

INTEGRATION OF BENEFITS IN INDIVIDUAL DISABILITY INSURANCE



Many people believe that government programs would meet their financial needs if they had a disability that prevented them from working.

However, in many situations, this is not the case.

Let's take a closer look at programs offered by different governments, and how individual insurance could help your clients make up the shortfall.

Integration definition

- Non-integrated insurance benefits will be paid even if the insured also receives benefits from any other company or private, public or parapublic body.
- Integrated insurance benefits will be reduced if benefits are also paid by other sources such that the sum of all benefits paid does not exceed the maximum available insurance benefit.

Overview of government programs

	Employment Insurance (EI)	Workplace Safety and Insurance Board (WSIB) / Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) (Quebec) / Workers' Compensation Board (WCB)	Canada/Québec Pension Plans (CPP/QPP)	Société de l'assurance automobile du Québec (SAAQ)
Description	Temporary disability coverage for employees only. Disability does not need to be work related.	Limited to work-related disabilities.	Partial replacement of earnings, only for severe and long-term disabilities.	For income lost as a result of a traffic accident.
Coverage area	Federal	Provincial: Ontario (WSIB), Quebec (CNESST) and other provinces (WCB)	Federal (CPP) and provincial (QPP)	Provincial (Quebec)
Benefit amount	Capped — max 55% of average weekly insurable earnings, max \$595/week.	Capped — amount varies by province (see table on page 3).	Capped — \$1,413.66/month (CPP) — \$1,416.45/month (QPP) QPP amount is reduced by 6% to 7.2% for each year a disability pension is paid between ages of 60 and 65.	Capped — 90% of net earnings, max insurable earnings \$83,000. Amount may be reduced progressively depending on age at time of accident.
Tax status	Taxable	Non-taxable	Taxable	Non-taxable
Waiting period	7 days	0 day (14 first days payable by employer and after by government)	4 months	7 days
Benefit period	Short term only - up to 15 weeks (but under certain circumstances may run up to 50 weeks if combined with other EI benefits).	Until able to return to work or until age 65 (68 in Quebec).	For the length of the disability or until pension plan begins (age 65).	For the length of disability but may vary depending on age at time of accident.
Limitations	Available only if employees have paid enough EI premiums and worked for the required number of hours (600) in the last 52 weeks or since the last claim. Self-employed are not covered (unless both employer and employee contributions are paid).	Available to employees in some industries where the employer pays contributions. Do not pay for all illnesses and injuries. Do not pay if individuals are able to perform tasks other than their usual job. Requirements to be met.	Available to employees who have actively contributed at least 4 of the last 6 years; or 3 of the last 6 years for clients who have worked 25 years or more. Requirements to be met. Disability must be severe and prolonged: — Do not pay if the individuals are able to perform other tasks than their usual job ("any occupation" definition applies). — Do not pay for short-term disabilities: long-term only or likely to result in death.	Does not cover automatically all traffic accidents; it depends on the circumstances.

All values on this page as of 2021

Workers' Compensation by province

Province	% of net earnings	Max insurable earnings
Yukon	75% ¹	\$91,930
Northwest Territories	90%	\$94,500
Nunavut	90%	\$97,300
British Columbia	90%	\$100,000
Alberta	90%	\$98,700
Saskatchewan	90%	\$91,100
Manitoba	90%	\$127,000
Ontario	85%	\$102,000
Quebec	90% (reduced after age 65)	\$83,500
Newfoundland and Labrador	85%	\$67,985
Prince Edward Island	85%	\$55,300
Nova Scotia	75% / 85% (26 weeks / after)	\$64,500
New Brunswick	85%	\$67,100



All values on this page as of 2021

¹ % of gross average weekly earnings

Government-sponsored disability programs

As we've just seen, there are several government programs that can provide protection in the event of a disability, but they have many limitations.

Can your clients rely on government programs only?

- Programs are not available to all kinds of workers
- Programs do not cover all kinds of illnesses or injuries
- Benefit amount maybe not be sufficient to cover all financial obligations and maintain current lifestyle
- Protection might not be long enough

And what about group disability insurance?

- It's not available to all, especially not small and medium-size enterprises



Why is individual disability insurance important?

- Available to all kinds of workers, including self-employed and business owners
- Coverage in case of most illnesses and injuries (some limitations and exclusions may apply)
- Offers many options in terms of waiting period and duration of benefit payments
- Benefit amount is adjustable and represents a good % of income
- Many strategies are possible to optimize the benefit payable including combining income protection and creditor insurance

Integration of benefits with iA Financial Group disability products

The amount of the monthly disability benefit can be affected by existing coverages. For an applicant covered by worker's compensation or an individual and/or group disability insurance policy, payments to the insured must be deducted from the available monthly benefit, so that the total of all amounts insured (integrated or not-integrated) do not exceed the maximum or available monthly amount of benefits. This is done in order to avoid over-insurance.

