

What you need to know about physician disability insurance

DEC 29, 2014

Staff News Writer

If asked to list your family's most important financial assets, you probably would mention your 401K, retirement accounts and real estate—but what about earning an income? Losing your ability to practice is a risk you can't afford to take, so disability income protection is important. Learn about three of the most popular disability insurance options for physicians.

A recent article by a physician insurance expert published in the AMA Alliance magazine *Physician Family* addresses the questions physicians might have about disability insurance. For example, how much coverage should you have? Insurers typically provide coverage for either two-thirds of your income or the insurer's maximum benefit amount, whichever is the lesser of the two. This means it's crucial to evaluate your disability income protection often. As your income increases, your disability coverage should account for changes.

Disability income coverage can be purchased from a variety of sources, but physicians most often purchase coverage through one of the three methods:

- **Group coverage offered through an employer.** This option usually is the least expensive option and is easy to purchase, but there are some downsides. The coverage is not portable if you leave the employer and benefit amounts are limited. In addition, this type of coverage often is not specific to physicians and may be taxed if the premiums are paid by the employer. Finally, few options can be added to coverage.
- **Coverage offered through an association or affinity group.** This option can be more difficult to purchase, and sometimes there are limited options to add to the coverage. However, the buying power of the group means good rates, and this type of coverage will be specific to physicians. This option also allows coverage to move with you from employer to employer, and often offers higher benefit amounts that are not taxed.
- **Individual coverage offered through agents.** This option usually is the most expensive but offers the highest benefit amounts and the most flexibility in additional coverage options. Specialty-specific definitions of disability are available. This option also is portable and can move with you from employer to employer, but it is the hardest to purchase, because

underwriting is required.

“There is no ‘one size fits all’ that is appropriate for everyone,” the article said. “It may make sense to combine coverage from two or all three of the above sources. The key to making sure the proper protection is in place is knowing your options and working with a professional to help sort through all of the choices.”

See more information on physician disability coverage in the fall 2014 issue of *Physician Family*, published online four times a year especially for the loved ones of physicians, residents and medical students.

If you’re ready to look into your disability insurance options, AMA Insurance offers plans and insights—including a brief video guide for young physicians and a report on financial preparedness—to get you started.