

LIFE, HEALTH AND FINANCIAL SECURITY

Looking ahead to affordable medicines for all Canadians



STEPHEN FRANK, PRESIDENT AND CEO, Canadian Life and Health Insurance Association

The Canadian life and health insurance industry welcomes the renewed focus on finding a way to ensure that all Canadians can get access to affordable prescription drugs. We strongly support the need for comprehensive reform so that Canadians can have access to medicines and, equally importantly, Canada's prescription drug system is put back on a secure financial footing for the foreseeable future.

Canada's life and health insurers believe that changes to the current system should build on the many existing strengths in both the public and private systems for the benefit of all Canadians. It makes sense that the best system is one that will: ensure that patients have access to the medicines they need at affordable prices; control costs to taxpayers; and ensure Canadians do not lose their existing group health benefit plans.

Public and private benefit plans already provide the vast majority of Canadians with access to prescription drug coverage. This includes over 25 million Canadians who currently have excellent private benefit coverage. Health benefit plans provide more than just affordable prescription drug

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coverage. They also provide critical support to allow Canadians to access needed dental services, supplementary hospital care, medical devices and equipment, vision care, paramedical services (e.g., chiropractic, massage therapy, physiotherapy, psychology) and short- and long-term disability. We also know that the costs of prescription drugs in Canada are too high for many and continue to grow at an unsustainable rate. Canadians pay some of the highest prices in the world for their medications. For that reason, our industry believes that the federal government is on the right track with the proposed regulatory changes to the federal agency that regulates the prices of patented medications. Canada needs a comprehensive reform of our existing system – a reform that ensures Canadians can access the medications they need, that medication coverage is affordable for taxpayers and does not put health benefit plans at risk. The federal government's announcement of the creation of an Advisory Council on the Implementation of National Pharmacare, which will be working closely with experts to complete an economic and social assessment of domestic and international pharmacare models, is an important step forward. The council has an opportunity to do something important for Canadians and to propose a way forward for the benefit of everyone. The industry is excited by this new momentum and looks forward to participating in and contributing to this national discussion.

CANADIAN LIFE AND HEALTH INSURANCE

INDUSTRY AT A GLANCE



Protects over 28 million Canadians through a wide range of financial security products



\$88B

Benefits paid to Canadians in 2016 by the industry, up 4.6% from 2015; **over 90%** of these went to **living policyholders**



154,800

Canadians work in the industry – an increase of over 5,000 from 2015



Health insurance providers (70 of these are in the life insurance market)

A highly competitive marketplace with 153 insurers protecting consumers with life and health insurance and retirement savings products



The industry is **well capitalized** (with an average capital ratio* of **233%** – well above the regulatory target of 150%)

* Measured as available capital to regulatory capital required to cover risks



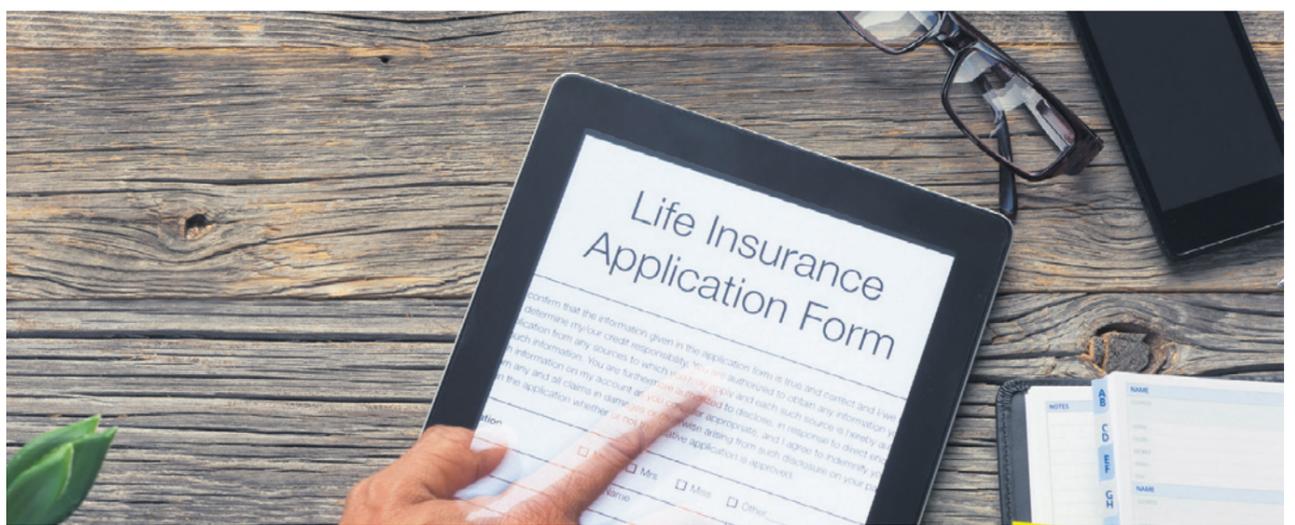
Canadian life insurers operate in **more than 20 countries** – **3 Canadian companies rank among the top 15** largest life insurers in the world

