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CAFII ALERTS WEEKLY DIGEST: July 22 to July 29, 2022

July 29, 2022

The CAFII Alerts Weekly Digest is intended to provide a curated compendium of news articles, analyses, editorials, and opinion commentary on insurance, regulatory, business/industry/economic, and societal topics of relevance to CAFII Members – drawn from domestic and international industry trade press and mainstream media – to aid in Members' awareness of the spectrum of recently published media content in those areas. Inclusion of a news article, analysis piece, editorial, or opinion column in the Weekly Digest in no way implies CAFII's support or endorsement of the interpretations, analyses, views, and/or opinions therein.

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GOVERNMENT LEGISLATION AND STRATEGY NEWS

Feds Request Ideas For Dental Care Program From Industry

By Laura Osman, The Canadian Press, July 26, 2022

https://www.insurancebusinessmag.com/ca/business-news/feds-request-ideas-for-dental-care-program-from-industry-414409.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220726&utm_campaign=IBCW-MorningBriefing-20220726&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

The federal government has asked the private sector to weigh in on how companies could play a role in Canada's national dental care plan.

The Liberals set aside $5.3 billion over the next five years to launch a dental care program for uninsured low- and middle-income families.

They have committed to starting with kids under the age of 12 in households with an annual income of less than $90,000 by the end of this year, with plans to extend coverage to under-18-year-olds, seniors, and persons living with disabilities in 2023.

The program is a key part of the confidence and supply deal the Liberals signed with the NDP to stave off a potential election until June 2025.

NDP health critic Don Davies said in a statement that the two parties recently agreed on an implementation plan for national dental care that includes learning from “stakeholders with expertise in claims processing.”

The government issued a formal request for information, seeking input from industry players between now and August 22.

“Canada is exploring different models to deliver on this commitment - including a federal direct-delivery option, whereby Health Canada would deliver the program itself with the support of one or more third-party benefits providers,” the government said in the document.

The government could also give cash to the provinces along with a list of coverages they have to provide.

Health Minister Jean-Yves Duclos reiterated that the government hasn't yet settled on which form the program will take. The responses from various companies, along with consultations with provinces and territories, will inform federal decisions about how to proceed, he said.

The NDP and Liberals agreed that the program would be expanded to include all uninsured family members under the $90,000 income threshold before the term of the deal runs out.

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In the request-for-information document, the government estimates that seven to nine million Canadians would be eligible for the program once it's fully phased in. If the Liberals contract the program out to a private firm, there would be a six-month start-up phase between when the contract was awarded and when it would begin.

That would make it impossible for the Liberals to meet the end-of-year deadline to fulfil their promise to the NDP in the confidence and supply agreement between the two parties.

In the document, the government asks companies to explain whether they have the capacity to handle claims from the millions of Canadians who will qualify for coverage.

The Liberals also want to know if an “off-the-shelf” insurance plan already exists that the government could adapt to suit its needs, and how quickly that could come together.

The document asks companies to answer key questions, such as what basket of services should be covered and how the program could be best delivered.

The government has also solicited advice about how to handle the complicated industry landscape, which includes provincial and territorial programs and private insurers.

REGULATOR/POLICY-MAKER NEWS

UK Financial Conduct Authority’s New Consumer Duty Will Lead To A Major Shift In Financial Services

Press Release by UK Financial Conduct Authority, July 27, 2022

https://www.fca.org.uk/news/press-releases/fca-consumer-duty-major-shift-financial-services

The Financial Conduct Authority (FCA) has confirmed its plans to bring in a new Consumer Duty, which will fundamentally improve how firms serve consumers. It will set higher and clearer standards of consumer protection across financial services and require firms to put their customers’ needs first.

The Duty is made up of an over-arching principle and new rules which firms will have to follow. It will mean that consumers should receive communications they can understand, products and services that meet their needs and offer fair value, and that they get the customer support they need, when they need it.

Clarity on our expectations and firms focusing on what their customers need should lead to more flexibility for firms to compete and innovate in the interests of consumers.

The Duty forms part of the FCA's transformation to becoming a more assertive and data-led regulator. With firms assessing how they're meeting their customers' needs, the FCA will be able to quickly identify practices that don't deliver the right outcomes for consumers and take action before practices become entrenched as market norms.

Sheldon Mills, FCA Executive Director of Consumers and Competition, said "The current economic climate means it's more important than ever that consumers are able to make good financial decisions. The financial services industry needs to give people the support and information they need and put their customers first.

"The Consumer Duty will lead to a major shift in financial services and will promote competition and growth based on high standards. As the Duty raises the bar for the firms we regulate, it will prevent some harm from happening and will make it easier for us to act quickly and assertively when we spot new problems."

The Duty will include requirements for firms to:

- end rip-off charges and fees;
- make it as easy to switch from or cancel products as it was to take them out in the first place;
- provide helpful and accessible customer support, not making people wait so long for an answer that they give up;
- provide timely and clear information that people can understand about products and services so consumers can make good financial decisions, rather than burying key information in lengthy terms and conditions that few have the time to read;
- provide products and services that are right for their customers; and
- focus on the real and diverse needs of their customers, including those in vulnerable circumstances, at every stage and in each interaction.

The FCA is giving firms 12 months to implement the new rules for all new and existing products and services that are currently on sale. The rules will be extended to closed book products 12 months later, to give firms more time to bring these older products, that are no longer on sale, up to the new standards.

Distribution Without A Representative: AMF Sues A Used Vehicle Dealer

By Alain Castonguary, Insurance Portal, July 18, 2022

On July 15, the Autorité des marchés financiers announced that it was launching criminal proceedings against auto dealer H. Grégoire and six of its employees for breaches of Quebec`s distribution without a representative laws.

According to the AMF's investigation, H. Grégoire and some of its employees committed several offences in connection with the distribution without a representative of insurance products on the life, health, and loss of employment of a debtor (VSPED) during the sale of used motor vehicles.

The company itself is facing 14 charges. H. Grégoire is mainly accused of having exerted undue pressure or having used fraudulent maneuvers to encourage customers to obtain an insurance product (12 counts).

The dealer allegedly failed to disclose to customers the remuneration received for the sale of an insurance product when it exceeded 30% of the cost of the product. Further, the company allegedly failed to provide customers with the notice provided for in section 440 of the Act respecting the distribution of financial products and services (ARDFPS), which states that the consumer may cancel the policy within 10 days of signing (one count).

The six employees face similar charges. Each of them is accused of failing to describe an insurance product to customers and to inform them of the exclusions of coverages of the same product (one count).

They are also accused of exerting undue pressure to sell an insurance product. Patrick D'Onofrio is charged with three counts related to this charge, while Ali Khalil, Fearley Exama and Nabil Bouras are charged with two counts of the same nature. Finally, Donatina Cordone and Pascale Favreau are each facing a charge related to the same breach.

Reports made to the AMF by consumers included that the product was sold without consent or that it was presented as mandatory to complete the transaction.

Following the registration of the respondents' pleas, it will remain for the court to review the evidence and determine whether penalties are required.

A Concern That Persists

At the end of 2020 in its 2019 Insurer Disclosure Analysis Report — Offering insurance products through car dealerships, the AMF expressed its concerns related to auto dealers` remuneration related to replacement insurance (FPQ #5) in damage insurance and related to the sale of VSPED in the insurance of persons.

In February 2021, the Regroupement des cabinets de courtage d'assurance du Québec (RCCAQ) asked the government to review the application of the FPQ #5 distribution method at car dealerships.

In May 2021, Location Accès Crédit, a company specializing in financing loans for the purchase of an automobiles, was sanctioned with a penalty of $75,000.

Compliance with the regulatory framework surrounding distribution without a representative also appears to be problematic. Insurers have been called to order and promised to correct their business practices.

A Mont-Joli dealer is being prosecuted for breaches similar to those alleged against H. Grégoire. Another lawsuit concerning the same dealer was dismissed by the court and the AMF has appealed that decision.

Another dealership in Sainte-Thérèse-de-Blainville, specializing in the sale of all-terrain vehicles, is also the subject of a criminal prosecution.

On July 15, the AMF entered into an agreement with Industrial Alliance in connection with its distribution activities without a representative for two separate files. The second file concerns Location Accès Crédit.

Read Story (Subscription Required): [Distribution without a representative: a used vehicle dealer sued - Insurance Portal (portail-assurance.ca)]

AMF Sanctions Industrial Alliance With Order And Administrative Fine

By Alain Castonguay, Insurance Portal, July 21, 2022

The Autorité des marchés financiers (AMF) has reached an agreement with Industrial Alliance Insurance and Financial Services (Industrial Alliance) in connection with its distribution without a representative (DWR) activities, in two separate cases.

The agreement was signed on June 28 and announced in a press release on July 15. As part of its monitoring efforts, the AMF noted various issues related to the distribution of the insurer's insurance products by car and recreational and leisure vehicle (RV) dealers.

The issues identified in the agreement include:

- the time frame for the receipt of commissions by dealers in connection with the insurance products distributed;
- the insurer's supervision of the dealers who distribute its products; and
- pricing of debtor's life, health and loss of employment (LHLE) insurance products and the eligibility period for these products for certain consumers.

The AMF found that Industrial Alliance`s particulars were inconsistent with insurers' obligation to follow sound business practices and sound and prudent management practices. Accordingly, under the agreement with the AMF, Industrial Alliance has agreed to the following orders:

- implement new time frames for the receipt of commissions related to products distributed without a representative;
- implement enhanced internal control mechanisms for the prevention, detection, and correction of non-compliant situations at its distributors; and
- annually provide the AMF with an independent opinion by its internal audit function on the adequacy and effectiveness of internal controls that allow proper supervision of distributors.

Corrective Measures In Place

Since receiving the notice of the order, the insurer has already begun to implement the requested corrective actions. For one, the pricing system for life, health and loss of employment insurance products has already been modified.

In addition, because Industrial Alliance already has a refund process in place to limit the impacts on consumers who were not eligible for insurance for the full duration of coverage for LHLE products, the AMF ordered Industrial Alliance to provide proof of all refunds made since 2012.

The AMF's order acknowledges the measures put in place and the insurer's commitments to continue implementing certain other measures.

Access Credit Leasing

The regulator and the insurer reached a second agreement in a separate matter concerning its DWR activities involving the alternative financing company Access Credit Leasing (LAC).

Industrial Alliance has agreed to pay an administrative fine of $56,250 for failing to properly supervise the distribution of certain insurance products by LAC, which operated through several dealerships.

The insurer is responsible for the breaches committed under the Act respecting the distribution of financial products and services (ADFPS) and the Regulation respecting Alternative Distribution Methods.

In addition, Industrial Alliance has undertaken not to offer insurance products of any kind, directly or indirectly, through LAC, its officers, or any other company in which these officers are shareholders. This commitment is in effect until April 28, 2026.

On April 28, 2021, LAC had agreed to pay an administrative fine of $75,000 for violating the ADFPS in connection with similar insurance distribution failures.

LAC was previously sanctioned in 2017. It was also required to compensate 891 clients who purchased an insurance product between April 18, 2011 and June 27, 2012. Consumers who dealt with Accès Crédit Leasing during this period may consult the register of unclaimed property on the Revenu Québec website to determine if they are entitled to a refund.

Read Story (Subscription Required): https://insurance-portal.ca/life/industrial-alliance-receives-order-and-administrative-fine/?utm_source=sendinblue&utm_campaign=daily_complete_202207-22&utm_medium=email

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Being An 'Advisor' Could Become Tougher In Saskatchewan

The FCAA Consults On An Approach That Would Deviate From Ontario's New Title Rules

By James Langton, Investment Executive, July 25, 2022

https://www.investmentexecutive.com/news/from-the-regulators/being-an-advisor-could-become-tougher-in-saskatchewan/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

Regulators in Saskatchewan are considering tougher proficiency requirements for financial advisors, which could benefit clients but would also pull the regime further away from Ontario's new rules.

The Financial and Consumer Affairs Authority of Saskatchewan (FCAA) is seeking fresh feedback on several aspects of its proposed rules that would govern use of the "financial planner" and "financial advisor" titles.

Following its initial consultation on these rules in July 2021, the FCAA is now considering whether to beef up its expectations for representatives who want to call themselves "financial advisors" by introducing educational expectations in certain technical areas that would take them closer to the proposed standards for "financial planners."

"The technical knowledge requirement will include knowledge and competency in all of the same core financial technical areas as the [planners] (i.e., estate planning, tax planning, retirement planning, investment planning, finance management, and insurance and risk management)," the regulator said in a notice outlining the latest version of its proposals.

Under that approach, the key difference between the two titling standards would be that planners will require competency in developing and presenting integrated financial plans, while advisors will be expected to be competent in providing suitable recommendations regarding "broad-based financial and investment strategies."

The FCAA said this approach would provide "better alignment" between advisor proficiency standards and client expectations, and would also line up better with existing regulatory frameworks. However, this change would deviate from Ontario's new title rules.

"This may result in different standards to meet and may mean that credentialing bodies would need to develop different education programs," the FCAA said, adding that, under this approach, representatives who meet the advisor standard in Ontario may need additional qualifications to also meet Saskatchewan's requirements.

In turn, this could have other consequences, the consultation suggested: "This might lead to fewer approved [advisor] credentialing bodies in Saskatchewan and fewer options for consumers or investors to obtain financial advice."

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Alongside questions about its basic approach to proficiency standards, the consultation also seeks feedback on disclosure requirements for advisors, the regime's fee model, and its implementation plan, among other issues.

The latest proposals are out for a 60-day comment period, ending September 20.

OSFI Releases Final Insurance Capital Guidelines For IFRS 17

By Canadian Underwriter Staff, July 21, 2022

[OSFI releases final insurance capital guidelines for IFRS 17 (canadianunderwriter.ca)]

On July 21, the Office of the Superintendent of Financial Institutions (OSFI) released final insurance capital guidelines updated to reflect implementation of International Financial Reporting Standards 17 (IFRS 17).

"These guidelines recognize the improvements in the new international accounting standard of increased transparency and comparability of risks across the global insurance industry," OSFI said in a press release.

Specifically, OSFI released the final Minimum Capital Test (MCT) 2023 guideline, reporting forms, and instructions that will come into force on January 1, 2023.

Key revisions to the MCT 2023 guideline include:

- Adapting it for IFRS 17 Insurance Contracts, including the use of concepts and measurements of insurance liabilities (for example the new guideline uses 'liabilities for incurred claims' instead of 'unpaid claims').
- Adjusting requirements in respect of claims liabilities to maintain the overall level of required resources to protect policyholders.
- Specifying credit risk requirements in a manner consistent with IFRS 9 Financial Instruments.
- Establishing principles for allocation methods used for capital purposes.

