INSURANCE Journal

$10 Vol. 30 No. 04 October 2026

MANAGING GENERAL AGENT LICENSING

Ontario still searching for the right framework



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Rising drug costs weigh on group plans

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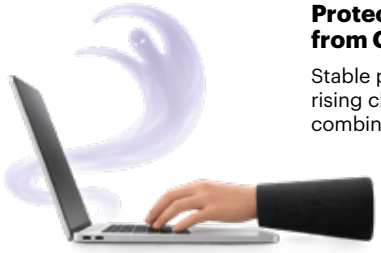
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Something to think about...

> It's a revolution, because we've realized that certain cancers have abnormalities we can target—something impossible with standard chemotherapy, which attacks both bad and good cells.
>
> – Rahima Jamal



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MEDICATION

Balancing financial pressure and innovation

Recent data indicate that rising drug costs continue to weigh on private group insurance plans. Specialty drugs and weight-management medications are significant factors in this trend.

At the same time, innovation continues to advance—particularly in the fight against cancer, which has entered a new era thanks to the rise of oral therapies, often referred to as “cancer pills.” This therapeutic revolution offers patients more options while transforming the insurance sector.

ARTICLES BY ALAIN THÉRIAULT AND MARIE-ÈVE MARTEL



Rising drug costs weigh on group plans

Increased plan utilization by a larger number of insured individuals has drawn expert attention, as have high-cost drugs and weight-management medications.

BY ALAIN THÉRIAULT

More insured individuals submitted claims for medication in 2025 than in 2024, driving up drug costs within group insurance. Furthermore, rising spending per claimant and the growing impact of specialty drugs have also weighed on private group plan expenditures.

These findings emerge from major trends in medication usage recently identified in four reports: two from claims processing service providers—**TELUS Health** and **Express Scripts Canada**—and two from insurers — **Beneva** and **Medavie Blue Cross**.

According to the TELUS Health report, *The 2026 Drug Data Trends and National benchmark* report, the number of plan members using their plans is increasing slightly. The company notes that 61.8% of plan members submitted at least one reimbursement—or claim—request in 2025, compared to 60.5% in 2024 and 58.7% in 2023. The growing share of specialty drugs in the overall cost to private plans is also highlighted. Specialty drugs are defined as those costing $10,000 or more annually per plan member.

"The number of claimants, not the cost per claim, is driving growth in specialty drugs," states **Vicky Lee**, Director of Pharmacy Consulting and Professional Services at TELUS Health, in the report's foreword.

Lee adds that although claimants in this category represent only 2.1% of the total, their impact is disproportionate because these drugs account for more than one-third of drug plan expenditures.

In the 2026 edition of its *Drug Trend Report*, Express Scripts Canada estimates the overall rise in drug costs at 7.3% for 2025. "This trend was driven by a 1.6% increase in the number of claimants, combined with a 5.7% increase in spend per claimant, indicating that both higher utilization and higher cost contributed to the overall increase," the company notes.

Prescription drug spending has risen by an average of 7% annually per insured person over the past eight years, according to an analysis by Beneva in its bulletin *2026 Health Trends and Insights, Connecting the Dots*.

"The good news is that innovation is improving how we treat, manage and prevent illness. The harder reality is that rising health costs are being felt earlier and more often, shaping the choices plan members make long before a claim is filed," summarizes **Éric Trudel**, Executive Vice-President and Leader, Group Insurance at Beneva, in the report's editorial.

For its part, TELUS Health examines trends in the average annual eligible amount per claimant as well as the average eligible amount per drug claim.

The report reveals that the average eligible drug amount per insured person rose by 4.1% in 2025 compared to 2024. The increase was sharpest in the Atlantic provinces, at 5.5% year-over-year.

On a per-claim basis, the average eligible amount climbed 3.2% in 2025 compared to 2024. The largest increase occurred in Quebec, rising 4.2% over the year.

In its *2026 Drug Trends Report*, Medavie Blue Cross notes that overall per-person drug spending increased by 4% in 2025. This represents a slower growth rate than in recent years, the insurer states in the report's summary.

In its foreword, **David Adams**, Executive Vice President, Insurance Business at Medavie Blue Cross, attributes this slowdown to more moderate growth in specialty drug costs and a slight decline in overall utilization.

> "The number of claimants, not the cost per claim, is driving growth in specialty drugs."
>
> — Vicky Lee

Weight management

However, Adams adds a caveat regarding the slowdown in spending. "At the same time, weight management therapies surged, reshaping category rankings," he says. He notes that these treatments have emerged as the strongest driver of trends, while most other major drug categories remained stable.

In its report, Medavie Blue Cross notes that weight management drugs have entered the top 10 therapeutic categories, accounting for 2.7% of total spending—"a major shift in 2025." The weight management category ranked ninth in total spending, surpassing gastrointestinal disorder medications, which accounted for 2.6% of costs. In 2024, weight management drugs had represented only 1.3% of total spending.

The insurer highlights that approximately 45% of plans now cover weight management drugs. "When

→

> Weight management treatments have seen significant growth
>
> — David Adams

looking only at these plans, weight management drugs account for 5% of total spending, placing them third among all drug categories for this group," the report states.

Semaglutide, a glucagon-like peptide-1 (GLP-1) receptor agonist, is the active ingredient in the drugs *Ozempic* and *Wegovy*—two treatments marketed by the pharmaceutical company **Novo Nordisk**. Both share the ability to reduce appetite. Originally intended to treat type 2 diabetes, Ozempic saw a surge in users seeking to manage their weight rather than their diabetes, forcing insurers to take measures to counter its off-label use. This occurred prior to the Canadian market launch in May 2024 of *Wegovy*, a drug specifically designed for weight management.

According to the TELUS Health report, this chain of events caused the proportion of diabetes-related spending to decline. The company notes that this figure peaked at 15.7% in 2023, before settling at 13.8% in 2024 and 13.2% in 2025. The 2023 peak was driven in part by the growing use of *Ozempic* and *Mounjaro*. Manufactured by the pharmaceutical company **Eli Lilly**, *Mounjaro* contains the active ingredient tirzepatide, a dual agonist of the glucose-dependent insulinotropic polypeptide (GIP) and GLP-1 receptors.

"The expected commercialization of generic semaglutide in 2026 may further reduce the eligible cost share, unless patients are transitioned to Mounjaro or another new GLP-1 [glucagon-like peptide 1] brand name product," states **Caroline Le Pottier**, Consulting Pharmacist, TELUS Health.

In its report, Beneva ranks the five drugs that generated the highest total costs; Wegovy ranks second among adults aged 31 to 65. The report specifies that this drug accounted for 5.5% of total reimbursement claims among those aged 31 to 50, and 4.8% of total claims for adults aged 51 to 65.

For its part, the Express Scripts Canada report highlights that the inflammatory disease therapeutic category once again ranked first in 2025, based on its ranking of overall plan spending.

Medications for these conditions accounted for 11.5% of total spending but only 0.5% of all claims. "This is due to the large number of high-cost biologic drugs in this class," notes Express Scripts Canada. Diabetes treatments rank second on its list.

Medavie Blue Cross reports similar findings; its report reveals that inflammatory diseases remained the top therapeutic category for total spending, followed by diabetes and mental health.

TELUS Health's ranking differs. Since 2022, diabetes has topped its list of the top 10 drug categories, ranked by eligible amount. In 2025, this category solidified its first-place position, the company notes. Its report also shows that skin conditions overtook inflammatory diseases to take second place in the ranking.

The shift to biosimilars

According to TELUS Health, the adoption of mandatory biosimilar switching policies has led to a steady decline in spending on medications for inflammatory diseases. The shift to biosimilars, which began in British Columbia in 2019, has drawn the other provinces in its wake.

Quebec made the transition in 2022, followed by Ontario. Manitoba was the last to do so, in 2024.

In its report, the company notes that medications for inflammatory diseases accounted for 8.7% of eligible amounts in 2025, compared to 8.9% in 2024 and 9.2% in 2023. They represented 0.4% of reimbursement claims in 2025.

However, TELUS Health observes that the percentage of the total eligible amount for high-cost specialty drugs appears to be growing again, following a slight decline linked to the adoption of biosimilar transition policies.



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- **Levers for controlling group insurance costs** For **PRO** Level members
- **30-day prescription refills more common in Quebec** For **PRO** Level members
- **An insurer examines the impact of financial stress** For **PRO** Level members

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Cancer pills: moving towards personalized medicine

Gone are the days when a cancer diagnosis was synonymous with a death sentence. While two out of five people in the country will receive a diagnosis at some point in their lives, more and more patients are now living with cancer rather than dying from it. And this is thanks to new treatments.

BY MARIE-ÈVE MARTEL



Dr. Rahima Jamal

The therapeutic arsenal against cancer has expanded considerably over the past 150 years, explains **Dr. Rahima Jamal**, a hematologist and oncologist at the **Centre hospitalier de l'Université de Montréal** (CHUM).

"Surgery has always existed, but it was towards the end of the 1800s and the beginning of the 1900s that radiotherapy began," she notes. "After the Second World War, chemotherapy arrived. Then came hormone therapy, followed by immunotherapy, and now we have targeted therapies."

The term "cancer pills" encompasses several distinct treatments administered orally, including certain forms of chemotherapy. However, these do not actually differ from traditional intravenous treatments.

Dr. Jamal cites the example of capecitabine, an orally administered drug that the body converts into 5-FU (5-fluorouracil), a chemotherapy agent also administered intravenously.

Targeting tumors

Targeted therapies, which have been around since the 1980s, specifically attack certain mutations that allow tumors and cancers to grow. "It's a revolution, because we've realized that certain cancers have abnormalities we can target—something impossible with standard chemotherapy, which attacks both bad and good cells," explains Dr. Jamal.

For instance, half of all melanomas carry a mutation in the BRAF gene. A drug specifically targeting the protein produced by this gene can slow the melanoma's growth or even cause it to shrink.

