

# Canada Individual Life Insurance

July 6, 2022



2021/22 Insights Partner Report

Below is the Insights Partner Report from the 2021/22 Canadian Individual Life Insurance Study.

**Please scroll down to view more.**



**Study overview**

- This is the first year of NMG's Canadian Individual Life Insurance study
- Feedback received from 345 intermediary respondents

**Objectives of this report**

Sharing results back with Insights Partners:

- Top industry challenges
- Trends shaping the Individual Life Insurance industry
- Insurer competitive positioning

**Notable performers**

Highest perceived value of offer by product:

- Empire Life** (Term Life)
- Equitable Life** (Whole Life)
- Desjardins** (Critical Illness)
- RBC Insurance** (Disability)
- Ontario Blue Cross** (Health & Dental)

Top ranked provider by key attribute:

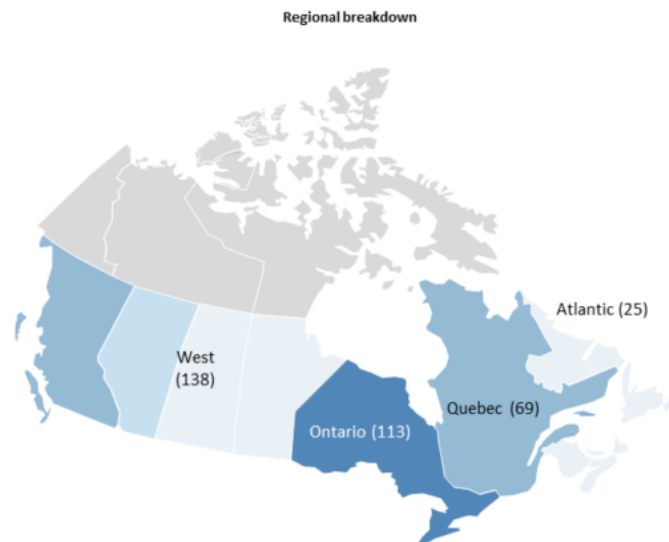
- RBC Insurance** (Wholesaler capability)
- Empire Life** (Ease of doing business)
- Manulife** (Brand strength)
- Foresters** (Value-added services)

**Market observations**

- The Canadian individual insurance **market shows untapped opportunities** particularly for life and disability insurance. Advisors are **optimistic in their 2022/23 sales expectations** especially in whole life and critical illness
- Covid-19** led to challenges but also positive changes in the insurance market
  - Cover enquiries have increased**, notably with the younger generation and clients who are approaching retirement
  - Most advisors reported **better business productivity** in both client outreach and new business generation
  - The pandemic has prompted **greater investments in technology** and wider adoption of digital processes, including the use of e-signatures and e-Apps
- Despite the expedited technological advancement, **technology remains a top concern** for advisors driven by a rise in DIY buyers and online competition. **Awareness of Insurtech remains low** in the intermediary community
- Advisors continue to seek optimal solutions for better **client engagement and business development** in a hybrid future (in-person vs virtual interaction)
- The introduction of **insurance aggregators has not been a major issue for most advisors**, while those who are concerned have focused on enhancing service, strengthening value proposition, and investing in technology to mitigate risks
- The **big-3 providers** (Manulife, Canada Life & Sun Life) stand apart for their brand strength, though **smaller providers**, including Empire Life and Industrial Alliance, are recognized for their digital capabilities, supported by well-liked e-Apps

2

## The Study conducted 345 interviews across Canada with intermediaries focused on selling individual life & health insurance



- The NMG Canadian Individual Life Study respondent sample focuses on key intermediaries who primarily sell individual life and health insurance in the Canadian market
- 345 interviews were conducted across Canada with consultants and brokers in the Canadian individual life insurance market

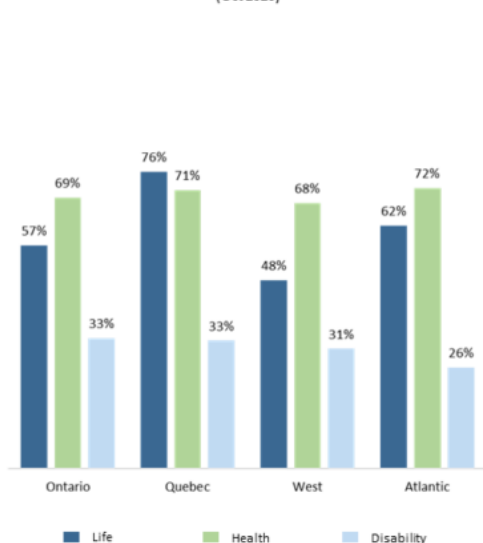
Note: Figures in ( ) represent number of respondents in each region

