Critical Illness Insurance Supervisory Report

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AUTORITÉ DES MARCHÉS FINANCIERS

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Context

The Autorité des marchés financiers (AMF) is publishing the results of its ***critical illness insurance supervisory work***[1] involving the largest critical illness insurers in Québec.[2]

In the course of its supervisory activities, the AMF chose to prioritize this work in light of the complex features of critical illness coverage and the technical language used in contracts. The work was conducted by means of:

- A request for information[3] sent to Québec's 22 largest critical illness insurers, which together accounted for over 95% of the market share in the major classes of life and accident and sickness insurance:
  - 15 insurers were asked to complete a simplified questionnaire to obtain quantitative data on such things as premiums written, master contracts, certificates and policies, benefits paid and incurred, claims, denials (and the reasons for them), and complaints
  - Seven of the top market share holders were asked to complete a detailed questionnaire that included the same questions as the simplified questionnaire plus additional questions on the insurers' processes and critical illness insurance product features. These insurers also submitted a series of documents to the AMF relating primarily to documentation provided to insureds[4] (e.g., brochures, forms, model letters)
- Interviews conducted with representatives of the insurers that had completed the detailed questionnaire

Critical illness insurance provides a sum of money if the insured suffers from an illness that matches the definition in the contract.

For the past 30 years, insurers in Québec have been offering critical illness insurance, in both individual and group insurance, and distributing it with or without advice from a representative.

This supervisory work allowed the AMF to develop an overall picture of current commercial practices in the industry and identify improvements that insurers should institute to promote the fair treatment of consumers.

1 The AMF relied on several components of the Sound Commercial Practices Guideline (the «Guideline»), which applies to all insurers governed by the *Insurers Act*, CQLR, c. A-32. (the «Insurers Act») https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf

2 The names and respective market shares of these insurers are listed in Appendix A.

3 The request for information covered a three-year period (2016 to 2018, inclusive) and was addressed solely to the largest insurers in Québec's critical illness insurance sector. It did not cover the activities of representatives duly certified with the AMF.

4 For ease of reading, the term "insured" used in this document may, depending on the context, refer to a "participant" in a group insurance plan, for example.

That picture[5], along with the AMF's key findings and recommendations, is presented in this report, which also features useful information that is available to consumers on its website.

The AMF recommendations released by the AMF should enable consumers to:

- Better understand the product and what it covers
- Make an informed decision about the product's added value and its alignment with their needs
- Understand their rights and obligations and exercise them in a timely manner

In accordance with its Financial Institutions Supervisory Framework[6], the AMF has also sent individual confidential supervisory reports, which include the recommendations in this report, to the principal insurers offering this product. The AMF will ensure that appropriate action is taken to address the expectations expressed in those reports.

Lastly, the AMF encourages all insurers to read this report and all other findings and recommendations released[7] by the AMF so as to proactively incorporate the applicable recommendations into the activities of all their business sectors, with the appropriate modifications.

5 The figures in this report are based on information for the years 2016 through 2018 provided by insurers surveyed in September 2019 and have not been verified by the AMF or an independent third party. The analysis of these figures had to be delayed in order to allow the industry and the AMF to prioritize the management of issues arising from the Covid-19 pandemic. Although the figures may have changed slightly, the information obtained by the AMF shows that the findings and recommendations stemming from this analysis are still relevant today.

6 https://lautorite.qc.ca/fileadmin/lautorite/reglementation/assurances-inst-depot/2020/cadre-surveillance-2020_an.pdf

7 E.g., Group Disability Insurance Cross-Sectional Analysis Report published in March 2019: https://lautorite.qc.ca/fileadmin/lautorite/grand_public/publications/professionnels/assurance/Rapport-intervention-transversale-assurance-invalidite-collective_an.pdf

Overall findings and summary of recommendations

On average, critical illness insurance premiums totalled nearly $510 million per year in Québec in 2016, 2017 and 2018.[8] Critical illness insurance represents about 3% of total premiums written annually by insurers in Québec for all their insurance of persons products (approximately $17 billion).[9]

While 73% of all premiums are written in individual insurance and 27% in group insurance, 18% of insureds hold an individual insurance policy, while 82% are covered through group insurance.

