

The Advisor's Edge

Sales Strategies You Can Use

PRESIDENT'S MESSAGE



Ken Shapiro
President

Concept Conversations with Clients

In a matter of months, the life insurance industry took an amazing leap forward by making buying and selling life insurance far more user-friendly with technological and data-augmented advances. Although the drive started years ago, COVID-19 gave it the impetus to get the job done now. And the industry did just that.

As technology continues to evolve, you, the carriers, and the wholesalers are even better prepared to respond faster and with greater efficiency in meeting consumers' ever-increasing expectations.

While all of this adds enormous value to the process of marketing life insurance products, there's another equally pressing question: What should you be doing now—right now—to better serve your clients and generate new business at the same time?

Specifically, what you can be doing to attract clients' attention so they will be open to having a conversation? You know what's going on with clients, so focus on their individual concerns,

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A rationale for life insurance

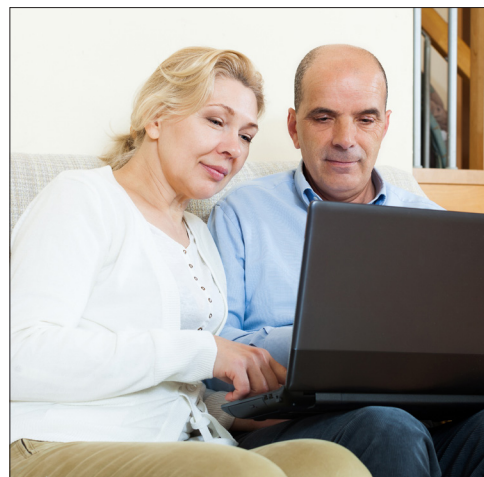
The Impact of the Novel Coronavirus on Financial Planning



Allan D. Gersten,
CLU®, ChFC®, CFP®,
Chairman and CEO

There's no escaping the fact that the pandemic changes everything it touches and, incredibly, it touches everything. But that's not all. A recent McKinsey report expressed it this way, "COVID-19 is changing how consumers behave across **every aspect** of their lives." They are preoccupied with health concerns, the future, retirement, and their overall financial security. It's obvious that these are core financial planning issues.

When it comes to life insurance, it's my experience that financial planners fall into one of two groups: they either include life coverage in their plan recommendations – or they don't. It's possible that the some who don't, may not be familiar with the current life products and how they can go far beyond a death benefit.



When you consider the questions and concerns created by COVID-19 for so many who can benefit from having a proper financial plan, it is worth noting how life insurance can help address such current client issues, such as stability, safety, guarantees, leverage, and tax-shelter.

Based on our experience, the problems solved with the correct life product can add value to a client's financial plan. This can be helpful when it comes to a planner's fiduciary responsibility for meeting a clients' goals and objectives for security, family protection, and legacy desires.

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Get cases closed faster

Current Trends that are Here to Stay

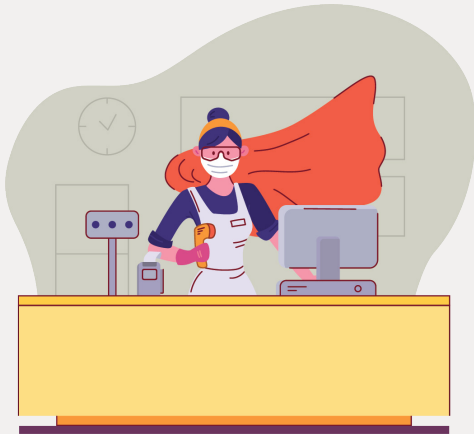


Tony O'Kussick, CLU
Director of Operations

We are often reminded of quotes that are applicable to our everyday lives and/or our business. Plato, the great Greek philosopher, said, "Necessity is the mother of invention" and that's especially true today in the current COVID-19 environment.

Even though the life insurance industry tends to be a slow-moving giant, look at this list of desperately needed advancements made because they were needed.

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President's Message: Concept Conversations with Clients

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such as uncertainty about the future, their family's financial security, the stability of their business, or wondering if they are positioned for the unknown.

With a specific idea in mind, let clients know that the purpose of having a conversation is to discuss a concept that focuses on that particular issue and will be of interest to them.

Why is a concept important? It helps get clients thinking and talking, lets them picture the possibilities, and then embrace the solution.

Here's what to do:

- Identify a client and tell us about their issue of concern.
- We will prepare a concept that fits the need and then go over it with you so you are prepared for the conversation with your client.
- If appropriate, one of our sales people can accompany you on either a virtual or in-person client conversation.

If the possibility of "Concept Conversations with Clients" appeals to you, First American is ready to help you make it successful.



Could Your Clients Be Doing More to Protect their Income?



