

Canadian Life & Health Insurance Facts

2023 Edition



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



Life insurance, health insurance and insurance-based retirement solutions helped to make life more affordable for more Canadians than ever before in 2022.

During a year when many households faced higher prices and tough choices, over 29 million enjoyed the added financial protection that these products offer. These families had prescriptions that were more accessible, retirement that was more secure and greater certainty that financial support would be available for their loved ones.

Insurers paid out a record \$114 billion in benefits last year – up \$11 billion from pre-pandemic levels. This included nearly \$54 billion in retirement benefits, nearly \$44 billion in health benefits and \$16 billion in life insurance.

The number of Canadians covered by health insurance surpassed 27 million for the first time. Driven by increased employment following the pandemic, an additional 600,000 were enrolled in workplace health plans in 2022.

Claims paid for health, drugs and dental care grew nearly seven per cent to a record of \$32.5 billion. Continuing a trend that began in the pandemic, claims for mental health counselling and therapies continued to grow, reaching \$650 million, nearly twice the level of 2019. And pay-outs for travel insurance grew 60 per cent to \$680 million as more Canadians opted to travel again in 2022.

Life insurance claims increased about 12 per cent over the previous year, with 22 million having coverage. And insurers paid out over \$53 billion in retirement benefits, providing retirement solutions to over nine million Canadians.

Life and health insurers know Canadians are counting on them and their products to be there when they need them. That's why insurers continue to maintain strong capital levels, well above regulators' expectations.

Stephen Frank
President and CEO



Canadian Life & Health
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In 2022, Canada's life and health insurers...

provided coverage for **over 29 million** –
or 74% of Canadians

paid out **\$114 billion** in total claims –
up 10% from 2019

paid a record **\$32.5 billion** in claims for health,
drugs and dental care – up 7% from 2021

paid **\$650 million** for mental health support –
up 10% from 2021, and nearly double since 2019

employed **over 170,000** Canadians –
up more than 3,000

provided insurance products to
over 100 million people worldwide

What's inside



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Industry profile



CLHIA's member companies

64

CLHIA's 64 member companies account for 99 per cent of Canada's life and health insurance business.

They include four types of insurers:

- life insurance companies
- not-for-profit regional health benefits providers
- fraternal benefit societies, and
- property and casualty insurers who offer health insurance products

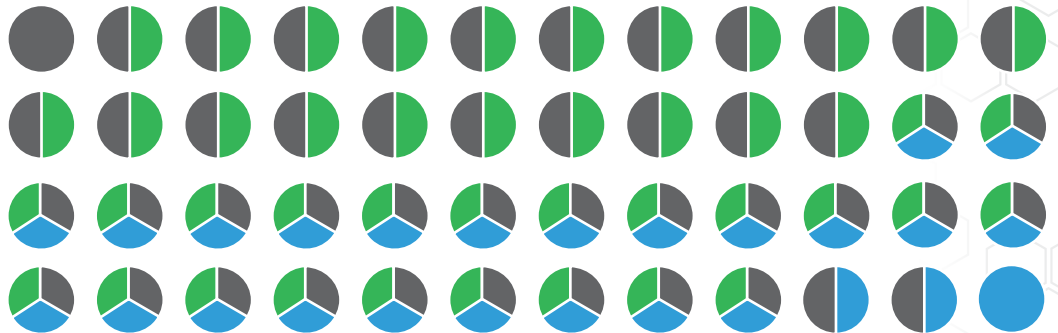
What CLHIA's members offer

These companies and their subsidiaries offer products across three main lines of business that are profiled in this edition:

- life insurance products
- health insurance products
- retirement solutions

This chart shows the distribution of these lines of business across our member companies:

48 Life insurance companies



8 Not-for-profit health care providers



5 Fraternal benefit societies



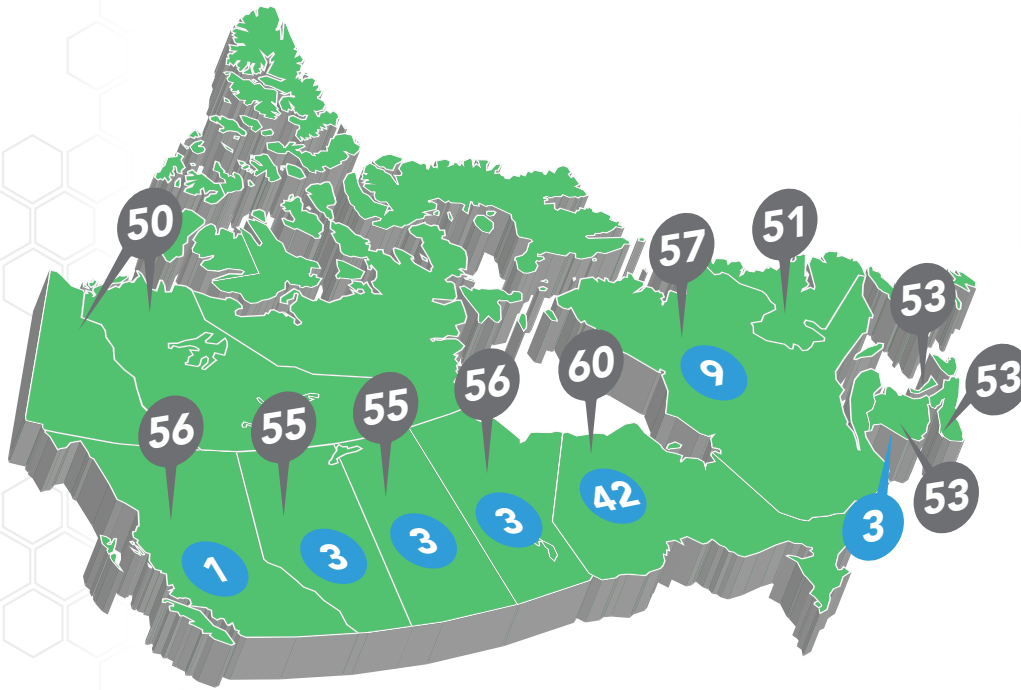
3 Property and casualty insurers



Disclaimer: This chart is not representative of the relative business lines within a given company.

Where our members are

Our members provide investments and good jobs across Canada and have head offices in almost every region.

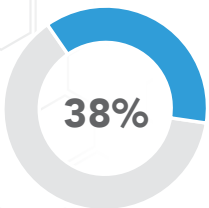


- Insurers operating in the province/territory
- Insurers headquartered in the province

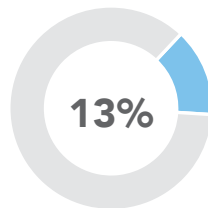
For a list of CLHIA member companies, visit clhia.ca/members

Strong and reliable insurers

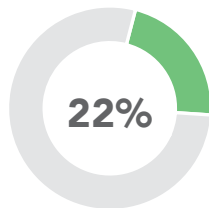
CLHIA's members include some of the oldest continually operating companies in Canada. More than a third have been providing insurance for 100 years or more.