3

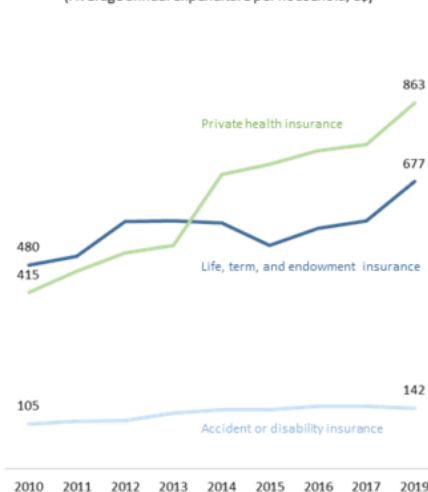
## There are untapped opportunities for growth in the Canadian market particularly for life and DI, supported by robust household spending



% of provincial total population with insurance coverage  
(Oct 2020)



Canadian Household Spending on Insurance Premiums  
(Average annual expenditure per household, C\$)



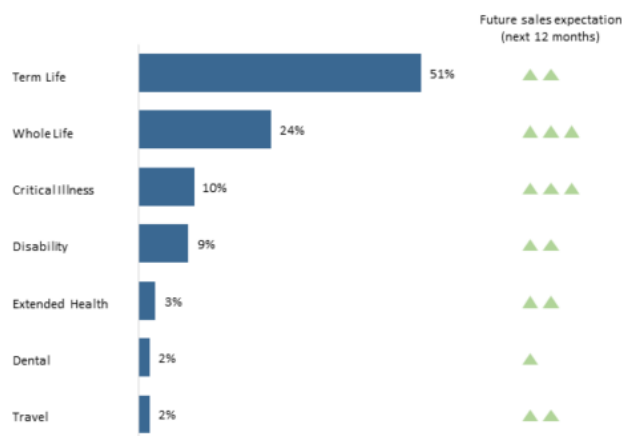
- Quebec market has the highest life insurance coverage compared to other regions, while Western Canada is the most unsaturated market
- Health insurance coverage is consistently high across the country supported by a rapid growth of household expenditure on private health insurance in the last decade
- Premiums spent on accident or disability insurance remain steadily low. Only one in three Canadians is protected with disability insurance, with the lowest coverage in Atlantic

Source: Canadian Life & Health Insurance Association; Statistic Canada

## Term life products make up the majority of intermediaries' individual insurance new sales. Future sales outlook is positive across all products



Reported product mix (by premium, last 12 months)



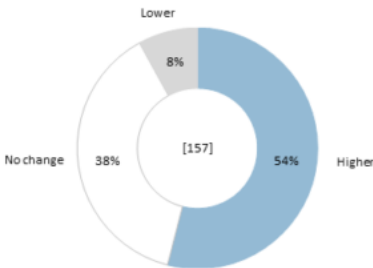
- Across Canada, 85% of advisors have reported that most of their individual insurance sales are in term life or whole life products over the last 12 month
- Future sales expectations are optimistic with over one half of intermediaries foreseeing an increase in the next 12 months, particularly for whole life and critical illness products

Note: The triangles represent net % of respondents who quoted an expected increase less % of respondents quoting a decrease (over the past 12 months): ▲ 1-29% ▲▲ 30-49% ▲▲▲ ≥50%

# Covid-19 has led to an uptick in cover enquiries, particularly amongst the younger generation and those who are approaching retirement



Cover enquiries due to Covid-19 (last 12 months)



Top client segments enquiring about their cover (last 12 months)



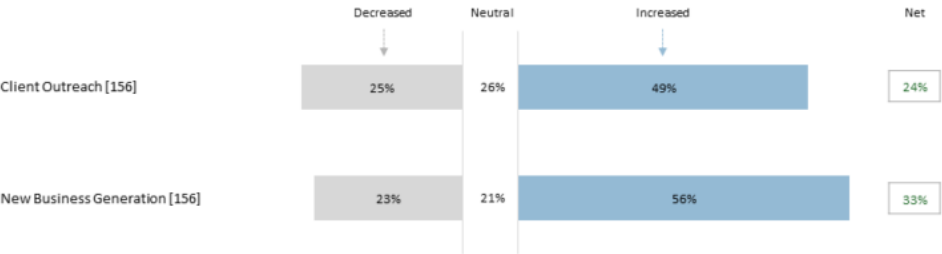
- Covid-19 has led to an increase in awareness for insurance where intermediaries are seeing an uptick in clients enquiring of their cover
- More intermediaries see either the same or higher portion of clients enquiring of their coverage in Ontario and Quebec where the pandemic is more severe than other regions
- Increased client enquiries are most often from younger clientele with young families or are looking to buy a home, followed by older clients who are approaching or at retirement

