InsurEconomy 2026

Measuring the value of the property and casualty insurance industry to the economy

CANADA

IBC
Insurance Bureau of Canada

InsurEconomy 2026

The 2026 InsurEconomy report presents an overview of the economic contribution and role of the property and casualty (P&C) insurance industry across Canada and its provinces. The report is published by Insurance Bureau of Canada (IBC) using data from Statistics Canada, MSA Research Inc. and IBC, supplemented by other publicly available sources.

To estimate the industry's broader economic impact, IBC commissioned Statistics Canada to apply its input-output model to measure the P&C insurance industry's direct, indirect and induced effects on output and employment at the national and provincial levels. These estimates are based on 2025 financial results for the P&C insurance industry.

The report uses the most recent data available for each topic. As a result, data years may vary across sections. In some instances, figures may not add up to the listed total due to rounding.

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Chapter 1: Key Findings

Canada's property and casualty (P&C) insurance industry invests heavily in government bonds that support Canada's economy. In 2025, the P&C insurance industry held more than $35 billion in federal, provincial, municipal, public authority and school bonds.

In 2025, Canada's P&C insurance industry directly contributed almost $32 billion to the country's nominal gross domestic product (GDP), with a total economic impact of more than $53 billion when indirect supply chain purchases and the induced impact of respending are taken into account.

In Canada, P&C insurance carriers and brokerages directly employed just over 183,000 people in 2025. For every 100 jobs in the industry, an additional 97 jobs were supported through supply chain linkages and the multiplier effect of employees' respending of earnings, bringing the total employment impact to just under 361,000 jobs.

Compensation in the insurance industry reflects strong productivity. Those working for life and health (L&H) and P&C insurance carriers in Canada in 2024 earned an hourly compensation that was 33% above the national average (**Exhibit 1**). At the same time, labour productivity for insurance carriers was 67% higher than the average industry level in Canada (**Exhibit 3**).

The insurance industry furthers gender equality, with a relatively high female representation. As of 2025, women accounted for 67% of employees at P&C insurance brokerages and 61% at carriers, compared with 47% across all industries in Canada (**Exhibit 2**).

The P&C insurance industry is a significant contributor to government revenue. In 2024, it generated more than $6 billion in federal taxes and over $11 billion in provincial taxes and levies, for a total tax contribution exceeding $17 billion (**Exhibits 4 and 5**). Over a five-year period (2020–2024), the total tax contribution of the P&C insurance industry increased by 46%, compared to the general inflation rate of 18%.

Chapter 2: An Overview of P&C Insurance

The P&C insurance industry transfers risks away from individuals and businesses by pooling and spreading those risks across a wide range of perils and policyholders. Insurers price policies to reflect the expected value of the risk, administrative costs and a profit margin. By constructing large, diversified portfolios of these risks, insurers can effectively manage risks in Canada.

However, primary insurers do not operate in isolation; they depend on distribution channels and consumer education services provided by insurance brokerages and agents. Brokers and agents work directly with consumers to help them select insurance coverage that best matches consumers' budgets and risk profiles.

Within the P&C insurance industry, reinsurance companies provide risk transfer services to primary insurers. Just as insurers pool risks from individuals and businesses, reinsurers pool risks from insurers. By using reinsurance contracts, primary insurers can transfer portions of their risk to reinsurers to support risk management and help them meet the capital adequacy requirements set by regulators.

The core functions of the P&C insurance industry remain relatively stable over time, despite increasingly frequent and severe natural catastrophes over the last several years. The industry's strategic priorities continue to evolve in response to shifting risks, including natural catastrophes, cyber risks and changes in the regulatory environments in which the industry operates.

The Importance of the P&C Insurance Industry in Canada

The P&C insurance industry in Canada effectively fulfills its role in transferring and managing the risks of individuals and businesses. These risk transfer and management services generate revenue while spurring investment. Beyond its economic impact, the industry provides additional functions and societal benefits, as explained in **Chapter 7**.

By fulfilling its risk transfer function, the P&C insurance industry contributes significantly to Canada's competitiveness and prosperity. The industry offers relatively high remuneration to a highly productive and diverse workforce, while making significant contributions to public funds through taxes paid to municipal, provincial and federal governments.

In addition to the direct economic contribution of the P&C insurance industry, there are also indirect and induced impacts.[1] Indirect impact captures the upstream supply chain activity related to intermediate inputs to the industry. The induced impact captures economic activity attributable to wages paid to workers in the industry and its supply chain.

The P&C insurance industry invests heavily in government bonds that support Canada's economy. In 2025, the P&C insurance industry held more than $35 billion in federal, provincial, municipal, public authority and school bonds.

