

## CAFII ALERTS WEEKLY DIGEST: DECEMBER 5 TO DECEMBER 11, 2020

December 11, 2020

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## GOVERNMENT LEGISLATION/JUDICIAL DECISIONS NEWS

### Ontario Court Rules Against Duo Bank In Fairstone Financial Holdings Deal

*By Christine Dobby, Corporate Law Reporter, The Globe and Mail, December 7, 2020*

An Ontario court has ruled against Duo Bank of Canada (formerly Walmart Bank Canada), which was trying to get out of an agreement to acquire Fairstone Financial Holdings Inc. by arguing that the impact of the COVID-19 pandemic on Fairstone was so significant it fundamentally changed the deal and the transaction should not close. In a lengthy ruling last week, Justice Markus Koehnen of the Ontario Superior Court of Justice said there was not a material adverse effect, or MAE, which is a change to the seller company that would justify cancelling the deal, and ordered the parties to close as planned.

Read Story (Subscription Required): [Ontario court rules against Duo Bank in Fairstone deal - The Globe and Mail](#)

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## INSURANCE REGULATOR/POLICY-MAKER NEWS

### CCIR Releases First Public Report Derived From Annual Statement On Market Conduct Data

*By Kate McCaffery, The Insurance Portal, December 9, 2020*

This month, the Canadian Council of Insurance Regulators (CCIR) published its first public report based on data from its Annual Statement on Market Conduct (ASMC) -- which must be completed by both life and health insurers and property and casualty insurers -- outlining its findings from 2019. The report, *2019 Annual Statement on Market Conduct – Public Report*, states that while insurers value fair treatment of customers (FTC) principles, there are opportunities for some insurers to better demonstrate how they have incorporated FTC principles into their businesses. When asked if they had a standalone, documented policy that specifically addresses FTC, 57 per cent of life and health companies indicated they did, while 53 per cent of p&c companies said the same. The report says it was noted during examinations that some insurers had not fully implemented FTC principles into their business operations. CCIR member regulators also noted during examinations that some insurers have inadequate supervision of their external sales forces regarding conflicts of interest or incentives. For the life and health sector, a disproportionate number of complaints, 40 per cent, originated in Quebec, with accident and sickness insurance-related complaints making up 57 per cent of the total. In the life and health insurance sector, 82 insurers were required to complete the ASMC in 2019, 63 of which were actively writing new business. The report can be found here: <https://www.ccir-ccra.org/Documents/View/3617>; and a related CCIR news release can be found here: <https://www.ccir-ccra.org/Documents/View/3613>.

Read Story (Subscription Required): [Regulators examine insurers' Fair Treatment of Customer policies - Insurance Portal \(insurance-portal.ca\)](#)

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## What The Regulators' Data Says About P&C Insurers' Fair Treatments Of Customers

*By David Gambrell, Canadian Underwriter, December 10, 2020*

Canadian p&c insurers have generally embraced the general principles of the Fair Treatment of Customers (FTC), but the industry still has some work to do in specific benchmark areas, according to an annual statement on market conduct report issued on December 1 by the Canadian Council of Insurance Regulators (CCIR).

As defined by the CCIR, a national co-ordinating body of provincial and territorial insurance regulators, FTC principles include, among other things:

- developing products that pay due regard to consumer interests;
- providing clear information to consumers before, during, and after the sales process;
- giving high-quality advice; and
- dealing with customer complaints and disputes in a fair manner.

“Annual Statement results indicate that while insurers value FTC principles, there are opportunities for some insurers to better demonstrate how they have incorporated FTC principles,” the CCIR concluded in its *2019 Annual Statement on Market Conduct—Public Report*.

For example, data in the report show that the industry seems to prefer addressing FTC through a documented code incorporating FTC principles (68% of 231 p&c insurers canvassed by the CCIR said this), as opposed to a standalone documented policy that specifically addresses FTC (53% of the p&c industry reported having a standalone policy).

Of those p&c insurers reporting that they had an FTC code in place, the numbers “vary greatly based on size of the insurer,” the CCIR reported.

[Read the full article here.](#)

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## DIVERSITY/INCLUSION/FIGHTING SYSTEMIC RACISM NEWS

### The Case For Using Data For Diversity And Inclusion In Insurance Industry Senior Ranks

*By Jason Contant, Canadian Underwriter, November 25, 2020*

Insurance companies are used to collecting data, but they need to do a better job of using data around race and gender to build diversity and inclusion in their senior ranks, speakers said on Tuesday, November 24 at KPMG's 2020 Insurance Conference.

Insurers may collect data on gender, but the intersectionality around race and gender data (for women of colour) is lacking in the industry. To improve diversity, equity and inclusion (DEI), there needs to be a deliberate effort to embed it into the DNA of the organization, said Michelle Taylor-Jones, vice president of global DEI at Manulife Financial.

"DEI has to be throughout the entire lifeline of the business, from services to products to businesses ... to every single part of the organization, really, to build a strategy that's scalable and able to last for a very long time," Taylor-Jones said. "As organizations, we tend to look at the next shiny object and what's popular to do.

"This is a different time. It's time to slow down and build a strategy that's going to be lasting and really influence all parts of the business."

