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CAFII ALERTS WEEKLY DIGEST: November 24-29, 2024

November 29, 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

Securian Canada Appoints Martin Fortier As CFO

He Has Contributed To The Organization's Strategic Initiatives

By Jonalyn Cueto, Insurance Business, November 29, 2024

https://www.insurancebusinessmag.com/ca/news/breaking-news/securian-canada-appoints-martin-fortier-as-cfo-516001.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20241129&_hsenc=p2ANqtz-9ZFJUteG0jhiv4sa2l5AqYjNFx65oujBMYMFn-YoZofa7uM1AoPVzJVMLe4FbZxJp69RV9qEfpnjLDHPlLlocs6GUhpw&_hsmi=336241793&utm_content=&utm_source=

Securian Canada has announced the appointment of Martin Fortier as its chief financial officer (CFO). In his new role, Fortier will oversee the company's finance and actuarial departments, leading efforts to support its strategic objectives in the Canadian insurance market.

"As Securian Canada evolves and scales, we're thrilled to have Martin as our new chief financial officer," said Nigel Branker, Securian Canada's chief executive officer, in a news release. "His global knowledge and experience have added tremendous value to our business, and we anticipate continued strength and progress under his leadership in the CFO role."

Fortier joined Securian Canada in August 2023 as senior vice president of actuarial, risk and product. With more than 30 years of experience in insurance and financial services, he has contributed to the organization's strategic initiatives through a balanced, data-driven approach. He has also held board positions at the University of Business and Technology in Saudi Arabia, the Veblen Director Program, and Sun Life Management Holdings in Hong Kong.

"This is an exciting time for Securian Canada, and I'm delighted to have the opportunity to lead this critical function of the company," said Fortier. "Combining actuarial and finance leadership will help ensure that all financial aspects of our business are aligned to drive sustainable and profitable growth. I look forward to strengthening our presence in the Canadian market alongside the best team in the industry."

Fortier is a Fellow of the Canadian Institute of Actuaries and the Society of Actuaries. He holds a Diploma in Corporate Governance and earned a Bachelor of Actuarial Science from Université Laval.

Securian Canada has been serving Canadians for over 65 years, offering a range of insurance products designed to address financial needs. The company operates with local expertise while being part of Securian Financial, its US-based parent organization.

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Canadian Insurance Regulators Flag Gaps In Fair Treatment Of Customers

New Report Reveals Increased Complaints, Lower Claims Ratios

By Jonalyn Cueto, Insurance Business, November 22, 2024

https://www.insurancebusinessmag.com/ca/news/breaking-news/canadian-insurance-regulators-flag-gaps-in-fair-treatment-of-customers-515158.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20241122&_hsenc=p2ANqtz--9lk68U6Sk82c3amnRZMlm084neT60cIXRgNX6trhcfA-yfmMoflWaCnd0nR2Q6uZJulsLc87X_95CQRxvsiiJlAAdeA&_hsmi=335230521&utm_content=&utm_source=

The Canadian Council of Insurance Regulators (CCIR) has released its 2023 Annual Statement on Market Conduct (ASMC) Public Report, offering insights into the life and health (L&H) and property and casualty (P&C) insurance sectors in Canada.

This report, based on nationwide insurer data, evaluates adherence to Fair Treatment of Customers (FTC) principles and highlights emerging trends in the industry.

The report shows that while most insurers claim to prioritize FTC principles, discrepancies persist between stated practices and observed implementation. Regulators identified instances where insurers lacked comprehensive FTC-specific policies despite their claims.

The data has revealed a decline in claims ratios across most insurance categories, indicating fewer claims relative to premiums. However, large property insurers reported significant delays, with more than 21% of claims taking over 180 days to close—more than double the industry average of 9.7%.

Complaints across both sectors increased, particularly concerning claims and settlements. The L&H sector experienced a 41% rise in product-related complaints, while the P&C sector noted a 30% jump in claims-related grievances.

