The background of the entire page is a surreal, textured collage. On the left, a man in a dark suit and tie is shown from the chest up, holding a mobile phone to his ear. To his right, a woman's face is partially visible, looking downwards. In the center, a large cargo ship is depicted sailing on a road that stretches into the distance. The overall texture is grainy and abstract, with various colors and patterns blending together.

Brokerage Distribution: A Delivery Channel That Delivers Success

**An LIS Special Section
By Amy A. Helean, CLU
Associate Editor**

There are new ways for life and health insurance products to be distributed to your prospects and clients. An important new way to deliver product is through the Internet, which enables the prospect to shop and buy without the producer's assistance. Additionally banks are coming onto the insurance scene, and they want to convert their checking account customers to life insurance buyers.

With this kind of competition, how can you assure that you are offering your prospects the best possible products and services so they will become your permanent clients and best source of referrals?

One of the best ways to service your clients and prospects lies within the brokerage distribution system. Whether you are an independent producer who wants backroom support and a diverse portfolio or a career/captive agent who needs to place a special-needs case, brokerage general agencies can help you conduct high-quality business that your clients and prospects will talk about.

Recognizing the Need for the Brokerage Distribution System

Entrepreneurial-minded persons recognized the need for an independent distribution system. In response, they developed products and opened firms to meet those needs and provide value to life and health insurance producers.

Pat Joline, CLU, ChFC, president of Joline Associates in Brokerage, Shrewsbury, New Jersey, says, "Offering alternatives and the right solutions to consumers is the optimum way for producers to serve their clients. No single carrier can provide all products and all solutions to meet the needs of every person, and independent brokerage provides the producer the ability to ensure the best offer of coverage from the most suitable carrier."

Ms. Joline says that more than one-half of all life premium is generated from independent distribution, which reflects consumers' desire to make choices and purchase competitive plans.

Pete Caneer, president of Component Insurance Services, Tustin, California, echoes Ms. Joline's sentiments. He says, "Like most independent, multi-company brokerage operations, mine

started from the realization that single insurers simply couldn't do it all.

"In fact, even companies with successful niches 25 years ago had trouble successfully delivering their services and products. The mainline companies back then weren't in the vanguard of new products, especially inexpensive term insurance."

Mr. Caneer believes, however, that the newer brokerage companies were in the vanguard. He notes that while the initial challenges were difficult, commitment to delivering term and permanent products at a much lower cost to the consumer made it easy to deliver a clear and simple message to producers.

"My firm was there to deliver niche products then," he says, "ones the primary old-line companies didn't offer. In addition, I could deliver expertise in the substandard market, which was unavailable to many captive agents in 1975. New expertise and products are always good for any market, and producers with access to newer ideas and higher expertise will win the client more often than not. And last, my firm could bring the producer to the underwriters, actuaries, and marketing people at the insurance companies."

Mary Ann Lacey-Gray, president, Underwriters Marketing Services (UMS), Cherry Hill, New Jersey, relates that when she formed UMS in 1984, it was to offer selected niche products to independent agents, property/casualty producers, financial planners, and career agents who needed help on tough cases that their primary company could not handle.

"The base of producers began to build, and I quickly found my producers were looking to my firm on a regular basis and really wanted the firm to be a one-stop source of all of their needs. My service attitude and desire to build a relationship with them were key ingredients in UMS' success," she says.

Ms. Lacey-Gray notes that as time has passed and changes have occurred in the life and health insurance business, her marketing philosophy has thrived, especially now that most companies are seeking new channels of distribution and no longer are supporting producers the way they did in the "good old days."

"Not only do producers need niche products and help with tough cases," she says, "but their need for marketing and prospecting help is at the top of

their lists. My specialized marketing services have made UMS a leader in agent satisfaction."

