Insurance in Real LIFE

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Life happens. It’s why we do what we do in our industry. We educate consumers about potential life problems and the solutions to solve them. We help consumers understand not only what insurance is but, more importantly, what insurance does. We motivate consumers to make the decisions to protect themselves, their loved ones, and their businesses.

You’ve just learned what the LIFE Foundation is all about—helping you help your clients. The “why” of the LIFE Foundation is this: There are 95 million adult Americans who own no life insurance, and of those who are insured, only four in ten own individual policies. I am sure these numbers on a percentage basis would be even higher in other countries.

For those of you who are not familiar with the LIFE Foundation, the acronym LIFE stands for the Life and Health Insurance Foundation for Education. We were founded by the life insurance industry 18 years ago when the industry was in great turmoil with compliance issues and a general lack of confidence caused by very negative media reports. Our goal was and is to educate the consumer and rebuild confidence. These goals are still the prime issues today.

If you are thinking of creating a similar organization in your country, please understand that this takes significant money. Our budget was $10 million during each of our first three years and now runs a very tight $6 million per year. We are always looking for more funding to expand our reach.

Today I will discuss with you simple and effective tools that you can use to build your practice and help people get the coverage they need. I want you to be able to go home and within minutes put these resources and ideas into action. It really is that easy with LIFE Foundation resources.

We will discuss three important markets that need our help: the middle market, the women’s market, and the business market.

Let’s start with the middle market.

Middle Market

This video is one of more than 60 realLIFEstories the LIFE Foundation has posted for you to teach your clients and prospects not only what insurance is but what it does. [video]

It helps you bring emotion, which is one of the motivating forces in the prospect’s buying decision, into the sales process.

These realLIFEstories deal with life, disability, and long-term care insurance. You can access them all for free on our website, www.lifehappens.org. Some are posted on YouTube, and you can also run them from a DVD purchased from LIFE if you don’t have access to the Internet. In addition, each video is also available as a one-page handout for you to mail or deliver to your prospects and clients.

By the way, do you know the income range of the middle market? Most companies use $50,000 to $100,000; some use up to $150,000, but the Obama administration seems to think it goes up to $249,000. Where do most of your clients fit?

When you ask your clients and prospects how they are doing, what do they say? “Fine”? Well, listen closely next time, because fine stands for “frightened, insecure, neurotic, and exhausted.”

What ideas are agents using in the middle market? The LIFE Foundation has collected hundreds of these ideas, which are posted and categorized on www.lifeideas.org. We’ve also provided a handout today with some of these ideas, but I’d like to highlight a few.

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Feldman is a 38-year MDRT member with 30 Top of the Table and one Court of the Table qualifications and an MDRT Foundation Excalibur Knight. He was MDRT President in 2002 and a Top of the Table Chair. Feldman is president of the Feldman Financial Group and president and CEO of the LIFE Foundation. He received the 2011 John Newton Russell Award from the National Association of Insurance and Financial Advisors. Feldman appeared on Insurance Newscast’s 2009 and 2010 lists of the “100 Most Powerful People in the Insurance Industry” in North America.

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Order a copy of the presentation on www.mdrtpowercenter.org:  MP3: MP1262  CD: C1262
Idea #1: Use the Power of Emotion with realLIFEstories and LIFE Lessons

Send your prospects a link to one of the realLIFEstories videos before you have your appointment. Choose one that mirrors their own situation. This sets the stage to motivate them in their decision-making process. You can also show the video during your meeting to help them understand what insurance does and motivate them to make the decision.

In addition to the realLIFEstories, LIFE has also created a series of videos that shows what happens to a family when there is little or no life insurance coverage. These stories come directly from our LIFE Lessons College Scholarship winners. To date, we have granted more than $500,000 in scholarships, with funding coming from the LIFE Foundation, the MDRT Foundation, and the NAILBA Foundation.

Each realLIFEstory and LIFE Lesson video has a companion one-page print piece. These make excellent handouts at worksite and promotional events, and agents use them for mailings to reinforce why insurance is important.

