

## Unit 2: ProVider Plus/ ProVider Plus Limited Individual DI

### Pre-Class Assignments

- Read this unit and complete the quiz.
- Review the following pieces:
  - [Kevin's Story Consumer Brochure \(Pub4960BL\)](#)
  - [DI Product Overview\(Pub4094BL-A\)](#)
  - [Field Underwriting Guide \(Pub4373BL\)](#)
  - [Intelligent Choice Producer Guide \(Pub4929BL-A\)](#)
  - [Intelligent Choice Talking Points \(Pub4929BL-VAR\)](#)
  - Annotated Specimen Contracts Available on GuardianOnline
    - ProVider Plus (Pub5286BL)
    - ProVider Plus Limited (Pub5287BL)

### Unit Purpose:

The purpose of this unit is to give you a working knowledge of Guardian's individual disability products. This unit will give you enough information about the product to conduct a conversation with a client on what ProVider Plus and ProVider Plus Limited cover and how they would work to benefit the client in case of his or her disability. This unit also demonstrates the industry-leading breadth and flexibility of our DI products.

### Unit Topics:

#### Section I: The Guardian DI Product Portfolio

#### Section II: ProVider Plus and ProVider Plus Limited

- A. Renewability
- B. Definition of Total Disability
- C. Policy Benefits: How Much? When?
  - Monthly Benefit
  - Elimination Period
  - Benefit Period
- D. Policy Safeguards
  - Waiver of Premium
  - Presumptive Total Disability
  - Occupational Rehabilitation Benefit
  - Modification and Access Benefit
  - Recurrent Disability
  - Capital Sum Benefit
  - Exclusions & Limitations
- E. Residual disability Benefits
  - Residual Disability Benefit Rider
  - Basic Residual Disability Benefit Rider
- F. Other Optional Benefits
  - Cost of Living Adjustment (COLA) Riders
  - Graded Lifetime Indemnity for Total Disability Benefit Rider
  - Future Increase Option Rider (FIO)
  - Benefit Purchase Rider

- Automatic Benefit Enhancement Rider (ABE)
- Lump Sum Rider
- Retirement Protection Plus Disability Benefit Rider
- Catastrophic Disability Benefit Rider
- Unemployment Waiver of Premium Rider
- Social Insurance Substitute Rider (SIS)
- Partial Disability

### **Section III: Premium Options and Discounts**

### **Section IV: Meeting the Competition**

#### **Unit Learning Objectives:**

After completing this Unit, you will be able to explain key components of our DI products and why they are important to clients, such as:

- What “non- cancellable and guaranteed renewable” mean and the importance to the client of a DI policy that we can’t change and we can’t charge more for as long as they pay their premium;
- What our two standard definitions of disability mean to clients: what “true own-occupation” means and what “modified own-occupation” means;
- How much and when a client gets paid their disability benefit;
- Provisions of the policy that safeguard our clients;
- How our policy pays for a partial disability, when the client is able to work part time after a disability;
- How our other riders give you and the client the opportunity and flexibility to customize a policy to fit the client’s specific needs with our wide-selection of optional riders.

## Section I: The Guardian DI Product Portfolio

In order to meet the requirements of the markets in which you work, you must offer the highest quality products. That is why we maintain a portfolio of disability insurance products that is second to none. These are carefully designed to meet the needs of well-defined segments of the total market: professionals, owners of small businesses, and executives. Our DI portfolio includes:

<b>ProVider Plus</b>	Our flagship individual disability policy that provides high quality personal income protection for your clients.
<b>ProVider Plus Limited</b>	Starts with the same base policy as ProVider Plus with many of the same strong policy provisions. Adds package-exclusive configurations and optional riders to provide benefit-rich basic income protection at a more affordable price  <u>Note:</u> For the purposes of this publication, all references to ProVider Plus include ProVider Plus Limited unless otherwise noted, as both are issued on the same policy forms 1400, 1500 and 1600 and may differ only by the benefit period for mental and/or substance related disorders and available riders (all other base policy provisions are the same).
<b>Income ProVider</b>	An individual DI policy used exclusively in our Worksite DI program— for employer- sponsored guaranteed standard issue cases (5+ participants).
<b>Overhead Expense</b>	Reimburses a small business’ overhead expenses when an owner is disabled.
<b>Business Reducing Term</b>	Covers business-related obligations that require fixed periodic payments.
<b>Disability Buy-Out</b>	Provides funding to assist in the purchase of a disabled partner’s or shareholder’s business interest.

In this unit we will look at the basics of ProVider Plus and ProVider Plus Limited. Our multi-life DI guaranteed standard issue product, Income ProVider, will be covered in Unit 6 and Products that have special application in the business markets will be covered in Unit 7.

