

Welcome to The Source!

Dear Member:

On behalf of the staff at OMA Insurance, thank you for taking the time to tell us what you thought of our first edition of *The Source*.

As a result of your positive feedback, we are pleased to confirm that we will continue with *The Source* in order to provide you with the latest information about OMA Insurance and topics of interest to the medical profession.

If you have any ideas or topics that may be considered for our next newsletter, please send us your E-mail to info@OMAinsurance.com.

Property and Casualty Insurance - A Primer

Paul McFarlane, Client Advocate, Group Services, Willis Canada

The principle of insurance can be traced back to Babylon in the year 2000 BC: "The contributions of the many support the needs of the few."



This principle gives individuals and business owners the confidence to purchase high-price items like cars, homes and buildings, and invest in commercial endeavours like construction projects. Sizeable investments involve taking on significant financial burden and risk. Then there's the risk of theft, fire, accident or natural disaster. Individually, investors may not have the means to cover expensive damage or loss. But as part of a group, participating in an insurance pool, they have the comfort of knowing they won't be faced with a personal financial burden in the event of the unexpected.

This principle is the foundation upon which our economy is based, spreading individual risk through the contributions of all of us.

Loss Prevention

The number one thing policy holders can do to positively influence their costs of insurance is to minimize risk: avoiding preventable losses before they happen.

You can take simple steps to reduce your own likelihood of loss. For example, keep your car doors locked and park in a garage to reduce chances of theft. Drive defensively and stick to the speed limit. Consider installing an alarm system at your home or business. Do a regular safety inspection around your property to identify and remove slip and fall hazards.

How are premiums set?

Every situation is unique. Insurance underwriters look at several aspects when determining an individual's premium. Here are a few examples:

- The specific item to be insured – For home or business premises insurance, the value, size, age and upkeep of the building are factors. *continued on page 3*

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First Year Medical Student Orientations 2004

By Manuela Tesi



Wow...it's hard to believe that medical student orientations have finally come to a close. OMA Insurance would like to extend a huge thanks to Michael Greb and Kim Newlands of OMA's Member Relations for welcoming us to the Orientation Team. This was a great way for staff to talk to students one-on-one and explain more about the insurance services offered to OMA members. It was obvious that the students appreciated our presence and took advantage of the opportunity to ask us lots of questions.

Another huge "Thank you" to Sudit Ranade and Nancy Dzaja for providing excellent feedback during their summer internship at the OMA on the insurance plans available to students. We'll certainly miss you!

And of course, thanks to all the medical students who took the time to visit our booth.

Disability and Life Insurance for Medical Students - The Two Most Important Insurance Plans You Can Have

By Manuela Tesi

OMA Insurance has specialized in helping medical students, residents and practising physicians for almost five decades. Based on our experience, we understand your unique situation and needs.

Training for a career in medicine takes a big commitment... long hours, personal sacrifices and significant dollars. Planning for your financial future right now may seem overwhelming. Perhaps, you're thinking you can put off getting disability and life insurance until later? It is never too early to start thinking about protecting your future income. In fact, OMA Insurance has done a lot of the thinking for you, and because we work for you...our plans are specifically designed for you.



If you're still not sure why a medical student needs disability and life insurance, consider the facts:

- Your most valuable asset is your ability to earn an income. In your case, your future income is the payoff for

your years of training, hard work, dedication and accumulated debt.

- The career you have chosen is very demanding. Give yourself (and your family) peace of mind knowing you have protected your financial future.
- Your student loans do not go away if you become disabled.

Life and Disability Income insurance will help protect your loved ones, your debt and your future income. If you became disabled and unable to attend classes for a period of time, disability income insurance can help cover lost tuition and other expenses.

OMA Insurance – Your Best Option

The Student Disability Income plan is your first stepping stone to securing your financial future as today's medical student and tomorrow's medical professional. If you follow our 3-step approach to obtaining Disability Income coverage, you will never have to

worry about submitting evidence of health...that's right...no blood work and no doctor's reports!

