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

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

CAFII ALERTS WEEKLY DIGEST: January 20 – January 27, 2023

January 27, 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.

TABLE OF CONTENTS

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

GOVERNMENT/LEGAL/REGULATORY DEVELOPMENTS

FSRA Launches IT Risk-Related Consultation For Insurers And Other Financial Services Businesses

By Lyle Adriano, Insurance Business Canada, January 24, 2023

https://www.insurancebusinessmag.com/ca/news/cyber/fsra-opens-floor-to-it-riskrelated-consultation-and-feedback-433844.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20230124&utm_campaign=IBCW-MorningBriefing-20230124&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

The Financial Services Regulatory Authority of Ontario (FSRA) has proposed new guidance for insurers and other financial services businesses on how they can manage their IT risks – and it has invited industry stakeholders and the public to provide any constructive feedback on the matter.

According to the regulator, IT risk "represents a significant and growing threat to the business, operations and stability" of the sectors it oversees, and can ultimately impact even consumers, the FSRA explained in its guidance.

While the guidance has specific stipulations for individual financial sectors, it has one main provision for all businesses: all regulated entities must comply with existing IT risk and data protection requirements, which include those outlined by the Personal Information Protection and Electronic Documents Act (PIPEDA).

All regulated businesses under the FSRA's jurisdiction must also put into practice the following:

- Proper guidance and oversight of its IT risks; there must be clear responsibilities for the management of IT risks, as well as accountability.
- Regulated entities must rely on industry-accepted practices to manage their IT risks.
- They must also use industry-accepted strategies to manage and secure confidential data.
- Regulated entities must manage the IT risks associated with any outsourced or co-sourced activity/function/service.
- They must be prepared to effectively detect, log, manage, resolve, recover, monitor, and report IT incidents.
- They must ensure the continuity of their IT assets and their ability to deliver critical services during and following an incident.

- The regulated entities must notify regulators in the event of a material IT risk incident.

The FSRA has welcomed both stakeholders and the public to submit their feedback on the guidance. The consultation period runs until March 31, 2023.

FSRA Releases Draft Operational Risk Guidance For Credit Unions

The Proposed Guidance Is Out For Comment Until March 31

By Greg Meckbach, Investment Executive, January 24, 2023

FSRA releases draft operational risk guidance for credit unions | Investment Executive

Ontario's financial services regulator is seeking public comment on draft operational risk-management guidance for credit unions, as it aims to anticipate future threats.

In its proposed guidance released on January 23, FSRA provides examples of potential operational risk events, such as a credit union mistakenly sending confidential member information to a fintech without first securing the member's consent.

The draft guidance also aims to anticipate future opportunities for credit unions, respond effectively to stress events, and learn from past failures and successes.

FSRA is encouraging stakeholders to provide comments by March 31.

Speaking last week at FSRA's annual "Exchange" event, Anthony Piscitelli, chairman of Kitchener-based Your Neighbourhood Credit Union Limited, said part of the strength of the credit union system is the ability to take risks and try different things such as open banking, even if those initiatives ultimately fail.

"It is possible in future that we may end up with some new start-up credit unions, and maybe we'll have some of the innovative stuff like the peer-to-peer lending — maybe there's a model around that that can exist in the future," Piscitelli said. "But something like that may not be successful."

After FSRA Retraining Order, Questions Hover Over Greatway's BC Operations

Ontario Financial Services Watchdog Found Insurance Agency Trained Its Agents To Oversell Universal Life Policy Benefits

By Jean Dondo, Wealth Professional, January 26, 2023

https://www.wealthprofessional.ca/investments/life-and-health-insurance/after-fsra-retraining-order-questions-hover-over-greatways-bc-operations/373198?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20230126&utm_campaign=WPCW-Newsletter-20230126&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Greatway Financial, a life insurance agency with thousands of agents across Canada, has been subject to enforcement over charges of misleading sales practices.

But because of a gap in regulation between the country's provinces, many of its consumers could still be falling through the cracks.

The Financial Services Regulatory Authority (FSRA) of Ontario, the province's non-securities financial services regulatory body, last month ordered Greatway to re-educate its agents in Ontario and to advise current policyholders in Ontario who had dealt with Greatway agents to review their coverage.

