



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

2026-2027 PROVINCIAL BUDGET SUBMISSION

Presented to

THE HONOURABLE CAROLINE WAWZONEK DEPUTY PREMIER AND MINISTER OF FINANCE

June 20, 2025





RECOMMENDATIONS

1. Support health benefit plans that currently provide millions of Canadians with access to prescription drugs, dental care and health benefits by:
 - a. Supporting universal access to medication through a mixed-payer system and work towards a framework that focuses tax dollars on those without access to prescription drug coverage; and,
 - b. Ensuring Northwesterners continue to be able to access virtual care services through public health care and workplace health benefit plans.
 - c. Work with the private sector to improve the mental well-being of Indigenous residents.
2. Pension innovation, including:
 - a. Enable automatic workplace pension and savings plan enrollment, contributions and annual contribution escalation.
 - b. Monitor and parallel the federal measures to introduce Variable Payment Life Annuities and Advanced Life Annuities as new retirement income options.
3. Leverage our industry's investment capacity to expand and accelerate long-term infrastructure projects by structuring projects to attract long-term investors.
4. Develop a tangible plan to reduce and eventually eliminate premium-based taxes as fiscal circumstances permit.



INTRODUCTION

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its recommendations to the Northwest Territories on the 2026-2027 Budget.

The CLHIA is the national trade association for life and health insurers in Canada. Our members account for 99 per cent of Canada's life and health insurance business. The industry provides a wide range of financial security products such as life insurance, annuities, and supplementary health insurance.



Protecting 30 million Canadians

27 million
with drug, dental and other health benefits
23 million
with life insurance averaging
\$252,000 per insured
12 million
with disability income protection



\$128 billion in payments to Canadians

\$48 billion
in health and disability claims
\$17 billion
in life insurance claims paid
\$63 billion
in annuities



\$11.2 billion in tax contributions

\$2.7 billion
in corporate income tax
\$1.7 billion
in payroll and other taxes
\$2.0 billion
in premium tax
\$4.8 billion
in retail sales and payroll
taxes collected



Investing in Canada

\$1.1 trillion
in total assets
90%
held in long-term investments

In 2023, the industry added approximately 2,000 jobs across the country, employing nearly 180,000 Canadians. These jobs support Canadians making increased use of their health benefits. The industry remains financially stable, with capital reserves above regulators' expectations and our industry will continue to work closely with all levels of government.

In this submission, we have provided recommendations for consideration for the upcoming 2026-2027 territorial budget. We believe that these recommendations will help support the government as it advances solutions on key priority areas such as healthcare and the economy.

SUPPORTING WORKPLACE HEALTH BENEFIT PLANS

Overview

In the Northwest Territories, life and health insurers offer Northwesterners robust benefit plans with access to extended health services such as physiotherapy, chiropractic services and massage services that are not covered through public plans.



Collaboration between our sector and the territories is essential. Territories already provide programs to many citizens and have infrastructure to deliver these services. It is important that territories continue to coordinate with workplace benefit plans and ensure policies and programs do not have unintended consequences on workplace benefit plans that can negatively impact the health of Northwesterners. Additionally, as our sector is a key partner in the healthcare system, we can provide valuable insights that can benefit the territories as the government considers health priorities and solutions.

Support for prescription drugs

Canadians value their health benefit plans and do not want to put those at risk. This coverage provides much-needed financial relief, especially during times of economic uncertainty.

In the Northwest Territories, life and health insurers offer residents robust benefit plans with access to extended health services such as physiotherapy, chiropractic services and massage services that are not covered through public plans, helping keep the workforce healthy. In 2023, \$36.6 billion in health insurance benefits were paid to over 27 million Canadians with supplementary health insurance.

Insurers believe all Canadians should have access to the drugs they have been prescribed. However, we were disappointed to see other provinces and territories sign pharmacare agreements with the federal government supporting a single payer, universal coverage program. A single payer pharmacare program risks disrupting 4 million Canadians with existing coverage through workplace benefit plans for diabetes medications / contraceptives, with 2 million Canadians that could be pushed off their existing plan and 2 could be forced to switch medications or pay out-of-pocket for their current medications. This could result in increased stress levels and more time taken off work.