[1] Statistics Canada. (2009). *User's Guide to the Canadian Input-Output Model.*

Chapter 3: Employment Contributions

Jobs

Across Canada, P&C insurers directly employed close to 58,000 workers in 2025. Including brokerages, which act as trusted advisors helping consumers navigate insurance options, the industry's direct contribution to the employment market reached just over 183,000 workers.[2]

The broader P&C insurance industry is responsible for substantially more jobs beyond its direct employees. These indirect and induced jobs include occupations across a wide range of sectors, such as legal services, accounting, telecommunications, data processing and motor vehicle repair services. Accounting for the indirect jobs resulting from supply chain activity and induced jobs generated through employees respending their earnings, nearly 178,000 additional jobs were created in 2025, bringing the total employment attributable to the P&C insurance industry to just under 361,000 workers.

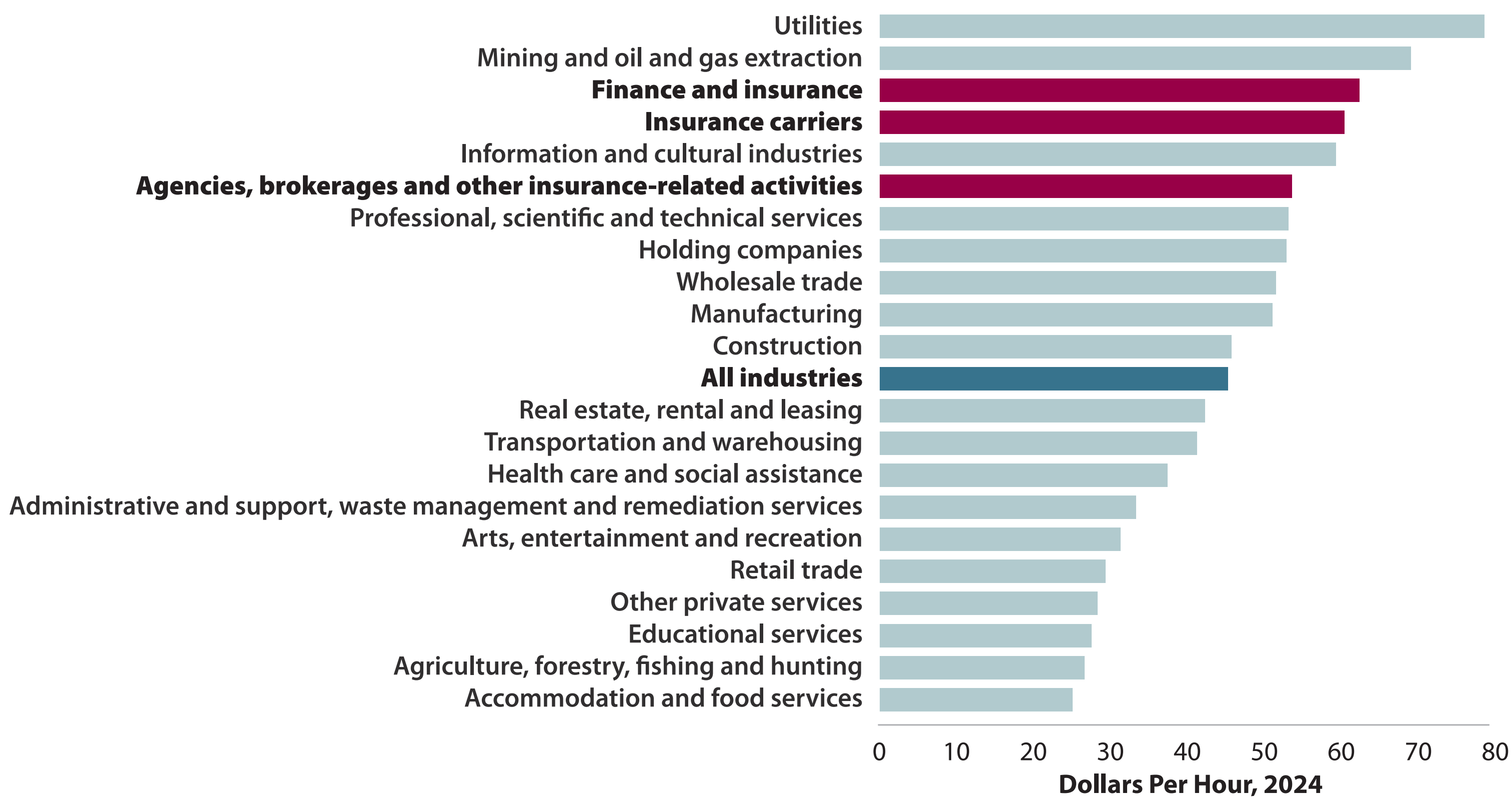
Income

The insurance industry is not only a major source of employment in Canada, but it also supports high-quality, well-compensated jobs. In 2024, workers at L&H and P&C insurance carriers made an average of $61 per hour, and workers at L&H and P&C insurance brokerages earned an average of $54 per hour. These average hourly wages are significantly higher than the wage for Canada's average employee, which was $46 per hour (**Exhibit 1**).