The provincial watchdog issued the order after it found Greatway's sales agents were pushing a universal life insurance strategy called an Insured Retirement Plan, or IRP for short, that demanded extra cash be set aside as a tax-deferred fund for when the cost of insurance rises as the insured matures.

While the IRP is appropriate for higher net-worth individuals, such as those who have maxed out their RRSP, FSRA found that Greatway's agents were selling the product to all consumers, touting them as a savings account rather than an expense for insurance.

"Agents trained by Greatway may provide consumers with information and advice which is inappropriate, inaccurate, or misleading regarding the terms, benefits, or advantages of certain insurance policies, including universal life policies sold under an insured retirement plan strategy," FSRA asserted.

"[Greatway's] Training instructs Agents: 'Rule of Thumb: Do Not Mention Insurance Amount'; 'don't focus on life insurance'; 'remove the insurance mindset and have the client focused on saving/investment'; and 'Do not mention Face Amount yet. Use this as a 'jackpot' moment,'" FSRA said in its notice of proposal (NOP) against the agency.

The corporation must take extra steps "to ensure that customers who purchase Universal Life policies in Ontario are provided with information and advice that is appropriate and accurate," according to the Ontario authority's December 16, 2022 ruling.

In 2018, Greatway had 1,400 licensed agents throughout Canada and sold over 13,000 insurance policies, according to FSRA, which also highlighted that the company had "expanded fast" in recent years.

As reported by Glacier Media, the offices of Greatway Financial Inc. include branches in five BC locations: Abbotsford, Kelowna, Surrey, Burnaby, and Victoria.

Approximately 25,000 policies were sold by Greatway's 3,490 agents in Canada in 2021, according to FSRA. The number of Greatway agents working in British Columbia, and precisely how many cases of insurance policies being oversold have occurred in Canada's western-most province under the conditions flagged by FSRA, remains unknown.

The BC Financial Services Authority (BFSA), FSRA's BC provincial counterpart, operates as the "single integrated regulator of BC's financial services sector overseeing credit unions, trust and insurance companies, mortgage brokers, pension plans, and real estate services."

But the BCFSA informed Glacier Media that it doesn't regulate agencies such as Greatway, and that responsibility belongs to the Insurance Council of BC.

Through agreements with life insurance providers, Greatway serves as an intermediary between the insurers and its agents. The Insurance Council of BC oversees such organizations.

The Insurance Council of BC told Glacier Media that since October 2022, it has been undertaking a "compliance review pertaining to the subject matter stated in the Order issued by the Financial Services Regulatory Authority of Ontario," but provided few other specifics.

"This type of review looks at whether licensees' conduct and insurance practices are compliant with the requirements of the Insurance Council's Rules, Code of Conduct, and the Financial Institutions Act," stated Insurance Council spokesperson Melinda Lau.

While the Canadian Council of Insurance Regulators (CCIR) conducted a joint review of Greatway and three other agencies in the first half of 2022, Lau noted that it's the BCFSA, and not the Insurance Council of BC, that is part of CCIR.

FSRA, which led the CCIR joint review, posted its findings -- which formed the basis of the notice with respect to Greatway the following month – on its website on September 28, 2022. The BCFSA was described therein as a "passive participating authority."

Internal Successor Candidate Games Begin, As Louis Morisset Prepares To Depart As AMF CEO

By Alain Thériault, Insurance Portal, January 18, 2023

https://portail-assurance.ca/economie/louis-morisset-quittera-lautorite-des-marches-financiers9/?utm_source=sendinblue&utm_campaign=daily_complete_202301-23&utm_medium=email

Louis Morisset announced on January 17, 2023 that he will not seek a third term as President and Chief Executive Officer at the Autorité des marchés financiers. He will leave the regulator on July 1, 2023, when his current five-year term ends.

From May 2006 until the beginning of his first term as CEO of the AMF in 2013, Mr. Morisset served as the Autorité's Superintendent of Securities Markets. He has greatly contributed to shaping the framework of Quebec's financial sector as we know it today, says the regulator's press release.

"I am convinced that we have come a long way since 2013 and that our large organization now occupies a very important place at the heart of Quebec's financial ecosystem. I have given my best over the years and I am very satisfied and proud of what we have accomplished together," said Mr. Morisset.

