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CAFII ALERTS WEEKLY DIGEST: March 17 – March 24, 2023

March 24, 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

FSRA Report Examines Barriers To Insurance Innovation In Ontario

By Kate McCaffery, The Insurance Portal, March 23, 2023

The Financial Services Regulatory Authority of Ontario (FSRA) has published a new report, entitled Pursuing a More Innovative Ontario Insurance Sector: Barriers and Opportunities, in which the regulator summarizes feedback to recent outreach efforts regarding barriers to innovation in the sector.

The regulator's innovation office, launched in 2020, held consultations with industry stakeholders to hear about innovation opportunities and to hear about any regulatory barriers. In the summary report, it says the regulator has made a commitment to examine how it can use its tools to better support responsible innovation. The summary report will be used to help the office inform FSRA's approach.

The report indicates that the most significant feedback received was that FSRA is not acting as a roadblock to innovation. The stronger message received, it adds, is that the industry seeks "rules of the road" that provide clarity about how it will approach emerging technologies and business models.

Divided into two categories, one addressing auto insurance and the other commenting on life and health insurance, the report examines ways in which FSRA can support innovation without the help of legislative reforms.

In auto insurance specifically, the report focuses on mobility solutions, usage-based insurance (UBI) and telematics, and the use of credit information in the pricing of auto insurance.

New business models are creating opportunities for consumers to access vehicles they neither own nor lease, the report states, noting that Ontario consumers may increasingly benefit from on-demand auto insurance on a per-need or pay-as-you-go basis. The report also looks at the emerging need for subscription-based auto insurance products. "The subscription model has yet to take hold in the Ontario market: FSRA remains interested in discussions with innovators but has yet to receive a qualifying subscription model application," the report indicates.

FSRA adds that stakeholders did not identify any regulatory barriers to the widespread rollout of UBI products. In looking at the use of credit information in pricing, the report notes that there has not been a comprehensive analysis undertaken to determine how the use of credit information in the pricing of insurance affects different demographic groups.

The report's discussion of life and health insurance innovation, meanwhile, focuses on digitalization, electronic beneficiary designations, and standardization. It indicates that insurers making use of third-party solutions must retain their regulatory obligations.

"Insurers, not their third-party vendors, are accountable to FSRA for consumer outcomes," the report states. It also examines application programming interfaces (APIs) and the possibility for the development of an open insurance API akin to the concept of open banking. "The concept of open banking and open APIs is a cross-sectoral issue for FSRA," the report states. "FSRA is continuing to engage on this and will actively explore its likely impacts across our regulated sectors, including insurance."

The beneficiary designation discussion examines how a lack of consensus and clarity around how to make a valid electronic beneficiary designation has led to a situation currently where many are either not allowing electronic beneficiary designations or allowing them only by declaration after the contract begins. "Agents advocate for this to change, noting that a pandemic-driven shift has raised consumer expectations that they should be able to transact digitally."

Finally, in looking at standardization opportunities in life and health insurance innovation, the FSRA report indicates that insurer stakeholders stated that even in cases where they would be willing to collaborate with one another, they may be constrained from doing so due to the federal Competition Act. "Stakeholders suggested that FSRA could request that Ontario's leading insurers create standardized forms and processes," the report states, adding that FSRA could also proactively design best practices in this regard.

The report concludes by saying that FSRA remains committed to open dialogue with the sector. It then asks several questions related to innovation and encourages interested stakeholders to reach out to the regulator's innovation office.

Read Story (Subscription Required): *Ontario regulator examines barriers to innovation - Insurance Portal (insurance-portal.ca)*

Industry Opposes AMF Reforms To Complaint Handling

Investor Advocates Aren't Happy With The Proposals Either

By James Langton, Investment Executive, March 13, 2023

https://www.investmentexecutive.com/newspaper_/news-newspaper/industry-opposes-amf-reforms-to-complaint-handling/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=6d73923380f292a40dc042b455f0fde3

The latest battle in the investor complaints-handling arena has emerged in Quebec. The province's Autorité des marchés financiers (AMF) has closed a second consultation into proposed rules to improve complaint handling throughout the province's financial industry. The rules would cover securities dealers, planners, insurers, and all other provincially regulated financial institutions.

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Following an initial round of consultation that took place in the fall of 2021, the AMF revised its proposals in several areas: expanding the definition of a complaint, introducing a simplified process for routine issues that can be resolved within 10 days, and allowing firms more time to respond to complaints by setting a 60-day standard but permitting firms to take up to 90 days.

