

Backgrounder

Ontario's Bill 219 Pits David and Goliath Against Each Other

There's a David and Goliath scenario developing in Ontario.

The senior citizens in the province are David versus the Goliath known as Canada's life insurance companies.

Conservative MPP Rudy Cuzzetto (Mississauga-Lakeshore) has taken up the cause from former Liberal MPP Michael Colle by bringing Bill 219 through Second Reading in the Legislature to currently sit on the agenda of The Standing Committee on Finance and Economic Affairs. The Bill amends a 90-year old statute and is known as The Life Settlements and Loans Act (2020).

It concerns what is in the best financial interests of Ontario's seniors regarding the ability to recognize their life insurance policy as an asset and, while alive, sell or borrow against it on a secondary market. It assures seniors a fair market value for their policy. It would be regulated by The Financial Services Regulatory Authority of Ontario who would provide oversight in respect of the transactions made in the secondary market.

Currently, life insurance companies pay a low-to-no pay-out on life insurance policies cashed-in before death. And if a senior, who struggles in today's economy to pay their premiums must lapse their policy, all of their years of paying premiums/equity vanishes into the ether – rather the bank accounts of the life insurance companies leaving little to nothing for the policyholder.

It's time for a legislative change.

The life insurance companies are opposed to this Bill. They have an advocacy and lobbying association called the Canadian Life and Health Insurance Association (CLHIA). CLHIA uses incendiary language to fear monger in their lobbying attempts. Their claims are unfounded and definitely not in the best interests of their clients.

Rudy Cuzzetto introduced the Bill saying: "Our goal is to modernize insurance legislation, enabling Ontario's seniors to optimize the value of their life insurance assets for retirement living. The expanded options will put more money in seniors' pockets without requiring government expenditures. By allowing a well-regulated secondary market similar to several Canadian provinces and most developed countries of the world, Ontarians will be able to realize 4-8 times more cash value than currently available from their life insurance policy issuers."