



DI Sales Concepts

Tools and Tips for Your Success



Overview

LIMRA International, the leading insurance marketing research organization, found in a 2015 Insurance Barometer Study that **61%** of Americans believe most people **need disability insurance**, but only **26% actually own disability insurance**. One third of the prospective buyers without disability coverage claim that they would be more likely to purchase it, if they knew more about it. The following sales concepts can help prospective clients learn more about DI and how you can help them buy it.

The job is to help prospective clients through the buying process. But it is hard to accomplish a successful sale without knowing the basic concepts behind the sale and the proper language to use.

This collection of field-tested disability sales concepts and narratives has been assembled to help communicate effectively with your prospects. These concepts are very straightforward as research shows that in order to motivate people to act, you've got to "keep it simple." And also, have the ability to handle objections gracefully.

We think you'll find many of these concepts to be useful in your practice, regardless of chosen selling approach or style. The collection is organized according to where in the buying process each concept can be useful.

Each concept includes a visual component as well as a suggested script. Many are most effective when sketched out as describing them, creating a "back of the napkin" effect. Take the time to learn and practice the concepts; then adapt them to your style. Use them as appropriate to engage prospects in a serious discussion of the need to protect income.

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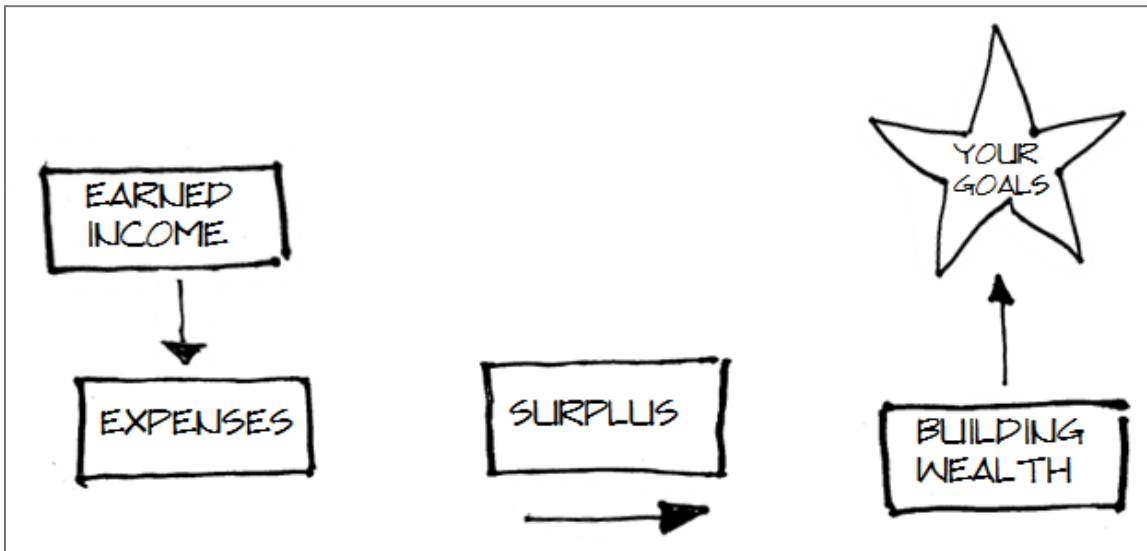
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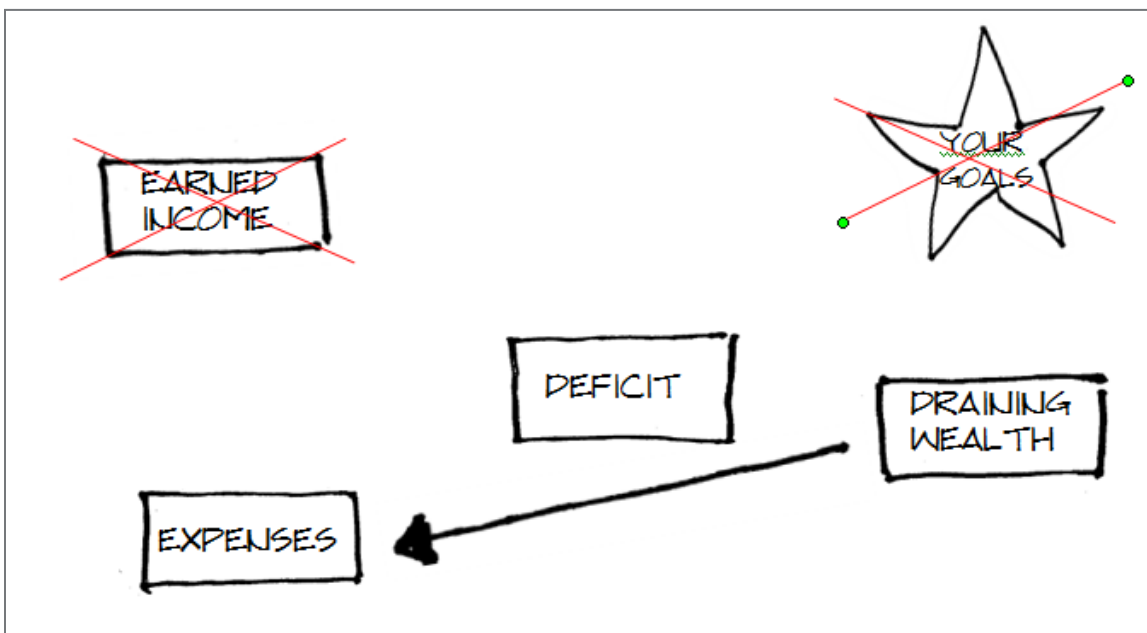
Establishing the Need

Why Is Income Protection Important?

Scenario #1: Healthy and Working



Scenario #2: NOT Healthy and NOT Working



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Establishing the Need

Why Is Income Protection Important?

This diagram illustrates in a graphic way that **income protection is important because one's income is important**. It is most effective if you draw it out while you are talking with the prospect.

Script:

"(Prospect's First Name), I'd like for us to think for a few moments about your ability to earn an income, and how important it is to protect that income if you became too sick or injured to work."

"You're healthy and you're working, right? Would you agree that it is your ability to earn an income that determines your standard of living and supports your lifestyle?" (Draw EARNED INCOME box)

"Obviously, it's important that your earnings are sufficient to cover your living expenses." (Draw EXPENSES box and arrow).

"It 's your surplus, the amount that you can save, that goes into building wealth for the future, so that you can achieve the goals you have set for yourself and your family." (Write SURPLUS, then draw arrow, WEALTH box, arrow and YOUR GOALS star)

"But what happens if your income stops, if you become too sick or injured to work?" (Draw EARNED INCOME, then a big X through it).

"Your expenses will continue, won't they? They could even increase because of things like medical co-pays and prescription purchases." (Draw EXPENSES box).

"What used to be a surplus will disappear, and you will quickly be running a deficit." (Write DEFICIT).

"Instead of building wealth, you will be draining it off to pay your current daily expenses." (Draw WEALTH box, then arrow to the EXPENSES box; draw a big X through WEALTH box.) "Imagine what will happen to your plans and goals for the future." (**Draw YOUR GOALS star and put a big X over it.**)



"Is this what you would want to happen?"

Tip: It's far more effective to sell on the basis of wants instead of needs. Get your prospect to discuss his or her personal and family goals. It all takes money, doesn't it?

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Establishing the Need

What Are Your Tomorrows Worth?