Mary Lou Maher is the Canadian managing partner, quality & risk management and global head of inclusion & diversity with KPMG in Canada. She noted that most of the data KPMG has collected to date has been on gender. Black, Indigenous and People of Colour (BIPOC) "is an area where we have to dig a bit deeper and hold the mirror up close to ourselves, whether it's at the board or executive level. We're just not doing well there at all."

Maher was part of a panel speaking at the Harnessing the Power of Diversity session, held virtually. She was responding to a question from moderator Greg Meckbach, Canadian Underwriter's associate editor, about where the industry — in Canada, the United States and globally — is at now in representing the general population at the board and senior management level.

[Read the full article here.](#)

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## CAFII MEMBER AND/OR PARENT COMPANY-SPECIFIC NEWS

### Canada's Big Banks, Insurers Seek Court Approval To Hold Annual Meetings In 2021 Online Only

*By Christine Dobby and Rita Trichur, The Globe and Mail, December 10, 2020*

Citing the continuing impact of the pandemic, Canada's biggest banks and insurers are once again heading to court for permission to hold annual meetings online in 2021. According to a court filing obtained by The Globe and Mail, a group of 16 applicants that includes the country's six biggest banks and three largest insurance companies has applied for an order allowing them to hold virtual shareholder or policyholder meetings next year. The matter is set to be heard via Zoom on Tuesday, December 15 by the Ontario Superior Court of Justice in Toronto. The financial institutions are represented by the law firm Torys LLP.

Read Story (Subscription Required): [Canada's big banks, insurers seek court approval to hold annual meetings in 2021 online only - The Globe and Mail](#)

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### CIBC Embraces AI Via 'First-Of-Kind' Customer Solution

*By Steve Randall, Wealth Professional, December 11, 2020*

[CIBC embraces AI as report shows increasing digital competition | Wealth Professional](#)

In a year when digital transformation has accelerated among Canada's financial institutions, CIBC is claiming a 'first-of-kind' development among its peers with the launch of a new artificial intelligence (AI) solution for customers.

The new Virtual Assistant will provide conversational abilities for customers wishing to perform banking transactions or ask questions about everyday banking.

Powered by IBM Watson, the assistant is already available on CIBC's online banking platform and will be part of its mobile banking offer in 2021.

Simple questions – such as “How do I send money to my sister? – can be answered by AI and customers can transfer to an advisor where required.

“Adding these capabilities is part of our focus on leveraging digital to make our clients' banking experience even better, and we'll continue to build on this new technology to deliver more interactive services and make it easier for clients to bank with us remotely or from the comfort and safety of their homes,” said Aayaz Pira, SVP of Digital Banking & Innovation, CIBC.

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## TD Insurance Launches National Online P&C Insurance Platform

*By Lyle Adriano, Insurance Business Canada, December 11, 2020*

[TD Insurance launches online insurance platform | Insurance Business \(insurancebusinessmag.com\)](#)

In line with the current stay-at-home economy – and to provide customers with a convenient insurance option – TD Insurance has launched its own national “buy online” platform, allowing Canadians to purchase home and auto insurance policies through their home PC or mobile devices.

In a release, TD Insurance announced that it is “the first insurance group in Canada to offer online services of this kind nationally.” The company also said that the new platform allows customers to easily research and purchase (if they are eligible) home (including condo and tenant insurance) and auto insurance directly from TD Insurance’s website.

“We keep our customers at the centre of everything we do,” said TD Insurance president and CEO Raymond Chun. “We know that there is unmet demand for simple and fast digital insurance services in today’s connected world. Savvy insurance customers want the option to research, compare, and buy easily online.”

Chun added that TD Insurance’s approach to quotes and purchasing is focused on making it easier for Canadians to be well-informed on insurance, as well as allowing them to seamlessly enroll for their coverage needs.

TD Insurance’s online purchasing platform builds upon the success of the company’s proprietary TD Insurance App. The app allowed 85% of eligible customers to take advantage of digital tools like photo-based estimating to evaluate vehicle damage, while also tracking repairs and claims. The app also saw a 55% year-over-year growth in downloads.

According to TD Insurance, customer use data showed an increase of more than 100% in digital self-service transactions year to date.

“2020 has shown us that buying insurance online direct is a necessity – not a convenience – for Canadians who now prefer to purchase home and auto insurance end-to-end without the need for an in-home or office visit to complete,” said Chun. “It’s important for us to stay ahead of the pace of change; ultimately, our primary purpose is to forge deeper connections with our customers to create even more personalized, connected experiences that they have come to expect from TD Insurance.”

## TD Bank's Auto Insurance Unit Used AI To Find Claims Cheats

By Kevin Orland, *Bloomberg News*, December 10, 2020

[TD Bank's auto insurance unit used AI to find claims cheats | Digital Insurance \(dig-in.com\)](#)

The biggest contributions artificial intelligence can make to financial institutions are ones customers may never see, said Toronto-Dominion Bank's Tomi Poutanen, its chief AI officer.

While the bank released details of new AI-driven features in its mobile-banking application Thursday -- such as digital nudges when a checking-account balance is getting low, or a notice that a big bill is coming due -- Poutanen said his unit may be making its most important advancements behind the scenes, including in its auto-insurance unit.

One such use is combing through data to identify networks of bad actors who team up to cheat the bank's insurance division, such as an auto-repair shop, towing company and scam artists working together on fictitious auto-insurance claims, Poutanen said. Another is using the granular data the bank has on its customers to create better models for deciding which customers are safe bets for loans, he said.

