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CAFII ALERTS WEEKLY DIGEST: June 17 to June 24, 2022

June 24, 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

Canada's 2030 Climate Targets For Oil And Gas Industry Not Feasible, Government Analysis Says

By Marieke Walsh, The Globe and Mail, June 14, 2022

https://www.theglobeandmail.com/politics/article-ottawa-was-told-2030-climate-targets-not-viable/

Confidential government documents show a large gap between the federal Liberals' promised target for reducing the oil and gas industry's greenhouse gas emissions and what an internal analysis says is achievable by 2030.

The documents, which include findings from officials in the Environment and Natural Resources departments, show that when Prime Minister Justin Trudeau unveiled his government's updated emissions reduction plan in March, Ottawa's own numbers indicated the industry could reach only about half of the 81-megatonne cut it was assigned.

The internal analysis reveals that more emissions cuts in the oil and gas sector, beyond what department officials assessed was "technically feasible," would likely come from production cuts.

Several federal officials said the documents obtained by The Globe present an incomplete picture of how the critically important industry can reach its targets. The oil and gas sector is the biggest contributor to Canada's greenhouse gas emissions and also the biggest driver in emissions growth. Since 2005, a government report says, emissions from the sector have risen 137 per cent.

The analysis from officials in Natural Resources and Environment says the oil and gas sector can cut emissions by as much as 43 megatonnes by the end of the decade. That is significantly lower than the 81-megatonne cut by 2030 (below 2019 levels) in the government's climate plan, and which the Prime Minister in March said was "doable."

Mr. Trudeau's government has staked its reputation on achieving Canada's climate goals – if it does, it would be the first time ever that the country met a promised emissions target. But the documents underscore the uncertainty in the climate change plans and show the leap between what government officials can detail in expected cuts and how much more it hopes to push the industry to do through incentives, new rules, and higher costs.

As part of its response to questions about the internal numbers, the government gave The Globe a background briefing with officials. The Globe has agreed not to identify them. They said the findings in the documents were preliminary assessments that were never finalized and did not capture the impact that new policies in the updated March climate plan would have in driving a faster transition to new emissions reduction technology at a larger scale.

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However, one of the documents was prepared for cabinet just weeks before the plan was released. It states that about 42 megatonnes of emissions cuts by 2030 could be "technically feasible" but would require "extraordinary efforts" from industry and government. The federal government has said its planned emissions cap for the sector will not act as de facto production cap.

The Alberta government has repeatedly said it's concerned that it will. Officials warn in a document prepared for cabinet against cutting production, as it would undermine Canada's economic interests. And they warn the government to expect a critical reaction to the March emissions plan from oil and gas-producing provinces. That plan does not contemplate a production cut, but it projects that the pace of growth in production will slow because of the new policies.

A separate document, marked "draft," includes a detailed breakdown of which technologies can be used to cut emissions in the oil and gas sector and by how much they're expected to drop by 2030 – totalling up to 43 megatonnes. The document labelled almost two-thirds of those potential cuts as "high risk." That is because of high costs, questions around technology readiness, and the time required to build new infrastructure.

Examples of the technology the document describes as high risk include carbon capture, utilization and storage (CCUS), and replacing steam with solvents to extract oil from the oil sands.

Environment Canada spokesperson Amelie Desmarais said in an e-mailed statement that the documents provide "an incomplete picture." But after first saying it would provide The Globe with a breakdown of how that gap in emissions cuts would be covered, the Environment Department declined to do so late last week.

Ms. Desmarais said the documents obtained by The Globe did not incorporate "the full scale" at which emerging technologies like CCUS and direct-air capture can have in reducing emissions. "Any plan that assumes a static technology landscape will underestimate potential gains," she said.

In a separate statement, Environment Minister Steven Guilbeault maintained that the near doubling in emissions cuts can be done within eight years. "Our final analysis gets us to the 81-megatonne emission reduction for the oil and gas sector," he said. And he added that, given the industry's profit margin, it has "never been better positioned to make the necessary investments."

In the technical briefing for The Globe, the officials said they stand behind the 81-megatonne cut for the oil and gas sector modelled in the federal plan, but added that since the number is based on projections, there is some uncertainty.

Achieving it is possible, but it would require "a quantum jump upward in effort from what's been done in the past," said Chris Bataille, an adjunct research fellow at the Columbia Center on Global Energy Policy. To get there, the federal and Alberta governments "have to get a lot more serious than they are," he said.

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While 81 megatonnes is a stretch, there's more certainty that the sector could cut 50 to 60 megatonnes at least in total greenhouse gas emissions by 2030, Dr. Bataille said. He added that 43 megatonnes is likely too low in part because steeper cuts could probably be made in areas such as the sector's methane emissions, because the technology is already proven and relatively cheap.

An analysis by the Canadian Climate Institute of the Liberals' emissions plan found that Canada could expect to cut 55 to 76 megatonnes from oil and gas emissions based on announced policy. Principal economist Dave Sawyer said that given the uncertainty inherent in the projections, the range isn't far off 81 megatonnes. The Institute is funded by the federal government.

Mr. Sawyer said 43 megatonnes could be viewed as the floor for what the sector could achieve in emissions cuts. He said the latest plans from Ottawa are a "stretch assignment" for every sector of the economy.

While the modelling shows the cuts are possible, achieving the short-term targets will require "serious heavy lifting" on policies from the federal Environment Department, he said.

The Institute's assessment of the plan noted that many of the policies which the government is relying on, in particular the promised cap on oil and gas emissions, haven't yet been implemented and so the emissions cuts are "contingent on credible policy being developed and deployed as quickly as possible."

The cap was announced during last summer's election campaign, but the government has not yet specified how it will work or what level it will be set at. The federal climate plan said the intent is "not to bring reductions in production that are not driven by declines in global demand."

Read Story (Subscription Required): https://www.theglobeandmail.com/politics/article-ottawa-was-told-2030-climate-targets-not-viable/

Is The Trudeau Government's Plan For Quick, Deep Cuts To Oil Emissions Too Ambitious? Yes

Opinion by The Globe and Mail Editorial Board, June 14, 2022

https://www.theglobeandmail.com/opinion/editorials/article-is-the-trudeau-governments-plan-for-quick-deep-cuts-to-oil-emissions/

When the Trudeau government put out its latest plan to cut greenhouse gas emissions in March, this page was both positive and skeptical.

Positive because, unlike failed climate plans of the past, we said Ottawa's suite of policies this time round could succeed – up to a point. Skeptical because, could Canada really get all the way to the Liberals' big 2030 emission reductions target? This page said: "Likely not."

A primary challenge is the oil and gas industry – responsible for about one-quarter of the country's GHGs. And to hit its targets, the March plan relied heavily on massive and swift reductions in oil and gas emissions. The reductions, as pictured by Ottawa, depend upon transforming Canada's relatively dirty oil into much lower-carbon barrels, without reducing oil production. Technology as saviour, and salvation arriving in less than a decade. This page described that as "difficult."

How little time there is – 2030 is eight years away – matters.

This has come to light in confidential federal documents obtained by The Globe and Mail.

The Liberal government insists its 2030 goal is "doable," but some of Ottawa's own research suggests otherwise. The March plan stated that the oil and gas industry could cut 81 megatonnes of annual emissions. That's 40 per cent below 2019 levels of 203 MT. But officials in the Natural Resources and Environment departments say a more "technically feasible" target for 2030 is 43 MT – still a big cut, but only a bit more than half what the Liberals have been promising.

The government's internal analysis further finds that even reaching the lower figure will call for "extraordinary efforts." New technology such as carbon capture is dubbed "high risk," because it's relatively new. The Liberals' April budget offered industry $7.1-billion in subsidies through to 2030 to help build out carbon capture, but even if it succeeds, can enough of it be up and running by 2030? Complicated industrial projects take time; work on Toronto's Eglinton Crosstown LRT, for example, began more than a decade ago.

All this said, Canada's oil industry has cut emissions intensity and has to do more.

From 2014 to 2019, oil and gas production rose 17 per cent, but emissions fell 1 per cent (2 MT). Further reducing methane is one way to keep that trend going; oil sands companies, which represent close to half of industry emissions, say they can cut 22 MT by 2030, only part of which depends on carbon capture.

The challenge for the Liberals is that they are promising two things that are hard to reconcile – vastly lower emissions from oil extraction, and growing oil production. It is not impossible to do both, and this page strongly believes that Canada must aim to do both. But nobody should pretend it's going to be easy.

Take Ottawa's planned cap on industry emissions. The cap would be at current levels and would decline in the years to come. Yet, in the March climate plan, the Liberals underlined the economic value of continued investments in oil and gas. "The intent of the cap," the Emissions Reduction Plan said, "is not to bring reductions in production that are not driven by declines in global demand."

And declines in global demand there will be, in the not-too-distant future. BloombergNEF predicts that by 2040, the world will have half as many gasoline-only cars on the road. But it would be economic madness to force Canadian oil producers with eager customers to cut or forgo production today, sending erstwhile buyers and their dollars to, say, Iran or Venezuela or Russia.

The Liberals have the right climate ambitions, but the federal documents are a sobering reminder of some basic realities. Hitting the government's current 2030 target will be challenging, and perhaps even economically damaging, barring technological breakthroughs. But what is equally true is that Canada must lower emissions, and must force industry to steadily cut emissions-per-barrel. Canada must be a world-beater on this score; the industry's long-term viability depends upon it. However, emission targets cannot be so low that the only way to meet them is to shut down oil production.

In short, while Ottawa can and should aim to get most of the way to its 2030 emissions target, aiming to get all the way there may not be prudent.

How would we describe a result where Canada got close to an ambitious environmental goal, without harming the economy? Success.

REGULATOR/POLICY-MAKER NEWS

Airlines To Refund Passengers Facing Lengthy Delays, Cancellations Under New Regulations

By Eric Atkins, The Globe and Mail, June 22, 2022

Airlines will soon be required to provide refunds or alternate flights to passengers whose trips are cancelled or delayed by three hours for reasons outside the control of the carriers.

The regulations announced on Wednesday, June 22 by the Canadian Transportation Agency (CTA) are a response to the aviation industry's collapse in the pandemic, in which thousands of flights were cancelled and customers were unable to get back their money.

The new rules, which go into effect on September 8, are amendments to the Air Passenger Protection Regulations and are not retroactive.

Until then, passengers whose flights are cancelled or delayed by three hours or more for reasons the airline cannot control, including weather or closed borders, are not entitled to a refund. The airline must rebook them on the next available flight.

The change allows customers to choose between a refund or another flight that leaves within 48 hours on the airline in question or a partner airline at no additional cost. Large carriers are required to put customers on competitors' planes.

"These regulations will close the gap in the Canadian air passenger protection regime highlighted by the COVID-19 pandemic and ensure that even when cancellations and lengthy delays occur that are outside the airline's control, passengers will be protected if the airline cannot complete their itinerary within a reasonable period of time," France Pégeot, chief executive officer of the CTA, said in a statement.

Omar Alghabra, the Transport Minister, said the changes will help ensure that travellers are treated with "fairness and respect."

"Whether due to a large-scale cancellation or a small incident, we know that sometimes travel doesn't go according to plan," Mr. Alghabra said in a press release. "These new regulations will protect travellers in these unexpected situations."

However, the rules will be of no help to customers who travel this summer and face chaos at Toronto Pearson airport and other hubs. A surge in travel has run into a shortage of staff at government-run security and customs checkpoints, leading to delays, lineups, and airplanes being held at gates. Compounding the bottlenecks are COVID-19-related questionnaires and processes.

Between May 1 and June 9, the CTA received 1,402 complaints from passengers about flight delays, cancellations, and boarding denials. "Because these complaints are still very new, none have been decided or facilitated yet," the CTA said in an e-mail to the Globe and Mail.

By comparison, the CTA received 1,196 complaints about airlines in February, 1,337 in March, and 1,115 in April. "These are complaints by passengers under the Air Passenger Protection Regulations against airlines, not against airport authorities," the CTA said, adding that it does not have the mandate to resolve passenger claims related to problems with customs, immigration, security, or other airport services.

Amid the recent bottlenecks at airports, the airline industry has been pushing for the government agencies to be accountable for the delays stemming from customs and security checkpoints.

"We have seen an increase in [Air Passenger Protection Regulation] related requests as a result of delays and cancellations that have impacted our guests due to long line-ups at security and customs, tarmac holds, and missed connections which are outside of our control," said Morgan Bell, a spokeswoman for WestJet Airlines.

Read Story (Subscription Required): https://www.theglobeandmail.com/business/article-airlines-to-refund-passengers-facing-lengthy-delays-cancellations/

AMF Seeks Comment On Group Insurance Offered To Students

By The Insurance Portal Staff, June 17, 2022

The Autorité des marchés financiers (AMF) launched a public consultation, on June 15, about supplemental health insurance offered to members of college and university student associations, after the Quebec regulator had suspended, in time for the September 2022 school year, the informed consent requirement it had imposed upon insurers which offer that specialty coverage.

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Prior to the suspension, the AMF had required insurers to ensure that each student gives informed consent to the payment of premiums to be voluntarily enrolled in the group insurance typically offered by student associations. It also required that insurers allow sufficient time for students to make an informed decision about purchasing group insurance in educational settings.

"After these actions were taken, various stakeholders expressed concern about the continued accessibility of such insurance plans for students," the AMF wrote in its consultation document titled Group insurance offered to members of a student association."

On February 9, 2022, the AMF announced a full review of the matter.

In the consultation document's preamble, the AMF writes that the obligation to adhere to sound commercial practices means treating clients fairly. "The insurer must provide its clients with appropriate information allowing them to make informed decisions about the products offered," the document says.

In particular, in recent years, the AMF has taken an interest in automatic enrollment insurance products, including the optional group insurance offered to members of student associations. It says that between 2015 and 2019, it continued to work with identified insurers to find solutions.

