



# PayGuard Plus agent's guide

## Disability income insurance

Have you ever found that certain disability income insurance policies aren't always appropriate in every sales situation? That sometimes less is better? The solution to this dilemma could be PayGuard Plus.

PayGuard Plus is an affordable, basic, and easy to understand disability policy. It can provide entry-level coverage to young professionals who may be cost-sensitive and unable to purchase a more robust Provider Choice policy.

## What is PayGuard Plus?

It is a reducing term disability insurance policy that provides basic coverage at an affordable price. The policy only covers total disabilities, and a True Own-Occupation rider is available.

## When should I use PayGuard Plus?

Use PayGuard Plus in the following situations:

- When premium is an important issue
- When you are in a competitive situation with another company's tier-II-type policy

## How does PayGuard Plus work?

Because it is a reducing term policy, the period of coverage reduces each year until the termination date is reached. The maximum period of coverage may be any increment of whole years from five to thirty years. The minimum period of coverage is five years. The length of time that the policy is in force is determined at the date of issue and ends on the termination date. Coverage ends at age 65 or on the termination date, whichever comes first.

## What are the policy features of PayGuard Plus?

**Definition of total disability.** Since PayGuard Plus is intended to provide only basic disability coverage, it contains a "modified own-occupation" definition of total disability. Total disability means that, "because of sickness or injury, the insured is unable to perform all of the substantial and material duties of his or her occupation or profession; and is not actually at work in any occupation or profession." This means that at claim time, no benefit is payable if the insured is working.

**With the True Own-Occupation rider,** the insured may be gainfully employed in another occupation so long as, solely due to injury or sickness, the insured is not able to work in his/her occupation.



## What is the opportunity with PayGuard Plus?

PayGuard Plus can provide a variety of solutions for your clients' needs.

### Key person coverage

In the event that a key employee becomes too sick or hurt to work, the benefits from PayGuard Plus can be used to cover the financial loss of the missing employee or to hire a temporary replacement while the insured recovers.

### Temporary coverage

PayGuard Plus can be used as a solution for the client looking for affordable coverage for a fixed period of time.

### Packaged with Term Life

PayGuard Plus coupled with a Term Life policy can offer solid temporary protection. Consider PayGuard Plus when designing affordable term-based holistic coverage for your Life clients.

**Waiver of premium**, if the insured is totally disabled for a continuous period of at least 90 days, during all of which time the policy has been in force, Guardian will:

- refund any premiums paid during that 90 days; and
- continue to waive premium for the three-month period after your total disability ends.

On each waiver, the policy will be renewed for another term period of the same length as that in effect when the claim began. The owner has the right to resume payment of premiums when the insured recovers and the waiver of premium benefit ends.

**Mental and/or substance-related disorders.** Available limitations include: No Limitation, 100% Limitation (no M/S coverage), 12-month, or 24-month. Availability will be based on state variations. Refer to the Field Underwriting Guide or DI Product Manual state variations sections for further details.

### **What are the advantages of PayGuard Plus?**

- The definition of disability is a “modified own-occupation” definition with an upgrade available to the True Own-Occupation rider.
- 90- or 180-day elimination period is available.
- PayGuard Plus premiums are comparable to other tier-II-type policy premiums.
- We will not require the Mental and/or Substance-Related Disorder limitation to be applied for the following occupations: anesthesiologists/anesthetists (MD or DO); emergency room physicians; pain management physicians; nurse anesthetists; and dentists.
- In many cases, PayGuard Plus can be applied for through an efficient PayGuard Quick Disability (PDQ) application.

### **Can I use PayGuard Plus in a QSPP?**

- No, because it does not satisfy federal ADEA requirements and other state requirements applicable to Qualified Sick Pay Plans.

## **Optional endorsements**

### **Spousal coverage program**

Our all new spousal coverage has been designed to help your existing DI clients that have non-income-generating spouses (also referred to as homemakers). The working spouse must already be a Guardian/Berkshire insured with \$4,000 in force core DI.

Policy details:

- **Issue ages:** 18–45
- **Elimination periods:** 90 or 180 days
- **Term periods:** 5–10 years
- **Occupation class:** 3
- **Issue limits:** \$1,000–\$2,500

### **Conversion option program**

PayGuard Plus comes with a conversion option for policies with a 10-year term or longer. On the policy’s 5th anniversary, the insured can use this option to trade up to a traditional to-age-65 policy without additional medical underwriting.

