

# The Advisor's Edge

## Sales Strategies You Can Use

### PRESIDENT'S MESSAGE



## There's a new normal in life insurance sales

**Ken Shapiro**  
President

Anyone who has been involved with life insurance knows this is an industry that's not first in line when it comes to change. While such caution is an important part of life insurance history, the story is quite different today.

There's no better example than what happened when it was announced in March that businesses would be closing due to the coronavirus breakout. First American was prepared to meet the challenge. In one day, we went from a primarily office-based operation to one where 90% of our people were working-from-home. Everyone was onboard and rose to the occasion. They've never look backed. And they haven't missed a beat.

How did all this happen so quickly and why did it go so smoothly? We were prepared. Our people were ready and all the necessary electronic infrastructure was in place. Remarkably, all it took was a push of a button.

The First American mission has long been to work with advisors as consultants, who you can look to for informed,

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## Are you selling your clients short?



**Greg Schwabe**  
Brokerage Manager

When selling life insurance, it's easy to convince ourselves that the lowest price gets the order. But even though a client may make it clear price is what they're looking for, we may be selling them—and ourselves—short.

- We can all agree that most people, including current clients, are not "well educated" when it comes to their knowledge of life products, let alone the newer ones.
- Since what they do know is "death benefit," they want the lowest price for various face amounts.

- Most applicants under age 50 have never considered critical illness coverage, let alone how they would pay for it. Yet, at their current age, it's most affordable.

Here's the point: Along with showing low-cost policies, clients are best served by including plans that can do double-duty by offering "living benefits" for very little extra money. Here are some examples:

- Help with family income if the breadwinner is sick and can't work
- Assist with medical expenses
- Pay the policy premiums
- Get ROP by surrendering the policy at select anniversary dates

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## Selling Life Insurance

### The three keys for capturing affluent clients



**Peter Kaplan**  
VP of Sales

We all learned that the shortest distance between two points is a straight line. Well, it appears that some advisors take it literally when selling life insurance to the affluent prospects. "Just let me get in front of well-to-do prospects and I'll take it from there." Therefore, some



advisors fail when attempting to break into the affluent life insurance market. They dream of getting face-to-face with affluent prospects and walking away with signed applications. This rarely comes true. Advisors who want to be successful in the affluent market space, unlock the door to winning large cases by using three keys:

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**Usage is up 217%**

**More advisors working smarter with Dropticket**

Along with everything else, the life insurance world has changed. Although COVID-19 has imposed barriers to executing “normal” business, they don’t need to stand in your way.

First Americans Dropticket platform, which provides outstanding capabilities for you to use with your clients, has caught on with advisors. In fact, April use of our Dropticket platform product increased by an astounding 217% compared to April of last year.

The lack of face-to-face engagement doesn’t need to hold you back or crush your yearly forecast.

To learn how to get ready to sell in today’s market, contact Tony O’Kussick at [tokussick@faiu.com](mailto:tokussick@faiu.com) or 781.449.6800.



## Why do your clients leave?



**Jason E. Lang**  
*Annuity Specialist*

I’ve been in this industry for more than 20 years and every year, companies do surveys trying to find out why clients typically leave their financial advisors. And every year as far back as I can remember, the #1 reason has been the same: “Lack of Communication.”

While many states still have working restrictions in place, and the markets have seen unprecedented volatility in the last three months, those are not reasons to be hiding out in your home office, afraid to pick up the phone.

It’s just the opposite, if you are THE advisor who is proactively reaching out to your clients. You are standing out from most other advisors out there. You don’t even need to be calling them with the newest, hottest stock tip...you just need to listen. Listen to the concerns that they have right now. Tell them that you have processes and procedures in place to address just about every situation they may be faced with. Reassure them that, unless they need 100% of their retirement nest egg right now, you have programs that can help to solve their current concerns.

bringing value to advisors is the ultimate test of who you are and what you can do. More than anything else, this is what determines your worth. It may be anything from innovative life insurance-based concepts, offering useful suggestions and opportunities, or helping them make connections that will benefit their businesses.

Chances are that they will have the same concerns as most Baby Boomers in this country:

- How can I protect my money from losses?
- How can I minimize the increased volatility in the marketplace?
- How can I create a guaranteed income stream that I can never outlive?

At First American, we partner with over 30 insurance companies. Most have index annuities that can eliminate any losses in a portfolio due to market performance, minimize the ups-and-downs of the market with vol-control indices, and provide clients not only with an income they will never outlive, but also have the potential to give them a pay-raise...even in retirement.

Contact Jason E. Lang at [jlange@faiu.com](mailto:jlange@faiu.com) or 781.449.6800.



*Selling Life Insurance:*  
**The three keys for capturing affluent clients**  
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### **Key #1. Take an indirect approach for reaching affluent prospects**

There was a time when mothers told their daughters the way to a man’s heart is through his stomach. So, they learned to cook. The same strategy works when prospecting for wealthy clients. In other words, advisors should consider implementing an indirect, collaborative approach if they want to capture well-to-do prospects.

