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

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CAFII ALERTS WEEKLY DIGEST: February 17 – February 24, 2023

February 24, 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.

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GOVERNMENT/LEGAL/REGULATORY DEVELOPMENTS

FSRA Reins In Life Insurance Agency's Problematic Marketing

Company's High Pace Of Growth Adds To Risks From Inexperienced Agents, Says Regulatory Spokesperson

By Ian Bickis, The Canadian Press, February 12, 2023

https://www.wealthprofessional.ca/business-news/regulator-reins-in-life-insurance-agencys-problematic-marketing/373653?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20230218&utm_campaign=WPCW-Weekend-20230218&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Life insurance for a baby might sound a little off, but fast-growing Greatway Financial Inc. says it's never too early to sign up.

The Calgary-based company, which sells policies on behalf of insurers across Canada, puts much of its focus on the investment side of life insurance plans, billing them as a tax-sheltered way of boosting returns.

"Babies are the easiest and fastest to qualify because most won't have any health history," the company notes.

Greatway's approach, and the way it coaches its purely commission-based agents to use its "result-proven system" to sell insurance, has, however, raised serious concerns with regulators -- so much so that Ontario's insurance watchdog ordered the company to destroy all teaching materials, and retrain agents by the end of March, because the old instructions could lead to unfair or deceptive practices under the law.

The Financial Services Regulatory Authority of Ontario (FSRA) alleges that Greatway has focused its sales almost entirely on universal life insurance, a complex financial product usually used by the wealthy for estate planning. It also alleges that the company's training encourages agents to sell the same product to all consumers regardless of their income or needs.

While Greatway has disputed some of the regulator's findings, it has agreed to comply with the order. Along with remedial teaching for all of its agents, the order requires the company to reach out to all Ontario policyholders to help them assess whether their plans are really suitable and to help address concerns if not.

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Growing scrutiny

The enforcement action is part of a wider effort by FSRA and other regulators looking into the risks created by multi-level marketing companies such as Greatway, whose business models are based on agents who are paid both through commissions on their own sales and a portion of the commission for agents whom they recruit to the company.

The model, combined with the company's sales strategy, has led to some Greatway agents pulling in more than $1,000,000 in a year, the company says, while its YouTube channel profiles former cab drivers and house cleaners who have made well over $100,000 in their first year at the company.

Meanwhile, a report on the business model by regulators including FSRA noted that a company matching Greatway's description mostly targeted newcomers to Canada with incomes generally ranging between $40,000 and $50,000.

The report said that the model has seen rapid growth in recent years, with Experior Financial Group Inc., World Financial Group Insurance Agency of Canada Inc., and Greatway together increasing their agent numbers by about 40 per cent from 2020 to 2021. As of 2021, the three companies had about 27,000 total agents, plus about 66,000 recruits.

Greatway itself has gone from 1,400 agents selling about 13,000 policies in 2018 to 4,000 agents selling almost 28,000 policies last year.

That pace of growth has created added risk due to the number of inexperienced agents, said Huston Loke, executive vice-president of Market Conduct at FSRA.

"You put that situation together with training materials that we believe to be inappropriate, then you have a recipe for customer harm."

A complex product

There are numerous financial implications to Greatway's sales strategy. The regulator found that the company only requires training on selling 'overfunded' universal life insurance plans, where payments above the insurance premiums accumulate as tax-sheltered savings through a strategy called an insured retirement plan.

The regulator's investigation found that Greatway instructed agents to downplay the insurance side of the product entirely, specifically to "remove the insurance mindset," to "not mention the insurance amount," and to focus on the investment returns, while instructing in red letters "DO NOT HIGHLIGHT" on the training material page for critical risks of the product.

A key part of problem with the financial strategy, said Vaneesa Cline, a financial planner in Calgary, is that the cost of the insurance ramps up rapidly with age. That diverts payments away from the investment side and saddles buyers with a lifetime of rising costs for a premium product that they may not even need, she said.

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Cline said she's helped several former Greatway clients sort out their finances, including one man who was initially paying about $250 per year in premiums, but by the time she met him in his 60s, he was critically ill and his family was struggling to make payments of $600 per month.

“It's potentially devastating,” said Cline. “When (clients) get to retirement and they need the money the most, the cost of the insurance inside these policies is so high that it quickly depletes the cash value that has built up in these policies, to where these policies lapse.”

Universal life plans can be a great way to create financial security, said Cline, but only for suitable clients who have already maximized payments to more common tax-sheltered options such as RRSPs and TFSAs (or in the case of babies, RESPs).

Greatway, which declined an interview request, said in an emailed response to questions that agents are trained to provide clients with the best possible solutions that adhere to suitability, needs, goals and budget, and that all clients go through a financial needs analysis with their agent to find the best option that meets their needs.

'So surreal'

Loke at FSRA said the regulator will continue to monitor Greatway, and that it is still looking into other companies with similar models, as well as individual agents and the insurance companies whose products they sell.

