

REAL LIFE

Insurance is not an abstract, intangible purchase for the thousands of Canadians who face devastating illnesses and pressing health-care needs. And yet the stories of living benefits clients rarely get told. Here are a few examples of how the seemingly small decision to buy these products has made a big difference in peoples' lives

BY CRAIG HARRIS

Inurance is often pilloried for its focus on paperwork. Behind the endless forms and policy applications are real people who rely on financial protection in a time of need. Nowhere is this more the case than in the world of living benefits insurance — critical illness (CI), disability (DI) and long-term care (LTC).

The tendency to, at times, stress the process of insurance can distance those in the industry from the flesh-and-blood reality of clients who “use” their products and require advice, help and prompt claim payments to meet financial obligations.

“If you are sitting in a cubicle all day issuing policies, you may not know what effects these products

actually have on people,” says Abe Toews, CFP, CLU, CH.F.C., RHU, a financial advisor with Stone Creek Financial Group in Regina, Sask. “We need to raise awareness of these kinds of solutions in this industry and what they do for clients.”

Beyond the alarming statistics that financial advisors regularly cite about illness, disability and the growing health-care needs of seniors are the stories of people who have had to cope with life-changing events and devastating illnesses. These clients are from all walks of life and various professions and trades — from realtors to engineers to dental hygienists to construction workers.

The stories here reflect the experiences of people who needed to claim on CI and DI policies.

PHOTO: JOHN HRYNIUK



"WHEN I WAS GOING THROUGH THE PROCESS AND MEETING WITH THE DOCTORS, IT ALMOST FELT LIKE THIS WASN'T REALLY HAPPENING TO ME."

SUSAN ST. LOUIS, AGE 37,
DIAGNOSED WITH BREAST CANCER IN 2008



LIVING BENEFITS

While LTC is slowly emerging in Canada, many advisors say it is simply too soon to illustrate the value of these policies in individual circumstances.

John Cozza's life changed with a diagnosis of multiple sclerosis (MS) in early 2008 at age 29. A construction worker living in Calgary, Alta. with a young family, he had no family history of the disease. "It came as a complete shock," he says. "From a medical standpoint, it turned my life upside down."

Like many Canadians, he was sitting on the fence four years ago when he was contemplating a CI policy.

"At first I thought, 'I don't need critical illness insurance, I'm healthy, I'm not going to get sick,'" says Cozza, who has a three-year-old daughter with his wife Krissy. "But my wife said, 'we are a family now, we have to get all our financial ducks in a row.' I agreed with her and I am glad I did."

With the help of Calgary-based independent broker Keith MacDonald, Cozza purchased a product from Desjardins Financial called Enhanced Term 10, which provides life insurance protection with a critical illness option of claiming 50 per cent of the face amount if diagnosed with a defined illness. The claim for \$250,000 was paid in less than two months.

"The process was really simple, not complicated at all," observes MacDonald. "John was quite shocked at how fast the claim was paid."

For Cozza, the critical illness policy took a huge burden off his shoulders at a difficult time. "It provided me with financial stability when I really needed it," he says. "But more importantly, it allows me to lead a full life with my family, as opposed to having to work just to pay the mortgage and bills."

He is still working eight hours a day in residential construction, but doesn't feel "as much financial pressure. My wife and I can plan for my daughter's education and future with confidence."

"I always tell people that they can be insurance poor or insurance rich, but they had better have something in place," notes MacDonald. "I use CI and DI as an income protector. If something does happen and they don't have any protection, the first thing to go is usually the RRSPs."

Thirty-seven-year old Susan St. Louis experienced a surreal feeling when she was diagnosed with invasive ductile carcinoma — breast cancer.

"When I was going through the process and meeting with the doctors, it almost felt like this wasn't really happening to me," she says. "But you have a lot of responsibilities in your life; you have to hold it together and focus on the reality of the situation."

At the time, St. Louis was leading a busy life familiar to many working parents. As a professional engineer with a consulting firm in Windsor, Ont., she was putting in long hours and estab-



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JOHN COZZA, AGE 30, DIAGNOSED WITH MULTIPLE SCLEROSIS IN 2008

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lishing her career. Married to her husband Greg, she also had a “very independent-minded” three-year-old daughter.

