



# Canadian Life & Health Insurance Facts

2021 Edition



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





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

# Life and health insurers helped Canadians through COVID-19

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

---



### ***Industry profile***

- 07 CLHIA's member companies
- 09 The Canadian life & health insurance marketplace



### ***Lines of business***

- 13 Life insurance
- 15 Health insurance
- 17 Retirement solutions



### ***Industry in detail***

- 23 How insurers invest
- 25 Insurers' tax contributions
- 25 International operations



### ***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



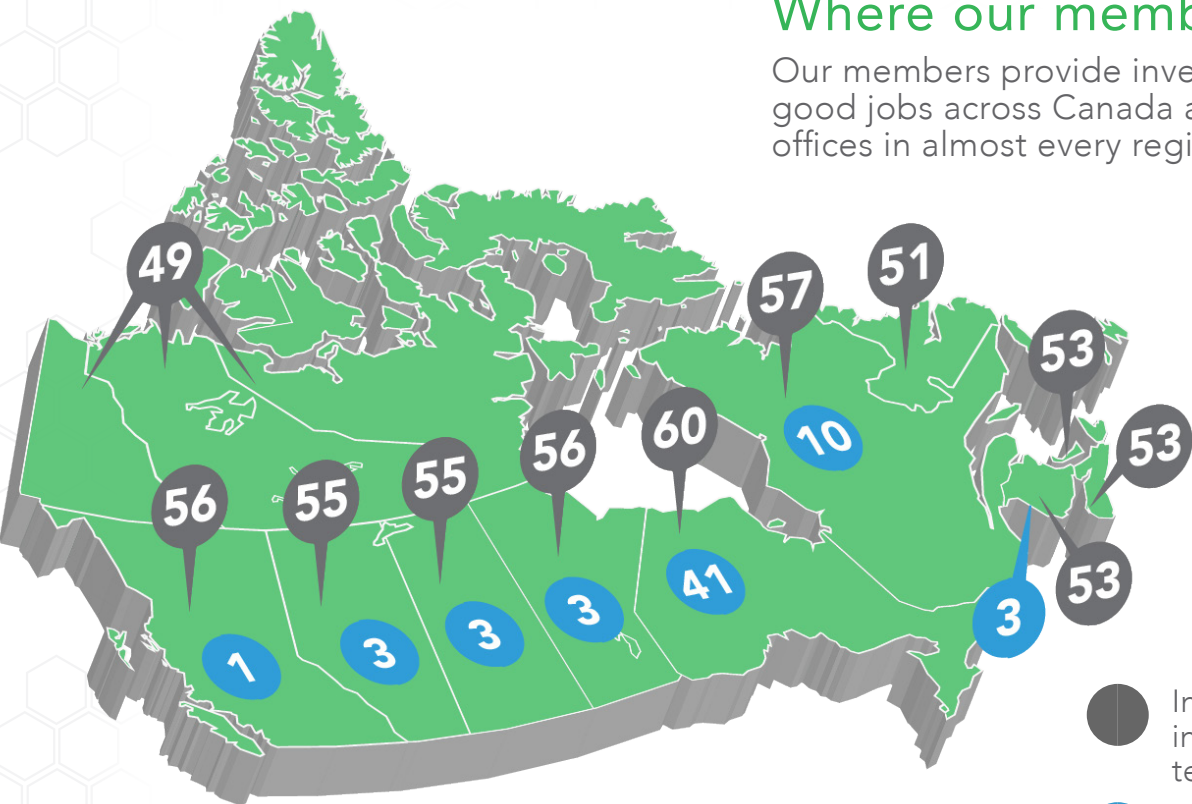
3 Property and casualty insurers



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

## Where our members are

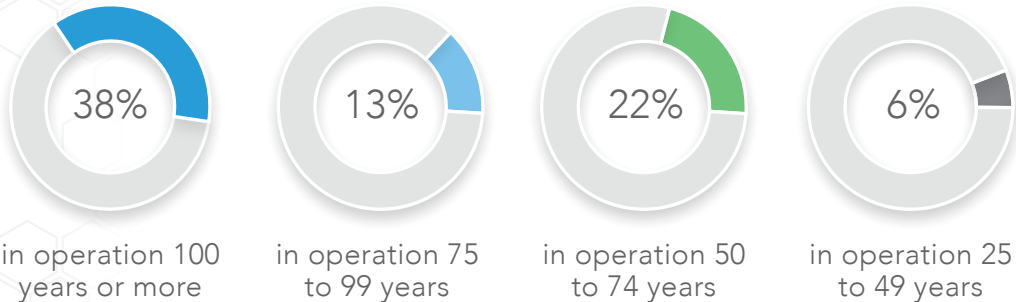
Our members provide investments and good jobs across Canada and have head offices in almost every region.