There are, however, limits to what the regulator can do, as there aren't laws against either Greatway's corporate structure, nor requirements to disclose commissions.

Those commissions can run up quickly in part because the payouts are front-loaded with such permanent life insurance products, said Jason Pereira, a financial planner based in Toronto. That means that rather than paying a small percentage of managed investments over a lifetime, the agent gets the bulk of it right away.

It helps explain how Greatway says it has well over a hundred agents pulling in more than $100,000 a year, even as most work part-time.

One agent, Melanie Uy, said in a LinkedIn post soliciting new recruits that she earned $200,000 in extra income over 12 months while still working her day job with the Alberta government.

“You may find it so surreal, too good to be true,” said Uy, talking about two others who made $500,000 in a year after only two or three years in the industry.

“But if you have an open mind, you will uncover, recover, and discover this opportunity for sustained, profitable growth.”

If the commission isn't enough to incentivize sales, Greatway also offers prizes such as Mediterranean cruises or Teslas to top sellers.

Pereira said along with Greatway, he's seen a spike on social media of people talking up life insurance as an investment vehicle using "unbelievably faulty logic and terrible math."

The more commonly purchased term life insurance is much cheaper and makes much more sense for most people, as do more conventional investment options, he said.

"This sort of action makes me livid, quite honestly," said Pereira. "These are monies that were diverted away from retirement savings and education savings that would have been more flexible."

Greatway says it is doing what's best for its clients, as it has since it was founded on "principles of integrity" by Marlon Antonio in 2010, and that its vision remains to help families "avoid financial ruin."

Regulators and critics remain skeptical, but some agents sound like they're believers.

"Greatway is the way to achieve and fulfil your destiny. Your purpose," said Carol Villarica, who with her partner Hector became the first seven-figure earner over 12 months at Greatway in 2020, as she spoke at a company convention last year.

"Because when your why is clear, the price is an easy price to pay. All your sacrifices, all our sacrifices, will be worth it."

Auto Insurers Can Deny Entire Claim For Fraud, Not Just The Fraudulent Part, Court Affirms

By David Gambrill, Canadian Underwriter, February 13, 2023

Insurers can deny entire claim for fraud, not just the fraudulent part, court affirms (canadianunderwriter.ca)

If an auto insurance claimant fraudulently applies for accident benefits payments arising out of a crash, the insurer can deny the entire auto claim, not just the fraudulent part of the claim, the Alberta Court of Appeal has confirmed.

In Abbas v. Esurance Insurance Company of Canada, Ali Alrida Abbas suffered life-altering injuries in a collision while travelling as a passenger in a vehicle driven by an uninsured motorist. Under Alberta's Insurance Act, the injured claimant's insurance company steps into the shoes of the uninsured motorist and pays SEF No. 44 benefits. Abbas admitted to faking he was employed, so he could collect Section B SPF No. 1 no-fault benefits, which include employment income replacement benefits.

The insurer, Esurance, denied Abbas's entire claim. The insurer said his admission of fraud negated the whole insurance contract, including both the Section B and SEF No. 44 claims. Abbas disagreed, saying the fraud only related to the Section B claim, and he should have been entitled to the SEF 44 claim.

Alberta's Appeal Court decision was unequivocal. If you lie on any part of the insurance claim, the whole claim can be denied.

"Section 554(1) of the Insurance Act relieves the insurer of the obligation to provide the insured with SEF No. 44 benefits," a unanimous three-judge panel for the Appeal Court wrote in a decision released last Monday, February 6. There are two reasons for this conclusion.

"First, the insured's lie in his proof of loss for Section B benefits and in his statements to the Section B adjuster constituted a fraud under section 554(1)(b) and wilful false statements under section 554(1)(c). They were material with respect to the Section B claim.

"Second, the insured's claims for Section B and SEF No. 44 benefits constitute 'a claim' under section 554(1) because they both arise from the same event – the automobile accident caused by the uninsured motorist – and are made under the same insurance contract. An insured who files a fraudulent proof of loss under that circumstance is not entitled to a single dime from the insurer."

CLHIA Rallies Provinces To Engage In Dental Care Discussion

By Kate McCaffery, Insurance Portal, February 16, 2023

The Canadian Life and Health Insurance Association (CLHIA) is continuing its efforts to engage provinces in a discussion about dental benefits, infrastructure investments, automatic pension enrollment features, and decumulation solutions.

Although many of the initiatives discussed are federal, the Association's submissions to Nova Scotia and Manitoba, made in advance of the release of their 2023 provincial budgets, follow earlier submissions made to Prince Edward Island (PEI) and Alberta, asking provinces to work together with the federal government while policy related to universal dental benefits and retirement decumulation solutions is being developed.

"Canada's life and health insurers support the federal government's efforts to provide access to those without dental coverage," CLHIA writes. "We believe that providing targeted support to those who do not have coverage helps fill the gaps and is fiscally responsible. However, we must ensure that as the federal program is expanded to more individuals, the program does not put existing benefit plans at risk."

