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CAFII ALERTS WEEKLY DIGEST: March 25 – March 28, 2024

March 28, 2024

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/ BUSINESS DEVELOPMENTS

CAFII Study Shines Light On "Concerning Trend" Among Homeowners

The Shortfall Leaves Them Vulnerable

By Terry Gangcuangco, Insurance Business, March 25, 2024

https://www.insurancebusinessmag.com/ca/news/life-insurance/cafii-study-shines-light-on-concerning-trend-among-homeowners-482502.aspx

A new study commissioned by the Canadian Association of Financial Institutions in Insurance (CAFII) has found a “concerning trend” among Canadian homeowners.

Involving 1,175 Canadian homeowners, the research was conducted by LIMRA on behalf of CAFII to examine whether individuals with lower incomes prioritize credit protection insurance (CPI) over others and whether the product plays a significant role in the market for homeowners.

CAFII reported: “The study found a concerning trend among Canadian homeowners: a significant 80% lack sufficient insurance coverage, being either uninsured or underinsured with CPI or traditional life insurance. This shortfall in coverage leaves many families inadequately protected against unforeseen life events…

“Low-income homeowners are significantly more likely to be uninsured compared to those in higher income brackets. Of those who are insured, 75% of low-income homeowners are underinsured, meaning they lack sufficient coverage to protect their financial well-being. Despite the alarming rate of underinsurance, only 55% of all homeowners with credit own some form of CPI.”

It was noted that low-income homeowners have notably less CPI coverage compared to their high-income counterparts. For CAFII, this suggests a substantial gap in knowledge when it comes to CPI.

“While 80% of homeowners are underinsured or uninsured, among low-income homeowners with credit, 24% have no insurance, and another 10% rely solely on CPI for their insurance needs, which is significantly more than other income groups and highlights the importance of this form of protection for financially vulnerable households,” CAFII added.

In response, LIMRA recommends raising awareness about insurance and credit protection through educational initiatives, as well as providing priority access and considering survivorship.

“The findings of this report underscore the urgent need for Canadians to assess their insurance needs and coverage,” CAFII executive director Keith Martin said. “We must ensure that all Canadians, regardless of income, have access to affordable insurance solutions that protect their financial wellbeing.”

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La Plupart Des Propriétaires Canadiens Ne Sont Pas Suffisamment Assurés

Par Kate McCaffery, Portail de L'Assurance, 20 mars 2024

Une nouvelle étude de la LIMRA, commandée par l'Association canadienne des institutions financières en assurance (ACIFA), a révélé que 80 % des propriétaires canadiens n'ont pas une couverture d'assurance suffisante, n'étant pas assurés ou insuffisamment assurés par l'assurance protection de crédit (CPI) ou l'assurance vie classique.

L'étude a également révélé que 38 % des propriétaires ayant un crédit sont « à risque ». Il s'agit de propriétaires ayant un crédit qui ont des personnes à charge, mais qui ne sont pas suffisamment assurés.

De plus, l'étude a montré que 55 % des propriétaires canadiens utilisent le CPI.

L'ACIFA indique que l'objectif principal de l'étude était de montrer la prévalence des produits d'assurance, en mettant l'accent sur le CPI. « Les résultats ont soulevé d'importantes préoccupations quant à la sécurité financière de nombreuses familles canadiennes », écrit l'organisme dans une déclaration concernant la publication de l'étude.

« Le rapport s'est attaché à répondre à des questions essentielles concernant l'environnement de l'assurance parmi les propriétaires canadiens. Il a cherché à déterminer si les personnes à faible revenu privilégient le CPI par rapport aux autres et si le CPI joue un rôle important sur le marché de l'assurance habitation. »

Read full article (subscription required*): https://portail-assurance.ca/article/la-plupart-des-proprietaires-canadiens-ne-sont-pas-suffisamment-assures/*

New Year, New Regulation: Osfi's B-13 Took Effect January 1

How Federally Regulated Financial Institutions Are Strengthening Their Technology And Cyber Risk Management Capabilities

By KPMG, March 28, 2024

https://kpmg.com/ca/en/home/insights/2024/02/new-year-new-regulation-osfi-b-13.html?utm_medium=Email&utm_source=SFMC&utm_campaign=24Mar_EXT_FS_Quarterly_Newsletter_FY24_Q2

For Federally Regulated Financial Institutions (FRFIs) in Canada, the new year has brought new requirements. Guideline B-13 on Technology and Cyber Risk Management, published by the Office of the Superintendent of Financial Institutions (OSFI), took effect on January 1, 2024.

