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Regulatory Update – CAFII Executive Operations Committee, March 2025

Prepared by Robyn Jennings, Research Analyst.

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Federal/National

Canadian Association of Financial Institutions in Insurance (CAFII)

On March 17, 2025, CAFII Met with the FCAC and then the Federal Department of Finance in Person in Ottawa.

On March 17, 2025, CAFII's Executive Director, Keith Martin, CAFII's Research Analyst, Robyn Jennings, and a delegation of volunteers from several CAFII member organizations went to Ottawa to meet with the Financial Consumer Agency of Canada (FCAC) and the Federal Department of Finance, respectively. The meetings, which occurred over the course of the day, were both successful, generating excellent discussion from both regulatory bodies. Below is a summary of the day.

Summary of Meeting with the Financial Consumer Agency of Canada (FCAC)

The CAFII team, including volunteers, met at 9:15 a.m., prior to the meetings, to prepare for the day. In addition to the CAFII team, the following individuals were in attendance on behalf of the Association:

- Karyn Kasperski, RBC – *EOC Chair*
- John Burns, Securian Canada – *EOC Vice-Chair*
- Rob Dobbins, Assurant Canada
- Andrea Stuska, TD Canada
- Michelle Costello, CUMIS/Co-Operators

In attendance from the FCAC were:

- Shereen Miller – *Commissioner of the FCAC*
- Frank LoFranco – *Deputy Commissioner of the FCAC*
- Anne Gorman – *Chief of Staff at the FCAC*
- Eric Dagenais – *Title not clear; formerly Senior Executive at Innovation, Science, and Economic Development Canada (ISED)*
- David Weir - *Policy Subject Matter Expert*
- Stephanie Duhaime - *Director, Program and Policy Innovation*

The meeting began at 10 a.m. with introductions. Shereen Miller expressed the importance of meetings like this, particularly due to the insurance industry's ever-changing nature. She said that the FCAC is about to take on a more activist/advocate role as a regulator; a significant portion of her career has been focused on advocacy work. Two of her core values are the fair treatment of customers (FTC) and consumer protection. Therefore, consumer advocacy will only continue to grow within the FCAC.

S. Miller explained that since the FCAC now has an open banking mandate, one of the first things she did as Commissioner was to conduct a focus test on Canadians' knowledge of open banking; the findings indicated that Canadians knew very little about it. Therefore, increasing awareness and knowledge of open banking will likely be an uphill battle in terms of educating the public on its benefits. She reiterated that her primary focus is on consumer protection and education; it is simply good business practice to protect the people you serve. S. Miller commented that to have a strong depth of research, industry cooperation and collaboration are needed. Meetings like the current one encapsulate this. She concluded by remarking that, for her, the goal of the day is to learn from CAFII.

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K. Martin agreed, adding that CAFII is philosophically aligned with all that S. Miller said. Collaboration makes us all better, which is another reason CAFII wanted to meet with the FCAC. With that, K. Martin dove into his presentation. He explained what CPI is, how it's sold, how it works, and why it's valuable. He explained that CAFII conducts yearly research projects, which the Association views as a kind of financial literacy tool. He mentioned the Deloitte research and the upcoming April webinar, which he invited the FCAC to attend.

At this point, S. Miller asked, of the percentage of Canadians that own CPI, how many actually end up using it versus not. K. Martin did not have the number for that specific question, however, CAFII did do claims reviews that found that 95% of claims are paid out.

K. Martin began talking about at-risk Canadians and insurance. S. Miller asked K. Martin to define at-risk and explain how it comes into play. He explained that it means those who have less than 7-10 years of their salary saved but have credit (debt) and dependents. Nearly 40% of Canadians would not meet these qualifications, meaning they do not have adequate insurance to pay off their debts while supporting their dependents should they pass away, suffer a critical illness or disability, or lose their job. CPI comes into play because it can help mitigate the risk of debt, particularly mortgage, should the primary earner suffer one of these life events.

Continuing on the topic of debt, there are significant levels of debt among Canadians. L&H insurance is important because unforeseen events can happen at any time to anyone. At this point, Eric Dagenais commented that if someone loses employment, the bank will work with them to delay payments because the bank doesn't want to foreclose on a mortgage. How is CPI different than this, and what additional protection does it provide compared to what the bank will do? K. Martin explained that with CPI, the policy would automatically kick in if a life event occurred as per the policy's stipulations.

As the presentation continued, K. Martin stressed the importance of FTC. He discussed the claims process, which is an area that CAFII's members are always trying to improve. Customers have complained that claims take too long and require too much paperwork, particularly doctor's notes. AI could potentially help with this. S. Miller expressed some hesitancy around AI. She remarked how important it is to work with people since AI can be frustrating and unhelpful. CAFII agreed and elaborated that AI should be viewed as a tool rather than a replacement for human interaction.

At this point in the presentation, CAFII brought up complaints handling. K. Martin explained that all CAFII's members adhere to the FCAC's Financial Consumer Protection Framework and that the Fair Treatment of Customers (FTC) is a key priority. S. Miller commented that it is difficult to find consistency when it comes to defining terms like FTC. It is also hard to then ensure that all interpretations of these terms and subsequent claims resolutions are aligned. She noted that while the FCAC previously engaged with the Canadian Council of Insurance Regulators (CCIR), it has not done so recently. She said that though she would consider doing so again, it's difficult because it will be, essentially, data sharing without MOUs because those require cabinet approval.

While S. Miller did not explicitly use the word "harmonized," that was her point; the FCAC is aligned with promoting harmonization.

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S. Miller explained that the FCAC does not handle complaints but rather focuses on complaints reporting; it looks at how *others* are handling and resolving complaints.

E. Dagenais asked, hypothetically, if someone was going into the bank with the aim to purchase insurance coverage, is the bank employee allowed to compare CPI to term life? K. Martin explained that, no, bank representatives are not licensed life insurance agents, and they cannot offer advice or produce a needs analysis. Instead, the bank employee can let the customer know that the insurance is available and can share relevant documents so the individual can investigate on their own. E. Dagenais asked, then, how does CPI versus term life compare in terms of premiums? CAFII's EOC Chair, Karyn Kasperski, responded that credit insurance is a group policy, whereas term life is priced with individual demographics. Group rates are often banded, which means one rate is paid out over the entire coverage period, whereas the term life rate changes every 5, 10, or 15 years, depending on the policy agreement. In that respect, they are not directly comparable products.

Near the end of the presentation, S. Miller asked if CAFII does any direct-to-consumer literacy work. K. Martin replied that, currently, CAFII does not, but it is something the Association could look into. She expressed that she doesn't like financial literacy as a term and prefers financial well-being and resiliency. She added that she believes that organizations have an obligation to properly inform their customers about their products. Thus, while she can acknowledge how research is great for sales, it needs to be used to help inform consumers. She concluded by suggesting that CAFII should consider participating in the FCAC's financial literacy strategy. EOC Member Andrea Stuska commented that perhaps there is a way for CAFII to leverage its partnerships to increase awareness, thereby increasing resilience.

FCAC's Frank Lofranco added that, across all products and services, financial knowledge is asymmetrical – institutions have significantly more knowledge than the consumers who need it. He explained organizations need to not only educate their consumers but do so in a timely manner so customers can make informed decisions. K. Kasperski asked F. Lofranco about this claim that FIs know their products and services more than their clients. She asked how the research was conducted, and whether it is publicly available. He explained that, internally, there has been a lot of conversation around this and that some research has been done on the topic. While he claimed that much has been published on the subject, he said that he would need to check and find the publications.

E. Dagenais asked if there were any efforts to eliminate inter-provincial trade barriers. K. Martin explained that this is an ongoing process. He added that he feels provincial regulators would say it is difficult because of the various legislative requirements that differ across the provinces. CAFII is facing this issue with the Insurance Council of British Columbia, which has proposed an unharmonized approach to training accreditation and corporate licenses versus individual licensing. K. Martin remarked that he is hopeful that some of the conversations he has been having with the Insurance Council are making an impact.

CCIR has had success with FTC across provinces where regulators are working together to achieve commonality. This has been a huge effort from both industry and regulators. Therefore, this kind of collaboration can work and has worked. This is not to say the provinces have never tried; they just have their specific challenges. An example was how BC ended up using OSFI's form for incident reporting after much discussion occurred when they proposed having their own form.

At the end of the presentation, K. Martin discussed having a webinar with the FCAC in the Spring, to which S. Miller replied that they would be interested.

Before leaving, S. Miller made a few final remarks. She stated that when it is boiled down to FTC, there is so much commonality. This is why collaboration is so important. She mentioned the social policy coming out of Quebec, which tends to be very strong and feels that when a province comes out with a strong sensible policy, the other provinces should try to align. She feels a lot of legislative reforms may occur over the coming years. S. Miller also commented on the importance of keeping consumers informed because there is a huge amount of information available yet unknown. This is why FIs should use plain and impactful language and engage in efforts like journey mapping to capture relevance.