SOME FACTS

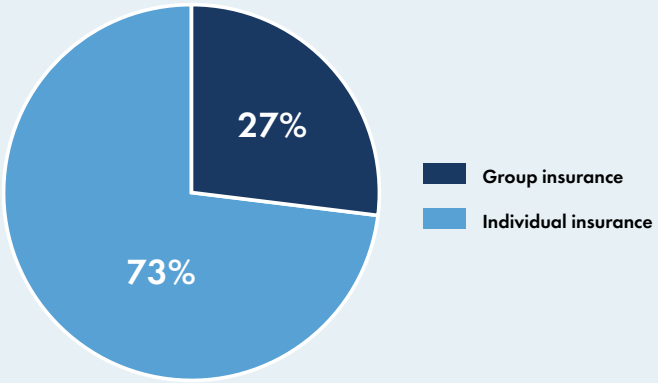


Fig. 1 Distribution of amount of premiums written by type of plan

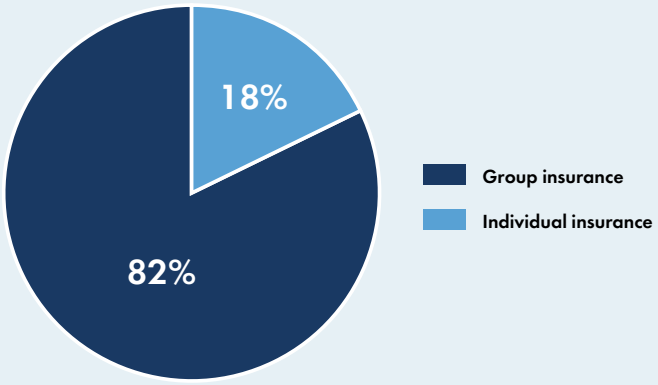


Fig. 2 Distribution of certificates (group insurance) and policies (individual insurance) by type of plan

8 Premiums are identified using the same methodology and definition as used for the Life Quarterly Return and Annual Supplement and for the Canadian Council of Insurance Regulators (CCIR) Annual Statement on Market Conduct.

9 The total premiums written (approximately $17 billion) is the annual average of the data published by the AMF in the 2016, 2017 and 2018 Annual Reports on Financial Institutions.

The AMF notes that critical illness insurance offered through individual insurance policies generally includes broader coverage (larger number of covered illnesses and options, higher coverage amount), which may affect the premium amount charged and therefore the total volume of premiums written. This may explain why 18% of policies generate 73% of the premiums (in individual insurance, see charts above).

In each individual insurance policy or group insurance certificate, the illnesses covered are specified in the definitions in the contract.

The AMF has identified over 30 illnesses that may be covered by the various critical illness insurance products. Not all of these illnesses are included in all contracts. Some contracts only provide coverage for the most common illnesses, such as cancer (at a life-threatening stage), heart attack (myocardial infarction) and stroke.

The illnesses covered and their characteristics can differ from one product to the next, whether from one insurer to another or within a given insurer. Because of this, it is seemingly difficult for consumers to compare products.

Moreover, the contracts include many limitations and exclusions (e.g., pre-existing conditions) and various time limits (e.g., survival period and waiting period) that can be complex to understand.[10]

The findings in this report clearly show that consumers do not always understand the features of the products they purchase.[11]

In light of these findings, the AMF has sent a number of recommendations to insurers and expects them to apply corrective actions so as to:

1. Avoid situations where prepared materials or advertising results in confusion for consumers or in an incorrect understanding of the product
2. Better help consumers properly understand the product
3. Assist and communicate with insureds to ensure they are informed and they understand and know when to exercise their rights and obligations
4. Better equip their distribution channels to properly advise their clients
5. Facilitate the claims, complaint examination and dispute resolution processes

The corrective actions taken by insurers in response to these findings and recommendations must ensure the fair treatment of consumers. The AMF will therefore follow up on the action plans submitted by the insurers, continue to track practices in this sector and take appropriate action when required.

10 For more information about the features of critical illness insurance, please refer to the AMF website at: https://lautorite.qc.ca/en/general-public/insurance/critical-illness-insurance

11 An insured may purchase (individual insurance) or enroll in (group insurance) critical illness insurance. For the purposes of this report and ease of reading, only the term “purchase” will be used.

Recommendations

1. AVOID SITUATIONS WHERE PREPARED MATERIALS AND ADVERTISING RESULT IN CONFUSION FOR CONSUMERS OR IN AN INCORRECT UNDERSTANDING OF THE PRODUCT

It is very common to use statistics and slogans in critical illness insurance materials for consumers.

When insurers reference **statistics**, they should limit their use to references that are actually related to what is covered by the contract definition of the illness. The definition and features set out in the contract are often more restrictive than the statistics presented.

Slogans should not result in confusion for consumers or in an incorrect understanding of what is covered by the product.

It should not appear to consumers as if the product covers more than it really does or as if they require more insurance than they really need.