The revisions are intended to address concerns raised by the industry about the proposals' impact on existing complaint-handling processes, the AMF said. The regulator also said it believes that the proposals still serve the goal of ensuring the industry deals with all complaints "fairly and diligently." Despite the concessions, the securities industry opposes the latest proposals, which are slated to take effect on January 1, 2024.

The Investment Industry Association of Canada (IIAC) and the Conseil des Fonds d'investissement du Québec (CFIQ) object to the lack of uniformity between the AMF's proposed new rules and the new industry self-regulatory organization's (SRO) requirements for complaint handling.

The IIAC's submission to the second consultation said the AMF's proposed new regulation is "unnecessary" for firms belonging to the new SRO, given that those firms are already subject to the rules of both the new SRO and the Canadian Securities Administrators.

The CFIQ's submission, meanwhile, "strongly recommends" that firms belonging to the new SRO be exempt from the AMF's new rules.

While the AMF and the industry both support the concept of harmonization, they don't agree on what should be harmonized.

The AMF, which is an integrated regulator, wants to harmonize complaint-handling requirements for all firms under its oversight in Quebec. But the CFIQ called for harmonization across the country.

"This harmonization would prevent redundancy and reduce the regulatory burden on dealers practising in several jurisdictions who would otherwise have to implement and comply with a different complaint handling process in Quebec and elsewhere in Canada," the group said.

The CFIQ wants the AMF to "maintain the status quo" in complaint-handling requirements, arguing that any benefits of harmonization within Quebec will be offset by the negative side effects — including client confusion, needless complexity, and excessive compliance costs.

The group also argued that introducing potentially duplicative or conflicting requirements for fund dealers in Quebec runs counter to a fundamental goal of the new SRO — which the AMF signed onto — and "which served as the basis for the dealers' vote to create the new SRO," the CFIQ noted.

The IIAC's submission objected to the difference between how the AMF and the new SRO define complaints, saying the AMF's broader definition would divert resources to "minor matters." Furthermore, "a sensible and attentive investigation of an investor complaint, which often involves communications with multiple individuals, and analysis of multiple accounts," requires more than 90 days, the IIAC argued.

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The AMF's proposed extension for addressing complaints to 90 days rankles in another camp for another reason.

FAIR Canada's submission questioned the wisdom of allowing firms more than 60 days, noting that the limit was recently reduced to 56 days from 90 days under federal banking legislation to bring Canada in line with international best practices. If the AMF is going to allow firms to go beyond 60 days, it should provide guidance on the circumstances that would warrant longer timelines, FAIR Canada suggested.

The investor protection group also questioned other changes in the latest version of the AMF's proposed rules, including the removal of a provision requiring firms' complaints officers to avoid conflicts of interest and to act independently when dealing with complaints.

And FAIR Canada opposed eliminating the requirement that customers be given at least 20 days to consider a firm's resolution offer.

"In our experience, firms have tried to pressure complainants by insisting on a response within a few days. The purpose of having a fixed period (in this case, 20 days) is to deter firms from using such pressure tactics," FAIR Canada's submission stated, adding that the AMF should restore the originally proposed 20-day minimum and impose monetary penalties on firms that violate the requirement.

The Ombudsman for Banking Services and Investments (OBSI) also made recommendations for improving the AMF's proposals. They included clarifying that complaints don't have to come from firms' existing clients, broadening the possible subjects of complaints to include off-book products and services, and expanding the assistance which firms are expected to provide to clients who need help articulating their complaints.

Additionally, OBSI called on the AMF to ensure that firms have a duty to determine whether other clients were harmed by any issues uncovered and to provide redress for all affected customers.

OBSI also recommended raising penalties for not complying with the new regime, noting that "fines or penalties in the range of $1,000 to $5,000 are unlikely to have much, if any, deterrent effect on financial services firms." Penalties also should escalate for repeat offenders, OBSI stated.

Finally, OBSI suggested that the AMF require firms to restore harmed clients to the financial position they would have been in absent the error or misconduct that generated the complaint. OBSI said that that would be consistent with international best practices for ombudservices and other dispute-resolution bodies.

