

# Today's LTD Meets Many Needs



For many years, the disability income industry was dominated by two central — and essentially separate — approaches: group LTD and individual non-cancelable DI. LTD offered no-frills coverage to a broad-based clientele, while individual DI provided richer benefits primarily to affluent professionals.

In recent year, those distinctions have blurred. Greater flexibility, higher benefit limits, shorter elimination periods, and other features have endowed LTD with many of the strengths of individual DI — often at a significantly lower cost. With today's group LTD products, you can provide outstanding benefits that meet a wide range of client needs.

But not all LTD products are created equal. The following is a summary of some of the most significant features that make today's LTD products so effective.

## Total risk management

Two recent pieces of legislation — The Drug-Free Workplace Act and The Americans With Disabilities Act (ADA) — have affected the way we view the role of disability protection. With their focus on employee well-being and equal opportunity, the acts foster a total risk management approach that encompasses disability protection and return-to-work services.

The better carriers offer rehabilitation services designed to help disabled claimants return to work. Transferable skills assessment, work site modification, and ADA compliance counseling are among the important services a skilled rehabilitation unit provides.

Employee assistance programs (EAPs) are another component of today's quality LTD plans. While the Drug-Free Workplace Act has highlighted the need to help workers with personal or behavioral problems, many EAPs also offer management assistance programs that help managers confront employees who are causing productivity or morale issues at work.

The growing incidence of "lifestyle claims" has led some carriers to develop return-to-work incentive benefits. Such built-in features as zero-day residual benefits and allowing claimants to collect up to 100% of their prior earnings if they work part-time encourage claimants to return to work.

Selling short-term disability along with LTD is another claims management approach, allowing insurers to look at a claim before it becomes a long-term disability.

All of these risk-management techniques focus on keeping employees healthy and productive, promoting higher employee morale and ultimately greater profitability. But today's LTD products offer employers even more.

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### A flexible approach

Today's LTD products are increasingly flexible, affording greater opportunities for employers to tailor their coverage to fit their needs. A wide range of benefit options is available, including shorter elimination periods, conversion riders, and cost of living adjustments.

New funding options provide even greater flexibility. Voluntary plans, in which employees pay for the total cost of benefits (with guaranteed issue and group rates), and supplemental buy-up plans, in which employers provide a basic level of benefits and employees have the option of buying enhanced benefits (again with guaranteed issue and group rates), are two cost-sensitive options.

Plans combining individual DI with group LTD offer perhaps the ultimate in flexibility. Many of these plans provide basic LTD coverage to all employees, with highly compensated employees receiving a customized layer of DI

on top. Because these individual policies are sold in multiples, they often receive a premium discount and somewhat liberalized underwriting.

No matter what kind of disability income protection plan you design for your clients — whether it's straight LTD or a combination of LTD and individual — the key to getting the most out of today's LTD products is to clearly identify what your clients want. The wide range of benefits, funding options, and product combinations enable you to tailor a plan to each client's needs.

By listening carefully and identifying the needs, you can design a disability plan that delivers just what the client orders.

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