

# Canadian Life & Health Insurance Facts

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2024 EDITION



## **Life and health insurers provided more benefits to more Canadians than ever before in 2023 contributing to greater financial security, better health and helping to make life more affordable for millions.**

Supplementary health insurance helped families manage increased drug and paramedical costs. Insurance-based retirement solutions helped Canadians prepare for secure retirements. And life insurance benefits continued to help Canadian families through one of the most difficult events in their lives.

Canada's insurers now cover almost 30 million – a record number of Canadians – that includes 27 million with health coverage, 23 million with life insurance and 10 million with retirement annuities. Many have coverage through more than one product.

Insurers paid out a record \$128 billion in benefits last year – up \$14 billion or 13 per cent from 2022. This included nearly \$63 billion in retirement benefits, over \$48 billion in health benefits and \$17 billion in life insurance.

While prescription drug costs continued to account for the largest share of health benefits at \$15 billion, claims for paramedical services like massage and physiotherapy led the growth of health claims in 2023. Claims for mental health counselling continued to

grow, reaching \$730 million, more than twice the level of four years earlier.

Insurers also did their part to contribute to Canada's economic growth with \$960 billion invested in long-term assets. They also contributed \$11 billion to the country's tax base including a staggering 80 per cent increase in corporate and federal capital taxes paid in 2023.

We hope this edition helps you better understand how life and health insurance products are making life more affordable for so many.

### **Stephen Frank President and CEO**



Canadian Life & Health  
Insurance Association  
Association canadienne des  
compagnies d'assurances  
de personnes



# In 2023, Canada's life and health insurers...



Provided coverage for **nearly 30 million** – or 75% of Canadians



Paid out a record **\$128 billion** in total claims – up 13% from 2022



Paid a record **\$36.6 billion** in claims for health, drugs and dental care – up 13% from last year



Employed **nearly 180,000** Canadians – up more than 3,000



Paid **\$6.4 billion** in taxes, up a third, driven by an 80% increase in corporate and capital taxes



Provided insurance products to **nearly 120 million** people worldwide

# What's Inside

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# Industry Profile

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CLHIA's **65 member companies** account for 99 per cent of Canada's life and health insurance business.

They include **five types of insurers**:

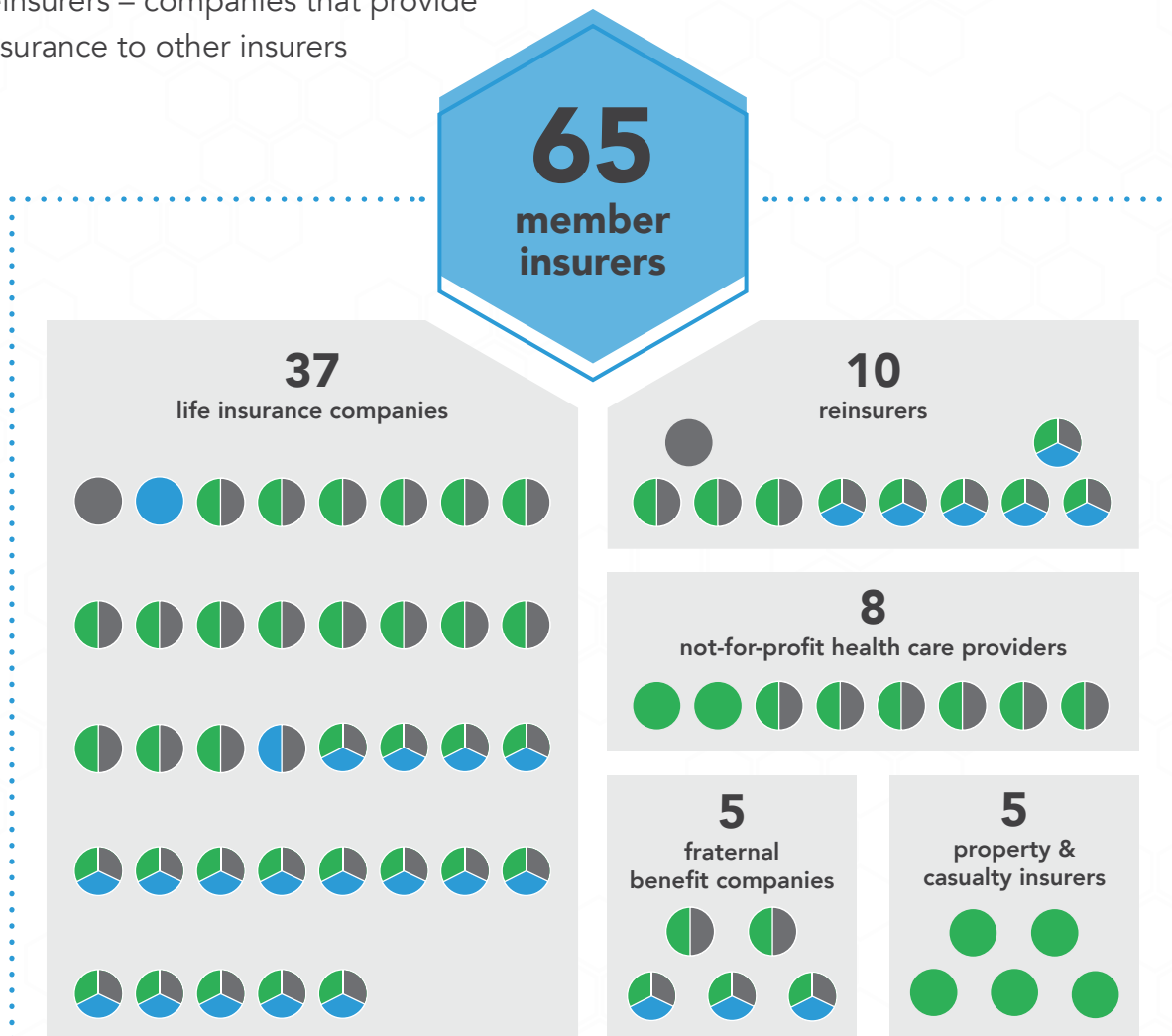
- life insurance companies
- not-for-profit regional health benefits providers
- fraternal benefit societies
- property and casualty insurers who offer health insurance products
- reinsurers – companies that provide insurance to other insurers

## What CLHIA's members offer

These companies and their subsidiaries offer products across **three main lines of business** that are profiled in this edition:

- Life insurance products
- Health insurance products
- Retirement solutions

Some insurers offer all three business lines, while others offer one or two.

