

November 10, 2011 Edition

[Mr.] [Ms.] [Name],

In this issue of Actualis, we are focusing on a single topic: illness. More specifically, critical illness, which can have consequences that profoundly affect every aspect of life. Obviously, insurance can't protect us from this type of misfortune. But we don't always realize that it *can* offer us invaluable support when we are facing such an ordeal – and not just from a financial perspective.

If you would like to discuss the topic covered here, feel free to call or e-mail me.

Happy reading!

## Is it serious, doctor?



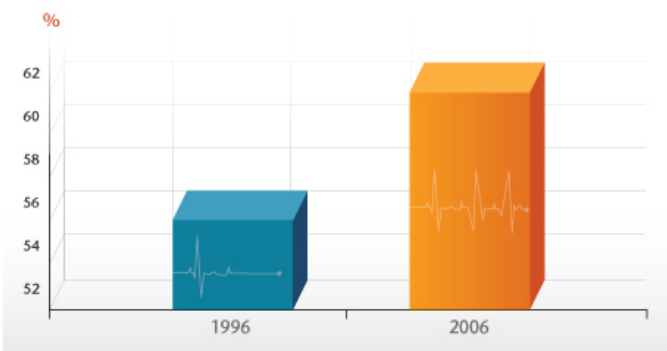
**After the first shock of being diagnosed with a critical illness, there is another shock to be faced. And it has to do with your wallet.**

There is good news on the health front in Canada: thanks to advances in medical science, people are less and less likely to die after an initial diagnosis of a critical illness, especially cancer. As you can see from the graph below, the chances of surviving cancer have increased significantly in the past

decade. And for a heart attack, the statistics are even more encouraging: in cases where the heart has not stopped completely, the chances of a Canadian surviving a heart attack have risen to 90%.

In short, the good news is that we aren't automatically faced with dying. The bad news? We won't necessarily be in any shape to make a living.

CANCER SURVIVAL RATE IN CANADA



Source: Canadian Cancer Society

## **A new horizon**

It wasn't too long ago that a worker slogged away for many years then, well before retirement or shortly afterward, received a fatal diagnosis and almost invariably succumbed to the disease. These days, that is no longer the case for many health problems, but that doesn't mean we're out of the woods. Because it turns out that illness itself has a cost, and that cost can be exorbitant.

For example, let's look at the latest statistics from the Canadian Breast Cancer Network. According to a study done by that organization, 80% of the victims of breast cancer, along with their family members, have experienced an economic impact, often with long-term financial repercussions. Household income dropped by an average of 10% and almost half of the respondents ended by using up their savings and retirement nest egg. Not to mention those who took on debt (17%) and those who lost their jobs (16%)!

Conclusion: while life insurance was a good way to provide financial security for loved ones when a critical illness typically led to sudden death, this coverage is no longer sufficient on its own.

## **A three-point solution**

The new risk we need to protect ourselves against is that of not being able to generate employment income and manage our financial obligations – which will be even heavier than before given the additional health-related costs – for an extended period of time. And this is no small risk! According to the Council for Disability Awareness, 25% of Americans at age 20 will experience an inability to work at some point in their working life, due to accident or illness.

To cope with this risk, experts are now recommending a three-point strategy.

- Wage loss insurance  
Also known as disability insurance, this coverage is designed to provide you with a replacement income approximately equal to your usual net income. It allows you to continue paying your ongoing expenses, but not necessarily to cover the additional costs incurred as a result of your illness.
- Extended health coverage  
If you have never suffered from a critical illness, you may not realize that many medications, treatments and types of specialized care aren't covered by the government health plans. Extended healthcare coverage can help to defray these major costs without dipping into your savings, let alone your RRSPs.
- Critical illness insurance  
Finally, the insurance known as "critical illness" coverage pays out a lump sum – from \$25,000 to \$250,000 or even more – if you are diagnosed with any critical illness included on a predetermined list. This lump sum can be used for anything you wish, notably to obtain the best program of treatment for your illness, regardless of the cost or where in the world it is offered.

## **It takes planning**

A good coverage strategy against health-related financial risks should ideally combine these three components and factor in the risks and needs of the entire household: your own, those of your spouse, and those of anyone you are responsible for (your children and aging parents, for example).

It's no small task to put this kind of strategy in place, but your financial services professional has the skill and experience to help you do it!

## Critical illness insurance: because life has changed



**Critical illness insurance is a rapidly growing segment of Canada's personal insurance market. Why? No doubt because it meets a pressing need.**

More and more Canadians are discovering the importance of protecting themselves against [the financial risks associated with critical illness](#) ([lien vers l'article 1](#)). And among the three components of a comprehensive coverage strategy, along with disability insurance and extended health coverage, the popularity of critical illness insurance is soaring. In the past five years alone, sales of this product by insurance companies have risen by more than 80%.

But what exactly is critical illness insurance?

### **A simple answer to a complex need**






Critical illness insurance is a direct response to the fact that... life has changed: we no longer necessarily die from our critical illnesses, but we need to find a way of dealing with the financial burdens they impose.

