



Canadian Life & Health Insurance Facts

2021 Edition



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





Life and health insurers helped Canadians through COVID-19

Canada's life and health insurers know that millions of Canadians count on us during times of crisis. For all of us, 2020 was one of those times.

Like you, insurers experienced the disruption and tragedy of the COVID-19 pandemic. The crisis tested and demonstrated the resilience of the life and health insurance industry and the importance of our products for Canadians' well being.

From the very start, our call centres responded to thousands of additional calls and claims for travel cancellation insurance, and travel health insurance.

Insurers proactively provided premium reductions and deferrals to help employers through the pandemic and to protect the workplace drug and health benefits their employees count on. We invested heavily in new online solutions to help Canadians access their benefits in a timely fashion even at the height of the crisis.

We worked with unions and others to make sure truckers who keep Canada's supply chain working would have coverage against COVID-19 even in the US. We also collaborated with health practitioners and governments to help mental health services and paramedical services like physiotherapy and chiropractic care successfully transition to virtual care.

These steps meant that over 26 million Canadians ended 2020 with access to medications and other health care supports — which is approximately the same number of Canadians who had coverage at the start of the year.

Insurers remained financially strong, with capital reserves well above regulators' expectations.

We hope that this edition gives you a sense of the resilience of our members, their people and their products and how they helped to support so many through such a difficult year.

Stephen Frank
President and CEO

Paid out **\$154 million** in individual and group life insurance claims from deaths related to COVID-19

Paid out **\$950 million** in travel insurance claims – largely for trip cancellations



Sustained strong workplace benefits for Canadians – over **26 million** had health benefits at the end of 2020 – the same as before the pandemic

Paid out **\$420 million** in psychology claims to support mental health – up 24% from 2019

Paid out an additional **\$150 million** in disability claims above what was projected for 2020 to support workers while they recovered



What's inside



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Appendices (available online)

- [Provincial data](#)
- [Historical data](#)
- [Glossary of insurance terms](#)
- [Previous fact books](#)



Industry profile

CLHIA's member companies

64

CLHIA's 64 member companies account for 99 per cent of Canada's life and health insurance business.

They include four types of insurers:

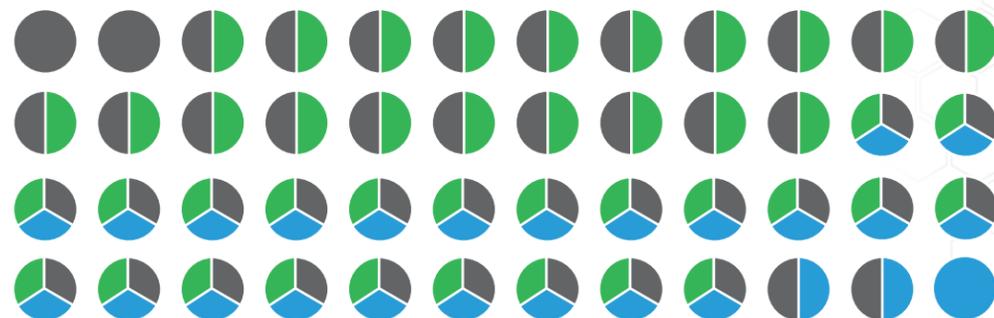
- life insurance companies
- not-for-profit regional health care providers
- fraternal benefit societies, and
- property and casualty insurers who offer health insurance products