- Insurers operating in the province/territory
- Insurers headquartered in the province

## 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.

**\$67 million**  
donated in 2020

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

Coverage

Life

22 million

Canadians have life insurance coverage, totalling \$5.1 trillion

Benefits

\$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

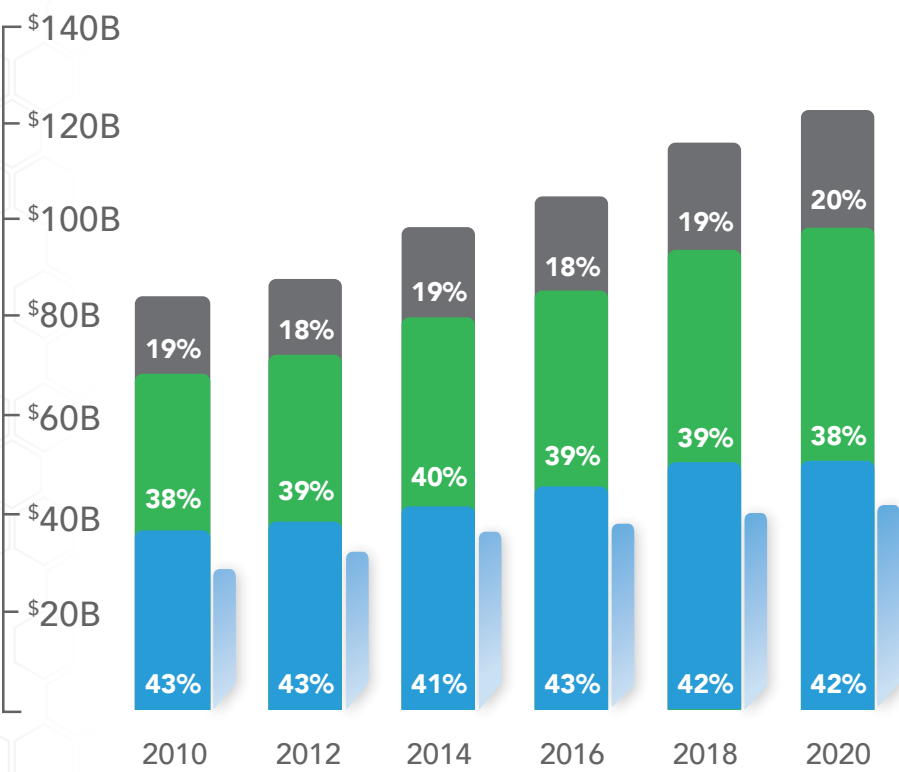
Canadians’ retirement savings are managed by insurers

\$46.2B Retirement benefits

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

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.



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.



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](http://www.olhi.ca)

Consumer protection  
Visit [www.assuris.ca](http://www.assuris.ca)

Legend for premium revenue chart:

