

CAFII ALERTS WEEKLY DIGEST: October 21-25, 2024

October 25, 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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OTHER CAFII MEMBER-RELEVANT NEWS

Critical Illness Insurance: Flexibility Is Key To Sales Success

By Alain Thériault, Insurance Portal, October 25, 2024

In the October 2024 issue of the Insurance Portal, sources predicted that critical illness insurance could make inroads with younger generations. In particular, many Gen Z individuals have no partners or children. Because of this, living benefits products could take precedence over life insurance for their protection needs.

Together with Millennials, Gen Zers form a population that also places a high value on flexibility, especially at work, as revealed in the 2024 Deloitte survey of over 22,800 respondents in 44 countries, of whom 14,468 were Gen Zers and 8,373 millennials. These young people place flexibility and work-life balance at the top of their priorities. At the same time, they continue to worry about the future. The cost of living remains their main concern.

Read full article (subscription required): <https://insurance-portal.ca/life/critical-illness-insurance-flexibility-is-key-to-sales-success/>

How Are Canada's Life Insurance Performing

They Remain Sensitive to Interest Rates

By Rod Bolivar, Insurance Business, October 24, 2024

https://www.insurancebusinessmag.com/ca/news/life-insurance/how-are-canadas-life-insurers-performing-511095.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20241024&hsenc=p2ANqtz-1rCfYaUv5hpFxKFBnWWUZpZY6Zc2pHncmR38bISEvT2UykoFEb3Is29STSqp-IR0R1iS-lkc-UCN0ixPelXChO1GwLQ&hsmi=330645027&utm_content=&utm_source=

Canada's life and annuity (L/A) insurers reported solid operating results in 2023, driven by strong investment returns and increased demand for products like participating whole life and fixed-rate annuities.

According to the Life Insurance Marketing and Research Association, life insurance annualized premiums rose 4% to CA\$1.86 billion from product line sales in both Canada and the US. This growth was supported by technology-driven business models that enhanced access to customer data.

However, industry experts have noted that the performance of insurers remains sensitive to interest rate movements. While the industry has successfully hedged some of this risk, ongoing monitoring of changes in rates and commercial real estate portfolios is essential.

Despite these challenges, Canadian L/A insurers are financially stable, with strong balance sheets, high regulatory capital, and excess deployable capital.

Credit impairments have been limited, though analysts warn that the industry continues to monitor risks associated with economic uncertainty. Insurers remain focused on managing both current and emerging risks through enterprise risk management programs. This preparedness positions them well to navigate changing market conditions.

The transition to IFRS 17, the new international accounting standard, impacted reported earnings. Industry data reveals that pre-tax operating income for 2023 was CA\$14.9 billion, a figure comparable to pre-IFRS 17 results from 2018 to 2020.

However, restated 2022 earnings fell significantly from CA\$15.7 billion to CA\$4.4 billion due to IFRS 9 transitional impacts, with Manulife's earnings notably affected, declining from CA\$7.2 billion to a CA\$2.0 billion loss.

Net income for the sector in 2023 amounted to CA\$13.3 billion, aligning with pre-IFRS 17 results of CA\$12 billion to CA\$12.6 billion from 2018 to 2020.

Group life insurance led insurance revenue, reporting just under CA\$25 billion, followed by individual life insurance with over CA\$13 billion. Annuity business revenue was CA\$4.5 billion for group and CA\$2.8 billion for individual policies.

Financial reports also highlight that insurers with exposure to Asian markets experienced improved performance in 2023, as COVID-19-related restrictions were lifted. The Asian market, typically marked by higher growth rates, is expected to continue this positive trend barring any external disruptions.

Canada's L/A insurers maintained strong capital positions, with Life Insurance Capital Adequacy Test (LICAT) ratios exceeding regulatory targets. According to AM Best, these positions were further supported by solid core earnings and minimal investment impairments.

Insurance Industry Grapples With Drop In Penetration In Mature Markets

By Kate McCaffery, Insurance Portal, October 18, 2024

A new and extensive report from the Capgemini Research Institute says the life insurance industry is struggling to meet customer experience expectations, with legacy technology being a major barrier to meaningful change.

The World Life Insurance Report 2025 found, however, that best-in-class life insurers who deliver quantifiably outstanding customer experience enjoy 38 per cent higher Net Promoter Scores (NPSs) than their mainstream counterparts, an 11 per cent lower expense ratio on average and six per cent higher revenue growth than the rest of the industry in the past three years. They add that 67 per cent are ready to leverage generative artificial intelligence (AI) to innovate the policyholder experience and optimize operations.

