GR Grand Rounds Wealth

A GRAND ROUNDS WEALTH GUIDE

The Essential Guide to Disability & Life Insurance for Physicians

What physicians, dentists, residents, and healthcare professionals should understand about own-occupation coverage, policy exclusions, and how much protection actually makes sense — before you sign anything, with us or anyone else.

GRAND ROUNDS WEALTH

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BEFORE YOU START

Why this guide exists

Most medical professionals spend a decade or more — and hundreds of thousands of dollars — building the ability to earn a high income. Very few spend an afternoon making sure that ability is actually protected. This guide walks through the concepts that matter most, in plain English, so you can evaluate any policy (ours or someone else's) with confidence.

This isn't a sales document. There's no product pitch here — just the same framework we walk clients through during a consultation. If you finish this guide and decide you don't need our help, that's a good outcome too.

What's inside

SECTION 01

What disability insurance actually protects

Disability insurance isn't protecting your body — it's protecting your income. Specifically, it's protecting the income you would have earned over the rest of your career if an illness or injury kept you from practicing in your specialty. For most physicians, that number is the single largest financial asset they have, larger than a home, a retirement account, or a practice.

25%
of physicians will be disabled for 90+ days at some point in their career

$5M+
average lifetime earnings a specialist stands to protect

90%
of long-term disabilities are from illness, not accidents

Sources: Social Security Administration; Council for Disability Awareness. Figures are industry-wide averages, not specific to any policy.

Group LTD vs. individual coverage

Most physicians' first (and sometimes only) disability coverage comes through an employer's group long-term disability (LTD) plan. Group LTD is a reasonable starting layer, but it has structural limitations that rarely get explained at open enrollment:

- **Capped benefits.** Group plans often cap monthly benefits well below what a specialist actually earns — sometimes as low as $10,000–$15,000/month regardless of income.
- **It doesn't follow you.** Coverage typically ends the day you leave the employer, and needs to be re-underwritten at your next job — at whatever your health looks like then.
- **Definitions can shift.** Many group contracts use an "own occupation" definition for the first 24 months, then quietly shift to "any occupation" after that.
- **Benefits are usually taxable.** If your employer paid the premium, the benefit is treated as taxable income when you file a claim — which can shrink an already-capped benefit further.

> **The takeaway:** Group LTD is worth keeping, but for most attendings — and increasingly for residents and fellows — it's a supplement to an individual policy, not a replacement for one.

SECTION 02

Own-occupation vs. any-occupation, explained

This single definition matters more than almost anything else in a disability contract. It determines whether you actually get paid when you can't do your specific job — even if you're technically capable of doing some other kind of work.

	Own-Occupation	Any-Occupation
Pays a benefit if...	You can't perform the material duties of your specific specialty	You can't perform the duties of *any* job you're reasonably suited for by training
Example	A surgeon who develops a hand tremor and can no longer operate still qualifies, even if they could do administrative or teaching work	That same surgeon may be denied a claim if the insurer believes they could work in a non-surgical medical role
Where it's found	Individual, physician-specific disability policies	Most group LTD plans, usually after an initial 24-month "own occupation" period
Cost	Higher premium, reflects broader protection	Lower cost, but narrower protection over time

For proceduralists — surgeons, anesthesiologists, interventionalists, and similarly hands-on specialties — this distinction is often the difference between a policy that pays and one that doesn't, at exactly the moment it matters most.

> **Watch for:** some contracts advertise "own occupation" but define it loosely, or apply it only for a limited period before reverting to an any-occupation standard. Always ask to see the actual policy language, not just the marketing summary.

SECTION 03

The 5 features that separate a strong policy from a weak one

Two disability policies can look nearly identical on a rate sheet and behave completely differently at claim time. These five features are where that difference usually shows up.

1. **True, specialty-specific own-occupation definition.** Not just "own occupation" as a marketing label — language that ties the definition to the material duties of your specific specialty, not medicine in general.
2. **Future increase option (guaranteed insurability rider).** Lets you increase coverage as your income grows — during and after training — without new medical underwriting. This is what lets a resident lock in insurability today at attending-level coverage tomorrow.
3. **Residual or partial disability benefit.** Pays a partial benefit if you can work, but at reduced hours or income (for example, after an injury limits your caseload). Without this rider, a policy is often all-or-nothing.
4. **Cost-of-living adjustment (COLA).** Increases your benefit annually during a long-term claim so it doesn't lose purchasing power to inflation over a claim that could last years or decades.
5. **Non-cancelable and guaranteed renewable.** Locks in your premium and terms for the life of the policy — the carrier cannot raise your rate or cancel your coverage as long as premiums are paid, regardless of changes in your health.

> These five features are rarely all included by default. Most are riders you select — and pay a bit more for — when the policy is issued. Adding them later, if possible at all, usually requires new underwriting.

SECTION 04

Common exclusions and mistakes

What most policies exclude or limit

- **Mental and nervous conditions.** Many contracts cap benefits for anxiety, depression, and similar conditions at 24 months, even if the disability itself lasts longer.
- **Substance-related disabilities.** Coverage is often limited or excluded for disabilities arising from drug or alcohol dependency.
- **Pre-existing conditions.** Anything diagnosed or treated in a defined look-back period before the policy was issued is typically excluded, at least for an initial period.
- **Self-inflicted injury and acts of war.** Standard exclusions across virtually all carriers.
- **Hazardous avocations.** Flying small aircraft, scuba diving, and similar hobbies can require an added rider or may be excluded outright.