"What's interesting is that if the abnormality is present, we can use the treatment—whether for lung cancer or skin cancer, for example—because we are targeting the tumor's biomarker rather than the cancer itself," the oncologist continues. "However, we also know that multiple patients may have the same type of cancer but with different abnormalities."

Scientists discover new biomarkers every year, fueling research into the development of new drugs.

These targeted therapies are available in both pill and intravenous forms. However, in some cases, their effects eventually wear off. "At that point, we have to find another targeted therapy or turn to chemotherapy or an experimental treatment," notes Dr. Jamal.

These experimental options can also fall into the category of "cancer pills."

"An experimental treatment hasn't yet been approved by **Health Canada**, so it isn't covered by insurance plans," Dr. Jamal points out. "It's a drug that is still in the clinical research stage. To administer it, we need special authorization from Health Canada and patient partners willing to participate in a study."

These treatments are therefore administered under specific protocols and are offered to patients for whom therapies already on the market have failed or are unlikely to succeed.

When treatment is taken at home

Many patients prefer oral medications, believing they will be easier to manage and cause fewer side effects. "That's a misconception," warns Dr. Jamal. "While it does mean fewer hospital visits, both intravenous and oral therapies can have side effects."

The main advantage of this treatment—as with other oral cancer therapies—is that it allows the patient to lead a "more normal" life. However, they must still visit the hospital for blood tests and follow-ups. "All we're really limiting is the time the patient spends sitting in a chair receiving chemotherapy—that's it," the doctor notes. "But where hospital staff aren't involved, the pharmacist steps in."

On the other hand, the responsibility falls on the patient to take the right pills at the right time and dosage, and to store them under optimal conditions, among other requirements. "It depends on the patient's ability to adhere to all the treatment requirements, which isn't necessarily the case for everyone," Dr. Jamal points out.

"If the treatment doesn't yield the expected results, we also have less control over identifying the cause," the oncologist adds.

In short, cancer pills are not intended to replace traditional therapies administered in hospitals.

Chemotherapy, radiotherapy, and immunotherapy still have a role to play. "Rather, these new treatments offer patients and their oncologists a wider range of options to find the path with the best chance of success for their specific case," summarizes Dr. Jamal. "We are in the era of personalized medicine."



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Cancer pills: Tell me how you're being treated, and I'll tell you who pays

Cancer pills are gradually carving out a place in group insurance plans. As new therapeutic solutions emerge, they are progressively transforming the way insurers cover cancer.

BY MARIE-ÈVE MARTEL



Frédéric Leblanc



Pierre Hamel



Neda Nasseri

Cancer medications rank fourth among therapeutic classes driving the highest overall spending in Canada—following drugs for inflammatory diseases, diabetes, and asthma/chronic obstructive pulmonary disease (COPD)—according to **Express Scripts Canada**.

"In 2024–2025, there was an 8.4% increase in cancer-related claims in Canada, compared to an overall average increase of 7.3%," notes **Frédéric Leblanc**, Strategic Leader Drug Programs, Group Benefits and Retirement Solutions at **iA Financial Group**.

This is not necessarily due to a rise in diagnoses, but rather to advancements in research and available treatments. "We are starting treatment earlier, more precisely, and in a more targeted way," Leblanc, who is also a trained pharmacist, explains. "Treatments are becoming more complex, and generic drugs have started to enter the market."

Oral cancer therapies became widely available a little over a decade ago. The **Quebec Drug Pooling Insurance Corporation** (QDIPC) expects a greater number of targeted oral therapies to be included in its risk-pooling arrangements over the coming years.

"Although there are dozens of cancer pills on the market, very few are currently reimbursed," says General Manager **Pierre Hamel**, adding, however, that an increasing number of targeted therapies are on the organization's radar.

Of all the products currently in development within the pharmaceutical industry, "roughly 40%" are oncology-related, says **Neda Nasseri**, National Drug Benefit Strategist at **Desjardins Insurance**.

Who pays for what?

The method of administering the cancer treatment determines who foots the bill.

Intravenous treatments, radiation therapy, and other forms of care administered in hospitals are generally covered by the public healthcare system, whereas oral therapies taken at home are the responsibility of insurance plans.

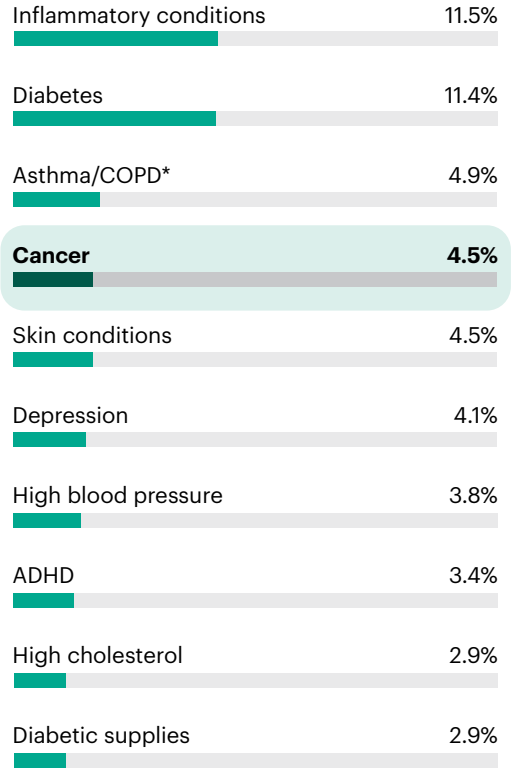
Marie-Hélène Dugal, Manager, Pharmacy Benefit Strategy at **Medavie Blue Cross**, laments a "paradigm shift" that plays out differently from one province to another.

"Coverage for oral treatments varies by province; if it's the best option for you, you hope to be covered," she says. "If the best course of action is intravenous treatment, the hospital covers the cost. However, if you take both [as part of the same treatment protocol], the hospital assumes the cost."

At Desjardins, the annual cost of claims for a plan member with cancer is approximately $36,000. The cost of medication varies widely from case to case. "We are talking about figures ranging from $50,000 to $250,000," estimates Nasseri. Oral cancer medications currently account for 0.1% of all drug claims but represent 4% of all reimbursements.

At **Beneva**, brand-name oral cancer drugs with no generic equivalent accounted for over 80% of

TOP 10 THERAPEUTIC CLASSES BY OVERALL SPEND



* COPD: Chronic Obstructive Pulmonary Disease

Source: *2026 Express Scripts Canada Drug Trend Report.*

reimbursed amounts, even though they represented only a minority of claims in 2025. "On average, the amount reimbursed for oral cancer drugs rose by more than 22% per patient between 2021 and 2025," **Christian Yared**, a pharmacist, Pharmaceutical Expertise and High-Cost Drug Management, for the insurer, explained in an email.

Dugal suggests that as therapies become increasingly targeted, fewer patients undergo them, which could explain the higher cost per dose.

Experimental treatments are not covered by private insurance plans because they have not yet been officially approved by Health Canada.

From a fatal condition to a chronic disease

The average duration of oral cancer treatments is about 15 months, though some can extend over a longer period, Nasseri notes. "With these treatments, certain cancers will be viewed as chronic diseases; a patient can return to work with dormant cancer and maintain a more stable personal and professional life," she says.

In doing so, better management of cancers reduces the number and duration of disability absences covered by insurers.

"From a societal standpoint, this represents a significant gain: not only halting the disease's progression but also restoring a certain quality of life to the patient," adds Leblanc.

What do insurers expect in the future?

As the number of targeted oral therapies rises, the volume of claims submitted to both public and private insurance plans could also increase.

"Through our *Cancer Care Focus* program, we provide recommendations to employers to help guide their insurance coverage," explains Nasseri. "Among the items we propose covering in the future are genetic tests linked to tumor mutations. Access to these tests paves the way for more targeted treatments and increases the likelihood of remission for [plan members]."

These tests are also on the radar of iA Financial Group. "There is considerable debate within the industry regarding coverage for these tests," confirms Leblanc. "Currently, these tests are conducted within the public system, and the question arises as to who should foot the bill."

International relations could impact treatment accessibility, warns Pierre Hamel of the QDIPC, citing the "most-favored-nation" (MFN) pricing policy for prescription drugs—a measure stemming from an executive order signed by the Trump administration in 2025.

"Their government is requiring companies to treat Americans as their 'most favored' customers," explains Hamel. "Right now, we pay less for our medications than they do in the United States…However, if U.S. prices drop due to the MFN policy, pharmaceutical companies could very well offset the loss by raising prices elsewhere in the world. That is something to watch."

While cancer pills are here to stay, they will never completely replace traditional treatments, which remain useful, says Dugal. "We may eventually reach a balance," she adds. "Precision medicine is expected to play a somewhat larger role."



Christian Yared



Marie-Hélène Dugal

CANCER: CLAIMS TRENDS

In 2025, the increase in spending on cancer medications was approximately twice as high as the increase in the number of reimbursement (or settlement) claims.



