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RBC critical illness product can be converted to long-term care coverage

By Jade Hemeon

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RBC Life Insurance CO. is expanding the field of "living insurance" with the introduction of a critical illness product that gives policyholders the option of converting to a long-term care policy between the ages of 55 and 65 without having to requalify for insurance.

"Individuals can buy critical illness insurance and be comfortable that, no matter what happens to their health, they will qualify for long-term care insurance at a later date," says John Young, RBC Life's CEO in Mississauga, Ont. "With insurability protected, future long-term care is also protected."

Until now, clients wanting to insure against the costs of CI or LTC have typically purchased separate policies to cover the two situations.

CI insurance provides a lump-sum benefit that helps clients meet expenses if they are diagnosed with specific illnesses such as a heart attack, stroke, cancer, multiple sclerosis, blindness or paralysis. The benefit can be used for any purpose, such as health care outside Canada or adapting a house or vehicle to a handicap.

Alternatively, LTC insurance provides income to meet expenses if clients can no longer perform basic activities of daily living, such as bathing or eating.

The premiums for RBC Life's new Critical Illness Recovery Plan are higher than for a regular CI policy but, Young says, this is offset by eliminating the risk of having to pay more for LTC insurance if it was purchased at an older age. And the cost is certainly lower than if the individual found he or she was not eligible for LTC insurance because of infirmity and had to move to a LTC facility or hire in-house assistance.

"The RBC product addresses the entire life cycle," says Mark Halpern, a certified financial planner and founder of financial planning and insurance firm **Illnessprotection.com** in Markham, Ont. "The combination of the two types creates a hedge that protects against depleting financial assets or relying on family members if illness strikes."

Halpern says both LTC and CI insurance arrived in Canada around 1995. They fill some "black holes" left by traditional insurance such as disability and life insurance, and are growing more popular as baby boomers age and become aware of the costs related to diminished health.

For RBC clients who fully or partially convert to an LTC policy between the ages of 55 and 65, Young says, the premiums at conversion would be based on group averages and the person's age rather than his or her health status. **IE**

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