Further, in keeping with IFRS 17 requirements for reinsurance, the MCT 2023 sets out OSFI's expectation that insurers obtain a supervisory approval for any new or existing intra-group reinsurance pooling arrangements.

"The completion of this work is a significant milestone towards insurers implementing a new global accounting standard," Amar Munipalle, executive director of OSFI's risk advisor hub said in a letter to federally regulated property and casualty insurers.

"We would like to acknowledge the extensive engagement with the insurance industry throughout this multi-year project to update the MCT framework for IFRS 17."

Munipalle's letter also included an appendix supplying OSFI's responses to a range of insurance industry questions; and comments on topics ranging from allocation principles, insurance acquisition cash flows, future cash flows, unexpired coverage, unregistered reinsurance, provincial risk-sharing pools, net premiums received, premiums written, and more.

Hitting the Road? Check Your Insurance, New Hampshire Regulator Warns

By Shawne Wickham, New Hampshire Union Leader, July 23, 2022

The New Hampshire Insurance Department (NHID) has released a "travel advisory" to help consumers avoid insurance issues while traveling this summer.

The NHID said consumers need to read the fine print of their travel insurance policies. "These policies are extremely detailed as to the exact situations that they will and will not cover, and do not provide broad grants of coverage," the regulator said.

Additionally, when renting a car, consumers should contact their own auto insurer to make sure they don't pay for unnecessary duplicate insurance coverage, NHID said.

Insurance Commissioner Chris Nicolopoulos said, "Even when they're on vacation, our goal at the NHID is to help Granite Staters manage risk in a changing world. We urge consumers to review our travel advisory so they can make the right insurance decisions when planning summer travel."

Read Story (Subscription Required): https://www.unionleader.com/nh/travel/hitting-the-road-check-your-insurance-state-agency-warns/article_6697f9c3-952d-594c-827d-7f381f800d7c.html

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DIVERSITY/INCLUSION/FIGHTING SYSTEMIC RACISM NEWS

Is It Time For Banks To Scrap Gender References?

HSBC Says Collecting Gender Data Is Irrelevant To Many Product Lines

By William Shaw and Eileen Gbagbo, Bloomberg News, July 26, 2022

Is it time for banks to scrap gender references? | Wealth Professional

HSBC Holdings Plc's UK unit is planning to stop collecting data on the gender of its customers across some products as the bank pursues more inclusive services for non-binary and trans people.

The bank has begun removing references to gender in some products including HSBC Kinetic, its mobile first banking business account, and its new tool for mortgages in principle, according to a company spokeswoman. The move is part of a wider review into the inclusivity of its offerings and further changes are being explored.

"The concept of gender is evolving at a societal level, and we're looking at how it's relevant for our sector," Jimmy Higgins, co-chair of HSBC's UK Pride Employee Network, said in emailed comments. "There is no reason we should be capturing information for a bank account or a loan if it's not relevant."

Banks are taking steps to better accommodate trans identities in their products amid an increasingly heated debate over gender in the US and UK. Bank of Montreal in recent months began offering bank cards aimed at non-binary people, following a similar move by Citigroup Inc.

Such moves have stoked tensions. British lender Halifax last month tweeted "Pronouns matter. #ItsAPeopleThing." After a row on social media, the firm encouraged customers unhappy with the position to leave.

Pronouns matter. #ItsAPeopleThing pic.twitter.com/vj9UdlBnLy
— Halifax (@HalifaxBank) June 28, 2022

Firms that take a bold stance on gender identity will need to stand firm when challenges arise, said Matt Cameron, founder and global managing director of LGBT Great, an organization that works with firms including Citigroup and BlackRock Inc. But he added that increasing numbers of young people are identifying as LGBT+. "Organizations that are bold on LGBT+ inclusion will be those that build more trust, attract broader talent, and appeal to a broader customer base."

Gender Discrimination

The move to cease collecting gender data raises the question of how best to track other forms of discrimination. There have long been complaints that women find it harder to access credit than men, and Credit Karma said last year that women pay £16,913 ($20,318 US) more than men to borrow over a lifetime.

Many couples take out loans and mortgages in the male partner's name, meaning women have less credit history, even when they work full-time and contribute to the bills, said Akansha Nath, Credit Karma's head of partnerships for UK and Canada. "At the point when a person is going to a bank and saying they need to borrow X amount, all these biases have already impacted."

HSBC has research programs in place to track the inclusiveness of its products without necessarily capturing that information from every customer. It is monitoring the situation and may adjust its approach in relevant cases.

Legacy Systems

The British lender has already simplified its procedures for changing names to make things simpler for trans customers, and has removed the labels "husband" and "wife" and replaced them with "spouse."

That's no small feat in banking, where legacy systems can make accommodating changes more difficult, according to Bobbi Pickard, chief executive officer of Trans in the City, whose members include Citigroup and JPMorgan Chase & Co. When Pickard changed her name four years ago, some banks made the process easy, while others insisted on notarized deed polls.

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That's slowly changing. Citigroup announced a collaboration in 2020 with MasterCard that enables non-binary people to use their chosen name on credit cards, which have since been used by more than 26,800 people. Bank of Montreal became the first financial institution in Canada to offer the service and is now considering extending it to debit cards in Canada and credit cards in the US.

Research found that 90% of transgender Canadians have had to use an ID with a name or gender that did not match their presentation, and 43% have been verbally harassed.

Customers apply for the card with their legal name, which is used for identification verification. Once approved, they can contact BMO and ask for a new card with their preferred name.

"One customer was brought to tears that BMO would have this feature," Jennifer Douglas, BMO's head of North American retail and small business payments, said in an interview.

NEWS ABOUT CAFII MEMBERS AND/OR THEIR PARENT COMPANIES

Big Banks Dominate List Of Most Trusted Financial Brands, Upstarts Make Headway With Support From Young People

Opinion By Rob Carrick, The Globe and Mail, July 25, 2022

Toronto-Dominion Bank and Royal Bank of Canada are the country's most trust financial brands, but with complications.

It's mainly baby boomers who voted for them in an informal survey of 1,124 people conducted recently through the Carrick on Money newsletter. Among Gens X, Y and Z, there is more openness to trusting upstart brands in finance.

The investment company Wealthsimple did particularly well with young adults, while the online player EQ Bank beat all the big banks for percentage of support among millennials and Gen Z.

For alternative banks and investment firms, trying to make inroads against the big banks is like running in sand. But the survey results, unscientific as they are, suggest that alt finance is building a base of trust. The upstarts that can afford to play the long game may yet become dominant players.

Still iffy on dealing with financial companies outside the galaxy of big banks? Consider that young people, the ones most discerning about technology and apps, trust upstart banks and investment companies. It's time for the rest of the population to give them a try as well.

TD topped the most trusted list with 200 votes, while RBC was close behind at 190. Three other big banks were next, followed by an aggregate of support for smaller credit unions. Then came EQ, Tangerine, Wealthsimple and a pair of large credit unions, Ontario's Meridian and B.C.'s Vancity. Thirty people answered "none" to the question of which financial company they trusted most.

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A total of 327 votes went to a variety of smaller companies, including the online bank (and Canadian Imperial Bank of Commerce subsidiary) Simplii Financial, independent mutual fund companies Steadyhand and Mawer, the investment company Vanguard, investment dealer Edward Jones, online broker Questrade, insurance giant Manulife Financial, and American Express.

A few individuals got a shout out from survey participants. Among them were John Heinzl, The Globe and Mail's long-time dividend investing expert, financial planners Natasha Knox, Rona Birenbaum and Shay Steacy, and portfolio manager Larry Berman.

Boomers and seniors dominated the survey's demographics with a share of 73 per cent, Gen Xers accounted for 15 per cent, millennials (also known as Gen Y) and Gen Z were at 10 per cent with the small remainder comprised of people who didn't specify their age. Even with the comparatively small sample for younger people, it's clear that they're more open-minded about trusting non-bank brands.

For TD and RBC, the overall trust leaders, a respective 82 and 79 per cent of their most trusted votes came from boomers and seniors. By contrast, Wealthsimple found its way onto the most trusted list thanks to voting that respectively skewed 84 per cent to Gen X, millennials, and Gen Z. EQ got close to half its support from younger generations.

Survey participants were invited to leave comments and several used the opportunity to express loyalty to a particular company:

- *"This will be the bank of choice for the rest of my life," a 60-year-old in Ontario said of BMO.*
- *"I'd stay for life," a B.C. resident said of Coast Capital Savings, a B.C. credit union.*
- *"They put my interests above their own," an Ontario client of TD wrote.*
- *"They care about me more than their profits," an Alberta Wealthsimple client said.*
- *"You make me trust capitalism," an Ontario client of Sun Life Financial said.*

A sample dissenting view from a resident of Manitoba: "I don't trust any financial company enough to say."

Big banks have a trusted franchise with all generations that has long helped them fend off and – let's be honest – kill off competitors in banking and investing. But the level of trust which younger generations show toward companies such as Wealthsimple and EQ Bank suggests we're at an inflection point.

Bank competitors, there's hope. Bank clients, you have alternatives.

Read Story (Subscription Required): https://www.theglobeandmail.com/investing/personal-finance/article-big-banks-dominate-list-of-most-trusted-financial-brands-upstarts-make/?utm_medium=email&utm_source=Top%20Business%20Headlines%20Evening%20Edition&utm_content=2022-7-25_18&utm_term=Big%20banks%20dominate%20list%20of%20most%20trusted%20financial%20brands%2C%20upstarts%20make%20headway%20with%20support%20from%20young%20people&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

Credit Unions Compete With Big Banks In Race To Attract Younger Canadians

By Leah Golob, The Canadian Press, July 26, 2022

https://kitchener.citynews.ca/national-business/credit-unions-compete-with-big-banks-in-race-to-attract-younger-canadians-5623820

Kayla Rourke's first banking experience was with Conexus Credit Union, but she left to try the Bank of Nova Scotia in her teens, hoping to take advantage of the Scene points program to earn free movie tickets.

She later tried another bank or two but eventually, the 29-year-old Regina-based teacher returned to Conexus five years ago because of its no-fee chequing account, customer service, and focus on helping local communities. In 2021, for example, the credit union reinvested more than $1.9-million back into Saskatchewan communities through their Community Investment Program.

"I feel really happy staying with a credit union because I want to make life better where I live," Ms. Rourke said.

"It feels like at a bank I'm always trying to be sold something," she added. "I feel like at a credit union, I've had such good discussions on how to build wealth or save for particular goals while keeping it realistic. I love how they've checked in with me to see how it's going. I feel like at a bank I was a customer and at a credit union, I feel like a client."

Disha Soni, a 32-year-old self-employed financial advisor, said in her case it made more sense to go with a bank rather than a credit union because they're well-known around the globe and have many physical branches.

"They are well-established and I had more confidence giving them my money," she said. Ms. Soni, who immigrated to Ottawa in November 2021, was also attracted by the offers that banks have for newcomers.

In recent years, the Canadian Credit Union Association has been promoting credit unions to millennials and Generation Z. According to a report entitled Credit unions and millennials, published by MNP, attracting and retaining millennials and Generation Z is vital to sustaining the Canadian credit union system, especially as it faces an aging member base.

Ipsos's Customer Service Index survey conducted over 2021 revealed that 59.2 per cent of credit union members are over the age of 55. Only 12 per cent of credit union members, on the other hand, were 18- to 34-years-old.

With banks, the survey showed that 17.5 per cent of customers are 18 to 34 and 45.6 per cent of customers are 55 and over.

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Annette Bester, national leader of credit union services at MNP, said there's a lot of education that needs to be done around credit unions to spread awareness on what they are and what they do. This awareness can vary by geography, she said.

For example, while credit unions are more known in parts of the country such as Saskatchewan, there may be less awareness in Ontario, where most of the country's major banks are headquartered.

There are some misconceptions about credit unions, such as if you join a credit union that operates in one province, you won't be able to access funds elsewhere if you're travelling, Ms. Bester said.

"Credit unions have access to ATM networks across the world and they've got mobile banking apps. They've got all the same things that the big banks do but maybe it's not known," she explained.

Credit union members can use any ATMs that belong to the Exchange Network free of charge, but will have to pay a surcharge for using ATMs that are not part of the network.

Pamela George, a financial literacy counsellor at Sand Dollar Financial Literacy, said the biggest downfall for credit unions is that they don't have a big budget for marketing like banks do.

Otherwise, both Ms. George and Ms. Bester believe that the not-for-profit, community-focused nature of credit unions would be appealing to young people if they understood more about how they worked.

For example, customers of credit unions are called members, and profits go back to the credit union to help set up better interest rates and lower fees for members, Ms. George said.

Where banks have the upper hand is with better technology on their apps and websites. They lead the way in this area, Ms. George said.

When deciding the right fit for them, young people will have to weigh digital technology and the availability of physical locations Canada-wide against whether they'd want to bank with a not-for-profit with a community focus.

Sun Life: Breaking Down Insurance Barriers For Canadians With Diabetes

Sun Life's Specialty Solution, Currently In Its Pilot Stage, Aims To Improve Access And Affordability Of Insurance For Those Affected

By Leo Almazora, Wealth Professional, July 25, 2022

[Breaking down insurance barriers for Canadians with diabetes | Wealth Professional]

Recently, Sun Life undertook ground-breaking research focused on Canadians living with diabetes, with the aim of understanding their experience of applying for and getting insured.

Among other things, the research revealed that diabetic Canadians are four times less likely than the average Canadian to apply for insurance, and about half end up without coverage at the end of the process. Apart from stumbling blocks during the application process, many are held back from getting insurance because it's priced beyond what they can afford.

To help address that gap, Sun Life has launched a first-of-its-kind solution aimed at insuring more clients with diabetes, while actively improving their health. Currently in the pilot stage, the Diabetes Signature Solution (DSS) aims to make insurance more accessible, sustainable, and affordable for Canadians.

"One potential problem with the traditional insurance process is that advisors would shy away from asking any health-related questions upfront, before offering the client a quote. Then later on when their condition is revealed through the underwriting process, the price changes, which is a fairly poor experience for the client," Imtiaz said. "We've set it up so that there's a quick upfront conversation to understand if this client has been diagnosed with diabetes, and would therefore be eligible for this solution."

