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CAFII ALERTS WEEKLY DIGEST: March 10 – March 17, 2023

March 17, 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

Updates To New Brunswick Insurance Act Increase Consumer Protections

By FCNB Staff, March 14, 2023

https://fcnb.ca/en/news-alerts/updates-to-new-brunswick-insurance-act-increase-consumer-protections

Recent changes to the *Insurance Act* will increase consumer protection by requiring businesses that sell insurance products secondary to their primary business be licensed.

Businesses that sell incidental insurance, such as banks, car dealerships, credit unions and mortgage brokers, must now hold a Restricted Insurance Representative licence with the Financial and Consumer Services Commission (FCNB).

The new Restricted Insurance Representative licence is a limited insurance licence. It requires that those who engage in incidental selling of insurance are knowledgeable and accountable and that consumers are provided sufficient information to make an informed decision.

New Brunswick is the first province east of Manitoba to introduce such a licensing framework for businesses.

The changes, which came into effect on February 1, 2023, are part of the modernization of the Insurance Act, marking the first significant update in almost 30 years.

"In addition to modernizing the *Insurance Act*, these updates add a layer of consumer protection by ensuring that the businesses involved in the sale and servicing of insurance products are properly vetted," says Robert Picard, FCNB's acting director of Insurance.

Among the updates, Rule INS-001 Insurance Intermediaries Licensing and Obligations came into force, replacing several existing and outdated regulations. The Rule updates the licensing requirements for existing individual licensees, outlines supervision requirements and strengthens market conduct standards. It also introduces new licensing categories for insurance agencies, managing general agents, and adjusting firms.

Firms and businesses must become licensed by submitting the appropriate application through the FCNB licensing portal. Insurance agencies, managing general agents, and adjusting firms must apply for a licence by April 1, 2023, while those seeking to obtain a Restricted Insurance Representative licence must apply by May 1, 2023.

"We've communicated with insurance industry stakeholders, encouraging them to begin the application process," says Picard.

New Brunswickers purchasing insurance should ensure the business or individual offering the insurance holds a valid licence with FCNB. Consumers can ask the individual or business that they are dealing with

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to see proof of their licence, or they can search FCNB's database to verify the licence of an agent, broker or adjuster they are dealing with. A public database showing licensed agencies, managing general agents, adjusting firms and restricted insurance representatives will be made available later this year.

"New Brunswickers should be aware of the new licensing requirements and ensure they are working with a licensed insurance professional," Picard said.

To learn more about the requirements for different insurance licences in New Brunswick, visit FCNB.ca. Licensees can stay up to date on licensing requirements by subscribing to email notifications. For any questions about the implementation of the Rules, contact the insurance division of FCNB at 866-933-2222 or by email at info@fcnb.ca.

FCNB has the mandate to provide regulatory services that protect the public interest, enhance public confidence and promote understanding of the regulated sectors through educational programs. It is responsible for the administration and enforcement of provincial legislation regulating mortgage brokers, payday lenders, real estate, securities, insurance, pensions, credit unions, trust and loan companies, cooperatives, and a wide range of other consumer legislation. It is an independent Crown corporation funded by the regulatory fees and assessments paid by the regulated sectors. Online educational tools and resources are available at www.fcnb.ca.

Hundreds Of Ontario Life Insurance Agents Targeted For Continuing Education Non-Compliance

A FSRA Review Resulted In 445 Letters Of Warning For Failing To Complete Continuing Education Hours

By Investment Executive Staff, March 9, 2023

https://www.investmentexecutive.com/news/from-the-regulators/hundreds-of-ontario-insurance-agents-targeted-for-ce-non-compliance/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=6d73923380f292a40dc042b455f0fde3

Life insurance agents in Ontario were reminded on Thursday, March 9 by the Financial Services Regulatory Authority of Ontario (FSRA) to complete their continuing education (CE) credits or risk regulatory action.

The regulator's market conduct report for the fiscal year ended March 31, 2022 detailed a review during the year of more than 7,300 insurance agents' renewals and licensing applications. In total, FSRA regulates more than 67,000 agents in the life and health insurance sector, the report said.

The review resulted in 539 letters of warning in the sector, most (445) for failing to complete CE hours, the report said.

Other letters of warning were issued for non-disclosure of a potential suitability issue (69), failure to maintain updated errors and omissions insurance (15), and "other" activities (10).

FSRA also processed 344 withdrawals of insurance agent applications, with the most common reason for withdrawal being no response from the agent or their sponsor (213).

Fifty seven files were escalated for further regulatory action, with a licensee's bankruptcy or consumer proposal being the most common reason for escalation (17 files). Other reasons included enforcement action by another regulator (16) and the licensee having a criminal record (11).

Of the 57 files, the most common outcomes were conditions added to the licence or the application being withdrawn, the report said.

The main themes of the review — insufficient CE credits and suitability to hold a licence — were reflected in the year's completed regulatory actions in the insurance sector, the regulator said.
Those completed regulatory actions were:

- 17 conditions on licence,
- eight letters of warning,
- six administrative or summary administrative monetary penalties, and
- two licensing refusals/suspensions.

