

# The Case for Loan Protection



Cover car payments in the event of job loss, disability or loss of life.

## How Loan Protection helped Sam through job loss

Sam, a hardworking father, understands the importance of financial stability. With monthly obligations totaling \$3,011, he carefully budgets his expenses to ensure his family is taken care of. Recently, Sam decided to purchase a new vehicle to accommodate his family's transportation needs. The car came with a \$500 monthly payment, adding to his financial responsibilities. However, with growing concerns about economic uncertainty, Sam wanted to protect his finances in case of unexpected hardships.

### A proactive approach to financial security

When Sam visited his local car dealership to finalize his vehicle purchase, he was introduced to a Loan Protection product designed to provide financial relief during difficult times. This package included three key protections:



#### Job Loss

Providing coverage for his car payments if he were to lose his job.



#### Disability

Covering his car payments if he became unable to work due to a disability.



#### Life

Ensuring his car loan would be paid off in the event of his passing.

### Small cost, big relief

Understanding the value of such protection, Sam was pleasantly surprised to learn that the cost of Loan Protection was only \$0.68/day. Recognizing this small daily expense could provide significant financial relief in times of crisis, he opted to include the Loan Protection package with his vehicle purchase.

#### Cost of Loan Protection:

**\$0.68/day**

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## The unexpected happens

Just over a year later, Sam faced an unfortunate reality — he lost his job due to company downsizing. Luckily Sam was eligible for the maximum Employment Insurance benefit (EI) of \$3,011 per month.

However, with \$3,011 in monthly bills plus a \$500 per month car payment, EI would not cover all of Sam's monthly expenses.

### Without Loan Protection:

Maximum EI benefit: \$3,011/mo  
(-) Total expenses: \$3,511/mo  
(\$3,011 bills + \$500 car payment)

**Monthly balance = -\$500**

### With Loan Protection:

Maximum EI benefit: \$3,011/mo  
(-) Total expenses: \$3,011/mo  
(\$3,011 + ~~\$500~~ covered by Loan Protection)

**Monthly balance = \$0**

For most people, the basic rate for calculating EI benefits is 55% of their average insurable weekly earnings, up to a maximum amount. As of January 1, 2025, the maximum yearly insurable earnings amount is \$65,700 (x 55% = \$36,135/yr). This means you can receive a maximum of \$3,011/mo

## Peace of mind in uncertain times

Sam's decision to invest in Loan Protection proved invaluable. Instead of struggling to make ends meet or worrying about defaulting on his auto loan, he had the financial breathing room to focus on his job search, and a car to get him to interviews without added stress. Within a few months, he secured a new position, allowing him to regain financial stability without the burden of missed car payments affecting his credit or financial future.

In an unpredictable economy, having a safety net can make all the difference. Loan Protection products provide peace of mind, ensuring that individuals and families can weather financial storms without severe consequences.

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