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Understanding Critical Illness Insurance

What is critical illness insurance?

Critical illness insurance is a form of health insurance that provides a lump-sum payment should you become seriously ill.

What are the types of illnesses covered by critical illness insurance?

Although they differ from company to company, typical illnesses and diseases covered by critical illness insurance may include:

- cancer
- heart attack
- stroke
- blindness
- Alzheimer's
- multiple sclerosis
- organ transplants
- kidney failure
- paralysis

Coverage can also vary according to the degree of severity of, or conditions associated with, an illness or disease. For example, if you are diagnosed with a type of cancer that is treatable and that results in minimal "down time", you may not be eligible to make a claim.

Coverage cannot be purchased for a pre-existing condition or illness.

It is important to read your policy carefully. In addition, be sure to ask your insurance representative to provide you with a complete explanation of your coverage.

Do I need critical illness insurance?

In determining your need for critical illness insurance, you should consider benefits that may already be available to you through other insurance policies, such as life insurance and group health insurance. For example, the benefits offered through your employer's group disability plan may provide appropriate and adequate coverage in the event of a critical illness.

You should also consider your personal circumstances and the added financial strain that could be brought about by dealing with a serious illness or disease. Public and private health insurance plans typically do not provide coverage for day-to-day living expenses such as travel to and from treatments, home care and child care.

How much does it cost?

Generally, the younger and healthier you are, the lower the premium (cost). However, the cost varies depending on your age, medical condition, the amount of coverage, the number of illnesses covered by the policy, and the insurance company.

It pays to shop around to get the best rate. When shopping for a critical illness plan, you should consider your income, financial obligations, dependents, and health care needs.

How can I make a claim?

You can make a claim if a physician, licensed to practice medicine in Canada and specializing in your particular illness, diagnoses you with a critical illness or disease covered by your policy.

If my claim is approved, when will I receive payment?

Generally, a lump-sum benefit payment will be made to you 30 days after the claim has been approved.

There are no restrictions on how you use the money.

Once your claim is paid, your critical illness insurance policy ceases.

What if I never make a claim?

If you die for a reason not covered by the critical illness policy, the premiums you paid may be refunded to your named beneficiary. Some plans will return the premium or a portion of the premiums paid during the life of the policy if the policy matures and no claim has been paid.

What if I make a full recovery?

You are entitled to collect the entire benefit even if you make a full recovery.

Is long-term care insurance the same as critical illness insurance?

No. Long-term care insurance provides for personal care on a long-term basis if you need supervision or assistance with daily living activities due to a chronic illness, disabling condition or cognitive impairment.

Long-term care policies generally reimburse, up to a specified limit, the expenses incurred for various types of care, such as nursing home or home health care; or they pay a pre-determined benefit amount on a daily or monthly basis.

Is disability insurance the same as critical illness insurance?

No. Disability insurance, also known as "income replacement" insurance, provides a monthly income replacement benefit if you become disabled and can no longer perform the normal duties of your work. Generally, the benefit is limited to a percentage of your regular income and ceases once you earn an income or you no longer meet the definition of disability in the contract.

Unlike critical illness insurance which provides the full policy benefit in a lump sum payment on diagnosis of a critical illness, long-term disability policies may have a waiting period from the onset of disability. Unlike critical illness benefits, long-term disability benefits may be affected by other income you receive or by your full recovery from the illness.

Where can I get critical illness insurance?

A licensed insurance agent or broker can help you find critical illness insurance and other types of health insurance coverage.

For a [complete listing of all representatives licensed to sell insurance products in Ontario](#).

For a list of insurance companies that offer health insurance, visit the [OmbudService for Life & Health Insurance website](#) , or call (416) 777-2221.

What if I have a concern or complaint about my life or health insurance?

The OmbudService for Life & Health Insurance (OLHI) is an independent service that assists consumers with concerns and complaints about life and health insurance products and services.

If you are not able to resolve a concern or complaint about any life and health insurance product or service, including critical illness insurance, by dealing with your insurance company, you can contact [OLHI](#) , or call 416-777-9002 or 1-888-295-8112.