

INSURANCE: pet ...

What's new for 2007-08?

Forever Young offers its annual survey of the latest, and best, advice for boomers and retirees seeking to buy insurance • By Christopher Guly

PET INSURANCE

It's a situation Dr. Mike Smith dreads, but one in which the 40-year-old Ottawa veterinarian often faces when clients are presented with an estimate to treat their seriously ill or injured canine or feline member of the family.

People either pay the bill, which could cost thousands of dollars, or are forced to consider euthanasia to spare the dog or cat suffering without proper treatment.

"For someone trained to look after animals, it's disturbing at times," says Smith, a partner with the 24/7 general practice and emergency Ottawa Veterinary Hospital where he has worked as a veterinarian since 1992.

He suggests that unless someone has the financial resources to cover an unexpected – and expensive – veterinary bill, it's wise to have pet insurance to at least cover accidents and unforeseen illnesses.

"I normally recommend that people don't look for insurance plans that cover things like routine dentistry and vaccinations, because at the end of the day, those are expenses that you can plan for," he explains.

Smith says that most people will likely spend a little more money on insurance coverage than they may actually use filing claims against the policy. But he argues that pet insurance could serve as a "forced



Ottawa veterinarian Dr. Mike Smith treats a lovable cocker spaniel named Monty.

savings plan," in which perhaps \$30 or \$40 a month is spent to ensure that your dog or cat receives proper emergency care and has access to hospitalization, surgery or other veterinary services when required.

"Having insurance is most beneficial when we have identified the problem, know that it's fully fixable, and believe the animal is going to lead a normal life after

Continued on page 8 ➔

Pet insurance from page 6

treatment – without worrying about the cost," he explains.

"If you're confronted with a scenario where the veterinarian tells you the bill is going to be between \$2,000 and \$3,000, and it's a life or death decision for you to make for your pet, you should have insurance."

Smith says that in some cases, insured animals could get "better care" if a veterinarian knows a client has a policy that will cover the costs of, say, an optional lab test that might inflate a bill further for someone without insurance.

And gone are the days when veterinarians could do little else but console clients when further treatment was unavailable to save an injured or ill

animal.

Today, dogs and cats have access to sophisticated medical procedures that rival those available to the human members of their families.

For instance, the veterinary team at Ottawa's Alta Vista Animal Hospital does CT scans, arthroscopy, endoscopy and laparoscopy on animals, and provides specialty services for them in cardiology (including pacemaker implantation), oncology (including chemotherapy) and ophthalmology (including the removal of cataracts and laser surgery to treat glaucoma).

"Sometimes, the only limiting factor to treatment is the cost – and that's

Continued on page 10 ▶▶▶

Cam Am Insurance: go with the pros

A marketing feature

"Every travel insurance policy is a little different, no two are alike," states David Rivelis, Senior Vice President of CanAm Insurance Group. The only surefire way to purchase a reasonably priced travel insurance policy that will provide coverage for pre-existing health conditions is by enlisting the advice of a qualified travel insurance professional.

"Travel insurance is a product that has become more and more complex. The average insurance buyer may actually do themselves a disservice by attempting to interpret travel

insurance policies," said Rivelis.

A professional travel insurance advisor understands how insurance terminology applies to a given situation and will ask a series of questions focused on the individual's medical history to determine eligibility and then find the policy that suits the client best.

When looking into a travel insurance policy, be sure to ask: Does the company have an in house worldwide emergency phone number? Medical emergencies don't always arise during regular business hours, so find out if the centre is available 24 hours a day, seven days a week.

Pet insurance ... Title insurance from page 8

where insurance comes in, so we can give an animal the best possible care," explains Dr. Bernhard Pukay, a veterinarian specializing in dermatology who serves as president and chief executive officer of the veterinary hospital, one of Canada's largest.

Before choosing an insurance package, he recommends checking out company web sites and brochures to compare competitors' policies in terms of price, coverage and any exclusions cited for pre-existing conditions.

