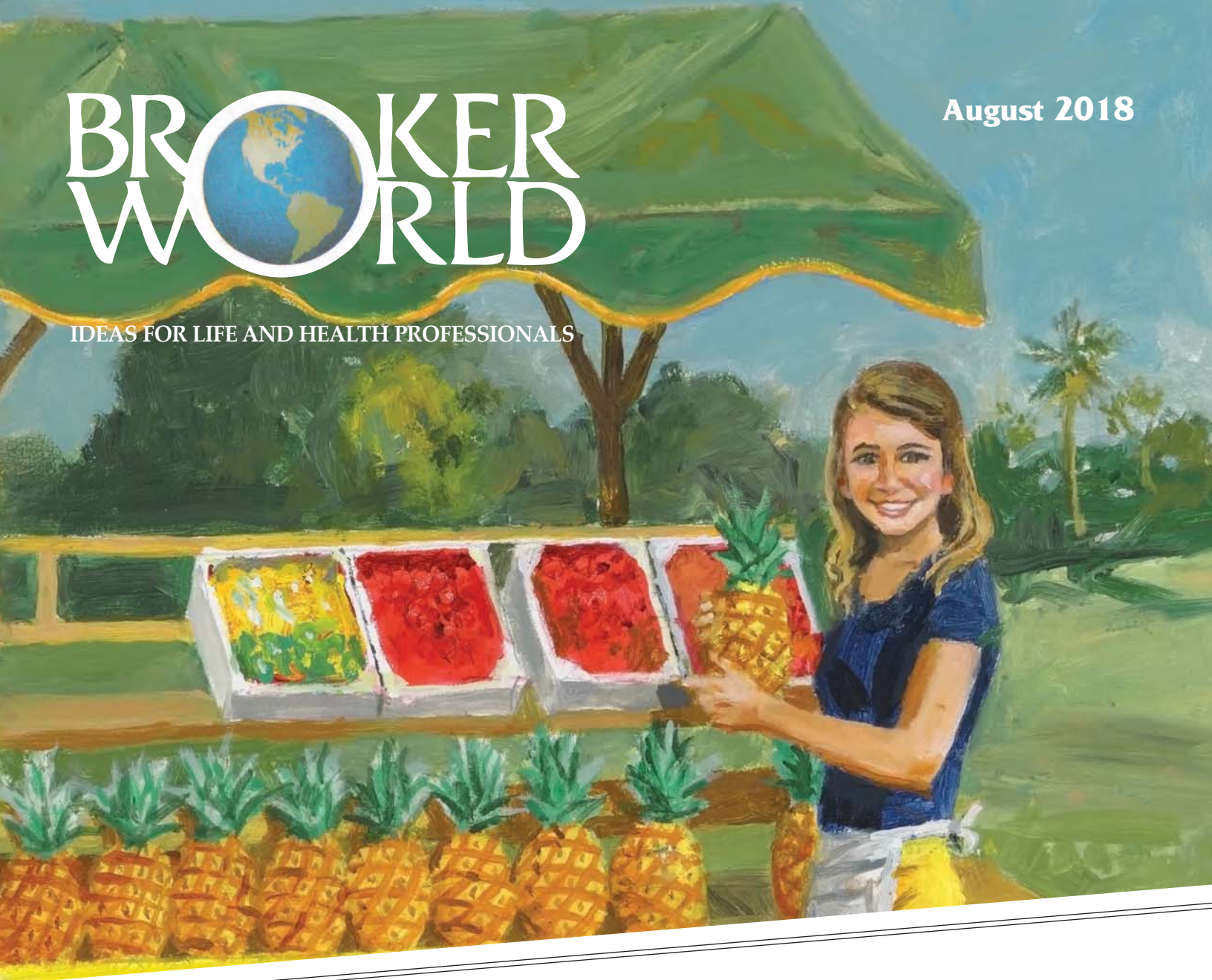


# BROKER WORLD

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IDEAS FOR LIFE AND HEALTH PROFESSIONALS



Read the featured article by Mike Shadler, Vice President of  
Broad Market Operations for Pacific Life:

*Why The Key To The Broad Marketing Financial Crisis May  
Lay At The Bottom Of A Coffee Cup*

Bottom line: Today's broad market clients need life  
insurance and they need you to start the conversation to  
help them make sense of their options.



Brokerage Product Opportunities



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# Why The Key To The Financial Crisis May Lay At The Bottom Of A Coffee Cup

Any day of the week you can find cars lined up at the drive-thru of your local Starbucks, as Americans wait to pay \$3 or more for each cup of coffee. Coffee isn't the only little extra Americans are willing to pay for on a monthly basis. Many pay monthly fees to binge-watch shows not already included in their normal television contracts. Others happily pay monthly subscriptions to listen to music, download books, or simply to play games on mobile devices. People will even pay for air to check their tire pressure at gas stations.

With so many Americans willing to spend money on items like these, it's hard to see how there can be a hole in their most basic of financial needs—financial protection in the event of the primary earner's death. The irony is that life insurance can be secured for as little as the monthly cost of Starbucks' trips, as noted in the "Help Address Clients' Buying Obstacles" section.

As a financial professional,<sup>1</sup> here's how you can help your clients understand the need for life insurance and the options available to them today.

