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CAFII ALERTS WEEKLY DIGEST: September 16 to September 23, 2022

September 23, 2022

The CAFII Alerts Weekly Digest is intended to provide a curated compendium of news articles, analyses, editorials, and opinion commentary on insurance, regulatory, business/industry/economic, and societal topics of relevance to CAFII Members – drawn from domestic and international industry trade press and mainstream media – to aid in Members' awareness of the spectrum of recently published media content in those areas. Inclusion of a news article, analysis piece, editorial, or opinion column in the Weekly Digest in no way implies CAFII's support or endorsement of the interpretations, analyses, views, and/or opinions therein.

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GOVERNMENT LEGISLATION AND STRATEGY NEWS

New Taxes On Banks, Life Insurers Could Generate $5.3B Over 5 Years: Parliamentary Budget Officer

By Nojoud Al Mallees, The Canadian Press, September 22, 2022

https://globalnews.ca/news/9148878/new-taxes-banks-insurers-pbo-report/

Proposed new federal taxes on some financial institutions could generate $5.3 billion over the next five years, the parliamentary budget officer estimated in two new reports issued on Thursday, September 22.

The documents calculated the expected revenues from the Canada Recovery Dividend and a proposed permanent increase to corporate taxes on banks and life insurance companies.

The PBO said the dividend – a one-time 15 per cent windfall tax on banks' and life insurers' profits made during the pandemic – will generate $3 billion.

According to draft legislation published in August, the companies would pay the tax on an average of their Canadian-based taxable income above $1 billion for the 2020 and 2021 tax years.

The amount payable will be paid in equal instalments over the next five years.

Finance Minister Chrystia Freeland is also proposing to hike the corporate tax rate on banks' and insurers' profits over $100 million.

The PBO report said that increasing that rate from 15 per cent to 16 .5 per cent would generate $2.3 billion over the next five years.

Both measures were introduced in the federal budget published last April. However, the initial dividend proposed was to apply the 15 per cent windfall tax only on 2021 Canadian-based income instead of the average income over 2020 and 2021.

Based on the original frameworks, the budget predicted the two measures would raise more than $6 billion.

Canadians have until September 30 to comment on the draft legislation.

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REGULATOR/POLICY-MAKER NEWS

FSRA Extends License Suspension For Agent Accused Of Fraud

By Kate McCaffery, Insurance Portal, September 21, 2022

The Financial Services Regulatory Authority of Ontario (FSRA) has extended a 10-month license suspension by an additional two months and added continuing education and supervisory conditions to its sanctions against Timothy Pal, after the Canada Life Assurance Company submitted a Life Agent Reporting Form (LARF) accusing Pal of fraud, forgery, and misrepresentation.

The regulator says its representatives believe the finding raises concerns regarding Pal's suitability to hold a license under the Insurance Act in Ontario. "Such concerns can be addressed through an order for suspension and the imposition of conditions on the license, to which the licensee consents and undertakes to comply," they write.

According to the LARF submitted by Canada Life, the company found eight instances of Pal forging a client's signature between 2003 and 2016. The order does not say how the forgeries were discovered.

In addition to extending the suspension period to 12 months, ending in November 2022, Pal's license has also been amended to impose conditions, including that he successfully complete a professional ethics course through a FSRA-approved Life License Qualification Program (LLQP) before November 1. He must also be supervised for two years, beginning on the last day of his suspension. FSRA's suspension will also remain in effect until the regulator accepts an approved supervisor.

Read Story (Subscription Required): Regulator extends license suspension for agent accused of fraud - Insurance Portal (insurance-portal.ca)

NEWS ABOUT CAFII MEMBERS AND/OR THEIR PARENT COMPANIES

Banks Look To New Canadians As Key Driver Of Client Growth

Canada's Financial Institutions Are Launching Initiatives To Win Business From Newcomers

By Ian Bickis, The Canadian Press, September 19, 2022

https://www.wealthprofessional.ca/business-news/banks-look-to-new-canadians-as-key-driver-of-client-growth/369966?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220919&utm_campaign=WPCW-Breaking-20220919&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Canada is banking on newcomers to help keep the economy humming along, while banks themselves are eying the hundreds of thousands of people coming to the country every year as a key source of client growth.

Those efforts have been growing along with the number of newcomers, including more efforts to secure people as customers before they even arrive in Canada.

``We're seeing it as a big focus across all categories of banks, not just the big banks,'' said Abhishek Sinha, banking transformation leader at EY Canada.

``Whether you talk to the Big Five or you talk to the next tier after that, or even the credit union segment, newcomers and penetrating that market segment is super important.''

The efforts come as Canada has been welcoming record numbers of newcomers, with an aim to bring in 432,000 permanent residents this year, rising to 451,000 by 2024, while the first half of the 2010s saw the average number of newcomers sit around 260,000.

The segment, which the federal government says accounts for almost all of Canada's labour force growth and roughly three quarters of population growth, has pushed banks to create partnerships such as the one recently announced between RBC and ICICI Bank, India's largest.

``With immigration levels expected to rise to record levels, we've announced a collaboration agreement with ICICI Bank Canada,'' said RBC chief executive Dave McKay on an analyst call in August.

Some student visa classes require students to put down cash deposits, and the program allows those to be transferred seamlessly to an RBC account in Canada. The program is starting with students but RBC wants to later expand the pipeline of account transfers to a wider field.

``As part of our agreement, ICICI Bank Canada will refer all newcomer clients to RBC over time, making it easier for them to open a bank account upon arrival,'' said McKay.

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The program, only the second initiative in another country for RBC after it launched a program with a separate focus on China a few years back, taps into an increasingly large source of newcomers, said Amit Brahme, head of the newcomer and cultural client segment at RBC, in an interview.

