

# Selling Individual Disability Policies to Groups

By Connie Golleher

How do you get people to buy long-term disability (LTD) income insurance? Easy. Look at any business that has three or more employees and you are on your way.

Here are some helpful hints to help speed up your group LTD income insurance sales.

**Know The Basics** - Understand that group long-term disability coverage is the starting point for income protection for your clients but it is not sufficient. No group LTD plan alone can provide the full solution for clients trying to secure their most valuable asset – their income and the ability to earn it. It takes a combination of group LTD *plus* individual disability policies to provide full coverage.

Group LTD is typically limited to covering a maximum of 60% of base salary up to a monthly cap. It doesn't replace any bonus money or 401(k) matches. Since the premiums are paid by the company, any payments received are 100% taxable to the employee, just like salary.

Any group LTD plan can be supplemented by individual disability (DI) policies. But buying a DI policy on one's own is onerous because getting insured requires a medical

exam, answering medical history questions, providing financial justification, and risking being declined, rated, or having waivers on the policy.

**Get in front of the decision maker** – Find out who makes the decisions regarding employee benefits for the company. This could be the human resources director, benefits director, labor relations director, etc. Once you have identified that individual, present yourself as a professional insurance expert not a high-pressure salesperson.

If you're new to selling this type of product, team up with another agent or a carrier representative for your first case. Arrange for an appointment. Let them know that your objective in meeting will be to educate and build enough trust for them to allow you to gather the appropriate data and to then demonstrate how the idea of DI policies would work and the pricing specifically for their group. Educating the decision maker is key. Human Resource employees do not want any additional work, so you need to demonstrate that, other than the initial enrollment, there will be minimal work necessary on their part.



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## Sponsored Plans

Companies can help their employees get a better deal by sponsoring voluntary individual DI policy plans. Sponsoring means that the employer endorses the plan, lets its employees know about the opportunity and provides meeting space. In return for getting the chance to sell multiple policies, the insurance company provides a better deal.

Advantages of employee-sponsored individual policies include

- Discounted premium rates.
- “Guaranteed issue”—no medical underwriting, no medical exams are required. Everyone who's not

currently disabled is guaranteed to qualify.

- Coverage of more of employees' income because compensation in addition to base salary can be used to secure a total compensation benefit amount. When you put both group and individual plans together, you can replace much more income than with either alone.
- Nontaxable benefit payments.
- Portable coverage. The employee can keep the individual policy when he or she leaves employment.
- The ability to convert to a long-term-care policy.
- Catastrophic coverage that can cover up to 100% of the employees compensation
- It gives the company an attractive benefit at no cost to them.

Once the employer has committed to sponsoring the plan, employees are presented with an individual enrollment kit explaining their specific offering. They can enroll in the plan in a number of ways. They can submit a paper enrollment form, sign up online, or they can do so via the telephone. The best results happen when you meet with the employees face to face to educate and explain the coverage.