Potential Total Earnings to Age 65

(Assumes 3% annual increases)

Annual Salary						
Age	\$50,000	\$75,000	\$100,000	\$150,000	\$200,000	\$250,000
30	3,023,104	4,534,656	6,046,208	9,069,312	12,092,416	15,115,520
35	2,378,771	3,568,156	4,757,541	7,136,312	9,515,083	11,893,853
40	1,822,963	2,734,444	3,645,926	5,468,889	7,291,852	9,114,816
45	1,343,519	2,015,278	2,687,037	4,030,556	5,374,074	6,717,593
50	929,946	1,394,918	1,859,891	2,789,837	3,719,782	4,649,728
55	573,194	859,790	1,146,387	1,719,581	2,292,775	2,865,969

Establishing the Need

What Are Your Tomorrows Worth?

Most people don't think about the true economic value of their ability to earn an income. They tend to think short-term -- getting the raise or the next promotion -- and not about the total economic potential of what they will earn before retirement.

Print out the table on the prior page. Use this table to help your prospect understand the value of his or her ability to earn an income over a working career. Earned income is the foundation upon which all their financial hopes and dreams rest. It is truly the prospect's most valuable asset. Doesn't it make sense to protect that income?

Script:

"(Prospect's First Name), most people don't think about the total economic value of their ability to earn an income. You'll truly earn a fortune." (Use the prospect's current age and salary to show them how much total potential total earnings they have.)

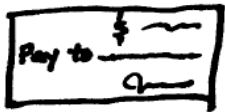
"The dollars you earn pay for all your expenses of daily living. They're also the financial foundation for all of your family's hopes and dreams."



"Doesn't it make sense to protect your economic potential?"

Establishing the Need

What's Your Most Valuable Asset?



VALUE

IS IT
INSURED?

HOME	\$500,000	✓
CAR	\$35,000	✓
PERSONAL PROPERTY	\$100,000	✓
INCOME	\$3,000,000	?

Establishing the Need

What's Your Most Valuable Asset?

This deceptively simple exercise is an effective opener to a discussion of income and the need to protect it. We insure our possessions, but fail to insure the one thing that makes everything else possible. It's most effective if you draw the chart while you are talking with the prospect, using values and income that are appropriate to his or her situation.

You can either make a list or a table to get a discussion going around income and the need to protect it. Make sure that you say the questions aloud, and wait for your prospect to answer them.

Question One, "Which of these is your most valuable asset?" leads to a discussion of why the ability to earn an income is by far one's greatest asset. Question Two, "Which of these is currently uninsured?" brings up an issue that most people have simply not thought about.

Script:

"(Prospect's First Name), over our working lives we accumulate assets. And part of the planning process is protecting ourselves from loss or damage to those assets. Let's think for a few minutes about your most valuable assets. "

"What about your home? How much is its current value?" (Write down the value, say \$500,000.) "Most people would agree that it makes sense to insure their home, so I assume that you have homeowners insurance, right?" (Write yes, or put a check mark in the correct column.)

"Do you own a car? How much is it worth?" (Write value down.) "Does it make sense to have it insured?" (Add a check mark or write yes.)

"And there is the personal property you have – Maybe a boat, expensive electronics, jewelry, etc. How much is your personal property worth?" (Write down the value, say \$100,000.) "Have you insured these as well?" (Write yes or check mark.)

"Finally (Prospect's First Name), have you considered what is truly your most valuable asset -- your ability to earn an income? What is your annual income?" (Keep that income in mind.—No need to write down.)

"Think about what your income is truly worth over time. Over the next 30 years, the income you receive could amount to (Estimate appropriate number: annual income times number of years to age 65 and write it on the page.), even without annual increases. Would you agree that your ability to earn an income is, in fact, your most valuable asset? What's more, it is your income that makes it possible for you to have all the other things we talked about."

"Is your income adequately insured in case you are sick or injured and cannot work?" (Most likely you will write No or put in a question mark.)



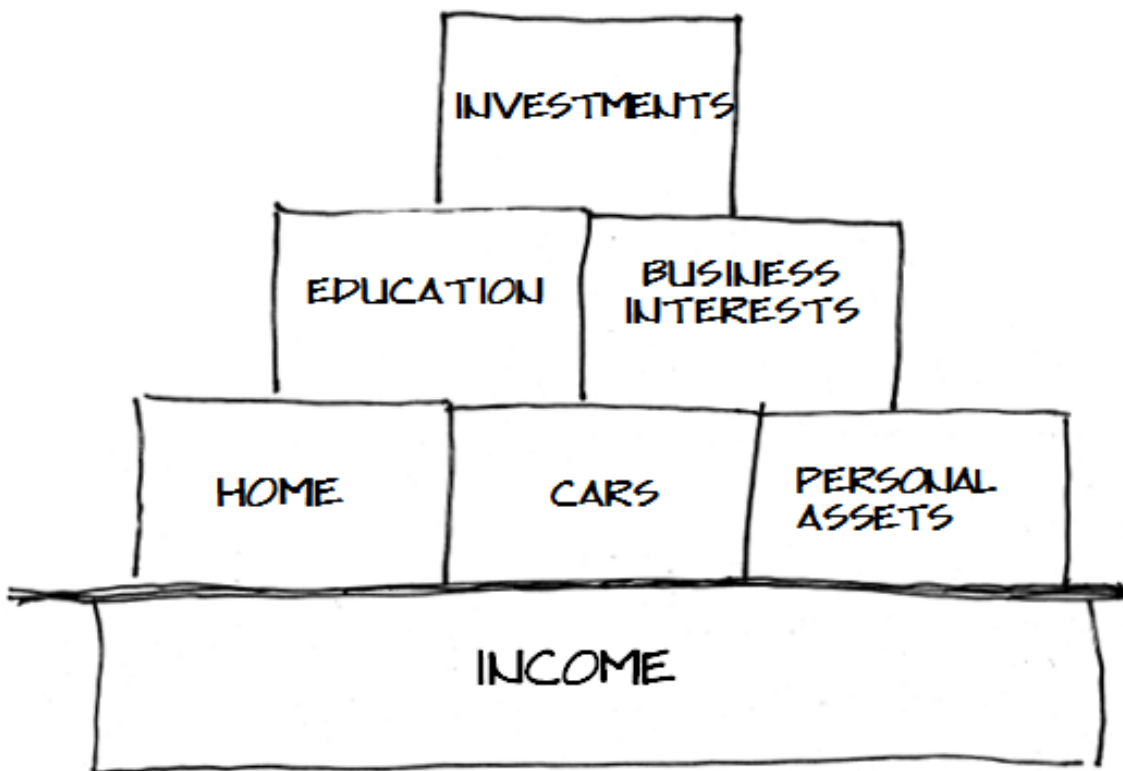
"Doesn't it make sense to insure your most valuable asset?"

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Establishing the Need

Building Blocks of Your Financial Life?

WHAT ARE THE BUILDING BLOCKS OF YOUR LIFE?



Establishing the Need

Building Blocks of Your Financial Life?

This “building blocks” approach can help your prospect understand the importance of his or her earned income and why it is important to protect that income. It is most effective if you draw the chart while you are talking with the prospect, labeling the blocks as appropriate.

Script:

While drawing the building blocks above the line, say, “*(Prospect’s First Name)*, we can think of our financial ‘house,’ or structure, as being made up of building blocks. These blocks are the assets and other things you work so hard to acquire for yourself and your family. For example, your home.”

