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CAFII ALERTS WEEKLY DIGEST: September 22 – September 29, 2023

September 29, 2023

The CAFII Alerts Weekly Digest is intended to provide a curated compendium of news on insurance, regulatory, and industry/business/societal topics of relevance to CAFII Members – drawn from domestic and international industry trade press and mainstream media – to aid in Members' awareness of recently published media content in those areas.

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GOVERNMENT/LEGAL/REGULATORY DEVELOPMENTS

Permission To Pause: FCNB Launches Consumer Awareness Campaign Around Checking Licensure Registration Of Financial Services Providers

By FCNB Staff, September 26, 2023

Permission to pause: a financial self-care technique that is trending for consumers | New Brunswick Financial and Consumer Services Commission (FCNB)

Only 25% of New Brunswickers know how or where to check the license or registration of financial service providers. Even more alarming is that 65% of New Brunswickers are not aware there is an agency responsible for regulating these professionals.

That's why the Financial and Consumer Services Commission of New Brunswick (FCNB) recently launched *Permission to Pause*, an awareness campaign that encourages those shopping for insurance, a new home, taking out a mortgage, or making investments, to give themselves permission to pause and check the license and registration of their financial service providers.

"The campaign gives consumers easy access to our online registrant databases and asks registrants to reinforce the importance of checking registration as a trust-building process with their clients," says Marissa Sollows, FCNB's Director of Communications and Public Affairs. "Permission to pause is a self-care moment - one that encourages consumers to check the license and registration of financial service providers. This ultimately provides consumers with a layer of financial protection."

And while the campaign, with its nostalgic video game concept, is geared toward millennials navigating life's biggest financial decisions — *Permission to Pause* applies to everyone engaging with a financial professional.

"These are relationships that are built on trust," says Sollows. "But how do clients decide their financial professionals are worthy of trust? We think a great first step a consumer can take is to proactively check the FCNB license and/or registration of their financial professionals."

"*Permission to Pause* will help build consumer confidence and knowledge around why regulation exists, its importance, and the expectation for client-side due-diligence," says Sollows. "That's how we help build trust in the New Brunswick financial services marketplace as a tool for prosperity and growth."

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OSFI To Probe Foreign Interference At Canada's Banks And Insurers

By Stefanie Marotta, The Globe and Mail, September 26, 2023

https://www.theglobeandmail.com/business/article-osfi-regulator-lender-foreign-interference/?utm_medium=email&utm_source=Streetwise&utm_content=2023-9-27_21&utm_term=Canada%E2%80%99s%20banking%20regulator%20to%20probe%20foreign%20interference%20at%20lenders&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

Canada's banking regulator is expanding its mandate to begin probing issues of foreign interference and national security issues at the country's largest banks and insurers by early next year.

Peter Routledge, head of the Office of the Superintendent of Financial Institutions (OSFI), said on Tuesday, September 26 that the regulator will add new oversight of non-financial risks as geopolitical tensions escalate. OSFI plans to monitor ways that foreign actors could "infiltrate Canadian financial institutions' networks to steal sensitive financial data" and banks "could become conduits for foreign funds used in illegal activities."

"Over the two years that I've been Superintendent, geopolitical risk and its offshoots have increased in significance, and what we're doing is a response to that risk," Mr. Routledge told reporters at a media roundtable during a conference hosted by the Global Risk Institute in Toronto. "There's a possibility that that intensity metastasizes over into the financial system, and we want our institutions ready to adapt to that."

In March, Ottawa unveiled the enhanced mandate in the federal budget, proposing that OSFI be given the authority to determine whether financial institutions have sufficient protection against security threats such as foreign interference. That could include expanding the range of circumstances in which the regulator can take control of a federally regulated financial institution, including national security risks.

Concerns over foreign inference have been thrust into the spotlight amid Russia's continuing war in Ukraine and involvement by China and other hostile states in Canadian elections. Finance Minister Chrystia Freeland has also ordered Wealth One Bank of Canada to comply with extraordinary national security conditions aimed at guarding its operations against investors who have faced federal scrutiny over alleged links to the Chinese government.

As the federal government grapples with how to address national security concerns, OSFI provided the first glimpse into the changes to its scope as it works toward finalizing the guidelines by January 2024. Among its new responsibilities, the regulator is also charged with reporting its findings to the minister at least annually.

