

# Advisor Guide

SOLO™ ESSENTIAL DISABILITY INCOME



 **Desjardins**  
Insurance  
Life • Health • Retirement



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## 1. ABOUT SOLO ESSENTIAL DISABILITY INCOME

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**Desjardins Insurance's SOLO Essential Disability Income coverage provides your clients with long-term protection and will pay them a tax-free monthly amount to cover their expenses if they become disabled due to an accident or illness (optional) and are unable to work.**

### Why is Disability Insurance Essential?

For those who do not qualify for traditional disability insurance, SOLO Essential can offer the right protection with guaranteed issue coverage in the event of an accident or soft tissue injuries. Your client can qualify by answering correctly three simple questions.

Help your clients ensure their financial security in the event of a loss of income due to disability so they can maintain their lifestyle and focus on recovery.



### Is it sufficient?

Even though clients may have disability insurance through government programs, the coverage may not be enough.

Employment Insurance provides sickness benefits for a maximum period of 15 weeks and the Canada Pension Plan (CPP)<sup>1</sup> provides disability benefits up to age 65. To qualify, clients must meet specific requirements and must have contributed sufficiently to the plan. Furthermore, to be eligible for the CPP disability benefit, the disability must be severe and prolonged.

The Workers' Compensation program provides coverage in many cases, however, only 10 percent of disabilities are work-related.<sup>2</sup>

<sup>1</sup> [www.canada.ca](http://www.canada.ca) under the Benefits and Public pensions section. In Quebec, benefits are paid by the Quebec Pension Plan.

<sup>2</sup> CDA – 2010 Consumer Disability Awareness Study.



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## 2. TARGET MARKET

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SOLO Essential Disability Income is best suited for individuals who:

- Don't qualify for traditional coverage because of their job (such as high-risk occupations in construction, heavy industry and mining).
- Are unable to afford traditional disability coverage.
- Require non-work-related protection and are employees covered by mandatory workplace insurance plans (i.e. "Workers' Compensation").
- Are seeking only accident coverage, including for soft tissues injuries.
- Are employed in lower-paying occupations or lower salary sectors and do not have group disability insurance or have inadequate coverage, including home-based, self-employed or contract workers such as dressmakers, taxi drivers, home-based hairstylists, etc.
- Have pre-existing medical conditions and are uninsurable under traditional disability insurance products.
- Are older than 60 years of age.

### Did you know?

- 3.8 million Canadians live with disabilities. That's 13.7% of our population.<sup>3</sup>
- Canadians have a 1 in 3 chance of experiencing a period of disability that lasts 90 days or more before age 65.<sup>3</sup>
- The average length of a long-term disability is almost 3 years.<sup>4</sup>
- Nearly 50% of bankruptcies and mortgage foreclosures are caused by disability.<sup>5</sup>



<sup>3</sup> Statistics Canada. Canadian Survey on Disability 2012.

<sup>4</sup> 1985 Disability Table.

<sup>5</sup> ROBERTSON, Christopher T., Richard EGELHOF and Michael JOKE. Get Sick, Get Out: The Medical Causes of Home Mortgage Foreclosures. Health Matrix: Journal of Law-Medicine, Vol. 18, no. 65, 2008.



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## 3. KEY BENEFITS

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- ▶ **Accident and illness coverage ages**
- ▶ **Minimum guaranteed amount**
- ▶ **Income calculation formula**
- ▶ Partial disability coverage
- ▶ Waiver of premium
- ▶ Regular occupation period
- ▶ Financial assistance and rehabilitation services
- ▶ Complimentary assistance services

## 3. KEY BENEFITS

### Guaranteed acceptance

Guaranteed acceptance for accident coverage, if the client answers correctly three simple qualifying questions. No medical questionnaire or paramedical tests are required at the time of purchase.

Clients also have the option to purchase illness coverage for additional protection by completing a health questionnaire.

### Flexible options

Flexible options allow your clients to tailor this product to their needs, so they only pay for the coverage they need.

Clients may choose between 24-hour protection and non-work related protection if they are already covered by Workers' Compensation.

### Accident and illness coverage ages

Up to age 75 for accident coverage and up to age 70 for illness coverage, which corresponds to the rising age of retirement.