## The Broad Market Crisis in Coverage

Over one third (35 percent) of U.S. households would feel adverse financial impacts within one month if a primary income earner died.<sup>2</sup> This is especially true at younger ages (married couples age 45 or younger with children) who are settling for "several months" of

life insurance protection instead of "several years."<sup>3</sup> Approximately 37.5 million U.S. households currently own no life insurance coverage.<sup>3</sup> Of those that do own life insurance, 48 percent recognize they need more—with the average gap in coverage need of \$200,000 per U.S. household—representing a \$12 trillion market opportunity.<sup>3</sup> This lack of adequate coverage presents a significant financial risk to the consumer broad market, characterized by U.S. households with incomes of \$50,000 to \$250,000.

## The Critical Role You Provide

To help serve the needs of our broad market clients, prioritize the life insurance discussion with your clients to help ensure the foundations of their financial plans are solid before proceeding to other planning discussions. According to a recent LIMRA study, over 50 percent of U.S. households needed help knowing what type of life insurance and how much coverage they should buy, and 36 percent listed the reason for not buying life insurance as no one ever having brought it up to them.<sup>3</sup>

**Bottom line:** *Today's broad market clients need life insurance and they need you to bring it up to them to help them make sense of their options.*

## Help Address Clients' Buying Obstacles

As financial professionals, it's our responsibility to educate our clients. Here's how you can help your clients overcome some common

obstacles to securing the life insurance coverage they need.

1. **“Life Insurance costs too much.”** Earlier in this article, you heard how clients may be able to acquire life insurance for as little as the monthly cost of coffee. For example, a husband and wife, both age 40 and in good health, may be able to buy a \$1 million, 20-year term life insurance policy from a highly-rated carrier for as little as \$3 per day,<sup>4</sup> which is roughly the cost of a venti Starbucks coffee. It can be less costly than your clients think.
2. **“I’m not sure how much I need.”** All clients’ situations are different. A simple needs analysis tool—either an online calculator or checklist—can help your client identify a reasonable life insurance coverage amount to meet their obligations and other expenses.
3. **“I’m not sure I can qualify based upon my health.”** As clients age and develop medical conditions requiring medications, they may believe they are uninsurable or insurable only at a cost they can’t afford. As a financial professional, you can help educate your clients about common medical conditions that are insurable at standard or better rates, such as depression, anxiety, sleep apnea, elevated cholesterol levels, and high blood pressure.
4. **“The application process is too confusing and difficult.”** Granted, buying life insurance is not as easy as buying a cup of coffee but it’s gotten easier. With the help of their financial professional, today’s clients can apply for life insurance through paper applications or online using electronic applications. Many carriers will require an Attending Physician Statement (APS) and paramedical exam. Some carriers also offer streamlined underwriting programs that can waive paramedical exams and bodily fluids for applicants meeting certain age and face amount guidelines. The ability to eliminate needles, specimen cups, scales, and tape-measures is enough to motivate many clients to apply.

A carrier’s e-capabilities can also help streamline a financial professional’s life insurance practice to help serve the transactional nature of the broad market. For example, some carriers may offer a drop-ticket approach to applying in which the financial professional

*“Prioritize the life insurance discussion with your clients to help ensure the foundations of their financial plans are solid.”*

captures some basic client information and then the client can “voice sign” the application as authorization to proceed.

#### Where to Find the Opportunity

The declining rate of life insurance ownership resulting in the significant life insurance gap with the broad market consumer presents a challenge for all financial professionals. But what can we do to help turn the tide? Here are a few tips to help you find the opportunity.

1. **Engage in annual client reviews.** Many broad market clients expect and want annual reviews with their financial professionals. They may have purchased life insurance several years ago and never had it reviewed. This can create an opportunity for the financial professional to build trust with the client, add additional needed coverage, and obtain valuable client referrals.
2. **Look around—leads are all around you.** We know many Americans don’t own enough life insurance, or don’t own any at all. Here’s an easy and quick exercise. Walk out the front door of your home. Look to the neighbor directly across the street. Look to the neighbor directly to your right. Look to the neighbor directly to the left. Chances are at least one of these households has no or not enough life insurance coverage. Uncovering the need starts with asking.
3. **Make sure your financial house is in order.** A well-known proverb is the shoemaker’s children always go barefoot. Do you have adequate coverage? Enough said.
4. **Life insurance planning is a journey, not a transaction.** The decision to buy life insurance for the broad market consumer is not an “all or nothing” proposition. In many instances, the calculated need for life insurance coverage may be so large it

doesn’t fit within the client’s budget. Life insurance coverages can be obtained over time or in stages.

The opportunity to expand sales and obtain new clients in the broad market can be great. The consumer demand for life insurance is ever-present and the costs to acquire life insurance are competitive. Carriers with the right e-capabilities can help streamline a financial professional’s life insurance practice to help create a financially viable model serving the broad market consumer. It’s now up to us as financial professionals to have the life insurance discussion with our clients, prospects, friends, and families. Only then may we help to close America’s life insurance coverage gap. 🌐

#### References:

1. A financial professional must be a properly licensed and appointed life insurance producer to sell life insurance.
2. LIMRA’s 2018 Insurance Barometer Study, April 2018.
3. LIMRA’s Life Insurance Ownership in Focus, U.S. Household Trends, 2016 LIMRA Ownership Study, Sept. 2016.
4. Based on Pacific Life’s PL Promise Term 20-year level premium term life insurance (policy form #P16LYT or ICC16 P16LYT and S16LYT 10, S16LYT 15, S16LYT 20, S16LYT 25, or S16LYT 30, based on level premium period chosen and state of policy issue). Male Select No Nicotine premium of \$93.55/month and Female Select No Nicotine premium of \$73.01/month.

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