



It's About Your Business

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

PRESIDENT'S MESSAGE



The Tools for Doing More Business Are Here

Kenneth A. Shapiro
President

Life is filled with surprises and so is selling life insurance. A recent LIMRA consumer survey is an example. It tells us that 61% of Baby Boomers were “very satisfied” with life insurance information they found online. Millennials and Gen Xers were less so, while friends and family influenced them the most as to why they should buy life insurance.

Further, the study found that Millennials are more likely to work with professional advisors than the older generations. LIMRA indicates that this may be due to having less experience and knowledge because of their age.

Over 50% of Millennials and 43% of Gen Xers say they can't afford life insurance because of other financial obligations. At the same time, the survey also found that consumers generally overestimate the cost of life insurance, with Millennials estimating as much as five times the actual cost.

Here are a few thoughts about what all this means for those selling life insurance:

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While selling life insurance is a demanding task, our industry sees the challenges as opportunities if we are to capture new business, retain current clients and grow.



Win Business with Enhanced Value Transactional Sales

Gregory E. Schwabe, FLMI | Brokerage Manager

Add Value to Transactional Sales



When working on transactional sales, it's easy to be blindsided by ignoring the basic principle of selling: price is only an issue in the absence of value. If someone's understanding of life insurance is limited to the amount of the death benefit, then getting the lowest price makes sense.

To help avoid being blindsided and losing business, here's how to add value to transactional sales:

1. Decide to be an advisor, not an order taker, by including both term and permanent life quotes in your plan.
2. Do your field underwriting to help determine risk (it's your case, so don't leave it to the insurance company).
3. Based on your findings, build your case for value. Select appropriate term and permanent life products and include riders, policy fees, modal factors, length of grace period, convertibility, waiver of premium.
4. Communicate your findings to the client, highlighting the pros and cons of each one in terms of value to the client. This is the opportunity to engage clients and get them thinking about what they can get for their money, including why the lowest priced product may be more expensive in the long run.

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TYPES OF LIFE INSURANCE BUYERS

- The majority of recent buyers did not have existing life coverage, while 1-in-4 buyers added to existing coverage, and 12% replaced existing coverage.
- The likelihood of buying permanent life increases among buyers who are adding to their existing life coverage. They are also more likely to buy higher coverage amounts, while those with no prior coverage tend to buy lower coverage amounts. From a LIMRA report.

President's Message

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1. We need to understand and learn from Millennials' buying mindset. Because they rely on data, they're walking fact-checkers and react negatively to attempts to "sell" them. They also want to understand and participate in making decisions.
2. It's beneficial for consumers to understand life insurance based on its actual value, its own merits. In other words, why life insurance stands on its own feet in serving a clients' goals and objectives, and not how it compares with other types of investments.
3. Finally, it makes a difference if consumers know that the process of buying life insurance meets their life-style expectations. This is particularly true for Millennials, who value time, convenience, and simplicity. To put it another way, "once-and-done" is the mantra.

While selling life insurance is a demanding task, our industry sees the challenges as opportunities if we are to capture new business, retain current clients and grow.

So, let's be clear. The tools you need to do more business are here – now. Taken together, they revolutionize the way everyone in our business, does business, including advisors. Here's what happens when you put them to work:

- Frustrating and time-eating paperwork is in the past.
- Client-irritating follow-ups and bothersome delays are gone.
- Your clients are happy and satisfied because they get what they want the way they want it and when they want it.
- You have more time for selling and you get paid faster.

Don't take our word for it. We will prove it to you. All you need to do is give us the opportunity.

SAVE THE DATE!

15th Annual Brokers' Open House May 16, 2018

Attend our educational workshops, meet the FAIU team, other insurance advisors, and insurance carriers. Stay tuned for more information.

A Twist to the Long-Term Care Story

Sue Devlin | LTC & DI Specialist



Advisors have long been familiar with why individual LTC policies have a dismal sales record. "It's just too expensive," clients report. At the same time, there's good news: sales of life and annuity products with LTC riders are steadily increasing.



