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RHU, DFP, is founder and chairperson of Petersen International Underwriters. He is recognized as an expert in underwriting development and policy innovation for such products as high-limit disability insurance, residual disability benefits, cash-value DI, and the expanding field of disability financial planning.

The life/disability industry has acknowledged his leadership as an author, educator, motivator and leader, and has bestowed upon him the Harold R. Gordon Memorial Award (NAHU), the Will G. Farrell Award (NAIFA Los Angeles), the Lifetime Achievement Award (IDIS) and the Distinguished Service Award (NAIFA CA). His extensive industry involvement includes NAIFA, LIMRA, NAHU and The American College, all on local, state and national levels as well as IDIS.

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Disability Insurance Insights...

The Fortune In Selling Disability Income Protection

According to the latest count from the U.S. Census Bureau, the population of the United States is 308,745,538 and growing. It is estimated that 188 million of those people are income earners.

According to the Life Insurance Marketing Research Association (LIMRA), only 27 percent of these income earners have any form of disability income protection other than what is provided by Social Security. Additionally, based on a survey by a major insurance company, the vast majority of those with disability income protection are inadequately insured. *That means 137,240,000 American income-earners have a need for more disability insurance.*

These statistics are clues to where profitable efforts by professional insurance agents and brokers can best be invested. I personally recognized this excellent opportunity in the field of disability insurance many years ago. My passion for disability insurance comes from my father's personal disability story. My crusade throughout my career has been to suggest to all insurance professionals that the delivery of a disability benefit check provides a feeling of great satisfaction, plus a likely plethora of referrals from a grateful client.

Today's current disability market environment is strong and liberal. Insurers are making profits with their disability insurance, and their desires to grow their businesses results in excellent products, attractive rates and, most importantly, streamlined underwriting processes. *In*

short, there has never been a better time to be in the business of prescribing disability insurance.

The very strong renewal commissions that disability insurance yields do not take very many years to develop into a substantial cash flow for a producer and, all the while, provide a foundation to clients' personal or business financial plans.

Chart 1 (on page 26) illustrates commission yield from one \$3,000 premium over a decade: Disability insurance pays a 50 percent first-year commission and 10 percent renewals, while life insurance pays 80 percent first-year commission and no renewals. While life insurance attracts producers with high initial commission rates, disability insurance promises the longevity of renewal rates. In this example, the disability insurance commission surpasses the life insurance commission at year four—and still has many years of renewals ahead.

Chart 2 (on page 26) shows annual commissions for selling one of each policy type every week. As you can see, disability insurance surpasses life insurance by year four. While life commissions stay level, disability commissions continue to rise, resulting in a far greater income.

Largely due to the uncertainty of the new health care law, medical insurance agents are facing diminishing sales. Add to that the decreased commissions resulting from the new medical loss ratio mandate and these agents' incomes are suffering. Life insurance commissions are also shrinking while disability insurance compensation remains

steady, if not growing. There has never been a better time in the history of the product to be in the disability insurance industry. The demand is apparent, and we are in need of more suppliers.

The recognition that people have disability needs at advanced ages has pushed expansion of the market. People are working longer because their retirement plans have fallen short of expectations. Many who have retired are re-entering the work force out of necessity. Benefit periods are now pushing retirement ages up to 67 or 70 years of age, and issue ages now go to age 70 and higher.

An evolution of the DI industry is dawning. It has new and enlarged capabilities due to greatly enhanced issue and participation limits which are now capable of providing benefits in excess of \$100,000 per month per person and coverage for \$100 million agreements.

Advancements in underwriting processes of guaranteed issue disability insurance plans for multi-life cases, online applications and electronic policy delivery all point out great reasons to make disability insurance sales part of your daily routine. 🌐

I have been asked to write a monthly column on the topic of disability insurance for Broker World magazine. This is an assignment which I am excited and eager to do. As a long-time devotee and staunch believer in this product, I will share with you important ideas about how you can make a fortune selling disability income protection.

In the months ahead I will provide insights on communicating the importance of disability financial planning to your prospects and clients. I will discuss how you might handle sales, closing, underwriting, policy delivery and claims. I invite all readers to submit questions, suggestions and criticism, for we want to provide excellence in the work we will be doing for our valued friends at Broker World. [WHP]

Chart 1
Comparison Of Commissions For Disability And Life Insurance
(A single \$3,000 premium over one decade)

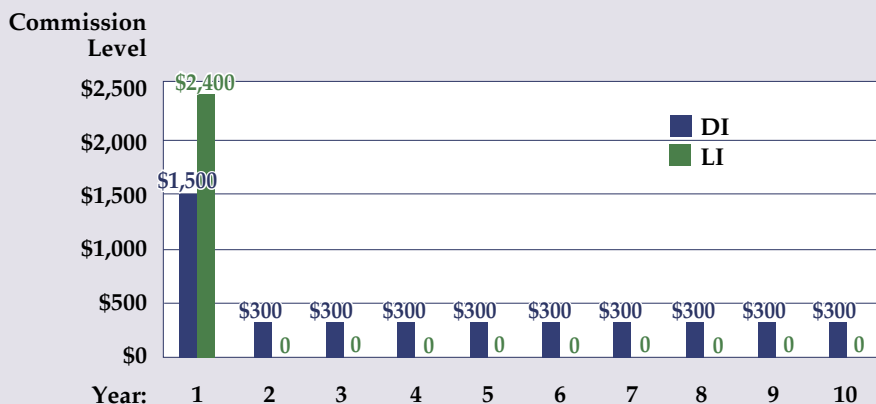
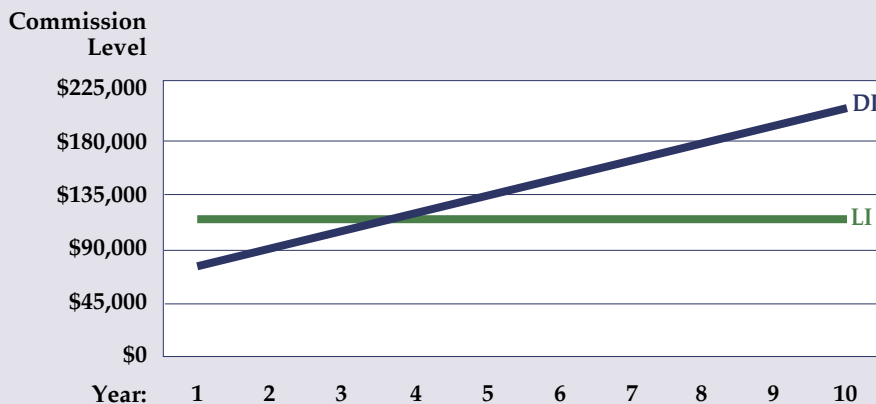


Chart 2
Comparison Of Commissions For Disability And Life Insurance
(A single \$3,000 premium sold every week)



Selling only one of each respective policy type every week would translate to annual commissions as shown above. DI surpasses LI by year 4. LI will stay level while DI will continue to rise, yielding a far greater income.