

Individual vs. Group Disability Insurance

A Summary of Material Differences Between the Products

Feature	Group Disability	Individual Disability
Policy Form	A group product covering many employees under one master policy.	An individually owned policy.
Policy Renewal	Annual renewal process exists, but coverage is not guaranteed to be renewed by the carrier.	Non-Cancelable & Guaranteed Renewable to age 65. Conditionally renewable for life, if working 30+ hours per week.
Premium Structure	Rates based on current age of employees. Cost will increase as the group gets older.	Level premium to age 65. Rate is locked in at the age of purchase.
Premium Guarantee	Typically a 1-2 year rate guarantee at most.	Guaranteed to remain unchanged through age 65.
Feature Guarantee	Carrier can change or eliminate features annually at plan renewal.	All features & riders are guaranteed to age 65. Only the insured can alter the policy.
Best Definition Available	Own occupation, only if not working in a new occupation, to age 65/67.	Own Occupation to age 65/67/70.
Partial & Residual Benefits	20% income loss (due to illness/injury) required.	15% income loss (due to illness/injury) required (Ameritas Foundation).
Covered Earnings	Typically base earnings only, but some plans may cover total compensation.	Total compensation.
Underwriting / Claims	Limited health underwriting at the time coverage becomes effective. Pre-Existing limitations are used at the time of claim.	All underwriting is done at time of application vs. at the time of claim.
Claims	Claims department handles all level of claims from janitors to attorneys / physicians with a one size fits all approach.	Because 98% of all claims are from high end professionals, the claims examiners have a high degree of skill in understanding of these claims.
Rehabilitation Features	Mandatory and autocratic return-to-work rehabilitation provisions.	Voluntary and mutually agreeable return-to-work programs.
Benefit Off-Sets	Offsets for Federal Social Security, workers comp, and any other state welfare benefits.	Assuming policy is all Base benefit, entire monthly benefit is paid if definition of disability and waiting period are met.
Self-Reported Illnesses	Typically plans have limited benefits for self-reported illnesses such as chronic fatigue, etc.	Not limited.
Portability	Not fully portable. Identical benefit amount and plan design features/benefits are not guaranteed.	100% portable at the same rate, benefits and features.