



## TIPS on T.I.P.S. - October 2023

### Selling short-term policies to longer-term Visitors? That may be a bad idea.

We often see short-term, back-to-back policies being sold to budget-conscious visitors to Canada who intend to be in Canada longer-term. Instead of issuing a one-year or two-year policy on a Monthly Payment Plan, policies are issued for 30 days at a time. Here are some of the complications we see when policies are sold in this manner:

1. **The insured may be subject to a [waiting period](#).** If there is a delay in issuing the next policy that results in a gap in coverage between two policies—even one hour—then there will be a waiting period on the next policy. Depending on their original arrival date in Canada and age, their waiting period could be as long as 15 days.
2. **The insured may develop a medical condition that would be considered a new or a changed condition on subsequent policies.** The pre-existing exclusion period applies each time a new policy is issued. If an insured seeks treatment for a condition on one short-term policy, that condition could be excluded from coverage on subsequent policies.
3. **The insured may develop a medical condition that makes them ineligible for coverage.** Eligibility must be confirmed each time a new policy is issued, and if the client develops an illness (such as congestive heart failure or metastatic cancer), they will not be eligible for future policies.
4. **The insured may develop a medical condition that makes them ineligible for the Enhanced Plan.** If they are no longer eligible for Enhanced, they would need to downgrade to Standard, and they would lose coverage for any stable pre-existing conditions.
5. **They will not have access to the [90 Day Provision](#).** Short term policies (90 days or less) are not in force long enough for the 90 Day Provision to be relevant. The insured will have no access to the benefit that allows for Reinstatement of Coverage after an ‘end of emergency’ is declared, provided that the condition in question is stable in the 90 days prior to the second emergency event.
6. **They may be subject to multiple deductibles.** On the Basic Plan, deductibles apply per claim, so this does not matter. But on the Standard and Enhanced plans, any deductible (other than the Disappearing Deductible) applies per person, per policy. If multiple, short-term policies are issued, the client may end up paying multiple deductibles. On a Monthly Pay policy, a deductible would only be paid once during a year-long term.

Example	Two 30-day, Enhanced Plan policies issued during the first 60 days of a long-term visit. Policy 2 is issued 2 hours after policy 1 expires.	One 365-day Monthly Pay policy is issued with continuous coverage (no gap)
Event	After a week of feeling unwell (during the final days of policy 1) an insured seeks treatment for severe stomach pain on day two of policy 2. The physician determines it is appendicitis and the insured undergoes emergency surgery to have their appendix removed. They never had issues with their appendix prior to the start of policy 1.	After a week of feeling unwell, an insured seeks treatment on day 32 of the visit for severe stomach pain. The physician determines it is appendicitis and the insured undergoes emergency surgery to have their appendix removed. They never had issues with their appendix prior to the start of the policy.
Outcome	The claim will be denied since there is a waiting period due to the gap in coverage. There is also a new pre-existing exclusion period on policy 2. Symptoms manifested during this exclusion period, so this is an unstable pre-existing condition on policy 2.	The claim will be an eligible expense under the policy.

Always encourage your clients to insure the full duration of a visitor's stay in Canada to avoid these potential problems. Any of these complications could result in a claim being denied, and expenses would be at the client's own cost. Even if the visit will be less than a year, the one-year Monthly Pay Plan can be a better option, and claims paid do not impact your client's ability to get a refund of any fully-unused months if they return to their country of origin any time in months three through twelve.