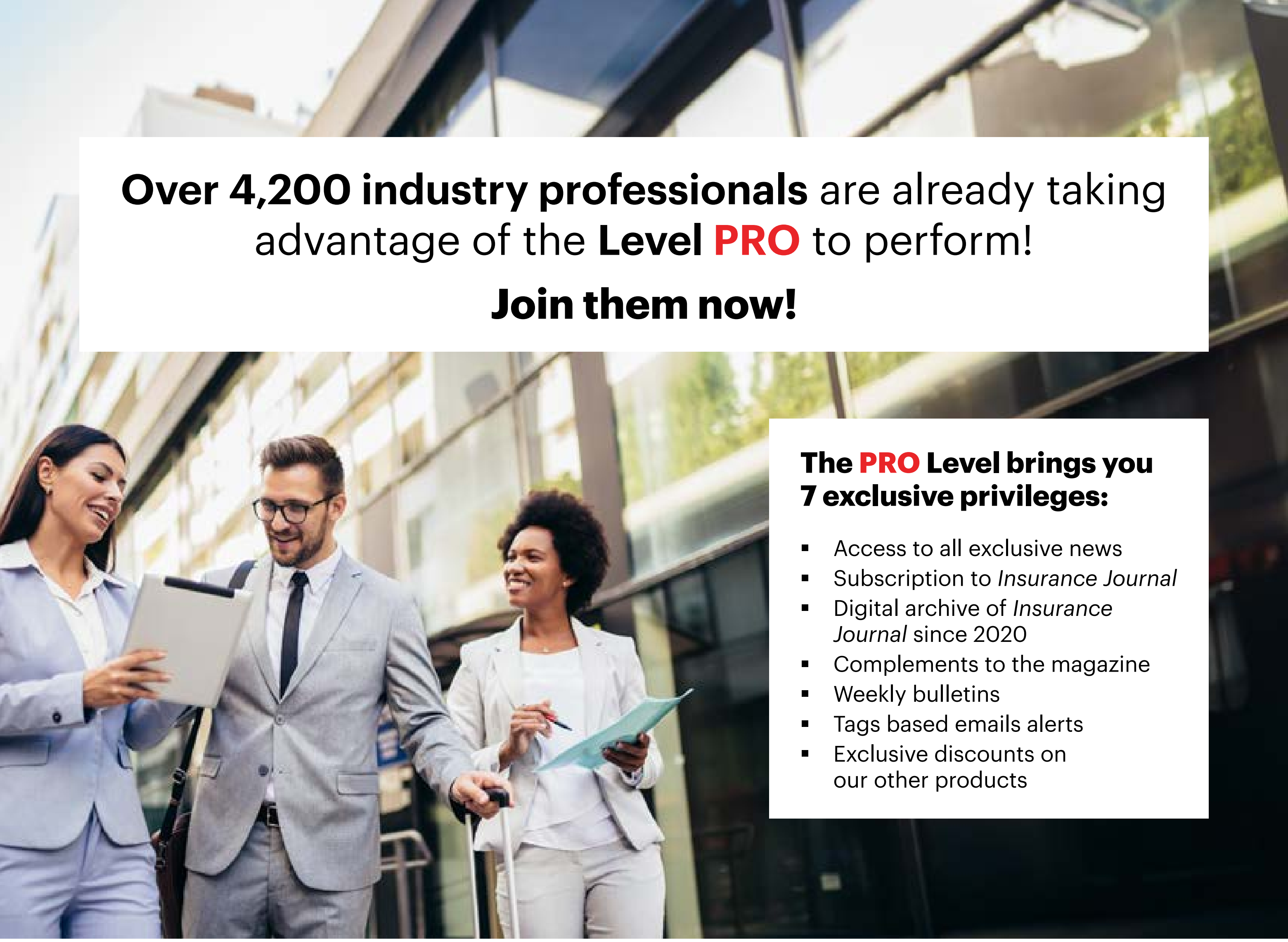
INSURANCE Journal

$10 Vol. 28 No. 01 December 2023

INSURERS' STRATEGIES IN 2024

Solving equations with multiple unknowns



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Vol. 28 No. 01 December 2023

Life insurance

PERMANENT LIFE INSURANCE

Fewer policies sold than 12 years ago

P&C insurance

Life insurance

Society

Jim Ruta

INSURANCE Journal

Vol. 28 No. 01 — December 2023

THE INSURANCE JOURNAL PUBLISHING GROUP: AN EXPANSIVE RANGE OF PRODUCTS TO SERVE YOUR NEEDS!

Created in 1992, the Insurance Journal Publishing Group now counts ten products in three formats: print magazines, industry events and Web information services.

Insurance Journal and ***Journal de l'assurance*** publish in-depth articles to enable insurance industry professionals to stay on top of industry developments. This knowledge will assist our readers with their goal of helping Canadians get the insurance coverage they need to protect their families, their wealth and their dreams. Our magazines are available by subscription across Canada.

The ***Répertoire des fournisseurs en assurance de dommages*** provides an excellent overview of the products and services offered by professionals in restoration and non-standard risks in the P&C industry.

Digital services

As part of our digital transformation, our company has created the ***Insurance Portal***, a one-stop shop that will eventually bring together all of our information services and products. It has customization and keyword search functions. It will also host the services of other organizations and companies interested in offering their products to financial services industry professionals. A true insurance business centre, the Portal is a powerful tool for helping industry professionals grow their businesses.

Available online, ***InsuranceINTEL*** is a market intelligence centre for the life and health insurance industry in Canada. The database is constantly updated and provides the features of more than 470 insurance and investment products through easy to analyze comparative tables.

Users can also access 3,000 marketing documents, as well as 350 insurance applications. Various levels of membership are available for insurance companies, banks, MGAs and advisors to enable them to stay on the forefront of new industry developments. ***InsuranceINTEL Weekly*** monitors the trends and changes in the life & health insurance industry in Canada: product launches, changes in premium rates, modifications to commission schedules, technological developments and marketing campaigns.

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The ***Canada Sales Congress*** focuses on sales and business development. It brings together approximately 1,200 participants, 20 speakers and about 65 exhibitors and sponsors.

Available for replay until mid-February on: insurance-portal.ca/csc

The ***Group Conference*** is a niche event promoting group health insurance.

On Tuesday, February 20, 2024
at the Palais des congrès de Montréal
Details on: portail-assurance.ca/cc

P&C Day held annually attracts some 1,000 participants, 20 speakers and 70 exhibitors and sponsors.

On Thursday, March 28, 2024
at the Palais des congrès de Montréal
Details on: portail-assurance.ca/jad

Each year, ***Life Insurance Convention*** brings together more than 1,000 participants & over 30 speakers and 65 exhibitors.

On Tuesday, November 13, 2024
at the Palais des congrès de Montréal
Details on: portail-assurance.ca/cap

CONTACT US

Administration
Nedjine Eugène
nedjine.eugene@insurance-journal.ca
514 289-9595, ext. 221

Serge Therrien
serge.therrien@insurance-journal.ca
514 289-9595, ext. 224

Editorial
Serge Therrien
serge.therrien@insurance-journal.ca
514 289-9595, ext. 224

Subscriptions
insurance-portal.ca
subscriptions@insurance-journal.ca

Advertising — REP Communications inc.
Ghislaine Brunet
Sales Manager
gbrunet@repcom.ca
514 916-5818

Lise Flamand
Ad Design
lflamand@repcom.ca
514 207-2508

President and Publisher
Serge Therrien

Managing Editor
Aurélia Morvan

Director, Life & Health insurance, Taxation & Investment
Alain Thériault

Director, Analysis, Comparative Market Intelligence & Insurance*INTEL*
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Journalists
Alain Castonguay, Joseph Elfassi, Donna Glasgow, Laurène Jardin, Kate McCaffery, Denis Méthot, Charles Mongeon, Marie-Hélène Proulx, Mehreen Shahid

Graphic Designer
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Accounting
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Something to think about...

> On one side, there are the baby boomer parents; on the other side, their millennial children or other beneficiaries. The goal? To maximize the money that crosses from one bank to the other, while minimizing the money that falls into the river and ends up being taxed. Life insurance is the bridge.

— Lisa Houston

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In this issue...

PERMANENT LIFE INSURANCE

Fewer policies sold than 12 years ago

The number of individual life insurance policies sold annually in Canada is decreasing year over year. This trend is impacting the transfer of wealth to new generations.

BY ALAIN THÉRIAULT | PHOTO BY FREEPIK

According to the *World Life Insurance Report 2023* by **Capgemini**, 60 per cent of individuals aged 65 or older have not sought financial advice from a professional for retirement planning or wealth transfer. This trend is worrisome for the life insurance industry, which relies on permanent life insurance as a cornerstone for wealth transfer.

Despite the apparent demand, with three out of four consumers interested in innovative life insurance offerings to support healthy aging, insurers are lagging in product development capabilities, according to the Capgemini report.

The report projects that by 2050, the global population aged 50 and over could double compared to 1990. In 1990, this demographic accounted for 16 per cent of the world's 5.3 billion people. By 2050, they are expected to constitute 33 per cent of the projected 9.7 billion global population. Capgemini attributes this increase to enhanced longevity and declining birth rates.

"As a result, the retirement protection gap is projected to quadruple by 2050 to USD 400 trillion (over 543 trillion in Canadian dollars) in markets with the largest and most established pension systems," the Capgemini report states.

Meanwhile, the wave of baby boomers retiring is sweeping across Canada. The potential retiree population is substantial. As of July 1, 2022, nearly one in five Canadians was aged at least 65, totaling 7,329,910 people, according to **Statistics Canada** (see the retirement report in the November 2023 issue of the *Insurance Journal*).

Is the life insurance industry ready for the financial asset tsunami that will change hands in the coming years? The decline in insurance sales in terms of the number of policies suggests otherwise.

Alarming statistics

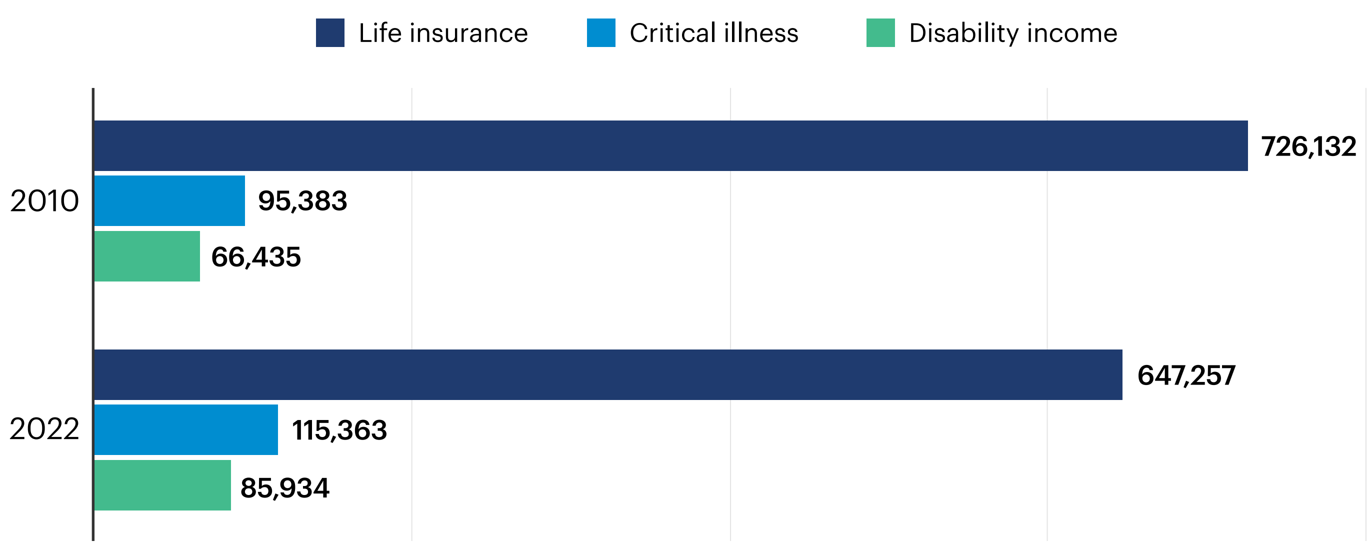
In October 2023, shortly after being promoted to senior vice president, distribution and product development at **iA Financial Group**, **Pierre Vincent** told us in an interview that he wanted to reach more people across Canada. Vincent revealed that the number of life insurance policies sold in the country decreased between 2010 and 2022, citing data from **LIMRA**.


Pierre Vincent

Vincent shared with the *Insurance Journal* a chart prepared by iA using LIMRA data. It shows the industry sold 647,257 life insurance policies in 2022, down from 726,132 in 2010, a decrease of nearly 11 per cent.

According to this data, other insurance products are stagnating. "For disability and critical illness insurance, sales have increased slightly, but with only 100,000 sales for these products per year for 40 million Canadians," Vincent commented. "We still have a lot of work to do in distribution to reach more Canadians," he emphasized, referring to the life insurance industry in general.

