



Canadian institutions are always looking for ways to offer healthy returns on equity to international customers seeking opportunities that are diversified, potentially lucrative, and safe. In recent years they have upgraded their capacity to offer assistance with investment banking, treasury and foreign exchange operations, and various private banking services. They are also experienced in the realm of venture capital through sponsorships and investments in venture funds that finance high technology companies.

Canadian insurance companies have been successful at selling life and health insurance policies as well as pension plans and annuities to foreign companies. The Canadian advantage can be stated in one word: security. In Canada, life and health insurers must satisfy regulatory authorities that policy reserves are sufficient to meet the anticipated requirements of policyholders.

The Canadian insurance industry is competitive – there are 160 companies. Since there are no significant barriers to entry for foreign or domestic players – other than clear regulations that guarantee the safety of a client's money – the system is extremely competitive.

The system offers a variety of traditional life insurance products in health, accident and sickness, and annuities and other pension services. This Canadian system is appreciated in the United States and other foreign countries: more than 40 per cent of the industry's revenues come from abroad. More than five million non-Canadians own more than \$600 billion in life insurance policies underwritten by Canadian companies.

Although there has always been a strong regulatory framework for insurance companies in Canada, several steps were taken by the federal government in 1992 to enhance consumer protection. The Canadian industry itself provides a protection fund for policyholders with Canadian institutions. The government further enhanced the system's international reputation by bringing in a regime of Minimum Continued Capital and Surplus Requirements. This is similar to the Bank for International Settlements, which ensures that banks have adequate capital available to settle all claims in even the most difficult circumstances.

Canadian life and health insurers possess worldwide assets of approximately \$200 billion. Canadians are the world's second-largest purchasers of life insurance (the Japanese are first, the Americans third). Canadians are discerning customers shopping in a competitive market; the quality of products offered by Canadian insurance companies is therefore high.

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