



It's About Your Business

A newsletter for life agents & financial advisors
specializing in coaching growth-oriented producers



We'll Help You Get There

Kenneth A. Shapiro
President

It was only a few years ago that advisors could choose among a long list of incentive trips. New trips were announced regularly. That's changed. For whatever the reasons, far fewer are available today.

At First American, we're going against the tide. It's our view that such experiences can have value for both our advisors and our people. That's why we want you to know about our next trip. It's April 23-26, 2017 to The Sanctuary at Kiawah Island Resort in South Carolina—and we want you there.

It's a great destination and a wonderful time of the year. But the trip is more than that. We see it as an opportunity for our advisors and our people to interact, enjoy themselves, and learn from each other. As our Brokerage Manager Denise Desautels says, "Our trips are collaborative experiences. Each time, I come away with new ways I can assist my advisors."

We not only want you on this trip, but we'll also help get you there! That's how serious we are.

If you say you want the trip and your goal is growing your revenue, we have the tools to help you to do both.

The basic requirement is \$150,000 in paid premium by 12/31/16. And that includes life insurance, annuities, LTC and Disability Income. Put it all together and you're there.

What's your next step? All you need to do is reach out to me. Call me at 781-449-6800, and say, "Count me in!" I'll tell you exactly what we can do to help you get there.



A SALES STRATEGY

A Long-Ignored Market With Great Potential

Andrew Gordon Senior Case Design Specialist

"Yeah, I tried that when I was a young producer," said the life agent. "But it didn't go anywhere. Too complicated. After awhile, I gave up."

He was talking about breaking into selling employer-owned life insurance for executives and key personnel. Many agents tried, but often with less than satisfactory results.

In light of such past experiences—and there were plenty of them—why should producers now view that same market as an opportunity for sales? In addition to many more prospects today than there were some years ago, there's one overriding difference that is a game changer: *today the process is incredibly selling-friendly:*

- **Fast underwriting.** With the help of technology, underwriting process is nearly instantaneous.
- **Group personalization.** The underwriting level is based on the number of people in a group and the desired amount of coverage.
- **Guaranteed Issue.** All participants qualify as long as actively working. This can have significant value when there are privacy or health concerns, or someone is uninsurable through conventional underwriting.

Two types of programs

- **Simplified Issue.** With only six-to-eight basic medical questions, no paramedic

physical exam, Attending Physician Statements, or telephone questions, the application process is smooth and swift.

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Are You Comfortable Selling Indexed Annuities?

Paul Heffernan Annuity Wholesaler

Most new car buyers are fairly cautious when they first get behind the wheel. They don't want to scratch a fender, get too close to the curb, or brake too quickly. They get more daring as they get more comfortable.

It's the same with life insurance advisors and new products. They are slow to embrace them. And rightly so, particularly with so many new, highly complex products that are now available. If they're not familiar with a product, they're not about to recommend it. They want to avoid

being blindsided should a client ask questions they can't answer.

Indexed Annuities are a good example. "They're just too complicated," advisors say. "I don't understand them and, let me tell you, my clients won't either."

What's one more product added to your product mix when you have everything you need and are comfortable with what you have? Why take the time to learn about indexed annuities when they won't add value to your practice?

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- **High face amounts.** Up to \$1 million with Guaranteed Issue and \$1.5 million with simplified issue programs.

Taken together, the process is incredibly selling-friendly. No waiting for weeks, no client misgivings, second thoughts, or fading motivations. On top of that, it gets the deal done before competitors get wind of what's happening and try to move in.

Since Guaranteed Issue and Simplified Issue products are ideal for smaller firms, here are some effective sales strategies:

- When the loss of key personnel can have an adverse impact on a business, this coverage has significant value, particularly when it's an employer-paid benefit.
- It's also a way to reward and retain top-level employees as part of executive bonus or deferred compensation plans.
- For companies with multiple owners, these programs work well as part of buy-sell agreements and in succession plans.

Prospecting is focused and straightforward:

- Target groups: law firms, physicians, biotech firms, technology companies, and consulting firms, among others.

- Qualified participants: those classified as executives, owners, or who hold white collar or management positions.
- Work requirements: participants must work at least 30 hours a week, earn more than \$75,000, and be no older than age 70.
- Group size: the number of lives ranges from five to thousands. Groups up to 30 work well.

