

# Consumer Checklist for Acquiring Disability Insurance

The purchase of a disability plan can be a very confusing subject, not only for the consumer, but also for many insurance brokers who don't specialize in this field. Given the risk of suffering a disability is very high ("41.8% of men and 49% of women will be disabled for at least 90 days prior to age 65, with the average length being 3.1 years"\*), it's important to obtain the best plan possible. To this end, we hope the following questions will assist you in your purchasing decision.

\*Globe and Mail, Tuesday March 16, 1999

**Elimination Period:** Also called a waiting period, this is the period of time when, from the date of disability, no benefits are payable by the insurance company. The longer the period, the lower the cost of the plan.

	CFMS	Other Proposal
What is the elimination period on the proposed plan?	90 Days	
Over what period of time can the elimination period be accumulated?	You can accumulate over any period as long as there is no gap longer than one year.	
Can the elimination period be satisfied with days of BOTH total and partial disability?	Yes	
Can the elimination period be satisfied with days of partial disability only?	Yes. A partial day is considered a whole day in order to satisfy the elimination period.	

**Total disability:** If you are unable to work and have a total loss of income, you may qualify for total disability benefits. Generally, total disability is calculated as a loss of income of 80% or greater. In addition however, the definition of total disability may determine whether you qualify to receive benefits.

	CFMS	Other Proposal
What is the definition of total disability?		
-unable to do any occupation?	N/A	
-unable to do your occupation for "x" time, then any occupation thereafter?	N/A	
-unable to do your regular occupation?	Standard	
-unable to do your "own" occupation?	Available as an option.	
Are benefits payable to age 65 in your occupation?	Yes. Standard under the CFMS.	

**Residual and partial disability:** If you are not totally disabled, you may still qualify for partial or residual disability benefits. Partial is a flat benefit amount (generally 50%) that is payable without documentation of the actual income loss (you need to be under the care of a physician and have a loss of time and/or duties to qualify). Residual requires proof of income loss, but pays a percentage of your lost earnings. Both are important to have in your plan.

	<b>CFMS</b>	<b>Other Proposal</b>
Can partial disability benefits be paid without first receiving total disability benefits?	Yes	
Can partial disability benefits be paid without ever being totally disabled?	Yes	
Are partial disability benefits payable until age 65?	Yes. 50% for 24 months, then 25% thereafter.	
Are residual disability benefits payable under the plan?	Yes	
Are residual benefits payable until age 65?	Yes	
Are residual benefits payable without first receiving total disability benefits?	Yes. There is no requirement to receive total disability benefits prior to partial.	

**Prior Earnings:** This figure will determine what your income loss has been in the event of a residual disability. A better plan will allow you to choose the period that is most advantageous to you, as the higher you can establish this income period to be, the greater your residual benefit.

	<b>CFMS</b>	<b>Other Proposal</b>
What is the prior earnings period used in the event of disability?	Average of 6 consecutive months from the prior 24.	
	Last fiscal year end prior to onset of disability.	
	Highest average monthly earnings from any 2 successive years during the last 3.	
Is the prior earnings period used just immediately prior to total disability?	No. What you have previously qualified for is what gets paid. Earnings are not reviewed.	
-if yes, how would a slow progressive disability impact the claim, as earnings would be very low just prior to total disability?	N/A	
What is the maximum benefit available without medical evidence?	\$15,000 (dependant on original amount applied for)	
Is your pre-disability income indexed to ensure you aren't removed from claim prematurely in the event of a partial or residual claim?	Yes. Using the CPI with a maximum of 10% and minimum of 2%.	

**Medical tests and the application:** In order to purchase disability insurance, most plans require that you provide medical evidence. This may be in the form of blood and urine tests (and possibly genetic testing in the future), EKG, stress test, and/or an MD exam. In addition, full disclosure of your past medical history may also be required. Failure to provide complete and accurate details may result in a claim denial, or a policy rescission.

	<b>CFMS</b>	<b>Other Proposal</b>
Are any medical tests (blood or urine) required with the application?	No	
To increase the plan, are any medical tests required in the future?	No	
Is full medical history disclosure required on the application?	No	
If tests or disclosure is required, what is the ramification if any negative test results or information?		
-possible decline	N/A	
-possible exclusion (s)	N/A	
-possible extra premium or rating	N/A	

**Options:** A basic professional plan containing the total, partial and residual provisions is only the start of a solid protection plan. Long term protection, particularly for those under 50, requires the addition of other provisions. These may include (but are not limited to) cost of living, future income (also called guaranteed insurability), and “own occupation”. Cost of living will index your benefit after a disability has occurred to insure your benefit retains the same purchasing power and inflation doesn’t erode this. Future income will allow you to obtain additional disability coverage without providing evidence of good health as your income rises and your protection needs increase. Own occupation may allow full benefits to continue to be paid even if you choose to work in another occupation after suffering a total disability (policy wording will prevail).

