

Disability Insurance: What Dermatology Residents Need to Know

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Disability insurance is an important purchase that dermatology residents will make prior to the completion of residency. This article elucidates commonly used disability insurance terms, common policy pitfalls to avoid, and tips on what type of policy is most advantageous to purchase.

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Several older physicians have emphasized to me the importance of choosing an excellent disability insurance policy during residency. However, choosing the right policy can be a difficult task. The policy definitions are complicated, and there is a lot of fine print. To understand this confusing topic, start with answers to these 3 questions: What is my most valuable asset? When is the best point in my career to purchase disability insurance? What would I do if I were no longer able to perform the material and substantial duties of my occupation as a dermatologist?

A Resident's Assets

In the world of disability insurance, your most valuable assets are your education and your ability to earn an income in the future.^{1,2} A resident's ability to earn an income in the future reflects a massive investment of time, cost of education, and postponed

accrual of wealth due to time spent in training. Any negative impact on your health (eg, back injury, vision loss, hand injury) can jeopardize these assets. Purchasing disability insurance while still in dermatology residency will protect this investment; it also will ensure that you obtain a policy while you are still healthy.^{1,2}

Choosing a Policy

Disability insurance comes in 2 main forms: individual or group. Individual insurance may be slightly more expensive but may offer better coverage than group insurance. Group insurance often is offered through a large medical association such as the American Academy of Dermatology. Group insurance may be less expensive but often has more limits to coverage. A definite must-have in a disability insurance policy is one that has guaranteed renewal and is noncancellable.¹⁻³

Interestingly, women are considered a higher risk for disability, and many insurance policies will charge a higher monthly rate for women than men because women are slightly more likely than men to develop a disability, and women are more likely to develop a disability that prevents them from being able to work.⁴ Some insurance companies do offer a unisex policy, which does not discriminate.

When choosing a policy, you want to carefully read the vendor's definition of disability. The best definition of the term *disability* is going to be one that includes phrases such as "unable to perform the material and substantial duties of your [own] occupation . . . even if you are gainfully employed in another occupation."^{1-3,5,6} This definition of disability is the least restrictive and would allow you to receive full benefits even if you are able to work in another capacity or occupation.^{1-3,5,6} The benefit period of the policy also is something to choose carefully. It is recommended to choose a benefit

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period that extends to at least 65 years of age.^{1-3,5} It is important to remember that the devil is in the details; for example, some disability insurance policies with more restrictive definitions will not pay you benefits if you are working in another capacity (eg, a physician who develops an injury that prohibits working with patients and then chooses to work in another capacity).

Some policies will only pay benefits if you become totally disabled. Shy away from these more restrictive policies; instead, look for a policy that has a liberal definition of what constitutes disability and allows you the option to add in a future purchase option rider. It is important that your policy includes a future purchase option rider, which means that as your income increases you have the option to purchase an increase in your disability coverage.^{1-3,5} Look for a policy that allows you to be insured without penalizing you for preexisting conditions; during residency is one of the few times some policy vendors will do it, as they assume residents are generally young and healthy.^{1-3,5,7}

Final Thoughts

When you choose your policy, read the details carefully. Finally, remember that other physicians in the community are available as resources; they can be a wealth of information on different policies. There are many websites available to read more on this topic. Often, your training institution will offer a disability policy for the duration of your residency. Many residents choose to purchase their postresidency policies while in their third or fourth year of training. Take the time to choose a good policy now; you will be glad you did.

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