

Plan Design Key to Corporate Executive Market



If you're looking for a disability market that is both lucrative and under-penetrated, consider the corporate executive market. Many of the nation's millions of small to mid-size businesses offer employees no disability income protection whatsoever. And, of those that do, the coverage is often inadequate, particularly for middle- and upper-management.

As a result, numerous opportunities exist in the corporate executive market — opportunities that you can take advantage of through creative, expert plan design.

A good plan design is one that is custom-tailored to fit the unique needs of your client company. Usually, it will include a blend of group and individual features that provide the most coverage at the best price. Such "combination plans" emphasize the strengths of group LTD and individual non-can while minimizing the drawbacks of each, and are excellent door openers in the corporate executive market.

To begin, approach your prospective clients with questions: What are their problems? What do they want to accomplish? How much coverage would they like to provide? Do they want upper-level executives to have more favorable treatment than others? How much money are they willing to spend?

Questions help clients clarify their needs and enable you to explain many of the options that are available. Often, you will need to take an educational role. Group insurance is the only disability product that's been introduced to many employers. The concepts of combination plans, underwriting concessions, and discounting are new to them.

Combination plans are especially attractive because of their flexibility. They can be structured to meet a variety of needs, thereby giving employers great control over their benefit programs.

Traditionally, the standard approach to combination plans has been to add a small amount of individual DI to LTD — say 20 percent individual added to 40 percent LTD. But

more recently the group/individual mix has become more varied, and there is really no longer a "standard" approach. The right mix is determined by the unique make-up and goals of the client company, as well as any concessions the underwriting department is able to offer.

After you have determined the insurance goals of your clients, the next step is to work closely with a risk manager or advanced underwriter. Always remembering that the primary strength of combination plans is flexibility — both in product blending and in underwriting — it is important to work with underwriters who are thorough professionals in plan design. The knowledgeable underwriter will look at the dynamics of each case to determine the optimum package for the client company and to establish the guidelines under which the case will be underwritten.

In large cases, guaranteed issue (GI) frequently replaces individual underwriting. GI means that a policy is issued at the standard rate with no restrictions. The size, occupations, incomes, and ages of the group are carefully evaluated in order to establish specific underwriting concessions. Guarantee to issue is a variation on the guaranteed issue offer, in that it is the standard policy but with certain rights reserved by the insurer.

If you're looking to replace or enhance an existing plan design, the underwriter will want to be certain that nobody loses under the new plan. This is especially important in smaller cases, where the individual portion of the plan design is individually underwritten. Your goal should be to create seamless coverage for everyone in the plan. A good plan design should also stand the test of time. It must be flexible enough to cover promotions, salary increases, future employees and other personnel changes.

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In many cases, a well-designed disability plan provides the best coverage for your employer clients. Learning to develop good plan designs can also be highly rewarding for you: You will profit from multiple cases in one sale, add-on sales, and new enrollments. What's more, your client base will grow, as you are able to offer precisely what your customer wants.

To develop and offer the best plan designs, it's important to work with an experienced carrier. The best carriers have

been developing combination plans for many years and have entire departments dedicated to helping producers devise the best plans for their clients.

By developing first-rate plan designs, you will be able to offer your clients flexibility and quality — the best of both worlds. And you will have the necessary skills to open new doors in the corporate business market.

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