

Custom Disability Solutions Reinforces Its Focus on Product Development

What are the most important trends facing business leaders today? A recent survey of CFOs' views of health, health benefits, and financial success found that 93 percent of CFOs believe rising health care costs are a top or important issue facing their company¹. A study by America's Health Insurance Plans (AHIP) found that health care premiums increased 8.8 percent between 2004 and 2005, which is less than the 13.7 percent increase in 2002², but nonetheless still an alarming increase. While the rate of increase may have slowed for the time being, the steadily continuing growth in health care costs is still a big concern for consumers. Rising health care costs nationwide continue to dictate the direction of the group insurance market.

Another trend that is being followed closely is the "graying" of the American workforce. In addition to rising health care costs, an aging American workforce and the related health risks and increases in disability claims generated by such a workforce is having a direct impact on disability income protection underwriting and risk management dynamics³. As the population of older Americans increases, the number of people working beyond traditional retirement age (65) is also increasing. As a result of the aging workforce, the Social Security Administration anticipates a 37 percent increase in disability incidences⁴. It is in everyone's best interest—insurance carriers, employers, and employees—to have the products and services available that address these trends.

These trends also impact the way employers and their employees look at the disability insurance market. We believe it's important that we understand the trends in the market and are able to identify the cost concerns of our buyers, and our buyers' buyers. Our ability to effectively address these cost concerns will help our customers deal more effectively with the rising costs of health care, level the playing field in their markets, make us more appealing in the market, and help fuel our sales growth.

Understanding market trends is a key to success for any business in any industry. Knowing how to distinguish among real solutions, gimmicks, and fads can be the difference between leading a company down the right or wrong path. Tracking and knowing your competitors, and staying in front of the market with cutting edge products and services can provide the competitive advantage that business leaders strive for

on a daily basis. At Custom Disability Solutions (CDS), we are committed to helping our customers meet these challenges by making available affordable disability insurance and service solutions that help to protect the financial security of their policyholders and their families.

To allow us to continue meeting the needs of our customers and the challenges to effectively address health care cost concerns, market research, and competitive analysis, CDS is increasing its focus in the product management area. Brian Cooke has been named Director, Product Management, reporting directly to Jerry Bannach, CEO of CDS. In his new role, Brian will be responsible for, among other things: developing new products and services and enhancing existing products; conducting market intelligence on insurance and reinsurance competitors; identifying new offerings and trends in the industry; and building a focused approach to helping our clients stay current on industry developments. Brian has over 24 years' experience in the insurance and reinsurance industry and has an extensive background in Product Development, Reinsurance Sales and Service, Regulatory Compliance, and Account Management.

We believe it's important that we understand the trends in the market and are able to identify the cost concerns of our buyers, and our buyers' buyers.

A key area for CDS in 2007 will be researching service solutions that help meet the cost concerns of our customers. We will be researching several new initiatives in 2007, including: supplemental disability products; information on services we can provide in the areas impacted by disease management and hospital indemnity products; policy production services; web based services (i.e. claims, billing, reporting); and service support options to address buyer cost concerns.

For more information about Custom Disability Solutions' product management initiatives, or if you have any product ideas that you want to discuss, please contact Brian Cooke at (207) 400-3569 or via e-mail at bcooke@customdisability.com. ■

¹ Integrated Benefits Institute, *The CFO's View of Investments in Health & Productivity*, 2003

² AHIP, *Health Insurance Premium Growth Slows Despite Increased Utilization, Higher Costs*, January 2006

³ Best Review, *Call to Action*, November 2006

⁴ AHIP Website, *An Employers Guide to Disability Income Insurance*