

EquiLiving[®] critical illness insurance

Frequently asked questions

GENERAL

Q How can I help my client determine the right amount of critical illness insurance to meet their needs?

A Equitable Life has introduced an easy-to-use online tool that will help you determine how much critical illness insurance is needed based on your client's personal situation.

- What do they own? Which assets would they be willing to sell to cover medical costs? Their home? Cottage? Business?
- What do they owe? Would they want to pay off debts like mortgage, car loan, outstanding credit card balance, etc. or simply ensure there are funds available to cover the monthly payments?
- What do they want critical illness insurance to do for them? Cover current expenses? Pay for in-home health care and homemaker support? Cover childcare expense? How much would these services cost? Simply click on the TIP buttons for the answer.

The tool uses your client's needs and numbers to help you determine an appropriate amount of critical illness insurance to cover what's important to them.

Q How many conditions does EquiLiving cover?

A EquiLiving covers 25 conditions. For more information on the contract definition and background information for covered conditions, see ["Understanding the covered conditions" \(#1248\)](#)

Q On what life insurance policies is EquiLiving available as an optional rider?

A EquiLiving can be added as a rider for the life or lives insured under a term, Equimax participating whole life and Equation Generation IV universal life insurance policy.

Q Why are limited pay options not available on EquiLiving plans?

A Interest rate assumptions are a key element in the pricing of level cost critical illness insurance plans. The low interest rate environment we have experienced in recent years adversely affects insurance products with long term guarantees, especially those offering level cost of insurance, such as level to age 75 and level to age 100 critical illness insurance plans. Since a limited pay structure considerably increases that sensitivity, allowing that feature was not a viable option at this time.

It's important to remember that industry wide, only about 15% – 17% of policies are sold on a limited pay basis. Therefore, it was more important to focus on features that best meet the affordability needs of our target market – the middle-income family. Our current plan types help to do that.

Q If a client purchases multiple critical illness insurance policies on the same life insured, can the policy fees be waived to encourage bundling?

A Requests to waive the policy fees will be reviewed on a case-by-case basis.
Email customer-service@equitable.ca

Q What is the CI special offer?

A The CI special offer is available for clients 50 years of age or under who qualify for a preferred risk class on their application for term coverage (either stand-alone plan or rider). When the life insurance application is underwritten, they will automatically be underwritten for EquiLiving CI. If they qualify for CI, their life insurance policy notice will be accompanied by an offer to purchase critical illness insurance in the amount of 25% of the total face amount of their life insurance coverage, to a maximum of \$250,000. Approved clients have 45 days to complete, sign and return the CI special offer form to Equitable's Waterloo head office.

Q Is there a minimum PAD amount that must be met for critical illness insurance policies?

A No.

Q What happens if a client is in the process of satisfying the survival period when their 10-year renewable to age 75 or level to age 75 plan expires?

A The policy will remain in force and the client will continue to have coverage, but only for the condition for which the survival period is being met.

Q Is backdating to retain age allowed?

A An application may be backdated up to 90 days to retain age, however, an application cannot be backdated to retain age in order to be eligible for a children's policy.

CHILDREN'S CRITICAL ILLNESS PLANS

Q What additional conditions are covered under a children's EquiLiving stand-alone plan or rider?

A In addition to the 25 covered conditions, EquiLiving provides coverage for the following 5 childhood conditions until age 25:

- Cerebral palsy
- Muscular dystrophy
- Congenital heart disease
- Type 1 diabetes mellitus
- Cystic fibrosis

Q Can an EquiLiving critical illness rider be added to a children's life insurance policy?

A An EquiLiving rider can be added to a children's Equimax whole life or Equation Generation IV universal life policy. It cannot be added as a rider to a term life insurance policy since the minimum issue age for term is age 18 and the maximum issue age for children's EquiLiving is age 17.

Q Why is 10-year renewable to age 75 with return of premiums on surrender/expiry (ROPS/E) an attractive product for the children's market?

A In the middle-income family market, affordability is a primary concern. The lower premiums on a 10-year renewable to age 75 plan make it an attractive option. The change privilege gives them the flexibility to change to a level premium plan in the future, when family income is potentially higher. Since most 10-year renewable to age 75 plans are purchased with the intention of exercising the change privilege, adding ROPS/E to their plan allows them to carry forward all accumulated premiums from the original plan to the new level plan.

Q In order to apply for a critical illness insurance policy on a child, do parents need to have equal or greater coverage on themselves?

A Not for coverage amounts less than \$100,000. However, for coverage amounts of \$100,000 or greater, the application would only be accepted if the parents have a valid reason for requesting coverage for their child but not on themselves.

Q Can parents buy a critical illness insurance policy on a child who already has one of the childhood covered conditions?

A No, this would be considered a pre-existing condition and the child would not be eligible for coverage.

Q When does the loss of independent existence (LOIE) coverage begin on a child's policy?

A The LOIE coverage begins on the insured child's 18th birthday.

Q If the insured child already meets the requirements for LOIE when it begins at their 18th birthday, can they submit a claim immediately?

