

Disability Income Choice

Individual and Multi-Life Portfolio



Short-Term Disability in the Small Business Market

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Agenda

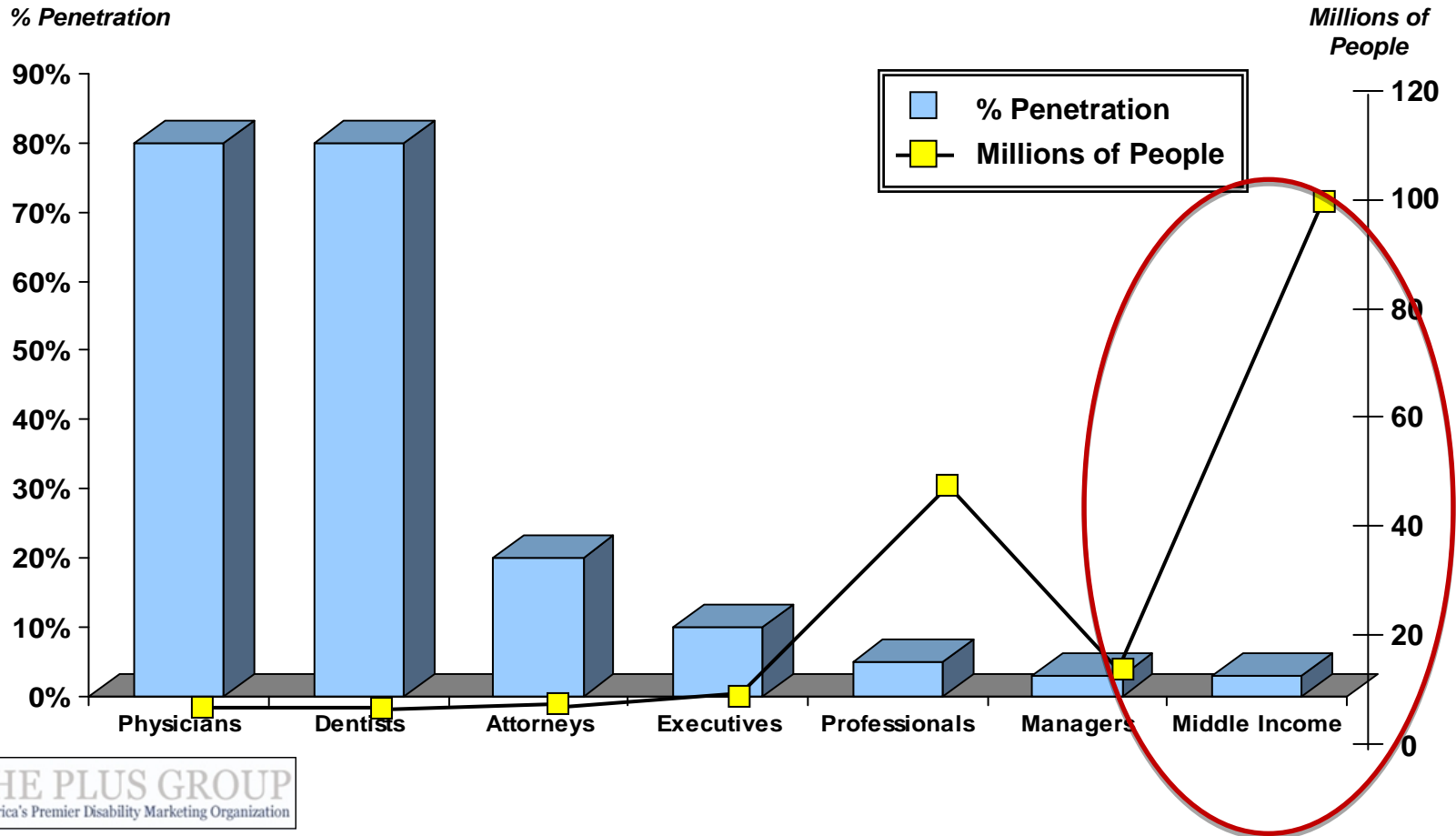


- Snapshot of Guaranteed Renewable STD in the Voluntary Workplace Market
- Opportunity in the small business market
- Product solutions for the small business market: DI Choice at Work



