Find DI Sales In Your Own Backyard

THE PLUS GROUP
America's Premier Disability Marketing Organization

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Life is Full of Risks

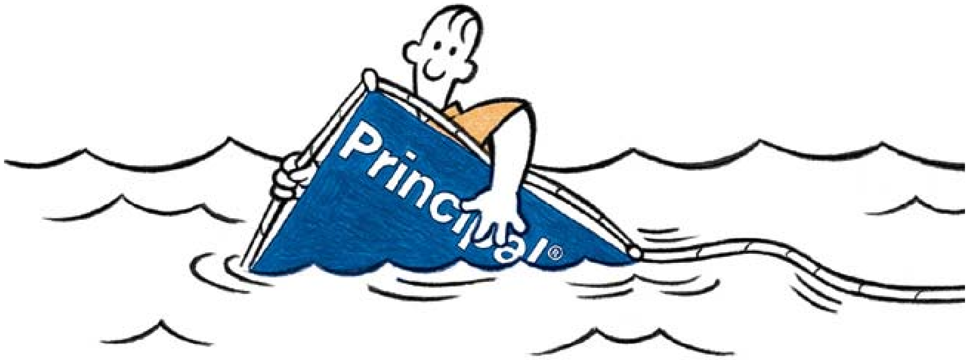
Odds for Risk	Covered by Insurance
1 out of 5	that your client's auto will be damaged in an accident
1 out of 21	that your client will have a disabling accident
1 out of 96	that your client will have a fire
1 out of 114	that they will die

Source: Field Guide 2001, National Safety Council, World Almanac

Income Protection

Existing clients with life changes (baby, newly married/divorced, etc)
New clients just starting out in their career

Offer = Individual Disability Income insurance



Individual Disability Income Insurance

- Objective: To cover income in the event of a disability.
- Benefits: Helps insure an individual can:
  - Maintain current lifestyle without draining savings or business profits.
  - Continue saving for retirement/future dreams.
  - Provide for his/her family.

Did you know that nearly half of the one million Americans who filed for bankruptcy protection in 1999 did so after being sidelined by an unexpected illness or injury?

Source: New York Post, April 13, 2000, “There’s No Insuring You Won’t Go Bankrupt.”

Is There Really a Need?

"American workers (at firms with 10-1,000 employees) continue to live in a state of worry about their financial security."*

*According to results of he third quarter 2004 Principal Financial Well-Being Index[SM.] The Principal Financial Well-Being Index is a quarterly study that identifies and tracks trends in consumer financial well-being, retirement planning, employee benefits and workplace trends. It is conducted by Harris Interactive and commissioned by the Principal Financial Group®, the nation's 401(k) leader.

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Why Disability Coverage?

Over their careers, workers are three and a half times more likely to be injured and need disability coverage then they are to die and need life insurance.

(Source: Health Insurance Association of America, 2000)

