



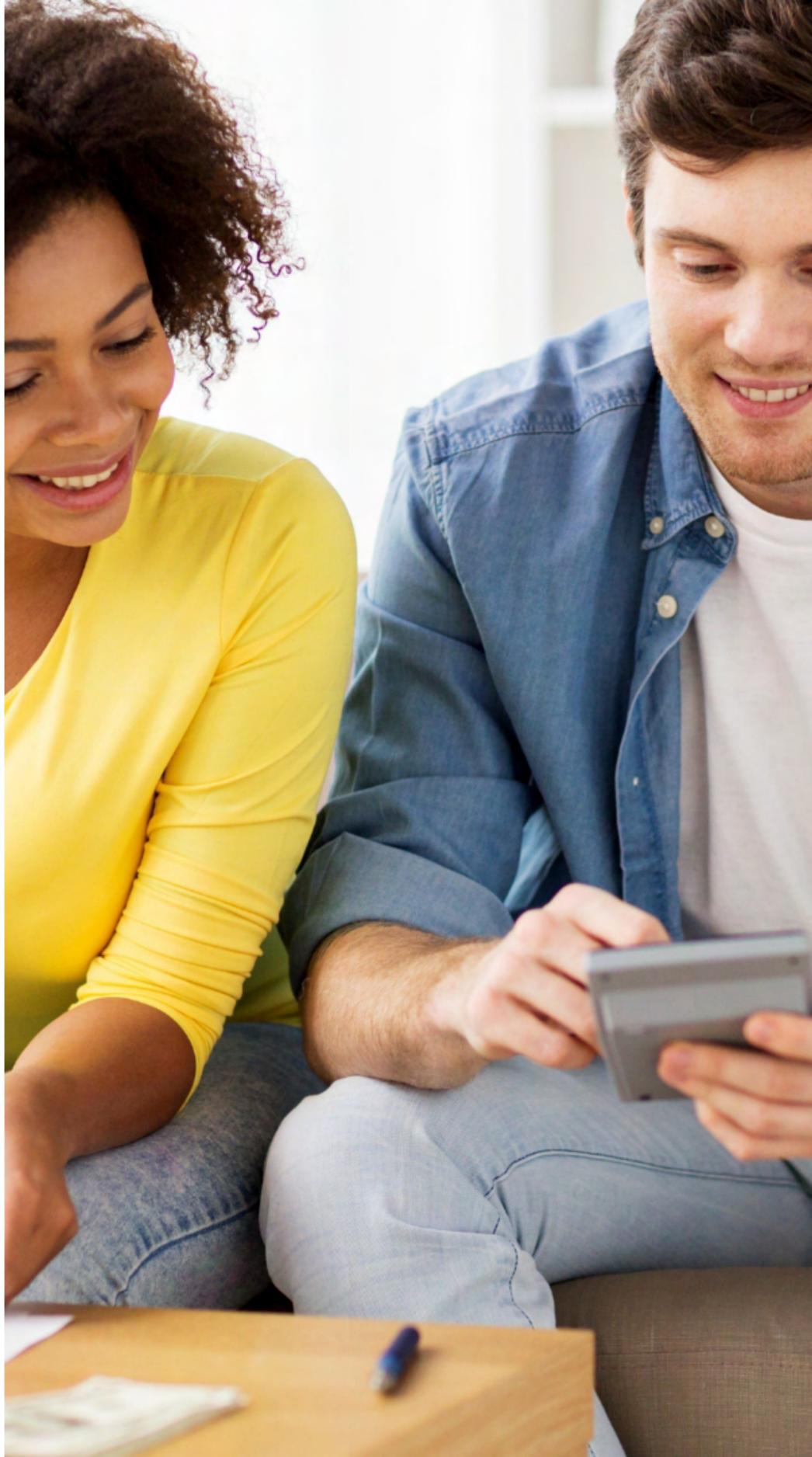
 [policyadvisor.com](https://policyadvisor.com)

