

Business Loan Protector

INSURANCE ADVISOR GUIDE

For advisor use only.

PLAN CODE:

958 — periodic pay; 958L — lump sum

PRODUCT TYPE

Business protection

PURPOSE AND MARKET

The Business Loan Protector policy has been developed to make funds available to pay outstanding business loans and loan interest when the business owner becomes totally disabled.

The company must be a partnership, sole proprietorship or professional corporation which has been in business for at least three years with a net worth of \$50,000. The insured must have at least a 25% ownership interest. Examples of eligible loans include loans for equipment, property and buildings used for the sole purpose of operating a business.

The lump sum plan also covers lines of credit and account overdrafts.

RENEWABILITY

The periodic pay Business Loan Protector policy (958) offers coverage until the earlier of:

- the insured's 65th birthday; or
- the date the insured ceases to be actively and regularly employed full time; or
- the date the insured ceases to be responsible for business loan expenses.

The lump sum Business Loan Protector policy (958L) offers coverage until the earlier of:

- the insured's 60th birthday; or
- the date the insured ceases to be employed full time; or
- the date final payment of the business loan benefit is made to the insured.

In the case of either Business Loan Protector policy (958 or 958L), both premiums and contract provisions are non-cancellable and fully guaranteed while the coverage is in place.

UNDERWRITING GUIDELINES

Occupational classes:	4A, 3A, 2A, A — periodic pay 4A, 3A, 2A — lump sum		
Minimum monthly benefit:	\$600 — periodic pay \$10,000 — lump sum		
Maximum benefit:	Class	Periodic pay*	Lump sum**
	4A	\$10,000	\$250,000
	3A	\$8,000	\$250,000
	2A	\$6,000	\$250,000
	A	\$5,000	Not available

* 100% of business loan plus interest to the maximum shown above.

** 75% of business loan.

RBC Insurance® will allow both the lump sum and the periodic pay plans to cover the same loan. The total amount may not exceed the \$250,000 lump sum limit per person. The periodic pay portion may not exceed the occupation class limits with the balance of coverage desired sold as lump sum up to the overall maximum of \$250,000. (Class A is ineligible for lump sum coverage.)

Issue ages and benefit periods:	Ages	Class	Benefit period
	18 – 55	4A, 3A, 2A, A	24 months (periodic pay)
	18 – 55	4A, 3A, 2A	Three equal installments paid at 365, 540, 730 days* (lump sum)

* Total disability must exist throughout the 730-day period to receive all three payments.

Elimination periods:	30, 60, 90 days — periodic pay 365 days — lump sum
----------------------	---

Please refer to the Underwriting Requirements section of this profile for additional information.

DEFINITION OF DISABILITY

Insureds are totally disabled, if due directly to injury or illness,

1. they are unable to perform the important duties of their regular occupation;
2. they are not engaged in any other gainful occupation; and
3. they are receiving care and treatment by a physician.

POLICY BENEFITS

BUSINESS LOAN EXPENSE BENEFIT (PERIODIC PAY)

In the event that the insured is totally disabled and satisfies the elimination period, we will pay a monthly benefit that is equal to the insured's portion of the monthly scheduled repayment associated with the loan(s) subject to the maximum monthly benefit. A letter from the lender will be required at time of claim as evidence of the existence of a business loan. The business loans covered are term business loans, mortgages on business premises and small business loans from a government incentive program. These loans must be necessary to the operation of the insured's business, and the interest payable qualifies as a deduction under the Income Tax Act.

BENEFIT LIMIT (LUMP SUM)

In the event that the insured is totally disabled and satisfies the elimination period, a lump sum benefit is paid. This lump sum amount is equal to the insured's portion of the business loan expense (subject to the maximum benefit amount).

The contract expires when the full benefit amount is paid.

EXTENSION OF BENEFITS (PERIODIC PAY)

When the insured is totally disabled beyond the maximum benefit period, monthly payments can continue if the benefit paid during that period was not more than 24 times the maximum monthly benefit amount.

BUSINESS LOAN EXPENSE BENEFIT (LUMP SUM)

The insured amount is paid in three equal installments and is 75% of the actual business loan outstanding at the time of claim up to the maximum benefit amount. The business loan must be necessary to the operation of the insured's business, and the interest payable qualifies as a deduction under the Income Tax Act. The loan must be from a bank, trust company or finance company.

PRESUMPTIVE TOTAL DISABILITY (PERIODIC PAY ONLY)

If the insured irrecoverably loses sight, speech, hearing or use of two limbs, the insured is considered totally disabled and the total disability benefit will be payable.

RECURRENT DISABILITY

If after a period of total disability for which benefits were paid, the insured becomes totally disabled again from the same or related causes, and the two periods of disability are separated by six months or less, they will be accumulated and considered continuous in order to satisfy the elimination period.

ACCUMULATION OF DAYS (PERIODIC PAY ONLY)

Periods of total disability from the same or related causes, separated by six months or less, will be accumulated and considered continuous to satisfy the elimination period.

WAIVER OF PREMIUM

After the insured has been totally disabled for 90 days, RBC Insurance will waive premiums that come due while the insured is totally disabled. We will refund premiums paid during those first 90 days.

