cafii acifa
The Canadian Association of Financial Institutions in Insurance | L'association canadienne des institutions financières en assurance

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

CAFII ALERTS WEEKLY DIGEST: December 15-December 22, 2023

December 22, 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 three-week winter hiatus, spanning the months of December 2023 & January 2024. Following the December 22/23 edition, the next Weekly Digest will be produced for the week of January 8 to January 12/24.

TABLE OF CONTENTS

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

GOVERNMENT/LEGAL/REGULATORY DEVELOPMENTS

Insurance Regulatory Year in Review

Our Financial Services Team Reviews This Year's Most Significant Insurance Regulatory Changes, And Provides Insights To Help You Make Sense Of What's Coming In 2024.

By Fasken, December 21, 2023

https://www.fasken.com/en/knowledge/2023/12/insurance-regulatory-year-in-review?utm_source=Concep%20Send&utm_medium=email&utm_campaign=%5bBulletin%5d+Insurance+Regulatory+Year+in+Review_12%2f21%2f2023

Fair Treatment of Customers

A significant focus of provincial regulators in 2023 concerned insurers' treatment of customers and the related management of incentives conduct.

The Canadian Council of Insurance Regulators (CCIR)/Canadian Insurance Services Regulatory Organizations (CISRO) Incentive Management Guideline was adopted in varying forms by provincial regulators in Alberta, New Brunswick and Nova Scotia in 2023. In Quebec, the Autorité des Marchés Financiers (AMF) introduced its own related Incentive Management Guideline in 2023. The CCIR/CISRO Guideline builds on the CCIR/CISRO 2018 Guidance on Conduct of Insurance Business and Fair Treatment of Customers, which was also the basis for British Columbia's new Insurer Code of Market Conduct. Insurers operating in British Columbia are expected to comply with the new Code by April 1, 2024.

Quebec also focused on the fair treatment of customers. Amendments were tabled to the Insurers Act (Quebec) to require life insurers to take positive actions to obtain information enabling them to know whether a sum is payable under an individual life insurance contract and, for a period of three years, inform the beneficiaries when they have not claimed the sum. The insurer must also support the beneficiaries in justifying their claim. Bill 30 also introduced some exceptions to the licensing of claims adjusters in specific circumstances. For more details about these developments and other changes in Quebec see our bulletin, "Bill 30: Government of Québec Introduces an Omnibus Bill Affecting the Insurance Sector."

Amendments were made to the regulations adopted under An Act respecting the distribution of financial products and services (Quebec) to change the approach regarding 'outside occupations' conducted by representatives. The new requirements came into force on December 2, 2023. The AMF published a draft regulation on November 2, 2023, governing the increase of the disclosure requirements for the key elements of segregated funds for comments. Please see our previous bulletin, "Draft Regulations under the Insurers Act Respecting Disclosure Requirements for Segregated Funds" for more information.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☏ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Major Focus on Non-Financial Risks

Digital innovation and Canada's widespread wildfires in 2023 continued to underscore the impact of non-financial risks on insurance operations and resiliency. The federal government responded with legislative changes, the Office of the Superintendent of Financial Institutions (OSFI) issued several new guidelines that are applicable to both banks and insurance companies, and provincial regulators also issued several new guidelines.

The Insurance Companies Act and related statutes were amended in June 2023 to give the Minister of Finance specific powers concerning foreign interference, including the ability to direct OSFI to take control of federally regulated financial institutions (FRFIs) or to require shareholders to sell their shares. OSFI's mandate was also expanded. In order to facilitate an annual report to the Minister, OSFI will now require insurance companies to have protections in place to counter threats to their integrity or security, including foreign interference. A final version of its new draft Integrity and Security Guideline is expected in January 2024. Insurance companies are expected to have several related policy and procedures updated in early 2024.

OSFI has proposed substantial revisions to its Guideline E-21: Operational Resilience and Operational Risk Management. More details are included in our bulletin, "OSFI Releases Two Draft Guidelines Addressing Non-Financial Risks". The four-month public consultation is open until February 5, 2024.

