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# CAFII ALERTS WEEKLY DIGEST: August 18 – August 25, 2023

August 25, 2023

*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.*

*The Weekly Digest will take a summer hiatus for the weeks of August 27 to September 2/23 and September 3 to 9/23. Following the August 25/23 edition, the next Weekly Digest will be produced for the week of September 11 to September 15/23.*

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# GOVERNMENT/LEGAL/REGULATORY DEVELOPMENTS

## Joanne Abram Retires As CEO Of Alberta Insurance Council; Darlene Hyde Appointed Interim Successor

*By Brendan Wycks, CAFII Co-Executive Director, August 22, 2023*

On Monday evening, August 21/23, CAFII received the Announcement below from Colette Mooney, Executive Assistant to the CEO of the Alberta Insurance Council:

**Re: Alberta Insurance Council Leadership Transition**

On August 14, 2023, I announced that the Alberta Insurance Council ("AIC") has contracted with Darlene Hyde, MBA, ICD.D, CCD, to take on the role of Interim CEO of the AIC for a period of approximately six (6) months. Ms. Hyde will oversee AIC operations, represent the Council with external stakeholders, and review and assess the organization's future needs as it prepares to hire a permanent CEO.

Ms. Hyde's appointment follows the retirement of Joanne Abram after over 34 years of dedicated and exceptional service as CEO of the AIC. We thank Joanne for her outstanding leadership.

Ms. Hyde is the former CEO of the BC Real Estate Association and is former Chair of and government appointee to the Board at the Insurance Council of British Columbia. She has also been involved with the regulation of auto dealers and credit unions in British Columbia.

Ms. Hyde can be reached at dhyde@abcouncil.ab.ca. I would ask that you offer her your co-operation and support in the coming months.

Sincerely,
Michael Ilnycky
Vice-Chair
Alberta Insurance Council

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# FSRA Finalizes Credit Unions' Operational Guidance

## *Regulator Supports Firms' Efforts To Address ESG Risks*

*By James Langton, Investment Executive, August 18, 2023*

https://www.investmentexecutive.com/news/from-the-regulators/fsra-finalizes-credit-unions-operational-guidance/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

New guidance from the Financial Services Regulatory Authority of Ontario (FSRA) aims to bolster the resilience of the credit union sector by setting out the regulator's approach to operational risk.

FSRA issued final guidance, which will take effect on March 1, 2024, that aims to improve the ability of credit unions to deal with ongoing and emerging threats, including various ESG risks, in an effort to enhance protection for customers and their deposits.

"Improvements in the sector's ability to monitor its current internal and external environments, anticipate future threats, and respond effectively to stress events will strengthen credit unions in Ontario," the regulator said in a notice.

"Through this guidance, we are helping to reduce the risk for credit union members and ensuring the sector remains strong, viable, and well-managed well into the future," said Mehrdad Rastan, executive vice-president, credit unions and insurance prudential with FSRA, in a release.

Among other things, the new guidance sets out FSRA's interpretation of the credit union rules to identify potential compliance and enforcement issues, and the regulator's processes for assessing firms' operational risk and resilience.

It also details some of the standards and guidance developed in other jurisdictions regarding ESG risk management and sets out potential implications of this work for credit unions in the future — particularly the growing threat of climate change and the risks to financial institutions' safety and soundness.

"Some [credit unions] have already started working towards developing and meeting ESG objectives. FSRA recognizes these efforts and encourages [credit unions] to continue progress towards further incorporation of ESG goals in their corporate strategies and business activities," the regulator noted in the guidance.

Additionally, FSRA said it will consider integrating ESG objectives into its regulatory and supervisory frameworks, including possible future guidance on addressing climate-related risks, human and social rights, and governance practices.

In the meantime, the regulator said that credit unions are "encouraged to develop and implement plans to include ESG considerations in their corporate strategies and business activities to ensure positive contributions towards ESG goals."

FSRA said that it will revisit the guidance within five years of its effective date.

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## From IFRS 17 To Market Conduct – The Biggest Regulatory Challenges Facing Canada's Life And Health Insurers

### *CLHIA's New Chairman Breaks Down Priorities*

*By Gia Snape, Insurance Business Canada, July 18, 2023*

*https://www.insurancebusinessmag.com/ca/news/life-insurance/from-ifrs-17-to-market-conduct--the-biggest-regulatory-challenges-453107.aspx?hsmemberId=88547&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&utm_campaign=&utm_medium=20230822&_hsmi=271309841&_hsenc=p2ANqtz--p74h-zYDVC5VBXin9u50cm6o4ZxiXMKEGGKigbAIwOED98TZxoYPtdbGmr8RFJUnT7hEoRQ-QLLNv3RkFXtNHE2Dzfg&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&utm_source=*

The Canadian life and health insurance industry has thrived and grown through the COVID-19 pandemic, continuing to protect millions of Canadians. But it also faces several different regulatory challenges that impact how it does business today, according to an industry association leader.