The submissions also ask the provinces to allow automatic pension enrollment and contribution features and they discuss 2021 legislation concerning Variable Payment Life Annuities (VPLAs) and Advanced Life Deferred Annuities (ALDAs).

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"The CLHIA continues to believe that the VPLA legislation, as enacted, would only enable a select minority of Canadians participating in Defined Contribution (DC) pension plans or Pooled Registered Pension Plans (PRPP), as we estimate it requires at least 10,000 active members to provide the scale for a stable VPLA solution. The current measures do not take into consideration many other retirees who are members of smaller DC or PRPP plans that lack scale for a stand-alone VPLA solution," the Association writes. "We encourage the government to monitor and parallel federal measures to introduce ALDAs and VPLAs as new retirement income options. We also ask that the government encourage the federal government to permit stand-alone VPLAs."

In both the Nova Scotia and Manitoba submissions, echoing earlier submissions made in PEI and Alberta, the Association also discusses support for private sector investment in infrastructure projects, pointing out that insurance companies' long-term liabilities make them ideal, long-term financing partners for infrastructure projects, including public-private partnerships.

The submissions are also regionally focused, asking each of the provinces, respectively, to drop their sales taxes on life and health insurance premiums.

Read Story (Subscription Required): *https://insurance-portal.ca/life/association-rallies-provinces-to-engage-in-dental-care-discussion/*

Conference For Advanced Life Underwriting Calls For Thoughtful Trudeau Government Approach To Business Tax And Retirement Fund Changes

By Kate McCaffery, Insurance Portal, February 14, 2023

The Conference for Advanced Life Underwriting (CALU) has submitted a number of recommendations it hopes the federal government will take into consideration when drafting the 2023 budget.

Among its recommendations, CALU calls on the government to support the successful transfer of small businesses to family members, review and make changes to Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (RRIF) rules, and implement measures to contain costs and make dental care more widely available to Canadians, without hurting employer-sponsored plans.

The first recommendation addresses the government's concerns that recent changes to the Income Tax Act, intended to facilitate genuine inter-generational transfers of shares, allows tax avoidance.

CALU says many small business owners, over three quarters of them, plan to retire in the next decade. Children are often groomed in the business and are ready to take over, but until 2021, rules in the Income Tax Act meant that more tax was paid when businesses were transferred to family, than if they were sold to a third party. The Department of Finance subsequently expressed concern that the exception granted to rectify this, as written, could facilitate more tax avoidance. CALU asks the government to ensure that any changes continue to facilitate "genuine inter-generational transfers of shares while preventing tax avoidance."

Regarding RRSPs and RRIFs, CALU asks the government to consider allowing unused RRSP room to be indexed annually, permit RRSP contributions past age 71, defer to age 75 the requirement to convert an RRSP to a RRIF, and make more transparent the factors used to establish the minimum RRIF payment formula. It also addresses minimum RRIF payout formulas, asking the government to introduce a process for their regular review.

Finally, CALU advocates for the government to provide dental care plans only to Canadians who do not have any coverage, leaving workplace plans intact. They also advocate for a 35 per cent refundable tax credit, related to the cost of offering employee dental coverage, to qualifying small businesses.

Read Story (Subscription Required): *Underwriters call for a thoughtful approach to business tax and retirement fund changes - Insurance Portal (insurance-portal.ca)*

Investment Industry Association Makes Submission To OBSI's Governance Review

By Insurance Portal Staff, February 3, 2023

The Ombudsman for Banking Services and Investments (OBSI), currently undertaking a governance review, is being encouraged to better reflect the investment industry and stakeholders impacted by the ombudsman's services on its board of directors. Specifically, the Investment Funds Institute of Canada (IFIC) submission to the OBSI governance review recommends that two additional industry directors be added to OBSI's board to include more comprehensive industry expertise.

IFIC also encourages the ombudsman to update its board skills matrix to ensure that directors more effectively reflect and represent the needs and perspectives of affected stakeholders.

IFIC recommends that OBSI continue to have board members nominated by the New SRO (the New Self-Regulatory Organization of Canada) and by the Canadian Bankers Association (CBA). "IFIC recommends OBSI solicit nominations from industry participants of the currently under-represented categories of securities registrants for two additional industry director positions," they write, adding that the majority of the board's directors should continue to represent the community.

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IFIC also notes that since 2014, the ombudsman's mandate has expanded to include all categories of securities registrants. "However, these other categories of securities registration are not reflected under the current industry directors nomination process," the Association states.

"IFIC's view is that OBSI's board and committee governance needs to be a fair representation from all stakeholders in the investment industry. With only three industry directors representative of the Mutual Fund Dealers Association of Canada (MFDA, now the New SRO), the Investment Industry Regulatory Organization of Canada, (IIROC, also now the New SRO), and CBA member firms, we think there is a gap in providing adequate representation of the wide and diverse range of business models of firms in the investment sector."

