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CAFII ALERTS WEEKLY DIGEST: January 15 – January 19, 2024

January 19, 2024

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

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GOVERNMENT/LEGAL/REGULATORY DEVELOPMENTS AND BUSINESS DEVELOPMENTS

FSRA Lasers In On Life Insurance, Threatens Fines

Life Insurers Warned They Hold "Accountability" For MGA Misconduct

By David Saric, Insurance Business, January 18, 2024

https://www.insurancebusinessmag.com/ca/news/life-insurance/fsra-lasers-in-on-life-insurance-threatens-fines-473486.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20240118&_hsmi=290521414&_hsenc=p2ANqtz-92Lnj6WaUwafkNyy_X2bex2pOUdA0Mu8WFIajF8Gqj1toOFVKPI_yWLVsxJGVDsci0Frq1xnFskNK3EUv8dWdm_Frwmg&utm_content=&utm_source=

The Financial Services Regulatory Authority of Ontario (FSRA) has expanded on proposed guidance for life insurance agents and MGA suitability in the province following its findings that some firms were employing practices that could prove “unfair” to customers, with new guidance threatening fines when businesses fail to disclose past failings.

“Assessing licensing suitability is a key regulatory control for FSRA,” said Tim Miflin, the organization’s senior manager of policy, in a Wednesday webinar. “We want to be transparent in relation to our role as a gatekeeper and allow our applicants and agents to understand how past and current conduct may affect their suitability to hold a life insurance agent license.”

In a recent review, the FSRA identified shortfalls in compliance as well as a lack of clarity in the responsibilities shared among insurance companies, MGAs and independent agents.

“We have seen examples of a lack of agent training supervision, product sales that were unsuitable product sales to customers and their individual needs, while also finding agent recruitment and compensation models that may lead to their unfair treatment of customers,” Miflin said.

“With over 60,000 agents in Ontario, strong gatekeeping is necessary to ensure agents are suitable and qualified, which reduces the risk of non-compliance and potential consumer harm,” added Jelena Pejic, FSRA’s director of licensing.

FSRA debuts action plan to clamp down on life insurance agent and MGAs bad behaviour
The FSRA six-point action plan is intended to tackle inefficiencies and unsavoury behaviour patterns witnessed with life insurance.

The regulator is seeking input from life insurance industry figures on the guidance until February 9th.

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The FSRA six-point plan to address life insurance agents and MGA issues is:

1. Sponsoring insurer screening and certification.
2. Application and eligibility assessment.
3. Suitability assessment
4. Disclosure and attestation
5. Actions resulting from suitability assessments
6. Suitability assessment during licensing term

FSRA life insurance guidance tackles screening, suitability, fines
Under the plan, a sponsoring insurer would have a core role in screening life insurance agent applicants.

"The sponsoring insurer will initiate the application and they will need to certify that they've taken steps to screen the applicant and are satisfied that the applicant is suitable to carry on businesses as an agent," Pejic said.

Suitability disclosures were another key facet of the new guidance and transparency failures could lead to fines, the FSRA has cautioned.

"I want to stress that when an applicant discloses information that may affect their suitability, the guidance does outline that the information should fully and accurately detail the surrounding circumstances, including when the conduct occurred, what led to the conduct, and any corrective steps that have been undertaken," Pejic said.

What Suitability Disclosures Must Life Insurance Agents And Mgas Make Under FSRA Guidance?

Suitability evidence that the FSRA expects life insurance agents to disclose under new guidance includes:

- Criminal charges and/or convictions (inside or outside of Canada)
- History of misconduct at FSRA or other regulatory or licensing bodies
- Failure to adhere to FSRA guidance
- Bankruptcy or insolvency matters, including consumer proposals
- False Continuing Education certificates provided to FSRA or another regulator
- Making a material omission or providing a false or misleading statement or information to FSRA.

Failure To Disclose On Suitability Could Lead To Fines Under FSRA Proposed Life Insurance Rules

Simply disclosing this type of information on the application does not mean that an application will be refused. Instead, it will be used to adequately assess suitability to be licensed and any risks tied to that suitability and resolve those appropriately, according to the regulator.

If any information was not correctly given to the FSRA, there is a possibility of monetary fines being imposed on agents.

"The suitability assessment is not only tied to the license application," Pejic said.

"The assessment can take place at any time during the licensing term, if FSRA does become aware of any new information, potential misconduct or misleading or false statements on previous applications, the organization may take actions to reassess the suitability of the licensee, which may lead to action against their license."

The onus is on the applicant to ensure they review each question and respond accurately and in full.

"A key factor in our gatekeeping is identifying if an agent did not conduct themselves with honesty and integrity," Pejic said. "A non-disclosure or lack of honesty when interacting with the regulator is a key indicator that will cause concern and may lead to the refusal of an application."