Denis Ricard, the newly elected chairman of the Canadian Life and Health Insurance Association (CLHIA), spoke to Insurance Business Canada about the biggest issues on the Association's agenda.

**IFRS 17**

"One of the biggest files that the industry has been working up to is IFRS 17, a huge change in the accounting framework in Canada," he said.

The new international financial reporting standard on accounting for insurance contracts came into effect on January 1, 2023.

The implementation was seen as a major hurdle for insurance companies, fundamentally changing accounting, actuarial, and reporting practices. Insurers are also being hit with IFRS 17 via tax, products, and investments.

According to Ricard, the CLHIA has been "fully collaborating" with regulators to adjust the formula for IFRS 17 to make it more risk-based.

"So, the more risk you take, the more capital you need to keep. There were a lot of changes that were needed last year," he said. "The level of capital that companies need to keep versus the risk that they're taking is a very, very important aspect for the industry."

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While Canadian life and health insurers have put in most of the work to implement the changes, Ricard admitted that IFRS 17 has had a significant impact on the industry.

"IFRS has basically put short-term lenses to a long-term business," he said. "It has led organizations to change their investment portfolio to better match the long-term liability.

"I think it's been quite positive overall in terms of risk management, but still, it will bring a bit more volatility. It was a huge effort, and it took a huge amount of work and effort from organizations. But overall, it's much, much better than what we expected."

**Market Conduct Issues**

Tighter scrutiny is another key issue that's on CHLIA's radar, according to Ricard. Provincial regulators are raising their surveillance over market conduct to protect consumers and ensure their fair treatment in the insurance industry.

"There's been a real push from regulators to be more transparent, for example, on the mutual fund side, there's been some changes in terms of disclosure of costs to consumers over the years, and basically the same has been discussed with seg funds," he said.

"We do have a disclosure framework that is similar to the mutual funds, and that's an area where the CLHIA has worked in close relationship or collaboration with the regulators to carry it out in an orderly manner."

Ricard noted other issues on fair treatment of customers that are being discussed with regulators.

"The CLHIA plays a role in creating consistency amongst the various insurers, or makes suggestions and recommendations to the regulators to achieve the same goal and to make sure that [market conduct] is up to the standards," he said.

**Compliance Burden**

A stream of regulatory changes in the industry in recent years has created a significant burden, especially on smaller insurance companies that must spend time and resources to implement changes.

"We've had over the last few years tons of changes in regulation," Ricard said. "Even for big companies, these issues are hard to keep up with because they're so demanding. Each of these initiatives all make sense, but it's just the fact that they're all happening at the same time."

For instance, when IFRS 17 went into effect, the industry also had to comply with various privacy regulations that came up at both the federal and provincial levels, according to Ricard.

The focus on compliance can have a negative impact on innovation in the industry as organizations direct a huge amount of investment into implementation, he added.


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"As an advocacy organisation, we try to talk to the governments or regulatory authorities and say, 'We understand your objective, but is there a way that we can do it that will be more orderly in terms of timing?'" said Ricard.

**Steering Growth And Innovation**

Amid these regulatory challenges, one of the biggest strengths of Canada's life and health insurance industry is its adaptability – a quality that was on full display during the COVID-19 pandemic, according to Ricard.

"I've been in this industry for 33 years, and I've seen a lot of significant changes," said Ricard, citing the huge consolidation in the industry that was accelerated by the demutualization of several major insurance companies.

While there are fewer players overall, Ricard was positive that the industry has maintained a high degree of competition in the market, something that's conducive to innovation.

"We're very innovative and we try obviously to out-compete our peers. The pandemic is a good example," Ricard said. "I can't imagine a world without the private investments that were made during the pandemic. We very quickly all came up with virtual solutions for our clients and our distribution network."

Today, some 29 million Canadians are covered by life insurance; around 27 million are covered by health insurance; and another 8 million are covered through retirement products, according to Ricard.

The industry is set for more growth amid the increased demand for financial and health protection spurred by COVID-19.

"The industry employs around 166,000 Canadians. It's even bigger than it was pre-pandemic," Ricard said. "We played a huge role during the pandemic, to continue covering Canadians, especially through our group benefit plans."

The CLHIA aims to advocate for the life and health insurance sector on federal and provincial policy matters and regulations, according to Ricard. He hopes that the industry can play a significant role in creating positive solutions for Canadians.

"We don't want to be an adversary to governments. We want to be part of the solution," he said.

# OBSI Adds Two Consumer Interest Directors To Board

## *Governance Changes Follow Consultation And Independent Review*

*By Investment Executive Staff, June 26, 2023*

*[OBSI adds two consumer interest directors to board | Investment Executive]*

The Ombudsman for Banking Services and Investments (OBSI) will have greater consumer representation on its board after it implements changes to its governance model following a public consultation.

