

Disability Income Insurance

This information is meant to be a general introduction to this topic. The purpose is to provide a starting point for you to become more informed about important matters that may be affecting your life as a survivor and to provide ideas about steps you can take to learn more. This information is not intended nor should it be interpreted as providing professional legal and financial advice. You should consult a trained professional for more information.

Disability income insurance provides a monthly income if you become unable to work because of illness or injury. You may be aware that income from work could disappear if it becomes impossible to work for a long period of time -- or even permanently. Yet, a time may come when you and your doctor(s) believe that not working is what is medically necessary. Taking steps now to protect yourself with disability income insurance will help you face the future with greater financial confidence.

If you are feeling healthy, you may not see the importance of exploring disability income insurance at this point. Yet, planning for the possibility of disability is a good idea for everyone, because even if you are not able to work, you still have to pay your monthly bills. Savings can quickly disappear under these circumstances. Disability income insurance coverage ensures that you and your family will be taken care of if there is an interruption in your ability to work.

This document provides basic information about disability income insurance including:

- Disability income insurance coverage options
- Definitions of disability used to define policy benefits
- Selecting policy renewal terms
- Pre-existing medical conditions
- Group, individual and government-sponsored disability income benefits
- Short-term and long-term disability income insurance
- Applying for disability income insurance
- Disability income insurance for self-employed or small business owners

Disability Income Insurance Policy Coverage Options

The term "disability" is defined differently for medical leave policies by various employers, state leave laws, private disability insurance policies, and government-sponsored programs, such as Social Security benefits. Read each of your policies and any government benefit program summaries carefully before applying for benefits. Understanding programs and insurance policy terms and definitions will help you present your case for benefits in the best way.

There are many kinds of disability income insurance policies. Understanding the following four coverage areas will help you identify the policy that best meets your needs:

1. Amount of monthly benefit

Most policies have a fixed monthly disability income benefit that will not increase with time. However, you can purchase extra coverage that provides higher benefit payments.

A rider is an addition (amendment) to the insurance policy that either expands or decreases the benefits originally provided by the policy under certain conditions. A rider that allows for benefit payments if you could only work part-time is often considered to be one of the most important for a disability income insurance policy. Another important rider is an "additional purchase option" that would guarantee you the right to buy more disability insurance in the future regardless of your health condition.

2. Policy definition of disability

Each disability income insurance policy has its own definition of "total disability," or what qualifies you to collect income replacement benefits. This definition is one of the first things to think about when you are reviewing disability income insurance policies. You need to know how disability is defined by the policy you select and be certain that you will have income replacement benefits if they are ever needed.

The categories typically used to define disability income insurance policy benefits are:

a) "**Own occupation**" defines disability as the inability to perform the duties of the job for which a worker was trained. This disability insurance pays you an income if your health condition prevents you from performing your current occupation even if you could work at another job. This type of policy is typically much more expensive and is usually sold to individuals and not to groups.

Keep in mind that if your "own occupation" policy includes a phrase such as "so long as you are not engaged in any other occupation," the insurer will reduce your disability benefits or even end the claim if you return to work, even if your work is in an entirely different occupation.

b) "**Any occupation**" defines disability as the inability to do any type of work. You may not receive the disability income if you can perform another type of work. It is usually easier to qualify for an "own occupation" policy than it is "any occupation" coverage.

c) "**Split definition**" policies are also available. These use an "own occupation" definition for the first 12 to 24 months of disability and then shift to an "any occupation" definition for the remainder of the policy benefits time period.

d) **Partial or residual benefits** may be paid in some policies when the disability allows the insured to perform only a part of his or her duties. Benefits may also be paid in the event the disability reduces the income by a certain amount (for example, 20 percent or more) from the level of income before the disability.

3. Waiting period

The waiting period or elimination period is the length of time you must be considered disabled, as defined by your policy, before your benefits will begin. This time period can range from one week to two years, and the longer the wait, the lower the cost of the disability policy.

