



# SOLO™

# Disability Income

ADVISOR GUIDE



**Desjardins**

Insurance

Life • Health • Retirement

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# SOLO Disability Income

## 1.1 PRODUCT DESCRIPTION

SOLO Disability Income provides a monthly amount to replace income when the client is unable to work following a disability due to an accident or illness. The monthly amount is based on their monthly income. It is paid as long as the client meets the definition of disability and up to the selected benefit period.

SOLO Disability Income is guaranteed renewable to age 65. Desjardins Insurance cannot cancel the contract or modify any existing provisions or add provisions or restrictions to the contract. After age 65, the client can continue the coverage beyond age 65, subject to certain terms and conditions.

## 1.2 ELIGIBILITY

Eligible occupation classes: 4A, 3A, 2A, A and B

To be eligible for SOLO Disability Income coverage, the client must:

- Be between the age of: 18 to 60: Level premiums to age 65 (T65)  
18 to 50: Level premiums for 10 years (T10)
- Belong to an occupation class other than "X"
- Work at least 30 hours per week AND
  - Be employed at least 40 weeks per year OR
  - Be employed between 35 and 39 weeks per year (in this case, the waiting period must be **at least 60 days**); OR
  - Work between 24 and 29 hours per week and be employed at least 40 weeks per year (in this case, the waiting period must be at least 90 days).



If the client works less than 35 weeks per year, they are not eligible for SOLO Disability Income insurance but they may be eligible for SOLO Loan Insurance.

## 1.3 PREMIUM STRUCTURES

SOLO Disability Income coverage has two premium structures available for all occupation classes:

- **Level to age 65 (T65)**  
Premiums are calculated so that they remain level or the same for the entire term of the contract. This means there will be no annual increase based on the age of the client during this period.
- **Level for 10 years (T10)**  
Premiums are level for 10 years, meaning they will not increase based on the age of the client. After this period, premiums will increase at each renewal and remain the same for the next 10 years. The increase is based on the attained age and the rates in effect at the time of renewal.
- **Non-guaranteed premium**  
The premium could increase or decrease depending on various factors such as the total claims submitted by all individuals and the interest rates. However, such a change to the premium amount would not be applied to just one individual but to all with similar characteristics. Therefore, health and income-earning capacity are not factors which increase or decrease the premium.

## Premium structure conversion

The premium structure can be changed while the policy is in-force. The client may convert from a level 10-year premium to a level to age 65 premium or vice versa.

### Converting from a level 10-year premium (T10) to a level to age 65 premium (T65)

The following conditions apply when converting:

- The client must be under the age of 50.
- The change must take place on a policy anniversary.
- **The change is not subject to medical underwriting.**
- The new premium is based on attained age and initial occupational class.
- The waiting period, benefit period and monthly amount cannot change unless it reduces the insurer's risk.
- The additional coverage Return of premium can be added without medical underwriting.
- More additional coverage can be added but proof of insurability will be required.



Such a change entails not only a change in premiums related to the monthly amount, but also to premiums for additional coverage, if applicable.

### Converting from a level to age 65 premium (T65) to a level 10-year premium (T10)

The following conditions apply when converting:

- The client must be under the age of 50.
- The new premium is based on attained age and the occupational class related to the employment of the client at the time of the conversion.
- **The change is subject to medical underwriting.**
- If the initial policy has the additional coverage Return of Premium, it will end as it is not available with the level 10-year premium structure (T10).

## 1.4 MONTHLY AMOUNT

### 1.4.1 Definition

The monthly amount is the insurance amount that the client wish to receive in the event of a disability. This amount cannot exceed a certain percentage of their annual salary or income net of expenses. Each occupational class is subject to a maximum monthly amount to limit the risk for the insurer.

### 1.4.2 Criteria to define the monthly amount

Most of the time, clients buy disability insurance to replace their income should they be unable to work due to an illness or an accident. Disability insurance meets this need by covering the earned net income (after deduction of professional fees but before taxes).

The maximum monthly amount allowed can protect the lifestyle of the client. However, it is limited to encourage the client to return to work following a disability.

The illustration software automatically calculates the maximum monthly amount to which the client is entitled to based on these criteria. As a result, the software factors in the eligibility for Employment Insurance (EI) to respect this principle. If the client is eligible, the software will suggest two monthly amounts, one after a 30-day waiting period and one after a 120-day waiting period. This process considers that the client can count on an additional source of income, employment insurance, for the first 120 days.

You can offer monthly amounts higher than those indicated in the illustration software. For further information, you may contact the head office.

#### First \$1,200 guaranteed (not integrated or coordinated with other benefits)

SOLO Disability Income guarantees a non-integrated and non-coordinated monthly amount which is the lesser between the monthly amount selected by the client or \$1,200. This applies during the first 36 months of a total disability, even if benefits from government plans or other insurance coverage are received. The period of non-integration for the first \$1,200 cannot exceed the lesser of 36 months and the selected benefit period.

### 1.4.3 Determine the maximum monthly amount for a client with two employment statuses (salaried and self-employed)

A client can have two employment statuses:

- Salaried employee
- Self-employed worker

In such a situation, the income earned as an employee will be eligible for Employment Insurance but the income earned as a self-employed independent worker will not be eligible for employment insurance. It then becomes more complex to calculate the maximum monthly amount. Here are the steps to follow:

Steps	Instructions	Calculations	References
<b>Step 1</b>	Calculate the annual income of the client for each situation and the portion eligible for EI. <ul style="list-style-type: none"> <li>• Insurable earnings</li> <li>• Net income from self-employment</li> </ul> Total income (A+B)	<div></div> <div></div> <div></div>	A B C
<b>Step 2</b>	Enter the amount of total income (C) in the "Annual income" field of the illustration software and note the monthly amount obtained.	<div></div>	D
<b>Step 3</b>	Determine the monthly amount the client is entitled to based on their insurable earnings. Enter the insurable earnings (A) in the «Annual income" field of the illustration software and check the box "Eligible to receive benefits for Employment Insurance". <ul style="list-style-type: none"> <li>• Note the monthly amount payable after 30 days.</li> <li>• Note the monthly amount payable after 120 days.</li> <li>• Calculate the total monthly amount the client would receive after a 120-day period (E+F).</li> </ul>	<div></div> <div></div> <div></div>	E F G
<b>Step 4</b>	Determine the additional monthly amount that the client is entitled to from self-employment after a 30-day waiting period (D-G).	<div></div>	H
<b>Step 5</b>	Determine the maximum monthly amount payable after a 30-day waiting period (H+E).	<div></div>	I
<b>Step 6</b>	Redo the illustration by entering the monthly amount for each waiting period: after 30 days (I) and after 120 days (F).		

To make sure the calculation is correct, add I and F. This amount is the total monthly amount the client would receive after a 120-day waiting period. It should be equal to D, which is the maximum monthly amount the client is entitled to based on their total income.

## EXAMPLE

Your client has a total annual income of \$50,000 and has no disability coverage. He would like to get disability insurance that will pay monthly amounts after a waiting period of 30 days.

Income includes:

Salary: \$30,000 (eligible for EI)  
Self-employment: \$20,000 (ineligible for EI)

Steps	Instructions	Calculations	References
<b>Step 1</b>	Calculate the annual income of the client for each situation and the portion eligible for EI. <ul style="list-style-type: none"> <li>• Insurable earnings</li> <li>• Net income from self-employment</li> </ul> Total income (A+B)	<div> <div>\$30,000</div> <div>\$20,000</div> <div>\$50,000</div> </div>	<div>A</div> <div>B</div> <div>C</div>
<b>Step 2</b>	Enter the amount of total income (C) in the "Annual income" field of the illustration software and note the monthly amount obtained (D).	\$2,825	D
<b>Step 3</b>	Determine the monthly amount the client is entitled to based on their insurable earnings. Enter the insurable earnings (A) in the «Annual income" field of the illustration software and check the box "Eligible to receive benefits for Employment Insurance". <ul style="list-style-type: none"> <li>• Note the monthly amount payable after 30 days</li> <li>• Note the monthly amount payable after 120 days.</li> <li>• Calculate the total monthly amount the client would receive after a 120-day period (E+F).</li> </ul>	<div> <div>\$850</div> <div>\$1,000</div> <div>\$1,850</div> </div>	<div>E</div> <div>F</div> <div>G</div>
<b>Step 4</b>	Determine the additional monthly amount that the client is entitled to from self-employment after a 30-day waiting period (D-G)	\$975	H
<b>Step 5</b>	Determine the maximum monthly amount payable after a 30-day waiting period (H+E).	\$1,825	I
<b>Step 6</b>	Redo the illustration by entering the monthly amount for each waiting period: after 30 days (I) and after 120 days (F).	You did it!	