``We know that the international students segment is one of the fastest growing segments within different visa classes. So we're really excited about the fact that we are going to be tapping into a growing segment.''

Overall, the number of international students coming to Canada more than tripled in the decade leading up to 2019, reaching 638,000. The pandemic then led to a dip in numbers with 2021 drawing about 622,000.

And while many students will only be in Canada temporarily, a growing number return as potential long-term clients. Statistics Canada says that about three in 10 international students become landed immigrants within 10 years of arrival.

Other banks have also been ramping up their efforts, such as Simplii Financial last year rolling out a digital identity verification program that allows clients to open accounts before they even land in the country. Some efforts to secure clients before they come to Canada, however, such as Scotiabank's partnerships in China, go back more than a decade.

The rise of fintechs has also opened new avenues to solve old challenges for newcomers, such as using more global data and international bank partnerships to solve the challenge of credit histories, said Sinha.

``We've seen a few fintechs come up who are creating credit models which are based on a more holistic history of the individual than just their history in Canada, and that's starting to get more mainstream traction.''

Efforts once people arrive in Canada also continue to evolve. Banks, such as CIBC at Toronto Pearson International, have established themselves at airports to be a first point of contact, while banks have also worked to expand and adapt their product offerings, including credit cards without a need for credit history, which is a key stumbling block for many.

At VanCity, the credit union's efforts have included supporting financial literary courses to help both immigrants and refugees, while it also looks to help newcomers on the business side, said Gurpreet Jhaj, vice president of marketing.

``We support them with micro-financing. And we provide that with financing at favourable terms. And we look really beyond just credit history. We consider their ambition, character determination, and things like that.''

It also provides loans for newcomers to help them write exams to allow their foreign credentials to be recognized, a key barrier for many, and has also been working with the B.C. government to support arriving displaced Ukrainians.

Refugees, such as people fleeing the war in Ukraine, are set to make up about 77,000 of the wider permanent residency goals for this year, so it's an important segment for banks while, for those arriving, a bank account is absolutely critical to getting established, said Effat Ghassemi, executive director of the Newcomer Centre of Peel.

``It's like oxygen, they have to have a bank account.''

She said banks have helped out by bringing teams to the hotels where refugees are staying to help set them up with the accounts necessary to get government aid.

The biggest barrier really for newcomers is trust, said Ghassemi.

``Put yourself in their shoes, you know, they're new, they came from war. They don't trust anybody. They don't trust government or banking.''

Banks are working to build up the trust factor in part by becoming general resources for clients. RBC has created hubs near cultural centres and on campuses where newcomers can get answers to all sorts of questions beyond banking such as getting a drivers' licence or daycare, along with apps as general resources to get settled, as it works to differentiate itself in a tough market, said Brahme at RBC.

``The space is extremely competitive, because newcomers are the source of new clients for a majority of the organizations.''

Canadian Insurance Giants Urged To Accelerate Climate Plans

By Kevin Orland, Bloomberg News, September 21, 2022

https://www.insurancebusinessmag.com/ca/business-news/canadian-insurance-giants-urged-to-take-action-421239.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220921&utm_campaign=IBCW-Breaking-20220921&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Manulife Financial Corp. and Sun Life Financial Inc., Canada's two largest life insurers, each finance emissions roughly equal to those of Ontario and Quebec, making it imperative for the firms to accelerate their climate plans, according to an advocacy group.

Manulife finances emissions of about 277 million tons of carbon dioxide equivalent, and Sun Life has about 222 million tons, according to a study conducted by Dutch sustainability researcher Profundo and commissioned by Investors for Paris Compliance. The two figures each are on par with the combined 226 million tons of emissions for Ontario and Quebec in 2020, according to the study, released on Wednesday, September 21.

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Global banks, insurers, and asset managers have been committing to zero out the emissions from the firms they finance with their lending or investing activities by 2050 to help the world avoid catastrophic global warming. While Manulife and Sun Life have pledged to reduce financed emissions, the companies manage combined assets of CA$2.84 trillion ($2.13 trillion US) and need to be aggressive to hit their goals, according to Investors for Paris Compliance, a shareholder group that seeks to hold companies accountable for net-zero pledges.

"It's important to put into context the influence that these companies have on the Canadian and global economies, and how important it is for them to be taking meaningful action," Kyra Bell-Pasht, director of research and policy at Investors for Paris Compliance, said in an interview. "Hopefully our report is helping them understand what that climate action really involves."

Manulife and Sun Life need to do a better job of measuring and reporting financed emissions and set interim targets to reduce them that align with climate science, the group said. The companies also need better strategies to meet those targets, including fossil-fuel phase-out policies, plans to engage with portfolio companies that aren't transitioning to net-zero emissions, and better investments in climate solutions, the group said.

The group highlighted firms with more-advanced policies already in place, including London-based insurer Aviva Plc, which has pledged to divest from companies that make more than 5% of their revenue from coal unless they have signed up to the Science Based Targets initiative, and Amsterdam-based APG Asset Management NV, which has committed to an absolute interim emissions-reduction target of 50% from 2019 levels by 2030.

Manulife and Sun Life both plan to release interim targets for reducing financed emissions later this year or next year.

"We give credit to them for the fact that they're trying and putting systems in place right now," said Matt Price, director of corporate engagement for the finance sector at Investors for Paris Compliance. "But it still feels like early days, and it feels like they're a bit behind their international peers."

Price also said that the Profundo estimates of the firms' emissions involve a significant amount of extrapolation and that the firms could have legitimate criticisms of their figures.

Manulife is in the final stages of setting short-term financed emissions targets for its general-fund investments and aims to disclose them in its 2022 ESG report, Chief Sustainability Officer Sarah Chapman said in an emailed statement. The availability of high quality emissions data, particularly in private markets, is an issue in the industry, and the company is constantly improving its measurement and disclosure, she said.