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Banking Complaints Agencies Report Record Numbers For 2022

OBSI, ADR Chambers Report Double-Digit Increase In Case Openings

By The Canadian Press, March 17, 2023

https://www.investmentexecutive.com/news/industry-news/banking-complaints-agencies-report-record-numbers-for-2022/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=6d73923380f292a40dc042b455f0fde3

Canada's two banking complaints agencies say there were a record number of inquiries and cases opened last year.

The Ombudsman for Banking Services and Investments (OBSI) says that banking inquiries were up 56% and the number of banking cases it opened was up 33%, while the ADR Chambers Banking Ombuds Office reports that the number of complaints it received was up 45% and it opened 21% more cases.

Total inquiries covering both banking and investment issues at the OBSI came in at 10,650, which translated into 1,151 cases including 686 banking cases, while at ADR Chambers there were a total of 4,722 inquiries of which 886 were formally opened as complaints.

OBSI chief executive Sarah Bradley said in a news release that the increase comes as part of a rising trend of complaints seen throughout the COVID-19 pandemic, as customers faced increased financial stress and rates of financial fraud.

She said that changes last year to financial consumer protections laws also led to more complaints being brought to and addressed through the system.

The federal government committed in last year's budget to creating a single banking ombudservice after pressure from numerous groups, but for now the OBSI handles complaints on CIBC and BMO along with numerous investment firms, while the ADR Chambers covers RBC, TD, Scotiabank, and National Bank.

UK's Financial Conduct Authority Appoints Executive Directors To Co-Lead Enforcement And Market Oversight

By UK FCA Press Release, March 23, 2023

Https://Www.Fca.Org.Uk/News/Press-Releases/Fca-Appoints-Executive-Directors-Co-Lead-Enforcement-And-Market-Oversight

The Financial Conduct Authority (FCA) has appointed Therese Chambers and Steve Smart as joint Executive Directors of enforcement and market oversight.

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The expansion of the FCA's enforcement and market oversight leadership team, following Mark Steward's departure, reflects the vital role that enforcement work plays in delivering its 3 year strategy and its commitments to reducing the growth in financial crime, ensuring that consumer outcomes meet the higher standards of the new consumer duty, stepping in where firms restrict competition, and much more. Recent market events have underlined the importance of effective market oversight to support financial stability.

The appointment of Therese and Steve to co-lead the enforcement and market oversight division will also support the FCA's ongoing transformation to become a more assertive, more adaptive, and more innovative regulator. Together, they bring a highly complementary skillset, with Therese's extensive regulatory, supervisory, and legal experience combined with Steve's criminal enforcement, investigatory, intelligence, and security experience.

Our business plan to be published next month will continue our programme of investment in our enforcement and market oversight capabilities as part of an integrated FCA approach.
Nikhil Rathi, chief executive of the FCA, said:

"Enforcement is a key regulatory tool allowing us to hold firms and individuals to account for wrongdoing and helping to reduce and prevent serious harm to consumers and in markets. We are committed to acting faster and more effectively, putting the power of technology, data, and intelligence at the heart of our enforcement operations. Therese and Steve will be a powerful combination, bringing a complementary skillset, which will enable us to do just that. I thank mark again for his remarkable seven years of service."

Therese Chambers brings many years of experience, having worked at the FCA for over 20 years. She spent most of those years working in enforcement, including as director of retail and regulatory investigations. She is currently the director of consumer investments in the supervision, policy and competition division. Commenting on her appointment, she said:

"The work of the enforcement and market oversight division is of critical importance in supporting the FCA's strategy and we will continue to build out our assertive and proactive approach. I look forward to working with colleagues on Exco and across the FCA as we increasingly use our powers to protect consumers and tackle harm."

Steve Smart joins the FCA from the national crime agency, where he sits on the executive committee as director of intelligence, leading a division of over 2000 people. Steve has also worked in the private sector where he led the development of an integrated intelligence and investigations department in a major banking group. Steve said:

"I'm really excited to be joining the FCA. It is a great opportunity to put my experience of leading and developing proactive operational functions and working with partners in the police, wider law enforcement, and counterparts overseas to help the FCA to continue to prevent serious harm; set higher standards; and promote competition."

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Therese Chambers will take on the role of Executive Director on 1 April, 2023. Steve Smart will join on 21 June, 2023. Mark Steward will leave the FCA on 13 April, 2023.

The FCA has also announced the creation of a single legal function headed by current general counsel Stephen Braviner-Roman. This will bring together the general counsel division and the legal group, which currently sits within enforcement and market oversight, into a single unified legal division to ensure a joined-up legal capability working across the organisation.

