

LifeBeat

Frequently Asked Questions & Answers:

Q.1. If an insured purchased a LifeBeat plan, a 20 Pay Life (Horizon 20) plan and a Term 10 plan what would the policy fee or fees total?

A.1. If all coverages were on the same life, the annual policy fee would be \$75.00 for the first coverage and \$0.00 for the additional coverages.

Q.2. What is the Multi-Lives concept?

A.2. Multi-Lives is a special policy fee saving option which allows up to 6 lives in a single policy. The lives can be business or family members. Each life can have different amounts or products.

Q.3. Can a LifeBeat policy be backdated to save insurance age (age nearest)?

A.3. Yes. A policy can be backdated to save age provided the policy is issued, placed and settled within 3 months of the date of the age change occurring. When applying for LifeBeat, only use the application marked “critical illness” along with a LifeBeat prescreener. The LifeBeat prescreener and critical illness application can be found in PDF format when you click on “Forms and Presentations” located at the top of the first screen in the LifeBeat software Version 2.0

Q.4. What is the maximum amount of LifeBeat that can be purchased personally?

A.4. Financial underwriting limits are normally set at a multiple of 7 times annual earned income before taxes for ages 18 – 55 and at a multiple of 5 times for ages 56 – 60. However, with good financial justification the maximums can be reviewed on an individual case basis.

Q.5. Is the right to convert from the Renewable (T10) to the Level (T70) plan guaranteed?

A.5. Yes. The Renewable (T10) plan is contractually guaranteed convertible to the Level (T70) plan at anytime up to age 60.

Q.6. If ROP at Death is converted from a Renewable (T10) plan to a Level (T70) plan and the insured dies how is the benefit calculated?

A.6. The ROP at death benefit would pay the sum of all modal premiums paid under the Renewable (T10) plan combined with the modal premiums paid under the Level (T70) plan. The refund includes all base plan premiums, policy fees, any surcharges, premiums for return of premium at death or expiry riders, if applicable, to a maximum of 100% of the policy’s face amount; but, excluding premiums for W.P., Comprehensive Critical Care rider and Child Critical Illness rider.

Q.7. If the ROP at Expiry rider is on a Renewable (T10) plan that is converted to a Level (T70) plan how is the Refund calculated at age 70?

A.7. The refund at expiry, age 70, would be the sum of the modal premiums paid under the Renewable (T10) plan combined with the modal premiums paid under the Level (T70) plan. The refund includes all base plan premiums, policy fees, any surcharges, premiums for return of premiums at expiry or death riders, if applicable, to a maximum of 75% of the policy’s face amount; but, excluding premiums for W.P., Comprehensive Critical Care rider and Child Critical Illness rider.

Q.8. How does LifeBeat compare to simply purchasing a Critical Illness plan to age 100 and buying an annuity with the proceeds paid for any critical illness that occurs after age 70?

A.8. At age 75 most Critical Illness plans to age 100 reduce or eliminate many of the coverages that are associated with the elderly, such as Alzheimer’s disease, Parkinson’s disease and Loss of Independence. The few plans that don’t reduce these coverages have other restrictions. Also, if the insured purchased an annuity there would be tax implications that don’t apply to LifeBeat since the lifetime annuity is a settlement, or claim, provision. LifeBeat is the most flexible, has the most comprehensive definitions and provides the most extensive coverage of any Critical Illness or Long Term Care plan presently available anywhere.

Q.9. Are the premiums for the Comprehensive Critical Care rider guaranteed?

A.9. They are guaranteed renewable and level to age 70. They can be adjusted based on adverse experience of the group.

Q.10. How are the Comprehensive Critical Care rider benefits paid?

A.10. The CCC rider pays a monthly benefit after 30 days in most cases and after 90 days for eligible muscular and skeletal disorders. Benefits are paid monthly at the rate of \$7.50 per \$1,000 of Face Amount of the base policy. The minimum payment is \$750. monthly and the maximum is \$7,500..

