

4 Things Every Advisor Should Be Asking Their Clients



WRITTEN BY

Mike Pepe, Founder & Chief
Strategy Officer, Proformex





Life insurance is often a forgotten asset in our busy lives. Advisors and clients get focused on their stock portfolio, saving for retirement, their business, kids, grandkids or countless other things. Unsurprisingly, life insurance gets pushed down the priority list over and over. However, this can lead to problems with protection levels, policy performance, or even beneficiary issues. Spending just

a few minutes periodically with some simple questions can go a long way to ensuring the coverage does what it's intended to do.

Below are four things every advisor should be asking their clients regarding their life insurance coverage.

1. Is your beneficiary information up to date?

This seems like a no brainer, but beneficiary designations are a common problem because they rarely get updated. Lots of people moved during COVID so beneficiary addresses on file are out of date. Did your parents or children get divorced or married? They probably updated their beneficiary info on their policies, but did you? Address changes at a minimum, but name and allocation changes for beneficiaries may need to be updated as well.

In the past, carrier beneficiary information was largely a name and relationship to the insured. This resulted in some claims going unpaid because the beneficiary

couldn't be found. Today, beneficiary forms include name, Social Security number, address, email and phone number too. This helps carriers comply with agreements with state regulators regarding unclaimed property and efforts to pay the beneficiaries. It can help with identity fraud or avoid benefits being turned over to the courts to settle issues.

It's worth the time to update beneficiary designations to ensure the best chance beneficiaries get the proceeds in a timely fashion.



2. Is your life insurance information all in an identified, secure, and accessible place?

How will your client's beneficiaries even know the policies exist? How long before grieving loved ones decide to go through your paper files? Nobody wants to go through a year of bank statements searching for a check or payment to an insurance company to see if policies existed. Policies that don't require premiums wouldn't even have those clues to suggest their existence.

Policy information should be kept in an identified and secure place. Clients should make sure beneficiaries know policies exist and where to find the information when they pass. Proformex has a document vault to store policy information that may be accessed by beneficiaries with the proper credentials.

3. Is your coverage amount still appropriate?

COVID brought greater awareness of the need for life insurance to many Americans. The increased awareness creates a great opportunity to discuss the various ways COVID may have affected the life insurance needs of your clients.

Do they have a new, bigger mortgage after moving? Is there a new home equity loan that was used to expand or remodel for a place to home school or to add a home office? (Yes, we're a sucker for Love It or List It episodes

too.) Did they buy a second home in warmer locales? Did your clients experience work interruptions forcing them to burn through their emergency funds? Perhaps clients had to rack up some credit card debt to make ends meet during the pandemic. Do they have a new career with better work/life balance but a different income?

It's best to revisit your client's life insurance needs to ensure they have the right amount of protection in place whether it's more or less coverage.



4. Did you pay your premiums on time, or did you skip them or defer them during COVID?

Many states enacted premium forbearance rules during COVID which allowed premiums to be temporarily avoided. That didn't necessarily insulate the policy from detrimental impacts of a delayed premium (less interest, higher net amount at risk costs incurred, shadow account penalties on guarantees, etc.). Did your clients pay their premiums as expected or was there a delay? Did they let coverage terminate? Is their policy still on track to achieve the original goals after any premium interruptions? Did they tap into policy cash value to help address any household cash flow problems?

Clients may not realize premiums were late being applied which could impact their guarantees in some policies.

In May of 2021, the U.S. Postal service **revealed** only 78% of mail was delivered on time to households and businesses in the first 3 months of 2021 compared to 92% in the prior year period. This was despite a decline in mail volume. Were their premium checks one of the many pieces of mail that went missing or was delayed by the postal service? Carriers experienced mass scale service issues during the pandemic that continue today. Were there delays in applying premiums or policy loan payments?

Late or skipped premiums can create a headache. A system like Proformex can help you identify problem policies at a glance.

Don't let life insurance become a forgotten asset.

Life insurance needs to be monitored and managed over time to keep information accurate and ensure appropriate protection levels. Just as beneficiaries on IRAs or 401ks need to be periodically revisited, life insurance beneficiaries should be assessed from time to time. If you're not asking your clients these questions regularly, you're doing them a disservice. You can help them have some peace of mind by asking clients these four simple questions. Your client may even thank you.

About the Author - Mike Pepe

Mike Pepe capitalized on his nearly 20 years of life insurance policy expertise by launching Proformex, an inforce policy management platform that helps fiduciaries, financial planners, insurance brokerages and agents monitor, manage and govern their life insurance policies. Its SaaS (Software as a Service) solutions are designed to proactively alert customers of potential problems with their life insurance policies and protect against degradation and asset erosion.

Prior to founding Proformex and serving as its Chief Strategy Officer, Mike started in the life insurance business with Mass Mutual and quickly became a leading agent. Soon after, he cofounded River Financial Group, a full service financial advisory firm. His focus was on building a highly successful financial planning practice which took into account the various parts of a holistic financial plan. As he focused on estate planning, he started The TOLI Group, a life insurance firm which was designed to fill the gap in the market for insurance consulting and the need for ongoing policy monitoring and management support, especially as it relates to trust owned life insurance.

About Proformex

Proformex is the life insurance service platform for modern advisors. Proformex builds solutions to help independent advisors attract, nurture, and grow their life insurance business through client policyholder service. Proformex delivers multi-carrier visibility, distributor collaboration, and performance reporting for advisors and brokers in a single, secure platform.

PROFORMEX

Looking to learn more? [Click here to book a meeting with an expert.](#)