



# Guaranteed Renewable Disability Insurance – A Developing Opportunity

The Plus Group Live Audioconference  
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# Agenda

- Guaranteed Renewable vs. Noncancellable
- GR in the past
- GR today
- Rate increases
- Target markets

# GR versus Noncan

- ***Noncancellable—The insured has the right to renew the policy to a stated age by timely payment of the premium. A guaranteed premium rate is set forth in the contract and may not be changed by the insurer. While the contract is in force, the company cannot cancel the policy or make any unilateral change in its benefits.***
- ***Guaranteed renewable —The insured has the right to renew the policy to a stated age by timely payment of the premium. On the policy anniversary, the company has the right to change the premiums for all insureds of the same class but cannot cancel the policy or make any unilateral change in its benefits.***

# GR in the past

- Perceived as a second class product
- Limited riders/benefits available
- Industry driven, not consumer driven
- Inadequate broker education
- Insignificant premium differential from noncan
- Limited sales

# GR today

- All or most riders/benefits available
- Significant premium savings
- Increasing percentage of new sales premium
- Brokers becoming better educated and more comfortable
- Economic factors

# Premium comparison

\$1,000 monthly benefit, 90 day EP, to age 67 BP,  
with Residual and Catastrophic coverage of  
\$3,000, 3A male

Age 30	Noncan \$439.20	GR \$334.90	24%
Age 40	Noncan \$671.31	GR \$490.53	27%
Age 50	Noncan \$973.78	GR \$686.44	30%

# Premium comparison



\$1,000 monthly benefit, 90 day EP, to age 67 BP,  
with Residual and Catastrophic coverage of  
\$3,000, 3A female

Age 30	Noncan \$708.52	GR \$483.86	32%
Age 40	Noncan \$918.58	GR \$625.16	32%
Age 50	Noncan \$1,288.33	GR \$863.10	33%

# Premium comparison

\$1,000 monthly benefit, 90 day EP, to age 67 BP,  
with Residual and Catastrophic coverage of  
\$3,000, 10% ML Discount

Age 30	Noncan \$412.25	GR \$313.08	25%
Age 40	Noncan \$633.81	GR \$460.34	27%
Age 50	Noncan \$917.21	GR \$641.83	30%



# GR benefits for carriers and clients



- Clients are able to protect their income in the most economical way, without trading quality benefits
- Carriers are able to reach a greater number of clients across the buying spectrum
- Allows for more sales and block diversity
- Provides some relief for unforeseen claims experience

# How do carriers raise rates?

- Complicated and involved process
- Rate increases are filed with and must be approved by the state insurance commissioner
- Increase requested must apply to a class of policyholders, not an individual insured or multi-life case
- The state determines if the increase is actuarially justified, and if so, to what level
- Increases are allowed to keep the company solvent, not return to original profitability levels

# Reality

- Carriers are much more likely to raise rates on incoming members of a underperforming insured class
- GR functions much like a stop loss for unforeseeable market changes

# GR target markets

- Multi-life business
  - Provides reduced costs for employers purchasing coverage for employees
  - Helps achieve better participation for voluntary cases
- Younger ages looking for premium relief without giving up quality of benefits
- Older ages

**Thank you for attending!**



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