Unlike life insurance, the primary distinctions in DI policies lie in contract language. It is not important that you memorize every word, but rather, become familiar enough with our products so that you can explain policy benefits clearly to your clients.

## Section II: ProVider Plus and ProVider Plus Limited

The fact is that nobody knows when—or how—disability will strike. What does this mean when we begin talking about a disability policy? That unpredictability is the very reason why the best policy is the one that generates the most benefits in the greatest number of disability scenarios.

Your clients deserve a policy that provides the most comprehensive protection and has been tailored to meet their specific needs. In this section you will learn how ProVider Plus, our flagship individual DI product, provides that protection. We will consider four key areas:

1. **Renewability:** These are the terms under which coverage can be maintained.
2. **Definition of total disability:** How a policy defines total disability is the key factor that determines how valuable that policy will be to your client during a disability. ProVider Plus is available with either a true own occupation or modified own-occupation definition of total disability.
3. **Strong policy provisions and safeguards:** You must be familiar with ProVider Plus provisions that determine the timing of benefits and protect your clients' interests.
4. **Optional benefits:** A full array of optional riders allows you to optimize coverage and tailor a policy to each client's specific situation.

DI policies can vary significantly in all these aspects. Let's examine each of them more closely and analyze why ProVider Plus truly is the intelligent choice for disability income insurance.

First, note that ProVider Plus comes in three policy forms: 1400, 1500 and 1600.

- Policy Form **1400** is used for individual sales, as well as approved association, Student and Resident and Professional Group programs. Premiums are gender-distinct.
- Policy Form **1500** is used with employer-sponsored Qualified Sick Pay Programs (QSPP). Premiums are unisex.
- Policy Form **1600** is for approved employer-sponsored voluntary income protection (VIP) cases. Premiums are unisex.

**NOTE:** The following sections describe major features of a standard policy and riders. As an insurance professional, you must become familiar with actual policy language, and be aware of variations that apply to the state in which coverage will actually be issued.

### A. Renewability

The renewability provision of a disability insurance policy spells out the insured's rights in keeping his or her protection in force. A policy may be guaranteed renewable only, or both non-cancellable and guaranteed renewable. **Guaranteed renewable means that the insurance company agrees to renew the policy as long as premium payments are made on a timely basis.** The insurer cannot change the provisions of the contract or single out an individual for premium increase, but it can increase premiums by state, occ class, policy form, etc. with prior notification.

ProVider Plus is non-cancellable and guaranteed renewable until the policy's expiration date (at age 65 or 67). This means that we cannot cancel the policy, change policy provisions, nor can we increase the policy premium after issue, as long as premium payments are made on a timely basis.

And because the client is the owner of the policy, it's completely portable.

After the expiration date, ProVider Plus is conditionally renewable for life. This means that coverage can be continued for life at the premiums then in effect for his or her age and class of risk; premiums can change on an annual basis. The insured must also be gainfully employed full time, defined as at least 30 hours per week, for at least 10 months each year.

## **B. Definition of Total Disability**

A policy's definition of total disability is a fundamental provision that determines the conditions under which benefits are payable. The strongest definition of total disability available today is what is known as "own-occupation." ProVider Plus offers both a "true own-occupation" and a "modified own-occupation" definition of total disability.

Specifically, under the ProVider Plus **true own-occupation definition**, total disability means that, **solely due to injury or sickness, you are not able to perform the material and substantial duties of your occupation (or occupations, if more than one), even if you are gainfully employed in another occupation.**

Under the ProVider Plus **modified own-occupation definition**, total disability means that **solely due to injury or Sickness, You are not able to perform the material and substantial duties of Your Occupation and you are not Gainfully Employed.**

ProVider Plus offers the choice of a modified own-occupation definition for your competitive selling situations and to help you expand sales to broader markets for which true own-occupation protection is not an absolute necessity. You should note, however, that ProVider Plus does not limit your client to the selection of modified own-occupation based on any criteria (i.e. occupation, state or issue age) the way other policies may.

Medical and dental specialists will also appreciate our **specialty language**, included on all ProVider Plus policies that feature our true own-occupation definition of total disability only (not included with modified own-occupation). Our specialty language enhances the definition of **Your Occupation** by stating **"If you have limited your occupation to the performance of the material and substantial duties of a single medical or to a single dental specialty, we will deem that specialty to be "your occupation."**

With ProVider Plus, the definition of total disability selected applies for the entire benefit period for all occupation classes. This is an important distinction with the ProVider Plus true own-occupation as many other policies limit the number of years that the true own-occupation definition applies then switches to a modified own-occupation definition.

