

Canadian Life and  
Health Insurance  
OmbudService



Service de conciliation  
des assurances de  
personnes du Canada

CLHIO • SCAPC

**CANADIAN LIFE AND HEALTH INSURANCE  
OMBUDSERVICE**

**2006-2007 ANNUAL REVIEW**

## *The Canadian Life and Health Insurance OmbudService (CLHIO)*

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The Canadian Life and Health Insurance OmbudService (CLHIO) is an independent organization that provides single-window access to consumers who have an enquiry or a complaint about life and health insurance products and services. The CLHIO provides a forum for the impartial, prompt resolution of complaints for consumers who have completed the internal complaints-handling processes of their insurance companies.

The CLHIO is committed to providing service that is:

- Knowledgeable, fair and impartial
- Confidential
- Independent and objective
- Accessible
- Timely
- Courteous
- Clear
- Accurate
- Consistent

The CLHIO is governed by a Board of Directors, the majority of whom are independent of the life and health insurance industry. It is part of the Financial Services OmbudsNetwork (FSON), an industry-based integrated consumer assistance system launched in November 2002 to provide Canada's financial services consumers with single-window access to recourse when they have concerns or complaints. The FSON is an independent organization endorsed by financial services regulators and sponsored by the financial services industry. It is made up of two parts:

- company complaints-handling services; and
- industry ombudsman services, such as the Canadian Life and Health Insurance OmbudService.

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## MESSAGE FROM THE CHAIRMAN

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The past year has seen a number of important developments for both the CLHIO and the Financial Services OmbudsNetwork to strengthen and reinforce consumer access to effective, impartial and high quality dispute resolution in the financial services sector.

Working with our colleagues in our two sister organizations, the Ombudsman for Banking Services and Investments, and the General Insurance OmbudService, we have achieved a substantial streamlining of the FSON with the result that financial services consumers who require assistance need only make one telephone call to be immediately connected to the service appropriate to their needs.

As well, we are engaged together in an important dialogue with the Joint Forum of Financial Market Regulators and the Government of Canada, two of the original stakeholders in the creation of the Network, to ensure that regulators, who bear an important responsibility for the protection of consumers, can continue to be utterly confident in the FSON as a whole, and each of its component parts.

As for the CLHIO, in 2006, the Board of Directors strengthened and reinforced our service with the creation of two committees to oversee aspects of governance, and standards-setting and measurement. Specifically, the Standards Committee has carefully reviewed all of the CLHIO's operating principles and procedures and satisfied itself, and the Board, that the CLHIO is adhering to the 10 standards that guide the work of the OmbudServices. The Committee has also overseen a benchmark survey of consumers who have used the complaint handling services of the CLHIO which is described in the General Manager's report.

The Governance Committee was created to ensure that the structure and operations of the CLHIO continue to be strong, effective and independent; and to manage our relationships with governmental stakeholders - out of a firm belief that we both share the same public policy objective, providing financial services consumers with a high quality independent system by which consumers can seek redress options if they have a complaint.

It continues to be a privilege to serve an organization that makes such an important contribution to Canadian consumers. I am very grateful to our distinguished Board of Directors for their wise counsel, dedication and support, and I would also like to take this opportunity to thank Barbara Waters, General Manager, and the CLHIO staff who have enabled us to carry out our mandate so effectively.

A handwritten signature in black ink that reads "Bernard Bonin". The signature is written in a cursive, flowing style.

Bernard Bonin



## MESSAGE FROM THE GENERAL MANAGER

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It is my pleasure to present the fifth Annual Review of the Canadian Life and Health Insurance OmbudService for the year ending March 31, 2007.

When we first opened a little over four years ago, we made a commitment to provide our stakeholders with a first-class dispute resolution system. Looking back, we have kept our promise, and what a journey it's been! We have increased our mandate, completed two consolidations, expanded our range of consumer services, and co-located with the OBSI to bring us one step closer to fulfilling the vision of a single-window OmbudsNetwork for consumers who need assistance. All of these initiatives have been done to ensure that we provide top-quality service and direct access to an effective dispute-resolution service.

In addition to our dispute-resolution services, the CLHIO also acts as a source of information to consumers. The transfer of the industry's longstanding Consumer Assistance Centre to the CLHIO last year strengthened and enhanced the overall capacities of the CLHIO. No longer do consumers have to complete their company's internal complaint-handling process before we can help them. Consumers who call the CLHIO are immediately put in touch with a CLHIO Counsellor in our Consumer Assistance Centre who will assist them with their enquiry, concern, or complaint. The CLHIO process is quite flexible and is designed to assist the consumer based on their individual circumstances. When you consider that the Consumer Assistance Centre has been helping Canadian consumers for over 34 years, there is no better place for a consumer to get the help that they need.

As noted by our Chairman, the CLHIO recently employed the services of a third-party to conduct an independent consumer satisfaction survey of consumers who have used our services and the results are shown later on in this report. The results are very encouraging showing that the vast majority appreciated our assistance, had confidence in the ability of staff to remain impartial and objective, believed that we were accessible and responded quickly to them, and were treated fairly in a professional, courteous manner.

All of our activities continue to be guided by the principles and values of the 10 service standards adopted over four years ago. Our operational policies and guidelines ensure that we are consistent with these stated values and reflect our vision to provide consumers with recourse to an independent, impartial redress mechanism at no cost.

I would like to take this opportunity to express my gratitude to Board Chair, Bernard Bonin, and to our Board members for their unfailing commitment and support, and to our dedicated staff who have worked tirelessly to honour the values of our organization.

*B.A. Waters*  
Barbara Waters

## ***MEMBERS OF THE 2006-2007 BOARD OF DIRECTORS***

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### **Chairman**

**Bernard Bonin (Chair) \***

*Former Senior Deputy Governor of the Bank of Canada*

### **Independent Directors**

**Lea Algar\*\***

*Chair, General Insurance OmbudService, and  
former Ontario Insurance Ombudsman*

**Dr. Janice MacKinnon \***

*Professor, University of Saskatchewan and  
Former Minister of Finance  
for Saskatchewan*

**Yves Rabeau \*\***

*Professor of Economics,  
Université du Québec à Montréal (UQAM)*

**Reginald Richard \*\***

*Former Superintendent of Insurance  
for New Brunswick*

**Peter Maddaugh, Q.C. \* †**

*Professor of Law, University of Victoria and  
former Partner, Torys LLP*

\* Member of Governance Committee

\*\* Member of Standards Committee

† Ratification October 24, 2007

### **Industry Directors**

**Claude Garcia \*\***

*Corporate Director, and  
former President,  
Standard Life Assurance Company*

**Christopher McElvaine \***

*Director of Foresters, and  
former President, The Empire Life  
Insurance Company*

# STANDARDS

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The CLHIO has committed to abide by a voluntary code of service standards that guide the work and activities of its staff of qualified professionals who have the skills, experience and subject expertise required to address consumer concerns and complaints.