What our 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

48 Life insurance companies



8 Not-for-profit health care providers



5 Fraternal benefit societies



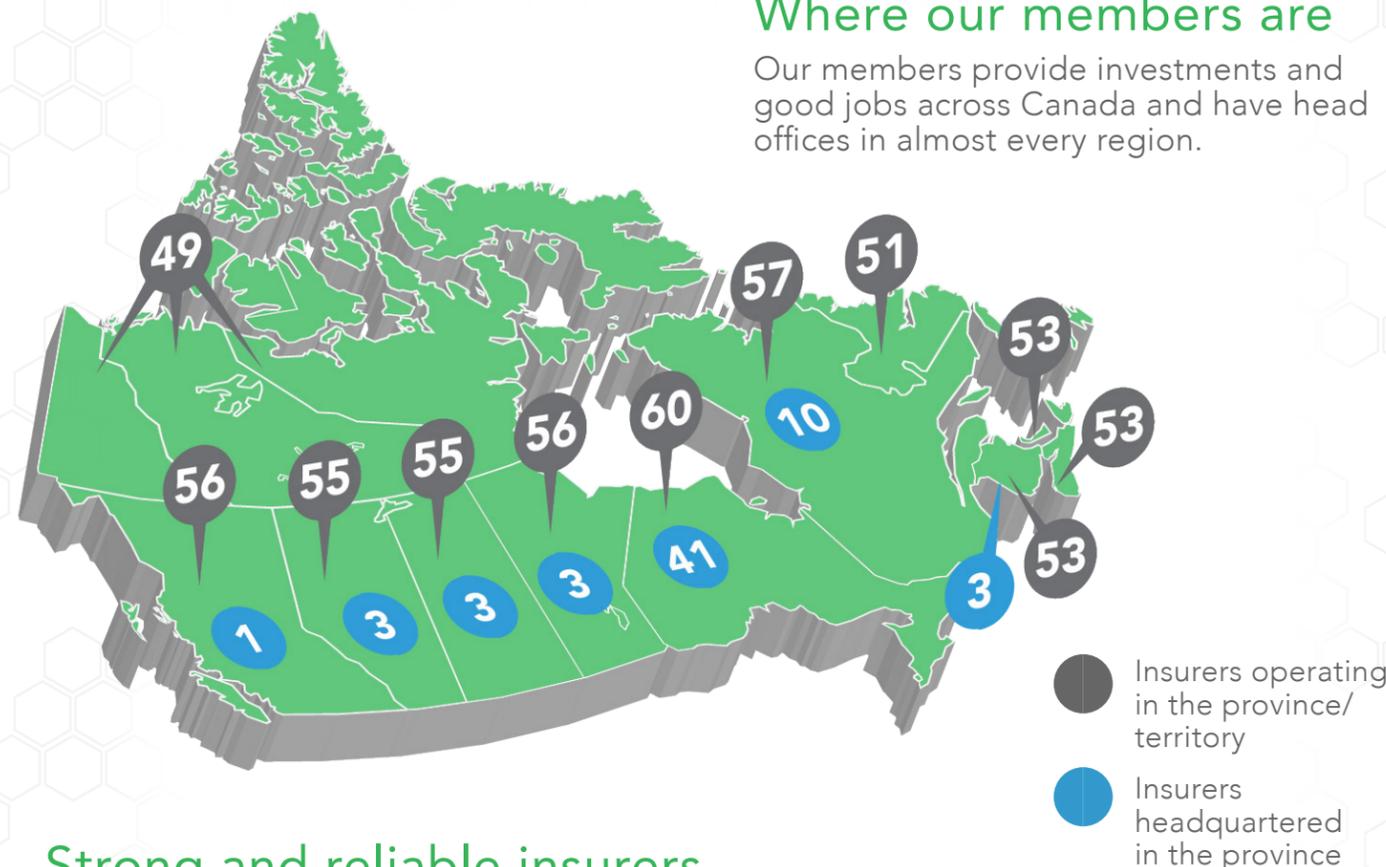
3 Property and casualty insurers



Disclaimer: This chart isn't intended to be representative of the distribution of business lines within a given company.

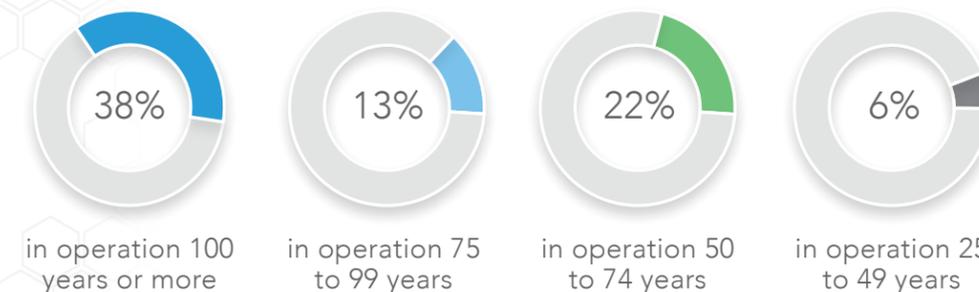
Where our members are

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 oldest continually operating companies in Canada. More than a third have been providing insurance for 100 years or more.



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.





Canada's life and health insurers provide financial protection for over 29 million Canadians

In 2020, life and health insurers paid out \$97 billion in benefits while providing a high degree of customer satisfaction.

How insurance is sold

Most insurance products are sold as:

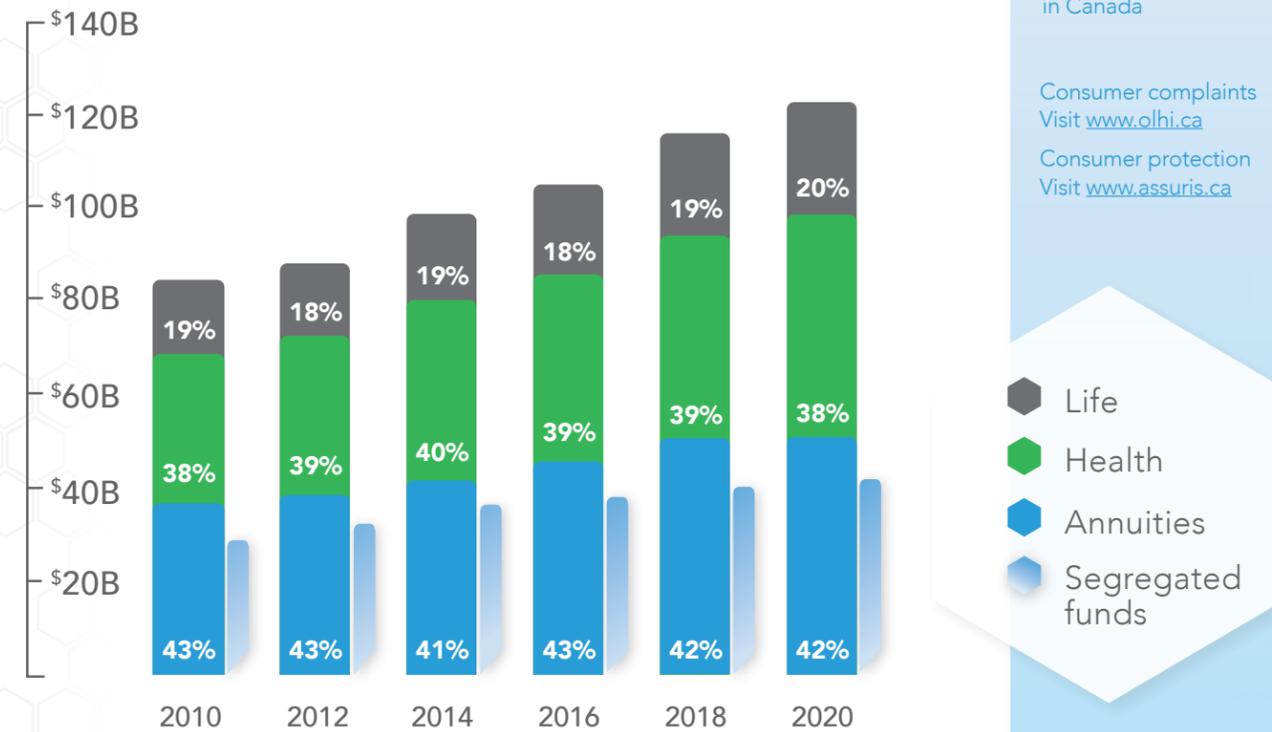
- Individual policies** which provide coverage for one person or a family.
- or
- Group plans** which provide coverage for a group of people – employees, or members of a union or association – under one contract.

