



# *Product Sales Tips*

## **Group Short-Term Disability**

~ For Aflac field force use only—not intended for public distribution ~

### ***The need ...***

- After selling individual disability products for several years, Aflac began receiving more requests for a group-like product that would allow guaranteed-issue coverage and provide credit for pre-existing conditions in replacement situations, particularly among large accounts. GSTD was developed to meet this employer need.
- Americans' bleak financial condition is constantly in the news. Consumer debt is at an all-time high, while personal savings rates are very low or even negative. Most Americans are heavily dependent on their regular paychecks and could not maintain their current standard of living if faced with a loss of income due to disability.
- Disability can happen to anyone. According to America's Health Insurance Plans:
  - ◆ A male U.S. worker at age 35 faces a 1-in-5 chance of disability taking him off the job for 90 days or longer during his working career.
  - ◆ A 35-year-old woman faces a nearly 1-in-3 risk of disability lasting at least 90 days before reaching retirement.

Source: *Guide to Individual Disability Income Insurance*, 2005, America's Health Insurance Plans

- Advances in medical technology and treatment now allow people to live with illnesses or injuries that were once life-ending; however, recovery from a serious illness or injury often requires time away from work.

### ***The market ...***

- GSTD is not a true group short-term disability product, but rather a hybrid product that combines features of individual and group policies. GSTD was not designed to compete with true group disability products. It is a shelf product designed for use in specific situations where large accounts want guaranteed-issue coverage and/or credit for pre-existing conditions in replacement situations. GSTD requires a minimum of 100 employees with at least 30 percent participation.
- GSTD functions like traditional group disability insurance in that the elimination period, benefit period, and industry code are the same for all employees. The policy is owned by the employer, while employees are covered under individual certificates. Therefore, coverage is not portable and the certificate terminates when the employee leaves the account.

*This flyer is one of a series of informational flyers created by Aflac Product Development and made available to the Aflac field force to assist in marketing and selling our insurance products. For more information, e-mail [pd@aflac.com](mailto:pd@aflac.com).*

# Overcoming Objections ...

“This policy is more expensive than (another company).”

- True group disability insurance usually requires a high participation rate—such as 75 percent or more—so the insurer can charge lower rates in anticipation of selling a large number of policies. Aflac only requires 30 percent participation for GSTD. Additionally, group policies typically require employer contribution of premiums, while Aflac’s GSTD is completely voluntary and may be fully paid for by employees.
- Not all disability policies are alike, so it’s important to examine policy provisions when comparing coverage. The definition of disability, for example, can vary widely from insurer to insurer. Some companies use an “any occupation” definition, which mandates that the policyholder be unable to perform any type of work for which he/she is reasonably qualified by education, training, or experience. This can make it very hard to claim benefits, leading to a less expensive policy. Aflac, on the other hand, uses an “own occupation” definition, which pays benefits when the policyholder is unable to perform the material and substantial duties of his/her full-time job. Benefits are more easily paid, which is reflected in the price of the policy.

“This policy replaces only about 50 percent of an employee’s income, but other companies offer higher replacements.”

Aflac does not offset against any other benefits, such as sick leave, workers’ compensation, or Social Security payments. Some group carriers reduce their claim payments based on any other benefits an employee may receive. Aflac, however, pays full benefits regardless of any other insurance. Therefore, we set a lower replacement amount since our policies complement sick leave, vacation pay, and other income replacement sources.

## *The market (continued) ...*

- ◆ Unlike traditional group disability insurance, Aflac’s GSTD does not replace a flat percentage of salary, but uses a replacement scale based on income at the time of application. While group plans are priced based on a census of the account, GSTD has pre-set rates that are determined by the elimination period, benefit period, industry code, benefit amount, and applicant’s age.
- ◆ In most cases, PDIP will be the appropriate disability product for an account. If the account must have a guaranteed-issue feature or pre-existing credit for coverage that is being replaced, then GSTD should be offered. However, Aflac will only guarantee-issue up to \$500 per month for employees who are actively at work. Simplified issue of up to \$1,000 is available with some underwriting questions, and the full application must be completed for benefits exceeding \$1,000 per month.

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