

## **TCS Insurance Agency Creates Global Disability Insurance Solution** *New Solution Addresses the Gaps in International Disability Coverage and Provides Global Coverage Parity*

TCS Insurance Agency, Inc. (TCS) has succeeded in creating a global disability insurance solution that offers uniform protection regardless of citizenship or work location – global coverage parity. This coverage cost efficiently outperforms existing solutions in several key areas:

- No medical underwriting,
- Monthly income that exceeds \$30,000 (USD) during a period of disability,
- Protection in a participant's own occupation, and
- Benefits that last through normal retirement age.

### **Quality and Parity Break Down:**

TCS was first exposed to the gaps in international disability coverage when its clients' carriers began to exclude participants overseas. For example, U.S.-based disability carriers were ill prepared for the administrative and legal requirements of international disability protection. As a result, these carriers began limiting exposure to international risk by excluding non-U.S. citizens working outside the U.S.

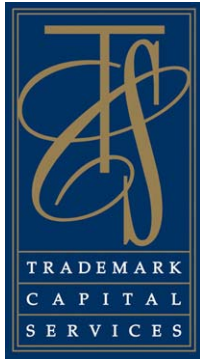
Unfortunately, once excluded from carefully crafted domestic plans, participants outside the firm's home country typically lack the aggregate buying power needed for adequate coverage.

The economics of disability insurance is a meaningful obstacle. For example, a single disability claim might easily exceed \$10,000,000 (USD). A carrier would potentially require hundreds of participants to generate the spread of risk required to justify the economics of a single claim of this magnitude. And yet, firms are only able to present carriers outside their home country with a small fraction of the whole firm. As a result, the international population falls far short of the size required to generate adequate protection.

In addition, the personal impact of this coverage gap could be financially devastating. Leading attorneys globally experience fixed personal expenses that require at least \$30,000 (USD) of income per month. Yet, the hourly billing activity that generates this type of economic output can easily be crippled by a small change in personal health. Therefore, a partner is exposed to severe personal risk without an efficient disability insurance policy that can generate \$30,000 (USD) or more of monthly personal income during a period of disability.

### **A Solution Takes Shape:**

As TCS investigated existing solutions in the marketplace, it quickly concluded that a satisfactory solution was not currently available. As TCS entertained crafting a new product for its clients, it quickly came to the conclusion that two things were needed to generate a desirable outcome. First, TCS needed to create the spread of risk required to support potential claims. This required aggregate buying power to substantially improve the economics for our carrier partners. Second, TCS needed a very unique set of insurance supply chain partners. The insurance partners needed the flexibility to design a customized



solution that did not currently exist in the marketplace. In addition, these carriers and reinsurance companies needed to offer a great deal of financial strength and stability because of the size of the potential liabilities.

### **Step 1: The Buying Power of M Financial**

To give its prospective carrier partners the spread of risk they needed to be successful, TCS delivered the buying power of M Financial. TCS is an owner-member of M Financial, the largest U.S. insurance design and distribution company in North America focused on the ultra-affluent. M Financial writes more insurance with better underwriting results than anyone else.

M's buying power creates the economics possible for carriers to craft custom products that outperform their peers in the marketplace. The result is more coverage with less underwriting at better rates than TCS's law firm clients could receive in any other fashion.

### **Step 2: International Supply Chain**

M's buying power allowed TCS to cement relationships with leaders in the global insurance community. The supply chain now includes leading U.S.-based Managing General Underwriter (MGU). This provides TCS's clients with a single point of contact globally for administration, billing, and support. Additionally, the MGU offers clients access to global resources and experience. The MGU assists in packaging coverage that includes highly rated international insurance carriers. However, to provide additional financial security, TCS's carriers cede almost the entire risk to a global reinsurance powerhouse part of the Berkshire Hathaway family of companies.

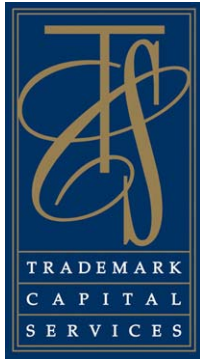
### **A Solution Materializes:**

With the buying power of M Financial and TCS Insurance Agency's unique supply chain partners, TCS was able to create an exclusive global disability insurance solution. The power of M gave TCS's insurance partners the comfort of scale. These insurance partners were then able to craft a custom solution for seamless global protection that would cost efficiently deliver large amounts of high quality disability protection regardless citizenship or work location.

### **Summary:**

Lack of income during a period of disability causes financial devastation. As a result, adequate high quality protection is incredibly valuable. Without it, attorneys globally face destructive coverage gaps and unhealthy financial risk.

Global coverage parity in the area of disability insurance has finally become a reality. TCS, through partnerships with M Financial and others, created the necessary preconditions required to overcome existing obstacles. Firms adopting TCS's global insurance solution will find themselves early leaders in a critical benefit space.



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*TCS Insurance Agency, Inc. is an insurance agency focused on the life, disability and long term care needs of global law firms. Lex Mundi member firms use TCS as their source for partner protection because of the economic value generated by aggregate buying power, proprietary products and exclusive reinsurance.*