# STATE OF THE NATION

LIFE INSURANCE TRENDS 2021

Pandemic Consumer Temperature Check



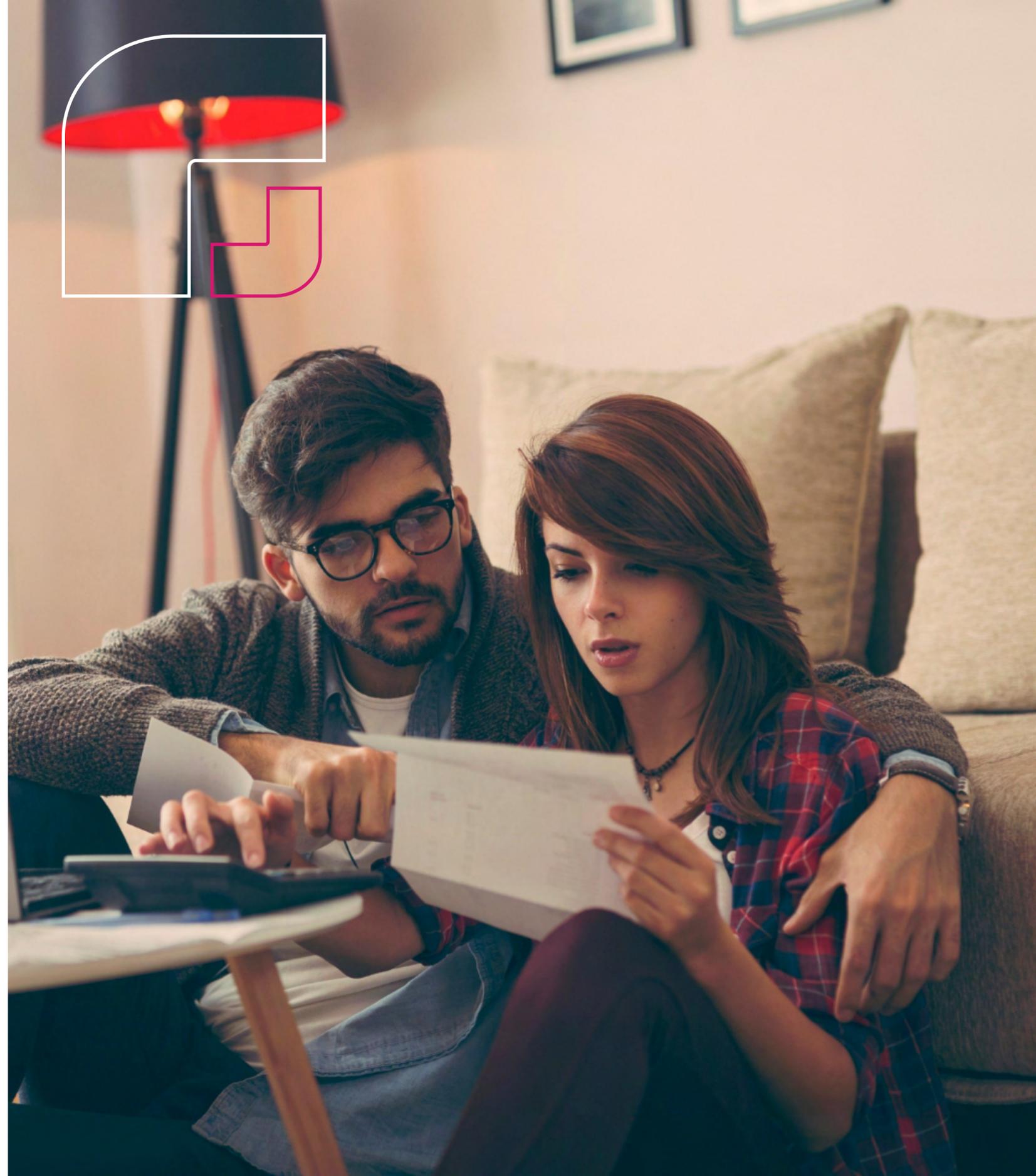


## INTRODUCTION

Twenty-one months after it started, Canadians can see glimpses of what a post-pandemic world looks like. While we look forward to a return to “normalcy,” the economic realities of living, working, and saving for the future while also dealing with newer variants during the COVID-19 pandemic could prove to be rough for some in this country. Government spending and deficits, supply chain breakdowns, and inflation are just some immediate repercussions of the pandemic era we may see in the coming year.

When PolicyAdvisor first set out to document insurance trends, we didn’t anticipate this annual feature would also become a temperature check for the levels of financial anxiety prevailing around us. The country’s views on life and health insurance are understandably influenced by the global health crisis we are dealing with. However, as Canadians navigate this new economy, it’s clear that the pandemic has had an effect well beyond the insurance industry.

As we wrap up 2021, we present our third annual release of market research on the Canadian consumer’s changing attitudes towards life insurance. The survey results shed light on how Canadians plan to weather the next 12 months of uncertain economic conditions, how it affects their appetite for spending and saving, and what steps they are taking to secure their financial future.



## REASONS FOR FINANCIAL ANXIETY

**Impact on monthly bills from rising prices and interest rates is the major concern for most Canadians.**

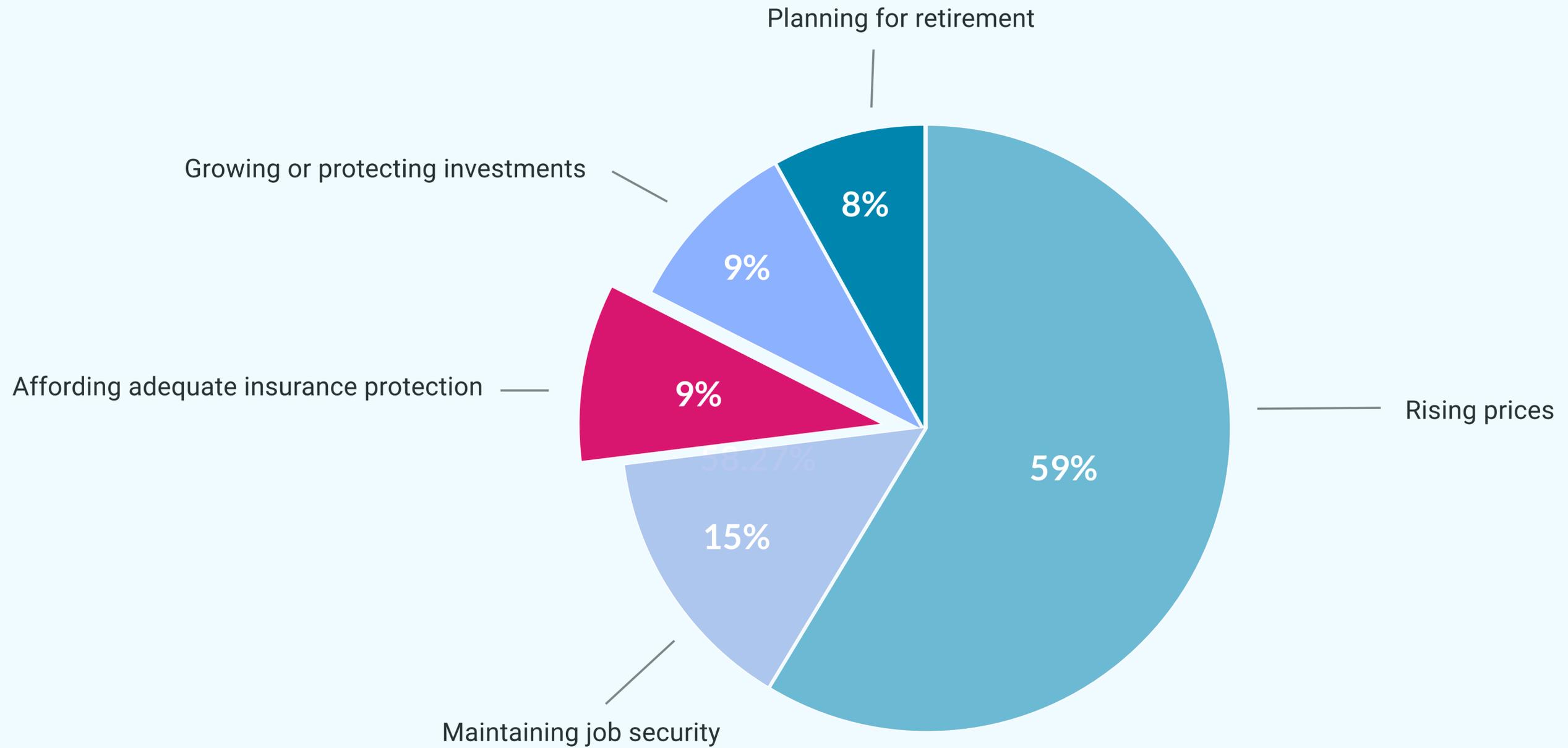
Fifty-nine percent (59%) of those surveyed are worried about inflation as they face the ramifications of an economy being fueled back to life with deficit spending and borrowings. Job security is the next top concern (15%), though constant headlines about labour shortages may have many respondents confident they will continue working for the foreseeable future.

Insurance, investing, and retirement planning all come in as the least immediate worries for Canadians. This response likely reflects short-term concerns around making ends meet many have as they return to the workforce with lesser concern about longer-term financial management issues.



# REASONS FOR FINANCIAL ANXIETY

What aspect of your finances are you most concerned about?





## COST CUTTING POST-COVID

**Life insurance is the least expendable budget item for Canadians facing financial inflation this year.**

Only 20% of respondents reported plans to reduce spending on life and health insurance, the lowest percentage among choices. As new coronavirus variants continue to emerge, those with coverage recognize the importance of it and intend to keep their coverages in place.