The new Guideline comes as no surprise to FRFIs. Many organizations have been preparing for B-13 since the final version was released on July 13, 2022. Much of the guidance consists of long-established, industry leading practices. To ensure adherence, OSFI has strongly encouraged FRFIs to self-assess their current posture against the Guideline and be ready to provide a holistic risk-based assessment of how they meet the B-13 outcomes.

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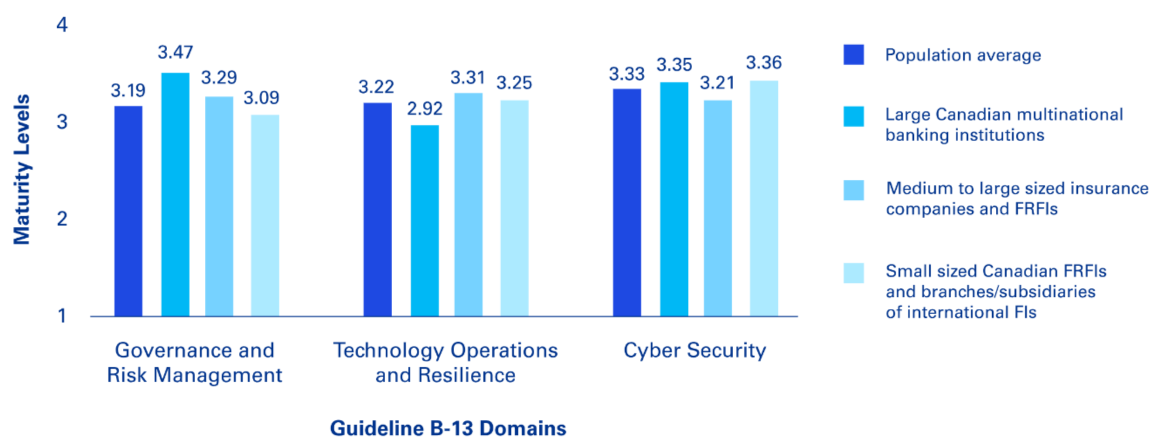
As FRFIs readied themselves for B-13, many non-financial risks intensified in the Canadian financial landscape: cyber-attacks increased in sophistication and severity, technology-driven disruptions and the digitization of money put more pressure on financial business models and operations, and the increased reliance on third-party providers has given rise to new concentration risks.1

As FRFIs prepared for B-13 to take effect, KPMG in Canada launched an industry survey to check in and see where they were along the adherence journey. We learned what steps they had already taken, and what they're planning to do next in order to enhance their governance and risk management processes, strengthen the resilience of their technology operations, and enhance their cyber security capabilities.

How FRFIs Stack Up Against B-13 Outcomes

We asked our participants to provide details about their technology and cyber risk management practices, as well as to assess their current maturity using a scale ranging from "1 – Initial" (the lowest level of maturity, with controls implemented in an ad hoc manner and generally undocumented) to "5 – Continuous Improvement" (the highest level of maturity, with controls being continuously improved to address changing business needs and risks) across the three domains of the Guideline.

Average Maturity Levels
Population and peer groups comparison



Governance And Risk Management

Overall, large FRFIs are strongly positioned in this area compared to the rest of the survey population and demonstrated having a robust view of their strengths and weaknesses. Above all, smaller FRFIs find this area the most demanding of the B-13 requirements. In particular, local branches and subsidiaries of international financial institutions found it even more challenging given their limited visibility over technology and cyber governance, since those processes are mostly managed outside of Canada in the parent country.

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Regardless of the size of the organization, those who have regular meetings with their Board and Management teams to discuss and address technology and cyber risk show higher maturity scores for governance and risk management compared to their peers.

Finally, participants with high maturity scores in this area outperformed the rest of the survey population in the two other domains of B-13, highlighting the importance of having robust governance and risk management processes in place.

Technology Operations And Resilience

Technology asset management is a foundational capability, but it's also a large and complex task that takes time. Organizations can have thousands of devices and applications to inventory and manage. The more complex systems are, the more critical a comprehensive technology asset management strategy becomes, and the task of making sure assets are up-to-date and free from vulnerabilities requires significant ongoing effort especially for larger FRFIs. Participants lacking a complete overview of their critical assets (e.g.; "Crown Jewels") and their environment-specific risks tend to score significantly lower in technology operations and resilience and in the overall readiness average. This emphasizes the necessity of having a clear understanding of technology assets for better risk mitigation.

