

Disability policy can be more crucial than life insurance

Odds of suffering injury are greater

Wayne Goehring ran a successful cabinet-refinishing business until about two years ago, when he began noticing strange sensations in his feet and hands. Multiple sclerosis was soon diagnosed.

Now he struggles both physically and financially. He has had to disband the Kitchen Tune-Up franchise he opened in 1989 in Bismarck, N.D., liquidate all financial assets and file for personal bankruptcy. His wife, Cindy, has gone to work in a bingo-hall because the \$923 in monthly disability checks he receives from Social Security isn't enough to meet everyday expenses.

Goehring realizes now that he could have avoided such financial devastation had he maintained comprehensive disability coverage, which would have replaced part of his \$60,000 annual income. When he started his business, though, he felt healthy and strong and thought that disability insurance was a waste of money.

"It was a crap shoot and I lost," said Goehring, 45, who now needs help walking and getting out of chairs.

Insurance-industry statistics show that the odds of suffering a debilitating injury or illness are far greater than that of dying during one's working years. Yet more people are likely to have life insurance than disability insurance — roughly 70 percent versus 40 percent, according to the Health Industry Association of America.

The association says about 30 percent of people 35 to 65 will suffer a disability for at least 90 days, and about one in seven can expect to become disabled for five years or more.

"Most people think of life insurance long before they think of disability insurance, but, in fact, if you're a working adult and you do not have anyone who is financially dependent upon you, you may not really need it," said Larry Elkin, a financial planner in Hastings-on-Hudson, N.Y. "A disability, which cuts off the person's own income, can be devastating if a person does not have any other source of income."

Disability coverage for workers is becoming increasingly important as baby boomers, who make up a huge part of the work force,

continue to age. UnumProvident Corp., which is based in Portland, Maine, and is one of the nation's largest disability insurance providers, has seen "double-digit sales growth in the last year or two," according to Douglas Frantzen, a senior vice president. Frantzen declined to provide specific numbers.

Many workers are covered by their employers. Nationally, roughly 40 percent of midsize and large companies and 20 percent of small employers provide long-term disability, according to the Bureau of Labor Statistics. And nearly all employers provide some short-term leave, often as paid sick days.

But that still leaves many workers without long-term coverage through their employers. And unless they buy their own policies, the growing numbers of consultants, free-lancers and other independent workers also lack such insurance.

Long-term private disability policies typically provide monthly payments of 60 percent of a person's income at the time of the disability for an extended period, usually up to age 65. Many plans have caps on what is paid out, usually around \$5,000 a month.