NUMBER OF INDIVIDUAL INSURANCE POLICIES SOLD IN CANADA



Source: LIMRA

Alexandr Dudarev

This decrease in the number of life insurance policies is reflected in the Canadian population, according to preliminary data from the *2023 Canadian Insurance Barometer Study*, prepared exclusively by LIMRA for the *Insurance Journal*.

The LIMRA barometer reveals that 57 per cent of Canadian adults have life insurance. About 26 per cent of Canadian adults reported having permanent life insurance, and 18 per cent said they were well-informed about life insurance.

Of those with life insurance, 52 per cent do so to cover final expenses like funeral costs. 34 per cent take out life insurance to transfer their wealth or legacy.

CEO and founder of insurtech **Insurance Supermarket International** (ISI), **Alexandr Dudarev** has transformed his distribution strategy to allow advisors to meet more clients and thus increase their productivity by avoiding physical travel. ISI acts as a distributor for products from its subsidiary, **Speciality Life Insurance** (SLi), underwritten by **Humania Assurance** among others.

ISI will launch a beta version of its digital platform in early 2024. It will now assign client referrals to independent advisors who will meet clients exclusively online (see the article *Distribution: Insurance Supermarket International embraces full digital shift* published on the *Insurance Portal* on November 28, 2023).

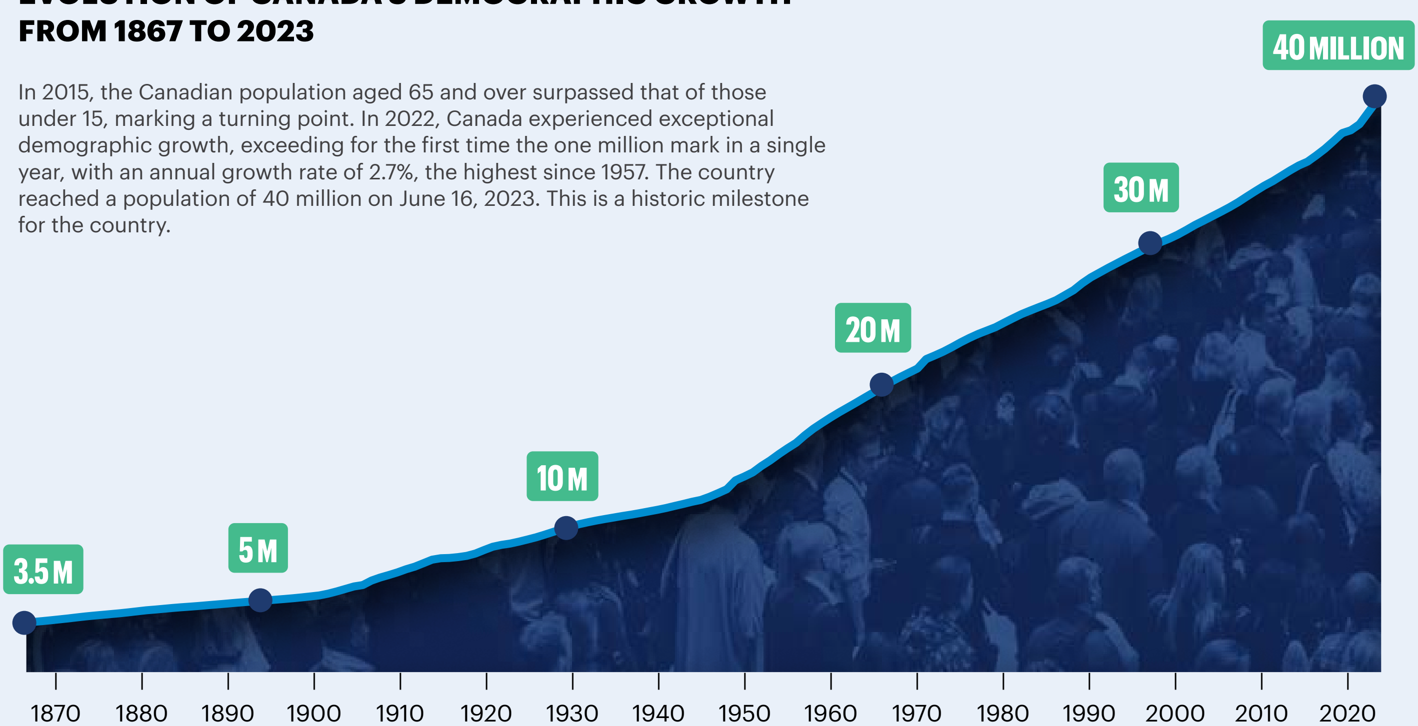
In comments to the *Insurance Journal* following this announcement, Dudarev attributed the decrease in the number of policies sold to advisors targeting high-net-worth clients. The CEO of ISI lamented that the industry is seeing its premiums increase at the expense of the number of policies.

"If you have to drive to the client's location to close the deal and then return to deliver the policy, you will obviously prefer to sell a policy to a plastic surgeon rather than an Uber driver. But for every plastic surgeon using insurance as an effective tax strategy, there are probably 20 Uber drivers who would be greatly affected if they didn't have individual insurance coverage," Dudarev said.

With its new platform, it will be very advantageous for independent advisors to dedicate their time to consumers in the middle-class market. Cutting out travel "is almost like a return on investment," he added.

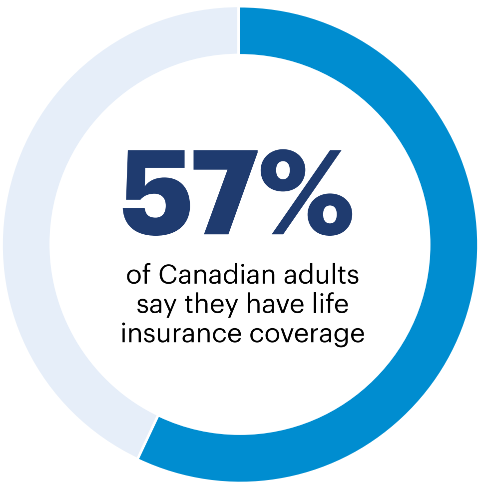
EVOLUTION OF CANADA'S DEMOGRAPHIC GROWTH FROM 1867 TO 2023

In 2015, the Canadian population aged 65 and over surpassed that of those under 15, marking a turning point. In 2022, Canada experienced exceptional demographic growth, exceeding for the first time the one million mark in a single year, with an annual growth rate of 2.7%, the highest since 1957. The country reached a population of 40 million on June 16, 2023. This is a historic milestone for the country.



Source: Statistics Canada

Results from the 2023 Canadian Insurance Barometer Study, by LIMRA



69% indicate having individual coverage

52% affirm having group coverage

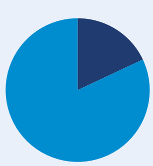
21% say they have both

Why they own life insurance:

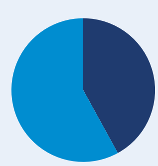
Cover burial/final expenses – **52%**
Transfer wealth/inheritance – **34%**
Pay off mortgage – **21%**

Why they don't buy life insurance:

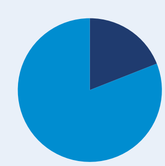
Believe it is too expensive – **53%**
Have other financial priorities – **33%**
Haven't gotten around to it – **19%**



Just **18%** of Canadians say they are very knowledgeable about life insurance



42% of adults say they work with a financial professional or insurance agent



19% say they are looking for one

Should the primary wage earner die unexpectedly...

40% of Canadian adults say their families would be **barely secure or not at all secure financially**

21% say their families would face **financial hardship within a month**

Source: 2023 Canadian Insurance Barometer Study, by LIMRA

WHOLE LIFE INSURANCE MAINTAINS THE LION'S SHARE

According to data from the 2023 edition of the **LIMRA** Canadian Individual Life Insurance Sales Survey, whole life insurance dominated the individual life insurance market in terms of insurance premiums underwritten in Canada in 2022.

At $1.18 billion, whole life insurance premiums accounted for 65 per cent of the entire individual life insurance market in Canada in 2022, a market of $1.81 billion. In comparison, the $279.8 million in premiums underwritten for universal life insurance represented 15 per cent of the market. The remaining 20 per cent belongs to term insurance, with premiums of $351.3 million.

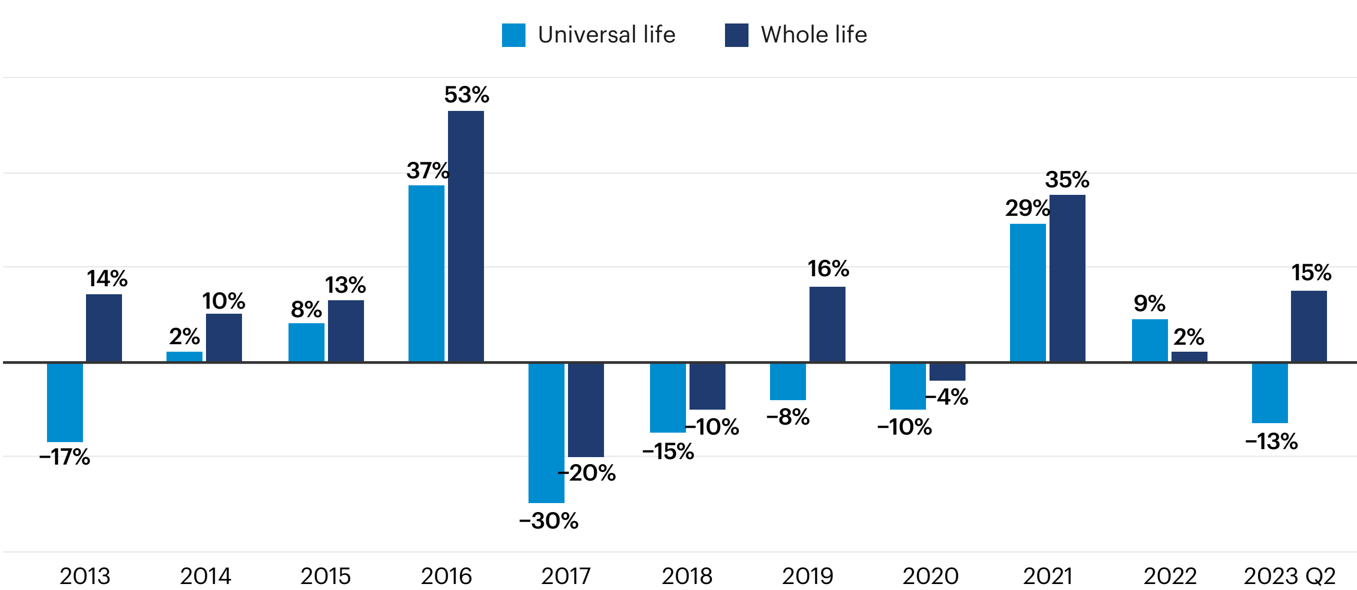
The results in terms of premiums published by LIMRA reveal that universal life insurance sales grew by 9 per cent in 2022 compared to 2021. Whole life insurance sales grew by 2 per cent in 2022 compared to 2021, while term life insurance sales dropped by 9 per cent during this comparison period.

In terms of the number of policies, the share of whole life insurance sales reached 29 per cent of the total Canadian market in 2022, representing 180,937 policies. In comparison, the share of universal life insurance policies sold in 2022 was 19 per cent, representing 117,553 policies. The share of term insurance policies sold in 2022 surpassed the combined share of the other two products. In 2022, the 316,733 term policies represented a 52 per cent share of the Canadian market.

Term insurance generally garners the largest share of policies sold year after year. With a lower premium than permanent life insurance, term insurance allows, among other things, young families to cover income replacement needs in the event of the premature death of a parent. (*Alain Thériault*)

GROWTH BY MAJOR PRODUCT CATEGORY FROM 2013 TO 2023

PREMIUM SALES



For 2023, the data is for the first semester only. Source: LIMRA

Permanent life insurance: A springboard for giving back

Permanent individual life insurance is extensively cited by our sources as an essential tool in the estate planning of a household or a business. Whole life insurance and universal life insurance fall into this category.

BY ALAIN THÉRIAULT

Sébastien Auclair

Lisa Houston

Chantale Vigneault

Andrea Frossard

The sale of permanent life insurance products is on the rise in terms of premiums, reveals the *2023 Canadian Individual Life Insurance Sales Survey* by **LIMRA**. Among these products, whole life insurance has collected the most premiums (see *Whole life insurance maintains the lion's share* on page 10).

Permanent insurance products stand out for their ability to accumulate savings, in the form of cash surrender values, a participating account, or an investment option account (see *Different types of permanent life insurance* on page 14).

Director of individual insurance product development at **iA Financial Group**, **Sébastien Auclair** believes that permanent insurance offerings must be part of the client's overall planning. "Permanent insurance should not be sold as a savings product. If the insurance liquidity is used during the insured's lifetime, there will be a tax impact. It really needs to meet an insurance need, integrated into an overall plan that includes insurance and savings," he explains.

For her part, **Lisa Houston** sees permanent life insurance as a key element of client estate planning. A financial planner at **Sun Life**, Houston tells her clients that she helps preserve their family's quality of life in the event of their death.