The CLHIO's promise to consumers includes service in accordance with the following standards:

- Accessibility** The CLHIO provides convenient ease of contact for consumers to express and pursue their concerns. Consumers wishing to access our services may contact the CLHIO in a variety of ways, including our national toll-free telephone number 1.888.295.8112, mail, electronic mail, facsimile and through our website, [www.clhio.ca](http://www.clhio.ca). Our services are offered in both English and French and are provided at no cost whatsoever to consumers.
- Timeliness** The CLHIO will respond promptly to consumer enquiries and complaints. Most telephone calls are answered immediately by an attendant, and any telephone, fax, or e-mail messages will be returned within one business day.
- Courtesy** Consumers contacting the CLHIO will be treated courteously, professionally and with respect.
- Clarity** The CLHIO provides consumers with clear and succinct information by telephone and/or correspondence to ensure their complete understanding of the complaint issues and the positions of each party.
- Accuracy** All information collected by the CLHIO relevant to the complaint will be kept as accurate, complete and up-to-date as necessary for the purpose of assisting with the resolution of the complaint.
- Fairness & Impartiality** All decisions made by the CLHIO are based on factual information gathered during the complaint investigation process. The CLHIO is impartial, free of bias, and independent of both industry and government.
- Consistency** The CLHIO will treat similar cases in a similar fashion and in accordance with its mandate and protocol.
- Knowledge** The information provided to consumers contacting the CLHIO will reflect a thorough knowledge and understanding of the subject.
- Privacy/Confidentiality** Any information collected during the course of the CLHIO process will remain confidential and proprietary to the CLHIO. The CLHIO uses prudent business practices when communicating by e-mail and will not provide personal or sensitive information by e-mail to any party directly or indirectly by an attachment even if authorized to do so.
- Independence & Objectivity** The CLHIO is a non-profit corporation independent of government and industry, governed by a Board of Directors, the majority of which are independent Directors.



## ***ABOUT THE CLHIO COMPLAINTS-HANDLING PROCESS***

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The CLHIO helps consumers with concerns and complaints about life and health insurance products and services that they are not able to resolve by dealing directly with their insurance companies.

When consumers contact the CLHIO, they will immediately be put in touch with an experienced Counsellor who can help them decide how best to deal with their complaint and if required, will put them in touch with their insurance company Consumer Complaints Officer. Many complaints are quickly resolved in this way without the need of a formal complaint investigation. If the Counsellor is unable to resolve the problem, or feels that the matter requires an investigation, the consumer will be referred to an OmbudService Officer specializing in informal conciliation.

After the OmbudService receives a signed authorization from a consumer, the OmbudService Officer speaks with the consumer and the insurance company and, if necessary, with other parties. The OmbudService Officer tries to solve the problem by finding some common ground between the consumer and the insurance company. Quite often, concerns and complaints are resolved to everyone's satisfaction through this process. If this does not occur, the CLHIO may make a written non-binding recommendation to the consumer and the insurance company.

Consumers can contact the CLHIO directly by phone, fax or e-mail. Service is available in English and in French. Consumers can also visit the CLHIO website ([www.clhio.ca](http://www.clhio.ca)), which provides general information about the CLHIO, tips for using the complaint process, and contact information in both English and in French. Consumers are directed to their insurance company as the first recourse for dispute resolution, and the site has been designed to link consumers directly to their companies.

Consumers who are concerned that using the CLHIO could affect their legal rights in the future should get advice from their own lawyers before authorizing the CLHIO to contact their insurance companies. Consumers who believe they may have grounds for legal action against their insurance companies have a limited period of time in which to file claims. They may wish to get advice about the limitation period that applies to them before they contact the CLHIO.

## ***ABOUT THE CLHIO COMPLAINTS-HANDLING PROCESS***

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The CLHIO assists consumers in resolving concerns and complaints about life and health insurance products and services. These products include life insurance, retirement products such as annuities and RRSPs, disability insurance and supplementary health insurance plans.

Assistance is tailored to meet the specific needs of the individual who has contacted the CLHIO. The CLHIO will never refuse to talk to a consumer and always tries to assist. Depending on the situation at hand, the CLHIO's assistance to a consumer can include one or more of the following services:

- Providing clarification and information to consumers who have general concerns arising from the marketing and administration of life and health insurance products and industry practices.
- Assisting consumers who have not yet contacted the company with their complaint by advising them on how to get in touch with the right department or person in order to have their complaint addressed.
- Assisting consumers who have already pursued all avenues of recourse within their company but remain dissatisfied. For these consumers, the CLHIO provides proactive, informal conciliation between the consumer and the company with a view to arriving at a mutually agreeable outcome.

## QUICK FACTS

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- The CLHIO is an independent corporation governed by a Board of Directors. The majority of these Directors are not associated in any way with the life and health insurance industry.
- The CLHIO complaint-resolution service is provided free of charge.
- The CLHIO is committed to protecting consumers' privacy. Its standards require it to maintain the confidentiality of personal information provided to the CLHIO.
- The time it takes to handle a complaint depends on how complicated it is. The CLHIO's standards require it to respond to complainants promptly and inform them of any delays.
- The CLHIO endeavours to resolve disputes through informal conciliation. When this does not prove possible, the CLHIO can make non-binding recommendations, including restitution.
- Consumers who do not agree with a recommendation may then pursue arbitration or legal action on their own. If an insurance company does not follow a CLHIO recommendation, this fact will be made public.
- The CLHIO will never refuse to discuss a consumer's problem. However, its mandate does not permit it to deal with complaints that are already before the courts, have been taken to binding arbitration, or involve breaches of law.
- The CLHIO's OmbudService Officers have extensive knowledge of the life and health insurance industry and its products and services, as well as special training for investigating and resolving consumer complaints. Typically, they are retired life and health insurance company executives with experience in areas such as underwriting, marketing, and claims. OmbudService Officers do not work on complaints that involve an insurance company that has employed them in the past.

# *CLIENT SATISFACTION SURVEY*

## **Executive Summary**

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The CLHIO believes that feedback from consumers is key to measuring its performance, and in early 2007, commissioned an independent third-party to conduct a client satisfaction survey to objectively assess consumers' satisfaction with the dispute-resolution services of the CLHIO.

The survey had a solid response rate of 60 per cent with CLHIO's service rated as exceptional or good by 77 per cent, and fair or poor by 23 per cent. While consumers tended to rate the service based on the outcome of their complaint, the majority (83 per cent) expressed confidence in the service, and said they would recommend CLHIO's services to a friend.

Consumers identified many advantages of having CLHIO's help including the following major benefits:

- ✓ Sound advice based on knowledge of the life and health insurance industry
- ✓ Quicker progress, faster results
- ✓ Emotional support
- ✓ Avoiding legal costs
- ✓ Receiving an objective opinion

A small number of consumers also offered some suggestions and observations for enhancing the service. For example, some consumers felt there should be a greater public awareness of the CLHIO, and that more visibility was needed. Others suggested that the CLHIO reinforce its role as a neutral third-party provider of dispute-resolution services overseen by an independent Board of Directors, and a few consumers said they would welcome the opportunity to meet CLHIO staff in person.

## TESTIMONIALS

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*“Sometimes it’s easy to forget how many kind and thoughtful people there are in this world... thank you so much for working on my behalf.”*

G. – British Columbia

*“You took the time to understand the details and circumstances of this file always maintaining a fair and open mind. You have restored my clients’ faith in the industry and have added to their peace of mind.”*

R. A. – Québec

*“My husband and I want to thank you for your ongoing attention to this matter. I appreciated your prompt response to my inquiries and your mediation efforts with the company. It was a lengthy process, however, we are satisfied with the outcome which is due in no small part to your work on our behalf. We appreciated having the option of being able to contact the Canadian Life and Health Insurance OmbudService to assist us with our concerns.”*

S. – British Columbia

*« Je vous remercie de l’attention que vous avez accordée à ma requête pour m’aider à solutionner le litige. Votre intervention fut sans aucun doute utile pour régler ce conflit. »*

B. – Québec

*“Thank you for the time and effort you put into this process. Your thoroughness was always evident in the questions you raised and the comments you made. The end result is the product of your efforts and means so much to Mrs. M. It will give her some breathing room at a very difficult time.”*

G. A. – Nova Scotia

*« N’eût été votre aide, j’aurais probablement eu besoin de faire appel aux tribunaux pour faire reconnaître mes droits. J’ai passé une longue période d’insécurité très difficile mais votre compréhension des faits et les actions que vous avez posées m’ont grandement aidé à traverser cette épreuve. »*