Disclosure: Newcom Media, owner of Investment Executive, *also owns CECorner.ca, which offers CE courses to insurance agents and financial advisors.*

OSFI To Start Daily Monitoring Of Canadian Banks' Liquidity In Wake Of Silicon Valley Bank Failure

By Stefanie Marotta, Tim Kiladze, and James Bradshaw, The Globe and Mail, March 13, 2023

Canada's banking regulator is increasing its monitoring of domestic banks' financial health as the fallout from Silicon Valley Bank's failure ripples through markets, even after U.S. leaders introduced rare measures designed to avoid repeating the run on deposits that toppled the tech-lending leader.

The Office of the Superintendent of Financial Institutions took control of SVB's Canadian operations on Sunday, March 12, and on Monday, March 13 the regulator took steps to begin daily check-ins with banks that will enable it to monitor their liquidity, according to two sources with knowledge of the decision. The frequent updates are a precautionary tool last used in the early months of the COVID-19 pandemic, designed to provide an early warning if any signs of stress emerge.

The Globe and Mail is not identifying the sources, because they were not authorized to discuss regulatory matters.

Facing acute fears of contagion in the U.S. financial sector, President Joe Biden pledged early on Monday, March 13 to do “whatever is needed” to shore up the American financial system and provide stability for depositors. His wording seemed like a deliberate echo of the now-famous phrase from former European Central Bank president Mario Draghi, who pledged in 2012 to do “whatever it takes” to protect the euro during the region’s sovereign debt crisis.

Mr. Biden and other U.S. officials also took pains to stress that a set of supports they unveiled Sunday night, March 12, including a major funding program that will provide banks with liquidity by acquiring their balance sheet assets at full value, are not full-blown bailouts. Shareholders of Silicon Valley Bank and New York-based Signature Bank, which also folded, will not get their money back – but depositors will.

Even so, the U.S. backstop for banks and depositors is the most significant package of measures implemented since the global financial crisis in 2008. It is designed to instill confidence in the banking sector and stamp out any sense of panic that could spur more customers to pull cash from banks.

Despite the U.S. government’s reassurances, investors are still struggling to make sense of the chaos. Early on Monday, March 13, they sold U.S. bank stocks in droves – particularly those of regional lenders. Many bank shares recouped large portions of the losses throughout the trading day, and the S&P 500 and the Nasdaq both closed relatively flat. But the KBW Nasdaq Bank Index, which tracks the performance of U.S. banks, still closed 12 per cent lower on Monday, March 13 and is down 28 per cent over the past month.

Investors are particularly skittish about banks where uninsured deposits make up a large portion of the deposit base. On this front, Silicon Valley Bank and Signature Bank had some of the worst ratios in the industry, with 89-per-cent and 94-per-cent uninsured deposits, respectively. Most U.S. regional banks have between 50 and 70 per cent of deposits uninsured, including the U.S. subsidiaries of Toronto-Dominion Bank, Bank of Montreal, Canadian Imperial Bank of Commerce, and Royal Bank of Canada.

As the brutal blow sent U.S. policy-makers scrambling to safeguard the country’s economy from further consequences, the immediate threat is less pronounced in Canada, where the largest lenders are highly diversified and deposits have grown in recent quarters, bucking the trend south of the border.

“From a Canadian perspective, not only should the failure of [Silicon Valley Bank] not have significant negative implications for our banks, but this crisis should actually be viewed as further vindication of the Canadian banking model, which is dominated by a few large and diversified players,” Scotiabank analyst Meny Grauman said in a note to clients.

Even so, Canada’s regulator is taking extra precautions. OSFI has told banks that, starting as early as Tuesday, March 14 and until further notice, they will be required to send the regulator liquidity reports each day through an existing monitoring tool that tracks banks’ financial positions, the two sources said. The added monitoring is not a sign of imminent concern, they said, but it is an attempt to keep on top of a fast-moving situation that has dramatically increased uncertainty for the sector.

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An OSFI spokesperson said the regulator does not discuss supervisory measures.

Federal Finance Minister Chrystia Freeland's office said in a statement that she met with OSFI superintendent Peter Routledge on Monday, March 13 and has had meetings with the heads of financial institutions and officials from the Bank of Canada.

"The government wants to assure Canadians our financial institutions are stable and resilient," the statement said.

OSFI's decision to take temporary control of SVB's domestic operations on Sunday, March 12 followed similar actions in the U.S. and Britain, where regulators had already launched processes to seek out buyers for the bank's assets.

The Canadian regulator's announcement was just the first move in a longer process that could result in the bank's Canadian assets being put up for sale in the coming days. The regulator said on Sunday, March 12 that it plans to apply for a court order this week to wind up SVB's Canadian operations.

SVB's Canadian arm is unusual in that it has a license to lend, but it cannot take deposits. While some Canadian startups had deposits with the bank's U.S. arm, the Canadian operation did not hold any client money.

SVB is a small lender in Canada. The tech financer had US$692-million in assets and US$349-million in outstanding loans in Canada as of December, according to OSFI filings. By comparison, CIBC had $2.9-billion in loans through its innovation banking arm as of October 31, 2021. A bank looking to bolster its lending to startups could potentially scoop up SVB's loan book at a steep discount.