There are two great plans available allowing greater flexibility when it comes to choosing the coverage that best suits your needs. And remember, when you are insured under the OMA Student Disability Income plan MD Management will reimburse your CMA membership fee.

OMA Insurance is also offering medical students the first \$100,000 of life insurance without medical evidence, and best of all...it's FREE during medical school!

OMA Insurance is proud to be working with you. We guarantee these are the best plans at the best price currently available. If you haven't yet received your Student Disability Income or Life insurance packages, please contact our office at (416) 340-2918 or 1-800-758-1641 and we'll be more than glad to send the information to you, or go to our Website and you will find the information and application there.

Should My Professional Corporation Pay My Insurance Premiums?

By Martha De Sa

Many of you may have been advised by insurance agents to have your corporation pay for your insurance premiums. While you could choose to have your professional corporation pay your OMA Life Insurance premiums, the premiums paid would be a taxable benefit to you. Furthermore, regardless of who actually pays the premium, any premium refund (dividend) will be paid only to you, the member. You should make your accountant/professional advisor aware of the fact that absolute assignment of OMA Life Insurance is not possible. This means a corporation cannot be designated as the owner of the insurance on the life of an insured member. Since the corporation cannot be “owner”, there appears to be no tax advantage to naming your professional corporation the beneficiary of your insurance.

The Disability Income premiums (whether OMA or private) should be paid by you with after tax dollars and not by your corporation; so that any disability benefits payable to you would be tax-free. If a corporation pays any portion of the Disability income premium, any benefits payable in the event you become disabled would be taxable as income to you. Professional Overhead Expense benefits, however, are taxable in any event, but the premiums paid are tax deductible.

There are some private insurers promoting premium payment be made by your corporation by offering additional Disability Income coverage beyond the usual maximum coverage allowed based on your net earned income (before taxes and after expenses) and an Insurer’s Income Ratio

Guide. Be aware that you will pay a higher premium for this additional coverage and that any benefits payable will still be taxable. You should make your accountant/professional advisor aware of these offers and to determine whether or not this would be of benefit to you.

How does a Professional Corporation affect OMA Disability Income insurance?

For the purposes of establishing both the eligible amount of Disability Income coverage at time of application and benefit determination at time of claim, earned income is calculated by totalling the salary and bonus amount earned and the net income or loss of the professional corporation, which is attributable to the physician. This assumes that the professional corporation’s only source of revenue is that generated by the performance of personal activities of the insured physician.

For the purposes of calculating eligible earned income, dividends are not considered earned income since they are paid from the professional corporation’s retained earnings. Dividends are just the distribution of the net income of the corporation; which has already been included as income to you, as described in the previous paragraph. Assuming the professional corporation’s only source of revenue is from personal activities performed by you, the insured physician, the change in status from a sole practitioner to an incorporated practice will not impact on either the eligible amount of Disability Income coverage at time of application or the benefit determination at time of claim.

Property and Casualty Insurance - continued from page 1

- For car insurance, the age and style of the car are factors. Insurance companies evaluate the risks associated with a vehicle’s make and model year using the Canadian Loss Experience Rating (CLEAR) system. CLEAR takes into account each model’s safety record, repairability costs and frequency of theft in Canada.
- Past history relative to the insurance needed – If the consumer has made a claim recently, the underwriter will consider the circumstances and type of claim. Statistics play an important role in determining the likelihood of future claims. For instance, did you know that someone who has been involved in an auto accident in the last year is 30% more likely to have a second accident in the next year?
- External elements – For example, is the home or building near a fire hydrant? Has the occupant retained security or purchased an alarm system? Is the building vulnerable to

neighbourhood danger? Does the activity performed by the business pose any risk? Does the car owner live in an area where auto theft is prevalent?

Another element used to calculate premium is past occurrence of damage due to external forces like severe weather. Premiums go up if, over a period of time, history shows the chances of such a claim occurring are higher. In turn, they are reduced if the chances prove to be lower.

It’s up to you

Insuring your home, cars and business is an important aspect of securing your financial future. While governments require you to protect yourself and others from liability claims that could arise from the operation of a motor vehicle, it is up to you to do likewise with your home and business.