Source: Canadian Life and Health Insurance Facts 2017 edition

INCREASING ACCESSIBILITY THROUGH ADVANCES IN ANALYTICS AND TECHNOLOGY

Since insurance is a data-driven industry, it is no surprise that it is benefiting from greater access to analytics and technology development, which can then be translated into advantages for the consumer, says Doug Grant, partner at Insurance-Canada.ca, a Toronto-based organization that provides consumers and insurance professionals with independent information about technology and the business of insurance in Canada.

The life and health insurance industry, for example, is becoming more focused on digital tools, which can enable lower friction costs and a better customer experience. "As more consumers become comfortable with, or even prefer, digital services, the industry is actively increasing them," says Mr. Grant. "For example, my wife and I have different group health benefit plans. My dentist electronically submits the bill to my insurer; the response provides enough information to submit paper copies of any costs not reimbursed



Easy-to-understand and simple online application processes can help to make insurance products, such as life insurance, more accessible. [ISTOCK.COM](http://istock.com)

to my wife's plan. Reimbursements are automatically deposited and we receive notifications by email."

The whole process is digital, except for one paper submission, he summarizes. Digital engagement can also facilitate timely interactions between agents, brokers and customers, which can further enhance both service and value proposition.

Easy-to-understand and simple online application processes are designed to make insurance

products, such as life insurance, more accessible, says Mr. Grant. "The Co-operators just introduced Term Life 1, a new term life insurance option that can be purchased directly online," he explains. "Until now, the application process for life insurance was typically more lengthy and involved requirements such as screening and medical testing for the majority of applicants, but insurance providers are actively streamlining the process."

Since digital transformation allows increased access to both internal and external data and research, for example health and life expectancy statistics, insurance providers can have a better and more nuanced understanding of risks. Beyond leading to cost efficiencies, this can also allow them to encourage group plan members and individual policy holders to be proactive about their health and well-being, says Mr. Grant, who has

also noticed an increased focus on mental health.

"A good number of life and health insurance-related products and services now focus on providing plan members with up-to-date health information to help them manage their health risks as well as steps to take for an effective recovery after an injury or illness," he says. "This proactive approach is a big trend that is evident across the insurance industry."



Better health benefits for everyone.

Canadians should be able to afford the medicines they need, in a way that is affordable for governments and taxpayers.

Learn more at:

betterhealthbenefits.ca



Canadian Life and Health Insurance Association



Understanding the needs of different age groups can lead to better products and services for supporting their health and well-being. iStock.com

SOLUTIONS FOR ALL AGES

As Canadians go through life, the challenges they face change along with their age and circumstances

