GUIDE 04

Insurance Uncovered

What every Canadian needs to know about life, disability, critical illness, and property insurance — without the sales pitch.

TJ Tijani | WealthPath by TJ

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Insurance Is the Floor Under Everything Else

Nothing unravels a carefully built financial plan faster than a serious illness, a disability, or a house fire hitting without adequate protection. This guide doesn't sell insurance — it helps you understand what the main types do, what coverage is worth having, and where the gaps are.

REALITY CHECK

44% of Canadians have no disability insurance outside of EI benefits.

EI sickness benefits replace approximately 55% of insurable earnings for a maximum of 26 weeks. What happens after six months if you still cannot work? This gap is why disability insurance matters.

1. Life Insurance

Life insurance pays a tax-free lump sum to your beneficiaries when you die. Its purpose is income replacement — ensuring that the people who depend on you financially can continue their lives without devastating hardship.

Type	Period	Cost	Cash Value	Best For
Term Life	10–30 years	Low	None	Most families — income replacement during peak years
Whole Life	Lifelong	High	Yes	Specific estate or business planning needs
Universal Life	Lifelong (flexible)	High	Yes	Advanced planning with professional guidance

How much life insurance do you need? A common starting point is 10–12 times your annual income. Adjust upward for large mortgages, young children, or a stay-at-home spouse.

TJ'S TAKE

A healthy 35-year-old can typically get $500,000 of 20-year term life coverage for $30–$50/month. That's the cost of a few coffees per week to protect your family's entire financial future. Underinsuring because premiums feel high is a serious risk.

QUICK WIN

Check your employer group life insurance coverage. Most group plans offer 1–2x annual salary. That's a starting point, not a complete plan. Calculate whether additional individual coverage is needed.

2. Disability Insurance

Disability insurance replaces a portion of your income if illness or injury prevents you from working. You are statistically far more likely to experience a serious disability during your working years than to die prematurely.

Feature	Short-Term Disability	Long-Term Disability
Coverage period	Days to months (often 13–26 weeks)	Years — potentially to age 65
Income replacement	60–70% of gross income	60–85% of income (varies by policy)
Waiting period	0–14 days	90–180 days
Source	Often employer-provided	Group plan or individual policy
Portability	Ends with employment	Individual policies follow you between jobs

Key definitions:

"Own occupation" — disabled if you cannot perform your specific occupation. Gold standard, more expensive.

"Any occupation" — disabled only if you cannot perform any work at all. Most restrictive; common in group plans.

REALITY CHECK

1 in 3 Canadians will experience a disability lasting more than 90 days before age 65.

Life insurance protects your family after you're gone. Disability insurance protects them while you're still alive but unable to earn. Both are essential.

3. Critical Illness Insurance

Critical illness insurance pays a tax-free lump sum when you're diagnosed with a covered serious illness — typically cancer, heart attack, stroke, and 20–30 other conditions. Unlike disability insurance, the payment is triggered by diagnosis, not by whether you can work.

You can use the money however you choose: cover lost income during recovery, pay for treatments not covered by provincial health care, modify your home, or pay off debt.

TJ'S TAKE

Critical illness insurance fills the gap most people don't think about: the recovery period. You survive cancer — but the out-of-pocket costs, lost work time, and lifestyle changes during treatment can be financially crushing. CI gives you a cash cushion precisely when you need it most.

4. Home and Tenant Insurance

Homeowner's insurance covers: Structure of your home (fire, wind, hail, theft, certain water damage), personal contents, liability, and additional living expenses if your home is uninhabitable.

Commonly NOT covered without additional riders: Overland flooding, sewer backup, earthquakes (especially important in BC), and high-value items above standard limits.

QUICK WIN

Review your home insurance policy annually and ask specifically about flood and sewer backup coverage. With increasing climate events in Canada, these are gaps that catch too many homeowners off guard.

Tenant's insurance is inexpensive ($15–$30/month) and covers your personal belongings, liability, and additional living expenses if your unit becomes uninhabitable. If you rent, this is essential.

5. Auto Insurance in Canada

Coverage	Required?	What It Covers
Third-party liability	Yes	Damage or injury you cause to others
Accident benefits	Yes	Your medical and rehabilitation costs regardless of fault
Uninsured motorist	Yes	Protection if hit by an uninsured driver
Collision	Optional	Damage to your own vehicle from a collision
Comprehensive	Optional	Theft, fire, weather, vandalism to your vehicle

Note: Some provinces (BC, Manitoba, Saskatchewan, Quebec) have public auto insurance. Others (Ontario, Alberta, Atlantic provinces) use private insurers. Requirements and structures vary.

Your Insurance Action Plan

1. Calculate your life insurance need: 10x income as a starting point, adjusted for your debts and dependents.
2. Check your employer group life insurance — then determine how much additional individual coverage you need.
3. Review your disability coverage: does your group plan have an "own occupation" definition?
4. If self-employed or with no employer disability coverage, get individual long-term disability insurance.
5. Consider critical illness insurance, particularly if you have dependents or a mortgage.
6. Pull out your home insurance policy and check what flood and sewer backup coverage you actually have.
7. If you rent, get tenant's insurance — typically under $25/month and absolutely essential.
8. Review auto insurance annually — you may be over-paying as your car depreciates.
9. Update beneficiary designations on all life insurance policies, especially after major life changes.
10. Create a home inventory (photos or video of belongings) stored securely in the cloud.

About Your Guide

TJ Tijani is a Canadian financial educator working with newcomers, young professionals, and families across Canada. His approach is straightforward: take complicated money topics and explain them in plain language that actually sticks.

TJ started WealthPath by TJ after seeing firsthand how many people were making costly decisions simply because no one had ever explained how the Canadian financial system works in a way that made sense. His sessions are built around the client's reality, not a script.

He covers topics ranging from budgeting and debt to tax efficiency, insurance, and retirement — always with education at the centre.

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