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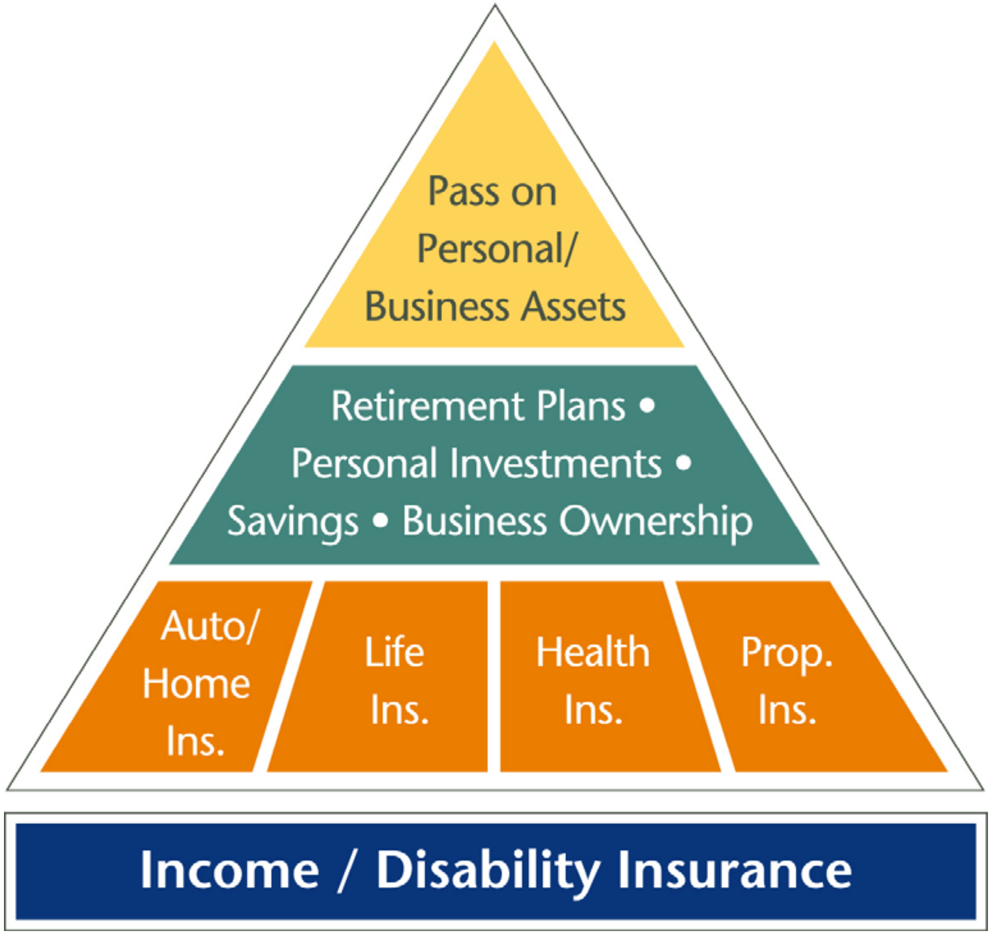
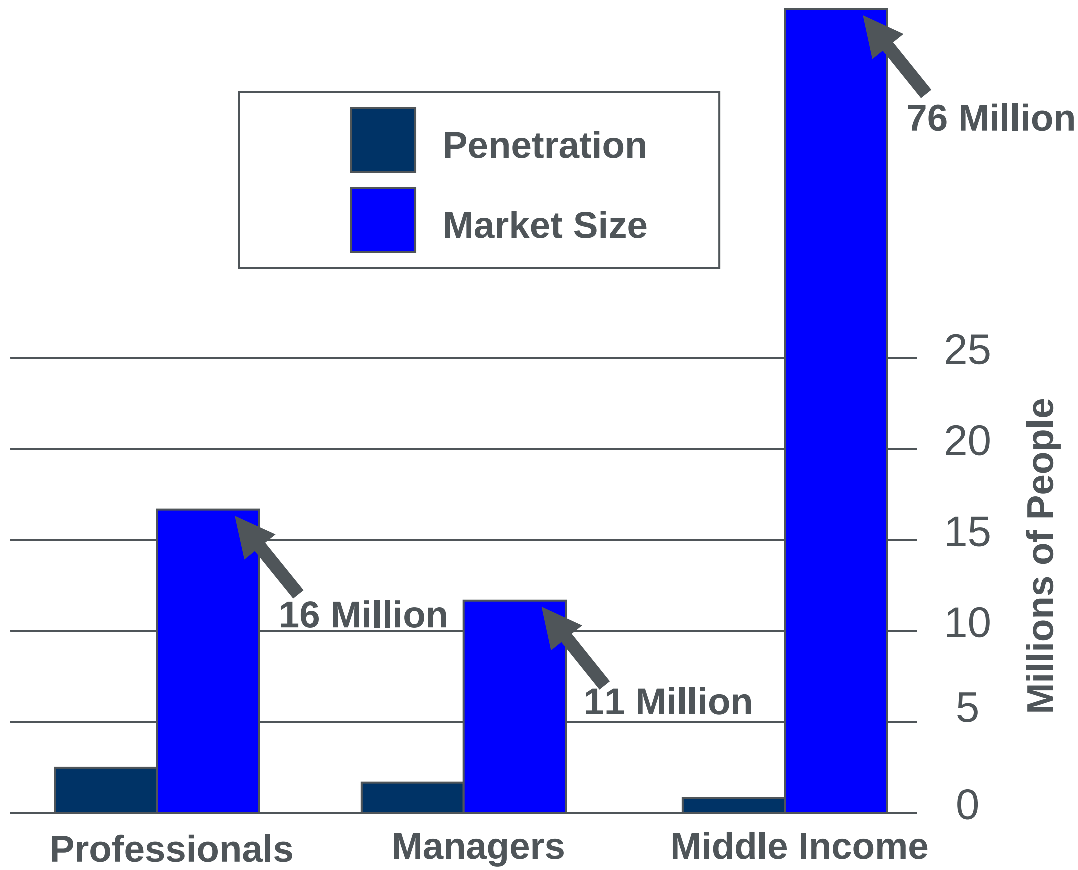
Income is the Financial Foundation



Significant Market Potential

Estimated Individual disability market-size and penetration.