Internal Successor Candidates For AMF CEO Role

The games remain open as to the person who will be approached to continue the governance of the Autorité des marchés financiers. Under *the Act respecting the governance of state-owned enterprises*, the Authority's CEO is appointed by the government, on the recommendation of the AMF's board of directors, taking into account the expertise and experience profile approved by the board. However, the board under the chairmanship of Robert Panet-Raymond will have to make a difficult choice.

During his speech on November 22, 2022, Louis Morrisset recalled that the Autorité had been requiring for 8 years that "non-emerging issuers highlight the representation of women on their boards of directors and their senior management teams."

With that in mind, Kim Lachapelle could logically impose herself. She has been Vice-President, Strategy, Risk and Performance at the AMF since September 2018. That is an important strategic role. Ms. Lachapelle is responsible for the AMF's integrated risk management program, as well as for monitoring, evolving, and maintaining the relevance of the organization's performance indicators, in support of the various AMF divisions.

From 2008 until her appointment to her current position, Ms. Lachapelle was Secretary General of the Canadian Securities Administrators, where she helped enhance the management and co-ordination of all regulatory projects and initiatives, as well as the development and implementation of the strategic plan.

In 2013, the AMF Board appointed Mr. Morisset as CEO after he had previously served as the regulator's Superintendent of Securities Markets. Thus, Hugo Lacroix, who has held that AMF position since January 2019, could appear as a candidate of continuity. Mr. Lacroix was one of the key players behind the January 2023 launch of the New Self-Regulatory Organization of Canada (new SRO) in the securities sector.

Among several other possible candidates, Patrick Déry has been Superintendent of Financial Institutions since February 2013. Mr. Déry chaired the Canadian Council of Insurance Regulators from March 2015 to September 2020.

Jean-François Fortin has been the Autorité's Director General of Market Control since June 2012. He previously served as Director of Inspection and Investigations from March 2009 to June 2012.

Firms' Work On New Consumer Duty Falling Short: UK's Financial Conduct Authority

British Regulator Calls Out Industry Ahead Of July 31 Deadline For New Standards

By James Langton, Investment Executive, January 25, 2023

https://www.investmentexecutive.com/news/from-the-regulators/firms-work-on-new-consumer-duty-falling-short-fca/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN&hash=6d73923380f292a40dc042b455f0fde3

In a bid to improve the treatment of clients at the hands of the financial industry, the UK's Financial Conduct Authority (FCA) is introducing a new "consumer duty" on firms that takes effect in July. However, a pre-implementation review of firms' preparations finds that some may not be ready to meet the new standards.

On July 31, a new conduct standard takes effect that the FCA calls the "cornerstone" of a major effort to elevate customer treatment and reduce the risk of harm.

With six months to go until the new duty comes into force, the FCA published the results of a review of firms' readiness to meet the new standard for new products — firms have until July 2024 to implement the new standard for existing products.

That review found that, while some firms have undertaken extensive preparations, others "are further behind in their planning," and may struggle to apply the new standard when it takes effect.

"The consumer duty will bring about a step change in the way financial services firms treat their customers and we welcome the work firms are doing to implement it. Given the scale of the reform, we recognize that some firms need to make significant changes," said Sheldon Mills, executive director of consumers and competition at the FCA, in a release.

"For firms which are further behind in making the necessary changes, there is time to put that right and for them to show that they are acting in the spirit of the new duty," he said.

To that end, the regulator called on firms to use the remainder of the implementation period to prioritize the areas that will have the biggest impact on consumer outcomes, and to adopt the changes needed to meet the new standards.

Among other things, the review found that some firms had implementation plans "that suggested firms may have considered the requirements superficially or are over-confident that their existing policies and processes will be adequate."

"Firms should ensure that, when they are reviewing their products and services, communications, and customer journeys, they identify and make the changes needed to meet the new standards," the report said.

In particular, it called on firms to ensure that they are co-ordinating work with all of their industry partners to improve customers' outcomes.

"The FCA has found that some firms need to accelerate this work to implement the duty on time," it said.

Once the duty is fully implemented, firms will see benefits too, Mills noted, "with increased trust in the sector, more flexibility to innovate, and, in time, fewer rule changes."

