Insurance Advisor Advocates New Theory:

"A modern disability insurance portfolio is one that is diversified over several different types of policies to mitigate risks to personal health and function. This foundation ought to precede an aggressive retirement portfolio.

Bruce Gilboord RHU is an expert in disability insurance and investments. He is a Registered Health Underwriter and Senior Adviser with SunLife of Canada for twenty-three years. Gilboord regularly lectures to accountants in a special seminar series he created. Until recently he held a seat on the Canada Pension Plan Review Tribunal where he read medical files, adjudicated at hearings and wrote legal decisions.

There is a more modern and effective insurance strategy than maintaining one large life insurance policy, a house and an RRSP or company pension and believing you're self and or your family is "protected."

My theory precedes wealth accumulation. It concerns "risk mitigation". Therefore it ought to be seen as a defensive strategy against:

1. unexpected sickness or accidents,
2. increasing personal longevity and
3. low guaranteed or market investment growth rates,
4. high inflation,
5. receding of OHIP (provincial universal health care plan),
6. constantly growing government debt and
7. consequent higher taxes.

In today's society a "modern disability insurance program" should not be compared to our "father's life insurance policy". In fact, not only adults but children ought to be given a head start on this type of program as well.

Potentially, there are severe consequences to ignoring this new perspective. Ignorance on the part of the consumer or his accounting, legal, medical or insurance advisers could be physically and/or financially devastating. Most often and truly sad, is that both physical and financial hardship usually visit us together.

The "modern" aspect of my theory refers to how people today are no longer dieing as the previous generation did. Then a life insurance policy made plenty of sense. Today, we generally survive yesterday's fatal illnesses such as heart attacks, stroke and cancer. However, people are claiming disability in ways that were unimaginable for the previous generation. Claims for Fibromyalgia or hip replacements are huge and costly.

Bruce Gilboord RHU, Retirement Income & Health Insurance Specialist

Simultaneously, medical diagnosis, both for "cure" and "care" techniques are increasing in quality and quantity at a constantly faster rate. So much, that wise consumers emphasize the newest insurance products and carefully discount the old standards like "our fathers' life insurance" policies.

Another example of changing trends and claims is "medical tourism." This is when people fly to a far off land for better, faster or cheaper treatment. About twenty nations are in competition for a larger slice of the "medical tourism" industry pie.

New insurance products fit well with our understanding of new illnesses and new medical techniques.

Although financing medical care through insurance has been part of our Canadian heritage for a few generations; generally our traditional government programs are not keeping up with the current and future costs e.g. waiting times.

My theory is certainly relevant to individuals. It is also relevant to employers, unions and governments in this descending order. That is to say, you should take care of your self primarily, because relying on the others is likely to be disappointing due to huge government debt and increased competitive, global, anti-union business environments.

Some people think they are so strong, so they tell me they will "pull the plug" if faced with a prolonged or disabling illness. But when faced with a decision to choose death or disability, we tend to opt for a prolonged and incapacitated life. The option of enduring a debilitating disability over death is enshrined in legislation and usually preferred by individuals. Very few people actually opt for euthanasia.

While disability insurance is a defensive strategy wealth accumulation is an offensive strategy. People starting their careers; energetic, courageous and optimistic, salt of the earth types usually focus their attention on the offensive strategy. Unfortunately, and all too often they learn the wise value of good defensive planning, the hard way.

Common sense tells us that risk and reward are generally linked to one another. However in this context the precise cost of insurance is absolutely linked to the precise risk.

If the insurance cost is not expensive than the risk of a claim is not likely. Not surprisingly if a particular insurance policy, appears expensive it is because the risk of making a successful claim is likely.

The basic core of the theory is an essential recommendation.

Most people ought to acquire a large array of smaller, different, disability insurance policies. Such as those policies that pay out cash in the event of a claim for:

A. Inability to function and the need for a lot of "care" as in "Long Term Care".
B. A Critical Illness, i.e. cancer, stroke or heart attack.
C. A disability in that, one can't perform their own or perhaps also any occupation.
D. A life long prescription for medication for an enduring condition. I.e. Lipitor to lower the risk of high cholesterol.
E. Dental, etc., misc. paramedical services and supplies i.e. massage therapy insurance

(Of course Death….Life Insurance is necessary, but not on this list)

A widely diversified and thinly spread modern disability insurance portfolio permits one to own a more aggressive retirement income portfolio. I like to say:

"Diversify your disability portfolio to "agressify" your retirement portfolio."

Storing cash for retirement in "a safe place" like a Guaranteed Investment Certificate (G.I.C.) has *a place* for some people. But it doesn't *replace* the need for a properly constructed and maintained modern disability insurance portfolio particularly in terms of taxation and rates of return.

As a very loose benchmark, one ought to devote 7% of their gross income to retirement savings (offensive) and 3 % to insurance planning (defensive). For example, a young adult at the wonderful age of twenty and earning $20,000 per anum might fit this simple idea just as at the more mature person at age forty and earning $70,000 would also. Of course, people as individuals need individual attention.

We live in the present, look to the future and learn lessons from the past. "Financial planning" is a fashionable term for wealth accumulation but it also has a spouse whose name is "risk mitigation".

You, your family, employees, colleagues and fellow citizens are simply not protected unless you utilize both concepts.

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My theory occupies the centre of financial planning. We ought to discuss how "financial planning" and "risk mitigation" might work best for you and your plans.

Usually my initial "planning" meetings are pleasant and set the pace, so that together we can compose an individualized plan that fits your budget, is easily understood and makes sense. My associates or I would appreciate meeting you and reviewing your plans. Please call me today at 416-709-2902

Please feel free to forward this article in it's entirety to your friends and associates.

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