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Mr. Routledge said that the guidelines will not add new or previously unrecognized risks for banks to monitor but instead provide the regulator with the runway to assess whether the lenders have sufficient measures in place to identify and prevent those issues. OSFI plans to monitor procedures around cyber-security, money laundering and terrorist financing, and ownership and control of Canadian financial institutions.

"What will feel different is that we are going to proactively and assertively go out to the institutions next year and have them answer questions and work with us so that we can confirm that they do have – in our judgment – the protections in place that we think are necessary for enhancing their integrity and their security," Mr. Routledge said in response to a question from The Globe and Mail. "Is that going to feel like new things to do? It's going to feel like a bit more scrutiny and intensity around non-financial risks."

The guidelines are not meant to change the criteria lenders follow when assessing the risk of a loan. Instead, OSFI's oversight will grow to ensure that they are properly documenting and following those rules.

"Is it going to change fundamentally how they think about lending? No, but it will shine a little bit more light on that practice and we'll see what the banks think about that," Mr. Routledge said.

OSFI is not the only federal agency that monitors anti-money laundering practices at the banks. Canada's financial intelligence unit, the Financial Transactions and Reports Analysis Centre of Canada, is responsible for collecting and analyzing information about anti-money laundering threats and communicating its assessments to law enforcement.

Mr. Routledge said that the two agencies are ironing out the details on how they will work together in monitoring anti-money laundering issues. He added that the regulator does not have any plans to work with other regulators and agencies that oversee global financial institutions.

OSFI has also been raising capital requirements, prompting banks to set aside billions of dollars that would provide a cushion during an economic downturn. Critics have argued that the higher bar restricts the ability of banks to deploy capital for acquisitions, return funds to their investors through share buybacks and dividend increases, or to invest back into their business segments.

"We don't actively seek to cripple an institution's ability to compete and take reasonable risks," Mr. Routledge said. "Where a constituent that we regulate comes to us and says, 'Wow, you guys are really making it hard for us,' our job is to listen and react constructively. The constraints imposed on us by Parliament are to make sure the financial system is safe, and make sure the financial system is available to Canadians every day in hard times as well as in good times."

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NAIC Life Insurance Tool Helps Connect Consumers With More Than $6 Billion In Unclaimed Benefits

By National Association of Insurance Commissioners (NAIC) Staff, September 25, 2023

NAIC Life Insurance Tool Helps Connect Consumers With More Than $6 Billion in Unclaimed Benefits

The National Association of Insurance Commissioners (NAIC) is proud to announce that its Life Insurance Policy Locator has connected consumers with more than $6 billion in unclaimed benefits from annuities and life insurance policies since the tool's launch in November 2016.

"Every year, millions of dollars in life insurance benefits go unclaimed by beneficiaries who can't find their deceased loved ones' policies or, in some cases, may not even know the policies exist," said Chlora Lindley-Myers, NAIC President and Missouri Department of Commerce and Insurance Director. "Some consumers don't have all the information they need to file a claim. That's where the Life Insurance Policy Locator comes in and provides consumers with this valuable support."

The free online tool, maintained by the NAIC, has received 606,140 requests nation-wide. This has led to 312,557 matches of life insurance policies or annuities, with companies reporting claim amounts of $6,033,957,707 through June 30, 2023.

The online policy locator requests are secure, confidential, and free. Participating insurance companies are responsible for contacting beneficiaries and reporting matches to state insurance departments through the NAIC Life Insurance Policy Locator.

Who Can Use The Locator?

Anyone. This service is free and open to the public, including beneficiaries and legal representatives. Consumers can learn to use the tool by reviewing the NAIC's Consumer Insight titled "Learn How to Use the NAIC Life Insurance Policy Locator." The NAIC created additional resources such as the Life Insurance Buyer's Guide to help consumers prepare to purchase life insurance.

If A Requester Is A Beneficiary And Is Notified By The Company That A Lost Policy Has Been Found, What Information Do People Need To Request Their Benefits?

Typically, a certified death certificate and company claim form must be submitted to the insurer that found a policy.

How Long Does It Take For A Request To Be Completed?

It may take 90 business days or more to complete the search. Please note that a requester will not receive a response if no matches are found, the requester is not the beneficiary, or the requester does not have legal authority to obtain information about the policy.

About The National Association Of Insurance Commissioners

As part of our state-based system of insurance regulation in the United States, the National Association of Insurance Commissioners (NAIC) provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and co-ordinate regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally.

