cafii acifa
The Canadian Association of Financial Institutions in Insurance | L'association canadienne des institutions financières en assurance

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

CAFII ALERTS WEEKLY DIGEST: September 23 to September 30, 2022

September 30, 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.

TABLE OF CONTENTS

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

REGULATOR/POLICY-MAKER NEWS

FSRA's New Supervisory Activities Underway For Life And Health Insurance

By Micah Guiao, Insurance Business Canada, September 29, 2022

https://www.insurancebusinessmag.com/ca/news/breaking-news/fsras-new-supervisory-activities-underway-for-life-and-health-insurance-422230.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220929&utm_campaign=IBCW-MorningBriefing-20220929&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

The Financial Services Regulatory Authority of Ontario (FSRA) has announced that it will strengthen its supervisory activities for Managing General Agencies (MGAs) and licensed agents in the life and health insurance sector.

Through a joint cooperative review of three life and health MGAs, the FSRA and the Canadian Council of Insurance Regulators (CCIR) have identified four main concerns in market conduct:

- Agents were compensated based not only on their own insurance sales, but also on insurance sales made by the people they recruit. This could have motivated the recruitment of individuals who are not yet licensed and resulted in sales by many newly licensed agents
- Training of agents lacked important substance, rigour, and reporting mechanisms to ensure they understood and were able to serve customer needs
- Relatively complex products were sold by agents without adequate oversight to ensure product suitability and fair treatment of customers
- Insurers and MGAs performed minimal formal and proactive supervision of their agents to ensure fair treatment of customers

It was also found that MGAs with a tiered-recruitment business model lacked the necessary mechanisms to protect consumers from being treated unfairly.

In light of the identified concerns, the FSRA vowed to take the following actions:

- conduct a thematic review of life insurance agents licensed in Ontario and contracted with the three reviewed MGAs, which is expected to be completed by end of 2022
- develop an expanded supervisory plan and initiate a review of selected insurers contracted with these reviewed MGAs in the fall of 2022
- release draft interpretation guidance for public consultation in the fall of 2022
- draft a proposed rule to enhance the MGA regulatory framework, planned for public consultation in 2023
- consider appropriate regulatory action

200-411 Richmond Street E, Toronto, ON M5A 3S5
☏ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

This comes on the heels of the FSRA's move to suspend the licenses of 106 health service providers who had failed to file their Annual Information Returns (AIR) between 2018 and 2021. In late August, FSRA also issued warning letters to other non-compliant health service providers.

"The observations of the review, combined with the rapid growth of these MGAs and newly sponsored agents in Ontario, point to the potential for consumers to be harmed," Huston Loke, Executive Vice President of market conduct at FSRA, said in a press release. "FSRA will continue to protect consumers and ensure they receive suitable product recommendations from their life insurance agents."

NEWS ABOUT CAFII MEMBERS AND/OR THEIR PARENT COMPANIES

Scotiabank Springs Surprise With CEO Pick

Move Is A Rare Instance Of An Outside Executive Taking Charge

By Bloomberg News, September 26, 2022

https://www.wealthprofessional.ca/business-news/bank-springs-surprise-with-ceo-pick/370148?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220926&utm_campaign=WPCW-Breaking-20220927&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Bank of Nova Scotia Chief Executive Officer Brian Porter is stepping down and handing the reins to Finning International Inc. CEO Scott Thomson, a rare selection of an outside executive to run one of Canada's largest banks.

Thomson, 52, will become Scotiabank's president on December 1, then take the helm on February 1, the Toronto-based bank said on Monday, September 26. Thomson has been a Scotiabank board member since 2016.

As CEO, Porter overhauled the bank's Latin America-focused international business and pulled off major acquisitions in its wealth management business. The selection of Thomson as his successor ends his tenure with a surprise twist, with Canadian banks tending to pick their CEOs from among their top executives. The current heads of the country's other five large lenders spent much of their careers inside those banks before rising to the top job.

"Our initial reaction to this announcement is one of surprise followed by anticipation," Darko Mihelic, an analyst at Royal Bank of Canada, said in a note to clients. "The landmark decision from the board of directors to bring in someone from the outside to run a large Canadian bank clearly suggests to us that perhaps some significant changes may be on the way."

Thomson has an investment banking background and experience in Latin America, Mihelic said. Combined with his experience on the board, "he is clearly coming into the role with eyes wide open," Mihelic said.

Thomson will exit Finning on November 15. The company, based in Vancouver, sells, finances, and services equipment from Caterpillar Inc.

Porter's main task after taking over Scotiabank was re-organizing its sprawling international business by pulling it out of markets such as South Korea, Dubai, and Puerto Rico, where it was either underperforming or saw little long-term value, and doubling down in countries where it had thrived, such as Mexico, Chile, Peru, and Colombia.

Porter, 64, also transformed Scotiabank's wealth management business from a relative weak position among its peers into a sizeable player with the acquisitions of MD Financial and Jarislowsky Fraser Ltd. for a combined C$3.5 billion ($2.6 billion US).

The sudden changes in the company's business mix made it difficult at times for analysts to predict earnings and for investors to value the company, weighing on its shares. Scotiabank's stock had risen 9.2% from when Porter became CEO in November 2013 through last week, the worst performance among Canada's six largest banks for the period.

Scotiabank shares fell 2.5% to C$67.60 at 9:37 a.m. in Toronto, making it the worst performer in the S&P/TSX Commercial Banks Index, which slipped 0.5%.

Porter said in an interview with Bloomberg in December that the work to re-position the international division was largely done and that the market would see the benefits over this year. At the time, he declined to say how much longer he planned to stay but said that the bank had identified as many as four internal candidates, whom he declined to name, as potential successors.

