



# PATH SUCCESS™

Expert Advice on Navigating **CI** Sales

CRITICAL ILLNESS INSURANCE:  
HISTORY AND OPPORTUNITY

## CRITICAL ILLNESS INSURANCE HISTORY:

Dr. Marius Barnard developed critical illness insurance in South Africa in 1983. Dr. Marius Barnard was part of the team headed by his brother, Dr. Christian Barnard, to perform the first successful open-heart transplant surgery. As medical technology continued to improve and more of his patients survived after he had treated their illness, Dr. Marius Barnard observed how the financial hardship that his patients went through after surgery/treatment adversely affected their recovery. This motivated him to start advocating for a “living benefit” insurance product.

He called it “Dread Disease insurance,” and his vision was to provide financial relief for clients/families diagnosed with any of four major illnesses/events: heart-attack, cancer, stroke, and coronary artery bypass surgery. Most critical illness insurance plans now cover a broader range of common life-threatening illnesses. Regardless of the number of covered conditions, Dr. Barnard’s vision for critical illness insurance remains: the payment of a lump-sum benefit upon diagnosis and survival of a listed major illness.

“ I can repair a man physically, but only insurers can repair a patient’s finances.<sup>1</sup>

– Dr. Marius Barnard



<sup>1</sup> Source: <https://www.youtube.com/watch?v=LUXaXOI0BPO>

## CRITICAL ILLNESS INSURANCE OPPORTUNITY:

There are numerous reasons why you should be talking to your clients about critical illness insurance beyond the most important: your clients can benefit tremendously from this product when facing a difficult diagnosis and recovery.

### **Current Market Penetration**

The critical illness insurance market in North America is not as heavily penetrated when compared to the life insurance and other insurance and investment products. This is exciting for advisors since this untapped market is comprised predominantly of prospective clients that in most instances are not even aware of the product's existence and value.

### **Door Opener for other products, services**

Many clients have an advisor for the traditional financial services products such as investments, life, disability, and health insurance. Most of these same people have not been shown the need for and the value of owning critical illness insurance. Many advisors have gained access to new clients with the critical illness insurance approach, which has led them to becoming the client's advisor of choice for future advice and purchase of the more traditional financial products.

### **Current clients are a market**

Another advantage to critical illness insurance is that marketing and sales opportunities exist within your current client base as opposed to having to find and convert cold—or at minimum, cooler—prospects. This ability to market within your existing client base significantly reduces the marketing cycle to gain critical illness insurance sales meetings, and due to the client's pre-established confidence in you, it leads to a shorter sales cycle and increases the purchasing rate.

### **Client retention tool**

Critical illness insurance is also important for you in your continual efforts to retain your current client base. The higher the number of products your client holds with you, the higher the likelihood is that they will remain with you.<sup>2</sup> Critical illness insurance can be an effective means of placing a fence around your clients, reducing encroachment from other advisors.

### **Refer-ability at claim time**

Critical Illness insurance claims can provide unparalleled referral opportunities in comparison to many other financial services products. Typically the claimant not only receives the funds personally but also survives to tell their critical illness insurance story.

Having a surviving claimant is different from life insurance whereby the beneficiary (not the client) receives the funds while their world is in disarray, and providing referrals is not their priority. A fully recovered critical illness claimant can be a great source of unsolicited referrals when they return to their full work and social life. These claimants may tell everyone how they used the lump-sum funds to ease their financial and emotional strain en route to recovery. Most of the people they speak to will likely not own critical illness insurance, and many will never have been presented the product by their current advisor.

### **Protection of Advisor Asset**

Critical Illness insurance helps protect your client's financial future by reducing the need for them to deplete retirement assets as a source for funding a critical illness expense. This helps protect you from the potential loss of asset-based compensation.

### **Potential Liability**

There may be potential for a client who suffers a critical illness to take legal action against you, for not being made aware of the product's existence and merit. Some advisors ask their clients who do not proceed with critical illness insurance to sign a waiver to both illustrate the importance of the product and to protect them from future liability.

<sup>2</sup> Source: <https://www.insurancejournal.com/news/national/2009/04/22/99851.htm#:~:text=Retention%20rates%20are%20particularly%20high,bundle%20auto%20and%20rental%20policies.>

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