

# Protecting Your Clients' Best Interests AND Increasing Your Revenue



WRITTEN BY

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## The ROI of proactive inforce management for life insurance advisors.

One of the most important components of running a successful business in any industry is measuring the ROI on work-related purchases you or your team makes. The life insurance industry is no exception. There are countless solutions on the market that can help life insurance advisors work more efficiently and more effectively, and it can be overwhelming to ascertain which of these solutions aren't just operationally effective, but cost-effective, too.

Insurtech is booming. And it would take an entire series of white papers to analyze the cost-effectiveness of all the technology available. So instead, this white paper will not cover a specific platform or solution and its ROI for users.

Rather, it will examine the return a life insurance advisor can expect when they invest in a strategy: Proactive inforce management for their book of business.

## Proactive Inforce Management as a Business Strategy

### What all goes into an effective strategy for inforce policy management?

A myriad of tasks and initiatives can support any given life insurance advisor's efforts to monitor and maintain their inforce book. The unfortunate truth is a lot of post-sale policy servicing tasks are unmanageable at scale solely because they're so tedious and time-consuming.

Consider an advisor operating independently. Perhaps he has one other FTE to help him manage his book of 500 policies. No single person could possibly manage 500 unique clients in a manner conducive both to the business and the policy owners under their care. It would be impossible to perform important service tasks like annual policy reviews for each of those 500 clients on a consistent basis. The top 10% of their clients get the advisor's attention, but what happens to the rest?

What typically ends up happening is the advisor and his FTE adopt a reactive approach to inforce management. Manually monitoring policy performance for a book of that size just isn't feasible, so the advisor and his office manager are only aware of problems with a client's policy after receiving a notification from the carrier directly, or worse, from the policy owner themselves. This spells disaster because it often means a policy is at risk of lapsing, and the advisor now has to scramble to take corrective action. Nothing can sour a client relationship faster than a lapsed policy.

By shifting to a proactive inforce policy management strategy, advisors stay on top of annual policy reviews and avoid worst case scenarios exactly like the one illustrated above.



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# Annual Policy Reviews are Critical, but Costly

Reviewing life insurance policy performance is an essential part of ensuring that policyowners' needs are met, but it's a time-consuming and costly process. Without scheduled and consistent policy reviews, it's difficult if not downright impossible to have meaningful conversations with clients.

Before a policy review even begins, certain contract information must be verified, such as:

- 1 **Is the policy even in force?**
- 2 **When is the policy anniversary date?**
- 3 **How much coverage is required?**
- 4 **How long is the coverage needed?**
- 5 **How are premium payments structured?**

Once policyowner needs and expectations are confirmed, annual policy values and inforce illustrations need to be requested from the carrier. Then, after carrier documents are received, a thorough review is required in order to create a client-ready report. That thorough review includes but is not limited to performing tasks like: compiling data into a single source, reviewing that information relative to the client's needs and objectives, considering what recommendation(s) to make to the client relative to findings, and producing a simple report that the client can understand.

A single policy review can quickly turn into a cumbersome task, taking upwards of 3-4 hours of manual work. As technologies like Proformex take on this challenge and create solutions that accelerate the process of creating

policy review reports, it leads to a more manageable workflow. **The right technology can reduce the time spent per policy review from 3-4 hours to 15 minutes, unlocking huge value for advisors.**

And with the constantly evolving regulatory nature of our industry, it's more important now than ever that advisors are taking care of their clients beyond the sale, demonstrating that they're acting in those clients' best interests in all their interactions.

Whether an advisor leverages a platform like Proformex for streamlined policy reviews, or they decide to try to manage policy reviews for their book themselves, it's an incredible way to surface new business opportunities.



Time spent on a manual policy review:

**3-4 hours**

VS.



Time spent on leveraging technology for a streamlined policy review report creation:

**15 minutes**



## Uncovering New Sales Opportunities Through Policy Reviews

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One of the few constants in the world of life insurance is an advisor's knowledge that his clients' needs are always changing. And as those needs change, it's important to reassess and realign that policy owner's life insurance products to his or her needs.

That's how conducting policy reviews on a regular basis translates into new sales opportunities for advisors.

51% of the policies in any given life insurance advisor's book of business are at risk and need to be addressed. And of those at-risk policies, roughly 25% will convert to new sales opportunities to get that policy's performance back on track.\*

The best advisors who do their due diligence by reevaluating a policy and its performance relative to their

clients' financial goals and objectives annually have a better chance at discovering ways to upsell or resell that client than advisors who adopt a more reactive inforce management approach.

It is much easier to sell an existing client on a new product suited to their needs than to attract new prospects and make first-time sales.

Not to mention, you're gaining more of your clients' trust by acting as a partner throughout the life of their contract. They're consequently much more likely to think of you as a trusted resource they can turn to with questions not just about their own coverage, but with recommendations for referrals, too.

\*Based on historical data from Proformex actual clients.

## Bottom Line – Proactive Inforce Management is Worth It

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Ultimately, there's no better way to protect your clients' best interests and increase your revenue simultaneously than by embracing a proactive inforce policy management strategy for your book. While there will be some effort, and perhaps even some cost, required of you on the front end to establish proactive inforce management as

a business strategy, it will pay itself back exponentially by saving you time on tedious and manual tasks, establishing audit-proof procedures and processes for regulatory compliance, and uncovering hidden sales opportunities in your book of business.

## ***About the Author - Mike Pepe***

Michael 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 President, Michael started in the life insurance business with Mass Mutual and quickly became a leading agent. Soon after, he co-founded 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 leading inforce management platform offering data aggregation, analytics, and portfolio monitoring for life insurance and annuities. The platform is purpose-built to help independent life insurance and advisory firms protect their clients' best interest and ensure regulatory compliance by monitoring individual policy performance, identifying at-risk policies, and uncovering new sales opportunities. Our automated solutions make inforce management more efficient, more profitable, and results in better experiences for policy owners.

**PROFORMEX**  
InForce Policy Management

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