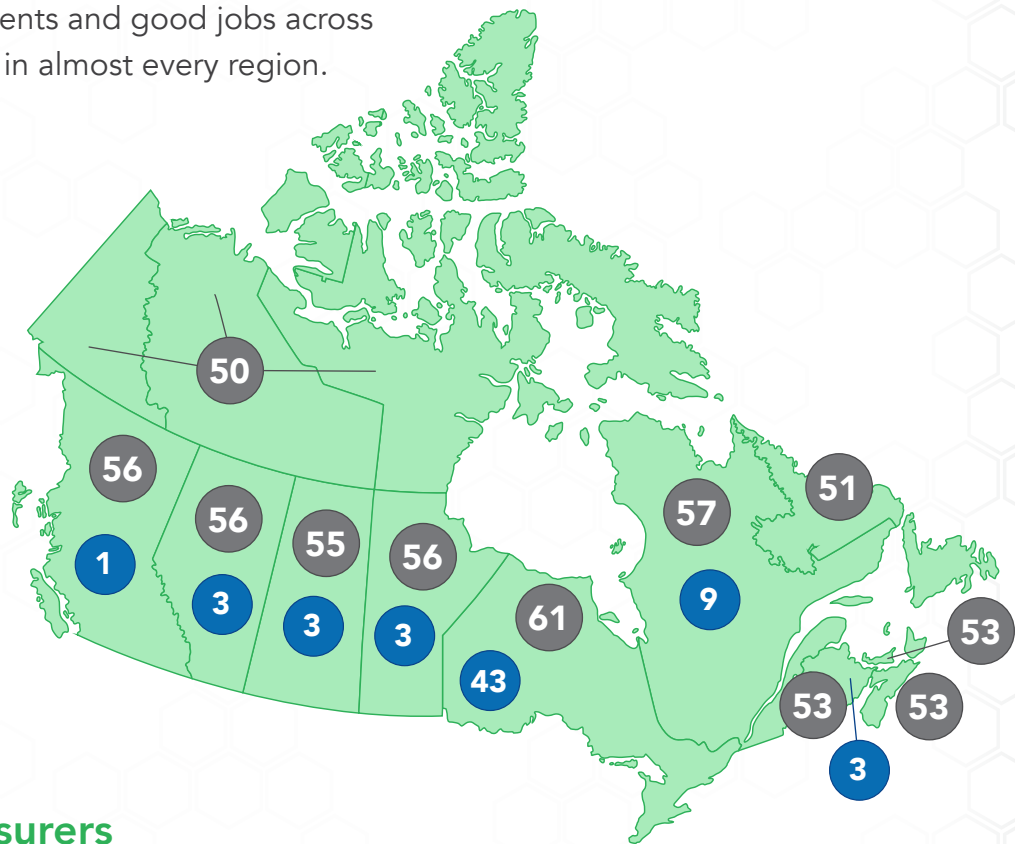
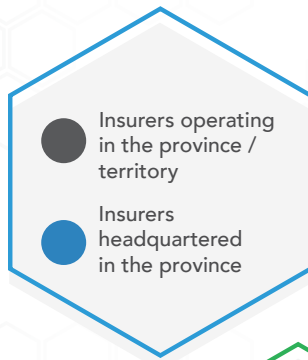


*Disclaimer: This chart is not representative of the relative business lines within a given company.*

# CLHIA's Member Companies

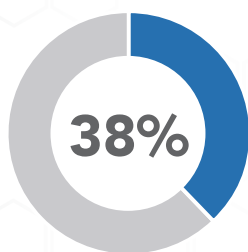
## Where our members are

Our members provide investments and good jobs across Canada and have head offices in almost every region.

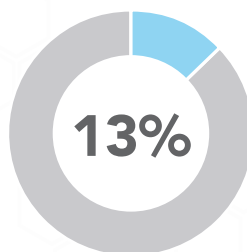


## Strong and reliable insurers

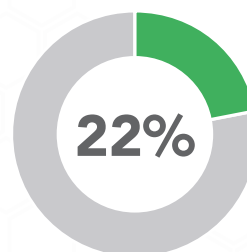
CLHIA's members include some of the longest continually operating companies in Canada. More than a third have been providing insurance for 100 years or more.



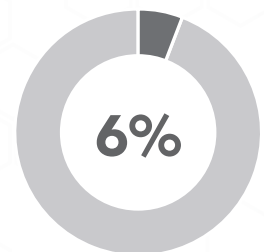
in operation 100 years or more



in operation 75 to 99 years



in operation 50 to 74 years



in operation 25 to 49 years

## Our members give back to their communities

Canadian life insurers support charitable initiatives, particularly in the areas of health and wellness, social services and disaster relief.

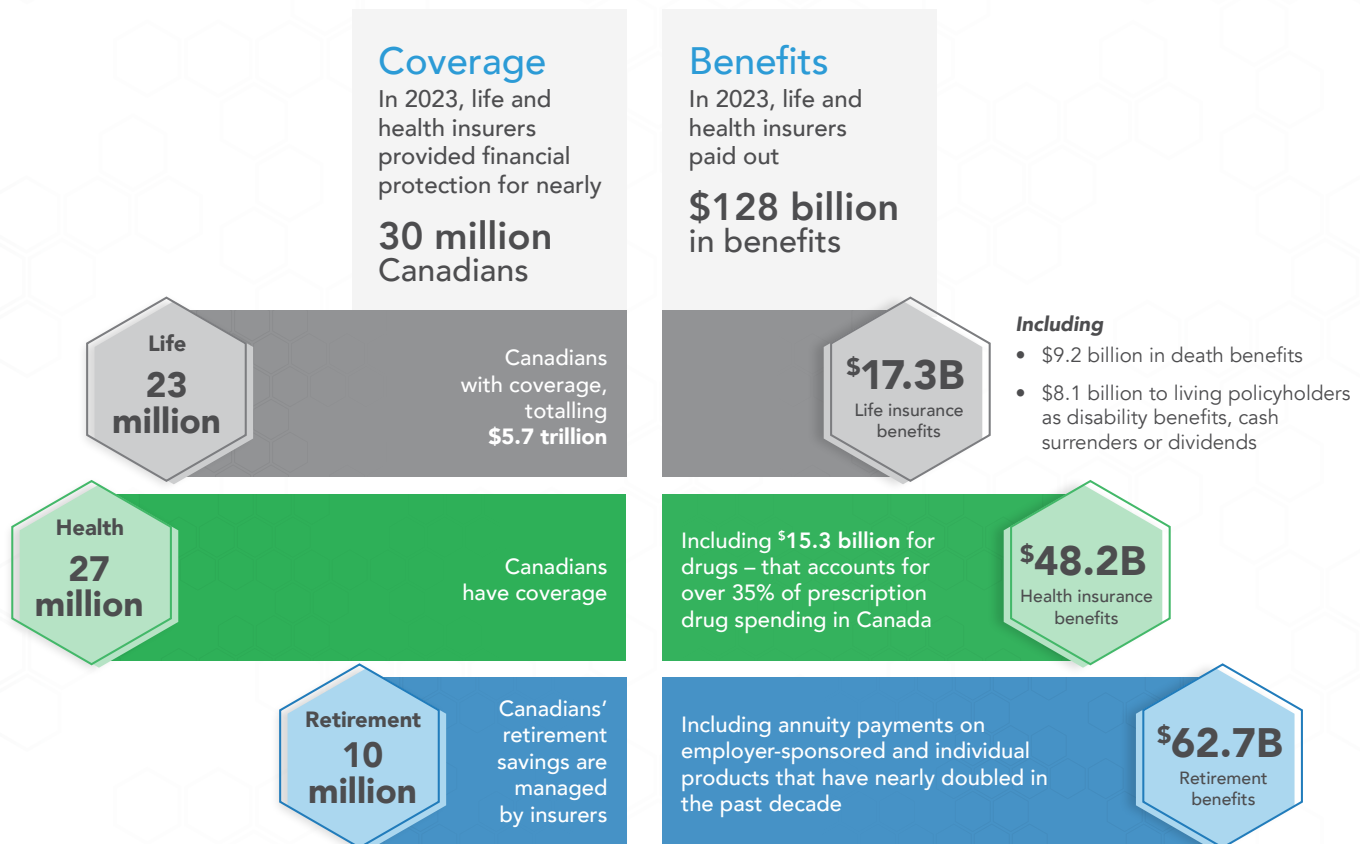


# The Canadian Life & Health Insurance Marketplace

## Canada's life and health insurers provide financial protection for nearly 30 million Canadians

In 2023, life and health insurers paid out **\$128 billion in benefits** while providing a high degree of customer satisfaction.

