

# MONEY MATTERS

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Policies offer payouts for several unusual, deadly scenarios — medically assisted death included

## Life insurance has got you covered

JOEL SCHLESINGER



THE Winnipeg chapter of Dying with Dignity Canada gets a lot of phone calls from people inquiring about medically assisted death. But one they don't get as much as they did just a year or two ago has to do with life insurance.

"Now, most people contact their insurance providers to find out," says Cheri Frazer, co-leader of the Manitoba chapter that advocates for people seeking medically assisted death.

And what they will generally hear is that, yes, their insurance benefit will be paid if they opt for assisted death providing they have a terminal illness.

Frazer says the landscape was a little hazier prior to the federal government passing a law in 2016. Before then she would call an insurer and the response would be circumspect.

"They said, 'We are considering listing the cause of death as the underlying illness,' but nothing was firm yet," she says, adding the death might otherwise be considered a suicide and therefore possibly result in a denial of coverage.

"But after the law was changed, they said, 'Yes, that is our policy. We list the cause of death as the underlying illness.'"

Questions about coverage for medically assisted death are among many Canadians may have regarding their life insurance policies that may deal with rare and unusual circumstances.

"Medically assisted death would come up very rarely because most suicide provisions are for the first two years of life insurance coverage," says Craig Anderson, vice-president and general counsel with the Canadian Life and Health Insurance Association, which represents 98 per cent of all life insurers in Canada.

Generally speaking, after a policy has been in place for two years, it does not matter how you die because the policy is incontestable.

In other words, an insurer cannot deny the benefit. That is unless fraud occurred during the application process (like lying about smoking and

then you die of lung cancer).

Yet life insurance is a complex financial investment, making it a unique area of expertise unto itself. Even those with considerable knowledge on the topic can be stumped by the odd question regarding coverage.

That's why it's always important to ask your insurer about any nagging concerns you might have about your policy's coverage, Anderson says.

But just to serve your own morbid curiosity about mortality (or maybe it's just my own) here are a few off-the-beaten path ways to go that might, surprisingly, still be covered by life insurance.

After 2 years, almost anything goes.

One reason why coverage for medically assisted death isn't a major concern is because even if it was considered a suicide, the benefit would still be paid in most cases.

Most insurers will pay the death benefit if the insured dies by suicide after the policy has been in place for two years.

The big concern prior to the assisted death legislation being in place was whether insurers would pay out if a policy had been in effect less than two years.

And that would be a rare event.

"The people looking at medical assistance in dying are probably going to be ill for some time, so the chances of somebody being healthy enough to be underwritten for life insurance and then fall ill and meet the criteria for assistance in dying all within the first two years is not going to happen very often," Anderson says.

Now that medically assisted death is not a suicide in the eyes of an insurer, if for some reason you did recently buy life insurance and then subsequently are diagnosed with a terminal disease, you would still be covered if you choose medically assisted death within the two-year contestability period, he says.

At least that's the association's take on it.

"It's our position; it's the expectation of our members, and I've never heard anything contrary, so I would expect it would happen," Anderson says. "I'd be very surprised if an insurer took a different position."

Still, Frazer says people should always call their own insurance com-



GINA FERAZZI / LOS ANGELES TIMES

Death by extreme sport or risky behaviour may still result in a payout from life insurance companies.

pany and explicitly ask.

"What did give me pause was the number of companies that wouldn't give me an answer because I didn't have a policy," she says about more recent inquiries regarding coverage.

"So, it is likely a good idea to check with your insurance provider to make sure that it won't be listed as a suicide."

What about death due to stupidity?

Most policies have exclusions of what they won't cover. But dying because of your own stupidity will often still result in a payout.

According to an article published on [karmainsurance.ca](http://karmainsurance.ca) — a website for a Quebec-based insurer — if you're past the two-year contestability period, the benefit will be paid if, for example, you die in a car crash under the influence of drugs or alcohol, or your parachute fails to open while skydiving (which to some is not a dumb activity at all).

Still, never assume dangerous activities are covered. It depends on the policy, says **Michael Aziz**, chief distribution officer with **Canada Protection Plan**, Canada's largest provider of no-medical life insurance.

Consider extreme sports.

"When you're completing a traditional carrier application, they're going to ask you if you (do) any of these types of activities and the frequency, and the underwriting will determine whether these are excluded, or you're charged an additional premium or whether they give you a rating," he says.

"With us, if you're into dangerous sports, you can still get the \$500,000 and we don't exclude those activities as long as you answer those questions honestly."

The [karmainsurance.ca](http://karmainsurance.ca) article states if you regularly engage in extreme sports and don't mention that during the application process, then your benefit may not be paid out should you die, for example, BASE jumping.

But if you decide to bungee jump on a whim while on vacation and the cord snaps, leading to your death, you're likely covered — as long as your policy has been in place for two years.

Then again, don't just assume it is based on what you read in the newspaper.

"When you get into those questions, the answers will really be contract specific," Aziz says.

You don't know unless you ask and even then, he adds "I would get it in writing."

Dumb and downright dumber

One unusual death that will not pay out to a beneficiary is when the beneficiary has murdered the insured.

Sure, we can file that under 'duh!' But there's actually an industry term for it: the 'slayer rule.' Moreover, Aziz says red flags tend to crop up for insurers when people apply for insurance that doesn't seem to fit their lifestyle needs.

"If you're making \$50,000 a year and want \$20 million in life insurance that's going to raise a few questions," he says. "That includes when people buy \$20 million of insurance for their spouse."

Of course, these are oddities in the life insurance world. "They're more just 'hmm... I didn't know that... interesting,'" Aziz says.

Most people should be more concerned about just getting the appropriate coverage, for the right amount of benefit and for the length of time that suits their needs.

Still, like any other major purchase with potentially important implications, go in with your eyes open, he adds: "Read the contract, understand what you're buying and make sure you have a good financial adviser."