

# Long Term Disability Insurance: Support for Longer Absences from Work

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If you need more than a few days off work as a result of your episodic disability, you will want to understand what options are available to you to provide your source of income, or help support your current income. For longer term absences, these options may include Long Term Disability insurance (LTD). Often, LTD coverage is under a group insurance plan provided through your employer. If you have private life or accident and sickness insurance, you may have LTD coverage as well. You can purchase individual LTD coverage; however, it is typically quite expensive. Generally, LTD policies cover any injury or illness that prevents you from being able to work. Some policies exclude certain illnesses, while others exclude work-related injuries or illnesses.

Not all employers offer Disability Insurance, and there are no legal requirements that mandate it being offered. Disability Insurance is a type of private insurance that provides coverage, in the form of a percentage of an employee's income, for employees who are unable to work as a result of either an injury or illness. This is usually provided as a part of an employee benefit package, although some employers choose not to offer it.

## **Qualifying for Long Term Disability Insurance**

Most plans start LTD after other benefits, such as sick leave and Short Term Disability (STD) benefits, have been exhausted. Many people utilize Employment Insurance (EI) Sickness Benefits after completing STD, but prior to LTD benefits starting. Most STD benefits last between 6 months and 1 year. Most LTD benefits start 120 days after leaving employment (after EI Sickness Benefits, 15 weeks plus 2 weeks waiting period = 119 days, are exhausted). Your LTD benefit may be for only a specific length of time (i.e. 2 years) or may last until retirement. Medical documentation is usually required from your doctor in order to qualify for LTD. The required forms will probably ask your doctor to provide a diagnosis and indicate what your prognosis may be and when you might be expected to return to work. Make note of what is required by your doctor. Most companies require that a form be filled in by the doctor and will not necessarily accept a short note in place of the forms. Some doctors may charge a fee for completing these forms and it is the employee's responsibility to pay any fees charged by the doctor. After the insurance company receives your claim they may ask for additional information from you, your employer and/or your doctor. They may even ask to interview you, your employer or your doctor over the phone, and ask some additional questions. Once they have reached a decision as to whether or not you qualify for LTD they will inform both you and your employer.

## **Exclusions from Group Benefits**

Depending on the province, there may be circumstances under which it is possible for an employer to deny or limit an employee access to group benefits based on the existence of a "pre-existing condition". "Pre-existing conditions" are illnesses or health conditions that the employee was living with before signing up for the insurance plan. However, the laws that apply to this vary from province to province. If this is a worry for you, it is recommended that you access legal advice related to your specific situation.

### **Once on Long Term Disability Insurance**

Most LTD benefits pay 50%-70% of your previous income. LTD policies require the insurance company to pay an ongoing amount, usually in a monthly payment. Benefits will be paid either by cheque or by direct deposit, if the appropriate arrangements have been made. Most do not have indexing for the rate of inflation. If during employment you paid 100% of the LTD premium cost, then your LTD income is not taxable, but otherwise your LTD is considered to be taxable income. Most contracts also have a provision that any income support received from other sources, such as Canada Pension Plan Disability (CPP-D) is deducted dollar-for-dollar from your LTD income. If you are awarded CPP-D benefits, the insurance company gets to deduct the amount of the CPP-D benefit from the amount of LTD benefit it is paying to you. Since CPP-D benefits save the insurance company money, many policies require that you apply for CPP-D benefits, and some even require you to appeal if your claim is initially denied.

The insurance company expects to communicate with the employee and related healthcare providers regarding their recovery and their expected return to work date. The insurance company also expects that the employee will undertake the appropriate medical treatment for their condition and will be willing to undergo independent medical exams if requested by the insurance provider. As well, anyone receiving benefits is expected to participate in insurance company provided vocational rehabilitation programs.

### **Restrictions on Benefits**

When receiving LTD benefits there may be restrictions on the kinds of activities you can undertake, particularly related to earning any other kind of income. Benefits may not be paid if you are not receiving appropriate treatment as recommended by your treating physician; are not participating in an insurance provider-approved rehabilitation program; or are on a leave of absence, strike or lay-off, except where the insurance provider has specifically agreed to the continuation of coverage or may be required to continue it by law.

Depending on your LTD plan, you may not be allowed to complete any work for wage or profit except as approved by the insurance provider, nor can you receive money from other income support sources without reporting it. Benefits are usually not paid while you serve a prison sentence or are confined in a similar institution. Benefits may also cease if you are absent from Canada due to any reason, unless you have received written agreement from the insurance provider in advance to pay benefits during this period.

There may be other restrictions as well, so it is important to check the details of your specific LTD plan.

### **Returning to Work**

The insurer will expect you to return to your own occupation as soon as it is safe and healthy for you to do so. While you are receiving benefits, the insurer will talk to you about returning to work at the appropriate time. If it becomes apparent that you will not be able to return to your own occupation, you will be expected to consider any reasonable offer of modified work with your employer and/or participate in any training required to qualify for an alternate occupation.

Typically, the insurer pays your benefits for two years after you become disabled so long as you are unable to do the job you were doing when you became disabled. After two years, in order to continue receiving benefits, the evidence must show that you are unable to do any job for which you are reasonably suited. If you are unable to work in any reasonable capacity, the insurance company will want to see proof, in the form of medical forms or reports from your doctors. Benefits are usually payable until you turn 65, so long as you continue to meet the policy requirements.

### **Recurrent Claims**

The process for re-applying for insurance following a relapse in your condition varies across employers and insurance providers. Some insurance contracts have "recurrent claim clauses". These clauses may streamline the re-application

process so that if you have a relapse of an established health condition that causes you to have to go back on disability insurance, you may be able to fill in less paperwork and/or need less documentation from your doctor. It is important to note that not all insurance contracts have recurrent claims clauses, so to find out ask your HR department and/or insurance company for more information about your insurance.

### **A Note about Privacy**

Details regarding your diagnosis, medical history or medical conditions are not to be shared with your employer unless you have expressly consented to this being shared, usually through signing a form that says so. Read the forms given to you by the insurance provider carefully so that you know who, and under what circumstances, your medical information might be shared.

### **Relevant Resources:**

A Guide to Disability Insurance by the Canadian Life and Health Insurance Association

[http://www.clhia.ca/domino/html/clhia/CLHIA\\_LP4W\\_LND\\_Webstation.nsf/resources/Consumer+Brochures/\\$file/Brochure\\_Guide\\_to\\_Disability\\_ENG.pdf](http://www.clhia.ca/domino/html/clhia/CLHIA_LP4W_LND_Webstation.nsf/resources/Consumer+Brochures/$file/Brochure_Guide_to_Disability_ENG.pdf)

Le Guide sur l'assurance invalidité par l'Association canadienne des compagnies d'assurances de personnes.

<http://clhia.uberflip.com/i/200196-guide-sur-lassurance-invalidit%C3%A9>

What You Should Know About Disability Insurance by the MS Society of British Columbia

<http://mssociety.ca/bc/pdf/ltd.pdf>

Insurance and Your Rights by the Canadian Diabetes Association

<http://www.diabetes.ca/diabetes-and-you/know-your-rights/insurance-your-rights>

**PLEASE NOTE: This fact sheet was developed as an information resource only. All benefits and insurance plans are different so for the details of your plan, please check with your HR department, your Supervisor/Manager, or your union representative. If you require advice regarding your specific circumstances, seek legal assistance.**