Total benefits paid for life, health and retirement have increased **68 per cent** from a decade ago.



## How insurance is sold

Life and health insurance products are sold as:

**67%**

**Group plans** which provide coverage for a group of people – employees, or members of a union or association – under one contract.

**33%**

**Individual policies** which provide coverage for one person or a family.



# The Canadian Life & Health Insurance Marketplace

## 150 insurers

sell life and health insurance  
products in Canada

## 65

CLHIA member  
companies

## 23

affiliates &  
subsidiaries of  
CLHIA members

## 62

other  
insurers\*

### Lines of business

These 150 insurers offer the same lines of business referenced earlier. Some offer products in all lines, while others offer one or two lines of business.

**70** offer life insurance products

**121** offer health insurance products

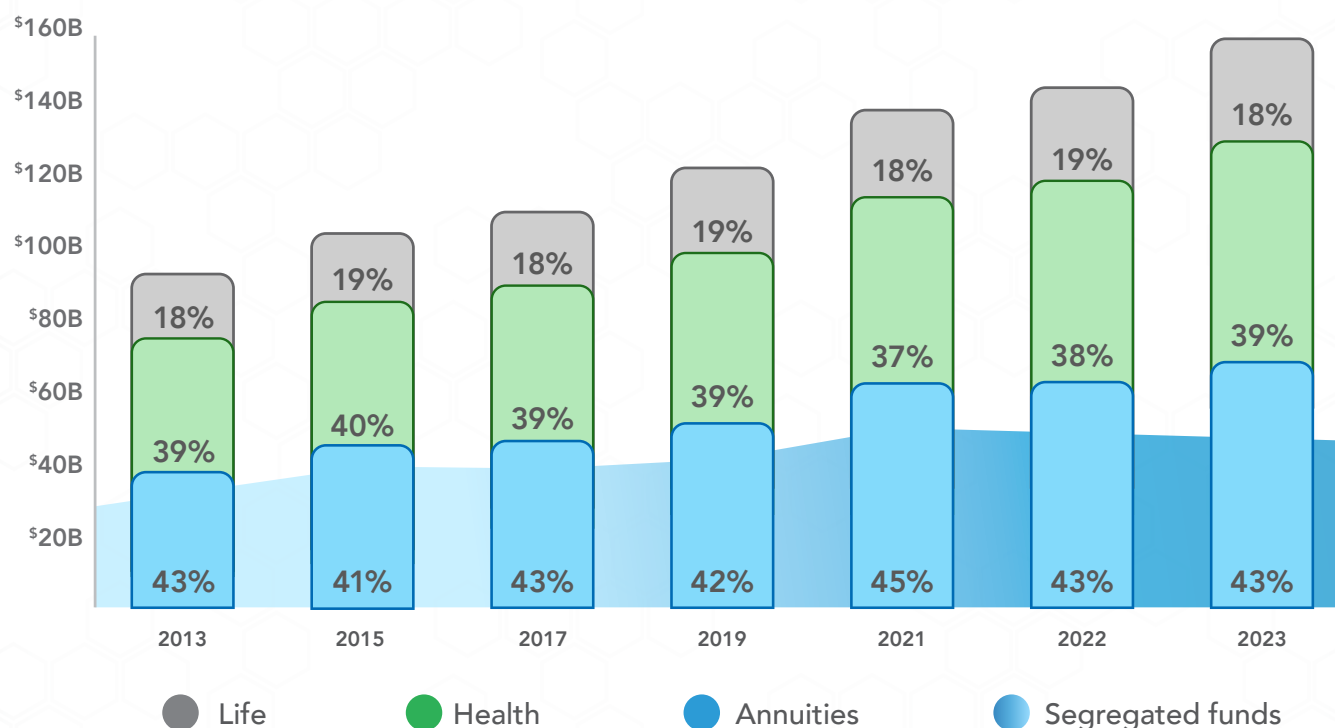
**33** offer  
retirement  
solutions

\* Other insurers are mostly property and casualty insurers that also offer one or more life or health insurance product.

# The Canadian Life & Health Insurance Marketplace

## Life and health insurers collected \$157 billion in premiums

Total premiums and annuity contributions increased \$12 billion to \$157 billion in 2023.\* This was led by annuities (including segregated funds), up 9.1 per cent; health insurance, up 8.7 per cent; followed by life insurance, up 6.4 per cent.



## Insurers are focused on customer satisfaction

Insurers process hundreds of millions of claims annually, yet according to the OmbudService for Life and Health Insurance only about one in every 100,000 claims results in a complaint.

\* Includes premiums of \$3.7 billion from foreign branches operating in Canada.

# Lines of Business

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# Life Insurance

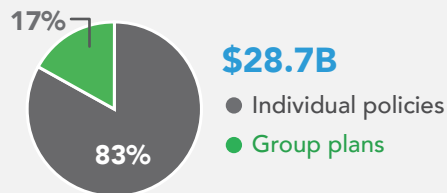
## Life insurance

provides financial security to beneficiaries when an insured person dies. Benefits are often used to replace income, pay a mortgage or other debts of the deceased, or contribute to an estate.

## Sold as

Most life insurance - **83 per cent** - is purchased by individuals through an agent or advisor.

