

Disability Insurance

This Session:

Presenting and Closing a Disability Sale

Goal:

To Present and Close the Sale of a Disability Product



Disability Insurance

Five Markets

1. No protection
2. Government Plan Only
3. Association Plans
4. Top Up
5. Group Complementer

Four Types of Plans

1. Commercial
2. Conditionally Renewable
3. Guaranteed Renewable
4. Non-Cancellable Guaranteed Renewable



Definition of Disability

Two components:

1. A) Any duties
B) Important, substantial duties
C) Loss of earnings
D) (and,or)
2. A) Any occupation
B) Regular occupation
C) Own occupation

Terms

Integration
Partial / Residual

Methods Presentation

Disability Insurance

METHODS
 Understanding Risk
 Better Wealth
 Proven What Matters Most


Disability Insurance

Concept
 Product Features

METHODS
 Understanding Risk
 Better Wealth
 Proven What Matters Most

Agenda

1. Market overview
2. Why do you need Disability Insurance ?
3. Contract definitions and features
4. Tailor the product to meet your needs & budget



METHODS
 Understanding Risk
 Better Wealth
 Proven What Matters Most

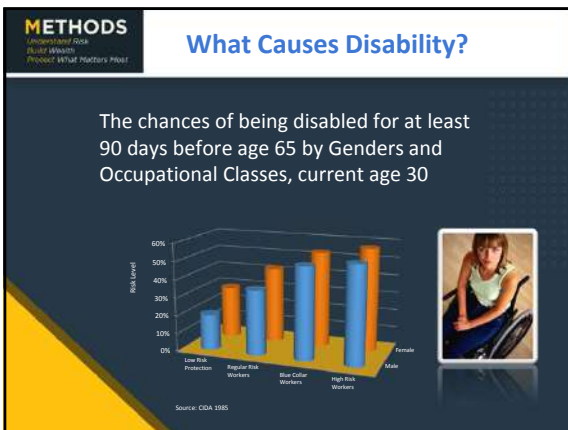
Disability Insurance Market

There are many types of contracts in the market and it is important to examine them closely.



Association Plan Vs. Individual Plan







METHODS
 Understand Risk
 Build Wealth
 Protect What Matters Most

Which Asset Is More Important?

When you become disabled...

Can you afford to:

- ▶ Pay your mortgage or rent?
- ▶ Buy food?
- ▶ Pay your utilities?
- ▶ Make car payments?
- ▶ Make other loan payments?

Your Income

METHODS
 Understand Risk
 Build Wealth
 Protect What Matters Most

Your Greatest Asset

Your potential earnings by age 65

Annual Income	At Age 25	At Age 35	At Age 45
\$35,000	\$2,359,089	\$1,536,595	\$894,063
\$50,000	\$3,370,128	\$2,195,135	\$1,277,233
\$65,000	\$4,381,166	\$2,853,676	\$1,660,403
\$90,000	\$6,066,230	\$3,951,243	\$2,299,019
\$120,000	\$8,088,306	\$5,268,324	\$3,065,359
\$150,000	\$10,110,383	\$6,585,405	\$3,831,699

Based on your current annual income and assuming a 2.5% increase each year

METHODS
 Understand Risk
 Build Wealth
 Protect What Matters Most

Which Job Would You Rather Have?

Job A

\$\$.\$\$\$ income while you are working

\$0 if you are unable to work

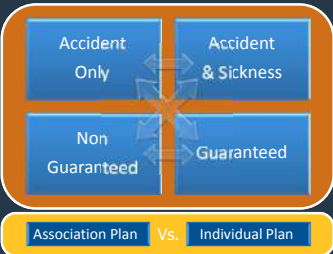
Job B

\$\$,\$\$\$ income (1-5% less than Job A)

67% regular income tax-free when you are sick or disabled

Disability Insurance Market

There are many types of contracts in the market and it is important to examine them closely.



BASIC POLICY FEATURES**Non-cancellable to Age 65:**

Once issued, the policy cannot be cancelled, modified or the premium raised by Canada Life prior to age 65 (with the exception of the Health Care Profession Rider and Graded Premium Rider, if selected), as long as premium is paid when due. This period is known as the non-cancellable period.

