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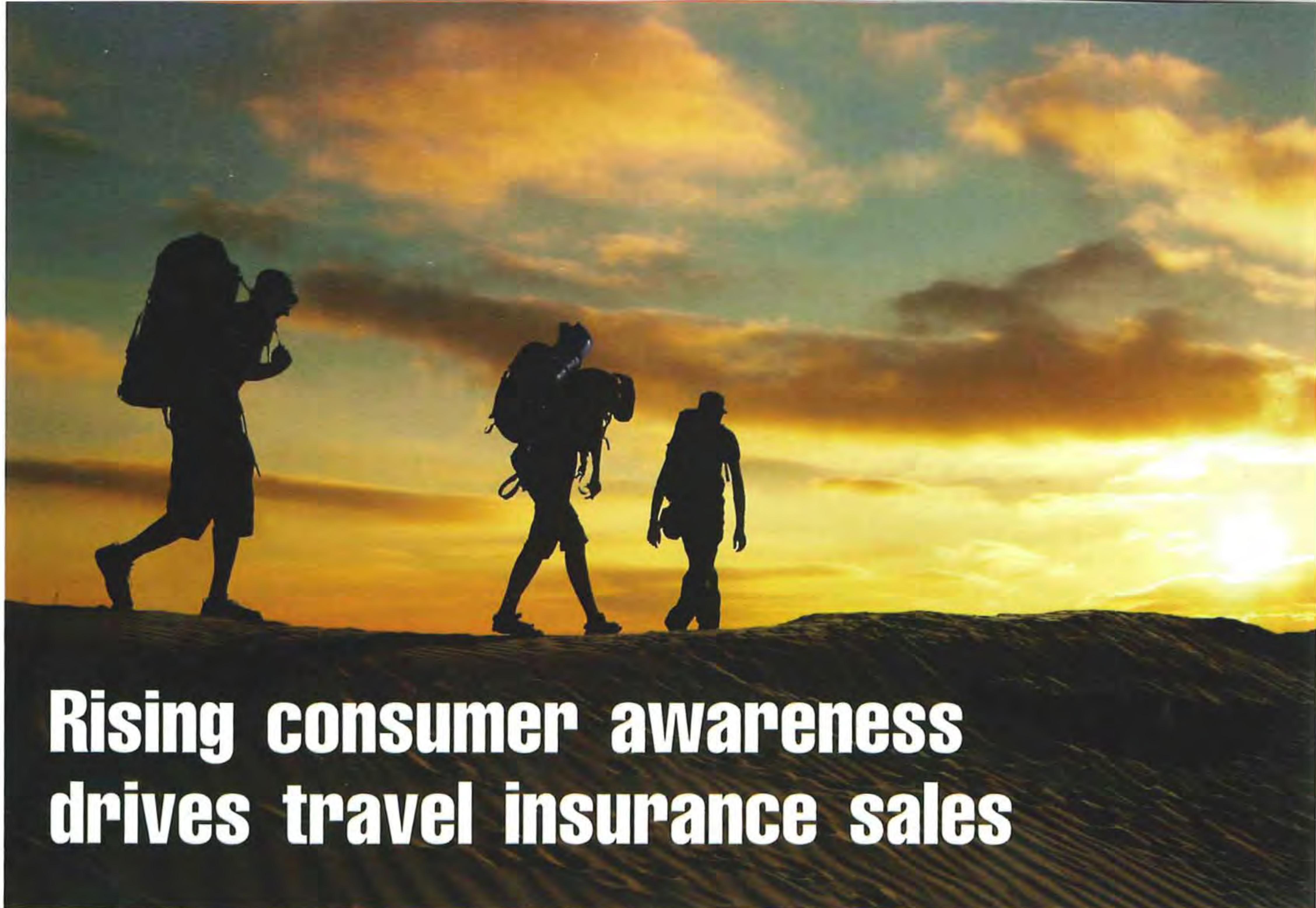
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Rising consumer awareness drives travel insurance sales

Travel insurance sales are on the upswing, and insurers credit this to the growing awareness among consumers of the financial consequences of leaving home without it.

Robin Ingle, President of **Ingle International**, a Toronto-based managing general agency, has seen travel insurance sales double in the past two years. "There's an increase in public awareness of the health-care bills you can run up outside the country," he says.

Consumers also realize that travel insurance means having access to a group of people with the resources to help them out en route or at their travel destination, says **Martha Turnbull**, Toronto-based President of the *Travel Health Insurance Association of Canada*.

Another reason for higher sales is an increase in the number of financial advisors who are making sure their clients' travel is insured. For example, **Securiglobe**, a Montreal-based MGA, has seen its advisor/broker channel jump to almost 1,800, up from 1,200 a year ago.

Patrick Lavoie, Marketing Vice President at **Securiglobe**, which works with 14 travel insurance carriers, attributes the jump in his firm's advisor/broker

channel to the company's ability to shop the market for individual client needs.

"Advisors are finding travel insurance is a great portal for serving clients," Ms. Turnbull says.

"It's part of the risk management advisors do on behalf of clients," says **Terry Zavitz**, Chair of *Advocis*, the Financial Advisors Association of Canada, and owner of **Zavitz Insurance Inc.**, a brokerage in London, Ont. "Medical care outside Canada can take a huge bite out of a client's savings."

Builds relationship

Discussing travel needs builds the client relationship, Mr. Ingle adds. "Premiums are inexpensive and many financial professionals see this as a small part of their business. But it's a nice add-on product that earns trust and cements client relationships."