U.S. Federal Government Relaunches Free At-Home COVID Test Program

Americans Are Able To Order The Tests At Covidtests.Gov Beginning Monday, September 25

By Cheyenne Haslett, ABC News, September 25, 2023

Federal government relaunches free at-home COVID test program - ABC News

The U.S. federal government program used for the last two winters to send free COVID tests to Americans' homes started up again on Monday, September 25.

The government's move comes after the Centers for Disease Control and Prevention recently completed its process to roll out the latest COVID shot, targeted to match the circulating variants, and pharmacies began offering it days later.

At the website, CovidTests.Gov, each household will be able to order four free rapid tests, according to the Administration for Strategic Preparedness and Response (ASPR), a part of HHS that handles the federal stockpile of COVID tests.

The website for free at-home tests has had an on-and-off presence since the winter of 2022, when the Omicron variant was driving cases up across the country.

At the time, President Joe Biden pledged to give out 1 billion free rapid tests to ease soaring demand and an overwhelmed test manufacturing industry.

But the site was temporarily shut down that fall as a political fight dragged on over COVID funding. Administration officials said they had to conserve tests in case they didn't get agreement from Republicans to allocate more money -- which they didn't.

Still, the site relaunched again in December as cases began to climb again, then shut down this past June.

The government is now relaunching CovidTests.Gov again in time for a surge in cases this winter.

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"We want them to be able to use those tests during this viral season -- fall, winter, respiratory viral season," Health and Human Services Secretary Xavier Becerra said.

The tests will come from a $600 million investment across 12 different domestic test manufacturers, which will yield around 200 million tests to boost the federal stockpile. Tests ordered from CovidTests.Gov will be pulled from that stockpile.

The funding for the free tests will come from money that was left over from a past supplemental COVID Bill. Though the debt ceiling deal reached over the summer between President Joe Biden and Republicans did claw back about $30 billion in unspent COVID relief funds, officials said there was still enough leftover to put toward replenishing the testing stockpile this fall.

Officials said they didn't have an estimate yet for how many tests they expect Americans to order, given the shrinking demand for COVID precautionary measures. Roughly 755 million tests have been distributed through the website over the last two years.

But if there is high demand in the future, the $600 million investment that the government is making in U.S.-based COVID test companies will also serve to warm up the supply lines and get the production process underway, said Dawn O'Connell, the head of ASPR.

"Manufacturing COVID-19 tests in the United States strengthens our preparedness for the upcoming fall and winter seasons, reduces our reliance on other countries, and provides good jobs to hard-working Americans," O'Connell said.

"ASPR's investments in these domestic manufacturers will increase availability of tests in the future," she said in a statement.

COVID-19 hospitalizations are continuing to climb in the United States, according to data from the Centers for Disease Control and Prevention.

For the week ending September 9, data showed that hospitalizations increased 7.7% from 19,068 to 20,538 weekly hospitalizations -- an estimate that's likely an undercount, due to less available data without the public health emergency still in place.

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OTHER CAFII MEMBER-RELEVANT NEWS

Canada's Life And Health Insurers Continued Paying Record Benefits In Year Three Of Pandemic

Total Premiums Collected By Insurers Also Rose In 2022, According To The CLHIA

By Investment Executive Staff, September 26, 2023

Insurers continued paying record benefits in year three of pandemic | Investment Executive

Even as the COVID-19 pandemic lost some of its grip on daily life last year, Canada's life and health insurers set another record for benefits paid.

Insurers paid $114 billion in life and health benefits in 2022, slightly more than the previous record set in 2021 and $11 billion more than pre-pandemic levels, the Canadian Life and Health Insurance Association (CLHIA) said on Tuesday, September 26 in releasing its annual statistics report.

Nearly half ($53.7 billion) of the benefits paid represented annuity claims, down from $58.1 billion in 2021, while health insurance benefits set a new record of $43.9 billion. The $650 million paid in mental health support claims was a 10% increase from the previous year and nearly double the 2019 total.

Life insurance benefits increased to $16 billion last year from $14 billion in 2021. The CLHIA said that 22 million Canadians own $5.5 trillion in life insurance coverage, with total coverage increasing "steadily" over the previous decade. "The increase may be due to individuals needing to cover larger mortgages and a higher cost of living," the report said.