Penetration is minimal.



Source: Response Analysis Corporation, 1994

Multi-Life Solutions

Executive Bonus
Executive Carve-Out
Employer clients wanting to expand benefit offerings

Offer = Multi-Life Solutions

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Multi-Life Trends

- Small- to mid-sized businesses are the most popular market*
- Most insurance companies target the under $150,000 employee income market**

*Opportunities for Value Growth in the Disability Market presentation, Mercer Management Consulting, February 2000

**LIMRA MarketScan: Multilife Executive Disability Products, 2001

Voluntary Trends

- Employers are using voluntary programs to help control benefit costs while still offering a comprehensive package*
- Voluntary products are helping attract and retain quality employees in a tight labor market*

*Opportunities for Value Growth in the Disability Market presentation, Mercer Management Consulting, February 2000

Large Case Multi-life Offerings (GSI/SI)

- Case design and consultation through the DI Solutions Center
- Customized employee proposals
- Pre-filled applications
- Enrollment and re-enrollment assistance
- Administrative support
- Marketing tools, such as:
  - Employer Pitch Kits
  - Employee Pitch Kits
  - Customized Enrollment Communications

Case Study

Simplified Multi-Life

- **Market:** Commercial and industrial heating industry
- **Background:** Employer offered group long-term disability insurance, but had several key executives that had an income protection gap
- **Solution:** Carved out executives and offered Voluntary Simplified Multi-Life during 1:1 enrollments
- **Results:** Sale resulted in $8,000 in annualized premium, plus the potential to offer additional products

Commission Potential

$4,000
First Year Commission*

$3,600
Renewal Commission Potential Over Next 10 Years*

* Assuming 50% commission, 100% persistency and no annual coverage increases.

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What Companies to Approach

- Employers who are committed to employees
- Solid companies providing comprehensive benefit packages
- Companies with existing Group LTD – compete with other carrier's rates
  - Group LTD program designs with replacement ratios of 40 to 60+ percent
  - Group LTD monthly benefits beginning at $4,000 per month
  - Employee replacement income that does not include bonus and commissions

What Companies to Approach

- Average employee under age 50
- 1099 employees not eligible for Group LTD
- 25 or more key employees earning $35K+ or 10 to 12 employees earning $100K+
- Key employees earning more than $60K