- Life
- Health
- Annuities
- Segregated funds



## *Lines of business*

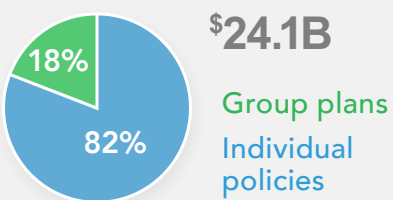


# Life insurance

**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

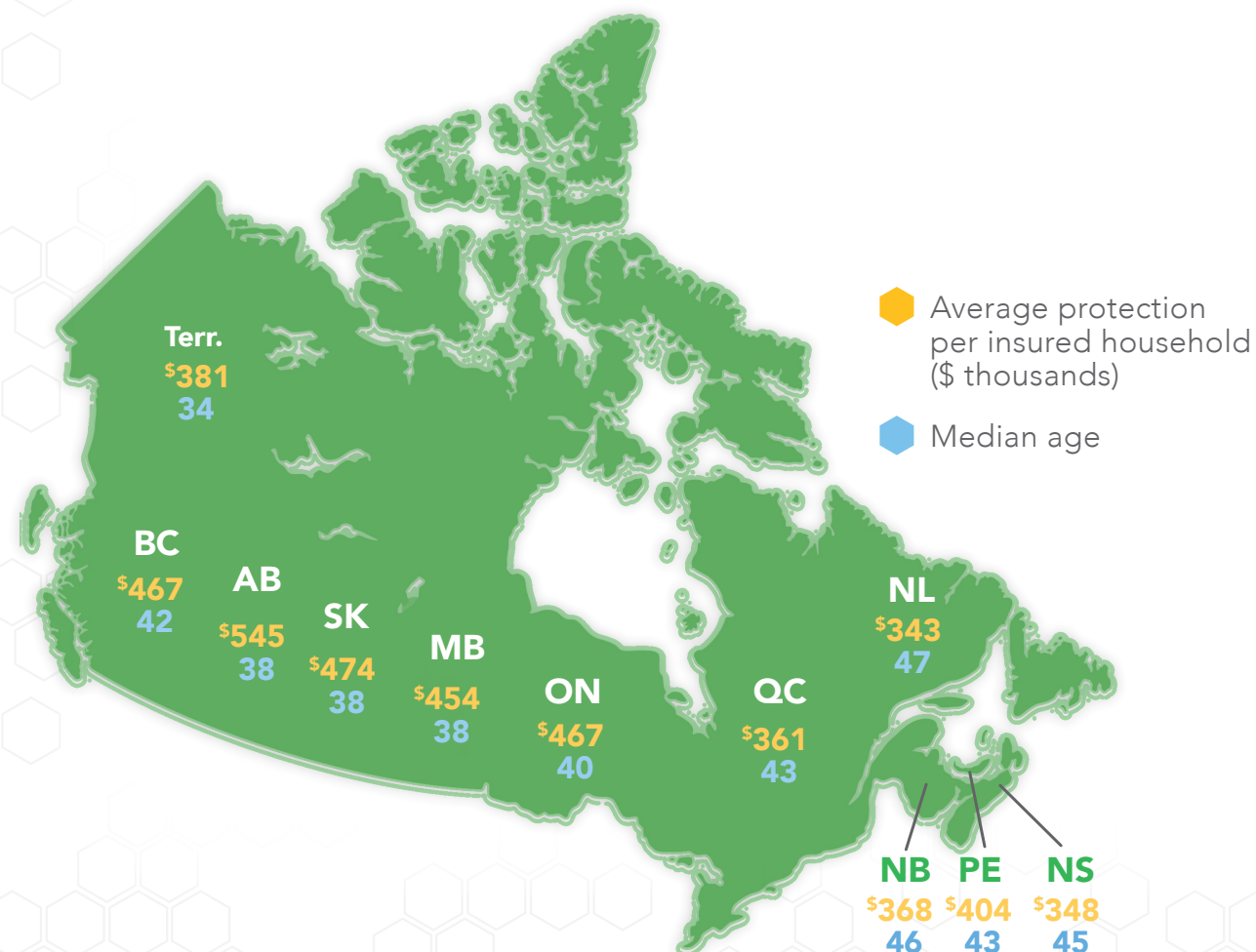


**\$24.1B**

**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.



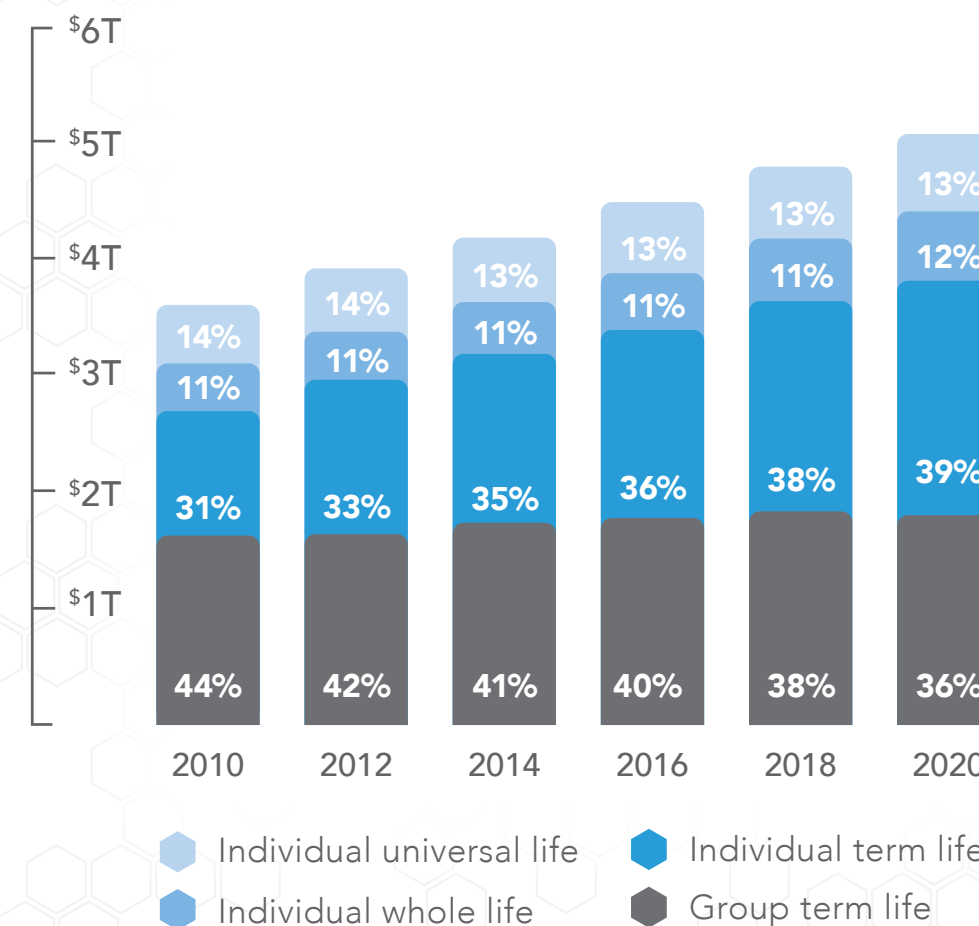
**22 million** Canadians own **\$5.1 trillion** in life insurance coverage

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.

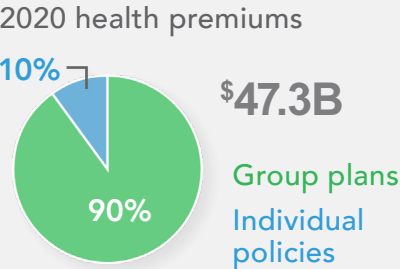
**Universal life insurance** allows consumers to select – and change – premium levels and investment options while the insurer assumes the risk related to death.

