

The Advisor's Edge

Sales Strategies You Can Use

PRESIDENT'S MESSAGE



What's in your golf bag?

Ken Shapiro
President

A successful life insurance advisor and I were talking recently about the concerns of today's advisors. Earning more income topped the list. I expressed the view that many are holding themselves back by not taking advantage of opportunities for growing their business. Here a few common missed opportunities:

• Not venturing into new markets

Having focused on the Boomer generation for so long, many advisors are missing two future-oriented markets, Generation X (ages 35-50) and Millennials (ages 18-35). Both are showing interest in accumulating wealth and supplementing their retirement income. There is no better vehicle than Index Universal Life (IUL) for accomplishing their objectives. Quarter-over-quarter and year-over-year, IUL leads in permanent life sales. It's a mistake if you're not discussing it with your clients.

The Foreign Nationals market for US-based life insurance has come into its own and it's huge. Yet, few advisors understand the opportunity. Why? It's new and unfamiliar territory and they don't know how to break into it. Allan Gersten, our CEO and underwriting expert, knows his way around the Foreign National market. If you want to learn more, ask your brokerage manager for his Foreign National Marketing Kit.

• Not taking advantage of new products

If you've been selling certain products for a long time that have served you and your clients well, taking on new ones isn't easy. Today, consumers say they want

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Embrace the old way of doing business and capitalize on new approaches

Linda Wentworth | Relationship Manager



Life insurance has been sold face-to-face. It's personal. You learn a lot about your customers, their businesses, and their families during the sales process.

You know what matters most to them.

Family dynamics are changing. Life is more complicated and finding time to get to know clients is more difficult. People work longer, travel further, manage young children, care for parents, and are involved in a host of outside activities.

Amazon changed the way people think about shopping. You can find almost anything you want or need on the Internet. But every time you search for something, they capture information about you as well.



Insurance companies are also changing. They are motivated by cost savings and streamlined processes. They are leveraging technology for underwriting and using artificial intelligence to assess risk. Carriers call this "drop ticket." I call it "black box" underwriting.

The advisor completes a ticket, the insurance company conducts an interview and schedules requirements based upon age and face amount. It's easy to do business with them and there is no cut in compensation.

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Lock in gains, set up pension

Paul Heffernan | Annuity Wholesaler



2018 was a tough year for equities. There was a lot of volatility and the S&P 500 ended up down about 6.00% for the year. It has been a glorious ride for the stock market since 2008 and many people

with investment accounts or 401ks were able to grow them significantly. But storm clouds remain on the horizon and for clients close to retirement, any major loss in their portfolios could have a big impact on future plans.

The great thing is that there are tools available to protect the assets of pre-retirees and provide guaranteed lifetime income.

One way is through lifetime income riders on fixed and indexed annuities. Lock away some of the clients' portfolios into these products and they have a lifetime income available when they're ready to retire. The longer they wait, the better the available lifetime income. If anything were to happen to the annuity holder before they take income, then the beneficiaries will receive at least the premium back, plus some potential gains.

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President's Message

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life insurance, but they want it their way. Fortunately, we can say "Yes."

We call it "the new life insurance" and it features living benefits. The "old life insurance" can't help clients in case of a chronic, critical, or terminal illness. Now, they're covered if their term or permanent life policy comes with an accelerated death benefit. Living benefits change the sales narrative and spark interest with today's consumers.

• Not identifying permanent life policies with loans

There are countless policies with loans that are in jeopardy of lapsing and others with significant capital gains. These policies can be rehabilitated so they can fulfill the purpose for which they were purchased. Best of all, advisors can deliver good news to these clients, such as a reduced interest rate and tax benefits.

• Not benefiting from electronic submission, also known as drop ticket

If time is money, it's good business to get rid of the paperwork and unnecessary phone calls. Make it easy, simple, and fast. Policies can be delivered electronically. Even better, they can be approved in only a few days!

It's just like golf. Instead of playing with only a few clubs, you do better when there are more clubs in your bag. This is exactly what we're doing for advisors. Interested? Let's talk.



To learn more visit:
www.faiu.com

What does it take to do underwriting right?

Rinaz Mala | Underwriting Associate



I was 100% pro technology until I became an underwriter.

Technology improves our lives and makes them easier, everything from the way we communicate and setting the perfect temperature at our homes to making driving safer. No one doubts that technology can save time, money, and lives.

