

 policyadvisor.com

STATE OF THE NATION

LIFE INSURANCE TRENDS 2020

Pandemic Checkup



FINANCIAL ANXIETY

More than 8 out of 10 Canadians with dependents feel anxious about their financial future in the face of COVID-19

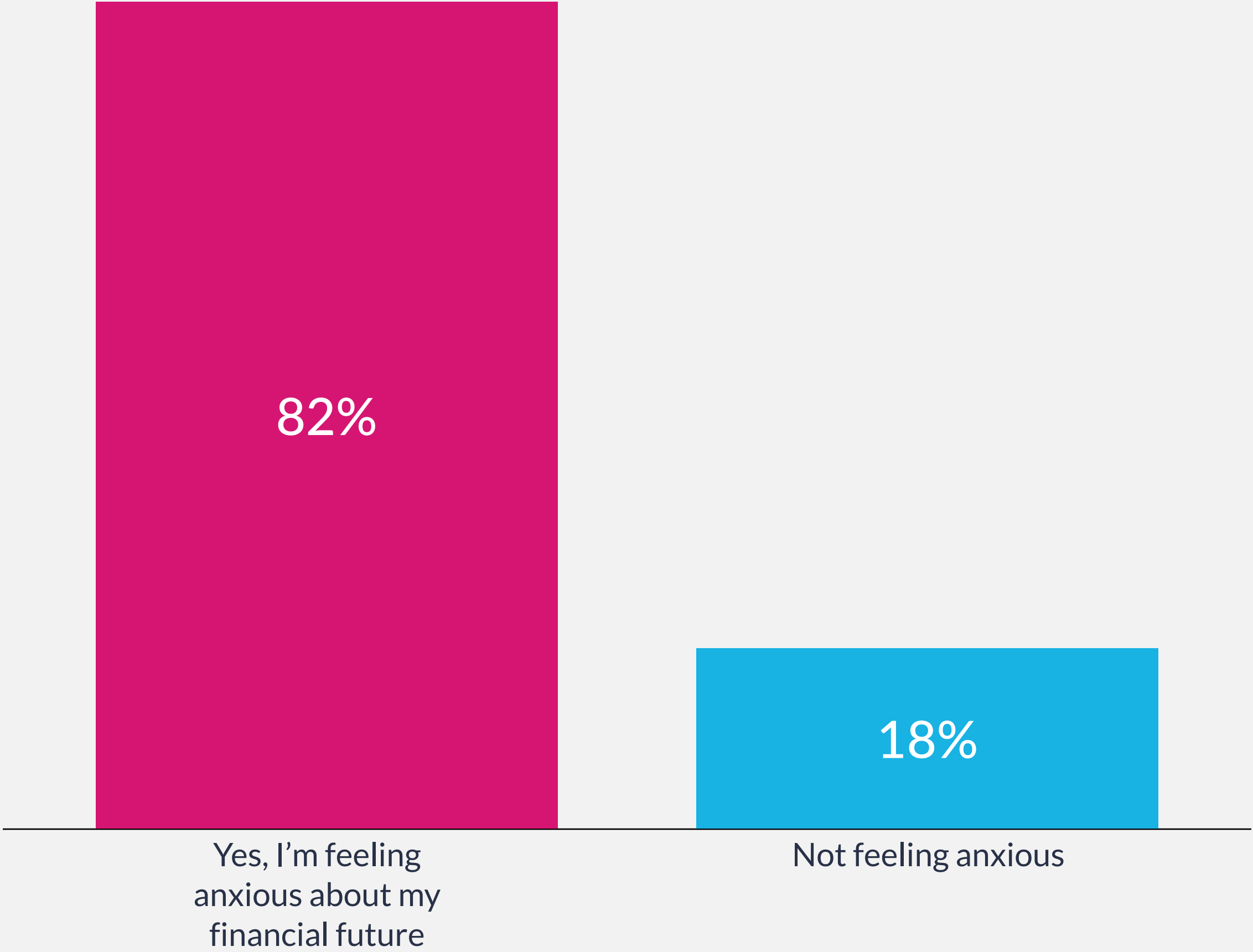
This could be due to many factors including a pessimistic view on economic recovery, especially for those that have lost or are at the risk of losing employment or those needing to cash out their retirement savings at this time. As public and private debt continues to soar, austerity measures are expected in the medium term.

Hopefully, with recent news of effective vaccines on the way in early 2021, some of these anxieties will prove to be unfounded.



COVID-19 AND ITS EFFECTS ON THE ECONOMIC FUTURE

The majority of Canadians are feeling anxious about their finances





HOW CANADIANS GET THEIR LIFE INSURANCE COVERAGE



Almost 2 in 5
Canadians rely
solely on their
employer **for life**
insurance coverage.

38% of respondents stated they only have life insurance coverage through their group or workplace benefits, while 14% stated they don't have any life insurance coverage at all.