Individual life insurance made up 65% of the total life policies in force, up from 58% in 2012. The growth was driven largely by term insurance, which accounted for 40% of all life insurance.

Total premiums collected by insurers in 2022 rose to $145 billion, up from $139 billion the previous year. The increase was led by premiums for health insurance (up 9.4% to $55.9 billion) and life insurance (up 5.5% to $27 billion), the report said, while premiums for annuities and segregated funds were basically flat (up 0.2% to $62.2 billion).

The deferred sales charge (DSC) structure in segregated funds was banned this year, to align with the DSC ban for investment funds implemented this past June.

Insurance regulators are also developing a guidance on upfront commissions for segregated funds after a consultation found risk of customer harm.

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Canadian Life Insurer CEOs Discuss Their Outlooks At Recent Financial Summit

By Kate McCaffery, The Insurance Portal, September 27, 2023

In a series of presentations made at the 24th Annual Scotiabank Financials Summit, life and health insurance company executives from across the industry discussed current economic conditions affecting their companies and their outlooks, mergers and acquisition (M&A) activity, and the surplus capital positions many are currently maintaining.

Their presentations further revealed that Asia remains a very important area of business for Manulife Financial Corporation, Great-West Lifeco Inc. thinks that advisor succession will be a big issue in the years to come (and it has a plan for capturing the businesses of those without successors) and Sun Life Financial Inc. continues to eke out a reputation for itself among investors as a wealth manager – not just as an insurance company. The presentations also included a discussion with CEOs from iA Financial Corporation Inc., Intact Financial Corporation and Definity Financial Corporation.

Manulife Sees Growth Opportunities In Asia

The current, marked slowdown in Chinese economic growth notwithstanding, Manulife's president and CEO Roy Gori is bullish on the region in general. "It is interesting how quickly the macro narrative on China has changed," he agreed, but added that the big picture in Asia overall "will continue to be a tremendous opportunity for our industry." He also pointed out that mainland China, in particular, represents less than one per cent of the company's core earnings.

Where the company does operate is in Hong Kong, to serve the mainland Chinese visitor market, dubbed the MCV market. Gori said the market is made up of 500 million people – visitors from China who come to Hong Kong for the product and investing options and for the health network which exists there. "This population of customers is something that we've been focused on for many, many years," he said. "This is not a new area of focus for us."

To succeed in Asia, he continued, companies need the trust of key stakeholders, including local regulators, governments, customers, and employees. "I am as excited about Asia as I was five years ago. I still think that this is going to be a driving force for our business and, quite frankly, for the global insurance market."

With China recently lifting foreign ownership limits on financial firms, it was noted that a wave of asset managers had increased their respective stakes in the region, but reports suggest that many of these are now struggling.

"They're new to the market. They don't have the history. In other cases, they're not really complete with their capabilities from a distribution perspective and from a product perspective," he told those gathered for the presentation.

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Outside of China, he added that it is necessary to have a foot in a number of different geographies for the diversification and growth which that strategy provides. “The U.S. market is the largest market in the world. We are quite uniquely positioned in that market – we are the leader in behavioural insurance,” he said, referencing the Vitality products available in Canada and the U.S., along with the equivalent Manulife Move product being offered in Asia. “We are the leaders in that field of insurance and we were the first to offer it in the U.S. It’s allowed us to outgrow the market by 28 per cent over the last four or five years,” he said. “We feel that this market represents a strong growth opportunity for us.”

With more than $20 billion in reserves above supervisory minimums, and more than $10-billion over the company’s stated operating range, Gori added that his company is in a strong position to buy back stock. “Dividends and organic deployment of capital will continue to be our priority,” he said. “We’re not desperate to do M&As.” While opportunistically he said the company will consider such activities, he also said the company is unique in that it doesn’t require such deals to meet targets.

Great-West Lifeco Dedicated To Distribution

Great-West Lifeco’s Canadian wealth strategy was highlighted in a conversation with its president and CEO Paul Mahon discussing the recently completed acquisition of Value Partners Inc. and the deal-in-progress to acquire Investment Planning Council Inc. (IPC). Both firms were and are being acquired by the Canada Life Assurance Company, a subsidiary of Great-West Lifeco.

“It takes us into that top tier of non-bank providers in that space,” he said. “That can give you a competitive edge from the cost perspective. The second part of that, though, was capability.” (With the completed transactions, the company gives advisors the opportunity to move between mutual fund and investment dealer platforms more easily – IPC is an investment dealer firm, while Value Partners gave the firm private investment counsel capability.)