Distribution contracts in the independent channel increased, especially among large insurers. The L&H sector recorded a notable rise in audits focused on FTC, whereas the P&C sector showed a decline in such efforts. The number of policies in force remained steady in most categories, although accident and sickness policies grew significantly by 17.25%.

Calls for greater oversight

Governance remains a focal point in the report, with the CCIR urging insurers to embed FTC principles in their business models and improve their oversight of intermediary practices. Customer satisfaction surveys are highlighted as an effective tool to measure FTC outcomes, but their adoption remained relatively unchanged from previous years.

Claims handling times were found to vary between sectors. In the L&H sector, average processing times ranged from 7 days for prescription drug claims to over 270 days for some group insurance claims.

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In the P&C sector, lengthy delays were reported for travel health and property claims. Reasons for claims denials highlight policy exclusions, incomplete documentation, and misrepresentation being the primary factors.

The CCIR has recommended that insurers address delays in complaint handling and enhance FTC-focused practices. Insurers are encouraged to evaluate their operations in light of the report's findings and to implement strategies that improve customer experiences.

The CCIR noted it will continue to monitor trends, conduct supervisory reviews, and ensure the industry aligns with regulatory expectations to strengthen consumer confidence in the insurance market.

OTHER CAFII MEMBER-RELEVANT NEWS

What To Do When The Regulator Comes Knocking

By David Gambrill, Canadian Underwriter, November 21, 2024

https://www.canadianunderwriter.ca/legal/what-to-do-when-the-regulator-comes-knocking-1004253140/

When a regulator calls your insurance company or brokerage to request information, what's the first thing you should do?

Call your lawyer, says Arthur Hamilton, who works with the litigation dispute resolution group at Dentons Canada LLP.

That's because the world of insurance regulation is now complex. Seemingly innocuous and/or straightforward questions from the regulator could carry hidden assumptions or touch on different areas of law — such as privacy law, for example. For that reason, an unconsidered answer could come back to haunt the insurer or the broker later.

Hamilton raised the topic at a media roundtable held at Dentons Canada LLP in Toronto on Nov. 20. Several of Dentons's legal experts discussed hot topics in insurance law, including the legal exposures related to using artificial intelligence in insurance, national licensing for adjusters, ideas for how to reduce the burden of regulatory compliance, the impact of language laws on growth strategy of insurers or brokerages that want to start up offices in Quebec, and more.

In his presentation, Hamilton cited an example in which a regulator reached out to a company to ask how many of its employees were working from home. This happened during the pandemic, when governments issued public health orders requiring all workers in non-essential services to work from home to avoid spreading COVID. (Insurance was designated as an essential service.)

The answer the company should have given, Hamilton said, was: "'We have people who do their work in a virtual office from home." Instead, the company responded: "67."

"Well, that started a giant investigation, because you're not allowed to work from home [due to licensing regulations around supervision]," Hamilton said. The regulator considered working from home to be the same thing as doing 'unsupervised' work. Meanwhile, the company maintained its employees were properly licensed and supervised while working in a digital office environment under the auspices of the company's home office.

"The fact that they were at their home, working in their virtual office that's fully controlled by the [company's] home office environment, didn't matter [to the regulator]," Hamilton said. "Five years and three court levels — and experts, and everything else — later, and we're still fighting. And no one agrees on what working from home means."

Also in the news: Auto reform imminent? Alberta set to make announcement
In other situations, Hamilton cautioned, the regulator may be asking for information that touches on regulations or laws in different areas of regulatory jurisdiction.

"Even if the regulator is completely on the level about what they're trying to investigate or look at, sometimes their request can ask you to do something that, as an insurer or an intermediary, will get you in trouble — like, on the privacy front, or a whole myriad of other issues."

Since the insurer's or broker's counsel is wise to these regulatory issues, it's best that anyone taking a question from the regulator take that request to the company executives or broker principals, who can then seek legal advice, Hamilton recommends. The lawyers can then engage with the regulators to further clarify the purpose of the request and how to comply with it.

"You don't want to sound hypersensitive, but you can't be too careful," Hamilton said. "Sometimes the question that gets asked is the wrong question, and you have to politely go back [to the regulator] and say, 'I don't think you meant to ask that question. What you meant was, 'Is anybody unsupervised and doing something they shouldn't be doing?'" The answer to that is no.

