



Life and Health Insurance Industry Fact Sheet

About Toronto's Life & Health Insurance Industry

The life and health insurance industry contributes to the financial well-being of more than 26 million Canadians, with 4.3 million in the Toronto Region, by providing a wide range of financial security products such as individual and group life insurance, annuities, pensions, RRSPs, RRIFFs, disability income and supplementary health insurance. The industry is a major investor in Canada's economy with total assets of \$411 billion, including \$175 billion invested in Ontario. This pool of capital is one of the country's most important sources of long-term investment capital. The industry employs 131,900 Canadians, with 60,600 working in Ontario (29,100 in the Toronto Region).

Standard and Poor's has described the competition within the Canadian life and health insurance industry as "tooth and nail", with 102 companies competing aggressively across Canada. Canadian-controlled firms have 87% of the Canadian market and are highly successful internationally, with three companies (two headquartered in Toronto) in the top 14 life insurers in the world based on market capitalization. Of the 102 companies in Canada, 55 companies are headquartered in the Toronto Region, resulting in the high concentration of employment in the region. In addition, 39 other life and health insurers are licensed to operate in the region through their branch offices and local agencies.

Toronto's Life & Health Insurance Industry: Contributions to the Economy

Life and health insurers make significant contributions to the economic well-being of the Toronto Region and of Canada as a whole. Toronto's life and health insurance industry:

- **provides a wide range of financial security products to some 4.5 million Canadians in the Toronto Region.**
- **makes benefit payments of \$13 billion annually to residents of the Toronto Region.** Over 90% goes to living policyholders as annuity, disability or health benefits. The remainder goes to beneficiaries as death claims.
- **is a major investor in Ontario's economy with \$175 billion** invested in the province.
- **plays an important role in meeting the financing**

Life and Health Insurance Industry – Key Statistics			
	Toronto Region	Ontario	Canada
Head Offices	55	68	102
Employees and Agents	29,100	60,600	131,900
Policy Payments (Life Insurance, Annuities and Health Insurance)	\$13.0 billion	\$29.3 billion	\$58.4 billion
Premium Income (Life Insurance, Annuities and Health Insurance)	\$17.1 billion	\$38.5 billion	\$76.3 billion
Investments	Included with Ontario	\$175 billion	\$411 billion
Life Insurance Ownership (Individual and Group)	\$608 billion	\$1,373 billion	\$3,339 billion
Canadians with coverage for:			
Financial protection (any product)	4.5 million	10 million	26 million
Supplementary health benefits	4.1 million	9 million	23 million
Disability Income protection	2.3 million	5 million	11 million
Life Insurance	3.5 million	8 million	20 million

Source: Canadian Life and Health Insurance Association Inc.

needs of all levels of government, with federal, provincial and municipal bonds of almost \$32 billion attributed to Ontario to help fund essential services such as schools and roads.

- **invests significantly in corporate securities (over \$69 billion in Ontario)** that help finance new business ventures and assist established companies to expand,

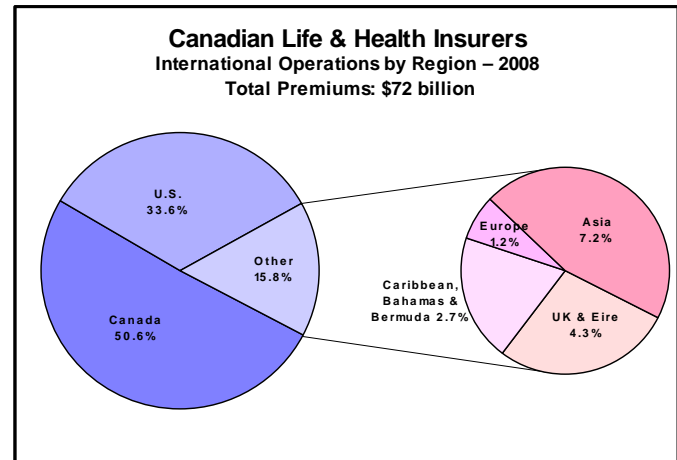


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thereby, creating more jobs.

