

Critical Illness, Accident, and Disability Insurance – Why These Are Essential

Do you know what is going to happen tomorrow? Of course not. If you did, then you'd probably be able to earn quite an impressive salary from making those predictions. The truth is that no one knows what will happen from one day to the next, or what might befall you from one hour to the next.

Many people carry insurance on their cars, homes, lives, and businesses because of the unpredictability of life, but how many carry a little extra? **Many** individuals and families are struggling to get from one paycheck to the next, still waiting and anticipating when the economy will begin to show true signs of improvement and strength. **For these**, hanging onto ever penny that they earn seems to be the smart choice.

These people may have health insurance or already buy into a life insurance policy so they don't believe that having extra insurance of any kind is really worth it. They believe that they're protected should the unthinkable happen. Maybe they are, but in many cases, basic life and health insurance policies fall short, have gaps, or simply don't cover one's salary, living expenses, or important financial expenses that can quickly destroy a family and their dreams, **should a short or long term disability occur.**

Do you *know* that you won't succumb to a serious illness, injury, or be involved in a devastating accident tomorrow? No one wants to think about those possibilities; we wish to assume that we're going to live happy and healthy until a ripe old age.

Let's Consider the Possibility ...

However, illnesses and accidents happen every day. According to the [CDC \(Center for Disease Control\)](#) there are about 29.3 million emergency room visits annually in the United States due to unintentional injuries. That's 29.3 million people who didn't expect to become injured but were. Of course, many of those injuries are likely to not be permanent or ultimately that severe, but it is still a staggering statistic to consider.

Consider a couple possible scenarios:

Scenario 1

You're driving home after a long, grueling week of work, you let your mind wander a bit and don't notice the truck in the right lane drifting toward your car until the last minute. You jerk the steering wheel, lose control, and the next time you open your eyes it's five days later and you'll be bed-ridden for at least another month; your injuries are severe.

Are you covered financially? Is the mortgage being paid? Is there enough money in savings for your family to cover basic expenses? If you're right around the average homeowner today, then your savings account will have about \$3,800 in it. Your household budget might exceed that for one month. Now, what if your injuries were so severe that you would be out of work for six months?

You might answer, "That's why I have auto insurance." Are you sure it will cover your salary? Most policies don't do that. Your employer funded health insurance won't. You may only have two weeks of vacation available and eight six days. The what?

We'll come back to that later.

Scenario 2

It's late summer, the kids are getting ready to go back to school and you realize that the fatigue you felt over the summer is getting worse. You thought it was due to the heat, or your age, but now you're beginning to wonder. You head to the doctor and find out that you have the fight of your life ahead of you; you have cancer.

Your doctor tells you the prognosis is a tough call, but that you'll need to take part in intensive chemotherapy and radiation for six months to a year. She also advises you that you'll likely miss a great deal of work to fight this disease.

Your health insurance will likely provide the coverage you need to battle this illness, but what about all those days of work you're about to miss? Can you really afford it? What will happen to your bills when you run out of money?

We'll come back to that later.

Scenario 3

You're working on your lawn when you try to pull a strong root from the ground and feel a distinctive 'pop' in your back. You're in agony, can't straighten up and can barely

move. You learn after hours stuck in the emergency room that you've ruptured a disc in your spine and it will require surgery to repair and months of physical therapy rehabilitation.

You realize that you might never be able to work your physically demanding job again and begin to panic. Will Worker's Compensation cover your missed days? No, you weren't injured on the job. Will Social Security Disability help? Maybe, but not likely enough. What do you do now?

We'll come back to that later.

What are Critical Illness, Accident, and Disability Insurance?

Essentially, these three insurance supplements are important pieces of the puzzle to providing a secure financial future. Without one of these insurance policies, you'll be leaving your life in the hands of fate and chance. As you can see in the simple (overly simple) scenarios painted here, anything can and *does* happen every day to good (no, *great*) people around the country and the world.

No one wants to imagine themselves facing any of these particular scenarios, but they happen and the odds of them happening to you are no different than the odds of them happening to someone else.

So what are critical illness, accident, and disability insurance exactly?

Critical Illness

If you suffer a critical illness, such as that covered by this particular insurance policy and the company that you choose, then the policy will pay out a lump sum payment to be applied to any medical expenses that are not covered by your other insurance policies as well as for lifestyle expenses. This money could be used to help pay for your mortgage, rent, car payments, food, medication, and anything else to help you get over the illness and fight your way back to healthy living.

