



Critical Illness Insurance

Though relatively new to the North American marketplace, critical illness insurance is growing in popularity. It is insurance designed specifically to help meet the financial needs associated with recovery from a life-altering illness. It provides a lump sum cash payment that can be used any way you choose.

Unlike life insurance that supports your survivors after you're gone, or disability insurance that replaces some or all of your income if you're unable to work, critical illness insurance provides you with a cash payment if you're diagnosed with one of the illnesses covered by the policy

Aren't group and extended health benefits enough?

While group and extended health care benefits may cover some needs for a short period of time, often the extra expenses exceed what's covered by your benefits. As a result, you may need to dip into your savings, stop retirement or education contributions or liquidate your assets to cover your costs.

Did you know that the odds of a 40 year-old male non-smoker having one of 18 Critical Illnesses before the age of 65 are 37%? For a smoker the odds jump to 50%!

With advances in medicine and treatments, more people than ever are surviving life-altering illnesses. Even so, recovery can take months, and may mean time away from work, and a possible decrease in or loss of income. At the same time, related out-of-pocket expenses such as travel, home care, or therapy may be added to your regular household expenses.

Critical illness insurance was developed by the life insurance industry in response to the growing need for financial resources when you are ill. It provides protection by allowing you to choose how you'll meet your health care needs, while preserving your savings or investments. It can be considered as both health insurance and as part of an overall financial plan.

How does it work?

If you're diagnosed with one of the covered illnesses, and you satisfy the terms of the contract (for example, you must survive for at least 30 days after the diagnosis of cancer), you will be paid a one-time lump sum benefit. You don't have to provide receipts or explain how you'll use the money. Qualifying for your benefit involves an objective diagnosis of your illness by an appropriate medical specialist (someone licensed to practice in Canada, specializing in your illness). After your claim is paid your policy ends; you can claim only once.

What kinds of illnesses are covered?

Typically, critical illness insurance plans cover conditions such as heart attack, stroke, cancer, kidney failure, and heart bypass surgery. Illnesses covered and features of plans vary between companies, so be sure to find out all the details of the plans you're considering.

How can the benefit amount be used?

Rather than providing receipts for reimbursement of eligible expenses, or receiving a monthly income, critical illness insurance pays you a one-time lump sum. You decide how to spend the money.



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Some of the ways you can choose to use critical illness insurance benefits are:

- alternative medicine
- therapy (speech, physiotherapy, nutritional counseling)
- debt repayment or retirement savings
- home renovation and vehicle modification
- equipment and assistive devices
- treatment or surgery outside of Canada
- homecare and child care
- homemaking services

Critical illness insurance - Do you need it?

Financial support for recovery

Many people are surprised to learn the average age of claimants of critical illness insurance is 47*. Critical illness insurance helps survivors of life-altering illnesses maintain their financial health while they regain their physical health, by helping to meet the expenses associated with survival.

What are the risks?

Heart disease, stroke and cancer are the leading health issues facing Canadians today:

- Statistics Canada places our lifetime probability of developing some form of cancer at one in three.¹
- About 75,000 heart attacks occur in Canada each year.²
- Between 40,000 to 50,000 strokes are estimated to occur in Canada each year.²

But, more Canadians than ever are surviving life-altering illnesses:

- In the last 30 years, the cancer survival rate has nearly doubled to 55 percent.³
- In recent years, the death rate among patients hospitalized for heart attacks has been cut in half to eight percent.²
- 75 percent of stroke victims will survive the initial event.²

Know the difference

Medical advances have dramatically improved life expectancy, but we are all vulnerable to possible illness. Odds are you or someone close to you will experience a medical setback at some point - and survive.

But the cost of recovery may leave finances in a less than healthy state.

If you're wondering whether disability insurance or extended health care benefits through your employer or an association are enough, it's important to understand exactly what those benefits cover, and for how long. Review your policy if you have one, or speak with the person who administers your benefits. Compare this with the features of a critical illness insurance plan.



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Things you should consider when reviewing your benefits:

- Maximum benefit amounts
- Deductibles and waiting periods
- Employment stability (you can't take benefits with you if you leave your job)
- What percentage of income will be replaced, and for how long?

Make sure you're aware of the potential costs of care and recovery, or the kinds of adaptations you might have to make to your home or life following an illness. Will your benefits meet your needs, or will you have to rely on savings and investments to bridge any gaps? With this information, you can make an informed choice.

As more responsibility for health care costs shifts to the retiree, the advantages for them to have a tax-effective vehicle for saving for their health care expenditures in retirement will become increasingly evident. To date, the Canadian government has shown little interest addressing this issue.

How much can I buy?

Depending on the provider and type of contract you want to proceed with, we can arrange:

1. Policy's that offer up to \$100,000 for the employee and their spouse with little medical underwriting requirement.
2. Policy's that offer up to \$2 million dollars for the employee and their spouse, which require full medical underwriting.

Give us a call and we would be happy to outline the highlights and differences in these two types of contracts.

* Munich Reinsurance Co., 2000.

¹ Statistics Canada, 1999; 2 Heart and Stroke Foundation, 2000; 3 Canadian Cancer Society, 2000.



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Critical Illness Needs Analysis

	Yes	No
Is there a history of critical illness in your immediate family?		
In the event of a critical illness, would you like the ability to:		
<i>Pay outstanding debts/ mortgages?</i>		
<i>Have you or your spouse work less or stop working during the recovery period?</i>		
<i>Seek treatment outside of our health care system?</i>		

Analysis

Outstanding debts/ mortgages? (credit cards, car/ student loans, line of credit, etc) \$ _____

Income Supplement (your income, spousal income, child care etc) \$ _____

Income desired per month _____ Number of years desired _____

\$ _____

(\$ _____ x 12 months) x _____ = \$ _____

Income/ month # of years

Medical Expenses (private healthcare treatment expenses, nursing and home care services, home renovations and equipment costs) \$ _____

Existing DI/ CI coverage

Insurance Company	Monthly – disability benefit	Lump sum – critical illness

Deduct Insurance amounts where necessary \$ _____

TOTAL CRITICAL ILLNESS INSURANCE NEED \$ _____



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