
Response to the New Brunswick Climate Change Action Plan

February 24, 2022

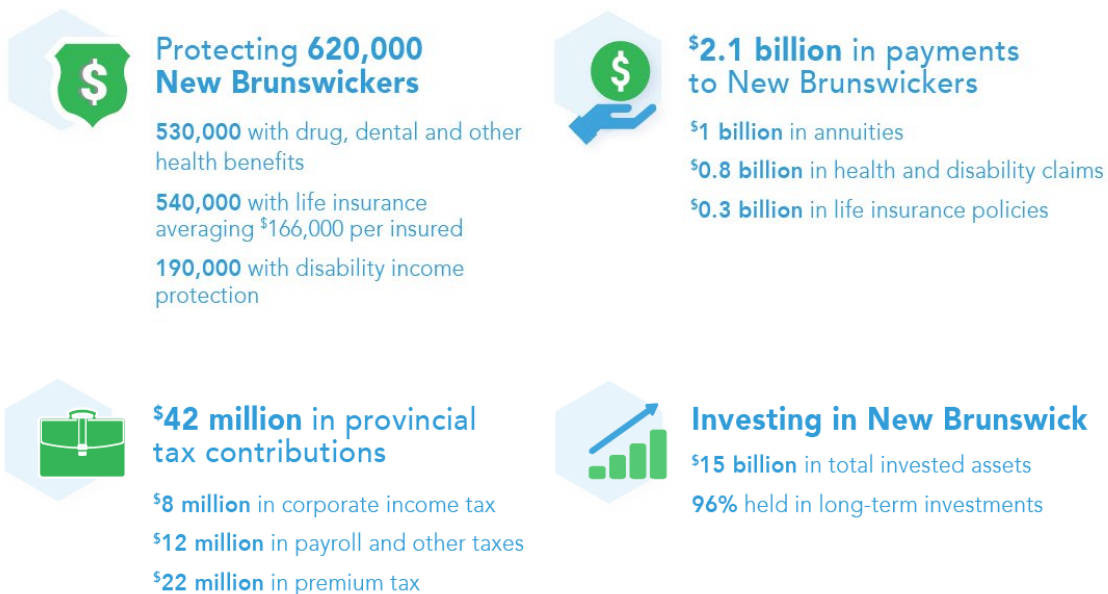


Canadian Life & Health
Insurance Association
Association canadienne des
compagnies d'assurances
de personnes

OVERVIEW

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its comments to the Government of New Brunswick on its Climate Change Action Plan. Our submission focuses on the industry's role as a source of stable capital for infrastructure projects that both mitigate GHG emissions (Area 2) and adapt to the impacts of climate change (Area 3). It will also address economic opportunities from transitioning to a resilient, lower carbon economy (Area 4).

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 New Brunswickers and makes significant contributions to the economy, with billions of dollars invested for the long-term in the province.



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 modelled the impact of climate change on Canadian health outcomes and health care costs ([Canadian Institute for Climate Choices, 2021](#)). Further, in February 2022 Health Canada released [Health of Canadians in a Changing Climate: Advancing our Knowledge for Action](#), which assesses the risks of climate change to Canadians—including mental health, infectious disease and air quality—as well as to the health care system.

Our industry is pleased that CLIMAtlantic, a regional climate data hub, opened in late 2021 and will be available to facilitate access to regionally relevant climate information that will provide the data necessary to help governments and businesses, including those in the insurance industry, to make important decisions related to the changing climate. The life and health insurance industry also [supports the development of Canadian disclosure standards](#) that are aligned with global disclosure standards. Some life and health insurers also already have or are developing net-zero commitments and plans.

At the same time, as a substantial long-term investor in the Canadian economy, the life and health insurance industry can play an important role in supporting Canada's transition to a resilient, lower carbon economy. Canadian life and health insurers already have more than \$75 billion invested in products or assets that integrate environmental, social and governance (ESG) or sustainability criteria. 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 New Brunswick taking action to reduce, mitigate and adapt to the risks of climate change. The life and health insurance industry looks forward to working with the province to achieve its climate and sustainability goals, including GHG emissions reductions, adaptation to the impacts of climate change and accountability and reporting commitments.

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.

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 seeking 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 and resiliency projects.

LIFE AND HEALTH INSURERS AS INFRASTRUCTURE INVESTORS

World-class infrastructure is vitally important for maximizing economic development and prosperity throughout New Brunswick and Canada as we compete in a global economy and recover from the economic impacts of COVID-19. There are important infrastructure investments to be made in Canada's public transit, roads, hospitals and schools. We know that Canadians living in regions where infrastructure, including housing, isn't sufficiently resilient or where social supports and services aren't adequate are more susceptible to immediate and long-term physical and mental health impacts as a result of experiencing an extreme weather event ([Health Canada, 2022](#)). As such, investments in infrastructure that adapts to and mitigates the effects of climate change including building retrofits, renewable energy projects, nature-based solutions to cut emissions and resilience-enhancing projects are becoming even more crucial.

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 2020 life and health insurers had \$55 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

Climate change is an urgent issue. The life and health insurance industry supports the Government of New Brunswick in achieving its Climate Change Action Plan goals. 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 or 613-691-6002.

79 Wellington St. West, Suite 2300
P.O. Box 99, TD South Tower
Toronto, Ontario M5K 1G8
416.777.2221
info@clhia.ca