### C. Policy Benefits: How Much? When?

**Monthly Benefit:** A policy's monthly indemnity, or benefit, is the dollar amount stated in the policy that is payable for total disability once the elimination period has been met. The amount that a disability insurer will issue to an individual depends upon his or her earned income, occupation class, and other disability coverage in force (both individual & group LTD coverage). It also depends upon who pays the premium. Employer-pay limits are higher than the individual-pay limits, since employer-paid benefits are taxable when received.

Generally speaking you will be able to replace up to 60% of an individual's earned income, if coverage is paid for by the individual. Our employer-pay issue amounts will provide up to 75% income replacement. The income replacement percentages decline for higher incomes. In order to propose the correct amount of coverage in a particular case it is critical that you understand how to use our **Issue & Participation tables**. These are found in the **Field Underwriting Guide (Pub4373BL)**.

**For Example:**

<b>Occupation Class</b>	<b>Maximum Issue Limit*</b>	<b>Maximum Participation With Group LTD</b>
6, 5	\$20,000	\$30,000
4	\$17,000	\$25,000
3	\$10,000	\$15,000
6M, 5M, 4M, 3M, 3D	\$17,000	\$25,000
2, 1, 2M, 1M	\$7,500	\$7,500

\* Lesser maximum limits may be available for issue ages greater than 55 or 50. Please see the Financial Underwriting Section of the Field Underwriting Guide (Pub4373BL) for more details.

Consult with your agency's Disability Income Specialist and the Field Underwriting Guide for full details on our issue and participation limits, including:

- Limits for medical and dental professionals
- Individual pay limits vs. employer-pay limits
- Maximum participation with other companies' individual coverage
- The specifics of participation with group LTD
- Special issue limits for new professionals
- Guidelines for home-based businesses
- Government employees

**Elimination Period:** The first question an individual will ask is likely to be: “When does my benefit begin?” **The elimination period is the number of days one must be disabled before monthly benefits become payable.** The elimination period is, in a sense, a “**deductible**”—the period during which the client must self-insure. The ProVider Plus elimination periods are: 30, 60, 90, 180, 360 and 720 days. In order to satisfy the elimination period, an individual may be disabled from either the same or different causes. **Also, the days of disability do not have to be consecutive, but must occur during the “accumulation period.” Each elimination period has its own accumulation period, as follows:**

Elimination Period*	Accumulation Period
30 days	90 days
60 days	150 days
90 days	210 days
180 days	360 days
360 days*	540 days
720 days*	900 days

\* 30, 60 and 720 day elimination periods are not available with ProVider Plus Limited. 720 day EP not available in some states. 360 day EP unavailable with a 2 year benefit period in some states.

When are benefits actually paid? Monthly benefits are not paid immediately at the end of the elimination period—they begin to accrue at that point. The first monthly benefit check is issued after the insured has been disabled for a full month beyond the elimination period (i.e., paid in arrears). For instance, the individual who has a 90-day elimination period and remains totally disabled under the policy throughout the next 30 days could expect to receive his or her first full monthly benefit on or about the 120th day.

ProVider Plus contains a unique provision, the “**waiver of the elimination period.**” We will waive the elimination period if an insured becomes totally disabled again within 5 years after the end of a previous disability. The previous disability must have lasted for more than 6 months, and we must have paid benefits. The subsequent period of disability does not have to be due to the same or related causes as the prior disability.

**Benefit Period:** Clients also want to know “How long do benefits continue?” The benefit period of a policy is the longest period of time for which benefits are payable for a covered disability. ProVider Plus offers a full array of benefit periods, to meet your client’s specific needs: 2 years, 5 years, 10 years, to age 65 and to age 67. A graded lifetime indemnity for total disability is available as a rider. The benefit periods available depend on the insured’s occupation class:

Occupation Class	Benefit Periods
6 – 3, 6M – 3M	2 years, 5 years, 10 years, to age 65, to age
2, 2M, 1, 1M	2 years, 5 years

## D. Policy Safeguards

The following provisions add extra value to ProVider Plus and protect the insured in important ways.

**Waiver of Premium:** The last thing a client should have to worry about during a disability is paying the policy premium. When a total or residual disability occurs and benefits are paid, we:

- refund any premiums that have been paid that apply to the period of disability.
- waive premium for as long as your client is disabled and receiving benefits in the same claim.
- continue to waive the premium for six months following recovery.