Retirement Income

401(k) Plans
Mutual Funds
IRAs
Clients maxed out on Individual DI insurance

Offer = DI Retirement Security

Protecting Retirement Savings

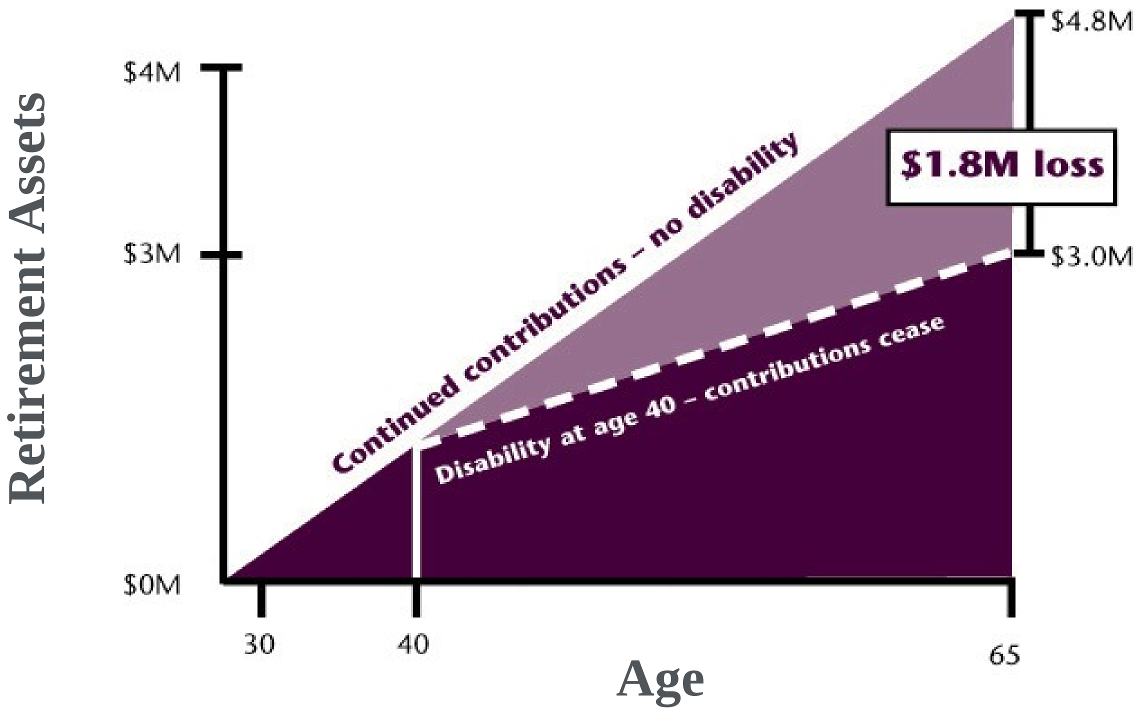
Your clients have probably started saving for retirement. What would happen if they suffered a disabling illness or injury and could not work?

*Roughly $2 trillion of Americans' retirement savings have been lost over the past 15 months.**

Many of your clients may be paying closer attention to their retirement plans due to recent market volatility. As you help them review their current retirement goals and plans, talk to them about DI Retirement Security.

* Orszag, Peter R. "The Effects of Recent Turmoil in Financial Markets on Retirement Security." Before the Committee on Education and Labor-U.S. House of Representatives. Washington, D.C., Oct. 7, 2008.

Impact of a permanent disability on retirement savings at age 40



Assumptions: $2,000/month contributions beginning at age 30, 8% rate of return and age 65 retirement. Consequences of disability at age 40, without retirement savings protection.

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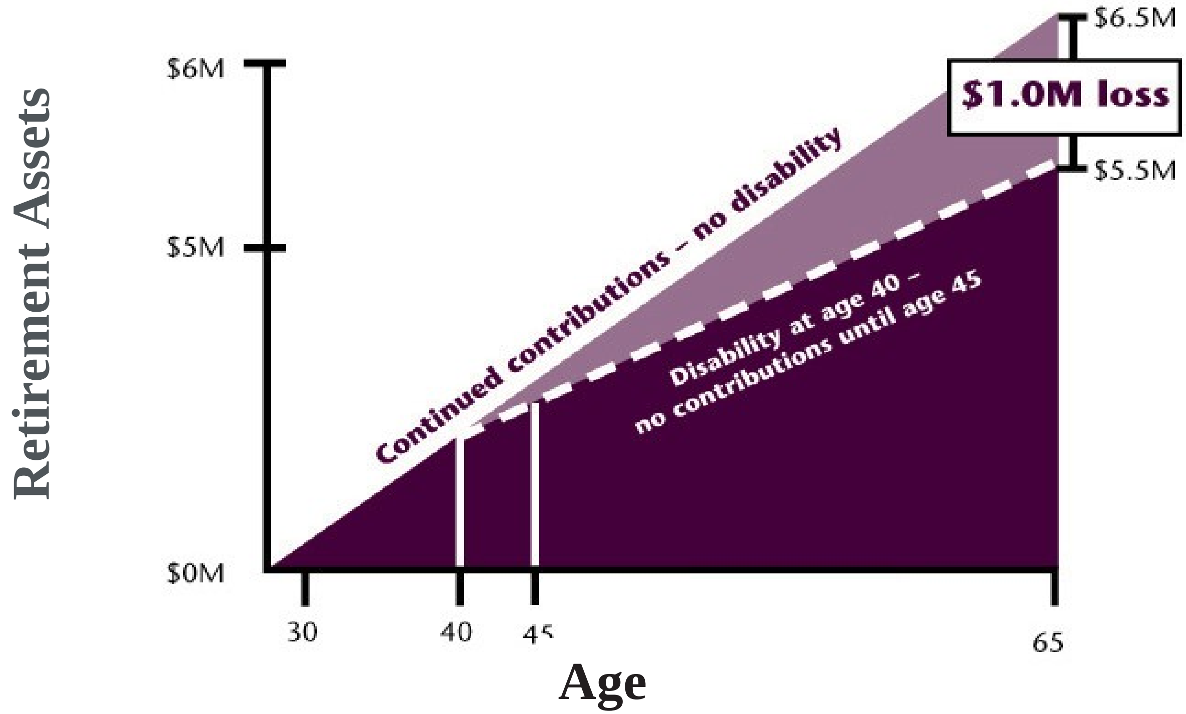
Impact of a 5-Year disability on retirement savings