That consultation, which ended earlier this year, was conducted after a 2021 independent evaluation that recommended a strategic review of OBSI's governance structure to determine how best to ensure stakeholder interests were incorporated into board membership and decision-making.

The review recommended, among other things, that OBSI consider revising its governance structure to do away with designated directors that represent the industry, and directors that represent consumers.

It also recommended eliminating the requirement that industry directors be nominated by industry trade group the Canadian Bankers Association (CBA), and by the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA).

Such changes would reflect OBSI's impartiality and independence, the review suggested.

In a release on Monday, June 26, OBSI said that its designated consumer interest directors will be increased to three from one, and that the board will continue to include three designated industry directors. However, the industry directors will no longer be selected solely from nominees put forward by the CBA, IIROC, and the MFDA (the latter two now merged into the Canadian Investment Regulatory Organization).

At least one industry director will have current or recent expertise in the banking industry and one will have current or recent expertise with an investment dealer or mutual fund dealer, the release said.

All board members will be evaluated and selected based on a renewed skills matrix. Criteria will reflect such things as experience, geography, and diversity.

"This new board structure is designed to balance consumer and industry expertise on the board and to allow the board to better reflect the diversity of industry sectors participating in OBSI's service," the release said.

In addition to these governance changes, OBSI is expanding its stakeholder outreach efforts by establishing separate bi-annual meetings with consumer groups and industry associations, it said. Other stakeholder input strategies — such as working groups, surveys, and focus groups — will be pursued for specific projects as needed.

With greater consumer engagement on the board plus increased stakeholder outreach, the board decided not to reconvene the Consumer and Investor Advisory Council (CIAC), which provided consumer and investor input to OBSI's board and management. The independent review had suggested scrapping the CIAC if governance was restructured.

Looking forward, OBSI said that it remains open to engaging in governance-related discussions with the Canadian Securities Administrators as they continue their work on a potential proposal for providing OBSI with the authority to make binding determinations.

The ombudsman will also engage with the Financial Consumer Agency of Canada as it works toward implementing a single banking external complaints body system.

Earlier this month, a group of advocates headed by FAIR Canada called on the government to select OBSI.

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## Investment Advice Seen As A Key Benefit Of Open Banking: Survey

### *Deloitte Reports Suggests Canadians Are Likely To Embrace New Banking Model Once It Goes Live*

*By Investment Executive Staff, June 30, 2023*

*https://www.investmentexecutive.com/news/industry-news/embargo-open-banking-opportunities-and-limitations-in-wealth-management/*

Nearly one in three Canadians believe they would benefit from the availability of investment advice through a national open banking model, according to a survey conducted by Deloitte Canada.

In an online survey of 1,030 Canadians, the consulting firm found that 66% see at least one benefit of open banking, a system that allows financial institutions to share client account details (with consent) with a third party.

Among the most attractive use cases of open banking cited were the ability for consumers to get a complete financial picture of all balances across all their accounts (37%), the ability to track their spending patterns (33%), and suggestions for investment and savings opportunities (32%).

"Overall, it seems that Canadians can recognize the benefits of open banking and are likely to embrace it once it goes live," the Deloitte report concluded.

While only 35% of respondents said that they are currently comfortable sharing banking data online, 45% of respondents said they would feel comfortable sharing financial data through open banking.

Consumers can currently share their banking details with third parties, but this often involves so-called "screen scraping" in which the client must first share their username and password with the third party.

Screen scraping exposes clients to the risk of losing any protection a bank offers against unauthorized transactions, the report said.

In 2021, a government-appointed advisory committee recommended that open banking be up and running by January 2023.

A statement provided by the Department of Finance Canada says that the federal government remains committed to presenting a read-only model of open banking this year, saying such a system would help Canadian consumers and small businesses access financial tools to help them improve their financial outcomes.

"Roughly six million Canadians are already using financial technology services that rely on screen scraping to access financial data," the statement read. "This speaks to the importance of establishing an open banking framework in Canada with appropriate security and consumer protection rules in place."

Finance Canada added that consumer education will be essential to build trust and awareness in open banking, and that consumer education will be a shared responsibility between government and industry.

Indeed, the Deloitte study found that only 18% of respondents had even heard of open banking.

Raising awareness of the potential benefits of open banking will increase the likelihood of successful uptake once open banking is implemented, the report said.

According to Finance Canada, Canada's open banking lead, Abraham Tachjian, has participated in over 200 stakeholder consultations since his appointment in March 2022. He has also led industry working groups on accreditation, liability, privacy, and security.

"Mr. Tachjian's focus continues to be on the work required to support the government in its commitment to presenting a read-only model of open banking in 2023," the statement said.