+8.4%

CLAIMS SPENDING

In 2025 compared to 2024

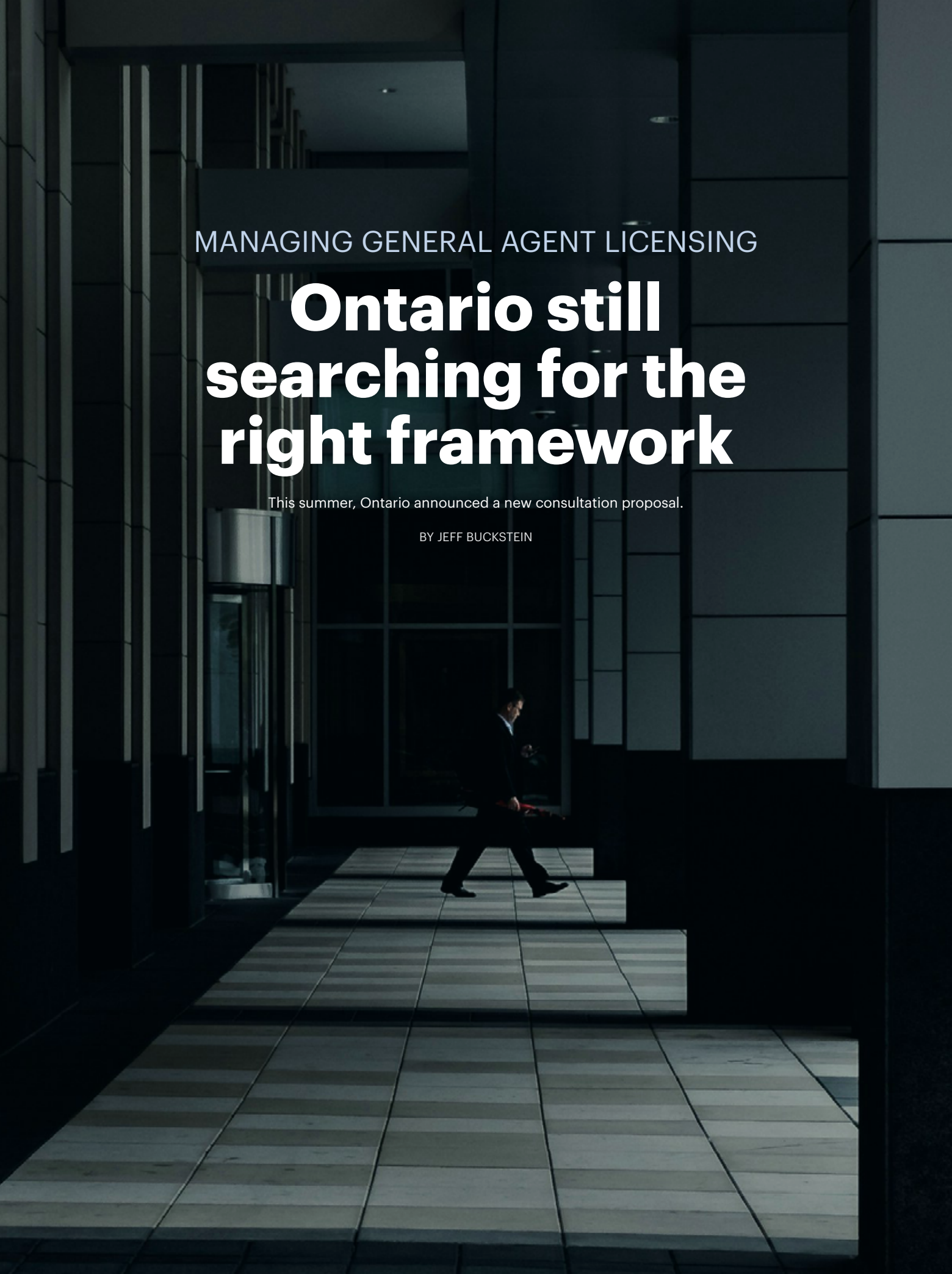


+4.1%

NUMBER OF CLAIMS

In 2025 compared to 2024

Source: 2026 Express Scripts Canada Drug Trend Report.



MANAGING GENERAL AGENT LICENSING

Ontario still searching for the right framework

This summer, Ontario announced a new consultation proposal.

BY JEFF BUCKSTEIN

The industry outlines its expectations

Managing general agents says that the Ontario regulator's new proposal is a step in the right direction.

BY JEFF BUCKSTEIN

A long-awaited new licensing framework for life and health (L&H) managing general agency (MGA) oversight in Ontario, originally scheduled to launch on June 1, 2026, is on pause.

The **Ministry of Finance** announced the hiatus during the tabling of its provincial budget last March "to allow for sufficient time to assess stakeholder feedback" received during an earlier consultation with the **Financial Services Regulatory Authority of Ontario** (FSRA).

Ontario published a new consultation proposal on July 3 containing further amendments to Ontario's *Insurance Act*.

"The decision to continue consulting with the stakeholders is a positive step," says **Cathy Hiscott**, president and CEO of **PPI Management** in Toronto. "Taking the time to consider stakeholder feedback [will] help ensure that the final framework is practical, effective, and that it achieves its intended objectives for advisors, consumers, insurers, and MGAs."

PPI, an MGA firm that works with independent insurance advisors across Canada, has "been [a] constructive and engaged voice throughout this entire process, advocating for a regulatory framework that protects consumers," says Hiscott. "We [also] want to provide clarity for advisors that reflects our realities of insurance distribution," she says.

The additional consultation period ended on August 17.

Avoiding unintended consequences

A key concern raised by the industry to the new licensing framework was the need to achieve a narrower and more focused definition of an MGA.

Many advisors and MGAs were concerned about the breadth of the MGA definition and potential unintended consequences of capturing advisors that may not have otherwise been truly defined as an MGA, explains Hiscott.

"For example, if advisors were incorrectly captured as MGAs, they would face additional licensing costs and administrative burdens, making it more difficult for them to sustain and grow their businesses and continue serving their clients. That's an important unintended consequence at a time when Canadians need more access to insurance advice, not less," she elaborates.

Hiscott says the proposed revisions provide the narrower and more focused definition required. And so "we believe [this] reduces the risk of unintended consequences for advisors and other stakeholders."

Furthermore "we're encouraged that if we can continue focusing on clearer standards around recruitment, screening, and supervision, as well as oversight through the distribution system, that will be a great outcome from this consultation," she adds.

More flexibility

HUB Financial Inc. has also been advocating for a precisely defined MGA concept so that ordinary corporate agencies and succession-planning arrangements are not inadvertently swept into MGA licensing, says **Kim Moffatt**, the firm's Woodbridge, Ont. based vice-president of insurance compliance.

"Optimally [this should be] tied to an actual, direct MGA agreement with an insurer," adds Moffatt.

Moffatt says other concerns include a need for shared accountability between insurers and MGAs, rather than insurers downloading full oversight responsibility to MGAs. She notes that no single party, including MGAs, insurers or regulators, has full visibility into an agent's total activity.

HUB, an MGA firm with a national presence across Canada, is also calling for a requirement that delivers "evenly applied rules across all distribution channels, not just MGAs," says Moffatt.

There should be flexibility for insurers and MGAs to reflect differing business models, rather than a one-size-fits-all governance structure, she says, adding that "the FSRA thematic review conducted of MGAs was heavily focused on a single distribution model, not reflective of most MGAs involved in distribution."

The industry also needs to move away from duplicative, blanket annual compliance reviews in favour of risk-based oversight, says Moffatt.

"MGAs currently face between four and eight near-identical MGA compliance business practice reviews from different insurers each year. What we'd like to see is an industry-coordinated mechanism where both MGAs and also their advisors are reviewed periodically, and those results are shared with and accepted by all contracted insurers," she elaborates. "One review. One result. Recognized by all. This would go a long way in reducing the regulatory burden for all participants [including] insurers, MGAs and their contracted agents."

HUB has also pleaded with regulators to fix the existing "orphaned client" servicing gap, says Moffatt. Insurers who control compensation structures should

➜



Cathy Hiscott



Kim Moffatt

be required to compensate agents who take on service responsibility for orphaned clients, rather than expecting agents to service their policyholders for free, and/or leaving that burden entirely on MGAs, she explains.

On the right track

Sean Downey, president and CEO of **Financial Horizons,** an MGA firm based in Kitchener, Ont., with offices across Canada, says efforts to review the life and health MGA licensing framework are integral to the future of the industry, and that "we are on a path to ensure updates support consumer protection and limit unintended consequences for the sector."


Sean Downey

"We support the current objectives to strengthen consumer protection, clarify the roles and responsibilities of participants in the distribution chain, and ensure that regulatory requirements are proportionate and targeted to the entities that are commonly understood to be MGAs," adds Downey, who is also the co-lead for **Advice Canada**, a support platform within Financial Horizons for the firm's advisors.

As part of the most recent consultation, Financial Horizons has, along with various industry stakeholders, identified opportunities to further refine language to better reflect the current role of MGAs and to prevent unintended consequences on independent advisors and consumers, he adds.

Those stakeholders include the **Canadian Life and Health Insurance Association** (CLHIA), the **Canadian Association of Independent Life Brokerage Agencies** (CAILBA), **Advocis**, and the **Conference for Advanced Life Underwriting** (CALU), among others.


Phil Marsillo

"Our proposed changes capture entities that have agreements directly with insurers and act as distribution intermediaries between insurers and agents for the distribution of life and health insurance, which reflects how MGAs generally operate today," Downey elaborates. "These proposed changes support a well-functioning insurance market that protects consumers while preserving access to the financial advice and insurance they need."

Phil Marsillo, CEO of **IDC Worldsource Insurance Network Inc.**, a national MGA firm headquartered in Markham, Ont., says he is "pleased that there have been changes in the proposal by committing to an effective and proportionate licensing framework for life and health MGAs in Ontario."

Marsillo adds that IDC encourages clarity regarding the distinct roles and responsibilities of insurers, MGAs and advisors, as well as the avoidance of unnecessary regulatory duplication and the promotion of accountability across the distribution system. "With the changes we believe that corporate and partnership agents should not unintentionally be captured in the proposed licensing requirements," he says.

Moffatt says HUB applauds FSRA and the Ontario Ministry of Finance for listening to and considering outstanding issues, stating that this summer's consultation was a direct regulatory response to industry concerns raised.

"In dialogue with FSRA team members, they have indicated that they want to ensure they get this right, not take the easy way out, and implement a meaningful change in the distribution of life insurance that allows for the protection of consumers while reducing regulatory burden," she explains.

Moffatt notes that the Ministry of Finance's outlines from the most recent consultation cover a number of key issues, including:

- the scope of entities captured under the new rule;
- a narrowing of regulated activities to supervising/monitoring and screening of agents, instead of overlapping with normal agent and insurer functions;
- a proposal to entirely remove the sub-MGA definition from Ontario's *Insurance Act*, to address existing licensing confusion.

The regulator's consultation paper effectively documents that it heard and is responding to the kind of feedback HUB has been submitting over the past few years, stresses Moffatt.