Then cancer struck in June 2008. “I couldn’t believe it at first,” St. Louis says. “I take care of myself, I eat properly and I don’t drink much.” She quickly faced a series of diagnostic tests, followed by two surgeries and chemotherapy from August to November. Her prognosis is now excellent, and she is taking the drug Herceptin to address the risk of her particularly aggressive form of cancer returning.

For St. Louis, this period of time was stressful enough without having to worry about finances. While she receives some group benefits through her work, a critical illness insurance policy put in place by financial advisor Dessa Kaspardlov of Windsor’s KL&A in 2005 “really helped give me more options.” The insurer, Manulife Financial, paid the \$100,000 policy face amount just 20 days after the claim was filed.

“IN MY BUSINESS, THERE IS TYPICALLY A DELAY IN TERMS OF WHEN I DO THE WORK AND WHEN I GET PAID. THE PAYMENT FROM THE CRITICAL ILLNESS INSURANCE REALLY HELPED ME FINANCIALLY IN A TIME OF NEED.”

NANCY RICHTER, AGE 58,
DIAGNOSED WITH KIDNEY CANCER

“The CI provides that ‘bridge’ in financial planning in case something happens,” Kaspardlov says. “It is one thing for us as advisors to want to try to make our clients wealthier and get them to their ultimate goal. But what happens if they get sick? Well, the money has to come from somewhere.”

For St. Louis, the money has given her even more options to look at her future. While she continues to work as an engineer, she says her approach to life has changed dramatically with a diagnosis of cancer.

“Cancer really changes you as a person,” St. Louis says. “You slow down and appreciate things. I know I will never go back to work in the same capacity. Life is too short.”

Cancer also touched the life of Nancy Richter, a high-profile realtor in the fast-paced real estate market of Calgary. She was stunned when her family doctor found a lump on her kidney in a routine physical examination last year. The lump turned out to be cancerous.

“It was tough, but one of the things I didn’t want to be seen as was a victim,” says Richter who works with CIR Realty in Calgary. “I saw this more like something that happened to me and I just have to deal with it.”

The cancer was isolated to the kidney and surgery to remove

The Advisor **As Advocate**

A claim is when the true value of a living benefits product — and the skill of an advisor — gets put to the test.

“I’ve gotten my hands dirty on dozens of claims and it is here, I think, that advisors really drop the ball,” says Jim Helkie, a Toronto, Ont.-based financial advisor. “They leave their clients hanging out in the wind. The attitude too often is ‘Here is the form, you fill it out and deal with it.’”

For Helkie, this approach flies in the face of what advisors are supposed to do for their clients, particularly in a stressful situation like a serious illness. “At first, I will just monitor the claims situation,” he says, “But the second I see things coming off the rails, I am picking up the phone and calling the claims examiner directly. That is all your clients want to know — if they have a problem, their advisor has got their back.”

“I think our role as an advisor is to call the client and say ‘Don’t worry, I have things looked after,’” says Dessa Kaspardlov, a financial advisor based in Windsor, Ont. “There is a certain sense of accomplishment in our ability to tell clients that we can file the claim, take care of the paperwork and get them their money. They can just focus on getting well.”

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LIVING BENEFITS

the lump was successful. However, for Richter, as a 58-year-old self-employed businessperson, the process meant taking three months off from her hectic schedule for the operation and recovery. Fortunately, she had decided to purchase critical illness insurance.

"In my business, there is typically a delay in terms of when I do the work and when I get paid," Richter says. "The payment from the critical illness insurance really helped me financially in a time of need."

Richter has high praise for her living benefits advisor, Calgary-based Michelle Hennessy, who encouraged her to take out an affordable CI policy with a face amount of \$30,000. "Michelle was a real force for me in terms of getting the coverage and dealing with the claim," she says.

For Hennessy, who has built up a practice of 400 clients with an exclusive focus on living benefits, stories like Richter's can serve as a catalyst to demonstrate the importance of living benefits products in ways that many don't immediately consider. One is the vulnerability of the self-employed or small business owners.

"With all the layoffs in the current economy, people are leaning much more in the direction of self-employment," Hennessy says. "And small business owners are getting smarter. They know they can't rely on group benefits, so they realize they have to start taking care of themselves. This message is hitting home with business owners more so than ever."

Abe Toews also specializes in the financial planning needs of business owners. His emphasis on living benefits products for entrepreneurs is what he calls "liquidity."