Idea #2: Let Prospects Do Their Own Math with the Life Insurance Needs Calculator

Allow prospects and clients to do their own math to figure out how much life insurance they need. Pull out your iPhone or iPad and let them use LIFE’s free Life Insurance Needs Calculator app. You can also send them to LIFE’s website to run their own calculations before you have your appointment. Often, prospects don’t tell you the whole story, but rarely do they lie to themselves—unless they are in denial about the problems you want to discuss.

Let me share a story about one of my clients. Last year I received a call from an individual who had been transferred from California to Florida due to a company acquisition. Because of the acquisition, he had lost 50 percent of his group insurance, which was a reduction of $200,000. When he came to my office for the initial meeting, he told me he already had a $200,000 whole life policy, so all he wanted to buy was $200,000 of term to make up for the loss.

He had a wife who was 10 years younger than he, and they had a brand-new baby, so I knew he needed substantially more coverage than he was prepared to consider. I suggested he go to the LIFE Foundation website and use the Life Insurance Needs Calculator to help him determine what was appropriate for his situation. We set an appointment for the following week to discuss his results.

The next week he came to the office with his wife and baby and told me he needed $200,000 more of whole life, plus $1 million of term on him, $1 million of term on his wife, and a $50,000 whole life starter policy on his son. Did I sell him on these amounts? No. These were the amounts he had decided on based on the results of the life insurance calculator. And yes, I took the apps.

LIFE has four calculators on the Web: Life Insurance Needs, Human Life Value, Disability Insurance Needs, and Lifetime Earnings. At this time, only the Life Insurance Needs Calculator is available as an app and only for iPhones and iPads, but Android apps will be available soon.

Another one of our free resources is the Now More Than Ever flyer, which discusses today’s economic turmoil and the safety of life insurance. It also gives prospects the URL for the Life Insurance Needs Calculator.

Idea #3: Clear Up Confusion with the “What You Need to Know” Brochures

Part of the problem working with the middle market is that the prospects don’t know what questions to ask and are unsure as to what type of insurance is appropriate for their situation. We have a number of brochures designed for this situation: What You Need to Know About Life Insurance, What You Need to Know About Disability Insurance, and What You Need to Know About Long-Term Care Insurance.

Many agents use these pieces as mailers to prepare for meetings and help guide the prospects in their decision-making process. Some have told us they use these brochures as their sales track during the interview. They can be downloaded for free from our website or purchased in quantity from our online catalog. These are superb brochures to educate and motivate your prospects.

Speaking of free resources, you have a handout titled “6 Tips for Agents.” This is a list of ideas and free resources for you to use in your practice and is a reprint of one of the pages from our website where you can click on the link to access and print out the material. Click on the Industry Resources tab to access this page.

When working with the middle market, we need to be aware that people in the upper income brackets tend to think and plan in terms of 10 years, whereas people in the middle market think in terms of next Tuesday. Our job is to see the future before it becomes obvious and guide our clients through the planning decisions.

Women’s Market

Now let’s transition into the women’s market, a market that most men approach with great trepidation. According to the...
book GenderSmart by Jane Sanders, women’s brains are better organized to perceive and remember emotions, and that’s why women remember arguments and hold grudges longer. So a word of advice to the men in the audience: There are two theories to arguing with women. Neither one works.

**Women, Money, and Power**

Nearly a third of women serve as the sole or main breadwinner of their household, according to a 2009 report by the U.S. Bureau of Labor Statistics. A more recent study from Women & Co. also notes that 66 percent of affluent women designate themselves as the chief financial officer (CFO) of their family. Women also control 60 percent of the wealth in the United States and are involved in 90 percent of the family’s financial decisions, and the portion of the wealth they do not currently control they will inherit.

Simply put, the women’s market is significant. What is just as significant is that women are still not getting the attention they deserve from the financial services industry, so, gentlemen, take notice. The LIFE Foundation hopes to change this lack of attention.