4. Benefit period

The benefit period is the length of time you will receive benefits once the policy starts paying benefits. This period can be from six months all the way to the end of life, and depends on what you choose as well as what the insurer is willing to offer.

Selecting Disability Insurance Policy Renewal Terms

When buying your own disability income insurance coverage, it is important that you understand whether the policy is:

Noncancelable: Provides the right to renew policies each year by timely payment of the required premium, typically to age 65. Following a medical exam and the issuing of your disability income insurance policy, the insurance company cannot cancel the coverage or raise your premium. The policy is renewable on exactly the same terms every year.

Guaranteed Renewable: Provides protection because the insurer is not permitted to cancel the policy or unilaterally amend the policy during the period that the policy is guaranteed renewable. The policy cannot be canceled as long as the premium is paid on time. However, the insurance company can raise premiums as long as it does not single an individual out, but raises premiums for a whole class of policy holders. For example, an insurer can make a change for all those living in a state or for all of those working in a specified occupation. Policy provisions must be changed with prior written notification to policyholders.

Most of the time, disability policies are either guaranteed renewable only, or noncancelable and guaranteed renewable. With a noncancelable and guaranteed renewable policy, the insurance company cannot change any policy provisions and cannot increase premiums as long as the premiums are paid in a timely manner and all underwriting information was truthful and accurate.

If there is a significant change in job status, a guaranteed renewable only policy would not work well. For example, if the policy owner worked at a desk job when first purchasing the policy, but then changed occupations and started working in a more risky job, the insurance company could change the premiums. However, with a noncancelable

and guaranteed renewable contract, the insurance company could not change the premiums, so this is considered a better option than a guaranteed renewable contract. Avoid "conditionally renewable" policies because the insurer can alter benefits and rates anytime.

When selecting a disability income insurance policy, be sure to consider what is best for you in terms of each of the following factors:

- What the policy will or will not cover
- Industry rating of the insurance company
- Reputation of the insurer for fairness in payment of claims
- Disability income insurance benefits
- Policy costs and exclusions
- Waiting periods for coverage
- Process for filing a claim
- Process for filing an appeal should a benefit claim be denied

Disability insurance provides income replacement coverage ("lost income") usually equal to a percentage of your base salary. It usually does not cover other types of income such as commissions, bonuses or retirement fund contributions. If the premiums on the disability insurance policy have been paid and your disability meets the definitions in the policy, you should receive regular income payments regardless of the amount of other income or assets.

Pre-existing Medical Conditions

Although definitions do vary, a pre-existing condition is a mental or physical condition that exists prior to the effective date of insurance coverage. Most plans exclude or reduce disability benefits for any illness or injury for which an individual received medical treatment or consultation within the time specified in the policy before they will be covered under the plan. This exclusion is often defined as any medical condition for which medical care was received three to six months prior to the effective coverage date.

More specifically, the pre-existing condition exclusion usually applies to:

1. Any condition for which you have consulted a doctor or other licensed medical professional
2. Any condition for which you received medical treatment, services or advice
3. Any condition for which you have undergone diagnostic procedures
4. Any condition for which you have taken prescribed drugs or medications during the pre-existing condition time period

Cancer survivors need dependable insurance coverage. As a survivor, you may find it difficult to obtain new coverage if your existing policy lapses. If you are self-employed or are seeking private coverage, you may face high premiums, pre-existing condition exclusions and extended waiting periods for benefits to start. The ability of individuals

with pre-existing medical conditions to be insured may vary because of differences in state laws.

Some states have laws specifically related to insurance and cancer. For example, there may be a limit on the length of time a person can be denied life or disability insurance based on a diagnosis of cancer. A doctor will likely need to certify that the cancer has not recurred in the applicant before the policy is approved.

Types of Disability Income Insurance

Three types of disability income insurance plans are available:

- Group disability income insurance
- Individual disability income insurance
- Government-sponsored disability programs

Short-term disability (STD) and long-term disability (LTD) income insurance policies can be purchased individually or obtained through a group such as an employer, association or union.