Ontario's Financial Services Regulatory Authority released its IT Risk Management Guideline which is effective April 1, 2024. There is specific guidance for non-Ontario incorporated insurers, and agencies and adjusting firms, and specific guidance for Ontario incorporated insurers. For federally regulated insurers, it largely duplicates OSFI's new Guideline B:13 – Technology and Cyber Risk Management, which comes into effect on January 1, 2024.

OSFI made significant changes in the updated Guideline B-10: Third Party Risk Management. Details can be found in our bulletin, "OSFI Released New B-10 Guideline on Third-Party Risk Management". The changes come into effect in May 2024.

OSFI has set out its expectations on climate risk in its Guideline B-15: Climate Risk Management, which was finalized in April 2023. It takes effect fiscal year-end 2024 for internationally active insurers, and fiscal year-end 2025 for all other insurance companies. A Climate Risk Forum was launched in June 2023 by OSFI, in partnership with the Bank of Canada and the Canada Deposit Insurance Corporation, to support consultations on climate risk measurement and reporting.

To support risk impact assessment for these multiple non-financial risks, updates are proposed for OSFI's Guideline E-23: Model Risk Management. The consultation closes on March 22, 2024.
In Spring 2023, OSFI launched a new draft Culture and Behaviour Risk Guideline, as detailed in our bulletin, "OSFI Consultation on Culture and Behaviour Risk". It is expected to support multiple other federal guidelines once finalized.

On November 30, 2023 and December 7, 2023 respectively, the AMF published for consultation its draft Climate Risk Management Guideline and the draft regulation respecting the management and reporting of information security incidents by certain financial institutions and by credit assessment agents.

Licensing Changes

Several provinces introduced changes to their licensing frameworks.

New licensing requirements became effective in New Brunswick in early 2023, requiring corporate intermediaries (e.g., agencies, brokerages, adjusting firms and managing general agents (MGAs)) to be licensed. New Brunswick also introduced a restricted licensing regime for incidental sellers of insurance. Consultations continued in 2023 in British Columbia on its restricted licensing regime, which is expected to be similar to the regimes in Alberta, Saskatchewan, Manitoba and New Brunswick.

The Yukon did a "soft launch" of its new licensing regime for insurance agencies over the summer. More information is expected in 2024, although all agencies that were represented by insurance agents were automatically licensed.

Looking Ahead

Next year will continue to be busy for insurance regulatory developments. As outlined, many new or updated OSFI guidelines are expected to take effect in 2024. OSFI has also announced a renewal of its Supervisory Framework, which is its first comprehensive update in 25 years, and more information is expected in early 2024. We are also expecting numerous developments from provincial regulators.

Paul Van Iderstine Appointed As New Chair For The Financial And Consumer Services Commission Of New Brunswick

By The Financial and Consumer Services Commission, December 14, 2023

https://fcnb.ca/en/news-alerts/paul-van-iderstine-appointed-as-new-chair-for-the-financial-and-consumer-services-commission-of-new

Finance and Treasury Board Minister Ernie Steeves announced today that Paul Van Iderstine of Moncton will become the new Chair of the Financial and Consumer Services Commission of New Brunswick. His appointment will begin on January 1, 2024.

Mr. Van Iderstine is a former audit partner of a national chartered professional accounting firm and served as the Chief Information Security Officer for a national insurance company. His experience in the financial, audit and cybersecurity fields is supported by his strong analytical skills and understanding of governance practices garnered from 30 years of working with various boards and audit committees.

Mr. Van Iderstine has extensive volunteer experience in the community and is a past president of the Moncton West and Riverview Rotary Club and the Windsor and District Board of Trade. He has also served as a Treasurer for the Codiac Regional Police Association, Moncton Headstart Inc., and various other organizations.

“As I embark in my role as Chair of the Financial and Consumer Services Commission of New Brunswick, I am dedicated to continuing the hard work toward consumer protection and regulatory excellence that the Commission is known for,” said Paul Van Iderstine. “I am enthusiastic to support the Commission in their important role of regulating financial services and protecting consumers and investors in the province.”

"It has been a privilege to work with the talented team at FCNB and such dedicated board members to promote excellence in financial regulation for New Brunswick.” said Peter Klohn, the current chair of the Commission whose term ends on December 31 after 10 years serving in the position.

