

Plan Guide



Disability Income Protection.

A Necessity To Protect Your
Finances, Assets and
Retirement.



Executive Summary

Disabilities Can Be Devastating – Physically, Mentally and Financially

The AMA-Sponsored Disability Income Insurance Plan Can Help Protect Your Financial Future.

If you're like most practicing physicians, your income is your lifeline. Most Americans spend 75 percent or more of their income¹ — so in the event of a disabling accident or illness, imagine the difference this physicians' disability plan could make toward your financial obligations of a home, a second home, child's education, daughter's wedding or retirement plans.

It's coverage you can count on as the American Medical Association (AMA) has sponsored physicians' disability plans continuously for over 30 years.

In America, a disabling injury occurs every second with serious consequences²... for example:

- 459 Americans will suffer a disabling injury as the result of an accident in the next ten minutes.²
- Employees are over 4 times more likely to suffer deaths or injuries off the job than on the job.²
- About 3 in 10 of today's 40 year-olds will become disabled before reaching age 65.³
- 1 out of 7 employees will be disabled for 5 years or more before retirement.³
- Disability causes nearly 50% of all mortgage foreclosures, 2% are caused by death.⁴

¹ Protect Your Income, 2007

² National Safety Council, Injury Facts®, 2007

³ Commissioners' Individual Disability Table A and Commissioners' Mortality Table, viewed on April 21, 2008

⁴ Health Affairs, The Policy Journal of the Health Sphere, 2005

Benefits And Features Of The AMA-Sponsored Disability Income Insurance Plan

This Comprehensive Coverage Includes:

- ✓ Substantial insurance protection now with up to \$12,500 in monthly benefits for total disability
- ✓ NEW Catastrophic Disability Rider can help pay for nursing home care and home health care with up to \$3,800 in additional monthly benefits
- ✓ “Own Specialty” definition of total disability
- ✓ Portable coverage that stays with you if you change jobs
- ✓ Residual disability benefits for part-time work
- ✓ Extra benefits may be paid for rehabilitation
- ✓ Premiums are waived during benefit periods for covered total disability
- ✓ Economical physician group rates can help you supplement other insurance in force

See pages 11-12 for Frequently Asked Questions

Just Follow These Three Steps:

- 1** Calculate your monthly earned income using the worksheet on the following page. This will enable you to determine your maximum monthly disability benefit.
- 2** Read the Summary of Benefits, then complete and sign the enclosed Application. Under “Benefit Selections,” be sure to indicate the monthly benefit amount you are applying for, and if you wish to apply for the optional NEW Catastrophic Disability Rider, please check the appropriate box.
- 3** Return your Application in the enclosed postage-paid envelope or mail to:
AMA Insurance Agency, Inc.
515 North State Street, Chicago, IL 60654

Step 1

Worksheet

Determine Your Maximum Monthly Benefit and Your Semi-Annual Premium

Before reviewing the rate chart for your age group, please use this Worksheet to calculate your maximum disability benefit. Once you know your maximum monthly benefit, you may select that amount or choose a lower monthly benefit.

Please note: Your maximum benefit payable is 66 $\frac{2}{3}$ % of your average monthly earned income or \$12,500, whichever is less. If you currently have Disability Income coverage, you can supplement it with this Plan up to your maximum benefit.

We've provided sample figures for "Dr. Smith" as a guide.