The Deloitte survey, conducted in October 2022, was weighted to ensure that the sample of respondents reflected the Canadian population according to the 2021 census. However, online surveys cannot be assigned a margin of error because they do not randomly sample the population.

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## OTHER CAFII MEMBER-RELEVANT NEWS

## Montreal-Based Hopper Strikes Flight Cancellation Protection Deal With Air Canada

*By Ana Pereira, The Globe and Mail, August 16, 2023*

Canadian online travel-services company Hopper is taking its business to the skies for its next stage of growth.

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On Wednesday, August 16, Hopper announced that it had signed a deal with Air Canada – its first airline partner – to offer its cancellation protection product for non-refundable flights.

It's the latest in a slew of global deals from the rapidly growing tech startup, which have included partnerships with U.S. credit-card issuer Capital One Financial Corp. and Brazilian digital bank Nu Holdings Ltd., also known as Nubank.

Hopper's new feature, dubbed "Cancel for any reason," is available to travellers directly on Air Canada's website. It will cost anywhere from 5 per cent to 25 per cent of the value of a flight, allowing customers to cancel their air travel up to 24 hours before departure and obtain a refund of 80 per cent to 100 per cent of the original booking.

The product has been in testing by Air Canada over the past couple of months and is being used by tens of thousands of customers, Hopper said.

Hopper will split the profits with Air Canada while assuming full financial risk, using its technology and vast amounts of data to dynamically price the likelihood of cancellation for individual consumers based on factors such as time of booking and route chosen.

"This is the start of a new market for Hopper," president and co-founder Dakota Smith said.

The company has four other partnerships with airlines in the works, which it says it expects to announce before the end of the year and the holiday season's travel chaos.

The Air Canada deal comes just weeks after travel agency Expedia terminated its five-year partnership with Hopper as a lodging-inventory supplier, as was first reported by Skift, a travel news outlet.

Expedia has criticized Hopper's meteoric growth. Its products "exploit consumer anxiety and confuse customers, leading them to purchase services they neither need nor fully understand," Hannah Lajara, an Expedia spokesperson, said in an e-mail.

In an interview, Mr. Smith said he was surprised when Hopper's contract with Expedia was broken prematurely on July 12. "In my view, their actions were clearly a competitive reaction to Hopper growing its user base, gaining market share, and signing meaningful business-to-business partnerships," he said.

"I think it's a very clear anti-competitive reaction. Going forward, we're focused on bringing new and exciting products to market with actual partners, trusted partners," he added.

Montreal-based Hopper started as an online travel agency that used data to predict the best time for customers to buy plane tickets through its smartphone app. It later expanded into hotel bookings, vehicle rentals, and travel protection products.



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It is one of Canada's fastest growing technology companies, despite pandemic-related uncertainties in the past four years threatening the travel and leisure industry. Its valuation neared US$5-billion last fall, and it has seen revenues surpass US$500-million a year.

The Air Canada partnership is part of a push by the company since 2019 to launch financial technology products it markets as mitigators of consumer anxiety around travelling.

The Nubank collaboration, which was announced in late July, offers flight bookings and hotel reservations to the bank's clients as Hopper expands in Latin America. In 2021, Hopper signed a similar deal with Capital One, while raising US$170-million in growth equity at the time, led by the credit-card provider.

Beyond the "Cancel for any reason" product, Hopper also offers its flight disruption guarantee to airlines, which allows consumers to rebook a flight on any airline or receive a refund in cases of flight delays and cancellations.

While Air Canada said it is interested in Hopper's other fintech products, the airline did not share plans to pursue any further deals with the company.

According to Cirium, an aviation data provider, almost half of Air Canada's flights arrived late in July. Amongst major North American carriers, Cirium ranked the airline last for flight-arrival times.

When asked if Air Canada would consider Hopper's on-time flight guarantee given the airline's poor performance relative to other large carriers, executive vice-president of revenue management at Air Canada Mark Galardo said: "There's no parallels to be drawn with our operational statistics and this deal with Hopper," adding that the current partnership is aimed at offering greater flexibility to the airline's customers.

"This is a play for what we believe to be a leisure travel boom that we think is going to continue to sustain itself for the foreseeable future," he said.

Read Story (Subscription Required): *Montreal-based Hopper strikes flight cancellation protection deal with Air Canada - The Globe and Mail*

# Supreme Court Of Canada Agrees To Hear Appeal From Airlines On Passenger Rights

## *The Regulations Place Obligations On Carriers If They Cancel Flights, Delay Flights, Deny Boarding, Or Lose Luggage.*

*By Jeremy Nuttall, Toronto Star, August 17, 2023*

The Supreme Court of Canada has agreed to hear an appeal of Ottawa's air passenger protection guidelines which has been launched by a consortium of airlines hoping to have regulations allowing for higher compensation over cancelled flights or lost luggage over-ruled.

