



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

# **2026-27 PROVINCIAL BUDGET SUBMISSION**

**Presented to**  
**HONOURABLE PETER BETHLENFALVY**  
**MINISTER OF FINANCE**

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January 30, 2026





## INTRODUCTION

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



### Protecting 11.1 million Ontarians

10.6 million  
with drug, dental and other health benefits  
8.4 million  
with life insurance averaging  
\$287,000 per insured  
5 million  
with disability income protection



### \$62.4 billion in payments to Ontarians

\$21.5 billion  
in health and disability claims  
\$7.8 billion  
in life insurance claims paid  
\$33.1 billion  
in annuities



### \$4 billion in provincial tax contributions

\$447 million  
in corporate income tax  
\$466 million  
in payroll and other taxes  
\$796 million  
in premium tax  
\$2.3 billion  
in retail sales tax collected



### Investing in Ontario

\$424 billion  
in total invested assets  
97%  
held in long-term investments

In 2024, the industry employed more than 180,000 Canadians, including nearly 85,000 in Ontario. These jobs not only support the provincial economy but enables Ontarians 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.

## SUPPORTING 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, 10.6 million Ontarians had supplementary health insurance and \$17 billion in health insurance benefits were paid. This coverage provides much-needed financial relief, especially during times of economic uncertainty. In Ontario, life

and health insurers offer Ontarians 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. Ontarians value their benefit and do not want to put those at risk.

Collaboration between our sector and the province is essential. Provinces and territories already provide programs to many citizens and have infrastructure to deliver these services. It is important that provinces and 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 Ontarians. Additionally, as our sector is a key partner in the healthcare system, we can provide valuable insights that can benefit the province as the government considers health priorities and solutions.

### Continued access to virtual care services

In 2023, over 10 million Canadians, including over 3.8 million Ontarians, had access to virtual care through their workplace benefit plans, delivering more than half a million virtual care visits. 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. Taking away employer funded virtual care from over 3.8 million Ontarians without a plan for how to provide access for these individuals will just make things worse.

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. As the Ontario government works to increase residents' access to primary care, access to virtual care services can assist with supporting this initiative. ***We encourage the Ontario government to protect access by permitting and encouraging employer funded virtual care through regulation.*** CLHIA would be happy to work with the Ontario government on regulation that would achieve these health objectives while ensuring Canadians do not pay out of pocket for healthcare.

Additionally, insurers have called on the federal government to provide flexibility to provinces and territories to maintain virtual care services that are enabling complementary access to care for the millions of Canadians in every region, including millions without a primary care provider. We encourage the Ontario government to advocate to the federal government to continue to permit virtual primary care services for Canadians, including employer funded virtual care.

### Reduce administrative burden for physicians

Canada's life and health insurers know that efforts to reduce the administrative burden on physicians will improve efficiency in Canada's health care systems and allow physicians to spend more time with their patients and less time on paperwork.

We welcomed the steps announced by the Ontario government earlier this year to help family doctors and other primary care providers spend more time with their patients and less time on paperwork. We

have previously worked with the Ontario Medical Association, Canadian Medical Association and others to leverage technology to reduce the number of insurance related forms doctors need to complete.

Our industry can be key partners in efforts to reduce the administrative burden on physicians. For example, CLHIA has already undertaken two key initiatives:

- Reducing and eliminating physician referrals: By leveraging innovative technology to support claims for many paramedical services, insurers, working with employers, have been able to reduce and eliminate the need for doctor referrals for these services.
- Standard insurance disability forms: Insurers have all agreed to use one standard disability form. The industry is now working on an easier digital way to complete the standard form that will, over time, be included within Electronic Medical Records, accessible to all physicians.

Less paperwork means physicians can invest more time on direct patient care. ***We recommend working with our industry to continue to reduce administrative burden on physicians.***

### Supporting access to affordable prescription drugs

Our industry is concerned about the risks posed by the *Pharmacare Act* in widening the gaps in prescription drug coverage. Current agreements with provinces support single payer pharmacare. A single payer, first dollar coverage program risks disrupting over 1.4 million Ontarians with existing coverage through workplace benefit plans for diabetes medications or contraceptives, with over 807,000 Ontarians that could be pushed off their existing plan and over 607,000 Ontarians that could be forced to switch medications or pay out-of-pocket for their current medications.