Overall, **65% of Canadians say they rely on their group benefits** for some or all of life insurance coverage.

Recent research from **the Conference Board of Canada** suggests that 12% of companies making layoffs due to COVID-19 don't plan on extending workplace benefits to laid-off employees. This could leave some Canadian households with a significant insurance shortfall.

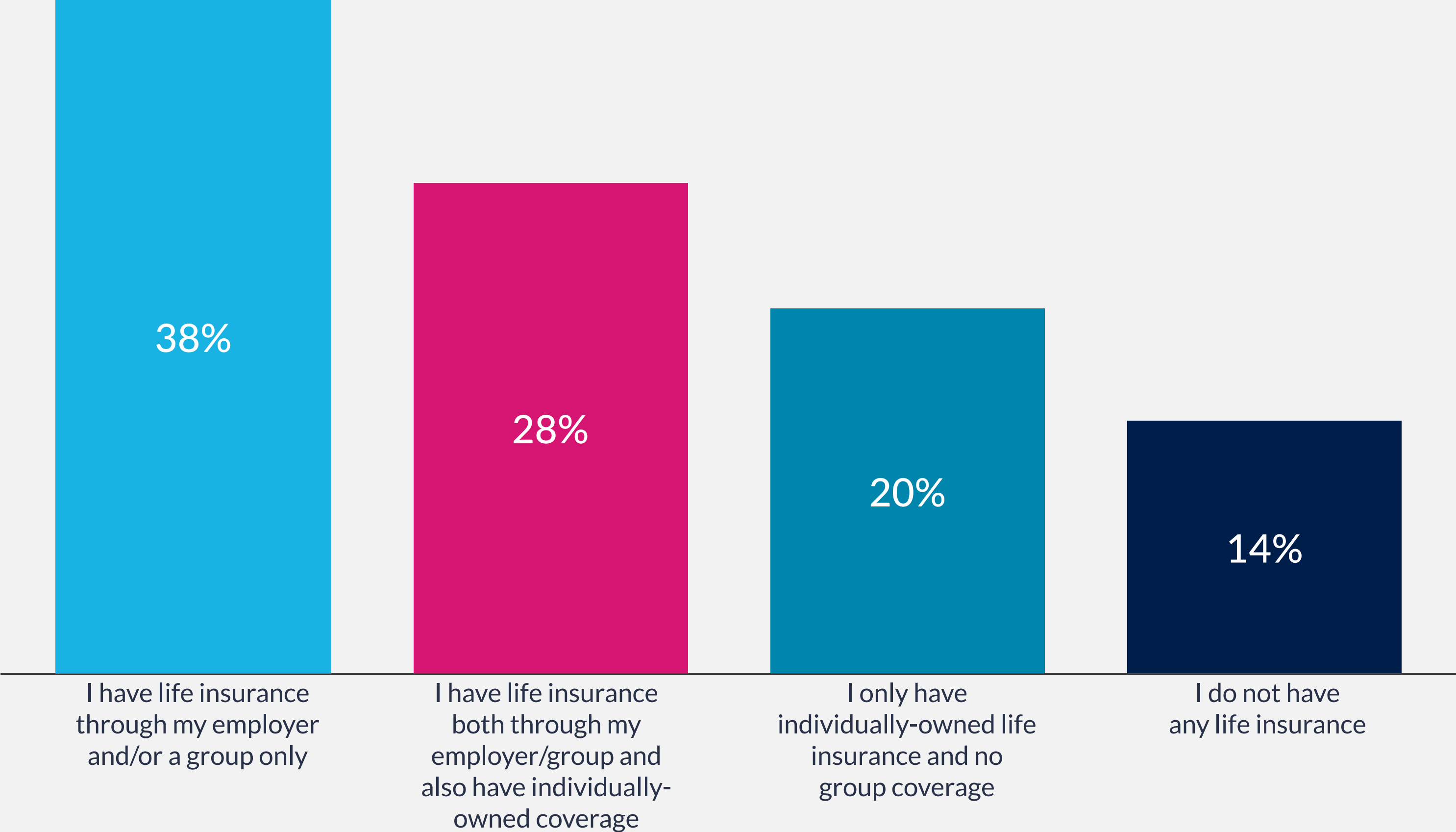




HOW CANADIANS GET THEIR LIFE INSURANCE COVERAGE

Canadians were asked which option best described their coverage

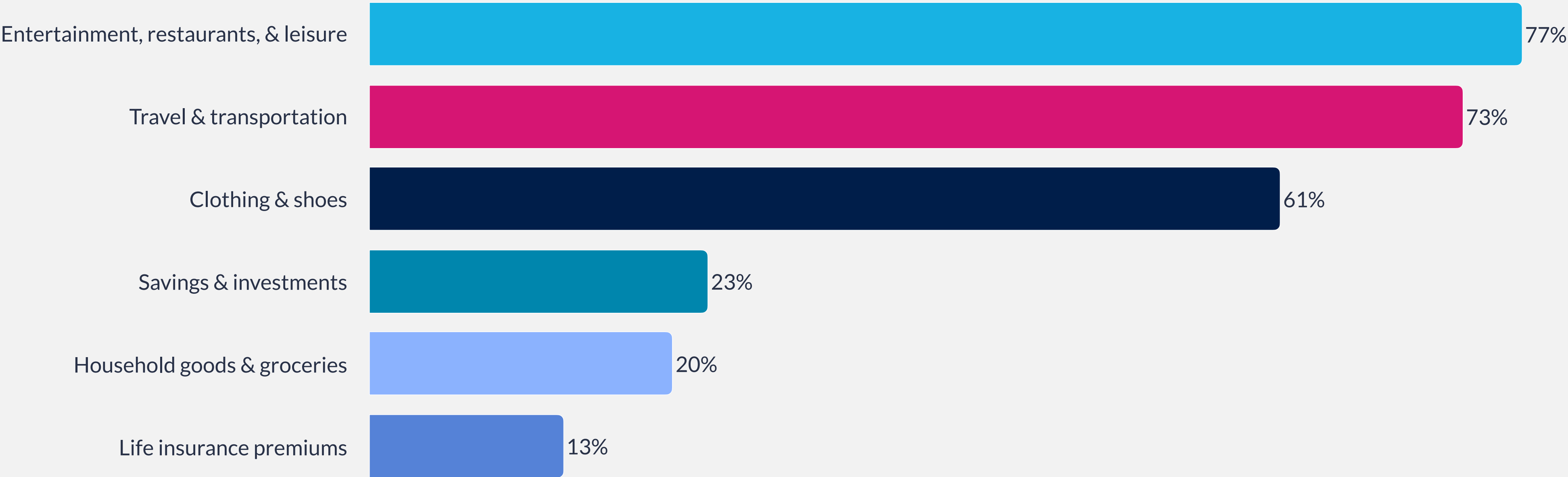
Almost half of respondents say they have some sort of individually-owned coverage whether it is their sole coverage or augments the policy they have through their workplace benefits.





HOW CANADIANS ARE ADJUSTING THEIR BUDGET IN THE FACE OF COVID-19

In the next 12 months, which expenses do you plan to reduce?



Only 13% of Canadians plan on trying to save money by reducing what they spend on life insurance premiums. Instead, most Canadians plan on tightening their budget when it comes to entertainment, restaurants, travel, and clothing.



HOW CANADIANS ARE ADJUSTING THEIR BUDGET IN THE FACE OF COVID-19

It's safe to say that Canadians value life insurance and the security it offers in tumultuous times. However, for those Canadians that do feel the need to take a critical financial eye to what they are spending on coverage, there are ways to save money on life insurance.

01

Evaluating their premiums with a broker and seeing if there is a less expensive alternative

02

Getting a new policy instead of renewing coverage when their policy expires

03

Replacing expensive creditor or mortgage insurance with individual term life coverage

04

Choosing term life insurance coverage if their needs are short term instead of whole life or universal life policies

05

Getting a medically underwritten policy, which is generally less expensive than non-medical policies

06

Switching to non-smoker rates if they were initially approved as a smoker and have since quit smoking for at least one year



WHAT TYPES OF INSURANCE DO CANADIANS VALUE MOST?

Coverage that protects one's life and health is considered the most essential to Canadians right now; this is understandable given the health concerns of the current pandemic.