The challenge was launched by 19 airlines and industry groups, many of them foreign carriers, against the federal government's air passenger protection regulations, arguing that international regulations already set the standards.

"I think it overall shows how incredibly determined airlines are to shortchange the public," Gabor Lukacs, president of Air Passenger Rights, said. "That's a concern."

The regulations place obligations on carriers if they cancel flights, delay flights, deny boarding, or lose luggage. They allow awards to passengers of up to $2,400 depending upon the circumstances.

In their application, the airlines, which include Air Canada and Porter Airlines, said they are not challenging the legislation with respect to domestic flights.

In December, the Federal Court of Appeal dismissed the airlines' case, with the exception of one regulation that applies to the temporary loss of baggage.

Launched in 2019, the legal action states that the provisions exceed the Canadian Transportation Agency's authority and contravene the Montreal Convention by imposing heftier compensation requirements for flight cancellations or lost baggage. The 1999 convention was signed by 137 countries and regulates airlines for liability and passenger delays or cancellations.

The airlines are seeking to have the court uphold the Montreal Convention as the exclusive regulations for international air travel in Canada.

"A strong exclusivity principle is essential to the integrity of the convention's uniform trans-national regime," reads the argument by the airlines in court documents.

The Canadian Transportation Agency and attorney general contend there is no conflict between the international convention and laws in Canada.

Lukacs, who was an intervener in the case during its federal appeal, said the federal government needs to craft legislation declaring that the compensation levels are payable despite the Montreal Convention.

"That would be the wise thing to do, the fastest thing to do to create clarity, to create certainty in the law," he said.

Air Canada declined to comment, and Porter Airlines did not respond to a request for comment. The lead appellant in the case, the International Air Transport Association, did not respond to a request for comment.

John Gradek, a former Air Canada executive and head of McGill University's Global Aviation Leadership Program, said that Ottawa's domestic rules are on top of international regulations already laid out in the Montreal Convention.

Gradek said that, after some high profile events in Canada showing that some airlines "had taken some liberties" with the provisions in the convention, Ottawa moved for more domestic regulation.

"The Canadian government's gone above and beyond what the Montreal Convention would normally be addressing," he said. "Canada is only one of two jurisdictions in the world that really had these types of passenger protection rights in place."

Lukacs said that, despite being disappointed with the court's decision, he sees some positives with the case hitting the country's highest court.

For one, he said, the profile of passenger rights issues will be elevated.

"It would have been nicer if the leave to appeal was denied because it would have just created more immediate clarity," he said. "But at the same time, I'm pleased that the supreme court has found that the matter of passenger rights is a matter of national importance."

Read Story (Subscription Required): *https://www.thestar.com/business/supreme-court-agrees-to-hear-appeal-from-airlines-on-passenger-rights/article_e30f586e-9337-5be2-9734-91c11dbfcb47.html*

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## Canadian Airlines May Face More Penalties For Flight Disruptions, Lost Baggage

*By Ana Pereira, The Globe and Mail, August 20, 2023*

Canadian airlines may soon be facing stricter penalties for flight cancellations and delays.

The Canadian Transportation Agency (CTA) has recently completed an initial consultation with industry stakeholders on its proposed changes to the Air Passenger Protection Regulations (APPR), which determine whether consumers have a right to be compensated by airlines in cases involving flight disruptions, lost or damaged baggage, or when they are denied boarding.

But consumer-rights advocates are skeptical about whether the agency will follow through with its suggested reforms, which are meant to be tougher on airlines.

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The APPR first came into force in 2019, driven mainly by criticisms from advocates that there were too many loopholes for airlines, which made it difficult for consumers to get compensation.

In June, the Liberal government passed legislation to modify the Canada Transportation Act, placing the burden of proof on the airlines, rather than on the consumer, when it comes to extraordinary circumstances that would exempt them from compensating passengers.

Now airlines, pilots, and advocates all have eyes on the CTA as it is set to publish draft amended regulations in the fall, which will provide more clarity on how the legislation will be put into effect.

"This is the government's great chance to fix many of the damages it has done to Canadian passenger rights over the past five years," says Gábor Lukács, president and founder of Air Passenger Rights, an independent watchdog of the airline industry.

Nightmarish scenes of Canadian passengers finding themselves stranded abroad after Sunwing cancelled several flights during last year's holiday season, plus Air Canada being ranked last among major North American Airlines for flight arrival times, are examples cited by consumer-rights advocates pushing for stricter rules.

"It's been a rotten time for travellers in the last two years," John Lawford, executive director at the Public Interest Advocacy Centre (PIAC), said in an interview.

Airlines, however, believe that the current regulations have been tested during the turbulent period of COVID-19, which was particularly tough on their operations and profitability.

"We haven't really had much of an opportunity to test the existing APPRs in a 'normal circumstance,'" Jeff Morrison, president and chief executive of the National Airlines Council of Canada, told The Globe and Mail.