Short-term policies will usually pay a weekly benefit for up to two years. Depending on the specific terms of the policy, a long-term disability income policy may pay you for two years, five years, up to the ages of 65 or 67, or for the rest of your life. Some states have mandated short-term disability insurance programs that were designed to fill the gap from the time a person can no longer work until Social Security disability or LTD benefits start.

When you begin to evaluate your insurance needs, start by finding out if your employer, or another association or professional organization to which you belong, offers group disability income insurance. Group coverage is typically much less expensive than individual disability policies. In addition, an employer may pay part or even all of the disability insurance premium.

The cost of group coverage is based on the average age of everyone in the group. Typically, young people have less expensive rates and an older group would have more expensive rates.

An overview of group disability income insurance policies follows:

Group Disability Income Insurance Policies

Availability	Group disability income policies are sold only to people who are members of a certain organization that has contracted with the insurance company for benefit coverage of its members. Group policies may be offered by employers, unions, professional associations or other organizations.
Requirements for Coverage	The initial enrollment period is the time to enroll for group coverage. During this time your medical history is not subject to medical underwriting (a physical and review of your medical history), but pre-existing condition exclusions in the policy may limit or delay the use of coverage, typically 6 to 12 months.
How to Obtain Coverage	Organizations that offer group policies include employers, unions, professional associations, or any other group that offers insurance coverage as a benefit. The initial enrollment period is when you first start work or when a new plan starts up. This is the best time to sign up for disability insurance if you have a pre-existing condition because, during that time, you are not subject to medical underwriting.
Short-term Disability Policies	<p>Group STD policies are used when an employee needs to be away from work for a short period of time, usually up to one year. Coverage usually begins after the individual has been out of work for a time period specified by the policy. The benefits are less than 100 percent because insurance companies want to encourage workers to return to work as soon as possible.</p> <p>Employers may provide short-term disability benefits through salary-continuation plans, also known as sick leave. Salary continuation plans provide covered employees with their full salary when the disability begins, typically for a period of several weeks depending on the employee's length of service.</p> <p>Sick leave pay may affect your other disability benefits if it becomes necessary to move from sick leave to short-term disability coverage. Check your policy so that you know how taking sick leave would impact your short-term disability insurance coverage. Find out if the waiting period for disability benefits is dependent on how long you have been out of work due to that disability or if it includes the time taken for sick leave.</p>

<p>Long-term Disability Policies</p>	<p>Group LTD policies usually do not require a medical exam to prove insurability, but you must work for the employer for a specified period of time prior to becoming eligible for benefits. Professional or association-related LTD policies require that you meet their plan requirements to be eligible for coverage.</p>
<p>Considerations</p>	<p>In some cases, pre-existing conditions may limit or delay the use of your insurance coverage, typically from 12 to 24 months depending on the plan and state law. If the employer pays the premium, the income is taxable. If you pay the premium with after-tax dollars, the benefits are not taxable.</p> <p>Typically, all members of the group qualify for disability income insurance regardless of their health conditions.</p> <p>Some employers and insurance companies require a waiting period after you become employed before coverage starts. Others allow the income benefit coverage to go into effect as soon as you begin the job.</p> <p>In addition to the waiting period before the income coverage begins, there may be another waiting period between the start of a disability and the first payment of income.</p> <p>A group disability income insurance policy may not be "portable." In other words, you are likely to lose your insurance policy if you change jobs or leave the group that offered the insurance plan.</p> <p>Group policies will often deduct any amount you receive monthly from either SSD or other disability income benefits coverage.</p>

Even if you have disability income insurance coverage through a group, you may find that also having an individual disability policy is important. An individual (private) disability income insurance policy is one that you can purchase for yourself. Consider checking into an individual policy if your group policy: 1) does not pay at least 60 percent of your income, 2) does not pay benefits to age 65, or 3) has a waiting period longer than your savings can last.