"Navigating complexity requires time, and we applaud the approach to thoughtfully consider industry feedback that will inform its evolution," says Downey. "We have appreciated the opportunity to participate in the consultation ensuring the voice of independent advisors is brought forward, and continue to support these efforts to modernize the governance framework."

Financial Horizons remains engaged in talks with the Ontario government and FSRA individually, as well as via CAILBA and the CLHIA. "With efforts ongoing, we will continue to advocate for independent advisors who we know want to ensure consumers' access to advice is not sacrificed," he adds.

Hiscott says good regulation is measured by whether it achieves better outcomes, not how quickly it is implemented.

Consumer protection

"The biggest thing in regulation is consumer protection, and [that] really is strongest when accountability is clear. When all the participants in the distribution system understand their responsibilities, oversight becomes more effective, compliance expectations are clearer, and issues can be identified and addressed more quickly," says Hiscott.

Ultimately that leads to better outcomes and improved consumer confidence, she adds.

"Overall, the additional consultation period provided by the Ontario government over the summer of 2026 has opened up new opportunities to simplify the provincial regulatory framework for MGAs and allow for better alignment, accountability, and improved efficiency," says Hiscott.

MGA licensing frameworks differ by jurisdiction

Ontario's approach versus other regions of Canada.

BY JEFF BUCKSTEIN

Ontario's efforts to establishing a new licensing framework for life and health (L&H) managing general agency (MGA) firms are unique at this time among Canada's most populous provinces.

"It is important to note that the legislative and regulatory framework applicable in Quebec differs from that of Ontario," says **Louise Gauthier**, senior director of distribution policies for the **Autorité des marchés financiers** (AMF) in Montreal, Quebec's insurance regulator.

For example, the activities of insurers in Quebec are governed by the provincial *Insurers Act*, while brokers' obligations are set out in *the Act respecting the distribution of financial products and services* (ADFPS) and its regulations. Furthermore, MGAs in life and health insurance are already registered as firms, Gauthier explains.

While Ontario has proposed a different approach to the oversight of MGAs than the AMF has for Quebec in certain respects, "both initiatives pursue similar objectives, namely enhancing consumer protection and strengthening oversight of intermediaries," she says.

They also include several comparable requirements, adds Gauthier.

In this context, the AMF recently conducted a regulatory consultation on the governance and management rules for its firms, independent partnerships and independent representatives, and the duties of responsible officers, says Gauthier. However, "the proposed framework does not include the creation of a specific licence for MGAs," she notes.

This consultation, which ended on July 24, provided an opportunity to seek input on the AMF's proposed approach with respect to MGAs and other matters, Gauthier explains.

"The AMF received numerous submissions as part of the consultation process and is currently reviewing them. A second consultation could be considered," she says.

In Alberta, MGAs are not currently specified or defined under the province's *Insurance Act*, says **Amina Deiab**, chief executive officer of the **Alberta Insurance Council** (AIC) in Calgary.

However, in order to sell insurance products and act as an insurance agent in Alberta, all businesses, including MGAs, must hold licences for each class of insurance they intend to sell, and they are required to be licensed with the AIC, she explains.

MGAs in Alberta must also meet the same requirements as other licensed insurance agencies and agents, including maintaining errors and omissions insurance, and they are subject to AIC's compliance oversight, practice review activities, and complaint investigations, says Deiab.



- **Ontario**: New proposed framework
- **Quebec**: MGAs already regulated under the ADFPS
- **Alberta**: No specific status for MGAs
- **British Columbia**: Relations with MGAs under review

"As part of our mandate, the AIC works collaboratively with government, industry, and regulatory partners to support effective insurance regulation and consumer protection in Alberta," she adds.

In a statement provided to the *Insurance Journal*, the **BC Financial Services Authority** (BCFSA) in Vancouver, British Columbia, says it is "aware of evolving and more complex distribution models in the insurance industry, including the expanded use of MGAs."

This issue was also addressed in BCFSA's recently published *2026-27 Annual Risk Outlook*.

"As part of that Risk Outlook, we have surveyed insurance providers in B.C. about their relationships with MGAs and plan to publish the consolidated findings from that survey in the fall or winter [of] 2026," the statement added.

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CYBER RISK

Prevention and insurance coverage are not always enough to protect businesses

Even though cybersecurity spending keeps rising, the frequency of data breaches and leaks continues to increase. Several organizations have recently taken stock of trends in the cyber insurance landscape. Experts emphasize that investing in prevention is preferable to paying ransoms to hackers.

BY ALAIN CASTONGUAY



Stable premiums and rising claims: a combination to avoid

Five experts discuss trends in the cyber insurance market.

BY ALAIN CASTONGUAY

Cyber insurance remains profitable, but threats are evolving rapidly, and claims are on the rise again. Between the boom in artificial intelligence, the resurgence of ransomware, and risks that remain difficult to quantify, insurers and businesses must constantly re-evaluate their prevention strategies and methods for assessing cyber risks.

Five experts, brought together by rating agency **AM Best** for a webinar last July, reviewed these transformations and the challenges they pose for insurers. Moderated by editor **John Weber**, the discussion allowed **Christopher Graham**, a senior analyst at the agency, to outline the key findings of the report *US Cyber: Premium Growth Lags Behind Cyber Threats*, published in late June 2026.

He notes that in 2025, for the second consecutive year, the loss ratio rose for insurers operating in the U.S. market. The ratio climbed from 48.7% in 2024 to 53.0% in 2025. "It's the first time that the loss ratio went over 50 since the ransomware spike during COVID," he said.

Meanwhile, direct premiums written reached US$7.5 billion in 2025, a 6.4% increase over the previous year. Cyber insurance rates remained relatively stable in 2025. "If pricing continues to fall without premium coming in, you can expect even further loss ratio increases. Overall, premium was relatively flat. The growth that we see in the data seems to be more of a switch between what's offshore and what's onshore as far as where the business is being placed," he said.

Graham points to another trend: for several years, large companies with mature captive insurers and sophisticated cyber-risk mitigation practices have shifted away—either wholly or partially—from the commercial market, choosing instead to insure their exposure to this type of risk through their own captives.

Third-party liability payouts

On the claims front, third-party liability payouts rose by 30% in 2025, according to an AM Best report. The increase in such claims was even steeper—40%—for insurers providing excess coverage. A breach can cause long-term damage to third parties, and these claims can take a long time to settle, Graham notes.

"There's also constant underwriting of the insurers being in contact with the insureds for leaks, patches, whatever might be necessary in programs," he adds. "There's far more contact between the insurer and the insured than there is for other lines of business. It's a constantly-changing underwriting market for the insurers."

Is cyber insurance still profitable? According to Christopher Graham, the segment remains profitable as long as the loss ratio does not exceed 55%, even though underwriting costs are higher than for other types of insurance. Cyber insurance adoption remains low among small and medium-sized businesses (SMBs). Insurers show little appetite for the SMB market because profit margins are lower.

Furthermore, SMB leaders often struggle to see the value of cyber insurance. "For some of the smallest insureds, even if you convince them that cyber insurance might be necessary, that they have more cyber risk than they realize, it may be that going bankrupt and reincorporating is less expensive than cyber insurance for some of them," explains Graham.

> "I don't think that threat actors have improved their English. I just think that they're using agents to write those emails."
>
> — Roman Itskovich

Meanwhile, **Fred Eslami**, an associate director at AM Best, summarizes another report published in mid-July, *Market Segment Outlook: Global Cyber Insurance*—which he co-authored. Eslami also notes the growing share of the cyber insurance market being handled by captives based in Bermuda.

Christopher Graham reported cybersecurity insurance premiums totaling US$190 million in this British Overseas Territory. The rating agency maintains a stable outlook for the cyber insurance market. "We don't expect the market condition to change dramatically within the next 12 months, positive or negative. We note that demand is strong despite the softening of the pricing. Profitability remains great. A 53 percent loss ratio is excellent. We assume about 30 percent being underwriting. A combined of 83, 85 is still a profitable business," notes Eslami.

However, ransomware attacks, business email compromise, and fraudulent wire transfers are on the rise, he says, and certain claims have proven very costly for insurers. Furthermore, hackers are increasingly using →

artificial intelligence (AI) tools to refine their fraud attempts and make them more credible. **IBM** made a similar observation in its annual cybersecurity trends report published in late July.

Policyholders are becoming increasingly aware of the need for good digital hygiene and have a better understanding of the risks posed by hacking, according to **Roman Itskovich**. He is the co-founder and head of risk management at **At-Bay**, a California-based company. "The question for me is not whether companies are adopting new controls. They are. The question is are they doing this fast enough to keep up with the threats?"

He believes faster adoption of cybersecurity best practices is needed. For instance, phishing emails contain far fewer spelling errors than they did three years ago. "I don't think that threat actors have improved their English. I just think that they're using agents to write those emails," he said.

> Do you have consent for that data? Are you violating the privacy laws? There's so many parts of this that need to be orchestrated in ways to understand how to insure it.
>
> — Ariel Evans

IT security control systems based on color-coded risk matrices are of little use for prevention, adds **Ariel Evans**, co-founder and CEO of **RiskQ**. That is not the right way to assess risk, in her view. "That's not effective in terms of what risk should be measured as. It should be measured as financial impact and likelihood; impact being from a data breach, from a ransomware event, and longer-term regulatory fines and penalties," she explains.

"How do you prioritize all the things you need to do in a cyber program if you don't understand where the maximum impact is happening and where the controls are lacking? You can't," adds Evans.

Privacy laws are ill-suited to the digitization of interactions, notes **Judy Selby**, a partner at the law firm **TittmannWeix**. The rapid expansion of AI usage is another concern, and regulators are struggling to keep pace, she said. There is no standard wording for specialized cybersecurity insurance policies, the lawyer adds.

Insurance can help foster good cybersecurity practices. At At-Bay, Roman Itskovich offers policyholders suites of digital solutions to help protect them against attacks. One such solution is an email fraud monitoring system—an agent-based tool that filters incoming emails for potential fraud risks. Organizations that use these tools secure better underwriting terms.

