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# Checklist for Comparing Disability Income Insurance Policies

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## Use this checklist to compare several policies.

Company name \_\_\_\_\_

Telephone \_\_\_\_\_

Definition of disability \_\_\_\_\_

Some policies pay benefits if you are unable to complete the duties of *any* occupation for which you are reasonably qualified by training, experience, and education. Others pay benefits if you are unable to perform the major duties of your *own* occupation. Determine which definition applies to this policy:

### Are benefits paid if you are unable to complete the duties of your *own* occupation?

Yes  No

### How long can benefits be collected under this definition?

\_\_\_\_\_

### Are benefits paid if you are unable to perform the main duties of your *own* occupation but could perform duties in another line of work?

Yes  No

### How long can benefits be collected under this definition?

\_\_\_\_\_

### Are benefits paid only if you are unable to complete the duties of *any* occupation for which you are reasonably qualified by training, experience, and education?

Yes  No

### How long can benefits be collected under this definition?

\_\_\_\_\_

## Must you meet two or more definitions of disability, for specific periods, before you collect benefits?

Yes  No

Some policies pay benefits if you become ill or injured and are unable to earn a specified percentage of your income.

## Will this policy pay benefits if you are unable to earn a specified percentage of your salary?

Yes  No

## What is the percentage?

\_\_\_\_\_

## Is the benefit from this policy a percentage of your regular income or a flat amount?

Percentage of income at \_\_\_\_\_ percent

Flat amount of \$ \_\_\_\_\_ per \_\_\_\_\_

(Policies that pay a flat benefit amount each month are common.)

Some policies pay benefits when you have a partial disability that keeps you from doing part of your job or working full time.

## Does this policy provide benefits for a partial disability?

Yes  No

Although some insurance pays immediately after a policyholder suffers a disability, most policies have a waiting, or elimination, period. Elimination periods can last six months or longer.

## What is the elimination period for this policy?

Less than one month

Three to six months

Longer than six months

For most disabilities, policies pay benefits until retirement age but shorter benefit periods are available at a lower cost.

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101 Constitution Avenue, NW, Suite 700

Washington, DC 20001-2133

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Some policies provide a benefit to make up income if you must take a lower-paying job because of your disability.

**Does this policy pay benefits if your disability results in less income?**

Yes  No

Some policies have return-to-work or rehabilitation provisions that help you pay for training, modifications to your work environment, or other services that can help you return to work.

**Does this policy have a return-to-work or rehabilitation provision?**

Yes  No

(If a return-to-work provision is not listed, ask about such a provision.)

If you return to work after recovering from a disability, and have a relapse within a specified period, most policies do not make you go through an elimination period before receiving benefits.

**Does this policy make you wait for benefits if you experience a reoccurring disability?**

Yes  No

A cost-of-living adjustment provides for periodic increases in the amount paid to you, usually corresponding to increases in the cost of living.

**Does this policy provide a cost-of-living adjustment?**

Yes  No

Policies usually pay benefits for a maximum of two years for disabilities from mental illness or substance abuse. (These limits usually don't apply when substance abuse or mental health problems require institutionalization.)

**How long does this policy pay benefits for disabilities from mental illness or substance abuse?**

\_\_\_\_\_

There are two common types of individual disability income policies: noncancellable and guaranteed renewable. Both types can usually be renewed until age 65, and neither can be cancelled by the insurer as long as the premiums are paid. Under a noncancellable policy, premiums can never be increased. With a guaranteed renewable policy, premiums cannot be raised based on an individual circumstance, but they can be increased for an entire class of policyholders.

**Is this policy noncancellable?**

Yes  No

**Is the policy guaranteed renewable?**

Yes  No

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