

Critical Illness and Disability Income — A Match Made in Heaven



By Kenneth Smith

Assurity Life Insurance Company • Lincoln, Neb.

A major change has occurred in our industry over the past 25 years. How often do you hear about the premature death of a breadwinner anymore? Why have life insurance rates decreased dramatically over this span of time? It's because, thanks to many medical advances, we now survive the conditions like cancer, heart attack, and stroke that used to kill us.

I still remember receiving a call from an agent in Virginia several years ago. He had been looking through a church prayer list, and it occurred to him that there were no prayer requests for families experiencing a death, yet there was a long list of individuals with needs because of cancer, heart attacks, and other heart-related conditions.

Which is more likely to happen to an individual before age 65 or 70 — death, disability for 180 days or longer, or a critical illness? The obvious answer is the latter two. Yet, according to LIMRA International, while 76% of the households in the U.S. own life insurance,

only 29% own disability income (DI) insurance. Not even one-half of one percent own critical illness (CI) insurance. Are we really helping our clients when we talk only about life insurance or investments?

“We recently were able to place a large key person CI case in which the client was on antidepressants and didn't qualify for DI.”

CI and DI together represent one of the best sales opportunities within our industry. The two products fit well together, both serving to lessen the impact of disability or serious illness. Apply that analogy to a car, with DI as the brakes to keep from careening out of control, and CI as the airbag. You wouldn't buy a car without brakes, and, even though 20 years ago airbags didn't exist, today you wouldn't buy a car without them, either.

I recently spoke about CI/DI sales potential with two of our company's leading CI and DI distributors, Keith Pfleiger, president of Source Brokerage in Fort Myers, Fla., and Dale Chittenden, brokerage supervisor of The Chittenden Group in Phoenix. Both had success in 2006 packaging DI and CI into combined sales.

Keith described the various ways CI provides sales op-

IIR Code: 100 Accident & Health Insurance — Individual

educating their clients about the need to pay for daily expenses — possibly even the premiums on their medical plans so that coverage can continue. That's really how we're finally starting to penetrate the marketplace. We're getting more traction going after our DI producers.

"CI is a natural sale to disability," he continued. "As good and as important as disability income insurance is, we all know it does not make you whole. It keeps you going and it keeps you from having to raid your retirement funds or savings accounts, or from stopping payments on your house. But it is not the complete plan. CI completes the plan."



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 in 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.

Keith Pflieger is president of Source Brokerage, an industry-leading insurance brokerage firm specializing in wholesaling DI and CI products to large national accounts, other brokerages, independent agents, and financial planners. He also is on the advisory boards of two major DI carriers, and is a founding member of the International DI Society.

Dale L. Chittenden joined his brother Dave and father George in 1991 in the brokerage business as a key member of The Chittenden Group. Over the past 15 years, he has specialized in disability income, critical illness, and life insurance sales.