While the choice of new CEO from outside the industry is surprising, Thomson's experience in Latin America was likely attractive to the board's search committee, according to John Aiken, an analyst at Barclays Plc. Thomson led Finning through challenging market conditions and improved its earnings capacity, particularly in Latin America, during his nine years as CEO there, Aiken said.

"We do not expect the transition to be jarring," Aiken said in a note to clients, "and the move leads us to believe that there should not be an immediate shift in Scotia's strategy as Mr. Thomson has been involved in developing it at the board level."

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Manulife Bundles Health Monitoring Into More Coverage

The Lifeco Is Expanding Its Vitality Program To Universal Life And Par Policies

By Greg Meckbach, Investment Executive, September 27, 2022

https://www.investmentexecutive.com/news/products/manulife-bundles-health-monitoring-into-more-coverage/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=6d73923380f292a40dc042b455f0fde3

Manulife Financial Corp. is aiming to help advisors improve client retention and engagement with the expansion of its Vitality program.

Vitality — already available with family term life and individual health products — will be expanding to universal life this November and to participating whole life in 2023, said Paul Savage, Manulife Canada's head of individual insurance, on Monday, September 26.

Advisors have been telling Manulife it is tougher to sell life insurance — other than family term — when Vitality is not included, Savage said. The program launched in 2016.

With traditional life insurance, advisors have few opportunities other than billing and claims to engage with customers after they purchase the policy, Savage said, but some Vitality clients interact with the program more than 20 times a month.

Three out of four respondents (in a Manulife-commissioned survey in July of 510 advisors) said Vitality gives them "new opportunities to interact with their customers" while more than 50% of respondents said Vitality is helping them improve customer retention, Savage said.

Vitality gives policyholders the opportunity to earn points for behaviour such as walking, going to the gym and completing online nutrition courses. The points can then be used toward discounts on running shoes and devices such as Fitbits, Apple Watches and Garmin vívofits.

"None of the information that we collect here is used for underwriting purposes," Savage said, and Vitality is not mandatory if clients are not comfortable sharing their data.

As of November 14, Vitality will also be available in a free version — Vitality Go — as well as Vitality Plus, which costs $6 a month and includes more rewards.

Paul Jones, senior manager with KPMG Canada, told Investment Executive this summer that Vitality is one example of a life insurer using technology to monitor its clients' health and fitness, adding other large Canadian lifecos "are definitely exploring" the concept.

Similar in concept is Foresters Go, a mobile app launched in Canada in 2021 by Foresters Financial, which aims to give advisors additional value beyond the death benefit.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

COVID-19 PANDEMIC RESILIENCE AND RECOVERY NEWS

Inflation, Strong US Dollar Will Weigh On Canadian Snowbirds' Plans, Experts Say | Insurance Business Canada

By, Caitlin Yardley, The Canadian Press, September 29, 2022

https://www.insurancebusinessmag.com/ca/business-news/inflation-strong-us-dollar-will-weigh-on-canadian-snowbirds-plans-experts-say-422273.aspx

High inflation and a strong US dollar will weigh heavily on Canadian snowbirds this winter, experts say.

As the cold months approach, Snowbird Advisor president Stephen Fine said some snowbirds are opting for a shorter travel period or eyeing different destinations due to the rising cost of everything combined with a weak Canadian dollar.

Snowbirds will have a lot more to consider this coming winter as the price of accommodation, groceries and dining out have all risen, Fine said.

He also said that snowbirds may opt for more cost-effective destinations outside of the U.S., including Mexico, Costa Rica and Belize and do a four-month stay rather than the typical six.

President of insurance provider Travel Secure Inc., Martin Firestone said that the low performing Canadian dollar will impact those who typically fly south for the winter the most out of all travellers.

However, not all experts agree as the Canadian Snowbird Association director of research and communications, Evan Rachkovsky said that he expects a near-full post-pandemic recovery in the number of snowbirds who travel south this winter.

“If we look back to the late 1990s and early 2000s, the Canadian dollar was trading at 62 to 63 cents against the US dollar, and Canadian snowbirds at that time continued to travel south, and we expect more of the same this season,” said Rachkovsky.

While domestic flights remain strong, there has been a slight decline in the number of Canadian flights to the U.S. that is expected to continue this season, in part, due to the strong U.S. dollar, said Helane Becker, an analyst for banking firm Cowen.

It is not only travel to the U.S. that will be impacted however, as Firestone said that Canadian travellers will likely notice the affects of inflation wherever they go.

“If anything is going to be impacted it is going to be the discretionary spending of snowbirds when they're stateside,” said Rachkovsky.

The Canadian dollar traded for 72.85 cents US at the close of markets Tuesday.

Back to Table Of Contents

Feds Lift Border Vaccine Requirements, Mandatory Masks On Planes And Trains

Two Senior Government Sources Aware Of The Decision Confirmed The Cabinet Order Maintaining COVID-19 Border Measures Will Not Be Renewed When It Expires On September 30

By Laura Osman, The Canadian Press, September 26, 2022

https://calgaryherald.com/news/national/feds-lift-border-vaccine-mandates-mandatory-masks-on-planes-and-trains/wcm/e00cea54-bf06-448e-919a-b293575237cd

The final vestiges of COVID-19 restrictions at Canada's borders will be lifted on Saturday, October 1, as federal ministers announced on Monday, September 26 the end of mandatory vaccination, random tests, quarantine, use of the ArriveCan app, and masks on planes and trains.

The Liberal government will not renew the cabinet order maintaining COVID-19 border measures when it expires on September 30, but Health Minister Jean-Yves Duclos once again warned that pandemic restrictions could be brought back if they are needed.