From there, eligible Canadians are offered a specialized and more tailored experience and conversation. Importantly, they would receive an insurance quote that is more reflective of the risk expected within a pool of Canadians with diabetes, which sets expectations on pricing and affordability that are much clearer and more aligned to what the likely outcomes will be.

"In addition to our usual product, we created a version of this product where the price was really tailored to the specific risk profile of Canadians living with diabetes," Imtiaz says. "Depending on the need, some clients go for the standard product, or the diabetes version of the product. We think it's important to give them that optionality in features and prices."

Another exciting piece of the program, which is still in its very early stages, focuses on diabetic Canadians with high-risk conditions. While such cases would have been declined outright historically, Sun Life's DSS program provides a path for some eligible applicants to get insured at an attractive price for one year, during which they will be encouraged and supported to meet certain health targets that are designed with the help of physicians.

"We tell the client 'If you achieve these targets, your coverage will continue at this price. If you don't, the price changes very significantly to reflect the actual risk that we were willing to take a pass on earlier," Imtiaz says. "It's the first solution in the Canadian marketplace where we set health targets with the clients jointly."

Canadians coming into the program also get access to a wellness application offering tips, resources, and incentives to engage in healthy living behaviours, as well as ongoing communications from Sun Life that are tailored to be very specific around diabetes.

"For us, diabetes is just the start. This is something that we hope to take and build on for other Canadians living with chronic conditions more broadly," Imtiaz says. "Fundamentally, we believe that insurance should be accessible to every Canadian, and we should be able to provide coverage to every Canadian. We are really committed to that mission, and we hope to make significant progress in the coming years."

COVID-19 PANDEMIC RESILIENCE AND RECOVERY NEWS

ArriveCan App Frustrates Users, Experts Even After Glitch Fix

By Christopher Reynolds, The Canadian Press, July 25, 2022

https://www.theglobeandmail.com/business/article-ArriveCan-app-frustrates-users-experts-even-after-glitch-fix-2/?utm_medium=email&utm_source=Top%20Business%20Headlines%20Evening%20Edition&utm_content=2022-7-25_18&utm_term=ArriveCan%20app%20frustrates%20users%2C%20experts%20even%20after%20glitch%20fix&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

Calls to scrap the ArriveCan app continue from experts in medicine and technology as well as travellers, even after the federal government fixed a technical glitch that instructed some users to quarantine unnecessarily.

While the defect was fixed last Wednesday, July 20, social media platforms are replete with posts from passengers complaining the app as a whole is not user-friendly.

The union representing border services agents estimates some 30 per cent of border crossers haven't completed it, prolonging traveller processing times during amid an already chaotic travel season.

"We're so short-staffed and spending so much time dealing with this app that we really don't have time to do our actual jobs any more," Mark Weber, president of the Customs and Immigration Union, said in an interview.

The app has also outlived its usefulness as way to safeguard public health, according to Dr. Andrew Morris, professor of infectious diseases at the University of Toronto.

"I really just have no idea why we would continue to be using it as we are right now. It seems to me a lot of effort, work, and to be honest inconvenience for many people for very little benefit," he said in an interview.

Morris also questioned the value of confirming entrants are vaccinated "when we're not even really ensuring that their vaccinations are up to date, when the federal definition of being fully vaccinated doesn't include three vaccines or a vaccine within, let's say, five or six months of your last dose."

Launched in November 2020, the ArriveCan app aimed to reduce the spread of COVID-19 by ensuring that arrivals were double-vaccinated and to facilitate contact tracing, with speedier processing times at the border as a potential bonus.

It was initially mandatory only for air travellers entering Canada but became a requirement for all border crossers in February 2021. Canadian and international travellers still must submit information including proof of vaccination, travel dates, and contact information within 72 hours before arrival.

The government announced last month that the app will be mandatory through at least September 30, and Public Safety Minister Marco Mendicino has indicated it will outlast the pandemic as part of a modernization strategy that seeks to shrink border bottlenecks.

Meanwhile, random testing, which is communicated through the email address associated with an ArriveCan user, resumed at the country's four largest airports last Tuesday, July 19, barely five weeks after it was paused on June 11.

Bianca Wylie, a technology expert and partner at Digital Public, argues that a lack of oversight and accountability plague an app that holds sensitive information, saying the ArriveCan platform should be voluntary.

"You're telling people that you have to use this app, when we know that there are people who are not comfortable using an app like this and may not have the technology required," she said in an interview.

"This is closed code. We don't know how it works. There is no advisory board, there's no oversight … there hasn't been an audit done."

Canada's Quarantine Act allows for data collection but nowhere specifies the use of a particular technology, Wylie said.

The app was crafted by the Canada Border Services Agency and five companies that did not have to take part in a competitive bidding process due to pre-existing contracts with the government.

Maryia Rakina, a Vancouver-area resident who returned from an overseas trip last week, said she received "random emails asking how my quarantine is going – can't believe they spent $26 million on this system."

The Canada Border Services Agency has said it spent $24.7 million to develop and maintain ArriveCan, on top of $2.2 million for advertising.

Following a recent update, passengers arriving at Pearson and the Vancouver airport can now complete their customs declaration forms before landing in Canada – Montreal will accommodate the same on starting on Thursday, July 28 – part of Mendicino's plan to "modernize our border" and reduce border queues.

Hundreds of automated kiosks used in the four largest airports' customs areas by travellers toting the app shave 40 seconds off a two-minute interaction, Transport Canada says.

"With the thousands of travellers who go through Toronto Pearson International Airport and use the advance CBSA declaration option in ArriveCan, this has the potential of saving hours of processing time each day," the department said in a release earlier this month.

ArriveCan is used successfully by more than 99 per cent of international air passengers and 89 per cent of land crossers, the Public Safety Department says.

Mark Weber, who heads the union representing border services agents, says "those are the completion rates after we've helped the traveller complete it – or completed it for the traveller."

As for the now-repaired glitch, Public Safety Department spokesman Alexander Cohen said that about three per cent of arrivals from abroad were affected, out of a weekly total topping 1.3 million by air and land.

Federal Privacy Commissioner Investigating Controversial ArriveCan App

By Brian Hill, Global News, July 28, 2022

https://globalnews.ca/news/9022878/federal-privacy-commissioner-ArriveCan-app-investigation/

Canada's federal privacy watchdog has launched an investigation into the controversial ArriveCan app following a recent complaint, Global News has learned.

"Our office has received and is currently investigating a complaint that raises concerns with respect to the collection of personal information through ArriveCan and subsequent use of that information," said the Office of the Privacy Commissioner of Canada in an email dated July 27.

Concerns about the type of personal data collected by ArriveCan, how long this information is stored, and the way data is shared between different government agencies have been raised by privacy and legal experts over the past two years.

In June 2020, a group of federal Conservatives also asked the privacy commissioner to investigate ArriveCan due to concerns they had about the potential misuse of data. The privacy commissioner responded two months later and said that he reviewed the app's privacy conditions and that he didn't have any concerns at the time.

Global News asked the privacy commissioner's office for more details about the recent complaint – who made it, when it was made, and how long the investigation might take. The office declined to answer those questions, but confirmed the complaint is unrelated to the 2020 request sent by the Conservatives.

"Given the ongoing investigation and consultations, we do not have further details to provide at this time," the privacy commissioner said.

Global News learned of the recent complaint from technology expert Bianca Wylie, who has closely followed developments surrounding the ArriveCan app.

Wylie sent an email to the office of the privacy commissioner requesting information about the app and whether the commissioner had any concerns about its continued mandatory use at the border.

The office of the privacy commissioner responded to Wylie's request by indicating that it was currently investigating a complaint and therefore couldn't provide additional information.

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The email sent to Wylie did, however, say that the privacy commissioner consulted the government and provided recommendations to the Public Health Agency of Canada (PHAC)) and the Canada Border Services Agency (CBSA) when the ArriveCan app was being developed.

Those recommendations included the need to limit the type of data being collected as much as possible and ensure that it was relevant to monitoring and enforcing the quarantine rules imposed by the government early in the COVID-19 pandemic.

"I'm glad to see someone has taken this action," Wylie said. "But I don't know enough to say where that's going to go."

ArriveCan was first launched as a voluntary app in April 2020 as a way of collecting personal information needed by public health officials to enforce quarantine rules.

The app was made mandatory for everyone entering Canada by air in November 2020. That was then extended to anyone crossing the border by land in March 2021.

Its continued mandatory use has come under intense scrutiny over the past few months, especially as other public health measures fell to the wayside, such as mandatory masking and vaccine requirements.

The union representing Canada's border agents has also said the app is a huge drain on resources and has turned front-line CBSA officers into IT consultants because they now spend much of their time helping people figure out how to use the app rather than focusing on security.

Privacy and technology experts, including Wylie, have also warned that the government is re-purposing the app into a pre-customs screening tool that has nothing to do with public health.

And, most recently, the government acknowledged a glitch in the app's software that sent about three per cent of Apple smartphone users who crossed the border last week an erroneous message saying that they needed to quarantine even though there was no indication that they had COVID-19.

Wylie said the growing laundry list of problems with the app should cause the government to think carefully about why it's still using the app and whether it still serves a public good.

"The concern is there's no governance in place for this app that is public," she said. "And that was missing from the beginning."

The government, meanwhile, has consistently said that ArriveCan is the most effective and efficient way for international travellers to submit proof of vaccination and personal information needed to monitor COVID-19 at the border.

The CBSA has also said that the app is better than the paper-based method that was used to collect this information early in the pandemic, citing a 2021 report from the auditor general that found the app significantly improved the accuracy of data collected.

Government health officials have also said that the app is a useful tool for tracking new variants of concern as they enter Canada, such as the BA.5 variant, and that the app will be useful should another wave of the virus hit later this summer or in the fall.

Global News asked the government if it was aware of the recent complaint and if it is co-operating with the privacy commissioner's investigation. A response to those questions was not received by publication time.

Travel Agents Say They Are 'Overwhelmed' By A Massive Surge In New Clients Amid Airline Chaos And 'Confusing' International COVID-19 Restrictions

By Samantha Delouya, Business Insider, July 25, 2022

[Travel agents say they are 'overwhelmed' by a massive surge in new clients amid airline chaos and 'confusing' international COVID-19 restrictions (msn.com)]

Many travel agents say they have never been busier amid air travel chaos and a post-COVID-19 lockdown surge in demand this summer. The job, which has long been thought to be in decline due to the increasing ease of online self-booking, may be making a resurgence.

"Before the pandemic, we used to get questions all the time about, 'Oh, travel agents, do those still exist?'," said Thomas Carpenter, co-founder of Huckleberry Travel. "Since the pandemic, we don't get that question any longer," he said.

Some travel agents, or travel advisors as many prefer to be called, say they have been flooded by a deluge of new clients in recent months.

"I'm definitely working more... I feel actually a little bit overwhelmed now," said Amy Freyder, owner of Epic Away Travel.

Other travel advisors echoed Freyder. For example, Jamison Bachrach, a travel advisor based in Rome, Italy for the summer, told Insider that he has "never been busier" in his 25 years in the industry.

"I have people coming out of the woodwork from sources I've never seen. I'm happy about that," Jamison said.

The Bureau of Labor Statistics estimates that there were more than 37,000 people in the US employed as travel agents as of May 2021. That's a significant drop from more than 80,000 tallied just 5 years before in 2016.

This smaller pool of travel agents is now being faced with what some say is unprecedented demand for help booking travel.

The issue is exacerbated by the recent uptick in airline mayhem. Some travel agents say they now spend more time on hold with airlines than ever, given recent cancelations, delays, and lost luggage.

"It has become long hours for us because we are doing the extra changes and keeping up and trying to be proactive when airlines cancel routes or can't fulfill a previous ticket because of staffing issues," said Shaia Bragg, a travel advisor based in Nashville, Tennessee. "I do not know a solid travel advisor that is not working overtime and long hours and weekends at this point," she added.

A recent survey by the American Society for Travel Advisors shows that 71% of respondents have seen travel as more complex since the pandemic began. It's not just airline chaos contributing to this complexity, though. Travel agents say they've seen a torrent of requests for travel to Europe and work longer to help clients figure out international COVID-19 protocols since each country in the bloc has its own COVID-19-safety measures.

For example, international travelers coming from outside of the EU to Spain are still required to present proof of vaccination or a negative test, while Portugal lifted its vaccine and test requirements on July 1.

"There are just so many requirements and extra steps that are needed to be taken to go somewhere... I think it's gotten confusing whether you need to have a COVID-19 test or you don't need to have a COVID-19 test," Freyder said.

For many travel agents, the surge in demand is almost exclusively from vacationers. Agents who rely more heavily on arranging business trips push back on any assertion that demand for their services is stronger than ever.

"Would I tell you I'm busier than pre-COVID-19? I don't know that I would say that," said Leslie Tillem, a travel agent at Tzell Travel Group. "What's happening is there is such a surge in travel in such a short period of time on the leisure side, but on the other hand, the corporate side has truly slowed down," she added.

Toronto's Pearson Airport Is Now Worst In The World For Delays. The Reason May Not Be What You Think

Inside The Floor-Sleeping, Tarmac-Waiting, Line-Winding, Global-Laughing-Stock-Making True Story Of What Happened At Toronto's Pearson Airport This Summer.

By Richard Warnica, Toronto Star, July 22, 2022

The security line outside U.S. customs in Terminal One at Toronto Pearson International Airport — the busiest airport in Canada and, according to new data, currently the worst airport for delays in the world — looks, at 4 a.m. on a Saturday, something like a diagram of the small intestine. Tired travellers wind in unruly lines from the closed security doors. They puff out into all available space, from kiosk to exit, shuffling in bulging coils, waiting for something — anything — to happen that will let them move.

Inside the terminal, the mood feels a bit like a nightclub when the lights come on crossed with a packed theatre at a slasher film. Everyone seems tired, wired, and anxious. There are people slumped over asleep in chairs, on the floor, on windowsills and even one couple in a hammock. The whole place seems braced for something to go wrong. And no wonder.

For more than three months, Pearson airport, a global economic hub that links a region of more than seven million people to more than 160 destinations around the world and facilitates more than $28 billion in trade every year, has been undergoing an excruciating public meltdown.

The details, by this point, have been so well covered they barely need repeating: overflowing customs halls, delayed flights (more than half of all Pearson departures have been delayed this summer, according to data compiled by FlightAware, making it the worst in the world as measured by delays as a share of scheduled flights), missed connections, lost bags, stranded passengers, stuck planes and, of course, the planes that never leave at all.

