



**Canadian Life
and Health Insurance
Association Inc.**

**Association canadienne
des compagnies d'assurances
de personnes inc.**

NEWS RELEASE

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MANITOBA'S NEW TAX ON LIFE, HEALTH AND DISABILITY INSURANCE HURTS CONSUMERS

Toronto . . . Canada's life and health insurers today expressed their deep concern and disappointment with the Manitoba government's imposition of the Retail Sales Tax (RST) on individual disability insurance, critical illness insurance and group disability insurance coverage for Manitobans.

"This is not good public policy. It will increase the cost to Manitoba businesses, and more importantly, to families trying to protect themselves in the event of disability. Adding sales tax will put them at greater financial risk," said Frank Swedlove, President of the Canadian Life and Health Insurance Association (CLHIA). Manitoba-based Great-West Life and Wawanesa Life are both members of the CLHIA.

"Discouraging Manitobans from protecting their families and businesses may ultimately add to the province's fiscal burden rather than generating positive net revenue," Swedlove said. For example, if Manitobans can no longer afford privately administered disability and critical illness due to this tax burden, the public sector will need to provide funding for needs that are currently covered by those products. A sales tax on group insurance policies would also raise costs for Manitoba companies, putting them at a disadvantage with regards to their competitors in other provinces.

Furthermore, the life and health insurance industry expressed its concern at the expanded scope from the initial budget announcement, and the lack of consultation with the industry. "This is a major expansion of the tax on consumers from what was announced on Budget Day," noted Swedlove.

The proposed legislation would now apply to premiums associated with disability, critical illness and accidental death and dismemberment for both group and individual insurance policies, as well as for all forms of group creditor insurance and a significant number of individual life insurance policies.

Furthermore, Swedlove noted that Bill 39 will not be submitted for formal review by a Standing Committee of the Legislative Assembly, thereby preventing Manitobans and their employers from communicating their concerns to the government.

Canada's life and health insurance industry directly employs almost 7,000 Manitobans and has approximately \$17 billion invested in the province, primarily in long term investments in government bonds and other employers, creating jobs for many more Manitoba residents.

About CLHIA

The Canadian life and health insurance industry provides a wide range of financial security products such as life insurance, annuities (including RRSPs, RRIFs and pensions) and supplementary health insurance, to about 26 million Canadians. Established in 1894, the CLHIA is a voluntary association whose member companies account for 99 per cent of Canada's life and health insurance business.

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