

Critical Illness Insurance Needs Analysis (post-issue)



Contract underwritten by Desjardins Insurance on: _____
MM/DD/YYYY

This form is used to re-evaluate the needs of the policyowner and the insured covered by a critical illness jointly-owned (split dollar) contract, when the Health Benefit (Return of premium) is claimed before the end of the originally established coverage period required for the corporation*.

Name of policyowner 1: _____ Age of the insured when the contract was issued: _____
Name of policyowner 2: _____ Years elapsed since the contract was issued: _____
Name of insured: _____ Corporation's coverage originally
scheduled to age/for a duration of: _____ years
The insured is a: Shareholder Key employee
EHP contract number: _____ Total disbursements paid by the
corporation since the contract was issued: \$ _____
Current age of the insured: _____

The tax consequences set out in the following three situations are based on technical interpretations issued by the Canada Revenue Agency up until January 15, 2018. However, these technical interpretations do not bind the Department of Finance or the Canada Revenue Agency. Desjardins Insurance does not guarantee the tax outcomes of the three situations described and cannot be held responsible in the event the tax authorities disagree with these comments. The information is provided to offer guidance to representatives when dealing with clients. Clients should consult their own legal and tax advisors.

The **insured** wants to take advantage of the Health Benefit before the end of the corporation's original coverage under the jointly-owned insurance contract. In such a case, one of the following three situations applies (check the appropriate box):

- The insured ceases to be involved with the corporation in any way:
 - In this case, there is no longer a need for insurance. The corporation would not normally be impoverished to the benefit of the shareholder or the key employee in this situation. There are therefore no tax consequences.
- The insured remains an active part of the corporation, but substantially decreases their activities and/or ceases to play a key role in the corporation's activities. Their responsibilities are transferred to another person.
Specify: _____
 - In this case, if there is no longer a need for the insurance, the corporation would not normally be impoverished to the benefit of the shareholder or the key employee. There are therefore no tax consequences.
 - On the other hand, if the need for insurance remains, there is a strong likelihood that the corporation would become impoverished, resulting in tax consequences (see the evaluation formula below). Whether a need for insurance exists depends on the facts of the case.
- The insured remains active in the corporation and continues to play the same role as before:
 - In this case, the need for insurance remains. There is a strong likelihood that the corporation will become impoverished to the benefit of the shareholder or the key employee, and therefore there will be tax consequences. The corporation will have paid a higher portion of the disbursement than it normally would have had to assume (see the evaluation formula below).



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Evaluation formula (if applicable)

The following formula can be used to calculate the portion of the disbursement paid by the corporation to the shareholder's or the key employee's benefit.

Total disbursements actually paid by the corporation: \$ _____

Less total revised disbursements¹ the corporation **should have paid:** - \$ _____

Portion of the disbursements paid by the corporation to the shareholder's or the key employee's benefit: = \$ _____

¹ The corporation's revised disbursement is the one that would have been established when a term critical illness contract was issued (T10, T20, T65 or T75) with ROPD, corresponding to the number of years that have elapsed since the contract was issued.

Signatures

To the best of our knowledge, the above information is true and complete.

In witness whereof, we have signed at _____ on _____
MM/DD/YYYY

Name of policyowner 1 (please print)

Signature of policyowner 1

Name of policyowner 2 (please print)

Signature of policyowner 2

Name of insured (please print)

Signature of insured

Name of representative (please print)

Signature of representative

* This re-evaluation is also recommended when a decrease in the amount of insurance is requested. The latter results in a partial payment of the Health Benefit.