Ms. Lacey-Gray adds, "During the past 15 years, I have assembled a portfolio that provides enhanced compensation, bonuses, producers' deferred compensation, and conventions. In fact, I just took UMS' elite producers to London and Paris — a perk they enjoyed and appreciated. In addition, I host workshops on products, sales, marketing, and niche areas like mortgage markets, indexed annuities, and long-term care, and continuing education courses, broker-dealers, and others."

Gordon Wilson, CLU, president of Prudential Select Brokerage, Newark, New Jersey, says, "Three imperatives are affecting the nature and variety of products and services that companies such as Prudential are offering to the market.

"The primary imperative is that consumers are demanding choice in the distribution points that are available to them.

"Second, consumers want a range of products that are available through those various points.

"And third, consumers do not want all their financial eggs to be in one basket. Said another way, they want multiple products offering multiple solutions to their needs and wants."

Mr. Wilson believes that it is not surprising, therefore, that broker-dealers and other members of the third-party distribution chain are interested in responding to their customers' needs in the way that those customers want to be serviced.

He says, "They have become focused on the sale of, for instance, investment products as well as the hottest life product on the market today, variable life. As a result, companies such as Prudential that market to these independent third-party operators are providing a full financial services product offering, including annuity products, Section 401(k) products, and long-term care products."

Customers' growing acknowledgment and acceptance of the third-party distribution system has induced major insurance carriers — like Prudential — to rethink the way they do business, according to Mr. Wilson. He notes that life and health distribution methodologies are reaching out to accommodate the customers' how, where, and when while offering an array of financial services products.

He says, "As major carriers, manu-

facturers of products of protection, investment, retirement, long-term care, or whatever, learn to work with the independent distributors, the insurance business environment will continue to evolve to this customer-centered orientation."

Katie McCord Jenkins, manager — sales division, **Illinois Mutual, Peoria, Illinois**, offers, "Every effort is made to be as flexible and easy to work with as possible. This is crucial in brokerage distribution. The brokerage system will bring various BGAs to the table, so Illinois Mutual tries to accommodate BGAs' different service needs."

"We have sales staff prepared to offer product information and sales ideas. They will walk through filling out an application with BGAs or discuss important message points when giving a sales presentation. They send or fax proposals to BGAs as they need them and provide information on our underwriting practices. Illinois Mutual also conducts sales and training seminars throughout the country twice a year. Also, all BGAs have direct access to our underwriting staff. We believe di-

rect communication with underwriting assists in building stronger relationships between BGAs and our company."

Selecting a BGA

There are lots of brokerage general agencies with which producers can do business. But as in life and health insurance sales between a prospect and a producer, the business that is transacted between producers and BGAs also is dependent on the two parties fitting well together.

According to **Michael Tessler**, vice president of **Brokerage Unlimited, Inc., St. Louis**, "Producers who are selecting a brokerage distributor should attempt to match their requirements with the services and products available from the brokerage agency."

"For example," Mr. Tessler says, "the producer who wants 24-hour-a-day, seven-day-a-week access to rates, underwriting data, and the like, should concentrate on those firms that have a strong Web presence. Producers who do not consider life insurance as their primary focus, including property and casualty agents, stock brokers, and medical insurance producers, should estab-

lish relationships with firms that offer strong advanced marketing, case preparation, and case presentation assistance. Not all distributors are alike, and it behooves producers to consider what they hope to get from a brokerage relationship before they select a distributor."

Regarding the relationship between the brokerage general agency and the home office, Mr. Tessler says, "Solid financials, appropriate distribution for the products, and innovative products that are not duplicates of plans already in the portfolio still are important factors the BGA weighs when considering carriers. Simply put, a carrier must bring something to the table that we believe will be attractive to buyers and sellers."

Mr. Tessler believes that carriers with less than adequate financials and lackluster products won't be attractive to anyone.

Mr. Tessler's goal is to enable producers to do what they do best: sell. He believes it rarely is in the producer's best interest to be bothered with the case's administration and underwriting.

