HEALTH PRODUCERS: Don't Disable Your Client's Health Coverage!

By Raymond Phillips, CLU, LTCP

Is there any insurance issue more sensitive than a family's health insurance coverage these days? With spiraling health costs it has become truly a necessity in every family's insurance portfolio. For those planners selling individual health insurance, let me suggest that you are leaving your client greatly exposed to an event with tragic potential consequences. What happens if the breadwinner/insured gets disabled? Will he be able to continue to pay health insurance premiums at a time when he probably needs the coverage the most (due to his disability)? Face it. You've only completed half of the clients "total health plan" if you've sold only individual health insurance. You need to sell "Waiver of Health Insurance Premium" with a DI plan at least equal to the amount of the health insurance monthly cost.

Think of it this way. A client in his mid-forties will probably spend at least $500 to $600 per month on a fully underwritten health insurance plan for family coverage. Should he become disabled, can he continue to pay that premium?

Perhaps he's got savings he can tap into. How long will it last?

Perhaps he has group LTD at the workplace. Think of how big of a chunk of his group DI payment will go towards keeping the health insurance policy in-force! The group ltd coverage may very well be the only income he'll have to pay the mortgage or rent, and other basic living expenses.

An individual disability income plan will be very affordable at a $500 to $600 per monthly benefit. Likewise, simplified underwriting programs abound. Quick turnaround of a DI application in one of these modules is very likely. That aside, an individual who qualifies for a fully underwritten health plan will undoubtedly be in fine underwriting shape.

While the consumer who's paying full-freight for his individual health coverage is a perfect fit for this strategy, it also applies to those who are subsidizing the costs with an employer provided healthcare plan. The only concern would be the individual's insurability as many group health coverages, obviously, are guaranteed issue. The essence of this strategy remains valid, however. You provide DI coverage at least in the amount of the client's participatory health premium to ensure no loss of premium payment capability in event of disability.

If you're selling health coverage to an individual, you are providing your clients a great service and peace of mind. However, you are also selling only half of the whole insurance package that would bring this plan into complete closure. Sell a DI plan at least equal to the health insurance premium to assure the client doesn't lose his health coverage when he needs it most – when he's disabled.

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