# 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.

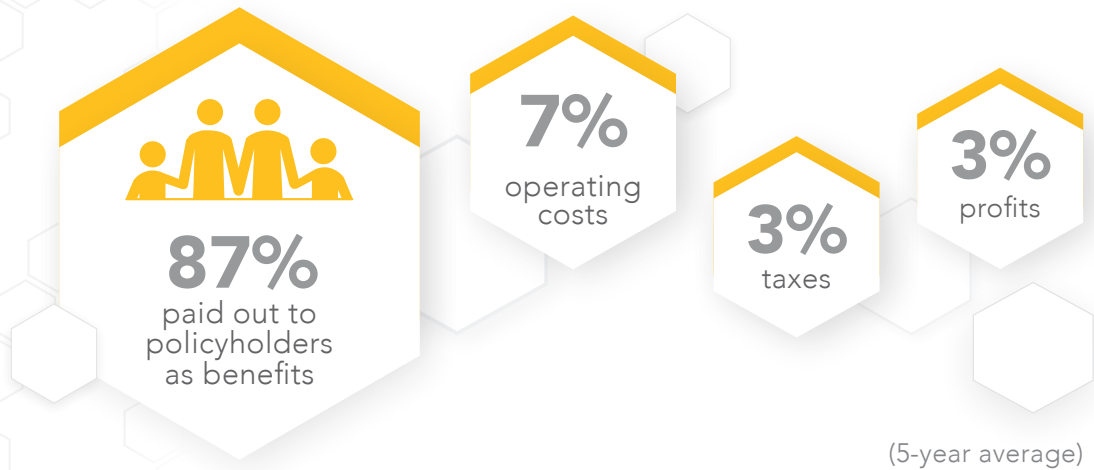
**Sold as:**  
Ninety per cent of health insurance is purchased through a group plan.

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



## Cost-effective health protection

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



## 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*

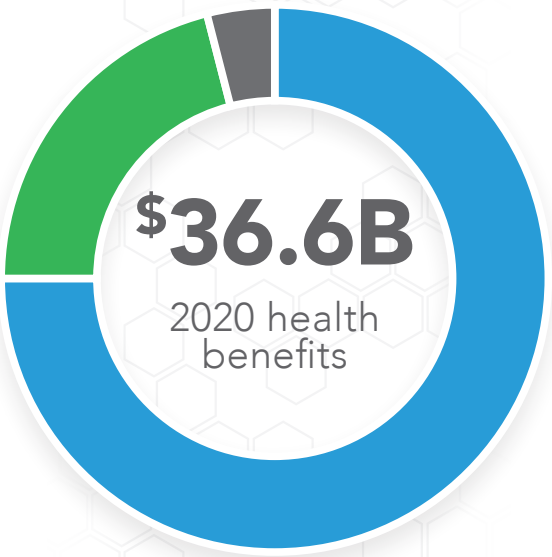
## Insurers protect nearly 70 per cent of Canadians against health care costs

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	Disability	Accident & other
26M Canadians covered	12M Canadians covered	20M Canadians covered
\$26.6B in benefits	\$8.5B in benefits	\$1.5B in benefits

Benefits by coverage type

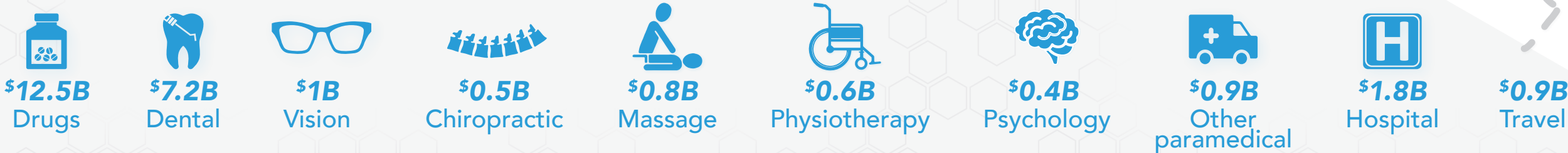


## Helping patients with access to rare disease drugs

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.\*

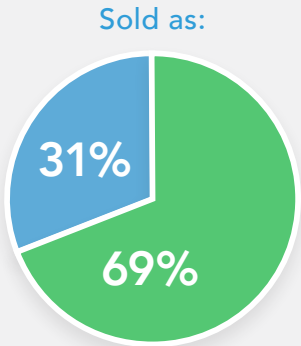
- Supplementary health: 73%
- Disability: 23%
- Other: 4%