For example:

Consumers who see an advertisement that references a more general statistic encompassing all stages of a particular critical illness may think that:

- All stages of the illness are covered, when, in reality, coverage is confined to those stages that meet the definition in the contract (i.e., they may believe that the coverage is broader than it really is)
- The risk of developing the illness is the same as the risk shown in the statistic, when, in fact, the percentage of people at risk of developing a cancer defined in the contract is smaller (i.e., the probability of developing the illness shown in the statistic may lead them to believe that their critical illness insurance needs are greater than their actual needs)

Insurers should therefore ensure that the statistics and slogans used in their information for both consumers and distribution channels:

- Are appropriate and relevant in terms of the actual features of the product offered
- Do not result in confusion for consumers or in an incorrect understanding of the product, the needs it satisfies or the coverage offered

SOME FINDINGS

All the insurers consulted said they use **statistics** in their advertising, on their websites, or in their brochures relating to critical illness insurance. The statistics come from various **sources**, most of which are external to the insurers, including foundations and organizations dedicated to education and research in specific types of illnesses.

2. BETTER HELP CONSUMERS PROPERLY UNDERSTAND THE PRODUCT

The vocabulary used in critical illness insurance contracts often includes complex technical terms specific to the medical and insurance fields that consumers find incomprehensible.

As previously indicated, the illnesses covered and how they are defined can vary from one contract to the next. The illnesses that are typically covered are cancer (at a life-threatening stage), heart attack (myocardial infarction) and stroke.

These products may also have the following features:

- Coverage for certain specific non-life-threatening surgeries or conditions
- A partial benefit

  For example:

  You purchase a $100,000 critical illness insurance policy that offers you 35% of the insurance amount for loss of speech. Two years later, you lose your speech. You will receive $35,000 (35% of $100,000).

- Recovery assistance (e.g., monthly care benefit)
- Return of premiums (e.g., on the date specified in the contract for the exercise of the return of premium option or when no claims were filed with the insurers during the coverage period (upon death or maturity of the contract))
- Conversion of the contract (e.g., to a long-term care contract at a specified age (65, for example))
- Option to renew the contract (e.g., for term insurance)

SOME FACTS

The AMF analyzed the features of 81 critical illness insurance products offered by insurers, in both group and individual insurance, and distributed through representatives and noted that the return of premium option is included in **54% of all cases**. About one-third of the insurers consulted offer this option with more than 70% of their products, and the other two-thirds offer the option less than 50% of the time or do not include it among their options at all. The return of premium option is mostly available in individual insurance products.

DENIAL RATE OF CLOSE TO 20%

Insurers deny 20% of all claims submitted to them by insureds. According to AMF data regarding the range of insurance products available in the industry, a denial rate above 10% should lead insurers to ask questions and assess the causes. Insurers should determine whether being above the 10% threshold undermines the fair treatment of consumers and, if so, they should take appropriate action to correct the situation.

About **5%** of insureds whose claims were denied requested a review. In more than **80%** of these cases, the insurers upheld their decision to deny the claim.

The percentage of claims denied by insurers and the reasons for denial clearly illustrate the need to provide relevant and complete information to consumers, before and at the time of purchase, so that they can make an informed decision on the suitability of the product being offered.

Over 60% of claim denials by insurers are related to limitations or exclusions, pre-existing conditions, not meeting a definition, and survival and waiting periods.

SOME FACTS

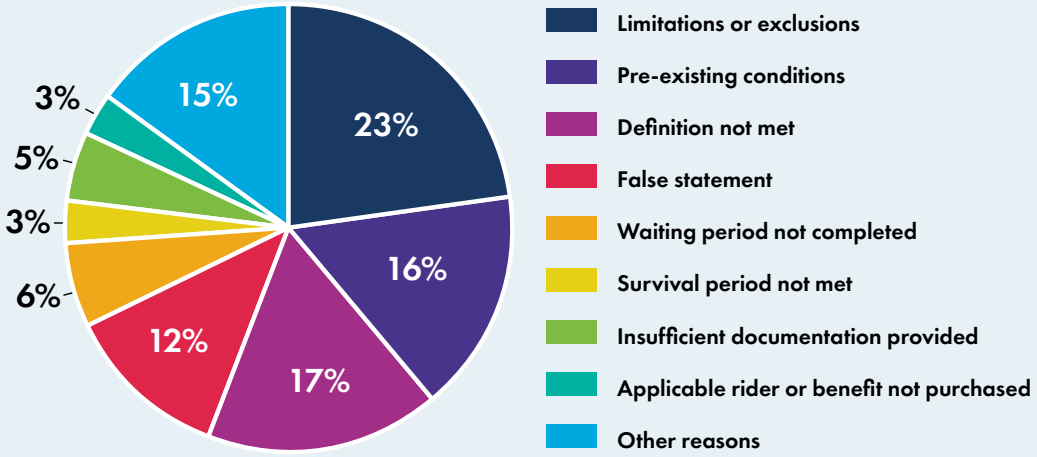


Fig. 3 Reasons for claim denials by insurers

Insurers should therefore create and provide ***tools to help consumers*** better understand the information that is given to them (e.g., guide, glossary or summary containing examples, explanations of terms of a more technical nature, illustrations, timeline with the various timeframes, FAQs), particularly regarding:

- The product and its features
- The scope of coverage (e.g., covered illnesses)
- The limitations and exclusions
- Pre-existing conditions
- The time periods specified in the contract (e.g., survival period, waiting period (or moratorium period))
- The features of the various types of products offered so that consumers can choose the product best suited to their needs (e.g., comparison between critical illness insurance, disability insurance, long-term care insurance and life insurance)

Insureds may purchase critical illness insurance coverage with or without being advised[12] by an insurance representative duly certified with the AMF. When a representative in insurance of person assists insureds, he or she is subject to a set of obligations and responsibilities, including the obligation to inquire into the insureds' situation in order to assess their needs and offer them a suitable product. Accordingly, before the contract is concluded, a representative will analyze an insured's needs and will describe and clearly explain the proposed product, the nature of the coverage offered and the particular exclusions of coverage in the critical illness insurance contract.[13]

12 Close to 80% of premiums are written through certified representatives for policies offering typically greater amounts of coverage and broader coverage than products offered through distribution without a representative, which, however, accounts for most sales in critical illness insurance. Sales for this type of distribution are currently made, for example, through insurance offered incidentally with a mortgage loan or financing for the purchase of a vehicle from a dealer. In these cases, the critical illness insurance may be combined with life insurance and disability insurance or be part of these different coverage options.

13 *Act respecting the distribution of financial products and services,* CQLR, c. D-9.2, ss. 27 and 28, and the Regulation respecting the pursuit of activities as a representative, CQLR, c. D-9.2, r. 10, s. 6.

3. PROVIDE INSUREDS WITH POST-PURCHASE ASSISTANCE AND COMMUNICATIONS TO ENSURE THEY ARE INFORMED AND THEY UNDERSTAND AND KNOW WHEN TO EXERCISE THEIR RIGHTS AND OBLIGATIONS

Post-purchase ***assistance*** for critical illness insurance is essential to ***support a better understanding*** by insureds of ***their rights***, which, depending on the coverage chosen or offered, may include:

- Return of premiums (e.g., where no claims are filed with insurers during the coverage period)
- Conversion of the contract (e.g., to a long-term care contract at a specified age (65, for example))
- Option to renew the contract (e.g., for term insurance)

Insureds must be adequately informed about the products they hold and the key actions they may or must take to exercise their rights.

Post-purchase assistance must also ***support a better understanding*** by insureds of ***their obligations***.

For example, in some cases, insureds may be required to report certain events to their insurer within time periods specified in the contract (e.g., a cancer diagnosis within a waiting period (or moratorium period).

When insurers receive such reports, some will offer insureds the following two choices:

- Cancel the coverage with a return of paid premiums
- Maintain the coverage in effect for illnesses other than the diagnosed illness but without any premium adjustment

The insureds must be told what options are available to them and what the related impacts and costs are.

The insureds can then assess, based on the portion of coverage still in effect, whether it is still worthwhile to maintain the insurance without any premium adjustment. This assessment is especially important in cases where cancer coverage is completely withdrawn by the insurer, given that cancer is the illness that makes up the largest number of claims.

With cancer coverage, the critical illness policy may be less attractive to the insured.

SOME FACTS

The most common claims are for cancer diagnoses (including certain early-stage cancers), accounting for 76% of all claims, followed by heart attacks (myocardial infarctions) and strokes.