More than 150 life and health insurers, their subsidiaries and affiliates operate in Canada*

By lines of business
 79 life insurance
 129 health insurance
 38 retirement solutions

Life and health insurers collected \$123 billion in premium revenues

Total premiums rose to \$123 billion in 2020.** This was led by life insurance, up 3.3 per cent; followed by annuities (including segregated funds), up 1.9 per cent; and health insurance, down 2 per cent.



Notes

* CLHIA's 64 member companies include 94 life and health insurers, their subsidiaries and affiliates operating in Canada

** Including premium revenues of \$3.7 billion from foreign branches operating in Canada

Consumer complaints
 Visit www.olhi.ca

Consumer protection
 Visit www.assuris.ca

Coverage

Benefits

Life

22 million

Canadians have life insurance coverage, totalling \$5.1 trillion

\$14.3B Life insurance benefits

- \$8.4 billion paid as death benefits
- \$5.9 billion paid to living policyholders as disability benefits, cash surrenders or dividends

Health

26 million

Canadians have supplementary health insurance

\$36.6B Health insurance benefits

\$12.5 billion for prescription drugs, which accounts for over 35% of Canada's total spending on prescription drugs

Retirement

8 million

Canadians' retirement savings are managed by insurers

\$46.2B Retirement benefits

Annuity payments on employer-sponsored and individual products have risen by over 40% over the past decade

Total benefits paid for life, health and retirement have increased over 40% from a decade ago

Insurers are focused on customer satisfaction

Insurers process hundreds of millions of claims annually, and only about one in every 100,000 claims results in a complaint.





Lines of business



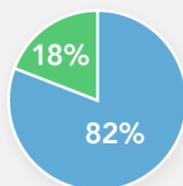
Life insurance



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

Sold as: Most life insurance policies - over **eighty per cent** - are purchased by individuals through an agent or advisor.

