

"I dedicated years of hard work and long hours building my practice. I don't intend to let it just slip away if I become disabled."



GOOD NEWS FROM YOUR ACADEMY... FOR THE INDEPENDENT PRACTITIONER

YOU CAN HELP PROTECT YOUR INVESTMENT IN YOUR PRACTICE WITH ACADEMY-ENDORSED PRACTICE OVERHEAD INSURANCE

Benefits can pay 100% of your eligible office expenses, up to \$15,000 a month during your covered disability.

- Money for office rent or mortgage interest costs.
- Money to help meet payroll expenses.
- Money for equipment loan payments.
- Money to help pay your malpractice insurance premiums.





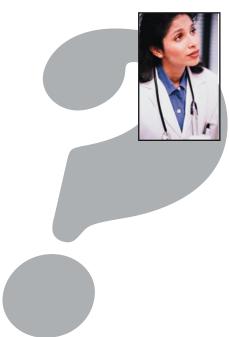
"DO I **REALLY** NEED PRACTICE OVERHEAD INSURANCE?"

That's a decision only you can make. One factor to consider is that, in addition to being a physician, you are also an employer, a provider, a business owner and a profit center. Your ability to generate income with your skills and your practice represents a commitment to yourself, your employees, and your family. Most of all, it represents an investment in your future. If you become totally disabled, you run the risk of not only losing your own income, but of also having to close your practice and lay off your staff.



With AAFP's Practice Overhead Expense Insurance, underwritten by New York Life Insurance Company, you can help assure that, if you are laid up, your practice won't have to shut down.

So, perhaps a more appropriate question might be:



"WHAT WOULD I DO WITH MY PRACTICE IF I BECAME TOTALLY DISABLED?"

Here are the options, as your Academy sees them. Choose the one that makes the most sense to you:

- □ **A. Tough it out...** shouldering the cost yourself of keeping your practice open and hoping you are back on your feet before your savings are depleted. Of course, even if this strategy works, you'll have to refer patients to other physicians until you are capable of practicing again... then work harder than ever to replenish your savings.
- □ **B. Shut down temporarily** with the intention of rebuilding -- possibly from scratch -- when you are well enough to resume working. Of course, what will happen to your staff and patients in the meantime? They may feel abandoned... and rightly so.
- □ **C. Permanently close your practice** and give up your patients and staff. Then, when you are ready to return to work, you can seek employment with an HMO, hospital or large practice, perhaps surrendering all or part of that independence you've worked so hard to achieve over the years.
- □ **D. Keep your practice up and running...** with the help of monthly cash benefits paid to you by your Academy-sponsored Practice Overhead Expense Insurance. This policy allows you to hire a locum tenums physician... so your practice partners don't have to indefinitely pick up your workload, and your patients aren't referred elsewhere. It also helps assure that your regular employees can remain on staff -- with salaries, utilities, rent or mortgage, even malpractice premiums payable from your benefits "/'tgcf {'cpf 'y ck\pi 'hqt' {qwt 'tgwtp#"}"

"IS THE RISK ALL THAT GREAT?"

Yes. Here are the probabilities based on the most recent data available compiled by the leading independent source, The Society of Actuaries, 1985 Commissioners Individual Disability Table A.



THE RISKS ARE TOO GREAT TO IGNORE.

Probability of becoming disabled for 3 months or longer prior to age 65:

AGE 25 30 35 40 45 50

PROBABILITY 58% 54% 50% 45% 40% 33%



This association-group insurance policy is available exclusively to Academy members. It can pay a monthly benefit to help cover your overhead expenses if you become Totally Disabled and are unable to practice your profession. Benefits can be used to help meet payroll costs, utilities, insurance, rent or mortgage interest payments, and more.

HOW IS A DISABILITY DEFINED?

Under this policy, you are considered to be Totally Disabled if you are completely and continuously unable to perform the normal duties of your profession or occupation as a result of a covered accidental bodily injury or sickness that occurs after your coverage begins. Total Disability due to injury must occur within thirty days of the accidental cause.

WHAT EXPENSES ARE COVERED?

The worksheet will help you identify most of your normal and customary (fixed and pro-rated) Eligible Covered Expenses. Typically, they're the same as those accepted by the Internal Revenue Service as tax deductible business expenses.

WHICH OF MY EXPENSES WILL NOT BE COVERED?

The purpose of this insurance is to help you maintain, not expand, your practice when you are Totally Disabled. Therefore, should any of the following expenses be incurred *after* you ceased working due to a Total Disability, the cost would not be covered by the Plan

- salaries for *additional* staff (with the exception of a locum tenums physician hired as a temporary replacement for you)
- purchase of office equipment and/or inventory replenishment of medical & office supplies
- charitable contributions
- salary, fees, income taxes, drawing account or any other remuneration payable to you.