"And then let [the regulator] come back and say, 'We didn't ask that. We think anyone working from home is unsupervised. How many people work from home?'"

To which counsel can come back and clarify, 'No, I think you're asking, 'Were they unsupervised?'"

This kind of engagement between counsel and the regulator is important, Hamilton said, because penalties against insurers and brokerages can be harsh. Plus, they can cause reputational damage if the public perceives the company did something wrong.

Because of the high stakes, it's a good idea to have counsel engage with the regulator from the outset, Hamilton recommends.

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ASK THE MONEY LADY: The Homeowner Was Shocked That The Total Mortgage Price Was Not Paid Out When Her Husband Died. The Money Lady Explains Why This Happened

Christine Ibbotson Highlights The Differences Between Term Insurance From An Insurance Agent And Mortgage Insurance From A Bank

By Christine Ibbotson, New Hamburg Independent, November 19, 2024

https://www.newhamburgindependent.ca/life/personal-finance/ask-the-money-lady-the-homeowner-was-shocked-that-the-total-mortgage-price-was-not/article_dd95f71b-9036-50d9-b9a0-18a8a56d16fa.html

Christine Ibbotson is a Canadian financial planner, chartered investment manager, insurance broker, commercial and residential mortgage broker, estate planner and taxation expert, with more than 25 years of experience in banking.

Dear Money Lady,

My husband died in January, and we paid into mortgage protection insurance from 2004. The issue is that we had been paying mortgage insurance for 19 years with our regular payments, and when my husband died, we began a claim for the mortgage insurance and provided all the information to the bank. At that time, we were told there were two possibilities for the claim: death or accident; however, because the cause of death was a heart attack, they focused on the single death claim.

We originally took out the insurance when the mortgage was $482,000, and I was shocked to get only $231,864, which covered the balance of the mortgage. I thought the death coverage was for the original mortgage amount, but the bank said they had to account for the amortization on the loan. Should I get a lawyer to fight this?

Jane

I am so sorry for your loss, Jane.

Unfortunately, the mortgage insurance you purchase from the banks is very different from what you may be used to with a regular insurance policy. Mortgage insurance is upsold by financial institutions to pay off your mortgage balance in the event of a death, and the beneficiary is the bank, not the mortgagor.

These funds are used to pay out and discharge the mortgage balance at the time of death, regardless of the amount you started with. The cost of this insurance is always based on the original mortgage amount and added onto your monthly mortgage payments to make it more convenient.

So, if the balance of your mortgage was only $231,864 and this is what the bank paid — then that would be correct.

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Term insurance that you purchase through a licensed insurance agent pays out the face value of the policy as a lump sum to the beneficiaries in the event of a death.

This is very different to mortgage insurance since the original amount of the policy stays the same.

The money paid out from a term insurance policy can be used any way you wish — to pay off debt or a mortgage, invest or replace lost income.

Most people opt for mortgage insurance when they first get a mortgage since it is very easy to acquire. No medical exam is required and you usually only have a few questions to answer truthfully at the time of application.

However, for all its conveniences, mortgage insurance that you purchase through your financial institution still has many drawbacks. When your mortgage is paid off, move to another lender or sell your home, your coverage ceases.

Term life insurance, on the other hand, is much more detailed, and they may require medical tests and questions to underwrite the policy at the time of application to ensure the policy will be paid out if a claim is made.

The costs for this type of insurance varies based on your health, age, the coverage amount and the term.

Yes, it may be more cumbersome to get, but the benefits of a term policy far outweigh the bank's alternative.

Remember, your coverage never changes (unlike mortgage insurance, which decreases over time as your mortgage amount gets smaller), and it is portable. Regardless of whether you move or if you pay off your mortgage or if you decide to change your lender, the term policy stays in place and you have peace of mind knowing your family is protected in the event of a tragedy.