### Minimum guaranteed amount

Minimum monthly amount guaranteed up to \$1,000 during the first 24 months of the benefit period (pre-selected amount or \$1,000 whichever is lower).

### Income calculation formula

An income calculation formula which in most cases should permit your clients to obtain higher monthly amounts based on annual gross income for self-employed workers, sole proprietors and incorporated business owners. Please refer to the Insurable Net Income section for further details.







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## Partial disability coverage

Partial disability coverage allows your clients to receive a monthly amount even if they are not totally disabled. This amount can be paid to the client if:

- They can only work a few hours a day or a few days a week; or
- They are unable to perform any of the main duties of their regular occupation.

This is particularly valuable for self-employed clients whose business operations depend solely on them.

These amounts help bridge the gap between the income earned before disability and the income earned while partially disabled. Partial disability amounts are equal to 50 percent of the clients' total disability monthly amount, for a maximum of 6 months. In addition, the client does not have to go through a period of total disability to qualify.

## Waiver of premium

If a client is totally disabled, their premium payment will be waived after 30 days or after the waiting period, whichever is longer (the waiting period is the period during which no disability amounts are paid to the insured).

## Regular occupation period

A regular occupation period of 36 months, compared to the industry standard of 24 months.

## Financial assistance and rehabilitation services

Financial assistance and rehabilitation services that provide your clients with support so they can return to work sooner (please refer to the illustration software for details and applicable conditions).

## Complimentary assistance services

Complimentary assistance services are available at any time including:

- A health and well-being platform with reliable resources to make informed decisions
- 24/7 phone assistance services
- Direct consultation with a doctor to answer questions and connect with world-renowned specialists to confirm a diagnosis and determine an optimal treatment plan (by Advance Medical).

Your client's family members also have access to these services without having to submit a claim.

The assistance services are not a contractual obligation of Desjardins Insurance.



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## 4. FEATURES

### Product Options

Tailor a plan to your client's needs and budget.

#### Base

Client is not covered by Workers' Compensation:

#### Disability Income – accident

24-hour protection  
Waiting period: 0 day / 30 days / 120 days  
Benefit period: 5 years or up to age 70

OR

Client is covered by Workers' Compensation:

#### Disability Income – accident

Non-work-related protection  
Waiting period: 0 day / 30 days / 120 days  
Benefit period: 5 years or up to age 70

+

#### Option

#### Disability Income – illness

Waiting period: 30 days or 120 days  
Benefit period: 5 years or up to age 70

#### Additional coverages

#### Accidental death, dismemberment or loss of use

\$100,000 / \$200,000 / \$300,000 / \$400,000 / \$500,000

#### Accidental fracture

Specific amount depends on the bone fractured

### Keep in mind

- The **waiting period** for illness coverage cannot be shorter than the waiting period for accident coverage.
- The **benefit period** for illness coverage cannot be longer than the benefit period for accident coverage.
- The **monthly amount** for illness coverage cannot be greater than the monthly amount for accident coverage.
- If the client is eligible for employment insurance sickness benefits, which pays a maximum of 15 weeks, a **waiting period** of 120 days is recommended to reduce the premium.



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## Product Details

	ACCIDENT COVERAGE (BASIC)			ILLNESS COVERAGE (OPTIONAL)		
Occupation classes	1, 2, 3, 4, 5 and 5b <sup>6</sup>					
Eligibility requirements	20 hours/week and 35 weeks/year Must be a Canadian citizen or a permanent resident Must have no physical or daily activities limitations					
Issue age	18 to 69			18 to 64		
Type of protection	24 hours Non-work related			24 hours		
Waiting period	0, 30 or 120 days			30 or 120 days		
Benefit period	Issue Age	Classes 1 - 4	Classes 5 and 5b	Issue Age	Classes 1 - 4	Classes 5 and 5b
	18-64	5 years or up to age 70	5 years	18-59	5 years or up to age 70	5 years
	65-69	Up to age 70	Up to age 70	60-64	5 years	5 years
	Benefit period is reduced to 24 months upon reaching age 68					
Monthly amount	Minimum: \$500 Maximum: Classes 1, 2: \$6,000 Classes 3, 4, 5, 5b: \$5,000 During the first 24 months of the benefit period, a guaranteed minimum monthly amount of up to \$1,000 will be paid <sup>7</sup> and will not be integrated or coordinated with other benefits.					
Premium	Level premium and not guaranteed					
	To age 75 Single rate for all ages depending on the chosen coverage			To age 70		
Guaranteed renewable	To age 75			To age 70		

<sup>6</sup> For occupation classes 5b, the client must be covered by Workers' Compensation to qualify.