In 2025, Canada's P&C insurance industry employees at carriers and brokerages earned over $17 billion. Accounting for indirect jobs generated through the supply chain and the multiplier effect of employees' respending, which added just under $12 billion in compensation, the total labour income was over $29 billion.[3]

[2] See the **Appendix** for the methodology Statistics Canada used to compute the direct, indirect and induced impacts.
[3] The multiplier effect refers to the effect on the national income and product of an exogenous increase in demand. The investment of the P&C insurance industry leads to increased demand and consumption in other parts of the Canadian economy.

Exhibit 1: Total Compensation Per Hour Worked, Canada, 2024



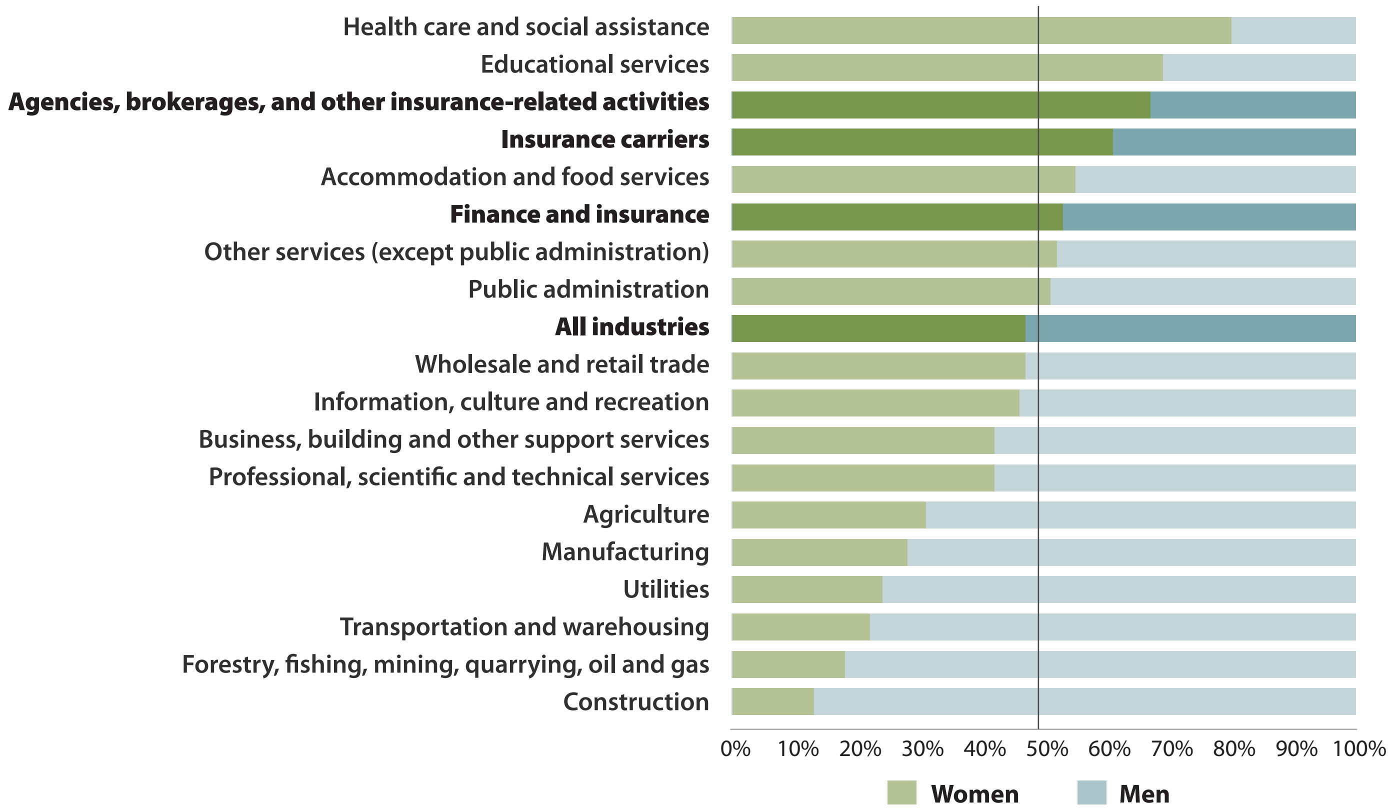
Source: Statistics Canada. "Table 36-10-0480-01 Labour productivity and related measures by business sector industry and by non-commercial activity consistent with the industry accounts."