O. – Québec

*« Vous avez su faire reconnaître nos droits et nous vous en sommes très reconnaissants, mon fils et moi. Vous avez su montrer beaucoup de détermination et d’humanité envers notre cause. Vous avez aussi par votre professionnalisme su régler le dossier dans un court laps de temps. Je remercie Dieu de vous avoir mis sur mon chemin... continuez votre bon travail, c’est bon de savoir qu’il existe encore des personnes compétentes prêtes à se battre pour faire respecter la justice. »*

P. – Québec

## STATISTICAL REVIEW

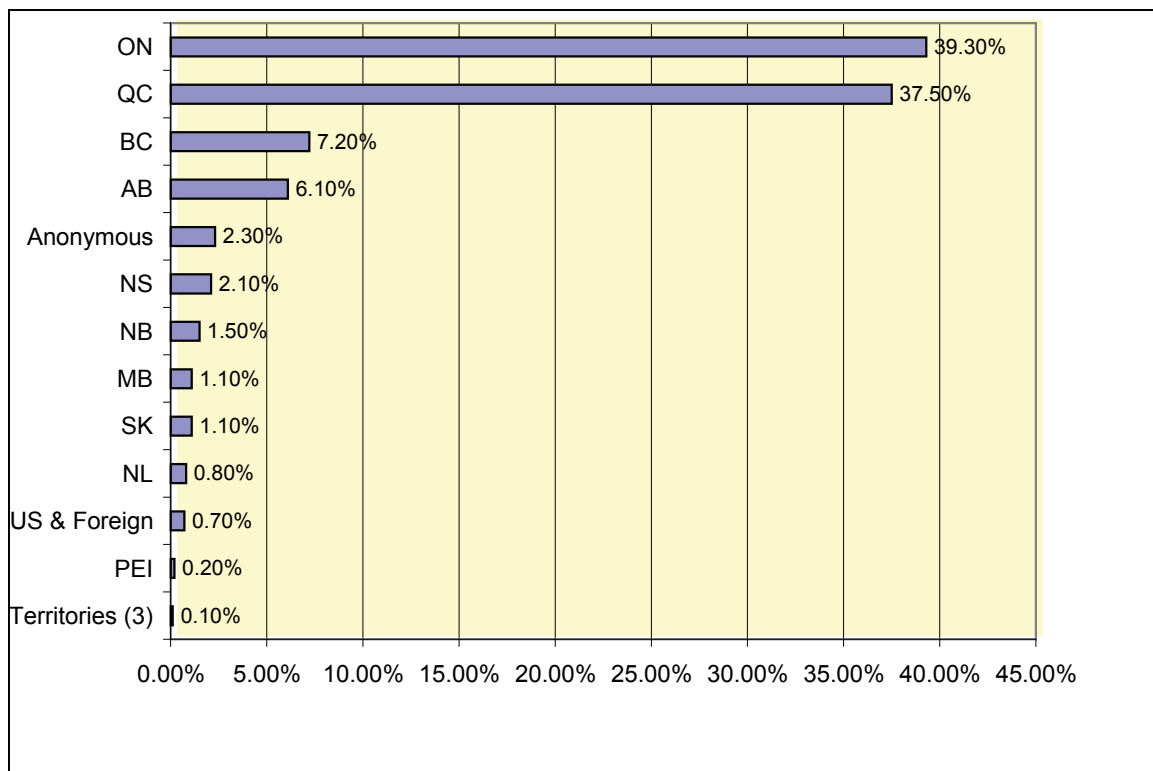
### *Volume of enquiries/complaints*

The CLHIO has been monitoring all forms of contact since the service commenced on November 29, 2002.

Between that date and March 31, 2007, the CLHIO received 7,544 requests for assistance.

### *Where did they call from?*

As the following chart demonstrates, just under 77 per cent of all requests for assistance originated in central Canada, that is, Ontario and Quebec. Overall, the geographical distribution of calls is commensurate with the distribution of premium income across Canada with the exception of Quebec where historically the percentage of calls is far greater than that province's share of premium income. According to industry research, in 2005, Ontario accounted for 48.7 per cent of premium income; Quebec, 22.1 per cent; the prairie provinces 13.7 per cent; British Columbia 10.1 per cent; and Atlantic Canada 5.4 per cent.

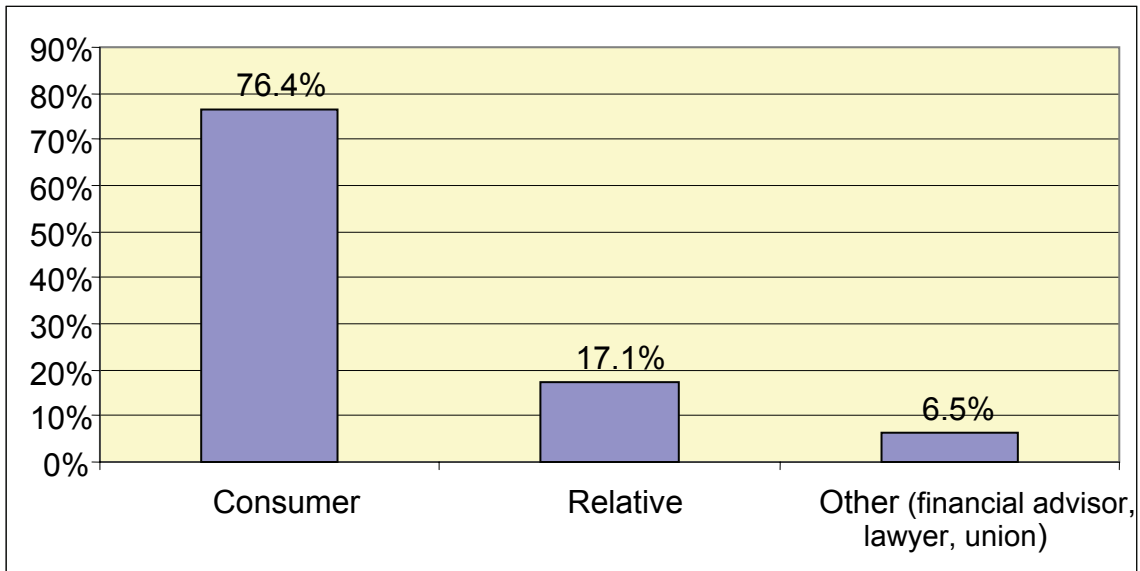


## STATISTICAL REVIEW

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### Who contacted the CLHIO?

Most requests for assistance, at just over 76 per cent, were from consumers and approximately 17 per cent were from a relative or friend enquiring on behalf of a consumer. Professionals such as financial advisors, constituency offices, lawyers and union representatives calling on behalf of their consumer clients or constituents accounted for 6.5 per cent.