Recommendations were issued to improve the information provided to students, the contents of invoices issued to each individual student, and to improve the co-ordination of invoicing periods and opt-out processes. "The insurers concerned took certain remedial actions to give effect to those recommendations; however, they were not able to act on all of them."

The AMF's suspension of the remedial measures initially required, in time for September 2022, is currently in effect while the consultation is underway. Fundamentally, the AMF says its objectives are to maintain access to insurance products for students, and also to ensure adequate protection of students as consumers of insurance products.

In addition to the consultation document, the AMF has also created an online questionnaire for stakeholders to provide their feedback. The consultation will run until October 17, 2022.

Read Story (Subscription Required): [Quebec regulator seeks comment on group insurance offered to students - Insurance Portal (insurance-portal.ca)]

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International Association Of Insurance Supervisors' Global Seminar Opens in Dubrovnik, Croatia

By Total Croatia News, June 16, 2022

[IAIS Global Seminar Opens In Dubrovnik (total-croatia-news.com)]

A two-day International Association of Insurance Supervisors (IAIS) seminar is being hosted by the Croatian Financial Services Supervisory Agency (HANFA), whose president, Ante Žigman, said that insurance companies are under great pressure from inflation and increasing interest rates as well as from climate change.

"Catastrophic events, such as floods, hailstorms, wildfires, and earthquakes are largely covered by insurance, so insurance companies have to cope with that," he noted.

Žigman also mentioned cyber risks, which are not tangible but do great harm to the industry and the IT sector. "This risk is only growing in the present geopolitical circumstances. Coupled with the COVID-19 pandemic, it is important to provide insurance to businesses facing such threats. Insurance enables a smooth running of business and companies are insured against the risks they are facing," he added.

IAIS Secretary-General Jonathan Dixon said that the seminar would focus on the implementation of the key reforms launched after the global crisis of 2008, primarily through the Insurance Capital Standard with common global regulatory rules.

Topics to be addressed will also include financial stability and risk, at the present time, of Russia's military invasion of Ukraine, climate and cyber risks, and financial inclusion.

NAIC President Warns European Counterparts Of Excessive Regulation Impact

By Insurance ERM, June 3, 2022

At the annual Insurance Europe conference in Prague, National Association of Insurance Commissioners (NAIC) President Dean Cameron, director of the Idaho Insurance Department, was a panelist discussing "regulation on top of regulation," which looked at the current regulatory environment and its impact on the protection gap.

NAIC President Cameron said "we have confusing archaic, duplicative words and regulations that almost compete at times. If we want our products, and our industry, to be more appropriately regulated, it's time to clean [the] house every once in a while."

He went on to share that in Idaho, "we cut about 40% of rules and regulations. We did not change one drop of how we regulate the industry."

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He added that "if we're looking at the use of technology and ways to attract younger people into the industry, we have to look at how we say things and make it so it's easier to follow and understand."

Petra Hielkema, chair of the European Insurance & Occupational Pensions Authority (EIOPA), cited the geographical differences in how insurers are regulated, saying "it's difficult because in Europe it's not just one member state that is regulated, it's [done with] 27 and that, in itself, sometimes results in a lot more words to fit everything into language. Hielkema added "however, I must say with Solvency II, we took a step to one framework. I think we still need to look at the other framework, which I think is key here in the Insurance Distribution Directive (IDD)."

Read Story (Subscription Required): [NAIC president warns of excessive regulation impact | InsuranceERM]

Alberta's Magidson Succeeds Quebec's Morisset As Head Of CSA

Under The AMF's Morisset, Regulators Adopted Major Investor Protection Reforms

By James Langton, Investment Executive, June 14, 2022

https://www.investmentexecutive.com/news/from-the-regulators/ascs-magidson-named-new-head-of-csa/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

The Canadian Securities Administrators' (CSA) centre of gravity is shifting sharply westward, with Stan Magidson, chairman and CEO of the Alberta Securities Commission (ASC), taking over as chairman of the CSA for the next three years.

On July 1, Magidson will replace Louis Morisset, president and CEO of the Autorité des marchés financiers, as the head of the umbrella group of provincial regulators.

Morisset has led the CSA since April 2015.

In that time, the organization has taken on a number of major investor protection initiatives, including a ban on deferred sales charge (DSC) mutual fund structures and a ban on the payment of trailer fees to discount brokers, along with the implementation of the client-focused reforms.

The CSA has also begun overhauling the self-regulatory organization (SRO) structure in Canada.

"I am proud of the achievements the CSA and its members accomplished, particularly in the wake of challenges created by the pandemic, the rapid pace of the industry's transformation, and the evolving needs and preferences of investors," Morisset said in a release. "I look forward to continuing to support the CSA's efforts and am confident that Stan's exceptional experience will provide the CSA with valuable leadership and insights."

As head of the ASC, Magidson leads the CSA working group that's overseeing SRO reform. He was named head of the ASC in 2016.

Prior to that, Magidson was president, CEO and director at the Institute of Corporate Directors. He also spent over 20 years in private practice with Osler, Hoskin & Harcourt LLP in both Calgary and Toronto, and was at one time seconded to the Ontario Securities Commission (OSC) as director of its mergers and acquisitions (M&A) branch.

"The CSA is now in a strong position to continue developing and adapting our ever-growing body of work to create more efficient capital markets and protect Canadian investors," Magidson said in a statement. "I intend to build on this success, strengthen relationships with CSA stakeholders, and continue to execute the CSA's mandate to protect investors, foster fair, efficient and transparent markets, and reduce systemic risk."

The CSA also has a new vice-chairman: David Cheop, chairman and CEO of the Manitoba Securities Commission. Cheop was appointed to a three-year term, replacing Kevin Hoyt, CEO of the Financial and Consumer Services Commission of New Brunswick (FCNB).

At the same time, the CSA announced that Grant Vingoe, CEO of the Ontario Securities Commission (OSC), will continue to serve as chairman of its key policy arm, the Policy Co-ordination Committee (PCC). Vingoe's term atop the PCC was renewed for three years.

DIVERSITY/INCLUSION/FIGHTING SYSTEMIC RACISM NEWS

Association Of Canadian Travel Agencies Launches New Diversity Initiatives

By Bruce Parkinson, Travelpulse, May 25, 2022

https://ca.travelpulse.com/news/features/acta-remembers-george-floyd-launches-new-diversity-initiatives.html

On the second anniversary of his murder, the Association of Canadian Travel Agencies (ACTA) is remembering George Floyd, whose death was a catalyst in the summer of 2020 for mass global protests against racism. The travel advisor association is using the moment to launch new diversity initiatives for the industry.

"The death of George Floyd made all of us stop and think about our own values and how organizations can work towards helping to remove systemic barriers," said ACTA President Wendy Paradis.

ACTA, along with other travel and tourism businesses has signed the Black North Pledge, an initiative created to engage corporate Canada and motivate businesses to act on removing systemic barriers negatively affecting the lives of Black Canadians along with Indigenous individuals, and People of Colour.

Another commitment was to create a diversity and inclusion committee to explore and address ways ACTA can support the removal of barriers internally and throughout the sector.

The group says one of its Diversity and Inclusion committee priorities in 2022 will be to continue to build awareness.

“We are finding that there are still many of us in the Canadian travel industry who are not fully aware that there are significant barriers in the industry -- and for travellers -- who may experience challenges because of race, religion, sexual orientation, gender expression, or disability status,” said Paradis.

“Our goal is to slowly and steadily create more awareness through education. There is no quick fix, and ACTA is committed to working diligently in promoting a more diverse and inclusive industry.”

ACTA currently offers several training modules which are available online. Additional training courses will continue to be added throughout the year. Current modules include:

- Unconscious Bias
- Respect and Inclusion in the workplace
- Canadian Indigenous Culture Training: The Truth & Reconciliation Edition
- LGBTQ2S+Diversity and Inclusion Training for Workplaces

ACTA’s next initiative to build awareness will be the creation of a video in the coming weeks where members of its D&I Committee will discuss some of the challenges which Black, Indigenous, and People of Colour (BIPOC) travellers face on a day-by-day basis and how professional travel agents can enhance their travel experience.

“Diversity and Inclusion will also play a significant role in ACTA’s September 2022 Canadian Travel Industry Summits taking place in Toronto, Montreal, and Vancouver and I invite Black, Indigenous, People of Colour, LGBTQ2S+travellers, and individuals with disabilities to reach out to me at wparadis@acta.ca if you would like to become involved,” Paradis said.

NEWS ABOUT/FROM CAFII MEMBERS AND/OR PARENT COMPANIES

CAFII Names National Bank Insurance CEO As New Board Chair

By Lyle Adriano, Insurance Business Canada, June 22, 2022

https://www.insurancebusinessmag.com/ca/news/breaking-news/cafii-names-national-bank-insurance-ceo-as-new-board-chair-410492.aspx?Region=Canada

The Canadian Association of Financial Institutions in Insurance (CAFII) has named Peter Thompson – president and CEO of National Bank Insurance – as the new chair of the association’s board of directors.

Thompson succeeds Chris Lobbezoo, who has completed his two-year term as chair of the board.

Thompson has served on the CAFII board as a director since 2019, and as its vice chair since 2020.

"On behalf of CAFII's Board, I want to thank Chris Lobbezoo for guiding our association through the unprecedented challenges presented by the COVID-19 pandemic over the last two years," said Thompson in a statement.

Thompson added that it was under Lobbezoo's leadership that CAFII was able to transition its member meetings, services, and engagement with insurance regulators and policymakers to online channels. He also noted that it was Lobbezoo who shifted CAFII's research focus to the impact of the pandemic, and how Canadians want to conduct insurance transactions in the future.

"I want to thank my fellow directors, the member volunteers who serve on CAFII committees, and the Association's leadership team for their support during my term as Chair," said Lobbezoo. "Going forward, CAFII is in very experienced, capable hands with Peter D. Thompson as Chair and I wish him the best of luck in guiding the Board in setting our Association's strategic direction and achieving much continued success."

CAFII Names New Board Chair

Peter D. Thompson Will Replace Chris Lobbezoo, Who Served For Two Years

By Jean Dondo, Wealth Professional, June 23, 2022

https://www.wealthprofessional.ca/investments/life-and-health-insurance/cafii-names-new-board-chair/367684?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220623&utm_campaign=WPCW-Newsletter-20220623&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Peter D. Thompson has been appointed as the new Chair of the Board of Directors for the Canadian Association of Financial Institutions in Insurance (CAFII). Following this announcement, Thompson will replace Chris Lobbezoo, who served as Chair for two years.

As president and chief executive officer of National Bank Insurance, Thompson has served as CAFII's vice-chair since 2020 and as a director since 2019. He has been responsible for all areas of the insurance division at National Bank of Canada, the country's sixth-largest commercial bank.

Thompson has also served as the Big Six bank's Vice President for Real Estate, Canada where he served as Head of Real Estate and Construction Financing across the country. He was responsible for the development and execution of the bank's real estate and construction financing strategy, including expansion across Canada.

"On behalf of CAFII's Board, I want to thank Chris Lobbezoo for guiding our Association through the unprecedented challenges presented by the COVID-19 pandemic over the last two years," said Thompson.

"Under Chris' leadership, CAFII was able to successfully pivot its member meetings and services, as well as its relationship-building and communications with insurance regulators and policy-makers to online channels. In addition, the Association was able to adroitly turn its research focus to the impact of the pandemic on how Canadians want to conduct insurance transactions in future," Thompson added.

Lobbezoo, Vice President of Creditor insurance at RBC Insurance, continues to serve as a director for his member company on the CAFII Board.

"I want to thank my fellow directors, the member volunteers who serve on CAFII committees, and the Association's leadership team for their support during my term as Chair," said Lobbezoo. "Going forward, CAFII is in very experienced, capable hands with Peter D. Thompson as Chair and I wish him the best of luck in guiding the Board in setting our Association's strategic direction and achieving much continued success."

Thompson graduated with an MBA in Finance at Ivey Business School at Western University and a BSc in Economics and Psychology at Trent University.

CIBC Forecasts Higher Profits As CEO Victor Dodig Pitches Bank's Transformation

By James Bradshaw, The Globe and Mail, June 16, 2022

Canadian Imperial Bank of Commerce raised its profit target in a show of confidence as chief executive officer Victor Dodig made a pitch to investors on Thursday, June 16 that he has built a different, more reliable bank.

CIBC boosted its target growth rate for adjusted earnings a share to 7 to 10 per cent annually through 2025, from 5 to 10 per cent, and predicted similar levels of revenue growth at an investor presentation held at its new Toronto headquarters. The bank also increased its target for adjusted return-on-equity to 16 per cent from 15 per cent.

Mr. Dodig framed CIBC as "a bank that's on the rise" on Thursday, June 16, as he has repeatedly of late. On his watch, CIBC has invested in its retail banking division with an aim to make it more stable and consumer-friendly, and carved out a niche in the U.S. market, focused on commercial banking and wealth management. It has merged the commercial banking and wealth management units to make sure its business lines refer clients to each other more often, and has branched out into new ventures, ramping up lending to early-stage tech companies and offering no-fee digital banking services.

Mr. Dodig often talks about "the bank that we are today," pointing to rising client and employee engagement scores and drawing a contrast with a reputation for mis-steps and uneven performance that has dogged CIBC in the past. Now, faced with an uncertain economic outlook shaped by high inflation and rapidly rising interest rates, Mr. Dodig told investors that CIBC will adjust as needed, but that "part of our strategy is to stay consistent, and not volatile."

"While I recognize the economic volatility that the entire globe is going through because of inflation and interest rates, our strategy is not cyclical, our client focus is not cyclical," he said in an interview.

CIBC bankers hosted investors at CIBC Square, the bank's new twin-towered headquarters just south of the financial district in Toronto. It is one of the most visible symbols of the changes at CIBC, which also include a rebrand with a new logo. Those were significant investments – Mr. Dodig hinted on Thursday, June 16 that the rebrand cost nearly $200 million. When challenged by TD Securities Inc. analyst Mario Mendonca on how he justifies that spending, Mr. Dodig said he feels "very, very good" about the return.

