



Quantum

Insurance Advisor Guide



Insurance

Plan code**918 — level; 919 — step rate****Product type**

Individual disability income protection

Sales Tip

Consider offering your client the choice of two products that provide quality individual income protection using two different approaches. An alternate product could be The Professional Series policy, which is a non-cancellable policy with “total,” “residual” and “long-term partial” definitions of disability. Having this choice of proportionate disability coverage through partial or residual disability may provide a more appropriate solution for some clients.

Purpose and market

Positioned as an alternate offering to The Professional Series® policy, Quantum® policy takes a different approach to providing long-term individual disability income protection to fee-for-service professionals and consultants as well as other high income professionals and executives who work in corporate business settings.

The Quantum policy is a guaranteed renewable policy with a “loss of earnings” definition of disability, an integration of benefits and a focus on rehabilitation. This plan offers your clients quality coverage at a reduced premium. It may also offer more flexibility in terms of the offering that underwriting may consider.

The step rate version of the Quantum policy is appropriate for young professionals in the early stage of their careers who are more comfortable paying lower premiums until they become more established in their profession. The initial premium is payable to age 30 or for five years after the date of issue, whichever is later. After the initial period, the premium increases to the ultimate level.

Renewability

The Quantum policy is guaranteed renewable until age 65. RBC Insurance® cannot alter or cancel the policy without the consent of the policyowner. However, at our discretion, we may change the amount of future renewal premiums, provided we do so for an entire class of policyowners sharing certain common characteristics.

Renewal option after age 65: while employed full time in a gainful occupation up to age 75, the insured may choose to continue the policy for a maximum benefit period of 24 months; thereafter, the maximum benefit period is 12 months.

Components of coverage

- Income protection (proportionate benefit)
- Return to work (return to work assistance, recovery benefit)

Underwriting guidelines

Occupational classes:	4A, 3A, 2A			
Minimum monthly benefit:	\$450 (May use a base benefit of \$150 plus AMIs)			
Issue limits:	Age	4A	3A	2A
	18 – 55	\$25,000	\$15,000	\$8,000
	56 – 60	\$12,000	\$8,000	\$5,000

Quantum policy contains an integration of benefits provision that ensures that income from all sources including the Quantum benefit does not exceed 85% of pre-disability earnings. Please refer to the Limitations and Exclusions section of this profile for more details. When designing a policy for your client, we suggest that you pick a monthly benefit that does not exceed 85% of his/her current earnings.

Issue ages and benefit periods	Ages*	Class	Benefit period
Level premium (918):	18 – 60	4A, 3A, 2A	Two or five years; to age 65
Step rate (919):	18 – 35	4A, 3A, 2A	Two or five years; to age 65
Elimination period: 30, 60, 90, 120, 180, 365 and 730** days			

* Rate quotes are available for ages 61 – 63 from your local sales office. (Some restrictions apply.)

** Two-year benefit period is not available with a 730-day elimination period.

Financial documentation

There are no routine financial requirements unless the inforce and applied for coverage exceeds \$3,000 per month (provided this documentation is not required for any types of coverage applied for concurrently). Proof of earnings is required at claim time. Please refer to the Underwriting Guidelines for more details.

Definitions of Disability

Total disability

Due to an injury or illness the insured:

- has a reduced ability to work; and
- has a minimum 20% loss of earnings; and
- must be receiving the appropriate physician's care.

The insured is required to work in a reasonable occupation to the capacity that he/she is able.

Physician's care requirement

Included in our definition of disability is the requirement that the insured be receiving physician's care that is appropriate for the injury or illness causing the disability. We will waive this requirement when we deem continued care would be of no benefit to the insured.

Policy Benefits

Disability benefits

After the elimination period, a proportionate benefit is paid to the insured based on his/her loss of earnings while disabled. The insured is required to work to the capacity that he/she is able. Benefits paid are subject to the limitations and exclusions set out in the policy.

Return to Work Assistance benefit

Starting from the first day of the injury or illness, we may provide some assistance in returning the insured to work or enhancing his/her ability to work.

The insured is required to work in a reasonable occupation to the capacity that he/she is able.

Our assistance may include such services as:

- co-ordination of physical rehabilitation services;
- financial and business planning;
- vocational evaluation;
- education; and
- job placement for a new occupation.

If an approved return to work assistance program will help the insured return to a reasonable occupation, and RBC Insurance offers to pay the costs associated with the program, the insured must participate in the program in order to continue receiving the disability benefit. A reasonable occupation is any gainful work for which the insured is reasonably suited based on his/her education, training or experience, and which could be expected to generate at least 60% of pre-disability earnings.

Waiver of premium

After the insured has been disabled for 90 days, RBC Insurance will pay premiums that come due while the insured is disabled and receiving benefits. RBC Insurance will refund premiums paid during those first 90 days.

