

## Disability Insurance

### Glossary: Disability Insurance Terms

Following are some of the most common terms arising in disability insurance. If you have a question for your attorney about any of these terms or categories, jot down a note in the space provided to raise at your next meeting.

**Active, full-time employee**—an individual who works a minimum number of hours per week for his or her employer on a regular basis, in the usual course of the employer’s business, qualifying him or her for disability benefits.

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**Any-occupation disability insurance**—a policy that pays benefits if the insured cannot work at any job suitable to his or her education and training. For example, if an insured can no longer be a beat cop but can have a desk job as a police officer, he or she will not receive benefits.

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**Benefit percentage**—the benefit payable as determined by a percentage of the insured’s pre-disability income, up to an overall maximum benefit amount.

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**Benefit period**—the length of time that monthly disability insurance benefits are paid after a disability occurs. Benefit periods range from one year to payable to age 65.

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**Conversion privilege**—an option under which a terminated employee is allowed to continue coverage under a disability policy at his or her own expense without providing evidence of insurability.

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**Cost-of-living adjustment**—an optional feature in disability insurance policies that increases the monthly benefit based on inflation; also called indexing.

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**Elimination period**—the time between the date a disability begins and the start of the benefit payment period; also called the qualifying or waiting period.

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**Evidence of insurability**—medical or financial information that proves to an insurance company that an employee is eligible for insurance.

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**Exclusions**—specific provisions in a disability policy that exclude coverage under certain specified circumstances, such as for disabilities arising from the commission of a felony or self-inflicted injuries.

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**Guaranteed insurability option**—an option that provides the insured with the ability to purchase additional disability insurance coverage in the future without evidence of good health.

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**Guaranteed renewable disability insurance**—a policy under which, for as long as the premiums are paid, the benefits cannot be canceled. The premiums may change for an entire occupational class, but not just for an individual policyholder.

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**Limitations**—specific provisions in a disability policy that limit coverage under certain specified circumstances, such as in cases involving mental illness or pre-existing conditions.

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**Non-cancelable disability insurance**—a policy under which the premiums are fixed. The insurer cannot raise the rates or cancel the policy as long as the premiums are paid.

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**Own-occupation disability insurance**—a policy under which benefits are paid if the insured cannot work in his or her chosen profession.

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**Partial or residual benefits**—benefits that are available if, for example, the insured suffers a severe injury and is restricted to working three days a week as opposed to full time, or in a lower-paying position. With residual coverage, the disability insurance policy pays benefits to cover the loss in income even though the insured is not totally disabled.

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**Return of premium option**—an option under which all premiums paid in, less any disability benefits paid out, are returned to the insured when he or she turns 65.

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**Return to work provision**—a provision included in a disability policy that provides, as an incentive to return to work, that an employee who is able to resume his or her employment on a part-time basis is entitled to benefits in an amount that will bring total earnings up to 100% of the employee’s pre-disability income.

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**Social Security benefit**—an option under which, if the insured qualifies for Social Security disability benefits, the monthly disability insurance benefit payable by the insurance company is offset by the Social Security benefit. “Social Security benefit” may also relate to the option under which, if the insured is denied Social Security coverage, the insurer will pay benefits equal to the amount that the Social Security benefit would have been.

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**Survivor benefit**—an option under which a lump sum will be paid to the survivor’s if an insured dies while receiving disability benefits.

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**Waiting period**—the number of consecutive days that an insured must be totally disabled before the monthly benefit is payable. Waiting periods range from 30 to 365 days. Some disability policies start the waiting period over each time the insured is able to go back to work, even on a part-time basis, but other policies accumulate days of total or partial disability due to different causes.

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**Workplace accommodation or modification**—a benefit designed to provide assistance to an employer who is required to make workplace accommodations so that an injured employee can return to work; the employer is usually reimbursed up to a set amount for the cost of the required modifications.

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