## Supplementary health by service



# 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

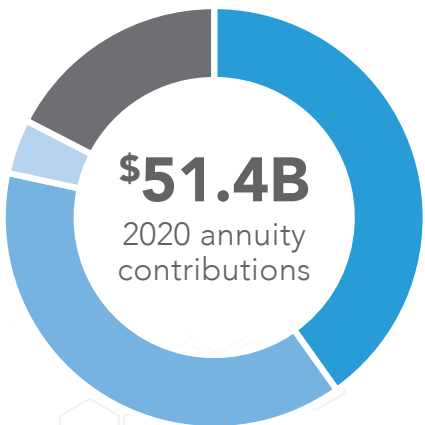


Solutions for pension plan de-risking



Maturity guarantees

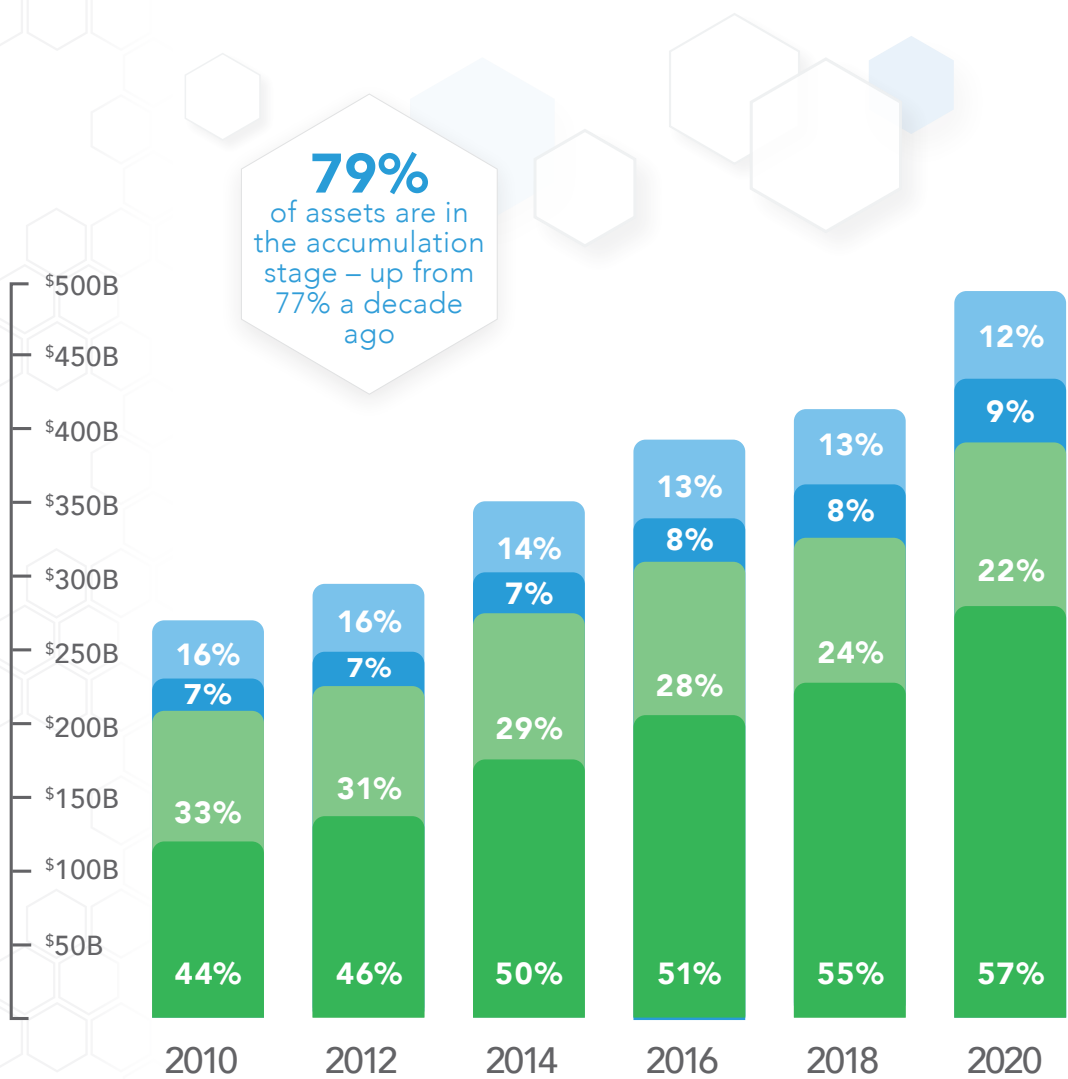
Sources of annuity contributions



- 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

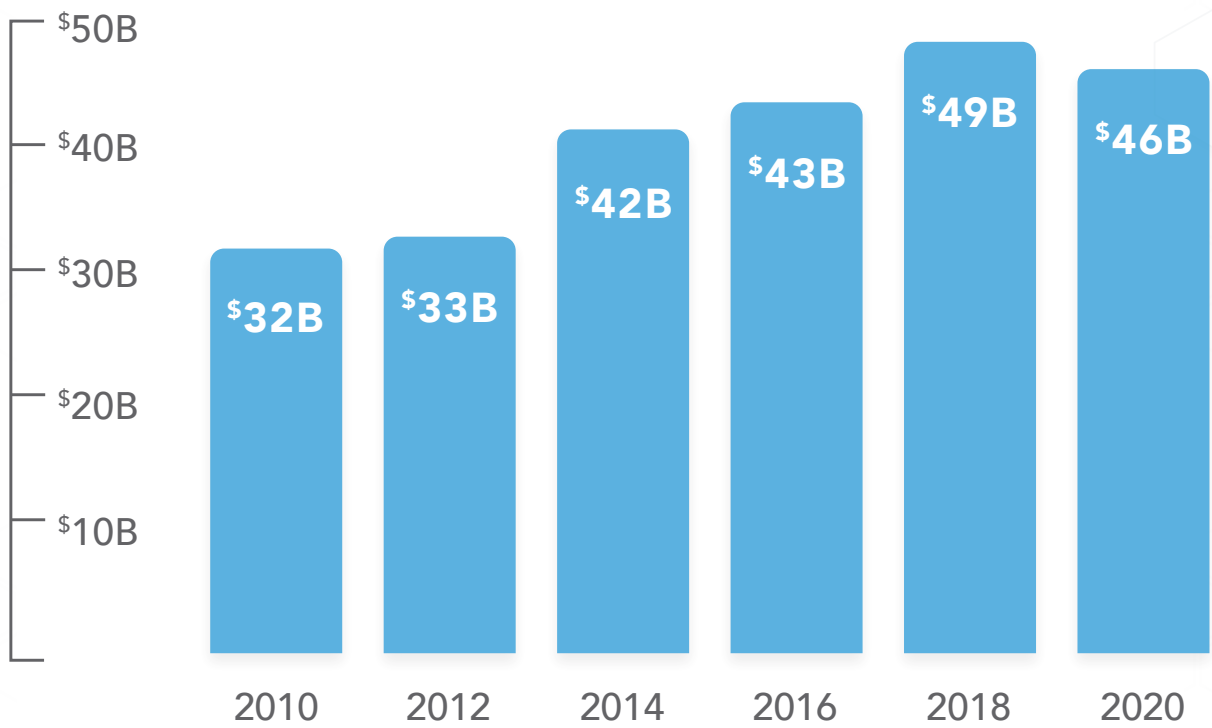
A flexible and secure investment vehicle for pension plans, RRSPs, TFSAs and non-registered funds during the savings stage.

