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CAFII ALERTS WEEKLY DIGEST: June 2 – June 9, 2023

June 9, 2023

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

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GOVERNMENT/LEGAL/REGULATORY DEVELOPMENTS

Finance Canada Plans Public Consultations On RBC Deal To Acquire HSBC Canada

By Stefanie Marotta, The Globe and Mail, June 7, 2023

https://www.theglobeandmail.com/business/article-finance-department-plans-public-consultations-on-rbc-deal-to-acquire/

The federal Finance Department has launched a public consultation on Royal Bank of Canada's $13.5-billion proposed deal to take over HSBC Bank Canada in a rare move to collect information on how it could affect the country's financial sector.

Canada's largest bank struck the biggest domestic bank deal on record in late November 2022 – a purchase that would bolster RBC's dominance over its rivals by tens of billions of dollars in loans and deposits.

In an online notice published on Tuesday, June 6, the Department of Finance said that it is seeking feedback on whether the deal is in the best interest of the financial sector.

HSBC Canada's position as the seventh-biggest bank in the country – as well as its focus on commercial and mortgage lending – has prompted questions about competition and concentration in the banking sector, which is dominated by the Big Six banks. While RBC requires approval from key federal regulators, including the Competition Bureau and the Office of the Superintendent of Financial Institutions, the federal Finance Minister ultimately has the final say in greenlighting the takeover.

A bank merger of this size in Canada has not surfaced in more than two decades since the federal government squashed two major combinations in the sector.

The Finance Department said it will consider comments on how the deal could affect customers, as well as the stability, efficiency, and integrity of the sector.

In response to questions during a call with reporters when the deal was announced, RBC chief executive officer Dave McKay said he would not be willing to divest some of HSBC Canada's assets to win approval.

The consultation is the second opportunity for stakeholders to express their thoughts on the acquisition. In early May, the Competition Bureau requested information from market participants to assess whether the deal is "likely to result in a substantial lessening or prevention of competition for services provided by the companies, including personal and business financial services across Canada."

The following day, HSBC said in its first-quarter earnings results that it expects the deal to close later than anticipated to "ensure a smooth transition." The acquisition is set to close in the first quarter of 2024, rather than later this year.

The Competition Bureau said that it would investigate the potential impact upon residential mortgages, business lending, investment products, and other financial services. The Competition Bureau's consultation ended on June 1.

Finance Canada Consults On Fighting Money Laundering And Terrorist Financing

Government Also Seeks Comment On Creation Of New Financial Crimes Agency

By Rudy Mezzetta, Investment Executive, June 7, 2023

https://www.investmentexecutive.com/news/industry-news/feds-consult-on-fighting-money-laundering-and-terrorist-financing/

Canada's federal government has launched a public consultation on strengthening the country's anti-money laundering and terrorist financing (AML/ATF) regime, fulfilling a promise made in the 2023 budget.

Feedback received on the consultation paper -- released by the Department of Finance on Tuesday, June 6 -- will be used to support a parliamentary review, to be launched later this year, of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), as required every five years under the Act.

"Canada faces continually evolving risks and threats from money laundering and terrorist financing as criminals adopt new strategies to exploit economic sectors and emerging financial technologies," the government indicated in the paper.

The government added that the "COVID-19 pandemic changed the way people interact with the financial sector and accelerated the trend toward financial sector digitization, which can pose new money laundering and terrorist financing risks."

Among the topics broached in the consultation paper, the government seeks comment on how different levels of government in Canada can collaborate more effectively on AML/ATF measures, including "advancing a pan-Canadian beneficial ownership registry, exploring risks in the legal profession, and depriving criminals of their property."

The government is also asking for comments on expanding the scope of the PCMLTFA to cover new sectors such as luxury goods, white label automated teller machines, horse racing betting, title and mortgage insurers, real estate sales by owner or auction, crypto and digital assets technology, as well as financial crown corporations.

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The government is also seeking input on the creation of a new Canada Financial Crimes Agency that could become the lead enforcement agency against financial crimes, and on the merits of expanding the mandate of the Financial Reports and Analysis Centre of Canada to include countering sanctions evasion and the financing of threats to national and economic security.

Sanctions imposed by Canada and other countries on Russia in response to its invasion of Ukraine "make sanctions evasion an even more pressing and concerning economic threat," the government indicated in the paper.

The deadline for submissions on AML/ATF is August 1, 2023.

FSRA Sanctions Life Agent For Client Service Scheme, Churning

New Agent Allegedly Split Commissions With Ex-Agent, Churned Those Clients

By James Langton, Investment Executive, June 2, 2023

https://www.investmentexecutive.com/news/from-the-regulators/life-agent-sanctioned-for-client-service-scheme-churning/

A life agent had his licence pulled and was fined $100,000 after the Financial Services Regulatory Authority of Ontario (FSRA) alleged he violated a handful of industry rules, including running a scheme to enable a former agent to keep dealing with clients and churning many of those clients, among other violations.