And here’s why. To put it bluntly, affluent prospects don’t want to see life insurance salespeople. They’re too busy, too engaged in their business or professional obligations and are generally skeptical. That’s not all. They have trusted advisors who advise and protect them, including accountants, lawyers, financial planners, and charitable

donation experts, among others. If you want to reach affluent prospects clients, the way to do so is getting to know their advisors.

### **Key #2. Be viewed as a collaborative expert, not a salesperson**

Even though you may have the knowledge and, most importantly, the experience working in this market, it’s not enough to get a hearing, let alone a seat at the table with these advisors. They must recognize that your style is collaborative and that you know how to work closely with them and support them.

Simply put, show them you’ve made the commitment to earn their confidence and trust. Only when you have proven your worth will advisors to the affluent be willing to take your story to their clients.

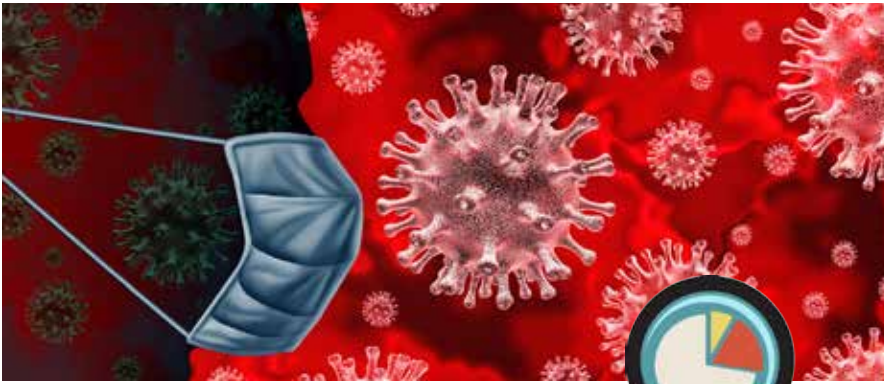
### **Key #3. You must bring value to the advisors of affluent prospects**

While establishing trust is an essential step,

The goal is to demonstrate by your actions that you are thinking of them, that you want to help them succeed in working with affluent clients. In other words, you not only deliver value, but you possess value and that’s why they need you.

If you think investing time and effort in cultivating gatekeepers is too arduous, this isn’t the approach for you. However, if you believe serving on a team can open new doors of opportunity, then it’s time to embrace a strategy with extraordinary potential.

Contact Peter Kaplan at [pkaplan@faiu.com](mailto:pkaplan@faiu.com) or 781.449.6800



## Novel Coronavirus disease and life insurance underwriting



**Eric Schuhmacher,**  
ALMI, ACS  
*Senior Underwriter*

How has the insurance industry changed to adapt to the Coronavirus? Carriers have placed restrictions on coverage for some clients. One carrier recently postponed any proposed insureds age 70 and over. Those aged 60 to 69, who are rated, are being delayed at this time. Some carriers are postponing older clients, as well as those with impairments that make them more susceptible to COVID-19, such as heart disease and chronic respiratory disease.

However, positive changes have developed in the life insurance industry. Carriers have responded by moving towards a “fluid-less” underwriting process. This was done to avoid having a paramedical enter a person’s home and potentially open them to exposure to COVID-19. Carriers will use other no-touch resources to underwrite and approve cases.

Here are three examples of insurance companies that have changed to allow for a more streamlined underwriting process.

One carrier has a program that uses no-touch medical and non-medical resources to underwrite cases without the need for a traditional paramedical exam. In some situations, an Attending Physician Statement will be requested. Qualifying

cases are limited to ages up to and including 55. The permanent products are limited to some of their products.

A second carrier has an underwriting process that expands the use of electronic medical records (Human API). Human API is a health data network that gives consumers a simple way to share their health data. This carrier takes the responsibility for ordering medical records on all cases through their system. This program is open to ages 18-60, \$3 Million face amount max, as well as to term and permanent policies.

Another carrier offers an expanded fluid-less UW process available for ages 18-40 with up to \$2.5 Million face amount. Clients aged 41-60 are eligible up to face amounts of \$2 million. This process applies to term and permanent products. The application process for term is through the drop ticket or iGO. There is also a phone interview, motor vehicle report, MIB check, and Rx check done for underwriting. The applicant must have had a complete physical, including labs, with all normal results, within the last 24 months.

The COVID-19 pandemic has changed our individual lives and the way we do business that will have long lasting effects. Life insurance companies are changing their underwriting processes to adapt to it.

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## The real cost of self-funding long-term care



**Derek Wakefield**  
*LTC and DI Specialist*

If you have high net worth clients, chances are they have told you they plan on self-insuring themselves against the risk of a long-term care event. They have plenty of liquid assets to put away into an emergency fund should the need arise. If the truth be told, this may not be the most advantageous strategy, although it can appear to be the most logical.