The 2007 Allianz Women, Money, and Power Study indicated that only 29 percent of women are working with a financial professional. The study revealed that this was mainly due to a lack of comfort and confidence with financial planning, despite the fact that these same women were well educated, had successful careers, and were managing their daily household finances.

So where is the disconnect?

A main issue is that the financial services industry approaches the women’s market as one group with consistent needs, but just like the male market, they have many different life stages and financial needs.

Divorce or widowhood plunges nearly half of all women into a financial crisis or drives a major change in how they seek out financial guidance. The average age of widowhood is only 58, and more than 44 percent of women over the age of 65 are widowed, as are nearly 10 percent of women ages 55 to 64 (U.S. Census Bureau, *American Community Survey, 2005–2007*).

Some of the common challenges facing widows include settling the estate and re-titling assets, changing beneficiary designations on insurance and retirement accounts, establishing a new power of attorney, reviewing income needs, and changing tax status.

Although the initial conversation may need to focus on more immediate subjects, such as credit card debt and developing a new budget, an in-depth discussion should happen in about three major areas—insurance, social security, and retirement, including ongoing contributions and qualified plan distributions.

What many women need at this stage is a navigator to guide them through the decision-making process. You will notice I used the term navigator, not quarterback, because your job is to guide them, not play a financial game, and the term navigator is much more acceptable in the women’s market.

The LIFE Foundation focuses resources on the women’s market and their needs. We are changing our awareness campaigns to ensure we reach out to women in the 50- to 55-age group as well as the traditional markets. Check our website during the year for updates.

Let’s watch one of our videos that is directed toward this market. [video]

All the points I made earlier about realLIFEstories also apply here, so what other tools and resources does LIFE have for the women’s market?

- The *Because He Loved Me* and *Because She Loved Us* handouts illustrate how life insurance is a gift that keeps on giving, long after the insured is gone. These handouts are excellent tools to send before the appointment and to use during the delivery interview. Clients have selective memory; and perhaps five or ten years from now, when the client has pulled out her files for review and asks why she purchased life insurance, this flyer will remind her about what insurance does. It allows families to live with dignity, security, and peace of mind.

One of our member companies, Allstate, has been mailing 180,000 of these flyers along with the one-page *Life Insurance Needs Calculator* each month with a handwritten note from the agent requesting an appointment. According to the company, the ratio of appointments to calls increased by 25 percent with the addition of the motivational piece over just sending the needs calculator. Those are impressive results.

- We have a new realLIFEstory video and one-page flyer in English and Spanish, which is great to use when meeting with a family that is hesitant about insuring the stay-at-home parent. As Nicolas Virgen says in the video, buying coverage on his non-income-earning spouse was one of the best decisions he ever made.

Penn Mutual also has an excellent site for calculating the monetary value of the stay-at-home mom, www.worthforwomen.com. I suggest you bookmark it if you work in the women’s market.
Another flyer, Life Insurance: What Women Need to Know, is an excellent piece to use as a mailer or during a meeting with your prospect, and it discusses the unique considerations women need to think about when contemplating a life insurance purchase. One of the biggest concerns women express is their lack of understanding of our products and the lack of trust this creates. LIFE’s resources can help build the bridge to earn their trust.

As a side note, be careful when you ask for a woman’s age. I recently met a lady who said she was too young for Medicare but too old for men to care!

- Social media research says we spend 15-plus hours a month on Facebook, and women 18 to 35 years of age are the largest group using social media. So to help reach these women where they are spending their time, LIFE has created social media tools for you to use during the year and tool kits for each of LIFE’s three campaigns: Life Insurance Awareness Month, Disability Insurance Awareness Month, and Insure Your Love. If your company permits you to use social media, they will permit you to use these.

If you’d like to ramp up your social media outreach throughout the year, simply follow LIFE on Facebook and Twitter. We have a fresh Facebook post and tweet every day, plus two posts a week on our blog, The Insurance Word. Nothing could be easier than simply sharing, retweeting, or passing on a link. Instant content! Many of our member companies and their advisors do this already!

On YouTube, we have 78 videos that you can link to and 22 videos that you can embed directly on your website—for free. We also have free e-cards for you to send to prospects and clients.