The last time OSFI took control of a foreign bank branch was in 2016, when Germany's banking regulator suspended Maple Bank GmbH after a tax refund dispute cast doubt over the institution's stability. Maple's business in Canada included securitization of mortgage receivables, fixed-income trading, and structured finance, as well as a small amount of wholesale deposits from German depositors.

Within a week of Germany's regulator shuttering the foreign bank, OSFI moved to liquidate its Canadian operations. Months later, Toronto-based Equitable Group struck a deal with the Canada Mortgage and Housing Corp. to buy $3.1-billion of mortgage-backed security pools issued by Maple's domestic arm.

If OSFI moves SVB Canada into insolvency proceedings, the regulator will be able to launch an auction to seek out a buyer for the bank's assets. SVB's U.K. subsidiary – which did hold customer deposits – was sold to HSBC Group PLC for one pound on Monday, March 13. Meanwhile, U.S. regulators are still searching for a buyer of the bank's U.S. business.

The startup lender's arrival in Canada four years ago helped stoke competition in the banking sector as the country's largest financial institutions – including RBC, CIBC, and National Bank of Canada – expanded their own tech lending businesses to grab market share in a then-flourishing sector.

The turmoil in U.S. banking also threatens to throw a wrench in some Canadian banks' expansion plans.

Nashville-based First Horizon Corp. struggled again on Monday, March 13, with its shares falling 20 per cent, bringing their total loss to 35 per cent over the past two weeks. The drop has major implications for Toronto-Dominion Bank, which has a pending deal to buy First Horizon for US$13.4-billion.

TD agreed to buy First Horizon for US$25 per share. The U.S. bank's share price closed at US$16.04 on Monday, March 13. But the proposed acquisition was already facing challenges before Silicon Valley Bank collapsed. TD disclosed in early March that the deal was struggling to receive regulatory approvals in a timely manner and that the two banks had not yet agreed on extending the merger deadline past May 27.

"We will continue to assume that TD is committed to the transaction and that the acquisition will eventually be approved until facts suggest otherwise, but we recognize the uncertainty with the situation that could cause some volatility with TD's stock," RBC Capital Markets analyst Darko Mihelic said in a note to clients.

Elizabeth Goldenshtein, a spokesperson for TD, said the bank had no update on the transaction on Monday, March 13.

Read Story (Subscription Required): *OSFI to start daily monitoring of Canadian banks' liquidity in wake of SVB failure - The Globe and Mail*

Canada's Air Passenger Rights Will Get Overhaul To Tackle Denied Claims: Minister

By Christopher Reynolds, The Canadian Press, March 14, 2023

https://globalnews.ca/news/9550130/air-passenger-rights-overhaul-canada-transport-minister/#:~:text=Transport%20Minister%20Omar%20Alghabra%20said,said%20at%20a%20press%20conference

Canada's Transport Minister Omar Alghabra said on Tuesday, March 14 that the federal government will close a loophole that allows airlines to deny customers compensation for cancelled flights.

The reform will come as part of an overhaul of passenger rights to be tabled in Parliament this spring, he said at a press conference.

Asked whether he would end the exemption that lets carriers reject compensation claims by citing safety issues, Alghabra answered in the affirmative.

"The short answer is yes. We are working on strengthening and clarifying the rules to ensure that we make a distinction," he said.

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"Obviously, we don't want planes to fly when it's unsafe to do so. But there are certain things that are within the control of the airlines, and we need to have clearer rules that put the responsibility on the airlines when it's their responsibility."

Alghabra's pledge came during a press conference at Toronto's Pearson airport on Tuesday morning, March 14, where he promised an additional $75.9 million over three years to reduce the backlog of complaints at the Canadian Transportation Agency (CTA).

The money will allow the transport regulator to hire 200 more employees who can chip away at the 42,000 complaints currently filed there, he said.

"The backlog is huge."

The announcement comes after the government topped up the agency's funding by $11 million last year — shortly before travel chaos erupted over the summer as flight demand surged, prompting another wave of complaints.

Gabor Lukacs, president of the Air Passenger Rights advocacy group, expressed skepticism that the new cash will make a big dent in the backlog.

"The government is throwing good money after bad," he said. "It will not improve lack of enforcement on its own."

Alghabra hinted at other changes upcoming in a revamped passenger rights charter, including potential reforms to the regulator's role as an investigative and enforcement body.

"We are looking at strengthening the rules, as I said, and perhaps looking at increasing the authorities that the CTA has. But I leave it up to the CTA to exercise its judgment as to when and how to impose these fines," Alghabra told reporters.

The agency has a dual mandate as a tribunal handling complaints and as a regulatory authority, though advocates say it has not gone far enough to punish violations under the latter.

They also note that the compensation loophole in Canada's Air Passenger Protection Regulations does not exist under European rules.

European Union regulations require compensation — distinct from refunds — for flight cancellations or significant delays, except under "extraordinary circumstances which could not have been avoided" such as extreme weather and war.
In Canada, a flight cancelled within 14 days of departure or delayed by three hours or more that is caused by an event within the airline's control also triggers compensation of between $400 and $1,000 for large carriers — but not in the case of safety-related reasons.

John Lawford, executive director of the Public Interest Advocacy Centre, said Canada needs to adopt the European framework.