FSRA ordered that the life licence of Yogender Jain be revoked, and imposed a $100,000 penalty against both Jain and his company, Gold Standard Group Inc. (its license expired in 2022).

In March, the regulator filed allegations and proposed penalties against Jain and Gold Standard. They did not request a hearing to contest its allegations, so the proposed sanctions have now been imposed against them.

At the same time, FSRA also made allegations and proposed penalties against another former agent Daniel Tiffin. He has requested a hearing before the Financial Services Tribunal, and the allegations against him have not been proven.

The sanctions against Jain and Gold Standard stem from allegations that they violated insurance rules by enabling Tiffin to engage in unlicensed insurance business, and indirectly paid compensation to him. Further, FSRA alleged, Jain and Gold Standard churned those clients into new segregated funds.

According to the regulator's original notice outlining the allegations, Tiffin's life licence was not renewed in 2019, following his conviction in the Ontario Superior Court of Justice for violating a cease-trade order imposed by the Ontario Securities Commission (OSC) against him back in 2014.

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After Tiffin was convicted and as his clients were being reassigned to other agents, the owner of Gold Standard encouraged Jain to get a licence and to work with Tiffin, FSRA alleged.
As a result, the regulator said, Jain took 41 of Tiffin's former clients at Industrial Alliance (iA). FSRA alleged Jain began churning those clients by moving them into new funds from Canada Life Assurance Co.

The activity was spotted by Jain's managing general agency, which noted that he generated more than $800,000 in commissions in 2019 and 2020 — a high amount for a new agent. The majority of this activity came from former Tiffin clients.

According to the regulator, Gold Standard allegedly split those commissions 50/50 with Tiffin and his company, Global Demographics, which had the same address as Gold Standard (an unnamed person owns 80% of the company; Jain had the other 20% and was its only officer).

FSRA also alleged that Tiffin continued providing clients with advice on seg funds.

"Clients generally reported that they saw Tiffin as their 'insurance advisor' and Jain as the licensed person who completed the transactions with the insurers," FSRA alleged.

In early 2021, iA and Canada Life filed reports with FSRA alleging suspected misconduct by Jain and Gold Standard, including churning and suitability violations.

For example, between November 2019 and December 2020, Jain transferred 41 clients from iA to Canada Life, which triggered almost $200,000 in deferred sales charges for those clients, and generated more than $300,000 in commissions, FSRA reported.

"Jain could provide no satisfactory explanation for the mass transfer of clients from iA to Canada Life and incurring these substantial DSCs," FSRA alleged in its notice.

Additionally, those clients were all put into the same three funds at Canada Life, FSRA noted.

"Canada Life determined that Jain investing his entire client base in just three funds indicated that he was not recommending funds that met clients' individual needs. They determined that Jain appeared to be churning clients through funds with DSC schedules," FSRA said.

FSRA added that "the director is satisfied that Jain and Gold Standard, acted, at minimum, recklessly in inducing clients to surrender their segregated funds at iA in order to enter into another contract at Canada Life."

FSRA also found that Jain made "false or misleading statements or misrepresentations in the solicitation and registration of insurance" and that "he lied to FRSA both in writing and during his interview about his involvement with Tiffin."

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Title Protection Fee Proposal In Ontario Draws Criticism From Planning Associations, Investor Advocates

Group Rejects Proposed Fee Exemptions For Self-Regulatory Organization And Calls For Greater Advisor Proficiency

By Investment Executive Staff, June 6, 2023

https://www.investmentexecutive.com/news/from-the-regulators/title-protection-fee-proposal-in-ontario-draws-criticism-from-planning-associations-investor-advocates/

This story has been updated with a statement from FSRA.

Industry groups are calling on the province of Ontario to reject a proposed fee rule associated with its title protection framework, and say there needs to be greater proficiency standards for those who would use the title of "financial advisor."

The proposed rule would create a fee exemption for the Canadian Investment Regulatory Organization (CIRO) to apply for approval as a credentialing body, as well as apply on behalf of its members for use of the "financial advisor" title.

The proposal recognizes that the Ontario Securities Commission already provides oversight of CIRO's activities, the Financial Services Regulatory Authority of Ontario (FSRA) said when it announced last month's consultation on the proposal. That consultation ended last Friday, June 2.

In a release on Tuesday, June 6, FP Canada, the Financial Planning Association of Canada (FPAC), Business Career College, and Kenmar Associates called the proposal "fundamentally flawed."

They say it exempts CIRO and its reps from "paying their fair share of fees" required to fund the title protection framework — fees all other credentialing bodies and credential holders must pay.