Duclos said on Monday, September 26 that the federal government has learned throughout the course of the pandemic which types of measures work.

"We will therefore leave open all possible options when it comes to protecting the health and safety of Canadians," he said at a news conference.

The changes mean that foreign nationals will no longer require an approved series of vaccinations to enter the country.

Canada-bound travellers will also no longer be subject to random COVID-19 tests, and unvaccinated Canadians will not need to isolate when they return to the country.

Cruise passengers will not have to do pre-board tests or prove they have been vaccinated.

The controversial ArriveCan app will not be mandatory when the order expires.

"Going forward, use of ArriveCan will be optional, allowing travellers who so choose to submit their customs declaration in advance at major airports," said Public Safety Minister Marco Mendicino.

So far that option is available at international airports in Toronto, Montreal, and Vancouver, but that will be expanded to include Calgary, Edmonton, Winnipeg, Ottawa, Quebec City, Halifax, and Billy Bishop Toronto City Airport.

With the cabinet order gone, travellers will not have to self-monitor or report symptoms of COVID-19 anymore but they are still instructed not to travel when sick.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

COVID-19 is still considered a communicable disease under the Quarantine Act, and federal officials say travellers who become sick *en route* or when they arrive in Canada should flag a flight attendant, cruise staff, or a border services officer.

“Border agents and public health officials have the ability to keep screening people and advise them on the right things to do if they happen to be infected with COVID-19 or other diseases,” Duclos said.

“If people enter Canada and find out that they have been infected with COVID-19, then they will need to follow local public health measures.”

People who already started their quarantine or testing regime in the 14 days before October 1 will not have to continue once the changes come into effect.

The five federal ministers making the announcement said that the changes are informed by science and epidemiology, adding that modelling indicate that the peak of the latest wave of the disease has “largely passed.”

But they did face questions about whether the move is at least partially politically motivated as the Liberals contend with the newly elected Opposition leader, Pierre Poilievre.

Duclos said public health data suggest that COVID-19 cases imported into the country by travellers are having a minor effect on the epidemiology in Canada.

“There was a sense that these border measures were no longer effective, or no longer justified in the circumstance that we’re in right now,” Prime Minister Justin Trudeau said on Monday, September 26 at a separate news conference on Parliament Hill.

He said the best way to fend off the possibility of reinstating border restrictions is for people to get their COVID-19 booster shots.

“The more Canadians choose to get vaccinated, the more people get up to date on their shots, the more resilient we will be as a country to any future waves of COVID-19 and therefore the less disruptions people will have to see in their lives,” Trudeau said.

The pandemic is not over, Trudeau said, and encouraged anyone who thinks so to visit a hospital “where we still see the impact of people struggling with COVID-19.”

The Public Health Agency of Canada still strongly recommends that people wear masks, particularly in crowded environments such as planes and trains.

“The science is clear: wearing a mask is clearly a means of personal protection that is extremely effective,” said Dr. Howard Njoo, Canada’s deputy chief health officer.

“I hope Canadians will make an enlightened decision about this.”

200-411 Richmond Street E, Toronto, ON M5A 3S5
☏ (416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

Duclos said the negative attitudes of some passengers have made things very difficult for airlines and crews to enforce the mask mandate in recent months, and cited that as a factor in the decision.

“The transmission of the variants of COVID-19 are domestic-based, for the most part, and therefore, this is what we should stress: masking is highly recommended … but it is not something that can be, in a sense, forced.”

That is a change in messaging from earlier in the summer, when the government and public health officials insisted that maintaining measures at the border was necessary to track and prevent the introduction of new variants.

Mendicino said there have been 38 million entries at the border in 2022 so far, more than double the number in all of last year. “We want to keep that momentum going.”

In the United States, New York Republican Representative Elise Stefanik went so far as to claim a measure of credit for the decision, which came “following my advocacy,” she said in a statement.

“Our northern border communities have suffered enough from the prolonged closure and restriction of travel,” Stefanik said. She also took an obligatory jab at the president, who declared the pandemic “over” in a recent “60 Minutes” interview, in calling for prompt reciprocal action south of the border.

“Even though Joe Biden has admitted that the pandemic is over, he continues to fail to drop the vaccine mandate for travel across the northern border into the U.S., failing our northern border communities as a result.”

Border-state Democrats, including New York Representative Brian Higgins and Montana’s Senator Jon Tester, are also among the congressional voices urging the Department of Homeland Security to follow Canada’s lead.

White House officials have refused to say if the U.S. rules will change any time soon. DHS officials did not immediately respond to media inquiries on Monday, September 26.

Effect Of Pandemic Border Restrictions Could Be Long-Lasting: Critics

By Amanda Stephenson, The Canadian Press, September 23, 2022

https://www.msn.com/en-ca/travel/news/effect-of-pandemic-border-restrictions-could-be-long-lasting-critics/ar-AA12aP57?ocid=msedgdhp&pc=U531&cvid=6923b03d2f9c454380b95786788095e1

The last of Canada's COVID-19 border restrictions are set to disappear at the end of this month, but some critics say they fear the measures have already caused a lasting decrease in cross-border travel.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

At the Global Business Forum in Banff, Alberta on Friday, September 23, prominent voices who have been arguing for months in favour of the lifting of restrictions such as mandatory vaccinations, testing, and quarantine requirements for international visitors said they're now worried that the economic impacts of such measures could be permanent.

In a panel discussion at what is an annual conference for business leaders in Canada's most-visited national park, Meredith Lilly - an associate professor at Carleton University and a former international trade advisor to Prime Minister Stephen Harper - said cross-border day trips by Canadians to the U.S. never fully recovered after the terrorist attacks of September 11, 2001.