“What are some others?” *(Wait for responses and enter the labels. Draw the line and the big block underneath it.)*

“Now, consider that the balance and soundness of the entire structure depends on one thing: your ability to work and earn an income. What would happen if these were actual blocks balanced on top of each other and someone pulled out the bottom block, your earned income?” *(Wait for a response.)*

“That’s right, the entire structure will fall apart.”



“That’s what can happen if an illness or injury takes away your ability to earn an income. Doesn’t it make sense to insure your income, the foundation on which your life is built?”

Establishing the Need

What Are You Saving For?

SAVING FOR: RETIREMENT
VACATIONS
DREAM HOME
CARS
CHILDREN'S EDUCATION
SHORT-TERM EMERGENCIES

MONTHLY EXPENSES

MORTGAGE _____	CAR PAYMENT _____
UTILITIES _____	FOOD _____
ENTERTAINMENT _____	CREDIT CARD BILLS _____
STUDENT LOAN PAYMENTS _____	INSURANCE PREMIUMS _____
TAXES _____	HEALTH CLUB _____
CELLPHONE _____	CABLE _____
HOME MAINTENANCE _____	MISC. _____

Establishing the Need

What Are You Saving For?

Objection: "I have savings."

Many people resist the concept of buying insurance. One of the most common objections to purchasing disability coverage is, "I have savings." In this exercise, you will be helping your client to make a list of things he or she is saving for to demonstrate that savings is not a sound protection plan in the event of a disability. This works most effectively if you start with a blank sheet of paper and write as you speak.

Script:

"(Prospect's First Name), let's talk about your savings goals. What sorts of things are you saving for?" (List these on the page – retirement, education, etc.)

"Have you considered what a disability lasting a year or more could do to your savings? Let's add up your monthly expenses (bills, food, and entertainment) and then multiply by twelve to get a rough idea of how much money you would have to take out of your savings if you were unable to work for a year."

(Write down any applicable categories -- mortgage, car payments, utilities, food, entertainment, loan payments, insurance premiums, credit card bills, taxes, cell phone, health memberships, home maintenance, misc. Ask your client to estimate his or her monthly cost for each. Now multiply the total by 12. Help the client compare their amount of savings and monthly expenses, so that they can get a handle on how many months they could continue paying expenses before depleting savings.



"As you can see, your savings can quickly be depleted. If you rely on savings, which of these things would have to go? If you don't have disability insurance, you may be saving for disability."

Establishing the Need

What Are You Saving For?

	JOB A	JOB B
HEALTHY & WORKING	\$100,000	\$98,000
TOO SICK OR INJURED TO WORK	<u>\$0</u>	<u>\$58,200</u> TAX FREE

Establishing the Need

Which Job Would You Want?

Objection: "DI costs too much."

This simple concept helps your prospect (especially a younger prospect) to understand exactly what disability income insurance accomplishes: it pays you an income if you are too sick or hurt to work. The piece is most effective if you sketch it out with the prospect.

It resonates more if you use the client's actual current income, but you need to know how much DI he or she can get and the approximate premium for that coverage (for males it will be in the range of 2% -3%; for females, 3% - 5%).

Script:

"(Prospect's First Name), imagine that you just found the ideal job. You're asked to choose between two jobs or pay check options."

"Under Job A, you'll be paid \$100,000 per year while you're healthy and working, but nothing if you get sick or hurt and can't work." (Underline the zero.)

"With Job B, you'll be paid \$98,000 per year while you're healthy and working, and \$58,200 per year on a tax-free basis if you get sick or hurt and can't work." (Circle the \$58,200 – And write TAX FREE. Note to the prospect that the benefits would be tax-free if he or she pays the premium.¹)

Note: The difference in the "healthy and working" income for Option B is the approximate cost for disability coverage (in this case about 2%): A Class 5 male, age 35 who earns \$100,000 per year qualifies for \$4850 per month of ProVider Choice coverage (annualized benefit is \$58,200). The premium for such an individual is \$1878.33; benefits included are coverage to age 65 (with a 90-day elimination period), Partial Disability Benefits and 3% COLA rider.

"Which pay check option would you want?"

Note: Use the word "want" – not a weaker word!

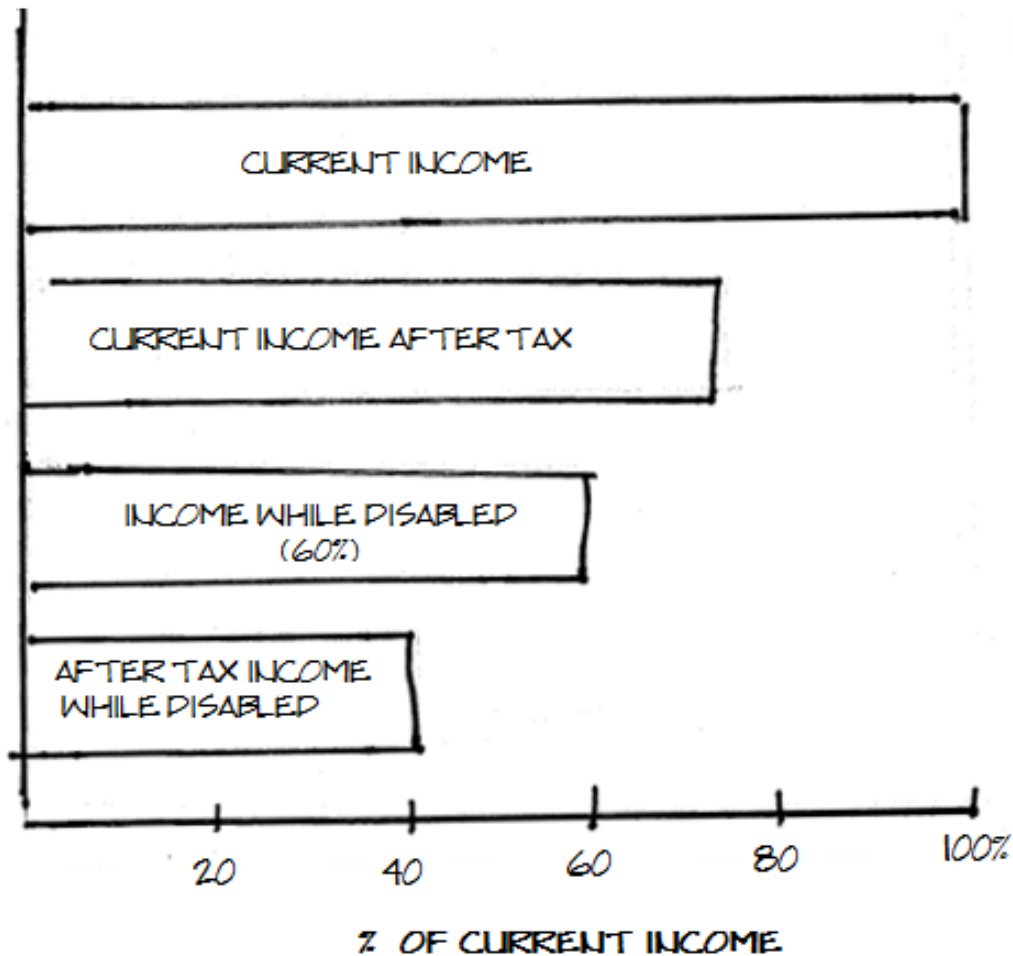


"More importantly, which pay check option do you have today?"

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Establishing the Need

Isn't My Group LTD Plan Enough?



