INSURANCE Journal

$10 Vol. 29 No. 03 July 2025

TERM INSURANCE

The gateway to millennials and the middle class

LIFE AND HEALTH INSURANCE
Industry profits increased in 2024

PROPERTY AND CASUALTY INSURANCE
Good financial results mask certain problems

DISTRIBUTION
Helping new recruits is an investment in the future of the business

INSURANCE Journal

Vol. 29 No. 03 — July 2025

THE INSURANCE JOURNAL PUBLISHING GROUP: AN EXPANSIVE RANGE OF PRODUCTS TO SERVE YOUR NEEDS!

Created in 1992, the Insurance Journal Publishing Group now counts ten products in three formats: magazines, industry events and Web information services.

Insurance Journal and ***Journal de l'assurance*** publish in-depth articles to enable insurance industry professionals to stay on top of industry developments. This knowledge will assist our readers with their goal of helping Canadians get the insurance coverage they need to protect their families, their wealth and their dreams. Our magazines are available by subscription across Canada.

The ***Répertoire des fournisseurs en assurance de dommages*** provides an excellent overview of the products and services offered by professionals in restoration and non-standard risks in the P&C industry.

Digital services

As part of our digital transformation, our company has created the ***Insurance Portal***, a one-stop shop that will eventually bring together all of our information services and products. It has customization and keyword search functions. It will also host the services of other organizations and companies interested in offering their products to financial services industry professionals. A true insurance business centre, the Portal is a powerful tool for helping industry professionals grow their businesses.

Available online, ***InsuranceINTEL*** is a market intelligence centre for the life and health insurance industry in Canada. The database is constantly updated and provides the features of more than 470 insurance and investment products through easy to analyze comparative tables.

Users can also access 3,000 marketing documents, as well as 350 insurance applications. Various levels of membership are available for insurance companies, banks, MGAs and advisors to enable them to stay on the forefront of new industry developments. ***RADAR*** monitors the trends and changes in the life & health insurance industry in Canada: product launches, changes in premium rates, modifications to commission schedules, technological developments and marketing campaigns.

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Details on: insurance-portal.ca/csc

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On Tuesday, November 18, 2025
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Details on: portail-assurance.ca/cap

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Details on: portail-assurance.ca/cc

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On Tuesday, March 31, 2026
at the Palais des congrès de Montréal
Details on: portail-assurance.ca/jad

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Something to think about...

> I think homeownership is a source of wealth creation because it's the one way you can borrow almost 80 per cent of the value and invest it.
>
> – Jacqueline Soong

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In this issue...

COMMERCIAL INSURANCE

Increased competition helps stabilize premiums

Risk appetite has increased among insurers, and companies can go to market to reduce their premiums. Cybersecurity remains a concern for business leaders.

BY ALAIN CASTONGUAY

Some business operations remain more difficult to insure

Even if the conditions imposed on companies are less rigid in general, certain sectors remain subject to limited coverage.

BY ALAIN CASTONGUAY

"Are we in a soft market? Depends on who you ask," stated the **Insurance Bureau of Canada**'s in its *State of the Commercial Insurance Market Report* published in May.

This publication presents the outlook for several major companies specializing in the insurance field. Results from insurance operations were significantly better in 2024. Combined with investment income, these profits enabled insurers to increase their capacity and offer more advantageous terms to businesses.

For example, the IBC report cites professional services company **Aon**'s views that higher retention and the growth ambitions of some insurers have created a more competitive environment. Price decreases have been moderate, and capacity has increased. Multi-year terms are becoming more available.

For its part, professional services giant **Marsh LLC** has observed that several product lines saw pricing fall in 2024, notes the IBC's report. This was made possible by increased competition in commercial property insurance and stabilizing pricing in financial lines. Cybersecurity rates were also down last year.

The report also notes that **DBRS Morningstar** has pointed out that although 2024 was the worst year for Canadian insurers in terms of catastrophe losses, due to four major losses in the summer, "the pace of price increases in 2024 continued to decelerate" in some commercial lines.

2025 Outlook

In 2025, the indicators remain the same according to the sources consulted by the IBC report. Marsh is still forecasting a slowdown in insurance rates growth for the main commercial product lines.

In its *Risk Barometer 2025*, **Allianz** points out that for the Canadian market, business interruption, natural catastrophes and cyber incidents remain the top threats to insurers, as they were in 2024. However, cyber risk has slipped to 3rd place among the top ten concerns according to survey participants.

Climate change is now in 4th place. New concerns expressed by respondents in Canada include legislative changes (5th), the macroeconomic outlook (8th) and new technologies (9th).

For Allianz survey respondents worldwide, cybercrime remains at the top of the list of risks of concern (38% of respondents) for the fourth year running.

HARD OR SOFT MARKET?

What's the difference between a hard and soft insurance market? asks the **Insurance Bureau of Canada** (IBC) in its *Commercial Insurance Market Update*. "In the insurance industry, a hard market is characterized by rising premiums, stricter underwriting standards and limited coverage availability. In contrast, a soft market is marked by stable or falling premiums, broader coverage and more competitive conditions," explains IBC.

"The Canadian commercial insurance market entered into a period of challenging conditions in 2019, with higher rates and reduced underwriting capacity for certain lines of business and in specific regions. Commercial insurance premium increases peaked in 2020 but have largely stabilized over the past three years. Improved insurer underwriting performance and overall profitability are behind the softening of the market. In 2024, many insurers increased capacity across most lines of business," says IBC.

According to *The Global Risks Report 2025* published by the **World Economic Forum** earlier this year, rising protectionism in Washington and the imposition of new tariff barriers are likely to cause major upheaval. The looming trade war will have an impact on efforts to combat climate change, and on stricter regulation of the activities of digital giants.

In the **EOS** survey cited in the same report, Canadian respondents expressed greater concern about the quality of information and the risk of misinformation. This element is cited in the top 5 risks according to survey participants in 13 countries, including India, Germany and Canada. The risk of polarization within societies is also highlighted in parallel.

Poor content quality and lack of trust in information sources continue to pose a threat to societies, the Forum warned in a white paper published in January 2024, *Principles for the Future of Responsible Media in the Era of AI*.

In February, brokerage firm **Gallagher** published its own outlook for the Canadian market. The non-disaster-prone commercial real estate market continues to stabilize, offering a more predictable environment for renewals, explained the authors of the annual update.

Although reconstruction cost inflation is stabilizing at around 3%, they point out that underwriters are ➜

placing greater emphasis on best estimates of insurable values at renewal time.

Gallagher also notes a stabilization of conditions in the commercial auto market, which includes trucking insurance, a market that has seen its share of problems over the past several years. For other commercial risks where conditions remain difficult, companies are increasingly considering alternative risk transfer mechanisms, such as parametric insurance and captive policies.

In its 2025 spring update, **Aon Canada** reports that in some commercial property markets, insurers are "imposing stricter natural catastrophe coverage constraints, including lower sub-limits, higher deductibles and extended waiting periods." Despite these concerns, market competition and available capacity are helping to mitigate the impact, adds the report.

In commercial liability, the Net Insurance Service Ratio was better for the industry as a whole in 2024, at 73.6%, than the previous year (75.4%), according to figures from **MSA Research** reported by Aon. The firm reports that even for excess cover, competition between insurers enables companies to obtain better terms and lower premiums. Companies that provide adequate information and have a modest claims history can obtain less stringent conditions even in the most difficult segments.

Segments to watch

IBC points out that the record insured losses of nearly $9 billion in 2024 due to extreme weather events were three times higher than the previous year. What's more, this sum is 12 times higher than the annual average for the period 2001-2010, which was $704 million in insured losses linked to catastrophic events.

However, despite the record losses of 2024, premiums in the commercial property market remained stable, reflecting increased capacity and rate moderation, says IBC.

For commercial lines, the sectors least valued or most closely watched by some insurers are as follows, according to the IBC report:

- Commercial real estate, particularly multi-unit residential buildings and social service facilities.
- Manufacturing sectors such as sports equipment, chemicals, firearms and pharmaceuticals.
- Healthcare facilities, depending on their environment and claims history.
- Educational institutions run by non-profit organizations, due to concerns about allegations of abuse emerging from the past.
- PFAS (per- and polyfluoroalkylated) substances or equivalents.
- Charitable organizations.
- Transportation industry.

On the subject of trucking, IBC highlights the changes to truck driver training in Alberta, effective April 1, 2025. The changes were largely inspired by proposals from IBC's trucking working group.

Among other things, the Alberta government plans to improve the supervision of education for new recruits to the industry, as well as ongoing training. Educational institutions and carriers whose training activities do not meet the required standards will be more closely monitored.

MORE FLEXIBILITY REQUIRED FOR CATASTROPHIC CLAIMS

Motivated by the U.S. administration's imposition of tariffs on Canadian products, an insurance industry coalition has undertaken a lobbying campaign with the various levels of government in Canada to reduce interprovincial barriers to trade and labor mobility, particularly in the area of claims adjusting expertise.

On Feb. 10, the coalition, which includes the **Insurance Bureau of Canada** and seven other groups, wrote to the **Canadian Insurance Regulatory Organizations** (CISRO), calling for a relaxation of rules that impede the mobility of adjusters from one province to another.

The four catastrophic losses in the summer of 2024 triggered some 228,000 claims in just a few weeks, exceeding the total claims volume for the whole of 2023, the letter points out.

"Our coalition believes that the most effective post-emergency regulator protocols and measures are those that are implemented immediately following an emergency, are streamlined in nature, recognize the typical duration of the claims cycle, and provide adjusters with sufficient scope to accomplish their work."

The industry is calling for greater flexibility on the part of regulators to authorize temporary protocols following major disasters, to help insurers respond more quickly when local or provincial authorities declare a state of emergency. The coalition urges that these protocols include prior approval to facilitate the mobility of claims adjusters from one province to another.

Cyber insurance: A client retention tool for brokers

In commercial insurance, there is one segment where underinsurance is considerable: cybersecurity.

BY ALAIN CASTONGUAY

According to *Cisco's 2025 Cybersecurity Readiness Index*, released on May 8, hyperconnectivity and artificial intelligence continue to add new layers of security complexity. The Index reveals that only 3% of Canadian companies are actually able to defend themselves against today's cyber threats.

