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CAFII ALERTS WEEKLY DIGEST: July 7 – July 14, 2023

July 14, 2023

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

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GOVERNMENT/LEGAL/REGULATORY DEVELOPMENTS

AMF Taps Top Civil Servant As New Chief

Yves Ouellet To Succeed Louis Morisset On August 21

By James Langton, Investment Executive, July 6, 2023

https://www.investmentexecutive.com/news/from-the-regulators/amf-taps-top-civil-servant-as-new-chief/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=6d73923380f292a40dc042b455f0fde3

Veteran civil servant Yves Ouellet will be the next leader of Quebec's Autorité des marchés financiers (AMF), replacing Louis Morisset whose 10-year run at the regulator's helm ended July 1.

Ouellet has been a life-long public servant since 1991, most recently serving as secretary general and clerk of the Conseil exécutif, the top-ranking civil servant in Quebec.

He also had stints in the province's finance ministry, served as deputy minister of natural resources and wildlife, and was president and CEO of the Société québécoise des infrastructures. He holds bachelors and masters degrees in economics from the Université du Québec à Montréal.

"Yves Ouellet's appointment as AMF president and CEO comes at an important time for the organization," said Quebec's finance minister Eric Girard in a release.

"The financial sector is in constant flux in the age of new technologies and artificial intelligence. His refined knowledge of the machinery of government, the economy and public finances, and his strong management skills will be invaluable assets for the AMF."

Ouellet will take over as president and CEO of the AMF on August 21. In the meantime, the AMF tapped Marie-Claude Soucy, who is currently its vice-president, finance, talent and technology, as its interim president and CEO.

Quebec's Unified Approach To Financial Services Regulation Should Inspire Other Provinces

By Laurene Garden, The Insurance Portal, June 19, 2023

https://portail-assurance.ca/article/lapproche-unifiee-du-quebec-devrait-inspirer-les-autres-provinces/

According to Pierre Lortie, a lawyer specializing in business law, the unified regulatory framework within the Autorité des marchés financiers in force in Quebec offers greater regulatory flexibility and promotes stability and competition in Quebec's financial sector.

On June 13, the University of Calgary hosted a webinar highlighting the report entitled *Regulating Finance to Foster Growth: Quebec Experience in Perspective*, written by Pierre Lortie.

This report examines Quebec's experience with financial regulation since the 1960s and how the province has responded to federal regulatory changes to maintain the prosperity and competitiveness of its financial institutions.

During this virtual meeting, Pierre Lortie spoke with Jack Mintz, a founding economist and president of the School of Public Policy at the University of Calgary, about the possibility of harmonizing federal and provincial financial regulations to stimulate economic growth.

"I think it's crucial, not only for Alberta, to look carefully at your paper and think about its potential to develop the financial sector. But I also think that the other provinces should also closely observe the Quebec experience," said Mintz during the meeting.

The Quebec Model

In 2002, Quebec adopted a unified financial services regulatory agency model, emphasizing the promotion of its own financial institutions and strengthening Montreal's position as an international financial centre.

According to Lortie, this unified approach promotes competitive neutrality between different types of financial institutions, while providing regulatory flexibility. In addition, the existence of an integrated agency allows for economies of scale, thus facilitating the recruitment and retention of highly qualified professionals.

The report also highlights the special role of Desjardins Group, which plays an essential role in the Quebec economy. Unlike the regulatory regimes of other provinces, Desjardins Group's regulations give it broad powers over caisses populaires and make them a single entity present in various sectors such as life insurance, investments and securities, and real estate brokerage.

The report indicates that the value of Desjardins Group's assets represents 66.4% of the Quebec economy, while in other provinces, credit unions represent much smaller proportions.

Financial Services Regulation in Canada

With respect to financial services regulation in Canada, the federal government undertook a major reform in the 1970s aimed at modernizing Canada's financial system and making it more internationally competitive.

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In 1986, the federal government proposed a major reform to deregulate the country's financial system, modelled on the British model. This reform included several key measures, such as removing restrictions on common ownership of financial institutions; expanding the lending powers of personal and business trust companies, lending and life insurance companies; and creating the Office of the Superintendent of Financial Institutions (OSFI) to centralize federal regulation of financial institutions under a single authority.

Quebec has responded by taking a pragmatic approach, licensing brokerage firms and allowing Quebec trust companies to exercise certain banking powers to maintain the competitiveness of its local financial institutions.

"When looking at history and relationships in Quebec, the main concern was not so much the powers of the federal government, but rather to ensure that Quebec institutions were not disadvantaged compared to federal institutions. This has mainly led to the implementation of contingency plans in the event of bankruptcy, to ensure that investors benefit from the same level of protection in a Quebec institution as in a federal institution," said Lortie.