With respect to System Development Lifecycle (SDLC), several surveyed FRFIs have attempted to move from waterfall to agile methodology. However, some of them have needed to revisit their change delivery approach to ensure they're viewing it through an appropriate risk management lens, which includes robust documentation and a solid configuration inventory.

Cyber Security

Because cybersecurity has been a focus for many organizations and regulators for decades, FRFIs demonstrated the highest maturity scores in this area. OSFI itself issued a cybersecurity self-assessment tool several years ago, which helped serve as a preparatory function for many Canadian FRFIs when it came to adherence to the B-13 requirements.

In addition, participants who regularly engage in realistic cyber incident simulations and self-assessments to evaluate the effectiveness of their cybersecurity function report maturity scores that better reflect their current risk exposure.

Additional Organizational Challenges

Some of the biggest organizational challenges the surveyed FRFIs faced in meeting the B-13 outcomes were:

1. Misalignment on outcomes between the business and IT stakeholders
2. Insufficient talent and/or skills
3. Lack of budget and/or sponsoring

Based on participants' self-assessment maturity scores, on average, the three best-performing and worst-performing Principles of Guideline B-13 for the survey population and peer group were (see table):

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Industry Survey on Guideline B-13 – Focus on Principles

	Strong Performing Areas	Areas Of Improvement
Survey population	1. Disaster recovery plans are established 2. Detect 3. Patch management	1. Technology asset management 2. System development life cycle 3. Technology and cyber risk mgt. Framework
Peer Group 1	1. Respond, recover and learn 2. Technology and cyber strategy 3. Detect	1. Technology asset management 2. System development life cycle 3. Patch management
Peer Group 2	1. Change and release management 2. Technology project management 3. Incident and problem management	1. Technology asset management 2. Technology architecture 3. Identify
Peer Group 3 ***Excluding*** *subsidiaries and branches*	1. Patch management 2. Identify 3. Respond, recover and learn	1. System development life cycle 2. Change and release management 3. Technology and cyber risk mgt. framework
Peer Group 3 *Subsidiaries and branches* ***only***	1. Disaster recovery plans are established 2. Disaster recovery plans are tested 3. Patch management	1. Technology and cyber risk mgt. framework 2. Technology and cyber strategy 3. System development life cycle

What's Next?

Overall, FRFIs who stand out as prepared for B-13 are primarily focusing on where to improve and gain efficiencies. Because adherence to the Guideline is not a one-time effort, FRFIs will need to demonstrate they have robust measures in place to ensure ongoing monitoring of their risk posture and consistency across their lines of defence. Even though FRFIs have continued to make progress, there's still work to be done for many of them. The task now is to develop a roadmap to remediate gaps and work efficiently to fill them.

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1. **Conduct A Maturity Assessment**

Many organizations performed readiness or maturity assessments prior to B-13 coming into effect to gauge their progress and identify remaining gaps. If you haven't done it, it's never too late. FRFIs are at variable stages of readiness and some challenges are common to organizations of a certain size. Many of the B-13 recommendations appear complex to implement, but consist of basic technology hygiene and leading practices. Find a partner that can help assess your implementation program and accelerate the process of finding and closing any gaps.

2. **B-13 Isn't An Isolated Guideline. It's A Building Block**

Recognize that B-13 is part of an ecosystem of OSFI guidelines. Every effort made and achievement already realized for B-13 can be leveraged for other related guidelines, including Guideline B-10 on Third Party Risk Management and Guideline E-21 on Operational Resilience and Operational Risk Management, which are coming down the OSFI pipeline next.

3. **The Process Itself Builds Resilience**

Don't view your adherence achieved to B-13 as a "check the box" exercise. Rather, think about it as a resilience-building exercise. These are industry leading practices informed by current circumstances. It's important to see the big picture and commit to the process from a budget and strategy perspective. In the end, the process itself can make your organization more efficient, more effective, and more resilient overall.

Desjardins Expands Insurance Reach With New Acquisition

Desjardins Strengthens Its Canadian Market Presence With Icpei Acquisition, Enhancing Commercial Insurance Offerings

By Freschia Gonzales, Wealth Professional, March 28, 2024

https://www.wealthprofessional.ca/investments/life-and-health-insurance/desjardins-expands-insurance-reach-with-new-acquisition/384971?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20240328&_hsmi=300262571&_hsenc=p2ANqtz-_u8wHkIhgxFOYKGIW9_h3MNTUwqUyhbQhpOfEIgo9a4nm66wQTEiATdyD_rMrtVLpXouneS13TU1Wxl1NPH0YfQ80VEQ&utm_content=&utm_source=

Desjardins has announced its acquisition of The Insurance Company of Prince Edward Island (ICPEI) through its subsidiary, Desjardins General Insurance Group Inc., in collaboration with ICPEI Holdings Inc. (ICPEI Holdings).

