

Premium Refunds

Once again we had another successful year for Premium Refunds. More than 16,000 insured members benefited from good claims experience. Although not guaranteed, premium refunds have been issued every year since 1956. In the last ten years refunds have averaged 58% for life, 36% for disability income and 49% for professional overhead expense insurance.

Premium refunds issued for 2004:
Life 53%; Disability Income 44%,
and 49% for Professional
Overhead Expense.

Are You Adequately Insured?

Steve Halajian, CFP, CLU, CH.F.C., Insurance Consultant, (Toronto) Lancet Insurance Agency Ltd.

When was the last time you evaluated your life insurance needs? Surprisingly, many physicians have not reviewed their insurance coverage in over five years. Most likely, however, their financial situation has changed but their insurance coverage has not been modified to reflect this change.



The most significant insurance buying blunder is not buying enough coverage to protect yourself and your family while you are still insurable. Another common mistake is not re-evaluating your existing coverage and policies to keep pace with your evolving needs. With tax season fast approaching, now is an ideal time to re-evaluate your financial and insurance needs.

If you have significant debt load and/or a young family, you most likely need a substantial amount of life insurance. In addition to paying off debts such as your mortgage or other loans, you will want to provide your family with a stable source of funds to allow them to maintain a comfortable standard of living. Once you have addressed your immediate insurance needs, you may want to look ahead at how to accumulate wealth, beyond RSP's, as well as preserving your estate for your heirs using life insurance.

A universal life insurance policy offers a combination of permanent life insurance and investment. While most insurance policies end at 70 or 75 years, permanent life insurance offers lifetime insurance protection. With universal life insurance, every dollar you contribute over the minimum insurance related charges goes into an investment portion of the plan and the investments grow tax deferred. Universal life insurance is a flexible, tax saving strategy to help you build, preserve and enhance your wealth. Consider universal life insurance for:

- Deferring taxes on wealth accumulation.
- Cottage succession planning.
- Converting corporate surplus into non-taxable income for your estate.

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How To Protect Your Future Income - The Guaranteed Insurability Benefit Rider

Manuela Tesi

If you're thinking of buying Disability Income coverage, you should consider a particularly important rider to add to your coverage.

The Guaranteed Insurability Benefit (GIB) rider under the OMA Disability Income plan allows you to purchase additional Disability Income coverage in the future without the need to give health information. Biannual option amounts of \$2,500 up to age 40 and \$1,000 per month from age 41-50 are

available, to a maximum coverage limit of \$12,000. Your income must be sufficient to qualify for the additional coverage according to the Insurer's Income Ratio Guide.

If you want the peace of mind knowing that your future income is protected regardless of how your health might change, we highly recommend this rider when applying for Disability Income insurance coverage.

Residents - You Do Qualify For a PAIRO, PARI-MP or PAIRN Disability Income Benefit and OMA Insurance Disability Income Coverage at The Same Time.

By Alban Moran, CLU, Insurance Consultant

As a Medical Resident you are in a unique situation during your training years in that you have Disability Income coverage provided by your resident association and you are also eligible to purchase additional coverage of up to \$3,500 per month through OMA Insurance, which would pay in addition to your resident association disability benefits.

However, you may ask yourself "Do I really need to double cover myself during my training years?" As a young professional with many years already invested in your education and your career ahead of you, most financial advisors would suggest that you insure yourself for as much Disability Income coverage as possible. They may cite some or all of the following issues for your consideration.

If you are a member of PAIRO, PARI-MP or PAIRN, you are insured for Disability Income coverage of approximately two-thirds of your PGY salary level, which translates to between \$2,000 and \$2,500 per month for most PGY1 Residents. The question you have to ask yourself is "Would you want to live on this level of Disability Income benefit to age 65 if you became disabled while completing your training program?"

The answer for most Residents is "NO". They choose to add additional disability income benefits so that their total monthly disability income coverage is in the \$5,500 to \$6,000 range (eg: \$3,500 OMA + \$2,000 to \$2,500 resident associa-

tion plan), which is much more reflective of the coverage you will need to protect your earning potential when you begin practice.

But there are also other important issues you should consider when deciding about obtaining OMA coverage to top up your PAIRO, PARI-MP or PAIRN coverage. Your resident association coverage will terminate automatically when you complete your training program while OMA Disability Income can be continued for your entire career and can be increased with your earning level. OMA Disability Income also allows you to secure your future earnings now under coverage that contains comprehensive provisions and features that are normally only available to practising physicians.

