Eligible Debts

1) When the amount financed for a loan includes taxes (for example, when buying a vehicle), is the portion of the debt that corresponds to the taxes an eligible debt?
Answer: Yes, since this amount is added to the debt.

2) When the amount financed for a mortgage loan includes municipal or school taxes, is the portion of the debt that corresponds to the taxes an eligible debt?
Answer: Yes, we will consider the monthly payment charged to the client's account; if it includes taxes (municipal or school), the entire payment will be considered an eligible debt. When a mortgage loan or home equity line of credit are considered Eligible Debt, Property and School taxes on the collateralized property become eligible amounts. The Eligible Monthly Amount will equal 1/12 of the annual assessments.

When the Person Insured has neither a mortgage loan nor a home equity line of credit, his/her monthly residential lease will be considered an Eligible Debt, provided it is supported by at a minimum a one–year term agreement, payable to a landlord with no family or business ties or relationship with the Person Insured or the Policyowner. (maximum benefit period, two (2) years)

3) Does a tax debt owed to the government qualify as an eligible debt?
Answer: No.

4) If an insured holds a life insurance policy with a surrender value and takes out a policy loan thereunder subject to certain conditions (% of interest), is that debt considered eligible?
Answer: No.

Eligibility

To be eligible:

The Insured must work at least twenty-one (21) hours per week for thirty-five (35) weeks per year and have a declared annual income of at least $12,000. (Solvency ratio has to be under 55%.) Parental leave now eligible

1) Where the policyholder is a company and the contract covers business loans, is the insured's debt-to-equity ratio (55%) considered an eligibility criteria?

Answer: No.

a. If the policyholder is a corporation:
    i. The debt-to-equity ratio is not calculated.
    ii. When a financial analysis is performed for a corporation, it is based entirely on an objective evaluation of the financial statements and the usual financial ratios for the sector of activity, in order to determine the corporation's solvency.
    iii. Only shareholders can be insured for the debts of a corporation.
    iv. A shareholder cannot be insured for an amount in excess of his or her proportionate share of the debt determined based on his or her percentage of shares in the corporation.
b. If the policyholder/insured is self-employed or a registered company:
    i. There is no distinction between his or her personal debts and business debts.
    ii. The ratio calculation factors in the total personal and business debts.

2) In the insurance application, Section H – Financial information lists residential leases and commercial leases as debts. Are these financial obligations considered eligible debts under ASSURE-DEBT ?
Answer: No. The information is requested only for the purpose of calculating the debt-to-equity ratio. These obligations are not covered.

Claims

1) When paying claims under ASSURE-DEBT, it will be possible to issue several cheques made out to several beneficiaries for disability insurance. What is the maximum number of beneficiaries permitted?
Answer: No limit applies. Humania Assurance issues payment to the actual number of creditors.

2) A couple has a mortgage, but one partner makes 100% of the payments. If that partner is the insured and becomes disabled, will Humania Assurance reimburse 100% of the monthly payment?
Answer: Yes, first, to determine whether it is an eligible debt, the insured must be personally and legally responsible for that debt as the borrower or co-borrower. If that is the case, Humania Assurance will reimburse 100% of the monthly payment in accordance with the terms of the ASSURE-DEBT contract, if the name of the partner who makes 100% of the payments (or the names of both partners) appears on the mortgage contract. If the other partner also takes out disability insurance with this rider, he or she will also be entitled to a 100% reimbursement, provided his or her name (or the names of both partners) appears on the mortgage contract. If both insureds file a claim for the same period, only 100% of the mortgage payment will be reimbursed.

100% payment rider for joint personal eligible debt now included.

a) If an insured becomes disabled during a maternity leave, a paternity leave or a parental leave, do we apply the "60 days without work" clause indicated in the policy wording or another specific rule?
Answer: An insured who is receiving benefits paid under a government plan (maternity, paternity or other leave) must be considered as having a job. Although the person is not being paid by an employer, he or she is being paid by the government plan, and as such, we cannot apply the contract's "without work" clause. Even though the person is receiving benefits under a government plan, he or she is also eligible for the benefit provided for under ASSURE-DEBT because benefits are neither integrated nor coordinated and because the product is not designed to replace income. (Subject to the exclusions stipulated in the contract. No benefit shall be payable if the disability results from pregnancy, except in the case of a pathological complication.)

b) Is an insured eligible for disability benefits if she is on preventative leave?
Answer: An insured who is on preventative leave is never entitled to disability benefits because she is not disabled. In fact, to qualify for a preventative leave:

1) the work of the insured must represent a risk to the child,
2) the work of the insured must represent a risk to the mother,
3) if the employer can offer a position without danger to the mother or the child, the employee is required to accept it. As such, in order to be entitled to a preventative leave, she must be in good health. (Subject to the exclusions stipulated in the contract. No benefit shall be payable if the disability results from pregnancy, except in the case of a pathological complication.)