She said her research has showed that part of that is due to the heightened U.S. border controls put in place after that event.

"Fewer Canadians travelled to the United States to shop or fill up their gas tank because of the unfriendly border," Lilly said.

"Canada is now doing the same thing to Americans. So it's going to take major effort to get Americans to come back."

Earlier this week, federal government sources confirmed that the cabinet order maintaining COVID-19 border measures will not be renewed when it expires on September 30.

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.

The 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.

But Lilly said the two-and-a-half years that pandemic-related border rules were in place was likely long enough to change the habits of some Americans, who will now no longer consider visiting Canada in the future.

Statistics Canada reported on Friday, September 23 that the number of international arrivals to this country increased in July even as they remain well below pre-pandemic levels.

The agency said the number of trips by U.S. residents in July was 2.2 million, 11 times the number of trips taken in July 2021, but still only about 60 per cent of the trips reported in July 2019.

"So the picture still isn't great," Lilly said. "And three years is a long enough time for people to permanently change their behaviour."

Canadian Chamber of Commerce president and CEO Perrin Beatty, who also spoke in Banff on Friday, September 23, said that this country's tourism industry has now missed out on two summer seasons.

Back to Table Of Contents

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

He said that multiple medical experts have argued that testing asymptomatic travellers for COVID-19 at the border is far less effective than testing symptomatic Canadians within their communities.

"We've maintained these restrictions that simply make no sense. The cost to us, for small businesses in every part of this country, of the friction that we've put on at the border has been billions of dollars," Beatty said.

"And we're out of step with other countries around the world, we're out of step with the science, and we're out of step with the rest of Canadian society because of these self-inflicted wounds we've put on ourselves."

A report released by the Canadian Travel and Tourism Roundtable on Friday, September 23 aimed to assess the impact and effectiveness of border measures and other travel restrictions implemented by the federal government to slow the spread of COVID-19.

The report, which was authored by four Canadian doctors specializing in infectious diseases, emergency medicine, and pandemic management, concluded that border measures have been largely ineffective at preventing new COVID-19 variants from entering the country.

It also said that there is no convincing evidence that pre-departure and on-arrival testing and surveillance have had a significant impact on local transmission in Canadian communities.

The expiry of the cabinet order on September 30 doesn't 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.

The tourism industry has argued that masking on planes is also "inconsistent" from a policy perspective, given that the high air exchange rates on passenger aircraft make them one of the safest ways to travel from a COVID-19 perspective.

"But the government of Canada is saying that the single most dangerous thing you can be doing is travelling by air," Beatty said.

Follow Canada's Lead On Easing COVID-19 Travel Restrictions, U.S. Lawmakers Urge

Montana Senator Jon Tester, A Democrat, Wants The Department Of Homeland Security To Lift The Vaccine Requirement For Truck Drivers And Other Travellers.

By James McCarten, The Canadian Press, September 23, 2022

https://ottawa.citynews.ca/local-news/follow-canadas-lead-on-easing-COVID-19-travel-restrictions-us-lawmakers-urge-5864615

Lawmakers from the northern United States are cheering reports that Canada is poised to abandon COVID-19 vaccination rules for foreign visitors, and want President Joe Biden's administration to follow suit.

Montana Senator Jon Tester, a Democrat, wrote to Homeland Security Secretary Alejandro Mayorkas this week to urge him to lift the vaccine requirement for truck drivers and other travellers entering the U.S.

"Recent reports indicate that the Canadian government is planning to terminate its vaccination requirements for Americans and other non-citizens entering the country in the coming days," Tester wrote.

"It is past time for America to do the same."

Vaccine mandates at the border are making international trade "harder and more expensive," particularly in states such as Montana that enjoy a special trading relationship with their northern neighbours, he continued.

"Fertilizer, hay, and other agricultural products from Canada are critical for farmers and ranchers in Montana and across America," Tester wrote.

A co-ordinated approach to reciprocal measures, he said, would "prevent unnecessary confusion, increase trade, and boost economies on both sides of the northern border."

New York congressman Representative Brian Higgins, co-chair of the multi-partisan, bilateral Canada-U.S. Inter-Parliamentary Group, said the question of vaccination rules at the border was a hot topic during recent meetings in Washington, D.C.

Higgins said it would defy logic for the U.S. to maintain its vaccine mandate for foreign travellers in light of Biden's own claim in a recent "60 Minutes" interview that "the pandemic is over."

"I don't know if I agree with that entirely," he said of Biden's remarks. "But the extent to which I do agree with it is that … all pandemic restrictions should be lifted. People have had enough."

Two senior government sources aware of Canada's decision confirmed on Thursday, September 22 that the cabinet order maintaining COVID-19 border measures will not be renewed when it expires on September 30.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

The sources spoke to The Canadian Press on the condition that they not be named because they were not authorized to speak publicly.

The expiry also spells the end of requiring travellers to use the ArriveCan app to input vaccination records and test results, though the app will live on as an optional tool for customs and immigration.

One of the sources said that Prime Minister Justin Trudeau has signed off on the decision not to renew the order.

As a result, international travellers will no longer have to prove they are fully vaccinated to enter Canada. Unvaccinated Canadians must show a negative test result to get in, agree to quarantine for 14 days, and undergo further testing after arrival.

White House officials have so far refused to say whether U.S. vaccine rules for foreign travellers will change at the end of the month. The Centers for Disease Control and Prevention did not respond to media queries on Friday, September 23.