A Yes, they can submit a claim right away, and if approved and the waiting period is met, a payout of the critical illness benefit may be given.

Q When I run illustrations for 10-year renewable to age 75 using various children's ages, the premium does not always increase at the 10-year point. Why not?

A In some scenarios, the renewal rate at year 10 on a child's policy may be the same rate as the initial issue age rate and therefore doesn't increase.

Q If the applicant's death and disability waiver of premium rider is not elected at issue, will the insured child still have the option to add disability waiver of premium on their own life at age 21?

A Yes. A letter will automatically be sent to the insured at age 21, regardless of whether the applicant's death and disability waiver of premium rider was purchased or not. The letter will include a question about any recent or current disability. If the answer is 'no', disability waiver of premium can be requested by the insured to be added on their life.

Q Until age 18, a child's policy assumes non-smoker rates. By age 18, the insured child must declare their smoking status. They will receive a non-smoker declaration on the anniversary following their 16, 17 and 18th birthday. What happens to the policy premiums if the non-smoker declaration is not returned?

A If the non-smoker declaration is not returned, at the anniversary nearest the child's 18th birthday the premiums will increase to a smoker rate. After that, evidence of insurability would be required to change the status back to non-smoker.

Q Can a rating be issued to a child's policy?

A No, a child's policy is only accepted on a standard basis.

RETURN OF PREMIUM RIDERS

Q If a client purchases a 10-year renewable to age 75 plan without a return of premiums at expiry (ROPE) rider or a return of premiums on death (ROPD) rider, can they request to add them to a new plan if they exercise their change privilege (the right to change the policy to a level to age 75 or level to age 100 plan without evidence of insurability)?

A Yes, however underwriting will be required.

Q If a client elects ROPE on a 10-year renewable to age 75 plan and then later exercises the change privilege, can they carry forward the accumulated premiums to the new plan?

A Providing that an ROPS/E rider is available, and the client elects to have it on the new level plan, they will be able to carry forward any accumulated premiums from the original plan.

Q Does the contract state that accumulated premiums from the 10-year renewable to age 75 plan can be carried over if the change privilege is exercised?

A The contract does not guarantee that ROPS/E will be available in the future, however if it is, and your client elects it on the new plan, we guarantee that any accumulated premiums from the original plan will be carried over to the new plan.

Q If a client elects ROPE on a 10-year renewable to age 75 plan, and then later exercises the change privilege but elects not to have ROPS/E on the new plan (if available), what happens to the accumulated premiums from the original plan?

A Any accumulated premiums are forfeited and are not returned to the client. They cannot be carried over unless ROPS/E is available under the new plan and the client elects to have ROPS/E on the new plan.

Q If a client has a ROPS/E rider on their level to age 75 or level to age 100 plan, and they choose to reduce the face amount of their critical illness benefit, what happens to the ROPS/E benefit?

A Prior to the 15th policy anniversary

A partial surrender or reduction in the EquiLiving sum insured before the 15th policy anniversary is treated as a lapse of that portion of the coverage. No premiums will be returned at the time of the reduction. The premiums to be returned on full surrender or expiry of the policy are then recalculated as though the reduced sum insured had been in force from the effective date of the policy.

On or after the 15th policy anniversary

On or after the 15th policy anniversary, clients may elect to surrender a portion of the policy and receive a partial return of premiums on surrender/expiry benefit, provided the reduced EquiLiving sum insured remaining in force meets the then current policy minimums. The partial return of premiums on surrender/expiry benefit will be equal to the premiums to be returned upon full surrender of the policy, less the premiums that would have been paid for the reduced sum insured, multiplied by the percentage eligible to be returned. The maximum amount of the premiums to be returned on a partial surrender is limited to the EquiLiving sum insured being surrendered at that time.

When the partial surrender benefit is paid, your client's policy continues in force with the reduced sum insured. The return of premiums on surrender/expiry rider premium will be reduced to the amount required for the corresponding policy premium.

Q If a client has a ROPS/E rider on their level to age 75 or level to age 100 plan, and they fully surrender their critical illness benefit, what happens to the ROPS/E benefit?

A No premiums are returned if the surrender is made prior to the 15th policy anniversary.

- Upon surrender on or after the 15th policy anniversary, 75% of the premiums to be returned are payable. This percentage increases by 5% each year, reaching 100% on and after the 20th policy anniversary.
- The maximum amount of the premiums to be returned is limited to the EquiLiving sum insured in force at the expiry date.

- Q If a client has ROPE on their 10-year renewable to age 75 plan, and they exercise the change privilege and elect to have ROPE on the new plan (if available), when does the 15 year wait period to access accumulated premiums begin?
- A It begins at the issue date of the new level to age 75 or level to age 100 plan.
- Q On the illustration software, if you select the ROPE benefit on a 10-year renewable to age 75 plan, the illustration does not show values for the rider in the tables. Why?
- A Since the premiums are only available at expiry (age 75), there are no values to show until the policy expires. However, on the Coverage Summary page, there is a sentence indicating what the ROPE benefit will be at expiry.

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