

## FINANCIAL MATTERS

## "Own Occupation" Disability coverage

"Own occupation" disability coverage is again available to members. After nearly a decade of turmoil in the individual disability insurance market, we are pleased to offer members a high quality (A+ rated) disability contract which provides physicians with income during a disability preventing them from working in their own occupation.

The coverage is:

- non-changeable by the carrier
- guaranteed renewable
- not integrated with any other in-force disability coverage
- portable at the same premium (including available discounts for membership)
- subject to simplified underwriting.

Example: A 40 year old physician wants to add another \$3,000/month of disability benefit. Assuming standard underwriting, the cost for the base (total disability) coverage would be \$335/quarter.

A residual (partial) disability option is available to pay a proportionate benefit, based on the per-

centage of income lost if the physician continues to practice part time in their own occupation and earn a partial income. This residual rider also increases the disability payments if the physician's income decreases or even if it remains level over a longer period of time. This rider costs about 14% additional.

An option is available for a cost of living adjustment to the monthly benefit during disability. This option increases any benefit payable on an annual basis beginning one year after the disability commences.

For younger physicians who will experience income increases as their practice matures, there is an option permitting automatic increases in the monthly benefit amount, with no further evidence of medical insurability.

Overhead Expense (OE) reimbursement disability coverage is also available. This is a widely overlooked product, which probably should be part of every practice. It certainly should be included in any partnership buy-sell agreement. Many buy-sell agreements between partners provide for a death buy-out but overlook

*By Jim Tollerton*



the greater likelihood of a disability. With OE coverage the working partner gets a check to help subsidize the overhead expenses of the practice while the disabled partner has time to recover or provide for an orderly transition out of the practice. OE coverage is tax deductible, regardless of the type of practice entity. OE coverage is also much less expensive than regular disability. For example: \$5,000/month of benefit 60 day elimination period, 12 month benefit for disability would be less than \$50/month.

For a review of current coverage and/or a proposal please call Professional Benefits, Inc.

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Sarasota/Manatee members 957-1310  
Charlotte County members 800/741-5170