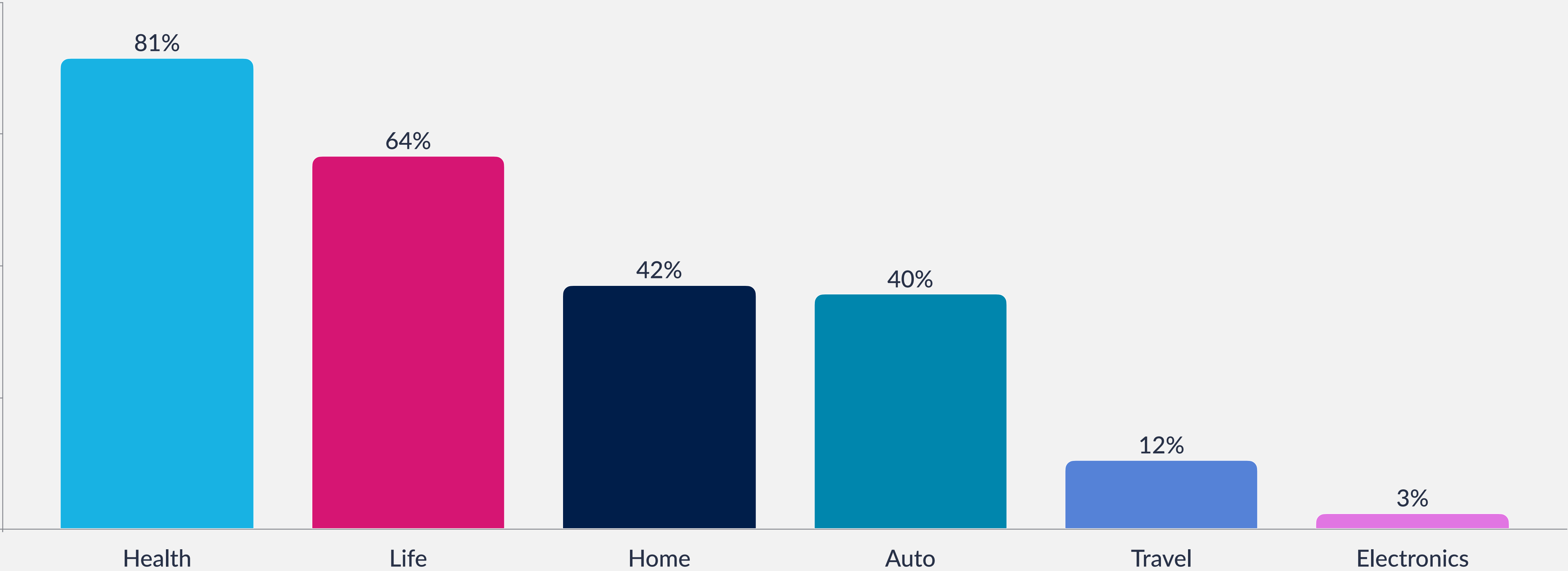
Home and auto coverages are deemed a little less important. The devaluation of auto insurance can be attributed to more people working from home and no longer using their vehicle to commute; this has led to many Canadians choosing a lower mileage tier in their auto coverage.

Travel insurance is not highly valued at the moment with travel restrictions in place in most parts of Canada. This answer may have been different in March when COVID-19 travel restrictions were new and led to many trip cancellations for Canadians, both abroad and in their own country.



HOW CANADIANS ARE ADJUSTING THEIR BUDGET IN THE FACE OF COVID-19

What types of insurance do Canadians value most?





HOW CANADIANS VALUE LIFE INSURANCE

Almost two-thirds of Canadians feel life insurance is more important to own now compared to before the pandemic.

That's right. On the opposite end, only 2% of Canadians feel life insurance is less important to own considering COVID-19, while 35% have not changed their views one way or the other.

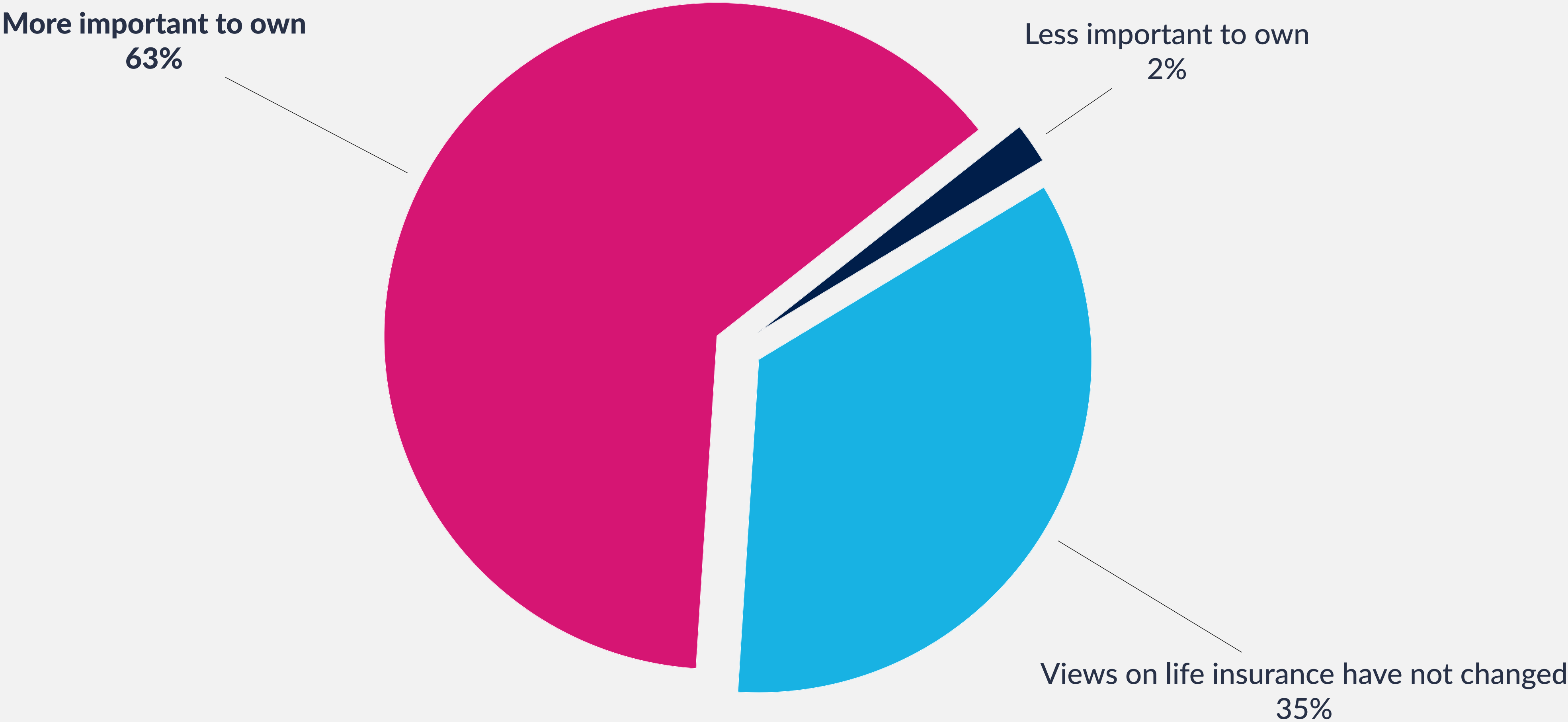
COVID-19 has led to a majority of Canadians realizing how suddenly life-changing events can affect the financial outcome of those that depend on them.