What Mgas Will Need To Follow

In addition to life insurance agent suitability, MGAs must also follow similar guidelines.

"For an MGA to be considered suitable, it must demonstrate that it has the expertise and resources to operate in a trustworthy and competent manner," Miflin said. "The talent they recruit, train, supervise, support, either directly or indirectly through sub agents, must be suitable for licensing."

Life insurance companies have an obligation to have a system in place to monitor the suitability and compliance of agents who act on their behalf, and this includes reporting to FSRA, it was stressed.

"Importantly, where oversight functions of the insurer have been delegated by that insurer to an MGA, the insurer retains accountability and responsibility," Miflin said.

Securian Canada Teams Up With CAA To Deliver Suite Of Life, Health, And Dental Insurance Products

Over Seven Million Members Will Benefit From The Partnership

By Mika Pangilinan, Insurance Business, January 18, 2024

https://www.insurancebusinessmag.com/ca/news/life-insurance/securian-canada-teams-up-with-caa-to-deliver-suite-of-insurance-products-473414.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20240118&_hsmi=290493201&_hsenc=p2ANqtz-90awqMDzNUQaQXhYYGa4Qzun2uXkSP6m3T4q2cf6KyuopsNlczzU6VukedQ8Zt-G3LEKltPtSM9ft_wh15QT8lFG650g&utm_content=&utm_source=

Securian Canada has partnered with the Canadian Automobile Association (CAA) to introduce a range of new life, health, and dental insurance solutions.

The partnership brings these new products plus a digital-first customer experience to CAA's expansive membership base, totalling over seven million nationwide. They will gain access to insurance offerings at preferred prices through a user-friendly platform.

In an emailed news release, Nigel Branker, CEO of Securian Canada, offered insight on the decision to collaborate with CAA.

"We are proud to be partnering with a trusted household brand like CAA to deliver innovative insurance solutions that aim to enhance the financial security of their members across Canada," he said.

"This partnership gives us the opportunity to serve more Canadians and their families with meaningful financial protection via a digitally focused model that removes barriers in the purchasing journey. We believe this collaboration will make it easier than ever for CAA members to access insurance products that fit their lives."

"We are incredibly excited to work alongside Securian Canada to expand CAA's life and health & dental insurance portfolio," said CAA National president and CEO Tim Shearman.

"Our organizations share values and an unwavering commitment to providing solutions rooted in genuine care for our members. Together, we are poised to deliver new market-leading products and exceptional member services, staying true to our commitment to continually seek new ways to increase membership value."

Securian Canada's team-up with CAA reinforces its commitment to serving the association and affinity market. The move also comes after it acquired Sun Life's association, affinity, and group creditor units in 2023.

Alongside the Sun Life deal, Securian announced that it was moving away from its former Canadian Premier branding to better align with its American parent company, Securian Financial Group.

FSRA Announces Addition To Board Of Directors

He Brings "Strong Expertise" To The Organization

By Mika Pangilinan, Insurance News, January 15, 2024

https://www.insurancebusinessmag.com/ca/news/breaking-news/fsra-announces-addition-to-board-of-directors-472893.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20240115&_hsmi=290017748&_hsenc=p2ANqtz--28xorbsfKdNsTFVGX3yuRBy2_s8z7gqOkXlzVIJSuJ9HqDUP-SopQclUDqB60UU1XqieFqq1mNU7rVKkSUDKSP0Yeqw&utm_content=&utm_source=

The Financial Services Regulatory Authority of Ontario (FSRA) has added Ali Salahuddin to its board of directors.

Salahuddin is joining the FSRA board for a two-year term, according to the announcement made by Joanne De Laurentiis, the board's chair.

"Ali Salahuddin brings strong expertise and career experience in the financial services sector," said De Laurentiis. "His insights and experience in risk management, audit/finance, strategy, and governance will add depth to the Board and greatly benefit the FSRA organization."

Salahuddin has 27 years of experience in financial markets. His background includes key senior executive positions at renowned global financial institutions such as Citigroup, Merrill Lynch (now Bank of America Merrill Lynch), Bank of Nova Scotia, Royal Bank of Canada, Manulife, and Laurentian Bank.

Salahuddin serves as the founder and president of executive coaching firm AS Management Corp. He holds a Chartered Investment Manager (CIM) designation and a Certified Corporate Director (ICD.D) certification.

Salahuddin's appointment comes after Lucie Tedesco joined the FSRA board in July.

Tedesco has three decades of experience in the financial sector, including time spent as commissioner and deputy commissioner of the Financial Consumer Agency of Canada. Her expertise encompasses financial sector policy and regulation, governance, risk management, law, strategy and operations, and consumer protection.

In other FSRA news, the regulator recently announced the formation of a technical advisory committee dedicated to the non-auto property and casualty (P&C) insurance sector.

