

Five Things to Consider when Shopping for Disability Insurance

1. Understand the terminology and recognize the different coverage types.

Short-Term Disability coverage is defined by each insurance carrier within each policy. It may mean not being to do your own job (own occupation) or not being able do any job (any occupation). The policy may provide a waiting period before you are eligible for the benefit. There may be a fixed interval before benefits are paid; waiting periods can be as long as 180 days. The benefit paid, as a percentage of pre-disability earnings, varies, usually between 40% and 70%. The policy may include partial disability benefits, or there may be a bridge to long-term disability.

Long-Term Disability coverage is also defined by the insurance carrier offering the policy. The policy will describe which employees are eligible, the amount of benefit paid as a percentage of income up to a maximum amount, the waiting period before benefits begin, what disabilities are covered, how disability is defined, for how long benefits will be paid, if benefits are coordinated with other benefits you may receive, and what exclusions apply.

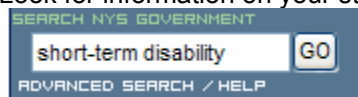
Long-Term Care coverage provides funds for some or all care in a nursing-home, at the insured's home, or in a personal or adult day care facility. Long-term care is usually for individuals older than 65 or people who have a chronic or disabling condition and require constant supervision.

2. Set aside time to learn about what's involved.

Read information from people and companies that do not have a financial interest in your decision. Check out what books are available at your local library. Some books include:

- *The Complete Idiot's Guide to Buying Insurance and Annuities*, By Brian H. Breuel
- *Health Insurance Resources: A Guide for People with Chronic Disease and Disability*, by Dorothy E. Northrop and Stephen E. Cooper
- *Insurance Solutions: Plan Well Live Better: A Workbook for People with Chronic Illnesses or Disabilities*, by Laura D. Cooper
- *Insurance for Dummies*, by Jack Hungelmann

Look for information on your state's website. Use the site's SEARCH feature to locate resources.



Read publications from government and advocacy groups including:

National Council on Aging	http://www.ncoa.org/
Benefits CheckUp	http://www.benefitscheckup.org/
American Society on Aging	http://www.asaging.org/index.cfm
National Association of Area Agencies on Aging	http://www.n4a.org/
AARP	http://www.aarp.org/
US Social Security Administration	http://www.ssa.gov/

3. Check out the reputation of the insurance company.

The policy is only as good as the insurance company that wrote it. Make sure you are dealing with an established, reputable insurer. Use the following sites for information:

A.M. Best Company	http://www.ambest.com/
Moody's Investors Service	http://www.moodys.com/
Standard & Poor's	www.standardandpoors.com/
Duff & Phelps	www.duffandphelps.com/
Weiss Research	http://www.weissgroupinc.com/

This web site (<http://insurance.freeadvice.com/doi.php>) has links to each state's Department of Insurance where you can get more information.

4. Compare what the various policies cover and don't cover; it's about more than price.

Steve Crawford, a licensed insurance agent, writes on his website, www.about-disability-insurance.com, you should read each policy carefully to understand the terms of the exclusions for mental and nervous conditions, for alcohol and drug claims, for injuries received while committing a crime, and for injuries due to an act of war. He advises you to check if the policy is based on a residual claim where the insured is still working but due to illness or injury is experiencing a loss of time and duties or a loss of income greater than or equal to 20%. You should also understand how the policy defines total disability. Steve also recommends you look at the renewability of each policy. Are the rates guaranteed to stay the same? Is the policy non-cancellable?

DisabilityBenefits101.org advises that exclusions may include pre-existing conditions and on-the-job injuries that are covered by workers' compensation insurance.

The least expensive policy may not offer the benefits you need, so be careful to compare the cost of like coverage.

5. Consider the idea that you may not need the insurance.

A Special Report from United Seniors Health Council (USHC), a program of the national Council on the Aging, says you don't need long-term care insurance if:

- You do not meet USHC's recommended purchasing guidelines, appropriate to where you live.
- Other financing options for long-term care expenses are more appropriate to your situation.
- Due to your health status, long-term care insurance is unavailable.
- Due to your age (80 or older), long-term care insurance is extremely expensive.
- You have no heirs and are willing to take the chance that all your assets could be needed for long-term care.