PATH to SUCCESS™

Expert Advice on Navigating CI Sales

OVERCOMING OBJECTIONS: CI IS EXPENSIVE

Not Expensive but Likely

“Critical illness insurance is expensive” is a common objection by clients when first looking at critical illness insurance. This objection is especially common if the client is looking at life insurance at the same time.

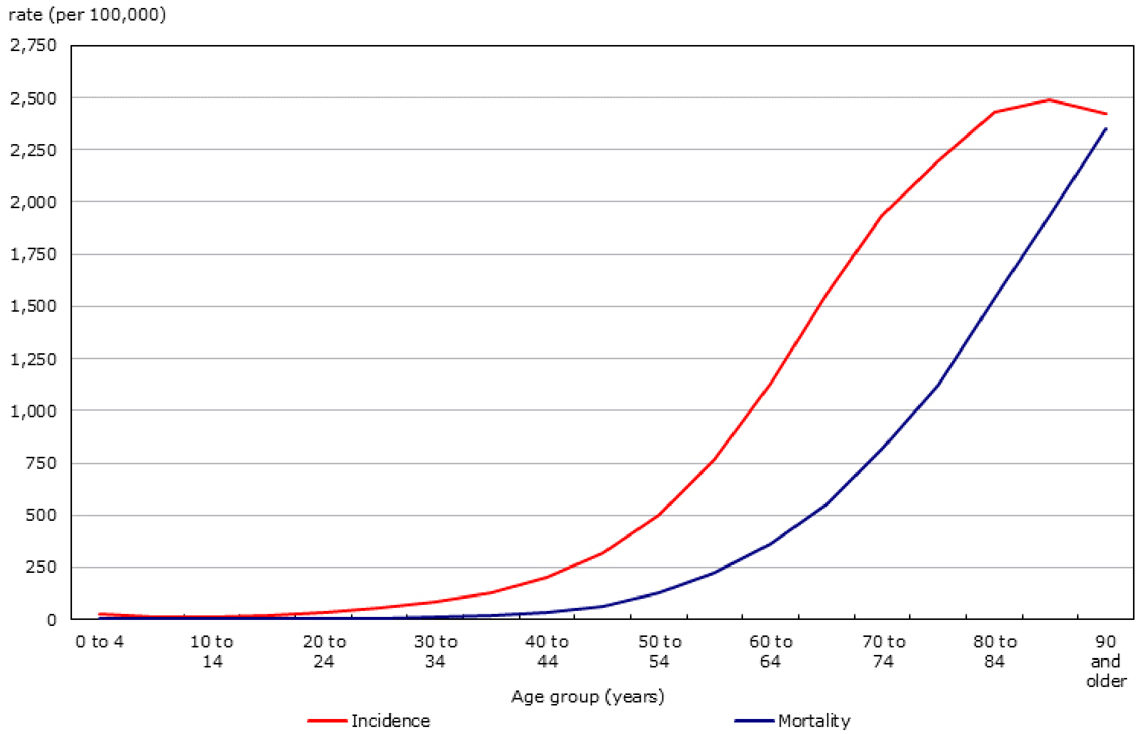
With life insurance your client may be able to buy one million dollars of life insurance coverage for the same price as $100,000 of critical illness coverage, which results in them perceiving that “critical illness coverage is expensive.”

Neither life insurance, nor critical illness insurance are expensive relative to the risk they are covering. They are both priced based on the likelihood of an event occurring and when that event will occur based on your client’s age, sex and other factors. The sooner the event is likely to occur, the more it will cost. Comparing critical illness and life insurance for a healthy 40 year old, you are more likely to get a critical illness and survive the next 35 years than to die in the next 35 years.

Equitable Life of Canada®
Works for me.®

If you look at the following chart, you can see that the incidence of getting a cancer (in Canada) at a certain age and surviving that cancer, is usually higher than getting that cancer and dying at that age.

Age-specific cancer incidence and mortality rates, all cancers combined, Canada, 2012



Note: Incidence rates for Quebec were imputed as data for this province were unavailable beyond 2010.
Source: Statistics Canada, Canadian Cancer Registry and Canadian Vital Statistics - Death Database.