If you lease business equipment, your lease payments are Eligible Covered Expenses.

If you have loans for business equipment, your interest is considered an Eligible Covered Expense; however, principal repayment is limited to the lesser of (a) the monthly amount due for the duration of the outstanding loan, or (b) 20% of your monthly benefit amount.

That portion of your monthly mortgage payment which is used to reduce your loan principal is not an Eligible Covered Expense. However, the interest portion of your monthly mortgage payment is an Eligible Covered Expense.

If you share expenses with other practice associates, your Eligible Covered Expenses are limited to your portion of such expenditures.

When your claim is approved, the amount payable to you will be the lessor of (a) your insured benefit amount or (b) your documentable Eligible Covered Expenses.

WHO CAN APPLY?

AAFP members under age 60, residing in the 50 United States and the District of Columbia, and with a satisfactory health history, are eligible to apply if they:

- are actively engaged in Full-Time Work, and
- have a demonstrable history of one year of business expenses as a solo practitioner or partner in a small-group practice arrangement.

"Full-Time Work" means the active performance of the regular duties of your normal occupation for pay or profit on the basis of at least 30 hours each week at the place such duties are normally performed.

CAN I CHANGE MY MIND AFTER I APPLY?

Yes. If you are not completely satisfied with your new coverage, you can return the Certificate Of Insurance within 30 days, provided you did not submit a claim for benefits under this policy. Your insurance will then be invalidated and your premium will be returned in full. No questions asked.

CAN I ADJUST MY COVERAGE AS MY NEEDS CHANGE?

Yes. In fact, we encourage you to pay particular attention to changes in your overhead expenses, so that you can adjust your coverage to reflect permanent changes. This will help make sure that you are neither underinsured or overinsured.

You may want to increase your benefits to cover increased overhead expenses due to inflation, expanded staffing, purchasing or leasing of new equipment, etc. As long as you meet the eligibility criteria (discussed above) and can provide evidence of insurability, you may apply for additional coverage at any time prior to age 60. Should you be declined for the additional coverage, your existing benefits will not be affected.

You can also reduce your coverage – with commensurate premium savings – should your expenses decline, perhaps because you closed a laboratory, reduced staffing or took on a new partner (which reduced your portion of expenses).

WHAT IS THE MAXIMUM AMOUNT OF INSURANCE AVAILABLE TO ME?

Monthly benefits are available in \$100 increments up to the Plan maximum of \$15,000 (150 units).

If you are under age 55: you can apply for benefit amounts up to 100% of your monthly Eligible Covered Expenses, up to the Plan maximum of \$15,000 a month.

If you are between ages 55 and 59: you can apply for benefits up to 100% of your monthly Eligible Covered Expenses, up to a maximum of \$10,000 a month; and 60% of Eligible Covered Expenses above \$10,000 up to the Plan maximum of \$15,000 a month.

If you have other overhead expense insurance, the AAFP benefit for which you apply, together with all your other overhead expense coverage, cannot exceed 100% of your total monthly Eligible Covered Expenses.

WHEN DO BENEFITS BEGIN?

When you apply for coverage, you select a "waiting period" (the continuous period of time between the onset of a disability

and when benefit payments begin) of 30 or 90 days. Premiums are lower for the longer waiting period.

HOW LONG WILL BENEFITS CONTINUE?

Your benefits are payable for up to 24 months if you are Totally Disabled before age 60, or for up to 12 months if your Total Disability occurs at age 60 or later.

ARE BENEFITS EXTENDED TO SURVIVORS?

Yes. If the insured member dies while benefits are payable, they will be continued for up to three months or until the practice is sold, whichever occurs first.

ARE BENEFITS AFFECTED BY SOCIAL SECURITY?

No. Any Social Security disability benefits you receive will not reduce the benefits payable to you under this policy. Also, under current law, your AAFP Practice Overhead Insurance benefits will not reduce your Social Security benefits.

WHAT IF I HAVE A RECURRING DISABILITY?

If a Total Disability recurs from the same or related causes, it will be considered as a separate disability if you have returned to Full-Time Work for at least three consecutive months. If this occurs, the waiting period and benefit period will begin again, without any loss of benefits from the previous disability.

WHEN DOES MY COVERAGE END?

Once approved, you can continue your coverage to age 70, as long as you pay all premium contributions when due, you remain at Full-Time Work, you do not enter active full-time duty in the Armed Forces and the association-group policy is not terminated by New York Life Insurance Company or the AAFP. Of course, you can cancel your coverage at any time and receive a full refund for any unused portion of your premium contribution.