Good Luck and Best Wishes,

Money Lady

Report: AI Adoption Growing In Insurance, But Challenges Remain

Why Are Insurers Having Problems With New AI Models?

By Jonalyn Cueto, Insurance Business, November 11, 2024

https://www.insurancebusinessmag.com/ca/news/technology/report-ai-adoption-growing-in-insurance-but-challenges-remain-513266.aspx

Earnix has published its third annual 2024 Industry Trends Report, revealing evolving priorities and pressing challenges within the insurance industry. Based on responses from over 400 insurance executives, the report sheds light on the sector's increasing reliance on AI, ongoing modernization struggles, and rising regulatory demands.

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According to the report, AI deployment in insurance is set to expand significantly, with 70% of respondents planning to implement AI models that use real-time data predictions within the next two years. This projection marks a notable increase from the current adoption rate of under 30%, indicating that real-time predictive analytics are becoming central to business strategies in the sector.

The report also emphasised the growing compliance challenges facing insurers. More than half of the executives reported that their companies incurred fines or issued refunds due to operational errors in the last year, an outcome that may be contributing to a rise in compliance-focused activities. Over two-thirds (70%) of respondents indicated they expect to allocate more time to regulatory compliance in the coming year.

Aaron Wright, director of strategy at Earnix, emphasised the importance of adopting real-time AI models to “increase collaboration and innovation” in meeting regulatory standards.

Issues with implementing AI

Despite the prioritization of AI and regulatory alignment, operational bottlenecks remain. The survey found that 58% of companies take over five months to implement a rule change, with 21% reporting timelines longer than seven months. Additionally, 49% of respondents acknowledged their firms are behind in updating legacy systems.

“This year’s survey reveals the rapid use of AI, a five- to seven-month average deployment of rule changes, as well as struggles with modernization,” said Robin Gilthorpe, CEO of Earnix. “Macroeconomic conditions such as inflation, climate change, cybersecurity risk, and uncertain economic conditions will also continue challenging insurers.”

The 2024 Industry Trends Report was conducted by Earnix and Market Strategy Group, LLC, surveying 431 insurance executives across various global regions, including the US, Canada, Europe, and Australasia. Participants represented roles spanning actuarial, analytics, product management, C-Suite, and IT.

Genetic Testing: Availability Likely To Raise Insurers’ Exposure To Adverse Selection

By Kate McCaffery, Insurance Portal, November 11, 2024

The use of genetic testing in life and health insurance underwriting has been a key topic of debate (and the subject of a Supreme Court challenge in Canada) for years among those in the industry. A new report from Swiss Re, Genetic testing in the Life & Health insurance industry says insurers need access to this information (prohibited by law in Canada), to ensure the continued societal and financial benefits of life and health insurance.

The report notes that the cost of sequencing a full human genome has dropped to under $500 (figures in U.S. dollars) from $10-million in 2007. The first human genome draft in 2003 reportedly cost $3-billion.

This development has led to the rapid expansion of genetic tests for a variety of medical and personal well-being purposes, they write. Prices of such direct-to-consumer kits range from $99 to over $1,000. They are not typically covered by health insurance.

Read full article (Subscription required): https://insurance-portal.ca/life/genetic-testing-risks-examined/

From Underwriting To Customer Education: Technology's Impact On Life Insurance

By Digital Insurance, September 26, 2024

https://www.dig-in.com/transformation-forums/how-technology-is-transforming-life-insurance-and-underwriting?utm_campaign=subs_dig_singles_nb_24_forum_social-media&utm_medium=email&utm_source=house-list&utm_content=email_1&oly_enc_id=1794I9343067F0V

Technology is significantly changing the life insurance space for policyholders and brokers, expediting the underwriting process in new ways such as compiling and assessing data from multiple sources to allow policies to be tailored to a client's needs. It's also expanding educational opportunities so customers can utilize their policies as part of a larger financial planning process to better protect their loved ones.

Transcription:
Transcripts are generated using a combination of speech recognition software and human transcribers, and may contain errors. Please check the corresponding audio for the authoritative record.

