

Employer Sponsorship:

Turn One Sale Into Hundreds



You know the satisfaction that comes from closing a sale. Imagine the thrill of closing one case that results in hundreds of sales.

A fantasy? Not when you're selling an employer sponsorship program.

Employer sponsorship programs — targeted most successfully at corporate executives and small businesses — consist of an employer endorsement enabling you to market individual disability income insurance to employees on a voluntary basis. It is a simple, straightforward concept that can be summed up as "win-win-win."

First Employers win by offering a valuable employee benefit that has been shown to have a positive impact on employee morale and productivity. And, even though they're not paying for it, employers still get recognition for offering the benefit.

Second, employees win through the opportunity to purchase important benefits at a reduced rate and, frequently, with simplified underwriting. Insurers often offer progressive discounts based on the size of the case and the degree of employee participation. When combined with guaranteed-issue or modified guaranteed-issue, the plan can offer quite liberal underwriting requirements.

And third, producers win because the employer opens the door to multiple sales opportunities that translates into more time selling (and earning commissions!), and less time prospecting. Additionally, employer sponsorship cases often result in higher persistency, leading to more renewal premiums. Best of all, perhaps, the larger DI companies have specialists who can walk you through the entire sales process.

To get started, it helps to have a clear picture of the target markets. Employer sponsorship has proven most successful in the large case (100+) cooperate marketplace and with closely-held, smaller businesses. Both markets are under-

saturated because until recently DI insurers concentrated mainly on fee-for-service professionals. The business marketplace was left to group LTD.

As a result, most larger corporations offer employer-paid group LTD. This means that employers and employees are generally familiar with the concept of disability income yet are also likely underinsured. LTD benefit limits can typically result in less than 50 percent income replacement for top wage earners. Compounding the problem is the fact that many companies can't afford individual DI for everybody or even for all key employees.

Small businesses present another growing market. Typically streamlined and fiscally conservative, not even a quarter of businesses with fewer than 100 employees — close to 5 million businesses — offers individual DI. That leaves a huge segment of the working population underinsured.

Employer sponsorship offers the perfect solution to the problems of under insurance and limited benefit dollars. When individual DI is added to group LTD through an employer sponsorship plan, disability coverage is significantly enhanced in one of the most cost effective manner available today.

Once you have a clear picture of your market, you need to refine your sales approach. Begin by identifying the decision-maker in the company.

Whether this person is the owner, CEO, benefits manager, or some other top-level executive, your next step will be the same: Focus your client meetings on meeting a need, not making a sale. Take lots of time to understand

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your client's needs by asking questions. What kind of coverage is currently in place? What would happen if a particular key executive became disabled? If there is an existing LTD plan, ask to review it. Point out its deficiencies and explain how an employer sponsorship plan can help.

After the employer buys into the concept of employer sponsorship, it is critical to obtain a strong employer endorsement. That means active, visible support for the plan from the company's center of influence. The appropriate support will include endorsement letters on company stationery from the employer to employees and employee meeting during which you are afforded the opportunity to discuss the program. Keep the employee meeting simple and needs-focused.

The greater the employer support, the higher the participation level in the plan. Active support can result in employee participation rates of 80 percent or more. Lack of support can reduce participation to less than 40 percent.

Conclude the employee meeting by signing up interested employees for individual consultations. The consultation should be short, no more than 15 minutes, focusing on the clients' short- and long-term needs, their bills, their income and their liabilities. Through this discussion, you can develop various options your client can choose from.

Although the employer sponsorship sale is essentially uncomplicated and straightforward, it is helpful to work with a representative of a carrier experienced in these sales. An experienced carrier will help you develop marketing plans and presentations, and assist you in developing the best plan design for each site and each employee.

By working with the right carrier, you may soon increase your client base by hundreds every time you make a DI sale.

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