

# Disability insurance: It's all in the definition

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A few years ago, I wrote the article "Disability Insurance: Why You Should Buy It Now" for *EM Resident* (April/May 2000) which can be found on the Alumni page of [www.emra.org](http://www.emra.org). Since that time, I have received numerous calls asking for more detailed information on what to look for in the "ideal" disability policy.

While that article focused on why a disability policy should be purchased, my next two articles will focus specifically on the definition of "disability," the optional riders that should be included in your individual disability insurance policy, and the taxation of disability benefits.

## DEFINITION OF TOTAL DISABILITY

Arguably, the definition of disability is the most important aspect of a disability policy. As an emergency physician, you must pay careful attention to the definition of disability found in your policy as it will ultimately determine how any claim you make for benefits will be judged. There are three definitions of "disability" commonly found in the insurance industry, and each has significant differences.

### "Own-occupation"

"Own-Occupation" (also known as true or pure "Own-Occupation") is clearly the definition of choice for emergency physicians as it is the most liberal definition of total disability available. This type of policy pays benefits if you are disabled and "not able to perform the material and substantial duties of your occupation." Therefore, you would collect full disability benefits if you can no longer practice emergency medicine, even if you decide to work in another occupation or medical specialty, earning the same or more income than you did as an emergency physician.

Please note that as of this writing, to my knowledge, there is only one company that allows emergency physicians to purchase a Non-Cancelable, Guaranteed Renewable disability insurance policy with a true "Own-Occupation" definition of disability for the entire benefit period (to age 65 or longer).

### Modified "Own-occupation"

This type of disability policy has become the most prevalent in the industry today and typically pays benefits if you are "unable to perform the substantial and material duties of your occupation and you are not working." Although benefits are still contingent upon your ability to practice emergency medicine, this definition will not allow you to continue receiving full disability benefits if you are working in another occupation or medical specialty.

### "Any Occupation"

This definition is the most restrictive of the three described and is commonly found in group or association policies. Under this definition, you are eligible to receive benefits only if you are

found to be "unable to work in any occupation which you are reasonably suited to by your education, training or experience." Unfortunately, it is the insurance company that makes this determination and physicians, being as educated and well-trained as they are, will find it extremely difficult to collect benefits on this type of policy. You should take every precaution to avoid purchasing a policy that contains this definition.

## Hybrid Definitions

Many policies offered to physicians today might incorporate an "Own-Occupation" with a Modified "Own-Occupation" definition. Here, the policy would contain a true "Own-Occupation" definition for a limited time period (typically one, two or five years), and then convert to the more restrictive Modified "Own-Occupation" definition described above. Until recently, in certain states such as California, Florida, and New Jersey this often was the best definition of disability made available to emergency physicians.

A policy with a hybrid definition might read like this: "Until we have paid benefits for five years in the same claim, total disability means that, because of sickness or injury, you are not able to perform the material and substantial duties of your occupation. After that in the same claim, total disability means that, because of sickness or injury, you are not able to perform the material and substantial duties of your occupation and you are not at work in any occupation." Although this definition is not as liberal as a policy with a true "Own-Occupation" definition for the entire benefit period, after receiving benefits for five years (in the same claim), it is the insured's decision to continue collecting disability benefits or to return to work in another occupation or specialty. Merely being able to work in another occupation or specialty would not affect your disability benefits. You would actually have to engage in another occupation to have your benefits reduced or eliminated.

## SUMMARY

Unfortunately, due to adverse claims experience, the individual disability insurance marketplace has become even more complicated for emergency physicians. Policies vary greatly in terms of the definition of disability made available, the contract provisions offered and the premiums charged. It is more important than ever that you take the time to compare each of the policies you are considering, and understand how and why they differ. The best approach is to employ the services of a professional insurance agent who specializes in working with physicians. He or she will not only be familiar with your occupation, but with which companies' policies are best suited to your particular specialty. Then you and the agent can decide which insurance company's policy best meets your individual insurance needs. ■

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