"If you get your credit decisions right and you manage fraud well, you can run a very efficient bank," Poutanen, 48, said in an interview Wednesday. "That's an area where AI is very applicable."

For banks, smoothly functioning technology and the ability to prevent digital fraud have become more important during the coronavirus pandemic, which has forced much of financial institutions' business online. Toronto-Dominion has seen more than 1 million customers enroll in digital banking since Covid-19 struck, and it now has more than 14 million active online and mobile customers across North America.

Poutanen co-founded Toronto-based AI firm Layer 6 Inc. and moved to TD when the bank bought the startup in January 2018. Layer 6 has kept its name within the bank, and has more than tripled its staff to 57 employees since the takeover.

The unit is working on developing uses for its technology with every one of the bank's business lines, including its capital-markets division, where AI can improve decision-making, he said.

"Where there is lots of customer data, and where the enterprise makes data-driven decisions, that's where AI can help," Poutanen said.



## COVID-19 PANDEMIC RESPONSE, RESILIENCE AND RECOVERY NEWS

### Travel Rebound Coming: Young People Will Lead The Way, Expedia Says

*By CanadianTravelNews.ca, December 10, 2020*

A new study finds there's plenty of pent-up demand for travel, and that young people will be first out of the gate.

Today at its annual partner conference, explore '20, Expedia Group revealed key considerations shaping travel decisions in 2021 and demonstrated technology enhancements to help travellers and partners make informed decisions.

Speaking to the media on a panel discussion prior to the explore '20 session, Cyril Ranque, President of the Expedia Travel Partners Group, said he thinks the second quarter of 2021 will see a "big, big exponential jump" in demand.

Ranque said he personally feels that, as vaccines progress around the world early in 2021, travellers will gain confidence, which will cause airlines to restore capacity.

Ariane Gorin, president of Expedia Business Services, said she agrees, but that demand will grow differently in different parts of the world.

Many travellers in 2020 have been searching for nature places and out-of-the-way destinations to enjoy. It's nice that those areas have received added exposure this year, and hopefully that continues, Ranque said. But he said he believes cities will always attract travellers.

"Big cities will come back," he said, because of their culture and events and restaurants and activities.

"Paris, New York and London will always be Paris, New York and London."

Research from Expedia Group Media Solutions, the advertising organization of Expedia Group, shows that travellers need reassurance in critical areas such as flexibility, cleanliness, and communication to consider travel now and in the future.

The research reveals that one in two travellers feel optimistic – that is, comfortable or even excited – about taking a trip in the next 12 months. Though consumer confidence in travel varies by country and generation, the importance of hygiene measures, flexibility, and financial peace of mind is more universal.

Three-quarters of travellers said measures such as mask enforcement, contactless services, and flexibility, including easy refunds or cancellation policies, will inform where they visit on their next trip.

[Read the full article here.](#)

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## The COVID-19 Vaccine Is Coming. Are Immunity Passports Next?

by Rob Ferguson, Queen's Park Bureau, Toronto Star, December 9, 2020

Ontario is about to examine the role that proof of COVID-19 vaccination or "immunity passports" will play in society as new daily cases remain near record levels. With the first shots expected soon and the province reporting 1,890 more infections on Wednesday, December 9, Premier Doug Ford's government is looking at providing "tech-based" certificates in addition to alternatives for people who prefer not to keep such records on devices such as smart phones.

Read Story (Subscription Required): [The COVID-19 vaccine is coming. Are immunity passports next? | TheRecord.com](#)

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## Montreal Airport To Offer Rapid COVID-19 Tests For Some Destinations

By Eric Atkins, Transportation Reporter, The Globe and Mail, December 7, 2020

Montreal-Trudeau International Airport will offer rapid COVID-19 nasal swab tests for departing passengers flying to countries where a negative test is a condition of entry in a pilot project intended to help travel to resume. The eight-week testing effort will begin on December 15 and will be available initially for travellers to big cities in France on Air Canada, Air France, Air Transat and KLM Royal Dutch Airlines. The tests cost \$149 each, administered by Biron Health Group Inc. Air Canada, Air Transat and Air France each fly a handful of flights a week to Paris. Meanwhile, WestJet Airlines said on Monday it is expanding to Ontario a predeparture testing program for customers flying to Hawaii.

Read Story (Subscription Required): [Montreal airport to offer rapid COVID-19 tests for some destinations - The Globe and Mail](#)

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## A Tourism Industry In 'Survival Mode' Looks Ahead To An Uncertain Recovery

By Chris Hall, CBC News, December 5, 2020

There isn't a hint of overstatement when Mark McCarthy calls 2020 a lost year for the Canadian tourism industry.

"Everyone is in survival mode," said McCarthy, whose family-owned tourism company in St. John's did a fraction of its usual business this past summer after premiers in the Atlantic provinces created a regional bubble that excluded visitors from the rest of the country.

McCarthy and Joe Urie, co-owner of the Jasper Tour Company in Alberta, spoke to CBC's The House about the common challenges their industry faces because of the COVID-19 pandemic, and whether the aid package included in this week's fiscal update provides enough of a booster shot to inoculate them against another round of economic lockdowns.