## 2023 life insurance premiums

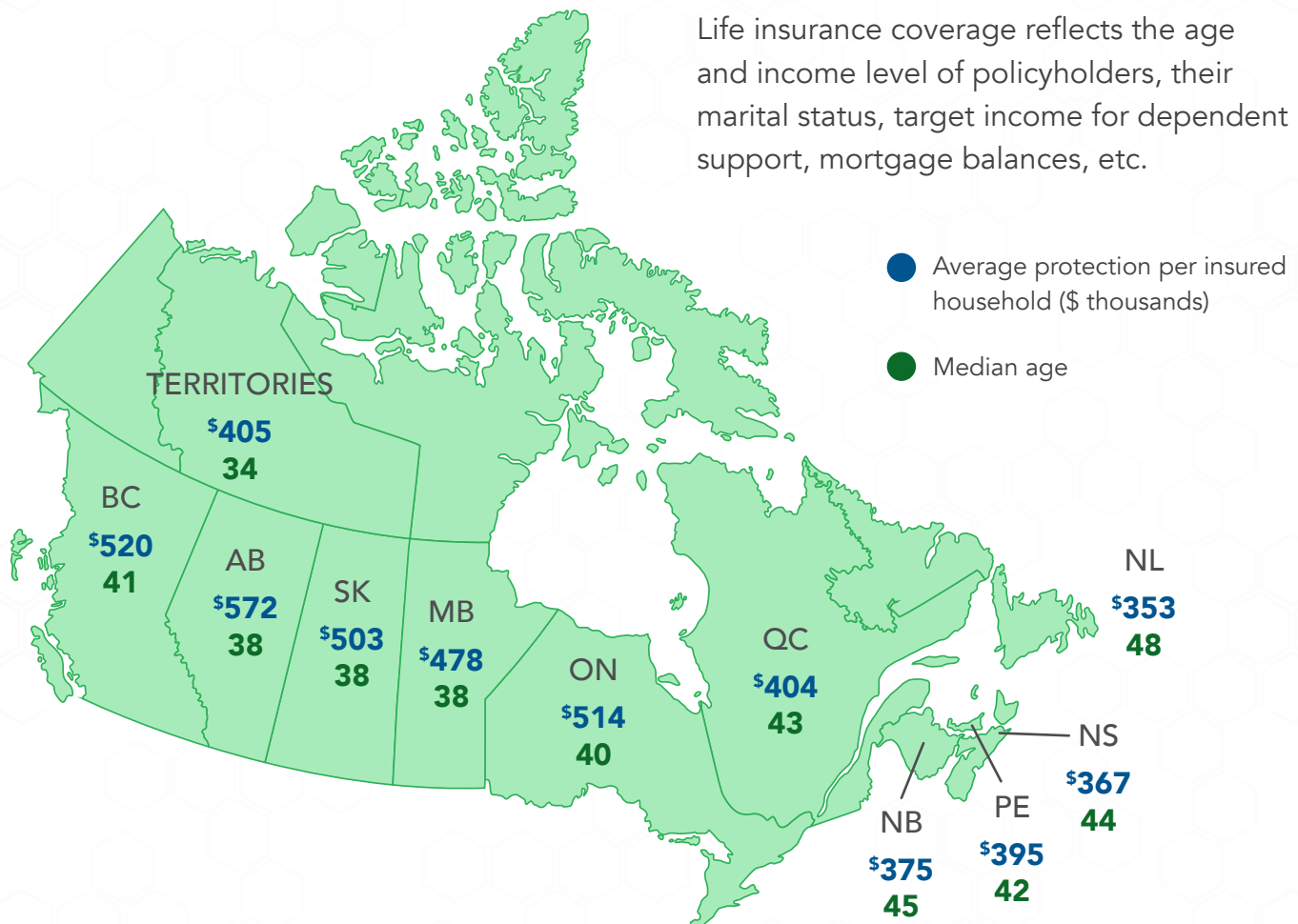


## Related products

Supplementary benefits, such as payments on accidental death, disability, critical illness – or a waiver of required premiums upon disability – can be added to life insurance products.

## Protection and age breakdown

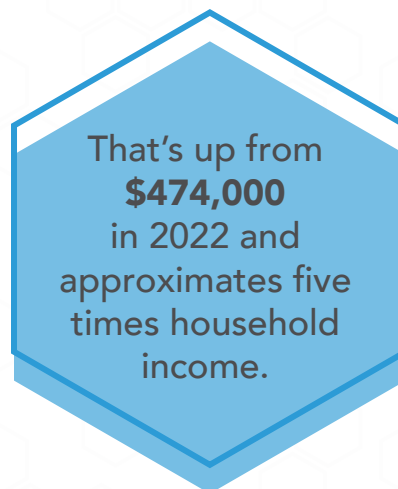
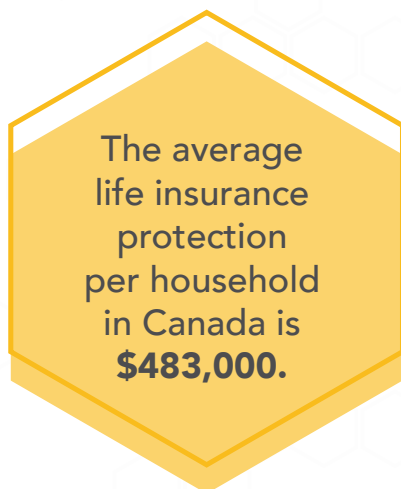
Life insurance coverage reflects the age and income level of policyholders, their marital status, target income for dependent support, mortgage balances, etc.





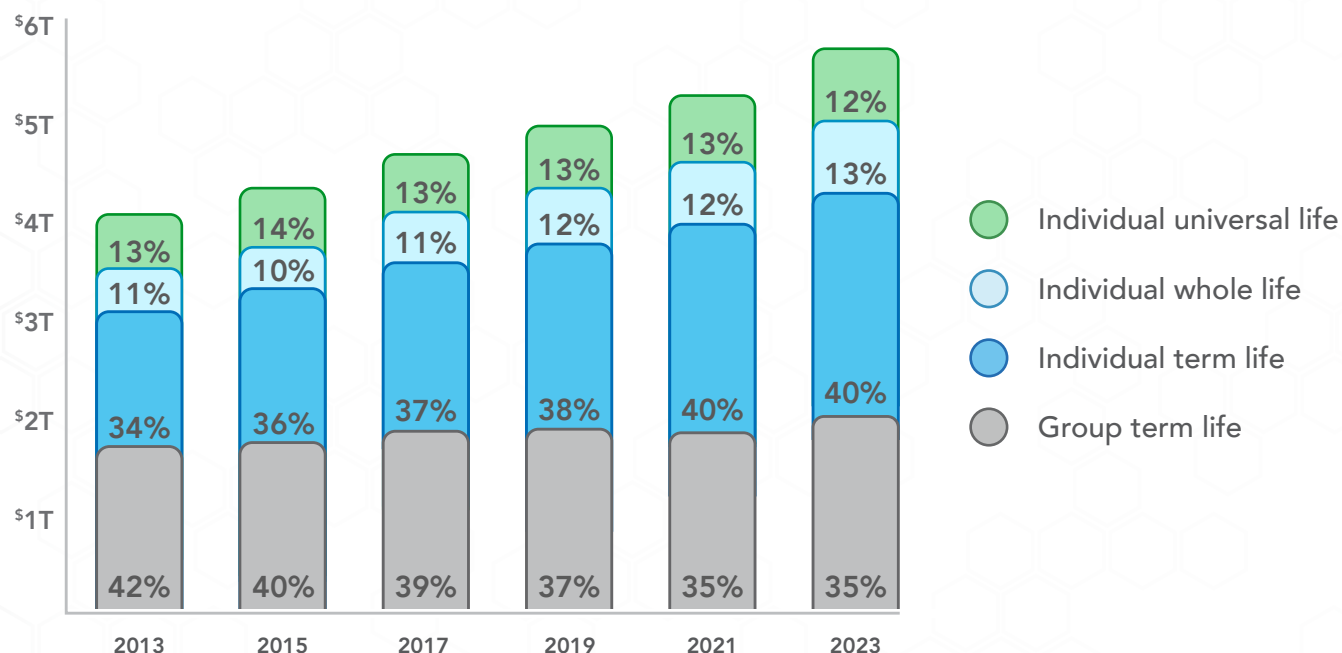
## 23 million Canadians own \$5.7 trillion in life insurance coverage

Total coverage has increased steadily over the past decade. The increase may be due to individuals needing to cover larger mortgages and higher cost of living.



## Individual life coverage continues to grow

Individual life insurance now equals **65 per cent** of the value of total policies in-force, up from 58 per cent in 2013 – driven primarily by term life insurance.



# Health Insurance

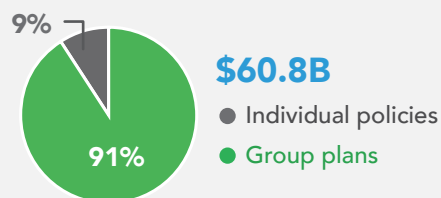
## Health insurance

provides coverage for hospital and medical expenses not covered by public health plans, such as prescription medicines, vision care, dental care and mental health supports. This type of insurance can also provide income replacement for those unable to work due to disability.

