

INDIVIDUAL DISABILITY INSURANCE POLICIES

SO MANY POLICIES SOLD...

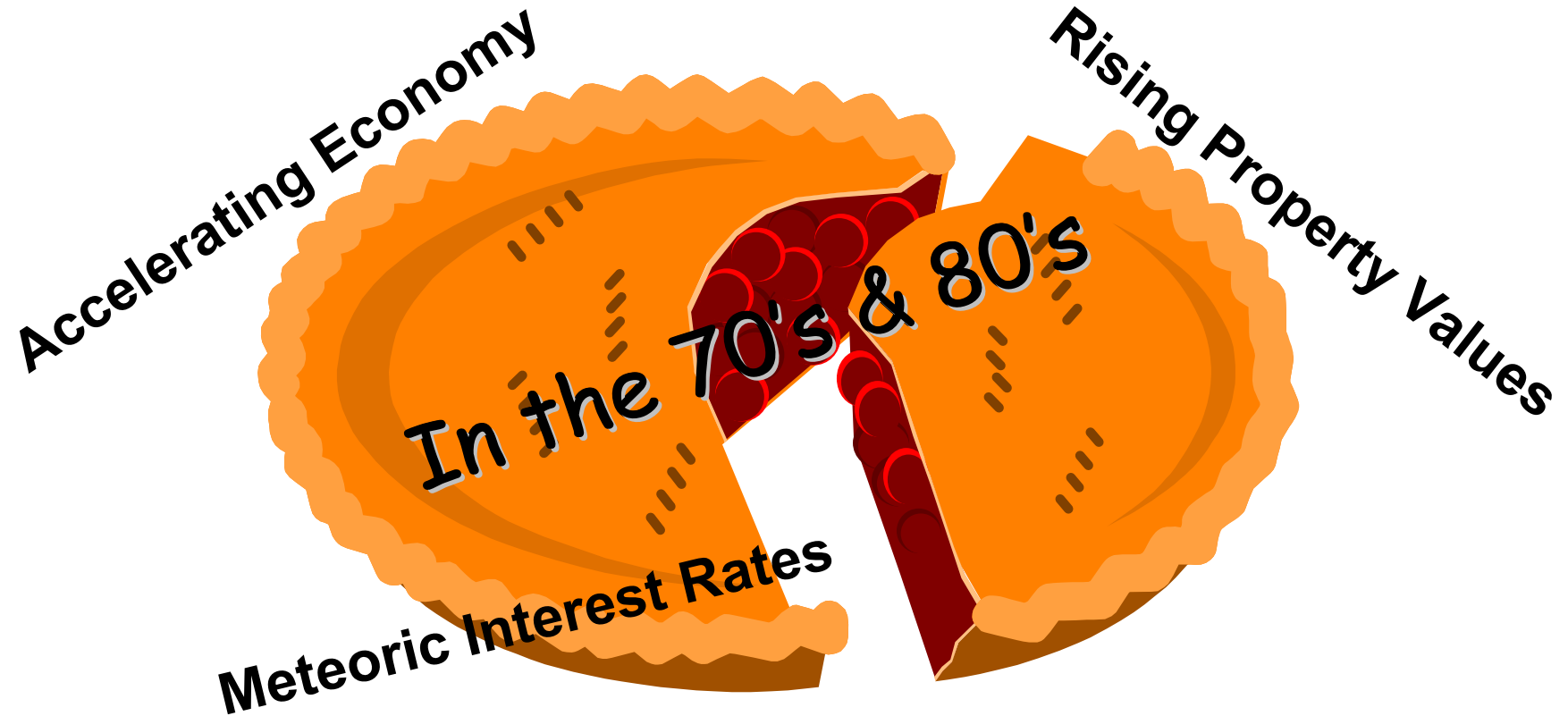
SO MANY DOLLARS IN PREMIUMS PAID...

SO MANY CLAIMS DENIED...why?