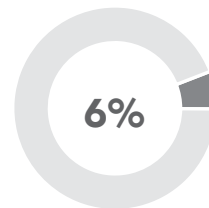
in operation 100 years or more



in operation 75 to 99 years



in operation 50 to 74 years



in operation 25 to 49 years

Our members give back to their communities

Canadian life insurers support charitable initiatives, particularly in the areas of health and wellness, social services and disaster relief.

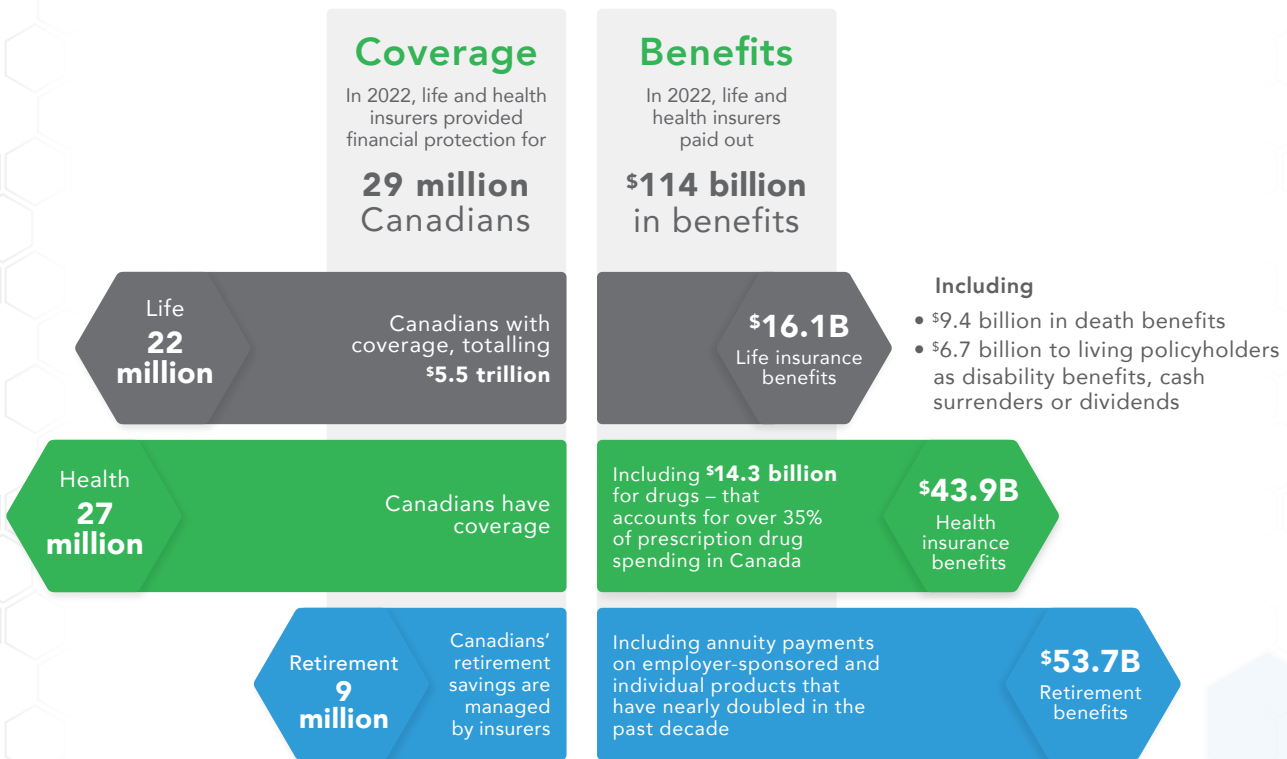
\$70 million
donated in 2022

The Canadian life & health insurance marketplace

Canada's life and health insurers provide financial protection for over 29 million Canadians

In 2022, life and health insurers paid out \$114 billion in benefits while providing a high degree of customer satisfaction.

Total benefits paid for life, health and retirement have increased 60 per cent from a decade ago.



How insurance is sold

Most insurance products are sold as:

68%

Group plans which provide coverage for a group of people – employees, or members of a union or association – under one contract.

32%

Individual policies which provide coverage for one person or a family.

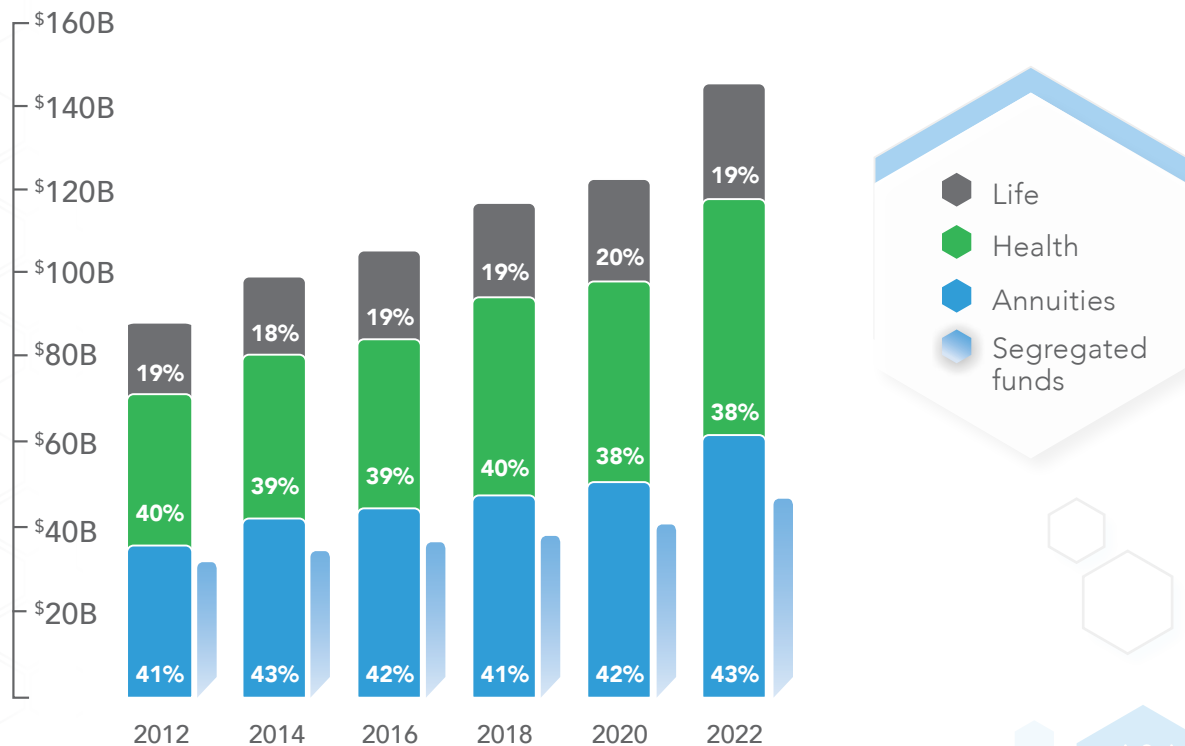
More than 150 life and health insurers, their subsidiaries and affiliates operate in Canada*

By lines of business



Life and health insurers collected \$145 billion in premium revenues

Total premiums rose to \$145 billion in 2022.** This was led by health insurance, up 9.4 per cent; life insurance, up 5.5 per cent; followed by annuities (including segregated funds), up 0.2 per cent.



