



Positioning CI in the business market

Path to Success

Expert advice on navigating CI sales

For advisor use only



Anticipating a business owner's objection

Many advisors have had critical illness meetings with small business owners that start off very positive. This often changes when the owner sees the premium and defers or declines the coverage with the following objection: "This looks like a great product, but if I were dealing with a major illness, my company would still be producing so I would have lots of access to funds."

At this point, you should explain to your client that it is better to give a comparatively small premium for each dollar to an insurance company and have them produce the capital if an illness occurs as opposed to using the company's money - which would cost dollar for dollar.

It's important that you point out to your client that their illness would severely impact their company despite them claiming that their business would still be operating efficiently. A skilled advisor can often eliminate this objection before the owner raises it. The goal is to have the owner voice their contribution and their importance to the business early in the meeting so that later in the meeting, they cannot state that the company would operate normally without them.

To accomplish this, you can ask your client, "What is the longest time you have taken away from the business in recent years?" Most owners answer that the longest break from running their company they have taken is two or three weeks. An alternate approach is to ask the owner what would occur if they decided to take a spur of the moment four-month holiday from running their company. Most owners will react that it would be devastating or that there is no way they could or would ever do that. This is when you can point out that sometimes owners are unable to be present to run their business due to something beyond their control like a major health diagnosis.



Advisor script for longest holiday:

“Are you still as busy as ever running your company?”

Have you been able to grab some time away for holidays over the last year or so?

What was your longest time recently that you have been away from your business?

How would things look for your business if you decided to take a spur of the moment four-month cruise or vacation?

Most owners are just like you—they know their company would be impacted. The unfortunate reality is that many owners will be taken away from their companies---not because of a long holiday but because of an unexpected illness. Cancer alone will happen to nearly one in two Canadians in their lifetime.¹

While no amount of money could replace your experience, an addition of funds to your business, if you had to step away to deal with a major illness, can be a game-changer for your company. You could use the funds to offset lost income, hire multiple people to try to replace some of your roles, or the funds can be used to pay for the quickest care to get you back to running your company.

For a minimal premium compared to your business expenses, would it make sense to offload this risk onto an insurance company?”



Running the calendar

This script focuses the business owner’s attention on a component of the CI claim that may seem too good to be true; that they don’t need to miss any time from running their company to receive the claim payout. Many owners, even when battling a severe illness, take themselves out of a potential disability claim by going to work to at least have some oversight over their company. This script utilizes the owner’s desire to run their business and their strong work-ethic as reasons why they should consider critical illness insurance.

¹<https://www.cancer.ca/en/about-us/news/national/2017/nearly-1-in-2-canadians-expected-to-get-cancer/?region=on>

“Sometimes business owners misinterpret the way this critical illness insurance product works. They assume that they must need to be unable to run their company because of a critical illness to receive the benefit.

I cannot stress the following point enough.

If you are diagnosed and satisfy the requirements for the covered critical condition, you do not have to miss any time whatsoever from running your company to receive the benefits. You can work as much as you want or are able while recovering, without impacting the insurance company payout.

So to be crystal clear, a business owner could be diagnosed on March 1st with Cancer or any other listed condition, and run their company on March 2nd, 3rd, 4th, take a few days off for treatment and then be back running their business on March 7th, 8th and so on for the rest of the month. The insurance company does not factor in how much you work or what your income is, the payout is only dependent on whether you have a covered critical illness.

This product resonates with business owners as it acknowledges that even while getting treatment and recovering, you have a vested interest in keeping your business as vibrant as possible for your complete return.”



What might keep you from work

Business owners often cannot relate to some of the reasons their employees miss work like the flu or a chronic back problem. For this reason, business owners respond favorably to critical illness insurance as its premiums only provide coverage for serious illnesses that tend to be the only conditions they could perceive keeping them from work. To introduce this approach, an advisor might say:

What types of injuries or illnesses wouldn't stop you from coming to work but might keep your employees at home like the flu or a sore back?

I suspect that if you were to write down a list of some things (Note: the list is the covered critical illnesses) that might keep you from working full time for a period, most of them would be on this list, am I right? (the list is the covered critical illnesses)

Many owners cover off the risks of minor ailments with their work ethic by just gutting it out but choose to transfer the substantial, uncontrollable risks like Cancer onto an insurance company, does that make sense to you?