Conditionally Renewable After Age 65:

After age 65, modified coverage may be continued on an annually renewable basis as long as you continue to work full-time. No evidence of medical insurability will be required. The benefit period will be 24 months if you become totally disabled before your 75th birthday and 12 months if you become totally disabled after your 75th birthday. Any optional benefit riders will terminate.

Definition of Total Disability:

During the first 24 months, total disability means, due to injury or sickness, you cannot perform the substantial duties of your regular occupation and you are not working in any gainful occupation. Thereafter, you are totally disabled if you cannot work in any gainful occupation.

Regular occupation means the occupation(s) in which you are regularly engaged at the time you become disabled. If you regularly engage in any other gainful occupation between successive periods of disability, that gainful occupation will be considered your regular occupation.

Gainful occupation means any occupation for which you are reasonably fitted by reason of your education, training or experience.

Total Disability Benefit:

During total disability, Canada Life will pay a monthly benefit of \$1,000 per month. This benefit will start after a 90 day waiting period, and will be payable while total disability continues, up to age 65

Waiver of Premium: After disability has lasted 90 days, Canada Life will waive premium while disability continues. Any premium that was paid for by the owner in the first 90 days will be refunded. Premium will be payable from the date you are no longer disabled.

Accumulation of Days for Waiting Period: To satisfy the waiting period, nonconsecutive days of disability, which result from the same or related cause, may be accumulated, provided no two periods of disability are separated by more than 24 months.

This feature recognizes that some forms of disability may be likely to reoccur over a relatively short time and allows such reoccurring disabilities to be grouped together so you do not need to satisfy a new waiting period.

This illustration is neither a contract nor an offer to provide insurance and does not form part of any policy that may be issued. In the event that a policy is applied for and issued, the contract terms shall prevail and may differ from those illustrated based on Canada Life's underwriting assessment and the terms of the contract made available by us at the date of issue.

OPTIONAL RIDERS/BENEFITS SELECTED**REGULAR OCCUPATION PERIOD EXTENDER**

Purpose: Under the basic policy total disability benefits may be denied after 24 months if you would be able to work in another occupation based on your education, training and experience. The Regular Occupation Period Extender Rider extends your regular occupation period from 24 months to the end of the benefit period you have selected. *It guarantees that as long as you are totally disabled in your regular occupation, disability benefits will be paid until the end of your selected benefit period and you will not be required to work in another gainful occupation.*

Specifics: The Regular Occupation Period Extender Rider modifies the definition of regular occupation period used to determine whether or not you qualify for total disability benefits from 24 months to the end of the benefit period you have selected.

RESIDUAL DISABILITY

Purpose: The benefits provided by this rider can contribute to your financial security by *helping to close the gap between what you were earning before you became disabled and what you are able to earn while you are either partially or residually disabled.*

Specifics: If you are not totally disabled, the Residual Disability Rider allows you to choose between receiving the partial disability benefit if you suffer a loss of time or duties or the residual disability benefit if you suffer a loss of income.

You will be considered partially disabled if you are not totally disabled and are working full or part-time in any gainful occupation, but due to injury or sickness:

- you are unable to perform one or more of the important duties of your gainful occupation, or;
- suffer the necessary and continuous loss of at least one-half of the time normally spent in the daily performance of your gainful occupation.

While you are partially disabled and have not elected to receive the residual disability benefit, you will receive:

- 50% of the monthly benefit for the first 24 months of partial disability, and
- 25% of the monthly benefit thereafter.

You can elect to receive residual disability benefits by providing Canada Life with written evidence of your earned income loss. Once the election is made, you cannot go back to receiving partial disability benefits during that period of disability.

You will be considered residually disabled if you are not totally disabled and are working full or part-time in any gainful occupation, but due to injury or sickness, you are unable to earn more than 80% of your prior earned income.

While you are residually disabled and have made the election to receive the residual disability benefit, you will receive:

- your monthly benefit if your earned income loss is 80% or more, or
- your earned income loss multiplied by the monthly benefit if your earned income loss is 20% or more, but less than 80%.

If you elect to receive the residual disability benefit, we will pay the difference, if any, between the residual disability benefit payments that would have been made during the 12 months immediately before the election and the partial disability benefits that were paid during this time period.

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BASIC POLICY FEATURES

Presumptive Disability: Total disability will be presumed if, due directly to injury or sickness, you have sustained the total and irreversible loss of:

- speech;
- the hearing of both ears;
- the sight of both eyes;
- the use of both hands or both feet; or
- the use of one hand and one foot.

