Emerging Conclusions

Financial Resilience Institute has proven for the first time in the world that there is a clear, strong correlation between households reporting having sufficient insurance protection and improved household financial resilience outcomes, across all income demographics and life stage groups. This validates and underscores the power of insurance companies and financial institutions helping more Canadians to improve their financial resilience through accessing relevant insurance solutions, coverage and support for their needs, while also helping them to foster healthy financial behaviors. The insurance industry has a critical and important role to play in helping more customers and communities to improve their financial resilience, overall resilience and financial well-being, with many Canadians under-protected and/or more financially vulnerable. This is particularly the case in light of growing climate change risks.

There is a clear correlation between households reporting having sufficient insurance protection and improved financial resilience and financial well-being outcomes. By helping more Canadians, and in particular younger and more financially vulnerable households, access the insurance solutions they need, there are opportunities to help enhance peoples' lives and their overall health and well-being, as evidenced through the Financial Resilience Institute's robust and trended data analytics.

There are gaps in terms of Canadian households having sufficient insurance protection, and in some people being able to access insurance protection to improve their financial security, with opportunities to advance inclusive insurance and drive positive customer, social impact and financial outcomes. At the same time, the Institute recognizes that providing relevant coverage for certain households is complex, and access to affordable insurance (and willingness and ability to pay) is not clear or evident for all households. There are also opportunities to help more Canadians to understand their insurance policies and coverage, and/or risks that may be impacting their household, including as it relates to climate risks impacts. Again, this is particularly the case for younger Canadians and those who are more financially vulnerable.

Extreme weather events (or climate change) is having a clear impact on Canadian households, with more financially vulnerable people and communities being disproportionately affected. There is an association between people experiencing climate change and increased household financial vulnerability, as measured and tracked by the Institute since 2020. The insurance industry, Policymakers, climate change leaders and other organizations have an important role to play in helping customers and communities to mitigate and manage risks in light of climate change including from a protection and insurance perspective, while helping to build more resilient, sustainable communities.

7. The Institute has been studying the intersection between extreme weather ev[redacted] increased household financial resilience for a few years.

- As of June 2024, 1 in 5 households report they have been impacted by extreme weather events (e.g. extreme heat, floods or fires) in the past 12-24 months, with climate change increasing risks for many households in Canada.

- Of households negatively impacted by extreme weather events in the past 12 to 24 months, just under a third (33%) reported this has negatively impacted their financial situation as of June 2024. More data and insights around the intersection between climate change impacts and household financial resilience or financial vulnerability are published in Financial Resilience Institute's June 2023 Intelligence Memo [1].

- There is a clear association between climate change and increased household financial vulnerability, with the Institute's Seymour Financial Resilience Index ® model tracking this for Canadians overall, key populations and for the customers of organizations working with us. The mean financial resilience score of households impacted by extreme weather events is 3 Index points lower than those were not impacted as of June 2024, with these households 'Financially Vulnerable' compared to those not impacted 'Approaching Resilience' at the national level.

- Additionally, 7.6% of Canadians, up from 3% in February 2023, report being unable to access help to understand the financial implications of extreme weather events.

  This indicates a growing need for targeted financial and insurance support for households affected by climate change, combined with opportunities for the insurance industry or other organizations to invest in digital or other communications or education to help more people understand the impact of climate change and associated risks for them, their families, assets or communities over time as appropriate.

Source: Financial Resilience Institute, October 2024, October 2023 and February 2024 Seymour Financial Resilience Index ® and Financial Well-Being Studies
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[1] https://www.finresilienceinstitute.org/index-releases-and-reports/

6 There are opportunities to improve the awareness and understanding of insur[redacted] coverage gaps for more financially vulnerable Canadians and younger generations in particular.

This is important as 37% of households report they are not aware of any coverage gaps with their insurance policies, with younger Canadians more likely to report a lack of awareness.

