



PERSONAL HIGH LIMIT  
DISABILITY INSURANCE



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INTERNATIONAL UNDERWRITERS

## Why Disability Insurance

Most people insure their material possessions — their homes and cars, for example. But many people don't insure what is probably their most valuable asset — their ability to work and earn income. If a person becomes sick or injured and can't work, will that person be able to pay bills and maintain the same or similar standard of living?

64% of wage earners believe they have a 2% or less chance of becoming disabled for three months or more during their working career.<sup>1</sup> Statistical data paints a much different picture - just over 25% of today's 20 year olds will become disabled before they retire.<sup>2</sup>

Every income earner needs disability income insurance. Disability insurance can help pay bills by replacing a portion of lost income. It can help maintain a lifestyle, help protect the insured and their family from needing to liquidate hard earned assets or falling into serious debt.

Individual disability insurance pays the insured benefits if they cannot work due to an injury or illness. Some policies pay partial benefits if they are only able to work part-time. Disability insurance generally provides replacement of 65% to 75% of income depending on the taxability of the benefits.



1) Council for Disability Awareness, Disability Divide Consumer Disability Awareness Study, 2010

2) U.S. Social Security Administration, Fact Sheet February 7, 2013

## Highly Compensated Individuals

Highly compensated individuals are often left underinsured for disability insurance benefits. Like most Americans, highly compensated individuals often maintain modest savings accounts relative to their monthly expenditures. This means that their need for disability insurance is equal to the generally agreed upon standard of 65% of income - only in larger monthly amounts.

Insurance carriers often fail to meet the needs of highly compensated individuals. The Personal High Limit Disability plan has been developed specifically to meet the needs of these high-income earners.

As incomes increase, the issue and participation limits of traditional Disability Insurance carriers begin to decrease. To properly insure a highly compensated individual at 65% of income, multiple disability income policies are often required and are layered or “tiered” to provide sufficient coverage.



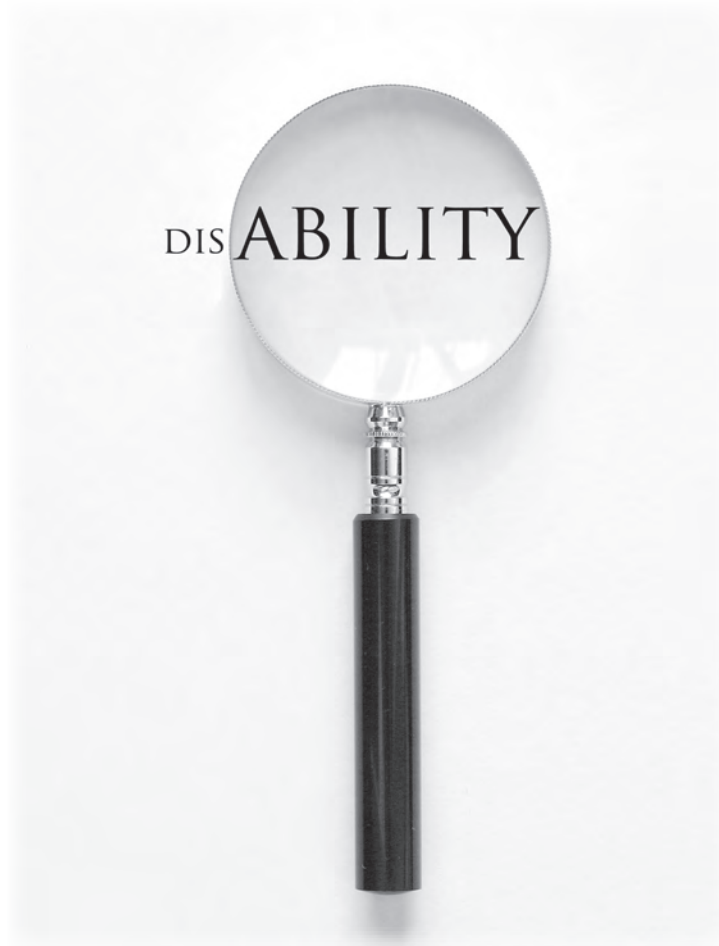
## Definition of Total Disability

Our definition of total disability is a true “own occupation” definition.

Total disability means that solely due to sickness or an injury, you are not able to perform the substantial and material duties of your occupation, even if you are at work in another occupation.