Note: Figures in [ ] represent number of respondents; Figures in % represent percentage of respondents

# Ongoing client engagement and new business generation has been more productive for most intermediaries as a result of the pandemic



Covid-19 impact on existing client outreach & new business productivity



- In general, advisors have seen an increase in productivity, particularly for new business generation
- Productivity increases in new business generation are most prevalent in Quebec and Western provinces

Note: Figures in [ ] represent number of respondents; Figures in % represent percentage of respondents

## The pandemic has also prompted a greater investment in technology and adoption of digital processes across the individual insurance industry

Changes seen from Insurers during Covid-19



“Acceptance of electronic signatures on documents. Online applications and document submissions.

“Everything is virtual now. But we are missing the connection, the in-person support, and the understanding from insurers of how our business works.

“They are adapting very well, but they need to have better platforms and keep thinking of the advisors. We are the ones signing all this business, give us more tools!

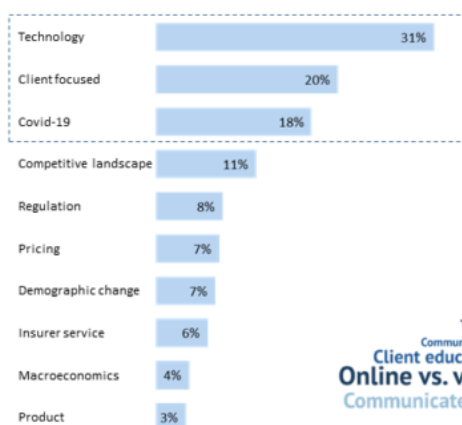
“Instant approvals on clean apps and larger underwriting limits. Have had huge delays in regular processing with employees working from home.

Note: Positive Negative Technology related

8

However, technology remains a primary industry-wide challenge for advisors in the short-term, along with client and Covid-19 related concerns

Greatest challenges facing the Individual Insurance Industry (1 – 3 years)  
(% of respondents, top-10 themes)



Top 3 themes breakdown

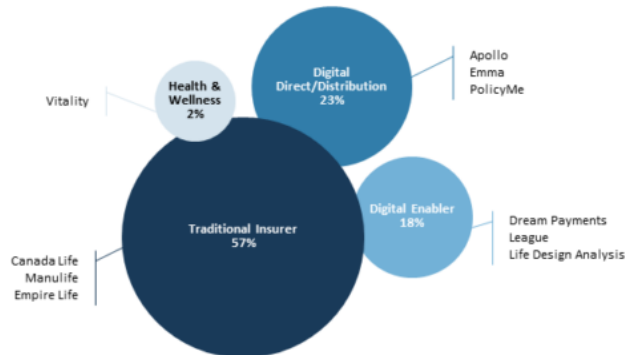


- Technology advancement has enabled the growth of DIY buyers and online/robo advice, which are key concerns for many advisors, highlighting the need for advisors to keep pace with technology
- In order to remain competitive amidst growing competition, advisors need to communicate the value of advice and focus on the customer
- Covid-19 has created a variety of challenges for advisors, particularly when it comes to interacting prospective clients in a virtual environment

9

## Intermediaries predominantly mentioned traditional insurance companies when asked about Insurtech

Leading Insurtech nominations by core proposition  
(%, 2021)



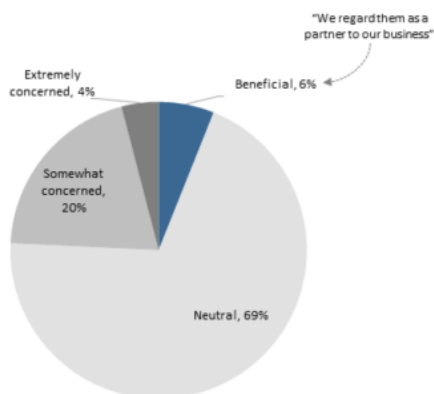
- Most advisors nominated traditional insurers as a leading Insurtech, suggesting a lack of awareness of Insurtech in the individual insurance market
- Aside from insurer nominations, Insurtech which are focused on digital distribution are most often cited
- Digital enablers include Insurtechs that are focused on data analytics and the automation of back-end processes & administration