	Dr. Smith's Benefit Amount Worksheet	Your Benefit Amount Worksheet
1. My annual income is:	<u>\$240,000</u>	\$ _____
2. My annual business expenses are:	<u>\$30,000</u>	\$ _____
3. My annual earned income is: Subtract (2) from (1)	<u>\$210,000</u>	\$ _____
4. My annual monthly earned income is: Divide (3) by 12	<u>\$17,500</u>	\$ _____
5. Maximum percentage of earned income covered is 66 $\frac{2}{3}$ % Multiply (4) by .6666	.6666	.6666
6. Maximum monthly disability benefit:	<u>\$11,700</u>	\$ _____
	(Round to the nearest \$100)	

Summary of Benefits

NEW Monthly Benefit Amount Up To \$12,500

Physicians may apply and qualify for up to \$12,500 in monthly benefits, \$150,000 a year, for total disability. Benefits from this plan, when added to any other disability insurance in force or applied for, cannot exceed 66 $\frac{2}{3}$ % of your monthly earned income or \$20,000, whichever is less. If you pay the premiums yourself, benefits may be exempt from federal income tax* (but premiums are not tax-deductible on your federal return). Contact your tax advisor for details.

*Rev. Rule 68-451 and 69-154

NEW Catastrophic Disability Rider

This rider provides extra benefits for disabling conditions that require extended care. Should you become totally disabled and lose the ability to perform two or more activities of daily living — bathing, dressing, toileting, transferring and/or eating — you can receive this optional monthly benefit in addition to your base monthly disability benefit, for a total monthly benefit that can be as high as \$16,300.

The Catastrophic Disability Rider will provide a 30% increase (up to \$3,800) in your total monthly benefit for 10% in additional premium up to age 60, and 20% additional premium age 60 and above. You must have a minimum of \$3,000 in base disability benefits to qualify. Premium credits and state surcharges apply to the full premium amount.

“Own Occupation” Disability Definition

You’ve worked hard earning a degree and accumulating years of experience in your specific medical specialty — a huge investment in time and finances — an investment worth protecting. **You may qualify for total disability benefits for up to 5 years (60 months) if due to sickness or injury, and you are unable to perform the material and substantial duties of your “own occupation” — your specific medical specialty.** You must be under a physician’s care for a covered illness or injury. If you remain totally disabled after 60 months, benefits will continue if you are unable to perform the duties of any gainful job for which you are fit by training, education or experience.

Benefits begin after satisfaction of your waiting period. If you return to work in any occupation after your waiting period, residual disability benefits may be payable as described on the next page. What’s more, total disability is presumed, and the waiting period is waived if you experience total and irrecoverable loss of speech, hearing in both ears, sight of both eyes, or loss of use of both hands or feet. (The residual disability benefit will not apply if benefits are paid under this provision.)

Eligibility Requirements

As a physician under the age of 65, you are eligible to apply if you are actively engaged full-time in the duties of your profession.

Long-Term Benefit Periods

After five years, you may continue to receive your full benefit if you are unable to work in any gainful job for which you are reasonably fit by training, education or experience, up to age 65, and are under the regular care of a physician. If you are disabled by illness or accident before age 60, benefits under this plan are payable up to age 65. If you are disabled between the ages of 60 and 63, benefits are payable for up to 60 months. At age 63 and after, the benefit period is reduced by six months depending on your age at disability. From age 70 to 75, benefits are payable for up to 12 months.

Extra Benefits For Rehabilitation

To help you recover quickly, you may also qualify for rehabilitation benefits in addition to your monthly disability benefit if you participate in an accredited occupational rehabilitation program while you are disabled. The program must be approved by The United States Life Insurance Company in the City of New York and designed to help you return to work. However, your participation in such program will not, of itself, be considered as a recovery from your total disability.

Residual Benefits For Part-Time Work

The Plan allows you to make a gradual transition back to full-time employment. Following satisfaction of your waiting period or a period of total disability for which you received benefits, a residual benefit is payable directly to you if you, thereafter, return to work on a part-time basis in your own specialty or any other specialty or occupation. The benefits may continue to be paid as long as you remain residually disabled and your loss of income is 20% or more. The residual benefit is based on a percentage of your original benefit during total disability.

Worldwide Coverage

The Plan protects you 24 hours a day, whether you are at home, at work, or on vacation – anywhere in the world. Plan benefits are payable regardless of whether your disability is caused by accident or illness. (Benefits for both cannot be claimed at the same time.) House or hospital confinement is not required to receive your benefits.