To make sure the calculation is correct, add I and F (\$1,825 + \$1,000). This amount is the total monthly amount the client would receive (\$2,825) after a 120-day waiting period. It should be equal to D, which is the maximum monthly amount the client is entitled to based on their total income (D).

## 1.5 GUARANTEED BENEFIT FOR OCCUPATION CLASSES 4A, 3A, 2A OR A

Desjardins Insurance offers a "guaranteed" monthly amount in the event of a total disability for clients of occupation classes 4A, 3A, 2A or A (after upgrade, if applicable). This amount is considered as "guaranteed" because clients will not have to justify their income at the time of the claim. If their income should decrease, they will not be penalized for it.

However, the Guaranteed benefit will be coordinated if the client is covered with group insurance at the time of the disability.

The Guaranteed benefit is offered subject to the following conditions:

- Obtain approval from Desjardins Insurance by submitting tax returns for the last 2 years (professional classes 4A and 3A) and tax returns for the last 3 years (professional classes 2A and A).
- Have an occupation without significant manual or physical work. If the occupation requires **more than 20% of manual or physical work**, the Guaranteed benefit cannot be granted.

Some occupations will be reviewed on a case-by-case basis:

1. If the occupation requires 20% or less of manual or physical work and entails a specific risk (e. g. handling chemicals, using heavy equipment, working in extreme hot or cold temperatures, etc.), the Guaranteed benefit may not be granted.
2. If the occupation requires more than 20% of skilled manual work and does not entail any specific risk, the Guaranteed benefit may be granted, such would be the case for a dentist.

Note: When completing the application, it is very important to clearly describe the occupation of the client and to highlight positive factors such as employment and income stability.

If you think a client may qualify for a Guaranteed benefit, you must answer the related question.

The Guaranteed benefit cannot be applied at the same time as the 20% income enhancement.

Agricultural producers are not eligible for the Guaranteed benefit.

## 1.6 DEFINITION OF TOTAL DISABILITY

### A) Client gainfully employed at the onset of disability

During the waiting period and the following 24 months, the client is considered totally disabled if, as a result of an illness or accident:

- they are unable to perform the important duties of their regular occupation AND
- they are not engaged in any gainful activity AND
- they are receiving continuous medical care

After receiving a monthly amount for 24 months, the client will continue to receive it if:

- they are unable to perform a replacement occupation AND
- they are not engaged in any gainful activity AND
- they are receiving continuous medical care

### B) Client unemployed, on maternity leave or parental leave at the onset of disability

If the client is not gainfully employed at the onset of disability, they will be considered totally disabled if, as a result of an illness or accident:

- they are unable to perform a replacement occupation AND
- they are not engaged in any gainful activity AND
- they are receiving continuous medical care

Desjardins Insurance may waive the continuous medical care requirement upon receipt of acceptable written proof indicating that further medical care would be of no benefit to the client.



## 1.7 WAITING PERIOD

### 1.7.1 Definition and application

The waiting period is the number of days the client must be totally disabled (or partially disabled if Partial Disability has been added to the policy) between the moment the disability began and the moment when the monthly amount becomes payable.

### 1.7.2 Possible choices

SOLO Disability Income offers waiting periods of: 30, 30+, 60, 90, 90+, 120, 365 or 730 days.

For waiting periods of 90 days or less, the client is eligible to receive a monthly amount on the first day in the event of hospitalization or day surgery.

The "+" sign indicates that the monthly amount is payable on the first day in the event of an accident. This feature only applies to waiting periods of 30 and 90 days.

Table of waiting periods for total disability				
Period selected	Disability due to an accident		Disability due to an illness	
	Without hospitalization or one-day surgery	With hospitalization or one-day surgery	Without hospitalization or one-day surgery	With hospitalization or one-day surgery
30	30	0	30	0
30+	0	0	30	0
60	60	0	60	0
90	90	0	90	0
90+	0	0	90	0
120	120	120	120	120
365	365	365	365	365
730	730	730	730	730

## 1.8 BENEFIT PERIOD

The benefit period is the maximum period during which the disabled client is eligible to receive monthly amounts. The benefit period starts when the waiting period expires and ends on the earliest of the following events:

- at the end of the disability
- at the end of the benefit period selected
- at the policy anniversary nearest to the client 65th birthday
- at the death of the client.

SOLO Disability Income offers benefit periods of 2 years, 5 years or to age 65. Furthermore, the benefit period will always be a minimum of 2 years, even if the policy ends at age 65. For example, if a client is totally disabled at age 64, a monthly amount will be payable for at least 2 years, that is, until age 66, even if the policy ends at age 65.

## 1.9 MULTIPLE CAUSES OF DISABILITY

If a new event, unrelated to the initial event that caused the first disability, occurs during the benefit period of the first disability and this new event may entitle the client to receive monthly amounts, no additional amounts will be paid during this benefit period. The insurer qualifies it as the continuation of the same disability claim.

Also, no additional monthly amount will be paid if the client remains totally disabled at the end of the benefit period for the first disability and another event that qualifies for monthly amounts does occur.

## 1.10 RECURRENT DISABILITY

When a client recovers from a disability and then becomes disabled again due to the same cause, the new disability will be considered as a recurrence of the first disability.

If the client becomes disabled again within **6 months (occupation classes 2A, A, and B)** or within **12 months (occupation classes 4A and 3A)** following the end of the initial disability and that this new disability is due to the same or a related cause, the new disability is considered to be a continuation of the previous initial disability. **In such case, the client is not required to satisfy the waiting period again to receive a monthly amount.** Payments of the monthly amount will resume but without exceeding the benefit period initially selected.

If the new disability is due to another cause, the client would be required to satisfy the selected waiting period again to receive monthly amounts. The benefit period would start again from the beginning.

## 1.11 CONTINUATION OF COVERAGE AFTER AGE 65

When the client turns 65, SOLO Disability Income offers the possibility to extend coverage **without medical evidence** by converting the policy into a 5-year term disability coverage. During these 5 years, premiums may increase each year. If applicable, the refundable portion of the premiums under the Return of Premium additional coverage is paid to the client at age 65.

To be eligible, the client must:

- work full-time at age 65
- not be disabled at age 65
- request it in writing to Desjardins Insurance within 60 days before the coverage expiration date
- provide financial evidence

The term insurance has the following features:

- A monthly amount equal to the lesser of \$2,000 or 50% of the initial monthly amount
- A minimum waiting period of 30 days
- A maximum benefit period of 2 years
- No additional coverage is offered
- SOLO Disability Income exclusions continue to apply on the term insurance

## 1.12 END OF DISABILITY INCOME COVERAGE

The Disability Income coverage terminates at the earliest of the following dates:

- Death of the client
- Contract expiry date:
  - Policy anniversary nearest to the client 65<sup>th</sup> birthday
  - Policy lapse date
- Date of retirement of the client
- Date at which SOLO Disability Income is exchanged to SOLO Loan Insurance

## 1.13 BUILT-IN FEATURES

### 1.13.1 Eligibility to receive a monthly amount as of the first day in case of hospitalization or day surgery

For waiting periods of 90 days or less, the client is eligible to receive a monthly amount as soon as the first day in the event of hospitalization or day surgery. Hospitalization is defined as a minimum of 18 consecutive hours or more as a bedridden patient in a hospital.

### 1.13.2 Amount payable at death

If the client dies prematurely, SOLO Disability Income will pay the designated beneficiary an amount equal to 5 times the monthly amount indicated in the contract. For this amount to be payable, the death must occur while the client is receiving monthly amounts for a disability but it does not have to be related to it.

There is no age limit at issue to receive the amount payable at death.

