

# What we'll be covering...

- ✓ **Disability income for you and your employees**
- ✓ **Business expense insurance in the case employer becomes disabled and cannot make employee payroll and other fixed costs.**
- ✓ **Retirement protection, if you become disabled – this protection completes your plan**
- ✓ **Business reducing term insurance, if you have a commercial loan – you bought someone's business and your become disabled – this insurance pays your loaner back**

# Disability Statistics

**THE CHANCES OF DISABILITY OCCURING ARE MUCH GREATER THAN MOST AMERICANS REALIZE**

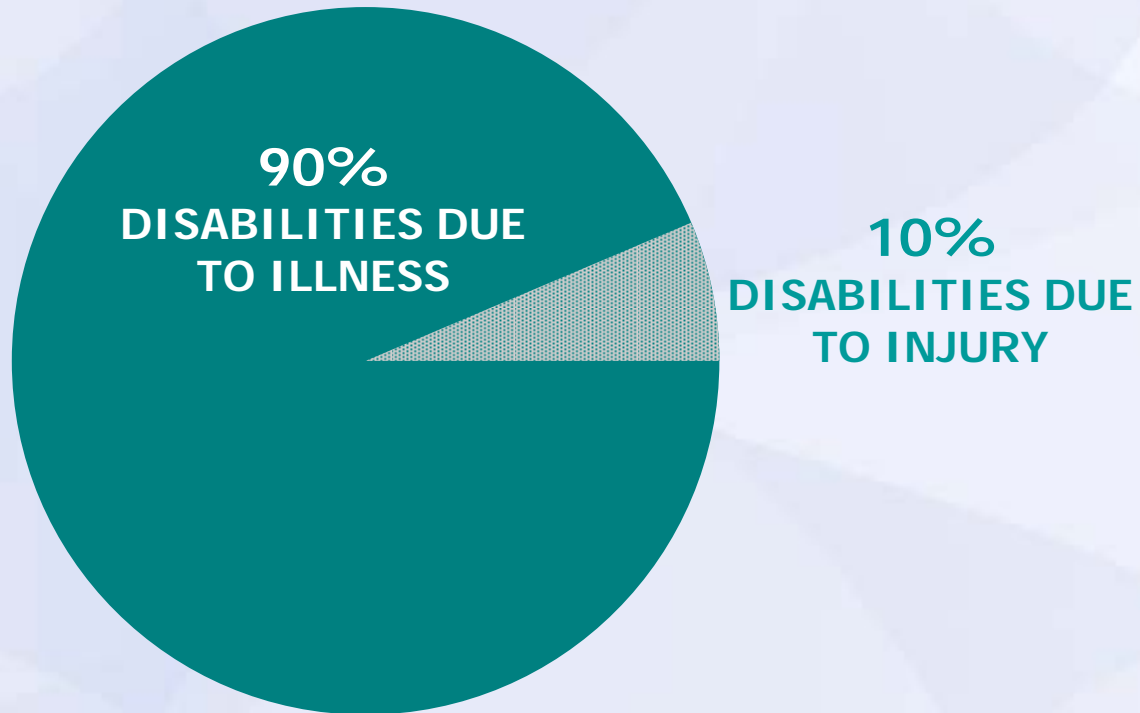
**A person is much more likely to become disabled than they are to die**

<b>3 months or more</b>	<b>1 in 3</b>
<b>1 year or more</b>	<b>1 in 5</b>
<b>5 years or more</b>	<b>1 in 7</b>

Sources: America's Health Insurance Plans, National Association of Insurance Commissioners, U.S. Commerce Department

# Disability Statistics

ILLNESS CAUSES MOST DISABILITIES



Source: JHA 2002 U.S. Group Disability Rate and Risk Management Study

- Most American workers can't afford to become disabled
  - Over 70% of working Americans do not have enough savings to meet short-term emergencies.
  - According to the Federal Reserve, 44% of U.S. families spend more than they earn.
  - For the average American household, the savings rate is negative, the lowest since 1933, and credit card debt is at an all-time high - \$9,300.
  - Over 50% of the workforce has no private pension coverage and a third have no retirement savings.

More mortgage foreclosures are caused by premature death than disability? ( T / F )



What is the average age of a disabled worker receiving Social Security Disability Income benefits?



What is the average monthly SSDI benefit for disabled workers?



# 2 great offers

## Job 1

\$75,00 a year

## Job 2

\$72,00 a year

# Now what?

- Self-insure
  - Diminish assets/retirement funds

~ or ~

- Private insurance
  - Place the risk on the carrier

# Willapa Charter Fishing Company

## Owner/Captain (40 year old male)

- 90 day elimination, \$4000 month, for 5 years

Total benefit of \$240,000 @ \$1750 annually

## Office Manager (40 year old female)

- 90 day elimination, \$2500 month, to age 65 year @ \$1600 annually

# Long Beach Inn

## Group Life and Accidental Death & Dismemberment

Full-time Employees working 30 or more hours per week – 12 employee's

Basic Life Amount:

\$30,000

Basic AD&D Amount:

\$30,000

Seat Belt Benefit Amount:

\$10,000

Accelerated Benefit Potential:

\$24,000

Monthly Premium: \$ 90 a month

# Long Beach Inn

## Group Short Term Disability

Benefits for Accident Begin: 1st Day  
8th Day

Benefits for Sickness Begin:

Maximum Benefit Period: 13 Weeks

Benefit Amount: 60% of Weekly Earnings

Maximum Weekly Benefit: \$700

Monthly Premium: \$ 170 a month

# Long Beach Inn

## Group Long Term Disability

Elimination Period: 90 Days

Maximum Benefit Period: To Age 65

Benefit Amount: 60% of the Basic Monthly Earnings

Maximum Monthly Benefit: \$3,000

Mental Illness, Alcoholism and Drug Addiction Limitation: 24 months

Survivor Benefit: 3 months

Employer Contribution: 50%

Employee Participation Requirement: 75%

Rate Guarantee: 2 years

Monthly Premium: \$ 150 a month

# Business Overhead Expense

## What is it?

If you, the business owner, is unable to work, this pays the bills until you return to work or are able to sell the business

## What does it cover?

It can cover employees wages/benefits, rent, utilities, and other fixed costs

Plans generally continue to pay 6 to 24 months, paying \$5-\$30,000 a month

## What might it cost?

For a \$15,000 a month benefit for 2 years (\$360,000 in total) might cost a health 40 year old, project manager, \$350 a month with a 90 day waiting period.

# Retirement Protection

## What is it?

If you are unable to work, this insurance makes your contributions for your retirement while you are disabled.

## What does it cover?

Takes your average contributions over the past 12 months,  
up to \$3670 a month.

## What might it cost?

Same 40 year old, making \$15000 in contributions each year  
180 day wait, \$900 a year.

# Loan Repayment

## What is it?

If you are buying someone's business and you become disabled, this insurance pays your loaner back.

## What does it cover?

Only your outstanding loan balance

## What might it cost?

\$200,000 loan balance at 15 years- say \$2200 a month \$825 annually.