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CAFII ALERTS WEEKLY DIGEST: March 3 – March 10, 2023

March 10, 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 Opens Online Reporting For Unsuitable Life Agents

By Kate McCaffery, The Insurance Portal, March 9, 2023

Regulator opens online reporting for unsuitable agents - Insurance Portal (insurance-portal.ca)

The Financial Services Regulatory Authority of Ontario (FSRA) announced on March 7 that it is making it easier for managing general agencies (MGAs) and insurers to report life agents who may be unsuitable.

The new functionality on FSRA's website allows companies to upload and share investigation reports and documentation directly with the regulator. "FSRA will use this information to identify and examine agents whose practices may result in consumer harm," the regulator writes. "Insurers are required to report unsuitable agents to FSRA by law."

FSRA says that examples of unsuitability include unlicensed activities, misrepresentation, missing continuing education credits, missing errors and omissions insurance coverage, criminal charges or convictions, and bankruptcy, consumer proposals or other insolvency matters, alongside any regulatory breaches – whether those breaches contravene FSRA's rules or those of another regulator.

"Where there is evidence of non-compliance with the *Insurance Act*, FSRA will enforce the applicable laws and regulations," the regulator states.

The new online submission capability also gives companies the ability to access their submissions more than once and upload more documents in an ongoing fashion, as they become available.

FSRA Publishes New Supervision Guidance For Ontario-Incorporated Insurers

By Kate McCaffery, The Insurance Portal, March 6, 2023

The Financial Services Regulatory Authority of Ontario (FSRA) has published its approach to the supervision and risk assessment of Ontario-incorporated insurance companies and reciprocals based in Ontario.

The Risk Based Supervisory Framework for Ontario Incorporated Insurance Companies and Reciprocals Guidance, or RBSF-I, spells out the processes and practices which FSRA will follow when establishing supervisory plans and taking supervisory action. The report includes a discussion of FSRA's principles and standards; and the elements it says will enable a common approach to assessments across insurers and over time. It also discusses company importance, inherent risks, controls, and oversight.

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"This approach guidance articulates FSRA's supervisory approach for all insurers, as well as the practices and processes for determining an insurer's overall risk rating (ORR), intervention level, and the level of FSRA's supervisory activity," the regulator writes. "The guidance does not prescribe compliance obligations for insurers. Rather, it describes the processes and practices which FSRA will follow."

FSRA adds that the extent of supervision will depend on the size, complexity, and risk profile of each insurer, along with the potential consequences and systemic impact which could occur were the insurer to fail.

The RBSF-I's primary focus, FSRA says, "is to determine the impacts of current and potential future events, both internal and external, on the risk profile of each insurer and to drive FSRA's allocation of supervisory resources."

Read Story (Subscription Required): *Ontario regulator publishes new supervision guidance for insurers - Insurance Portal (insurance-portal.ca)*

OSFI Guideline Governing Culture And Behaviour Risks Published For Comment

By Kate McCaffery, The Insurance Portal, March 3, 2023

Federal guideline governing culture and behaviour risks published for comment - Insurance Portal (insurance-portal.ca)

The Office of the Superintendent of Financial Institutions (OSFI) has published a draft Culture and Behaviour Risk Guideline for consultation after earlier feedback from stakeholders expressed concern about the use of terms such as 'culture' and 'risk' without clearer terminology. "Respondents expressed confusion about which outcomes shape culture and which outcomes result from Federally Regulated Financial Institution (FRFI) culture," OSFI wrote.

FRFIs currently include 60 life insurance companies, nine fraternal benefit societies, and 149 property and casualty companies, in addition to Canadian banks, trust companies, and loan companies.

"Several respondents expressed concern that OSFI would attempt to prescribe the culture institutions should have. We acknowledge that each institution has a unique culture. The draft guideline is more focused and clarifies our intent by setting expectations for FRFIs to have governance, processes and practices in place to define, assess, and manage culture and behaviour risks that are proportional to their size, nature, scope, complexity of operations, strategy, and risk profile," OSFI stated.