"If you get a better retention of your talent, if you get better retention and more business from clients, you [only] need to have very small improvements to pay off the investments that we've made," he said.

One area where CIBC has improved its retention rates is in its sizeable book of mortgage clients, 92 per cent of whom now renew with CIBC when their terms expire. The bank has also made an array of changes to systems and processes to make it easier for clients to open accounts, and for employees to draw them into deeper relationships with other products and services. CIBC's recent acquisition of retail giant Costco's credit card portfolio also brings an influx of new customers – 75 per cent of the two million cardholders didn't bank with CIBC before.

The U.S. banking arm, CIBC Bank USA, is predicted to be the division that grows the fastest, with a target to increase revenue by 10 to 13 per cent annually through 2025. The division now generates 21 per cent of CIBC's profit, up from just 2 per cent in 2016, and Mr. Dodig hopes it will contribute 25 per cent in three years.

A good deal of that growth has come from $6 billion of acquisitions, mostly notably of Chicago-based PrivateBancorp Inc. But looking ahead, CIBC expects to keep the U.S. unit tightly focused on what it calls the "private economy" – banking for private businesses and high-net-worth families – and has only signalled interest in making smaller deals to add to its U.S. wealth management business.

The bank also put a spotlight on its newer businesses. One is its innovation banking unit, which serves early- to mid-stage tech companies and aims to triple its profit before taxes by 2025, from $59-million last year. Another is the direct financial services (DFS) division, which includes digital bank Simplii Financial, do-it-yourself investing platform Investor's Edge, and a group that offers digital global money transfer, foreign currency conversion, and international student payments. The bank thinks DFS revenues could grow by 15 per cent or more annually.

Yet those rapidly growing units, as well as the bank's core mortgage business, may be facing a period of slower growth as rising borrowing costs sap the momentum from a strong run for real estate and technology. And that could make CIBC's new, loftier profit target harder to hit.

"If there's a slowdown, it may slow down some of the growth in certain product categories," Mr. Dodig said. "But again we're banking relationships, we're not banking products."

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RBC Widens Talent Search To Boost Tech Team

The Banking Group Is Hoping To Hire In Calgary As Tight Labour Market Forces It To Look At Alternatives To Toronto

By Kevin Orland, Bloomberg News, June 22, 2022

https://www.wealthprofessional.ca/business-news/rbc-widens-talent-search-to-boost-tech-team/367656?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220622&utm_campaign=WPCW-MorningBriefing-20220622&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Royal Bank of Canada is building up technology centres across Canada, beyond its Toronto headquarters, to help attract skilled workers in a tight labour market.

The bank's current focus is on its Calgary innovation hub, where it's looking to reach the level of 300 employees by the end of next year. The centre, currently with about 65 staffers, opened in September as a hub for tech strategy and research, innovation, data and artificial intelligence, site-reliability engineering and automation, with some full-stack software workers based at the location as well.

Royal Bank also has other tech centres around Canada, including a 200-person Montreal hub for cybersecurity, tech infrastructure, and artificial intelligence, and a centre in Halifax, Nova Scotia, with more than 600 workers focused on tech support, machine learning, and full-stack engineering. The hubs are part of Royal Bank's efforts to attract the country's best tech talent at a time of heightened competition, said Emily Mercier, chief operating officer for Royal Bank's technology and operations division.

"The hub strategy really extends our reach," Mercier said in an interview. "Having people in more regions in Canada allows us to diversify the location of our services, increasing the breadth and depth of our talent."

Royal Bank Chief Executive Officer Dave McKay said earlier this year that the availability of workers -- especially skilled technologists -- was among his top concerns for this year. The lender, which has about 10,000 workers in technology and operations worldwide, is on track to hire 2,000 tech workers overall this year and a similar number next year, Mercier said. That's also about as many as it hired in 2021.

Royal Bank's recruiting and retention pitch for those workers includes an engineering culture that provides constant learning opportunities, the chance to work on cutting-edge technologies, and work-life balance, Mercier said. The bank also gives tech workers a variety of career paths because it reaches 17 million clients and has multiple global businesses, she said.

Even amid a darkening economic outlook and job cuts at start-ups and crypto companies such as Coinbase Global Inc. and BlockFi Inc., Mercier said the market for tech talent is still hot and she doesn't see it cooling soon. While the broader market may eventually soften, demand for tech workers is a long-term trend, and Royal Bank will always be interested in those skills, she said.

"Building the digital bank of the future requires us to have a very strong bench strength of tech talent," Mercier said. "So even if there are some changes in market conditions in the short term, it's not going to affect our long-term approach."

Quebec Court Approves $200.9M Settlement Against Desjardins Over Data Breach

By The Canadian Press, June 17, 2022

Quebec court approves $200.9M settlement against Desjardins over data breach | Globalnews.ca

The Superior Court of Quebec has approved a nearly $200.9-million settlement of a class-action lawsuit against Desjardins over a data breach — the largest to date in the Canadian financial services sector.

Siskinds Desmeules and Kugler Kandestin say everyone affected by the breach, regardless of where they live, will be eligible to claim.

Class members may seek compensation for loss of time that is related to the personal information breach, as well as for identity theft.

In addition, class members who have not already registered for Equifax's credit monitoring service will be able to do so for five years at Desjardins' cost, and maintain the other protective measures implemented by Desjardins following the breach for at least five years.

The federal Privacy Commissioner said in 2020 that a series of technological and administrative gaps caused the high-profile data breach at the financial co-operative, which he said did not demonstrate the level of attention needed to protect the sensitive personal information entrusted to its care.

The incident compromised the data of 4.2 million people who had active accounts, Desjardins said.

Class members do not have to take any steps at this stage. Notices containing instructions for making claims will be distributed over several months beginning around July 21.

For at least 26 months, a rogue employee was siphoning sensitive personal information collected by Desjardins from customers who had purchased or received products through the organization.

COVID-19 PANDEMIC RESILIENCE AND RECOVERY NEWS

COVID-19 Booster Shots That Target Omicron, Original COVID-19 Strains Are Coming In The Fall

The Annual Flu Shot Will Be Administered Separately From The Fall Round Of COVID-19 Boosters

By Jonathan Stroma, CityNews Everywhere, June 16, 2022

https://kitchener.citynews.ca/coronavirus-COVID-19-local-news/COVID-19-booster-shots-that-target-omicron-original-COVID-19-strains-are-coming-in-the-fall-5485981?utm_source=Email&utm_medium=Email&utm_campaign=Email

Ontario is preparing for a potential COVID-19 surge this fall with planning underway for a new round of vaccine booster shots.

Although boosters have continued throughout the spring for high-risk individuals, the rollout for the fall booster is expected to be much larger.

With mass vaccine clinics closing in Waterloo Region, Kelly Grindrod said plans will need to be made for COVID-19 vaccines to be administered at the same location where people get their annual flu shots.

Grindrod is an associate professor at the University of Waterloo's School of Pharmacy. Appearing on The Mike Farwell Show on CityNews 570 on Wednesday, June 15, she explained how this booster differs from previous shots.

"What we expect to see is a vaccine that has the original strain plus the information related to the Omicron strain in it, and then you would have your regular separate flu shot," said Grindrod.

One concern surrounding COVID-19 are symptoms that last after infection -- known as long COVID-19. Symptoms of long COVID-19 include shortness of breath and fatigue. Grindrod believes that the long COVID-19 will be a pressing aspect of the next COVID-19 wave as opposed to hospitals being overwhelmed.

"One thing we're really looking at very closely is long COVID-19 after infection, including the role of vaccination," Grindrod said. "Does vaccination reduce that at all, does it prevent long COVID-19, does it help people recover more quickly after an infection?"

Grindrod also mentioned that Health Canada is working on making vaccines available for children under the age of 5. Those children are the final group of individuals who are still not eligible for a COVID-19 vaccine.

Rental Car Scarcity Impacts Summer Tourism

By Lois Ann Dort, Guysborough Journal, June 22, 2022

https://www.msn.com/en-ca/travel/news/rental-car-scarcity-impacts-summer-tourism/ar-AAYJxAA?ocid=msedgdhp&pc=U531&cvid=e026df449d5d416a9f798f5444996dd7

"We were very disappointed," said Marie Celeste about having to cancel her summer travel plans due to an extreme shortage in rental vehicles across Nova Scotia.

Celeste, who lives in Washington, D.C., had made plans to visit the province with her adult children this August but, when she tried to book a rental car for their vacation, the plans fell apart and that has resulted in the family postponing their vacation until some future date.

"I searched and searched," Celeste told The Journal in a June 17 interview. After several weeks of fruitless inquiries, she then enlisted the help of her partner, whose frequent travel for work meant he had a direct line to a dedicated staff person at a car rental company who had worked with him over many years.

"I handed it over to him and said, 'Can you try to get me a car? See what you can do.' He said, 'Oh no, this is not just you, there are no vehicles.' We even tried to change our flights to come into Bangor, Maine, and then drive. Nope, that's not working," said Celeste.

After a couple of weeks of diligent searching online, with car rental companies and all the airlines, Celeste said, "We ended up postponing our trip, sadly."

When Celeste spoke to friends about her vacation conundrum, she heard that they too had been experiencing a rental vehicle shortage. One person rented a U-Haul as that was the only option available. Another told her that a family member planning a wedding in Nova Scotia for next June had been advised to book car rentals for guests a year-and-a-half ahead of time.

Celeste and her party had planned to drive to many locations across the province, including spots in Guysborough County – a place she has never visited — but those plans will remain on the bucket list for the time being.

While Celeste had to cancel her trip, other summer visitors, particularly those who are coming home to visit family – often for the first time since the summer of 2019 – have been able to borrow vehicles from family members during their stay in the province.

That includes Stephanie Hall, who lives in England and came home to Cooks Cove, Guysborough County, this spring. When she looked into renting a vehicle a few months before her trip, the price had doubled since her last visit. And, when she checked availability two weeks before her departure, nothing was available, not even luxury cars.

Hall told The Journal in an online message, "Forget about getting one [rental car] the day you arrive and just pop to the rental counter at the airport."

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At this point in the pandemic, most consumers are aware of supply chain issues and the resulting shortages. But how this impacts the rental car industry is less clear and has come as a surprise for many travellers this year.

The Journal asked CAA Atlantic to explain the situation. Steve Olmstead, director, social responsibility & advocacy for CAA Atlantic, wrote in an email, "Low rental vehicle availability is a global phenomenon and will remain so well into 2023. A shortage of microchips required in new vehicles has slowed production, meaning rental companies are not able to replenish their fleets to meet surging demand from travellers."

The best way to secure a rental vehicle, wrote Olmstead, is to "reach out to more than one provider as soon as you know your travel dates. The earlier you book, the better chance you have of securing your preferred vehicle."

Olmstead added that "Alternatives to rental vehicles include shuttle services and car sharing companies, which are popular world-wide and available here in Atlantic Canada. Car share companies are quite good at providing booking and cost options, and usually provide insurance coverage as part of the booking price."

Car sharing was a concept Roberta van Caeyzeele – formerly of Guysborough County – discovered when she tried to find a rental car for her trip home this summer. A friend suggested the car share service Turo, which operates in many countries and provinces, including Nova Scotia.

van Caeyzeele did find a vehicle through a car rental company. She told The Journal in an online message, "It's extremely difficult when you don't know the area or where to look for rentals. Inventory is down, prices are high, and I was forced to pay more than my plane ticket. Doesn't seem right, but they also have employees to pay."

Car share service providers are gaining visibility and customers in this era of scarcity. Madison Seeman, senior communications manager for Turo Canada, told The Journal that the company has seen a 700 per cent year-over-year growth in bookings "as many guests are turning to Turo hosts to fill the void left by traditional car rental companies. Active hosts are also growing, as we've seen a 288 per cent increase year-over-year. Hosts are putting their vehicles to better use and can use the earnings to offset the cost of car ownership."

Turo launched its car share service in Nova Scotia in 2019.

Some people have decided to rely on Nova Scotian hospitality to make their vacation plans come true this summer. Carmen Barron of Manchester, Guysborough County, told The Journal, "Folks are flying in from Ontario for an event in August and they cannot secure a car. That means two trips up to the airport and back for us...within two days of each flight."

It may be that, this summer, tourism relies on community more than ever before.

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Unions Urged Ottawa To Boost Staffing Before Passport Backlog

By Vanmala Subramaniam, The Globe and Mail, June 23, 2022

Unions that represent workers at Passport Canada and Service Canada centres across the country say they asked the federal government to beef up staffing in anticipation of a summer surge in passport applications and renewals that has now materialized, causing passport offices to become overwhelmed.

"It is a disaster. Our workers are getting verbally harassed and psychologically abused by angry crowds. I believe this surge was totally predictable," said Kevin King, national president of the Union of National Employees, which represents about 800 passport officers and is part of the Public Service Alliance of Canada.

"We knew that there would be significant pressure on resources that we did not have. So even over a year ago, we started demanding that the employer hire more passport officers."

Canadians are now finding that the rush of applications has greatly extended wait times for passport service at the precise moment when many of them are preparing to embark on travel they had postponed earlier in the pandemic. Across the country, frustration is reaching a boiling point as would-be travellers camp out at passport offices overnight, hoping to be first in line to check on their applications. In Montreal this week, police were called in as tempers flared over lengthy waits and queue-cutters at one passport location.

The passport fiasco is a result of systemic and behavioural factors.

In the first year of the pandemic, between April 1, 2020, and March 31, 2021, there were just 363,000 passport applications, according to data provided by Employment and Social Development Canada. The following year, the number climbed to 1,273,000.

But, in April, 2022, with pandemic restrictions on the wane, the number of passport applications started surging. In the weeks since April 1 of this year, the government has already received a little under half the past year's total: 542,000 applications, according to the EDSC data.