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"The European model basically says if you delay someone, you cancel their flight, or deny them boarding, unless you can show that a volcano erupted or there was an earthquake and the runway broke in half, you're paying compensation," he said.

Alghabra said another piece of the passenger rights overhaul will see Ottawa create an "incentive" for airlines to deal directly with customer complaints rather than simply turning them down in hopes the traveller gives up rather than escalating the complaint process.

"There will be a disincentive for the airlines … to defer to the CTA," he said, adding that specifics will emerge with the legislation this spring.

As it stands, airlines have more to gain from resisting compensation claims, since even if they're ultimately found in the wrong by the regulator, the agency has issued only a handful of small penalties for violations, Lawford said.

"They should be fined for every claim they (wrongfully) denied up to $25,000 a claim, and I don't see (the CTA) doing that," he said, qualifying that there have been some enforcement actions since the fall.

"That has to be done systematically, or else it's more profitable to pay the few squeaky wheels who maybe prove their case at the CTA 18 months later than it is to pay for compensation for everyone on that flight."

The average wait time between when a complaint is submitted and when it's reviewed is more than 18 months, the agency said on Tuesday, March 14.

The newly announced $76-million top-up will "increase substantially the CTA's capacity to process complaints and to tackle the existing backlog," it said in an email.

Airlines are just beginning to emerge from a drawn-out financial drubbing due to travel restrictions during the COVID-19 pandemic. Air Canada turned a profit in the quarter ended December 31 for the first time since 2019, as demand for domestic and foreign trips continued to ramp up.

Carriers found themselves unprepared for the surge last summer as well as over the winter holidays, with labour shortages in positions ranging from pilots to baggage handlers and security screeners exacerbating the airport upheaval — and prompting still more passenger complaints.

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CLHIA Continues Cross-Country Effort To Rally Governments To The Industry's Causes

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

The Canadian Life & Health Insurance Association (CLHIA) is continuing its lobbying efforts to bring awareness of the industry's issues to provincial and federal government officials who are preparing their respective budgets for 2023.

In two of their most recent submissions, this time to the Manitoba and New Brunswick finance ministries, CLHIA echoes earlier calls to other governments to support dental care reforms that preserve existing workplace and individual health benefits plans, and to allow automatic pension enrollment features and continued consumer access to virtual health care services.

The submissions also call for the two provincial governments to permit standalone Variable Payment Life Annuities (VPLAs) and they encourage them to view the insurance industry as a viable investment partner for long-term infrastructure projects.

In looking at Manitoba and New Brunswick specifically, CLHIA asks both provinces to scrap their respective premium taxes.

"New Brunswick imposes a two per cent tax on life, health, and disability insurance premiums. Life insurers – and consequently insured New Brunswickers – paid $22-million in premium taxes in 2021," CLHIA wrote. "The premium tax is outdated – it predates corporate income taxes and imposes a supplemental tax burden more than twice the $10 million in corporate income taxes levied on life and health insurance companies in New Brunswick."

In Manitoba's case, life insurers paid $33 million in premium taxes in 2021, a supplemental tax burden they say is double the $15 million in corporate income taxes levied on life and health insurance companies in the province. As well, Manitoba applies a seven per cent retail sales tax to most group insurance premiums, which the CLHIA says costs employers nearly $50 million annually. "This puts Manitoba employers at a competitive disadvantage."

Read Story (Subscription Required): *Association continues cross-country effort to rally governments to the industry's causes - Insurance Portal (insurance-portal.ca)*

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OTHER CAFII MEMBER-RELEVANT NEWS

TD Expands Insurance Arm To Serve Small Businesses In Wake Of COVID-19 Trauma

By Clare O'Hara, The Globe and Mail, March 15, 2023

TD expands insurance arm to serve small businesses in wake of COVID-19 trauma - The Globe and Mail
Toronto Dominion Bank's insurance arm is extending its coverage to include insurance protection for small-business owners as demand for security continues to surge after the outbreak of COVID-19.

On Wednesday, March 15, TD Insurance announced the launch of TD Insurance for Business, a new product tailored specifically for small business owners working across several industries including retail, contractors, wholesale, business and professional services, and health care.

Tony Menon, senior vice-president of general insurance at TD Insurance, said the new insurance lineup is the first time the bank has offered insurance to small businesses, a customer segment that represents a significant portion of all businesses in Canada, and is linked to a "significant insurance demand" that has accelerated in the years since the onset of COVID-19.

"The pandemic has heightened the awareness and the need for insurance across the board," Mr. Menon said in an interview with The Globe and Mail. "We know that there is an unmet demand to provide protection for small-business owners. We know that they have unmet needs with respect to having confidence in the level of coverage that they have or the types of coverage that they currently have."

The bank is entering small-business insurance after several years of difficult economic conditions for small-business owners, as COVID-19 lockdowns and restrictions had significant economic consequences on their revenue.

Canada's commercial insurance market is competitive, with nearly 100 insurers offering some form of commercial insurance, according to the Insurance Bureau of Canada. But not all insurers offer coverage to small businesses – or in every sector.