- As of October 2024, 9.2% of households reported being unable to get the information or advice needed to understand potential gaps in their home insurance coverage over the past year, representing an 80% increase from 5.1% in February 2024. This issue was more pronounced among financially vulnerable households.

- For 'Extremely Vulnerable' households, the percentage unable to access necessary information or advice increased from 9.5% in February 2023 to 13.2% in October 2024, reflecting a 39% increase. Similarly, for 'Financially Vulnerable' households, this figure rose from 6.5% to 14.4% over the same period, marking a significant 121% increase.

- 60% of households are confident that they are receiving the right financial advice to help them protect against the unexpected as of October 2024, significantly lower than 76% of in February 2023.

- As of October 2024, more financially resilient households are significantly more likely to report they are getting the right advice to help them protect against the unexpected. Only 26.7% of 'Extremely Vulnerable' households reported they are confident they are getting the right protection advice, compared to 56.2% of 'Financially Vulnerable,' 69.7% of 'Approaching Resilience' and 87.3% of 'Financially Resilient' households.

- Significantly more Baby Boomers (79.7%) are confident they are getting the right advice to help them protect against the unexpected compared to Gen X (56.3%), Millennials (58.9%) and Gen Z (59.3%) households. This validates opportunities for the insurance industry to potentially aim to help more financially vulnerable and younger Canadians from a protection and inclusive insurance standpoint where possible.

4 Analysis conducted by Financial Resilience Institute confirms there is a correla[redacted] reporting having sufficient insurance protection and improved financial well-being outcomes. Households with high levels of financial well-being are significantly more likely to report having sufficient insurance coverage (home, auto, and life) [1].

- Of the households overall that report they have high levels of financial well-being as of October 2024 (i.e. that rate their financial well-being as 7 or more out of 10), 56% report they have sufficient insurance coverage, compared to just 24% for those who do not report they have sufficient insurance coverage to protect against the unexpected.
- The benefits of insurance on financial well-being are also relevant across household income demographics. For example, 78% of households with an annual household income above $150,000 and high financial well-being levels 'completely and somewhat agree' that they have sufficient insurance, with this also the case for 55% of households living with household incomes of under $25,000.
- Households that report having sufficient insurance protection are less financially stressed, with this in turn impacting their emotional and physical health and well-being and other dimensions of their well-being.
- 80% of households that report they do not have sufficient insurance coverage agree that money worries cause them emotional stress compared to 59% for those reporting having sufficient coverage [2].

5 Protection-related financial inclusion gaps are evident, with more financially vulnerable households reporting they have not been able to access insurance to improve their financial security over the past year.

- As of October 2024, 7.1% of Canadian households report they could not access insurance to improve their financial security over the past 12 months. More financially vulnerable households and younger generations report being challenged in accessing insurance to improve their financial security over the past 12 months.
- As of October 2024, households that faced challenges in accessing insurance to improve their financial security over the past 12 months have a mean financial resilience score of 33.9, significantly lower than a mean financial resilience score of 53.7 score for households that did not face this challenge. This underscores the importance of aiming to foster inclusive insurance and reduce financial inclusion gaps, with insurance being an enabler of improved household financial resilience outcomes.
- Households that were able to access insurance over the past 12 months are more likely to report having high levels of financial well-being compared to those who were not able to access insurance to improve their financial security.
- There are opportunities to advance inclusive insurance and find avenues for more financially vulnerable and/or under-protected households to gain access to relevant, affordable insurance where possible.

Source: Financial Resilience Institute, October 2024, October 2023 and February 2024 Seymour Financial Resilience Index ® and Financial Well-Being Studies
[1] Financial Well-Being Study survey respondents report the extent to which they agree or disagree with the statement 'My household has sufficient insurance coverage to protect against the unexpected (e.g. home, auto, life insurance) on a scale of 1 to 10. 1 is 'Totally disagree' and 10 is 'Totally agree'.
Seymour Financial Resilience Index ® is a trademark used under license by the Financial Resilience Society.
[2] Households that are more financially vulnerable have lower levels of financial well-being and all well-being dimensions, as measured by Finan-cial Resilience Institute for several years and published in our report. all one line

2 53% of households report they have sufficient insurance coverage to protect [redacted] of October 2024, with this slightly down from 2023 [1,2].