The company also continues to expand its CA$42 billion portfolio of green assets, engage in developing climate-related public policy, maintain strong ESG standards for its own business, and monitor and push portfolio companies to use best practices, she said.

"We remain focused on contributing to global goals that seek to combat climate change alongside industry stakeholders who share the same values," Chapman said.

Sun Life believes "climate change is the defining issue of our lifetime" and welcomes the chance to engage with Investors for Paris Compliance and listen to new thinking, Chief Sustainability Officer Alanna Boyd said in an emailed statement.

Sun Life already has work-in-progress on many of the group's recommendations and plans to set interim emissions-reduction targets for its general account later this year, she said. The company also is advocating for more rigorous sustainability disclosure standards, which is "one of the toughest challenges" in the push for net zero, she said.

"We're confident in our approach and committed to working with the companies we invest in to further their transition to a low carbon economy," Boyd said. "We believe the steps we're taking will allow us to achieve our long-term goals, and we're committed to ongoing engagement with all our stakeholders and our industry."

COVID-19 PANDEMIC RESILIENCE AND RECOVERY NEWS

Canada Ending Requirements For COVID-19 Vaccines, ArriveCan App At Border On September 30

The Move Will Also Bring An End To COVID-19 Border Testing, Which Is Currently Mandatory For Unvaccinated International Travellers And Random For Those Who Are Vaccinated.

By Mia Rabson and Laura Osman, The Canadian Press, September 22, 2022

https://www.msn.com/en-ca/news/canada/canada-ending-requirements-for-COVID-19-vaccines-ArriveCan-app-at-border-sept-30/ar-AA128tx9

The last of Canada's COVID-19 border restrictions will disappear at the end of this month with the expiry of a cabinet order affecting mandatory vaccinations, testing, and quarantine of international travellers.

That expiry also spells the end of insisting that travellers use the ArriveCan app to input their vaccine status and test results, though the app will live on as an optional tool for customs and immigration.

It doesn't yet deal with whether passengers must wear masks on domestic and international trains and planes because that rule is contained in a separate order issued by the minister of transport.

Two senior government sources aware of the decision confirmed that the cabinet order maintaining COVID-19 border measures will not be renewed when it expires on September 30.

The sources spoke to The Canadian Press on the condition that they not be named because they were not authorized to speak publicly. While the Liberal cabinet did meet on Thursday afternoon, September 22, cabinet approval is not required to allow the order to expire.

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One of the sources said that Prime Minister Justin Trudeau, before the cabinet meeting took place, signed off on the decision not to renew the rules.

The change means that international travellers will no longer have to prove that they are fully vaccinated against COVID-19. Under the current rule, Canadians returning to the country who aren't vaccinated must show a negative COVID-19 test result before arriving, and undergo further testing after arrival. They also must quarantine for 14 days.

Foreigners who aren't vaccinated are simply banned from Canada unless they fall into specific categories, such as airline or boat crew members, those who need essential medical treatment, diplomats, and temporary foreign workers.

The cabinet order also spells out that vaccinated travellers will be selected for random COVID-19 testing, and requires travellers to submit their vaccine proof and test results electronically. The only way to do that is through the ArriveCan app.

All of that will end when the clock strikes midnight on October 1.

Tourism Minister Randy Boissonnault would not confirm the decision on Thursday afternoon, September 22, but he said if the order is allowed to expire, that would also eliminate the only mandatory component for the ArriveCan app.

"So the mandatory piece is the vaccine piece, and because that's how people prove it through the ArriveCan, that's how the order is written, from what I remember," he said on his way into the cabinet meeting.

ArriveCan has morphed into a digitized border arrival tool, and now people flying into certain airports can use it to fill out their customs and immigration form instead of the paper version.

Boissonnault said that is in keeping with the digitization of border forms in a number of countries, including Europe, and long term will make for faster, smoother border experiences.

"If we're going to want to go from 22 million visitors in 2019, to something closer to 30 million by 2030, we're going to have to have a digital border," he said.

The order's expiration also means that the minister of health will no longer be able to quickly bar citizens of specific countries facing COVID-19 outbreaks from coming to Canada. That measure was used to ban people from India and certain African countries at various points, moves criticized by some as racist.

Canada's COVID-19 border measures have been evolving since the pandemic began in March 2020.

For more than a year, Canada invoked a mandatory 14-day quarantine for all returning Canadians, and for a time required quarantine to be fully or partially completed in specific hotels.

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Between March 2020 and August 2021, foreign nationals couldn't enter Canada period, with some exemptions for critical workers including airline crew, health workers, and truck drivers.

In July 2021, once all Canadian adults and teenagers could access vaccines, the government stopped requiring quarantine for fully vaccinated Canadian travellers.

In August 2021, they opened the border to fully vaccinated Americans, and in September 2021 the border was opened to fully vaccinated citizens from all countries.

Border measures have become heavily politicized, with the Conservatives demanding that Trudeau lift them all, and Leader Pierre Poilievre made ending them a key policy in his recent leadership campaign.

Deputy Conservative leader Melissa Lantsman and the party's Quebec lieutenant, Pierre Paul-Hus, said in a joint statement on Wednesday, September 21 that ending the measures within weeks of Poilievre winning the leadership was convenient.

"Ever since it was introduced, the ArriveCan app has killed jobs, suffocated economies all over the country, and told visitors they weren't welcome in Canada," they said. "Along with unscientific vaccine mandates and mandatory random testing, ArriveCan created the longest delays ever seen at Canada's airports."