Although an individual disability policy is usually expensive, it is worth the price if you need the coverage. If a disability prevents you from working in your job, this coverage is designed to replace a percentage of your total gross (before tax) income on a tax-free basis.

Individual disability income insurance can be very difficult to get and every policy is different. The monthly benefit payment amount, the price of the policy and the length of the benefit period all depend upon the hazards of your occupation, your physical condition and your mental health.

An overview of individual disability income insurance policies follows:

Individual (Private) Disability Income Insurance Policies

Availability	<p>Individual disability income insurance policies can be purchased directly from an insurance broker after the insurer does a review of the individual's medical history and completes the medical underwriting process.</p> <p>Individual disability policies are usually only available if you have not had any medical treatment during the past ten years for a potentially disabling medical condition.</p>
Requirements for Coverage	<p>These policies are sold only to a person who meets the insurance company's application requirements. Benefits are tax free if you pay the premiums with after-tax dollars. This means that your premium was not paid as a pre-tax deduction from your paycheck.</p> <p>How healthy you are now and have been in the past is the most important factor used to determine your eligibility. You will be asked to undergo a medical examination. Application questions include current and past health conditions. Full disclosure of your health history is mandatory and providing inaccurate or incomplete answers could be grounds for policy cancellation at a later date. The insurance company may charge you an extra premium for coverage or issue a restricted policy due to your health history.</p>
How to Obtain Coverage	<p>The only way to find out if you can purchase an individual disability income insurance policy given your health history is to contact the companies that offer disability income insurance in your state.</p> <p>There are options for purchasing an "illness coverage" policy that will ensure that disability due to any cause, including illness is covered. An "injury coverage" policy applies only if the disability is due to an injury.</p>

Short-term Disability Policies	<p>Individual STD policies provide income replacement to individuals who experience wage loss due to a disability. They are available on a limited basis and may be difficult to obtain. If you do not have much savings or other income to rely on if you become disabled, an individual STD policy may be a good option although they are likely to be hard to find and relatively expensive. Individual coverage may be purchased directly from an insurance broker.</p> <p>Sick leave pay may affect your disability benefits if it becomes necessary to move from sick leave to short-term disability coverage. For example, the waiting period for disability benefits is often dependent on how long you have been out of work due to that disability, not including the time taken for sick leave. Check your policy so that you know how taking sick leave would impact your short-term disability insurance coverage.</p>
Long-term Disability Policies	<p>Individual LTD coverage usually begins after the STD coverage period ends. It covers a percentage of the salary in case an employee is out of work for an extended period of time due to illness or disability.</p> <p>Many LTD policies require that you also apply for government-sponsored Social Security disability benefits. If you are approved for government benefits, the amount of monthly income you receive from the Social Security disability benefits may be deducted from your monthly long-term disability benefit.</p> <p>Employers often offer group long-term disability policies that will replace between 45 to 60 percent of your monthly gross income. You can then purchase individual disability insurance as a supplement to the group long-term disability insurance to increase coverage for another 20 to 30 percent of your monthly gross income. In this case, the income from the employer's group long-term disability policy would be taxable income for the individual and the income from the individual's supplemental policy would be tax-free.</p>

Considerations	<p>You can contact an insurance broker to get quotes on disability insurance policies without revealing any personal information about yourself. Ask the broker to contact different insurance companies with an anonymous description of your medical history, including information about the treatments you have had and your current health status.</p> <p>Most companies will tell you up front if they would be willing to sell you a policy and whether they would charge an increased premium. This initial information is not binding, but it will give you an idea whether it is worthwhile to go through the application process.</p> <p>You can also complete an application and submit it directly to the insurance company. Applications for disability income insurance policies ask questions about your health and it is important to answer the questions truthfully. Errors or untruthful responses on an application give the insurer the right to cancel coverage or deny a claim within a specified period of time, usually two years. This means that a policy may initially be granted, but a claim later refused if the application is found to be in error.</p>
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Before purchasing individual disability income insurance coverage, carefully review policies offered by several insurers to make an educated decision about which policy best meets your needs. An independent insurance broker can be helpful in terms of finding the best policy for you because they do not represent any one insurer. Individual coverage is likely to be much more expensive than most group policies.

