

Protecting your family with insurance



You've worked hard to get here and build a new life. Insurance helps protect what you have from financial loss.

As a newcomer to Canada, you have already taken a number of important steps to start a new life. You may have started a job, moved into a permanent home, purchased a car and enrolled your children in school. Now that you are getting settled, it's time to think about protecting your financial assets. You wouldn't want to risk losing your home or belongings as a result of something like an accident, theft, injury or illness.

In this guide, you will find some information about insurance that you can use to protect yourself and your family from the financial loss that unexpected events can bring.

There are many kinds of insurance, each designed to provide a specific type of financial protection. This can make the topic of insurance overwhelming. To make it easier for you, here is a simple overview of how insurance products work, and how they can help you and your family.

Medical insurance

Canadians enjoy one of the best health-care systems in the world. But our medical insurance doesn't always cover everything, and it might not come into effect as soon as you arrive in Canada. As well, our government health insurance may not cover all costs when you travel outside of your province or outside of the country.

When government health insurance doesn't cover you. If you have applied for provincial government health-plan coverage, but it hasn't started yet, you will need to purchase emergency medical insurance to cover you for a while. You may also want to consider purchasing it if you have a friend or a family member who is visiting Canada.

When you're travelling out of province. Your provincial health-care plan may not cover all of the expenses if you become ill or are injured outside

of the province where you live. So any time you travel outside of your home province, it's a good idea to purchase emergency travel health insurance before you go.

Enhanced travel insurance plans cover the cost of unexpected emergency medical expenses while travelling outside of your home province. It can also provide trip interruption coverage,

in case you need to fly back to Canada early because of a family medical emergency.

Life insurance

How would your family manage financially if you or your spouse were to pass away? Without your income, they might have a hard time paying bills and meeting the everyday costs for food and clothing.

Life insurance helps ensure that your family has the cash needed to maintain their standard of living. If you should pass away, it pays a tax-free amount to the beneficiaries whom you've named in your life insurance policy, usually your spouse or children. Your specific coverage will be detailed for you in a written document.

In Canada, there are two main types of life insurance: term and permanent.

Term life insurance. Term insurance provides you with insurance protection at a low cost for a specific period of time, usually from five to 20 years. If you die during that time period, the policy will pay the death benefit to your beneficiaries. With term insurance, you can choose the term that meets your needs. At the end of the term, if you no longer need the coverage, you simply don't renew. If

you still need the coverage, you may be able to renew for the same amount of time, alter your coverage or switch to a different type of insurance. You might want to be aware, however, that when you renew, your premiums (the amount that you pay for your insurance) might increase.

Term insurance can provide you with coverage until you reach a certain age. Term insurance can usually also be converted to permanent insurance, up to a certain age.

Permanent insurance. With permanent insurance, your protection lasts for life, as long as you continue to pay the premiums. There are two types of permanent insurance:

- › **Whole life insurance** premiums are fixed when you purchase the insurance, and they will not go up.
- › **Universal life insurance** premiums are more flexible. The premium you pay must be enough to cover the amount of the insurance, but you can choose to pay more than the minimum. The excess builds up in a special tax-deferred investment account. Later, you can use these savings to pay your premiums, increase the death benefit or borrow against them.

Insurance — Living benefits

Benefits under a life insurance policy are paid out only if the insured person dies. Other types of policies provide benefits during your lifetime (these are sometimes called “living benefits”) if certain events occur. Here is an overview of the main kinds of insurance in Canada that pay living benefits.

Disability insurance. If you become seriously ill or get injured, you might not be able to work for a number of weeks or even months. Without your income, your family might face financial difficulties.

Disability insurance can pay a monthly sum meant to replace a portion of the income you're losing because you

can't work. It's designed to assist you financially until you get better and can return to a job.

The amount of the benefit is often based on your income before you become disabled. Generally, it will replace from 50% to 75% of your regular working income.

If you are working full time, you may already have disability insurance through a plan with your employer or through government programs. However, it may not be enough to protect you fully:

- › Workers' compensation covers only workplace disabilities, injuries that occur at work and job-related illnesses.

- › Employer group disability plans may offer only limited coverage, and not all employers offer it.

Critical illness insurance. Thanks to improvements in medical treatment and early diagnosis, many people who are diagnosed with a serious illness are likely to recover and go on to enjoy a long life. Critical illness insurance, once it's put in place, can play a key financial role for people who are recovering from cancer, heart attack, stroke and other serious medical conditions.

Not all illnesses are covered. Your policy will identify which specific conditions are covered. If you are diagnosed with one of the conditions covered, your critical illness insurance can pay a

lump-sum benefit. You must survive the diagnosis for a predetermined period of time for the benefit to be paid.

Unlike disability benefits, critical illness benefits are paid even if you recover and are able to return to work. You can use the money any way that you wish — to pay off the mortgage, to provide child care or nursing care or to travel to another country for specialized medical treatment.

Long-term care insurance. This kind of insurance can provide a daily benefit if you lose the ability to care for yourself and need care at home or in a long-term care facility.

This benefit is paid regardless of the actual cost of the care. When purchasing coverage, you may be able to determine the benefit amount, keeping in mind that the more coverage you choose, the more the premiums will cost.

Long-term care coverage may enable you to stay in your home longer (by covering the costs of in-home care) or help to avoid selling off assets to cover the cost of a long-term care facility. It can also help children or grandchildren take care of their parents and grandparents as they age.

