



Simplifying disability insurance

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When you're talking with customers, consider using a few anecdotes that make understanding disability even easier.

Call it “ability insurance”

Disability insurance provides individuals with the ability to earn an income if he or she should become disabled. Through disability insurance, brokers help protect the ability of their clients to maintain a standard of living, even if they must deal with an unanticipated disability.

Disability insurance is to water...

Water is a basic need for all life; without it, we can only survive a short period of time. We rely on income much like water to survive, and it needs to be supplemented to ensure it is constant. A disability is like the stoppage of water—the income stops if there is not a disability insurance “well” dug deeply in your backyard as an alternate source of income.

Examine the cost of DI, self-funding

A great way to explain the value of IDI is to compare the cost of IDI to the cost of self-funding a disability. For example, brokers can walk potential customers through the “averages.” The average age for a disability is age 53, and the average length of a disability is five years.

Ask customers if they were to conform to these averages, how much money would they be able to save up by age 53 to self-fund a disability for five years? Then, take that daily “premium” and ask if they did set that money aside, would it harm their current standard of living? In many cases, the answer is “yes.” And if they did not conform to the average, what would happen if their disability started sooner than age 53 or lasted longer than five years? For many individuals, this could have a catastrophic effect on their standard of living.

Afterward, show them the premium for an IDI policy that covers them today and is not limited to five years of claim. Wouldn't it be nice to have the money set aside now and not have to worry about a disability happening sooner or lasting longer than average? In addition, the premium for IDI is much less than self-funding to prepare against being average.

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