WHAT DOES COVERAGE COST?

This group policy features competitive premium rates. Your initial premium contribution will depend on your age, monthly benefit amount and the waiting period you select. Based on your age, your premium will increase periodically (at ages 35, 45, 55, 60 and 65). If you increase or decrease your benefit amount or change your waiting period, your premium contribution will be adjusted accordingly. (For specific rate information, see the rate chart on the enclosed application folder.)

ARE PREMIUMS TAX-DEDUCTIBLE?

Under current law, the IRS considers the cost of practice overhead expense insurance to be a tax-deductible business expense.

ARE BENEFITS TAXABLE?

In most cases, under current law, since benefits are used to pay bona fide business expenses, benefits are generally not taxable. Talk to your accountant for specific information regarding your situation.

ARE THERE EXCLUSIONS?

This insurance policy does not provide benefits for disabilities due or related to routine pregnancy (Note: Complications of pregnancy are covered); military service; or declared or undeclared war or any act thereof. This policy does not provide benefits for any disability that occurs during or is due or related to intentionally self-inflicted injury while sane or insane; or operating, riding in or descending from any aircraft except when traveling as a passenger, licensed pilot or crew member on a licensed aircraft piloted by a licensed pilot. Also, to be considered disabled, the disability must occur while you are insured under the policy and you must be under the regular care of a licensed physician (other than yourself or immediate family/ household member) during the period of disability. (For Missouri **Residents Only:** The exclusion for intentionally self-inflicted injury is not applicable to injuries caused by an attempted suicide while insane.)

"HOW MUCH COVERAGE DO I NEED?" Use this worksheet to help identify your monthly Eligible Practice Overhead Expenses

Use this worksheet to help identify your monthly Eligible Practice Overhead Expenses and determine the appropriate insurance benefit for which to apply.

FIXED monthly EXPENSES* Bills due and payable each month.	PRO-RATED EXPENSES* Pro-rated Expenses are those incurred once or twice a year.	
OFFICE SPACE \$ Rent Mortgage Interest	\$ DEPRECIATION on office furniture & equipment	
UTILITIES & SERVICES Gas & Electric Water Telephone Answering Service Janitorial Laundry Accounting/Bookkeeping Postage & Stationery Miscellaneous	PROPERTY TAXES INSURANCE PREMIUMS Malpractice Property & Casualty Workers Compensation PROFESSIONAL Licenses Subscriptions Membership Dues Accountant Fees	
BUSINESS EQUIPMENT Interest or Lease Payments Principal Payment	MISCELLANEOUS	
(cannot exceed 20% of your total benefit) Equipment Maintenance	\$ SUB-TOTAL (To calculate your monthly pro-rated expense, divide the total <i>annual</i> expense by 12 and enter below.)	
EMPLOYEE SALARIES Include: payroll taxes & contributions for employee benefits. Exclude: your personal income/salary.**		
(1) \$ TOTAL monthly FIXED EXPENSES	(2) \$ TOTAL monthly PRO-RATED EXPENSES	

\$ GRAND TOTAL	[total of (1) and (2) above
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On your Practice Overhead Application form, indicate the amount of *monthly* practice expenses which you wish to insure in Line A, "Practice Overhead Expense Calculator."

^{*} Benefits will be paid for Eligible Covered Expenses as described in the Certificate Of Insurance.

^{**}If you wish to cover your personal income, please apply for coverage under the AAFP Disability Income Insurance Policy.

HOW DO I APPLY?

Use the worksheet in this brochure to calculate the amount of coverage you need. Then fill out the enclosed application form and return it to AAFP Insurance Services. Send no money now! If your coverage is approved, you will be billed when your Certificate Of Insurance is issued. Your effective date of coverage will be the first day of the month following approval by New York Life, provided: (a) your intial premium is received within 31 days after you are billed; and (b) you are at Full-Time Work on the effective date. Any person not at Full-Time Work as required will not become insured until the day he/she is at Full-Time Work, provided such day is within three months of the date insurance would have been effective and the person is still eligible

NOTE: No salesperson will call you.

All information provided for underwriting purposes remains strictly confidential. (See the Important Notice in the application folder for details.)

WHO PROVIDES THIS COVERAGE?

them to achieve their financial goals.

This policy is sponsored and endorsed by the American Academy of Family Physicians. It is underwritten by New York Life Insurance Company. Founded in 1845, today New York Life and its affiliates are among the leaders in the financial services industry. For seven generations over the last 165+ years, New York Life has touched the lives of millions of policyholders and helped

New York Life has received the highest ratings from the leading independent rating services*: A.M. Best (A++), Fitch Ratings (AAA), Moody's Investors Service (Aaa), and Standard & Poor's (AAA) for financial strength.