### 1.13.3 Exchange privilege (at issue age)

#### Exchanging for SOLO Loan Insurance

A self-employed worker could find employment in a large company offering group insurance and therefore no longer need a disability income coverage. However, they may want to keep coverage for loans in the event of a disability by exchanging their SOLO Disability Income for SOLO Loan Insurance.

This exchange privilege is subject to the following conditions:

- It can be used only once within the first 7 years following the date of issue
- It is offered at **issue age**
- It **does not require proof** of insurability
- It must be used prior to age 60
- It cannot increase the risk to the insurer (i.e. the waiting period cannot be shortened and neither the benefit period nor the monthly amount can be extended, etc.)
- It requires financial information (answer income question on the application)

### 1.13.4 Organ donation

A disability due to an organ donation qualifies for monthly amounts only if the policy has been in-force for at least 6 months. The client would be considered totally disabled due to an illness.

### 1.13.5 Accumulation of days for waiting period

The client does not have to be permanently disabled to satisfy the waiting period. The waiting period can be an addition of several successive periods of disability.

Successive disability periods lasting 7 days or more, resulting from the same cause, can be accumulated to satisfy waiting periods of 30 days or more. However, the accumulated disability periods cannot be separated by more than **180 days for occupation classes 2A, A and B** and by more than **360 days for occupation classes 4A and 3A**.

### 1.13.6 Presumptive total disability

If, following an accident or an illness, the client suffers the loss of two limbs or of one of the senses listed below, they will be considered totally disabled **whether or not they are employed and whether or not they are receiving continuous medical care.**

By "loss", we mean the total and permanent:

- Loss of use of a hand
- Loss of use of a foot
- Loss of a hand and the wrist joint following an amputation
- Loss of a foot and the ankle joint following an amputation
- Loss of sight in both eyes (visual acuity of 20/200 or less, or a field of vision of less than twenty 20 degrees)
- Loss of speech following a physical lesion or a sickness that last at least 6 consecutive months
- Loss of hearing in both ears, with a hearing threshold of 90 decibels

### 1.13.7 Rehabilitation

If the client is receiving monthly amounts under a SOLO Disability Income policy, Desjardins Insurance can cover the costs of a rehabilitation program if the purpose of the program is to help the client return to work sooner. The program must be pre-approved by Desjardins Insurance and must not be covered by any other program or service.

### 1.13.8 Waiver of premium

SOLO Disability Income premiums are waived as soon as the waiting period has been satisfied and for as long as a monthly amount is being paid.

If the client has more than one monthly Disability Income amount, the waiver of premium starts when the shortest waiting period expires and stops at the end of the longest benefit period.

SOLO Disability Income does not provide for the reimbursement of premium portions paid in advance or the billing of portions of premium paid when the disability ends.

### 1.13.9 Assistance services

Complimentary assistance services for your clients and their loved ones, available at any time online or by phone, 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 their questions and connect with world-renowned specialists to confirm a diagnosis and determine an optimal treatment plan (by Advance Medical)

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

## 1.14 ELIGIBILITY FOR EMPLOYMENT INSURANCE

When the client is eligible for Employment Insurance (EI) and the EI box has been checked off, the illustration software illustrates two coverage; one with a 30-day waiting period and another with a 120-day waiting period.

The monthly amount payable after 30 days will be equal to the maximum amount reduced by any EI benefits. As the EI benefit payments generally end after 120 days, the monthly amount payable after 120 days compensates for the EI benefit payments that just ended.

The combined two monthly amounts will be equal to the maximum amount the client is entitled to.

If the client is eligible for EI and the EI box in the data entry screen of the illustration software has not been checked off, Desjardins Insurance will issue a contract that complies with the EI benefit integration rules, just as the software would have completed.

## 1.15 GROUPED INDIVIDUAL DISABILITY INSURANCE (TAXABLE MONTHLY AMOUNT)

When a group of employees from a small to medium-sized business has grouped individual Disability Income policies, the company (or employer) is both the policyowner and payor, and the employees are the beneficiaries. This allows the company to deduct the insurance premium from its income without giving employees a taxable benefit.

### 1.15.1 Eligibility criteria

- Minimum of two insured employees. Employee shareholders can also be covered by this type of Grouped Disability Income Replacement Plan.
- The "Disability Income Replacement Plan – Amendment" form must be completed.
- The monthly amount payments must be paid to the insured employee.
- The properties of the Disability Income insurance must be the same for all insured employees within the group.

If one of the above criteria has not been met, the policyowner and employees must take the necessary steps to transfer or surrender the contracts. The policyowner must also advise Desjardins Insurance when any of the criteria has not been met or if an insured is no longer part of the group.

### 1.15.2 Rules and restrictions

- The Disability Income Replacement Plan is only available under the SOLO Disability Income coverage.
- The Disability Income Replacement Plan is only available on a new policy issue.
- The employer must pay the total monthly premium to Desjardins Insurance. If the employer only pays part of the premium, he must claim the difference from his employees.
- Desjardins Insurance issues tax slips with the total of monthly amounts paid out. If an insured employee is paying a portion of the premium, he must ask his employer to confirm the total amount of premium he paid to deduct it from his taxable disability income. Desjardins Insurance does not keep a record of the breakdown of individual premium payments.
- Coverage from each policy must be included in the grouped contract arrangement.
- The monthly disability amounts under the Disability Income Replacement Plan are taxable, but the amount payable at death remains tax-free.
- The additional coverage Return of Premium is not available.

### 1.15.3 Taxes

The employer is the policyowner of the contract and it pays all premiums related to it. The premiums paid are not a taxable benefit for the insured employee. However, in the event of disability, the monthly amount paid to the insured employee is taxable income.

To comply with the Income Tax Act (Canada) and the Taxation Act (Quebec), Desjardins Insurance is required to withhold federal and provincial income taxes on monthly amounts paid to insured employees in accordance with the deduction tables in effect that year. Each year, Desjardins Insurance is required to issue tax slips in the name of the insured employee in order to report the monthly disability amounts paid with tax deductions.

### 1.15.4 Form

Please use the "Disability Income Replacement Plan – Amendment" form and have it signed by the employer and its insured employee.

## 1.16 RULES APPLICABLE TO HOME-BASED WORKERS

For specific rules for home-based workers, please consult the SOLO Salary Insurance product section (available on Webi). This section provides an overview of possible solutions based on certain conditions and occupational classes.

## 1.17 INCOME ENHANCEMENT

If the client is a self-employed worker, they can benefit from an income enhancement of 20% over and above their annual income. For self-employed workers, the annual income is the gross income minus the deductible business expenses.

This 20% enhancement is particularly important for self-employed workers who have high overhead expenses which could consequently lead them to needing a higher monthly amount than salaried employees.

The maximum monthly amount is calculated based on the annual income plus 20% and it is subject to a maximum enhancement of \$40,000. Please note that the enhanced annual income must not exceed the gross income.

### EXAMPLE

The client has a gross annual income of \$100,000 and \$10,000 in business expenses. The annual income to enter in the illustration software is \$90,000. This income, combined with the 20% enhancement, would exceed the gross annual income of \$100,000. In such situation, the client would have the right to enhance their annual income up to a maximum of \$100,000.

To illustrate an income enhancement, check the "Self-Employed (20% enhancement)" box in the data entry screen of the illustration software.

### Income enhancement for incorporated business owners

The 20% enhancement also applies to sole owners of an incorporated company. In this case, the income enhancement applies only to the net income of the company and not to the business owner total income.

The calculation must be done **manually** as such:

- Add 20% to the net income of the company
- Add the enhanced net income of the company and the salary, if applicable
- Enter this total income in the "Annual income" field of the illustration software
- Do not check the "Self-employed 20% enhancement" box

The income enhancement request and calculation details must be included in the "Special instructions" section of the application.

The 20% income enhancement cannot be applied at the same time as the Guaranteed benefit.

# 1.18 CALCULATION OF INSURABLE INCOME AT ISSUE

Earned income is the total of all payments received as employment income or for services provided. It varies depending on the employment situation of the client. To calculate the insurable income, you need to establish the maximum monthly amount for a disability that they are entitled to. Follow the steps below.

