

Frequently Asked questions

by our clients about Insurance products



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Life Insurance

Can a Corporation own my life insurance policy?

Yes.

Your Corporation may apply for coverage on your life or your spouse's life. If you already have a life insurance policy you may transfer the ownership to your Corporation.

Can a Corporation be named as a beneficiary?

Yes.

(a) If your Corporation is the owner of the policy, then typically your Corporation is also the beneficiary. The beneficiary you designate on your original application form may be changed whenever necessary.

(b) However, if you continue to own your policy and are considering making your Corporation the beneficiary you should confer with your accountant to determine if there are any advantages to naming your Corporation as the beneficiary of your insurance.

Can a corporation pay for my life insurance premium?

Yes.

(a) If your corporation is the owner of the policy, then any premium paid should not be claimed as a tax-deductible business expense.

(b) If you are the owner of your policy, any premium paid by your corporation should be included in your income as a taxable benefit.

Disability Insurance

What policy 'riders' can you purchase with long-term disability policies?

A policy rider or endorsement provides extra coverage to your already existing long term disability policy. These riders are usually only offered with private disability policies and if not purchased at the time of the original application, will require that a medical form be completed before the rider can be added into the policy.

(a) Cost of Living Adjustment

This rider adjusts your benefits to the yearly inflation rate.

(b) Own Occupation

Professionals or people with specialized skills may find this rider policy beneficial as it eliminates the 'Any Occupation Test' and provides the disabled individual with long term disability benefits as long as he/she is unable to perform the essential duties of their own occupation or until age 65, whichever is sooner.

(c) Future Earnings Protection

When you initially apply for your long-term disability policy you are required to provide your current salary. Most often when you have a wage increase your policy should be readjusted to reflect this change. A future earnings protection option allows you to avoid providing a new medical. This can be invaluable in the event your health has deteriorated since your last application for disability benefits was submitted.

Can a professional corporation pay for my disability insurance premiums?

Yes.

Your professional corporation could pay the premium; you should ensure that the full premium is added to your income as a taxable benefit. Any benefits paid by the corporation in the event of a disability would be fully taxable as income. To ensure disability income benefits are received tax free, you should pay all premiums personally.

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Why should you choose a personal disability insurance plan?

Group and association coverage are not guaranteed and can be cancelled at anytime. Their benefits are often limited by the definition of disability and coverage amount.

Remember, a custom designed individual disability insurance plan will provide you with guaranteed coverage and guaranteed premiums.

Critical Illness

Isn't my disability coverage enough?

Disability coverage usually provides only a reduced monthly benefit of no more than 70% of your pre-disability income; and this benefit may only continue for a limited time.

However, Critical Illness Insurance can pay you a lump-sum benefit upon diagnosis of a covered critical illness. The money can: help you take the time you need to recover fully; contribute toward getting the best and latest treatment, anywhere in the world; assist you to make any lifestyle or career change you wish; and help you spend more time with your family.

Does a critical illness need to be terminal to collect?

No. If you are diagnosed with a critical illness as described in the Certificate and survive, you still collect.

How will I know if I'm eligible to make a claim?

If you are diagnosed and certified in writing with a critical illness as described in the Certificate, by a physician licensed to practise medicine, you are eligible to file a claim. Full information on filing a claim will be included with your Certificate of Insurance. The insurer may require additional information. Certain restrictions apply.

Overhead Insurance

What type of Business owners should have business Overhead coverage?

Business overhead expense insurance is designed for principals of closely held businesses or practices and owners of small businesses.

It is most vital for businesses and practices in which the owner's ability to generate income makes the difference between the office being open or closed for business—for example, physicians, lawyers, accountants, engineers and others.

Can a professional corporation pay for my POE premiums?

Yes.

Since Overhead benefits are a taxable business expense, you may prefer to have your corporation pay your premiums. However, Overhead benefits, which are taxable but may be offset by eligible practice expenses, will be paid only to you, the member, as will any premium refunds.

Please note that this document should not be construed as legal or financial advice. Consult your Lawyer for legal advice or speak with one of our Insurance Advisors with any questions about the contents of this article.