



You've probably seen the recent commercial from one major bank — showing a man buying a cup of coffee at the counter, while his friend watches the transaction appear in his checking account from a laptop on the table nearby. Today, people (including your customers) use the Internet and wireless technology in their everyday lives. The expectation for real-time, on-demand service is becoming the standard everywhere you turn.

Independent and Field Marketing Organizations, such as the members of the National Association of Independent Life Brokerage Agencies, represent the distribution link that may be impacted most by advances in the use of Web services and wireless technology in the insurance industry. This is primarily due to the inherent complexities in communicating and transacting business with multiple provider relationships.

From Inertia to Sudden Change

The cumulative pressures of industry consolidations, economic and regulatory change, along with supporting the “on demand” standards of real-time business, has at last made reducing operational costs, facilitating distribution and addressing aging legacy systems a priority focus for carriers.

ACORD (The Association for Cooperative Operations Research and Development), a global, nonprofit insurance association whose mission is to facilitate the development and use of standards for the insurance, reinsurance and related financial services industries, began with just a handful of carriers. Today it has grown into a who's who list of institutions and technology experts that are driving the changes we are about to see.

In fact, technology has become such a priority that last year, LIMRA, LOMA and NAILBA all made it the dedicated topic of their 2004 annual meetings, and joined together in unprecedented ways to help provide leadership through the “SEISMIC Shift” anticipated in the next three to five years.

Thinking Sideways

In the “old days” (by this we mean today), a process like new business sales and underwriting would follow a particular path, completing one step then another in a “process”. In each step, bits and pieces of information are assem-

Benchmarking for Competitive Advantage
Part II of IV

Sharon Theall, *President, Strategic Management Advisors, Inc.*
and Gordon Earle, *CEO, Arrayworks, Inc.*

bled and/or used by various people in this chain of activities. But multiple departments use many of the same bits and pieces of information. *“Straight Through Processing” (STP) is the ability to enter information only once, and have it automatically proceed through*



dozens of steps and entities, to evaluate measure, screen and deliver the right information to the right people at the right time.”

Hand in hand with this simultaneous flow of information is the ability to share this exchange of information between multiple carriers, agents and vendors. This is referred to as SEMCI, which stands for “Single Entry Multi Carrier Interface.” The purest benefit of SEMCI is simply the elimination of redundant effort. Information previously re-keyed in several places is instead entered once and shared among all interested parties.

These changes are very real. Numerous “Business Process Management” [BPM] projects have already been unveiled by carriers who are applying the latest technology to reduce operational costs, increase efficiency and generate revenue. In a November 2004 media brief, Gartner Group reported their newest research finds the greatest trends in the use of new technologies for distribution are focused on portals and hubs, e-applications, exception-based analysis, automated policy creation and delivery. According to Gartner, 78 percent of the U.S. Life and Health insurers studied were implementing strategies that will move underwriting to the point of sale.

The technology exists to build “Intelligent” or “Smart Forms” that will gather more or less detailed information, depending upon the responses by a customer, and then link to real-time processing of a complete illustration and application. The various stages of security and authenticity of the process will replace the multiple pen and ink signatures an agent currently gathers, with either something the customer knows, (passwords and PINs), something the customer has (a credit card, USB Token, or Digital Certificate), or will even validate something they are, (by fingerprint, voice, digitized signature, or video).

The Trouble with Progress

The technical advancements that needed to take place have — and even more are on the way. Distribution companies such as Lending Tree.com and Progressive Insurance couldn't exist if this wasn't so. But integrating and revolutionizing the insurance industry will take some time. Depending upon the priority different carriers place on different segments of

their business, (such as new business, underwriting, or legacy systems), some companies will make progress faster than others.

Your affiliations will have a significant impact on the way your individual strategy develops. The systems, vendors and trading partners (internal and external) that are involved in your own organization's workflow is THE challenge when the goal is to build a unified view of the customer – especially when the existing methods of processing business are completed using a variety of systems that don't "talk" to each other. Building bridges to these various vendors and proprietary systems and creating a unified view of the process is the key to insuring end-to-end accountability of the various players and stakeholders in the equation.

