



Canadian Life & Health  
Insurance Association  
Association canadienne des  
compagnies d'assurances  
de personnes

Submission to the  
**GOVERNMENT OF CANADA ON  
DEVELOPING A MODEL CANADIAN  
DIGITAL TRADE AGREEMENT**

---

September 13, 2022



## OVERVIEW

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its views to the Government of Canada on the development of a model Canadian digital trade agreement.



### Protecting 29 million Canadians

26 million with drug, dental and other health benefits

22 million with life insurance averaging \$228,000 per insured

12 million with disability income protection



### \$97 billion in payments to Canadians

\$46 billion in annuities

\$37 billion in health and disability claims

\$14 billion in life insurance policies



### \$8.2 billion in tax contributions

\$1.3 billion in corporate income tax

\$1.3 billion in payroll and other taxes

\$1.7 billion in premium tax

\$3.9 billion in retail sales tax



### Investing in Canadians

\$1 trillion in total invested assets

91% held in long-term investments

The CLHIA is the national trade association for life and health insurers in Canada. Our members account for 99 per cent of Canada's life and health insurance business. Canadian life insurers operate in more than 20 countries and provide a wide range of financial security products and services to 65 million people worldwide. Three of our members rank among the top 15 largest life insurers in the world by market capitalization.

Innovation is imperative to the financial services sector within Canada. The life and health insurance industry relies on innovations to enable them to better protect the interests of clients and policyholders and provide them with more affordable and convenient services. New and emerging technologies help drive competition and provide opportunities for new entrants as small and medium sized businesses are better able to compete without large financial investments.

Given the importance of the digital economy to Canada's international competitiveness and the economic success that stems from technological advances, the life and health insurance industry is highly supportive of the development of a model digital trade agreement to enable future trade negotiations. We believe that it is important to have a consistent approach to electronic commerce and digital trade across all trade agreements.

There are existing agreements that include important provisions which should be considered in a model digital trade agreement. For example, the overall principles in the [Digital Economy Partnership Agreement](#) (DEPA) should be considered, particularly provisions related to artificial intelligence (AI) principles, cross-border data flows, and digital identity.



In this submission, we have highlighted key issues which we believe should be included in a model digital trade agreement.

## KEY ISSUES TO INCLUDE IN A MODEL DIGITAL TRADE AGREEMENT

---

### *Cross-Border Data Flows*

The Canadian life and health insurance industry is supportive of the free flow of data across borders as emerging developments in technology allow companies to move data quickly and securely within and across markets. Canadian life and health insurers rely on the secure and uninterrupted flow of data across provincial and international borders for any number of commercial and back-office functions including underwriting, client services, product development, risk mitigation activities such as reinsurance and market research. The unimpeded flow of this information reduces risk across business lines.

Furthermore, allowing for the free flow of data across borders puts Canada at a competitive advantage over other jurisdictions that have data localization rules. Data localization rules create additional costs for companies by requiring a larger IT footprint, more data governance, and data architectures. Localization rules can also deter innovation and hurt local economies by limiting which services are available. This leads to increased barriers to market entry and reduces the ability for companies to compete globally.

We would therefore recommend that any model digital trade agreement should limit restrictions on cross-border data transfers and broadly prohibit data localization requirements.

### *Minimizing Differences in Digital Regulation*

Minimizing the differences in digital regulation can enable better cross-border trade and investment. Canada's life and health insurers operate in more than 20 countries internationally. Having separate rules in each jurisdiction can hinder the ability for companies to operate and compete. While regulations do not need to be exact copies of each other, we believe that they should be broadly aligned to address common issues. We therefore recommend that the model digital trade agreement support broad alignment in digital regulation. The Government may wish to reference the DEPA, which provides mechanisms to promote compatibility and interoperability across different regimes.

## CONCLUSION

---

We would like to take this opportunity to thank you for your consideration of the views of the Canadian life and health insurance industry. Should you have questions regarding any of our comments, you may contact Susan Murray, Vice-President, Government Relations and Policy at [smurray@clhia.ca](mailto:smurray@clhia.ca).



Canadian Life & Health  
Insurance Association  
Association canadienne des  
compagnies d'assurances  
de personnes

79 Wellington St. West, Suite 2300  
P.O. Box 99, TD South Tower  
Toronto, Ontario M5K 1G8  
416.777.2221  
info@clhia.ca