At the end of the meeting, there was some mingling and informal discussion.

After the meeting with the FCAC, the CAFII team went for lunch. The team then headed to the Federal Department of Finance's offices for the next meeting of the day.

Summary of Meeting with the Federal Department of Finance
In attendance, both in person and virtually, from the Federal Department of Finance were:

- Mark Radley – *Director, Consumer Affairs(in-person)*
- Judith Hamel – *Director General, Finance Services Division, Finance Sector Policy Branch*
- Anne Loosen – *Senior Project Leader and Economist (in-person)*
- Michael Chan – Senior *Advisor*
- Nathalie Chevassu – *Economist*

Due to extenuating circumstances, the otherwise 90-minute meeting had to be cut short (60 minutes instead). It is worth noting that Prime Minister Mark Carney had just announced a new cabinet on March 14, 2025, and a new Minister of Finance (François-Philippe Champagne) had just been announced, which might have prompted the need to shorten the meeting.

The meeting began with round-table introductions, after which CAFII's Executive Director, Keith Martin, started his presentation. Unlike the meeting with the FCAC, there were very few questions during K. Martin's presentation. Once he concluded, K. Martin opened the floor for comments and questions. Mark Radley commented that consumer-driven banking is a big priority for the financial sector's team and that they are currently working on the next steps.

CAFII's EOC Chair, Karyn Kasperski, mentioned the Federal Department's decision not to include insurance in the criminal rate of interest. She thanked them for this decision and for being so willing to work with CAFII on the issue. M. Radley remarked that the Department has not seen or heard of any issues from consumer groups regarding the criminal rates of interest and credit products. Therefore, it didn't seem necessary or sensical to include them.

M. Radley explained to CAFII that, while it is a transitional time at the Department, there is still a large focus on FTC and the improvement of consumer experiences. K. Kasperski brought up the growing importance of collaboration and asked if the Department foresees any lessening of interprovincial trade barriers. She asked what, if anything, this industry can do to facilitate this. Harmonization was brought up as a starting point to facilitate this. K. Kasperski suggested thinking of removing trade barriers as a form of harmonization.

Judith Hamel mentioned that there is momentum within the Department to collaborate cross-provincially.

M. Radley asked, generally, in terms of consumer education and showcasing the value of credit protection products, what can FIs do before the point of sale? K. Martin explained that FIs can do very little. While there are tools available to consumers to facilitate research on these products, under the current regulatory framework, there is little that can be done in terms of advice or needs analysis. The banks can show the clients where to access this information, but given the restrictions, that is all they can do. They cannot compare term life to CPI, for example. M. Radley then asked if it is only at the point of sale that CPI can be purchased. The CAFII team explained that clients can buy CPI even after they have purchased a mortgage. Where it gets complicated, however, is in maintaining a degree of conversation with the client that facilitates the purchase because, usually, if a client does not buy at the time of purchase, they will not come back for it.

The Department asked if customers could insure their mortgage from a third party, to which CAFII explained that they could not. If someone gets a mortgage from TD, they cannot then go to RBC to insure that mortgage.

Michael Chan asked about CPI's payout and the reasons for someone being denied a claim. K. Martin explained suicide is one reason (after a certain period of time), however, M.A.I.D. is not included as suicide. The other major reason for claims denial is a false answer to underwriting questions. However, with a 95% mortgage life claims payout, K. Martin said that the great majority of claims are paid.

As the meeting concluded, Anne Loosen asked if CAFII could send her the presentation.

The Office of the Superintendent of Financial Institutions (OSFI)

On February 20, 2025, OSFI Announced Measures to Strengthen Canada's Financial Framework and Launch Consultations on Several Key Issues.

On February 20, 2025, OSFI announced its quarterly release of regulatory changes covering a review of bank capital requirements and released its rules for federally regulated financial institutions (FRFIs) to manage their exposure to crypto-assets. Earlier in February, OSFI also paused increases to banks' capital levels. OSFI's announcement has been included below.

> ***OSFI's final Quarterly Release pilot: strengthening trust and resilience in Canada's financial system***
>
> ***News release - Ottawa - February 20, 2025***

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Today, as part of its final Quarterly Release pilot approach, the Office of the Superintendent of Financial Institutions (OSFI) announced measures that will strengthen Canada's financial framework and launched consultations on key issues.

OSFI released the following:

- *Public consultation on draft revisions to the Capital Adequacy Requirements (CAR) Guideline*
  - *OSFI is launching a 60-day consultation period on proposed revisions to the CAR Guideline (2026). As announced on February 12, 2025, OSFI has deferred increases in the Basel III capital floor ("output floor") until further notice.*
- *Capital and Liquidity Treatment of Crypto-asset Exposures – Banking Guideline and Capital Treatment of Crypto-asset Exposures – Insurance Guideline*
  - *These guidelines set out OSFI's expectations for financial institutions' exposures to crypto-assets and define the associated capital and liquidity requirements.*
- *Final Pillar 3 Disclosure Guidelines on Crypto-asset Exposures*
  - *Crypto-asset disclosures for banks (Domestic systemically important banks and Small and Medium-Sized Deposit-Taking Institutions) become effective for the fiscal Q1 2026 reporting period, which incorporates the Basel Committee on Banking Supervision standard and is in alignment with the effective date.*
- *Letter on updates to Guideline B-15: Climate Risk Management*
  - *OSFI will be updating its climate disclosure expectations for financial institutions so they remain interoperable with the Canadian Sustainability Standards Board's final standards and consulting on the disclosure expectations of greenhouse gas emissions from off-balance sheet assets under management.*

On March 6, 2025, OSFI will hold a virtual Industry Day to give stakeholders further insight on the items released and the opportunity to ask related questions. Stakeholders are invited to register here.

Read OSFI's announcement here.

Advocis

CAFII's Executive Director Attends the Advocis Symposium in Toronto on March 20, 2025.

In the past Advocis, which represents the licensed advisor channel, was not viewed as a friendly Association to CAFII. However, Advocis has had significant leadership and financial challenges in recent years, and Keith Martin was on a panel in September 2024 in Richmond BC with Harris Jones, who was the Interim CEO of Advocis at the time, at which time Mr. Jones encouraged Mr. Martin to reach out to incoming CEO Kelly Gorman. Keith Martin did so, and received a complimentary invitation to the symposium.

Keith Martin had the chance to speak to several regulators at the Symposium, including Janet Sinclair, CEO of the Insurance Council of BC, and her Director, Governance and Stakeholder Engagement Brett Thibault; and Huston Loke, Executive Vice President, Market Conduct at FSRA. Mr. Loke approached Mr. Martin and said that he thought CAFII was an important stakeholder, and he encouraged Mr. Martin to write a letter to the new FSRA CEO Dexter John outlining CAFII's priorities, and to request a meeting for Mr. John to meet Mr. Martin and some of CAFII's Board members and senior volunteers.

In her opening comments Advocis CEO Kelly Gorman spoke about the rebuilding process at Advocis, her commitment to transparency and open communication, and noted that title protection and the issue of accrediting titles was a challenge around buy-in within the advice community that required ongoing work.

Keith Martin also had a friendly conversation with CLHIA CEO Stephen Frank, who was on a panel on "The Future of Life Insurance Distribution in Canada." Ali Ghiassi, Vice-President of Industyr Affairs and Government Relations at Canada Life, moderated that session and had a side-bar conversation with Mr. Martin about his intention to attend some of CAFII's upcoming receptions. Mr. Frank in his panel comments noted the integrity of the life and health insurance industry, noting that in 2024 $9.2 billion of death benefits had been paid out to Canadians. The panel emphasized the importance of continuing to make progress on harmonization of regulations across provinces.

A very interesting presentation on Cyber Risk included Neal Jardine, Chief Cyber Intelligence and Claims Officer at BOXX Insurance, who was very insightful on the risk and mitigating strategies facing insurance companies. As a result of the presentation, Keith Martin reached out to him to be a webinar panelist, which he has agreed to participate in on May 6, 2025.

Another interesting panel was on artificial intelligence, with two excellent and insightful speakers: Tatenda Manjengwa, AI expert, and Karthink Ramakrishnan, Founder and CEO of Armilla AI. They noted that AI is excellent at anomaly detection, which is why it could be a powerful tool in insurance fraud detection. Keith Martin will approach these two individuals to participate in a future CAFII webinar.