### *How did they first contact the CLHIO?*

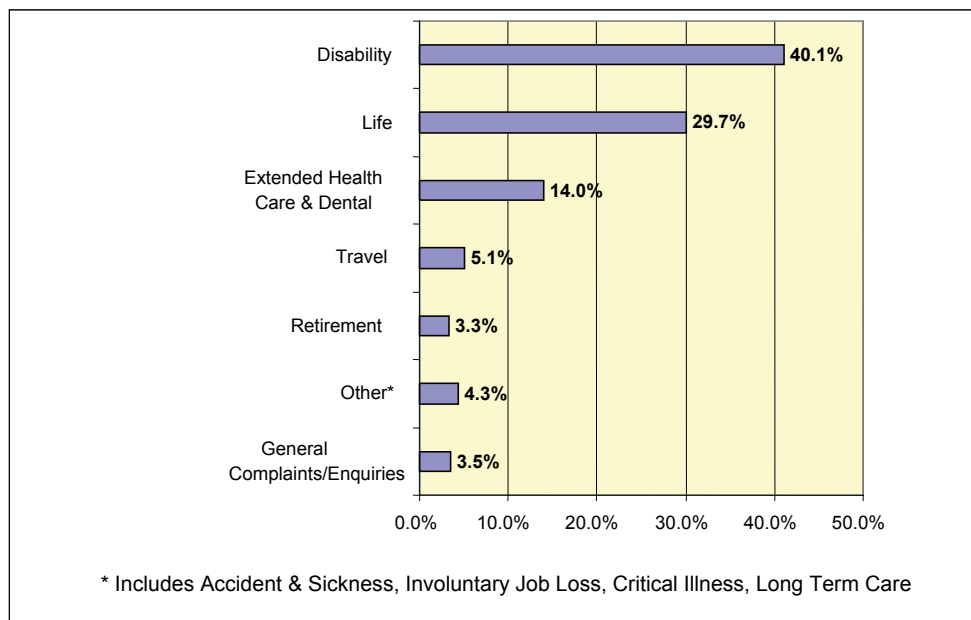
The predominant method of contact is by telephone and calls accounted for just over 86 per cent of all contacts with CLHIO followed by traditional mail and electronic mail at 11.5 per cent, and faxes at 1 per cent. In addition, 19 consumers visited the CLHIO offices to discuss their concerns in person with a Counsellor.

## STATISTICAL REVIEW

### *Why did they contact the CLHIO?*

As the following chart shows, approximately 40 per cent of all enquiries and complaints concerned disability insurance with claims-related issues involving the denial or discontinuation of benefits dominating this category.

Life insurance made up almost 30 per cent and tended to be evenly distributed across all aspects of the business, that is, claims, marketing & sales, service, product and underwriting.



Enquiries and complaints related to extended health care and dental coverage (14 per cent), travel insurance (5.1 per cent), and “other” products (4.3 per cent), which include accident and sickness insurance, critical illness and involuntary job loss involved claims-related issues.

Retirement products such as annuities and segregated funds, at just over 3 per cent, involved service-related issues and marketing and sales-related concerns.

General enquiries and complaints which did not involve an identifiable product or company or required referral to another industry-level OmbudService made up the balance of just under 4 per cent.



## ***STATISTICAL REVIEW***

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The following section describes the handling and resolution of consumer concerns and complaints under three headings:

- by Counsellors who endeavour to resolve a concern quickly without the need of an investigation
- by OmbudService Officers who pursue a formal investigation of a complaint
- by the Senior Adjudicative Officer who will review cases not resolved after the investigative phase and issue a report with a non-binding recommendation(s) if necessary

### **Counsellor Activity**

#### ***General Statistics***

On April 1, 2004, the complaint-handling functions of the life and health insurance industry's Consumer Assistance Centre (CAC) were amalgamated with the complaint-resolution services offered by the Canadian Life and Health Insurance OmbudService. Between April 1, 2004 and March 31, 2007, CLHIO Counsellors responded to a total of 6,948 enquiries and requests for assistance. Of these, 5,489 were concerns and complaints and 1,459 were enquiries. The following is an analysis of complaints handled by Counsellors broken down by company function, line of coverage and by insurance category.

#### ***Complaints by company function***

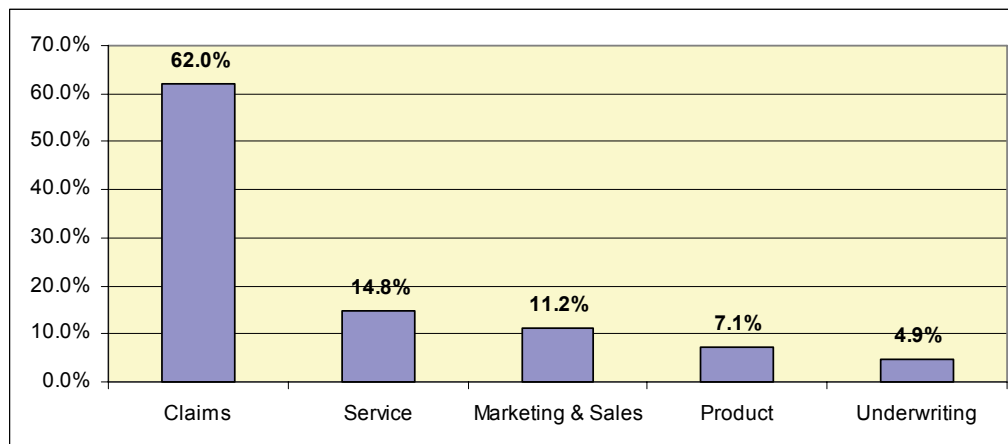
As the following chart demonstrates, 62 per cent of the 5,489 complaints involved claims-related issues. These included but were not limited to the denial of claims; the discontinuation of benefits; claims procedures; delays; and privacy-related issues. Service-related matters, making up 14 per cent, encompassed disputes arising from administrative problems; billings; tax receipts; delays; cancellations or surrenders; annual statements; and the alleged failure of the company to respond. Marketing and

## STATISTICAL REVIEW

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### *Complaints by company function (continued)*

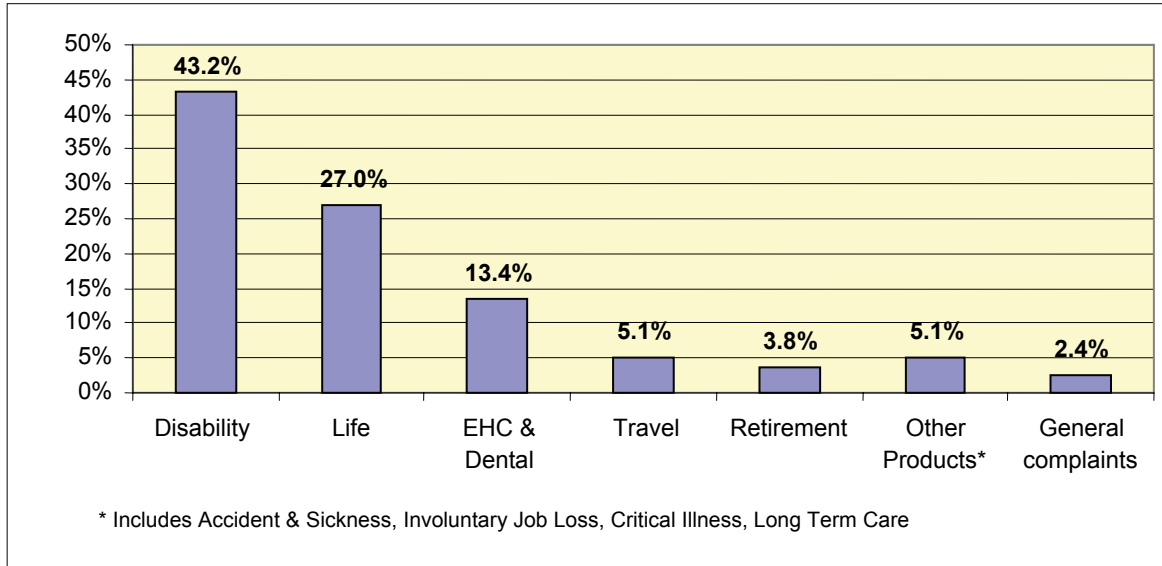
sales-related complaints, at approximately 11 per cent, involved problems concerning alleged agent misconduct, alleged misleading statements or misrepresentation on the part of an agent; illustration of cost or return; policy replacements; and mass marketing. Product-related complaints, at 7 per cent, involved disputes on investment returns; low early cash values; policy provisions or exclusions; premiums; and product misunderstanding. Underwriting complaints, at some 4 per cent, typically involved problems arising from a decline or rating; policy issuance or underwriting delay; privacy issues; underwriting procedures; and alleged discrimination. The balance, at just over 1 per cent, involved complaints not related to the financial services sector.



