

# MANTHORPE LAW OFFICES\*

## LAWYERS

REPLY TO: Rosalyn D. Manthorpe

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### **My lawyer is not an insurance salesperson – what can she tell me about insurance?**

You are right; I do not sell insurance. However, my experience in estate planning, business law, and real estate financing had revealed to me many interesting and creative uses for insurance.

It is first of all necessary to remember that insurance is about more than just “replacing my car after an accident”, “rebuilding my house after a fire”, or “providing money for my family after I have died”. Obviously those types of insurance are important, but the industry has expanded in the last decade and is now about more than just traditional insurance coverage.

Consider the following:

1. **Critical Illness** and **Disability Insurance** in case you develop one of the “biggies” in terms of health disasters and need money for treatment, renovation of your home to accommodate a disability, or income to replace your employment income while you are sick or disabled. If this is not of concern to you, can you think of a family member who has such responsibilities?
2. Insurance to fund the requirement to provide **maintenance to minor children of a previous marriage**. Could your new spouse afford or be willing to continue to make those payments?
3. Insurance to fund a trust with provisions to support a **minor or special need child** or grandchild. Alternatively, an annuity for them may be established, providing for management of their funds.
4. Insurance sufficient to cover the value of the **mortgage on your home** or other debts. This can often be arranged through the lender, but usually a better rate and more flexibility come from arranging an independent policy.
5. Insurance to provide funds to be **donated to a charity** in your name, rather than looking to your estate to cover that obligation or being concerned that the estate may not be sufficient to provide for charitable donations after necessary payments to your dependents.

6. Life insurance and critical illness insurance on the life of your **business partner**, to provide the funds to pay out their share of the value of the business without compromising the business or requiring that it be sold. Along the same lines, life insurance might be taken out with the specific purpose of funding **income tax liabilities** arising from the deemed disposition of your investments upon your death.
7. There are income tax and creditor laws which may give investments made through insurance companies (for example, terms deposits and “segregated funds”) special tax, liability, estate planning, and creditor-proofing advantages.

Bottom Line: Given the many types of insurance products and the competition in the market, insurance products are generally a cost effective investment and should be seriously reviewed with your financial planner or qualified insurance advisor.

Manthorpe Law Offices has built a strong reputation as a reliable, client-oriented firm. We pride ourselves on our ability to respond to our clients’ needs in a straightforward and timely manner, for reasonable fees. We produce Wills and other documents for our clients which are clear and easily understood. We use plain language not “legalese”.

Please call **Rosalyn Manthorpe** to discuss your estate planning needs.

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