“FCNB provides such vital services for New Brunswickers, and I would like to thank Mr. Klohn for his many years of dedicated service,” said Finance and Treasury Board Minister Ernie Steeves. “I look forward to working with Paul Van Iderstine as the new chair, and building on the great work the Commission does to serve the people of New Brunswick.”

The Financial and Consumer Services Commission is the province’s financial and consumer services regulator, responsible for the administration, oversight and enforcement of provincial legislation for securities, consumer protection, insurance, pensions, credit unions, trust and loan companies, cooperatives, and more. The Commission also oversees the province’s Unclaimed Property Program.

The provincial government established the Commission on July 1, 2013. It is an arm’s length Crown corporation self-funded by the fees and assessments paid by the regulated sectors.

Quicker Consults For OSC, FSRA Now Law

Change Follows A Report From The Auditor General That Found The Rule-Making Process “Exceedingly Slow”

By Melissa Shin, Investment Executive, December 15, 2023

Quicker consults for OSC, FSRA now law | Investment Executive

The public and other stakeholders have less time to comment on proposals from Ontario’s securities and financial services regulators.

Legislation to cut the minimum consultation period for regulatory policy proposals from the Ontario Securities Commission (OSC) and the Financial Services Regulatory Authority of Ontario (FSRA) to 60 days from 90 days took effect on December 4.

That's the day the legislation, Bill 139, received royal assent — as well as the day the comment period for the legislation ended.

The reduced time for policy consultations will "provide the OSC and FSRA with the flexibility to streamline the rule development process and reduce regulatory burden, while having the ability to set out longer consultation periods for stakeholder consideration of more complex rules," the government said in a notice detailing its proposals.

Other provinces already have shorter minimum periods or no minimum at all.

The latest review of the OSC by Ontario's Office of the Auditor General (AG) flagged the time it takes to bring rule-making initiatives to fruition — particularly rules involving investor protection — as an issue at the regulator.

"We found that the process of making rules for capital markets is exceedingly slow," the AG said in its report.

The Investment Industry Association of Canada was among stakeholders that criticized the legislation, stating that the goal of faster, more responsive rule-making wouldn't be achieved by giving the market less time to assess regulatory proposals.

"On its face, the proposal to shorten the consultation period brings regulatory burden, compliance costs, direct and indirect costs, and no benefit," the IIAC said in a letter following the proposal's announcement. "Rules and regulations that are rushed, without thorough cost-benefit analysis, consideration of alternatives, and clear public accountability risk negative outcomes for investors and markets."

The amendments in Bill 139 affect the Securities Act, the Commodity Futures Act, and the Financial Services Regulatory Authority of Ontario Act.

Regulators Update Warning On Advisor Awards

Participating In Recognition Programs At All Could Be A Compliance Issue

By Melissa Shin, Investment Executive, December 08, 2023

https://www.investmentexecutive.com/news/from-the-regulators/regulators-update-warning-on-advisor-awards/

Regulators have gotten more specific about their prohibitions on registered reps referencing awards.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Building on an email to registered firms and representatives in August, the Canadian Securities Administrators (CSA) and the Canadian Investment Regulatory Organization (CIRO) added to their warning to registered firms and individuals about referencing — or merely participating in — awards based on sales, assets under management or revenue generation during client-facing interactions.

As stated in August, the regulators consider such references to be "a compliance deficiency."

On Wednesday, the CSA and CIRO updated their frequently asked questions document related to the client-focused reforms, specifying additional types of client-facing interactions. The August email had mentioned award references on websites and LinkedIn profiles but, at the time, the CSA declined to comment on further examples.

The FAQ document now lists additional types of prohibited client-facing interactions for advisors:

- displaying an award or recognition in their physical or virtual office
- displaying an award or recognition in their signature block (hard copy or electronic)
- mentioning the award or recognition to clients verbally in meetings
- referencing the award or recognition in a media interview/publication
- emailing clients to tell them about the award or recognition

Both in the FAQ document and in the August email, the regulators suggested that participating in these kinds of recognition programs at all could be a compliance issue.

