

# Understanding Critical Illness Insurance



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Critical illness insurance is a unique type of insurance that will pay a lump sum should the life insured survive a covered critical illness. Once the life insured has satisfied a specific period of time, sometimes known as a Survival Period, the funds are paid directly to the life insured to assist in the recovery and added expenses associated with that particular condition. Once paid, the life insured is free to use the funds as they see fit.

With proper financial planning, a critical illness plan can play an important role in meeting your estate and retirement planning objectives. Your advisor can discuss with you in greater detail the merits of using critical illness insurance for personal and business asset protection.

BMO® Insurance offers critical illness plans that can be adapted to a variety of personal and business insurance needs such as mortgage protection, estate preservation, retirement income protection or funding buy/sell agreements between business partners.

There are many factors to consider when choosing a critical illness plan, so it is important to understand how your plan works and which factors can have an impact on your policy and its values.

## How it Works

Once your critical illness policy is in force, your coverage against any one of the listed covered conditions starts immediately. Each covered condition has specific definitions listed in your policy contract that define the criteria for determining a proper diagnosis of that condition.

There is one exception at the start of the coverage period. Should the life insured be diagnosed with or have had symptoms of cancer within the first 90 days of coverage, no payment will be made. Coverage will remain on the life insured, but the contract will not include any cancer coverage. It is the responsibility of the life insured to notify the company within 6 months of discovery or the contract can become void.

Once a diagnosis has been made, the life insured must also satisfy a 30 day Survival Period. The Survival Period is necessary to demonstrate the financial need of this product once the life insured is diagnosed with a critical illness.

## Coverage

Your coverage takes effect when your application has been approved by BMO Insurance; the first premium is paid in full; and there has been no change to the information on the application when the policy is delivered to you.



Critical illness insurance offers a lump-sum cash payment upon a medical diagnosis of a covered condition.

## Features and Benefits

BMO Insurance critical illness policies are designed to be flexible to meet your changing insurance needs. You can increase your insurance coverage or add other types of coverage as required (subject to availability and proof of insurability). You can also decrease your coverage, subject to plan minimums.

Critical illness policies can also have certain Return of Premium riders added. Return of Premium on Death will return premiums if the life insured does not survive through the waiting period or dies of other causes. Return of Premium on Surrender will return a percentage of premiums, as described in the contract, starting after a set number of years. Both riders will return all Base Annual Premiums as well as annual premiums paid for any Return of Premium rider. More details can be found in the Return of Premium sections of the illustration or policy contract.

## Guarantees

All BMO Insurance critical illness plans have the following guarantees:

**Costs of Insurance** – The cost of insurance rates stated in the policy are guaranteed not to change.

**Definitions of Covered Conditions** – The definitions of covered conditions listed in the contract are guaranteed not to change regardless of new techniques or medical procedures, which may lessen or eliminate the severity of the condition.

## Premiums

Your premiums are calculated according to your age, sex and smoking status as well as an assessment of your health and lifestyle. Critical illness also takes into consideration family health history. Ratings on critical illness policies are more common than on traditional life insurance.

After your policy has been in force at least two years, you may ask to have your risk classification reviewed, subject to satisfactory evidence of insurability.

Subject to minimum requirements, you may decide on the amount and frequency of premium payments based on your financial objective.

# Consumer Rights and Obligations

**Change in information prior to policy delivery** – A critical illness insurance policy is issued after careful assessment of the information given on your application and the results of any medical tests and reports. When the policy is delivered, if there has been any change in your health or information since the application was completed, you must return the policy to the company for further assessment.

**Ten Day Right to Examine Policy** – You have the right to return the policy to us within 10 days of its receipt, along with a written request for cancellation, for a refund of the premiums paid.

## Restrictions on Benefits Received

**Non-Disclosure** – It is your responsibility to fully disclose every fact that is material to the contract. This would include any information you give in the application, medical examination, written statement, application for reinstatement or in any proof of claim. Failure to fully disclose all information may result in the coverage being voided by the company.

**Incontestability** – Any statements you make in the application or application for change or reinstatement will be considered incontestable after the coverage has been in force for two years, unless those statements are made fraudulently. If the life insured dies within two years of the effective date of the coverage or a reinstatement of coverage, the statements made may be contested.

For more information about BMO Insurance or our products, please consult with your insurance advisor or contact us at 1-877-742-5244.

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