Tourism employs 750,000 people in Canada, accounts for 2 per cent of GDP and supports many rural and Indigenous communities.

Finance Minister Chrystia Freeland acknowledged the sector took a particularly heavy blow from the prolonged economic lockdown, from politicians at all levels urging people to stay home and from travel restrictions that remain in place in many parts of the country.

[Read the full article here.](#)

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## Airlines Anticipate US\$157 Billion Loss Before COVID-19 Recedes

*Industry group projects 2020 will be worst year in history amid risks of carriers running out of cash*

*by Christopher Jasper and Charlotte Ryan, Bloomberg, November 24, 2020*

Record airline losses from the coronavirus outbreak will continue to mount next year as anticipated vaccination programs take time to revive travel demand, according to the industry's main trade group.

The International Air Transport Association on Tuesday predicted carriers will lose a combined \$157 billion in 2020 and 2021, almost 60% more than it had suggested in June and five times the deficit racked up during the 2008-2009 recession. It called the crisis "devastating and unrelenting."

The forecast comes as airlines cling to hopes that passenger testing combined with the roll-out of Covid-19 inoculations next year will spur governments to ease travel restrictions they say are to blame for holding back bookings. IATA said the industry won't turn cash positive until the fourth quarter of 2021, though that's earlier than expected before recent advances in vaccine tests.

"The history books will record 2020 as the industry's worst financial year, bar none," IATA Chief Executive Officer Alexandre de Juniac said, adding that the loss expected in 2021, while lower, will be the second-worst ever.

Willie Walsh, the former CEO of British Airways parent IAG SA who takes over from De Juniac in April, criticized countries for effectively barring people from traveling and said he aims to change attitudes among policy makers.

[Read the full article here.](#)

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## Air Canada To Cut More Routes In Atlantic Provinces Amid Rising COVID-19 Cases

*By The Canadian Press, December 8, 2020*

Air Canada will be cutting more routes in Atlantic Canada starting in the new year because of a second wave of COVID-19 infections.

Effective January 11, the airline says it will be suspending until further notice all flights in Sydney, N.S., and Saint John, N.B., along with temporarily halting routes in Deer Lake, N.L., Charlottetown, Fredericton and Halifax.

“This decision was not taken lightly, and we regret the impact on our customers and community partners, but it is increasingly difficult to continue to operate in this challenging environment, without specific financial support from government, with whom we continue to wait for negotiations to start,” said Peter Fitzpatrick, an Air Canada spokesman.

The move comes after the country's largest airline announced in June the indefinite suspensions of 11 routes in Atlantic Canada and the closure of stations in Bathurst, N.B., and Wabush, N.L.

Fitzpatrick said the most recent route cuts in Atlantic Canada represent a small subset of the 95 planned suspensions it announced along with its third-quarter earnings results in November.

[Read the full article here.](#)

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## Disappointment, Shock From BC Interior Politicians As Air Canada Cuts Service To Penticton

*By Shelby Thom, Global News, December 10, 2020*

Politicians in [B.C.'s Southern Interior](#) as well as the business community say the loss of Air Canada service to Penticton, B.C., will be a blow to the local economy and an inconvenience for air travellers.

On Tuesday, the airline announced it will [suspend the Penticton-Vancouver route indefinitely](#), as of January 11, due to pandemic-related challenges.

It said the decision was propelled by low demand, ongoing travel restrictions and quarantine rules.

“Air Canada is still carrying less than eight percent of its normal passenger volumes,” Air Canada said in a statement to Global News, “due to factors beyond our control and with no horizon for recovery.”

The service cuts will mean South Okanagan residents must travel to Kelowna to catch a direct flight to the coast.

WestJet will become the only commercial carrier to service Penticton, with daily flights to Calgary.

[Read the full article here.](#)

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## Canada Will Not Be Doing Another Repatriation Amid Coronavirus Pandemic: Foreign Affairs Minister Champagne

*By Hannah Jackson, Global News, November 24, 2020*

The federal government will not be repatriating any more travelling Canadians as the novel coronavirus pandemic continues to wreak havoc around the world, the country's foreign affairs minister said.

Francois-Philippe Champagne made the remarks ahead of Question Period on Monday, saying that the government's "travel advisory is very clear."

"You know you see COVID around the world, you see second waves in many places and we've been very clear to Canadians. I think the (Prime Minister) has spoken, (and) has been very, very clear: We are not going to be doing another repatriation," he said.

Champagne said people should "be thinking twice [about] whether they have insurance coverage, where they're going," and what the COVID-19 situation is at their destination.

"If COVID has taught us anything over the last six to nine months it's that things can change rapidly and dramatically," he continued.

"I think Canadians this year should really take extreme caution, and the best way is to follow, obviously, public health advice."

Champagne said he doesn't think travelling this year is "appropriate," adding that staying home is the "right thing to do when you're looking at the COVID situation around the world."

[Read the full article here.](#)

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## Vaccination Cards Will Be Issued to Every American Who Receives COVID-19 Vaccine, Health Officials Say

*By John Bonifield and Amir Vera, CNN, December 3, 2020*

Dr. Kelly Moore of the Immunization Action Coalition says COVID-19 vaccination record cards will be distributed nationwide throughout the United States to keep track of coronavirus immunizations. In addition, vaccination clinics will report to their state immunization registries what vaccines were given, allowing an entity to run a query if it didn't know where a patient received a first dose. Furthermore, every administered vaccine dose will be reported to the U.S. Centers for Disease Control and Prevention, says Claire Hannan of the Association of Immunization Managers.