EXCLUSIONS

RBC Insurance will not pay benefits for total disability due to:

- an act or accident of war, whether declared or undeclared; or
- normal pregnancy or childbirth, but we will cover disabling complications of either of these.

OPTIONAL BENEFITS

HEALTH CARE PROFESSION BENEFIT (H1134)

The Health Care Profession benefit is mandatory (unless declined for underwriting reasons) to the following health care professionals: medical doctors, dentists, dental surgeons, chiroprodists/podiatrists, professional lab technicians, dental hygienists, dental assistants, denture therapists, denturists, denturologists, acupuncturists (MD and non-MD), nurses (RNs, RNAs, LPNs, including nursing directors, instructors and nurse practitioners), respiratory therapists, respirologists, massage therapists doing acupuncture, physiotherapists doing acupuncture and paramedics.

As a qualified health care professional the insured may be at risk of exposure to HIV or Hepatitis B and C. Under this benefit, if the insured meets one of the following conditions, he/she is not required to be under the care of a physician in order to qualify for disability benefits provided he/she is HIV impaired or Hepatitis impaired, and due to his/her impairment,

- he/she is restricted or prohibited from performing the important duties of his/her occupation; or
- his/her patients refuse treatment from him/her because he/she has to disclose to his/her patients his/her impairment as required by law or by a written policy of general application of a medical regulatory body or medical licensing body.

For the purpose of this rider, "your occupation" means the occupation or occupations in which the insured is regularly engaged at the time that he/she becomes disabled.

The premium for the Health Care Profession benefit can be changed at any time; however once changed, the premium is locked in for five years.

OTHER BUSINESS PROTECTION PRODUCTS

Business owners should consider how a disability might impact their business. In addition to the Business Loan Protector, consider the RBC Insurance portfolio of business products including:

DISABILITY BUY SELL

- Disability Buy Sell coverage is designed to provide funding for the remaining owner(s) to purchase the business interest from the disabled owner(s).

BUSINESS OVERHEAD EXPENSE

- Business Overhead Expense is a reimbursement policy designed to cover fixed office expenses during a period of total or partial disability.

KEY PERSON PROTECTOR

- This plan has been developed to provide coverage for a financial loss to an employer due to the disability of a key person.

INCOME PROTECTION PRODUCTS

Make sure that your client has protected his/her personal income in the event of a disability. We offer a wide range of income protection products that can be tailored to meet your client's needs.

LIFESTYLE PROTECTION PRODUCTS

Business Loan protection will protect the business. But what about protecting the owner's lifestyle? Would your client be able to maintain his/her RSP contributions in the event of total disability? If your client suffers from a catastrophic injury or illness he/she may incur substantial additional expenses. Lifestyle protection products are the perfect complement to business and income protection coverage and provide for your client's independence, dignity and peace of mind.

RETIREMENT PROTECTOR PLAN (945)

This benefit helps the insured maintain deposits to a retirement savings program while totally disabled. Issued to age 55, benefits range from \$300 to \$1,500 but may not exceed 20% of the insured's monthly earned income.

CRITICAL ILLNESS RECOVERY PLAN™

(available as a separate policy; please refer to the Critical Illness Recovery Plan facts sheet or Insurance Advisor Guide for full details)

Critical illness coverage is an excellent complement to any disability insurance program. While disability income protection insurance seeks to cover ongoing living expenses, critical illness coverage provides lifestyle protection that pays a lump sum benefit if your client is diagnosed and survives one of the insured covered conditions as defined in the policy. There are no rules regarding how benefits may be used — seeking medical treatment, securing nursing care, paying down debt — it's your client's decision.

UNDERWRITING REQUIREMENTS

1. We require a letter from a recognized financial institution outlining the amount that the business is liable for with respect to its business loans when the amount applied for exceeds \$50,000. For amounts less than \$50,000 a statement from the insured will suffice.
2. Business coverage is available in addition to Individual Disability Income Protection coverage limits. However, if the loss of time coverage in force on the proposed insured exceeds our issue and participation limits or there is overinsurance under any other Individual Disability Income Protection product, the contract will not be approved.
3. Individual income protection coverage for the proposed insured must be in force or have been requested, as individual coverage is considered a primary need.
4. The company will not participate with other companies' business loan coverages.
5. A letter from the lender will be required at time of claim as evidence of the existence of a business loan.

OWNER

The ownership section of the application must be completed in full.

ASSIGNMENT

The policy is assignable to the lender.

INELIGIBILITY RISKS

- Public corporations, husband-wife combinations, parent-child combinations and other relationships that do not meet the “arm’s length” test, except for farm situations; investment loans, share purchase and personal property mortgage protection do not meet the eligibility criteria for this contract
- Loans that are not payable to a recognized financial institution
- Any business that has not been in operation for at least three years prior to the application
- Any partnerships where the partners have not been associated for at least three years prior to application
- Any applicant with less than 25% ownership in the business
- Any applicant who is not active in the business
- Silent partners



Insurance

This Insurance Advisor Guide is a summary only. Actual policy language will prevail. For additional information on the Business Loan Protector policy or a copy of our illustration system please contact your local RBC Insurance sales office.

Underwritten by RBC Life Insurance Company

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence.

VPS95008

83268 (06/2016)