

How the Principal[®] definition of disability works for your firm

Contract highlights for Association of Legal Administrators (ALA) members

As an Association of Legal Administrators VIPSM business partner, Principal includes contract provisions that are a great match for attorneys' needs. One example — the definition of disability for our long-term disability coverage. Let's look at the detailed contract language and what it means for your firm.

Long-term disability (LTD) definition of disability

Actual contract language

A member will be considered disabled if, solely and directly because of sickness, injury, or pregnancy:

During the elimination period and the benefit payment period, one of the following applies:

- a.) The member cannot perform the majority of the **Substantial and Material Duties** of their **Own Occupation**,
- Or
- b.) The member is performing the duties of their own occupation on a **Modified Basis** or any occupation and is unable to earn more than 80% of their indexed pre-disability earnings.

The loss of a professional or occupational license or certification does not in itself constitute a disability.

What it means for your firm

Using the Principal “Or” definition of disability, your firm’s attorneys and staff qualify by meeting either of the criteria.

Take note of the “unable to earn 80%” language. Many contracts require “20% income loss” to start paying disability benefits. The difference can be considerable.

For example, attorneys—whose income is based on billable hours—may not feel the immediate financial impact of a disability because payments may continue after the disability begins. With the “unable to earn 80%” feature, attorneys can qualify for benefits sooner.

In addition to long-term disability tailored to your needs, Principal offers your firm other affordable, flexible options, including group dental, short-term disability, life, vision, critical illness, hospital indemnity, and accident.

Definitions in the contract

Substantial and Material Duties. The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

Own Occupation. For attorneys, the specialty in the practice of law the member is routinely performing for the Policyholder when their disability begins.

Modified Basis. A member will be considered working on a modified basis if they're working on either a part-time basis or performing some but not all of the substantial and material duties of the occupation on a full-time basis.



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