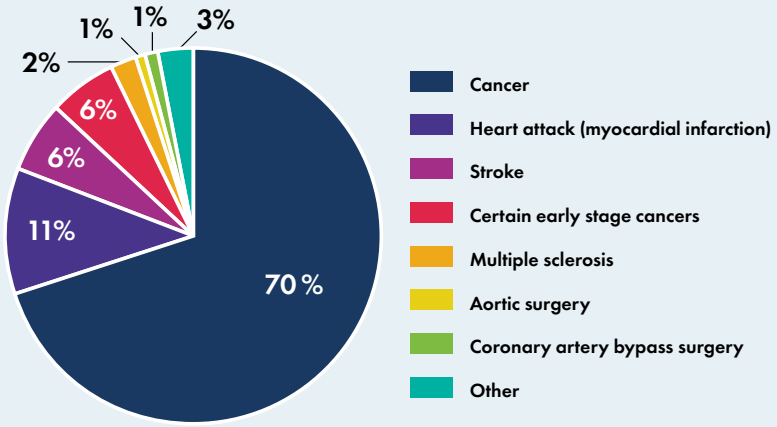


Fig. 4 Main illnesses for which claims are filed

The percentage breakdown of claims denied by insurers closely matches the breakdown for claims filed, with the bulk of such claims likewise being for cancers, heart attacks (myocardial infarctions) and strokes.

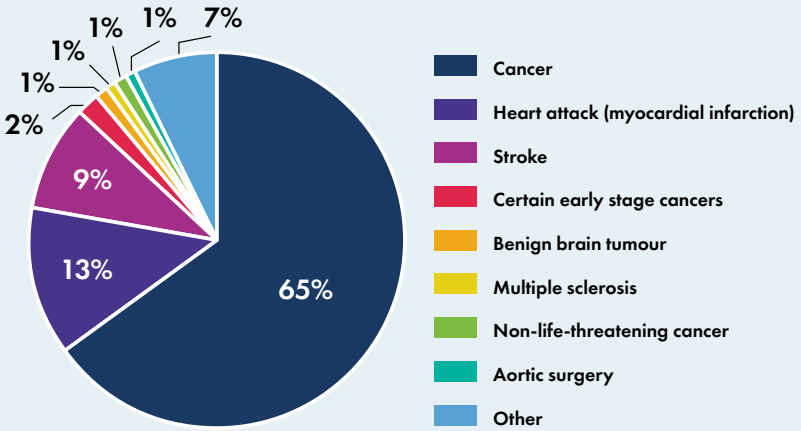


Fig. 5 Main illnesses for which claims are denied

To support a better understanding by insureds of their rights and obligations, insurers should establish means by which ***information may be communicated to consumers after they purchase their insurance.***

For example, information about insureds' rights and obligation could be made available on a secure site. Insurers could also send periodic statements or reminders of options that may be exercised, regardless of the type of plan the insured purchases or enrolls in (i.e., individual or group). Such tools would help insureds stay up to date on their coverage and rights and exercise their rights in a timely manner.

4. BETTER EQUIP THE DISTRIBUTION CHANNELS TO APPROPRIATELY ADVISE THEIR CLIENTS

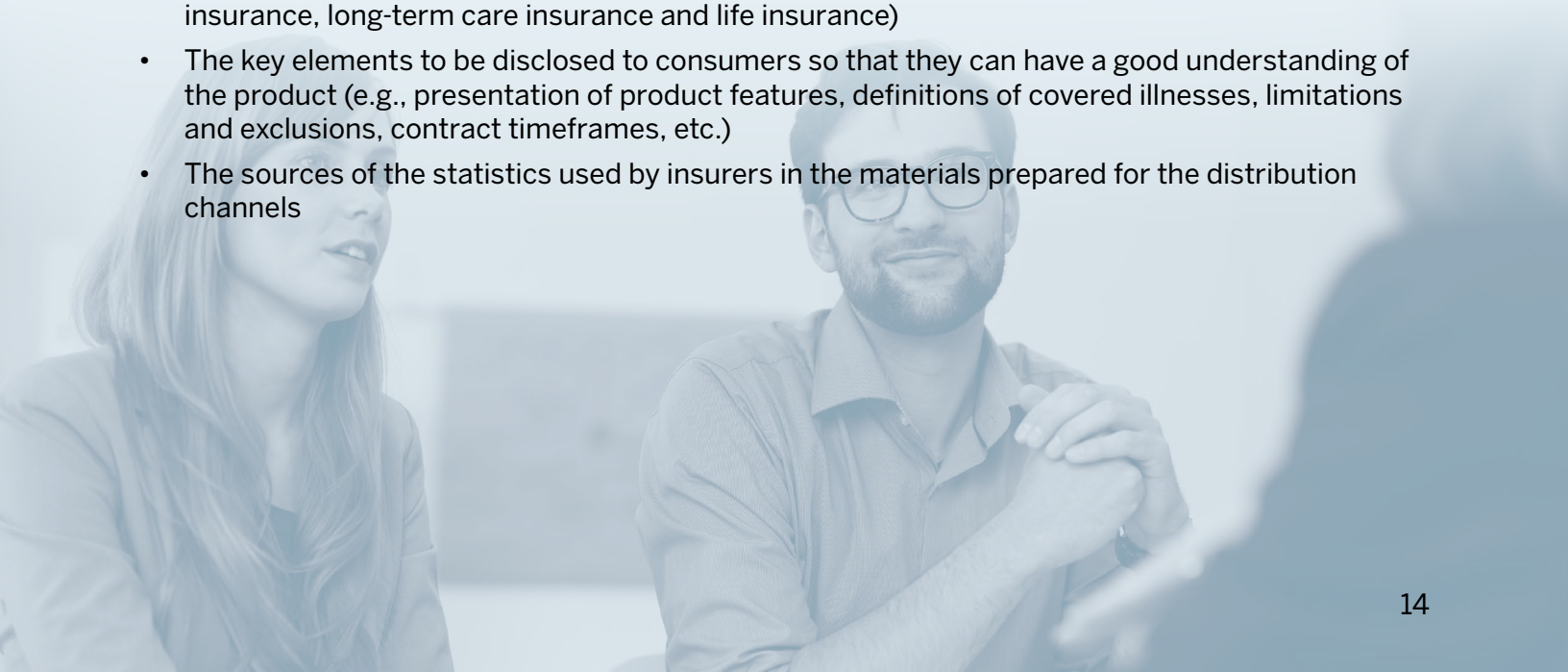
The various distribution channel actors need to be able to provide clear, sufficient and relevant information over the entire lifecycle of the product (at the time of purchase, when a claim or complaint is processed, etc.).

