

Are you Leaving Your clients BARE?



Protect Their Paychecks and Your Personal Liability!

BARE. Miriam Webster defines this chilly term as lacking the usual or appropriate covering. Feet are bare without shoes; houses are bare without roofs; and working Americans (without trust funds) are painfully bare without paycheck protection. It seems simple, but the majority of working Americans still don't have this obvious coverage in place. Many of them have prepared to die by buying life insurance, but they haven't prepared to live with disability.

Know who else is BARE? The millions of financial and insurance professionals who fail to properly inform their clients of the need for disability insurance. It's not an intentional oversight, but it is a serious mistake that can lead to costly liability. All it takes is one client who starts asking WHY. Why was I unable to maintain my lifestyle when I had to stop working to battle cancer? Why is this tremor in my hand reducing my earning potential by \$100,000 a year? Why does my back injury mean that my kids can no longer go to college? Are you ready for these questions? If not, here's how to close the gap before it's too late.

- **Step 1: Know the facts.**

Statistics show the chance of having a disabling illness or injury is surprisingly high. According to the Health Insurance Association of America, one-third of all people between the ages of 30 and 64 will become disabled sometime in their lives. At age 32, the chance of being disabled for three months or longer is 6.5 times greater than the chance of death, according to the National Association of Insurance Commissioners. And it's no secret – a disability can lead to financial devastation. It's the primary cause of personal bankruptcy and triggers nearly half of all mortgage foreclosures, compared to 2 percent triggered by death, according to the Council of Disability Insurers' review of long-term disability claims in 2005. Many people assume they're adequately covered by Social Security or employer-paid long-term disability (LTD) plans. Not true. The income from these plans is usually taxed and many don't qualify for Social Security. The reality? Even with an employer-paid LTD plan, many disabled people are left with income gaps as wide as 72 percent! Can you imagine surviving on 28 percent of your income?

- **Step 2: Understand your responsibility.**

As an insurance or financial advisor, paycheck protection, also known as disability insurance or DI, is the most important thing you can offer a client. It's the foundation for sound financial planning. If you don't start by protecting the basic paycheck, there will be no home or vehicles to insure! Many clients perceive that disability insurance is expensive, but with some simple training, you can demonstrate that DI is more affordable than most other types of insurance. Some producers steer away from DI because they don't understand it. But, the "it's too hard" arguments don't win errors and omissions lawsuits. So, starting today, stop letting yourself off the hook and get educated. Selling disability insurance is easier than it seems — especially with the right insurance partner. Plus, it not only protects your client, it protects YOU.

In the November 2009 issue of "Agent and Broker," Virginia Bates of VMB Associates says that one of the top reasons agents are sued is failure to communicate important information to customers. If a customer says, "I didn't know I needed it," or, "That was never offered to me," you may have a serious problem. That's exactly why I tell all producers to present clients with a DI Waiver of Liability. The waiver simply states you've informed the prospect of the need for income protection and that after receiving the information, the prospect declined it. When you ask the client to sign the DI Waiver of Liability form, you protect yourself and you reinforce the importance of disability insurance. Suddenly, the client realizes that paycheck protection isn't just a "nice to have."

- **Step 3: Do the right thing.**

As you can see, making disability insurance part of your core offerings is a win-win. It protects your clients, it protects you, and once you get comfortable, you'll find that it provides a significant source of commission income. Moreover, DI isn't just for doctors. There are disability products for all types of working people, from blue collar to white collar, from doctors to engineers, for low-risk to high-risk occupations, and even for the medically impaired who mistakenly believe that they can't qualify for coverage due to chronic illness. Take the time to clearly explain the facts and demonstrate affordability. Finally, use a DI Waiver of Liability form to document that you've done your job. Not only will you steer clear of E&O claims, you'll also close the gap by providing essential paycheck protection to secure the livelihood of both you and your clients.

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If for some reason, you decide to forego coverage at this time, please kindly sign the Waiver of Liability below and return to me.

Waiver of Liability Form

I, _____ acknowledge that
_____ has educated me about
the financial risks of illness and injury.

Together, we have carefully analyzed my current financial and insurance situation. I understand that in the unfortunate event of illness or injury, additional income protection would be necessary to protect my assets.

I understand that the odds of becoming disabled are significant and that if I become disabled, my family and I could suffer a substantial loss of income, which may place my assets at risk.

_____ has recommended an income
protection plan. However, I am declining coverage at this time.

I am fully aware of the consequences of this decision and I hereby agree to hold

_____ harmless for any financial loss
subsequently suffered.

Printed Name

Signature

Date