During the cybersecurity workshop at *P&C Insurance Day*, held in April 2025 in Montreal, the broker's role as an advisor to businesses was discussed by invited experts.

According to **Casimir Le Grand**, Coalition's Business Development Manager in Quebec, cyber insurance has been greatly simplified over the years. "You should think of it as a multi-risk property and casualty policy. Some of the coverages offered will be more important than others for the (client) company. We have over twenty coverages on our standard policy," he says.

"But in reality, there are three or four that most often trigger claims. These are the ones the broker needs to understand better, such as funds transfer fraud, or invoice manipulation," he points out. Ransomware and business interruption are the other most frequent causes of loss.

For her part, **Stéphanie Banning**, Assistant Vice-President, Cyber Practice at **HSB Canada**, advises brokers not to overlook cyber insurance offered separately from general P&C coverage. "If you don't, your competitor may pick up all the client's policies," she says.

Another advantage: if the company suffers a loss as a result of fraud or hacking, and the claim is covered by a policy separate from the general policy, the event does not taint the company's entire claims history. "The broker who doesn't offer the product risks losing customers," she insists.

Declining severity and frequency

On May 7, Coalition, a managing general agent (MGA) which specializes in systems protection and IT security, held a webinar to present its *2025 Cyber Claims Report*.

Its authors report that the average cost of claims associated with business email compromise (BEC) rose by 23% in 2024. Part of this increase is attributed to higher costs for impact mitigation and service restoration. The average cost per claim for this type of event was US$35,000 (all amounts are in US dollars in the report).

Casimir Le Grand

Stephanie Banning

The majority of claims (60%) made in 2024 came from incidents of the type (BEC) or funds transfer fraud (FTF), with 29% of BEC events resulting in FTF.

Ransom demands following the hacking of a computer system fell by 22% in 2024 compared to the previous year. The average cost of ransom claims made by hackers was $1.1 million. The average cost of ransomware claims was $292,000. The report's authors report a 7% drop in severity and a 3% reduction in frequency for this type of crime.

Cyber risk is a combination of likely threats, exploitable vulnerabilities and the impact of an incident based on a company's unique characteristics, explained Coalition's Senior Manager, Product Marketing, **Mike Volk** during the May 7 webinar. The prevention platform offered by the insurer is showing results, with policyholders claiming 73% less often than the industry average, he reports.

Widely varying impacts

For his part, Coalition's Head of Global Claims, **Rob Jones**, noted that cyber risk creates widely varying impacts on businesses depending on their size, complexity and available resources. SMEs often face devastating financial consequences following cyber attacks due to limited resources and insufficient in-house security expertise, he explained.

In contrast, large enterprises may have more sophisticated security programs, but face highly targeted attacks due to their vast digital footprint and volume of sensitive data, added Jones.

Chris Hendricks, Head of Coalition's Incident Response, pointed out that phishing e-mails remain the main route of entry into a company's systems, and that these incidents are responsible for a large number of funds transfer frauds.

Financial institutions have taken steps to slow down larger transfers and alert cardholders when suspicious electronic transactions reach the hundreds of thousands or millions of dollars, said Rob Jones. This change, he adds, could also have an impact on businesses, as they may be less likely to notice the transfer of small amounts until it's too late.

Within 72 hours

Coalition's corporate clients benefit from coverage that includes the recovery of fraudulently transferred monies. With its partners in law enforcement and regulatory agencies, the MGA says it recovered about $31 million in 2024, for an average of $278,000 per event. Jones underlines that reporting the incident within the first 72 hours greatly contributes to the likelihood of recovering misappropriated funds.

Having two people review and verify payments and picking up the phone to check for new payment instructions and changes can prevent many of these types of claims from happening in the first place, Jones explained.

Chris Hendricks mentioned that less than half of policyholders targeted by ransomware have paid any amount to the hackers. On the other hand, managing the claim nonetheless entails significant costs, including restoring system integrity and making up for the loss associated with business interruption.

For other companies forced to pay in order to recover sensitive data, the intervention of the MGA's experts makes it possible to negotiate with the criminals and limit the ransom to be paid in 60% of cases.

Mike Volk points out that Coalition now offers a product that gradually eliminates retention for the customer. This allows some policyholders "to see their retention reduced to zero after three years. They have to stay claim-free. They must resolve critical issues that we alert them to within 30 days. Other conditions apply, but it's still a very effective solution," he says.

Chris Hendricks points out that artificial intelligence (AI) is being used by the MGA to better track trends in cybercrime. On the other hand, criminals are able to produce increasingly sophisticated documents and letters more quickly, which will appear credible to those targeted by the fraud.

TERM LIFE INSURANCE

The gateway to millennials and the middle class

Insure more people for larger face amounts, at a lower price than it would cost with a permanent policy? This is the value proposition of term insurance, which also guarantees access to a permanent product at a later date.

BY ALAIN THÉRIAULT

We need to insure more Canadians, say our sources. For several years now, **Insurance Journal Publishing Group** has documented the decline in the number of policies sold in Canada since 2010.

At a workshop on the future of life insurance distribution held last September, our company brought together 30 industry leaders to explore a number of themes, including the decline in individual life insurance sales. From 2010 to 2024, the number of individual life insurance policies sold in Canada fell from 733,941 units to 635,067, according to data based on **LIMRA** surveys and estimates. Over the same period, the Canadian population grew from 33.8 million in 2010 to 41.5 million in 2024, according to population estimates for the fourth quarter of 2024 released by **Statistics Canada** in its March 19, 2025 issue of *The Daily*.

LIMRA is an American insurance research association that regularly surveys the Canadian industry. In the wake of its annual 2024 Insurance Barometer Study, it found that 31% of Canadians lack life insurance, revealed the *Insurance Journal*, in its July 2024 special feature on term insurance. Another 21% said they don't have insurance and need it, and 10% said they need more life insurance.

Mike Stocks, Vice President and Chief Marketing Officer, **Empire Life**, believes the industry needs to do more to close the gap. "There's certainly a need to make it easier to apply for life insurance, so we can protect a broader target audience, and to make it more affordable, especially during these uncertain times we're facing with trade tariffs and high inflation," Stocks told *Insurance Journal* in an interview. .

Referring to the Canadian data published in LIMRA's annual barometer on 31% of Canadians lacking insurance, he stresses the importance for the industry of courting younger clients. Stocks points out that, according to LIMRA, the younger the Canadian demographic, the greater the lack of insurance in Canada. "According to LIMRA Barometer, the life insurance gap is 45% for Gen Z, 33% for Millennials, 32% for Gen X, and 21% for boomers," he says.

At an Empire Life training session for its advisors in May 2025, Stocks urged them to think about different approaches to reaching younger target audiences and meeting their needs. "I gave some examples on how generative artificial intelligence can be used to help interact with clients. Advisors can leverage technology to gain efficiency in their communication, from generating client emails, summarizing meeting notes and client meetings, to social media posts," he says.

Regarding content to connect with young people, Stocks suggests discussing with them beneficiaries or heirs, as part of financial planning, to start a relationship with them.

In his view, the solution to greater individual life insurance coverage among young people could be term insurance. Its comparatively lower price than that of permanent insurance means it can appeal to younger and middle-income customers – two categories which often overlap.

"We target middle-income Canadians, so our average policy is much smaller than that of some other insurers who target the high net worth. It's important for us to speak to all Canadians," underlines Mike Stocks.

Term insurance costs less because it protects the insured only for a limited period. However, most term insurance products on the market offer policyholders two rights that may enable them to extend their coverage: the right to renew and the right to convert.

This report focuses on traditional term insurance. Several simplified-issue term insurance products are also available on the market, with simplified risk underwriting involving a short questionnaire.

Mike Stocks

Mark Arruda

According to our sources, the most frequently sold traditional products are Term 10 (T10) and Term 20 (T20). InsuranceINTEL, an insurance product comparison service owned by Insurance Journal Publishing Group, lists 18 insurers offering 20 products to the advisor network, for both products combined (T10 and T20).

Multiple terms

According to InsuranceINTEL data, terms ranging from one year to 85 years are available on the market. There's also Term-to-100 (T100), which insurers generally regard as permanent or even whole life insurance.

Four insurers stand out from the crowd, offering multiple terms within a single product. They are **Canada Life**, **iA Financial Group**, **RBC Insurance** and **Sun Life**. Within each of these products, the insured can purchase any term within a predetermined interval.

Canada Life's *My Term* offers the widest range, with any term between 5 and 50 years. This is followed by Sun Life *Evolve Term Life*, with terms between 5 and 40 years. iA Financial Group's *Pick-A-Term* and RBC Insurance's *YourTerm* offer a choice of terms between 10 and 40 years.

"Traditionally, term insurance models have been pretty standardized...with terms of 10 or 20 years, or even 30 years for some companies. The new generation of term products offers a varied range of term length. Evolve Term Life is our version of this model," said **Mark Arruda**, Sun Life's Assistant Vice-President, Insurance Product Management, in an interview with *Insurance Journal*. The insurer launched this product in May 2024.

Most insurers offer at least 15-year (T15), 25-year (T25) and 30-year (T30) term insurance, in addition to T10 and T20. Some insurers offer more durations, without going so far as to offer the multiple durations of the four insurers mentioned above. With *Term Plus*, **Beneva** offers terms of 35 years (T35) and 40 years (T40). Assumption Life's *FlexTerm* goes up to T35.