Houston also recommends permanent life insurance solutions to her clients for their estate planning. "Some policies can accumulate cash value over time. Clients thus have peace of mind, knowing they have lifelong coverage regardless of any changes in their healthcare requirements. Their coverage does not expire and, depending on the type of policy chosen, the premiums do not increase with age," explains the financial planner.

When meeting with clients to discuss life insurance structured for estate planning, Houston uses the metaphor of the river to explain its value. "On one side, there are the baby boomer parents; on the other side, their millennial children or other beneficiaries. The goal? To maximize the money that crosses from one bank to the other, while minimizing the money that falls into the river and ends up being taxed. Life insurance is the bridge," illustrates Houston.

Paid directly to the designated beneficiaries, the tax-free death benefit helps protect the inheritance, considers Houston. "It significantly increases the amount of money that crosses the river!"

Giving back

Financial security advisor and mutual fund dealer representative at **Groupe Cloutier Investissement**, **Chantale Vigneault** has also positioned herself to facilitate wealth transfer. She has made planned giving her trademark. In the business for 20 years, she recently co-founded **J'assure ma cause Inc.**, a firm that offers a program of the same name in Quebec, Ontario, and New Brunswick.

Under the program, the donor takes out life insurance and designates the charity of their choice as the owner and beneficiary. "Making a planned donation through life insurance is a concrete way to leave a lasting legacy that can grow in value over time, unlike a conventional cash donation," Vigneault said at the launch of J'assure ma cause on November 1, 2023.

In an interview with the *Insurance Journal*, Chantale Vigneault explains that the idea for J'assure ma cause emerged in 2018, through meetings with donors at charity events (see the Magazine Supplement *An advisor stands out in insurance for planned donations*). Vigneault shared her project with the general agent Groupe Cloutier in 2019. She says she worked closely on this file with **Michel Kirouac**, then vice president and general manager of Groupe Cloutier (Kirouac left his position at Groupe Cloutier in March 2023, to dedicate himself to his group insurance firm).

The advisor explains that the insurance solution behind J'assure ma cause is a whole life policy payable over a maximum of 10 years. The donor can pay off the policy cost more quickly, for example, in a single premium. The product, developed four years ago, is a no-medical-exam insurance from Assumption Life. "We requested that the insurance have cash surrender values and paid-up insurance values early on. After the third year of the contract, we can already have values in the program," signals Vigneault.

Under J'assure ma cause, the donor pays the single premium or annual premiums and benefits from the corresponding tax credits. When the donor dies, the capital of their life insurance is paid directly to the beneficiary organization, tax-free.

Vigneault gives the example of a 45-year-old man, a non-smoker in good health. According to the advisor, this man could take out life insurance with a protection amount of $10,000, for an annual premium of $624 to be paid for a maximum of 10 years. “The net donation amount would come to $333 per year due to a tax credit of $291. In total, it therefore amounts to $3,330 ($333 per year multiplied by 10 years) to bequeath $10,000 of life insurance,” explains Vigneault.

This is what she calls the multiplier effect of the donation through life insurance. “Moreover, J’assure ma cause gives an additional $125 to the selected organization, in addition to the life insurance at the time of the insured’s death,” adds Chantale Vigneault.

Carving out a place

Despite such compelling arguments, insurance struggles to carve out a place in the planned giving niche.

Senior vice president, PAR insurance solutions at **Canada Life**, **Andrea Frossard** has suggested a reason for the low share of life insurance in charitable giving vehicles. “One of the reasons why insurance has not increased its presence in the charity donation space is the issue of multiple premium payments,” she summarizes.

She explains that committing to multiple premiums worries both donors and charities: the donor fears the consequences of not being able to meet their commitment; the charity fears having to assume the payments to prevent the policy from being canceled.

Hence Canada Life’s choice to launch on March 30, 2023, a whole life insurance payable in a single premium called *My Par Gift*, emphasizes Andrea Frossard. She says that the product has generated a lot of interest from advisors. She did not, however, want to give details on the product’s sales.

In a previous interview shortly after the launch, Andrea Frossard confided that “the charity donation market is vast and untapped from the life insurance perspective.”

According to a document she then provided, life insurance represented only 2 per cent of assets allocated to charitable giving vehicles in 2018. The assets of these vehicles, be it cash, securities, or other assets such as life insurance, totaled $5.7 billion. The assets

➜

UNPRECEDENTED WEALTH REDISTRIBUTION IN CANADA IN 2022

Insurers paid out $114 billion in benefits in 2022, surpassing pre-COVID-19 pandemic levels by $11 billion, highlights the **Canadian Life and Health Insurance Association** (CLHIA) in the 2023 edition of its annual report Canadian Life & Health Insurance Facts.

According to the CLHIA, this $114 billion is a record amount of benefits. Both whole life insurance and individual universal life insurance contributed to this unprecedented collective wealth redistribution.

The association specifies that $16.1 billion of these benefits were paid in life insurance, including $9.4 billion in death benefits. The remaining $6.7 billion were paid in disability benefits and cash surrender values.

The CLHIA reveals that the industry earned $27 billion in life insurance premiums in 2022, with 83 per cent in individual insurance and 17 per cent in group insurance. It emphasizes that life insurance is purchased by individuals through an agent or advisor in 80 per cent of cases.

Also in 2022, individual life insurance was continuously growing in terms of the amount of protection. According to the CLHIA, it accounted for 65 per cent of the value of all active life insurance policies, compared to 58 per cent in 2012. This growth in value is mainly attributable to term life insurance, which represented 40 per cent of the value of all life policies, against 13 per cent for whole life insurance and 12 per cent for universal life insurance. (*Alain Thériault*) dedicated to charitable giving vehicles could reach $6.5 billion in 2024, according to projections presented in the Canada Life document.

Choosing the product

How to help the client choose the appropriate permanent life insurance for their situation? Lisa Houston relies on listening. “I take into account their wishes and needs, their budget, their age, their health, and their risk tolerance,” says Houston.

The financial planner at Sun Life specifies which type of client each of these products may suit.

Universal life insurance is suitable, according to her, for clients who want flexibility in payments, and also the possibility of managing the growth of funds in a tax-efficient way, thanks to diversified investment options.

Participating life insurance allows for tax-efficient growth of funds through participations, which are managed by the insurer. Lisa Houston recommends this solution to clients who want to increase the cash surrender value and the death benefit, but who do not want to manage the risk associated with the underlying investments.

Non-participating life insurance offers guaranteed premiums, a death benefit, and a cash surrender value. Houston recommends this type of product to clients who want coverage for final expenses or who want to leave a specific sum of money to their beneficiaries.

T100 life insurance offers clients a uniform death benefit. Houston recommends this product to clients who plan to keep their insurance until their death, as it does not have a cash surrender value. She often recommends a universal life insurance contract to clients in this situation.

The place of term insurance

Lisa Houston emphasizes her offer of comprehensive advice. “I help clients establish a financial journey including term and permanent insurance,” she explains when talking about shorter-term temporary products than T100.

According to Houston, term insurance offers modest premiums and short-term protection against the risk of premature death during the client’s capital accumulation phase. Among the examples she gives, the amount of the insurance can provide, among other things, a replacement income, money to pay for children’s post-secondary education, or to repay debts.

DIFFERENT TYPES OF PERMANENT LIFE INSURANCE

In the 2023 edition of its annual report *Facts on Life and Health Insurance in Canada*, the **Canadian Life and Health Insurance Association** (CLHIA) describes permanent insurance as a product that provides lifelong protection.

“In addition to death protection, a cash surrender value accumulates and can be used in case of unexpected financial needs or as a supplement to retirement income. Premiums can be paid for a specific number of years or for life,’ it reads.

The CLHIA describes the two main groups of permanent products:

- Whole life insurance is a type of permanent insurance that covers the insured for life. It provides a fixed premium and the accumulation of a cash surrender value.
- Universal life insurance allows consumers to choose and change the level of premiums and investment options; the insurer assumes the risk associated with death.

According to information available on *InsuranceINTEL*, a comparison site for personal insurance product features owned by the *Insurance Journal Publishing Group*, whole life insurance is divided into two subcategories:

- Participating whole life insurance.
- Non-participating whole life insurance.

Still according to information relayed by *InsuranceINTEL*, the insured can choose between two types of insurance cost when subscribing to a universal life policy:

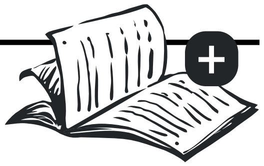
- Universal life with annually renewable term insurance cost.
- Universal life with level (or uniform) insurance cost.

InsuranceINTEL’s database also allows for the comparison of features of Term 100 life insurance (T100) products. Despite its label as a temporary product, T100 has the qualities of a permanent product given its very long coverage duration.

It’s the most affordable permanent insurance option. However, an insured who cancels their policy typically receives no cash surrender value in return.

Director of individual insurance product development at **iA Financial Group**, **Sébastien Auclair** describes T100 as the most standard and least expensive product on the permanent life insurance market. “The insured pays a predefined premium during the life of the contract, in exchange for a fixed insurance protection amount,” he summarizes.

“The issue is that it does not offer much flexibility. If one year the client is unable to pay the premium, it’s problematic,” explains Auclair. He says that the product does not offer cash surrender value or capitalization funds. These values, which accumulate over the years in other types of permanent insurance products, can be used to pay the outstanding premium without forcing the termination of the contract. (*Alain Thériault*)



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- **Artificial intelligence to combat underinsurance** For **PRO** Level members
- **An advisor stands out in planned giving insurance** For **PRO** Level members
- **Several new developments in permanent life insurance** For **PRO** Level members
- **Insurance poised for significant growth... among the wealthiest!** For **PRO** Level members **EXECUTIVE** file

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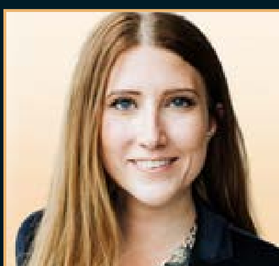
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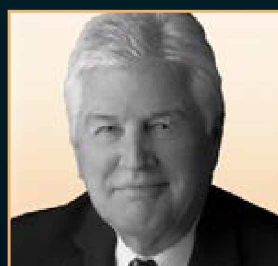
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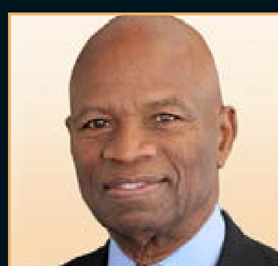
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"Our goal is to inspire you with winning strategies and techniques to fuel your sales and drive your business growth"

– **Serge Therrien**, co-founder of the *Canada Sales Congress* and President and Publisher of the *Insurance Journal Publishing Group*

"If you want to learn the secrets the masters use to sell life insurance, you have to be at the CSC. Top advisors. Top ideas. Top ways to be your very best."

– **Jim Ruta**, Master of Ceremonies, Renowned industry consultant, speaker, author and CSC Co-Founder

Here's what participants from last year had to say about their experience:

"Any time someone gets to hear the Top 1% Producers of the business, it is always a good idea."

– VivonaV., Managing Partner

"So many valuable takeaways that can be implemented in my own business to help me grow."

– Karen S., President

"Number 1 session in Canada for advisors."

– Clarke D., Sales Manager

"It was amazing to hear about all of the different life stories and experiences that brought the speakers to where they are today. I felt I could incorporate their insights into my sales processes."

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– Bob F., Financial Advisor

"The speakers were wonderful. Refreshing to hear about specific sales ideas instead of product."

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RECREATIONAL CANNABIS LEGALIZATION

5 years later: A reassuring assessment amid looming concerns

Legalized in Canada since October 17, 2018, has the purchase and possession of cannabis for recreational purposes led to the negative repercussions that detractors of the *Cannabis Act* feared five years ago? The verdict: a catastrophe has not occurred, but many fears and risks remain.

BY CHARLES MONGEON
ILLUSTRATION BY ADOBE STOCK

In Canada, cannabis consumption is on the rise. According to the most recent data from the *Canadian Cannabis Survey*, more than a quarter of Canadians aged 16 and over, or 27%, have used cannabis at least once in the past year. In 2018, this annual **Health Canada** survey set the figure at 22%.

These increases are in line with those observed before legalization, notes the **Institut de la statistique du Quebec**. "The prevalence of cannabis use in the past 12 months was already increasing among the population aged 15 and over in Canada (12% in 2015 versus 15% in 2017)," summarizes the Institute in its latest annual report on the subject.

However, the overall trends show significant disparities when examined by age groups. In Quebec, for example, fewer young people aged 15-17 have tried pot or any THC-containing derivative in the past year (-3.8 percentage points compared to 2018), but the situation is different for those aged 25-34 (36.5% consumed cannabis in 2022 versus 25.8% in 2018), those aged 35-54 (20% versus 12% in 2018), and those over 55, where prevalence has almost doubled (8.5% versus 4.5%).

Caution and concerns...

With whom, in what form, how many grams, at what time, why, before driving or not... Meticulously quantified every year by Health Canada with more than 100 tables and by the Institut de la statistique over more than 150 pages, cannabis consumption produces a huge volume of raw data. But what conclusions can be drawn?