Snapshot of Guaranteed Renewable STD in the Voluntary Workplace Market

DI Market Dynamics



Snapshot of the GR Voluntary STD Market Today



- Sales in this market in 2010 reached \$775 million
 - STD accounts for 74% of worksite DI sales
- Average benefit amount \$1,500
- 14 day EP/6 month BP
- Ages 30 – 49
- Higher percentage of females
- Top 3 industries offering voluntary benefits:
 - Health services and doctors
 - Retail/wholesale trade
 - Manufacturing



Opportunity in the Small Business Market

Opportunity in the Small Business Market



- LIMRA study: Voluntary Worksite Benefits: Penetration and Market Potential
 - Out of 1,183,000 small businesses (10-99 EE's), 29% are interested in adding a voluntary benefit in the next 2 years
 - By industry, the most likely to add a new benefit:
 - Construction & Mining
 - Manufacturing
 - Wholesale/Retail Trade
 - Service

Opportunity in the Small Business Market



- 2.1 million US firms employ between 5 – 49 employees
- Only 23% of employees say they own insurance outside of the workplace (other than home & auto)
- In a recent survey conducted by Eastbridge Consulting Group, Inc., on a scale of importance from 1 to 10 , employees ranked DI at 7.43 or very important, right behind Life insurance at 8.35

Opportunity in the Small Business Market



- In a recent LIMRA survey of 2,174 financial decision makers, 25-64 yrs old, \$35k to \$125k in household income:
 - 93% said disability income protection was a financial goal, while only 16% had achieved that goal
 - 49% considered disability income insurance to be a necessity
 - 72% of middle market consumers want to speak with a professional about at least one financial product or service



Product Solutions for the Small Business Market: DI Choice at Work

DI Choice at Work



- Provides you a Short Term product solution in the small employer market
- Target Market
 - Small businesses (50 and under lives)
 - Blue & Gray collar industries
 - Service Industry
 - Manufacturing
 - Hospitals
 - Retail
 - Construction

- Program Highlights
 - Products available: Accident Only Short-Term, Short-Term Disability (Accident & Sickness), Long-Term Disability
 - Unisex Rates
 - Discounts of 10% to 25%
 - Programs starting with a minimum of 3 lives
 - Guaranteed Standard Issue underwriting with a minimum of 10 lives
 - Normal maternity coverage
 - Individual product chassis, fully portable

