



Stephen Frank
President and CEO

March 5, 2019

Mr. Mark Aitken
Assistant Deputy Minister (Attorney General)
Department of Justice
Government of the Northwest Territories
6th floor, Courthouse Building
4903 – 49th Street
P.O. Box 1320
Yellowknife NT X1A 2L9

Re: Genetics and Insurance

Sent via email to: Mark_Aitken@gov.nt.ca

Dear Mr. Aitken,

I am writing to provide some information on the industry's views on genetic testing and insurance, including the important difference between genetic testing and genetic characteristics as it relates to Bill 30, an *Act to Amend the Human Rights Act*.

About CLHIA

The CLHIA is a voluntary association whose member companies 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, retirement income solutions and supplementary health insurance to almost 29 million Canadians, including over 30,000 individuals in the Northwest Territories. In 2017, in the Northwest Territories, the industry paid out over \$70 million in benefits.

Overview of Insurance and Genetics

At the outset, I would note that the Canadian life and health insurance industry understands the concerns expressed by Canadians related to the collection and use of genetic testing results. We believe it is critical to develop an approach that addresses these concerns while ensuring that access to affordable insurance protection is maintained.

Canadian Life and Health Insurance Association
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P.O. Box 99, TD South Tower
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Our industry is very concerned about any legislation that would ban the use of genetic test information in all circumstances by life and health insurers. Experience tells us that if an individual has medical information (genetic or otherwise) that tells them they have a health risk and are likely to develop an illness or other condition earlier in life than the general public, they will seek out insurance, and more of it than they otherwise would have. If insurers are not aware of this risk, they are not able to set premiums appropriately to reflect it. Other consumers will ultimately be charged higher premiums to cover unanticipated higher costs as unexpected claims are realized. The Canadian Institute of Actuaries conducted a study that bears this out, finding for example that "term insurance premium rates could go up by 30% for males and 50% for females" if insurers do not have access to genetic testing results. Unfortunately, this is now the case under the current law, the Genetic Non-Discrimination Act.

We know consumers are price sensitive. As prices rise, many individuals will likely decide not to purchase insurance due to cost considerations leaving fewer Canadians with protection from unfortunate events than otherwise would be the case. We believe it is highly likely, therefore, that the unintended consequence of legislation that bans the use of all genetic test information in all circumstances by insurers is that fewer Canadians will have insurance coverage and fewer types of protection products will be available to Canadians in the market. This is clearly not an outcome that is in the public interest. We strongly believe a more balanced approach is required to this complex issue.

Genetic Testing versus Genetic Characteristics

The impacts of banning the use of "genetic characteristics" would be significant, even more significant than what is described above. The term 'genetic characteristics' is very broad. Indeed, it is much broader than genetic testing. Genetic characteristics could potentially include almost everything about an individual including a person's weight, cholesterol, or propensity for heart disease, just to give a few examples. In addition, 'genetic characteristics' could potentially include family history, something that goes right to the core of how insurance is underwritten in Canada.

Removing the ability for insurers to consider family history, for example, would significantly undermine the industry's ability to properly underwrite insurance products. The implications of such a broad prohibition on the industry are difficult to quantify as they are so profound, but would essentially require a complete overhaul of the current approach to insurance in Canada. In addition, such a prohibition would bring into the fore the same concerns we outline above about consumer behaviours which would certainly be that those individuals at higher risk will seek out more and larger insurance protection than they otherwise might. As noted above, restricting insurers access to anything that falls under genetic characteristics would have significant implications on consumers' access to affordable insurance. The impact would be even greater than when considering the impact of restrictions related to genetic tests.

Finally, we would note that if the Northwest Territories were to adopt such an approach, it would put the Territory very much offside the prevailing market rules across Canada and could negatively affect accessibility to affordable insurance products to the residents of the Northwest Territories going forward.

Conclusion

The life and health industry is always looking to ensure Canadians have a wide choice of appropriate insurance coverage and products. We have always supported a balanced solution on the issue of insurance and genetics that addresses the concerns raised by Canadians while at the same time ensuring access to affordable insurance products for consumers. I would be pleased to discuss any questions you may have, at your convenience.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Frank', written in a cursive style.

Stephen Frank