



Submission to the Government of Canada on its Consultation on Free-Trade Negotiations with the United Kingdom and its Possible Accession to the CPTPP

CANADIAN LIFE AND HEALTH INSURANCE ASSOCIATION
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Canadian Life & Health
Insurance Association
Association canadienne des
compagnies d'assurances
de personnes

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its views to the Government of Canada on an anticipated free trade agreement with the United Kingdom (U.K.) and its possible accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The CLHIA is a voluntary association with member companies which account for 99 per cent of Canada's life and health insurance business. The life and health insurance industry plays a key role in the Canadian economy, by employing nearly 160,000 Canadians and by providing an important source of stable capital for the federal government through investments and tax contributions.



\$8.3 billion in tax contributions

- \$1.5 billion in corporate income tax
- \$1.3 billion in payroll and other taxes
- \$1.6 billion in premium tax
- \$3.9 billion in retail sales and payroll taxes collected



Investing in Canada

- \$950 billion in total invested assets
- 92% held in long-term investments

Canadian life and health insurers are trusted around the globe and are active in over 20 countries with three Canadian companies being among the 15 largest in the world.



Canadian insurers have significant operations within the United Kingdom and sell a wide range of life and health insurance products within the nation.

Given the international operations of the industry and, in particular, the industry's presence in the United Kingdom, we would support the Canadian government's desire to enter into a free trade agreement with the United Kingdom as well as its possible accession to the CPTPP.

We commend the federal government's action to date to strengthen the long-standing trade relationship with the U.K. by signing the Canada-United Kingdom Trade Continuity Agreement (Canada-UK TCA) to provide stability and predictability for businesses and workers in both countries following the United Kingdom's departure from the European Union. While this agreement follows closely with the Comprehensive Economic and Trade Agreement (CETA), we understand that Canada and the U.K. have committed to enter into subsequent negotiations within one year of its entry into force, and to work towards concluding a new comprehensive trade

agreement within three years that is tailored to the bilateral relationship. We would encourage the federal government to move forward on this as quickly as possible.

We appreciate that entering into this tailored bilateral relationship is a cumbersome process and it will take some time before companies are able to benefit from the agreement. That is why we support the federal government's approach to support the U.K.'s accession to the CPTPP. The advantage of using an existing agreement is that it facilitates a quicker trade agreement between countries and would retain the benefits Canadian businesses have enjoyed through CETA.

For Canadian insurers, the CPTPP has been a valuable opportunity to develop international standards. For example, the CPTPP contains rules that protect the digital economy such as limiting restrictions on cross-border data transfers and broadly prohibiting data localization requirements and tariffs on electronic commerce. The ability to move data quickly and securely within and across markets is standard business practice for many international companies. The insurance sector is a highly competitive and information-driven industry. Canadian life and health insurers rely on the secure and uninterrupted flow of data across borders for any number of commercial and back-office functions including: underwriting, client services, product development and market research.

Improved regulatory cooperation is another area of interest to Canada's life and health insurance sector. The CPTPP formally recognizes the importance of streamlining regulatory procedures and seeks to increase the predictability and transparency of the regulatory process. Parties have agreed to provide advanced notice of proposed regulations and include a commentary period for regulations with a corresponding consultation mechanism. There is also recognition of the need for an appropriate window of time between the notification of regulatory changes and the application of such changes. Such measures discourage CPTPP members from using regulation, without proper justification, as a means of restricting market access.

We would encourage the federal government to consider these valuable provisions in the CPTPP and extend them as part of any bilateral agreement negotiations with the U.K.

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 by phone at 613-691-6002 or by email at smurray@clhia.ca.



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