Choice Of Waiting Periods

You may choose a waiting (elimination) period of 2, 3, 6 or 12 months. The period you select will be the period of time from the start of total disability, during which no benefits are payable, to the time you begin to receive disability income. The waiting period can be chosen based on how long you can afford to wait before your savings are exhausted. A longer waiting period lowers your premium. However, the waiting period is only satisfied if you are not working in any occupation.

Portability Of Coverage

Your coverage is your own, and is not related to your current place of employment. Should you leave your employer or change jobs, your coverage will continue without interruption. This is important because many Americans in the workforce today change employment every 3-5 years and you may find yourself changing medical practices, or if you haven't done so already, formed your own. By owning your own individual disability insurance policy, with the benefit of group rate savings, you are prepared for this eventuality.

Waiver Of Premium

Once claim benefits begin, any premium becoming due will be waived. No further premiums will be due as long as you remain disabled.

No-Obligation 30-Day Review Period

Send no money at this time. If you are approved for coverage, you will receive a Certificate of Insurance along with a premium notice. You'll then have 30 days to examine the Certificate in the privacy of your home. If you're not completely satisfied for any reason, any premiums you have paid during that period will be refunded and the Certificate will be considered never issued.

Benefit Period Limitation

If you are disabled due to mental, nervous or emotional disorders before age 69, benefits under this plan are limited to 24 months. At age 69 and 70, benefits are limited to 18 and 12 months, respectively. (If such disability begins before age 63, benefits are payable up to age 65 if you are confined to a hospital at the end of 2 years and such confinement has been continuous for the immediately preceding 12 months.)

Effective Date Of Coverage

Your coverage will become effective on the first of the month following the date your application is approved by The United States Life Insurance Company in the City of New York. Coverage will be in force from the effective date provided you are eligible, actively at work, and premiums are paid when due.

Exclusions

No monthly benefit will be paid for disability due to intentionally self-inflicted injury or attempted suicide, while sane or insane; a declared or undeclared war or an act of war; the use of any narcotic drug or controlled substance which is (a) subject to the Federal or the various state controlled substance acts, unless the prescription shall have been written by an Attending Physician other than you, or (b) required by law to be dispensed by prescription only and used for other than a bonafide medical purpose as it relates to you or for other than the treatment of an existing medical condition. Benefits will not be paid, or accrued, for any period of time while you are incarcerated. Benefits will be paid for either Injury or for Sickness, but not for both, during any concurrent period of disability.

Termination

Coverage under this plan terminates at age 75. As long as you are a physician actively at work, under the age of 75 (not retired), pay your premiums when due, and the group policy remains in force, your coverage can be renewed. Coverage will be terminated upon the suspension or revocation, or voluntary surrender in any state, of the insured's license to practice medicine as a result of a criminal act, ethical violation or gross malpractice.

These Provisions of Coverage are a brief description only and are subject to the terms, conditions, exclusions and limitations of Group Policy G-208,475, Form No. G-19000. Details will be in your Certificate of Insurance. Coverage may vary by state or may not be available in some states.

Frequently Asked Questions About The AMA-sponsored Disability Income Insurance Plan

“Why would I need this coverage if I already have some disability protection?”

It's possible that the protection you have may not be enough. The typical employer-provided disability plan will replace only about 50% to 60% of pre-disability income.* Depending on your personal financial circumstances, that may fall short of what you need to maintain your current lifestyle and meet such commitments as mortgage payments, the cost of a child's education or retirement goals. Ideally, you want to avoid having to use your accumulated savings.

“What is the maximum coverage I can apply for?”

You may be eligible for up to \$12,500 in monthly benefits determined by your income at the time you apply for disability insurance coverage. As an example, a physician age 50 years old earning \$225,000 annually (after business expenses are deducted and before taxes) may be eligible to receive up to \$12,500 in monthly benefits (please see enclosed rate sheet for reference).

