

## **Disability Insurance Is a Must for Physicians**

Physicians, more than almost any other occupational group, fully understand how a simple slip or fall can cause serious injury. They know, too, that even otherwise seemingly healthy people may be stricken by illness and disease. Physicians should also recognize that they are no more immune to accidents or illness than the general population.

The reality is that an accident or illness could prevent you from practicing and making a living. Are you confident that you could pay all your bills if you become disabled and are unable to work? And for how long? The only real protection against such a catastrophic possibility is carrying some combination of short- and long-term disability insurance. Disability insurance can make up for part -- or, perhaps, most -- of the loss of your income. A private long-term disability policy will generally cover 60% of your salary.

### Your Choices

Typically, you can buy a disability policy through a group plan or you can buy a personal or individual policy. Group insurance may initially offer lower premiums. However, since group premiums are usually based on the claims experience of the entire group, an increase in the number of claims could cause premiums to increase. Individual policies generally offer a wider range of coverage options and, by definition, are individualized to your situation. Customizing a policy to fit your preferences could help keep overall costs down. There are numerous variables at play when selecting a disability policy.

Here are some factors to consider when looking into different disability policies.

### Definition of Disability

Before buying a policy, check the definition of "disability." How the policy defines "disability" is a key factor in determining to what extent -- if at all -- you'll be entitled to collect benefits under the policy's terms. Determine whether you need or want an "own occupation" policy. If you are unable to work at your own occupation (eye surgeon, for example) but are capable of doing other work, some policies will pay you only a small sum -- or no benefits at all. Other policies provide benefits based on the fact that you cannot work at your own occupation, even if you can do other work, including work in medicine.

### Presumptive Disability

Certain policies pay benefits if you are able to work but still have a loss of certain functions, such as speech, hearing, sight, or the use of limbs.

### Amount and Length of Coverage

With privately purchased disability insurance, you choose the amount of coverage you need and other options, such as the waiting period before coverage is activated and how long benefits will be paid. The cost of the policy will depend on the options that you select and other factors.

#### Residual Benefits

These are benefits offered by certain policies that can help make up the difference in your income if you are able to work but are restricted or limited in your duties because of your disability.

#### Inflation Protection

Look for a policy with built-in inflation protection. This ensures that future disability payments will increase at a set rate and, hopefully, keep up with any rise in the cost of living.

#### Renewability

Renewability is another important consideration: Try to find a noncancellable, guaranteed renewable policy since that type provides the most protection.

#### Waiver of Premium

Many policies have a "waiver of premium" provision so that you don't have to pay premiums if you are disabled for 90 days or more.

#### Disability Buyout Insurance for Partnership Practices

Partnership practices should consider purchasing disability buyout (DBO) insurance. Were a partner to suffer from a long-term disability, a DBO policy would provide the necessary funding for the other partners to buy out the disabled physician's interest in the practice. It's recommended that a buy-sell agreement be in place before your practice purchases DBO insurance.

Look for a policy with built-in inflation protection.