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**Buying A Life
Insurance
Policy in Canada
8 Essential Tips**

by Chantal Marr

About the author

Chantal Marr

President of LSM Insurance Services Ltd.

Chantal Marr is a member of the Independent Financial Brokers of Canada. Much of her success stems from her ability to listen to her clients' needs. This keen ability combined with a contagious enthusiasm and knowledge provides her clients with the confidence and trust they seek when making an important decision.

Her philosophy is based on building a reputation for integrity and trust and offering people the highest quality representation along with superb customer service. Her professional yet personal approach allows Chantal to build and maintain solid relationships with all her clients.

LSM Insurance's acumen and success has garnered nationwide attention including articles in the National Post, The Toronto Star, The Toronto Sun, Money Sense Magazine, The Insurance and Investment Journal, The Investment Executive and the Markham Economist. LSM Insurance has also been featured on City TV and Global TV.

On a personal note, Chantal was born in Quebec and raised in Thornhill, Ontario. She completed her Bachelor of Arts at Laval University in Quebec City and Bachelor of Education at the University of Western Ontario. She has a strong passion for helping people and her interests include languages and traveling. She is fluent in both English and French.



8 Essential Tips to Review Before Buying a Life Insurance Policy in Canada

1. Determine your needs.

Life insurance can be used to protect your family in the event of your death, or to pay off a mortgage or business loan. Life insurance can also be used to offset taxes on RRSP's or a cottage. Be sure to work with a qualified insurance broker who has ample training in analyzing his or her clients' insurance needs, to insure the proper type and amount of coverage is selected.

2. Understand the two types of life insurance:

Term insurance where your premiums are fixed for a stated term such as 5, 10 or 20 years. With this type of coverage the initial premium starts off very low but increases as you get older.

Permanent insurance offers you coverage for life and depending on the type of policy, the premiums can also be guaranteed for life and/or can be paid-up after a limited number of years. The options with permanent policies vary greatly, and should be thoroughly explained by an independent insurance broker.

3. Know the company you are buying from.

Verify the financial stability of the company. This information can be gathered by rating services such as AM Best at www.ambest.com. This becomes of increased importance if the policy exceeds \$200,000.00, the maximum death benefit covered by Assuris. Assuris protects Canadian life insurance policy holders against loss of benefits due to financial failure of a member company.

4. Work with a trusted independent broker

who's able to shop the markets for you. An independent broker offers you the advantage of working with many carriers as opposed to a captive agent who's generally limited to a single insurance carrier. Because of this, the selection process with a captive agent can be skewed towards one insurance company. Furthermore, work with an independent broker that is experienced and trusted with in the community. Look for credentials, such as Certified Financial Planner designation, also ask for references or testimonials from existing clients.

5. Review your insurance as circumstances change

Many people buy an insurance policy and then simply tuck it away in the drawer, or the safety deposit. Your insurance needs will often change with life event changes i.e. your insurance needs should be reviewed after you have a child, purchase a home, enter a new business, or any change, which can have an impact on your financial situation.

6. Be careful when replacing an existing policy.

Many permanent policies have surrender charges if they're terminated. You also have to be careful, when comparing policies, that the provisions under your new policy match your existing coverage.

7. Be prepared to answer questions

about your health history or about your family's medical history as well as personal habits, such as smoking or alcohol consumption. It's vital that you answer truthfully to avoid claims being delayed or denied. Check your application thoroughly before submitting it to make sure there are no errors or omissions.

8. Be careful when adding expensive riders

or benefits to your policy. An example of this is adding a disability waiver to your life insurance policy. The disability waiver under most life insurance policies is much more limited than those in individual disability insurance policies, and the cost is usually more prohibitive. You are often better off simply upgrading your disability coverage to satisfy the increased need.