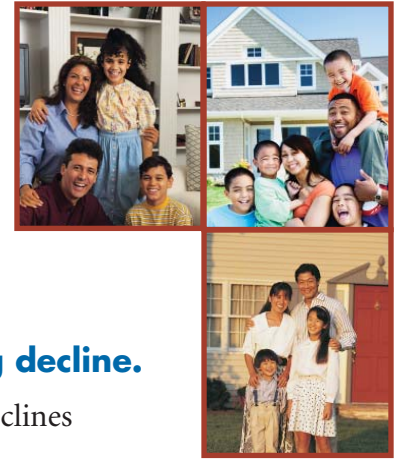


Canadian Families at Risk

Facts from LIMRA International
Life Insurance Awareness Month, September 2007



FACTS ABOUT LIFE 2007

Sales of individual life insurance have been on a long decline.

- With few exceptions, the last 10 years have seen steady annual declines in the sale of individual life insurance policies.
- Sales increased only 2 percent in 2001, and 6 percent in 2002, but declined again in the next three years. In 2006, the number of policies sold increased 3 percent.
- While the number of policies sold has declined, the face amount of individual life insurance has generally increased. The average size policy sold in 2006 was for \$253,639.

Many Canadian families are not prepared for premature death.

- Thirty percent of families with dependent children admit they will have immediate trouble meeting everyday living expenses, and another 27 percent can cover expenses for only a few months if a primary wage earner dies.
- One third of Canadian wives and one fourth of husbands have no life insurance at all.
- Fifteen percent of parents with children under 18 have no life insurance protection.

Many Canadian couples are underinsured.

- The average amount of life insurance coverage on insured husbands is \$210,000 and insured wives average \$151,100 of life insurance.
- Insured husbands in Canada carry enough life insurance to replace their income for 4.1 years, and wives for 4.6 years. The typical married couple would need to double its current coverage to meet the expert recommendation of having enough life insurance to replace income for 7 to 10 years.
- Half of Canadian parents believe their current life insurance coverage is inadequate.

Changes in types of life insurance coverage contribute to Canadians being underinsured.

- Today, insured adults are more likely to have *only* group life insurance obtained at work. Adults with *only* group coverage carry the smallest amounts of life insurance.
- Only 11 percent of Canadian adults with individual life insurance supplement their permanent coverage with some term insurance. Adults with *only* permanent policies average \$127,100 in coverage, while adults having *only* term insurance average \$166,500 and those with both permanent and term coverage average \$238,200.

Canadian parents want more life insurance, but are unlikely to initiate the purchase.

- Half of Canadian parents believe they need additional life insurance and 35 percent say they are likely to buy life insurance in the next year.
- Canadian parents have no trusted advisor to turn to if they need life insurance. Sixty-five percent have no one they rely on for financial advice or information, and 73 percent do not have a personal life insurance agent.
- Parents find buying life insurance complex and confusing — half don't know how much to buy or what type of insurance to buy.
- Over half (55 percent) of parents have not bought more life insurance because they “dread high pressure sales tactics.” Their lack of knowledge about life insurance products contribute to their fear that a sales representative will sell them something they don't understand or need.

Prospects need proactive contact and help to motivate them to buy life insurance.

- One third of parents say they haven't bought life insurance because no one has contacted them.
- Four in 10 parents admit they just “haven't gotten around to it.”
- One fourth of parents would like to receive information about new life insurance products.
- Two thirds of parents agree that “it would be useful to periodically review the terms, provisions, and options of current life insurance policies.”
- Half of Canadian parents say they are more likely to buy if the life insurance discussion is part of a total financial plan, and 43 percent would be more likely to buy if the sales representative reviews and analyzes their life insurance needs.
- About 6 in 10 parents buy life insurance to replace lost income and/or to cover burial and final expenses. Four in 10 parents want life insurance to pay off the mortgage.

Canada and the U.S. share similar challenges in the life insurance marketplace.

- At least half of parents in Canada and the U.S. say they don't have enough life insurance.
- The majority of households in each country have no financial advisor to turn to when they need life insurance advice.
- Married women in Canada average only 72 percent as much life insurance protection as married men, while U.S. wives carry 63 percent as much life insurance as husbands do.



All facts are from LIMRA International's life insurance consumer studies.

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