

GLOBAL & LOCAL[®]
THE INVESTMENT EXPERTS

**Loss Of Income And Disability
Cover:
An Important Inclusion In Your
Financial Plan**



Temporary and permanent disability cover is an important inclusion in your long-term insurance financial planning as a method of making provision for you being unable to work, settling debt and the financial burden that can be placed on you and/or your family as well as business associates if you become permanently, temporarily and/or partially disabled.

When an individual cannot perform some of the duties of their occupation and work a full day due to injury, illness, or sickness this is called partial disability. This is usually where a doctor recommends limited duty for someone who is waiting for surgery or currently recovering. Partial disability can also be permanent, where individuals have chronic neck/back pain or moderate heart impairments. In such a case, there is likely to be a loss of income and it is important to make provision for this as most people rely on their full income to get by. This makes it ever so important to cover for permanent, temporary, lump sum and income disability.

When including permanent disability in your policy it is advisable to consider occupation disability that is specific to your own occupation and does not have own or similar claim definitions as this could create ambiguity when assessing a claim and risk the claim not being paid.

If a business owner's day-to-day work involves a significant amount of physical activity, it's advisable to include own occupation lump sum disability in business assurance policies. It is also important for key individual and contingent liability cover. In the event that a key individual is disabled and cannot work, the funds are used in replacing that person's expertise and for contingent liability to settle the outstanding debt of the insured life who stood surety for a loan for the business.

Temporary or loss of income disability cover such as a severe illness benefit on your policy is vitally important to be included in your risk portfolio as the likelihood of you becoming partially or temporarily disabled is high. It is estimated that approximately 80% of disability claims are of a temporary nature. Income disability provides you with a monthly payment if you cannot perform the duties of your occupation due to illness, sickness or injury and you cannot earn an income. Payment is made after your selected waiting period which could be 7/14 days or 1/3/6/12/24 months depending on your particular financial planning circumstances.

Loss of income cover is also particularly useful and an important need for business owners where a large part of income generating activity is based on the owner's day-to-day running of the business as well as covering for the business expenses. This cover is called "Business Overheads Protection Cover" and can be used to cover business expenses such as electricity, water, leasing costs, insurance premiums, rent or mortgage bond interest, property taxes amongst other fixed expenses and fees. This can also be structured with your preferred waiting period. Most insurers limit the duration to which this benefit can be paid to 24 months.

All of the risk cover policy benefits mentioned in this article are to protect you, your family and your business in the event that you are unable to earn an income and sustain your current standard of living and cover your expenses. Disability cover should be used in conjunction with a comprehensive risk financial plan.

Speak to our Risk Advisor, Stephen Venter, to ensure a risk solution is built specifically for your needs to keep you, your family, and your businesses financially secure.



Stephen Venter
Risk Advisor

Stephen joined the Global & Local team in July 2022, he has been in the industry for a number of years and holds a Post Graduate Diploma in Financial Planning as well as a Bachelors in Economics.

Contact Us

Global & Local

The Investment Experts

18th Floor Metalbox, 25 Owl Street,
Auckland Park, Johannesburg, 2092

T | +27 11 486 2500

info@globallocal.co.za
www.globallocal.co.za

Top contributor on Moneyweb