HOW IMPORTANT IS LIFE INSURANCE NOW?

Life insurance valued now more than ever





ARE CANADIANS BUYING MORE COVERAGE?

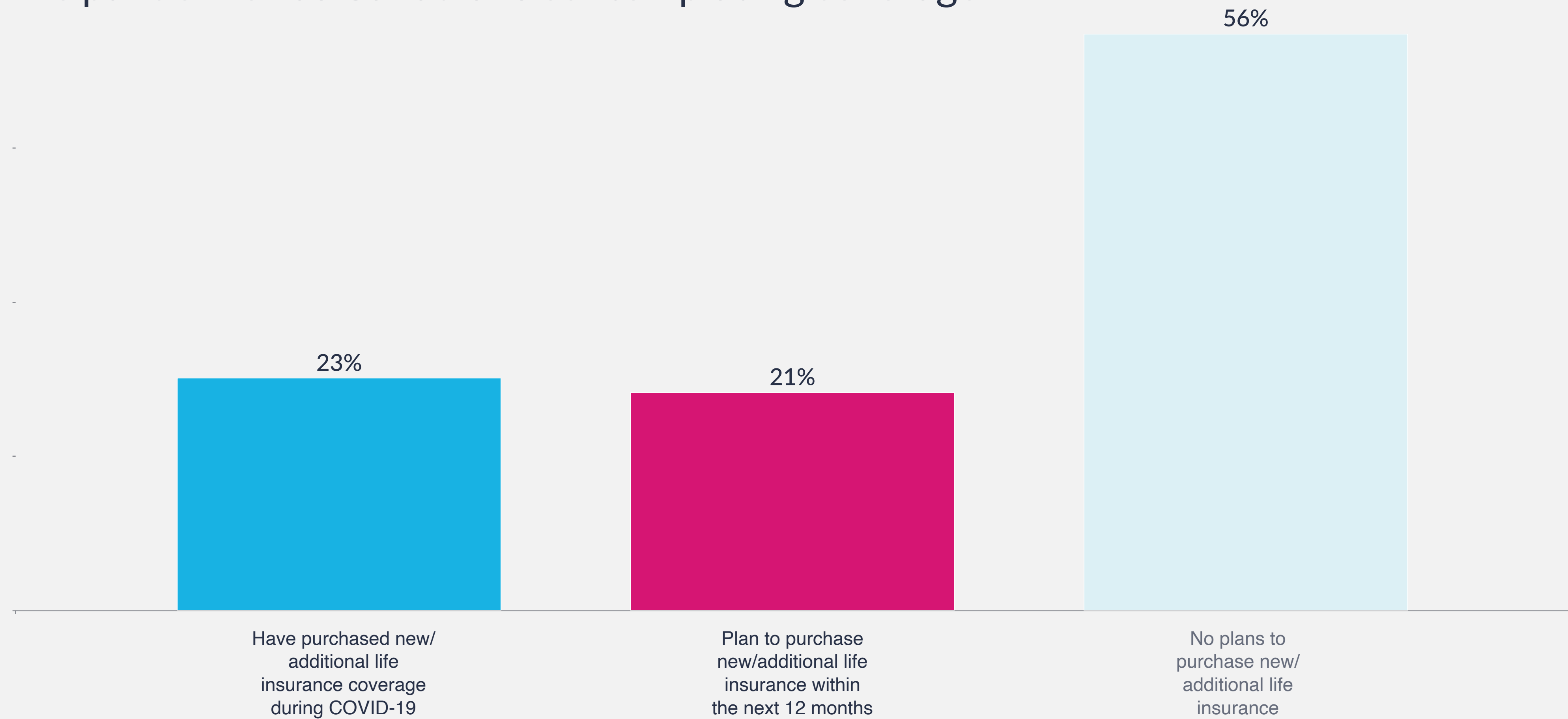
44% of Canadians **plan on or have already purchased additional life insurance coverage because of COVID-19.**

COVID-19 has been a trigger for Canadians to purchase life insurance and a wake-up call for them to understand the state of their finances, create a budget and plan, and lock in the financial support and security they require to feel safe and sound for anything life may throw at them next.



