



Lenders Insurance Solutions Group LLC

The Affordable “Health Care” Dilemma

A new government and here we go again, another “Health Care” dilemma. So much going on that we should take pause and look into what we can do for our clients to ensure they are protecting themselves, their families, and their credit.

Understanding the types of insurance* may help your client make the best decision. Obviously, there are employer plans, private disability plans and group plans, to mention only a few. Many individuals have their disability “only” through their employer which may leave a large deficient for protection if the disability is long term. Employer group plans provide short term and long term (for an additional cost per individual). According to an article from Bloomberg Businessweek, most group plans compensate 40% to 60% of salary (with a monthly cap of \$5,000 or an annual maximum of \$60,000). Additional long term purchased plans may provide additional compensation up to 80%.

Individual plans may provide different benefits as well as qualifying criteria. Short term disability is intended to provide protection for a limited time period, generally within 14 days of income disruption. Also, short term plans typically last between one month and one year. Long term plans have a longer waiting period before they begin, ranging from 30 to 720 days (with 90 days being the most common). These plans pay out until a maximum dollar benefit is reached.

According to the Bloomberg Businessweek article, the cost of individual disability coverage varies by criteria, such as, age, gender, occupation, health status and level of coverage. Generally, men who do not receive disability insurance from their employer will spend between 2.0% and 2.5% of their annual income to receive coverage, as women will spend between 3.0% and 4.0%; (due to the higher frequency of disability claims filed by women).

Bottom line, individuals need to think ahead. As your clients’ Financial Advisor, the more you know about additional disability options, the better prepared you will be to provide your client with adequate information for making a decision. Credit Disability is not a replacement for other Disability plans; simply additional protection to reduce or eliminate their loan payment and pave the way for their other financial needs to be addressed through their other Disability plans.