***Other companies will waive or refund premiums only if they actually become due or are paid during a period of disability. And we're the only company to offer a six-month premium waiver following recovery!***

**Presumptive Total Disability:** Another major feature of ProVider Plus is the Presumptive Total Disability provision. It is designed to protect the insured from certain types of very serious disabilities. Total disability is presumed, even if the insured is at work, if sickness or injury results in total and complete loss of sight in both eyes, hearing in both ears, speech, use of both hands or feet, or one hand and one foot, in their entirety. The unexpired part of the EP from the date of loss will be waived. The presumptive benefit is payable for the entire benefit period and—unlike most other insurers—we do not require the loss to be irrecoverable.

**Occupational Rehabilitation Benefit:** If your client enrolls in a rehabilitation program while totally disabled, we will pay a benefit to meet some of the costs incurred. We must agree to the program in writing in advance, and the program must be a formal plan of occupational rehabilitation to help the client return to work in his or her occupation. The training program must be directed by an organization or individual licensed or accredited to provide vocational training/ education to persons who are disabled. The policy covers costs which are not otherwise covered by health insurance, workers' compensation, or any other public program.

**Modification and Access Benefit:** Under the unique modification and access benefit, ProVider Plus provides a benefit to reimburse appropriate and reasonable costs a disabled client incurs to modify the work environment, in order to return to gainful employment in his or her own occupation. The occupational rehabilitation and modification and access benefits are payable in addition to other benefits payable under the policy.

**Recurrent Disability:** Separate disabilities normally require separate elimination periods. However, disability can be sporadic or recurrent. Under ProVider Plus, once the elimination period has been satisfied, recurrent periods of disability will be considered continuous, if the insured has returned to full time gainful employment for twelve months or less. Should this be the case, no new elimination period will be required before benefits resume. A recurrent disability must be due to the same cause or causes.

**Capital Sum Benefit:** A lump sum benefit is paid for the total loss (from sickness or injury) of the sight in one eye, with no possible recovery, or the complete loss of a hand or foot by severance. The Capital Sum amount equals twelve times the monthly indemnity of the policy, and is payable in addition to any other benefits payable under the policy.

**Exclusions & Limitations:** The purposes of policy exclusions and limitations are to manage risk, prevent potential abuse of the policy, and make coverage affordable for policy owners. ProVider Plus contains several standard exclusions of which you should be fully aware (these can vary by state). We will not pay benefits during any period of time in which the insured is incarcerated, or for any disability caused by, contributed to or resulting from:

- military training, action, conflict or war while the insured is serving in the military or working for contracted military services.
- during any period of time in which the insured is incarcerated.
- commission of, or attempt to commit, a criminal offense.
- being engaged in an illegal occupation.
- suspension, revocation or surrender of the insured's professional or occupational license or certification.
- an intentionally self-inflicted injury.

These exclusions are, of course, in addition to the policy's exclusion of pre-existing conditions and any loss excluded by name or specific description.

**Benefits While Outside the United States or Canada:** The insured must be living full time in the U.S. or Canada in order to receive benefits (except for incidental travel or vacations).

**Normal pregnancy or childbirth** are not covered during the first 90 days of disability or the elimination period, if longer (1400 policy only). Complications of pregnancy or childbirth, however, are covered as any other disability.

**Mental and/or Substance-Related Disorders Limitation:** Given adverse claims experience in California and Florida, ProVider Plus contains an additional limitation on benefits for disability caused by Mental Disorders and/or Substance Abuse. The limitation also applies to anesthesiologists, anesthesiologists, ER physicians, pain management physicians, and certified registered nurse anesthetists (CRNAs) in all states (except VT). This limitation also applies on all ProVider Plus Limited policies, regardless of occupation (except VT). Monthly benefits are limited to an aggregate total of 24 months. This limitation does not apply while continuously confined as an inpatient in a hospital and under the care of a physician.

## **E. Residual Disability Benefits**

As you can imagine, many disabilities never become what we might call "total," but are partial or residual in nature. There are a number of illnesses when an insured may be able to work part time or have periods during which they may be able to return to work. This is why the provisions for residual disability are so important. Although residual benefits are available with ProVider Plus as an optional rider, you should consider it to be almost mandatory. Note that residual benefits are available via the Residual Disability Benefit Rider with ProVider Plus and Basic Residual Disability Benefit Rider with ProVider Plus Limited.

**Residual Disability Benefit Rider** (available with ProVider Plus only; not available with ProVider Plus Limited): Provides a benefit when your client is **gainfully employed in his or her occupation, but solely due to sickness or injury, suffers a loss of income of at least 15% of prior income. There is no stated requirement for loss of time at work or the ability to perform important duties, as with most other policies.** In order to qualify for residual disability benefits, the policy elimination period can be satisfied by either total or residual disability.

This rider also includes the following valuable features:

- A loss of income benefit that will replace lost earnings—dollar for dollar—during the first twelve months of residual disability, up to the policy’s monthly indemnity to help make your client whole. This loss of income benefit coordinates with benefits payable from any other disability insurance policies the client may already have.