In addition to their product offerings of T10, T15, T20, T25 and T30, some insurers have added fixed term insurance at a target age at which coverage ends. →

OVERVIEW OF TERM 10 AND TERM 20 LIFE INSURANCE PRODUCTS AVAILABLE THROUGH THE ADVISOR NETWORK IN CANADA, LISTED BY INSURANCE*INTEL*

Insurers	Products
Assumption Life	*FlexTerm*
Beneva	*Term Plus (10, 20)*
BMO Insurance	*Term (10, 20)*
Canada Life	*Canada Life My Term*
Co-operators Life	*Versatile Term (10, 20)*
CUMIS Life	*Versatile Term (10, 20)*
Desjardins Insurance	*Term (10, 20)*
Empire Life	*Solution (10, 20)*
Equitable	*(10, 20) Year Renewable & Convertible Plans*
Foresters Financial	*Term (10, 20)*
Humania Assurance	*HuGO Life*
iA Financial Group	*Traditional Insurance (T10 R&C*, T20 R&C*)* *Traditional Insurance Pick-A-Term (T10 R&C*, T20 R&C*)*
ivari	*TERMSelect (10, 20)*
Manulife	*Family Term* *Family Term with Vitality Plus*
RBC Insurance	*RBC YourTerm*
Serenia Life	*Term (10, 20)*
Sun Life	*Sun Life Evolve Term Insurance* *Sun Life Go Term Life Insurance*
UV Insurance	*T-10 Superior+ and T-20 Superior+*
Wawanesa Life	*Lifetime Term (10, 20)*

*Renewable and convertible
Table: Insurance Journal. Source: Insurance*INTEL*, May 2025

SOLUTION SERIES®

NEW rates
Solution 10® & Solution 20®

with average overall market rank of 2.[1]

Better Term Life Insurance at better rates NEW

Empire Life is committed to helping Canadians navigate life with confidence. Solution-Series got some important enhancements to make our term life insurance even more competitive and valuable for your clients.

Reprice of Solution 10 and 20 with up to 34%[2] decrease in initial term premiums[2]

Standard non-smokers see average premium decreases of 3% on Solution 10 and 1% on Solution 20.[2]

			Before	Now
Female, age 55	$500,000	Standard non-smoker	1	1
Female, age 45	$1,000,000	Standard non-smoker	2	2
Female, age 40	$1,500,000	Standard non-smoker	2	1
Male, age 55	$500,000	Standard non-smoker	3	2
Male, age 45	$1,000,000	Standard non-smoker	5	1
Male, age 40	$1,500,000	Standard non-smoker	1	1

More flexibility with new product enhancements

- **NEW: Term Conversions with Carry-Over**
  Clients can exercise a partial term conversion and carry over the remaining term insurance up to the original coverage amount, with no medical evidence required.
- **NEW: Term Exchange Privilege is now contractual**

[1] Rankings based on initial term premium rates for Solution 10 and Solution 20 compared to 20 other comparable term products for standard life insured, both smoker and non-smokers using LifeGuide quotes as of April 1, 2025 for the comparable products.
[2] For all issue ages, sex at birth, non-smoker, standard rates effective as of April 24, 2025.

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Navigate life with confidence – Insurance & Investments

Empire Life®

A WIDE RANGE OF TERM LENGTHS OFFERED IN THE MARKET, BEYOND THE STANDARD T10 AND T20

Insurer	Product	Age 1	Age 15	Age 25	Age 30	Age 35	Age 40	To age 30	To age 65	To age 80	Multiple terms
Assumption Life	*FlexTerm*		x	x	x	x					
Beneva	*Term Plus*		x	x	x	x	x				
BMO Insurance	*Term*		x	x	x						
Canada Life	*Canada Life My Term*		x	x	x	x	x				Any term from 5 to 50 yrs
CUMIS Life	*Versatile Term*		x	x	x						
Co-operators Life	*Versatile Term*		x	x	x						
Desjardins Insurance	*Term*		x	x	x						
	Term to 65								x		
Empire Life	*Solution*		x	x	x						
	Solution ART	x									
Equitable	*Term 30/65**				x						
Foresters Financial	*Term*				x						
Humania Assurance	*HuGO Life*		x	x	x					x	
iA Financial Group	*Pick-A-Term*		x	x	x	x	x				Any term from 10 to 40 yrs
ivari	*TERMSelect30*				x						
Manulife	*Family Term*								x		
	Family Term with Vitality Plus								x		
RBC Insurance	*RBC YourTerm*		x	x	x	x	x				Any term from 10 to 40 yrs
Sun Life	*Sun Life Achievers Term Insurance*		x								Any term from 5 to 20 yrs
	Sun Life Essential Term Insurance		x								Any term from 5 to 20 yrs
	Sun Life Evolve Term Insurance		x	x	x	x	x				Any term from 5 to 40 yrs
	Sun Life 1-Year Bridge Term Insurance	x									
UV Insurance	*Superior+*		x	x	x						
	*Juvenile 30/100***							x			
Wawanesa Life	*Lifetime Term*		x	x	x						
	Lifetime Term to Age 80									x	

* The policy expires when it reaches a duration of 30 years or when the insured reaches age 65, whichever occurs later
** Ends after 30 years and automatically converts to permanent life insurance
Table: Insurance Journal. Source: Insurance*INTEL*, May 2025


Explore our Par Life products with Additional Deposit Option
With Desjardins Insurance as a trusted partner, you can be a bigger part of your clients' growth and help them build wealth that can last.
Our extensive range of Par Life products with Additional Deposit Option lets you meet the diverse needs of your clients - such as families, high net worth individuals and business owners.
Desjardins
Insurance
Life • Health • Retirement
Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company. Desjardins®, Desjardins Insurance®, all trademarks containing the word Desjardins, as well as related logos are trademarks of the Fédération des caisses Desjardins du Québec, used under licence.

Humania Assurance includes fixed term insurance at age 80 on its *HuGO Life* online platform. **Wawanesa Life** offers a product called *Lifetime Term* to 85. *Desjardins Insurance* offers Term to 65.

UV Insurance also offers an additional term to its T10, T15, T20, T25 and T30 portfolios. This is a term insurance plan aimed at the children's market, called *Juvenile 30/100*. It expires on the insured's 30th birthday, at which point it automatically renews as permanent life insurance, for an equal amount of insurance and without evidence of insurability. If the insured wishes to take advantage of non-smoker rates at the time of renewal, he or she must certify in writing that he or she does not smoke.

Equitable Life (Term 30/65), **Foresters Financial** (Term 30), **ivari** (TERMSelect 30) and **Manulife Canada** (*Family Term* and *Family Term with Vitality Plus*) add only one term to their T10 and T20 portfolios, namely T30.

At Equitable Life, Term 30/65 terminates when it reaches a 30-year term or when the insured reaches age 65, whichever is later. At Foresters Financial, the *Term 30* policy will be automatically renewed without evidence of insurability for subsequent 5-year periods until maturity, on the policy anniversary date nearest the insured's 85th birthday. With ivari, *TERMSelect 30* is renewable on the 30th policy anniversary. Premiums then become level until age 100, and coverage is for life.

Empire Life and Sun Life are the only companies to offer a one-year term insurance product as an initial policy. Empire Life's *YRT Solution* is renewable annually from the fourth year up to age 85. *Sun Life 1-Year Bridge Term Insurance* is the name of Sun Life's product.

Affordable renewal

One of the advantages of term insurance is that renewal options allow the insured to renew coverage at a predetermined price, even if their state of health has changed in the meantime. Over time, however, renewal can become prohibitively expensive, as the risk of mortality increases with age. Actuaries largely price life insurance according to this risk. This is why whole life insurance will cost more than term insurance, and also because of the cash surrender and paid-up values it offers.

In 2017, Manulife decided to transform the renewal option of its T10 and T20 term insurance policies. Rather than renewing the initial policy for another term of the same duration, the insurer chose to switch to an annual renewal (one-year term or T1) rather than every 10 years. "This offers a more affordable option to renew for the short term," the insurer explains in InsuranceINTEL.

Seven insurers offer a T1 renewal (See table: 10 insurers offer a renewal option for a shorter term than the initial policy). iA Financial Group stands out by

10 INSURERS OFFER A RENEWAL OPTION WITH A SHORTER DURATION THAN THE ORIGINAL POLICY

Insurer	Product Name	Renewal	Renewal limit*
iA Financial Group	*Pick-A-Term*	*1-year term*	*Up to age 100*
Assumption Life	*FlexTerm*	*1-year term*	*Up to age 90*
Canada Life	*Canada Life My Term*	*1-year term*	*Up to age 85*
Co-operators Life	*Versatile Term*	*1-year term*	*Up to age 85*
CUMIS Life	*Versatile Term*	*1-year term*	*Up to age 85*
Equitable	*Renewable & Convertible*	*1-year term*	*Up to age 85*
Manulife**	*Family Term*	*1-year term*	*Up to age 80*
	Family Term with Vitality Plus	*1-year term*	*Up to age 80*
Beneva	*Term Plus*	*5-year term*	*Up to age 85*
UV Insurance	*Superior+*	*10-year term*	*As long as the person is alive*
Wawanesa Life	*Lifetime Term*	*10-year term*	*Up to age 85, followed by a final renewal to age 100****

*Renewal can occur up to the policy anniversary closest to the insured's birthday
**Manulife offers 1-year term renewal only on the 10-year term insurance
***After age 100, coverage continues for life with no further premiums

Table: Insurance Journal. Source: InsuranceINTEL, May 2025 offering the option to renew in T1 up to age 100, followed by Assumption Life, which offers it up to age 90.

Beneva stands out by offering T5 renewal, up to age 85. UV Insurance and Wawanesa Life offer T10 renewal even on their longer-term products. UV Insurance allows T10 renewal for as long as the policyholder is alive.

Asked by *Insurance Journal* to comment on Q1 renewal trends, **Mathieu Charest**, Manulife Canada's Head of Product and Pricing, Individual Insurance, said it's still too early to do so. "We have not yet reached the first 10-year period for annual renewal term life insurance policies," he said.

The T1 renewal option could enable insurers to better retain their term insurance customers. For context, Mathieu Charest cited the **Canadian Institute of Actuaries** and **Society of Actuaries**' April 2020 Report on the *Survey of Post-Level Premium Period Lapse and Mortality Assumptions for Level Premium Term Plans*.

On page 19, the report compares policy cancellations with premium increases at renewal. The graphs presented suggest that some or all of the lapse shock (termination) occurred at the beginning of the year in which the premium jump occurred.

"In short, higher premiums increase the likelihood of policy cancellation," explains Charest. He adds that renewing a T10 annually costs the insured less than renewing it for a further 10 years. "Renewing annually reduces short-term costs, and gives the customer more time to make the right decision for his or her situation," he says.

Why doesn't Manulife offer T1 renewal for its T20 product? "Right now, it's only on T10, but our plan is to add the option in the future for other terms," replied Charest.