This new 14-member committee aims to provide input on supervision priorities and key risk areas within the sector. It will also support FSRA's broader objective of enhancing supervision and staying informed about sector trends and risks.

"This collaboration will provide a measured and predictable regulatory environment for the P&C sector," said Beata Morris, director of market conduct for P&C insurance. "It also provides us with an opportunity to hear about the latest trends and developments within the insurance industry."

RBC Expects $13.5-Billion HSBC Takeover Deal To Close In March

By Stephanie Marotta, The Globe and Mail, January 15, 2024

https://www.theglobeandmail.com/business/article-rbc-expects-135-billion-hsbc-takeover-deal-to-close-in-march/?utm_medium=email&utm_source=Streetwise&utm_content=2024-1-15_21&utm_term=RBC%20expects%20%2413.5-billion%20HSBC%20takeover%20deal%20to%20close%20in%20March&utm_campaign=newsletter&cu_id=V8XwSKMQyE%2Bn79APco1YDTDr7ffWvd7R

Royal Bank of Canada RY-T said late Monday that it expects to close its $13.5-billion takeover of HSBC Holdings PLC's Canadian subsidiary in March, clinching the biggest domestic banking deal on record.

Canada's largest lender said in a statement that it plans to close its proposed acquisition of HSBC Bank Canada on March 28, less than half a year later than its initial timeline. The deal received its final stamp of approval from Ottawa in December after RBC faced opposition from stakeholder groups and federal opposition parties in recent months.

By purchasing HSBC Canada, RBC will gain tens of billions of dollars in deposits, mortgages and commercial loans, while also bolstering its services internationally. In Canada, Britain-based HSBC employs about 4,000 people and provides banking services to around 780,000 clients.

RBC will immediately begin converting HSBC's products and services over to its own systems. HSBC branches and offices will open on April 1 as RBC locations.

When the deal was announced in November, 2022, RBC and HSBC said they expected the deal to close late in 2023. But the transaction bumped up against slight delays as it moved through regulatory approvals.

Finance Minister Chrystia Freeland, who had the final say on the deal, approved the transaction in mid-December. RBC agreed to a number of terms to secure the federal government's approval, including maintaining jobs in the short term and financing affordable-housing projects.

In November, the House of Commons finance committee recommended that Ms. Freeland reject the deal, arguing it would harm affordability and competition in Canada's banking sector. Climate groups and other stakeholder organizations have also urged Ottawa to reject the acquisition.

But the deal did not alarm Canada's competition watchdog. The transaction received its first approval in September when the Competition Bureau backed the deal. The Office of the Superintendent of Financial Institutions also did not object to the transaction and recommended approving the sale, according to the Department of Finance.

In December, RBC chief executive officer Dave McKay said that the federal government's terms will not have a financial impact on the benefits of the deal.

The bank agreed to several concessions, including that it retains certain jobs at HSBC for up to two years, open a global banking hub in Vancouver, maintain a minimum number of HSBC branches and finance affordable-housing projects.

The bank had already been considering similar conditions, Mr. McKay said at the time.

Climate Advocacy Group Files Securities Complaint Against Big Five Banks

Group Urges Regulators To Investigate The Accuracy Of Banks' Sustainable Finance Disclosures

By Ada Tabanao, Wealth Professional Canada, January 11, 2024

https://www.wealthprofessional.ca/investments/socially-responsible-investing/climate-advocacy-group-files-securities-complaint-against-big-five-banks/382755?hsmemberId={{contact.hs_object_id}}&utm_source=GA&e=cm9ieW4uamVubmluZ3NAY2FmaWkuY29t&utm_medium=20240112&utm_campaign=WPCW-Newsletter-20240112&utm_content=&tu=

A climate advocacy group has filed a complaint to securities regulators, alleging that Canada's big five banks may be misleading investors through their use of terms like sustainable finance, according to a report by The Canadian Press.

Investors for Paris Compliance submitted the complaint to the Ontario Securities Commission and the Autorité des marchés financiers of Québec, asserting that the banks are employing the term "sustainable finance" too broadly without substantiating the claims with data.

The big five Canadian banks, namely RBC, TD, BMO, CIBC, and Scotiabank, collectively pledged $2 trillion by 2030 for sustainable finance initiatives. The term covers various lending activities aimed at promoting environmental and social causes.

Matt Price, executive director of Investors for Paris Compliance, voiced concern over the lack of disclosure and questioned the effectiveness of the banks' sustainability efforts. "They're putting this in the window as one of their core responses to climate change and net zero, when they're not rationalizing or justifying or providing any evidence or proof about that," he said.

The group also raised concerns about the banks' disclosed deals with oil and gas companies.