Consider how valuable this feature can be to your client during the critical first twelve months of residual disability—it encourages them to return to work at least part-time with little or no loss of income. During this early stage of residual disability, most other policies pay a benefit that is proportionate to the income loss, with a minimum 50% of the policy’s monthly during the first six months

After the first twelve months, the ProVider Plus residual disability benefit becomes proportionate to the insured’s income loss:

- If the insured’s loss of income is more than 75% of prior income in any month while residual indemnity is payable, we will consider such loss to be 100%.
- Even after your client recovers and returns to full time work, he or she may continue to suffer a loss of income due to the disability. Residual benefits will continue up to the end of the benefit period, as long as the loss of income is at least 15%. Other policies may provide only a lump- sum payment or a monthly recovery benefit for a limited period of time.

In short, there is no other policy on the market that provides such comprehensive protection for a residual disability. But remember: ProVider Plus was designed specifically for people in our target markets, especially fee-based professionals.

**Basic Residual Disability Benefit Rider** (available with ProVider Plus Limited): The Basic Residual Disability Benefit Rider is very similar to residual riders in many of our competitor’s policies. It provides a benefit when your client is **gainfully employed in his or her occupation, but solely due to sickness or injury, suffers a loss of income of at least 20% of prior income and either:**

- is unable to perform one or more of the material and substantial duties of his or her occupation; or
- is able to perform all of the material and substantial duties of his or her occupation, but not for the length of time they normally require.

This rider pays a residual disability benefit that is proportionate to the insured’s loss of income, and also includes the following valuable features:

- During the first six months in which Residual Indemnity is payable, we will deem the Loss of Income to be 50% of Prior Income or the actual percentage of loss, if greater.
- We will consider any loss of income of more than 75% of Prior Income to be 100%.
- Should the insured continue to suffer at least a 20% loss of income solely due to Sickness or Injury – even after he or she has physically recovered and returned to work full time, we pay a recovery benefit for up to the full benefit period. The recovery benefit payable will be in proportion to the loss of income.

## F. Other Optional Benefits

It is important to tailor disability insurance to each client’s particular needs. Let’s now look at other riders that you can use to optimize your client’s disability insurance protection. Keep in mind that specific provisions may vary from state to state.

Occupation Classes	Riders	ProVider Plus	ProVider Plus Limited
6-3; 6M-3M	Cost of Living Adjustment Rider	•	•
	Graded Lifetime Indemnity for Total Disability Benefit Rider	•	N/A
	Lump Sum Disability Benefit Rider	•	N/A
	Future Increase Option Rider	•	N/A
	Benefit Purchase Rider	N/A	•
	Automatic Benefit Enhancement Rider	•	•
	Catastrophic Disability Benefit Rider	•	•
	Retirement Protection Plus Disability Benefit Rider	•	•
2 & 1; 2M & 1M	Student Loan Protection Rider	•	•
	Partial Disability Benefit Rider	•	N/A
All	Social Insurance Substitute Rider	•	•
	Unemployment Waiver of Premium Rider	•	•

**Cost of Living Adjustment (COLA) Riders:** Inflation is a fact of life, but is often a forgotten economic hazard when people plan for the future. We offer a choice of four Cost of Living Adjustment riders (three for ProVider Plus; one for ProVider Plus Limited) that adjust policy benefits to help keep pace with inflation during a total or residual disability. All COLA riders increase benefits on a compound interest basis and there is no cap on benefit increases until the end of the policy’s benefit period.

Our COLA options include:

### ProVider Plus

- Fixed 3% – After you’ve been disabled for 12 months, the monthly benefit is increased each year by a compounded 3%.
- 6% Maximum – After you’ve been disabled for 12 months, the monthly benefit is increased each year according to changes in the Consumer Price Index. Increases will be no lower than 3% and no higher than 6%.
- Four-Year Delayed – Under this unique, economical rider, the monthly benefit increases each year by a compounded 3%. Increases begin on the fourth anniversary of the date the insured originally became disabled.

## ProVider Plus Limited

- 3% Maximum Cost of Living Adjustment Rider – After you've been disabled 12 months, the monthly benefit is increased according to changes in the Consumer Price Index. The monthly benefit cannot decrease, and increases will be no higher than 3%.

After recovery (if the insured has not attained age 60) any increases of at least \$200 due to indexing may remain part of the policy monthly indemnity, with no extra premium, until the expiration date. After that point your client can retain the increases at then-current renewal rates.