Your occupation means the occupation (or occupations, if more than one) in which you are gainfully employed for the majority of the time during the 12 months prior to the time you become disabled. If you have limited your occupation to the performance of the substantial and material duties of a single specialty, we will deem that specialty to be your occupation provided that your industry widely recognizes that occupation as a specialty.

Our definition of disability has purposefully been designed to allow an individual who is receiving disability benefits to continue to collect benefits and simultaneously be employed in another occupation. For example, a surgeon who is no longer able to perform surgery and is deemed to be disabled, may receive benefits while continuing to work as a professor of medicine.



## Benefit Payments

### Monthly Benefits

Monthly benefits will commence following the elimination period and will be paid for as long as the total disability continues, but no longer than the benefit period. In the event of multiple separate claims, each claim will have a full benefit period eligibility.

### Lump Sum Benefit

A lump sum payment will be paid if the insured person is permanently totally disabled. This benefit is often thought of as the career ending benefit to recoup the loss of future earnings. Benefits can be up to ten times annual income.

## Optional Riders

### Residual Rider

In some cases, an illness or injury does not cause a total disability, but it can limit your ability to work which can lead to a decrease in income. The optional Residual Rider will pay a monthly benefit if your income is reduced by at least 15% due to an accident or illness. If income is reduced by at least 80%, then the full monthly benefit will be payable.

### Cost of Living Adjustment Rider

Monthly benefits are a fixed amount which over time, reduces the value due to inflation. The Cost of Living Adjustment (COLA) Rider helps offset the losses due to inflation by increasing the monthly benefits. On each anniversary, the monthly benefit amount will be adjusted based on the Consumer Price Index. Benefits can increase up to 10% per year.



# Disability Basics

## Term of Insurance

Term of insurance is the period of time that the policy is non-cancellable. The terms of the policy nor the premium can be altered by the insurance carrier, provided you pay your premium on time.

## Elimination Period

Elimination period is the time which must pass after the date of the injury or sickness, prior to the loss payee receiving benefits. A variety of elimination periods are available.

## Benefit Period

The benefit period is the number of months that benefits are payable during a period of disability. Benefit periods may range from one month to “to age 65”.

## Loss Payee

All disability benefits from the policy will be paid to the designated loss payee.

## Owner

Owner or policy owner is the person or entity that has the right to request modifications to the policy.

## New Term of Insurance

A new term of insurance may be offered at the expiry date, subject to underwriting.

## Premium Mode

Premium payments may be made on a monthly, quarterly, semi-annual, annual or single premium basis. All premium payments are available on an electronic transfer or credit card deduction. And certain premium modes may be paid by check.

## Grace Period

A grace period of thirty-one days applies to any premium installment payment.

## Waiver of Premium

Following the initial premium payment, if you become totally or residually disabled for more than 90 days, the policy will waive any future premium amount due, for as long you remain totally or residually disabled.

# Policy Provisions

## Presumptive Disability

If due to a sickness or injury you have totally lost: the use of both hands, or both feet, or one hand and one foot, or the sight of both eyes, or the hearing of both ears, or the ability to speak. The elimination period will be waived. The monthly benefit will be paid for the entire benefit period or as long as the loss exists.

## Rehabilitation Benefit

We may offer financial assistance for a rehabilitation program if we are paying benefits under this policy and if we approve the program in advance. The terms of a rehabilitation program, related expenses and total disability benefits during this program, will be subject to mutual agreement.

## Survivorship Benefit

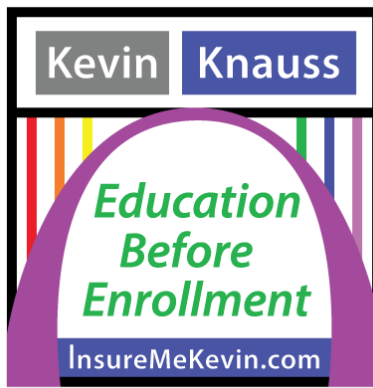
If at the time of death you were receiving monthly benefits, we will pay a survivorship benefit equal to three times the monthly benefit.

## Transplant Benefit

If you donate an organ after the policy has been in force for at least six months, any total disability resulting from the surgery will be considered an illness.

## Recurrent Disabilities

If after a period a total disability you return fulltime to work and within six months you are once again totally disabled, you can elect to continue the previous claim without the need for a new elimination period or choose to have a new elimination/benefit period. Once a period of six months has elapsed from returning to work, any new claim will have a new elimination and benefit period.



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