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are selling," Mr. Tessler says. "We strive to process each case without requiring significant producer involvement. My staff collects the underwriting requirements and provides a package to the underwriter for a decision. Each week, the producers are provided a status report of all business pending with Brokerage Unlimited, Inc. In addition, the compensation packages and incentive promotions make working with my firm profitable and enjoyable."

He adds, "A major advantage to working with Brokerage Unlimited, Inc., is that the firm is large enough to provide top commissions and superior relationships with manufacturers, but still small enough that any producer who works with the firm can have access to the firm's principals as needed. I know my producers, and they know me."

John Steinborn, president of **Parry & Steinborn Agency, Inc., Orland Hills, Illinois**, says that his firm provides security in a rapidly changing business. "Parry & Steinborn has been in existence as a managing general agency (MGA) for just short of two decades," he says. "In this age of downsizing, my firm's customer service and personal attention to the application process is its greatest asset."

"I believe a brokerage agency should be viewed as an extension of the producer's own office, assisting the producer to optimize each opportunity by recommending appropriate products, providing sales and underwriting materials, processing the business efficiently, and educating producers on new products and concepts. My goal for my firm is to expand by assisting each of our producers to achieve optimum success."

Mr. Steinborn believes that the BGA is significant in situations where the producer has an occasion to make a sale in a secondary area, such as a primary property and casualty agent with an opportunity to make a health or life insurance sale. According to Mr. Steinborn, if the producer works independently, the agent with a prudent business sense would decline or deflect many sales opportunities after evaluating the time necessary to making the sale weighed with compensation.

Mr. Steinborn explains, "The time involved would include renewing familiarity with an unfamiliar insurance line, exploring products available, researching appropriate companies, obtaining quotes and supplies, and learning how to com-

plete the applications. With the BGA's assistance, the producer can reduce his time investment to reviewing the quotes and sales information from my firm and the actual time with the prospect."

"I consider it my firm's responsibility to provide all the appropriate forms with a checklist on how to complete and process the applications, and how to monitor underwriting. After the sale, my staff will assist the producer with point-of-sale information and problems."

When Mr. Steinborn evaluates home offices to represent, company ratings are important. His firm does not work with companies with a Best's Rating below A-, because the consumers and producers usually won't tolerate lower ratings.

"Time is precious to every person involved in the insurance process," Mr. Steinborn believes. "Good customer service from the companies my firm represents is essential. It is not efficient for me to pay my employees to wait on hold for a long time. When companies cannot access information quickly, their lack of response reflects on my firm."

In addition, Mr. Steinborn believes that company reputation in the life and health insurance business is a factor in considering products. He notes that he has had agents refuse competitive products because of past negative experiences with companies. He points out, "BGAs are aware of certain companies that, despite adequate ratings, have obtained nefarious reputations."

Mr. Steinborn suggests that producers should search for a BGA who conducts substantial business with a portfolio of high-quality companies balanced with a well-trained staff that can provide individual attention.

He also suggests asking how long the agency has been in existence so that the producer can gauge stability.

"I would want to know the number of agents the agency assists," Mr. Steinborn says. "Some agents who tout themselves as BGAs have one or two producers who work under them and are interested primarily in obtaining an override on their commission schedule, not providing the true function of a BGA."

Tom Petersen, chief information officer for **Petersen International Underwriters, Valencia, California**, believes that after the producer finds the appropriate product, there are three reasons why a producer should choose to work with a BGA:

1. *Commission:* According to Mr. Pe-

tersen. "Many producers assume that commissions are not as high in brokerage as they are if the producers deal direct. This is untrue. Often, solely due to the volume a brokerage agency can produce, the override to the brokerage agency is sufficient to pass on full commissions to the producer. The brokerage agency works on a very small commission by comparison to what a producer earns."

