It's About Your Business

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

PRESIDENT'S MESSAGE

The Case for Urgency

Kenneth A. Shapiro | President

Advisors who have been in the life insurance business for even a decade know the rate of change is astounding. Who would have thought electronic apps, signatures, and policies were possible? And what about "no physical required"? Who would have told a client, "You'll have your policy tomorrow"?

We have gone from one surprise after another to wanting more. Count on it, more is on the way.

But not everywhere.

Even with innovative client-centric products and the latest technology, industry sales are stagnant. The sales mix is 65% term and 35% permanent.

With so much that's right with what we sell, we need to ask some serious questions:

1. Are we changing the narrative so consumers can discover the value that life insurance can bring to their lives, instead of thinking only of a death benefit?

2. Are we stuck in a marketing rut, presenting our favorite products or are we highlighting hybrid products that may better fit today's clients?

3. Are we responding to opportunities to introduce annuities, long-term care, and disability income products?

Continued on page 2

Sales Tactic

Life Insurance to the Rescue for Gen Xers

Doug Martin | Internal Sales Support

Overall, parents in or near retirement want their children to have it better than they did, but times have changed. We have transitioned from a society of savers to one of debtors. This means that many in Generation X (ages 38-52) are faced with trying to keep their heads above water. The stats tell the Generation X story:

- Lost nearly 60% of its net worth between 2005 and 2010
- 40% say they are not confident about having enough money for retirement
- Will need about 16 times their final salary to retire comfortably
- 35% don't expect to receive any Social Security income
- Cost of raising a child to age 18, $245,000. Four years of college adds $92,000 (public) or $312,000 (private)

- 47% have a parent 65+ and are raising a minor child or supporting a grown child
- Gen Xers are "saddled with the highest average mortgage debt of all age-groups," USA Today reported on January 12, 2018

Simply put, the pressure is palpable. The dream of having children who are more financially successful than their parents or who will even have the means to take care of their X-Gen parents during their older years may be little more than a dream.

So, how can life insurance come to the rescue? It can't do everything but it can help, one family at a time and we might call it — ***Parents:*** *Donate all or a piece of your insurable interest*

Continued on page 2

Helping Clients Feel Valued

To retain clients, they must feel valued.

Here are suggestions for going about it:

1. **Never leave clients hanging.** Always close the loop by letting them know what to expect or what's going to happen next. It relieves uncertainty.

2. **Don't assume clients understand what you tell them.** Some may be reluctant to speak up. Always ask if they have any questions or if something isn't clear.

3. **Acknowledge policy anniversaries.** It shows your appreciation and keeps you top of mind.

4. **Help clients feel good about investing in a policy.** Reinforce its value by pointing out that they have done something good for their future, family, or others. It also helps to avoid buyer's remorse.

5. **Show them you care.** Retaining clients requires constant attention. Send periodic emails, but don't make them ads! Offer helpful information.

When clients feel valued, they reciprocate: they value you.

Sales Tactic

Life Insurance to the Rescue for Gen Xers

Continued from page 1

Many in the older generation are under-insured. They have either let their life insurance coverage lapse, purchased just enough for final expenses, or leave a small nest egg for a surviving spouse.

However, many carriers will insure a retired person for up to one times their net worth or up to two times for a retired couple. While the parents retain ownership of the policy, their children can leverage its untapped value, pay the premiums, and create a lasting legacy that helps with their financial security in retirement.

There are a number of ways to finance the plan:

- Use current income or dip into personal savings
- Depending on the applicant's age, a low-cost term life plan may be a good option. A number of highly rated carriers will allow conversions up to age 70 or beyond, while others provide term coverage up to age 89.
- Reduce your 401k contribution, if you are contributing beyond the company match
- Share the cost with other family members and allow them all to benefit
- Utilize a home equity line of credit

With the death benefit proceeds 100% tax free, the total out of pocket expenses are only a fraction of what a client would need to save to net the same result. In addition, this won't count against them as a reportable asset when their own children prepare to go to college.

While donating a piece or all of one's insurable interest may not appeal to every parent, some will see it as a way to do more for their kids than they dreamed possible.