"Cybersecurity is people, process, and tools. In terms of layered tools, most mature organizations have the right ones. In terms of people and process, they're coming up to speed," observes Evans. "What we see lately is that ransomware is rearing its ugly head again. With ransomware, it's all about can you recover? There are new technologies out there for provable recovery and things like that, which make a significant difference," she adds.

Meanwhile, Judy Selby notes the recent emergence of sub-limits for wrongful acts and for incidents involving data confidentiality issues that do not necessarily involve a security breach in the traditional sense. This is the case, for example, with the improper collection of information resulting from the manipulation of an employee. "It could be the email situation... It could be a voice call. It could be a text message – very, very convincing — and employees are just opening up the front door," she illustrates. "We're seeing new cases of extortion without any encryption. Those are becoming more prevalent as well."

In this type of attack, hackers do not need to render company files or systems unusable through cryptographic means. They might, for instance, steal sensitive data and then threaten to leak or sell it if the company does not pay.

Hackers have quickly adopted AI tools to refine their attacks, notes Roman Itskovich. Meanwhile, many companies are using agentic AI without truly understanding the impact on their operations.

He therefore expects an increase in financial fraud, ransom demands, and liability claims arising from damages caused to third parties.

The resulting productivity gains are driving the creation of new business models. The expansion of business digitization and the use of agentic AI in business processes will further boost the appeal of cyber insurance, according to Itskovich.

The phenomenal growth of AI resembles the 19th-century Gold Rush in the American West, notes Ariel Evans: "AI is not being governed today." AI tools require vast amounts of data to function. "Do you have consent for that data? Are you violating the privacy laws? There's so many parts of this that need to be orchestrated in ways to understand how to insure it," Evans adds.

Judy Selby confirms the difficulty underwriters face in accurately assessing the risks associated with policyholders' use of AI. In certain sectors—such as HR recruitment firms, lending institutions, and healthcare facilities—insurers are already concerned about the volume of personal information breaches.

Loss history

Catastrophic losses linked to cybersecurity incidents remain rare. Roman Itskovich cites the June 2024 security breach at **CDK**, a provider of systems for car dealerships, as an example. While the impact was significant for the 15,000 affected businesses, it was far from posing a systemic risk to the industry as a

whole. “We haven’t seen a large event, but…it doesn’t mean that we won’t see one in the future,” he says.

In a separate incident, automaker **Jaguar Land Rover** reported on August 31, 2025, that it had fallen victim to a cyberattack. Its three main UK plants ceased operations for five weeks, and their activities were disrupted for an extended period. The automaker was not adequately insured against this type of IT failure, and the government had to create a loan guarantee to support the company and assist its suppliers, who were also forced to halt operations. The cost to the UK economy was estimated at £1.9 billion, or approximately C$3.5 billion.

Beyond revealing the true costs of a major cyberattack, this case highlights the importance of robust information security within a company, according to Ariel Evans.

“Do the backups work? Can you prove that you can recover? That is such a key piece of the ransomware equation because you can reduce the loss of the ransomware 80, 90 percent if you have the right things in place,” she says.

As the production of goods and services becomes increasingly linked to the digital world, telemetry—the automated collection of data from IT systems—is becoming a key element of cybersecurity controls, notes Roman Itskovich.

Evans adds that telemetry makes it possible to monitor risk levels within the company in real time. It provides a more accurate picture than the one obtained through the annual cybersecurity updates performed when renewing a policy.

Business interruption risk within the supply chain of the insured company remains poorly assessed, according to Itskovich, and is not limited to issues stemming from outages affecting information technology (IT) providers. “In the market, there is a bigger prevalence of non-IT contingent business interruption coverage, which I think is a big exposure that is not well underwritten by the industry today,” he says.

Premiums adjusted based on telemetry data might appeal to risk managers, but perhaps not to cyber insurance buyers. “Insureds are used to having an insurance contract across all other insurance lines that is fixed for a term. There’s certainty in that. You know how much limit you get and you know how much premium you pay for it,” Itskovich explains.

Systemic risk

Business interruption loss is the primary risk for a company to cover, according to Judy Selby, and policy interpretation sometimes has to be settled in court. “An insured may make a business decision to make some goodwill payments or issue vouchers or do something to appease their customers for PR reasons…but depending on the policy language, that may or may not be covered. We see some issues around that, and sometimes those are litigated,” she notes, citing **United Airlines** as an example. In late July 2026, the company filed a lawsuit against **Homesite Insurance** in federal court in Chicago regarding flight delays and cancellations caused by the **CrowdStrike** outage on July 19, 2024. The claim was reportedly denied, notably because the insurer had not been consulted by the carrier before the latter compensated passengers for the inconvenience suffered.

Roman Itskovich explains the challenges of modeling systemic risk in the context of cyber insurance. “Storms…hurricanes, you have almost every year. Cyber events, maybe you do, maybe you don’t, and the magnitude is different,” he says, adding however, “We do know that there is potential for that... In my view, you don’t actually need empirical, or you can build an estimate based on engineering the information.”

He likens this estimation process to bridge building. Engineering knowledge ensures that bridges do not collapse, regardless of conditions. According to Itskovich, advances in understanding the interconnections between IT systems should enable experts to model the damage caused by a data center outage, yet this has not yet been done.

Large companies that appoint a Chief Information Security Officer (CISO) are well aware of the importance of cybersecurity. However, when looking at mid-sized enterprises and SMBs, “there’s still a lack of awareness of what are the cyber threats,” Itskovich notes. “There is lack of awareness of what controls are effective and how to implement them. There’s lack of awareness of what controls actually are in place.”

He says the most important control to implement—if it hasn’t been done already—is an Endpoint Managed Detection and Response (Endpoint MDR) solution, which continuously monitors the company’s computers and other devices to rapidly detect threats and intervene as soon as they appear.

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Vulnerabilities persist despite progress

Identity-based attacks are most frequently used by criminal networks.

BY ALAIN CASTONGUAY

Cybercriminals have increasingly sophisticated methods at their disposal to target businesses of all sizes. Nevertheless, vulnerabilities linked to social engineering—which involves manipulating a person to obtain information or prompt them to take a specific action—remain a major concern. International cybersecurity and insurance players are outlining the landscape of cyber threats, the resulting losses, and the vulnerabilities that continue to expose organizations.

One such company is **Expel**, a Virginia-based firm specializing in IT system monitoring, cyber threat detection, and incident response. In its latest report, Expel's *2026 Annual Threat Report* the firm analyzes data from over a million alerts received by its Security Operations Center (SOC).

Expel highlights the persistent gap between attack detection and incident response. "Many intrusions succeeded simply because the 'basics' —like multifactor authentication (MFA) or proper configurations—weren't fully optimized," states **Greg Notch**, Expel's Chief Security Officer, in the report.

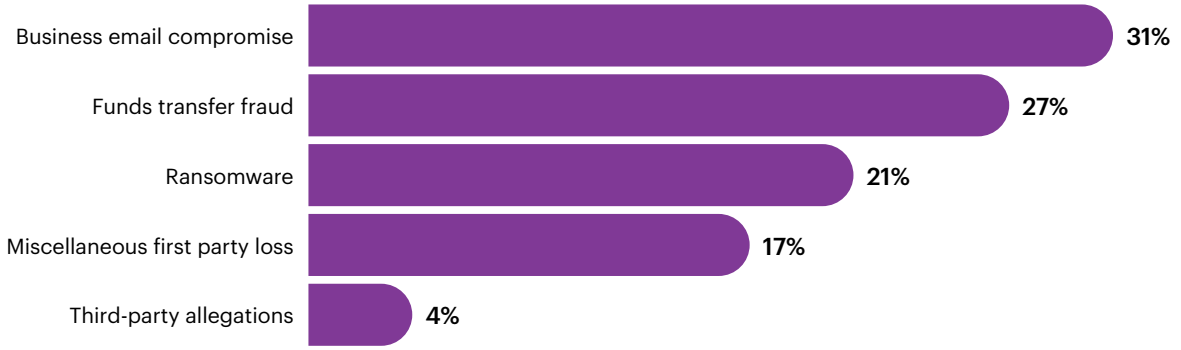
Attacks are classified into three categories:

- Identity-based attacks using stolen user credentials and authentication tokens. For the past three years, this category has accounted for approximately two-thirds of alerts (68.6% in 2025).
- Endpoint attacks such as malware, manual intrusions, and the exploitation of server-side vulnerabilities—which represent between 22% and 29% of alerts, depending on the year.
- Cloud infrastructure attacks targeting technologies provided by major vendors like **Amazon** or **Google**, utilizing highly sophisticated worms (malicious programs) such as *TruffleHog* or *Shai-Hulud 2.0*.

Regarding identity-based attacks, Expel notes that a seemingly innocuous unauthorized login can actually be part of a sophisticated phishing technique known as "adversary-in-the-middle." This technique allows for the maintenance of an active session that the attacker can subsequently use and control. "To prevent further exploitation, the security team must act quickly to revoke the session and reset the credentials," the company states in the report.

Phishing emails remain the primary tool attackers use to trick users into revealing their login credentials. Among the 2025 incidents observed by Expel, 12% were attributed to successful phishing attacks. "Employee training continues to be the number one way to fight social engineering techniques. However, adopting additional tools to mitigate phishing attacks will help when a human inevitably makes a mistake," the firm notes. Regarding endpoint attacks, Expel highlights the impact of efforts to combat *Lumma Stealer*, a type of malware used by hundreds of cybercriminals to steal passwords, credit card numbers, banking data, and cryptocurrency wallets.

2025 CLAIMS, BY TYPE OF CYBERATTACK



Source: *2026 Cyber Claims Report*, Coalition

According to Expel, the shutdown of 2,300 domain names by the **U.S. Department of Justice**—following a lawsuit filed by **Microsoft** Digital Crimes Unit against *Lumma Stealer*—has reduced the frequency of attacks involving this malware. However, the company reports that hackers have turned to other platforms, such as *Vidar* and *StealC*, to exploit Windows vulnerabilities.