→ Nearly half (47%) of households report they do not have sufficient insurance coverage to protect against the unexpected, with opportunities for more Canadian households to access insurance and ensure they have the appropriate level of insurance they need and are willing or able to pay for.

→ There are opportunities for the insurance industry to help more Canadians to access relevant and affordable insurance to help them protect against the unexpected, while recognizing that this has a proven and positive impact on their household financial resilience and their financial well-being, as evidenced through the Institute's Index and this study.

3 Households that report they have taken out insurance to protect against the unexpected in the past 12 months have improved financial resilience outcomes compared to those that did not. As of June 2024, the mean financial resilience score of households that report they have taken out insurance in the past year is 3.5 Index points higher than for those who have not, with this delta similar based on February 2023, June 2023 and February 2024 data.

→ The proportion of Canadians that report they have taken out insurance to protect against the unexpected over the past 12 months specifically has increased from 12.2% of households in February 2023 to 15.2% of households in June 2024.

→ The proportion of 'Extremely Vulnerable' and 'Financially Vulnerable' households that have taken out insurance over the past year has increased from 6% to 10% between February 2023 and June 2024, while the proportion of 'Financially Vulnerable' households that have taken out insurance has increased from 13% to 19% over the same period.

Source: Financial Resilience Institute, October 2024, October 2023 and February 2024 Seymour Financial Resilience Index ® and Financial Well-Being Studies

[1] Financial Well-Being Study survey respondents report the extent to which they agree or disagree with the statement 'My household has sufficient insurance coverage to protect against the unexpected (e.g. home, auto, life insurance) on a scale of 1 to 10. 1 is 'Totally disagree' and 10 is 'Totally agree'

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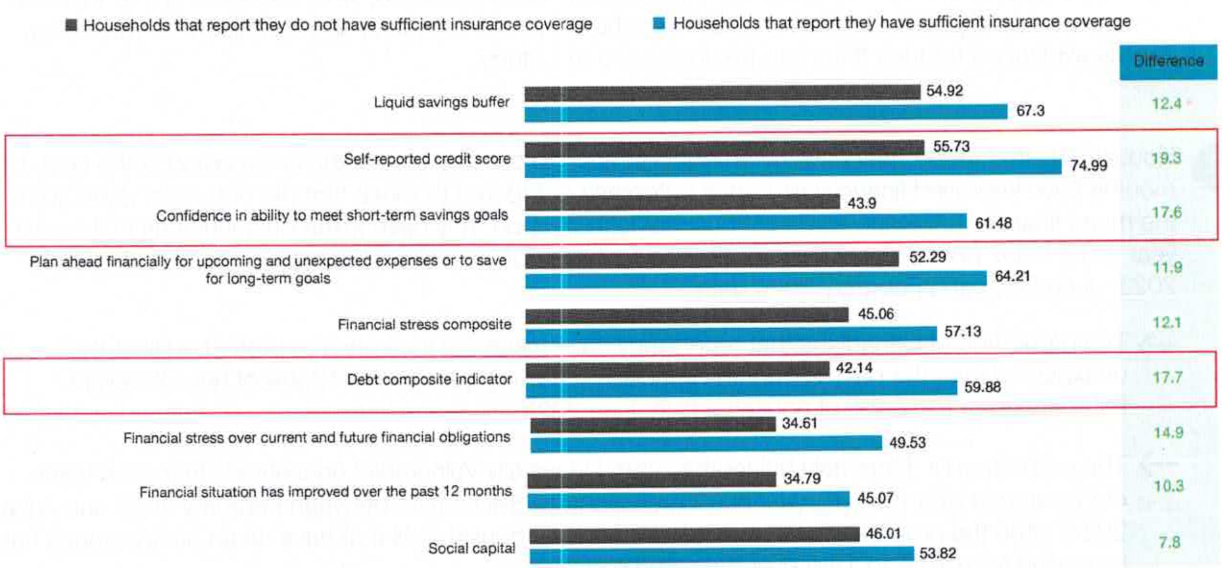
[2] Households that 'completely agree' or 'somewhat agree' they have sufficient insurance coverage are those that are described as 'report having sufficient insurance coverage' in this report, unless otherwise specified. At some points in the report data is provided for households that 'completely agree'.