## Sold as

**Ninety-one per cent** of health insurance is purchased through a group plan.

## 2023 health premiums



## Related products

Supplementary health insurance; travel insurance; critical illness insurance; disability insurance; accidental death and dismemberment insurance; and health care spending accounts.

## Insurers provide cost-effective health protection

At 85 per cent, the **vast majority** of health insurance premiums are paid out as benefits to policyholders (5-year average).







## Prescription drug claims grew 7 per cent in 2023

Supplementary health insurance plans provided 27 million people with access to a wide range of prescription drugs, including specialty medications to treat serious, chronic, and complex health conditions. Drug claims grew 7.1 per cent in 2023 as both coverage and the number enrolled in workplace plans increased. Drugs to treat inflammatory conditions, diabetes, asthma and COPD, as well as depression accounted for over a third of all drug benefits paid.\*



## Insurers are making high-cost drugs more affordable through pooling

Costing millions each year, the price of some high-cost drugs can be a significant burden for group benefit plans. That's why many CLHIA members work together to spread these costs over several plans through the Canadian Drug Insurance Pooling Corporation (CDIPC).

### CDIPC at a glance

- 15,000 Canadian employers are part of the pool
- Each year, over 32,000 individuals whose drug costs were +\$10,000 benefited from the pool
- 38 new high-cost drugs were included in the pool in 2022



*\*Express Scripts. 2024 Drug trends report*

## Insurers protect nearly 70 per cent of Canadians against added health care costs

In 2023, Canada's life and health insurers paid out **\$48.2 billion** in total health benefits. This is up 9.8 per cent over the previous year. This includes **\$36.6 billion** on benefits for things like drugs, dental and other paramedical services.

## 2023 health insurance benefits by coverage type



### Supplementary health

\$36.6 billion  
27 million individuals



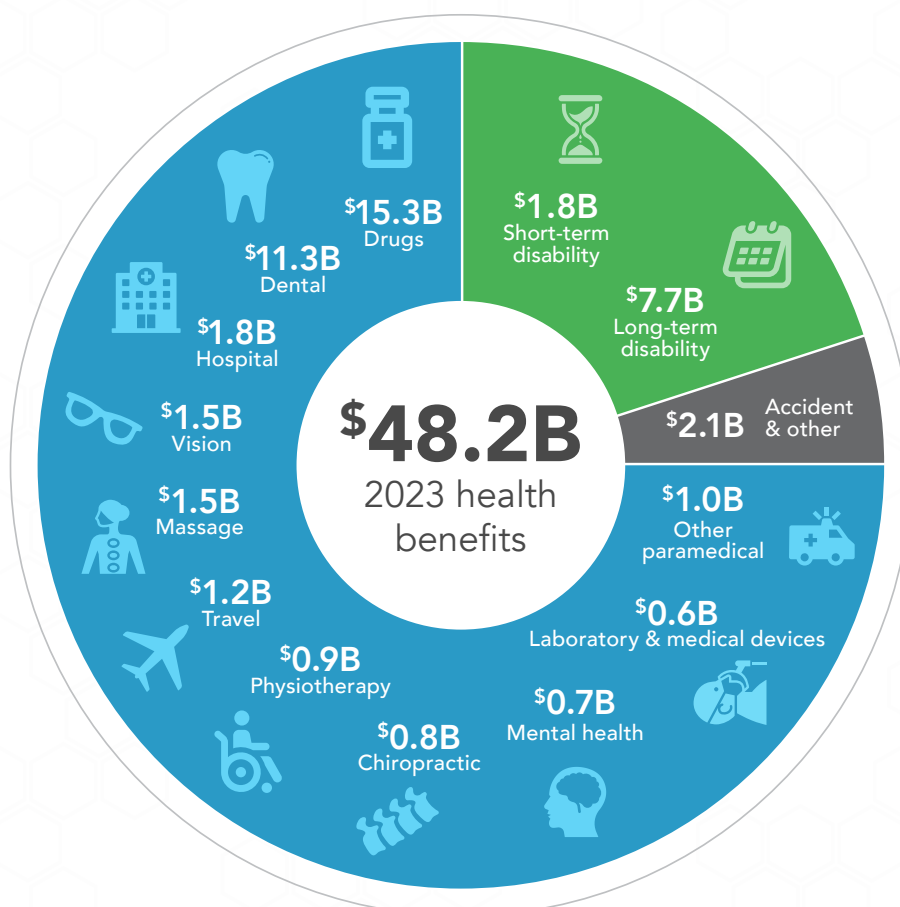
### Disability

\$9.5 billion  
12 million individuals



### Accident & other

\$2.1 billion  
20 million individuals





## Working together to tackle fraud and keep health benefits affordable

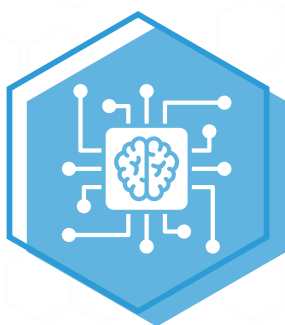
Every year in Canada, health benefits fraud costs employers and insurers hundreds of millions. False claims, fraudulent charges for non-covered services, plus the costs insurers bear for investigations add up. That's why insurers have started working together through the CLHIA on initiatives to reduce benefits fraud and help to keep plans affordable. These initiatives enhance insurers' own programs and are producing results.



Reached over **12 million Canadians** through a multi-year education campaign aimed at recognizing benefits fraud.



Implemented **three new industry wide tools** to mitigate benefits fraud – a central registry of providers, a pool of deidentified claims data, and a facility for investigations across companies.



Analyzed data from **over 55 million claims** using advanced artificial intelligence to identify links to potential fraud.

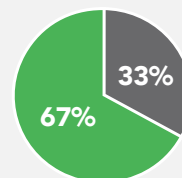


## Annuities

are insurance contracts sold by life insurers as either an accumulation product or pay-out product. **Accumulation annuities** build up funds for the future through contributions, income and capital growth. With a **pay-out annuity**, in exchange for upfront contributions, life insurers make regular benefit payments for a specified number of years, or for the lifetime of the insured.

## Sold as

**Sixty-seven per cent** of annuities is purchased through a group plan.



## 2023 annuity contributions

- Individual policies
- Group plans

## Related products

Accumulation annuities; pay-out annuities; and segregated funds.

## Life and health insurers manage retirement savings for nearly 10 million Canadians

Over eighty-five per cent of small businesses that provide pensions, RRSPs, TFSAs, and RRIFs to their employees offer these through life and health insurers.