Delays at airports were partially blamed on ArriveCan, as some travellers who struggled to get it to work, or couldn't or wouldn't use it, backed up lines. However, the delays have also been blamed on labour shortages affecting everything from airport workers to security and border guards.

Dr. Zain Chagla, an infectious disease specialist, has been arguing against mandatory vaccinations and testing at the border for months. In an interview on Thursday, September 22, he said that testing asymptomatic travellers at the border is expensive and not as useful as testing symptomatic people in the community.

He said that without testing everyone, the policy won't prevent further spread of COVID-19.

The government had long pointed to the random testing as a way to screen for the arrival of new variants but Chagla said that there are also better and more convenient ways to look for those as well.

Compensation For Flight Disruptions Not Enough To Improve Air Travel In Canada: Advocate

By Amanda Stephenson, The Canadian Press, September 16, 2022

https://globalnews.ca/news/9135921/compensation-flight-disruptions-air-travel-canada/

A consumer advocate says two recent regulatory rulings ordering Canadian airlines to compensate passengers for flight disruptions won't be enough to improve air travel in this country.

In an interview, Gabor Lukacs – founder of the advocacy group Air Passenger Rights – said the separate decisions this summer by the Canadian Transportation Agency (CTA) in favour of passengers who had flights cancelled due to crew shortages only serve to paper over the complaints of thousands of Canadians who have suffered through airport backlogs and flight delays in the past year.

"These two rulings are isolated and exceptional incidents of the CTA doing what it is supposed to do," Lukacs said.

"These two decisions (serve as) helpful case law for passengers who take airlines to small claims court instead of wasting months or years waiting for the CTA. They offer no meaningful remedy to passengers who put their hope in the CTA, though."

In August, the CTA – a quasi-judicial tribunal – ordered Air Canada to pay $1,000 each to Lisa Crawford and her son, who had their August 2021 flight from Fort St. John, B.C. to Halifax delayed by 16 hours.

Earlier in the summer, the CTA also ordered WestJet to pay $1,000 to a passenger whose cancelled flight from Ottawa in July 2021 meant he arrived at his destination in Regina, Saskatchewan 21 hours later than scheduled.

In both decisions, the CTA ruled that staffing shortages are the responsibility of the airline, and not a safety issue as the airlines had argued. Under Canada's Air Passenger Protection Regulations, airlines only have to compensate passengers for delayed and cancelled flights if the reason for the disruption is within the airline's control.

WestJet has filed a notice of motion indicating its intent to appeal the decision, while Air Canada has said it is still reviewing the CTA ruling. Both airlines declined to comment further on the matter.

But Lukacs said the CTA currently has a backlog of thousands of complaints by Canadians affected by pandemic-era flight cancellations and delays. He said while compensation is one thing, what the CTA should really be doing is imposing stiff monetary penalties on airlines for failing to comply with Canada's air passenger protection legislation.

The federal transportation regulator unveiled the original Air Passenger Protection Regulations in 2019, outlining how airlines must communicate and reimburse or compensate travellers for everything from delayed flights to damaged luggage. There were exemptions, however, for delays and cancellations outside of the airline's control such as major weather events – or a pandemic.

Updated guidelines introduced earlier this month are an attempt by the federal government to close a loophole that left some passengers unable to secure cash refunds after pandemic-related flight delays and cancellations. Now, airlines will be required to issue a full refund for cancellations and delays if passengers are not placed on a new flight within 48 hours, including for reasons outside of the airline's control.

"These new requirements provide clarity around timing, cost coverage, method of payment, and deadlines to refund travellers in such situations," said federal Transport Minister Omar Alghabra in a release.

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"They were developed in a manner that is fair and reasonable to passengers, with the goal of not imposing an undue financial burden on air carriers that could result in higher travel costs."

Air Canada and Porter Airlines Inc., along with 17 other applicants that include the International Air Transport Association – which has some 290 member airlines – stated in a court filing that the required payments under the country's new air passenger bill of rights violate international standards and should be rendered invalid.

Hotels To Rebound To Pre-Pandemic Revenues In 2023, Two Years Ahead Of Forecast: CBRE

By The Canadian Press, September 16, 2022

https://toronto.citynews.ca/2022/09/16/hotels-to-rebound-to-pre-pandemic-revenues-in-2023-two-years-ahead-of-forecast-cbre/

Real estate firm CBRE says Canadian hotels will return to pre-pandemic revenues next year, two years ahead of its previous forecast.

The firm is projecting that the Canadian hotels market will end this year at 92 per cent of the revenue per available room achieved in 2019, before the health crisis began.

It is forecasting moderate revenue growth will continue into 2023 as hotel operators push for higher room rates and it projects that revenue per available room will hit $107 next year.

Revenue per available room is a measure of a hotel's performance calculated by multiplying its average daily room rate by its occupancy rate.

The $107 rate CBRE foresees will amount to a 70 per cent increase from the industry's 2021 performance, which was hampered by health and travel restrictions meant to quell COVID-19 cases.

CBRE is also projecting that half of the major urban markets in Canada are expected to see a revenue per available room above $100 in 2023, with Vancouver reaching $182, Montreal at $135, and Toronto hitting $129.

"Strong leisure travel and a rapid rebound in the average daily rate in many cities is producing a strong hotel performance. Overnight visits from the U.S. continue to recover, along with visitation from other key international markets," said David Ferguson, CBRE's hotels director, in a news release.

"However, travel from some key markets, notably the Asia/Pacific region, is still challenged. Cities and hotels that serve corporate travel, meetings, and group travel face a slower recovery."