Sarah Pritchard will take over executive responsibility for the FCA's international work once Mark Steward leaves, in addition to her existing role as Executive Director, markets, in the supervision, policy and competition division. This reflects the FCA's commitment to deepening international co-operation and enhancing its reach to ensure that it is a globally effective regulator, actively shaping the international rulebook.

The new appointments mean the FCA's executive committee will have 9 members, comprising 5 women and 4 men, including 3 from minority ethnic backgrounds.

Notes to editors

1. Therese Chambers began her career in private practice in the city as a commercial litigator. She has spent over 20 years in UK regulatory enforcement at the FCA and FSA, running investigations and conducting litigation in relation to some of the most high profile, complex and challenging enforcement cases across all areas of the FCA's jurisdiction. Since January 2022, Therese has been the director of consumer investments, responsible for leading the FCA's work to protect consumers from the harm caused by scams, poor investments, and unsuitable investment advice. Therese is also responsible for the delivery of the FCA's strategic commitment on problem firms.

2. Steve Smart has had a career spanning 30 years working within government against a range of national security threats. For the majority of that time, he was focused on the threats from terrorism, extremism, and hostile states. More recently, as the director of intelligence at the national crime agency, he has helped lead the fight against serious organised crime. He has extensive experience in working with partners in the police, wider law enforcement, and intelligence agencies both in the UK and overseas. Steve is a graduate of economics from the University of Lancaster and he was awarded an OBE in 2003.

3. *Mark Steward's departure press release.*

4. Find out more information *about the FCA.*

European Banks Face Growing Threat Of Climate Litigation

Lawsuits, Rising Regulatory, Reputation Risk Could Accelerate Economic Transition

By James Langton, Investment Executive, March 15, 2023

https://www.investmentexecutive.com/news/research-and-markets/banks-face-growing-threat-of-climate-litigation/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=6d73923380f292a40dc042b455f0fde3

As the shift to a low-carbon economy gains traction, there's a growing risk of climate-related litigation facing Europe's banks — which could, in turn, accelerate the low-carbon transition, Fitch Ratings says.

In a new report, the rating agency said that banks, like other corporations, face increasing litigation risk as the energy transition gains momentum.

"Climate activism in Europe has grown over the past two years, with increasing focus on banks that provide financing to fossil fuel sectors," it said — with both investors and advocacy groups calling on banks to adopt targets for reducing their exposure to fossil fuel assets.

Many banks have pledged to reduce financing to the energy sector, and have committed to net zero by 2050, Fitch noted.

However, those kinds of promises may not be enough to stave off climate-driven litigation, it said.

"Investors and other stakeholders will look out for any watering-down of targets or slippage in meeting them, and so the banks will have to keep their commitments credible and on track," it said — adding that banks could also face indirect effects of climate litigation, if a large client is hit with legal action that impacts their cash flow.

Additionally, banks face rising regulatory risk from the growing focus on combatting greenwashing, the report said.

These legal and regulatory risks also add up to increased reputational risks, Fitch noted, as negative publicity in either sphere could also damage banks' franchises.

In turn, this could also cause banks to step up their efforts to pull back from fossil fuel financing, it suggested.

"Climate-related lawsuits targeting banks could set precedents and spur banks to accelerate their carbon-neutrality strategies and their phase-out of fossil fuel financing," it said.

"This would most likely have a modest impact on large European banks' revenue in the near term. However, it could also increase credit risk on the run-off portfolios if large oil and gas customers were unable to find alternative financing," it added.

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In the meantime, Fitch said that it expects the banks to enhance their energy transition policies as they face growing scrutiny from investors and regulators.

OTHER CAFII MEMBER-RELEVANT NEWS

BMO Insurance Welcomes Back Rohit Thomas, As Peter McCarthy Promoted To Vice-Chair

By Katie Keir, Investment Executive, March 23, 2023

https://www.investmentexecutive.com/news/people/bmo-insurance-welcomes-back-rohit-thomas/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

BMO Insurance has announced that Rohit Thomas will become president of BMO Insurance effective March 27, as Peter McCarthy transitions from CEO and president of that business to Vice-Chair.

McCarthy has led the bank's insurance business since 2009, when BMO acquired AIG Life Canada, where he had been president and CEO since 1999. In his new role, McCarthy will "continue to support the bank's strategic growth plans and enhance critical partnerships," a release said.