This move enables Desjardins to integrate ICPEI's home, auto, and commercial insurance services into its extensive portfolio.

Notably, Desjardins advanced the timing of this acquisition by exercising its call option ahead of the initially planned schedule, pending the fulfillment of regulatory approvals and customary closing procedures.

This acquisition signifies a pivotal expansion for Desjardins, aiming to diversify its insurance offerings to better cater to the needs of small and medium-sized enterprises across Canada. ICPEI's specialized expertise and its established network of brokers are expected to fortify Desjardins' capability to more effectively serve its clients.

Guy Cormier, president and CEO of Desjardins, stated, "With this acquisition, we're strengthening Desjardins' position in the Canadian commercial insurance market."

He continued, "That's why we're very pleased to be able to count on ICPEI's expertise in brokerage distribution of commercial insurance to expand our reach and access new markets."

Further, commercial insurance products from ICPEI will be made available through insurance brokers, complementing the existing direct sales and exclusive agent networks of Desjardins Group.

This approach is expected to leverage Desjardins' financial stability to support ICPEI's ongoing development and expansion efforts.

Echoing the sentiments of strategic alignment and growth, Serge Lavoie, president and CEO of ICPEI, remarked, "This acquisition is clearly in line with ICPEI's strategic goals to expand insurance distribution across the country and pave the way for even greater collaborations on the Canadian market."

The decision to expedite the acquisition comes after Desjardins' initial minority interest purchase in ICPEI in February 2023, with an original timeline set for a complete acquisition within three to five years.

Prompted by favorable market conditions and ICPEI's adherence to partnership commitments, Desjardins accelerated its acquisition strategy. This move aligns with Desjardins' broader objectives of growth and proactive engagement in key sectors.

This acquisition stands as a significant milestone for Desjardins, ICPEI, and their partnering brokers, promising enhanced services for Canadian businesses and avenues for growth in strategic sectors.

FSRA Flags Few Issues At Credentialing Bodies

Regulator Reports Results Of First Supervisory Reviews At Planner/Advisor Titling Organizations

By James Langton, Investment Executive, March 27, 2024

https://www.investmentexecutive.com/news/from-the-regulators/fsra-flags-few-issues-at-credentialing-bodies/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=f9f4f6eaaf33f1b05c846d7c2a532f58

The first reviews of the organizations that administer the credentials that qualify industry reps to use the financial advisor and planner titles in Ontario found room for improvement in certain aspects of their operations.

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The Financial Services Regulatory Authority of Ontario (FSRA) released the results of its first round of credentialing body oversight reviews. It found no violations of the regulations or legislation that established the titling regime and no breaches of its approvals for specific organizations.

However, it did highlight three areas for improvement at the credentialing bodies — including the need to:

- improve continuing education (CE) compliance by advisors and planners;
- enhance the efficiency of the credential holder attestation process; and,
- enhance the accessibility and content of websites set up to deal with consumer complaints.

FSRA said that while the credentialing bodies it reviewed had processes in place to implement and monitor effective continuing education programs, it recommended that one of them improve CE compliance rates.

Specifically, it recommended that credential holders receive "frequent reminder communications regarding the mandatory completion of continuing education requirements and issuing guidance that provides additional information on continuing education requirements."

The report also said that FSRA provided recommendations to two credentialing bodies to enhance the accessibility and user-friendliness of their complaint-handling webpages.

Looking ahead, FSRA indicated reviews in the year ahead would focus on four areas: how the "client's interest first" principle is integrated into credentialing programs; ensuring that credentialing bodies are adequately resourced; the transparency and accessibility of credentialing bodies' complaint-handling processes; and processes for credentialing bodies to carry out disciplinary actions on credential holders that violate the terms of their designations.

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OTHER CAFII MEMBER-RELEVANT NEWS

Gender Pay Gap, Imposter Syndrome, Diversity KPIs – What Do Top Female Insurance Leaders Think?