Michael Camacho, former President of THIA, approached Kelly Gorman about a breakfast get-acquainted session with himself, Kelly Gorman, Keith Martin, and Sean McGurran, who works at Torys and is Chair of the Regulatory Affairs Committee at THIA. The breakfast took place on April 2, 2025 at the National Club, and was very amicable and lasted over 2 hours; Keith Martin emphasized to Kelly Gorman that the common interest of CAFII and Advocis outweighed any differences in perspective, and she agreed. Mr. Martin subsequently invited her to attend the CAFII reception on April 8, 2025 hosted by TDI with speaker Tolga Yalkin, CEO of the BCFSA, and she has accepted the invitation and is slated to be at the reception.

Provincial/Territorial

Ontario

The Financial Services Regulatory Authority of Ontario (FSRA)

On February 25, 2025, FSRA Published a Call for Comments on Its Proposed New Regulatory Framework for Life and Health Managing General Agents in Ontario.

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On February 25, 2025, FSRA published an announcement summarizing its proposed new Regulatory Framework for L&H Managing General Agents in Ontario. FSRA has asked for comments on the Proposed Rule 2025-001 (the "Proposed Rule"), which builds on recent amendments to the Insurance Act (the "Act"). The regulator has asked for comments and feedback by March 31, 2025***. It has since extended the deadline to April 30, 2025.*** Below is a summary of FSRA's announcement.

> *On January 28, 2025, FSRA published Proposed Rule 2025-001 (the "Proposed Rule"), which builds on recent amendments to the Insurance Act (the "Act"). Those amendments established a distinct licensing category for life and health insurance managing general agents ("L&H MGAs") in Ontario and impact a broader range of entities than those traditionally referred to in the L&H sector as "Managing General Agents". Other entities commonly known as "Associate General Agents", "National Accounts," and "Third-Party Administrators" may also need to become licensed, depending on whether they perform a "regulated activity" under s. 407.2 of the Act.*
>
> *The Proposed Rule outlines requirements for licensing, compliance, and agent oversight for businesses undertaking defined L&H MGA activities. The Proposed Rule also heightens accountability for both L&H MGAs and insurers by clarifying their respective roles and responsibilities in supervising agents. It also introduces new requirements for agents working with L&H MGAs.*
>
> *The Proposed Rule is accompanied by an explanatory Notice and contains a number of questions on which FSRA is seeking feedback. Comments are due on March 31, 2025. FSRA noted that following the consultation period, it intends to issue companion interpretation guidance to provide additional clarity on the Proposed Rule.*
>
> ***General Principles***
> *The Proposed Rule, which is principles-based and outcomes-focused, aims to reduce risks for consumers by promoting the following outcomes:*
>
> - ***Fairness to Consumers****: Ensuring consumers receive fair and consistent advice from well-trained and properly supervised agents.*
> - ***Enhanced Compliance****: Improving the conduct of L&H MGAs and agents through well-defined roles, responsibilities and regulatory requirements for insurers.*
> - ***Consistent Treatment****: Allowing consumers to expect the same level of compliance from any agent affiliated with an L&H MGA.*
>
> *Under the Proposed Rule, insurers retain ultimate responsibility for outcomes. While L&H MGAs may monitor agent compliance, insurers are responsible for having sufficient controls in place before relying on such monitoring.*
>
> ***Key Elements of the Proposed Rule***
> *The following key elements of the Proposed Rule are discussed below:*
> - *Application;*
> - *"Associated with" concept;*
> - *MGA licensing requirements;*
> - *Compliance system requirements (MGAs and insurers);*

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- *Recruitment, screening and training (MGAs and insurers);*
- *Agents' obligations;*
- *Reporting obligations (MGAs, sub-MGAs and insurers); and*
- *Transitional provisions.*

Application

The Proposed Rule will only apply to:

- *Insurers that are licensed for the class of life insurance;*
- *Life and accident and sickness insurance issued by these insurers;*
- *Entities who perform specified MGA licensed activities regarding such insurance for those insurers (whether properly licensed or unlicensed);*
- *Individuals who act as the required designated compliance representative for a L&H MGA; and*
- *Agents associated with those entities.*

MGA Licensing Requirements

The Proposed Rule sets out the requirements for obtaining an L&H MGA license and the circumstances under which an applicant may be deemed unsuitable for licensing. (See our previous blog post on Insurance Act amendments relating to L&H MGA licensing.) These criteria include:

- *Establishing suitability, which is determined by the Chief Executive Officer ("CEO"), having regard to an enumerated list of considerations relating to the applicant's integrity, honesty, past conduct and financial position (s. 4);*
- *Appointing a designated compliance representative to oversee the MGA's compliance system. This person must be an officer or partner of the MGA and must satisfy other requirements relating to education, character and independence and must be independent from sales function (s. 6);*
- *Creating a compliance system that meets the requirements of the Proposed Rule (s. 3(1)(iii));*
- *Maintaining general liability insurance and either a surety bond or errors and omissions insurance in a form approved by FSRA (s. 7); and,*
- *Maintaining an address for service in Ontario that is not a post office box (s. 3(1)(v)).*

MGA licenses will expire on the date specified on the licence, which may be up to three years. If no date is specified, the licence will expire two years after it is issued, unless the L&H MGA also holds an agent's licence for life or accident and sickness insurance. In that case, the L&H MGA licence will be valid for at least one year and, after that, the L&H MGA licence will expire when the agent licence ends. Renewal applications will follow the same procedure that applies to the original license.

Read FSRA's full announcement here. FSRA noted that following the consultation period, it intends to issue companion interpretation guidance to provide additional clarity on the Proposed Rule.

British Columbia

Insurance Council of British Columbia

On March 24, 2025, CAFII Met with the Insurance Council of BC to Continue the Discussion on The Council's Upcoming RIA Regime.

On March 24, 2025, CAFII met with the Insurance Council of British Columbia again to discuss the Insurance Council's intention to review the training materials of those offering products covered by the incoming Restricted Insurance Agency (RIA) regime. The Insurance Council made it clear that they are fairly unwilling to budge on their plans to move forward with their proposed RIA regime and licensing requirements. CAFII's Research Analyst, Robyn Jennings, attended the meeting; her summary has been included below.

The meeting with the Insurance Council began with a presentation by the Council on the RIA Regime Education Program. Ugie Ifesi, Director of Licensing at the Insurance Council (https://www.insurancecouncilofbc.com/about-us/leadership-staff/) explained that the aim of the program is to protect the public by understanding risks, educating representatives on their roles and responsibilities, and ensuring transparency in regulatory requirements through a standardized educational program. A standardized educational program would, in theory, provide representatives with educational information about products offered and regulatory expectations on areas like disclosure, responsibilities, etc. U. Ifesi acknowledged that the licensed individuals may have different levels of sophistication. Therefore, it wants to adopt an approach that acknowledges these differences. It is also aware that this is a new regulatory regime. He explained that it knows the accreditation program is a tested approach to standardized education programs, regardless of the sector or areas of education.

U. Ifesi explained that the Council feels that RIA representatives have gaps in product and regulatory knowledge. In BC, the government has given the Council the authority to make rules regarding qualifications and educational requirements for RIA representatives. For this reason, the Council feels it can set standards for businesses' educational requirements. CAFII's Executive Director, Keith Martin, asked if the Council received any comments from the other jurisdictions (Alberta, Manitoba, and Saskatchewan) it consulted expressing concern around the existing regimes, noting that these seemed to be working well as is. U. Ifesi said that they had received a few comments, including comments about how the education of RIA representatives could be improved. He added that some of these jurisdictions have expressed interest in hearing more about the Insurance Council's proposed regime.

After a moment of silence, U. Ifesi continued, explaining that the qualification program for accreditation is an evaluation of the various training programs offered by businesses with corporate licenses to ensure their representatives meet the standards set by the performance framework.

The purpose of the accreditation framework for BC's RIA regime is to ensure that representatives receive foundational training about the products and services they are offering. This is to ensure consistency across different licenses given to various businesses.

U. Ifesi went on to explain the differences between accreditation and attestation. Accreditation, for the Council, means that the training program meets the performance requirements while removing the ambiguity of different providers having a different understanding of the requirements. He did not define attestation under the Council, but he did explain that the Council is less concerned with businesses providing attestation regarding their representatives' training. Under the proposed RIA regime, accreditation materials would include an application designed to understand course contents and focus on the policies, procedures, and learning outcomes. The goal is to ensure the evaluations are unbiased and flexible. By assessing the delivery method, the Council aims to identify ways to reduce barriers and improve stability.

U. Ifesi stated that the Council is looking at an accreditation period of 4 years, after which the program will be reassessed to ensure businesses meet the established standards.