This coverage can be offered on an individual basis or through a group insurance program, and can also be combined with other products, such as life insurance. How does the coverage work? It's simple: once the diagnosis of a critical illness has been confirmed, a predetermined benefit is paid to the client. This is a tax-free payment. The basic policy generally provides \$25,000, which is enough to cover a long period of mortgage payments while the person doesn't have an income, for example, or a series of consultations at a private clinic, or even out-of-country health care. The amount of coverage can be higher, although the premiums will naturally be higher, too.

## WHICH CRITICAL ILLNESSES?

List of illnesses typically covered by critical illness insurance policies

[For information only. List will vary depending on the policy]

 <b>CARDIOVASCULAR PROBLEMS</b>	 <b>NEUROLOGICAL PROBLEMS</b>	 <b>EARLY DISCOVERY BENEFIT</b>	 <b>OTHER</b>
Stroke	Coma	Coronary angioplasty	Aplastic anemia
Coronary surgery	Alzheimer's disease	Early prostate cancer	Severe burns
Aortic surgery	Motor neuron disease	Ductal breast cancer in situ	Blindness
Heart attack	Parkinson's disease	Superficial malignant melanoma	Occupational HIV infection
Heart valve replacement	Paralysis	Infectious diseases	Bacterial meningitis
	Multiple sclerosis	Necrotizing fasciitis	Loss of independent existence
	Transplant/failure	E. coli infection	Loss of limbs
	Major organ failure requiring transplant	Lyme disease	Loss of speech
	Major organ transplant	West Nile disease	Deafness
	Kidney failure		
 <b>CANCER/TUMOUR</b>			
Cancer			
Benign brain tumour			

### Access to invaluable services

This insurance works on the principle that you receive a lump sum to help you cover the extra costs incurred because of the illness. You can use it for things such as home care nursing, housekeeping expenses, help in preparing meals, personal care, yard work – in short, anything that can give you a boost and help you recover more quickly.

As well, these policies sometimes give access to support and assistance services that can even include confirmation of your diagnosis by a world-class medical centre and recommendations for specialized institutions ([more information about these services](#) [\[lien vers le troisième article\]](#)).

### Not just for grown-ups

Note that there are also critical illness insurance plans available for children. Even though children themselves don't have financial responsibilities, if they are stricken with a critical illness, the financial demands on their parents can be substantial.

One parent will often decide to take time off work, or even an unpaid leave of absence. Specialized care may only be available in large cities, resulting in transportation and accommodation expenses for child and parents. Family life will be turned upside-down and help may be required for all kinds of things: meals, childcare for the other children, housework, maintenance, psychological support... Critical illness insurance for children can help to defray these extra expenses.

Every year, 1,300 young Canadians are diagnosed with cancer. An estimated 40% of Canadian women and 45% of Canadian men will face this same diagnosis in their lifetime. Critical illness insurance is one way of ensuring, while you are still in good health, that this probable medical trauma won't be accompanied by a very avoidable financial one.

#### One woman's story

It's hard to realize how many unexpected costs can be associated with illness, whether for specialized care, esthetics, home care, accommodation, transportation, even parking during treatments!

A moving story of her experience was recorded on video by Veronica, a young woman of 36 diagnosed with a brain tumour. Veronica explains how her critical illness insurance enabled her, among other things, to take a trip abroad to recharge her batteries, to cover the cost of the unpaid leave that her husband was forced to take, and to provide psychological support for her children.

If you would like to see this video, simply ask your financial services professional.

## Critical illness insurance: for medical expertise, too



**When you are diagnosed with a critical illness, the first thing you want to be sure of is that your treatment will be the most effective possible for your condition. And that's one of the advantages of critical illness insurance.**

In addition to the payment of a lump sum benefit, an increasing number of critical illness policies include support services to help the person before, during and after treatment. This program is generally included in the cost of the policy and may contain an especially valuable rider: a top-tier medical assistance service.

### The best medical expertise

This service allows you to send your test results to a team of U.S. doctors associated with the leading institutions in the field and with the most advanced equipment available, something that is unfortunately not always the case in our health system. Your initial diagnosis will subsequently be confirmed or modified by a top specialist in the field. You will receive a written report that you can discuss with your treating physician. If desired, a doctor from the multidisciplinary team could also contact your treating physician to discuss your diagnosis and treatment plan. In this way, you can be sure that the treatment you receive will be the most appropriate for your condition.

The statistics for this type of service are impressive. One of these services<sup>1</sup> states that, based on 15,000 of their cases, they helped to modify a patient's diagnosis in 22% of cases, change the treatment plan in 61%, and avoid an invasive procedure in 67.3%.

Companies of this type can also direct you to the best doctors and health centres in North America for the treatment itself and take care of your reservations, appointments and accommodations. You would have to cover the actual costs, but you could use your insurance benefit for this.

### **Beyond money: the human factor**

Other forms of support are also included in some critical illness insurance policies, notably:

- telephone access to a health professional;
- consultations with a psychologist;
- an information service to help you navigate the health system;
- assistance in coordinating home care;
- legal assistance;
- etc.

### **Stacking the cards**

Looking at it from this angle, critical illness insurance clearly seems to be a way of stacking all the cards in your favour – not just financially but also from the human and medical perspectives – *before* any serious health problems develop.

When you realize that, according to the New England Journal of Medicine, only 55% of patients receive the appropriate diagnosis and treatment, this kind of coverage certainly deserves to be considered as part of a financial security plan.

<sup>1</sup> Source: Best Doctors ®