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in  focus Newsletter

Providing Customized Financial Solutions & Education

Everyone Needs Life Insurance But Canadians Aren't Buying It



October 24, 2016

In life there are only two guarantees: death and taxes!

Sure this is a cliché statement and while some people may find ways to evade their taxes, no one can run from death. This singular event is sure to occur in each of our lives however, the unfortunate truth is no one can predict when. Why then would so many Canadians run from the responsibility of owning their own life insurance policy?

Many Canadians say they are overwhelmed by the mere thought of buying life insurance that it often becomes an afterthought or worse, creates a destitute situation for the survivors of the deceased.

LIMRA (Life Insurance and Market Research Association, now LIMRA International, Inc.) is a worldwide trusted source of research and industry knowledge for over 850 financial services firms. According to their

2013 study, married households with children under age 18 are under insured, while 3 in 4 said they would have difficulty with living expenses if a primary wage earner were to die.ⁱ The fact is life insurance should play a role in every person's overall portfolio.

But for most Canadians, that doesn't always seem to be the case.

LIMRA's research found that six million Canadians believe they need more life insurance but when asked what keeps consumers from buying, the top-two reasons given were: low priority and a perception that it's not affordable.ⁱⁱ Most of my clients have estimated life insurance at costs two and even three times the actual premium amount.

According to Robert Kerzner, president and CEO of LIMRA, LOMA and LL Global, Inc., part of the reason that fewer Canadians are buying insurance has been the steady increase in life expectancy over time. In 1900, 75% of people died before age 65; whereas today, 70% of people live past age 65. With a greater likelihood that Canadians will live well into retirement, individuals are far more concerned about outliving their money than dying prematurely. As a result, life insurance has fallen considerably lower on their list of financial priorities.ⁱⁱⁱ

In some cultures life insurance is one of the first things purchased for a child. Let's face it, at no point in your life will premiums be cheaper than during childhood. Another added benefit is the dismissed need to provide proof of insurability when ownership of the policy is transferred to the child.

Consider this: a \$100,000 20-year paid up policy purchased for a child at age 5 will not require any further premium payments after the child's 25th birthday. The leading benefit to this strategy is they will have a policy that protects them until death with a cash value and other benefits built into the policy. This will give them a good financial foundation from which to start and build upon as they move through their adult life.

Preparation beats procrastination more times than not: if you are inadequately covered or have some doubts, it may be time to review your policies. There are some people who believe they don't need life insurance but one thing I always say to any prospective client is, "you won't need it until you need it!" It is always better to have insurance and not need it than to need it and not have it!

To your success,



ⁱ http://www.limra.com/Posts/PR/News_Releases/LIMRA_Study_Three_Quarters_of_Canadians_Prefer_to_Buy_Life_Insurance_In-Person.aspx?LangType=1033

ⁱⁱ http://www.limra.com/Posts/PR/News_Releases/LIMRA_Study_Three_Quarters_of_Canadians_Prefer_to_Buy_Life_Insurance_In-Person.aspx?LangType=1033

ⁱⁱⁱ <http://www.investmentexecutive.com/-/fewer-canadians-buying-life-insurance-but-the-need-remains>