



AARON LYNETT / NATIONAL POST

Tamar Fradkin is among the 41% of Canadians in the 18-to-37 age range who don't have life insurance.

Coverage cheaper when you are young and healthy

Insurance for young a tough sell

BY GARRY MARR

I'm not going to die," laughs 28-year-old personal trainer Tamar Fradkin when asked whether she has any insurance.

Obviously she will die at some point, but with life expectancy in Canada at almost 82 years, it seems like a reasonable stance not to worry about mortality for the immediate future.

Or is it? There's no guarantee you won't get some type of cancer or a heart attack that you survive. Or maybe it's a just breaking a leg in an accident, something that could prevent you from working and leave you without income for months.

"I don't have any health insurance or life insurance," Ms. Fradkin says. "I had it when I was in school as part of the umbrella of stuff you get. The cost drives my decision not to have it."

She's not alone. A recent survey by RBC insurance found 41% of Canadians 18 to 34 don't have life insurance. Many of the ones who do only have it because it comes automatically at their workplace. When it comes to disability insurance, only 32% in that age group have coverage.

Trying to sell insurance to someone under 30 with no kids is a bit like the old joke about selling ice in the Arctic. Who needs it?

The most common refrain from young people is they can't afford it, with 41% in the RBC study making that claim. Another 54% of young Canadians said they had other priorities.

Like others her age, Ms. Fradkin doesn't see the risk justifying the cost of insurance and will just pay out of pocket for her basic health expenses like dental care or prescriptions.

"I'm not paying a monthly pre-

now," says the graduate of Ryerson University's Bachelor of Applied Science degree in nutrition and food.

She is still paying off student loans and has been saving money for other plans that include travel. "To me, that's a better investment than something I might not use," Ms. Fradkin says.

Jim Christie, president of the Canadian Institute of Actuaries, says he can see the tough sell. "Typically, you can only sell life insurance at life-changing events. You get married, have kids, you buy a house," Mr. Christie says. "You buy it because you have somebody else to protect."

Of course, the flip side is that buying insurance when you are young is much cheaper. "If you buy \$100,000

harder to sell that product," he says. "The real thing that causes financial difficulty is if you are off work for six months. You slip and fall and that takes a dramatic toll."

Critical illness, which offers you a lump cash sum if you get one of a number of serious illnesses listed on the policy, is probably an even tougher sell.

Cathy Preston, vice-president of life and health at RBC Insurance, acknowledges people under age 30 don't have a lot of disposable income.

"People spend 5% to 10% of their income on insurance, even up to 20%," says Ms. Preston, adding most insurance companies have cheaper options for younger people. "I'd look at it as a piece of your financial plan. I rank insurance No. 2 in my books after saving for rainy day or an RRSP."

Mark Halpern, a certified financial planner and president of illnessprotection.com, says he divides financial priorities into four categories. One category is an emergency fund of three months salary. He considers paying down debt a second priority. The third is setting up investments like RRSPs or pension plans. The fourth is insurance and making sure you have planned for illness with something like a will.

If he had to rank insurance needs for young, single people, he'd put disability and critical illness at the top with life insurance second because, at some point, most people do end up getting married and having kids.

"When you are young, your biggest asset is your ability to earn income. Each of those 25-year-olds is the golden goose. You've got a money maker that is going to make millions of dollars. Why wouldn't you use some of that money to insure that goose."

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in insurance when you are 21, they are selling it with the expectation they are going to sell until you retire, which is a longer time frame to collect from you and they only pay out once," the actuary says.

RBC says a non-smoker at age 25 would typically pay \$12 per month for \$100,000 of insurance during a 10-year term. Buy that term at 45 years old and the cost for the non-smoker is \$20 per month.

The perhaps bigger advantage to buying young is you can covert that policy into permanent life insurance without any health questions.

A single 25-year-old is likely to say, "I don't need any of that, but what about disability?" Mr. Christie says the odds of becoming disabled