

What Are My Benefits? Decoding a Long-Term Disability Insurance Policy in North Carolina

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August 13, 2024



To be insured against a loss or some other event, we pay premiums to an insurance company.

If a loss or triggering event actually occurs, we expect our insurance company to compensate us according to our insurance policy. However, it is not always that simple, and you may find yourself in a fight with your own insurer to receive fair and complete compensation.

These issues are particularly demonstrated in the world of long-term disability insurance policies.

What Is a Long-Term Disability Insurance Policy?

A long-term disability ("LTD") insurance policy pays a portion of your income if you cannot work due to illness or injury. LTD policies can range from a few years, to all the way to retirement.

Of course, every LTD policy can be structured differently. Most LTD policies cover illnesses like cancer, heart attack, and stroke. However, some LTD policies are narrowly tailored to a specific illness, such as a cognitive impairment. Every LTD policy should define the covered illnesses, outline the proof necessary to demonstrate each illness and provide any relevant exclusions.

In an LTD policy, the insurer defines the types of limitations or disabilities that may trigger coverage. If you have coverage for an "Own Occupation" disability, your insurer will pay you if you are unable to perform your regular job or a similar job. If you have coverage for an "Any Occupation" disability, your insurer will pay you only if you cannot maintain a job at all, regardless of whether a role falls under or outside your area of expertise. If you have a professional license (for example, a surgeon), additional coverage may be available (usually at an additional cost) under your policy: You may be fully covered if you cannot perform the duties of your specific specialty, regardless of your ability to work in another field.

Ultimately, an LTD policy can vary greatly, particularly based on who is being insured and the amount the insured is willing to pay. It is important to (1) evaluate what type of LTD coverage you have through your insurance broker or employer, and (2) seek experienced counsel when navigating your LTD policy, particularly when you file a claim under the policy.

Common Pitfalls for Claims Under LTD Policies

- **Filing Your Claim.** If you are injured and believe that your LTD policy covers your injury, you must notify your insurer in a timely and appropriate manner under the policy's terms. Filing a claim can be a lengthy and challenging process. Typically, you must provide your insurer with significant documentation demonstrating your inability to work. This documentation may include years of your medical records, opinion letters from your treating physicians and/or employer, and additional cognitive or physical examinations. Further, an LTD policy may contain specific criteria for claims to be valid (for example, only certain diseases qualify, or an insured must meet "3 out of 5 hardships"). If you fail to follow your LTD policy's requirements when filing your claim, you take the risk that your insurer may completely deny coverage.
- **Timing of Payments.** As explained above, most LTD policies contain provisions outlining when and how insureds must notify their insurance company of a claim. Even if you follow the LTD policy's terms completely, you may not receive payment immediately. In fact, most LTD policies have an investigation or waiting period of 60 to 90 days before the insurer will pay the insured for a claim. Further, most LTD policies also are not triggered to begin paying out a claim until any applicable short-term disability payments end.
- **Income Offsets.** An LTD policy may overlap with other sources of income. For example, if you are receiving compensation for a disability from social security, those payments may be offset from your payments under the LTD policy.
- **Types of Coverage Under an LTD Policy.** As explained above, an LTD policy may provide coverage for numerous types of disabilities. Each LTD policy should enumerate the type of coverage it provides to the insured. It is important to understand the type of disability your LTD policy covers. For example, if you are a brain surgeon and become unable to perform brain surgery, you may trigger coverage under an "Own Occupation" disability policy. However, if you can continue to provide care to patients as an internal medicine doctor or some other medical specialty, you may not trigger coverage under an "Any Occupation" disability policy.
- **Disputing Coverage Under an LTD Policy.** Not only do LTD policies contain provisions detailing how and when to file a claim properly, but they also have provisions specifying the time to appeal or challenge an insurer's decision. Further, state and federal laws impose certain restrictions on both the insured and the insurer. If you are in a dispute over coverage, you must be sure to follow the LTD policy's terms as well as any applicable law. Further, if an insurer begins to pay on a claim, the insured must continue to provide detailed medical information throughout the life of the claim. Failure to do so may result in losing all of your benefits under the LTD policy.

Conclusion

Navigating LTD insurance policies can be overwhelming, and even more so when fighting with your own insurance company. Ward and Smith's Insurance Counseling and Recovery Team can help you assess your rights under an LTD policy and work with you through the legal pitfalls and challenges.

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