"Even in cases where the award or recognition is not referenced in advertising or marketing materials issued directly by a registered firm or individual, the publication of the results by the contest sponsors could be seen as a compliance deficiency," they said.

The CSA and CIRO also expressed skepticism about recognition programs that claim not to be based on an advisor's production.

"Even where the stated ranking criteria is not based on sales activity, revenue generation, or assets under management, the actual results we have observed in certain cases would suggest otherwise," they said.

The regulators recommended that chief compliance officers and ultimate designated persons monitor their reps' participation in any advisor ranking contest.

To ensure compliance with this guidance, the CSA and CIRO called on firms and reps to remove "references to the award or recognition in any marketing or client communications including on webpages or LinkedIn profiles."

The regulators indicated that while they won't be scrutinizing past participation in these sorts of programs, they will be assessing compliance during routine reviews and "will use all tools available along the compliance enforcement continuum to address any non-compliance."

U.K. Regulators To Intensify Oversight Of Outsourcing

Consultation Seeks To Set Rules For Financial Industry Cloud Providers

By James Langton,Investment Executives, December 07, 2023

https://www.investmentexecutive.com/news/from-the-regulators/u-k-regulators-to-intensify-oversight-of-outsourcing/

To guard against risks to the financial system posed by outsourcing, the U.K.'s financial regulators are seeking enhanced oversight of cloud services providers and other outside firms.

The Bank of England, the U.K.'s Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) launched a consultation on a joint set of proposals that aim to strengthen the resilience of services provided by "critical third parties" to industry firms and infrastructure, and beef up oversight for these firms.

While outside services providers can enhance operational resilience and supply innovation, they also pose a risk to financial stability if they face disruptions or fail outright, the regulators said.

As a result, they're seeking to bolster direct regulatory oversight of these firms while also maintaining the obligations on financial industry firms to ensure resilience and third-party risk management.

Among other things, the paper sets out a proposed set of fundamental rules that would apply to the services that external providers supply to financial industry and market infrastructure firms; introduces more detailed operational risk and resilience requirements, including requirements on technology, cyber resilience and supply chain risk; and outlines regulatory reporting and stress testing requirements.

"Well managed outsourcing can bring efficiencies, accelerate innovation and boost operational resilience. With a concentration of third parties serving multiple clients in financial services, there is, however, a risk of major impact if they are disrupted or fail," said Nikhil Rathi, chief executive of the FCA, in a release.

"We believe these proposals will improve the resilience of the critical third-party services that financial firms and their customers depend on, support market integrity and enhance U.K. competitiveness and growth," he said.

"The proposals in this consultation paper build on last year's discussion paper to enable the Bank of England, in coordination with the PRA and the FCA, to manage these systemic risks, while enabling U.K. [market infrastructure firms] also to benefit from using such providers," said Sarah Breeden, deputy governor for financial stability at the Bank of England.

The proposals are open for comment until March 15.

The regulators are aiming to set their final requirements in the second half of 2024.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

OTHER CAFII MEMBER-RELEVANT NEWS

At Least One Canadian Airline Will Be Gone Within Two Years, Porter CEO Predicts

By Christopher Reynolds, The Canadian Press, December 13, 2023

https://www.cp24.com/news/at-least-one-canadian-airline-will-be-gone-within-two-years-porter-ceo-predicts-1.6685319#:~:text=Porter%20Airlines%20CEO%20Michael%20Deluce,plans%20%2D%20Porter%20most%20of%20all.

Porter Airlines CEO Michael Deluce says that Canada's travel market is too small to keep all of the country's airlines afloat for two more years, even as several embark on swift expansion plans — Porter most of all.

His comments come on the same day the company announced a partnership deal with Alaska Airlines — 15 days after unveiling a different one with Air Transat — as the former regional carrier looks to round out its rapid growth across the continent.

As well as partnering with other carriers, the Toronto-based airline aims to grow its fleet to 79 planes by 2025, two-thirds of them jets. That's up from 29 turboprops last year.

It's also taken on 300 pilots over the past year — "an enormous amount of hiring" — to fly the 25 new Embraer narrow-bodies that have descended on its hangars since January 1, Deluce said.
But as domestic airlines spread their wings, they risk elbowing each other out, especially newer ultra-low-cost carriers (ULCCs).