Specific Aspects Of Quebec's Financial Services Regulation

Quebec has also put in place specific measures to meet its financial services regulatory needs. For example, mutual fund dealers in Quebec have professional liability insurance that does not cover fraud, gross negligence, or embezzlement, unlike other provinces.

To remedy that situation, Quebec created the Fonds d'indemnisation des services financiers (FISF), which aims to compensate financial consumers in the event of fraud committed by representatives or other employees of mutual fund dealers.

Quebec has also developed language requirements for financial institutions to protect the language rights of Quebecers. However, those language requirements are not unanimously supported by Canadian companies, some of which avoid the Quebec market.

The Place Of New Technologies In Quebec

Pierre Lortie emphasized the importance of implementing and managing an adaptable regulatory process to support the dynamic evolution of the fintech market, thus ensuring a safe and efficient deployment of these new technologies.

According to his report, Canada is considered a relatively favourable environment for startups, ranking fourth among countries for three consecutive years.

In Quebec, the AMF has undertaken several initiatives to strengthen its understanding of new technologies in order to effectively fulfill its role as regulator in a digital environment.

The AMF has established a "fintech" group composed of approximately 60 employees dedicated to the supervision of fintech innovations. That group contributes to efforts to maintain a regulatory framework adapted to the realities of the Quebec market and helps innovative companies comply with the laws governed by the AMF.

Despite those initiatives, Montreal is currently ranked 40th in the world ranking of financial centres for fintech, indicating a relatively low level of entrepreneurial activity and funding in the field of fintechs.

On the other hand, Lortie's report also highlights Montreal's success in the field of financial software development, which has enabled it to acquire world-renowned expertise in that sector. To date, Montréal International, which aims to promote the Montreal region as a destination for investment and international trade, has managed to attract close to 50 international financial companies.

Lortie took advantage of the University of Calgary webinar to mention the example of Morgan Stanley. "Thanks to Montreal International, the city has benefited from important sources of knowledge and expertise in the field of IT development for financial services. A notable example is Morgan Stanley's Montreal centre, which employs 2,800 people. Nearly 45% of those employees come from CGI or FX Innovation, positioning the city as the bank's third largest technology location, after India and New York," he concluded.

BCFSA Releases Insurer Code of Market Conduct

By BCFSA Staff, July 10, 2023

Distribution: All Insurers Authorized in B.C.
Advisory Number: 23-029
Purpose

This Advisory notifies B.C. authorized insurers that BC Financial Services Authority ("BCFSA") has issued Regulatory Statement 23-015, which establishes an Insurer Code of Market Conduct ("Code") that B.C. authorized insurers must adopt and comply with by April 1, 2024.

This requirement applies to all B.C. incorporated insurance companies, extraprovincial insurance corporations, societies deemed under section 191 of the *Financial Institutions Act* ("FIA"), and mutual fire insurance companies. Reinsurers, reciprocal exchanges, and captive insurance companies are excluded.

Introducing BCFSA's Insurer Code

Join us for an overview of BCFSA's insurer code at this 30-minute information session, highlighting key concepts and provisions. Participants will have the opportunity to ask questions during a moderated question and answer period following the presentation.

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Date & Time: 2:00 – 2:30 p.m. EST, Thursday July 20, 2023
Register link is in the webinar section

Additional Information

In fall 2019, the B.C. government introduced a series of legislative amendments aimed at modernizing BCFSA's approach to market conduct supervision and oversight. This included a new provision, section 94.1 of the FIA, that requires insurers to adopt and follow a Code of Market Conduct established by BCFSA. As this requirement is now in force, BCFSA is establishing an Insurer Code of Market Conduct.

The Code establishes principles that insurers will be required to adopt and follow to help ensure consumers are protected throughout the product lifecycle. This principles-based approach emphasizes the importance of embedding the fair treatment of customers ("FTC") in governance and practices while providing insurers with latitude to implement the principles in their operations in a flexible manner.

On June 21, 2022, BCFSA released a draft of the proposed Code and an accompanying Guideline for public consultation. A summary of the consultation feedback is available on BCFSA's website.

Based on feedback received during the consultation period, BCFSA has redrafted the Code to reflect the Canadian Council of Insurance Regulators' ("CCIR") Conduct of Insurance Business and Fair Treatment of Customers guidance ("FTC guidance"). BCFSA will not proceed with an accompanying Guideline at this time.

To align the requirements in B.C. with the national guidance, the Code uses the 12 expected outcomes from CCIR's FTC guidance as principles that insurers in B.C. will be required to follow. The Code does not include the remainder of the FTC guidance beyond the articulated expected outcomes.

