

Critical Illness Insurance And Disability Insurance: What's the Difference?

Understanding the difference between different types of insurance can be confusing. You may have heard of critical illness insurance and wonder how it differs from other types of protection, such as disability insurance.

DISABILITY INSURANCE

- was designed to assist you if you are unable to work after an accident or illness.
- provides an ongoing, monthly income.
- payments end when you are medically able to return to work.

Your Clarica advisor can help you understand the differences and benefits of critical illness insurance and disability insurance.

Critical Illness Insurance Grows In Popularity

For many people, buying life insurance is something they do for their families - it ensures they will be provided for if "something happens." But what about insurance that provides for you when you need it most?

Due to advances in medical technologies and treatments, more people than ever are surviving life-altering illnesses. Even so, recovery can take months, meaning time away from work, a drop in or loss of income, and related out-of-pocket expenses such as travel, home care, or therapy. Disability insurance secures you an ongoing, monthly income to replace your earned income, but how do you cover those extra expenses without dipping into your savings or other investments?

Critical illness insurance may be the answer. It's designed to help meet the needs associated with recovery and helps survivors of life-altering illnesses. It provides a lump-sum cash payment that can be used any way you choose. Among the illnesses covered by critical illness insurance plans are heart attack, stroke, cancer, kidney failure, blindness and deafness.

Some uses for critical illness insurance benefits include:

- treatment or surgery out-of-country
- alternative medicine
- therapy (speech, massage, physiotherapy)
- homecare and childcare
- homemaking services
- equipment or assistive devices
- home renovation and vehicle modification
- debt payment or retirement savings

Insurance

Many people are surprised to learn the average age of Canadian claimants of critical illness insurance is 47.

WHAT ARE THE RISKS?

benefits

By far, heart disease, stroke and cancer are the most prevalent health issues facing Canadians today.

CRITICAL ILLNESS INSURANCE

- was designed to help meet the immediate financial needs associated with a serious illness.
- pays a one-time, lump sum benefit to use as you see fit.
- the benefit is paid regardless of whether or not you are able to work.

- Lifetime probability of developing some form of cancer is one in three.
- About 75,000 heart attacks occur each year in Canada.
- Between 40,000 to 50,000 strokes are estimated to occur in Canada each year.

But more Canadians than ever are surviving life-altering illnesses:

- In the last 30 years, the cancer survival rate has nearly doubled to 55 percent.
- In recent years, the death rate among patients hospitalized for heart attacks has been cut in half to eight percent.
- 75 percent of stroke victims will survive the initial event.

Public opinion reflects concern about the future of health care in this country. While 79% of Canadians believe that our health care system is the best in the world, 55% of us are losing confidence in that system, according to the 1999 National Survey of Health Care Providers and Users.

As part of your overall financial plan, consider the benefits of critical illness insurance and the peace of mind that comes with being able to focus on recovery rather than worrying about your financial well-being following a serious illness. We, at Clarica, can provide you with the information you need to make an informed decision.

Statistical Sources: Munich Reinsurance Company, 2000, Statistics Canada, Heart and Stroke Foundation, Canadian Cancer Society.

ARE CRITICAL ILLNESS INSURANCE BENEFITS TAXED?

There are no specific income tax laws for Critical Illness

benefits. Based on current tax laws, Clarica believes any cash benefits from Critical Illness Insurance should not be taxed when the policy is owned by and the benefit is payable to an individual. If the policy is owned by a corporation, different tax rules may apply. To learn how Critical Illness Insurance

may be taxed in your situation, speak to your agent and to a tax advisor.