Diversity

In 2025, Canada's finance and insurance industry employed more women (53%) than men (**Exhibit 2**). P&C insurance brokerages employed 67% women and carriers employed 61%, both higher than the average across all industries in Canada, which is 47%.

The P&C insurance industry supports a significant number of jobs, employs a high proportion of women and provides above-average wages, all of which contribute to both economic dynamism and gender equality in Canada.

Exhibit 2: Employment by Industry by Gender, Canada, 2025



Source: Statistics Canada. (2026). "Table 14-10-0023-01 Labour force characteristics by industry, annual (x 1,000)."

Chapter 4: Economic Contributions

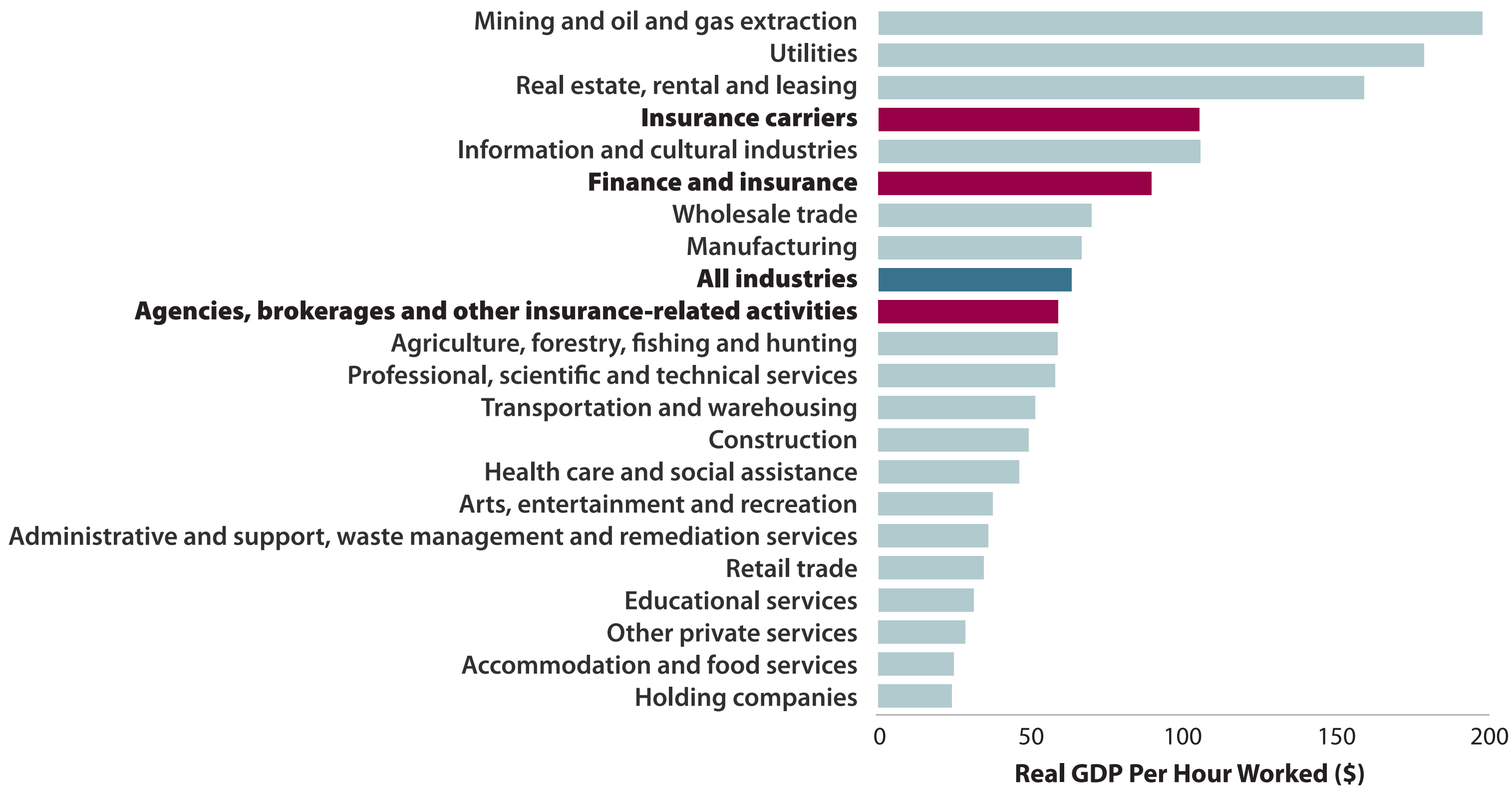
Gross Domestic Product

In 2025, the P&C insurance industry directly contributed more than $17 billion to Canada's GDP through a combination of its risk transfer services and the return on its investment activities. P&C insurance brokerages added over $14 billion in GDP, which brought the industry's total direct contribution to Canada's economy to nearly $32 billion.