In marketing these products, here are a few important guidelines for producers:

- While the application process moves quickly, closing these sales can take longer than the average individual case, and that can be discouraging for some agents. Yet, other producers recognize that patience and persistence are more than worth the investment of time and effort. For example, a commission for a 10-member group can be about \$50,000, utilizing a minimally-funded UL plan. A group of 20 members would generate commissions of about \$150,000 using an accumulation-focused product.
- Astute producers realize that talking with prospect firms is, in itself, a marketing opportunity that builds relationships and opens the door for other types of life insurance sales.

To better understand the entire process, here is a case history that helps to bring it all together:

THIS CASE INVOLVED A law firm that wanted key person coverage on a select group of 30 lawyers, based on a combination of billable hours and annual revenue. The producer recommended an Indexed UL policy since the cash accumulation potential was attractive to the law firm.

The plan was funded at a target premium level for 1 Mill per participant. With this strategy the policies provided cash accumulation and a guaranteed coverage duration past potential retirement age.

Upon retirement of each participant, the law firm can recoup premiums paid, plus additional monies.

The total annual premium was \$220,000.

For her efforts, the producer earned a \$200,000 commission on the group case.

At a time when there are many available qualified business prospects for life insurance products that offer convenience and simplicity, both Guaranteed Issue and Simplified Issue programs offer significant sales potential.

Are You Comfortable Selling Indexed Annuities | Continued from page 1

While all that sounds compelling, consider this: What if your clients are asking for indexed annuities and the guarantees they provide? Take a look at these statistics:

- Fixed indexed annuity sales increased by 21% from 2013 to 2014
- Variable annuity sales decreased by 3.6% from 2013 to 2014
- 52% of investors are willing to accept lower investment returns in order to preserve their savings

When advisors say that fixed indexed annuities are too complicated, I ask them: Aren't variable annuities complicated? Have you read the entire 100-page prospectus? Have any of your clients ever read the prospectus?

As a former variable annuity wholesaler, I heard the same concerns about that product that I hear now about indexed annuities. However, advisors saw the value variable annuities provided and were willing to take the time to learn about these complicated products and make them part of their product mix.

Indexed annuities today are where variable annuities were 10 years ago, on the precipice of becoming a widely accepted vehicle offering guaranteed lifetime income for investors desperately seeking the guarantees they provide.

How did this happen? We boiled down variable annuities to a handful of interesting sound bites that gave advisors and their clients a basic

understanding of the product, along with useful conversation starters. First, variable annuities are "a tax-deferred mutual fund." Then, after the addition of income riders, they are a way to "invest your money in equities with the worst case scenarios of recovering your funds via lifetime withdrawals, no matter what happens to the stock market."

We can do the same thing for indexed annuities that can help facilitate a discussion with your clients:

- **What are indexed annuities?** Indexed annuities are a fixed annuity that offers investors a chance to earn higher interest rates than they would if invested in a guaranteed interest rate annuity.
- **How does an indexed annuity earn interest and grow?** This is accomplished by linking interest growth to the performance of an index, such as the S&P 500, without participating in the downside of the index. In short, you get some of the upside of the index with none of the downside.

And that's it. That's how a fixed indexed annuity works, and that's what you need to know if a client asks you about the product.

Yes, there's much more to learn about indexed annuities. Yet, every advisor knows the value of simplicity when working with clients. They want clear, understandable explanations that make sense so they're comfortable with a product. Indexed annuities are no exception. And it's that easy for an advisor to get comfortable with them, too.

Avoid Underwriting Issues That Derail a Case



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

Many life insurance applications sail through smoothly. But a majority will raise questions, require

further discussion, create delays, and affect the insurance offer.

With that in mind, advisors can help avoid problems and close cases quickly and as expected when they understand the major factors that can derail a case:

- A client's medical history may not be transparent. Clients may not be aware of the details of their own insurability. A physician may disclose, for example, that the client has diabetes or stage 2 chronic kidney disease, but may not mention a medical issue that didn't require treatment so the client downplays the diagnosis. Others intentionally obscure relevant facts.
- All lab reports are not the same. An insurance company's examination includes a panel of labs for evaluating a client's medical status and prognosis for *maintaining good health in the future*. Doctors don't do nicotine or drug testing, and they don't always check liver enzymes.

For larger face amounts, insurance companies have tests for applicants over age 50 that help identify cardiac issues such as heart failure, cardiac events, and inflammation that serve as warning signs for upcoming problems. Personal physicians have no reason or financial authorization to perform such tests. Adverse test results may raise questions that slow down underwriting and result in a decline or postponement of an application.