2020 life insurance premiums



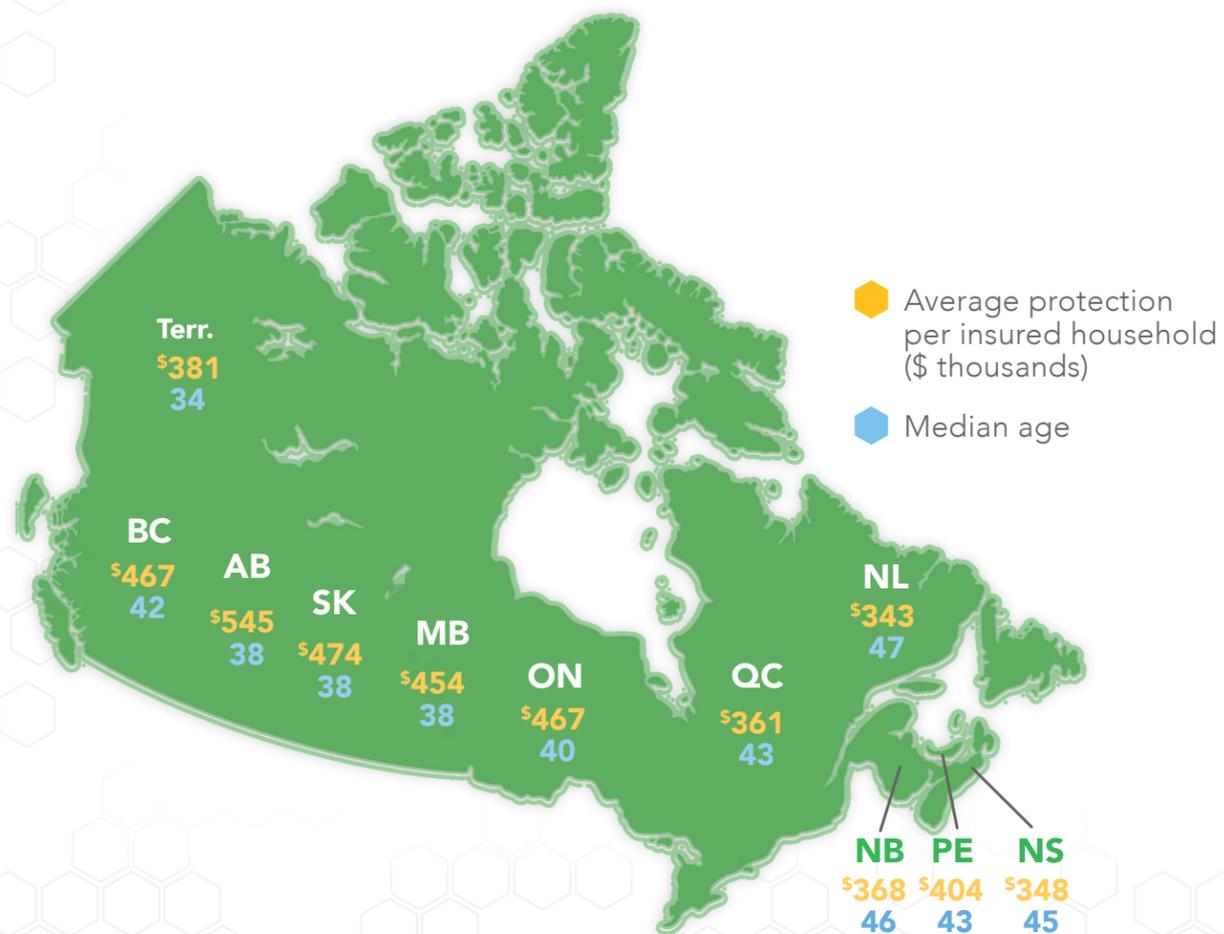
\$24.1B

Group plans
Individual policies

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

Protection & age breakdown

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



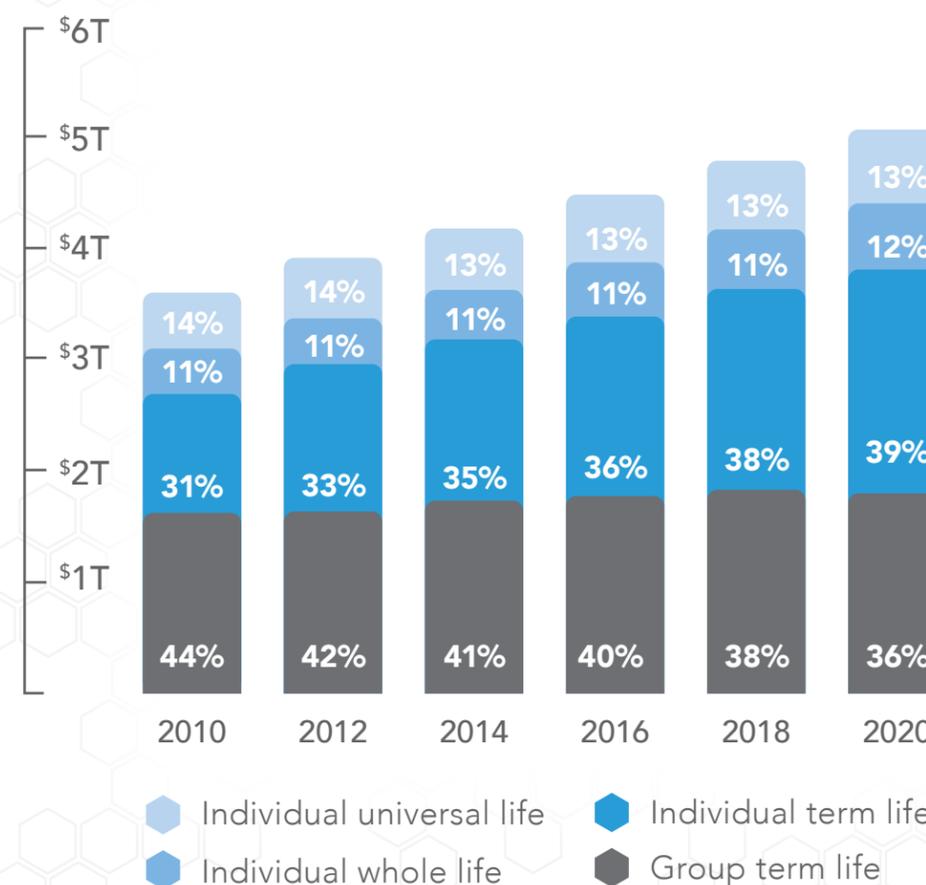
22 million Canadians own **\$5.1 trillion** in life insurance coverage

The average life insurance protection per household in Canada is **\$442,000**

That's up from **\$432,000** in 2019 and approximates five times household income.

Individual life coverage continues to grow

Individual life insurance now equals 64 per cent of total policies in-force, up from 56 per cent in 2010 – driven primarily by term life insurance.



Notes

Term insurance provides cost-effective, temporary coverage over an insured's younger years. Premiums typically increase over time in 5, 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.

In whole life insurance, the insurer takes on both the risk related to death and the underlying investment risk.

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

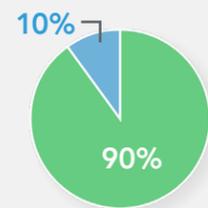


Supplementary health insurance provides coverage for hospital and medical expenses not covered by public health plans, such as prescription medicines, vision care, dental care and mental health supports. Health insurance can also provide income replacement for those unable to work due to disability.