- 1) What is their current employment situation?
  - a) Salaried employee
  - b) Commission-based employee
  - c) Self-employed worker
  - d) Partner of an unincorporated business
  - e) Incorporated business owner
  - f) Recognized agricultural producer
- 2) Different types of income are considered insurable income, based on the answer to question 1. An assessment is based on the employment income indicated on the federal income tax return (T1 General return).
- 3) To calculate the insurable income, complete the appropriate sections below:

## 1.18.1 Salaried employee

If bonuses have been paid regularly for several years, you can add them to the salary.

Salary from the current year	Salary from previous year	Salary from two years ago
\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

### Insurable income

The insurable income is the salary reported on the T1 General (line 101 plus line 104, minus line 229).

### Employed 12 months or more

- Annual salary from the current year or the previous year.

### Employed for less than 12 months

With prior experience, skills and training in the full-time job for which they meet the eligibility criteria

- Annual salary from current year.

Without prior experience, skills or training in the full-time job for which they meet the eligibility criteria

- **The maximum monthly amount is \$1,200** after individual consideration of employment history and income.

### 1.18.2 Commission based employee, Self-employed worker and Partner of an unincorporated business

Income from current year	Income from previous year	Income from two years ago
\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

#### Insurable income

The insurable income is the net income reported on the T1 General (lines 135 to 143).

#### Self-employed for 12 months or more

- If income is increasing, the insurable income is the income from the previous year.
- If income is decreasing, the insurable income is the income average of the past two years.

#### Self-employed for less than 12 months

With prior experience, skills and training in their activity sector

- Annual income from the current year plus the annual income from the previous year.

Without prior experience, skills or training in their activity sector

- **The maximum monthly amount is \$1,200** after individual consideration of employment history and income of the client.

### 1.18.3 Incorporated business owner

	Income from previous year	Income from two years ago
Salary, excluding dividends (x)	\$ <input type="text"/>	\$ <input type="text"/>
Share of the company's profits or losses (y)	\$ <input type="text"/>	\$ <input type="text"/>
<b>Total (x + y)</b>	\$ <input type="text"/>	\$ <input type="text"/>

#### Insurable Income

The insurable income is the annual salary plus any share of the profits or less any share of the losses attributable to the owner.

Desjardins Insurance takes into consideration the salary reported on the T1 General of the business owner and the share of the profits (the income of the company after expenses and before taxes) as indicated in financial statements of the company. Dividends are not considered insurable but since they are paid from the profits of the company, they are implicitly considered as earned income.

#### In business 12 months or more

- Annual salary of the previous year plus the share of the profits or less the share of the losses from the previous year that are attributable to the client.

#### In business for less than 12 months

With prior experience, skills and training in the activity sector

- Annual income from the current year plus the annual income from the previous year.

Without prior experience, skills or training in the activity sector

- **The maximum monthly amount is \$1,200** after individual consideration of employment history and income of the client.



### 1.18.4 Recognized agricultural producer

A recognized agricultural producer is an individual:

- Engaged in the production of an agricultural product
- Whose share in the farm operation is at least 20%
- Whose agricultural products are not consumed entirely by themselves and the members of their family
- Whose farm production intended for marketing purpose has an annual value of at least \$5,000

	Income from current year	Income from previous year	Income from two years ago
Salary, if applicable (x)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Share of the farm's profits or losses (y)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Share of the amortization (z)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
<b>Total (x + y + z)</b>	<b>\$ <input type="text"/></b>	<b>\$ <input type="text"/></b>	<b>\$ <input type="text"/></b>

When establishing the disability monthly amount, the insurable income of the agricultural producer also considers the amortization indicated on the income statements of the farm operations, including the amortization of buildings, leases, equipment or an automobile, as well as the depreciation of equipment and premises belonging to the client.

For incorporated farmers, amortization is indicated in Schedule 1 of the T2 (calculation of net income for tax purposes).

For unincorporated farmers, the amortization is indicated in form T2042.

#### Important information:

- If financial evidence is required, Desjardins Insurance will request copies of the T1 General from the past two years. Notices of assessment are not sufficient financial evidence because they only mention the total taxable income, which is not always insurable (line 150 of the T1 General).
- T4 slips cannot be accepted as financial evidence either because they only confirm the salary received from an employer and they do not include all income received. For incorporated business owners, we also assess the income of the company after expenses using its financial statements from the past two years.
- If there are significant fluctuations in income or profits, please explain why in section G – *Special instructions* of the application.

1.18.5 Offer to agricultural producers (SOLO Agriculture)

Desjardins Insurance offers Disability Income coverage especially designed for the realities of the agricultural producers. To be eligible, the agricultural producer must own and hold a minimum of 20% of the share of the farm.

In the Illustration software menu, choose the Income and Current Employment Situation check box.

Occupation Information

Complete all the fields from this section to determine if the insured is eligible to the selected coverage.

☒

Occupation  
To Select

Occupation Class  
2A

☒

Eligibility  
Working at least 30 hours per week, 40 weeks per year  
Last trimester of pregnancy: No

☒

Income and Current Employment Situation  
\$40,000 | Self-employed Worker  
Income Enhancement 20% is not applied

☒

Upgrade  
-----

☒

Supplementary Characteristics  
Not eligible to receive benefits from Employment Insurance  
Does not work from home  
Does not want to issue a Disability Income Insurance Plan (taxable benefit)

Then check the corresponding box for the Agricultural Producer (Agriculture). Thereafter, you can complete your illustration as you would for a SOLO Disability Income illustration.

Close X


## Occupation Information

Occupation
Eligibility
Annual Income
Upgrade
Supplementary Characteristics

**Current Employment Situation**

☐ Employee

☐ Self-employed Worker on Commission

 ☒ Self-employed Worker

In the **Annual Income** field, indicate the net income declared in the T1 Federal Tax Return (lines 135, 137, 139, 141 and 143).

☐ Partners

☐ Owner of a business corporation / Corporation (Inc)

☐ Agricultural Producer (Agriculture)

**Annual Income**

☐ Income Enhancement 20%

Consult Eligibility Criteria

**Income Definition**

Total income received by the insured for his work including salary, wages, fees, bonuses and commissions, before taxes less expenses.

**Excludes:** dividends from any source, pension income, interest, rental income, capital gains, royalties, fees, alimony payment received, any deferred compensations, other investment income and, any other income that is not directly received for services provided.

**Income Stability**

If the estimated income of the year is expected to be lower in comparison to the previous year, the mean of the last 2 years could be used by underwriting.

✔
The Insured is eligible to the coverage based on the income entered

Cancel
Save

**The main benefit of SOLO Agriculture is that the agricultural producer can include amortization expenses related to the farm to the annual income in order to establish the monthly amount.**

In most cases, the farm will be on the same ground as the home of the agricultural producer but we do not consider it as working from home. You will notice that in the section "Supplementary characteristics", the box "Home-based work (more than 50 %)" and "Enhancement Self-employed (20%)" are greyed for this specific reason.

## 1.19 ADDITIONAL COVERAGE

You can customize each coverage to meet the specific needs of your clients.

### 1.19.1 Cost of living

If the client is actively working, their purchasing power is generally protected against inflation with an annual salary increase or by an increase in the price they charge for the goods and services they produce, which in turn will increase their annual income.

However, during a period of total or residual disability that extends beyond 12 consecutive months, the monthly amount a client receives may appear to be less and less sufficient.

The additional coverage **Cost of Living** protects the purchasing power during a long-term disability by indexing the monthly amount when the client is disabled. This indexation is based on Statistics Canada Consumer Prices for the previous calendar year ending on August 31<sup>st</sup> and is subject to an annual maximum of 5%. Indexation applies as of the 13th month after the monthly amount start date and every 12 months thereafter.

The additional coverage Cost of Living is available for all occupation classes.

#### EXAMPLE

The client received a monthly amount of \$1,000 on July 1<sup>st</sup>. The following year, on the same date, the CPI is 3%. Desjardins Insurance will therefore index the monthly amount to \$1,030. If on July 1<sup>st</sup> of the following year, the client is still disabled, the monthly amount will be indexed again based on the current CPI, up to a maximum of 5%.

### 1.19.2 Partial Disability

The client may continue to work part-time during the disability or be able to return to work gradually following a total disability, even if it is for a few days a week. In such situations, a Disability Income plan providing monthly payments for total disability only would be of no avail.