Recovery benefit

This proportionate benefit will be paid for up to 12 months provided:

- the insured has been continuously disabled for the later of 90 days or the elimination period; and
- the insured is no longer disabled; and
- the insured is able to return to work in a reasonable occupation; and
- the insured continues to have a loss of at least 20% of prior earnings.

The insured is required to work in a reasonable occupation to the capacity that he/she is able.

Long Term Care Conversion Option

This option is provided by amendment and is automatically attached at policy issue to qualified Quantum policies without charge. Between ages 55 and 65, qualified insureds may convert all or part of their disability benefit into a new LTC policy. The conversion is dollar for dollar with a \$6,000/month (\$200/day) all RBC policy conversion maximum. The insured must not have made a claim on the disability policy in the 12 months prior to conversion. Optional riders on the new LTC policy are subject to our conversion rules at the time of conversion.

Accumulation of days

Periods of disability from the same or related causes, separated by 12 months or less, will be accumulated and considered continuous in order to satisfy the elimination period.

Prior earnings definition

For the computation of disability benefits, the insured may choose the greater of:

- the average monthly earnings for the 12 consecutive calendar months immediately before the disability began; or
- the average monthly earnings for the fiscal year with the highest earnings of the last two fiscal years ending prior to disability.

The two fiscal years must occur after the date of issue of the policy.

Indexing of prior earnings

After each year of continuing disability, an inflation adjustment is made based on the greater of the percentage of change in the Consumer Price Index or a 2% compounded minimum. The maximum adjustment per year is 10% compounded.

Disability from cosmetic or transplant surgery

Benefits are payable for a disability resulting from cosmetic surgery or from the transplant of part of the insured's body to another person.

Successive periods of disability

After a period of disability ends and if the insured becomes disabled again from the same or related cause within 12 months, we will consider it a continuation of the previous disability, unless the insured has engaged in full-time gainful employment for a period of 12 months.

Limitations and Exclusions

Integration of benefits

To ensure benefits are co-ordinated with other sources of income received during disability, included in Quantum policy is an integration of benefits provision. Benefits for disability or recovery will be reduced by any amount that the sum of the benefits for disability, current earnings and other income or disability benefits exceeds 85% of the insured's pre-disability income.

The insured is required to apply for other income benefits for which the insured is eligible. Other income benefits include:

- disability benefits from provincial or federal government plans such as CPP/QPP and Workers' Compensation legislation or similar benefit;
- automobile insurance;
- any employer sick pay, formal wage or salary continuation plans; and
- group and association long-term and short-term disability or weekly indemnity insurance or plans.

Exclusions

We will not pay benefits:

- for a disability due to an act or accident of war, whether declared or undeclared; or
- for normal pregnancy or childbirth, but we will cover disabling complications of pregnancy or childbirth; or
- during any period that the insured is incarcerated.

Optional Benefits

Family Compassionate Care benefit

The Family Compassionate Care benefit allows insureds to purchase additional coverage where it provides for payment equal to the monthly benefit should the insured's family member (spouse or child) be diagnosed with a terminal illness. The benefit will begin on the date the family member is diagnosed with a terminal illness and will be paid in arrears. The family member limit is 12 times the monthly benefit with a total benefit limit of 24 times.

The premiums will be waived while the benefits are payable under this rider.

Issue ages: 18 – 60

Terminates on the insured's 65th birthday

Not available with Wage Loss Replacement Plans

Future Income Option (FIO) benefit (H899)

This benefit allows an insured to purchase additional coverage in the future, regardless of their health or occupation, as long as they have adequate income to qualify for the increased amount at the time they decide to exercise the option.

This benefit can be issued to ages 18 to 50.

The maximum total option amount of FIO benefit is automatically calculated by our proposal system. Please refer to the Maximum Total Option Amount chart for more details.

On each policy anniversary, up to age 55, the insured may exercise all or part of a unit of increase. Up to one unit of increase may be carried over to the next anniversary date if all or part of it is not exercised. However, no more than two units can be obtained at one time. One additional unit of increase may be purchased on any anniversary date up to age 50.

The total amount of all of the units of increase exercised cannot exceed the maximum total option amount. Increases are available in \$100 to \$3,000 unit amounts (in multiples of \$50), depending on the class.

In addition to the annual options, a special LTD (long term disability) increase is available if the insured has lost group LTD coverage because this coverage has terminated or because the insured has left his/her employment. The insured may apply for this increase within 91 days of this loss of group LTD coverage. The maximum amount of increase that may be applied for is the lesser of:

- the lost LTD coverage; or
- the remaining FIO benefit amount.

This special option amount can only be exercised once and is subject to the other terms of this rider.

While disabled, an insured may exercise an increase option that is equal to the lesser of 50% of the FIO unit of increase or \$750. This increase will be effective on the 91st day of disability following the date of purchase.

When options are exercised, the premiums for the additional amount will be based on the insured's attained age and our current rates.

All increases are subject to financial verification and our maximum issue and participation limits. Financial verification will be based on the insured's earned income for the last complete tax year.