Note: The top 3 Insurtech with the highest number of nominations have been listed for each category

10

## One-in-four advisors are concerned about the introduction of aggregators and have focused on reinforcing service, proposition and technology as mitigations

Extent of concern over the introduction of insurance aggregators  
(% of respondents)



Top actions/plans to mitigate the impact of insurance aggregators



- The majority of advisors are not concerned or feel neutral about the introduction of insurance aggregators
- One quarter of advisors are concerned about the introduction of aggregators, though few are extremely worried
- Of those who are concerned, most are actively trying to mitigate the risk by enhancing service levels, strengthening their value proposition, and investing in technology in order to better compete with aggregators

11

While pricing is critical for term life products, simplicity is a shared characteristic for insurers who stand out for value of offering. Dividends are key for whole life

| Insurer product capability differentiation<br>Top-3 insurers by perceived value of offering |                                                                                                                                                                                                      |                                                                                                                                                                                              |                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                             | 1st                                                                                                                                                                                                  | 2nd                                                                                                                                                                                          | 3rd                                                                                                                                                                                                 |
| Term Life                                                                                   | <div> <b>Empire Life</b> <ul style="list-style-type: none"> <li>▶ E-App</li> <li>▶ Simple</li> <li>▶ Conversion options</li> <li>▶ Competitive</li> <li>▶ Service</li> </ul> </div>                  | <div> <b>Foresters</b> <ul style="list-style-type: none"> <li>▶ Member benefits</li> <li>▶ Simple</li> <li>▶ Competitive</li> <li>▶ Value</li> <li>▶ Flexible products</li> </ul> </div>     | <div> <b>Manulife</b> <ul style="list-style-type: none"> <li>▶ Vitality</li> <li>▶ Conversion options</li> <li>▶ Ease of doing business</li> <li>▶ Flexible</li> <li>▶ Innovative</li> </ul> </div> |
| Whole Life                                                                                  | <div> <b>Equitable Life</b> <ul style="list-style-type: none"> <li>▶ Mutual company</li> <li>▶ Dividends</li> <li>▶ Cash value</li> <li>▶ Performance</li> <li>▶ Flexible products</li> </ul> </div> | <div> <b>Canada Life</b> <ul style="list-style-type: none"> <li>▶ Dividends</li> <li>▶ PAR product</li> <li>▶ Stability</li> <li>▶ Strong history</li> <li>▶ Good products</li> </ul> </div> | <div> <b>Manulife</b> <ul style="list-style-type: none"> <li>▶ PAR product</li> <li>▶ Flexible</li> <li>▶ Strong brand</li> <li>▶ Good products</li> <li>▶ Dividends</li> </ul> </div>              |

- ▶ Empire Life, Foresters, and Manulife stand apart for their value of offering for term life products. Simplicity/ease of doing business (often driven by front-end technology) is a shared differentiator. Despite the commoditization of term life products, both Foresters and Manulife are recognized for their unique benefits offering in fraternal member benefits and Vitality respectively
- ▶ Equitable Life, Canada Life, and Manulife are perceived to have a high value of offering in their whole life products, where advisors note strong dividends as strengths for all three carriers

Insurers who stand apart in living benefit offerings are often recognized for the quality of products, associated with product features and benefit coverage