Policy details:

- **Issue ages:** 18–40
- **Elimination periods:** All (must be same or greater than original PayGuard Plus policy)
- **Term periods:** 10 years or longer
- **Occupation classes:** 6-3, 6M-3M
- **Issue limits:** Same or less than original PayGuard Plus policy

### **Can PayGuard Plus be used for guaranteed issue cases?**

No, because guaranteed issue is generally contingent upon 100% participation. Check with disability underwriting regarding specific cases.

### **Can I sell PayGuard Plus to a person who is either applying for or is already covered by other disability insurance?**

Yes, as long as the combined amounts plus insurance in force do not exceed our issue and participation limits.

### **Are there any discounts available?**

We offer an Association (10%) discount and Multi-Life (3+ lives) (20%) discount on PayGuard Plus. You can also list bill these policies. No preferred risk is available. A Select Premium Risk Class is for applicants who have not used nicotine in the last 12 months and a Standard Premium Risk Class is for those who have used nicotine in the last 12 months.

### **What else do I need to know about PayGuard Plus?**

- Rates and provisions are guaranteed until policy expiry.
- It is not available to occupation class 1.
- Only level premiums are available.
- Issue ages are 18–60; the benefit term plus age cannot exceed 65.
- PayGuard Plus is subject to current issue and participation limits; however, you may not use the employer-paid limits table.
- Premiums are gender distinct.
- Premiums are calculated on an age last birthday basis.
- Available elimination periods: 90 or 180 days.
- PayGuard Plus has one optional rider: True Own-Occupation rider.

### **PayGuard Disability Quick (PDQ) app program**

The PDQ is a modern, streamlined application process that takes about 10 minutes to complete. We have eliminated the need for lab requirements, financial documents, and a medical interview to provide a quick and easy application process to help your clients get the coverage they need fast.

- **Issue age range:** 18–50
- **Elimination periods:** 90 or 180 days
- **Term periods:** 5–30 years based on issue age in 1-year increments (term cannot exceed age 55)
- **Available to classes:** 6-3, 6M-3M, 3D-4D
- **Issue limits:** \$1,000–\$6,000

Eligibility rules apply. If your client is ineligible to apply through PDQ, please keep in mind they can still apply through our fully underwritten process.

## Key Person coverage through PayGuard Plus

The **Business Owned Key Person Program** provides disability income protection for the benefit of the business if a key person is unable to work due to sickness or injury. Coverage is paid for and owned by the business and insures the key employee. In the event of a key person's disability, benefits are paid to the business.

A key person is a member of the executive team or a crucial staff member whose knowledge, creativity, inspiration, reputation, and/or skills are critical to the viability or growth of the business, and whose loss may cripple it.

The amount of coverage on a key person in a business should be equal to the financial loss incurred upon the employee's inability to work due to disability. In the absence of unique circumstances, a reliable indicator of the employee's worth to a company is the compensation received. Higher amounts may be considered if the key person's value is fully demonstrated and a pattern of rapidly increasing company growth has been established.

### Key Person requirements:

- Must perform critical functions for the business which cannot be easily replaced
- Works an average of 30 hours per week or more
- Cannot own more than 5% of the business
- Has been with the business for a minimum of 12 months
- Is not a 1099 employee
- Is covered by IDI or GLTD Disability Insurance
- Is not a spouse or first-degree relative (parent, sibling, child) of the owner(s)

Refer to the Field Underwriting Guide for full program details.

### Program details

**Issue ages:** 18–50  
(insured, key employee)

**Occupation classes:**  
6/6M, 5/5M, 4/4M, 3/3M

**Definition of disability:**  
True Own–Occupation  
(via rider)

**Premium structure:** Level only

**Elimination periods:**  
90 or 180 days

**Term period:** 5 years

**Discounts:** None

**Available riders:**  
True Own–Occupation

**Minimum issue limit:**  
\$1,000 per month

**Issue limit:**  
\$30,000 per month

**Owner:** Business

**Insured:** Key employee

The Guardian Life Insurance  
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[guardianlife.com](https://www.guardianlife.com)

New York, NY

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