



Canadian Life
and Health Insurance
Association Inc.

Association canadienne
des compagnies d'assurances
de personnes inc.

August 17, 2012

Mr. Fred Gorbet
Chair, Steering Committee
Ontario Auto Insurance Anti-Fraud Task Force
Email: autoinsurance@ontario.ca

Dear Mr. Gorbet:

Submission Regarding Steering Committee Status Update

On behalf of the Canadian life and health insurance industry, we appreciate the opportunity to provide you with a written submission regarding the most recent Status Update published July 2012.

Who we are:

The Canadian Life and Health Insurance Association Inc. (CLHIA) is a voluntary trade association with member companies that account for 99 per cent of Canada's life and health insurance business. In Ontario, CLHIA members insure or administer over 51,000 group health plans that provide supplementary health benefits to over 10.4 million Ontarians. In addition, the industry insures or administers over 51,000 group disability plans (short and long term) that cover over 5.2 million Ontarians. In Ontario, in 2010, CLHIA members paid out \$38 million per week or \$2.0 billion a year, in health claims and \$44 million per week, or \$2.3 billion a year, in short and long term disability support.

The life and health industry is first payer in Ontario as it relates to supplementary health benefits and disability benefits, unless workplace related. A very significant proportion of health related costs due to an MVA are borne by our industry. Accordingly, our industry is a critical stakeholder in any discussion about measures to prevent fraud. As we highlighted in our first submission to the Task Force, any recommendation must be developed with both the auto and life and health insurance industry in mind to ensure an overall robust system as fraud will follow the weakest link.

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Introduction:

The information provided in the Status Update, reinforces the importance of working together across industries to combat fraud and highlights that auto insurance fraudsters also target other benefit paying systems. It recommends that both government and the private sector must collaborate on fraud prevention so that fraudsters cannot continue to abuse different benefit paying systems in Ontario. We share this concern and in our March submission to the Task Force, also highlighted the importance of information sharing between life and health insurers and auto insurers.

We have read with interest the progress and recommendations outlined in the Status Update and look forward to the opportunity to gain a broader understanding of the recommendations during the consultation sessions. We share a common interest and as such, we continue to see opportunities for collaboration on some of these initiatives. Please accept this as confirmation of our keen interest in participating in the consultation sessions in the period from August 22-28. If possible, our preference would be August 27 or 28 due to other commitments.

Regulation of health clinics:

We are pleased the Steering Committee concluded that licensing and regulation of auto insurance business practices of health clinics is appropriate and necessary. This is a critical issue for our industry. As we indicated in our presentation to the Steering Committee in March, we strongly support mandatory licensing and regulation of health clinics. We agree there should be restrictions placed on the ownership of clinics as well as increased accountability. Any changes will have an impact on our industry as well, and as a critical stakeholder, we welcome the opportunity to work more closely with the Task Force to help further refine the final recommendation.

Consent and disclosure of personal information:

The life and health insurance industry supports efforts toward ameliorating investigation techniques aimed at detecting insurance fraud. In pursuit of this goal, the industry must continue to support the proposed amendments of Bill C-12, such as section 6(9), which relates to fraud investigations. It is CLHIA's strong belief that urging government to pass Bill C-12 is the most effective option to combat fraud across the insurance industry.

Development of a consumer engagement and education strategy:

We wholeheartedly agree that consumer education is critical to changing behaviour and reducing the incidence and impact of fraud. We appreciate that proposed messaging will be targeted to auto insurance fraud specifically. However, the fundamentals of insurance fraud are universal and we are hopeful the messaging may, at a minimum, be conveyed in a way to also influence against group life and health fraud risk.



Other recommendations:

We support in principle many of the recommendations. In particular, the following where we indicated strong support in our previous submission:

- Creation of a guideline to address the issue of insurers being invoiced for medical devices at prices considerably higher than their normal retail value
- Addressing issues with respect to referral fees to individuals that appear to be kickbacks
- The ability of the insurance company to properly manage the relationship with their claimants and the barriers to communication between claimants and insurers during the claims process
- Tools to obtain neutral medical assessments of a claimants injuries.

However, we need to understand in more detail the status for each and the implications to life and health insurers.

Thank you for the opportunity to contribute to this important initiative. We look forward to discussing our view further on this at the consultation sessions.

Sincerely,

Original signed by

Stephen Frank
Vice President, Policy Development and Health