Thomas joins BMO from TD Insurance, where he was Vice-President of Life and Health for nearly three years. Prior to that, he worked with BMO for nearly eight years. Thomas and McCarthy will report to Deland Kamanga, group head of BMO Wealth Management, who said in a release that he values the pair's "collective vision for innovation."

(In an internal BMO announcement shared with CAFII, Mr. Kamanga paid tribute to Mr. McCarthy, a current CAFII Director and former CAFII Board Chair, as follows:

"After more than 23 years leading BMO Insurance as President & CEO, Peter McCarthy will assume the role of Vice-Chair, Insurance, reporting directly to me, effective March 27, 2023. As Vice-Chair, Peter will continue to support key elements of our strategic growth plans and critical partnerships that will differentiate us in the market.

"Under Peter's leadership and strategic management, BMO's Insurance business saw tremendous advancement, growing 5X since the acquisition of AIG Life of Canada, in 2009. Peter and his team have made our insurance business one of the most productive and efficient among our Wealth portfolios. He made meaningful strides to innovate, including digital service offerings as we build for the future.

"I would like to thank Peter for his deep passion and commitment to our insurance business. Your leadership over two decades in this competitive landscape and focus on providing valuable service offerings to our clients across BMO, has been incredibly impactful and set us up for even greater success in the years ahead.")

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RBC Tells Employees To Return To The Office Three Or Four Days A Week

By Stefanie Marotta, The Globe and Mail, March 21, 2023

https://www.theglobeandmail.com/business/article-rbc-employees-hybrid-office-work/

Royal Bank of Canada has instructed employees to return to the office three to four days a week as companies grapple with convincing workers to leave their work from home setups.

In an internal memo to employees on Tuesday, March 21, RBC said that starting May 1, employees will have the option to work from home one or two days a week, depending on the requirements of their team. RBC said that without frequent in-person engagement, its long-term competitiveness is at risk.

“When our teams come together on-site more frequently, we are solving complex problems faster, learning, and growing more effectively, and ultimately building deeper connections with one another,” RBC said in an email from its executive team.

“We want to continue to encourage these healthy and positive face-to-face moments while ensuring a level of flexibility that we know is important. For this reason, we are shifting toward a more consistent approach to in-person routines that will double down on our culture and lay the foundation to protect our competitive edge in the years ahead.”

The bank said that senior leaders from various businesses will finalize plans and provide an update to individual teams on how they are expected to return to the office more often. An RBC spokesperson confirmed the details of the memo.

“This adjustment may not be simple for everyone, but it is the best thing to do for Team RBC,” the bank said.

The move comes after RBC chief executive officer Dave McKay said in early March that productivity and innovation have taken a hit as workers continue to work from home for most of the week. The head of Canada’s largest lender made the comments during a conference call to discuss the bank’s first-quarter earnings.

“We’re in a discovery area and trying to find balance with employees and you hear a lot of commentary about it,” Mr. McKay said in response to an analyst question about risks in the commercial real estate market. “I think most CEOs would tell you that there is a productivity loss.”

He added that productivity gains and losses depend on the department and the nature of the work. Mr. McKay said that CEOs globally have been focused on how hybrid work models could evolve, and the impact that could have on the efficiency and creativity of their teams.

In an internal memo in August 2022, he asked employees to “come together more often in-person to work and collaborate.” An RBC spokesperson said at the time that the bank had asked most of its employees to work from the office two or three times a week by the end of September.

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The Toronto-based bank is one of the country's largest employers, staffing 97,000 people across Canada and the United States, as well as at offices in Europe, Asia, and Australia.

Companies have struggled with employees resisting calls for teams to return to the workplace. While traffic in Toronto's once bustling financial district has picked up from pandemic lows, the pace of workers returning to the downtown core varies widely depending on the day of the week. Tuesday to Thursday is the busiest part of the week, while offices and retailers are largely empty on Monday and Friday.

The percentage of employees in the financial district as of early March sat at an average of 43 per cent of pre-pandemic occupancy levels, according to data from consulting firm Strategic Regional Research Alliance.

Working From The Office Or From Home: A Murky Situation In The Insurance Industry

By The Insurance Portal Staff, March 21, 2023

https://portail-assurance.ca/entrepreneuriat/le-bureau-ou-le-domicile-un-portrait-trouble-dans-lindustrie/?utm_source=sendinblue&utm_campaign=daily_complete_202303-23&utm_medium=email

Who needs to come back to the office and who can work from home? The picture of work organization remains murky in the insurance industry, even after more than two years of practice.