Asymmetrical travel restrictions along the Canada-U.S. land border have been a regular frustration over the course of the COVID-19 pandemic, most notably last fall when the U.S. opened the door to vaccinated foreigners nearly three months after Canada did.

Higgins said that he's well aware of the dysfunction and wants the Inter-Parliamentary Group to turn its focus toward finding a way to ensure that the U.S. and Canada can make their border policies more symmetrical.

"You look at all over the world, whether it's the Middle East, whether it's East Asia, whether it's eastern Europe, everybody is surrounded by hostility and instability," he said.

"In North America — and in particular, between the United States and Canada — we are surrounded by friends and fish. And I just think that, you know, that has to account for something."

Canada's tourism industry has bemoaned the unco-ordinated approach which Canada and the U.S. have taken at the border as well.

In a report commissioned by the Tourism Industry Association of Canada and the Canadian Travel and Tourism Roundtable, several prominent Canadian epidemiologists called for an end to restrictions that single out cross-border travellers.

"Travel restrictions implemented worldwide cannot maintain a COVID-19-free environment, nor prevent new (variants of concern) from entering a country, or prevent it from being spread within communities," the four doctors concluded.

And Canadian travellers are a fairly low-risk lot, considering more than 87 per cent of people living north of the border have received at least one dose of a COVID-19 vaccine.

"We're one of the most highly vaccinated populations in the world," Dr. Karl Weiss, chief of the infectious disease division at the McGill Centre for Viral Diseases, told a news conference on Friday, September 23.

"I think at this stage, with the tools we have, we've reached that point."

A Post-Pandemic Travel Insurance Primer

By Gary White of Gary White Insurance, The Baden (Ontario) Outlook, September 2022

http://badenoutlook.com/PDFs/currentissue.pdf

One thing that seems to be at the top of most travelers minds this past summer is to make sure they have baggage insurance. But before we look at insurance, let's take a look at the airlines and where they fit into all of this.

Why Are There So Many Baggage Issues?

One reason for all of the baggage issues is that there are more people travelling post-pandemic and thus, more bags. For example, Air Canada now often carries 120,000 or more people per day, versus 23,000 a year ago. Additionally, the operating environment globally has changed from what it was before the pandemic, notably with security and customs lines, aircraft being held at gates unable to unload passengers at airports, and limitations on the number of flights by air traffic control that force airlines to make last minute cancellations.

Baggage handling, including removal from the aircraft, induction into the baggage system, and the rate at which bags are loaded onto a baggage carousel is the responsibility of the airline and their contracted ground handling company. The baggage infrastructure and maintenance of the system is the responsibility of the Greater Toronto Airports Authority (GTAA).

How Much Can I Claim In Reimbursements?

You need to know that Airlines are the first payer, not the insurance company. Airlines are legally required to compensate you in the event that your baggage is lost or delayed. Here's how airline passengers can go about claiming their reimbursement.

Under the Montreal Convention, airlines around the world are legally required to compensate travelers for any "reasonable" expenses incurred, such as the interim purchases to replace missing clothing and other essentials. Without getting into too much detail the maximum claim is around $2,300.

Something to take note of is the reimbursement must be made in cash, cheque or credit to the passenger's credit card, not travel vouchers. Airlines are also not allowed to impose daily limits on how much a passenger can spend on interim expenses.

How To File A Claim?

If you can't find your luggage at the baggage carousel, immediately inform airline staff at the airport to complete a missing baggage report.

It's recommended taking audio or video recordings of any interactions with airline staff. If there are no airline staff, or if baggage agents refuse to take your report, the group also recommends recording this interaction or taking a photo of the abandoned baggage agent desk.

Be sure to keep all of your receipts of any interim purchases you've made. Once you've been reunited with your luggage, you need to submit your claim within 21 days of getting it back. If a claim isn't made within 21 days, the airline could deny your claim, according to the Air Passenger Protection Regulations.

If your baggage hasn't arrived after 21 days, or if the airline admits your baggage is lost for the purposes of receiving compensation, in this case, airlines are required to refund the checked baggage fee in addition to your interim expenses.

Some airlines may have a web portal where you can submit your claim, but otherwise, your claim must be made in writing, either through email, fax or registered mail.

Be sure to include your name, address, contact information, travel date, flight number and baggage tag number, and the date and time when your baggage was delivered to you. You should also send over copies or scans of any supporting documents, such as your receipts. Even if you have travel insurance that covers the cost of lost or delayed baggage, it's still recommended getting a reimbursement with the airline first. You aren't allowed to double-dip and claim reimbursement from both, as that would be considered insurance fraud.

After all, the insurance company will also most likely go to the airline. What is important, though, is that just because you have insurance, it does not relieve the airline of liability.

Next month we will take a look at what is involved in actually filing a lost, stolen or damaged baggage claim with an insurance company.

Office Safety Concerns Grow As Border Restrictions Ease, Possible COVID-19 Wave Looms

By Brett Bundale, The Canadian Press, September 26, 2022

https://www.ctvnews.ca/business/office-safety-concerns-grow-as-border-restrictions-ease-possible-COVID-19-wave-looms-1.6084971

Some Canadian workers are raising concerns about a full return to the office and to work travel, as Ottawa lifts all remaining border restrictions and experts warn of a potentially large wave of new COVID-19 cases this fall.

The federal government says that COVID-19 border restrictions will be removed as of Saturday, October 1, including mandatory vaccination, testing and quarantine of international travellers, as well as the requirement for masks on planes and trains.

For many, it's a welcome and overdue decision. But others are leery of this new phase of the pandemic.