Households that report they have sufficient insurance coverage to protect against the unexpected score higher across every Seymour Financial Resilience Index ® indicator compared to those who report they do not have sufficient insurance coverage

Mean Index Scores for Indicators for households that report they have sufficient insurance coverage to protect against the unexpected compared to those who do not based on the for Seymour Financial Resilience Index ® (October 2024)



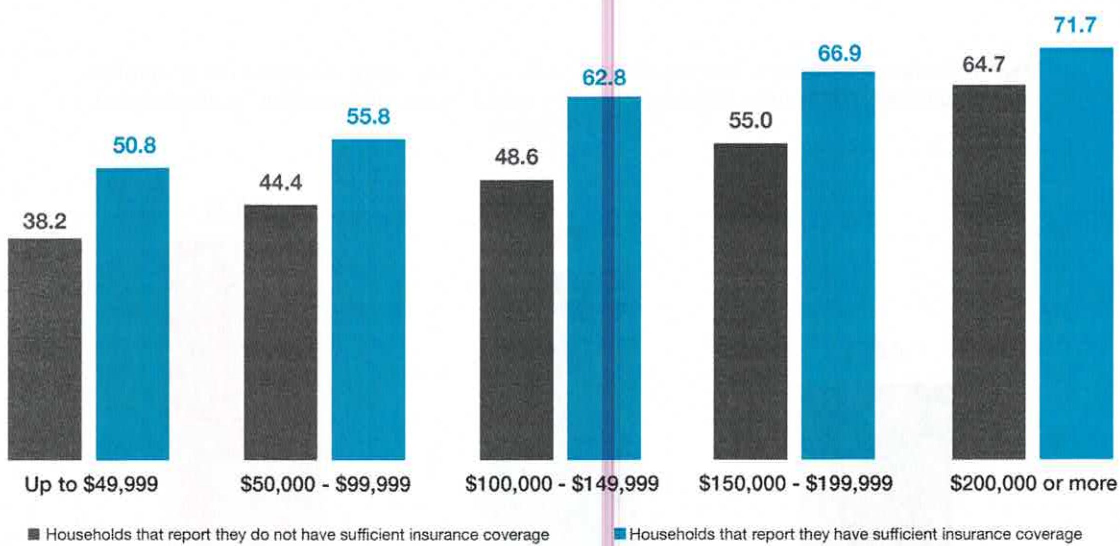
Source: Financial Resilience Institute, Seymour Financial Resilience Index ® and October 2024 Financial Well-Being Study

one only

[1] Financial Well-Being Study survey respondents report the extent to which they agree or disagree with the statement 'My household has sufficient insurance coverage to protect against the unexpected (e.g. home, auto, life insurance) on a scale of 1 to 10. 1 is 'Totally disagree' and 10 is 'Totally agree'

T-Test analysis validates shows a clear correlation betw[redacted] reporting they have sufficient insurance protection and improved household financial resilience: across all income groups

Mean financial resilience scores of households with levels of household income that report they have sufficient insurance coverage to protect against theunexpected compared to those who do not (October 2024)



Source: Financial Resilience Institute, Seymour Financial Resilience Index ® and October 2024 Financial Well-Being Study

There are significant deltas across all household income demographic groups for households reporting they have sufficient insurance protection compared to those who report they do not have sufficient protection[1]. For example, for those with a household income under $49,999, those reporting they have sufficient insurance protection have a mean financial resilience score that is 12.6 Index points higher compared to those in the same household income demographics that report they don't have sufficient insurance coverage. The delta for those with a household income of $100,000 to $149,999 is even larger at 14.2 Index points as of October 2024.