## Benefits of owning life annuities

Life annuities aren't like other retirement income products. Here's what they offer that's different:



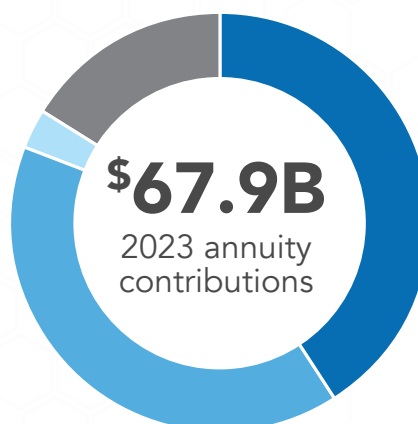
*Lifetime income benefits that reduce the risk of outliving your savings*



*Pension plans can lessen the investment and longevity risks of defined benefit plans by transferring these risks to insurers to manage*



*Maturity guarantees mitigate the risk of volatile investment returns*

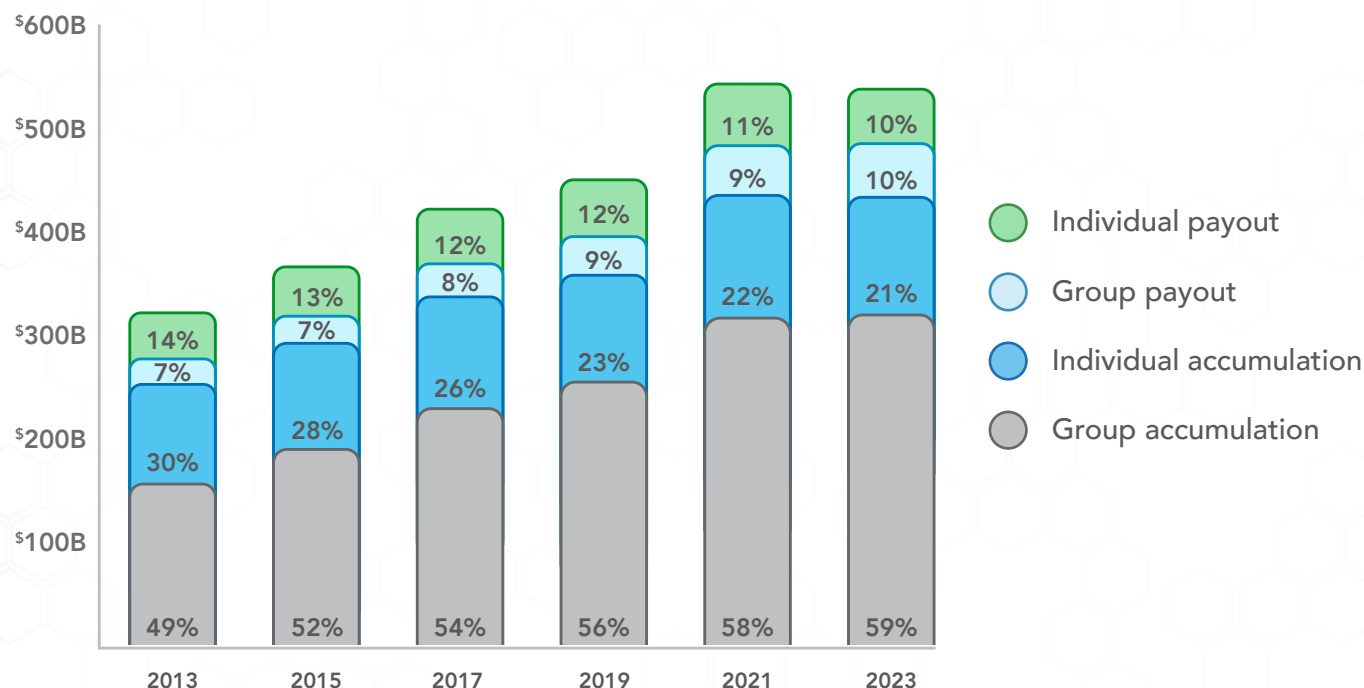
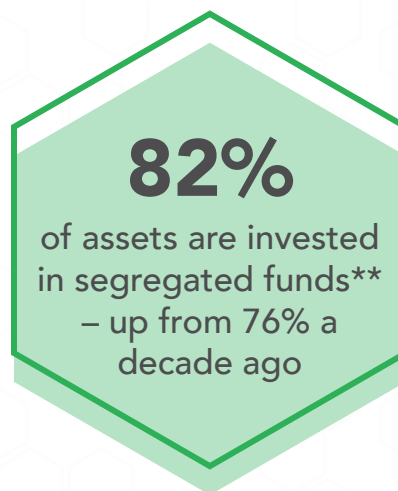
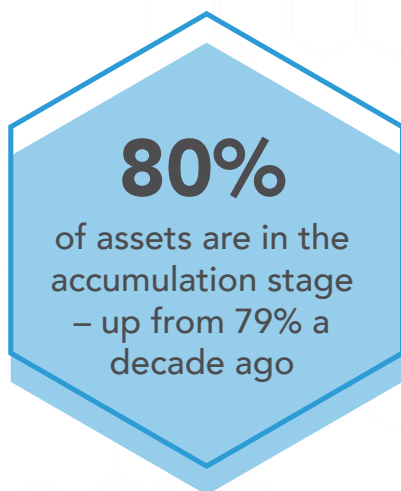


## Sources of annuity contributions

- Pension plans
- RRSPs & TFSAs
- RRIFs
- Non-registered savings

## Growing assets to support retirees

Over the last decade, accumulation annuities\* have driven growth in retirement assets held by insurers - up an average of **five per cent annually** since 2013.



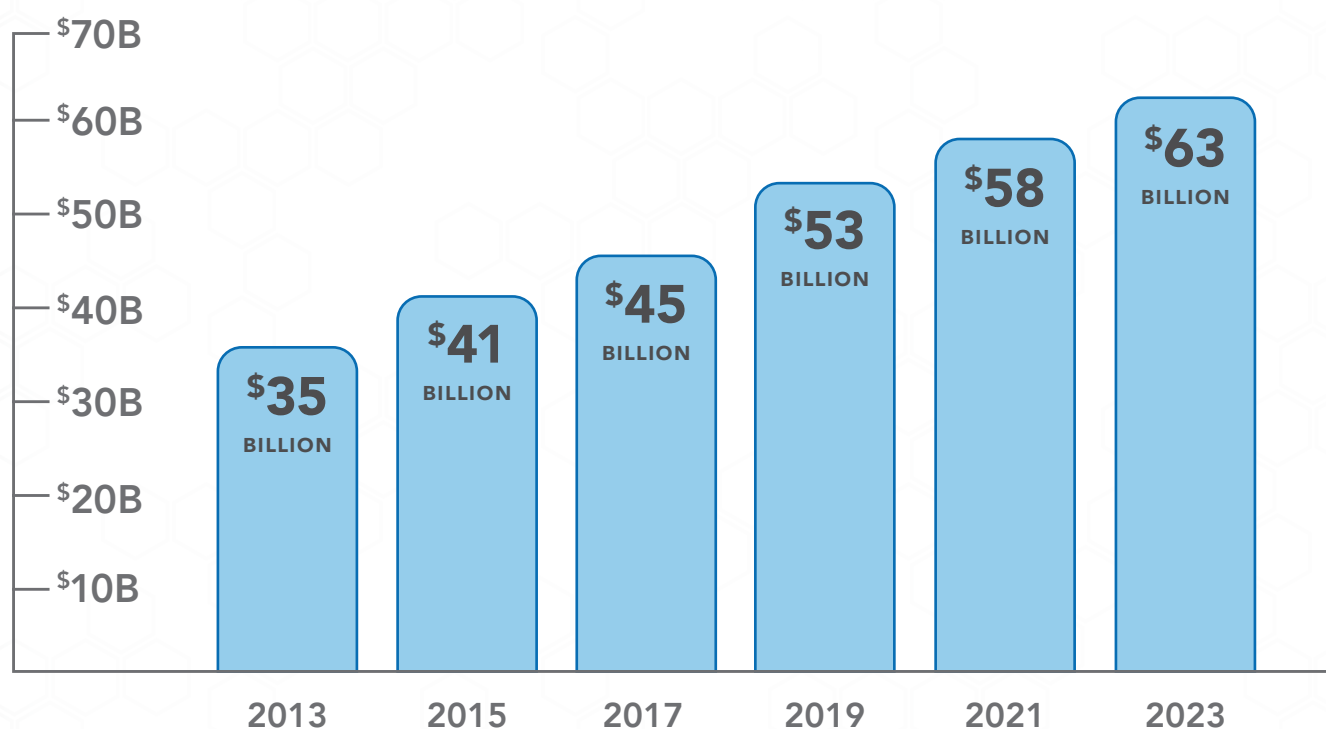
\* Accumulation annuities are a flexible and secure investment vehicle for pension plans, RRSPs, TFSAs and non-registered funds during the savings stage.