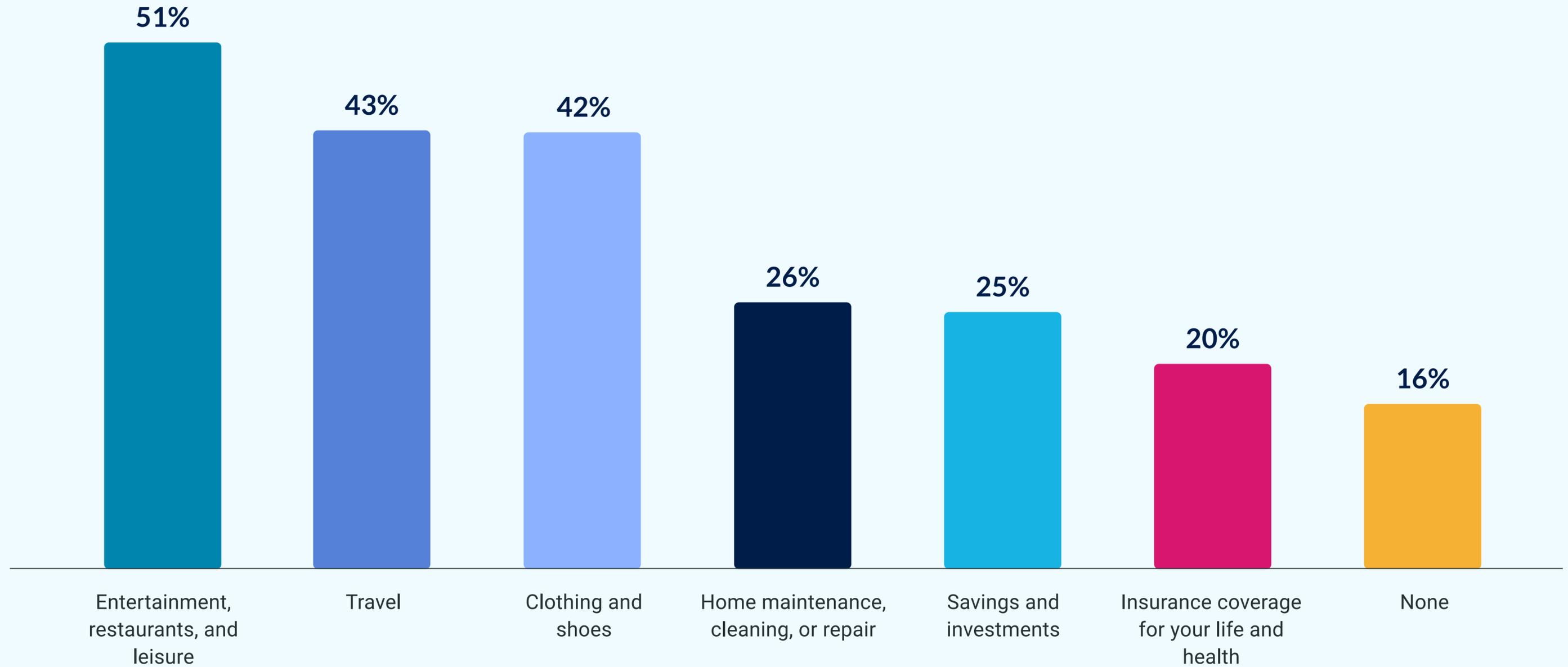
Belt-tightening will happen in other areas over what may be a lean start to 2022 for many Canadians. The majority of those surveyed (51%) plan to cut spending on entertainment and eating out. Travel (43%) followed by Clothing (42%) is also deemed expendable in the short term (possibly due to uncertainty on further travel restrictions).

Insurance is the last resort to cut spending for most Canadians.



# COST CUTTING POST-COVID

Where might you reduce spending in the next 6 months?



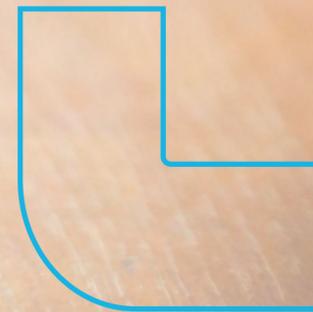


## SAVINGS, INVESTMENTS, OR INSURANCE

**When only able to choose one option, Canadians are electing to save more money after the pandemic, signalling a nervous mood amongst Canadian consumers.**

As supply chain woes affect everything from oil prices to new car inventories, Canadians are likely keeping their eye on rising prices of goods and services.

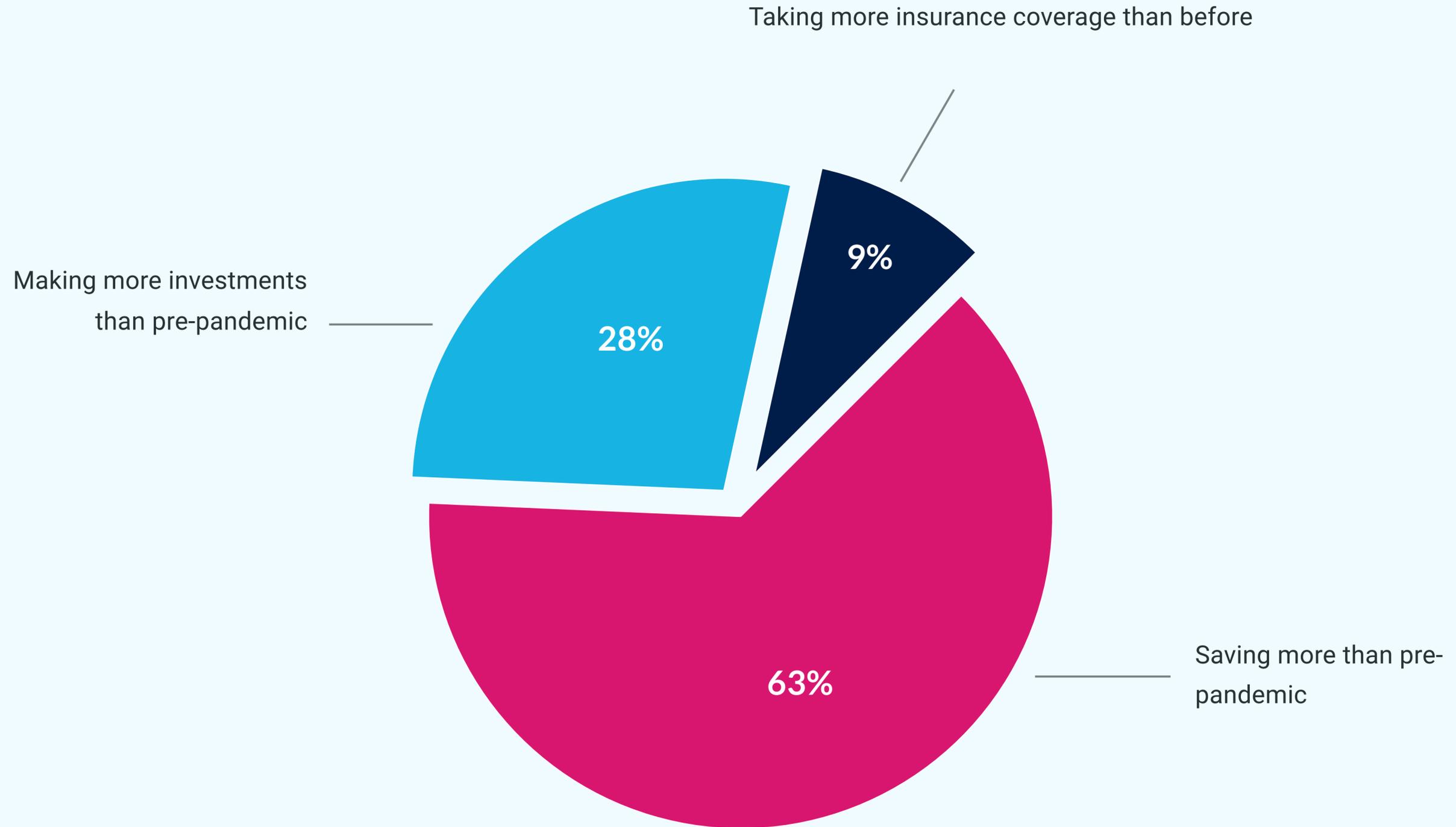
On the flip side, over a quarter of surveyed Canadians are taking advantage of this period to make investments. Those with access to liquidity, don't want to be left out of the asset price inflation impacting everything: from real estate and equity markets to crypto assets.