For instance, in 2021 Allianz Global Corporate and Specialty discontinued underwriting policies for new businesses on certain products – including insurance for restaurant and hospitality establishments. At the time, insurance brokers were being told that policies were being cancelled because of concerns around the legal risks if a patron at an establishment contracts COVID-19.

As well, the Canadian market is having a supply and demand issue after two major global insurers – Allianz Global Corporate and Specialty and Lloyd's of London – exited certain markets in 2020.
TD could help fill that gap.

TD Insurance offers insurance policies in home and auto, health, life and travel. It sells directly to consumers, meaning it does not have any contracts with third party sales agents. Since the insurance unit opened its doors, the bank has only catered to personal lines of insurance for consumers.

Now, that is changing, said Mr. Menon, as the insurer has advanced its digital capabilities, including its back-end technology. The upgrades allow TD to redesign its existing services into commercial options more easily – such as commercial property, general liability, and auto insurance for business vehicles.

Business owners in Ontario will be the first to access the new policies, with other provinces following over the next three to six months, Mr. Menon added. TD identifies small businesses as companies that typically have one to 10 locations with no more than five to six vehicles.

Commercial business policies are required for most establishments to be open, covering policy holders for fire, theft, liability, and, in some cases, business interruption. But for many small business owners, the cost of insurance remains one of the top business obstacles they expect to face over the next three months, according to a recent report by the Canadian Federation of Independent Business.

Insurance Bureau of Canada spokesperson Rob de Pruis said any new competitor to the market is “welcomed” as it can have a “positive impact on insurance affordability” for consumers.

For, example, certain businesses, such as those in the hospitality industry, have been battling the soaring price of insurance costs during the pandemic. In some cases, insurance premiums for restaurants and music venues increased by 300 per cent.

While the hospitality industry isn’t a sector included in the initial launch for TD Insurance for Business, Mr. Menon said it is an industry – along with manufacturing and realty – that will be added into the TD offering at a future date.

Desjardins Insurance Revamps Top Management

By Alain Thériault, The Insurance Portal, February 28, 2023

On February 21, Desjardins announced several changes within its Wealth Management and Life and Health Insurance Division, headed by Executive VP Denis Dubois.

Desjardins spokesperson Jean-Benoît Turcotti told *The Insurance Portal* that the insurer is making organizational adjustments to boost the agility, efficiency, and performance of several teams.

Desjardins Insurance has created a new position: Vice-President, Life and Health Insurance. Chantal Gagné, who previously served as Vice-President, Individual Insurance, at Desjardins Insurance has been appointed to this role.

The new VP will bring together all of the life and health insurance business lines, Turcotti explained. “They include personal insurance, group insurance, and retirement savings, support and claims, and independent sales and networks,” he added.

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Denis Dubois remains the President and Chief Operating Officer of Desjardins Financial Security, the Desjardins spokesperson continued. “Chantal Gagné will manage the life and health insurance component of the Wealth Management and Life and Health Insurance Executive Division,” he said.

Group united

In another major change, Desjardins is combining its group and business insurance activities with group retirement savings. Turcotti says that those activities are now overseen by the Insurance and Group Savings Division, led by Marie-France Amyot. Amyot was previously Vice-President, Group and Business Insurance at Desjardins Insurance.

“The opportunity to combine the group insurance and group savings activities was seized when David Charbonneau expressed his desire to take on new challenges at Desjardins. He will therefore remain with Desjardins Group. His new duties will be announced at a later date,” Jean-Benoît Turcotti said. Charbonneau was Vice-President, Group Retirement Savings at Desjardins Insurance.

Read Story (Subscription Required): *Desjardins Insurance revamps top management - Insurance Portal (insurance-portal.ca)*

Are Canada’s Bank Boards Meeting Their Racial Justice Pledges?

Half Of The Big Six Have Committed To Racial Equity Audits In Response To Engagement From Activist Shareholders

By Melissa Shin, Investment Executive, March 14, 2023

https://www.investmentexecutive.com/news/industry-news/are-bank-boards-meeting-their-racial-justice-pledges/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN&hash=6d73923380f292a40dc042b455f0fde3

Three of Canada’s four biggest banks that signed a widely publicized commitment to increase the number of Black board members by 2025 have already hit their target goals.

In 2020, Bank of Montreal, Bank of Nova Scotia, CIBC, and National Bank of Canada signed the BlackNorth pledge, which requires signatories to commit to Black people holding at least 3.5% of board roles by 2025, among other goals.

Boards of the Big Six range from 12 to 14 members, so adding one Black director would satisfy the requirement.

Three years on, three of the four signatories have reached their goal. CIBC has had a Black board member since 2017, National Bank appointed a Black board member in April 2021, and Scotiabank appointed a Black board member in June 2022.

Furthermore, half of the Big Six have committed to racial equity audits in response to engagement from activist shareholders. TD launched an audit in 2022 and committed to reporting progress by June 30 of this year. CIBC and National Bank agreed this year to launch audits in response to proposals submitted by the Shareholder Association for Research and Education (SHARE).

Such audits are important for holding banks accountable to their publicly stated goals as well as for analyzing the impacts of their products and services on communities of colour, said Anthony Schein, SHARE's director of shareholder advocacy.