Once the Code has been adopted by insurers, BCFSA will work with industry to identify and address potential market conduct issues to ensure consumers continue to be treated fairly and strengthen public trust and confidence in the insurance segment. Insurers are encouraged to review FTC-related reports and guidance published by CCIR on a periodic basis to increase awareness of practices that may support insurers' adherence to the principles in the Code.

For questions or to request a meeting with BCFSA staff in respect of this Advisory or the Code, please contact BCFSA's Market Conduct Branch at insurance@bcfsa.ca.

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Ottawa Extends Consultation Period For RBC–HSBC Deal After Technical Difficulties

Finance Extended The Consultation Period By 15 Days To July 21

By The Canadian Press, July 11, 2023

Ottawa extends consultation period for RBC–HSBC deal after technical difficulties | Investment Executive

The federal government is giving more time for Canadians to submit their thoughts on the Royal Bank of Canada's deal to buy HSBC Bank Canada.
Ottawa extended the consultation period by 15 days to July 21 after technical difficulties prevented the Finance Department from receiving the content of some submissions sent by email.

It says the technical issues have been resolved.

RBC announced a deal in November 2022 to buy HSBC Bank Canada for $13.5 billion in cash.

Both the Competition Bureau and the Office of the Superintendent of Financial Institutions are also reviewing the transaction, which requires approval from the Minister of Finance.

The public consultations by the Finance Department are separate from the public request for information issued by the Competition Bureau.

Population Growth The "Wrinkle" In Bank Of Canada's Inflation Plan

A Growing Population Has Boosted Spending And The Housing Market But Could Help Tame Wage Inflation, Reports Say

By Mark Burgess, Investment Executive, July 11, 2023

Population growth the "wrinkle" in BoC's inflation plan | Investment Executive

As investors await another interest rate decision on Wednesday, July 12 from the Bank of Canada, Canada's growing population may be the factor tipping the scales in favour of another hike.

A report from TD Economics attributed the central bank's return to rate hikes in June to data points linked to an expanding population.

"The wrinkle in the BoC's plan and overall analysis came via population statistics," TD economists Beata Caranci and James Orlando wrote in a report this week.

"At the time of the announced pause [in March], it was not readily observable that Canada was experiencing a massive demand shock. It turns out that the population expanded by 1.2 million persons over the last year, creating a demand force not seen since the 1950s."

After raising the overnight interest rate to 4.5% in January, the central bank held steady at its next two meetings to monitor the effect of its rapid hiking over the previous year and the impact on household debt. But where many expected increased interest-rate sensitivity, consumer spending surged and the housing market perked up.

"This puts the central bank into a bind," the TD report said. "Even though spending per capita has softened, the whole matters more than the parts and the BoC must set policy for economy-wide inflationary forces that are pressing on capacity."

Meanwhile, employer demand for workers is still strong, with the economy adding another 60,000 jobs in June.

A report from National Bank Financial puts those numbers in context. Canada has added 470,000 jobs over the past year, which is a lot for an economy considered to be in excess demand. However, the report notes that Canada's population has grown even faster, and that's why job creation and unemployment are both rising.

"Put another way, surging population — while creating headaches in terms of owned/rental accommodation — is at least keeping a tight labour market from getting tighter," National Bank said.

This could be positive news for the BoC's inflation fight. While labour demand is likely to cool, immigration is unlikely to slow at the same pace, which will lead to higher unemployment. "And that, by extension, should mean relatively tamer wage and overall inflationary pressures in Canada," the report said.

OTHER CAFII MEMBER-RELEVANT NEWS

Laurentian Bank Puts Itself Up For Sale, Hires Advisers To Approach Other Canadian Lenders

By Andrew Willis, Stefanie Marotta, and James Bradshaw, The Globe and Mail, July 11, 2023

Laurentian Bank of Canada is up for sale, with larger rivals now circling the country's ninth-largest lender in pursuit of a deal that would continue a trend toward consolidation in financial services, sources say.

Laurentian's board of directors recently hired financial and legal advisers to quietly shop the Montreal-based bank to potential buyers, according to four sources with knowledge of the process. Two of those sources said Laurentian is believed to have received a bid from an undisclosed rival bank that helped spur the sale process.

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The Globe and Mail is not naming the sources because they are not permitted to discuss the confidential sale process.

Laurentian Bank is in the midst of a turnaround plan after its profitability and stock price have significantly underperformed those of rival banks for several years. The bank has made some headway at revamping its fortunes under chief executive officer Rania Llewellyn. But it faces headwinds as growth in its loan book is expected to slow, profit margins are starting to come under pressure, and Canada's banking regulator is asking financial institutions to hold more capital.

