

INSURANCE NEWSCAST

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Living Dangerously: Even Workers With Desk Jobs Take Big Risks Without Disability Insurance; LIFE Foundation Offers Six Misconceptions about Disability Insurance and the Risk of Becoming Disabled

WASHINGTON--(BUSINESS WIRE)--March 2, 2006--It's been said that life is what happens while you're busy making other plans. But while Americans have a knack for planning - whether it's for a business, a wedding or a vacation - many do not have a plan in place to protect their greatest asset - their ability to earn a living. In an effort to turn a corner on this issue, the non-profit LIFE Foundation is addressing some commonly held misconceptions regarding disability insurance and offering tips to help consumers evaluate their coverage needs.

"Disability insurance is one of the most misunderstood and overlooked components of a financial plan because many people fail to realize that their ability to work and earn an income is a valuable asset that must be adequately insured," said David F. Woods, CLU, ChFC, president of the LIFE Foundation. "It's not just those with hazardous jobs or dangerous hobbies that have to be concerned, in reality illnesses keep more people out of work than accidents. Americans need to get beyond the misconceptions and make sure they are financially protected in the not-so-unlikely event they suffer a disability during their working years."

A survey by The Consumer Federation of America and The American Council of Life Insurers found that 82% of people do not have long-term disability insurance or believe their coverage to be inadequate. Yet according to America's Health Insurance Plans, one-third of working adults say that their families could only live for three months or less on their savings, if the primary wage earner lost his or her income due to a disability.

People can't be expected to protect themselves unless they understand the risks they face. With that in mind, LIFE offers the following six misconceptions people have regarding disability insurance and the risk of becoming disabled.

1. I am in good health; I won't become disabled

The odds may surprise you. According the U.S. Census Bureau, nearly 1 in 5 Americans will become disabled for a year or more before the age of 65. An illness or accident that keeps you out of work can be very costly because medical bills, prescriptions and other unforeseen expenses must be covered on top of what it already takes to care of your family and cover everyday costs.

2. I'm not in a dangerous line of work

Whether you work in an office or a steel mill, if you are in your primary working years you need disability insurance. Many people assume disabilities are caused by freak accidents, but the National Institute on Disability and Rehabilitation Research reports only 13% of disabilities are a result of injury. The vast majority of long-term absences are actually due to illnesses.

3. Worker's compensation will cover me if I become disabled

Worker's compensation only covers you if you get injured, ill or die as a result of your job. Most employer- or government-sponsored worker's compensation programs pay only limited benefits and follow strict guidelines. Purchasing personal disability coverage will ensure that you are financially protected in the event you become disabled outside of the job.

4. The benefits I can get through Social Security will fill suffice

Don't bank on it. It is extremely difficult to qualify for Social Security disability benefits. According to the Social Security Administration, in 2003 roughly 70 percent of those who applied were denied. Your eligibility depends on whether or not you are incapable of working at all, not just your usual occupation, and if your

condition is expected to last a year or more or to result in death. If you do qualify, it takes five months or longer for benefits to kick in and, on average, Social Security pays out just over \$800 a month, slightly better than today's poverty guidelines.

5. I don't need individual coverage, because I'm covered through work

It pays to know the specifics of what type of coverage your employer provides. So talk to your company's benefits or human resources office to find out if the policy covers short or long-term disabilities, or both, and the benefit level paid out for claims. If the basic benefit offered through your job wouldn't be enough to help you make ends meet in the event of a disability, many companies offer their employees the opportunity to increase coverage through automatic payroll deductions. Alternatively, you can supplement what is offered through your employer with an individual policy. Purchasing disability insurance on your own ensures that your coverage is tailored to your specific preferences and will stay with you even if you change jobs.

6. I'm too young to worry about disability insurance

The world may be your oyster, but your earning power is your greatest financial asset and the one you should be worrying about the most. According to the National Association of Insurance Commissioners, people in their 30's are three times more likely to suffer a disability than they are to die. You may have enough money in the bank to pay the bills for a few weeks or months, but what will cover you down the road when the bills start to pile up and you are not earning an income?

LIFE's online calculator (www.life-line.org/disabilitycalculator) will help you determine if you need additional disability insurance coverage. LIFE recommends meeting with a qualified insurance professional for a comprehensive needs analysis and suggests asking these five questions when considering a purchase:

- How does the policy define a disability? Does it cover accidents, partial disabilities or only after total disability?
- If I become disabled, how long do I need to wait until benefits begin?
- How much does the policy pay? Is there a monthly maximum?
- How long will my payments continue?
- Is there an option to buy additional coverage at a later date, without evidence of insurability?

For additional questions to ask when purchasing disability insurance and other helpful tips, visit LIFE's website at www.life-line.org.

About LIFE

The Life and Health Insurance Foundation for Education (LIFE) was founded in 1994 in response to the public's growing need for information and education on life, health, disability and long-term care insurance. LIFE also seeks to remind people of the important role insurance professionals perform in helping families, businesses and individuals find the insurance products that best fit their needs. To learn more about these topics, please visit www.life-line.org.

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