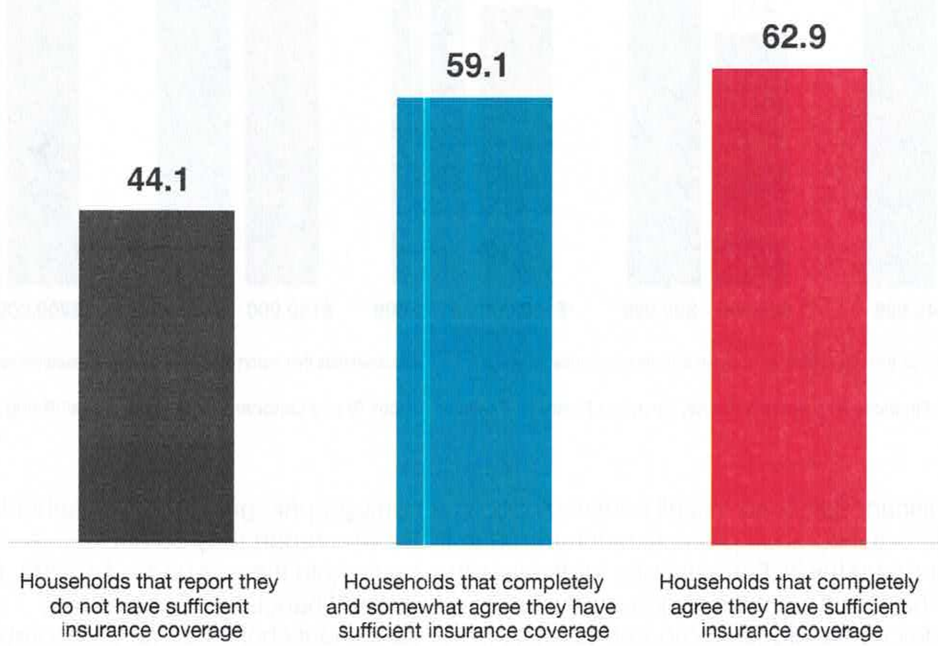
one only

[1] Financial Well-Being Study survey respondents report the extent to which they agree or disagree with the statement 'My household has sufficient insurance coverage to protect against the unexpected (e.g. home, auto, life insurance) on a scale of 1 to 10. 1 is 'Totally disagree' and 10 is 'Totally agree'

Households that report they have sufficient insurance coverage to protect against the unexpected have significantly improved household financial resilience outcomes

These households have a mean financial resilience score of 59.1 based on the Institute's October 2024 Financial Resilience Index model: with this over 15 Index points higher than households that completely or somewhat agree they do not have sufficient insurance protection, with a mean financial resilience score of 44.1.

Mean financial resilience scores of households that completely agree, completely or somewhat agree and disagree they have sufficient insurance coverage to protect against the unexpected (October 2024)



Source: Financial Resilience Institute, Seymour Financial Resilience Index ® and October 2024 Financial Well-Being Study

T-test analysis validates there a significant difference in the mean financial resilience score of Canadians reporting they have sufficient insurance coverage compared to those who do not, regardless of household income [1,2].

one only

[1] Financial Well-Being Study survey respondents report the extent to which they agree or disagree with the statement 'My household has sufficient insurance coverage to protect against the unexpected (e.g. home, auto, life insurance) on a scale of 1 to 10. 1 is 'Totally disagree' and 10 is 'Totally agree'.

[2] T-test analysis conducted by Financial Resilience Institute validates that there a significant difference in the mean financial resilience score of Canadians working reporting they have sufficient insurance coverage to protect against the unexpected compared to those who do not, regardless of household income. Analytics validate there is a clear correlation between a household reporting they have sufficient insurance protection and improved household financial resilience, removing any potential impact of income.