2. *Service:* He notes that service is where the brokerage agency usually excels compared to the carrier. "Many producers like to have a back-office partner to generate proposals, send supplies, order medical examinations or records, review the applications, and provide current updates," he says.

3. *Responsiveness:* "This sometimes can be a factor that the carrier controls and not the BGA," Mr. Petersen says. "The brokerage general agency, however, can control directly responsiveness issues. For example, the BGA often controls proposals, examinations ordered, commissions paid, and other functions."

Eric Marcus, president of The Marcus Agency, Sudbury, Massachusetts, comments that a producer should work to select a BGA with which he is comfortable. "Obviously," he says, "the producer should want to find a BGA that has the products, companies, and service he needs. I believe it is important for the producer to work closely with the wholesaler's staff and to communicate easily with the people in the office. Also, experience in the market is an important issue because the producer wants to know that the BGA has the relationships and knowledge to be able to deliver when an issue arises."

With regard to the process he uses when selecting carriers to represent, Mr. Marcus notes that he is careful to select carriers that are competitive in the market. He says that he examines the carrier's financial stability and its philosophy. Mr. Marcus wants to assure that his firm works with carriers that understand the brokerage business and are able to deliver what is needed to do business in the brokerage market.

When it comes to developing and securing impaired-risk business, Frederick A. Berger, CLU, ChFC, FALU, MSFS, vice president of underwriting services with CPS Insurance Services, Irvine, California, suggests that the

producer look for an impaired risk brokerage agency (IRBA) that embodies the following characteristics:

- The IRBA must have a high level of experience and integrity in all aspects of business. Mr. Berger says, "This is important in assessing any business. The producer's relationship to the agency is as strong as the amount of integrity in the handshake, and is as effective as the agency is in handling its business."

- The IRBA must have depth in its portfolio. Mr. Berger says, "There are only about 25 companies that really spe-

cialize in competitive impaired risk underwriting at any given time." He suggests that the agent should look for the IRBA to be among the represented carriers' "top five producers," because that will enable the IRBA to make the best commission contracts available, and it gives the producer a better chance of getting underwriting business decisions on those extra special cases.

- The IRBA must offer a wealth of underwriting knowledge. Mr. Berger believes that certain professional designations and degrees are essential, and

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that the producer should require them from the agency's underwriter. For example, Mr. Berger says that the Fellow of the Academy of Life Underwriters (FALU) designation demonstrates a strong technical underwriting knowledge, which is essential for identifying the favorable and important factors of a medical history. Also, the CLU, ChFC, Certified Financial Planner (CFP), Master's of Science in Financial Services (MSFS), and MBA demonstrate the experience necessary for packaging the financial underwriting

aspects that may be required for a large or "jumbo" case application.

• The IRBA should offer several impaired risk tools. According to Mr. Berger, such tools would include high-quality medical impairment questionnaires and quick-quote forms. Another valuable tool for the producer is Web sites that make information readily available.

Challenging Carriers to Compete

The brokerage distribution system's growth and subsequent popularity have demanded that

carriers be forward thinking. As BGAs evaluate carriers on such criteria as ratings, service, originality, and compensation, carriers must be proactive to survive in a competitive market.

Jim Wanek, director of market company distributions for **AmerUS Life, Des Moines, Iowa**, says "As a newer entrant in the brokerage distribution system, AmerUS Life realizes that earning market share and meeting the diverse needs of select agencies required the company to create a competitive offering of strong product performance, innovative underwriting, top compensation, and responsive customer service."