Some points to consider are straightforward: premiums rise as the amount of coverage increases.

If you file several claims against the policy, the insurance company could raise your co-payments, or the deductible you pay.

In some situations where clients' premiums have gotten too high, Smith has recommended they cancel the policy.

TITLE INSURANCE

Over the past year, Ontarians were given more protection against real estate fraud as a result of a court decision and new provincial legislation.

In February, the Ontario Court of Appeal overturned a decision it rendered in November 2005 that ruled that a fraudulent mortgage is valid even if a lender is unaware of the fraud.

This year, the court sided with the homeowner – in this case, Torontonian Susan Lawrence, who feared she had lost title to her house after two fraudsters collaborated together to

NOTEWORTHY: The need for title insurance has diminished in Ontario in the past year in the wake of an important judicial ruling and the introduction of anti-fraud laws by the provincial government.

obtain a bogus mortgage against the property.

"The court restored the state of law to the way it was before its 2005 decision," explains Toronto-area real estate lawyer Alan Silverstein.

"If there's a fraudulent transaction, you're not going to lose title to your home simply because you're the innocent owner. The law now says there has to be a second transaction before there's any validity to a deed or a mortgage."

Just two months before the court released its ruling, the Ontario government passed legislation that amended the Land Titles Act to ensure that ownership of a property cannot be lost as a result of the registration of a falsified mortgage, fraudulent sale or a counterfeit power of attorney.

The Consumer Protection and Service Modernization Act also modified the Land Titles Assurance Fund to ensure that in cases of fraud, title is returned and a decision on compensation is made within 90 days.

Continued on page 11 ➔

Title ... Disability ... Critical illness ... from page 10

But while the new law and recent court ruling lessen the impact of title theft, the potential for mortgage fraud still exists, says Silverstein, who serves as in-house counsel for the information-technology company Emergis Inc.

"For seniors who have equity built up in a house, title insurance bears all the costs of getting a fraudulent mortgage or deed off the title that's registered against their property."

He explains that for a one-time fee – usually under \$500, if your home is worth less than \$500,000 – title insurance offers protection against both title theft and mortgage fraud, and is also accepted by lenders in lieu of a site survey.

"Title insurance used to be available only to existing homeowners and the only window of opportunity to acquire it was when you bought a house," says Silverstein, who is certified by the Law Society of Upper Canada as a specialist in real estate law.

"Now, every homeowner can purchase title insurance, regardless of when you made the purchase."

To acquire title insurance, he advises contacting a lawyer and providing counsel with either your current assessment notice or your latest tax bill. The insurance will cover the most recent assessed value of your home and will last for as long as you or your estate owns the property.

DISABILITY INSURANCE

Since this form of insurance is based on employment income, only working seniors may qualify. And even

then, policies have a coverage limit of age 65 – though some companies are beginning to extend that period by a few years, says Ken Browness, a certified financial planner with W.H. Scrivens Financial Services Ltd. in Ottawa.

"Disability insurance is for people probably up to the age of 55. After that, it becomes so expensive and the period of benefits is so short that most people choose not to get it," says David Phipps, a senior financial adviser with Assante Capital Management Ltd. in Ottawa.

Adds Browness: "The more hazardous your occupation, according to the insurance company, the more restrictive the coverage will get."

CRITICAL-ILLNESS INSURANCE

Though it's nice to have if you suddenly become seriously ill, critical-illness insurance premiums can be expensive to purchase and difficult to obtain, explains David Phipps, a certified financial planner.

"Underwriting is rigorous, so a significant portion of applications are declined," he says.

Typically, policies provide coverage of between \$50,000 and \$100,000, and can serve as a very useful safety net.

"For example, if someone is diagnosed with cancer, they may not be covered for the costs of all their medication – which could run into the thousands of dollars a month," explains Phipps.

Continued on page 12 ➔

Critical illness ... Long-term care from page 11

"But if they had a critical-illness policy, they wouldn't have to completely deplete their retirement savings."