<sup>7</sup> If the insured has more than one SOLO Essential Disability Insurance policy, only the first \$1,000 will be non-integrated and non-coordinated with the benefits from other insurance plans that the insured may receive.





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...continued

	ACCIDENT COVERAGE (BASIC)	ILLNESS COVERAGE (OPTIONAL)
<b>Total disability definition</b>	Regular occupation: 36 months	
<b>Built-in features</b>	<ul style="list-style-type: none"> <li>• Partial disability: 50% of monthly amount payable for up to 6 months</li> <li>• Waiver of premium for total disability</li> <li>• Recurrent disability 6 months</li> <li>• Rehabilitation</li> </ul>	
<b>Complimentary assistance services</b>	<p>Complimentary assistance services for your clients and their loved ones, available at any time online or by phone, including:</p> <ul style="list-style-type: none"> <li>• A health and well-being platform with reliable resources to make informed decisions</li> <li>• 24/7 phone assistance services</li> <li>• Direct consultation with a doctor to answer their questions and connect with world-renowned specialists to confirm a diagnosis and determine an optimal treatment plan (by Advance Medical).</li> </ul> <p>The assistance services are not a contractual obligation of Desjardins Insurance.</p>	

ADDITIONAL COVERAGES	
ACCIDENTAL FRACTURE	
<b>Issue age</b>	18 to 60
<b>Sum insured</b>	Specific amount depends on which bone is fractured
ACCIDENTAL DEATH, DISMEMBERMENT OR LOSS OF USE	
<b>Issue age</b>	18 to 60
<b>Sum insured</b>	5 choices: <ul style="list-style-type: none"> <li>• \$100,000</li> <li>• \$200,000</li> <li>• \$300,000</li> <li>• \$400,000</li> <li>• \$500,000</li> </ul>

Note: Please refer to the illustration software for the occupation class details.



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## Additional Coverage

### Accidental fracture

The Accidental fracture coverage provides a lump-sum amount if your client suffers a fracture due to an accident.

The accidental fracture must be diagnosed within a period of 30 days following the accident.

An amount of insurance is payable for each fracture or complete severance, provided each one is due to a different accident. If the client sustains more than one fracture or complete severance as a result of the same accident, Desjardins Insurance pays for the fracture or complete severance with the highest amount.

The amounts are indicated below:

#### **\$5,000**

Fracture of the skull (dome of the skull), spine (excluding the coccyx), pelvis (excluding coccyx) or femur

#### **\$1,500**

Fracture of a rib, the sternum, scapula, humerus, patella, tibia, fibula, larynx or trachea

#### **\$750**

Fracture of a bone not listed above, including the coccyx





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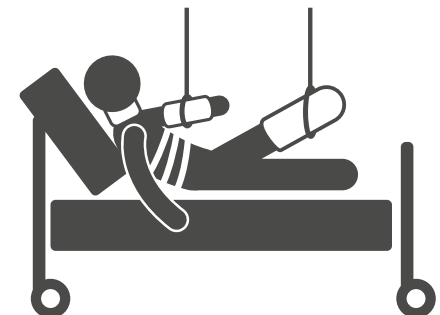
- Accidental fracture
- **Accidental death, dismemberment or loss of use**

### Accidental death, dismemberment or loss of use

The Accidental death, dismemberment or loss of use coverage provides a lump-sum amount in the event of an accident resulting in the loss of one or more limbs, eyesight, or in death. The client's death must occur, or the losses must be sustained, within 365 days following the date of the accident.

"Loss of" means the complete and irreparable loss of use of one hand, one foot or one eye.

LOSS OF	PERCENTAGE APPLICABLE
Life	100%
Either both hands or both feet	100%
Sight in both eyes	100%
One hand and one foot	100%
One foot and the sight in one eye	100%
One hand and the sight in one eye	100%
One hand or one foot	50%
Sight in one eye	50%





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## 5. INSURABLE NET INCOME

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The monthly amount of the available coverage is based on the client's insurable net income (after deductible expenses, but before taxes).

