

# Protecta Grouped CI

An important benefit for one's financial health

In order to provide a better understanding of the benefits of grouped critical illness insurance, here are answers to some frequently asked questions.

**Q: What is critical illness coverage?**

**A:** With Protecta critical illness coverage, if the insured is diagnosed with one of the critical illnesses covered by the policy, such as heart attack, cancer, stroke, or coronary artery bypass surgery, and survives a period of usually 30 days, they will receive a lump sum payment.

They are free to use this benefit as needed – to pay the mortgage, reduce debt, provide childcare. It is their choice.

**Q: Is “grouped” critical illness coverage the same as group insurance?**

**A:** No, it is not a group insurance plan. A *group insurance plan* has a group of employees covered under a single contract.

A *grouped plan* is where the employer puts in place an arrangement whereby individuals are covered under individual CI contracts as part of a common plan involving two or more employees.

**Q: How does it work?**

**A:** Each contract is issued on an individual basis. There must be two or more insurable employees participating. The employer, who is also the owner of the policy, pays the premiums. The employee is the insured and the benefit recipient.

In the event the employee contracts one of the illnesses covered under the plan, the benefit is paid tax-free directly to the employee or their named beneficiary. Once a full benefit is paid, the critical illness contract for that employee is over, however this does not affect the contracts of other employees.

**Q: What's the advantage – for the employer?**

**A:** For the employer, it allows them to offer a valuable benefit to existing employees in appreciation of work well done, and a way to attract new employees. The benefit helps relieve their employee of the immediate financial stress of a critical illness and allows them to concentrate on a speedy recovery.

The employer puts the arrangement in place. The company is the policyholder (or owner) and the employee is the benefit recipient. The employer pays the premiums, which are then tax-deductible – a big advantage to the employer.

**Q: What's the advantage – for the employee?**

**A:** For the employee, the benefit received, should a claim be paid, is non-taxable to them and can be used at their discretion. They are free to use the lump sum benefit as needed – to pay the mortgage, reduce debt, provide homecare or childcare. The benefit is there for when it is needed most.

**Q: What happens to the policy if the insured employee leaves the company?**

**A:** If the employee should change employer, they can assume the policy themselves. The employee would now pay the premiums, but at the same cost the employer paid – there would be no increase.

**Q: Are the employer-paid premiums a taxable benefit to the employee?**

**A:** No, except for residents of Quebec, where this is a taxable benefit for provincial tax purposes only.

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