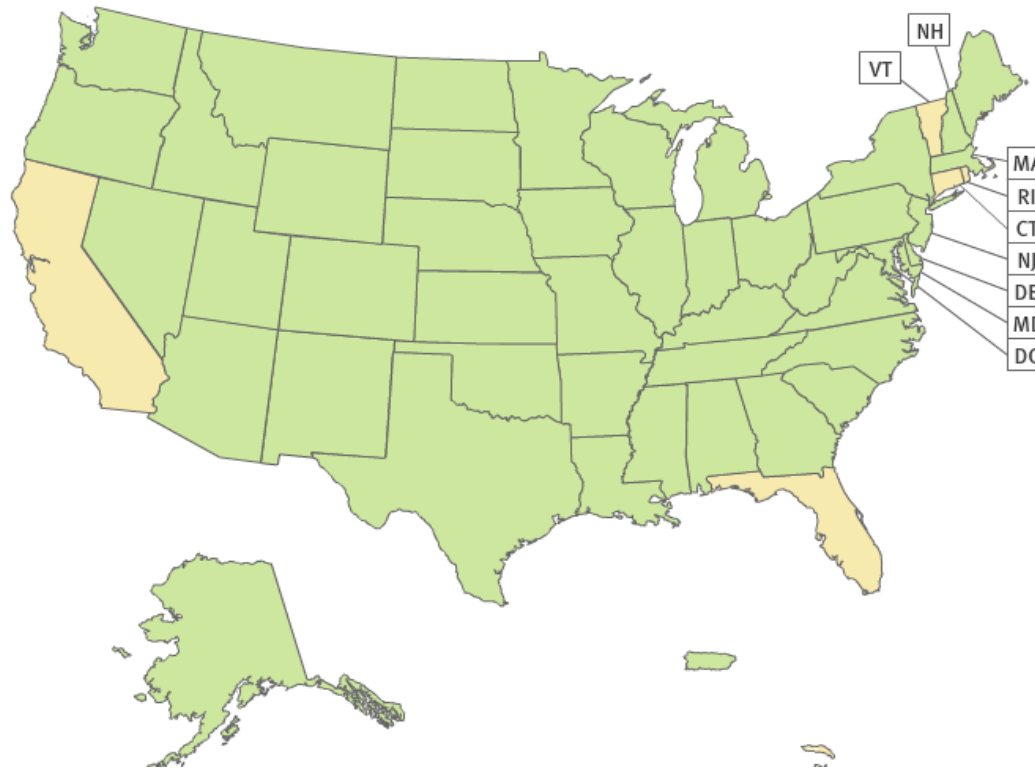
- Accident Only Short-Term Product Highlights
 - 0, 7, 14, 30, 60 or 90 day EP
 - 3, 6, 12 or 24 month BP
 - Age-banded rates
 - Up to \$5,000 base benefit
 - Guaranteed renewable to age 67
 - Riders
 - Accident Medical Expense
 - Accident Hospital Confinement

- Short-Term Disability Product Highlights
 - 0/7, 7, 0/14, 14, 30, 60 or 90 day EP
 - 3, 6, 12 or 24 month BP
 - Up to \$5,000 base benefit
 - Guaranteed renewable to age 67, conditionally renewable for life
- Riders
 - Critical Illness
 - Hospital Confinement

DI Choice at Work



- Available States (as of 9/1/11)



Benefits of DI Choice at Work



Benefits of DI Choice at Work

Flexibility – Portability – Affordability – Convenience

Benefits to Employer

- Attract and retain quality employees
- Enhanced business reputation
- Builds employee morale
- Additional discounts/benefits with Business Owner Upgrade

Benefits to Employees

- Income Protection
- Payroll deduction
- Portability
- Affordability

How does it Work?



- Employers can determine eligibility, benefit selections and funding:
 - Mandatory Participation
 - Voluntary Participation
 - Carve-out groups

Applicant Eligibility



- Coverage is available for:
 - Business Owner(s)
 - W-2 employees
 - Eligible employees working 30+ hours per week
 - Ages 18-70 (18-61 for Accident Only)



Underwriting Programs



- **Guaranteed Standard Issue (GSI)**
 - 10 lives minimum
 - 4 underwriting questions
 - No ratings or exclusions
 - Up to 25% discount
 - Mandatory & Voluntary options
 - Underwriting is done mostly at a group level
 - A standard offer is made to all employees
 - 60% of income up to \$3,000/ 30 day EP/ 24 mo BP

Mandatory GSI



- 100% Employer-paid
- Minimum of 10 Eligible Employees
- 4 GSI Questions
- Buy-ups through SI program
- 3/12 Pre-Ex
- ABI available

3 – 9 lives	N/A
10 – 24 lives	<ul style="list-style-type: none">• 15% discount• Up to \$3,000
25 – 49 lives	<ul style="list-style-type: none">• 20% discount• Up to \$5,000
50+ lives	<ul style="list-style-type: none">• 25% discount• Up to \$8,000

Voluntary GSI



- Minimum of 10 Employees and 30% participation
- 4 GSI Questions
- Buy-ups through SI program
- 12/12 Pre-Ex