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Establishing the Need

Isn't My Group LTD Plan Enough?

Many prospects mistakenly think that their group plans will support their lifestyle in the event of a disability. In this exercise, you'll help your prospect see what percentage of his or her income they would be living on in the event of a disability. More than likely, it will be about half of their current after-tax¹ pay. Then discuss how individual disability income insurance could fill some of that gap. This sales concept is most effective if you sketch the graph as you speak. Begin by making the X and Y axes for the bar chart, and label the horizontal one % OF CURRENT INCOME, and mark the 20-40-60-80-100% marks.

Script:

"(Prospect's first name), you've made a smart decision by choosing to protect some of your income with group long-term disability (LTD) coverage. This proves that you're aware of the risk of losing your income in the event of an unexpected illness or injury. Let's take a look at how that would work for your circumstances." (Draw a bar showing the full 100%, and label it CURRENT INCOME.) "And let's just assume taxes are 25% for the sake of this example." (Draw second bar to 75% mark.)

"Now, a typical Group LTD plan provides income replacement of about 60%.* (Draw a third bar that goes to 60%.) "You may not be aware of this, but if your employer is paying your Group LTD premiums, then benefits from that plan would be taxable." (Draw fourth bar to about the 40% mark.)

"Right now you're used to living on about 75% of your salary. (Point to bar #2.) But if you became disabled, you'd be trying to get by on about half of that. (Point to bar #4.) "There's a pretty big gap between what you currently live on and what you'd be forced to live on." (Draw arrow and label GAP.)

**"Could you live on half of what you're bringing home today?
That's what your group plan would pay.**

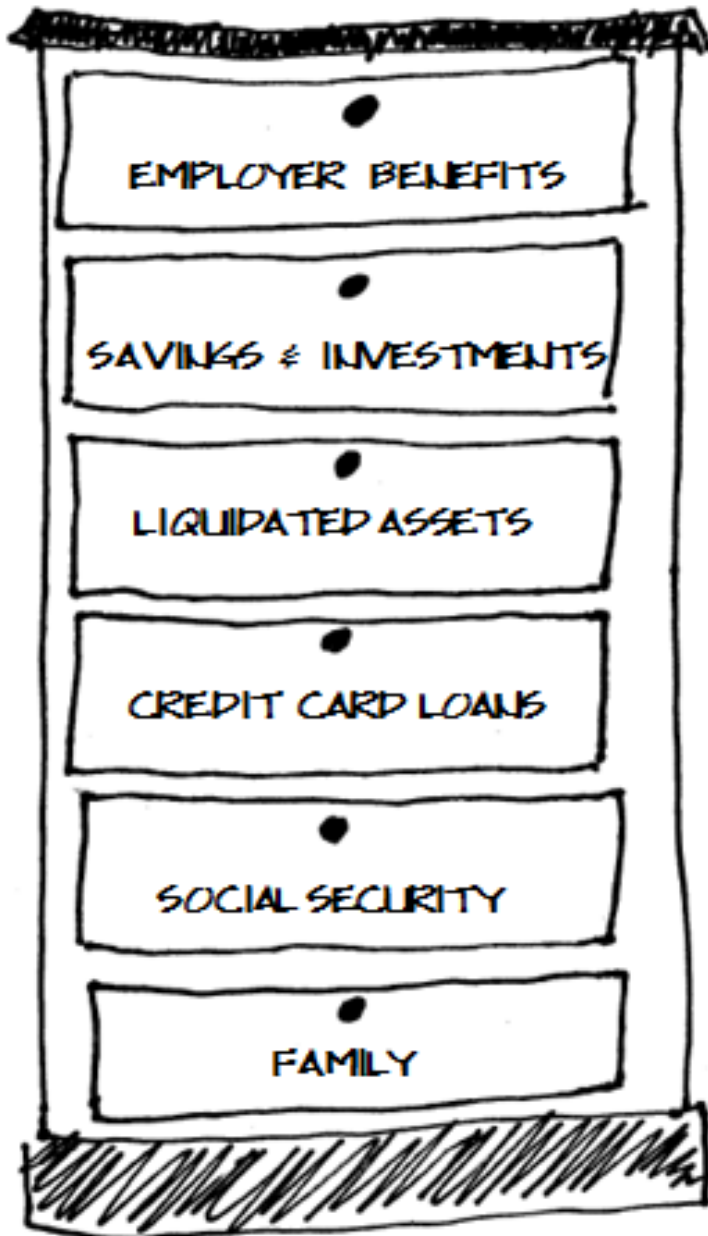


**The only way for you to ensure that you are adequately
protected is by purchasing individual disability insurance."**

* Tip: Use the correct percentage for your client's situation. Group plans are subject to a monthly cap on benefits, which may drastically reduce the percentage of income replaced. To perform a detailed analysis of your client's group plan and how individual DI fills in the gap, use Pub. 7125 (Income Protection Analysis).

Establishing the Need

Where Will the Money Come From?



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Establishing the Need

Where Will the Money Come From?

Most prospects have truly never thought about their options for income if they were to become disabled. When the subject is brought up, they tend to express some vague sense of confidence that they have one or more options. Use this analogy with drawers to help your prospect discover why “alternate sources of income” are either not available or inadequate. Individual disability insurance is the real solution. It’s most effective if you sketch the diagram while you’re talking with the prospect and “x” out or put a question mark as appropriate by each potential source of income.

Script:

“(Prospect’s First Name), let’s address the financial options you might have if you become too sick or injured to work, and see how viable they are. We can think of these options as drawers you may – or may not – be able to open. And what will you find when you open them?”

“Many people feel that employer-provided benefits would be available. Of course, medical benefits go to pay hospitals and doctors, not you. You may have sick days or salary continuation benefits, but how long would these last? And if you have group long term disability benefits through work, are those benefits adequate? What percentage of your income is covered?”

“You might consider tapping into your savings or investments. The question is, how long would your savings last? Most families would exhaust years of savings in just a few months. People save and invest because they care about their family’s future (e.g. college or retirement funding). Would you want to jeopardize those hopes and dreams?”

“Do you have assets that you could liquidate? If so, will you be able to get a fair price?”

“Borrowing money is not an alternate source of income. In fact, it makes the financial problem worse. Besides, it’s very difficult for someone without an income to borrow money from an institution.”

“The Social Security system pays benefits for some severely disabled individuals. But the requirements are so strict that less than 50% of applicants ever receive a benefit. Additionally, benefits are limited. According to the Social Security Administration 2015 Disabled Worker Beneficiary Data, the average monthly benefit payment is \$1,165. Social Security benefits also offset any benefits received under an employer group disability plan.”

“Is it reasonable to depend on family members to help for an extended period? Or solely on your spouse’s income? Even under normal circumstances, most families depend on two incomes to maintain their living standard.”



“Disability income insurance is the solution: a dependable source of income that will be there when you need it.”