Driven by the awareness and interest of aging Boomers, insurance companies continue to manufacture new products that may click with a portion of these consumers, as well as others. A hypothetical example for Lincoln Financial's MoneyGuard II®:

- **Objective:** help insure unpredictable LTC costs
- **Target Client:** \$3 million investable assets, \$800,000 in cash, and wants to leave a legacy to family and/or charities
- **A Solution:** Rather than cash savings alone to pay for LTC, a client can take a small portion of their net worth to purchase a \$150,000 single premium MoneyGuard® policy with 3% compound inflation protection, a UL rider providing income tax-free reimbursements for qualified LTC expenses
- **Benefits Example:**

	Values and benefits guaranteed			LTC reimbursement benefit limits			
	Age	Premium	Surrender	Death Benefit	Total	Annual	Monthly
Yr 1	58	\$150K	\$120K	\$268,800	\$650,625	\$100,585	\$8,382
Yr 25	82	0	\$120K	\$201,700	\$1,322,587	\$204,469	\$17,039

Result: Objectives met—long-term care services, death benefit, and legacy for family

Contact Sue Devlin at 781.449.6800 or sdevlin@faiu.com for more information regarding Lincoln MoneyGuardII®

Life Insurance Win Business with Enhanced Value Transactional Sales

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This is a scenario for slowing down clients so you can engage them. Yes, it takes work, but that's an advisor's job—plus, it does more for the client and for you.

Then, add one more thing—a surprise: "You will receive your policy by email in about a week."

By this point, you have both changed the narrative and given the client an enhanced value transactional sale presentation. Now, you won't be listening to the usual dead-end comments: "Thanks, I really appreciate your help. I'll get back to you." or "That seems a little high. Let me think about it."

In effect, you disrupt the client's thinking by putting price in perspective, right where

it belongs, as one of many factors. This creates a new and different picture by introducing insights that create value by moving the mindset away from price.

Here's the point in using the Enhanced Value Transactional Sale strategy: advisors often assume that when someone asks for the lowest price, that's it and they won't accept anything else. While that may be true for some prospects, it's a mistake to assume that it applies to everyone. It doesn't.

By serving the client's best interests, you can turn a nominal premium into an upgraded one, as well as having the opportunity to work with a client who may well be with you for a long time.

Although they're still transactional sales, they can also be an opportunity to become involved with a client's financial situation, which is far more meaningful than betting on a spreadsheet to close a sale.

Case Study

What You Need To Know About Dropticket

Tony O’Kussick, CLU | Director of Operations



Dropticket platforms make selling life insurance easy and fast. They feature fillable short-form tickets that collect demographic and coverage information on a proposed insured.

Here are questions advisors ask us:

- 1. Do I need to know a lot about selling life insurance to use this?** No. Just provide enough client information so a follow-up call can be made to the client and a reasonable idea of the insurance being applied for.
- 2. How do I sign up?** Access is via FAIU’s website. The preferred option is to go to the website. Select “get started” on the main page where it says “Online Application Submission Center.” Or, if you are in the quoting tool, select the dropticket option.
- 3. Is support available if I need help?** Yes, Linda Wentworth at FAIU answers and offers support. There is also a short video and brochures. Others at FAIU are also familiar with the process.
- 4. Do both options have a quoting tool?** Yes, the preferred option starts with a quote and once you select the carrier, the dropticket option will appear next to the quote.
- 5. What are the available products?** Primarily term insurance, although some carriers offer permanent products.
- 6. Are the quotes competitive?** Yes, from top carriers and leaders in the market, both in terms of cost and products.
- 7. Is there a limit to the death benefit amount?** No, any age and death benefit can be submitted. FAIU and

the industry are moving toward requiring dropticket use for small premiums and lower death benefit amounts. FAIU currently directs cases with premiums under \$1,000 through dropticket.

- 8. What happens if I am not appointed with the carrier?** You can still submit the dropticket. There is a choice on the quote page to “request an appointment.” When selected, we are notified and start the appointment process. This will not hold up the application. You simply write “pending” for your code. Do not write in any other code as it causes confusion at the carrier.
- 9. Is accelerated underwriting available?** Yes. The carrier automatically uses accelerated underwriting if the client meets their parameters.
- 10. How does the application get completed and signed?** A tele-interviewer calls the client, asks the questions and sets up needed requirements. Then the application gets signed via an electronic, voice or wet signature, depending on the client’s preferences and the carrier’s options.
- 11. How does the exam get completed?** The tele-interviewer sets up a time for the examiner to visit the client and get this and labs completed.
- 12. Can I use another carrier’s exam if I have one?** Yes, in most cases. The process is the same and we let the carrier know that an exam has already been completed and is being submitted.
- 13. Is eDelivery an option?** Yes. Carriers prefer this option, since it’s quick and simple.