More than 8,000 flights have been cancelled at Pearson so far this year, according to data from Cirium, an aviation analytics company, a number so large it almost renders abstract the sheer volume of misery it represents. (Almost every passenger I spoke to for this story used, at some point in the interview, a variation on the phrase "and that's when I started crying.")

And things have only been getting worse. In the first half of March, there were 19 international departures cancelled at Pearson. In the first half of July, there were 293.

To call it a disaster, then, would be an understatement: for the airport, for workers, for the airlines, for the economy, and especially for passengers. But for all the coverage, all the horror stories and carefully crafted PR excuses, the exact cause of all the chaos at Pearson has remained something of a mystery. The airlines and the airport have largely blamed the government, for keeping COVID-19 restrictions in place and not having enough screening and customs staff. The federal minister of transportation at one point appeared to blame passengers who had forgotten how to move efficiently through airport security. Some analysts, meanwhile, have pinned the blame on global factors beyond Canada's control.

But the true story of what happened at Pearson this spring is not actually that complicated. Over the last four months, I've flown in to and out of Pearson four times, to four different international airports — enduring delays, tarmac waits, bag lines, a cancelled return flight, and, on one occasion, an unwanted night in a hotel near the Northern State Prison in Newark, New Jersey. I've also spoken to dozens of Pearson passengers, airline industry experts, union officials, and airport workers in an effort to understand what is really going on.

What I found is that the dominant narrative around the problems at Pearson — that they've been caused primarily by federal COVID-19 rules — is at best partly true, and at worst, some experts argue, not just false but deliberately so. In reality, those experts say, the number one reason why so many passengers have had so many problems flying in to and out of Pearson this year is that the airlines simply sold far more seats this spring and summer than either they or the airport had the staff to accommodate.

"The airlines have been very greedy, and you can quote me on that," said John Gradek, a former Air Canada executive who now lectures in aviation management at McGill University.

That's not to say the government and the agency that runs Pearson don't hold any blame. They do.

But an airplane ticket is a commercial contract. It's a deal between an airline and a passenger, and it's the airlines, ultimately, that are, or should be, responsible for delivering what they've sold, consumer advocates believe. And in case after case this year, they haven't done that. Instead, through endless cancellations and delays, they've ruined reunions, foiled vacations, lost bags, and left families, many with small children — I saw them, every time I went through Pearson — stranded in empty terminals overnight.

"It was disheartening to see, you know? I saw a family with two young kids sleeping on the ground," said Ashley Gusikoski, who endured two unplanned nights in Toronto, three cancelled flights and one set of lost bags while trying to get from Saskatoon to Timmins and back recently.

"There was a point where I was looking at getting a train because I felt like I was being held hostage in Toronto."

But if the answer to what caused all that misery at Pearson is pretty simple — too many people travelling, too soon — the story behind that answer, the story of how the most important transport hub in one of the richest countries in the world was allowed to become perhaps the least functional airport on Earth, is a little more complicated.

That story involves bad forecasts, late plans, missed warnings, new strategies, low wages, added cargo, online shopping, and something known in the aircraft world as "sixth freedom" travel.

It begins, as so many other stories did in Canada, in March 2020, on a day one Pearson veteran described to me as being like the last days of the Vietnam War, when hundreds of employers ordered tens of thousands of employees to hand in their security badges. "It was like 'everyone leave Dodge,' " Sean Smith said. "The employers were saying 'everyone's got to go … Get out of the airport.' "

But what the airlines discovered this spring, and the airport, too, is that sometimes shutting something down can be a lot easier than opening it up again — a hard truth for which passengers and front-line workers, not airline executives, have overwhelmingly paid the price.

On June 16 at 3:15 a.m., two hours before sunrise on a bright, dry day in Toronto, Rebecca Stephen's boyfriend dropped her at Toronto Pearson airport, Terminal One, for a 6:30 a.m. Air Canada flight to New York's LaGuardia.

Stephen had a packed schedule planned for her three-day trip. She was going for Pride, to see and support friends, and she had picked an early flight to maximize her time in the city.

The first thing that struck Stephen when she stepped into the terminal was the crowd. "I have travelled a lot," she said. "And this was the first time I had been to an airport that early and seen that many people."

What she didn't see, though, were many employees. The instructions from both the airport and the airline had been clear: arrive at the airport at least three hours early for international travel or you might miss your flight. But here she was, three hours early, along with hundreds of others, and there were no airline workers telling people where to go, no airport staff organizing the line and no government security contractors to screen passengers.

For Stephen, it was her first hint something wasn't quite right at the airport that day. There didn't seem to be enough workers to do anything, she said, a trend that grew more noticeable, with more serious effect, as her day wore on.

The screening zone finally opened at about 4:50 a.m., and Stephen made it through security and customs by about 5:30 a.m., with plenty of time to board her 6:30 flight. But her day at Pearson, unfortunately, was just beginning.

"I sat down. I had a couple of minutes to scroll on TikTok, and then I got an email saying my flight was cancelled," Stephen said. She waited about 15 minutes to see if anyone would arrive at the gate to tell her what to do. No one did. So she walked to Air Canada customer service. There was no one there, either. "So I just kind of wandered aimlessly," she said.

Eventually, Stephen was automatically rebooked on a 9 a.m. flight. But by 7 a.m., that, too, had been cancelled. She was told to try a 10:45 a.m. flight to Newark, but was denied a seat at the gate. Air Canada then put her on a 2 p.m. to LaGuardia, cancelled that flight, and booked her for a 4 p.m. to the same airport.

That's when things started to get both really strange and really sad for Stephen. It already seemed clear to her, by that point, that Air Canada was desperately understaffed. The lineup at customer service was scores deep. The few agents who were at the desk couldn't hope to deal with the volume of angry passengers they were facing.

"It was a very chaotic line," she said. "People were fighting. People were yelling at each other."

But for Stephen, at that point, things were still more inconvenient than infuriating. That began to change as she waited for her 4 p.m. flight. "I think myself and a lot of the other passengers that kept getting rebooked were starting to get frustrated," she said. And it only got worse.

At the gate, there was only one agent working. Two pilots eventually showed up, but Stephen said she didn't see any other staff board the plane. "The gate agent was just kind of standing there. And she couldn't check our passports, because there was nobody to get us onto the airplane," she said. At 3:48 p.m., 12 minutes before takeoff, Air Canada cancelled that flight, too.

Air Canada customer service agents would later tell Stephen and the other passengers that all cancellations that day were due to weather and that no one would be compensated for their delay. But by mid-afternoon that day, it was sunny and clear in both Toronto and New York. And Stephen says other Air Canada employees told her a different story entirely.

"I was told by staff — Air Canada staff — that it was due to crew shortages," she said. "Honestly, I really don't know what to believe."

The staff issue was even more acute inside the terminal. As soon as the flight was cancelled, the gate agent disappeared and the waiting passengers began the long jog back to customer service. Soon, only Stephen and an elderly couple, both in wheelchairs, were left at the gate.

"Nobody from Air Canada had come back to pick up this old couple," she said. "I'm not even sure how they would have gotten to the bathroom, let alone gotten back up to customer service. And it was really frustrating and upsetting for me to see that."

Stephen waited with the couple for more than 20 minutes before eventually leaving to track down help herself. After walking what felt like halfway across the airport, she found an Air Canada employee sprinting in the other direction.

"She originally told me that she was too busy to help," she said. "I made her stop running across the airport. And I said, 'You don't understand, there is an elderly, physically disabled couple, they are stuck. And I can't wheel them both back myself. I need help getting these people back to customer service. It's not even my job, but someone needs to help these people.' "

For Stephen, that experience was the final straw. She went back to customer service and asked them to cancel her flights. She had planned on being in New York for the weekend. Instead, she got on the airport train and went home, almost exactly 15 hours and four cancelled flights after she first arrived.

"I'm trying to be gracious to Air Canada, but there was a certain point where I couldn't tolerate seeing those old, disabled people sit in their wheelchairs looking around, confused, wondering if anybody was going to come help them," she said with real anger in her voice. "I can only imagine … how many other people were sitting around that day, how many other elderly people, people who don't speak English … And I genuinely don't think Air Canada cares about them at all."

The Star sent a list of 17 questions to Air Canada in relation to this story. The airline responded with a long statement that read in part: "Air Canada's management team and employees are professionals with hands-on experience in aviation, and collectively are working hard to look after customers."

The airline said it operated about 1,000 flights a day, transporting almost a million passengers every week with "98 per cent of people arriving at (their) destination with their bags during June (and) July." It did not say how many of those passengers arrived on time.

As for the problems at Pearson, the airline pointed out that, as the airport's dominant tenant, Air Canada was always going to be "disproportionately" disrupted by any issues that arose during the recovery.

"Additionally, summer storms in the U.S. Northeast and Florida, where many of our Toronto flights operate to, and subsequent air traffic control flow restrictions in both Toronto and the U.S., have further added to these challenges," the airline's statement said.

"All of these factors compound the already long processing times at airports resulting in flight delays and in some cancellations, creating knock-on effects affecting all aspects of our operation."

What Stephen experienced that day was a microcosm of what global experts, on-the-ground employees, and industry analysts all agree was the single biggest problem facing Pearson and the airlines it serves this spring and summer: they just don't have enough workers. "Almost all employers at the airport, there's three or four hundred of them, are facing unprecedented labour shortages," said Steven Tufts, a spokesperson for the Toronto Airport Workers' Council. "They don't have enough people."

When Pearson scaled back operations in March 2020, a large number of the 55,000 people who worked for the airport and the companies that operate there were sent home. Only a fraction were brought back during the pandemic to keep the airport running. "I was (at) Air Canada, working Toronto Pearson at the time, and we laid off something like 80 per cent of our workers," said Smith, a now retired passenger agent and long-time union organizer. "I had 36 years seniority and I was on the cusp of being laid off."

Overall, Air Canada cut about 50 per cent of its workforce during the first few months of the pandemic, but that ratio was considerably higher for some airport roles. Chorus Aviation, which owns Jazz, Canada's largest regional airline, cut about 54 per cent of its staff over the same period.

It wasn't just the airlines either. Almost every airport or airport-adjacent business was either fully shut down or running at fractional capacity during the pandemic. Baggage handlers, cleaning crews, security guards, flight attendants, gate agents, food service workers, ramp agents, fuellers, bridge operators: they were all let go in huge numbers starting in March 2020.

According to Tufts and Smith, most of them didn't wait around for the airport to re-open. Instead, they went out and got new jobs. "You tell (most) of your workers to go away, they go away," Smith said. "They find other things to do."

For many of them, that other thing was warehouse work. As the airport was shutting down, the fulfilment centres and distribution hubs surrounding the airport were ramping up, trying to cope with a massive pandemic-induced spike in online shopping.

Hundreds of laid-off workers at Pearson, already used to long, odd hours and hard, physical work, slid directly into those jobs. "The warehouses all around the airport zone just absorbed those workers that were displaced," said Tufts, an associate professor who studies labour geography at York University. "And they didn't come back."

Labour officials say they always knew the airport would have a hard time bringing those workers back when the pandemic slowed.

"We sat down with Deborah Flint, (the president of the Greater Toronto Airports Authority, or GTAA), the quasi-independent body that runs Pearson) in April 2020," Tufts said. "That was when the shutdown first occurred. And we told her specifically that you're going to face labour shortages when this is over, because people will leave the sector."

A spokesperson for the GTAA said the agency has worked closely with the Airline Workers' Association since the beginning of the pandemic. As a result of that meeting, she said, the agency pivoted an existing workplace development plan to focus on recovery and has since launched a number of programs to support hiring and employment.

But despite those efforts, when flights ramped up this spring, neither the airport nor the airlines were ready. Air Canada had 27,300 full-time equivalent employees as of April 2022, just as passenger numbers were really beginning to climb. That's 11,000 more than the company had a year earlier, during the heart of the first COVID-19 winter, but still 17 per cent fewer than the 33,000 it boasted before the pandemic struck.

(In its statement, Air Canada said the company has now reached more than 90 per cent of its pre-pandemic employment rate after the "largest and fastest-scale hiring in its history.")

The company was no outlier. Airlines, airports, and the third-party service companies that do everything from fuelling planes to moving bags and supplying meals at airports all over the world were facing a similar labour crunch, according to global industry analysts.

"I've been saying this from the start, that our industry could not be shuttered that long, and just flip the switch, and it turns back on," said Monette Pasher, president of the Canadian Airports Council. "We've lost a lot of our workforce, and there's labour shortage challenges out there."

But this is where the airport story takes a bit of an odd turn. Because what happens, beginning in the spring, is that air travel in-bound and out-bound at Pearson begins to climb. And the airlines, the airport and all the agencies and employers that serve it seem completely caught off guard.

First the customs halls back up — there aren't enough screeners or enough physical space in the terminal — then the security lines. Soon incoming airplanes are getting stuck for hours on the tarmac. Lost bags start piling up. (I saw them, row on row, stacked near the Air Canada office in Newark.) Eventually flights start getting cancelled in huge numbers, then delayed at record rates.

By late spring, Pearson is the biggest story in Toronto. One security screener I spoke to in June told me TV cameras were filming in his terminal every day. But it's the smart phone footage from passengers stuck in customs pens, locked on landed planes, crying in departure lounges, and standing over seas of lost bags that's doing the real damage.

It's even becoming something of an international concern, with stories in the New York Times and CNN pointing out just how bad the situation is.

"In recent days, my daughter Sara travelled to Toronto, Canada, to take an English course," a professor of urban studies in Mexico City wrote in a Mexican newspaper in July. "Her return, scheduled for June 18, was plagued by irregularities and abuses on the part of Air Canada. … Sara, who is 20 years old, had to spend the night on airport benches, as she was travelling alone and had to wait in line at two different locations. After waiting a day to board, again, the departure was delayed for hours; one of the reasons was that there were no available pilots."

But if you step back and think it through, it's hard to see how anyone close to the situation could have been surprised by the spike in travel at Pearson. The airlines planned and sold all the routes that are causing so many problems. It's not like passengers show up in the morning and tell the airplanes where to fly. They knew how many employees they had and how many they'd need, not just for normal service, but to restart a complex system after a two-year shutdown while still occasionally losing whole crews to COVID-19 isolation, not to mention dealing with a generational loss of employee experience and the burden of training thousands of new workers all at once.

The Greater Toronto Airports Authority, meanwhile, has to issue security badges, known as Restricted Area Identity Cards (or RAICs), to almost anyone who works at Pearson. They would have had at least a decent idea of the overall employment numbers at the facility heading into the boom. (In an email, a spokesperson for the GTAA said employment at the airport was "a fluid situation.")

