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# Living Benefits Certification

## Module 1 Workbook: Introduction to Income Protection





**Introduction:**

This workbook is designed to let you test your knowledge of the study material contained in Module 1 (Income Protection) of the Living Benefits Certification program. Once you have completed the workbook, the Licensing, Contracting & Compensation Services (LCCS) department will grade it and communicate your mark. If you achieve a mark of 75% or greater, you will be issued continuing education credits and enrolled in the next module (if applicable).

The following reference materials will assist you in completing this workbook:

- **Individual Living Benefits Product Portfolio** (05/2013) - Forms: [English 83236](#)

If you have any questions or require more information, please do not hesitate to contact your local RBC Insurance sales office at 1-866-235-4332 or visit us online at: [www.rbcinsurance.com/salesresourcecentre](http://www.rbcinsurance.com/salesresourcecentre) .

**Directions:**

- Please complete each exercise or activity as directed
  - For True or False questions, check only one of the True or False answers for each question.
  - For Multiple Choice questions, check only one of the Multiple Choice answers for each question (Unless indicated differently).
  - When a space is provided, write your response in the space provided.
- Refer to the reference materials if necessary to check the accuracy of your responses
- Please return your completed workbook to RBC Insurance for grading to the attention of: LCCS - Licensing and Education

By Mail: RBC Insurance  
 6880 Financial Drive, Tower 1, 7th flr.  
 Mississauga, ON L5N 7Y5

By Fax:1-877-280 9742

By Email: [Licensing and Education](#)

**Advisor Information: (print clearly)**

Business Name: \_\_\_\_\_

Individual's Name: \_\_\_\_\_

License Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Signature: \_\_\_\_\_

**\*\*\* Completing this advisor information section is imperative to ensure that Continuing Education credits are applied correctly.\*\*\***



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**Exercise 1: Introduction**

1.1. Each product section in a Product Profile brochure includes a description of the product's target market.

- True
- False

1.2. Premium discount and payment plans are included in which of the guides?

\_\_\_\_\_

1.3. The subject of issue and participation is covered in the brochure titled "Individual Living Benefits Product Portfolio 83236 - (11/2018)"

- True
  - False
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**Exercise 2: The Need for Income Protection**

2.1. If you are age 40, there is a \_\_\_\_\_% chance you will have a total disability that will last 90 days or longer before you reach age 65.

- A. 10%
- B. 25%
- C. 45%
- D. 60%

2.2. The average duration of a disability that lasts at least 90 days is:

- A. 1 year
- B. 2 1/2 years
- C. 5 years
- D. 7 years

2.3. Why is an IIP policy a better alternative to replace income lost to disability?

- A. The value of many assets are subject to market influences, and it is quite possible they would be liquidated at below-market value.
- B. It is unlikely that any bank or relative would be willing to loan money to someone who is disabled, unable to earn an income, and whose future ability to repay is uncertain.
- C. In many cases, it takes two full incomes to support a family. When disability strikes, it is unrealistic to assume that current lifestyle will continue with the loss of one of those incomes. And if the healthy spouse does not presently work, it is unreasonable to expect that person to be a spouse, parent, private nurse and become the primary wage earner.
- D. All of the above.

2.4. All the following are reasons to consider adding IIP protection on top of existing group LTD coverage EXCEPT:

- A. If premiums are paid by the employer, group LTD benefits are taxable as ordinary income to the disabled employee, thus reducing the net benefit amount
- B. Lower-paid employees can use IIP to bring their total potential benefits to an amount greater than their take-home pay.
- C. Top executives can use the additional coverage to make up for the 'reverse discrimination' that often limits their LTD benefits.
- D. IIP benefits can help keep a retirement savings account funded.

**Exercise 3: HP Product and Services**

**3.1. The 'issue and participation limit' recognizes disability income insurance protection from all sources, including group as well as individual policies from other insurers, when determining an applicant's eligibility for IIP coverage.**

- True
- False

**3.2. The basic goal of disability income insurance is to fully replace, but not exceed, the insured's gross (pre-tax) earned income.**

- True
- False

**3.3. Participation limits are higher when the disability income benefits are taxable and lower when they are nontaxable.**

- True
- False

**3.4. Match the correct term on the top with its appropriate definition directly below.**

- A. Guaranteed Renewable
- B. Non-Cancellable
- C. Cancellable

\_\_\_\_\_ Means that the insurer may take action that results in policy changes, premium changes or cancellation of coverage, but only for an entire block of business. They cannot be applied to selective insureds.

\_\_\_\_\_ Refers to a policy that cannot be cancelled or changed, but the premiums may be changed by the insurer. Premium increases or decreases are based on a block of business. They cannot be applied to selective individual insureds.

\_\_\_\_\_ Refers to a policy that cannot be cancelled or changed, nor can its premium rates be increased for the lifetime of the policy.

