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## Critical Points To Consider When Marketing Critical Illness Insurance

I've been expecting an explosion in Critical Illness Insurance premiums since I first became aware of the product sometime in the late 1990s. For many years production floundered. However, that dynamic appears to be over. According to the Critical Illness Planning website, [www.criticalillnessplanning.com](http://www.criticalillnessplanning.com), premiums increased five-fold from 2008 to 2013. That's a phenomenal statistic that is especially powerful given the lackluster premiums in other fixed insurance products over that same time period.

More employers are offering this benefit on a group chassis or on a voluntary payroll deduction basis. The individual markets seem poised to grow as the realities of the self-funding elements of national healthcare sink into the fabric of our society. Simply, all signs point to this being a market that will continue onward and upward, and dare I say, might someday be as much a part of an overall insurance planning discussion as life insurance, disability income insurance or long term care insurance is today. It's time to become familiar with this coverage in anticipation of offering this to one's practice, or preparing for the inevitable questions from consumers as the coverage takes more of a foothold with the public.

Let's consider some "good to know" items in this market:

### **It Wasn't Spawned by an "Insurance Guy"**

The whole idea behind this product came not from an astute insurance actuary or investment guru, rather it came from a physician with a very famous pedigree. Dr. Marius Barnard, son of the famed South African heart transplant pioneer Dr. Christian Barnard, first thought of this coverage as a funding mechanism. He was a renowned cardiac surgeon in his own right and he saw the financial hardship his patients endured after recovering from a critical illness. Thus, he lobbied South African insurers to develop this coverage.

His noble and poignant stance was summed up in this quote that is found on the Insurance Hall of Fame website, [www.insurancehalloffame.org/marius-barnard](http://www.insurancehalloffame.org/marius-barnard), "I was used to operating on people and boasting about my great results of patients surviving five or six years. But all of sudden I saw the social and financial implications. I knew nothing about insurance but I knew life insurance paid out on the diagnosis of death. But to me, my patients lived for years but in this time they died financially." This remains

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the essence of this coverage – providing for those clients who have a critical illness event, but don't die... which brings us to our next two bullet points.

### People Who Have a Critical Event Live!

Take a look around when you are in a public place and see how many Automatic Electric Defibrillators are available. In many states it's a law that schools, health clubs, swimming pools and many other public gathering places are required to have AEDs equipped and on the ready. Trends in first aid, emergency response and overall medicine have led to some realities on those suffering coronary incidents as well as other critical illness events. Some statistics that we all probably could have qualitatively grasped anyway:

- 75 percent of people who suffer a heart attack survive at least three years, as provided by the Critical Illness Planning Website [www.criticalillnessplanning.org](http://www.criticalillnessplanning.org).

- Likewise the same website describes that more than 70 percent of stroke patients live that same amount of time.

- Women have a 64 percent chance of surviving at least five years after a cancer diagnosis; Men have a 66 percent chance of surviving that time period per the American Association of Critical Illness Insurance.

The list of statistics goes on and on. It's very apparent, isn't it? But what is also a reality is that with these survival rates there is also a cost of recovery that is very often out of pocket.

### There are Real Out-of-Pocket Costs for Those Surviving a Chronic Illness.

There are a number of different insurances beyond just an insured's savings that can go to offset the financial impact of a critical illness claim. However, there are inefficiencies relative to what they will cover when a critical event leads to financial impact:

- **Health Insurance** – Health insurance will cover the bulk of the medical care that will be provided to an insured, but it will often not cover it all. Beyond the health insurance deductibles, there are

often co-pays, costs for experimental procedures, or other treatments that won't fall in the realm of traditional health coverages.

- **Disability Income Insurance** – Disability Income Insurance proceeds are designed to address those ongoing ordinary living expenses that continue when one cannot work. The costs that are incurred in a critical illness situation are often not "ordinary". They are above and beyond what a DI plan may be earmarked to provide.

Likewise, DI plans have inability to work triggers as well as elimination periods. Often a critical illness will occur where an elimination period isn't completed or a loss of work does not occur.

- **Long Term Care Insurance** – Like DI, there are typically elimination periods that need to be satisfied as well as triggers to ensure the client is "chronically ill". Very often in a situation of a critical illness, a person might be cared for and recovered before an elimination period is satisfied. Or, a client may not qualify for the triggers at all.

### Wrap Up: Critical Illness Insurance Realities and Other Ideas

Critical Illness insurance was conceived by a doctor with noble intent. This is a story that proposed insureds need to know. It's a coverage that will help clients cover out-of-pocket costs upon diagnosis of such an illness or event. It will pay without elimination periods, proof of inability to work, and without requiring a client maintain a dilapidated state for funds to be released.

More and more employers are making this a part of their benefit offerings. Major carriers are jumping into the fray offering critical illness coverage on a group and voluntary basis. As the realities of national health care coverage and its shortfalls become more recognized, consumers are bound to ask more about this type of product and purchase it on an individual basis. Production numbers imply that this dynamic is already in play.

A prudent producer will get a sense of these product offerings and the dif-

ferences between carriers. In relatively short order critical illness could be a big part of a client's overall insurance planning strategy. ☺

## COMPANY NEWS

### Rucker Insurance Agency LLC Merges With Dixon Wells Inc.

Dixon Wells Inc. and Rucker Insurance Agency LLC announce they have entered into a definitive agreement to merge Rucker into Dixon Wells. Dixon Wells is one of the fastest growing life brokerage general agencies in the United States. Rucker will add additional offices in Columbus, OH, and Philadelphia, PA, to Dixon's five existing offices.

Dixon Wells President Bill Conwell said, "We are pleased that Rucker Insurance Agency will be part of Dixon Wells. For over thirty years, Rucker's seasoned executives have brought knowledge and superior service to professional insurance producers in their geographic markets. Their expertise and experience, particularly in life insurance underwriting, will be a perfect addition to the Dixon Wells organization."

David Kopelcheck, president of Rucker Insurance Agency, added, "For many years our principal associates have served the brokerage community in the Central Ohio and Philadelphia markets. We are excited to announce our strategic decision to join forces with Dixon Wells. Together, we have the strength to continue the personal attention, strong product portfolio and underwriting, knowledgeable personnel, and quality service that our brokers have always looked to us to provide."

Dixon Wells is a full-service brokerage general agency with a nationwide footprint. The agency is a LifeMark Partners member and works with insurance brokers, financial planners, investment advisors, property and casualty agencies, and financial institutions to provide the products, experience, and service they need to protect the needs, goals, and financial dreams of their clients. In addition to creating a high-touch environment, Dixon Wells also provides the high-tech components needed to do business in the current environment including their industry leading DWEZApp program.