Companies are strongly advised to require employees to stop using free platforms for editing PDF files. Many of these editors effectively act as Trojan horses, used by hackers to infiltrate endpoints. Employees often use them when they lack a license to edit PDF forms.

More frequent, yet less costly claims

Global spending on IT security is rising significantly each year, projected to reach $240 billion (USD) by 2026, according to a recent report by **Coalition**—a company that combines comprehensive cybersecurity management with insurance products. However, this does not necessarily mean that companies are better protected.

In its annual claims report, entitled *2026 Cyber Claims Report*, Coalition compiles data from 100,000 policyholders based in the United States, Canada, the United Kingdom, Australia, and Germany.

The claims frequency among the company's clients rose from 1.44% at the end of 2024 to 1.56% at the end of 2025, an increase of 8.3%. Over the two-year period, the average increase was 3%. However, the average cost of an insured loss fell by 19% in 2025, settling at $116,000. "This suggests that while attackers are knocking at the door more often, businesses are becoming more effective at limiting the damage once a breach occurs," Coalition notes.

Business email compromise accounted for 31% of claims filed by Coalition's business clients in 2025, driven by the increasingly sophisticated methods hackers use to commit social engineering fraud. The company notes that a compromised email often serves as a gateway for hackers to launch a larger-scale attack involving, for instance, the diversion of payments intended for vendors.

In this regard, electronic funds transfers to fraudsters rank second among the most frequent attack types, accounting for 27% of claims. Approximately 71% of these are linked to social engineering fraud, where hackers successfully convince employees to change a payment recipient or approve an electronic funds transfer. In 20% of funds transfer fraud cases, fraudulent instructions were sent directly to the company's financial institution after an employee's access credentials were compromised.

Claims for ransom incidents involving data encryption accounted for 21% of claims filed by Coalition's clients in 2025. "Once a straightforward threat of encryption, ransomware has transitioned into a multifaceted crisis, as ransomware severity was largely dictated by exfiltration, making data theft more costly than encryption alone," the company states in its report.

Approximately 70% of such claims involved both data encryption and exfiltration, with an average cost per claim of $299,000. Even after successfully restoring operations using backups, the targeted company remains vulnerable to extortion, as the resale of the stolen data can lead to significant liability issues. Three hacker groups stand out among the ransomware perpetrators: *Akira*, *Qilin*, and *RansomHub*. Coalition notes that the ransom demands made by these groups range from $9,000 to $16 million.

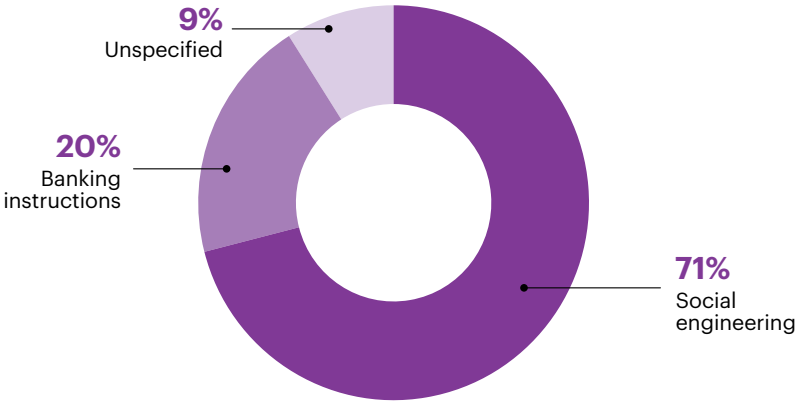
Coalition reports that 17% of claims involve various incidents resulting in direct losses for policyholders. These stem from a range of causes—not all of which involve fraud—and can include system failures that paralyze business operations. Damages may arise from a security breach at one of the insured company's vendors or clients.

Finally, 4% of claims relate to third-party liability, such as data leaks. In this regard, Coalition observes a rise in class-action lawsuits and increased scrutiny by regulators regarding the use of web tracking technologies.

Different sizes, different realities

Companies with revenues under $25 million are classified by Coalition as small and medium-sized businesses (SMBs). And they, too, are targeted by hackers, the company notes. The frequency of claims among SMBs rose by 10% in 2025 compared to 2024. "This steady rise throughout the year suggests that ➜

FUNDS TRANSFER FRAUD CLAIMS IN 2025, BY METHOD



Source: *2026 Cyber Claims Report*, Coalition

these organizations are no longer under the radar for opportunistic attackers."

Also for SMBs, the average cost of a claim dropped by 15% in 2025, coming in at $77,000. However, a loss of this magnitude can be considerably more damaging to a small business than a claim amounting to hundreds of thousands of dollars is to a large corporation, Coalition underlines.

For mid-sized companies with revenues between $25 million and $100 million, the average claim cost fell by 19% in 2025 to $170,000. Conversely, the report's authors observed a 3% increase in claim frequency. They note that companies in this group find themselves in a difficult position: they possess significant digital assets yet lack the capacity to establish an adequate security operations center, unlike large enterprises.

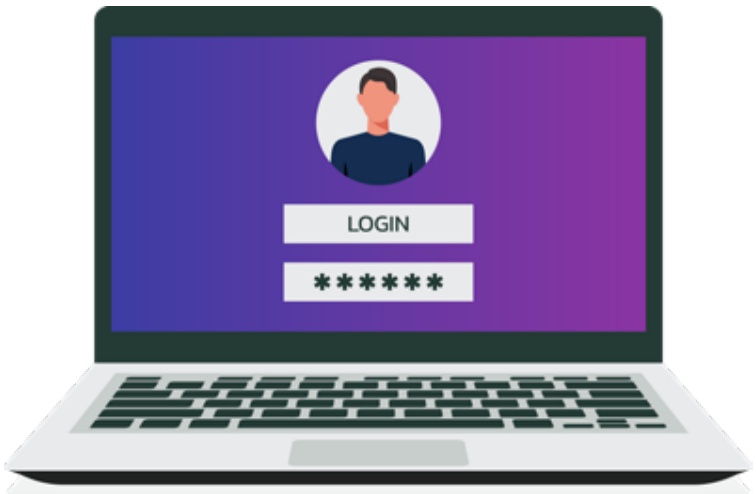
For large enterprises with revenues exceeding $100 million, the average cost fell by 7% to $268,000, and the frequency dropped by 10% over the course of a year. However, these companies are targeted more frequently by cybercriminals—nearly five times as often as SMBs.

Spotlight on the construction sector

Construction companies should not overlook the threat of cyberattacks, as the industry is one of the most frequent targets of ransomware, according to **QBE**. To raise awareness, the insurer published a report last June entitled *From blueprints to breaches*.

The average duration of business interruption for construction companies targeted by cyberattacks reached 24 days in 2025, report authors note. In several recent cases involving major construction firms targeted by cyberattacks, damages ran into the millions of dollars.

Large-scale construction projects rely on complex supply chains, tight schedules, and interconnected digital tools, creating significant cybersecurity vulnerabilities. High availability requirements and reliance on multiple subcontractors and suppliers make the sector a particularly attractive target for ransomware attacks and extortion, according to the insurer.



QBE cites research conducted by **ThreatLabz** in 2025, which reports a sharp rise in breaches involving connected devices. The construction sector saw a 410% increase in such attacks over a one-year period—a trend the **Zscaler** cyber-threat research team attributes to the growing use of smart building technologies, connected construction equipment, and connected sensors for monitoring and automation in modern infrastructure projects.

Building Information Modeling (BIM) systems are increasingly used by contractors to prepare for large-scale projects, facilitating the sharing of plans and specifications. A 2025 study by **Research and Markets** valued the global construction BIM market at $4.4 billion in 2024 and projected a compound annual growth rate of 15%, bringing its value to $17.8 billion by 2034.

"A single cyber incident can stall projects, restrict access to critical systems and ripple through contractors and suppliers, resulting in delays, cost overruns, liquidated damages and lost revenue and reputation," observes **Kyle Gray**, Underwriter Team Lead, Cyber, at QBE Canada, in a statement accompanying the release of *From blueprint to breaches*

The report's authors highlight that international geopolitical tensions are driving state-sponsored hackers to target construction firms active in the public infrastructure sector. The pro-Russian hacker group *Z-Pentest* targeted water supply systems in Denmark and Norway in 2024 and 2025. In August 2025, the Polish government reported similar attacks on water treatment infrastructure in the country's major cities. Comparable incidents were observed in the United States in 2026.

Damage can also take the form of serious reputational harm. This was the case for the Chicago-based firm **Skender Construction**, which fell victim to a ransomware attack in March 2024. Sensitive personal data belonging to 1,067 of the firm's employees became the subject of extortion.

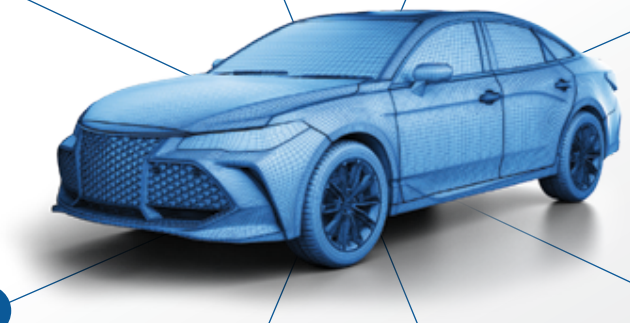
"The speed at which a firm can contain an incident, make decisions, and restore operations has a direct impact on project disruption and financial loss. Tested incident response plans, clear governance and realistic recovery assumptions are therefore key underwriting considerations," notes Gray in the QBE report.

For brokers and insurers, he adds, discussions should focus on tangible outcomes rather than abstract threats: the potential duration of operational downtime, the projects that would be affected, and the speed at which work could resume.

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Prevention over ransom payment

Paying a ransom does not enable a company targeted by a cyberattack to reduce future risks.

