

# Understanding Critical Illness Insurance



Protect yourself against life's uncertainties  
with critical illness insurance.

# Understanding Critical Illness Insurance

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

Critical illness insurance is a unique type of insurance that can pay a lump sum directly to the insured, should the insured be diagnosed with a covered critical illness. Those benefits can be used to assist in the insured's recovery as they see fit.

With proper financial planning, a critical illness insurance policy 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 insurance policies, referred to as Living Benefit 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 insurance policy, so it is important to understand how your policy works and which factors can have an impact on your policy and its values.

## How it Works

Generally, once your critical illness policy is in force, your coverage against the listed covered conditions starts immediately. Each covered condition is defined in your policy contract and sets out the criteria for determining a proper diagnosis of a covered condition. Upon first diagnosis of a covered condition and completion of a 30 day survival period, the critical illness benefit will be paid, subject to the terms, conditions and exclusions of your policy.

Once a medical diagnosis has been made, the insured must also normally satisfy a 30 day survival period. The survival period is necessary to demonstrate the financial need of this product once the insured is diagnosed with a covered condition. It also allows the company to provide the benefit payment to the insured tax-free<sup>1</sup>.

There are exclusions that apply to each covered condition. For example, in our policies if the insured is diagnosed with or has had symptoms of Benign Brain Tumour, Cancer (Life-Threatening) or an Early Discovery Covered Condition, as defined in your contract, within the first 90 days of coverage, no benefit is payable for that condition. Another exclusion in our policies is if the insured is diagnosed with or has had symptoms of Parkinson's Disease and Specified Atypical Parkinsonian Disorders, as defined in your contract, within the first year of coverage, no benefits are payable for that condition.

Coverage can remain on the insured, but the contract will not include coverage for Benign Brain Tumour, Cancer (Life-Threatening), the Early Discovery Covered Condition or Parkinson's Disease and Specified Atypical Parkinsonian Disorders.

Please note that it is the responsibility of the insured to notify the insurance company within 6 months of discovery of the critical illness or the insurance policy can become void. Be sure to review the policy contract for the definitions and specific exclusions related to each covered condition.

<sup>1</sup> Currently, critical illness insurance is not specifically covered in the Income Tax Act in Canada. Any changes to the act could change the way the type of insurance benefit is treated.

## Coverage

Coverage takes effect starting on the Policy Issue Date, provided; the premium is paid in full; and there has been no change to the information on the application when the policy is delivered to you.

## Features and Benefits

BMO Insurance Living Benefit 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 policy minimums.

Critical illness insurance policies can also have certain Return of Premium Benefit\* riders added. Return of Premium on Death\* will return premiums if the insured does not survive the Survival Period\* or dies of other causes. Return of Premium on Surrender\* and Return of Premium on Expiry\* will return eligible premiums, as described in the contract, starting after a set number of years. Return of Premium\* 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.

\*As defined in the policy contract.

## Guarantees

All BMO Insurance Living Benefit critical illness policies have the following guarantees:

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

**Convertibility** – Before turning age 60, you can convert a Living Benefit 10 or 20 policy to a longer term Living Benefit 75 or 100 policy with same covered conditions.

## Premiums

Your premiums are calculated according to your age, gender and smoking status; as well as an assessment of your health and lifestyle. Critical illness insurance premiums also take into consideration family health history.

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 life or 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 includes any information provided on your 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 you die within two years of the effective date of the coverage or a reinstatement of coverage, the statements made may be contested.

**Suicide** – In the case of suicide within two years of the issue date or reinstatement date of the coverage, payment will be restricted to a refund of premiums paid for the insurance coverage less any amounts owed to the company.

## Our Commitment to You

BMO Life Assurance Company, a part of BMO Financial Group, appreciates the opportunity to help you meet your financial needs. We are committed to respecting and protecting your privacy and confidentiality of the personal information you have entrusted to us. It is important for you to understand what information we will collect, how we will use it, and who may see it.

To view our full privacy policy, please visit the privacy section at [bmoinsurance.com](https://www.bmoinsurance.com)



## Let's connect

For more information about BMO Insurance or our products, please consult with your insurance advisor or contact us at:



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**[bmoinsurance.com/advisor](http://bmoinsurance.com/advisor)**



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Insurer: BMO Life Assurance Company.

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345E (2015/11/02)