



# What The Companies Are Doing

## Insurance



'Celebrity' Greeted

One of Agent Support Group's founding principals, Sam Kaufman (c), was greeted as a celebrity at a recent sales congress staged by the Westchester-Rockland local of the National Association of Insurance and Financial Advisors (NAIFA) and NAIFA-NYS. Agent Support, a longtime supporter of NAIFA, represents six long-term care carriers, five disability carriers and nine annuity carriers. Here, Kaufman is surrounded by Larry Thaul (l), Westchester-Rockland president and longtime leader Anne Rubco (2<sup>nd</sup> from right) and Agent Support associates Jane Nobiletti, LTC and DI specialist, and Roniel Garces.

### Playing Doctor



Conference Associates' Jeff Borowick (l) and Barney Schneps (r) ham it up with Sadler Hayes, newly-elected president of the NYS affiliate of the National Association of Insurance and Financial Advisors (NAIFA). CAI offers a wide variety of health insurance plans, along with life and disability, dental, homeowners, auto and commercial property & casualty insurance. It exhibited at a recent NAIFA Westchester-Rockland sales congress.

### Agent Toolbox 2



Online Agent Network, a leader in web-based software for insurance and financial professionals, has released a second version of its flagship product, Agent Toolbox – reportedly the world's first browser-based closing system. The creators say it enables sales to be closed during the first contact with a prospect. Agent Toolbox 2 is

customized for each subscribing agent. To learn more, go to [www.onlineagentnetwork.com/agenttoolbox2](http://www.onlineagentnetwork.com/agenttoolbox2)

**Sales Kit Helps With Younger Boomers, Gen Xers**  
Pacific Life has a new sales kit with strategies specifically designed for younger boomers and Gen Xers. It includes materials for advisors to help clients identify income needs in retirement and protect the family while building assets. To get the kit, see a Pacific Life rep or call (866) 722-9555.

**Aetna Gives Docs Electronic Info on Patients**  
Aetna is providing physicians with electronic services about patients' health care. They include alerts warning about potential drug-to-drug disease interactions. Aetna is the first health plan to give doctors evidence-based "Care Considerations" electronically. For info, contact Kate Prout at (215) 775-6264. Email: [ProutKF@aetna.com](mailto:ProutKF@aetna.com)

**Mass Mutual Trains For Special Needs**  
Mass Mutual has graduated 110 Special Care Planners over the past several months, strengthening the company's ability to help families with special needs. In a program conducted by the American College exclusively for Mass Mutual, financial professionals get advanced training in estate and tax planning, special needs trusts, government programs and the emotional dynamics of working in the special needs (disabilities) market.

**Life Settlement Merger**  
Select Life Settlement Corp. of Northport (LI) and Bellaire, Texas and Chesapeake Financial Settlements, Rockville, Md., have integrated their management and operations to form a new life settlement brokerage firm, Veris Settlement Partners, Inc. The four directors – Steve Shorrock and Russell Dorsett of Select and Patrick Duke and Joe Young of Chesapeake – have a combined 85 years' experience in life insurance.

"This new entity allow us to marry the strengths and best practices of our two firms... to grow with the life settlement industry," said Shorrock.

**Alliance Produces 'Innovative' Annuity**  
A strategic alliance forged last fall between The Phoenix Companies and Jefferson National has produced an "innovative low-cost, no-load annuity called the Phoenix Portfolio Advisor Variable Annuity. The product offers "a number of enhancements over traditional variable annuities": Advisors and clients who want to diversify their holdings can use a variety of asset allocation options. **FA**

FEATURE

# Is Wall Street Killing Life Insurance?



*Even while the industry is raking in respectable profits, there is a crisis in life insurance. The behavior of many life insurance companies is creating the conditions for a crisis where millions of people/families, unprepared for death, disability and retirement, could become impoverished wards of the government.*

**The basic problem:** There are not enough people selling life insurance; hence, not enough life insurance is being sold. More than 40% of the U.S. adult population – or 68 million people – have no life insurance whatsoever: no individual, no group, zilch. The number of life insurance policies sold declined by 39% from 17.5 million policies in 1985 to 10 million in 2006, according to LIMRA International (Life Insurance Marketing and Research Association). And while this was going on, the number of households with children increased by 19% from 62.7 million to 74.3 million. (See chart.)

In 1965, there were 196 million life insurance policies in force; today, there are fewer than 160 million, according to the *Life Insurance Fact Book*, published by the American Council of Life Insurers, the companies' trade association.

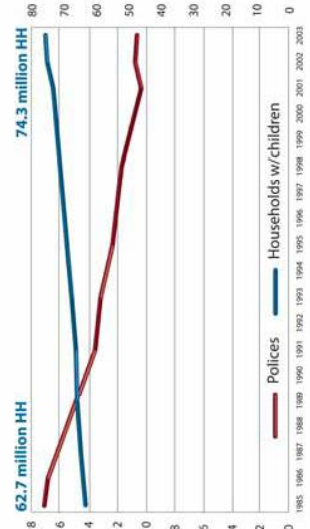
Meanwhile the number of "producers" (people selling life insurance) has been decreasing steadily. Twenty years ago, there were 350,000 – according to LIMRA; today, there are about 310,000 or 11.4% percent fewer. But the worst is still ahead. Some industry analysts say, at the rate things are going, the producer population could drop 40% to 185,000 by 2017. LIMRA's 2017 projection is 265,000 – or a 14.5% drop from today.

### What's going on here? What's making all this happen?

"Money," says life insurance icon David F. Woods, CLU, ChFC, LUTCF, who retired recently as CEO of both the

## Not There for Those in Need

As the number of Life Insurance Policies Sold declined by 39%, the number of households with children increased by 19%.



Source: LIMRA Individual Life Sales Survey and LIMRA Estimates

National Association of Insurance and Financial Advisors (NAIFA) and the Life and Health Insurance Foundation for Education (LIFE).

"Wall Street doesn't reward investment in distribution." He went on to explain that since the early to mid 90s – when much of the life insurance industry (led by giants like MetLife, Prudential and John Hancock) demutualized and became stock companies – managements have put a greater emphasis on short-term profit to please their new owners – the shareholders. "My complaint is not with the companies, but with Wall Street, which – in its lack of understanding – is pushing

the companies in the wrong direction," says Woods. This "pushing" has prompted searches for ways to cut costs.

One of the standout targets is the biggest single cost in product distribution: the career agent/advisor. The costs of recruitment, training, supervision, motivation, of office space and related overhead represent huge dollar signs to home office bean counters. Life insurance can be sold more efficiently, they say. They look at alternatives such as independent brokers, banks, worksite marketing, direct mail, call centers and the Internet – and find it all very enticing.

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