"Five years is still premature to draw conclusions," judges **Jean-Sébastien Fallu**, professor at the **School of Psychoeducation at the Université de Montréal**. "There are so many variables to consider. Including the COVID-19 pandemic, which is documented as having favoured certain consumption. Not just cannabis, but alcohol. When looking at consumption data, it's very difficult, if not impossible, to separate the effects of legalization from those of the pandemic."

At the **Institut national de santé publique du Quebec** (INSPQ), caution and consideration are also in order in the face of rising statistics. "Prevalence, the proportion of people who report consuming, has generally increased, but that was expected."

Scientific advisor **François Gagnon** explains that the large-scale distribution system put in place could only facilitate certain consumption for a part of the population without contact with the clandestine market. "So we accept this increase," he says, while keeping an eye on the dashboard of how often cannabis product enthusiasts indulge.

Smoked, ingested, in the form of oil or oral patches, drops, ready-to-eat or self-cooked, for recreational purposes or to treat some pain: it is estimated that 42% of Quebecers who have used cannabis in the year have done so on average less than one day per month, 19% occasionally (1 to 3 days per month), and 38% regularly (1 to 6 days per week) or daily. Nationwide, 25% of enthusiasts use the substance every day or almost every day.

Sébastien Fallu

"In Quebec, we maintain about the same proportion, in recent years, of daily or almost daily consumers," indicates Gagnon. "But that also concerns us, especially if it continues long term. Because combined with the increase in prevalence, it makes more daily consumers each year."

In Toronto, **Dr. Bernard Le Foll**, a research physician at the **Centre for Addiction and Mental Health**, is monitoring the overall increase in cannabis use in Canada. He notes the growth in the number he already considers "significant" of people who use cannabis on a daily or almost daily basis. "It's a bit alarming, because we know they're at greater risk of complications, either of addiction or mental health. It's something to watch closely..."

Dr Bernard Le Foll

Dr. Le Foll has not yet witnessed a notable increase in psychiatric admissions related to cannabis and its legalization. An increase in cannabis-related problems was already observed before October 2018, he notes. He specifies that "the psychiatric impact" of the substance is most often seen in users who have a particular risk profile, such as family history of schizophrenia or addiction, combined with intense consumption.

Increased prevalence without raising a red flag: the specialists consulted by the *Insurance Journal* arrive at the same conclusion. But vigilance is necessary, according to them. **The Canadian Centre on Substance Use and Addiction** (CCSUA) states in this regard that "close monitoring of public health, public safety, and overall social impacts of legalization is essential to limit harms and maximize the benefits of legalization." To be closely followed by the organization: new trends related to products, including the increase in vaping among young people, the mental health of consumers, emergency room visits related to cannabis, and driving while impaired. ➜

LOSS OF CONTROL OVER CONSUMPTION

Statistics Canada estimates that 4.7% of cannabis users aged 15 and over have lost control of their consumption. This estimate, based on data from the *Canadian Community Health Survey* (CCHS), also highlights that "male individuals, aged 18 to 24, single or never married, belonging to a low-income household, diagnosed with anxiety and mood disorders, and having started consuming cannabis at age 15 or younger" are at increased risk of losing control. Loss of control particularly means that the consumer often or always felt worried about their consumption while finding it very difficult or impossible to stop using cannabis.

Youth and mental health at risk: Nothing proven

A consequence of the legal age raised to 21 by Quebec in 2019? No one dares to affirm it. However, cannabis consumption among young people aged 15 to 20 has slightly decreased since 2018. If the good old joint preferred by previous generations has lost popularity, the cloud of smoke, although less dense, hides other concerns.

Vaping worries observers. "From the perspective of health and public safety, the increase in cannabis vaping, especially among young people and young adults, is concerning," judges the CCSUA. In Quebec, among 15-17 year olds, the proportion of cannabis users who admit to having vaped has risen from 25% to 70% between 2019 and 2022. Among 18-20 year olds, from 23% to 46%. Public health stakeholders fear the effects on young people of these products acquired from illegal sources and whose THC concentration is generally higher than that found in products from the **Société québécoise du cannabis** (SQDC).

"If we talk about products that are not for sale in Quebec, for example vaping products, we often see THC concentration rates that are around 70% or 80%," explains François Gagnon. These products are easily accessible with a few clicks on the Internet.

We feared, and still fear, the possible and eventual repercussions on young people, both cognitively and in terms of mental health, such as lasting effects on memory, learning abilities, etc.

"It's true that the brain is plastic until 25 years old, but what empirical data from studies show is that the effects of cannabis on mental health and cognitive functions are mainly for consumption before 17 years old," argues Professor Jean-Sébastien Fallu. "That's where we see a difference between consumers and non-consumers. From 17 years old, the studies are mixed... It's very theoretical, this risk to the brain before 25 years old. But anyway, alcohol causes much more well documented, more significant, even irreversible, damage to the brain than cannabis."

Admitting surprise at the extent of the debate on the effects of cannabis on the mental health of young people five years ago, Fallu seems reassured. "So far, we can't say that there are statistics showing an increase in psychoses or mental health cases. If young people are not consuming more than before, why would there be more mental health problems than before?"

According to him, the main risks hanging over Quebecers under 21 years old are attributable to the ban imposed on them from frequenting SQDC sales outlets.

"About one in three young people aged 18 to 21 in Quebec reports having consumed in the last year. That's a lot of people! And they supply themselves on the illegal market, where there is no quality control, where they do not know the THC rates, which are generally higher, where there is no access to education about how to consume. We suspect that the ban on buying at the SQDC explains why vaporizers are so popular among those under 21..."

Public health protected? Yes, but...

Controlled quality, well-displayed THC levels, contaminant-free products: legalization has had positive effects on public health, according to stakeholders.

However, hospitalizations related to cannabis, as a primary or secondary reason, are slightly on the rise in Quebec, particularly. François Gagnon explains this by better management by doctors and hospital staff, more aware and now more able to detect cannabis. "Although the increase in THC levels could explain part of the variation in hospitalizations," says. Gagnon.

On the front of cannabis-related intoxications, a slight increase is also noted in Quebec in recent years, "but less than elsewhere," notes. Gagnon. He attributes this record to the government's choice to ban the sale by the SQDC of sweets, treats, and other products that can be attractive to children when improperly stored by adults.

On the radar

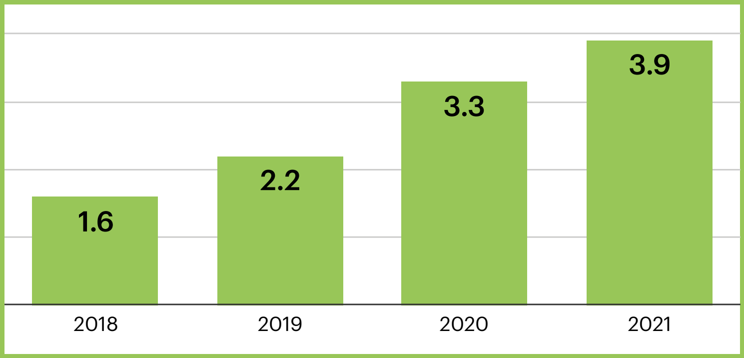
Should we be concerned about negative repercussions on public health due to increases in cannabis use in the coming decades, as the supply of both legal and illegal markets diversifies and consumers opt for products with higher THC content? François Gagnon believes that the "fairly reliable" indicators of prevalence and frequency allow for short-term reassurance.

However, Gagnon questions, "What will we discover in 30 or 40 years? We can suspect that, as with tobacco or alcohol, it's in three or four decades that we'll see

A SECTOR "IN EXCELLENT HEALTH"

In its *Annual Cannabis Report for the year 2021*, the firm **Deloitte** describes the cannabis industry as a sector "in excellent health" that generated sales of 11 billion dollars (G$) in Canada from legalization to the end of 2021. It calculates that, during these three years, the cannabis sector contributed to Canada's gross domestic product (GDP) to the tune of 43.5 G$, of which 25.2 G$ were labour income from 98,000 jobs. The total GDP of Canada is just over 2,000 G$ annually. The firm **Brightfield** believes that the legal cannabis market should generate annual sales valued at 8.6 G$ by 2026.-

Cannabis Sales Revenue in Canada Since 2018 (in billions dollars)



Source: Deloitte.

the full implications of the choices we've made. Some people say we know about as much today as we did in the 1950s about tobacco. Until we have a more detailed picture of all the ins and outs, we adhere to a cautious stance. But we do not wish for a continuous increase in the prevalence, frequency, and THC levels in products..."

"We're seeing not only the emergence of edible products but also vaporizers, cannabis extracts, which are legal in Canada but not in Quebec, and also shatters, which are very potent products," explains Jean-Sébastien Fallu. They can be consumed responsibly, except some people treat them as ordinary cannabis." According to him, these new modes of consumption are "to be monitored."

The increases in prevalence do not worry the professor of psychoeducation. "If we reached rates of 100%, there might be issues. But it's also necessary to look at the overall picture and evaluate the judicial cost of prohibition and its stigmatizing effects. I am one of those who believe that the prohibition of a product like cannabis is worse than its legalization."

Dr. Le Foll speaks of the necessity to properly inform the public. "We really need to ensure that we continue to educate the public about the risks associated with cannabis and try to reduce the prevalence of risky consumption. There will always be people who will use cannabis in Canada, but measures must be implemented so that a larger fraction of users do so in a non-harmful way."

Little upheaval among insurers

In 2018, just before the legalization of recreational cannabis, the **Canadian Life and Health Insurance Association** (CLHIA) anticipated an increase in authorizations for access to therapeutic cannabis. But the reality has been quite different. While some companies had chosen at the time to add the option of therapeutic cannabis to their healthcare coverage, with the demand then increasing, the situation has changed in recent years. "Since cannabis was legalized for recreational purposes in 2018, the demand for coverage of therapeutic cannabis has dropped," summarized **Dominique Biron-Bordeleau**, senior manager, public and governmental affairs, for CLHIA-Quebec, to the *Insurance Journal*.

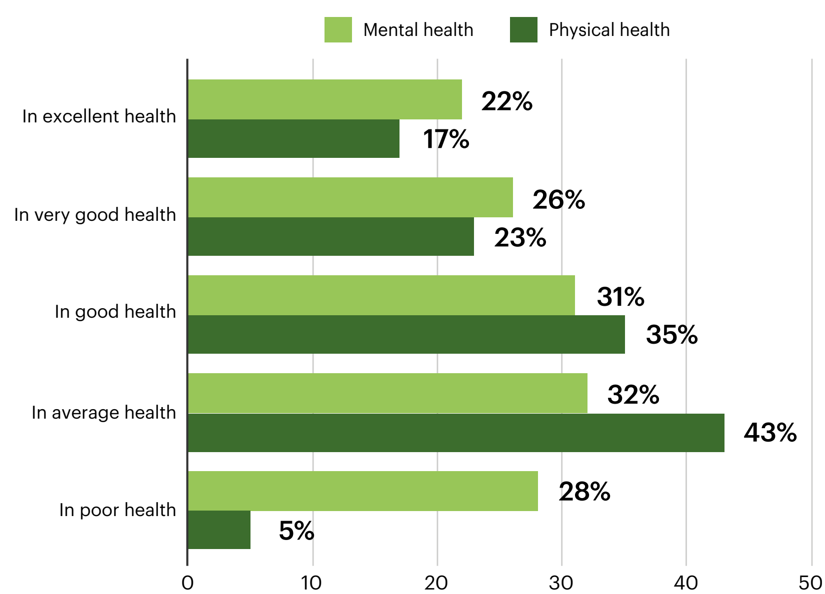
At the **Insurance Bureau of Canada** (IBC), the legalization of cannabis seems to have been a non-issue. **Anne Morin**, public affairs manager, indicated to the *Insurance Journal* that the subject had not been brought to the attention of any committees responsible for analyzing issues that the property and casualty insurance industry might encounter. Only a few calls were received by the Insurance Information Centre, and according to Morin, they mainly related to the number of plants that could be cultivated (which is prohibited in Quebec, but not in other provinces) or difficulties in renewing home insurance.

In the long term, should insurers keep an eye on any particular indicator? The risks that cannabis use poses to the health of consumers are difficult to quantify, according to Dr. Bernard Le Foll. "Historically, we don't have really precise data," he says. "The exact risk of developing a cardiovascular or pulmonary disorder, or cancer, is still debated at present. Over time, as more people report using cannabis, data will emerge more clearly, and we will gradually be able to estimate the risk in terms of mortality and morbidity, if applicable. But it will take time..."