"This is a topic where we see all Canadian banks and many other financial institutions as having meaningful material risks," he said. "Any honest internal assessment will surface some risks, and those are worth addressing — and worth addressing in a way that's in the interest of shareholders and banks' clients as well."

SHARE also filed equity-audit resolutions with RBC and BMO this year.

In advising its shareholders to vote against the resolution, RBC advocated for exploring an audit through the Canadian Bankers Association, stating that "disparities and inconsistencies in … a third-party audit could further exacerbate potential gaps and/or unintentionally create new ones."

Schein said standards for racial equity audits exist in both the U.S. and Canada.

BMO, citing its existing racial equity goals, advised voting against the resolution because "management does not view a third-party racial equity audit to be additive or necessary at this time."

The banks' annual general meetings take place in April. Here's a look at the board slates which each institution proposed:

Bank of Montreal
Racial equity audit status: Recommends shareholders vote against a resolution for an audit at 2023 annual general meeting
Board status, 2023:
Six of 13 nominees are women (46%; goal of 33%)
One of 13 nominees identifies as a person of colour (8%; no goal)
No nominees identified as Indigenous (no goal) or Black (3.5% goal)

Bank of Nova Scotia
Racial equity audit status: No formal audit reported; no shareholder resolution requesting one in 2023. SHARE said it was focusing on its climate resolution with the bank, but that it hopes to engage with Scotiabank on racial equity in the future. "There's certainly the opportunity for Scotia to make a similar commitment outside the proxy season," Schein added.
Board status:
Four of 12 nominees are women (33%; goal of 30%)
Two of 12 nominees identify as people of colour (17%; no goal)
One nominee is Black (8%; goal 3.5%)

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No nominees identified as Indigenous (no goal)

CIBC
Racial equity audit status: Will conduct an audit and disclose the results as part of its fiscal 2026 disclosures
Board status:
Six of 13 nominees are women (46%; goal of 40%)
Two of 13 nominees identify as people of colour (15%; no goal)
One nominee is Black (8%; goal 3.5%)
No nominees identified as Indigenous (no goal)
One of 13 nominees identifies as a member of the LGBTQ+ community (8%; no goal)

National Bank of Canada
Racial equity audit status: Audit work is underway related to the Principles of Responsible Banking, and the bank will collaborate with SHARE on further racial equity audit work
Board status:
Six of 14 nominees are women (43%; goal of 33%)
One of 14 nominees is a visible minority (7%; no goal)
That nominee is Black (7%; goal 3.5%)
No nominees identified as Indigenous (no goal)

Royal Bank of Canada
Racial equity audit status: Recommends shareholders vote against a resolution for an audit at 2023 annual general meeting
Board status:
Five of 12 nominees are women (42%; goal of 35%)
Three of 12 nominees identify as Black, Indigenous or people of colour (25%; no goal)
One nominee identifies as Indigenous (8%; no goal)
No nominee identifies as Black (no goal)

Toronto-Dominion Bank
Racial equity audit status: In progress, with an update to be published by June 30. The bank has retained Covington LLP and Weir Foulds LLP to conduct the audit and expects the audit to be completed during fiscal 2023.
Board status:
Seven of 14 nominees are women (50%; goal of 40%)
Six of 14 nominees identify as a visible minority, Indigenous person, 2SLGBTQ+ or a person with a disability (43%; no goal)
One nominee is Indigenous (7%; no goal)
One nominee is Black (7%; no goal)

Closing Borders Should Be A Last Resort, York U Pandemic Study Finds

According To The Study, The Targeted Border Closures Implemented In February 2020 By Most Countries, A Month Before The First Peak Of The Outbreak, Imposed Only On Travellers From The Pandemic's Epicentre Did Little To Slow The Spread Of The Virus

By Irem Koca, Toronto Star, March 3, 2023

Border closures are destructive and should only be implemented as a last resort, a York University study of the early stages of the pandemic found.

As Canada struggles to recover from the economic and social impacts of the pandemic, researchers at York University's Global Strategy Lab (GSL), looked at the efficacy and legitimacy of the border closures of 2020 across the world.

The study was published last week in the medical journal "PLOS Global Public Health."

Researchers used real-time open data from 166 countries including open sources from web-based COVID-19 tracking websites and government data to evaluate the impact of "targeted" and "total" border closures in March and February 2020.

"Total" border closures refers to restricting foreign nationals' entry to a country except for essential travel, while "targeted" border closures means restricting travel from specific countries or regions, such as Wuhan, China.

According to the study, the targeted border closures implemented in February 2020 by most countries, a month before the first peak of the outbreak, imposed only on travellers from the pandemic's epicentre did little to slow the spread of the virus globally.

"With targeted closures, policy-makers were making an educated guess. There was not enough testing … They were missing people coming from countries where they did not know the virus was already circulating," the paper's lead author Mathieu Poirier told the Star.

Researchers found that total border closures which were mostly implemented in March 2020 and restricted non-essential travel from all countries, did temporarily slow COVID-19 transmission globally.

"The most extreme shutdowns were temporarily effective but came at a great cost," explained Poirier.

Canada implemented a total border closure in the first wave of the pandemic, which the study found to be more effective both for controlling the epidemic within the country and helping to slow the outbreak globally.