For its part, Sun Life did not follow the T1 renewal trend when it launched Sun Life Evolve Term in May 2024. Mark Arruda agrees that annual renewal saves money in the early years.

But there's a tipping point when you compare renewing a Term 10 policy in T1 with renewing in T10, Arruda says. "Your premiums will be lower in the first few years, but they'll end up being the same as the 10-year fixed rate. Then, during the second half of the ten-year renewal period, your premium will become higher than the fixed rate," explains Arruda.

Sun Life therefore prefers to stabilize the renewal premium for a certain period of time "so that customers are not faced with an annual price increase," Arruda points out. "These annual increases can be very stressful and harder to manage than knowing exactly what you're going to pay for ten years," he explains.

Annual renewals can also be stressful for advisors, he adds. "Advisors may not like it, because they'll have to go back to their customers every year and say, 'You've been paying this. Now you're going to have to pay more.' These messages tend to be perceived quite negatively."

Yet T1 can also provide advisors with more opportunities to contact their customers, and update their needs. This can lead to sales, especially with younger customers, whose lifestyle changes tend to come in quick succession.

Arruda says that the Sun Life Evolve Term product, with available terms ranging from 5 to 40 years, also multiplies customer contact points. "This product offers a dynamic coverage option, which applies from the first policy anniversary," he says. "We have started to communicate this to our customers," adds Arruda.

According to information provided by Sun Life to InsuranceINTEL on this feature, it allows insureds to add to their coverage an additional amount equivalent to 50% of the amount of insurance they already have (face amount), in the event of certain changes to their situation. In its customer guide, Sun Life lists the following events as eligible: marriage, common-law relationship, birth or adoption of a child, mortgage increase or 20% increase in gross income. The increase can be up to one million dollars ($1 million), if this amount is less than 50% of the policy's initial capital.

Arruda points out that the insured can benefit from this option after "very limited" risk underwriting. These may include four to eight health and other questions. "If you bought a $1 million term insurance policy and you've had a child, that's a qualifying life event. You can then increase your coverage by an extra $500,000."

In his view, this option can strengthen the relationship between customer and advisor, since the insurer communicates with customers as the insurance anniversary approaches, to remind them of the option. He invites them to speak to their advisor if they have any questions. "It's a way to introduce engagement through the product with the client. It allows them to have a conversation to assess all their needs. And it might not just be a increase in the term insurance that they need," he says.

Conversion rights

The conversion right allows insureds to convert their term insurance to permanent coverage, regardless of their state of health. This is another argument to convince younger generations to take an interest in term insurance.

Most insurers offer the option of converting term insurance into any permanent policy available at the time insureds choose to exercise their conversion privileges. Humania Assurance's HuGO Life platform only offers the option of converting term insurance to T100, as the mutual does not offer a whole life or universal life product.

Some insurers distinguish themselves by allowing partial conversion of the insurance amount. The remainder becomes a term insurance rider. **BMO Insurance**, **Empire Life**, Manulife, **RBC Insurance** and Sun Life are among the insurers that allow this.

2024 Financial results

Insurance company performance overview

BY ALAIN CASTONGUAY
DATA COMPILATION BY JEAN-ALEXANDRE DOYON
GRAPHICS BY MYRIAM LAUZON

Property and casualty insurance: good results mask certain problems

An economist in the property-casualty insurance industry points out that, while the industry performed well in 2024, some companies are experiencing profitability problems.

BY ALAIN CASTONGUAY

According to **Grant Kelly**, Chief Economist and Vice-President, Regulatory Affairs and Financial Analysis at the **Property and Casualty Insurance Compensation Corporation** (PACICC), there is a "wide variation in profitability hidden within industry results."

In PACICC's quarterly *Solvency Matters* newsletter, published last May, Kelly points out that the overall favourable results for Canada's P&C insurance industry in 2024 "mask large variations in the financial results" of the 190 or so insurance companies that provided their data to **MSA Research**.

PACICC subtracts mortgage insurers from its 2024 balance sheet. **Sagen** and **Canada Guaranty** are among the top 10 P&C insurers in terms of profitability.

While a major company like **Lloyd's Underwriters** reported a return on equity (ROE) of over 60% in 2024, some 25 insurers reported overall losses last year. Kelly points out that another 40 insurers reported ROEs below 2.5%, i.e. below the rate of inflation.

"Despite two consecutive years with an industry-wide ROE of 15.1 percent and strong overall profitability, there were 10 insurers that reported losses in both 2023 and 2024. An additional 28 companies reported losses in one of these years," notes the economist. Some 149 insurers reported profits for both years.

In commercial liability, insurers reported ROE of 24%, "although this number is embellished by the extraordinary financial performance of the single, major commercial insurer referred to above," explains Kelly. For insurers offering mainly personal lines, ROE was lower, at 10.1%.

Sales figures

Despite the scale of the catastrophic losses in the summer of 2024, Canada's P&C insurers managed to maintain attractive results. ROE of 15.1% was the same as in 2023. Two positive factors were offset by two negative elements, according to Kelly.

➜

PERFORMANCE INDICATORS FOR THE TOP 10 PROPERTY & CASUALTY INSURERS IN 2024

Companies are ranked in descending order based on their 2024 net income

Companies	Insurance service ratio				Combined ratio - Fully discounted	
	Combined (CISR)		Net (NISR)		Gross	Net
	2023	2024	2023	2024	2024	2024
LLOYD'S UNDERWRITERS	61.3	58.4	60.7	57.7	63.8	63.7
DESJARDINS	N/A	N/A	N/A	N/A	N/A	N/A
Certas Home and Auto	95.6	89.8	90.2	85.5	98.8	93.5
Desjardins General Insurance	95.0	90.3	90.9	86.4	93.0	89.7
The Personal Insurance Company	95.8	93.6	92.5	90.4	102.6	94.5
The Personal General Insurance	95.9	91.8	92.0	88.1	99.5	89.4
Certas Direct	92.4	90.7	89.5	88.0	94.3	90.3
ICPEI	100.8	98.3	95.2	93.9	94.7	99.9
SAGEN MI CANADA	22.0	21.1	17.9	17.2	32.5	32.5
INTACT	N/A	N/A	N/A	N/A	N/A	N/A
Intact	96.5	97.9	90.4	89.0	100.7	101.8
Nordic	1373.3	2871.6	148.2	-28.7	2871.6	2871.6
Novex	90.1	84.5	86.6	80.8	91.7	95.4
Jevco	92.0	71.9	87.0	69.1	89.2	79.5
Unifund Assurance	99.8	91.3	95.9	87.7	86.2	82.9
RSA	97.4	99.4	95.3	95.4	107.2	106.6
Western Assurance	1408.7	626.2	1425.0	602.4	638.3	870.3
Canadian Northern Shield	108.8	80,750.0	104.4	155,850.0	49,283.3	45,316.7
Trafalgar	128.7	51.7	91.1	51.0	67.4	69.3
Quebec Assurance	N/A	N/A	N/A	N/A	N/A	N/A
Belair	99.5	103.6	90.4	94.1	110.1	109.8
NORTHBRIDGE	N/A	N/A	N/A	N/A	N/A	N/A
Northbridge General	86.8	88.2	82.9	84.2	93.7	93.2
Federated	82.6	89.9	78.3	85.5	91.8	96.1
Zenith	109.9	106.0	105.6	100.8	110.4	110.4
Verassure	129.7	179.0	125.3	177.5	201.5	183.3
CANADA GUARANTY MORTGAGE	12.7	15.8	8.8	11.2	28.0	28.0
WAWANESA	92.9	106.7	91.2	104.4	111.1	112.3
DEFINITY	N/A	N/A	N/A	N/A	N/A	N/A
Definity	94.2	94.1	89.4	89.3	95.5	97.4
Sonnet	96.1	95.5	94.1	93.3	98.9	96.6
Petline	90.0	94.1	89.6	93.8	94.1	94.1
BENEVA GROUP	N/A	N/A	N/A	N/A	N/A	N/A
Beneva	95.9	91.8	89.2	86.2	106.7	92.5
L'Unique	91.6	83.1	89.5	80.5	95.8	83.3
Unica	96.3	106.9	93.4	104.0	114.0	113.3
CHUBB	N/A	N/A	N/A	N/A	N/A	N/A
Chubb of Canada	84.2	84.6	80.8	81.4	79.0	77.6
Federal	N/A	32,158.3	N/A	36,966.7	28,275.0	27,391.7

Source: MSA Research. Compilation: Insurance Journal

Grant Kelly

On the positive side, insurance revenues grew by 10% in 2024, with average annual growth of 10.7% over the past three years. "This is significantly faster than the 2.4 percent growth reported for the Canadian economy over this same period," points out Kelly.

What's more, the rise in net investment returns in 2024, which exceeded those achieved in 2023 by almost 40%, was driven by the bond market. Bonds increase in value when interest rates fall, and they account for 75% of the investments of the country's insurers.

On the other hand, these factors were offset by a sharp rise in insurance service expense, due to losses associated with catastrophic claims. This was the primary factor dampening insurers' profitability in 2024. The 18.6% rise in these expenses in 2024 was the second-highest increase in claims reported by insurers since 1975.

Settling these claims also generated additional expenditure. "Other adverse expense trends are also clearly at play and will prove even more problematic if there is a reduction in the revenue growth trendline in the coming years," adds Grant Kelly.

NET INCOME GROWTH OF THE TOP 10 PROPERTY AND CASUALTY INSURERS IN 2024

As a whole, the Canadian P&C insurance industry reported a 3.5% increase in net income in 2024, at $10.9 billion. In 2023, these profits reached $10.5 billion, according to data provided by MSA Research and reported by the **Property and Casualty Insurance Compensation Corporation** (PACICC), which does not include mortgage insurers in its compilation.