Since late June, Laurentian has been in talks with several suitors, according to the four sources. Laurentian has hired JPMorgan Chase & Co., which ran last year's sale of HSBC Bank Canada for its British parent, three of the sources said.
Laurentian declined a request for comment. JPMorgan Chase & Co. declined to comment.

Founded in 1846, Laurentian Bank has 57 branches and $51-billion of assets, and its core business is commercial loans to clients in Quebec, Ontario, and the U.S.

Based on recent transactions, including the proposed sale of the 130-branch HSBC Bank Canada to Royal Bank of Canada, a Laurentian takeover could cost between $2-billion and $2.8-billion. The bank's book value is approximately $2.8-billion, and the market value of the company's shares was $1.45-billion as of late Tuesday, July 11, which is steep discount to its book value.

One of the banks considered a potential suitor is Bank of Nova Scotia because its executives have repeatedly said in recent years that it is a priority to expand its operations in Quebec and B.C., two provinces where the Toronto-based bank thinks it is under-represented, especially in commercial banking.

Large Quebec-based financial institutions National Bank of Canada and Desjardins Group could be considered natural contenders, but National Bank has signalled that it is more focused on expanding existing operations outside of Quebec. Bank of Montreal and Canadian Imperial Bank of Commerce could also consider bids. But BMO recently closed its US$16.3-billion takeover of California-based Bank of the West, and CIBC has said its first focus is on growing its existing business as it looks to build up its capital reserves.

The country's two largest banks – Royal Bank of Canada and Toronto-Dominion Bank – are not expected to bid for Laurentian, the sources said. Royal Bank still needs approval for its proposed $13.5-billion takeover of HSBC Bank Canada, the country's seventh largest lender. TD is focused on expansion in the U.S. market.

Spokespeople for the six largest banks could not immediately be reached for comment.

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Laurentian's decision to look for a buyer comes after the bank's board decided that shareholders would be better served by owning a portion of a larger platform, rather than trying to compete against far larger rivals. According to one source, the Laurentian board and chief executive officer Rania Llewellyn were frustrated by losing out this year in the bidding war for mortgage lender Home Capital Group Inc., purchased in April by entrepreneur Stephen Smith for $1.7-billion.

Laurentian Bank is only slightly more than half way through a three-year turnaround plan that sought to reframe the lender as a nimble alternative to the country's largest banks, and to move on from costly mis-steps made in the preceding years.

In 2020, the bank abruptly swapped CEOs, parting ways with Francois Desjardins mid-year and hiring Ms. Llewellyn from Bank of Nova Scotia a few months later – a non-Francophone who became the first woman to run a major Canadian-owned bank. At the time, Laurentian was suffering from a string of weak results and had slashed its dividend.

An ambitious plan to modernize the bank under Mr. Desjardins, which included overhauling digital banking systems and closing nearly half its branches, was ultimately scrapped as costs mounted and revenue stalled. Instead, Ms. Llewellyn mapped out a turnaround plan after a year-long review that would simplify the bank, focus more on specialized niches such as commercial equipment financing, and rely on outside partnerships to revamp its digital banking experience.

It wasn't until late 2021 that Laurentian introduced a mobile banking app for smartphones, relying on technology from a partnership with a credit union.

Ms. Llewellyn acknowledged at the outset that the turnaround would take time. In a report published in June, analyst Darko Mihelic at RBC Capital Market said Laurentian's loan growth is slowing as interest rates rise, and this will reduce future profitability.

In 2021, Laurentian decertified what had been the only unionized workforce at a Canadian bank. Analysts said the move made the bank a more attractive takeover target.

Laurentian has 3,100 employees and made a $226.6-million profit last year. The bank is a fraction of the size of rivals – Scotiabank has 91,000 employees, nearly 2,400 branches and made $10.7-billion last year.

As part of the sale process, Laurentian has set up a data room, where potential buyers can view confidential financial information, two of the sources said.

The federal banking regulator and the federal Finance Minister would need to approve a takeover of Laurentian. If the bank is sold, with government approval, it would continue a trend that has seen the six largest banks expand by snapping up rival lenders, wealth managers, and trust companies. TD Bank, for example, vaulted to the top of the ranks by size when it acquired Canada Trust 23 years ago.

A Laurentian takeover could also put pressure on other small rivals, such as Edmonton-based Canadian Western Bank, to consider selling themselves.