Once the RIA regime regulation is published, there should be about a 15-month transitional period before the Council can accept agency license applications. Businesses can obtain licenses before or after the training is approved, but the Council wants to make it clear that they want to launch the accreditation program at least 4 months after the regulation is published. When it comes to accreditation approval, the Council wants to process training materials quickly. However, the time required for review will depend on the completeness of the materials submitted and whether the course provider seeks accreditation for multiple insurance types. Regardless, to facilitate this, the Council's goal is to release simple steps and processes to ensure that businesses and course providers can easily understand the accreditation structure. K. Martin commented that, for CAFII members, which are large companies, in most cases, the course provider is the company itself. He then asked if the Council is saying that CAFII members will need to go through a process of approving the provider or is this unnecessary when the company itself is providing the training? U. Ifesi said that when the company is providing the training, the council will still need to see those training materials; companies have to demonstrate what they are doing in terms of the ways in which they are providing educational training. It doesn't matter if it is the company that makes the submission; the Council's intention is to make sure there is alignment between different companies to ensure everyone is following the same structure.

EOC Chair Karyn Kasperski asked what the Council's service-level turn-around times were for reviewing training materials that larger companies may submit. U. Ifesi replied that the goal is to review the materials as quickly as possible. He then asked what K. Kasperksi thought a responsible amount of time is, to which she responded two business days. U. Ifesi seemed surprised by this and asked if she meant to provide the information if it was received completed. K. Kasperksi clarified that what is complete is up for debate, but once the information has been received, the business should have a decision in two business days. U. Ifesi said the Council will consider two business days as a turn-around time. He did not, however, give a definitive answer as to the Council's expected deliverable timeline.

The presentation concluded with a Q&A period.

EOC Member Rebecca Saburi asked U. Ifesi could provide an example or explanation as to how the application process will look. Will it be an application form with multiple questions? Will it be submitted by email? U. Ifesi provided a convoluted answer. He explained that what the Council is trying to do depends on current systems; if the regulation is released now, it will be incorporated into the Council's current system. If it drops in a few months, it may follow a different channel. He then explained that what the Council wants to do is have an application with an email address where it will be submitted. The application itself will cover what the business is trying to do. Parts of the application will have the performance evaluation rubric so that businesses can determine if they meet the necessary requirements for the desired insurance type training. Then, businesses will be required to include the necessary documentation to prove that they are meeting the requirements. The second piece is that certain persons will be contacted to determine that representatives have the proper support during their training. U. Ifesi explained that, right now, there is a link where applicants can submit their documents. He concluded his explanation by stating that this is a simplified process when compared to other RIA regimes.

EOC Member and the Vice-Chair of the Market Conduct & Licensing Regime, Fay Coleman, asked if the training is expected to be in a set structure and format as dicated by the Council. No, U. Ifesi stated, and he then explained that how companies structure their training is up to them; the Council only cares about the content. It wants to ensure that all content is consistent between various organizations.

K. Kasperski asked what the cost of the assessment would be when it comes to reviewing the training materials. U. Ifesi explained that, at the moment, no amount has been identified. There will be a fee, but it depends on what the Council determines is appropriate. He added that, even if the Council takes a bit longer deciding a cost, the regime will still be released so that stakeholders can provide comments. K. Kasperski then asked whether, while training programs are being evaluated by the Council, that business can still operate as normal in BC. The response was that yes, businesses can continue to operate in BC during assessment.

K. Martin commented that some of the way U. Ifesi and the Council have discussed the training sounds like a traditional licensed approach in terms of courses and material requirements. Many CAFII members embed FTC and disclosure requirements into their processes and scripts. He explained that, as the Council structures their thinking about this, they take into account that some representatives are not simply taking a training course but are being prompted and supported by technology throughout the application process. U. Ifesi said that the Council is aware of this and wants companies that utilize this form of training to inform the Council. That way, the Council can know where the company is meeting the requirements even if it is through non-traditional means.

EOC Member Joanna Dybel asked about the accreditation cycle, which the Council has stated will be on a four-year cycle. U. Ifesi clarified that, every four years, the Council will reach out to see if anything within an organization's training has changed. Part of this derives from the fact that products and industry change; therefore, the Council felt four years was an appropriate amount of time to reflect potential change. If a company says that nothing has changed, then the Council will be satisfied. J. Dybel asked if things do change within the four years and the organization has amended the training accordingly, can that organization show this at the four-year mark? U. Ifesi said that the company needs to tell the Council when that happens.

EOC Member Rob Dobbins commented that the area of performance indicators is an area of concern for many. He asked, on this topic, what was used as the template to create the performance indicators. U. Ifesi asked for clarification of his question. R. Dobbins explained that the questions the Council has chosen as the performance indicators resemble more closely questions belonging to a fully-licensed individual. This begs questions around providing advice and recommendations, but these are not a part of what a representative operating under a corporate license would offer the customer.

The issue is that the current performance requirements appear to align with the requirements for a fully licensed representative who can provide advice. U. Ifesi responded by saying that the Council looked at the performance requirements broadly to recognize the different businesses and products being sold. The Council is more than happy to have another conversation about which of the performance indicators would not be applicable or relevant to CAFII members. What the Council agrees on, which is something that CAFII has expressed, is that the representative selling has to have a basic level of education. U. Ifesi said that the Council has never shut the door on CAFII's feedback or input; it wants to understand better what the issues are according to CAFII members and how they can find a middle ground. U. Ifesi added that CAFII and its members have made many comments, which the Council has taken into consideration. Simply put, this will continue to be an ongoing conversation. R. Dobbins commented that many of the comments CAFII members have made do not seem to be showing up in the proposed regulation, so keeping the door open is definitely good to hear. He added that even terminology is impactful; U. Ifesi used the word sales, but CAFII members do not use that word; they say offered. U. Ifesi thanked R. Dobbins and said that the Council is very intentional with the language it uses.

R. Saburi asked for clarification around the expectations for attestation – is it at the time of reapplication or each time the training has been completed? U. Ifesi explained that attestation of training will happen when applying for a license. When applying, an organization needs to attest that its representatives have completed the training. That is where the attestation is captured. He did add that it might be something required at the time of renewal as well. K. Martin commented that he has heard different things about the need to demonstrate that a representative has passed the training tests. He asked for confirmation on this issue. U. Ifesi explained that the Council doesn't care about the person or the failing. This is not a traditional form of accreditation; it is about ensuring that there is a process that educates representatives.

K. Martin then asked if the Council determines that there is a gap in training, is there any restriction around the ability to provide business? His response was no, the Council does not want to be a barrier. It will work with organizations if there is a gap or any issues. Now, if the organization does not care or want to fix the issue, then that is a different conversation. Ultimately, though, the Council does not want to interrupt business. K. Kasperski remarked that, though it is nice that the Council says it does not want to interrupt business, it is currently the only regulator introducing such a laborious process with a fee attached. There needs to be more granularity around why the Council is doing this. What is happening in BC that justifies this process that is not occurring in the rest of Canada? U. Ifesi said that BC is currently and has, for many years, required this training for travel insurance representatives; it is not new to BC. The *why* is that the BC government has allowed the Council to ask for and set educational requirements for representatives, which is part of why this regime is being regulated. The Council wanted to look at opportunities to learn and clarify its expectations. The Council welcomes CAFII to talk to other jurisdictions about the gaps in their regimes to see what can be done. For BC, the Council wants to ensure a proactive management of risk. At the end of the day, it feels this is the best approach to deal with the issues it has identified.

The meeting concluded.

As a result of the meeting and coming out of an an internal meeting between CAFII staff and its members, it was agreed that CAFII should set up a special working group to tackle this issue. CAFII's Executive Director, Keith Martin, sent out the following email.

> ***From:*** *Keith Martin <keith.martin@cafii.com>*
> ***To***: *'Karyn Kasperski' <karyn.kasperski@rbc.com>;Burns, John <John.Burns@securiancanada.ca>;+26 others*
> ***Cc***: *Lara Doig; Robyn Jennings*
> ***Date***: *Tue 2025-03-25 1:30 PM*
>
> ***Flagged***
> *Hello CAFII Member,*
>
> *You are receiving this note because you attended the March 24, 2025, meeting with the Insurance Council of BC on the accreditation of training materials in their RIA regime.*
>
> *Both the performance indicators, which include requirements that are more aligned with what a licensed individual would be expected to know, and the accreditation process, are not aligned with what other RIA regimes require and would be an extra burden for CAFII's members. I have been asked to strike a Working Group on how we can best respond to the Insurance Council of BC, and what should be our next steps.*
>
> *At the upcoming March 25, 2025, meeting of the EOC today, we will invite EOC members who did not attend to let us know if they are interested in being on this Working Group. Meanwhile, if you are interested in participating, please let me know via email, and I will be sure to include you in the Working Group.*
>
> *A meeting will be set up in the near future at which we will begin a discussion of how to move forward on this file.*
>
> *Thanks,*
>
> *--Keith*
>
> ***Keith Martin***
> *Executive Director / Directeur général*
> *Canadian Association of Financial Institutions in Insurance*
> *L'association canadienne des institutions financières en assurance*
> *keith.martin@cafii.com*
> *T: 647.460.7725*
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A working group has now been set up, and the first meeting will be held on April 14, 2025. The members of the Working Group are:

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<u>Members of the Working Group on the "Accreditation Process" of the Insurance Council of BC</u>

- Karyn Kasperski, EOC Chair, RBC Insurance (Chair of the Working Group)
- John Burns, EOC Vice Chair, Securian Canada
- Fay Coleman TD Insurance
- Rob Dobbins, Assurant
- Joanna Dybel, Scotiabank
- Lize Fourie, Canada Life
- Deirdre Kennedy, CUMIS
- Wayne Kirsh, Scotiabank
- Brad Kuiper, Scotiabank
- Sara Motamedi, TD Insurance
- Rebecca Saburi, BMO Insurance
- Bessie Paliouras, Manulife

The Agenda for the first meeting is:

<u>Draft Agenda for the Working Group on the "Accreditation Requirements" of the Insurance Council of BC</u>

1. Welcome and General Comments (Chair, Karyn Kasperski)
2. General Discussion of the Intentions of this Working Group (All)
3. Discussion of the "Performance Requirements" (All)
4. Discussion of the "Accreditation Process" (All)
5. Discussion of Insurance Council's Comments that Trial with One Insurance Company was Not Onerous, with Intelligence on This (Keith Martin)
6. Next Steps Including Options Such as Letter to Insurance Council; Meeting with insurance Council; Letter to BC Ministry of Finance; Other Options (All)

On March 19, 2025, CAFII Met with the Insurance Council of BC to Discuss the Upcoming RIA Regime.

On March 19, 2025, CAFII met with the Insurance Council of British Columbia to discuss the Insurance Council's intention to review the training materials of those offering products covered by the incoming Restricted Insurance Agency (RIA) regime. A summary of the meeting has been included below.

The Insurance Council of BC CEO Janet Sinclair and her Director, Governance and Stakeholder Engagement Brett Thibault, recently requested an in-person meeting with Keith Martin. That meeting was held on March 19, 2025, from 2:30 to 3.30 p.m. at an office generously made available at the Canada Life head office on University Street by CAFII Board member Louie Georgakis.

A presentation deck was recently circulated from the Insurance Council on its intention to review the training materials of those offering products covered by the incoming Restricted Insurance Agency (RIA) regime. That presentation deck moved the Council in a direction we were trying to veer them away from, as it outlined some of the expectations around reviewing training material and "accrediting" it in order for a corporate RIA regime to be issued.

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CAFII, CLHIA, and THIA have all been arguing that this is an unnecessary additional burden. At the meeting, Keith Martin began by reiterating the key messages (see "Summary of Points Made"). Janet Sinclair, who did nearly all of the talking for the Insurance Council, listened carefully and said she understood our perspective but felt she needed to clarify how the Insurance Council intended this regime to work.

Ms. Sinclair was very friendly, open, and engaged and reiterated that this was still a consultation and that she wanted to work with us to arrive at a spot that CAFII's members felt comfortable with. She explained that the RIA regime was rooted in a legislative requirement that would set out the expectations of the Insurance Council and that the Council was waiting on the legislation. She did not know when that would happen, but she emphasized that upon arrival, **there would be a minimum period of one year to consult with industry on the specifics of the regime**. Unlike the other insurance licensing authorities in the other western provinces, the Insurance Council of BC has rule-making authority, so changes to the way the regime is implemented do not require going back to legislation, giving the Council the power to make changes much more easily. The initial rule will not be perfect, and the one-year consultation period is intended to provide ample opportunity for industry and the Council to get it right before it is implemented.

Ms. Sinclair said that other jurisdictions in the West said that they felt that if they were redoing their RIA regimes, they would seek more oversight about how industry players were offering some insurance products, but that these jurisdictions were constrained by the reality that they did not have rule-making authority and as such changes would require legislation, which was an onerous and time-consuming task. She said as well that people overseeing her Council were emphatic that there needed to be some way to ensure that unlicensed representatives offering insurance had some "basic, minimum" knowledge of the products they were offering. She felt that the performance indicators were intended to outline those minimum requirements and the review of training materials was intended to confirm that—"trust but verify."

She mentioned that if the training material review was onerous, such that CAFII members would have a material new burden, how could the council deal with the multiple small players who would have to go through the same exercise? Ms. Sinclair repeated that this was not meant to be onerous, but she had to demonstrate some level of knowledge among representatives offering insurance to clients. She specifically called out her concerns with some sectors, like auto dealerships and car rental companies. Keith Martin suggested that if some of these sectors are the real concern, perhaps an exception could be made for companies above a certain employee threshold that would have more sophisticated training programs. Ms. Sinclair was sympathetic to the concept, but in practice, she said it would be problematic as it would imply different classes of companies: "I can't say to some sectors that these CAFII members are exempted because I know they are the good guys, I have to treat everyone the same way."

Ms. Sinclair said that when CAFII members actually see how the process works, much of the concern should go away, as it will be a straightforward process. She then gave the example of an accreditation test case that the Insurance Council recently engaged in "with a large insurance company with a mortgage broker department that offers credit protection insurance." The insurance company provided examples of their training material; **the Insurance Council of BC formally completed the review and**

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provided accreditation in half a day. "This is not intended to be a detailed examination of your training materials, it is just a checklist to ensure the company is providing rudimentary training."

Ms. Sinclair was receptive to the points about Canadian society needing to be more efficient, and she said she is absolutely committed to harmonization but that there are legislative realities in BC that she must adhere to. However, in a very interesting comment, she said that in her conversations with the other RIA regimes in Canada, there was agreement that if any others eventually would require accreditation, there was a commitment to either have CISRO implement this for everyone, or, if that was not possible, any of the regimes that accredited training materials would then be accepted by all the other regimes. "If another province accredited a company in future, the Insurance Council of BC would accept that and not require you to undergo this exercise again with us."

She added that smaller companies may have programs through their associations (she understood that was not the case with CAFII), and in those cases, the association training program could be accredited, and any company that took that program would not have to be separately accredited. She gave the example of the THIA TRIP course—if that is accredited, any travel agent who passed that course would not need to be separately accredited.

Next Steps

Keith Martin was at an Advocis Conference the next day, March 20, 2025, and had further conversations with Janet Sinclair and Brett Thibault. There is a virtual presentation on Monday, March 24, to which EOC and Market Conduct & Licensing members have been invited. Ms. Sinclair said she had reached out to the presenters to ensure that they were clearer about the intentions of this exercise, and she or a senior member of the Council will attempt to be at the opening of the meeting to make some clarifying comments. In that connection, K. Martin received the following message from Galen Aker, who, with Jerlyn Nathan, will be presenting the deck on Monday:

> *Hi Keith,*
>
> *I'm sending a heads-up regarding the meeting with your members on Monday. As it's the second meeting on this topic and a wider audience, we're going to expand on some concepts for the Education Program for the Restricted Insurance Agency Licence as a whole. We'll provide more context, rationale and the vision for the program while also touching on the components of accreditation we discussed previously.*
>
> *Only sending so you're not surprised if the presentation doesn't look the same. Looking forward to our chat Monday.*
>
> *Thank you,*
>
> *Galen Aker*

K. Martin has proposed raising some general questions and comments at Monday's meeting. However, he thinks this is mostly an opportunity for further clarity from the Council. **The presenters are not decision-makers, so he recommends against advocating for a different model at that meeting.**

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Confirmed Attendees, March 24, 2025, Meeting with Insurance Council of BC

CAFII Members
Karyn Kasperski (RBC Insurance)
John Burns (Securian Canada)
Rob Dobbins (Assurant)
Rebecca Saburi (BMO Insurance)
Deirdre Kennedy (CUMIS / The Co-Operators)
Janet Pacini Thibodeau (Manulife)
Sharon Murrell (Manulife)
Sushil Masih (RBC Insurance)
Andrea Stuska (TD Insurance)
Fay Coleman (TD Insurance)
Peter Thorn (TD Insurance)
Wayne Kirsh (Scotiabank)
Joanna Dybel (Scotiabank)
Anthony Ricci (TD Insurance)
Matt Zulak (RBC Insurance)
Suzanne Blanchard (Manulife)
Carmelina Manno (Manulife)
Nichad Goulamhoussen (Securian Canada)
Petrina Johnson (CIBC Insurance)
Samina Ashraf (TD Insurance)

CAFII Staff
Keith Martin, Executive Director
Lara Doig, Senior Operations Manager
Robyn Jennings, Research Analyst

Summary of Points Made to Janet Sinclair and Brett Thibault at the March 19, 2025 Meeting

- The original Performance Indicators have not materially changed from the original problematic version. They continue to feel like requirements for a licensed individual that are far more onerous than required for an unlicensed individual. Some of the requirements are advise-type requirements that fully feel like what a licensed individual would be expected to offer, and which are not applicable to an unlicensed agent.
- CCIR already requires "…relevant information and training to Intermediaries to ensure they understand the target market, such as information related to the target market itself, as well as the characteristics of the product", so if insurers are effectively aligning to Fair Treatment of Consumers in this way, why does BC need these additional processes?
- We continue to feel that this is a new process that is seeking to solve a problem that does not exist. We have three western RIA regimes and one in New Brunswick; none have this level of prescriptive requirements nor any accreditation of training materials, and we have not received concerns from the licensing authorities or complaints. Why is it necessary in that context to add an entirely new process that will make BC an outlier?