As can be seen from the table below and the graph on the following page, which shows the 10 insurers reporting the highest profits, **Lloyd's Underwriters** once again dominates the ranking. The only group that was absent from the same ranking the previous year was **Beneva**, taking the place of **Aviva**, which slipped to 14th position. (Alain Castonguay)

Companies	1-year growth rate (2023-2024)
Lloyd's Underwriters	▲ 34.6%
Desjardins	▲ 91.8%
Sagen MI Canada	▲ 11.0%
Intact	▼ −66.8%
Northbridge	▲ 1.4%
Canada Guaranty Mortgage	▲ 7.1%
Wawanesa	▲ 7.5%
Definity	▲ 23.4%
Beneva Group	▲ 90.4%
Chubb	▲ 7.0%

The companies are ranked in descending order based on their 2024 net income.
The results presented do not reflect consolidated adjustments for intercompany transactions within the same group, which may lead to differences from the consolidated results published by the groups.
Some companies listed are groups; detailed results of subsidiaries will be published on the *Insurance Portal*.
Source: MSA Research. Compilation: Insurance Journal

New ratio

Following the introduction of IFRS 17 accounting standards in January 2023, new ratios have been introduced to provide a clearer picture of insurers' profitability. The Gross Insurance Service Ratio (GISR) measures the profitability of underwriting business before considering the impact of reinsurance.

GISR includes all expenses related to insurance business, including claims settlements, acquisition costs and certain operating expenses associated with servicing insurance contracts. According to Kelly, the GISR must be "significantly below 100%", as the insurer must pay other operating costs. For the industry as a whole, this ratio was 86.8% in 2024.

P&C insurers offering personal lines (auto and home) reported a GISR of 93.9% in 2024, a level described by Grant Kelly as "uncomfortably high". For insurers offering commercial insurance, GSIR reached 68.7% in 2024, which is "much better."

The Net Insurance Service Ratio (NSIR) is established by the GISR adjusted to consider the impact of reinsurance. For the industry as a whole, the NISR was 88%.

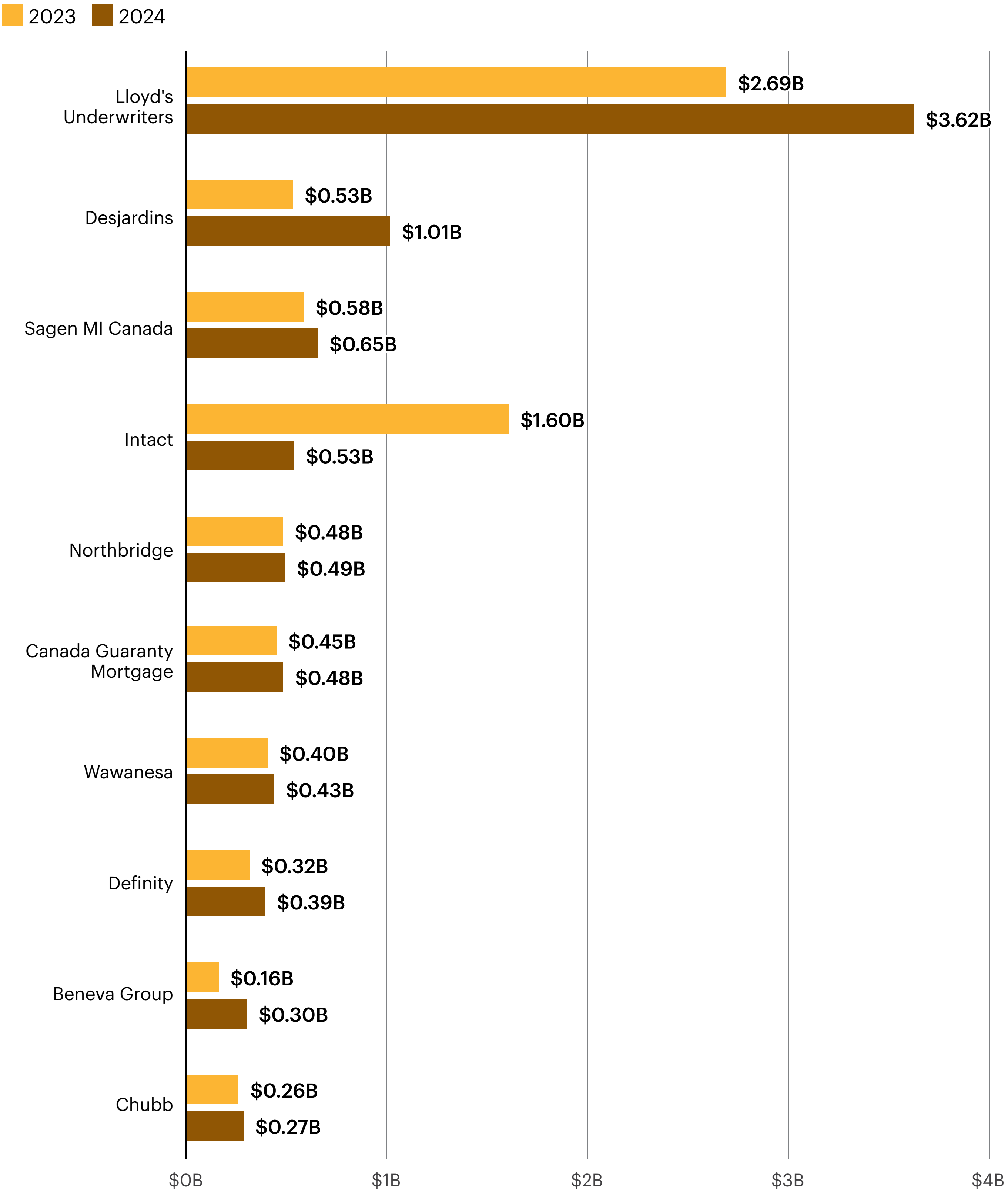
Catastrophes

Grant Kelly highlights the consequences of exceptional losses of $9.1 billion attributable to natural catastrophes in 2024. The Reinsurance Impact Ratio (RIR) for Canadian reinsurers stood at 14.8% in 2024. This, he says, indicates the scale of capital that flowed from global reinsurers to help Canadian front-line insurers and reinsurers manage the consequences of last year's record losses.

For insurers specializing in commercial lines, the GISR was 9.7 points lower than the NISR. This means "that these companies paid more for reinsurance than the amount that they received in claims in 2024," he writes.

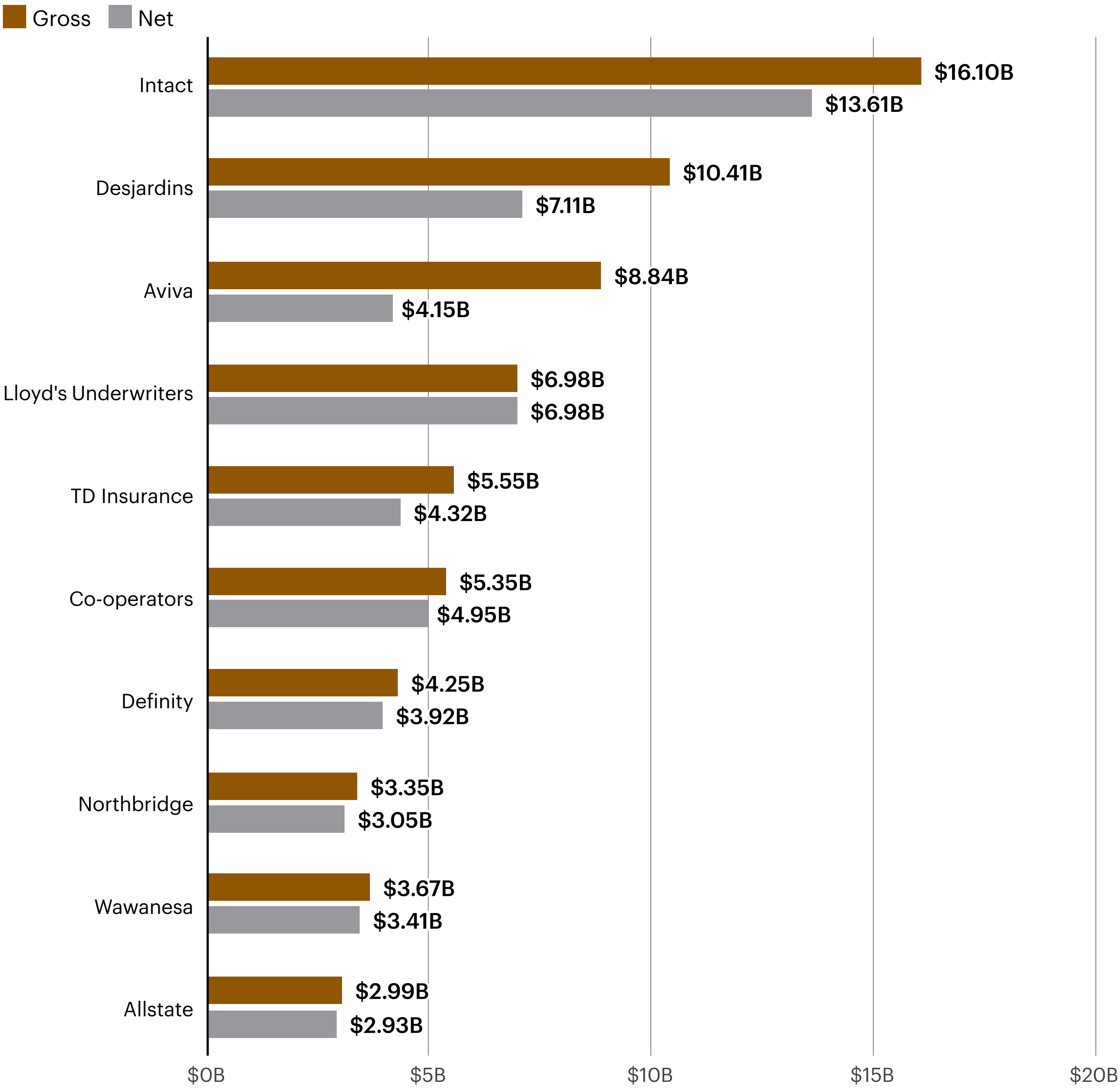
The 10 most profitable insurers recorded gross revenues from insurance business totaling $50.2 billion in 2024, or just under half the revenues for the industry as a whole (47.8%).