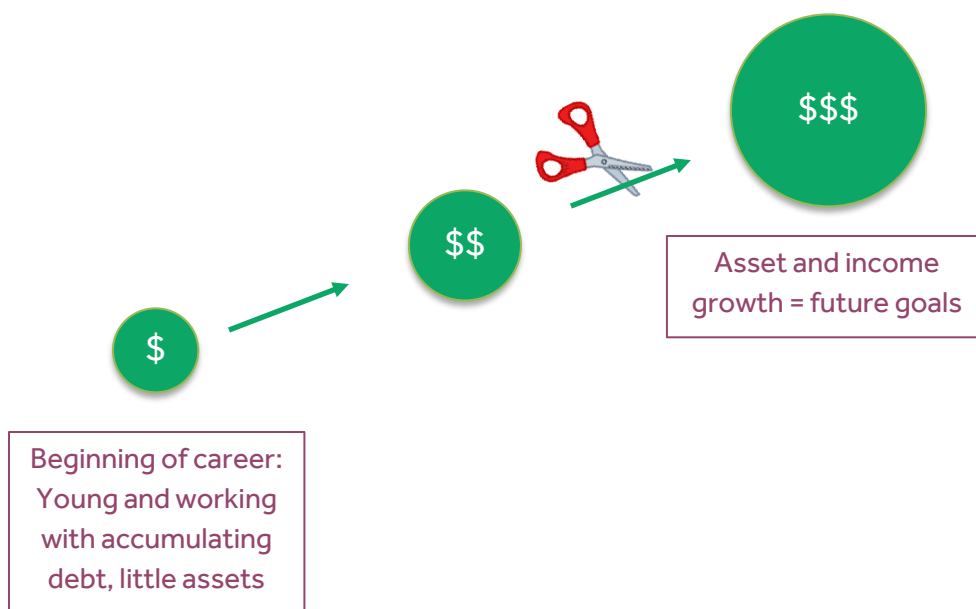
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Establishing the Need

Threats to Your Income

Where do you want to be in 30-40 years?

- Financially Independent
- Retired with Enough Savings to Live Off
- Wealthy



Top Reasons We Get Up and Get to Work:

- To be able to pay current bills and debt
- To invest in your future
- To support lifestyle and life expenses

But what if your income stopped growing?

Eight Threats to growing assets, & income:

- Change in economic status, i.e. loss of job, or change in career choice
- Premature death
- Outliving your assets, or retirement savings
- Inability to work from illness or injury
- Taxes
- Legal claims made against you
- Inflation/interest rate change
- Spending more than you earn

These threats could cut you off from your current income and future goals

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Establishing the Need

Threats to Your Income

This diagram is a way to bring up income, without bringing up the product. It is designed to help think young and think long, meaning help them realize that their income is going to help them pay for things in the future. Most young clients don't realize the importance of their future income and what it means for their potential financial goals. Help them learn what is going to be important to them in the future years, rather than going on and on about the product, educate them on income, savings, and the threats that they face.

Script:

"(Prospect's Name), why do you get up and go to work each day?"

"Many people respond with similar answers saying to be able to pay current bills and debt, to be able to invest into your future, and to support your current lifestyle and life expenses."

"Where do you want to be in about 20-30 years? Retired without worries? Larger assets? Financially independent from banks? Well you're not alone, many people have the similar goal for their financial future"

"Well what must be done every day to get to these goals? Getting up and getting to work, becoming a disciplined saver, and letting your assets grow so you can enjoy your retirement and future."

Objection: "I'm too young to be thinking about saving, I need to pay bills now, and keep up with my lifestyle."

"(Prospect's name) I know you are new to your career and you have many more years to enjoy it but if you start saving in your (respective age i.e. 30's) then you are more likely to have more money for retirement than someone that starts saving in their (+10 year of respective age i.e. 40's)."

"You may think you're too young to be thinking about retirement, but imagine what you want your life to be like at age 65-70, easy, relaxing, joyful, probably on the beach where it is sunny and 75. But what if you retired and ran out of money by age 72? What then? Saving some of your income today could help prevent that problem from ever occurring."

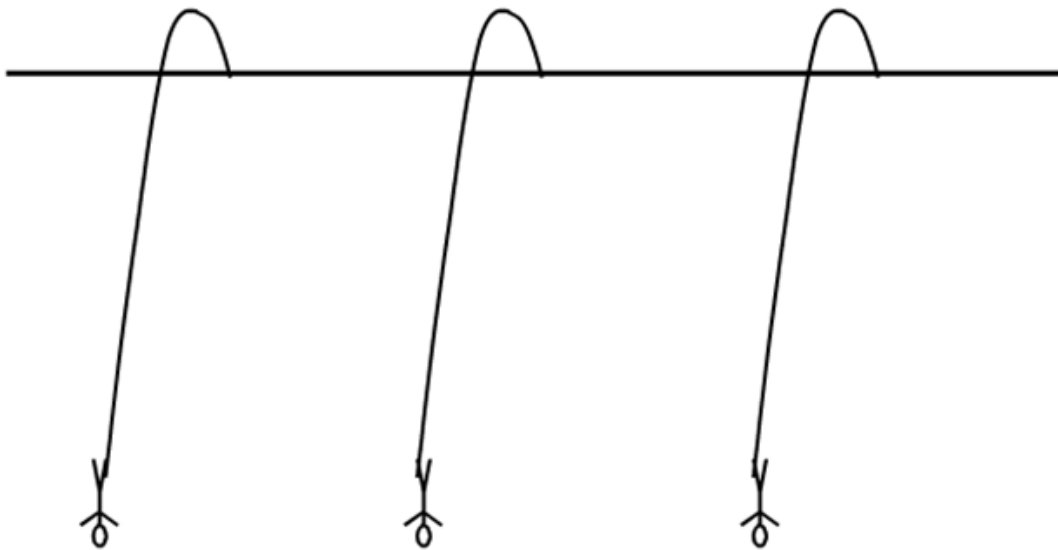
"There are eight very real threats to your income today. Things like losing your job, premature death, outliving your assets or retirement savings, taxes, lawsuits, inflation, spending more than you earn, and being too sick or too hurt to work. These could all cause you to be cut off from your income source, and stop your growing assets and future financial goals."

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Dealing with Objections

Disability Insurance is Too Expensive

THE BUNGEE CORD ANALOGY



Dealing with Objections

Disability Insurance is Too Expensive

Objection: “Disability insurance is too expensive.”

Sometimes people feel that a disability income policy is too expensive and want to look for cheaper alternatives. Use the Bungee Cord Analogy to give your client perspective around the issue of price. When it's really needed, your clients want the best possible disability insurance. -- The price isn't so important anymore.

Script:

“(Prospect First Name), we’ve discussed the importance of DI to you and your family. You’ve indicated the cost is maybe too high and you want to look for a less expensive alternative. But, when it comes to disability insurance policies, there’s a reason why some cost more than others.”

“Let’s imagine you’re going bungee jumping for the first time. There’s a tall tower, and you climb to the top and jump.” (Draw horizontal line.)

“Now imagine that they give you a choice of 3 bungee cords.”

“The first bungee cord is a government-issued standard run-of-the-mill cord. It’s free, and it usually works.” (Draw first line with person hanging at end. You can label REGULAR if you like.)

“The second cord has some added safety features . It’s more reliable rubber, and it costs \$100.” (Draw the second line with a person hanging at end. Label \$100 if you wish.)

“The third cord is top-of-the-line. It’s got all the safety and reliability you could ask for. It costs \$120.” (Draw third line with person hanging at end. Label \$120 if you wish.)

“Which one would you choose?”



“Disability insurance is like a bungee cord...You want it to be dependable when it’s needed most.”

Dealing with Objections

Who Would Pay You?



John Q. Smith
Disability Income Specialist

**The Guardian Life Insurance
Company of America**

Pinnacle Agency
247 South Street
Anytown, OH 44521

t: 867 432 9914
john_smith@glic.com

1.

2.

3.

Dealing with Objections

Who Would Pay You?

Objection: "I don't need disability insurance."