The "living with COVID-19" stage has seen most mask mandates dropped, self-isolation rules nixed, and mandatory workplace vaccine polices rescinded.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Yet as the risk of repeat infection and long COVID-19 is better understood, some workers worry about exposure from a daily commute, travelling for conferences or working in a shared space.

Some are even leaving their positions that require office attendance or significant travel.

Ben MacLeod quit his dream job over health concerns.

Earlier this year, he moved back to his hometown of Halifax from Asia in search of career experience and safe harbour during the pandemic.

Nova Scotia's response to the novel coronavirus was among the most cautious in the world and he thought it was a safe bet.

Instead, he said he was told to work in-person as the Omicron variant swept the province. Most of his colleagues eschewed masks, even as COVID-19 cases spread through the office. He quietly moved his laptop to an unused meeting room, but was told he must work from the open-concept office with everyone else.

The final straw came when he was reprimanded for not attending a work meeting, he said. There was no virtual option and no agenda other than to note that food would be served — a potential COVID-19 spreading event which he was uncomfortable attending.

"They refused to accommodate me and I kept adapting to new levels of risk," MacLeod said. "But they kept pushing and I don't think I should have to jeopardize my health for work. So I quit."

For workers with serious COVID-19 concerns, quitting may be one of the few options left.

Experts say that the easing of government pandemic restrictions leaves little room for workers to push back against return-to-office mandates.

"A lot of workplaces take their cues from government," employment lawyer Hermie Abraham said. "As long as the employer is following public health directives, I don't see them legally having issues with recalling workers to the office."

The exception would be for workers with a disability or an underlying health condition that would require an accommodation, she said.

"Otherwise, as long as an employer is following occupational health and safety rules and public health directives, there's really no grounds for an employee to object to working from an office," Abraham said.

While employers may not be legally required to accommodate pandemic-wary workers, it might still be a good idea to do so.

Canada's unemployment rate remains low while job vacancies hit a record high of nearly one million open positions in the second quarter, Statistics Canada reported.

The situation could leave companies that enforce strict return-to-office policies or require extensive travel short-staffed in a tough labour market.

“Employers that aren’t flexible and dictate that employees have to be back in the office could end up with disgruntled employees,” said Richard Powers, a professor at the University of Toronto’s Rotman School of Management.

“They’ll also find it harder to recruit employees at a time when there really is a war for talent.”

Companies that fire workers for refusing to return to the office could also face lawsuits alleging constructive dismissal, he said.

“Most employers are taking a managed approach to the return to the office,” Powers said. “They recognize that things have changed during the pandemic and they’re negotiating with employees on how they’re going to manage the new normal.”

Workplace health and safety expert Marianne Levitsky said that employers can make efforts to support people with ongoing COVID-19 concerns without necessarily imposing stiff restrictions on all staff.

Ensuring good ventilation and air purification in the office, supporting mask wearing, encouraging vaccine booster shots, lowering population density in the office through a hybrid schedule, and offering adequate sick time with flexibility for people with symptoms to work from home could all be part of a safe return-to-office plan, she said.

“There’s no silver bullet,” said Levitsky, a professor with the University of Toronto’s Dalla Lana School of Public Health. “But these multiple strategies can work together to prevent infections and keep people safe.”

OTHER CAFII MEMBER-RELEVANT INDUSTRY/BUSINESS/SOCIETAL NEWS

Are Life Insurers In North America Recession-Ready?

Ratings Agency See Insurers And Annuity Issuers Faring Well In A Normal 'Bad Economy' Scenario

By Jean Dondo, Wealth Professional, September 26, 2022

https://www.wealthprofessional.ca/investments/life-and-health-insurance/are-life-insurers-in-north-america-recession-ready/370133?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220926&utm_campaign=WPCW-Newsletter-20220926&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

North American life insurance and annuity issuers ought to fare well in a typical poor economy.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Fitch Ratings analysts made that evaluation based on how they believe insurers across the world may fare in a global scenario of central banks worldwide raising interest rates in an effort to keep prices down.

As noted by ThinkAdvisor, ratings made by analysts from Fitch and its rivals offer lenders and insurance buyers clues to determine how strong an insurer is. The thinking behind their ratings can affect the costs for insurers to borrow money by issuing bonds, as well as the premiums and fees they can charge for life insurance policies and annuities.

The analysts predict that an economic downturn could reduce sales for North American life insurers, but would have a neutral effect on profit margins and reserves. Rising rates would be provide a lift for life insurers' investment yields, they added.

When COVID-19 struck, it proved a years-long assertion by some rating analysts that North American life insurers could handle the claims from a major pandemic. Now, they claim that those life insurers can handle a typical bad economy.

The analysts believe that a typical weak economy in North America would entail 9% inflation this year, 6% the following year, and 3% in 2024; yields on 10-year U.S. government bonds clocking an average of 3.25% this year and 3.75% over the following two years; and GDP growth decelerating to 1.5% this year, then weakening further to 0.5% next year before rebounding to 1.5% in 2024.

Charts from the Fitch analysts showed the potential impact of their baseline bad economy scenario on various performance metrics for different insurer types.

For regulatory reasons, the typical North American life insurer tends to lean towards investments in high-grade corporate bonds, as well as some mortgages, mortgage-backed securities, government bonds, and other interest-sensitive holdings. Therefore, rising rates can significantly boost their investment yields.

The effects of the baseline scenario may be favorable for traditional life insurance profit margins but unfavorable for traditional life sales and investment returns for life insurers in Europe and the Asia Pacific regions, which employ different investment and accounting rules.

According to the Fitch analysis, North American life insurers could experience lower profits but higher investment returns than their counterparts in Europe and the Asia-Pacific region under its bad economy scenario.

