



Disability Insurance Glossary

Benefits and insurance issues important to you
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Active, full-time employee: An individual must work for the employer on a regular basis in the usual course of the employer's business to be considered an active, full-time employee and thus be eligible for coverage. Usually, a minimum number of hours of regular work are specified.

Benefit percentage: The percentage of the insured's pre-disability income, up to an overall maximum benefit amount, that will be the amount payable to the insured upon disability.

Benefit period: The longest period of time for which benefits are payable for continuous disability.

Definition of total disability: Probably the most important provision in the disability contract. The definition of total disability is used to determine an employee's eligibility for benefits.

Own occupation: A definition of disability which states that as long as the insured is unable to perform the duties of his or her regular occupation (or occupations) at the time of disability, the insured will be considered eligible to receive the full benefit under the policy.

Any occupation: An insured will be considered disabled only if he or she is unable to work in any occupation for which he or she is qualified by education, training, or experience.

Disability: An individual's physical or mental inability to perform the major duties of his or her occupation because of sickness or injury.

Elimination or waiting period: The period of time between the date the disability commences and the beginning of the benefit payment period. It is the period during which an employee must be disabled before payment of benefits begins.

Evidence of insurability: Group disability coverage is generally sold as a "guaranteed issue" policy, which means that evidence of insurability is not required. However, under certain circumstances (e.g., late enrollment or a high benefit maximum), an employee must provide medical or financial information as proof of insurability.

Exclusions: Certain conditions and causes that are not covered by the policy. These are listed in the policy. For example, a plan will typically exclude coverage for disabilities resulting from war, participation in a riot, commission of a felony, or a self-inflicted injury.

Injury: Accidental bodily injury that occurs while a policy is in force.

Lifetime disability benefit: A benefit that is payable for the lifetime of the insured if he or she is continuously and totally disabled before a specified age (i.e., 45 or 55).

Limitations: Specific provisions included in the group disability policy that limit coverage in certain situations. For example, often only limited benefits are payable for disabilities caused by mental illness and pre-existing conditions.

Maximum benefit period (benefit duration): The maximum length of time for which benefits are payable under the plan as long as the employee remains continuously disabled.

Maximum monthly benefit: The highest dollar amount a disabled employee can receive on a monthly basis under the long-term disability policy.

Minimum monthly benefit: The minimum amount paid as a monthly benefit after reductions for *other income benefits* (see below).

Other income benefits (benefits integration): While disabled, an insured may be eligible for benefits from other sources. Benefits payable under the group LTD plan may be offset by other sources of disability income (Social Security, workers' compensation, or other disability benefits).

Partial or residual disability: An insured's physical inability to perform some, but not all, of the duties of his or her regular occupation due to sickness or injury.

Pre-disability earnings: The amount of an employee's wages or salary that was in effect and covered by the plan on the day before the disability began.

Pre-existing condition limitations: Most plans exclude or reduce disability benefits for any illness or injury for which an employee received medical treatment or consultation within a specified time period before becoming covered under the plan.

Presumptive disability: The presumption that the insured is totally disabled, even if still at work, if sickness or injury results in the total and complete loss of sight in both eyes, hearing in both ears, power of speech, or use of any two limbs. The elimination period is waived from the date of the loss and the total disability benefits are payable while such loss continues until the end of the benefit period.

Return-to-work provision: To encourage employees to return to work as soon as they become physically able, an additional incentive is provided for a certain period of time. Typically, the employee can receive up to 100 percent of pre-disability earnings based on a combination of disability benefits and return-to-work earnings.

Sickness: A sickness or disease, including a pregnancy, which is first diagnosed and treated while the policy is in force.

Total disability: The physical or mental inability to perform the major duties of one's occupation because of sickness or injury.

Waiting period (for plan enrollment eligibility): A specified number of continuous days of service as an active, full-time employee that an employee must satisfy in order to become eligible for coverage under the group disability policy.

Waiver of premium: The provision under the group disability policy that waives the individual's premium payments for as long as benefits are being paid out.