# SAVINGS, INVESTMENTS, OR INSURANCE

Because of COVID-19, are you...





## FINANCIAL SECURITY

**Canadians are still – by and large – unprepared if illness or death affected the family’s main breadwinner.**

Only 23% of respondents claim they can provide for at least two years of financial support to their dependents should they pass away or get sick.

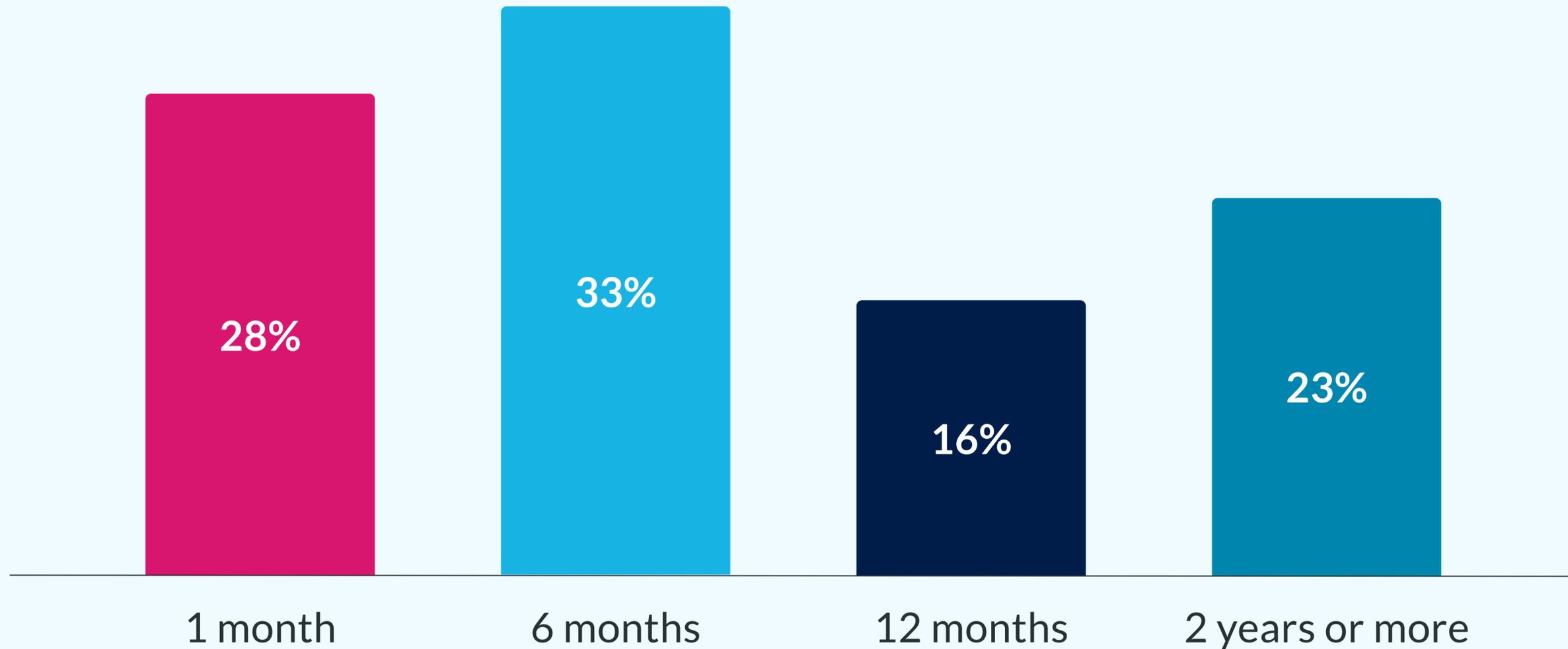
This means that 77% of Canadians with financial dependents are dangerously unprepared for these circumstances. Insurance experts would typically advise a 10-year cushion for replacement income to help the family maintain their financial and lifestyle needs in the absence of the main income generator.





# FINANCIAL SECURITY

How long can dependents can keep up with the cost of living if main income earner passes away or loses their job?





# CONFIDENCE IN INSURANCE PROTECTION AND EVALUATION OF COVERAGE

**Less than half of Canadians feel confident that their current level of insurance would protect them and their families from the negative financial effects of a life or health emergency.**

And, while almost 30% of respondents feel like their coverage is inadequate, only 17% have added to their coverage. Only 42% have reviewed their insurance coverage in the last 12 months.

Canadians do not feel confident making decisions around life insurance even though they've identified a clear need for more coverage.