"We ask our clients about the chances of them having a heart attack, stroke or cancer in the next 10 years and then we ask whether liquidity at that time would be important to them," Toews says. "That is really what products like CI do for business owners — they guarantee liquidity. And once our clients see that, it works like a charm."

Another aspect of living benefits that Hennessy stresses to her clients is that coverage is not just for them, but their families. "People will say, 'it will never happen to me,' but it is not just about one person; it is about the spouse and family," she says. "They have to go through the process as well. If a person needs medical treatment and has to be transported to various facilities, will the spouse be able to do that? When that is presented to the client, it often changes the picture."

Karen Love, a dental hygienist living in Ottawa, Ont., was diagnosed eight years ago with a condition called syringomyelia. A neurological disorder in which a cyst, or syrinx, forms within the spinal cord, the resulting symptoms include shooting pain in the back, shoulders, arms or legs, severe headaches and inability to feel extremes of hot and cold.

"There are times when my arms feel like they each weigh 100 pounds," Love says. "I couldn't hold them up all day to work on patients."

Fortunately, Love, who is 42, had purchased a disability insurance policy when she graduated from college.

Sandra Greenough's Story

Sandra Greenough was a popular professional speaker and coach in Saskatchewan who died from cancer in August 2008. A strong proponent of planning for the future, she had a huge impact personally and professionally on Abe Toews and his practice, Stone Creek Financial Group, in Regina, Sask.

Being a gifted presenter, Greenough offered to share her perspective on the importance of living benefits and "the gift of planning" in a video. Stone Creek Financial and Great West Life jointly produced the video to raise awareness of the need for Canadian consumers to protect themselves financially and be prepared for life's unpredictability.

Copies of the video are being made available by Abe Toews at Stone Creek Financial Group (www.stonecreek.biz).

"The insurance has made the situation much better as we don't have to worry about our finances," she says. "Stress exacerbates my condition and it would have been a different reality if we didn't have coverage and had to move the kids to a smaller house and change schools."

Married with three children, Love notes that private disability insurance made sense to her because she received no group

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benefits at work and was involved at the time in a physically demanding job in addition to recreational pursuits such as downhill skiing.

"When you're in your 20s, you don't think you will be sick by 35, but that is exactly what happened to me," she says. "Disability insurance is not an easy purchase when you are paying \$120 per month in premiums, but I have gotten back every penny I put in."

Love's focus today is on her health and taking advantage of the moment while she still has good range of motion and mobility. "With my family, I view it as trying to get everything I want to do done now — because at 55 or 60, I don't know if I can."

Jim Helkie, CFP, RHU, CSA, a Toronto, Ont.-based financial advisor with Helkie Financial & Insurance Services Inc., helped Love tweak her disability insurance policy to include some important features, such as a cost-of-living adjustment.

Helkie, who is Love's brother, says the proper role of an advisor is to sit down with the client and ensure the living benefits policy is the right fit. "Our role is not to just chase sales, but to be an advisor," Helkie says. "There is a big difference."

That role comes into play when clients are considering what level of living benefits coverage they should purchase. It is a complex issue that is not as cut and dry as life insurance. Indeed, it is even more challenging in the current recession, when people are looking closely at their monthly expenses, including bills and mortgage payments.

"My average case size is quite small, but my attitude is that everyone should have at least a basic amount of critical illness insurance," Helkie says. "The question for me is, is it all about making the next big sale or is it about doing the right thing for

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KAREN LOVE (PICTURED FAR RIGHT), AGE 42,
DIAGNOSED WITH SYRINGOMYELIA

your client? Perhaps I am underselling the amounts, but I would rather my clients have something in place."

Other advisors, such as Kaspardlov, say focusing on costs and "one-off" sales is a non-starter for living benefits products, especially CI. She argues that the emphasis has to be on overall financial planning, including cash flow/allocation of current spending and the role of living benefits as "downside protection" of future plans.

"If people really see it as bridging against something happening and don't see it as much as a cost, that is much more appealing," Kaspardlov explains. "Then it becomes more about protection for their ultimate goals. It is not a sale; it is more about a process."

For many of the people who have experienced living benefits claims, there is little argument about the importance of downside protection.

"I have seen the benefits of critical illness insurance first-hand," says St. Louis. "To me, getting this coverage is a no-brainer. Simply put, it is peace of mind at a time when nothing is more important." ■

CRAIG HARRIS can be reached at craig@editinsight.com.