

NEW

# EMPIRE LIFE DISABILITY CREDIT PROTECT™ RIDER

## Product Guide



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Insurance & Investments

Simple. Fast. Easy.®



## Description

The Empire Life Disability Credit Protect™ rider is designed to help clients with their monthly debt payments in the event they are unable to work due to a disability. It can be added as an optional rider on new EstateMax®, Optimax Wealth® and Solution Series® policies. Clients can choose the maximum monthly benefit amount, subject to certain limits, and the benefit period.

If the life insured is unable to work due to a disability and the claim for benefits is approved, the Empire Life Disability Credit Protect rider provides a monthly benefit during the allowable benefit period that is equal to the required monthly payments for eligible debts, up to the rider's maximum monthly benefit amount.

Proof of the life insured's disability and of the eligible debt(s) and their monthly payments will be required at claim time and not at the time of application.



### Meet Sarah

Sarah works full time as a baker. She owns a house that has a mortgage and she leases a car. She buys a life insurance policy from Empire Life with a Solution 25 coverage and an Empire Life Disability Credit Protect rider. She selects a maximum monthly benefit amount of \$3,000 with a 12-month benefit period.

Sarah is diagnosed with a serious illness and undergoes treatments. During the treatments, she is unable to work. She submits a claim under her Empire Life Disability Credit Protect rider and provides proof of her disability, mortgage and car loan, and the required monthly payments totalling \$2,850.

Her claim is approved. She continues to be disabled and is under the continuous care of a physician at the end of the waiting period, and she receives a monthly benefit in the amount of \$2,850 until she recovers and is able to return to work 9 months later.

**Important note:** If the total amount of monthly eligible debt payments is less than the maximum benefit amount shown on the Data Page of the policy, premiums for the rider will NOT be refunded. Therefore, it is essential to review the maximum benefit amount with your client from time to time to ensure it continues to meet his/her needs.

## Issue Ages

18 to 60

## Availability

Can be added as an optional rider to the following life insurance plans:

- EstateMax & Optimax Wealth
- Solution Series

An Empire Life Disability Credit Protect rider CANNOT be added after issue to an inforce life insurance policy.



## Temporary Insurance Agreement

Empire Life Disability Credit Protect coverage is excluded under the Temporary Insurance Agreement. However, the full initial premium for the policy, including the initial premium for all riders and benefits, is required with the application in order for the Temporary Insurance Agreement to take effect.

## Eligibility

Eligibility for coverage is determined using a two-pronged approach:

1. A screening questionnaire is used to determine eligibility to apply for the rider. A life insured is eligible to apply if he/she:
  - has been continuously and actively working a minimum of 20 hours per week for at least 8 months during the previous 12 months at time of application
  - is able to answer "no" to ALL of the questions in the Empire Life Disability Credit Protect Screening Questionnaire, which includes a build chart and an uninsurable occupation list.

Note that the screening questionnaire should NOT be submitted to Empire Life if the answer to any of the questions is "yes".
2. If the life insured is eligible to apply, life underwriting is utilized to determine if the life Insured will qualify for the rider.
  - The life insured is qualified if he/she is considered as "true" standard for the life insurance coverage - While we currently consider life insureds with 100% to 149% rating as "standard" risk class, to qualify for this rider, life insureds must be rated 100% for life insurance, without exclusions.

## Coverage Type

Single life only

For joint life cases, individual Empire Life Disability Credit Protect riders can be added for each life insured. One Empire Life Disability Credit Protect rider is available per life insured per policy.

## Premium

Guaranteed level and payable to age 65

**Important note:** Waiver of premium benefit is not included with the Empire Life Disability Credit Protect rider. Premiums are required even if the policy owner is receiving benefits from a claim.

## Coverage Expiry

At age 65

If monthly benefits are being paid at the rider's expiry date, the monthly benefit will continue to be payable until the end of the allowable benefit period, as long as conditions for payments are met.