Employee	<b>Net employment income before taxes =</b> Salary + Fees + Periodic bonuses + Wages or commissions - Deductible employment expenses for tax purposes	
Self-employed worker Self-employed worker on commission Sole Proprietor Partner	<b>Net business income before taxes =</b> Business income - Deductible operating expenses for tax purposes In the case of a partner, this is his or her share of the partnership's net income, before taxes.	<b>50% of gross revenue<sup>8</sup></b>
Owner of a corporation	Net employment income before taxes (salary) from the business + Your client's share of the corporation's profit or loss before taxes	<b>OR</b>
		<b>Gross revenue =</b> Business revenue before operating expenses and taxes - Cost of goods sold (COGS) <sup>9</sup> - Any salary, wage or bonus paid to the company's employees, except the owner, if applicable <sup>10</sup>

<sup>8</sup> If your client does not own 100% of the shares of the company, the business revenue before business expenses and taxes must be calculated first. You then subtract the cost of goods sold and any salary, wage or bonus paid as compensation to the company's employees, except any amount paid to your client. Once this amount is obtained, it has to be multiplied by the percentage of ownership held by your client.

<sup>9</sup> Cost of goods sold means the costs directly due to the production of goods sold by the company. This cost includes cost of materials and supplies, including the cost of fuel used by the company for a chauffeur but excluding labour costs.

<sup>10</sup> The salary expense with respect to the insured owner of the corporation shall not be deducted as a reduction of the annual gross revenue.



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## 5. INSURABLE NET INCOME

For self-employed workers, sole proprietors, partners or incorporated business owners, there are two methods to calculate insurable net income. You can choose the most advantageous method for your clients.

**Determine the maximum monthly amount for an owner of a corporation.**

### Example 1

Net employment income before taxes (salary) from the business	<b>\$40,000</b>
<b>+</b> Your client's share of the corporation's profit or loss before taxes	<b>\$50,000</b>
<b>=</b> Insurable net income	<b>\$90,000</b>

**Maximum monthly amount = \$4,900**

(Refer to the illustration software)

### Example 2

(Based on annual gross revenue)

Business revenue before operating expenses and taxes	<b>\$500,000</b>
<b>-</b> Cost of goods sold	<b>\$200,000</b>
<b>-</b> Salaries, bonuses for employees other than the owner	<b>\$100,000</b>
<b>=</b> Annual gross revenue	<b>\$200,000</b>
<b>X</b> % of ownership	<b>100%</b>
<b>X</b> 50%	<b>50%</b>
<b>=</b> Insurable net income	<b>\$100,000</b>

**Maximum monthly amount = \$5,200**

(Refer to the illustration software)



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- ▶ **Recurrent disability**
- ▶ Total disability
- ▶ Insurable income at the time of claim
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- ▶ Occupation Class
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## 6. DEFINITIONS

### Accident

Any bodily injury certified by a physician that results directly from a sudden, violent and unforeseen external cause, independently of any illness or other cause. Only a disability resulting from an accident and manifesting itself within 120 days following the accident may be eligible for monthly amounts.

### Non-work-related accident

The accident must occur outside the context of the client's current occupation or any other occupation. Furthermore, the event must not be caused by tasks related to your client's regular occupation or any other occupation. Only a disability manifesting itself within 120 days following the accident may be eligible for monthly amounts.

### Regular occupation

The compensated occupation the client held immediately prior to or at the beginning of a disability.

### Replacement occupation

An occupation for which the client is reasonably qualified and that provides a minimum of 60% of the annual income received at the time the client became disabled.

To determine the type of replacement occupation the insured could have Desjardins Insurance will consider the training, experience and education of the insured. However, we will not consider the availability of such an occupation in the insured's area of residence.

### Partial disability

The client is considered partially disabled as a result of an accident (or a non-work-related accident) or an illness (if covered for illness coverage) if:

- They are not totally disabled;
- They are engaged in one or many gainful activities;
- They are receiving continuing medical care; and
- They are unable to accomplish at least one of the main duties of their regular occupation; or
- They are unable to work at least 50% of the time usually devoted to their regular occupation.

### Recurrent disability

Periods of disability attributable to the same or related causes are considered as the continuation of the same disability. These periods must be separated by less than 180 days during which the client was not disabled.

