



Members' Update

The Assuris Members' Update provides articles and papers on key industry issues as well as insights on regulatory news, global perspectives and Assuris updates.

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It's Life Insurance Awareness Month

This September marks the 20th anniversary of Life Insurance Awareness Month (LIAM)! Founded by the industry education group Life Happens, LIAM is an annual campaign aiming to educate consumers about the importance of life insurance and the role it plays in protecting families' financial security. Assuris is proud to support LIAM. Together, we can help more people get the coverage they need so their loved ones are protected financially. To learn more about LIAM and Life Happens, visit <https://lifehappens.org/>.

Life Happens.SM

Safeguarding Your Future: The Role of Assuris' Resolution Preparedness Centre of Excellence in Protecting Policyholders

Monica Deschamps CPA, CA.
Assistant Vice President, Resolution Preparedness Centre of Excellence (COE)
Assuris

As the aftermath of recent financial institution failures reverberates globally, concerns have developed among Canadians about the stability of their financial institutions. Friends and family members have been asking questions like, "Should I be worried about my money?" and "Could a Canadian financial institution fail too?" These concerns are understandable, but thanks to the robust prudential supervision and policyholder protection mechanisms in place, most Canadians rarely think about life and health insurer failures.

Assuris is a private-sector life and health insurance policyholder protection solution backed by the Canadian life and health insurance industry. Assuris plays a crucial role in ensuring financial stability and protecting Canadian policyholders, even in potential crises.

To be prepared, Assuris is developing a Resolution Preparedness Centre of Excellence (COE) to:

- ▶ Develop a risk-based approach to resolution preparedness allowing us to prioritize our work and efforts to target the most relevant resolution risks in the Canadian life and health insurance industry.
- ▶ Put ourselves to the test in how we can handle the failure of a member company, both internally and with external stakeholders (i.e., regulators and expert advisors).
- ▶ Bring being "resolution ready" to the forefront as the driver of everything we do.

The Resolution Preparedness COE improves Assuris' ability to meet its mission to protect policyholders if their life and health insurance company fails, and to safeguard the strong reputation of our industry.

Drawing Parallels: Financial Crises and Natural Disasters

Financial crises and natural disasters may seem worlds apart, but they share a significant commonality – a far-reaching impact on people's lives. Just as we prepare for natural disasters, Assuris prepares for the possibility of life and health insurer failures. Similar to a natural disaster recovery plan, Assuris' Resolution Preparedness COE focuses on:

1. Understanding and managing the risks involved.
2. Developing our resolution playbooks outlining our comprehensive crisis response plans.
3. Testing these resolution playbooks through simulations and tabletop exercises.
4. Staying vigilant and striving for improvement.

1. Understanding and Managing the Risks

Identifying all potential risks is essential in the event of a life and health insurer failure. These risks encompass not only those leading to losses but also those leading to potential gains or opportunities.

Only when risks are understood can they be managed.

Inherent risks commonly faced by all organizations include operational, financial, and strategic risks. For Assuris, our risks to preparedness includes funding, protection, risk analysis, resolution analysis, our legal powers, and reputational risks.

- ▶ **Funding** - Ensuring that Assuris can obtain the necessary funds to resolve a member company's failure adequately.
- ▶ **Protection** - Establishing protection levels and mechanisms that are sufficient to safeguard most Canadian policyholders.
- ▶ **Risk Analysis** - Anticipate potential solvency risks that could lead to a member company's failure. Our industry risk analysis allows us to understand any macroeconomic trends affecting member companies more systemically and be better prepared.
- ▶ **Resolution** - Analysing the resolvability issues of a member company contributes to an orderly resolution.
- ▶ **Legal Powers** - Ensuring that Assuris has the necessary powers, as defined in its By-Laws, to achieve its stated objectives.
- ▶ **Reputation** - Safeguarding the reputation of the Canadian life and health insurance industry as a safe and reliable way to support the financial well-being of Canadians.

By developing our understanding of the risks that impact Assuris' resolution preparedness, we can develop the plans to manage these risks.

2. "Plan beats no plan."

At Assuris, we understand that plans may not always unfold exactly as intended, but the process of creating these plans provides invaluable insights. As we develop our crisis plans, which we refer to as 'resolution playbooks,' we examine the heart of the issues we might face and question ourselves on the possible challenges.

"Plan beats no plan." - *Timothy F. Geithner, U.S. Treasury Secretary during the 2008 financial crisis and a good edict to follow when preparing for any crisis.*

Collaborating closely with our internal teams and external partners, the Resolution Preparedness COE analyzes the key risks facing Assuris to manage the failure of a member company. The Resolution Preparedness COE ensures the development of the comprehensive resolution playbooks to address these risks. These playbooks serve as guidelines, navigating us through potential pitfalls in the event of a member company's failure.