**Graded Lifetime Indemnity for Total Disability Benefit Rider:** ProVider Plus is one of only two policies that offer such a rider. The purpose of a graded lifetime benefit rider is to help replace the retirement income that would be lost due to a total disability. This being the case, a person who became totally disabled at an early age (up to age 45), and continuously remained so, would continue to receive the full monthly benefit after the policy expiration date (age 65 or 67)—for life.

For disability occurring at or after age 46, benefits payable after the expiration date are less, i.e. they grade down by 5% for each year beyond age 45 that disability occurs, for example:

Age Total Disability Occurs	Benefit Payable After 65 or 67	Age Total Disability Occurs	Benefit Payable After 65 or 67
Before age 45	100%	55	50%
46	95%	56	45%
47	90%	57	40%
48	85%	58	35%
49	80%	59	30%
50	75%	60	25%
51	70%	61	20%
52	65%	62	15%
53	60%	63	10%
54	55%	64	5%

**Future Increase Option Rider (FIO):** This feature is important to clients who expect substantial income increases in the future. The FIO allows your client to purchase additional coverage without providing further proof of medical insurability. He or she must, however, qualify financially for the additional coverage, based on income, employment, and other disability insurance. The total amount of increase option a client can add to a policy is generally two times the base policy benefit (varies for certain occupations).

This is generally a great offering to young professionals living on a budget. You can offer them a lower initial benefit amount, and add the FIO Rider, so that they can increase their benefit amounts at a later time when they can afford more coverage.

Option dates occur on every policy anniversary until age 55. Until the insured reaches age 45, he or she can exercise up to the entire total increase option on any given option date, and afterwards, up to 1/3 of that amount each year (or the remaining total increase option amount, if less than \$1,000). The rider also contains a special option date in case your client loses his or her employer-provided group long term disability coverage. This option date does not need to coincide with the policy anniversary date.

Increases issued under the FIO rider will normally be added to the base policy, using what is called the Additional Monthly Benefit Rider. In this way we avoid having to issue the client a separate policy. FIO exercises on older series policies (pre-1400/1500) will continue to be in the form of a separate policy.

**Benefit Purchase Rider:** This no-charge rider provides the opportunity for insured's to purchase additional Coverage, in the form of a separate Policy to help keep pace with rising Income without having to provide evidence of good health. Financial underwriting is required to determine the maximum amount of Coverage available, if any, based on our underwriting rules in effect. The added insurance is called an Increase Policy. This rider can only be issued as part of the policy in combination with the Basic Residual Disability Benefit Rider. The insured will have the opportunity to purchase an Increase Policy during the Benefit Purchase Period of 30 days prior to and 30 days following the Review Date (every third Policy Anniversary while this rider is in effect). Berkshire will review the insured's eligibility for an Increase Policy during this time. To keep this rider in force, the insured must a) submit an application for an Increase Policy and other evidence of insurability during the Benefit Purchase Period, and b) accept least 50% of any offer made by Berkshire.

**Automatic Benefit Enhancement Rider (ABE):** Many of your clients will expect to receive fairly regular increases in income over the years. The ABE rider is designed to help them keep their coverage in line with an increasing income. Your clients do not apply for the rider; rather, it is issued at the underwriter's discretion. There is no additional initial premium for this rider, and it provides 4% compound monthly benefit increases—with policy premiums adjusted at attained age rates. These increases are provided despite any change in health, income or occupation. Before age 60, your client may apply to extend the rider for additional five-year periods, subject to underwriting.

The insured may refuse an increase; if he or she decline two consecutive increases, no future offers will be made and the rider will terminate. Note that ABE increases take place before any disability occurs; increases under the COLA rider begin after the insured becomes disabled.

**Lump Sum Rider:** Our clients work hard to set aside savings for their long-term goals like higher education for their children, travel, and retirement. Their regular contributions to their savings from their income make this possible. However, in the event of a disability during their prime earning years, it's possible that they might have to suspend their contributions to savings for a period of time, impacting the accomplishment of their goals significantly. The Lump Sum Rider can help to protect the accomplishment of those goals.

This rider provides a Lump Sum Benefit Amount equal to 35% of all Total Disability and/or Residual Disability Benefits paid under the Policy at the Policy Expiration Date. For a payment to be made, the sum of Contributing Payments must exceed a Qualifying Amount.

To be eligible for benefits under this rider, the insured must have received Total Disability and/or Residual Disability benefits that are greater than or equal to 12 times the Monthly Indemnity as of the issue date.

The Lump Sum Disability Benefit amount is paid in a single payment at the later of the Expiration Date of the Policy or the end of the Benefit Period if Disabled. The Lump Sum Benefit Amount is equal to the sum of Total and Residual Disability payments multiplied by 35%.