When negotiating life and health insurance contracts in recent years, life insurers in North America and Europe have had a propensity to concentrate on the Asia Pacific region.

If the Fitch analysis is accurate, its base case of a bad economy could increase the opportunities for acquisition in the Asia Pacific region and create some opportunities for acquisition in Europe.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

RESEARCH/THOUGHT LEADERSHIP/TECHNOLOGY/DIGITIZATION NEWS

The Role Of Digital In The Underserved Life Insurance Market

By Grace Crane, Digital Insurance, September 29, 2022

https://www.dig-in.com/news/the-role-of-digital-in-the-underserved-life-insurance-market

COVID-19 led to a boost in purchasing of life insurance products in 2021, according to an article from Deloitte. Many Americans experienced financial hardship as a result of the pandemic, and, coupled with the fear of the outbreak and potential fatality, activity in the life insurance market increased significantly.

Despite this rise in the adoption of insurance products, there is still a large coverage gap in the U.S. of uninsured or underinsured individuals – a group referred to as the underserved market. The same Deloitte article explains that "there is an estimated life insurance coverage gap of $12 trillion industrywide, and the average shortfall between what people have and what they need is approximately $200,000."

Nichole Myers, chief underwriter at life insurance provider Ethos, writes in an email interview with *Digital Insurance*, "The unfortunate truth is that 70% of families in America could go bankrupt in as little as three months if they lost their primary breadwinner – but due to regulatory roadblocks, sales-incentivized agents and tedious, invasive application processes, 41% of Americans have no life insurance coverage at all. The most disadvantaged (lower-income, minorities, and women) are least likely to be insured."

Though the coverage gap is wide, it presents insurers with a significant opportunity for growth – especially as innovations in the industry continue to evolve. The pandemic drove the acceleration of a more digital world in many ways; as people stayed home in the early months of the pandemic, companies were forced to discover other ways to interact with customers.

"Formerly, it was more of a face-to-face discussion in sales, but during COVID-19, when people were quarantined or not [going] out, life insurance companies had to make sure there was a seamless digital experience so that it made it easier – both for the people buying insurance and the processes behind that to get the policies in place," says Alison Salka, senior vice president and director of research for LIMRA and LOMA.

According to LIMRA'S 2022 Life Insurance Barometer Study, nearly 31% of respondents are more likely to purchase life insurance products because of the COVID-19 pandemic. The study also found that consumers "indicate a large shift favoring online life insurance shopping and purchasing. This is due to advances in technology, as well as the pandemic."

Even as pandemic restrictions begin to ease, consumers are likely to respond positively to a more digital experience when buying life insurance. Insurers can use these technologies to continuously narrow the coverage gap and better reach the underserved life insurance market.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

LIMRA reports that there are a few common misconceptions that consumers share surrounding life insurance products, which contribute to the large market gap.

Research from the 2022 Life Insurance Barometer Study shows that "more than half of Americans overestimate the cost of life insurance by as much as threefold." The study also demonstrates that 26% of respondents believe that the life insurance coverage they receive through the workplace is enough, despite that the median coverage offered through a workplace is either one year of your salary or a total of $20,000. The study notes that "54% of U.S. households rely on dual incomes and, for many, losing one income could be devastating to the household's finances." Other misconceptions include that 54% of Americans believe it is too difficult to purchase life insurance and that younger consumers do not believe they need life insurance until they are older.

Salka notes that one solution to dispelling these misconceptions is implementing technology.

"Technology can play a huge role… When it comes to learning about life insurance or getting information or getting educated, people rely on digital resources. People rely on social media. It can be a huge source of information. And the industry was leveraging technology to engage with consumers even during the pandemic," Salka states.

"Technology really improved there. More sophisticated video conferencing, social media, and improved processes like automated and accelerated underwriting made it easier and faster for people to buy the life insurance they need."

LIMRA's annual Insurance Barometer studies also report on the significant gaps that exist in the Black American and Hispanic American communities. The 2021 Insurance Barometer Study shows that "56% of Black Americans own life insurance, which is higher than the national average (52%). Yet 46% of Black Americans — representing 20 million adults — say they need (or need more) life insurance coverage, which indicates a substantial coverage gap in the Black American community."

Even though Black Americans are more likely to purchase life insurance than other Americans, 55% of Black American families "say they would face financial hardship within six months following the death of a wage earner — nearly a third (31%) would struggle financially within a month."

The LIMRA study also emphasizes that 51% of the Hispanic American community want or need life insurance, but six in 10 Hispanic Americans do not have life insurance at all. Of the 51% who are interested, 40% are not covered and 11% have purchased life insurance products but say they need more coverage.

Financial concern is the top reason for both Black Americans and Hispanic Americans lack of life insurance coverage – however 75% of Black consumers and 75% Hispanic consumers overestimate the cost of life insurance three times over, according to the LIMRA study.

In addition to using technology as an educational tool, implementing digital practices may reduce costs in underwriting and remove financial barriers for underserved populations.

Back to Table Of Contents

"A report by Deloitte Center for Financial Services found that during the pandemic, Black and Hispanic customers had the highest interest of any U.S. groups in buying life insurance. Despite this interest, there are still barriers of entry and a lack of focus on these historically 'underserved' life insurance markets. At Ethos, by creating a platform that expedites the life insurance process, with many families receiving same-day coverage, we are eliminating some of the traditional barriers that have contributed to the gap between life insurance and the underserved markets," writes Myers. **"**Ethos is working to protect Americans of all ages, backgrounds and occupations by making life insurance in general more accessible. We do that by using technology and data science with a 100% online process that eliminates the traditional barriers to life insurance like medical exams, blood tests, and lengthy approval times."