Maximum total option amount

The maximum total option amount (increase) available by class under the Future Income Option benefit is equal to the lesser of:

- 2.5 times monthly base and AMIs with a minimum one year benefit period (not applicable to class 4A);
- 55 less insurance age (age nearest) times FIO option amount chosen; and
- class maximums (4A — \$25,000, 3A — \$15,000, 2A — \$8,000) less the base and long-term AMI.

Maximum option amounts:

Class	Option amount
4A	\$3,000
3A	\$2,000
2A	\$1,000

Cost of living adjusted benefits (H1006)

This rider increases the amount of benefit payable on each anniversary of an insured's continuing disability.

Benefits begin on the 366th day of disability. The benefit is adjusted by the change in the Consumer Price Index over the period of disability. We guarantee that this cumulative adjustment is not less than 2% compounded per year since the start of disability. The maximum cumulative adjustment per year is 10% compounded. There is no cap on the total increase.

Prior to age 60 and within 90 days from the date of recovery, the insured has the option to purchase the increased amount of the monthly benefit applied during disability without medical or financial evidence. This occurs provided the insured

is working full time and total coverage is not greater than the published maximum limits for the insured's class. Rates for the increased coverage are based on the insured's attained age and the table of premiums then in effect.

This benefit is issued to age 55.

Health Care Profession benefit (H1134)

The Health Care Profession benefit is mandatory (unless denied for underwriting reasons) for the following health care professionals: medical doctors, dentists, dental surgeons, chiropodists/podiatrists, professional lab technicians, dental hygienists, dental assistants, denture therapists, denturists, denturologists, acupuncturists (MD and non-MD), nurses (RNs, RNAs, LPNs, including nursing directors, instructors and nurse practitioners), respiratory therapists, respirologists, massage therapists doing acupuncture, physiotherapists doing acupuncture and paramedics.

As a qualified health care professional, the insured may be at risk of exposure to HIV or hepatitis B and C. Under this benefit, if the insured meets one of the following conditions, he/she is not required to be under the care of a physician in order to qualify for disability benefits provided he/she is HIV impaired or hepatitis impaired, and due to his/her impairment,

- he/she is restricted or prohibited from performing the important duties of his/her occupation; or
- his/her patients refuse treatment from him/her because he/she has to disclose to his/her patients his/her impairment as required by law or by a written policy of general application of a medical regulatory body or medical licensing body.

For the purpose of this rider, "your occupation" means the occupation or occupations in which the insured is regularly engaged at the time that he/she becomes disabled.

The premium for the Health Care Profession benefit can be changed at any time; however once changed, the premium is locked in for five years. If the FIO is included in the insured's policy, the Health Care Profession benefit amount will increase automatically as this benefit is applied.

Additional monthly indemnity (AMI)

Additional coverage may be added to the base coverage with longer or the same elimination periods and shorter or the same benefit periods as the base coverage. This benefit is used to program around other benefits the insured may receive such as unemployment insurance. AMIs are also available to the 120th, 180th and 365th day.

Lifestyle Protection Products

Income protection will cover daily living expenses. But what about protecting the insured's lifestyle? Would your client be able to continue making their RSP contributions in the event of a total disability? If your client suffers from a catastrophic injury or illness, he/she may incur substantial additional expenses. Lifestyle protection products are the perfect complement to income protection coverage and provide for your client's independence and dignity.

Retirement Protector plan (available as separate policy)

This benefit helps the insured maintain deposits to a retirement savings program while totally disabled. Issued to age 55, benefits range from \$300 to \$1,500 but may not exceed 20% of the insured's monthly earned income.

Critical Illness Recovery Plan™

(available as a separate policy; please refer to the Critical Illness Recovery Plan fact sheet or Insurance Advisor Guide for full details)

Critical illness coverage is an excellent complement to any disability insurance program. While disability income protection insurance seeks to cover ongoing living expenses, critical illness coverage provides lifestyle protection that pays a lump sum benefit if your client is diagnosed with and survives one of the

insured covered conditions as defined in the policy. There are no rules regarding how benefits may be used — seeking medical treatment, securing nursing care, paying down debt — it's your client's decision.

Business protection products

Business owners should consider how a disability may impact all facets of their business. In addition to personal income protection, consider the RBC Insurance portfolio of business products including:

Disability Buy Sell — designed to provide funding for the remaining owner(s) to purchase the business interest from the disabled owner(s).

Business Overhead Expense — a reimbursement policy designed to cover fixed office expenses during a period of total or partial disability.

Key Person Protector — provides coverage for a financial loss to an employer due to the disability of a key person.

Business Loan Protector — makes funds available to pay outstanding business loans and loan interest when the business owner becomes totally disabled.

For more information on our lifestyle protection or business products, please refer to the applicable Insurance Advisor Guides.

For more information:

Call your MGA

Call your RBC Insurance sales consultant at 1-866-235-4332

Visit www.rbcinsurance.com/salesresourcecentre

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Insurance

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