

## Increase Your Success With Modified Offers

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From time to time applications result in a modified offer of coverage with specific exclusions or limitations. Our underwriters always strive to create acceptable offers and may provide more than one offer to give the applicant a choice of coverage options.

### **Take these steps to increase your success rate with placing modified offers:**

#### **Set expectations up front:**

When you are taking the application and walking your client through the application process, share with them the possible underwriting decisions they may expect. As an example, if your client has seen a chiropractor in the past 12-24 months, let them know that the carrier may have some concerns about the chiropractic treatment and while it will not prevent them from obtaining coverage it is possible a back exclusion will be placed on the policy. Understanding each client's medical history and setting realistic expectations about how previous and current medical issues may impact insurability is crucial.

#### **Demonstrate the value of the modified offer:**

Modified offers are good offers providing needed income protection. When presenting a modified offer, help your client understand that for any one condition not covered, there are a host of other conditions that are covered. The premium rates with a slightly modified offer can be significantly less than the premiums would have been for an unmodified offer.

#### **Revisit the need for income protection:**

Remind them of why they applied for disability insurance in the first place: to protect their income if the unexpected happens.

We have a few client approved flyers that can be used to help clients understand a modified offer. Call us for copies.

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*If there are specific topics you'd like to see covered in future newsletters, please contact:*

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## Loss of License Insurance

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"Loss of License" is somewhat of a misnomer. The product is the most comprehensive in the market and it protects the income of a pilot in case of the suspension or revocation of the pilot's medical certificate by a governing body (FAA or foreign counterpart) due to an injury or illness. Its protective umbrella reaches past the realm of traditional disability insurance with a design specifically developed with professional aviators in mind.

Underwriters created Loss of License Insurance as an improvement upon standard pilot disability policy wording to not only cover those conditions usually indemnified by a common DI policy, but to also protect against occurrences that would result in the suspension of a pilot's medical certification which would not fall under standard disability policy wordings.

One such commonplace example is an elevation in blood pressure. With a standard disability policy, a pilot's uncontrolled blood pressure wouldn't be considered a qualifying event for a DI claim. However, a documented increase in blood pressure levels could be reason enough for the medical grounding of a pilot by the FAA. Under the protection of a Loss of License policy, such conditions are deemed a disabling event.

Loss of License coverage is available to any class of professional aviator, including the most hazardous of occupations like air ambulance and fire fighting pilots. The coverage is available on a fully-underwritten individual or guaranteed-issue group basis. Long-term monthly benefits are available with options for lump sum benefit.

## Guaranteed-Issue Key Person, BOE and Buy-Sell Available with Lloyd's

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Lloyd's of London has introduced guaranteed-issue Key Person, Business Overhead Expense (BOE) coverage and Buy-Sell insurance to help solve the needs in the business marketplace. Encompassing the same incredible attributes and large multi-life premium discounts of more familiar guaranteed-issue group personal DI products, the business insurance plans are great sales tools when approaching large and small companies with multiple proprietors or with a number of key personnel. Here are some examples and ideas for business uses for this type of coverage:

**Key Person** - A pharmaceutical company employs 33 regional sales reps who are experts in business development and maintaining client relationships. A loss of any one of them would certainly cause, at the very least, short-term fiscal concern for the company. A properly deployed Key Person GSI plan would be able to financially indemnify such a loss of any one or more strategic personnel.

**Business Overhead Expense** - A medical management firm oversees 16 separate physician practices under a shared corporate identity. Maintaining the huge monthly overhead of any one of the individual practices, should one of the of the physicians become disabled, would be a collective financial hardship. A BOE GSI plan would be the best solution in covering the monthly expenses of all participating practices over and above their individual policies.

**Buy-Sell** - A law firm of 127 attorneys, many of whom are included in a stock option program, provides an average of 7% ownership of the company to each equity partner. An appropriately devised Buy-Sell GSI plan would fund a Buy-Sell Agreement to cover each of the stakeholders on a guaranteed-issue basis.

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## Guaranteed-Issue Key Person, BOE and Buy-Sell Available with Lloyd's, Continued

This type of benefits platform has also proven to be very useful with regard to buy-in funding, contract guarantees, loan indemnification, salary continuation funding and severance agreement indemnification. Lloyd's has the unique ability to financially protect a business, no matter the size, on a multi-life chassis with a guaranteed issuance of high-limit disability coverage on as few as three insureds.

Contact us to learn more about High-Limit Guaranteed-Issue Disability Insurance plans, and discover what other phenomenal benefits are now available to your business clients.

## Mutual of Omaha MutualCare® Custom Solutions LTC Buy-Up Option

One of the challenges with many insurance products is finding the best solution that works with a client's budget. Historically, with a long-term care insurance policy a client will elect a specific type of inflation at the time of application that never changes. However, Mutual of Omaha's MutualCare® Custom Solutions long-term care product is designed to be fluid and change as the client's needs and budget change. The policy includes an inflation protection Buy-Up Option that allows your client to increase their inflation protection percentage once each year or decrease the percentage at any time. Here's how the Buy-Up Option works:

- The buy-up option is only available on a MutualCare® Custom Solution policy.
- Each year, on or before the policy anniversary date, the insured can choose to increase his or her compound inflation protection to any percentage Mutual of Omaha offers.
- The total level of inflation protection cannot exceed 5%.
- The premium for the policy is based on the insured's age at the time of the buy up; however, actual premium will include a premium credit based on type of coverage and how long the policy has been in force.
- The increase is effective on the policy anniversary following the election with benefit increases occurring on the following anniversary.
- The increase is available prior to 20th policy anniversary or the insured's 75th birthday, whichever comes first.
- The insured also has the option to buy down to a lower inflation percentage at any time while keeping any gains previously applied to the policy.

At age	55	58	61	80
Inflation Percentage	1% initial	2.5% after buy-up	3.5% after buy-up	1% after buy-down; any gains previously applied to the policy are retained
Premium for Inflation Protection Rider Calculated	Based on issue age 55	Based on age at the time of the buy-up, but includes a premium credit based on type of coverage and how long the policy has been in force		Based on issue age 55

**Sales Idea:** When a client is unable to afford the 3% compound inflation you are recommending, you can recommend a lower inflation percentage with the comfort of knowing that the client will be given the opportunity to increase the percentage in the future as their income increases.

## News You Can Use

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- **Principal has a new Disability Buy-Out (DBO) product** with competitive pricing and more flexibility, a 5% Preferred Business Owner Discount, One-Way Buy-Out feature and a Benefit Update Valuation Rider. Contact Pacific Advisors for more details.
- **John Hancock is running a Performance LTC Producer Bonus Program** from March 1, 2016 through December 31, 2016 where you can earn a 10% bonus by selling their Performance LTC product. Contact Pacific Advisors for more information about eligibility and rules.
- Look for our **monthly News You Can Use emails** to keep informed with DI and LTC insurance news updates and carrier changes that you may need to help sell the products to your clients.
- We have created a **DI Pre-Screen Questionnaire**. If you would like to receive a copy you can use with your clients, contact Jaymie Mayers at [jaymie@pacificadvisors.net](mailto:jaymie@pacificadvisors.net) or 877.455.9580. We can customize the form with your contact information and logo.
- **Do you receive our marketing emails?** If not, contact Jaymie Mayers at 877.455.9580 or [jaymie@pacificadvisors.net](mailto:jaymie@pacificadvisors.net) to be added to our marketing list so that you can receive our announcements, news and other sales tools periodically.