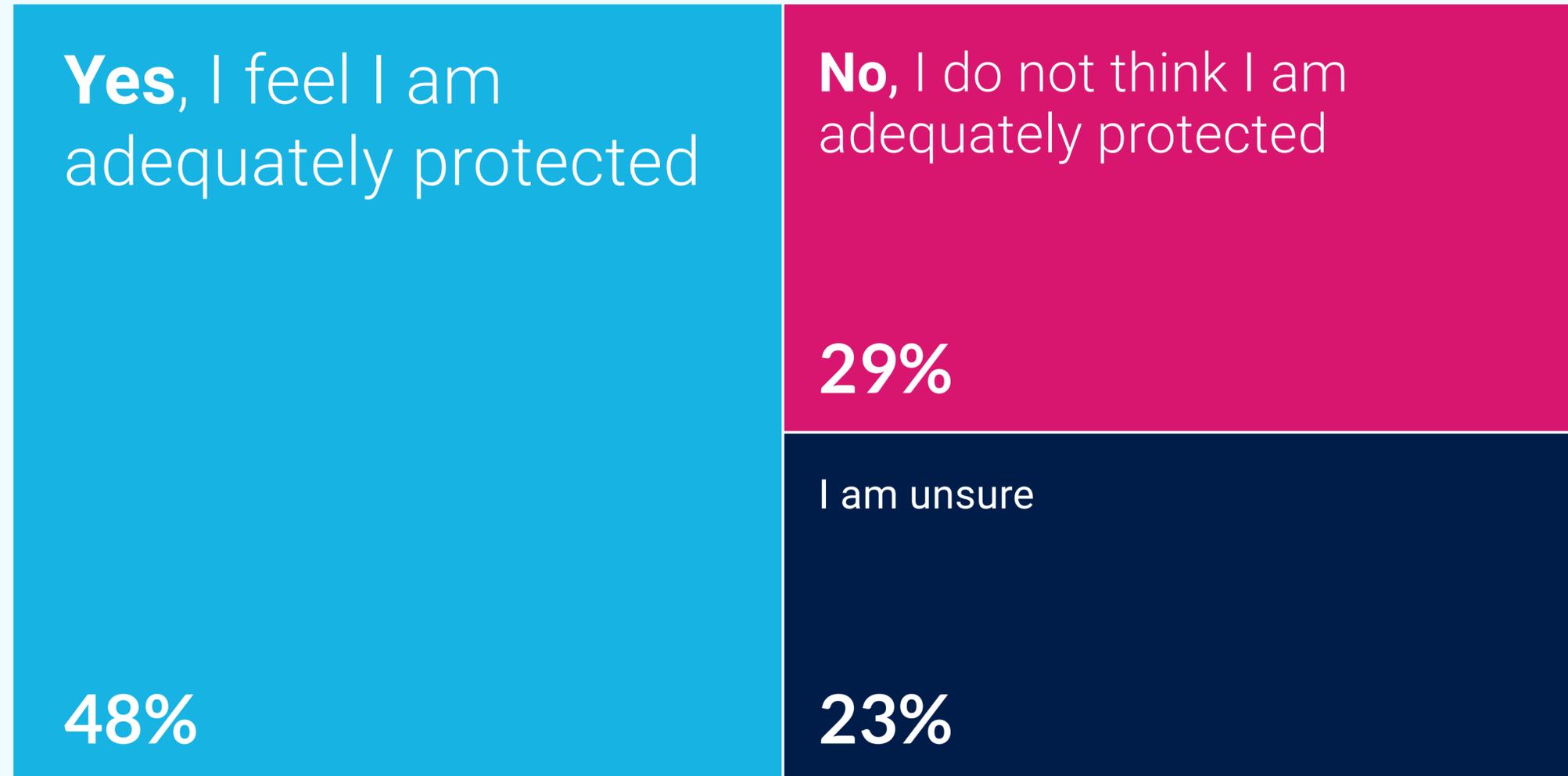
As a whole, the Canadian life insurance industry needs to dedicate more time and/or resources to educating Canadians about how life and living benefit insurance works, its pricing models, and the easiest way to get coverage in order to close the coverage gap.





# CONFIDENCE IN INSURANCE PROTECTION

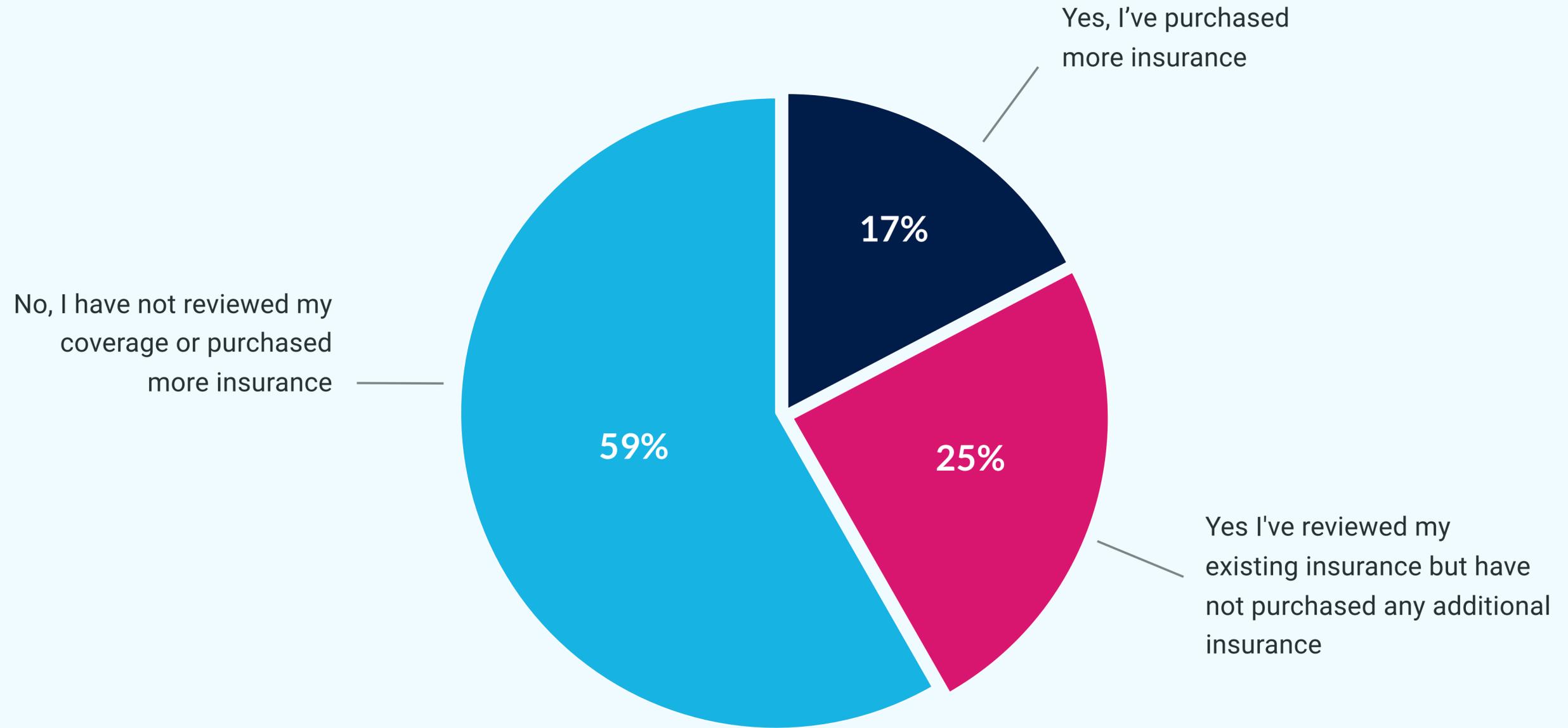
Do you feel your current life insurance coverage adequately protects you and your loved ones?





