

Disability Insurance

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

If you depend on your income to pay the bills, you need to seriously consider buying **disability income insurance**. Disability income insurance can help you pay your bills by replacing a portion of your income. It can help you maintain your current lifestyle, and help protect you and your family from going into serious debt.

Your chances of being disabled at some time during your working career are probably higher than you think.

It's a risk you shouldn't ignore. There are 3.3 million disabled Canadians; just a few are children. Almost 1.8 million of the disabled are between the ages of 14 and 64. For most, the disability interferes with the kind and amount of work they're able to do. You may find it hard to believe that you could be felled by an illness or an accident, but a third of all people now aged 35 will be unable to work for at least six months before reaching age 65. The chances that you'll suffer a disability rather than die before retirement are close to three to one.

Getting a handle on disability insurance can be frustrating. In terms of life insurance, if you die, you collect, and if you don't, you don't. But what constitutes a disability? It's complicated by definitions, exclusions, occupational classifications, and a raft of options.

When you're looking for disability protection, you have to know what the policy means by the term "disability." This is the policy's disability definition," and you should read it carefully. There are three common definitions of disability: "Own occupation" or "regular occupation": Disability is sometimes defined as the inability to perform the duties of your usual job. This is called an "own occupation" or "regular occupation" definition. Thus, a sales agent who developed a mental disorder that impaired his ability to deal with the public would be considered disabled, even if he was working full time in some other job. These policies are well suited to those occupations that demand special education or experience and are sensitive to even minor health problems. Surgeons would be considered disabled if they developed a nervous tremor; airline pilots would be able to collect benefits if they suffered an eye injury. On the other hand, an accountant could lose an eye, a hand, or a foot and still work as hard as ever. Some companies add the phrase "and not otherwise gainfully employed." These few words significantly water down the protection. Some companies add "one or more of the essential duties of your regular occupation." These words add strength to the definition.

"Any occupation": Some policies will consider you to be disabled only if you are unable to work at any job for which you are qualified by education, training or experience. This is an "any occupation" definition.

"Total disability": The shallowest protection is from a policy that considers you disabled only if you're unable to work at any job at all. This definition is seldom found in private insurance plans.

The disability definition is the key to the quality of your plan; it will determine whether or not you'll receive a disability benefit if you're not able to work. Not only should you read it carefully, but you should also look at the time period during which the definition is in effect. Some policies will use the "own occupation" definition for the first two years, but will continue to pay benefits only if you qualify under the "any occupation" definition after that time.

All of the options are nice to have -- just like a car loaded with all the extras -- but in buying disability insurance, you will also run up against the affordability barrier. Look for insurance that is non-cancellable (by the insurance company, except for non-payment of premium) and protects you from any kind of disability, whether it arises from an accident or an illness. Remember, you can keep your premiums lower by choosing a longer waiting period.

A complete analysis of your insurance needs with a qualified and experienced insurance professional will help you to determine what your need for insurance may be. For a no obligation analysis of your insurance planning needs, please contact us to discuss and review your options for your unique situation.