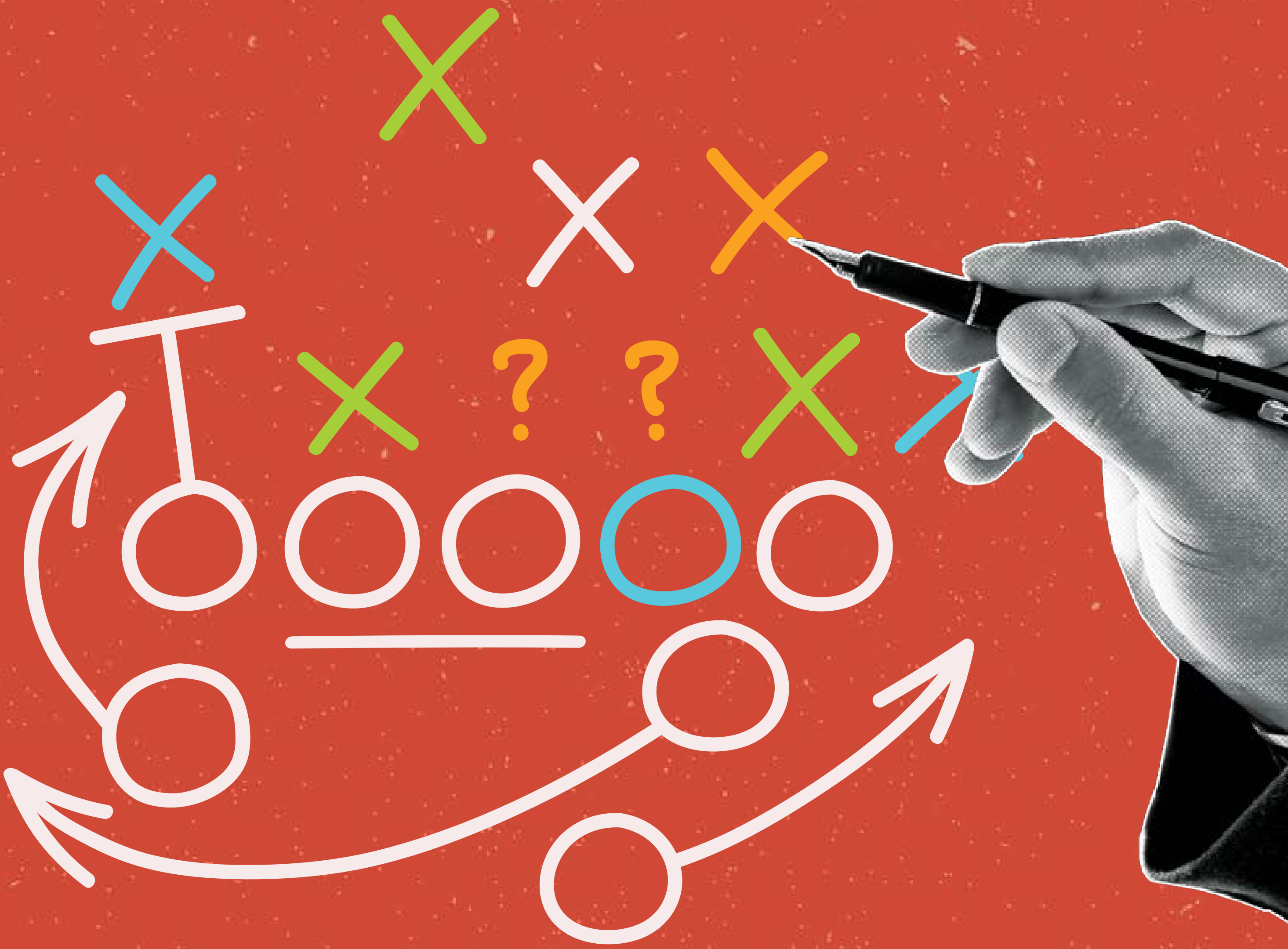
THE ILLEGAL MARKET STILL PRESENT

"The way it was formulated in the federal law, in 2018, we couldn't fail..." Professor **Jean-Sébastien Fallu** believes that the *Cannabis Act* did indeed have the effect of reducing the market share of organized crime in cannabis sales. The illegal market would now only account for 40% of sales, compared to 60% going to the legal market. The *Cannabis Act*, he points out, does not set a target for reducing the illicit market.

CONSUMPTION BASED ON CONSUMERS' SELF-ASSESSMENT OF THEIR PHYSICAL HEALTH



Source: Quebec Cannabis Survey 2022.



INSERERS' STRATEGIES IN 2024

Solving equations with multiple unknowns

Technology, cyber risk, climate change, car theft... in exclusive interviews with the *Insurance Journal*, **Canada Life**, the leading life insurer in terms of market share in Canada in 2022, **Intact**, the leading property and casualty insurer in terms of market share in Canada in 2022, and their competitors are addressing the challenges that will mark their year 2024.

REPORT COORDINATION BY AURÉLIA MORVAN
TEXTS BY JOSEPH ELFASSI, KATE MCCAFFERY, CHARLES MONGEON, MARIE-HÉLÈNE PROULX, MEHREEN SHAHID

LIFE INSURANCE

P&C INSURANCE

***Lloyd's Canada** declined our interview request, **TD Insurance** expressed a desire to speak with the *Insurance Journal* in the coming months, and **Manulife** did not respond to our inquiries.

Canada Life focused on advisor and client experiences

Chief operating officer says acquisitions signal commitment to independent wealth management.

BY KATE MCCAFFERY


Jeff Macoun

Jeff Macoun, **Canada Life** president and chief operating officer (COO) for Canada says he's never been as positive as he is today about the prospects for growth in areas of the company's business he oversees. He's particularly enthusiastic about advisor development and independent wealth management.

"Advisors are really the key to our success," Macoun says. "It's our mission to become the leading destination for entrepreneurial advisors and their clients."

This strong conviction – that the independent advice sector is one that is growing and worth growing – lead the company to make two major acquisitions in 2023: **Value Partners Group Inc.** was announced in June and acquired in September 2023, while the acquisition of **Investment Planning Council Inc.** (IPC), closed in November 2023.

At the time the Value Partners deal was announced, the company said following the close of both acquisitions, Canada Life is expected to have more than $89-billion in assets under administration. Today, when combined with the assets under administration with **Financial Horizons Group**, Macoun puts that number at $97-billion.

Focus on wealth management

Value Partners Group, a Winnipeg-based investment firm made up of **Value Partners Investment Council**, **Value Partners Investments** and **LP Financial Planning Services Ltd.**, is known for serving complex and sophisticated wealth needs. IPC, meanwhile, is a wealth management platform for independent advisors and their clients. Over time, the company says it expects to build a single end-to-end wealth platform.

"IPC's mutual fund, securities and discretionary dealer platforms mean advisors can grow their practices in support of the changing needs of their clients and do so within the evolving regulatory environment," Macoun stated, at the time the deal was announced. "Canada Life and IPC will offer independent advisors practice management, planning and succession support that will help then ensure continuity of advice and service for clients."

In the IPC deal, Canada Life will reportedly pay cash totalling $575-million for the company. The price paid to Value Partners stakeholders and founder was not made public. Since the deal was announced, several executives have stated that the company's future focus will be on organic growth. In April, Canada Life's CEO, also the CEO of parent company **Great-West Lifeco**, also alluded to the possibility the companies would make further investments in market consolidation that support the same strategy.

"IPC and Value Partners signal our commitment to growing in this segment as we head into 2024," Macoun adds today. "I can't tell you how excited I am about our opportunity in the wealth business."

Customers and advisors

For both clients and advisors, then, the company's focus would appear to be on three things – creating choice, ease and flexibility for those who need to interact with the company. "We're guiding Canadians to reach their potential every day. That's our consumer focus," Macoun adds. "We've never been more focused in terms of our goals."

The president and COO was also able to discuss digital (a core focus, he says), artificial intelligence (AI) uses, cyber concerns and staffing.

"We have been extremely fortunate to be able to attract specialized talent. Good talent attracts good talent," he says, adding that the company makes a point of providing tools and support. "We also recognize that employees have choice. There are lots of good employers in the marketplace. It's up to us to provide an environment that works for employees."

Regarding advisors, then, he says it's necessary to continually earn that business – a job the company takes seriously. "If you're an entrepreneurial business person, we don't think there's any better place than Canada Life to be a partner," he says. "Being a partner with our advisors, fulfilling our goals and missions and helping Canadians every day. I cannot get enough of that."

During his long tenure with the company (Macoun has risen through the ranks over the course of 30 years until he was appointed to the position he holds now in 2018), he says he has never been more motivated.

"I'm not sure I've ever been as positive and motivated for our customers and our advisors and our staff as I am right now in terms of the good work that the company is doing," he says. "(We're) fuelled by an amazing brand and high engagement scores and supported by strong momentum from our board to make it happen. Those are sort of motherhood statements, but it's a good feeling."

Sun Life Canada focused on Canadian's health in 2024

Creativity today will be needed to effectively meet client needs in the future.

BY KATE MCCAFFERY

Sun Life Canada has a relatively unique priority for itself going forward into 2024, that is to become a more creative company.

To be sure, the company's executives don't ever stray far from its overarching mantra and purpose: "To help people achieve lifetime financial security and live healthier lives." That said, the drive for creativity and a renewed focus on the health side of that equation are two commitments **Jacques Goulet**, president of Sun Life Canada makes when discussing the company's near-term plans for the coming year.

"We've given ourselves a goal to become the most creative company in our industry," Goulet says. "Today's creativity is our insurance policy for tomorrow's successes."

Trying to stand out

That creativity in the past has resulted in the launch of digital financial planning tools before the COVID-19 pandemic made such things commonplace. **Sun Life Global Investments**, the company's mutual fund arm, meanwhile, has attracted more than $54-million in assets under management since its launch in 2010, according to the president.

Goulet also says Sun Life was one of the first carriers to offer coverage for medical cannabis and points to the support available to those seeking gender affirmation coverage through their extended benefits plans. Going forward, Goulet says he is tasking underwriters with the job of making certain coverages more attainable. Everything from suicide clauses to diabetes coverage would appear to be on the table.

"Hopefully the industry will change. But if others don't do it, we'll do it ourselves," he says. "From an actuarial point of view, it will make things a bit more complicated. Often, we're challenging the teams."

Meeting that challenge in 2023, Goulet says his teams successfully delivered a new product designed to be helpful for Canadians living with diabetes. The product is designed to address the needs of nearly 50 per cent of those with diabetes who are rated and denied outright when they apply for coverage.

"A key way in which you achieve financial security for your family is to have insurance in the event that something unexpected happens," Goulet says. "We're committed to this cause globally, and yet turned down one out of two. This is not good enough." In the spirit of creativity, he says the teams charged with the task of addressing this inequity came back with the signature solution product which gives the rated clients a term life policy provided they follow a chronic disease management program. Goulet says the product will be more widely available in 2024.

Health in the viewfinder

Also going forward into 2024, Goulet returns to the subject of helping Canadians address their health needs. In 2023, this focus showed up in at least three deals the company entered into during the year, including the company's acquisition of health and wellness virtual care provider, **Dialogue Health Technologies Inc.** in October 2023 and the launch of **Lumino Health Pharmacy**, in partnership with full service digital pharmacy services provider, **Pillway** in June. The company is also the recipient of an early work agreement with the federal government, worth $15-million, to undertake pre-contractual work to ensure the timely launch and successful operation of the *Canadian Dental Care Plan*, designed in turn to support up to nine million uninsured Canadians with net incomes below $90,000 who need dental care.

The work it is undertaking on behalf of the government includes recruitment, information-technology planning and business planning.

"It's becoming more and more important for companies like ours to look after the health of our clients," Goulet says. "We're going to continue to put a lot of emphasis on the health side, deepening our focus there. Same thing on the wealth side. We're expanding the number of advisors that we're working with."

Jacques Goulet

In 2024, he adds that it will be a priority for Sun Life advisors to provide a basic financial plan to all clients.

"Digital remains something that is very important to us. A lot of what we invest in these days is digital by nature," he adds.

Artificial intelligence will augment the service Sun Life's representatives are able to provide, as well, as it is currently being used in straight-through underwriting and customer service. Attracting and retaining those with the specialized skills needed in digital and cybersecurity roles is also something the company does effectively, Goulet adds. "Generally, I would say we're quite lucky in terms of our ability to attract and retain talent," he says. "That's something I'm quite proud of because I would say we do that quite well."

All of this will remain a concern for the executive, he says, but the primary drive for the company in 2024 will be to meet more client health needs directly with its products and services.

Strong capital position sets the path for iA Financial Group

Having just completed the implementation of its latest four-year strategic plan, the insurer will work to plan for the future.

BY MEHREEN SHAHID

A 10-year strategy of investing in the less capital intensive segments of the insurance sector put **iA Financial Group** in a secure capital position leading up to 2023.

"We have [Cdn] $1.8-billion of capital that could be deployed to acquisition or additional organic initiatives," says **Denis Ricard**, president and chief executive officer of iA Financial Group. "At the end of the day, if we can't deploy it, we can buy back shares."


Denis Ricard

And the company keeps adding to the capital through high earnings and profits.

The Québec-based insurance company boasts robust year-over-year growth in the last five years. According to numbers Ricard shared in a year-end interview with *Insurance Journal*, iA sales have grown to $387-million in 2022 from $191-million in 2018, with a slight dip to $188-million in 2019 (all figures in Canadian dollars, unless otherwise indicated).

