Advances in medicine mean people today live longer lives, even if they suffer from critical illnesses. Naturally, living longer with a critical illness means paying more treatment-related costs—a possibility that has many Americans concerned. In a recent Sun Life Financial study, 47 percent of participants age 40 to 50 said finances would be their top worry if faced with a critical illness, far more than the 29 percent who named dying as their primary fear.¹

What is critical illness insurance?

As a benefits decision-maker, you understand the importance of critical illness coverage. And while most workers are well-versed about the need for major medical, home and vehicle insurance, many don’t know that critical illness coverage exists. Critical illness insurance is a way for employees to help themselves stay ahead of the medical and out-of-pocket expenses that can accompany certain medical events. For example, many lump-sum critical illness policies pay benefits when an individual experiences a covered event such as:

- A heart attack
- A stroke
Why consider critical illness insurance?

Critical illness coverage helps provide protection from the financial liability of certain catastrophic health events. Receiving a lump-sum benefits payment helps policyholders worry less about how to pay illness-related expenses and concentrate more on recovery.

With new statistics and projections about the likelihood of suffering from a critical illness, there has never been a better time to offer supplemental voluntary insurance at the work site. As employers evaluate, choose and communicate their benefits offerings to employees, it is important they convey the potential financial impact of being diagnosed with a critical illness.

The 2016 Aflac WorkForces Report survey revealed that health care costs have a long-lasting effect on American workers’ creditworthiness. Participating employees said medical costs are affecting their credit scores, keeping them from paying other bills and thwarting their efforts to save for retirement or a rainy day. The survey revealed that 65 percent of American workers have less than $1,000 on hand to pay out-of-pocket medical bills.

A real-life experience

I applied for the Aflac specified health event insurance policy through my employer specifically because heart disease runs in my husband’s family. Even though we are in our early 30s, I thought it certainly couldn’t hurt, and the premium per month is totally affordable for us. Who knew that a couple of short years later, my husband would suffer a heart attack at 35 years old.

I quickly contacted my Aflac insurance agent, who guided me through the claims process and provided constant support. Medical bills have only just begun arriving, and my husband will be out of work for at least three months, so we had to worry about paying our rent, car payment, car insurance and just putting food on our table.

After submitting the claim, we quickly received a substantial benefit check direct deposited into our checking account. We are now able to breathe a little easier, knowing that we have that extra money to help us pay our expenses and help cover the medical bills we have been receiving.

I am so thankful that I applied for this policy and would recommend it to absolutely everyone.

Sarah Connors, New York
Testimonial valid through 8/4/17
expenses associated with an unexpected serious illness or accident. What's more, 56 percent would have to borrow from a 401(k) and/or use a credit card to cover out-of-pocket expenses if they or a family member experienced an unexpected serious illness or accident.\(^2\)

The Aflac report’s findings are echoed by those of the Kaiser Family Foundation, which found that one-quarter (26 percent) of U.S. adults ages 18-64 say they or someone in their household had problems paying or an inability to pay medical bills in the past 12 months. The study also found that among all people with household medical bill problems, more than 62 percent say the person who incurred the bills was covered by health insurance.\(^3\)

**How can critical illness insurance benefit employers?**

In addition to playing havoc with employees’ finances, the high price tag of critical illness affects companies’ bottom lines. The financial distress suffered by workers can lead to absenteeism, on-the-job distraction and a general sense of anxiety that is difficult to leave at the door.

When working with a broker or insurance adviser to strengthen their organizations’ benefits offerings, human resources experts should ask for information about how critical illness insurance fits into the picture. In general, critical illness policies work side by side with major medical plans by offering cash benefits that can be used to pay deductibles, copayments and other out-of-pocket medical costs. Because cash benefits can be used as policyholders see fit, they can also be used to pay household expenses, including the rent or mortgage, utilities, credit card debt and any other bill threatening their financial security.

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**Sources**