"Only 20 per cent of normal passport volume was received in the first two years of the pandemic," according to a briefing note provided by ESDC.

The number of Canadians travelling abroad has increased significantly since last spring. The most recent data from Statistics Canada show that the number of return air trips by Canadians rose to 549,300 in March 2022, from just 18,900 in the same month last year, when most of the country was still under stringent pandemic restrictions.

And that March 2022 number doesn't even reflect the latest easing of travel restrictions. The United States only dropped testing requirements for international visitors two weeks ago, while Canada eased testing requirements for inbound and returning travellers in late April.

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"It appears that people let their passports expire during the pandemic, and then you had the southern border suddenly re-opening, testing requirements lifted, and all these people wanting to travel," Mr. King said.

Compounding the backlog is the fact that many Canadians who applied for 10-year passports when the documents were first introduced in 2013 are facing impending expiry dates. (Before then, the passport validity period was five years.) Most countries require at least six months validity on a passport for international travel.

"We were having meetings with the employer last year asking them what the plan would be with the 10-year passport renewal surge. We asked them if they were going to increase the number of sites, or extend hours. And there really wasn't a plan presented to us," said Crystal Warner, national executive vice-president at the Canada Employment and Immigration Union, which represents Service Canada workers.

The process of renewing passports or applying for new passports involves two departments: Service Canada and Passport Canada. Workers at both departments are employees of ESDC Canada, a federal ministry. There are only 36 Passport Canada offices across the country, but Service Canada has passport service counters at more than 300 centres.

Service Canada officers, according to Ms. Warner, can handle passport application intake, but the actual vetting, production, and printing of passports is done by designated passport officers at Passport Canada. Part of the issue right now, according to both union leaders, is that there are not enough passport officers. Mr. King said his union is asking for 400 of them to be hired.

In a statement, ESDC said there were 1,500 staff members across Service Canada and Passport Canada locations before the pandemic, and that the government hired 600 additional workers at the beginning of 2022 specifically for passport processing. The ministry said it plans to begin hiring an additional 600 staff in the coming weeks, also for passport processing. The statement did not specify whether "passport processing" means intake, or whether it refers to vetting and production.

Both union leaders said they do not know where the 600 new staff members which ESDC said it hired in early 2022 are now working. "Are they just additional front-line staff to assist with intake? If so, which specific offices?" Mr. King asked. "We need national passport officers with at least 12 weeks of training to deal with these very secure travel documents."

The government has implemented an estimated-wait-time system on ESDC's website. Now, before arriving at a passport office, an applicant can see how long they will have to wait to speak with a passport officer. As of Wednesday morning, June 22, at a number of passport locations in Toronto and Ottawa, wait times were roughly six to seven hours.

The fact that many Canadians opted to mail in their passport renewal documents during the pandemic has also contributed to long wait times, according to Ms. Warner. "Because people have not gotten a response, they've opted to go to locations in-person," she said.

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As to whether remote work and vaccine mandates have contributed to inefficiency in the system, both the unions and the government say those factors have been negligible. According to ESDC, just 299 employees – or about 1 per cent of the ministry's workforce – were put on unpaid leave because they were unvaccinated.

The Union of National Employees estimates that these backlogs will continue over the next six months, as new staff begin training and the volume of passport renewals continues to pile up ahead of the first 10-year passport renewal period.

"This is not just the story of the week. It's going to continue getting worse," Mr. King said.

Read Story (Subscription Required): https://www.theglobeandmail.com/business/article-unions-urged-ottawa-to-boost-staffing-before-passport-backlog/

Tensions Flare In Montreal As Travellers Face Indefinite Passport Delays

Travellers Thrown For A Loop As Triage System Changes Once Again

By Sabrina Jonas, CBC News, June 23, 2022

https://www.cbc.ca/news/canada/montreal/montreal-passport-delays-1.6498644

Tensions intensified on Thursday, June 23 outside the passport office at Montreal's Guy-Favreau complex when hundreds of travellers who had been lining up for days for travel documents learned the system to process their requests had changed again.

Despite the federal government putting into effect a new ticketing system with fixed appointment times in Montreal on Wednesday, June 22, Service Canada workers threw passport-seekers for a loop on Thursday morning, June 23 by prioritizing people according to their flight time instead of their appointment time.

"Our emotions are through the roof, we're trying to stay calm," said Antoinette Corbeil, who, like many, had been waiting in line for 36 hours in the rain.

On Thursday morning, June 23, some people had set up tents and tarps to shelter from the downpour as they waited for their passports. Portable toilets have been set up to facilitate the long waits.

As the office opened, Service Canada agents triaged each family in line, asking when they are flying and what stage their passport application was at. Those flying in the next 24 hours were prioritized, frustrating some people who have been in line overnight.

"We organized ourselves last night in line with our numbers ... and they're letting other people in in front of us. That's not fair," said Corbeil.

Until the last few days, those waiting had taken matters into their own hands, implementing their own first-come-first-serve system to keep people from cutting in line. Police were finally called in to take over crowd control.

The fixed-appointment system brought in on Wednesday, June 22 left hundreds still going home empty-handed when, just after 9 a.m., Service Canada workers announced that the passport office had reached its capacity for the day.

Karina Gould, the minister responsible for passport services, has described the delays at the Guy-Favreau office as the worst in the country.

"It's absolutely insane. This is inhuman for us to go through this," said Corbeil.

New Triage Measures

In a statement on Thursday, June 23, Gould said that while Service Canada has added staff, streamlined procedures, and increased processing capacity to help deal with the situation, challenges remain and new processing measures are required.

"Given the large crowds and lineups for passport services in urban centres, Service Canada is implementing new triage measures to provide a more intensive, client-specific approach," she wrote.

"While the triage methods vary from location to location based on the circumstances, staff will be focused on clear communication to clients, prioritizing service to those with urgent travel needs within the following 24 to 48 hours."

In Montreal on Thursday, June 23, the new system got the line moving a litte bit and chants of "on avance," or "we're moving forward," were heard.

But people like Florent Cohen, who was once near the front of the line, now finds himself being left behind. Trying to get a passport for his five-month-old son, he's spent the past two rainy nights in line, thinking it would be the same first-come-first-serve system as on Wednesday, June 22.

He said he wishes somebody had told him that the system would be different today.

"If I've done that for three days for nothing, it's frustrating, and probably I'd be angry," he said. "You've wasted energy and you try to understand ... you know, a lot of questions because we are tired."

Poor Communication

After waiting in line since Tuesday, June 21 at 3 a.m., Jeremy Asselin finally got his passport on Thursday, June 23 ahead of his 2 p.m. flight to Arizona to visit his godfather.

He said people had tried to pay him to cut in front of him in line but no amount could compensate him for having to sleep in the rain.

"They don't know what we've been through," he said, describing how painful it was to have to sleep outside in wet clothes. He said he was lucky to have been at the front of the line.

Dimitri Antonio had also been waiting since 3 a.m. on Tuesday, June 21, and was hoping to get as lucky as Asselin before his 6 p.m. flight to Greece on Thursday night, June 23.

He said he's unsure when he should expect to get his documents because the communication between travellers and Service Canada workers "is terrible."

"There's been no leadership, no visibility, really no communication," Antonio said, adding he wants the federal government to provide more support to staff on the ground.

"They're clearly overwhelmed."

Desperate For Passport, Montrealer Drives To Fredericton And Gets One In 3 Hours

Man Waited More Than 30 Hours In Chicoutimi Before Giving Up And Heading To Fredericton

By Prapti Bamaniya, CBC News, June 23, 2022

https://www.cbc.ca/news/canada/new-brunswick/montreal-man-passport-wait-new-brunswick-1.6499283

François Gamache knew that getting his passport in Montreal would be almost impossible.

He went to Chicoutimi, 200 kilometres north of Quebec City, on the advice of a Transportation Canada agent, where he waited 30 hours. No luck.

Then he decided to drive to central New Brunswick, where he finally got a passport in Fredericton after waiting only three hours.

A passport crisis has been raging in several Service Canada offices across the country, especially in Quebec, where people have been forced to wait for hours without obtaining the essential travel document. In Montreal, police are supervising the queue at one centre.

Gamache has to leave on Thursday, June 23 for a three-week trip to France to bury his father-in-law. Like thousands of Canadians, he couldn't leave the country without renewing his passport.

The Process

On Saturday, June 18, he contacted a Transport Canada officer for instructions on how to obtain a passport.

"She told me that in Montreal it was almost impossible for my file to be processed in a week," he said in French to Radio-Canada.

The agent then suggested he try Chicoutimi, so he hit the road, reaching the community on Sunday night, June 19.

Arriving at the Service Canada on Monday, June 20 at 6 a.m., he quickly realized he'd been given some wrong information. He found out that passports for travellers leaving the country within 48 hours would be given priority.

Still, with only five days before his trip abroad, he decided to take his chances and stay in Chicoutimi, hoping his turn would come.

30 Hours Later

After spending hours in the waiting room, Gamache went to a hotel in the evening for a nap.

Early Tuesday morning, June 21, he again entered the waiting room, and was greeted by an unwelcoming environment, he said.

"In Chicoutimi, we were made to feel really bad because we came from Montreal, but at the same time, I was told that in Montreal they would not process my file. … I am a Canadian citizen, I pay taxes, so should I feel bad about going there?"

Gamache and the others in the waiting room were also met with an announcement from an agent on site that destroyed any hope.

"Even tomorrow … we will not be able to process them, we advise you to [cancel] your trip," the agent said.

"People were in tears. It was panic," Gamache said.

One of his clients suggested via remote communication that he apply for his passport in Fredericton, a drive of almost 800 kilometres.

"[He] told me that he had heard that in New Brunswick, it could be processed."

After waiting 30 hours in Chicoutimi, Gamache decided to get behind the wheel again and find out if the neighbouring province would be any better.

After a night's sleep in Temiscouata to regain strength, Gamache arrived at the passport office in Fredericton on Wednesday morning, June 22.

The waiting room looked empty.

"It's like being in another country … The security guards were super friendly," he said. "It's like exceptional customer service versus being treated like cattle in Chicoutimi."

He said he waited for three hours before receiving his passport.

"I was really exhausted and I was even very emotional. I fought so hard to get it. … My trip is definitely saved."

Gamache estimated he spent nearly $1,000 on hotels, food, and gasoline during this trip.

As an owner of a business, he was able to handle his communication with his laptop during this whole misadventure, but not everyone is that lucky, he said.

A National Crisis

Gamache is not the only one to have recently been confronted with a bureaucratic maze in order to obtain his passport.

With health restrictions lifted and the summer season underway, there are large crowds at Service Canada offices.

Last week, Karina Gould, the federal minister of families, children and social development, said that 1,200 employees had been hired or were in the process of being hired to manage the flood of requests surging through Service Canada offices.

She said there will be no compensation for travellers forced to cancel their plans.

There was also talk of borrowing about 200 employees from the Canada Revenue Agency, Immigration, Refugees and Citizenship Canada, and Global Affairs Canada.

Gamache was critical of how Service Canada has managed things, saying that the passport problem was predictable.

"The Trudeau government is well aware that Service Canada has been going all out for years," he said. "In the end, it was logical that this crisis was going to happen, it was foreseeable."

Airport Authorities Didn't Expect Pent-Up Demand For Air Travel This Early

By Ryan Tumilty, National Post, June 17, 2022

[Airport authorities didn't expect 'pent up demand for air travel' this early (msn.com)]

Flying the friendly skies could bring more frowns than smiles this summer, as volumes are expected to increase while many bottlenecks still remain and the airline industry struggles to staff up.

Airports have been plagued in recent months with long lines, delays, and general chaos as Canadians return to flying after two years of the COVID-19 pandemic that kept them grounded.

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A senior executive at the Canadian Air Transport Security Authority (CATSA) told MPs on Thursday, June 16 that the agency was surprised by how quickly Canadians returned to flying.

Neil Parry, vice president of operations at CATSA, which screens passengers and their bags at airports across the country, told MPs at the House of Commons Transportation Committee that they didn't expect a surge this early.

"The demand that occurred in April and May was well above our forecasted demand, I would wager to say above the industry's expected demand," he said. "We've recently seen the pent-up demand for air travel materialize at airports much earlier than I think many anticipated. As such, there were some challenges servicing demand particularly in early May."

Flyers across the country, but especially at Toronto's Pearson International Airport, have faced huge delays with long lines at CATSA screenings and Canada Border Services Agency checkpoints, but also shortages of airline and airport staff.

Parry said on the CATSA side, things are improving. The agency has hired 900 more screeners and is offering extra incentives for employees to work during the busy summer travel months.

"I'm also happy to report that over the last three weeks CATSA has met its government-funded service level target of screening 85 per cent of the passengers in 15 minutes or less across the system."

CATSA left 25 per cent of its over $800-million budget unspent last year. Parry said they retained about 75 per cent of their staff during the pandemic years, but they weren't simply going to keep spending while airports were empty.

"We weren't going to spend a budget to have people stand in an airport and do nothing," he told MPs.

Starting on Monday, June 20, Canadian travellers will no longer need proof of vaccination for domestic travel or outbound international flights, but they will still need to show proof of vaccination to return to Canada, which has been a chokepoint for border travellers.

Transport Minister Omar Alghabra said this week that the work would continue with airlines and airports to try and ease the bottlenecks, add more resources and staff, and adjust to the problem.

"We have been increasing resources at an incredible pace. We have been working with airlines and airports to address bottlenecks, and we are seeing data demonstrate that those efforts are paying dividends over the last few weeks."

One of the major bottlenecks still in place is the requirement for international travellers to be vaccinated and use the ArriveCAN app when they enter through customs. Many flights have been held in recent weeks on the tarmac because there was simply not enough room in backed-up customs halls.

Alghabra said they're looking to make things easier, but they still believe in the need to check vaccination status of international travellers.