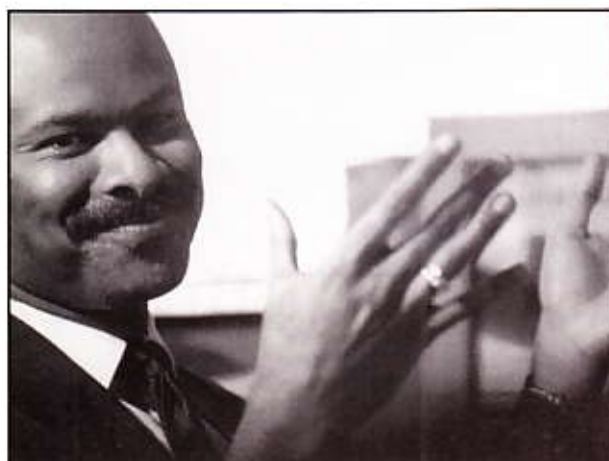
"While AmerUS Life always has offered leading products," he notes, "brokerage involvement has sharpened the company's competitive focus in select market niches. This heightened awareness requires a thorough understanding of both our customers' needs and our competitors' offerings before my company develops and after it introduces any product or service."

Mr. Wanek reports that with regard to products, the company has worked with BGAs to create an individual and survivorship universal life portfolio that offers market-leading age-to-100 guarantee premiums in the age 55 to 75 standard to rated case market.

"However," he notes, "defining the benefits the producer receives from using our BGA channel, solely from a product standpoint, is much too narrow. BGAs benefit producers through their abilities to secure leading underwriting offers on tough-to-place cases. They also provide invaluable assistance with advanced underwriting and case design support, diversification on jumbo cases, and a one-stop multi-company case processing unit."

Bill Rheiner, director of the brokerage unit at **John Hancock Mutual Life Insurance Company, Boston**, notes the following points regarding how his company's involvement with the brokerage distribution system has affected the products and services it offers to the market:

- The products John Hancock offers are more competitive and diverse.
- John Hancock extends career agent support services to brokers.
- Brokerage advertising extends brand recognition.
- Brokerage distribution has been recognized for its profitability.
- Brokerage activity has resulted in



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the creation of several distribution channels for the company.

Mr. Rheiner also points out there are benefits to producers who work through the brokerage distribution system:

- They have an opportunity to work with a company that has natural name recognition.
- Producers can work with a company that has strong financial standing.
- The company will collaborate with producers on cases that must be split.
- The company offers strong products that help producers meet compliance needs.
- The company offers a broad portfolio of traditional and variable products.

Scott Christi, vice president, **GeneralLife**, **Edwardsville, Illinois**, explains that his company's entire approach to the brokerage distribution system is centered around convenience through technology. "Or another way to say it," he says, "'cutting edge convenience.'

"I believe," Mr. Christi asserts, "that for the carrier to be successful in the 21st century, it has to be the most convenient company with which to do business, both on the front and back ends

of the sale. Strong financials, innovative products, and competitive rates and compensation always have been key tenets in brokerage, but all of this must be delivered in the most convenient manner possible.

"Today's BGA does not have the time or the inclination to be bothered with cumbersome processes, lengthy applications, and inefficient home office structures."

Mr. Christi describes GeneralLife's approach to brokerage as that of having a clean slate. To achieve the convenience level the company believes is important, it built EPICenter, an Internet site available to all of the company's BGAs and producers.

"Through EPICenter," Mr. Christi explains, "the user receives status on all pending business, various reports on the user's lines of business, software, updates on new products and interest rates, forms, and more.

"But the most exciting item available through EPICenter is our TurboQuote application. The producer can go online with the prospect, will ask basic information, one medical question, two personal history questions, and then submits

the TurboQuote application over the Internet. The company does the rest.

"The producer gets full brokerage compensation yet is free to work on the next sale rather than spending time completing part Bs, scheduling paramedical examinations, and tracking down attending physician statements. And the prospect will get the policy in less than 18 days."

Mr. Christi offers another example of what he believes is GeneralLife's cutting edge convenience: online illustration capability. He says that the user, again through EPICenter, can illustrate the company's entire range of products, thereby eliminating the fear that the user may not have the most up-to-date software from the carrier.

Larry Munoz, vice president, **Great American Life Insurance Company**, notes that companies must build their distribution systems on relationships rather than just product or commissions.

