WEALTHCARE FINANCIALS

Protecting the Income Behind the Loan: A Note for Healthcare Lenders

The Asset Your Underwriting Depends On

When your team structures a practice acquisition loan, a build-out line, or an equipment facility for a physician or dentist, the analysis centers on projected cash flow. The borrower's ability to practice — and to earn — is the foundation beneath every debt-service coverage ratio you calculate. It is worth pausing, quarterly, to ask: what happens to that foundation if the borrower cannot work?

A Risk That Is Easy to Underestimate

The Social Security Administration has estimated that a working person faces roughly a one-in-four chance of experiencing a disability before retirement. For lenders, that statistic has a direct portfolio implication. A high-income clinician who stops practicing — even temporarily — may face immediate cash-flow pressure that ripples outward to loan performance.

Despite this, a 2025 Guardian Workplace Benefits Study found that only 43% of working Americans owned disability insurance that year. Among healthcare professionals carrying substantial practice debt, a gap between the size of the obligation and the strength of the income-protection backstop is worth discussing.

What Lenders Can Reasonably Ask

You are not in the business of selling insurance, but you are in the business of managing credit risk. During underwriting and in periodic portfolio reviews, it is reasonable to understand whether a borrower has individual disability coverage in place — and whether that coverage is designed to hold up if they cannot perform their specific medical or dental duties.

Individual disability policies structured for physicians and dentists often include an own-occupation definition, meaning a benefit may be payable if the insured cannot perform the duties of their stated specialty, even if they could theoretically work in another capacity. Policies that are noncancelable and guaranteed renewable offer an additional layer of stability — the insurer generally cannot change the premium or cancel the policy as long as premiums are paid, which matters when a borrower is carrying a long-term loan.

A Conversation Worth Having

Introducing a borrower to a qualified disability income specialist costs nothing and can surface coverage gaps before they become credit events. Wealthcare Financials works specifically with physicians, dentists, and the professionals who advise them. Founder Kris Schwartz established the agency in 2019

If any of your current or prospective borrowers could benefit from a coverage review, we are glad to be a resource. Feel free to reach out directly or to pass along our contact information.

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