In the guideline itself, OSFI says that culture can influence sound decision-making and risk management which can materially weaken or support resilience. The regulator states that it expects FRFIs to define, develop, and improve their cultures to support effective risk management and to continuously evaluate behaviour risk that can affect an institution's overall safety and soundness, "given the contributions culture can have on the safety and soundness of financial institutions and confidence in the broader financial system."

OSFI added that culture and behaviour should be designed and governed through clear accountabilities and oversight. The paper goes on to discuss governance, leadership, talent and performance management, compensation, and managing behaviour risks. In the latter category, the paper discusses the identification of behavioural patterns, assessment of behaviour risks, and appropriate responses to any behaviour risks identified.

Stakeholders are asked to respond with feedback by May 31, 2023.

What The P&C Insurance Industry Says About OSFI's Draft Corporate Culture Guidance

By David Gambrill, Canadian Underwriter, March 7, 2023

https://www.canadianunderwriter.ca/legislation-regulation/what-the-industry-says-about-regulators-draft-corporate-culture-guidance-1004231275/?utm_medium=email&utm_source=newcom&utm_campaign=CanadianUnderwriterDaily&utm_content=20230307155512&hash=6d73923380f292a40dc042b455f0fde3

Canada's solvency regulator has refined its proposed guidance on corporate culture for P&C insurers, and it's now consulting with the industry about its expectations.

The Office of the Superintendent of Financial Institutions (OSFI) was scheduled to have a technical briefing on details of the guidelines with the Insurance Bureau of Canada (IBC). Consequently, IBC told Canadian Underwriter, it's too soon to answer questions about the regulator's response to issues raised by industry lawyers and insurers following the initial draft.

Responding last September to OSFI's first cut of its guidance, P&C industry legal counsel observed that OSFI is simply following a trend of international regulators seeking to prevent business culture from undermining an organization's financial health.

"I feel like this culture conversation in Canada is a bit of a solution in search of a problem," Stuart Carruthers, a partner at Stikeman Elliott LLP, said last September during a National Insurance Conference in Canada (NICC) panel discussion in Halifax.

"In other countries, usually Canadian FIs [financial institutions] are viewed as having the best culture and governance in the world. So, I don't [see culture] as a pressing problem."

He added that different business cultures have various risk tolerances, and it's not easy to say that one type of culture is inherently better or worse than another.

OSFI's latest attempt at the guidance clarifies definitions and terms which the financial services industry found vague the first time around. Essentially, OSFI has defined its expectations as follows:

"Culture [at a business] can influence sound decision-making, prudent risk-taking, and effective risk management, which can materially support or weaken the resilience of federally regulated financial institutions (FRFIs)," OSFI says in the latest version of its guidance, released in late February.

"Given the contributions culture can have on the safety and soundness of financial institutions and confidence in the broader financial system, [OSFI] expects FRFIs to:

- Define a desired culture and continuously develop and improve the culture to support their purpose, strategy, effective management of risks, and resilience; and,
- Continuously evaluate and respond to behaviour risks that can affect the FRFI's overall safety and soundness."

OSFI breaks down its detailed guidance into three desired outcomes.

First, it wants P&C insurers and other federally regulated companies "to define the desired culture needed to achieve its strategy and to manage risks effectively. FRFIs should develop and implement a plan to embed the desired culture across the institution."

Second, OSFI wants companies to show how they're proactively promoting and reinforcing their desired cultures and expected behaviours. This includes consideration of leadership, talent, performance management, and compensation (including how incentives and disincentives influence cultural behaviours).

Finally, OSFI wants P&C insurers "to implement mechanisms and techniques to identify, assess, and manage risks arising from behavioural patterns that do not align to the desired culture and expected behaviours. Examples of behaviour risks may include complacency, excessive risk-taking, poor communication, or a lack of speaking up or raising concerns, among others."

OSFI is inviting public comment on its proposed guidance until the end of May 2023.

At NICC in September, Jill McCutcheon, a partner at Torys, didn't think OSFI's desire to provide guidance on business culture was completely off the mark, noting that it was intended to address cultural risks related to groupthink, which happens when a large organization lacks a diversity of thought.