In this situation, no new waiting period applies. The benefit period will be reduced from the benefit period(s) already elapsed, related to the same disability.





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## Total disability

If the client was gainfully employed in the 60 days prior to the onset of disability:

**During the waiting period and the first 36 months of the period of disability, the client is considered totally disabled as a result of an accident (or a non-work-related accident) or an illness (if the illness coverage has been chosen) if:**

- They are totally unable to perform the main duties of their regular occupation;
- They are not engaged in any other gainful activity; and
- They are receiving continuing medical care.

**After the first 36 payments of monthly amounts for a period of disability, the client is considered totally disabled as a result of an accident (or a non-work-related accident) or an illness (if the illness coverage has been chosen) if:**

- They are unable to hold a replacement occupation;
- They are not engaged in any other gainful activity; and
- They are receiving continuing medical care.

If the client was unemployed for more than 60 days prior to the onset of disability:

**The client is considered totally disabled as a result of an accident (or a non-work-related accident) or an illness (if the illness coverage has been chosen) if:**

- They are unable to hold a replacement occupation;
- They are not engaged in any other gainful activity; and
- They are receiving continuing medical care.

## Insurable income at the time of claim

### Annual Employment Income

Annual Employment Income is the greater of the following amounts:

- The employment income the insured earned during the last complete calendar year that precedes the date of onset of their disability; or
- The annual rate of the employment income in force on the date of onset of their disability.

### Annual Business Income

Annual Business Income is the greater of the following amounts:

- The business income during the six-month period that immediately precedes the date of onset of the disability, multiplied by two; or
- The business income of the fiscal year that precedes the date of onset of the disability; or
- Half the business income of a consecutive period of 24 months, during the 36 months immediately preceding the date of onset of the disability. The 24-month period must begin after the effective date of the coverage.



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  - Annual Business Income
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- ▶ **Occupation Class**
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### Annual Gross Revenue

Annual Gross Revenue is the greater of the following amounts:

- The gross revenue during the six-month period immediately preceding the date of onset of the disability, multiplied by two; or
- The gross revenue of the taxation year that precedes the date of onset of the disability; or
- Half of the gross revenue for a consecutive 24-month period, during the 36 months immediately preceding the date of onset of the disability. The 24-month period must begin after the effective date of the coverage.

### Occupation class

The occupation class is used to define the underwriting classes related to the insured person's occupation. The occupation class is guaranteed. Therefore, if the insured changes occupations after the initial date of this coverage resulting in a higher occupational risk, the premium will then be calculated based on the occupation class determined on the initial date of this coverage or the date it is reinstated.

### Premiums

The premiums for this coverage are level. Therefore, these premiums will not increase due to the insured's age for the duration of the contract.

However, as they are not guaranteed, the premiums for a group of insureds with similar features can be modified.



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## 7. EXCLUSIONS AND LIMITATIONS

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## 7. EXCLUSIONS AND LIMITATIONS

### General exclusions

The protection provided is subject to the following exclusions and limitations:

No amount will be paid under this coverage and the client will not be eligible for a waiver of premiums for an accident occurring:

- when the client is incarcerated;
- when the client is travelling on board any type of aircraft, operated by a professional pilot of an accredited airline company, including the landing/ disembarkment, in no other capacity than as a passenger who bought a ticket for a regular, special or chartered flight between two established commercial airports;
- when the client participates in an athletic activity as a professional or in an international athletic competition;
- when the client participates in underwater activities as a professional, including salvage, welding repair or maintenance;
- when the client participates in one of the following activities: mountaineering, mountain climbing, speleology, parachuting, sky diving, hang gliding, bungee jumping or any race (including car, motorcycle, horse or motorized watercraft races);
- when the client drives a motor vehicle under the influence of drugs or with a blood alcohol level equal to or greater than 80 mg of alcohol per 100 ml of blood or when traces of illegal or illicit drugs are showing in the blood or urine.

No amount will be paid and the client will not be eligible for a waiver of premiums for an accident or illness occurring:

- while the client is travelling or staying outside Canada or the United States for more than 60 days;
- as a result of the client's self-inflicted injuries or attempted suicide, including gas inhalation or fumes absorption, while sane or insane;
- when the client participates in a criminal act or any related act;
- when the client has used any drugs, toxic chemicals, intoxicating products or narcotics, unless prescribed by and taken according to a physician's recommendations;
- during a war, declared or not, or when the client participates in a riot, insurrection, disturbance of the peace or any other illegal activity;
- during the client's pregnancy, childbirth or natural or induced termination of pregnancy. However, any disability that results from complications due to pregnancy, childbirth or complications due to the natural or induced termination of pregnancy is covered;
- when the client is serving in the armed forces, reserves or any other military organization.