"We're pretty pleased, even with the macroeconomic unstable market. Individual and segregated funds are doing great," Ricard says. In the first six months of 2023 alone, iA advisors sold 113,244 policies valued at $178-million.

Ricard says iA also benefited from implementation of the new IFRS 17 accounting standards that came into effect for annual reporting periods beginning on or after Jan. 1, 2023, with earlier application permitted as long as IFRS 9 was also applied. The accounting change, he says, was huge for the industry overall, but especially for iA. The new accounting standards served to cement iA Financial Group's top position in the industry Canada-wide.

"It's been mainly positive in terms of the transition and impact on book value," he says. "What we have recognized in the past as profit has been good. For most of our peers, it's been negative because the book value went down during the [accounting] transition."

Distribution

iA, Ricard says, has also consolidated its leadership position with 25 per cent of marketshare in insurance and is number one in the segregated funds sector, because people are moving more and more toward guaranteed investments.

But product offerings are only one part of the secret to growth.

"The way we deliver the products is also important," Ricard says. "We've been ahead of competition, even during the COVID-19 pandemic. Advisors were able to sell our products using digital tools that already existed."

iA Financial Group's extensive distribution network enables us to reach customers in all Canadian markets, but there's always room for more expansion. A step in that direction was iA's acquisition of the US-based individual insurance carrier and digital agency, **Vericity** for US $170-million.

"We can do a better job of offering related products to our clients proactively," Ricard says. "Technology will help us identify these situations and providing leads to the advisors, so they can put together product offerings. We still need to fine tune how this relationship will work."

Operating costs

The above elements, he says, provided iA with a good moat during the pandemic and continue to do so even now.

When talking about how inflation affected iA, Ricard says, a rise in interest rates worked in the insurance industry's favour.

"For a life insurance company, higher insurance rates is positive in the long term. We have long-term commitments and liabilities, so we need to invest long term. So when interest rates go up, we benefit."

But higher inflation also means higher operating costs, he says.

"It's a challenge, because salaries are increasing higher than before, so it's important for us to be diligent and make the right investments, such as in technology. We have to be disciplined in setting priorities and growing the business."

Another way of saving on operating costs is by allowing advisors to work from anywhere during and after the pandemic.

"We have a [work from anywhere] philosophy that's standing out in the market," Ricard says.

Maintaining the pace

The steady pace set over the last few years is how he sees iA progressing over the next few years, too.

There's no revolution coming, as iA just finished implementing its latest four-year strategic plan, Ricard says. The next step is to launch the 2030 Plus strategic plan, which the board will begin working on soon.

In the meantime, iA will continue to build on technology-based solutions, using artificial intelligence.

Another future focus of iA is improving the global customer experience.

"Now it's customer-first and distribution second," Ricard says. "It's to bring the customer more solutions. That means more data and using AI or other tools to help the advisors be more productive in bringing more solutions to the client."

Healthy year of new sales pushes Desjardins Insurance higher in rankings

In 2024, the insurer will keep an eye on the continued growth of individual insurance, without abandoning group insurance.

BY MEHREEN SHAHID

A rise in new sales made 2023 a very happy new year for **Desjardins Insurance**, whose market share went from 3.2 per cent to 3.8 per cent, allowing the company to go up to 7th place in the overall market.

"It's the consequence of the last three years," says **Chantal Gagné**, senior vice president, life and health insurance at Desjardins. "We've made investments in our service levels, product offerings and process fees."


Chantal Gagné

It was a good year for Desjardins group benefits, too. A specific kind of growth was seen in that category, with 15 per cent of the insurance company's group insurance clients adding gender affirmation coverage for plan members, shares Gagné in a year-end interview with *Insurance Journal*.

A real highlight for the year, she added, was the company's ability to accelerate its digital transformation in tools offered to plan members.

"We launched the accumulators, which allows our clients to know how much they have spent so far this year on each [feature] of their coverage. We also launched the virtual group benefits card on the **Apple** *Wallet*."

For the next few months, Dejardins will continue working on full digital adhesion of new members to group plans. Other improvements in the digital claims experience are also expected to begin in 2024.

The overall growth in individual insurance for Desjardins was 20 per cent, says Gagné. Growth was seen specifically in Desjardins' *PAR* product, in which sales increased by 60 per cent compared to 2022. *PAR* product, which represents about 55 per cent of Desjardins' individual insurance sales, now offers a unique short-term payment option for clients, she explains.

Growth

Desjardins saw more than sales growth in 2023. The company launched the year by moving ahead with its acquisition of three **IDC Worldsource** entities from **Guardian Capital Limited**.

Dejardins acquired **IDC Worldsource Insurance Network Inc.** (IDC WIN), Canada's leading life and health insurance managing general agency, **Worldsource Financial Management Inc.** (WFM), a mutual fund dealer and **Worldsource Securities Inc.** (WSI), an independent, full-service securities dealer.

There's strength in numbers and now more than 5,000 insurance and financial advisors served by IDC WIN, WFM and WSI across Canada have been added to Dejardins' arsenal.

"This is something big for Desjardins," Gagné says. The move positions the company well to achieve its future intentions in capturing more marketshares.

But it wasn't always smooth sailing in 2023; inflation had both positive and negative repercussions for the company, as it did for other insurance entities.

"In the life and health division, high interest rate is positive in terms of profitability of business because we're investing money in long term," Gagné says, talking about the positives of inflation.

However, she adds, inflation was tough on Desjardins' members.

But the company did its best to give members flexible options to continue paying their premiums and not to lose out on their investment due to the economic crunch.

Similarly, if someone had credit insurance with Desjardins, Gagné says, the company offered solutions to prevent members from removing this feature as an expense they could no longer afford.

For the coming year, Desjardins is keeping its eye on continued growth in individual insurance.

"At Desjardins, 90 per cent of our sales are done by captive networks or exclusive networks. We want to continue within all our networks and start to be well known in the independent network," Gagné says.

Technology

The way forward is digital. That's why the insurance company is making investments in improving and equipping its advisors with technology and digital sales tools to make doing business easy.

"Most of the improvements we are working on are related to our e-app and *WealthServ* – both with the objective to simplify the life of advisors,"Gagné says. "Desjardins started this end-to-end modernization in the last three years. We've done it from underwriting to the end point in claims. To me, it's key in becoming [a] Canadian leader in client experience."

It's not just the advisors that are getting digital tools to play with, clients will also be able to experience a digital shift by way of being able to file claims and access plan features online.

Improved offers

To continue a healthy growth in 2024, Desjardins is evolving its *PAR* product to better answer the needs of high-net-worth clients.

Gagné says this is being done by offering an additional deposit option (ADO) that allows policy owners to make flexible payments within certain limits, in return for more benefits or to buy paid-up additional life insurance.

On the group benefits side, the focus is more preventative through global investments in mental health research.

Culmination of integration highlight for Beneva's year

The savings made through cost sharing allow the insurer to achieve its objectives.

BY MEHREEN SHAHID

Beneva's year began by wrapping up its three-year integration of **La Capitale** and **SSQ Insurance**.

"This year was the final stretch," says **Jean-François Chalifoux**, president and chief executive officer of Beneva, a Québec-based insurance company. "We became the largest mutual benefits insurance company in Canada with 2.8 million members and 3.5 million insured people being served by 5,500 devoted Beneva employees across Canada."

Chalifoux says the amalgamated brand was launched in December 2020, but the company didn't conduct an official marketing campaign until a year later.

There's now a 74 per cent brand awareness in the province of Québec, he says, indicating that Beneva is ranked number one in group insurance in Québec with 27 per cent marketshare.

"It's still a little less known in Ontario and Eastern Canada, but we're within our 10 per cent target of brand awareness in those areas."

He says there's need to conduct more mass marketing campaigns in Ontario, where people are aware of Beneva via its property and casualty insurance (P&C) subsidiary, **Unica Insurance**.

Developing growth and notoriety

To build wider brand knowledge, Beneva is investing in the community.

"We're gaining grounds through community partnerships," Chalifoux says, "we're the title sponsors for the first *Mississauga Marathon* in 2024."

The company has also launched a new advertising campaign geared toward informing financial advisors and intermediaries about Beneva and its products and offerings as it grows.

"We're growing profitably," Chalifoux says. "We're growing both in Québec and Ontario in commercial P&C. In fact, all of our product lines are growing."

Beneva is positioned 4th in Québec and 5th in the country for Individual insurance and annuities.

Chalifoux says Beneva is ahead of its sales targets in all major lines of products. As of June 30 this year, the company ranked 2nd in the Canadian market with respect to net entries in investment accounts.

"There's a bit more pressure on new sales in all of our divisions as consumers are struggling with rising costs. The demand is certainly lower and it's a bit challenging to bring in more sales, however, the business volumes are there."

Lowering the costs

Beneva owes its ability to achieve its targets to savings realized from lowered operating costs.

On individual insurance and financial services front, Beneva continues to build its investment offerings.

On the group life and health insurance front, the company is focusing on systems implementations following the complex migration as the two companies merged with Beneva.

Chalifoux says attention is now on sustaining the momentum.

"We don't emphasize growth but we're focusing on cost containment in the context of rising dental, drugs, and claims costs."

This has been a trend in the insurance industry for some years now, he says.

"In group life and health, drug costs continue to rise in double digits. In the dental care side, we see numbers rise around 10 per cent. We have not seen that in the last decade," Chalifoux says.

To deal with these effects of inflation, he says Beneva is developing what product listing agreements (PLAs) with drug manufacturers to reduce the costs of claims.

"We're also using a biosimilars strategy to contain the cost of drugs," Chalifoux adds.

And just as generative artificial intelligence (AI) has grabbed everybody else's attention, it's also on Beneva's radar.

"We're using AI to identify potential fraudulent cases and keep claims down," Chalifoux says. "Leveraging generative AI is the way to go into the future to reduce our own operating costs and alleviate the pressure on rising claims costs."

"We're launching our new system deploying modern technology, streamlining processes and eventually bringing costs down," he explains.


Jean-François Chalifoux

Mental health

Inflation wasn't the only factor on the rise during the COVID-19 pandemic. Mental health also became an issue that demanded more attention.

"We see a rise in anxiety-related drugs, trending up 30 per cent in our own data for people below 35 years," Chalifoux says.

That trend has lead Beneva to sit up and pay attention to the need to invest in health and wellness.

"We're spending in partnership with Telus Health," Chalifoux says. "We're doing a lot of research and effort in partnerships with other companies on bringing innovative solutions to the marketplace so that people are capable of self-managing their mental-health needs."

Internally, Beneva is expanding its employee assistance program on mental health to reduce the length of disability.

Intact Insurance, a leader aiming to stay at the top

The insurer has grand ambitions in specialized solutions, but caution is key.

BY CHARLES MONGEON

Jean-François Desaultels

Resting on its laurels? That's not in the plans for **Intact Insurance**, a leader in property and casualty insurance in Canada. While 2023 brought some destabilizing surprises, the insurer is looking to 2024 to advance its strategic projects.

"I must admit that the quantity of disasters has taken us somewhat by surprise," says **Jean-François Desautels**, Intact's Senior Vice President, Québec and Digital Distribution*, to *Insurance Journal*.

Faced with increasingly violent and frequent weather events, Intact adjusted its models using artificial intelligence several years ago.

"We have a plan that prepares us for a climate warming of 3 to 5°C by the end of the century, higher than the target of 1.5°C set by the *Paris Agreement*," explains Desautels. "But in the current context, home insurance and business property insurance are the most likely to be impacted by climate change. We will take this into account in our pricing and segmentation. The challenge that awaits us in 2024 will be to balance costs for customers and the level of insurance coverage required or expected. But one thing is certain: it will be more expensive."

Specialized solutions, ambitious goals

Desautels believes that the market will see premium increases of around 7 to 9 percent in business and specialized insurance to cover the inflation in claims costs, just like in personal insurance.

"We will need a firm underwriting approach. We must be able to write new business and also retain risks. Caution will be the watchword at Intact in 2024," predicts the vice president.

Desautels sees significant growth potential for Intact in 2024 and the years that follow in the area of specialized business insurance solutions. The company has made many acquisitions in this segment since 2011. "We went from a premium volume of $100 million with four lines of business to $5 billion and 23 lines of business. Our global network can cover risks in 150 countries. We want to increase the $5 billion to $10 billion by 2030. It's an ambitious goal."

Higher capital returns

To minimize the impact of natural disasters on the company's financial performance, Desautels believes that Intact made the right choice by building well-equipped investment management teams. "We generate very interesting profits from investment management, which uses models incorporating artificial intelligence. This generates margins on the premiums we manage, waiting to use them to pay claims."

The leader reveals that the goal for 2024 is to outperform the industry by five points in terms of capital returns in order "to invest in customer experience, technology, and new products," he says.

When discussing the $500 million over five years that Intact began deploying last year in technology, Desautels expresses pride in the new platform for individuals, as well as the one established for Canadian underwriters. Now, he says, the focus is on Intact's two labs. "We have the data lab, which is working on artificial intelligence projects, and the digital lab, for the development of our digital tools." This will provide Intact with assets that will provide "even more value for customers."