Read Story (Subscription Required): *Laurentian Bank puts itself up for sale, hires advisers to approach other Canadian lenders - The Globe and Mail*

Canadian Transportation Agency Lays Out Proposed Changes To Passenger Rights Charter

By Christopher Reynolds, The Canadian Press, July 11, 2023

https://www.theglobeandmail.com/canada/article-canadian-transportation-agency-lays-out-proposed-changes-to-passenger/?utm_medium=email&utm_source=Top%20Business%20Headlines%20Evening%20Edition&utm_content=2023-7-11_17&utm_term=Canadian%20Transportation%20Agency%20lays%20out%20proposed%20changes%20to%20passenger%20rights%20charter&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

The Canadian Transportation Agency on Tuesday, July 11 laid out proposed changes to the passenger rights charter, launching consultations on the overhaul amid skepticism from advocates.

The reforms come after the Liberal government passed legislation last month to toughen penalties on airlines, shore up the complaint process, and target flight disruption loopholes that have allowed carriers to avoid traveller compensation.

The amendments to the Air Passenger Protection Regulations spell out the circumstances when an airline would not have to compensate customers, narrowing the field so that most technical problems will no longer give carriers an out.

The new rules would also allow customers to claim a refund if the government raises the risk level of travel to certain countries or if a flight disruption prevents them from completing their trip “within a reasonable time – for example, if the offered rebooking was so delayed from the original departure time that the trip would no longer serve the passenger’s original purpose.” The current threshold is 48 hours.

Further, the changes require more timely information about disruptions from airlines and cap at two the number of flights in a row where carriers can cite “knock-on effects” caused by a problem elsewhere, such as inclement weather, as a reason to deny compensation.

The complaints backlog at the regulator now tops 52,000, roughly triple the tally from a year ago and requiring two years on average per case.

The tally steadily ticked up after last summer’s airport chaos and further turmoil over the winter holidays. While air traffic has flowed much more smoothly this travel season, airlines including Air Canada routinely see the proportion of on-time arrivals fall below 50 per cent as they continue to work through post-pandemic hitches.

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“We’re in a kind of a mess,” said John Lawford, executive director of the Public Interest Advocacy Centre.

He cast doubt on whether the so-called safety loophole for compensation was really shut tight.

The bane of many passengers over the past few years, it has allowed airlines to deny customers compensation for flight cancellations or three-hour-plus delays if they were “required for safety purposes,” as stipulated in the Canada Transportation Act.

The proposed changes scrap that safety provision. But Lawford said the list of “exceptional circumstances” partly walks back the move.

“We’re going to have a list of things that qualify as exceptional circumstances – and then listing almost everything that was in the previous regime.”

The list of exceptions that clear airlines of that obligation includes “hidden manufacturing defects” – potentially comparable to the mechanical issues frequently cited by carriers.

“What’s a hidden defect? Are we talking latent and patent defects and getting into all that (stuff) about products liability law?” Lawford asked. Enforcement on that front would also be tough, he said.

“That’s not an exception that’s recognized in Europe,” he added, citing what’s sometimes referred to as the gold standard of passenger protection regimes.

However, the list does exclude “technical problems that are an inherent part of normal airline operations.”

The National Airlines Council of Canada, an industry group representing four of the country’s biggest carriers, has denounced the potential scrapping of safety concerns as an exception to compensation requirements.

“No airline should be penalized for adhering to the highest standards of safety, whether that is due to weather, mechanical issues, or other safety-related constraints,” Council president Jeff Morrison said in a statement in April.

The route to a better travel experience runs through airport upgrades and greater accountability across the range of aviation players, according to the Council.

Morrison has also said airlines should not shoulder sole responsibility for all organizations in the overall system, over which they have no control.

Included in the list of exceptional circumstances are “airport operational issues for which the airline is not responsible.” It remains to be spelled out what those issues are – for example, whether they would include a dearth of air traffic controllers that results in hundreds of disruptions, a problem that has played out in recent weeks.

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The transportation agency kicked off 30 days of public consultations on the proposed reforms on Tuesday, July 11.

A second round of consultations by the Canadian Transportation Agency will follow a set of draft regulations, set to be published after initial public consultations wrap up on August 10.

The new rules are expected to be in force by the end of 2023.

Air Passengers In For Another Turbulent Summer, Experts Fear, Following Thousands Of Cancellations And Delays

Air Canada Had 1,965 Flights — More Than Half Its Schedule — Delayed Or Cancelled Over The Canada Day Long Weekend.

By Josh Rubin, Toronto Star, July 6, 2023

Canadian air travellers could have been forgiven for a bad case of déjà vu the last couple of weekends.

Hundreds of flight delays and cancellations at the country's biggest airports — including Toronto's Pearson International — were an ugly reminder of the chaos that plagued air travellers last summer.

But were the disruptions a sign we're doomed for a repeat, or merely a blip on the radar?
Industry analysts worry we're headed for a repeat and point the finger of blame mostly at Air Canada, the country's biggest airline, which had 1,965 flights — more than half of its schedule — delayed or cancelled over the Canada Day long weekend. Other airlines, including WestJet, had substantially better on-time performance.