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## 7. EXCLUSIONS AND LIMITATIONS

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No amount will be paid under this coverage and the client will not be eligible for a waiver of premiums in the following situations:

- Any type of opportunistic infection or illness if the client suffers from Acquired Immune Deficiency Syndrome (AIDS) or if the client underwent tests in order to detect the Human Immunodeficiency Virus (HIV or any subtypes) that were positive or if the client has symptoms of these infections, which were diagnosed and were showing before the applicable effective date.

### Specific exclusions for accident coverage

No amount will be paid under this coverage and the client will not be eligible for a waiver of premiums in the following situations:

- When the client's illness, infection or infirmity contributed to the bodily injury or the accident. This exclusion is not applicable to a septic infection attributable to an accident;
- When the client's bodily injury results from an illness or an infection accidentally contracted. This exclusion is not applicable to a septic infection attributable to an accident;
- When the client's disability is caused by degenerative disc disease.

### Specific exclusions for illness coverage (if this additional coverage has been chosen)

No amount will be paid under this coverage and the client will not be eligible for a waiver of premiums if the client is diagnosed with, receives treatments for, or experiences complications related to:

- Anxiety, chronic fatigue syndrome, depression, environmental illness, Epstein-Barr syndrome, fibromyalgia or any chronic pain syndrome, fibrositis, multiple chemical sensitivity, stress or burnout, any disorder resulting from substance abuse or addiction, any other psychiatric, psychological, emotional, behavioural or nervous disorder or any syndrome or state that results in subjective symptoms that cannot be confirmed by objective medical examinations.

## General limitations

### Incarceration period

The insured will not be eligible for disability amounts or a waiver of premiums under any coverage during an incarceration period.

### Travel or stay outside Canada or the United States during a period of disability

The insured will not be eligible for disability amounts or a waiver of premiums under any coverage while travelling or staying outside Canada or the United States.



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## 7. EXCLUSIONS AND LIMITATIONS

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### Degenerative Disc Disease

Disc degeneration is considered an illness. If the client has purchased illness coverage, the maximum benefit period for a disability resulting, directly or indirectly, from a degenerative disc disease is 20 days. Once the client has received monthly amounts for 120 days, for all disability periods related to the degenerative disc disease, no other amount is payable for any other disability period resulting from it, directly or indirectly.

### Dorsal and cervical regions

To receive the monthly amounts payable for an accident affecting the dorsal or cervical regions, the client must undergo medical tests based on which a diagnosis will be made and the disability must manifest itself within 120 days following the accident. Amounts for back, neck and surrounding soft tissue injuries will be limited as described in the soft tissue injuries limitation below.

### Soft tissue medical conditions

A soft tissue medical condition refers to the following conditions:

- Bursitis
- Carpal tunnel syndrome
- Contusion
- Epicondylitis (medial & lateral)
- Palmar fasciitis
- Patellofemoral syndrome
- Plantar fasciitis
- Rotator cuff injury
- Sprain
- Strain
- Tarsal tunnel syndrome
- Tendonitis

The benefit period for a disability resulting, directly or indirectly, from a medical condition affecting the soft tissues will be limited as follows:

OCCUPATION CLASS	BENEFIT PERIOD IS LIMITED FOR EACH DISABILITY PERIOD
5	20 days
4	40 days
3	60 days

Once the client has received monthly amounts for 180 days for all disability periods resulting from medical conditions affecting soft tissues, no other amount will be payable for any other disability period resulting from these medical conditions, directly or indirectly.

- If the occupation class is 1 or 2, the benefit period is not limited to a disability resulting, directly or indirectly, from a medical condition affecting soft tissues. However, once the client has received monthly amounts for a total of 36 months for such disability periods, no other amount will be payable for any other medical condition affecting soft tissues.

If the client becomes disabled due to an illness for a period of more than 60 days during which they are unemployed, the maximum benefit period for a total disability under the illness coverage is 60 months.