



COVID Journey – Canadian Experience

NCOIL Conference

December 10, 2020

- a. **Snapshot of Canadian Life and Health Insurance Industry**
- b. **Our COVID Journey**
 - a. **First Days**
 - b. **First Months**
 - c. **Current Environment**
- c. **CRYSTAL BALL – WHAT IS THE FUTURE?**



Snapshot Canadian Industry



Coverage and benefits

Life

22 million

Canadians have life insurance coverage, totalling \$5 trillion

Health

26 million

Canadians have supplementary health insurance

Retirement

8 million

Canadians' retirement savings are managed by the industry

\$12.1B Life insurance benefits

\$7.7 billion paid as death benefits

\$4.4 billion paid to living policyholders as disability benefits, cash surrenders or dividends

\$38.1B Health insurance benefits

\$12.5 billion for prescription drugs, which accounts for over 35% of Canada's total spending on prescription drugs

\$53.3B Retirement benefits

Annuity payments on employer-sponsored and individual products have doubled over the past decade

Over 90%

of benefit payments went to *living policyholders*

Total benefits paid out have increased over 60% from a decade ago

Product profile

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

Sold as: Individual policies: 81%; Group plans: 19%

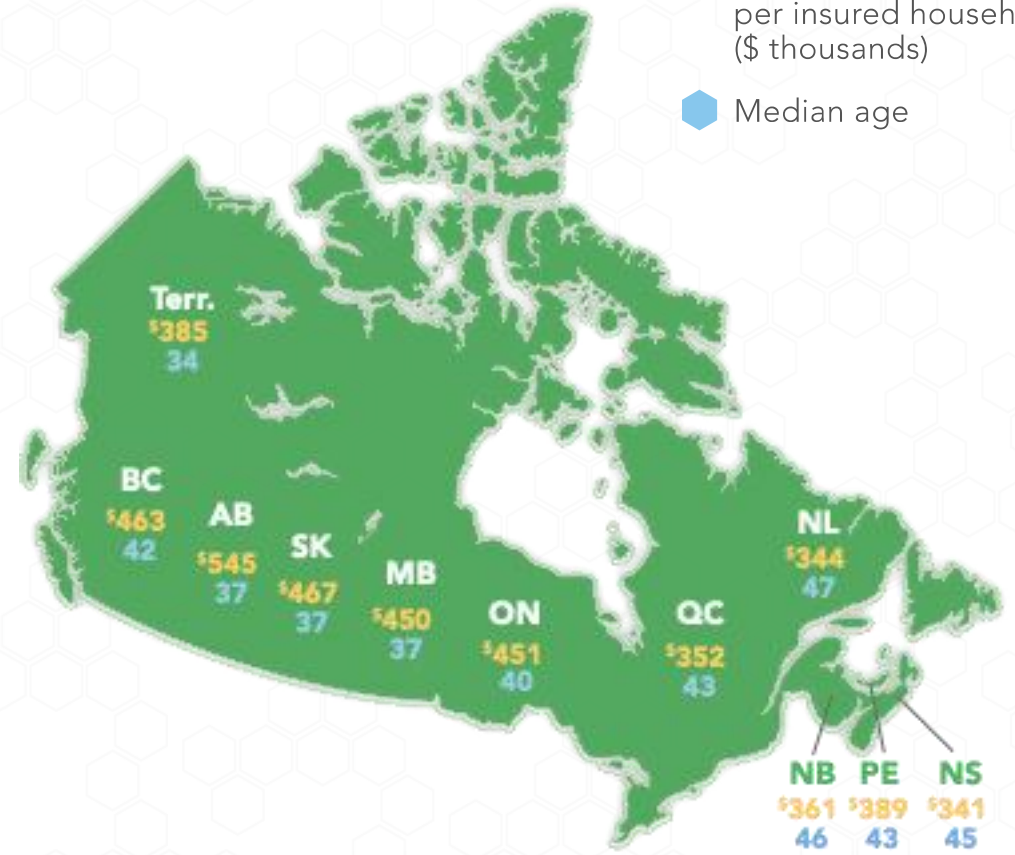
Related products: Supplementary benefits, such as payments on accidental death, disability, or critical illness – or waiver of required premiums upon disability – can be added to life insurance products.

The average life insurance protection per household in Canada is **\$432,000**

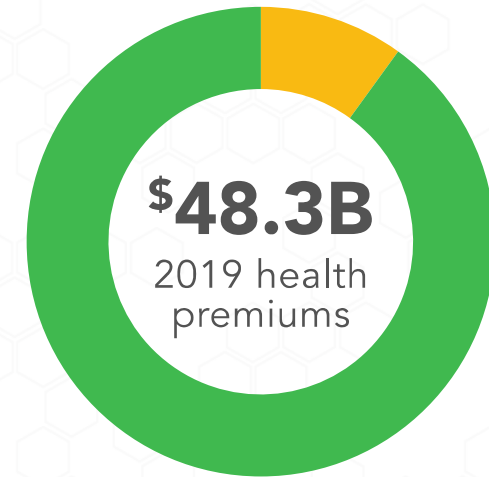
That's up from **\$423,000** in 2018, and approximates five times household income.

