

What is disability insurance?

Disability insurance (DI) may be purchased by you from an insurance company, through your professional association, or as a part of your group benefits offered through your employer. DI is a type of insurance which may entitle you to receive a certain level of income replacement if you are unable to work because of an illness or injury. DI can be short-term or long-term and, in some cases, you may have both types of coverage. One of the differences between short-term and long-term coverage is that payments for short-term disability benefits are made almost immediately after you stop working because of a disability; while long-term disability benefits have a longer waiting period before the payment of benefits starts.

For more information about group benefits, refer to [**A guide to supplementary health insurance**](#)

For specific information about disability insurance, refer to [**A guide to disability insurance**](#)

If you suspect someone of committing disability benefits fraud or abusing their benefits plan, report it at [**clhia.ca/antifraud**](http://clhia.ca/antifraud)

What is disability benefits fraud?

Disability benefits fraud generally occurs when you **intentionally** misrepresent your situation by concealing information or providing false or misleading information for the purposes of financial gain.

The following are some examples of plan member disability fraud and other situations where there may be **direct intentional** misrepresentation or concealment of a material fact, medical, financial, and/or functional condition for financial gain.

As a plan member (employee):

- Giving your insurer a false medical form that does not come from your healthcare provider.
- Filling out the medical portions of your forms on behalf of your healthcare provider.
- Asking your healthcare provider to give false information on your functional abilities.
- Not declaring you are working somewhere else while you are collecting disability benefits.
- Not reporting income from self-employment or other employment while you are receiving benefits.
- Not reporting financial benefits from other sources (e.g. other insurers, auto benefits, or government plans).
- Misrepresenting your functionality, or the amount of work you can do to your healthcare provider, employer, and/or insurance company.



What are the potential implications of committing disability fraud?

- Your claim for disability benefits may be denied.
- Your claim for disability benefits may be closed.
- The insurance company may require you to pay back monies which you were not entitled to receive.
- You may be disciplined by your employer which **may result in loss of your employment***.
- The insurance company could report you to law enforcement and/or proceed with a civil action.
- You could compromise your healthcare providers' reputation, income, or professional status.
- Your employer may need to increase the amount you and your co-workers pay to receive benefits or reduce the benefits they provide*.

* *This may not be applicable to individual policies or those offered through your professional association.*

Plan member disability fraud case study:

The example below was created for illustrative purposes only. It is not an actual case and is not meant to reflect all the actual steps taken in the adjudication or investigation of a disability claim.

John Doe works for Acme Warehouse and Logistics as a general labourer. John bought a house that needed a lot of renovations. He considers himself to be a handyman, so he decided to do the work himself.

While working on the house, John slipped and injured his left foot which requires surgery and rehabilitation. This was certainly not in his plans. On the bright side, John has a benefits plan through his employer which includes disability benefits. John takes all the proper steps to qualify for disability benefits and begins collecting his income replacement.

John has hired an outside contractor to move forward with the renovation project which is costing more than he bargained for ... what to do? To make more money to pay for the contractor, John decided to get a job with Uber to top up the money he gets from his disability benefits.

Everything was working well for John financially until his insurance company received a tip that he was working while on disability benefits. Following up on the tip, the insurance company launched an investigation. They attempted on numerous occasions to reach John by phone to discuss his ability to work. Failing to reach John, they turned to surveillance. Surveillance confirmed the tip and the insurer's suspicions that John was working while receiving disability benefits. When the insurance company finally reached John, they informed him they had evidence he was able to work and suggested that perhaps he could return to work on modified duties and proposed the role of lift truck operator. John continued to maintain he was unable to work, not even as an operator.

Based on these discussions the insurer closed the claim and informed John they would no longer be paying disability benefits. At the same time, the insurer notified John's employer they had closed the claim since John no longer met the eligibility requirements. The employer also contacted John about an alternative role within the company but when he declined, the employer determined that John was no longer an eligible employee and terminated his employment.

Those household renovation bills just got even more expensive for John!