NET INCOME OF THE TOP 10 PROPERTY AND CASUALTY INSURERS IN 2024



The companies are ranked in descending order based on their 2024 net income. The results presented do not reflect consolidated adjustments for intercompany transactions within the same group, which may lead to differences from the consolidated results published by the groups. Some companies listed are groups; detailed results of subsidiaries will be published on the *Insurance Portal*. Source: MSA Research. Compilation: Insurance Journal

TOTAL INSURANCE REVENUES OF THE TOP 10 PROPERTY AND CASUALTY INSURERS IN 2024



Companies are ranked in descending order of 2024 gross insurance revenue
Source: MSA Research. Chart: Insurance Journal

MAGAZINE SUPPLEMENT

- **Property & casualty insurance: 2024 financial results of insurers operating in Canada** For **PRO** Level members **EXECUTIVE** File

This article will be available in the coming weeks on insurance-portal.ca

Life and health insurance: industry profits up 8.7 per cent

The dominant trio weighs in heavily, but other insurers are seeing faster growth in consolidated net income.

BY ALAIN CASTONGUAY

In life and health insurance, insurance revenues for all companies combined rose by 7.9% in 2024 compared with the previous year, from $103.4 billion in 2023 to $111.5 billion in 2024.

Also according to data provided by **MSA Research**, among the 10 largest companies, six achieved higher insurance revenue growth than the industry average:

- **Manulife**: 11%
- **Industrial Alliance**: 19%
- **Desjardins Financial Security**: 8%
- **GreenShield**: 13%
- **RBC Insurance**: 13%
- **BMO Life**: 10%

CONSOLIDATED NET INCOME GROWTH OF THE TOP 10 LIFE AND HEALTH INSURERS IN 2024

Companies	1-year growth rate (2023-2024)
Manulife	▲ 5%
Sun Life	▼ −5%
Canada Life	▲ 34%
Industrial Alliance	▲ 22%
Beneva	▲ 17%
Desjardins Financial Security	▲ 43%
RBC Insurance	▲ 12%
Empire Life	▲ 57%
BMO Life	▼ −33%
Equitable	▲ 27%

The companies are ranked in descending order based on their 2024 consolidated net income

Source: MSA Research. Compilation: Insurance Journal

As usual, the three dominant companies in this market reported the highest earnings. **Manulife**, **Sun Life** and **Canada Life** reported consolidated net income of $5.9 billion, $3.3 billion and $3.2 billion respectively. The first two, however, experienced lower earnings growth than the industry average.

Consolidated net income for all insurers will reach $17.2 billion in 2024, compared with $15.8 billion in 2023. This represents a year-on-year increase of 8.7%.

Among the 10 insurers with the highest insurance revenues, the performance of five is particularly noteworthy. Canada Life increased its consolidated net income by 34% in one year.

Industrial Alliance reported a 22% increase in profits in 2024 compared with 2023. **Beneva** reported a 17% year-on-year increase in profits.

Desjardins Financial Security reported a 43% increase in surplus in 2024. **Empire Life** also reported a substantial 57% increase in consolidated net income in 2024.

Shareholders' equity

Assets are what a company owns. In a balance sheet, assets are the sum of liabilities and shareholders' equity. MSA Research compiles information on the evolution of shareholders' equity for some 64 life and health insurers.

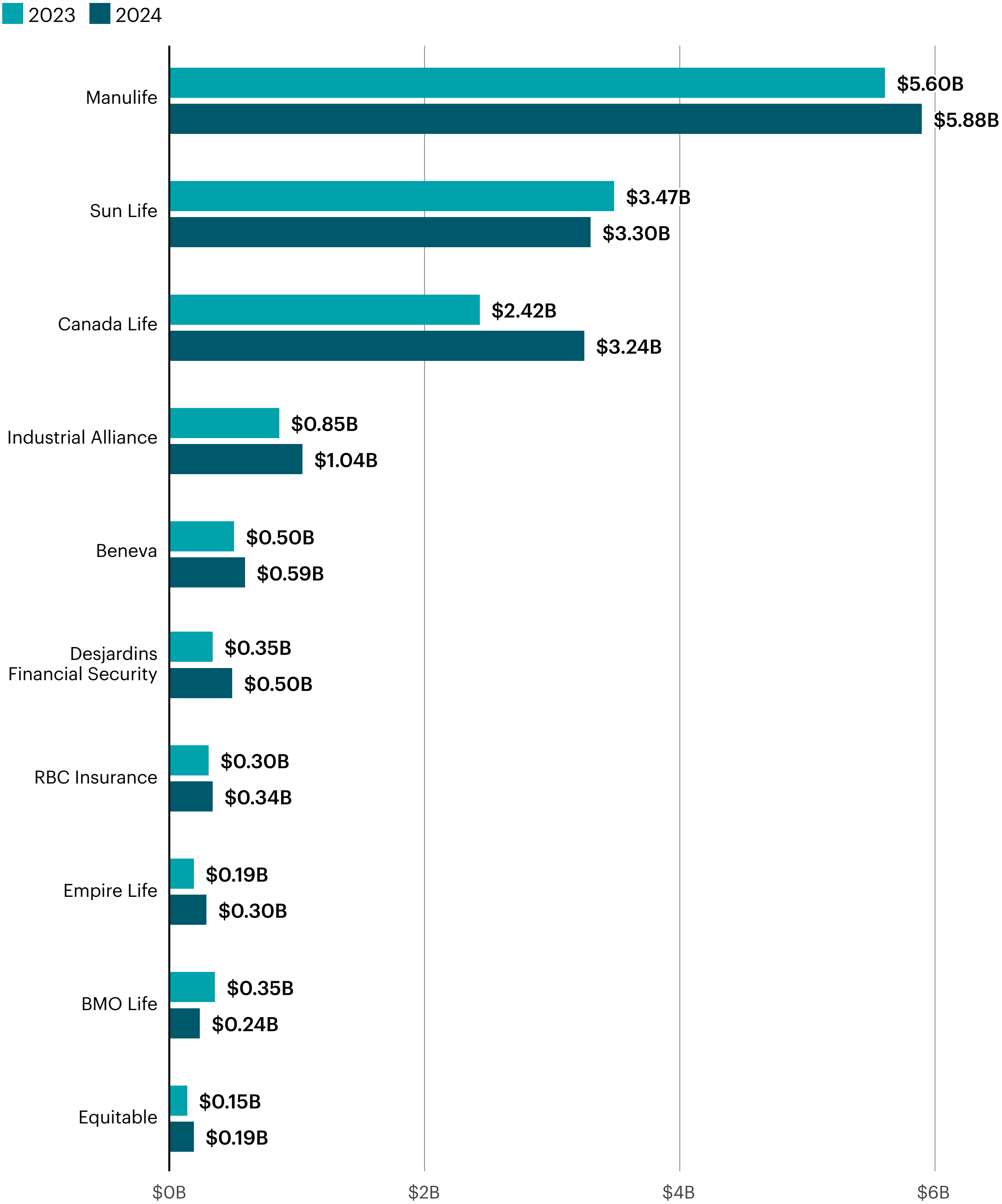
Equity is divided into four parts: common stock, preferred stock, paid-in capital and retained earnings.

In 2024, the shareholders' equity of these 64 insurance companies totalled $150.7 billion, up 10.4% on the previous year's figure of $136.4 billion.

Beneva stands out from the other companies in the top 10, with equity growth of 20.3% in 2024 compared to the previous year.

With regard to the Life Insurance Capital Adequacy Test (LICAT), the guideline issued by the **Office of the Superintendent of Financial Institutions** suggests a target of 100%, with a minimum of 90%. All the insurers at the top of the ranking, among those with the highest consolidated earnings in 2024, exceed this target, with a LICAT ratio ranging from 124.5% to 168.5%.

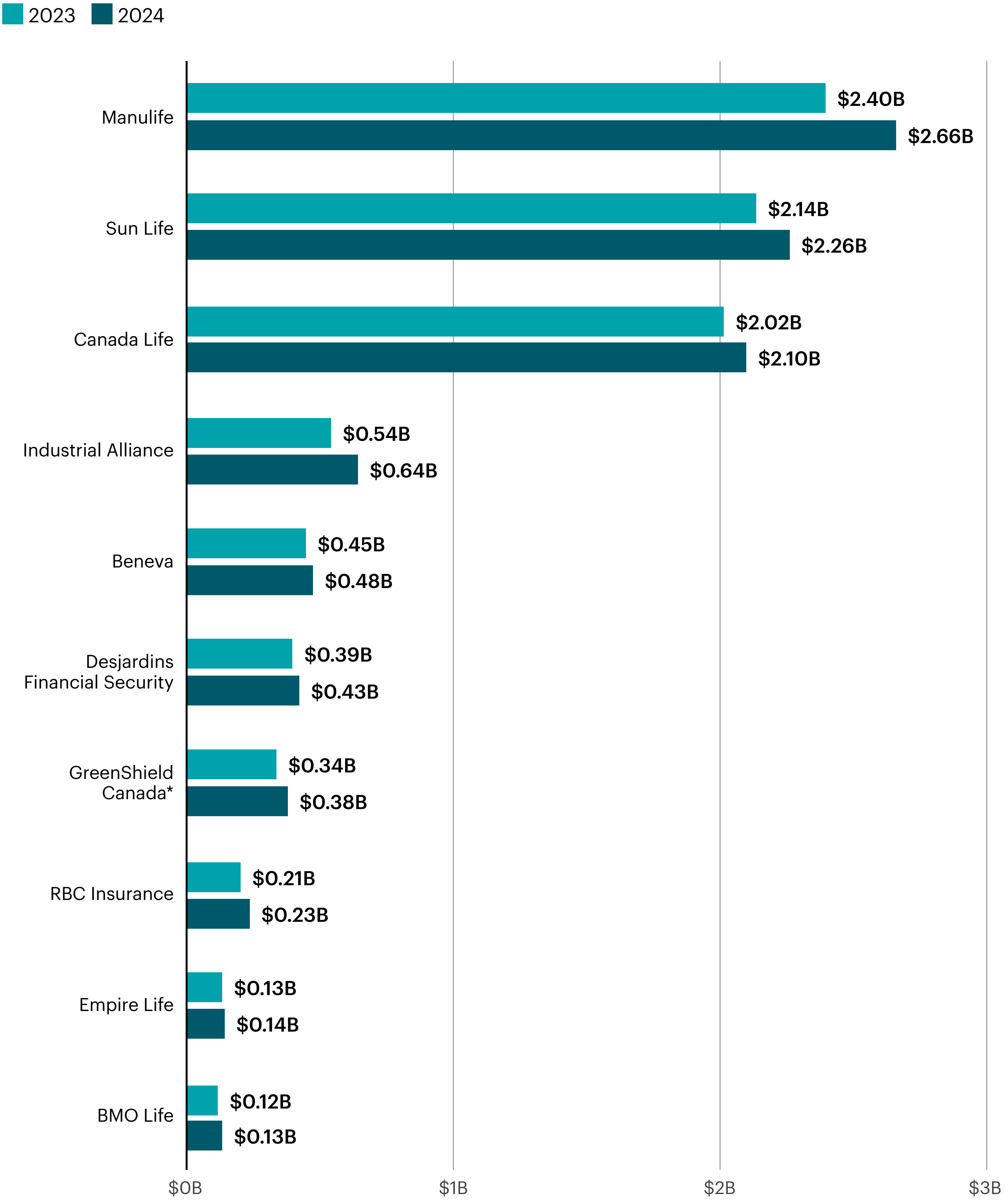
CONSOLIDATED NET INCOME OF THE TOP 10 LIFE AND HEALTH INSURERS IN 2024



The companies are ranked in descending order based on their 2024 consolidated net income