How valuable are you?

This script outlines the potential broader impacts when a business owner, rather than an employee, suffers a critical illness.

This approach is particularly effective when the owner is the primary reason for the success of the business (for example, they are the key person of the business) or when the owner perceives they are the primary reason for the success of the business. A critical illness diagnosis to a business owner creates a ripple effect that impacts the owner and many people around them.



If you were removed from your business, how long would it be before your business started to feel the negative consequences?

An extra challenge for business owners like yourself is that many people beyond you and your family would feel the impact if you had to step out for a period to deal with a significant health event. For example, at some point

- **would your staff be concerned about the business' well being and their employment?**
- **would your banker be concerned with your business' ability to pay back any loans if you had a prolonged illness?**

No insurance company can send another “you” to the business, but they can give it a significant cash injection that you can use to help alleviate the concerns of all these people.


You can use the money however you think best such as:


- **To cover any drop in revenue so all the staff can be maintained**
- **To alleviate any concern of your business banking partners**
- **To hire several people who you could help with some of your regular duties to keep business as close as possible to normal operation**
- **To fund the quickest and best healthcare, so your time away is as short as possible.**



Overhead expense ratio

This script works best when the business has a high expense-to-revenue ratio, such as the example below, where the company has annual expenses of \$400,000 on \$500,000 of revenue. Many potential clients would naturally view a proposed \$1,000 critical illness premium as 1% of their income. A skilled advisor can position the premium as a percentage of the business expenses instead of the client's smaller income, which shrinks the perceived cost to the owner.

 **What are your annual revenues?**
- \$500,000

 **What are your annual business expenses?**
- \$400,000

So, the company spends approximately \$400,000 every year to ensure that you earn \$100,000. One thing that could impact your ability to run your business and generate that income is a serious illness like Cancer, Heart attack, or Stroke.

With critical illness insurance, for about \$1,000/year, which is about one-quarter of one percent of your expenses, the insurance company would pay out \$100,000 if you suffer a covered critical illness.

I am sure that you would notice the \$100,000 cheque at a challenging time more than you would see your expenses moving from \$400,000 to \$401,000 today, am I right? With nearly one in two Canadians having to face Cancer in their lifetime¹, I think this makes good sense for you and your business.

In addition, investing a further \$1,000 per year for more coverage could provide an additional \$100,000 injection of funds to the business to offset any income reduction caused by your absence, to fund additional hires or to cover expenses to keep the business as close to full operation as possible while you recover.



Key persons

This scripting forces the owner to envision the impact of one of their key people suffering a critical illness. Critical illness insurance protects the key person but also the company and the business owner.

Are there any key people in your company whose prolonged absence with something like Cancer or Heart attack recovery might negatively impact the business?

Tell me a little about what they do.

Are those types of people easy to replace?

Would it help if that key person was diagnosed with a covered critical illness if the business were to receive an injection of funds?

The business could use the funds to offset lost productivity or to acquire the right interim replacement. You could also use the funds to get (key person's name) the quickest and best healthcare treatment so they can recover and be back to helping your business.

I think it makes sense to shift the risk of a change in _____'s health off your company onto an insurance company, don't you?



¹<https://www.cancer.ca/en/about-us/news/national/2017/nearly-1-in-2-canadians-expected-to-get-cancer/?region=on>



Business partners

This script brings to light some issues that might occur should one of the owners suffer a significant health event. Quite often, business owners have addressed the death of an owner with life insurance, but very rarely have they considered the impact of severe illness on the business.

Do you have a partnership agreement or a shareholders agreement?

Does the agreement outline what happens in the event of the death of a business partner?

What was the motivation for creating that agreement?

Is the buy-out funded with life insurance?

Does the agreement address how you would deal with a business partner having a major illness like Cancer, Heart attack, or Stroke resulting in the partner deciding to de-stress by putting less time into the business going forward?

If either one of you had to deal with a serious illness, would the business be in a better position if there was an injection of funds to offset any short term loss in productivity and revenue and to access the quickest and best healthcare care possible?

With Cancer alone happening to one in two Canadians², I think it makes sense to shift this risk-off each other and the business onto an insurance company.



² Canadian Cancer Society <https://www.cancer.ca/en/about-us/news/national/2017/nearly-1-in-2-canadians-expected-to-get-cancer/?region=on>

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