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### Throwing Strikes: Earning Credibility Through Your Writing

By: Mike Landau

The rookie steps to the plate. He's nervous, but confident. He takes a couple of practice swings, digs in, and waits for the first pitch.

Greg Maddux, the veteran pitcher, with over 300 career wins, throws a fastball an inch or two outside the strike zone. The rookie takes the pitch, unwilling to swing wildly at an offering he's unlikely to hit. The umpire raises a hand and calls strike one. The rookie shakes his head in disbelief. The veteran on the mound smirks. How did that happen?

A look at Maddux's career statistics provides the answer. In 22 seasons, Maddux is 8th on the all-time wins list. More importantly, he has issued fewer than two walks per game. His specialty is throwing strikes, and it's been so since his second season.

Maddux has proven time and again, season after season, that he possesses pinpoint control. An umpire is inclined to believe that Maddux is more likely to throw a strike than a ball, because his track record shows that he does. Borderline calls go his way. In a way, it becomes a self-fulfilling prophecy—the pitcher gets called strikes because he's thrown strikes before, and the more called strikes he gets, the more umpires believe that he throws strikes.

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## Review, Target and Grow

By Shawn Dutremble, Director Underwriting

In business you should never take anything for granted, especially your customers. Your customers today could be with a competitor tomorrow if you don't take the right steps to retain their business and meet their needs. In our industry, it is extremely important to have a defined strategy for reviewing and retaining existing business, as well as one for growing new business.

We all know that policyholders are continuously looking for the 'right' insurance product – the one that fits their budget and provides quality services and benefits to their employees. As carriers, you need to have a strategy in place for reviewing existing business, finding the 'right' mix of policyholders, and building a profitable book of business. Having the proper strategy in place will ensure that you are targeting and renewing the blocks of business that help you to meet your company's business and sales goals.

### Renewal Strategy Defined

A renewal strategy is a plan developed to improve the profitability and growth of an in force block of business while maintaining targeted persistency levels. Your renewal strategy should include each of the following:

- Detailed pricing targets for in force business
- Targeted blocks of business that need improvement, segmented by: Industry, Plan Design, Sold to Manual Rate
- Targeted blocks of business that do not need renewal action
- Identified large experience rated cases that need corrective rate action
- Persistency targets

A clearly developed renewal strategy provides direction for your underwriters and serves as a communication tool for your sales team when presenting renewals.

### Roles and Responsibilities

The best way to develop and implement your renewal strategy is to have defined roles for the departments and people in your organization that will be responsible for implementing the strategy. In addition to defining roles, it is also important to keep communication channels open among the individuals who will be crafting and carrying out the renewal strategy, and to meet deadlines. Failing to communicate and meet deadlines are two factors that derail most company initiatives – renewal strategy included.

### Your Actuarial Department will be responsible for:

- Conducting block analysis  
Making recommendations based on their analysis
- Partnering with Underwriting
- Providing updates on strategy as needed

### Underwriting Senior Leadership:

- Partner with Actuarial on development
- Communicate block analysis results to underwriting
- Communicate renewal strategy to the organization
- Monitor progress

### Underwriting Managers:

- Implement Renewal strategy at the team level
- Monitor renewal actions for teams
- Make and track exceptions to Pricing Strategy
- Ensure target renewal increases are achieved
- Provide Senior Leadership with renewal updates

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# The Marketplace

By: Brian Cooke, Director Product Management

Meeting the ever-changing demands of today's diverse, multi-aged workforce presents unique challenges for most employers today. Coupled with rising health care costs, an aging workforce further complicate matters.

According to an article published in June 2007 by the **Personal Assistance Service (PAS) at Duke University**, there are four different generations of employees in the workforce today. This is a new experience in American workplace history. Supervisors have to manage four distinct generations of employees.

- **The “Veterans”, or Matures:** born between 1922 - 1945
- **The Baby Boomers:** born between 1946 - 1964
- **Generation X:** born between 1965 - 1980
- **The “Nexters”, Millennials or Generation Y:** born after 1980

Providing one traditional disability benefit plan to meet the needs of all employees or a couple eligible classes within the organization is quickly becoming a thing of the past. Meeting the needs of today's workforce means providing a menu of plan benefits and services that: (1) establishes a good base coverage; and (2) can be easily structured to meet the various needs of each sector of the employee population. It is even more important for employees to have the tools to help them make more informed decisions.

Health care costs continue to limit the amount of affordable dollars employers have to spend on their employee benefits. Many employers are turning to voluntary worksite plans. These plans are either individual voluntary products, group voluntary, or supplemental.