There's More Work To Do…

By Gia Snape, Insurance Business, March 26, 2024

https://www.insurancebusinessmag.com/ca/news/breaking-news/gender-pay-gap-imposter-syndrome-diversity-kpis--what-do-top-female-insurance-leaders-think-482768.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20240326&_hsmi=299903045&_hsenc=p2ANqtz-84ac8iKYUfYuCg4PkCvAIAtt657EIUZtTVcNLBqZGOyp5-U90anKTAzexP-2PONk05bmnhW0c-emSn_eVLztQJkGoebA&utm_content=&utm_source=

There's more work to be done to make the insurance industry a gender-equitable and diverse place.

Top female insurance leaders in Canada gathered for an International Women's Day panel arranged by Desjardins last week and agreed that insurance organizations can't sit on their laurels.

Despite progress in getting more women into leadership roles, issues such as gender pay disparity, a lack of supportive workplace policies, and imposter syndrome remain a harsh reality for many.

"I'm frustrated by the continuing discussion about the structural issues that result in a pay gap between men and women," said Tracy Garrad (pictured far right), president and CEO of Aviva Canada.

"We must constantly keep vigilant and have processes in place that ensure that we do genuinely have pay equity."

"Nice Girls Don't Ask" – The Link Between The Gender Pay Gap And Imposter Syndrome

For Garrad, one of the many reasons the gender pay gap persists is that women are less likely to ask for what they're worth, whether it's a salary increase, a promotion, or an important project.

"We need to give them the aspiration and tell them how good they are and that they deserve to ask, and we have to do the right thing even if they don't," Garrad said.

Jolee Crosby (pictured in the middle), CEO of reinsurance, Canada, and English Caribbean at Swiss Re, spoke about the impact of imposter syndrome on her career journey.

Crosby shifted from property and casualty (P&C) insurance to the life and health space, navigating a new market in an unfamiliar region.

"That was such a defining moment for me because I realized I wasn't going to let fear dictate my life choices," she reflected.

"It's kind of scary though. It's easier now that I've done it, and I've made so many cross-functional moves, but going across the world took me to a whole other level. You have to be comfortable being uncomfortable because you're not going to know all the answers.

"For me, it opened up a world of opportunity because I wasn't self-censoring myself."

'Beyond The KPIs' Of Gender Equality

Crosby also stressed the importance of using KPIs to track diversity and equity progress. However, she cautioned fellow insurance leaders against merely chasing targets.

"It was just a little over a year ago that I had to go to our external board [meeting] in Zurich," said Crosby. "When I walked into that room, which has the most senior leaders at Swiss Re and external board members, I was the only woman in that room except for the note-taker.

"It made me realize all the good things that we're doing. Now, if I walked into that room, there would be women in that room. But we should never be complacent."

For Valérie Lavoie (pictured far left), president and COO of Desjardins, the pursuit of gender equality is more than meeting a KPI. She noted that the percentage of women in Canada's workforce had increased from 76% to 86% in the last 30 years, which means organizations should work harder to ensure their growth and needs are supported.

"Gender equality is so much more than just hiring women to meet a target," Lavoie said. "It's what we have to do as an organization to foster a dynamic environment where the employees grow and develop their skills."

Garrad also underscored the importance of supportive work environments for women and diverse individuals to thrive.

"Sometimes women, as much as they've got great potential, they might not have that confidence," she said. "In promoting people and giving people stretch opportunities, we have to also give them the support frameworks to help ensure they succeed and not just leave them to sink or swim."

Ontario Regulator Recognizes Another Industry Qualification To Use Financial Planner Title

By Clare O'Hara, The Globe and Mail, March 22, 2024

The head of Canada's largest professional association of financial planners says she is disappointed and concerned that Ontario's financial services regulator has approved a designation with a similar name to its own.

On Friday, the Financial Services Regulatory Authority of Ontario (FSRA) said the Canadian Institute of Financial Planning can permit people with the Chartered Financial Planner designation to call themselves financial planners. The approval is part of the province's new legislation to help investors ensure they are dealing with qualified experts.

The institute first launched the Chartered Financial Planner designation in the early 1980s. But chief executive Keith Costello said the institute shut the course down to new entrants in 1998 and maintains the designation for existing certificate holders only – of which there are a "couple hundred."