PURCHASE INTENT

The pandemic has Canadians contemplating coverage





SO... WHAT'S PREVENTING CANADIANS FROM PURCHASING THE LIFE INSURANCE COVERAGE THEY ADMIT THEY NEED?

The perceived inability to purchase coverage online prevents 30% of Canadians from purchasing life insurance or adding to their existing coverage. Since COVID-19, Canadian consumers have seen industries and legacy companies adapt to the new reality of online service fulfillment. In turn, they expect insurance companies to work like e-commerce but have not seen that expectation realized.

27% feel life insurance is too expensive and 23% cite product complexity. There is a clear knowledge gap when it comes to the life insurance marketplace.

Canadians can save money and learn more about their options by comparing quotes with an online broker.

Almost 12% of respondents feel buying life insurance takes too long, which can also be addressed with more modern insurance tools and practices via an online broker. 11% of respondents don't want to participate in the exams or blood collection that can accompany medical underwriting. This speaks to another blind spot for Canadian insurance seekers unaware of the many non-medical life insurance options available.

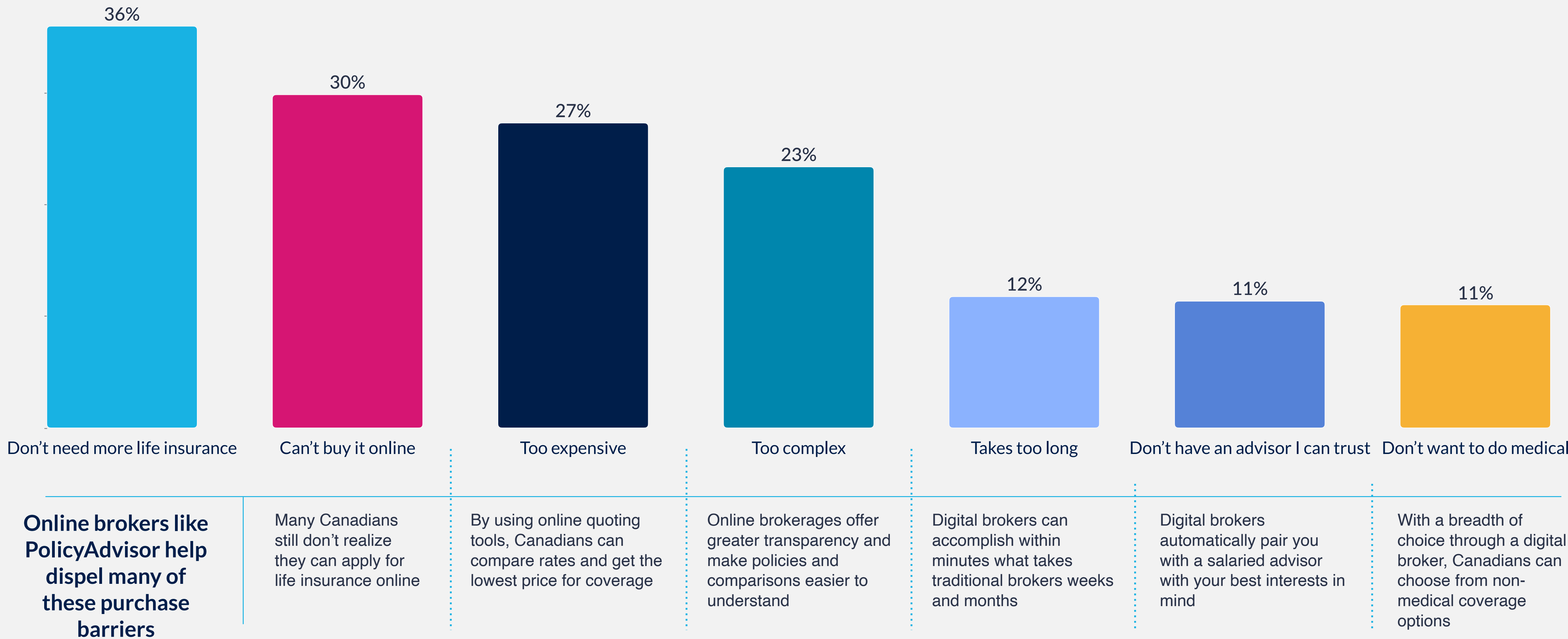
Lastly, a lack of need prevents 36% of Canadians from purchasing any additional coverage, as they most likely already have coverage and feel no need for an additional policy.





