

## **CAFII ALERTS WEEKLY DIGEST: October 28 – November 1, 2024**

November 1, 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**

## OBSI Becomes Sole Banking Ombudsman For Canadian Customers Of Federally Regulated Banks

*By Ombudsman for Banking and Investment Services, November 1, 2024*

[https://us4.campaign-archive.com/?u=280084084d6ba4b1d5b5a5c27&id=169eac1e49&utm\\_source=ENG+Internal+Firm+Contacts+%2B+Stakeholder+List+Combined&utm\\_campaign=169eac1e49-EMAIL\\_CAMPAIGN\\_2019\\_07\\_16\\_07\\_04\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_869e02c60a-169eac1e49-154106789](https://us4.campaign-archive.com/?u=280084084d6ba4b1d5b5a5c27&id=169eac1e49&utm_source=ENG+Internal+Firm+Contacts+%2B+Stakeholder+List+Combined&utm_campaign=169eac1e49-EMAIL_CAMPAIGN_2019_07_16_07_04_COPY_01&utm_medium=email&utm_term=0_869e02c60a-169eac1e49-154106789)

Toronto, November 1, 2024 – Starting today, the Ombudsman for Banking Services and Investments (OBSI) will serve as Canada’s sole, designated External Complaints Body (ECB) for banking. From today, OBSI will be accepting complaints from consumers of all federally regulated banks. This decision, made by the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, streamlines the complaint resolution process for consumers across the country.

The selection of OBSI followed a fair, transparent and competitive application process in 2023. By establishing a single ECB, the government replaces the previous multiple-ECB model, which was considered less efficient, confusing for consumers and inconsistent with international best practices. This change addresses inefficiencies and complexities faced by consumers when escalating banking complaints, as highlighted in the Financial Consumer Agency of Canada (FCAC)’s 2020 Industry Review: Operations of External Complaints Bodies.

“We are pleased to welcome National Bank of Canada, Royal Bank of Canada, Scotiabank, Tangerine Bank, and TD Bank as participating firms,” said Sarah Bradley, Ombudsman and CEO, OBSI. “This transition will reduce consumer confusion and enhance the effectiveness of complaint handling for transitioning banks and their customers.”

OBSI has proactively prepared for this transition by collaborating with transitioning banks and the FCAC. Since the designation last year, OBSI has engaged in a comprehensive process of planning and preparation. In advance of the transition, we have undertaken significant internal improvements, including:

- Workforce growth
- Operational efficiencies development
- System and process improvements

As a result, OBSI is fully and well prepared to meet the needs of all consumers and Canadian banks starting today.

With the consolidation of banking complaint handling under OBSI, the organization will be responsible for providing ombuds services to all federally regulated Canadian banks. OBSI currently has more than 1,500 participating firms, including banks, trust companies, and credit unions, as well as virtually all investment firms across Canada.

## OTHER CAFII MEMBER-RELEVANT NEWS

### How Can Employers Better Support Women In The Workplace?

#### *New Manulife Report Offers Insights*

*By Terry Gangcuangco, Insurance Business, October 30, 2024*

[https://www.insurancebusinessmag.com/ca/news/life-insurance/how-can-employers-better-support-women-in-the-workplace-511840.aspx?hsmemberId=83982452&tu=&utm\\_campaign=&utm\\_medium=20241030&hsenc=p2ANqtz-8JEPruXoFz1Ls7pMwAmjAU6wOFEv-laFWUR1-Z3wfV3CU5yzt61tkSiPDK5GdKq6poeZqGqfGdDvB3V4WC0vwzp4kIQ&hsmi=331542517&utm\\_content=&utm\\_source=](https://www.insurancebusinessmag.com/ca/news/life-insurance/how-can-employers-better-support-women-in-the-workplace-511840.aspx?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20241030&hsenc=p2ANqtz-8JEPruXoFz1Ls7pMwAmjAU6wOFEv-laFWUR1-Z3wfV3CU5yzt61tkSiPDK5GdKq6poeZqGqfGdDvB3V4WC0vwzp4kIQ&hsmi=331542517&utm_content=&utm_source=)

Manulife Canada has published a new report addressing significant health issues faced by women in the workplace, including challenges around menopause, fertility, and postpartum mental health.

