



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

2026 BUDGET SUBMISSION

Presented to
HONOURABLE NATE HORNER
PRESIDENT OF TREASURY BOARD AND
MINISTER OF FINANCE

January 15, 2026





INTRODUCTION

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its recommendations to the Alberta government on the 2026 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. Our industry also plays a key role in providing financial security to Canadians.



\$337 million in provincial tax contributions

\$70 million
in corporate income tax
\$37 million
in payroll and other taxes
\$230 million
in premium tax



Investing in Alberta

\$124 billion
in total invested assets
98%
held in long-term investments



Protecting 3.3 million Albertans

3.3 million
with drug, dental and other health benefits
2.3 million
with life insurance averaging
\$346,000 per insured
1.8 million
with disability income protection



\$15.5 billion in payments to Albertans

\$7 billion
in health and disability claims
\$2.1 billion
in life insurance claims paid
\$6.4 billion
in annuities

In 2024, the industry employed more than 180,000 Canadians, including over 23,000 in Alberta. These jobs not only support the provincial economy but enables Albertans to access the workplace benefit plans that they rely on.

In this submission, we have provided recommendations for consideration for the upcoming 2026-2027 provincial 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.

WORKPLACE HEALTH BENEFIT PLANS

Overview

Life and health insurers work together with employers to offer access to a wide variety of health services through employer sponsored benefit plans. In 2024, 3.3 million Albertans had supplementary health insurance and \$5.6 billion in health insurance benefits were paid. This coverage provides much-needed financial relief, especially during times of economic uncertainty. In Alberta, life and health insurers offer Albertans 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. Albertans value their benefits and do not want to put those at risk.

Our industry appreciates that the Alberta government considers life and health insurers as a key partner in the healthcare system, as demonstrated through the introduction of Bill 11 “supporting a world-class health care system”. We appreciate the opportunity to help facilitate a smooth transition for Albertans through our inclusion in the technical implementation of certain aspects of the changes.

As the Alberta government continues to reform its approach to drug coverage for Albertans, our industry is happy to be able to work closely with the government to ensure these changes proceed smoothly in 2026 through a working group of industry representatives. We are happy to continue to meet over the coming months to ensure a smooth transition.

We recommend that the provincial government work closely with our industry as the implementation of Bill 11 progresses. We also recommend that the government take sufficient time to ensure a smooth transition.

[Introduction of the Alberta Disability Assistance Program \(Bill 12\)](#)

We welcome the introduction of Bill 12, which will provide Albertans with disabilities an ability to return to the workforce as they are able. As many of these Albertans may also be receiving employment disability supports from their group benefits plan, it is important for the government to work with the insurance industry so that return to work supports can be provided in a coordinated manner given the relationship between the insurer and the employer. We look forward to further discussions as Alberta refines the approach.

[Implementation of ‘Care First – No Fault System’ of auto insurance, Bill 47](#)

As Bill 47 is implemented, it is important that Albertans needing income replacement as a result of an auto accident are able to continue to access their employment benefits, if available. We appreciate the consultation with our industry to-date and look forward to continuing the discussions as the changes are implemented July 2026.

[Continued access to virtual care services](#)

In 2023, over 10 million Canadians, including nearly 680,000 Albertans, had access to virtual care through their workplace benefit plans, delivering more than half a million virtual care visits in that year. This is a critical service for Canadians and helps provide access to needed medical care for the nearly 6 million Canadians without a family doctor.

We are pleased to see that Bill 11 will enshrine regulations to allow employers to continue to offer virtual care to Albertans. 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. As the Alberta government works to increase residents’ access to primary care, access to virtual care services can assist with supporting this initiative.



PRIVATE SECTOR INVESTMENT IN INFRASTRUCTURE PROJECTS

As a substantial investor in the Canadian economy, Canadian life and health insurers have invested \$50 billion in domestic infrastructure.

Canadian life and health insurance products routinely last more than 50 years resulting in predictable, long-term, liabilities. Due to the long-term nature of liabilities held by life and health insurers, this makes life insurers ideal partners for long-term infrastructure projects and provide opportunities for the Alberta government to partner with the life and health insurance industry.

We recommend the government leverage our industry's investment capacity and expertise, through partnerships, to expand and accelerate long-term financing structures, create a framework to develop policies which attract private capital, and remove regulatory inefficiencies.

Municipalities, who maintain and build most of Canada's infrastructure, need access to large capital pools and a guarantee of financial support for privately funded resiliency projects. It can be a challenge for governments, particularly at the municipal level, to attract sufficient bids to finance smaller projects. A way to solve this issue is to "pool" multiple projects to secure better financing terms and attract private sector investment.

We recommend that the government work with municipalities to pool smaller infrastructure projects to attract private capital.

Public agencies should work to ensure public investment is not crowding out private capital. Public funds should not be used to finance infrastructure projects that could be financed by the private sector.

We recommend the government work with public investment agencies to ensure that they are not crowding out private capital, and rather focusing public funds to finance projects that cannot be financed by the private sector.