Insurers are focused on customer satisfaction

Insurers process hundreds of millions of claims annually, yet according to the OmbudService for Life and Health Insurance only about one in every 100,000 claims results in a complaint.

* This 150 includes the subsidiaries of the 64 CLHIA member companies mentioned on page 7.

** Including premium revenues of \$3.6 billion from foreign branches operating in Canada.

Lines of business



Life insurance

Life insurance

provides financial security to beneficiaries when the insured person dies. Benefits can be used to replace income, pay a mortgage or other debts of the deceased, or contribute to an estate.

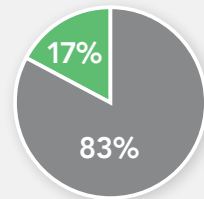
Sold as:

Most life insurance - **over eighty per cent** - is purchased by individuals through an agent or advisor.

Related products:

Supplementary benefits, such as payments on accidental death, disability, or critical illness – or waiver of required premiums upon disability – can be added to life insurance products.

2022 life insurance premiums



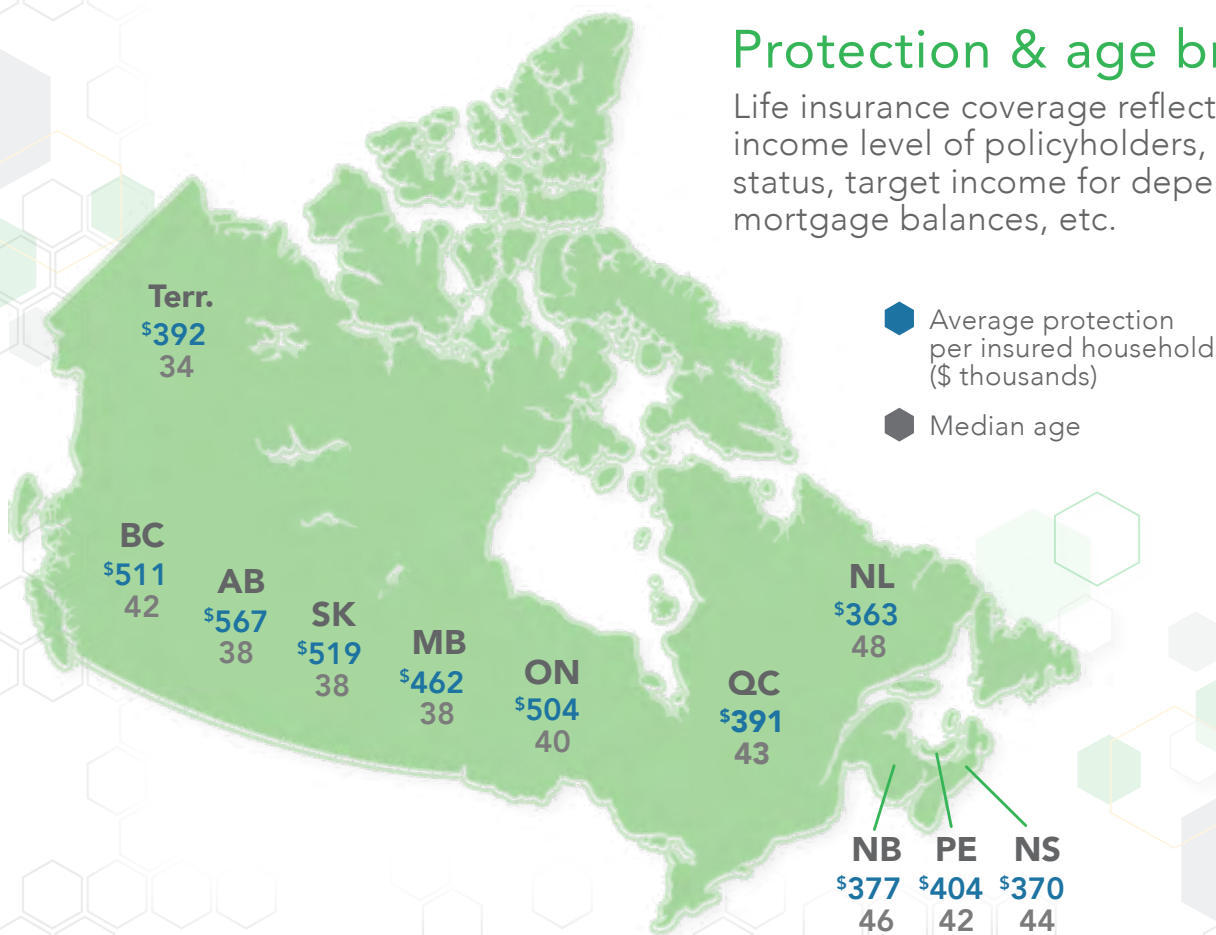
\$27B

Individual policies

Group plans

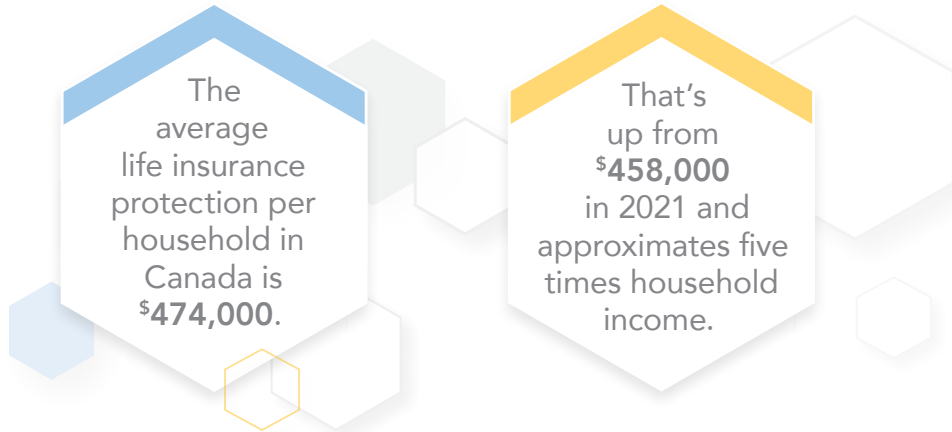
Protection & age breakdown

Life insurance coverage reflects the age and income level of policyholders, their marital status, target income for dependent support, mortgage balances, etc.