Moncef Slaoui, chief adviser to Operation Warp Speed, expects that by February 2021, 100 million Americans could be vaccinated against COVID-19. The federal government says if both Pfizer and Moderna obtain emergency use authorization in December, they could distribute 40 million doses of vaccine by the end of the month. Each vaccine requires two doses, making that quantity enough to vaccinate 20 million people.

[Read the full article here.](#)

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## What The President-Elect's Proposed Mask Rules Mean For Travelers

*by Gary Leff, View From The Wing, December 9, 2020*

[What The President-Elect's Proposed Mask Rules Mean For Travelers - View from the Wing](#)

Masks are already required on U.S. airlines. There's some variance in what the rules say. For instance, American, United and Southwest all require two-year-olds to wear masks and do not permit medical exemptions. Delta exempts young children who maintain face coverings, and has a process to approve medical exemptions.

President-elect Joe Biden says that on his first day in office, he'll issue a federal order requiring masks for planes, trains and buses engaging in interstate travel:

- That means he'll also decide when the mask requirement stops;
- Fines for non-compliance may attach; and
- flight attendants will then have someone to blame ('the government's rules') in any dispute.

We'll see what the details of the rules are, and whether airlines follow them exactly or feel comfortable remaining *more strict* than what they require. Will the federal government really impose rules on two-year-olds as United, American, JetBlue and Southwest have? The new President may not want the personal backlash over two-year-olds kicked off a flight for refusing to wear a mask like on JetBlue and on American and also Southwest.

More likely, a federal mandate will recommend, but not require, masks for young children. Then, will airlines relax their rules to conform to the President's order? Those of you who have favored the federal government requiring something that the airlines already require should consider whether you'll still be in favor of a federal mask mandate if that mandate *becomes less restrictive than what we have today*.

Airlines, left to their own devices, imposed the mandates knowing that passengers felt more confident traveling when they see everyone else around them taking precautions – and would likely remove the mandates at the point when the masks signal travel as being scary and when they're an imposition that are no longer needed to instill confidence.

How promptly will the mask mandate be lifted as vaccinations progress in the U.S.?

Many epidemiologists want mask wearing to continue, even after everyone's been vaccinated for Covid-19. A federal mandate won't last forever, but will be cautious and responsive to voters, not travelers. A mask mandate likely lasts until the new President 'declares victory' over Covid-19.

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## US Travelers Turn to Courts for Coverage of Virus-Scrapped Vacations

By Jacob Rund, Bloomberg Law, November 25, 2020

Travelers whose plans were upended by the Covid-19 pandemic are waging legal battles against large trip insurers, testing the insurance industry's boundaries on exclusions and coverage limits.

In roughly two dozen lawsuits, cruise goers, Shakespeare festival fans, and others have accused insurers of wrongfully denying payouts for travel costs and policy premiums.

The cases are largely in the beginning stages. But a federal judicial panel's December 3 hearing on possibly consolidating some cases could shed light on when initial rulings could arrive and the legal arguments that will be in focus.

Insurers have had to fend off more than a thousand lawsuits from policyholders, ranging from universities to restaurant owners, mostly seeking payouts for COVID-related business interruption losses. The large batch also includes other disputes involving consumer policies, such as trip insurance, with billions of dollars at stake.

[Read the full article here.](#)

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## Canada Will Be Hobbling To Recovery Throughout 2021: RBC

*Despite hopes from COVID-19 vaccine, Canadian economy will need time to heal from pandemic scars*

*By Leo Almazora, Wealth Professional, December 10, 2020*

After enduring the psychic and financial toll of the COVID-19 pandemic for the better part of 2020, the world readily received news of successful vaccine candidates in November. But while those wins provided a potent shot in the arm for the stock market, no one should be expecting near-term economic relief.

That's the sobering picture painted by RBC Economics through Navigating 2021: 21 Charts for the Year Ahead.

Combining data from Statistics Canada and its own internal forecasts, it said the Canadian economy hit a low in Q2 2020, mustering just 86.6% of real GDP relative to Q4 2019. But the prospect of multiple effective vaccines in the first half of 2021 has boosted hopes for a quick recovery, with real GDP expected to match Q4 2019 levels by the third or fourth quarter next year.

Part of that recovery is expected to come with the unleashing of pent-up demand. From Q1 2020 to Q2 2020, the household savings rate across Canada shot up from just 5.9% to 27.5% of disposable income, though it moderated to 14.6% by the following quarter. That increased savings was borne from a decline in living and travel expenses, deferrals on debt payments owed, and the ability of many households to keep earning.

[Read the full article here.](#)

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## Why Canada's Post-Pandemic Growth Could Surprise To The Upside: CIBC Economics

*A report from CIBC says the Bank of Canada's outlook may be overly pessimistic*

*By Investment Executive Staff, December 8, 2020*

Canada's post-pandemic economic growth could surprise to the upside, according to CIBC Economics.

In a new report, CIBC argued that the Bank of Canada's outlook for the economy's potential growth rate — the ceiling for non-inflationary real GDP advances — may be overly pessimistic. The central bank predicts potential growth will be cut to an average of 1% over the next three years.

