



If You're a Broker-Dealer: Yes, You Need Life

by Kenneth A. Shapiro, as seen in

ThinkAdvisor

Why should broker dealers bother having advisors market life insurance products?

If this is the question, it's the right one.

No matter how you look at it, you may have more than enough on your plate now, so why get involved with life insurance, particularly when the product line is so different from what your advisors do every day? On top of that, it may be just too much for them to handle.

If this is what you're thinking, it's understandable. But before throwing the life insurance idea overboard, wait just a moment. There may be more to the story that's worth considering. Start with these facts:

- The once clearly distinct and separate product distribution channels are fast disappearing. And for good reason. Today's (and certainly tomorrow's) customers demand simplicity and convenience and that means one-stop shopping, including insurance as part of the plan.
- Advisors can benefit from having a portfolio of products that allows them to offer clients integrated financial planning services, including life insurance since it's a core component of a client's plan. In other words, marketing life insurance is germane to their work as advisors.

Although it may be useful to consider the benefits of advisors marketing life insurance products to their clients, what about the broker-dealer? If life insurance sales are to make sense, benefits must accrue to the broker-dealer. Here are some of the possibilities life insurance offers:

- ***Do more business without adding to your advisors' work load.*** In reviewing financial information with clients, advisors recognize those who need life insurance or who are inadequately covered. Then, with a brokerage agency as a member of the team, the work gets done.
- ***Help retain productive advisors.*** Replacing top advisors can be costly. An effective way to increase their satisfaction is to give them the opportunity to increase their revenue in a way that's closely aligned with their normal client activity and that doesn't require a steep learning curve.

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- **Give your advisors an extra edge.** Quite often, when clients ask advisors about life insurance, they send them to someone they who can help them. Think about that. If clients have a trusting relationship with an advisor, why send them to someone they don't know? Instead, how much better it would be if the advisor were to say, "That's not a problem, I can help you with that."
- **Put another leg on your business platform.** This is the value of having an additional product line, such as life insurance, that fits into serving clients' wealth needs. But that's not all. It can also be an effective way to protect your firm's revenue stream and retain advisors and their clients by coming up with solutions that help keep competitors away.
- **Attract and retain clients who want one-stop shopping.** An effective way to stay ahead of the client satisfaction curve is do what banks have made a top priority: finding more ways to get their arms around their customers. Customers were taking money out of their accounts and buying financial products from firms such as yours. For example, one-stop shopping is increasingly important to Millennials, who want simplicity and convenience along with a personal relationship with their advisors.

On choosing and working with a life insurance partner

You might agree that offering clients life insurance products can benefit your advisors, their clients, and your firm. But, like any other business relationship, you want to be comfortable with a brokerage agency partner. Because trust based on competence, performance, and customer service is essential, it's best to move carefully, including performing your due diligence.

How do you go about choosing a brokerage agency? It's a critical issue since your brokerage agency is responsible for bringing cases to a successful close. They come in all sizes, from those with a small staff to others with departments and professionals with in-depth experience and capabilities for working with even the most difficult cases. Some brokerage agencies are transaction-oriented and work with more basic cases, while others have the underwriting resources for designing life insurance solutions involving difficult situations.

What should you expect from a brokerage agency? You want to feel comfortable with a brokerage agency that's small enough so your business receives proper attention and large enough to have the resources necessary to perform in a timely and efficient manner. It should also be doing business with a broad range of highly rated insurance companies.

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What type of support will the brokerage agency provide your advisors? A relationship manager, an experienced life insurance professional, is the primary contact and the one who oversees cases, gets proposals, answers questions, coaches, and keeps everyone informed so the process moves smoothly and satisfies your clients.

The right brokerage agency recognizes that marketing life insurance must complement and add value to a broker dealer's primary business. It does this best when it operates in the background and delivers products that serve the clients' best interests.

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