Patti Harman (00:08):
Good afternoon and welcome to our Transformation Forum from underwriting to customer education technologies, impact on life insurance. I'm Patti Harman, Editor in Chief of Digital Insurance, and I'll be your host today. Technology is significantly changing the life insurance space for policy holders and brokers. It's expediting the underwriting process in new ways, such as compiling and assessing data from multiple sources to allow policies to be tailored to a client's needs. And it's also expanding the educational opportunities so customers can utilize their policies as part of a larger financial planning process to better protect their loved ones for the future. Joining me today to discuss all of this and more is Brian Carey, Senior Director of Insurance Solutions at Equisoft. Welcome, Brian.

Brian Carey (01:02):
Hi, Patti. Thank you. Nice having me.

Patti Harman (01:04):
Thanks so much for joining us. So Brian, we're seeing technology permeate every aspect of the insurance industry from underwriting to claims to risk management and more. Have you been surprised by how rapidly the industry has adapted and adopted many of these technologies?

Brian Carey (01:25):
Well, certainly if you look at the adoption compared to other consumer segments, I don't want to be incendiary on this, but the life insurance sector has been a little laggard here on technology adoption, even compared to PNC banking, other consumer segments in the financial space. And I think a lot of this has come down to how the consumers interact with the products and the value that companies see in investing in modernizing. But certainly there has been modernizations in the space and big digital transformations bringing in new digital platforms. So certainly it's beginning to catch up. And the innovation here is definitely catching, in particular with data, with being more automated in real

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time and really with ai, there's even more expectations to innovate even faster. So the industry as a whole certainly has some catching up to do in terms of the innovation cycles with AI coming in.

(02:36):

So if you think about the shelf life of a system that you would bring in three, four years ago before AI, you'd have maybe a six to eight year lifespan on that. Now with ai, the application life cycles are decreasing down to the months before obsolescence, and so the technologies are just evolving so quickly. So I think life insurers need to procure the systems faster, understand what the business needs are, maybe trying to not boil the ocean with big problems, maybe trying to take pieces of a problem and really try to go after high value business processes here. And that's really where there's opportunities with new systems that are on the market today with being more modular and everything with how we can do these transformations.

Patti Harman (03:29):
That kind of leads into my next question because I agree in terms of covering the industry that life insurance has been a little bit slower than maybe some other lines of business to adopt technology, but I'm wondering if there are certain areas in the life insurance space where you've seen them maybe adopt technology or new systems a little bit more quickly, whether it's underwriting or pricing policies, those sorts of things.

Brian Carey (03:57):
I would say underwriting, certainly from a historical perspective, and this is driven mainly by the reinsurers in the space who offer these underwriting engines. And they are complying with, they're making the life insurers having to comply with their underwriting rules engine. And that in turn is doing a lot of the automation for them with evaluating risk ordering requirements and kind of black boxing, the underwriting process. And this in turn has created a more expedient, I guess, underwriting process there. But this is where you have the biggest drop off with customer engagement when you're buying a new policy, you have the application, the underwriting, bringing in money and getting the policy in force. Well, it's going through those underwriting steps. So what as an industry has there been a lot of progress here to cut down on that? I think some of this is the products themselves, the more simplified risk products being issued today, they don't need to go through these big extensive underwriting cycles.

(05:03):

You can do some knockout questions, you can order your medical evidence, you can evaluate that risk in real time. So even without going through these underwriting engines, certainly there's possibilities there. And another angle here is customer engagement. So it's having these digital experiences for both like a portal experience maybe for agents or electronic applications, having digital experience in place for the other customers who are agents because they're another critical customer segment here in this space. Being able to serve them and make it easier to do business with agents, especially in independent channels, they have choices of where they write policies. So you need to have a good platform and be able to serve them. So even if a company hasn't gone through that extensive modernization on the backend, there are some cosmetic things that this can bring to the digital experience to help with the underwriting and also with the agents and that they all kind of relate with each other here.

