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Canadian Franchise
Association™

ASK AN INSURANCE EXPERT

Q What is Critical Illness Coverage and why is it important? Can I add it to our employee benefits or should I get it individually?

Regardless of whether you have your benefits through a master plan through your franchisor's head office, or if you have your own stand-alone plan for just your franchise location, Critical Illness (CI) insurance can be added on to your plan at a minimal cost (the actual cost depends on the employee demographics and on the insurance company).

CI guarantees a lump-sum payment if the insured is stricken by a critical illness. Each year, thousands of Canadians suffer from serious illnesses, and, thanks to modern medicine, many of these people survive. Sadly, recovery is often very expensive, and can take a long period of time. CI helps to bridge the financial gap between health insurance plans and other expenditures, by providing a tax-free lump sum payment that can be used for anything. There are no conditions on how the funds are used. CI is not based on the insured's inability to work or on the death of the insured.

What is covered varies slightly from insurance company to insurance company, but each company provides coverage for approximately 15-20 different illnesses including:

- Cancer
- Deafness
- Stroke
- Loss Of Speech
- Heart Attack
- Paralysis
- Coronary Artery By-Pass Surgery
- Motor Neuron Disease
- Kidney Failure
- Multiple Sclerosis
- Major Organ Failure
- Alzheimer's Disease
- Blindness
- Parkinson's Disease
- Severe Burns
- Occupational HIV
- Major Organ Transplant
- Loss Of Limbs

It can be frustrating for consumers in obtaining CI individually, as applications and coverage can be occasionally declined. One solution is to add CI coverage to your employee benefits plan – in most instances no proof of insurability is required. Group CI is similar to individual CI, except for a few differences:

- Face amounts are set at the group or class level.
- Pre-existing conditions apply.

One insurance company has taken CI coverage a step further, and is now offering CI with Medical Access Insurance (MAI), which is, in essence, "Wait List Insurance". With MAI, when an insured has an appointment to see a specialist or for diagnostics or surgery more than 45 days from the date of their doctor's notification, the insured is provided with the information they need on the best physicians and facilities, and treatment (either in Canada or the U.S.) is expedited immediately.

By providing CI coverage, you give your employees the piece of mind that if they were to become ill, they could focus 100% of their efforts on recovering, without having to worry about the financial impact of the illness.

Providing CI coverage gets your employees back to work sooner.

In Summary

- Critical Illness insurance guarantees the insured a tax-free, lump-sum payment if they become seriously ill
- The funds may be used for anything
- Coverage varies but most plans cover 15 – 20 serious illnesses
- Group CI coverage, added to an employee benefit plan, is sometimes easier than obtaining it individually
- CI coverage can help employees return to work sooner



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