"Longer-term relationships," he says, "are built on providing competitive products, fair compensation, incentive trips, and by helping the agent increase the quality of his life."

Bob Miller, assistant vice president,

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CNA, Nashville, notes that it is harder to sell an inferior product because it is so easy to compare products in today's market.

"Bad products or overpriced products or products with too low compensation are driven off the market much more quickly than in the past," Mr. Miller says.

He believes that home offices will have to be innovative to continue to compete in the BGA market. He suggests that some necessary innovations are:

- Outstanding value for the price paid.
- World-class service.
- Speedy and aggressive underwriting.
- Real-time communications — 24 hours a day, seven days a week.
- Compensation that is fair for the value package given.
- Unique sales and marketing ideas.
- Niche products.
- Ability to listen and react to the market.

"In short," Mr. Miller says, "the BGAs want it all and companies will have to deliver."

When describing his company's ded-

ication to the brokerage distribution system, **Richard M. Denton, CLU, ChFC**, vice president — brokerage, **New England Financial, Boston**, emphasizes the company's desire to provide high-quality value at every phase of the transaction.

He says, "Producers who work with New England Financial's brokerage system benefit from an array of competitive financial products, both variable and traditional, coupled with local, hands-on sales support from the brokerage managers in the company's marketing firms.

"Producers," he notes, "have access to talented financial services professionals who can assist them with advanced sales situations and provide extensive product knowledge."

Mr. Denton comments that his company's involvement in the brokerage system has led to a renewed commitment to be the product leader. He explains that his company has developed a highly competitive and flexible variable universal life product for producers. Also, he notes that the company recently has introduced a new universal life product that provides

more diversity and balance to the entire portfolio.

Developing New Business

A big benefit to producers that the brokerage distribution system has provided is the consistent demand for superior products and sales approaches. Such products and approaches are required to offer something different, yet remain practical and appealing to prospects' needs.

With regard to hot new products and concepts, Mr. Petersen refers to the Internet as "the equalizer." Many producers, he believes, are concerned that large insurance carriers will write directly through the Internet, bypassing producers all together. Mr. Petersen concedes that this, unfortunately, probably is a reality.

"However," he says, "the Internet also is an equalizer for the producer. Most producers do not have the financial clout to do mass mailings or media advertising.

"To set up and run a Web site is affordable for most people," Mr. Petersen explains. To the public, a Web site is a Web site regardless of whether it be-

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"The producer could establish a Web site with information germane to local issues, products specific to his expertise, and even communicate through the net. What other medium can a producer have to match the insurance carriers?"

Mr. Petersen believes that the Internet will be a powerful tool for all businesses. But he does not believe it will replace the producer.

The hottest sales products available are international insurance programs, Mr. Petersen believes.

He explains, "Whether it is employee benefits, disability, medical, life, or even such obscure products as kidnap insurance, the international markets definitely are the trend."

"Before the 1990s, the talk of a global economy was just that: talk. This is not to say that there weren't businesses operating globally, there were. After the Berlin Wall fell, the Iron Curtain was raised, and the move toward a global market economy began, the world began to operate as a global economy."

Mr. Petersen offers the following case study to highlight the importance of international insurance:

"In 1991, in the back parts of Peru, I met a man on bus who was an importer/exporter from San Francisco. He owned and operated a one-person business. He was the product finder, buyer, wholesaler, distributor, and retailer all in one."

"What benefits did he have? None. He didn't have any medical, disability, or life insurance. He said he tried, but because he was out of the country half of the year, no carrier would write him the coverage he wanted."

According to Mr. Petersen, any agent who has a block of business has either clients or associates who work outside of the United States. He asks whether the agent ever has heard a prospect say, "Mom and Dad are coming to visit from Germany," or, "My daughter is going off to Europe to find herself for a year or two"? How many people know au pairs? Most businesses have, directly or indirectly, international connections, Mr. Petersen asserts.

