

# If You Love amacare, Don't Read This!



*A white paper feature authored by:*



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### Think about these questions:

1. Do you think the Affordable Care Act created a mess last year?
2. How do you feel about commission reduction as a result of the ACA?
3. Is there still opportunity for you in the individual health insurance market?

You probably answered "YES" to question 1. For question 2, you're not happy about it and you feel like you are doing more work for less money. For question 3, many of you probably answered "NO."

I myself would answer "YES" to question 3, and the purpose of this paper is to share my thoughts on why the opportunity is still there and even growing.

When I first started in the business, I remember talking with some of the old-timers who had been around when Medicare was passed in 1965. Back then, nearly every broker believed Medicare was the end of the health insurance market for seniors. Now look — 50 years later, the senior health market is huge, with Medicare supplements and Medicare advantage plans. This is the market that was supposed to be nonexistent 50 years ago.

No one would say 2014 was easy. In a recent survey, 33 percent of independent insurance brokers said they are getting out of the health insurance business entirely because of Obamacare!<sup>1</sup> Over the last year, I've seen health agencies discontinue or shrink their operations firsthand. At the same time I've witnessed agents and agencies who are succeeding and thriving in this environment! Why?

I believe there's tremendous opportunity within the ACA environment if we're willing to adapt. I'm reminded of a Charles Darwin quote, "In the struggle for survival, the fittest win out at the expense of their rivals because they succeed in adapting themselves best to their environment."

You're thinking, so where's the opportunity? One idea is to start packaging accident expense and critical illness together with health insurance. Based on my discussions with health agents, only about half are currently doing this.

Why include an accident plan for your clients? With higher deductibles and increased out-of-pocket expenses, how many of your clients can just write a check for \$10,000? Even if your client has \$10,000 available, that money may be earmarked for something else.

Isn't it be easier to show your clients how to budget \$2 a day for a plan that covers accident expenses?

Why a critical illness plan? When someone faces a critical illness such as cancer, heart attack or stroke, not only must they cope with deductibles and out-of-pocket expenses, they will have to deal with many other costs not covered by health insurance — costs like medication not covered by insurance, travel costs when local treatment options are limited, retrofitting a car or home and comforts during treatment.

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<sup>1</sup><http://www.washingtonexaminer.com/insurance-brokers-say-they-are-worse-off-due-to-obamacare/article/2553870>

There may also be a loss of income for both the person suffering the illness and the spouse or family member who must take time off to care for the patient during treatment.

In fact, according to the American Cancer Society, two-thirds of the costs related to cancer are not covered by health insurance.<sup>2</sup>

There are so many ways money from a critical illness policy can be used. According to Nick Kirwan, Assistant Director – Health and Protection for the Association of British Insurers, 25 percent of the United Kingdom’s working population owns a critical illness plan. When I ask brokers in the U.S. why they think so much CI is purchased in the U.K., most tell me, “It’s because of national health care.” That’s not actually the reason: The *real* reason is to protect their homes! Up to 65 percent of CI purchased in the U.K. is for mortgage protection.

As an industry, we’re successfully selling life insurance to help protect mortgages, but what’s more likely to happen while a mortgage is being paid off — death or a critical illness? Think about the costs of covering two years of mortgage payments. Ask your prospect, “If you’re diagnosed with cancer, would it reduce your financial stress to have your mortgage paid for two years?”

**Then continue with these four powerful questions;**

- 1) Who do you know who has been diagnosed with cancer, had a heart attack or stroke?
- 2) Was it expected?
- 3) Was there unplanned emotional or financial stress on the family?
- 4) Would cash have helped?

These questions help a prospect understand the need for critical illness protection, and the problems it can help solve.

Last year, millions of quarter-inch drill bits were sold in the U.S. How many people really wanted to buy a drill bit? The answer is NONE. The people who bought the bits had a problem: They needed a hole. The reason they purchased the bit was to solve the problem.

The same is true with health insurance. No one wants to buy health insurance — they want to solve a financial problem that would arise if they needed medical care. The purpose of health insurance is to pay the bills and help reduce financial stress when an illness or accident occurs.

Would your prospect rather work with an agent who sells product or solves problems? As agents, we need to change our focus from product and price to solving problems for our prospects and clients.

Questions are the most effective way to help prospects see they have a problem. Then show them the solution. **Try these questions next time you meet with a client or prospect:**

- 1) If your expenses were to exceed the large out-of-pocket costs on your health coverage, what do you think would likely be the reason? (The most common response? Cancer, accident and heart attack.)
- 2) If you reach the out-of-pocket maximum because of an unforeseen accident or critical illness, would you cover that huge bill through your savings account, or do you want an option that would give you access to \$15,000 in a direct payment to you?
- 3) If you had an unforeseen accident or critical illness, would you be able to cover out-of-pocket expenses of \$10,000 or more?
- 4) Would you like to learn a way to cover bills and other expenses if you had a break in pay because of critical illness or accident?

<sup>2</sup><http://www.cancer.org/research/cancerfactsstatistics/cancerfactsfigures2012/>

Once your prospect has answered the questions, the next step is the solution. Give your prospect or client two options — one option with accident and critical illness and another without — and let them choose.



**Let me share an example:**

| <b>Husband and wife, age 45, with two children</b> |  |
|--|--|
| <b>Option #1 Gold Plan</b>                         | <b>Option #2 Silver Plan</b> with a \$25,000 accident plan (\$100 deductible) and a \$40,000 critical illness plan |
| Monthly Premium: <b>\$1,298.54</b>                 | Monthly Premium <b>\$1,276.05</b>  |
| <b>\$300</b> Deductible                            | <b>\$2,800</b> Deductible  |
| Preventive Care Covered: <b>100%</b>               | Preventive Care Covered <b>100%</b>  |
| 80/20 Coinsurance: <b>\$9,900</b> out-of-pocket    | 80/20 Coinsurance: <b>\$9,200</b> out-of-pocket  |
| Out-of-pocket maximum: <b>\$10,200</b> per Family  | Out-of-pocket maximum: <b>\$12,000</b> per Family  |

**Now it’s time to tune into your favorite station, WIIFM (What’s In It for Me!)**

Not only have you reduced the prospect’s exposure and provided more complete protection, you’ve increased your income.

**Under option 1, you will earn \$487; under option 2, your income jumps to \$1,490.**

These assumptions are based on 3 percent commission on health insurance, 45 percent for accident and 60 percent for critical illness. In option 2, the monthly premium for health insurance is \$1075.58, for accident it’s \$87.34 and for critical illness it’s \$135.62.

How do you start?

Find good accident and critical illness plans to compliment your health insurance, then just do it!

Now’s the perfect time. Start with your event-driven sales. Talk with your existing clients. Use the questions.

It’s all about repetition. The more you do it, the better you become. Think about a baby learning to walk. Even though a baby falls down, it keeps repeating the process — and before you know it, that baby isn’t *just* walking, it’s running! Isn’t the same thing true for us in sales?

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