



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

May 22, 2024

Mr. Jeet Chatterjee
Director, Financial Institutions Policy
Ministry of Finance
Ontario Public Service

By email: Jeet.Chatterjee@ontario.ca

Re: Modernization of the *Insurance Act* by permitting the use of electronic communications in the insurance sector.

Dear Mr. Chatterjee:

Thank you for the opportunity to provide feedback on the Ministry of Finance's consultation regarding the expansion of the use of electronic communications in the insurance sector. The CLHIA appreciates and supports the Ministry's continuing efforts to modernize the *Insurance Act*. We have provided responses to your questions below.

Who We Are

The CLHIA is a voluntary association whose member companies account for 99 per cent the life and health insurance business in Canada. These insurers are significant contributors to Ontario and its economy. They provide financial security to about 11 million Ontarians and make nearly \$50 billion in benefit payments (of which 90 per cent goes to living policyholders as annuity, disability, supplementary health or other benefits with the remaining 10 per cent going to life insurance beneficiaries). In addition, life and health insurers have more than \$350 billion invested in Ontario's economy. A large majority of life and health insurance providers are licensed to operate in Ontario, with sixty-two headquartered in the province.

Responses to Consultation Questions

Question 1: Current legislative or regulatory barriers preventing fully electronic communications.

Based on discussions with our members, the amendments that came into effect in 2022 to the *Insurance Act* have generally removed most of the barriers that had previously prevented electronic communications between insurers and their customers. The changes have contributed to a more positive and timely customer experience overall. We do, however, have two recommendations.

Recommendation 1: Permit the use of electronic communication for notice of insurance termination.

As you have highlighted, currently under Part VII of the *Insurance Act* (Accident & Sickness Insurance), notice of the termination of an insurance contract is not permitted through the use of electronic means. We strongly support expanding the use of electronic communications to section 300.6(2) under the *Insurance Act*. Although this will result in a statutory condition that is non-harmonized at this time with other provincial insurance acts, we believe the change will be beneficial for consumers.

Recommendation 2: Permit the use of electronic communications for variable insurance contracts.

The CLHIA is currently consulting with the Canadian Council of Insurance Regulations (CCIR) with respect to the regulation of variable insurance contracts. As part of regulatory updates being proposed for Ontario, we are recommending that electronic communications be expressly permitted to enable insurers to offer consumers fully digital communications. We are including this recommendation only for the purpose of awareness at this time as the work through CCIR is ongoing and confidential.

Question 2: Retention of use of prepaid courier as permitted means of communication.

Question 1 indicates that the Ministry of Finance is considering replacing the option of a prepaid courier with an electronic means for the purpose of giving notice. Question 2 asks for the industry's view on the use of prepaid courier services as a means to provide certain notices to an insurer's customers.

We recommend that prepaid courier services be maintained as a permitted means of communication under the *Insurance Act*. Specifically, the industry requests that the permitted use of prepaid couriers under section 300.6(2) not be replaced but be maintained in addition to electronic communications. This would then establish four permitted methods for insurers to provide the required notice under this section.

The industry is of the view that it's important to include the option of providing communications through prepaid couriers. This provides an expeditious option in the event that an insured has indicated that they do not wish to receive communications through electronic means.

Thank you again for the opportunity to provide our feedback. We would be pleased to discuss any questions you may have on our recommendations.

Yours truly,

Kate Walker
Senior Counsel