher insurance amounts without examinations or tests, heavily utilizing predictive models based on claims data analytics.

Among the leaders in offering accelerated underwriting, Manulife is willing to insure individuals aged 0 to 50 up to $5 million for a 10-year term in its Family Term and Family Term – Vitality Plus products, according to information provided to InsuranceINTEL, a Canadian life insurance product monitoring site.

Competitors are pushing their limits. RBC Insurance has announced the creation of an express underwriting team, as reported in the February 27, 2024, edition of InsuranceINTEL Weekly, a publication from the Insurance Journal Publishing Group. This underwriting team is tasked with handling cases that do not require fluid sampling and have insurance coverage of less than $2 million.

RBC Insurance aims to reduce the cycle time from the date of application to policy issuance to 8 days or less. Since the team's creation in November 2023, the insurer says it has reduced this time to 6 days or fewer.

"We had one case in January that was received, approved, issued and settled all in the same day," stated Russ Shaw, Senior Director, Life and Living Benefits Underwriting & Operations at RBC Insurance. "Someone woke up with no coverage and went to bed insured. That's a goal we'd like to meet more often."

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The February 27, 2024, edition of InsuranceINTEL Weekly reported that RBC Insurance's express team had issued 1,745 policies to date and settled 1,720. Of the settled policies, 51 per cent were completed within 24 hours of their issuance. A settled policy is one that has been issued, accepted by the client, and for which the first premium has been paid.

The insurer said that its underwriters have been able to make a decision in 55 per cent of cases they reviewed without requiring additional information or requirements.

Reducing Frictions

BMO Insurance announced improvements to its accelerated underwriting process on February 26, 2024. It simplified its requirements for new life insurance applications. People ages 18 to 40 can now apply for life insurance coverage up to $5 million without undergoing additional testing. The maximum coverage is $3 million for individuals ages 41 to 50, and $750,000 for those ages 51 to 60.

"Investing in our data and analytics has been an important strategic driver for us over the past few years. Eliminating bottlenecks in the underwriting process has been a key part of our modernization effort," stated Rohit Thomas, President and CEO of BMO Insurance, when announcing these changes. He adds that these changes will help financial advisors save time "and ensure consumers can get coverage in place faster and with less paperwork than ever before."

During an interview with the Insurance Portal, accompanied by BMO Insurance's chief underwriter, Katarina Nikolic, Rohit Thomas underlined that BMO Insurance offered accelerated underwriting up to a maximum amount of $500,000 before the pandemic. When the pandemic hit in 2020, BMO Insurance raised the limit to $1 million, and then to $2 million in 2021.

"It removes friction from the life insurance buying process," summarized Thomas regarding the newly announced requirements and life insurance limits for 2024. He believes the changes help advisors connect with their clients. "BMO Insurance is continuously looking at making the insurance purchasing process quicker and easier for advisors to get the coverage their clients need in place, with the least amount of friction," he said.

He also believes that raising the limits will enable them to cover a significant part of the BMO Insurance market. "We are continuing to focus on the large case producers by raising their product caps on their Whole Life products. They are well positioned in that market," said Thomas. He noted that accelerated underwriting is available for all BMO life insurance products, "as we aim to make insurance accessible to all Canadians."

Customer Experience

Katarina Nikolic added that the new underwriting limits will reduce cycle times. "The new accelerated underwriting limits will reduce cycle time by requesting evidence only when necessary and using targeted questions based on an individual's unique risk profile. It could be medical questions, financial questions or lifestyle questions," she explained. Nikolic clarified that these would involve only medical, financial, or lifestyle-related questions.

According to Nikolic, the new requirements and underwriting limits will both reduce delays and improve customer experience. "We hope to decrease our cycle time by over 50 percent," in comparison to the traditional underwriting cycle, she estimates 30 days on average. "BMO Insurance has streamlined the buying process for the Canadian consumer by having a digital end-to-end onboarding solution with their E-application, accelerated underwriting and electronic delivery capabilities," added Nikolic.

She took the opportunity to clarify the difference between accelerated underwriting and simplified issue. "All our Life products are fully underwritten and we do not participate in the simplified issue space," she pointed out. Nikolic explained that simplified issue and guaranteed issue products are issued for smaller insurance amounts.

In contrast, accelerated underwriting focuses on the underwriting process, added Nikolic. "BMO Insurance is leveraging their underwriting rules engine and data analytics to fuel growth in their accelerated underwriting."

UPCOMING CAFII-RELEVANT WEBINARS & EVENTS; AND RELATED EDUCATION CONTENT

THIA's 2024 Annual Conference

Date: May 22-24, 2024
Location: Quebec City, Canada

THIA's conference is the highlight of the Canadian travel insurance year and for the first time we are hosting this special event on Canadian soil. We expect to welcome many returning attendees and, by holding our premier event in beautiful Quebec City, we hope to meet many first-time attendees as well.

As always, you won't want to miss:

- Engaging insights from industry experts
- Networking opportunities with peers and prospects from across the globe

A chance to participate in scheduled professional and leisure activities

Register Here **-** *'Early Bird' registration for THIA and UStiA members is $1,025 CAD until March 31, 2024.*