Representatives in individual insurance who are duly certified with the AMF must, in order to meet their obligations, have appropriate knowledge and tools to offer the product. It is therefore essential to ensure that representatives, as well as all other distribution channel actors, are well equipped and trained to assist insureds.

Insurers should improve their ***training programs*** and provide appropriate ***reference tools*** to their distribution channels, so that they can properly carry out their roles and responsibilities to their clients, especially their assistance role and, if applicable, their advisory role.

Such reference tools should include:

- Product features
- The vocabulary used in critical illness insurance, including:
  - Definitions of covered illnesses
  - Limitations and exclusions
  - Timeframes specified in the contracts
- The client group the product is suitable for (target client group) and not suitable for
- A comparison with other types of insurance products to assist consumers in choosing the product best suited to their needs (e.g., comparison between critical illness insurance, disability insurance, long-term care insurance and life insurance)
- The key elements to be disclosed to consumers so that they can have a good understanding of the product (e.g., presentation of product features, definitions of covered illnesses, limitations and exclusions, contract timeframes, etc.)
- The sources of the statistics used by insurers in the materials prepared for the distribution channels



5. FACILITATE THE CLAIMS, COMPLAINT EXAMINATION AND DISPUTE RESOLUTION PROCESSES

The claims process must remain readily accessible to insureds. It should be easy for them to locate the relevant forms on the website, as well as available and secure means of filing a claim or complaint.

Although information about the claims process may be found in the materials given to insureds at the time of purchase (e.g., summary, guide, brochure, etc.) or in reference guides for representatives, an industry best practice observed by the AMF is to provide quick and easy access to the process via the insurer's website.

The claims examination and settlement processes (including the claim form) were not present on some websites visited by the AMF. On sites where they were present, they were often hard to find or the information was not presented in a user friendly format.

When claims are denied, the reasons for denial must be clearly explained to insureds. They must know why they did not meet the contract definition of the illness or why a limitation or an exclusion was applied. Insureds should not be burdened with seeking the treating physician's assistance in understanding the technical terms used in the insurance product or denial letter.

The different steps in the file should also be explained in the letters sent to insureds.

A number of denial and decision uphold letters that were analyzed did not explain the next steps, such as the right to request a review of the decision (or file a complaint). Moreover, based on the results of this work, few insureds use the complaint examination process.

Insurers should therefore ensure that insureds are provided with adequate information and that insureds' claims are handled fairly by:

- Making the claim examination process and claim forms readily accessible on their website, while providing insureds with secure means of submitting the forms (e.g., a secure site)
- Providing sufficient information to insureds, in clear and plain language, on the reason for the decision and personalizing the letters sent to them
- Indicating, where possible (e.g., a progressive illness), the factors that would result in the insureds' claims potentially meeting the definition and encouraging the insureds concerned to file a new claim if their condition deteriorates or new information becomes available
- Clearly illustrating the different steps in the file in communications sent to insureds (e.g., review process in denial letters and dispute resolution process).

Consumer tools and assistance offered by the AMF

To further strengthen its consumer support capabilities, the AMF has completely redesigned its critical illness insurance web page.[14] The new page provides a wealth of information demystifying this product, including things to consider when purchasing critical illness insurance, the features of the various types of products offered, and a host of other tools.