In the life insurance business, technology makes the underwriter's job more effective and efficient, from pulling data, retrieving medical records, analyzing and summarizing records, all in record time.

But I have discovered that technology can be a double-edged sword in underwriting life insurance cases. On the one hand, while it's immensely helpful that we can quote and assess a risk within a few minutes for multiple risks including build, diabetes, high blood pressure, and even cancer and HIV by comparing an applicant's data with similar backgrounds, we can accurately underwrite the risk and get a quote or policy so fast we can make even the most demanding clients happy in this fast-paced age.

On the other hand, technology has limitations

in underwriting. It can pigeonhole people by putting them in categories and ignore the fact that each of us is unique with our own individual circumstances. For example, if a client has a mental or behavioral condition, their chances of being approved for life insurance may be in question.

Our underwriting group had a case in which a client had an opioid addiction, a disease that can cause health, social, and economic problems. Individuals who become addicted may prioritize getting and using these drugs over other activities in their lives, often negatively impacting their professional and personal relationships. To use a computerized system to determine the life insurance class for this case would not be fair because the client's class could range from table D, as best class, to decline.

We worked with multiple life insurance companies and advocated for the client to get the best policy tailored for his needs. Although young, he is very successful in running one of the largest construction companies in the United States. He is socially active and never misses work. By reaching out to various underwriters with his story, he was granted a standard Non-Smoker offer.

This experience was an eye-opener. In underwriting, the issue is not technology versus underwriter, one or the other. To arrive at the best policy for clients at the fairest price requires that we combine both. One enhances the other so we can deliver the right result.

Lock in gains, set up pension

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Another great option is a deferred income annuity (DIA), or as I like to call them, deferred SPIA's. These products have been one of the fastest growing segments of the annuity markets in the past few years. A client will use a single premium to make the purchase and the insurance company provides a lifetime income stream based on their age at the time payments begin. Obviously, the longer the client waits, the higher the payments. These products also offer great optional features, such as increasing payments to help keep pace with inflation, and there are also some built-in liquidity features in case of an emergency.

In addition, one major issuer just added an optional guaranteed death benefit feature of

up to 3% per year. This helps eliminate one of the shortcomings of DIA's, only a return of principal to the beneficiaries if a death occurs before income begins. Now the beneficiaries can receive the principal back, plus guaranteed growth of up to 3% per year.

For example, let's say Sally, age 55, purchases a DIA annuity for \$150,000, deferring income for 10 years and elects a 3% annual roll-up death benefit. Sally unexpectedly dies at age 60 before her income payments begin. Her beneficiaries will receive \$173,191, instead of just the premium of \$150,000.

So, with these great options for clients nearing retirement, now may be the time to have discussions about protecting their nest eggs and turning a portion of their portfolios into guaranteed lifetime income.

Embrace the old way of doing business and capitalize on new approaches

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Carriers find that these interviews reduce the need for Attending Physician Statements.

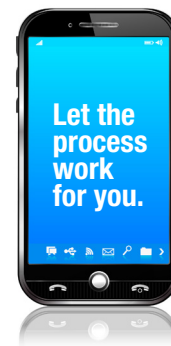
Insurance companies have become so comfortable with the results of drop ticket underwriting (having tested the processes through random audits or in some cases a specific percentage of cases being pulled for traditional underwriting review) they have expanded their offerings. With positive results, they are now offering accelerated underwriting programs in addition to drop ticket processes. Did you know that you can secure up to \$1,000,000 of coverage without an insurance exam up to age 60 in some situations?

Let the process work for you. Make it a part of your practice. You can drop a ticket anytime...from anywhere. Clients can schedule their telephone interview so it's convenient for them. Call centers offer late night appointments and some even offer them on weekends. Applications are electronically signed and policies are electronically delivered, shortening the cycle even further.

Accelerated underwriting is a secret weapon which should be a part of your practice. It enables you to do more business, more efficiently, with a broader footprint. This process works best when you pre-qualify clients. Selecting the right clients to participate in accelerated underwriting is as important as selecting the right carrier. Does your client have a build issue, a medical history, do they smoke, vape, or use marijuana? If they have a complicated

medical history or other specific underwriting challenges, save those cases for the traditional underwriting process. Younger clients, technology savvy clients, clients that are in good health but don't want to go through a medical exam are all great prospects for drop ticket and accelerated underwriting programs.

Set the expectation with your client that an interview will be conducted and that the carrier or its representative will be in contact. The formal interview takes approximately 30 minutes, depending on the client's history and how prepared they are for the call. Once the interview is done, the process moves very quickly. So, let the process work for you.



