



# Critical Illness Insurance and The Long Journey To The USA

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- *by J.R. Jordan*

## Has The Ship Really Come In?

I just returned from the NACII convention that was held in Las Vegas, NV from September 10th – 12th. The National Association of Critical Illness Insurance has been holding annual conventions across the nation for almost 20 years. This year's event had more paid attendees than any other year in the history of NACII.

Bob Morhauser (Nation Sales Vice President- Group Markets for National Guardian Life Insurance Company) said something during a session that I can't get out of my mind. I am paraphrasing but it sounded something like "the critical illness graveyard is filled with VP's, Actuaries & L&H professionals that either didn't set up their product and distributions properly or didn't have the ability to see this product out for the long term".

For those of you that are familiar with my writing and marketing experience in CI know, I have been involved with CI since my father and brother first approached Bob Morhauser in 1996/1997! What a wonderful coincidence that I was able to moderate a session where a seasoned veteran of the CI market spoke at, someone that has been successful in a marketplace that has been written off so many times in the past. With all of that swirling in my head I want to give you a brief state of the union regarding CI and where I think we are headed.

As most of you know CI was developed by Dr. Marius Bernard not long after he assisted his brother Dr. Christian Bernard in the first successful heart transplant in 1967. After several more years Marius realized that the clients were recovering physically but getting obliterated financially. That is where the light bulb went off and CI was born. What most of you do not know is the long journey that CI has taken to get to the USA and the not so warm welcoming committee it has received for almost 2 decades.

In addition to that you will be surprised to know how successful CI is in Canada, Australia, Great Britain, China and even Singapore! How has such an ingenious product not taken off in the USA as predicted by so many insurance executives and producers? Every year we hear that this is the year for CI and although we are having phenomenal growth rates in the CI market year after year we are still waiting for the giant wave of CI sales. Is this the year as predicted by more people than ever or will they eventually need to build another graveyard for the rest of us?

I am not an eternal optimist and I know when to fold 'em. I am a young guy in a very complicated industry but I have a few things going for me. I studied CI under a group of individuals that never even came close to the CI graveyard. I gained my knowledge of this product and the way it works by a list of people that includes Dave Pavletich; Bob Morhauser; Jim Jordan, Sr.; Jim Jordan, Jr.; Joe Wieser; Sheila Matheson and many more. I have seen this market increase every year and I am not only financially and corporately committed to CI insurance but I am a believer; I carry a moral commitment to this product. I own this policy on myself and so does my entire family. I am what Marcia Johnson with Protective Life calls a "CI Disciple" and I am happy to be one. I will assist with the CI torch for as long as I am on this earth. Marcia was a true visionary with CI as well and worked hand in hand with Dr. Marius Barnard. CI is here to stay and if you haven't grasped that fact, incorporated it into your selling or made plans to compete against it then you are going to be sent to an entirely different graveyard. We adapt, overcome and conquer. We are sales professionals and in an age when one thought, one idea can be transmitted to millions within seconds, you better get ready for an amazing ride.

It took CI a couple decades to get to the USA and it has taken a couple decades to get this product ready for attack mode. Let's go over some of the reasons it hasn't stormed the nation followed by the latest information that is going to turn a moderate growth market into a behemoth:

- Carriers want a 10-12% ROI by year one. ***CI does not work that way. It takes a couple years to get a product up and rolling so keep your blinders on and keep your eye on the prize. This product is able to provide one heck of an ROI if developed correctly. (Actuarially, Claims Management, Legal, Distribution, etc.)***
- Agents were not familiar with CI and its importance to major medical insurance. ***Because health compensation was cut and agents starting selling CI they now focus more on the need for CI. They truly see that no medical package is complete without it.***
- Agents did not need to cross sell in order to make a huge living. ***Now that health compensation has been cut in drastic levels agents need to incorporate ancillary products into their sales practice to cover lost income on them and possibly the client!***
- Companies did not promote CI to their distribution and if they did they did a pretty poor job of doing it. ***Now companies are offering certification programs, online webinars, 24/7 on demand video training and meetings across the nation promoting CI.***
- Health carriers did not promote the product. ***PPACA has changed all that! Everyday a new health carrier shows you their "checkbox" system of selling CI. Is it a good way to sell CI, ABSOLUTELY NOT. Does it help spread the word, YES.***
- Companies failed to find the right benefit mix in order to appeal to their clients and agents. In the individual market they were trying benefits that were too confusing. In the payroll market they did not realize that core benefits are all you have time to discuss with the group. ***Now they are starting to keep things simple. CI might not be an easy sale for some but it should always be a simple process.***

- The only promotion we had that even resembled CI insurance was a bird with an annoying voice. ***After seeing companies such as Met, Nationwide, New York Life and several other large carriers I am convinced that it is just a matter of time before a media campaign to the general public takes shape. 3-5 years I hope!***

There are a million other reasons that companies have failed in the past but the knowledge that we have gained with those failures is exactly what will keep this product moving along. This is a powder keg about to explode, a rocket ready for lift-off. Where will you be when CI makes the leap that we have all predicted for so many years? Now is the time and you need to be in one of three stages: have a product filed, ready to release a product or have a product in the market place.

As an agent we need to do our due diligence and pick a couple companies that are right for us. Don't just carry one CI product in your bag because there is no such thing as one stop shopping. Carry a couple different CI products so you can choose which one best meets your client's needs.

A good friend of mine in the CI market place and I have a saying that really covers it all: "Just buy CI". Ken Smith with Assurity Life Insurance Company and I will be helping to carry that torch till the day we suffer a CI. Since medical technology has advanced so far I am sure I will be on a stage talking about the importance of critical illness soon after my speedy recovery!