

## Guaranteed Standard Issue The Fast Track to Success

by John Andraos

Statistics illustrate a growing trend – multi-life disability income (DI) insurance is becoming part of the sales arsenal for many representatives who had focused only on the individual DI market. So what is behind this growth?

### Guaranteed Standard Issue Defined

In the multi-life DI arena, insurance companies issue coverage on a “guaranteed standard issue” basis -- a term referring to the simplified underwriting process inherent in the application rather than the contract itself. In fact, insurers may use the exact same contract for guaranteed standard issue policies as they do for fully underwritten DI cases with two major differences:

1. Minimal underwriting – Sales are simple because, other than a census, no financial documentation is required for the approved guaranteed standard issue amount. There is no detailed medical underwriting. Plans can be put in place in just days instead of weeks or months.
2. Substantial discounts -- Premiums can be discounted by 15% to 30% or more for employer-paid and voluntary benefit plans. Affordable rates are especially attractive to cash-strapped small businesses, which can apply the savings to purchase additional individual coverage or to fund something else.

### Prospects and Their Key Reasons to Buy

Prospects abound for guaranteed standard issue DI since the coverage can work in so many different scenarios and is available for nearly all industries. Prospects are usually white-collar employees. Primary targets are employers with a minimum number or more highly compensated or key employees.

The plan can be sold on an employer-paid or voluntary basis. The minimum number of participants is usually 10, but is only five with some insurers. Also, a guaranteed standard issue DI plan can be standalone or work with an existing group long-term disability (LTD) plan. Most group LTD plans cover only about 60% of earnings up to a specified monthly

maximum benefit. So these plans often don't replace enough income for highly compensated employees. A guaranteed standard issue DI plan can step in to provide additional income protection. Employers can also use guaranteed standard issue DI in order to enhance their compensation package to recruit, reward, and retain key employees.

What can a guaranteed standard issue DI sale mean for representatives? Considering the commission earned, it's no wonder why many experienced representatives call guaranteed standard issue sales the shortest way to success. Consider a real-life example of a savvy representative who had never sold guaranteed standard issue. The representative met with a principal of a small law firm to make an individual DI presentation. The client said he was thinking of offering another competitor's product on a voluntary basis.

The representative explained how a quality guaranteed standard issue DI product could fit the bill. The client was the sole decision maker. This is often the case with small guaranteed standard issue DI prospects, which is another thing that streamlines this kind of sale. The client responded enthusiastically to the advantages the plan offered and purchased non-cancelable guaranteed standard issue DI coverage for himself and four associates for just \$435 a month. Such an attractive price motivated him to purchase an additional \$4,500 in monthly benefits for himself on a fully underwritten basis. Here are some basic facts from the sale:

- Prospective client – Five-life law firm
- LTD in force – None
- Guaranteed standard issue offer – \$1,500 on an employer-paid basis – all five employees covered
- Annual paid premium – \$5,221 on the five individual guaranteed standard issue
- DI contracts guaranteed standard issue
- DI commission – \$2,088

To get started with guaranteed standard issue DI sales, the representative gathers census data about the prospects. This is easy because the applicants only need to answer a few basic gatekeeper questions, such as occupation/title; age; gender; annual salary; bonus/commission information (often a two-year average); and state of residence.

Prospects also need to provide information on group LTD or individual DI policies that are in force.

The insurance company's specialists are typically available to help with case design, running proposals, and presentation preparation. After the paperwork is completed, everyone who meets the eligibility conditions is issued a policy at standard discounted unisex rates. No one in the approved group needs to worry about being declined, being rated, having a policy issued with a rider that excludes coverage for a specific medical condition, or having their coverage modified.

### New to Guaranteed Standard Issue DI Sales? No Problem!

If you have only sold individual DI, you already have a great deal of background information because the general facts about disability are just as applicable to groups as they are to individuals: three in 10 people entering the workforce today will become disabled sometime before retiring, according to a 2007 Social Security Administration fact sheet; a disability will keep one in every five workers out of work for at least a year before retirement age, according to the Census Bureau; and a disabling accident occurs every two seconds in the U.S., according to the National Safety Council.

There's no denying that DI is asset protection that people need regardless of where they live or what they do. Providing this valuable protection on a multi-life basis can quickly improve your bottom line. If you haven't been cultivating the guaranteed standard issue DI market, now is the time to get started. In a short time, guaranteed standard issue DI sales may become the primary engine of growth for your business. □

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