



DISABILITY RESOURCE GROUP

Passion. Purpose. Protection.

The Cost of Waiting.

Like most insurance products, premiums for Disability Income Protection and Disability related Business Insurance products are based on age at the time of issue. Some carriers go by the age at your nearest birthday, while others go by actual age at the time of issue. Some allow backdating an application up to 30 days to save age, yet some will not.

However, unlike some other insurance products, Disability Protection product premiums can increase at a higher percentage over certain ages or age bands. The cost of the optional riders can also increase by even higher percentages, depending on the age at the time of issue.

Some optional riders are only available up to certain ages, in particular, are Guaranteed Insurability and Increase Options. For example, with Principal's latest product, their Maximize Your Benefit and Automatic Increase Riders are available only to age 49. Others allow Guaranteed Insurability to age 50 but they must be exercised before age 55. With other companies, the length of the benefit period can be limited by age as well. Some carriers even limit the amount of coverage you can purchase at older ages.

With most of our carriers, the issue ages are 18 to 60. A few carriers offer coverage over age 60 on an individual basis but only with a 2-year benefit period with no optional riders at all. The Business products such as Business Overhead Expense, Buy/Sell Funding, and Loan Protection all stop at age 60, with no exception. Key Person coverage through Principal is only available to age 55.

Some only allow Income Protection coverage over age 60 in a Multi-Life scenario and then on a limited basis. Others stop offering coverage at age 60 for all products in any type of scenario.

An even bigger issue could be the discontinuation, feature change, repricing, or state availability of a product that was quoted but would no longer be available as such or at all.

The biggest danger with waiting to purchase any Disability protection product would be insurability. A change in health, whether it be physical, mental, financial, or occupational change after quoting but before purchasing, can dramatically change what could be offered by the desired carrier or could result in the client being uninsurable at any cost.

The bottom line is that the Cost of Waiting can be even higher than you would think.

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