

# Group Disability Insurance: Could It Leave Your Income on Life Support?

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It is imperative to be aware of the deep disadvantages of group disability insurance that you are depending upon to protect you. For example, it can be a serious financial blow to discover when you file a claim that you've only been approved for a fraction of the amount you expected to receive, or that your claim has been denied entirely. Here are some contrasting facts about the group and individual disability insurance plans, to help you make an informed decision about what makes the most sense for your financial future.

## Some Disadvantages of Group Disability Insurance

Disability insurance is a key component of a sound long-term financial plan. Here are some important details of group insurance plans that you should be clear on before you choose the disability insurance policy that the security of your financial future depends upon.

### You May Be Required To Take a Different Type of Job

With many group disability policies, if you are still capable of earning income through some other type of employment, the carrier will not pay benefits for the income you have lost. Others will stop paying after two years if you do not accept other work commensurate with your education and experience — even if some kind of alternative work only pays a fraction of your regular income.

### You Probably Will Not Get the Expected Percentage of Your Income

Group insurers reduce their benefit payments if you have alternate sources of income, such as Social Security Disability Insurance benefits, workers' compensation, or association disability benefits, etc... The majority of group policies also cover only your base salary, not bonuses you are normally paid. Your benefits are also taxed as regular income if your employer has been paying the premiums. Ultimately, doctors typically receive only around 35% to 40% of their usual income in group disability benefits.

## **You Have No Recourse if Your Group Insurer Doesn't Do What It Promises**

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ERISA law shields disability insurance companies from the majority of lawsuits brought by policyholders. The law further places extreme restrictions on what policyholders can sue them for and the amounts you are allowed to receive for damages. It also imposes a labyrinth of complicated rules and time constraints. Typically, claimants go through one or more appeals. Consequently, it is often too difficult for people to prevail in court against group insurers. Instead, they find themselves with big legal bills and no results.

## **Your Group Insurance Can Be Taken Away at Any Time**

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What happens to your group insurance policy is controlled by your employer and by the insurance company. This arrangement sets up policyholders for potentially extreme consequences of some surprising, though not uncommon, outcomes. If the carrier decides to raise premium rates, or cut benefit amounts, your future is caught in the financial fallout. If your employer opts to cancel the group policy, you are exposed to serious risk.

## **You Cannot Take Your Group Insurance Policy With You**

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Group disability insurance is a feature of your employment package offered by your current employer, not a portable financial agreement. If you decide to enter into private practice, since your new medical practice will be small, you may not qualify for a group disability plan. At that point, if there is any health concern, you may also not qualify for individual coverage either, which means you may be unable to obtain disability insurance.

## **Why Individual Disability Insurance Just Makes More Sense for Doctors**

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Individual disability insurance delivers much better coverage, for a nominal percentage of your income:

- Many individual disability insurance policies specify that disability means you are unable to work in your current occupation.
- An individual disability policy pays you benefits even if you are qualified to receive workers' compensation, Social Security Disability benefits, a financial settlement, etc. Benefits from multiple sources can be stacked.
- There is no loss of individual disability policy benefits due to passive income. So, you can continue to support your lifestyle.

- You are not stuck waiting to make the move if you want to start a private practice, and if you later become disabled, you have coverage under your individual policy.

## **How to Avoid Common Mistakes Regarding Individual Disability Insurance**

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Work with a disability insurance specialist, not an insurance industry generalist, and collaborate with an independent broker, not an agent who is bound to a particular carrier. Avoid programs with excessive policy limitations and/or exclusions. Educate yourself; do not just pick a policy based on price. Don't wait until you have a preexisting condition to get adequately insured, and keep in mind that premium prices continue to go up. Avoid these and other common mistakes when choosing an individual disability insurance program.

## **Frequently Asked Questions About Individual Disability Insurance**

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There are many factors to consider when looking for the ideal disability insurance plan for your personal needs. For instant answers to many questions physicians often have when considering supplemental individual disability insurance coverage, see these helpful answers to frequently asked questions.

### **Why Disability Insurance Is Necessary?**

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Doctors spend more years on education and additional years in residency, leaving a significantly reduced number of years for earning income. Add on enormous student loan obligations, and starting to build savings and other financial assets can become delayed to the point that many doctors end up missing much of the opportunity other people have for compounding interest. These are more complex financial challenges than other professionals must overcome, and ultimately, many doctors' most valuable asset becomes their earnings from work. Disability insurance protects your work income.

### **What You Should Know About Disability Coverage?**

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### **Why Women's Coverage Costs More Than Men's?**

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## **Preparation is Always the Practical Choice**

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Doctors are well aware that it makes more sense to take preventive action than to wait until something bad happens and then react to it. Keep in mind that waiting to obtain supplemental individual disability coverage leaves you at risk of developing a preexisting condition before you are covered for it under such a plan. That can cause you to be covered only up to the relatively meager limits of your group insurance policy.

Individual disability insurance provides critically needed protection of your income, when you need it. It offers the peace of mind that comes with the real financial security it delivers. That's why over 20,000 doctors and dentists now have individual disability insurance coverage. The time to protect your future is always now, as you know.

## **Why Choose Specialized Disability Insurance Services?**

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Specialized Disability Insurance Services is an independent disability insurance brokerage, focused on helping doctors and other professionals get the best disability insurance coverage available at the best premium rate possible. Our team of disability insurance specialists have a deep understanding of the ins and outs of disability coverages. By contrast, general insurance reps typically have only summary knowledge of disability policies.

Our approach is to tailor the best possible solution for your personal needs. We don't just plug your information into a rate quote program that sells your data across the world of insurance companies, or strive to match you with a certain carrier even if it doesn't make sense for you.

We analyze your best options from multiple carriers and plans, determine the strongest value in coverage that exists for your personal needs, and provide you with a disability insurance quote for the policy that best serves your interests.

## **For More Information**

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We have built strong relationships with many disability insurance carriers, which enables us to provide information about individual disability insurance plans, rates, and policy details very quickly.

For details on coverage types, or to schedule a consultation with an individual disability insurance specialist, contact Specialized Insurance Disability Services at (646) 437-8505, or contact us online.