

# What Consumers Should Know About Disability Insurance

(NAPSA)—More than half of Americans say they would be unable to pay their bills or meet their expenses if they became disabled and could not work for a year or longer, according to a consumer survey conducted by the National Association of Insurance Commissioners (NAIC).

Disability insurance—which pays a portion of your previous salary should you become disabled due to injury or a serious illness and therefore unable to work—can help ease the financial pain.

## Understand The Basics

There are two main types of disability insurance:

- Short-term disability insurance coverage replaces a portion of the policyholder's salary for a short period—typically from three to six months, following a disability.
- Long-term disability insurance coverage typically begins after the policyholder is unable to work for at least six months. The coverage period varies depending on the policy you select.

The NAIC, a voluntary organization of state insurance regulatory officials, provides information on disability and other insurance on its consumer education Web site, Insure U ([www.InsureUonline.org](http://www.InsureUonline.org)).

Following are some considerations:

- Determine how much money you'll need to cover your critical expenses and the number of years you'll need your coverage. Keep in mind that disability insurance typically covers about 60 percent of your previous income.
- Having a pre-existing health condition, coupled with your age, can affect whether you'll qualify for long-term disability insurance and at what cost.
- Most long-term disability insurance stipulates a waiting



period, such as 90 days, 180 days or one year, before benefits are paid. The longer the waiting period, the lower the premium.

- If possible, get a “noncancelable” policy, which guarantees that your coverage can't be cancelled or your premiums increased.

## Disability Insurance Tips For Each Life Stage

- Young singles should remember that even if they have no dependents, if they become disabled and can't work, it could put a financial burden on their families. Also, younger, healthier individuals typically pay lower disability premiums that can be locked in with a noncancelable policy.
  - Young families that generally have many expenses and rely on both spouses' incomes should consider purchasing long-term disability insurance for both.
  - Established families are likely trying to put away a portion of their income to pay for their kids' college tuition and their own retirement, and may want to consider disability insurance.
  - Empty nesters/seniors who are still employed may want to keep their disability insurance in force until they turn 65 or retire.
- For more information, visit Insure U at [www.InsureUonline.org](http://www.InsureUonline.org).