Complicating matters further, the Supreme Court of Canada agreed last week to hear an appeal from a group of airlines looking to quash the 2019 APPR rules that boosted compensation to passengers for delayed flights or damaged luggage.

The suggested changes this year to the regulations by the CTA would remove airline staff shortages and technical issues, considered part of normal operations, as reasons for flight disruptions that are beyond an airline's control.

Instead, the airlines would have to prove that they were subjected to more extraneous scenarios, including natural disasters, sabotage and terrorism, war, and health risks, among others.

The new rules would allow passengers to choose a refund in the event of flight changes where they can't make it to their destination "within a reasonable time," a discussion paper by the CTA states. It highlighted cases in which flights get rebooked much later than the original departure date, and the trip no longer meets the customer's purpose.


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The amendments also aim to improve the processing of passenger complaints, as the CTA currently has a backlog of more than 53,000 air travel complaints, according to the agency. The number of queries received by the CTA in the 2022 to 2023 period was 42,068 – more than five times the amount recorded in 2018 to 2019.

Advocates such as Mr. Lukács put forward what they call "the European Gold Standard," since passengers in the European Union are entitled to assistance by airlines with out-of-pocket expenses caused by denial of boarding, flight cancellation, or flight delays of more than two hours.

In the EU, passengers are automatically eligible for compensation, ranging between €250 (about $368) and €600 (about $884), if the flight's arrival is delayed by more than three hours. It's up to the airline to prove otherwise based on a narrow list of exceptional circumstances.

Similar ideas are included in the new Canadian legislation, but Mr. Lukács is worried that they will not be reflected in the draft regulations that are coming this fall.

"We may be very disappointed when we actually see the final result," he said, "but from what we have seen so far, there's some good directions, good ideas there."

Mr. Lawford of the PIAC believes that it doesn't make sense for the consumer to be held financially responsible for safety-related concerns such as aircraft technical issues, which he doesn't classify as extraneous circumstances.

"It's time for the airlines to internalize that cost," he said.

But airlines say that some of the changes to the passenger rights bill could translate into higher fares for customers, while arguing that carriers cannot be held accountable for issues in which third parties such as Nav Canada and the Canada Border Services Agency have shared responsibility.

"We're happy to pay for what we're responsible for. But an obligation to pay for other problems in the system is where we draw the line, justifiably," Andrew Gibbons, vice-president of external affairs at WestJet, said in an interview. Air Canada made a similar argument in a report submitted to the CTA.

Meanwhile, the Canadian branch of the Air Line Pilots Association worries that the proposed changes could add pressure upon pilots when making last-minute safety-related calls such as deciding whether to fly in the event of a maintenance issue.

"I'm not saying that a pilot is going to make decisions based on the airline's economics," but "pilots should not ever have that type of conflict going on in the background when, really, this should be straightforward safety decision-making," ALPA Canada president Tim Perry told The Globe and Mail.

In the draft regulations, Mr. Perry would like to see "a specific reference to safety-related decisions that pilots make in their discretion," and that "authority over the flight of the pilot in command as per the Aeronautics Act is specifically mentioned and protected."

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The CTA said it hopes to publish final amendments by early 2024 after a second consultation period.

Read Story (Subscription Required*): https://www.theglobeandmail.com/business/article-flight-disruptions-airlines-penalties/*

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## Flying Less And Zooming More, Corporate Travel Will Never Be The Same

*By Eric Atkins, The Globe and Mail, August 17, 2023*

Count the corporate traveller as one more casualty of the COVID-19 pandemic.

As vacationers return to the skies for holidays and family visits, business trippers are flying less and zooming more, and they are visiting multiple cities in one trip. They might stretch their corporate jaunts to include a couple days of sightseeing, sometimes with family along. They are spending less on hotels, rental cars, and premium seats in the roomier cabins of aircraft.

Overall, corporate travel is not what it used to be. And it might never come all the way back, experts say. "There is no doubt the market for classic corporate business travel has declined," says John Grant, an analyst at aviation consultancy OAG.

The pandemic was a "great reset" for the air travel industry, Mr. Grant said.

"During the pandemic, many companies cut their travel budgets dramatically and, with increasing use of video technology, actually saw that their profitability improved, and they continued with that," he said.

"It seems that there's a lot more people who are working from home and are much more time-effective than they were from travelling.

"That's not just in the North American market. We're seeing that in the European market and in Asia, particularly," Mr. Grant added.

For business travel to conventions and trade shows, the recovery to pre-pandemic spending will be delayed until 2025 or 2026, according to a report from Destination Canada, the federal Crown corporation that promotes tourism. The rebound in tourist arrivals and spending is expected to happen more quickly – by 2024, the report said.

The weak Canadian dollar makes Canada a more affordable destination for foreigners. However, a wobbly economy and high inflation could dampen the rebound.