"The proposed fee rule represents a complete reversal on FSRA's approach to administering Ontario's title protection framework, and will result in holders of financial planner credentials bearing the weight of the costs of the framework," Jason Pereira, president of the FPAC, said in the release. "This has the potential to jeopardize the financial viability and future of the framework."

The group also called for a review of the proficiency standards for "financial advisor." Approving CIRO and its reps for use of the title on the basis of current standards would "have the effect of permanently entrenching" those standards, the group said.

"If CIRO is allowed to enter a professional framework on the back of a sales licence alone, consumers will continue to be exposed," Ken Kivenko, president of Ontario-based Kenmar Associates, said in the release. "The reduction in cost recovery resulting from accrediting CIRO (for the financial advisor title) will increase the cost of financial planning services, and access to trusted personalized financial planning for Canadians may be reduced."

"We urge FSRA to join the Financial and Consumer Affairs Authority of Saskatchewan in exploring approaches to financial advisor competency requirements that best serve the interests of the consumer," Jason Watt, vice-president of Business Career College in Edmonton and a member of FSRA's stakeholder advisory committee for financial planners and financial advisors, said in the release.

Saskatchewan is in the process of creating rules for its title protection framework, which includes education requirements for financial advisors related to financial planning.

In comparison, Ontario's title protection framework has been a source of concern among investor advocates for its product focus.

In a statement, FSRA spokesperson Russ Courtney said the regulator "ensured no duplication in regulatory oversight, and this is reflected in the proposed fee rule. The minimum standard required for use of the financial advisor title provides consumers with greater confidence that the individual they are working with has sufficient technical knowledge, professional skills, and competencies to provide financial advice that best suits their needs."

UK Financial Conduct Authority Cracks Down On Crypto Hype

Regulator Adopts Series Of Measures To Curb Marketing, Bolster Investor Protection

By James Langton, Investment Executive, June 8, 2023

FCA cracks down on crypto hype | Investment Executive

As regulators around the world struggle to come to grips with the crypto asset market, the U.K.'s Financial Conduct Authority (FCA) is adopting new rules designed to enhance investor protection by toughening curbs on crypto marketing.

Starting on October 8, new rules will take effect that introduce, among other things, a mandatory cooling off period for rookie crypto investors. It will also ban referral bonuses and aim to enhance investor disclosure.

"The new rules mean crypto firms must ensure that people have the appropriate knowledge and experience to invest in crypto. Those promoting crypto must also put in place clear risk warnings and ensure adverts are clear, fair, and not misleading," the regulator said in a release announcing the new measures.

The new requirements follow legislation that brings crypto promotions under the FCA's jurisdiction, and align with its broader efforts to combat misleading advertising for high-risk investments.

"It is up to people to decide whether they buy crypto. But research shows that many regret making a hasty decision. Our rules give people the time and the right risk warnings to make an informed choice," said Sheldon Mills, executive director, consumers and competition with the FCA.

"Consumers should still be aware that crypto remains largely unregulated and high risk. Those who invest should be prepared to lose all their money," he said.

Despite these risks, the FCA also estimated that crypto ownership has more than doubled since 2021. And it noted that 10% of the investors it surveyed reported that they own crypto.

Ahead of the new rules, the FCA also published draft guidance on complying with the new crypto marketing requirements, which it aims to finalize by the fall.

"The crypto industry needs to prepare now for this significant change. We are working on additional guidance to help them meet our expectations," Mills said.

The proposed guidance is out for comment until August 10.

OTHER CAFII MEMBER-RELEVANT NEWS

'Not Welcome In Our Building': Student Protests Target Big Banks Over Climate Policies

Climate Activists Target Their Student Unions, Urging Them To Switch To Credit Unions, End Bank Sponsorships.

By Christine Dobby, Toronto Star, June 9, 2023

The relationships you make in university can last a lifetime — including those with your bank.

It's one reason why youth climate activists are targeting big banks on university campuses, calling on their student unions to sever ties with financial institutions that refuse to divest from investments in fossil fuels.

Banking on a Better Future, a youth-led movement, started working with climate activists at schools across the country when classes began last September. Since then, the group says, it has convinced several student unions — including the University of Toronto Student Union (UTSU) — to take steps such as ending bank sponsorships and switching to credit unions with policies against fossil fuel investment.

The hope is to put public pressure on Canadian banks, which maintain that blanket divestment is not the right approach. Instead, the banks say, they are investing in renewable technologies and helping carbon-intensive industries transition to a net-zero world without abruptly pulling the plug on financing.

Despite those assurances, many youth are concerned that not enough is being done to address the climate crisis. A study published in the Journal of Climate Change and Health earlier this year reported that more than half of 1,000 young Canadians surveyed said they feel sad, anxious, and powerless when it comes to climate change.

Similar feelings prompted first-year student Anaum Sajanlal to join Climate Justice UofT last fall.