3 – 9 lives	N/A
10 – 24 lives	<ul style="list-style-type: none">• 10% discount• Up to \$3,000
25 – 49 lives	<ul style="list-style-type: none">• 15% discount• Up to \$4,000
50+ lives	<ul style="list-style-type: none">• 20% discount• Up to \$5,000

GSI "Gatekeeper" Questions



SECTION B

Complete for GUARANTEED STANDARD ISSUE (GSI)

- If you answer "Yes" to questions in this section, do not continue. We will be unable to offer you Disability coverage.

1. Are you considered a part-time employee by your employer?..... Yes No
2. Are there any material and substantial duties of your job that you are unable to perform due to sickness, maternity or injury?..... Yes No
3. Do you have a complete and irrecoverable loss of your speech; hearing in both ears; sight in both eyes; or the use of both hands, both feet or one hand and one foot? Yes No
4. Have you tested positive for HIV or its antibodies or received medical advice or sought treatment for AIDS or ARC? Yes No

GSI Group Evaluation Criteria



- Occupation distribution
- Incomes
- Gender mix
- Stability of business/employee turnover
- Existing Coverage
- Participation Potential/voluntary enrollment experience
- Broker relationship with key decision makers/experience with enrollments

STD Sales Opportunities



- Groups with no existing coverage
- Fill in gap with LTD elimination period
- Supplement to health insurance
 - Accident Medical Expense, Critical Illness & Hospital Confinement riders
- More affordable option for middle market employees
- Employee sick pay plan

Benefits to the Business Owner



- Allows for an occupation class upgrade on the owner(s) of the business when you write a DI Choice at Work program (either GSI or SI)
- Qualifications (same as self-employed discount on fully underwritten products):
 - Minimum 20% ownership
 - \$32,000 net income for the past 2 years
 - Not a health care occupation

- **Owner of a Plumbing Company (2A)**
- **45/NT/\$100,000 Net Income**
- **Looking for maximum BP LTD with a 90 day EP**

Underwriting Program	Occupation Class	Benefit Period	Elimination Period	Benefit	Premium
Fully underwritten with 15% SE discount	2A	10 years (max available)	90 days	\$5,000	\$3,028.49
Simplified Issue with 15% discount & Upgrade	3A	10 Years	90 days	\$5,000	\$2,314.42
		Or To Age 67			\$2,560.03

Business Owner Upgrade



DI Choice at Work Business Owner Upgrade

Original Occupation Class	Rate "Discount" with Upgrade	Previous Max Benefit Period	New Max Benefit Period	Previous Max Base Benefit	New Max Base Benefit	Newly Available Riders
6A	0%	To Age 67	To Age 67	\$10,000	\$10,000	N/A
5A	-10%	To Age 67	To Age 67	\$10,000	\$10,000	N/A
4A	-13%	To Age 67	To Age 67	\$10,000	\$10,000	N/A
3A	-23%	To Age 67	To Age 67	\$8,000	\$10,000	N/A
2A	-21%	10 year	To Age 67	\$6,000	\$8,000	N/A
1A	-24%	5 year	10 year	\$5,000	\$6,000	Extended Own Occ & FIO

*Does not include health care occupations

GSI Example (STD)



- Voluntary STD
- 60% up to \$1,500
- 14 day EP, 6 month BP
- 15% discount, 12/12 pre-ex