"If it was just one weekend, you might be able to argue it was a blip. But this is two weekends in a row. I think this is going to continue for the rest of the summer," said John Gradek, a former Air Canada executive and head of McGill University's Global Aviation Leadership Program. Gradek pointed out that there were plenty of Air Canada flights delayed at Pearson and Montreal's Trudeau International Airport the previous weekend, too.

Air Canada blamed bad weather at some of its Canadian and U.S. hubs for most of the delays and cancellations, and pointed out that it had successfully carried 600,000 passengers over the holiday weekend.

"We accomplished this even though the weather had a major impact on the industry, notably in the U.S. ... We are the largest foreign carrier to the U.S. by frequencies, so issues there affect us disproportionately versus other Canadian carriers, and this can have knock-on effects to our entire system," an Air Canada spokesperson said.

Unlike last summer, when staffing shortages at airlines and airports as well as a host of agencies led to delayed or cancelled flights, long lineups at customs and security, and lost baggage, this time around Gradek said most of the blame lies with the airline. Last summer, just 35 per cent of flights coming in and out of Pearson were on time.

"I don't think you can really blame Pearson, NAVCAN, CBSA or CATSA for this," Gradek said. "To me, this is on Air Canada."

The airline bumped up its summer flight schedule by 23 per cent, Gradek said, with fewer large planes in its fleet. He points out that, in 2020, Air Canada got rid of 24 wide-bodied planes such as Boeing 767s and Airbus 330s. They sold most of them and converted a handful of others into cargo planes. A decision to trim costs during the pandemic is now biting back, Gradek argued.

"They took 24 big planes out of their fleet and are flying the hell out of the rest," he said. "They used to have some spare capacity, so they could swap out a plane if it needed servicing or if one was stuck somewhere because of weather. They really don't have that anymore."

Nadine Ramadan, a spokesperson for Federal Transport Minister Omar Alghabra, said that until the last two weekends, more flights were on time than last summer, and passengers waited less time to go through customs and security. Still, the spokesperson said, there's reason to stay vigilant.

"Last weekend shows that airlines still need to do better to deliver on the flights they've promised to passengers, and we've made this clear to them. All players in the industry have a role to play to ensure smooth operations for Canadian passengers," Ramadan said.

At the Greater Toronto Airports Authority (GTAA), which runs Pearson, there are roughly 10,000 more staff on-hand than there were last summer, putting the airport above pre-pandemic staffing levels. The GTAA has also spent money beefing up its baggage handling systems. The increase includes the hiring of 130 new staff to help in critical areas such as busing, baggage handling, and terminal operations.

There are also more security guards hired by the Canadian Air Transport Security Agency, as well as more customs agents and border guards hired by the Canada Border Services Agency. While there was a shortage of air traffic controllers the last weekend of June, NAVCAN, the agency responsible for air traffic control, has said it is hoping to increase staffing levels.

Barry Prentice, a University of Manitoba professor and a travel industry analyst, said that while there's some blame to spread around, there's no doubt that Air Canada has been jam-packing its flights, and echoes Gradek that the airline doesn't have any extra planes around.

"Building slack into the system costs money. They decommissioned a big part of their fleet," Prentice said.

And there's good reason why Air Canada is making sure every single flight is packed to the gills during summer vacation season, Prentice said. Because of the work from home trend hastened by the pandemic, business travel is no longer the year-round money-maker it once was.

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"The airlines really made their money on business travel. And business travel really hasn't bounced back in the same way, so they're leaning into leisure travel," Prentice said. "They don't know what the fall and winter are going to look like, so they're trying to maximize revenue while they can."

That, Prentice said, holds true for all airlines at the moment. And, he added, the entire industry is still rebuilding itself in the wake of the pandemic.

"An industry doesn't recover from something like the pandemic overnight, or even in a year or two," Prentice said. "The chaos will continue."

Read Story (Subscription Required): Air passengers in for another turbulent summer, experts fear | The Star

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Two-Thirds Of Canadian Employees Are Quiet Quitting, Study Finds

By Kylie Adair, Special To The Globe and Mail, June 29, 2023

A new global report paints a grim picture of the workplace: a majority of the world's workers are quiet quitting and daily stress levels are rising.

The report by analytics and consulting firm Gallup found that in 2022, when workers around the world were asked if they were engaged in their work, quiet quitting, or loud quitting, 59 per cent chose quiet quitting. Gallup defines the trend as when employees "put in the minimum effort required" and are "psychologically disconnected from their employer." Eighteen per cent were loud quitting — taking "actions that directly harm the organization, undercutting its goals, and opposing its leader" and 23 per cent said they were engaged in their work.