In addition, your own progress will be directly impacted by the extent to which technology is embraced by your agents. It is the mix of your own business relationships that will determine the unique challenges you face. Therefore, for independent distribution, it will be critical to maintain a certain level of flexibility and agility in your technology strategy during the development, adoption and release phases these projects are likely to go through.

Facing These Challenges

These initiatives, while daunting, are succeeding – and the benefits are significant. We recently completed a client project which required establishing seamless, real-time connectivity with external vendor systems and internal legacy systems. In all, we developed *10 separate interfaces* spanning marketing, sales, new business and underwriting; and including real-time data exchanges to and from four paramed companies. We then integrated the resulting data-exchange into a single system for optimizing agent productivity, marketing analysis and management reporting.

By consolidating the data and translating each decision point into a defined rule in the workflow, a new level of control and accountability was achieved companywide. For example,

Sharon Theall, president of Strategic Management Advisors, Inc., helps leading financial services firms plan and manage strategic growth initiatives. She may be reached at stheall@sma-direct.com.

Gordon Earle is founder and CEO of ArrayWorks Inc., provider of InterTask-Insurance software. He may be reached at gearle@arrayworks.com.

it became immediately obvious when a lead had not been followed up, a paramed order or an underwriting requirement seemed to be taking too long; and since critical information was being captured during pre-screening, a dramatic (over 70 percent) reduction of incomplete or invalid applications was seen in new business. Agents who previously had to log onto several different Web sites or systems to ascertain the status of an application now monitor progress from a single "dash-board" that provides real-time status on every critical step.

The Measures of Success

In the near future, the measure of an independent marketing organization or brokerage distribution service will be how many carriers you represent that have the ability to deliver real-time services – and how many of your own proprietary services or systems can you provide in the same manner.

Benchmarking your technology capabilities and those of your trading partners is essential. For detailed information on the trends and measures of best practices, we encourage you to begin by learning more about The ACORD-User Groups Information Exchange (AUGIE) at www.ACORD.org.



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Regulatory uncertainty, capital constraints, failing companies, industry consolidation, interest-rate pressure, rating-agency scrutiny . . . these are all subjects that I *could* address in this edition of The View. Instead, I'd rather address something we have within our control: marketing, particularly intermediary marketing through Brokerage General Agents (BGAs) and Independent Marketing Organizations (IMOs).

IMOs vs. BGAs

I have been asked many times by LIMRA to explain the difference between an IMO and a BGA. Technically speaking, there is no difference. Today, they both operate as intermediaries that make their living on overrides working between the agent and the company. Historically, however, IMOs and BGAs come from distinctly different backgrounds.

BGAs originated in the 60s and 70s as shops that specialized in impaired risk underwriting and term insurance. Since most career agency companies (the dominant distribution method during that period) didn't carry impaired risk or term insurance, entrepreneurial underwriters with medical expertise stepped up to fill this market need with low term rates. In fact, many BGA shops continue to make this a focal point of their agency. In the 80s, universal life made its debut. Once again, career companies were not interested, and BGAs stepped up to fill the market need. Meanwhile, due to their origins in impaired risk, BGA shops became proficient in processing business. So proficient, in fact, that the XXX fire sale in 1999 brought a few companies to their knees due to the flood of applications.

IMOs, on the other hand, were generally founded by company regional directors, managers or vice presidents. They were marketers at heart with a core following of agents. One of two things caused regional directors to become IMOs: either their company failed and closed its doors – some top-notch IMOs originated from the ashes of Philadelphia Life, Kentucky Central and Southwestern Life – or companies that did keep their doors open felt they could do without regional directors.

Learning from Each Other's Strengths

While the line between IMOs and BGAs is



Improving Value Propositions with BGAs and IMOs

Richard A. Hollar, CLU, LLIF
President and CEO, AIG Life Brokerage

blurred, both can learn from each other's historical strengths. BGAs should continue to leverage their substandard business, selling themselves as the place to go with tough cases. At the same time, not all of these cases have to be impaired risk, and most BGA shops need to do a better job of marketing. They need to be current on all of the advanced sales opportunities (although there are some major shops doing this today), and they need to partner with companies that will help them build a stronger value proposition.