Assumptions: $3,000/month contributions beginning at age 30, 8% rate of return and age 65 retirement. Consequences of a five-year disability at age 40, without retirement savings protection.

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Solution…

Protect retirement savings

with a disability income

insurance policy

Coverage Overview

Traditional individual disability income (DI) insurance policy:

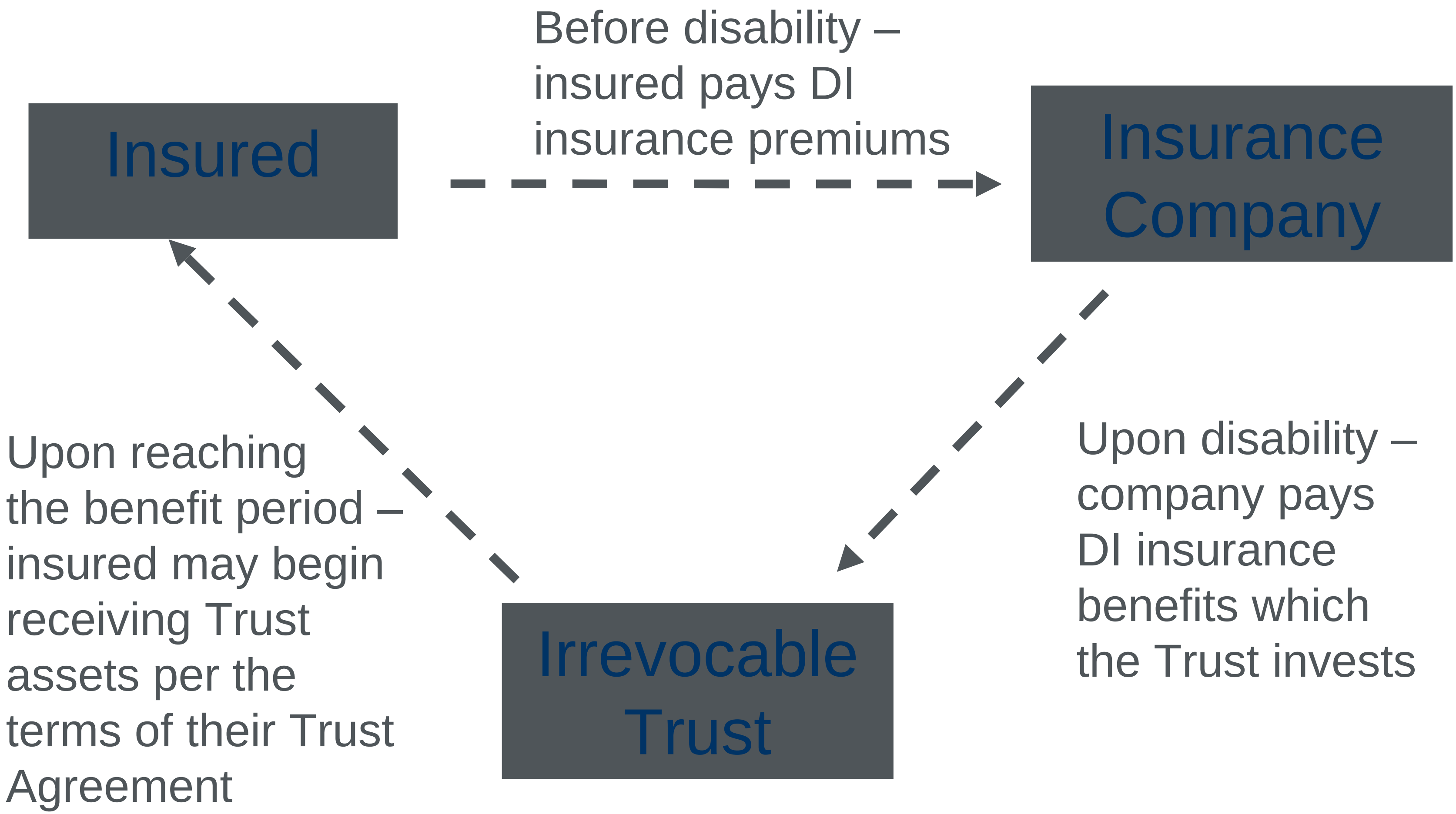
- Pays a monthly benefit to help you cover personal living expenses (mortgage, utilities, etc.) during a disability