OMA Insurance exists to provide members with the highest quality insurance benefits at the most reasonable cost possible. To make coverage even more affordable, eligible Residents are offered a 50% premium reduction. This means you can obtain the same coverage as practising physicians at half the cost and still participate in premium refunds which are annual refunds of any unused premiums distributed to insured members



Disability Income Insurance - Effects of Parental Leave of Absence

By: Jacques Rocheleau, CLU, RHU, Managing Director, OMA Insurance

Will you ever take a parental leave of absence from your medical practice? Unless your answer is a definite NO, read on.

Generally speaking, insurance companies look at two key issues in determining your eligibility to collect Disability Income benefits. The first is your inability to perform the important/essential duties of your Regular Occupation. What is your regular occupation if you have been a stay-at-home parent for 3 months? 10 months? 20 months? Will the test of whether you are disabled be based on your ability to treat patients in your medical practice, or will the test be on your ability to be a stay-at-home parent?

The second test, in the case of a residual disability, is the loss of (usually) 20% or more of your pre-disability income. Will the loss be compared to your income while you were a stay-at-home parent? If so, benefits may be impossible to collect.

WHY THE OMA DISABILITY INCOME PLAN IS BETTER

Unlike individual (private) Disability Income plans, the OMA group plan for

physicians makes special provisions for those who participate in a Parental Leave of Absence which is defined as a temporary absence from medical practice for a period of two years or less following the date of birth or placement for adoption of a child to an Insured Member.

Regular Occupation

Regular occupation is generally defined as the occupation(s) in which you are regularly engaged immediately preceding the onset of disability. But the OMA plan provides an exception for those participating in a Parental Leave of Absence. Their regular occupation prior to the Parental Leave of Absence is extended during the Parental Leave. Therefore, for up to 24 months, there are no worries the insurer may argue that your regular duties are not those you were performing in your medical practice.

Residual Disability

That leaves the issue of how to determine Residual Disability benefits in those cases where the disability is residual (partial) rather than total. To accom-



modate this, the OMA plan provides an exception to the definition of Average Monthly Earned Income (AMEI).

Normally, AMEI is your highest average monthly Earned Income for any 12 consecutive month period in the 24 months immediately preceding the onset of disability. But, if you have been on a Parental Leave of Absence of 2 years or less, the AMEI will be your highest average monthly Earned Income for any consecutive 12 month period in the 24 months immediately preceding the start of the Parental Leave of Absence. Additionally, if disability begins within the first 12 months following a Parental Leave of Absence, the loss of income can be measured against either the average during the 12 month period or the best 12 of 24 months prior to the Parental Leave of Absence, whichever is greater.

If you have any questions about this, you can contact OMA Insurance at 1-800-758-1641 or by email at info@OMAinsurance.com

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- Overcoming the tax liability of your RSP or RIF
- Transferring your assets between generations while minimizing tax.

As your personal and financial circumstances change, so too do your life insurance needs. Don't wait until you become uninsurable. Secure your financial future today by talking to an MD Financial Consultant. Visit our website at www.mdm.ca.

Why Doesn't OMA Insurance **Guarantee My Premiums** Like Individual Policies?

Premiums are not guaranteed because OMA Insurance is designed to provide the lowest possible cost.

- The premium you pay is based on your age. While you are young and there is little likelihood of a claim, your premiums are inexpensive. As you become older your premiums will increase.
- To guarantee premiums to age 65 requires the insurance company to charge higher premiums so they could be “guaranteed” that their plans would always produce a profit. If claims experience were to be favourable, the company would pocket an “extra profit”.
- Even with non-guaranteed premiums, the OMA plans have always produced an “extra profit”. Under the regular

OMA Disability Income, Professional Overhead Expense and Life insurance plans that extra profit is returned to you in the form of premium refunds.



OMA Insurance

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OMA Insurance Facts (for the year ending August 31, 2004)

• Number of insured members	16,617
• Number of applications processed for new/increased coverage	3,935
• Number of new Disability Income claims	209
• Number of Life Insurance claims	34
• Total annual premiums paid for life and disability insurance	\$ 53,000,000



Funny Corner!

When I was younger, if any of us kids got sick, my mother would bring out the chicken soup. Of course, that didn't work for broken bones. For broken bones, she gave us boiled beef.

George Burns

Before I got married I had six theories about bringing up children. Now I have six children and no theories.

John Wilmot

Sign in a waiting room: To avoid delay, have all your symptoms ready.

Anonymous