“We want to have that full suite of wealth services. That fills out the platform and allows us to position ourselves to be the leading provider to allow advisors to build both their business, but also to think about succeeding their business. Because advisor succession will be a big issue in the years to come,” he said.

Mahon added that the firm is now investing heavily to make it more seamless for advisors who want to transition their business through the different regulatory regimes formerly overseen by the Mutual Fund Dealers Association of Canada (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC), which have both merged to become the Canadian Investment Regulatory Organization (CIRO). “Ideally we’d like to be early to market and closing that gap because we think it’s going to be the future.”

Discussing the matter of succession, he said that there are usually three scenarios for advisors: one is where the advisor knows who they want to transition their book to. “We believe that is often the highest value action an advisor can take, and we want to be there for them, whether it’s financing, whether its data, whether it’s training.”

In the second scenario, he said advisors have built their books of business to the point where it overwhelms their ability to service all clients involved. "Often, they'll want to maybe take part of their client base and find it a different home where it can receive full and proper service," he said. "We're quite happy to acquire those."

Finally, those without a natural successor can also divest their businesses to one of the companies under Great-West and stay in the business on a salaried basis. "We think they're all value-creating," Mahon said of the different strategies. "Our key is to make sure that we stay close to the client and the advisor through that process."

Sun Life The Asset Manager

Kevin Strain, president and CEO of Sun Life, said that although the majority of Sun Life's business comes from asset management – 40 per cent of the company's income comes from wealth management, 30 per cent comes from group insurance sales, and 30 per cent from individual life sales – it's still not well-understood by investors and stakeholders that the firm is much more diversified than most give it credit for.

"We wanted to make sure that our investor base understood that we're an asset management and an insurance business," he said. "That's evident in our $1.4 trillion in assets under management, but people weren't thinking of us as an asset management company."

While other asset managers meanwhile build out their insurance operations, he added that "I would argue that we have the best insurance business of any of those companies. We wanted to highlight that for investors that we're not Sun Life insurance company, we want to be the best asset management and insurance company in the world."

He added that the company has a strong capital position but it is disciplined about how it deploys capital.

iA CEO More Positive On IFRS Developments

International Financial Reporting Standards (IFRS) which were required to be implemented by insurers this year have cost insurance companies a great deal of money and resources to fall into line. One outspoken critic of the development (who has changed his stance in recent months) has been Denis Ricard, president and CEO of iA Financial.

"I used to be critical about these changes in the past, but I must admit that I now feel much more positive about IFRS 17," he said. "I believe the transition has been pretty good. It did recognize for our organization the good position in terms of capital, which was not recognized in the past. I was very pleased." (The company today has more than $1.8-billion in excess capital.)

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"We're going to stay very disciplined in the way that we're going to invest capital. It's not because we have a huge amount of excess capital that we will do stupid things." He added that the company is interested in deals within iA's own areas of expertise. "I'm not looking at entering a new business that we don't really know about. I want to strengthen the current business," Ricard said.

"If we decide to do that, it will be more on the life side at this point that people should expect some activities, U.S. life, yes. Because in Canada, for the Canadian life insurance business, we were very strong already. But there's no opportunities, really." (He added that in the United States, the company's focus is on bumping up sales and winning new accounts. "We're targeting 10 per cent increase in the U.S. over the next five years, per year, because we believe we can gain some market share," he told those gathered.)

The CEO also highlighted the company's strength in distribution. "By being close to distributors, we knew the business. Our strategy has been to provide them with the best digital tools in the market," he added. "The best digital tools and the breadth of products, that is what made us successful so far and that is where we are investing heavily going forward."

Definity Aims For A Spot Among Top Players

While Intact Financial's presentation focused exclusively on the firm's announcement that it will acquire Direct Line Insurance in the United Kingdom – the transaction grows that company's market share to approximately seven per cent of the commercial market in that region – Definity Financial's presentation by president and CEO Rowan Saunders covered wider ground.

"We want to make progress on being a top five insurance company in Canada," Saunders told those gathered. "We certainly want to continue big investments in digital and remain a digital leader in the Canadian business."