"I don't believe that the traction's there for the multitude of ULCCs that are in the market," Deluce said in an interview.

By the end of next year, Flair Airlines also aims to increase its fleet to 26 planes from 21, and Lynx Air to 17 aircraft from its current nine. They both hope to hit 50 over the next two to three years. Meanwhile, Canada Jetlines plans to have 15 aircraft in the next 13 months. It currently has three planes.

"I would say not all of those plans will come to fruition," Deluce said, though he avoided singling any company out.

WestJet has already shut down budget subsidiary Swoop, folding it into its mainline operation in October. It plans to do the same with Sunwing Airlines, which it acquired in May.

As competition ramps up, ticket prices are plummeting. Fares fell 19 per cent in October compared with the same month a year earlier, according to Statistics Canada.

 Back to Table Of Contents

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

The figure follows a roughly 21 per cent year-over-year drop in September and a 20 per cent decrease in August, as capacity grows even while consumers think twice about travelling in a world of higher costs. The increasingly crowded airspace also comes amid a continued lag in business travel — a key market for non-budget airlines thanks to its higher yields.

Porter is relying on lower operating costs for its smaller Embraer E195-E2 aircraft than those borne by the bigger planes it competes against, such as the Boeing 737 Max and Airbus A320.

"It allows you to take less risk in entering new markets, with less seats to fill. As well, you can offer more frequency, which is important to customers," Deluce said.

"You can enter mid-sized markets with daily service that a larger 190- or 200-seat aircraft could not." The carrier is also banking on a premium customer experience that includes free Wi-Fi, complimentary snacks, wine, and beer and no middle seat.

"Economy air travel or not, one thing is certain: no one likes a middle seat."

On Wednesday, December 13, Porter announced a partnership with Alaska Airlines that allows travellers to buy combined Porter-Alaska itineraries directly from Porter's website or via third-party agencies.

The interline agreement opens up access to 18 western U.S. cities via Alaska hubs in Los Angeles and San Francisco to passengers in Porter's home base of Eastern Canada, the airlines said. It also widens the gate to a large part of Canada for Americans west of the Mississippi River.

Porter flights from Toronto to California are expected to start in January, and connections via shared Canadian airports are planned for early 2024, the carriers said.
Alaska's loyalty plan members will start earning points on Porter flights booked via Alaska Airlines starting in January. Both VIPorter and Alaska Mileage Plan members will earn miles in their respective points programs no matter where they book their flights beginning later next year.

The deal comes barely two weeks after Porter and Air Transat announced a "joint venture" — though finances will remain separate — to expand their range of destinations, tap into each other's markets, and gear up for a battle with the country's biggest carrier, Air Canada.

For Porter, that deal will unlock the door to Europe and the sunny southern getaways currently being served by Air Transat. Meanwhile, Montreal-based Air Transat, which largely operates tour package trips, can benefit from access to Porter's growing network in Canada and the United States.

Jacques Roy, a professor of transport management at HEC Montreal business school, said many North American markets are nearly saturated. There's more room for expansion on trans-atlantic flights and trips to Asia.

“Most of the growth that we see is coming from international flights and destinations. I don’t see a major breakthrough in the number of passengers inside of Canada,” he said.

Back to Table Of Contents

Porter recently said that it had placed a firm order for 25 more Embraer jets, with a list price of US$2.1 billion. It had previously ordered 50 of the E195-E2 narrow-bodies, with half of those already in its hands.

The airline has purchase rights on 25 more of the 132-seat planes, which would give it 100 jets in total by 2027, making it by far the biggest domestic Air Canada rival east of the Prairies.

Canadians' Skepticism Over Sustainability, ESG Promises 'An Opportunity' For Insurance

Survey Sheds Light On Perceptions Of Priorities In The Financial Services Industry

By Gia Snape, Insurance Business, December 08, 2023

https://www.insurancebusinessmag.com/ca/news/environmental/canadians-skepticism-over-sustainability-esg-promises-an-opportunity-for-insurance-469448.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20231208&_hsmi=285765118&_hsenc=p2ANqtz--KtBYBatbUTBgZnhFdL1yx0pOQpBu6J1j4pEUYmlCv__1n6NT1JH4R00noTtZu9UOupQCZLS3OtMGBP3ijckIIQ5XJuQ&utm_content=&utm_source=

A new survey by Co-operators has shed light on Canadians' perceptions about environmental, social, and governance (ESG) priorities in the financial services industry.

