

Does Life Insurance cover COVID-19? Frequently Asked Questions

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The spread of COVID-19 has posed an unprecedented global threat. In addition to its evolving health implications, there is growing speculation about the impact of the virus on Life Insurance and other related coverages such as Critical Illness insurance or Disability Insurance. Here is some information on the implications of COVID-19.

KEY POINTS:

- In-force Life insurance policies **will** cover claims arising from COVID-19 related deaths
- Currently there are no exclusions related to COVID-19 deaths but there may be policy exclusions built-in to future policies.
- We are seeing a slow emergence of new Eligibility questions and other supplementary medical questions surrounding COVID-19 exposure.
- Critical Illness policies: if a 'Covered Condition' is *triggered* by COVID-19 policies are most likely to cover claims once the survival period is met.
- Disability insurance will pay out for COVID-19 related illnesses after the waiting period.
- Today's situation has brought forth more relaxed medical requirements to allow for higher limits and faster processing times without face-to-face appointments.

What is COVID-19?

The Novel Coronavirus (n-COV) is a new strain of Coronavirus that was identified in 2019 (COVID-19) and has not been previously identified in humans. Symptoms for COVID-19 have included fever, cough, difficulty breathing, and pneumonia in the lungs, with severe pneumonia cases leading to fatalities. Generally, COVID-19 causes severe symptoms in people with weakened immune systems or chronic health conditions like diabetes, cancer, hypertension, and lung disease. On March 11, 2020, the World Health Organization declared the global outbreak of COVID-19 as a pandemic.

Does COVID-19 affect my existing life insurance policy?

Life Insurance is a contract between an insured individual and an insurance company. If you already have an existing life insurance policy, then the short answer is 'you will be covered for any claims associated with COVID-19.'

In other words, if you were to pass away due to COVID-19 or a Coronavirus-related ailment, your beneficiary will be able to make a claim. The claim would be treated in the same manner as any other cause of death. The policy provisions apply to all claims, so for instance the cause of death was suicide within the first two years, this would not be covered under any policy.

"If you have an existing life insurance policy, your coverage is not impacted by COVID-19."

I have a Deferred insurance policy. Can a claim be paid out during the waiting period?

If you currently have a deferred life insurance policy, then any claims within the deferral period related to any conditions including COVID-19 will have to wait out the pre-specified deferral period.

Will COVID-19 be covered under a new life insurance policy if I apply now?

At this point, life insurance carriers are reviewing their current policy wordings. Although most companies in Canada have not made any changes to the policy wording, we are seeing extra vetting during the application process for 'underwritten plans,' including employer and occupation, travel details, new Eligibility questions, and questionnaires related to COVID-19 exposure.

'Simplified Issue/No-Medical plans are easier to obtain and do not require underwriting. They do not ask the same questions as 'underwritten plans' and are easier to obtain.'

If you have been recently diagnosed with Coronavirus or are currently awaiting diagnosis or treatment of the same, insurance companies will likely postpone the approval until after such treatment or diagnosis is complete.

Does my travel history to a Coronavirus affected region affect my life insurance application?

As part of the 'underwritten' life insurance applications, you will be asked questions about past & future travel plans. If you have travelled to a region that has seen a wide outbreak of COVID-19, particularly in the last 1-3 months, then you can expect the insurance company to ask you additional questions. Similarly, any imminent plans to travel to any of COVID-19 affected regions likewise invites additional questions about such travel plans. In some situations, where travel may indicate elevated risks to COVID-19 insurance carriers may choose to 'postpone' the decision to provide coverage until a later date.

Simplified Issue/No-Medical plans do not ask travel questions, at this time.

Will a COVID-19 claim be paid out under CRITICAL ILLNESS Insurance policy?

A Critical Illness policy is a contract whereby an insurance company agrees to pay out a one-time lump sum amount to the insured, upon the diagnosis of a 'specified covered condition' upon the completion of a survival period; usually 30 days.

COVID-19 is not in itself a 'covered condition' as defined in Critical Illness policies currently sold.

Therefore Critical Illness policies will not payout, purely, on a positive COVID-19 diagnosis. However, if a claim is presented for a different 'covered condition' i.e. heart, stroke, kidney dialysis that is directly attributed to having COVID-19, then it will be generally viewed as a 'covered condition' and insurance companies will consider such claims for approval.

Am I covered for COVID-19 under my DISABILITY INSURANCE policy?

Disability Insurance products are designed to pay a monthly benefit to replace a loss of earnings. If you are unable to work due to illness or injury you will receive remuneration until you return to work or the duration of the time period selected has ended. Should you test positive for COVID-19 the insurance company will make a payment after the waiting has been completed retroactive to the first day. Some companies may even waive the waiting period in the case of a positive diagnosis.

COVID-19 has been declared by the WHO to be a pandemic. Are there any exclusions on life insurance policies associated with pandemics that insurance providers may introduce in the future?

Most life insurance policies currently do not have a disease-related exclusion. The standard exclusions pertain to suicide/self-inflicted harm or criminal activity. Currently, there are no exclusions on coronavirus-related deaths.

*Insurance carriers continue to monitor the outbreak and reserve the right to make changes for future policy wording. **Underwritten** products are now incorporating additional vetting, new Eligibility questions and new questionnaires related to exposure.*

Why Buy Life Insurance?

COVID-19 is a reminder that life events can emerge quite quickly and it is prudent to secure coverage ahead of time.

- Mortgage, Estate Taxes, Funeral Costs, Replace Income for a spouse/family

Can I apply for life insurance coverage without having to meet an advisor or undergo a medical test?

As Canadians we are all asked to continue practicing social distancing to prevent the spread of COVID-19 to your loved ones and community.

I have partnered with some of Canada's leading insurance companies to arrange for life insurance coverage up to \$1 million, without requiring a medical exam. I also have access to several Simplified Issue/No-Medical products so that coverage can be obtained quickly and easily without requiring a face-to-face appointment or additional medical requirements.

The insurance industry is constantly evolving and if you are considering insurance, **the time to buy is now** before more restrictions come into play! As a broker, I will continue to stay current so that you as a consumer have the right information when making this important decision.

Shelley Bertram Fallis, Life Insurance Agent/Broker

Toll free: 1-866-657-3882, Email: insure_me@bertraminsurance.ca