## Maximum Monthly Benefit Limits

Minimum: \$300

Maximum: \$3,500 or 3.5% of the life insurance coverage to which the Empire Life Disability Credit Protect rider is attached, whichever is lower

## Benefit Periods

Client can choose a benefit period of 12 months; or 24 months, subject to the maximum benefit periods (described below).

### Maximum Benefit Periods

Rider with a 12-month benefit period:

- Maximum 12 monthly benefit payments per approved claim
- Aggregate maximum of 24 monthly benefit payments for all approved claims

Rider with a 24-month benefit period:

- Maximum 24 monthly benefit payments per approved claim
- Aggregate maximum of 48 monthly benefit payments for all approved claims

## Maximum Monthly Benefit Amount

If the life insured is unable to work due to a disability, is under the continuous care of a physician and there is an eligible debt at the time of the claim, the monthly benefit will be payable during the allowable benefit period as long as the conditions for payment are met.

The monthly benefit amount is determined at the time of claim and is the lesser of the following amounts:

- Maximum monthly benefit amount for the Empire Life Disability Credit Protect Rider as shown on the Data Page, and
- Monthly payments required for the eligible debts at time of a claim

If the eligible debt is a line of credit, the required monthly payment will be the average of the monthly payments, including interest, made on the line of credit during the six (6) months prior to the onset of disability.



If a claim is made under two Empire Life Disability Credit Protect riders and both claims provide proof of an eligible debt that is jointly owned, the monthly benefit amount payable for each claim for the joint debt will be a portion of the required monthly payment of the joint debt. The calculation will be based on the ratio of the maximum monthly benefit amount for each Empire Life Disability Credit Protect rider to the total maximum monthly benefit amount for both riders. The total monthly benefit amount payable for both riders for the joint debt will not exceed the required monthly payment for the debt.



### Meet Peter & Mary

Peter and Mary have a joint last to die Solution 100 life insurance policy and each of them has an Empire Life Disability Credit Protect rider with a maximum monthly benefit amount of \$3,500 and \$2,500 respectively.

Unfortunately, as a result of a car accident, they both become disabled and are unable to work. They each submit a claim under their Empire Life Disability Credit Protect rider and provide proof of their jointly owned mortgage that has a monthly payment of \$3,000. Upon approval of their claims, the maximum monthly benefit amount for their claims will be:

**Peter:**  $\$3,000 \times (\$3,500 / \$6,000) = \$1,750$

**Mary:**  $\$3,000 \times (\$2,500 / \$6,000) = \$1,250$

## Co-ordination of Benefits

The monthly benefit payable upon disability will NOT be integrated with any other disability benefits received under any private or public health insurance plans.

**Important note:** Any loan covered by another disability insurance policy or coverage will not be considered an eligible debt.

## Beneficiary

The owner cannot appoint a beneficiary for the monthly benefits payable under the Empire Life Disability Credit Protect rider. The monthly benefits are payable to the policy owner.

## Disability Definition

### "Disability" or "disabled" means

For a Life Insured who is Gainfully Employed, the total and continuous incapacity caused by an Accident or Illness that prevents the Life Insured from performing the regular duties of the work for which the Life Insured is Gainfully Employed; or

For a Life Insured who is not Gainfully Employed, the total and continuous incapacity caused by an Accident or Illness that prevents the Life Insured from working for salary, wages or commissions in any capacity for any period of time.

### "Gainfully employed" means:

Life insured is and has been for at least 8 months during the past 12 months, working for salary, wages or commissions on a continuing basis for a minimum of 20 hours per week.

## Elimination & Waiting Periods

### Elimination period:

- 30 consecutive days from the onset of disability (no disability benefit will be payable during the elimination period)

### Waiting period:

- 30 consecutive days – If the disability is the result of an accident or if life insured requires hospitalization because of the disability for a minimum of 72 consecutive hours at the onset of disability
- 90 consecutive days – For all other causes

If the life insured is continuously disabled during the entire waiting period, the monthly benefit will be payable retroactively to the 31st day after the onset of disability.

## Eligible Debts

Monthly benefits are not payable unless there is at least one eligible debt at claim time. Most personal loans/leases of the life insured or corporate loans/leases for corporately owned policies will be considered eligible debts, provided the loan provider is a Canadian financial institution.