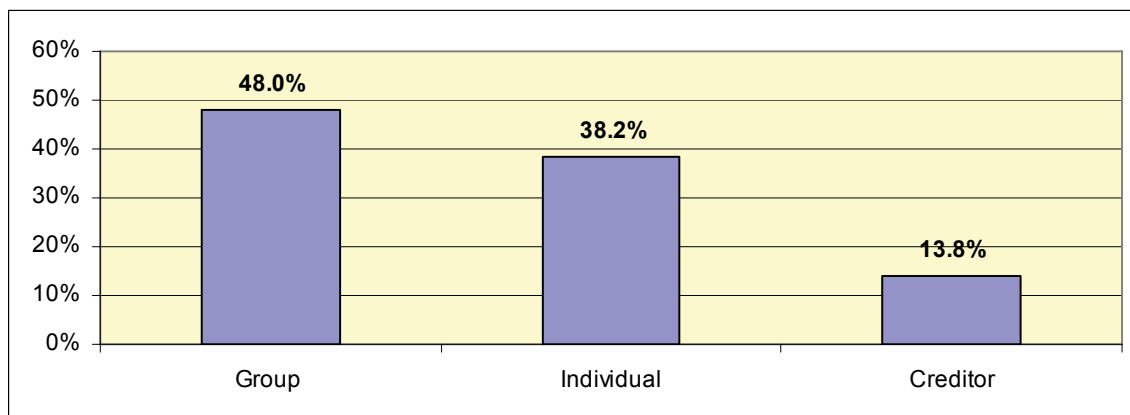
## STATISTICAL REVIEW

### Complaints by line of coverage

Fully, 70 per cent of complaints involved disability insurance, and life insurance products.



Fully, 48 per cent of complaints involved group insurance and most of these concerned employer-sponsored disability and supplementary health and dental insurance plans. Life insurance products accounted for most individual insurance complaints.



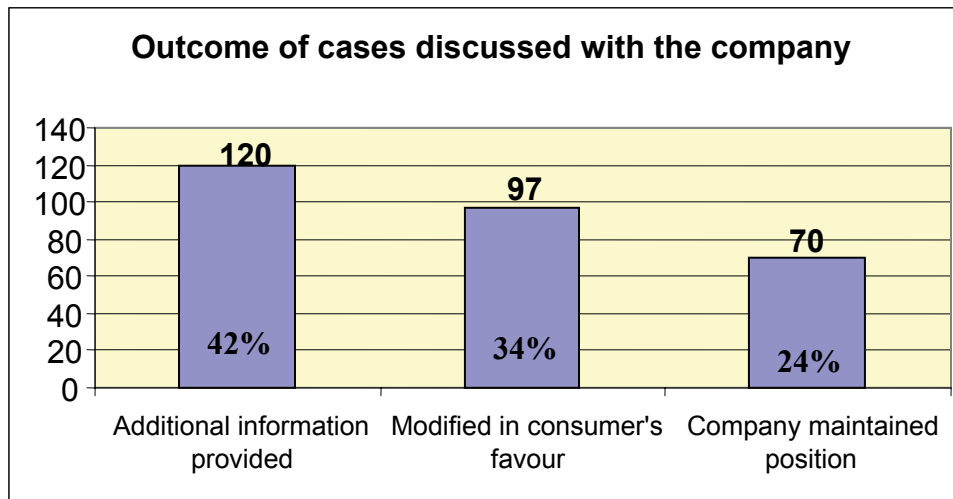
## STATISTICAL REVIEW

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### *Disposition of complaints handled by Counsellors*

Of the 5,489 complaints received between April 1, 2004 and March 31, 2007, Counsellors were able to assist 5,099 consumers (93 per cent) directly without having to contact their insurance company on their behalf. Many of these cases involved extensive telephone discussions, an exchange of correspondence, and the provision of a policy or documentation to the CLHIO for review by the Counsellor.

Of the remaining 390 complaints, Counsellors transferred 100 cases (26 per cent) to an OmbudService Officer for further investigation and contacted the insurance company on the consumer's behalf in 290 cases or 74 per cent. Of the 287 completed cases, the company modified its position in the consumer's favour in 34 per cent of the cases and in another 42 per cent, provided additional information satisfactory to the consumer. In the remaining 24 per cent, the company maintained its position.



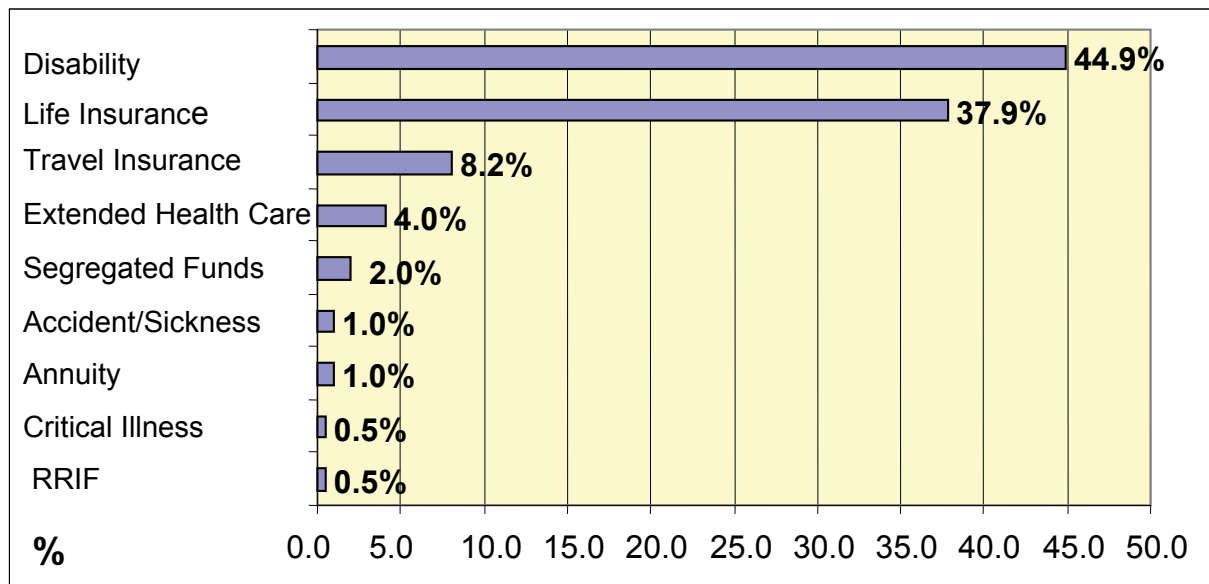
## STATISTICAL REVIEW

### OmbudService Officer Activity

If the CLHIO Counsellor is unable to resolve the problem, the consumer is sent a CLHIO Information Kit containing an Authorization and Agreement form. Upon receipt of the signed Authorization and Agreement form, an OmbudService Officer is assigned to deal with the complaint.

#### *General Statistics*

During the CLHIO's first 4.5 years of operation, an OmbudService Officer was assigned to review 197 cases which were the subject of a complaint investigation and of these, 193 cases were closed during the period under review. The following chart provides an overview of these 193 complaint investigations by product.



