



DISABILITY RESOURCE GROUP

Passion. Purpose. Protection.

ONE SIZE DOES NOT FIT ALL!

Trying to be everything for everyone can be an imposing task, especially for a business. Those that have tried, have rarely been successful. Typically, targeting a sector of the market or specializing in one particular area can meet with more success. This holds for insurance companies as well. Each of the major insurance providers around today primarily cater to a sector of the marketplace, even if they sell multiple lines. This is especially true for the relatively small group of companies that currently sell disability insurance products. Since this is already more of a niche market product, most companies drill down even further and focus either on the professional and highly affluent market, impaired risk, or even the more blue/gray collar end of the market.

While some carriers may offer disability coverage to both the high and low ends of the market, their primary focus typically receives better rates, higher limits, and more comprehensive options. There are even differences between carriers that appeal to the same market. Some may have better claims experience with certain occupations and treat them better than other carriers do, therefore: they may classify their occupation differently and offer them higher limits and additional benefits. With some carriers, there is no commonality between classifications. Don't get caught in the trap of thinking occupational classifications are going to be the same at one carrier as they are with another.

Pricing is another area where you will find a great deal of variance, but not by occupational class alone. State, gender, age, type of contract, and built-in features, as well as the claims experience due to each, all impact a carrier's pricing strategy, which can differ dramatically from each other.

Each carrier has a distinct philosophy when it comes to underwriting and product design as well. While some may use the same reinsurer, they may retain the risks themselves up to different amounts. As far as baseline definitions, own occupation protection, social insurance integration, and coverage for mental and nervous conditions, there can be a wide range of differences between each carrier. With optional riders, the differences can be greater still. The mechanics of how they operate and even the names they are called vary widely.

For example, many carriers offer options that allow you to purchase additional benefits without going through medical underwriting. Some offer it as a pool of money you can dip into annually to increase your benefits as your income grows. This option typically comes with an additional premium. Others offer an option to do the same every three years with exceptions to do so before that based on changes in income or other life events. This option is exclusively offered at no charge but requires that you purchase at least 75% of the maximum benefit amount currently available to have this option.

There are a myriad of other differentiating factors between disability insurance carriers and the products they sell. The best way to navigate through all of this when getting proposals from multiple companies is to make sure that you are getting all of the details on your client upfront in a factfinder before requesting quotes and then take the time to read through each proposal carefully. That will ensure that you advise your clients to choose what fits them best.

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