

Critical Illness Insurance

Insurance for Living Not Dying

The generalization about life insurance is that it's only good at death. And then it's too late to enjoy the game. Not so with critical illness insurance. People are living longer, and medical technology now provides the potential for someone who would have died only 30 years ago from a critical illness such as a heart attack or stroke, to survive.

According to the Heart and Stroke Foundation, in Canada more than 75,000 people have a heart attack each year, but well over 80% survive the attack. The same applies to 70% of the 50,000 who have strokes. The Canadian Cancer Society states that the death rate from cancer has fallen to only 1 in every 3,000 cases. Many survivors return to work, but not necessarily the same job and sometimes earning less money.

Critical Illness Insurance is the financial safety net should you suffer from a critical illness. Critical illness coverage provides benefits that are paid upon the diagnosis of a critical illness such as cancer, heart attack, stroke, Alzheimer's disease and others. In other words, critical illness coverage provides a living benefit that pays-directly to the policyholder-when they have a critical illness. For example, if someone with \$100,000 of critical illness coverage were suddenly stricken with malignant cancer, he or she would receive a \$100,000 payment.

The attractiveness of this product is no surprise when one considers what it offers the potential buyer. A lump sum of non-taxable cash, while the insured is living, upon the diagnosis of a covered condition, thus alleviating the additional stress which financial pressure would bring. Particularly since the critical illness survivor would then be able to afford the medical treatment and other expenses not covered by his or her private or provincial medical plans. They could then afford to continue to pay the mortgage or other bills in the event they were without income for any length of time. CI coverage effectively addresses these and many other financial issues.

The concept of CI insurance was developed in 1983 by Dr. Marius Barnard, who with his brother, Christian Barnard, performed the first successful heart transplant. Dr. Barnard saw an overwhelming need for insurance that paid a "living benefit" policy. Barnard conceived the idea for CI insurance when he found his patients "didn't lose their life, they lost their life savings" after surviving once fatal illnesses such as cancer, stroke or heart disease. Dr. Barnard says "before the age of 65, the chances of suffering a condition keeping someone off work for more than six months are 15 times higher than that of dying. With the increasing life expectancy in Canada, we have a greater chance of experiencing a serious illness and surviving longer."

While fairly new to Canada, critical illness insurance is one of the most widely sold insurance products in South Africa, Japan, Australia, Ireland and the UK. Since its introduction in Canada in 1994, CI coverage has rapidly grown to a \$200 million dollar market. This is evidence of the consumer need for critical illness insurance and the need for financial security in life as well as death. As Dr. Barnard says, "Critical Illness insurance gives you financial independence when you need it most. You need insurance not only because you are going to die but because you are going to live." This is a product designed to give you CHOICES...