	<b>CFMS</b>	<b>Other Proposal</b>
Does the plan contain a cost of living rider?	Yes.	
-is it compound or simple indexing	Compound	
What is the maximum index amount under the COLA rider?	CPI to a maximum of 10%.	
What is the minimum index amount under the COLA rider?	CPI with a minimum of 2%.	
If a long-term claim occurs, and then I return to work, what will my benefit amount be?	Your choice to either return to the original pre-disability amount or purchase the post claim amount.	
Is an own occupation rider (option) available during residency?	Yes	
-if no, can it be added without medical evidence after residency?	N/A	
Until what age can coverage be increased under the future income option without medical evidence?	Age 55	
What is the maximum amount of future income option available?	Up to \$12,500 (dependant on original amount purchased)	
-is it available annually?	Yes	
-what is the maximum amount of increase annually?	\$1500	
-to what maximum total amount?	\$15,000	

Are there any other opportunities to increase coverage without medical evidence?	Yes	
-if yes, when and by how much?	One time double increase and one time "special option" to replace any lost mandatory residency coverage within 90 days of it being lost.	
Are future increases in coverage, issued under the original policy, guaranteed to be issued with the same wording as the original plan?	Yes. All increases will contractually contain the same wording.	
Do discounts that were obtained on the original plan contractually apply to future increases on the same plan?	Yes. The original 25% CFMS discount will apply to all coverage increases.	
Can an increase in coverage be elected during a period of disability?	Yes. A one-time option of up to 50% of a normal option amount (subject to financial evidence).	
Are the cost of living, future income option, and own occupation option available <b>without</b> medical evidence:	Yes, if applied for.	
Does the plan contain HIV/Hep coverage?	Yes	
-can the premium for the HIV/Hep Rider change in the future and under what circumstances?	Yes. A charge can be levied in any 5-year period to all members.	
Are any other options available, with medical evidence?	Yes	
Does the plan contain a return of premium or refund option?	Not at present, but feature is scheduled to be added in 2005	
-if yes, what if the additional premium charged?	N/A	
-when is the refund payable?	N/A	
-if the refund is paid, does the policy continue?	N/A	
-is the refund guaranteed?	N/A	
-what amount is refundable?	N/A	
-is the refund reduced by claims paid?	N/A	

**Other issues:** Many other factors determine the quality of your plan, and although individually may seem minor, cumulatively make the difference in a successful claim and return to work.

	<b>CFMS</b>	<b>Other Proposal</b>
Does the plan pay in addition to a residency disability plan?	Yes. Unless specifically requested by you for an additional (temporary) discount, there is no offset against a residency plan.	
Are recovery benefits available once you return to work?	Yes	
-if yes, for how long?	Up to 4 months.	
When can policy changes to the plan wording or pricing be made?	Never. All wording and pricing is guaranteed.	
Is an entire policy contract issued to each policyholder for review and their permanent record?		
-when the policy is approved?	Yes. You will receive your own fully personalized contract.	
-as a one page certificate to the master policy?	N/A	
When policy changes are made, will the insurer notify you:		
-before they are made?	N/A. See above.	
-after they have been made	N/A. See above.	
Can policy wording be changed in the future to existing contracts?	N/A. See above.	
Can positive features or enhancements be added to existing plans without a new application?	Yes	
Can negative features (such as exclusions or other limitations) be added to existing plans?	No	
Is pricing guaranteed for existing contracts until age 65?	Yes. Contractually guaranteed.	
Are prices for future increases in coverage guaranteed today?	No	
Do rates increase as I age for the same benefit amount?	No. Once purchased your rate is guaranteed to age 65.	
Is membership in an organization or association required to continue coverage?	No	
-if yes, what is the annual premium?	N/A	
-if non-resident membership is available, what is the premium?	N/A	
-are future membership premiums guaranteed?	N/A	
Is local representation available?	Yes	
What maximum benefit amount is available during residency?	\$3500 per month. \$5000 as a fellow.	

What maximum benefit amount is available in your first year of practice without financial evidence?	\$6000 per month for G.P., \$7500 per month all others.	
Are there any circumstances that would allow a larger benefit amount to be obtained in your first year of practice without financial evidence?	A contract with a salary guarantee may allow it with individual consideration.	
Does the plan contain a survivor benefit?	Yes	
Does the plan contain a Presumptive Disability clause?	Yes	
Are there any exclusions beyond war, normal pregnancy, and incarceration?	Pre-existing condition clause.	
Does the plan contain a pre-existing clause?	Yes. Any condition you have been treated for in the 24 months prior to the policy date will not be covered for the next 2 years. Following that period, all conditions will be covered (even those previously excluded).	
Are injuries deemed self inflicted covered (important for dependency problems)?	Yes	
Does the plan contain a survivor benefit?	Yes. 3 months of benefits will be paid to a beneficiary if you die following a period of disability claim.	
Are benefits reduced by any other benefits I may receive such as Worker's Compensation, no fault auto, or CPP?	No	
If I am no longer able to maintain association membership (e.g. loss of license, can't complete residency, etc.) can I maintain my disability coverage?	Yes. As membership is not required other than at the time of purchase.	
Is coverage portable anywhere in the world?	Yes. Anywhere.	
How long has the proposed company been in business?	Although this is an amalgamated company, the original company (Paul Revere) dates back to over 100 years.	
What are the number of physician policy holders with the proposed company in Canada?	As of March 2004 the number of in-force policies held by physicians was over 45,000 in Canada.	

Other notes: \_\_\_\_\_  
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I certify that the information given, as a comparison against the CFMS plan is accurate and true.

Signed at this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, in the city of \_\_\_\_\_.

Name of reviewer \_\_\_\_\_

Company \_\_\_\_\_