**3.5. With respect to policy renewal, what is the difference between a standard group LTD contract and any of RBC Insurance's HP contracts? Circle the most appropriate answer:**

- A. Both are always cancellable contracts
- B. A group LTD contract is always cancellable, whereas the IIP contracts offer 3 options for renewability.
- C. Both are always renewed with no impact to rates or provisions.

**3.6. Please refer to the Individual Living Benefits Product Portfolio 83236 - (11/2018). In the Foundation Series, for what period of time following the start of a disability does the "regular occupation" definition of total disability apply before expanding to the "any occupation" definition?**

- A. 6 months
- B. 12 months
- C. 24 months
- D. 36 months

**3.7. A policy feature that is sometimes optional and sometimes embedded in the policy, that pays benefits in cases where the insured is less than totally disabled (and has not been totally disabled), and is suffering a partial loss of income is called the:**

- A. residual disability benefit
- B. supplemental disability benefit
- C. partial disability benefit
- D. reduced disability benefit



3.8. An IIP insured became disabled on April 1 and notified RBC Insurance of the pending claim on April 21. The IIP policy includes a 90-day elimination period. Assuming the disability meets the policy definition of total disability and the disability lasted until August 31, approximately how many months of benefits would the insured expect to receive?

- A. 1 month
- B. 2 months
- C. 3 months
- D. 5 months

3.9. All the following statements are correct EXCEPT:

- A. Group LTD benefits are taxable to the disabled employee if the employer paid the premiums, but non-taxable if the employee paid 100% of the premiums.
- B. IIP benefits are income tax-free as long as the insured paid 100% of the premium.
- C. RBC Insurance's participation limits make a distinction between non-taxable benefits and taxable benefits.
- D. IIP benefits would be tax-free to the disabled employee if the policy was funded by employer contributions.

3.10. All the following statements about the Return-to-work Assistance benefit are correct EXCEPT:

- A. this benefit covers the cost of occupational rehabilitation services
- B. the insured must pay a deductible before being reimbursed for insurer-approved rehabilitation services
- C. it is not available on all IIP policies

3.11. Which of the following is an example of RBC Insurance's "return to work" business philosophy?

- A. Waiver of Premium
- B. Rehabilitation Benefit
- C. Health Care Professional Benefit

**Exercise 4 - RBC Insurance Core Living Benefits**

4.1. Each Living Benefit policy listed below has distinct policy features listed in the right column. Match each product with the policy features that apply most to it. Refer to the Individual Living Benefits Product Portfolio 83236 - (11/2018) for assistance if necessary. \* Please note there will be 8 answers not used.

<p><b>The Professional Series</b></p> <p>_____</p> <p>_____</p> <p>_____</p>	<ul style="list-style-type: none"> <li>A. Non-cancellable with Partial Disability rider available</li> <li>B. One-time option to switch to residual disability</li> <li>C. Recovery benefits for up to 12 months</li> <li>D. Can contribute money to a retirement fund</li> <li>E. Lump sum, benefit paid if paralyzed.</li> <li>F. Recovery benefits for 2 or 4 months</li> <li>G. Guaranteed Renewable with enhanced definition of disability rider available</li> <li>H. Integrates only with no fault Auto insurance</li> <li>I. Early assistance benefit of 10% offered</li> <li>J. 85% integration of benefits, no minimum</li> <li>K. Covers 22 specific illnesses</li> <li>L. Targets all individuals regardless of whether they earn an income</li> <li>M. Targets business owners, and blue and grey collar</li> <li>N. Targets fee-for-service professionals who require affordable, quality income protection</li> <li>O. Targets fee-for-service professionals who require comprehensive protection</li> <li>P. Best Doctors, Daily Assistance Living &amp; Healing the Whole Person are all included features</li> <li>Q. Targets newly established business owners</li> <li>R. Offered on a level premium basis only (no step rate)</li> </ul>
<p><b>The Bridge Series</b></p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p><b>The Foundation Series</b></p> <p>_____</p> <p>_____</p> <p>_____</p>	



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**4.2. What is the purpose of the various types of future insurability option (F10) protection sold with our policies?**

- A. To allow the insured to increase their coverage but they have to show proof of good health
- B. To allow the insured to increase their coverage without financial underwriting
- C. To allow the insured to increase their coverage without medical underwriting
- D. None of the above

**4.3. Match the following terms to the appropriate definition below.**

A. Residual Disability Benefit

B. Partial Disability Benefit

\_\_\_ The insured who experiences a loss of time or duties (as defined in the policy) due to a less-than-total disability will be eligible for a flat percentage of their monthly benefit (maximum 50%). The insured does not have to prove a loss of earnings to qualify for this benefit.

\_\_\_ The insured who experiences at least a 20% drop in earnings due to a less-than-total disability will be entitled to a benefit. The monthly benefit amount is based on the percentage of lost income.

**4.4. Partial disability benefits & residual disability benefits work together in the Professional Series contract to provide a more comprehensive coverage?**

- True
- False

**4.5. Partial disability benefits & residual disability benefits are not both available together on the Professional Series contract.**

- True
- False