Sold as:
Ninety per cent of health insurance is purchased through a group plan.

Related products:
Travel insurance; critical illness insurance; disability insurance; accidental death and dismemberment insurance; and health care spending accounts.

2020 health premiums



\$47.3B

Group plans
Individual policies

Cost-effective health protection

The majority of health insurance premiums are paid out as benefits to policyholders.



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

In 2020, insurers paid \$26.6 billion in supplementary health care costs. Canada's life and health insurers also reimbursed costs of disability claims and other insurable services.

2020 health benefits

Supplementary health

26M Canadians covered
\$26.6B in benefits

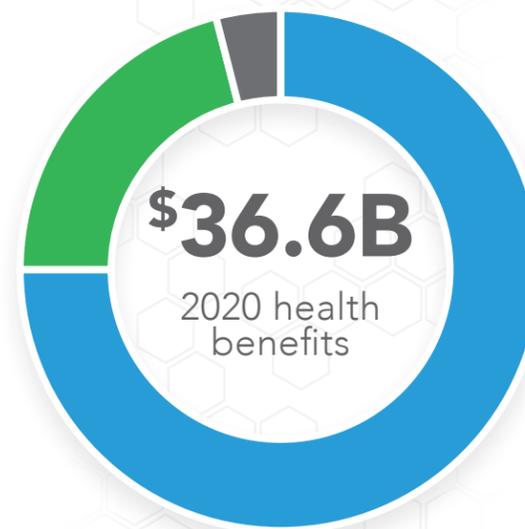
Disability

12M Canadians covered
\$8.5B in benefits

Accident & other

20M Canadians covered
\$1.5B in benefits

Benefits by coverage type



Helping patients with access to rare disease drugs

In 2020 insurers paid out more than \$650 million in coverage for rare disease drugs to over 13,000 Canadians. From 2012 to 2019, expenditures on rare disease drugs have grown by 32 per cent — more than six times the rate for all prescription medicines.*

- Supplementary health: 73%
- Disability: 23%
- Other: 4%

Supplementary health by service



Notes

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

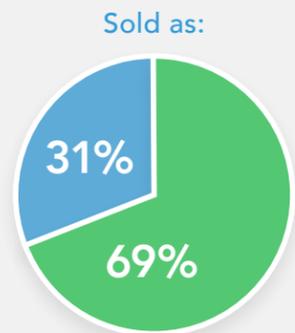
Disability helps replace lost income due to disability (frequently integrated with Public Pension Plans, Workers' Compensation and Employment Insurance), usually paying around two-thirds of earnings.

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

* Data collected from CLHIA member companies. The list of drugs used is based on the Patented Medicine Prices Review Board's list of rare disease drugs and additional drugs that have launched since 2018
Patented Medicine Review Board, Annual Report 2019

Retirement solutions

Annuities are a savings product that pay guaranteed income regularly in exchange for upfront contributions. These products protect individuals from the risk of outliving their savings and are often used to provide retirement income.



