



# DENTIST HIGH LIMIT

## DISABILITY INSURANCE



**PETERSEN**  
INTERNATIONAL UNDERWRITERS

## Why Disability Insurance

Most people insure their material possessions — their homes and cars, for example. But many people don't insure what is probably their most valuable asset — their ability to work and earn income. If a person becomes sick or injured and can't work, will that person be able to pay bills and maintain the same or similar standard of living?

64% of wage earners believe they have a 2% or less chance of becoming disabled for three months or more during their working career.<sup>1</sup> Statistical data paints a much different picture - just over 25% of today's 20 year olds will become disabled before they retire.<sup>2</sup>

Every income earner needs disability income insurance. Disability insurance can help pay bills by replacing a portion of lost income. It can help maintain a lifestyle, help protect the insured and their family from needing to liquidate hard earned assets or falling into serious debt.

Individual disability insurance pays the insured benefits if they cannot work due to an injury or illness. Some policies pay partial benefits if they are only able to work part-time. Disability insurance generally provides replacement of 65% to 75% of income depending on the taxability of the benefits.



1) Council for Disability Awareness, Disability Divide Consumer Disability Awareness Study, 2010

2) U.S. Social Security Administration, Fact Sheet February 7, 2013

## Startup Practice

When starting a dental practice, many obstacles need to be overcome simply in order to open the doors for business.

Fresh out of school, a dentist normally has thousands of dollars of student loans to repay all while trying to start a new business. Many dentists will take out additional loans in order to obtain office space, purchase necessary dental equipment and have some reserve funds for operating expenses. Lenders normally require that the dentist purchase a disability insurance policy which indemnify to make the loan payments if he or she were to become disabled.

Regarding personal disability insurance, a new dentist will quickly discover that many insurance carriers will require the dentist to be in business for at least one year before obtaining a personal policy. The Dentist High Limit Disability Plan does not have the same requirement.





# Business Coverage

## Overhead Expense

Maintaining a cash flow to allow a firm to stay financially afloat while the business owner recovers from a disability is the basis of this type of insurance. Premiums for Business Overhead Expense insurance are tax deductible and benefits come to the firm on a reimbursement of deductible expenses, thus they remain tax free.

## Buy Sell

A buy sell agreement will typically accompany a transfer of ownership when a business is sold from one partner to another. Less restrictive underwriting allows for jumbo limits, small ownership percentages, older ages, family businesses, and transfers between partners with more than 20 years apart in age.

## Loan/Lease Indemnification

Not all new ventures succeed, yet all endeavors create risk for both the borrower and the lender. When a business owner applies for a bank loan to start, expand or improve a company with a business mortgage, construction or new equipment loan, the lender will often require that Disability Insurance be collaterally assigned to the lender. Nightmarish stories are commonly related among the faithful of the DI industry. There is no need to assign personal disability income insurance to satisfy loan requirements and leaving personal income underinsured.



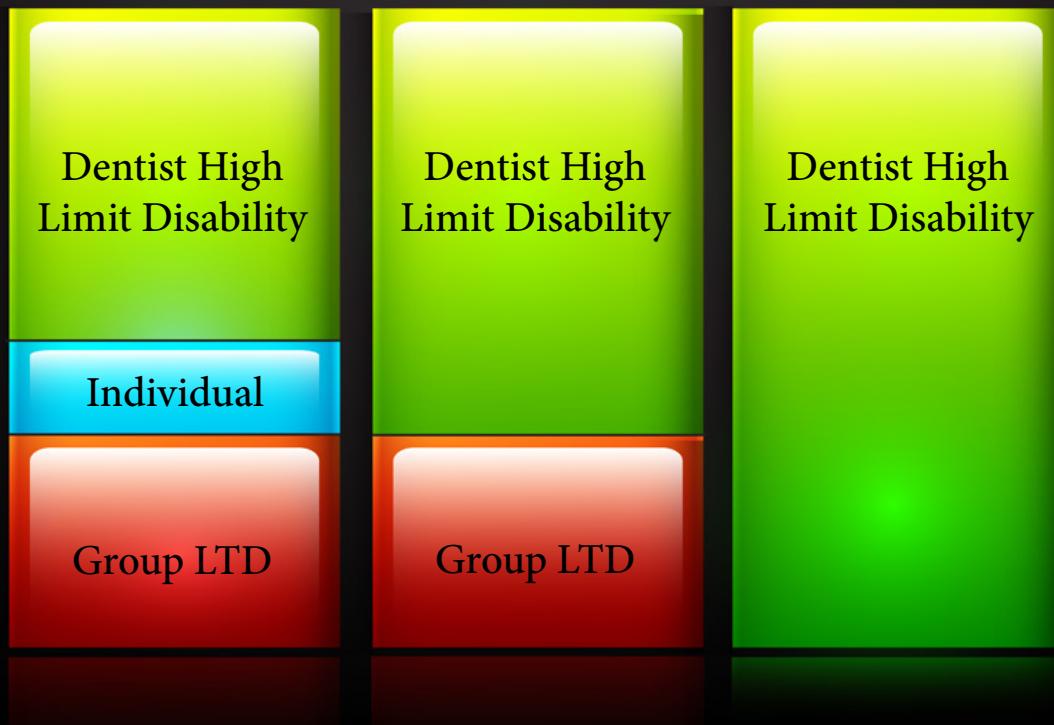
## Highly Compensated Individuals

The Dentist High Limit Disability Plan was developed specifically to meet the needs of these high-income earners.