IFIC also suggests that OBSI reconsider the existence of the ombudsman's consumer and investor advisory council. "IFIC's view is that the council should not be necessary if OBSI updates it board skills matrix to specifically include experience in a range of consumer and investor perspectives and additional diversity metrics as recommended in the 2021 review," the Association asserts.

Read Story (Subscription Required): *https://insurance-portal.ca/economy/investment-industry-association-makes-submission-to-banking-and-investment-ombudsman/?utm_source=sendinblue&utm_campaign=weekly_summary_202302-10&utm_medium=email*

OTHER CAFII MEMBER-RELEVANT NEWS

How Can You Help Protect Your Biggest Financial Obligation?

Sponsored Content by Globe Content Studio, February 22, 2023

https://www.theglobeandmail.com/business/adv/article-how-can-you-help-protect-your-biggest-financial-obligation/

Finding the right home is a major life milestone. Protecting that investment can be just as crucial.

According to a 2022 TD survey, half of Canadian respondents reported that their homes are the most important asset they own. It's also their biggest financial obligation – and changing circumstances can get in the way of fully protecting it.

"While home insurance covers incidents like theft or fire, other unforeseen events can make it difficult, if not impossible, to keep up with mortgage payments," says Annie Campoli, vice president, TD Insurance.

The last three years have shown how uncertain life can be, with public health crises and the resulting financial pressures leaving some homeowners with a difficult decision about how to pay the bills. Almost 40 per cent of Canadian respondents said they would cash out their investment assets to save their home if something unexpectedly happened, according to the TD survey. That can include dipping into their retirement funds.

One way people can help keep their homes during certain unforeseen events is to obtain the right insurance. For instance, TD Mortgage Protection allows homeowners to cover up to $1 million on their mortgage in the event of a covered critical illness or death, which may have resulted in a loss of income.

"It could help protect you and your family by safeguarding your most important investment," says Ms. Campoli.

TD Mortgage Protection is optional creditor's group insurance that customers can apply for if they're applying for a TD mortgage, or already have a mortgage with TD.

Ms. Campoli says homeowners should consider several factors when thinking of mortgage protection, including their income, age, health, expenses and savings. The TD Protection Plans Assessment Tool can help customers understand their financial profile and how this coverage could help meet their potential financial needs.

According to a 2021 report by the Canadian Association of Financial Institutions in Insurance, COVID-19 has encouraged Canadians to obtain insurance. When purchasing mortgage protection, Canadians are more likely to include living benefits such as critical illness in their coverage than they were in 2018.

Rising inflation and interest rates are also putting the squeeze on many Canadians, who require every dollar to buy and keep their homes, notes Ms. Campoli. If their income is affected by an unforeseen health event, people can find themselves in a tough position financially. The right coverage could help lessen the burden on themselves and their loved ones.

"Mortgage protection could mean the difference in staying in one's family home or not," says Ms. Campoli.

Toronto Man With Broken Back Describes Travel Insurance Nightmare: 'Your 1-800 Line Never Picks Up'

By Erica Alini, The Globe and Mail, February 21, 2023

Lying in a hospital bed in the Amazonian rain forest town of Tena, Ecuador, with a broken back, Justin Oliver knew it would likely be another 30 to 45 minutes of elevator music before someone would answer his call to Allianz Global Assistance, his travel insurance.

An X-ray showed that Mr. Oliver, a 44-year-old Toronto accountant, had a lumbar fracture, the result of a sleepwalking fall off a six-metre-high balcony the night before, on February 16. Doctors told him he should undergo surgery as soon as possible – at a larger hospital in the capital, Quito – or he may become paralyzed from the waist down. And yet when Mr. Oliver picked up his cellphone to update his case manager at Allianz, it was, once again, the recorded tune that greeted him, he said.

"Please help!!!" Mr. Oliver wrote in a panicked e-mail to Allianz from Tena's Jose Maria Velasco Ibarra hospital. "My back is broken and they need to transfer me, I need a translator and they want to do surgery right away. Your 1-800 line never picks up and this is very urgent."

Mr. Oliver's experience is likely a symptom of how travel insurers are struggling to keep up with soaring demand as scores of Canadians flock to tourist destinations and more of them take out insurance amid widespread flight disruptions and lingering public health concerns.

On its home page, Allianz Global Assistance, which sells travel insurance in Canada, warns customers of call times potentially exceeding 30 minutes and claim processing taking up to eight weeks amid "higher than average" call and claim volumes. Allianz Global Assistance is a registered business name of AZGA Service Canada Inc. and AZGA Insurance Agency Canada Ltd., two subsidiaries of Allianz Group.

While emergency medical calls are always answered first, "call volumes can fluctuate unexpectedly during the busy winter travel season, occasionally leading to longer wait times," Dan Keon, vice-president of marketing and insights at Allianz Global Assistance Canada, said in an e-mailed statement. Mr. Keon, however, said his company is "prepared and fully staffed" for the current travel season.