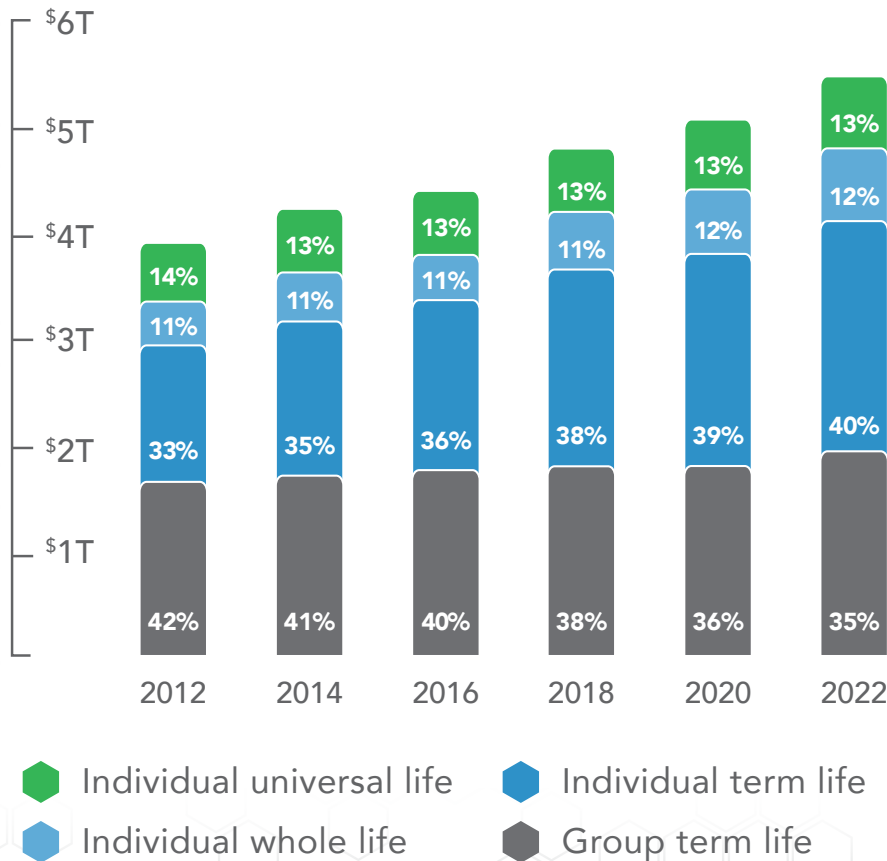
22 million Canadians own \$5.5 trillion in life insurance coverage

Total coverage has increased steadily over the past decade. The increase may be due to individuals needing to cover larger mortgages and higher cost of living.



Individual life coverage continues to grow

Individual life insurance now equals **65 per cent** of the value of total policies in-force, up from 58 per cent in 2012 – driven primarily by term life insurance.



Health insurance

Health insurance

provides coverage for hospital and medical expenses not covered by public health plans, such as prescription medicines, vision care, dental care and mental health supports. This type of insurance can also provide income replacement for those unable to work due to disability.

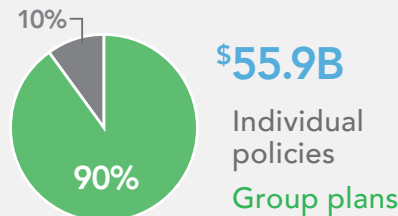
Sold as:

Ninety per cent of health insurance is purchased through a group plan.

Related products:

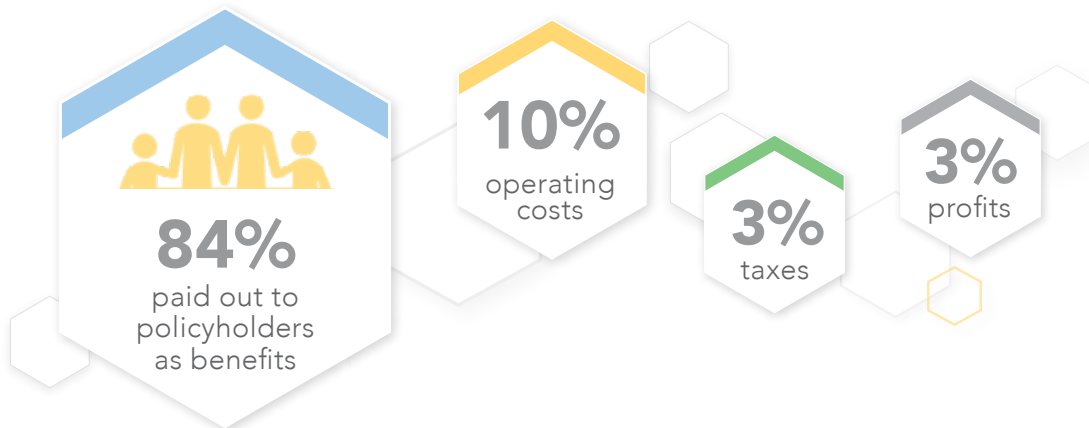
Supplementary health insurance; travel insurance; critical illness insurance; disability insurance; accidental death and dismemberment insurance; and health care spending accounts.

2022 health premiums



Cost-effective health protection

At 84 per cent, the vast majority of health insurance premiums are paid out as benefits to policyholders (5-year average).



Prescription drug claims grew nearly 8 percent

Supplementary health insurance plans provided 27 million with access to a wide range of prescription drugs, including specialty medications to treat serious, chronic, and complex health conditions. Drug claims grew 7.6 per cent in 2022 as both coverage and the number enrolled in workplace plans increased. Drugs to treat inflammatory conditions, diabetes, and depression accounted for nearly a third of all drug benefits paid.*

* Express Scripts. 2023 Drug trends report

Insurers protect nearly 70 per cent of Canadians against health care costs

In 2022, Canada's life and health insurers paid out \$43.9 billion in total health benefits. This is up 7.7 per cent over the previous year. This includes \$32.5 billion on benefits for things like drugs, dental and other paramedical services.

2022 health insurance benefits by coverage type



Supplementary health

\$32.5 billion
27 million individuals



Disability

\$9.4 billion
12 million individuals



Accident & other

\$2 billion
20 million individuals



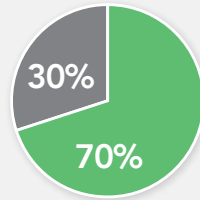
Retirement solutions

Annuities are contracts sold by life insurers that pay a guaranteed regular income in exchange for upfront contributions. Income can start right away, or in the future. These products protect individuals from outliving their savings and are often used to provide retirement income.