# EVALUATION OF COVERAGE

Have the effects of the pandemic urged you to re-examine your life insurance coverage in the last 12 months?



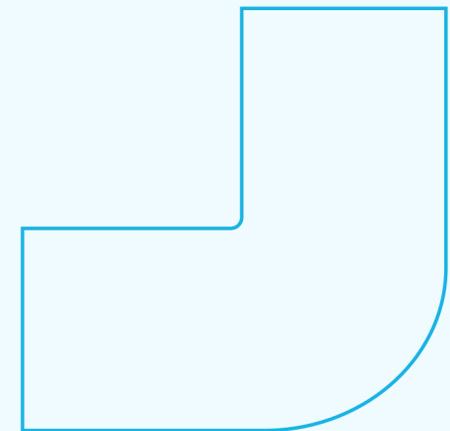
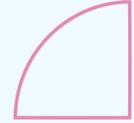


## BUYING COVERAGE

**So, what's stopping Canadians from purchasing life insurance or topping up their coverage?**

Almost half of the respondents feel life insurance is too expensive. This can be explained by a lack of consumer education; especially if an applicant is presented with a type of coverage and premium price that doesn't align with their budget.

Life insurance can be incredibly affordable when structured correctly to align with one's needs. In fact, several of Canada's top life insurance companies have announced unprecedented discounts and rate reductions for term life insurance in Q4-2021.





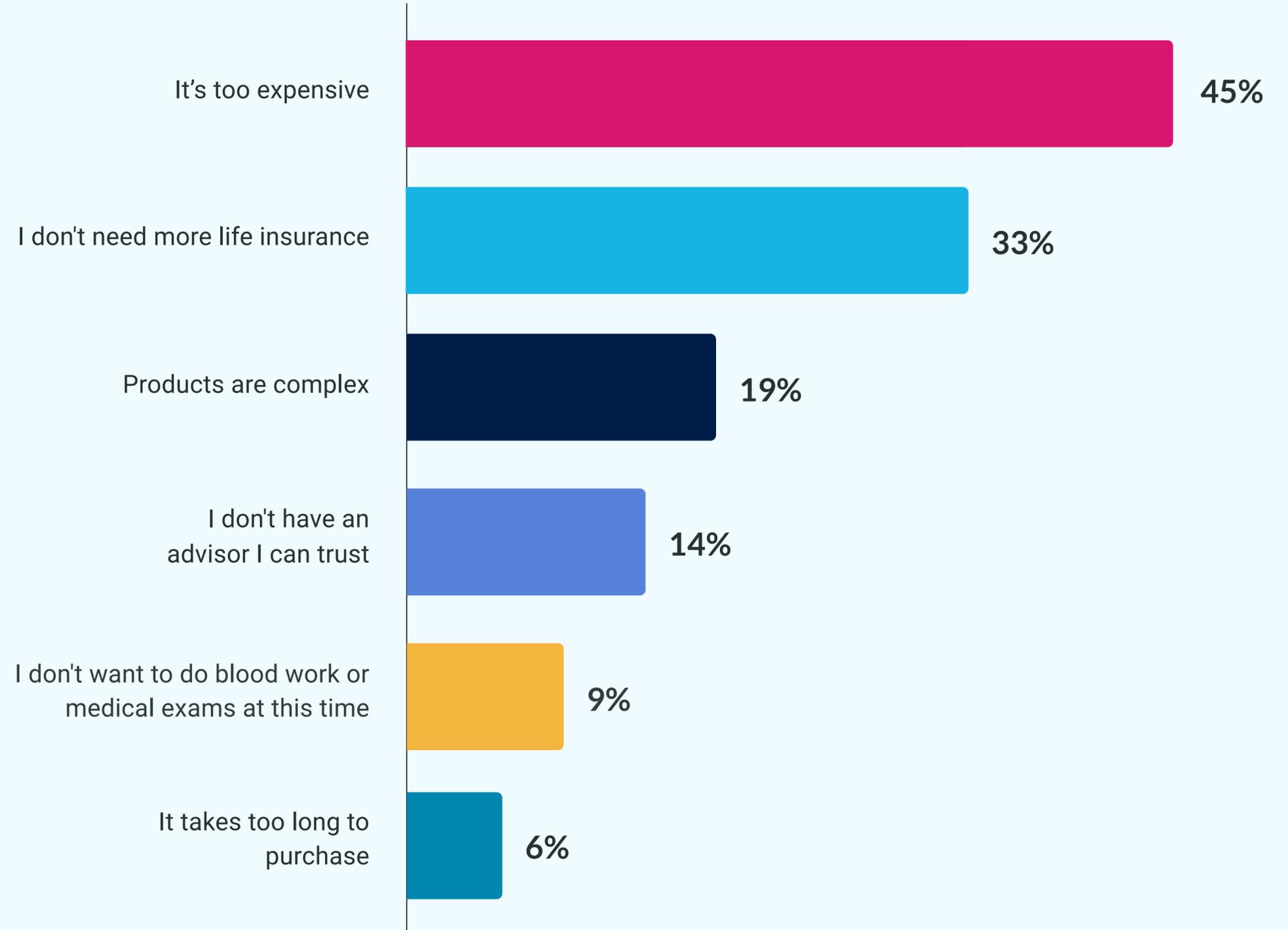
**Additionally, almost 1 in 5 Canadians feel life insurance is too complex and are dissuaded from purchasing it because of their lack of understanding of insurance products.**

While 14% of Canadians feel they can't find an insurance advisor they trust to walk them through the life insurance process. Because Canadians don't understand life insurance and don't believe they have access to trusted advice, they carry these misconceptions about price and coverage that prevent them from getting the policy they need.

Digital brokerages, like PolicyAdvisor, can help eliminate this barrier, as Canadians get access to licensed advisors without the commitment of an in-person meeting. With easy access to insurance explainers and transparent pricing tools, digital fulfillment of insurance advice can go a long way to end insurance gaps for those without adequate coverage.

## BUYING COVERAGE

What prevents you from buying life insurance coverage?





## CONSUMER TRUST

**Only 56% of Canadians trust their life insurance provider.**

There could be many reasons consumers in this country don't trust a business. Is a greater distrust in financial institutions post-pandemic leading to an unfavourable sentiment?