How to protect your Disability Income benefits against inflation – The COLA Rider

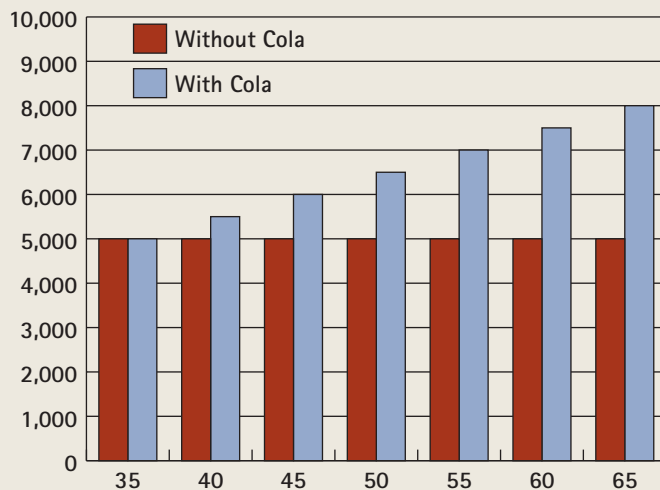
By Sun Life Financial

If you're thinking of buying Disability Income coverage from OMA Insurance, or if you're one of many physicians who has already purchased this valuable coverage, you should focus your attention on a particularly important insurance rider.

Consider this: What if you become disabled and your disability lasts more than a year? Does the amount of your monthly Disability Income benefit increase each year to adjust for inflation? If you've purchased the optional Cost Of Living Adjustment (COLA) Rider, then the answer is YES.

If you want the added peace of mind that, in the event of an extended disability, your monthly benefits will increase on an annual basis to keep up with inflation (to a policy maximum of 10% annually), we highly recommend purchasing this rider with any new Disability Income insurance coverage you buy, or adding this rider to your already existing coverage.

Monthly Disability Benefit



The purpose of this illustration is to demonstrate the effect of the COLA provision for a monthly disability income benefit of \$5,000. The assumption is that a member becomes disabled at age 35 and remains disabled through to age 65. It is based on an assumed constant rate of increase of 2% per annum. Your actual monthly benefit depends on the level of coverage you select, and the COLA

increase is determined by the prevailing Consumer Price Index, to a maximum of 10% annually.

Without COLA, the benefit remains unchanged at \$5,000 per month. With COLA, this member's benefit increases every year, and keeps up with the increased cost of living.

Membership Services

- **LOOKING TO INSURE YOUR HOME, RENTER'S CONTENT, AUTO AND/OR OFFICE/CLINIC? CONTACT WILLIS CANADA TO OBTAIN A QUOTATION AT 416-869-1320 OR 1-800-268-8532.**
- **NEED FREE FINANCIAL ADVICE? MD MANAGEMENT CAN HELP YOU.**

Toronto	1-800-387-2646 or 416-598-1442
London	1-800-461-9587 or 519-432-0883
Kingston	1-800-363-5527 or 613-548-8770
Ottawa	1-800-387-4018 or 613-722-7688
Hamilton	1-800-883-6015 or 905-526-8999
Halifax	1-800-565-1771 or 902-425-4646
St. John's	1-800-229-1798 or 709-726-2136
Moncton	1-800-664-2241 or 506-855-1994
PEI	1-800-443-9711 or 902-892-2092

- **ARE YOU MOVING? CONTACT AMJ CAMPBELL VAN LINES AT 905-670-7111 OR 1-800-668-5364.**

Moving...Home and/or Office? If so, it's important that you contact us to make sure we have your current mailing information.

OMA Insurance Presentations - We will be holding insurance information sessions for medical students. If we haven't visited your school yet...be sure to check your school's website or talk to your class representative to find out when we'll be having a session at your campus.



OMA Insurance

Working Together to Secure Your Future

525 University Avenue, Suite 300
Toronto, ON M5G 2K7
(416) 340-2918
1-800-758-1641

www.OMAINsurance.com

e-mail: info@OMAINsurance.com