Produced in partnership with Cleveland Clinic Canada and the Centre for Addiction and Mental Health's (CAMH) womenmind initiative, the report drew on data from Manulife Group Benefits claims.

The report's findings shed light on the need for increased workplace support related to women's health, specifically on menopause. It highlights a 20.7% surge in the use of hormone replacement therapy (HRT) from 2020 to 2023, reflecting a growing acknowledgement of menopause-related health challenges.

Despite the increase, only 13% of Canadian women between 45 and 65 use HRT, often due to misconceptions about its safety. Meanwhile, according to data from the Canadian Menopause Foundation, 10% of women cease work due to symptoms such as depression and hot flashes.

"Menopause symptoms, like fatigue and memory issues, can significantly impact daily work life," remarked Dr Zubina Mawji, primary care physician and certified menopause practitioner at Cleveland Clinic Canada.

"By increasing awareness of hormone replacement therapy, we can ensure women get the tailored care they need to manage these changes effectively and to minimize the impact on their daily lives."

To help mitigate the impact of menopause in the workplace, the report suggests that employers consider more comprehensive drug coverage, flexible work arrangements, and open dialogue around menopause. These measures are considered helpful in reducing absenteeism, improving workplace wellness, and boosting the retention of female employees.

Another pressing issue highlighted is the increase in infertility-related stress. Fertility drug use has risen by 25.7% since the pandemic, and it's estimated that one in six Canadians faces infertility challenges.

However, the report indicates that only 10% of those enrolled in Manulife Group Benefits have coverage for fertility treatments. Expanding fertility benefits, it suggests, could provide meaningful support to employees navigating family-building challenges.

The report also addresses the mental health struggles that often accompany the postpartum period. According to Manulife's data, 15.1% of new mothers made mental health claims within six months of childbirth, with 42% seeking mental health support for the first time.

"Supporting women's health – whether related to menopause, fertility, or postpartum mental health – is essential for fostering a productive and inclusive workforce," stated Jenn Foubert, assistant vice president for health, well-being, and disability products at Manulife.

"Comprehensive benefits and flexibility can make all the difference in helping women thrive both personally and professionally."

Dr Liisa Galea, senior scientist at CAMH, added: "Supporting women's mental health during key life transitions, such as postpartum and menopause, is critical and too often overlooked. A comprehensive approach from employers is essential in fostering a healthy, inclusive workplace."

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## Friday Will Be A Day To Savour If You Think The Banks Have Too Much Power Over Customers

*By Rob Carrick, The Globe and Mail, October 29, 2024*

<https://www.theglobeandmail.com/investing/personal-finance/article-friday-will-be-a-day-to-savour-if-you-think-the-banks-have-too-much/>

Four of the big banks had an idea a few years ago to deal with pesky customer complaints.

Instead of using the long-standing Ombudsman for Banking Services and Investments, they would switch to a hand-picked alternative for their third-party dispute-resolution business. On Friday, this self-serving arrangement comes to an end. Muscled by the federal government, Bank of Nova Scotia, National Bank of Canada, Royal Bank of Canada and Toronto-Dominion Bank return to OBSI.

And what good timing. Bank-related complaints jumped over the past year at OBSI, which has more than 1,500 member banks, credit unions and investment companies. The biggest driver of banking complaints: fraud – a worsening problem that is giving the banks all they can handle and more.

OBSI, created in 1996, is where you go after you take a complaint to your bank or investment company and don't get a satisfactory response. If OBSI decides to investigate your complaint and finds in your favour, it can recommend compensation of up to \$350,000.

A criticism of OBSI is that it often doesn't rule for the complainant. But OBSI was tough enough that Royal Bank of Canada announced back in 2008 that it would use an alternative for-profit dispute-resolution service, with TD and others following later.

OBSI chief executive Sarah Bradley said these defections raised concerns about banks choosing their own dispute-resolution provider, even as they held most of the power in disputes with customers.

“It’s kind of like letting the home team pick the referee, in a sporting sort of analogy,” Ms. Bradley said in an interview.