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OSFI Fires First Salvo On Climate Risk

Regulator Issues Initial Guidance Targeting Financial Firms' Climate Risk Management, Governance

By James Langton, Investment Executive, March 7, 2023

https://www.investmentexecutive.com/news/from-the-regulators/osfi-fires-first-salvo-on-climate-risk/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

Federal financial regulators fired what amounts to their first shot today in what will be an ongoing battle to ensure that the financial industry comes to grips with the effects of climate change.

Following a public consultation that generated a massive response (over 4,300 submissions), the Office of the Superintendent of Financial Institutions (OSFI) issued new principles-based guidance that sets the regulator's initial expectations for federally-regulated banks and insurers to address climate-related risks to their businesses.

"The guideline is OSFI's first prudential framework that is climate-sensitive and recognizes the impact of climate change on managing risk in Canada's financial system," the regulator said in a release.

To start, the new guidance doesn't impose added capital charges on firms for their climate risks. Instead, it focuses on setting governance, risk management, and disclosure expectations for federally-regulated financial institutions.

The guidance's basic goals are to ensure that financial firms properly assess and address potential climate-related risks to their business models and strategies; that they have adequate governance and risk management processes to deal with these risks; and that firms can withstand a range of possible climate risk scenarios.

At this point, the regulator's initiative isn't about forcing banks to set aside added capital to account for climate risks, or to drive their lending and investment decisions — which could accelerate the transition to a low-carbon economy by raising the cost of capital for high emitting sectors or companies.

For now, it's expected that climate risk be factored into financial institutions' efforts to evaluate their risks and set aside adequate capital under the existing capital adequacy regime.

To that end, OSFI "expects that [financial firms] will continue to evaluate and measure their capital available to protect against material risks, including climate-related risks" and that this will be reflected in their capital positions, and in their liquidity calculations.

However, the regulator also made it clear that the new guidance won't be the final word from OSFI on climate risks.

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In a briefing with reporters, Stephane Tardif, managing director of OSFI's climate risk hub, said that the guidance will evolve as climate data improves and global standards are adopted.

For instance, the forthcoming climate risk disclosure requirements — which the International Sustainability Standards Board (ISSB) expects to finalize by mid-2023 — will be incorporated into OSFI's guidance.

The regulator also indicated that it will continue to assess whether or not the existing capital rules properly capture climate-related risks. This may, in the future, lead to specific capital requirements for climate-related risks as data and disclosure improves.

In the meantime, under the new guidance, firms will be expected to carry out their own internal climate scenario analysis, and OSFI will also be subjecting them to standardized climate scenario exercises to give the regulator insight into aggregate exposures and to compare firms' approaches to climate scenario analysis.

The new guidance will take effect by the end of fiscal 2024 for the large banks and insurers under OSFI's oversight, and by the end of fiscal 2025 for smaller firms.

OTHER CAFII MEMBER-RELEVANT NEWS

TD Meets Goal For Black Executive Representation

A KPMG Survey Finds 88% Of Black Canadian Workers Feel Companies Need Stronger Commitments And Targets For Hiring And Promoting Black People

By Melissa Shin, Canadian Press, March 1, 2023

https://www.investmentexecutive.com/news/industry-news/td-meets-goal-for-black-executive-representation/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-saturday&hash=6d73923380f292a40dc042b455f0fde3

Toronto-Dominion Bank has doubled the number of Black employees at the vice-president level or higher between mid-2020 and Dec. 31, 2022, meeting a goal the bank set following the racial reckoning of 2020.

TD declined to share the current or former number of Black executives.

Following the murder of George Floyd in May 2020, several financial institutions made pledges related to racial justice. TD had the earliest public deadline for improved Black representation, having announced in 2020 that it would double its representation of Black executives by the end of 2022 and increase minority executive representation across the bank by 50% by 2025.

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CIBC had the next-earliest goal: to have 4% of board-approved executive roles held by Black employees by 2023.

Though the bank has not yet achieved this goal, “we expect to reach this goal by the end of 2023 and have also set a new goal of at least 5% of global board-approved executive roles held by members of the Black community by the end of 2025,” said Kira Smylie, senior consultant, public affairs with CIBC in an emailed statement.

CIBC had more than 3% of global board-approved executive roles held by members of the Black community as of October 31, 2022.

