

# Insurance Brokerage Basics

## Brokerage Opportunities:

1. Term Insurance (low premium or low amounts)
2. Substandard Health Risks
3. Supplemental Products

## Term Insurance

- Price Comparisons – up to 12 companies
- Need:
  - Date of Birth (not just age – some companies use last birthday versus closest birthday)
  - Death Benefit amount
  - What State?
  - Tobacco Use (including cigars, e-cigarettes chewing and snuff )
  - Type: 10, 15, 20, 30 year term
  - Rating: Standard, Standard Plus, Preferred, Preferred Plus
- **Caution:** Conversion privileges differ among companies. The lowest premium is not always the best choice!

## Substandard Risks

- **Important Strategy Decision:** Get advance indications before underwriting or react after an underwriting decision to rate or decline. Advanced indications are preferable when you know that there may be a rating or decline.
- **We can obtain an advanced indication by:**
  - Review of published underwriting standards (manually or using a software tool)
  - Sending information directly to insurance company underwriters w/o disclosing the client's identity
  - Directly calling underwriters to discuss unusual situations
  - Having the client sign an informal inquiry, obtaining APS's and getting preliminary offers from underwriters.
- **Suggestions for Best Results:**
  - Be serious and clear about amount and type of insurance the client will accept. (i.e. Does the client accept a need for insurance and would be willing to accept a reasonable offer?)
  - Do detailed fact finding on client's health conditions and medications. (see attached form)
  - Be "Joe Friday" ("Just the facts, mam"). Vague affirmations about how "healthy" a client is other than their affliction are boring and unpersuasive. Be clear and specific.
  - Always get height and weight.
  - Get an accurate list of prescription meds and doses (They are on line, so the insurance company will see them when an application is submitted anyway – knowing this in advance avoids surprises.)
  - Honesty is the best policy. Nothing shuts down an underwriter faster than nondisclosure or misrepresentations.

## Supplemental Products

- **Term insurance under \$250,000**
- **Final Expense Life Insurance (Age 50 – 80)**
  - \$2,500 - \$40,000 death benefit
  - Guaranteed Issue, Simplified Issue, Full Underwriting
  - Guaranteed issue pays reduced death benefit for first 2-3 years
  - Need:
    - Date of Birth
    - Gender
    - Tobacco Use
- **Disability Insurance Products**
  - **Types of Products:**
    - Personal DI
    - Retirement Savings Protection (replaces lost pension and retirement plan deposits)
    - Disability Buyout (funds a buy sell agreement)
    - Overhead Expense (covers business overhead expenses (rent, utilities, etc.))
    - Business Reducing Term (covers business debt payments)
    - Impaired Risk disability products
  - **Information Needed:**
    - Current Income and Sources of that Income (W2, K1, Sch C, etc.)
    - Occupation and Duties and % of time for each duty (especially manual vs desk work)
    - What % of the business does the client own? (Potential discounts and enhancements!)
    - Existing Disability Coverage
      - Group - % or \$ amount, Cap?, taxable (employer paid) or not taxable?
      - Individual
      - Medical Problems with:
        - Back/neck
        - Knees, hips, mobility issues
        - Mental/Nervous
  - **Multi life discounts** (10% - 20%) with 3 – 5 employees purchasing coverage
- **Non-USA Citizens living in the USA or USA Citizens who will reside in a foreign country**
- **Long Term Care Insurance**
  - **Partnership**
    - Total Asset Protection (NY only)
    - Dollar for Dollar Plans
  - **Non Partnership**
  - **Hybrid Life Insurance and Long Term Care Insurance** (lump sum or 10 pay)
  - **Life insurance with True Long Term Care Riders**

- **Annuities**

- **Deferred Annuities with multiyear interest rate guarantees**
- **Immediate Annuities**
  - Single life or term of years
  - Joint life (100%, 50%, 25%)
  - Survivor benefits (life with term certain or refund options)
- **Deferred Income Annuities** (guaranteed income with a future start date)
  - Nonqualified
  - QLAC's (Qualified Longevity Annuity Contracts)
- **Indexed Annuities** (if permitted by your broker dealer)

- **Medicare Plans and Medicare Supplement Plans**

- Open Enrollment is at age 65 then Oct 15 to Dec 7 of each year
- Special training is required
- Highly regulated sales process

- **Group Insurance**

- DBL (NY required short term disability)
- Life, Disability, Accidental Death
- Medical, Dental, Vision,