



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

Submission to the **ONTARIO MINISTRY OF FINANCE** – PROPOSED AMENDMENTS TO THE INSURANCE ACT, AND TO ONTARIO REGULATION 34/10 (STATUTORY ACCIDENT BENEFITS SCHEDULE) (SABS) UNDER THE INSURANCE ACT REGARDING OPTIONAL BENEFITS, PRIORITY OF PAYMENT FOR SABS MEDICAL AND REHABILITATION BENEFITS, AND CORRECT AN ERROR IN THE FRENCH-LANGUAGE VERSION OF THE SABS.

September 9, 2024





INTRODUCTION

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. The industry provides a wide range of financial security products such as life insurance, annuities, and supplementary health insurance. Canadian life insurers operate in more than 20 countries and three of our members rank among the top 15 largest life insurers in the world by market capitalization.



Protecting 11.1 million Ontarians

10.2 million with drug, dental and other health benefits

8.4 million with life insurance averaging \$252,000 per insured

5 million with disability income protection



\$50.4 billion in payments to Ontarians

\$27.8 billion in annuities

\$16.6 billion in health and disability claims

\$6 billion in life insurance policies

INTRODUCTION

Life and health insurers play a key role in providing benefit plans to Ontarians, typically through the employer. In 2022, the industry paid out \$13.3 billion in supplementary health benefits, \$3.7 billion in disability income, while providing coverage to 10.4 million Ontarians. Our industry plays a significant role in ensuring claims are paid timely and appropriately, thereby assuring plan sustainability for employers and employees. It is with this context in mind that we appreciate the opportunity to provide some comments regarding the proposed auto insurance reforms under consideration.

BACKGROUND

As background to this submission, currently life and health insurers provide health and disability income benefits first to Ontarians injured in motor vehicle accidents, prior to any benefits paid out by auto insurance. This consultation considers potentially reversing the order of payment and/or making some benefits optional. CLHIA and members provided comment back to Ontario on these proposals in 2023 and appreciate the opportunity to confirm our position once again.

ORDER OF PAYMENT – MAKE AUTOMOBILE INSURANCE FIRST PAYER FOR MEDICAL BENEFITS AND INCOME REPLACEMENT

This would be positive for insurers and their plan members as frequently, today, extended health benefits meet maximums quickly in the case of a motor vehicle accident and benefits are then not available for treatments for other reasons. If order of payment were to change, auto insurers' Special Investigation Units may need to be more diligent against fraud and abuse as they may today rely upon extended health insurers adjudication, as first payers, as their benchmark.



ANCILLARY BENEFITS OPTIONALITY

The budget sets out that certain benefits will now become optional and that an Ontarian must opt-in to purchase disability income and life insurance coverage. This is beneficial for those Ontarians already covered under a group or individual insurance plan. As stated in 2023, it would be prudent for those without existing coverage to be required to purchase and we would continue to recommend mandatory coverage in these circumstances.

We appreciate the opportunity to share our input on this important change. Please do not hesitate to reach out to jweir@clhia.ca with any questions or feedback you may have.



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