The report advocates for insurers to craft intelligent policyholder journeys, promote policyholders' financial wellness, reimagine the customer experience, leverage generative AI and simplify and modernize IT architecture.

Read full article (subscription required): <https://insurance-portal.ca/life/insurance-industry-grapples-with-drop-in-penetration-in-mature-markets/>

Nearly A Quarter Of Canadians Work In The Gig Economy: Poll

Labour Researchers Says It's A Sign Traditional Jobs Might Not Be Keeping Up With Financial Pressures

By Isaac Phan Nay, CBC News, October 08, 2024

<https://www.cbc.ca/news/canada/british-columbia/securian-canada-gig-work-poll-1.7340681>

Food delivery workers accounted for eight per cent of respondents to the poll conducted by insurance provider Securian Canada.

Many Canadians are turning to gig work to supplement their income and meet the rising cost of living, according to a new report assessing their insurance needs from insurance provider Securian Canada.

The poll conducted in collaboration with the Angus Reid Institute found that nearly a quarter of respondents participate in gig work, defined as short-term jobs or tasks that do not guarantee steady work.

Many say they're taking on the extra work on top of a regular job to meet the rising cost of living. Researchers say it's a sign that some traditional jobs aren't keeping up with financial pressures while the job market shifts to favour more short-term gigs and contract work.

Cheryl Loh, a freelance graphic designer based in Vancouver, said she kept up with the cost of living by leaving the traditional workforce to offer graphic design services on a project basis.

"I get to determine how I spend my day, and there's no limit to the income I want to make," Loh said. "It's all up to me."

Loh said she first joined the gig economy to launch a passion project — she designed a line of greeting cards, which she sold in her spare time.

"In the beginning, it was very much just for fun," she said. "There was no pressure on it being a full-time income."

During the pandemic, Loh said she shifted gears. Her greeting cards took a backseat to freelance graphic design work, which she says is not her primary source of income. Now, instead of a regular salary, she works with clients who pay her for each project.

While she might not have the same stability as a full-time job, Loh sets her own rates and hours and gets to choose what projects she takes on. She estimates she makes more than she would at a regular full-time job.

"It's very difficult for me to imagine going back to a traditional job because I feel like I have so much more ownership of my time," she said.

Loh is one of millions of Canadians Securian estimates is participating in the gig economy.

The Canadian gig economy

Statistics Canada defines "gig workers" as those who enter more casual work arrangements with employers, like short-term contracts or agreements to complete specific one-off tasks.

Often, it happens through apps, including ride-hailing and food delivery services.

Securian surveyed 1,515 Canadians in the Angus Reid Forum and asked how many earn income "outside of standard, employer-employee relationships," which it gives as a broader definition of gig work.

"This is a rapidly emerging segment of the workforce that isn't well understood," said Nigel Branker, the chief executive officer of Securian Canada.

The survey found younger workers are more likely to participate in gig work, with 30 per cent of respondents between the ages of 18 and 34 participating in the gig economy.

About 23 per cent of respondents between 35 and 54 said they were gig workers. Of respondents over 55, only 16 per cent said they participated.

Racialized people are more likely to be gig workers than white people, the survey found. Of the Canadians surveyed, 32 per cent of racialized respondents participated in the gig economy, while 20 per cent of white respondents were gig workers.

A second survey asked 505 Canadian gig workers about their employment.

Of gig workers, it found 30 per cent offered specialized services like consulting or photography, 26 per cent sold items on Amazon or Etsy, and 21 per cent offered freelance services like graphic design or tutoring.

Food delivery workers accounted for eight per cent of respondents, and ride-hailing drivers for three per cent.

'Feeling the pinch'

Branker said he was surprised how many gig workers also had traditional jobs.

More than half of respondents said they're taking on gig work on top of a traditional full-time or part-time job.

About a third of gig workers surveyed said they need the work, despite 44 per cent making more than \$100,000 per year.

Sylvia Fuller, a labour market researcher at the University of British Columbia, said the survey sheds light on how people are feeling the rising cost of living.

Skip the Dishes, parent company laying off hundreds of employees in Canada

"Even folks that are earning incomes that we would have thought would be more than sufficient in previous times are really feeling some financial stress and feeling the pinch," she said.