### 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.



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

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

CPP/QPP + government employees\*\*

Notes

\*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

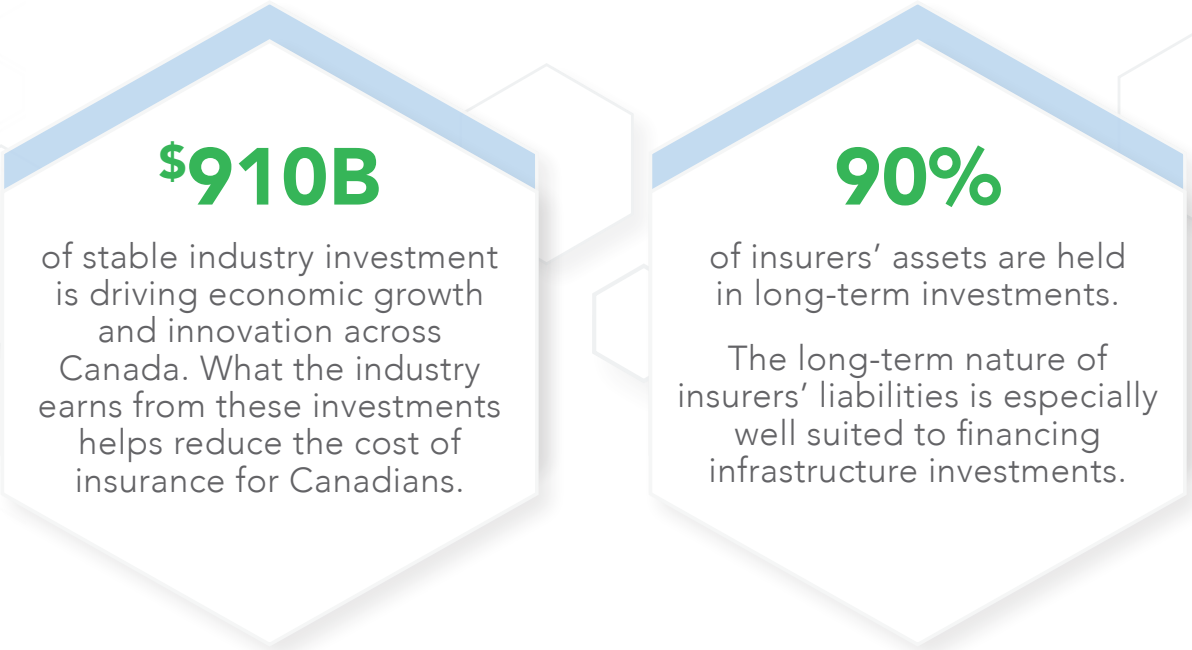


# *Industry in detail*

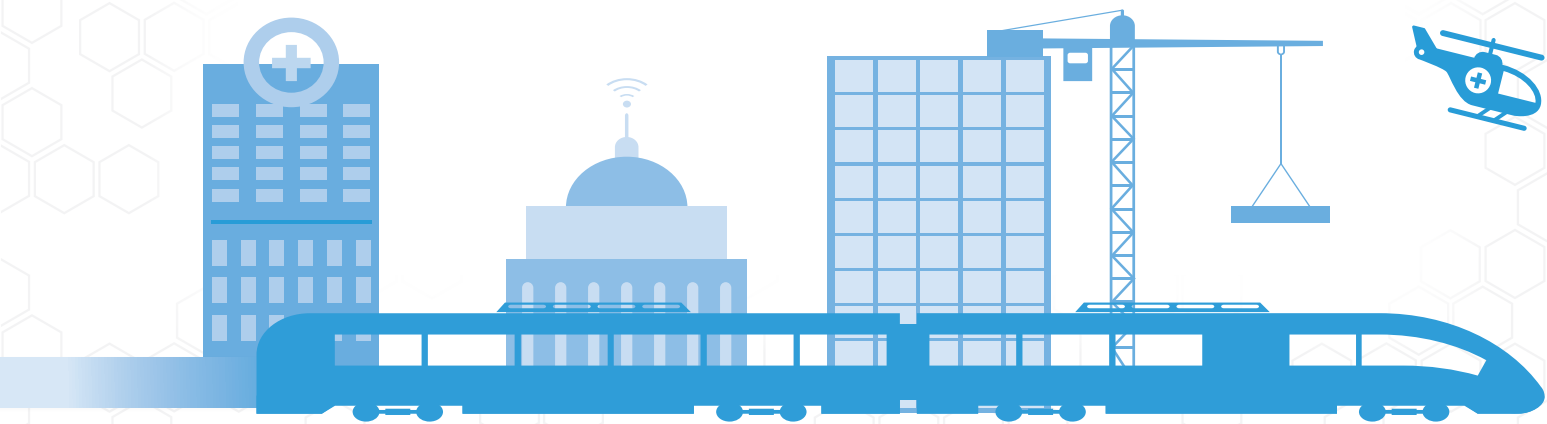


# How insurers invest

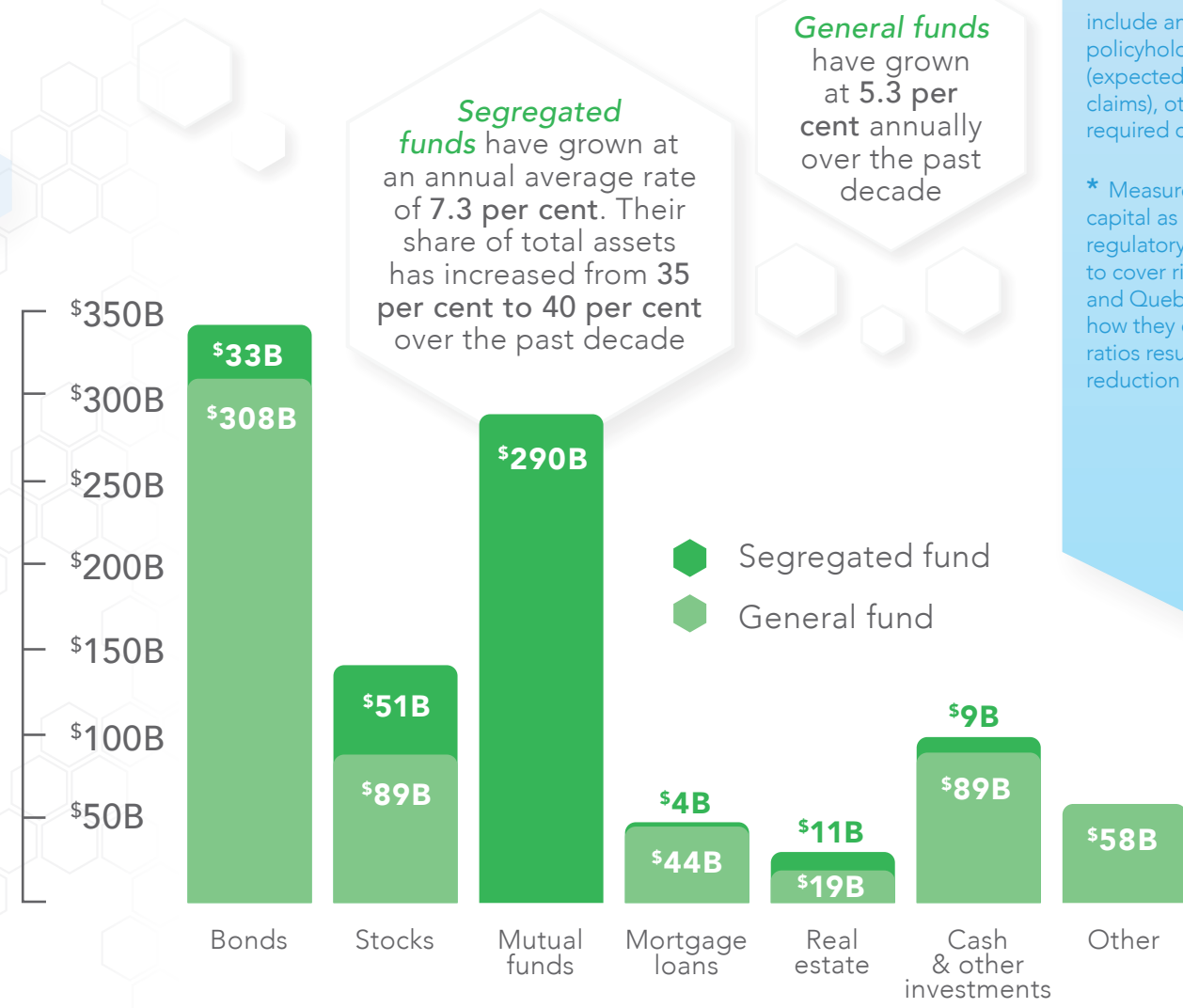
## Insurers are a significant source of long-term investments