The P&C insurance industry's operations also generate economic activity indirectly through its supply chain and, through employees respending their earnings, induce additional activities across the broader economy, which contributed a further $21 billion to Canada's GDP in 2025. Overall, for 2025, the cumulative direct, indirect and induced impact of the P&C insurance industry's contribution to Canada's GDP was more than $53 billion.

In addition to the P&C insurance industry's overall contribution to the economy, the labour productivity (measured as real GDP per hour worked) of insurance carriers was 67% above the 2024 national average. This makes employees at L&H and P&C insurance carriers among the most productive workers in Canada (**Exhibit 3**).

Exhibit 3: Labour Productivity Per Hour by Industry, Canada, 2024



Source: Statistics Canada. (2025). "Table 36-10-0480-01 Labour productivity and related measures by business sector industry and by non-commercial activity consistent with the industry accounts."

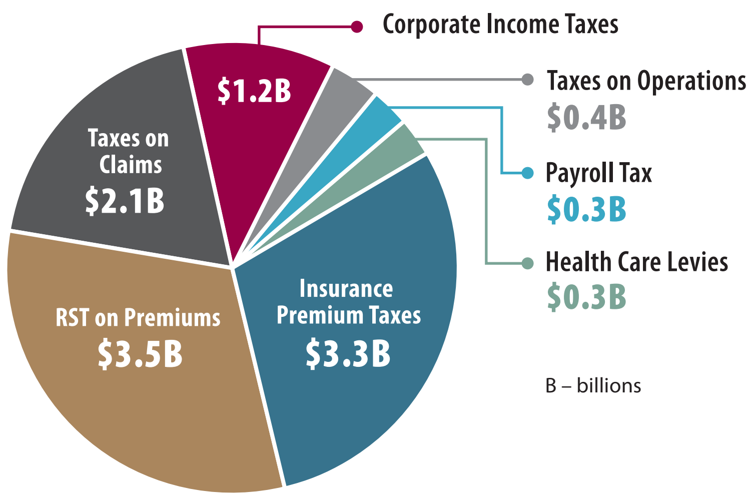
Tax Revenue

The P&C insurance industry contributed over $1 billion in provincial corporate income taxes across Canada and more than $3 billion in insurance premium taxes in 2024 (**Exhibit 4**). In total, the industry contributed close to $7 billion in taxes and levies through its business operations, bringing the total tax revenue contribution to provincial governments to more than $11 billion. In 2024, the largest sources of provincial tax revenues were retail sales taxes and insurance premium taxes.

The P&C insurance industry also contributed to federal government tax revenue. In 2024, P&C insurers across Canada contributed $6 billion in taxes to the federal government. These payments included corporate income taxes ($1.8 billion) and the payroll taxes associated with the industry's workforce ($2.5 billion). P&C insurers across Canada contributed $11.1 billion to provincial governments, representing 64% of the P&C insurance industry's total tax contribution (**Exhibit 5**).

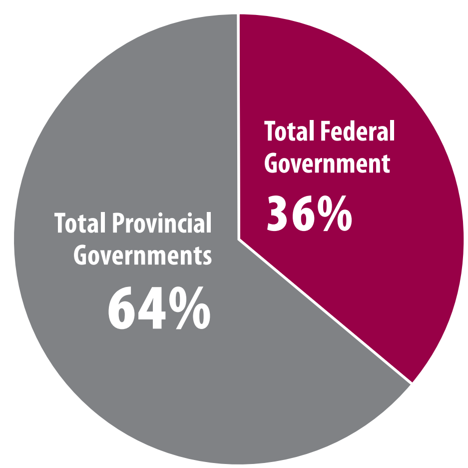
Including federal and provincial governments, the P&C insurance industry contributed more than $17 billion in taxes in Canada in 2024.

Exhibit 4: Taxes Contributed by the P&C Insurance Industry to the Provincial Governments, Canada, 2024



Source: IBC analysis with data from industry responses to the IBC 2025 P&C Insurance Total Tax Contribution Survey.

Exhibit 5: Share of Taxes Contributed by the P&C Insurance Industry to the Federal and Provincial Governments, Canada, 2024



Source: IBC analysis with data from industry responses to the IBC 2025 P&C Insurance Total Tax Contribution Survey.

Chapter 5: Commercial Insurance

Financial Impact of Commercial Insurance

According to 2025 estimates, Canada's commercial insurance sector provided substantial value to the economy by contributing to the GDP, labour income and job creation. The sector's activities generated a direct economic impact of more than $11 billion in GDP, over $6 billion in labour income and more than 64,000 jobs.