But pro-active advisors may still need to raise the issue of insuring clients' travel now that the summer holiday season is approaching. "Our surveys show

that about 65% of Canadian travellers – up from 60% two years ago – buy travel insurance," says **Heather Craig-Peddie**, Director of Operations with the *Association of Canadian Travel Agencies* in Mississauga, Ont.

"We assume the others are covered through their credit cards or employee benefits, but we really don't know. And some may not realize there can be a ceiling to how much credit cards or employers cover. With a travel insurance policy, you know exactly what you're getting."

A common limitation to insurance included with credit cards is length of stay outside Canada. Clients may not realize they won't be covered if they're away longer than a specified period. And group benefits may not cover the type of treatment they may need, or only part of it.

Furthermore, many group plans expect the insured party to pay the health-care provider and then seek reimbursement. This could require taking out a loan. Most travel insurers, on the other hand, deal directly with the health-care provider on behalf of the client.

"The last thing your client needs is to worry about is how he'll pay for medical care when he's trying to get better," says

Tom Bzowey, Vice President, travel, at **RBC Insurance** in Toronto.

If any of these limitations could affect your client, you will need to talk about purchasing additional coverage.

Coverage differs

It's also important for an advisor to know what kind of coverage the client is buying, Ms. Zavitz adds. Stability periods for pre-existing medical conditions differ from insurer to insurer. "And some insurers may not cover certain travel activities such as scuba diving," she says.

In general, travel insurance covers three areas: trip cancellation, baggage and medical.

• **Trip cancellation** or interruption insurance protects your client's travel investment if a trip has to be cancelled or interrupted, notes Mr. Bzowey. "This can be \$20,000 or even \$100,000 for luxury cruises."

TIC Travel Insurance Coordinators, a subsidiary of **Co-operators Life Insurance** with about 2,200 broker/advisor accounts, has seen an upswing in business with advisors of snowbird clients. TIC has seen considerable interest in trip interruption and cancellation

coverage for trips that cost more than \$12,500. "Safaris and expensive cruises are popular with the 50-plus group," says **Marion Leavitt**, TIC's Product Manager in Toronto.

Mr. Ingle notes that insurers won't reimburse those who travel in the face of travel alerts. "If there's a bad weather warning, or warnings of other dangers such as war or unrest at a destination, and your client travels in spite of this, the insurer won't pay if he has to return home.

"And if the client has a close relative in the hospital with a critical illness but still goes ahead and travels, he won't be covered if he has to return home if that relative dies," he adds.

• **Baggage coverage** protects against the cost of lost, damaged or stolen luggage. "But there's usually a maximum the insurer will pay," Mr. Ingle says, "often between \$250 and \$350 an item, as well as a deductible. This won't do a client much good if a video camera worth \$1,500 is damaged. We usually recommend taking out an 'away from home' rider on home insurance."

• **Medical travel insurance** pays health-care costs outside Canada or the home province. This is crucial because a hospital stay in the U.S., for example, can cost \$10,000 a day, and the provinces will only pay a fraction of this. "A week's stay can set your client back \$60,000 or

more," Mr. Ingle says.

In the event of illness or injury on a trip, the client will call the insurer's 1-800 number and be directed to the appropriate health-care facility in the area. "The insured party shouldn't seek medical help on his own," Mr. Bzowey says, "because not all health facilities in other countries are up to Canadian standards and there may be a language barrier."

Advisors will also need to consider the needs of older clients, many of whom have the time and the discretionary income to travel. Some insurers offer plans with more relaxed terms for pre-existing medical conditions. TIC's *Take Flight* plan covers travellers age 50 and over with heart problems if there's been no change in their conditions for the past 365 days; some other conditions only require stability for six months, and high blood pressure requires 30 days' stability. "It's rare to find someone with no medical conditions in the 50-plus group," says TIC Product Manager **Jane-Sladjana Sekulic**.

CARP Travel Insurance, available to members of CARP, the advocacy group for Canadians age 45 and over, eliminated its age ceiling last year. And individuals who don't qualify for the standard application, such as those currently undergoing chemotherapy, may be able to get coverage by answering a de-



Robin Ingle

tailed questionnaire, says **David Rivelis**, Senior Vice President of **CanAm Insurance** in Windsor, Ont., which administers CARP Travel Insurance. "The premium may cost more, but they'll be able to travel."

Should the unthinkable happen, and your client or his travel companion dies outside of Canada, most travel insurance will include "repatriation of remains," and a call to the 1-800 number will ensure that all arrangements will be made.

Travel within Canada

In addition, insuring travel within Canada should not be overlooked. A 2008 RBC/*Ipsos* Reid survey showed that 55% of

Canadians do not purchase travel insurance for trips within Canada in the belief that their provincial health plans will cover them. Only core medical expenses are covered by the home province, which would mean paying for land or air evacuation to return the patient home, X-rays, specialists' fees, and the return home of a travel companion or children.

"A recent air ambulance flight transporting an RBC Insurance client from New Brunswick to Toronto cost \$15,000," Mr. Bzowey notes.

Once advisors have pinpointed their clients' travel needs, they'll find no shortage of insurers to buy products from. But this will mean determining exactly what different firms will cover and what they won't.

To deal with this complexity, Mr. Lavoie of Securiglobe says advisors working with his company provide their clients with Securiglobe's phone number, and its call centre staff then takes that traveller in hand.

"Terms and exclusions mean different things with different insurers, and an advisor may not be familiar with them all," Mr. Lavoie says. "Some insurers, for example, consider a change in medication from a brand name to a generic drug has affected the stability of a patient's condition."

Rosemary McCracken

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