IMOs, on the other hand, are already proactive marketers. They know the advanced markets and the best product features, and they proactively reach out to agents. In addition, they usually have teamed up with one primary carrier and a few ancillary carriers to maintain their product focus. The weakness of many IMOs, however, is lack of back-office support. Historically, IMOs don't process cases and rely on the home office to support agents. This leads to a diluted value proposition. One agent recently described this to me as "the toll gate." "All they do is take my money and slow me down," he complained.

The perfect intermediary would combine the strengths of both BGAs and IMOs.

Creating Superior Value

At AIG Life Brokerage, we are working closely with our distribution partners (BGAs and IMOs) to build a superior value proposition. With the BGA, we are focusing on advanced market opportunities, such as superior product features (i.e., our zero catch-up provision in our no-lapse products) and the premium finance market. We also have built a concierge underwriting team that delivers best-of-class service on big-case opportunities.

Another way we are working to improve the BGA's value proposition is to discourage the old BGA model of spreadsheeting for the cheapest price. Doing business with 15 or 20 carriers and giving an agent the three cheapest quotes on every case is not a value proposition at all. It fails to recognize superior service, ratings, underwriting capacity and product features offered by the company. It is commoditization, pure and simple. Think of it this way: Would you go to a men's clothing store and say, "Pull out all of your 42 regulars. Then, show me the three cheapest. I will buy the cheapest." Probably not.

On the flip side, we are working with our IMO partners to help them realize that their value proposition to the producer must include a full office-support structure that includes the processing of new business. Many have made significant back-room commitments and embraced our e-submission models. At AIG Life Brokerage, we have partnered our IMOs/BGAs with Lab One/Intelysis and Portamedic to integrate the supply chain. The results have been faster approval times on term policies and with term insurance, speed counts. As IMOs have embraced these models, another distinction between IMOs and BGAs has been eliminated.

Changes in the Landscape

So, what if more BGAs become well versed in advanced markets and become better marketers? And what if IMOs clearly build their value proposition to better support the producer in the processing of new business? The decline of the traditional agent field force has created many opportunities to leverage these new skills. Some aggressive intermediaries are

pursuing new sources of production with their expertise, processing ability and total value proposition.

In the term insurance market, we have seen enterprising direct marketers pop up all over the country. Some were formed by IMOs as a new and better way to sell term to the masses; some are working in concert with IMOs or BGAs. One thing is clear: A successful direct marketer's productivity is multiple times better than the traditional agent. This method of marketing term is very effective and now represents over 25 percent of the term business done by AIG Life Brokerage.

Other industrious intermediaries have carved a niche for themselves by investing in "point-of-sale" marketing personnel to assist stockbrokers, registered reps and broker/dealers with their affluent clients' estate-planning needs. Stockbrokers or registered reps may not have the expertise to sell the large policies, but they have what matters most – a customer with

money and financial needs. IMOs/BGAs are going where the money is and offering real value in return.

A Word of Advice

There are a number of issues that challenge our industry today. I choose to believe that we will work through these issues, and the result will be a stronger and better industry. In my opinion, our industry is overflowing with opportunity for the brokerage distribution model.

My advice to you: Work on your value proposition today so you won't be left behind.

Richard A. Hollar serves as president and chief executive officer of the AIG Life Brokerage Profit Center of AIG American General Domestic Life Companies, a wholly owned subsidiary of American International



Group, Inc. (AIG). Mr. Hollar's 35-year financial services career began with American General in 1970. During his tenure, he has served in a variety of leadership roles, including president and CEO of Old Line Life starting in 1997, and president and CEO of All American Life beginning in 1998. Most recently, he served as president of the brokerage group for American General's Life Division until assuming his current position in 2002.

Mr. Hollar is a Chartered Life Underwriter (CLU) and a LIMRA Leadership Institute Fellow (LLIF). He currently serves as chairman of the state advisory board for the March of Dimes, Wisconsin Chapter.



