



Key Statistics

In light of the extremely difficult economic and financial market conditions of 2008, the life and health insurance industry turned in an encouraging performance during the year.

Despite the economic turmoil of late 2008, industry assets in Canada declined by a moderate 4.8 per cent to \$411 billion by year-end as general fund assets increased marginally to \$271 billion (up 0.9 per cent for the year). This contrasts with the sharp 14.4 per cent drop in segregated fund assets to \$140 billion, reflecting the downturn in equity markets.

At the same time, total premiums and premium equivalents (all lines of business) rose 3.8 per cent to \$76.3 billion

as Canadians, while continuing to accumulate assets for retirement, shifted some of their focus to health care and life insurance products. Annuity premiums rose to \$34.7 billion (up 1.2 per cent over the record high of 2007), driven by continued high contributions to segregated fund (market-based) products as well as increased deposits to fixed-return general fund products later in the year when confidence in the equity markets fell. Meanwhile, premiums for supplementary health and disability insurance products rose 7.4 per cent to almost \$26.7 billion and life insurance increased 3.7 per cent to \$14.9 billion.

Life Insurance Ownership

- ❖ By year-end 2008, Canadians owned:

| | |
|---------------------------|-----------------|
| Individual life insurance | \$1,829 billion |
| Group life insurance | 1,510 billion |
| Total life insurance | \$3,339 billion |
- ❖ More than 20 million Canadians own life insurance for the future financial security of their dependants
- ❖ Average amounts owned were \$164,500 for insured individuals and \$328,300 for insured households.

Life Insurance Purchases

- ❖ During 2008, Canadians purchased:

| | |
|---------------------------|-----------------|
| Individual life insurance | \$194.3 billion |
| Group life insurance | 111.8 billion |
| Total life insurance | \$306.1 billion |
- ❖ About 748,300 individual policies were purchased during the year.
- ❖ Average size of new individual policies was \$259,600.

Annuities

- ❖ During 2008, Canadians paid premiums for:

| | |
|----------------------|----------------|
| Individual annuities | \$16.8 billion |
| Group annuities | 17.9 billion |
| Total annuities | \$34.7 billion |
- ❖ RRSPs (individual and group) accounted for 40.8 per cent of total annuity premiums and 34.2 per cent of total annuity assets.
- ❖ Canadians owned 3.5 million individual annuity contracts at the end of the year.

Health Insurance Coverage

- ❖ Supplementary health and disability income insurance plans protect Canadians against financial loss due to unexpected illnesses or accidents.
- ❖ At the end of 2008, insured plans¹ provided 10.3 million people with disability income protection, 22.1 million people with extended health care² coverage and 12.3 million people with reimbursement of dental care² expenses.
- ❖ Uninsured plans¹ provided 1.1 million people with disability income protection, 11 million people with extended health care² coverage and 10 million people with reimbursement of dental care² expenses.

¹Excluding provincial Blue Cross organizations and other not-for-profit health care benefit providers

²Data includes some double counting when families are covered under separate plans for each spouse or when insured benefits are provided in conjunction with supplementary protection under an uninsured contract

Policy Payments

❖ During 2008, payments to policyholders and beneficiaries totalled:

| | |
|------------------------|-----------------------|
| Life insurance | \$ 7.4 billion |
| Annuities | 27.5 billion |
| Health benefit plans* | 21.0 billion |
| Policyholder dividends | 2.5 billion |
| Total | <u>\$58.4 billion</u> |

❖ Benefits were paid at a rate of more than \$1.1 billion a week.

❖ Over 90 per cent of the payments went to living policyholders with the remainder paid out as death benefits.

**Includes benefit payments under uninsured contracts administered by life insurance companies totalling \$8.4 billion*

Premium Income

❖ In 2008, Canadians paid premiums for:

| | |
|-----------------------|-----------------------|
| Life insurance | \$14.9 billion |
| Annuities | 34.7 billion |
| Health benefit plans* | 26.7 billion |
| Total | <u>\$76.3 billion</u> |

❖ Although health and disability products gained market share to account for 34.9 per cent of the total premiums, annuity products still dominated with a 45.5 per cent share. Meanwhile life insurance maintained its 19.6 per cent share.

❖ Segregated fund premiums marginally surpassed the record high of the previous year (up 0.5 per cent to \$29.1 billion) to account for more than 38 per cent of the total.

**Includes premium equivalents for uninsured contracts administered by life insurance companies totalling \$8.9 billion*

Assets and Liabilities

❖ At December 31, 2008, assets held on behalf of Canadian policyholders and annuitants totalled:

| | |
|------------------|------------------------|
| General funds | \$271.3 billion |
| Segregated funds | 139.7 billion |
| Total | <u>\$411.0 billion</u> |

❖ Almost three-quarters of the assets were held in bonds (37 per cent), stocks (17 per cent) and mutual funds (20 per cent).

❖ Actuarial liabilities totalled \$321 billion at year-end, making up 78 per cent of total assets.

Canadian and Foreign Company Operations in Canada

❖ At the end of 2008, 102 active life insurance companies were operating in Canada.

❖ Health insurance protection was provided to Canadians by 75 life insurance companies and 44 property and casualty insurers.

❖ Working in the industry were 131,900 Canadians — 47,500 full-time administrative employees and 84,400 agents.

Foreign Operations of Canadian Life and Health Insurers

❖ In 2008, foreign branch and subsidiary operations of Canadian life and health insurers accounted for:

- ◆ premiums of over \$72 billion, or nearly half of their worldwide total;
- ◆ benefit payments of \$62.8 billion;
- ◆ assets of \$501.6 billion, or 56 per cent of their worldwide total.

Consumer Protection/ Government Regulation

❖ Assuris administers the industry Consumer Protection Plan, which mitigates the impact of the financial failure of an insurer on Canadian life and health insurance policyholders.

❖ Life and health insurance is regulated by both federal and provincial governments to ensure that contractual commitments to policyholders are met.

❖ Insurance companies and their representatives are subject to guidelines on consumer disclosure and insurance practices.