Martin Firestone, president of Toronto-based insurance brokerage Travel Secure, said he's recently heard from clients struggling to reach their insurance providers during travel.

That includes travellers who called to seek assistance in a medical emergency only to hear a taped message at the other end of the line, "which really is bad because that's hardly the service that we want or that people expect when they buy a policy," he said.

Isabelle Beaudoin, president and co-founder of insurance broker First Rate Insurance Inc., described dealing with an "unprecedented" amount of travel insurance requests this winter. "I would not be surprised if it translates into longer wait times getting through to the insurer during travel," she said by e-mail.

In a recent survey conducted by Research + Knowledge = Insights for insurer Blue Cross of Canada, 42 per cent of respondents said they are now more likely to buy travel insurance coverage when planning a trip than in the past.

For Mr. Oliver, travel medical insurance through Allianz was part of the benefits of his BMO Ascend World Elite Mastercard. Canadians can also purchase additional or separate coverage for medical emergencies while they're away from home. Rates can be as low as less than $20 a person for a one-week trip, according to quotes from financial comparisons site Rates.ca. However, costs vary depending on a variety of factors such as the age and health profile of the insured, the trip's destination and duration, and the amount of coverage selected.

Faced with unusually high demand, travel insurance providers are struggling to ramp up staffing because of widespread labour shortages, Mr. Firestone said. And Canada's own health care crisis can at times add to delays repatriating injured travellers when domestic hospitals have no room to accommodate them, he said.

"Travel insurance brings you back to your home province – assuming there is a bed available for them to take you," Mr. Firestone said.

In Mr. Oliver's case, the delays compounded an already high-stakes medical emergency. His nighttime fall occurred while he was vacationing alone at a wellness resort in the Amazon jungle. When Allianz told him it may take up to 48 hours to fetch an ambulance to take him to the nearest hospital in Tena, he decided to hire a private car instead, he said.

On the advice of his chiropractor, he laid down sideways in the back of the car through the 40-kilometre ride to avoid putting pressure on the spine.

At the hospital in Tena, Mr. Oliver said he had to ask the hospital staff to wheel his bed next to one of the few working electrical plugs at the facility – in a crowded hall where people kept bumping into him – to keep his phone battery from dying while he waited on the line with Allianz.

Once, a receptionist transferred him to a nursing team but no one picked up the phone, he said. When his mother first called Allianz from Grand Bend, Ontario to ask for an update on his case, she waited an hour before the call ended with no answer, according to e-mails reviewed by The Globe and Mail.

In the end, Mr. Oliver underwent a successful surgical operation at Quito's highly regarded Hospital Metropolitano, where doctors inserted two metal rods and four screws into his lower back to stabilize his spine. He can walk again, though with the help of a cane.

But while the hospital was supposed to be able to charge Allianz directly for the expense, Allianz said it might have initially sent the guarantee of payment to the wrong hospital. As a result, doctors asked Mr. Oliver to pay a 10-per-cent deposit, which worked out to $3,348, out of pocket.

Mr. Oliver said he has yet to receive reimbursement for that expense, as well as $200 he spent on the hired car, which Allianz has also agreed to cover.

On a recent call to the insurer from Canada, Mr. Oliver said he waited more than an hour-and-a-half listening to the now-familiar music loop.

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"I can't ever hear that music again – ever in my life," he said.

Read Story (Subscription Required): *https://www.theglobeandmail.com/investing/personal-finance/household-finances/article-toronto-man-with-broken-back-describes-travel-insurance-nightmare-your/*

Mortality Rates Returning To Pre-Pandemic Levels, Says Manulife CEO

By Clare O'Hara, The Globe and Mail, February 16, 2023

https://www.theglobeandmail.com/business/article-covid-pandemic-mortality-manulife-ceo/

Declining mortality claims in North America, a rebound in travel insurance, and the easing of pandemic restrictions in China are signs that the mortality impact of the three-year pandemic is finally tapering off, Manulife Financial Corp. chief executive Roy Gori says.

"I don't know if we can declare what normal looks like in the new world order but as it relates to mortality specifically, we have seen, broadly, a return to pre-pandemic levels," Mr. Gori said in an interview with The Globe on Thursday, February 16.

In early 2022, Canadian insurers saw a spike in mortality claims as the Omicron variant of COVID-19 surged throughout the United States and Canada. Now, as new cases of the virus continue to decline, Manulife ended 2022 with more "normalized" mortality claims, Mr. Gori said.

Manulife reported fourth-quarter "core earnings" of $1.75-billion or 88 cents a share, compared with $1.71-billion or 84 cents in the fourth quarter of 2021. (Core earnings is a metric Manulife uses that strips out investment losses and makes other accounting adjustments.) Manulife said the earnings were down 2 per cent, year over year, after accounting for the effects of currency conversions.

Manulife's profit for the quarter was $1.8-billion, down from $2.1-billion the previous year.

