



It's About Your Business

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

PRESIDENT'S MESSAGE



Kenneth A. Shapiro
President

You Don't Need to Do It Alone

Life insurance advisors, along with others in financial services, revel in their independence. They thrive on managing their practice and are confident in their ability to control their own destiny. Most importantly, they take pride in their ability to serve their clients.

At the same time, the life insurance industry is going through dramatic changes. As advisors tell us, the pace is such that it's nearly impossible to keep up with the innovative new products, let alone existing product updates. If all that weren't enough, there are the challenges and opportunities that come on ever-changing technology. All of this has a major impact on an advisor's practice.

While you learn to cope with this new world of life insurance, there's good news: you don't need to go it alone. First American is committed to helping you stay current, so you don't fall behind.

Sure, we have the resources, experience and expertise to get you the right Annuity, DI, Life and Long-Term Care solutions for your clients. But beyond that, here's our guarantee:

Continued on page 2

Term Life

Is Conversion Time Running Out?

Gregory E. Schwabe, FLMI | Brokerage Manager



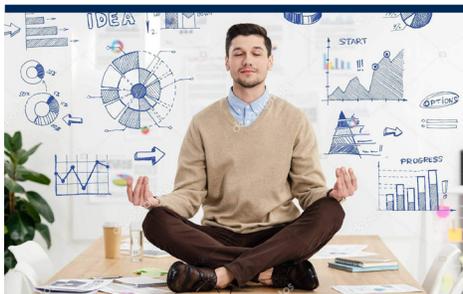
Advisors are always looking for new business. As something of a twist, we've been finding it for them in their old business.

While reviewing First American's inforce term policies, we check for Conversion Expiration Dates and end of level period dates. It's turning up lots of business opportunities for advisors.

We remind advisors that a conversion date is coming up or their level term period is expiring and suggest this would be a good time to contact clients. Most appreciate the nudge since it helps clients and can result in a conversion or a new sale. It also prepares them for the impending correspondence from the insurance carrier about an upcoming change in their premiums.

Unfortunately, there are other examples where the news is not so good. Recently, we came across a 10-year \$500,000 plan that was issued 15 years ago and remains inforce today. The initial \$365 annual premium is now \$1,173 quarterly. If the woman is still insurable, she could be paying \$1,500 annually.

Continued on page 3



Prospecting the Millennial Market

• Protecting their major asset

Even though many Millennials (early-20s to mid-30s) are doing well (some exceptionally so) in their careers, they may appear as less than good prospects due to their significant financial obligations (loans, lifestyle, housing, etc.).

Since it's their income that makes it all possible, the idea of protecting it can get their attention. And because

they recognize the value of life insurance as long as it's affordable, they are good prospects.

• Safeguarding a business

The three, all in their early thirties, have substantial incomes from their current employment. They meet weekly, planning a partnership in a business of their own. Each one will bring specialized skills and experience to the new enterprise.

Recognizing that the success of the business rests with them as a team, they think what could occur if one were lost to a serious accident or illness, let alone death. As they moved forward, lenders were asking the same question.

Upshot: In both examples, a combination of disability income protection and term life insurance can be the affordable solution for Millennial prospects.





Useful Ideas For Growing Your Business

- How many clients and prospects do you see each week?
- Do you conduct annual reviews?
- What percentage of your revenue comes from Life, Annuities, LTC, and DI sales?
- Do you have a sales track to follow?
- How do you prospect new clients?

President's Message

Continued from page 1

- The solutions we present will be creative and competitive.
- The process will be seamless, as if you were doing it yourself, and you will be kept informed.

Even so, that's only one side of our company. We have talented, experienced professionals available who are ready to work with you so you can move your practice forward - so you don't need to go it alone.

Here are some examples:

- How about being paired with a mentor for a period of time? We can do it.
- Could you benefit from coaching in the sales process, from prospecting to closing cases? We can do it.
- Would you like help advancing your career, building and managing your practice? We can do it.
- How about obtaining leads, improving your marketing, or getting the most out of LinkedIn and social media? We can do it.
- Do you want to know more about current technology? We can do it.

At a time when your clients expect more from you, you can expect more from us. This is why we invite and encourage you to leverage our company's resources. You don't need to do it alone.

Want to Sell Life Insurance to More Women?

Trying to grasp how women go about making buying decisions isn't easy. But, believe it or not, attending owners' meetings of a condo association can be helpful.

One such association in a Boston neighborhood has monthly "mini-town meetings" so owners can express their ideas, discuss issues, and air their concerns or gripes, as the case may be. Since starting this open forum format, attendance has soared, particularly among women, according to a board member.

"Sure, I listened," he says, "but it took several meetings to figure out what was going on and why so many women kept coming back and speaking up."

Here are some of his observations:

- More women attended the meetings than men, about 3-to-1. The men tended to sit toward the back of the room, with the women closer to the front.
- Women drilled down more persistently to get the facts. They were more inquisitive, asking more questions until they were satisfied with the answers. Men tended to make statements, rather than ask questions.
- Women were interested in the long-term consequences of decisions; they were, for example, concerned about getting in over their head; men not so much.
- Women were cautious in making decisions; they didn't want to be rushed. Men seemed ready to move more quickly.
- Women were more open about taking responsibility for themselves; men more guarded.
- Women's responses were in terms of how an issue, for example, would affect them personally. On the other hand, men took a more "businesslike" or "arms' length" approach in expressing their comments, often basing them on their particular field of expertise.