Canadian numbers are worse. Two-thirds of workers were quiet quitting and 13 per cent were loud quitting.

Jim Harter, chief scientist in Gallup's workplace management and well-being practices, says these numbers are concerning but not surprising. Quiet quitting is a new term but not a new phenomenon, he says.

Gallup's been studying workers' engagement since 2009, when the number of engaged workers globally was 12 per cent - 11 per cent lower than it is now. 2022 was a record for engagement, but much of this can be attributed to a 7-per-cent-gain in South Asia, according to the report.

"I think [quiet quitting is] resonating more right now because, economically, workers have had more choice the last few years," Dr. Harter says. "They've had a chance to reflect and think about their work and life situation and how that works best for them. They've learned some autonomy through the pandemic, for those who could work remotely."

Ultimately, there's been a "changed relationship between employee and employer," he says.

Gallup's number of Canadian workers quiet quitting is much higher than one other study found. A 2022 study by human resources consulting firm Robert Half Canada found 5 per cent of Canadian workers were quiet quitting — while 59 per cent were going above and beyond their job descriptions.

Mike Shekhtman, a senior regional director for Robert Half Canada, says engagement "has shifted a little bit as we entered 2023, just based on some other factors, such as the burnout rates that have increased year over year." Indeed, in a May 2023 survey by Robert Half Canada, 36 per cent of workers reported being more burned out now than a year ago.

While the Gallup report didn't measure burnout, it did find that rising stress levels and low rates of engagement in work are connected (and studies show that chronic stress can lead to burnout). Though one isn't necessarily causing the other: "Work itself can be a source of stress, and low engagement is related to higher stress. But external factors, such as inflation or family health issues, can also be sources of daily stress," the report reads.

The Gallup report also looked at daily stress and levels of engagement in work among remote, hybrid, and in-person workers. It found that hybrid workers — those who spend some time working from home and some time at an office or other worksite — globally had the highest levels of daily stress (45 per cent), followed by fully remote workers (43 per cent), and on-site workers (38 per cent). Hybrid workers were also most likely to be loud quitting, or actively disengaged in their work.

This could have to do with unclear expectations. "There has to be a plan," Dr. Harter says. "Remote and hybrid work can't work without a plan about how you're going to work, so people know what's expected of them, so people know that if they make an investment in commuting that they'll see other people when that happens … When there's a lack of predictability, that causes stress and burnout."

Hybrid workers were most likely to say that they were looking for another job, too.

Canadians are optimistic about the job market, with 60 per cent of workers saying that they felt it was a good time to look for a new job. Mr. Shekhtman sees similar trends: "Walking into 2023, the job optimism was at an all-time high."

This may sound discouraging to employers, but it's actually good news for engagement, Dr. Harter says. "What happens when you have a good job market is, if you feel disengaged in your work, you're much more likely to be able to leave and find something else." In other words, it's better to have an employee flat-out quit (and to find a more engaged replacement) than to have them quiet quit.

"What we've seen in the past is that when there's higher unemployment, active disengagement goes up by a little bit, because people just have less choice," Dr. Harter says. And Canada's unemployment rate is currently near a record low.

Read Story (Subscription Required): *Two-thirds of Canadian employees are quiet quitting, study finds - The Globe and Mail*

The Fallout Of The Mandated Return To The Office

As We Navigate The Future Of Work, Companies Need To Embrace The Wave Of Flexible Policies Or Risk Being Left Adrift, A Trio Of Reports Makes Clear.

By Gleb Tsipursky, Special To Waterloo Region Record, July 9, 2023

We're now finding out the damaging consequences of the mandated return to the office. And it's not a pretty picture.

A trio of compelling reports — the Greenhouse Candidate Experience Report, the Federal Reserve's Survey of Household Economics and Decision-making (SHED), and Unispace's "Returning for Good" report — collectively paint a stark picture of this brewing storm.

Unispace finds that nearly half (42 per cent) of companies that mandated office returns witnessed a higher level of employee attrition than they had anticipated. And almost a third (29 per cent) of companies enforcing office returns are struggling with recruitment. Imagine that — nearly half! In other words, they knew it would cause some attrition, but they weren't ready for the serious problems that would result.

Perhaps they should have been. According to the Greenhouse report, a staggering 76 per cent of employees stand ready to jump ship if their companies decide to pull the plug on flexible work schedules. Moreover, employees from historically under-represented groups are 22 per cent more likely to consider other options if flexibility goes out the window.

In the SHED survey, the gravity of this situation becomes more evident. The survey equates the displeasure of shifting from a flexible work model to a traditional one to that of experiencing a two-to-three per cent pay cut.

