Equitable

Overcoming objections: I don't understand the definitions

Path to Success

Expert advice on navigating CI sales

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One of the parts of the process that advisors struggle with is how to handle the very detailed requirements in a covered condition definition. These definitions use medical terminology that describes:

- the type of condition that is covered,
- what specific medical diagnosis must occur to be eligible as a covered condition,
- what will exclude the client from qualifying for a claim, and
- when a claim can be made for the covered critical condition.

Usually the client's objections about the definitions are "It's too complicated" or "I don't understand the definition" which eventually leads to the client feeling like they don't really understand what's being covered.

This objection is less likely to occur if you take the time to:

- discuss the contract definitions before showing them to your client
- discuss the value of the detailed definitions with regards to their importance for a more objective CI claims process (this is covered in the critical insurance claims module of this program).

Some critical illness insurance was designed to pay a benefit for conditions that typically are serious enough to cause hardship upon diagnosis. Eliminating some lesser degrees of illness/diagnosis with these exclusions allow:

- **pricing to be more attainable, and**
- **claims to be objectively adjudicated with no requirement for qualifying claimants to prove any financial hardship to collect their benefits.**

Insurance companies keep critical illness insurance affordable by having exclusions in their contracts that eliminate conditions that are not serious enough to cause hardship and therefore are not covered. For example, insurers will typically exclude (or pay a partial benefit on) those conditions that:

- **have a high chance of a quick and/or full recovery,**
- **upon diagnosis typically will not have a significant financial/emotional impact to the family, or**
- **do not require extensive treatment and recovery procedures.**

While the definitions of covered conditions can be very detailed, this ensures that qualifying for a benefit is more objective (satisfy the terms of the definition) than subjective (someone else determines based on the medical evidence, any testimony and their judgement whether your client has suffered a financial loss and how much or whether your client can or cannot do the duties of their job and for how long, etc).

Simply put if your client:

1. **has a diagnosis that meets the objective contractual terms, they receive their payout regardless of how they are impacted by the illness, or**
2. **does not have a diagnosis that meets the objective contractual terms, they do not receive the payout regardless of how they are impacted by the illness.**

Having these detailed medical definitions of what is covered and what is not eliminates someone from determining whether your client qualifies for a benefit based on their judgement of the severity of the condition and the impact to your client. Your client does not need to provide medical bills or prove time off work to collect the benefit. They qualify or do not qualify solely based on the detailed definitions in their contract for the covered condition.

Advisor script

The philosophy of Dr. Marius Barnard, the doctor who invented critical illness insurance, was that coverage should be for the big things, and when those things happen, just pay the money and let the person use the money however they want to.[1]

I would rather have a definition that is more detailed and specific regarding what qualifies for coverage and exactly how much benefit I will receive if I satisfy the requirements over a definition that could result in disappointment or difference of opinion at time of claim or in a payout that is based on providing proof of financial loss.

Would you choose the same?

[1] Source: https://www.tonictoronto.com/critical-illness-insurance/

Advisor script

Critical illness insurance was not designed by an actuary or an insurance company. It was designed by a doctor by the name of Dr. Marius Barnard. Why is this so important?

Based on historical designs of various types of insurance, if critical illness insurance had been invented and designed by an insurance company, it might have worked something like this:

1. **Prove that the critical illness has happened with evidence satisfactory to the insurance company.**
2. **Provide evidence that the critical illness is causing you financial hardship, for example, uncovered medical expenses, receipts for prescriptions or lost wages.**
3. **A benefit will be paid that may or may not cover those costs.**

Dr. Marius Barnard's focus was on those who survived an illness. He wanted to design a plan that would pay a lump sum upon diagnosis of a qualifying critical illness.[2] With this foundation:

1. **If you have a qualifying critical illness that meets the contract terms you do not need to show the insurance company you suffered a financial loss.**
2. **You know and receive the exact amount of benefit that the contract states**
3. **You decide how best you can use the money in your recovery.**

Exclusion period for some of the covered conditions

To help clients understand what they are covered for, it is extremely important that you point out to your clients that there is a clause in their contract which does not cover Cancer or Benign Brain Tumour for the first 90 days their policy is in effect. The reason this clause is in critical illness insurance policies, is to prevent people from purchasing coverage before seeing a doctor for existing symptoms that could lead to a claim.

Without this clause, there is a risk that someone who thinks they have symptoms of a covered condition would try and get coverage before going to their doctor for a diagnosis. This behaviour is called anti-selection and insurance companies try to ensure that their products aren't exposed to this risk. As you can imagine, if this clause was not in place, claims would be higher which would result in higher pricing of the product. At the same time, it's important you share the positive, which is that the majority of the covered conditions are not subject to a 90 day exclusion period and they are covered immediately from the day the policy is put in place.

While the majority of advisors and clients are most concerned about the 90 day exclusion because of the incidence of Cancer, it's important for you to know that Multiple Sclerosis and Parkinson's Disease (including Specified Atypical Parkinsonian Disorders) have a similar exclusion period for one year.

[2] Source: http://www.aspirewealth.ca/critical-illness-coverage-explained-by-dr-marius-barnard/

Advisor script

Some people ask how soon after getting their critical illness coverage could they make a claim. You are eligible to claim on this coverage the day it goes in place and be eligible for a benefit for all the conditions with the following exceptions:

- **Cancer**
- **Benign Brain Tumour**
- **Multiple Sclerosis**
- **Parkinson's Disease and Specified Atypical Parkinsonian Disorders**

For example, if your coverage came into effect on August 1st and you unfortunately had a Heart attack on August 2nd, that claim would be eligible for a payment under the contract if all the other conditions were satisfied. The reason why things like Cancer are not covered for the first 90 days is that if it were, there would be people who could have symptoms of Cancer like a lump/growth and obtain coverage before going to the doctor to get what they suspect would be a qualifying diagnosis of Cancer on this insurance.

To protect against this, insurance companies include a 90 day clause in their contracts since most people would not risk remaining undiagnosed for that long especially for a condition that if not caught early could become terminal very quickly. Multiple Sclerosis and Parkinson's Disease have a longer one-year exclusion period because symptoms usually appear for these covered conditions months before a definite diagnosis can be made. The good news is that by reducing these types of risk, the insurance companies can continue to offer affordable protection to you and your family.

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Together, with partners across Canada, we offer Individual Insurance, Group Insurance and Savings and Retirement solutions. To help our clients protect today and prepare tomorrow.

We believe the world is better when we work together to build an Equitable life for all.

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