[Read the full article here.](#)

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## Will Life Go Back To Normal After Vaccines Take Hold? Economists Aren't Sure

*Even with a vaccine, a return to the office and social activities is not certain*

*By James Langton, Investment Executive, December 8, 2020*

U.S. economists are split on whether the widespread distribution of a Covid-19 vaccine will result in a complete return to pre-COVID norms.

The U.S. Securities Industry and Financial Markets Association (SIFMA) issued the results of its latest biannual survey of chief economists at major financial firms, which indicated that many don't expect daily life to return to normal, even after vaccines are widely deployed.

For instance, the survey found that over half of respondents (56%) said that employees will never return to offices at pre-Covid levels.

Just 19% expect offices will return to normal by the second half of 2021, and another 19% expect offices to return to normal by the second half of 2022.

Similarly, the survey found that 38% expect consumers to return to "high-density" activities at pre-Covid levels once vaccines have been distributed, while another 38% expect a resumption of activities but at "nowhere near" pre-COVID levels.

Only 6% said that substantial curbs will remain even with vaccines, while 19% weren't sure.

Over half of economists (57%) said that labour force participation will not return to historical averages until after 2022, with 29% expecting it by the second half of 2022.

On the economic front, survey respondents expect U.S. GDP to fall by 2.5% this year, before rebounding by 3.5% in 2021 (median forecasts).

[Read the full article here.](#)

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## COVID Unknowns Leave Survivors Fearing Life Insurance Rejection

*By Lydia Wheeler, Bloomberg Law, December 2, 2020*

The Covid-19 pandemic was barely underway in the U.S. when life insurance companies started wrestling with whether to sell new policies to people who survived the virus.

The Delaware Department of Insurance started seeing it in June. Companies filed requests to change their application forms to specifically ask applicants if they'd had Covid-19. The Interstate Insurance Product Regulation Commission—which uses a uniform set of standards to regulate insurance products for 44 states, the District of Columbia, and Puerto Rico—has approved 32 such requests since March. It's also known as the Insurance Compact.

Millions of people who survived Covid-19 are expected to be dealing with medical issues including heart, kidney, and lung damage long after the pandemic subsides. But the long-term effects on mortality are unknown, even for those who had mild or asymptomatic cases. That's left life insurance companies without the risk data they typically rely on in deciding who to cover, meaning survivors could have a harder time getting coverage or have to pay more for skimpier plans.

[Read the full article here.](#)

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## Insurers Win Most — But Not All — COVID-19 Business Loss Lawsuits

*By Jef Feeley and Katherine Chiglinsky, Bloomberg News, November 30, 2020*

In the multibillion-dollar fight over insurance coverage for pandemic-related business losses, a Florida gynecologist succeeded where more than a dozen professional baseball teams and an iconic Hollywood restaurant failed.

Since Covid-19 sparked government-ordered shutdowns in March, judges have dismissed more than four times as many business-interruption lawsuits as they've allowed to proceed, according to a preliminary analysis by the University of Pennsylvania Law School. But some plaintiffs are finding weak spots in the industry's legal defenses.

Christopher Walker, an Orlando doctor, is one of them. Though his policy -- like many -- contained a provision that Sentinel Insurance Co. contends excluded virus claims, Walker's lawyer argued that the language used was ambiguous. A federal judge agreed, keeping the case alive after Sentinel sought a dismissal of the suit brought on behalf of Walker's practice, UroGyn Specialists of Florida.

[Read the full article here.](#)

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## Insurers Warn That Next COVID-Level Event Could Crush Industry

*By Lucca de Paoli, Katherine Chiglinsky, and Benjamin Robertson, Bloomberg, December 9, 2020*

There aren't many contexts where \$2 trillion seems like a paltry sum. Then a pandemic comes along.

The economic fallout from Covid-19 has left insurers issuing existential warnings and businesses discovering they weren't covered. It's resulted in courts packed with lawsuits and governments scrambling to head off more pain.

At the core is the reality that the global non-life insurance industry's \$2 trillion in capital won't last in a "black swan" event, such as a cyber attack or another pandemic, that hobbles the global economy. Lawmakers in the U.K., the European Union and the U.S. are grappling with ways for taxpayers to help in a more predictable way than hastily assembled bailouts. Insurance giants including Chubb Ltd., Axa SA and Lloyd's of London are pushing for action before the lessons of 2020 fade.

“Pandemic is not a risk you can cover,” Swiss Re AG Chief Executive Officer Christian Mumenthaler said earlier this year on an earnings call. “Balance sheets of insurers are a tiny fraction” of what might be needed during a calamity.

Anything as large as pandemic risk, the industry argues, will need government support. The coronavirus has shut down global economies in a way that very few prepared for, with revenue for millions of businesses cut or totally lost as they were forced to shut their doors. But it’s far from the only possible threat.

[Read the full article here.](#)

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## INDUSTRY NEWS UNRELATED TO COVID-19

### Empire Life Puts New Spin On Credit Protection Disability Insurance

*By Leo Almazora, HomeNews, December 9, 2020*

With a history going back nearly 100 years, Empire Life has certainly cemented itself as a life and critical illness insurance provider focused on protecting everyday middle-income Canadians. And recently, it strengthened that commitment by launching a new rider for its retail life insurance clients.