Mr. Petersen does not believe that agents should abandon their regular programs. The agent, however, should be aware the world is getting smaller.

He notes that many companies have been involved and are gaining momen-

tum in offering insurance plans to international and multi-national needs. And Mr. Petersen believes that it is an area into which all producers should look.

Mary Ann Lacey-Gray from UMS notes agents should be talking about several new sales concepts with their prospects:

- Life insurance that pays tax-free benefits while the insured is alive is hot. Such products as critical illness, death of a spouse, and disability enable the insured to receive a claim payment without having to die.
- Indexed annuities and indexed payouts are terrific for income.
- Life insurance and long-term care are becoming available in a single contract.

Ms. Lacey-Gray says, "These concepts are important because they provide agents with creative ways to solve problems and planning needs. They address the concerns of this generation that will live longer and survive illnesses that used to shorten life spans. Longer life requires protection for a longer time."

Defining the Attraction of The Brokerage Distribution System

B GAs and home office personnel have discussed what brought them to operate in the brokerage distribution system. But why has this system been so successful? The mix of value, entrepreneurial drive, and commitment to reaching new markets has a lot to do with the multi-tiered popularity of the brokerage system.

Michael Tessler of Brokerage Unlimited, Inc., believes that the brokerage distribution system is attractive to both producers and manufacturers for various reasons.

Producers, according to Mr. Tessler, value brokerage distributors because:

- Brokerage distributors enable producers to provide non-biased product portfolios to prospects, which is a clear marketing advantage for independent producers as compared to captive producers.
- Brokerage distributors do not have production commitments.
- In most cases, brokerage distributors vest commissions immediately.
- Brokerage distributors focus on providing producers with excellent treatment and service.
- Brokerage distributors have cutting

edge product portfolios because manufacturers fight for shelf space in a brokerage agency and are forced to stay competitive.

Mr. Tessler also explains that manufacturers value brokerage distributors for the following reasons:

- Brokerage distributors provide variable cost distribution.
- Brokerage distributors can contact a lot of producers quickly and efficiently.
- Brokerage distributors enable carriers to outsource a large part of their administration and marketing.
- Brokerage distributors help carriers maintain strong relationships with producers.
- Brokerage distributors offer manufacturers the opportunity to compete on a level playing field with other manufacturers.

"Brokerage distributors," Mr. Tessler asserts, "are enjoying a high level of success because they are consumer friendly."

"Consumers want options and choices. Brokers who provide one manufacturer's products clearly are at a disadvantage in the current market. Life

insurance is a major purchase, and larger cases always are shopped.

"To view various products, a consumer can work with a number of producers, each of whom brings a single product to the table, or with one producer who brings a number of products."

Mr. Tessler believes that "Clearly, the producer who brings multiple products has the advantage."

Earl Adler, president, ADCO, Inc., in Fort Lee, New Jersey, notes that he will place business through a brokerage general agency to secure a product with a company with which he does not have a general agency relationship. He explains that usually he will look for a term insurance product that is smaller than he typically places.

Mr. Caneer proclaims that brokerage companies, brokerage agencies, and their producers around the United States can claim credit for developing new products, new concepts, and more economical ways to distribute products. New products include multi-company term insurance spreadsheets, very long-term guaranteed term insurance and universal life insurance, Internet

communication systems, direct recognition of life products, and reversionary annuities, among others.

"One of our achievements," Mr. Caneer points out, "was the first minimum-deposit rescue program in the nation, back when policy loan interest actually still was tax deductible."

He believes that the achievements of brokerage distributors are easily noted when a person reviews the statistics. "More than half of the life insurance that consumers buy," Mr. Caneer says, "comes through a brokerage outlet."

