

2014 Year in Review

First Quarter 2015

Volume 16 Issue 1

The new year is just around the corner and you are probably starting to develop next year's business plans. We've compiled a review of carrier updates and news that occurred throughout 2014 to help you with your planning. Here's a look back at what happened in 2014:

January:

- **Petersen International** created a Loss of License plan designed to cover professional pilots that lose their license due to a health issue.

The plan provides temporary and/or permanent loss of license coverage with monthly and lump sum benefit payouts. The coverage coordinates with the employer's licensing authority within the U.S. and international aviation regulatory agencies.

- **Principal** introduced Core Value Income Protection, which offers a more streamlined and affordable option for a broader range of clients. It uses key features from Principal Life Insurance Company's Individual Disability Income insurance policy to create four packaged benefit designs.

- It's perfect for emerging affluent consumers (those in 2A and 3A occupations) earning less than \$100,000/year. Plus, everyone receives a 3A rate.
- Fewer choices help streamline the sales process. Clients only have to select their elimination and benefit periods.
- Provides the coverage clients need for less than a few dollars a day.
- Simplified underwriting applies.

February:

- **Genworth** Privileged Choice® Flex 2 launched in Connecticut, Hawaii, Indiana, Maryland, Missouri, New York, Oregon and Virginia. The Privileged Choice® Flex 2 has gender-distinct premium rates.

- **Assurity** increased the issue limits for the Century+ Individual Disability Income insurance product. The issue limits increased as follows:

- 3A and 4A occupations increased from \$9,000 to \$15,000
- 2A increased to \$10,000
- 1A increased to \$8,000

Additionally, the percent of income replacement for annual incomes over \$80,000 increased.

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If there are specific topics you'd like to see covered in future newsletters, please contact:

Jaymie Mayers

at jaymie@pacificadvisors.net

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February:

- **Ameritas** announced a number of occupation upgrades for several professions on Dlnamic Foundation disability income insurance products. The following occupations were upgraded:
 - Architects
 - Attorneys earning >\$60,000
 - Certified Public Accountants
 - Financial Analysts (non Stocks and Securities)
 - Financial Analysts (Stocks and Securities)
 - Engineers
 - Hemoncologists
 - Insurance Actuaries
 - Real Estate Appraisers

March:

- **The Standard** upgraded several occupation classes, which included the following professions:
 - Architects
 - Insurance producers
 - Office workers and executives
 - Plumbers
 - Real estate agents
 - Sales personnel

April:

- **The Standard** Protector PlatinumSM Individual Disability Income insurance and Protector PlatinumSM Guarantee Issue were approved for sale in California.
- **Principal** made several enhancements to their IDI portfolio which impact government employees, engineers and the Principal Key-Person product.
- **Ameritas** began offering Business Overhead Expense (BOE) insurance to business owners who operate their business from their personal residence.
- **Mutual of Omaha** made enhancements to help you increase your sales in the DI market. Those enhancements included:
 - Age 67 Benefit Period available for Chiropractors and Hygienists
 - More benefit for your self-employed clients
 - Expansion of all base coverage options
 - Additional eligible earnings
- **Assurity** launched a new fully underwritten Critical Illness policy which pays a lump-sum benefit from \$50,000 to \$500,000 upon diagnosis of 14 life-threatening conditions. The cash benefit can be used for anything your client desires - mortgage payments, time off to fully recover, other bills, etc. Assurity's category approach means if your client collects a benefit for an illness or procedure in one category, then is diagnosed with a condition in another category, the policy will pay another benefit.
- **The Standard** introduced the Preferred Producer Multi-Life Discount of 10 percent that is available to advisors who place 5 or more Individual Disability Insurance policies for unique individuals. The discount can be applied to qualifying Protector PlatinumSM and Business Overhead ProtectorSM policies and remains throughout the life of the policy.

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May:

- **John Hancock** made several changes to their product and pricing on the Custom Care III and Custom Care III featuring Benefit Builder products. They also introduced a shortened application, revised the underwriting process and temporarily suspended LTC sales in California.

July:

- **Genworth** Privileged Choice® Flex 3 Launched in all states except California, Connecticut, Florida, Hawaii, Indiana, Maryland, Montana, New York and Vermont. Some of the changes that occurred with Flex 3 include:

- Minimum issue age changed from 18 to 40
- Genworth no longer allows clients to purchase multiple individual long-term care policies
- Maximum daily benefit was reduced from \$400 to \$300
- No 6, 8 or 10 year benefits are available
- 2% compound inflation option was added
- Future Purchase Option inflation changed from 5% to 3% compound
- If available, home care services required an agency
- Certain riders are no longer offered
- Premium rates increased

September:

- **Ameritas** Fundamental contract expanded to homemakers. Homemaker eligibility is subject to the following criteria:

- Issue ages 18-60
- Occupational class is 2L
- Benefit amount is one half of the household income, rounded to the next highest \$5,000 (minimum benefit \$25,000; maximum benefit \$50,000)
- Minimum household income is \$36,000/year; household income under \$50,000/year will qualify for \$25,000 (minimum benefit)
- Follows all other provisions of the Fundamental product

- **Ameritas** introduced a new, innovative Business Overhead Expense policy that provides clients with a cost-effective way to protect their business. Some of the key features include Speciality Specific Own Occupation, Residual Benefit, Good Health Benefit, Accumulation Benefit, and Legal and Accounting Fee Benefit. The riders include Business Loan Repayment Rider, Future Increase Option Rider and Substitute Salary Expense Rider.

- **Principal** made updates to their IDI portfolio which included the following:

- Individuals working part-time (20-29 hours/week and earning \$40,000+/year) are eligible for up to \$5,000/month in coverage.
- Enhancements to IDI and DI Retirement Security which include competitive rates for 6A occupational class, a 10% affiliation discount available for all non-medical occupations, and a Benefit Update Rider for clients with a 20% sustainable increase in earnings.
- Occupation class changes.
- Real estate-related occupations are eligible for Business Owner Allowance and Section 179 Allowance.
- Tobacco and non-tobacco status updates.

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November:

- **MetLife** created a micro site as a resource for advisors devoted to their Words That Work campaign. Visit the News You Can Use section of our website, www.pacificadvisors.net, for ideas on language to use with your clients to drive your conversations about DI.
- **John Hancock** relaunched their Custom Care III Long-Term Care product in California.

Things to Look for in 2015

- **Monday morning DI Java.** Every other week you will receive an email with a short video containing DI concepts and sales ideas. If you are not currently receiving our educational videos and would like to, please let us know.
- **Carrier product enhancements and changes.**
- **Advanced Income Protection course.** Beginning February 2, 2015 there will be a 13-week educational course that is designed for advisors who write several DI policies a year and are looking to increase their production. Look for our marketing emails for more detail or give us a call at 877.455.9580.