

# What to expect if you need to submit a residual disability insurance claim



RBC Insurance®



## We're here for you when you need to submit a claim

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Not all illnesses or injuries leave you totally disabled and unable to work. Your medical condition may allow you to work part time, but experience a reduction in earnings. We're here to help.

At RBC Insurance® we recognize that a serious illness, disability or an ongoing medical condition creates emotional, physical and financial challenges. Your RBC Insurance disability insurance benefit is intended to help support you and your family while you're recovering from or receiving treatment. Our commitment to you extends beyond the amount of your benefit cheque.

#### How do I submit a claim?

To inform us of a disability claim you will need to start by submitting claim forms to us. You can call us at 1-877-519-9501 and we will provide you with the appropriate forms. Or, you can talk to the advisor who helped you buy your policy and he or she will provide you with the forms. You can also call us for answers to any questions you may have about your claim.

The claim package includes information for you to complete, a form for your physician to complete and an authorization that enables us to gather additional information if necessary.



**We are committed to providing specialized expertise and responsive service throughout the claim process.**

### **Who will review my claim?**

Once we receive your completed claim forms, our goal is to acknowledge receipt of your claim within one business day and let you know the name of your claims specialist. Your claims specialist will personally handle your case from start to finish, evaluate your claim and arrange for payment if your claim is approved.

### **Is anyone else involved in the review process?**

Your claims specialist may contact your attending physician and other doctors to better understand your condition. They may also access a team of experts here at RBC Insurance, including doctors, clinical specialists and the claims specialist's manager. This team and your claims specialist work together to ensure the claims specialist has all the information needed to make an accurate decision regarding your claim. We also have a financial expert on staff that assists the claims specialist in reviewing financial information.

### **When will a decision be made about my claim?**

Our goal is always to provide a decision as quickly as possible. You will hear from your claims specialist within a few weeks of receiving the completed claim forms. At that point in time, we will let you know of our decision or we

may need to ask for more information. Either way, we will keep you informed on an ongoing basis until a decision is made.

### **What if I have questions about my claim?**

If you have questions or concerns about your claim, you can speak with your claims specialist using our direct, toll-free phone number noted on the back of this brochure.

One of the advantages of having a single point of contact assigned to your claim is that you will be able to speak with someone who is familiar with all of the key details.

### **What happens if I disagree with the decision on my claim?**

Our claim process is designed to ensure that your claim receives a thorough, fair and objective evaluation. In addition, safeguards are in place throughout the process to ensure the integrity of decisions that result from our evaluation. If we determine that you do not qualify for a benefit, you will receive a letter clearly outlining the reasons for this decision. You have the right to appeal the decision, and the appeal process will be clearly outlined in the letter.



## Frequently asked questions

We've put this question and answer section together to help you understand the claims process and the information and documentation we may need when reviewing a residual disability insurance claim.

These questions and answers are for informational purposes only. The wording and interpretation of your policy, in your particular case, will govern your claim and these questions and answers are not intended to modify or waive any contractual terms.

### Question #1

- Q. Why is it necessary to provide so much financial information?
- A. Having complete financial information will assist us in determining an accurate pre-disability monthly earnings calculation. It would also provide us with the information about your post-disability earnings required to establish that your loss of earnings are as a direct result of your disability.

We may also use this for trending purposes of revenues and expenses. This means we look for trends of earnings on a month-to-month basis, which allows us to gain a better understanding of your earnings and business over a given period of time and also determine the cause of any reduction in earnings.

**Question #2**

Q. Why do I need to provide my corporate tax return?

The T4 slip I provided has my salary on it.

A. The T4 slip only captures the salary the business owner has received from the Company. The corporate income tax return provides us with the insured's share of business earnings, business expenses and salary. The earnings reported on a T4 slip could be a discretionary payout by the corporation and may not reflect your true and complete earnings from your share of the business.

**Question #3**

Q. My spouse receives income from my business.

Why do you need financial information about my spouse's earnings?

A. We need this information to determine your earned income. For example, if you are income splitting with your spouse, this income should be included in your earnings, resulting in higher pre- and post-disability monthly earnings.

**Question #4**

Q. Why do you need financial information or earnings from my other corporations such as an investment holding corporation?

A. Reviewing the financial statements from your other corporation(s), which have earnings related to your occupation(s), assists us in identifying earned and unearned income. Unearned income is not included in pre- or post-disability earnings. Further, by gaining a complete understanding of your overall

business structure (which could include other corporations), we can calculate a more accurate picture of your pre- and post-disability earnings.

