

## **Critical Illness Insurance: An Insurance Product for Our Times**

As baby boomers and Gen Xers advance in age, the financial fear of being stricken by a critical illness moves from the back financial planning burner up to the front. The good news is that many more people are surviving from cancer and recovering from heart disease and strokes. And that's often the financial problem: Where will the money come from during the recovery period? Enter Critical Illness Insurance (CI), specifically designed to address the non-medical "lifestyle" costs of surviving and recovering from a serious illness.

### ***How Does Critical Illness Insurance Work?***

CI insurance provides financial assistance in the form of a lump-sum cash payment to anyone diagnosed with a life-altering illnesses covered by your policy and survive the waiting period (usually 30 days). More than 20 different diseases, illnesses, and medical procedures (e.g. cancer, heart disease, stroke, Parkinson's disease, Alzheimer's disease, organ transplants) are currently covered, depending on the individual policy.

### ***How Does CI Differ from Other Insurance Plans?***

CI insurance fulfills a need not addressed by disability insurance or life insurance. What is making CI insurance increasingly popular is the lump-sum payment that flows to the policyholder quickly following the diagnosis of a disease or condition covered in the plan. There are no strings attached as to how that money is spent. You can use it in any way you choose, including:

- Household or special medical costs (making your home wheelchair accessible, for example)
- Once-in-a-lifetime vacation
- Keeping a business going during your crucial recovery period
- Protecting your portfolio and assets from being spent on recovery

CI insurance doesn't restrict any other benefits the policyholder may be entitled to under existing disability and life insurance policies.

### ***How Do I Qualify for CI?***

Insurance companies deal with each individual on a case-by-case basis, and eligibility rules vary with each company. A medical examination is typically required. Policies are generally for between \$25,000 and \$125,000 but can go as high as \$2 million. Coverage can be for life or can be purchased in 10-year increments. Most major insurance companies in Canada offer CI insurance, but each one will be different in the kinds of medical conditions that will be covered and the medical requirements to qualify.

### ***Are There Any Unique Policy Features?***

Yes. One of the unique features of CI insurance is the optional "return of premium rider" that has the insurance company return 100% of the premiums paid if no claims have been made by the policy expiration date. No interest is paid, but this is one instance where you could actually end up paying for the insurance only if you need it.

## **Who Would Benefit from This Kind of Insurance?**

When you're healthy, you're probably not thinking about coping with a life-altering illness. But that may be the best time to consider the impact an illness could have on you, your family, and your finances. While medical treatments and survival rates have improved, government health plans cannot help critical illness patients recover their financial footing if they are not prepared for the financial consequences of surviving a critical illness. Many people are surprised to learn that the average age of claimants of critical illness insurance is 48 for women and 50 for men.\*

*\*Source: Canada Life, 2013*

## **Health Issues in Canada**

Heart disease, stroke, and cancer are the leading health issues facing Canadians today. Each year there are:

- More than 50,000 strokes
- More than 70,000 heart attacks and up to 40,000 cardiac arrests

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

- 63% of Canadians diagnosed with cancer are expected to survive 5 years or more after diagnosis
- In the past decade the cardiovascular death rate has declined by more than 40%
- About 315,000 Canadians are living with the effects of a stroke

*Sources: Heart and Stroke Foundation, 2014. Canadian Cancer Society, 2014.*

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