

TMAIT Insurance Guides for Physicians

Applying for Long-term Disability Insurance



TEXAS MEDICAL ASSOCIATION
INSURANCE TRUST

TMAIT INSURANCE GUIDES

The TMAIT Insurance Guides are intended to help physicians make sound insurance decisions for themselves and their families. Created by the Texas Medical Association (TMA), TMAIT has more than 50 years of experience meeting the insurance and financial-planning needs of Texas physicians, and you can count on us to provide comprehensive information you can use.

Note: The purpose of this guide is to provide information and education about all types of long-term disability insurance and its related coverages. TMAIT may not offer all types of long-term disability insurance discussed in this guide.

Many physicians choose to apply for long-term disability insurance early in their career. As a physician, you may face high on-the-job risks and have higher-than-average debt because of money you borrowed to attend medical school or start your own practice. Therefore, long-term disability insurance can give you peace of mind that you'll still be able to take care of yourself and your family if you become disabled and can no longer work.

There are several ways to get long-term disability coverage, including:

Through your employer

Most mid- to large-size companies offer group disability as a subsidized benefit or through payroll deductions.

Directly from an insurance provider

Individual disability insurance can be purchased directly from an insurance provider.

Through a professional association

Association-group disability insurance is offered as a benefit to individual members of a professional association or other group.

Before you get a quote for a long-term disability policy, you may want to read TMAIT's Insurance Guide for Physicians on long-term disability to get a better idea of what kind of coverage you may want and what type of policy may be best for you. You can view or download the complete guide by going to www.tmaait.org/publications. You also may want to seek the advice of an insurance advisor who can answer any questions you may have.

Understanding the application process

Once you determine whether or not you want to apply for long-term disability insurance, and what type of features you may want in a policy, you can contact an insurance advisor to get a quote. The quote and application process can be long and confusing, but it doesn't have to be. This guide will help you understand each step, from requesting a quote to receiving a policy in the mail, and give you tips for expediting the process.



When asking for a quote, make sure you're totally honest when answering the initial questions to ensure that your quote is as accurate as possible.

Learn the lingo

As you apply for long-term disability insurance, it will be important for you to know certain terms so you can better understand the quote you receive and the type of policy you're applying for. Here are some common terms you may come across during the quote and application process:

Benefit amount

Amount of monthly benefit you will receive from your policy once you have satisfied the elimination period.

Duration of benefits (also called benefit period)

Time period for which an insurance company agrees to pay benefits on a continuous disability. You may purchase a policy that will provide coverage for 2, 5, or 10 years, to age 65, to your Social Security Retirement Age based on your birth year, or a lifetime benefit period.

Maximum benefit amount

The maximum amount of monthly benefit an insurance carrier is willing to offer. The amount will vary by carrier and individual, and is based on several different factors.

Maximum covered monthly salary

Percentage of your monthly salary that is covered. This varies by carrier, but typically is 66 percent.

Definition of disability

A description of the circumstances that make someone eligible for a disability benefit. For physicians, making sure you have an "own-occupation" definition of disability in your policy is very important.

Own-occupation definition of disability

This means you are eligible for your full monthly disability benefit when you are unable to perform your medical specialty due to illness or injury, even if you are working in another occupation.

Modified own-occupation definition of disability

This is less expensive coverage than own-occupation coverage. It covers you when you are unable to perform your medical specialty due to illness or injury, and you are not working in another occupation. You might be eligible for a percentage of your monthly benefit if you are able to work in another occupation.

Elimination period

Waiting period from the time you qualify for benefits. You will start receiving benefit checks a month after you qualify for benefits.

Exclusions and limitations

If you have a preexisting condition, a permanent exclusion rider or a limited benefit period may be placed on your policy. Or, the insurance carrier may cover the pre-existing condition, but raise your premium.

General exclusion

Most policies exclude things like injuries caused by an act of war, a self-inflicted injury, or regular pregnancy or childbirth. (Complications caused by pregnancy or childbirth may be covered, depending on your policy's exclusions.)

Guaranteed renewable

This means that the insurance company cannot change your policy or increase your premium until the first premium due after your 65th birthday. After age 65, your policy is conditionally renewable, based on the number of hours per week you work. After age 65, your policy benefit period and benefit amount may change as well.

Noncancelable

The insurance carrier cannot cancel your policy as long as you continue to pay your premium.

Tip

To speed up the application process, let your doctors and accountant know that insurance underwriters will be contacting them, and ask them to send your information to the underwriters as soon as possible.

Recurrent disability

If you return to work after a total disability and benefits were paid to you, and then you once again become disabled within a certain number of months, the insurance company will consider the later disability to be a continuation of the first (unless it is caused by a different injury or sickness).

Under these circumstances, you would not have to satisfy the elimination period specified on the policy.

Cost of living adjustment rider

Allows the benefit amount to increase a certain amount in relation to the cost of living while you are receiving benefits on your claim.

Residual disability benefit

If you are able to return to work, but you continue to experience a loss of income due to your disability, the residual disability benefit covers that loss of income up to a certain percentage noted on the policy.

Future increase option rider

Allows you to buy more long-term disability coverage if your income increases during your career, regardless of any changes in your health.