As incomes increase, the issue and participation limits of traditional disability insurance carriers begin to decrease. To properly insure a highly compensated individual at 65% of income, multiple disability income policies are often required and are layered or “tiered” to provide sufficient income protection.

The following scenarios illustrate the various ways income protection policies can be tiered in order to provide an individual with 65% coverage of monthly income. The Dentist High Limit Disability Plan is designed to supplement the existing disability coverage or provide the entire 65% benefit if the client is unable to obtain any underlying insurance.

### Tiered Approach to Income Protection



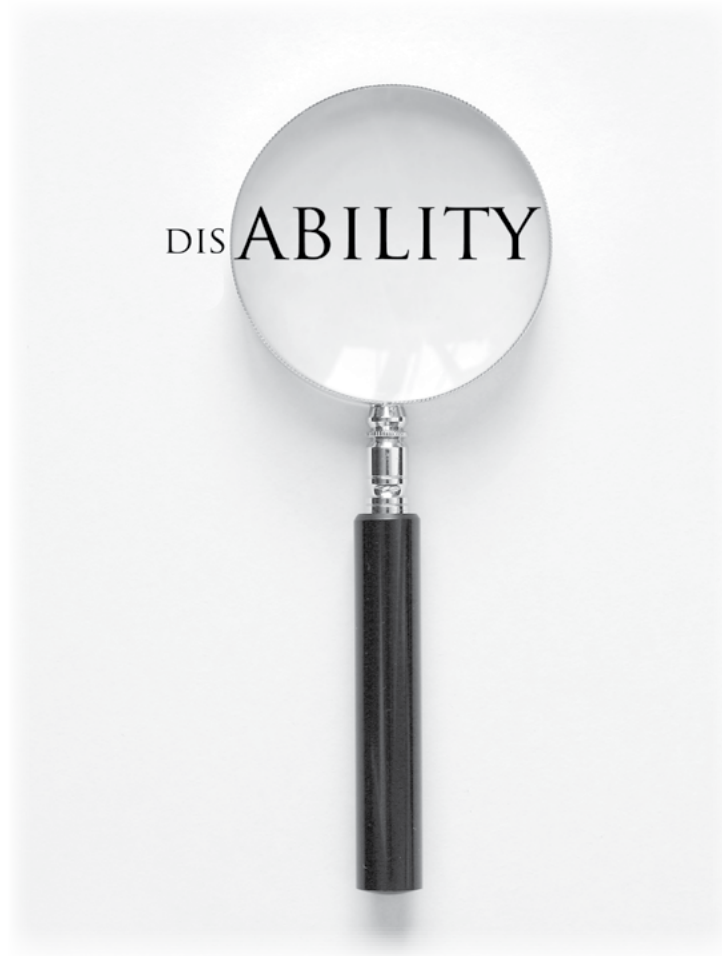
## Own Occupation Protection

Our definition of total disability is a true “own occupation” definition.

Total disability means that solely due to sickness or an injury, you are not able to perform the substantial and material duties of your occupation, even if you are at work in another occupation.

Your occupation means the occupation (or occupations, if more than one) in which you are gainfully employed for the majority of the time during the 12 months prior to the time you become disabled. If you have limited your occupation to the performance of the substantial and material duties of a single specialty, we will deem that specialty to be your occupation provided that your industry widely recognizes that occupation as a specialty.

Our definition of disability has purposefully been designed to allow an individual who is receiving disability benefits to continue to collect benefits and simultaneously be employed in another occupation. For example, a surgeon who is no longer able to perform surgery and is deemed to be disabled, may receive benefits while continuing to work as a professor.



## Policy Provisions

### Presumptive Disability

If due to a sickness or injury you have totally lost: the use of both hands, or both feet, or one hand and one foot, or the sight of both eyes, or the hearing of both ears, or the ability to speak. The elimination period will be waived. The monthly benefit will be paid for the entire benefit period or as long as the loss exists.

### Transplant Benefit

If you donate an organ after the policy has been in force for at least six months, any total disability resulting from the surgery will be considered an illness.

### Recurrent Disabilities

If after a period a total disability you return fulltime to work and within six months you are once again totally disabled, you can elect to continue the previous claim without the need for a new elimination period or choose to have a new elimination/benefit period. Once a period of six months has elapsed from returning to work, any new claim will have a new elimination and benefit period.







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This is not intended to be a complete outline of coverage. Actual wording may change without notice. Underwriters reserve the right to modify terms and conditions at time of underwriting.