Client Number	Client Name	Age	Occ. Class	Annual Income	Monthly Base Benefit	Monthly SIS Benefit	Total Benefit	Modal Premium
1	EMPLOYEE 1	30	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$88.25
2	EMPLOYEE 2	30	2A	\$35,000	\$1,500	\$0.00	\$1,500	\$67.07
3	EMPLOYEE 3	30	3A	\$40,000	\$1,500	\$0.00	\$1,500	\$52.95
4	EMPLOYEE 4	30	4A	\$45,000	\$1,500	\$0.00	\$1,500	\$40.59
5	EMPLOYEE 5	35	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$88.25
6	EMPLOYEE 6	35	2A	\$35,000	\$1,500	\$0.00	\$1,500	\$67.07
7	EMPLOYEE 7	35	3A	\$40,000	\$1,500	\$0.00	\$1,500	\$52.95
8	EMPLOYEE 8	35	4A	\$45,000	\$1,500	\$0.00	\$1,500	\$40.59
9	EMPLOYEE 9	40	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$92.60
10	EMPLOYEE 10	40	2A	\$35,000	\$1,500	\$0.00	\$1,500	\$70.37
11	EMPLOYEE 11	40	3A	\$40,000	\$1,500	\$0.00	\$1,500	\$55.56
12	EMPLOYEE 12	40	4A	\$45,000	\$1,500	\$0.00	\$1,500	\$42.60
13	EMPLOYEE 13	45	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$100.56
14	EMPLOYEE 14	45	2A	\$35,000	\$1,500	\$0.00	\$1,500	\$76.43
15	EMPLOYEE 15	45	3A	\$40,000	\$1,500	\$0.00	\$1,500	\$60.34
16	EMPLOYEE 16	45	4A	\$45,000	\$1,500	\$0.00	\$1,500	\$46.26
17	EMPLOYEE 17	50	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$110.51
18	EMPLOYEE 18	50	2A	\$35,000	\$1,500	\$0.00	\$1,500	\$83.99
19	EMPLOYEE 19	50	3A	\$40,000	\$1,500	\$0.00	\$1,500	\$66.31
20	EMPLOYEE 20	50	4A	\$45,000	\$1,500	\$0.00	\$1,500	\$50.84

GSI Example



- Potential Savings
 - Female, age 40, occupation class 3A
 - Individual non-discounted product monthly premium: \$76.29
 - DI Choice at Work monthly premium: \$55.66
 - 27% premium savings

GSI Example (Accident Only)



- Voluntary Accident Only
- 60% up to \$1,500
- 14 day EP, 6 month BP
- 15% discount, 12/12 pre-ex
- Accident Only helps you keep premiums affordable for employees without much disposable money
- You can pair Critical Illness Worksite with Accident Only to provide some sickness coverage
- Ex. 40yr old can add \$10,000 in CI benefits for \$9.50/month for a total of \$27.71/month

Client Number	Client Name	Age	Occ. Class	Annual Income	Monthly Base Benefit	Monthly SIS Benefit	Total Benefit	Modal Premium
1	Employee 1	30	2A	\$30,000	\$1,500	\$0.00	\$1,500	\$18.21
2	Employee 2	40	2A	\$30,000	\$1,500	\$0.00	\$1,500	\$18.21
3	Employee 3	45	2A	\$30,000	\$1,500	\$0.00	\$1,500	\$18.21
4	Employee 4	50	2A	\$30,000	\$1,500	\$0.00	\$1,500	\$19.52
5	Employee 5	55	2A	\$30,000	\$1,500	\$0.00	\$1,500	\$20.87
6	Employee 6	30	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$23.96
7	Employee 7	40	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$23.96
8	Employee 8	45	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$23.96
9	Employee 9	50	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$25.68
10	Employee 10	55	1A	\$30,000	\$1,500	\$0.00	\$1,500	\$27.47



• Program Highlights

- Issue ages 18-69
- Unisex rates, spouse coverage available
- Benefit amounts: \$5,000 to \$75,000
- Issue/Reject underwriting (no additional requirements)
- 100% coverage for heart attack, stroke, life threatening cancer, major organ transplant & kidney failure
- 25% coverage for first carcinoma in situ, first ever coronary angioplasty & first ever coronary artery bypass
- 3 or more employees, PRD only

www.disabilityincomechoice.com

Disability Income Choice Portfolio

Nebraska



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