

The Advisor's Edge

Sales Strategies You Can Use

PRESIDENT'S MESSAGE

The real thing is easy to spot

Ken Shapiro, President



As an advisor, you know the real thing when you experience it. You recognize innovative ideas when you see them. You know extra effort when underwriters come through with acceptances where others have failed.

First American is committed to delivering the real thing. And thanks to all our advisor-partners, we had a 15% Premium increase in 2018, compared to the previous year. Here's how we go about making a difference for you and your clients:

- ◆ **In-depth resources.** It takes competent, committed people to provide the level of support advisors require today to serve their clients. Our staff of nearly 40 in Underwriting, Technology, Internal Sales Support, Operations, and Sales is an investment in advisors that can't be faked.
- ◆ **Advisor training.** The rapid flow of new life products, along with regulatory changes, and evolving consumer needs creates an urgency for ongoing advisor training, making it a top priority for our company. We sell products and provide solutions, but our success comes from partnering with our advisors.
- ◆ **Market opportunities.** A key component of our business is helping advisors grow their practices with expanding sales opportunities. Currently, this includes three critical spaces:

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Should advisors look more closely at indexed annuities?

Paul Heffernan | Annuity Wholesaler



Investors love guarantees. Those either close to or at retirement age love them even more, according to a survey of investors, age 55-75, by Greenwald & Associates:

- 73% place a high value on having guaranteed lifetime income to supplement social security
- 81% think those over age 50 must have a strategy in place to protect against investment losses
- 55% say they would opt for an investment that offered a lower but certain return over a higher return with greater possibility of loss

Even though older investors love guarantees, most of them have never been



approached about annuities and the guarantees they can provide with asset protection and guaranteed lifetime income. From the same Greenwald and Associates study:

- Only 33% have discussed income strategies and only 10% have discussed annuities with their advisors
- When advisors discuss retirement income strategies with clients, clients are three times as likely to purchase a product that guarantees lifetime income.

Another way to show that people love guarantees, according to LIMRA, is that

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P&C AGENTS Is your book of business missing life insurance?

**Gerry Kreuz, CLU, ChFC, FLMI
Brokerage Manager**



Who would have thought that Ford would dump the car that built the company? Yet, the fabled Ford sedan is no more. Gone. In industry-after-industry, nothing today escapes the tentacles of change.

P&C is no exception. Compressing compensation, uncertainty of profit-sharing revenue, technology disruptions, and consumer-direct marketing are changing the business. What may be coming next is the haunting question,

If you share these or similar thoughts, you're not alone. Jon Sullivan of Worcester, MA, is one of them. Even though he had a solid book of business, he wanted another leg on his stool to further strengthen and stabilize his practice.

That's when someone suggested that Jon might want to take a look at life insurance. Knowing that the key to life insurance sales relationship is having a relationship with prospects, he saw the possibilities and the opportunities:

1. Less than half of U.S. adults own an individual life insurance policy
2. Many people want life insurance, but no one asks them to buy
3. You have ready-made life insurance

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Should advisors look more closely at indexed annuities?

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90% of variable annuities sold each year contain a living benefit rider. The message is powerful when an advisor can say to a prospect, "Even if your contract value goes to zero because of poor stock market performance, you can still access your premium via lifetime withdrawals." Here's the point: If these features were not available on variable annuities then a lot fewer would be sold.

If you look at indexed annuities, less than 50% are issued with the guaranteed lifetime withdrawal riders according to LIMRA. Why is there such a difference? Well, because indexed annuities have a built-in guarantee, the client will never lose any value based on stock market performance. Since there is automatic downside protection, guaranteed riders are not as critical.

So, the question is, should advisors be looking more closely at indexed annuities as opposed to variable annuities? According to a May 2018 study by Ruark Consulting, only 25% of variable annuity owners have exercised their lifetime income riders and are taking lifetime withdrawals.

If 9 out of 10 variable annuity owners have a living benefit feature, yet only 25% are electing to utilize the benefit, might there have been a better option for some of these clients? I would say most of them were looking for some growth potential, but also liked having the safety net of the living benefit rider.