Related products:
Segregated funds

Group plans
Individual policies

Life and health insurers manage retirement savings for over 8 million Canadians

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

Benefits of owning annuities

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



Lifetime income benefits

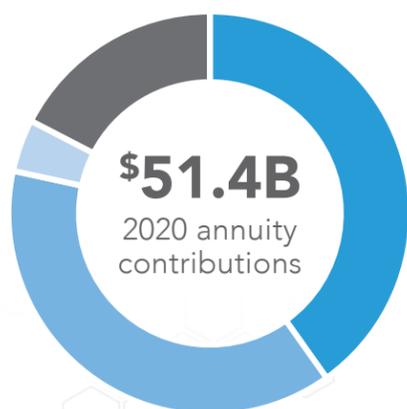


Solutions for pension plan de-risking



Maturity guarantees

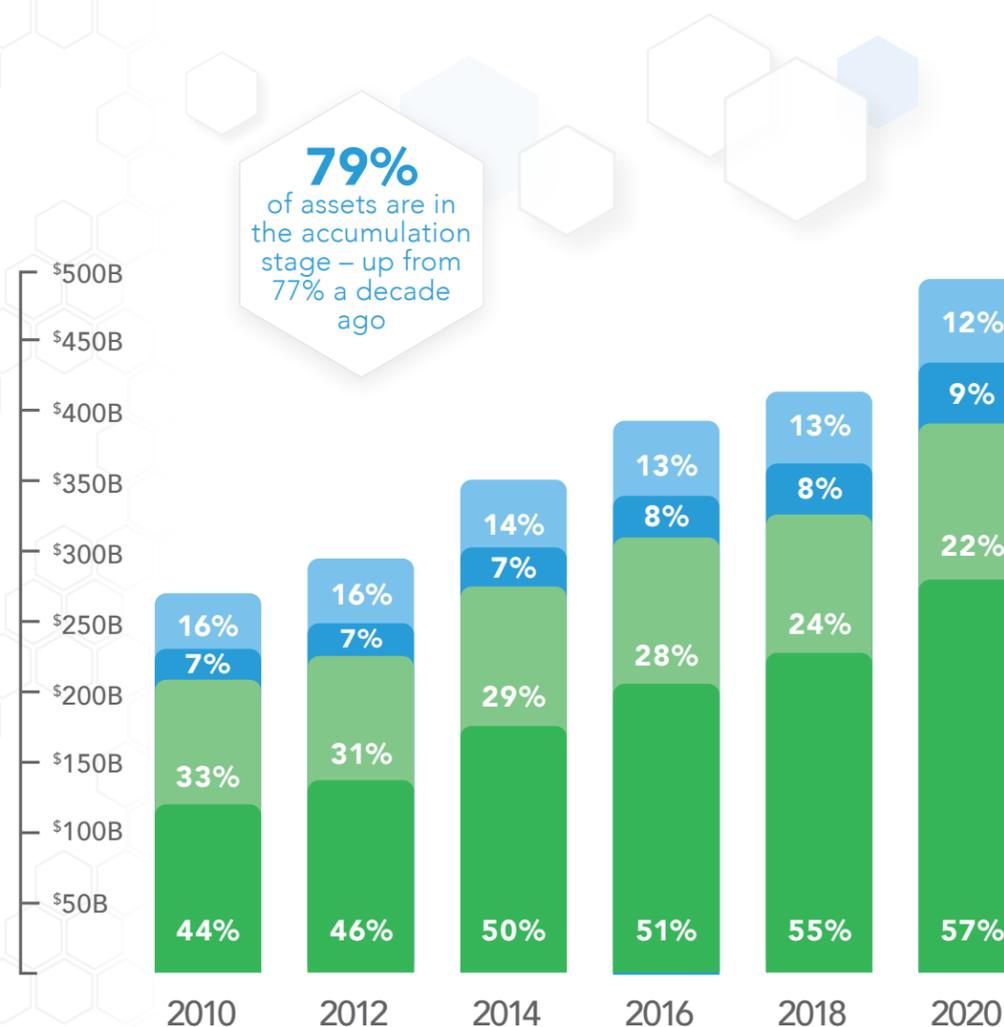
Sources of annuity contributions



- 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 six per cent annually since 2010.



- Individual payout
- Group payout
- Individual accumulation
- Group accumulation

Notes

Lifetime income benefits

A feature of annuities that mitigates the risk of outliving savings.

Maturity guarantees

An annuity feature to mitigate the risk of volatile investment returns.

Pension plan de-risking

Employers may transfer the investment and survival risks associated with defined benefit plan members to insurers who specialize in managing these risks.

Accumulation annuities

A flexible and secure investment vehicle for pension plans, RRSPs, TFSAs and non-registered funds during the savings stage.

Pay-out annuities

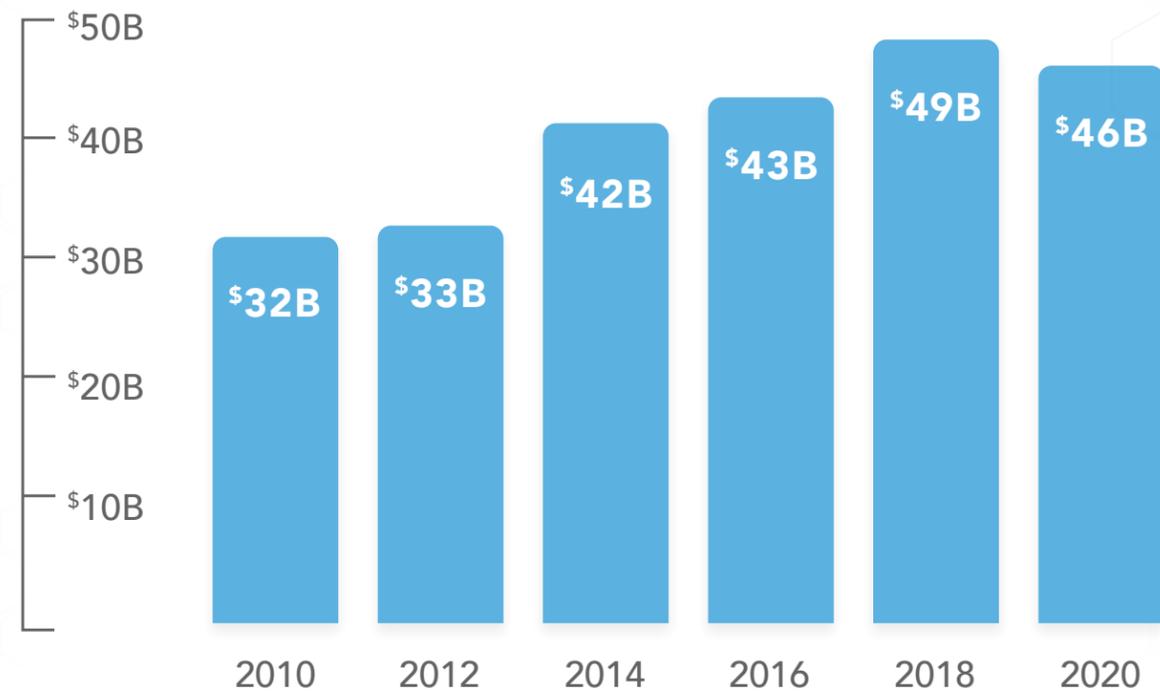
This type of annuity can provide guaranteed income for life, just like a DB pension. Only life insurers can guarantee income for life.