Accident

If you are involved in an accident that you were unable to avoid or predict, accident insurance coverage will cover a great deal of expenses and provide cash to you when you're unable to work. You purchase a specific amount of money for any given accident insurance policy and that amount will provide you with a buffer, income that can be applied to your health care, recovery, or to supplement the income that you're not earning while you overcome the injuries from that accident.

Disability Insurance

Insurance companies provide short and long term disability coverage. The amount that you choose depends on your budget and which one you believe is most viable to yours and your family's needs. While every state offers disability coverage, not every situation will warrant payments and even if you were to be granted coverage through the state, it will only be a percentage of your regular salary.

Social Security Disability is another consideration altogether and they have their own set of rules and expectations for awarding disability and would not be dependent on state level decisions.

Disability insurance helps to provide a layer of protection against the possibility of being unable to work for a specified period of time due to unforeseen circumstances.

What Happens If ...

Let's take a trip back to those three scenarios I pointed out earlier. Each one is a very real possibility and unfortunately they happen every week to someone in the United States. So let's investigate the impact that any one of these situations could have on an individual and his or her family.

First, let's consider the very real and staggering statistic that the average household only has \$3,800 in savings, according to [StatisticsBrain.com](https://www.statisticbrain.com) Let's also consider that the average family has an average of \$117,000 in debt (mostly for a mortgage) and \$35,000 saved for retirement. The average home mortgage is \$160,000 and for a 30-year fixed rate loan at 6%, the monthly mortgage may average around \$1,400 with insurance and taxes included.

If you were to suffer an injury, life-altering injury, or disability and weren't able to work for six months, how long would your savings and retirement (the amount you *could* withdraw, with penalty) last?

Assuming that your mortgage payments are \$1,400, you have one or two car payments averaging \$400 a month, auto insurance and health insurance payments that equal \$500 a month, food, utilities, and other expenses might come in at around \$600 a month, and of course there are miscellaneous expenses such as gas for the car for your spouse to get back and forth to the hospital, get the kids to soccer practice, and so on. After one month, your savings is depleted. Your basic living expenses may *average* about \$4,000.

Multiply that by 6 months and that equals \$24,000. With no other expenses to account for, that would almost wipe out your entire retirement savings, leaving you back to square one and right in line with 40% of Americans who have nothing saved toward retirement ([from StraightBrain.com](http://StraightBrain.com)).

Now, let's add one more very real possibility to these scenarios. Let's say, for example, that you're injured or have a grave illness. Your company needs to complete your tasks, even if they send all the sympathy in the world to you. If they're not obligated, they're not likely to provide any financial assistance in your time of need. They may even terminate you.

It happens, sad as it is. Then what? You may fully recover in six months, but then you'll need to start looking for a new job. It can become highly frustrating.

A moment looking away while driving on the highway and you could have your life savings wiped out. A phone call from the doctor after a routine checkup **could quickly become a very sober awakening**. The quick pull on something heavy **and the resulting reminder that we aren't as young as we think anymore**. Injuries and serious illnesses can happen at any time and they can put an incredible amount of strain on families, not only emotionally but also financially.

If you are right in line with the average American, being unable to work for one year would not only completely wipe out your savings and retirement, but would likely push you toward foreclosure and getting into a mountain of debt.

You want to maintain your lifestyle, no matter what happens, especially if it's something well beyond your control. That's what Critical Illness, Accident, and

Disability Insurance provide. They provide a blanket of protection that fills in the gaps that your other insurance policies won't even address.

What We Focus On

It's all a matter of what we tend to focus on as people working toward the American dream and retirement. We focus our attention on the possibilities of getting sick, but not being unable to work. We focus on the possibility that we could be involved in some sort of accident that doesn't occur at the workplace, but we assume that we'd be back up and running (so to speak) within a matter of days. We focus on the possibility that we may get injured or hurt, but that it won't keep us from our jobs.

We're tough. We're strong. We don't slow down for anything, but the reality is that there are certainly some things that can get in the way of our dreams and keep us from pursuing them, at least for a time.

Does all this mean that you're going to be hurt or find out you have a serious illness? Absolutely not! No one plans on it, **but** that's the point. If you don't plan for the possibility, your planning for the possibility to have everything you worked for be taken away, wiped out, **and** erased.

The bottom line here is that you work hard every day to support and provide for your family and save toward retirement. You choose the wise investments because you want to *protect* your money. Investing in critical illness, accident, and disability is one more step you should take toward protecting that investment and ensuring that your savings and retirement will still be there, should the unthinkable occur. **Many life insurance policies include provisions that will help with critical illness and disability coverage, which is definitely worth researching on your current policy.**