Read full article (subscription required): *https://www.theglobeandmail.com/business/article-ontario-regulator-recognizes-another-industry-qualification-to-use/*

OSFI Charges Ahead In Climate Resilience Push

Guideline Updates Announced

By Terry Gangcuangco, Insurance Business, March 22, 2024

https://www.insurancebusinessmag.com/ca/news/environmental/osfi-charges-ahead-in-climate-resilience-push-482397.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20240322&_hsmi=299433958&_hsenc=p2ANqtz-_0oDIhvthOQgvZDVW5rjvS64HlQLRkWJQMjJ6yQNBjgPk9THJSWPLpfIuZrU_KmipY-XNGtGx9Y8cS54aPIu7PZ9Luhg&utm_content=&utm_source=

The Office of the Superintendent of Financial Institutions (OSFI) has announced updates to its Guideline B-15: Climate Risk Management, aligning the operations of federally regulated financial institutions (FRFIs) with global sustainability standards, specifically the International Sustainability Standards Board's IFRS S2 Climate-related Disclosures standard.

Through the updates, OSFI aims to promote transparency of climate-related risks while streamlining climate disclosures.

Additionally, OSFI is introducing new Climate Risk Returns to systematically gather data on emissions and exposures from FRFIs. The release follows a thorough consultation process, culminating in the publication of a "What We Heard" report that compiles the feedback. The collated data will be instrumental for OSFI in developing policies as part of its climate risk regulation and supervision.

"Over the last year, OSFI has made significant progress in promoting robust climate risk management by financial institutions," said Peter Routledge, Superintendent of Financial Institutions. "Today, we are taking another step by releasing updates to Guideline B-15 and new Climate Risk Returns."

The initial version of Guideline B-15 was published in March 2023, with the changes poised to take effect at the fiscal year-end 2024 for domestic systemically important banks and internationally active insurance groups that are headquartered in Canada. All other FRFIs that fall within the scope of the regulation will be expected to comply by the fiscal year-end 2025.

OSFI has also committed to reviewing and amending the guideline regularly to ensure it remains in step with evolving practices and standards in climate risk management.

BMO Ramping Up Its Broker Channel Division With New Network Partnerships

By Steve Huebl, Canadian Mortgage Trends (Mortgage Industry News), March 25, 2024

https://www.canadianmortgagetrends.com/2024/03/bmo-ramping-up-its-broker-channel-division-with-new-network-partnerships/

Since its official launch in late January in Ontario and Atlantic Canada, BMO's BrokerEdge division has been making waves and slowly growing its presence in Canada's mortgage broker channel.

The bank kicked off its return to the broker channel—following a 16-year hiatus—in a "small and very deliberate" way, Justin Scully, Head of BMO BrokerEdge, told CMT in a recent interview.

That involved working with a small group of brokers from DLC (Dominion Lending Centres) and M3 Group during its soft launch in January before expanding to a select group of brokers from TMG the Mortgage Group in early March.

"We have been in a controlled state with a very small group of select brokers to ensure that all the functionality is working as intended and that we can deliver on providing an excellent broker and customer experience," said Paula Oliveira, BMO's Regional Vice President, Ontario and Atlantic Canada. "That's our main priority right now."

Scully added that despite all of the team's preparations in the lead-up to the launch, "we've learned a few things and we feel even better about coming back into the channel."

"Basically we've been able to test the different intake points to make sure things worked with each network, each sub-network, each POS [Point of Sale], different deal types, and it's all gone according to plan," he added.

And so far, feedback from the bank's broker partners has been positive.

Scully confirmed that BMO expects to be operating in the broker channel nationwide by fiscal 2026, with a West Coast roll-out up next.

Working To Expand Its Product Offerings

BMO has also confirmed that it is actively working to introduce more of its lending products and programs to the broker channel.

For now at least, access to certain specialty lending programs are only available through BMO's proprietary channel. This includes the bank's Canadian Defence Community Banking program, which caters to members of Canada's armed forces, as well as BMO's Homeowner ReadiLine, the bank's revolving home equity line of credit (HELOC).

"We don't have our HELOC product yet, but we will," Scully confirmed, adding it should be available by the end of the year or early 2025. "I would say the risk appetite in both channels is the same. We do not have a different appetite by channel."

Oliveira noted that broker clients do have access to some of the bank's other popular programs, including its short-term rental financing program, which caters to services like Airbnb and is unique in the A-lending space.

Other programs include new construction financing, which uses the current appraised value of the property to determine the loan-to-value (LTV), and a program for high-net-worth clients that allows them to use liquid assets as an alternate source of down payment up to a maximum LTV of 80%.

"So products like this will give us the leverage to be very respected in the broker space," Oliveira said.

In addition to these product offerings, BMO has also been promoting the benefits of its team of Welcome Advisors, who will connect with clients in the post-approval and pre-funding phase and work with them again post-funding.