Self-funding requires assets that are readily available and, therefore, accessible in their estate. If the client depletes most of these funds due to LTC expenses, then their plan worked since they have not left much on the table. However, if few or no LTC expenses arise, then there could be a substantial cost at the time of death in the form of estate taxes. These taxes can be as high as 40% and pose a serious threat to a client’s asset pool.

A more efficient strategy would be repositioning the portion of those assets that would be lost to estate taxes into a hybrid LTC policy. This will create substantial leverage in the form of LTC benefits, while also providing liquidity in the form of return of premium options.

If LTC benefits are never needed, the policy will provide a death benefit of equal or greater value to the premiums paid. If LTC benefits are needed, a leveraged pool of tax-free benefits will be available to pay the client’s expenses. Consequently, only a portion of the client’s liquid assets will be exposed to estate taxation at the time of death rather than the entire sum.

High net worth clients certainly have the necessary assets to self-fund for a long-term care event; however, the question is are they doing so in the most efficient manner? Repositioning these assets into a leveraged strategy rather than simply storing them in an emergency fund is another step towards providing your clients with a sound retirement plan.

For more information, contact Derek Wakefield at [dwakefield@faiu.com](mailto:dwakefield@faiu.com) or 781.449.6800.

**President's Message**  
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**There's a new normal  
in life insurance sales**



creative, and responsive solutions that serve your clients' best interests. Our advisor support now includes joining you on conference calls with clients. We're pleased that both you and your clients like the phone conferences. They're more convenient and offer greater flexibility as to time of day and location.

What lies ahead, no one knows. But it's crystal clear that there is no turning back. What does this mean for you? Unless you keep moving forward and adapt to this "New Normal," you will lose out.

The First American message is both upbeat and clear. Both the market and consumer interest in our industry's innovative products are growing. As one of the findings from a recent LIM-RA and Life Happens survey indicates, 36% of the participants intend to buy life insurance in the next 12 months.

If you're looking to thrive and prosper in this new business environment, we look forward to hearing from you. The First American team is prepared to show you how to do it.

For more information, please contact Ken Shapiro at [kshapiro@faiu.com](mailto:kshapiro@faiu.com), or our VP of Sales, Peter Kaplan at [pkaplan@faiu.com](mailto:pkaplan@faiu.com)

## Making the case for some current tax planning



**Tony O'Kussick, CLU**  
*Director of Operations*

The average top marginal tax rate for the 70's was 70.17%, 80's 48.4%, 90's 36.72, 2000's 37.44 and 2010-2020 38.4%. This means the current 37% sure looks to be on the low side and we have just spent \$2.3 trillion on COVID-19. That is trillion with 12 zeros.

The deficit is now the second largest in history, only after World War II was it higher. At some point this will need to be addressed. If you have clients within 10-20 years of retiring, this could be bad news since raising taxes is one way for the government to raise money, as the average top marginal tax rates in the 70's and 80's indicate.

When your clients retire, they will want to keep as much of their income as possible. Higher income taxes mean a lot more when you are on a fixed income. The options available for them to receive their retirement income tax free are limited. There is the Roth IRA, but you can only contribute 6k-7k if over age 50 and your Adjusted Gross Income (AGI) comes into play. To contribute the maximum a married couple's AGI needs to be less than 196k or 124k if single.

This leaves the often-overlooked life insurance option. It must be Permanent Life insurance with Indexed and Variable



Universal Life as the leading products. With them, clients are doing the opposite of most life insurance buyers who want to pay the least to get the most Death Benefit.

With the goal being tax-free income, clients choose the lowest death benefit so they can deposit the most in to the cash value account within the policy. This is the money they can use to supplement their retirement income. The good news is it comes without contribution limits, and they aren't required to take it out so they can choose when and how much they want. Since there are no AGI barriers, clients that can't contribute to a Roth IRA now have another option. There are LTC options available if that is a concern. Even though the death benefit isn't the goal in these situations, it shouldn't be overlooked. In case of an untimely tragedy, their beneficiaries will get the DB tax free.

Needless to say, tax planning now while clients are healthy can make a big difference in their retirement so don't forget to mention it.



### Are you selling your clients short? *Continued from page 1*

How many prospects know about those "living benefits"? And how might they respond if they knew they could have them for as little as an extra \$5 to \$7 a month? In some cases, at no additional cost. If prospects don't have a contingency plan to cover a chronic or critical illness event, a CI rider on a life policy is a good solution, and one that's preferable to liquidating assets. As the guy in a TV ad says, "It's a game changer."

Who wants to be the advisor who takes a phone call from a policyholder's spouse

asking if there are any benefits in their policy to help the family while the breadwinner is unable to work. Who wants to say no, when for a few dollars a month, you could deliver good news?

Since "Living benefits" are available on term and whole life policies, as well as annuities, advisors should make it a practice to offer them for every sale, regardless of plan or age.

Want to know more? Contact Greg Schwabe at [gschwabe@faiu.com](mailto:gschwabe@faiu.com) or 781.449.6800.