

Understanding Total Disability Definitions

In the Individual Disability Insurance Market

For Advisor Use Only

Definitions of Total Disability

The definitions of disability are the essence of a disability insurance policy. They generally define the circumstances which must be experienced before a disability benefit is payable by the policy. As such, the definitions of disability have a significant influence on the premium charged for the policy. The different definitions of disability should be read together and in context in order to understand them. Following are the most common disability definition types¹:

- Own Occupation Definition
- Regular Occupation Definition
- Any Occupation Definition
- Reasonable Occupation Definition
- Limited Regular Occupation Definition
- Loss of Income Definition

Own Occupation Definition

The own occupation definition (own occ) is the most liberal definition of disability, the most expensive and is usually made available only to individuals in the top occupational classes. A typical own occupation definition would read as follows:

Total Disability means that:

- a) Due directly to injury or sickness, the insured is unable to perform the important duties of his or her occupation²; and
- b) The insured is receiving the appropriate care and attendance of a physician who is licensed to practice in Canada.

Own occ protection measures the insured's ability to perform his/her particular occupation(s). If the insured does not have any capacity to work in their occupation(s) due to their injuries or sickness, then work that is being performed or could be performed in another occupation would not disqualify them for benefits. As such, this definition has the potential to result in overinsurance in some cases, which is why its access is usually limited to occupations where the individuals are highly motivated to work, or to return to work after an illness or injury.

¹ It should be noted that terminology may vary between companies, between lines of business and even between policies at the same company. The descriptions in this brochure are more important than the labels given to the descriptions. It is the actual policy wording that governs the meaning.

² The insured's occupation refers to the insured's usual work at the start of the disability. An insured can be engaged in more than one occupation at the commencement of disability.

Regular Occupation Definition

The regular occupation definition (regular occ) is the most popular definition of disability and arguably offers the best value for money. A typical regular occ definition would read as follows:

Total Disability means that:

- a) Due directly to injury or sickness, the insured is unable to perform the important duties of his or her occupation;
- b) The insured is not working in any other gainful occupation; and
- c) The insured is receiving the appropriate care and attendance of a physician who is licensed to practice in Canada.

Like own occ, regular occ provides a measure of occupational protection, but it reduces the overinsurance risk by introducing point b) above. The insured is not considered totally disabled if he/she is working in another gainful occupation. Points a) and c) are the same as own occ. The regular occ definition is sometimes described as “own occ, provided not working.”

Any Occupation Definition

The any occupation definition (any occ) is the least liberal and is generally less expensive than the own occ or regular occ definitions of disability. A typical any occ definition might read as follows:

Total Disability means that:

- a) Due directly to injury or sickness, the insured is unable to perform the important duties of any gainful occupation for which he/she is reasonably qualified, based on his/her education, training, or experience; and
- c) The insured is receiving the appropriate care and attendance of a physician who is licensed to practice in Canada.

An any occ definition of disability asks the question, “Could the insured work in his/her own occupation or another gainful occupation?” If the answer is “no”, the insured is considered totally disabled. Although there are policies that feature the any occ definition from day one, it is primarily found as the second part of a limited regular occupation definition (see next).

Reasonable Occupation Definition

The Reasonable Occupation definition is similar to Any Occupation. Reasonable Occupation means any occupation in which one could reasonably expect to earn an annual income equal to or greater than the income determined by the Benefit Determination Chart for that plan. A typical reasonable occupation definition read as follows:

Total Disability means that:

- a) Due directly to Injury or Illness the insured is unable to engage in any Reasonable Occupation for which they are, or may reasonably become, fitted by education, training or experience; and
- b) You are receiving Physician’s Care.

Limited Regular Occupation Period

Some definitions of disability use a combination of own occ, regular occ and any occ. The most common limited regular occupation period definition is the following:

- Regular occ for the first 24 months of disability
- Any occ for the duration of the benefit period

This definition would protect the insured based on his/her occupation(s), provided he/she was not working in another gainful occupation, for the first 24 months of disability. If the impairment were to last beyond the initial 24 month regular occupation period, the definition would change to any occ. At that point, the insured would have to establish that he or she is unable to perform the important duties of any gainful occupation due to his or her continuing sickness or injuries.

Loss of Income Definition

Not every disability insurance policy actually defines total disability in terms of loss of ability to perform duties. Some define disability as “an income loss due to injury or sickness,” and pay benefits based on a proportionate to loss formula. Under this definition, if the insured is not able to earn any income because of the injury or sickness, the full benefit is payable. If the insured’s earnings were reduced directly due to injury or sickness, a percentage of the benefit would be payable.

Total Disability Definitions within RBC Insurance Disability Products

Within the RBC Insurance® portfolio, there is a place for all the total disability definitions described in this brochure. With some products the client is assigned a base policy definition of total disability and has the option to purchase alternative (enhanced) definitions of total disability.

Product	Definition	Optional Definition
The Professional Series®	Regular Occ	Own Occ to age 65 Regular Occ thereafter (selected occupations)
Quantum® Policy	Loss of Income	NA
The Foundation Series™	Regular Occ for 24 months Any Occ thereafter	Regular Occ
Bridge Series®	Regular Occ for 24 months Any Occ thereafter	Regular Occ
The Fundamental Series™	Regular Occ for 36 months Reasonable Occupation thereafter	NA
Retirement Protector	Regular Occ	NA
Business Overhead Expense	Own Occ	NA
Disability Buy/Sell	Own Occ	NA
Key Person Protector	Own Occ	NA
Business Loan Protector	Regular Occ	NA



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This document is explanatory in a general manner only, and is not intended to modify or waive the meaning of any contractual terms or provisions. In all cases, one should read all of the contractual provisions and definitions. It is the wording used in the policy that always governs.

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