

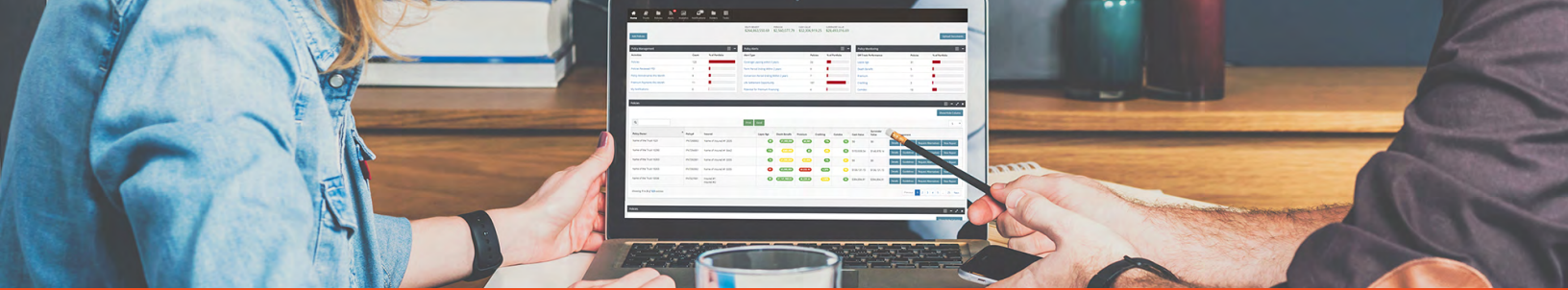
# 7 Reasons

Policy Management is Good for You and Your Clients



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# 7 Reasons

## Policy Management is Good for You and Your Clients

### 1. Changing Regulatory Standards

There is tremendous change afoot in the life insurance regulatory world. New York Reg 187 not only set forth requirements for new sales but also set standards around policy service advice. Other states are in various stages of rulemaking that could impact policy management. These rules can impact source of funds for premiums, replacement activities,

modification strategies and even hold recommendations for policies. The new CFP® standards going into effect in mid-2020 nix the old “advisor hat/sales hat” approach for a constant fiduciary expectation. All of this can help weed out the bad apples in the industry which is good for clients and for you.

### 2. Industry Changes

Low interest rates are no secret. What isn't as widely appreciated is how tough it makes being in the life insurance business for a company. There is serious dead weight in carrier legacy portfolios. This is leading to carrier consolidations and business exits. Such activity rarely bodes well for policy performance long term so it's more important than ever to stay on top of policies impacted by such changes.

Another change is the loss of decent term conversion products with many carriers coupled with what amounts to multiple conversion rights in a product. There's the real conversion period limit (i.e. 20 years) and there's the hidden conversion

limit (6 years if you want to convert to a decent product). You need to manage to the hidden conversion limit to best serve your client. They'll benefit too if conversion is appropriate for them.

Another challenge is the inability to reproject some products with inforce illustrations. When products can't be illustrated, that's a red flag for potential policy problems and an opportunity to set client expectations for the future. AG49 rules on IUL illustrations had the unintended consequence of limiting the rate of return that could be shown on inforce illustrations. Thus, it's difficult to measure if the policy is on-track long term. You need to manage these policies differently.

### 3. Differentiator or Table Stakes?

Policy management used to be a differentiator. Now it's an expectation. It's a digital world. Everything is brief and quick – news blurbs, tweets, check account values, getting a loan, etc. Clients expect faster service from you, and you need a policy management approach that doesn't involve navigating

the websites of 15 different insurers and waiting weeks for information. It's also worth noting that having robust policy management capabilities can put referral sources at ease knowing you'll take care of their clients.

## 4. More Frequent Client Interaction

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If you try to sell your client something every time you interact with them, they will stop meeting with you. Policy management breaks this cycle by creating ways to engage the client without a sales pitch. You stay top of mind with the

client, and you can better cultivate a relationship as a trusted resource for the client. This type of visibility and interaction can go a long way towards earning referrals and building relationships with the next generation of a client's family.



## 5. Opportunities to Adapt

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With so many policies reliant upon compound interest over several decades to boost policy values, lower expenses, and sustain coverage, small changes in earnings can have super-sized impacts over long time periods. Early corrective actions via policy management can make it more affordable to put a policy back on track. If a policy change is best course of action, it's going to be more affordable if the change is done while the client is younger and potentially healthier.

It's also worth noting that many policies have tremendous flexibility whether through innate features or policy riders. Your client won't remember he has a return of premium option in 20 years. Policy management can help remind the client of such features as well as open the door to conversations about adapting to changes to health, financial resources, or needs. This dialogue through regular policy management keeps the client thinking about you and presents future opportunities.