Government-sponsored programs provide both retirement income and disability income benefits through the Social Security Administration (SSA). Keep in mind that there is stricter definition of disability to qualify to receive benefits through these programs than that which is required to receive group and individual disability policy benefits.

The Social Security Disability Income (SSDI) and Supplemental Security Income (SSI) disability programs are the largest of the federal programs that provide assistance to people with disabilities. While these two programs are different in many ways, both are administered by the SSA and only individuals who have a disability and meet specific medical criteria qualify for benefits.

- **Social Security Disability Insurance** pays benefits to you and certain members of your family if you are "insured," meaning that you have worked for a certain number of years and paid Social Security taxes.
- **Supplemental Security Income** pays benefits based on financial need.

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It is important that you apply for benefits immediately upon onset of serious illness as the application process takes an average of 65 days and SSDI benefits are not paid to eligible beneficiaries until five months after the date of disability determination.

When you apply for either program, medical and other information are collected from you and a decision is made about whether or not you meet the SSA definition of disability. The definition of disability under Social Security is different than other programs. Social Security pays only for total disability and no benefits are payable for partial disability or for short-term disability that is expected to last fewer than 12 consecutive months.

Disability under Social Security is based on your inability to work. You are considered disabled under Social Security rules only if you cannot do work that you did before and it is determined that you cannot adjust to other work because of your medical condition(s). Your disability must also last or be expected to last for at least one year or to result in death.

This is a strict definition of disability. Social Security program rules assume that working families have access to other resources to provide support during periods of short-term disabilities, including workers' compensation, insurance, savings and investments.

An overview of the two government-sponsored disability programs follows:

Government-Sponsored Disability Programs

Availability	<p>The SSA pays disability benefits to people who cannot work because they have a medical condition that is expected to last at least one year or result in death. Certain family members of disabled workers can also be eligible for benefits through the SSA.</p>
Requirements for Coverage	<p>The SSA provides very detailed information about eligibility for their disability programs as well as a description of the application and determination processes.</p> <p>The approval of SSI and SSDI government-sponsored benefits are based on facts and conditions, such as:</p> <ul style="list-style-type: none">• your work history• how much you earn• what you own• how disabled you are• how well your doctor understands and documents the information about your medical condition• the benefits provided by your employer• the benefits you have purchased on your own <p>You will need an "evidence of disability" statement from a doctor when you are applying for disability benefits whether from a private insurance company, SSA or another governmental agency. You may also be required to submit to a second medical exam by an independent doctor appointed by the insurer. Carefully consider your doctor's opinion about this matter. It could become necessary to get a second opinion.</p>
How to Obtain Coverage	<p>Most Social Security disability claims are initially processed through a network of local SSA field offices and state agencies, usually called Disability Determination Services (DDS).</p> <p>SSA representatives in the field offices usually obtain applications for disability benefits in person, by telephone, by mail, or online. The application and related forms ask for a description of the impairment(s), names of the licensed doctors who have provided treatment, and other information that relates to the disability claim.</p> <p>The field office is responsible for verifying additional non-medical eligibility requirements that may include age, employment, marital status, or Social Security disability coverage information. The field</p>