Many Canadians watched their favourite businesses shutter their doors as the economic realities after COVID (rising rents, rising product costs, lack of foot traffic) led them to close down. Some Canadians may find it hard to trust any business will stay open, even an insurance company. Luckily, there are mechanisms in place to protect their coverage should something such as an insurance company bankruptcy happen.

While both 2020 and 2021 have been unique years, they have served to jump-start some flexibility and adaptability with life insurance providers, urging them to speed up their digital fulfillment options more so than they may have planned.





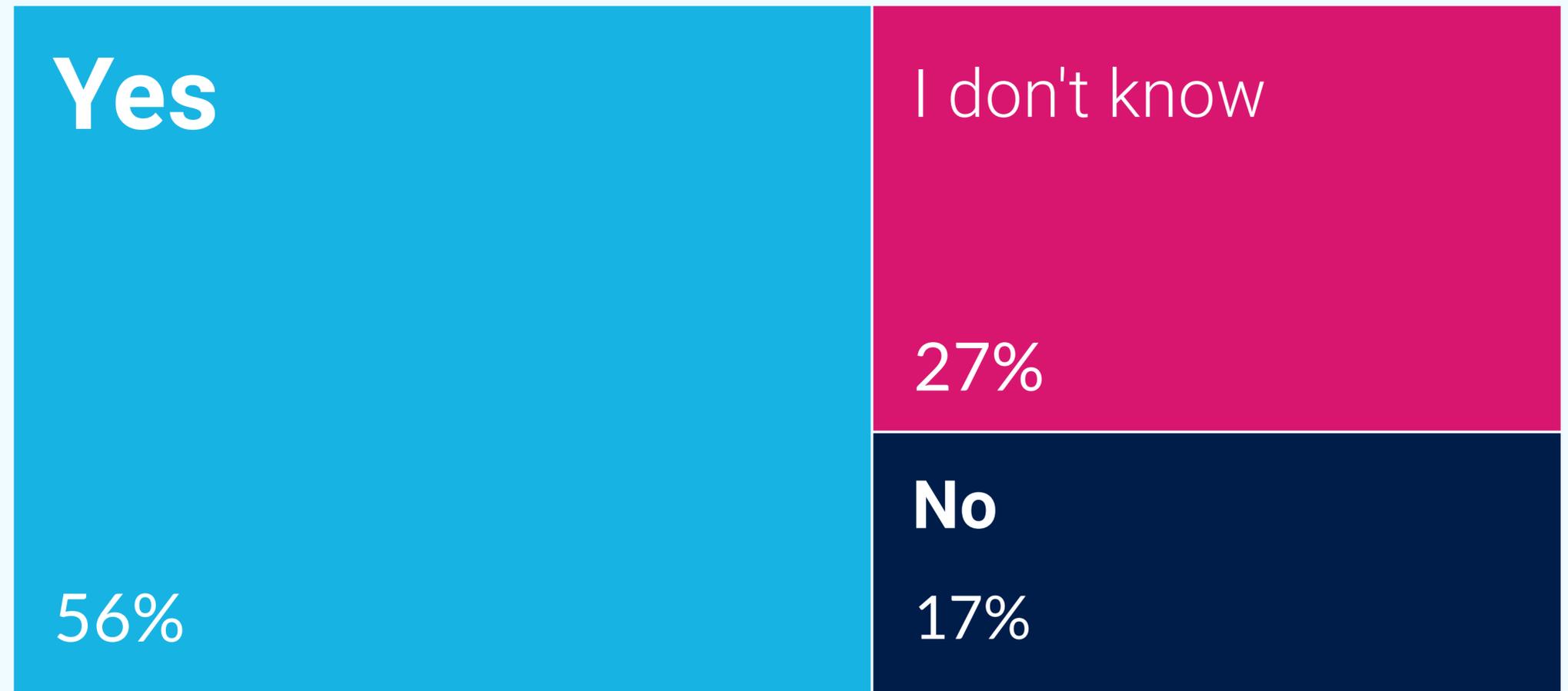
In order to meet changing consumer behaviours, insurance companies have taken strides in making non-face-to-face methods available for their offerings.

**The life insurance industry's quick adaptability to the new digital reality will help bolster Canadians' trust in their providers.**

Through online brokerages like PolicyAdvisor, the country was able to fulfill its protection needs with no pause in service throughout the pandemic.

## CONSUMER TRUST

**Do you trust your life insurance company provider?**





## VACCINATION STATUS AND INSURANCE

**Almost 70% of Canadians think vaccination should result in a life insurance premium discount.**

This number closely matches the country's overall vaccination rate (75%) and should be taken with a grain of salt —a savvy Canadian shopper will take whatever discount they can.

Currently, for most life insurers, vaccination status does not impact life insurance rates or a consumers' ability to get new life and health insurance coverage. Therefore companies do not even ask for vaccination status. This is unlikely to change any time soon.

What consumers should keep in mind is privacy concerns. Many Canadian consumer advocacy groups have fought hard to maintain privacy around issues like genetic testing results when it comes to insurance underwriting. Access to vaccination status information should come under the same considerations.

Most Canadians already have several vaccinations (childhood vaccines, flu shots, travel vaccines, etc.) and receive no special consideration for these during the underwriting process.