The company is also focused on distribution, having built out a distribution arm in the past 12 months which is currently approaching $1-billion worth of business. "We know that we can grow at about twice the rate of the industry organically," he said. "But now it's about more inorganic growth that we'd like on some of the product lines." Later on, he said that there's a defensive element to distribution: "there's certainly a very strategic component to it. What we get is two sources of income. You get distribution income and you get underwriting income."

Auto insurance, he said, is interesting, as it has moved through a number of cycles in a short period of time with both COVID-19 and hyper-inflationary pricing affecting the business. "Now that business is kind of normalizing," he said. "Pricing is coming through the marketplace in a pretty strong way. I feel that there is pretty consistent market discipline."

The same story, he said, would appear to be playing out in commercial lines, as well. "I think players are more disciplined than they used to be."

As for M&As, he said his company is built to be a much bigger business than it is today. "We've hired top talent," he said. "The executive team itself has significant experience in M&As in our previous roles and lives. We have senior and middle management teams that have been brought in for this capability. We've built the infrastructure for this," he added. "We absolutely feel that even though Definity itself hasn't done a lot of M&A, the experience in the organization is there."

He added that the company's thesis calls for more consolidation in the industry. "We think that is going to continue. There's a few reasons for that: Scale is increasingly important. Technology's hugely important and what we're seeing, particularly on the personal side, is that brokers are saying we really don't need to deal with multiple insurance markets, we need five or six. We certainly don't need 10 or 15."

Reinsurance is also expected to play a role in this consolidation, as well. (Reinsurers, having capital constraints of their own, are pricing accordingly during recent renewals. Capacity is also reportedly an issue.)

"Smaller companies proportionately rely on reinsurance more than larger companies. I think that's really putting some strain on smaller organizations, particularly in some of the international commercial players. They typically play in the upper middle market and specialty parts of the Canadian marketplace," he said, further describing their challenges, which include increased competition in specialty business lines from larger players such as Definity, where there wasn't a lot of domestic competition previously. "With more difficult times does come more opportunities for people thinking about strategic exits."

Read Story (Subscription Required): *Insurance CEOs discuss outlook at recent financial summit - Insurance Portal (insurance-portal.ca)*

Industry Executives Share Views On Innovation In Insurance Ahead Of November Conference

By Mehreen Shahid, The Insurance Portal, August 9, 2023

https://insurance-portal.ca/society/executives-share-views-on-industry-modernization-ahead-of-november-conference/?utm_source=sendinblue&utm_campaign=daily_complete_202308-14&utm_medium=email

A new Reuters Events report entitled *Insurance Product Strategy: Powering Human Touch & Profitability* looks at how industry experts view innovation as a crucial component of Canadian insurance companies' future products.

The report was released ahead of *Reuters Events: The Future of Insurance Canada 2023*, a conference which will take place in Toronto on November 15 and 16.

The report dives straight into the need for updating regulation and risk management to match advancements in artificial intelligence (AI).

“This represents a call to action for our industry,” said Gourami Kakhadze, vice president and chief compliance officer at Combined Insurance**.** “We know that technology is always moving much faster than legislation and regulatory oversight, so we must challenge ourselves to innovate risk management practices in accordance with the new market realities.”

The report also talks about the importance of the human touch in insurance.

"We are a promises business to be there on your best and worst days and technology can come across as cold and inhumane in those critical moments," said Brady Aarssen, vice president of group retirement and innovation at Canada Life**.**

In the report, industry experts also shine a light on the dilemma of data collection, privacy, and personalization.

Canada’s insurance industry depends upon rich and growing sources of internal and external data, but Canada Life’s Aarssen says the reality is that behavioral data can be skewed.

While these programs are useful for creating customer engagement and affinity, "we likely overstate their effectiveness because of some of the ‘gamification’ both at the consumer and the carrier level,” Aarssen added.

Anna Foat, design literacy and education strategy specialist with Sun Life’s global marketing unit suggests that product teams take a step back and ask who their products are for, why consumers buy, and what challenges the products solve for.

In terms of product innovation, the report also points out the need for product innovation by larger carriers for small businesses, which is traditionally a consumer section best served by small direct-to-commercial businesses.

"To fill the gap," however, Aarssen says that Canada Life is using new and cost-efficient technologies, such as AI-driven automation, to offer affordable policies through employer-employee enrollment programs.

CAILBA's New President Calls On MGAs To Mobilize

By Serge Therrien, The Insurance Portal, April 25, 2023

The new president of the Canadian Association of Independent Life Brokerage Agencies (CAILBA), Phil Marsillo, called on Canada's managing general agencies (MGAs) to mobilize around the Association to build a unified and strong voice to address the challenges facing independent life insurance distribution.