"We're working on efficiencies to ensure that ArriveCAN is less of a source of complaint. However, it continues to be a meaningful tool to verify the vaccination status of travellers who are arriving into our borders."

Statistics Canada data on passenger volumes shows that there were 4.2 million people flying in March of this year, just over half of the 7.6 million that went through in March 2019, before the pandemic devastated travel.

The data also shows that July and August, when schools let out and families head out on vacation, are the busiest times of year, with more than eight million passengers taking off in each of those months in 2019.

John Gradek, co-ordinator of the Aviation Management Program at McGill University, said international flights will only ramp up in the months ahead and that will lead to more chaos.

"We're still in that situation where the volume of passengers coming into Pearson, internationally, is going to increase over the next couple of weeks," he said. "That's going to cause further lineups and further congestion and further customer displeasure."

CATSA and the CBSA are not alone in dealing with staff shortages.

Gradek said airlines and airports are still struggling in the tight job market to get everyone they need to resume regular service.

"We all know, we all have personal experiences about the hospitality industry being short and services being cut back. The same is true at the airports and airlines."

He said airline workers found other occupations during the pandemic.

"They're going into other modes of employment that don't have the ups and downs that the aviation industry has experienced over the last two or three years."

Prior to the pandemic, Pearson airport employed more than 50,000 people across over 400 companies. A pre-budget submission which the Greater Toronto Airport Authority (GTAA) prepared in February for the federal budget estimated 14,000 of those positions were eliminated in the pandemic. The authority didn't have an estimate for how many of those jobs have since returned.

Employment websites have multiple postings for ground crews and baggage handlers, as well as gate agents and many supervisor positions at the airport.

The GTAA itself cut about 500 positions during the pandemic and has so far brought back about 100 people.

Tori Gass, a spokesperson for the authority, said the end of random COVID-19 testing has helped, but added that the ArriveCAN app is still a barrier, which they hope the government will address.

"The government of Canada committed to upgrading ArriveCAN, which will help further streamline the arrival process, yet it's not certain that that can be done in time for the busy summer travel season," she said in an email.

Gass said the authority appreciates the government's willingness to listen, but more has to be done.

"The responsiveness of the federal government to address some of the challenges airports are facing, and their ongoing collaboration with this industry to address staffing and other issues, are encouraging steps that we hope will continue to improve wait times for passengers as the busy summer travel season picks up."

'Pack Your Patience:' Experts Say No End In Sight For Travel Troubles At Busy Airports

By Michael Lee, CTV News, June 19, 2022

https://www.ctvnews.ca/health/coronavirus/pack-your-patience-experts-say-no-end-in-sight-for-travel-troubles-at-busy-airports-1.5953746

As travel picks up and delays continue at Canada's busiest airport, along with the emergence of new Omicron subvariants, some are saying the situation won't ease up any time soon.

"I say pack your bags, pack your patience," travel expert Jim Byers told CTV News Channel on Sunday, June 19.

"Bring a podcast to listen to, bring a book, have a snooze, set the alarm on your iPhone for an hour or so and just have a little bit of a rest or go for a walk, because it is inevitable."

Travellers have expressed frustrations for weeks over long delays, cancelled flights, and winding lineups at Toronto's Pearson International Airport.

Nearly half a million passengers were held up after arriving on international flights at Pearson in May.

Some have pointed to staffing levels at customs and immigration desks, as well as COVID-19 border measures, combined with a surge in passenger traffic as contributing to the problem.

Byers says travellers should arrive at Pearson about three hours in advance just to be safe.

While there are some legitimate issues occurring globally, such as supply chain constraints, he says nearly everyone in the travel industry predicted this "pent-up demand."

The federal government says it has hired nearly 900 Canadian Air Transport Security Authority screening officers across Canada to help address wait times.

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It also has suspended mandatory random COVID-19 testing at all airports as of June 11. The suspension will run until the end of the month before the testing is moved off-site.

Starting Monday, June 20, domestic and outbound international travellers are no longer required to show proof of vaccination against COVID-19. Foreign nationals coming to Canada must still be vaccinated in order to enter.

Meanwhile, Dr. Christopher Labos, a Montreal-based cardiologist and epidemiologist, cautioned Canadians to be mindful of the risks when travelling.

"I mean, there are many places in Europe where COVID-19 is increasing. There are many places in the U.S. where COVID-19 is increasing. So there are definitely surges in play right now," he told CTV News Channel on Sunday, June 19.

Some experts say a rise in Omicron subvariants BA.4 and BA.5 could lead to an increase in cases in Canada.

Labos says care should be taken depending upon where you go and what you do.

He also cautioned travellers to check their travel insurance policies for any exclusions based on whether a person gets COVID-19.

"If you're going to go somewhere and sit on the beach and not really interact with other people, then your risk of getting COVID-19 is probably pretty low," Labos said.

"But if you're going to be going to places, and going to nightclubs, and going to a lot of indoor settings and coming into contact with a lot of people, there is a certain risk there."

Airport Chaos: European Travel Runs Into Pandemic Cutbacks

By Kelvin Chan And Mike Corder, The Associated Press, June 23, 2022

https://www.msn.com/en-ca/travel/news/airport-chaos-european-travel-runs-into-pandemic-cutbacks/ar-AAYLXKB?ocid=msedgdhp&pc=U531&cvid=a72d58edf7234887a079b79019582a2a

The airport lines are long, and lost luggage is piling up. It's going to be a chaotic summer for travelers in Europe.

Liz Morgan arrived at Amsterdam's Schiphol Airport 4 1/2 hours before her flight to Athens, finding the line for security snaking out of the terminal and into a big tent along a road before doubling back inside the main building.

"There's elderly people in the queues, there's kids, babies. No water, no nothing. No signage, no one helping, no toilets," said Morgan, who is from Australia and had tried to save time on Monday, June 20 by checking in online and taking only a carry-on bag.

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People “couldn’t get to the toilet because if you go out of the queue, you lost your spot,” she said.

After two years of pandemic restrictions, travel demand has roared back, but airlines and airports that slashed jobs during the depths of the COVID-19 crisis are struggling to keep up. With the busy summer tourism season underway in Europe, passengers are encountering chaotic scenes at airports, including lengthy delays, canceled flights, and headaches over lost luggage.

Schiphol, the Netherlands' busiest airport, is trimming flights, saying there are thousands of airline seats per day above the capacity that security staff can handle. Dutch carrier KLM apologized for stranding passengers there this month. It could be months before Schiphol has enough staff to ease the pressure, Ben Smith, CEO of airline alliance Air France-KLM, said on Thursday, June 23.

London's Gatwick and Heathrow airports are asking airlines to cap their flight numbers. Discount carrier easyJet is scrapping thousands of summer flights to avoid last-minute cancellations and in response to caps at Gatwick and Schiphol. North American airlines wrote to Ireland's transport chief demanding urgent action to tackle “significant delays” at Dublin's airport.

Nearly 2,000 flights from major continental European airports were canceled during one week this month, with Schiphol accounting for nearly 9%, according to data from aviation consultancy Cirium. A further 376 flights were canceled from U.K. airports, with Heathrow accounting for 28%, Cirium said.

It’s a similar story in the United States, where airlines canceled thousands of flights over two days last week because of bad weather just as crowds of summer tourists grow.

“In the vast majority of cases, people are traveling,” said Julia Lo Bue-Said, CEO of the Advantage Travel Group, which represents about 350 U.K. travel agents. But airports have staff shortages, and it's taking a lot longer to process security clearances for newly hired workers, she said.

“They’re all creating bottlenecks in the system," and it also means “when things go wrong, that they’re going drastically wrong," she said.

The Biden administration’s scrapping COVID-19 tests for people entering the U.S. is giving an extra boost to pent-up demand for trans-atlantic travel. Bue-Said said her group's agents reported a jump in U.S. bookings after the rule was dropped this month.

For American travelers to Europe, the dollar strengthening against the euro and the pound is also a factor, by making hotels and restaurants more affordable.

At Heathrow, a sea of unclaimed luggage blanketed the floor of a terminal last week. The airport blamed technical glitches with the baggage system and asked airlines to cut 10% of flights at two terminals on Monday, June 20, affecting about 5,000 passengers.

"A number of passengers” may have traveled without their luggage, the airport said.

When cookbook writer Marlena Spieler flew back to London from Stockholm this month, it took her three hours to get through passport control.

Spieler, 73, spent at least another hour and a half trying to find her luggage in the baggage area, which "was a madhouse, with piles of suitcases everywhere."

She almost gave up, before spotting her bag on a carousel. She's got another trip planned to Greece in a few weeks but is apprehensive about going to the airport again.

"Frankly, I am frightened for my well-being. Am I strong enough to withstand this?" Spieler said by email.

In Sweden, lines for security at Stockholm's Arlanda Airport have been so long this summer that many passengers have been arriving more than five hours before boarding time. So many are showing up early that officials are turning away travelers arriving more than three hours before their flight to ease congestion.

Despite some improvements, the line to one of the checkpoints stretched more than 100 meters (328 feet) on Monday, June 20.

Four young German women, nervous about missing their flight to Hamburg while waiting to check their bags, asked other passengers if they could skip to the front of the line. Once there, they bought fast-track passes to avoid the long security queue.

Lina Wiele, 19, said she hadn't seen quite the same level of chaos at other airports, "not like that, I guess," before rushing to the fast-track lane.

Thousands of pilots, cabin crew, baggage handlers, and other aviation industry workers were laid off during the pandemic, and now there's not enough to cope with the travel rebound.

"Some airlines are struggling because I think they were hoping to recover staffing levels quicker than they've able to do," said Willie Walsh, head of the International Air Transport Association.

The post-pandemic staff shortage is not unique to the airline industry, Walsh said at the airline trade group's annual meeting this week in Qatar.

"What makes it difficult for us is that many of the jobs cannot be operated remotely, so airlines have not been able to offer the same flexibility for their workforce as other companies," he said. "Pilots have to be present to operate the aircraft, cabin crew have to be present, we have to have people loading bags and assisting passengers."

Laid-off aviation workers "have found new jobs with higher wages, with more stable contracts," said Joost van Doesburg of the FNV union, which represents most staff at Amsterdam's Schiphol Airport. "And now everybody wants to travel again," but workers don't want airport jobs.

The CEO of budget airline Ryanair, Europe's biggest carrier, warned that flight delays and cancellations would continue "right throughout the summer." Passengers should expect a "less-than-satisfactory experience," Michael O'Leary told Sky News.

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Some European airports haven't seen big problems yet but are bracing. Prague's Vaclav Havel international airport expects passenger numbers to swell next week and into July, "when we might experience a lack of staffers, especially at the security checks," spokeswoman Klara Diviskova said.

The airport is still short "dozens of staffers" despite a recruitment drive, she said.

In Belgium, Brussels Airlines said a three-day strike starting on Thursday, June 23 will force the cancellation of about 315 flights and affect some 40,000 passengers.

British Airways check-in staff and ground crew at Heathrow voted on Thursday, June 23 to strike over pay. Dates haven't been set, but their unions said it would be this summer.

Two days of strikes hit Paris' Charles de Gaulle airport this month, one by security staff and another by airport personnel who say salaries aren't keeping pace with inflation. A quarter of flights were canceled the second day.

Some Air France pilots are threatening a strike on Saturday, June 25, warning that crew fatigue is threatening flight security, though Smith, the airline CEO, said it's not expected to disrupt operations. Airport personnel vow another salary-related strike on July 1.

Still, the airport problems are unlikely to put people off flying, said Jan Bezdek, spokesman for Czech travel agency CK Fischer, which has sold more holiday packages so far this year than before the pandemic.

"What we can see is that people can't stand waiting to travel after the pandemic," Bezdek said. "Any problems at airports can hardly change that."

Flair Is Canadian, But 'Not Perfect,' CEO Admits. What's Next For The Airline?

By Craig Lord, Global News, June 18, 2022

https://globalnews.ca/news/8928596/flair-airlines-canadian-summer-travel/

Flair Airlines' CEO says he's confident his ultra-low-cost airline is ready to take advantage of the summer travel boom after satisfying regulators that it's Canadian enough to fly.

But even as its chief executive concedes to Global News that there's room for improvement, analysts say headwinds facing the aviation industry such as soaring fuel prices could actually bode well for the embattled airline.

Flair spent much of the spring season trying to prove that the Edmonton-based airline was Canadian enough after the country's transportation watchdog said in an initial ruling on March 3 that it might be in violation of rules limiting foreign ownership.

But after Flair overhauled its board of directors and made a series of governance changes to limit the influence of one of its major U.S.-based investors, the Canadian Transportation Agency (CTA) ruled on June 1 that the airline indeed met the letter of the law to keep flying.

"Flair is a Canadian airline, full stop," CEO Stephen Jones told Global News in an interview this week.

While the CTA's final ruling landed in Flair's favour, the agency confirmed to Global News on multiple occasions that if its review found Flair did not meet the standards of Canadian ownership, its licences to fly would be revoked.

That led to uncertainty in the eyes of some analysts and consumers as to whether Flair would be able to fulfill bookings for summer travel.

While he maintains that Flair's Canadian status was not in doubt internally, Jones said the months of speculation opened the door for the airline's competitors to cast aspersions.

"I think that our competitors made some good use of the fact that the questions were being raised. There was a lot of misinformation put around and it resulted in uncertainty for customers, I think unfairly, but it is what it is. That's behind us now," he said.

Gabor Lukacs, president of consumer advocacy group Air Passenger Rights, told Global News that while the investigation itself might've been legitimate, he agreed that the way it was communicated often cast Flair in an unflattering light.

He said the leak of redacted documents to media, vague wordings and the overall lack of forthright communication after the CTA's preliminary findings in March failed to promote trust in the probe.

"It was not a transparent process, but more something that would create innuendo, that would create mistrust," Lukacs said.

"This doubt about their Canadian-ness has caused some harm prematurely and in an unwarranted way."