The AMF wishes to remind consumers that, before purchasing a critical illness insurance product, they should always take their time to make sure the product they are purchasing is right for them and that they understand it. Toward that end, they should assess their needs and determine whether they already have insurance with similar and sufficient coverage. Depending on the distribution channel, these steps can be carried out with the help of a representative.

Consumers can also obtain information, report an inappropriate practice or file a complaint by calling the AMF Information Centre or by using the appropriate on-line form.[15]

Appendixes

Appendix A Market shares of the largest critical illness insurers in Québec

Appendix B Glossary

14 https://lautorite.qc.ca/en/general-public/insurance/critical-illness-insurance

15 https://lautorite.qc.ca/en/general-public/assistance-and-complaints

APPENDIX A MARKET SHARES OF THE LARGEST CRITICAL ILLNESS INSURERS IN QUÉBEC

Market share (by average annual premiums for 2016, 2017 and 2018)	**LARGEST INSURERS BY INSURANCE PLAN**	
	Individual Insurance	**Group insurance**
Large ($20 million and more in total premiums written in critical illness insurance)	1. INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. 2. SUN LIFE ASSURANCE COMPANY OF CANADA 3. DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY 4. THE MANUFACTURERS LIFE INSURANCE COMPANY 5. BENEVA INC.[16] 6. COMBINED INSURANCE COMPANY OF AMERICA 7. THE CANADA LIFE ASSURANCE COMPANY[17] 8. BMO LIFE INSURANCE COMPANY	1. DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY 2. THE CANADA LIFE ASSURANCE COMPANY 3. BENEVA INC. 4. NATIONAL BANK LIFE INSURANCE COMPANY 5. SUN LIFE ASSURANCE COMPANY OF CANADA 6. INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. 7. THE MANUFACTURERS LIFE INSURANCE COMPANY
Average (Between $5 million and $20 million in total premiums written in critical illness insurance)	1. THE EMPIRE LIFE INSURANCE COMPANY 2. RBC LIFE INSURANCE COMPANY 3. THE UNION LIFE MUTUAL ASSURANCE COMPANY 4. NATIONAL BANK LIFE INSURANCE COMPANY	1. CANADIAN PREMIER LIFE INSURANCE COMPANY 2. AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA 3. CHUBB LIFE INSURANCE COMPANY OF CANADA 4. BMO LIFE INSURANCE COMPANY
Small ($5 million and less in total premiums written in critical illness insurance)	1. IVARI 2. HUMANIA ASSURANCE INC. 3. ASSUMPTION MUTUAL LIFE INSURANCE COMPANY 4. FORESTERS LIFE INSURANCE COMPANY 5. CO-OPERATORS LIFE INSURANCE COMPANY 6. THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA 7. CHUBB LIFE INSURANCE COMPANY OF CANADA	1. BLUE CROSS LIFE INSURANCE COMPANY OF CANADA 2. ASSUMPTION MUTUAL LIFE INSURANCE COMPANY 3. THE EMPIRE LIFE INSURANCE COMPANY 4. THE UNION LIFE MUTUAL ASSURANCE COMPANY 5. CO-OPERATORS LIFE INSURANCE COMPANY 6. HUMANIA ASSURANCE INC. 7. THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA

16 The request for information was originally sent to LA CAPITALE CIVIL SERVICE INSURER INC. and SSQ, LIFE INSURANCE COMPANY INC.

17 The request for information was originally sent to THE CANADA LIFE ASSURANCE COMPANY, including the subsidiaries THE GREAT-WEST LIFE ASSURANCE COMPANY and LONDON LIFE INSURANCE COMPANY.

APPENDIX B GLOSSARY

This glossary clarifies some of the terms used in this report:[18]

Term	Definition
Benefit	Amount paid out by an insurance company on an approved claim (e.g., amount paid when the insured suffers from a critical illness provided for in the contract).
Certificate of insurance	A document that sets out the key features of the coverage provided under a group insurance plan. It specifies things like the type and amount of coverage, categories of dependents, deductibles and coinsurance, limits and exclusions, and instructions for filing a claim. For the purposes of this report, a certificate is a document held by an individual.
Claim denial rate (denial rate)	Number of claims denied by insurers divided by the number claims filed by insureds. For the purposes of this report, this calculation was based on an average of the three years covered by the AMF's work (from 2016 to 2018).
Decision uphold rate	Number of decisions upheld by insurers divided by the number of requests for review filed by insureds (following denial by the insurer). For the purposes of this report, this calculation was based on an average of the three years covered by the AMF's work (from 2016 to 2018).
Disability insurance	There are two types of disability insurance plan: group and individual. Being disabled means being unable to work or do your usual activities owing to an illness or injury. However, the definition of disability depends on the insurance contract. For more information, refer to the AMF website at: https://lautorite.qc.ca/en/general-public/insurance/group-insurance/disability-insurance

