

Review of existing coverage

Analyzing a person's life, disability and critical illness insurance needs involves a careful assessment of their existing policies.

Advisors cannot make a professional diagnosis or recommendations to clients without knowing the details of their existing coverage. Otherwise, they may:

- Replace a product that meets a client's needs and fits their financial ability.
- Recommend a product that is already being met, resulting in unnecessary costs to the client.
- Recommend a product that would cause the client to lose a major benefit.
- Lose the client's trust.

Here's a non-exhaustive list of things to consider based on the coverage desired.

Life insurance

When analyzing a client's life insurance needs, you should consider all relevant aspects of their existing coverage, where applicable, which may affect the recommendations you make, including:

- Name of the insurer.
- Name of the insured person(s).
- Name of the policyholder.
- Name of the payer.
- Type of policy, coverage start and end dates.
- Purpose of the coverage.

- Total coverage.
- Insured amount.
- Premiums (fixed, guaranteed or non-guaranteed, minimum, term, refund option).
- Extra premiums and exclusions.
- Supplementary benefits (waiver of premiums, insurability guarantee, other riders, etc.).
- Surrender values and accumulation funds for universal life policies.
- Projected, guaranteed or non-guaranteed values.
- Possibility of investing in the policy, return and risk
- Insurance costs.
- Date of next dividend payments.
- Policy loan.
- Tax implications.
- Possibility of increasing the insurance amount to offset inflation.
- Possibility of converting term insurance to permanent insurance.
- Possibility of renewing the policy, dates and costs.
- Possibility that the insurer might terminate or amend the contract.

These elements should also be considered and addressed with the client when presenting products if a new policy is being offered.

Disability insurance

When analyzing a person's disability insurance needs, you should consider all relevant aspects of their existing coverage, where applicable, which may affect the recommendations you make, including:

- Definitions and exclusions.
- Whether the definition of total disability is a person's inability to do their own occupation or any occupation.
- Whether or not the definition of total disability changes after two years.
- Whether there is compensation for loss of income; whether a gradual return to work is offered following a disability.

- Coverage amount.
- Whether coverage extends to retirement.
- Whether benefits are indexed to inflation.
- Elimination periods, and whether the client's emergency fund is enough to live on before they receive the first benefit, or between short-term and long-term benefits.

If the existing coverage is through a group contract offered by an employer, other elements should be considered, including:

- Whether the coverage remains the same after a change of employer or if they become self-employed.
- Whether the premium is fixed or variable, and guaranteed or not.
- Whether premiums are waived in the event of disability.
- Whether partial disability is covered and, if so, the benefit amount, elimination period and benefit period.
- Whether the benefits are taxable.
- Whether the benefits are guaranteed or not (must submit proof of income).
- Whether the benefit is in case of illness and/or accident.
- Whether or not the benefit is integrated with other contracts and/or public plans.
- Whether it includes the option to increase the benefit without evidence of insurability.
- Pre-existing illnesses.
- Whether the policy provides a rehabilitation benefit.
- Whether the policy is guaranteed at renewal.
- Whether or not the insurer can cancel the policy.

These elements should also be considered and addressed with the client when presenting products if a new policy is being offered.

Critical Illness

When analyzing a person's critical illness insurance needs, you should consider all relevant aspects of their existing coverage, where applicable, which may affect the recommendations you make, including:

- List of illnesses covered, which may differ over time from contract to contract.
- Exclusions.
- Definition of loss of autonomy.
- Whether the coverage is permanent, temporary, or a rider to the contract.
- Age coverage ends.
- Optional or additional guarantees, such as a re-occurrence of illness.
- Premium options (fixed, guaranteed, periodic).
- Options for premium refund at death or on surrender.
- Disability waiver of premiums.
- Waiting periods.
- If the insurance is temporary, specify whether it can be converted to a permanent product or other temporary product.

These elements should also be considered and addressed with the client when presenting products if a new policy is being offered.