**Disability Insurance**

**Disability insurance**, often called **disability income insurance**, is a form of [insurance](http://en.wikipedia.org/wiki/Insurance) that insures the beneficiary's earned income against the risk that disability will make working (and therefore earning) impossible. It includes paid sick leave, short-term disability benefits, and long-term disability benefits.

**National social insurance programs**

In most developed countries, the single most important form of disability insurance is that provided by the national government for all citizens. For example, the [UK](http://en.wikipedia.org/wiki/United_Kingdom)'s version is part of the [National Insurance](http://en.wikipedia.org/wiki/National_Insurance); the [U.S.](http://en.wikipedia.org/wiki/United_States)'s version is [Social Security (SS)](http://en.wikipedia.org/wiki/Social_Security_%28United_States%29)—specifically, several parts of SS including [Social Security Disability Insurance (SSDI)](http://en.wikipedia.org/wiki/Social_Security_Disability_Insurance) and [Supplemental Security Income (SSI)](http://en.wikipedia.org/wiki/Supplemental_Security_Income). These programs provide a floor beneath all the other piecemeal forms of disability insurance in our societies. In other words, they are the safety net that catches everyone who was either (a) otherwise uninsured or (b) otherwise underinsured. As such, they are very large, very important programs, with many beneficiaries. The general theory of the benefit formula is that the benefit is not large but is enough to prevent abject poverty.

**Employer-supplied disability insurance**

Since one of the top reasons for becoming disabled is getting hurt on the job, it is not surprising that the second-most important form of disability insurance is that provided by employers to cover their employees. There are several subtypes that may or may not be separate parts of the benefits package: workers' compensation and more general (but very basic) disability insurance policies.

**Workers' compensation**

*Main article:* [*Workers' compensation*](http://en.wikipedia.org/wiki/Workers%27_compensation)

Workers' compensation (also known by variations of that name, e.g., **workman's comp**, **workmen's comp**, **worker's comp**, **compo**) offers payments to employees who are (usually temporarily, rarely permanently) unable to work because of a job-related injury. However, workers' compensation is in fact more than just income insurance, because it may pay compensation for economic loss (past and future), reimbursement or payment of medical and like expenses (functioning in this case as a form of [health insurance](http://en.wikipedia.org/wiki/Health_insurance)), general damages for pain and suffering, and benefits payable to the dependents of workers killed during employment (functioning in this case as a form of [life insurance](http://en.wikipedia.org/wiki/Life_insurance)).

**Other**

These policies offer payments to employees who are (usually temporarily, rarely permanently) unable to work because of any injury or illness, even if it is not job-related. Unlike workers' compensation, this coverage may not involve any aspect of health insurance, life insurance, or payments for pain and suffering. Similarly to most employer-supplied health insurance, these plans are essentially just open-market plans with the advantage of a negotiated group rate. That is, they are similar to what an individual would buy, but they are purchased with a volume discount. Another general fact about them is that they tend to offer rather basic, low-end coverage, essentially because most people balk at paying for anything more. Sometimes each employee has the option to buy upgraded coverage if they are willing to pay for it.

**Veterans' benefits**

The various kinds of compensation and insurance that are provided to military veterans by organizations such as the [U.S. Department of Veterans Affairs (VA)](http://en.wikipedia.org/wiki/United_States_Department_of_Veterans_Affairs) are very much analogous to workers' compensation, with soldiers, sailors, and marines being the analogues of the worker. In both cases, the overall compensation system involves more than just one type of insurance, but rather encompasses [health insurance](http://en.wikipedia.org/wiki/Health_insurance), disability income insurance, [life insurance](http://en.wikipedia.org/wiki/Life_insurance), and even [mortgage insurance](http://en.wikipedia.org/wiki/Mortgage_insurance) on VA mortgages. The scope of each of these is limited. For example, the life insurance aspect is limited only to paying (rather small) survivors' benefits to survivors of veterans killed in the course of their service; it is not a general term life policy.

[*Newsweek*](http://en.wikipedia.org/wiki/Newsweek) magazine's cover story for the issue of [March 05](http://en.wikipedia.org/wiki/March_05), [2007](http://en.wikipedia.org/wiki/2007) discusses the problems that American veterans of the wars in Afghanistan and Iraq are currently facing in receiving their VA benefits. The article tells the story of one veteran who waited 17 months to start receiving payments from the disability income insurance aspect of his VA coverage. Another article, in the *New York Times*, points out that besides the long waits, there are also inequalities based on which state a vet is from and whether he or she is regular army, National Guard, or Reserve.[[2]](http://en.wikipedia.org/wiki/Disability_insurance#cite_note-1) The *Newsweek* article says that even when a veteran manages to get his or her claim approved (which can be burdensome),

"The compensation is not huge. A veteran with a disability rating of 100 percent gets about $2,400 a month—more if he or she has children. A 50 percent rating brings in around $700 a month. But for many returning servicemen burdened with wounds, it is, initially at least, their sole income."[[3]](http://en.wikipedia.org/wiki/Disability_insurance#cite_note-2)

According to a sidebar in the same Newsweek article[[4]](http://en.wikipedia.org/wiki/Disability_insurance#cite_note-3), the Americans injured in these wars, for all the obstacles to proper care, will still probably receive much better compensation and healthcare in years to come than injured Afghani or Iraqi soldiers. And of the two groups (U.S. disabled vets and middle-eastern disabled vets), the latter group is larger.

**Individual disability insurance policies**

Those whose employers do not provide benefits, and self-employed individuals who desire disability coverage, may purchase their own policies on the open market. Premiums and available benefits for individual coverage vary considerably between different companies, for individuals in different occupations, and by State and Country. In general, premiums are higher for policies that provided more monthly benefit, pay the benefit for a longer period of time, and start payments for benefits more quickly following a disability. Premiums also tend to be higher for policies that define disability in broader terms, meaning the policy would pay benefits in a wider variety of circumstances.