18 Some of the definitions contained in this glossary are similar to or based on definitions presented on the CLHIA website: https://www.clhia.ca/web/CLHIA_LP4W_LND_Webstation.nsf/page/FF801CA8A20C46568525780E00665851!OpenDocument#C

Term	Definition
Distribution channel	Networks, identified by insurers, through which the insurers offer and sell their products. Insurers may choose from among a variety of distribution channels: with the advice of a representative (exclusive or independent network), without the advice of a representative (DWR) and over the Internet. Distribution through a representative Distribution through a representative refers to any offer of insurance where the consumer determines which insurance product best suits his or her needs with the advice of a certified representative. Distribution without a representative Distribution without a representative ("DWR") refers to any offers of insurance (except for those made by a firm over the Internet) where the consumer determines which insurance product suits his or her needs without being advised by a certified representative.
Insurance plan	Group insurance plan: Employers, unions and professional associations frequently offer group insurance as a fringe benefit. Group insurance is insurance offered to all members of a group (e.g., all employees of a company). The following persons may be covered by group insurance: • The member of the group insurance plan • The member's spouse • The member's minor children • Generally, the member's children under 25 who are full-time students For more information, refer to the AMF website at: https://lautorite.qc.ca/en/general-public/insurance/group-insurance/disability-insurance Individual insurance plan: Insurance an insured buys on his or her own from a representative or insurance company. It differs from the group insurance that may be provided through the insured's employer.
Insurance premium	An insurance premium is a sum of money that a person or company must pay on a regular basis to maintain their insurance in effect. For example, if the insured is required to pay $1,000 per year to maintain his or her critical illness insurance, the premium is $1,000 per year. For more information, refer to the AMF website at: https://lautorite.qc.ca/en/general-public/insurance/critical-illness-insurance
Life insurance	Life insurance pays out a sum of money when the insured person dies. This money goes to the person(s) designated as beneficiary(ies) in the insurance contract. For more information, refer to the AMF website at: https://lautorite.qc.ca/en/general-public/insurance/life-insurance

Term	Definition
Limitations and exclusions	Contract clauses that can be invoked by the insurer to exclude or reduce the coverage offered (i.e., not compensate or only partly compensate the insured). Things that are not covered by an insurance policy, such as: • certain medical conditions the insured had before applying for the insurance • high-risk activities such as skydiving An insured can sometimes buy extra insurance to cover excluded risks.
Long-term care insurance	Long-term care insurance provides financial coverage if the insured becomes unable to take care of him or herself owing to an illness or accident, for example. The insurance may pay a regular benefit that can, among other things, be used to pay for long-term stays in specialized care centres or for home care services. Instead of paying a regular benefit, the coverage may reimburse the expenses associated the loss of independent existence, in which case the insured will have to submit invoices. For more information, refer to the AMF website at: https://lautorite.qc.ca/en/general-public/insurance/long-term-care-insurance
Partial benefit	Reduced amount paid out by an insurer on an approved claim (e.g., payment made when the insured suffers from a critical illness provided for in the contract).
Policy	A legal agreement between the insured and an insurer that sets out the terms of coverage. For the purposes of this report, the agreement covers individual, not group, insurance policies.
Pre-existing condition	A medical condition for which the insured experienced symptoms, consulted a medical professional or received treatment before applying for insurance or before his or her coverage took effect. Some types of insurance have pre-existing condition clauses that may limit or exclude benefits if the insured makes a claim relating to that condition
Progressive illness	Illness whose symptoms and effects on the insured usually become progressively worse over time.
Recovery assistance	This option is offered to insureds in certain contracts to assist them through the payment of a monthly recovery benefit (e.g., monthly care benefit).

Term	Definition
Return of premiums	Some insurance contracts may offer to return the premiums paid by the insured when certain situations occur (e.g., the contract ends or the insured dies (when the death occurs during the term of the contract). For more information about premium return options, refer to the AMF website at: https://lautorite.qc.ca/en/general-public/insurance/critical-illness-insurance
Waiting period / Survival period	Number of days an insured must wait before being entitled to receive benefits. The survival period usually begins on the date an illness is diagnosed and ends after a certain number of days specified in the contract (e.g., 30 days).

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