

# Non-Can Disability Insurance Policies

## Why Do Most Non-Can Policies (And All Group) Have A Benefit Period Cap Of Only 24 Months?

**M**r. Insured has a nervous breakdown as a result of being a top insurance producer. It seems the more applications he submits, the more frustrated he becomes. After a long siege to get underwriting to issue on a timely basis, he throws his hands up in the air and screams, "I've had it." I'm outta here, as he runs down the street tearing off his clothes!

Finally, the police have him committed for evaluation and the psychiatrist says he's had a severe nervous breakdown. His prognosis is that the patient will never be able to work in a sales environment with the associated stress! Fortunately he has a great disability policy that pays handsomely on a tax-free basis and with the own-occ definition for total disability he seems to be home free!

During this period, he has to visit his therapist for re-evaluation and to get a prescription. This proves to the carrier that he is indeed disabled from performing his material and substantial duties as a salesman. Twenty-two months go by. Along with his benefit check, there is a letter that says, "According to the benefits stated in your policy, any mental nervous disabilities (other than being confined to a hospital) are hereby payable for an aggregate period of no more than 24 months (a recurrent disability doesn't help in this case)."

Why do some carriers pay for the full benefit period and most others only pay for the 24 months?

I can tell you this and it is my contention since it can be proved; in order to collect, there has to be some serious evidence that the claim is valid. As we all know, subjective claims are very

hard to prove since objective data like a broken arm is difficult to come by.

Now granted, there are some cases that are clearly defined, but those are relatively far and few between when compared to the others. Again why do these kind of claims have

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the cap? The reason is simple – the carrier doesn't want to have a duel among the opposing doctors whereby one says yes and the other says no!

What about the carriers that have no such caps? This is a fairly recent event, so the jury is still out. To protect themselves, there is no doubt in my mind, that to get paid past the 24 months will be no easy matter. Again, this is just my opinion!

If your prospect is eligible; should they only apply with a carrier that



has no cap? There is easy an answer why not, especially since mental/nervous claims are amongst the highest when compared to other causes.

That being said, if the condition already exists will coverage be issued? It depends. If the carrier does issue, it might be with only a five year BP with fewer options, such as the future increase option, etc.

Why can't the carrier issue for the full BP along with an exclusion rider? Think about that for a moment.

Your client is driving down a country road and becomes very depressed and begins to cry and wham, crashes into a tree. Was it an accident payable to 65 or a MN issue payable for 24 months? Should the carriers become a little more aggressive and venture out of their safety net? It remains to be seen, but I believe it may be worth the risk for certain occupations. □

*Larry Schneider, founder of Disability Insurance Resource Center, has published The Anatomy of Disability Income Insurance, a manual on selling disability insurance. Schneider draws on his 35 years of disability insurance selling experience to craft a manual ideal for new and experience agents, as well as home office trainers and personnel. For more information, call Schneider at -800-551-6211.*