- If you really want to get your prospect’s attention, play the Legacy of Love video. This video is a clever forward and backward script, which tells the story of a woman who realizes she still has time to make the appropriate financial decisions to protect her family. It’s sure to get your clients thinking about how they want to be remembered—leaving a legacy of love and financial security for the family.

Let’s watch this unique video now. [video]

**Business Market**

Now let’s discuss the market you all are interested in, the business market, and we will start with a business realLIFEstory showing how life insurance helped keep a business together. [video]

One of the best resources we have for you in this market is the Taking Care of Business brochure. This brochure gives you a complete track to run on when approaching the business owner, including questions to ask, how business continuation insurance works, employee benefits, executive benefits, and a checklist of planning opportunities.

Couple this with the various one-page print pieces we have for the business and workplace markets, and you have a ready-made library of resource material. In addition, when you go to our website, you will find agent’s tool kits, which include a complete marketing guide on how to best use these resources. You will not need to reinvent the wheel to build a marketing campaign.

When working in this market, it is extremely important to ask disturbing questions because many of the prospects don’t realize that they have a problem until you make them aware of it, and every problem is an opportunity for you to be of service. For example, according to Investment News, roughly 80 percent of beneficiary forms on IRAs, defined benefit pension plans, and insurance policies are either blank, outdated, or not properly filled in. Over the years it has not been unusual for me to find that while prospects say their planning is done, the actual documents they give to me for review have either been blank or stamped as drafts.

Before we open the session to questions, I want to share with you some facts from LIMRA about U.S. life insurance ownership and the attitudes of consumers toward our products.

- **Seven life insurance consumer facts:**
  1. LIMRA’s 2010 Life Insurance Ownership Study found that 30 percent of U.S. households have no life insurance protection.
  2. In 2009 insurance companies issued 9.4 million individual life insurance policies in the U.S. That’s about 1 million fewer policies than in 2004.
  3. People in about seven in ten middle-market households agree that life insurance is the best way to protect themselves financially against the premature death of a primary wage earner. And that’s good.
  4. The two top reasons people have life insurance is to cover burial and final expenses and to help replace the income of primary wage earners.
  5. People in one in four households plan to buy life insurance for themselves or another household member in the next 12 months. But many are unlikely to follow through with their plans.
  6. People in 24 percent of households with children under 18 want to speak with a financial professional
about their life insurance needs, but they may not pro-
actively initiate contact with a producer or with a life
insurance company. You need to make the initial call.

7. People in one in four middle-market households ad-
mit that they don’t know how to obtain or reach their
financial goals. But only 18 percent of them want to
speak with a financial professional about life insurance.

These are interesting statistics. Here is how life insurance
solves the problems:

• It buys time and allows the family to focus on its grief by
  helping to pay for the funeral and other costs.
• It provides a fresh start and lets loved ones start with a
  clean slate by helping to pay off credit card bills, out-
  standing loans, and even the mortgage.
• It replaces and generates income for years to come so that
  surviving family members can continue to pay for life’s
  necessities.
• It allows flexibility to give a surviving spouse the oppor-
  tunity to take time off or switch to a job that offers a more
  flexible work schedule.
• It creates opportunities to provide funding for a new
  business or pay for training so that family members can
  prepare for a new career.
• It funds the future. It offers a way to fund longer range
  goals such as a college education for the children or a se-
  cure retirement for a surviving spouse.
• It leaves a legacy by giving parents and grandparents the
  opportunity to leave future generations with long-term
  financial security.

Problems and solutions go hand in hand, but if we want
to help our clients and prospects with these solutions, we
must educate, motivate, and build consumer confidence.

Use the resources from the LIFE Foundation to reach
out to your clients to help them in their life, disability, and
long-term care insurance buying decision. Go to LIFE’s
website at www.lifehappens.org to access what is currently
available.

To reinforce the emotion of why we do what we do, allow
me to close with a photo montage from the LIFE website of
why people own life insurance. [visual]