"We can't pretend that Canada really made this choice in isolation. It really was a globally co-ordinated decision that was not taken lightly, closures seemed like a necessity. But, the global economy — which we are so interconnected with — was disrupted and we're still feeling those impacts," Poirier said.

Poirier is a social epidemiology professor at York University and the co-director of Global Strategy Lab which advises governments and public health organizations on how to design laws, policies, and institutions against global challenges.

The study found that during the targeted closures COVID-19 disease transmission worsened or remained the same in about two-thirds of the analyzed countries, and improved in the remaining third. Overall, total border closures were more effective at controlling the spread of disease within countries and both were more effective if implemented early as compared to other countries.

The study concluded that even in the instances where the measures worked — such as in Vietnam where the border closures were used to buy time to implement domestic public health measures — they were disruptive.

"Border closures should only be implemented as a last resort. For most countries, in most situations, border closures are not going to be the best approach," said Poirier.

The researcher suggested that border closures may play a role in future pandemics but should be implemented with strong caution and in co-operation with other countries.

"Measures like early testing and tracing approaches, effective vaccine distribution, and limiting public gatherings could have been more effective with better funding and more attention, if we weren't relying so heavily on one kind of blunt measure in the form of a border closure."

"If other less disruptive measures are not possible, then applying border closures early is key and total closures are preferable to targeted ones," he explained.

"Targeted border closures punish countries that transparently report disease outbreaks and cause economic harm by singling them out without necessarily guaranteeing any additional time to prepare for them."

"This might prevent them from openly reporting these kinds of events."

The World Health Organization declared the pandemic on March 11 but several countries — such as the U.S., Australia, Germany, Italy, and New Zealand — had already begun restricting foreign travellers from countries with high COVID-19 transmission rates in late January and throughout February 2020.

At least 95 per cent of the world's population was affected by border closures during this period, according to GSL's study.

A working group for the WHO International Health Regulations met last week to discuss more than 300 amendments to the global agreement, and negotiations for a new pandemic treaty are also underway, according to Poirier.

"It would help to have some kind of co-ordinating mechanism preferably through the WHO that can help countries decide when is a good time to put a border closure in place and when is not. Those negotiations that Canada is a part of, I think it's going to be really critical to build this evidence."

"Looking back, border closures in most countries were likely illegal, but that data was not available to decision-makers at the time," Poirier said, referring to the findings.

The study said that the border closures of 2020 were likely illegal, based on the International Health Regulations (IHR). The 2005 regulations are an instrument of international law that is legally-binding on 196 countries, including the 194 World Health Organization (WHO) Member States.

Article 43 of the document deems restrictions such as border closures illegal as they were implemented without "available scientific evidence."

Read Story (Subscription Required): *https://www.thestar.com/news/canada/2023/03/03/closing-borders-should-be-a-last-resort-york-u-pandemic-study-finds.html?source=newsletter&utm_content=a07&utm_source=ts_nl&utm_medium=email&utm_email=6D73923380F292A40DC042B455F0FDE3&utm_campaign=sbj_169856*

Brokers Hit Out At "Trumpian" Insurance Bureau Of Canada Campaign

By Jen Frost, Insurance Business Canada, March 8, 2023

https://www.insurancebusinessmag.com/ca/news/auto-motor/brokers-hit-out-at-trumpian-ibc-campaign-438801.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20230309&utm_campaign=WPCW-Newsletter-20230309&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Brokers may agree with the Insurance Bureau of Canada (IBC) that Ontario auto insurance reform is sorely needed, but some have hit out at the Bureau's recent campaign on the matter and accused it of "Trumpian" tactics.

The IBC-sponsored online Fairness For Drivers campaign has faced criticism from brokers, who feel that it paints the insurance industry in a bad light and could confuse consumers.

"The problem comes in this very blunt instrument that they're using to infuriate the public, to really use the public as their tool to drag the politicians to the table, and I think that's misleading and underhanded," said Adam Mitchell, CEO of Mitch Insurance.

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"It almost feels like Trumpian politics, and it just makes me really disappointed in the industry and I would like to think we would do better."

The IBC has been calling for Ontario auto insurance reform, including through greater choice and "flexibility" for consumers as well as tackling claims costs. Via a website and a social media campaign, which includes Instagram posts, it has called on individuals to write to their MPPs to demand change.

"The car insurance system in Ontario is broken," according to text from the Fairness For Drivers website.

Drivers in Ontario pay up to 30% more than the national average for their car insurance, according to one campaign Instagram post. Another highlighted that "$1.4 BILLION every year is wasted because of the inefficiencies of Ontario's car insurance system."

Social media posts from the IBC-sponsored campaign have flagged that Ontarians could be paying "on average $500 or more for their car insurance", while another post said that this "could mean one month of gas for your car." Recent posts have focused on the upcoming Ontario March 23 budget.

Other Fairness For Drivers social media posts have compared the cost of insurance in Ontario to that in other provinces. Comparison to areas including Prince Edward Island, where premiums can be 50% cheaper according to the IBC promotion, have drawn broker ire.

"I really just dislike that they're trying to rile people up by misleading them, comparing apples to oranges to get a reaction that a politician has to respond to," Mitchell said.