BARRIERS TO PURCHASE

What's preventing Canadians from purchasing more coverage?





CANADIAN CONSUMER EXPECTATIONS

Speaking to the aforementioned expectations of shoppers in the post-COVID landscape, the majority of Canadians would purchase life insurance online if given the choice. Only 21% of respondents now insist on meeting with a broker (compared to almost 30% in our previous survey).

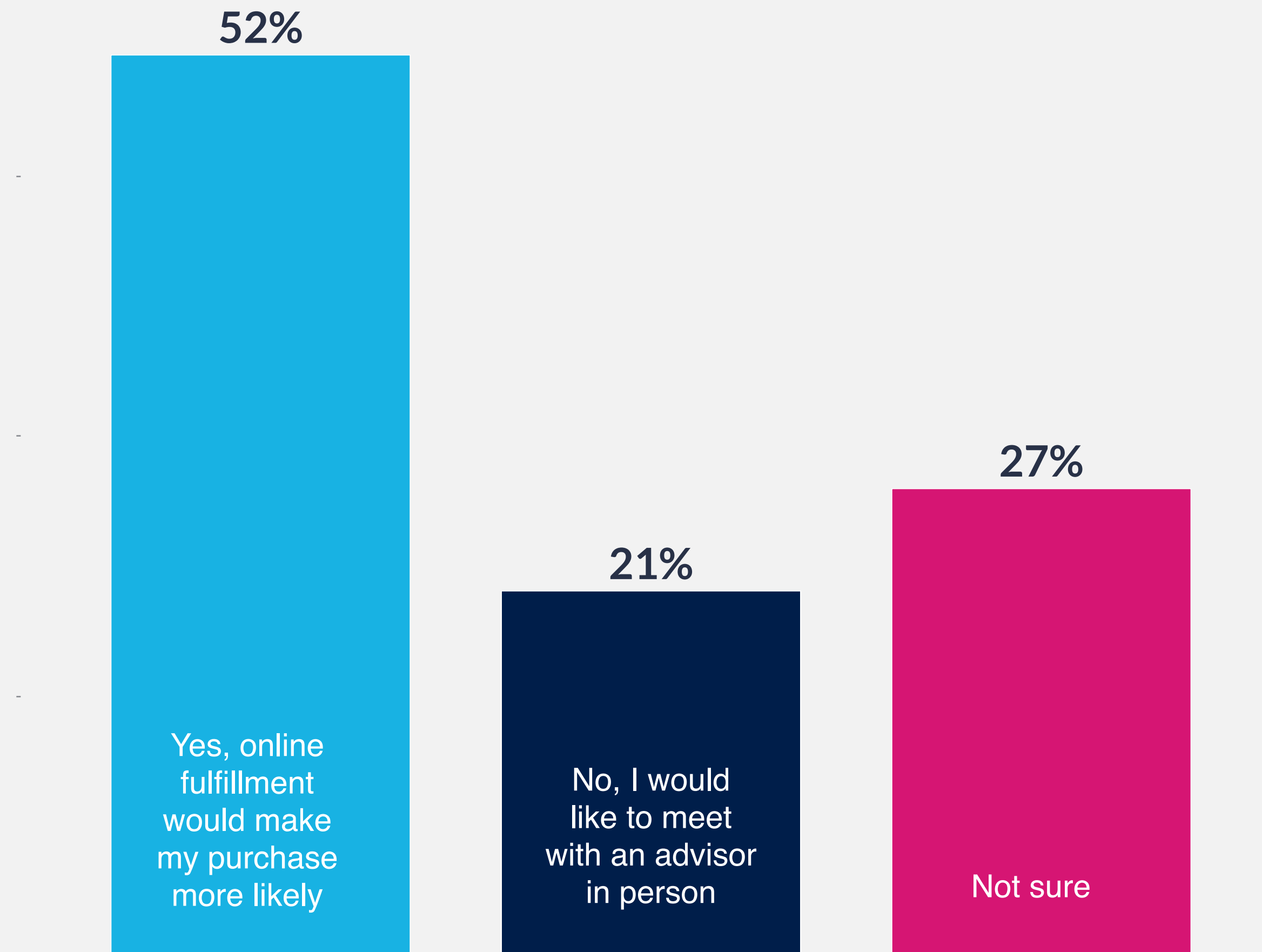
Luckily for Canadians, online options for life insurance have increased post-COVID. Many insurance companies are approving up to \$1 million in coverage (with some even going up to \$2 million) without requiring a medical exam (for those below the age of 50 and in regular health).