\*\* See "How Insurers Invest."



## Insurers paid out \$62.7 billion in retirement benefits in 2023

Of this, 66 per cent was paid out to group plan members, and 34 per cent to policyholders of individual plans.



Since 2013, benefits have increased at an average rate of

**6%** per year

Over

**80%**

of benefits are provided through segregated funds



## Insurers manage fourteen per cent of Canada's private pension assets

Insurers managed **\$382 billion** of the \$2.8 trillion in total private pension assets in Canada in 2022. This includes assets in nearly 15,000 private employer-based plans that provide retirement protection for **3.1 million people**.\*

## Canada's total private pension assets

Employer-based plans  
**\$704 billion**

**\$203 billion**

or 29% is **managed by life insurers**, accounting for **70% of private pension plans**, primarily for small-to medium-sized businesses

Individually owned plans  
 RRSPs, TFSAs, etc.  
**\$2,050 billion**

**\$179 billion**

or 9% is **managed by life insurers**

\*According to Statistics Canada Pension Satellite Account, 2022; and TFSA data from Canada Revenue Agency.





## Life insurance

**Term insurance** provides cost-effective, temporary coverage. Premiums typically increase over time in five, 10 or 20 year “steps”. Term insurance usually provides a right to convert to permanent insurance with the same insurer without further underwriting, providing consumers with the ability to adjust coverage features to address long-term needs.

**Permanent insurance** – such as universal life or whole life – meets life-long protection needs. In addition to death protection, cash values are accumulated and can be used for financial emergencies, or to supplement retirement income. Premiums can be paid over a set number of years or for life.

**Whole life insurance** is a type of permanent life insurance that provides coverage for your lifetime. It has fixed premiums and builds up cash value.

**Universal life insurance** allows consumers to select – and change – premium levels and investment options while the insurer assumes the risk related to death.



## Health insurance

**Supplementary health** reimburses a variety of expenses, such as prescription drugs, dental, hospital and medical expenses that are not covered by provincial government plans.

**Disability insurance** helps replace lost income due to disability (frequently integrated with public pension plans, workers’ compensation benefits and Employment Insurance), usually paying around two-thirds of earnings.

**Accident & other insurance** includes coverage for accidental death and dismemberment, long-term care and critical illness.

## Retirement solutions

**Accumulation annuities** are a flexible and secure investment product used to build up income to be used later in life. They can be registered as RRSPs, RRIFs, TFSAs, etc., and can be offered through group retirement and savings plans.

**Pay-out annuities** are a type of decumulation annuity that provides guaranteed income for life or over a defined term in exchange for an upfront payment.

**Segregated funds** are a type of investment funds that life insurers offer to provide future income – an annuity. Insurers keep these funds segregated from the company’s general assets, so that only investors have access to them.





# Industry in Detail

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## Insurers are a significant source of long-term investments in Canada


**\$960  
billion**

of stable industry investment is driving economic growth and innovation across Canada. What the industry earns from these investments helps reduce the cost of insurance for Canadians.

**90%**

of insurers' assets are held in long-term investments. The long-term nature of insurers' liabilities is especially well suited to financing infrastructure investments.

## Insurers' investments support the economy and governments

  
**\$60 billion**  
Infrastructure investments

  
**\$103 billion**  
Provincial, territorial & municipal government bonds

  
**\$24 billion**  
Federal government bonds



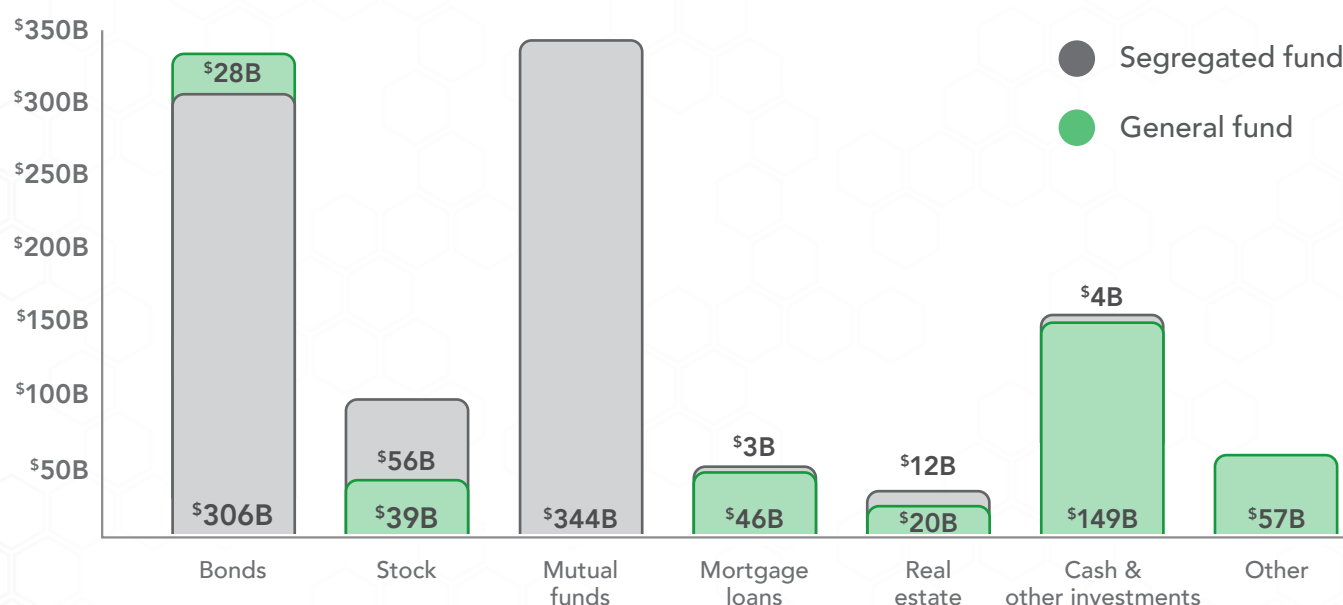


# How Insurers Invest

## Insurers' investments help cover future claims and contribute to Canada's economic growth

**Segregated funds** have grown at an annual average rate of **6.1 per cent**. Their share of total industry assets has increased from 38 per cent to **42 per cent** over the past decade.

**General funds** have grown at **4.4 per cent** annually over the past decade. General fund investments include amounts for other policyholder benefits (expected future contractual claims), other liabilities and required capital.



## Life and health insurers maintain strong regulatory capital levels to protect policyholders

In 2023, Canadian life and health insurers' total capital ratio\* was **136 per cent\*\*** well above the regulatory target of 100 per cent.

By maintaining a strong capital base, life and health insurers are able to protect policyholders, clients and creditors, and to meet the rigorous expectations of government regulators.



\* Measured as total capital resources (available capital, surplus allowance and eligible deposits) as a per cent of regulatory capital required to cover risks.