NAILBA along with ACLI (American Council of Life Insurers), AALU (Association for Advanced Life Underwriting) and NAIFA (National Association of Insurance and Financial Advisors) has adopted the “tough but fair” changes to the Producer Licensing Model Act (PLMA) that will bring greater transparency to producer compensation arrangements for insurance consumers. In a joint letter that was recently mailed the group wrote, “further changes to the act were not needed.”

On Dec. 29, the NAIC, with input from the four trade groups, approved an amendment to the PLMA that:

1. Requires an insurance producer to disclose to the customer the compensation amount received by the insurer when the producer receives compensation from both the customer and the insurer for the placement of insurance.
2. If the insurance producer does not receive compensation from the customer, the producer can: a) disclose that he or she will receive compensation from the insurer, or b) disclose that he or she represents the insurer in connection with that placement

NAILBA and Coalition Support PLMA Amendment

Kevin T. Merz, CLU, ChFC, LUTCF
NAILBA 2005 Chairman

of insurance and is providing services to the customer on the insurer’s behalf. When either condition is met, the requirement in No. 1 to disclose the amount of compensation from the insurer does not apply.

The NAIC asked its Executive Committee Task Force on Broker Activities to consider amendments to the PLMA that would require further disclosures. The industry coalition opposes any additional disclosures. The task force will make recommendations, if any, to the NAIC by March 31.

As the amendment to the PLMA stands, the industry groups emphasized, “We all have an opportunity here to move forward and address enhanced transparency of producer compensation disclosure on a thoughtful, uniform basis. For these reasons, we urge the NAIC not to add additional disclosures to the amendment to the PLMA . . .”

ACLI, AALU, NAIFA and NAILBA reiterated their desire to “work constructively and positively with regulators and legislators as the model amendment to the PLMA comes up in state legislatures this year.”





E-mails are a fact of life for many owners of small businesses. Due to its relative ease of use, e-mail is effective in generating twice the response of regular direct mail at about half the cost per thousand, according to the Direct Marketing Association.

How does your agency determine which e-mail message to open, delete or forward? Despite the fact that words such as “free” and “your” are proven powerful response boosters in traditional direct marketing, when used in the subject line, these words are flagged in spam-filter software as promotional material.

“There are five main parts of an e-mail message,” said Kim MacPherson, author of *Permission-Based E-Mail Marketing That Works!* (2001) Chicago, IL: Dearborn Financial Publishing, Inc. 2001 (pg. 89). They include:

1. Subject line
2. From line (a.k.a., the sender)
3. Introduction
4. Body of copy
5. Call to action

The key to creating successful e-mail messages that are read and acted upon positively is simple: your e-mails must be brief, clear, and to the point. What follows is a summary of 11 surefire techniques to increase the response rate of your e-mails.

Effective Subject Lines

1 Keep the subject line short with no more than 60 characters, including spaces. Fragments can be used as long as your meaning is clear.

Example: Save the Date - NAILBA Annual Meeting

2 Personalize the subject line. Tests have shown a substantial increase in the rate of open e-mails when the subject line is personalized.

Example: Membership Renewal for Mary Smith

3 Identify the content in the e-mail. Tell recipients what they can expect when they open your e-mail.

Example: FOCUS 2005 Registration Form

11 Ways to Write Knock-out E-Mails

Estelle E. Allen, NAILBA

4 State a benefit that will entice the recipient into wanting more information.

Example: Improve Wireless Connectivity with BlackBerry

5 Delete exclamation points. They are not needed in the subject line, especially a series of them!!!

Captivating Sender Line

6 Customize the sender line. Internet copywriter Ivan Levison uses the word “team” in the sender line. He adds, “It makes it sound as if there’s a group of bright, energetic, enthusiastic people standing behind the product.”

Example: IT Consultant for Enterprise Solutions

Attention-Grabbing Introduction

7 The introduction announces news, and gives the reader a reason to keep the e-mail. This section answers the question, “What’s in it for me?” for the prospect by focusing on compelling benefits, important features, relevant news and outstanding offers. The intro-

duction can be a statement or a short paragraph.