"The climate crisis is something that affects absolutely everything," Sajanlal said. "It's scary that it seems like the people and institutions in power aren't really doing anything about it."

In co-ordination with activists on 11 other campuses in Ontario, British Columbia, and Alberta, students from Climate Justice UofT staged a full-day demonstration in March, setting up in front of an on-campus RBC branch in the student union building on College St.

The goal, Sajanlal said, was "to put pressure on RBC to let them know that we don't want them there and they are not welcome on our campus and in our union building."

RBC has become a particular target for climate activists over the past year.

Canada's biggest bank was ranked as the world's largest backer of fossil fuel projects in a report by the Rainforest Action Network; it faces an investigation by the Competition Bureau into alleged "greenwashing;" and climate activists and Indigenous land defenders protested at its April AGM.

Michelle Marcus, an organizer with Banking on a Better Future, noted that RBC also has a significant presence at many Canadian schools. It has on-campus branches at 25 universities and colleges, according to its website, and, in 2017, the bank launched a $500-million, 10-year initiative dubbed Future Launch meant to help young people prepare for careers.

During the U of T demonstration in early March, the protesters chatted with other students about climate change and the financial system, watched "The Lorax," (the animated movie with an environmental message), and worked on signs for upcoming protests. By the end of the day, they had their student union's attention.

A few weeks later, the student union passed a resolution to, among other things, bring an early end to the sub-licence for the RBC branch in its building; look for new day-to-day banking services for the student union (including transferring a portion of the UTSU's reserve funding to a credit union); and prohibit RBC sponsorship of UTSU events.

"We respect the rights of all individuals to make their voice heard on important topics that impact all of us, which includes climate change, and we are committed to taking action, and we listen carefully to feedback from many diverse groups," RBC spokesperson Andrew Block said in response to questions for this story.

"Our teams are in regular touch with student leaders and groups on campuses and we engage in active discussions with them."

Block said the bank is "deeply committed to helping fight climate change" and believes that the best way it can help transition to a net-zero world is "by supporting our clients as they reduce their emissions while producing the energy we need today."

RBC has set a goal of reaching net-zero in its lending by 2050 and Block said it has initial interim 2030 reduction targets for lending in three key sectors: oil and gas, power generation, and automotive.

The Canadian Bankers Association similarly said that the country's banks recognize the urgency of the climate crisis and are "committed to doing their part to address it."

Mathieu Labrèche, spokesperson for the industry Association, said banks are focused on helping secure "an orderly transition to a low-carbon economy."

As financial institutions have set firm targets and begun implementing transition plans, Labrèche said, they are "working with clients across industries to help them decarbonize and pursue energy transition opportunities."

Still, Marcus is hopeful that the student movement can win the ear of Canada's big banks and influence them to stop financing fossil fuel projects sooner than later, "because students are an important client base."

That could be even more important to the banks because Canadians tend to be quite loyal: in a 2021 online survey of 1,500 Canadians by Ratehub.ca, 80 per cent of respondents said they had never switched banks.

Jason Heath, managing director at financial planning firm Objective Financial Partners, said the protests could put pressure on the banks — "albeit small" — because students represent a key building block.

"Ultimately these are the profitable bank customers of tomorrow even if they're not today," he said.

University and college campuses are also a key recruitment ground for banks looking for future employees.

"These are all things that management at banks is no doubt paying attention to," Heath said.

Read Story (Subscription Required): *Student protests target big banks over climate policies | TheRecord.com*

Denis Ricard Elected CLHIA Chair

By Kate McCaffery, The Insurance Portal, June 2, 2023

[*Denis Ricard elected industry association chair - Insurance Portal (insurance-portal.ca)*]

The Canadian Life & Health Insurance Association (CLHIA) announced on May 30 that Denis Ricard, president and CEO of iA Financial Group, is taking the top spot as Chair of the Association's board following his election to that position in May.

Beginning his career at iA in 1985, Ricard took on roles with increasing amounts of responsibility, becoming president and CEO in 2018. A fellow of the Canadian Institute of Actuaries (FCIA) and of the Society of Actuaries (FSA), Ricard's resume also includes serving as iA's chief actuary, senior and executive vice president, and chief operating officer.

Ricard is replacing outgoing Chair of the CLHIA board, Bernard Lord, CEO of Medavie.

Denis Ricard, iA Financial CEO: From Jazz To Insurance Leadership

By Alain Thériault, Insurance Portal, April 11, 2023

During his visit to the Canadian Club of Montreal on Monday, April 3, 2023, the President and Chief Executive Officer of iA Financial Group**,** Denis Ricard, dedicated his speech to leadership in insurance ... a role he compares to that of musicians interpreting a difficult score in harmony.

In the musical metaphor he used to explain iA's good moves, Mr. Ricard demonstrated that he knows how to make numbers resonate as well as his saxophone, he who has studied both.

