

DI for business owners sales strategy

Of the 27.1 million small business owners in the U.S.,¹ only 13% have disability income insurance.² How would a disability affect their business? If they weren't able to pay their premiums, how would it affect your business?

When Disability Strikes: Help Business Survive

If a business owner becomes disabled, the business's fixed expenses, such as rent, utilities, employee wages and debt payments continue even though the owner's revenue-producing abilities are gone. Disability Income Insurance (DI) helps your clients pay daily expenses and bills—including premiums on other insurance products they have with you. Not only may their business stay afloat, so might the business you have with them.

That brings up a key market for selling DI—identify sales opportunities within your existing block of business. The odds of selling a product to an existing customer are 50%, while the odds of selling to a new customer are only 15%.³ That makes sense, since you've already established a trusted relationship with them. It also helps you create a holistic approach to your business by exploring all of a client's protection needs. Key clients to target include those business owners you've helped fund a buy-sell agreement or helped develop personal protection strategies using insurance.

Why Businesses?

An advantage of working through businesses is the number of sales opportunities it creates. Business owners may see the advantage of offering their employees a plan, giving you prospects from the entire workforce. If they are not interested in providing their employees with coverage, they may still see the importance of individual coverage for themselves.

Business owners understand the importance of cash flow, but they may not understand the likelihood of disability and the effects it can have on that cash. The risk may be greater than they realize. A disabling injury occurs in the US every second.⁴ No one plans on it – it just happens.

Business Overhead Expense Insurance

It's critical to show your business-owner clients how Business Overhead Expense Insurance (BOE) can provide the cash to help their business survive if disability does strike.

BOE is designed to enable your client to meet the fixed-cost obligations of their business in the event of their disability, including a salary to hire their temporary replacement.

Consider this real life example - a self-employed dentist, age 58. He runs a successful practice which employs seven employees. Recently, he was seriously injured in a car accident and is now in rehab and unable to work. Luckily, he has BOE and his benefits are being paid. He is receiving a \$6,500 monthly benefit for his business expenses. This benefit will last for 18 months. He also receives an additional \$3,250 per month to hire a replacement for himself, for up to six months.

Just think if he hadn't had this protection in place. BOE protection helps business owners keep the doors of their business open while recovering from a disabling injury or illness.



A Personal Need for Business Owners

The disabled business owner will also need money to meet normal personal expenses and additional ones that may arise. Personal expenses often go up, not down, during a time of recovery. Designed to replace 60% or more of income—enough to stay on top of bills, mortgage payments and other critical expenses—Individual DI Insurance allows the business owner to take less money out of their business at a vulnerable time and still help preserve their standard of living.

Target Market

Business Overhead Expense insurance is for professionals and small business owners who are actively engaged in their businesses on a full-time basis. The day-to-day presence of these business owners is vital to the business and a disability will result in a definite loss of income to the business. Revenue generating business owners are appropriate candidates for coverage.

Another Market: Key Employees

A business's key employees need cash too, in the event that one of them becomes sick or hurt and can't work. A Salary Continuation Plan can help an employer identify if they would or wouldn't pay employees in the event of disability. DI insurance isn't necessary to have a Salary Continuation Plan, but if your clients do insure, the insurer, not the business, pays the benefits, determines eligibility and sets up reserves.

You can address two significant protection needs at one time for business clients with the GSI + Focus 10 Combo Program. Guaranteed Standard Issue (GSI) policies are individual DI policies and Focus 10 policies are individual term life insurance policies, both can be packaged together for employees in one convenient program.

The Risk is Real

- 60% of adult Americans have NO savings earmarked for emergencies⁵
- Medical problems contributed to 62% of all personal bankruptcies filed in the U.S. in 2007⁶
- Medical problems contributed to half of all home foreclosure filings in 2006⁷



¹ US Census Bureau, 2007 Survey of Business Owners

² Facts from LIMRA May 2010 Multimedia Fact Sheet, based on findings from LIMRA's life insurance consumer studies

³ http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/FSI/US_FSI_Life%20Survey%20POV_042012.pdf

⁴ National Safety Council, Injury Facts 2008 Ed

⁵ Consumer Federation of America national survey by Opinion Research Corp., Feb 2007

⁶ The American Journal of Medicine, June 4, 2009 Medical Bankruptcy in the United States, 2007: Results of a National Study; David U. Himmelstein, MD, Deborah Thorne, PhD, Elizabeth Warren, JD, Steffie Woolhandler, MD, MPH

⁷ GET SICK, GET OUT: THE MEDICAL CAUSES OF HOME MORTGAGE FORECLOSURES; Christopher Tarver Robertson, Richard Egelhof, & Michael Hoke; August 8, 2008

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