A KPMG survey released on Tuesday, February 28 found that 88% of Black Canadian workers feel that companies need stronger commitments and targets for hiring and promoting Black people.

Eighty-six percent called for more appointments of Black people to boards of directors or senior management ranks, while 82% urged more anti-racism education and training for employees and management.

“The problem [of under-representation] was acute to the Black community, and we’ve put an extra focus on that,” said Al Ramsay, vice-president and head of 2SLGBTQ+ and Black Customer Segments with TD Bank Group. “We have a dedicated recruiter for the Black community. They get out there and look for the best and brightest talent, which we’re proud of.”

TD also is growing its Black customer experience strategy, which launched in October 2021, and Ramsay said the team has completed its first phase of training staff on how to better serve Black customers.

As part of that strategy, the bank launched its Black Entrepreneur Credit Access Program in February, which is meant to provide more equitable access to loans for businesses that are at least 50% Black-owned. The program includes an enhanced credit adjudication process, and offers support to business owners — both those who receive a loan and those who require more preparation to qualify — from organizations such as the Federation of African Canadian Economics.

Ramsay said the Black customer experience team spent six months training more than 50 small business account managers in anticipation of the launch.

TD is the fifth of the Big Six banks to launch its own loan program for Black entrepreneurs. Royal Bank of Canada launched its program in 2021; in 2022, CIBC, Bank of Montreal and Scotiabank launched theirs.

These programs are all separate from — and seemingly in place of — the Black Entrepreneurship Loan Fund (BELF) announced by the federal government in May 2021, which was meant to be a partnership between the government, the Business Development Bank of Canada, the Big Six banks, and two credit unions. Only the credit unions, Vancity and Alterna Savings, are offering loans through the BELF.

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Tarisai Madambi, KPMG's director of management consulting, said Black Canadians want their employers to "walk the talk" on anti-racism commitments that followed the 2020 murder of George Floyd and subsequent calls for change. While she said those commitments have not waned, companies are "struggling in terms of balancing their priorities."

"I think the hardest part is getting the commitment and the conviction that what organizations are doing is the right thing," she said.

"Nobody wants to feel like they are being forced into things. The last thing I would like to see is organizations making commitments because they feel like they're doing this as a checkbox or a compliance matter. It really needs to be something that we believe in."

Credit Unions Beating Big Banks When It Comes To Women In Executive Roles: Report

The Report Said The Pipeline Of Female Talent Seems To Shrink Going Up The Ranks

By Rosa Saba, Canadian Press, March 8, 2023

https://www.investmentexecutive.com/news/industry-news/credit-unions-beating-big-banks-when-it-comes-to-women-in-executive-roles-report/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN&hash=6d73923380f292a40dc042b455f0fde3

Smaller financial institutions tend to be closer to gender parity in their executive ranks than the major Canadian banks, a new analysis by credit rating agency DBRS Morningstar has found.

Banks and credit unions are approaching gender parity at the board level, the report found, but credit unions had 44% female representation in the executive suite compared with 33% at the banks.

The agency looked at 19 financial institutions, including credit unions and co-operatives alongside national and regional banks.

Only 18% of banks had a female CEO — at HSBC Bank Canada and Laurentian Bank of Canada — compared with 38% of credit unions and co-operatives.

Credit unions "have a very long tradition of female CEOs," said Maria-Gabriella Khoury, the report author and senior vice-president of the global financial institutions group at DBRS Morningstar, in an interview.

The report said few banks have made a concerted effort to ensure the pool of talent from which new CEOs are picked includes enough women.

However, both smaller and larger institutions have issues when it comes to executive roles dealing with profit and loss, it said.

“Indeed, as is typical of the banking industry in other geographies, female executives are usually placed to head either the human resource or legal functions,” the report said.

As a result, even though credit unions had better gender representation among their executive ranks as a whole, both kinds of institutions had low female representation among chief financial officers, at 18% for the banks and 13% for the credit unions.

In some cases, not having leadership experience in the profit and loss area can prevent women from becoming CEOs, said Khoury.

According to Bloomberg’s Gender Equality Index, which the report used as part of its analysis, Canada’s biggest banks are doing well at attracting, retaining, and developing women into senior leadership positions.

