Most Americans unprepared for disability impacts

Most Americans are not prepared to deal with the possibility of becoming disabled and, in turn, unable to work, according to new research by the National Association of Insurance Commissioners.

More than half (56 percent) of U.S. adults say they would be unable to pay their bills or meet expenses if they became disabled and could not work for a year or longer, said a January national consumer survey fielded by International Communications Research.

The survey showed consumers have an optimistic picture of their future, with only 13 percent saying it was somewhat or very likely they would become disabled and unable to work.

However, data from the Social Security Administration indicates that a substantial portion of the nation's population, 20 percent, will actually become disabled for a year or more before reaching age 65.

These findings highlight the need for long-term disability insurance, designed to protect people financially by replacing some of their lost income. In the survey, only 44 percent of respondents indicated they had long-term disability coverage.

Of these, 71 percent said their long-term disability insurance was employer provided rather than individually purchased. This suggests a significant number of people could lose their coverage in the event of a change in employment status.

Many people don't think about the impact becoming disabled can have on their ability to earn a living and remain financially independent. Understanding the role of disability insurance at each life stage is critically important to one's total financial security.

Having knowledge about disability insurance options before an accident or serious illness occurs can help ease the financial pain during recovery.

What all consumers should know about disability insurance

For insurance purposes, disability is typically defined as the inability to work due to an illness or injury, although the definition varies among different insurance companies and policies.

There are two main types of disability insurance: short-term and long-term.

Short-term disability insurance, which some states require employers to carry for their employees, replaces a portion of the policyholder's salary for a short-period, typically from three to six months following a disability. The specific percentage of replaced income varies with different policies.

Long-term disability insurance coverage typically begins after the policyholder is disabled and unable to work for at least six months. The coverage period can extend for a specific number of years or until the policyholder retires or turns 65, depending on the policy selected and the type of disability.

Though policies can be costly, being disabled for a long period of time can be financially devastating.

sandy praeger

• insurance comm.

According to research by the U.S. Department of Education and the National Institute on Disability and Rehabilitation, the most common causes of long-term disability are heart disease, back injuries and cancer, followed by anxiety and depression.

In 2005, about a third of disabled worker beneficiaries had been diagnosed with a mental disorder, according to the Social Security Administration.

Consumers should not confuse disability insurance with workers' compensation, a benefit that employers are required to carry in most states for employees who are injured on the job.

Here are some tips for consumers considering disability insurance:

• Determine how much money you'll need to cover all of your critical expenses (such as mortgage payments/rent, food, utilities and transportation) should you become disabled.

Unless your investments and savings can maintain your current lifestyle for several years, you may want to consider purchasing long-term disability insurance, which typically covers about 60 percent of your previous income. The percentage varies depending on the policy you select. Also, you'll need to decide how long you want benefits to last.

• Be aware that having a pre-existing health condition, such as a back problem or heart ailment, coupled with your age, could affect whether you'll qualify for long-term disability insurance and at what cost. You may be subject to a higher premium or be excluded completely from purchasing a policy based on your medical history.

• Typically, younger, healthier individuals pay lower disability premiums. If you purchase disability insurance at a young age and can get a "non-cancelable" policy, your coverage can't be canceled and the premiums can't be raised once your medical exam has been approved and your policy issued, assuming your premiums are paid on time.

• While a "guaranteed renewable" policy can't be canceled, its premiums may be increased on the anniversary of the policy or when stated in the policy.

• Most long-term disability insurance stipulates a waiting period, such as 90 days, 180 days or one year, before benefits are paid. The longer the waiting period you select, the lower the premium.

• If you have disability insurance and become disabled, you'll need to fill out a claim form. Keep in mind that many insurance companies will require supporting documentation from physicians to verify whether and to what extent you are disabled, before paying out on a claim.

• Find out if your employer offers a group short-term and/or long-term disability plan. Typically, premiums from group plans are less expensive than individual policies. Also explore whether you can convert group disability coverage from your previous employer to an individual policy should you change jobs.

The federal government does offer long-term disability benefits through the Social Security Administration under the following specific circumstances: "if you cannot do work that you did before and we decide that you cannot adjust to other work because of your medical condition(s). Your disability must also last or be expected to last for at least one year or to result in death."

Disability insurance tips for each life stage

Following are some considerations for consumers based on their likely needs in different life stages.

• Young singles: A 20-year-old worker has a 30 percent chance of becoming disabled before reaching retirement age, according to the Social Security Administration. Young people who suddenly can't work due to an accident or sickness will still be responsible for paying their bills.

• Young families who rely on both spouses' incomes should consider purchasing long-term disability insurance for both. At this life stage, families typically have many expenses, including a mortgage and child care.

• Established families may also want to consider purchasing disability insurance. In addition to their regular expenses, established families are likely trying to put away a portion of their income to pay for their kids' college tuition, as well as save for retirement. Becoming disabled for a lengthy period can greatly interfere with these savings plans.

• Empty nesters/seniors who are still employed may want to keep their disability insurance in force until they turn 65 or retire.

Before purchasing any disability policy, consumers should check with the Kansas Insurance Department to make sure the company offering the coverage is legitimate, solvent and authorized to do business in Kansas. Call the Consumer Assistance Hotline at (800) 432-2484 to confirm this information.

For more information about insurance, consumers can visit the Kansas Insurance Department's Web site at www.ksinsurance.org.

Sandy Praeger, Kansas Insurance Commissioner, oversees the activities of the Kansas Insurance Department.