While workers are turning to freelance or contract jobs to supplement their income, Fuller said it's employers who are driving a larger shift toward gig work.

She said employers have been less inclined to hire permanent workers, who come with costs, like benefits or pensions.

"There's been this attempt to reclassify workers either as temporary workers or as self-employed independent contractors so that employers don't need to bear responsibilities to workers," she said. "This is really an employer-driven phenomenon."

More Than Half of Gig Workers Rely on Supplementary Income; Rising Costs Drive Many To Seek Additional Employment

New Data From Securian Canada Reveals That Many Gig Workers Are Uninsured or Underinsured, Leaving Them Financially Vulnerable

By Securian, October 8, 2024

A new research report, [Behind the Gig: Securian Canada Insights](#), reveals that nearly one-quarter of Canadians (22%) – or approximately 7.3 million adults – are participating in gig work of various kinds across the country. According to the survey, conducted in collaboration with the Angus Reid Institute, most Canadian gig work is done out of financial necessity, with more than half of gig workers (57%) relying on this type of work to supplement their primary income.

"In today's job market, the gig worker community is remarkably diverse, as is the type of gig work available," said Nigel Branker, Chief Executive Officer, Securian Canada. "Our data shows that gig workers are often financially vulnerable, raising concerns about the long-term financial security of this emerging segment of the workforce."

According to the data, Canadian gig workers are creative in the ways they participate in gig work, including 30% of gig workers participating in specialized services like photography and consulting, 25% participating in online commerce, and 21% participating in freelance digital services such as tutoring and graphic design.

Economic pressures are driving gig work in Canada

Despite the size and scale of Canada's gig economy, the data also brings attention to the primary drivers behind this type of work. While one-quarter (26%) view their gig work as a hobby, the majority see it as a necessity. More than half (57%) of gig workers rely on this type of work to supplement their primary income, equivalent to roughly four million people. Nearly three-quarters (73%) of all gig workers are either employed full-time or part-time outside of their gig work.

The most common reason Canadians are engaging in gig work is the increased cost of living, cited by nearly one-third (31%) of gig workers. For most, gig work generates a small but necessary proportion of income, with gig workers reporting that this income stream accounts for just 15 per cent of their total income, on average.

Financial vulnerabilities compounded by lack of insurance

In addition to needing supplementary income, gig workers also face other financial vulnerabilities. Notably, many gig workers are uninsured or underinsured. The data shows that when asked if they have certain types of insurance, such as life, health and dental, critical illness or disability, nearly one-fifth (18%) of gig workers said they do not have insurance.

Among those who rely exclusively on gig work as their only source of income, 50% said they do not have insurance. Further, uninsured gig workers are more likely to have a higher proportion of their income coming from this type of work, compounding their financial risk. Among gig workers who have insurance, almost six in 10 (57%) rely on insurance coverage provided by someone else, placing their financial security outside of their own hands.

"The economic climate in Canada continues to introduce new challenges and gig workers are finding themselves in a particularly vulnerable state," said Branker. "As the nature of gig work and the income it generates is often unpredictable, insurance is an important tool and can truly be a financial lifeline in times of need. Eliminating barriers, including offering digital-first solutions, is critical to improving access."

Bridging the insurance divide

Despite worryingly low levels of insurance adoption among gig workers, most gig workers recognize insurance as essential. Among those with insurance, protecting family and loved ones was cited as the top reason for having insurance, followed by safeguarding against costly expenses. Even among uninsured gig workers, most believe that insurance is necessary (86%) and see value in it (78%).

"Insurance should be a critical component of Canadians' overall financial plans, helping to protect against unexpected costs and secure families' futures," said Branker. "Canada's gig economy isn't going anywhere. We look forward to continuing to work with our partners to develop efficient products that help remove barriers, meet today's Canadians where they are, and empower them with better financial protection."

Securian Canada is committed to supporting the financial futures of all Canadians and their families, through innovative, digital-first insurance solutions.

About *Behind the gig: Securian Canada insights*

These findings are based on two separate surveys conducted by Securian Canada from June 11 to June 18, 2024. The first study surveyed a representative sample of 1,515 Canadians, all members of the Angus Reid Forum to determine participation rates in the gig economy. The second study focused on a sample of 505 Canadian gig workers, who are also members of the Angus Reid Forum. Both surveys were conducted in English and French. For comparison purposes, a probability sample of this size would have a margin of error of +/-2.5 percentage points for the first study and +/-4.4 percentage points for the second study, 19 times out of 20.