Canadians in pharmacare provinces have been pushed off their existing plan for medications on the pharmacare formulary, and some have been forced to reapply for pre-approvals for some medications, putting additional burden on already struggling health systems. A better approach is to target scarce public resources to those who do not have existing drug coverage. Savings from not duplicating existing prescription drug access via employer plans could be reallocated to expand access for those who need drug coverage to a greater number of medications.

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 Ontarians 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 provincial 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 fill-the-gaps system and focus resources on those without access to prescription drug coverage.***



## IMPLEMENT A LIFE & HEALTH MGA LICENSING REGIME THAT PROTECTS CONSUMERS AND LIMIT UNNECESSARY REGULATORY BURDEN

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The life and health insurance industry remains committed to supporting the Government's objective, set out in the 2025 Ontario Budget, of strengthening consumer protection through the implementation of a life and health managing general agent (MGA) framework. The industry also recognizes the importance of achieving the government's June 1, 2026.

Stakeholder feedback on FSRA's proposed Rule has highlighted a central structural issue in the current legislative framework. Section 407.2 of the *Insurance Act* establishes an activities-based test for when a person or entity is acting as an MGA in Ontario. As drafted, this section captures entities that are not MGAs, including insurers with exclusive distribution arrangements and thousands of individual and corporate / partnership agents, all of whom are already licensed and subject to oversight. This unintended capture of already licensed entities has contributed to unnecessary complexity in the proposed Rule, including the concept of tiering.

***We recommend that the government amend the Insurance Act to clarify the definition of an MGA which will allow FSRA to develop a Rule that achieves the government and industry's shared goals. The CLHIA, in collaboration with the Canadian Association of Independent Life Brokerage Agencies (CAILBA), Advocis, and Conference for Advanced Life Underwriting (CALU), has developed a narrow, principled amendment that would clarify who is, and who is not, an MGA for the purposes of the framework. The proposed approach would focus the regime on independent intermediaries facilitating distribution between insurers and agents pursuant to an MGA agreement. This amendment provides the legislative clarity needed for FSRA to set appropriate accountabilities for insurers and MGAs that will enhance consumer protection, reduce unnecessary regulatory burden on entities that are not MGAs, and support the timely and effective implementation of the framework in line with the Government's June 1, 2026 objective.***

## REDUCE INTERPROVINCIAL BARRIERS AND ENHANCE REGULATORY HARMONIZATION

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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.

Our industry is supportive of the government's efforts to reduce interprovincial barriers and welcomed the government's inclusion of licensed insurance agents as part of the "as of right" framework. While these changes are a good first step, there is an opportunity to build upon this work to promote greater consistency in the licensing rules across Canada and reduce fragmented and redundant requirements that lead to unnecessary administrative burden.

For example, our industry strongly supports the development of a mutual recognition framework whereby insurance agents licensed in one province can operate in any province in Canada, if they meet minimum standards. Licensed agents would continue to pay licensing fees for each jurisdiction they operate in. Our industry would also ensure consumer protection rules remain in place where advisors are working across provinces.

Mutual recognition would help provide regulators and the industry with a predictable, efficient model, avoid unnecessary license applications, and reduce administrative burden on both regulators and advisors. In absence of a mutual recognition model, regulators would continue to be challenged to meet service standards for processing license applications. As part of the mutual recognition framework, a single licensing system could also be considered, similar to the system that exists in the securities space. This would allow insurance advisors to apply through a single portal to be licensed in multiple provinces. ***We encourage the government to work with FSRA, other provincial and territorial regulators and CCIR/CISRO to implement a mutual recognition framework.***

***We also strongly support harmonization of existing licensing requirements.*** While there are some jurisdictional differences in licensing requirements across provinces, the obligations and qualifications of a licensee are essentially the same in spirit. Having consistent rules across provinces would promote greater consistency in the licensing rules and eliminate confusion for advisors and consumers.

## CONCLUSION

The industry greatly appreciates the opportunity to provide comments on the provincial 2026-2027 Budget. Should you have any questions, you may contact Sarah Hobbs, Vice President Policy at [shobbs@clhia.ca](mailto:shobbs@clhia.ca).



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