With a forward-looking mindset, we continually scrutinize and address potential gaps in our playbooks. Embracing the concept of 'evergreen preparedness,' we acknowledge that no plan is static. Instead, our crisis strategies evolve and adapt to the ever-changing financial environment.

3. Exercising the plan: ensuring resilience through resolution testing exercises

Having robust resolution playbooks in place is a significant step toward resolution preparedness. However, the true effectiveness of these playbooks can only be gauged through regular testing and exercise. Assuris' Resolution Preparedness COE develops the resolution testing exercises with internal and external stakeholders to maintain the readiness of our response mechanisms.

▶ **Preventing Complacency and Stagnation**

No matter how well-designed the resolution playbooks are, they risk becoming stagnant and obsolete without regular exercise. We ensure that our plans are up to date by conducting resolution testing exercises that incorporate the latest regulatory requirements, industry best practices, and lessons learned from real-world incidents.

▶ **Strengthening Crisis Response Capabilities**

Exercising resolution playbooks is like training for a marathon. It strengthens our resolution muscles, enabling us to respond effectively and swiftly when faced with the failure of a member company. These exercises help refine communication protocols, decision-making processes, and coordination between relevant stakeholders.

▶ **Identifying Gaps and Weaknesses**

Resolution testing exercises provide a unique opportunity to identify gaps and weaknesses in the resolution playbooks. By simulating realistic scenarios, we can assess how well the plans align with the actual challenges they might encounter. This process allows us to fine-tune our strategies and enhance our ability to navigate critical situations.

▶ **Developing Targeted Resolution Scenarios**

The resolution exercises involve developing targeted resolution scenarios that closely mimic potential real-world crises. These exercises range from comprehensive simulations and tabletops to walkthroughs and workshops to introduce new developments to an audience (*see Table 1 for the types of exercises and their pros and cons*).

These scenarios can also range from different types of financial distress, market disruptions, operational failures, or even a combination of these factors. The diversity of scenarios also ensures that resolution playbooks are comprehensive and adaptable to various situations.

Our deep knowledge of the industry and our member companies allows us to develop plausible failure scenarios and think critically about the potential risks on the horizon.

▶ **Continuous Improvement and Development**

Resolution testing exercises are not just assessments but opportunities for continuous improvement. Through post-exercise retrospectives, we can identify areas for further development and enhancement. Feedback from these exercises helps refine the resolution playbooks, making them more effective in protecting policyholders and contributing to the stability of the life and health insurance industry in Canada.

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► **Table 1 - types of resolution testing exercises:**

	Description	Pros	Cons
Simulations	<ul style="list-style-type: none"> Operations based exercise that mobilize all necessary personnel and logistics that would be called on in a crisis. 	<ul style="list-style-type: none"> Will prepare relevant team members with the operations knowledge needed for a real crisis. Most closely aligned with a real life resolution scenario. 	<ul style="list-style-type: none"> Extremely resource heavy. The significant resources involved may affect the testing frequency.
Tabletops	<ul style="list-style-type: none"> Discussion based exercise designed to familiarize team members with crisis management plans. 	<ul style="list-style-type: none"> Discussion can identify areas that are not understood. Less time consuming and less effort to design and run than a simulation. 	<ul style="list-style-type: none"> Higher frequency of use may lead to testing fatigue. Discussions may be less helpful than the act of doing an operations based activity.
Firedrills	<ul style="list-style-type: none"> Surprise, time limited exercises to test specific elements of a crisis response plan. Can be discussion or operations based. 	<ul style="list-style-type: none"> Challenges participants to make decisions and gather information spontaneously and quickly. Less time consuming than a tabletop. 	<ul style="list-style-type: none"> Time limits may not be representative of real life. Limited use in the beginning of resolution testing as internal staff will require training.
Workshops	<ul style="list-style-type: none"> Workshops follow another testing activity and provide a process for developing actions for issues identified in a testing activity. 	<ul style="list-style-type: none"> Gives participants the opportunity to provide feedback. Used as part of the Report & Feedback phase. 	<ul style="list-style-type: none"> Targeted actions may not be tracked and forgotten.
Walkthroughs	<ul style="list-style-type: none"> Training exercises to familiarize participants with resolution playbooks and the resolution process. 	<ul style="list-style-type: none"> Relaxed setting to walk participants through policies and procedures. Helpful for the initial stages of resolution testing. 	<ul style="list-style-type: none"> Does not test resolution readiness but is part of resolution preparedness development.

4. Keeping vigilant: the continuous pursuit of resolution readiness

Resolution preparedness is not a one-time effort; it requires a continuous commitment to staying vigilant, critically evaluating existing playbooks, and constantly seeking opportunities for improvement. Assuris has embraced a proactive mindset to uphold the highest standards of resolution readiness. This involves embracing our own growth, collaborating, and sharing information with our partners, and remaining adaptable.