\*\* 136% is for federally regulated life and health (re)insurers excluding fraternal benefit societies and life & health (re)insurers who operate in Canada on a branch basis.

## Canadian life and health insurers contributed \$11.2 billion in taxes

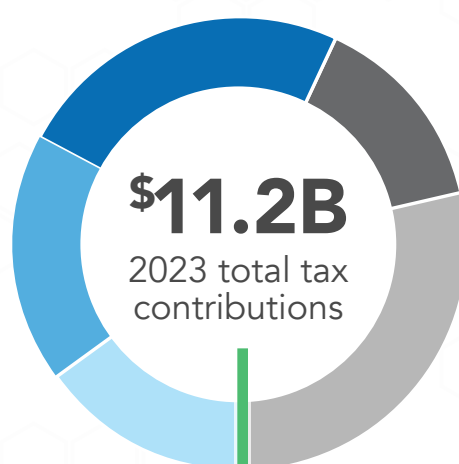
In 2023, insurance companies' contributions to Canada's tax base included **\$4 billion** paid to the federal government and **\$7.2 billion** paid to provincial and territorial governments. Of the total, **\$6.4 billion** was borne directly by insurers, and **\$4.8 billion** was collected and paid as provincial sales taxes on life and health insurance and as employees' share of payroll taxes.

## Distribution of total tax contributions

### Taxes borne: \$6.4B

- Corporate income tax & federal capital tax: \$2.7B
- Provincial premium tax: \$2B
- Payroll & other taxes borne: \$1.7B

*Taxes borne are taxes paid by insurers directly to governments.*



### Taxes collected: \$4.8B

- Federal payroll taxes collected: \$1.6B
- Provincial retail sales tax on premiums: \$3.2B

*Taxes collected are taxes that insurers collected from customers and employees and paid to governments on their behalf.*

**\$4.0B**  
Federal  
taxes

**\$7.2B**  
Provincial/Territorial  
taxes

The industry's 2023 total tax contribution to all levels of government in Canada was **nearly twice** its share of Canada's GDP.

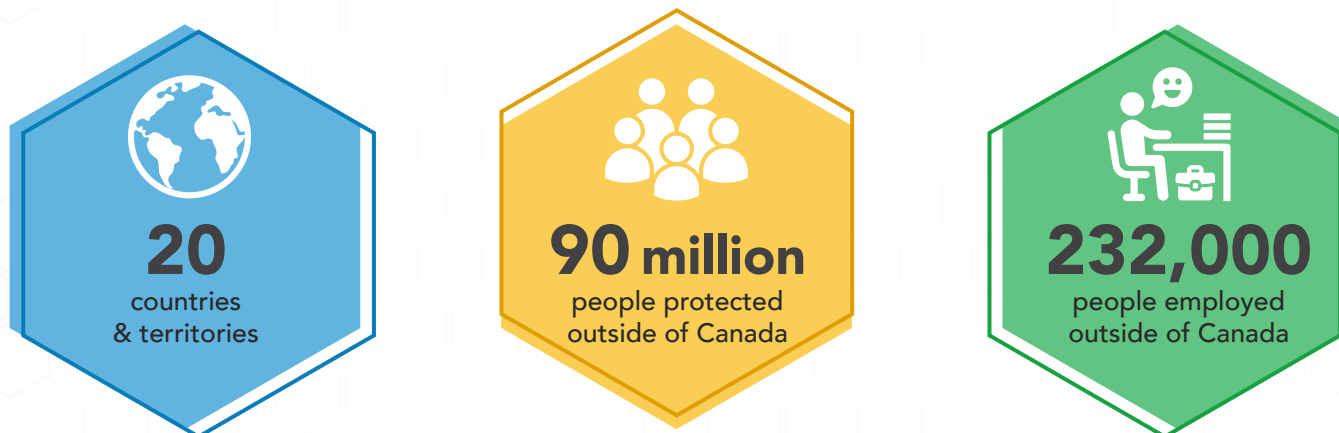
**Nearly 50%** of total tax contributions are premium-based taxes\*

In 2023, taxes borne totalled \$6.4 billion, **up a third**, driven by an **80% increase** in corporate and capital taxes.

\* The industry's contribution is especially high for health insurance, accounting for about 50% of value-add generated. [See Piling On - How Provincial Taxation of Insurance Premiums Costs Consumers](#), C.D. Howe Institute.

## Canadian life and health insurers are trusted at home and around the globe

Canada's insurers provide coverage and services to **90 million** people in over 20 jurisdictions outside of Canada. In fact, three of Canada's life and health insurers rank among the top 15 largest in the world.

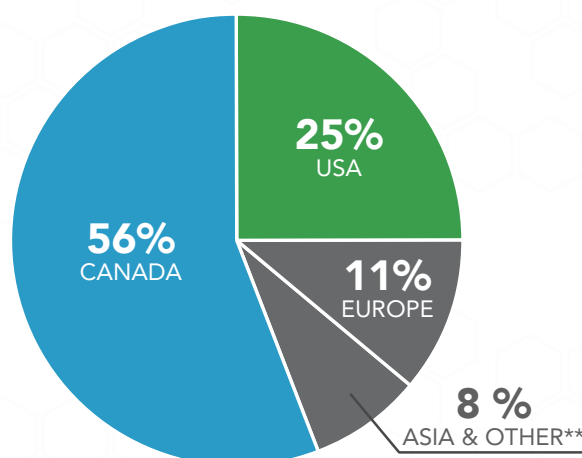


## Canadian insurers continue to grow their international operations

Assets held by Canadian life and health insurers on behalf of policyholders outside of Canada amounted to over **\$1.4 trillion** at the end of 2023, twice the level from ten years ago.

### Source of insurance service revenue

International operations contributed 44 per cent of the insurance service revenue\* of Canadian life and health insurers in 2023.



\* Insurance Service Revenue is a new financial statement measure under international financial reporting standards IFRS 17, Insurance Contracts, of revenues earned in the year by the insurer for insurance services rendered. This new measure is being used in 2023 in conjunction with the adoption of IFRS 17 by Canadian life and health insurers. Previous versions of Canadian Life and Health Insurance Facts presented premiums across regions. These two measures are not directly comparable.

\*\* Includes the Caribbean and Latin American countries



For simplicity, we use the letters K, M, B, and T to refer to thousands, millions, billions and trillions, respectively.

Wherever possible, figures presented here relate to the Canadian life and health insurance business of companies of all national origins. However, where relevant, the numbers relate only to the worldwide business of Canadian companies.





Canadian Life & Health  
Insurance Association  
Association canadienne des  
compagnies d'assurances  
de personnes

*Canadian Life and Health Insurance Facts, 2024 Edition* presents authoritative, factual information about the life, health and annuity business of all federally registered and provincially incorporated insurance providers in Canada (including the health business of property and casualty insurers), unless stated otherwise.

The sources of material for this publication include information from these insurance providers as well as relevant data from government agencies, regulatory bodies, and other associations. Their assistance is acknowledged with thanks.

The CLHIA is a voluntary association whose member companies account for 99 per cent of Canada's life and health insurance business. These insurers provide a wide range of financial security products including life insurance, annuities (including RRSPs, RRIFs and pensions) and supplementary health insurance to nearly **30 million** Canadians. They hold **over \$1 trillion** in assets in Canada and employ **almost 180,000 Canadians**.



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Canadian Life & Health  
Insurance Association

Association canadienne des  
compagnies d'assurances  
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