Flair Has More Work To Do

While Lukacs found some parts of the CTA investigation unfair to Flair, that doesn't mean the airline is perfect.

The growing carrier has made a name for itself by marketing low-cost fares and serving medium-sized markets but Flair is a frequent source of irritation on the APR Facebook group, where Lukacs advises consumers on how to navigate disputes with airlines.

"Although they are a small carrier, they are a large source of complaints," he said of Flair.

The bulk of those complaints come down to "reliability of service," Lukacs said.

A common source of ire with Flair is canceling flights and not rebooking passengers on other airlines — an optional practice on domestic routes but something enshrined in federal law when it comes to trips with international legs.

Flair's not the only operator that doesn't promptly rebook flights to other airlines, but Lukacs said it's often easier for larger players such as Air Canada or WestJet to get away with it because they can book passengers on a flight within their own networks the next day.

"I'm hearing a lot of complaints about people booking a flight (with Flair) for a given day, getting cancelled and then being offered a flight three, four, five or seven days later. That's unacceptable. That is unreasonable," he said.

Global News asked Jones about not promptly rebooking passengers and service reliability concerns.

"We're not perfect, that's for sure," he said. "We've all got issues. All airlines do."

But Jones insisted Flair is "investing a lot" in its customer service, ramping up hiring to quadruple the size of the team in recent months, and leaning more into automation to speed up processing times.

He added that rebooking onto other airlines is "not part of the contract" that Flair makes with its customers, but asserted that doesn't mean passengers should feel stranded.

"You know we'll do our best to get you there. If we do need to cancel, we will absolutely refund our fares," Jones said.

Lukacs added that while Flair has more work to do, it's by no means the only offender in the Canadian aviation industry; unreliable service is a sore point for air passengers across Canada, regardless of which carrier they booked.

"Yes, Flair has all these issues, but it's not just Flair," Lukacs said.

"We have to be careful not to pick out one player as, 'OK, this is the bad guy,' when the other players around are not saints, either. They're very far from it."

Flair Could Stand Out As Airfare Rises: Analyst

Higher fuel costs are cutting into the bottom lines of airlines across the globe at the same time that easing COVID-19 restrictions are opening the floodgates to years of pent-up travel demand.

George Ferguson, senior aerospace and airline analyst at Bloomberg Intelligence, told Global News that while higher expenses are a challenge for any operator, ultra-low-cost carriers such as Flair might nonetheless be well-suited to take more market share as inflation soars.

"With higher fuel prices, I think consumers are going to be very much looking for better deals to travel," he said.

"Airlines like Flair, if they can really keep costs low and offer much cheaper ticket prices to consumers, I think that means they're going to get a lot of demand. And so I think the prospects are very good for airlines like Flair."

Jones, who worked in the oil and gas industry before making a career in aviation over the past 25 years, said these are the highest fuel costs he has ever seen during his tenure, and that's creating pressure across the industry.

He touted Flair's aircraft as being more fuel-efficient than massive jetliners as one upside that helps the airline keep costs lower than competitors. He also suggested that flights along shorter routes might become more popular than driving the same distance as consumers grapple with the surging costs to fuel up their vehicles.

"We're really well-positioned for that," he said.

Flair has ambitious expansion plans including scaling up its current fleet of 15 jets to a crop of 50 by 2025. That's faced some hiccups already, however, with the airline suspending service to Regina earlier this month due to "aircraft delivery delays."

Jones cited demand for Flair's affordable airfares as giving him confidence the company will achieve its fleet plans in the coming years.

The peak summer travel season came with another shakeup earlier this week as WestJet announced a new strategy focusing more on its roots serving Western Canada and maintaining a few connections to the east.

The Calgary-based airline also said it would redouble its focus on low-cost fares through its subsidiary Swoop, a move Ferguson views as a response to Flair's green light to keep flying this summer.

"The fleet changes appear designed to simplify operations to keep down costs so they can be competitive against carriers like Flair," he said in a follow-up email to Global News on Thursday, June 16.

Ferguson said he thinks WestJet will continue to compete against Air Canada on some routes but the low-cost carrier model works best when focused on "important leisure markets" with high demand where airlines "can fill airplanes and maximize profit."

"WestJet is a high-fare, high-cost airline so it doesn't surprise me that they are in full retreat in key Canadian markets," Jones said when asked for comment on the rival Alberta carrier's shift in strategy.

Global News reached out to WestJet for comment on Ferguson's analysis but did not hear back by publishing time.

WestJet CEO Alexis von Hoensbroech did write in a blog post announcing the shake-up on Thursday, June 16 that the airline's new strategy is, in part, focused on meeting demands for "leisure travellers."

"WestJet's low-cost roots have been the foundation of the historical success of our company. As we realize our ambitious growth plans, we will bring more air service to Canadian communities and connect more people to what matters most, through friendly and affordable air travel," he wrote.

Unvaccinated Workers Are Heading Back To The Office — And It's Going To Be Awkward

Employers Are Lifting COVID-19 Vaccination Requirements And Employees Sent Home For Refusing To Get Vaccinated Are Flooding Back. We Asked Experts How We Should Deal With What Already Looks Like A Messy Situation.

By Jacob Lorinc, Toronto Star, June 18, 2022

The executives at Maple Leaf Sports & Entertainment were hardly the only bosses hyping their super-safe COVID-19 protocols.

Back in September, when then-CEO Michael Friisdahl touted the company's vaccine mandate for staff as the "the ultimate safeguard" against the Delta variant and whatever came next, MLSE joined ranks with a wave of employers expelling workers who refused the jab.

But a safeguard from the virus, of course, wasn't a safeguard from internal backlash.

Not long after the words left Friisdahl's mouth, MLSE wound up in legal arbitration with a disgruntled workers' union defending its furloughed members.

Several MLSE employees had been suspended without pay for refusing to disclose their vaccination status — one of them, an employee of 10 years who set up event spaces in Scotiabank Arena — and the union argued that the mandates were an invasion of workers' medical privacy.

Like many companies in similar entanglements, MLSE held firm to its position, and eventually the arbitrator sided with the company's choice to suspend non-complying workers, prioritizing management's need to protect staff from the virus.

But within months of the dispute's settlement, and as COVID-19 cases began declining in Ontario in March, the company lifted its vaccine mandate and began asking those laid-off workers to get back to the job.

That awkward scenario — workers and bosses fighting over COVID-19 mandates, only to come face to face at the office a few months later — is now playing out in workplaces across the country.

While employers lift vaccine requirements and reel their once-suspended workers back to work, many are finding themselves embroiled in legal battles with employees while also struggling to accommodate both the COVID-19-cautious and vaccine-adverse.

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Last summer, as COVID-19 numbers crept up, a wave of employers introduced new rules for their workforces: get two shots or face discipline. Initiated in the public sector, these mandates were quickly adopted by Bay Street firms and big-name retail chains.

But now, with governments lifting the bulk of their COVID-19 restrictions, many of those same companies say they can no longer justify keeping their vaccine mandates in place when government medical authorities are removing them.

Between March and June, several major white-collar firms dropped their mandates in quick succession — Deloitte, KPMG, Ernst & Young, and Canada's Big Five banks included — and began asking workers back, at least part-time.

Last Tuesday, June 14, the federal government announced it was abandoning its vaccine mandates for public servants.

Employers who once harboured peaceful relationships with their staff are elbow-deep in litigation initiated by long-time employees. Co-workers who once chatted idly in front of the water cooler now differ, sometimes vehemently, on whether the water cooler might actually be kindling for a super-spreader event.

Andrew Caldwell, a human resources adviser with Peninsula Canada, said his firm has been inundated with inquiries from employers in recent months asking: "How do we accommodate everyone? How do we deal with so many different views on office protocol?"

In reality, it won't be easy. More than 40 per cent of Canadian workers started working remotely at the outset of the pandemic, largely in white-collar professions. Two years later, that figure has shrunk to 20 per cent.

But polling indicates that many workers are broadly reluctant to return to the office for reasons ranging from health concerns to the rising costs of commutes.

According to a recent Amazon Business Canada poll, just 12 per cent of workers say that working entirely in-office is their ideal working scenario, while 43 per cent say they are likely to look for a new job if their employer mandates a full-time return.

Moreover, those who do return will have all kinds of unique and contrasting preferences. Some will prefer masks, others will detest them. Some will worry about high-risk family members at home. Some have said they can't bear the thought of sharing work stations.

"You'll have those who are ultra-cautious and don't go near anyone, and then there are those who are throwing all caution to the wind and forgetting whatever protocols are technically in place. Somehow, employers have to balance this," said Caldwell.

Colin Furness, an epidemiologist at the University of Toronto, said companies should create office environments that can separate vaccinated and unvaccinated workers to help limit virus spread.

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Unvaccinated people have a much greater chance of being asymptomatic while infected with the virus, raising the likelihood of bringing COVID-19 into the office without knowing they're sick, Furness said.

"To simply welcome everyone back without protections and act like contagion just isn't a thing anymore — that's a terrible idea," said Furness. "You need to have barriers in place."

Some businesses are testing this. Accounting firm PricewaterhouseCoopers, after dropping its COVID-19 safety measures in April, created two floors for employees at its office in the financial district: one for mask-wearers, and one for everyone else.

But those divisions, paradoxically, raise concerns of their own: will segregated floors and workspaces just deepen the divide between co-workers?

While most workplaces say their staff are fully vaccinated — Scotiabank, for instance, boasts a 94 per cent vaccination rate among employees — big employers with sprawling workforces may still have hundreds of unvaccinated workers on their payrolls, waiting for their suspensions to end.

The Toronto Police Service says its workforce is 99 per cent vaccinated. But management still suspended more than 100 officers last November after implementing its vaccine policy. Last week, the force announced that all those employees — vaccinated or not — will return to work by the end of June.

Some of the labour disputes and lawsuits initiated over the vaccine mandates have played out in public.

After the federal government announced it was abandoning vaccine mandates for public servants on Tuesday, June 14, reversing a rule that had resulted in more than 1,800 suspensions among federally regulated employees, the Public Service Alliance of Canada (PSAC) said it was still seeking recourse for the members who'd been disciplined.

"Now that the government has lifted its vaccination policy, we expect members who were unfairly impacted to be compensated," said Chris Aylward, president of PSAC, in a statement.

A day later, when Intergovernmental Affairs Minister Dominic LeBlanc was asked whether the government would reimburse lost wages for those suspended workers, his response was blunt: "Absolutely not."

Between November 2021 and January 2022, Canadian labour arbitrators heard grievances from dozens of local union branches. Several of the major labour associations — including the Teamsters, the United Food and Commercial Workers, and the Power Workers Union — went to bat for their suspended members.

Mediators, for the most part, have sided with employers, affirming their need to protect workers from a contagious virus during the peak of the Delta and Omicron waves.

"It's clear that the weight of authority supports the imposition of vaccine mandates in the workplace to reduce the spread of COVID-19," wrote the judge in the MLSE decision from January.

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But those decisions haven't discouraged workers from pursuing legal action, even as they return to the workplace. Privately, a wave of workers have filed wrongful dismissal claims against their employers that could take at least a year to resolve through the court system, lawyers say.

These workers argue that their suspensions were "unilateral" and breached the terms of their contracts, said Jon Pincus, an employment lawyer and partner at Samfiru Tumarkin LLP.

Some argue they did not pose a health risk to co-workers because they were working remotely, while others contend they were put on suspensions that effectively amounted to termination.

"They're going to say that, now that vaccine mandates have suddenly lifted, it just adds to the staggering list of inconsistencies in how these employers have been employing these policies," said Pincus.

"Some of these cases will be settled out of court, as the employees and employers come to their own agreements. But we're seeing many that are not taking that route — that they're going to take a while to solve," said Pincus.

"Anyone who's holding their breath for speedy resolutions is going to go blue in the face before they hear anything."

In the meantime, workers and employers are left navigating a tenuous workplace that, in many cases, is reuniting colleagues and bosses whose relationships have frayed over two years of upheaval.

"It's shocking how polarizing many elements of our work lives have become because of the pandemic," said Caldwell.

"Someone you used to speak with all the time now has wildly different opinions on COVID-19 and vaccines and now it's hurt your professional relationship. That's happening at lots of workplaces. And many companies aren't really sure how to deal with it."

Read Story (Subscription Required): https://www.thestar.com/business/2022/06/18/employers-and-workers-are-fighting-bitterly-over-vaccine-mandates-that-cost-them-their-jobs-now-theyre-coming-face-to-face-in-the-office-as-mandates-lift.html

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OTHER CAFII MEMBER-RELEVANT INDUSTRY/BUSINESS/SOCIETAL NEWS

CLHIA Elects New Chair

By Insurance Portal Staff, June 14, 2022

The Canadian Life and Health Insurance Association (CLHIA) has announced that members of the Association have elected Medavie CEO Bernard Lord to serve as the Association's chair for 2022 and 2023.

Prior to becoming CEO of Medavie, he served eight years on its board of directors overseeing Medavie Blue Cross and Medavie Health Services. He was appointed CEO of the company in 2016. Lord has also served on several boards, including the board of directors for Ontario Power Generation. Today, he is chair of the International Federation of Health Plans, an international association of insurance payers, headquartered in London, England. He is also the incoming president of the Canadian Association of Blue Cross Plans.

Lord was also the premier of New Brunswick from 1999 until 2006. He was then president and CEO of the Canadian Wireless Telecommunications Association of Canada.

In the CLHIA role, a one-year term, Lord is replacing the outgoing chair, Manulife Canada's CEO Michael Doughty, who announced his September retirement earlier this year. (Naveed Irshad took over as Manulife's Canada segment CEO on June 1.)

