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Questions to Ask Before Buying Disability Insurance

By *RON LIEBER*

Given how confusing disability insurance is, [my column](#) on the odds of needing it didn't have room to list all of the questions you should ask an insurance company before signing up for a policy. (If you get disability insurance for free from your employer, making similar queries is crucial to understanding the limits of the coverage.)

Besides, there's nothing like real world experience to inform such an undertaking. So below, I've taken a stab at starting the list with a few dozen questions. Those of you who work in the industry or have purchased this insurance (and filed claims) will undoubtedly have additions and revisions. Please have at it in the comments, and we'll revise the list as we go.

Thanks in advance for helping to create a valuable resource for Bucks readers. If you wish to comment on your experience buying (or choosing not to buy) and using disability insurance generally, please see [this post](#).

- What **percentage of my income** will you replace if I become disabled?
- Will you **cover commissions or bonuses** on top of a base salary?
- What about **401(k) or other retirement contributions**?
- Can the payout go up **as my income goes up** in the future?
- Can it go up as the **cost of living increases**?
- Is there a **maximum payout** that you'll make (in dollars) per year, no matter what I earn?
- Is the **payout taxable**?
- If I can't return to the job I had before, can I continue to **draw payments forever**? Until I'm 65? Or some shorter period of time?
- If there's a time limit for coverage related to my old job, can I still collect **if I can't work at all**, in any job?
- Will you guarantee that I can **renew the policy each year**, at the same price? What about at a higher price? If so, is that only until a certain age?
- If I'm paying the premium on time, are there any circumstances under which you can **cancel my policy**?
- What **if I'm unemployed** and can't pay the premium for a short period of time?
- Is there a **waiting period after you start working** for a company that provides disability insurance (or after you buy a policy on your own) before you can make a claim?
- Is there a **waiting period after you become disabled** before you can start collecting on a claim?
- Can I pay a smaller premium in exchange for a **longer waiting period**?
- **I work at home**, so what can I do to convince you that my workspace is not hazardous?

- **I work for myself.** How much do you need to know about the details of my job and what I do all day in order to underwrite my policy at a decent rate (or at all)?
- What injuries or illnesses **does my policy exclude**? If I've already been treated for depression or back pain or cancer will you not cover those maladies at all in the future?
- Does my policy cover some illnesses - mental illness say - for a **more limited period of time** than other conditions?
- Is it possible to **erase some of these exclusions** a few years after my policy goes into effect if I don't come down with those afflictions during that period?
- Will you **make me apply for federal Social Security** disability benefits before paying a cent of my claim (and then offset anything you pay with whatever I collect from Social Security)?
- **If I change jobs**, can I keep the policy as long as I continue paying the premium?