Use this exercise to drive home the fact that, without disability income insurance, your prospect could be without help at a critical time. Be sure to make it clear to your prospects that this scenario is hypothetical and is simply to illustrate the choices they have. It does not represent the terms and conditions of an actual disability policy.

Script:

Take out your business card. Turn it over and say, "(Prospect First Name), write down the names of 3 people who would pay you \$5,000 a month to age 65 if you became too sick or injured to work."

Pause and let the words sink in. He/she will not be able to come up with 3 names.

Now tell your prospect, "Write 2 names." Again, pause and let words sink in. He/she will not be able to come up 2 names.

Then ask, "How about one name?" Again, pause and let the words sink in. He/she will not be able to come up with 1 name.



Now turn your business card over. Say to your prospect, "Here's the name of the person who can help you if you became too sick or injured to work."

Dealing with Objections

Which Are Most Important?



John Q. Smith
Disability Income Specialist

The Guardian Life Insurance
Company of America

Pinnacle Agency
247 South Street
Anytown, OH 44521

t: 867 432 9914
john_smith@glic.com

— PREMIUM
— BENEFITS
— WORDS

Dealing with Objections

Which Are Most Important?

Objection: “What are my options?”

Prospects sometimes want it all – richest contract, lowest price, and maximum benefits. You can help them understand that there are trade-offs to all of these things. It’s a matter of helping them prioritize what’s important to them. You can simplify DI using this “recipe” concept to help them decide which elements of disability income protection matter most for their circumstances. . (Be sure to make it clear to your prospects that this scenario is hypothetical and is simply to illustrate the choices they have. It does not represent the terms and conditions of an actual disability policy.)

Script:

Take out your business card. “(Prospect’s First Name), let’s talk about what the components are of a disability income policy. There are 3 key ingredients, if you will – the cost, the benefits, and the words, meaning the verbiage in the policy.” (Turn the business card over and write on the back: COST, BENEFITS, and WORDS and set it in front of the prospect.)

“Disability income insurance boils down to 3 key ingredients. Now, let’s say you get to pick two of the three, and the insurance company gets to pick the third one.”

“Suppose you decide to spend \$1 a year in premium and want to receive \$5,000 a month in benefits if you became too sick or injured work. The two ingredients you’ve chosen are COST and BENEFITS. The insurance company now picks the third, the language in the policy.”

Imagine that the insurance company then says, “In exchange for your \$1 every year, we’ll pay \$5,000 a month if you’re unable to work because you’re hit by a train at 11:35 p.m. on New Year’s Eve.”

You’ll likely say, “Wait a minute! I want \$5,000 a month if I’m totally disabled, no matter what the cause, or when or where it occurs.”

“No, you’ve chosen the BENEFIT and WORDS ingredients, so the insurance company gets to pick the third --- the COST. Consequently, they tell you, “In exchange for \$10 a day (\$300/month), we’ll pay you \$60,000 a year (\$5,000 a month) if you’re totally disabled, no matter the cause, or when or where it occurs.””

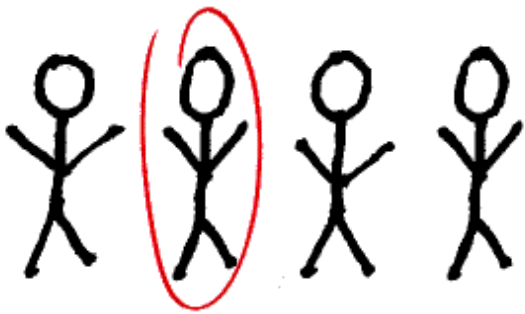
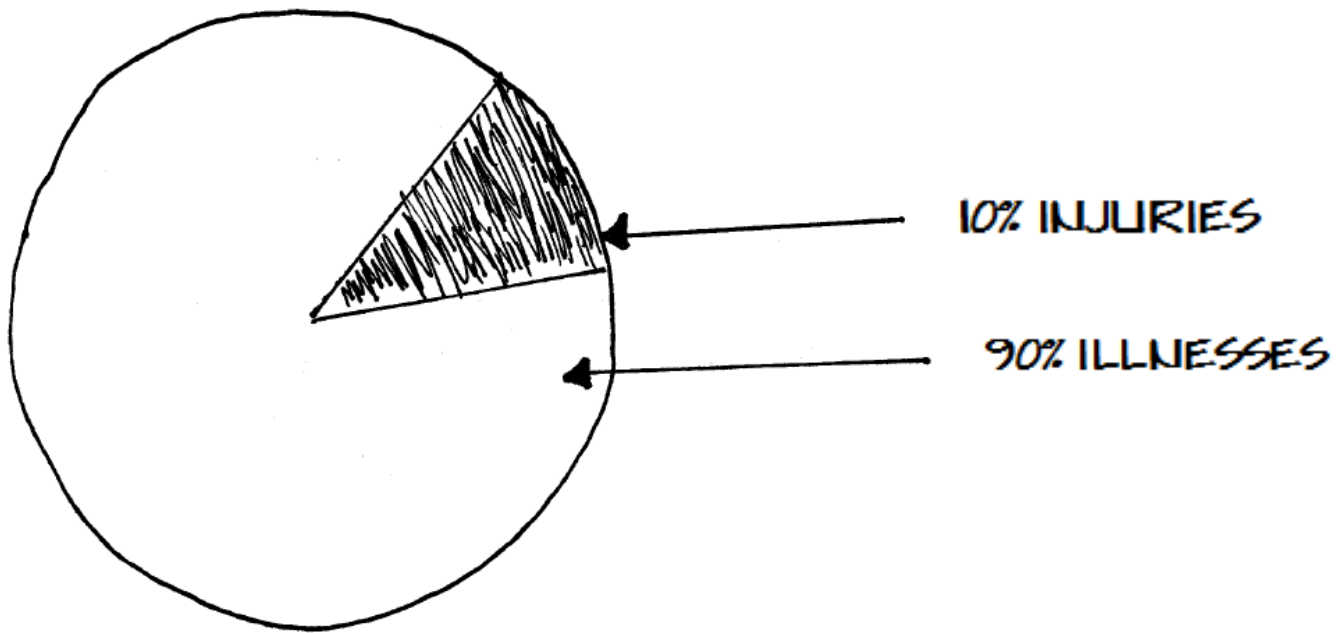


“Have it your way! You can pick two of the three...”

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Dealing with Objections

Can It Happen to You?



Dealing with Objections

Can It Happen to You?

Objection: “I’ll never need disability insurance.”

Many people associate serious disability with freak accidents, and they can’t envision themselves disabled or in a wheelchair.” Such disabilities are actually very rare. The reality is that most serious disabilities are caused not by injuries, but by illnesses. More than 90% of long-term disabilities result from illness. (Source: 2014 CDA Long-Term Disability Claims Review, www.disabilitycanhappen.org). And just over 1 in 4 of today’s 20-year-olds will become disabled before they retire. (Source: U.S. Social Security Administration Fact Sheet, January, 2015).

Illness strikes those who are young as well as old. In fact, the average age of onset is fairly young for many disabling diseases, including Rheumatoid arthritis (20-45), severe depression (20 to early 30’s), Huntington’s disease (35-45), and multiple sclerosis (age 25-35).

(Sources: www.latrobe.edu.au/podiatry/rheumatology/rheumatology_lecture_2.htm; Genetics Home Reference A Guide to Understanding Genetic Conditions, A Service of the U.S. National Library of Medicine, published October 25, 2005; www.mentalhealth-matters.com; National Multiple Sclerosis website – www.nationalmssociety.org).