DISABILITY CASE OPPORTUNITIES

- ❖ STATE DISABILITY INSURANCE
- ❖ SOCIAL SECURITY DISABILITY
- ❖ WCAB
- ❖ CREDIT CARD DISABILITY
- ❖ AUTO DISABILITY
- ❖ MORTGAGE DISABILITY
- ❖ LIFE INSURANCE DISABILITY RIDER
- ❖ GROUP SHORT TERM DISABILITY (STD)
- ❖ GROUP LONG TERM DISABILITY (LTD)
- ❖ KEY MAN INSURANCE
- ❖ PENSION DISABILITY
- ❖ BOE
- ❖ THE CADILLAC – INDIVIDUAL DISABILITY INSURANCE

INDIVIDUAL DISABILITY INSURANCE IS BIG BUSINESS



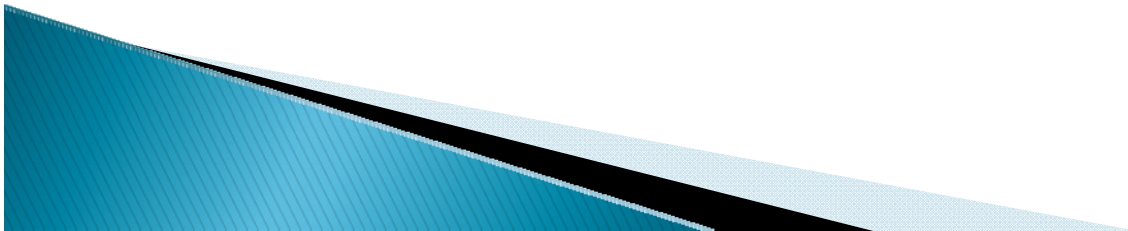
A BILLION \$+ PREMIUM PIE

DISABILITY CARRIERS WERE LOOKING FOR POLICY HOLDER FUEL TO RUN THEIR RICH CORPORATE ENGINES

COMPETITION WAS STIFF

- ❖ All The Carriers Started With Same Product Marketed To Professionals Who Could Afford A “Special Premium” *for special coverage*
- ❖ All The Carriers Marketed Feature Rich Policies To Outselling Each Other To Win Market Share
- ❖ Non-cancellable
- ❖ Guaranteed Renewable
- ❖ Occupation Specific
- ❖ Residual Coverage
- ❖ Specialty Letters
- ❖ Life Coverage
- ❖ Waiver of Premium
- ❖ Return of Premium
- ❖ COLA

HERE IS WHAT IT LOOKED LIKE...



NON-CANCELLABLE & GUARANTEED CONTINUABLE

NON-CANCELLABLE AND GUARANTEED CONTINUABLE AT GUARANTEED PREMIUMS TO YOUR 65TH BIRTHDAY OR FOR FIVE YEARS, WHICHEVER IS LATER: You can continue this policy to your 65th birthday or for five years, whichever is later, by paying premiums on time. The premiums shown in the Policy Schedule on Page 3 are guaranteed to your 65th birthday or for five years, whichever is later.

THE EXTENDED BENEFIT PERIOD

-----MONTHLY BENEFIT FOR TOTAL DISABILITY-----



\$12,000.00

Large Monthly Benefits

-----ELIMINATION PERIOD-----




365 days of Total and/or Residual Disability

Usually 30-90 days

An Elimination Period starting after your 65th birthday must consist entirely of days of Total Disability

-----MAXIMUM BENEFIT PERIODS FOR TOTAL DISABILITY-----

Injuries or Sickness:

Total Disability starting before your 65th birthday		<u>for Life</u>
Total Disability starting on or after your 65th birthday		
but before your 75th birthday		24 months
Total Disability starting on or after your 75th birthday		12 months

-----ADDITIONAL BENEFITS-----

(The premium shown for each benefit is included in the Policy Premium shown above.)

Treatment of Injuries	Page 8	Premium \$39.10
Maximum Amount	\$5,555.00	

TOTAL DISABILITY DEFINED REGULAR CARE/ APPROPRIATE CARE

Total Disability means that due to Injuries or Sickness:

1. you are unable to perform the duties of your occupation; and
2. you are under the care and attendance of a Physician.

Total Disability or totally disabled means that due to Injuries or Sickness:

1. you are not able to perform the substantial and material duties of your occupation; and
2. you are receiving care by a Physician which is appropriate for the condition causing the disability. We will waive this requirement when continued care would be of no benefit to you.

NOTE THAT NEITHER ONE OF THESE DEFINITIONS REQUIRE "OBJECTIVE MEDICAL EVIDENCE" TO PROVE DISABILITY OR A DEFINITIVE DIAGNOSIS TO BE DISABLED

RESIDUAL DISABILITY DEFINED

Residual Disability or residually disabled, during the Elimination Period, means that due to Injuries or Sickness:

1. you are not able to do one or more of your substantial and material daily business duties or you are not able to do your usual daily business duties for as much time as it would normally take you to do them;
2. you have a Loss of Monthly Income in your occupation of at least 20%; and
3. you are receiving care by a Physician which is appropriate for the condition causing disability. We will waive this requirement when continued care would be of no benefit to you.

