
The Heart of Your Insurance Program

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Disability insurance is truly the heart of any personal insurance portfolio, especially for Emergency Physicians. Not only is it the only type of insurance that pays you, but it is also the most important type of insurance you need. Statistically, just over one in four people under age 30 will become disabled before they retire,¹ with an astonishing 59% of new disability claims approved in 2013 for individuals age 50 or older with the average age of disability just over age 50.¹ Sickness is responsible for over 90% of disabilities.² Back pain, degenerative disks, arthritis, osteoporosis and rheumatism are among the most frequent ailments, followed by mental disorders, circulatory system disorders, cancers and tumors; and nervous system and sense organ disorders.²

Emergency Medicine is a mentally and physically demanding specialty. Based on the above probability statistics, the fact that an average disability claim lasts almost three years,² and that one in eight workers will be disabled for five years or more during their working careers,⁶ it is vitally important for all Emergency Physicians to protect themselves in the event they become disabled and cannot practice Emergency Medicine.

There are three types of disability insurance policies: Association, Group and Individual. Association and Group disability policies are only available from the entity covered, e.g. your employer. These contracts are between the entity and the insurance company. As a result you as an individual have little, if any, control over contractual provisions, premiums, and whether the policy remains in effect at all. The definition of disability is not specialty-specific for the entire benefit period. These policies are designed as supplements to individual coverage.

An individual policy is a contract between you and the insurance company, so you are in control. Policy premiums and contractual provisions are guaranteed and will not be changed, nor will the policy be cancelled, if the policy is specified as non-cancellable and guaranteed renewable. Insist on this with any individual disability plan. Monthly benefits offered are generally 50 – 60% of income, up to a maximum benefit of \$25,000 per month.

Just as your heart has four chambers, there are four forms of disability that an Emergency Physician needs to protect against, and should be included in your individual policy. And just as if one of the heart's chambers is not working properly, if one of the risks of disability is not adequately provided for, early detection (before a disability

occurs) is key. Seek a dedicated insurance broker, defined as an independent professional representing a number of companies, who is well-versed with contractual provisions and is highly experienced in advising physicians. A specialist, not a generalist, is optimum – again, similar to medicine.

Now back to the four forms of disability: Total, Partial/Residual, Recovery, and Presumptive. You need to be protected and compensated by your policy if you are totally disabled and unable to practice “the material and substantial duties” of your “medical specialty.” ONLY a select few individual policies provide this comprehensive protection. Don't be fooled by individual or group policies that only mention occupation. In these types of policies your occupation is “physician.” If you cannot practice Emergency Medicine but are able to practice urgent care medicine or perform some other job (in or outside of medicine) you will not be considered totally disabled. The policy you purchase should provide that you receive the total disability benefit when you cannot practice Emergency Medicine specifically. Other limited provisions in a number of individual plans, and virtually all Association and Employer Group Plans, are phrases such as “any and every duty,” “completely,” “all,” “complete inability,” and so on.

Partial/Residual Benefits are paid if you are unable to practice Emergency Medicine on a full-time basis, e.g. the same number of shifts as prior to your disability, cannot do all duties, etc. After a specified waiting period (usually 90 days), the more comprehensive individual policies will pay 100% of your total disability benefit for the first 6 – 12 months of partial disability, and a lesser percentage thereafter. For example, if you earn 50% of your normal pay practicing Emergency Medicine part-time you will receive 50% of your disability benefit. The majority of total disabilities at some point are partial disabilities. So this is a very critical provision. Also, most Emergency Physicians will return to work on a part-time basis before they become full-time again, so you need to be compensated during that transition.

The next step after a partial disability is recovery. As every Emergency Physician is aware, payment for today's shift may not be received for one to two months. A policy Recovery Benefit will pay a percentage of your pre-disability earnings, similar to the Partial Benefit. After your income exceeds 80 – 85% of your pay prior to disability, you are then no longer considered disabled.

Presumptive Total Disability is severe and occurs when you lose the use of both hands or both feet, one of each, sight, speech or hearing. You are presumed disabled whether you can perform Emergency Medicine or not – though it is highly unlikely that you would be able to practice in such circumstances. Individual policies will pay Presumptive Benefits equal to the total disability benefit for the entire benefit period, for life in some instances.

Since individual disability insurance premiums are based on age, it is prudent to establish coverage early in your career. If you already have coverage it is advantageous to review your contracts based on new provisions and coverage limits. Remember, your ability to practice Emergency Medicine is your most important asset. Make sure it is protected. Seek the advice of a professional insurance broker who specializes in disability insurance for physicians.

Disclaimer: This article is by Andy G. Borgia, CLU, who has been advising physicians on their disability insurance needs for over 20 years. The information contained in the article was

provided by him and the sources he cited. He is not affiliated with WestJEM, and the opinions expressed are his alone.

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