	Superior Program	Acci-Jet Program	Universal Loan Insurance	Acci 7 PLUS (disability in case of accident rider)
Integration	Flexible - 2 options offered to clients: non-integrated and/or integrated	Contractually integrated for the portion exceeding a certain amount or totally integrated after a certain period depending on the nature of the disability.	Contractually non-integrated	Contractually non-integrated
Non-integrated definition	The non-integrated benefit will be payable in case of disability, without considering any benefit from any other company or private, public or parapublic body.	The non-integrated benefit will be payable in case of disability, without considering any benefit from any other company or private, public or parapublic body.	The payable disability benefits are not integrated with benefits payable by any other company or private, public or parapublic body.	---
Benefits	Up to a maximum of \$10,000/month. ² Non-integrated benefits up to a maximum of \$1,200/month and for the first 24 months of disability. Integrated benefits for the portion of the benefit that exceeds \$1,200/month and after the first 24 months of disability.	Up to a maximum of \$6,000/month. ² Non-integrated benefits up to a maximum of \$1,000/month and for the first 24 months of disability. Integrated benefits for the portion of the benefit that exceeds \$1,000/month and after the first 24 months of disability.	Up to a maximum of \$5,000/month (some exceptions apply). The same loan or rent can not be covered twice by another creditor insurance; if partially covered by other insurance, benefit amount will be reduced by the amount covered by the other insurance.	Up to the maximum of \$700/month by unit (1 or 2). Up to 7 months per event. Reduced to 50% at age 70.

² Reduced by any sum received as salary, bonuses, dividends, commissions, fees and net or gross business earnings.

Integrated portion explanation

If your client has group insurance or is covered by a government plan:

GROUP INSURANCE	▶	Will be the 1st payor. The “any occupation” definition applies after 2 years of benefits.
WORKERS’ COMPENSATION OR C/Q PENSION PLAN	▶	Benefits are not integrated with group insurance or individual insurance. Amounts paid will be deducted from the eligible amount payable under the integrated portion of an individual insurance policy.
EMPLOYMENT INSURANCE	▶	If the individual has non-taxable disability benefits (paid by the individual), EI will be the 1st payor. ³ If the individual has taxable disability benefits (employer-sponsored), EI will be the 2nd payor. Amounts paid will be deducted from the eligible amount payable under the integrated portion of an individual insurance policy.
SAAQ	▶	Will be the 1st payor (Quebec only)

In any of these situations:

- **Superior Program:** will cover **the balance of the eligible amount** as per the contractual “Schedule of available monthly benefits”; otherwise, the amount of insurance taken out by the insured.
- **Acci-Jet Program:** same as Superior Program.
- **Acci 7 PLUS** (disability rider in case of accident): no impact, 100% non-integrated product.
- **Universal Loan Insurance (ULI):** no impact, 100% non-integrated product. However, if the loan is partially covered by other insurance, the benefit amount will be **reduced by the amount covered by the other insurance**, therefore ULI becomes the 2nd payor. Also, if the loan is totally covered by another insurance, loan **will simply not be eligible for the insurance**. That being said, creditor insurance coverage will be payable without affecting group insurance, government-sponsored programs or other individual income protection insurance. ULI is a good solution to maintain lifestyle and cover a higher percentage of lost income in case of disability.

³ Tip: This is the reason why individual insurance policies must have a waiting period of 119 days for people eligible for EI (except in cases where coverage is exceeded).

Let's consider some examples

Example 1

Superior Program (SP) + group insurance	
Annual income	\$81,000
Available monthly benefit	\$4,500
Group insurance from another insurer	\$3,000
SP – insured amount	\$1,500 integrated
If disabled...	
Benefit paid by group insurance	\$3,000
Benefit paid by SP	\$1,500 (\$1,500 + \$3,000 = \$4,500; No amount in excess, therefore, nothing integrated) ⁴
Total received by the insured ⁵	\$4,500

Example 2

Acci-Jet Program (AJ) + government-sponsored plan	
Annual income	\$62,000
Available monthly benefit	\$3,600
Government-sponsored plan benefit	\$3,000
AJ – insured amount	\$2,200
If disabled...	
Benefit paid by government plan	\$3,000
Benefit paid by AJ	\$1,000 for the first 24 months (the first \$1,000 is always non-integrated for 24 months) \$600 after (\$3,600 - \$3,000)
Total received by the insured ⁵	\$4,000 1st 24 months \$3,600 after

Example 3

Universal Loan Insurance (ULI) + group insurance	
Annual income	\$102,000
Amount of current eligible loans	\$5,300
Group insurance from another insurer	\$3,500
ULI – insured amount	\$5,000
If disabled...	
Benefit paid by group insurance	\$3,500
Benefit paid by ULI	\$5,000
Total received by the insured ⁶	\$8,500

⁴ Unlike us, other insurers might have deducted the group insurance amount from the insured amount purchased from them, and not from the available monthly benefit tied to annual income..

⁵ Until the end of the disability period or until the end of the benefit period chosen by the client or any other limitation stipulated in the contract.

⁶ In this example, loans are not covered by the group insurance which covers standard disability insurance.

Whether the client benefits from another disability insurance or any private, public or parapublic body, calculation of the benefit will be similar.

iA Financial Group individual disability insurance provides strong and comprehensive income protection with a wide variety of benefits to meet your clients' needs.

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