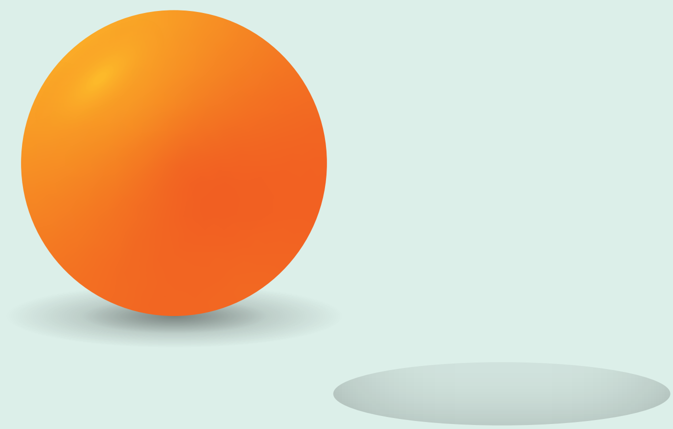
Source: MSA Research. Chart: Insurance Journal

TOTAL INSURANCE REVENUE OF THE TOP 10 LIFE AND HEALTH INSURERS



The companies are ranked in descending order based on their 2024 total insurance revenue. *Results obtained from the insurance company

Source: MSA Research. Chart: Insurance Journal



TOTAL DIRECT PREMIUMS OF THE TOP 10 LIFE AND HEALTH INSURERS IN CANADA (000$)

According to MSA Research, premium volume for all life and health insurers totaled $96.8 billion in 2024. In addition to the list of 10 insurers in the table below, four other companies exceeded $1 billion in premiums last year: **Empire Life**, **Co-operators Life**, **Securian Canada** and **ivari**.

Companies	2023 premiums	2024 premiums	1-year growth rate
Sun Life	18,011,838	18,971,277	▲ 5.3%
Canada Life	17,594,511	17,851,816	▲ 1.5%
Industrial Alliance	12,786,913	13,630,807	▲ 6.6%
Manulife	12,398,487	13,200,383	▲ 6.5%
Desjardins Financial Security	7,008,609	6,880,623	▼ −1.8%
Beneva	N/A	4,950,877	N/A
RBC Insurance	2,767,136	3,432,436	▲ 24.0%
BMO Life	2,261,327	2,742,791	▲ 21.3%
Brookfield Annuity Company	625,207	2,312,235	▲ 269.8%
Equitable	1,841,838	2,112,239	▲ 14.7%

The companies are ranked in descending order based on their 2024 total direct premium in Canada
Source: MSA Research. Chart: Insurance Journal

MAGAZINE SUPPLEMENT

- **Life and health insurance: financial results of insurers operating in Canada in 2024** For **PRO** Level members **EXECUTIVE** File

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Helping clients access homeownership

Housing in Canada remains deeply unaffordable – a relatively new financial planning problem that many clients need assistance with today.

BY KATE MCCAFFERY

The planning industry has traditionally focused on retirement and retirees. This focus and mentality, however, arguably leaves a large swath of Canadians, younger Canadians in particular, somewhat underserved.

With housing costs taking up more financial resources than ever before, it's likely that the traditional themes – namely the drive to save for retirement – with some younger clients might be put on hold, in favour of discussions about how to become homeowners.

The challenge is considerable.

Desjardins economists note in a recent *Affordability Index* report that over the past quarter century, the price of a home in Canada has gone up more than four times while the average household disposable income has only slightly more than doubled. "Benchmark home prices now consistently exceed what the average household can afford in several provinces," they write in the economic viewpoint report, *Finding Shelter from the Trade War Storm*.

Indeed, the rule of thumb that households should spend no more than 30 per cent of their disposable income on housing may seem quaint, even laughable to some, given soaring housing and rental prices. And yet, owning a home remains a critical source of wealth accumulation for many Canadian families.

According to **Statistics Canada**, real estate equity made up 42 per cent of overall household wealth in 2023. "The link between homeownership and wealth creation is even more pronounced for younger families, with housing assets accounting for nearly half of total wealth," say the authors of the Statistics Canada report, *Familial support in entering the Canadian housing market*.

Generational wealth is also noted in the report. It notes that Canadians born in the 1990s whose parents were homeowners were twice as likely to own a home in 2021 than those whose parents were non-homeowners. Where parents own multiple homes, children were three times more likely to own a home in 2021.

Both the Desjardins report and the Statistics Canada report warn that affordability and the barriers to homeownership have become increasingly prohibitive. "Using the rule of thumb that households should spend no more than 30 per cent of their disposable income on housing costs, we find that the benchmark price for all types of housing is highly unaffordable for residents of Ontario and British Columbia, but also above the threshold in Quebec," Desjardins reports.

"I think homeownership is a source of wealth creation because it's the one way you can borrow almost 80 per cent of the value and invest it," says **Jacqueline Soong**, CFP with **Desjardins Financial Security Independent Network**. "That's pretty much what you're doing when you buy a home. Canadians do not miss a mortgage payment."

Despite this, in the face of rising costs, homeownership has dropped from highs recorded in 2011. To help, the government introduced the *First Home Savings Account* (FHSA) in 2023.

Enter the FHSA

Like a registered retirement savings plan (RRSP), when clients contribute to a FHSA, they get a tax deduction for the amount contributed. The funds are allowed to grow, tax-sheltered, and when it is time to purchase a home, they can be withdrawn tax-free, with no obligation or requirement to pay the funds back (as is the case when borrowing from an RRSP through the Home Buyers' Plan or HBP).

If clients do not buy a home during the 15 years the account is allowed to remain open, the funds can be rolled into their RRSP.

Who is eligible?

To open an FHSA, clients must be over 18 and under age 71, a resident of Canada, and must not have lived in a qualifying home that they owned as their principal place of residence in the current calendar year or in the four previous calendar years. Similarly, clients are not eligible to open an account while living in a qualifying home owned by the client's spouse.

The annual contribution limit to a FHSA is $8,000. The lifetime maximum contribution amount is $40,000. Soong recommends clients fund the accounts using other savings to obtain the tax benefits prior to withdrawing the money, as there is no minimum amount of time the funds need to remain invested.

Group FHSAs are another option emerging since the FHSA was introduced. The group option is currently available from two group benefits providers in Canada – **Sun Life** and **iA Financial Group.**

"It made perfect sense because we want to address the needs of the whole of Canadians and maybe not just a certain age range or economic cohort," says **Dustin Hunt**, vice president of distribution for group savings and retirement with iA Financial Group. He points out that the payroll deductions, the forced savings model, removes some of the friction around savings, with the payments being taken directly from the employee's payroll. He also adds that management fees are often lower than is the case with some retail solutions.

Melissa McRae, CFP and principal advisor with **McRae wealth Management** says she likes the group options emerging. "It's just another way to get people to save. If it's automatically deducted from their paycheck, that's great."

The existence of group FHSAs, however, is an educational opportunity, maybe even an imperative, for any planner also in the business of offering the accounts, as the $8,000 contribution limit is the maximum clients may contribute across all platforms.

According to the **Canada Revenue Agency** (CRA) clients who overcontribute will generally need to pay a tax of one per cent each month on the highest excess FHSA amount reported in that month.

"You will continue to pay the monthly one per cent tax until the excess FHSA amount is eliminated. Your excess FHSA amount will be reduced or eliminated by your new FHSA participation room (on January 1 of the following year), or by removing amounts from your FHSAs," they write.

"There is no safety measure in place that says you can't open one because you're not eligible. You're basically just declaring that you're a first-time homebuyer and you can open it. The government doesn't check your SIN. It doesn't come back with an error saying you're not eligible," says Soong.

Similarly, timing is a concern, as the plans are only allowed to remain open for 15 years.

"I remember when this first came out, many planners were going to open FHSAs with everyone turning 18," she adds. "If you're opening that account too soon, you're limiting their ability to use it. You might want to wait."

She adds: "I recommend the FHSA first, but I do have a conversation with my clients to make sure they understand that we're really opening this with the true intention of buying a home within the next five to 10 years. We have that conversation first to make sure it's the right thing for them and they've made that decision."

Although the funds can also be used in conjunction with the HBP, both McRae and Soong say it's not a preferred avenue – McRae points to the behavioural benefit of not being in the practice of pulling from the retirement fund prematurely to fund purchases. Soong, meanwhile, points to the obligation to pay back the HBP funds. "If they buy a home, typically the next step is starting a family. Money is usually tighter," she points out.

Desjardins reports there were nearly 740,000 FHSAs opened during the first year it was available. At the end of 2023, these accounts had an average value just below $4,000.

Familial support increases

Median inheritances, meanwhile, are on the rise in Canada. Across all cohorts, according to Statistics Canada, five per cent of families were living in a home that was acquired in full or in part from a gift or an inheritance while nine per cent reported that at least some part of the downpayment for their home had been a gift or inheritance. "When combined with those who borrowed from family and friends rather than a financial institution to purchase their home, the overall share of homeowners who benefitted from an inheritance or other types of familial support to enter the housing market rose to four in 10," they write.