**Question #5**

Q. Why do I need to provide my full tax return and Notice of Assessment? I've already provided a copy of my T4/statement of professional income, T2032/statement of business activities and T2124.

A. The Notice of Assessment provides confirmation of the income reported to Revenue Canada. The completed tax return is required to ensure we've captured all earned income and/or eligible expenses in our calculation of prior earnings. There may be other sources of earnings not captured on the T4 or T2032/2124 schedules, but listed on the tax return. Also, there may be other eligible expenses listed separately on the tax return, such as "other employment expenses" and professional dues we'll need to know about.

**Question #6**

Q. I've misplaced my Notice of Assessment. What should I do?

A. We will request this information on your behalf once a T1013 form giving us authorization is completed.

**Question #7**

Q. Why do I need to submit my tax return information at the end of every year?

A. While you are on claim, you will have submitted monthly income and expense forms to us, enabling us to calculate monthly



benefits payable. On an annual basis, we reconcile the monthly revenue and expenses reported to us with the annual amounts reported on the income tax return. This ensures the appropriate benefits have been paid and helps us determine if there has been an under- or over-payment.

### Question #8

Q. I don't know the exact details of my income/ expenses on a monthly basis as my accountant doesn't do the books until the end of the year. How should I go about reporting this on my monthly income statements?

A. Individual situations can be discussed with your disability claims specialist who can come up with a solution best suited to you. One possible solution would be to prorate fixed expenses based on your previous year's income tax return, and then any variable expenses can be reported monthly as they are incurred. This allows us to calculate a monthly benefit, with any discrepancies or necessary corrections being identified in the annual reconciliation.



## Case studies

We've put together three scenarios so you can get a better idea of how the adjudication process works, what documents are needed and what happens afterwards on an ongoing basis. These case studies are for informational purposes only. The wording and interpretation of your policy, in your particular case, will govern your claim and these case studies are not intended to modify or waive any contractual terms or their interpretation.

### Scenario 1

Dr. Zabeen is a physician with a private practice that's structured as a sole proprietorship. He employs two people, one of which is his wife whose duties are administrative and the other is a part-time employee. In addition to his practice, he also works at the local hospital on weekends and lectures at the university once a week.

When Dr. Zabeen suffered a disability in 2007, he was unable to work at all from July 1, 2007 until September 1, 2007. It was on September 1 that he returned to work in a reduced capacity. Therefore, his first date of total disability was July 1, 2007 and the date of residual disability was September 1, 2007.

His policy has two options to calculate the pre-disability monthly earnings:

**Option 1:** The highest average monthly earning from all sources for any six consecutive calendar months during the 18 months just before his disability began.

**Option 2:** The highest average monthly income from all sources for any two successive years during the five year period just before his disability began.

### Meeting submission requirements

If option 1 is chosen, Dr. Zabeen must provide:

- a) Monthly income and expense details for any six consecutive months during the 18 month just before the disability began. In this case, the 18 month period would be from January 1, 2006 to June 30, 2007. The expense details must **provide a breakdown of any salaries paid** to his spouse or other related party.
- b) T4 slips for any salary paid to his spouse or related party from 2002 to 2006.
- c) A description of the job duties and hours worked by his spouse or related party.
- d) His 2006 T1 personal tax return, including all supporting schedules, and possibly his 2007 tax return information, depending on which six month period is chosen.
- e) His 2006 T1 personal Notice of Assessment from the Canada Revenue Agency, and possibly his 2007 Notice of Assessment.

If option 2 is chosen, Dr. Zabeen must provide:

- a) All of his 2002 to 2007 federal T1 personal tax returns, including all supporting schedules.
- b) His Notices of Assessment from the Canada Revenue Agency from the years 2002 to 2006.

- c) Information and documentation related to his spouse or a related party, see ((b) and (c) outlined in option 1).

### Ongoing submission

Once the claim is approved, Dr. Zabeen is responsible for completing a residual monthly income statement for the first month of his disability and every month afterwards.

He may also have to provide access to other financial information and documentation related to his on-going monthly earnings and business activities to assist us in determining the extent and cause of any reduction in post-disability earnings.



## Scenario 2

Ms. Alvarez is a business owner who has 100% ownership in her corporation. The corporation pays a salary of \$50,000 to Ms. Alvarez. The corporation's fiscal year end is June 30th. When Ms. Alvarez suffers an injury, the date of her total disability is January 1, 2008 and the date of her residual disability is March 15, 2008.

Her policy has 3 options to calculate the pre-disability monthly earnings:

**Option 1:** The highest average monthly earning for any six consecutive calendar months during the 24 months just before her disability began. But in no event can her average monthly earnings for those six months be greater than 125% of her average monthly earnings from her corporation's last fiscal year and from all sources. The fiscal year must end prior to the date her disability began.