Ricard explained that iA's accomplishments would not have been possible without the leadership of its management team. The CEO of iA surprised his audience by alternating between highlights of the company's financial results and a YouTube video of a quartet of jazz virtuosos, to illustrate his remarks.

Musician Of The First Hour

His presentation titled "Leadership in Five Steps" was a tribute to the piece *Take Five*, which saxophonist Paul Desmond composed in 1959 and which he performed throughout the 1960s as part of a quartet formed by pianist Dave Brubeck.

Why leadership in five steps? This piece has five beats (notes) per measure, explained Mr. Ricard, which was an innovation at the time, given that popular music generally has four or three beats per measure.

Take Five is all the more difficult to execute. "It took the quartet two days to make it happen," said Ricard, who indicated that he is frequently wrong when he performs that piece "on Friday night" with a group of colleagues.

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"The four musicians of Dave Brubeck's quartet transform the complexity of jazz into rhythm and melody. iA Financial Group is also a complex organization," Ricard said.

The CEO of iA did not choose this metaphor at random. He studied music before actuarial science. While attending the Cégep de Shawinigan, the young saxophonist took classes at the Trois-Rivières Conservatory of Music.

"I was hesitating between music and actuarial science. In his pragmatism and great wisdom, my father told me, 'If you go into actuarial science, you'll be able to pay your bills.' I think he was right: I'm here today and I'll be able to talk to you about music at the same time," he told an amused audience.

Giving Meaning To The Organization

Denis Ricard believes that the leadership of a company must be lived through its mission and values. The company must build a strong management team, where each member is a specialist who plays his part while co-ordinating perfectly with the others. The role of the management team: to make the company's values contagious at all levels of the organization.

Before getting to this level, any leader must think about the importance of playing his role well in a world that is becoming more complex. The company's mission emerges from this reflection: "iA exists so that its customers are confident and secure about their future," summarized Ricard.

Mr. Ricard immersed himself in this mission following a first experience with his company. "At the beginning of my career, I accompanied a financial advisor who was going to present a cheque to a family bereaved by the death of one of its members. This moment gave me a lot of pride, because I understood that the meaning of our organization is protection."

Ricard began his career at iA Financial Group in 1985 as an actuarial analyst, after obtaining his bachelor's degree in actuarial science from Université Laval. In 2018, he took the reins from Yvon Charest, who had led the insurer's destiny between 2000 and 2018.

Dominant Position

"We have a dominant position in Canada," Ricard said. He pointed out that iA Financial Group ranks 4th in the life and health insurance market. "And that's because we play in the big leagues," he noted, referring to the big three in the industry: Canada Life, Sun Life and Manulife.

iA, however, is first in several niches, argued its CEO. "We are the champions of the family. We have the largest share of the individual insurance market in Canada in terms of policies sold, at 27%. He stated that iA also leads Canada in terms of sales of segregated fund policies, dealer warranties, and auto loan disability insurance. "We're number two in wealth management," he adds.

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Distribution Networks

iA Financial Group has established a distribution strategy strongly focused on large and diversified networks, "ranging from the most dedicated to the most independent," explained Mr. Ricard.

"We strongly believe in the value of advice. The human being is important in our field," Ricard stated. Advisors' counsel seems even more important, as he says he noted that "only 50% of children have a Registered Education Savings Plan (RESP)", while governments offer grants to those who contribute.

"No more than 50% of Canadians have a retirement plan," added Mr. Ricard. He is sorry to see "50% of Canadians living on the next paycheck," which he says shows how difficult it is to establish a budget.

"Some believe that technology will replace the advice given by a human being." Instead, Denis Ricard believes that technology will only complement the advice. "We believe that the future will be the combination of human quality and digital. We are investing heavily in it," he asserted.

Generating Growth

Since iA Financial Group (then Industrial Alliance) went public in 2000 through the demutualization of major insurers, the value of its shares has grown by an average of 13% per year, said Mr. Ricard. "This is the best performance in Canada among insurers," he said. This performance was fuelled by organic growth and more than 65 acquisitions made 'prudently'."

Since 2000, an entrepreneurial sense combined with sound risk management and exemplary governance have enabled iA Financial Group to create value and build an enviable reputation, said Mr. Ricard. "I'm proud of two things: growing the organization and building a successful leadership team."

Denis Ricard's remarks to the Canadian Club of Montreal followed by a few days his statements during the investor day broadcast by iA on March 28. Mr. Ricard said at that time that the transition to the new accounting regime for IFRS 17 insurance contracts and IFRS 9 financial instruments is very favourable for iA.

"iA's financial strength is now fully recognized, with a solvency ratio of 154%, which translates into nearly $2 billion of capital available for deployment," he said. The exact figure is $1.8 billion.

