Understanding Frequently Used Terms in LTD

Please note: Policies and their definitions vary slightly between providers. This guide is not meant to replace your own policy "definition" section, but to bring a bit more understanding to difficult or confusing concepts.

Actively at Work Requirement

- Typically defined in the Policy. A requirement that states that you must be "actively at work" in order to receive benefits (which usually means that you must have worked at least the minimum hours per week as outlined in the Policy)

Adjuster

- Also known as Case Manager. The representative from the insurance company that you will communicate with throughout the duration of your disability claim. The adjuster, after reviewing the medical documentation submitted, will determine if you are eligible for long-term disability benefits

All-Source Maximum ("ASM")

- The total amount of money that you can receive from all sources of income, usually defined as a percentage of your pre-disability income. If for example, you made $10,000 a month prior to going off work and your ASM is 85%, that means that you can only earn $8,500 a month from every source of income that you ***currently*** receive
- Typically, your policy will specify what sources fall under the all-sources maximum. Most policies include your LTD monthly benefit, employment income, public and private insurance plans and any other government benefits. For every dollar over the ASM that you are receiving, the insurer may apply a dollar-for-dollar deduction against the monthly amount that they owe you

Any Occupation

- Typically defined in the Policy. A definition or test of disability which often takes place after two years on long-term disability, during the Change of Definition. In order to meet the any occupation test, you generally must prove that you are unable to work in any occupation by which you are suited for by training or education

Attending Physician's Statement

- The medical form that your treating physician must fill out as part of your application for LTD benefits
    - You can read more about what information your physician should include here

Benefit Amount

- The amount your LTD insurer is required to pay you, usually on a monthly basis
- Generally, benefit amounts will be about 50%-75% of your pre-disability income. The benefit amount percentage you are entitled to is typically contained in the Policy or the Schedule of Benefits

Canada Pension Plan ("CPP")

- A federal government program that provides monthly payments upon retirement
    - You can read more about the program through the federal government's website here
- Insurance companies often receive an offset for CPP income that you receive while on LTD

Canada Pension Plan Disability ("CPPD")

- A federal government program designed to provide partial income replacement to individuals who suffer from a severe and prolonged disability
    - You can read more about the program through the federal government's website here
    - The qualifying criteria for CPPD can be found here
- Insurance companies generally receive an offset for CPPD benefits that you receive while on LTD
- Typically, most long-term disability policies will require that you apply for CPP Disability benefits

Case Manager

- See Adjuster

Change of Definition

- When the test or definition for disability changes from Own Occupation to Any Occupation. At the Change of Definition, in order to continue to receive disability benefits, you must prove that you meet the new test for disability. This typically happens after you have been receiving long-term disability benefits, or after you have been considered totally disabled, for two years

- ***Cost of Living Adjustment (“COLA”)***
  - A provision which is contained in some policies that allows for the monthly benefit amount to increase with inflation (or a percentage which is defined in the Policy) each year you are considered disabled
  - If your policy does not contain this provision, your benefit amount will likely stay the same throughout the duration of your time on LTD

- ***Cost of Living Benefit***
  - See Cost of Living Adjustment

- ***Date of Disability***
  - The date you are no longer able to work

- ***Elimination/Qualifying/Waiting Period***
  - A period of time you must wait after your date of disability before you are eligible to receive your monthly benefit amount
    - Common waiting periods are 30, 60, 90 or 120 days and are typically defined in the Policy
  - You must prove that you have remained disabled throughout the elimination period in order to be approved for long-term disability and in order to receive monthly long-term disability benefits

- ***Evidence of Insurability***
  - Documentation that is required, usually in the form of a comprehensive medical questionnaire, that allows the insurance carrier to determine whether you are eligible to increase the amount of long-term disability coverage that you have. Depending on your Policy, you may be allowed to provide further “evidence of insurability” in order to receive a higher percentage of coverage. You may request this from your insurer if you wish to receive coverage above the non-evidence limit (if applicable in your Policy)
  - This is generally done when you enroll in the benefit policy and usually must be provided before you become totally disabled

- ***Exclusions***
  - A provision in your Policy which will eliminate coverage for certain types of disabilities, conditions, or conduct. In other words, something that is not covered by your LTD policy
  - Usually, the Policy will outline what is not covered, which may include pre-existing conditions. If you are denied on the basis of any exclusion, you should consult a disability lawyer to see whether or not the insurance company was right to deny your claim on the basis of that exclusion

- ***Functional Capacity Evaluation ("FCE")***
  - A medical evaluation, often performed by registered physiotherapists, occupational therapists, and kinesiologists, that is used to identify the extent of your functionality and determine your capacity to work
  - Sometimes, insurers may arrange for you to attend an FCE in order to assess whether you are eligible for LTD benefits. If, after attending an FCE, an insurer denies or terminates your benefits because of what was reported in the FCE report, you should consult a disability lawyer to assess whether this was a proper-basis for a denial/termination

- ***Gainful Employment***
  - Typically defined in the Policy as work that fits your education, skills, and training. Sometimes the definition will also provide a percentage of income that, if you are able to earn, means that you are capable of performing gainful employment. For example, if the gainful employment level is set at 60% and you can earn 60% of your pre-disability salary, you are capable of gainful employment
  - Often, approaching the Change of Definition, your insurer may assess whether you are capable of performing "gainful employment". If, after the change of definition, they can prove that you are capable of gainful employment, then you will not be eligible for continued long-term disability benefits. If your benefits are cut off at this time, and you and your medical team do not think you can return to work, you should consult a disability lawyer