Script:

“(Prospect First Name), what do you think puts someone in the position of being unable to work?” In all likelihood, they’ll say it’s a freak car accident, major sports injury, or something similar.

(Draw the pie chart, with the 10% wedge for injuries, and the other 90% for illnesses.) “In fact, about 90% of disabilities are caused by illnesses and diseases, and only 10% by accidents and injuries. Does that surprise you?”

“A lot of people are surprised by that. And a lot of people don’t realize that there are a number of illnesses that typically strike when people are young. For example, multiple sclerosis generally strikes between 25 and 35. And severe depression usually starts in one’s 20’s to early 30’s. It’s easy to assume that becoming too ill or injured to work is something that happens later in life, but that’s not the case with a number of diseases.”

“One other surprising fact is that just over 1 in 4 of today’s 20-year-olds will become disabled before they retire.”



So, disability happens more often than you’d imagine. Becoming too ill or injured to work can happen throughout one’s career.”

Dealing with Objections

How Would Disability Affect Your Life?

Financial

Career

- Loss of income
- Loss of promotions and professional development
- Loss of job

Lifestyle

- Mortgage
- Credit rating
- Household expenses
- Medical expenses

Family

- Education/college
- Spouse's employment

Financial Future

- Retirement plan
- Investments
- Savings
- Insurance

Emotional

Emotions

- Self-esteem
- Depression
- Stress

Relationships

- Spouse's worry
- Strain on the marriage
- Loss of friendships
- Less contact with other family members
- Less time for children
- No contact with colleagues

Future

- Uncertainty

Family Future

- Uncertainty
- Change

Circle those that you think would apply.

Dealing with Objections

How Would Disability Affect Your Life?

No one knows when a disability will occur and, if it happens, most people are not prepared for the financial or emotional impact. Print out the list of financial and emotional effects on the prior page. Use it as a guide for discussing these issues with your client.

Script:

“(Prospect First Name), think about what would happen if you were to become sick or injured and unable to work or earn a living for an extended length of time. How would your life be affected? Consider what would happen to your career goals, your lifestyle, your family, your financial future (if your client owns a business or professional practice) and your business.”

“You should also consider the emotional effects of disability. How would this affect your psyche? Would your relationship with family and friends become strained due to the stress? Also consider the goals that you have for your family and the future. How would those be affected?”

Ask your client a few of the following questions and use the listing of affects on the prior page, or make your own list. The message will become clearer to your client once it is seen on paper. Ask:

(If your client is married) Does your spouse work?

Could the family live off of the spouse’s income alone?

What would the family have to change in order to adjust to living without your income?

Consider how it would feel not to be able to meet financial obligations.

Financial worries cause stress for the individual and strained relationships.

How would you feel about yourself? (angry or depressed)

How do you think your spouse would feel? (anger, pity, sad, overwhelmed)

How would all of these changes affect your children emotionally?



“Now, consider how relieved you’d feel if you knew you’d never have to worry about any of these things.”

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Dealing with Objections

What's the Break-Even Point?

Cost vs. Benefits

Years of Premium Paid	Months of Benefits Received to Break Even
2 years	0 months, 20 days
4 years	1 month, 10 days
5 years	1 month, 20 days
7 years	2 months, 11 days
10 years	3 months, 11 days

Assumed Age: 35

Monthly Benefit: \$5,000

Monthly Premium: \$139.75

* Monthly Guard-O-Matic premium for ProVider Choice coverage (18IDI) for a male age 35, Class 5, 90-day EP, to age 65, with Partial Disability Benefit rider, level premium, select rate, generic non-load state.

Dealing with Objections

What's the Break-Even Point?

Objection: "DI costs too much."

Prospects often ask themselves: "Is disability insurance really a good buy? The premium seems high. I want to be sure that I'm getting a good value."

Print out the chart on the previous page (Cost vs. Benefits) and use it to demonstrate what a short time it would take for the prospect to recoup the premiums paid if he or she becomes disabled.

At every age during a normal working career, the average duration of a long-term disability ranges from 2.5 to more than 3 years.

(Source: 1985 Commissioner's Individual Disability Table; assumes that disability lasts for at least 90 days.)

Script:

Place a copy of the table on the previous page on the table so the prospect can see it.

"(Prospect First Name), sometimes people ask themselves whether or not disability income insurance is a good buy. – People want to make sure they're getting value for the money paid. So let's take a look at a table with some interesting information around how long an individual would have to be receiving DI benefits in order to break even on the premiums paid."

"This chart is based on a 35-year-old man. You can see that if he had bought his policy 5 years ago and has been consistently making payments, he'd only need to be disabled a month and 20 days – That's less than 2 months – to break even. When you consider that the average disability lasts close to 3 years,* this individual wouldn't have paid more in premiums than he took out until he's close to having 10 years of DI coverage. That's pretty amazing."



"You see that disability insurance is a good value for the strong protection you get."

* According to the Gen Re, U.S. Individual DI Risk Management Survey 2011 (based on claims in 2010), the average individual disability claim lasts 31.6 months.

Dealing with Objections

Why Should I Buy Now?

There are 3 potential costs of waiting:

1. You become disabled without having DI coverage.
2. Your health changes and you can no longer obtain coverage.
3. You purchase coverage at a later date. But the longer you wait, the more you will pay for less cumulative benefit.

Age	Monthly Premium	% Increase Over Age 30	Potential Cumulative Benefit
30	\$110.53	--	\$2,085,000
40	\$168.62	53%	\$1,485,000
50	\$255.12	131%	\$885,000

* Male age 30, Class 5; select rate, \$5,000 per month, 90-day EP, level premium, To Age 65 benefit, generic no-load state. ProVider Choice (18IDI) base policy with Partial Disability benefits. Premiums shown are for Guard-O-Matic monthly premiums.

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Dealing with Objections

Why Should I Buy Now?

Objection: "I'll wait."

Most people will actively resist buying insurance "now" -- because they don't need it "now." Younger prospects in particular think: "I'll wait until later to buy." But what are the costs of waiting? Focus on these three. Print out the list of the 3 Potential Costs of Waiting with the accompanying chart. Place the print-out in front of the prospect so that that you can use it to reinforce what you're saying.

Script

"(Prospect First Name), people, especially when they're young, think they're invincible and that they have all the time in the world. However, the fact is that our health does change as we age. And when it comes to disability income insurance, waiting is an option – But there are costs to doing so."

"The first is the most disastrous. That would be a situation where you became disabled without having coverage in place. I can show you one of our brochures with a list of actual claims we've paid, and those claims are for young people who became disabled quite early in their working lives. We've got many claimants under age 40 on our books." (Source: DI Myths brochure, Pub3670BL).

"The second consequence can be that you find yourself unable to get coverage a few years from now. The fact is that our health does change as we age. Maybe something would happen that's not so severe as to cause a disability, but severe enough that you can no longer obtain coverage. Or you qualify for a policy, but it comes with an exclusion or rating."

"The third cost is financial. Even if your health doesn't change, it's almost a certainty that the price of the policy will be higher. You can see on this chart that there are differences in costs and potential benefits when the purchase of DI is put off."



"The numbers speak for themselves. The longer you wait, the more you'll likely pay for less in potential benefits....if you can get the coverage at all. Disability insurance will never be as good a value as it is now."

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Questions to Consider

Successful business owners generally have little time to spend with you. You have to get their attention quickly and go right to the "bottom line." Use this list of questions to get a conversation started.