Read Story (Subscription Required): https://insurance-portal.ca/life/insurance-association-elects-new-chair/?utm_source=sendinblue&utm_campaign=weekly_summary_202206-17&utm_medium=email

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Step Up Customer Engagement With Wearables

Health Monitoring Technology Can Help You Offer Additional Value Beyond The Death Benefit

By Greg Meckbach, Investment Executive, June 13, 2022. This editorial appears in the June 2022 issue of Investment Executive*.*

https://www.investmentexecutive.com/newspaper_/insurance-guide/step-up-customer-engagement-with-wearables/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN&hash=6d73923380f292a40dc042b455f0fde3

Health and fitness monitoring technology is one way of engaging with life insurance clients, but insurers aren't yet making actuarial decisions based on the data — which some clients may be reluctant to share.

Whether the device is a Fitbit, Galaxy Watch Active, mobile app or another device, some tech-savvy life and health insurers are encouraging clients to share wellness data, such as physical activity and what they eat.

A case in point is Foresters Financial. The Toronto-based insurer launched a mobile app — dubbed Foresters Go — in Canada in 2021 and in Britain in May 2022. Foresters tracks and scores participating clients on their physical activity, "mindfulness" (measured through pulse and breathing rate, for example), nutrition, and sleep.

"It gives an opportunity for insurance advisors to offer some additional value beyond the death benefit for their clients," said Juanpaolo Mercado, vice-president of sales, Asian markets and Western Canada, with Canada Protection Plan, a Foresters subsidiary.

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Insurance advisors can "strengthen their own value proposition by educating consumers on how this turns their life insurance into a broader benefit-driven device," Mercado said. That, in turn, "forges a stronger client relationship."

Life and health insurers' use of wearables is similar in concept to auto insurers that use telematics, said Jonathan Weir, a partner with KPMG Canada LLP.

But unlike usage-based auto insurance — in which driving behaviour is one factor in pricing — there's no indication that life insurers are using wearable health monitors to make underwriting decisions.

Foresters Go, for example, is used solely as a member benefit, said Nicole Gourley, global chief membership officer with Foresters Financial. Data from the platform isn't leveraged for underwriting or distribution.

While health monitoring technology gives carriers "additional data points," said Michael Adams, associate director of life/health insurance ratings with A.M. Best Co. Inc., the industry doesn't have enough data yet to make underwriting decisions.

Jamie Tucker, head of North American life insurance with Fitch Ratings Inc., agreed.

"Perhaps over time, as the data builds up, it'll allow insurers to make more sound actuarial conclusions as they look at their experience with [policyholders using wearables] versus those not wearing or using this technology," Tucker said.

Brad Ellis, head of North American health insurance with Fitch Ratings, said there also may be issues with the data's accuracy. "There's outright fraud on the part of the policyholder in some instances," he said. "I've heard that there are actually apps that come along and simulate steps."

For now, insurers are using wearables to engage clients and encourage healthier habits.

An example of the concept is Manulife Financial Corp.'s Vitality program, said Paul Jones, senior manager with KPMG Canada: "This is a space that I think the other large insurers in Canada are definitely exploring."

The role which life insurance agents can play includes explaining how clients can earn rewards through these types of programs, Tucker said. In other words, life agents can add value by discussing the pros and cons.

"I think the major 'con' would just be someone who has concerns around privacy and not understanding how this data will be used," Tucker said.

Clients would have to trust insurers to keep their data secure from a third party with whom the client doesn't want to share their data, Jones said.

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"That's significant for insurers because the traditional relationship between policyholders and insurers isn't always really strong in terms of perception," Jones cautioned. "There's a common perception out there that insurers aren't going to act in the best interest of the consumer."

Weir said health data is normally shared with a third-party technology firm that hosts the information in the cloud.

That third-party tech firm "ultimately makes some calculations and computations and shares a small subset of information or insight based on my raw data with my insurance carrier — and maybe my broker," Weir said.

Some data shows that older clients are less willing to share data with insurers than their younger counterparts, Jones said.

"Consumers' willingness to share their data is, in aggregate, increasing. But there are strings attached. They're becoming more sophisticated. Consumers are realizing that their data has value and are expecting to see that value returned to them in their pocket, so to speak," Jones said.

Ellis said there is not enough accurate data out there to calculate user uptake for wearables.

Insurance Advisors Must Adapt To Post-DSC Seg Fund World

Some Advisors Have Moved From DSCs To Seg Funds With Chargebacks

By Rudy Mezzetta, Investment Executive, June 13, 2022

https://www.investmentexecutive.com/newspaper_/news-newspaper/insurance-advisors-must-adapt-to-post-dsc-seg-fund-world/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN&hash=6d73923380f292a40dc042b455f0fde3

Insurance advisors who haven't adapted their business models to address the upcoming regulatory ban on the sale of deferred sales charge (DSC) segregated funds may struggle to survive.

"You've got 12 months to recondition your business; otherwise, it's going to be a challenge for you," said John Cucchiella, president of SMEx Advisory Corp. in Toronto. Advisors who take a holistic approach to their business will be best positioned to thrive, he added: "I think the ones that perhaps don't have the best practice management behaviours, they're already or soon to be out the door."

Earlier this year, the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) urged insurers to "refrain from new DSC sales in segregated fund contracts in line with the June 1, 2022, ban in securities, and expect a transition to a cessation of such sales by June 1, 2023."

Changes to compensation models driven by regulatory changes aren't new for the wealth industry, "but it's the first time it's hit the insurance world," said Byren Innes, managing director and executive consultant with Jennings Consulting Ltd. in Toronto.

In fact, the insurance industry — including managing general agencies (MGAs) and manufacturers — is scrambling to get in front of not only the ban on DSC sales but also possible restrictions to or elimination of upfront commissions.

The CCIR and CISRO stated they will consult on upfront commissions in sales of segregated funds and consider a complete ban in the interest of harmonizing mutual fund and seg fund regulations "to avoid any regulatory arbitrage."

Investment advisors looking to avoid the DSC ban for mutual funds have been able to shift to selling seg funds, but now "there's no other registration category to go to," said Dan Hallett, vice-president and principal with Oakville, Ontario-based HighView Financial Group.

DSC sales of seg funds have been "gradually" declining, Innes said, as some advisors and the industry have been anticipating the regulatory changes. "My guess, though, is that the bulk of seg fund [sales] are on DSC," he said.

Investment Executive asked eight seg fund manufacturers about their plans to end DSC sales ahead of June 1, 2023. Firms also were asked whether clients could cancel existing DSC seg fund contracts with partial or full relief from early redemption penalties before the ban date.

Of the six firms that provided responses, four stated they intended to end DSC seg fund sales ahead of the ban but gave no dates.

John Killeen, vice-president and head of investment distribution with Sun Life Global Investments (Canada) Inc., stated in an email that there had been a "steady decline" in use of the DSC option and the firm is developing a plan to discontinue DSC sales prior to June 2023.

Sun Life advisors no longer sell DSC seg funds, Killeen added, and third-party advisors have "continued to decrease their support of DSC funds over time."

Firms said they would work with clients under the terms of their existing DSC contracts, which may already allow for early redemptions or the porting of schedules among mandates without penalty. No firms indicated they would allow for early redemptions specifically in relation to the anticipated ban, although several said they already consider early redemption requests on a case-by-case basis.

Aly Damji, president of HUB Capital Inc.in Woodbridge, Ontario, said the trend away from DSCs in seg funds has been accelerating due to the rise in popularity of commission chargebacks. Under the chargeback structure, the advisor, not the client, repays upfront commissions if the client redeems the fund early.

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Damji said he supports a ban on DSCs, but added that clients "need independent advice regardless of how much they have in assets. By getting rid of some of these upfront commissions, clients will have fewer options."

If regulators move ahead with their proposed bans, advisors will have to grow their books or go out of business as "their revenue is going to go down significantly," said Kirk Purai, president and CEO of Carte Risk Management Inc., an MGA.

"Advisors need to get their book to [the] $10-million mark, as opposed to $5 million," Purai said, which is the average seg fund book size for Carte advisors. "For the ones who are under $5 million, they may need to partner with another advisor and be able to subsidize their cost somehow."

However, advisors hanging on to DSCs and/or upfront commissions may be delaying the inevitable, Innes suggested.

The era of DSC seg fund sales "is done — I'm positive," Innes said. And if regulators decide not to ban upfront commissions, "they'll have [a] really tight sandbox around it: 'You can charge X on this kind of fund and Y on this kind of fund.' I don't think that's a solution [as a long-term business model]. The solution is fee-based accounts, quite frankly, which is where the mutual fund world went."

Innes said advisors considering a transition to a fee-based model should figure out how much revenue they will lose as a result.

"Analyzing the book [of business] is the first step — figuring out what the pain is going to be and then what are my strategies," Innes said.

The next step is to communicate with clients about how the insurance business is changing, said David Gray, senior consultant with Jennings Consulting. In late April, the Canadian Securities Administrators and the CCIR published proposals that would enhance total cost reporting for investment funds and segregated funds.

"The No. 1 thing you need to do is be transparent," Gray said. "Nobody likes to get a surprise." If the MGAs and manufacturers with which an advisor does business "aren't moving as fast as you think they need to" in terms of helping with disclosure and business transition, "get involved and get things moving."

The elimination of DSCs and a possible elimination of upfront commissions could make supporting new advisors in the business even more challenging for an industry struggling to attract the next generation.

"You're going to have to move away, for the first few years, from a commission-based model to more of a salary position," Gray said. "You're seeing that at a lot of the IIROC shops, where they're combining a lot of small accounts, having one or two salaried advisors taking care of the assets under management, and then graduating [those advisors] to larger book sizes."

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Cindy David, president and estate planning advisor with Cindy David Financial Group Ltd. in Vancouver, believes the insurance industry will develop more programs to provide older advisors with a succession plan. And more advisors are transitioning their business to their children, she said.

An industry transition away from DSC will be "a good thing, even from a practice perspective," David said. "If you have already eliminated DSCs, your residuals are higher and you have more time to sit back and think about how best to serve your client."

Insurance advisors need to rise to the challenge of evolving regulations and find ways to adapt their businesses to best serve their clients, David added: "Do I want you as my financial advisor if you don't have the wherewithal to figure out how to survive [changes in] your industry? Not really."

Inflation Skyrockets As Gas Prices Soar

Prices Hit Highest Level In Nearly 40 Years

By The Canadian Press, June 22, 2022

https://www.wealthprofessional.ca/business-news/inflation-skyrockets-as-gas-prices-soar/367667?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220622&utm_campaign=WPCW-Breaking-20220622&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

The annual inflation rate skyrocketed to its highest level in nearly 40 years in May, fuelled by soaring gas prices, Statistics Canada said on Wednesday, June 22.

The agency said that its consumer price index in May rose 7.7 per cent compared with a year ago, its largest increase since January 1983 when it gained 8.2 per cent, and up from a 6.8 per cent increase in April of this year.

The gain came as energy prices rose 34.8 per cent compared with a year ago, with gasoline prices up 48.0 per cent year-over-year.

Statistics Canada said that crude oil prices rose in May due to the ongoing war in Ukraine, as well as increased demand as travel continued to grow in response to eased COVID-19 restrictions.

Excluding gasoline, the annual inflation rate in May rose to 6.3 per cent compared with 5.8 per cent in April.

The rising inflation rate comes as the Bank of Canada works to bring it back under control.

The central bank has raised its key interest rate target three times so far this year to bring it to 1.5 per cent and said that it is prepared to "act more forcefully" if needed, leading to speculation by economists that it could raise rates by three-quarters of a percentage point next month.

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The average of the three core measures of inflation that are closely watched by the Bank of Canada rose to 4.73 per cent in May compared with 4.43 per cent in April.

Statistics Canada said the price for food bought at stores rose 9.7 per cent compared with a year ago, matching the April increase, as the cost of nearly everything in the grocery cart went higher.

The cost of edible fats and oils gained 30.0 per cent compared with a year ago, its largest increase on record, mainly driven by higher prices for cooking oils. Fresh vegetable prices rose 10.3 per cent.

The cost of services in May rose 5.2 per cent compared with a year ago, up from a gain of 4.6 per cent in April, as Canadians travelled and ate in restaurants more often.

Prices for traveller accommodation gained 40.2 per cent compared with a year ago, while the price of food purchased from restaurants gained 6.8 per cent.

Distressed Deals Pile Up In Once-Booming Housing Market

Market Downturn Developing A Momentum Of Its Own

By Bloomberg, June 17, 2022

https://www.wealthprofessional.ca/business-news/distressed-deals-pile-up-in-once-booming-housing-market/367544?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220617&utm_campaign=WPCW-Breaking-20220617&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Zohal Habibi hadn't even moved into her new home in the suburbs of Toronto when she started regretting the purchase. "We took a very bad decision," she says.

It's not about the house itself. She and her husband are excited about the extra space it'll give them and their two young kids. The problem is the price they agreed to pay for the three-bedroom home in March: C$920,000 ($711,000).

Not long after, prices started to slide, and quickly. By the time their lender got around to appraising the house in May, it marked the value down to C$800,000. A second appraisal a few weeks later was even grimmer - C$740,000.

Legally bound to the deal but no longer able to obtain a big enough loan to go through with it, the couple pleaded with the seller to nudge down the price. On Thursday, June 16, they closed at C$810,000. "We didn't know that the market would crash," Habibi says.

All across greater Toronto, until recently the epicenter of a national housing boom with few peers anywhere, similar tales are piling up. The specifics can vary: from someone who bought a new house before selling their old one and now can't get as much money as they were counting on, to situations like Habibi's, where the appraisals that determine the maximum mortgage size come in far below the agreed-to price, to simple cases of buyer's remorse.

But they all amount to one thing: Sellers must agree to a lower price, fast. That's contributed to home values in metropolitan Toronto declining at an unusually rapid clip — the average selling price is down nearly 9% in three months. And with the pain now spreading to other parts of Canada, such distress threatens to both accelerate and deepen a housing market decline that's already underway. On Wednesday, June 15, the national benchmark home price posted its second straight monthly decline, with many of the small cities and towns that saw the biggest gains on the way up now correcting fast.

Longer-term mortgage rates have climbed swiftly as global bond markets respond to the spike in inflation.