How Does It Work?

A policy to protect your client's retirement savings should provide upon disability:

- Pay a monthly benefit
- Benefits should be paid in addition to any existing DI coverage
- Portable

How Does It Work?



Business Protection

Stay Bonus
Key Person
Employee Stock Ownership Plan

Offer = Overhead Expense insurance

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Overhead Expense Insurance

- Objective: to reimburse a business owner for covered business expenses incurred during his/her disability.
- Benefits: Helps insure a business can remain open and the owner can either:
  - Return to financially sound business; or
  - Sell a business that has not depreciated because of the owner's disability.
- Target Market: Business owners and self-employed individuals; business with 8 or less owners for fee-for-service businesses and businesses with 4 or less owners for other business types
- Product Design: Have fully underwritten and Simplified OE programs available.

Motivating Questions for OE insurance

- Can the business maintain a reasonable level of income during the owner's disability?
- How would your client continue to pay business expenses when he/she can't generate revenue because of a disability?
- Where would this money come from?
- Would the business have to turn clients away?
- Would they be able to keep the doors open?

Exit Planning

Buy-Sell Agreements funded with Life Insurance

Offer = Disability Buy-Out Insurance

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Disability Buy-Out Insurance

- Objective: Reimburse money paid for the purchase of a disabled owner's interest in the business in the event of a long-term disability.
- Benefits:
  - Benefits are income tax-free – the disabled owner is taxed only on the gain from the sale of the business.*
  - Provides a funding solution for the business.
- Product Design: Have fully underwritten and Simplified DBO programs available.

*Clients should contact their tax advisor for details.

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Audiences for DBO insurance

- Small to medium-sized businesses with:
  - 10 or fewer owners*
  - At least 10% ownership
  - A buy-sell agreement
- Owners that depend on each other to keep the business running smoothly.
- Target Market – Law firms, CPA firms, physician practices, computer/software companies, distribution companies, engineering companies and architectural firms.

*May depend on occupation class.

10 Questions You Must Ask

1. Are all current owners party to the buy-sell agreement?
2. Have the owners reviewed the business valuation formula recently?
3. Does the agreement state that shareholders will set the buy-sell price at an annual meeting?
4. Is the agreement funded with both life and disability buy-out insurance?
5. Does the agreement address how life insurance is treated in valuing the business?

10 Questions You Must Ask

6. If life and disability insurance have been purchased, has policy ownership been coordinated with the buy-sell agreement?
7. Does the definition of disability in the buy-sell agreement match or refer to the definition of disability in the disability buy-out policy?
8. Has the business entity type changed since the agreement was drafted?
9. When did the client's attorney last review the agreement?
10. Have the business owners considered the estate planning implications of the buy-sell agreement?

Selling Multiple Products

Case Study

- **Market:** Psychologist Office
- **Background:** Client wanted to protect his income and business in the event of a disability
- **Solution:** Multi-Life Individual Disability Income Insurance, Overhead Expense Insurance and DI Retirement Security
  - Proposed adding other staff to get Multi-Life discount for coverages
- **Results:** Sale resulted in $7,884 in annualized premium for:
  - Three Individual Disability Income insurance policies
  - DI Retirement policy
  - Overhead Expense policy

Commission Potential

$3,942
First Year Commission*

$3,548
Renewal Commission Potential Over Next 10 Years*

* Assuming 50% commission, 100% persistency and no annual coverage increases.

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Questions?

Please contact your local Plus Group Office for more information. Go to www.plusgroup.com and click on the agency locator to find an office near you or call 800-831-1018.

Please remember to abide by the company's policy on disclosure of compensation. You can obtain more information, as well as a sample disclosure form, at www.principal.com.

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