None of this, in other words, was a surprise, not even the shortage of security screeners and customs officers that plagued the system early in the boom. Neil Parry, vice-president of service delivery at the Canadian Air Transport Security Authority (CATSA), told a parliamentary committee in June that his agency engages with the airlines "daily and weekly" to forecast passenger loads and set staffing numbers. The airlines knew what CATSA had, in other words, and CATSA knew what the airlines were bringing in.

So what happened? How did no one see this coming? Or, alternately, if they did, why didn't anyone pull the plug? Why did no one in the system say, we can't possibly handle all these flights without something going seriously wrong?

The answer to that question is complicated, disputed and very Canadian. The truth is that there was no one body in charge of making sure Pearson, the most important transport hub in a nation driven by global trade and immigration, could re-open effectively after such an unprecedented shutdown. And in the absence of that kind of leadership, and in the best traditions of Canadian federalism, what happened was no one took responsibility, and now everyone is blaming someone else.

"There is no single culprit," said David Gillen, director of the Centre for Transportation Studies at UBC's Sauder School of Business. "Pearson to some degree is a culprit. The federal government is certainly a culprit, and the airlines are culprits as well, particularly the dominant carriers, and that's Air Canada at Pearson."

That's not to suggest that any of this was easy, or unique to this country. CATSA's Parry pointed out in his testimony to the federal Transport, Infrastructure and Communities Committee that the industry underwent at least two false restarts during COVID-19, first when the Delta wave hit in force in the fall of 2021 and then when Omicron tore through the country beginning that winter.

"What happened was Omicron came in and scared the hell out of everybody," said Gradek, the former Air Canada executive. "And (everybody) was saying, 'We have no idea when this is going to end. So we're not going to forecast any increase in growth for summer 2022.' "

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Canadian airlines weren't the only ones saying that. The International Air Transport Association predicted in March that international travel wouldn't fully recover until 2025. But then, as fast as Omicron hit, it faded, and the industry roared back.

The main problem at that point was timing. Typically, airlines publish their summer schedules the previous fall. They'll make small tweaks as the year goes on, often adding or dropping a few routes in a March update. That gives everyone in the system eight months to plan for a boom. But this year, because no one had any idea what the summer would look like in October, the airlines held back, and then when demand returned in late winter, they opened the flood gates.

"The airlines basically went all out and said, 'Oh wow, here we go,' " Gradek said. "They greased up the schedule … They haven't got the people. But they're flying because they know the opportunity is there."

Air Canada did publish a summer schedule in October. But in late February it announced a series of large increases to its slate. The airline brought back 41 suspended North American routes and added seven entirely new ones. It relaunched transcontinental flights to 34 destinations and restored direct service on a host of tourist routes, to places such as Barcelona, Copenhagen, and Milan that had been shuttered since March of 2020.

It's easy to understand why. Demand was there and they needed the cash. But adding all that summer traffic that late in the year was always going to be risky. It meant the airport, and the airline itself, only had a few months, or in the case of some routes, a few weeks, to fully staff up.

Air Canada said it "prudently" set its summer 2022 capacity at 80 per cent of its 2019 schedule and that schedule details are "always shared with the other parties in the air transportation ecosystem."

In Gradek's mind, though, the summer was always going to be a disaster. "Everybody kind of stuck their heads in the sand," he said. "And the end result will be passengers getting whipsawed, left, right, and centre."

The problems that dog Pearson, the ones chronicled as much on TikTok as the nightly news — with endless shots of endless crowds and painful lines — haven't just been about passengers, or at least not passenger volumes. In fact, there are still considerably fewer passengers going through Pearson today than there were before the pandemic struck.

There is another half to this story, a series of evolutions in the airline business that have combined to add considerable strain to some airport operations. You can see part of it yourself, next time you're in an airport. Stand at any window in the departure lounge, wait for a plane to arrive and watch what happens as it unloads.

You'll see cleaners, refuellers and baggage handlers. But if you watch closely, you might catch another team, too, operating a miniature conveyor belt, loading and unloading commercial cargo from the belly of the plane.

Most large airlines doubled down on the cargo business during the pandemic, taking advantage both of empty planes and growing demand for next-day product delivery. Air Canada was no exception. The company booked $398 million in cargo revenue during the first quarter of 2022, up 42 per cent from a year earlier. It also opened a new, 30,000-square-foot, temperature-controlled cargo facility at Pearson in March to handle pharmaceuticals, fresh food and other perishables.

But cargo doesn't load or unload itself. It takes staff and time, and no one, Air Canada included, has enough of either of those right now.

Air Canada did not directly address questions about its cargo business in its statement. But it did say that "airport and airline industry operations have been impacted by resource issues at third-party service providers worldwide."

Cargo is only one part of the airline evolution, though. During the pandemic, Air Canada also accelerated a route strategy that critics say puts more stress on the airport during peak hours. It's called "sixth freedom" travel and it basically means luring more international customers by turning Pearson into a hub point for transcontinental flights.

"The hub strategy is, by design, very peaky," said Gradek. "You have a whole bunch of inbound flights and then you have a whole bunch of outbound flights and they all happen within 75 or 90 minutes, and that's a deliberate scheduling strategy on the part of Air Canada."

Sixth freedom travel is a main reason Air Canada now flies to so many second-tier American markets, such as Raleigh, Denver, and St. Louis. The goal is not exclusively to serve Canadian travel demand. It's to tempt American customers flying to Europe, Africa, or the Middle East into going through Toronto on Air Canada, instead of flying direct from the U.S. on another carrier.

From a business point of view, it makes a lot of sense. Those are valuable flights that can help the airline add customers and increase its global reach. But for Pearson, sixth freedom travel is a challenge. It requires stuffing the airport at certain times of day, and it's a big reason why Terminal One looks, at 4 a.m., like an inside shot of a clown car.

Think about it like this. To get an international traveller from, say, Charlotte, North Carolina, on a flight to London out of Toronto, you first have to get a plane from Toronto to Charlotte in the morning. You then have to get that plane back to Toronto on time for the Charlotte traveller to make their connection to the U.K.

To do all of that, you need to have a lot of U.S.-bound flights leaving Pearson at about the same time every morning. That's why if you show up at Terminal One at 6 a.m. and look at the departure board, you'll often see a list of destinations that looks something like this: Charlotte; Minneapolis; Hartford; New York-LGA; Newark; Nashville; Cincinnati.

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Again, from a business perspective, that's smart. It just means traffic into and out of Pearson is a lot less balanced than it otherwise might be. When I flew to Miami in early July on a 7 a.m. flight there were hundreds, maybe even thousands of people waiting to go through security and U.S. customs when I arrived. When I went to Newark a few weeks earlier, at 2:20 p.m. there were exactly zero people waiting in the same area and all of two ahead of me inside.

(That's not to say that the Newark trip went smoothly. Air Canada cancelled my return flight and initially booked me on one that left Newark about 12 hours before I arrived.)

Connecting travel also increases the number of things that can go wrong on any trip. Rachael Bar-Hai, her husband, and their three-month-old baby were supposed to fly from Tel Aviv to Atlanta through Toronto on June 25 and 26. They were originally scheduled to have a three-hour layover in Toronto. It ended up being more like 18.

When they landed, their bags were stuck on the plane. There was no one to unload them. Until their bags came off, they couldn't clear U.S. customs. Because they couldn't clear U.S. customs (which actually closed before their bags came off), they missed their connecting flight.

They then had to wait in line with hundreds of others (and a screaming, exhausted infant) for Air Canada to rebook their flights for the next day and another line (again, hundreds of people deep) to get a hotel voucher, which it turned out they couldn't get because it was Pride and there wasn't a hotel to be had.

So Bar-Hai and her family, instead of sleeping in Atlanta, as scheduled, slept in shifts in the Pearson departure lounge. "It was so disheartening," she said. "I felt like I was failing my baby."

A spokesperson for the GTAA said Pearson's infrastructure "can easily accommodate the current level of hub traffic." Air Canada did not directly address its sixth freedom. But the airline did say that it has recently changed a "limited" number of international departure times "to reduce flying at peak times and even out the customer flow."

For the past several months, Pearson has been a huge story, not just in Toronto, but increasingly around the world. ("Turbulence on the ground at Toronto's Pearson Airport," read a recent headline in the New York Times.) And if you followed all that news, if you read the statements from the airlines and the airport, if you listened to the most popular talking heads and the opposition critics, you'd be forgiven for thinking that that story was mostly about COVID-19 rules.

But a funny thing happened while I was reporting this story: the one thing I almost never heard about was COVID-19 rules. Not one passenger I spoke to, and there were many, brought up mandates, apps, or testing, unless I did first. "I had no problems," said Rebecca Stephen. "Nobody asked me for any of that."

That's not to say that vaccine passports, the ArriveCan app, and other COVID-19 measures didn't at times add to the congestion at Pearson. Clearly they did. But just as clearly, they've never been the only factor and they certainly haven't played the kind of outsized role in the crisis which the public chatter and political debate might have lead you to believe.

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For Gradek, who, again, used to work at Air Canada, that's not an accident. He believes that the airlines and the airports deliberately crafted a PR strategy to shift blame from their own decisions onto the federal government. "They're basically bullying the easiest targets they have to say, 'Oh, it's not our fault,' " he said. "There's a lot of noise that we've heard … saying the problem is all the mandates. The problem is vaccination passports. The problem is … The problem is … And it's never the airline's fault. And it's never the airport's problem."

Gradek isn't the only one who thinks that way. "Right now, it's that there's a narrative being put forward by employers and the airports that is really saying 'the delays aren't our fault. The delays are a product of unmanageable restrictions that were put in place by (the government during) COVID-19,' " said Tufts. "That's not an untrue narrative. There's never complete false narratives. But it's much more complex than that."

Neither Air Canada nor the GTAA directly addressed questions about their messaging or PR strategies. "Global aviation is a complex ecosystem made up of many independent entities, including government agencies responsible for security screening, customs, air traffic control, etc., and other entities including airport authorities, catering firms, fuelling companies, among others," Air Canada said in its statement. "All of these bodies must work well together for the entire system to function properly."

There are some signs that things are getting better at Pearson. By 4:30 a.m. on that Saturday in July in Terminal One, the one where the line looked like a lower intestine, Air Canada staff had appeared, led by a bull-necked man with a bullhorn, to shepherd the crowds through security, one departing plane at a time. When I came back, four days later, the terminal was crowded; they even held us on the plane for about 25 minutes. But once inside, we moved through the customs hall with more speed than I've seen in more than 10 years of regular flights through Pearson.

But not all those improvements have made much of a difference on the ground. On July 18, just one out of every four international flights left Pearson on time, according to Cirium data. That number was bad, even for the current crisis. But it wasn't a real outlier. The last time more than 40 per cent of international flights left Pearson as scheduled was June 15.

The cancellations, too, have continued. In late June, Air Canada announced it was cutting about 15 per cent of its summer schedule, or more than 9,500 flights. But many passengers and advocates say that decision came far too late. They believe, and some industry experts and insiders agree, that the airline should never have booked those routes, and many others, in the first place — or alternately, that either the GTAA or the federal government should have stopped them when they tried.

(When I asked the GTAA whether airlines should have been forced to pre-emptively cancel flights, the agency told me that, at that time, the industry was focused on "removing health measures and ensuring government staffing." A spokesperson for federal Transport Minister Omar Alghabra did not respond to the same question before the Star's deadline.)

As for the passengers themselves, many I spoke to are left wondering whether anyone or any organization is going to pay for everything that happened to them this year. Gabor Lukacs, a long-time passenger rights activist, isn't holding his breath.

"If you damage one person, clearly the court system will deal with you. Ten people: maybe they will," he said. "If you do it to thousands or hundreds of thousands of people, you're either considered too big to fail or just an honourable businessman in Canada. And that's where the problem lies."

Read Story (Subscription Required): https://www.therecord.com/ts/business/2022/07/22/torontos-airport-is-now-worst-in-the-world-for-delays-heres-how-things-went-so-horribly-wrong.html?li_source=LI&li_medium=therecord_recommended_for_you

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'Lineups Still Exist': Is Ottawa's Task Force On Passport And Service Delays A 'Political Stunt'?

The Union Representing Passport Officers Says It Hasn't Been Approached By The Government Task Force Looking At Passport Delays, As Questions Swirl Around The Cabinet Committee's Work To Date.

By Jacques Gallant, Toronto Star, July 27, 2022

The union representing passport officers says it hasn't been approached by the government task force looking at passport delays, as questions swirl around the cabinet committee's work to date.

Amid massive lineups at passport and Service Canada offices across the country, as well as major delays at airports, the Prime Minister's Office announced on June 25 the creation of a task force made up of 10 cabinet ministers.

The cabinet committee was specifically instructed to "review service delivery, identify gaps and areas for improvement, and make recommendations to ensure Canadians from coast to coast to coast receive the highest quality of service."

One month later, the Union of National Employees, which represents passport officers, says it hasn't had any interaction with the task force meant to tackle the delays still affecting their members every day.

"I have not had any contact whatsoever with the task force as identified just over four weeks ago … I am not even aware if that task force has met," said the union's national president, Kevin King.

"There has not been any outreach at all from anyone representing a task force of 10 cabinet ministers."

King said while there have been improvements, the delays continue at passport offices and there remains a need for more properly trained passport officers to vet applications.

"It doesn't matter who they hire off the street, doesn't matter who they bring in from other government departments, doesn't matter how many other executives they bring in," King said.

"The fact of the matter is they still don't have enough passport officers who are fully trained to entitle a passport. It's that simple, and that's why lineups still exist."

He noted that with a cabinet retreat expected in August, "the days are becoming less and less available for (the task force) to have a cohesive plan."

King said his union and others have, however, been in talks to set up a meeting directly with Social Development Minister Karina Gould, who is responsible for the passport file, possibly in August.

The union representing Service Canada workers, including those who deal with passport intake, did have one meeting with the task force, where they were given updates similar to those given by government departments, said Crystal Warner, national executive vice-president of the Canada Employment and Immigration Union.

"They told us we would be invited to future discussions but haven't received anything yet," she said.

There hasn't been much progress on delays, Warner said, with lineups still happening in some parts of the country. She said the union again had a meeting recently with the government to push for more weekend office hours, and some kind of triage system.

"We're still in a situation where there are ongoing needs at the front end," she said, mentioning that soon international students will be coming in for SIN numbers. "So we're waiting for the next influx at the front lines."

The PMO release in June said the task force would also "monitor the situation" regarding delays at airports.

