



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

March 31, 2023

The Honourable Steven Guilbeault
Minister of Environment and Climate Change

Re: Canada's National Adaptation Strategy

About CLHIA

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its comments to Environment and Climate Change Canada in response to the release of [Canada's National Adaptation Strategy](#)

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. Insurers play a key role as an assessor, manager and underwriter of risk, including climate-related risks. The most significant contribution that (re)insurers can make regarding climate-related risks is through risk-based pricing that provides incentives, disincentives and other economic signals.

The Canadian life and health insurance industry applauds the federal government on the release of *Canada's National Adaptation Strategy*. The life and health insurance industry recognizes that climate change presents a complex and long-term risk to public health, and consequently, to life and health insurers. As such, while managing climate change is of interest to many, it is an area of significant and growing concern to the life and health insurance industry and we see it as our responsibility to support adaptation efforts and to build a more resilient Canada.

Response to the National Adaptation Strategy

Canadian life and health insurers are supportive of the federal government's efforts to reduce, mitigate and adapt to the risks of climate change. Building on CLHIA's [comments to Environment and Climate Change Canada's discussion paper: *Preparing for Climate Change: Canada's National Adaptation Strategy*](#), there are two areas of the National Adaptation Strategy that are priority issues for the industry:

1. *The health and well-being of Canadians*

The CLHIA appreciates the strategy's dedicated focus on the health and well-being as one of the key systems for a more climate-resilient Canada. Our industry is supportive of the strategy's

objectives to protect the health and well-being of Canadians through a climate-resilient and adaptive health sector, including minimizing climate change risks to health, improving awareness of climate-related health risks and understanding the future impacts of climate change on health.

We are encouraged by the federal government's consideration of the climate change impacts on both physical and mental health conditions. This is a key area of focus for life and health insurers, as our industry is closely watching the impact of climate change on mortality and morbidity, public health, mental health, Canadians' livelihoods and inequality.

However, the causal linkages between climate change, and life and health outcomes lack sufficient study. Canada's healthcare system requires significantly more robust research to more reliably forecast how climate change will impact the health and wellbeing of Canadians. This knowledge and data gap limits the ability of Canada's federal and provincial governments' to reliably invest in healthcare systems so they are resilient to the physical impacts from climate change.

The life and health insurance industry is a key partner in Canada's health care system. For example, in 2021, insurers paid a record \$40.8 billion in total health claims— up 11 percent from 2020. As such, we would recommend **greater collaboration between all levels of government, health care providers and health insurance companies to credibly disseminate information** necessary for Canadians. We would also recommend a dedicated research funding stream and the **development of data sharing mechanisms with the private sector** to better understand the impacts of climate change and health-related risks.

2. Infrastructure

We recognize that sustainable infrastructure plays an important role in mitigating climate change and adapting to it by minimizing its associated consequences on mortality, public health and livelihoods. That is why our industry is supportive of the strategy's objective to build sustainable infrastructure across Canada. This includes building climate-resilient infrastructure, projects that mitigate climate change and assets that support adapting to the climate change impacts. We are also supportive of the strategy's consideration of climate change and climate-related risks when making infrastructure decisions across the lifecycle of the asset.

Insurers remain a leading source of long-term infrastructure financing and have participated in various infrastructure projects ranging from roads to wastewater systems. In 2021, the industry invested \$60 billion in infrastructure. The industry is well positioned to continue as a partner in Canada's public-private partnerships (P3's) and has the capacity to make more infrastructure investments. That is why we were pleased to see the recently published [draft regulations](#) that would enable insurance companies to invest more in infrastructure projects.

A unique challenge to funding sustainable infrastructure is that many of the benefits are hard to monetize. There are, however, growing examples of instruments and mechanisms being implemented to translate the potential benefits of climate-resilient infrastructure into adequate revenue streams. Projects that do not have a revenue model, such as hospitals and courthouses, already benefit from P3 financing. The P3 model can be extended to sustainable infrastructure and other projects that build resilience to extreme physical impacts from climate change.

Innovative financing approaches can be used to involve the private sector in funding climate-resilient infrastructure. For example, the Fargo-Moorhead Area Diversion in North Dakota and Minnesota establishes permanent flood protection measures to protect residents against flood risks and was procured through a P3 using a Design-Build-Finance-Operate-Maintain procurement model.

Private investors are already well-positioned to invest in resilient infrastructure projects that have a sufficient number of key attributes (e.g., adequate collateral, acceptable risk exposure, future cash flow) to make them commercially attractive. Including climate resilience requirements in P3s will leverage the private sector's ability to bring innovative solutions to building resilience in new infrastructure. Some innovations include using new technologies, design features and building materials.

However, our capacity to invest more is constrained by the lack of available sustainable assets. We would encourage the federal government to **leverage our industry's capacity to invest in infrastructure projects, particularly sustainable assets**. This could include developing a publicly available project pipeline for climate-resilient infrastructure that are structured as P3 projects.

Conclusion

We believe that the measures set out in *Canada's National Adaptation Strategy*, including those on health and wellbeing and infrastructure, will help to make Canada more climate resilient. Our industry is well placed to support the federal government in achieving its goals and looks forward to working closely with all levels of government on these measures.

Yours sincerely,

Original signed by

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