#### *Disposition of complaints handled by OmbudService Officers*

Of the 197 complaint investigations, 4 cases remained open as of March 31, 2007. Of the 193 completed investigations, just over 62 per cent (120 cases) were closed with the insurer maintaining its position, and in all of these cases the consumers declared their satisfaction with the additional information provided and elected not to pursue their complaint further with the CLHIO. Forty-nine cases, or just over 25 per cent, were closed when the matter was resolved by the company in the consumer's favour, and 24 cases, or just over 12 per cent, were closed when the request for assistance was withdrawn by the consumer.

## ***STATISTICAL REVIEW***

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### **Senior Adjudicative Officer Activity**

#### ***Reports issued with non-binding recommendations***

Most complaints are resolved by working closely with a Counsellor or an OmbudService Officer but if the subject matter warrants a further review, or if the consumer requests it, and there is a basis to do so, the file will be transferred to the Senior Adjudicative Officer for review and issuance of a report with non-binding recommendations.

During the period April 1, 2004 to March 31, 2007, three cases were transferred to the Senior Adjudicative Officer for review. Two cases related to a life insurance dispute involving the payment of premiums, and both reports found in favour of the company. The third case related to a dispute over the discontinuation of long-term disability benefits and a report was issued with a non-binding recommendation in favour of the consumer. The company subsequently confirmed that they had followed the recommendation.

## *CLHIO Consumer Assistance Centre*

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### **Profile**

The CLHIO's Consumer Assistance Centre (CAC) is a national consumer education and help service available in both English and French. The service operates under the auspices out of the CLHIO's offices in Toronto and Montreal, and is accessed by consumers through toll-free telephone lines, the internet, traditional and electronic mail, and fax.

Since its inception in 1973, the CAC has handled more than 1,160,000 calls, providing assistance to Canadians of all ages, from all walks of life, from all across the country. In 2006, the consumer assistance services of the CAC were brought under the CLHIO, providing single-window access to assistance for life and health insurance consumers across Canada including the following services:

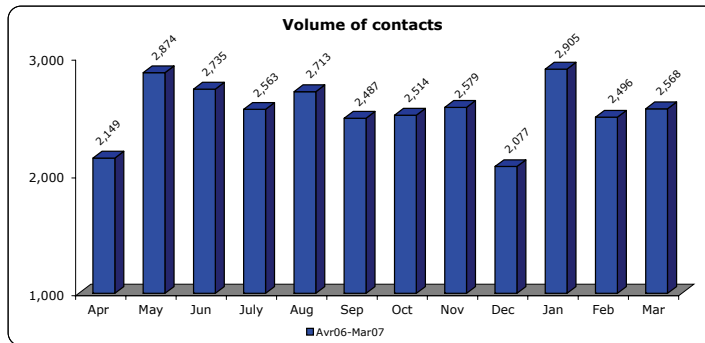
- **information** about life and health insurance products and services
- **information** about life and health insurance companies;
- **information** about industry practices
- **publications** about life and health insurance and financial/retirement planning; and
- **policy search assistance**, or help locating life insurance policies that may have been misplaced.

# CLHIO CONSUMER ASSISTANCE CENTRE

## Activity Highlights

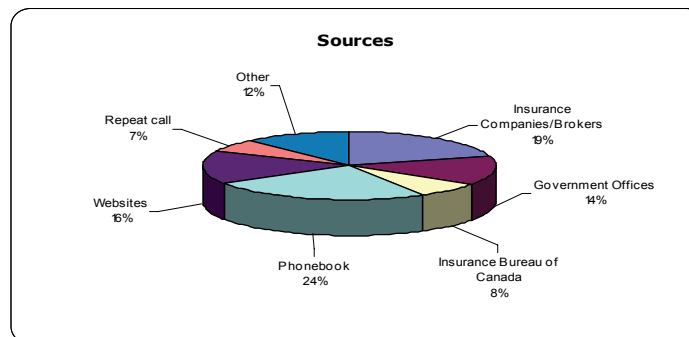
### Volume of contacts

In the twelve month period ending March 31, 2007, the CAC received 30,660 enquiries about life and health insurance products and services.



### How did they hear of the CLHIO Consumer Assistance Centre?

Callers learned of the CAC through a variety of sources, including life and health insurance agents, government and constituency offices, insurance companies, other related trade and industry associations, website search engines, and through advertising in the telephone directory.





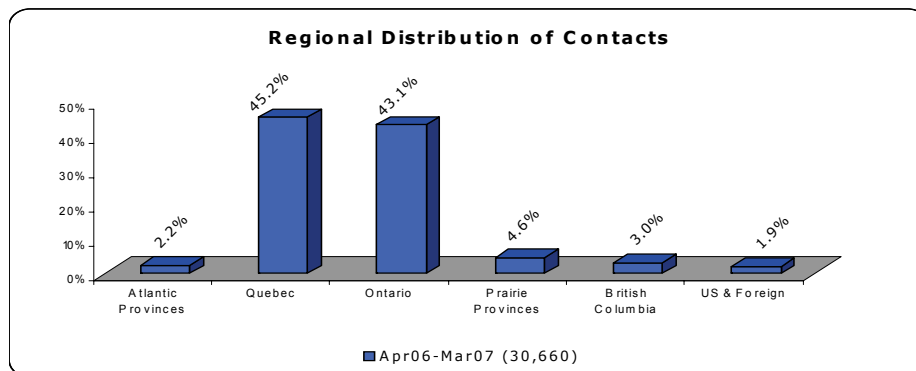
## CLHIO CONSUMER ASSISTANCE CENTRE

### *Who contacted us?*

The CAC's clientele consists first and foremost of consumers who accounted for just under 93 per cent of the contacts made over the twelve month period ending March 31, 2007. The balance was from business professionals, insurance companies and agents involving product enquiries, company information and policy searches.

### *Where did they call from?*

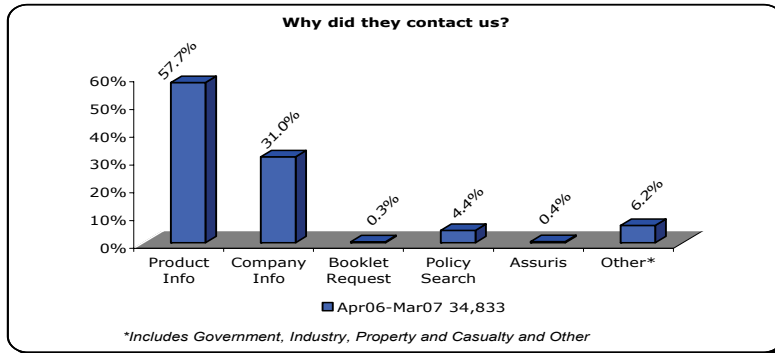
As the following chart demonstrates, just over 88 per cent of all requests for assistance or information originated in Central Canada, that is, Québec and Ontario. Overall, the geographical distribution of calls corresponds to the distribution of premium income and the percentage of insureds across Canada with the exception of Québec where historically the percentage of calls is greater than that province's share of premium income.



# CLHIO CONSUMER ASSISTANCE CENTRE

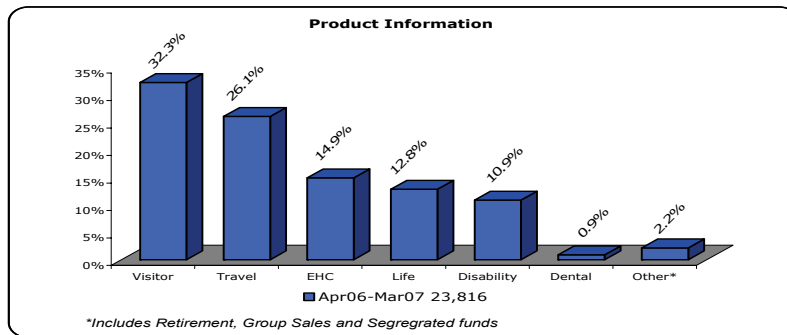
## Why did they call us?