Susie Grynol, head of the Hotel Association of Canada, said the rebound in business travel will lag leisure travel because Canada was closed due to COVID-19 longer than many countries. That meant that any group planning a convention, trade show, or large meeting – usually done two to five years ahead of time – planned to hold it somewhere else.

“A lot of those big international customers just went elsewhere,” Ms. Grynol said. “It’s going to take us a while to recover that ground.”

At the Vancouver Convention Centre this year, the number of events has rebounded sharply to 413, although still down from 478 in 2019.

The number of U.S. and international attendees is down anywhere from 5 per cent to 20 per cent from pre-pandemic levels, said Claire Smith, the centre’s vice-president of sales.

She also points to a rise in late registrations for events. “They’re making the decision to attend often at the very last minute,” Ms. Smith said, speculating that tighter travel budgets could be to blame.

OAG’s Mr. Grant figures that some of the corporate travel market is gone for good, and other industry leaders agree.

Deborah Flint, chief executive officer of the Greater Toronto Airports Authority, which operates Toronto Pearson International Airport, believes that 20 per cent of the corporate travel market will not return.

For Canada’s largest airport, that means that it is losing some solo, seasoned travellers, but seeing more families and groups on vacations.

OAG’s Mr. Grant says it is hard to pinpoint the rebound in business travel, but he has heard from airline executives that sales in the segment are still 25 per cent to 30 per cent lower than pre-pandemic times.

Other factors behind the shortfall include tighter corporate budgets, a corporate push to reduce greenhouse gas emissions, and extended stints working abroad. Several countries, including Dominican Republic, have begun issuing year-long work visas to attract people who want to combine remote work with a tropical stay.

WestJet spokeswoman Julia Kaiser said corporate travel is steadily resuming for the Calgary-based airline – with one key difference.

“A major shift WestJet is seeing is in the length of the typical business trip,” Ms. Kaiser said. “Pre-pandemic, it was common to see a significant amount of day trips, whereas now WestJet is seeing our business travel guests take longer trips.”

Experts say that blended travel is driving the longer trips. People are extending business trips into the weekend to sightsee or lie on the beach.

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Tony Capuano, CEO of hotel chain Marriott International, said that the blended travel trend is boosting room bookings between Thursday and Sunday, days on which the business traveller has traditionally checked out and gone home. “That’s great news for our business,” Mr. Capuano said on a recent conference call with stock analysts.

This blend of business and pleasure is driving up bookings of rental cars, as customers extend their stays. “A customer who would rent on Tuesday, Wednesday [and] Thursday would actually stay … for the weekend to take in a show or an event,” Joseph Ferraro, CEO of car rental company Avis Budget Group Inc., told analysts recently.

Read Story (Subscription Required): *https://www.theglobeandmail.com/business/article-business-travel-airline-pandemic-rebound/*

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## Allianz Survey: Women In Australia Have Significantly Lower Financial Literacy Than Men

### *"Low Financial Literacy Really Hurts," Says Expert*

*By Daniel Wood, Insurance Business Australia, August 17, 2023*

*Allianz survey: women have significantly lower financial literacy than men | Insurance Business Australia (insurancebusinessmag.com)*

In Australia, women’s achievements and participation at all levels of society are likely at an all-time high.

The positive signals are unmistakable and indicate a significant culture shift. The Matildas’ impressive Women’s World Cup Soccer feats that have captured the country’s imagination are just one example.

However, the revelations of a recent study go against the run of play in gender progress. Allianz’s latest financial literacy report, Playing with a squared ball: the financial literacy gender gap, has important implications for the country’s insurance industry and how it engages female customers.

The report found that twice the number of Australian women surveyed compared to men exhibited low financial literacy: 34% of women versus 16% of men.

Ludovic Subran is chief economist at Allianz and one of the authors of the report. He told *Insurance Business* that he was surprised by this gender gap in financial literacy but said it was consistent with previous reports.

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**Mind The Gender Gap**

"There was a gap of 8.5 percentage points [globally] between men and women with high levels of financial literacy in our survey – it is consistent with previous findings and with literature," said Munich-based Subran. "The key aspect is not to highlight the difference but to get to the source of the problem, the questions circle back to the topic soft skills – like confidence."

In the report, more than three quarters of the Australian women surveyed said they were not confident about their financial situation. This lack of confidence showed in the survey's financial literacy quiz where women were more likely than men to answer "don't know" to questions.

Subran said this was the first time the survey offered the "don't know" option and the answers were indicative of both women's financial ability and also of their confidence levels.

"We find that when given the option of 'I don't know' women disproportionately choose it compared to men," he said. "However, in our previous report – this option was absent – therefore women were forced to pick an option and when they did – it increased the share of women that answered the financial literacy-related questions correctly."

The survey found that age was a factor in financial literacy. About 20% of Baby Boomers displayed high financial literacy compared to only 6% of Generation Z.