The additional coverage **Partial Disability** considers the fact that the client could be partially disabled and it bridges the gap between the income earned before the disability and the income earned during the disability.

The additional coverage Partial Disability is offered to all occupation classes.

To qualify for this additional coverage, the client must be working at least 30 hours per week and at least 35 weeks per year at the time of issue.

#### Definition of partial disability

To be considered partially disabled, the client does not have to go through a period of total disability first.

#### Client who is working at the onset of disability

The client is considered partially disabled if, as a result of an illness or accident:

- They are unable to perform at least one of the important duties of their regular occupation OR
- They are unable to work at least 50% of the time they normally spend in their regular occupation AND
- They are receiving continuous medical care.

#### Client who is not unemployed, on maternity or parental leave at the onset of disability

The client is considered partially disabled if, as a result of an illness or accident:

- They are unable to work at least 50% of the time they normally spent in their regular occupation AND
- They are receiving continuous medical care.

#### Partial monthly amount

During a partial disability period, after the selected waiting period has been satisfied, the client will receive an amount equal to 50% of the selected monthly amount. For the first 36 months, the first \$600 are not integrated and not coordinated. This period of 36 months includes the total disability and partial disability monthly amounts, when applicable.

Thereafter, the monthly amount is subject to the applicable integration and coordination rule. No financial evidence is required to be eligible to receive a partial monthly amount.

No partial monthly amount will be paid if the client is unemployed, on maternity or parental leave for more than 60 days.

#### Waiting period

The partial disability monthly amount is never payable on the first day in the event of hospitalization or day surgery, regardless of the occupation class and the waiting period selected by the client.

- For occupation classes B, A, 2A, 3A and 4A, the waiting period for partial disability is the one selected by the client under their SOLO Disability Income coverage.

## To consider when applying the waiting period

When a total disability precedes a partial disability:

- The waiting and benefit periods for total disability can be used to reduce the waiting period to be satisfied before receiving a partial monthly amount for partial disability. Thus, the client, who becomes partially disabled after having received monthly amounts for total disability, does not have to satisfy the waiting period again.

When partial disability precedes total disability:

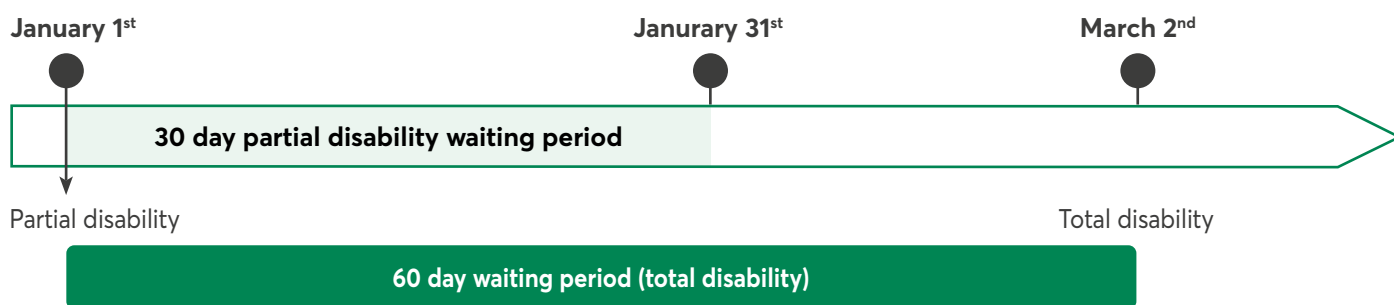
- The waiting period already elapsed for partial disability can be used to reduce the waiting period that the client must satisfy prior to receiving monthly amounts for total disability. Thus, the client who becomes totally disabled, after having received monthly amounts for partial disability, does not have to satisfy the waiting period again.

### EXAMPLE

The client with a 2A occupation class selects a monthly amount with a 60-day waiting period. The client becomes partially disabled on January 1<sup>st</sup>. On January 31<sup>st</sup>, he is no longer considered partially disabled but totally disabled.

As the waiting period for the partial disability can be used to reduce the waiting period for the total disability, Desjardins Insurance will consider the 30 days already elapsed as part of the 60-day waiting period for a total disability.

Desjardins Insurance will pay monthly amounts for a total disability starting on March 2<sup>nd</sup>.



## Benefit period

The partial monthly amount is paid for the shortest of the following periods:

- The benefit period selected by the client
- A maximum period of 12 months (for occupation classes 3A and 4A)
- A maximum period of 6 months (for occupation classes B, A and 2A)

When partial and full monthly amounts are paid for the same disability, the total benefit period cannot exceed the benefit period selected by the client for total disability.

### 1.19.3 Residual Disability

Recovering from a disability often take some time. In some cases, the client may never fully recover and as a result, never be able to earn a full income again after being off work due to disability.

The additional coverage **Residual Disability** provides the client with a monthly amount proportional to the income loss if they cannot earn at least 20% of the income earned prior to the disability, whether the client had full-time or part-time employment. To be eligible, the client must be receiving continuous medical care and the income loss must result from a decrease in functional abilities following a total disability.

The additional coverage Residual Disability is available for all occupation classes.

**Client unemployed, on maternity or parental leave for 60 days or less at the onset of the disability and who:**

- **Returns to their previous occupation** – the income loss is calculated based on the annual income earned prior to unemployment.
- **Returns to work and performs a different occupation** – the income loss is calculated based on the annual income earned by a non-disabled individual doing the same job.

**Residual monthly amount**

The payable amount is proportional to the income loss. For example, if the income loss is 40%, the client will receive 40% of their monthly amount.

If the income loss is 80% or more, the client will receive the full monthly amount. On the other hand, if the income loss is under 20%, no residual monthly amount will be paid.

The integration and coordination rule applies to the residual monthly amount.

If the client has been unemployed, on maternity or parental leave for more than 60 days, no residual monthly amount will be paid.

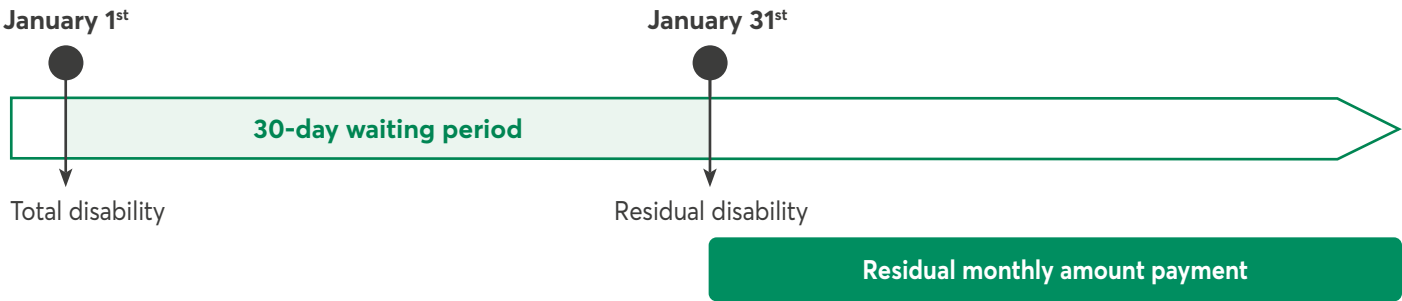
**Waiting period**

The residual monthly amount is never payable on the first day in the event of accident, hospitalization or day surgery, regardless of the occupation class or waiting period selected by the client.

- For occupation classes B, A, 2A, 3A and 4A, the client must have been totally disabled during the waiting period selected for the SOLO Disability Income coverage.
- The waiting and benefit periods for total disability can be used to reduce the residual disability waiting period.

**EXAMPLE**

The client in a 3A occupation class selects a monthly amount with a 30-day waiting period. He becomes totally disabled on January 1<sup>st</sup> and satisfies the 30-day waiting period. On January 31<sup>st</sup>, the client gradually starts working again. For occupation class 3A, the waiting period selected initially applies. The client will receive a monthly amount per their income loss starting on January 31<sup>st</sup>.



**Benefit period**

- The residual monthly amount is paid for the selected benefit period and is based on the duration of the previous total disability.



