

# Disability Insurance: Nervous About Mental/Nervous Benefits?



Larry Keller

*[Editor's Note: This is a guest post from [Lawrence B. Keller, CLU, ChFC, CFP®](#), a paid advertiser on this site, although this is not a paid post. In this post, he discusses a topic many of us have wondered about when we found out that our disability policies had a limitation on disabilities due to psychiatric and neurologic diseases. Enjoy!]*

One of the biggest differences in disability insurance policies today is how claims for mental/nervous and/or substance abuse disorders are handled. While some policies handle these claims in the same fashion as any other accident or illness, others limit these types of claims to a maximum of 24 months (either over one's lifetime or per period of disability, depending upon the specific insurance company's policy).



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### **What Is Limited?**

The intent of this rider is to limit the benefit period if the primary cause of disability were solely a psychiatric or substance abuse disorder/diagnosis as defined in the DSM IV (or its replacement), including, but not limited to Post Traumatic Stress Syndrome (PTSD), anxiety, depression, and/or drug and alcohol abuse/addiction.

The limitation would not apply to claims for dementia as a result of a stroke, head injury, viral infection, Alzheimer's disease or similar organic disease processes, including Parkinson's disease and Multiple Sclerosis. These illnesses would be covered in the same way as any other accident or sickness.

Also, if the insured had a physical (medical) condition, as well as a psychiatric condition, the mental/nervous limitation would not apply if the physical condition would in and of itself be considered a disability under the terms of the policy.

### **Doctors Do Get Mental Illness**

According to the April, 2011 issue of [Current Psychiatry Magazine](#), physicians are not immune to depression and have an

increased risk of suicide. Additionally, the lack of distinction between a psychiatric diagnosis and impairment stigmatizes physicians and impedes treatment. So, should this factor into your decision when purchasing disability insurance?

Given the choice, if premium rates are similar, I would suggest that a policy with fewer restriction and limitations is better compared to a policy with more restrictions and limitations. Therefore, one would want to purchase a policy that has both a true "Own-Occupation" definition of total disability coupled with full coverage for mental/nervous and/or substance abuse disorders. While, generally there is not a substantial difference in premium rates for males, the difference in cost for females can be substantial – especially if a policy with unisex rates and a permanent premium discount is not available.

### **Principal's Transitional Occupation Rider**



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Let's use Principal's policy as example. The Mental/Nervous and Substance Abuse Disorder Limitation Rider is required for 5A-M and 4A-M occupations when the Regular Occupation rider is added to the policy. However, when the Transitional Occupation

Rider is purchased, this limitation is not required.

So, does [“Own-Occupation” really matter with disability insurance](#)? Clearly, there is no right or wrong answer. It is a balancing act in terms of the premiums that one pays relative to the risks that they are willing to accept or transfer to the insurance company.

Setting that aside, I would assume that most purchasers would want coverage that included both full coverage for mental/nervous and/or substance abuse disorders, as well as, a true “Own-Occupation” definition of total disability.

I believe that the only reason that the Transitional Occupation Rider ever enters a discussion is to allow females to purchase a policy with a unisex rate and discount with Principal, if available, the Regular Occupation Rider is not available (this is the case for those in the 4A-M occupation class purchasing coverage in California), or if due to medical history Principal issued a policy with a 5-year benefit period (and in that situation, the Regular Occupation Rider is not available).

### **Mental/Nervous Limitations Among The Big Six**

How do the “Big Six” carriers for physician disability insurance compare in today’s marketplace in this area?

Berkshire (Guardian) – Full coverage for claims related to mental/nervous and/or substance abuse disorders in their ProVider Plus (“flagship”) policy with the exception of Anesthesiologists, Emergency Medicine Physicians, CRNAs, Pain Management Physicians and all policies issued in California or Florida. Berkshire’s ProVider Plus limited has a 24 month lifetime maximum for claims related to mental/nervous and/or substance abuse disorders.

Standard – Full coverage for claims related to mental/nervous and/or substance abuse disorders in their Protector Platinum

policy series. However, this is very expensive for Anesthesiologists due to the unfavorable occupation class of 2P (this is not the case for Pain Management Physicians).

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MetLife – Full coverage for claims related to mental/nervous and/or substance abuse disorders in their Income Guard policy series. However, this is not the case for those in occupation class 4M (this includes Dentists, Anesthesiologists (including Pain Management Physicians that are anesthesia trained), Emergency Medicine Physicians, OB/GYNs, Orthopedic Surgeons, Psychiatrists, Interventional Radiologists and Interventional Cardiologists, which includes Cardiac Electrophysiologists)

Ameritas (Union Central) – Generally, a 24 month lifetime maximum for claims related to mental/nervous and/or substance abuse disorders. There may be Guaranteed Standard Issue policies that do not include this limitation.

Principal – The Mental/Nervous and Substance Abuse Disorder rider is required for 5A-M and 4A-M occupations when the Regular Occupation rider is added to the policy (this rider is not available to those in occupation class 4A-M in California). When the Transitional Occupation Rider is purchased, this limitation is not required.

MassMutual – The maximum benefit period for each period of disability caused by or contributed to by a mental disorder is 24 months, with no aggregate lifetime limit.

When you purchased your disability insurance, did coverage for mental nervous and/or substance abuse disorders impact your decision making process? If you haven't purchased coverage, is this something that you will take into consideration? Comment below!