
INDIVIDUAL INSURANCE COVERAGE

**Information compiled by the
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Canadian Hemophilia Society
Help Stop the Bleeding

ADVICE ON SELECTING AND OBTAINING INDIVIDUAL INSURANCE COVERAGE

Buying insurance coverage is not the same as picking up a loaf of bread at the store. The world of insurance is complicated and unfamiliar to most Canadians, who often purchase coverage without really understanding its clauses and obligations. For those with bleeding disorders, the process is often even more complex and demanding because of the difficulty in finding coverage. Here are a few important tips for those seeking individual private coverage.

DEAL WITH A LICENSED INSURANCE BROKER

Some banks and businesses may serve as distributors of various insurance products. Your sales representative may not in such cases be a licensed broker. We recommend that you do business instead with a licensed insurance broker (This recommendation does not apply to Alberta residents, since all of its insurance brokers must be licensed under provincial rules). She/he will ask you the appropriate questions and avoid selling coverage for which you are not in fact eligible.¹

Even if your bank requires that you have life insurance before it will give you mortgage insurance, you are not obliged to buy any of the plans/policies it offers. If you wish to obtain such coverage and want your bank to act as the insurance retailer, first contact the issuing insurance company and discuss your medical conditions.

In a situation in which a certain kind of policy is required to purchase a product, make sure that you are not already covered (for example, by your group policy).

MEET WITH AN INSURANCE BROKER

Personal insurance brokers will select insurance companies more likely to provide coverage corresponding with your medical conditions. They will help you shop around and obtain coverage. Be wary, however, of brokers who only present one or two products—and whose independence is questionable.

ANTICIPATE YOUR NEEDS AND THOSE OF YOUR FAMILY

You can save money by obtaining coverage (such as a *convertible* life insurance policy) for yourself and your children at the earliest opportunity. Companies agree to automatically renew a child's premium at a certain age (18, 25, 30, etc.) at a predefined amount (for example, a premium that is five times higher), even in cases of serious illness or disability. Such coverage may be very light, however.

School/accident coverage is a possibility for children. Such protection usually does not involve a medical exam or a questionnaire. In exchange for often very low premiums, you will be covered,

¹ Some people have had the unfortunate experience of paying premiums for many years only to see their claim ultimately denied. Certain medical questionnaires distributed by banks provide only cursory information and health-related questions may cause confusion. Furthermore, bank employees selling mortgage insurance, for example, are rarely trained in explaining product details and the legal implications of signing the contract.

Sources: CBC, *Mortgage Insurance, not always a sure thing*, The Market Place-In denial: www.cbc.ca/marketplace/in_denial. Fric Show, *Le marché de la peur*, Thursday, May 7, 2007, Radio-Canada (according to the testimony of Léon Lemoine, AVA. Financial Pl., vice president and co-founder of the Regroupement indépendant des conseillers de l'Industrie financière du Québec).

for example, for the payment of a tutor if your child misses a few weeks of school for health-related reasons.

Hundreds of different insurance plans offer wide protection. Before signing a contract, ask yourself how the policy will meet your real needs.

KNOWING YOUR INSURANCE POLICY

Carefully read your policy to ascertain if it really meets your needs and if you actually qualify for it. Make sure to ask any questions you may have of the insurer before signing. Will you be covered in the event of death or disability related to your illness? Can you renegotiate your contract if your health improves? Can your child be added to your life insurance policy and is his or her contract automatically renewable? Keep copies of all documents you sign.

DISCLOSING YOUR HEALTH STATUS

Be straight with your broker about your health. This is why:

- By disclosing any medical condition, your insurer will be able to offer a contract tailored to your needs. This will also give you the opportunity of asking specific questions about your risks. For example, will your travel insurance policy reimburse the cost of factor concentrates in the event of an emergency?
- Deliberately concealing information could void your policy, even if your claim has nothing to do with the undisclosed information. For example, your beneficiary may not be able to collect your life insurance benefits if you failed to mention your hemophilia, even if your death is accidental.

If you are not certain of the right answer to a medical question from your insurance company, ask your physician.

LEARN ABOUT GUARANTEED INSURABILITY POLICIES (NO MEDICAL EXAMS)

Some insurance companies offer exam-free insurance for individuals, including many hemophiliacs, who have trouble obtaining coverage. Although no exam is involved, you must answer a brief medical questionnaire or meet certain eligibility criteria to obtain a policy. In all likelihood, however, a hemophiliac who is in good health and is not infected with HIV or hepatitis C should have no difficulty with eligibility.