Speaking to the value of service, Chip Milner, The Milner Group, Atlanta, describes his philosophy of the role his firm and his staff play developing and servicing business:

"I repeatedly remind my staff that the answer is 'yes' and that they simply should ask the producer for his question. The producer doesn't want excuses," Mr. Milner says, "he wants results. I understand that the producer is on the firing line, and that nothing happens unless he makes it happen."

"I understand who my firm's cus-

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tomers is, that he depends on my firm, and that my firm depends on him. The producer is not an outsider to my business, he is part of it. I am not doing him a favor by serving him, he is doing me a favor by giving my firm the opportunity to do so."

Paul Feldman, marketing director, **Insurance Products Marketing**, Bluffton, South Carolina, echoes Mr. Milner's sentiment. He says, "I have found that service has been the key to my firm's success. All of my firm's employees are consistently reminded who the customer is,

Without the customer, my firm is nothing."

Mr. Feldman asserts that independent marketing organizations and brokerage companies are a dime a dozen; therefore, creating loyalty is imperative. His philosophy is that doing the job is not enough; caring about the job that is done is much more important.

"For the first time in insurance history," Mr. Feldman goes on to say, "independent producers out-produced the captive producers. I believe that the independent side of the business will con-

tinue to grow, while captive/career producers will dwindle.

"When the producer limits himself to a one-company, one-product-fits-all mentality, it is suicide," he says. "Consumer education and competition are probably the largest factors for the decline in this (the captive/career producer) segment."

"The decline of the captive/career agency system, however, creates additional problems for our business with which I am concerned," Mr. Feldman says. "As the captive market dwindles, so do new recruits. And captive companies have been the greatest source of new producers."

Mr. Feldman suggests that for the life insurance business to succeed, insurance companies need to design a way to help agencies recruit "new blood."

Conclusion

The brokerage distribution system offers all kinds of producers new and different ways to conduct business. When you take the time to evaluate what you need in terms of service, products, and support, you will have a terrific basis for selecting a BGA that can take you to new professional heights!

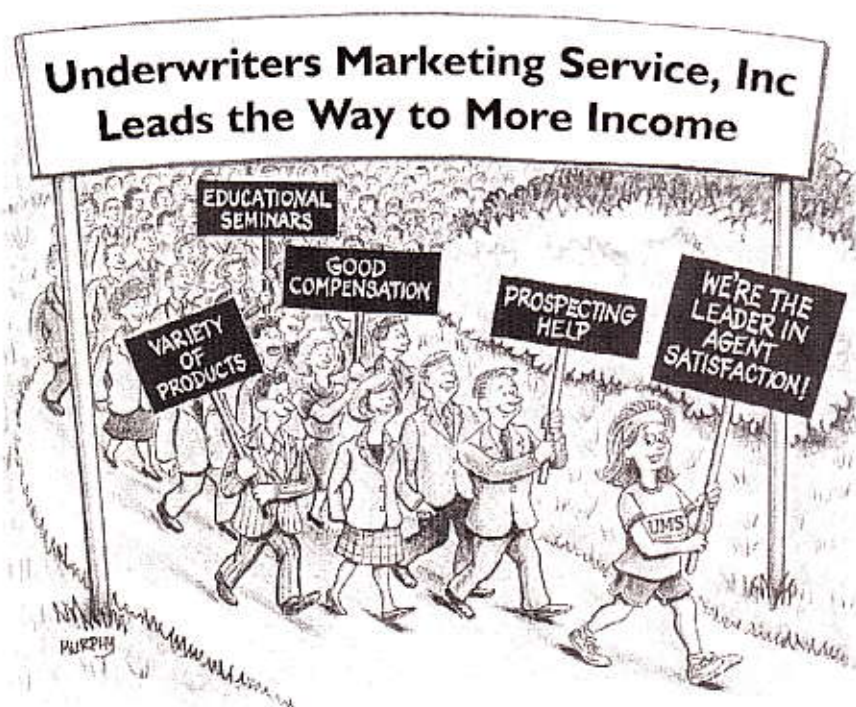


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