The tipping point for banks leaving OBSI was Scotiabank’s 2018 departure, which prompted a Globe and Mail editorial saying that banks should not be able to pick their own dispute-resolution service. The federal government seemed to take a similar view as it announced in a 2019 fall economic statement that it would have the Financial Consumer Agency of Canada study complaint-handling in banking.

The FCAC’s report noted, as Ms. Bradley did, that banks resolve most complaints themselves. But it also said bank customers sometimes abandoned complaints because the process could be slow and hard to navigate when escalating beyond the first point of contact.

While noting areas for improvement in OBSI and the other dispute-resolution service used by banks, the FCAC also found flaws in having multiple third-party dispute-resolution services. These issues influenced legislative changes culminating with the Nov. 1 return of RBC, National, Scotiabank and TD to OBSI, as well as Scotia’s Tangerine online banking division.

One more criticism of OBSI is that its rulings are not binding on member banks and investment companies. “We’ve had a refusal from securities companies, but never from a bank,” Ms. Bradley said. “I would say that’s evidence that we’re able to get to what we consider fair resolutions on the banking side.”

OBSI’s work was until recently a more-or-less even split between banking and investment cases, with a 90-day goal for completing banking investigations and 120 days for investing matters. Ms. Bradley said banking now accounts for about two-thirds, partly because of regulatory rule changes aimed at reducing the number of complainants who gave up out of frustration.

The other thing driving the banking side of OBSI’s business is fraud. Ms. Bradley summed the problem up as fraudsters gaining access to bank accounts and transferring money out using means such as e-transfers and global money transfers.

Last year, 24 per cent of banking complaints to OBSI ended with monetary compensation that totalled \$921,294, with a median of \$500 a claim. Thirty per cent of investing complaints were resolved with compensation that totalled \$1.8-million, with a median amount of \$2,200.

OBSI’s banking cases thus far in 2024 have resulted in compensation of \$1.7-million, another sign of the rising tide of bank-related issues.

The plain truth of these numbers is that OBSI is no sure bet to resolve disputes. It sometimes accepts the bank’s version or determines that blame lies with the complainant for, say, not properly guarding their personal banking information against fraud.

But OBSI is still the equalizer for customers of banks and investment companies. Go to OBSI when you complain to a bank or investment company and get nowhere. Consumer enquiries received by OBSI in the third quarter alone totalled 4,001, which tells you a lot of people are in that frustrating position.

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## PartnerRe Whitepaper Highlights Decline Mortality Challenges In Life Insurance

### *AUW Programs Introduce New Uncertainties*

*By Kenneth Araullo, Insurance Business, October 28, 2024*

<https://www.insurancebusinessmag.com/ca/news/reinsurance/partnerre-whitepaper-highlights-decline-mortality-challenges-in-life-insurance-511547.aspx>

The rise of accelerated underwriting (AUW) programs in life insurance has brought new challenges to understanding mortality risk, particularly for individuals who were previously declined coverage under traditional underwriting.

According to a recent whitepaper from PartnerRe, based on data collected by Milliman, the absence of direct mortality data for these individuals has left gaps in accurately assessing their risk.

Ehren Nagel (pictured right), PartnerRe's head of actuarial innovation, US life, noted that the emergence of AUW, which eliminates the need for traditional requirements like physical exams and blood tests, has allowed individuals who were once uninsurable to obtain coverage and enter the insured mortality pool.

This shift has introduced new uncertainties regarding the shape and severity of risks associated with these individuals.

Nagel explained that decline mortality has been an underexplored area in the life insurance sector, primarily because the industry historically has not tracked outcomes for individuals without active policies. This lack of data has prevented comprehensive studies on the mortality of those previously declined for coverage.

Another challenge has been the use of traditional underwriting manuals, which focus on segmenting insurable risks and do not provide insights into quantifying risks beyond the insurable range.

Additionally, the life insurance industry's focus on refining segmentation within the healthiest 80% of applicants has diverted attention from examining thresholds for declinable risks.

### **Decline mortality**

The PartnerRe research suggests that mortality risks for previously declined individuals are more front-loaded compared to typical select period expectations, highlighting that traditional point-estimate scalars do not fully capture their risk profile.

While a 500% relative severity assumption for these risks may be suitable for long-duration life products, the impact can vary significantly for shorter-term structures.