The department regulates and monitors the activities of 23,000 resident agents, 48,000 non-resident agents and 1,684 insurance companies licensed to do business in the state. It offers financial, actuarial, legal, computer, research, market conduct and economic expertise. Call the Kansas Insurance Department toll-free at (800) 432-2484 or visit www.ksinsurance.org for more information.

Water conservation issues dominate legislative discussions

Water issues have dominated legislative discussions these past couple years, and rightly so.

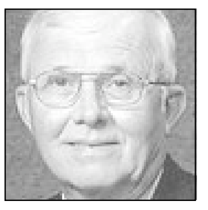
Senate Bill 123 is an act that establishes an upper Arkansas River Conservation Reserve Enhancement Program.

This area includes Hamilton, Kearny, Finney, Gray, Ford, Edwards, Pawnee, Stafford, Barton, and Rice counties in Southwest Kansas.

The purpose of this conservation program is to reduce withdrawal of the aquifer, improve water quality, protect public water supply, and enhance wildlife habitat. This program will provide for voluntary retirement of water rights in the Arkansas River Corridor.

To put this into perspective, you could say that this issue is 12 inches deep, and this bill addresses about one quarter inch of the problem.

More importantly we must not forget the negative economic impact this bill will hand to businesses in these small communities. In my District, I can use Ness County as an example.



ralph ostmeyer

• state senator

After a two-year sign-up of dryland acres being converted to Conservation Reserve Program acres, it is evident how this type of program has affected the business community.

There is always the question of how these counties plan on recovering property tax revenues to support local and county services when values of those acres will be taxed as dryland once implemented. There is no proof that water will actually be saved.

Only three other states have this type of conservation program in place, and none of them has had it long enough to have any documentation.

Grain elevators, automotive stores, grocery stores, small locker plants, furniture stores, and the list goes on of the potential negative impact to our rural communities.

These businesses will either work for less or shut completely down.

Kansas State University has conducted a study that predicts 119 lost jobs and $14.8 million annual negative economic impact to the Arkansas River Corridor region upon implementation of this program.

Originally this bill would have forced these acres into the CRP program, but I am hoping to get a dryland provision added to the wording.

We are still working this bill in the Senate, and I am working hard to help cut losses to these communities.

The Conservation Reserve Enhancement Program in Southwest Kansas may not directly affect my district right now, but I fear what it could mean for us in the future. I also question whether SB123 will help encourage the next generation to return to the farm.

matters of record

The following accidents were investigated by the Goodland Police Department.

Feb. 10 — 2520 Commerce, a vehicle struck an entrance sign to the Super 8 Motel, and left the scene without reporting the accident.

Feb. 12 — 1:25 p.m., 400 E. Business U.S. 24, a 1991 Chevrolet driven by Deborah Kay Cearley was turning north onto Cherry and slid on ice and she hit a 1995 Dodge driven by Kurt Scott Zupko. The Chevrolet did cross into the southbound lane from the northbound lane.

Feb. 13 — 4:50 p.m., 2160 Commerce, a 2002 Chevrolet driven by Kim R. Duell had turned right on parking lane and was driving east when a 2003 Chevrolet driven by Reyna B. Hernandez was backing from a parking stall. Hernandez hit Duell as she was driving past.

Feb. 14 — 12 p.m., 1300 Walnut, a 1973 Volkswagen driven by Britt J. Zweygardt was turning west from the stop sign at 1300 Walnut, and a 2002 Pontiac driven by Elizabeth A. Morris was driving east on 13th when the two collided.

4:20 p.m., 1600 Main, a 2006 Cadillac driven by Ida Fern Heckman was backing from a parking space and hit a 1998 Chevrolet driven by Linda T. Mai.

Feb. 15 — 2:43 p.m., 1700 Center, a 1974 Kenworth driven by Gary L. Schields was exiting a private drive on a downward slope, and was unable to stop on ice and slid into a 1994 Buick driven by Inez P. Deplata driving east on 17th.

3:39 p.m., 1300 Cherry, a 2003 Ford driven by Jeanette R. White was driving east on 13th and was turning into a private drive. A 1992 Chevrolet driven by Samantha J. Erickson was driving west and due to ice was not able to stop and hit the Ford.

Feb. 19 — 10:50 a.m., 2420 Commerce, a 2005 Chevrolet owned by Michael P. S. was parked and a 1997 Toyota driven by Timothy T. Casey was backing out of a parking stall and hit the Chevrolet, which was not parked in a stall. The Toyota was moved prior to the police arrival.

11:37 a.m., 1700 Main, a 1999 Dodge driven by Charles R. Hall was pulling south onto Main and a 1999 GMC was backing north from a parking stall. Both vehicles hit each other. The Dodge was moved before the police arrived.

Feb. 20 — 4 p.m., 220 W. Second, a 1994 GMC owned by Cheryl Earl was parked in a space at 220 W. Second, and was struck in the driver's side door by a vehicle causing damage to the GMC.

Feb. 21 — 6:59 a.m., 1300 Harrison, a 2006 Dodge driven by John Lewis Stephens was driving east on 13th, and a 1995 Eagle International driven by Kyle J. McFadden was driving north on Harrison. The Dodge struck the Eagle in the rear.

Feb. 23 — 4:35 p.m., 2160 Commerce, a 2004 Ford driven by Joellen L. Frewen was backing from a parking stall and hit a 1995 Ford driven by Shirley Joyce Meyer as it was driving past.