BY ALAIN CASTONGUAY

A company has its IT equipment stolen. It acquires new devices, and a few months later, it falls victim to another burglary. There is nothing surprising about such a scenario. The same logic applies to an organization targeted by hackers: paying a ransom will not put an end to the problems.

On the contrary, paying the ransom validates the operational model known as "Ransomware-as-a-Service," which will fuel its growth and fund new attacks, explains the **Canadian Centre for Cyber Security** (CCCS) in an update to its *Ransomware Playbook* published in early 2026. The extorted funds could even finance other illegal activities such as organized crime, terrorism, or state-sponsored violence, the federal agency adds.

Paying the perpetrator of a cyber threat is not a decision to be taken lightly, according to the Centre. Before considering payment, it is recommended to contact local law enforcement to report the situation.

A cyberattack that led to bankruptcy

The British firm **KNP Logistics Group** went bankrupt in November 2023 following a cyberattack. Formed in 2016 through the merger of four trucking companies—the oldest of which was established in Northampton in 1867—the group suffered a security breach in June 2023. Hackers linked to the *Akira* group breached the company's IT system using the password of an employee whose access was not protected by multi-factor authentication (MFA).

Company data was encrypted and exfiltrated, while backups and all IT security systems were compromised. The hackers demanded a ransom of over five million pounds sterling.

Despite an insurance policy providing $1 million (USD) in coverage and existing system protection procedures, the company was unable to pay the ransom. The company's fleet of approximately 500 trucks was grounded, and its 700 employees were left out of work. Within weeks, KNP was forced to seek creditor protection.

In this instance, the ransom was not paid, yet the story still ended badly.

No guarantees

Paying the ransom offers no guarantee that access to data and systems will be fully restored, the CCC notes.

COMPROMISED PASSWORD: A COMPANY GOES BANKRUPT

A cyberattack on KNP Logistics Group in 2023 paralyzed the British trucking company's operations.

Over £5 million
in ransom demanded

500
trucks grounded

700
employees out of work

Attackers could still demand more money, continue infecting devices and systems—or those of affiliated organizations—attack the same company again, and copy, leak, or sell the data obtained during the breach.

Hackers are aware of their victim's vulnerability; once the victim has paid for the decryption key, the hackers may also demand payment to prevent the leaked data from being exposed. If insurance policy documents are not adequately protected, sophisticated ransomware attackers could obtain sensitive information regarding coverage limits and exploit it during ransom negotiations to maximize payouts from companies, the federal agency explains.

It is important to note that insurance companies may deny coverage if they determine that your organization has not implemented adequate cybersecurity measures, the Centre states.

Attacks with many faces

In a recent bulletin, the insurer **CFC** reported the case of **Pioneer Search**, an HR recruitment firm that fell victim to a cyberattack in November 2025. The company did not suffer a data breach; instead, hackers used its brand and reputation to create confusion among job seekers.

Pioneer Search discovered the attack after receiving calls from individuals who had received text messages about job openings—even though they were not in the firm's candidate database and the messages did not originate from the company. However, the fraudulent text messages did not contain any malicious links.

Minutes after discovering the scope of the scam, the firm posted warnings on its website and social media channels and notified its insurer of the potential fraud. Experts were mobilized to prevent the reputational damage from escalating.

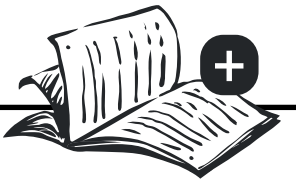
"Even well protected businesses can feel the impact when attackers impersonate their brand, creating confusion, causing disruption and risking hard earned trust. That's why acting quickly and notifying the insurer early is so important," says CFC.

In the recruitment sector, firms hold highly sensitive data on a large number of individuals and organizations, the insurer points out. Even without an actual data breach, crisis management slows down employees' work and can create further opportunities for hackers to exploit, notes the insurer, which recommends cyber insurance coverage—if only for the technical assistance provided.

Internal controls can also serve as protective measures against social engineering, a tactic aimed at manipulating individuals. In a ruling handed down in May 2026, the **Superior Court of Quebec** faulted a Drummondville-based company—victim of a "CEO fraud" scheme that resulted in a loss of over one million dollars—for allowing its chief accountant to execute large transfers without any verification checks. Nevertheless, the court also assigned a share of liability to the financial institution involved.

The full case is covered in the magazine's online supplement: *Desjardins partially liable in "CEO fraud" case*.





MAGAZINE SUPPLEMENT

- **Desjardins partially liable in "CEO fraud" case** For **PRO** Level members

This article will be available in the coming weeks on insurance-portal.ca

Getting to know your clients' children

Long-term, genuine efforts are needed to build trust with your next cohort of clients.

BY KATE MCCAFFERY

Build a relationship with your clients' kids. Integrate everyone. Use every opportunity to get in touch so decades of planning don't come apart in one generation. Be someone who keeps showing up.

We spoke with three experienced advisors who say their clients' kids become clients themselves nearly every time. Across the board they describe the effort of bringing children into the financial planning process and discussion as one that takes time – months and years – and a concerted effort to become the person family members will turn to for advice automatically.

"My role is to earn their trust by adding value long before there's an inheritance," says **Elke Rubach**, certified financial planner (CFP) and president of **Rubach Wealth**. "Many years ago, advisors often met children only after the parent passed away. We've seen that doesn't work."

Ages and stages

Most planners and advisors will recognize that a 30-year-old and a 65-year-old have very different financial concerns. Rubach however starts even younger, beginning to speak with clients' children as early as age five or six.

"It doesn't matter how much money they have today, at some point they will inherit something. The question is whether they'll be prepared for it. That's intergenerational planning. If I'm advising a family, I need to include the next generation. Otherwise, I'm not doing my job right. They need to understand money, but more importantly the responsibility, accountability and consequences that come with wealth."

As the children get older too, advisors say it will be necessary to keep up to date with different generational interests or work with team members who are better able to relate.

"If you want to work with the next generation, you really need to keep up with what they're into," says **Kelly Ho**, CFP and partner with **DLD Financial Group**. "Right now, I feel like I'm still young enough to be able to relate to my clients' kids. You have to make sure it's a good fit. If it isn't, that's when working in a team is really great."

Next up, middle-aged clients, those in their 40s, will often want advisors like **Joseph Guido**, CFP and partner with **KAAP Financial Group** to speak about money with their young adult children. "It becomes very much a relationship thing," he says.

"I ask very open-ended questions – how do you feel about money? What's important to you? Do you have goals like a car? I'm not going to ask them to save me a downpayment for a house. I make it relatable. Do you want to save up to rent a condo? What are your goals? I don't start talking to 18-year-olds about retirement or life insurance," he says. "Typically, I start off with small savings accounts."

Ho similarly says the most important thing when dealing with clients' children is to be genuinely relatable. To that end, she recommends making notes about preferences in your customer relationship management (CRM) systems – text versus *WhatsApp* versus email, or notes about travels, for instance – of the children's preferences, as well.

The importance of this effort is likely not lost on at least some of those who've seen cases where parents are late to bring their kids into the conversation. "If you're starting to talk about money when you're 50 and your parents are 75, 80 and kids are in university and asking for money, it's tricky," Rubach says.

Ho similarly points out that a large percentage of your clients' children will move financial planners at some point if they feel that they haven't been given any attention.

Ultimately too, families aren't really looking for someone to manage their investments, Rubach adds. They're looking for someone to understand their family and facilitate the transfer of assets.

"All families are complicated. The real question isn't whether the children become our clients. The question is whether we've earned enough trust that when the next generation needs guidance, they already know where to go," she says.

Moving then into cases where clients are over age 65, the advisors we spoke with say they are persistent and insistent that children are brought into the conversation. "I actively try to get their adult children to the table because they're a part of the planning process. On the estate planning side it's important that everyone has a voice. A lot of these things are family decisions," Guido says. "I make it a strong point, especially if I have people over 70. I really want their kids

involved in this process," he adds. "I want the family to have a face to the name, not just a name on a piece of paper in a booklet somewhere."

Harmony in the family

Approaching family dynamics next is an important part of the process, one that is needed to be able to create the most appropriate solutions. It is also necessary for preserving the peace in a lot of cases and the assets going forward in many cases, as well.

"When I work with clients their goals are different every single time, but a common one with different hues is 'I want harmony in the family.' The entire exercise requires a ton of patience," Rubach says. "The reward is not just retaining assets, but preserving relationships, reducing family conflict, ensuring that decades of planning don't unravel after one generation."

When it comes to wealth, she adds: "You want to make sure (that wealth) will continue to support future generations rather than become the source of confusion or conflict. When we've built relationships across generations, we're able to provide continuity," she says. "The family does not need to start from scratch every single time."

In cases where siblings do not speak or might be estranged from one another or in other cases where one sibling out of four is chosen to be the executor, for example, Guido emphasizes the need to be careful and mindful.

"It's a conversation that I face head on with people. What are the dynamics here? That way I have their trust," he says. "I know exactly what and who I'm dealing with."

This effort, he adds, is "ultra-important," akin to the kind of work clients would do with lawyers, accountants or even doctors. "We can't hide facts. We can't hide numbers. When it comes to things that are of this nature, we need to have an understanding in order to give proper advice," he says.

Know me personally

Starting young, Ho says in her practice where she often visits her high-net-worth clients in their homes, parents generally introduce her as the family's financial planner.

"I see the kids every time I go there. At Christmas time I drop something off, the kids are there, and they get to know who I am. It's a casual touching base over the years," she says.

"When I'm speaking with the next generation of clients, they've seen the value I've brought to the family. Usually, the parents are huge fans of the work we've been doing, so when the kids ask the parents things (they don't hesitate to say) 'you know what, talk to Kelly.' Sometimes I'll get messages from the kids directly."

Rubach meanwhile says that in addition to being a good advisor, it is necessary to become a very good listener to understand what you hear in family conversations. "There's sometimes a second or third layer of emotional fuel that goes behind it. You need to get to the bottom of that."