With critical-illness insurance, a lump sum is paid out when the policyholder is diagnosed with a critical medical condition to the extent required and survives that condition (such as cancer or heart disease) for 30 days.

"You can use that payout whichever way you wish," says Ken Browness.

"It may be to obtain additional medical treatment or home care not covered, or to renovate your home to make it more accessible. Or, you might use it pay off debts."

Some policies may feature a return-of-premium rider in which the policyholder agrees to pay a higher premium – say, a \$400 rider on a \$1,000 annual premium for a total of \$1,400. If no claims are filed over a period of time (maybe seven years), half of the total premium paid over that term is returned to the insured individual.

However, as with life insurance, the cost of premiums may increase along with the age of the applicant and the number of illnesses covered.

While some policies carry a level premium, they usually cost more to purchase at the front end.

And most critical-illness insurance policies last until the holder reaches either 65 or 75 years of age.

A few last throughout the policyholder's life, until such time as a claim is made, according to Browness.

He explains that critical-illness insurance could prove advantageous

NOTEWORTHY: A LONG-TERM-CARE insurance policy can be paid for during the customer's working years, freeing them from payments during lower-income retirement years.

for a retiree who no longer has access to disability insurance in the workplace.

"It may be that your pension income covers day-to-day expenses, so a critical-illness policy could be used to deal with any health issues that arise."

LONG-TERM-CARE INSURANCE

A complement to critical-illness insurance, long-term-care insurance can last for a fixed period of time (maybe two or five years) or, for a higher premium, be unlimited.

This type of insurance pays out a daily benefit (say \$100 or \$200 a day) to a policyholder who is unable to perform at least two daily personal tasks, such as dressing or bathing oneself. The benefit would then go toward the cost of care provided at home or in a facility.

"It addresses the concerns some seniors have that at some point in the future they are going to find themselves in an assisted-living situation and are afraid they will run out of money to cover the costs of that, which

Continued on page 14 ➡

Life insurance ... from page 12

their children could use that money to pay the resulting \$100,000 tax bill, says David Phipps, who holds a chartered life underwriter (CLU) designation.

However, he explains that while life insurance can serve as a powerful tool to create liquidity in an estate, it's sometimes wrongly touted as a way to reduce tax owing on a Registered Retirement Income Fund upon the annuitant's death.

"The tax is still there, but you can use the life insurance to pay the bill."

Phipps says that when determining the amount covered by a life-insurance policy, retirees should consider how much they want to leave their heirs and calculate the cost of the premiums they will have to pay.

"If your annual income is \$50,000 and you're paying \$20,000 a year in insurance premiums, you will need to consider whether you will have enough to spend on basics, such as groceries," he explains.

Ken Brownness says that life insurance could also be used as a deferred bequest to family members, a trust fund for grandchildren or as a gift to a charitable foundation.

Adds Brownness: "But if someone is not concerned about the after-tax value of their investments, and has enough liquidity in assets, such as bank-account balances and GICs that will allow an estate administrator to pay final expenses, then life insurance may not be that important."

But if life insurance is important, several options are available.

With a permanent policy, you pay a

Life insurance can be used for estate-planning purposes: David Phipps



fixed premium for as long as you live, whereas with a term policy that's renewable every few years, the premiums increase over time – and, the policy itself expires at a specified end date.

Brownness adds that a 55-year-old without life insurance who's still working may wish to consider a limited-pay policy where the premiums end after a set period of time, such as 20 years, when the policyholder reaches the age of 75 and has less expense to worry about.

Then there are those who approach life insurance as an investment that is tax-sheltered as long as the policy is paid out as a death benefit.

But the bottom line with life insurance: get the right amount.

Says Brownness: "You don't want to be over-insured, because you will have many other expenses during your retirement without having to pay a high premium for insurance that may not be necessary."

Visit foreveryoungnews.com for advice on home, extended-medical and vehicle insurance.