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**Eastbridge Study, May 2007**  
**STD accounted for about 75% of Voluntary Sales.**

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## Hybrids and Mini-Med Plans

Within this mix, we are seeing a trend toward a hybrid group voluntary disability product, and the advent of the Mini-Med plans. The hybrid product is a more employee-driven solution, which includes the best of the individual product platform (i.e. fixed premiums, guaranteed renewable, issue age premiums, portability, one-on-one enrollment), and the group product platform (i.e. cheaper rates, guaranteed issue, pricing flexibility, less expensive personalized enrollment process, easily customized, simpler underwriting).

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**Buyer's Study, Unum Group, September 2006**  
**64% of U.S. employers with 10 or more employees offer at least one supplemental benefit**

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The Mini-Med plans are primarily designed to meet the needs of employees not eligible for coverage under their

employer's major medical plans. Benefits are limited, subject to fixed maximums, and usually include the basic services such as doctor's visits, hospital stay, diagnostic services, and prescription drug, to name a few.

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## The Supplemental Market More Than Doubled Between 1997 and 2004 from \$2b to \$4.2b

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With these evolving products and services comes the need for brokers and consultants to be well informed and familiar with the new features and options. Company technology must keep pace with the market's product demands in order to be cost-effective, and improve accuracy and convenience. Brokers and consultants are extremely important to the awareness, education, and communication process when employees are offered more choices in insurance products and services.

## The Packaging Evolution

Positioning your product offering to meet the needs of the baby boomers has tremendous growth opportunities. Cross-selling your group short-term disability and long-term disability products with retirement security products (i.e. 401(k) plans), with an eye on the baby boomers is a strategy Westley V. Thompson, CLU President, Employer Markets at Lincoln Financial recently announced at

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**Today, there are 76 million people over the age of 50.**  
**By 2020 there will be 116 million people, or 36% of the population.**

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## LIMRA's September 2007 Group Benefits

**Leadership Conference** in Washington DC. Lincoln Financial is capitalizing on the baby boomers 50+ who represent a significant segment of the population. Cross-selling products that appeal to the over-50 segment makes good business sense, provided the changes in the risk dynamics are appropriately considered (i.e. cost increases, age of your block of business, interest rates, incidence, aging/life expectancy, obesity and other chronic diseases, etc.).

While the need for short-term and long-term disability benefits is becoming more popular, it's important for disability writers to capitalize on new and innovative ways to improve awareness for the disability product and find ways to improve enrollment participation.

## The Impact of Value-Added Services on Packaging

Product differentiation through value-added services is a key positioning strategy. Successful strategies include packaging STD and LTD products with 24-Hour Travel Assistance services, Employee Assistance Programs, Wellness Programs, Survivor Support services, and Leave of Absence Administration (FMLA).

The ability to deliver effective customer service, solid claims and underwriting management services, and

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# Throwing Strikes: Earning Credibility Through Your Writing

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This is an example of **earned credibility**. Briefly defined, earned credibility is all the things you've done in your interactions with someone, or multiple someones who work closely together. If you've comported yourself consistently over the years, others become more likely to expect a similar level of performance from you.

Of course, earned credibility isn't just limited to umpires and pitchers. Claims analysts earn credibility all the time, with claimants, physicians, co-workers, and many others. Underwriters earn credibility with salespeople, consultants, and brokers. A sales force earns credibility with clients, potential clients, and those same consultants and brokers. Meanwhile, we're all trying to earn credibility with our managers and supervisors.

On the flip side, it's also possible to gain a reputation for inconsistent or lackluster performance. Whether it's missing deadlines, not completing paperwork, or just having a surly attitude, we have the power to color others' perceptions of us in negative ways. These are all examples of **earned bias**.

Sometimes we are **given credibility** for logical reasons (you hold an advanced degree, you possess a particular expertise) and sometimes for illogical ones (you're from Wisconsin, you're Irish). We may also be **given bias**.

The important thing to remember about givens is that we usually have no control over them. While some givens may be the result of something we've done in the past, we cannot control others' perceptions of them. For example, Mr. Robinson may be impressed that you've got a doctorate from Harvard, but Mr. Woodward (a Yale man) may be bitter over last week's hockey game and hates anyone who went to Harvard. In both cases, Mr. Robinson and Mr. Woodward are bringing feelings into play that you cannot control, or even influence.

But earned credibility is something we can all work towards. Especially when writing, we have time to carefully consider how our words will be received. With the right amount of care and attention, we can craft our messages to attain a desired effect.