When factoring in the multiplier effect, each $100 of GDP and $100 of labour income in the sector generated an additional $68 in economic activity in other industries. Similarly, the sector created an additional 97 jobs for every 100 jobs in Canada's commercial insurance sector. This brought the total economic impact of the commercial insurance sector in 2025 to nearly $19 billion in GDP, more than $10 billion in labour income and over 126,000 jobs. These numbers highlight the significant economic impact and job creation potential of the commercial insurance sector in Canada.

Moreover, during the 2025 fiscal year, insurers in Canada disbursed close to $11 billion to commercial insurance claims and their related costs. These payouts played a pivotal role in supporting businesses by enabling them to recover from losses and resume operations following unforeseen events. By providing this financial support, the commercial insurance sector continues to be a crucial partner in the recovery and resilience of businesses across Canada.

The ability of Canada's P&C insurance industry to act as a financial shock absorber is especially important in today's operating environment, characterized by increasing natural catastrophe and severe-weather losses, inflationary pressure on claims costs, elevated reinsurance pricing, labour shortages, supply-chain constraints and increasing fraud. In this environment, insurers continue to play a critical role in absorbing risk, supporting recovery and maintaining economic resilience for households and businesses.

At the end of 2025, close to 938,000 businesses were active in Canada.[4] Each relies on appropriate insurance coverage – without it, many could face significant financial exposure from disasters or liability events.

[4] Statistics Canada. (2026). "Table 33-10-0270-01 Experimental estimates for business openings and closures for Canada, provinces and territories, census metropolitan areas, seasonally adjusted."

Chapter 6: Major P&C Insurance Issues

Earthquake

Earthquake risk poses a critical threat to Canada's economic resilience. A major earthquake in British Columbia or Quebec would have devastating impacts within the affected region and trigger significant economic and financial repercussions across the country. This situation is not hypothetical: The Pacific coast lies on the Cascadia Subduction Zone, one of the world's most volatile fault lines. Scientists estimate there is an approximately 30% chance of a magnitude 8 or greater earthquake ("the Big One") striking within the next 50 years. Montreal lies within Quebec's most active seismic zone, which has experienced past earthquakes, including a magnitude 5.8 earthquake in 1732. According to industry estimates, insured losses from a catastrophic earthquake could be 11 times higher than those of Canada's costliest disaster to date – the $4.7 billion Fort McMurray wildfire in 2016.[5]

In Budget 2025, the federal government signalled an important step forward on earthquake risk. It announced a willingness to advance a solution to earthquake risk through consultations aimed at ensuring the stability of Canada's insurance sector in the event of an extreme earthquake.

A major priority for IBC is securing a national solution on earthquake risk to shield the country from the economic impacts of such a catastrophic event.

In April 2026, IBC submitted the industry's proposal for a national earthquake solution as part of the Department of Finance Canada's consultation on an earthquake insurance cost-sharing arrangement for P&C insurers. The submission centres on the proposed Canadian Earthquake Risk Protection Act, a permanent, rules-based mechanism designed to provide a predictable and fiscally disciplined cost-sharing arrangement that would be triggered only in extreme circumstances. This mechanism is intended to operate on a long-term, cost-neutral basis, without upfront public expenditure, while reinforcing insurer responsibility and preserving appropriate market incentives.

IBC and the P&C insurance industry continue to work with the government and other stakeholders to advance a framework that strengthens resilience and helps protect Canadians, the financial system and the broader economy in the event of an extreme earthquake.

Climate Resilience

Natural disasters are reshaping the home insurance landscape for Canadians from coast to coast. The increased frequency and severity of extreme weather events are driving up claims costs and putting pressure on premiums across the country.

Between 2006 and 2015, Canada's annual insured losses due to catastrophic weather events totalled $14 billion, adjusted for inflation. By contrast, between 2016 and 2025, annual insured losses due to catastrophic weather events and wildfires totalled $37 billion – nearly triple the losses in the previous decade. The average number of claims has nearly doubled over the last decade.[6]

[5] IBC. (May 2026). "IBC outlines industry proposal for a national earthquake solution."
[6] IBC. (March 2026). "Building a more resilient Canada will pay long-term dividends."

IBC advocates for policy measures that enable Canada to enhance economic and disaster resilience to escalating severe weather events resulting from climate change. This advocacy prioritizes meaningful government action to reduce the impacts of climate risk, including:

- Providing incentives for homeowners to invest in practical, affordable measures that reduce extreme weather damage and recovery costs.
- Building new homes away from high-risk flood and wildfire zones by strengthening land use planning and restricting development in areas at the highest risk.
- When building in high-risk areas is unavoidable, requiring cost-effective, community-level mitigation measures, such as flood protection infrastructure and measures recommended by the comprehensive FireSmart program, which is designed to help reduce the risk of wildfire damage.
- Investing in resilient infrastructure to protect communities from risks such as flooding.
- Strengthening building codes and construction standards to ensure new homes are built with resilient features that reflect current and future climate conditions.
- Educating consumers by providing clear, accessible information to empower homeowners, renters and businesses to make informed decisions and take practical steps to mitigate their risks.
- Improving emergency management, including through a federal agency dedicated to disaster recovery that is capable of coordinating rapid, risk-informed responses and rebuilding efforts.