Other companies like Haven Technologies, an insurance SaaS provider and wholly owned, independent subsidiary of MassMutual, aim to reach the underserved market by offering a streamlined digital platform that increases accessibility and improves affordability.

"For Haven Technologies, what we are really trying to focus on is bringing this platform to as many carriers as we can and trying to partner with them to be able to launch more cost efficient, low cost products" says Karen Fontaine, advisor new business lead at Haven Technologies.

The platform "is meant to really improve upon any advisor and customer experiences, and create digital experiences that are more streamlined. We introduce a lot of efficiency and optimization into the processes by having this end-to-end platform… reducing that [cost], making it easier to launch new products, and launch any new services. And that, we think, is really how we can help benefit the market – by being a platform that's flexible, that is cost-efficient and really can meet a lot of different needs that carriers have."

Digitizing underwriting or other insurance back-end processes and utilizing social media can be valuable.

Myers adds, "Technology and the transition to a full digital process is democratizing access to insurance. Traditionally, insurance was bought through advisors who were the de facto gatekeeper to having insurance. That's paramount, because there is tremendously low POC representation among financial advisors and insurance agents. Technology and a digital buying experience are working to remove the need for an advisor and enabling broader accessibility."

"Huge Influx" Of Innovation In The Financial Sector Comes With New Exposures

By Bethan Moorcraft, Wealth Professional, September 23, 2022

https://www.insurancebusinessmag.com/ca/news/breaking-news/huge-influx-of-innovation-in-the-financial-sector-comes-with-new-exposures-421542.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220926&utm_campaign=WPCW-Newsletter-20220926&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

There's "no going back" for financial institutions (FIs) that introduced new digital solutions or accelerated existing innovation projects during the COVID-19 pandemic, according to Mark Morency, SVP and FI practice leader at Gallagher Canada.

Chatting with Insurance Business Canada at the RIMS Canada conference in Halifax, Morency said he'd seen a "huge influx" of fintech, insurtech, and other tech firms within the FI space since the onset of the pandemic.

"From a risk and opportunity perspective, there's a lot of digital-only available services now that maybe were starting up before COVID-19, but now they're really entrenched in the system," he said. "There are now digital banks that don't have physical branches, or the legacy costs of the old system. And there are competitors and new ways of doing business that are really impacting the FI landscape."

There are lots of new partnerships forming between traditional FI companies, such as banks and insurance organizations, and their younger digital-first counterparts, such as fintech and insurtech companies. For example, Morency has noticed a trend of banks teaming up with fintechs to provide innovative payment solutions, digital wallets, cryptocurrency solutions, and other improvements to customer service and security.

The same can be said for insurers partnering with insurtechs, but the banks "are definitely a step ahead" in terms of the investments they've made into technology and innovation, according to the Gallagher leader. He said: "If they [the banks] see an interesting fintech solution out there, they either partner with them, or they just buy them, and so they can really accelerate their operation quickly."

Morency has also noticed a trend in specialized financial institutions, or non-bank lenders, who are receiving significant private equity funding to offer very niche solutions that take away some of the profitable, fee-based business from banks. They're also engaged in offering embedded finance solutions, helping companies who are not FIs to include financial services and products in their digital offerings.

While digital innovation is key for the current relevance and future success of FIs, there are new and heightened exposures that come with such advancements.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

Cyber risk is arguably one of the biggest exposures that FIs face today, whether that comes in the form of an external threat vector penetrating a bank's security systems and planting ransomware, or a rogue employee stealing funds or intellectual property, or the inadvertent release of personally identifiable information. FIs are a significant target for cyber criminals because of the financial data and the transactions they facilitate.

There are also privacy concerns around the use of biometric technology to secure and connect digital finance solutions. More and more FIs are using voice and facial recognition scanning for 'know your customer' verification. But Morency pointed out: "There are good and bad uses for that technology" – highlighting how deep fakes (the combination of biometric technology with artificial intelligence to fake an identity) have become a real concern.

"As you get into the specialized financial institutions, non-bank lenders, and this idea of embedded finance, there's a risk of errors and omissions (E&O) claims," Morency told Insurance Business. "They're providing a service that they might be unauthorized or unlicensed to provide, and we're sometimes seeing that it's very difficult for these companies to navigate the regulatory landscape.

"If you're providing embedded finance, you might also be giving embedded advice, when you don't actually [intend to be] giving advice. It gets especially complex when you're working with money. I've had situations where I've talked to clients about their insurance needs and have asked the questions: 'OK, you're embedding this specialized loan – aren't you also giving the client tax advice, in effect, by offering that? Do you actually know what you're talking about on the tax advice piece?"

Morency said that keeping up with new technology and the innovations of competitors is a large operational and strategic risk that FIs face, but they must do it with an eye on risk management and regulatory compliance.

UPCOMING WEBINARS AND EVENTS

Web Seminar By Insurtech Insights: The Key To Becoming A Data-Driven Organisation

Dates: Wednesday, October 5, 2022
Time: 9:00 a.m. EDT

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

- What are the key challenges being faced in harnessing the potential of data?
- What are the key tools that companies can implement in this endeavor?
- How can you establish a company culture that embodies a data-driven approach?
- Which KPIs and assessments can be done to examine progress?

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

Web Seminar By Torys: Fintech in Canada – The Technology of Blockchain

Dates: Wednesday, October 26, 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?

Blockchain has secured its spot as an important innovation in delivering fintech services. However, it remains an intriguing but mystifying technology for many. In this session, we will walk you through the technology of blockchain.

In this session, our panel will discuss blocks, the chain, distributed ledger technology, and different types of blockchains and tokens - and answer any questions you may have.

Register Here