"It is to answer this question that we decided to address the subject at our upcoming *Damage Insurance Day* conference and to conduct an industry survey," said Serge Therrien, President of Éditions du Journal de l'assurance.

"The pandemic has fundamentally changed the historical rules that prevailed in the organization of work in companies. For 2 years — and it's not over — companies have been forced to rethink these rules, pressed by health risks, and by governments," explained Mr. Therrien.

"Meanwhile, employees, and even executives, have moved their work areas to their homes. Sometimes more: some have sold their homes to change neighbourhoods or have moved to more suitable housing. Two years later, these changes, which were supposed to be temporary, have created lifestyle habits that have become permanent," he noted.

"Now, the picture of the organization of post-pandemic work is certainly becoming muddled for many. My goal with these two approaches is to enlighten people in the industry on the subject of the day: return to the office or stay at home," said Mr. Therrien.

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"Solutions are currently being put forward in the business world, on the return to the office, and sometimes they are based on randomness: one day a week, two days a week? Is that the right avenue? We wanted to bring reflection and data that will provide avenues to enlightenment," said Mr. Therrien.

Two speakers will share their experiences at the Damage Insurance Day coming up on Thursday, April 13: Antoine Mindjimba from EY, and Catherine Rioux from Rioux HR Consultants.

The damage insurance industry has not escaped this issue, said Catherine Rioux. "The pandemic has even accelerated the trend of remote work and forced companies to adapt to this new reality," she said. Today, the challenge is to integrate teleworking effectively and equitably into the organizational structure of our companies, while maintaining a sense of belonging."

"In our contacts with the industry, we have observed that it is essential to consider the advantages and disadvantages of teleworking for employers and employees. We took the opportunity of the conference to share these perspectives to help companies make informed decisions about the future of work," said Rioux.

To provide even more guidance, the *Journal de l'assurance* decided to conduct a survey of damage insurance networks, added Mr. Therrien.

"I thought it was important because when you run a small or medium-sized business, we are often alone when faced with big issues. The pandemic has raised enormous ones. Questioning competitors about their strategy sometimes creates discomfort. However, comparing management practices helps to enlighten yourself," he said.

This survey will allow many people in the industry to compare their thinking, as well as their management methods for the post-pandemic period, explained Mr. Therrien. "As some human resources issues are complex, we partnered with Rioux HR Consultants, a human resources firm, to respect the sensitive nature of human resources management."

"Many clients have asked us to provide them with a realistic portrait of the challenges and realities facing the property and casualty insurance industry, in order to better position itself in the market," said Ms. Rioux. That is why we decided to conduct a survey in partnership with *Éditions du Journal de l'assurance*. The survey will not only provide comparative data from the entire industry, but also propose solutions to innovate and stand out in an increasingly competitive industry to attract skilled labour."

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How Sun Life Grew And Prospered During The Pandemic

Insurance Giant Invested In Employees' Mental Health And Digital Capabilities That Helped Drive Record Profits

By Terry Pender, Waterloo Region Record, March 21, 2023

https://www.therecord.com/news/waterloo-region/2023/03/20/how-sun-life-grew-and-prospered-during-the-pandemic.html

Sun Life Financial Canada is looking to hire 248 people right now.

With 4,159 employees, the 158-year-old financial-services giant dwarfs any tech company in the Waterloo Region, and is second only to the Toyota plants in Cambridge for employee head count in the private sector locally.

President Jacques Goulet wants to dispel any notion that Sun Life is a slow-growth behemoth in a mature industry.

"There is more and more room for companies like Sun Life to bring innovative solutions to distinguish themselves from the competition," said Goulet.

Before the pandemic began, Sun Life employed 3,941 people in Waterloo. The integrated technology teams at Sun Life, which include data scientists, analytics and artificial intelligence, grew by 24 per cent during the pandemic.

So did the profits. Sun Life reported net earnings of $3.76 billion at the end of 2022.

"Sun Life had record earnings last year, we have done really well," said Goulet. "In my view, we haven't missed a beat and it speaks to the resilience of our employees."

About 84 per cent of Sun Life's employees in this Region now work from home. As the pandemic grinds into its fourth year, they are under no pressure to return to the office full-time. If they have to come in one day a week to carry out specific in-office tasks, that's fine. If they can do it all from home, that's fine too.