In addition to figuring out why family members might be saying the things they're saying, it is also necessary to suss out a lot of assumptions that are being made, she adds. "Your EQ (emotional intelligence or emotional quotient) needs to be on the ball, otherwise you are 100 per cent replaceable."

Strategies

Find the time

Block the time, Rubach says, and make an effort to work with your clients' children. "Sometimes they come back with really cool stuff too, right?" ➜



Guido meanwhile will take parents and their children to lunch, or adult children to lunch periodically, as well. "I become someone they can count on," he says.

Ho recommends the annual holiday visit, alongside any other opportunity which presents itself to touch base over the years. "When the kids get email addresses, I offer to add them to the firm's (quarterly) newsletter."

During the COVID-19 pandemic lockdown, she also did a virtual session on financial education with a Brownie troupe at the request of one of her clients.

Start educating the kids while they're young

To speak with the children gathered, Ho made use of a four-chambered piggy bank which some might be familiar with (the chambers are labelled 'spend', 'save', 'donate' and 'invest'), to explain the different money concepts. "You have to think about the audience, right? It comes back to being relatable."

To help with educating your clients' children, Rubach recommends the *Junior Financial Advisor* resources published by **Advocis**' *Financial Advice For All initiative*.

"You talk to them about checking accounts, credit cards and insurance," she says. "How do you expect a kid to know about money if you don't talk to them about money? It's the little conversations – credit card is not a magic wand; you have to pay it from somewhere."

Consider working with younger associates

"I'm sure in 10, 15 years there could be a situation where they won't be sure that they want to work with their parent's financial planner. That's when perhaps having an associate who's a little bit more relatable to the kids is going to be helpful," Ho suggests.

Identify and approach beneficiaries (get permission)

Similarly, make sure a clients' power of attorney for health and money matters are both up to date. Guido says he will also strive to get an introduction to lawyers and accountants in the event matters are more complicated. "I (also) have my own professional network that I trust and I'm confident in," he says. "They become a resource for my clients, as well."

Use LinkedIn

Find out what the kids do, especially once they've left school, and keep in touch with them on LinkedIn. (Ho says the effort takes about five minutes a day.)

Sell juvenile policies (and follow up when the children come of age)

"I did a lot of juvenile life insurance where the parents insured their kids with whole life insurance. When the kids are old enough, I ask the parent permission to get in touch with their kids to actually explain what kind of policy they own. That becomes an in for me to touch base on a regular basis," Ho says. "It's a long game. There is no shortcut."

It's a strategy Guido uses as well – parents will pay premiums on the policies in question while their children are in school, before handing off the payments. To avoid the adult child viewing the policy as an expense in the future, he says it can be necessary to build up to that transfer. "This is a gift," he points out. "It's passed on with lessons. It's passed on with an intention to teach them discipline with their money and a long-term vision."

Keep showing up

Although the children start out young and unable to appreciate the consistency at first, over time, Ho says year after year visits make it apparent that she is a person their parents trust. "This person keeps showing up," she says. "They're obviously important to our family."

Ask the parents to include their children

"I'll always ask the parents at what point should we start bringing the kids into the discussion, so the kids understand the family financial plan," she adds. (The sentiment is echoed by Guido and Rubach, as well.) "I'm persistent about that."

Co-create the solutions

Finally, Rubach says the effort to iron out all of an estate's details in itself presents many opportunities to be inclusive, as well.

"We're building, let's call it a sandbox, where everybody knows what toys they get and how to play with them properly," she says. "It's a natural development of a relationship because we're all co-creating solutions. It's not a sales pitch."

Artificial intelligence: the ice breaker

Your clients' kids are turning to AI; experienced advisors say it's a conversation starter.

BY KATE MCCAFFERY

In a world where 32 per cent trust artificial intelligence (AI) over their parents' financial advice, this according to a recent survey done by **TD Bank Group**, you might believe that the technology is competing for your clients' kids' attention spans. Interestingly though, experienced advisors say they're not in competition with the technology in the least and that it is in fact a great way to start a conversation.

All three of the advisors the *Insurance Portal* touched base with for advice on winning over your clients' children, say the use of AI for basic financial planning information is not bad – it shows the client is curious and interested in arriving at least partially informed – but that a conversation needs to be had about its limitations. The use of AI is in fact an opportunity to actually make your client or would-be client feel seen by giving their points the individualistic attention they deserve.

"I'm super respectful and I obviously say 'tell me what you've learned.' Maybe I can learn something too, right? 'Tell me everything you've found out and let's go point by point.' Then I'm giving them attention and making them feel heard and seen and understood," says Elke Rubach, certified financial planner and president of Rubach Wealth.

During the process, she says she will explore each point further, noting those which don't apply and identifying gaps in the AI answers. "Train them to use common sense and judgement and curiosity so as to not take the AI as the answer to everything," she adds. "It's a phenomenal tool and it actually makes life easier because people don't show up completely ignorant…Unless the prompt is really out of whack. Because those happen too."

She adds that it's a great conversation opener which shows that people are curious.

Knowing the right prompts

Kelly Ho, CFP and partner with DLD Financial Group, similarly uses the AI conversation as an ice breaker with her clients and their children.

"I use AI myself. I think as long as AI is being used responsibly it's not a problem," she says. "That's why I exist – I can tell you whether it's true or false. Because with AI there are hallucinations and the data is only as good as what people feed it. People get it."

Getting into AI's current limitations, she and Rubach, along with Joseph Guido, CFP and partner with KAAP Financial Group, add and point out that it is necessary to know the right prompts in order to get the right answer, something that is difficult with limited knowledge of the subject in the first place.

"Also, how much personal information do you actually want to give it?" Ho asks. "AI cannot read emotional intelligence very well at this point and it's hard to bounce off ideas when it comes to a very, very specific situation. It's good for basic things."

She adds that people recognize the value of her advice once they start getting into the realm of subjective answers. "People realize the value of financial advice when they ask me a question and I give them four to five answers to hit every single angle. I'm not sure most clients would know how to prompt AI to do that," she points out.

Guido similarly points out that AI is able to answer questions but that clients and their children don't necessarily know the right questions to ask.

"AI is a tool," Guido says. "But if you're limited to just the questions that you know and not asking it the abundance of other questions and angles and perspectives that we need to plan for, then you're missing out."





by JIM RUTA

Will artificial intelligence make advisors irrelevant or irreplaceable? You decide if AI will be a Tool or a Tyrant

Question: Is artificial intelligence (AI) going to replace life insurance and financial advisors and is there a way I can remain relevant regardless of what happens?

The world has never been less predictable nor more uncertain. The AI enhanced political and financial environment is frustrating, confusing, and untrustworthy. It's even challenging to recognize reality. That means that delivering relevant and helpful financial advice clearly and effectively is critical to helping prepare consumers for potential threats and opportunities. And yet, the future of advisors seems in doubt.

The reason is that Artificial Intelligence dearly wants a piece of this action and is being developed obsessively to take over. Don't kid yourself, the game is afoot. But here's the thing. If used as a tool, artificial intelligence can enhance an advisor's work and value dramatically. However, if allowed to control the process, provide the advice, and lead the way, it could quickly make advisors obsolete.

So, for advisors, it means that AI can either be a "means to an end" – helping advisors be superheroes, or sadly, "the end of meaning" – eliminating their value altogether. Either they will learn to use AI as a "tool" to leverage their effort, do more, better, faster and be more valuable or AI will take over as a "tyrant" and eliminate advisors altogether.

But I am not that pessimistic. As a professional tool, AI could be a tremendous digital resource to help solve significant client problems and achieve goals. Used that way, it can make us stronger, smarter, and faster. We can be like the "Six-Million-Dollar Man" from 1970s TV!

That technology didn't replace "Colonel Steve Austin" (Lee Majors); it only made him super effective. There's where I see the future. Not replacing advisors but giving them the tools to make them more helpful as humans to other humans. No one needs sub-human advisors; I don't care how cute and real they can make them look online. They are still fake. Real people helping real people will always be a thing.

Advisors can go one of two ways with this:

1. They can relinquish control of their business and client relationships to AI and, while possibly getting an early, novelty performance bounce, will likely become obsolete and replaced by AI or,
2. They can take control of their AI resources, use it like a tool to enhance their client relationships and professional service, leverage their time, and become like today's AI version of "Colonel Steve Austin". Those advisors will never go out of style and will be more in demand than ever.

If we give up as humans and give complete authority and control of the advice and sales process to sub-human robots, trust, respect, compassion, thoughtfulness, and caring will disappear. Those emotions don't apply to machines, but humans crave them. It's not the machinery; it's the creativity of the advisor using the machinery that makes the magic.

A heartless and unconscious AI that is already prone to "hallucinating" ideas will change the way business is done, take over service and become a ruthless tyrant with oppressive, unrestricted power.

This will not be good news for advisors nor consumers, but the pressure is already there to make it happen. Advisors are being encouraged to employ "bot staff" to handle service. What? To make our service more like what we expect from the phone company or your online bank. Won't that be a treasure?

This is not to mention the idea of "cloning" yourself into a digital avatar to meet your client for you. What? So, you can relax while your avatar makes stuff up (hallucinates) for your clients? Some advisors might get behind the idea, but what will clients want? What do they deserve from you?

If AI is to be a tool, then advisors must be craftsmen to use it effectively – to have process mastery. Advisors must be masters of their process so they can integrate AI support to enhance their answers and advice. Think of AI as your research department. When we direct it, we can get the most focused answers we need. Then we are masters.

Your client process will make the difference. If you use the traditional process that focuses on information and technical needs, you're setting yourself up for easy imitation and replacement by artificial intelligence. That commoditized approach to financial advice plays right into AI's strengths.

On the other hand, if you play where AI cannot, as a real person with real relationships with real people, you will take advantage of AI and not be taken advantage of by it. An opinion-based process that focuses on the consumer wants, feelings, beliefs, and relationships over simply facts and figures, will inoculate you from AI's control.

Artificial intelligence can be a lot of things, but it will never be human. And human to human contact will always matter. Your human, respectful, compassionate process and relationship first approach will make you relevant and irreplaceable.

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