



JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll staffer.

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April 2015

Critical Illness Insurance

Should you offer CI coverage to your employees?

What Is Critical Illness Insurance?

While working on the first successful heart transplant with his famous brother, Dr. Christiaan Barnard, Dr Marius Barnard observed that after surviving surgery, patients often faced serious financial challenges. **"They didn't lose their life, they lost their life savings,"** he succinctly noted. This led the South African heart surgeon to develop and champion the world's first critical illness insurance policy.

Simply stated, **critical illness insurance (CI) provides a lump sum cash payment to an individual who is diagnosed with a covered illness.** Covered conditions vary by policy, but typically include cancer, heart attack, stroke, Alzheimer's disease, Parkinson's disease, major organ transplant, multiple sclerosis, ALS, and severe burns. Some plans cover partial payments for less serious ailments, including knee and hip replacement.

CI is a living benefit designed to aid those who survive a critical illness by providing cash when they need it most.

Why Is There a Need for CI Insurance?

Certainly, the Canadian public health care system differs significantly from South Africa's in the 60's. Having said that, we know individuals who are diagnosed with a critical illness will be impacted financially and be out-of-pocket for services or supplies not covered by private insurance or a government program.

Many employers believe that because disability insurance provides income replacement, and provincial medical and extended health care (EHC) plans cover everything else, their employees' health

coverage is complete. Unfortunately, gaps still exist between government-funded health services and those covered by your group EHC plan.

Provincial medical coverage is defined by the Canada Health Act and covers services such as doctors, hospitals, diagnostics and surgical procedures. Other than a few specific services in Quebec, insurers cannot legally insure these private services through your group EHC plan.

Although the legality of privately paid medical services continues to be debated, they are only available to those who are financially able. CI allows patients the financial means to access these services in Canada or abroad.

Personal or Group CI Insurance?

Usually, to qualify for personal insurance products, the applicant is required to prove good health. With personal CI products, the insurer will likely require medical history not only on the applicant, but also on their immediate family. With this information, insurers screen out those who they consider to be poor risks.

However, if an employer offers critical illness coverage to all employees on a group policy, coverage is guaranteed as it can be offered without medical information.

Who Should Have CI Coverage?

CI is designed to complement other disability, life and EHC plans and by filling the gaps in relieving financial stress so that the patient can focus on healing. We believe CI fills a critical role in financial plans. Call us to discuss adding this product to your benefit plan.