OTHER CAFII MEMBER-RELEVANT NEWS

TD Gears Up For Business Insurance Launch

By Jen Frost, Insurance Business Canada, January 24, 2023

https://www.insurancebusinessmag.com/ca/news/sme/td-gears-up-for-business-insurance-launch-433873.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20230125&utm_campaign=WPCW-Newsletter-20230125&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

TD has laid out ambitions to enter business insurance in 2023 and has embarked on a hiring spree for commercial-focused staff.

TD Insurance, said to be Canada's largest direct-response home and auto insurance group, has recently posted job advertisements for commercial auto and commercial property claims supervisors, commercial insurance advisors, and a senior commercial underwriter.

Its insurance arm is looking to debut small business coverage this year, TD group president and CEO Bharat Masrani confirmed in TD Banking Group's Q4 (ending October 31, 2022) earnings call.

"Our insurance business is focused on leveraging its competitive strength and intends to expand its services into an underserved market by launching small business insurance in 2023," Masrani said in the call with analysts and investors.

Insurance and wealth "significant and growing" for TD

It's a move that some brokers believe TD is likely to have been mulling for some years and comes as TD has made changes that suggest it sees its insurance and wealth business swelling in importance.

It began moving towards a new operating model in 2022 and small business insurance is a "natural extension" for significant growth, TD said in its latest annual report.

Currently, it provides personal and auto insurance through direct channels and to members of various affinity groups; over 20% of its direct-to-consumer new sales in Q4 were done digitally, Masrani told investors. Its other products include life, health, and travel coverage, with insurance having contributed revenue of $5.2 billion in 2022, a near 7% increase year-over-year.

Effective Q4, TD established a wealth management and insurance reporting segment, serving approximately six million customers across Canada and described as a "significant and growing contribution to TD's success" by Kelvin Tran, TD Bank Group senior vice president and chief financial officer, in an October 28, 2022 press release.

TD Insurance small business entry could "make a lot of sense"

Building on its personal insurance offerings, a TD Insurance entry into the small commercial would "make a lot of sense" for the business, according to Zensurance CEO Danish Yusuf.

"It's a really attractive market if you can figure out how to process it efficiently," Yusuf told Insurance Business Canada. "And competition is great for everybody – the more people you have going after a segment, the more it forces everybody to raise their game."

TD could look to start small, with micro and smaller businesses, and has an opportunity to make the most of already being a supplier to affinity groups, Yusuf said.

"It would pose a good synergy for them; they have the relationship, they know the members, if they have the authorization to market additional products, that would be a natural thing for them to go after," he said.

The market may be calling out for more competition, according to Yusuf, but the proposition would not be launching into an arena without challenges, from talent, to customer choice, to underwriting nuances.

"If they're setting up a new shop, and they have to hire 100 good people, that's a really hard thing to do – so just attracting the right talent, they're going after specific expertise, which is in high demand," Yusuf said.

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

One “challenge for direct writers across the board” continues to be being able to offer a customer the same level of choice as a broker, Yusuf said.

Should TD target rapid growth, it will also have to contend with building a book across multiple industries, sub-industries, and provinces.

“What makes small commercial really hard is, there’s millions of permutations you have to think about,” Yusuf said. “There’s a reason it’s underserved.”

Small business insurance in Canada – an underserved market

Small businesses made up just over 98% of employer businesses in Canada in 2021, employing 10.3 million individuals, according to Statistics Canada.

In a 2022 Zensurance online survey of small businesses, nearly 40% of 222 survey takers said they did not have a business insurance policy, feedback that Yusuf said at the time was “troubling.”

Ninety-three per cent (93%) of Canadian small and medium-sized enterprise (SME) owners would consider buying their next insurance product from a source other than an insurer or intermediary, with banks topping the alternatives, according to 2021 Deloitte research.

How else might Canadian small businesses look to buy their insurance?

Deloitte surveyed 502 Canadian SME business leaders on whether they might look to purchase their next policy from a source other than an insurer or intermediary. The top three alternatives were:

- Banks topped the list of likely alternative providers, with 36%
- Major technology companies (for example Google) came in second with 24%
- In a tie for third, 23% of respondents said they would consider purchasing a policy from a credit union, or from a price comparison website.

The separation of banking and insurance

Any growing role that banks could play in the future of insurance, though, would have to be within the limits of Canada’s Bank Act.