Customer Service is a recurring theme for the leader. "We want three out of four Canadians to be satisfied with their experience with us, so that they become advocates." Surveys conducted after calls or transactions show a satisfaction rate of 70 percent. "We need a few more percentage points," says Desautels. "We want to reach 75 percent by 2024."

Equipping brokers

What worries him most in the industry? "Cybersecurity", he says right away. "Cyberattacks are a growing phenomenon." A survey of 450 Canadian firms made him realize that a good portion of them are "in the early stages of establishing an adequate cybersecurity plan." Insufficient, according to Desautels. "But a large majority of the firms are SMEs with fewer than 10 employees who do not have the resources or the means to have people monitoring this. So we must share best practices, equip distributors, and raise awareness so they can protect themselves against possible attacks."

But Desautels does not blame the brokers. Several times during the interview, he commends their work during the COVID-19 pandemic: in the field, during disasters, in labor shortages, with clients, always supporting them or advising them on the product that best suits their needs.

**Since the interview in November 2023, Desautels left his position at Intact Insurance.*

Despite headwinds, Aviva Canada leads the charge

Car thefts and climate change: urgent issues to address, says the Chief Distribution Officer.

BY CHARLES MONGEON

With a 19% increase in profit in the first quarter of 2023, **Aviva Canada**, the second-largest player in property and casualty insurance in Canada (holding 7.6% of the Canadian market share, compared to 16.8% for the leader, **Intact Financial Corporation**), will stay focused in 2024 on reducing the impacts of rising car thefts and climate change on the insurer and its customers.

When reviewing the year's end with *Insurance Journal*, **Ben Isotta-Riches**, Chief Distribution Officer at Aviva Canada, emphasizes the effort the insurer has made to strengthen its relationship with brokers. "We visited all provinces to listen to the brokers we work with, then formulated a strategy based on their feedback. In 2024, we will concentrate on maintaining this strong momentum and continue to build trust with our brokers and customers through our expertise, level of service, and flexibility in all our business areas," he projects.

"We have also launched a new cyber risk endorsement for personal insurance and updated our product for business insurance, proactively protecting customers against the increased risk of cyberattacks," adds the executive. An Aviva report reveals that one in three surveyed businesses suffered a cyberattack in the past 12 months.

In Ontario, the insurer inaugurated two *Aviva Auto-Care Centres*, where customers can have their vehicles repaired. "Our plan is to have five more soon," says Isotta-Riches. "Our customers will benefit from faster claims processing, which helps reduce stress during the process." This also allows the company to better monitor damage assessments and necessary replacement parts.

Aviva Canada's latest estimates suggest that auto repair fraud costs insurers and drivers $537 million annually in Ontario alone. In Canada, these costs would amount to $2 billion annually, according to the insurer.

Tackling the car theft epidemic

"This is not where we want to be." Commenting on Aviva Canada's semi-annual results last August, CEO **Jason Storah**, who was succeeded by **Tracy Garrad**, was clear: the combined ratio of around 100% in personal auto insurance must be lowered to around 95%.

"What I want us to improve is our work with brokers, governments, and the industry to combat car thefts because the alarming rate at which they are increasing is troubling," says Isotta-Riches. There was a 31% increase in car thefts in Quebec and a 17% increase in Ontario during the first quarter of 2023 compared to 2022, according to the insurer. To mitigate the rising costs associated with this issue, the Chief Distribution Officer believes that Aviva Canada's brokers must continue to promote the installation of the **Tag** tracking system, which the insurer offers for free to customers with vehicles considered at the highest risk of theft.

A risk we can no longer ignore

In its *2023 Aviva Risk Insights Report*, Aviva Canada identifies economic uncertainty, business interruption, public health events, employee loss due to labor shortages, and the disconnect between the risk posed by cyber threats and businesses' response as the main risks facing businesses.

"It will be the same in 2024, as global events continue to add to economic uncertainty and cyberattacks become more widespread than ever," observes the leader. "But one risk is not in the top 5, and it should not be ignored: climate change."


Ben Isotta-Riches

For businesses, which rely on human resources, these disruptions also have consequences. "Climate change is a threat to Canadians and can have an impact on the cost, availability, and scope of insurance coverage." Isotta-Riches reiterates that the industry has a responsibility to lead the charge in the fight against climate change. "We need to act faster, collaborate more, and find solutions to address the urgency. What concerns me is that there is still too much talk and not enough concrete and meaningful action."

Among the concrete steps taken by Aviva Canada is the extension of its *Charged for Change* program in 2024. These grants, which enabled the installation of electric vehicle charging stations in seven Ontario communities in 2023, will be offered nationwide to selected communities and municipalities that apply by next February.

Desjardins General Insurance: From complexity to simplicity

The insurer aims to make databases its allies, especially in times of adversity.

BY MARIE-HÉLÈNE PROULX

Inflation, increased claims, car thefts, repeated climate disasters... The year 2023 presented various challenges to insurers, especially during its early months, said **Valérie Lavoie**, President and Chief Operating Officer at **Desjardins General Insurance Group** (DGIG), and Executive Vice-President, Property and Casualty Insurance, at **Desjardins Group**, in an interview with *Insurance Journal*.

It was the perfect opportunity for Desjardins to demonstrate its resilience.

Adversity and 2023 innovations

One of the challenges that many Canadian insurance agents faced in 2023 was announcing premium increases to a large number of their members. With each claim, insurers found themselves having to replace losses for claimants with increasingly expensive property, materials, and services.

Valérie Lavoie

Car thefts were also on the rise during this time. In fact, car theft rates reached unprecedented levels, tripling in Quebec in 2022, which also had an impact on premiums. Lavoie personally participates in the **Insurance Bureau of Canada** (IBC) to make recommendations to the federal government regarding auto insurance.

Desjardins General Insurance, a subsidiary of DGIG, also seeks to leverage its privileged position as a major player in damage insurance by using the vast amount of data at its disposal to mitigate premium increases whenever possible: "This requires good cost management, mastery of our processes, and the development of effective segmentation."

Catastrophes... again

Among the other unfortunate records of recent years are climate disasters. And if the storms pass, their frequency is here to stay. This is how Lavoie and her team approach this issue, for which they have already designed a multitude of prevention tools: first by promoting the use of weather-resistant materials, by taking a stand within the IBC on this issue, but also thanks to the preventive options now offered by technology.

Now, every insured person with Desjardins General Insurance can be alerted on their phone through the new *Ajusto* program when a weather event is approaching their area: "We will notify them, saying, ‘There’s a storm coming near you. It might be time to secure your belongings. This will prevent more damage.’" Another similar program called *Radar* focuses more on damage from water, theft, and fire inside homes.

Getting closer but seeing further

And Desjardins is far from finished with technology. They would like to refine *Ajusto* in the coming years. Lavoie also states that the top priority for the next year is the increased development of their omnichannel interaction system with their clients.

The overall goal of this approach? To use the most sophisticated technology to provide more simplicity and flexibility to clients, whether they want to submit a quote online, speak to an agent, or switch between these approaches along the way, explains Lavoie. "It will be very smooth across channels. You won’t have to repeat all the information, so everything is always well-preserved and secure. We continue to capitalize on this and develop our digital ecosystem."

In the long term

These innovations make life easier for everyone, although they are not the only focus of the insurer, which also prioritizes supporting Canadian SMBs. Desjardins even considers the possibility of occasionally using brokers to reach this business clientele, although nothing is definitive on this front at the moment.

Their managers have time to think about it, as commercial development is a long-term strategy. One thing is certain: a significant first step was taken in this direction in February with the acquisition, through an investor consortium, of **Insurance Company of Prince Edward Island** (ICPEI), which serves both individuals and businesses.

And this transaction seems to have fueled Desjardins General Insurance’s growth appetite, as revealed by its president: "We are positioned as a player looking to buy in the market. We are always active in this regard. We go with the opportunities that may arise in the future."

Projected growth in 2024 for Co-operators

The upcoming year for the cooperative will be marked by balance and acquisitions in the face of inflation and climate change.

BY JOSEPH ELFASSI

With over 600 offices across the country and assets under administration exceeding $61.5 billion, **Co-operators** was the sixth-largest property insurer in Canada in terms of market share in 2022.

Ontario is the insurer's most significant market, representing more than half of its net insurance revenues. However, while Co-operators' annual growth in Ontario is 6.1% in 2023, it is 9.7% in Western Canada and the Maritime provinces and 15.5% in Quebec.

Growth in Quebec

The superior growth in the province of Quebec is partly due to the acquisition of **Assurances Oligny** at the beginning of the year. This marks the sixth Quebec acquisition in six years for Co-operators.

"We are very active. Our plan is to continue with acquisitions in Quebec in 2024," explains **Patrick Décarie**, Co-operators' Region Vice President, Quebec, and Vice President, Property & Casualty Contact Centres and Group Sales, in an interview with *Insurance Journal*. "For us, it's part of the strategy."

Patrick Décarie

The pace of acquisitions is likely to be similar to previous years. "It takes 12 months, the time to renew all insurance policies. We would like to do more, but it's a lot of work to find, negotiate, and integrate policies, as well as employees," says Décarie. "We are in discussions with several insurance brokers in Quebec to carry out a mutually profitable transaction."

Regarding Co-operators' strategy for the coming year, Décarie suggests that it will be deployed on multiple fronts.

"We want to continue our development in property insurance in Quebec. Outside Quebec, we are very focused on the growth of our financial services, including segregated funds and mutual funds. This is very important, as is business insurance, an area where we see a lot of future potential," he says.

Pricing

With ongoing economic and climate disruptions in Canada, Co-operators' goal is to adapt to serve the customer optimally. "This summer, we had wildfires like we've never seen before; there were floods... With inflation added to that, claims costs are rising," explains Décarie.

"We will have to work very hard to find a balance to cover inflationary costs," he says. "There are possibilities, such as increasing the deductible in the event of a loss. Sharing more risk with the insurer by taking a larger deductible is a good way for a consumer to get a discount. This is an example of something we can do to help the situation."

As for auto insurance, the rate freeze implemented by the Alberta government in 2023 frightened some insurers in the country, but Co-operators does not plan to withdraw from this market in 2024.

"We have very good growth in Alberta right now. You may have seen something about insurers committing to still cover people in Alberta. We signed that document," emphasizes Décarie. "We are there, very close to the clientele, to support them."

Work environment

Founded in 1945, Co-operators was ranked 23rd among Canada's best employers in 2023, according to a *Forbes* survey. An achievement that pleases Décarie.

"We are very proud of that. Being a cooperative, it's really remarkable to see how we can think as an employer," he explains. "The values of this organization often align with the personal values of our employees."

Sensitivity to the environmental issues of the time, the company became carbon neutral in 2020. Determined to achieve its net-zero emissions goal by 2040 and 2050, Co-operators is among the 50 most responsible companies of the year in Canada, according to **Corporate Knights**.

The construction of the new headquarters in Guelph, Ontario, which is expected to be operational by the summer of 2024, is carried out with this environmental perspective. With an area of 226,000 square feet, the headquarters will have solar panels on the roof that will generate approximately 9% of the total annual building energy consumption.

Environmental protection is "important for the new generations, and it's becoming increasingly important for everyone," explains Décarie. "For us, building a new building in that direction is an example of our commitment."

Wawanesa: A whirlwind of growth to harness

New markets, restructuring... the insurer is on the move.

BY MARIE-HÉLÈNE PROULX

Wawanesa has taken advantage of the period of upheaval since 2020 to redefine its approach. Nearly exclusive interaction through brokers is a cornerstone of this approach. However, this wasn't the only aspect of its transformation.

When the insurer announced its decision last August to exit the U.S. market, it was another step towards focusing its efforts on Ontario and Quebec. Building trust in these promising territories while keeping an eye on technological expectations and new climate realities has become the organization's new guiding principle.

Conquering the East

In Quebec, there is still a vast market to capture. However, progress since 2020 has already exceeded the expectations of **Baldwin Diaz Acosta**, Wawanesa's Vice President, Quebec, who mentions the evolution of his commercial underwriting team: "We saw growth in 2021 and 2022; over 10% in the Québec market, and that was huge for us. We also contributed to the economy here. Everyone knows that we were focusing on commercial insurance. So we started from zero: zero people in commercial. Now, we invest in 40 human resources."

From that initial zero in 2020, the local commercial market has now seen triple-digit growth. Therefore, the decision for the current year is to focus on these customer and territory diversification fields rather than actively seeking acquisitions.

Internal transformation

To ensure that certain managers fully dedicate themselves to these new markets, Wawanesa announced significant internal restructuring in January 2023, when **Anna McCrindell** became Senior Vice President and Chief Operating Officer – East. It was only in October 2023 that Diaz Acosta assumed his current position.

This more sectoral approach, in collaboration with well-seasoned brokers in the local market, helps, according to McCrindell, maintain proximity to local needs: "In the company, we always like to say: "Small town values, big city strength"."

