



# The Appraisal and Your Annual Insurance Review

**M**any of our clients ask if a practice appraisal is a valuable tool for their annual insurance policy review. My answer is always yes, absolutely.

Most business owners purchase insurance, pay the premium and then forget about the coverage contained in the policy. The common rationale is: "Why bother to examine something I may never want to use?" I have found that this casual approach to insurance policies can often lead to disappointment.


Recently, one of my clients discovered that he had developed a serious disability, one that would prevent him from continuing to practise dentistry. He was somewhat comforted by the fact that he had purchased what he thought was a good disability policy many years ago. While gathering the data for his appraisal, I inquired as to the amount of monthly income he would receive, assuming his claim was approved. The figure was substantially below his current income level and he was not prepared for this situation. The dentist told me that, according to his agent, there was nothing he could do about it, and so he had resigned himself to undertake the sale of his

practice. Sadly, his long-time agent had not investigated if any other options were available to him.

I suggested he contact a Living Benefits expert in Toronto, Gillian Johnston, who is familiar with the claims process. (Living Benefits experts specialize in disability and long-term care insurance.) She discovered that he did indeed have an option to increase his benefits prior to making a claim. Many policies contain such an option that will increase his lifetime earnings substantially. By exercising the option, our client will receive an additional \$3,000 per month for ten years. He is now retired, on disability, and living quite comfortably.

An insurance policy is a complex document. Many professionals simply take the advice provided and purchase the policy recommended by their agents. Some agents constantly study the various offerings of insurance companies, and update their clients regularly with information on policy changes. Accordingly, it appears that a wise consumer should include a complete review of his or her insurance policy before making a claim, to determine if there are entitlements, such as the option to purchase additional coverage without medical evidence.

Due to the ergonomics of dentistry, occupational disability strikes dentists frequently, often more than many other professionals. Neck, back and arm injuries and strains are not uncommon. If you are physically unable to maintain your practice and feel it may be time to sell, why not examine your insurance policy?

My advice is to take the time now, before you have to make the difficult decision to file a claim. It could save you thousands of dollars! 

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