Derek Wakefield
LTC and DI Specialist

If you have sold or solicited disability insurance in the past, chances are you have heard clients tell you their income is already protected should they become disabled. The best clients to speak with regarding income protection are employed, so do not be surprised or discouraged if someone says, *"I already have coverage through my employer."* Be prepared and keep the conversation going by saying *"I thought you might, so let's see if it's enough to cover your expenses if you become too sick or hurt to work."*

Group long-term disability through an employer is a good start, but it may leave your client with a substantial income gap. Group disability coverage generally covers about 60% of income, before taxes. By supplementing their group coverage with individual coverage, your client can protect even more of their income, which makes a huge difference when it comes to covering daily living expenses. Additionally, individual disability insurance stays with them even if they change employers, so your clients know they are covered for their entire working career.

Adding individual coverage to your client's existing plan puts them in control. With group and individual disability coverage working together, they won't have to make tough decisions about cutting back on their lifestyle. Supplemental individual coverage has the potential to provide value in several areas:

- Provides the client with tax-free benefit payments
- Covers the client's bonus/incentive pay
- Stays with the client even if they change jobs
- Cannot be cancelled unless premium payments cease
- Guarantees that the cost of coverage will never increase
- Can be designed to meet the client's specific budget and needs
- Potential discounts if multiple employees purchase coverage

Since the best prospects are employed high income earners, chances are they already have some sort of disability coverage in place. It is important for you to recognize this and speak to the added value that supplemental coverage can provide.

Advisors who possess this knowledge will have the most success in the disability insurance marketplace.



Coverage now available Novel Coronavirus Disease Underwriting for Life Insurance



Eric Schuhmacher,
ALMI, ACS
Senior Underwriter

Life insurance companies rapidly reacted to the COVID-19 pandemic by placing restrictions on underwriting based on age, co-morbidity factors, and ratings. Many insurance carriers now have underwriting guidelines for assessing COVID-19 disease or exposure. Coverage is possible even after positive exposure to the Coronavirus or illness.

The most favorable candidates for life insurance coverage that have had COVID-19 disease or tested positive are under age 70 and are relatively healthy without any other co-morbidity factors.

Here are five major life insurance carriers that offer coverage for clients with COVID-19 infection and recovery:

Lincoln Financial. They can consider for coverage after one-month post recovery for home treatment and three months post recovery from hospital treatment.

Nationwide. They would postpone 30 days from testing allowing the patient to make a



full recovery and have medical follow up. All medical records would be needed to obtain evidence of a full resolution of the infection. If no residuals, we could possibly consider as otherwise qualifies with a good health statement completed.

Principal. They will postpone one month after self-isolation completed, fully recovered from all symptoms without complications, returned to normal physical function and activities.

Protective. Possible consideration 30 days after fully recovered from COVID-19 without any complications and returned to normal activities.

Prudential. Providing it has been more than 30 days since fully recovered and no hospitalization for COVID-19 symptoms then preferred is possible subject to review of all underwriting requirements.

As you can see, Coronavirus disease is not a decline with some carriers. Acceptance depends on full recovery with no residual effects from the infection and a brief post-pone period. However, If your client needs life insurance coverage now, do not wait until the pandemic eases. Life insurers are ready to provide coverage now.

Underwriting Case Studies

Agent Orange Exposure during Vietnam War

- 79-year-old-male
- Veteran infected during the Vietnam War causing Diabetes
- Diabetes under good control, insured very compliant with maintenance and control
- Approved \$500,000 GUL
- Offered Standard Non-Smoker despite COVID-19 restrictions
- Annual Premium \$42,510

Cardiac Ablation

- 59-year-old-male
- Build 6 feet, 214 Pounds
- Client had Cardiac Ablation 7 years ago
- Runs marathons, controlled blood pressure and cholesterol
- Approved \$5 Million Term
- Offered Preferred Plus Non-Smoker
- Annual Premium \$10,762

Various Impairments

- 56-year-old-male
- Uncontrolled Diabetes, mild Aortic Valve Disease and Coronary Artery Disease
- Most companies not offering for this insured during the pandemic
- Approved \$1 Million Term
- Offered Table B
- Annual Premium \$7,155



Get cases closed faster

Current Trends that are Here to Stay

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- 1. Simpler applications that can be submitted electronically.** Many companies were adding electronic application formats. Now e-applications and drop tickets are the new normal from most carriers and include both term and permanent applications.
- 2. Automated Underwriting (AU).** We have a long list of Insurance companies that use resources like RX checks (prescription drug checks), MIB checks, MVR, and Big Data vendors to gather information and make offers without any exam, labs, or obtaining medical records. On average there are many company choices for clients age 18-60 and up to \$3 Million face amounts.