**Option 2:** The average monthly earnings from her corporation's last fiscal year ending prior to her disability began, from all sources.

**Option 3:** The highest average monthly income for any two successive years during the three fiscal years just before her disability began, from all sources.

### Meeting submission requirements

If option 1 is chosen, Ms. Alvarez must provide:

- a) Monthly income and expense details for any six consecutive months during the 24 month just before the disability began. In this case, the 24 month period would be from January 1, 2006 to December 31, 2007.

Plus, the expense details must segregate any salaries paid to her or related party.

- b) Her T1 personal tax return, including all supporting schedules for the calendar year of the six month period chosen, and the preceding calendar year.
- c) Her T1 personal Notice of Assessment for the calendar year of the six month period chosen.
- d) Her T2 corporate tax return, including all supporting schedules for the calendar year of the six month period chosen.
- e) Her T2 corporate Notice of Assessment for the calendar year of the six month period chosen.

If option 2 is chosen, Ms. Alvarez must provide:

- a) Her 2006 and 2007 T1 personal tax return, including all supporting schedules.
- b) Her 2006 and 2007 T1 personal Notices of Assessment.
- c) Her 2007 fiscal year T2 corporate tax return, including all supporting schedules.
- d) Her 2007 fiscal year corporate Notice of Assessment.
- e) Details of any salary paid to her and/or related party on a **fiscal year basis**.

If option 3 is chosen, Ms. Alvarez must provide:

- a) Her federal T1 personal tax returns from 2004 to 2007, including all supporting schedules.
- b) All of her federal personal Notices of Assessment from 2005 to 2007.



- c) 2005 to 2007 federal T2 corporate tax returns, with all supporting schedules and financial statements. Also, we are requesting 2005 to 2007 since the claimant's fiscal year end is June 30th.
- d) Her 2005 to 2007 federal corporate Notices of Assessment.
- e) Details of salary paid by the corporation to her and/or another related party on a fiscal year basis for 2005 to 2007.

#### Ongoing submission

Once Ms. Alvarez's claim is approved, she must provide a completed residual monthly income statement for the first month of residual disability and every month afterwards. She may also have to provide access to other financial information and documentation related to her on going monthly earnings and business activities to assist us in determining the extent and cause of any reduction in post-disability earnings.



### Scenario 3

Mr. Davis is a partner in a medium-sized law firm. The law practice consists of five other partners. He reports his share of the partnership's earnings on his personal tax return. The partnership's year end is January 31st.

When Mr. Davis suffers an injury, the date of his total disability is April 1, 2007 and the date of his residual disability is June 1, 2008.

His policy has 2 options to calculate the pre-disability monthly earnings:

**Option 1:** The average monthly earning from all sources for six months immediately before the start of his disability.

**Option 2:** The highest average monthly income from all sources for any 24 month period in the 60 calendar months immediately before the start of his disability.

### Meeting submission requirements

If option 1 is chosen, Mr. Davis must provide:

- a) Monthly income and expense details for six months immediately before the start of his disability. In this example, the six month period would be from October 1, 2006 to March 31, 2007. The monthly earnings must show his share of revenues and expenses in detail.
- b) His 2007 T1 personal tax return, including all supporting schedules.

- c) His 2007 and 2008 (if available) T1 personal Notices of Assessment from the Canada Revenue Agency.
- d) His 2007 and 2008 (if available) T5013 slips (statement of partnership income) and financial statements of the partnership, breaking down his share of earnings.
- e) A copy of his partnership agreement.

If option 2 is chosen, Mr. Davis must provide:

- a) His 2003 to 2008 federal T1 personal tax returns, including all supporting schedules.
- b) His 2003 to 2008 Notices of Assessment from the Canada Revenue Agency.
- c) His 2003 to 2008 T5013 slips (statement of partnership income) and financial statements of the partnership, breaking down his share of earnings.
- d) A copy of his partnership agreement.

Ongoing submission

Once the claim is approved, Mr. Davis must provide a completed residual monthly income statement for the first month of residual disability and every month afterwards.

He may also have to provide access to other financial information and documentation related to his on going monthly earnings and business activities to assist us in determining the extent and cause of any reduction in post-disability earnings.

**Please note that each claim is unique and will be evaluated based on its merit and we may require additional information. Also, please note that not all of RBC Insurance Individual Disability contracts include residual benefits.**

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## Call us today

- › For more information on the claims process or to submit a claim, please call our toll-free number at **1-877-519-9501**.



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