

How Do Physicians Benefit from “Own Occupation” Disability Coverage?

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Physicians need to protect their income by ensuring that their long-term disability insurance includes a true “own-occupation” provision. After all, the overarching conception of disability coverage is how the policy defines “disability,” and the insurance industry’s most robust definition of disability is the true own-occupation disability coverage version.

The true own-occupation definition of disability safeguard’s the physician’s right under the insurance policy to receive disability benefits if she or he cannot work in his/her current professional capacity. This protects a doctor from being forced to take some other type of employment that she/he can do and is qualified to do.

What IS True Own-Occupation Disability Coverage?

True “Own Occupation” is an insurance industry term for disability coverage that is specified in a policy as applicable if the policyholder is unable to perform the essential responsibilities of his or her own medical specialty.

The true own occupation definition further stipulates that benefits are not changed even if you earn income in a different occupation than your chosen specialty. In other words, with true own occupation disability insurance coverage, you are, by definition, disabled if you cannot work in your particular medical specialty. Even if you are capable of working in another area of your field or in an entirely different type of occupation, you will still be considered disabled.

This means that under true own-occupation disability coverage, you will receive the full benefits payout, even if you are earning an income doing some type of work if you are unable to do the work you were doing in your medical specialty prior to becoming disabled. For example, a brain surgeon may become disabled from performing surgery, but may still be able to work as a general practitioner, or to teach medical courses. Even though the disabled physician may actually start earning income working in one of those occupations, if he/she is unable to perform as a surgeon, the physician will receive full disability benefits.

What IS NOT Own Occupation Disability Coverage?

Several other definitions of disability that are used by insurance companies are sometimes mistakenly interpreted as being the same as or equal to own-occupation coverage. A number of insurers (which does not include any of the best disability insurance companies) claim they offer own-occupation disability plans, but this is an area in which physicians should beware. Because various policies actually apply one of these alternative definitions of disability:

- *Modified own-occupation coverage:* By this definition, a policyholder receives disability benefits if she or he cannot work in his/her own occupation and is totally disabled. But, the benefit payouts will be discontinued if the individual earns income working in a different profession.
- *Transitional own-occupation coverage:* Under this definition, a disability policy pays benefits if the policyholder cannot work in some other occupation to earn income, however, the total income from the new type of employment and insurance benefit payments cannot exceed the individual's total income earned prior to becoming disabled. If you do earn more in your new job than you were making in your previous professional role, the disability benefits will be offset.
- *Any occupation coverage:* With this definition, the insured person is deemed disabled only if she/he cannot work in any type of employment for which he/she is qualified. This kind of insurance is the most common long-term disability coverage, popular among employer-based group disability plans and low-end policies for individuals.

Priorities in Choosing a Physician's Disability Policy

There are a few key things physicians should know about disability coverage. Beyond knowing why you need disability insurance, and how to avoid common mistakes in choosing disability insurance, doctors need to understand the differences in how eligibility to collect benefits is determined.

The least beneficial types of disability insurance are those that give the insurance company the greatest amount of discretionary authority in determining eligibility to collect benefits. Physicians should avoid policies under which they can only receive

disability benefits if their disability prevents them from working anywhere doing anything at all for which they are qualified.

Making sure a disability policy you are considering provides true own occupation coverage is the first fundamental in selecting physician disability insurance. It proves to be the best disability insurance for physicians, due to the level of income compensation that an own-occupation policy provides high-income professionals who become disabled.

Another key consideration is, of course, pricing for own-occupation disability coverage. Keep in mind that disability insurance rates vary by occupation as well as by age and health status at the time of underwriting. Work with your disability insurance specialist, to ensure that you are fully informed on all your options.

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