When young people graduate with a post-secondary degree, for example, many have to put life goals on hold while they repay student loans. For families with young children, it can be difficult to fit health and wellness into a busy schedule. And for Canadians approaching retirement, the question of whether they can do so in comfort is often top-of-mind. These kinds of pressing needs

matter to group retirement and benefits provider Great-West Life, says Jeff Macoun, executive vice-president, Group Customer. "For us, it really starts with being there for our customers through life's ups and downs, supporting them with personalized and intuitive services that are tailored to their needs." Striving to be much more than an insurance company, Great-West Life

wants to partner with Canadians to help them overcome challenges and reach their potential at all stages of life, says Mr. Macoun. "We aim to help Canadians improve their financial, physical and mental well-being. That starts with understanding their needs on a deep level, and then responding to those needs with new services or enhancements to the ones they already find

useful," he says. "We want to make a positive difference in the lives of our customers, whether it's helping them reduce stress, develop good saving habits or be proactive about their health."

ENTERING THE WORKFORCE

For new graduates, Great-West Life has piloted an innovative voluntary retirement and savings program that is the first of its kind in Canada, says Mr. Macoun. "Statistics show that Canadian graduates are entering the workforce with an average student debt of \$27,000, which takes about 10 years to repay. This can mean a significant delay in plans for homeownership, starting a family or saving for retirement."

Through the pilot program, participating members can pay down their Canadian and provincial or territorial government student loans and receive an employer-matched contribution to their group retirement and savings plan. "We don't think graduates starting out in the workforce should need to choose between saving for the future and paying their student debt," he explains. "This pilot program gives them the ability to do both."

RAISING A FAMILY

Another Great-West Life solution is designed to make health care more convenient for busy Canadian families, says Mr. Macoun. "We are piloting a new health service that virtually connects customers with a team of family doctors, nurses and other medical professionals through a secure app," he says. "Canadian families spend countless hours waiting to be seen by health-care professionals for non-urgent medical issues. This is often precious time taken away from work or family."

Great-West Life is partnering with health-care technology provider Dialogue to bring this virtual health service to Canadians. "Customers can securely text or video chat with a team of medical professionals, who

can diagnose a number of conditions, provide medical advice, make a referral to a specialist or write a prescription," he says. "And this service can be accessed online from any location, seven days a week. It offers convenience and a chance to be proactive about health issues."

PLANNING FOR RETIREMENT

Great-West Life has also introduced Wayfinder, an online tool for exploring retirement readiness, says Mr. Macoun. "Canadians want retirement planning to be simple and intuitive, which led us to develop Wayfinder, an online retirement planning experience that brings all your financial information together in one place for a complete view," he says. "It analyzes your financial picture in minutes, delivering personalized saving recommendations that will allow you to live the retirement you want."

Customers can act on these recommendations right away and receive guidance towards investments or professional coaching that will help them achieve their goals, adds Mr. Macoun.

After being offered for over a year and a half, Wayfinder is already having an impact on how some plan members are saving for the future. Participating customers who followed Wayfinder's recommendations to save more had an average savings increase of \$2,500 per year. "I think this shows the power of personalized recommendations. We're seeing a lot of customers take action to achieve the retirement they want," says Mr. Macoun.

All three initiatives have been well received since they are tapping into a real need in the marketplace, says Mr. Macoun. "Employers are looking for innovative ways to stand out in a competitive hiring market," he explains. "At the end of the day, they want their employees to be healthy, happy and ready to do their best work – Great-West Life can help them achieve that."

IMPROVING THE FINANCIAL, PHYSICAL AND MENTAL WELL-BEING OF CANADIANS AT ALL STAGES OF LIFE.

ENTERING THE WORKFORCE

Canadians enter the workforce with an average of nearly \$27,000 in student loan debt.



Student loans go down. Savings go up. At the same time. We're not kidding.

CARING FOR YOUR FAMILY

1 out of 5 Canadians reported waiting 7+ days the last time they needed to see a family doctor



Skip the wait. Virtually connect with medical professionals.

STAYING HEALTHY AT WORK

44 per cent of workers say they have or have had mental health issues.



workplacestrategiesformentalhealth.com

PLANNING FOR RETIREMENT

55 per cent of Canadians say they don't know how much they need to save for retirement.



With Wayfinder™, set financial goals and get a personalized plan online.