	office then sends the case to a DDS for evaluation of disability.
Considerations	<p>The SSA provides information about government-sponsored disability benefits, such as a guide for doctors about medical evidence requirements and listings of impairments that are considered severe enough to prevent a person from working. There are separate adult and childhood listings.</p> <p>The majority of applicants are not approved for Social Security disability benefits on their first application. If an application for benefits is denied, appeals may be made and are decided by the DDS or by an administrative law judge in the SSA Office of Hearings and Appeals.</p> <p>Because it is common for applicants to have to go through the process of appeals, there may be a need for further medical documentation before you are found eligible to receive benefits. Many applicants use the services of an attorney to help them with the appeals process.</p> <p>Usually, the DDS first tries to obtain evidence from the applicant's own doctor(s). If the medical evidence is unavailable or insufficient to make a determination, the DDS will arrange for a consultative examination (CE) with another doctor to obtain the additional information needed.</p> <p>After completing its review of the evidence of disability, the DDS makes the initial determination of whether the applicant is disabled or not disabled and returns the case to the field office for appropriate action.</p> <p>If the DDS finds the applicant is disabled, the SSA completes any outstanding non-disability development, computes the benefit amount, and notifies the applicant as to when payments will begin and in what amount they will be paid.</p> <p>If the DDS finds the applicant is not disabled, the file is kept in the field office in case the claimant decides to appeal the determination. It is important to adhere to the appeals timeline outlined in the initial denial.</p>

Choosing a Disability Income Insurance Policy

To choose a disability income insurance policy, start by identifying whether there would be income replacement needs during a period when you are unable to work. Ask yourself how much income would be available from other sources, such as savings, investment income or retirement income if you became disabled and unable to continue working.

Consider the following questions about such a situation:

- How much income coverage would you need?
- How soon might the income coverage be needed?
- How long would you likely need the income coverage?

After you have defined your needs, begin your search for the disability income insurance coverage that has the benefits and features you want. Remember to also review your current insurance policies to determine how to keep that coverage should illness and subsequent disability occur.

When you are **reviewing your disability income insurance coverage**, start by checking into policies that may be available to you:

1. If you are working, or if you belong to a group that offers insurance benefits to its members, find out if disability income insurance is available to you.
2. If you have group disability income insurance, review the policy carefully to learn the specifics about coverage. Many organizations post their insurance benefit plans online to allow employees or members to review the benefit information whenever they want.
3. Request a copy of your employer's Summary Plan Description (SPD) through the human resources department of your company. The SPD contains a summary of all employee benefits. Employers are required to provide employees with a copy of the SPD at the time of enrollment in the plan and whenever it is requested in writing.

When you are **deciding among the many individual disability income insurance policies**, consider the following options:

1. The policy that offers the highest payment monthly benefits for which you can qualify if you become disabled.
2. "Own occupation" coverage for life, if this option is available. "Any occupation" coverage can force you to go into a new line of work or lose your benefits.
3. The longest waiting period you can afford. A policy with a short waiting period is usually much more expensive than one with a longer waiting period.
4. Coverage for the longest benefit period possible. If you can find it, a policy that covers to age 65 or even for life is ideal. If you must decide between a higher monthly income and a longer benefit period, the longer benefit period is usually considered to be the best choice.

Applying For Disability Income Insurance:

A survivor can expect the following when applying for individual or government-sponsored disability income insurance:

1. The **application** for the insurance policy will ask you questions about your health, including your current health status and health history. Answer each question truthfully, but you do not have to volunteer information that is not requested. Your insurance broker can provide assistance.
2. A **medical exam** may be required. Generally speaking, the larger the amount of the policy, the more likely you will be asked to undergo a physical.
3. Your doctor will be contacted to supply your **medical history**.
4. There is no standard **timeframe** for how long it will take between the time you apply for a policy and when the policy is issued.
 - It could take weeks or even months for a policy to be issued
 - When a policy is issued is usually dependent on how long it takes your doctor to submit the requested information
 - Follow up with your doctor to make certain they have completed the necessary paper work for the application
5. Disability plans often have a **waiting period** or the time between the onset of a qualifying disability and when you start receiving benefits. Although some policies have a waiting period as short as 60 days, the wait can be as long as a year. Typically, the longer the waiting period before benefits begin, the lower the premium.
6. Many plans will allow you to choose the **benefit period** (maximum time your benefits will be paid). For example, a coverage period may pay you for two years, five years, or to age 65. Although it is more expensive, it is usually safer to get a policy that provides benefits to age 65, when you are eligible to receive Social Security benefits or other retirement benefits.

