

## DISABILITY INSURANCE

# Selling DI Insurance Today

To boost your chances of making a sale, package DI insurance with other absence-management services.

By Paul Sherman

Imagine this. You are working with a small- to mid-size business client who is looking for effective ways to decrease expenses and increase profitability, while still retaining and compensating key talent. The company understands that it can improve employee satisfaction through a comprehensive benefits package and that these packages cost money and can be an administrative hassle. Oh, and by the way, they are downsizing.

In your role, how do you help this client find effective solutions to his challenge? Disability income insurance, when properly packaged, is one answer to this question.

### DI's low rating

When it comes to the benefit selections that employers and employees make, DI insurance is not always seen as a must-have because many employees may not realize the likelihood of their experiencing a disability, or they may be confident that they can rely on Social Security disability benefits if they are involved in an accident or if they get sick.

As you know, these reasons can be easily countered. A 2008 study indicates that one in three individuals will sustain a disability for three months or longer. Those odds only change to one in seven for a disability that lasts five years or longer<sup>1</sup>. Also, the number of pending Social Security disability claim applications may be as high as 765,000 due to worker furloughs and other operation inadequacies<sup>2</sup>. In addition, once a claim is adjudicated, the initial decision results in a denial of benefits 65 percent of the time<sup>3</sup>.

### Enhancing the value

In today's economic environment, both the employer and the employee can realize a significant value when purchasing DI insurance. In its purest form, a core disability program offers employees income replacement when they are unable to perform the duties of their occupation. When an employee is unable to return to work but is still capable of performing another job, most carriers offer him vocational services to assist with job placement. And the more comprehensive plans include child care and tuition-reimbursement provisions. Who could pass that up?

Concurrently, a carrier that can offer managed disability services helps maintain the integrity of an employer's program. It can also facilitate return-to-work efforts through the use of adaptive equipment or other worksite modifications, which are often eligible for reimbursement through DI insurance.

**A CARRIER THAT CAN OFFER MANAGED DISABILITY SERVICES HELPS MAINTAIN THE INTEGRITY OF AN EMPLOYER'S PROGRAM.**

Advancements in claims-system technology have improved and often allow carriers to process information paperlessly. Also, the intelligence embedded in these programs improves the accuracy of payments and fosters more efficient customer service. Several programs even allow the administrator to offer various options for claims submission, be it via the web, mail, fax or phone. Don't forget to ask the carrier if real-time reporting is available for your clients. This is a key feature and one more way to streamline the "hands-on" work required by the employer to manage his program.

### The FMLA component

The federal Family Medical Leave Act of 1993 and subsequent amendments (FMLA), provides job protection to employees of qualifying employers. This can cause a massive administrative challenge for many employees, because the process includes a lot of paperwork, varying deadlines, several rules to follow and fines that can be administered if those deadlines are missed or the rules are not followed precisely.

Often a disability absence and an FMLA absence are one and the same. As your client is thinking about the best DI product and carrier to partner with, it behooves him to find one that also offers FMLA services. The employer will have two integrated programs and will benefit from streamlined administration, consistent absence management and some financial savings.

### Another piece of the puzzle

Many employers offer Employee Assistance Programs (EAP) that run the gamut from online web resources to face-to-face counseling sessions, financial and legal planning assistance and crisis management. Coordinating an EAP and a DI program can result in improved productivity, less absenteeism and improved



employee satisfaction for your employer client. According to the Council of Disability, "a study shows that when EAP services are provided, work loss was avoided in 60 percent of the case, with an average of 17 hours per case."<sup>4</sup> So now with an EAP program, the core DI product has been upgraded again to include another resource for the employees and another support for their business.

#### **More absence-management services**

In addition, some carriers offer other types of absence-management services, including tracking of time for sick leave, jury duty, vacation, bereavement, etc. While these absences may not always sync with absences for FMLA or disability, these services can provide an employer with another way to streamline their administrative burden.

Recently published articles and studies predict a decrease in employer-funded insurance sales as companies continue to tighten their belts in a fight to survive. But there are products that are a vital part of an employer's benefits program. When packaged with other products as described in this article, DI insurance fits the bill. It offers streamlined services, effective and compliant administration of complex federal regulations and opportunities for the employer to improve productivity and lower costs.

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<sup>1</sup>*America's Health Insurance Plans, National Association of Insurance Commissioners U.S. Commerce Department, 2008.*

<sup>2</sup>*National Underwriter as reported by JHA, March 26, 2009*

<sup>3</sup>*USA Today, July 2007.*

<sup>4</sup>*Attridge, M. (2001, August). Personal and Work Outcomes of Employee Assistance Services cited on Council for Disability Awareness Web site, [www.disabilitycanhappen.com](http://www.disabilitycanhappen.com).*

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