“So, the question remains: if over half of the sampled Canadian banks’ workforce is female, and the talent and leadership pipeline is ahead of most other U.S. and European peers, why does the proportion of women still decrease markedly at executive levels?” the DBRS Morningstar report asked.

Across the sector, institutions tend to be at or above gender parity in their overall workforces, but the percentages shrink as you climb up the ranks, said Khoury.

“You’ve got more women at the banks, but then they don’t make it all the way to the top,” she said. There’s no singular reason why the pipeline of female talent seems to shrink going up the ranks, but Khoury said that, anecdotally, it often comes down to issues with things such as recognition, mentorship, support, and family care.

“There’s more and more that’s being put in place to help women … to give them enough time to dedicate to climbing up the ranks,” she noted, such as the national childcare program currently underway.

The agency said that scrutiny from investors and regulators on diversity, equity, and inclusion has pushed financial institutions to improve transparency around their efforts on gender diversity. But it isn’t always consistent across the sector, making it difficult at times to compare progress across institutions, the report said.

Disclosure and transparency aren’t enough, DBRS Morningstar said — organizations need to start promoting women into higher executive positions.

Khoury said that institutional investors play a big role in driving transparency and action on governance and diversity efforts at major institutions.

"As these investors start to question, and want to look at more data and look at more transparency and understand why, I think that will be the driver of change," she said.

This pressure, combined with regulatory oversight and standardization, will drive action over time, said Khoury.

She said that more transparency is needed about gender parity, but regulators need to set standards so that investors can better compare companies' progress.

"If you don't put them all on a level playing field, you don't really see what's going on."

Women Powered Pandemic Shift Toward Higher-Paying Jobs, But Pay Gap Persists: RBC

About 140,000 Women Left Hospitality And High-Contact Industries To Seek Roles In Professions Like Finance And Insurance

By Tara Deschamps, The Canadian Press, March 7, 2023

https://www.investmentexecutive.com/news/industry-news/women-powered-pandemic-shift-toward-higher-paying-jobs-but-pay-gap-persists-rbc/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

Women have powered a recent shift toward higher-paying and -skilled jobs, but a pay gap will persist until they cease being outnumbered by men in senior management positions, says a new report.

Canada's labour market saw nearly 200,000 women stream into jobs involving less in-person contact and often significantly higher wages after many pandemic measures were lifted, the Tuesday, March 7 report released by the Royal Bank of Canada found.

Of the $21 billion in additional income created by the movement to higher paid sectors over the pandemic, $9 billion or 43% was funnelled to women. This amounted to 15% of the total boost to women's earnings during the pandemic recovery.

"But men still made up the majority of the income gains and much of that is likely because the roles that women and men occupy are still different," said Carrie Freestone, an economist with RBC Economics.

"Even though we see women in these higher paid sectors, often the senior leadership roles are disproportionately filled by men."

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Her research found that men made up more than two-thirds of senior leadership positions, even though the numbers of women and men in the labour market are equal.

Some of the inequities were even more pronounced among parents.

Freestone found fathers with young kids were far more likely to be senior managers, filling 10% of such roles, while mothers made up less than 3% of the positions.

“So it appears that there’s a link between having a kid and the fact that you may be less likely to take on a senior management role,” she said.

Much of her research is based on the women who flooded back into the workforce after pandemic lockdowns, pushing participation in the labour market among working women to a record high of 85.6% in January 2023.

But many didn’t return to prior jobs or industries and instead sought work that came with higher paid and “more productive” roles, the report found.

“High-contact sectors” such as hospitality, for example, experienced an exodus of roughly 178,000 employees, when they were forced to close to quell COVID-19, said Freestone.

Many of the workers that fled those sectors were women. Despite filling about 55% of jobs in those sectors before the pandemic, women made up 80% of the movement away from them.

RBC estimated that nearly 140,000 women streamed out of jobs in high contact sectors with many seeking roles in low-contact industries — professional, scientific, and technical services and finance, insurance, and real estate.