Script:

If sickness or injury prevented, you from working in the business . . .

- How long could you continue to take income from the business?
- Could you be replaced? How long could the business afford to pay a replacement and at the same time pay you?
- How will your creditors be paid?
- Could you continue making retirement contributions?
- How long could you afford to keep your employees?
- How long would your business be able to stay in business?
- How long will your partners want to keep you in the business?
- Where will your partners get the money to buy you out?

If a key employee went out on disability . . .

- Would you feel obligated to continue his or her pay?
- For how long could you continue payments?
- Do you have the paperwork that would make this possible?
- Do you have a funding vehicle to make this possible?

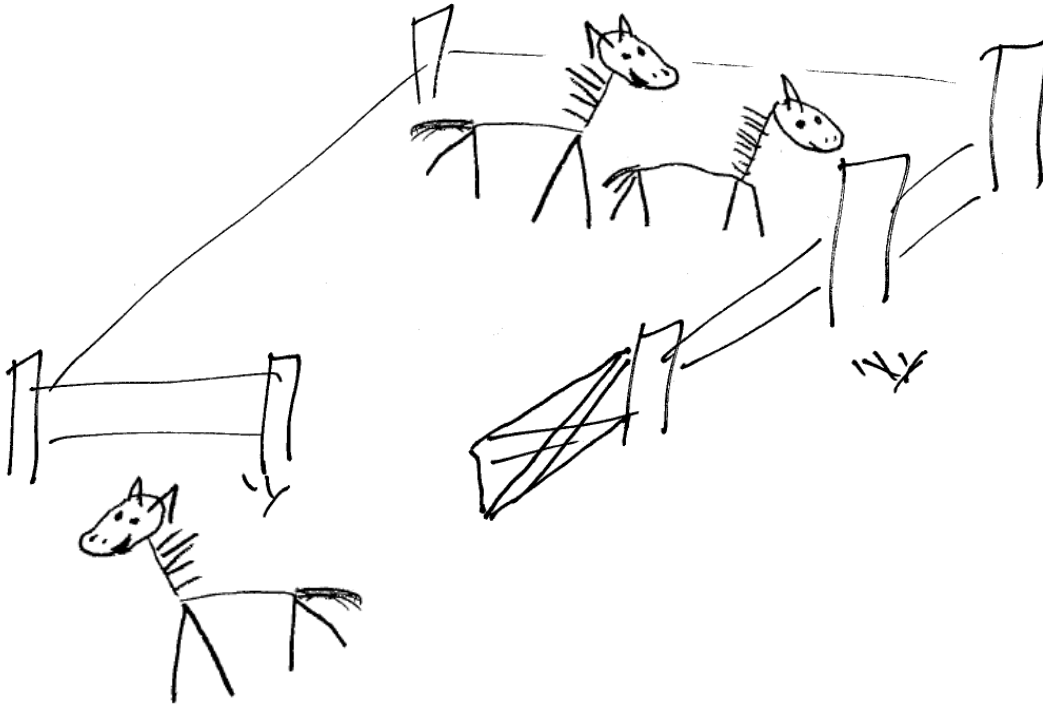


"How long could your business or practice continue operating if you or a key employee became disabled?"

Check the Appendix at the back of this guide for materials to enhance your discussion on this topic.

Delivering a Modified Policy

Should I Accept a Modified Policy?



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Delivering a Modified Policy

Should I Accept a Modified Policy?

Clients sometimes ask, "Should I accept a modified policy?" Nobody enjoys being issued a disability insurance policy that contains an exclusion or an extra premium for an existing health condition.

Individuals who are issued a policy with an exclusion (especially one that will not be reviewed) tend to focus on the one condition that is not covered. Use this Horse and Barn analogy to help them see the wisdom of having all other possible disabling conditions covered. Refocus them from what isn't covered to the importance of protecting what they can now. In every case, the prospect will win by accepting the modified policy.

Script:

The Horses and Corral Analogy

Sketch a picture of a horse near a corral with other horses inside. Then say, "(Prospect First Name), Good news! Your disability income policy has been issued. Unfortunately, it did come back with one exclusion as a result of your medical history. You'll recall we talked about this possibility when we worked on the application. I know that you may not be happy with the exclusion. But the question is, 'Should you accept a policy with an exclusion.' Let's think this through."

"Imagine that you own 100 fine, expensive race horses that you keep in a corral. But, somehow the gate to the corral was left open and one of your horses got out."

"What would you do first?You'd close the gate so the other 99 horses don't escape. It's only then that you'd go after the one horse that got away."

"The situation we've got here with your DI policy has a lot of similarities to the Horse and Corral analogy. This policy doesn't cover the one thing that you're concerned about. However, let's make sure we protect the other 99 horses first. Let's make sure you're protected should one of many other things happen that results in disability. Take care of that first....Then you can look at options to go after the one that got away."



Let's make sure you're protected in the event of all the other disabling conditions that this policy covers. Then we can look again at 'the one that got away'."

Nuggets of Wisdom and Useful One-Line Concepts

Useful One-Line Concepts

Your attitude and sales philosophy

People don't care what you know until they know that you care.

Your prospects will not want disability insurance until they understand why they need it.

You are not selling disability insurance to your prospect. You are helping your prospect to buy it.

If they don't buy the concept, the details are irrelevant.

Identify the problems. Then put price tags on the problems.

Do you want me to tell you what you want to hear, or should I tell you what you need to hear?

If you don't own it, why are you trying to sell it? Until you own or have tried to get disability insurance, you will not be as effective as you should be.

It doesn't matter what the odds of becoming disabled are. If you do become disabled, the odds are 100%.

Getting your prospect's attention

Could you afford to retire today and never work again? That is what a disability means: forced retirement.

If you owned a printing press capable of producing 100,000 legal and spendable dollars each year, would you insure it?

If you owned a goose that laid golden eggs, which would you insure: the golden eggs or the goose? Many of us wouldn't think twice about insuring the golden eggs, but would you agree that it would be wise to insure the goose?

You are either insured against the risk posed by a serious disability, or you assume the burden of being self-insured. My job is to help you decide which is the best way.

Nuggets of Wisdom and Useful One-Line Concepts

Dealing with Objections

"... the business will take care of me." What would happen to your business if you took a twelve-month vacation?

The premium is not the problem. It is the solution to the problem. The premium is modest compared to the (potential) problem. If you can't afford the premium, how will your family be able to afford the problem?

It is difficult enough to live within your income. How would your family live without your income?

Disability insurance is like a parachute. You have to have it before you need it.

Think carefully before choosing the low-cost bidder when it comes to parachutes, life preservers, brain operations or disability insurance.

If you buy disability insurance and never become disabled, you will have made a little mistake. If you don't buy disability insurance and you do become disabled, you will have made a big mistake. Which would you rather make: a little mistake or a big mistake?

Do you have medical insurance? Good. That means that you have gone to the expense to see that your hospital and doctors are taken care of, in case something happens to you. Doesn't it make sense for you to take care of your family too?

Healthy people might not believe in disability insurance, but disabled people do.

The more you are worth, the more you and your family stand to lose. The less you are worth, the less you can afford to lose.

You speak of disability insurance as a luxury. Do you consider food, clothing and shelter to be luxuries? These necessities are what disability insurance provides.

Disability insurance makes your money work for you when you can't work.

It's good that you don't need disability insurance. If you did need it today, you couldn't get it.

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