## Insurers' investments support the economy and governments



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



**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





# Insurers' tax contributions



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

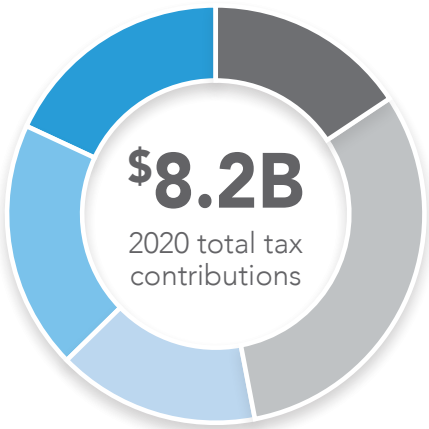
In 2020, insurance companies' contributions to Canada's tax base included \$2.7 billion paid to the federal government and \$5.5 billion paid to provincial/territorial governments. Of the total, \$4.3 billion was borne directly by insurers, and \$3.9 billion was collected and paid as provincial sales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



#### 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.

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 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

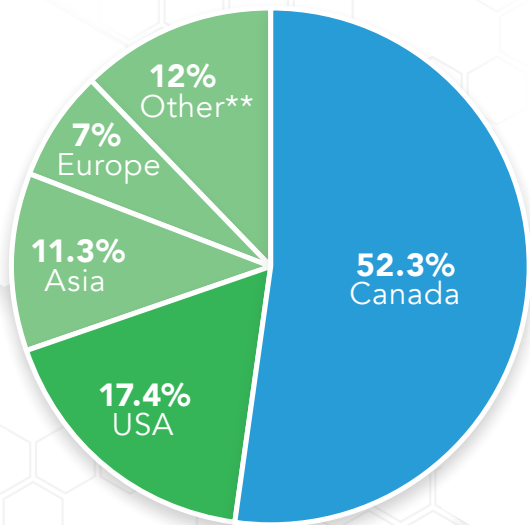
people protected outside of Canada



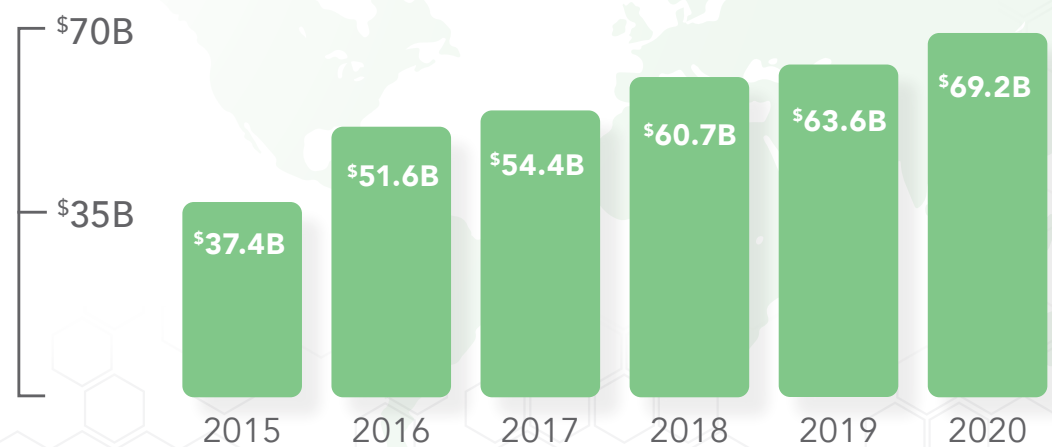
229,000

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](http://www.clhia.ca)

 [clhia](https://twitter.com/clhia)

 [clhia](https://www.linkedin.com/company/clhia)

 [clhia\\_accap](https://www.instagram.com/clhia_accap)



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



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

[info@clhia.ca](mailto:info@clhia.ca)

Toronto  
79 Wellington St. W., Suite 2300  
P.O. Box 99, TD South Tower  
Toronto, Ontario M5K 1G8

Ottawa  
World Exchange Plaza  
100 Queen Street, Suite 750  
Ottawa, Ontario K1P 1J9

Montréal  
1001 de Maisonneuve Blvd. W.  
Suite 630  
Montréal, Québec H3A 3C8