

Why Critical Illness Insurance Is Critical for Your Agency

by Hadley Weiler

If you're counting on solely on major medical to keep you on top in the industry, you may be doing your agency and your clients a disservice. To survive, you need to look at new solutions to strengthen client relationships. Many California brokers are gravitating toward voluntary benefits. Here are four reasons why providing critical illness insurance is a good way to get into the market:

1. It is Easy to Understand for You, Your Clients, and Their Employees

A critical illness plan is supplemental health insurance that pays benefits when an insured is diagnosed with a disease, such as heart disease, stroke, cancer or kidney disease. An insured who has a heart attack, stroke, or other covered disease receives a lump-sum benefit payment. Some plans pay benefits for one covered disease and then the policy ends. Some cover several disease categories, paying benefits for more than one disease and offering benefits if the insured has a recurrence. Both plan types pay benefits regardless of what health insurance coverage insureds have. Insureds can use the money as they see fit.

2. It Helps Fill Gaps in Major Medical

You know the state of major medical insurance better than anyone does. Rising healthcare costs are forcing employers to move toward higher deductibles. Years ago, we never dreamed we'd see deductibles in California as high as \$2,000, \$3,000, and \$5,000. Now they're becoming commonplace.

Your job is to be aware of all the options to help your clients. With a voluntary critical illness plan, employees can use the benefits to offset their major medical deductible. A critical illness plan with a high-deductible major medical plan gives you a powerful package to deliver.

We're saturated with PPOs, especially in northern California. Southern California has a large HMO penetration and we're beginning to see an increase in HMOs in the north. A critical illness plan can help fill gaps in coverage and help employees who

may want medical treatment outside a network. For example, if the cancer option is included, an insured who is diagnosed with cancer could receive benefits under a critical illness plan and use the benefits to get access to treatment outside the HMO or PPO network.

You'll find voluntary critical illness plans on individual and group platforms. Both have advantages, but you may be more comfortable and familiar with guaranteed-issue group products. Most have minimal participation requirements.

Effective benefit communication is one key to implementing a high deductible health plan and a voluntary critical illness plan. Employees need help understanding the value of their benefits, especially when they're being asked to foot more of the bill for medical expenses. A one-on-one session with a benefit professional can educate employees about their benefit program. Employees with family histories of heart disease or strokes may not have thought they needed a critical illness plan. But when they see how much their out-of-pocket expenses have increased for medical treatment, they may want to purchase additional coverage through a critical illness plan. A quality voluntary benefit carrier can conduct individual enrollment sessions with each employee at each company location. A few of the good ones even offer benefit communication services free.

3. It Can Help Encourage Early Detection

When you're looking for a critical illness carrier, don't just look at the plan's lump-sum payments. One of the things we hear from brokers is that they like wellness benefits. Wellness benefits pay insureds a lump-sum benefit for certain screening tests that are designed to prevent or detect diseases as early as possible when treatment is most likely to be successful and less costly. The benefit amount varies, but it can range from \$50 to \$150 per covered screening test. The American Cancer Society reports that regular screening tests can detect some cancers in the early stages when they're easier to treat and when the survival rates are higher (see sidebar).

4. It Adds to Your Agency's Portfolio of Solutions

Insulate yourself from competitors by adding voluntary benefit solutions to your agency's offerings. Make sure that, when other brokers knock on your clients' doors, your clients will say "no" because they're confident that you're bringing them everything they need.

You can do this by choosing a voluntary benefit partner that delivers a wide range of products, enrollment services, and benefit communication capabilities -- a true partnership that expands your agency's portfolio at no cost to you. The partner should provide voluntary benefit expertise and strategies relevant to the healthcare cost issue.

If you haven't added voluntary benefits to your agency, a good first step is to offer your clients a voluntary critical illness plan for the following reasons:

- It's easy to understand.
- It's a good solution for clients who are moving toward higher major medical deductibles.
- It can help encourage early disease detection.
- It can help protect your client base.

In an ideal world, you'd like to offer a wide range of products and services that would increase penetration with an account and help generate more commissions. But in reality, you have tons of other things to do that require your valuable time and energy. Find a voluntary benefit partner that will make it easy for you -- one that will greatly enhance your agency's portfolio and help you bring voluntary benefit solutions to your clients. □

Hadley Weiler is territory sales manager for the Northern Calif./Reno, Nev. territory for Colonial Supplemental Insurance. Colonial Supplemental Insurance is the marketing brand of Colonial Life & Accident Insurance Company. Colonial provides voluntary insurance to employees and their families through the workplace, along with personal benefit communication, enrollment capabilities, and a commitment to service. The company has a broad portfolio of insurance coverages, such as disability, life, and supplemental accident and health insurance policies. For more information, call Weiler at 916-478-4065, e-mail him at HWeiler@ColonialLife.com, or visit www.coloniallife.com.