

# 5 Trends

## THAT ARE CHANGING THE FACE OF LIFE INSURANCE SALES

by **BRIAN GREENBERG**

**S**ome big changes are in store for the life insurance industry, such as living benefits and technology that speeds up the application process. Some clients are reluctant to explore life insurance because they think that the process will be long and drawn-out. Below are some great opportunities to offer easier, less expensive, and quicker life insurance options. But there are some pitfalls.

### 1. NO MEDICAL EXAM NECESSARY

Advisors are well aware that clients don't like taking medical exams. Some have difficulty working it into their schedules; some fear needles; and others simply don't want the hassle. The great news is that no medical exam policies are extremely successful. Consumers choose them overwhelmingly even when they are more expensive than traditional medical exam policies. Five years ago, we had one or two options to offer clients. In 2015, more than 10 companies offer these simplified issue policies.

However, maximum benefit amounts are often under \$400,000. One option is to get multiple no exam life insurance policies from different carriers. The great news is that we have seen the first company offering up to \$1 million in coverage for a no medical exam policy this year.

Another growing trend is instant issue/no exam life insurance. It's great for clients who seek the ultimate convenience. This past year, several companies have entered this market. The applications are completely digital, and underwriting decisions are offered within 24 hours. Make sure your clients are aware that the insurance company will pull their motor vehicle report, medical insurance bureau report, and pharmacy report. The pharmacy report will show all medications prescribed over the past five years.

The market for no medical exam life insurance is growing, so if you have not added it to your product offerings, 2015 is the year to do it.

While no-medical exam policies can offer quick approvals, they can also result in quick declines. Make sure that you know the underwriting guidelines for each carrier before applying. Any adverse health codes that lead to a decline are stored in the Medical Information Bureau (MIB) database. The MIB can alert underwriters to any errors, omissions, or misrepresentations on a new application. This mitigates an insurer's risk, which keeps prices low. The codes associated with a declined policy stay on your record, which can make it difficult to secure insurance from another company.

### 2. TECHNOLOGY-DRIVEN PRICE DROPS

Eighty percent of consumers do online research before buying life insurance, according to a 2013 study by LIMRA and the Life Foundation. Price comparison engines rank life insurance companies by premium cost, which means that companies are now competing head to head, especially in the term life insurance market.

For clients with older policies, 2015 is a great year to look for significant cost savings, especially if the client is in good health. Inform clients who have older policies that policy rates have been up to 70% lower since the mid-1990s. Driving this trend is direct competition, lower administrative costs due to new technology, and the fact that that people are living longer. In the term life insurance market, the fact people are living longer means higher profits for the insurance companies. Life insurance claims rates are decreasing, which means lower rates for consumers.

However, when consumers search online for life insurance, what's most often displayed is the preferred plus health-class. It is important to let your clients know that not everybody gets these low rates. The company with lowest displayed rate may not be the best option based on the client's health situation and history.

### 3. NEW LIVING BENEFITS

Hybrid life insurance policies with living benefits riders have seen double-digit growth over the past few years. Accelerated death benefit riders offer access to the death benefit when the insured is terminally ill. Now, we have options to add chronic care and critical illness riders.

The chronic illness rider allows you to use the policy's death benefit if you are unable to perform two of the six daily living requirements of bathing, continence, dressing, eating, toileting, and transferring. This is very similar to a long-term care policy. The critical-illness rider allows the insured to use the policy's death benefit in the case of critical health conditions, such as cancer, heart attack, stroke, a major organ transplant, end-stage renal failure, ALS, blindness, or paralysis of two or more limbs.

These are just two types of riders that life insurance companies are adding to hybrid policies. With the growing popularity of these policies, we can certainly expect to see more. Offering these policies is a great way for agents to provide long term care benefits without selling a separate policy. Clients like being able to take advantage of their life policies while they are still living. However, living benefit/hybrid life policies are still new. Make sure to examine differences among carriers. States regulators are still examining the fine print of these policies so expect these products to continue to evolve.

### 4. PAINLESS POLICY PROCUREMENT

Traditional paper applications are still available, but insurance carriers are finally moving toward more digital options. Many top carriers allow the application to be entered primarily online and completed by a paramedical examiner.