Moving between notes of humor and seriousness, Marsillo delivered his thoughts before some 280 attendees gathered at the annual Association convention. He also announced that it was a record attendance. The event took place in Quebec City from April 17 to 19. Marsillo is also president at IDC Worldsource Insurance Network Inc.

Marsillo presented a loaded roadmap, admitting that he was not naive enough to believe that everything will be done just because he said so. At the same time, he praised the work already accomplished by CAILBA administrators and employees. He particularly emphasized the work of Michael Williams, who worked for nine years as president, "for certainly more than an hour per month," the new president said. Williams is now chief operating officer of TruStone Financial Inc.

It is precisely because of the work to be done that Marsillo called for mobilization. The Association has 54 MGA members, he said, but it needs even greater representation. The president wants CAILBA to attract more regional general agents, niche players, and those smaller than the already-member giants. He sees those agencies becoming ambassadors of the organization's values. He also wants to hold regional events and even a webinar each year to get closer to the different regions.

Moreover, Marsillo said that CAILBA can no longer rely on a 10-member board to do what needs to be done. Will it be raised to 20? Should regulators participate? That remains to be seen, he said, but added that board members are already considering the creation of sub-committees and divisions. They are counting on the participation of carriers and even national accounts, those securities firms that offer insurance through financial security advisors. New members will influence the discussion, he added.

Marsillo sees CAILBA working with all industry stakeholders. "It is certainly not us versus them," he said. "We are all in the same industry, and we all share the same business issues," he said. "We can share our best business practices without revealing our respective secrets."

CAILBA also needs to communicate more and be more transparent, Marsillo said. The Association also needs continuity. It thus wants to extend the term of engagement for directors on the board to a period of three years. As for who will ensure representation in the public sphere? Marsillo says that CAILBA probably needs a full-time president like the Conference for Advanced Life Underwriting (CALU), Advocis, and the Independent Financial Brokers of Canada (IFB). It remains to be seen, he said, adding at the same time, "It won't be me!"

"We all believe in the advice," Marsillo said. "But what does that mean?" The same question arises for CAILBA. How to become even more relevant? How to do things differently? What are CAILBA's strategic values? These are all questions that need to be asked and answered.

In recent years, the administrators have accomplished great projects, Marsillo stressed. This was the case with issues surrounding the Goods and Services Tax (GST) on general agents' income, compliance toolkits for members, and formulations in contracts with carriers.

In a way, it is an opportunity to find a new breath, he explained, while building on the work done.

It will be important to do so given the importance of independent distribution, Marsillo added, recalling some important statistics: the independent distribution channel represents 75 per cent of all life insurance premiums produced in Canada. Overall, the industry paid out $113-billion in personal health and dental insurance claims and about $9-billion in death benefits. Marsillo then challenged attendees to share these figures, saying no one talks about them enough.

The president invited participation in the Association's next congress from June 4 to 6, 2024, in Whistler, in British Columbia.

Read Story (Subscription Required): https://insurance-portal.ca/life/phil-marsillo-calls-on-mgas-to-mobilize/

Willis Towers Watson Announces Tool To Bridge Climate Skills Gap In Boardrooms

48% Lack The Skills And Expertise To Effectively Manage Climate Risks

By Kenneth Araullo, Insurance Business Canada, August 15, 2023

https://www.insurancebusinessmag.com/nz/news/breaking-news/wtw-announces-tool-to-bridge-climate-skills-gap-in-boardrooms-456228.aspx?tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&utm_campaign=&utm_medium=20230815&_hsmi=270360283&_hsenc=p2ANqtz--G2Q_6XJqhstrJy7psL9hrac_RU4gkBXVANm7CXYZtQZ-p2Ai7fy_ku5CdpTq1J-01C6RifcxkSLja1miVvZT6ia8LUA&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&utm_source=

Willis Towers Watson (WTW) has announced the launch of a new engagement tool tailored specifically to help company boards and senior management better understand their exposure to ESG and climate-related risks and opportunities.

The tool, called Climate Vista, was designed to help firms respond to increasing shareholder, investor, and regulatory pressures as well as the growing demand for climate risk and transition plan disclosure.