At this point, you may wonder what all this has to do with selling life insurance to women. Here are some thoughts about that:

- Women (at least some) are drawn to an environment that encourages them to express their concerns and doesn't put pressure on them to act before feeling comfortable with their understanding of the implications of an issue.
- What can come across as waffling or an inability to decide may not be that at all. Rather, it can be taking time to decide if someone or something is trustworthy.
- Issues of trust are important to women, which is why they want to do their own research. At the top of their list are "people like me," which helps explain the popularity of Facebook, Yelp and others.
- Women appear to possess less certainty about their future than do men, recognizing they must take care of themselves. This causes them to search for answers to troublesome questions. When this happens, men, who thrive on certainty, get uncomfortable and impatient.
- Since women tend to arrive at decisions by going through what can be a prolonged process, advisors will turn them off unless they are patient.

Advisors are told that women are good prospects because they control vast amounts of wealth and are responsible for making more than their fair share of buying decisions. But they can also run into problems when dealing with women. It might help if they did in some improbable places.





Term Life | Is conversion time running out?

Continued from page 1

We've been told the client isn't returning the advisor's calls. This can't come as a surprise to an advisor who failed to maintain communication after the sale.

In another case, a 15-year \$500,000 term plan with a Conversion Expiration Date a little more than two years ago went from a level premium of \$345 annually to a current \$1,890. Next year, it jumps to \$2,520. What will it be if the woman lives to age 85?

There are instances where there's still time. One policyowner's \$250,000 policy's premiums remain level for 7 more years, until the client reaches age 77. However, the Conversion Expiration is only 2 months away. If he misses it at 77, the monthly premium of \$165 goes to \$585 and a year later, it's \$1,003.

And then there's the policyowner who purchased a \$1 million 15-year term plan in 2003 and the policy renewed last month. His annual premium went from \$10,880 to \$115,600!

He is now 78 years old. Faced with a premium increase of more than \$100,000, no wonder he dropped the policy.

Because this didn't need to happen, we indicated to the advisor that if the policyowner is insurable, much better options are available for continuing the coverage. Here are a couple of possibilities: a new 10-year plan at standard rates is \$45,000 a year or he could possibly keep \$250,000 of coverage for the next 10 years for about what he is paying now if he is still insurable.

Some may blame clients for creating problems for themselves by failing to pay attention to their policy's Conversion Expiration Date or end of their level term period. Chances are, they didn't know such dates existed. If they received a notification, they may have failed to pay attention to it. Most clients buy term plans with the mindset that they will not need the coverage beyond the level period, much less think they will ever have to worry about converting the plan down the road. Even so, you could argue that advisors should be more proactive. Yet, in many situations with these older term plans written 15 to 20 years ago, the advisor is retired or no longer in business.

So, where does this leave us? It might help if we made a point of the Conversion Expiration Date when

selling term life plans in an effort to impress clients with its importance. We can also set up a reminder system to contact clients that the date is coming up.

But when it comes right down to it, it's in our best interest to stay on top of Conversion Expiration Dates. This is a perfect opportunity for policy reviews to determine if their plan is working as expected and to offer suggestions that are a better fit for their current life situation.

To put it another way, there are new business opportunities in our old files.

Underwriting Case Studies

Citizen and Resident of China

- 52-year-old male
- Good health, owns \$5 million condo in NYC
- Needs \$2 million to cover U.S. Federal Estate Tax
- Offered Standard Plus Non-Smoker
- Annual Premium \$26,600

Diabetes

- 77-year-old male
- Diabetes, well controlled
- Coronary Artery Disease with stent implanted 15 years ago to a feeder artery and high blood pressure (controlled)
- Applying for \$300,000 GUL
- Offered Standard Non-Smoker
- Annual Premium \$22,180

Alcoholism and Substance Abuse

- 55-year-old male
- 3 DUI's 1999-2002, lost license for 10 years
- AA for 5 years with abstinence, no significant anxiety or depression
- Applying for \$5 million Term
- Offered Table 2
- Annual Premium \$27,280

Enhancing Client Confidence Value of Annuities in Retirement Income Plans

Advisors who work with clients to create formal retirement income plans that include annuities elevate retiree confidence to a whole new level, according to LIMRA.

- Simply having a relationship with an advisor is not enough to improve retirement confidence. Neither is having an annuity—unless it is part of a formal plan.
- The sense of security comes when the advisor completes a formal retirement income plan for the client. This encourages clients to consolidate assets with their advisors, which is a win-win situation for clients and advisors.
- Half of the affluent and clients with a formal plan have consolidated 90% plus of their assets with their advisors — more than double the percentage for retirees who do not have a plan.

Advisors should educate clients about retirement income planning, create plans based on realistic expectations, and determine how an annuity can support the plan.





FAIU Employees Dish It Up at The Jimmy Fund Scooper Bowl

In continuing with our community outreach program, FAIU employees volunteered at the recent 36th Annual Jimmy Fund Scooper Bowl event on Boston's City Hall Plaza. This all-you-can-eat ice cream event benefits cancer research and treatment at the Dana-Farber Cancer Institute.

What Advisors Want to Know How to Get Your Applications Moving Faster

By New Business Case Management

As every advisor knows, there are so many “moving pieces” associated with a life insurance application that create opportunities for delays to occur. As far as we are concerned, that’s not acceptable. This is why we’re committed to constant improvement in the application management process. Here’s a checklist of actions that can help your apps move faster:

- Use black ink (blue/red just fade out when scanned).
- Make sure you use the newest version of a form. Get rid of old copies since they can cause delays.
- A cover memo is always helpful in letting us know what you quoted and what you are looking for.



- Replacement forms must be sent with applications. Some agents hold off sending until there is an offer and some carriers make you take a whole new app after the fact if the replacement form is not sent in with the app.
- Avoid Amendments by leaving no unanswered questions on the application.
- Do not delay APS ordering, please complete the part 2, even if a full exam will be completed.

With your help, your apps will move more efficiently and you will close your cases faster.