In the course of 30,660 calls to the CAC over the last year, 34,833 individual topics were addressed as callers often enquired about more than one topic. As shown in the chart below, just under 58 per cent involved requests for product information. Another 31 per cent were requests for information about life and health insurance companies.



## Product Enquiries

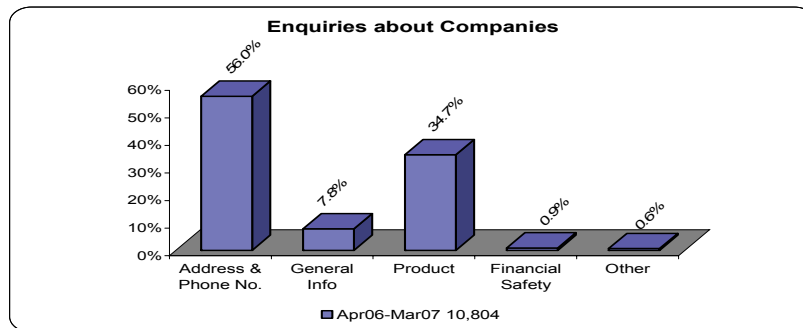
The CAC received 13,896 enquiries over the past year related to visitor and travel information representing just over 58 per cent of the overall calls received. Of these calls, 95 per cent were seeking guidance on buying visitor and/or travel insurance.



## CLHIO CONSUMER ASSISTANCE CENTRE

### *Company Enquiries*

Over one-half of the enquiries received by the CAC over the past year involved requests for the address and telephone numbers for life and health insurance companies across Canada. Many of these requests were due to consumers' need for clarification as a result of consolidation activity. Just under 35 per cent were from consumers seeking product information related to travel and/or visitors to Canada insurance, extended health care and dental coverage, life insurance, and disability coverage.



### *Policy Searches*

During the twelve month period ending March 31, 2007, the CAC received 1,539 requests for a policy search from individuals either pursuing possible life insurance coverage for recently deceased persons, or looking for possibly misplaced policies of their own. In 49 of these cases, sufficient evidence existed to carry out formal searches and five of these requests produced results.

## ***CASE STUDIES***

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*The following cases have been selected to illustrate the nature and disposition of complaints reviewed over the past year by CLHIO Counsellors and OmbudService Officers. In each case, the names have been altered to protect the privacy of the individuals and companies involved.*

### ***When help is most needed***

**Ms. O** contacted the CLHIO distraught that her husband's claim for a potentially life saving drug had been denied by the insurer.

Mrs. O spoke with a Counsellor and explained that her husband had been diagnosed with cancer and that it was of such an aggressive nature that the treating physician had prescribed the drug in the hospital rather than risking a possible delay by having it filled by the patient at a pharmacy. Mrs. O advised that they had been dealing directly with the company to appeal their decision, but could no longer afford to pay the devastating out-of-pocket cost of the drug.

The Counsellor explained why most policies have a provision that no benefit will be payable if the drug is prescribed in a hospital, but suggested that the company be made aware of the extenuating circumstances of the claim. The Counsellor recommended that Mrs. O call the insurer, maintain a calm, polite demeanour, and ask to speak with someone in a position of authority who could give special consideration to this situation.

Mrs. O subsequently called the Counsellor back to let him know that she had taken his advice and, having spoken to a senior individual at the company, the company had approved the claim. The consumer expressed her gratitude to the Counsellor for his assistance.

## CASE STUDIES

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### *A failure to communicate*

*Mr. P* contacted the CLHIO seeking assistance with his appeal for the payment of long term disability benefits. Mr. P explained that he had been appealing the company's decision for three years, and in the meantime, he had lost his job as a teacher in a one-room schoolhouse in Newfoundland, his wife had left him, and he had been evicted from his home.

Mr. P's application for disability benefits with his insurer was declined on the basis that he had not provided sufficient medical information to establish that he could not perform the material and substantive duties of his regular occupation. Although the company agreed to send him for an independent medical examination, this appointment had to be cancelled when his condition worsened necessitating a move back to British Columbia where he could be assisted and cared for by his parents.

During the OmbudService Officer's review of the file, he noted that the insured's condition appeared to have deteriorated further to the point that he was bedridden for most of the time, otherwise confined to a wheelchair and restricted from leaving his parents' home. The OmbudService Officer spoke at length with the claimant and with the company and noted that the company's review had always focused on the content of the medical reports rather than on the issue of chronic debilitating pain which, although detailed in all of the medical reports, is admittedly usually subjective and difficult to measure. The Officer further noted that the claimant was placed at a disadvantage as a result of two factors beyond his control. A medical facilities strike in Newfoundland significantly delayed his ability to provide the company with medical information to support his claim and disrupted his medical supervision, and the necessity of Mr. P's move to British Columbia created a discontinuity in the chain of medical evidence and the ability of medical specialists to certify it.

Under the circumstances, the OmbudService Officer's discussions with the company focused on the medical reports by the practitioners and specialists who attended him at the outset of the claim, all of which acknowledged Mr. P's increasing and chronic pain. The company readily agreed to give the matter a further review and in the interests of fairness, assigned an experienced claims adjudicator to give the file a "fresh look" wherein it was discovered that the CLHIO had been provided with medical information not on file with the company.

The company subsequently advised that they were approving the claim retroactively based on the new medical information and offered to contact his physicians directly to assist him in obtaining updated and ongoing medical information so that benefits could be continued. The insured and his caregivers expressed their gratitude to the CLHIO for assisting with the reconsideration of the claim.

## CASE STUDIES

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### *When you're at a loss for words*

*Ms. H* requested the CLHIO's assistance to pursue her complaint involving the insurer's attempts to recover an overpayment of disability benefits. Ms. H. was preparing to have her lawyer file a Statement of Complaint when she learned about the dispute resolution services of the CLHIO offered at no cost to the consumer.

Ms. H. explained to the Counsellor that she had been disabled for several years but had just recently been approved for retroactive disability benefits from La Régie des rentes du Québec (RRQ). Ms. H. appropriately notified her insurer, and was advised that her policy provided for disability benefits to be offset by any benefit received from the RRQ. The approval of RRQ benefits retroactively meant that the insurer had overpaid benefits and the amount of the overpayment was owed to the insurer. Ms. H. did not disagree that the company was entitled to the amount of the overpayment, but felt that the company was attempting to recover more money than she had received.

The Counsellor explained that although she was to receive a "net" disability payment each month, her insurer had, in fact, disbursed a "gross" disability payment to her. Using an example of wages paid to an employee, the Counsellor explained that an employer pays an employee a gross salary, deducts income tax and any other necessary expenses, and the employee receives a cheque for the net income. At the end of the year, the employer will issue a T4 tax form for the full amount. The Counsellor recommended that Ms. H. contact the income tax office to inquire about what could be done about the income tax she had already paid on the full amount of the disability benefits received from the insurer suggesting that she may be entitled to a refund.

Ms. H. was completely satisfied with the explanation provided by the Counsellor and stated that this was the first time anyone had been able to explain this to her in an understandable manner.

## CASE STUDIES

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### *Reading between the lines*

*Mr. J.*, requested assistance from the CLHIO to further his appeal with the insurer for total disability benefits. Mr. J. did not understand why his insurer continued to deny his claim for total disability stating that he had recently been approved by La Régie des rentes du Québec (RRQ) for disability benefits.

The Counsellor explained the different definitions of disability, and then guided the consumer through his policy to find the relevant definition and type of coverage applicable under his policy. With the Counsellor's help, the consumer was able to locate the definition in his policy which indicated that an insured must be confined at home in order to be recognized as being totally disabled.

