WEALTHCARE FINANCIALS

Banker Newsletter — Issue 1

What Healthcare Lenders Are Seeing — and One Conversation Worth Having Before You Close

If you work with physicians, dentists, or other healthcare professionals on practice acquisition loans, real estate financing, or partnership buy-ins, you already know this borrower profile well: high income potential, significant debt load coming out of training, and a career that depends almost entirely on the ability to practice.

That last point is worth slowing down on.

According to the Social Security Administration, a working person has roughly a one-in-four chance of experiencing a disability before retirement. For your borrowers, that is not an abstract actuarial footnote — it is a direct threat to the cash flow that services the loan you are about to close. And yet, according to the 14th Annual Guardian Workplace Benefits Study (2025), only 43% of working Americans owned disability insurance that year. The coverage gap is real, and it shows up in healthcare lending more than most lenders realize.

What This Means at the Closing Table

Most lenders are focused — reasonably — on credit quality, collateral, and debt-service coverage ratios at origination. Disability insurance tends to surface only as an afterthought, if at all. But a borrower who becomes unable to practice — even temporarily — can move from performing to non-performing quickly, particularly when monthly debt obligations are substantial.

This is not a reason to alarm borrowers or impose requirements that go beyond your credit policy. It is, however, a reason to ask a few straightforward questions before the file closes.

Three Questions to Ask a Healthcare Borrower Before Closing

- Do you currently have individual disability insurance, separate from any group coverage through an employer or hospital? Group coverage through an employer is often not portable and may not follow a physician into private practice. Individual policies can travel with the borrower regardless of where they work.
- Is your policy written on an own-occupation definition? This matters significantly for specialists. A policy that pays only when a borrower cannot perform any work is a very different product than one that pays when a borrower cannot perform the material duties of their specific specialty. Not all policies are equal on this point.
- Did you obtain coverage during residency or fellowship — and if so, do you know what you have? Some institutions participate in Guaranteed Standard Issue (GSI) programs, which allow residents and fellows to obtain individual disability insurance with no medical underwriting. Coverage obtained through

Why Individual Coverage Is the Relevant Benchmark

When evaluating a borrower's risk profile, individual disability insurance tends to be the more durable indicator of income protection. Individual policies — unlike most group plans — are owned by the insured, not tied to a particular employer, and can be structured to be noncancelable and guaranteed renewable, meaning the insurer cannot change the terms or cancel the policy as long as premiums are paid. That kind of contractual stability is meaningful when a loan term runs ten, fifteen, or twenty years.

One product worth knowing in this space is Provider Choice, issued by Berkshire Life, a Guardian company. It is written on an enhanced own-occupation definition, and it is structured as noncancelable and guaranteed renewable to age 65 or 67. Those features are not universal across the market, and they matter when you are thinking about income protection over a long loan horizon.

A Resource You Can Forward

If you have borrowers who want to understand their options — or who came out of residency with a GSI policy and have never had it reviewed — I have put together a straightforward checklist designed for physicians and dentists evaluating their disability coverage. It is written in plain language, not insurance jargon, and it is easy to forward.

Feel free to pass it along, or to connect your borrower directly. There is no obligation involved — just a conversation that often surfaces things worth knowing before a major financial commitment is made.

About Kris Schwartz — Wealthcare Financials

Kris Schwartz founded Wealthcare Financials in 2019, following nearly a decade working in the tech industry before pivoting to financial services. He holds a BBA in Marketing from the University of Texas at San Antonio, along with Series 6 and Series 63 registrations. Wealthcare Financials is an agency of The Guardian Life Insurance Company of America and maintains partnerships with more than 40 carriers, which allows for objective, comparison-based conversations rather than single-carrier recommendations.

If you would like to discuss how income-protection planning intersects with your lending practice — or if you have a specific borrower situation you want to think through — reach out directly. These conversations tend to be straightforward and useful for both sides of the table.

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