

# Dollars & Sense: Disability Insurance Q&A

Joel M. Schofer, MD MBA CPE FAAEM

Commander, USN Medical Corps

Andy G. Borgia, CLU

andyb@di4mds.com www.DI4MDS.com 858-523-7511



In the last edition of *Common Sense* I wrote an article that discussed disability insurance (DI) in detail. I wanted to follow it up with a question and answer session with an expert on DI. I chose Andy Borgia, CLU, from [DI4MDS.com](http://DI4MDS.com) for two reasons. First, he's my DI agent! Second, he was the only person I could find that was able to get me adequate DI as an active duty physician. Thanks

to Andy for fielding my questions, and here are his answers.

## Most emergency physicians would probably assume that a large and influential medical society like the American Medical Association (AMA) would offer a top-of-the-line disability insurance policy.

### What is wrong with just taking the plan offered by the AMA?

This is an association policy, and is not as comprehensive as an individual disability insurance policy.

To expand on the differences:

1. The maximum monthly benefit is lower. \$12,500 with the AMA versus \$17,000 with individual DI companies.
2. The maximum benefit period is lower. To age 65 with the AMA versus to age 67 with most individual companies.
3. The AMA plan doesn't offer a presumptive disability benefit (loss of sight, speech, hearing, or the use of two limbs). Standard (a company that offers DI), for example, will pay the monthly benefit with no elimination period for your lifetime for a presumptive disability.
4. The AMA plan can be canceled or modified by the insurance company, and rates can increase on each renewal date (either the plan anniversary date of September 1 or the insured's annual renewal date, if later). A non-cancelable, guaranteed renewable individual policy means that as long as the premium is paid by the end of the grace period, the premium rate cannot be changed for the life of the policy and the company cannot cancel or modify the contract in any way. This puts the insured in control of the policy.
5. With the AMA policy, the insured cannot work in any occupation during the waiting period before benefits begin. With a quality individual policy, the insured can satisfy the completion of the waiting period even while working part time in their own occupation.
6. The AMA policy requires that total disability benefits be paid before any partial disability benefits are payable. Quality individual policies do not have this requirement. Disability often begins with a period of partial loss of income, especially when the disability is caused by illness rather than injury. Under the AMA policy, the insured wouldn't be covered during that period.
7. The AMA's future benefit increase option isn't flexible. The AMA policy allows for only one increase, and that must be exercised within the first three years of the policy's original effective date or before the insured's 40<sup>th</sup> birthday. Future benefit increase options on quality individual policies allow increases all the way to age 55.

As you can see, the AMA plan isn't comprehensive and is not a plan we recommend to our physician clients. All association policies are similar, and should only be utilized as a supplement to individual policies.



### How do you know that a policy that says it is "own occupation" or "specialty specific" really is a high quality policy?

Based on contractual provisions and personal experience with the claim procedure.

### What are the options for an emergency physician who is active duty military or in the Reserve or National Guard?

There are no limitations for Reserve/National Guard physicians, except with Berkshire/Guardian, which does not cover any military related disability. Active duty coverage is limited to Lloyd's and Mass Mutual.

### Does the order in which you sign up for group, association, and personal policies really matter?

Insurance companies have issue and participation limits which determine the total amount of DI you are qualified to establish, based on your level of income. Group policies will generally issue their coverage without regard to other coverage, as do most association plans. To maximize the total amount of disability coverage it is prudent to establish individual coverage first. Otherwise the existence of group or association coverage will limit or prohibit you from obtaining an adequate level of the individual comprehensive protection you should have.

Continued on next page

### Which riders do you usually recommend to emergency physicians?

The own occupation and partial residual riders are critical, and should be added if not part of the base policy. For any physician under age 45, the Future Increase Option is a must as well. The Cost of Living rider should only be added if you have maximized your coverage or are limited by the existence of group or association coverage.

### Which companies usually give emergency physicians the best deal?

Taking into consideration contractual provisions, premium, and underwriting: Standard, MetLife, and Guardian, in that order.

### How does the typical agent get paid when they sell a policy to a physician?

Agent commission is based on the amount of the policy premium.

### Does the agent really matter if I pick the right company?

The goal is to obtain the most comprehensive policy possible. Since almost 40% of disability policies are approved other than as applied for — with waivers, benefit limitations, increased premiums, etc. — it is critical to choose an agent who will guide your application through the difficult underwriting process and be your advocate for policy approval. Don't accept a policy with an exclusion or limitation without a complete explanation. An experienced, knowledgeable agent substantially increases your chances of obtaining a fair and just approval from the insurance company.

### How do I find an agent?

Reading articles like this is a good place to start. Asking friends and colleagues who they use, and if they are satisfied, is also wise. The internet can also be helpful if you have the time and know what to look for.

### Does it matter where I live?

In addition to factors such as age, health, and gender, location also matters. Insurance companies offer different contractual provisions and premiums based on where you live. Usually you can't do much about it, but if you are completing your training or military service it would be worthwhile to compare the premiums in your current and future location, to determine which is more advantageous. Again, an experienced agent will be aware of the differences.

If you have ideas for future columns or have other resources you'd like to share, email me at [jschofer@gmail.com](mailto:jschofer@gmail.com).

*The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Department of the Navy, Department of Defense or the United States Government. ■*

## Become Involved Join an AAEM Committee!

### Now Accepting Applications. Learn More.

You are invited to join committees, interest groups and task forces and become involved with the organization on a deeper level surrounding the areas of interest you care most about.

#### Join the Newly Formed Critical Care Interest Section

EM Pain and Procedural Sedation Interest Group, Freestanding Emergency Centers Interest Group, Diversity and Inclusion Task Force, Geriatric Interest Group, Palliative Care Interest Group, Quality Standards Committee, Wilderness Medicine Interest Group, Wellness Committee, Marketing Task Force, and many more available on the website. Learn more and join today!

#### Join the Newly Formed AAEM Marketing Task Force

During the board meeting & strategic planning at the end of May, the board elected to create this task force with goals of developing a new slogan for AAEM and investigating the development of a marketing video. The chair of this task force will be AAEM board member Dr. Megan Healy. If you are interested in serving on this task force, please contact [info@aaem.org](mailto:info@aaem.org).



[www.aaem.org/committees](http://www.aaem.org/committees)