

A Basic Introduction To Annuities

Business health Insurance

To be competitive, most businesses need to offer their [workers health insurance](#). This insurance offers a health coverage benefit to your employees (and you).

Life and Disability Insurance

Life and disability insurance protects the business against the death or disability of key employees. For example, one partner carries a life insurance policy naming the partnership as a beneficiary. If that partner dies, and the business has planned properly, the proceeds of the policy can be used by the business to buy out the share of the decedent's partnership interest from the estate.

Disability insurance is an important addition to your business risk management plan. Disability business insurance can provide protection to the small business person by providing income after a disability. Disability insurance can aid employees by providing a valuable benefit of disability protection.

Disability insurance is insurance that pays benefits when the insured becomes unable to work because of a long-term injury or illness. Disability insurance can be combined with health or life insurance to provide valuable benefits to employees. It can also serve as an important aspect of a business continuation and risk management plan for smaller businesses.

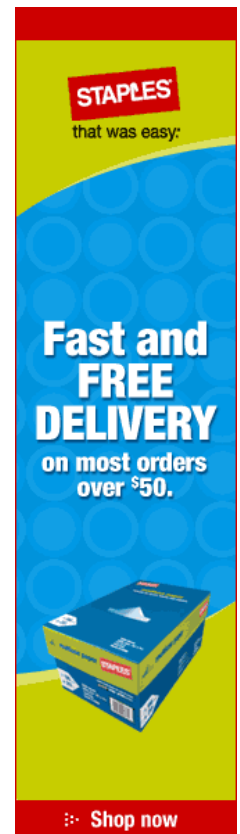
All disability policies work in a similar manner. After the triggering injury or illness, there is a "waiting period" where no benefits are paid. The waiting period is when a determination by a physician is made concerning the condition. A physician will make a determination about "permanency" or how long the condition will affect the person's ability to work. The policy will state in detail what proof of permanency is required.

Premiums for disability policies are determined by age, occupation and other risk factors such as health and lifestyle habits. For example, secretaries are at a lower risk of disability than roofers, and so their premiums will be lower.

There are generally two types of disability insurance policies:

- **Short-Term Disability**

- This type of coverage is for short-term disabling injuries or illnesses. It usually gets triggered after a short waiting period of anywhere from 14 to 21 days. It usually has a short period of benefits and is designed to be just enough to get the person back to work. These policies will typically pay benefits for two to three years.



- **Long-Term Disability**

- This type of coverage is intended to cover serious long-term or permanent disability. The policy will pay benefits to the injured for years or possibly the rest of their life.

So far, pretty easy to understand. But, insurers seem to have a way of throwing in terms that make no sense. Disability policies can be "guaranteed renewable" or "noncancelable" and the distinction can be very important. A guaranteed renewable policy is one that is promised to be renewed every year, but the insurer can (and will) adjust the premium. Over time these premium increases can make the coverage very expensive. A noncancelable policy is one that cannot be canceled by the insurer (unless premiums are not paid) and the premiums and benefits remain the same.

Disability insurance can contain a number of other provisions that can be critical to the value of the policy:

- **Cost of Living Adjustment Provisions** - Cost of Living Adjustment (COLA) increases the policy benefits over time based on the increased cost of living. This is very important. Consider that the insured could be disabled for thirty years or more and without COLA would be left with a level benefit payment based on prices from thirty years ago.
- **Partial Disability Rider**- This provision allows the insured to return to work part-time and continue to collect a portion of the disability benefit.
- **Benefit Coordination**- Disabled persons may be eligible for benefits from other sources such as social security. Some disability policies have a coordination of benefits provision. This will limit the payments to a set amount (usually a percentage of prior income) from all sources.
- **Waiver of Premium** - When an insured becomes disabled for a period of time, this provision waives the requirement that the insured pay the policy premium.

Finally, the employer can generally secure a group disability plan as a part of benefits for employees at a premium rate that is much lower than individual plans. There are tax considerations for both the employer and the employee. When adding disability coverage to your business insurance plan, consult with your insurance professional and accountant to determine the most advantageous way to implement the benefit.

Back to
[Popular Life Insurance Articles](#)

[Contact Us](#)

Back