Partial Disability and Residual Disability cannot be selected at the same time.

### 1.19.4 Return of Premium on cancellation

SOLO Disability Income insurance protects the client against income loss due to a disability but they may never need it and remain in good health.

The additional coverage **Return of Premium on cancellation** allows the client to get back 50% of the premiums paid less any monthly amounts received, including any partial or residual monthly amounts. After the Return of Premium has been paid out, the policy is no longer in-force.

The additional coverage Return of Premium on cancellation is available for all occupation classes.

It is offered to clients ages 18 to 55.

Paid premiums include:

- Policy fees
- Extra premiums
- Premiums of the SOLO Disability Income coverage
- Premiums of additional coverage (except Future Insurability Option).

Any waived premium or premium related to the cancellation of an additional coverage, if applicable, are excluded from this reimbursement.

If the client reduces the premium within the first 10 years of the coverage issue date, the new premium is deemed to have been paid since that date.

Premium reductions may be due to:

- a reduction of the monthly amount
- an extension of the waiting period
- a reduction of the benefit period
- etc.

This means that the client will be penalized if they change from a smoker to a non-smoker status, if their occupation class is upgraded or if the extra premium is revised within the first 10 years.

#### **Optional surrender dates**

Surrenders can be completed in the following situations:

- The later of:
  - Policy anniversary nearest to the client 55<sup>th</sup> birthday.
  - 10<sup>th</sup> policy anniversary or the date of its last change, if there has been an increase in the monthly amount.
- On the policy anniversary nearest to the client 65<sup>th</sup> birthday.

If the client wishes to receive an early return of premium between ages 60 to 65, a reduction of 5% will be applied for each anticipated year before the policy anniversary nearest to the client 65<sup>th</sup> birthday.

For these three surrender dates options, a surrender request must be sent to the Desjardins Insurance head office within 60 days before the reimbursement.

#### **Client disabled on the offered surrender dates**

If the client is disabled during any of the above-mentioned dates, premiums will be reimbursed when the monthly amount ceases to be payable.

However, the Return of Premium request must be submitted on the dates originally planned.

### 1.19.5 Future Insurability Option

The monthly amount is determined based on the overall financial situation and needs of the client. If their career path or situation change, this amount may no longer meet their future needs. The health of the client could also deteriorate over time and prevent them from getting an additional monthly amount.

The additional coverage **Future Insurability Option** allows the client to increase the monthly amount on each policy anniversary without having to provide new proof of insurability.

The client can get this additional coverage at issue subject to the following conditions:

- Be aged 18 to 50.
- Only one Future Insurability Option can be added, no matter how many disability coverage the client has.
- **This coverage is not offered to clients paying an extra premium.**

#### How it works

When the Future Insurability Option is purchased, the client must select the maximum monthly amount they would like to have for future increases in coverage. An amount between \$500 to \$8,000 (in multiples of \$500) can be selected.

The sum of the monthly amounts for total disability and the amount selected under the Future Insurability Option cannot exceed the maximum monthly amount allowed for the occupation class of the client.

Moreover, the amount selected for the Future Insurability Option may not exceed 2.5 times the sum of the monthly amounts for total disability.

The client may request up to 5 increases and up to a maximum of 20% of the amount selected (minimum \$100) at any policy anniversary before their 56<sup>th</sup> birthday without having to provide proof of insurability. For example, the client having selected an amount of \$1,000 could request 5 increases of \$200 each. If the client does not request the full increased amount (\$200), they cannot accumulate it for later.

#### Exercising the Future Insurability Option:

- The client must exercise this option before the policy anniversary nearest to their 56<sup>th</sup> birthday.
- The request to exercise this option must be submitted at least 60 days before the policy anniversary.
- The client cannot exercise this option if disabled.
- The premium associated with the increased amount will be based on the attained age and the rates in-force with Desjardins Insurance at the time of the request.
- If the disability is due to an accident, the new monthly amount will be in force as soon as the policy anniversary. If the disability is due to an illness, the new monthly amount will be in-force 6 months after the policy anniversary.

#### EXAMPLE

The client has SOLO Disability Income coverage with a monthly amount of \$1,000 and an additional coverage Future Insurability Option of \$500.

On the January 1<sup>st</sup> policy anniversary, the client wishes to exercise this option and to increase their monthly amount by \$100 (20% x \$500).

Thereafter, on January 31<sup>st</sup>, the client becomes disabled due to an accident. Since the increase is in effect, the client will receive a monthly amount of \$1,100 (\$1,000 + \$100).

If the client had become disabled due to an illness rather than an accident, the monthly amount would have been \$1,000.

If the client had become disabled due to an illness on September 31<sup>st</sup> of the same year, the monthly amount would have been \$1,100.



If the client has more than one monthly amount with the same waiting period, the Future Insurability Option will be added to the monthly amount for total disability with the longest benefit period.

### EXAMPLE

The client selects two different monthly amounts with the additional coverage Future Insurability Option.

	Monthly amount	Waiting period	Benefit period
Choice 1	\$1,050	30 days	To 65
Choice 2	\$1,300	120 days	To 65

When the client exercises the Future Insurability Option, the new monthly amount will have a waiting period of 120 days and a benefit period to 65.

The client selects two different monthly amounts with the additional coverage Future Insurability Option.

	Monthly amount	Waiting period	Benefit period
Choice 1	\$1,050	30 days	2 years
Choice 2	\$1,300	30 days	At 65

When the client exercises the Future Insurability Option, the new monthly amount will have a waiting period of 30 days and a benefit period to 65 or less.

- If there are exclusions associated with the monthly amount for total disability, the same exclusions will apply to the increase.
- When the option is exercised, additional coverage added to the initial coverage also apply.

### 1.19.6 Regular Occupation Period Extender

The definition of total disability applies to the regular occupation of the client during the first 24 months of the benefit period.

To continue receiving monthly amounts after the 24-month period, the client must not only be unable to perform their regular occupation but also any replacement occupation for which they are qualified by virtue of their education, training and experience.

The additional coverage Regular Occupation Period Extender allows the client to extend the regular occupation period based on the definition of total disability beyond the 24-month period. Therefore, the client will continue to receive monthly amounts for 5 years or until age 65, whichever was chosen.

Moreover, to keep receiving monthly amounts, the client must not be working in any gainful occupation and must be receiving continuous medical care.

The additional coverage Regular Occupation Period Extender is available for all occupation classes.

A client cannot have two different monthly amounts that do not have the same definition of disability under the same policy at the time of the claim.

### EXAMPLE

	Monthly amount	Benefit period	Regular occupation definition
Choice 1	\$1,000	To 65	2 years
Choice 2	\$1,000	To 65	To 65

This option is not available because the client would be in a situation where the first monthly amount ceases to be payable because of the total disability definition applied whereas the second monthly amount is still payable.

	Monthly amount	Benefit period	Regular occupation definition
Choice 1	\$1,000	5 years	5 years
Choice 2	\$1,000	To 65	To 65

This option is available because the first monthly amount ceases to be payable, not because of the regular occupation definition but because of the benefit period.

# General Information

## 2.1 COORDINATION AND INTEGRATION RULE

**Coordination** means that the monthly amount may be reduced to ensure that the sum of all sources of disability benefits received (except any loan insurance such as SOLO Loan Insurance) does not exceed 90% of the average monthly income. In such case, the monthly amount would be reduced so that the total of all benefits does not exceed the above mentioned 90%.

**Integration** means that the monthly amount may be reduced by any disability benefit or indemnity from government plans or other insurance plans, except for illness benefits payable under the Employment Insurance Act. In such case where a lump-sum or retroactive payment has been paid to the client under government plans, the client would be required to reimburse Desjardins Insurance for all amounts that would not have been payable in accordance with the integration rules.

### RESTRICTIONS

If the client fails or refuses to avail themselves of their entitlements under government plans, Desjardins Insurance will assess the amount of benefits the client would have been entitled to receive. The monthly amount will then be reduced accordingly.

During the first 36 months of disability, the coordination and integration rule does not apply to the first \$1,200.