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Travel Industry Braces For Busy Winter Season As Canadian Travellers Ready For Sun

By Caitlin Yardley, The Canadian Press, September 19, 2022

https://halifax.citynews.ca/national-business/travel-industry-braces-for-busy-winter-season-as-canadian-travellers-ready-for-sun-5841599

Travel agents predict a busy season ahead, saying Canadians are ready to visit top sun destinations after two winters of COVID-19 restrictions kept many at home.

While airfares have so far remained steady, experts predict a price spike for fall and winter flights as demand returns.

They said that demand could spike further if remaining COVID-19 restrictions such as vaccine mandates are lifted, encouraging travellers who were previously hesitant to fly due to the restrictions.

"I think the combination of all those things will drive travel through the roof, higher than pre-pandemic," said Martin Firestone, president of insurance provider Travel Secure Inc.

Firestone said the potential influx of travellers could cause repeated delays and disruptions. Flight disruptions and wider airport chaos this summer were often chalked up to staffing shortages everywhere, from border guards to flight attendants.

This has led to some airlines boosting efforts to attract and retain staff to meet the anticipated demand.

As traveller demand begins to approach pre-pandemic levels, however, the question is whether airline staffing can match.

"The problem is that a lot of people didn't come back into the industry," said Firestone. "You just don't push a button and all of a sudden you find pilots."

Other experts agree that it's harder to plan for a surge in passengers since the pandemic began. Sandra Webber, director of communications, content strategy and social media at Travel Brands, said that's because there's a higher proportion of last-minute travel than the industry is used to.

Without the usual six-month lead time, she said, it is more challenging to bring on additional staff when needed.

"That has affected a little bit of everything because it's more of a challenge to determine when travellers are booking their trip for each season," said Webber.

Flight and hotel prices are determined based on availability and as winter trips to sun destinations fill, it is recommended that travellers hoping to get a good deal on flights should book far in advance to avoid price surges.

Despite this, Canadians seem willing to pay for the high price tag as booking trends reveal people are spending more on their trips, said Webber.

Canada Jetlines, Latest Airline To Enter The Crowded Field, Lands First Flight

By Amanda Stephenson and Caitlin Yardley, The Canadian Press, September 22, 2022

https://www.bnnbloomberg.ca/canada-jetlines-latest-airline-to-enter-the-crowded-field-set-to-take-off-1.1822184

The next airline hoping to pose a threat to the country's Air Canada-WestJet duopoly has landed its inaugural flight.

Canada Jetlines' first flight departed out of Toronto Pearson International Airport on Thursday morning, September 22 and arrived in Calgary International Airport to speeches and a ribbon cutting ceremony.

The new startup airline, headquartered in Mississauga, Ontario, is offering service between Toronto's Pearson International Airport and Calgary International Airport twice weekly.

Canada Jetlines bills itself as an "all-Canadian, value-focused leisure carrier." While Toronto to Calgary is its only scheduled route right now, the company's chief commercial offer, Duncan Bureau, said the airline plans to service the leisure market both domestically and trans-border with flights to the Caribbean and the Americas.

The airline currently has one Airbus A320 and a second to join in December, with plans to expand the fleet to 15 Airbus A320s by 2025 at a rate of five aircraft per year, said Bureau.

Canada Jetlines is the country's newest, but not first, airline to emerge in the wake of the pandemic.

Edmonton-based Flair Airlines has been aggressively expanding in the last year and a half, and now serves 36 airports with 85 routes and a fleet of 18 aircraft.

Calgary-based Lynx, formerly known as Enerjet, launched last spring and said at the time that it hoped to operate nearly 90 flights a week on nine routes by June, all within Canada.

WestJet also operates its own subsidiary low-fare airline, Swoop, which launched in 2018 and offers service to destinations in Canada, the U.S., Mexico, and the Caribbean.

While these competitors operate under a low-cost, no-frills model, Canada Jetlines aims to differentiate itself with service to the premium leisure market, said Bureau.

He added that he is critical of the business model being used by so-called low-cost carriers such as Flair and Lynx.

"If you're charging fares at rates that are lower than the cost of parking your car at the airport, the economics just don't work and it's not sustainable," Bureau said.

Canada Jetlines plans to offer a premium experience to customers which includes departure times that fit the preference of the consumer over the pilot and 174 seats in lieu of the standard 180 to provide increased comfort, said Bureau.

On its website, Canada Jetlines is advertising introductory fares starting at $99 for one-way trips between Calgary and Toronto for a limited time.

To compare, Flair offers one-way trips from Calgary to Toronto for $49, the same route starts at $99 on Lynx and you can fly from Edmonton to Toronto for $59 with Swoop, according to the companies' websites.

The pandemic's ravaging of the mainstream airline industry is making it possible for start-up airlines to obtain parked and inactive planes at a good price, said Rick Erickson, an independent aviation analyst based in Calgary.

Such is the case for Canada Jetlines, as the pandemic paved the way for the airline to hire available talent and acquire aircraft at a low cost.

"I think the ones who survive are going to be the ones who have the deepest pockets. It generally takes anywhere from 18 to 24 months for new airlines to start turning a profit, so with all of these new players coming onto the market, the question is 'who has the deepest pockets and who has the best business plan?'" said Erikson.

Bureau said that Canada Jetlines plans to offer service in the U.S. within the next three months, although any official offerings and dates have yet to be announced.

Canada Jetlines is an independent airline that is publicly traded on the NEO Exchange.

OTHER CAFII MEMBER-RELEVANT INDUSTRY/BUSINESS/SOCIETAL NEWS

Insurers Sticklers For Snowbirds' Health Stability

By Alain Thériault, Insurance Portal, September 14, 2022

A simple deterioration or change in the treatment of a pre-existing condition can cost insureds hundreds of thousands of dollars if they fail to report it to their travel insurer before taking off.

The pre-existing condition clause in travel insurance policies is crucial, experts say. Under this clause, the insurer requires that any pre-existing medical condition be stable for a certain period of time prior to the insured's trip.

