

# ADVISORCONFERENCE REPORT

## Living Benefits Are Small On Sales

Big premium policies not reaching everyone

BY ART MELO

**CI COVERAGE** Cancer survivor Mari-Jane Woodyatt figures that she knows how to cope with that disease – and has proven it. The president of Ontario-based managing general agency WCS Financial Services Inc. also knows how advisors can sell more critical illness insurance.

At the recent Critical Illness (CI) Insurance Conference, she recounted her trauma with breast cancer and the harrowing experience of an employee suffering heart problems. In both cases, CI cushioned the blow – re-enforcing Woodyatt's belief in the product. As such, Woodyatt exhorted advisors to re-examine CI.

She explains that sales of CI insurance have not risen as high as many advisors and insurers apparently expected, partly, she believes, because of what early sales pitches focused on and partly because agents do not take a long term approach

with this living benefit product.

Early sales pitches focused on statistics demonstrating the number of Canadians suffering from various critical illnesses. That may have hit too close too home and alienated potential sales prospects, she said, echoing a point made by other industry veterans.

**People aren't looking to retire on critical illness payouts.**

Some brokers followed that approach with what Woodyatt terms “the bells and whistles” approach, focusing on features such as the return of premiums rider, which lost some of its appeal as it became more expensive and complex in recent years. “The feature has been re-vamped, so it's not quite as attractive,” she explains during an interview after the conference.

Instead, brokers have begun focusing more directly on what the product does for clients. An increase in the use of that approach would mean more sales, she says.

High targets for policy values may also have slowed sales. “Part of the problem is that we were trying to sell too much of the product, which makes it look expensive,” she recalls. CI insurance premiums quoted to prospective clients suffered when compared to premiums quoted for term insurance.

A term insurance policy with a \$500,000 face value might cost a 40-year old male or female non-smoker approximately \$30 dollars per month.

For approximately the same premium amount, a client would receive a \$50,000 CI policy.

She notes, that given the numbers, the premiums would seem high in comparison and that some brokers would have trouble.

**1 IN 3 CANADIANS WILL CONTRACT SOME FORM OF CANCER.**

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**1 IN 4 CANADIANS WILL HAVE SOME FORM OF HEART DISEASE OR STROKE.**

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However, in order to illustrate the affordability of CI, Woodyatt holds up an empty Tim Horton's coffee cup. It's an attempt to use a national icon – and simple pleasure – to demonstrate her point.

“For \$1.18 this small cup of coffee is more expensive than [the average] cost per day for a male or female for \$50,000 of CI coverage,” she argues. “Actually a 40-year old male or female non-smoker (pays) around \$0.95 per day. This is the reason why we're not selling enough critical illness (insurance),” she says.

“People aren't looking to retire on critical illness (payouts),” she insists, arguing that policyholders often want the reassurance of knowing that mortgage payments are covered. While commissions might seem lower in the short

term, the persistency on CI policies is “excellent” over the long-term she says. “You don't have to worry about somebody coming in and trying to replace [the policy] as much as you would with another term policy.”

Woodyatt also believes that the younger generations are underserved when it comes to CI. She adds, however, that this is almost understandable. “I know that putting critical (illness) insurance on your kids is difficult because nobody likes to think of their kids getting sick.” She notes, however, that she paid for policies for her niece and nephew for about \$450 annually, roughly the price of a year of house league hockey registration or a game system.

Woodyatt's list of reasons does not include the sometimes-cited difficulties with claims.

“My two personal experiences have gone very smoothly with no problems and the ones that we've had in the office have gone fairly smoothly also. We're not batting 100 but the the ones that should be paid have been paid.” **AER**