Big Acquisition In Sight

At the Canadian Club, the CEO of iA returned to that theme, adding that his company's activities generate each year about $ 600 million (M$) of additional capital (estimate for 2023, while the capital generated in 2022 reached $ 550 million). "We can aspire to bigger projects," added Ricard. "We may be targeting bigger fish than we were targeting a few years ago," he said.

In May 2020, iA Financial Group made the largest acquisition in its history by acquiring American auto warranty specialist IAS Parent Holdings, for US$720 million, or nearly C$950 million at the time.

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In a press briefing on the sidelines of the Canadian Club event, Mr. Ricard said he was paying particular attention to the United States for possible acquisitions, in the sector of insurance of persons or mechanical guarantees. It says it is ready to deploy from $500 million to nearly $1 billion for an acquisition.

Less Sensitive To Interest Rates

During his press briefing, Mr. Ricard explained that IFRS 17 had the effect of inflating iA's capital by freeing up the prudential margin that was retained under the former IFRS 4 standard. The transition to the standard of insurance contracts has also allowed iA Financial Group to reduce its sensitivity to interest rate risk. Ricard said that iA has reduced its sensitivity to interest rates by better matching its assets and liabilities. Instead, it has increased its credit risk by buying more corporate bonds.

In the past, Mr. Ricard had not been favourably disposed towards the implementation of IFRS 17, which he described as a setback for the industry. Now, he has changed his views somewhat. "It's not as bad as we initially thought, but IFRS 17 still brings volatility in reported earnings to the financial statements. It puts a short-term lens on very long-term commitments," said Ricard.

Turning Complexity Into Value

To illustrate the magnitude of the task behind the transition to IFRS 17 accounting standards, Mr. Ricard said that they required the equivalent of 90,000 person-days. "That means it would take one person 400 years to complete this project," he said.

"The connection with jazz makes me think about complexity in terms of agility, fluidity, creativity. This is what our organizations need to succeed in a complex environment. In the business world, we can turn complexity into value creation."

Shared Basics And Improvisation

Not only the sharing of values, but also commitment, trust, respect and benevolence towards each other are, according to Denis Ricard, the shared basis that has allowed iA to achieve "beautiful results." "As a leader, I have a responsibility to create an environment that will make our leadership teams agile, fluid, able to innovate and create value," he added.

The CEO of iA also believes that improvisation is to jazz what innovation is to a successful management team. It gives itself the right to make mistakes and becomes more resilient in the face of challenges. "It's a culture that develops in an inspired way. It does not happen alone: it requires work, and exchanges. A united and strong leadership team has a contagion effect in the organization. It's a competitive advantage," Mr. Ricard emphasized.

Read Story (Subscription Required): *https://portail-assurance.ca/personnes/denis-ricard-du-jazz-au-leadership-en-assurance/?utm_source=sendinblue&utm_campaign=daily_complete_202304-11&utm_medium=email*

Gen-Xers More Likely To Rely On Credit Cards For Essentials Like Groceries Than Any Other Generation. Here's Why

Study By Personal Finance Company Nerdwallet Finds Inflation Is Changing The Way Canadian Consumers Using Their Credit Cards

By Dhriti Gupta, Toronto Star, June 6, 2023

Gen-Xers — those between 43 and 58 — increasingly rely on credit cards to pay for essentials such as groceries and utilities, according to a recent study conducted by a personal finance company.

The survey by NerdWallet of 1,000 Canadian adults found that 76 per cent of gen-Xers have used a credit card to pay for purchases such as groceries and utilities over the past year compared to 74 per cent of baby boomers and 68 per cent of millennials.

Nearly half of the total respondents in the April 2023 survey said that their credit card habits had also changed in the past year in large part due to rising prices for goods and services.

"Inflation is a major factor for these shifting credit card habits," said NerdWallet spokesperson Shannon Terrell.

However, not everyone is relying more on credit to get them through tough times.

Only 53 per cent of generation Z (aged 18-26), said they used their credit card for essential expenses. In fact, gen Zers are much more likely to have a "debit-first" mindset to spending.

An Interac survey from April of this year found that 70 per cent of gen-Zers said they frequently use debit, compared with 55 per cent of older participants.

Part of the reason for this is that younger people today have much less access to credit, according to Doug Hoyes, licensed insolvency trustee and co-founder of debt relief firm Hoyes Michalos.

"(Gen X) has had access to credit for their entire adult life because they grew up in a time when everything was good, it was easy to borrow," Hoyes said. "Eighteen, 20, 25-year-olds — they've never had the same access to credit."

He cites recessionary pressures, increasing costs of tuition and student loans, and an out-of-reach housing market as reasons why gen-Z hasn't been able to build the same level of borrowing power.

"If (a Gen-Zer) goes to the bank and asks: 'Can you give me a credit card with a $50,000 limit?' they'll laugh at you," he said.

