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# Have you planned for the unexpected?

One in eight homebuyers don't discuss their protection needs

Buying a property is usually the biggest financial obligation many of us will take on in our lifetime, and it's an obvious moment to pause and consider our protection needs.

The most common types of mortgage protection usually consist of mortgage life insurance with critical illness cover and mortgage payment protection insurance (MPPI). Nobody wants to run into financial difficulty, but homeowners should have provision to continue paying their mortgage if something happens to their main source of income.

## OLDER HOMEBUYERS THE MOST EXPOSED

Relying on savings isn't viable for many and certainly isn't good for financial resilience. However, one in eight (13%) homebuyers who purchased their mortgage via a mortgage broker did not discuss their protection needs, according to new research<sup>[1]</sup>, with older homebuyers the most exposed, with the potential for the higher risk of health issues impacting their income.

The majority (76%) of homeowners discussed protection products during their initial session, with life insurance being the most commonly purchased product (57%), followed by critical illness (36%) and income protection (31%).

## MORE LIKELY TO SUFFER FROM HEALTH CONCERNS

However, more than one in ten (13%) did not discuss protection at all, rising to a fifth (20%) of those aged 55 and above – despite this age group being more likely to suffer from health concerns. More than one in four (28%) homebuyers who did discuss protection did not go on to make a purchase, leaving them unprotected as a result.

Of these, 25% rejected the opportunity to take out cover because they felt they couldn't afford the premiums, as the overall cost of buying a home was already expensive. A slightly smaller proportion (19%) felt they could not afford the cost as the mortgage itself was costly.

## DIDN'T SEE THE VALUE IN PROTECTION PRODUCTS

Nearly a quarter (23%) didn't see the value in protection products, while 18% thought they would never need them. One in seven (14%) intended to purchase protection through a different route but never got around to it.

Alarming, two in five homeowners (42%) could only cover essential bills for up to two months if their household lost its primary income, and a further 30% could only extend to six months. Adequate financial protection is therefore vital to ensure households can keep up their mortgage payments and retain possession of their home should they unexpectedly lose their income. ■

## ARE YOU PREPARED FOR LIFE'S UNEXPECTED EVENTS?

We can help you protect against financial hardship when life becomes unpredictable. Having the right protection in place will provide you with that important financial breathing space when you need it most. To review your current protection requirements or to find out more, please speak to us.

**Source data:**

[1] Canada Life 10 December 2019

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