Sold as: Seventy per cent of annuities is purchased through a group plan.

Related products: Accumulation annuities; pay-out annuities; and segregated funds.

2022 annuity contributions



Group plans
Individual policies

Life and health insurers manage retirement savings for over 9 million Canadians

Over eighty-five per cent of small businesses that provide pensions, RRSPs, TFSAs, and RRIFs to their employees offer these through life and health insurers.

Benefits of owning annuities

Annuities aren't like other retirement income products. Here's what they offer that's different:



Lifetime income benefits reduce the risk of outliving your savings

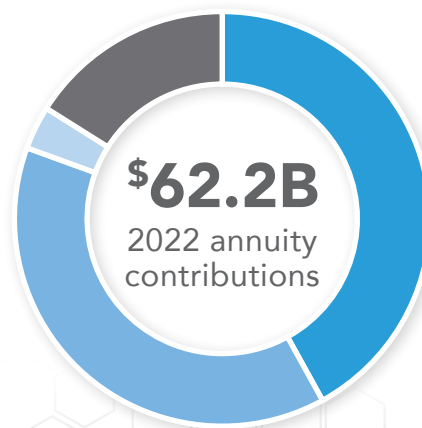


Pension plan de-risking by transferring the investment risks of defined benefit plans to insurers to manage



Maturity guarantees mitigate the risk of volatile investment returns

Sources of annuity contributions



\$62.2B
2022 annuity contributions

- Pension plans
- RRSPs & TFSAs
- RRIFs
- Non-registered savings

Growing assets to support retirees

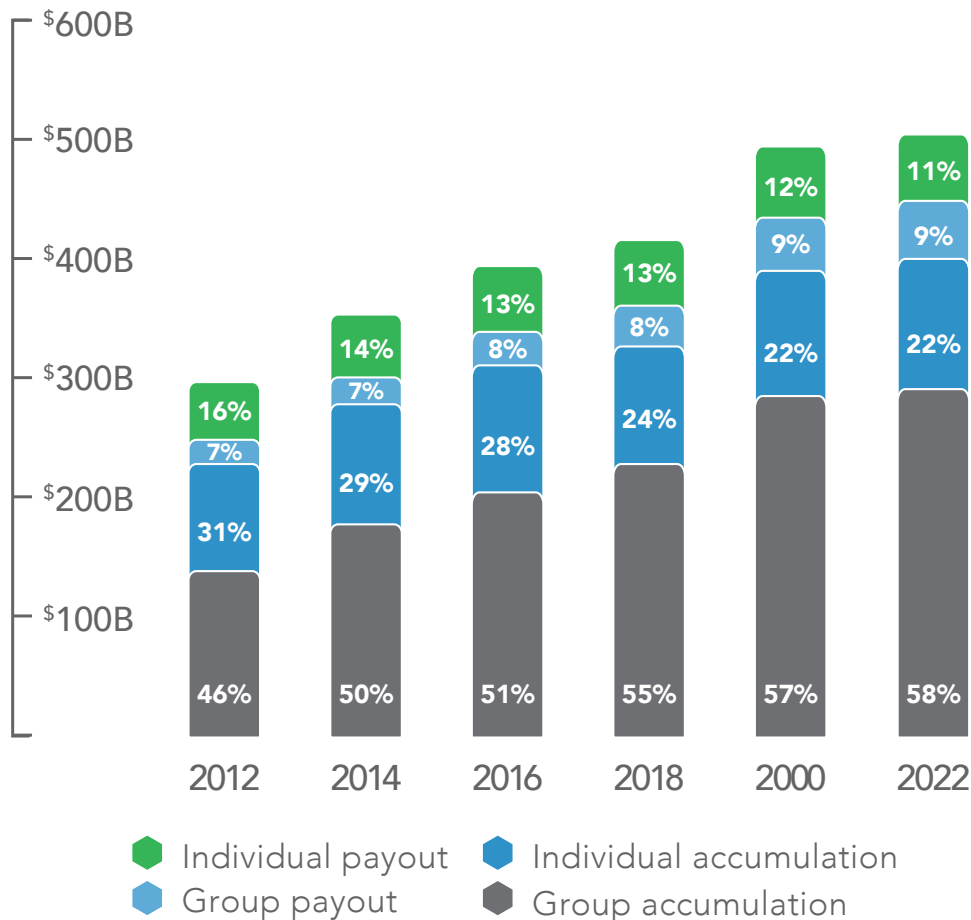
Over the last decade, accumulation annuities* have driven growth in retirement assets held by insurers - up an average of five per cent annually since 2012.

80%

of assets are in the accumulation stage – up from 77% a decade ago

82%

of assets are invested in segregated funds** – up from 73% a decade ago

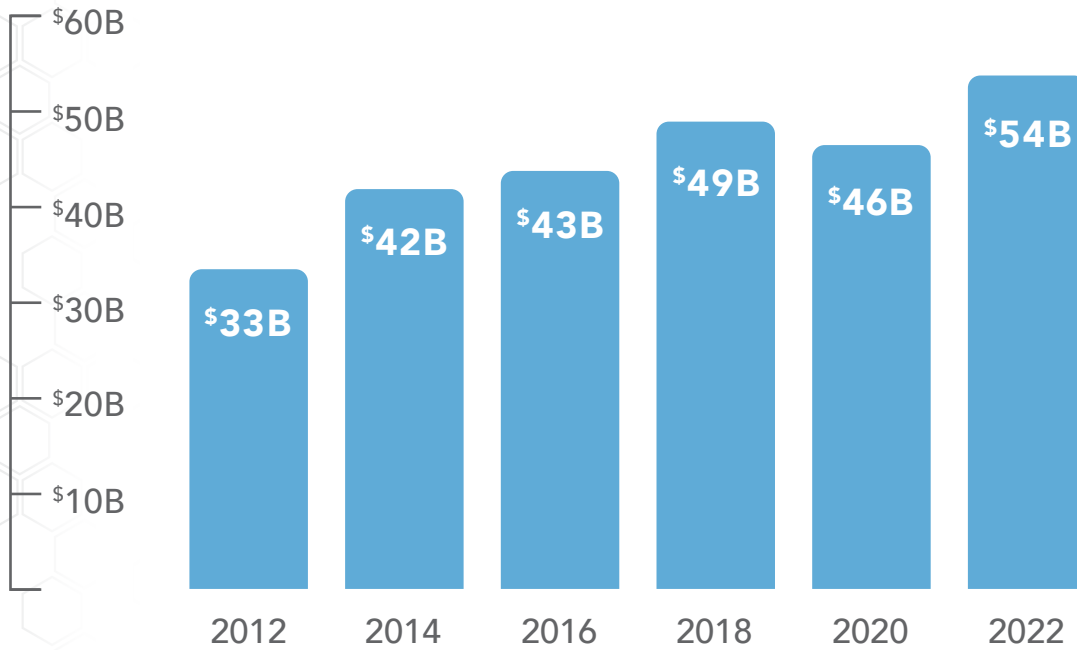


* Accumulation annuities are a flexible and secure investment vehicle for pension plans, RRSPs, TFSAs and non-registered funds during the savings stage.