Example: FREE Report on the LTCI Distribution Channel

Persuasive Body Copy

8 Use words that sell within the body of your e-mail to motivate your reader. Advertising guru Herschell Gordon Lewis uses words such as free, sale, only, limited-time, urgent, opportunity, information and deal to “convince the reader to perform a positive act, as the direct result of having absorbed the message.”

Example: For a limited-time only, NAILBA Magazine will offer 30% off on article reprints. HURRY, this sale ends Feb. 28.

9 State your offer frequently with descriptive links in multiple places within the e-mail. Put the offer at the top and bottom of your e-mail for greater results.

Example: Join NAILBA and receive a FREE gift worth \$900. See what NAILBA has to offer new members.

Example: Visit <http://www.nailba.org> by March 31 for your voucher to send an associate to FOCUS FREE.

The End

10 Sum up your e-mail with a final compelling reason why the reader should respond. The call to action asks for the order.

Example: Why wait? Exhibit booths at FOCUS are going fast. Call Jane Smith at (703) 555-1212 or e-mail her at smith@nailba.org TODAY. Don't miss out on this opportunity to reach c-level execs in the wholesale brokerage industry.

11 Include an opt-out statement to prevent further promotional e-mails from being sent and to protect the privacy of your reader.

Example: You have received this e-mail because you are a member or corporate partner of NAILBA. You have elected to have us alert you by e-mail of news on FOCUS, the Annual Meeting and legislative updates. If you have received this message in error, or would no longer like to receive e-mails from NAILBA, unsubscribe here.



The NAILBA Technology Committee has been working toward creating efficiencies for the financial services industry through the effective use of technology. The mission of the NAILBA Technology Committee is

“To make Independent Brokerage the most efficient and profitable distribution system in the financial services industry through technology leadership.”

The strategy to fulfill this mission comes through these important actions:

1. Communicate and prioritize the technology needs of NAILBA members.
2. Synchronize these priorities between NAILBA members, carriers, vendors, and technology service providers.
3. Drive implementation of the technology solutions that meet the needs of NAILBA members.
4. Identify and communicate best practices for technology solutions.
5. Enable sales and marketing growth using technology.

NAILBA independent brokerage agencies live in a multi-insurance company environment. These agencies take on a best of breeds approach and choose to represent the best of those companies in this market space. Accordingly, the insurance companies in this distribution environment understand that their products and services are chosen from a variety of solutions provided by many financial services institutions. Important success factors for the vitality and growth of this industry include the standardization of communications and information exchange. The industry has lacked broad and sufficient standards resulting in continued business fulfillment inefficiencies slowing the real potential of the industry’s growth, adversely limiting customer options and benefits.

Therefore, it is vital that in the pursuit of these goals that a greater impact can be made for the entire industry through a collaborative effort to create an independent brokerage strategic technology plan that provides a cost effective and efficient means for distribution of insurance products and simultaneously expanding consumer choices.

Brokerage Strategic Technology Plan

Jeff Kraber, Technology Committee Advocate



In order to be successful, this project must include representatives from a broad spectrum of the independent brokerage industry including NAILBA member agencies, participating carriers, and technology service providers.

Deliverables of the plan will include:

- A thorough understanding of the current business process environment
- An analysis of the business processes with the focus being on inefficiencies requiring industry wide solutions
- Analysis of the opportunities technology can bring to those inefficiencies
- Industry wide technology plan that prioritizes and defines the solutions
- Agreement from companies participating on the project team to work toward those technology goals.

This plan will be used to guide the industry technology tactical initiatives and strategically align industry-wide technology developments of the future. Participating companies in Independent Brokerage will be able to know and understand the wants and needs of their customer—The NAILBA member agencies. Also, participating companies in this project will be able to work in a collaborative environment to weave a successful plan into their own operation.

The driving principles of this project include:

- Maintaining and growing profitability
- Growing the breadth and depth of distribution
- Delivering faster processing from submission to commissions
- Lowering costs
- Ease of doing business
- More consumer choices

The first project deliverables are expected to take approximately six months to complete. Participants will be asked to commit their time, attendance, and involvement as admission to the project team. You can register by e-mail, jkraber@nailba.org. For more information on this project visit the Technology Committee section of the NAILBA Web site at <http://www.nailba.org>.