Mistakes we see most often

- Assuming group LTD is "enough" without ever reading the actual definition of disability in the contract.
- Waiting until after fellowship — or after a health event — to shop for individual coverage, when pricing and options are already worse.
- Buying from a single carrier without comparing definitions, riders, and specialty-specific language across companies.
- Under-insuring based on current resident or fellow income instead of planning for attending-level earnings using a future increase option.
- Letting a policy lapse during a job transition, then having to re-underwrite later at an older age or with a new health issue on record.

SECTION 05

Why timing changes your options

Disability insurance is one of the few financial products that gets more expensive — and harder to qualify for — the longer you wait. Underwriting is a snapshot of your health, hobbies, and family history at the moment you apply. That snapshot only gets more complicated with time.

During residency and fellowship

- You're typically at your healthiest, which usually means the most favorable underwriting terms you'll ever see.
- Many carriers offer resident-specific discounts, sometimes through medical society or association programs.
- A future increase option lets you buy coverage sized to a resident's income now, then step it up as you move into practice — without proving insurability again.

As an attending

- Income is higher, so the coverage gap (between what a resident-level policy provides and what you actually need to protect) needs to be addressed directly.
- Health changes, family history, and even normal aging can start to limit options or increase cost.
- If a health condition develops before coverage is in place, it may be permanently excluded from any future policy, or make coverage unavailable altogether.

> **The practical implication:** the "right time" to buy individual disability coverage is almost always earlier than it feels necessary — not after a health scare makes the need obvious.

SECTION 06

Life insurance: term vs. permanent

Life insurance decisions get complicated fast, but the foundational choice is simple: are you protecting against a temporary financial exposure, or planning for something permanent?

	Term Life	Permanent Life
Duration	A set period — typically 10, 20, or 30 years	Your entire life, as long as premiums are paid
Cost	Lowest cost per dollar of coverage	Meaningfully more expensive for the same death benefit
Cash value	None	Builds cash value over time
Best for	Income replacement while debt is high and children are young	Long-term estate, tax, or legacy planning

Why medical professionals are different

- **Student loan debt** often runs well into six figures and doesn't disappear if something happens to you — cosigners or a spouse can be left responsible for it.
- **Delayed peak earning years** mean income (and insurability) can change significantly between residency and full attending status.
- **Practice buy-ins or partnership agreements** may require key-person or buy-sell coverage that a generic policy doesn't address.
- **Higher future earnings** often mean the "replacement income" number that matters is larger than a generic online calculator assumes.

SECTION 07

How much life insurance do you actually need?

"Ten times your salary" is easy to remember and usually wrong. Instead of a flat multiple, we walk through five specific inputs:

- ✓ Outstanding debt — student loans, mortgage, practice loans
- ✓ Years of income you want to replace for your family
- ✓ Future obligations — children's education, a spouse's income needs
- ✓ Existing coverage already in place through an employer or prior policy
- ✓ Whether permanent coverage fits into a longer-term financial or estate plan

Add the debt and future obligations together, subtract any existing coverage, and layer in the number of years of income you want replaced. That's a starting number — not a final one, but a far better starting point than a generic multiplier.

Common mistakes we see

- Relying solely on a small employer-provided policy that ends the moment you leave the job.
- Buying permanent coverage before term needs are fully addressed, or vice versa, without a coordinated plan.
- Not accounting for student loan balances — especially cosigned loans — when sizing a policy.
- Letting coverage lapse during a job transition and having to re-underwrite later at an older age.

SECTION 08

Questions to ask before you sign anything

Whether you're evaluating a policy with us or with anyone else, these are the questions worth getting a straight answer to first.

On disability insurance

- ✓ Is the "own occupation" definition specialty-specific, and for how long does it apply?
- ✓ Is the policy non-cancelable and guaranteed renewable?
- ✓ Does it include a residual or partial disability benefit?
- ✓ Is there a future increase option, and what triggers it?
- ✓ How are mental/nervous and substance-related claims handled — is there a benefit cap?
- ✓ Is the policy individual and portable, or tied to a specific employer?

On life insurance

- ✓ Is this term or permanent, and does that match the actual need it's solving for?
- ✓ If term, is there a conversion option to permanent coverage later without new underwriting?
- ✓ How was the coverage amount calculated — debt and income-based, or a flat multiplier?
- ✓ What is the carrier's financial strength rating (A.M. Best, S&P, or Moody's)?
- ✓ Are there any exclusions or waiting periods specific to this policy?

> **If an advisor can't answer these clearly and specifically** — not with a brochure, but with the actual contract language — that's worth treating as a signal, regardless of who they are.

SECTION 09

Next steps

You don't need to have this figured out on your own. Grand Rounds Wealth works exclusively with physicians, dentists, residents, and other healthcare professionals — reviewing existing coverage, comparing options across every major carrier, and walking through the numbers with you directly, at no cost.

- **We only work with medical professionals** — we know your contracts, your risks, and your specialty-specific definitions.
- **Independent access** to every major disability and life carrier, so you're never limited to one company's product.
- **Education first.** We'll show you what to look for before you sign anything — with us or anyone else.

Ready to see where your coverage actually stands?

A 15-minute conversation can tell you exactly where the gaps are — before they matter. No cost, no obligation.

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