Patti Harman (06:08):

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And you're right about agents and brokers being an important aspect of that customer ecosystem, but what kind of impact is all of this technology having on policy holders then and prospective customers? Are they excited about it? Is it making a difference? Or maybe they haven't been affected yet. I

Brian Carey (06:32):
Mentioned black Box in another context a minute ago, but this is eliminating a black box there where they're gaining visibility into this process. So if they need an a PS report from a doctor, maybe if the insurance company has the right portal set up, they could be getting that communication in real time, following up with the doctor. At the same time the agent's following up, let's get that app written. And so for example, maybe having a pizza tracker, an air to see where the app is sitting and underwriting and being able to do this digital real-time servicing of policies to do all the things that you'd have to submit paper to do. Nobody wants to fill out a billable PDF, print it out, put it in the mail. No one wants to do that anymore. They want digital experiences. So our customers insurance companies need to be equipped not just from a tech standpoint but also a legal standpoint to handle these more frictionless experiences.

Patti Harman (07:35):
Right. That's so true. You're right about complying with the legal and other regulations and that sort of thing. Are you finding that customers are comfortable with this increased use of technology? And are there some who might be better to adapting to it than others?

Brian Carey (07:55):
Well, I think whether they realize it or not, they are benefiting from this when they do need to engage with a company who's done this modernization. Now they have their call center staff reserved for these high value client interactions and touch points. They're automating key parts like submitting a Benny change or an address change or assignment change. These are all things that could be done with automation in place. So you're improving customer experience with customers, want to engage on digital self-service, but also for that human touch, being able to have visibility into the process. So even if it's definitely more of a bifurcated customer segment here too, especially with the types of products that are being sold, you have the senior market with the final expense and pre-need products. That's a big market right now. You have annuity products you have, and then the traditional life segment. These are all serving at different customer bases at different points of their life. So you need kind of this omnichannel experience from a tech standpoint to be able to bring in the business to be able to interact with the technology. But I think that the companies who've really, really know who their customers are, they're focused on their customer, what do they actually need? They're talking to their agents, they're talking to some policy holders, they're getting good information about where the real needs are. So even though they might be selling these more commoditized products, they understand their unique niches that they fill in the market and really strategically where it can invest and also where tech can help. So it's definitely not a threat because again, tech in the life insurance space is a laggard here. So they don't have to be trailblazers here. They just need to do it well enough.

Patti Harman (09:57):
Well, and it can make a huge difference in terms of allowing them to bind policies faster and find information that they need that would've taken so much longer before. And to me, those are all good things because that just improves your customer service and makes your customer happier. So from that perspective, it's good. Are there certain areas in the life insurance space where adoption is making a huge impact? And I'm thinking about this in terms of health monitoring or even the increased use of IoT technology or chatbots, and even in educating your customers now so that they have a greater understanding of how life insurance can be used as a financial tool as well as what types of coverage and that sort of thing.

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Brian Carey (10:49):
Absolutely. And the first one that comes to mind here is the famous John Hancock Vitality program where they're doing the health monitoring through IoT. And this is very interesting. It's innovating these traditional products here and changing the engagement model for the customers where before you would buy your term product or whole life product and put it on EFT and forget about it, and your agent is off working on other business, they're not getting the renewal commissions either to care enough. But now this is kind of shaking it up a little bit, and I like that. I want to see more of this in this space. And the companies need and have the right systems in place to handle this. You need to have an API layer. You need to have the right automation in place. You need to have the right tech enablement from a policy admin perspective, all ships rise with the tide here.

(11:49):

So yes, each one of these in a silo definitely important. But when you look at the journey here, I like the ongoing customer engagement model for life insurance. So it increases the likelihood of an upsell or maybe a term conversion or maybe, oh, I need to buy an annuity now. So how can we keep customers on the hook here? But these days, these things are certainly more of the exception and not the norm right now. But again, we're seeing more and more interest in here where we just were working with a company last year who had a UL product that converted into a long-term care product at age 65. So as your life, the needs in your life change, so does the product. I thought that was very interesting and innovative. So we were able to work with them and help them with that solution.