- ***Group Policy***
  - Insurance coverage provided to a group of people, typically a group of employees through their work benefits

- ***Independent Medical Examination ("IME")***
  - An assessment arranged for and paid by your insurer or disability plan administrator
  - You can read more about IME's here
  - Sometimes, insurers may arrange for you to attend an IME in order to assess whether you are eligible for LTD benefits. If, after attending an IME, an insurer denies or terminates your benefits because of what was reported in the IME report, you should consult a disability lawyer to assess whether this was proper basis for a denial/termination

- ***Individual Policy***
  - An insurance policy that you have purchased yourself, often with the help of an insurance broker

- ***Insured***
  - A person who is covered by an insurance policy

- ***Limitation Period***
  - As set out by statute, the timeframe in which a lawsuit must be commenced. For disability claims, there is typically a two-year limitation period from date in which you were made aware of the damage or loss (i.e., two years from when you were advised that you would be cut-off or denied benefits)
  - If you do not start a legal claim within this two-year period, you will likely be barred by the court from pursuing this action

- ***Maximum Benefit Period***
  - The maximum length of time you can receive benefits for. This is typically outlined in the Policy or the Schedule of Benefits
  - The most common benefit periods are:
    - Time-limited policies (e.g., 2-year policy, 5-year policy)
    - Age-limited policies (e.g., Until age 65 or 70)

- ***Non-Evidence Limit***
  - The maximum benefit amount you can receive without needing to provide other medical evidence of your health or medical status. In some Policies, if you provide evidence of good health or evidence of insurability, then you may be entitled to a higher benefit amount

- ***Offset Provision***
  - Typically defined in the Policy. Offsets allow the insurer to reduce the monthly benefit amount that they owe you, by other sources of money that you are receiving or are eligible to receive. Common offsets are: CPP disability, CPP or retirement income, employment income, workers' compensation benefits (WSIB, WCB), income resulting from a motor vehicle accident, and more.
    - For example, if your LTD policy allows for a CPP Disability offset, as most do, and you are approved CPP Disability for $1000, your insurer will reduce the monthly benefit amount they pay you by $1,000. You can read more about CPP Disability here

- ***Own Occupation***
  - Typically defined in the Policy. A definition or test of disability which typically takes place during the first two years on long-term disability. To meet the "own occupation" test you typically must prove that you are unable to do the tasks of your job, i.e., the essential duties of your own occupation

- ***Plan Member***
  - If you are part of a group policy, you are considered a plan member

- ***Policy***
  - The legal written contract/agreement between you and the insurance company which sets out the terms of your relationship and any obligations that you or your LTD insurer must comply with
  - Your insurer has a legal obligation to provide you with a copy of your LTD policy if you request it. If they refuse or give you a hard time, read about your options here
  - Note that the Policy is not always the same as your benefit booklet. If there are ever discrepancies, the Policy will prevail

- ***Pre-Disability Earnings***
  - The amount of income you were receiving right before you became disabled

- ***Pre-Existing Condition***
  - Typically defined in the Policy. An illness or injury that you had prior to being insured
  - This is a common reason for insurance companies to deny your benefits. If you are denied because of this, you should consult a disability lawyer for assistance

- ***Qualifying Period***
  - See Elimination Period

- ***Recurrence Period***
  - Typically defined in your policy. The specific period in which your current disability is treated as part of a previous disability period (i.e., the period in which your LTD benefits can be reinstated without having to go through waiting/elimination period again if you are unsuccessful in returning to work)

- ***Recurrent Disability***
  - A disability that is considered part of a previous disability period. In LTD claims, your disability will be treated as a "recurrent disability" if you return to work but are unsuccessful in doing so due to the same or similar disability. In order for this to be considered a recurrent disability, you must have returned to work before the recurrence period, as defined in the Policy, lapses for this to apply

- ***Totally Disabled***
  - Typically defined in the Policy. In order to be eligible to receive a monthly LTD benefit, you need to meet your Policy's definition of totally disabled and, generally speaking, prove that you cannot work. Most Policies will contain two definitions for totally disabled – one during the Own-Occupation phase and one during the Any-Occupation phase

- ***Transferable Skills Analysis***
  - An assessment, typically arranged for by the insurer as you approach the Change of Definition, to determine what other occupations you may be able to work following a review of your education, training and experience when matched with your stated restrictions and limitations
  - If, after receiving a Transferable Skills Analysis, an insurer denies or terminates your benefits because of what was reported in the Transferable Skills Analysis report, you should consult a disability lawyer to assess whether this was a proper-basis for a denial/termination

- ***Waiver of Premium***
  - If you have Waiver of Premium coverage for a particular type of insurance, this means that, as long as you meet the criteria outlined in your Policy, your premiums for that type of insurance will be waived (i.e., you will not have to pay for them)
  - Waiver of Premiums for Life Insurance are typically associated with long-term disability policies. If your Policy contains a Waiver of Premium for Life Insurance, this means that you will not have to pay for your Life Insurance monthly premiums, as long as you meet your Policy's criteria for disability

- ***Waiting Period***
  - See Elimination Period

Questions? Concerns? Contact us!

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Email: help@disabilityrights.ca

www.Disabilityrights.ca

or

Post your question and get an answer from one of our disability lawyers at

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