"A lot of the sellers in the market today are effectively distressed sellers," said John Pasalis, who runs Toronto-based brokerage Realosophy Realty Inc. "This is putting a lot of downward pressure on prices."

The reason for the market's sudden turn is the unusually rapid increase in rates. To cool inflation from a 30-year high, the Bank of Canada has raised the benchmark rate from 0.25% to 1.5% since March, and opened the door to lifting it to 2.25% next month. Longer-term mortgage rates have also climbed swiftly. Because the inflation fight is global, similar processes are playing out around the world. In the US, 30-year mortgage rates have nearly doubled in a year, reaching levels not seen since 2008, while in New Zealand houses are failing to sell at auction since the central bank started raising rates.

In Canada, though, the market downturn is starting to develop a momentum of its own, and flashing a warning to policy-makers elsewhere who are trying to use shock therapy to bring their own wild housing markets to heel.

Because the real estate market operates like a food chain — first-time buyers purchase a starter home from someone who uses that money to buy something bigger from another person, who may buy something else in turn — a break in any of those links can cause problems all the way up. When one party can't close, it can mean their counter-party can't follow through on another deal, and the ensuing cash crunches can result in either the seller offloading their property fast for whatever they can get, or the buyer, assuming they can't renegotiate like Habibi did, having to borrow money at a high interest rate to cover the shortfall. That's the scenario that appears to be playing out in some parts of Canada now.

"I've seen an influx in cases that are beyond anything anybody's ever seen," said Greg Weedon, a Toronto-based real estate lawyer who says 20 files related to buyers unable to fulfill their purchase contracts have hit his desk in just the last two weeks. "I've restructured my whole business at this point to exclusively take in files related to buyers in breach. That's going to be my business model going forward for the foreseeable future."

Much of the distress playing out in the market today is down to buyers and sellers caught by the rapid turn in prices. Until March, when bidding wars were common in many regions, it made sense to buy before you sold, or make offers that weren't conditional on bank appraisals and financing coming through. Now that the market is falling, buyers and sellers will likely adjust their strategies, and that will mean fewer people getting into distress in the same ways going forward.

But with the Bank of Canada signalling it's not done raising rates, the next question will be whether everyone who did manage to close their deals can hold on.

Through the pandemic, variable rate mortgages came to account for more than half of all new home loans as buyers sought the lowest rates they could get to afford the record high prices. Now, about 60% of all the variable rate loans outstanding will see their monthly payments increase alongside the central bank rate, according to research from National Bank of Canada.

And real estate investors, who have come to account for about a fifth of the market, are also often highly leveraged through short-term or floating-rate debt. In its annual review of risks to Canada's financial system this month, the central bank said such investors could be more likely to sell as their borrowing costs rise and house prices fall.

Susan White Livermore, a professional housing investor based in Barrie, Ontario, about an hour's drive north of Toronto, says she sold four of her 20 properties at the beginning of the year as she started to "feel the fear coming in the market." Now, White Livermore says she's waiting to see how this correction plays out before she starts buying again.

"Once people have had to deal with the interest rates for a little while, there might be more deals," she said. "I want to know that we've hit the bottom and stabilized before I start looking."

When Stocks, Houses And Crypto Fall, Where Does All That Money Go?

As Asset Values Plunge, It Seems Intuitively Wrong, But The Money Just Disappears

By Don Pittis, CBC News, June 14, 2022

https://www.cbc.ca/news/business/markets-crypto-assets-column-don-pittis-1.6486826

Seven months ago, there was a celebratory mood in the air for crypto traders as the two best-known cryptocurrencies, bitcoin and ethereum, shot to new highs.

Advocates said "told you so," as financial journalists reported that the value of the global crypto market had soared to a stunning new record of about $3 trillion US.

A trillion — a million millions, or a one followed by 12 zeros — is one of those numbers so big it is hard to grasp in comparison to our daily lives. A trillion dollars would buy more than 1.3 million Canadian homes. If you kept it in cash, it would give you $1 million a day in spending money for 3,000 years.

But as crypto markets collapsed this week, the value of that pile of global cryptocurrencies has fallen from that $3 trillion to less than $1 trillion US. In other words, the value of 2.6 million Canadian houses just vanished.

The obvious question, especially for those who jumped into the market at the peak, possibly on the advice of movie star Matt Damon that fortune favours the brave, is: "Where did all that money go?"

"That value has just kind of disappeared," said Sal Guatieri, a senior economist with the Bank of Montreal.

"We're seeing it in stock markets and starting to see it in the housing market in Canada as well," he said. "The value of bonds is [also] coming down pretty quickly."

When that kind of money evaporates from the economy, said Guatieri, it has a serious slowing effect as people and businesses spend less.

Markets Tumble

As we talked, markets of all kinds — not just crypto — were tumbling. The Toronto Stock Exchange's main index was down nearly three per cent, the S&P 500 was off nearly four per cent, and the NASDAQ nearly five per cent.

Bitcoin and its ilk may feel like a special case because many people refer to cryptocurrencies as money. But, of course, it isn't.

As three economists I spoke to on Monday, June 13 were all careful to remind me, what's disappearing is not really money, but value. For the most part, there are just as many stocks, houses and bitcoins out there in the world; they're just worth less today.

"This is actually one of the issues I remember struggling with hardest when I first got interested in markets," said Stephen Brown, senior Canada economist with Capital Economics.

People first getting into markets have likely heard the statement that for every buyer, there is a seller. And they may take that to mean that as markets fall, there are a whole lot of sellers sucking all this money out of the markets, getting rich in the process.

But as Brown and others said, that is simply not the case. It takes relatively few trades to set the new market price.

"When a stock tumbles and an investor loses money, the money doesn't get redistributed to someone else," the website Investopedia outlines.

As Brown explained, the reason why is partly because of the way we talk about market prices. When we say bitcoin traded at $60,000 US last November, we imply all of the more than 19 million bitcoin in circulation were each worth $60,000.

Platforms Seized Up

Economists call that "price-setting at the margin" — sort of the leading edge of trading as prices rise or fall.

If the last trade in bitcoin was at $60,000, we say "bitcoins are worth $60,000." But if the last trade was around $23,000, as it was on Monday morning, June 13, we say "bitcoins are worth $23,000" — even though the vast majority of bitcoins did not change hands in either case.

In fact, when people tried to sell on Monday, June 13, market platforms seized up.

"We value the entire market based on the marginal product that's sold," said Brown. "And that is why you can have these extreme moves in the total value of the underlying instrument, even though that doesn't intuitively make any sense."

What we do know is that if we tried to sell our bitcoins right now, we would get something closer to $23,000, rather than $60,000.

Whether bitcoin, stocks, or the price of our homes, we don't have to buy and sell the ones we own ourselves to cause the notional value of those untraded assets to rise or fall.

"If one person is willing to pay a million dollars for a house, then suddenly we say all the houses are worth a million dollars," said Brown, even though the next house or the one after likely won't sell for the same price.

And if everyone tried to sell their house at the same time to get their money out, the price of all the houses would fall sharply, explained Mikal Skuterud, a professor of economics at Ontario's University of Waterloo.

Into Thin Air

The difference between the housing market and stocks, crypto, or bonds is that houses sell more slowly, one by one. And in a falling market, individuals can withdraw their house from the market if they think the price is too low.

But just as with other markets, the valuation of houses depends on so-called "motivated sellers" — the ones who actually do buy and sell, and are willing to accept a lower bid.

When markets go through sharp declines, they often rebound somewhat in following days. On Monday, June 13, traders were reacting to Friday, June 10's U.S. inflation rate, noted Brown, that came in at an unexpectedly high 8.6 per cent, leading to fears of higher or more interest rate hikes as the Federal Reserve meets later this week.

"We basically take the view that inflation has now become such a problem that central banks across the world need to engineer a pretty sizeable tightening of financial conditions," said Brown. "That's why we think there are further falls in equity markets to come."

If markets do see more declines in coming months, as Investopedia says, expect more value to melt away: "Essentially, it has disappeared into thin air."

RESEARCH/THOUGHT LEADERSHIP/TECHNOLOGY/DIGITIZATION NEWS

Canadian Employers Willing To Hire Workers Without Direct Experience, Survey Says

Employers Change Hiring Amid Labour Shortage: Poll

By The Canadian Press, June 20, 2022

Canadian employers willing to hire workers without direct experience, survey says | National Business | kelownadailycourier.ca

A new study shows that Canadian employers are willing to hire workers without experience related to the job due to a tight labour market.

The research released today indicates that experience and education — once crucial to many positions — are becoming less important amid labour shortages.

The findings are based on an online survey of 1,000 employers across Canada conducted in May by Censuswide on behalf of Indeed, an employment website for job listings.

The survey found that 77 per cent of Canadian employers see value in hiring a candidate based on their "soft" interpersonal skills and attitude toward learning rather than job-related knowledge and "hard" skills.

It also found that four out of five employers say their company would consider hiring applicants who don't possess a degree or certification related to the job and would instead offer on-the-job training to new workers.

The poll suggests that employers are also willing to sacrifice the need for relevant experience in light of the challenges finding candidates.

"We are quite honestly facing one of the tightest labour markets we've ever had," said Michelle Slater, director at Indeed. "There is a definite labour shortage."

Canada's unemployment rate fell to 5.1 per cent in May, Statistics Canada reported earlier this month.

It's the lowest rate since at least 1976, which is as far back as comparable data goes.

The tightening labour market is being driven by a robust pandemic recovery and changing demographics.

"An aging population and rapidly growing economy has meant that the pool of skilled workers that's available is pretty low," Slater said. "Employers are having to be much more creative."

The survey of Canadian employers was conducted to find out what employers are doing differently to fill some of the labour gaps, she said.

The poll found that employers are increasingly willing to hire based on skills such as communication, adaptability, and attention to detail — rather than so-called hard skills such as technical knowledge or training.

"Canadian employers care more deeply about what the person can contribute to the team in terms of their attitudes versus what skills they have that they're bringing into the role," Slater said.

The findings are positive not just for young people out of school or starting their first job, but also for older workers switching careers, she said.

"It means that individuals who might not have that hard skill on their resume could still have an opportunity to get the job of their dreams."

While labour shortages are impacting all industries, the research found that the hardest jobs to find candidates for required digital and information technology skills, project management, engineering, software development, and coding skills.

The polling industry's professional body, the Canadian Research Insights Council, says that online surveys cannot be assigned a margin of error because they do not randomly sample the population.

Ugly Markets Aside, DBRS Sees Soft Landing

Risks Have Risen, But Recession Isn't Inevitable

By James Langton, Investment Executive, June 16, 2022

https://www.investmentexecutive.com/news/research-and-markets/ugly-markets-aside-dbrs-sees-soft-landing/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

Despite the steady drumbeat of negative market action and worrying headlines, DBRS Morningstar expects the Canadian and U.S. economies to enjoy a relatively soft landing.

In its latest forecast, the rating agency acknowledged that the risk of recession has increased significantly over the past six months, amid intensifying downside risks.

“However, we think a soft landing is still the most likely scenario due to tight labour markets, strong consumer spending, and a relatively positive outlook for business investment, particularly in Canada where high commodity prices are boosting profitability,” it said.

Economic momentum looks set to slow over the next 12 to 18 months, the report said, as monetary policy tightens to combat high inflation, which was initially sparked by external factors, such as high global commodity prices and supply chain disruptions, but is increasingly being driven by excess demand.

"These inflation dynamics highlight that even as year-over-year inflation may start to decline within the next several months, the path back to 2% will likely be gradual," it said.

While both the U.S. Federal Reserve and the Bank of Canada appear to be tackling inflation more aggressively, DBRS said it's not clear whether their actions will be enough to tamp down that excess demand.

"Slower global growth, tighter macroeconomic policies, and less favourable financial conditions will likely slow growth over the next four to six quarters," the report said.

"The extent of the slowdown will largely depend on whether nominal wage growth persists and consumers continue to draw down savings," it noted.

While a recession can't be definitively ruled out at this point, "Absent further shocks, strong underlying demand in the U.S. and Canada suggests that if there is a recession in the next 12 months, it would likely be shallow and short-lived," it concluded.

UPCOMING WEBINARS AND EVENTS

Web Seminar By Lightico: 5 Digital Innovations to Supercharge the Insurance Customer Journey

Dates: Tuesday, June 28, 2022
Time: 12:00 p.m. – 1:00 p.m. EDT

Join our panel of speakers as we discuss which five digital innovations every insurance leader must be prioritizing. If the insurance customer journey is to be taken to the next level, what changes are the most successful players in our industry implementing? What is the decision-making process in rationalizing investment and what successes have been realized?

Digital leaders, customer obsessives- insurance enthusiasts; tune in and discover:

- How are the market leaders **justifying time and resources** for specific digital innovation related to customer journey?
- To what extent can we **combine AI, personal data and proactive automation** to deliver customer-centric journeys that are truly appealing?
- Let's work out together- What are the **top 5 practical customer journey innovations we have witnessed in the last 12 months**?
- **Create your own 'to-do' list of innovation** that works across functions

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Register here

Web Seminar By McMillan LLP: Legislative Amendments Affecting Québec's Employers

Dates: Wednesday, June 29, 2022
Time: 9:30 – 10:15 a.m. EDT – English Presentation
10:30 – 11:15 a.m. EDT – French Presentation

Despite much debate and even potential legal challenges in court, the Bill aimed at protecting the French language in Québec, has been adopted in the National Assembly. The Bill imposes rigorous language obligations on businesses and has significant impact on employers.

There have also been significant changes to both Québec's occupational health and safety legislation and Québec's privacy legislation which employers should be aware of.

Please join us for a morning webinar session, as members of the McMillan's Employment and Labour Relations Group discuss:

- The impact of Bill 96 on employers
- The recent changes to occupational health and safety legislation
- The recent changes to Québec's privacy legislation

Register here for the English Presentation

Register here for the French Presentation