- Medical records can impact outcomes
 - 1 Medical Information Bureau. Advisors should be familiar with impairment codes and understand that pertinent medical history records are maintained for seven years.
 - 2 Insurance companies use the *Prescription Data Base (PDB)* to make sure they don't miss important information. In many cases, they rely on the PDB rather than requesting attending physician statements.
 - 3 Attending Physician Statements may have surprises, such as confidential issues that were expressed by the patient or the

physician and that then become part of the permanent record. Applicants are shocked to learn that their discussion of alcohol, drug abuse, tobacco use, or other behaviors can affect an insurance offer. Most don't connect these discussions with their insurability until it's too late.

- 4 A client may be in denial. It's natural to avoid viewing a medical impairment as contributing to our demise. This is why it's not uncommon for clients to assume that a particular medical condition won't impact their life expectancy and mortality.
- 5 A doctor didn't fully communicate or even mention an issue or health diagnosis. A patient's diagnosis is tracked without treatment, since the patient had no symptoms at the time. In such cases, for various reasons, the doctor may choose not to discuss or alarm a patient.
- 6 Administrative snags can delay approvals, including medical office processing lags, problems locating a retired physician, or difficulties in locating legacy medical files.
- 7 Insurance companies view family histories differently. Family history is one of a few basic criteria used to determine whether an offer is preferred or standard. Individual life companies have their own niches for early family cancer, and cardiovascular or cerebrovascular deaths of family members. However, insurers don't usually consider the circumstances of a death of a parent due to cardiovascular or cancer when doing a review.

- The role of a client's lifestyle in mortality. Personal habits, moral behavior, and poor familial status are closely evaluated to determine any additional risk.
- Alcohol abuse is an example. Motor vehicle reports, a liver enzyme test, lipids testing, carrier reflex Carbohydrate-deficient transferrin testing, attending physician statements noting abuse and, a client's inspection report can be sources of relevant information.
- There's follow-up on missing or inaccurate information on felonies, avocations, and bankruptcies, which can further complicate, delay and even derail a case. Applicants can also "shoot themselves in the foot" by admitting to risky behaviors on Facebook.

All this adds up to recognizing that applying for life insurance is a serious, and oftentimes, a complicated matter. Advisors who understand the underwriting pitfalls are best positioned to offer their clients the coverage they need at a reasonable cost.

Policy Review Sales Idea

Have you done a Policy Review lately? A Policy Review assures clients that their coverage suits their current needs or gives them the chance to adjust their policy to better suit them. Frequently, setting aside time for a client's Policy Review may save them and their beneficiaries' time and potentially money.

13TH Annual Brokers' Open House

SAVE THE DATE! May 18, 2016. Meet the FAIU team, other insurance advisors, and insurance carriers. Stay tuned for more information.

Questions Advisors Ask

Q "How does First American's internal sales support give me a competitive advantage?"

When you have a question, we will typically give you an answer on the spot or within hours. If you need a comparison of companies for a case, we can also get that to you quickly. We understand that our role is to help you facilitate the sales process.

Q "How does online processing for term-apps benefit me?"

By filling out term applications online or over the phone, you can speed up the process, reduce cycle times, improve case placements and get paid quicker!

Small business DI sales opportunity

The continued success of most small businesses depends on a few key people. This creates a compelling opportunity for Disability Income protection. In this example, two owners of a business added an assistant and a receptionist to their multi-life policy. By doing so, they are getting a discount as well as giving a benefit to the two employees.

TOTAL ANNUAL PREMIUM
NO DISCOUNT \$15,796.65

TOTAL ANNUAL PREMIUM
WITH MULTI-LIFE DISCOUNT,
\$11,162.73

Underwriting Case Studies

Prostate Cancer	Diabetes	Family History
<p>54-year-old male Non-Smoker</p> <p>7-year Prostate Cancer history</p> <p>Had a radical Prostatectomy with Gleason grade 3+4 and Tumor 2C, PSA currently undetectable</p> <p>Applying for \$2.5 Million 20 Year Term</p> <p>Approved Standard Non-Smoker</p>	<p>62-year-old male</p> <p>6 feet, 290 pounds</p> <p>Diabetes diagnosed 5 years ago with current A1C 8.6 with no complications of Diabetes</p> <p>Applying for \$10 Million Term</p> <p>Approved Standard Non-Smoker</p>	<p>56-year-old male</p> <p>6 feet, 232 pounds</p> <p>Blood pressure 148/90, cholesterol 281/6.0 chol/HDL ratio</p> <p>Family history: sister died at age 50 of Melanoma, brother at age 46 of Coronary Artery Disease</p> <p>Applying for \$5 Million Term</p> <p>Approved Preferred Non-Smoker</p>
Annual Premium \$13,512	Annual Premium \$64,862	Annual Premium \$16,712