The no medical exam policies are even easier with complete online ap-

plication options. This is huge news for the once-antiquated life insurance industry. Agents can almost completely avoid snail-mail, which means faster policy procurement and much shorter underwriting times. Get yourself a nice scanner and a fast Internet connection to enjoy all the new time-saving tools. However, with technology come more security issues. Make sure your computer's anti-virus software is up to date, and only connect to the Internet on secure networks.

### 5. NO NEED TO MEET FACE-TO-FACE

Some insurance companies still require agents to witness client signatures, but the majority allow applications to be taken over the phone and signed for with digital and voice signatures, which is a huge time saver for agents. It is now easier than ever to take an application. In 2015, more agents are taking applications over the phone, especially for simple products like term life insurance.

Fifty percent of consumers prefer buying life insurance without a face-to-face meeting, according to a recent LIMRA report. Be sure to offer this new option for your tech savvy clients; it can mean a whole new sales channel for your practice.

Just because a policy is taken over the phone does not make it less official. Make sure to fully qualify clients before submitting business to avoid having clients get declined or rated. Also be sure to note on the agent report that the application was taken without meeting the client. It is always best to be transparent when dealing with insurance companies.

To take advantage of all these new changes, it is a great idea to brush up on your technical skills. Most of the changes are aimed at making life insurance purchasing easier. Life insurance is just one part of financial planning. The most valuable assets an agent can have are knowledge, experience, and strong ethics. ★

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### EMPLOYEE BENEFITS GUIDANCE TOOL

MassMutual is launching a tool to help Americans make financial decisions about health care coverage, insurance protection, and retirement savings. Within minutes, MapMyBenefits provides personalized guidance to help employees prioritize their health care, insurance, and retirement benefits. It helps them make the most of each benefit dollar based on their life stage, financial goals and personal financial situation. For more information call 1-800-874-2502, option 4.

### NO-COST CHRONIC ILLNESS RIDER

AIG is offering a no-cost chronic illness accelerated death benefit rider on three Quality of Life Insurance (QoL) products issued in California. The owner can accelerate some or all of their base life insurance benefit if they are certified as having a chronic illness, as defined under the rider. The money can be used for any purpose, including supplemental income, medical expenses, or long-term care. Coverage is reduced by the amount of the accelerated death benefit, which may also reduce premiums. Accelerated benefits can be paid in a lump sum, annually, for a fixed period of (not to exceed 24 months), or monthly payments for a fixed period (not to exceed 24 months). For more information, visit [aig.com](http://aig.com).

### GROUP TERM LIFE

Voya Financial launched a group term life product. Enhanced features include a variety of coverage options for employees, and life insurance benefits that can be used to help cover everyday expenses including funeral costs, medical bills, mortgage payments, and college tuition. Through an optional rider, an insured employee may be eligible to receive a portion of their benefit if they should become permanently confined to a healthcare facility. This benefit can be paid on a monthly basis, providing a stream of income for an employee or their family. For more information, visit [voya.com](http://voya.com).

### ACA COMPLIANCE TOOL

Infinisource is offering an Affordable Care Act (ACA) compliance tool. iSolved tracks and maintains data about employee status; dates and coverage in a single source. It can produce reports for ACA compliance. The iSolved ACA Checkup evaluates how employers' criteria may subject them to certain provisions of the law. For more information, visit [infinisource.com](http://infinisource.com).

### ROLLOVER PERKS TO DENTAL MEMBERS

Anthem Blue Cross introduced a dental rollover feature for large employer groups and national accounts that select Anthem's dental plan. Employees can bring in maximum carryover amounts from their previous dental carrier and retain the balances they earned. Members who don't reach \$500 in claims get \$250 in credit for each year they meet this criteria, up to \$1,000. They can spend this credit on dental care (with the exception of orthodontia) in years when the member's annual claims exceed their plan's annual maximum. For more information, visit [anthem.com](http://anthem.com).

### CRITICAL ILLNESS INSURANCE

Transamerica launched of CriticalEvents—critical illness insurance that helps to ease the financial burden of a major health event. Features include the following:

- No lifetime benefit maximum
- No waiting period
- Easy enrollment options
- Payroll-deducted premiums
- Simple product design – no categories for critical illnesses
- HSA compatibility
- New recurrent benefit options
- New issue age, attained rate and composite rate options
- Claims can be submitted online

For more information, visit [transamerica.com](http://transamerica.com). ★