

Adding Disability to Your Business

Here are some tips on offering disability income and critical illness insurance to your clients.

By Brad Wier

Disability income (DI) insurance and critical income (CI) insurance can be lucrative additions to your book of business. They are attractive to the middle market because of their portability and flexibility, and can be sold at the worksite alongside employee benefits, creating volume for the advisor. If you are interested in selling these products, keep these points in mind as you develop your marketing strategy and sales pitch.

- The most efficient way to present information and achieve corporate sales is through worksite marketing, accomplished first by marketing the insurance portfolio to gain the employer's endorsement, and then by scheduling group presentations to be followed by on-site enrollment.
- Although worksite marketing is on a larger scale than traditional individual sales, it still requires the same one-on-one approach long practiced at kitchen tables across America. Effective discussions should result in a determination of the individual employee's appropriate level of income protection in times of disability.
- Employer-paid group coverage, while important, is often inadequate as a sole source of income protection during disability. For example, group policies do not usually cover bonus income and generally have lower monthly benefit limits than individual policies. As a result, some individuals can end up with coverage at less than half of their earnings before they were disabled.
- Employer-paid group short-term and long-term DI insurance policies, employee-paid supplemental coverage, and individually-owned DI insurance benefits can all be conveniently packaged at the workplace.
- An employer-paid group plan should be considered a base policy—the foundation for employees to build upon as they assess their individual financial needs.
- CI insurance is not tied to specific medical expenses or to a definition of total disability. Claimants are free to use benefits as they deem necessary, unlike long-term care insurance, which ties the benefits to specific care needs.
- Personal experience can underscore the importance of CI or DI insurance. Those who have experience seeing a friend or relative go through a critical illness or disability are very likely to buy coverage.
- People in low- and middle-income brackets who rely on the workplace as a benefits resource are among the most likely buyers of CI and DI insurance products.
- Policyholders are more likely to keep coverage even after leaving the employer where the policies were purchased.

These tips were taken from the article "Reaching the Middle Market by Voluntary DI," which originally appeared in the February 2000 edition of Advisor Today.

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