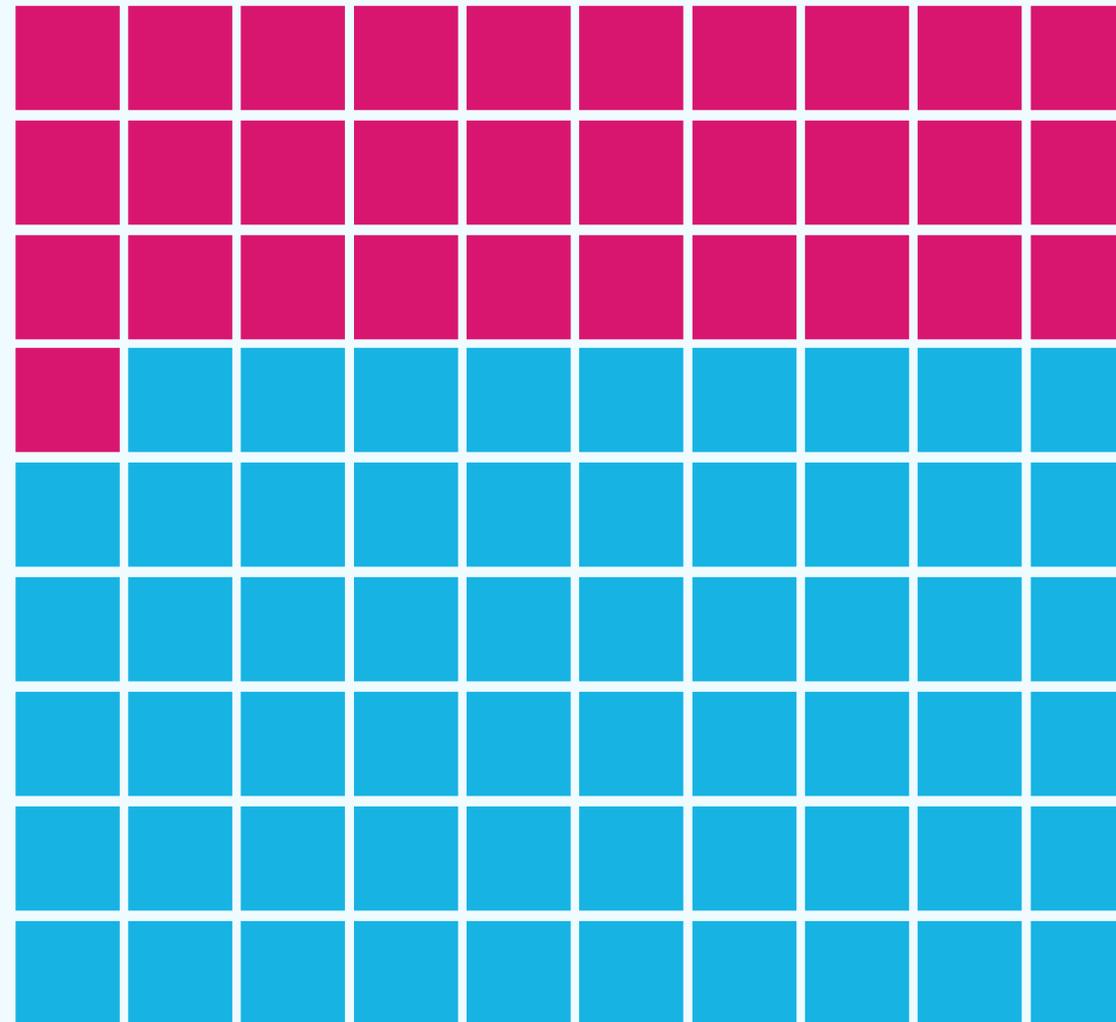


# VACCINATION STATUS AND INSURANCE

Do you think life insurance premiums should be discounted for those that are vaccinated?

No discounts for the vaccinated

31%



Yes, there should be discounts for the vaccinated

69%



# How Canadians can adjust their life insurance 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

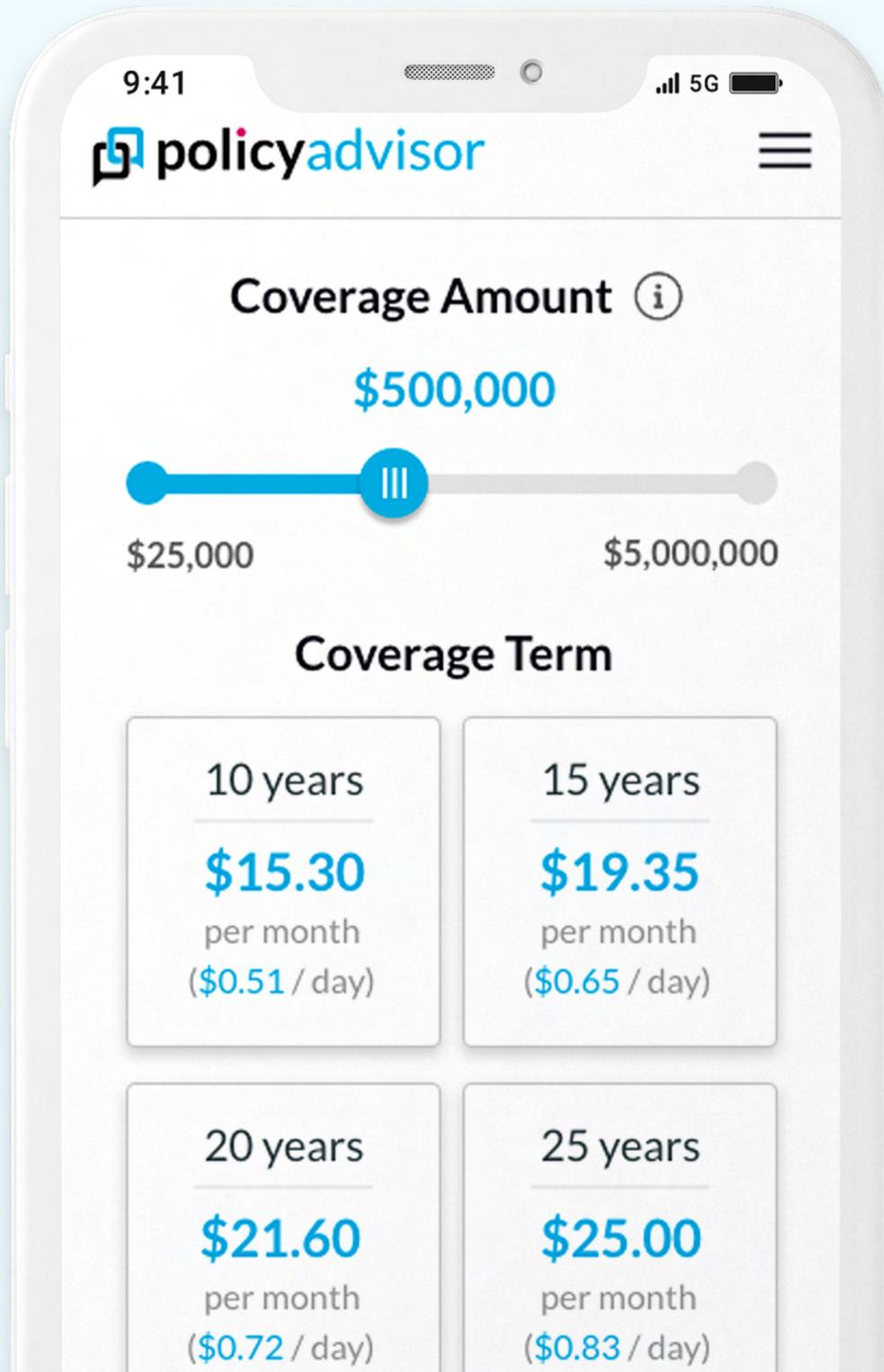
## 06

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





# About policyadvisor.com



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 **25 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.



4.95/5 Rating



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SCHEDULE CALL

For more information about PolicyAdvisor.com's State of the Nation 2021 report, please contact us or follow PolicyAdvisor.com on Facebook, Twitter, Instagram or LinkedIn for the latest insurance news, updates, and jargon-free advice. The survey was conducted via SurveyMonkey's Canadian panel in November 2021 and included 500+ qualified respondents. All graphs rounded to the nearest percentage point.