



Rehabilitation

The Future of Individual Disability Insurance

By Steve Brady RHU

Popular movies and books often contain powerful metaphors relevant to broad audiences. The movie “Castaway,” portrays a character, played by Tom Hanks, who is marooned on a desert island. In a very real sense, it’s not unlike the situation faced by someone who is totally disabled. In the movie, after his plane crashed into the ocean, Hanks’ life was saved when he washed up on an island. But despite that “good fortune,” he remained isolated until he built a raft and returned to civilization.

Disability insurance, like an island, can sustain a person’s life – at least their financial life. But a monthly disability benefit may not be enough to allow someone to return to self-sufficient financial stability. However, a rehabilitation benefit can. It creates a winning proposition for both the claimant and the insurance company, and it represents the future of individual disability insurance.

Own-occupation has been the traditional preferred benefit of individual disability insurance. It provides a benefit for someone who is unable to perform the material and substantial duties of his occupation, but who may be able to work in another occupation. “Own-occ” makes sense for someone whose primary occupation requires specialized skills, but whose general skills or knowledge lend themselves easily to other related but different occupations. A surgeon, for example, can benefit greatly from own-occ by being compensated for the loss of his primary profession even if he is still able to use his medical education and experience as a teacher or administrator.

But consider the more likely scenario – a person who wishes to someday return to the occupation enjoyed before becoming disabled. A monthly DI benefit is crucial, in that it prevents compounding the physical disability with financial disability. However, it ignores the basic tenet that people often identify their selfworth and gain self-esteem from their ability to work and be productive.

That is where a rehabilitation benefit can “rescue” a person. It shifts the focus from the present – simply surviving the life changes that a disability brings – to the future, and resuming vocational productivity and financial stability. This benefit consists of two components: continued benefits and additional costs.

Continued benefits continues the basic monthly benefit provided by the policy during a person’s good-faith attempt at rehabilitation. Similar to own-occ, it allows the person to take that first step toward rehabilitation without fear of jeopardizing his financial situation.

Additional costs are the expenses incurred in participating in a rehabilitation program – expenses which aren’t covered by any other plans, policies or programs. The benefit pays for items that may be unaffordable to a person on disability, such as education, adaptive equipment and job or home site

modification. Expenses must be approved as part of a rehabilitation plan, but these additional costs are paid above and beyond the monthly benefit, providing claimants the tools to return to work without compromising their often precarious financial stability.

The rehabilitation benefit has long been available, but frequently misunderstood. Claimants may be afraid to initiate the process because they fear a loss of benefits. Insurance companies may be concerned about appearing pushy by suggesting rehabilitation. But the use of this benefit can help form a partnership between insurer and insured to work toward a common goal. Rehabilitation can move the industry beyond simply providing financial support during a disability. It can help a claimant move toward a self-sufficient, financially stable future.

Like the raft that Tom Hanks' character pieced together to get home from the island, a rehabilitation benefit can be an integral component of a person's recovery from disability. It is the next own-occupation. It is the future of individual disability insurance.

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