- More generally, this would make our process more onerous at a time when the government and Canadian society are emphasizing the need for Canada to focus on what really matters and eliminate unnecessary and inefficient processes—burden reduction, focus on efficiency, and removing internal trade barriers. This is not aligned with this societal priority at a time when Canada faces so many economic and societal risks.
- **CAFII would, therefore, again ask the Insurance Council of BC to consider whether an approach that is principles-based and aligned with the other RIA regimes could be taken instead.**
- Some practical considerations:
  - What happens if the Insurance Council of BC does not approve the training? Can insurance still be offered by agents in the interim? Is a reassessment fee to be levied?
  - Is the Insurance Council of BC prepared for the resources required for this activity? Insurers may have different training modules for each channel (in-person, call centre, online) and each distributor, and they are multi-dimensional with components including individual training, embedded processes, scripts, and technology prompts, among other elements. This will be an onerous and potentially very time-consuming task for everyone engaged.
  - If the Insurance Council of BC insists on accreditation, we would suggest that a better approach would be an attestation from those offering the training that they meet the performance requirements.

New Brunswick

The Financial and Consumer Services Commission of New Brunswick (FCNB)

On February 24, 2025, the FCNB Announced It is Hiring a Compliance Officer in Insurance.

On February 24, 2025, the FCNB published a career opportunity for an insurance compliance officer. Below is the job posting, including the qualifications and background the FCNB is looking for.

> ***Compliance Officer***
>
> ***Salary Range:****$71,846.00 To $98,789.00 Annually*
>
> *The Financial and Consumer Services Commission (Commission) is a leader in integrated financial and consumer services regulation. The Commission's mandate is to protect consumers and enhance public confidence in the financial and consumer marketplace through the provision of regulatory and educational services. With offices in both Fredericton and Saint John, it is responsible for the administration and enforcement of provincial legislation regulating mortgage brokers, payday lenders, real estate, securities, insurance, pensions, credit unions, trust and loan companies, cooperatives, unclaimed property, and a wide range of consumer legislation. The Commission is a self-funded Crown corporation responsible for the administration and enforcement of financial consumer services legislation.*
>
> *We offer opportunities for dedicated professionals to play a vital role in carrying out our mandate.*

Compliance Officer – Insurance (Fredericton or Saint John office)

We are seeking an experienced professional to join our team as a Compliance Officer in our Insurance Division. Reporting to the Director of Insurance, you will perform comprehensive compliance reviews, including site visits, personal interviews, and collecting and analyzing information to substantiate or dismiss allegations. You may also attend hearings and conduct inspections of insurance agencies and offices.

In this role, you will develop, implement, and maintain compliance policies and procedures to address non-compliance allegations and identify industry vulnerabilities. You will establish reporting procedures for regular reviews and audits, disseminate information on new compliance issues, and manage complaint processes according to national best practices.

You will build collaborative networks with insurers, intermediaries, and regulatory agencies, providing education on compliance matters. Additionally, you will represent New Brunswick on national committees, adapt best practices from regulatory bodies, and respond to inquiries from industry representatives, legal entities, and the public. Strong communication and relationship-building skills are essential for success.

What you bring

- *University degree in Business Administration, Commerce, Law or similar discipline.*
- *3- 5 years compliance related experience within a regulatory, enforcement, audit or compliance environment with demonstrated competencies in analytical thinkin*
- *Good problem-solving skills using sound judgement by exercising tact and discretion.*
- *Effective communicator in both collegial and adversarial situations with solid interview skills,*
- *You possess excellent oral and written communications skills,*
- *Highly analytical and results oriented using sound judgment.*

Additional Strengths

- *Experience in conducting investigations and compliance reviews would be an asset.*

The Financial and Consumer Services Commission offers a competitive salary and benefits package as well as excellent opportunities for personal growth and challenge. Salary will be commensurate with experience. If you are interested in being a key part of this team, please forward your résumé and cover letter.

For more information on the expectations and qualifications required, read the FCNB's job posting here.

International Developments, Research, and Thought Leadership

Research and Markets

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In January 2025, Research and Markets Released the Canada Life & Non-Life Insurance Market, by Region, Competition, Forecast and Opportunities, 2020-2030 Report.

The following synopsis of the summary of this report was generated by Chat GPT and edited by a CAFII human (Robyn Jennings):

The **Canada Life & Non-Life Insurance Market** report from Research and Markets, published in January 2025, highlights the growing trends and projections for the sector from 2020 to 2030. As of 2024, the market was valued at USD 117.92 billion and is expected to reach USD 149.34 billion by 2030, driven by a **4.55% CAGR**. The market's growth is influenced by increased consumer awareness of financial security, the aging population, technological advancements, and shifting lifestyles.

Key Market Drivers:

1. **Cardiovascular Disease**: The rising prevalence of cardiovascular diseases has led to a higher demand for specialized life and health insurance products, including critical illness and disability insurance.
2. **Population Growth**: Canada's growing population, bolstered by immigration, increases demand for insurance products across various sectors, particularly life and health coverage.
3. **Rising Vehicle Sales**: The growing number of vehicles, including electric vehicles, boosts demand for auto insurance, with insurers adapting policies to cover new vehicle types and environmental concerns.

Key Market Challenges:

1. **Higher Premium Rates**: Increased premiums, driven by higher claims and operational costs, may affect affordability and consumer decision-making.
2. **Lack of Consumer Awareness**: Many Canadians remain underinsured due to a lack of understanding of insurance products, pushing insurers to focus on consumer education.

Key Market Trends:

1. **Online Platforms**: The adoption of digital platforms for policy comparison, purchase, and management is reshaping the market. Insurers are using technology to offer personalized services, making transactions quicker and more transparent.
2. **Eco-Friendly Policies**: There is growing demand for sustainable, eco-friendly insurance policies that support green initiatives, such as coverage for electric vehicles and renewable energy projects.
2. **Comprehensive Coverage**: Increasing interest in policies that cover a wide range of risks, including critical illness, disability, and long-term care, as well as comprehensive home and auto coverage.

Market Segmentation:

- **Life Insurance** holds a dominant position, particularly as an aging population seeks financial security and retirement solutions.

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- **Regional Insights** show that the **Atlantic Provinces** are the leading region due to stable population growth and rising demand for life and non-life insurance.

Key Market Players:

- Intact Financial Corporation, Sun Life, Great-West Lifeco, Aviva Canada, and Allstate are among the prominent companies driving market innovation and growth.

The report covers detailed market segmentation, including types of insurance (life and non-life), providers (direct, agency, banks), and regional divisions. The **competitive landscape** offers insights into the strategies of key players.

The detailed summary follows:

In January 2025, Research and Markets released a Canada-specific report on the L&H and Non-L&H markets titled *Canada Life & Non-Life Market, By Region, Competition, Forecast and Opportunities, 2020- 20230F*. Due to the report's cost ($3,500 USD), CAFII was unable to access it in its entirety. However, the Research and Markets summary of the major findings has been included below.

> *The Canada Life & Non-Life Insurance Market was valued at USD 117.92 billion in 2024 and is expected to reach USD 149.34 billion by 2030, rising at a CAGR of 4.55%. The Canadian life & Non-Life Insurance market is growing due to consumer awareness of financial security and risk management. As Canadians face increasing healthcare costs, property risks, and uncertainty in economic conditions, the demand for comprehensive life and non-life insurance products has risen.*
>
> *Also, Canada's aging population is driving the need for life insurance and retirement solutions, while increasing urbanization and changing lifestyle patterns are boosting demand for property, auto, and health insurance. Technological advancements also play a role, with digital platforms offering more accessible, efficient, and personalized insurance options. These factors combined contribute to the continued growth of the Canadian insurance market.*
>
> ***Key Market Drivers***
> ***Large Pool of People Suffering from Cardiovascular Disease***
> *The large pool of people suffering from cardiovascular disease is a significant driver in the Canada Life & Non-Life Insurance market. As a part of this, according to a recent study, as of 2022, cardiovascular disease is the second biggest cause of mortality in Canada, accounting for approximately 17.2% of all deaths. Cardiovascular diseases (CVDs) are among the leading causes of death and disability in Canada, affecting millions of individuals. As the prevalence of these conditions increases, both life and non-life insurers are seeing higher demand for products that cater to individuals with CVDs. Life insurance companies are adapting their underwriting processes to accommodate individuals with pre-existing cardiovascular conditions, offering specialized coverage and critical illness policies that protect against life-threatening health*

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events like heart attacks and strokes.