RBC, CIBC, and Scotiabank have been previously involved in sustainable finance deals with Enbridge Inc. as it expanded its oil export capacity, while BMO previously structured a sustainability-linked credit facility for Gibson Energy, increasing its oil exposure. To add, TD Bank previously served as a co-sustainability structuring agent for a $4 billion sustainability-linked loan with Occidental Petroleum, which later announced an investment in shale drilling.

Investors for Paris Compliance is urging regulators to investigate the adequacy and accuracy of banks' disclosures regarding sustainable finance. The group also calls for regulators to mandate banks to disclose the emissions impacts of their sustainable finance business or specify areas where they cannot do so, clarifying that such segments do not necessarily advance their net zero goals.

The banks, when approached for comment, directed inquiries to the Canadian Bankers Association. Spokeswoman Maggie Cheung emphasized that Canadian banks adhere to North American market standards for environmental, social, and governance (ESG) disclosure, complying with applicable rules and regulations while actively collaborating with industry and regulators to enhance sustainability reporting standards.

"Banks in Canada understand the important role that the financial sector has in an orderly transition to a low-carbon future. Sustainable finance is one tool for helping companies mobilize capital toward this effort and a range of other environmental and social goals," the spokeswoman said.

OTHER CAFII MEMBER-RELEVANT NEWS

Gen Z And Millennials Want Embedded Insurance Options

By Grace Crane, Digital Insurance, January 18, 2024

https://www.dig-in.com/news/gen-z-and-millennials-want-embedded-insurance-options

The 2024 Embedded Car Insurance Study by Polly indicates that Millennials and Gen Z consumers prefer embedded insurance options at the car dealership and highlights their preference for convenience. According to respondents, 79% of Millennials and Gen Z think that auto insurance should be an integral part of the process when purchasing a vehicle, and 81% would prefer to purchase their insurance while buying a car.

Polly conducted an online survey from August 22 - 26, 2023, of over 1,000 American adults who had purchased a car within the last 12 months. The results show that 76% of Millennials and Gen Z think that buying auto insurance and their vehicle together would be easier and more convenient, compared to just 63% of all respondents who agreed.

"Our embedded auto insurance study reveals that Millennials and Gen Z aren't just looking for vehicles; they're seeking a holistic buying experience that includes insurance. The research is clear, consumer demand for integrated solutions is not a passing trend. It's a new norm," said chief marketing officer Mike Burgiss in a press release statement.

These generations, which are known to be tech-savvy and often referred to as "digital natives," are more willing to embrace digital insurance channels. The study reports that 82% of respondents prefer to shop and buy insurance coverage using their cell phones, and about 65% would be willing to buy a policy through an embedded app at a dealership.

With these results, the Polly study emphasizes the significance of tech-driven solutions and innovations in insurance as younger generations are embracing, or even expecting, these solutions throughout their purchasing journey. Gen Z and Millennials have become more familiar with embedded products, as 43% have heard the term "embedded insurance," versus the 27% of all respondents.

Polly reports that not only are these cohorts more comfortable with embedded solutions, but these consumers have also largely come to expect these kinds of insurance products as a means for increased convenience and efficiency. A reported 83% of Millennial and Gen Z customers bought embedded insurance with their recent car purchase.

The report suggests that offering embedded insurance options has the opportunity for increased brand loyalty and longevity; if a dealership offered an embedded insurance product, 72% would refer the dealership to others, 71% would return to that same dealership for maintenance, 71% would feel better about their buying experience and 68% would give a higher customer satisfaction rating.

Affordability is another critical area for opportunity, according to the study, as Millennials and Gen Z are very concerned with saving money. Nearly half responded that they settled for a different car than they wanted when shopping for vehicles, and 84% said that overall cost is the most significant factor to consider when purchasing a car. As 63% of car buyers think that the cost of insurance is the most important attribute to consider, the Polly report suggests that dealerships and carriers have an opportunity to provide innovative tools and holistic buying experiences that help customers save money through discounted insurance products and streamlined processes.

How White Male Managers Can Help DEI (And Avoid Awkward Moments)

By Sandra Quince, Fast Company Daily, January 17, 2024

https://www.linkedin.com/pulse/how-white-male-managers-can-help-dei-avoid-awkward-moments-g8eoe/?midToken=AQGVOkUeBz2qyA&midSig=3C0VGxUxCpKX41&trk=eml-email_series_follow_newsletter_01-newsletter_content_preview-0-headline_&trkEmail=eml-email_series_follow_newsletter_01-newsletter_content_preview-0-headline_-null-45smd~lrhypnnv~5j-null-null&eid=45smd-lrhypnnv-5j&otpToken=MTQwYzE2ZTgxYTJkY2VjZWI1MjkwNWVmNDMxZWUxYjM4NmM2ZDQ0MTk4YTQ4YTZhNzZjNTAyNmY0YTVhNTY4NmEwYWFhMWFhN2FjYWQxOGE1M2FhMThmZWEyY2JiZDcxZTIyYTc4MTAwNjZmZTYsMSwx

The conversation around DEI efforts in the workplace is missing one crucial element: white men in middle management positions. According to McKinsey Research, women's representation at executive levels is at the highest it's ever been. However, progress in the middle is lagging, with a continued underrepresentation of women of color.