The National Airlines Council of Canada told the Star it reached out to the task force but never heard back. The Canadian Airports Council said it had been "in touch with PMO on the work of the task force," but declined further comment.

The task force's co-chair, Women and Gender Equality Minister Marci Ien, told reporters in June she'd "like to see something tangible in the next several weeks."

Ien said the committee was first speaking with the ministers responsible for files including passports, immigration, and air transportation. (Those ministers are not members of the task force.)

When asked this week about the task force's work and who else they've consulted, Ien's office provided the Star with a response similar to the PMO's June statement, almost word for word.

"The recent service delays are unacceptable, and Minister Ien alongside the other members of the task force are working hard to resolve these issues," the statement said.

"The committee of cabinet ministers has reviewed service delivery protocols, identified gaps and areas for improvement, and made recommendations to ensure Canadians from coast to coast to coast receive the highest quality of service."

The statement said the actions being taken by each department are contained in regular updates provided by those departments to the public.

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An update from Gould last week acknowledged that passport services "are not yet back to normal," while announcing a new web page that includes steps being taken to improve services and statistics on delivery.

She said passport issuance has remained "relatively stable" over the last five weeks, with between 45,000 and 48,000 passports issued for each of those weeks, with the exception of the week of July 4 when 54,000 passports were issued.

"We're doing everything we can to ramp that pace up every week," she said, including adding more staff at Service Canada. The government also announced on Monday, July 25 the addition of five more passport pickup sites across the country.

The task force "is a political stunt that's more about optics than solutions," said Conservative social development critic Laila Goodridge, who said it's "incumbent" on the government to be more transparent about its work.

"We were told when the task force was announced that we would see change within weeks, and here we are a month out and only two days ago did we see a small change and it was providing additional pickup locations," she said.

"If they're working and they're trying to find a solution here, they should be letting us know."

NDP transport critic Taylor Bachrach said that thousands of Canadians are still struggling to access basic government services, and that it's "fair to expect" some level of transparency from the task force.

"The question is why they felt it was necessary to make so much public relations hay out of the formation of the committee. The formation of a committee is not an outcome," he said. "And what we need here are outcomes and results."

Read Story (Subscription Required): https://www.thestar.com/politics/federal/2022/07/27/lineups-still-exist-is-ottawas-task-force-on-passport-and-service-delays-a-political-stunt.html

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Staycations Help Ontario Tourism Rebound, But Still A Long Road To Recovery

Overall, Tourism Economic Activity Is Down About 35 Per Cent From Pre-Pandemic Levels.

By Kristin Rushowy, Toronto Star, July 23, 2022

Staycations have helped Ontario's battered tourism sector rebound — but when it comes to recovery, there's still a long road ahead.

On top of the "staycation" tax credit that covers a portion of hotel or other accommodation costs, some local tourism organizations are offering gas cards or discounted hotel stays — Ottawa has a "stay two nights, get one free" offer — the lifting of many COVID-19 travel restrictions has helped bring travellers back.

"It is, without a doubt, the best summer that we've had during the pandemic — and we're seeing numbers in some areas of the province that match or surpass previous levels of activity back in 2019, before the pandemic. But the recovery certainly is not even across the province," said Christopher Bloore, president and CEO of the Tourism Industry Association of Ontario.

"Our border towns and cities, and northwest and northern Ontario are still struggling," he added. "... Land border crossings with the United States are still only 50.6 per cent of what they were before the pandemic — and American travellers and tourists are a huge part of our industry, they are the biggest part of our market."

"We're far from out of the woods yet," he also said.

Overall, tourism economic activity is down about 35 per cent from pre-pandemic levels.

Bloore said mandates and the return of random COVID-19 testing at airports still deters visitors "because it's a perception of whether Canada is open or not. And compared to other countries, particularly our G7 rivals — the UK, Italy — who've gotten rid of vaccine mandates to get into the country, we're obviously still lagging behind them. When people are making decisions at the dinner table when they're going to travel, they want to have a risk-free and as bureaucratic-free an experience as possible and Canada is unfortunately not at the top of that list right now."

The recent spike in inflation and rising gas prices are also hurting the sector.

While help from the provincial and federal governments and wage subsidies have made a difference, many tourism businesses took on a lot of debt and some in the sector are pushing for interest forgiveness.

Others are asking that Ontario's staycation tax credit — which covers up to $200 of an individual's $1,000 hotel, campsite, or cottage rental bill and up to $400 for a family spending $2,000 — be made permanent.

The province has budgeted about $270 million for the tax credit this year, estimating that some 1.85 million Ontarians will take advantage of it.

Manvir Hundal, press secretary for newly appointed tourism minster Neil Lumsden, said "our government has taken serious action to help the tourism and hospitality sectors following the impacts of the pandemic, including the Ontario Staycation Tax Credit to encourage Ontarians to support local tourism."

The credit, he added, "is just one way our government is putting money back into the pockets of families, boosting main streets in communities across our province, and supporting a strong economic recovery. By giving families relief at the pumps and cutting the gas tax by 5.7 cents per litre, we are making it more affordable to explore Ontario this summer."

Jantine Van Kregten, director of communications for Ottawa Tourism, said leisure visits have picked up and, in June, hotel occupancy was 120 per cent higher than in 2021, and 235 per cent higher than in 2020 during the lockdown.

"But it's still just over 10 per cent below what we saw in 2019," she said, noting that major conferences and events have yet to rebound.

The capital city has begun offering an incentive — the third night is on Ottawa Tourism if travellers book three consecutive nights at a participating hotels. It has worked, with average stays increasing by a day.

Victoria Clarke, CEO of Tourism Mississauga, said funds collected via the municipal accommodations tax created an "it pays to stay" program where visitors who book two nights or more at a local hotel receive a prepaid $200 credit card which has proved popular.

The tourism industry is not expected to recover fully until 2025 or 2026, and an ongoing labour shortage has also added to the sector's woes.

Andrew Weir, executive vice-president of Destination Toronto, said recovery has been mixed "but I think everyone is feeling a sense of momentum — cautious, but momentum for sure."

Toronto, he added, "has always been very fortunate to have a diversified visitor economy — we benefit from both leisure and business travel. In almost equal measure, they're both highly important, and similarly, we benefit from both domestic and international travel."

However, he added, "throughout the pandemic, the business has been almost exclusively domestic leisure," which plays a big part, but not enough on its own.

June was a good month for Toronto, he added, in part because of two large conferences. Hotel bookings were at 90 per cent occupancy for several weeks, but since then have fallen well below 80 per cent, "which is unusual for July."

In the northern part of the province, businesses rely on U.S. visitors for 90-plus per cent of their bookings, so "they've had a real tough time through the pandemic," said David MacLachlan, executive director of Destination Northern Ontario.

While they've boosted domestic bookings, that's nowhere near enough to make up for the loss of U.S. tourists.

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If there are going to be restrictions at the borders, safety measures taken as new variants and successive COVID-19 waves hit the country, "what we would like to see is more from the federal government, in terms of those supports that were there in the first two years of the pandemic. It's not over ... and while those restrictions are there, there should be support for the businesses that they impact."

Pre-pandemic, the province's tourism, sport, heritage, and culture sector pumped $75 billion into the provincial economy.

Read Story (Subscription Required):
https://www.thestar.com/politics/provincial/2022/07/23/staycations-help-ontario-tourism-rebound-but-still-a-long-road-to-recovery.html?li_source=LI&li_medium=thestar_politics

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University Of Waterloo To Host Summit On Sustainable Air Travel

It's Set To Bring Together Academia, Industry, And Government In The Fall

By Germain Maabout, CityNews Everywhere, July 25, 2022

https://kitchener.citynews.ca/local-news/uw-to-host-summit-on-sustainable-air-travel-5619223?utm_source=Email&utm_medium=Email&utm_campaign=Email

How to make air travel more sustainable long-term?

It's an issue academics, industry, and government representatives are hoping to find solutions to by meeting together in the fall.

The University of Waterloo and the Region of Waterloo are set to host a one-day Sustainable Aeronautics Summit at the regional airport's operational centre on October 5.

The theme is achieving social, economic, and environmental sustainability.

There will an educational program with speakers, as well as a trade show.

Some areas that will be looked at are: sustainable fuels, air traffic optimization, sustainable tourism, and remotely piloted aircraft systems.

The International Air Transport Association has set a target for airlines around the world to achieve net-zero emissions by 2050.

"Achieving that goal will depend on emerging technologies and practices, which do not yet exist," said Suzanne Kearns, the director of the Waterloo Institute for Sustainable Aeronautics, which is leading the summit.

Rod Reiger, Waterloo Region's commissioner of planning, development, and legislative services, noted the ongoing growth and increasing air traffic at the Region`s airport.

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"We must also prioritize sustainability solutions associated with that growth," he said.

"Events like this summit help us create new opportunities and innovations to benefit aviation and aerospace sustainability."

Registration to the summit opens in August.

You can find more information here.

United Airlines Expands Code-Sharing Pact With Air Canada

By Reuters, July 22, 2022

United Airlines Holdings Inc and Air Canada on Friday, July 22 expanded their code-sharing agreement, as the carriers look to accelerate their post-pandemic recovery and cash in on the growing international travel market.

Airlines struggling with rising cost pressures and operational challenges expect improved demand for international travel to help cement their path towards profitability.

Code-sharing allows an airline to sell seats on a flight operated by its partner, so that it can fly passengers to destinations it does not serve.

Under the expanded deal, passengers who search for flights between the United States and Canada on United's or Air Canada's websites and apps will find more flight options and more access to each airline's seat inventory.

The carriers anticipate customers will be able to connect to 46 trans-border codeshare destinations in 2022, but it will exclude certain U.S. leisure markets and territories.

"As international travel continues to recover, this expanded partnership will provide an enhanced experience for all trans-border travel," said Patrick Quayle, United's senior vice president of Global Network Planning and Alliances.

United Airlines on Wednesday, July 20 posted a lower-than-expected quarterly profit as booming travel demand failed to offset higher operating costs.

Read Story (Subscription Required): https://www.theglobeandmail.com/opinion/article-will-red-tories-create-a-new-political-party-if-poilievre-wins-the-cpc/

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Best Practices For Hybrid Work

'Organizations Will Never Design A Perfect Arrangement That Suits Everyone, There Will Be Trade-Offs For Individuals And Teams'

By John Dujay, Wealth Professional, July 25, 2022

[Best practices for hybrid work | Wealth Professional]

Over the past couple of years, many organizations have changed the rules around working from home versus being full-time at the workplace by combining both into the hybrid workplace.

Defined as allowing workers to come into the office a few days a week for collaboration and inspiration, while scheduling the rest of the work week at home where many people can escape the numerous distractions of the open-office structure and concentrate best to get solo projects done, hybrid can bring the best of both worlds to the modern workplace.

But for this setup to truly succeed, rules and policies should be implemented and codified in writing, says an employment lawyer.

"A lot of my clients are saying, 'We're now formalizing it as a normal thing, regardless of COVID-19, hybrid/remote work options,'" says Geoffrey Howard, principal and founder of Howard Employment Law in Vancouver.

"[Before], a lot of it was ad hoc and was based on public health orders that required them to put as many employees and all their office employees working remotely and now what I'm hearing… is that the workforce and in particular the 20- to 40-year-olds are saying, 'This has to continue.'"

Policy Versus Contract

Instead of clarifying these conditions as part of a new employment contract, often the use of a policy document should suffice, according to Howard.

"Policies are typically issued unilaterally by the employer, sometimes after consultation with the employees and feedback… and the law remains generally that employers can issue policies, as long as they're not unlawful, and the employee generally has to comply with them."

Before that policy is written in stone, there may be some back and forth between employers and the workforce, and it definitively should be aligned with the business strategy, says a senior strategic leader.

"[In] a hybrid policy, there's strategy from a people lens and from a business lens. Those two things need to be very aligned when you're deciding what kind of employer and company you want to be," says Amy Hsuan, vice president of people and strategy at Mixpanel.

There are several considerations for organizations to consider when adopting a way forward, she says, such as what does the business stand for? Which rivals are candidates comparing your business with? And what is your employee value proposition and how is it different from other firms?

"Starting from that visionary standpoint helps you decide what strategy is going to make sense to support the vision or the employee value proposition," she says.

No Easy Task

To complete a successful transition to hybrid, this involves a deep look into all facets of the business, according to a report from the Leeds University Business School in U.K., which canvassed workers for what they are looking for.

"An effective hybrid workplace is more than an HR policy or office design issue. It is a socio-technical problem, essentially affecting all aspects of work and requiring knock-on changes to IT, work processes, organizational goals, and culture to be successful," says Matthew Davis, lead author of the report and associate professor in organizational psychology at the Leeds University Business School.

According to the report, a good hybrid policy will accommodate all the needs of employees.

"Organizations will never design a perfect arrangement that suits everyone, there will be trade-offs for individuals and teams," the authors said.

For many, hybrid is the best approach and should be strongly considered by all organizations but organizations need to be wary of some unequal treatment for certain classes of workers.

"I am baffled by the extent to which hybrid working is presented as the 'new normal'. For many, hybrid working will remain an elusive dream. It may become the new normal for a select, even privileged, group of jobs. This is more than a little reminiscent of the old division between 'white collar' and 'blue collar' work," says Michael Smets, professor of management at University of Oxford in a BBC article.

This could lead to a split in the workplace between haves and have nots, which is good for nobody, argue two experts in a McKinsey Quarterly article.

"When this occurs, remote workers can soon feel isolated, disenfranchised and unhappy, the victims of unintentional behaviour in an organization that failed to build a coherent model of, and capabilities for, virtual and in-person work. The sense of belonging, common purpose, and shared identity that inspires all of us to do our best work gets lost. Organizational performance deteriorates accordingly," write Andrea Alexander, Aaron De Smet, and Mihir Mysore.

Easing The Return To The Workplace

'Employees Are Struggling And We're Seeing A Very Sharp Drop When It Comes To Experience Scores'

By John Dujay, Wealth Professional, July 25, 2022

https://www.wealthprofessional.ca/your-practice/practice-management/easing-the-return-to-the-workplace/368481?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220728&utm_campaign=WPCW-Newsletter-20220728&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

As COVID-19 restrictions continue to be lifted, many employers are hoping to see more workers return to the office, with mixed results.

Fortunately for workers, it appears employers are not being overly draconian when it comes to forcing them back.

According to a new report released by Stanford University and The University of Chicago, about 35 per cent of workers were not sanctioned severely for being in the workplace fewer times than they initially promised.

And the news is positive for those who want to remain at home for more days per week than what organizations are offering, as they are being offered 1.6 days of working from home, versus 1.1 days in January 2021.