Similarly, the non-life insurance sector, particularly health and disability insurance, is experiencing growth. More people living with CVDs require ongoing treatment, rehabilitation, and potentially long-term care, leading to a greater need for comprehensive health insurance plans. Disability insurance also sees higher demand as cardiovascular conditions can lead to long-term disabilities, affecting a person's ability to work. This shift drives insurers to innovate and offer more tailored products, ensuring financial protection and access to healthcare for a growing segment of the population affected by cardiovascular diseases in Canada.

Surging Population Across the Region

The surging population across Canada is a key driver of the Life & Non-Life Insurance market. As a part of this, according to Statistics Canada, Canada's population was expected to reach 41,465,298 on October 1, 2024, an increase of 176,699 individuals (+0.4%) from July 1. As Canada's population continues to grow, driven by both natural growth and immigration, the demand for insurance products is also rising. A larger population leads to an increase in potential policyholders for both life and non-life insurance, with people seeking financial protection for themselves, their families, and their assets.

This demographic shift also contributes to a growing demand for various types of coverage, including health, auto, property, and life insurance. With an aging population, there is a heightened need for life insurance, retirement solutions, and health-related products. Similarly, younger generations, especially those starting families or entering the workforce, are increasingly investing in life and non-life insurance policies to secure their financial future. The growing population also drives urbanization, leading to a higher number of people residing in metropolitan areas, which increases the demand for home and auto insurance. As the population diversifies, insurers are adapting by offering customized policies to meet the specific needs of various demographic groups, further expanding market growth in Canada.

Rising Sales of Vehicles

The rising sales of vehicles in Canada significantly drive the Life & Non-Life Insurance market, particularly in the non-life segment. As a part of this, according to Statistics Canada, the total number of road motor vehicles registered in Canada in 2022 was 26.3 million, a 0.3% increase from 2021.With the growing demand for both new and used vehicles, there is an increased need for auto insurance coverage. As more Canadians purchase cars, trucks, and other vehicles, insurers are seeing a surge in demand for policies that protect against risks such as accidents, theft, and natural disasters. The rising number of vehicles on the road also leads to higher traffic-related incidents, making comprehensive and collision coverage more essential for policyholders.

Also, the growing popularity of electric vehicles (EVs) and hybrids in Canada is pushing insurers to develop specialized policies that address the unique needs of these vehicles, such as coverage for battery-related issues and charging infrastructure. As vehicle ownership continues to rise, so *does the need for liability coverage, ensuring financial protection for both drivers and pedestrians. This trend contributes to the overall growth of the non-life insurance sector, driving insurers to innovate and offer more tailored auto insurance products. The rising sales of vehicles, along with an increasing focus on safety and environmental concerns, continue to propel the demand for auto insurance in Canada.*

Key Market Challenges
Higher Premium Rates

Higher premium rates present a significant challenge in the Canada Life & Non-Life Insurance market. As a part of this, according to LIMRA's Canadian Individual Life Insurance Sales Survey, the new annualized premium for Canadian life insurance climbed 4% in 2023, reaching USD 1.86 billion. This is the greatest sales figure ever reported in the Canadian market since the poll began in 1993.As insurance companies increase their rates to cover rising claims costs, higher operational expenses, and increased risk exposure, the affordability of insurance becomes a concern for many consumers. In the life insurance market, higher premiums are often driven by factors such as the aging population, increased healthcare costs, and higher incidences of chronic illnesses. These escalating costs can result in a reluctance among potential policyholders to purchase life insurance or opt for reduced coverage.

In the non-life insurance market, rising premiums are largely driven by factors such as the increasing frequency and severity of natural disasters, higher property repair and replacement costs, and the rising cost of automobile repairs. These higher premiums can strain consumer budgets, particularly for those already facing economic challenges. Also, the hike in premiums can drive some consumers to drop or downgrade their policies, leaving them underinsured or unprotected, which could lead to financial hardship in the event of a claim. Insurance companies must balance the need to raise premiums with maintaining affordability and consumer satisfaction, making this a persistent challenge in the market.

Lack Of Awareness Among Consumers

Lack of awareness among consumers is a significant challenge in the Canada Life & Non-Life Insurance market. Many consumers are either underinsured or unaware of the full range of insurance products available to them. This lack of awareness stems from limited understanding of how insurance works, the types of coverage needed, and the benefits of various policies. Life insurance remains an area where many people fail to recognize its importance until later in life, leaving gaps in coverage when financial security is most needed. In the non-life insurance sector, consumers may not be fully aware of the risks they face, such as property damage, vehicle accidents, or health-related emergencies.

This lack of understanding often leads to inadequate insurance coverage or a failure to purchase insurance altogether. Also, many people struggle to navigate complex policy terms and conditions, which further diminishes their understanding. This challenge has led insurers to focus on improving consumer education through digital platforms, marketing campaigns, and

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consultations. Educating consumers about the importance of insurance and how it works is crucial for increasing market penetration, ensuring proper coverage, and reducing the number of underinsured individuals in Canada.

Key Market Trends

Increased Adoption of Online Platform

The increased adoption of online platforms is a significant trend in the Canada Life & Non-Life Insurance market. As consumers increasingly prefer the convenience and accessibility of digital channels, insurers are shifting their operations to online platforms, offering users a seamless and efficient way to compare, purchase, and manage policies. This shift is driven by growing consumer expectations for fast, easy, and transparent digital experiences.

Online platforms enable insurers to reach a broader audience, providing a convenient alternative to traditional face-to-face consultations. They also allow for real-time policy updates, quicker claims processing, and easy access to policy documents, enhancing customer satisfaction and engagement. Mobile apps, chatbots, and AI-driven tools are also gaining popularity, making it easier for customers to interact with insurers and receive personalized service. The adoption of online platforms has also led to more competitive pricing, as insurers leverage digital tools for data analysis, underwriting, and risk assessment, ultimately offering more tailored products at better prices. As consumer behaviour continues to shift towards digital, the insurance industry in Canada is likely to see further growth in online transactions and digital customer engagement, reshaping the future of the market.

Growing Adoption of Eco-Friendly Insurance Policy

The growing adoption of eco-friendly insurance policies is a prominent trend in the Canada Life & Non-Life Insurance market. As environmental concerns rise, more consumers are seeking sustainable insurance options that align with their values. Insurers are responding by offering eco-friendly policies that support green initiatives, such as covering electric vehicles (EVs), renewable energy installations, and energy-efficient homes. These policies often come with incentives like discounts for purchasing electric vehicles or using environmentally friendly home improvements, encouraging consumers to adopt more sustainable practices.

In the life insurance sector, some companies are now offering green policies that invest in environmentally responsible funds, providing policyholders with the opportunity to support eco-friendly businesses through their premiums. Also, insurers are adopting more sustainable operational practices, such as reducing paper use and improving digital platforms, contributing to the broader trend of environmental responsibility. This trend reflects a shift in consumer behaviour, with individuals becoming more aware of their ecological footprint and looking for insurance solutions that promote sustainability. As this demand for eco-friendly policies grows, insurers in Canada are likely to continue innovating and expanding their offerings to cater to environmentally conscious consumers.

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Growing Demand for Comprehensive Coverage Policies

The growing demand for comprehensive coverage policies is a key trend in the Canada Life & Non-Life Insurance market. As consumers face an increasingly complex risk landscape, they are seeking more extensive insurance solutions that offer greater protection across various aspects of life and property. This trend is particularly evident in both life and non-life insurance sectors, where policyholders are looking for coverage that goes beyond basic offerings to safeguard against a wider range of risks.

In the life insurance market, there is a rising preference for policies that include critical illness, disability, and long-term care coverage, addressing health risks that extend beyond traditional life insurance benefits. Consumers are also opting for policies that provide financial security for their families, including coverage for funeral expenses and debt repayment in the event of untimely death. Similarly, in the non-life insurance sector, there is growing interest in policies that offer broader protection, such as combined home and auto insurance, as well as policies that cover emerging risks like cyber threats and environmental damage. Insurers are responding by developing more holistic, customizable policies that provide consumers with a higher level of protection, reflecting the increased desire for comprehensive coverage in today's uncertain world.