Will McAleer, Executive Director of the Travel Health Insurance Association of Canada, says it is important to understand one's coverage, limits, exclusions, and the support that the insurer can provide. “Whether it’s COVID-19, a pre-existing condition, or an accident, a medical emergency is extremely costly,” he cautions.

Easily $300,000

“The support provided by the travel insurer to their assistance and claims companies are invaluable when such an emergency strikes,” McAleer continues. He points out that the vast majority of Canadian travellers go to the United States, a country where emergency care costs are the most expensive on the planet.

Ensuring that pre-existing medical conditions are stable is a key concept in travel insurance, says Tona Cantu, TuGo's Business Development Manager for Eastern Ontario, Quebec and the Maritimes. “Three or four days of intensive care in the U.S. can easily cost up to $300,000, and snowbirds don't want to risk decimating their assets,” he says.

In a column in the Summer 2022 edition of CSA News, published by the Canadian Snowbird Association, Medipac International CEO J. Ross Quigley stresses the importance of insureds demonstrating the stability of any pre-existing medical conditions. He recommends that future travellers meet with their doctor as soon as possible.

Quigley mentions in his column that Medipac has a 90-day pre-existing condition exclusion clause prior to departure. “It is best to get medication adjustments at least 90 days prior to travel. That way, we can insure you properly, even for a new condition, in most cases,” he writes.

Read The Contract Carefully

Medipac advises consumers to always read the policy before purchasing, and to make sure they understand its coverage, limits and exclusions. In particular, consumers should understand the pre-existing medical condition clause, the organization adds. This clause applies prior to departure, not during the trip. Consumers should also ask what assistance services are offered, Medipac mentions on its website.

TuGo explains in its blog what “stable medical condition” means under its Traveller Emergency Medical Insurance Plan:

- No deterioration of the medical condition as determined by a doctor or other registered medical practitioner
- No new symptoms or findings, or more frequent or severe symptoms or findings
- No change in treatment by a doctor or other registered medical practitioner, or alteration in any medication related to the medical condition
- No new treatment received, prescribed, or recommended by a doctor or other registered medical practitioner

TuGo goes on to specify the number of days of stability required, by age and length of trip.

Main Criterion

Beneva exited the individual travel insurance business when La Capitale sold SecuriGlobe to Blue Cross Canassurance. Yet the insurer is still serving snowbirds through its group insurance conversion offering, says Eric Trudel, Executive Vice-president and Lead, Group Insurance at Beneva. “We insure snowbirds who have a group health insurance plan for retirees, as well as snowbirds who have converted their group insurance to individual insurance upon retirement,” he explains.

These clients have converted their group coverage to the Privilege or Perspective products, he adds. “These products are very different from individual products, with the main criterion being pre-trip health stability,” Trudel says.

He believes it is important to raise people’s awareness of the fact that they can convert their group insurance to individual insurance when they retire. “New retirees who plan to travel are well-advised to consider enrolling in these health insurance products that include travel insurance and trip cancellation insurance.” They can purchase this coverage without a medical exam by converting their insurance within 60 days of the end of their group plan, Trudel says.

Read Story (Subscription Required): [Insurers sticklers for snowbirds' health stability - Insurance Portal (insurance-portal.ca)]()

For Shame: Reputation Risk Spurs Banks To Pay Compensation

Binding Authority Once Again Recommended For Banks’ Dispute-Resolution System

By James Langton, Investment Executive, September 19, 2022

https://www.investmentexecutive.com/newspaper_/news-newspaper/for-shame-reputation-risk-spurs-banks-to-pay-compensation/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=6d73923380f292a40dc042b455f0fde3

The idea that investment industry firms could be shamed into paying compensation to harmed clients has long been discredited. However, an independent review found that shame works in the banking business, but said the system should still be changed.

Late last year, Professor Poonam Puri from York University’s Osgoode Hall Law School was tapped to lead reviews of the Ombudsman for Banking Services and Investments (OBSI) and the ADR Chambers Banking Ombuds Office (ADRBO), the two organizations that serve as outside arbiters between banks and their retail clients.

In September, reports detailing the reviews’ results were released.

(Puri’s review of OBSI’s complaints handling in the investment industry was published in June).

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The reports concluded that while both organizations are getting the job done, fundamental reforms still are needed — most notably, binding authority for OBSI and the ADRBO to order compensation for harmed clients. (Currently, the organizations can only recommend compensation.)

The same shortcoming has long been evident in the investment business, where OBSI is the sole provider of independent dispute-resolution services. Previous reviews of OBSI's work in those matters (including Puri's latest report) called for OBSI to be given binding authority, but regulators have yet to do so.

In the investment business, that lack of binding authority has led to numerous firms refusing OBSI's compensation decisions. Clients then accept low-ball settlement offers for fear they will get nothing otherwise.

Puri's latest reviews concluded that the so-called "name and shame" approach has proven effective with the banks, however.

"The banks we spoke to indicated that they would never risk the public reporting of a refusal and the possible reputational damage that could cause," Puri's report on OBSI stated. "This is supported by the data on refusals, which appear to be all from cases under OBSI's investments mandate."

While outright compensation refusals haven't occurred in the banking sector, the risk of low-ball settlements still exists, given the power imbalance between bank customers and banking institutions. A bank also could eventually decide to accept the reputational hit of walking away from a compensation recommendation.

"This undermines [the] ADRBO's only enforcement mechanism and the fairness of the system as a whole," Puri's report on the ADRBO noted.

As a result, these latest reviews recommend OBSI and the ADRBO be given binding authority for the banking sector too, in part to ensure consistency between OBSI's banking and investment arms, and also between OBSI and the ADRBO. The reports acknowledge that such a mechanism will introduce additional cost and complexity.