Frequently Asked Questions & Answers (continued):

- Q.11. Is the Comprehensive Critical Care rider different when added to the Renewable (T10) plan than when added to the Level (T70) plan?**
A.11. No. The Comprehensive Critical Care rider is the same whether added to the Renewable (T10) or the Level (T70) plan. The Comprehensive Critical Care rider is guaranteed renewable and level to age 70.
- Q.12. What happens if the insured suffers one of the base plan covered events, such as a heart attack, while receiving payments under the Comprehensive Critical Care rider?**
A.12. The policy's base plan's face amount minus any payments made, within the past three years, under the Comprehensive Critical Care rider would be paid and the policy then terminated.
- Q.13. What is the maximum number of claims allowed under the Comprehensive Critical Care rider?**
A.13. The total of a single or multiple claims cannot exceed the base plan's face amount or the policy terminates. If the insured is claims free, under the Comprehensive Critical Care rider, continuously for three years then the base plan's initial face amount will be reinstated.
- Q.14. If the insured is on claim under the Comprehensive Critical Care rider are premiums waived?**
A.14. Only if the W.P. C.C.C. rider is purchased. The benefit is based on the definition of the Comprehensive Critical Care rider and corresponds with its qualifying period of either 30 days or 90 days. The entire plan's premiums are waived under this benefit. Issue ages are 18 – 60 and it expires at age 70.
- Q.15. Can W.P. be purchased if the insured doesn't purchase the Comprehensive Critical Care rider?**
A.15. A regular W.P. with a waiting period of either 4 months or 6 months can be purchased if the Comprehensive Critical Care rider isn't selected. Issue ages are 18 – 55 and it expires at age 60.
- Q.16. How are payments under the Comprehensive Critical Care rider integrated with other benefits?**
A.16. Benefits payable under the Comprehensive Critical Care rider will be integrated with all other benefits received including, but not limited to, group disability, individual disability, CPP and WSIB payments, so that the total amount of payments received from all sources does not exceed 70% of pre-tax net earned income. This rider acts as a second payer to all other benefits. Calculations are based on net (gross – expenses) earned income before tax, using the average income during the 12 months preceding the event.
- Q.17. How long will benefits be paid under the Comprehensive Critical Care rider when a claim is being paid?**
A.17. Claim benefits under the Comprehensive critical Care rider will be paid for a maximum of 24 months per incident. If, at any time, the insured suffers cognitive impairment or is unable to perform 2 of 6 activities of daily living (Loss of Independence) a lump sum payment, minus any benefit payments already made, will be paid and the policy will expire.
- Q.18. If an insured goes on a Comprehensive Critical Care rider claim at age 68 until age 69 and then converts to the LTC option at age 70 and subsequently suffers a LTC claim at age 71 how will the claim be determined?**
A.18. The proceeds used to purchase the lifetime income would be equal to the policy's face amount, prior to age 70, minus the payments made under the Comprehensive Critical Care rider within the previous three years.
- Q.19. What happens to the premium when the plan is converted to the LTC option at age 70?**
A.19. The premium for the LTC option is guaranteed and remains the same as the base plan's premium, as it was at age 65. Only the Level (T70) plan has the right to convert to the LTC plan.
- Q.20. What happens if the plan has the ROP at expiry rider and elects to convert to the LTC option?**
A.20. At age 70, 25% of all eligible premiums paid to a maximum of 25% of the policy's face amount are paid and the LTC premium, which is the base plan's premium at age 65, is discounted 25% .
- Q.21. If a claim occurs after age 70 how is the benefit determined?**
A.21. The funds used to purchase the life annuity are equal to the policy's face amount prior to age 70.
- Q.22. If a claim occurs after age 70 when the plan has converted to the LTC option how is the benefit paid?**
A.22. The insured can select a life annuity paid monthly, with a minimum guarantee of payments for 5 years, or the insured can elect to take a 25% cash payment and use the remaining funds to purchase a monthly lifetime annuity, which can be level or indexed 3% per annum.
- Q.23. If an insured converts from critical illness to the Long Term Care benefit at age 70 and subsequently suffers a claim at age 75 and begins receiving a lifetime income how will that income be reported for tax purposes?**
A.23. Under current legislation the benefits will be treated much like a disability benefit and received on a tax-exempt basis.