



The Critical Illness (CI) Conversation Prep Sheet

Talking to clients about CI is not easy, but it is necessary. Many clients are not aware of CI products and the many benefits they offer. The following notes will help you be prepared before sitting down with your clients to discuss their need for critical illness coverage.



In the beginning

Your clients may be surprised to know that critical illness insurance products did not come from the insurance industry but rather from a medical doctor in South Africa. The reason this is important is that it illustrates that these are not products developed by the insurance industry to serve its own need for sales. They were created to address a patient need that was identified by the medical profession.

1980's

- Dr. Marius Barnard notices that medicine is helping people survive what were once deadly illnesses.
- He further notices that survival is putting his patients in financial hardship due to lost wages while they are sick, receiving treatment or recovering.
- This financial hardship puts a lot of stress on his patients and is affecting their recovery.



Four questions to ask clients that will identify the need

Many advisors find a question and answer approach is helpful when introducing the risk of a critical illness and the solution of CI coverage. You can help your clients understand the need for CI coverage by asking the following four questions:

1. Do you know someone who has been diagnosed with cancer, heart attack, or stroke?
2. Did this diagnosis come as a surprise?
3. Was it tough emotionally or financially for them, their family or their business?
4. If someone had walked in and said, "Here's some cash. You can use it however you think best to get through this," would that have helped?

The questions in more detail

Each of these four seemingly simple questions is designed to serve an important purpose in the sales process. Use the content below to guide how you position CI with your clients.

1. Do you know someone who has been diagnosed with cancer, heart attack, or stroke?

The objective of this question is to have the client thinking of cancer, heart attack, stroke, and the other illnesses in terms of people they know who became ill, as opposed to the anonymity and emotional distance of national statistics. Most people will have been touched by one or more of these events.

2. Did this diagnosis come as a surprise?

The objective of this question is to illustrate the randomness of health changes. While some seemingly unhealthy people live long, productive lives, there are those who appear to be the picture of health who develop a devastating critical illness. And it is often the healthiest of people who will survive a critical illness and will need the money from a CI policy.

3. Was it tough emotionally or financially for them, their family or business?

The intent of this question is to illustrate that illness and survival come with consequences. These consequences, which can be emotional and financial, add stress to an already stressful situation. The cash from a critical illness policy can help cover financial obligations which in turn can lower stress and help with the emotional aspect of the illness.

4. If someone had walked in and said, "Here's some cash. You can use it however you think best to get through this," would that have helped?

The purpose of this question is to directly illustrate the mechanics of critical illness insurance: cash that can be used however the client chooses, which can include medical or health-related costs or just a celebration trip for when treatments are finally done.

Attaching value to critical illness funds

It's not enough that your clients understand that they can do anything they want with the CI benefit. Providing them with specific things they could use the money for will help them understand how critical illness protection can help them personally rather than in some abstract way. They need to understand that CI offers them more than money – it offers them:

- Options and choices
- Some control when they feel they have none
- Reduction from financial stresses

10 specific things your client could use their critical illness benefit for:

1. Covering the cost of medical care, including:
 - a. Medications and treatments not covered by health plans, payments of deductibles or co-insurance
 - b. Accessing non-traditional treatments
 - c. Tests or procedures taking place outside of Canada
2. Getting a hotel room near the hospital rather than commuting home after treatments.
3. Paying for flights and hotels so family and friends can visit and offer support.
4. Funding an unpaid leave or time off for a healthy spouse, family member or friend to be available during treatment or recovering.
5. Hiring a nanny to keep things as normal as possible for children.
6. Paying household bills, the mortgage, etc.
7. Supplementing or replacing lost income during treatment and recovery.
8. Paying to retrofit a home for mobility assistance equipment.
9. Helping pay for career training if a change is needed post-recovery.
10. Paying for a celebration holiday post-recovery with family or those who supported their recovery.

Understanding the underwriting for CI

Because critical illnesses occur at a high rate and because payment from a CI policy is at the time of diagnosis, underwriting for CI is more aggressive than with life insurance. Because of this, CI ratings and exclusions are more likely than with life insurance so we MUST pre-position this likelihood with the client, ideally during the application meeting.

If the client's application comes back from underwriting with a surcharge this can be positioned with them as a good thing. At least they weren't rejected outright. A lot of people cannot qualify for CI coverage at all. Pre-positioning this with the client allows them to understand that a surcharge enables them to get coverage when they otherwise wouldn't qualify.

When a client receives a surcharge they have two choices:

1. They need this level of coverage so they begrudgingly pay a higher premium.
2. They choose not to pay more per month so we would simply drop coverage down to keep the premium in line with what they want to pay.

If a surcharge comes up for your client, you can ask them which choice they would like to make. Pre-positioning this outcome can go a long way in keeping the sale if a surcharge presents itself.

Common objections

You are going to get objections from clients. Some of the more common ones you'll hear are listed below with a suggested response for you to offer.

Objection 1: CI is too expensive

This is not so much an objection as an observation because CI is expensive when compared to other products like term life insurance. But there is a reason for this and that reason explains why it is so important to own CI coverage.

The price for CI is comparatively high and that's because the illnesses covered by the policy, such as cancer, heart attack, stroke and other critical illnesses, happen so often we know that there will be a lot of claims and that is part of what determines the price.

Objection 2: I already have disability insurance

You can handle this objection by pointing out to clients that unlike CI, which is paid in one lump-sum upon diagnosis, disability insurance pays out over time and always comes with a waiting period. During the waiting period your client will be digging into their own savings to pay bills and expenses. Plus, disability plans are usually designed to replace only a portion of your client's income rather than provide a one-time, lump-sum payment that can be used for any reason. If your client becomes ill, a cut in income is probably the last thing they need.

Objection 3: I can use my own money

On the other end of the spectrum, many financially comfortable clients are not being shown CI because advisors think these clients do not need coverage to deal with these illnesses. While it is true that these people could deal with the consequences of an illness themselves, it does not mean they should.

We should be saying that they do not need CI insurance but may choose to be smart enough to want to own this product. There is a world of difference between needing and making the responsible choice to own insurance.

These wealthy clients still insure their home and their possessions. Even if they buy an item that they could re-buy if it was lost or stolen, they will insure it because it is the smart thing to do.

Another way to help your clients see the smart choice of owning CI is to ask them these questions:

- Do you travel?
- How many days a year?
- Do you have travel insurance?
- Why do you buy travel insurance?
- What about if something happens when you are home?

Amazingly, people buy travel insurance because they are worried about a health scare happening while travelling for one week, but will go the other 51 weeks using their own money rather than the insurance company's money!

Objection 4: Not going to happen to me

Clients often think that it won't happen to them because they take care of themselves and they are healthy. Since we only talk to the healthiest of clients about CI, you will hear this objection a lot. To illustrate the incidence and randomness of CI use the following example:

If you were to put 100 healthy people in one room and 100 unhealthy people in another room the reality is that some people in both rooms are going to have to deal with a critical illness during their lifetime. The question is: which group do you think has a greater chance of surviving and not using their life insurance? The healthy or the unhealthy people? Of course, the answer is the healthy ones!

Because of this reality we must use these words with clients:

- Because you are healthy...you are more likely to survive a critical illness and that is why Critical Illness insurance is specifically for you.

Key message: Critical illnesses happen to both healthy and unhealthy people, however, healthy people are more likely to survive. This product is specifically for healthy people who are more likely to survive a critical illness.



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LP1681 9/22