“The majority of people who moved from those sectors into higher paying sectors did have a degree or a college diploma, so a lot of that was potentially women who were over-qualified for positions moving into sectors that better fit their level of educational attainment,” said Freestone.

“And I think maybe women working in the hospitality sector saw other women who were able to work from home working in these industries like tech and finance, so I think there was definitely a pull to move into these industries that were more flexible.”

The reshaping of their careers was aided by more flexible work arrangements and affordable childcare, and many were in search of less COVID-19 risk and higher earnings.

However, many of their salaries still trail their male counterparts.

Though women accounted for 60% of jobs created in finance, insurance, and real estate over the course of the pandemic, women with degrees and working in finance, insurance, real estate, and rental leasing earned roughly 85 cents for every dollar earned by men.

Across all sectors, women made an average of 89 cents for every dollar a man made in 2021, Statistics Canada's latest data show.

Everything's Terrible, Just Don't Tell The Lifecos

Big Four Canadian Life Insurers Report Near-Record Profits For 2022, DBRS Says

By James Langton, Investment Executive, March 7, 2023

https://www.investmentexecutive.com/news/research-and-markets/everythings-terrible-just-dont-tell-the-lifecos/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

Despite the fact that higher interest rates are weighing on the economic environment, the big Canadian life insurers are enjoying near-record profits, according to DBRS Morningstar.

In a new report, the rating agency said that the big four lifecos — Manulife Financial Corp., Sun Life Financial Inc., Great-West Lifeco Inc., and Industrial Alliance Group — turned in strong fourth quarter financial results, and full-year earnings that "were better than expected as the industry almost matched its record 2021 profitability."

Combined, the big four reported total net income in 2022 of $14.1 billion, down just 4% from the record level of 2021, it noted.

The strong results came against the backdrop of rising interest rates, which DBRS said generally represents a positive for insurers overall.

Higher rates "had a mixed impact on earnings," it said, "with long-term insurance business lines positively affected and wealth and asset management lines negatively affected."

Assets under management and administration "trended lower during the year because of weaker asset valuations," DBRS said, adding that net flows were negative for all four lifecos in the fourth quarter, "closing a challenging year for retail wealth management services amid weakening investor sentiment."

Still, some firms managed positive asset growth, as acquisitions helped offset the negative net flows.

Higher interest rates also weigh on insurers' capital levels, the report noted.

However, the industry's strong profits cushioned the negative impact of higher rates on insurers' capital and debt levels, DBRS said.

Looking further out, most of the insurers' debt is expected to roll over at higher rates in the next five years, which could pressure earnings, it said.

In the meantime however, the credit rating trends on all big four lifecos are stable, "reflecting their strong financial positions and the supportive interest rate environment for the profitability of their insurance businesses," DBRS said.

Additionally, the report noted that a major change in financial reporting standards will loom over the industry in the year ahead.

"The transition to IFRS 17 reporting will be a big theme for the industry in 2023 as investors and other market participants familiarize themselves with the new reporting environment," said Patrick Douville, vice president of insurance with DBRS Morningstar, in a release.

"We expect lifecos themselves to take some time to get comfortable with their post-transition capital buffers and sensitivities, after which they may be more confident in making large strategic capital allocation decisions," he added.

'We Feel We Can Breathe Again': Blue Cross Reverses Course, Will Cover Saskatchewan Man's $500K Medical Bills

Family Had To Pay $56,000 For Flight Home Before Decision Reversed

By Pratyush Dayal, CBC News, March 3, 2023

https://www.cbc.ca/news/canada/saskatoon/saskatchewan-blue-cross-will-pay-for-lamothe-s-medical-expenses-1.6767359

Saskatchewan Blue Cross has had a sudden change of heart.

The family of Louis Lamothe, 72, the Halbrite, Sask. man who suffered a stroke while vacationing in Arizona, had to pay $56,000 for his medical flight home and was facing thousands in expected bills from U.S. hospitals when their travel insurance claim was denied.

On Thursday evening, March 2, the family says, the insurance company informed them that they will cover all expenses.

"We feel like we can breathe again," Lamothe's granddaughter, Rebecca Fee, told CBC News. "There are finally some smiles.
"It's just a huge sense of relief that Blue Cross reversed its decision. They didn't give us a reason why they changed their minds, but I don't need that reason as long as they cover it."

