



Long-Term Disability Insurance

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Overview

This Help Sheet will cover the following topics:

- What is disability insurance?
- Short-term and long-term disability insurance
- Disability insurance and government disability benefits
- Application process
- Eligibility for benefits
- Maintaining eligibility
- Returning to work
- Appeals
- Tips and General Advice
- Getting your Policy
- Getting your File
- Getting legal advice



What Is Disability Insurance?

Disability insurance provides payments to people who are unable to work due to their disability. Not everyone has access to disability insurance. It comes from a private insurance company as opposed to a government agency. Disability insurance is often provided by employers as part of an employee's benefits package, but it can also be purchased privately. Some unions provide disability insurance coverage to their members. The purpose of disability insurance is to replace some of the income that you would have earned if not for the disability.

All forms of disability insurance are based on an insurance policy, which is a type of contract between the insurance company and the insured person, or between the insurance company and the insured person's employer/union (when the disability insurance is provided by the employer/union).

Every disability insurance policy is different, so it is important to read it carefully and understand the terms of the policy.

Short-Term and Long-Term Disability Insurance

Short-term disability coverage begins after a short waiting period and can last up to 52 weeks from when you became unable to work, depending on the terms of the policy. Long-term disability insurance provides coverage beyond the short-term disability period. Both short and long-term disability typically provide payments at a reduced rate from what you earned before your disability prevented you from working, usually between 50% and 75% of your pre-disability income from work. The amount of payment you receive depends on the terms of the insurance policy you have.

Disability Insurance and Government Benefits

Disability insurance is separate from BC's Persons with Disabilities income support program, which has very different rules and benefits.

It is also separate from Canada Pension Plan – Disability (CPP-D) benefits from the federal government.

Most disability insurance policies require you to seek other income, most commonly CPP-D. If you are considering a claim for disability insurance, you should consider applying for CPP-D as well.



Applying for Disability Insurance Benefits

1. Ask your employer or insurance company for the application form
2. When filling out the forms, do not minimize your condition – use the “bad day” perspective and emphasize restrictions.
3. Tell the insurance company if you needed help to apply so they do not assume you did it all yourself.
4. Discuss your application with your doctor and other health-care providers. Make sure your doctor understands how your disability affects you and why you are unable to work.

The insurance company will also obtain your doctor’s records about you. The doctor’s records have a more significant impact on your application than the information you provide. It is important to tell the doctor about all of your restrictions, and to update them regularly, so their records say the same thing you say in your application.

Eligibility for Benefits

If you have long-term disability insurance, you are eligible for payments if you are unable to do your job due to your disability. But after you receive insurance payments for 2 years, you are only eligible if you are unable to do any job. This is because most disability insurance policies define “disabled” as meaning “unable to do your job” for the first two years that you receive payment, but the definition changes to “unable to do any job” after you have been receiving payments for two years. For this reason, the 2-year anniversary of insurance payments is often called the “change of definition” date.

“Change of Definition” Date

The time leading up to the “change of definition” (COD) date can be stressful. If the insurance company decides that you are capable of doing some other job, even if it is a job that you have not done before or a job for which employment prospects are poor, then insurance benefits may be terminated. If the insurance company is considering terminating your benefits, they will usually notify you several weeks in advance.

Even if benefits continue, monthly payments may be reduced after the COD date, depending on the details of your insurance policy.

Maintaining Eligibility

Most disability insurance policies require you to always be “under a doctor’s care.” As a result, it is important to keep seeing your doctor regularly, even if your condition is



unlikely to change. If the insurance company requests current medical information, you – or your doctor – likely have to provide it.

Returning to work

If your doctor thinks it is possible for you to return to work, tell the insurance company ahead of time. Most policies allow for “gradual return to work” (GRTW) without cutting off your benefits. But the GRTW must be approved in advance by the insurance company. If not, you may lose your benefits.

If the insurance company or your employer believes you are able to return to work, they may pressure you to attempt a GRTW. If you are being pressured to attempt a GRTW and you do not believe you are ready, you should talk to your doctor. In most cases, your insurer or employer must respect your doctor’s opinion about your readiness to return to work.

Appeals

If your application is denied or your benefits are terminated, the insurance company will probably give you a chance to appeal the decision. An appeal will not succeed unless you have significant and new medical information.

Tips and General Advice

1. Keep copies of all documents sent to the insurance company.
2. Keep notes and/or recordings of phone conversations with the insurance company.
3. When the insurance company gives you bad news, don’t take it personally – remember the insurance company is a business.
4. Be cooperative and polite – the insurance company has a right to investigate your claim to ensure you are eligible for benefits.

Getting your policy

The insurance policy sets out the detailed rules you must follow to be eligible for insurance. It is different than the benefits booklet. The benefits booklet is usually an abridged, easy-to-read version of the policy. The actual policy is probably at least 20 pages, and sometimes much longer. You can get a copy of the policy by asking the employer or the insurance company.



Get your file

You can ask the insurance company for a copy of your file. Your file includes all the information the insurance company has about you. It may help you understand the insurance company's decisions. The insurance company must give you a copy of your file if you ask for it.

Timelines

If you are unable to continue working due to your disability, you should apply for insurance benefits right away. Most policies require you to apply for benefits promptly after you stop being able to work.

If your application is denied or your benefits are terminated, you have a limited time to take legal action against the insurance company. The insurance company's appeal process does not "stop the clock." You could run out of time to take legal action even if you are still going through the appeal process. Make sure to file any legal claims within the timelines. If you are considering a legal claim, you should consult with a lawyer.

Seeking Legal Advice

If your application is denied or benefits are terminated, you should consider seeking legal advice. Try to find a lawyer who has experience doing disability insurance claims. Some lawyers will offer a free initial consultation, but not all.

DABC's Disability Law Clinic does not assist with applications for long-term disability benefits, and it does not represent people in insurance claims. However, if your application for long-term disability insurance is denied, or you are receiving long-term disability insurance and the insurance company threatens to cut you off, and you have a low or modest household income, the Clinic can provide an appointment with a lawyer to explain why you were denied and possible next steps. We cannot provide advice to people who are part of a union.

**The information contained in this handout is provided for informational purposes only, and should not be construed as legal advice on any matter.*



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