"It's about really understanding what the client needs and how can we help ensure they are in a better financial position after going through such a large purchase," Oliveira said.
"The design decisions we've made around the welcome advisor team and the way we can help customers with all their other financial needs, and the way we envision that ultimately interfacing as a value add to brokers, has been really well received," Scully added.

A Focus On Customer Acquisition

Since it first publicly announced its return to the broker channel last summer, BMO has been open about its goal of building holistic relationships with customers rather than merely securing mortgage deals.

Interestingly, Scotiabank has recently embarked on a similar path, reporting that in the first quarter, 70% of its new mortgage deals involved clients who had multiple financial products with the bank. This move signals a broader industry trend of banks wanting to deepen their relationships with clients across various financial products and services beyond the traditional mortgage offering.

"This is about customer acquisition, not just mortgage acquisition for BMO," Scully said. "And so, we're looking for brokers who want to be with us on our journey to franchise customers, to take a mortgage customer and have a real, meaningful conversation about how we can help them across their financial needs."

Scully acknowledges that it's not a vision that will necessarily be shared by all brokers. "If our broker doesn't support that and doesn't understand that's the most critical element for BMO, it's okay," he said. "So, there will be brokers for whom BMO BrokerEdge is not a fit, and we're good with that."

The Brokers BMO Wants To Partner With

Once BMO BrokerEdge is fully expanded across the country, Scully said the bank will continue to be selective about the brokers it chooses to work with to maintain a focus on quality and BMO's business objectives within the channel.

"We're really transparent about what matters to us. We we want brokers that run a really clean business, with a propensity to do a lot of A-, bank-type business," he said.

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"We do know that in the broker channel there tends to be a little bit more focus on first-time homebuyers who tend to be a little bit more in default insured business," he added. "And so, that's certainly part of the approach and we intend to be very competitive in those spaces."

Q&As

Both Oliviera and Scully addressed a variety of other topics during the interview, with some of the key highlights below.

- On the bank's commitment to offering same-day pricing responses to brokers:

"Definitely one of our commitments to our customers and to the brokers is to be responsive and to have everything aligned for them in order to provide an answer to their clients," said Oliveira. "I'm not that in the beginning everything is going to be perfect, because we are going through a transition, but that's our objective."

- On the reputation BMO is trying to build:

"We're being really transparent with the brokers upfront. We're going to do a lot of training on our appetite. What types of deals we like, what types we were less favourable, Because, if you're going to meet a broker a year from now and you ask them about BMO, I want them to say we're really efficient, we're fast to yes, and we're really reliable. And if they said those things, then I'd be thrilled."

- On the bank's plans to continue offering fixed-payment variable-rate mortgages in light of concerns from OSFI:

"As we evolve, we'll evolve the same across channels. When we did a fixed-payment variable rate product we did it because, in a rising rate environment, it gives customers time and flexibility to manage payments, and that's been proven right," said Scully. "Customers can take voluntary actions, whether they make a lump sum payment or they increase their payment, and many are doing so prior to renewals so that they minimize the payment increase. And then in a declining rate environment, the benefit would be that they'll pay off their mortgage sooner."

BMO To Begin Racial Equity Audit This Year

And All Big Six Banks That Pledged To Increase The Number Of Black Board Members Have Done So

By Melissa Shin, Investment Executive, March 21, 2024

https://www.investmentexecutive.com/news/industry-news/bmo-to-begin-racial-equity-audit-this-year/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=f9f4f6eaaf33f1b05c846d7c2a532f58

Bank of Montreal, which committed to a racial equity audit in November following engagement from shareholders, will begin that audit this year. Like Royal Bank of Canada, BMO will conduct the audit in two parts: the 2024 review will focus on employment equity, and a 2025 review will focus on the bank's business practices, a spokesperson told Investment Executive.

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The results will be made public after the reviews are completed.

Since last year's proxy season, all of the Big Six except Scotiabank have committed to racial equity audits in response to engagement from activist shareholders. TD's audit was completed last year.

Further, all of the Big Six banks that signed a widely publicized commitment to increase the number of Black board members by 2025 have hit that goal.

In 2020, BMO, 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 have 13 to 15 members, so adding one Black director satisfies the requirement.

With a year left to the goal's deadline, the four signatories have reached their goal. BMO appointed a Black board member in August 2023, National Bank in April 2021 and Scotiabank in June 2022. CIBC has had a Black board member since 2017.