“OCCUPATION SPECIFIC” CLAUSE & SPECIALTY LETTER

your occupation means the occupation (or occupations, if more than one) in which you are regularly engaged at the time you become disabled. If your occupation is limited to a recognized specialty within the scope of your degree or license, we will deem your specialty to be your occupation.

If you are performing your regular duties as a SPECIALIST in OB/GYN immediately prior to your disability, and then as a result of an injury or sickness become unable to perform those substantial and material duties, you would be considered TD in your occupation

SPECIALTY LETTER

CONTESTABILITY CLAUSES WITH OR WITHOUT “FRAUDULENT MISSTATEMENTS”

TIME LIMIT ON CERTAIN DEFENSES

1. After two years from the Effective Date of this policy no misstatements, except fraudulent misstatements, made by you in the application for this policy will be used to void the policy or to deny a claim for loss incurred or disability that starts after the end of such two year period.
2. No claim for loss incurred or disability that starts after two years from the Effective Date of this policy will be reduced or denied on the ground that a sickness or physical condition not excluded by name or specific description had existed before the Effective Date of this policy.

THE 90'S EXPLODED THE MARKET SHARE BALLOON



**The Everyone Gets Some
MENTALITY!**

**Was Replaced By...
No One "NEW" Gets Any!**

- ❖ Economy Went Sour
- ❖ People Got Sick – Disabilities Occurred
- ❖ Claims Were Made
- ❖ Underwriters Refused To Look In The Mirror
- ❖ Products Priced Too Cheap
- ❖ The Premiums Were Fixed
- ❖ The Block Was Poorly Underwritten...(NO Blood, HIV, or Tax Returns)
- ❖ The Products Were Oversold
- ❖ Claimants On Waiver Of Premium
- ❖ "Death Spiral"

HOW DID THE CARRIERS RESPOND?

- ❖ CLAIMS STACKED UP;
- ❖ MANY ABANDONED THEIR MARKETING PROMISES;
- ❖ SOME TURNED THEIR CLAIM DEPT. INTO “PROFIT CENTERS”
- ❖ CLAIMS ADMINISTRATION AGREEMENTS;
- ❖ MERGERS...MOST STOPPED SELLING NON-CAN
- ❖ NO NEW PREMIUMS – WOP INSTEAD;
- ❖ THE INSURED WAS AN ASSET...NOW BECAME A LIABILITY;
- ❖ ADDED, “EXCEPT FRAUDULANT MISSTATEMENT” TO CONTESTABILITY CLAUSE
- ❖ DOWNGRADED THE OCCUPATIONAL CLASSIFICATIONS AND REDUCED MONTHLY BENEFIT ELIGIBILITY
- ❖ ADDED FELONY AND INCARCERATION EXCLUSIONS

BUT, THEY COULDN'T RUN FROM WHAT THEY HAD SOLD

AND IT WASN'T HARD TO FIGURE

- They Couldn't Change The Economy
- They Couldn't Change Interest Rates
- They Couldn't Change Wall St. Expectations
- They Couldn't Cancel The Non-Cancellable Policies
- They Couldn't Charge More Premiums
- They Couldn't Change Their Generous Policy Language

So They Stopped Selling Individual Non-Cancellable Coverage...
Then NO Product, NO Agents, NO Market, NO Premiums.

BIG CORPORATE CRY BABIES BEGAN THEIR FINANCIAL WHALING...

POOR BILLION \$\$\$ ME!!!

REMEMBER HOW THEY HOOKED YOU? MASTERFUL INSURANCE COMPANIES

OH, NO!!!

- ❖ What Will You Do When Disability Strikes?
- ❖ How Will You Stay Afloat?
- ❖ Is LUCK Your Only Disability Protection?