## 2.2 LIMITATIONS AND EXCLUSIONS

### 2.2.1 Limitations applicable when the client is not actively working prior to the onset of disability

a. Prior to the onset of disability, if the client

- Was unemployed for 12 months or less OR
- Was on maternity or parental leave for 70 weeks or less

The waiting period is automatically 90 days, regardless of the period selected by the client at issue, and the monthly amount is not payable as of the first day in the event of hospitalization or day surgery.

Plus, no monthly amount will be payable if the disability is due to one of the following disorders or their related treatments or complications:

- Stress
- Anxiety
- Depression
- Neurosis
- Psychosis
- Adjustment disorder
- Fibromyalgia or any chronic pain syndrome
- Chronic fatigue syndrome
- Personality disorder
- Attention deficit disorder
- Any other emotional or psychiatric disorder

b. Prior to the onset of disability, if the client:

- Has been unemployed or benefit from a leave without pay following an agreement with their employer for a period over 12 months OR
- Has been on maternity or parental leave for more than 70 weeks

He will not be eligible to receive monthly amounts under this coverage. However, the client will once again become eligible to receive these amounts if:

- He never stopped paying premiums for the coverage AND
- He can prove that he is once again employed on a full-time basis.

## 2.3 RESTRICTIONS APPLICABLE TO SPECIFIC OCCUPATIONS

Choices for SOLO Disability Income benefit periods are limited for certain occupations. The table below lists these occupations with their maximum benefit period.

Occupation	Industry	Class	Maximum benefit period
Police officer (others)	Public safety	A	2 years
Policeman/policewoman (others)	Public safety	A	2 years
Detective or other officer	Public safety	B	2 years
Chambermaid (1 <sup>st</sup> class establishments)	Hotel industry (hotels and motels)	B	2 years
Waiter	Hotel industry (hotels and motels)	B	2 years
Waiter (if alcohol sale is not primary purpose)	Food service (restaurants, breweries)	B	2 years
Barman	Restaurants (1 <sup>st</sup> class establishments)	B	2 years
Personal trainer	Fitness club, reducing salon	B	5 years

## 2.4 PREMIUM INFORMATION

SOLO coverage plans do not require a minimal premium.

### 2.4.1 Premium frequency coefficient

Desjardins Insurance offers various premium payment frequencies:

- Monthly by pre-authorized debit (policy factor X 0.09)
- Semi-annual (policy factor X 0.52)
- Annual (policy factor X 1.00)

### 2.4.2 Policy fees

The policy fees are \$50 per annum.

### 2.4.3 Extra premium

Extra premium is an increase in the premium rate. It is applied in such case where the client, who does not show any symptoms of an immediate disability, could face a state of health that deteriorates to the point of causing a future disability.

The extra premium is applied to the entire contract, including basic coverage and additional coverage. However, when the contract is charged an extra premium, the Future Insurability Option cannot be added.

To illustrate an extra premium, use the "rating" button on the SOLO products screen of the Illustration software and apply the appropriate percentage.

## 2.5 TAXES

### 2.5.1 SOLO Disability Income

For SOLO Disability Income, the monthly amounts are not taxable and premiums paid are not deductible as business expenses.

If there is a grouped individual disability insurance, the monthly amount is taxable.

## 2.6 POSSIBLE CHANGES AFTER POLICY ISSUE

Monthly amount				
Type of change	At any time	On anniversary only	Proof of insurability	Forms to complete
Increase (minimum of \$400 except if the Future Insurability Option is exercised)	New sale Based on attained age, medical and financial evidence of insurability required			Life, Health and Disability insurance application
Reduction	Based on age at issue	N/A	No	Request for change without evidence

Waiting period				
Type of change	At any time	On anniversary only	Proof of insurability	Forms to complete
Reduction	New sale Based on attained age, medical and financial evidence of insurability required			Life, Health and Disability insurance application
Increase	Based on age at issue	N/A	No	Request for change without evidence

Benefit period				
Type of change	At any time	On anniversary only	Proof of insurability	Forms to complete
Reduction	Based on age at issue	N/A	No	Request for change without evidence
Increase	New sale Based on attained age, medical and financial evidence of insurability required			Life, Health and Disability insurance application

## Change of premium structure

Type of change	At any time	On anniversary only	Proof of insurability	Forms to complete
T10 to T65	N/A	Based on attained age	No (if there is no increase in the risk for Desjardins Insurance)	Request for change without evidence
T65 to T10	New sale Based on attained age, medical and financial evidence of insurability required			Life, Health and Disability insurance application
<b>Occupation class upgrade</b>	New sale Based on attained age, medical and financial evidence of insurability required			Life, Health and Disability insurance application
<b>Occupation class improvement following a change of occupation (Note 1)</b>	Based on age at issue	N/A	Yes (financial & medical)	Life, Health and Disability insurance application
<b>Change from regular/smoker to preferred/non-smoker</b>	Based on age at issue	N/A	Yes (financial & medical)	Life, Health and Disability insurance application
<b>Exchange privilege (SOLO Disability Income to SOLO Loan Insurance)</b>	N/A	Based on issue age (during the first 7 years only)	No	Request for change without evidence

## Additional coverage

Type of change	At any time	On anniversary only	Proof of insurability	Forms to complete
Addition (except for Return of Premium and Future Insurability Option, which can only be added at issue)	N/A	Must be done on an anniversary and attained age	Yes (financial & medical)	Life, Health and Disability insurance protection
Removal	Must be done on a monthly anniversary		No	Request for changes without evidence
Exercising the Future Insurability Option (Note 2)	N/A	Must be done at least 60 days before the policy anniversary	Financial evidence only	Request for changes without evidence

Note 1: The occupation class is guaranteed, meaning that if the client change employment after the policy has been issued and there is an increase in risk at this new employment, the premium will be calculated based on the occupation class initially determined at issue.

Note 2: The minimum premium that the Illustration software can generate is for a \$400 monthly amount. For a monthly amount less than \$400, an email request must be sent to [illustrations@dsf.ca](mailto:illustrations@dsf.ca) with the following details:

- Policy number
- The requested monthly amount

### **2.6.1 Documents to provide for changes with proof of insurability**

To request a change with proof of insurability, the advisor must send the completed form 07002E "A step towards peace of mind" plus the Illustration software chart to the head office.

### **2.6.2 Documents to provide for changes without proof of insurability**

To request a change without proof of insurability, the advisor must send the completed form 09219E "Request for change without evidence" plus the illustration software chart to the head office.

## **2.7 UNDERWRITING**

Assessing risks in disability insurance is different from assessing risks in life and critical illness insurance. The nature of the risks themselves is quite different. Several factors can impact disability insurance, including economic conditions and the unemployment rate.

Certain illnesses that do not have an impact on the mortality risk may, however, have an impact on the duration of a work absence, the chances of a relapse and the chronicity of health problems. The motivation to return to work after a disability is one of the most important factors when assessing risks in disability insurance.

Several factors need to be taken into consideration to determine the right coverage and the occupation class that applies such as employment, its stability and income.

As an advisor, you play a key role. You must pay close attention to the pre-underwriting of the applications you submit and provide all the information we need to assess the risks from an occupational, medical and lifestyle perspective. It is extremely important that the financial evidence (tax returns) and specific questionnaires (alcohol, drugs, sports) is attached to the insurance application to avoid delays in processing the application.

### **2.7.1 Preliminary health assessment**

To determine if your client is eligible for SOLO Disability Income from a health perspective, you can consult the Preliminary health assessment guide on Webi. This guide will give you an overview of the possible assessments under certain conditions.

However, the final decision may differ depending on the case submitted. Also, a combination of medical factors may result in a less favorable decision.



## 2.7.2 Financial evidence

Monthly amount	Financial evidence
<b>\$3,500 and less (including the in force)</b>	<b>Salaried employees</b> No financial evidence is required <b>Others</b> No financial evidence is required except if there has been a request for either a 20% enhancement or the Guaranteed benefit: <ul style="list-style-type: none"><li>• Copy of federal tax returns (last 2 years) AND</li><li>• Financial statements from the last completed year</li></ul>
<b>\$3,501 and more (including the in force)</b>	<b>Salaried employees</b> No financial evidence is required <b>Others</b> <ul style="list-style-type: none"><li>• Copy of federal tax returns (last 2 years) AND</li><li>• Financial statements from the last completed year</li></ul>

To obtain the Guaranteed Benefit:

- Eligible clients of occupation classes 4A, 3A, 2A or A must submit complete financial evidence, such as T4 or T1 for salaried employees or T1 and financial statements, if applicable, for others. For occupation classes 4A and 3A, financial information for the last 2 years is required and financial information for the last 3 years is required for occupation classes 2A and A.