At the core of this work is partnership with our member companies, their prudential supervisors, and expert advisors. Collaborative efforts allow for a broader perspective on potential risks and challenges, enabling more effective resolution preparedness and, ultimately, better protection for Canadian policyholders.

Conclusion

For Assuris, resolution preparedness is a priority. Assuris' Resolution Preparedness COE, fueled by collaboration and driven by a shared purpose ensures that we provide the best policyholder protection for Canadians. Together with our partners and stakeholders, Assuris continues to preserve Canadians' trust and confidence in their life and health insurers.



Monica Deschamps CPA, CA., is the Assistant Vice President of the Resolution Preparedness Centre of Excellence (COE) at Assuris. She is responsible for leading the development of Assuris' resolution playbooks and testing exercises to ensure that Assuris is resolution ready. Monica is also actively involved in understanding the impacts of new accounting & financial reporting changes to member companies, including IFRS 17 and the new standards on sustainability disclosures.

Right Now is the Right Time to Think about Life Insurance

Stephen Frank
President and CEO
Canadian Life and Health Insurance Association (CLHIA)

It's been a particularly hot summer here in Toronto. So, one of my perpetual preoccupations has been keeping hydrated. And not just me, for my kids too; but it's not always an easy sell.

"Don't forget to bring some water!" I bellow as they race out the door. "You want to drink water BEFORE you feel thirsty!"

Whether or not it's heard, it's still the best advice on hydration you'll get from coaches, trainers and doctors. And it always reminds me of the advice insurers and advisors give about life insurance: "you want to buy it well before you think you might need it."

September is Life Insurance Awareness Month. This occasion creates a great opportunity for insurers, advisors and others to focus some attention on a product that over 20 million Canadians and their dependants count on to provide a measure of financial security.

Let's face it, end-of-life or succumbing to a serious health incident, can be a tough prospect to ponder. And actually planning for it can be even tougher. It's understandable, particularly when things are going well.

But when things are going well is exactly the time people should be thinking about life insurance. And this is where Canada's 100 thousand insurance advisors shine. We know Canadians do better with advice – whether in having adequate insurance protection or saving for retirement. And any time a person makes a major life change - getting married, buying a home, or starting a family - is a time to consider the big "what if." Suddenly people are counting on you and advisors play a critical role in helping Canadians navigate these life moments.

The numbers speak for the value of the product. According to the most recent data, 22 million Canadians hold life insurance policies, totalling over \$5 trillion in coverage (we'll release industry figures for 2022 later this month). The average life insurance policy is worth \$458,000; approximately five times household income.

And what about benefits? Insurers paid out over \$14.3 billion in life insurance benefits, including nearly \$9 billion in death benefits and \$5.5 billion as disability benefits, cash surrenders or as dividends to living policy holders.

While it's sold as both an individual and a group product, individual life insurance policies currently equal 65 per cent of the value of total life insurance policies in-force, up from 57 per cent a decade earlier – a trend that is being driven by the growth of individual term life policies.

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These days are an especially tough time for people's pocketbooks. But the rising cost of living is yet another reason for people to think about the financial protections that come with a life insurance policy. A few dollars a month now can guarantee that money will be there to replace a salary and make sure your loved ones can cover expenses.

Like the product it is centred around, Life Insurance Awareness Month is about being ready. And while it's not easy for everyone to talk about what happens financially for family and loved ones when you die, that one conversation with an insurer, or advisor can lead to greater peace of mind and financial security in the years ahead.



Stephen Frank is the President and CEO of the Canadian Life and Health Insurance Association (CLHIA). Prior to the CLHIA, he held roles with BMO Financial Group and the federal Department of Finance. He holds a Master of Finance from Cambridge University.

Empower your Financial Advisors and Sales Network – Discover Assuris’ NEW Financial Advisor Toolkit

At Assuris, we want to support your financial advisors and sales networks.

Life and health insurance products are a key component of any financial plan – and policyholders want to understand how their financial wellbeing, and the wellbeing of their loved ones, is protected. Finding the time and the right opportunity to talk to their clients about how their life and health insurance policies – and any related investments – are protected, will help your financial advisors and sales network create stronger and more long-term relationships with them.

Discover Assuris’ NEW Financial Advisor Toolkit

Assuris is committed to providing your financial advisors and sales networks with helpful tools – Assuris’ Financial Advisor Toolkit has everything they need to discuss Assuris’ policyholder protection with their clients. Share these resources and invite them to visit assuris.ca/toolkit today!

