



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

Submission to the **THE BRITISH COLUMBIA SELECT STANDING COMMITTEE ON FINANCE AND GOVERNMENT SERVICES**

June 20, 2025





INTRODUCTION

The Canadian Life and Health Insurance Association (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.

In 2023, the industry employed almost 180,000 Canadians, including nearly 20,000 British Columbians. 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.

SUPPORTING WORKPLACE HEALTH BENEFIT PLANS

Recommendation 1: Work with our industry to develop mechanisms to ensure continued coverage through workplace health benefit plans for all medications and virtual care. Support universal access to medication through a mixed-payer system, focus tax dollars on those without access to prescription drug coverage.

Life and health insurers work together with employers to offer access to health services through employer sponsored benefit plans. In 2023, \$4.9 billion in health insurance benefits were paid to 3.7 million British Columbians with supplementary health insurance.

It is unfortunate that British Columbia's pharmacare agreement with the federal government supported a single payer, universal program. A single payer pharmacare program risks disrupting over 490,000 British Columbians with existing coverage through workplace benefit plans for diabetes medications/hormone replacement therapy. We believe that the best use of limited taxpayer dollars is to focus on those without coverage.

In 2023, over 10 million Canadians, including over 859,000 British Columbians, had access to employer funded virtual care through their workplace benefit plans. This is a critical service for Canadians and helps provide access to medical care for the over 6 million Canadians without a family doctor.

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 nor does it provide reassurance to the 10 million Canadians who rely on employer-funded virtual care.

Provinces 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.

Insurers are calling on the federal government to provide flexibility to address out of pocket payment for care without removing access for 10 million Canadians who already have access to it through their



workplace benefit plans. We encourage British Columbia to protect access to virtual care currently afforded to almost over 859,000 British Columbians by permitting employer funded virtual care through regulation.

SUPPORTING A DYNAMIC AND INNOVATIVE BUSINESS CLIMATE

Recommendation 2: We recommend that British Columbia develop a tangible plan to reduce and eventually eliminate premium-based taxes as fiscal circumstances permit. Such a move would encourage employers and individual British Columbians to maintain or expand employment in British Columbia.

British Columbia imposes a two per cent tax on life, health and disability insurance premiums. Life insurers – and consequently insured British Columbians– paid nearly \$163 million in premium taxes in 2023. The premium tax is outdated – it predates corporate income taxes and imposes a supplemental tax burden \$60 million more than the corporate income taxes levied on life and health insurance companies in British Columbians in 2023.

Premium taxes directly increase the cost of insurance, causing existing employers in British Columbia 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 British Columbia general economic growth rate) would increase British Columbians' 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 products are inequitable as they reduce savings efficiency within life insurance products. There are no comparable impediments to savings in competing products offered by banks, credit unions, trust companies or the securities industry.

PENSION INNOVATION

Recommendation 3: Innovate pension policy to combat the savings shortfall and declining pension coverage for British Columbians.

There is a significant savings shortfall and declining pension coverage for individuals in British Columbia. It is estimated that approximately **40% of employees** across 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. 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 British Columbia government move ahead with legislative amendments to permit employers to use automatic features within their voluntary workplace pension and savings plans.

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 both federally and provincially to develop a VPLA framework that allows for maximum flexibility in terms of a design framework and a harmonized experience for all Canadians.



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