- **invests in mortgages and real estate (almost \$31 billion in Ontario)**, assisting people to finance their homes and build needed apartment and office buildings, stores and shopping centres, warehouses and factories. Literally tens of thousands of buildings have been financed throughout the Toronto Region and Ontario.
- **includes head offices of 55 life and health insurers** in the Toronto Region – 44 of these in the City of Toronto. This is more than half of the life insurers operating in Canada. Almost all life insurers operating in Canada (98 out of 102) compete aggressively in the Ontario market.
- **is a major employer with 29,300 employees in the Toronto Region:** about 11,900 personnel in head offices, 2,200 administrative employees in branch offices and 15,200 agents working from company offices and local agencies situated throughout the area.
- **includes many professionals with special industry-related qualifications** in the Toronto Region workforce: some 1,100 fully qualified actuaries and associate actuaries (who have completed at least half of the examinations required for full qualification) as well as 15,200 licensed life insurance agents.
- **creates a significant number of indirect jobs in the local economy** as a result of both its substantial investments in the province and sizeable purchases of the many goods and services required to operate businesses. In particular, life insurers make extensive use of local accounting, legal, investment, financial, actuarial, information technology and other services.
- **contributes to small business.** The products of life and health insurers and the consultative role of the life insurance agents help small and medium-sized businesses attract and retain a skilled workforce.
- **is internationally successful.** Toronto features one of the strongest and most far reaching insurance industries in the world. In more than 20



countries around the world, Canadian life and health insurers have an outstanding track record of competing in foreign markets, with over \$72 billion, or nearly half of their worldwide premiums generated abroad. Insurers based in the Toronto Region account for almost 90 per cent of the industry's total exports of life and health insurance and annuity products. Manulife Financial Corporation and Sun Life Financial, two life insurance companies headquartered in the heart of Toronto, rank among the top 14 in the world based on market capitalization. The industry employs 68,400 people outside of the country through their foreign branch and subsidiary operations, including 62,900 by insurers based in the Toronto Region.

- **develops products to reflect and to anticipate changing consumer needs and expectations** such as "index-linked" life insurance policies; innovative approaches to group insurance ("cafeteria" and "spending account" options); flexible retirement options; and innovative and expanded health insurance coverages (critical illness and long term care).
- **takes industry-wide initiatives to protect consumers** by developing guidelines, voluntarily and proactively, to respond to emerging issues.
- **has an independent OmbudService for consumers.** The OmbudService for Life and Health Insurance (OLHI), which functions as part of the Financial Services OmbudsNetwork, is a national independent



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complaint resolution and information service for consumers of Canadian life and health insurance products and services, including life, disability, employee health benefits, travel, and insurance investment products such as annuities and segregated funds.

Toronto's Life & Health Insurance Industry: Financial Protection for the People

Canada's life and health insurance industry has a substantial impact on the well-being of the people of the Toronto Region. The industry provides a wide range of financial protection and income security products that are critical to protecting the financial future of **some 4.5 million residents living in the region with \$13 billion in policy payments**. The industry:

- **provides about 3.5 million people in the Toronto Region with \$608 billion in life insurance** coverage so their dependents have financial protection in the event of their death. The average amount of coverage per insured individual was about \$178,000, compared with \$164,500 across the country. Of the total life insurance coverage, almost half was group insurance. During 2008, the **industry paid out \$1.6 billion under life insurance policies in the Toronto Region**.
- **administers more than half of the Canada's pension plans** with about 1.2 million members across the country, including some 245,000 members in the Toronto region.
- **manages RRSP investments of almost \$72 billion** for about 2.9 million Canadians; over \$14 billion on behalf of nearly 600,000 Toronto Region residents.
- **makes health and disability benefit payments of \$4.8 billion to Toronto Region residents**, reimbursing them for health care expenses not covered by government programs, such as drugs and dental treatment, and income replacement due to disability. About 95 per cent of the total is from group contracts with employers, unions or other sponsoring organizations.
 - **provides 2.3 million workers in the Toronto Region with disability income protection.** During 2008, Toronto region residents

received **\$1.1 billion in disability payments under these plans**.

- **provides 4.1 million people in the Toronto Region with supplementary health**
- **benefits** covering prescription drugs and other medical expenses. During 2008, **supplementary health insurance plans paid over \$3.7 billion** for Toronto Region residents' health care expenses not covered by the public health care system:
 - ⇒ \$350 million to Toronto Region's public hospitals for private and semi-private rooms
 - ⇒ almost \$1.6 billion of drugs prescribed to Toronto Region residents – a significant contribution to health care since advances in drug therapy are widely recognized as reducing or eliminating hospital stays for many ailments
 - ⇒ \$90 million in out-of-country health expenses of Toronto Region residents which, in the past, were covered by the public health care system
 - ⇒ nearly \$1.3 billion for dental care expenses – generally recognized as an important component of and contributor to overall health.
 - ⇒ over \$300 million for other health care benefits such as vision care, nursing and physiotherapy services.

Contact us for more information:

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