University Business Centers: Educating Entrepreneurs

Ann M. Dugan, Assistant Dean
and Executive Director
Institute for Entrepreneurial Excellence
University of Pittsburgh Katz Graduate
School of Business

As the owner of a wholesale Brokerage General Agency, would you like to maximize your ability to identify challenges, develop feasible strategies, and create realistic solutions for your multi-generational business? For many BGAs, assistance is as close as your public or private institution of higher education.

“College and university-based business centers are designed to provide comprehensive management and technical assistance to the small business community,” said Gregory L. Higgins, Jr., director, Commonwealth of Pennsylvania Small Business Development Centers. “These business centers give entrepreneurs the education, information, and tools necessary to build successful businesses.”

Combining the expertise of a professional staff and the resources of the best colleges and universities, business centers provide high quality business management consulting, information, and education programs that build small firms’ capacity to compete effectively in domestic and international markets.

Services

University and college-based business centers provide comprehensive management and technical assistance through Core consulting services, training seminars and workshops directly to small businesses. A few of the services provided include:

- Business expansion planning
- Marketing strategy and market research
- Advertising and sales promotion
- Computing applications and MIS
- Financial planning and cash-flow analysis
- Accounting and basic record-keeping
- Business taxes
- Business registration and licensing
- Personnel recruitment, benefits, and policies
- Business organization structuring
- General business management

Educational Programs

Business owners—whether Fortune 500 or small business—all strive to compete in various markets and seek educational benefits from today’s industry leaders and top faculty who often conduct programs through university

business centers. These non-degree program courses, workshop seminars, and keynote lecture series provide organizations with the convenience to train managers, family members, and employees in a relaxed atmosphere.

Educational programs assist entrepreneurs at all stages of business development and offer networking opportunities with other business owners to discuss timely topics such as:

- Retirement and investment planning
- Succession planning
- Financing, refinancing, and banking
- Taxation
- Insurance
- Employee relations
- Employment laws
- Internet-based market research
- Multi-media marketing, e-Business
- Cash-flow management

Resources for Family-Owned Businesses

According to the Small Business Administration, family-owned businesses comprise 80 to 90 percent of all business enterprises in North America. Family-owned businesses account for:

- 60 percent of the total U.S. employment
- 78 percent of all new jobs
- 50 percent of the Gross Domestic Product
- 65 percent of all wages paid

Universities have developed educational centers to aid family-run businesses. Family companies include the combination of roles from parent and mentor to boss and successor. With family-owned businesses, personal issues may also be part of the family, blending roles for family harmony. The hierarchical structure can lead to the complicated balance of personal relationships within family dynamics. The roles, rules, and responsibilities of a business always need to be taken into consideration with the traits of shared values and work ethic of a multi-generational family organization.

Meeting groups is an important benefit for first-, second- and third-generation family businesses. Members of various businesses host meetings occasionally at their facility to encourage dialogue. Non-family members partake in similar meetings for those who hold key roles in the business and the future success of the company.

Contact SBDC

Do you have a personnel or financial problem that you would like to discuss with a competent business center administrator? For a listing of host colleges and universities in your state, call your local business department, or contact the Small Business Development Center (SBDC) in your state. Your local office of the Small Business Administration (SBA) can also provide assistance. Visit the SBA online at <http://www.sba.gov>.

In Pennsylvania, SBDCs are located at Bucknell University, Clarion University, Duquesne University, Gannon University, Indiana University, Kutztown University, Lehigh University, Lock Haven University, Penn State University, Saint Francis University,

Saint Vincent College, Temple University, University of Pennsylvania's Wharton School, University of Pittsburgh, University of Scranton, and Wilkes University.



Ann Dugan currently serves as assistant dean and executive director of the University of Pittsburgh, Joseph M. Katz Graduate School of Business Institute for Entrepreneurial Excellence. The Institute provides educational and consulting services to the business community in southwestern Pennsylvania. Its mission is achieved via the resources of its four centers: PantherlabWorks, Small Business Development Center, Entrepreneurial Fellows Center, and Family Enterprise Center. She is an accomplished author, lecturer, and management consultant. For more information, visit the Institute online at <http://iee.katz.pitt.edu>.