As you can see, this streamlined and simple process is a great way to free up your time and allow for more selling.

Underwriting Case Studies

Blood Pressure & Renal Insufficiency

- 39-year-old male
- Elevated Blood Pressure (180/110; 140/100; 134/80), Renal Insufficiency
- Spilling Protein & Abnormal Liver Function Tests
- Applying for \$2 Million IUL
- Approved Standard Non-Smoker
- Annual Premium \$60,000

Abnormal Liver Function Tests

- 35-year-old male
- 6' 3", 315 lbs.
- Abnormal Liver Function Tests
- Alcohol Abuse caused injury while celebrating 4 years ago
- Abnormal Micro Albumin/ Creatinine Ratio
- Applying for \$2.5 Million Term
- Approved Table C Non-Smoker
- Annual Premium \$5,165

Depression & Obsessive Compulsive Disorder (OCD)

- 52-year-old male
- Taking multiple medications for Depression and OCD
- 6', 260 lbs.
- Father died at age 42 due to Heart Attack
- Applying for \$10 Million Term
- Approved Standard Non-Smoker
- Annual Premium \$23,957

Recent Stats



What today’s clients expect

“They want shorter response times; seamless interaction; simple, understandable, and personalized service; the best possible quality; and more transparency and fairness,” according to Boston Consulting Group’s life insurance group.

Digitalization means more life sales

“Deloitte’s work on life insurance underwriting suggests that the likelihood of prospects buying a policy once they apply increases from about 70 percent to nearly 90 percent as the underwriting and application process gets closer to real time.” From a Deloitte report

Types of life insurance buyers

- The majority of recent buyers did not have existing life coverage, while 1-in-4 buyers added to existing coverage, and 12% replaced existing coverage.
- The likelihood of buying permanent life increases among buyers who are adding to their existing life coverage. They are also more likely to buy higher coverage amounts, while those with no prior coverage tend to buy lower coverage amounts. From a LIMRA report

Sales Conference Announcement



**We want you to join us at the
Ritz-Carlton in Naples, FL!**

When: March 31 - April 3, 2019

This 4 day, 3 night escape includes roundtrip airfare, hotel and transfers for you and a guest.

Who Qualifies?

All advisors contracted under First American Insurance Underwriters.

Qualification Period

Business paid at First American Insurance Underwriters from 1/1/18–12/31/18

For more information and guidelines, contact your Brokerage Manager

Increasing Variable Annuity Guaranteed Lifetime Income

Paul Heffernan | Annuity Wholesaler



Now is a great time for VA contract holders, who are at or close to activating their lifetime income riders, to look at alternatives offering better guarantees in the future.

Income account values, which are used to determine the lifetime income on VA's, are most likely very close in value to the client's current account values, thanks to the current 9-year bull market. The IAV's usually grow at a guaranteed rate, say 7%, no matter what happens in the stock market, but the current bull market has allowed the regular account value to keep up with or surpass the income values.

If the regular account and the IAV are close in value, then it may be an opportune time to look at transferring the funds to a SPIA. Why? Potentially higher lifetime income than the income rider on the VA.

A recent case is an example:



Variable Annuity

Current value: \$500,000

Income account balance: \$530,000

Projected joint life income: \$25,350

Single Premium Immediate Annuity

Based on that information, we looked at transferring the VA into an SPIA, with a joint life with cash refund option (guaranteed return of premium):

Transfer amount: \$500,000

Projected joint life income: \$33,426

This is a 31% increase in annual income for the holders, as well as protection for the beneficiaries in the form of the cash refund.

So, strike while the iron is hot, while income values are still high and clients are able to transfer their funds. You will help them protect those assets and income from the market downturn that is sure to follow the second longest bull market in history.