### Examples of eligible debts

- |                                       |  |
|---------------------------------------|--|
| • Personal or student loan            | • Residential property lease for at least 1 year |
| • Mortgage for a residential property | • Line of credit                                 |
| • Vehicle lease                       | • Commercial loan                                |

### The following are **NOT** considered eligible debts:

- Loans or leases entered into within 120 days prior to the onset of disability
- Loans or leases entered into after the onset of disability
- Loans covered under other disability insurance
- Loans or leases between individuals or persons that are related persons
- Credit card balances
- Commercial loans for buildings with seven units or more, including any unit in which the life insured or policy owner is living
- A living benefit advance or a policy loan on a life insurance policy

### In addition to proof of disability, proof of loan/lease and their required monthly payments is mandatory when a claim is made.

- Proof of a loan includes a document from the lending institution indicating the borrower's name, issue date, payment amount, balance of the loan or line of credit and expected date when loan will be paid in full. Only loans for which the life insured or, for corporately owned policies, the corporate owner, is the borrower are eligible debts.
- In the case of a lease, proof includes a copy of the lease showing the tenant, the landlord, the amount of the rent and the expiry date of the lease.
- A loan for which the borrower is the corporate policy owner is eligible as long as the life insured controls the corporate owner.



- Only leases for which the life insured or, for corporately owned policies, the corporate owner, is the tenant are eligible debts.
- Premiums will not be refunded for any period of time when there is no eligible debt or if the eligible debt is paid in full.

### **Recurring Disabilities**

If, within six months of the life insured recovering from a disability for which monthly benefits were being paid, the life insured becomes disabled again due to the same cause or of a related cause, the claim for the recurring disability will be considered a continuation of the claim for the previous disability, and:

- No new waiting period will be applied.
- The maximum allowable benefit period for the new and previous claims combined will be the benefit period selected by the policy owner at time of application (12 months or 24 months), assuming the maximum benefit period for all claims has not been reached.

Regardless of the cause of the disability, any claim submitted more than six months following recovery from a disability for which monthly benefits were being paid will be treated as a new claim. A new waiting period and maximum allowable benefit period for a new claim will apply.

### **Converting a Life Insurance Coverage with an Empire Life Disability Credit Protect Rider**

While the Empire Life Disability Credit Protect Rider is not convertible, if the Solution Series life insurance coverage to which the rider is attached is being converted:

If converting to a Solution 100

- The Solution 100 coverage and the Empire Life Disability Credit Protect rider will remain in the original policy, with the Empire Life Disability Credit Protect rider being attached to the new Solution 100 coverage; and

If converting to an EstateMax or Optimax Wealth

- The PAR coverage will be issued as a new policy. If the policy owner would like to keep the Empire Life Disability Credit Protect rider, it will be attached to the new PAR coverage, with the rider's premium rate and issue age remaining the same as in the original policy.
- Regardless whether the Empire Life Disability Credit Protect rider remains in the original policy or is attached to the new PAR coverage, it must meet the insurance age and the Maximum Monthly Benefit Amount limits.

### **The Empire Life Insurance Company**

259 King Street East,  
Kingston, ON K7L 3A8

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The Empire Life Insurance Company (Empire Life) is a proud Canadian company that has been in business since 1923. We offer individual and group life and health insurance, investment and retirement products, including mutual funds through our wholly-owned subsidiary Empire Life Investments Inc.

Empire Life is among the top 10 life insurance companies in Canada<sup>1</sup> and is rated A (Excellent) by A.M. Best Company<sup>2</sup>. Our mission is to make it simple, fast and easy for Canadians to build wealth, generate income, and achieve financial security.

Follow us on social media @EmpireLife or visit [www.empire.ca](http://www.empire.ca) for more information.

<sup>1</sup> Based on total assets as reported in December 31, 2019 OSFI filings.

<sup>2</sup> As at June 24, 2020. For the latest rating, access [www.ambest.com](http://www.ambest.com).

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