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Hundred's, maybe thousands, of practising  
Canadian Lawyers tricked signing contracts  
that...

**... 'may be amended at any  
time by agreement  
between the Insurer and  
the association (sic)  
without the consent of, or  
notice to, any Owner,  
assignee, or Insured Person  
or beneficiary...'**



"At Amiko Benefits Inc, we are your  
financial advocates." - Naashad  
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## Ontario Lawyers Must Read This Before Purchasing Life Insurance

### Description

I was recently asked to review the Canadian Bar Insurance Association (and Ontario Bar Association / OBA) term life insurance plan that it offers to its members. Below is a copy of the memo I wrote about the plan. It isn't comprehensive and doesn't compare all of the facets of the plan but it does highlight some of the most egregious faults.

**As a lawyer with a fiduciary duty would you ever let a client sign a contract with the following conditions?**

### **Highlights of Term Life Insurance Plan Provided by the Canadian Bar Insurance Association (CBIA) to members of the Ontario Bar**

1. Despite being a contract for an association ***the actual master contract isn't available readily online, isn't provided to people who enter into it and isn't sent to owners of the policy when requested.*** Rather they receive a 'Certificate of Insurance' and may, upon request, "make the Master Policy available for inspection by an Owner at a reasonably accessible place".<sup>[i]</sup>
2. The ***premiums may be changed by either the association or the insurance company without consulting the policy 'owners'*** on 31 days notice.<sup>[ii]</sup>
3. The rates that the association or insurer may choose to increase to for current owners are independent of the rates they charge new policy owners in the same age/sex/health categories. So effectively, should circumstances dictate or they choose, ***they can continue providing new lawyers who are healthy with good rates and penalize lawyers who have had their policy for a number of years for the health status of their entire cohort.***<sup>[iii]</sup>
4. ***The contract, 'may be amended at any time by agreement between the Insurer and CBIA without the consent of, or notice to, any Owner, assignee, or Insured Person or beneficiary ...'***<sup>[iv]</sup>
5. Where most individually owned & fully life insurance policies allow the insured to convert all or a portion of the insurance to permanent policies offered by the issuing company at the time without providing any medical, financial or lifestyle evidence these policies limit conversion options so ***those below 45 may not convert, those 45 to 64 may only convert to one type of policy and those over 64 are restricted to 2 types of policies,*** whereas those who buy their own policies

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can usually purchase any permanent policies their insurance company offers at any time & even switch term policies in the first five years.<sup>[v]</sup>

6. Additionally not only are the options for someone who becomes harder to insure significantly reduced ***the maximum amount that can be converted is \$500,000 – a restriction that would only appear on the most odious individual life insurance contracts.*** Most companies let you convert up to the full amount.<sup>[vi]</sup>

The Canadian Bar Insurance Association Term 80 Life Insurance Plan offered by the Canadian Bar Insurance Association has a number of drawbacks and not necessarily best in class options. This document doesn't address the pros and cons of these policies comprehensively, rather **this document only highlights the most egregious clauses any of which, alone, would lead me to advise a client to consider alternative options.**

Should you have any further questions pertaining to various benefits, financial planning, retirement, tax and/or estate ideas for those in the legal field please feel free to contact me.

Naoshad Pochkhanawala

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## CITATIONS

Citations are from the Term 80 Life Insurance Plan based on Certificates as provided by THE MANUFACTURERS LIFE INSURANCE COMPANY & THE CANADIAN BAR INSURANCE ASSOCIATION (CBIA) last updated in November 2018.

### **[i] 5.01 Certificate Of Insurance**

This Certificate Of Insurance consists of:

- a) this document;
- b) the Details Of Insurance;
- c) a copy of the Owner and Insured Person's application; and
- d) any endorsements issued before or after the Effective Date Of Insurance.

If there is any conflict between the terms and conditions of this Certificate Of Insurance and the Master Policy, the terms and conditions of the Master Policy will apply, unless otherwise provided by law.

Unless otherwise required by law, CBIA will, on request, make the Master Policy available for inspection by an Owner at a reasonably accessible place. On request and to the extent required by law, the Insurer will furnish to a claimant or Insured Person a copy of the application for insurance and any written document provided to the Insurer as Evidence Of Insurability.

### **[ii] 3.06 Premium Rate Adjustments**

If premium rates are adjusted, CBIA will notify Owners at least 31 days before the new premium rates become effective.

The Insurer and CBIA may determine that premium rates for newly issued Certificates Of Insurance will differ from premium rates for renewed Certificates Of Insurance.

Insured Persons may apply for rates applicable to newly issued Certificates Of Insurance prior to Age

65 by providing Evidence Of Insurability to the Insurer.

[\[iii\]](#) Seen note ii above

#### [\[iv\]](#) **5.06 Amendments To Master Policy**

Except as regards premiums, which are dealt with in Section 3.06 (Premium Rate Adjustments), the Master Policy may be amended at any time by agreement between the Insurer and CBIA without the consent of, or notice to, any Owner, assignee, or Insured Person or beneficiary, except that if any such amendment adversely affects the terms and conditions applicable to an Owner's coverage, then the Insurer will provide endorsements or amending documents to CBIA for delivery to the Owner. No amendments to the Master Policy that adversely affect the insurance will be applied retroactively.

#### [\[v\]](#) **Voluntary Conversion Options 6.03**

An Owner may select a Voluntary Conversion Option as set out below, subject to the approval of all irrevocable beneficiaries, collateral assignees and hypothecary creditors.

There are 2 Voluntary Conversion Options:

- 1) An Owner of a Certificate Of Insurance for an Insured Person who is Age 45 to 64 may, irrespective of the Insured Person's health, surrender the whole or a part of the Certificate Of Insurance in consideration of the Insurer issuing an individual non-participating ordinary life policy for the Insured Person for an amount equal to the Amount Of Insurance surrendered; and
- 2) An Owner of a Certificate Of Insurance for an Insured Person who is Age 56 may, irrespective of the Insured Person's health, surrender the whole or a part of the Certificate Of Insurance in consideration of the Insurer issuing a Term-To-Age 100 certificate endorsement for the Insured Person for an amount equal to the Amount Of Insurance surrendered. The Term-To-Age 100 certificate endorsement will provide for level premiums to Age 100, at which time the Term-To-Age 100 coverage is paid-up. The maximum amount that may be converted under all Voluntary Conversion Options is the lesser of:
  - a) The Amount Of Insurance; and
  - b) \$500,000.

Any restrictions in the existing coverage will apply to the new coverage.

[\[vi\]](#) See note V above

#### **CATEGORY**

1. Estate Planning
2. Financial Planning
3. Life Insurance
4. Wealth Creation & Economic Confidence

#### **POST TAG**

1. lawyers

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