Regulation

With the right conditions, the P&C insurance industry has the potential to play an even greater role in driving economic growth and financial stability.

However, the current regulatory environment limits this potential. While regulation helps to protect consumers and maintain market integrity, Canada's framework has increasingly prioritized compliance objectives over competitiveness, innovation and adaptability. This has resulted in a system that is more complex and costly than necessary, constraining the sector's ability to expand its economic contribution.

Canada's fragmented regulatory structure – spread across 44 financial services regulators – adds to this challenge. The resulting duplication and compliance burden diverts resources away from productive investment, innovation and job creation, weakening the sector's ability to fully support economic growth.

More efficient, coordinated and growth-oriented regulation would enable the P&C insurance sector to scale its contribution. This will unlock investment, improve productivity and enhance resilience while continuing to uphold strong consumer protection and financial stability.

In this context, IBC is focused on demonstrating how reducing unnecessary regulatory burden can help unlock Canada's economic potential, and is aligned with the federal government's 2025 red tape reduction review.

IBC continues to advocate for further harmonization and alignment to reduce duplication and ensure that the regulatory environment supports, not constrains, the full economic potential of the P&C insurance sector.

Chapter 7: Secondary Functions and Societal Benefits of the P&C Insurance Industry

Beyond the direct economic impact of the P&C insurance industry on national accounts and, therefore, on Canada's economic well-being, there are often less visible, but widespread, socio-economic benefits to P&C insurance. Those benefits include the following.

Financial Loss Minimizer

The primary benefit of insurance is to help minimize financial losses. This benefit can range from repairing and rebuilding a commercial property damaged by a natural catastrophe (e.g., a wildfire, flood or earthquake) to helping cover losses from a liability lawsuit. The enhanced financial security provided by insurance gives companies and consumers peace of mind and helps families and businesses remain financially stable in times of unanticipated hardship.[7]

Financial First Responder

Preventive measures may not always be possible for all types of risks. For high-impact, low-probability risks, such as a natural disaster, insurance carriers often act as financial "first responders," delivering financial support when it is needed most following a loss. By dispatching staff to assist with recovery efforts and working quickly to mitigate and repair damage, insurers help accelerate post-disaster efforts so that businesses and individuals can quickly get back on their feet.[8] While insurance hedges against loss, it also facilitates economic restart and recovery.

Capital Provider and Public Finance Supporter

Insurers generally carry a diversified portfolio of stable, long-term investments, such as corporate and government bonds, equities, infrastructure assets and real estate. These investments allow insurers to invest in assets that support their underwriting obligations, which would otherwise be too risky to insure without this fallback support.[9] The industry's diversified approach also enables insurers to allocate capital across the economy, supporting business growth, infrastructure development and financial market stability. By purchasing government bonds, insurers implicitly help finance vital social services such as education and health care. Governments rely on capital markets to finance their activities, meaning taxpayers do not bear full responsibility for government spending. In this way, insurers contribute to Canada's overall fiscal and socio-economic health.

Insurance also helps support the supply-and-demand levers of the economy by facilitating national and international trade. For example, cargo and credit insurance allow businesses to import goods from overseas, bolstering the supply of goods in Canada. Insurance also supports demand when a business with coverage for business interruption losses cannot fulfill orders because of an insured loss.

[7] Grant, E. (2012). "The Economic and Social Value of Insurance." The Geneva Association, 10.
[8] Grant, E. (2012). "The Economic and Social Value of Insurance." The Geneva Association, 12.
[9] OECD. (2017). "OECD Journal: Financial Market Trends, Volume 2016 Issue 2." OECD Publishing, Paris.

Innovation Facilitator

In the innovation ecosystem, many small, newly capitalized startup companies take on enormous risk as they develop novel technologies. Many technological breakthroughs require years of sustained investment before generating revenue, as startups conduct research and development, build intellectual property and transform novel ideas into commercially viable products and services. Managing the financial risk associated with this process would be extremely difficult without liability insurance, errors and omissions insurance, directors and officers liability insurance, and other forms of insurance, since a single claim or operational error could effectively bankrupt the enterprise and deplete the invested capital. Commercial insurance helps the end-to-end scientific discovery process to manifest itself in the commercial space.