We continue to believe that the best use of limited taxpayer dollars is to focus on those without coverage. This would help avoid disrupting the existing coverage of Northwesterners that rely on access to diabetes medication, related products and contraceptives that meet their needs and are offered through and paid for by workplace benefit plans.

Standing together, provincial and territorial governments are the strongest possible advocates for the healthcare needs of their residents. ***We recommend that the territorial government:***

- ***Work with our industry to develop mechanisms to ensure continued coverage through workplace health benefit plans for all medications; and,***
- ***Support universal access to medication through a mixed-payer system and work towards a framework that focuses tax dollars on those without access to prescription drug coverage.***

Continued access to virtual care services

In 2023, over 10 million Canadians had access to employer funded virtual care through their workplace benefit plans, amounting to half a million virtual care visits. Employer funded virtual care offers benefits to employers, Canadians, and the healthcare system. Canadians, especially those living in rural and remote areas, have grown appreciative and reliant on employer-funded virtual care. Employer funded



virtual care is not paid for by Canadians out of pocket, but rather delivered as an add on, complementary service to health benefit plans.

This is a critical service for Canadians and helps provide access to needed medical care for the over 6 million Canadians without a family doctor. Taking away employer funded virtual care from over Northwesterners without a plan for how to provide access for these individuals will just make things worse.

As you may know, the federal Minister of Health sent the Canada Health Act interpretation letter to the provincial and territorial Health Ministers on January 10, 2025. The letter does not help address the primary care crisis in Canada nor does it provide reassurance to the 10 million Canadians who rely on employer-funded virtual care.

Territories should continue to have the flexibility to offer their residents the choice of virtual care options. It is a critical component of Canada's health care system and should be supported by all governments as an important model to support access to care in Canada.

Policy and decision makers should be focused on the real problem of Canadians paying out of pocket for care. Insurers are calling on the federal government to provide flexibility to address out of pocket payment for care without removing employer funded virtual care for 10 million Canadians who already have access to it through their workplace benefit plans. ***We encourage the territories to advocate to the federal government to ensure the continuation of employer funded virtual care. Further, we encourage the Northwest Territories to protect access to virtual care currently afforded to Northwesterners by permitting and encouraging employer funded virtual care through regulation. CLHIA would be happy to work with the Northwest Territories on regulation that would achieve these health objectives while ensuring Canadians do not pay out of pocket for healthcare.***

Support for culturally appropriate mental wellness

We believe that all levels of government and the private sector have a role to play in helping curb Canada's mental health crisis. Our industry plays a significant role in improving the mental health of Canadians. For example, in 2023, our industry paid out \$730 million in mental health support to Canadians.

Increased access to mental wellness programs will increase the mental health of Northwesterners. ***Working together with the Northwest Territories, our industry can help support private initiatives in this area to improve the mental well being of Indigenous residents.***

PENSION INNOVATION

Automatic features

Universal access to workplace pension and savings plans can help Northwesterners achieve greater financial security in retirement. There is a significant savings shortfall and declining pension coverage for individuals at all age cohorts in the Northwest Territories. It is estimated that approximately **40 per**



cent of employees across Canada do not take full advantage of workplace pension plans, **leaving as much as \$3 billion on the table annually in free company matching dollars.**

Automatic features – which include automatic enrolment, contributions, and escalation – are an effective way of helping employees take full advantage of their workplace and retirement savings plans and to optimize their future income. More specifically, these reforms include legislative amendments to the Pension Benefits Act (PBA) and the Employment Standards Act (ESA) so that employers can make payroll deductions for the purposes of employees participating in a workplace savings program using automatic features while allowing employees to “opt out” should they decide not to participate

We recommend that the Northwest Territories government move ahead with legislative amendments to permit employers to use automatic features within their voluntary workplace pension and savings plans.

