

CRITICAL ILLNESS INSURANCE – A NEW NECESSITY

Critical Illness insurance is relatively new to the United States having come over from Europe in the mid-1990's. The product was conceived of by doctors who were pioneers in doing heart transplant surgeries. They recognized that all of their patients came to them already very ill from their failing hearts. The families' finances were devastated because of all the additional medical and non-medical expenses these illnesses had created. Unfortunately, the early heart transplant patients all died, but there typically was life insurance that came into play and provided funds for the families to pay off the bills. As the medical science of heart transplant progressed and patients lived, there were no longer near as many deaths. Patients who live do not collect a life insurance benefit and so the bills remained and had to be dealt with. One of the surgeons realized the need for a new form of insurance that upon initial diagnosis of a life threatening illness, would give the insured enough money, just like life insurance, to pay for these additional expenses. He took the concept to an insurance company and so, Critical Illness Insurance was born.

The payment of a critical illness benefit is triggered by an initial diagnosis of a condition that the policy states it will cover. As such, most critical illness policies provide benefits for Heart Attack, Stroke, Life Threatening Cancer, Major Organ Transplant and End Stage Renal Failure. Each individual can decide how much coverage they want to purchase up to the policy's limit. Most policies have a maximum benefit of \$50,000. The LifeStyle Protector Policy offers coverage of as much as \$250,000 (up to \$100,000, based upon age, if purchased over the web) and also will pay the benefit for Terminal Illness (12 months or less out) and Death regardless of the cause. Payments are made in lump sum following the initial diagnosis.

Other conditions for which LifeStyle Protector pays benefits includes Total Disability, as defined by Social Security, for which 100% of the benefit is paid out over five years (10% each year for five years and then 50% if still disabled), Major Heart Surgery 25%, HIV from a Blood Transfusion 25% and Angioplasty 10%.

Some examples of claims that have been paid are as follows:

Jane Culverson was 45 and had worked for her employer since graduating high school. Several years ago she purchased a \$50,000 LifeStyle Protector policy. Recently, during a routine examination, a lump was discovered on one of her breasts. The biopsy showed the cancer had spread to her lymph nodes. Jane received a check for \$50,000. While much of her medical expenses were covered by health insurance, this money can be used any way it is needed. Jane now has the funds to cover the greater level of Co-Pays and Deductibles she had to deal with. She can also pay for medications that her health insurance might not cover. The biggest cost is that her husband, Dave, a car salesman who is on commission, is taking a great deal of time off from his job to help deal with Jane's illness. The \$50,000 is very helpful in covering Dave's loss of income.

Al Szyrkowitz is 52 years old and is the Director of Manufacturing for his company where he has worked for the past seven years. Recent increases in sales have resulted in the plant adding more production capacity by going from one shift to three shifts. Al has been spending a great deal of time at the plant. One night, after putting in a 12-hour day, Al was driving home when he felt severe chest pains. When he got home, his wife advised that he go to the hospital and an ambulance was called. In the Emergency Room, it was established that Al had suffered a moderate Heart Attack. He remained in the hospital for a week, then stayed home three weeks before returning to work on a part-time basis. Al had purchased a \$100,000 LifeStyle Protector policy just six months earlier and he collected the \$100,000 benefit.

Doris Simpson is 48 years old and had been feeling tired much of the time. She visited her doctor and tests showed that her kidneys were not functioning properly. Initially, her treatment was a combination of medication and diet, but the condition continued to worsen. After a year she was placed on Dialysis and also onto a Kidney Replacement waiting list. She had purchased a LifeStyle Protector policy several years earlier and the \$25,000 benefit was paid to her once her kidney failure was diagnosed as being End Stage.

LifeStyle Protector is a Renewable and Convertible Ten-Year Term Life Insurance policy. The policy can be continued until Age 70 and the premium increases at each ten-year renewal. No medical information is required to renew the policy. If you do not wish the premium to increase, you can reduce the benefit amount at each renewal to control costs. The life insurance benefit is paid in lump sum upon diagnosis of a covered condition and the policy then ends.

You may enroll for LifeStyle Protector in two ways. First, representatives of VBS will visit your staff during our normal operating hours to make presentations. If you sign up that way, the cost of the plan can be deducted from your paycheck. Secondly, you can enroll over the web by going to <http://vbscorp.virtualinsurance.net>. You can click "Residents of All States" to get a presentation that explains the plan. You can also click "Click here to get a Critical Illness Quote..." and you will be transferred to the website where you can then get complete information on the plan. You can download a brochure for your state, get a quote and actually purchase the policy on line with payments made out of your bank account or a credit card.

If you have any questions, phone us at 1-888-PLAN AHEAD.