In a national online survey of 1,500 Canadian adults, three-quarters (75%) said they believe that organizations bear a responsibility to act sustainably and mitigate climate change impacts. However, only 35% perceived the financial industry as genuinely caring about sustainability.

The stark contrast could present an opportunity for insurance companies to step up their commitment to sustainability while at the same time guiding and educating customers on making sustainable choices.

"The survey is unsurprising in the sense that it's only recently in the financial services and insurance industries that ESG and sustainability have been a topic of conversation," said Jessica Baker (pictured), executive vice president of wealth at Co-operators.

"But in light of things happening worldwide, sustainability and ESG investments are something that more Canadians are aware of. I think the insurance industry is a great place to help educate clients."

Why Don't Canadians Trust Sustainability Promises?

The survey's results suggest that many Canadians harbour skepticism about whether insurance and financial services companies are genuinely committed to sustainable practices.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

It also revealed a knowledge gap, with only a quarter (26%) of Canadians saying they know how to access information about organizations' environmental, social and governance (ESG) performance.

Baker emphasized the timeliness of discussions surrounding ESG, especially amid this month's COP28 global climate talks in Dubai.

"Financial results are often the number-one headline in our industry," said Baker. "This survey aligns with the fact that many Canadians care about sustainability and are unsure that their insurance or financial services company does."

According to Baker, one of the primary obligations is to simplify the understanding of complex products, including ESG and sustainable investments. Educating insurance customers on the meaning and implications of sustainable practices is crucial for building trust and transparency.

She also stressed that consumers are increasingly looking for evidence of a genuine commitment to sustainability, wary of the possibility of greenwashing.

The best way to combat this is by openly sharing and communicating an organization's principles and investments, clearly demonstrating their alignment with sustainable practices.

"One the biggest obligations we have as a licensed insurance representative is explaining the coverage that people are buying and how it indemnifies them at the time of claim," Baker said. "I think another thing that Canadians are looking for is [whether] the claim of sustainability or ESG is legitimate.

"Is there an actual honest and transparent alignment of an organization's sustainable practices and values-based principles and the investments and opportunities they present their clients?"

Misconceptions About Sustainable Products

The rising cost-of-living, inflation, and interest rates have been found to be critical factors deterring Canadians from engaging with sustainable companies.

Over half of respondents in the Co-operators survey expressed interest in buying products from "greener" firms before rising inflation, living costs and interest rates "made things too expensive."
"When you think about sustainable goods that you might purchase as a consumer, often those ethical, sustainable, good governance products may have a higher price tag or be perceived that they do," Baker said.

"We think perhaps a lot of consumers carry that sentiment into the insurance and financial services space. There's a misconception that [companies] need additional internal resources dedicated to creating these sustainable products, like maybe more research, staff, fund managers, and portfolio managers, which would drive up the internal expenses.

"But we'd want to educate consumers that it does not need to cost you more as a consumer to invest your money sustainably."

The Gen Z Factor – Younger Canadians 'Care About Sustainability'

Baker underscored the importance of addressing sustainability and ESG to attract the "customers of tomorrow."

Gen Z Canadians, or those adults aged between 18 and 24, are more inclined towards sustainability and more vulnerable to economic uncertainties, showing a "double impact" of misconceptions about price.

"In the insurance and financial services space, we often think of our older clients because they are the group that have assets that need to be protected from indemnity, whereas younger Canadians are just starting their journey," said Baker.

"I think traditional insurance and financial services corporations may not focus on their needs, but it is clear from the survey that Canadians aged 18 to 24 care very much about sustainability, and that aligns not only with their values and beliefs as a generation but also their sense of needing longevity and security in a more uncertain economic future."

Recognizing the younger generation's concerns, Baker urged the industry to guide them on planning for a sustainable future while navigating economic uncertainties.