While the trend is leaning in a positive direction for women and minorities, the pace to parity is far too slow and there is an overlooked solution for acceleration.

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Male managers, especially white male middle managers, play an important role in advancing DEI initiatives and outcomes. They still control the majority of "moments that matter" in the employee lifecycle (e.g., hiring, pay, promotion) so they need to be believers to be authentic allies for companies to materially move the needle.

But oftentimes, their role in this effort is misunderstood. Seeing headlines about hiring quotas for women and minorities, it is understandable that white men can feel left out of this movement. So, let's be clear: They are wanted, needed, and valued as we move forward. And they can do this without feeling guilty, shamed, or awkward.

Ask Simple Questions

One of the biggest hurdles in creating diverse and inclusive cultures is deciphering the origin of unconscious bias. Find ways to slow the process, especially in those key moments of making decisions about people. One solution is to provide a list of simple questions to managers and leaders that will not only help them reevaluate how they are thinking, but will also help identify where those biases are rooted.

For example, asking questions like "How do you know that?" or "What experience has led you to that belief?" opens so much room to grow and make better decisions not laced with bias.

Expand Your Circle

What we read and watch, how we spend our free time, who we socialize with, all contribute to a prism of how we view others.

For instance, at a recent event Mita Mallick, the author of Reimagine Inclusion, stated "75% of white Americans are self-segregating in their communities, so how can we expect them to be different in the office?" Inclusion doesn't start at the conference table, it starts in our everyday lives —unless we familiarize ourselves with the unfamiliar, we will have a difficult time understanding others' points of view.

Avoid Controversial Language

One of the best perspectives recently shared with me was using the word "luck" instead of "privilege" when bringing white men into the conversation around allyship. For example, someone may be described as lucky to not have experienced the same barriers as others, versus someone being described as privileged for growing up in a certain situation.

Avoid language that becomes distracting, and focus on the outcomes. If "diversity" or "inclusion" seem to make leaders defensive, center on the behaviors like curiosity and collaboration that foster inclusion, and naturally bring in diverse perspectives and ultimately lead to better business results.

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Advocate For Others

As managers and leaders in organizations, white men are at the table during a lot of influential moments. This includes board meetings, manager meetings and sometimes casual exchanges with top leadership. These are the opportunities for them to advocate for others and be upstanders and not bystanders.

Being an advocate doesn't mean dismantling the system. It's not about solving, it's about educating others and themselves. Actions can be small and personal. Like voluntarily highlighting an achievement of a colleague in front of senior leadership, or pushing to include a mentee to be part of a larger initiative. It's also important that when you hear or see something that impacts the way a person is viewed unfairly, or creates an unwelcoming workplace, to say something. It's okay to advocate for people like you too, as long as you're advocating for others as well.

Listen

Sometimes the most powerful tool is sitting back and not doing much at all, but simply to listen. This is the greatest tool to gain awareness.

There may be moments when white men feel like they need to speak out or relate to their female colleagues of color, but all they need to do is let them speak. Soak it in. Learn from their experiences and stories.

On a personal note, some of my best leaders and mentors have been white men. White men are not the problem. They present an opportunity to drive real change. We want them to take their power and leverage it to advocate for and support others.

How AI Could Change Insurance

By Michael Bruch, Digital Insurance, January 09, 2024

https://www.dig-in.com/opinion/how-ai-could-change-insurance?utm_source=newsletter&utm_medium=email&utm_campaign=V3_DIG_Daily_Briefing_2023%2B%27-%27%2B01092024&bt_ee=Cm9rEJNlsxGnLJDqb6Jx5WlooG%2Bh1qzTzmBUV3CqEmQ%2Bk%2BVCqbqGjOebq6rRGrw6&bt_ts=1704808828913

The numbers are staggering. ChatGPT amassed 100 million users in its first two months, only for that record to be smashed a few months later by rival Threads, with 100 million users in just five days.

It took TikTok roughly nine months to reach that number of users and Instagram two-and-a-half years, but the uptake of ChatGPT after it launched in November 2022 was unprecedented. The speed of its adoption prompted a wave of speculation in the media and business world about the disruptive potential of such technology.

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With digitalization increasing rapidly in many areas of life, the amount of data that can be leveraged is proliferating. As a data-driven industry, insurance is not new to artificial intelligence (AI) or using data analytics across its value chain to improve products, interactions, prevention, claims and processes. According to several studies, the industry is among those with the highest value potential from AI.