The full report has many insights, and highlights how more financially vulnerable households are more likely to be challenged in terms of access to insurance to improve their financial security, with emerging opportunities and implications for the insurance industry and other players to explore advancing inclusive insurance while mitigating risks.

Data is based on highly robust sample sizes from the Canadian national longitudinal Financial Well-Being studies and the Institute's Financial Resilience Index model, with a sample size of 2524 survey respondents in October 2024, 6218 survey respondents in June 2024, 6223 survey respondents in February 2024 and 5010 in February 2023 from a representative sample of the population by household income, age, province and gender.

Negative impacts of extreme weather events on household financial resilience in Canada

Market-leading data analytics indicate that a significant proportion of Canadian households reported being affected by extreme weather events in the past 12 to 24 months. This impact has influenced their financial situation and is associated with increased household financial vulnerability.

This data aims to spark dialogue and commitment and to serve as a call to action for the insurance industry and other leaders to initiate, continue, or accelerate their work to contribute towards a more resilient future for Canadians. Protection is a cornerstone to financial and overall resilience of people, families, businesses and communities. It is our hope that this report can provide a springboard for further research, analytics, thought-leadership, strategy, innovation and impact, including for Canadian households that are more financially vulnerable or potentially underserved from a protection standpoint specifically.

The report is not focused on potential emerging implications or solutions beyond those provided at the highest level. However, longitudinal independent data and analytics aim to bring value and impact to the ecosystem and insurance industry specifically.

Key Insights Summary

1 There is a clear, strong correlation between having sufficient insurance coverage to protect against the unexpected (home, auto, and life) and improved financial resilience outcomes for Canadian households, across every single household income demographic [1].

→ Households that report they agree they have sufficient insurance score have a significantly higher mean financial resilience score of 59.1 as of October 2024 based on the Seymour Financial Resilience Index ® with these households 'Approaching Resilience' [2]. This compares households that report they do not have sufficient coverage, having a mean score of 44.1, with a delta of 15 Index points, and these households are 'Financially Vulnerable' [3]. 66% of households reporting having insurance are 'Approaching Resilience' or 'Financially Resilient' compared to only 40% of households that report they do not have sufficient insurance coverage.

→ Households that report they have sufficient insurance protection have improved financial resilience outcomes across every household income demographic, highlighting the valuable contribution of insurance for their financial resilience, whatever their household income level. Trended data analytics conducted by the Institute tell the same story. Households from all life stages that report they have sufficient insurance coverage also have improved financial resilience outcomes [4].

→ In addition, households that report they have sufficient insurance coverage score higher across every Seymour Financial Resilience Index ® indicator compared to those that report they do not have sufficient insurance protection. Notably, these households score 19.3 points higher for the self-reported credit score indicator, 17.7 points higher for the debt composite indicator and 17.6 points higher for the confidence in one's ability to meet short-term savings goals indicator compared to households that reported they do not have sufficient insurance protection as of October 2024. Analytics based on October 2023 data tell the same story.

→ Moreover, households that 'completely' agree they have sufficient insurance coverage have a mean financial resilience score of 69.2 as of October 2024, with a delta of 18.3 points compared to households that report they do not have sufficient insurance coverage and a delta of 3.8 Index points compared to those who 'completely or somewhat agree' they have sufficient insurance coverage [4]. Furthermore, households reporting having sufficient insurance coverage scored better across all nine indicators of the Seymour Financial Resilience Index ® [5].

→ The mean financial resilience score of households that report they have sufficient insurance coverage has increased slightly from 56.9 to 59.1 between February 2023 and October 2024, a good news story.