Patti Harman (12:43):
Oh wow. That is really interesting because you're right, as you age, what you need or what you thought you needed before does change, and that's really pretty exciting. Just a quick note for our audience. If you have any questions, put them in the chat and we will answer those at the end of this webcast. So my next question, Brian, is as companies utilize more technology as part of their daily business operations, what factors should they keep in mind for a successful implementation? From the customer perspective,

Brian Carey (13:20):
As I mentioned before, they need to know who their customers are. They need to have their customers modeled out. They need to keep the customer in focus with every decision that's being made in the transformation. Otherwise you're just making decisions to make decisions and you're going to end up spending money and good money after bad money. And this is where you get long more protracted implementation cycles in your programs. Let's focus on that and really have strong governance and product ownership. From the insurance company standpoint, having good successful pos, they're talking to the customers, they know the products. How can we keep these two things very much in focus for successful implementations? The tech is the tech at the end of the day. It's all these soft things around change management and everything else, making sure the employees are buying in to why the digital transformations need to happen. All these things in turn help the customer.

Patti Harman (14:27):
Okay. Are there common mistakes that you see people make then when they're considering some sort of technology adoption, like, oh, we're going to use chatbots now because that'll make it easier and for us to communicate with our clients or whatever it is. Are there certain things where you've seen just some missteps or mistakes or things that could have been done better or more easily?

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Brian Carey (14:53):
I'd say the biggest one is not being data ready and drilling into that a bit more specifically, there's two things there. One is the data in the legacy platforms, yes, you could maybe put a Band-aid on your digital transformation and greenfield and new policy administration system, but if you're not retiring or don't have plans to retire the legacy system, then you're creating little anchors in your company that are going to be preventing you from really being able to truly digitally modernize. And another aspect of that is a data warehouse. So in that transition period, and even from a go forward perspective, having a good data warehouse strategy in place, so in that transition you're maybe having two paths or multiple platform policy administration systems in place, aggregating that information together, sending out common extracts, common feeds, common insights out to your stakeholders. So data readiness is super important.

(16:02):

And also I think a lot of companies are really evaluating vendors specifically on price and look at culture fit, look at the business need, look at the products that these vendors are offering and see how that fits your business. And you'd really be surprised how far that can go. I'd say from an agile procurement perspective in there, and like I mentioned before, getting that employee buy-in is super critical here. If this is a top down initiative that is forced on the employees, they're going to resist this and they're not going to be buying in or engaged or motivated. So having the employees, product owners, people who understand the business as part of the digital transformation, not only from that perspective but empowered with the day-to-day decision making, that is super helpful as well. And that's really where you get the best decisions that are made in a project.

Patti Harman (17:04):
Are there certain challenges that come along with this increased adoption of technology? Just to keep on, and you mentioned getting the buy-in from employees. Is there anything else that companies should be watching then?

Brian Carey (17:18):
Sure. So I mentioned this a few minutes ago, but it's setting your tech up to be omnichannel and understanding that there's still a large chunk of paper business being done and you don't want to take that away from your agents. You want to make it seamless to automate that paper with maybe AI technologies that you could do now, but also understanding that the agent workforce is changed and also it's different for different customer segments. So the technology needs to be able to support both and Dawn in a way that's kind of future-proofed.

Patti Harman (17:55):
Okay. Interesting that you had mentioned it being futureproof. As their companies are making all of these changes, is there a way to kind of help their customers, whether it's their internal customers, their agents and brokers or their policy holders outside? Is there a way to help them become more comfortable with this increased use of technology?

Brian Carey (18:19):
Yes, but good technology is not going to get in the way here. It's going to help them, and especially with some of these more complicated products that are out there, it's going to help the agents understand how to sell them better. It's going to help the policy holders or applicants understand why they need to buy the products. So it's taking rather complex products and riders and say a R product, why do you need the MVA or why do you need a paid up additions rider on a whole life policy? What's the dividends? Why is that important? Why do I want to invest in a whole life product and not just invest a difference with term? All these things can now be explained better to both audiences. Tech will help with that, but certainly adoption. So that's one of the challenges there is adoption here. So companies could

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☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

invest in these technologies, but maybe the workforce isn't using them, maybe they're not getting access to the information at the right point. So I think it's as much the technology, but the heuristics of the technology and understanding how it's used and when it comes into play.