Segmental Insights

Type Insights

Life Insurance dominated the Canada Life & Non-Life Insurance market, accounting for a significant share of the overall insurance sector. This dominance is driven by the increasing need for financial security among consumers, particularly as the population ages and faces rising healthcare costs. Life insurance policies, including term life, whole life, and critical illness coverage, are increasingly popular as individuals seek to protect their families' financial well-being in the event of death or serious illness. Also, the growth of wealth management solutions and retirement planning has further contributed to the prominence of life insurance in the Canadian market.

Regional Insights

The Atlantic Provinces dominated the Canada Life & Non-Life Insurance market, due to several factors, including a stable population, a growing demand for insurance products, and an increasing focus on financial security. These regions, which include Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador, have seen a rising demand for both life and non-life insurance policies, driven by an aging population and an increased awareness of financial planning. The need for health insurance, property coverage, and life insurance is particularly high, as consumers in these areas prioritize long-term security. Also, insurers have tailored their offerings to meet the specific needs of residents, contributing to the region's market leadership.

Key Market Players

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- *Intact Financial Corporation*
- *The Manufacturers Life Insurance Company*
- *Sun Life Assurance Company of Canada*
- *Great-West Lifeco Inc.*
- *Aviva Canada Inc*
- *Allstate Insurance Company*
- *Intact Insurance Company*
- *Sonnet Insurance Company*
- *CAA Insurance Company*
- *Travelers Insurance Company of Canada*

Report Scope:
In this report, the Canada Life & Non-Life Insurance Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Canada Life & Non-Life Insurance Market, By Type:
- *Life Insurance*
- *Non-Life Insurance*

Canada Life & Non-Life Insurance Market, By Provider:
- *Direct*
- *Agency*
- *Banks*
- *Others*

Canada Life & Non-Life Insurance Market, By Region:
- *The Atlantic Provinces*
- *Central Canada*
- *The Prairie Provinces*
- *The West Coast*
- *The Northern Territories*

Competitive Landscape
Company Profiles: Detailed analysis of the major companies present in the Canada Life & Non-Life Insurance Market.

Purchase the Research and Markets' full report here.

Reuters

On March 7, 2025, Reuters Events Announced the Publication of the Reuters Events Insurance AI Survey.

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The following synopsis of the summary of this report was generated by Chat GPT and edited by a CAFII human (Robyn Jennings):

Summary of Reuters Insurance AI Survey (March 7, 2025)
The survey explores current trends in AI adoption in the **Property & Casualty (P&C) insurance industry**, with insights relevant to broader insurance sectors.

Key Findings:

- **Adoption Rates:**
  - 46% of insurers currently use AI.
  - 37% are planning or considering implementation.
  - Adoption is cautious due to **security, privacy, and regulatory concerns**.
- **Main Barriers:**
  - **Data privacy (68%)** and **regulatory uncertainty** are top obstacles.
  - Ethical issues and lack of standard AI governance add to hesitancy.
  - Compliance needs both restrict and drive AI use.

Primary Areas of AI Use:

1. **Claims Management:** Automates processing, fraud detection, and loss estimation.
2. **Customer Service:** AI chatbots and virtual assistants enhance engagement.
3. **Underwriting & Risk Assessment:** AI improves speed and accuracy of risk evaluations.

Other exploratory areas include **sales, marketing, product development, and strategy**, though adoption here is limited.

Benefits Driving AI Investment:

- **Efficiency (82%)**
- **Productivity (78%)**
- **Cost Reduction**

AI also improves **customer experience** and supports **human employees**, not replaces them.

Investment Trends:

- 62% invest **less than $500K/year**; only 11% invest **over $5M/year**.
- AI spending mostly comes from existing tech budgets.
- Conservative funding approach due to ROI uncertainty and early-stage adoption.

Recommendations for Successful AI Integration:

1. **Leadership buy-in & clear communication**
2. **Strong data governance and analytics culture**
3. **Workforce training & upskilling**

The detailed summary follows:

On March 7, 2025, Reuters announced that the results of its Insurance AI Survey had been published. The survey looked at key trends in AI investment, employment, and the results of AI integration for 2025 and beyond. While the document does primarily look at P&C, it is still of potential interest to CAFII members because of its focus on enhancing efficiency, automating claims and underwriting, addressing compliance challenges, and balancing caution with growth. CAFII's Research Analyst, Robyn Jennings, has summarized the document below.

As per Reuters' survey findings, AI has steadily transformed the property and casualty (P&C) insurance industry, evolving from basic functions like fraud detection and preliminary risk assessment to more advanced applications in underwriting, claims processing, and automation. Despite AI's potential to enhance efficiency and streamline operations, many insurers remain hesitant to adopt these technologies out of concern around security. 68% of insurers cite data privacy and security concerns as a major obstacle to AI adoption. Furthermore, according to the report, 46% of insurers are currently using AI in some capacity, while 37% are in the process of planning or considering future implementation. The slow pace of adoption can be attributed to the industry's traditionally risk-averse nature, as well as concerns surrounding regulatory compliance and ethical considerations. However, as AI capabilities continue to advance and become more reliable, insurers are recognizing the benefits of integrating AI into their processes.

Reuters found that one of the biggest barriers to AI adoption in the insurance industry is compliance and regulatory uncertainty. Insurers must adhere to strict industry regulations, yet there are no universally accepted guidelines governing AI use. This has created uncertainty around issues such as data privacy, security, and ethical decision-making. Insurers worry about whether AI systems adequately protect sensitive policyholder information and whether automated decision-making processes remain objective and free from bias. Paradoxically, while compliance concerns limit AI adoption, many insurers also rely on AI to ensure compliance by leveraging features like automated compliance checklists and advanced data analysis tools. To address these challenges, companies must establish strong data governance policies, ensure transparency in AI-driven decision-making, and work closely with regulatory bodies to develop best practices for AI implementation.

While there remains some hesitancy to adopt AI, many are still keen to employ it. In fact, AI is primarily being leveraged in following three areas within the insurance sector:

- **Claims Management**: AI is being used to automate claims processing, fraud detection, document verification, and loss estimation. This significantly reduces manual workload and speeds up claim settlements, improving customer experience.
- **Customer Service**: Insurers are integrating AI-powered virtual assistants and chatbots to handle customer inquiries, policy management, and claim status updates. These AI-driven solutions enhance customer engagement and reduce response times.
- **Underwriting and Risk Assessment**: AI is streamlining underwriting processes by automating risk assessments, fraud detection, pricing modeling, and customer profiling. By analyzing large datasets more efficiently than human underwriters, AI enables faster and more accurate decision-making.

These three areas are not the only areas being explored; AI is also being looked at for sales and marketing, product development, and strategy planning, though adoption in these areas is still limited.

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The main reasons insurers are investing in AI is to increase efficiency, productivity, and cost reduction. According to the report:

- **82% of insurers cite efficiency improvements as their primary motivation.** AI helps eliminate redundant tasks and streamline processes, allowing employees to focus on high-value work.
- **78% prioritize productivity gains.** AI automates labor-intensive tasks, allowing insurers to handle a higher volume of claims and policies with the same or fewer resources.
- **Cost reduction is another key driver.** AI reduces operational expenses by minimizing manual work, enhancing fraud detection, and optimizing pricing strategies.

Additionally, AI is expected to improve the customer experience, with 47% of respondents stating that AI-driven solutions lead to faster claim settlements and better service. Despite concerns over potential job displacement, many insurers emphasize that AI is intended to complement human workers rather than replace them, allowing employees to focus on more complex tasks.

Despite the clear benefits of AI, insurers are still approaching AI investment cautiously. Reuters found that the majority (62%) of insurers are allocating less than $500,000 annually for AI initiatives, with only 11% investing more than $5 million per year. This indicates that insurers are still in the early stages of AI adoption and are testing its capabilities before making larger investments.

- AI funding primarily comes from existing technology budgets rather than separate AI-specific funds.
- A smaller portion of AI investments is department-specific, with individual teams funding AI projects based on their needs.
- Very few insurers are using venture capital, private equity, or debt financing for AI-related projects, signaling a conservative investment approach.

This suggests that while insurers acknowledge AI's potential, they remain cautious due to uncertainty around return on investment (ROI), regulatory challenges, and concerns over AI's maturity.

For successful AI integration, companies must ensure strong leadership support and workforce training. The report highlights three key factors for effective AI adoption:

1. **Leadership Buy-in & Communication**: Executives must clearly communicate the AI strategy to employees to ensure alignment and smooth implementation.
2. **Data-Driven Decision-Making Culture**: AI's success depends on high-quality, structured data, making it essential for organizations to prioritize data governance and analytics capabilities.
2. **Employee Training & Upskilling**: Workforce education programs are necessary to help employees adapt to AI-powered workflows and eliminate fears of job displacement.

By addressing these factors, insurers can maximize AI's benefits while minimizing resistance and operational challenges.