<h3>CE eLearning</h3> <p>Understanding Assuris Protection – for Financial Advisors</p> <p>By Assuris With CE Corner</p> <p>As a financial advisor, part of helping your clients build their overall financial plan includes a discussion about insurance options. It is also important to help them become informed consumers by advising them of the protection provided by Assuris.</p> <p>This CE module explains how Assuris protects policyholders, should a member life and health insurance company fail. It also explores different “real-life” scenarios so you can reassure your clients and give them peace of mind.</p> <p>CE eLearning course outlining Assuris higher protection levels</p>	<h3>Assuris Brochure</h3> <p>Assuris Brochure</p> <p>Member companies</p> <p>Assuris is the not-for-profit organization that protects Canadian policyholders if their life and health insurance company fails.</p> <p>Every life and health insurance company authorized to sell insurance in Canada is required, by the federal, provincial, and territorial legislatures, to become a member of Assuris under the Insurance Companies Act of Canada. A complete list of member companies can be found at assuris.ca.</p> <p>If you have life and health insurance from a member company, you already have Assuris protection. Policyholders can have peace of mind because they are automatically protected by Assuris.</p> <p>Backed by the strength of the life and health insurance industry, Assuris provides a safety net for every Canadian policyholder.</p> <p>Printable and Downloadable</p>	<h3>Insurance means security</h3> <p>Insurance means security one-pagers</p> <p>Download, print and share these one-pagers on life insurance products, health insurance products and insurance-backed savings and investment products with your clients.</p> <p>Life insurance means security</p> <p>Purchasing a life insurance policy is one of the most responsible things you can do for the people you love. By working with your financial advisor to identify</p> <p>Health insurance means security</p> <p>Purchasing a life insurance policy is a valuable addition to a financial plan. But the options can get complicated. Tap to a financial advisor about your specific needs.</p> <p>Insurance-backed saving and investing means security</p> <p>Purchasing a life and health insurance policy can include products that increase your wealth and secure your savings.</p> <p>One-Pagers about life insurance, health insurance and insurance-backed savings and investment products</p>										
<h3>Assuris means security</h3> <p>Assuris means security</p> <p>Assuris protects policyholders to all individual and corporate policyholders. It is member life and health insurance companies. This includes, but is not limited to, life insurance, accident, health, dental, and long-term health insurance (long-term care) and health, accident, and long-term care insurance.</p> <p>The benefits of protection by product benefits are as follows:</p> <table border="1"> <thead> <tr> <th>Benefits</th> <th>Assuris Protection</th> </tr> </thead> <tbody> <tr> <td>Death Benefit</td> <td>\$1,000,000</td> </tr> <tr> <td>Health Expense</td> <td>\$250,000</td> </tr> <tr> <td>Monthly Income</td> <td>\$5,000/month or 90% with future increase</td> </tr> <tr> <td>Investments / Savings</td> <td>\$300,000</td> </tr> </tbody> </table> <p>Backed by the strength of the life and health insurance industry, Assuris provides a safety net for every Canadian policyholder.</p> <p>One-pager to include in sales material</p>	Benefits	Assuris Protection	Death Benefit	\$1,000,000	Health Expense	\$250,000	Monthly Income	\$5,000/month or 90% with future increase	Investments / Savings	\$300,000	<h3>Social Media Resources</h3> <p>Social Media Resources</p> <p>Copy and paste this text to share on your social media channels – and remember to tag us @Assuris</p> <ul style="list-style-type: none"> Assuris is the not-for-profit organization that protects Canadian policyholders if their life and health insurance company fails. Every life and health insurance company authorized to sell insurance in Canada is required, by the federal, provincial, and territorial legislatures, to become a member of Assuris under the Insurance Companies Act of Canada. A complete list of member companies can be found at assuris.ca. If you have life and health insurance from a member company, you already have Assuris protection. Policyholders can have peace of mind because they are automatically protected by Assuris. Backed by the strength of the life and health insurance industry, Assuris provides a safety net for every Canadian policyholder. <p>Ready-to-share social media messages and graphics</p>	<h3>Website Shortcuts</h3> <p>Website Shortcuts</p> <p>Links to Assuris’ videos</p> <p>Click on the links to view and share our videos.</p> <p>Who is Assuris?</p> <p>This video provides an overview of Assuris’ mission to protect Canadian policyholders if their life and health insurance company fails.</p> <p>Assuris Answers Your Top 6 Questions</p> <p>This video series provides the answers to your clients’ top 6 questions for example: “What will happen to my policy when my life insurance company fails?”</p> <p>NEW: Overview of Assuris Policyholder Protection</p> <p>This video provides an overview of the protection levels Assuris guarantees for each benefit and real life situations on how the Assuris protection works.</p> <p>Useful links to our videos and website pages for your clients</p>
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