PROTECTED

- ❖ TRUST US
(Send In Your \$\$\$)
- ❖ BELIEVE IN US
(Send In Your \$\$\$)
- ❖ COUNT ON US
(Send In Your \$\$\$)

They Sold FEAR With A Corporate Promise Of
Peace Of Mind & Security

YOUR DISABILITY CLAIM APPROACH

- ❖ Review Policy
- ❖ Scrutinize Application
 - ❖ 2 Year Contestability
 - ❖ Answers True, Complete?
 - ❖ Agent Fill Out Application?
- ❖ Evaluate ERISA
 - ❖ List Billing/Employer Pay;
 - ❖ Independent Contractor?
 - ❖ Government Employee?
 - ❖ Church Employee?
 - ❖ Sole Proprietor, Partner, Spouse?
- ❖ Agent Or Broker?
- ❖ Credibility Issues And The Ugly Tree
- ❖ Legal Disability
 - ❖ Revocation Of A License?
- ❖ Medical Records Review
- ❖ Occupation Review
 - ❖ Dual Occupations?
 - ❖ Generic Occupation In Denial?
- ❖ Income Review, Except Fraudulent Misstatement
- ❖ Treatment For Disability
- ❖ Symptom Review

- ❖ “Objective” Evidence
 - ❖ Additional Preconditions To Coverage
- ❖ Financial Gain
 - ❖ Benefits Tax-free?
 - ❖ Greater Than Income?
- ❖ Choice
 - ❖ Unwilling Or Unable?
 - ❖ Declined Rehab?
- ❖ Regular Care/App Care
- ❖ Field Visit
- ❖ Surveillance
 - ❖ Biased – 24 Hour Day Reduced To 1 Hour Of Tape
 - ❖ Opportunity To Explain?
- ❖ Activities “Inconsistent”
- ❖ In-House Medical Review

- ❖ IME
 - ❖ Truly “Independent”?
 - ❖ Qualifications?
 - ❖ Doctor’s Financial Gain – Earnings From IME’s?
 - ❖ Provide Correct Disability Definition?
 - ❖ More Weight To Treating Physicians

PUTTING THE PUNITIVE DAMAGE FRAME AROUND THE DISABILITY CLAIM

1. Look For Facts To Support Claim?
2. Conduct Neutral/Detached Investigation?
3. Lie, Conceal, or Misrepresent To Insured Or Their Attorney?
4. Thorough, Fair, Prompt & Objective Claim Investigation?
5. Restrictive View Of Their Claim Form?
6. Use Improper Standards Undefined In Policy Or Concealed At Time Of Sale?
7. Claim Handling Designed To Delay, Deny Or Hold Onto The Money?
8. Destroy/Shred Documents? Only Face To Face Meetings To Avoid Documentation?
9. Abusive/Coercive Claims Practices?
10. Demand Tax Returns for TD Claim?
11. Ratify Pls That Trespass?
12. Field Reps Demanding Documents in a DR's Waiting Room?
13. Unannounced Field Rep Visits?
14. Conduct Global Database Searches?
15. Abuse the Insureds' Authorizations?
16. ROR -Fail To Pay Under; Use For Too Long?
17. Investigate Occupational Duties?
18. Use DOT?
19. Use FCE?
20. IME Doctor Overused?
21. Investigate \$ Earned By IME Doctor?
22. Investigate Treaters vs. IME's Qualifications?
23. Claim Rep Reasoning In Writing?
24. Med Dept. Reasoning In Writing?
25. Document All Conversations?
26. Correctly Interpret Policy?
27. Timely Advise Insured of Rights & Remedies?
28. Financially Biased Vendors?

PUNITIVE, cont.

29. Leading Questions?
30. Company Promises Fulfilled?
31. Eye Toward Payment?
32. Insured On Equal Footing?
33. Claim File – Incomplete?
34. Claim File – Inconsistent?
35. Policy Definitions Used = Marketing Promises?
36. Lack Of Information Due To Poor Investigation?
37. Deny Based Upon Speculation?
38. Provide Reasonable Denial Explanation?
39. Disclose All Significant Facts?
40. Financial Impact On Company Considered?
41. Undue Emphasis On Facts Favoring Denial?
42. Rely On Biased In-house Medical?
43. Upper Management OK Improper Standards/Procedures?
44. Claims Rep Properly Trained?
45. Post Claim Underwriting?
46. Dec Relief = Unreasonable Litigation?
47. Low Settlement Offers?
48. Trash, Bash Insured?
49. Rationalize Away Legitimate R&L's?
50. Public Disclosure Of Private Information?
51. Smear Campaign?
52. Arbitrary Goals?
53. Rewards For Denials?
54. All Benefits Disclosed?
55. Conceal How It Interprets Policy Terms?
56. Violate the law?
57. Did they adhere to the Fair Claims Practices?
58. Properly Train Claims Handlers on the law?
59. Daily Medical Quotas?
60. Did they deny/terminate more than once?
61. Apologize?