McCrindell reports that various methods used by the insurer to survey its members have also set expectations and future directions. "Members and brokers want us to make their life easy by providing simple and efficient ways to do business with us. Generally, they want options on how they interact with us."

Courting members closely

The idea of going through brokers rather than internal agents in this era of consolidation surprised many, admits Diaz Acosta. "We made some waves and the approach we have is quite different," he says. McCrindell explains that it's clear that it works, as the brokers the organization collaborates with bring their in-depth knowledge of the field. "Many of them have specific territories and specific class of business," she says.

To make the most of the wealth of expertise their collaborators bring, it was necessary to provide prompt responses, corresponding to their specific areas of expertise. McCrindell explains that the advancement of portable digital technology at Wawanesa this year has met this expectation, becoming an essential requirement for anyone wanting to serve a business clientele. "We see a direct success tied to this across all provinces. It allows brokers to quote, sell, and issue policies on our behalf," she says.

After significant financial investments, she and her team remain convinced of the importance of continuing in this direction, allowing this technology to expand and become more precise as brokers explore its possibilities and limitations. Another part of the organization's technological sophistication effort aims to anticipate upcoming, and increasingly frequent climate disasters in order to provide more informed emergency services.

But in this field, disaster anticipation goes much further than data collection. Wawanesa deploys fleets of drones to locate disaster hotspots.

The insurer also assigns professionals on-site to provide direct emergency support, answer questions, and reunite families—a collaboration with the community, of which McCrindell is particularly proud and has no plans to abandon anytime soon.


Baldwin Diaz Acosta


Anna McCrindell

Definity aims for the top 5 in Canada

The COVID-19 pandemic is behind the insurer, and now it's all about consolidation.

BY JOSEPH ELFASSI

Becoming a public company in November 2021, **Definity** was the eighth-largest property and casualty insurer in Canada in 2022, in terms of market share. The company doesn't hide its ambition to climb higher in that ranking.

"We aspire to be in the top 5 in Canada. That's truly our vision," says **Sébastien Vachon**, Vice President of Definity for the Quebec region.

The holding company brings together several insurers, including **Economical**, **Sonnet**, **Petline**, and **Family Insurance Solutions**. "In general, we have $1.6 billion in auto insurance, $1 billion in home insurance, roughly $1.2 billion in commercial insurance, and it varies by province," says Vachon, regarding Definity's market shares.

Sébastien Vachon

Technological advancements

In 2023, Definity won the **Guidewire Software**'s *Innovation Award*. The insurer was recognized for its cloud migration, enabling an increase in virtual claims processing and faster response times to broker quotes.

"We also launched an insurance product in Ontario earlier this year with Sonnet, a usage-based product," adds Vachon. "It's a good example of what we're doing with technology to benefit our clients."

Vachon reveals that "the only downside is Sonnet in Alberta."

The Alberta situation

In 2023, the freeze on auto insurance rates imposed by the province's government prompted various responses within the industry. For Definity, it's a dynamic situation that continues to be monitored.

The province represents 14% of Definity's auto insurance portfolio but 25% of Sonnet's total portfolio.

"The measures put in place, in our opinion, threaten the competitiveness of the auto insurance market in Alberta," says Vachon. "The rate freeze will expire at the end of the year. However, the government is introducing new measures that will allow them to control insurers' prices and profit margins."

"Earlier this year, in response to the fact that we couldn't raise rates, we suspended all our marketing activities in Alberta for Sonnet," explains Vachon. "Clearly, we will continue to closely follow this matter."

Vachon asserts that Definity is committed to working with the Alberta government to implement reforms and regulatory improvements. "What we desire is that there are no new interventions in the future," he summarizes.

Continued growth

Once "very focused" on auto insurance, Definity is proud of its diversification, which has expanded its portfolio into home and commercial insurance.

Definity now aims to participate in what Vachon describes as a "wave of consolidation."

"That was one of the reasons for demutualization: to have access to capital and to actively participate in the consolidation of the insurance market in Canada. We believe that's where it's headed," he explains, citing recent examples of growth through acquisition.

"We've completed several acquisitions of brokerage firms. In October, we completed the acquisition of **Drayden**, a broker in Alberta. In the past twelve months, we've created a platform of nearly $1 billion with **McDougall** and their acquisition of **McFarlan Rowlands**."

The pandemic in the rearview mirror

When asked if the industry has emerged from the depths of the COVID-19 pandemic, Vachon is unequivocal and optimistic. "Absolutely," he says. "The new reality is now."

The regional vice-president noted that there has been less activity in the market in recent years, "probably because of the pandemic," which led many businesses to suspend their operations.

"We expect the dialogue to increase in terms of mergers and acquisitions, and we will probably return to more historical levels," predicts Vachon. "In the past, there were always one or two acquisitions per year, 1% to 2% of market share changing hands. We expect that to come back."

While the pandemic seems to be behind Definity, challenges related to climate change are likely to grow. According to Vachon, this will require collaboration between companies, citizens, and government officials.

As a member of the **Climate Proof Canada** coalition, Definity "advocates for increased collaboration to ensure that Canada is more resilient in the face of climate change."

Insurers will need to rely on technology to overcome market challenges.

Facing rising costs and changing demand, insurers must have technology as an ally to hope for market growth.

BY SABRINA FEKIH

2023-2024 FORECAST: GLOBAL PREMIUM GROWTH RATES IN REAL TERMS

	Non-life insurance		Life insurance	
	2023	2024	2023	2024
World	1.4%	1.8%	0.7%	1.5%
North America	0.7%	0.8%	−0.2%	−1.3%
Advanced Europe, Middle East, and Africa	0.9%	2.1%	−0.8%	1.2%
Advanced Asia	1.5%	2.4%	−0.1%	1.6%
Emerging Asia (excluding China)	5.8%	6.7%	6.9%	6.7%
China	6.8%	5.8%	4.0%	4.7%

Source: Deloitte, *2024 global insurance outlook*. With data from Swiss Re Institute, Sigma *World insurance: stirred, and not shaken*, July 2023.

A few weeks before the end of 2023, **Deloitte** released its global outlook for the insurance sector. In its *2024 Global Insurance Outlook report*, the firm states that "insurers must evolve to address changing operating environment and precipitate even greater societal impact."

Non-life insurance is experiencing significant revenue growth, particularly through above-average price increases across nearly all lines of business.

Globally, non-life insurance premiums increased by 0.5% in real value year-on-year in 2022, which is below the ten-year average (3.6%). However, premiums are expected to improve in 2023 and 2024, reaching 1.4% and 1.8% year-on-year, respectively. The profitability of non-life insurers is expected to improve in 2024 as rising interest rates boost investment returns, premium rates continue to tighten, and expectations for slowing inflation lowers claims severity.

However, the authors note the current market challenges for this sector. In the United States, for example, there was a net underwriting loss of US $26.9 billion for non-life insurers in 2022, the largest since 2011.

Overall, insurance rates are increasing and affecting the economy. Commercial property premiums have increased by 20.4%. Similarly, vehicle repair costs have risen, influencing consumer behavior to the point where 45% of those aged 18-34 are considering giving up auto insurance. Deloitte also highlights that "uncertainty related to catastrophe experience and claims severity patterns may inhibit a near-term return to an underwriting profit."

In its forecasts for the coming year, the firm indicates that the adoption of artificial intelligence, coverage of renewable energy projects, and insurtech innovation will contribute to market growth.

Analysts also suggest that embedded insurance could experience strong growth. This distribution method could expand into new lines "bypassing traditional sellers, such as insurance agents, upending direct-to-consumer sales from insurers, or even excluding legacy carriers altogether."

Modernization of the sector

For life and annuity insurers, consumers' concerns about inflation and the economy are also being felt. Premium growth in the sector varies between developed and emerging markets. Record sales were recorded in the first quarter of 2023 in the United States.

In the coming months, "weakened financial markets and economic indicators are expected to keep pressuring variable annuities but will likely continue to benefit sales of annuities that provide more predictable outcomes."

The year 2024 is expected to be a turning point for the sector as customer expectations evolve with digitization. Insurers must consider the changes needed to meet these demands and better withstand external market pressures.

Modernizing systems could help life insurers move towards more interactions that strengthen customer relationships. Collaborations with insurtechs and the use of cloud technology are key strategies to overcome the challenges of this modernization.

Like non-life insurers, future growth will depend on insurers' ability to adapt to the increasing digitization of processes, meet customer expectations, and effectively leverage new technologies to reach under-penetrated markets.

by JIM RUTA

How to Make Selling Instinctive

Question: I marvel at top insurance advisors when they talk about how they sell. They make it seem so natural and easy. How can I be that good?

Watching top advisors sell is almost mesmerizing. They are so good that we want to buy what they are selling ourselves.

The good news is that high performance like this is a learned skill so you can do it too.

Great sales professionals are "instinctive" and that's why it is so marvelous to watch them work. To be "instinctive" means to say and do the right thing at the right time without thinking or reasoning. There is no "hemming or hawing". There is just pleasant, comfortable, forward progress to the intended objective.

Instinctive selling is saying and doing whatever it takes unconsciously, naturally, and automatically to help people do what they wouldn't do except that we helped them along. It's not being manipulative. It's being supportive so your clients can do what they need to do to get the results they want for themselves, their families, and their businesses.

Here's how instinctive selling looks:

- Instinctive professionals don't have think about adjusting their presentation when their prospect is interested in something they didn't consider before they got there. They just do it. They pivot and move forward.
- They welcome objections because they know they can handle anything their prospect brings up calmly, professionally, and effectively. In fact, they know that objections and proper responses will only solidify the sale and make the close easier.
- They use the right word at the right time with the right prospect to get the right response every time. They are communication experts in their field. They know the words, stories, and questions that help people buy.
- They ask the perfect question when their sale looks to be lost so they can turn the situation around and get the deal anyway.
- They know the right motivating story for every situation in their specialty and deliver it so that it sounds new and believable every time. Nothing ever sounds contrived or fake.
- They don't believe every comment or objection they hear from a prospect during an interview because they know that when people are under pressure, they will say anything. And they usually do. They know people balk even when they want to take the prescribed action, so they soldier on.
- They ignore some questions and objections because they know they are fake and only intended to delay or as an unconscious response to their anxiety.
- They presume that everyone buys because they know that with the right presentation the sale is made. So, they get started with the paperwork. Almost no one stops them.

Becoming an instinctive sales professional is a "do-it-to-yourself project". It takes desire, effort, commitment, rehearsal, and practice. A lot of practice. And focus.

Focus because the only way you can ever know enough about your business to be instinctive is to specialize. Focus is the very essence of professionalism and instinctive sales. Without focus you will never be instinctive.

With your focus in mind, you must then research your business and the industry. Read, watch, and listen to everything you can about your specialty. Also read and watch more about professional selling especially in the life insurance business. Read and watch the stories of the greats like **John Savage**, **Burt Meisel**, **Roger Zener**, **Bruce Etherington**, **George Sigurdson**, **Ben Feldman**, **Marv Feldman** – and others – maybe like Brian Tracey. Watch them on YouTube. Buy their books. Take notes.

Great producers are students of the business. They know their business and especially their specialty as well as anyone. They know their favourite polices better than the actuaries and marketers at home office. They know underwriting as well as underwriters. They know the appropriate tax law as well as the accountants. They know their specific legal responsibilities like they lawyers. They use compliance as an advantage – a stepping stone and not a stumbling block. They get the professional coaching they need to help them do their job even better. Become a student of the business, the business will become more instinctive. You will become more successful.

However, knowledge is not enough. Many advisors are knowledgeable as evidenced by their lengthy lists of designations but are still not instinctive. They are missing a key requirement. They are not sufficiently rehearsed and practiced. They still must think and reason their way to a response.

To be instinctive, you must seriously, honestly, and diligently rehearse every line you use and every thing you do in an interview many times over. To be instinctive you must practice not just until you get it right, but until you can't get it wrong. That means the right words a the right pace and with the right tone. Put in the time. The life insurance business is only a half day job, and you can work any 12 hours you like.

Something else. Rehearsal is what you do in front of a mirror, or on video, or with your staff person. Practice is what you do in front of actual prospects. You need both. Practice with leads that didn't work out before and trying again for meetings. Talk to old prospects. See enough people so that you build good sales development momentum. And to be clear, this takes time. Don't think that you can be a success in this business by putting in just 4 hours a day. This is not a "side hustle".

When you build narrow and deep knowledge in a specialty and put in enough time so that you can act and react without thinking and reasoning - you will have made selling instinctive. Yes. You. Can.

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For more information on the tools to use to build your brand, check out Advisorcraft.com.

Jim Ruta's mission is simple – to preserve, promote and propel the financial advisor business. A former insurance advisor and executive manager of a 250-advisor agency, Jim is a highly regarded coach, author, podcaster and keynote speaker. He has spoken four times at the MDRT Annual Meeting including the Main Platform. Jim Ruta is an Executive Coach and Keynote speaker specializing in life insurance advisors and leaders. He works with top advisors around the world and re-energizes audiences with his deep insight and passion.

Discover more at www.jimruta.com.
If you have a question for Jim, you may send an email to jim@jimruta.com