



Disability Insurance for Physicians: Medical Occupation v. Own-Occupation Policies

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Insurance companies routinely roll out new marketing strategies to make their services more appealing to certain high income segments of society. Too often, these strategies prove to be heavy on marketing and light on value.

One such example lies in disability insurance policies as marketed to doctors, especially physicians practicing in California.

In the 1980's and early 1990's, "own-occupation" insurance policies seemed to be the most effective at achieving solid total disability coverage for the medical profession. At that time, all insurance carriers who offered own-occupation disability policies maintained their policies under the same working outline, and defined total disability as being unable to perform the "substantial and material duties" of one's regular occupation while under the care of a physician. The definition made it clear that if the doctor could not do his job, he would be entitled to full benefits. The "regular occupation" referred to the one he was engaged in at the time of the disability, meaning the doctor could pursue a different profession and his benefits would not change. Additionally, if being under regular doctor's care would not improve the policyholder's condition, most companies would waive the "under care of a physician" requirement.

However, due to lack in regulation of individual long term disability insurance terms, many carriers have since modified their policies (or eliminated own-occupation policies altogether), creating in essence their own definitions of the term. Now we have a situation where what may be a good own-occupation policy with one carrier is essentially an entirely different policy disguised as an own-occupation policy with another carrier. Some of the policies now marketed as own-occupation policies are actually income replacement contracts (or "loss of earnings" policies), as they have inserted a clause restricting the physician's ability to pursue any other occupation while receiving the total disability benefits awarded due to their inability to engage in their primary profession.

Other insurance carriers have begun marketing a new type of policy named "Medical Occupation." These policies redefine the occupation of a physician as encompassing a variety of duties, and they define total disability as being unable to perform all of those duties. They base the policyholder's benefit on a percentage of what job functions they regularly fulfilled prior to the disability, and what percentage they are able to fulfill after the disability. This means if the physician chose to continue working in some capacity after the disability, this would decrease or possibly eliminate his benefits.

One major insurance company that discontinued their own-occupation policies in the late 1990's has re-entered the market with the new medical occupation model. They are now heavily marketing these policies to physicians.

Insurance companies across the board routinely attempt to reduce or eliminate benefits in order to cut costs and increase profits. For physicians who purchased own-occupation policies in the 1980's and 1990's, however, this has resulted in numerous [unpaid and under-paid insurance claims](#). Fortunately, the law in these cases typically favors the insured.

Physicians should choose wisely when shopping for a long term disability insurance policy. Certainly there are some specialties that may not require a pure own-occupation policy. But surgeons, obstetricians, ophthalmologists, urologists and others who would greatly benefit from

pure own-occupation policies should double check their existing policies, and thoroughly review any new proposals prior to signing the dotted line.

When seeking a pure own-occupation disability policy, look for words like “any other occupation” or “gainful occupation.” Keep in mind that there may also be time limits implemented, i.e. the policy may be written so that the pure own-occupation benefits exist only for the first 5 years, with restrictions taking place thereafter. If you see these or similar terms, do some comparison shopping. There are still a few carriers who offer pure own-occupation policies. As always, reading the fine print is critical with insurance policies to make sure you are getting the appropriate value in exchange for the high price of your premium.