

Critical Illness Insurance in Action

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Prepared for:

How Critical Illness Insurance Works

In evaluating a critical illness insurance policy, you need answers to these questions:

What Is Covered?

Critical illness insurance pays benefits upon the diagnosis of specified illnesses. A basic policy should cover at least heart attack, stroke and life-threatening cancer. A more comprehensive policy should also include other serious conditions, such as renal failure, multiple sclerosis, coronary artery disease, advanced Alzheimer's Disease and major organ transplant.

What Is the Benefit Amount?

The benefit amount is selected at the time the policy is purchased and, generally speaking, can range from \$10,000 to \$100,000 or more. The benefit amount is paid in a lump sum upon diagnosis of a critical illness covered by the policy. Since the premium paid increases as the benefit amount increases, it is important to evaluate your other sources of funds available in the event of a serious illness in order to more accurately determine the critical illness insurance benefit amount that is right for you.

When Is the Benefit Paid?

The critical illness insurance benefit is paid to you in a lump sum upon diagnosis of a critical illness covered by the policy. Some critical illness insurance policies pay a partial benefit, such as 25% of the maximum benefit, on the occurrence of certain specified treatments, such as coronary angioplasty or coronary artery bypass surgery. The policy usually terminates upon payment of 100% of the benefit.

Does the Policy Have an Elimination or Qualification Period?

Some policies require that for benefits to be payable, the policy must be in effect for a stated period of time, such as 90 days, before diagnosis of a covered critical illness is made.