Planning opportunities

"What I would hope would come out of the planning industry is more family meetings," McRae told the *Insurance Journal* in a discussion about the possibility that more parents might in fact need to help their kids to get into the market. "I think the people transferring the money need to absolutely sit down and place a lot more importance on estate planning," she adds. "If that's not in your scope of work, refer it out."

If parents are already intending to purchase a condo for their child, there are likely also benefits to waiting and talking it through, if their child's intention is to also purchase investment property, for example – something that can't be done with a FHSA. In this case, it could make more sense to reverse the order of things, have the child purchase the condo using FHSA funds and have the parents in turn contribute to the investment property purchase.

More often, however, it is likely financial planners may only be able to deliver the bad news as kindly as possible, as housing remains deeply unaffordable in many regions. The reality of the situation for many clients, is that housing, if it is attainable at all, may require some tradeoffs. Soong reports having some clients moving out of Toronto to other cities and even other provinces in an effort to have a home that isn't the size of a shoebox.

She also has clients who simply cannot save enough to keep up with the rising cost of downpayments and housing. "Having that experience, when clients say I want to buy a house in two or three years, I really take a look at their numbers," she says.

"We romanticize owning a home, but if you have a partner, you don't have kids and you don't plan on having kids, renting is not that bad of an idea, because it gives you flexibility," she adds. "There are upsides to renting now. I try to demonstrate that when I speak to clients, especially when, mathematically speaking, home ownership is not in the ballpark."

MAGAZINE SUPPLEMENT

- **The ins-and-outs of First Home Savings Accounts** For **PRO** Level members

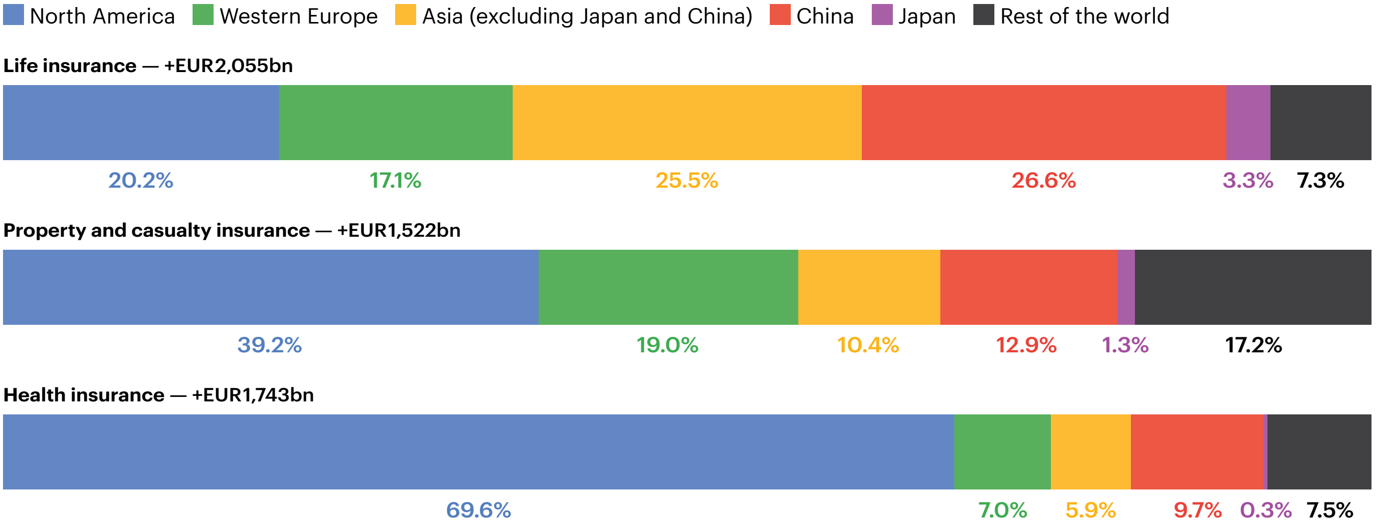
This article will be available in the coming weeks on insurance-portal.ca

Forecast for 2035: driven by the Asian market, life insurance is set to dominate

Faced with geopolitical and economic risks, the insurance market is reshaping itself. Growth is set to continue, but will be uneven across regions.

BY SABRINA FEKIH

SHARE OF ADDITIONAL GROSS WRITTEN PREMIUMS* BY 2035 BY REGION



**The conversion into EUR is based on 2024 exchange rates
Sources: National financial supervisory authorities, insurance associations and statistical offices, Axco, LSEG Datastream, Allianz Research

The global insurance industry is expected to grow by 8.6% in 2024, reports **Allianz**.

In the *Allianz Global Insurance report for 2025*, the insurer points out that, worldwide, insurance companies saw their premiums increase by €557 billion, taking global premium income to €7 trillion This growth surpassed "the previous year's record growth of +8.2%," write the report's authors.

In detail, they point out that life insurance remained the largest segment with €2,902 billion in premiums, followed by property-casualty insurance with €2,424 billion and health insurance with €1,682 billion.

Geographically disparate growth

However, markets are not evolving in the same way everywhere. While life insurance grew by 10.4% worldwide in 2024, it was mainly thanks to North America, with a growth rate of 14.4%. Asia follows in second place, with an increase of 7.8%. Finally, Western Europe is up by 7.1%.

On the property and casualty side, Allianz points to global growth of 7.7% in 2024. This growth "was mainly driven by the largest market, North America, where premium income increased by +8.2%." note the researchers.

While Western Europe posted premium growth of 6.0%, Asia "was less dynamic", recording growth of 4.0%.

With regard to health insurance, Allianz points out that "in many other markets, private health insurance is still a niche segment, albeit a very dynamic one." This segment grew by 7% worldwide. It remains dominated by the USA, but demand is also growing strongly in Asia.

Positive forecast despite risks

Allianz forecasts that growth in all segments is set to continue in the years ahead.

The insurer points out that the world is plagued by geopolitical uncertainties and trade tensions, which could weigh on insurance volumes. However, according to the researchers' forecasts, "a protection effect" could lead companies to seek more risk management solutions.

The global insurance market is expected to grow at an annual rate of 5.3% over the next ten years. Overall, the global premium pool will increase by €5,319 billion, forecast the report's authors. Most of this growth will come from the life segment (€2,055 billion). More than half of this premium pool will be generated in Asia, including China (€1,071 billion), compared with North America (€416 billion) and Europe (€351 billion) combined.

by JIM RUTA

NEWS FLASH! Advisor recruiting is just as easy as it always was

Question: Why is it so hard to recruit young people into the life insurance business today?

Inexperienced and uninformed industry observers these days lament that today's young people don't flock to join the ranks. They are certain that this means this generation needs special benefits and inducements to join the life insurance business.

The reasons cited that no young people want to be an insurance professional are the same ones that have always been used to excuse poor life insurance recruiting results – we have to offer more. Ironically, the life business thought that if they offered full financial services and advice, it would be much easier. It isn't.

Would it surprise you when I say that this hesitancy to join is not new? Let's not pretend that 50 years ago there were lines outside the doors of life insurance agencies and recruiters had to hold back people with a stick. It wasn't that way 25 years ago either. It's no surprise to me that it still isn't today.

Selling life insurance and financial services is a tough, commission-based job with an unfair brand. "Tough" and "commission" are not words generally connected with a popular occupation.

The truth is that my mother cried when I gave her the news. My dad thought I was nuts to leave a government job, government car, and government pension. They wanted much more for me than a "sales job" – in insurance yet!

Consider this:

How long does it take for the average person to become a life insurance professional?

...Wrong!

The "average person" will NEVER become a life insurance professional. If you are a successful advisor in this business, you are already way above average. Understand that building a life insurance business is not for everyone. But for the right one, it's everything.

So, we don't need a magical solution to this fabricated recruiting problem. We need to work again. Industry technology may have changed but the people who can build relationships and guide people to make the right financial security decisions have not.

Instead, we need recruiters who have done and understand the job to properly select the very best candidates using validated selection tools. Willingness to get a license and sign a contract is not sufficient for success and sustain the industry. It's hurting it.

Recruiters must find, encourage, and maybe even cajole the right people to take a chance on a role that has, at its heart, talking to people who don't want to be talked to about a topic they don't want to hear about. Think about that for a minute...

Good recruits require an entrepreneurial mindset, a deep belief in the product, and a good understanding of how we help. Dozens of companies used to recruit prospecting life insurance agents but now we just have a few looking for people to service business. That won't attract the best people to grow the industry. We must recruit people with the enthusiasm to build, succeed, and change the world.

And just attracting them to a shiny future is not enough either. They must be selected for talent and then launched quickly so they can see the financial reward of their diligence. Early success attracts those who want it.

New agents need more focus for early success too. The role has become far too technical, broad, and administrative to get the people who can really win. No one can be all things to all people. Focus and clarity attract results. Confusion repels them.

In the futile attempt to escape from the greatest fear in the business – the S.O.S. problem – *shame of selling*, we have created a boring and administrative grind that is too scary for accountants and not profitable and creative enough for top sales professionals. We must replace the S.O.S. with the H.O.H. – *the honour of helping* and help recruits appreciate that when you help enough people get what they want, they will help you get anything you want. We must retrieve the entrepreneurial edge.

Insurers can't stand on the sidelines and just "*harvest production from producers*", as one senior executive once told me they wanted to do. Smart companies will understand that the quality of their product is reflected in the quality of the people that help consumers buy it.

And, while they are loathe to reconsider it, helping new agents start up properly is not an expense, it's an investment in the future of the business. In their future.

So, this new generation doesn't need special benefits and inducements to join the life insurance business, they need to be introduced to the special benefits and incentives that are already a part of being a life insurance professional – *the greatest business in the world*.

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For more information on the tools to use to build your brand, check out Advisorcraft.com.

Jim Ruta's mission is simple – to preserve, promote and propel the financial advisor business. A former insurance advisor and executive manager of a 250-advisor agency, Jim is a highly regarded coach, author, podcaster and keynote speaker. He has spoken four times at the MDRT Annual Meeting including the Main Platform. Jim Ruta is an Executive Coach and Keynote speaker specializing in life insurance advisors and leaders. He works with top advisors around the world and re-energizes audiences with his deep insight and passion.

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