Age Determines Reliance on Advisors

40% of retirees say they will rely more on their advisors as they age, reports LIMRA.

5 Social Media Tips

Sophia Miller | Marketing Manager

1. Create weekly schedules

When Social Media started, it was for people to stay connected with their friends and family, but now, it has become popular for businesses as well. Social Media can help you easily stay in touch with your clients and help grow your business. Set aside time one day during the week to schedule the entire week's posts. This will help to keep your audience engaged without the requirement of having to log on multiple times each week to post.

2. Branding is key

Branding is essential if you wish to build a successful business that is easily recognized by both existing clients and new prospects. Create a profile for your business, and brand your social profiles with your logo, colors, and information about your company.

3. Quality beats quantity

You should publish content consistently, but make sure that it is valuable. Ask yourself:

- Is this content relevant for my clients?
- Is it helpful?
- How can my clients benefit from it?

4. Join in on groups

There are plenty of ways for you to connect with like-minded people and companies within your market.

5. Give people a reason to follow you

Why should people follow your company? People have many choices of companies to follow, so you have to stand out somehow. Create a type of value proposition specifically for your social media channels.

For example:

- Create the best content in your industry on LinkedIn
- Offer real-time customer service and support on Twitter/Facebook
- Offer quick trivia/contests on Twitter

Variable Universal Life Sales Soar

Annualized premiums from new individual VUL policy sales jumped 17% between the 4th quarter of 2016 and the 4th quarter of 2017, according to LIMRA. The total amount of death benefit purchased was up 15% and the number of policies purchased was up 8%, according to LIMRA.

President's Message | Continued from page 1

4. Are we contacting business owners about using life insurance to fund buy-sell agreements?

5. Are we spending time with prospects to uncover their concerns or do we just get enough information to fill-out apps?

6. Are we doing regular policy reviews with clients to make sure their policies are performing to meet their changing needs?

7. Most importantly, are we talking to prospects and current clients about retirement planning—so they will be financially prepared when the time comes?

As we all know, need and urgency are essential for closing sales. While it's easy for clients to agree to the need for life insurance, urgency is often another story. They rattle off a dozen reasons why now is not the right time.

We shouldn't let this be the end of the story. There is urgency. Our job is showing prospects the right time is now—while they're in good health. Unfortunately, it's an asset that's subject to change with cost, coverage, and eligibility implications for life insurance. It's the reason for acting now.

Six Ways to Spot Impaired Cases Early On

Eric Schuhmacher | Senior Underwriter

Field underwriting can be challenging for advisors. Clients may present themselves as healthy and vigorous, even though underlying medical issues can impact the outcome of a case. By being observant and asking pertinent questions, advisors can provide clues to the possibility of impaired risk cases.

Here are six ways to go about it:

1. Physical Appearance

Meeting with a client is an opportunity to notice obvious signs of impairment, such as overall physical appearance, gait, and ease of getting in and out of a chair.

Doctors input these details in office visit notes to monitor and evaluate their patients over time to identify any troubling trends. Stumbling, for example, could indicate a neuromuscular impairment that could be progressive, such as muscular sclerosis.

Noticing physical appearance details of older clients is helpful as they could point to signs of cognitive impairment. These personal observations are helpful and insurance exam or medical records can either confirm or rule out suspected impairments.

2. Height and Weight

Build and height or weight can be IR factors that can be rated substandard. Someone slightly overweight may qualify for preferred classification; however, if they are morbidly obese, it is ratable. Carrier build tables vary; some are more favorable than others. There may be no other impairments if a person is obese, but if there are other issues such as diabetes, it is not favorable as it is a co-morbidity factor.

3. Cancer History

Cancer history is a key indicator of a possible impaired risk. Type and location of cancer, date of diagnosis, and date of last treatment is critical information for assessing risk.

While such questions are normally asked on an application or at an insurance exam, if an advisor finds out when a client was diagnosed with breast or prostate cancer, for example, it can be the difference between a rated case or one that's not.

Skin cancers diagnosed within two years and higher than stage 1 may end up with a flat extra. Generally, the longer a client has had the cancer and remains cancer free, the better the chances of no sub-standard ratings or flat extras. Generally, chances for standard or better are available after seven years from the date of last treatment with no remission.