The reports also addressed concerns about the wisdom of allowing competition in the dispute-resolution business by giving banks a choice of referees rather than mandating a single service (the role OBSI has in the investment business).

"Given the concerns that consumer groups have about competition for member banks between OBSI and ADRBO, we believe it would be inappropriate to grant binding authority to just one without granting it to the other," the ADRBO report said. "If, for example, OBSI were given binding authority in its banking mandate and ADRBO was not, then it could result in banks leaving OBSI for ADRBO. This would erode confidence in the [external complaint body (ECB)] system."

That confidence has already been shaken. In 2020, a review by the Financial Consumer Agency of Canada (FCAC) concluded that the multiple-provider model doesn't meet international standards, adds complexity, and reduces consumer trust in the system.

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In the wake of the FCAC's review, the federal government promised to scrap the current approach. In this year's federal budget, the government announced its intention to introduce legislative reforms that would require the banking sector to use a single, non-profit dispute-resolution provider.

While the latest reviews' mandates didn't include exploring this issue, the reports echoed some of the FCAC's concerns about the multiple provider model, saying, "We do not believe that a consumer should be prejudiced or have different rights depending on the ECB chosen by the bank."

The reports also called for enhancements for both OBSI and the ADRBO, including in their identification and reporting of possible systemic issues, their standards for resolving complaints in a timely way, and their approaches to recommending compensation for non-financial harm suffered by bank customers.

The reports also called for both organizations to work with the banks to address the issue of attrition — customers giving up on their complaints after being rejected by the banks' internal processes. And the reports recommended that OBSI and the ADRBO use the threat of negative publicity — which seems effective in the banking sector — to push banks to speed up cooperation with their investigations by giving them a two-week deadline to produce requested documents under the threat of public disclosure for non-compliance.

Not all of the reports' recommendations applied to both organizations. The reports called for more fundamental improvements at the ADRBO, which was found to be only "substantially compliant" with federal regulatory standards, whereas OBSI "met and exceeded" its obligations.

As a result, ADRBO's review also called for it to "strengthen its procedures for investigating and reporting complaints" and to bolster its approach to training and evaluating investigators on conflicts of interest and independence.

The ADRBO stated that it "agrees with and supports" the recommended improvements.

Similarly, Maureen Jensen, OBSI's new chair, said OBSI will "consider the recommendations carefully and engage with all of our stakeholders to ensure that OBSI makes any changes needed to continue to fulfil its public interest mandate."

The FCAC also promised to review the reports' conclusions and consider the recommendations. Regarding a possible end to the multiple ECB model in the banking sector, the ADRBO said it "looks forward to having a fair, transparent, objective, and externally-reviewed process" for picking a single, dedicated ECB.

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P&C Insurance Industry Should Consider "Under-Hiring" To Fill Talent Gap: RIMS Panel

By Alyssa DiSabatino, Canadian Underwriter, September 15, 2022

https://www.canadianunderwriter.ca/brokers/why-you-should-under-hire-to-fill-the-talent-gap-1004225698/?utm_medium=email&utm_source=newcom&utm_campaign=CanadianUnderwriterWeek&utm_content=20220916154135&hash=6d73923380f292a40dc042b455f0fde3

P&C insurance is still struggling to backfill employees, as executives retire and the Great Resignation directs workers to other industries, industry experts told delegates attending a RIMS Canada Conference panel in Halifax.

Possible solutions include turning to students (via apprenticeships), recruiting in high schools, and hiring those with 70% of the required experience — or "under-hires."

"We need to learn to accept people at 70% of what we need for the job, so that we can train them to be 100%," says Christina Gardiner, manager of insurance and risk for York Region. "In the government, we call that under-hiring."

"There might be someone who's internal, who has an interest in working in risk, who might be working in another department, but has absolutely no training or very little. We will bring them on board, and we will put them through their paces, put them into courses, train them, mentor them, and pair them up with someone who is fully-trained."

One issue is Applicant Tracking Systems — which digitally screen and sort resumes — often overlook candidates who have industry potential, but don't fulfill certain qualifying keywords in their resume.

"When we're using automation to look at those resumes, we're not seeing those 70 percents — they're cut out before we even see them. So, we kind of shoot ourselves [in the foot]," says Gardiner.

Another issue is how Millennials and Gen-Zs perceive the insurance industry, panellists acknowledge. To give them broader insights, the industry should cast a wider recruitment net, starting as early as high school age.

"We need to start looking at ways at the high school level, to encourage people into our fields, be it bringing a group of high school students to a university and show them what university is like, what insurance and risk is, even what finance is," says Steve Pottle, director of risk management services at Thompson Rivers University.

Attracting students to the industry may begin at the high school level, but retention could begin as early as mid- or post–secondary education, the panellists observed.

Some insurance companies and brokerage firms across the United States and globally have started new apprenticeship programs for students in college or university to receive on-the-job training and entice a new generation of employees.

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"[Apprenticeships] don't require somebody to have a college degree," says Kristin Peed, director of corporate risk management at CBIZ Inc. "When I hire somebody, I hire for attitude and aptitude. I want somebody who's going to come to work and be really excited about being there and have the capacity to learn."

Companies should ultimately invest in young talent if they want to decrease the industry's long-term talent risk, suggests Patrick Sterling, RIMS president and vice president of legendary people at Texas Roadhouse.

"I can tell you, if you make that investment to do that — to give back, to take the younger generation in, and inspire them into a great career they might not be thinking of — you will get tremendous dividends out of it," he said.

Embedded Insurance: Building Customer-Centric Insurance Distribution Using Apis

We All Know Buying Insurance Is Hardly A Gratifying Experience, Especially When There Are Several Policy Options Available In The Market.