Are you engaging clients or enraging them?

Greg Schwabe, FLMI | Brokerage Manager



Let's be clear, no advisor sets out to enrage clients. Yet, it does happen. And the consequences? Lost sales, no referrals, and lots of unnecessary extra work.

Ironically, the problems often come up with smaller cases when using such platforms as Drop Ticket, Express Complete, and other sales platforms that are designed to simplify and speed up the process. After answering just a few questions, it's easy to request Best Class and hit enter. The resulting low-cost quote is sure to please the client.

Then, as every advisor knows, the insurance company follows-up with a phone call to the client with more detailed questions. This is when the picture and price can change. When this happens, the advisor must deliver bad news, which can jeopardize the client-advisor relationship. Although it's possible to overcome such a hurdle, it may require extra work, possibly a new application, and lots of hand-holding.

The way to avoid problems when using a "quick and easy" app is to ask the right questions so you avoid facing troublesome issues later on. Then, you can share the information with your Brokerage Manager to help identify the appropriate company and product. Here are seven questions to ask clients so you get it right the first time:

1. Ask about family health history.

Cancer or heart-related conditions can impact even the best of applicants.

2. Ask about meds being taken.

They provide insight into possible medical issues.

3. Ask about marijuana use.

Was the client a recreational user some years ago, while in college, 10 months ago, or even currently using? Companies differ: some may classify marijuana as "tobacco," while a few do not. Even a preferred nonsmoker class is obtainable with the right company.

4. Ask about tobacco use.

It's shades of gray, when it comes to smoking, so get as much information as possible. Vaping, e-cigarettes, cigar smoking and chewing tobacco may qualify for non-smoker rates with some companies. Making the wrong choice can more than double any nonsmoker rate quoted.

5. Ask about the client's build.

If it turns out that the age 60 male client is 5' 8" and weighs 230 lbs., this is information that will be of interest to a carrier. Ask if there's been any weight change in the past 12 months, as this impacts how companies assess an applicant's build. Half of any weight loss in the prior 12 months is typically added to the current weight for underwriting classification purposes.

6. Ask about desired features.

Is having a chronic or critical illness benefit as a policy feature important? Is a return-of-premium option worth considering? Would an LTC rider be a desirable benefit, if offered?

7. Ask about the client's lifestyle.

The issue here is not about bungee jumping or piloting small aircraft. The issue is to determine a client's health awareness. Knowing an applicant's dietary regime, their types and frequency of exercise, and whether or not they track their activity all help to fill in the picture.

If you want clients to get the best offer for the right product and the right company using a "quick and easy app," engaging them in a health and lifestyle conversation gets the best results for both for you and for them.



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Sales Conference in Naples, Florida an enjoyable event

From welcome cocktails on Sunday evening through breakfast on Wednesday morning, First American's sales conference in Naples, FL was a success. In between, there was time for an advisors' meeting, a kayak tour, dining, relaxing, and plenty of golf.

Nudging consumers in a **healthy** direction

Internal Sales Corner

With a focus on living benefits, insurance companies are changing the way consumers view life insurance. They are also creating a new way for brokers to market life products.

Now that many insurance companies have caught up to what is considered the new normal with accelerated death benefits, chronic illness, and long-term care riders, John Hancock is taking it a step further by offering premium discounts and other benefits to their clients for living a healthy and active lifestyle.

Many people today are already health conscious. They go to the gym regularly, they eat healthy food, and they go for routine checkups. These "prospects" are all great candidates for John Hancock's Vitality program. It provides premium

discounts up to 20% and premiums will never exceed what a client would have without Vitality. There's also a \$2 per month fee for the rider.

All that's required of Vitality participants is to report their activities (which they are already doing in many cases), using a wearable device or smartphone, although some data, such as doctor visits and lab results, will need to be entered manually. Failing to make the required reports results in an increased premium.

The Vitality model has existed in other countries for some time, but it's a new concept in the United States. In addition to benefiting from lower insurance premiums, policyholders also receive an Apple Watch, discounts at stores, and hotels and savings of up to \$50 per month on healthy food purchases.

However, this program isn't just for the healthiest among us. The program is designed to benefit anyone who is willing to be accountable for their health by making healthy choices. All risk classes are included and it's available on all of John Hancock's products. As a result, policyholders with serious risk impairments can also participate and enjoy the full benefits of Vitality.