Terrell said the generational differences in spending habits may also be because they're in different stages of life.

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For instance, younger people may be living at home or are either partially or fully supported by family members for the costs of covering essentials. "Members of older generational cohorts may be more likely to have family members that are financially dependent on them," Terrell said. "This may expand the financial burden of essential costs, which might result in increased reliance on credit to cover them."

For instance, 16 per cent of gen-Xers in the NerdWallet survey reported their credit card habits changing because mortgage payments or rent required more of their income each month.

Anne Arbour, director of strategic partnerships at the Credit Counselling Society, said one of the top reasons why clients are seeking counselling is because "they are over-using credit for their day-to-day expenses."

"People are stretched," Arbour said, noting that the average level of credit card debt has been growing over the last six to 12 months. "They don't have enough cash in their wallet to meet their day-to-day living expenses, and they are putting it on credit without a plan for paying it off. They're just using it to get by, to bridge the gap."

Hoyes said that ultimately, it doesn't matter what kinds of costs you put on your credit card — as long as you can pay it back.

"A credit card should be a substitute for cash, not a way to borrow," he said. "You're playing with fire if the money isn't there because that's what gets you into the trap of not being able to pay it off, and then you end up incurring interest."

Read Story (Subscription Required): *https://www.thestar.com/business/2023/06/06/gen-xers-more-likely-to-rely-on-credit-cards-for-essentials-like-groceries-than-any-other-generation-heres-why.html?li_source=LI&li_medium=thestar_business*

Canadian Companies Adopt 'Stay Interviews' As Workers Rethink Careers, Needs

By Tara Deschamps, The Canadian Press, May 29, 2023

https://globalnews.ca/news/9729568/canada-stay-interviews-employees/

When Tara Vanderloo's employees are mulling leaving her enterprise software company, she wants to be one of the first people they tell – and to hear their unvarnished reasons why.

"I know people get called by recruiters, so I've asked the question: 'who are you talking to or what type of organizations?"' said the chief experience officer at Sensei Labs in Toronto.

"Have you had any thoughts or are you questioning why you want to be here?"

Vanderloo poses the questions in one-on-one meetings which she and other staff periodically have with the company's work force of roughly 70.

The discussions, which some companies call "stay interviews," are designed to collect feedback from employees and are aimed at learning what the company can do to retain valued team members and keep them happy.

Some companies have been hosting such meetings for years, but many more adopted the practice over the course of the COVID-19 pandemic as the health crisis caused workers to rethink their careers or seek more flexibility, advancement, or support from their employers.

Sensei Labs adopted engagement interviews in late 2021, when companies saw millions of people world-wide leave their jobs in what economists and businesses branded "The Great Resignation."

"It was substantial, and it was concerning for us because it's hard to hire great people and we don't want to lose them, so the first thing we did is we addressed it head on," recalled Vanderloo.

A company-wide meeting was called to discuss the labour market changes afoot, and team leads – Sensei Labs doesn't use the term managers – followed up one-on-one to learn about employee happiness in more detail.

Despite a softening job market and suggestions that negotiating power has tipped back in favour of employers, Sensei Labs has kept up with the practice and a quarterly happiness survey.

The survey asks workers whether the company lives up to its values and "would you recommend Sensei as a place of employment to others?"

Sensei Labs has a near-perfect score for people who would recommend it, but staff still have wants, particularly around flexibility.

That's part of why Sensei Labs has eschewed formal return-to-office requirements. The company has space which staff can use but no rules on how often staff must use it for work.

It also piloted a four-day work week that has been expanded because the happiness survey and chats with staff have shown it's a hit.

"Their language was like, 'this has changed my life,"' said Vanderloo. "If you have kids, it just makes things easier to get all your chores done or doctors' appointments or focus on your hobbies or whatever you want to do."

However, Sensei won't green light every ask, Vanderloo cautioned.

"It's not like the sky is the limit," she said.

"If it's not something we can implement, we're very open about it."

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Chief people and culture officer Michelle Brooks has done “engagement interviews” twice with the 200 staff at Toronto cybersecurity firm Security Compass.

They started the interviews a few years ago because they wanted to build on data they were already collecting by measuring engagement, which they thought would help indicate whether people intend to stick around.

The goal isn’t to prevent everyone from leaving but to ensure that the company couldn’t have done something simple to prevent the departure of high performers.

“Some level of turnover is healthy,” said Brooks. “We only want them to stay as long as they want to be here and they’re having their needs met just like in a relationship … We don’t want to lock people in.”

The interviews which Brooks has done so far have yielded valuable insights. For example, she learned that some workers aren’t necessarily seeking a promotion. They just want more responsibilities, opportunities to learn, and even the ability to go to a conference.