| Insurer product capability differentiation<br>Top-3 insurers by perceived value of offering |                                                                                                                                                                                                               |                                                                                                                                                                                                                                   |                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                             | 1st                                                                                                                                                                                                           | 2nd                                                                                                                                                                                                                               | 3rd                                                                                                                                                                                  |
| Critical Illness                                                                            | <div> <b>Desjardins</b> <ul style="list-style-type: none"> <li>▶ Good coverage</li> <li>▶ Child CI</li> <li>▶ Shared ownership</li> <li>▶ Good products</li> <li>▶ Split dollar</li> </ul> </div>             | <div> <b>Canada Life</b> <ul style="list-style-type: none"> <li>▶ 2<sup>nd</sup> event rider</li> <li>▶ Return of premiums</li> <li>▶ Good products</li> <li>▶ Flexible products</li> <li>▶ Ease of application</li> </ul> </div> | <div> <b>Sun Life</b> <ul style="list-style-type: none"> <li>▶ Child CI</li> <li>▶ Good products</li> <li>▶ ROP</li> <li>▶ Split dollar</li> <li>▶ Relationship</li> </ul> </div>    |
| Disability                                                                                  | <div> <b>RBC Insurance</b> <ul style="list-style-type: none"> <li>▶ Contract value</li> <li>▶ Good products</li> <li>▶ Flexibility</li> <li>▶ Product offering</li> <li>▶ Conversion to LTC</li> </ul> </div> | <div> <b>Manulife</b> <ul style="list-style-type: none"> <li>▶ Good coverage</li> <li>▶ Good products</li> <li>▶ Good options</li> <li>▶ 4A</li> <li>▶ Competitive</li> </ul> </div>                                              | <div> <b>Canada Life</b> <ul style="list-style-type: none"> <li>▶ Good products</li> <li>▶ Riders</li> <li>▶ ROP</li> <li>▶ Contract value</li> <li>▶ Good options</li> </ul> </div> |
| Health & Dental                                                                             | <div> <b>Ontario Blue Cross</b> <ul style="list-style-type: none"> <li>▶ Good coverage</li> <li>▶ Many options</li> <li>▶ Good options</li> </ul> </div>                                                      | <div> <b>Medavie Blue Cross</b> <ul style="list-style-type: none"> <li>▶ Customized modules</li> <li>▶ Many options</li> <li>▶ Great service</li> </ul> </div>                                                                    | <div> <b>The Edge Benefits</b> <ul style="list-style-type: none"> <li>▶ Ease of quote</li> <li>▶ Flexible coverage</li> <li>▶ Ease of doing business</li> </ul> </div>               |

- ▶ Desjardins, Canada Life, and Sun Life are well regarded in their value of critical illness products. All of which are noted to have great products with recognition of their features
- ▶ For disability, RBC Insurance, Manulife, and Canada Life are perceived to have high value, given the strength of their products, boasting good contract value and coverage
- ▶ Ontario Blue Cross, Medavie Blue Cross, and The Edge Benefits are well differentiated in their health & dental offering, with good and flexible coverage

## The big-3 providers have brand strength, though are less differentiated than smaller providers across other capability areas



Top-3 ranked providers across key performance factors

Select key performance factors

|                                        |  |  |  |
|----------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Wholesaler capability                  | RBC Insurance                                                                     | Foresters                                                                         | Empire Life                                                                         |
| Ease of online new business submission | Empire Life                                                                       | Industrial Alliance                                                               | Manulife                                                                            |
| Brand strength                         | Manulife                                                                          | Sun Life                                                                          | Canada Life                                                                         |
| Ease of doing business                 | Empire Life                                                                       | Foresters                                                                         | Industrial Alliance                                                                 |
| Value-added services                   | Foresters                                                                         | Empire Life                                                                       | Manulife                                                                            |

- This table highlights those carriers that are investing in capabilities. The top ranked provider, by intermediaries, had the highest performance rating for that factor
- The big-3 providers dominate with the strongest brand in the Canadian individual life market
- RBC is ranked 1<sup>st</sup> for 'wholesaler capability', with differentiation in Quebec and Western Canada
- Smaller insurers, such as Empire Life and Industrial Alliance, are differentiated in their technological capabilities supported by a well-recognized e-App

14

## Contact us for more information



### About NMG Consulting

NMG Consulting is a leading global consultancy focused on the insurance, reinsurance, retirement/wealth, asset management markets. We bring a unique approach to integrating consulting, insights and analytics.

NMG's evidence-based consulting programs involve interviews with industry leading experts, top clients and intermediaries as a basis to analyse industry trends, competitive positioning and capabilities. NMG develops and manages several leading global programs across key elements of the insurance and investment industries: Life & Health Reinsurance, P&C Reinsurance, and Asset Management.

Established programs also exist in the underlying insurance and wealth markets in Canada: Canadian Group Benefits, Canadian Group Retirement, and Canadian Individual Life Insurance. Our insights are rebuilt on an annual basis.



**Hamish Worsley**

Partner

► Hamish.Worsley@NMG-Group.com



**Karan Sabharwal**

Partner

► Karan.Sabharwal@NMG-Group.com



**Sherry Niu**

Senior Consultant

► Sherry.Niu@NMG-Group.com



**Karen Lau**

Consultant

► Karen.Lau@NMG-Group.com

15

Thank you

---

For more information,  
visit [www.nmg-consulting.com](http://www.nmg-consulting.com)



LONDON · SINGAPORE · SYDNEY · TORONTO · CAPE TOWN · NEW YORK



By [Karan Sabharwal](#)