Protecting your property

Insurance can cover more than just you and your family members. It can also cover property and other assets you may have. Two of your largest financial investments that you'll need to protect are your home and your car.

Home insurance. When you moved to Canada, you probably brought some valuable items with you. Since then, you've probably bought a lot of things, too — furniture, electronics and so on.

Home insurance helps protect you against the financial loss of these valuables, as well as your home itself, in case of fire, theft or vandalism. It also protects you from the financial costs of legal action if a visitor to your home is injured while on your property or if your actions cause harm to another person or property anywhere in the world.

If you own your home and have a mortgage, the mortgage company will require you to have home insurance to protect its investment in your property. If you rent, you should still buy home insurance to protect against the financial loss of your belongings.

When you purchase home insurance, be sure to mention any special items or valuables you have in your home, such as jewellery, computers or musical instruments. Be as specific as you can to ensure that your valuables have adequate coverage.

There are two other types of insurance related to your home that you might want to consider:

Creditor insurance. Sold through bank branches, this form of insurance is designed to help protect you and your family. It can pay the outstanding insured balance of your mortgage if you should pass away, or will help make your regular payments if you can't work because of a serious illness or disability.

Title insurance. This type of insurance protects you against problems that might prevent you from having free and clear ownership, or title, of your property.

Auto insurance. If you own or lease an automobile, you must have automobile insurance. It's the law in all Canadian provinces. Automobile insurance coverage not only protects you against financial loss if your car is stolen, catches fire or is damaged in an accident, it also protects you from the financial cost of legal action if your car is in an accident that injures another person or damages someone else's property.

Many insurers offer a "multi-vehicle discount" if you insure more than one car on the same policy, as well as discounts if you have both your auto and your home insurance with them.

Who can help you assess your insurance needs?

Any licensed insurance advisor can provide you with specific insurance advice and help you purchase the insurance policies you need to help protect your future.

Your insurance options at a glance

Insurance product	How it works	Features/benefits to you
Home insurance	Pays for full or partial replacement of your home and its contents in case of fire, vandalism and other risks that may be covered. Also covers the costs if you are found liable for causing property damage or injuring another person anywhere in the world.	Helps protect your home and belongings from financial losses and helps protect you against liability claims that may arise if you are held responsible for damage to other property or other people.
Automobile insurance	Pays for automobile replacement or repairs in the event of an accident, fire, theft or vandalism, and covers the costs if you are found liable for causing property damage or injuring another person in an automobile accident.	Helps protect you from the financial loss in the event your vehicle is damaged, and protects you against liability claims that may arise from damage to property or other people as the result of an automobile accident.
Travel insurance	It covers eligible emergency medical expenses for Canadians travelling outside of their province of residence or country. Can also cover travel-related costs, such as trip interruption and baggage loss.	<p>Upfront payment on covered expenses wherever possible.</p> <p>24/7 toll-free help line with access to health-care professionals and emergency assistance no matter where you are.</p> <p>Multilingual co-ordinators who understand your coverage and can refer you to the medical care facility you need.</p>
Life insurance	Pays a tax-free, lump-sum amount to your beneficiaries upon your death.	Can help your beneficiaries pay off debts and maintain their standard of living in the event of your death.
Disability insurance	Pays a benefit that replaces part of your lost income if you're unable to work because of illness or injury.	Payments can help you to maintain your standard of living when you are disabled and unable to work.
Critical illness insurance	Pays a lump-sum benefit on the first diagnosis of a serious medical condition (e.g. cancer, heart attack) covered by your policy.	Gives you financial flexibility to cover additional costs associated with an illness, or to pursue lifestyle goals during or after recovery.
Long-term care insurance	Provides benefits if you require care in your home or in a private or government facility.	Helps to protect your assets, savings and lifestyle and helps to maintain the financial independence you've earned.
Creditor insurance (available through bank branches)	Covers the financial responsibilities for a mortgage, loan or line of credit if the insured dies or becomes disabled.	Helps cover your debt obligations so they aren't a burden to your family or your estate.

Important insurance terms

Here is an explanation of some important terms you may encounter when considering your insurance options:

Licensed insurance advisor. The person who is authorized to represent either an insured or an insurer when dealing with insurance matters.

Beneficiary. The person or organization who is entitled to receive the benefits of an insurance policy.

Coverage. The amount of protection provided by an insurance policy.

Deductible. A specified dollar amount that a person pays before an insurance company pays a claim for loss or damage.

Disability. An illness or injury that prevents a person from being able to work.

Insurer. The company that issues contracts of insurance.

Long-term care insurance. Pays for personal care and some medical care for someone who is unable to carry out the activities of daily living. May be provided either in a person's home or in a long-term health-care facility.

Permanent insurance. Life insurance that provides coverage throughout a person's lifetime, provided premiums are paid.

Policy. A legal document confirming the insurance coverage and its terms and conditions.

Policyholder or policy owner. The person who owns the insurance policy.

Premium. The amount that a person pays for the insurance.

Term insurance. Life insurance that stays in force only for a specified period of time.

Universal life insurance. Permanent life insurance that also has a tax-deferred investment component.

Whole life insurance. Permanent life insurance with a premium that is fixed for the life of the policy.

For more information about insurance, visit your local RBC Insurance branch today, or contact an RBC Insurance Advisor.



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