The gap between worker wants and employer needs has never been smaller since the start of the survey as workers currently wish to work from home about 2.6 days per week.

Disconnect Remains

However, ratings provided by employees around how they are feeling about their jobs are lower than they have been in two years.

"As employers are rolling out their return-to-office policies, employee sentiment is down; employees are struggling and we're seeing a very sharp drop when it comes to experience scores and some factors like work-related stress and anxiety, they're at record lows," says Sheela Subramanian, vice-president of Future Forum at Slack in San Francisco.

Inflexible policies are the biggest reason behind these dismal numbers, according to Subramanian.

"Full-time office workers are posting two times steeper declines when it comes to employee experience, relative to their peers and counterparts who actually have flexibility in where and when they work," she says.

Many workers are not being offered flexibility, which is leading to mass dissatisfaction and resignations, finds the survey of 10,818 knowledge workers in the U.S., Australia, France, Germany, Japan, and the U.K. done between January 27 and February 21.

'Overwhelming For Many'

Having employees return to the workplace en masse will lead to levels of increased anxiety, according to Margo Hoyt, managing director of talent and leadership development at HR consulting firm LHH in Ottawa.

"We've hit a place where leaders, employees, and organizations have become quite familiar with a different way of working than we were familiar [with] before, and there's been so much positive related to that, but the anxiety and stress of having to give that up and go back and work full-time in an office is really quite overwhelming for many," she says.

Yet another report shows that for those employees who are being forced back, mass resignations might be the unintended result of imposing harsher rules.

A recent report from workspace provider IWG revealed that 41 per cent of remote workers are worried that their employer will ask them to return to offices five times a week, with 45 per cent saying that they would consider changing jobs if asked to do so.

To counter this, organizational leaders might consider leaning into hybrid work as an option: 81 per cent of office workers said hybrid working was an important factor when they are looking for a new job. They even ranked it even higher than pension contributions, bonuses, or profit sharing, and unlimited vacation or holiday allowances, according to IWG.

"Employers who don't offer hybrid working are going to miss out on the best talent," Berger said. "Not only do employees benefit from dramatically improved work-life balance, but by switching to a hybrid model, businesses can expect to save an average of more than $13,000 per employee — all while minimizing their carbon footprint," says Wayne Berger, CEO of Americas, IWG.

How To Entice Employees

With all this in mind, what can businesses do to make employees feel good about returning to the workplace more often?

Increasing outside space and natural light is a great place to start, according to a survey done by Instant Offices.

Seventy per cent of respondents said offering more light and nature would go a long way to reducing stress. Providing relaxation areas and non-work spaces onsite was favoured by 59 per cent of workers surveyed.

Employees also crave adjustable temperatures in the workplace, as respondents said improvements to air quality are key drivers to wellness in the workplace.

OTHER CAFII MEMBER-RELEVANT INDUSTRY/BUSINESS/SOCIETAL NEWS

Worries About Inflation Impact Dampen Most Canadians' Summer Plans: CIBC Survey

With Less Spending Power, Majority Are Finding Ways To Maximize Their Budget

By Jean Dondo, Wealth Professional, July 26, 2022

https://www.wealthprofessional.ca/news/industry-news/worries-about-inflation-impact-dampen-most-canadians-summer-plans/368515?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220726&utm_campaign=WPCW-Newsletter-20220726&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Canadians want to enjoy the summer, but the majority (80%) are worried about how rising prices will affect their capacity to do so this year, according to a new CIBC survey.

This year, Canadians anticipate spending $1,900 on summertime activities, an increase of $400 from 2021. The majority of respondents (76%) who anticipate higher spending cite inflation as the primary driver.

Typical summer spending includes everyday items such as groceries and gas; dining out; travel; renovations and landscaping; and home or cottage expenses.

More than half of Canadians (58%) believe they have significantly less money in their bank account at the end of the month compared to years before, and 62% report that saving money is harder than ever.

Meanwhile, 64% of respondents said they are looking for new methods to blunt the impact of inflation this summer because they have less spending power than usual.

According to the survey, as part of their strategy, 36% intend to use coupons or actively hunt for bargains; 33% intend to stick more closely to a budget; and 30% intend to move from using name-brand products to cheaper alternatives.

"Inflation is a hot topic this summer and it may seem like the cost of living is rising with the temperature, which is why it's important for people to stay on top of their spending," said Carissa Lucreziano, Vice-President, CIBC Financial and Investment Advice.

The survey also found that:

- 81% of Canadians anticipate that summer spending will be more on daily necessities such as groceries;
- 72% of people are hesitant about the summertime activities they want to engage in;
- 57% prefer to spend money on experiences rather than material things;
- 41% plan to pay for their summer expenses out of their regular pay cheques; and

- 34% of people closely adhere to their budgets.

Downtown Toronto Lags Behind North American Cities In Economic Recovery, Study Says

From March Through May, Toronto Was At Just 46 Per Cent Of Levels For The Same Period In 2019, Tied With Oakland, New Orleans And Calgary.

By Josh Rubin, Toronto Star, July 26, 2022

Downtown Toronto's economic recovery from COVID-19 is lagging behind most other North American cities, according to a new research study.

The study, called "Death of Downtown?" ranked Toronto 49th out of 62 North American cities for downtown recovery, using signals from cell phone towers. The study is a joint product of the University of Toronto and the University of California, Berkeley.

From March through May, the study found, Toronto was at just 46 per cent of levels for the same period in 2019, tied with Oakland, New Orleans and Calgary. In contrast, top-ranked Salt Lake City, Utah, was at 155 per cent. Last place San Francisco was at 31 per cent.

It is no coincidence, said study co-author Karen Chapple, that Toronto and San Francisco were two cities with some of the longest, deepest lockdowns during COVID-19. Other Canadian cities also lagged behind their U.S. counterparts.

"It's clear. You look at that ranking chart and you look at the red cities, which are the Canadian ones, and Canada had much stricter lockdown policies than almost anywhere in the United States, with a couple of exceptions. The San Francisco area, sometimes New York were almost on the Canadian models," said Chapple, director of the School of Cities at the University of Toronto.

The top-ranked Canadian city in the study was Halifax, in 20th place, with a 72 per cent recovery. London was the top-ranked Ontario city in 32nd place, with a 57 per cent recovery. Montreal and Vancouver were 55th and 57th, at 44 and 43 per cent, respectively.

While the severity and length of lockdowns played a key role in how a city's downtown economy came through COVID-19, two other factors were also major contributors, Chapple added. And both have made it harder for Toronto during the recovery.

"The two most important things were composition of the economy — whether you're reliant on sectors that had a lot of remote work, like finance, tech, and professional services. If you're overly specialized, as Toronto is, in those sectors? You didn't do so well. The other thing that really mattered was how you got to work. Because people haven't wanted to get back on transit," said Chapple. Toronto is usually a place that relies heavily on transit, she added; before COVID-19, there were 1.7 million trips on the TTC on an average weekday.

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For small businesses in the downtown core, the study comes as bitter confirmation of the day-to-day reality they're facing, said Ryan Mallough, Ontario regional vice-president for the Canadian Federation of Independent Business.

"I don't think this would come as any surprise to our members. That Toronto and the downtown core in particular are struggling lines up with what we're hearing from members. That has been the case since the first lockdown: Toronto has lagged behind," said Mallough, adding that many small business owners are realizing that the economic landscape might have changed permanently.

"The reality is that, at the very least, hybrid work — if not fully remote work — is pretty much here to stay," said Mallough. "It's something businesses are already starting to learn that they're going to have to adjust to."

The harsher new reality is being felt by retailers in the downtown core, said Michelle Wasylyshen, spokesperson for the Retail Council of Canada. Further afield, it's a different story, she added.

"Retailers with locations in the suburbs are seeing steady traffic — people are shopping where they work and live," said Wasylyshen, adding that the flow of tourists into the city is also a fraction of what it was before COVID-19 struck.

"That impacts Toronto downtown," Wasylyshen said.

In an emailed statement, Toronto Mayor John Tory acknowledged the downtown recovery has taken longer than he'd hoped.

"If you had to put it down to one reason why our downtown recovery has been a bit slower, it is the slower return to work especially by those employed by larger companies. I have been meeting with those employers consistently to assist and encourage them in having their teams return to work downtown but I understand the challenge involved," said Tory, who also suggested that the labour shortage has made businesses leery of leaning on workers to come back.

"The labour shortage has made it much more difficult to set rules or deadlines as opposed to persuading and offering incentives. By definition, this is a slower process but it reflects the fact that a stricter approach may have caused some of those very same employees to change jobs," Tory said.

The mayor also says that the numbers are starting to pick up for public transit, rising to 60 per cent of pre-pandemic ridership from the 20 per cent level during the depths of the pandemic.

Still, suggesting that Toronto's downtown core is going to wither away isn't quite accurate either, argued Marcy Burchfield, vice-president of the Toronto Region Board of Trade's Economic Blueprint Institute.

"It's premature to declare the death of downtown Toronto. That's not the case at all," said Burchfield. "We've attracted a lot of new tech companies through the pandemic. We've got universities, colleges, and incubators that are knowledge hubs. We've got a strong private sector. We've got a great mix."

A spokesperson for Ontario's economic development minister Vic Fedeli agreed, pointing to a recent announcement by Tata Consultancy Services that it's investing in a new "innovation hub" which will provide 5,000 jobs in downtown Toronto by 2027.

Cost-cutting has also helped, said the spokesperson, Kristin Demeny.

"By reducing the cost of doing business in the province by $7 billion a year, we have created the conditions for the economy to grow and thrive," said Demeny.

If there was one bit of hope for Toronto in the study, it's The Big Apple, said Chapple.

"In February, New York was still at 40 per cent. And now New York's at 78 per cent. So that gives me hope. And that's because arts and entertainment have come roaring back, and it has a diverse economy. So that's a message for a place like Toronto."

Read Story (Subscription Required): https://www.thestar.com/business/2022/07/26/downtown-toronto-lags-behind-north-american-cities-in-economic-recovery-study.html?rf&source=newsletter&utm_content=a03&utm_source=ts_nl&utm_medium=email&utm_email=6D73923380F292A40DC042B455F0FDE3&utm_campaign=sbj_136638

'Recession Coming Faster Than Expected': Reinsurer Economist

By Gia Snape, Insurance Business Canada, July 25, 2022

https://www.insurancebusinessmag.com/ca/news/breaking-news/recession-coming-faster-than-expected--reinsurer-economist-414307.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220726&utm_campaign=WPCW-Newsletter-20220726&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

A double whammy of soaring inflation and record interest rate hikes is stoking fears of recession in North America. Those fears may soon come to pass, an economist told Insurance Business Canada.

"We do expect that there's a recession on the horizon and maybe coming faster than we expected," said Thomas Holzheu, chief economist, Americas at Swiss Re. "The most baseline forecast is that there will be a slowdown in the second half of this year."

Two weeks ago, the Bank of Canada raised its key interest rate by one percentage point to 2.5% to rein in inflation, the largest hike in 24 years. Inflation in Canada hit 8.1% year-over-year in June, its highest level in nearly three decades. Meanwhile, the US consumer price index rose 9.1% in June, a 41-year high that may prompt similarly aggressive policy tightening from the US Federal Reserve.

Swiss Re has cut its annual GDP growth forecast for the US to 2.0% this year, from a 2.8% forecast in June. It also predicted just over 1% GDP growth in the US in 2023 amid tighter financial conditions and softer consumption activity.

The reinsurance giant also expects the Fed to raise fund rates by 3.50 to 3.75% as the central bank fights inflation. Higher interest rates will gradually bring benefits to insurers, but the short-term effects pose challenges.

"In the long run, there's a gradual increase of investment yields, so that's a positive impact [for the insurance industry]. But the immediate impact is that bond portfolios are losing value on a market-to-market valuation, so there's some stress on insurance companies' balance sheets with equity indices down and interest rates up," Holzheu noted.

Claims Shock

The biggest shock to the insurance industry stems from claims costs. The skyrocketing prices of goods will continue to put pressure on underwriting profitability. In its outlook for July, Swiss Re forecast a combined ratio above 100% in 2022 for the US property and casualty (P&C) sector due to inflation.

Auto insurance remains among the worst-hit lines. Supply chain issues that kicked off during the pandemic will continue to drive high costs for used cars and replacement parts. Holzheu explained: "The cost for car repairs, and consequently claims costs for motor insurance, will continue to rise due to the rising materials costs and supply chain disruptions.

"The other sector that's specifically affected is construction. Some of that also has to do with rising material costs and supply chain issues. But there is also a very strong demand for housing and home repairs – extra demand during and coming out of COVID-19 [lockdowns] that was unusual. It's very much high-cost pressure in 2022 but that will also be expected to continue into next year."

In casualty lines, Holzheu pointed to wage inflation, healthcare expenditures, and a tight labor market as key drivers of claims costs. Rate increases are seen to persist as insurers play catch-up with spiking prices.

"We expect that the rate increases we have seen going up for commercial lines for the past couple of years will continue. In personal lines, where the rise of claims costs was more recent, we are also seeing an acceleration in US rate filings," said Holzheu. Swiss Re pegged premium growth at 8.0% for the year but said growth would slow to 6.3% in 2023 as the US enters a likely recession.

Mergers & Acquisitions Activity

Mergers and acquisitions in the insurance industry have picked up steam amid the pandemic. Forecasts for more deal-making this year were optimistic after an upbeat 2021: total deal volume rose 40% year-over-year according to a Deloitte study, as insurance companies thrived amid the pandemic and sought to diversify their operations.

While it's difficult to forecast how the imminent recession may impact M&A activity, Holzheu noted that times of economic uncertainty usually sow seeds for consolidation.

"A time of high financial volatility doesn't lend itself very well to the execution of deals. But further down the road, if there's balance sheet stress developing because of either market disruptions or underwriting claims costs, that usually leads to further consolidation and strategic re-orientation," he said.

Insurance Bureau Of Canada Appoints Travelers Canada Leader As New Chair

By Roxanne Libatique, Insurance Business Canada, July 28, 2022

https://www.insurancebusinessmag.com/ca/news/breaking-news/ibc-appoints-travelers-canada-leader-as-new-chair-414827.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220728&utm_campaign=IBCW-Breaking-2-20220728&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

The Insurance Bureau of Canada (IBC) has appointed Travelers Canada president and CEO Heather Masterson as the new chair of its board of directors.

