

Critical Illness From Two Sales Perspectives



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**Part One: The Marketer's View
By Kenneth Smith**

How would you like to increase your income by 40% without seeing any additional prospects? This is exactly what a number of agents who are working in the health insurance market are doing when they package critical illness insurance (CI) as part of their health plan. David Talbert (see Part Two) is a great example of an agent succeeding in the health/critical illness market.

The combination of CI with health insurance or major medical coverage is a straightforward, timely, and important new sales technique that can easily be included in a sales presentation. A recent study at Harvard University reported that 50% of the bankruptcies filed today are the result of costs associated with a health crisis. And 80% of those individuals had health insurance. It's not just the health expenses themselves; it's also all the indirect costs that come from treatment and recovery, the everyday costs that continue when you aren't bringing in a paycheck, and to a large degree, all the outstanding debt that people are carrying when they get sick.

CI fits well with almost every market, not only health

insurance but disability, business, mortgage, or asset protection. I can honestly say I've never seen a product that has had such an immediate and dramatic effect on people's lives when a claim is filed and a check is delivered.

"CI offers tremendous opportunities for producers who look at it with the right attitude."

David is obviously enthusiastic about how CI can help his clients, and that's one of the most important aspects to selling this product. As a producer, you must truly understand the need for CI. After you have mastered the need and the reasons for CI and you can clearly communicate it to a prospect, the sale itself becomes easy. To that end, it's important that you work with a company that invests not only in product training — the product itself is quite simple — but also in sales training.

CI offers tremendous opportunities for producers who look at it with the right attitude. It reminds me of the story of the shoe company that sent two salespeople to a remote corner of the world. The first salesperson wires back a message saying, "I'm coming home. No one wears shoes, so there are no prospects here." The second one sends a different message: "Send more shoes! No one wears them here, so everyone's a prospect!"

**Part Two: The Producer's View
By David Talbert**

IIR Code: 100 Accident & Health Insurance — Individual

I wrote a health plan a couple of years ago on a farmer here in Missouri. I wasn't convinced yet about selling critical illness insurance, so I sold that farmer a catastrophic health care plan with no CI coverage. Last year, he was diagnosed with cancer. About two months before that, I had sold his daughter and son-in-law health plans *with* CI. If the farmer knew where I lived, I think he might have come down and shot me for not putting the CI on his plan. He was unable to work for about four months while taking treatments and recovering. He was forced to rent out his farmland and sit by while someone else brought in a crop.

I still feel guilty about that case. I knew about CI then, and money from that policy could have really helped that client.

After I understood the big picture, I saw there's no reason not to package these products. In fact, 100% of the health plans I offer are now packaged with a critical illness policy.

Self-employed business owners represent 90% of my clientele in the health market. They are unique and attractive prospects for this health/critical illness plan. Usually, they do not have enough employees to qualify for group rates. They file fewer claims and definitely need some "disability-like" protection but with a more immediate source of income. They also face a double whammy. They pay deductibles and co-pays for treatment and recovery but have no income because no business comes in while they are sick.

The financial effect seems especially important in the case of the self-employed. They have so much wrapped up in the business, and keeping the business alive often involves the spouse as well. So if the major breadwinner in the business is diagnosed with a severe ailment, the other spouse is likely to continue running the business as well as he or she can.

With CI, the immediate benefit will allow the business to provide funds for temporary help if it's needed, in addition to paying the medical and

indirect costs associated with the recovery. There may also be money to cover house payments, car payments, credit cards, utilities, and groceries.

But I also strongly believe that critical illness shouldn't be only for the breadwinner. If something happens to the non-working spouse, the working spouse probably will want to spend time away from the business to help during the recovery.

I had a friend with whom I worked at another company. His wife was diagnosed with cancer while she was pregnant with their third child. While she was going through treatment and recovery, he had no income. He had to care for two small children and a new baby. Although he said it was tough trying to run the household and care for the children during this time, what he really felt bad about was not being able to be with his wife during all the times she had to endure chemotherapy treatment because they had no extra money for child care. The benefit from a critical illness policy would have helped them through a very difficult time.

How you present the health and CI package is important. I don't view one component as any more or less essential than the other, but I do see the health plan as the door-opener and the primary reason the interview was arranged. Immediately after I explain the benefits of the health plan, I roll right into the CI. I don't make it an option. I don't sell the health plan and then ask, "OK now I have this other plan called critical illness, and this is what it does. Do you want it?"

Of course, I explain that the plans are not offered as a single policy. I make it clear to the prospect that we are talking about combining two distinct and separate plans, from two separate companies, into a single, more comprehensive package. And the CI premiums are usually only \$60 to \$80 a month. I ask, "Is \$60 a month worth possibly jeopardizing your financial future?"

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Since I've been through Assurity's critical illness training, all of my health sales have included critical illness. When I walk out of a meeting with a health application and a check, 100% have CI included. If the client raises any objections to the concept, they usually center on cost. I can address that by adjusting features of the health plan. For instance, by increasing the deductible, the premium on the health plan often is lowered enough to make the critical illness plan more affordable. I can explain to my client that the benefits coming in from the CI will more than make up for the health plan's extra deductible.

Convincing self-employed business owners of the need for critical illness has not been difficult. I ask them to think of someone they knew who died of a heart attack or cancer 10 or 15 years ago. Then I ask them to think of someone they know now who has suffered and lived through a heart attack or is surviving with cancer. I incorporate this into every presentation. I think it's powerful, and everyone can identify with it.



Kenneth Smith is director of critical illness and disability income for Assurity Life Insurance Co. He has more than 25 years of experience in the insurance industry, both in the field and the home office. Prior to joining Assurity, he served for more than 10 years as first vice president of critical illness and disability income for Mutual of Omaha.

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