CIBC also achieved one of its racial-equity goals set in 2021, which was to have at least 4% of board-approved executive roles be held by members of the Black community by the end of 2023. Last year, the bank updated the goal, aiming for at least 5% by 2025.

Banks also have increased the number of Indigenous board members, with three banks nominating Indigenous directors this year, up from two last year. Further, Toronto-Dominion Bank is nominating two Indigenous directors, up from one last year.

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

<u>Bank of Montreal</u>
Racial equity audit status: Committed to a racial equity audit in November following engagement from shareholders. The audit will begin this year and focus first on employment practices, and then business practices.

Board status, 2024:

- Six of 13 nominees are women (46%; goal of 33%)
- Two of 13 nominees identify as people of colour (15%; no goal)
    - One nominee identifies as Black (8%; 3.5% goal)
    - No nominees identified as Indigenous (no goal)

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Bank of Nova Scotia
Racial equity audit status: No formal audit reported; no shareholder resolution requesting one in 2024.

Board status:

- Five of 14 nominees are women (36%; goal of 30%)
- Two of 14 nominees identify as people of colour (14%; no goal)
    - One nominee is Black (7%; goal 3.5%)
    - No nominees identified as Indigenous (no goal)

CIBC
Racial equity audit status: "CIBC has engaged an independent third party to undertake a two-phased racial equity assessment on our employment policies and commercial practices in 2024 and 2025," the bank states in its 2023 sustainability report. "A final report, including recommendations and an action plan, will be included as part of our 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 identifies as Black (8%; goal 3.5%)
    - One nominee identifies as Indigenous (8%; 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:

1. Six of 13 nominees are women (46%; goal of 40%)
2. One of 13 nominees is a visible minority (8%; no goal)
    1. That nominee is Black (8%; goal 3.5%)
    2. No nominees identified as Indigenous (no goal)

Royal Bank of Canada

Racial equity audit status: Committed to a racial equity audit in November following engagement from shareholders. The bank plans to complete a third-party racial equity audit of employment practices by the end of December 2024. Also by the end of 2024, the bank said it will scope out a third-party racial equity audit of its business practices, with the audit taking place in 2025.

Board status:

- Five of 13 nominees are women (38%; goal of 35%); the bank also appointed a woman to the board in February
- Four of 13 nominees identify as Black, Indigenous, people of colour and/or LGBTQ+ (31%; no goal)
    - One nominee identifies as Indigenous (8%; no goal)

Toronto-Dominion Bank

Racial equity audit status*:* TD was the first of the Big Six banks, and among the first companies in Canada, to agree to conduct an audit following pressure from shareholders. The bank's audit was completed in 2023. The audit drew praise for its trailblazing, but the shareholder that requested the audit observed it had "key limitations" because it covered only employment practices and company culture, not commercial practices.

Board status:

- Seven of 15 nominees are women (47%; goal of 30%-40%)
- Ten of 15 nominees identify as a visible minority, Indigenous person, 2SLGBTQ+ or a person with a disability (67%; no goal)
    - Two nominees are Indigenous (13%; no goal)
    - One nominee is Black (7%; no goal)

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UPCOMING CAFII-RELEVANT WEBINARS & EVENTS; AND RELATED EDUCATION CONTENT

LIMRA and LOMA Canada Annual Conference

Time: Wednesday, May 1, 2024
Location: Manulife, Toronto, ON

The world is moving fast. Each industry is very different today than it was 10 years ago. The change 10 years from now will be even greater. Where will these changes take place in the life insurance industry and what are the critical success factors for winning companies? David Levenson, CEO and President, LIMRA and LOMA, will share our organization's research and best thinking to guide companies on how to expertly navigate what's ahead.

Register Here
Early bird rate (by April 1, 2024)
LIMRA/LOMA member: CD$725 + HST
Non-member: CD$950 + HST

Regular rate (after April 1, 2024)
LIMRA/LOMA member: CD$950 + HST
Non-member: CD$1,175 + HST

THIA's 2024 Annual Conference

Date: May 22-24, 2024
Location: Quebec City, Canada

THIA's conference is the highlight of the Canadian travel insurance year and for the first time we are hosting this special event on Canadian soil. We expect to welcome many returning attendees and, by holding our premier event in beautiful Quebec City, we hope to meet many first-time attendees as well.

As always, you won't want to miss:

- Engaging insights from industry experts
- Networking opportunities with peers and prospects from across the globe

A chance to participate in scheduled professional and leisure activities

Register Here **-** *'Early Bird' registration for THIA and UStiA members is $1,025 CAD until March 31, 2024.*