*According to Statistics Canada Pension Satellite Account, 2019. Data excludes unfunded liabilities for public Old Age Security of about \$1.6 trillion.

**This includes employees at all levels of government

Insurers paid out \$46.2 billion in retirement benefits in 2020



Since 2010, benefits have increased at an average rate of

4%
per year



Insurers manage 8 per cent of Canada's pension assets

Insurers held \$342 billion of the \$4.3 trillion in total pension assets in Canada in 2020. This includes assets in 15,400 private employer-based plans that provide retirement protection for over 3 million people.*

Private \$747B

Employer-based plans
\$185 billion of which is managed by life insurers, accounting for 70% of private pension plans, primarily for small-to medium-sized businesses

Personal \$1,336B

RRSPs, TFSA, etc.
\$156 billion of which is managed by life insurers

Public \$503B + \$1,664B = \$2167B

CPP/QPP + government employees**



Industry in detail



How insurers invest

Insurers are a significant source of long-term investments

\$910B

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

\$55B

Infrastructure investments

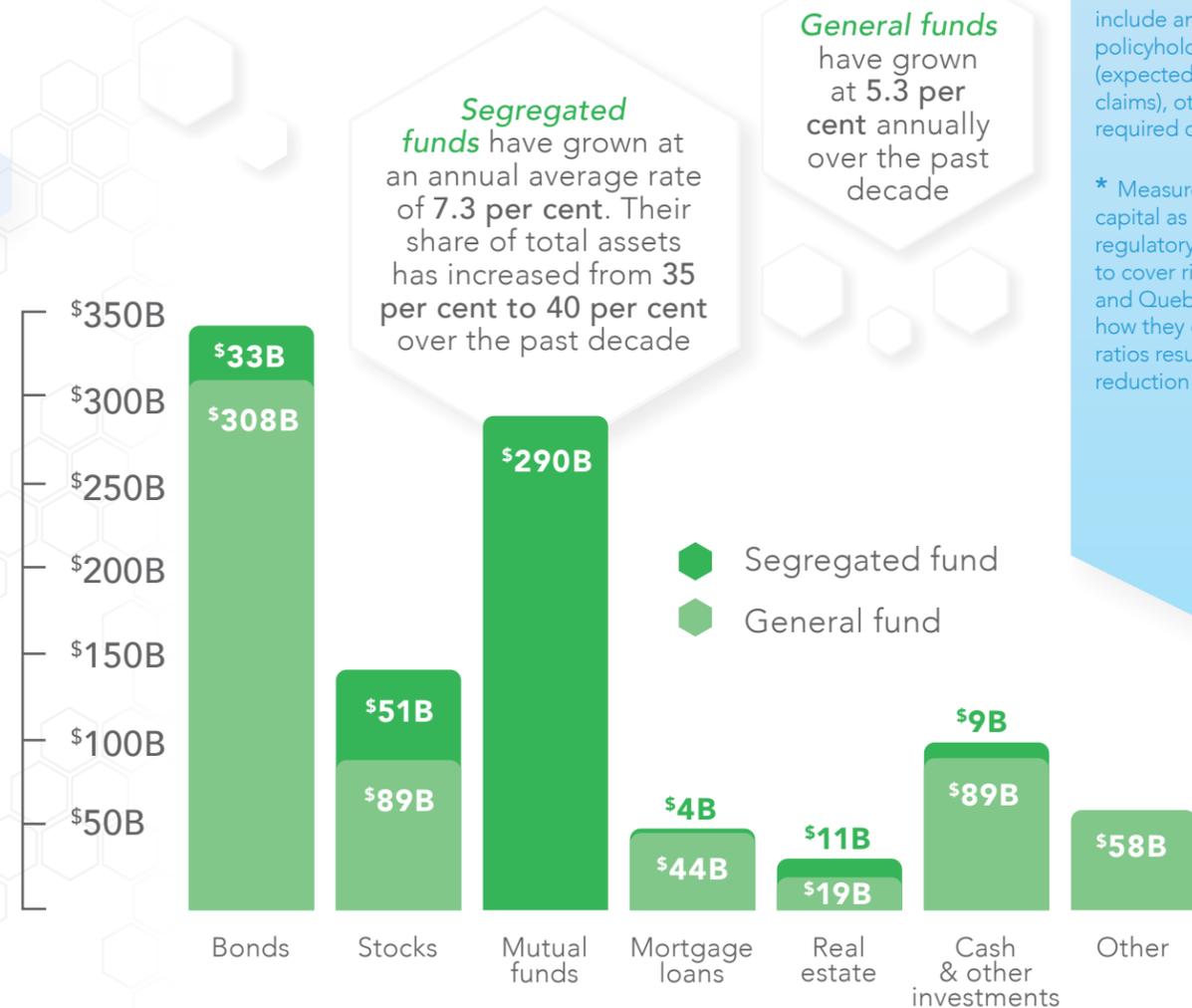
\$133B

Provincial, territorial & municipal government bonds

\$28B

Federal government bonds

How insurers invest to cover future claims and contribute to Canada's economic growth



Segregated funds have grown at an annual average rate of 7.3 per cent. Their share of total assets has increased from 35 per cent to 40 per cent over the past decade

General funds have grown at 5.3 per cent annually over the past decade

Notes

Segregated fund investments primarily support annuity contracts, where the investment risk is retained by policyholders.

