

Why Buy Disability Insurance?

Though disability is behind a significant number of home foreclosures and personal bankruptcies, insuring against it has not been a high priority for most workers because many assume they're already covered through Social Security, state-mandated Workers' Compensation or employer-provided group plans. However, there are numerous holes in this safety net of coverage.

As a business owner and dependent on working to keep your income coming in it makes sense to protect that income in the event of a disabling sickness or injury that would keep you from work. This is done by planning the risks of injury and what you can afford to be without if an injury would occur.

The question that often comes up when your the owner of a business and have people who do the work and manage the day to day activities, why buy disability insurance?

Owning a business can be very rewarding. If you are disabled it can be a financial hardship on the business. Not only is your personal income threatened, but also your business. Some types of businesses would continue without you easily. However, if your business depends on you to generate revenue, you need to own "business overhead expense insurance" to make sure your business remains viable during a period of disability.

The monthly expenses of your business won't disappear just because you can't work. However you still have an obligation to pay certain expenses such as rent, taxes, other debts, installment loan costs for furniture and equipment and other fixed expenses. What about employee payroll, electricity, telephone or heat? In addition, while these expenses continue, who will take on the tasks at hand? Will this person need to be paid or need additional income?

Business overhead expense insurance coverage pays for all of the deductible overhead expenses of your business on a reimbursement basis, while you are disabled, for up to 24 months. This gives you the ability to keep your business running while you get better. If you are not able to return to work within 24 months, at least the fixed expenses are paid.

Most businesses are owned by partners that often have one or more members who are key in the day to day activities however in the event of a disability the cost to replace this person or a partner could be devastating to the business. These situations would require key person or buy-out disability plans.

The disability policy would be then used to pay the expense costs to hire a replacement to run those activities. In extreme cases the event of a disability, the company would need to buy out the disabled partner for his or her share of the company. This would usually take place after the partner has been disabled for a long time and is rather certain the disability is permanent — the period of time before the policy and buy out would kick in is usually a minimum of one year.

Now is a good time to ask yourself what would I do if I was disabled? Would it impact my income? How would it effect my business and for how long?

Whether you have a policy that should be reviewed, questions or concerns that you would like addressed take the time now to call Greater Insurance Service for a comprehensive review of your needs to determine the best policy for you and your business.