This is exactly what indexed annuities provide, upside potential with no downside risk to principal. With interest rates improving, we are also seeing upside potential in indexed annuities improving. Gone are the 3% annual caps or the 25% participation rates. There are now annual caps as high as 7% and participation rates hovering near 60% on the S&P 500, and participation rates at or near 100% on some volatility control indices.

Indexed annuities are utilized much more for accumulation only, than the variable annuities. If a potential annuity customer is not going to use their assets for income, then the indexed annuity may potentially be a better option than a VA with living benefit riders.



Is your book of business missing life insurance? Continued from page 1

prospects who know and trust you

Most life insurance agents would give almost anything to be in Jon's situation. They want what he has — prospects!

While this may sound good, you may also be thinking:

1. I don't know anything about life insurance
2. Selling a life insurance policy takes a lot of time and it's complicated
3. I don't want to make mistakes and upset existing clients

I hear you. You don't want to waste time or ultimately fail. That makes a lot of sense. So, here's how it works:

1. Your main job is being the "rainmaker," identifying a good prospect — your clients who have purchased a new home, own a business, are nearing retirement, empty nesters selling their home, couples with small children — and, of course,

President's Message

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- With its unique flexibility for meeting consumer financial objectives, IUL continues to top the life insurance sales charts.
- Foreign National market for life insurance can be hugely rewarding for both clients and advisors.
- Retirement planning is the #1 need, not only for Boomers, but is a top-of-mind concern among millions of Millennials, and others.

First American has the knowledge, experience, and expertise to help advisors benefit from exciting sales opportunities.

- ◆ **Technological leadership.** Thanks to technology, those buying life insurance today are often surprised by how quick and "painless" it is compared to even a few years ago. Our goal is not just to be current but to be a leader in making

anyone who expresses an interest in buying life insurance.

2. Technology is simplifying the entire sales process. Most of it is online and almost paperless. Many products don't require a meeting with prospects. Long, detailed applications are fading into history. Underwriting is completed in hours or a few days and policies are sent electronically.
3. Best of all, we're your back office with the expertise and experience so you get the right product and the best price for your clients.

This brings us to the biggest questions of all: "Will it really work? Is it worth my time and effort?" While you wouldn't expect us to guarantee your success, is it worth our time and effort to do everything possible to help you succeed.

You'll have a Brokerage Manager at your side. As you gather prospect information, you'll have questions: "What should I do next?" and "How do I answer a prospect's questions," "What is the right product to meet their need?" Your Brokerage Manager is your resource to help make it easy for you and even to go with you on calls.

By the way, you'll know you've made the right decision when you get your first commission check.

When you're ready, contact me at 781.449.6800 or gkreuz@faiu.com.



it easier for advisors to work with us — and their clients.

- ◆ **Underwriting expertise.** While technology gives underwriters much needed data, the creative side of underwriting depends on knowledge, experience, and creativity. At First American, we call it the art of underwriting, which is why we have a reputation for coming up with solutions others miss.

When it comes right down to it, as every advisor knows, it's the real thing that makes a difference.

SIX WAYS to get a case approved ASAP

Eric Schuhmacher, ALMI, ACS | Senior Underwriter



Time kills deals. The life insurance business is no exception. If the formal application process takes longer than normal, the client can get frustrated and lose interest. This is

why broker general agencies seek ways to improve efficiency and cut the time from formal application submission to placement. It also improves the experience for the proposed insured and gets the commission paid quickly.

Insurance companies also benefit from a more streamlined formal application process and underwriting review. The benefits are reduced overhead costs and more placed business.

1. Fully complete applications to speed up the entire process. Case managers and new business administrative staff spend hours “scrubbing” an application. This involves notifying advisors of incomplete answers to questions and then inputting these requirements into the new business database to keep track of them. Replacement forms that are incomplete or not submitted can cause an application to be rejected. Questions that are answered “YES,” but do not have the requested details will increase processing time for cases.