Jenna Hammond, an Ontario woman working for a Norwegian biotech company, used a stay interview, which her company calls a “touchpoint,” to ask for a better employment arrangement.

Hammond was hired as a sole proprietor on a six-month contract with no benefits. She took the job because it was a way back to working after 15 years raising kids.

“I really needed financial stability and financial independence and being on contract just wasn’t ideal,” she said.

When the chief executive of the company asked her what it would take to get her to stay in a touchpoint, she told him and ended up being made a full-time employee with benefits.

Her company repeats these meetings every quarter and does a more fulsome one each January that can last up to 3.5 hours.

In her last meeting, Hammond asked the company to cover cleaning services for her home, which she said would help with work-life balance. They declined but offered her Fridays off this summer to help her juggle responsibilities.

“The worst thing that they were going to say to me was no, but I found that if I didn’t ask, I wouldn’t receive,” she said.

Jennifer Hargreaves, who runs Tellent, an organization that helps women find flexible work opportunities, believes that every company should be having open conversations to hear about employee needs on a regular basis, but warned that the process can also be a “double-edged sword” for staff.

“The huge benefit to doing it is obviously you can get what you want,” she said.

"But there's this fear that if I ask them and they say no, they're going to know I'm unhappy, so then I might get punished for it right down the road."

She encourages employees who are asked to complete such interviews to step back and think about they want and what is most important to them before coming up with an ask that is focused, specific, and realistic.

But even more important to the process, she said, is employers willing to be transparent with staff and make changes based on what they hear.

"Candidates and employees are getting really tired of a lot of talk with no action," she said.

"People need to see things backed up. If not, they know how much opportunity is out there."

UPCOMING CAFII MEMBER-RELEVANT WEBINARS AND EVENTS

Webinar By Torys LLP: "Beyond Outsourcing: Fintechs And The New OSFI B-10 Guideline"

Dates: Tuesday, June 13, 2023
Time: 12:00 pm – 1:00 pm EST

As lines blur between fintechs and regulated financial institutions, players are seeing increased regulatory focus and, as a result, heightened risk. Join us as we explore issues affecting fintechs and discuss how they can successfully navigate new regulatory requirements and supervisory interventions.

With its recent revisions to Guideline B-10, OSFI has extended the guideline's scope from material outsourcing to all third party arrangements, regardless of whether the activities performed by the third party can be considered "outsourcing". This update will impact fintechs that have entered, or are contemplating entering, into an arrangement with a federally regulated financial institution.

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2023 LIMRA and LOMA Canada Annual Conference (In-Person Event): Change Happens. What's Next?

Dates: Thursday, June 15, 2023
Venue: Manulife, 200 Bloor Street East, Toronto, ON

COVID-19 and advancements in medicine, automation, technology and other areas have ushered in a new age of underwriting and evolved the art and science of the practice. Karen Cutler, VP, Head of Underwriting and Claims, and Chief Underwriter, Manulife; Norm Leblond, VP, Chief Underwriter and Claims Risk Officer, Sun Life; and Brigitte Loos, VP and Chief Underwriter, Canada Life will provide their perspectives on current and emerging underwriting hot button issues, challenges, and opportunities.

Their discourse will also cover the impact of the pandemic on underwriting and claims, as well as the rapidly changing environment including technology and medicine.

Register Here

In-Person Conference By Insurance Business Canada: "Fighting Fatigue – Insurance Leaders Share Strategies At 'Women In Insurance Summit'"

Dates: Thursday, June 22, 2023
Time: 8:00 am – 4:15 pm EST
Venue: The Carlu, Toronto

Join us at the annual Women in insurance Summit Canada in Toronto this June 22, for Fighting fatigue – How to remain on top of your game – an engaging panel discussion with leaders from Marsh Canada, Sovereign Insurance, Intact Insurance, and Ridge Canada.
They'll be addressing questions such as

- What are the best strategies for fighting fatigue, and how can we utilize them?
- How can we prioritize well-being; and, in turn, create a culture of empathy and support?
- What tools can we use to overcome challenges such as time management, multiple responsibilities, and burnout?

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Webinar By KPMG: Open Banking Is Coming: What Does This Mean For You?

Dates: Thursday, June 22, 2023
Time: 1:00 pm – 2:00 pm EST

Open banking is expected to arrive in Canada this year and it is going to redefine the Canadian financial institutions ecosystem. It will allow government, financial institutions and fintechs to work together to give customers more choice and control of their financial health and how their data is shared. So, what's in it for financial institutions and for customers? During this webinar, we'll discuss:

- What is open banking and what are the key considerations for a successful implementation in Canada?
- Key learnings and advice from our global counterparts
- What's on the horizon: Open finance & open data
- What does this ecosystem mean for you and your organization based on where you are in the continuum?
- Q&A

Note: CPE credits will be offered for this webcast

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