



**KENNETH SMITH**

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Smith helped organize and has served as president of the Critical Illness Working Group. Additionally, he is a vice president and board member of the National Association of Critical Illness Insurers.

Smith has written several articles on CI and has done many presentations, including the World Critical Illness Conference and Society of Actuaries.

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## Critical Illness Insurance...

# Opportunity Is Knocking. Will You Answer?

You've seen it happen. A new insurance product hits the market, and a few brokers who get in on the ground floor do extremely well. They are the ones driving new luxury SUVs and enjoying a second home in a tropical climate.

Critical illness (CI) insurance may be that ground-floor opportunity for you. In fact, it may be the best sales opportunity our generation has in this business.

### What Can We Learn from Others?

CI insurance has been successful in nearly every country where it has been introduced. That success is not attributed to the existence of state or national health care programs. In the individual market, CI is sold as mortgage or asset protection, a complement to disability coverage, and loan or debt protection. To business owners, it is sold as key person and loan protection.

Canada introduced CI insurance in the mid-1990s. After a slow start, sales began to explode in 2000, up by 97 percent, according to LIMRA International. I recently talked with Keith Leech, who was with one of the largest managing general agents (MGAs) in Canada. He told me that in the last six months, his agency has sold "twice as many critical illness policies as disability income and equal numbers of critical illness and universal life policies."

Canada's successful CI MGAs are those who have some focus on living benefits—long term care and disability income. They have found that it is important to develop a

CI expert in the office. The expert must understand the product, but more importantly, understand how to position and sell the product. Providing agent sales training is also an important component to success.

### Collateral Sales Growth

The MGAs who have been successful with CI in Canada approached the market expecting CI to be a loss leader for several years. They initially saw it as a way to differentiate themselves from their competition but, in the end, it *expanded their life, DI and LTC sales*. CI has provided the key to get in front of prospects who weren't interested in life insurance. With CI to open the door, the successful agent is then able to present a more complete insurance package.

### Marketing CI

CI sales concepts and ideas are transferable from country to country. Sales concepts that work in the United Kingdom work in New Zealand, Australia, Canada and also in the United States.

Marketing CI requires a commitment. It requires working to teach the agent how to properly position and sell the product. MGAs need to take the time to analyze the product and then show their agents how this product supplements and complements disability income or other products. Providing CI sales training can become a way to separate yourself from your competitors. The product is relatively simple. *Agents need to learn how to establish the need with clients and how to*

### Critical Illness Insurance Can Be:

- Sold in established markets, capitalizing on existing relationships.
- Packaged with higher deductible health insurance, especially HRAs and HSAs.
- Sold to clients who traditionally have been unable to buy adequate levels of or have not qualified for disability insurance.
- Sold in the business market to key persons, to cover debt and to fund buy/sell agreements.
- Sold as mortgage and outstanding debt/asset protection.

integrate it with other insurance products.

The trained veteran agent will be successful with CI when he understands how to educate the client about the "need" for CI, where the product fits in his market and why this product needs to be sold *now*.

#### CI Sales in the United States

Sales of CI in the United States are growing gradually, and there is still room for you on the ground floor. Industry experts feel growth in the U.S. market will follow the trend in Canada and the United King-

dom—a slow start culminating in a sales explosion. Some insurance companies in our country have launched a CI product but omitted the vital component of training for agents and brokers. They entered the market early and focused on product training rather than how to sell CI.

The sales process is really an educational process. An agent must educate the consumer on the need for CI, and once these prospects understand the need, they will buy. Agents who recognize this process will tell you CI is an "easy sale."

### What Should You Look for in a CI Company?

There are several CI carriers offering a variety of products today. Selecting the one that best fits your needs is not too complex. Look for a product with clear, easy-to-understand definitions. Locate a carrier who provides sales support and training on how to sell the product, as well as how the coverage works. Find a company with the expertise to help you communicate the opportunity to your agents, the need to their clients, and the gap CI coverage fills with a client's other insurance protection.

*CI commissions are similar to those for disability income. You can build an excellent base of renewal income.*

I am convinced that CI insurance marketing is the best opportunity our generation will have in this business. The satisfaction I've received from seeing claims paid during the last five years and the difference those payments have made in policyholders' lives has become a passion for me. I've been in this business for more than 25 years and have not found any other product that impacted people's lives as quickly as CI insurance. ☺



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