Patti Harman (19:30):
Okay, that's good. So we've covered a lot over the last few minutes or so. Is there anything that I haven't asked you that you think our audience should know about adopting technology in the insurance space?

Brian Carey (19:45):
Yes, and we had spoken about this a little bit in the beginning with AI coming in and around the tech cycles shrinking on your apps. So it's the need to go faster there when you're making a buy or purchase. But also, I am a bit controversial when I say this, but it's planned obsolescence and because the tech is evolving so quickly here in this space, that needs to be part of the journey. So how can you still achieve the business value that you want? And then also understanding that the carpet is kind of being pulled out from under you every month. And I do a lot of hands-on with ai, and I'm working on these projects and you hit a bit of a roadblock and then all of a sudden I'm like, oh, I wait a month. And I see that one of the big vendors in the space right now has introduced that technology, and I can't wait to get back in there and get my hands on it to really see if it's solving the problem that I want.

(20:50):

And so these evolutions are happening very fast now. So definitely being able to speed up and it's getting out of the niche area as well. So especially talking about the ai, it's not just a chat bot. There's so much that could be done from ai, from an organizational efficiency standpoint, products in terms of the products that you're working on, even some of the new technologies that are out there with ag, agentic ai, how can we automate some workflows? How can we automate some customer interactions and not make it look like an ai? Sometimes you can really tell how can we take some of these niche things that are being developed and look at a business strategy for how this tool can be introduced. So those are the big focus right now on the industry and as a tech company, we're very, very much focused on that as ourselves. So it's very exciting

Patti Harman (21:50):
When you look at everything that's going on in the industry these days. What excites you the most about the technology transformation or the use of AI within the life insurance space? What do you look at and you're just like, wow, I never thought we would be here. But the implications for this are just so far reaching.

Brian Carey (22:13):
I think it's the fact that we can do seemingly mundane things very quickly, and it's almost becoming second thought to be able to do an instant issue on a policy and get the policy bound, get the commissions paid out within 24 hours, or even on a funeral product, being able to get the commission paid out to the funeral home in 24 hours, being able to serve the customers and really help them understand why they bought these products to begin with. It's around customer service. So I think that's the excitement here is seeing the true business value that's come out of the platform transformations that we've worked on and being able to do some really cool and innovative stuff. So I really, really am excited for this next chapter here in the industry where like we were talking about earlier with some of those unique products and what else could be done here in this space to innovate and challenge the status quo for insurance distribution and the engagement around life insurance.

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(23:16):

So that's what excites me here, and the tech is enabling that right now. And the fact that the tech is becoming more modular too. So APIs help with a lot of this. You don't need this overall ecosystem type platforms. You can go best of breed now. You can select companies for what they're really good at. And so it's not a one size fits all. Yes, being able to do that for some companies is super important, but being able to be modular, being able to be quick and agile in the transformations and these efforts, it's all helping with that. And my excitement too.

Patti Harman (23:58):
Oh, I agree. I think the ability to be flexible, and as you said agile, that makes a huge difference today because if you look at what policyholders and customers want, we all want the Amazon experience where we know what's going on. We know when our package is arriving, we know how much it's going to cost, all of those sorts of things, and that information is at our fingertips. And so I think with the use of technology in this space, it's really changing it a lot.

Brian Carey (24:26):
Sure, you can look at the average sales cycle that we have, say for a policy admin implementation, 12, 18, 24 plus months to select a vendor. It's crazy and it needs to go faster. The tech is changing so quickly.

Patti Harman (24:45):
Yes, so true. Thank you so much, Brian for joining us today and for sharing your insights on how technology is transforming the different areas within life insurance. I also want to thank our audience for joining us today. Please join us for our next transformation forum in October when we look at new and emerging cyber risks. I'm Patti Harman for digital insurance, and please enjoy the rest of your afternoon.

Brian Carey (25:10):
Thank you Patti, and thank you everybody.

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