

Canadians with health issues face difficulty finding affordable life insurance

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TORONTO — Like millions of Canadians, Tim Potter is living with a serious medical condition that has made it difficult, if not impossible, to secure meaningful life insurance.

The Halifax father of seven was diagnosed 26 years ago with Type 1 diabetes.

While his wife quickly obtained insurance coverage a decade ago, the stay-at-home dad was denied coverage. It has left him worried about his wife and young family's welfare when he's no longer around.

"I feel like I would be leaving her and the kids quite empty-handed if anything were to happen to me," he said.

Potter feels stressed because all he's been able to secure is a couple of policies that will pay just enough to cover his funeral expenses.

Securing affordable life insurance is a growing problem as more Canadians are diagnosed with serious ailments.

Half of Canadians will develop cancer at some point in their lives, the Canadian Cancer Society says. The Heart and Stroke foundation points to an increase in the number of people with heart conditions and strokes. And about eight per cent of Canadians have been diagnosed with diabetes, a condition that's growing in frequency amid an aging population.

"It's an epidemic," said Joan King, director of government relations for Diabetes Canada. The number of Canadians with diabetes has doubled since 2000, she noted.

As well as diabetes, people with severe mental illness, HIV, heart conditions and other serious ailments can be left in the lurch. Other red flags for insurers can include travel to certain parts of the world or risky recreational activities.

There's also a trend of people needing insurance for a longer period because they have families later in life or haven't paid off their mortgage yet.

"The issue of pre-existing conditions is a bit of a growing issue because people are needing term insurance longer in their life because of the financial pressures today," said Kevan Penonzek, manager of Insurance Direct Canada in Vancouver.

"They're working later, they're carrying debt longer, mortgage longer so they feel like they need term insurance to cover off that risk. And so it becomes harder when you're 60 to 70, because people then have health issues."

It's a definite problem, says Michael Aziz, co-president of Canada Protection Plan, which seeks to fill the void left by traditional insurers by offering coverage that doesn't require a medical examination.

Aziz said more carriers are adopting its simplified approach that offers certain coverage within days of answering a detailed questionnaire.

"We've seen our premium numbers or policies grow by 40 to 50 per cent for the last five years so that's a good sign and we've seen other carriers starting to look at the non-medical space as well," he said.

But the simplified coverage comes at a price. Premiums can be 50 to 300 per cent higher than traditional term policies and coverage limits are lower.

Insurance companies have become much more liberal about covering people with health issues, said Lorne Marr, director of new business for LSM Insurance, which owns No Medical Exam Life Insurance.

"Years ago if you had diabetes ... you were declined for insurance, but now most, almost all, diabetics can get some form of life insurance," he said.

Marr said the situation changed because insurance companies have more data to evaluate life expectancy while medications and treatments have also improved.

"There used to be only one or two companies offering these type of policies, now there's probably 10 different companies."

No Medical Exam Life Insurance offers two forms of term insurance — Guaranteed Issue for people facing, for example, a serious cancer diagnosis; and Simplified Issue, a less expensive policy used for people with more manageable and less severe conditions.

With new and better treatments come changes from insurers. Canada Protection Plan has followed Manulife and Sun Life, which in 2016 began to offer insurance to some HIV-positive clients.

Traditional carriers require these patients have five years of stability on anti-retroviral therapy, an undetectable viral load and receive treatment by an HIV expert. Manulife precludes those with hepatitis, a history of intravenous drug use or other substance abuse, history of coronary artery disease, diabetes, cancer and AIDS-defining illness.

Canada Protection Plan doesn't have these restrictions and offers \$50,000 of coverage. That's much less than the million-dollar limit by Sun Life and up to \$2 million for Manulife applicants aged 30 to 65.

Still, not everyone benefits from the insurers' more open approach. Intravenous drug users, for example are denied coverage, which can be a problem for some people living with HIV, said Tammy Yates, executive director of community advocacy group Realize.

She argues that insurance companies should shorten the five-year treatment requirement to two years since medical advancements have improved life expectancy.

The history of the illness and the public stigma towards those living with HIV has ensured that very few people even contemplate seeking insurance coverage, said Shaun Proulx, a Realize board member.

In the early days of the illness, there was no chance of even considering insurance, he said.

"But there was a frustrating period after that when people were living longer and having healthier lives and were still being denied insurance as well and it made no sense."

Proulx says the insurance companies aren't doing enough to educate those living with HIV about availability.

"That's an enormous amount of business that they're leaving behind on the table."

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Comments