Estimates point to the market potential of generative AI (GenAI) reaching $15 billion by 2025 and $32 billion by 2027 in the insurance and finance industries alone. McKinsey foresees AI technologies could add up to $1.1 trillion in potential annual value for the global insurance industry.

AI Versus Genai – What Is The Difference?

Put simply, there are two types of AI application. The first uses AI's ability to identify patterns in data and draw conclusions or make predictions from them. The second, GenAI, uses large language models (LLMs) trained on vast existing datasets to generate new content that mimics human creativity, whether it is images, text, coding, music, art or interactive simulations.

AI enables insurers to enhance their value proposition by better predicting and therefore preventing risks. AI depends on having good-quality data. We are constantly evolving and expanding our data quality across the business at Allianz — not only at Allianz Commercial, but across all Allianz entities — to train the models we use. This can help us assess and model extreme weather events, for example, gathering data on secondary perils such as floods. Or, by constantly improving the granularity of our location data, we can help corporate customers better identify climate-risk exposures.

AI can take on the role of 'cool problem solver.' By enabling us to adopt a more predictive, preventive and proactive approach, AI can shift our perspective from looking behind us in the rear-view mirror, and paying out claims, to evolving into an organization with a sharper view of the road ahead, supporting clients in preventing and mitigating risk, and avoiding losses. The power of AI-generated insights can help businesses and societies become more resilient.

As more data and risk intelligence becomes available, particularly for weather or cyber exposures, AI could enable insurers to provide coverage for emerging risks and technologies that are not yet insurable today, including parametric solutions.

Impacts On The Insurance Value Chain

The potential of GenAI across the insurance value chain is an exciting prospect. Open AI's ChatGPT hit the headlines first, but it has now been joined by Microsoft's Co-Pilot and Google's Bard as the most prominent tools in the market.

A wider range of risk data will enable underwriters to offer more targeted, bespoke insurance solutions and smarter pricing. GenAI will also automate underwriting tasks, including data extraction, and wording comparison.

Larger datasets will also provide more scope for GenAI to pick up anomalies or unusual patterns of behavior that could indicate fraud. Loss triggers could be spotted, and future claims could be better predicted, including claims surges. GenAI's ability to analyze images and videos could be another useful tool in the claims process.

Risks And Challenges

Although they are the focus of much excitement, GenAI solutions are in the early stages of development, with risks and limitations insurers must address before the technologies can be safely rolled out.

When it comes to affecting employment in insurance, we see the impact of AI as an evolution rather than a revolution, creating new jobs and changing existing job profiles gradually over a number of years. AI is not a replacement for human emotional intelligence, which is so important in the workplace. We see new roles being created for professionals who can develop, implement, and manage AI systems and evolve existing ones. AI will largely affect job profiles as a supporting, complementary technology, providing vast opportunities for digital upskilling.

Along with the opportunities offered by GenAI come significant risks such as data protection, confidentiality, ethical concerns and liability exposures. AI and GenAI solutions are only as effective as the data they are trained on, and historical data can reflect inequalities GenAI could perpetuate by creating biased content, possibly leading to discrimination.

GenAI can also create convincing-looking information that is factually incorrect, a process called hallucinations. This is already being used by cyber criminals to commit new types of fraud, phishing emails or generate deep fakes — digitally altered hoax videos using footage of real people.

AI has been a key strategic topic at Allianz for several years, and new trends are continuously monitored and explored by the company's global team of data scientists and AI experts. Data is a core element of the business. Technology and data analytics are increasingly at the heart of what insurers do.

How AI Is Accelerating Cyberattacks

Threat actors are already using AI-powered language models like ChatGPT to write code. GenAI can help less technically proficient threat actors write their own code or create new strains and variations of existing ransomware, potentially increasing the number of attacks they can execute.

We can expect an increased utilization of AI by malicious actors in the future, necessitating even stronger cybersecurity measures.

AI can be used to carry out more automated attacks, as well as develop new techniques to steal or poison data. When you think about the potential to combine AI with the proliferation of the Internet of Things (IoT) and the speed of 5G, for example, we may have serious issues on the horizon.

Voice simulation software has been a recent addition to the cybercriminal's arsenal. In 2019, the CEO of a British energy provider transferred €220,000 ($240,670) to a scammer after they received a call from what sounded like the head of the unit's parent company, asking them to wire money to a supplier. The voice was generated using AI. In August 2023, researchers documented instances of deepfake video technology designed and sold for phishing scams. The going rate? Just €250 ($273) for a full video.