Advertorial Content Published on Insurtech Insights, September 20, 2022

Embedded insurance: building customer-centric insurance distribution using apis | Insurtech Insights

Widespread digital innovation has made it convenient for consumers to connect with an infinite number of insurers, in different ways. This is wonderful, but it also means the selection and buying process has been extended and is getting overly complicated.

A DIY approach of selling insurance through agents or just relying on website sales results only in spaghetti integrations. Insurers are working collaboratively with an ecosystem of partners to cater to underserved markets, gain access to new customer segments, and increase brand recognition as well as cross-selling opportunities while building a foundation for customer lifetime value.

This new business model and partnership approach to greater mutual value is not only meant for product warranties, though. Virtually any insurance product can be embedded in an existing sale as long as the insurance conditions don't require complex explanations.

Download the full CapGemini report here

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RESEARCH/THOUGHT LEADERSHIP/TECHNOLOGY/DIGITIZATION NEWS

Chubb Study Examines Preferences Of High-Net-Worth Clients

By Kate McCaffery, Insurance Portal, September 21, 2022

Chubb study examines preferences of high-net-worth clients - Insurance Portal (insurance-portal.ca)

A new study from property and casualty insurance company Chubb explores attitudes about insurance-related matters across five generations of affluent and high-net-worth consumers in the United States and Canada.

In its report, Selling Across Generations, the company discusses how each generation searches for and purchases insurance, what they look for in a carrier and their advisors, the media they trust most, and how they currently engage with insurance agents.

Younger People Welcome Advice

Interestingly, Gen Z (born 1997 to 2012) and Millennials (born 1981 to 1996) are most likely to want their agents or brokers to advise them on what decisions to make. Of those surveyed, 46 per cent of Gen Z clients and 43 per cent of Millennial respondents welcome such direction. Comparatively, they say just 21 per cent of Gen X (born 1965 to 1980), 36 per cent of Baby Boomers (born 1946 to 1964) and 29 per cent of what Chubb calls the Silent Generation respondents, born 1928 to 1945 said the same. Younger generations were also the most receptive to having their agent or broker educate them about how products and services match their long-term goals.

In finding their advisors, Gen Z and Millennial respondents were most likely to rely on social media reviews, with 94 per cent and 89 per cent of each group saying the same, while just 64 per cent of Gen X respondents and 56 per cent of Baby Boomer respondents said the same.

Age-Related Differences In Communication Norms

"It's critical in today's competitive business environment that we understand the dynamics of catering to five different generations with each evaluating and purchasing insurance very differently," says Ana Robic, Chubb Group vice president and division president of Chubb North American personal risk services. The survey is based on 1,151 responses from interviews conducted with those with annual household incomes over $200,000. "With multiple generations in our population today, age-related differences in communication norms and expectations are everywhere," they write.

They add that significant majorities of affluent and high-net-worth consumers in all five generations already work with an insurance agent. This level of use was highest among Millennials, 83 per cent of which said this was true, and lowest among Gen X consumers, only 68 per cent of which said the same.

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Working With Independent Agents

"Just over half of Gen Z, Millennials, and Baby Boomers prefer to work with independent agents (52 per cent, 51 per cent and 53 per cent, respectively). Among Gen X, it's fewer than one third (31 per cent.) More Gen Xers (38 per cent) would rather buy property and casualty insurance directly from a carrier," they add. At the same time, however, Gen X clients were most likely to seek out information from an agent, with 47 per cent saying this was their preference; only 29 per cent of Gen Z clients said the same.

As for the information they want to receive, however, this also varies by generation – 56 per cent of Gen X clients and 50 per cent of Boomer clients want to understand the information and thought processes that lead to an agent's recommendations, while only 40 per cent of Gen Z clients and 43 per cent of Millennial clients said the same.

The survey also measures client appreciation for responsiveness and industry knowledge, customized solutions, and use of digital tools. It looks at the advertising methods which different generations find most trustworthy and also reviews appreciation for social purpose and the performance of companies where consumers shop; and the different media types consumers prefer, as well.

UPCOMING WEBINARS AND EVENTS

Web Seminar By Insurtech Insights: Navigating The Perfect Storm – Attracting And Retaining Talent In The Insurance World

Dates: Wednesday, September 28, 2022
Time: 10:00 – 11:00 a.m. EDT

In this webinar, we'll tackle the following questions:

- How drastically have skill & talent requirements changed in 10 years?
- What are the main drivers of attracting new talent to the industry?
- What is the secret formula for retaining the best talent in your organization?

Register Here

Web Seminar By Torys: Fintech in Canada – Emerging Trends And New Opportunities

Dates: Thursday, September 29, 2022
Time: 12:00 – 1:00 p.m. EDT

The fintech industry continues to drive growth in the Canadian economy, despite market volatility and a more cautious approach to sector investment. So, what's next? Where will we see the market evolve and diversify and where do we expect to see a slowdown in activity?

In this session, our panel will discuss the top fintech trends of 2022, and what may be in store for the industry in the year to come.

Register Here

Web Seminar by Digital Insurance: Digital Insurance Advances in Tech Demo Day Fall 2022

Dates: Tuesday, October 11, 2022
Time: 2:00 – 3:00 p.m. EDT

Leaders in the insurance community are always looking for innovative ways to help their firms speed innovation, increase customer engagement and remain competitive.

The Digital Insurance Advances in Tech Demo event puts the spotlight on some of the latest software and technologies in the industry, which are helping transform the industry.

Join this webinar to learn about trailblazing innovations that will help you build your tech strategy through a series of short demos that showcase what these software and technology companies are doing to advance the industry. Includes a live Q&A.

Register Here