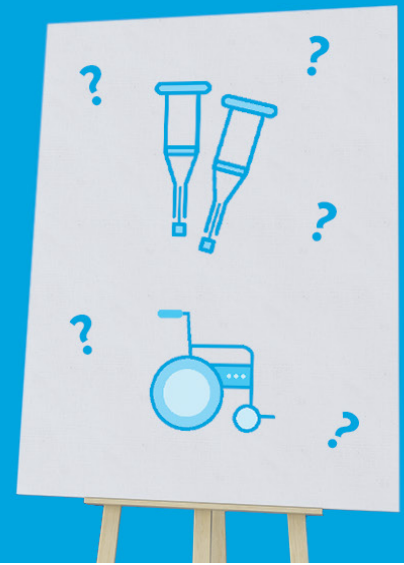


Fact vs. fiction: What does disability insurance cover?



Disability insurance is one of the best ways for companies to help employees protect their ability to pay for necessities if they become unable to work. Yet many employees—and even many people making decisions about benefits—know very little about disability insurance.

Here are some common myths and misconceptions about disability insurance—along with the reality of this oft-misunderstood benefit.

Fiction: Only people who work in dangerous professions need disability insurance.

Fact: Anyone can become disabled. In fact, 1 in 4 Americans lives with a disability, according to the Centers for Disease Control and Prevention.¹ And disability insurance is meant to help replace lost income for employees regardless of where or how they become disabled. Many common sources of disability claims—including cancer and musculoskeletal disorders—have nothing to do with work injuries, and can affect people whether they drive a forklift or sit at a desk all day. Take strokes: Each year, nearly 800,000 people suffer a stroke, and it's the leading cause of serious, long-term disability in the United States.² And yet, only 16% of Americans had disability coverage in 2020.³

Fiction: Disability insurance exists to cover medical bills.

Fact: In fact, the purpose of disability insurance is to help replace income for employees during the time they're unable to work due to a covered disability. (Aflac disability policies are paid out to policyholders to use however they like, unless otherwise assigned.) Depending on the type of disability insurance and the specific plan, employees will typically receive a percentage of their usual income over a period of months or years. When asked how long it would take before their household would feel the financial impact of a wage earner becoming disabled, nearly two-thirds (63%) say the impact would hit within six months. And 14% say they would feel the impact in less than a week.³

Fiction: Disability insurance covers catastrophic injuries only.

Fact: For many, the word “disability” conjures an image of permanent impairment, such as one requiring a wheelchair. But in simplified terms it refers to conditions where an employee is under the care and attendance of a physician due to a disability that causes him/her to be unable to perform job duties. Some of the most common reasons for short-term disability claims include pregnancy, sprains and fractures, digestive disorders, and mental health issues such as depression and anxiety. In some states, even pregnancy falls under the umbrella of “disability” for the purposes of leave and other employee benefits—22% of short-term disability claims are a result of pregnancy.³



Fiction: Employees who become disabled are automatically covered by Social Security Disability Insurance (SSDI) or workers' compensation insurance.

Fact: Workers' compensation only covers disabilities that stem from workplace-related injuries or illnesses. If someone becomes disabled due to breathing in toxic fumes or taking a tumble at work, he or she may be covered by workers' compensation insurance. But employees who injure themselves in a sports accident or automobile crash won't be covered.

While Social Security Disability Insurance does cover some non-work-related disabilities, the majority of SSDI claims are denied; in 2018, only about a third of claims were awarded.⁴ Also, SSDI benefits alone are barely enough to keep a recipient above the poverty level.⁵

Fiction: All disability insurance is the same.

Fact: Short-term disability insurance typically covers disabilities that last for a period of between three and six months, paying out a benefit that's a fixed percentage of the employee's usual income. Meanwhile, long-term policies provide benefits over a period of years (or even until an employee reaches retirement age, depending on the plan) and are also set at a percentage of the employee's usual income. (Learn more about the difference between short-term and long-term disability insurance [here](#).)

Fiction: If employees become disabled, they will receive disability insurance payments right away.

Fact: Most disability insurance policies include an "elimination period" that represents the number of consecutive days at the beginning of a period of a covered disability before benefits are payable. For a short-term policy, the elimination period may be two weeks or less. For a long-term policy, the elimination period can often last for several months. This is part of the reason why many companies opt to offer employees both short- and long-term disability coverage. It's important to note that the elimination period is considered separate from other types of waiting periods that may apply to certain conditions covered by specific disability policies.

Fiction: Disability insurance isn't important to employees.

Fact: It might not be the first topic that comes up when new hires are negotiating their benefits packages, but that doesn't mean people don't care about disability insurance. Among employees who are offered short-term disability insurance, the take-up rate is 98%, according to the U.S. Bureau of Labor Statistics.⁶

To learn more about how disability insurance can support your business, contact your Aflac benefits advisor or [visit Aflac.com/business](https://www.aflac.com/business).

¹ Centers for Disease Control and Prevention. "Disability Impacts All of Us." Last reviewed 9.16.2020. [Accessed 3.31.2021](#).

² Centers for Disease Control and Prevention. "Stroke Facts." Last reviewed 3.17.2021. [Accessed 4.7.2021](#).

³ LIMRA. "Disability Insurance Awareness Month." Published 2020. [Accessed 3.31.2021](#).

⁴ Social Security Administration. "SSI Annual Statistical Report, 2019." Published August 2020. [Accessed 3.31.2021](#).

⁵ Social Security Administration. "Facts." [Accessed 3.31.2021](#).

⁶ U.S. Bureau of Labor Statistics. "Employee Benefits in the United States News Release." Published 9.24.2020. [Accessed 3.31.2021](#).

Content within this article is for informational purposes.

Aflac Short Term Disability: In Idaho, Policy A57600IDR. In Oklahoma, Policies A57600OK & A57600LBOK. In Virginia, Policies A57600VA & A57600LBVA. Coverage may not be available in all states. Benefits/premium rates may vary based on state and plan levels. Optional riders may be available at an additional cost. Policies/riders have limitations and exclusions that may affect benefits payable. For complete details, including availability and costs, please contact your local Aflac benefits advisor.

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