It is not all bad news though. AI will help threat actors, but it is also a powerful tool for detection. Our company has a partnership with cyber insurance provider Coalition to offer customers cyber coverage with AI-powered security tools that help them spot, prevent and respond to cyber risks. We might see more AI-enabled cyber incidents in the future, but investment in detection backed by AI should also catch more incidents early.

Blue Cross Extends Partnership With Blink Parametric To Enhance Canadian Travel Insurance

By FinTech Global, January 08, 2024

https://fintech.global/2024/01/08/blue-cross-extends-partnership-with-blink-parametric-to-enhance-canadian-travel-insurance/

Blue Cross, a renowned insurance provider trusted across Canada, and Blink Parametric, an innovative Ireland-based InsurTech company, have announced an extension of their partnership for another three years.

Blue Cross has been a pioneer in offering Blink Parametric’s real-time flight disruption assistance in Canada since October 2018. This solution is now available in eight Canadian provinces, including Ontario, Québec, Alberta, Saskatchewan, Nova Scotia, New Brunswick, Newfoundland & Labrador, and Prince Edward Island.

The reason behind this enduring partnership is the shared goal of providing stress-free travel experiences to Canadian travellers. With the increasing need for risk management during travel, as highlighted in the latest Blue Cross Travel Study, this collaboration aims to offer real-time solutions for flight disruptions.

Blink Parametric, an InsurTech leader, specializes in providing real-time flight disruption assistance. Their innovative platform monitors flights and offers immediate support in case of delays or cancellations, aligning with the modern traveller’s need for instant and effective solutions. Blue Cross, on the other hand, has established itself as Canada’s most trusted insurance provider, offering a range of insurance services, including travel coverage that assures confidence and peace of mind to millions of Canadians.

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This extended agreement marks a significant milestone for Blink Parametric, emphasizing the strength and growth of its partnership with Blue Cross. The collaboration is further supported by Red Consulting, one of Canada's leading travel consulting firms, enhancing the overall efficacy of the travel assistance solutions offered.

In his statement, Blink Parametric CEO Sid Mouncey expressed pride in the partnership's evolution and enthusiasm for future prospects, stating, "Blue Cross backed us right out of the gate in 2018, and was the first brand in Canada to use our innovative platform to assist insured travellers experiencing flight delays or cancellations.

"Their decision was prescient back then, ahead of the unprecedented global travel turmoil that was to follow. This agreement speaks volumes for the strength of our long-term collaboration and growth over the past five years. I'm proud of the great teamwork and look forward to the next chapter of serving the Canadian market."

Tim Bishop, Managing Director of Blue Cross of Canada, also shared his thoughts: "Our teams ensure that our policyholders enjoy travelling with confidence and peace of mind, whether they are exploring Canada or the world.

"Millions of Canadians trust that the travel coverage we offer delivers the assistance they need, and we are excited to continue our successful partnership."

Insurance Professionals Talk About Trends To Watch In 2024: Life Insurance Tech

By Digital Insurance, January 03, 2024

https://www.dig-in.com/list/trends-to-watch-life-insurance-tech

Digital Insurance reached out to insurance professionals about what to expect with life insurance technology.

The responses have been lightly edited for clarity.

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Brian Poppe, Senior Vice President Of Income And Wealth Planning Solutions At Mutual Of Omaha

While the industry has been slow to adopt technologies like wearables, APIs and even the currently unpopular blockchain, each of those technologies will play a part in the life insurance industry going forward. We've seen carriers embrace wearables as an added benefit, and the current crop of insurtechs are utilizing APIs to pass data back and forth in a faster way than the usual batch processes. With the economic and venture market hardening, we'll see carriers start to acquire insurtechs, increasing both their tech capabilities and tech talent to adopt those technologies even faster, in pursuit of using that technology to collect data, better scale their operations, and serve their customers better than ever before.

Mutual of Omaha has started this journey by implementing several AI models to help us make better decisions, eliminating outdated technology, and building digital experiences to make our customers' and producers' lives easier. We're picking up the pace of innovation and technology and doing so in the right way, with a ground-up rethinking of our tech stack and an eye toward what customers will need in the future.

Luis Romero, CEO And Founder, Equisoft

One of the biggest risks the life insurance industry will face is the changing workforce and the need to account for it. Many life insurance professionals — agents, brokers, sales, etc. — will be retiring, and insurers will lose all the valuable expertise and knowledge that personnel had. The result is a potential decrease in customer experience satisfaction and the need for life insurers to figure out how to continue delivering value to policyholders while continuing to upskill and train the younger generations.

This will also be exacerbated by applications like ChatGPT and Bard AI, both of which can educate clients and put them in a position to challenge insurance agents on their expertise and knowledge. This is where insurance technology companies will play a vital role — helping life insurers modernize by digitally transforming their policy administration systems and migrating data to make it more accessible. By doing so, life insurers will be able to harvest and leverage that data and use it in current and developing tech, which provide additional customer and agent experience benefits, meeting customers where they are now and where they'll be in the future.