** See "How Insurers Invest."

Insurers paid out \$53.7 billion in retirement benefits in 2022

Of this, 66 per cent was paid out to group plan members, and 34 per cent to policyholders of individual plans.



Since 2012, benefits have increased at an average rate of

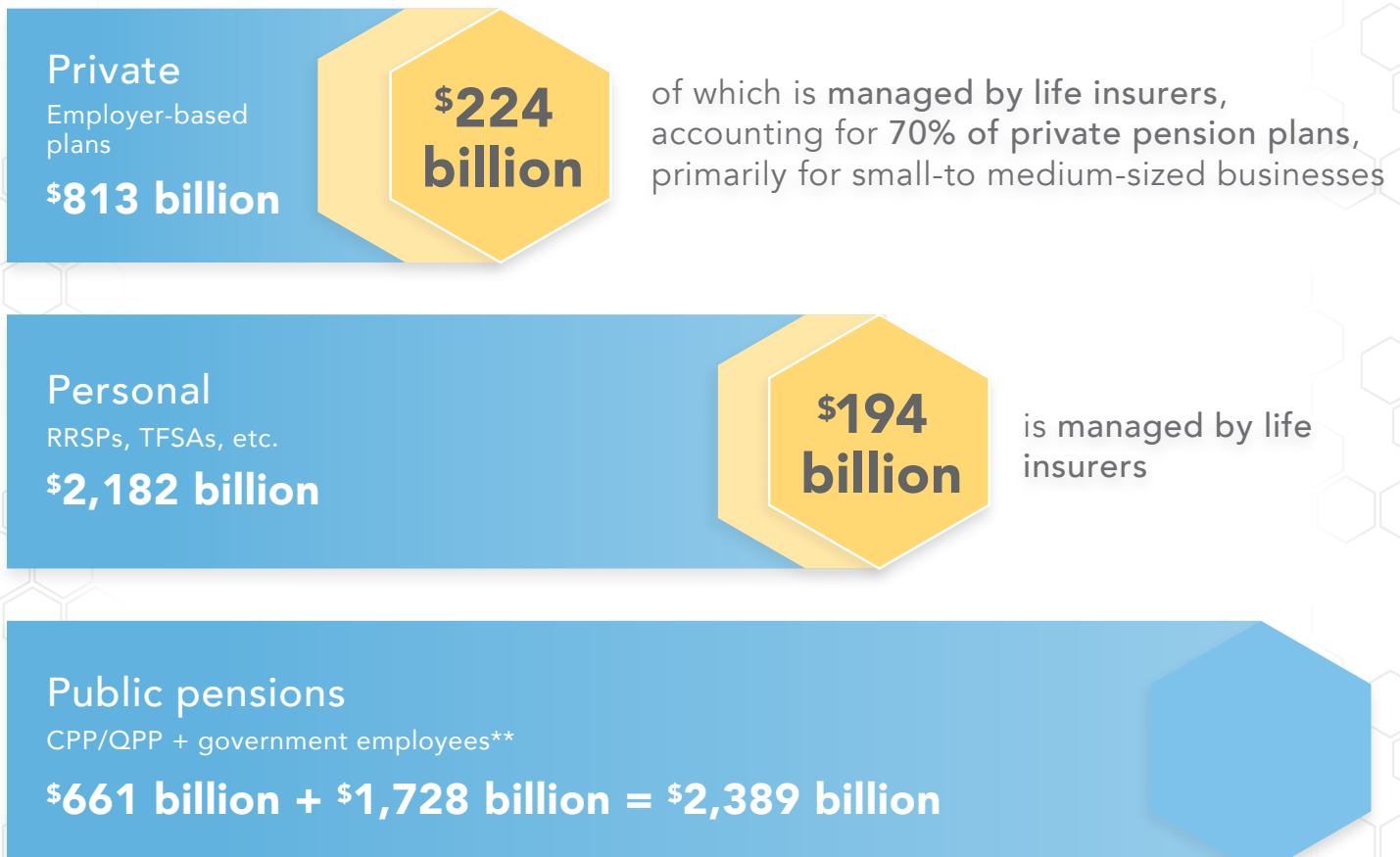
5% per year

Over **80%** of benefits are provided through segregated funds

Insurers manage eight per cent of Canada's pension assets

Insurers manage \$418 billion of the \$5.4 trillion in total pension assets in Canada in 2021. This includes assets in nearly 15,000 private employer-based plans that provide retirement protection for 3.1 million people.*

Canada's total pension assets



*According to Statistics Canada Pension Satellite Account, 2021; and TFSA data from Investor Economics, a division of ISS Market Intelligence. Data excludes unfunded liabilities for public Old Age Security of about \$1.6 trillion

**This includes employees at all levels of government



Lines of business

Glossary

Life insurance

Term insurance provides cost-effective, temporary coverage. Premiums typically increase over time in 5, 10 or 20 year “steps”. Term insurance usually provides a right to convert to permanent insurance with the same insurer without further underwriting, providing consumers with the ability to adjust coverage features to address long-term needs.

Permanent insurance – such as universal life or whole life – meets life-long protection needs. In addition to death protection, cash values are accumulated and can be used for financial emergencies, or to supplement retirement income. Premiums can be paid over a set number of years or for life.

Whole life insurance is a type of permanent life insurance that provides coverage for your lifetime. It has fixed premiums and builds up cash value.

Universal life insurance allows consumers to select – and change – premium levels and investment options while the insurer assumes the risk related to death.

Health insurance

Supplementary health reimburses a variety of expenses, such as prescription drugs, dental, hospital and medical expenses that are not covered by provincial government plans.

Disability insurance helps replace lost income due to disability (frequently integrated with Public Pension Plans, Workers’ Compensation and Employment Insurance), usually paying around two-thirds of earnings.

Accident & other insurance includes coverage for accidental death and dismemberment, long-term care and critical illness.

Retirement solutions

Accumulation annuities are a flexible and secure investment product used to build up income to be used later in life. They can be registered as RRSPs, RRIFs, TFSAs, etc., and can be offered through group retirement and savings plans.

Pay-out annuities are a type of decumulation annuity that provides guaranteed income for life or over a defined term in exchange for an upfront payment.