## 6. Operational Efficiencies

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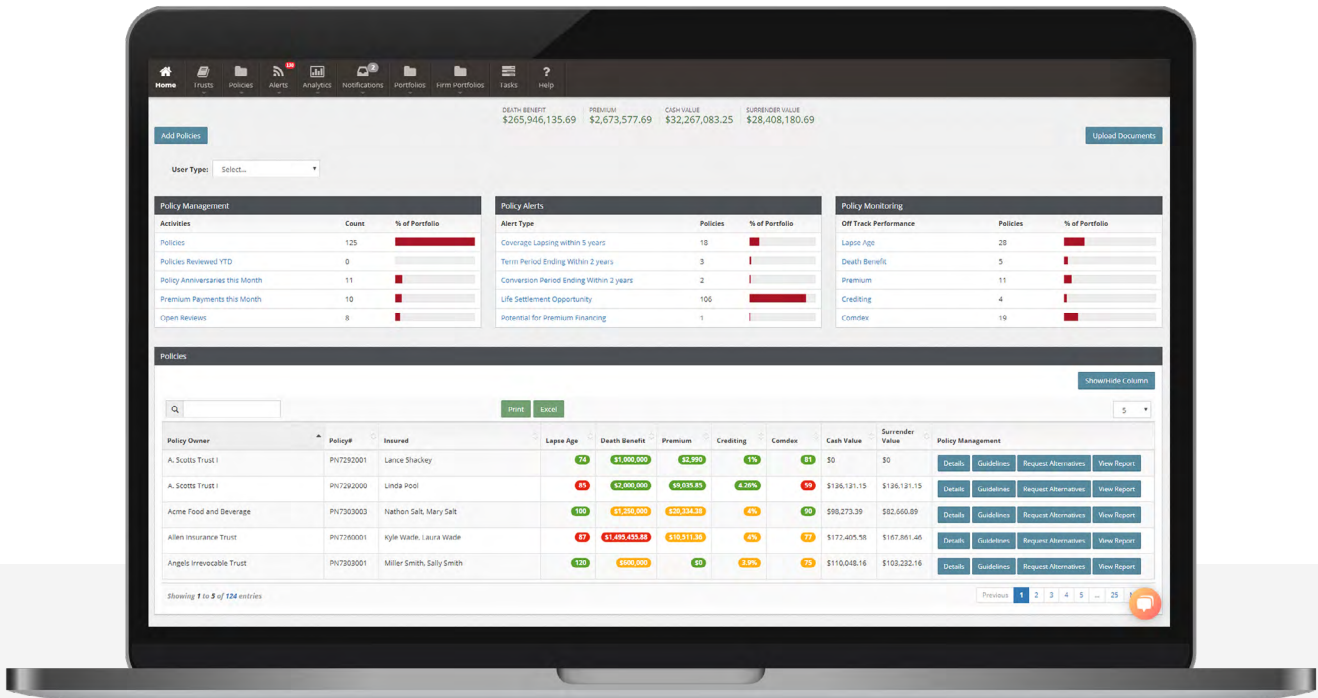
Just as clients expect faster turnarounds, you probably do too. You want to get back to the client to demonstrate your responsiveness and reinforce their decision to use you. Wouldn't you rather know one system to access policy information quickly rather than trying to learn a hodgepodge of carrier systems?

As a business, you know that cash flow matters. Two of your biggest expenses are likely staff and rent. As you become more efficient at managing policies, it lets you grow without the necessity of adding staff. It's also worth recognizing the scrutiny of compensation. As heaped commissions become challenged, operational efficiencies will become more important.

# 7. Value Proposition

Most agents have access to a wide range of products. Most clients don't appreciate the complexity of the products nor do they really want to hear about it. Online platforms gaining traction make it seem like underwriting is a commodity with lab free products bought online with just a few clicks. When/ if fee-only life insurance products gain more traction, what you earn won't be hidden anymore, and with that comes scrutiny. So, why should a client choose to let you represent

them for their life insurance needs? It's going to boil down to what you know (being an expert) and what you do (policy management). Clients aren't going to pay you for 20 years for selling a product. They will demand you deliver value. Having a robust policy management platform is a solid foundation upon which to build your value proposition. It has tangible value, creates interaction points, and gives you opportunities to demonstrate your expertise and guidance.



## Real Value for You & Your Clients

A policy management platform isn't a fad. There's real value for you and your clients. It makes you better professionally and positions you for success in a changing world. It gives clients what they want and need. Stop thinking of policy management as an expense. It's a foundational element for a solid business.



## **About the Author - David Morris**

David joined Proformex, LLC as Chief Marketing Officer in 2018.

Previously, David was CMO of MacroPoint, LLC. MacroPoint is a SaaS-based global technology freight visibility platform for shippers, brokers and 3PLs to get real-time visibility on the freight they have given to third party carriers. It sold to Descartes in August 2017.

He was Founder and President of the Communications Group from 2003 to 2011. The Communications Group was a digital fulfillment platform generating non-traditional revenue for media (TV, Radio, and Newspaper verticals) partners across North America.

Prior to founding the Communications Group, he founded Media Pro, Inc in 1995. Media Pro, Inc is a media buying and marketing consulting agency. Originally focused on TV and radio strategy and buying in the Business to Consumer vertical, the company expanded into Business to Business strategy and branding consulting as well as sports sponsorships with every major professional sports league and NASCAR.

David has been engaged in several SaaS startups as an advisor and investor. He also sits on the boards of multiple companies.

## **About Proformex**

Proformex provides life insurance inforce policy management solutions to independent agents, financial advisors and trustees. The multi-carrier and distribution agnostic platform enables users to securely store, manage and analyze their entire inforce book of business in one place. Designed to proactively monitor policy health, Proformex expedites the policy review process and proactively identifies potential problems with a client's life insurance policy, protecting policies against lapsing, degradation and asset erosion.

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InForce Policy Management

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