4. Cardiac History

Cardiac history of any type is a sign of a possible rated case. The younger the onset of cardiac disease, the higher the rating. There is no cure for cardiac disease, even if stents have been implanted into the coronary arteries or Coronary Artery Bypass Graft (CABG) surgery has been performed.

Both surgeries can aid in the relief of angina by improving blood flow, but do not prevent future heart attacks. A client with this type of complicated heart history can be a challenge for underwriters. Assume that the case will likely be standard at best, but frequently rated, especially with early onset.

5. Driving History

A client with a record of motor vehicle violations, reckless driving or driving under the influence during the last 10 years may be an impaired risk case. Such a history may be a clue to other impairments, such as alcohol abuse. Encourage full disclosure of their motor vehicle history; it's easily verifiable when the record is ordered.

6. Psychological Issues

Psychological or mood impairments are an IR red flag. If it's situational depression, due to a stress event, such as divorce or loss of a loved one, it's likely a mild case.

If two or more medications are prescribed for anxiety, depression, or other psychological impairments, rating is likely. Such impairments are likely more severe if they affect a person's work life, i.e., extended absences or job loss.

Depressive symptoms are more commonly seen in the elderly. A person suffering from depression may use alcohol ("self-medication"), which isn't favorable and

can be confirmed by blood tests and alcohol criticisms in the medical records. Overall, mood impairments tend to be subjective and a full review of medications, treatment, and history is needed for an accurate assessment.

Asking probing questions and paying careful attention when meeting with a client can help identify possible IR cases. Knowing a client's general impairment challenges helps prepare a realistic assessment and setting realistic expectations.

Underwriting Case Studies

Gastric Bypass Surgery 2 Years Ago

- 68-year-old female
- 5'3", was 233 lbs., now 144 lbs. with no complications
- Applying for $1 Million Term
- Approved Preferred Plus Non-Smoker
- Annual Premium $5,369

Coronary Artery Bypass

- 67-year-old male
- Coronary Arterial Bypass Graft X3 with a good EF and Stable Thrombocytopenia
- Using available credits and Table Shaving
- Applying for $1 Million Term
- Approved Standard Non-Smoker
- Annual Premium $14,097

Non-Hodgkin's Lymphoma

- 57-year-old male
- Surgery completed 6 years ago
- Treated with Chemotherapy
- Applying for $3 Million Term
- Approved Table B
- Annual Premium $22,887

FIRST AMERICAN
Insurance Underwriters

460 Hillside Avenue, Needham, MA 02494
T 781.449.6800 | **F** 781.449.1547
www.faiu.com

First American's 15th Annual Brokers' Open House

Our 15th Annual Brokers' Open House was a great opportunity for carriers, advisors, and staff to meet and grow partnerships. Advisors also benefited from a variety of workshops. This event also included excellent food, cocktails, and prizes. First American Insurance made a donation on behalf of each attendee to Cradles to Crayons.

Is 2018 the Year of Annuities?

Paul Heffernan | Annuity Wholesaler

Annuity sales are on the rise so far this year and here are some reasons why 2018 could be a big year for annuities:

- **Market volatility.** The current stock market is a couple of months away from becoming the longest market since WWII. Volatility in the market has increased significantly and your clients are now seeing wild swings in their equity values on a daily basis.
- **Interest rate increases.** The Fed Funds rate is the highest since 2008 and is poised for two to three more increases this year. Not only does this have a positive impact on annuity rates but it can also create volatility and price decreases in bonds. A US Treasury Bond purchased in August of 2016 is now worth just $86,000 if sold today.

- **DOL ruling repealed.** A recent court decision overturned the DOL fiduciary rule, meaning there is less uncertainty in the market regarding annuities in qualified plans.

Not only are annuities looking better and better for accumulation potential, but they are also becoming more attractive as a protection strategy. With volatility increasing and equity markets looking more uncertain, what a great time for investors to lock in those equity gains from the past nine years by shifting assets to annuities. As Will Rogers once said, "I'm **not** as concerned about **the return *on* my money** as I am the **return *of* my money**." For these reasons, 2018 is looking like a banner year for annuities.