



5 things about disability insurance you need to know

Demystifying disability insurance so workers and their families have the income protection they need to help safeguard their financial futures.

This story was updated on 5/24/23 with new information for 2023.

Disability insurance is a critical component of any financial planning strategy; however, it remains a misunderstood and underutilized product. Workers who become disabled and unable to work leave themselves and their loved ones susceptible to financial hardship without proper income protection. Despite this, people often forego disability insurance for several reasons. The most cited are the beliefs that they will never experience a disability or that they will be covered by Workers' Compensation or Social Security Disability Insurance.

Evan Scarponi, vice president and chief claims officer at Prudential Group Insurance, hopes to demystify disability insurance and raise awareness about the product's importance so that workers can help protect their paychecks and their families.

In conjunction with May being Disability Insurance Awareness Month, Scarponi shares some truths you need to know about disability insurance.

Disability insurance covers more than you think.

There is a misconception that disability insurance only applies to physical illnesses and accident-related injuries, but its coverage is much broader than that, Scarponi says. Pregnancy, orthopedic conditions that have a level of impairment, and cancer diagnoses can be considered disabilities. Behavioral health conditions can also be considered disabilities.

"The biggest trend we've seen has been a rise in behavioral health disabilities," he says. "Prior to the

pandemic, we were already anticipating that behavioral health conditions would be among the leading causes of disability by 2030. The pandemic exacerbated and accelerated this trend.”

In 2021, Prudential began offering the NeuroFlow[®] platform to eligible short-term and long-term disability claimants to help mitigate the myriad mental health challenges that accompany a disabling event. NeuroFlow provides access to self-service tools for stress management, relaxation, and coping skills. In addition, the clinical response team monitors progress so customers can get to the resources they need at the time they need them. “We believe this offering will help improve disability outcomes for our claimants and help them return to work,” Scarponi adds.

Getting disability benefits can be easy.

Filing a disability claim can be overwhelming, but it doesn’t have to be complicated.

The employer is often the best first point of contact; however, claimants can also file directly with their insurance carrier. Once a claim notification has been made, gathering information from the claimant and their physician, as well as their employer, is essential.

Claimants should be prepared to share the nature of their disability as well as their first date of absence from work. From there, the insurer will contact their physician to understand their treatment plans and what is expected going forward.

You’ll likely have to meet specific criteria to receive benefits.

Many companies require that these two criteria be met for an individual to receive disability benefits:

1. A person is unable to perform the duties of his or her job.
2. A person has suffered a loss of income of up to 20% compared to their pre-disability earnings.

There are tax and health insurance implications you should be aware of.

The taxability of disability benefits is generally tied to how premiums are paid for the coverage. For example, if the claimant has been paying 100% of the premiums on a post-tax basis, the disability benefits would generally be nontaxable. If the premiums are paid on a pre-tax basis and/or paid by the claimant’s employer, the benefits would generally be taxable. There are, however, exceptions to these general rules, and claimants should consult with their own tax advisors on how taxes would impact their benefits.¹ Once receiving a disability benefit, tax withholding needs to be voluntarily elected by the individual.

Regarding health insurance, employers have varying policies as to how long health insurance benefits may continue during a period of disability and how premiums are paid. Individuals should consult with their employee benefits department or human resources representative to obtain details.

Prudential is making the disability claims process easier.

The American Council of Life Insurers estimates that [over 50 million](#) U.S. workers don’t have disability income insurance.² Prudential wants to help change that, so workers and families have the income protection they need to help safeguard their financial futures and prepare them for life’s unexpected curveballs.

“We recognize that filing a disability claim can be an emotional experience,” Scarponi says. “Individuals are often dealing with the impact of an illness or injury and the anxiety that comes along with it, in addition to being worried about their paycheck. It is Prudential’s aim to simplify the process for the claimant and walk them through the process. Our goal is to be as flexible as possible in meeting customer needs.”

There are several ways individuals can report their claim — via Prudential’s [website](#), over the [phone](#), or using traditional claim forms. Claimants can also sign up for electronic delivery of documents and two-way text capabilities. It’s now possible for someone to file a claim entirely online.

“Regardless of the individual’s preferences, we start by educating people about the claims process and working on their behalf to gather the necessary details from their employer and treatment providers,” Scarponi says. “We strive to make fast, accurate decisions and payments for approved claims, which has

resulted in 75% of eligible short-term disability claims being paid within five business days from first notice of claim, and 90% being paid within 10 business days.”

The vast majority of decisions are made within the first few days: 40% by Day 1, 55% by Day 2, and 65% by Day 3.

¹The Prudential Insurance Company of America, and its affiliates and representatives, do not provide tax, accounting, or legal advice. Please consult your own attorney or accountant.

²Council for Disability Awareness. <https://disabilitycanhappen.org/disability-statistic>

Group Insurance coverages are issued by The Prudential Insurance Company of America, a Prudential Financial company, Newark, NJ. Please add the following disclosure for NeuroFlow: The NeuroFlow App and any related resources of services are provided by NeuroFlow®, a third-party entity that is independent from Prudential Financial, Inc. (“Prudential”) and its subsidiaries. NeuroFlow®, Prudential, and Prudential’s subsidiaries are to crisis intervention service or medical service providers. Accordingly, any resources or services provided by either entity or through the NeuroFlow App are not intended to provide medical advice or a crisis intervention service, and are not intended to provide medical advice or a crisis intervention service, and are not intended diagnose, cure, prevent, advise on and/or treat any disease, disorder, illness, crisis, or condition.

1048591-00002-00

Contact(s)

Kristen Olsen

kristen.olsen@prudential.com