While banking groups can sell insurance products through subsidiaries, restrictions under the Act, including on in-branch sales, are intended to maintain a level of separation between banks and insurers. With a review of the Act due to occur in 2023, the 2021 federal budget proposed an extension to 2025 to consider the COVID-19 pandemic’s impact.

The legislation has been described as safeguarding “the interests of insurance consumers” by Insurance Brokers Association of Canada (IBAC) CEO Peter Braid.

Over time, “we hope to offer our clients more integrated functions with TD Bank and through online services,” TD has said on an FAQ page for customers.

“Any integration with TD Bank that we initiate in the future will comply with all of the relevant legislation,” it said in that FAQ.

Manulife’s New Preventative Care Partnership Responds To Increased Claims For Mental-Health Leaves, Overwhelmed ERs

By Clare O’Hara, The Globe and Mail, January 26, 2023

Manulife Financial Corp. is joining forces with U.S.-owned medical advisory firm Cleveland Clinic Canada in a major step in expanding the insurer’s role as it seeks to become a provider of preventative health care services for Canadians.

Canada’s largest life insurer will announce on Thursday, January 26 that it has appointed Toronto-based Cleveland Clinic Canada as the new medical director for its group benefits operations. The clinic will provide Manulife access to Cleveland’s global network of medical experts as well as conduct joint research into preventative health care.

“We as an insurer have a real unique opportunity from where we sit to be able to play a more active role in supporting Canadians in their preventative health journey,” Manulife’s head of group benefits in Canada, Ashesh Desai, said in an interview. “We’ve been on this journey for a while now on the larger role we can play in helping Canadian employers keep their employee base, and Canadians overall, staying healthier. And that means we must remove the barriers to accessing health care services and programs.”

Since the onset of COVID-19 in 2020, insurance companies rapidly expanded into the health care business as they broaden their services in group benefits beyond just processing health care and insurance claims. In recent years, some of Canada’s largest insurers have begun to offer direct access to virtual family doctors and online mental-health support.

Now, as Canada’s health care system continues to see a surge in overwhelmed emergency rooms, preventative care is growing in importance.

The Canadian Cancer Society, for instance, estimates that about 40 per cent of all cancers in Canada can be prevented through healthy living and government policies that protect the health of Canadians.

“We are really focused on shifting our role from just a claims provider to having more of a proactive role in helping Canadians actually get better health outcomes,” Mr. Desai added.

Over the past year, Manulife has run several pilot projects and new initiatives in preventative care, such as personalized medicine based on genetic testing, nudging benefits plan members toward vaccinations and flu shots, and offering an early cancer detection project through Manulife's U.S. subsidiary, John Hancock.

In a partnership with California-based Grail LLC, John Hancock clients can be screened for more than 50 types of cancer through a single blood test. (Medical results are not shared directly with John Hancock or Manulife.)

Part of Manulife's increased focus on preventative care came about in 2021, when its group benefits department saw a spike in the number of claims submitted by young Canadians for mental health sick leave and diabetes treatments.

Canadians under age 44 made up 19 per cent of workers who submitted group health claims for diabetes in 2022, up from 13 per cent in 2019, according to Manulife research.

During the same time period, the number of Canadians aged 18 to 34 going on long-term disability for mental illness increased by 22 per cent. And the number of workers in this age group submitting claims for mental health reasons – including for therapy, medication, and disability – is up 27 per cent in just the past year.

While the pandemic has increased the number of Canadians suffering from a mental health illness, putting pressure on Canadian companies to increase maximum coverage limits for mental health benefits, Mr. Desai said Manulife is still researching the reasons behind the surge in diabetes claims.

"This is scary when you see the number of individuals in Canada – and younger Canadians – that are starting to experience more health conditions," Mr. Desai adds.

"But it opens the door for us to engage more. What can we do more proactively? As claims come into us, how can we help provide more information? How can we give someone with a medical condition more guidance? How can we get them to the right medical provider? This is where aggregate data can help."

The relationship with Cleveland Clinic Canada, he says, will help drive more research on how to offer more personalized medical advice for patients.

For example: if someone submits a claim for a Naproxen, a pain relief medication, and then later moves onto a stronger pain medication, while also submitting chiropractor, massage therapy, and physiotherapy claims, that data could flag the need for additional intervention for an underlying medical condition that may be going undiagnosed.