Industry in detail



How insurers invest

Insurers are a significant source of long-term investments

\$900 billion

of stable industry investment is driving economic growth and innovation across Canada. What the industry earns from these investments helps reduce the cost of insurance for Canadians.

90%

of insurers' assets are held in long-term investments. The long-term nature of insurers' liabilities is especially well suited to financing infrastructure investments.

Insurers' investments support the economy and governments

\$59 billion

Infrastructure investments

\$98 billion

Provincial, territorial & municipal government bonds

\$23 billion

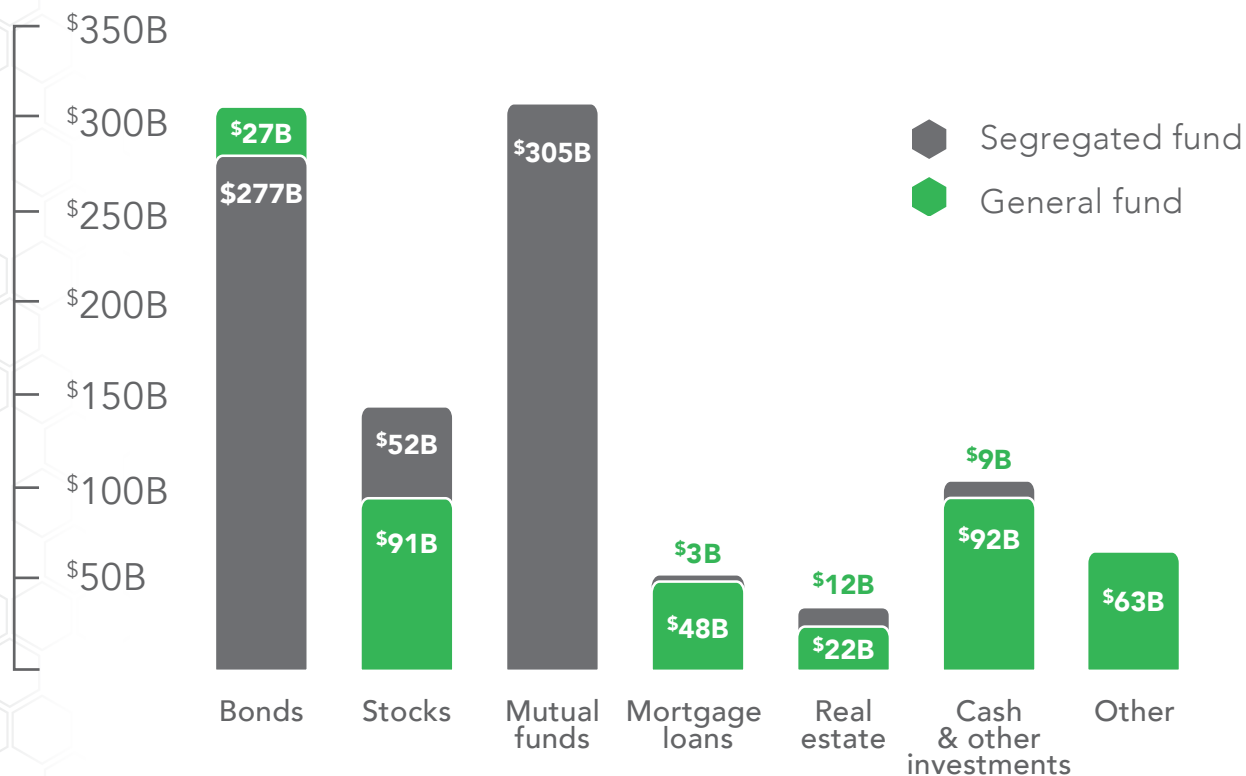
Federal government bonds



Insurers' investments help cover future claims and contribute to Canada's economic growth

Segregated funds have grown at an annual average rate of 6.6 per cent. Their share of total industry assets has increased from 35 per cent to 41 per cent over the past decade.

General funds have grown at 3.8 per cent annually over the past decade. General fund investments include amounts for other policyholder benefits (expected future contractual claims), other liabilities and required capital.



Life and health insurers maintain strong regulatory capital levels to protect policyholders

In 2022, Canadian life and health insurers' total capital ratio* was **129 per cent**** -- well above the regulator's target of 100 per cent.

By maintaining a strong capital base, life and health insurers are able to protect policyholders, clients and creditors, and to meet the rigorous expectations of government regulators.

129%
total capital ratio

* Measured as total capital resources (available capital, surplus allowance and eligible deposits) as a per cent of regulatory capital required to cover risks.

** 129% is for federally regulated life and health (re)insurers excluding fraternal benefit societies and life & health (re)insurers who operate in Canada on a branch basis.

Insurers' tax contributions

Canadian life and health insurers contributed \$9.3 billion in taxes

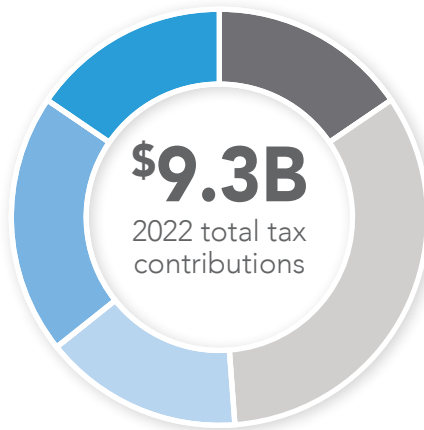
In 2022, insurance companies' contributions to Canada's tax base included \$3 billion paid to the federal government and \$6.3 billion paid to provincial and territorial governments. Of the total, \$4.8 billion was borne directly by insurers, and \$4.5 billion was collected and paid as provincial sales taxes on life and health insurance and as employees' share of payroll taxes.

Distribution of total tax contributions

Taxes borne: \$4.8B

- Corporate income tax & federal capital tax: \$1.5B
- Provincial premium tax: \$1.9B
- Payroll & other taxes borne: \$1.4B

Taxes borne are taxes paid by insurers directly to governments.



Taxes collected: \$4.5B

- Federal payroll taxes collected: \$1.5B
- Provincial retail sales tax on premiums: \$3B

Taxes collected are taxes that insurers collected from customers and employees and paid to governments on their behalf.

The industry's 2022 total tax contribution to all levels of government in Canada was **60% higher than its share** of Canada's GDP

>50% of total tax contributions are premium-based taxes*

\$3.0B
+ **\$6.3B**

\$9.3B

Federal taxes
Provincial/territorial taxes
Total taxes

* The industry's contribution is especially high for health insurance, accounting for over 50% of value-add generated. See [Piling On - How Provincial Taxation of Insurance Premiums Costs Consumers](#), C.D. Howe Institute.

International operations

Canadian life and health insurers are trusted at home and around the globe

Canada's insurers provide coverage and services to **80 million** people in over 20 jurisdictions outside of Canada. In fact, three of Canada's life and health insurers rank among the top 15 largest in the world.