“We’ve been doing Life and Health Insurance for a very long time. We’ve been around since 1923,” said Mike Stocks, vice president and chief marketing officer at Empire Life. “But providing an individual disability offering was something we felt would help enhance our product shelves, and help Canadians get the life and health protection coverage that they need as part of a sound financial plan.”

Based on regular feedback provided by clients and distribution partners to Empire Life, Stocks said basic disability coverage emerged as a recurrent concern for many Canadians. Mortgage payments, he said, was generally cited as a point of anxiety – not surprising, given that Canada’s market for mortgage creditor insurance is worth over a billion dollars on an annual basis. And with the impact of COVID-19 in 2020, awareness and conversations around life insurance and disability have kicked into high gear.

[Read the full article here.](#)

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### La Capitale’s And SSQ’s “Merger Of Equals” Gives Rise To Beneva

*By Bethan Moorcraft, Insurance Business Canada, December 8, 2020*

There is a new force to be reckoned with in the Canadian insurance industry. Two of Quebec’s most popular and long-standing mutual insurers – La Capitale Insurance and Financial Services and SSQ Insurance – have officially combined to created Canada’s largest mutual insurance company.

While the merger was finalized on July 01, 2020, the market had to wait a few months to see how the combined entity would identify and position itself.

Last week, the long wait was over. On December 3, the mutual insurer unveiled its new branding, identity and values, officially going to market as Beneva, with a value proposition of being a company of 'people looking out for people'. Quebec City-headquartered Beneva has more than 3.5 million members and customers, over 5,000 employees, assets under management totalling more than \$20 billion, and consolidated premiums worth about \$5 billion.

[Read the full article here.](#)

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## RESEARCH/THOUGHT LEADERSHIP/TECHNOLOGY/DIGITIZATION NEWS

### **Banks Have Fast-Tracked Digital But Client Relationships Are Suffering**

*The pandemic has accelerated the digital banking transition but consumers are not sure they trust it*

*By Steve Randall, Wealth Professional, December 7, 2020*

Trust in financial institutions is essential and one of the hardest elements to establish in consumer relationships.

But a new report warns that banks may be losing some trust from the fast pace of digital transformation which has been accelerated by necessity during the pandemic.

The 2020 Global Banking Consumer Study, which includes insights from more than 2,000 Canadian consumers among more than 47,000 globally, found that without a strong emotional connection to their bank consumers will view their services as a commodity.

When that is the case, price is the ultimate competitive differentiator with 41% of Canadian respondents citing value for money as a top three factor – and the most important overall when dealing with a bank.

With more people using digital banking, either through choice or necessity, the report warns that trust in banks has dropped significantly in 2020 as the human element of customer relationships has largely been decimated.

[Read the full article here.](#)

## Canadian Bankers Association Warns Canadians Not To Take Risks With Their 'Cyber Hygiene'

*The pandemic has escalated the risk of phishing attacks but too many Canadians take big risks with their financial security*

*By Steve Randall, Wealth Professional, November 25, 2020*

In an age where mask wearing and hand washing has become part of the daily grind, it's easy to demote longer-term risks.

But the Canadian Bankers Association is warning that too many of us are less than vigilant when it comes to protecting our personal and financial data online, at a time when cyber threats are increasing.

It quizzed almost 8,000 Canadians in October to test their 'cyber hygiene' and found that while more than 8 in 10 were confident in their ability to spot a phishing attempt, only 3 in 10 were able to identify all the red flags.

[Read the full article here.](#)

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## How To Sell Insurance After COVID-19

*By Dirk Schmidt-Gallas, Global Head of Insurance, and Nick Frank, Head of US Insurance Practice, Simon-Kucher & Partners, December 9, 2020*

MetLife noted in its third-quarter earnings call that lockdowns and social distancing restrictions hurt its sales. In a recent Simon-Kucher & Partners global sales study, more than 40% of retail banking and financial services executives at banks said sales of personal insurance decreased due to the pandemic.

The coronavirus pandemic and lockdowns have negatively impacted insurance sales. The crisis has also amplified and accelerated shifts in customer behavior to digital and online channels. This shift in behavior threatens the traditional face-to-face distribution structure in insurance defined by closeness and physical proximity to the customer.

Personal interactions are critically important in insurance selling. People are not naturally motivated to buy insurance. It is a common saying that insurance is sold, not bought. According to the J.D. Power 2020 U.S. Life Insurance New Business Study, consumers avoided purchasing life insurance because they thought it was unnecessary, too expensive, or too complicated to buy. In a survey of more than 2,400 people, Prudential discovered that people are prone to it-won't-happen-to-me thinking, which causes them to avoid doing things that are ultimately good for them like saving for the future or buying insurance.

[Read the full article here.](#)

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## Multi-Channel Approach Needed To Better Serve Clients Of All Ages

By Kate McCaffery, *The Insurance Portal*, December 4, 2020

The foundations of a good customer experience (dubbed 'CX' for short in the circles of those who study customer experience) are just starting to be laid out by companies today who are putting money into technology, and significant thought into just what makes a good customer experience. This phenomenon and development is not exactly unique to the Canadian marketplace, but is somewhat more pronounced in this country, relative to other countries around the world.