2. Provide answers upfront. If the case has challenging underwriting concerns, such as alcohol consumption, gather as much detail as possible and present it in a cover letter to answer questions and present facts that will help to advocate for the client. Financial underwriting may also present challenges. For example, underwriters may ask how the advisor calculated the face amount, if it involves a complicated business purpose. Try to anticipate questions the underwriter will ask and provide the answers upfront. This will help them get the case approved. FAIU has impaired risk questionnaires that will assist you in gathering this information.

3. Use streamlined underwriting processes when possible. Some cases may qualify for a streamlined underwriting process that is offered by electronic “drop ticket” or accelerated underwriting programs. Age, face amount, and other requirements vary among the insurance companies.

SBLI’s Accelerated Underwriting program requires no paramed exam or blood and urine tests for term insurance coverage of \$500,000 or under for ages 18-60. All it takes is completing a ZipApp ticket online and SBLI takes care of the rest of the application and underwriting requirements.

4. Submit premiums with formal applications for healthy clients. Premium submitted with formal applications can also speed up the approval process. Carriers have a limited time to approve before they are required to return premium. This limited insurance agreement has several simple underwriting questions. Any “YES” answers will usually disqualify a client, so these premium with application options are best done with clients who have a clean health history. Most “cash with application” cases end up being placed.

5. Take steps to speed up impaired risk cases. If you have an impaired risk client, First American specializes in the underwriting of these cases. We can order the medical records and send them to carriers in two different approaches:

- Quick Quote Request. We summarize the attending physician statements and send this information out to multiple carriers for tentative offers within 48 hours. This will help you find the best carrier for your client.
- Informal Submission. We send out the full attending physician statements to a select number of major carriers (based upon face amount and product) for tentative offers, along with a HIPAA compliant authorization that has the carriers listed on it. The informal offer can be submitted with the formal application to make sure the offer will

stand, pending any interim medical records. This can speed up the underwriting and approval of challenging impaired risk cases.

6. Ensure good field underwriting. This is another strategy for getting cases approved quickly. It helps determine the client’s correct underwriting class so you can give them an accurate premium estimate. If you need help with a medical assessment or have questions about your formal applications, please feel free to contact us. We are prepared to help you get your cases approved quickly.



Open and Close More Sales Oh, by the way, did you know?

- That there’s a life carrier that issues with a built-in chronic illness rider
- That 59% of business owners don’t have a written business continuation plan for death, disability or retirement.
- That there’s a life carrier that now offers up to 20 times income for business key person coverage.
- That Smoker applicants can be underwritten as Preferred Non-Smokers after 12-months of Non-Smoking.

Want more information? Contact First American at 781.449.6800.

Old objections put to rest

New Long-Term Care Insurance Strategies

Derek Wakefield
Internal Sales Support



If you ask any advisor “Should long-term care planning and retirement asset protection be key components of a client’s financial plan?” – the answer will be yes.

And for good reason. At least 70% of those over age 65 will need some type of long-term care services during their lifetime.

Yet, the number of consumers who don’t believe they will need long-term care is even more eye-opening: 32% of people over age 40 say it is “not too likely” or “not likely at all” that they will require it.

If so, why do only 13% of Americans, according to the Center for Retirement Research, carry some type of long-term care protection? Most consumers don’t believe they will ever need long-term care—it won’t happen to them.

But there’s another reason, too. A sizeable number of financial advisors and clients lack a clear understanding of the newer LTC products and planning techniques. The reluctance to use the current products

is largely due to the stigma associated with older and now outdated LTC products. Namely, clients don’t want to pay for something they may not use or believe the insurance company will raise the cost of premiums.

With the new asset-based LTC products, these client objections are no longer valid. No matter what happens, clients are assured of benefiting from their investment, whether it be leveraged LTC benefits, death benefit proceeds, or a return of their premiums. What makes asset-based products even more compelling is the guarantee that premiums will never increase.

A recent case study revealed that 96% of surveyed financial advisors had spoken to their clients about long-term care planning. However, only 50% said they were “very comfortable” with planning strategies that mitigate LTC costs. The other half were either “somewhat comfortable” or “not comfortable.”

Since the current asset-based long-term care products put the old objections to rest, advisors can be confident that the new strategies will meet client expectations.