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Benefit Facts Article / By Brian Bulger & Grace Williams

Disability Insurance - Who Needs It?

If you're a business owner or a full-time employed individual, you need disability insurance. Quite often I meet people who say that they don't require disability insurance because they are covered under their spouse's benefit plan. In this case, they may be covered for Extended Health Care and Dental benefits, but not for disability. I explain to them that disability is for income replacement based on their own earnings at their own place of work. It simply cannot be acquired by them through their spouse's plan.

The three typical sources where a person can acquire disability coverage are; 1. An individual disability policy, 2. An association group individual disability policy or 3. A group benefit plan. I have read that 95% of the people who have disability insurance in North America, do so with an employer's group benefit plan. The cost of disability insurance through a group benefit plan can be 50% less or better than an individual disability policy. It's really the best deal, if you want to look at it in those terms, out of any other coverage provided within a group benefit plan.

To many people, myself included, disability is the most important coverage provided within a group benefit plan. Think about it, although it's great to have dental coverage in place, if you're unable to work for 12 months or more due to a disability and you have no money coming in, what good will dental coverage do. If you are single and living on your own with no other means of support it's even more important to have disability coverage.

Every year or two I spot articles in different insurance publications which provide the statistics on disability in Canada. More than once in these related articles I have read that 1 in 3 Canadians are off work during our working lifetimes due to a disability. And every time I see those figures, 1 in 3, I think wow, that can't be right, that's a lot of people.

On the other hand though, in regards to my firm clients there is a constant average of 8 to 10 business owners and employees who are off work due to a variety of illnesses and injuries, who are either collecting disability income or applying for it. I can tell you, most of these unfortunate people lead healthy life-styles and never thought that they would be in the position they're in now.

Now, a funny thing happens when I talk to people about disability insurance. Almost everyone thinks that the main causes of disabilities are accidents and injuries. The fact of the matter is, 9 out of every 10 disabilities my clients experience are due to unforeseen illnesses. I suspect my experiences are very similar across the country. And in case you're wondering, the national average for the length of time a person is off work due to a disability is just under 12 months.

If you presently don't have disability insurance, don't despair, you are far from being alone. In fact, the company you are in includes Doctors and Lawyers and many others who are top income earners. The very ones who you would automatically think would be crazy not to have it, and can afford it more than most, are some of the best procrastinators I've ever met.

It's a no brainer to me, so of course I have disability insurance. As you can imagine, I'm sold on it everyday I come to work. Remember, like many types of insurance, you buy disability with your good health. If you wait until you have a problem, you'll be out of luck.