Such coverage naturally requires higher premiums, which may be reasonable, depending on your age and weight (premiums are calculated on the basis of these two factors and may start at about 20% more than for insurance with an exam). Most such policies contain a clause stating that the company does not cover claims in the first two years after the policy is purchased.

AN EXAMPLE OF EXAM-FREE INSURANCE

The Industrial Alliance offers two types of coverage that require no medical examination.

- Its *Perspective* policy is aimed at people from 35 to 75 years of age. Individuals with hemophilia who can live autonomously (get up, walk, wash, dress and eat on their own)

are insurable (assuming they meet certain other conditions). People infected with hepatitis C and/or HIV are not eligible, however.

- The *Alternative* policy is for people up to age 80. To be insurable, individuals must be autonomous (get up, walk, wash, dress and eat on their own) or, in the case of a child, be able to independently perform the daily activities normal of a child of his or her age. Those with AIDS are not eligible, but there is no restriction on individuals with hepatitis C. Under such coverage, the death benefit will be equal to the premiums paid plus interest of 10% for an other-than-accidental death during the first two years of the policy.

For these policies, Industrial Alliance also requires a two-year period in which the beneficiary has not applied for life insurance.

For further information

To learn which companies offer medical-exam free policies, you can contact the OmbudService for Life and Health Insurance: 1-800-268-8099.

CONSIDER REVIEWING YOUR MIB FILE

The MIB (Medical Insurance Bureau) is a non-profit organization that includes the nation's best known life and health insurance firms (such as Sun Life, Manulife and Industrial Alliance) among its 500 members. If you have applied for life or health insurance in the past seven years, it is quite likely that information on your medical condition (as well as the tests performed) appears in the MIB database, as well as on those of all its members. Insurance companies can immediately tap into such information when you contact them. Their doing so may have adverse consequences if, for example, your health status has changed in the past few years. If this is the case, you can ask to review your file and rectify this information. Do so by visiting www.mib.com and completing the request for information or contact the MIB at 416-597-0590.

IF YOU HAVE GROUP INSURANCE COVERAGE, CHECK YOUR CONVERTIBILITY OPTIONS

Under Canadian law, group coverage, including life insurance, can be converted within 30 days of the termination of your collective coverage into permanent individual coverage, without a medical exam. The insurer will only typically offer a small range of products, however... and premiums may be high.

DON'T TAKE NO FOR AN ANSWER...

It's always good to ask why you've been turned down so you know which medical conditions were the cause and so you can state your case more effectively. A person with hemophilia can actually go meet with the company's underwriter to present his or her arguments!

If declined, ask if you can pay a higher premium.

SHOP AROUND!

There are hundreds of individual insurance companies in Canada, each with its own criteria for acceptance and refusal and rates charged. Make sure to explore the options open to you. Rejection by one company certainly doesn't mean you will be turned down everywhere else.

Because their risks are spread over a larger population, major insurance companies may be more willing to accept individuals with special medical conditions. This is a first step to obtaining coverage.

ALSO...

Contract cancellation

You have 10 days after signing your contract to cancel it at no charge.

Complaint

The OmbudServices for Life and Health Insurance can help you resolve a problem or a complaint with an insurance company if you remain dissatisfied after first speaking with the insurer yourself. You can reach the OmbudServices for Life and Health Insurance at 1-800-268-8099.

Information

The OmbudServices for Life and Health Insurance can advise you on difference insurance products and industry practices. Its Web site (www.olhi.ca) offers different documents on various insurance products.

The Canadian Life & Health Insurance Association Inc. (CLHIA) represents Canadian individual insurance companies. Information about personal insurance may be found at www.clhia.ca.

The Canadian AIDS Society (CAS) produced a guide to help people living with HIV/AIDS understand and manage their insurance benefits. It is intended to give people living with HIV/AIDS a general understanding of health, disability and life insurance benefits and direct them to other sources of insurance-related assistance and information. Although the guide was prepared specifically for people living with HIV/AIDS, much of the content is also of value to anyone living with a life-threatening or chronic illness. The guide, offered only in English, is available at www.cdnaids.ca/web/repguide.nsf/pages/cas-rep-0003.