

Critical Illness – Fill the Gap! | The BenHive Blog

<http://www.benhive.ca/critical-illness-fill-the-gap>

A challenge we all face is trying to enhance benefits, particularly when it increases the cost of the benefits



program. Adding Critical Illness (“CI”) to a benefits plan is no exception. The Critical Illness market in Canada is changing fast and is becoming the emerging market into the employee benefits field. We should be prepared to “hop on the train” before it passes us by.

Market Opportunity

There is a clear need for Critical Illness coverage in Canada. One in four Canadians will develop a critical illness before RETIREMENT. If Critical Illness is not part of your employee benefits offering to your clients, there is a gap in coverage for those employees. Wouldn’t you like to be the one to fill that gap?

Group CI was introduced to the marketplace in the mid 1990s. In 2007, 1.4 million individuals were covered under Group CI, according to the CLHIA. This amounts to a total annual premium of \$134 million.

In 2009, Munich Re did the first fully comprehensive Group Critical Illness survey that was based on the Canadian marketplace. They found that the number of CI carriers in the marketplace had increased from 8 to 17 companies since 2001. They also found that Group Critical Illness has grown from \$18 million in 2007 (CLHIA statistic) to more than \$33 million in 2009. If this growth can happen during a downturn in the economy, what does that say about the market going forward?

Findings from the Fraser Group also identified the same market opportunity saying: “The most recent data available shows that the growth of Group Critical Illness sales was seven times stronger than the group insurance sector as a whole”.

Clear Incentives (FILL THE GAP!)

We know there is a tremendous need and market opportunity for Group CI. What does that mean to you, and what are your incentives?

Talking to your clients about it is the right thing to do! The incidence rates of Critical Illness alone make educating employers about Critical Illness Insurance worth the effort.

If you’re not filling the need, someone else will.

With an increasing number of carriers offering CI, as well as the growth in coverage within the group insurance market, there will be a greater push for placing CI from all directions.

CI can become a **door opener** with your clients for another advisor if you aren’t prepared to “take the train”.

Accessible Solutions: How do I fill the gap?

It’s easier than you think!

According to the Munich Re survey, the number one key to selling Group CI is that it will fill a unique need or a void that exists in our marketplace, so the heavy lifting is already done for you.

Some Additional Considerations

Have you priced Group CI lately? Many group carriers have a Critical Illness product available with guaranteed issue amounts of \$10,000 – \$25,000, most starting with groups that have less than 5 lives.

Let's get started!

I've listed some key elements at the bottom of the document to get you started. There are lots of products out there, and I would invite you to start comparing and finding a product that will work for you.

CI for ALL your case sizes

Not for small group you say? I would suggest that the need for CI within the small group market is as prevalent as it is for large groups. There is no real difference in coverage to your small group client to what is actually being placed for larger firms, even though higher non evidence maximums are available.

Let's think about the make-up of a traditional small group:

- Usually owner operated
- Has grown over the years
- Long term employees have helped build and structure the business
- Family-like setting
- Loyal employees
- Loyalty to employees

The employer sets up a group benefits plan to attract and retain talent, as well as take the burden off the business and protect employees in case of death or disability. If there is a critical illness, how will it be dealt with?

In a small business setting, the financial impact of dealing with an employee that has a critical illness would be harder to absorb than within a larger firm. In a smaller business there may be no existing corporate policy to deal with every case of "what happens if...?". Incorporating a Critical Illness product into the corporate policy specifically nails down how a critical illness will be dealt with in the workplace, and how it will be egalitarian for every employee.

Conclusions

Critical Illness is not a fad and it's not going to go away. Arguably, alongside Long Term Disability, it may be the most important coverage that you implement within the workplace for employees. In the world of increasing costs it is hard to place a new benefit on the table, especially if you don't value it as much as you do the other benefits being offered, however I would argue that just because it arrived late within the industry – this does not make it the least important part of the employee package.