If you are self-employed, or plan to buy your own disability income insurance and are eligible for both individual and group benefits, it is best to purchase the individual coverage before you purchase coverage through a group plan. The two main reasons for this are:

- **When you have no other disability income insurance coverage**, you will be able to purchase the maximum amount of individual coverage that your insurance company allows, based on your current income. The agent selling the individual policy will ask if you have other disability coverage.
- **If you do have other disability income insurance coverage**, the amount you can purchase will be limited. You will not be asked if you already have disability

income coverage through another plan at the time you purchase disability income coverage through a group plan. This means that you may be able to obtain more disability income coverage.

Insurance Benefit Denials

If your insurance benefit claim is denied, look into it further. Many denials result from errors or the failure to provide sufficient information to the insurance company. When the mistake is corrected, the insurance company may reverse its denial. This is a very important reason why it is necessary to understand your insurance coverage and keep records of your appointments, authorizations and any communications related to your disability. There must be good documentation if you want to be successful in an appeal based on a wrong denial.

Be certain you understand the insurer's appeal process as well as the timeframe required to submit an appeal of a denial decision. If you miss the deadline given for an appeal, you may be required to start over with the application process. If the insurance company makes what you believe is an unfair denial decision more than once, consider asking for assistance from an expert in this area, such as an advocate through a local cancer organization, an attorney or your state's insurance commissioner.

Disability Insurance for Self-employed or Small Business Owners

Disability income insurance is important to the financial security of most workers. It is even more important for those who are self-employed or own their own small business because there is a need to cover business expenses as well as personal expenses.

Small business owners need back-up systems in place that would allow the business to continue to operate if the owner became disabled. Specifically, if the owner becomes disabled, the income earned from the business would be severely affected and maybe even interrupted. However, both regular living expenses and business expenses would continue for the owner of the business.

Disability can be covered by group and individual disability income insurance policies, through various forms of business or professional association coverage, or some combination of both.

Options for disability coverage for self-employed or small business owners include:

1. Disability income policies that require no medical underwriting

Policies that do not ask any medical questions can provide personal coverage for small business owners and their employees. A minimum of three to five people is generally needed in order to qualify.

2. Group coverage through trade associations, small-business organizations or your local chamber of commerce

Insurance coverage may be available through a variety of professional organizations and associations. Find out if you can qualify as a member.

3. Coverage through leasing companies for client employees

Leasing companies are available to provide administrative services and employee benefits, including disability income insurance. Business owners may be able to provide coverage for their employees through these programs.

There are usually two requirements to qualify for disability benefits:

1. The individual is totally disabled due to injury or sickness as defined by the plan.
2. Expenses covered by the policy must be incurred during the period of time when the individual is disabled.

There are specific benefits that can be purchased as part of the disability insurance coverage for the self-employed or the small business owner. These include:

- **Business overhead expense coverage:** Provides monthly payments to cover day-to-day business operating expenses for a defined period of time. Typically, covered business overhead expenses include things like employee salaries and benefit costs, employment taxes, rental payments for property and equipment, accounting and legal fees, business insurance expenses, property taxes, principal and interest on mortgaged business property, interest on business debts, utilities and general office supplies
- **Business recovery insurance:** Provides benefits to the owner to help reestablish a customer base if the owner had to stop working because of a disability, but is now able to go back to work.
- **Business key person coverage:** Covers income lost when an employee who is essential to the success of a business becomes disabled and cannot work. This policy pays benefits to the business until the employee can come back to work.
- **Business buy-out coverage:** For jointly-owned businesses, this insurance provides money to purchase a disabled partner's share of the business.

Premiums paid for business insurance are usually considered a tax-deductible business expense. Benefit payments have to be treated as taxable income when they are received.

If the research and application process for disability income insurance seems overwhelming to you, ask a professional such as your attorney or a certified financial

planner, a cancer advocacy organization, or a knowledgeable family member or friend for help. Although you may never need to use disability income insurance, you are likely to experience some peace of mind knowing that you have made arrangements for a possible future emergency.

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