



Disability Discovery

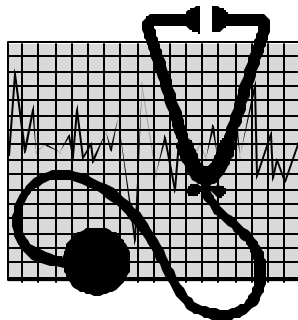
Is the Disability Market for Physicians on Life Support?

The Past: Physicians have historically been substantial purchasers of individual disability contracts. For many years, they enjoyed the most liberal contract language at the lowest possible premium rate.

Many disability carriers reacted strongly to the claim challenges presented by physicians in the early to mid 1990's. Declining income and a rapidly changing medical environment were just a few of the circumstances facing physicians. Very attractive policy provisions in quality disability contracts provided an easy way out for the disgruntled physician. The DI carriers reacted to the escalating and questionable claims with changes in contract language, underwriting guidelines and premium structures. The DI market for physicians became limited and restrictive and this traditional source of DI sales all but disappeared.

The Present: While some carriers continue to view physician DI business with skepticism, other carriers are aggressively pursuing this market. As a producer you need to know the following:

- ☞ **Pure Own Occupation Protection is once again available for all medical specialties** (full benefit paid, even if working elsewhere, if unable to perform duties of a recognized medical specialty). This total disability definition is not available from most DI carriers. Make certain you offer "pure own occ" to your physician clients!
- ☞ Coverage is typically limited to \$10,000/mo. although a few carriers offer up to \$15,000 of modified own occupation to select specialties.



- ☞ **Lifetime benefits** are still available up to \$10,000/mo.
- ☞ Many physicians have purchased **Group LTD** as a means of protecting their incomes. This is often inexpensive initially but seldom provides the long-term guarantees and contract provisions that physicians want and need. Most LTD plans cap benefits at \$5000-10,000 per month. Do you have physician clients earning more than \$200,000 per year? It is likely they need and want supplemental DI that protects their specialty.
- ☞ Consider supplementing your physician client's DI coverage with a plan that provides **on-going funding of retirement plans during a total disability**. This flexible disability coverage concept allows you to protect retirement plan contributions, up to \$3380/mo. or \$40,000/yr., in addition to regular disability income plans. Cover 100% of current plan contributions! This coverage is critical for younger physicians who have not yet accumulated significant retirement assets.

DI Protection—Doctors:

- ? Personal DI—Growing incomes, Group LTD Inadequacies
- ? Business Overhead
- ? Disability Buy-Sell
- ? Excess DI
- ? Practice Loan Protection
- ? Retirement Plan Protection

How can the practice be protected during a disability?

Business Overhead Expense is still an important planning tool for the physician in private practice. If your client has fixed monthly expenses that will continue during a disability, consider protecting their practice with this short-term DI solution.

Practice Loans are often used to purchase or expand an established practice, buy or build new clinic space, or purchase

needed equipment. We offer coverage, in addition to BOE, that indemnifies the lender in the event the physician becomes disabled. Limits of \$1 million are common.

Disability Buy-Sell products are often overlooked in multiple physician practices. As a general rule-of-thumb, cover two times a physician's income after a one year or longer elimination period. The disabled MD is paid to liquidate practice ownership.



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Call us today for
your next DI Quote!

Disability Insurance may be today's **least sold / most needed** financial services product. While the risk of disability has grown steadily, the number of DI carriers & availability of DI expertise has declined.

Disability Insurance Services was created to provide financial service professionals with the resources needed to confidently protect their clients' most valuable asset, the ability to earn an income.

With a full portfolio of products from leading carriers, 3 decades of dedicated DI experience, and the resources and service required, we remove the barriers to your DI success. Easily present multiple carriers, close more cases, minimize underwriting obstacles and develop confidence as you meet your obligation to present DI to your clients! Use **Disability Insurance Services** as your DI Provider of choice and make DI an essential part of your clients' financial foundation!

Ron Bennett, CLU, ChFC & Paulette Bennett, Managing Partners

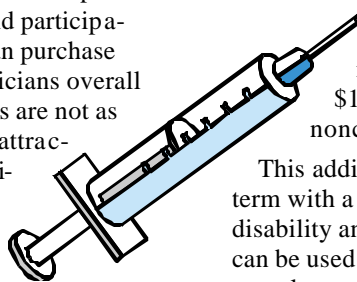


As you navigate the DI marketplace, doesn't it make sense to work with **DI professionals**, offering multiple companies and a full spectrum of DI products?

The expertise, products, and service you need from DI Professionals

My physicians need a DI Booster! How can I get above \$10,000/mo.?

- ? A limited number of "noncan" carriers" still offer physicians up to \$15,000/mo. of individual DI. The specialty of the physician, state of residence and income details are important in determining availability.
- ? Many carriers allow \$5000-10,000/mo. of Group LTD coverage on-top of their regular issue and participation limits. Groups as small as 2 lives can purchase supplemental LTD to enhance the physicians overall protection. While the contract provisions are not as solid as noncan policies, they can be an attractive supplement for self-employed physicians.
- ? As mentioned previously, Retirement Plan Completion DI allows a physician to add up to \$3380 per month of total disability protection above and beyond the regular issue limits. 100% of current retirement plan contributions can be protected. These benefits are payable to a trust at the time of disability and can be set-up to produce tax-free income at retirement.



- ? A Special Risk Carrier has developed an exciting new product that allows physicians to purchase supplemental DI, on top of regular issue limits, on an individual basis. Physicians are allowed to cover up to 65% of their income (tax-free benefits) or 75% (taxable benefits) including their other in-force coverage. For example, a doctor earning \$300,000 could qualify for a total of \$16,250/mo. Assuming they own \$10,000/mo. of noncan coverage, an additional \$6250 is available.

This additional benefit is offered for a 5 year policy term with a 5 year benefit period. Riders such as residual disability and cost of living are available. These products can be used for personal income protection, disability estate plans or salary continuation. Coverage is also available for contract guarantees, loan indemnification, key person, buy-sell or business overhead expense plans.

Call us to discover your clients' DI solutions