



Disability Basic Definitions

- **Pure Own Occupation:** The inability to perform the substantial and material duties of your occupation.
- **Transitional Own Occupation:** Same as above but includes a benefit reduction so that benefit from policy will not exceed pre disability earnings.
- **Modified Own Occupation:** The inability to perform the substantial and material duties of your occupation and not working.
- **Any Occupation:** After 24 months of benefits using modified own occupation definition; the inability to perform the substantial and material duties of any occupation for which he/she is fitted by education, training, and experience, requires a physician's care and not engaged in any job for wage or profit
- **Residual:** Usually added by rider, this feature allows the insured to collect benefits while residually disabled and working. The definition usually reads due to injury or sickness the insured is unable to perform one or more of the substantial or material duties of their occupation, is working and is suffering a loss of income of at least 20%. If the insured has a loss of income of 75% the insured is deemed totally disabled and receives full benefit.
- **Catastrophic Benefit Rider:** Rider pays an additional benefit if you are receiving the benefit for total disability and: you are unable to perform at least two activities of daily living (ADL's), have a severe cognitive impairment, or are presumptively disabled.
- **COLA or Cost of Living adjustment:** This benefit increases the benefit payable on claim every year to help fight inflation.
- **FIO, APB, GIO, or Guaranteed Insurability:** The ability to increase your monthly benefit on specified anniversaries without evidence of medical insurability. Financial verification will be necessary when exercising the option.
- **Business Overhead or O.E.:** This is a disability policy designed for business owners to reimburse them for business expenses while disabled(examples of covered expenses are Rent, Utilities, Telephone, Property taxes and employees salaries to name a few).
- **Buy/Sell or Buyout:** A disability policy designed for 2 to 8 business owners to fund a Buy sell agreement for disability.

Client can be on claim and work at another occupation and make more than before claim

Client can be on claim and work up to 100% of prior income

Client decides if they want to work

Limited 2 Year Benefit since the Carrier decides if you are still on claim

Can get client up to 100% of Income Replacement!

Berkshire offers two definitions depending on occupational classification:

1. Own Occupation to age 65
2. Own Occupation for 5 years, thereafter, not engaged

Mass Mutual offers one definition of disability:

1. Own Occupation and not engaged for the entire benefit period.

MetLife offers two definitions of total disability, one which has two optional riders:

1. Own Occupation and not engaged in any occupation.
 - Your Occupation Rider provides own occupation coverage for the entire benefit period for classes 6A and 5A
 - Transitional Your Occupation Rider provides own occupation coverage to Age 65 (classes 6A and 5A); 60 months (classes 6A and 4A) and 10 years (classes 6A and 5A). This rider is only available if residual is part of the contract.
2. Own Occupation and not engaged for 60 months, reasonable occupation thereafter.

Northwestern Mutual offers a base definition with a choice of three variations:

Own Occupation and not engaged (varies by occupational class)

1. Two Year initial period available
2. Extended initial period (Occ Classes 6A and 5A)
3. Any Occupation Rider is available – 24 month own occupation and not engaged, reasonable occupation thereafter.

Definitions are based on age, occupational classification and state of residence.

Principal offers a base definition of total disability with a choice of three variations depending on occupational classification:

1. Base definition is 24 month Own Occupation and not engaged, reasonable occupation thereafter.
2. Own occupation and not engaged for five years or To age 65 available for classes 5A, 4A, 4A-M, 3A, 3A-M.
3. Own Occupation and not engaged for five years is available for occupational class 2A.
4. Own Occupation Rider is available for class 5A only (N/A to attorneys or to CA residents).

Standard offers a base definition of total disability with an Own Occupation Rider, depending on occupational classification:

1. Base definition is Own Occupation and not engaged for the entire benefit period.
2. Own Occupation is available by rider for all classes.

UNUM/Provident offers three definitions to all occupational classifications:

1. Income I (Base Contract) – 24 month Own Occupation and not engaged, any occupation thereafter.
2. Income II (Select Rider) – 24 Month Own Occupation and not engaged, any occupation thereafter. Any occupation mean any occupation that the insured is reasonably fitted based on education, training and experience that can be expected to generate at least 60% of prior earnings within 12 months of returning back to full-time work.
3. Income III (Choice Rider) – Own Occupation and not engaged for the entire benefit period.