

# The Challenging Times Part I

Steve (advisor): Welcome back Dr. Kaine. I've received the application for the disability policy we discussed last week. Do you have any other questions on the plan? I know starting your own practice can be quite challenging.

Steve: Sure! The four additional riders I've included are a true own occupation definition of disability, residual, cost of living adjustment (COLA), and catastrophic. Let's start with the true own occupation definition of disability.

Steve: Great question. A true own occupation definition allows you to receive maximum monthly benefits following a disability in which you are unable to perform the substantial and material duties of your own occupation, regardless of income earned from a new occupation.

Steve: Exactly! Let's move on to residual. This is probably the most important feature to include on a disability plan. It allows you to receive partial benefits if you are still able to work but have a loss of income, time, or duties due to a disability.

Steve: Well Dr. Kaine, in your situation I'd recommend it because you have another 25 years of policy benefits ahead of you. If you were to have a claim lasting over a year, potentially even for the rest of your working years, the COLA rider would increase your benefit annually to help keep up with inflation.

Steve: Catastrophic. This feature will pay an additional benefit, often covering up to 100% of your pre-disability income, if you're considered "catastrophically" disabled. For your policy and the majority of policies, this means that you need help performing two or more of the activities of daily living. Some examples include eating, bathing, dressing, toileting, transferring, and maintaining continence.

Steve: Great! You'll just need to fill out these forms, and the carrier will contact you for your phone interview. They'll also require your financial statements and a quick medical exam. Any other questions?

Steve: Perfect. Let's plan to catch up once your practice is up and running because there are disability options for business owners you may want to consider.

Dr. Kaine (client): I did want to review the plan's additional features. I want to make sure I have the coverage I need for when I go out on my own and lose my current group coverage.

Dr. Kaine: I know last time you mentioned that this is something that all physicians should have on their policy. What makes it stronger than the alternative definitions of disability?

Dr. Kaine: So, if I was no longer able to perform surgery because, say, I was diagnosed with Parkinson's, I would still receive my disability benefits even if I was working as a teacher or something else.

Dr. Kaine: Okay. That makes sense. What about the COLA rider? Does that make sense for someone who is 42 years old?

Dr. Kaine: I guess I'm fine with leaving it on. Let's move on to the last feature.

Dr. Kaine: Well I think I definitely would want that feature, considering cancer runs in my family, and I know many of those abilities are lost during treatment. Thank you for explaining in more detail what these features mean and can do for me. I think I'm comfortable moving forward with the application.

Dr. Kaine: Not right now. I'll give you a call if any come up. Have a great weekend.

## The Challenging Times Part II

Dr. Kaine (client): Hi Steve, how's it going? Thanks for squeezing me in.

Dr. Kaine: Things are going well. I just hired another orthopedic surgeon to assist me, since it's been getting busy with a lot of new patients.

Dr. Kaine: No, I think I'm all set for individual coverage, but is there anything I can do to protect my practice? A lot of people are relying on me now, and I'm just worried about what would happen if I wasn't able to work.

Dr. Kaine: That's exactly the kind of thing I'm looking for. Would loan payments be considered an eligible expense? I had to take out a large loan from the bank to get my practice up and running.

Dr. Kaine: That'd be great. I definitely want to see options for both of these products. What would you need from me?

Dr. Kaine: I'll send that information over to you as soon as possible, so we can get the ball rolling.

Dr. Kaine: Interesting. It's something I'd like to learn more about. Let's get the other programs settled first and then circle back on this discussion.

Dr. Kaine: I'll connect you with Stuart, our office manager, and have him gather the information.

Steve (advisor): No problem. How are things going at the clinic?

Steve: Sounds stressful, but busy is good. I saw that you were looking to discuss disability insurance. Did you have concerns about your current plan?

Steve: That's an understandable concern. Luckily, we do have some options available for practice owners. The product I believe to be the most important for physicians who own their practice is Disability Overhead Expense Insurance. This will reimburse the practice for certain eligible expenses incurred while you, the owner, are disabled and unable to work. This is a way to make sure the practice stays afloat and you are able to continue paying your employees while you are out of work and figuring out your next steps.

Steve: Great question! Different insurance carriers treat loan payments differently. However, there's a feature offered by some carriers that's designed specifically to deal with your loan payments while you're disabled. This tends to be a very popular product among new practice owners.

Steve: First, I'd need to know the amount of your average monthly expenses. This can include the salaries of your employees, but not the new orthopedic surgeon you hired, since he's performing the same job duties as you. I'd also need to know the details of your practice loan, including the total amount of loan responsibility, the monthly amount of loan payment, and for how long you'll be paying the loan off.

Steve: Sounds good. Before you head out, there's one more practice protection product that I'd like to run by you. It's called Disability Key Person replacement. This product will provide a benefit to the practice when one of your key employees becomes disabled. This benefit can be used towards any expenses you may incur, including finding a replacement for their position. In your case, this might be a good option to purchase on your CRNA or the other orthopedic surgeon you just hired.

Steve: I completely understand, I just wanted to let you know it was an option. When should I expect to get the information from you, or is there someone in the office I should correspond with on this?

Steve: We should plan to get this resolved in the next five weeks. I believe you have a birthday approaching? No need for you to pay more than you must. We should get the applications submitted to keep your younger age!

## The Challenging Times Part III

Steve (advisor): Welcome back, Dr. Kaine. How have you been?

Dr. Kaine (client): I've been great! The clinic has really taken off, so that's been keeping me quite busy. Luckily there are two other orthopedic surgeons on staff to help out.

Steve: I'm glad to hear things are going well. I know you're here to discuss moving some of your investments around, but I did want to bring up another disability insurance option that I think would be a great fit for your business as well. I'm guessing if one of the other surgeons on your staff became disabled, the clinic would suffer.

Dr. Kaine: Yeah, I don't know what I'd do to be honest. It's not easy to find qualified orthopedic surgeons who want to work in this area.

Steve: We have a similar problem finding qualified advisors for our firm here. Luckily, there is a disability insurance product that can help ease the burden a bit. It's called Key Person insurance, and it will pay the business a benefit in the event one of the key employees becomes disabled. So, this would be ideal to purchase on the other surgeons at your firm.

Dr. Kaine: Does the benefit have to be used towards finding and hiring a replacement?

Steve: It's actually a cash benefit that can be used in any way the business sees fit.

Dr. Kaine: Hmm. This might make sense for the clinic. Can I purchase this on any of my employees, or are there certain qualifications they need to fit?

Steve: It just needs to be someone who is working full time and is critical to the livelihood of the business.

Dr. Kaine: In that case, I think I'd like to see options for both of the orthopedic surgeons. We do have a clinic administrator who is also vital to clinic operations. Do you think she would be a good fit for this coverage as well?

Steve: I can show you options for all three, and you can decide who you want to cover when you see the pricing.

Dr. Kaine: Sounds good, Steve. Let's take a look at those investments now.