"Cleveland may have seen interventions on a global scale that point to a recommendation for that person to have another assessment," Mr. Desai said. "That's the kind of clinical intervention that we want to be able to provide for our members. We want them to be able to get the right guidance at the right time because we don't want them to progress down a more severe clinical issue."

Read Story (Subscription Required): https://www.theglobeandmail.com/business/article-manulife-cleveland-clinic-deal/?utm_medium=email&utm_source=Market%20Update&utm_content=2023-1-26_5&utm_term=Manulife%20says%20deal%20with%20Cleveland%20Clinic%20marks%20a%20big%20step%20in%20becoming%20a%20provider%20of%20preventative%20health%20care%20solutions&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

---

Canadian Life Insurance Application Activity Declines In 2022

By The Insurance Portal Staff, January 19, 2023

The numbers are in and Massachusetts-based MIB Group Inc. has released its full year 2022 *MIB Life Index report*, showing declines of 7.2 per cent or 1.8 per cent in Canadian application activity, depending on how the data is interpreted.

The firm says the number of applications reported without indicating a product type jumped during the year. In the composite analysis, these are assumed to be life insurance products. Using this assumption, the firm says Canadian life insurance application activity finished 2022 down 7.2 per cent when compared to 2021 activity. When looking solely at submissions explicitly identified as life insurance products, activity finished 1.8 per cent lower when compared to 2021.

December activity was down 4.9 per cent, year-over-year. Throughout the year, only August saw year-over-year growth, September activity was flat, and activity declined in all other months – in the double digits from April through June. MIB says the declines can be attributed in part to corresponding growth, particularly in the second quarter of 2021.

In 2022, activity for ages 61 through 70 ended flat while all other age bands showed declining application activity.

"The most consistent patterns were for ages 31 to 50, which had the lowest performance across age bands for all months except December, and ages 61 to 70 which had the highest performance for eight out of 12 months," they write. The firm added that applications made for policies up to and including $500,000 made up more than 67 per cent of total activity. Double-digit declines in the number of applications made for these lower face amounts were offset by double-digit growth in applications for face amounts over $1-million. Despite this, the composite still declined overall in 2022.

By product, universal life made up 12.1 per cent of all application activity in Canada, whole life represented 25.9 per cent, and term life represented 32.2 per cent. "The remaining 29.9 per cent reflects activity where a product type was not provided to MIB," they write. They add that universal life application growth was significant during the year, jumping 26 per cent. Whole life activity declined 1.9 per cent and term life activity decreased 9.2 per cent.

Read Story (Subscription Required): https://insurance-portal.ca/life/life-application-activity-declines-in-2022/?utm_source=sendinblue&utm_campaign=daily_complete_202301-23&utm_medium=email

Swiss Re Starts 2023 With New Name In Canada

By Canadian Underwriter Staff, January 3, 2023

[*Swiss Re starts 2023 with new name in Canada (canadianunderwriter.ca)*]

A new year, a new name.

Swiss Re Corporate Solutions received regulatory approval from the Office of the Superintendent of Financial Institutions (OSFI) to establish a Canadian branch of Swiss Re Corporate Solutions America Insurance Corporation (SRCSAIC).

The new branch became operational on January 1, 2023.

The change transfers existing operations of the Canadian branch of Westport Insurance Corporation, including new and renewal business, to the new corporate entity now known as Swiss Re Corporate Solutions America Insurance Corporation – Canadian Branch.
In February 2022, Swiss Re Corporate Solutions said it had filed an application with regulators to establish a Canadian branch of North American Specialty Insurance Company (NAS) and transfer operations to that branch, including new and renewal business, from its existing Westport branch.

Those changes are part of an effort launched in early 2021 to streamline the legal entity structure of its North American business and establish SRCSAIC as the company's flagship on the continent.

Establishment of the Canadian branch will reduce complexity and optimize capital efficiency to facilitate some strategic growth, the company said in a February 2022 press release.

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

The Ongoing Rise Of Open Financial Data And The Impact On Financial Institutions

Chrisol Correia Highlights The Impact Of Open Financial Data And How It Has Impacted Financial Institutions And Their Customers

By Chrisol Correia, Global Head, Financial Crime Risk Management, Facctum, December 20, 2022

https://www.retailbankerinternational.com/comment/chrisol-correia-impact-of-open-financial-data-expert-comment/

One of the most significant new trends that financial institutions are exploring is the rise of Open Finance. This is widely considered to be the next stage in the financial data revolution set in motion by Open Banking.