Masterson brings over 25 years of industry experience, market and broker expertise, and executive leadership to the IBC board. She joined Travelers Canada in 2015 as its chief operating officer (COO) and became the company's president and CEO a year later. Previously, she was the president and CEO of Totten Insurance Group and a senior executive at Hub International and AIG.

In addition, Masterson is a founding member of the Insurance Super Club Canadian Chapter and Advisory Board, where she is currently a supporter and a global ambassador for the chapter and board. Previously, she was the president of the Insurance Institute of Ontario and served on the General Insurance Statistical Agency board for four years. She was also a board member of the Women's Brain Health Institute for two years.

Aside from joining the IBC board as its new chair, Masterson is the chair of the Insurance Institute of Canada's national board and a board member of the Property and Casualty Insurance Compensation Corporation and Équité Association.

IBC president and CEO Don Forgeron said Masterson's leadership will enable the Association to advance its strategic priorities with communities, stakeholders, and governments across the country.

"In her new role as chair, Ms. Masterson brings a wealth of experience and knowledge to IBC," Forgeron said. "We look forward to working with her to reach our goals of helping consumers and keeping Canada's insurance industry strong and robust."

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Masterson commented: "I'm proud of our industry and the work we do to protect Canadians from coast to coast. As the voice of Canada's property and casualty insurance industry, IBC is uniquely positioned to help address shared challenges and forge solutions to pressing issues. Through IBC, the industry will continue engaging governments and stakeholders across Canada to drive changes that will benefit Canadian businesses and consumers. I look forward to continuing this important work and representing the shared values of our industry."

Aside from the leadership change, this month saw IBC welcome Tokio Marine Canada (TMC) to its industry Association as a new member.

RESEARCH/THOUGHT LEADERSHIP/TECHNOLOGY/DIGITIZATION NEWS

Five Strategies To Excel At Direct-To-Consumer Insurance

By Vijay Pahuja, Senior Vice-President And Global Head Of Insurance, Sutherland Global, July 26, 2022

https://www.dig-in.com/opinion/5-strategies-to-excel-at-direct-to-consumer-insurance?position=editorial_2&campaignname=DIG%20Morning%20Briefing-07272022&utm_source=newsletter&utm_medium=email&utm_campaign=V2_DIG_Daily_Briefing_20210316%2B%E2%80%98-%E2%80%99%2B07%2F27%2F2022&bt_ee=QEEziXDEVNc5QtHTiqXKvWuvUSAbloQolTRoeArDOuGLOJKflbZJIQwBzUr1AJsM&bt_ts=1658926888058

At the start of 2020, Geico and Progressive commanded 92% of the auto industry's premium growth because of early investment and adoption of the direct-to-consumer (D2C) business model, anticipating heightened market demand for fast and easy service. For certain industry markets, there is recognition that augmenting their distribution with D2C means stronger growth along with lower policy acquisition costs and higher customer satisfaction. Not all insurance markets warrant a D2C strategy, but for those carriers operating in life, personal, voluntary benefits, and small commercial markets, acceleration toward D2C has begun and insurers should invest in building those capabilities.

Early entrants might feel that adopting a brand-new customer acquisition approach is too daunting of a task for their organization to take on, while established incumbents are getting challenged to keep pace.

However, excelling at D2C policy acquisition and servicing isn't as hard as it might look. Successful D2C deployments depend on the following best practices:

1. Keeping up with D2C champions outside the industry.
2. Expanding omni-channel capabilities.
3. Simplifying infrastructure via the cloud.
4. Utilizing customer data.
5. Embracing a 'pay-as-you-go' model while building the deployment.

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1. Best-In-Class Across Industry

Today's consumer wants to research, browse, and purchase insurance products as easily as they stock up on household supplies via an Amazon order. That's a tall order for insurers since even the simplest policies are far more complex than any transaction with an online retailer. But there's still a great deal to learn from online retailers and other D2C experience leaders. Market leaders today are successfully adopting this approach by focusing on AI-based technology along with a team that looks fundamentally different, composed of data scientists, insurance advisors, product managers, designers, and more.

It's not just about speeding up purchasing. Insurers must incorporate great user experience in their design, such as easy navigation of websites and applications; an omni-channel approach for addressing questions however consumers prefer to engage. Moving technology infrastructure to one platform for a 360-degree view of customers enables seamless engagement across these multiple channels.

2. Expand Omni-Channel Capabilities

Omni-channel is an especially crucial investment for insurers, as it allows consumers to connect/engage in the manner they prefer – whether it's via a live phone call, a chat session, a web/mobile app, or other means. Incorporating automation into omni-channel systems ties together all the systems, data, processes on the back-end, no matter what customers use. These capabilities span across channel choice, channel co-ordination and channel blending, which is more prevalent in high-tech and retail sectors and catching on in insurance.
In addition to traditional omni-channel capabilities, an interesting example emerging is automated pre-qualification with conversational AI to speed up the buying process. Here's how that works – a potential customer browses insurance via their mobile phone and then calls to officially start the pre-qualification process. Typically, that takes up too much time for both the customers and live agents. The customer must stay on hold to get pre-qualified and could potentially drop off due to impatience. The live agent's time gets wasted backtracking through everything the customer already did online.

Companies should be monitoring all customer touchpoints across channels to ensure that data show exactly where they are in the shopping experience. Utilizing conversational AI and natural language processing, chatbots can guide the customer through a no-wait, no-lag experience from first contact to sale, pre-qualifying the typical prospective policyholder in less than a minute. Any advanced issues requiring a live agent will have the context of their history to avoid backtracking.

3. Move To The Cloud

Be wary of fragmented efforts and unnecessary complexity while building/augmenting your D2C infrastructure. The most efficient way to get a 360-view of customers across all channels is to bring every interaction into one platform.

Companies that don't have the infrastructure or staff with the right technical capabilities should seek a digital partner that can build an integrated solution, including an omni-channel platform and a team of highly trained licensed agents. Ideally, this solution is highly flexible, enabling insurers to add/remove features as needed and prepare for future scaling and innovations.

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Relying on an experienced third-party means avoiding the costs and disruptions of a DIY approach, allowing for swift integration into a secure, cloud-based environment, and enabling them to focus on designing the best solutions and experiences to fit their customers' unique needs.

4. Embrace Customer Intelligence

Another valuable component of well-built D2C platforms is analytics applied to customer intelligence. Most D2C companies (not just insurers) analyze only a fraction of customer interactions, leaving valuable information about customer behavior untapped and potentially delivering poor customer experience. Luckily, advanced analytics and machine learning can make it easier to get access to these insights.

For example, cognitive AI, which simulates human thinking to find answers, can provide feedback on recorded customer interactions to let insurers and live agents better understand the pain points and hesitations of prospective customers and get the right answers to offer them the appropriate solution.

5. Pay-As-You-Go

Another advantage of relying on a third-party solution provider is that instead of risking major capital expenditure upfront, it can offer a use-as-needed service via the cloud, or even better, a risk-reward engagement model that bills based on actual business outcomes instead of promised results. This is especially helpful for advanced features such as chatbots, which can turn out poorly if constructed by inexperienced hands.

Paying only for the product's outcomes, not the product itself, makes the initial costs and ROI of D2C much less of a leap for companies just starting out and ones looking to scale at speed.

Most consumers are not experts in understanding the insurance market, and carriers' products and traditional platforms can be complex for the average person to understand. As a result, they can enter the purchasing process stressed or wary of carriers. Digital solutions should not only guide consumers quickly and painlessly to the right products but should make the experience enjoyable and simple to assuage any concerns a customer might have.

The easier and more delightful an insurer can make the purchase experience, the more that investing in D2C technology will pay off.

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Hybrid Work Reduced Attrition Rate By A Third, Study Reveals

By Reade Pickert, Bloomberg News, July 25, 2022

https://www.dig-in.com/articles/hybrid-work-reduced-attrition-rate-by-a-third-study-shows?position=editorial_2&campaignname=DIG%20Morning%20Briefing-07262022&utm_source=newsletter&utm_medium=email&utm_campaign=V2_DIG_Daily_Briefing_20210316%2B%E2%80%98-%E2%80%99%2B07%2F26%2F2022&bt_ee=i1xePnEIeEhwgbNJAq%2BL4rgjD%2BbvH%2F63SPV0g2BJnX7NSxBkA5VDv2yta2i8rqGk&bt_ts=1658840435667

Hybrid work reduced attrition rates at a large technology firm by 35% and improved self-reported work satisfaction scores, with no negative impact on performance ratings or promotions, according to a new study co-authored by Nicholas Bloom of Stanford University.

After the explosion of remote work during the pandemic, many companies have now adopted hybrid work arrangements for their employees. This typically involves working two to three days each week at the office and the rest at home, allowing employees to split tasks best done in person and those best done individually.

With the unemployment rate near its lowest level in five decades, even some of the staunchest critics of work-from-home have changed their tune to attract and retain employees.

The randomized control trial of 1,612 engineers, marketing, and finance employees took place in 2021 and 2022 at the global travel agent Trip.com. Those born on an odd-numbered date -- say June 3 -- had the option to work from home on Wednesdays and Fridays, while others had to work in the office full-time. Following the study, Trip.com rolled out hybrid work to the entire company. The paper was co-authored by Bloom, Ruobing Han of Stanford University, and James Liang.

Besides the improvement in attrition, the paper circulated by the National Bureau of Economic Research also highlighted how hybrid arrangements alter work schedules and habits. Employees worked fewer hours on remote days but increased the number of hours worked on other days, including on the weekend. In total, employees worked about 80 minutes less on home days but about 30 minutes more on other work days and the weekend.

Additionally, work-from-home employees increased individual messaging and group video call communication, even when in the office.

The study found no impact from work-from-home on performance reviews or promotions overall or any individual subgroup. However, those with the option to work from home reported slightly higher productivity. There was also an 8% increase in lines of code written by that group compared to in-office employees, a measure of productivity for IT engineers.

“Overall, this highlights how hybrid-WFH is often beneficial for both employees and firms but is usually under-appreciated in advance,” the authors wrote.

Roughly One-Quarter Of Canadians Changed Jobs In Recent Months, Survey Shows

And With Roughly One-Quarter Of Respondents Confirming That They Have Already Changed Jobs Within The Last Few Months, Companies Are Now Shifting Their Focus To Retaining Their Best Workers Through Proper Reimbursement In An Attempt To Combat The Trend

By Erick Espinosa, CityNews Everywhere, July 27, 2022

Roughly quarter of Canadians changed jobs in recent months, survey shows - CityNews Kitchener

While "the great resignation" seems to have slowed alongside the rising costs of living, a new survey reveals some determining factors which employees require in order to stay with their current employer or to make a move to another company.

The survey by ADP Canada suggests that 88 per cent of Canadian workers who are considering changing jobs in the next six months view compensation as their most important determinant, alongside flexibility in a role.

And with roughly one-quarter of respondents confirming that they have already changed jobs within the past few months, companies are now shifting their focus to retaining their best workers through proper reimbursement in an attempt to combat the trend.

For example, over one quarter of respondents said they received a non-performance-related pay increase in the past six months. And one-e third confirmed that these raises were above 5 per cent, not far behind Canada's current rate of inflation.

While many Canadians find themselves in a new job, employers also need to put the focus on those who stayed in their roles.

"It's now time for the 'Great Recognition' and to build a culture of appreciation," said Ed Yuen, Vice President, Strategy and HR Outsourcing at ADP Canada.

Although 93 per cent of respondents said they are happy in their current roles, many of these workers are new to their position.

UPCOMING WEBINARS AND EVENTS

Web Seminar By Digital Insurance: Modernizing The Insurance Experience: A Conversation With Sun Life Canada And Mutual Of Omaha

Dates: August 17, 2022
Time: 2:00 p.m. – 3:00 p.m. ET

While the P&C industry has been quick to transform, the Life and Health industries have generally lagged behind in digital transformation. In this webinar hosted by Amazon Web Services, enjoy a roundtable discussion with executives from Sun Life Canada and Mutual of Omaha, who are bucking the industry trend and will share their perspectives on building customer-centric, omni-channel businesses in the Life, Accident, and Health insurance space.

In this webinar, we'll discuss:

- Current trends outside of the industry impacting insurance business models
- The role of data and technology in creating new and improved customer and employee experiences
- The challenges legacy insurers face on the path to modernization

Register Here

Web Seminar By Digital Insurance: How Cloud Communications Can Drive Business Results And Customer & Employee Satisfaction In Insurance

Dates: August 23, 2022
Time: 2:00 p.m. – 3:00 p.m. ET

The insurance industry adapted to COVID-19 in a remarkable way. Overnight, insurance companies and agents shifted communications to omni-channel forms of interaction with each other and with their policyholders. Many agencies and carriers shifted from physical to digital workplaces. They reinvented work cultures, implemented new tools, and saw their teams thrive in remote environments.

Join us as we review compelling new research around best practices for cloud communications in the insurance industry, and discuss key statistics on performance measures like ROI, total cost of ownership, employee productivity, process improvement, and customer satisfaction.

We'll also discuss:

- The latest trends and innovations with unified communications in the coming year— and why it can be a game changer for insurance companies looking to drive improvements across their business
- What your employees and policyholders expect from their communications tools
- How the right unified communications platform can drive value for your business

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Made-in-Canada Life and Health Insurance Industry Orientation Boot Camp: LOMA's 2022 Insurance Immersion Virtual Program

Dates: September 12 - 15, 2022

1. CanCon: This made-in-Canada program provides a comprehensive overview of the Canadian market in these areas:

- Industry structure, players, and changing landscape
- Life insurance and wealth products, pricing, distribution, and sales
- Operations – new business, underwriting, customer service, and claims
- Regulation and compliance
- Finance and risk management

2. Expert Instructors: Taught by highly respected Canadian insurance leaders with over 125 years of combined industry experience, you'll benefit from their vast knowledge, experience, and insights.

3. Fast and Effective: Over 3-½ days, this intensive and interactive boot camp advances at a quick and efficient pace. The syllabus builds topics in a logical sequence to create a big picture view of the business. You'll participate in breakout group exercises, real-life case studies, and dynamic discussions to maximize your learning experience with the help of peer interaction.

4. Virtually Convenient: Delivered via Webex, it conveniently brings remote individuals together from any location for collaborative learning.

5. Great Value: The program fee is cost-effective and includes the classroom instruction, course materials, the Insurance Immersion Certificate, and the FLMI Level I Certificate in Insurance Fundamentals. You'll also get a chance to win coveted prizes (and bragging rights) for the activities. Plus, you'll save big if you register before the early-bird deadline of August 12, 2022!

Register Here