Limitations

Question regarding the limitation for insureds without employment at the onset of disability, taken from the policy wording.

When the Insured has been without Work for over sixty (60) days at the onset of Total Disability, the benefit payable is modified as follows:

- the Insurer will pay, on a monthly basis, the total Eligible Monthly Amount to a maximum of the lesser of fifty percent (50%) of the amount of Total Disability Benefit indicated in the Schedule of Benefits or a maximum benefit of one thousand two hundred dollars ($1,200) for all Disability coverages the Insured holds with the Insurer;

3) In this excerpt, does all Disability coverages include disability insurance and creditor insurance?
Answer: No. The limit applies separately by type of product. Thus, a maximum of $1,200 for all creditor insurance held with Humania Assurance and another maximum of $1,200 for all income replacement insurance held with Humania Assurance.

Questions regarding the "90 days prior to onset of disability" exclusion, taken from the policy wording.
No disability benefit will be payable for any debt (or any increase in debt) contracted by the insured in the ninety (90) days prior to total disability unless the debt (or any increase in debt) has been contracted within ninety (90) days following the effective date of the disability coverage.

Where each of the following five situations occurs in the 90 days prior to disability:

4) When ASSURE-DEBT is issued, the insured has a mortgage loan with a financial institution; in the 90 days prior to disability, he sells his home and buys another, but continues with the same mortgage loan contract with the same financial institution (same payments and conditions). Is this loan covered?
Answer: Yes, financial transactions involving the transfer, continuation or renewal of a mortgage with the same conditions, the same amount and the same monthly payments as the initial mortgage do not in any way affect coverage or benefit eligibility for the new mortgage and are in no way affected by the 90-day exclusion – the loan or the mortgage remains covered.

a) When ASSURE-DEBT is issued, the insured has a mortgage loan with a fi nancial institution; in the 90 days prior to disability, he sells his home and buys another, but continues with the same mortgage loan contract with the same fi nancial institution (same payments and conditions), but the insured increases the amount of the mortgage loan for his new home. Is the portion of payments for his loan corresponding to the original amount, before the increase, covered?
Answer: No, any increase in the capital or monthly payment for an existing loan or an existing mortgage that occurs while the insured is already disabled or in the 90 days prior to onset of total disability is NOT covered. Coverage is limited to the capital and the monthly payment in force 90 days prior to onset of total disability, unless the increase occurs in the first 90 days following the effective date of the disability coverage, but before the insured is disabled, in which case the revised monthly payment will be considered an eligible debt. If the increase occurs while the person is disabled, the increase is not covered.

b) When ASSURE-DEBT is issued, the insured has a mortgage loan with a financial institution; in the 90 days prior to disability, the loan matures, he changes financial institution, but keeps the same home and the same mortgage amount. Is that loan covered?
Answer: Yes, financial transactions involving the transfer, continuation or renewal of a mortgage with the same conditions, the same amount and the same monthly payments as the initial mortgage do not in any way affect coverage or benefit eligibility for the new mortgage and are in no way affected by the 90-day exclusion – the loan or the mortgage remains covered.

c) When ASSURE-DEBT is issued, the insured has a mortgage loan with a fi nancial institution; in the 90 days prior to disability, the loan matures, he changes financial institution, but keeps the same home and the same mortgage amount but the insured increases the amount of the mortgage loan. Is the portion of payments for his loan corresponding to the original amount, before the increase, covered?
Answer: No, any increase in the capital or monthly payment for an existing loan or an existing mortgage that occurs while the insured is already disabled or in the 90 days prior to onset of total disability is NOT covered. Coverage is limited to the capital and the monthly payment in force 90 days prior to onset of total disability, unless the increase occurs in the first 90 days following the effective date of the disability coverage, but before the insured is disabled, in which case the revised monthly payment will be considered an eligible debt. If the increase occurs while the person is disabled, the increase is not covered.

d) When the ASSURE-DEBT contract is issued, the insured has a mortgage loan with a financial institution. In the 90 days prior to disability, he or she sells his or her home and buys another, contracting a mortgage loan with another financial institution. The monthly payments are higher than those of the previous mortgage. Will the mortgage on the new home be covered?
Answer: Yes, if there is no period of time between the end of the first loan and the beginning of the second loan, or if that period of time is deemed reasonable by the Insurer, the Insurer will consider the loan an eligible debt and the eligible monthly payment will be the monthly payment for the original loan. Any increase in the capital or monthly payment while the insured is already disabled or in the 90 days prior to onset of total disability is NOT covered, unless the increase occurs in the first 90 days following the effective date of the disability coverage, but before the insured is disabled, in which case the revised monthly payment will be considered an eligible debt. If the increase occurs while the person is disabled, the increase is not covered.

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