Your objective should be to shift your client's thinking from critical illness insurance being expensive to the high likelihood of a critical illness incident occurring and them surviving it. The perceived high premium is nothing more than a reflection of the high incidence rates of critical illnesses like cancer, heart attack, and stroke, and, thus, the likely potential of a critical illness insurance benefit payout from their coverage.

ADVISOR SCRIPT:

Many people, when they first see the pricing for critical illness insurance, say, "wow, it's expensive." What the price is telling us is that unfortunately, cancer, heart attack, stroke, and other critical illnesses happen frequently. When you consider the Canadian rates of critical illness, and how many clients could potentially receive a payout through their critical illness coverage to help them through their recovery, the cost seems more reasonable.

This pricing is telling us what the stats and our personal experience tell us; the higher the price, the sooner and more likely the incident will occur:

- **On average, 617 Canadians will be diagnosed with cancer every day**
- **On average, 228 Canadians will die from cancer every day.***

Another way to look at this- if you could buy $100,000 of some type of insurance coverage for $1/month, that wouldn't tell me that it is a good deal, it would say to me that the event being covered is probably not very likely to happen. The price is a reflection of the risk. As the probability of that incident occurring increases, so does the price.

PREMIUM PERCENTAGE VERSUS INCIDENCE PERCENTAGE

It can be powerful to compare the premium as a percentage of the critical illness benefit to the high incidence percentages of critical illness. The example below utilizes a $100,000 critical illness benefit and an annual premium of $1,000.

People often think that critical illness insurance is expensive until they step back and look at the ratio between the insurance premium and the high probability of a critical illness diagnosis.

If we look at cancer alone, it's estimated that almost 50% of Canadians will have to deal with cancer in their lifetime*. The critical illness premium is 1% of the critical illness payout per year ($1,000 for $100,000) which seems like an affordable way to shift the financial risk of a critical illness which has a high probability of occurring.

*Canadian Cancer Society:

Based on 2015 estimates: 1 in 2 Canadians (45% of men and 43% of women) is expected to develop cancer during their lifetime.

TERM CRITICAL ILLNESS INSURANCE AS BRIDGING INSURANCE

Often CI sales are lost because the advisor and client get focused on their desire for permanent coverage with return of premium, resulting in the premium being driven upwards. If your client cannot afford a critical illness permanent plan with a return of premium, you should try to pivot the focus to term critical illness insurance being used as "bridging insurance".

This strategy involves keeping the premiums low for now with term critical illness insurance. Your younger clients or middle-income clients, especially if they are starting their career or have other financial obligations which limit their disposable income for insurance, will find this strategy very helpful. Using term critical illness coverage ensures that your client locks in their health, is covered in the early years at an affordable premium, and allows them the flexibility to change their coverage to a permanent solution when they are in a better financial position.

In most cases as your client ages, they will likely be in a better financial position to cope with a diagnosis due to:

- **years of continued personal debt reduction,**
- **additional annual savings,**
- **children being older and perhaps launched, and**
- **potential increases in pay.**

This strategy focuses only on the next 10-20 years; revisit this when your client is in a better financial position.

[1/2] SOURCE: Canadian Cancer Society https://www.cancer.ca/en/cancer-information/cancer-101/cancer-statistics-at-a-glance/?region=on

ADVISOR SCRIPT:

Many people, without a large amount of savings or disposable income, feel that they are more vulnerable financially to a critical illness today as opposed to 20 years from now.