In the game of talent acquisition and retention, flexible work policies have swiftly emerged as the queen on the chessboard — commanding, decisive, and game-changing. The Greenhouse, SHED, and Unispace reports, when viewed together, provide compelling evidence to back this assertion.

Greenhouse finds that 42 per cent of candidates would outright reject roles that lack flexibility. In turn, the SHED survey affirms that employees who work from home a few days a week greatly treasure the arrangement. It's like enjoying a day at the beach while still being connected to the digital world.

Curious about what's luring employees away? The Greenhouse report has cracked the code: excluding career-centric factors such as pay, security, and promotion, flexible work policies shine brighter than the Vegas Strip in employee desires.

Interestingly, Unispace throws another factor into the mix — choice. According to its report, overall, the top feelings which employees revealed they felt towards the office were happy (31 per cent), motivated (30 per cent), and excited (27 per cent). However, all three of these feelings decrease for those with mandated office returns (27 per cent, 26 per cent, and 22 per cent respectively). This highlights that staff are more open to returning to the office if it is out of choice, rather than forced.

As we navigate these shifting landscapes of work, we cannot ignore the human elements at play. Like unseen puppeteers, cognitive biases subtly shape our decisions and perceptions.

Imagine a thriving tech startup, successfully operating in a hybrid model during the pandemic. As the world normalized, leadership decided to return to pre-pandemic, in-person work arrangements. However, they faced resistance, an unexpected swell of turnover.

This situation illustrates the potent influence of the status quo bias. This bias, deeply entrenched in our human psyche, inclines us towards maintaining current states or resisting change. Employees, having tasted the fruits of flexible work, felt averse to relinquishing those new-found freedoms.

If there's one overarching theme resonating from the Greenhouse, SHED, and Unispace reports, it's this: companies need to embrace the wave of flexible work policies or risk being left adrift. As we set sail into the future of work, flexibility isn't just a passing trend, it's a necessity, the new standard.

Gleb Tsipursky serves as the CEO of the hybrid work consultancy Disaster Avoidance Experts and authored the bestseller Returning to the Office and Leading Hybrid and Remote Teams.

Read Story (Subscription Required): *https://www.therecord.com/business/the-fallout-of-the-mandated-return-to-the-office/article_ff30e980-7c23-527e-a9da-020e2ce4e820.html?li_source=LI&li_medium=business*

UPCOMING CAFII MEMBER-RELEVANT WEBINARS AND EVENTS

BCFSA Webinar On "Introducing BC's New Insurer Code of Market Conduct"

Dates: Thursday, July 20, 2023
Time: 2:00 – 2:30 pm EST

Join us for an overview of BCFSA's insurer code at this 30-minute information session, highlighting key concepts and provisions. Participants will have the opportunity to ask questions during a moderated question and answer period following the presentation.

Register Here

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(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

Reuters Events Webinar On "Leverage Tech To Transform Insurance With Markel, Manulife, and First Acre Insurance"

Dates: Thursday, July 20, 2023
Time: 11:00 am EST & On-Demand

Technology is not only changing but re shaping insurance products and services. Refining risk, empowering forecasting, and accelerating speed to market, technology promises to revolutionize the whole insurance value chain. However, tech transformations require carriers to seismically shift mindsets away from being reactive and towards adopting a proactive tech strategy.

- Become a tech company of tomorrow: Don't just leave innovation up to Insurtech's, gain early exposure to exciting new technologies through tech incubators and adopt a start-up mentality to instil a culture of innovation.
- The power to become predictive: Protect profit by deploying drones, sensors, and other early detection devices to enhance forecasting and anticipate nat cat events before they arrive.
- Personalization 360: Create experiences as unique as each customer, utilize AI/ML to leverage customer data sets in real time and deliver hyper personalized product suites.

Register Here

LIMRA/LOMA Canada's "Canadian Insurance Immersion Program"

Dates: From September 12-14, 2023
Venue: Manulife, "Think Big Room", 200 Bloor Street East, North Tower, 12th Floor, Toronto, ON

Highlights
A unique, instructor-led program that provides a comprehensive overview of the industry and how insurers operate.
Connect With Success
To succeed, new hires and emerging leaders need a solid understanding of the industry and business in which they work. Insurance Immersion can help! This unique, instructor-led program explains and connects key concepts to promote a holistic view of the life insurance business, which improves collaboration and decision-making. Available in a variety of formats.
Who Attends
Newly recruited professionals who need to learn about the industry
Emerging leaders who need a broader perspective of the business
Skilled professionals with roles expanding beyond a single business unit

Early-Bird Rates (Register by August 14, 2023)
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