20

countries & territories



80 million

people protected outside of Canada



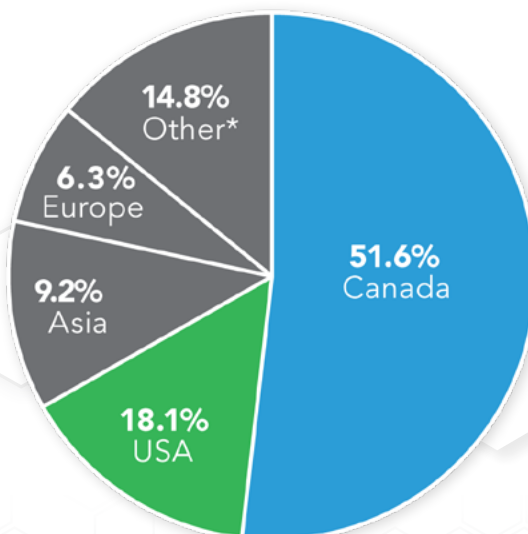
254,000

people employed outside of Canada

Canadian insurers' foreign assets continue to grow

Assets held by Canadian life and health insurers on behalf of policyholders outside of Canada amounted to over **\$1.2 trillion** at the end of 2022, twice the level from ten years ago.

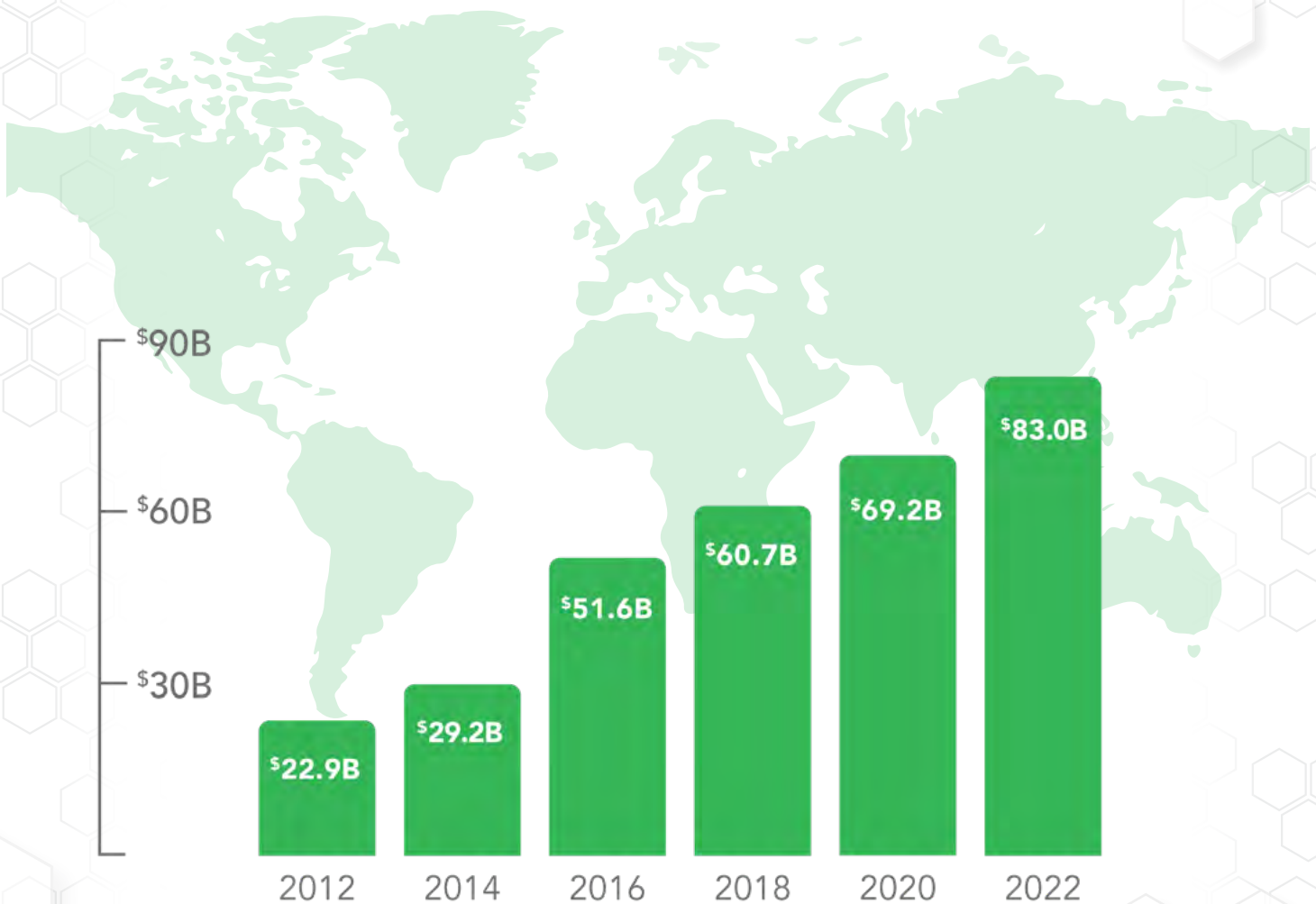
Source of premiums



* Includes the Caribbean and Latin American countries

Revenue from premiums outside of North America has more than tripled since 2012

Canadian insurers have increased their business in Asia and Europe over the past decade, which has grown the share of revenue generated outside of North America to nearly a third in 2022.





For simplicity, we use the letters K, M, B, and T to refer to thousands, millions, billions and trillions, respectively.

Wherever possible, figures presented here relate to the Canadian life and health insurance business of companies of all national origins. However, where relevant, the numbers relate only to the worldwide business of Canadian companies.

Adoption of IFRS 17 and its impact on future editions

In 2023, Canadian life and health insurance companies adopted *International Financial Reporting Standard 17 - Insurance Contracts* (IFRS 17). This new global standard for the measurement and reporting of insurance contracts is expected to result in significant changes to how financial results are reported by CLHIA's members and future editions of this publication.



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Canadian Life and Health Insurance Facts, 2023 Edition presents authoritative, factual information about the life, health and annuity business of all federally registered and provincially incorporated insurance providers in Canada (including the health business of property and casualty insurers), unless stated otherwise. The sources of material for this publication include information from these insurance providers as well as relevant data from government agencies, regulatory bodies, and other associations. Their assistance is acknowledged with thanks.

The CLHIA is a voluntary association whose member companies account for 99 per cent of Canada's life and health insurance business. These insurers provide a wide range of financial security products including life insurance, annuities (including RRSPs, RRIFs and pensions) and supplementary health insurance to over **29 million** Canadians. They hold **over \$1 trillion** in assets in Canada and employ **more than 170,000** Canadians.

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