Despite lower net income in the fourth quarter, the insurer reported profit of $7.2-billion for the full year in 2022, up $200-million from 2021, driven by gains through two transactions in its U.S. annuities business and a recent change in the Canadian corporate tax rate.

Manulife's global wealth and asset management business ended the year with $3.3-billion in sales, down from the $27.9-billion in sales the company saw in 2021. Despite the major drop, the insurer managed to maintain net overall sales during a time when Mr. Gori said that, on average, many of the company's peers saw investors pull about $7.5-billion out of investments in a challenging market environment.

"Looking at the year ahead, volatile markets will continue to create some strain and challenge, but it's also going to create opportunity," Mr. Gori said.

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"Investors are realizing that they need to have a balanced portfolio that is diverse. One that covers fixed income, and equities that are not just geographically located in one region, but rather global equities, and a portfolio complemented with alternatives."

In Asia – where the insurer has 13 operations – the COVID-19 lockdown throughout 2022 continued to affect sales. The region reported core earnings of $2.13-billion for the year, down slightly from $2.18-billion in 2021.

The weaker customer sentiment in Hong Kong – because of border closures with China seen in the third quarter and continuing into the fourth quarter – led to lower sales volumes, Manulife chief financial officer Phil Witherington said during an analyst call on Thursday, February 16. But the decline was partly offset by higher sales in Japan, a country that had to rebound from negative sales in the last two years after regulatory tax changes affected corporate-owned life insurance products, which are policies that pay businesses when employees die.

While those corporate-owned products contributed to a 15-per-cent decline in annualized premiums in Japan, the country saw a 28-per-cent increase in sales of other products.

"Japan is the third largest insurance market in the world … and delivers very high margins and good profitability," Mr. Gori said. "We have done a lot of work in the last two years to reposition our product portfolio in Japan and pivot away from the reliance on [corporate-owned life insurance], and that is starting to come through."

The Canadian business reported core earnings of $350-million for the fourth quarter, up from $286-million in the same quarter in the year prior. Part of that increase came from a higher demand in group insurance sales and an uptick in travel insurance, with more individuals buying insurance when they travel, and clients booking more trips as the sector rebounds from lockdowns and quarantines.

"The pandemic has really brought the importance and value of insurance to the to the forefront of everyone's thinking," Mr. Gori said. "People have realized that they don't have as much coverage as they need and that they should put much more time and effort into thinking about their insurance needs."

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Insurers Urged To Consolidate Mental Health Data To Improve Outcomes

By Kate McCaffery, Insurance Portal, February 17, 2023

https://insurance-portal.ca/health/firms-urged-to-consolidate-mental-health-data-to-improve-outcomes/?utm_source=sendinblue&utm_campaign=daily_complete_202302-17&utm_medium=email

Data can transform group plans, and this is needed, but a shortage of data today about mental health claims and costs means that the true scope of the problem remains unknown, according to an extensive research report published by the Geneva Association.

Entitled *Promoting peace of mind: Mental Health and Insurance,* the new report about the costs and the risks associated with poor mental health says a focus on data can reduce the number of mental health-related claims, average costs, and improve user outcomes.

Regarding the scope of the problem, however, the Geneva Association says this is unknown to both policy-makers and employers who negotiate group health plans for their employees. They also say the extent of the problem is unknown to life and health insurers.

“Better data is needed to demonstrate demand – this is a prerequisite for increasing access to mental health services and protection,” writes the Geneva Association’s managing director Jad Ariss. “What we can quantify reveals that the cost of the mental health crisis is staggering.”

Poor mental health costs economies around the world USD $6-trillion each year in medical expenses and lost productivity, Ariss asserted.

“For individuals living with poor mental health, this translates into wage and employment gaps and curtailed life chances. (The report puts numbers to the phenomenon, as well. Data collected by 25 Organisation for Economic Co-operation and Development countries, five years before the pandemic, revealed a 20 per cent employment gap and 17 per cent wage gap between people with and without mental health problems, for example.) Poor mental health has also been linked to an increase in mortality,” the researchers wrote.

“All of this translates into significant insurance claims,” they add, saying life and health insurers pay out USD $15-billion each year in related claims. Although the report is global, it includes data points on Canada where insurers experienced a 75 per cent rise in claims related to poor mental health between 2019 and 2021.

“The well-established link between mental and physical health problems may mean that even health plans that exclude mental health could be affected,” the report states.

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It goes on to define mental health using existing research, looks at the determinants of mental health, and discusses the economic toll poor mental health can have, including health systems costs, costs to individuals and to insurers. It also looks at factors affecting and impeding mental health insurability, makes recommendations, and, notably, provides an extensive literature review, supplemented with global data and contributions from 16 senior underwriting and claims experts.

It suggests that firms consolidate the data they do have to engage in effective triaging to offer the right levels of support. "There is evidence to suggest that this can reduce the number of mental health-related claims, the average cost of claims, and most importantly, improve user outcomes."