“What waiting period (elimination period) should I choose?”

The longer the waiting period you choose, the lower your premium will be. The waiting period is the period of time from the start of a total disability, during which no benefits are payable. The right waiting period for you depends on your financial situation and how long you can afford to be without your income. As an experienced physician you may have accumulated enough savings that you may be able to afford to wait 6 or 12 months before receiving benefits, saving you up to 50% on your semi-annual premiums.

“How long are my benefits payable?”

Total disability benefits are payable for up to 5 years (60 months) once you satisfy your waiting period. Afterwards, if you remain totally disabled, you may be able to continue receiving your full benefit – up to age 65 – if you are unable to work in any gainful job for which you are reasonably fit by training, education or experience. After age 63, your benefit period is reduced depending on your age at disability. Please see the Summary of Benefits for additional benefit period limitations.

* “Long-Term Disability Income Insurance: Financial Protection for You and Your Family”, published by Consumer Federation of America and American Council of Life Insurers, 2008



RETAIN FOR YOUR RECORDS IMPORTANT NOTICE ABOUT THE MEDICAL INFORMATION BUREAU

Information regarding your insurability will be treated as confidential. The United States Life Insurance Company in the City of New York, or its reinsurers may, however, make a brief report thereon to MIB, a not-for-profit membership organization of insurance companies, which operates an information exchange on behalf of its Members. If you apply to another MIB Member company for life or health insurance coverage, or a claim for benefits is submitted to such a company, MIB, upon request, will supply such company with the information in its file.

Upon receipt of a request from you MIB will arrange disclosure of any information it may have in your file. Please contact MIB at 866-692-6901 (TTY 866-346-3642). If you question the accuracy of information in MIB's file, you may contact MIB and seek a correction in accordance with the procedures set forth in the Federal Fair Credit Reporting Act. The address of the MIB's information office is Post Office Box 105, Essex Station, Boston, Massachusetts 02112.

The United States Life Insurance Company in the City of New York, or its reinsurers, may also release information in its file to other insurance companies to whom you may apply for life or health insurance, or to whom a claim for benefits may be submitted.

Underwritten by The United States Life Insurance Company in the City of New York A subsidiary of American International Group, Inc. (AIG)

United States Life has been awarded an A+ rating from A.M. Best. This rating reflects United States Life's superior overall financial strength and operating performance when compared to A.M. Best's standards. The rating is current as of August 4, 2008. For the latest A.M. Best Ratings and A.M. Best's Company Reports, please visit the A.M. Best Website at www.ambest.com.

The underwriting risks, financial and contractual obligations and support functions associated with the products issued by The United States Life Insurance Company in the City of New York are its responsibility. AIG does not underwrite any insurance policy referenced herein. The United States Life Insurance Company in the City of New York is responsible for its own financial condition and contractual obligations.

The AMA-Sponsored Disability Income Insurance Plan

Sponsored by:
American Medical Association
515 North State Street
Chicago, IL 60654

Administered by:
AMA Insurance Agency, Inc.
A Subsidiary of the American Medical Association
515 North State Street
Chicago, IL 60654
(In California, d/b/a/ AMA
of Illinois Insurance Agency)

Underwritten by:
**The United States Life Insurance
Company in the City of New York**
A subsidiary of American International Group, Inc. (AIG)
Administrative Office
3600 Route 66
Neptune, NJ 07754-1580



Step 3

Apply



**Return Your Application By Mail
– And Contact Us With Questions.**

Call toll-free 1-800-458-5736

8:00 a.m. to 5:00 p.m. Central Time,
Monday through Friday.



For Faster Service Apply By Phone.

Call toll-free 1-800-742-9704

9:00 a.m. to 8:00 p.m. Eastern Time,
Monday through Friday.

Celebrating our **20th** year of trust and value