

Life and Health Insurance Shopping Guide

Step-By-Step Approach to Buying Insurance

Section: **What you should know about Critical Illness Insurance**

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Introduction

Shopping for individual life and health insurance, but don't know where to start?

We've put together the main information you'll need to know and laid out the steps involved to help you with this important task.

Step 1: First, you have to **Analyze your Situation**

Step 2: You should learn more about the **different insurance companies, the services they offer and the products they distribute.**

To do this, refer to **I'm Shopping Around for Insurance** to see what to keep in mind when comparing products.

Desjardins Financial Security also invites you to take a look at **the main features** of the various types of insurance products available on the market. This will help you think of questions to ask insurance representatives and will guide you in the process ahead.

Step 3: You must **prepare for your Meeting With a Representative.**

So you've decided to meet with a representative and are wondering :

- What **questions should I ask myself before** the meeting?
- What should I do to **prepare myself** for the encounter?
- What **questions should I ask the representative?** What should I **expect?**

To learn more, refer to the sections:

- I Need to Analyze my Situation & I'm Shopping Around for Insurance

Critical Illness Insurance

Critical illness insurance is increasingly attractive to individuals looking to secure their financial health in the event of illness.

A number of companies now offer this type of insurance, each with its own set of conditions. Take the time to familiarize yourself with the main features of this type of insurance so that you can better compare the various offers when shopping around.

What you should know about critical illness insurance

- How critical illness insurance is sold
- Coverage
- Illnesses covered, restrictions and exclusions
- Refund of premiums
- Insuring other people
- Premiums
- Optional benefits

How critical illness insurance is sold

- Some critical illness policies are sold alone or combined with other types of critical illness or life insurance coverage.
- You can also take out critical illness insurance under a universal life policy and thereby enjoy greater benefits and flexibility. To find out more about universal life insurance, refer to **What you should know about universal life insurance**.
- More and more insurance products now combine the payment of benefits in the event of critical illness along with the payment of a death benefit. This type of product is generally less expensive than buying life and critical illness coverage separately, since the benefit amount normally payable at death is reduced by the amount paid in case of critical illness.

However, before choosing this combined product, ask yourself if you want your death benefits to remain the same following a critical illness. If so, then purchasing separate critical illness insurance coverage is the better choice.

At Desjardins Financial Security, critical illness insurance is sold alone, with other types of life and health insurance coverage, or as part of a plan that combines the payment of a critical illness benefit with a death benefit. To find out more about critical illness insurance, don't hesitate to contact **your financial security advisor or life insurance representative**. If you do not have one, call 1-866-838-7553.

Coverage

Age and coverage limits

The limits vary from product to product and company to company on

- the amount of critical illness insurance you can purchase, and
- the age of the insured. (Insurers use two main ways to determine age: some use the age of the insured on their last birthday and others use their age on their closest birthday.)

Duration and type of coverage

Different options are available:

- For example, is the amount of coverage fixed or does it decrease with time? Is it the same for all the illnesses covered?
- At what age does coverage end?
- If you choose a policy whose premiums increase over time so as to maximize your protection in the short term based on your available budget, can you change the policy later to freeze your premiums without having to provide evidence of insurability?

Illnesses covered, restrictions and exclusions

Find out **which illnesses and surgeries commonly covered** by insurance companies are provided under the particular critical illness insurance policy you want to purchase, for example:

- Heart attack, stroke, coronary bypass, cancer, kidney failure, organ transplant, major organ failure on waiting list, multiple sclerosis, blindness, deafness, coma, Alzheimer's disease, Parkinson's disease, loss of speech, loss of limbs, paralysis, etc.

It is also good to know that the definitions of these medical conditions are based on standards of medical practice and that the diagnosis of a condition by a qualified physician practicing in Canada usually entitles the insured to benefits.

However, **some restrictions and exclusions** apply depending on the company and the illness or surgery in question:

- For example, in the case of paralysis, some insurers require that the condition persist for 180 days while others only require that it last for 90 days.

Other exclusions are systematically written into almost all contracts available on the market.

- For example, these exclusions pertain to self-mutilation or the diagnosis of cancer within the first 90 days of the contract taking effect.

Refund of premiums

Many companies automatically refund premiums upon death if no benefits were paid out. But some companies offer more generous refunds than others. For this reason, it is important to clarify the following:

- Does the refund include interest at a predetermined rate?
- Is the refund subject to a maximum limit?

In exchange for a premium surcharge, some companies also offer premium refunds at a specific age. What are the main criteria for refunds, other than not having received benefits?

- Does the refund apply only at a given age?
- Is it paid in full or in part?
- Does it include interest at a predetermined rate?

Insuring other people

Perhaps you would like several other people, such as your spouse or your business partners, to be covered under your critical illness insurance policy.

- Is it possible to provide them with individual critical illness coverage under the same contract?

Premiums

There are certain premium-related features you should inquire into:

- Up to what age are premiums payable?
- Are they fixed or will they change after a predetermined period?
- Are they guaranteed right up to the end of the payment period or, if applicable, for each of the terms?

Payment terms

Insurers offer a variety of premium payment methods:

- Can the payments be made on a monthly, quarterly, semi-annual or annual basis? It's important to compare premiums with the same frequency because one policy may be more competitive than another at one frequency, but not at a different frequency.
- Can you make your payments by preauthorized bank withdrawals, credit card, cheque, etc.?

How to compare premiums

Premiums vary from product to product and from company to company based on the features outlined above, the sex of the person to be insured, their health status, whether or not they are a smoker, whether they have a high-risk occupation, etc. A set fee for policy administration costs is also generally included in your total premium.

It is therefore quite complicated to compare premiums from one institution to another on a uniform basis. For this reason, it's important to get good advice to ensure that the product you acquire is the right one for your needs and financial resources.

Optional benefits

Companies may offer several optional benefits besides critical illness insurance. To get an idea of what they provide, refer to **What you should know about optional benefits**.

Also in your Insurance Shopping Guide

- What you should know about **universal life insurance**
- What you should know about **term life insurance**
- What you should know about **optional benefits**
- **Meeting with a representative**