Waiver of premium

You don't have to pay premiums while you're disabled and receiving benefits.

STEP 01

Request a quote

Contact an insurance advisor to request a quote. A quote gives you an initial idea of how much your long-term disability insurance may cost each month. Getting a quote from an insurance advisor usually involves answering a few simple questions, either online, through the mail, or over the phone.

Typically, in order to receive a quote for long-term disability insurance, you need to provide the following information:

- Name
- Address
- Date of birth
- Your medical specialty
- Height and weight
- Annual net income
- Whether or not you perform surgery or invasive procedures
- Monthly benefit requested
- Elimination period requested
- Benefit period requested
- Whether or not you have used tobacco in the past 60 months
- Whether or not you have any major medical issues such as cancer, high blood pressure, high cholesterol, etc.

To determine the monthly benefit, elimination period, and benefit period you may want to ask yourself:

- How much money do I currently have saved?
- How much money would be available for living expenses if I were disabled?
- How long could I wait until I start receiving benefits?
- What monthly benefit do I need to cover my expenses?
- What benefit period (2 years, 5 years, 10 years, until age 65) can I afford and gives me peace of mind, considering my bigger financial picture?

Remember, the quote is not a contract. A quote is an estimate of how much you may have to pay for long-term disability insurance. It's important to be totally honest when answering these initial quote questions to ensure that your quote is as accurate as possible.

STEP 02

Review quote summary

Once your insurance advisor has collected quotes from various carriers, he or she sends you what is called a “quote summary,” also called a “proposal.” The quote summary typically contains information such as:

- Definition of disability
- Benefit amount
- Maximum monthly benefit
- Maximum covered monthly salary
- Elimination period
- Duration of benefits (also called benefit period)
- Exclusions and limitations
- Annual premium

After you review the various quotes, you can decide to which carrier you'd like to apply. Consider the cost, but remember to weigh premiums against the overall benefits of the plan. Also, make sure you choose a carrier with a high industry rating and a good reputation. An insurance advisor can help you weigh your choices.

STEP 03

Complete an application

Once you choose an insurance plan, fill out an application. Depending on the insurance carrier, the application may consist of just a few pages, or several pages. The application includes more detailed questions about your medical history and your financial situation.

Applying for long-term disability insurance is similar to applying for life insurance. However, with long-term disability insurance, there are two important differences. First, along with gathering information about your medical history, the underwriters also review your tax returns (with attachments) from the past two years. Second, the long-term disability insurance application is more rigorous than a life-insurance application because there's more chance of a person becoming disabled during the covered period of a long-term disability policy than there is for that person to die during the covered period of a term life-insurance policy.

Because a long-term disability application requires both medical and financial underwriting, it can take anywhere from two to six months to be approved. You can help speed up the process by letting your doctors and accountant know that insurance underwriters will be contacting them, and asking them to send your information to the underwriters as soon as possible.

STEP 04

Take a medical exam

After the underwriter receives the application, he or she contacts you to schedule a medical exam. The medical exam is set up and paid for by the insurance carrier. You can take the exam at a time convenient for you. During the medical exam, the health-care practitioner (paid for by the insurance company) checks your blood pressure, height, and weight, and takes blood and urine samples. The exam is designed to identify conditions and personal habits that would affect the likelihood of your becoming disabled. The blood and urine samples are tested for HIV, high cholesterol, liver or kidney disorders, diabetes, hepatitis, immune disorders, and any evidence of drug use or smoking. The results of the medical exam are sent to the underwriter, who then determines what medical records he or she needs to review and requests them from your physician's office.

STEP 05

Review your policy

Once he or she reviews your medical records, the results of your medical exam, and your financial records, the underwriter contacts your insurance advisor to let him or her know whether or not you have been approved.

If you're approved, the policy is sent to you within about two weeks. The policy is tailored specifically to you and notes the amount of your monthly premium (hopefully this is the same amount originally quoted to you).

Some policies have a 30-day "free-look" period. If you decide not to accept the coverage, simply return your policy or certificate of insurance within 30 days.

Your policy goes into effect as soon as the insurance carrier receives your signed policy and your first payment.

We're here to help.

Work with an organization dedicated to helping protect Texas physicians and their interests. Reach us online or by phone.



Online

Visit www.tmat.org/quote

After you submit your request, one of our representatives will be in touch shortly.



Phone

Call **1.800.880.8181**

Call Monday – Friday, 7:30 a.m. – 5:30 p.m. CST, to speak directly with a TMAIT Advisor.

Getting to know TMAIT

The Texas Medical Association Insurance Trust (TMAIT) was created by the Texas Medical Association (TMA) in 1955 as an exclusive benefit to its members. TMAIT's mission is to help Texas physicians get the insurance coverage and financial planning they need.

What TMAIT offers physicians:

Personalized Service

We pair each physician who contacts us with an experienced insurance Advisor.

Convenience

We do the legwork to find quality, competitively priced insurance products that meet the unique needs of physicians.

Experience

We have been serving Texas physicians for more than 50 years.

Peace of Mind

We were created by the TMA, an organization dedicated to serving Texas physicians.



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