**Low Financial Literacy "Really Hurts"**

The Allianz study found that, overall, more than one in four Australian men and women lack sufficient skills and knowledge to make sound financial decisions. According to the survey, that is costing average households as much as $7,381 every year.

"Low financial literacy really hurts," said Subran.

He said that another surprise for him in the report was how little financial literacy levels had improved since the COVID-19 pandemic. In fact, some understandings, he said, had gone backwards.

"What was surprising about the report was how little things changed since the wake of the pandemic," he said. "We were hoping that the experience of living through times of higher-than-usual inflation and the constant coverage of interest rates would increase the understanding amongst the population of purchasing power."

However, Subran said that under 60% of the respondents answered this question correctly compared to 65% of the respondents for the previous report.


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**How Do You Address Financial Literacy Issues?**

The media release accompanying the report said that the financial literacy situation globally "urgently needs to be addressed." One of the report's recommendations called for state intervention. Insurance Business asked Subran who he thought should be taking the next steps?

"We hope the report is alluring for more segments of the population, not just for policy-makers," he said. "However, the report is part of a wider effort to help increase financial literacy and education in vulnerable groups."

Subran said Allianz hopes to use this research to help design financial literacy interventions. He said that insurers such as Allianz can leverage industry experience to effect change by engaging policy-makers and also providing easy public access to this information on their website.

"Also to actually go to the ground and help answer the questions that the population might have in terms of how to start their financial journey and how to organize their finances," said Subran. "We hope to empower the population to seek information, ask questions, discuss issues, get curious, and to learn about all the options they have that could improve their financial standing."

In its release, Allianz said it provides an online financial literacy hub and free expert coaching to help people build their financial knowledge.

Internally, Subran said his firm is increasing its financial education efforts so that products are easier to understand and better suited to specific groups.

"We are in constant communication with marketing and distribution departments – as well as with the operating entities in the countries we included in our sample," he said.

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# UPCOMING CAFII MEMBER-RELEVANT WEBINARS AND EVENTS

## LIMRA/LOMA Canada's "Canadian Insurance Immersion Program"

**Date:** From September 12-14, 2023
**Venue:** Manulife, "Think Big Room", 200 Bloor Street East, North Tower, 12th Floor, Toronto, ON

**Highlights**
A unique, instructor-led program that provides a comprehensive overview of the industry and how insurers operate.

**Connect With Success**
To succeed, new hires and emerging leaders need a solid understanding of the industry and business in which they work. Insurance Immersion can help! This unique, instructor-led program explains and connects key concepts to promote a holistic view of the life insurance business, which improves collaboration and decision-making. Available in a variety of formats.

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**Who Should Attend?**
Newly recruited professionals who need to learn about the industry
Emerging leaders who need a broader perspective of the business
Skilled professionals with roles expanding beyond a single business unit

Register Here

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## New UBC Online 8-Week Course: Canada Climate Law Initiative

**When Is The Program?**

The program includes two online courses composed of four modules each. Each course is separated by one week pause.

- October 3 to 31, 2023; and
- November 7 to December 31, 2023.

Students will have until December 15, 2023 to complete a final case study.

**What Will You Learn?**

- Key climate considerations companies and pension funds face when making business and investment decisions.
- Complex legal and regulatory instruments and requirements that directly impact businesses and organizations' operations in Canada and internationally.
- Strategies to enhance your oversight and management of climate risks and opportunities.

**Who Should Apply?**

- Directors
- Officers
- Trustees
- In-house and external legal counsel
- Governance professionals
- Investors and asset managers
- ESG-focused staff

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**What Is The Class Format And Time Commitment?**

Internet connection required to use UBC's interactive e-learning platform "Canvas" which includes video lessons, readings, online discussion, case studies, and recorded guest interviews.

There will be three live sessions with your instructor and classmates over Zoom:

- Tuesday, October 3, 2023 at 12 pm PT/3 pm ET
- Monday, October 23, 2023 at 12pm PT/3 pm ET
- Wednesday, December 6, 2023 at 12 pm PT/3pm ET

Expect to spend between five to seven hours per week on the course, for a total of approximately 50 hours. Students can learn at their own pace, when it's most convenient for their schedule.

Register Here

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## Canadian Underwriter Webinar on "How To Win The War For Talent"

**Date:** Thursday, September 7, 2023
**Time:** 12:00 – 1:00 PM EST

From brokering, to underwriting, to claims, hardly any corner of the insurance industry has remained untouched by the increased competition for top talent.

Industry veterans are retiring and the worker demographic is changing, and so, insurance leaders are feeling the pressure to backfill their talent to keep pace. What's the best way to source fresh, inspired talent?

Join *Canadian Underwriter* in a panel discussion with senior industry leaders to learn how to provide a seamless workplace experience for new and seasoned recruits alike.

Register Here