



Ronald Bobroff

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Put on a financial seatbelt

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Many people risk financial ruin despite the ready availability of a simple solution: disability insurance

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Many people risk financial ruin despite the ready availability of a simple solution: disability insurance. Automobile Association of SA public affairs manager Gary Ronald puts the risk into stark perspective: "Every day, vehicle accidents put at least 20 people permanently into wheelchairs."

The risk of financial ruin has increased since the enactment of the Road Accident Fund (RAF) amendment bill in 2008. Ronald Bobroff, a member of the Law Society of SA's RAF committee, says the act has removed your common-law right to seek damages from a person (or organisation) responsible for a road accident in which you are injured .

Even passenger liability insurance, for which many people and organisations such as schools still pay premiums, is of no value, says Bobroff. The best you can hope for is the meagre R160000 maximum that the RAF will pay.

He says this could change if the Law Society succeeds in its application to the constitutional court to have the RAF amendment bill declared unconstitutional . But right now you are on your own.

Even if you have health insurance you can end up out of pocket if you land in hospital, says David Honeyman, head of business development at insurer Guardrisk Allied Products & Services. Fees charged by doctors can be four times the amount covered by health insurance tariffs , he says.

Hospitalisation, which can set you back millions, is often a minor part of the costs a disabled person faces. Rehabilitation and equipping a home to manage a disability or paying for specialist care can add a huge cost burden .

“There is good awareness of life insurance but a large proportion of people are not covered for disability,” says Old Mutual Greenlight product manager Ferdie Booyen.

A study just released by the Association for Savings & Investment SA shows that the average gap between actual and required disability insurance of a person with a R16700 net monthly income is R3,2m.

Risk does not stop at a breadwinner. “Our children participate regularly in high-risk activities such as rugby and as a result are more likely to suffer permanent injury and disability than adults,” says Honeyman.

He says child disability insurance has been neglected by insurers, a shortcoming Guardrisk aims to address by offering a policy specifically for children. As an example, cover including disability cover of R1m and daily hospital expenses of R1500 for up to 180 days costs R94/month.

Honeyman cautions that even people with disability cover should read the small print carefully. In many instances policies pay out only if a disabled person is incapable of doing not only the job they had when injured but any job for which they are suited by way of education and training.