By educating clients, demonstrating commitment to sustainability, and dispelling myths about costs, the financial services industry can bridge the gap between their business goals and customer expectations, she said.

How Does Gen Z View Insurance?

By Grace Crane, Digital Insurance, December 13, 2023

Data from Gamma Iota Sigma (GIS), an insurance and risk management collegiate talent organization, indicates that Gen Z is interested in joining the insurance workforce: more students who had not originally intended to study insurance are now interested in doing so at 36% in 2023, compared to 25% in 2022.

Grace Grant, executive director at GIS, explained in an interview with Digital Insurance that Gen Z students and graduates are attracted to the number of opportunities available in insurance.

Back to Table Of Contents

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

Read article (subscription required): *https://www.dig-in.com/news/how-does-gen-z-view-insurance?position=personalized_1&campaignname=DIG%20Morning%20Briefing-12152023&utm_source=newsletter&utm_medium=email&utm_campaign=V3_DIG_Daily_Briefing_2023%2B%27-%27%2B12152023&bt_ee=S8oYQox6%2FgnoTNYVXNzmpPoepIXwsYVI0vGLyKSwE5IrZplHnb5pkovrZVaEbPVy&bt_ts=1702648878712*

TD Releases First Racial Equity Audit For A Canadian Bank, Finds 'Significant' Progress Made But More Needed

By Stefanie Marotta, The Globe and Mail, December 18, 2023

Toronto Dominion Bank has unveiled the first racial equity audit by a Canadian bank, as shareholder advocacy groups urge the country's lenders to reveal their own investigations into their diversity and equity policies.

TD is the first bank and one of the first public companies to conduct and release a racial equity audit in Canada. Washington D.C.-based Covington & Burling LLP and Toronto-based WeirFoulds LLP – the law firms that the lender hired to prepare the audit – said in a report on Monday, December 18 that TD has made significant progress in building a diverse and inclusive employee culture, and identified opportunities for the bank to improve its hiring, development, and investigation procedures.

Read Story (Subscription Required): *TD releases first racial equity audit for a Canadian bank, finds 'significant' progress made but more needed - The Globe and Mail*

The Top 10 Trends Shaping The Future Of Insurtech In 2024

By Abhishek Peter, Digital Insurance, December 04, 2023

https://www.dig-in.com/opinion/predictions-the-top-insurtech-trends-for-2024?utm_source=newsletter&utm_medium=email&utm_campaign=V3_DIG_Daily_Briefing_2023%2B%27-%27%2B12042023&bt_ee=nlxq6t3qZZpxkrKqIrecgKK94OfnnNsGDgcLBjqY8Jlmvc%2FoKe%2Fs%2BiXITQ4btF0B&bt_ts=1701698501173

The insurtech landscape is constantly evolving, driven by technological advancements, changing consumer expectations, and an industry-wide embrace of innovation. As we step into 2024, it's crucial to examine the top trends that are shaping the future of insurtech. This article delves into the transformative forces influencing the industry and the key insights that will define the insurtech landscape in the coming years.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

1. Artificial Intelligence And Machine Learning In Underwriting
The integration of artificial intelligence (AI) and machine learning (ML) is revolutionizing underwriting processes. Insurers are leveraging these technologies to analyze vast datasets, identify patterns and make more accurate risk assessments. The result is a more streamlined underwriting process that not only enhances efficiency but also enables personalized risk evaluation.

2. Blockchain For Enhanced Security And Transparency
Blockchain's impact on the insurance industry is becoming increasingly pronounced. In 2024, the technology is poised to provide enhanced security and transparency across the insurance value chain. From policy issuanc..e to claims processing, blockchain ensures tamper-proof records, reducing fraud and fostering trust among stakeholders.

3. Customer-Centric Digital Experiences
Insurtech is placing a greater emphasis on customer-centric digital experiences. With the rise of mobile apps and user-friendly interfaces, policyholders can manage their insurance portfolios seamlessly. Insurers are investing in technologies that enhance customer engagement, building trust and loyalty in an increasingly competitive market.

4. Data Analytics Driving Informed Decision-Making
The abundance of data available to insurers is a valuable asset. Advanced data analytics tools are enabling insurers to extract meaningful insights, driving informed decision-making. From predicting and preventing risks to optimizing pricing models, data analytics is a key trend that continues to shape the future of Insurtech.

