

Business Expense Insurance

What if an illness or injury left you unable to work? Could you continue to pay your office rent, equipment leases and staff salaries? How would you keep your practice intact until you recover, or afford the costs of winding it up?

As a self employed sole practitioner or partner in a law firm, you are directly responsible for your firm's expenses.

That's why you should consider Lawyers Financial's Business Expense Insurance plan. It is designed to help cover the monthly law firm expenses you can no longer afford to pay due to a disability that prevents you from earning an income.



Benefit Improvements at a glance

For new Disabilities that occur on, or after, November 1, 2015.

Business Expense Insurance

- 100% of benefits payable during first 12 months of total disability. Thereafter, benefits will be equal to expenses, subject to the Maximum Monthly Benefit.
- A minimum 50% of benefits payable during first 6 months of partial disability. Thereafter, benefits will be equal to expenses, subject to the Maximum Monthly Benefit.
- The maximum available benefit has been increased from \$20,000 to \$30,000 per month. Additional coverage is subject to underwriting approval of good health and financial evidence.
- New categories of insured expenses that include the salaries and benefits of employed lawyers and minimum student loan repayments of principal and interest.
- Termination age has been increased to recognize that not everyone retires at age 65. You can now keep coverage up to age 80, subject to full-time employment as of age 71.
- You are presumed disabled if you lose 2 or more limbs, or suffer a total loss of hearing, sight or speech, even if you are still working.
- Definition and calculation of insured expenses recognizes the financial arrangements of many law firms. There is no reduction in benefits if expenses are covered by other lawyers, including associates. For total disability only, no reduction for amounts received from the practice (i.e., profit-share) as long as amount does not relate to work performed while disabled.
- In the event of death an amount equal to 3 times the Maximum Monthly Benefit will be payable, and is not based on disability.
- Recognition of income splitting with spouses and/or children.
- No cap on firm size. Coverage is available to lawyers in firms of all sizes.

Key Person Business Expense Insurance

- 100% of benefits payable during first 12 months of total disability.
- The maximum available benefit has been increased from \$8,000 to \$12,000 per month. Additional coverage is subject to underwriting approval of good health, and financial evidence.
- Termination age has been increased to recognize that not everyone retires at age 65. You can now keep coverage up to age 80, subject the full-time employment as of age 71.
- The insured key person is presumed disabled for the loss of 2 or more limbs, or a total loss of hearing, sight or speech, even if still working.
- In the event of death an amount equal to 3 times the Maximum Monthly Benefit will be payable, and is not based on disability.
- No cap on firm size. Coverage is available to lawyers in firms of all sizes.

Eligibility

Lawyers Financial Business Expense Insurance is available to self-employed practicing lawyers and Quebec Notaries under age 65 who are in good standing with their provincial law society or Chambre des notaires du Québec. You must also be a resident of Canada and personally responsible for some or all of the business expenses associated with your practice.

Lawyers that are employees of law firms and are responsible for a portion of a firm's expenses may be eligible for certain benefits under the Key Person Business Expenses Insurance Plan (Code 9500).

Coverage Amounts Available

Business expenses of up to \$30,000 per month can be protected and may include office rent, equipment leases, staff salaries and more.

Key persons covered by our Business Expense plan, may be eligible for up to \$12,000 per month of coverage.

Coverage to age 80

We know that lawyers may choose to work well past the traditional retirement age of 65. That's why you can keep your coverage up to age 80.

Benefits payable for up to 24 months or more if needed

Once you qualify for benefits, you will be reimbursed each month for incurred expenses up to the benefit amount maximum until the total payments equal 24 times the monthly benefit.

Normally, after 24 months, most contractual business expenses will have ceased. However, if you are still liable for "Approved Obligations" such as a lease, and you have not been able to discharge it, and no other person derives any benefit from it, then up to 40 per cent of the monthly benefit may be payable to cover this monthly obligation for up to 60 months, but not beyond age 65, as long as you remain totally disabled.

Built-in no added cost benefits

We believe that you should have the best protection possible. That's why we've built in benefits that others would have you buy as added cost options.

These include:

Benefits for Partial Disabilities: Not every disability results in a complete inability to work and earn an income. If after 14 days of total disability you are able to return to work part-time, you may qualify to receive a portion of your monthly benefit.

Inflation Protection: Until age 55, every June 1st you will be given the option to increase your coverage by up to 10% of your original face amount, within limits, without providing evidence of your continued good health.

Death Benefit: In the event of your death, an amount equal to 3 times Maximum Monthly benefit will be payable and is not dependent on disability.

Benefits begin after 2 weeks: Our plan offers one of the shortest Waiting Periods available. You will be eligible to receive benefits after only 14 days of your continuous total disability.

Coverage for employed lawyers (Plan Code 9500)

Sometimes an employed lawyer can have a significant impact on a firm's earnings. The Business Expense Insurance plan allows a law firm to take out coverage for the expenses associated with an employed lawyer. In this case the firm would be the owner of the coverage and the insured would be the employed lawyer. Under this plan, there is a 30 day Elimination Period and benefits are payable for a 12 month period after the employed lawyer becomes Totally Disabled.

Tax deductible premiums

The premiums for this coverage may be tax deductible under certain provisions of the Income Tax Act. Please speak to a tax professional to confirm your eligibility.



Five-year age banded rates

Your risk of death increases as you get older and this is reflected in your premiums. Some plans allow you to pay a level premium by charging you a much higher premium now and then using part of this money to offset your increased risk in later years. However, we take a different approach. We believe you should pay a premium that reflects the risk you present to the insurer today, not tomorrow. So, as you age, our premiums gradually increase every 5 years. When compared to most level premium plans, the cost of owning Lawyers Financial insurance plans can be much less over your lifetime.

Shared Success

Our success is your success. As a not-for-profit corporation, we set our rates with a goal to break even. If plan performance is better than anticipated, what most insurance companies would keep as profits, we share with our clients. While past performance does not guarantee future results, in the last 15 years, most of our clients have shared in over \$53,000,000 of better than anticipated financial results through rate reductions, improved benefits and returned premiums.

Stability of our rates

The Lawyers Financial Business Overhead Expense protection plan has a long history of stable rates. However, our rates are not guaranteed and can change in accordance to plan performance. This allows us the freedom to reduce your future cost to reflect better than anticipated overall plan experience and our break-even pricing goal.

While it is possible that poor experience would necessitate a future rate increase, we help insulate our clients against this possibility by maintaining large cash reserves that can be used to offset and even eliminate this need.

Guaranteed coverage

In the unlikely event that the master policy is terminated, your coverage is guaranteed by our insurer to continue without proof of your good health and at a premium that is reasonable.

The details of this document are intended to provide you with a brief description of this plan and should not be considered part of any contract. Certain benefits and conditions may have changed since this document was produced. Benefits may be subject to proof of income, evidence of good health and approval by our insurer. Other conditions may also apply. Please contact your Lawyers Financial Advisor for additional details.

Business Expense Insurance plan is underwritten by The Manufacturers Life Insurance Company (Manulife).
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Be ready.



Connect with your local Lawyers Financial Advisor today.
Find them at lawyersfinancial.ca or 1.800.267.2242.