Among its list of recommendations, the report also says evidence suggests that there is significant consumer demand for insurers to deepen their role. Citing a survey of 4,500 people conducted by Swiss Re across seven mature insurance markets, they say that consumers had a noticeable appetite for protection against common mental health problems such as depression, preferring those coverages over those for complex or rare conditions.

"Surprisingly, anxiety and depression – not more complex mental health conditions such as bipolar or psychotic disorders – are the most common types of mental health problems," says the Geneva Association's director of health and aging Adrita Bhattacharya-Craven. "Our report lays out the facts for insurers so they are equipped to better align their mental health strategies with realities. There is a big opportunity for the insurance industry to have more impact by leveraging what they already offer."

If Newcomers Thrive, Our Country Prospers

RBC's Focus On Newcomers Benefits Canadian Economy And The Bank's Growth Ambitions Reports

By Douglas Blakey, Retail Banker International, Issue 30, February 2023

[If newcomers thrive, our country prospers - Retail Banker International | Issue 30 | February 2023 (nridigital.com)]

Jacqui Allard is emphatic when describing the role immigrants play in building a more prosperous Canada. "They are the lifeblood of our country's economy."

Plenty of proof points back-up the RBC executive's claim.

The country's population growth largely depends on newcomers. In recent years, international students have contributed billions of dollars to the Canadian economy and are seen as a vital solution to the country's labour shortage woes, especially in high skilled sectors. Newcomers also generate a significant stream of tax revenues needed to support the country's aging population and social programmes. By decade's end, there will be three workers for every retiree.

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Ottawa welcomed a record number of 405,000 permanent residents in 2021, a pandemic year. Its ambition has only grown since, with a plan to accept a half-million immigrants annually by 2025. On a per population basis, Canada's target far exceeds those found in the UK, US, and Australia.

Yet the country's ambitious plan does not guarantee a seamless settlement experience. There can be language barriers, cultural adjustments, along with the more immediate challenges to find a place to live and work according to Folake Okusanya, who left Nigeria for Canada and now works as a newcomer advisor for RBC in Edmonton, Alberta.

There is also the matter of Canada's banking system. Many newcomers are unfamiliar with its basic financial concepts, nor have experience using products like credit cards.

"Helping those new to Canada understand what services and products make best sense for their situation is essential to a successful settlement," says Ms. Okusanya. In response, the bank has developed a suite of financial solutions and partner offerings designed for their specific needs. For instance, newcomers aren't required to have a credit history when applying for their first Canadian credit card, car loan or mortgage.

Importantly, Okusanya points out, advisers also look beyond their banking needs. They can introduce newcomers to agencies and local resources to help secure a job, find affordable housing or engage in community life.

RBC's dedicated website for newcomers: Arrive

To maximise outreach efforts, the bank also has created a website called Arrive, which provides free tools and features subject matter experts from housing to healthcare, schools to transportation.

It's all part of the bank's larger focus to develop long-term relationships with newcomers says Jacqui Allard, who oversees personal financing products. RBC research underscores the importance of building ties with newcomers in their first year in Canada. That's when 69% receive a credit card, 52% begin investing and 20% buy a home.

The importance of forming ties with newcomers takes on an even greater importance in a mature banking market like Canada, where the competition is intense to secure new revenue streams.

RBC/ICICI partnership set to grow customer numbers by 50,000 annually

RBI spoke to Allard, who is Executive Vice President of Personal Finance within Personal & Commercial Banking (P&CB) at RBC, after a recent announcement with ICICI Bank, which will see the Indian bank refer its newcomer clients to RBC, making it easier for them to open a bank account upon arriving in Canada. Over time, RBC's aim is to offer "longer term value" through its leading mortgage, investments, and credit card businesses. Given that the number of Indians settling in Canada has tripled in the last three years, and now represents the top source country for Canada, the collaboration marks a significant growth opportunity for the bank. Indeed, during an investor call in 2022, bank executives estimated the ICICI partnership would attract approximately 50,000 clients annually.

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Allard says RBC will initially focus on India's international students, which represent about half of Canada's 460,000 international students. Moreover, the vast majority of people seeking permanent residency in Canada come from this cohort.

"Many international students are already allowed to work in Canada, have a strong command of one of our official languages, and possess in-demand skills. All these factors increase their likelihood of financial success," Allard tells RBI.

Individuals with working visas will also be a priority for the bank, along with permanent residents.

The RBC-ICICI collaboration is already off to a strong start, according to the RBC executive, who said ICICI had signed up over 20,000, clients in the first few months of the partnership.

Allard anticipates the bank's proposed acquisition of HSBC Canada - pending regulatory reviews - could grow its newcomer client base, as the Canadian bank finds new ways to tap into HSBC's global network. "We are very excited to add a number of new international banking capabilities to our already extensive offering, as we are committed to be the bank of choice for newcomers and internationally minded Canadians."

Canada- a destination of choice

More broadly, Allard points out that RBC advocates for pro-immigration policies in its home market. "Canada stands out as a destination of choice for people looking to create a better future for themselves, but we cannot be complacent. Many other countries also want to attract the best and brightest, including international students."

