

# Response to the Nova Scotia Climate Change Plan for Clean Growth: Discussion Paper



## OVERVIEW

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its comments to the Government of Nova Scotia in response to *Climate Change Plan for Clean Growth: Discussion Paper*.

The CLHIA is a voluntary association with member companies which account for 99 per cent of Canada's life and health insurance business. The industry plays a key role in providing financial security for Nova Scotians and makes significant contributions to the economy, with billions of dollars invested for the long-term in the province.



### **\$64 million in provincial tax contributions**

- \$17 million** in corporate income tax
- \$9 million** in payroll and other taxes
- \$38 million** in premium tax



### **Investing in Nova Scotians**

- \$22 billion** in total invested assets
- 98%** held in long-term investments



### **Protecting 750,000 Nova Scotians**

- 700,000** with drug, dental and other health benefits
- 590,000** with life insurance averaging **\$179,000** per insured
- 280,000** with disability income protection



### **\$2.7 billion in payments to Nova Scotians**

- \$1.3 billion** in annuities
- \$1.1 billion** in health and disability claims
- \$0.3 billion** in life insurance policies

Canadian life and health insurers are supportive of all governments taking steps to reduce, mitigate and adapt to the risks of climate change. The immediate impact of climate change—more frequent and severe storms, flooding, drought and forest fires—is obvious to property and casualty insurers. However, life and health insurers are closely watching the impact of climate change on mortality and morbidity, public health, peoples' livelihoods and inequality. For example, recent analysis by the Canadian Institute for Climate Choices modelled the impact of climate change on health outcomes and health care costs.<sup>1</sup> Our industry looks forward to the launch of the new Atlantic Regional Climate Data Services Centre this year, which will provide the data necessary to help businesses, including those in the insurance industry, to make important decisions related to the changing climate.

At the same time, as a substantial long-term investor in the Canadian economy, the life and

<sup>1</sup> Canadian Institute for Climate Choices. *The health costs of climate change: How Canada can adapt, prepare and save lives*. June 2021. <https://climatechoices.ca/reports/the-health-costs-of-climate-change/>

health insurance industry can play an important role in supporting Canada's transition to a lower carbon economy. Canadian life and health insurers already have more than \$75 billion invested in sustainable products and assets. With the appropriate regulatory conditions, the industry can act as an important partner to governments in addressing climate change and promoting resilience.

***We support the Government of Nova Scotia taking action to reduce, mitigate and adapt to the risks of climate change, including through the Sustainable Development Goals Act and the development of a Climate Change Plan for Clean Growth. The life and health insurance industry looks forward to working with the province to achieve its climate and sustainability goals, including getting to net zero greenhouse gas emissions by 2050, by providing a stable, long-term source of capital for building sustainable infrastructure, public transportation and clean energy projects.***

## **LIFE AND HEALTH INSURERS AS SUSTAINABLE INVESTORS**

Significant infrastructure investment is needed to support Canada's transition to a lower carbon economy. As a substantial investor in the Canadian economy, the life and health insurance industry is well positioned to support this transition through its substantial capital available to invest in sustainable infrastructure.

In fact, insurers have already taken steps to increase their investments in products and assets that meet environmental, social and governance (ESG) or sustainability criteria. Canadian life and health insurers already have more than \$75 billion invested in products or assets that integrate ESG factors.

Beyond investment dollars, several Canadian life and health insurers have publicly supported and are disclosing in line with the Financial Stability Board's (FSB) Task Force for Climate-related Financial Disclosure (TCFD) recommendations, and some are also signatories of the United Nations-supported Principles for Responsible Investment (PRI) and the UN Environment Programme (UNEP) Principles for Sustainable Insurance (PSI). The CLHIA itself also recently became a supporting institution of the PSI alongside with the Insurance Bureau of Canada (IBC) and the International Actuarial Association (IAA).

Canadian life and health insurers are undertaking a variety of actions to increase their investment in products and assets that meet ESG and/or sustainability benchmarks. These include but are not limited to:

- Having a sustainable investment council or external advisory board to assist them with exploring ESG investment opportunities;
- Considering ESG factors in investing practices, either through internal scoring systems and/or specialized data providers;
- Issuing green or sustainability bonds to help investors meet sustainability goals;
- Investing in government green bonds and/or private sector investment funds with sustainability mandates;
- Investing in resilient and sustainable infrastructure such as green buildings, renewable energy, clean transport infrastructure and sustainable water management; and
- Reviewing their investment portfolio and exploring the option of and/or setting sustainable investing targets.

When analyzing whether a product or asset meets ESG or sustainability criteria, Canadian life and health insurers may employ strategies such as negative/exclusionary screening, positive/best-in-class screening and norms-based screening. Also, many conduct corporate engagement and shareholder action.

However, the industry is ready and wants to do more. Currently, insurers' capacity to invest more is not matched by available sustainable assets.

***The industry is available to collaborate with the government on the issue of lack of supply of sustainable assets for investment, such as infrastructure, clean electricity generation, and climate transition projects.***

## **LIFE AND HEALTH INSURERS AS INFRASTRUCTURE INVESTORS**

World-class infrastructure is vitally important to maximizing economic development and prosperity throughout Canada as we compete in a global economy and ensuring a full economic recovery. There are important infrastructure investments to be made in Canada's public transit, roads, hospitals and schools as well as in infrastructure that adapts and mitigates the effects of climate change including building retrofits, renewable energy projects, and nature-based solutions to cut emission

Canadian life insurers are a leading source of long-term financing for infrastructure (re)development and have participated in projects ranging from roadways and public transit to public buildings and wastewater systems. In 2019 life and health insurers had over \$52 billion invested in domestic infrastructure.

Because life insurers can commit to long-term financing throughout the "design, build, maintain and operate" stages, they are ideal financial partners for public-private partnership (P3) infrastructure projects. Life and health insurers have already reached financial close on a number of infrastructure projects using innovative financing structures both in Canada and internationally.

Given that the bulk of Canada's \$400 billion infrastructure deficit is at the smaller municipal government level, a more nuanced approach is needed to address this specific segment of the country's infrastructure deficit. Active collaboration between all levels of government and the private sector to develop a comprehensive long-term plan to fund and facilitate identified needs at the local level will help speed projects to market and reduce the infrastructure deficit.

***We recommend the government leverage our industry's investment capacity to expand and accelerate long-term infrastructure projects, allowing Canada to modernize its infrastructure and make the economy more productive and competitive. We would encourage the Government to develop government policies and bring forward regulations to encourage private investment in infrastructure.***

## **CONCLUSION**

The life and health insurance industry supports the Government of Nova Scotia in its development of a Climate Change Plan for Clean Growth. Should you have any questions or wish to discuss further, please don't hesitate to contact Susan Murray, Vice-President, Government Relations and Policy at [smurray@clhia.ca](mailto:smurray@clhia.ca) or 613-691-6002.



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