*source: Individual Third Party Rating Reports (as of 6/16/09)

WHO CAN I CALL IF I HAVE QUESTIONS OR A CLAIM?



AAFP Insurance Services, Inc. AAFP World Headquarters, Suite 430 11400 Tomahawk Creek Parkway Leawood, KS 66211-2672

Toll-free phone: 800-325-8166 800-223-7463 Toll-free fax:

E-mail: insurance@aafp.org www.aafpins.com Website:

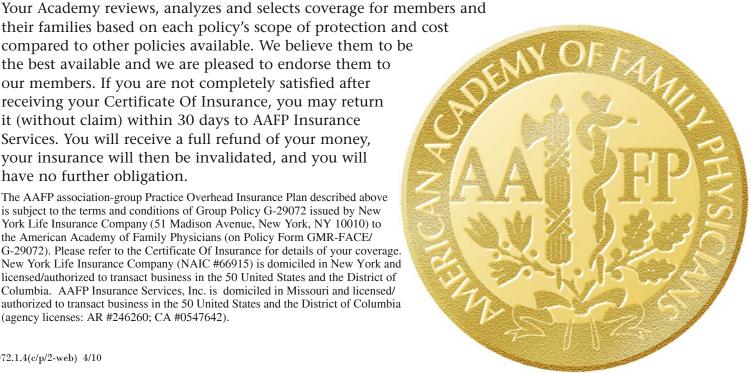
Since 1951

As plan administrator and your advocate to the insurance industry, AAFP Insurance Services, Inc. has been providing personal, professional service to family physicians and their families since 1951.

A POLICY SPONSORED AND ENDORSED BY THE AMERICAN ACADEMY OF FAMILY PHYSICIANS

their families based on each policy's scope of protection and cost compared to other policies available. We believe them to be the best available and we are pleased to endorse them to our members. If you are not completely satisfied after receiving your Certificate Of Insurance, you may return it (without claim) within 30 days to AAFP Insurance Services. You will receive a full refund of your money, your insurance will then be invalidated, and you will have no further obligation.

The AAFP association-group Practice Overhead Insurance Plan described above is subject to the terms and conditions of Group Policy G-29072 issued by New York Life Insurance Company (51 Madison Avenue, New York, NY 10010) to the American Academy of Family Physicians (on Policy Form GMR-FACE/ G-29072). Please refer to the Certificate Of Insurance for details of your coverage. New York Life Insurance Company (NAIC #66915) is domiciled in New York and licensed/authorized to transact business in the 50 United States and the District of Columbia. AAFP Insurance Services, Inc. is domiciled in Missouri and licensed/ authorized to transact business in the 50 United States and the District of Columbia (agency licenses: AR #246260; CA #0547642).



AAFP Practice Overhead Expense Plan CURRENT 2010 SEMI-ANNUAL PREMIUM CONTRIBUTIONS

(Per \$100 of Monthly Benefits)

	PLAN I	PLAN II
Member's Age	30-Day Waiting Period	90-Day Waiting Period
	,	,
Under 35	\$ 1.50	\$ 0.90
35-44	2.60	1.80
45-54	5.30	4.00
55-59	8.90	7.20
60-64	12.10	8.40
65-69*	16.70	12.50
*Renewal only		

The initial cost is based upon your age when insurance becomes effective and increases as you grow older and enter a higher age bracket.

Select one of the waiting periods across the top, then find the row corresponding to your age group to determine your premium. Then multiply this amount by the number of \$100 units selected.

Example:

A 37 year-old who selected a 90-day waiting period and a \$12,000 monthly benefit amount would have a semi-annual premium contribution of \$216. [Calculation: $120 \times 1.80]

The premium contributions shown reflect the current rate and benefit structure. Premium contributions may be changed by New York Life Insurance Company on any premium due date and any date on which benefits are changed. However, your rates may change only if changed for all others in the same class of insureds under this association-group insurance policy. For example, a class of insureds is a group of people with all the same issue age and waiting period. Benefit amounts are not guaranteed and are subject to change by agreement between New York Life Insurance Company and the AAFP. The AAFP association-group Practice Overhead Insurance Plan is underwritten by New York Life Insurance Company (NAIC #66915), 51 Madison Avenue, New York, NY 10010, under Group Policy No. G-29072, on Policy Form GMR-FACE/G-29072.

Practice Overhead Insurance

is a cost effective way to help keep your office up & running should you become Totally Disabled.

Apply today.