The broker boss likened the campaign to "just like whispering chocolate chip cookie to your two-year-old before dinner – it's not going to go well."

While there are "real conversations to be had" around fraud costs driving up premiums and coverage options, the IBC has gone the wrong way about bringing the debate into the public domain, Sutherland Insurance VP Zac Sutherland told Insurance Business Canada.

"It's the politicking thing for me that really stands out," Sutherland said. "We all saw the last example of politicking on Ontario auto rates resulting in a promise of 15%, and by year two, everyone forgot and they revoked it."

Labelling insurance "one of the most misunderstood products" in the country, Sutherland stressed a need for continued education rather than "gimmicks."

"What's the end game to move the needle to get real reform?" Sutherland said. "I think that's what everyone wants, but this is an interesting way to do it."

Brokers also pointed out that while Ontario auto insurance costs may be higher, coverage options are typically "generous."

"We've got the highest coverage limits, the highest minimums, so naturally, it follows if we've got the most coverage, of course it's going to cost you the most money," said Thomas Watson, Guardsman Insurance Services president.

While Watson said he agreed with what the IBC was trying to achieve, he said he felt that "how they've chosen to go about getting public buy-in makes the entire insurance industry look bad."

For Watson, the focus needs to be firmly on tackling auto insurance fraud.

"We're not addressing that problem correctly," he said.

IBC responds

The IBC declined to share figures or stats to show how successful the campaign had been when approached by Insurance Business Canada.

Of the 125 Instagram posts shared by the Fairness For Drivers account, which began posting more than a year ago, Insurance Business Canada found just seven that had been 'liked' by users 10 or more times. As of Tuesday, March 7, a tracker on its website said "15,000 Ontarians and counting."

The IBC also declined to share how much it had spent on the campaign or who was running it on the insurer group's behalf.

In a statement provided to Insurance Business Canada, the IBC said that the "small, targeted campaign" was intended to encourage the Ontario government to introduce auto product changes.

"We believe Ontarians deserve more affordable auto insurance with more choice and better care for those injured in a collision," the IBC said. "The province's nearly 10 million drivers spend more of their household budget on auto insurance than drivers in any other province and it's time that changed."

IBC added that "this campaign highlights shortcomings of the current auto product in Ontario, and in no way ascribes blame to any parties, including insurers, governments, and brokers.

"IBC and the P&C insurance industry remain strongly committed to supporting the Ontario government in its efforts to meet consumer demands for lower costs and greater choice for auto insurance."

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UPCOMING CAFII MEMBER-RELEVANT WEBINARS AND EVENTS

Web Seminar By Willis Towers Watson (WTW) On 'Automating Reporting – From Model Output To Submitting Regulatory Reports With (Nearly) No Spreadsheets

Dates: Tuesday, March 28, 2023
Time: 10:00 a.m. – 11:00 a.m. EST

In this session, Tom Beasley & Patrick Penzler will present a case study of process automation and re-engineering, which allows insurers to perform twice the reporting in a shorter timeframe without increasing headcount – a challenge many companies will face with Solvency II and IFRS 17.

The session will cover:

- New and innovative approaches to removing spreadsheets from reporting processes
- How WTW can help our clients with Finance Transformation through our project approach
- A live client use case that demonstrates tangible benefits through deploying WTW technology

This session is planned to run for approximately 1 hour, with a 15 minute Q&A session included towards the end of the session

Register Here

Web Seminar By The Globe and Mail: Women Lead Here

Date: Wednesday, March 29 2023
Time: 1:00 p.m. – 3:50 p.m. EST (Free Virtual Event)

Join Report on Business magazine for the fourth annual Women Lead Here event, a forum for networking and conversation on female executive leadership. The Women Lead Here ranking is an industry-first assessment of Canada's largest public companies on gender diversity in leadership positions. This free virtual event will feature Women Lead Here honouree companies, business leaders and inclusion experts sharing practical ideas and calls to action to increase gender parity in corporate Canada.

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LIMRA Canada Insurance Immersion Program – In-Person Event: Connect with Success

Dates: From Tuesday, April 4 through Thursday, April 6, 2023
Venue: Canada Life, Hugh C. Baker Room, 330 University Avenue, Toronto, ON

To succeed, new hires and emerging leaders need a solid understanding of the industry and business in which they work. Insurance Immersion can help! This unique, instructor-led program explains and connects key concepts to promote a holistic view of the life insurance business, which improves collaboration and decision-making.

Benefits of the Insurance Immersion program:

- ***It's fast.*** Conducted at a quick and methodical pace, participants accelerate their learning and knowledge of the industry efficiently during this multi-day program.
- ***It's comprehensive.*** The program covers a wide range of important aspects of the Canadian insurance business, including products, pricing, distribution, sales, regulations, operations, finance, and risk management.
- ***It's effective.*** In a lively and highly interactive learning process that includes real-life case studies and instruction by subject matter experts, participants live and breathe insurance.

Course Credit Toward LOMA Designation Programs
Insurance Immersion participants who attend the program in full will receive credit for the two LOMA FLMI Level I courses. This benefit provides participants with the FLMI Level I Certificate in Insurance Fundamentals and a jump-start to earning a prestigious industry designation.

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