Open Banking is a concept founded on APIs that mandates banks to share financial information about themselves and their customers with third parties, provided their customers have consented to this. The aim was to improve competition, by allowing start-ups and fintechs to better understand customer profiles, and therefore craft products and services ideally tailored to their needs. The results have been impressive. In March 2022, there were 128 fully regulated firms with Open Banking-enabled products and services available in the UK market. Perhaps more importantly, the Open Banking Implementation Entity (OBIE) reported that most users of Open Banking apps say they're "helping them resolve their biggest financial challenges."

Open Finance is taking this idea one step further. It's a wider concept which forces not just banks to share data, but also insurers, wallets, pension funds, fintechs, and other financial service providers – essentially taking the principles of Open Banking to a much wider ecosystem. The idea is that the more widespread exchange of data, within a well-regulated and governed environment, will improve innovation. With more data available for analysis and interpretation, regulators hope that traditional actors and newer entrants will devise new or improved products and services that improve the customer experience.

Bringing new benefits

Analysis from McKinsey suggests that the impact of Open Finance could be considerable. They have argued that "the boost to the economy from broad adoption of open-data ecosystems could range from about 1 to 1.5 percent of GDP in 2030 in the European Union, the United Kingdom, and the United States, to as much as 4 to 5 percent in India." McKinsey also believes that "all market participants [will] benefit, be they institutions or consumers." But what could these positive impacts be?

At its heart, Open Finance aims to democratise financial services. By removing a range of market entry barriers to new players, facilitating greater price transparency and improved price comparisons, Open Finance could greatly improve competition. Building on the success of Open Banking, this new era could see even more choice for consumers, lower prices, and better value. The innovation that Open Finance could encourage, for example in the credit space, could also drive improved financial inclusion.

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

Just as consumers are set to benefit, financial institutions are too. For one, lower prices could mean reduced best execution costs in trading. But Open Finance can also add value across the business model, in particular when it comes to operational efficiency. After all, most data is currently still located in physical documents or digital documents in unconnected places. To locate these documents requires a large amount of time-consuming manual work. Open Finance removes the need to do this, cutting costs and making it easier to adopt automation technologies. This could improve efficiency and allow customers to benefit from a faster, more effective service.

With automated solutions also comes better fraud protection. Open Finance provides real-time access to customer data, thereby supporting more advanced techniques to identify fraud and mitigate its risks. Indeed, more data provides more evidence, and more clues of potentially suspicious activity. The result could be that the cost imposed on corporations by fraud – estimated globally to be more than $4.5 trillion each year – comes drastically down.

The same is true of compliance and risk management. By facilitating the adoption of high-quality technology and leveraging the power of connectivity, Open Finance helps streamline the onboarding process. This not only offers a quicker and more seamless customer experience, but helps financial institutions benefit from a more data-driven approach to risk management. When it comes to making credit decisions, Open Finance also allows financial institutions to verify the information their customer has provided – and therefore accurately establish their risk profile. An abundance of data combined with best-in-class technological solutions can help institutions make important decisions with less risk involved.

Automation = efficiency

Open Finance can also add value by making internal business practices much more efficient. When greater amounts of data are more readily available, that means that institutions can analyse customer activities thoroughly. Having interpreted what the data is saying, they can then ensure that employees are working on the most profitable tasks. There's little point spending large amounts of time monitoring low-risk customers who consistently meet their repayment deadlines. But there is a point in focusing valuable time and resources on those with a higher-risk profile. Managing the workforce in this way, by leveraging the power of open data, promises to significantly improve efficiency and, ultimately, the bottom line.

The power of this new phenomenon all comes down to improved customer knowledge. With Open Finance, financial institutions benefit from a much richer, more contextualised view of each individual's finances than that previously provided by Open Banking. With good analytics and technology, although subject to strict data privacy regulation, this information can be interpreted in highly useful ways.