Last year, for instance, the bank published a set of recommendations that would "synthesise the country's international education and immigration strategy" to better support international students who want to pursue a career in Canada after graduation.

Allard says that ultimately the benefits to these kind of policy initiatives extend well beyond the bank. "If newcomers thrive, our country prospers."

UPCOMING CAFII MEMBER-RELEVANT WEBINARS AND EVENTS

McCarthy Tétrault Advance™ Webinar on DigitALL: Innovation & Technology for Gender Equality

Dates: Monday, March 6, 2023
Time: 3:00 p.m. – 4:00 p.m. EST

During the pandemic and now throughout the recovery, there have been dramatic shifts in how we work, connect, and collaborate with others. This session will explore the impact that the pandemic had and continues to have on women at work and at home, how technology and innovative ways of working can promote gender equality, and how law firms and organizations can adopt a gender-responsive digital approach to the post-pandemic workplace to ensure inclusion for all.

This panel discussion will feature a dynamic panel of gender equality advocates, including:

- Zabeen Hirji, Executive Advisor, Future of Work, Deloitte, and Former Chief Human Resources Officer, RBC
- Paulette Senior, President and CEO, Canadian Women's Foundation
- Aliya Ramji, Partner and Co-founder of MT>Ventures, McCarthy Tétrault

The panel will be moderated by Charlene Theodore, Chief Inclusion Officer, McCarthy Tétrault and will feature remarks from Dave Leonard, CEO, McCarthy Tétrault and Godyne Sibay, Managing Partner, Ontario Region, McCarthy Tétrault.

Register Here

Canadian Club Toronto Webinar On "Ideas and Efforts Around Equity At Laurentian Bank And Beyond"

Dates: Tuesday, March 7, 2023
Time: 11:45 a.m. – 1:30 p.m. EST

Join Canadian Club Toronto on March 7, on the eve of International Women's Day, when we will hear from Laurentian Bank's President and Chief Executive Officer, Rania Llewellyn, the first woman to lead a chartered Canadian Bank. Rania will be joined in conversation by Tanya van Biesen (Managing Partner, Board & CEO Succession Practice Canada, Korn Ferry) to discuss her ideas and efforts around equity at Laurentian and beyond, with a focus on the power of mentorship, sponsorship, and allyship.

For further information and to obtain a virtual ticket ($0)/register, click here.

Lavery French Webinar On 'Annual Review of Insurance Law: Key Judgments Rendered In Quebec In 2022'

Dates: Thursday, March 9, 2023
Time: 8:00 a.m. – 9:30 a.m. EST

This hybrid conference will summarize and discuss the key judgments rendered in Québec in 2022.

The two Lavery presenters will be:

- **Jonathan Lacoste-Jobin:** a member of the Litigation group and practices primarily in the areas of insurance law, professional liability, and commercial litigation; and

- **Bernard Larocque:** a partner whose practice focuses primarily on civil litigation, including defamation law, insurance law, class actions, professional liability, and administrative disputes. He frequently appears before the courts, including the Supreme Court of Cana da and the Quebec Court of Appeal.

The talks will be given in French.

Register Here

This invitation may be transferred. Feel free to send it to colleagues within your organization.

LIMRA Canada Insurance Immersion Program – In-Person Event: Connect with Success

Dates: From Tuesday, April 4 through Thursday, April 6, 2023
Venue: Canada Life, Hugh C. Baker Room, 330 University Avenue, Toronto, ON

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

Benefits of the Insurance Immersion program:

- ***It's fast.*** Conducted at a quick and methodical pace, participants accelerate their learning and knowledge of the industry efficiently during this multi-day program.
- ***It's comprehensive.*** The program covers a wide range of important aspects of the Canadian insurance business, including products, pricing, distribution, sales, regulations, operations, finance, and risk management.

- ***It's effective.*** In a lively and highly interactive learning process that includes real-life case studies and instruction by subject matter experts, participants live and breathe insurance.

Course Credit Toward LOMA Designation Programs
Insurance Immersion participants who attend the program in full will receive credit for the two LOMA FLMI Level I courses. This benefit provides participants with the FLMI Level I Certificate in Insurance Fundamentals and a jump-start to earning a prestigious industry designation.

Register Here (Early Bird Registration Rates Available Until March 3/23: Save $400)

Canadian Lawyer Webinar On "Everything You Need To Know About The Evolving Canadian Competition Law Landscape"

Dates: Thursday, March 9, 2023
Time: 12:00 p.m. – 1:00 p.m. EST

Join this free industry panel discussion where we will share our perspectives on regulators' activity when investigating anti-competitive behaviour, the strategic role of technology, leveraging advanced analytics tools, and the impact of early case assessment. We will outline all the major changes in the industry, useful strategies, and everything you need to be aware of. Learn from a panel sponsored by Epiq, and have the chance to ask important questions surrounding the Canadian competition law landscape.

Register Here