Flexibility, choice, and empowerment are the guiding principles, said Goulet.

"Our view is there is no need to mandate days in the office," he said. "We don't really believe in going back to the way things were."

When employees want to work in the office, they can find a space on the fourth floor where Sun Life spent millions on a complete renovation — creating attractive, flexible spaces with lots of natural light. There are private rooms for team meetings, open areas for collaborative work and plush, wingtip chairs beside large windows.

The COVID-19 pandemic created the opportunity to do things differently, and give employees more balance and flexibility, Goulet said. And the company has heard how employees love having breakfast with their families, and picking their children up from school in the afternoon, rather than commuting to and from work.

"It has been great for employee engagement. Our engagement scores during the pandemic have actually gone up. It has been good for recruiting and retention," said Goulet.

"Many of our employees feel their lives have improved."

Mental health is an issue Goulet takes seriously. He increased the annual benefit to $12,500 for Sun Life employees who need counselling or psychotherapy.

"When the pandemic hit, we realized that the resilience of our people was going to be really important."

Sun Life manages the files of more than 50,000 Canadians on long-term disability. For more than 30 per cent of the cases, mental health issues drove them from work. Cancer is behind 15 per cent of the claims.

Team leaders were trained to spot signs of mental health struggles among team members. Two senior executives talked openly at a meeting about their struggles — one with depression, the other with the suicide of a 23-year-old daughter.

"You are sitting in a town hall where the CEO is talking about the financial results, and then you have two executives openly talk about their own struggles. It sends a signal that it is OK not to be OK," said Goulet.

In March 2020, Goulet recalls meeting with his executive team. The pandemic had been declared, and all employees were working from home. The status quo was not an option. Some companies started cutting expenses right away, and hunkered down.

Goulet's team decided to "turn the tap on" and invested millions to accelerate many different initiatives, mostly in digital capabilities.

"It did us some real good, in my view, because we were able to do in two or three years what otherwise may have taken six, seven, or eight years," said Goulet.

It quickly struck a partnership with a Montreal-based provider of telemedicine, Dialogue, in the early days of the pandemic. Goulet's team predicted telemedicine demand would take off during the pandemic. It later invested in Dialogue, and now owns a 24-per-cent share.

"The pandemic was something that changed things around the whole world," said Goulet.

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Smaller Canadian FIs Lobby For Higher Deposit Insurance Limit Ahead Of Federal Budget

A Coalition Wants A Review Of The $100,000 Limit That Hasn't Changed Since 2005

By Mark Burgess, Investment Executive, March 21, 2023

https://www.investmentexecutive.com/news/industry-news/banks-lobby-for-higher-deposit-insurance-limit-ahead-of-federal-budget/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

A group of smaller Canadian financial institutions was lobbying the federal government for an increase to limits on deposit insurance weeks before Silicon Valley Bank (SVB)'s collapse.

In a February 7 letter to Finance Minister Chrystia Freeland, the Bank and Trust Companies Association (BATCA) asked for a review of the $100,000 limit on deposit insurance provided by the Canadian Deposit Insurance Corporation (CDIC) — a cap that hasn't moved since 2005.

The letter, signed by Equitable Bank president and CEO Andrew Moore and Home Capital Group Inc. president and CEO Yousry Bissada, among others, said that "nearly 20 years of inflation has eroded the value of this insurance."

Raising the limit would make the financial system safer, they argued, and protect Canadians from losing their savings if a financial institution fails.

"Increased protection limits would send Canadians a strong signal about the stability of the financial system while greatly reducing any concern about the damage a 'run on the bank' could have on an institution and its depositors," the letter stated.

A higher limit would also help smaller financial institutions compete for deposits with the big banks, the Association argued, as it would assuage fears about the safety of deposits.

"Indeed, the stability of that part of the financial system occupied by small and medium-sized institutions relies to a much larger extent on the confidence given to depositors through deposit insurance coverage," it said.

The $100,000 CDIC limit would be about $146,000 today if it had been indexed.

The limit for insurance coverage in the U.S. is $250,000, but regulators there stepped in to guarantee all SVB deposits. Smaller U.S. banks are lobbying in Washington to temporarily extend insurance to all deposits.

The BATCA letter was first reported by Bloomberg.

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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.

Register Here

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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.

Register Here