To calculate the in-force insurance

Do not include:

- Insurance that will be replaced by the coverage applied for (you should still indicate all in-force coverage on the application)
- Loan Insurance
- Business expense insurance

A Notice of Assessment (NOA) cannot be used as financial evidence to determine the insurable income since it does not identify different sources of income as the federal tax return does.

### What is the delay for a claim request?

Once Desjardins Insurance has received these documents, 7 business days are required to analyze the file. To be eligible to receive a monthly amount for total disability, the client must satisfy the eligibility criteria as well as the definition of total disability. If the client added the additional coverage Partial Disability or Residual Disability to their policy, they will not have to be considered totally disabled to be eligible to receive monthly amounts.

Once the claim has been approved and the waiting period has been satisfied, the insurance amount will be paid monthly by either direct deposit or cheque. If the client recovers during the course of a month, they will receive a prorated amount for each day they were unable to work.

If you have any questions about the status of a claim, contact Claims at 1-877-838-7750.

## 2.8 NET WORTH

If the net worth of a client is greater than \$4 million, they will have to answer the "Net worth" question on the application. In such case, the monthly amount applied for will be reduced by \$400 for every \$100,000 of net worth above \$4 million.

A principal residence, a second home, cars, collections and other personal property are not taken in consideration in the calculation of net worth.

Assets that generate unearned income must be excluded from the calculation of net worth to avoid a double adjustment of the monthly amount.

## 2.9 UNEARNED INCOME SOURCES

Unearned income is income that is unrelated to professional activities earned by the client. It continues to be generated whether or not the client is able to work (e.g.: investment income, rental income, leases, pension income).

If the amount of unearned income exceeds the lesser of \$30,000 or 15% of their reported annual earned income, the client must answer the "Unearned income" question on the application. In this case, different adjustments may be made to what was initially requested, such as a decrease in the monthly amount, an extension of the waiting period or the benefit period may be shortened.

Also, when the unearned income exceeds 50% of the annual income earned, the client usually cannot take out a disability income policy. Each case is considered individually.

### EXAMPLE

A self-employed client with an annual income of \$30,000 (equal to \$36,000 after enhancement) is entitled to a monthly amount of \$2,150. The client has also unearned income of \$7,200. The tax rate has been estimated at 50%.

Does the unearned income of \$7,200 exceed 15% of the annual earned income (enhanced if applicable)?

Yes, 15% of \$36,000 = \$5,400

In this situation, the monthly amount needs to be reduced.

To calculate the excess unearned income

$\$7,200 - \$5,400 = \$1,800$

Tax reduction on the excess unearned income

$50\% \times \$1,800 = \$900$

$\$900 / 12 \text{ months} = \$75 \text{ of reduction/month}$

Monthly amount after reduction

The maximum monthly amount of \$2,150 must be reduced by \$75.

$\$2,150 - \$75 = \$2,075/\text{month}$

# Appendix



# Appendix

## 3.1 UNDERWRITING REQUIREMENTS

Underwriting Requirements – SOLO Disability Income			
Monthly amount	Ages 18-45	Ages 46-55	Ages 56 +
\$0 to \$2,000	1	1	1
\$2,001 to \$3,999	1	2	3
\$4,000 to \$5,999	3	3	4
\$4,000 to \$5,999	3 + INS + MVR + AUM	3 + INS + MVR + AUM	4 + INS + MVR + AUM

1. Non-medical
2. Non-medical, Paramedical and Urine
3. Non-medical, Paramedical and Blood profile and urine
4. Non-medical, Paramedical, Blood profile, Urine and Resting Electrocardiogram

INS Inspection Report  
MVR Motor Vehicle Report  
AUM Access Authorization for Motor Vehicle Report (Quebec only)

### Note

- Inspection report and/or a Medical report can be requested at our discretion at any time.
- For individuals aged 65 and under, medical requirements are valid for 12 months.

## 3.2 MAXIMUM MONTHLY AMOUNTS

Table of maximum monthly amounts			
Annual Income	Tax-free monthly amount	Taxable monthly amount	Employment Insurance Amount as of the 120 <sup>th</sup> day
\$12,000	\$900	\$900	\$475
\$14,000	\$1,000	\$1,050	\$525
\$16,000	\$1,200	\$1,200	\$600
\$18,000	\$1,200	\$1,350	\$650
\$20,000	\$1,300	\$1,500	\$700
\$22,000	\$1,400	\$1,650	\$775
\$24,000	\$1,525	\$1,800	\$825
\$26,000	\$1,625	\$1,950	\$900
\$28,000	\$1,725	\$2,100	\$950
\$30,000	\$1,850	\$2,250	\$1,000
\$32,000	\$1,950	\$2,400	\$1,075
\$34,000	\$2,050	\$2,550	\$1,125

Annual Income	Tax-free monthly amount	Taxable monthly amount	Employment Insurance Amount as of the 120 <sup>th</sup> day
\$36,000	\$2,150	\$2,700	\$1,175
\$38,000	\$2,275	\$2,850	\$1,250
\$40,000	\$2,350	\$3,000	\$1,300
\$42,000	\$2,450	\$3,150	\$1,325
\$44,000	\$2,550	\$3,300	\$1,300
\$46,000	\$2,625	\$3,450	\$1,300
\$48,000	\$2,725	\$3,600	\$1,275
\$50,000	\$2,825	\$3,750	\$1,275
\$55,000	\$3,050	\$4,125	\$1,250
\$60,000	\$3,275	\$4,500	\$1,225
\$65,000	\$3,525	\$4,875	\$1,225
\$70,000	\$3,750	\$5,250	\$1,200
\$75,000	\$3,875	\$5,625	\$1,200
\$80,000	\$4,075	\$6,000	\$1,175
\$85,000	\$4,275	\$6,375	\$1,150
\$90,000	\$4,450	\$6,750	\$1,150
\$95,000	\$4,650	\$7,125	\$1,125
\$100,000	\$4,850	\$7,500	\$1,125
\$110,000	\$5,250	\$8,250	\$1,100
\$120,000	\$5,475	\$9,000	\$1,075
\$130,000	\$5,850	\$9,750	\$1,075
\$140,000	\$6,225	\$10,000	\$1,050
\$150,000	\$6,600	\$10,000	\$1,050
\$160,000	\$6,950	\$10,000	\$1,025
\$170,000	\$7,325	\$10,000	\$1,025
\$180,000	\$7,700	\$10,000	\$1,025
\$190,000	\$8,050	\$10,000	\$1,000
\$200,000	\$8,425	\$10,000	\$1,000
\$210,000	\$8,800	\$10,000	\$1,000
\$220,000	\$9,150	\$10,000	\$975
\$230,000	\$9,525	\$10,000	\$975
\$240,000	\$9,900	\$10,000	\$975
\$250,000+	\$10,000	\$10,000	\$975

**Important: For grouped contracts, use the Taxable monthly amount. For all other cases, always use the Tax-free monthly amount column.**

### 3.3 OCCUPATION CLASS UPGRADE

Eligibility for upgrades applies only to SOLO Disability Income or SOLO Loan Insurance.

To be eligible for an occupation class upgrade, the client must:

- Have an eligible occupation or trade (indicated with a \* in the occupation list)
- Have a minimum amount of income in the last two calendar years
- Have been performing in the current area of employment for 3 years
- Have been performing in the current occupation for 1 year

The occupation class can only be upgraded ONE level regardless of annual income.

Occupation classes available for an upgrade are 3A, 2A, A and B.

Initial occupation class	Minimum annual income for the past 2 calendar years	Minimum of experience	Upgrade class
3A	\$70,000	3 years in the current area of employment AND at least one year's experience in the same employment	4A
2A	\$60,000		3A
A	\$50,000		2A
B	\$45,000		A

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<sup>1</sup> Financial information as at December 31, 2022



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