I look at it this way: if we can get you coverage under a term critical illness plan, it will keep the premium costs down for the next 10 or 20 years. If during that period, you are not diagnosed with a critical illness, it would be likely that you were pretty healthy over that time, and:

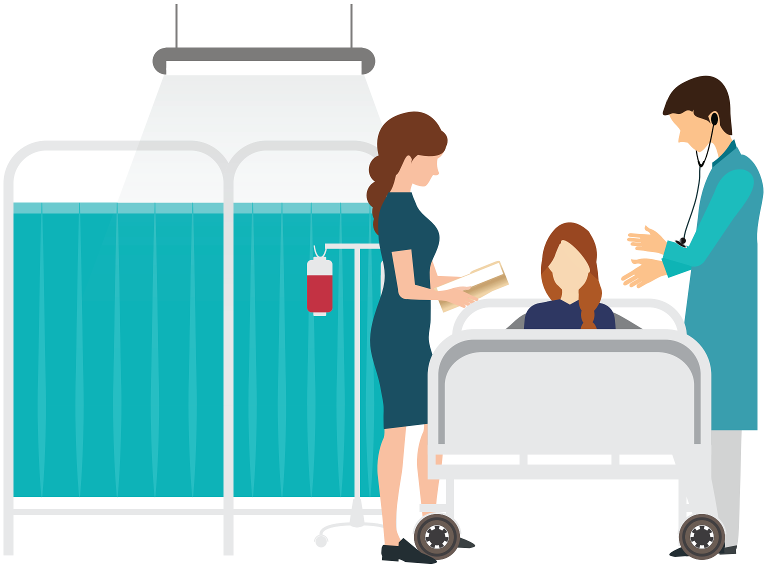
- **you were probably able to work during that period,**
- **your children will be older and likely out on their own,**
- **you will have paid down mortgage, debt, etc., and**
- **you will have built up your savings/investments.**

Would you agree with that?

At that time, you may be a in a better financial position to either make the decision:

- **that you are in a better financial position to cope with a critical illness diagnosis without insurance, or**
- **that you want to change your coverage, without providing underwriting evidence about your health, to a permanent critical illness plan, based on your need at that time.**

In situations like yours, term critical illness coverage can bridge you from today to a period in the future when you are in a better financial position.



[3] Assuming client is younger than the maximum conversion age

GUARANTEED PREMIUMS

You and your client are fortunate to have guaranteed critical illness premiums in Canada and you should emphasize this in your client meetings. Medical advancements and diagnostic technology continually improve, and these advancements could lead to more frequent diagnoses of covered illnesses, which if the premium wasn't guaranteed, would create upward pressure on pricing for policyholders.

To present this strength to a client, you might say:

We are fortunate that we can access products like critical illness insurance, where the rates are contractually guaranteed. Many people wish that their car- or home insurance would carry a locked-in price for the next ___ years.

These guarantees might even end up being more valuable with this product than if we could get you guaranteed pricing on all your other insurance. That is because even though the diagnosis incident rates of the covered illnesses in your policy is a moving target due to continually improving medical science, the insurance company is guaranteeing your premium rate for ___ years.

Regardless of what changes occur with diagnosis and survival rates in the next ____ years, while the insurance company can increase the premium rates for new clients, they cannot adjust your premium rates at all.

CHECK COVERED CONDITION COUNT

Sometimes clients might perceive your critical illness insurance offering to be expensive because the alternative product they are looking at is not as comprehensive in number of conditions covered. While Equiliving covers _xx number of conditions, there are some CI products that cover between one and four critical illnesses, some Cancer only and others Cancer, Heart Attack, Stroke, and Coronary Artery Bypass Surgery.

While these illnesses are the most common conditions claimed upon, there is a risk for the client and the advisor who puts this style of plan in place that the client suffers one of the illnesses they could have claimed on with a comprehensive product like EquiLiving.

To introduce this, you could say:

Its important when comparing insurance pricing to make sure that the products themselves are comparable. In this case, the plan that you are looking at covers __ (1,4) conditions while this plan covers ___. The difference in premium of $___ brings you financial relief for an additional ___ illnesses.

It would be a shame to have recognized how a health event presents a significant risk and not then cover off these illnesses with a comprehensive plan. I am always concerned that someone who is being proactive in protecting themselves against cancer, heart attack, stroke and cardiovascular bypass surgery might have to deal with something like MS, a brain tumour or have an accident that puts them in a coma. To have done the planning but left __ illnesses uncovered would be really devastating.

[1]SOURCE: Canadian Cancer Society https://www.cancer.ca/en/cancer-information/cancer-101/cancer-statistics-at-a-glance/?region=on

1905(2020/09/14)