General fund investments include amounts for other policyholder benefits (expected future contractual claims), other liabilities and required capital.

* Measured as available capital as a per cent of regulatory capital required to cover risks. In 2018, OSFI and Quebec's AMF changed how they calculate capital ratios resulting in a one-time reduction of the ratio.

Insurers are strong and stable

2020

Capital ratio* **139%**

Regulatory requirement **100%**

Life and health insurers maintain very strong capital reserves, enough to cover potential claims from policyholders, and to meet the rigorous expectations of government regulators.

Capital adequacy levels are maintained by retaining profits and by issuing equity and debt in capital markets.

Insurers' tax contributions

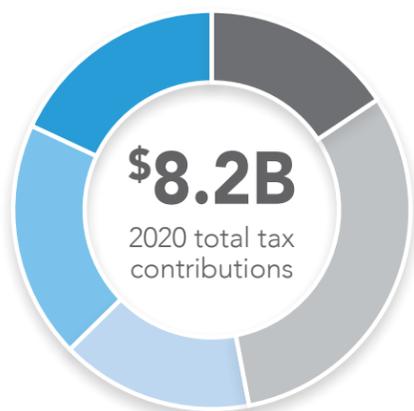
Canadian life and health insurers contributed over \$8.2 billion in taxes

In 2020, insurance companies' contributions to Canada's tax base included \$2.7 billion paid to the federal government and \$5.5 billion paid to provincial/territorial governments. Of the total, \$4.3 billion was borne directly by insurers, and \$3.9 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: \$4.3B

- Corporate income tax & federal capital tax: \$1.3B
- Provincial premium tax: \$1.7B
- Payroll & other taxes borne: \$1.3B



Taxes collected: \$3.9B

- Federal payroll taxes collected: \$1.3B
- Provincial retail sales tax on premiums: \$2.6B

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

Taxes borne are taxes paid by insurers directly to governments.

The industry's 2020 total tax contribution to all levels of government in Canada was **over 60% higher than its share** of Canada's GDP

>50%

of total tax contributions are premium-based taxes*

\$2.7B
+ **\$5.5B**
\$8.2B

Federal taxes
Provincial/territorial taxes
Total taxes

Notes

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

** Includes the Caribbean and Latin American countries

International operations

Canadian insurers' foreign assets continue to grow

Assets held by Canadian life and health insurers on behalf of policyholders outside of Canada amounted to over \$1.1 trillion at the end of 2020, up 34 per cent from five years ago.

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

Canada's insurers provide coverage and services to 65 million people in over 20 jurisdictions. In fact, three of Canada's life and health insurers rank among the top 15 largest in the world.



20

countries & territories



65M

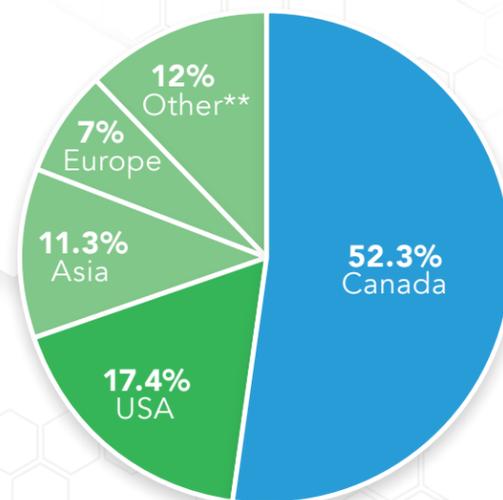
people protected outside of Canada



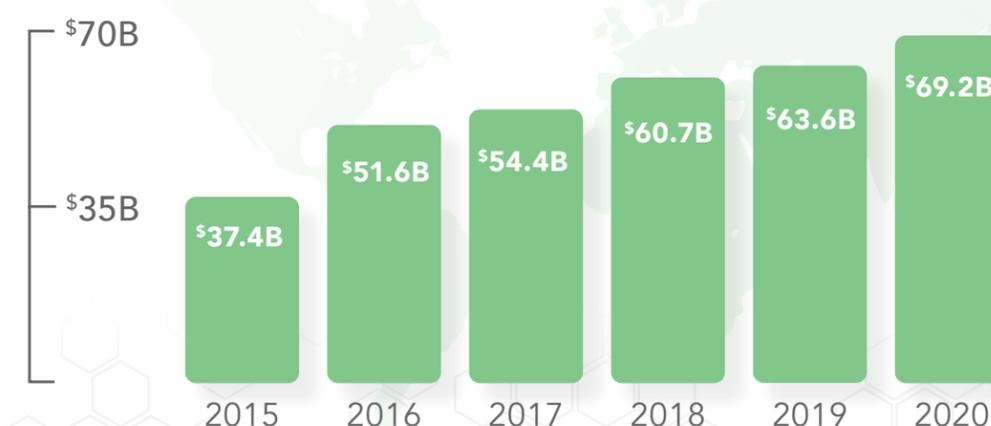
229,000

people employed outside of Canada

Source of premiums



Revenue from premiums outside of North America has nearly doubled since 2015





Canadian Life and Health Insurance Facts, 2021 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 over 29 million Canadians. They hold over \$1 trillion in assets in Canada and employ more than 158,000 Canadians.

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.

www.clhia.ca

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





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