**Retirement Protection Plus Disability Benefit Rider:** The RPP rider is specifically designed to help ensure that retirement funding can continue even if your client becomes totally disabled. We may insure up to 100% of retirement contributions, including any employer-matching funds. If your client becomes totally disabled and is not gainfully employed, benefits are paid into a trust established by the trustee (Berkshire Bank, FSB). Trust investments are directed by the insured and are distributed at age 65. This type of coverage can also be obtained using a standalone ProVider Plus policy (see Unit 6 for a more complete description of the Retirement Protection Plus program).

**Student Loan Protection Rider:** Student loan debt is a financial concern that impacts many of a graduate's life choices. A lot of young doctors and dentists are choosing to take jobs with employers rather than starting their own business so that they know the student loan payment will always fit into their budget. They also have to put some of the things they'd like to do on hold – making them older as they get married, have children, buy a home, etc.

- The Student Loan Protection Rider is available for both ProVider Plus and ProVider Plus Limited.
- Coverage can be tailored to the amount of the student loan debt (rounded to the nearest \$10 increment) from \$500 to \$2,000 per month.
- Rider pays in the event of Total Disability.
- Available in addition to normal Issue and Participation limits.

**Catastrophic Disability Benefit Rider:** What if your client suffers the type of catastrophic disability that requires an extended period of nursing care or other form of long term care? ProVider Plus offers a rider that provides an additional monthly benefit if your client suffers one of the following conditions:

- Loss of two of six Activities of Daily Living (bathing, dressing, eating, transferring, toileting, continence)
- Cognitive impairment (e.g. Alzheimer's disease)
- Irrecoverable disability. This type of disability is very similar to the Presumptive Total Disability definition (for complete loss of sight in both eyes, hearing in both ears, power of speech, use of two arms, two legs, or one arm and one leg). However, to qualify for payment under the Catastrophic Disability Benefit rider the loss must be irrecoverable.

Catastrophic Disability Benefits are payable in addition to the regular monthly indemnity of the base disability income policy. We will issue up to \$8,000 per month of Catastrophic Disability Benefit. Total coverage issued under the base policy plus the Catastrophic Benefit cannot exceed 100% of the applicant's income.

Unlike other similar riders on the market, ours includes automatic indexing of the Catastrophic Disability Benefit within the rider itself. Your clients will have the most comprehensive coverage of this type available today.

**Unemployment Waiver of Premium Rider:** What happens if your client becomes unemployed? It could become difficult to maintain his or her disability protection. Under the Unemployment Waiver of Premium rider the premiums on the policy are waived if the insured becomes unemployed and receives unemployment compensation for at least sixty consecutive days. Premiums are waived for twelve months, regardless of the length of unemployment. This option can be exercised once every four years; the rider itself is renewable until age 60.

**Social Insurance Substitute Rider (SIS):** The SIS benefit coordinates with social insurance (e.g., Social Security, Worker's Compensation, and Occupational Disease Law), in an amount up to \$1,500 per month. The monthly indemnity will be offset dollar-for-dollar by the amount which is received through any of these sources.\* The total benefit is payable until social insurance payments are actually received. No refund of benefits paid is required if the first social insurance payment includes a retroactive benefit.

Note that you should not propose the SIS rider if your client has employer-sponsored group LTD insurance. Benefits under such plans almost always are offset by Social Security disability benefits.

\* In New York and New Jersey, if the insured receives any social insurance benefits, no benefits are payable under the rider.

**Partial Disability (Classes 2 & 1 only):** The Partial Disability rider pays a benefit if sickness or injury causes a loss of: a) time at work of at least 50% of usual time in a work week, or b) the ability to perform one or more of the material and substantial duties of the insured's occupation. This benefit equals 50% of the total monthly indemnity and is payable for a period of six months.

### Section III: Premium Options and Discounts

To meet the full range of potential client needs, ProVider Plus offers two premium rate options:

- Level – premiums remain the same until the policy expiration date (age 65 or 67)
- Graded – premiums begin at a very low initial rate and increase annually. The graded premium policy can be converted to a level premium (at attained age rates) until age 50.

The graded premium option is ideal for younger clients who may not currently enjoy a high income, but who have the kind of career and income potential for which you are looking.

Premium payment modes are: annually, semi-annually, quarterly, and monthly. Note that if your client chooses the monthly Guard-O-Matic method of paying premiums there is no service fee—yet another value-added feature of ProVider Plus.

ProVider Plus uses the following risk class designations:

- Preferred
- Select (similar to the former “non-tobacco use” designation)
- Standard

Non-smoker clients should apply as Select risks, and most will fall into that category. Check the Field Underwriting Guide for our Preferred risk criteria. Note: The normal issue ages for ProVider Plus are 18–60. The policy is available at ages 60+ in certain employer-sponsored situations. See the Field Underwriting Guide for details.