- 3. The newest advancement in the underwriting process is called PFU (Potentially Fluidless Underwriting).** This varies from automated underwriting because the carrier does want labs but will potentially accept labs in the medical records in place of having new ones completed. The underwriter will look at the lab results to determine if they have enough information to offer. The typical client range for this is up to age 60 and \$3 Million. We do have some carriers that will go up to age 70 and some up to \$5 Million death benefit face amounts. Most carriers will look back 12 months for the labs; however, there a few going back 24 months.

- 4. Another recent underwriting advancement is the use of Human API, which is a Health Data Network.** Carriers partner

with Human API and this allows your client to receive an email that permit them to give permission to share their medical information with the carrier. This vastly speeds up special authorizations and APS retrieval times. Both of these are the biggest hold ups in getting your case approved.

- 5. E-signatures.** Before the pandemic, many carriers were skeptical of e-signatures. In just a few short months many carriers are allowing e-signatures on documents. Not every e-signature vendor is accepted so call us and we can steer you through the process.

You can tell that these advancements have been needed for quite some time and now that there is a need, there is a way, one that's here to stay.

Retirement Income

The conversation your clients are having...



Jason E. Lang
Annuity Specialist

If you're not having a conversation about retirement income planning with your clients... someone else is.

Specifically, if you're not talking to your clients about using annuities to provide a guaranteed income source in retirement... another advisor is.

Here's why. In a current survey, the #1 concern of recent retirees is running out of money and becoming destitute.

That concern should not come as a surprise as we see most pensions disappear and hear talk of Social Security being reduced in the future. The three-legged stool clients came to rely on in retirement (company pension, Social Security income, and personal savings) is now being supported almost completely by the money your clients put aside on their own for the past 40+ years.



But just having that lump sum of money is not enough to help ensure that your clients will live comfortably in retirement. Realistically, they need to find a way to turn that pile of money into an income stream... preferably one they cannot outlive. And that's where annuities can come into play, especially annuities with income riders.

No other asset class or investment vehicle that can provide the potential upside, guarantee against market loss, and provide income for life, that an index annuity with an income rider can provide your clients.

Even if you don't consider annuities a focus of your practice, they should be a part of your business conversations with your clients and prospects. You don't need to become

an annuity expert to recommend them to your clients. First American Insurance Underwriters has an annuity consultant with over 20 years of industry experience to do the heavy lifting. We can have a conversation with you to gather the necessary client details, train you on the products that would be the best fit for your clients, and help you position those products as solutions to their retirement income needs.

Clients can have upwards of four financial professionals they work during the Accumulation phase of their life. And many of those same clients have said that during their Retirement phase (distribution phase), they want to simplify their lives, and work with one or two financial professionals. Most choose to work with the professional who not only asks about their retirement income plans, but will also help to provide them with a solution for meeting their retirement income needs.

Be the advisor who asks clients about their retirement income needs, and be the one or two advisors they retain in their later years in life.

For more information, contact me at 781.449.6800 or jiang@faiu.com.

A rationale for life insurance

The Impact of the Novel Coronavirus on Financial Planning Continued from page 1

Here's an example of how life insurance helped strengthen one client's financial plan.

In late 2019, the 66-year-old client had completed the sale of his business for \$10 Million, and was evaluating his options for purchasing more life insurance as he had only a small amount.

Unfortunately, he was diagnosed with prostate cancer at the same time and decided that surgery was his best option. The surgery in late February 2020 was successful, just before the surgeon curtailed new surgeries due to COVID-19. The pathology report was good and he was told that no further treatment, radiation or chemotherapy, was needed.

In August 2020, the client secured a standard life insurance policy for \$2.5 Million with an annual cost of \$79,000 (3.16%).

The client used a trust to keep the insurance out of his and his spouse's estate. He was also able to use basic gifting to get the premiums out of the estate and avoid taxes. The insurance would be used to provide for state estate taxes on the total estate and tax planning for when the current tax laws sunset in 2025 or should they change before that date.

While life insurance can be reassuring to clients in a time of uncertainty such as the Coronavirus pandemic, it also offers benefits for the financial planner:

- Differentiate an advisor from their peers by adding client-perceived value. Insurance products can be viewed as a separate asset class that can be correlated with other assets.
- Strengthen the advisor's relationship with existing clients and their family. When working with legacy and family protection, insurance plans give the advisor an opportunity to bridge the generations and lead to client retention.

- Attract and retain clients who see value in a single-source financial relationship. In a time of complexity, many want to work with one financial advisor.
- Improve clients' asset coordination. As trusted advisors, planners recognize the need to diversify assets to provide growth, income, safety of principal, liquidity, leverage, and tax savings.
- Grow revenue. It's reasonable to see overall revenue increase by 10% to 25% when marketing insurance products and opening new doors for further growth.

All of which suggests that marketing life insurance products can be a good fit for financial planners, particularly at an unsettled time such as the pandemic. Needless to say, it's also appropriate for those who want to enhance their value proposition and grow and protect their practice.

