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BRING NEW LIFE TO YOUR AGENCY

INDIVIDUAL LIFE INSURANCE CAN BENEFIT YOUR CLIENTS' EMPLOYEES

When my children were born, my wife and I decided to purchase an individual cash value life insurance plan for them as an investment tool. So, as my children grow, the cash value in their life insurance policies will too. Our goal was to give them something they'd own and something that would help provide a nest egg for their future. For our family, cash-value life insurance was the answer.

Next month is Life Insurance Awareness Month. It's a good opportunity to think about life insurance and how you can help your clients' employees determine the best life insurance answers for their families. Although life insurance is something everyone needs, not everyone has it or has easy access to it. In the case of group employee benefits, employees who have life insurance through a group policy at work could lose it if they leave their job. You help your clients make important—and sometimes tough—decisions about their benefits program. Make sure that when it comes to life insurance, in particular, you're helping clients make the best decisions for their employees.

Use Life Insurance Awareness Month as an opportunity to review your clients' life insurance offerings and make sure employees get the options they need to protect their families and meet their individual needs. Let's talk about key factors to consider.

Group Products

Many traditional insurance brokers gravitate to group products because that's what they're used to. However, group products may not always be in the employees' best interest. Today's workforce is more mobile. No longer do employees change companies only one or two times in their career. Employees tend to move from one company to another quite often and may end up working for a number of employers by the time they retire. Offering employees the opportunity to purchase individual products at the worksite is a plus because they own the policy, regardless of their employer. They may keep their policies long after they leave their employer. If, however, you're more comfortable

with group products, make sure employees have the option to convert them to an individual policy.

Simple Products

Help your clients make the most of their benefits by recommending simple, easy-to-understand products that work well within a worksite enrollment, where you may not have a lot of one-to-one time with each employee. There are some pretty complicated life products in the marketplace and, if employees can't understand them, chances are they won't see the value in buying them.

Simple Underwriting

Whether a life product is group or individual, it needs to be easy for an employee to get the coverage at a good price. Look for guaranteed issue (no health questions) or simplified issue (minimal health questions). The least expensive way to go is fully underwritten; however, not all employees may be able to get the coverage. You and your clients should weigh the costs and options.

Meet Employees' Needs

Some life insurance products look good from a cost perspective when you spreadsheet them against other life insurance plans. Be careful with this approach because cost may not be the only factor you should consider. Some plans may cost a bit more but they may also have features and benefits that better meet employees' long-term needs.

Offer a Variety of Life Insurance Plans

In general, people buy life insurance for two reasons: to protect their families in the event of their death and to build cash value. That's why it's important for employees to have choices to meet their needs. Let's talk about a few of the most popular worksite marketing life products:

Term life It's easy to understand and more affordable for short-term coverage needs—an advantage for employees who can't afford to buy cash-value life products. Term

life insurance is a good option for employees who have a large number of people depending on them or who have major expenses to cover, such as a mortgage or college tuition. Employees can purchase term life insurance to protect them for a limited period of time, but premiums increase as the insured gets older.

Whole life This type of coverage may cost more than term life insurance, but it's a good choice for someone who wants a life insurance policy with premiums that remain the same and build cash value. The death benefit is guaranteed for the life of the policy, and policyholders can take loans against the cash value.

Universal life This has similar features as whole life: it builds cash value and employees can take loans against the cash value. With universal life insurance, premiums can be flexible, and employees can increase or decrease their death benefit coverage.

A New Twist

Long-term care insurance is very popular in the marketplace; however, for many working Americans, this coverage is too expensive. One combination that's showing promise in the marketplace is to package a universal life plan with an optional long-term care benefit rider, which allows the policyholder to use the universal life policy's death benefit to help pay for long-term care expenses. Pairing it with a universal life policy can give employees some protection to help fill gaps in what their health insurance doesn't cover for long-term care expenses. This works well for several reasons:

- The universal life policy builds cash value.
- If the policy holder lives, cash value can build up in the policy.
- If the policy holder dies, the beneficiaries receive the death benefit.
- Some policies have an accelerated death benefit option that allows policy holders diagnosed with a terminal illness to get an accelerated death benefit that pays before the policy holder's death.
- Some policies have an optional long-term care benefit rider that allows the policy holder to use the policy's death benefit to help pay for long-term care expenses.
- If the policy holder buys an optional restoration of benefits rider, the cash value and death benefit are restored to the universal life policy when the long-term care benefit is used.

The long-term care benefit rider isn't meant to cover all long-term care expenses, but it can help give people some protection if they need long-term care, as well as a choice for how they can use their life policy's death benefit.

Every employee should have life insurance, and the reasons why they need it are as varied as the number of working Americans. By having a variety of life products in your agency's portfolio, you can give clients choices for their benefits programs and offer employees coverage options to meet their individual life insurance needs. Life Insurance Awareness Month gives you the perfect reason to bring new life to your clients' benefits programs and new life to your agency.



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