Every written communication contains potential energy--the potential to create earned credibility or bias. If our writing is precise, logical, and persuasive, with accurate facts and a professional tone, we can add to our readers' impressions of us as competent professionals. If our writing is rambling, incoherent, filled with errors of fact as well as language, and displays a tone that is arrogant, dismissive, or angry, we can just as quickly cause readers to doubt our capabilities.

Even things as trivial as misspelled words might lead a reader to doubt our disability expertise, even though one has nothing to do with the other. The reader might come to a conclusion like this: "If Julie didn't take the

time to spell words correctly in this report, will she really take the time to analyze my claim thoroughly?"

That's not to say that we should view our written communication (whether in letter or email) with trepidation. Letters and emails represent opportunities to establish ourselves with those with whom we work. If we view them as a chance to build credibility and rapport, they can be vital assets in helping to establish solid working relationships. We can influence a reader to say something like this: "Well, it seems Julie has examined all of the angles and possible outcomes of this case. I think we should agree with her recommendation."

The next time that reader receives something from Julie, he'll be predisposed to believe what she's saying, because she's set a precedent of excellence. With each successful communication, you become more likely to get those borderline strikes called in the future.

*The concepts of earned credibility, earned bias, given credibility and given bias are adapted from David W. Ewing's Writing For Results (1979, John Wiley & Sons)*

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## The Marketplace

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accessible on-line administrative services, with value-added services, will help position your organization for success.

### Need For Better Communication and Personalization

As an industry, we must do a better job at how well we communicate our products and services, simplifying the coverage, and making it easier for our customers to do business with us. Communication becomes a significant factor at the introduction stages and the critical enrollment decision-making stages. Industry trends show that effective benefits communication is directly linked to employee participation.

Having an updated, diverse portfolio of product options and a solid communications strategy coupled with personalization at the enrollment stage will help move you in the right direction. An effective personalization strategy is a key success factor in voluntary worksite benefits products. ■

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# Review, Target and Grow

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## **Underwriters:**

- Renew cases according to renewal strategy
- Provide case detail to assist with the sale of the renewal
- Discuss exceptions with manager

## **Sales Representatives and/or Client Management**

### **Team:**

- Communicate strategy with policyholder and/or clients
- Work with home office on implementing renewal strategy
- Deliver the renewal strategy to field offices
- Work with underwriting to ensure renewal strategy is delivery the expected results

## **Manual and Experience Rated Cases**

When developing your renewal strategy you'll need to create a review process for manual rated cases and experience rated cases. For your manually rated cases you must perform a detailed analysis of the entire in force block of business. The key players should coordinate with other departments, like Billing and Claims, to gather information and get a clear picture of accounts as a whole – renewal cannot occur in a vacuum. Your analysis could include a review of:

- Region, Plan design, Industry, Effective dates, Blue collar, Sold to manual, and Case Size



Once you complete this initial analysis of the manually rated cases you, can identify the blocks that are performing at acceptable levels, and those that need improvement. For the blocks that you've targeted, you can implement pricing strategies to boost performance. Pricing strategies may include:

- Target sold to manual, Rate guarantees, Maximum increases and Pass renewals

Your review of experience rated cases is case specific rather than based on the block, and the purpose of your review is to identify the best and worst case performers. As you did with the manual rated cases, develop your strategy to

boost performance. You can look at setting pricing targets or offering rate guarantees. With experience rated cases, you should hold round table discussions on the best and worst performers.

These discussions will help you focus on maintaining the best performing cases, and to determine your course of action on the worst performers – Can they be saved? Will your strategy boost their performance? Should you pursue the renewal?

## **Impact on Current Block and Future Sales Efforts**

It is imperative that your renewal strategy be in line with all your blocks of business. When developing your renewal strategy, you should be taking into account the overall performance of your entire block of business – disability, life, health and your other group products. Aligning your renewal strategy across your entire block of business will promote optimal performance and profitability across all lines of business.

Your renewal strategy will help you to retain existing business and cultivate future sales. Your strategy will help you to target the existing cases that strengthen your block of business and are a priority for renewal, cases that need rate adjustments. Approaching your existing block of business in this manner will ensure profitability and boost growth opportunities.

A strong renewal strategy can also positively impact future sales efforts. Armed with your renewal strategy, your Sales Teams and Underwriters will have a clear understanding of your target markets. Knowing that your company has a successful renewal strategy will allow room for more discounting on the front end in these target markets.

Review, target and grow! ■

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