Unfortunately, almost a quarter of respondents are not sure one way or the other if they would purchase life insurance if they complete their transaction online. More solid education from carriers and brokers around the options that are available to them could help them make an informed choice.



eCommerce

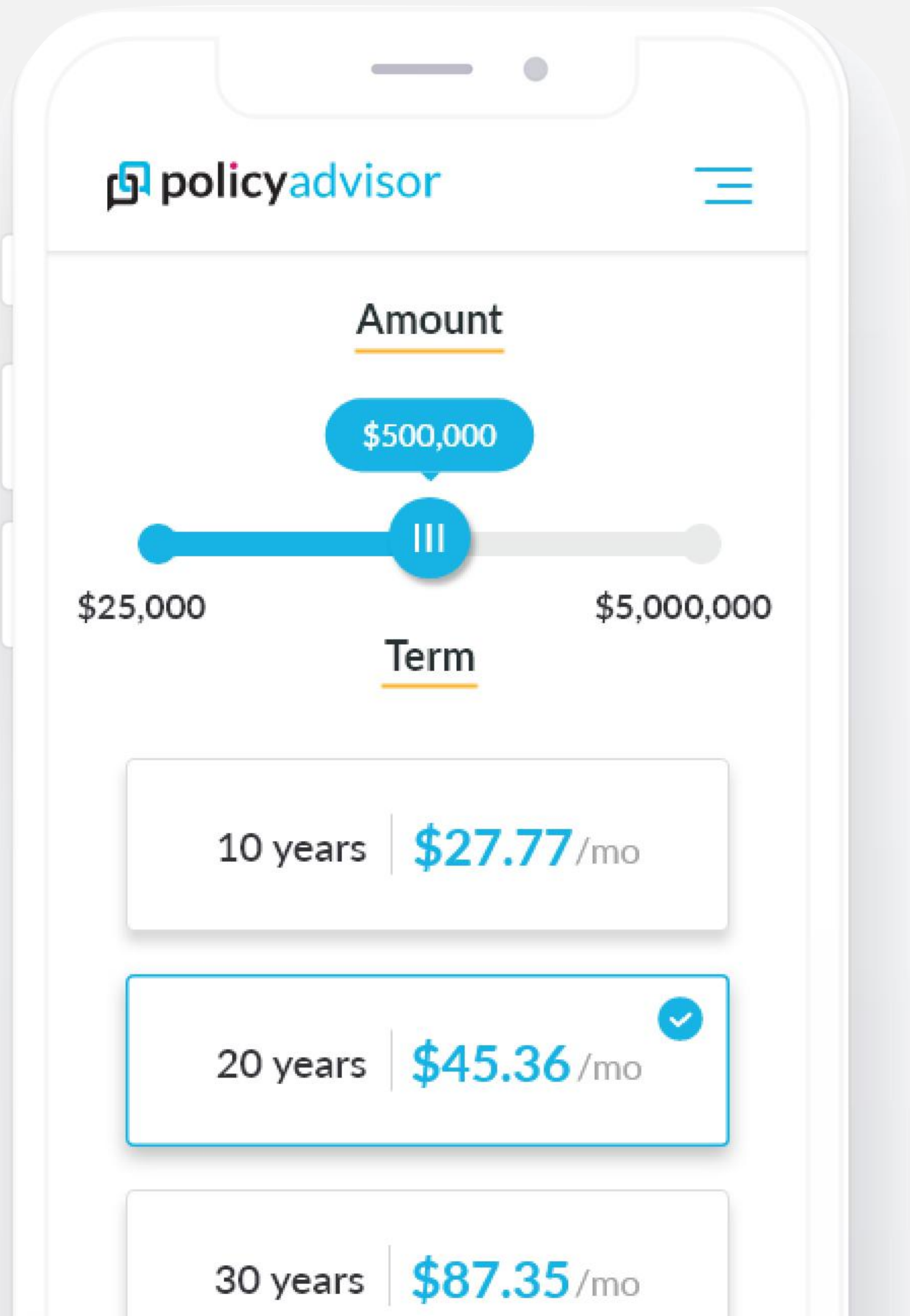
Customers expect insurance to work like other online retailers





About policyadvisor.com

State of the Nation: Life Insurance Trends 2020



PolicyAdvisor is Canada's leading online insurance broker. We provide a digital solution to an archaic industry, combining modern technology, intuitive design, and real-world expertise to make insurance buying simpler, straightforward, and stress-free.

We partner with 20 of Canada's top insurance companies and offer calculators and quoting tools to get you coverage as quickly as you need. Book a no-obligation call with us anytime to go over your current coverage or start a conversation about any new insurance needs.

 **policyadvisor.com**

★★★★★ (4.93/5)
Reviews.io

✉ hello@policyadvisor.com
☎ 1-888-601-9980
@policyadvisorHQ
   

SCHEDULE A CALL

For more information about PolicyAdvisor.com's State of the Nation: Pandemic Checkup, please contact us or follow PolicyAdvisor.com on Facebook, Twitter, or LinkedIn for the latest insurance news, updates, and jargon-free advice. The survey was conducted via SurveyMonkey's Canadian panel in November 2020 and included 500+ qualified respondents. All graphs rounded to the nearest percentage point.