Have You Avoided Travel Insurance And Regretted It? We Want To Hear From You

A Woman Carries Her Luggage Down The Stairs At The International Airport In Frankfurt, Germany

By Charlie Buckley, CTV News, September 30, 2024

<https://www.ctvnews.ca/lifestyle/have-you-avoided-travel-insurance-and-regretted-it-we-want-to-hear-from-you-1.7056958>

It's no secret that it's costly to go abroad.

Tickets, visas, exchange rates, baggage allowances, airport taxis, the dreaded layover meal that you could swear was half of the price just outside the terminal... Seeing the world can be the adventure of a lifetime, but it's rarely kind to the pocketbook.

So, as your cursor hovers over the "confirm booking" button for your next excursion for business or pleasure, it's natural to second-guess something as abstract as your travel insurance.

After all, what's the worst that could happen? Surely, it's reasonable to explore a foreign country without illness, injury or mishap, right? Is some peace of mind worth the extra cost?

Then again, you never expect it to happen to you.

Travellers have told countless stories of lost or damaged cargo, including vital items like medications or wheelchairs. Others have been stranded due to cancelled flights, left with no choice but to front the costs associated with an unexpected detour or extended stay.

Perhaps most disruptive, some have encountered sudden health issues abroad, resulting in medical bills in the tens of thousands of dollars at a time when they should be focused on their recovery.

One such case is that of transatlantic traveller Colin Crane, of Edmonton, who was in Uganda this spring for what was supposed to be a brief work trip. After contracting malaria, a life-threatening illness commonly spread via mosquito bite, he soon found himself awaking from a coma in a Kampala hospital, slowly recovering as bills began to mount, and with no insurance plan to cover them.

CTV News reported that he was still in Africa last week, staring down a \$30,000 medical bill that will only grow until he can leave the hospital. After that, he'll have to raise the funds to pay it — or enter into a payment plan starting with half the total value.

Colin Crane says his story is a cautionary tale: don't travel without adequate insurance. He says a short trip to Uganda turned into a months-long, costly hospital stay. (Image courtesy: Colin Crane)

With months more recovery ahead of him, Crane said he's been trying to maintain a positive outlook, but also that he hoped his story can serve as a warning to seek insurance for international travel.

Do you have a similar cautionary tale? Have you been caught in a bind, far from home, that could have been avoided with the timely purchase of an insurance package?

Ever cut costs on coverage, but then miss an expensive flight, find yourself at the mercy of an unfamiliar medical system or learn — to your horror — that you arrived in one far-flung corner of the world, and your luggage ended up somewhere else?

Or maybe you thought you were covered, only to find out the hard way that your policy didn't address what ultimately went awry?

We want to hear from you.

Share your story by emailing us at dotcom@bellmedia.ca with your name, general location and phone number in case we want to follow up. Your comments may be used in a CTVNews.ca story.

UPCOMING CAFII RELEVANT WEBINARS & EVENTS; AND RELATED EDUCATION CONTENT

Insurance Council Of BC 2024 Regulatory Update

https://us06web.zoom.us/webinar/register/WN_z3kCcqi8QbqqFftduWmG2Q#/registration

When: October 28, 2024

Time: 12pm-1pm PDT

Where: Zoom

Please join us for the Insurance Council of BC 2024 Regulatory Update. During this event our recent Chair Donna Thorne (2023-2024) and CEO Janet Sinclair will provide an update on our regulatory activities, priorities for our organization, key

initiatives of interest to our licensees, and what we are planning for the future. Stay informed about important topics, such as:

An overview of regulatory activities and trends from 2023/2024; such as updates to Council Rules, new Insurance Council courses and more;

- Updates on major initiatives such as the Restricted Insurance Agency Licensing for sales of incidental insurance, general insurance competency and qualification standards framework, and our research on emerging technology in the insurance industry;
- Trends and analysis from our audit program and how we are using this information to develop effective regulation and support licensees.

Please note this informational session is not eligible for CE credit.

[Register Here!](#)

Space is limited, so secure your spot now!

Reminder emails, including the link to join the webinar, will be sent prior to the event. If you are unable to attend, please cancel your registration to allow others to use the space.

If you have any questions about the event or registration, please contact events@insurancecouncilofbc.com.