Brittany Clements, Managing Director, American Family Ventures

I'm really excited heading into 2024 for the life sector. I think it has been a laggard to many of the other lines of insurance. Less than 5% of funding volumes have historically gone into that space, despite a significant portion of market and annual premium volume that it represents.

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2024 is going to be an exciting year. I expect to see more funding volume there. Just given some of the companies that I'm seeing in the space, especially in the permanent life space. A lot of the carriers that I know in the space have been really bogged down over the past couple years with legacy systems, monetization and upgrading policy admin systems, those sorts of things. It seems like a lot of that is coming to fruition and so I'm really excited to see the step change that occurs with all of that, plus some of the advancements with Gen AI and other technology shifts to enable more innovation across that category specifically.

Bethany N. Jansen, Principle IT Program Manager, American Family Insurance

When looking ahead to 2024 in the life insurance industry, I anticipate a shift towards utilizing LLMs and embracing the opportunities for efficiencies AI provides. Life insurance can be complex from a documentation and rating standpoint, so it would make sense for us to use LLMs to look up internal documents to collate information and recommend next steps in the process. The ability to help synthesize information from multiple sources is critical and allows underwriters to "ask" the manuals to guide their thought process when dealing with complexities and/or co-mobilities.

Nathan Richardson, Senior Vice President, Consumer Division, CNO Financial Group

We're going to see a continuation of a trend that's been gaining traction since the mid-2010s – the sale of life insurance through online avenues – and I also think social media sites are going to continue gaining prominence as places where younger consumers will get information about various life insurance products.

Developing and implementing technology innovations, and attracting, hiring and retaining employees that have the skillsets to design new products and to support the business from a technical standpoint are some of the biggest challenges. From a consumer standpoint, the biggest challenge for life insurance companies in 2024 will continue to be related to improving the buying experience from a digital and underwriting perspective. Like we've seen with the buying experience with most goods and services across industries, more consumers want their purchases of life insurance to be simple and quick, getting an underwriting decision in minutes or hours instead of days or weeks.

Like years past, in 2024 and beyond, the life insurance industry will continue to seek ways to educate and reach the 100 million American adults who are either uninsured or underinsured, per findings from LIMRA.

Brooks Tingle, President & CEO Of John Hancock

Digitization enables us to better anticipate our customers' needs, engage with them more frequently, and take a more active role in helping them live longer, healthier, better lives. In 2024, you'll see John Hancock integrate even more data, analytics, and emerging technologies into our Vitality platform, so that we can play an even more meaningful role for our customers as a life insurer.

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I think 2024 will usher in even more collaboration between insurtechs and legacy insurers. The reality is that we need each other and can push our industry forward in many areas such as mobile, digital, and behavioral sciences when we collaborate strategically. We've seen insurance companies shut down insurtech divisions and insurtechs back away from trying to be insurance companies — there will be new opportunities for collaboration as both sides focus on what they do best.

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

Webinar by FSRA: Have Questions About FSRA's Proposed Approach To Strengthening Protection Of Vulnerable Consumers?

Date: Thursday, February 8, 2024
Time: 12:00 pm -12:30PM ET

You are invited to the Financial Services Regulatory Authority of Ontario's (FSRA's) webinar on its Proposed Approach to Strengthening Protection of Vulnerable Consumers posted now for consultation until March 8, 2024. The outcome of the proposed approach is to close the gap between the experiences of vulnerable and non-vulnerable consumers in Ontario' s financial services sector.

Join Stuart Wilkinson, Chief Consumer Officer, to:

- learn more about FSRA's proposed approach to strengthening the protection of vulnerable consumers in the sectors FSRA regulates
- ask questions
- learn how you can provide your feedback to FSRA

This webinar will be recorded and posted to FSRA's website.

Register Here

Webinar and In-person Event by FSRA: (FSRA All-Day Event) 2024 FSRA Exchange - Regulating In A Rapidly Changing Environment

Date: Monday, March 4, 2024
Time: 8:00 am – 3:30 pm EST
Location: Sheraton Center Toronto Hotel. If you register to attend virtually, link will be sent close to the date.

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Join us for the third annual FSRA Exchange event as our lineup of top industry and regulatory leaders discuss current issues and innovations. It's also a great opportunity to network with your peers and the FSRA team.

We are honoured to have some special speakers for this event, such as: The Honourable Peter Bethlenfalvy, Minister of Finance; Joanne De Laurentiis, FSRA's Board Chair; and Mark White, FSRA's CEO.

Register Here ***- Registration deadline: February 19, 2024***

THIA's 2024 Annual Conference

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

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

As always, you won't want to miss:

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

A chance to participate in scheduled professional and leisure activities

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