Sources as per email B4 footnotes

Source: Financial Resilience Institute, October 2024, October 2023 and February 2024 Seymour Financial Resilience Index ® and Financial Well-Being Studies

[1] Financial Well-Being Study survey respondents report the extent to which they agree or disagree with the statement 'My household has sufficient insurance coverage to protect against the unexpected (e.g. home, auto, life insurance) on a scale of 1 to 10. 1 is 'Totally disagree' and 10 is 'Totally agree"

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[2] Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

[3] Households that 'completely agree' or 'somewhat agree' they have sufficient insurance coverage are those that are described as 'report having sufficient insurance coverage' in this report, unless otherwise specified. At some points in the report data is provided for households that 'completely agree'.

[4] Household that 'completely agree' they have sufficient insurance coverage with a mean financial resilience score of 69.2 as of October 2024 are at the very high end of being 'Approaching Resilience', with 'Financially Resilient' households having a mean financial resilience score of 70.01 and above

[5] Financial Resilience Institute has conducted analytics on the contribution of different types of insurance (e.g. life insurance specifically) for Canadians and the customers of insurance clients using the Index, with specific types of insurance such as life insurance contributing to a household's financial resilience in a more significant way than other types of insurance (e.g. auto insurance).

(*) ~~Footnotes~~ – Please do full stops before notes

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Financial Resilience Institute

Introduction and Context

Who is this report for?

This is a summary of the full report published by Financial Resilience Institute: 'Insurance Protection as a Pathway to Improved Financial Resilience and Financial Well-Being' (January 2025). The full and summary reports are relevant for the insurance industry. The reports are also relevant for purpose-driven organizations focused on financial health, sustainable finance, inclusive insurance, overall resilience and driving positive impact with individuals, families, businesses and communities, in light of growing challenges and climate risks in Canada and other countries.

Financial Resilience Institute is a leading independent authority on financial well-being in Canada and globally. Our purpose is 'Building financial resilience and well-being together.' This includes for people and communities that are more financially vulnerable or underserved and that may be under-protected from an insurance perspective. This report levers data from the Institute's national longitudinal Financial Well-Being Studies (2017 to 2024) and peer-reviewed Financial Resilience Index model. The first Index of its kind in the world, the Seymour Financial Resilience Index ® measures household financial resilience,: i.e. a household's ability to get through financial hardship, stressors and shocks as a result of unplanned life events at the national, provincial, segment and individual household levels in Canada. Financial resilience is measured across nine behavioural, sentiment and resilience indicators three times a year, with a pre-pandemic Index baseline of February 2020 [1,2]. Financial resilience is a proxy for, and arguably a more holistic measure of, financial security.

This report is made possible thanks to the generous support of our granting funder and partner Co-operators. Based on our extensive research, this report provides data-driven evidence for the first time on the clear correlation between people reporting having adequate insurance coverage and improved financial resilience outcomes, levering a highly robust Financial Resilience Index model. This has implications for the insurance industry in Canada and globally, with protection a key (and sometimes overlooked) pillar of peoples' financial health, financial resilience and financial well-being [3].

Targeted data highlights that households reporting sufficient insurance protection are less likely to experience financial stress. With many households negatively impacted by unplanned life events, the concept of financial resilience, and the criticality of adequate insurance protection has never been more important. Insurance protection is critical as individuals, families and businesses seek to maintain or improve their financial resilience.

1st note (as per email

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[1] Targeted data is analyzed for this study, levering analytics in particular from the October 2024, June 2024, October 2023 and February 2023 Financial Well-Being Studies

[2] 'Financial well-being', as defined by the Consumer Financial Protection Bureau (CFPB) and by the Institute in our Financial Well-Being Framework developed in 2016, as 'a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life.'

Financial Resilience Institute

cover title as per other

Insurance Protection as a Pathway to Improved Financial Resilience and Financial Well-Being

Report Summary with Index data analytics and insights including on the impact of extreme weather events on Canadians' household financial resilience

Report Summary Authors: Eloise Duncan, Kujtim Koci and Patrice Mirindi
Financial Resilience Institute

January 2025