Read Story (Subscription Required): [Multi-channel approach needed to better serve clients of all ages - Insurance Portal \(insurance-portal.ca\)](#)

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## Insurers' Mindset Shift Away From Product Centricity Is Needed

By Kate McCaffery, *The Insurance Portal*, December 4, 2020

Insurers, to varying degrees, are beginning to concern themselves more with the total customer experience. In hand with customer experience efforts are big data initiatives. "I think the big change, what we're going to see, is just the use of more and more data. Using all of the different data that's available," says Catherine Pearson, senior vice president and practice leader with Environics Analytics. "It is no longer about customer data, or about market data and third-party data, it's all about everything that's available." Pearson's comments were part of a panel on the changing customer, presented for attendees at the virtual Future of Insurance conference by Reuters Events.

Read Story (Subscription Required): [Mindset shift away from product centricity is needed - Insurance Portal \(insurance-portal.ca\)](#)

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## How Insurance Companies Can Adapt To Increased Remote Work

By Sharon Emek, *Founder and CEO, WAHVE*, November 25, 2020

With the onset and continuation of the coronavirus crisis, companies have gone through seismic changes. The biggest change by far has been where business is being conducted – home. In early April 2020, 66% of US employees were working remotely at least part of the time, according to a report released by market insight group Clutch. According to an IBM survey conducted in May 2020, 54% of those new remote workers want to make that a habit.

Fortunately, such a shift to a remote work business model could be the much-needed business boost that helps companies increase productivity and finally gain that flexibility needed to adapt quickly to any situation. That's because the pandemic has uncovered some little-known facts about remote work that insurers and related organizations can capitalize on.

[Read the full article here.](#)

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## Unprecedented Demand For Life Insurance Due To Pandemic Could Lift Carriers

*By Vinod Kachroo, President and COO, SE2, December 2, 2020*

With millions of infections and hundreds-of-thousands of American lives lost from COVID-19, vast numbers of people are paying greater attention to the thought of their own mortality and what would happen to their loved ones if they should pass away. While the increased awareness is hopefully spurring people to protect themselves and one another by isolating and wearing masks, it's also leading Americans to investigate and purchase life and retirement products in surging numbers.

The pandemic has forced life insurance organizations to take a good, hard look at their digital capabilities. COVID-19 dramatically increased consumer demand for life and retirement products. In fact, according to research from Life Happens, 67 percent of Americans say the pandemic has been a wake-up call for them to examine their finances – and to look into life insurance.

If you look from a pure market perspective, many more people started to face the realities and began thinking about both their mortality and long-term income needs. According to Jennifer Fitzgerald, Policygenius CEO, in a report from McKinsey & Company, her firm's research indicated the highest levels of consumer search traffic ever for life insurance specifically, with search volumes in the first few months of 2020 up to 50 percent higher. Conversion rates also remain strong.

Consumer awareness of the need for these products has been elevated, resulting in an increased need for them to purchase these products. According to research from LIMRA, prior to the pandemic, more than half of adult Americans reported owning a life insurance policy, a drop of 9 percentage points from 2010. But the LIMRA research also projected the intent to purchase life insurance will be at an all-time high in the following 12 months.

[Read the full article here.](#)

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## UPCOMING WEBINARS AND EVENTS

### Webinar: Insurance in the Digital Age- The Future of Agents and Brokers

The Canadian market is going through a period of great change, disruption and shifting business models. In a year when a global pandemic has arguably furthered the digitization cause, where does this leave the broker model that has stood so resolutely in this local market place for so long? In this webinar we ask the question (to both the incumbents of our industry and the new players disrupting the space), how will the broker evolve to suit modern consumer behavior and what ratio will play out in the coming 12 months between broker distribution and consumer-operated direct selling?

[Join us on Wednesday, 16th December at 11.00 EST](#) for the strategic webinar of the year 'Insurance in the Digital Age- The Future of Agents and Brokers'



Take away essential strategic advice directly from those leading the charge:

Anna Foat, *Director, Global Digital Transformation Office, Sun Life Financial*

Peter Primdahl, *Vice President, Emerging Business Models, The Co-operators*

Mark Hardy, *Vice President, Direct Life & Health, TD Insurance*

Don Klingspon, *Director, Financial Services, Microsoft Canada*

[Join us on Wednesday, 16th December at 11.00 EST](#)

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## Webinar: 44th Annual Outlook: 2021 Canada Economic and Political Forecast: Tuesday, January 5, 2021, 11:30 a.m. to 12:30 p.m.

For over forty seasons, Canadian Club Toronto and the National Post have gathered expert panelists each New Year for a forecast luncheon on the economy, the markets and political issues that will affect Canadians in the year ahead. In a year where nothing has been predictable, Outlook 2021 looks for predictions we can make.

This year's expert panel will be moderated by Bruce Sellery, Personal Finance Journalist and Past President of Canadian Club Toronto, and will feature:

- **Kevin Carmichael** - National Business Columnist, Financial Post
- **Matt Gurney** - Columnist, National Post
- **Juliette John** - Portfolio Manager and Founder, Iris Asset Management
- **Amanda Lang** - Anchor & Reporter, BNN Bloomberg
- **Jean-François Perrault** - Senior Vice President and Chief Economist, Scotiabank
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This event is free of charge. You will receive the access link on the morning of the event.

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