These reforms will make it easier for Northwesterners to achieve lifetime financial security through higher retirement income by enabling Northwesterners to receive employer matching dollars.

Enhancing decumulation solutions

We also support enhanced retirement income security for all Northwesterners, including access to widely available, effective and innovative retirement income solutions. Individuals saving for retirement seldom know either the amount of retirement income they can draw from those savings or how long those savings must last.

CLHIA supports the concept of Variable Payment Life Annuities (VPLAs) currently being developed federally and provincially (i.e., Quebec, Ontario and Saskatchewan) to help ensure that retirees across Canada can access a secure and reliable income stream in retirement.

To help ensure that the product is viable and accessible to as many Canadians as possible, it is important that legislation and regulations for VPLAs be principles-based, ensure sufficient scale, provide for a single pool, and use market-based pricing.

We strongly encourage the Government to work with Finance officials at all levels of government to develop a VPLA framework that allows for maximum flexibility in terms of a design framework and a harmonized experience for all Canadians.

SUPPORT PRIVATE SECTOR INVESTMENT IN INFRASTRUCTURE

The nature of Canadian life and health insurance products – routinely lasting more than 50 years – results in predictable, long-term, liabilities. As such, life insurers are ideal financial partners for long-term infrastructure projects, including public-private partnerships (P3), as they can commit to long-term financing. This inherent structural advantage makes the industry an important and stable investor in long-term assets.



As a substantial investor in the Canadian economy, the life and health insurance industry can play a key role in helping mitigate and build resilience to the impacts of climate change through sustainable investments. Canadian life and health insurers already have \$60 billion invested in domestic infrastructure. However, the industry is able and wants to do more.

We recommend the government leverage our industry's investment capacity to expand and accelerate long-term infrastructure projects by structuring projects to attract long-term investors, allowing the Northwest Territories to modernize its infrastructure and make the economy more productive and competitive.

REDUCE AND ULTIMATELY ELIMINATE TAXES ON INSURANCE PREMIUMS

The Northwest Territories imposes a three per cent tax on life, health and disability insurance premiums. Life insurers – and consequently insured Northwesterners – paid approximately \$2 million in premium taxes in 2023. The premium tax is outdated – it predates corporate income taxes and imposes a supplemental tax burden over three times the corporate income taxes levied on life and health insurance companies in the Northwest Territories in 2023.

Premium taxes directly increase the cost of insurance, causing existing employers in the Northwest Territories to provide fewer life, health, and disability insurance benefits to their employees and driving individual consumers to purchase less protection than they would in the absence of these taxes. Population aging and health care cost increases above core-inflation rates (or the Northwest Territories' general economic growth rate) and increase Northwesterners' needs for income security and supplementary health care; discouraging individual responsibility for these benefits by taxing the purchase of insurance coverage is not good public policy.

Furthermore, the premium taxes on insurance are clearly inequitable. Premium taxes reduce savings efficiency within life insurance products that have a saving component with no comparable impediment to competing savings products offered by banks, credit unions, trust companies or the securities industry. Taxes on premiums have been widely acknowledged to be in lieu of capital taxes that previously applied to other financial institutions. Currently, not only are the deposits held by banks and trust companies not subject to premium tax, but these institutions are also no longer subject to capital tax. From a public policy perspective, it is important and timely that the Northwest Territories unwinds the inequitable application of premium tax on life and health insurance premiums.

We recommend that the Northwest Territories develop a tangible plan to reduce and eventually eliminate premium-based taxes as fiscal circumstances permit. Such a move would encourage employers and individual Northwesterners to maintain or expand employment in the Northwest Territories, in line with the government's plans for making the Northwest Territories an attractive place for business and jobs for prospective employers.



CONCLUSION

The industry greatly appreciates the opportunity to provide comments on the Northwest Territories 2026-2027 Budget. Should you have any questions, you may contact Sarah Hobbs, Vice President, Policy at shobbs@clhia.ca.



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