More data means institutions can provide better, more personalised services, helping to make the customer experience more enjoyable, seamless, and efficient. Open Finance has equally positive ramifications for financial institutions themselves. Boosting operational efficiency, creating more efficient compliance procedures, and putting in place more effective risk management practices are just some of the benefits that could be on offer.

We're only at the beginning of the new Open Finance journey. But there's every reason to be optimistic about what the future could hold for financial institutions that embrace this new era.

UPCOMING CAFII MEMBER-RELEVANT WEBINARS AND EVENTS

International Stakeholder Webinar On "IAIS' Work On Diversity, Equity and Inclusion In The Insurance Industry"

Dates: Thursday, February 9, 2023
Time: 7:00 a.m. – 8:00 a.m. EST

On February 9, 2023 at 13.00 – 14.00 CET (7.00 AM – 8.00 AM EST), join

- the Financial Services Regulatory Authority (FSRA)'s Mark White, Chair of the Market Conduct Working Group at the International Association of Insurance Supervisors (IAIS);
- Helen Rowell - IAIS DEI Champion; and
- Anna Jernova - IAIS Chair of the Governance Working Group

at an international stakeholder session on diversity, equity and inclusion (DEI) in the insurance industry.

Bring your expertise and Canadian presence to the international stage with the opportunity to influence discussions on DEI. Stakeholders will be invited to raise ideas and feedback to help the IAIS take forward the two new projects on DEI in 2023 that intend to examine:

- the link between DEI within an insurers' institution and its governance, risk management and corporate culture; and
- how DEI considerations in insurers' conduct of business, and in their supervision, may result in fairer treatment of consumers who are vulnerable, under-served or have different needs in comparison with a normative or majority consumer profile.

The purpose of this session is to give an overview of the IAIS' work on DEI in the insurance sector and to receive input from stakeholders to inform the IAIS' next projects on DEI. The IAIS recently published a DEI 'stocktake report' in December 2022 which highlights DEI work being undertaken by insurance supervisors and industry members across the world. An overview of the report and planned future DEI projects will be given at the session.

The session will be interactive and invite comments from participants. A small number of questions will be circulated in advance to registered participants.

Register here

The Fasken Spark Series Web Seminar: How to Be an Antiracist

Dates: Monday, February 13, 2023
Time: 11:50 a.m. – 1:05 p.m. EST
08:05 a.m. – 10:05 a.m. PST

This Fasken Series brings notable guests to share their experiences and explore ideas around equity, diversity and inclusion in the legal industry and beyond.

As part of our efforts to honour Black History Month and move towards a more equitable future, we invite you to join us for a conversation with New York Times best-selling author and activist Dr. Ibram X. Kendi.

Dr. Kendi has written several best-selling books on equity, race and justice. In 2020, he was named as one of the 100 Most Influential People in the world by Time Magazine. He is a Professor at Boston University, as well as the Founding Director for the University's Center for Antiracist Research.

How to Be an Antiracist, Kendi's award-winning memoir first published in 2019, with an updated edition coming in early 2023, has been called "the most courageous book to date on the problem of race in the Western mind" by the New York Times.

In a conversation hosted by Sandeep Tatla, Chief Equity, Diversity, and Inclusion Officer at Fasken, Dr. Kendi will share:

- What it means to be antiracist
- How to go beyond an awareness of racism to the next step of uprooting racism
- The growth in his thinking since 2019, including his work at the Center for Antiracist Research, and
- How members of the legal profession can help address systemic racism

Please note that the session will be held in English. Live French translation will be available.

To learn more about Dr. Kendi click here.

Register Here

Canadian Club Toronto Webinar Panel of Chief Executives on 'Securing Canada's Immigration Advantage'

Dates: Tuesday, February 14, 2023
Time: 11:45 a.m. – 1:30 p.m. EST

Canada's ability to attract talent from every corner of the globe is one of our country's greatest competitive advantages.

But are we doing enough to ensure newcomers can contribute to their full potential?

Join Canadian Club Toronto on February 14th for a timely discussion with three leading chief executives on how their businesses support newcomers and what the private sector, communities and governments can do together to secure Canada's immigration advantage, featuring:

- Victor Dodig (CIBC),
- Penny Wise (3M Canada),
- Martin Basiri (ApplyBoard),
- Goldy Hyder (Business Council of Canada), with
- Patrick Brethour (The Globe and Mail)

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.

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

Register Here

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