REDUCING INTERPROVINCIAL BARRIERS AND ENHANCING REGULATORY HARMONIZATION

We welcome the introduction of measures to reduce internal trade barriers in Canada. Given that CLHIA members have business across the country, it is important that there is consistency in the rules governing the business of insurance.

The current regulatory environment imposes significant and growing compliance costs on insurers. Our sector is accountable to more than 40 regulators across federal and provincial jurisdictions, resulting in overlapping and duplicative requirements that add complexity and confusion for consumers. Given the current economic and competitive pressures Canada is currently facing, there is an urgent need to enhance regulatory harmonization to ensure that our regulatory landscape supports Canada's competitiveness.



One area where greater harmonization would be beneficial is the harmonization of licensing requirements for insurance agents. Licensing requirements for life and health insurance agents vary by province. For an insurance agent to sell insurance in multiple Canadian provinces, the agent needs to obtain a license in each province they operate in.

Harmonizing licensing for insurance agents can benefit consumers. Currently, when a consumer moves to another province or an agent is referred to business in another province, they need to obtain a license or cannot service that client. A harmonized system would allow the consumer to continue to be served by their insurance agent without finding a new one.

One way to achieve harmonization is to develop a framework for mutual recognition of advisor licenses, meaning that insurance agents licensed in one province can operate in any province in Canada, if they meet minimum standards. Mutual recognition would help reduce administrative burden on both regulators and advisors. It would also benefit consumers by providing easier access to advisors across Canada and improve continuity of service across jurisdictions when consumers move between provinces.

We recommend that the Alberta government work collaboratively with other provinces to harmonize advisor licensing requirements and develop a framework for mutual recognition of advisor licenses.

PENSION INNOVATION

Enhancing Accumulations

CLHIA supports the concept of Variable Payment Life Annuities (VPLAs) currently being developed federally and provincially (i.e., Quebec, Ontario and Saskatchewan) to help retirees 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 Canada-wide pooled solution under both federal and provincial legislation to ensure a harmonized experience, and use market-based pricing.

More specifically, the VPLA framework should allow funds from other registered retirement plans (not just those from Defined Contribution Pension Plans and/or Pooled Registered Pension Plans) in order to maximize the ability of Canadians to effectively secure a post-retirement income stream. This includes funds in RRSPs, Registered Retirement Income Funds (RIFs), Deferred Profit-Sharing Plans (DPSPs), Locked-in Retirement Accounts (LIRAs) and Life Income Funds (LIFs). Also, to keep costs down and to keep the product affordable, governments should not make VPLAs overly complicated or administratively burdensome.

Finally, as the federal government passed legislation to support VPLAs in 2021 (over four years ago), with little movement since, we would strongly recommend the federal and provincial governments



move forward with legislation and regulations so that VPLAs can be made available so that more Canadians can retire with confidence.

We strongly encourage the Government of Alberta, along with the federal government to develop a VPLA framework that allows for maximum flexibility in terms of a design framework and a harmonized experience for all Canadians.

There is a significant savings shortfall and declining pension coverage for individuals across Canada. It is estimated that approximately 40% of employees in Canada do not take full advantage of these workplace plans, leaving as much as \$3 billion on the table annually in free money in the form of matching employer contributions.

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.

Workplace retirement/savings plans are an important element of an employee's compensation just like health benefits, and employers often provide company matching dollars when employees contribute to the plan. However, under most employment standards legislation, employers cannot automatically deduct wages for contribution into these plans. As a result, many Canadians fail to enroll, missing out on thousands annually in employer contributions and potentially decades of investment growth. That's money that can help Canadians save for retirement, purchase a home, or even cover everyday expenses.

We recommend that the Alberta government make amendments to employment legislation to permit employers to use automatic features within their voluntary workplace pension and savings plans.

SUPPORTING A DYNAMIC AND INNOVATIVE BUSINESS CLIMATE

Alberta imposes a three per cent tax on life, health and disability insurance premiums. Life insurers – and consequently insured Albertans – paid \$230 million in premium taxes in 2024. The premium tax is outdated – it predates corporate income taxes and imposes a supplemental tax burden more than triple the \$70 million in corporate income taxes levied on life and health insurance companies in Alberta in 2024.

Furthermore, premiums for some permanent insurance products such as universal life policies embed a savings component in the premium along with cost of insurance. In the current regime, the premium tax is applied on the entire premium amount paid by a policyholder whether it is to support the insurance component or the savings component of the policy. There are no comparable taxes being applied on savings deposited in products offered by banks, credit unions, trust companies or the securities industry thereby putting the insurance industry at a disadvantage.

Premium taxes directly increase the cost of insurance, causing existing employers in Alberta 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. This is counter

productive and discourages individuals from arranging for their future financial security through insurance products.

We recommend that the Alberta government develop a tangible plan to reduce and eventually eliminate premium-based taxes as fiscal circumstances permit. Such a move would encourage employers and individual Albertans to maintain or expand employment in Alberta.

CONCLUSION

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



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