Several discounts are also available:

- Employer-sponsored or Professional Group discount of 10%; available to groups of 3 or more issued lives.
- Association discount of 10%. This discount may be extended to local or state professional associations, subject to prior home office approval.
- Student/resident discounts of 10% for programs with prior home office approval.

See the Field Underwriting Guide and Unit 6 of this publication for details on these marketing programs.

## Section IV: Meeting the Competition

Guardian provides you with top-quality disability contracts, designed specifically to meet the needs of individuals in your preferred markets: professionals, executives and business owners. You can be confident that, with ProVider Plus, you are providing your prospects superior disability income protection.

You will occasionally run into direct competition, even though these days fewer agents or brokers are truly knowledgeable about DI, and are therefore reluctant to bring up the subject with prospects. Competition usually arises if you do not have total client trust or the prospect is shopping for the “best deal.”

Guardian is committed to providing you with the highest level of sales and competitive support. We maintain active contacts with our peers in the industry and closely monitor changes and developments. One valuable competitive resource is the DI Competition page available through Guardian Online. Here you can draw upon our library of comparative and educational tools that highlight the key competitive advantages of our individual Disability income and Business. These tools are available at Guardian Online>Products> Disability Insurance>Competition.

You will achieve the most success in your career by sticking with those who belong to our preferred markets. Occasionally you may work with individuals who are in gray-collar or blue-collar occupations. These may not be ideal prospects for our disability insurance products. There are, however, other products designed specifically for lower to middle income individuals or those who have manual occupational duties. These contracts may have features such as:

- Guaranteed renewable only
- “Any occupation” or “modified own-occupation” definition of disability
- Limited residual or partial benefits
- Social insurance offset of benefits
- Limited benefit amounts or benefit periods

## Quiz: ProVider Plus and ProVider Plus Limited Individual DI

1. What is the primary difference between “guaranteed renewable” only and “non-cancellable and guaranteed renewable?”
  - a. If a policy is non-cancellable and guaranteed renewable the insurer can change premiums with prior notification only by state or occupation class.
  - b. There is no difference. In both cases the insurer agrees to renew the policy and cannot change the provisions of the contract as long as premium payments are made on a timely basis.
  - c. If a policy is non-cancellable and guaranteed renewable the insurer cannot change premiums.
  - d. None of the above.
  
2. Your client owns a ProVider Plus policy, which has an own-occupation definition of total disability. If he or she is unable, solely because of sickness or injury, to perform the material and substantial duties of his or her occupation, but decides to try another occupation, benefits for total disability will cease.
  - a. True
  - b. False
  
3. Which of these is not a feature of the ProVider Plus Residual Disability Benefit Rider?
  - a. The insured is considered residually disabled if sickness or injury causes a loss of income of at least 15% of prior income.
  - b. If the insured’s income loss is greater than 75% we will consider it to be 100%.
  - c. The recovery benefit continues residual benefits for up to two years.
  - d. For the first 12 months of residual disability the rider pays a benefit equal to the insured’s loss of income, up to the policy’s monthly benefit for total disability.
  
4. What rider options are available with the ProVider Plus Limited?
  - a. Residual Benefit Purchase Rider, and 6% COLA.
  - b. Basic Residual, Future Increase Option, and 3% COLA
  - c. Basic Residual , Benefit Purchase Rider, and 3% COLA
  - d. Residual, Future Increase Option, and 4 Year Delayed COLA.

5. Your client was totally disabled for seven months and received three months of benefits. She recovered and returned to full-time work for a period of fifteen months. She then had a relapse. Benefits under ProVider Plus begin to be paid immediately, under which one of the following provisions?
- Recurrent disability
  - Waiver of elimination period
  - Presumptive total disability
  - None of the above.
6. The Student Loan Rider monthly indemnity is available in addition to normal issue and participation limits:
- True
  - False
7. Under the ProVider Plus policy benefits will not be paid:
- During a period of incarceration
  - For disability resulting from suspension, revocation or surrender of the insured's professional license
  - For disability due to complications of pregnancy or childbirth
  - (a) and (b) only
  - (b) and (c) only
  - (a), (b) and (c) are all policy exclusions.
8. By adding the Catastrophic Disability Benefit Rider to a ProVider Plus policy you can provide your client with total benefits of up to 100% of his or her income.
- True
  - False
9. What is the maximum percentage of a client's retirement contributions that can be covered by the Retirement Protection Plus Disability Rider?
- 100%
  - 15%
  - 60%
  - 75%