The consumer recalled that this was the definition that the insurer had referenced when declining his claim, but having had an opportunity to discuss the matter with a Counsellor, and to see the definition for himself, the consumer was able to understand and accept that he did not meet the definition of total disability.

## CASE STUDIES

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### *Painting a clearer picture*

*Mr. F* wrote to the CLHIO complaining that his insurance company had been overcharging him life insurance premiums for several years, and that they continued to decline his requests for a refund of the excess premiums paid.

Mr. F. explained to the Counsellor that the policy contained a “table of monthly insurance factors” per \$1,000 of coverage that apply after the policy has been in force for 10 years, and that these monthly factors increase each year after the 10<sup>th</sup> year. Mr. F. advised the Counsellor that he had been billed for premiums in excess of the amounts calculated using this table and had written to the company several times on this issue without success. The Counsellor asked that Mr. F send us a copy of his policy for review.

The Counsellor subsequently received a copy of the policy and explained to Mr. F that in addition to the table of insurance factors, the policy also contains a provision that permits the insurer to adjust the insurance charges after the policy has been in-force for more than 10 years to a maximum of twice the factors listed. To ensure Mr. F’s complete understanding, the Counsellor followed up with a written explanation of the policy provision and a calculation of the maximum factors and corresponding premium that the company could have charged. The Counsellor’s explanation also included an illustration demonstrating that the amounts actually charged by the company fell within the range printed in the policy and the maximum allowed by the policy provisions.

In this instance the Counsellor was able to present the premium provisions of the policy in a numerical fashion that was understandable to Mr. F. who accepted the Counsellor’s explanation.



## CASE STUDIES

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### *Connecting the dots*

*Mr. and Mrs. R* contacted the CLHIO regarding their dispute with their insurance company about surrender charges incurred when their Registered Retirement Income Funds (RRIF) contracts were transferred to another financial institution.

Mr. and Mrs. R met with a CLHIO Counsellor and explained that their RRIF policies were originally Registered Retirement Savings Plan (RRSP) contracts that had been in-force for more than 10 years and were well beyond the early redemption charge period. Their agent had recommended an investment change after they had expressed dissatisfaction with the performance of their RRSP contracts. Mr. and Mrs. R maintained that they had advised their agent that they needed to have a monthly income from their investments, and to have full access to their funds without redemption charges. The agent subsequently arranged for the RRSP contracts with Insurer A to be transferred to RRIF contracts with Insurer B, with a monthly withdrawal of funds to be deposited into their bank account to provide income.

Several months later Mr. and Mrs. R spoke to their bank's brokerage arm about their RRIF policies, and having reviewed their RRIF statements, the financial advisor telephoned Insurer B's customer service area who confirmed that no fees or charges would apply if the investments were transferred. A hand-written notation to this effect was then provided to Mr. and Mrs. R on a copy of their RRIF statement. Mr. and Mrs. R then met with their investment broker to arrange for the transfer of their RRIF contracts from Insurer B to Brokerage Firm A. Their advisor at the brokerage firm reviewed the RRIF statement noting the hand-written notation that no charges would apply and proceeded with the transfer without personally confirming the accuracy of this information.

In discussions with the CLHIO Counsellor, Mr. and Mrs. R advised that they subsequently received a statement from Insurer B indicating that surrender charges had been deducted, and when they filed their complaint with the company, they learned that the customer service representative at Insurer B had provided them with incorrect information. Early surrender charges did, indeed, apply as Insurer B had issued new contracts.

## CASE STUDIES

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### *Connecting the dots (continued)*

The Counsellor contacted Insurer B who responded that they issued the policies as applied for and their actions were in accordance with the terms of the contracts. In support of their position, the Counsellor was provided with copies of the transfer forms and applications signed by Mr. and Mrs. R. After reviewing these forms with the client, Mr. and Mrs. R. stated that they had never seen or signed the forms. On further investigation, Insurer B indicated that they had accepted faxed applications only from the agent and, as the original forms could not be located, they offered to refund the surrender charges in full. Mr. and Mrs. R declared their satisfaction with the outcome and this complex case involving four financial institutions and three financial advisors was resolved.

## ***CLHIO PRIVACY STATEMENT***

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The Canadian Life and Health Insurance OmbudService (CLHIO) is committed to protecting consumers' privacy. With the written authorization of the consumer that is making the complaint, the CLHIO will collect information from the consumer, the financial institution, and any relevant third parties, if applicable, to facilitate the investigation and resolution of complaints filed with the CLHIO. The CLHIO will only collect personal information, including medical information, to the extent necessary to investigate the complaint. Unless otherwise directed by the complainant, the CLHIO shall keep confidential any information that comes into its possession in the course of the complaint investigation. Any information collected during the course of the CLHIO review process will remain confidential and proprietary to the CLHIO. The files of the CLHIO, including any notes, or other written material, information, or evidence are confidential, and will not be provided directly or indirectly to the parties involved in the complaint process except to the extent required by law. Complaint files are retained in a secure facility, and can be accessed only by authorized CLHIO staff.

The CLHIO is a confidential process during which consumers entrust us with private information in return for our agreement that all information will be held secure. To ensure that there is no erosion of that trust, the CLHIO will not discuss a consumer's concern or complaint with any third-party except with the consumer's consent. The CLHIO will not discuss the consumer's concern or complaint with the media, even with the consent of the consumer.

The CLHIO may use information for the purpose of statistical reporting. Any information collected for this purpose will be on an aggregate industry basis only, and will not identify the consumer or the insurer.

### **Personal Information Protection and Electronic Documents Act**

The Personal Information Protection and Electronic Documents Act (PIPEDA) protects the privacy of Canadians with respect to the collection, use and disclosure of personal information. The CLHIO abides by the ten principles developed for the protection of personal information as follows:

1. **Accountability:** the CLHIO is responsible for information provided to it, and has designated an individual who is accountable for compliance with the principles.
2. **Identifying Purpose:** the CLHIO will identify to the consumer the purpose of collecting information before or at the time the information is collected.
3. **Consent:** the collection, use and disclosure of personal information will only be done with the knowledge and consent of the consumer.
4. **Limiting Collection:** the collection of personal information will be limited to that which is necessary for the CLHIO to investigate the complaint.

## CLHIO PRIVACY STATEMENT

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Ten principles developed for the protection of personal information (continued)

5. **Limiting Use, Disclosure and Retention:** the CLHIO will only use or disclose personal information for the purpose for which it was collected. The CLHIO will only retain personal information for as long as it is necessary to fulfill that purpose.
6. **Accuracy:** personal information will be kept as accurate, complete and up-to-date as necessary for the purpose for which it is to be used.
7. **Safeguards:** personal information will be protected by security appropriate to the sensitivity of the information.
8. **Openness:** the CLHIO will make readily available to consumers specific information about policies and practices related to the CLHIO's management of personal information.
9. **Individual Access:** the CLHIO will, upon request, inform a consumer of the existence, use and disclosure of his or her personal information. Consumers will be given access to their personal information, and will be able to challenge its accuracy and completeness. However, as outlined in paragraph one above, and in the CLHIO Authorization and Agreement form, a consumer will not have access to any information collected during the course of the CLHIO review process, and the files of the CLHIO, including any notes, or other written material, information, or evidence will remain confidential.
10. **Challenging Compliance:** a consumer will be able to challenge the compliance with the above principles with the CLHIO's designated individual.

### *CLHIO Offices*

#### *Toronto Office*

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M5C 2B8*

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Toll-Free: 1-866-582-2088  
Fax: 514-845-6182*

Canadian Life and  
Health Insurance  
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