



**KENNETH
J. SMITH**

CLU, is director of health product sales for Assurity Life Insurance Company. He has more than 30 years of experience in both the field and home office.

Prior to joining Assurity in 2004, he was with Mutual of Omaha as first vice president of critical illness and disability income. He was one of the organizers of the Critical Illness Insurance working group 2001-2003 and served as president of the National Association for Critical Illness Insurance. He has written many articles and delivered many presentations and training on critical illness insurance and disability insurance. He is co-author of HIAA's book on supplemental health insurance.

Smith can be reached at Assurity Life Insurance Company, 2000 Q Street, Lincoln, NE 68501. Email: ksmith@assurity.com.

Presenting The Critical Illness Solution By Tailoring The Message

When asked the secret of his success as a hockey player, Wayne Gretzky said, "I skate to where the puck is going, not where it has been."

My question for our industry is: Do we skate to where the puck is going or to where it has been?

In the 2012 *Critical Illness Insurance Market Survey* (conducted annually by Gen Re in conjunction with the National Association for Critical Illness Insurance) carriers listed the primary reason for developing critical illness protection as agent demand. Yet many of those same carriers listed the greatest obstacle to critical illness insurance (CII) sales as slow agent acceptance.

I don't know about you, but to me that is a glaring contradiction. The same reason the carriers are developing critical illness insurance is also the greatest obstacle to sales. *Sometimes as an industry we are slow to catch on!*

Interestingly, that does not surprise me. As an industry, we introduced critical illness protection without really understanding the need for the product and, hence, missed selling distributors on the need for CII. We assumed the product would be accepted, since it was so successful in other countries. However, we overlooked one of the key success factors.

Instead of helping agents and brokers understand the need for CII, how to present and position the product, and how to answer objections, we went right to product training and missed all the other steps. We

forgot that critical illness is not like a life product which agents and brokers have been trained to sell.

In every country where critical illness coverage has been introduced, sales did not take off until carriers began investing in sales training for the distributors. Then sales started slowly and built momentum.

The starting point is to understand that critical illness coverage was created by a cardiac surgeon, Marius Barnard, in South Africa in 1983. He saw that his patients, thanks to advances in medical technology and early diagnoses, were surviving cancer, heart attacks and strokes that only a generation ago were likely to be fatal. However, with survival came financial consequences—instead of focusing on recovery, patients were dealing with emotional stress and financial worries.

Dr. Barnard also recognized that these medical advances were putting the insurance industry in a difficult position. A generation ago, life insurance was the most appropriate financial product for someone who was diagnosed with cancer or had a heart attack or stroke, because they didn't survive. Today we survive those illnesses, and with the advent of CII, there is now financial relief to aid patients and their families who are coping with recovery.

It's significant that so many of those who successfully sell CII outside the major medical market make a point of telling the story about how the product was created by a world-famous doctor, not an insurance

company looking for another product.

Here's a dramatic example of an event that tells us how much the world has changed today. Keith Leech, a leading critical illness authority from Vancouver, Canada, relates a story about one of his clients. Four years ago, he sold a 34-year-old man a critical illness policy. One day the client was at the gym, warming up on a treadmill, and went into cardiac arrest; a few days later in the hospital he came out of a coma. Then 30 days later he received a check for \$100,000 for his critical illness benefit.

There's more to the story: When the client collapsed on the treadmill, 15 people took out their cell phones and called 911. The person on the treadmill next to him was a nurse; she grabbed the defibrillator attached to a nearby wall and began administering to the victim. Paramedics arrived and rushed him to the hospital. There, he was placed

in an induced coma so as not to damage his internal organs.

Just think: 20 years ago, no one at the gym would have had a cell phone. It has been only 10 years since various facilities, including gyms, started installing portable defibrillators. Advanced technology and medical treatments have drastically improved survival rates. Only a generation ago, this story likely would have ended in a death claim.

This example illustrates why CII exists today but did not 20 or 30 years ago. It also sheds light on why many people aren't even aware of critical illness coverage.

While the world has changed, we as an industry have not kept up with those changes. Consider life insurance rates; they are half to even a third of the price when I started in the business. Life insurance rates are lower because we are living longer. The reason we are living longer

is because of the advances in medicine.

Today we survive the serious illnesses that would have killed us not that long ago; yet with survival our world is turned upside-down. Think about the additional emotional and financial stress that occurs when someone is diagnosed with a critical illness.

A generation ago, the right financial products for clients would have been life insurance, because they didn't survive cancer, heart attacks and strokes. **Today, that's old-school planning; modern planning includes both life and critical illness insurance.** 🌐

There are three key questions you must answer before you and your clients can become passionate about critical illness protection. If you want to know the three questions, go to the "Current Issue" page on the Broker World website and click on article title.