22 million Canadians own **\$5 trillion** in life insurance coverage

- Orange hexagon: Average protection per insured household (\$ thousands)
- Blue hexagon: Median age



How Canadians purchase health insurance policies



Product profile

Supplementary 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. Health insurance can also provide income replacement for those unable to work due to disability.

Sold as: Individual policies: 10%; Group plans: 90%

Related products: Travel insurance, critical illness insurance, accidental death and dismemberment insurance, and health care spending accounts.

80%

of working Canadians and their families are protected by private health insurance plans, up from **76 per cent** a decade ago.



Retirement solutions

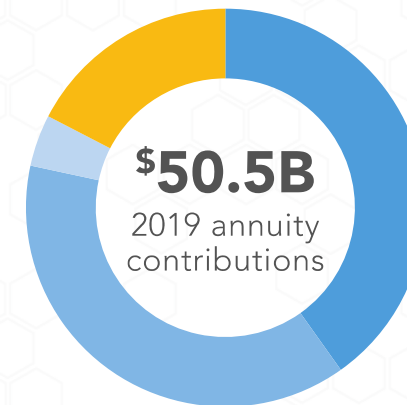
Product profile

Annuities are a savings product that pay guaranteed income regularly in exchange for upfront contributions. These products protect individuals from the risk of outliving their savings and are often used to provide retirement income.

Sold as: Individual policies: 30%; Group plans: 70%

Related products: Segregated funds

Sources of annuity contributions



Benefits of owning annuities





Lifetime income benefits



Solutions for pension plan de-risking



Maturity guarantees

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



Our COVID Journey

First Days of the Crisis

- ◆ Moving the workforce to the home
 - ◆ “Surprisingly” smooth transition
 - ◆ Government designation of insurance as “essential”

- ◆ Helping Canadians travelling abroad return home
 - ◆ Unprecedented number of Canadians activate travel insurance to get home
 - ◆ But quickly had to grapple with those that didn’t want to return
 - ◆ Close collaboration with Global Affairs Canada on messaging
 - ◆ Targeted outreach to “snowbirds”

First Days of the Crisis

- ◆ Helping Canadian workers and their families get the care they needed
 - ◆ Waived the standard waiting period to qualify for short-term disability benefits for COVID-19
 - ◆ Helped COVID-19 patients by enabling them to forego a doctors' note to access their disability benefits
 - ◆ Worked with pharmacists to prevent prescription drug shortages caused by hoarding
- ◆ Protecting essential services – new products to:
 - ◆ Help maintain commercial traffic flow across Canada – US border
 - ◆ Support 60,000 temporary agricultural foreign workers

First months – “Freezing everything in place”

- Strong collaboration with Government to introduce wage support program
 - Goal to maintain everyone in place – maintain the employer, employee link
 - Key for us, was ability of employers to use support to pay benefit costs

- Insurers rolled out direct and indirect support to employers worth many \$100s of millions
 - Premium credits – recognising lower usage of benefits (dentist visits, physio, etc.)
 - Targeted premium deferrals – often up to 90 days

First months – “Freezing everything in place”

- ◆ Heightened engagement with regulators
 - ◆ Both prudential and market conduct
- ◆ Working with distribution partners
 - ◆ Unprecedented switch to virtual tools for advisors
 - ◆ Regulatory relief in many areas to allow virtual sales (wet signatures, online credential training, etc.)
 - ◆ Changes to underwriting – no fluids, partnership with re-insurers...

First months – “Freezing everything in place”

- ◆ Client focused activities
 - ◆ Heavy communication and roll-out of new products
 - ◆ Launch new virtual tools (virtual healthcare etc.)
 - ◆ Big focus on mental health

Today's environment

- ◆ Capital levels – stayed well above industry mins, in fact rose for some
- ◆ Regulatory agenda back to normal
 - ◆ Focus on market conduct
 - ◆ Ongoing calibration of capital regime – in particular for new IFRS 17 in 2023

Today's environment

- ◆ New product innovation
 - ◆ New COVID travel protection products (Snowbirds)
 - ◆ Simplified underwriting,
 - ◆ Continued bundling of new virtual health solutions for Canadians
- ◆ Distribution continues to embrace virtual environment

Gazing in the Crystal Ball

- ◆ Uncertainty, uncertainty, uncertainty
 - ◆ What does the winter bring with COVID?
 - ◆ How does the vaccine roll-out look?
 - ◆ How / when does government support start to be unwound?
 - ◆ How does business recover?

Gazing in the Crystal Ball

- ◆ Impact on insurance business?
 - ◆ What is the new normal for our employees?
 - ◆ Ultra-low interest rates here for long while yet
 - ◆ Need for insurance never higher – how to tap into that?
 - ◆ Ongoing reform and partnership with advisors / brokers
 - ◆ Will COVID result in impacts on morbidity / mortality?
 - ◆ Continued partnership with regulators and government is key



Questions?