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What Are The Facts Please?

"82% of people do not have long term disability insurance, or believe their's to be inadequate."

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Think You Will Never Suffer A Long Term Disability?



By: Steve Crawford

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I'm a firm believer in odds, I generally don't make a personal or business decision until I understand the odds, and whether or not they are in my favor. So when I evaluated buying my own disability insurance policy several years ago, I wanted to know what the odds were of me suffering a long term disability during my working years. Let's just say it didn't take long for me to sign an application to begin the [underwriting process](#).

According to the May 2000 Norton Bankruptcy Adviser, 326,441 families that filed for bankruptcy protection in 1999 identified an illness or injury in their family as the major reason for the bankruptcy. That means 1 in 4 debtors in 1999 were attributed to a disability.

Still not concerned? According to the US Housing and Home Finance Agency only 3% of home mortgage foreclosures are due to a death of the breadwinner. 48% of all foreclosures are do to a disability. So what do you think is more important during your working years, life or disability insurance?

Why is this article written? Because in 2000 The Consumer Federation of America and The American Council of Life Insurers conducted a survey which found 82% of people have no long term disability insurance, or believe their coverage to be inadequate. This shows me that people don't have a clue just how vulnerable they are, or their perception is a perception not based in reality. A perception not based on reality is extremely dangerous, and until somebody shakes that reality up for you (the goal of this article), the only way you discover your mistake is when it is already too late.

What Causes a Disability?

I don't know how many times I have heard people say, "I don't need anything fancy for disability insurance, I just need a basic contract. I only need my brain and my hands to do my job." Again, this is a perception not based in reality. The reality is only 13% of disabilities are do to injury. (Source: National Institute on Disability and Rehabilitation Research, *Disability in the United States Prevalence and Causes, 1992*) Disabilities are caused by illness, and I have news for everybody reading this. An illness does not care what you do for a living, a cardiovascular event will hit a computer consultant the same way it hits an attorney.

Give Me Some Specific Causes: Source HIAA Source Book of Health Insurance Data 1999-2000.

Impairment	Percentage of Claims	As one can see from this chart, most of the disabilities listed don't care what you do for a living. A
Back	18.2%	

Emotional / Psychiatric	12.7%	severe back problem is going to limit a computer consultant from sitting in front of a computer for any length of time, a surgeon from being able to stand in the OR for any length of time, and a teacher from standing in front of the classroom.
Neurological	11.3%	
Extremities	9.0%	
Cardiovascular	4.1%	Cardiovascular disease, cancer, and diabetes strike people of all occupations. Going through chemotherapy is going to reduce anybody's ability to earn an income, and all three reduce the body's immune system leading to even more possible disabilities.
Diabetes	3.6%	
Substance Abuse	3.3%	
Hearing	2.9%	My point is this, don't be so arrogant as to honestly believe you won't ever become disabled, or that statistics don't apply to you. If you do ignore them, you are setting yourself up to be one of the four who files for bankruptcy because of a disability to the breadwinner, or part of the 48% of home mortgage foreclosures resulted from a disability.
Vision	2.6%	
Blood Disorders	2.6%	
Cancer	2.3%	
Asthma	1.7%	
Other	25.7%	
Total	100.0%	

Disability insurance truly is a foundation product, it is the foundation of any solid financial plan. Should you suffer a long term disability that lasts 90 days or more, odds are that you will be disabled for more than 3 years. You have just read the most current statistics offered regarding just how vulnerable you are to a long term disability eroding everything you have ever saved. The only question remaining is, "Are you going to remain one of the 82% of people who does not own disability insurance, or believes that the disability insurance you own is inadequate?"