5. Cybersecurity In The Spotlight
As technology advances, so does the need for robust cybersecurity measures. With an increasing number of transactions and sensitive data being handled online, cybersecurity is a top priority for insurtech companies in 2024. Innovations in cybersecurity technologies are essential to safeguarding customer information and maintaining trust.

6. On-Demand Insurance Models
The rise of on-demand services is influencing insurance models. Insurtech companies are exploring on-demand insurance solutions that provide coverage for specific events or time frames. This trend reflects a shift towards more flexible and tailored insurance products that align with the dynamic needs of modern consumers.

7. Collaborations And Partnerships
Collaboration is a hallmark of the insurtech ecosystem. In 2024, we see a surge in collaborations and partnerships between insurtech startups, traditional insurers, and technology companies. These partnerships are fostering innovation, facilitating the exchange of expertise, and accelerating the development of groundbreaking solutions.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

8. Regulatory Technology (Regtech) Compliance Solutions
The regulatory landscape is ever evolving, and compliance is a critical aspect of the insurance industry. Insurtech companies are increasingly turning to regulatory technology (Regtech) solutions to ensure compliance with changing regulations. These technologies streamline compliance processes, reducing the burden on insurers and ensuring adherence to industry standards.

9. Parametric Insurance
Parametric insurance is gaining traction as a more efficient way to provide coverage for specific risks. This model pays out predetermined amounts based on measurable parameters, such as weather conditions or seismic activity. In 2024, we can expect further innovation in parametric insurance, offering faster claims processing and more accurate risk assessment.

10. Climate Risk Mitigation And ESG Integration
Environmental, social and governance (ESG) considerations are becoming integral to Insurtech strategies. Insurers are increasingly focused on addressing climate-related risks and incorporating ESG principles into their operations. This trend aligns with growing awareness of the impact of climate change on insurance risk and the industry's role in sustainability.

As we navigate the dynamic landscape of Insurtech in 2024, these ten trends stand out as the driving forces shaping the industry's future. From advanced technologies like AI and blockchain to a renewed focus on customer-centricity and sustainability, the Insurtech ecosystem is evolving to meet the changing needs of both insurers and policyholders. Embracing these trends will not only position Insurtech companies for success but also contribute to a more resilient, responsive, and innovative insurance industry in the years to come.

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

Make A Positive Difference In The Lives Of Consumers In Ontario: FSRA Recruiting New Members For Its Consumer Advisory Panel

By The Financial Services Regulatory Authority of Ontario, November 20, 2023

https://www.fsrao.ca/newsroom/make-positive-difference-lives-consumers-ontario

The Financial Services Regulatory Authority of Ontario (FSRA) is looking for new members to join its Consumer Advisory Panel (the Panel). As a Panel member your perspectives would be considered when the regulator is developing policies or considering initiatives or decisions that could impact consumers.

FSRA regulates financial services that are critically important to the lives of individuals and families, including pensions, mortgage brokers, life and health insurance, auto insurance, health service providers, and credit unions.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

The Panel is made up of a diverse group of consumers and consumer representatives, and their input is shared internally with FSRA's senior leadership team and the Board of Directors. Panel members are appointed for a two-year term.
Applicants will be selected based on their relevant professional and lived experiences, skills, knowledge, and perspectives, with an emphasis on the sectors FSRA regulates. To learn more about member qualifications and responsibilities, please see the Panel's current Terms of Reference.

Submission Requirements

Those interested in applying should submit the following two documents to ConsumerOffice@fsrao.ca by Friday, January 5, 2024.

- A current resume
- A cover letter that sets out:
    - why you are interested in serving on the Panel
    - how your skills and experiences match the purpose, mandate, and responsibilities of the Panel
    - the types of insights that you would bring to the Panel (e.g., consumer advocacy experience, technical expertise in a particular sector, general policy expertise, etc.)

If you have any questions about submission requirements, please contact ConsumerOffice@fsrao.ca.

To learn more about the Panel and its current members, please visit the Consumer Advisory Panel webpage.