Commercial Credit Facilitator

When businesses have a brick-and-mortar presence, proof of commercial insurance is a precondition to securing a business loan. For this reason, insurers are also credit facilitators in the economy. This credit, in turn, facilitates the production, distribution and use of the goods or services that the business produces.

Reputation Protector

All businesses must monitor and closely manage any risk to their reputation. When a business can demonstrate to clients and consumers that it has mitigated potential risks with insurance, it gives them greater confidence in the business. While insurance is not always required for all types of businesses, commercial insurance signals to clients that the company is reputable, takes the safety of its staff and clients seriously, and appropriately addresses its financial risk.

Capital Formation Enabler

Insurance can help businesses save money over the long term if they pair adequate commercial insurance coverage with in-house risk management strategies. By actively managing risks, a business is less likely to have significant and frequent claims on its policy. This, in turn, helps demonstrate to insurers that the company is “risk aware” and taking steps to prevent unnecessary losses. With fewer claims on the books and as its risk profile improves, a business may be able to lower its overall insurance costs.

Workplace Safety Promoter

In addition to standard commercial insurance coverage, supplementary coverages help encourage businesses and their employees to operate safely. Insurers frequently support workplace safety through risk assessments, training resources, loss-control recommendations and pricing incentives that reward strong safety performance. As a result, commercial insurance serves not only as a mechanism for transferring risk but also as a catalyst for investments in safer workplaces, reducing injuries, improving productivity and lowering the broader economic costs associated with workplace accidents.

Appendix: Classification of Industry Groups and Methodology

The 2022 North American Industry Classification System (NAICS) defines insurance carriers and agencies, brokerages and other insurance-related activities as follows:

Insurance Carriers

This industry group comprises establishments primarily engaged in underwriting annuities, insurance policies and reinsurance. The establishments of this group invest premiums to build up a portfolio of financial assets to use against future claims. Contributions and premiums are set based on actuarial calculations of reserves. This industry group includes direct insurance carriers that are primarily engaged in underwriting annuities and insurance policies directly to policyholders, and reinsurance carriers that are primarily engaged in assuming all or part of the risk associated with existing insurance policies originally underwritten by other insurance carriers. Industries are defined in terms of the type of risk against which the policyholders are being insured, such as death, loss of employment due to age or disability, and property damage.

- Direct life, health and medical insurance carriers
- Direct insurance (except life, health and medical) carriers
- Reinsurance carriers.

Agencies, Brokerages and Other Insurance-related Activities

This industry group comprises establishments primarily engaged in selling insurance or providing services related to insurance.

- Insurance agencies and brokerages
- Other insurance-related activities.

Methodology Used by Statistics Canada

All nominal GDP, employment, personal income and tax values in this report are provided by Statistics Canada, which used detailed supply-and-use tables and input-output models, unless otherwise stated. The results of the models quantify the combined direct, indirect and induced economic impacts (total impact):

- Direct impacts relate only to businesses, employees and those self-employed workers in insurance carriers and agencies, brokers and other insurance-related activities, for example, premium taxes paid directly by insurance carriers.
- Indirect impacts (or supply-chain impacts) are generated by the upstream (supply-chain) purchases made by operations identified in the direct impact phase. For example, operations in the P&C insurance economy require external legal and administrative services.
- Induced impacts are derived when employees of businesses identified in both the direct and indirect impact phase spend the earnings made from the activity under analysis. This respending results in additional levels of employment, income and tax revenues, which can be observed across a wide range of industries.

Total Impact of P&C Insurance Carriers

Statistics Canada produces data on GDP, employment, personal income and tax data on products by detailed tax and taxes on production by level of government estimates for insurance carriers. However, these estimates include both the P&C and L&H insurance industry segments. To isolate the direct contribution of the P&C insurance industry, Statistics Canada uses detailed financial data from insurance carriers to calculate the output estimates for the P&C and L&H insurance industries. As defined in the 2025 system of national accounting, the output for each of these two industries was calculated by adding insurance premiums earned to investment income, then subtracting insurance claims incurred. The P&C insurance industry's share of the total output for the insurance industry was then calculated by dividing the output from P&C insurance carriers by the total output for insurance carriers (defined as L&H plus P&C insurance). This share was then applied to all economic impact parameters for insurance carriers available from Statistics Canada, yielding estimates for P&C insurance carriers.

Total Impact of P&C Insurance Agencies, Brokerages and Other Insurance-related Activities

Almost all of the output of insurance brokers, agents and adjusters is purchased by insurance carriers. As a result, the impacts of P&C insurance agencies, brokerages and other insurance-related activities were estimated by running an output shock on the insurance carriers; the economic impacts of this industry are included in the model results as indirect impacts of insurance carriers.

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