A recent survey from the global insurance group and the Nasdaq Center for Board Excellence revealed that 48% of boards lack the skills and expertise needed to provide effective oversight of the climate risks facing their companies. While this figure is still expected to improve over the next three years, gaps are still likely to exist.

There is also continued momentum around emerging reporting frameworks such as the International Sustainability Standards Board's IFRS S2 Climate-related Disclosures, a framework which will build on and supersede TCFD. Through WTW's Climate Vista, boards can access tailored solutions specific to a company's geography and sector as well as promote alignment between board members and between the board and senior leadership teams.

"Regulations and best practices across Asia Pacific are increasingly requiring Boards to demonstrate climate skills. Our insurance partners are also setting expectations for those seeking insurance protection, with board training being a desirable characteristic in assessing the overall risk profile. The survey we have conducted with the Nasdaq Center for Board Excellence demonstrates that there remains a deficit between expectations and skills. Improved climate governance is a defining trend to support responsible stewardship of a company," WTW Asia Pacific climate and resilience hub director Christopher Au said.

UPCOMING CAFII MEMBER-RELEVANT WEBINARS AND EVENTS

New UBC Online 8-Week Course: Canada Climate Law Initiative

What Will You Learn?

- Key climate considerations companies and pension funds face when making business and investment decisions
- Complex legal and regulatory instruments and requirements that directly impact businesses and organizations' operations in Canada and internationally
- Strategies to enhance your oversight and management of climate risks and opportunities

Who Should Apply?

- Directors
- Officers
- Trustees
- In-house and external legal counsel
- Governance professionals
- Investors and asset managers
- ESG-focused staff

When Is The Program?

The program includes two online courses composed of four modules each. Each course is separated by one week pause.

- October 3 to October 31, 2023
- November 7 to December 11, 2023

Students will have until December 15, 2023 to complete a final case study.

200-411 Richmond Street E, Toronto, ON M5A 3S5
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info@cafii.com www.cafii.com

What Is The Class Format And Time Commitment?
Internet connection required to use UBC's interactive e-learning platform "Canvas" which includes video lessons, readings, online discussion, case studies, and recorded guest interviews.
There will be three live sessions with your instructor and classmates over Zoom:

- Tuesday, October 3, 2023 at 12 pm PT/3 pm ET
- Monday, October 23, 2023 at 12pm PT/3 pm ET
- Wednesday, December 6, 2023 at 12 pm PT/3pm ET

Expect to spend between five to seven hours per week on the course, for a total of approximately 50 hours. Students can learn at their own pace, when it's most convenient for their schedule.

Register Here

Webinar By Torys: Fundamentals Of Banking And Insurance Law

Date: Thursday, October 5, 2023
Time: 12:00 pm – 1:00 pm EST

The financial services industry has undergone transformational change in recent years. Being well-versed in the basics is vital to building and applying knowledge to this fast-evolving industry. This series will provide a general overview of the regulatory regime applicable to banks and insurance companies, with a more detailed discussion of selected topics, and will equip participants with a comprehensive overview of the essentials of banking and insurance law.

Impact Of The New Bank Act Consumer Protection Framework On FCAC Enforcement

Join our panel of Torys lawyers in the next session of this series for a discussion on the new FCAC enforcement context through examining the impact of the new Bank Act consumer protection framework, FCAC's new Administrative Monetary Penalty Framework and FCAC's reportable compliance issue approach.

Register Here

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The Travel Health Insurance Association of Canada's Innovation Summit

Date: Friday, October 20, 2023
Time: 9:00 am – 5:00 pm EST

Explore the leading edges of technology, business and insurance advancements, while meeting travel health insurance influencers and other industry leaders. The day will feature keynote speaker Amber Mac, an award-winning podcaster (#TheFeed, This Is Mining, The AI Effect, Marketing Disrupted), co-host of the weekly emerging technology radio show and podcast #TheFeed on SiriusXM, and a bestselling author. Spend the day learning from a range of experts, including Data Scientist Mike Delorme of Manulife and Mukul Ahuja, AI Strategy Leader at Deloitte. See what's on the horizon during our startup showcase of companies and services that are breaking new ground in the industry and adjacent industries.

A light breakfast, lunch and a networking reception at the end of the day are included in your purchase price.

THIA "Friends", including CAFII Member representatives, can take advantage of Early Bird pricing of $200 per person until September 29, 2023 inclusive.

On September 30, this price increases to $250.

Register Here