The research further indicates that expected select mortality tables show lower mortality rates for females than males, making the relative impact of declinable risks more pronounced for females.

According to the whitepaper, the present value of mortality impact for these risks can range between 400% and 850%, suggesting that insurers should carefully consider how declinable risks affect pricing based on gender and product design.

Nagel stated that while the study provides a foundational analysis of declinable risks, it remains limited by a lack of direct data, relying instead on proxy approximations of traditional underwriting outcomes.

### **Life insurance strategies**

For life insurers seeking to better understand and mitigate decline mortality risk, Nagel emphasized the importance of adopting a data-driven approach. Improving data collection on declined applications and integrating this information into underwriting models can help insurers more accurately assess risk, potentially preventing adverse selection and enhancing portfolio performance.

Nagel suggested that insurers conduct regular audits of their AUW programs to quantify the effect of decline mortality on their portfolios. Continuous evaluation and timely adjustments to underwriting criteria can help insurers adapt to changing market conditions and improve risk management.

"As more data on decline mortality becomes available, insurers must remain proactive in refining their strategies, ensuring they can effectively manage this risk," Nagel said, adding that continuous learning and adaptation are essential to maintaining portfolio health.

The whitepaper concludes that further research into declinable risks is vital for the sustainability of AUW programs. PartnerRe advocates for an industry-sponsored study to provide a more accurate understanding of the decline risk pool.

Such research would support the ongoing improvement of life insurance distribution and the customer journey, helping insurers refine their approach to managing emerging risks.

"As a top-tier global life reinsurer, we continue to expand and develop our suite of mortality quantification and monitoring tools," Nagel said. "Our goal is to empower life insurance carriers to create data-driven, actionable insights around claim expectations and mortality slippage."

The findings underscore the need for the life insurance industry to address the uncertainties around declinable risks as AUW programs grow, ensuring that insurers can navigate these complexities and maintain the integrity of their portfolios.



## Reimagines Life Insurance With Fast, Affordable, Digital Solution

By Blue Cross, October 28, 2024

<https://www.newswire.ca/news-releases/blue-cross-life-reimagines-life-insurance-with-fast-affordable-digital-solution-817948503.html>

MONCTON, NB, Oct. 28, 2024 /CNW/ - Blue Cross Life Insurance Company of Canada (Blue Cross Life) is transforming the life insurance landscape with the launch of a new fully underwritten Term Life and Critical Illness Insurance offering. This groundbreaking product simplifies the traditionally complex and time-consuming process of securing life insurance. It leverages leading and tested technology from PolicyMe, a digital life insurance innovator. The result is a digital-first process that can be completed in as little as 20 minutes. With no paperwork, the possibility of no medical exams, and lower premiums, this solution is designed to remove the common barriers that make life insurance difficult to access.

"Our new offering is designed to address the key pain points that have historically discouraged Canadians from purchasing individual life insurance," said Tim Mawhinney, President & CEO of Blue Cross Life. "By offering an easy-to-use, fully online platform, Canadians can now get a personalized quote in seconds and complete the entire process in just three simple steps."

Whether you're securing new coverage or enhancing your current plan, customers can obtain financial security knowing their families are supported and protected during life's most sensitive moments.

In addition to ease of use, Blue Cross Life's Term Life and Critical Illness Insurance offers several key benefits:

- **Affordable Pricing:** By cutting out inefficiencies in the traditional application process, Blue Cross Life's Term Life Insurance offers market-leading rates that are on average 10 per cent more affordable than existing offerings in Canada.
- **Flexible Coverage Options:** Blue Cross Life offers customizable coverage durations, allowing you to choose term lengths up to 30 years. You can secure up to \$5 million in Term Life Insurance and up to \$1 million in Critical Illness Insurance, tailored to your needs.
- **Innovative Technology:** By digitizing the underwriting process, PolicyMe's platform reduces inefficiencies, and its advanced algorithms ensure accurate risk assessments—helping to lower premiums while maintaining comprehensive coverage, tailored to individuals' circumstances and needs.
- **Trusted Coverage:** Combining Blue Cross Life's established and trusted name with PolicyMe's cutting-edge technology, customers are assured of receiving high-quality protection with simplicity and ease. This seamless experience also offers optional access to licensed professionals, delivering personalized guidance to ensure everyone receives the right coverage tailored to their unique needs.