If you become presumptively totally disabled before the monthly benefit becomes payable:

- you will not have to satisfy your waiting period;
- premium will be waived from the date of disability;
- your monthly benefit will be increased to \$1,250 and be payable up to age 65; and
- you will receive a lump sum benefit of \$3,750.

If you become presumptively totally disabled while the monthly benefit is payable:

- premium will be waived from the date you become presumptively totally disabled, if it has not already been waived under the Waiver of Premium provision;
- your monthly benefit will be increased to \$1,250 and be payable for the remainder of your benefit period; and
- you will receive a lump sum benefit of \$3,750.

If you are catastrophically totally disabled, we will not consider you totally disabled under this provision.

Recovery Benefit: When you return to work full-time in your regular occupation after you have satisfied the waiting period and been disabled for at least 3 months, you may also receive a 2 month recovery benefit.

This benefit will be 50% of the monthly benefit for the first month and 25% of the monthly benefits for the second month.

The recovery benefit will not be paid if:

- you are receiving any other benefits under the policy;
- you have already received disability benefits for the entire benefit period;
- you are over age 65; or
- you have already received this benefit for this period of disability.

Extension of benefits: If you are disabled on the date the policy expires and 24 months of disability benefits have not been paid, we will continue to pay disability benefits for the remaining balance of the 24 months while your disability continues.

Survivorship Benefit: If you die before age 65, while receiving your basic policy benefits, Canada Life will pay your estate a lump sum benefit equal to 3 times the monthly benefit.

This benefit can provide a helpful source of funds for your estate at a time when money should not be the focus of concern.

Transplant Surgery: If the policy has been in force for at least 6 months and you become disabled as a result of transplant surgery of an organ or other part of your body to another person, Canada Life will consider you to be disabled due to sickness.

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Recovery Benefit

A recovery benefit will be payable for 2 months after the insured returns to full-time work in his or her regular occupation. The waiting period must have been satisfied and the disability must have lasted at least 3 months. The benefit will be 50% of the monthly benefit for the first month and 25% of the monthly benefit for the second month.

The recovery benefit will not be paid if the insured:

- is receiving any other benefits under the policy;
- has already received disability benefits for the entire benefit period;
- is over age 65; or
- has already received this benefit for this period of disability.

Transplant Surgery Benefit

If the policy has been in force for at least 6 months and the insured becomes disabled as a result of surgery to transplant an organ or other part of the insured's body to the body of another person, Canada Life will consider the insured to be disabled due to sickness.

Extension of Benefits

If the insured is disabled on the date the policy expires and 24 months of disability benefits have not been paid, Canada Life will continue to pay disability benefits for the remaining balance of the 24 months while the insured's disability continues.

Waiver of Premium

After disability has lasted 90 days, Canada Life will waive premium while disability continues. We will then refund any premium paid by the owner for the first 90 days of that period. Premium will be payable from the date the insured is no longer disabled.

Exclusions

No benefits will be payable and no premium will be waived if the disability results, directly or indirectly, from any of the following causes:

- normal pregnancy. However, Canada Life will not exclude a disability which results from a complication of pregnancy;
- war and any hazard arising from war;
- active duty in any armed forces, whether or not a war; or
- surgery to transplant an organ or other part of the insured's body to the body of another person, except as provided under the Transplant Surgery Benefit provision.

Integration (for occupational classes 1, 2 and 3 only)

Canada Life will offset the disability benefits under the policy dollar for dollar with any benefits the insured is entitled to receive due to the disability from any Workers' Compensation or automobile insurance.

Graded Premium

In addition to level premium, graded premium is also available. Graded premium is designed for young individuals (age 18- 45) who are not yet established, but who have the potential for substantial future incomes. These individuals pay a lower rate for the first five years and then a higher premium thereafter.

Needs Analysis for Disability Insurance

Name: _____

Signature: _____

Date: _____

Current monthly earned income	\$
Maximum monthly benefit allowable based on Insurance Company "Issued & Participation Limits"	\$
Monthly percentage or dollar amount necessary to meet lifestyle requirements	\$
Partial / residual required (50%)	\$

I have reviewed the key riders available and have chosen:

Regular OCC	
Future Needs	
Inflation Indexer	
Lifetime Benefits	