Fee suspects the national media coverage was a reason for the sudden reversal, but said the insurance company "declined that as a reason." She said Blue Cross, who is in consultation with the U.S. hospitals, informed them on Friday afternoon, March 3 that their hospital fees are "more than half million Canadian dollars."

In a Friday morning, March 3 email exchange, Saskatchewan Blue Cross declined an interview but confirmed that the situation had reached a conclusion through their standard claim management process.

"As with all claims and claims decisions, privacy requirements prohibit us from sharing specific details," the statement said.

> Following this decision, we would like to confirm that your travel insurance policy provides coverage for the following:
> -Medical Fees
> -Repatriation to your province of residence
> -Incidental Expenses up to a maximum of $500.00 CAD
> -Transportation expenses to visit or identify the insured person according to your policy
> -Additional transportation expenses according to your policy

An excerpt of the letter that Saskatchewan Blue Cross sent to the family on Thursday evening, March 2 detailing the expenses they would cover for Lamothe's emergency medical services in Arizona. (Submitted by Rebecca Fee)

The letter Blue Cross sent to the family on Thursday evening, March 3 says the insurer, after reviewing the family's claim, accepted "the expenses related to the emergency medical services" received in Arizona for the period from February 3 to February 26, 2023.

"They are covering his hospital bills from Yuma and Phoenix, his medical flight home, and offered $500 for extra expenses, which of course were close to $10,000," Fee said.

"They are even transporting his truck from Yuma, Arizona to home. We'll see what else they can do for us after this very, very long month. I'm glad they took responsibility for this."

Fee says the claim should not have been denied in the first place. She said the insurance company had argued it was because Lamothe failed to disclose a change in the dosage of cholesterol medication he had been taking.

Lamothe had been on a 10-milligram pill, which was increased to a 20-milligrams in July, three months before he left for the U.S. Because Blue Cross had not been informed of the dosage increase, the family said, Blue Cross declined to insure Lamothe for his hospital stay or flight home.

Fee said her grandmother, Arlene Lamothe, who told CBC on Monday, February 27 that the predicament would have meant her selling her house in Halbrite, was "screaming, hugging and crying" upon learning the news.

The family said a pro bono lawyer from Toronto, in an unofficial capacity, is also helping them out. Fee says she has 54 pages and multiple documents to review, and has to submit all their expense receipts to Blue Cross for reimbursement.

"They specifically stated that my grandpa is the person who has to sign the paperwork. How does he do that when he is paralyzed on the left side and he is left-handed?" she said.

"I've to find his power-of-attorney paperwork and have a full two days of paperwork ahead, but the end is in sight."

Now, Fee says, the family wants to focus all their energy on Lamothe's recovery.

"Long road to recovery"

Lamothe is in stable condition, but still relies on a feeding tube. Fee says her grandfather has been able to get into a medical chair a few times with the help of health-care workers at Regina General Hospital.

"He definitely has a long road to recovery and rehab. He can say some words now but even to see him try to speak is a miracle," she said.

Fee advises others to triple check medication and health records before travelling: reading the fine print is vital before purchasing a travel insurance.

She is thankful to Blue Cross who would be directly contacting the two Arizona hospitals on Friday, March 3 for the bills, and will send a cheque to the family reimbursing for the medical travel.

"I am thankful to family and friends and strangers who helped us and donated to our GoFundMe page," Fee said, noting all donors told them to keep the money when family tried to return the donations.

"Even our local fundraiser here in Estevan [Saskatchewan] will keep it going to help my grandma. It's overwhelming to see such support pouring in."

Fee says it could take up to a year for her grandfather to recover.

The ordeal took an emotional toll on her personal family, too, as she left her three kids home with her husband for almost a month while she was helping her parents in Arizona.

"My grandpa was an avid gardener. Immediately after he is recovered — whether it's at our house or his or outside a nursing home, if he ends up there — I want to build him a raised garden bed," she said.

"I don't want him to ever not garden again. Whether it is from his medical chair or if he regains his strength, I want him to keep continuing it. But for now, we hope he comes home soon."

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