"Families deserve better options when it comes to life insurance, and we're excited to provide a solution that meets their needs at a lower price," said Tim Mawhinney. "By cutting out inefficient steps and automating the underwriting process, Blue Cross Life passes on savings directly to consumers."

In support of this collaboration, Blue Cross Life has provided \$15 million in equity financing to accelerate the ongoing development of PolicyMe's leading technology. "This investment is a key component of our shared strategy to deliver a modern, digital-first approach to life insurance," added Mawhinney.



"We're thrilled to be part of PolicyMe's journey and to collaborate towards providing Canadians with simpler and more affordable life insurance solutions," added Mawhinney. "Today's generation expects to transact digitally, and Blue Cross Life's fast, affordable digital solution is designed to meet that demand. Our direct-to-consumer approach makes it easier for Canadians to access the protection they need."

Currently, over 30 per cent of Canadians face a life insurance coverage gap, leaving many families unprotected in the event of a loss of income. This collaboration and new offering is making insurance comprehensive, affordable, and more accessible to every Canadian, regardless of where they live in Canada.

At a time when health, wellbeing, and affordability are among the most pressing concerns for Canadians, this new insurance offering is here to work for Canadians—not the other way around. The products are now live and available Canada-wide, ensuring that everyone has access to the coverage they need.

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## Desjardins Industry Adapts To Client Needs With Modular, Flexible Products

### *Digital Shifts Prompt Desjardins Industry To Strengthen Advisor Support Through Targeted Training*

*By Freschia Gonzales, October 28, 2024*

<https://www.wealthprofessional.ca/investments/life-and-health-insurance/desjardins-industry-adapts-to-client-needs-with-modular-flexible-products/387385>

According to Wealth Professional, Desjardins Insurance is adapting to shifts in the insurance industry, prioritizing personalized, flexible products and an efficient client experience.

With the rise of digital distribution, insurers must differentiate themselves in a market that demands 'seamless, no-hassle experiences,' particularly to meet evolving client needs and risks.

Desjardins Insurance vice president of Individual Insurance, Michel Martineau, explains that the company's focus remains on delivering value through tailored products that adapt over time. "The fact that we're here to support our clients is what gets me going in the morning," Martineau states.

The insurer's offerings include modular products like the critical illness insurance, which covers all types of cancer and unique cardiovascular procedures.

Martineau notes that advisors consistently value Desjardins' "approachability and responsiveness," with the company maintaining a human touch even as digital tools become essential in the industry.

Staying connected to client needs is central to Desjardins Insurance's approach.

Martineau highlights the importance of feedback from clients and advisors, saying, “Their needs are evolving quickly, and our role is to ensure that we remain responsive to those changes.

This commitment is reflected in products like the 5 Pay Participating Life Insurance, designed to meet the needs of clients approaching retirement by offering guaranteed premiums over five years.

Financial strength enables Desjardins Insurance to lead with innovation and adaptability. As part of a large group, the company has the resources to expand its product line, evident in moves like the acquisition of IDC Worldsource Insurance Network Inc.

“We’re not limited by the constraints smaller companies face,” Martineau says, emphasizing the advantages that financial capacity brings to their growth and market presence.

Desjardins has also invested in technology to streamline operations, focusing on “reducing friction in the sales process” and ensuring clients are protected quickly.

Martineau states, “Efficiency is critical in today’s market... We’re using technology to make things easier for both clients and advisors.” Alongside product innovation, Desjardins has built a strong feedback loop, consulting advisors and clients regularly to refine its offerings.

Martineau mentions that “improving distribution” is key, with insights guiding Desjardins to adapt its products to varied life stages rather than simply following market trends.

With a shifting advisor demographic, Desjardins supports both new and experienced advisors through initiatives like the Discovery and Masterclass Series webinars, equipping them to stay competitive.

Martineau underscores the company’s commitment to advisor growth, saying, “We believe in supporting them through education and resources that help them grow, not just as Desjardins Insurance partners, but as leaders in their own right.”