All too often we've heard the following phrase, "I don't remember charging those items. I've never been in that store."

The Federal Trade Commission calls identity theft "the fastest growing crime in the nation." According to CBS News.com, "a thief steals someone's identity every 79 seconds, opens accounts in the victim's name, and goes on a buying spree."

You may not know your identity's been stolen until you notice that something's amiss: you may get bills for a credit card account you never opened, your credit report may include debts you never knew you had, a billing cycle may pass without you receiving a statement, or you may see charges on your bills that you didn't sign for, didn't authorize, and don't know anything about. The Secret Service has estimated consumers nationwide lose \$5 billion to identity theft each year.

Protect Your Identity

Keep identity theft at bay by following these steps to minimize your risk:

- Do not give out your Social Security number to people or companies that you do not know.
- Before disclosing personal information, make sure you know why it is required and how it will be used.
- Shred information you no longer need that contains personally identifiable information and account numbers. For example, credit card receipts, billing statements and pre-approved credit offers should be shredded before you discard them.
- Guard your mail from theft. Promptly remove your incoming mail from your mailbox and place outgoing mail in the post office collection boxes. Install a locking mailbox if mail theft is a problem in your neighborhood.
- Keep personal information you have at home and work in a safe place.
- Do not carry extra credit cards, your Social Security card, birth certificate, passport, or other cards that display your Social Security number in your wallet or purse, except when necessary.

Keeping Identity Theft at Bay

Estelle E. Allen, NAILBA

- Create unique passwords and personal identification numbers (PINs) and avoid using easily available information such as mother's maiden name, date of birth, or the last four digits of your Social Security number.
- Get a copy of your credit report from each of the major credit reporting agencies at least once a year. Review the reports to be sure no one else is using your identity to open new accounts or to use your existing accounts.

If Your Identity Is Stolen

If you become a victim of identity theft, the Federal Trade Commission recommends you take the following steps immediately:

- Contact the credit bureau fraud departments of the three major credit bureaus.
- Request a "fraud alert" be placed on your file.
- Contact all the creditors involved.
- File a police report.
- Contact the Federal Trade Commission.
- Keep a record of your contacts.

FTC Complaint Clearinghouse

The Federal Trade Commission is the federal clearinghouse for consumer complaints

relating to identity theft. The information you provide can help the Commission and other law enforcement agencies track, investigate and prosecute identity thieves.

Identity Theft Contact Information

Credit Bureaus:

Equifax
Order Credit Report: 800-685-1111
Report Fraud: 800-525-6285
Web: www.equifax.com

Experian
Order Credit Report: 888-397-3742
Report Fraud: 888-397-3742
Web: www.experian.com

Trans Union
Order Credit Report: 800-888-4213
Report Fraud: 800-680-7289
Web: www.tuc.com

Non-profit Organizations:

Privacy Rights Clearinghouse
3100 5th Ave., Suite B
San Diego, CA 92103
Phone: (619) 298-3396
Web: www.privacyrights.org

Identity Theft Resource Center
P.O. Box 26833
San Diego, CA 92196
Phone: (858) 693-7935
Web: www.idtheftcenter.org

Federal Agencies:

Federal Bureau of Investigation
Web: www.fbi.gov

FBI Internet Fraud Complaint Center
Web: www.ifcfbi.gov

Federal Trade Commission
Identity Theft Clearinghouse
600 Pennsylvania Ave., NW
Washington, DC 20580
Phone: 877-IDTHEFT (438-4338)
Web: www.consumer.gov/idtheft

Social Security Administration
SSA Fraud Hotline
P.O. Box 17768
Baltimore, MD 21235
Phone: 800-269-0271

U.S. Postal Inspection Service
Web: www.usps.com/websites/department/inspect/welcome2.htm



Though faced with the reality of economic change, the constant reconfiguration of the business landscape and most of all pressure to make the numbers, U.S. companies continue on the short-term thinking path.

It's so widely accepted today, short-term thinking is all that seems to count. Long-range goals seem strangely out of place and irrelevant, reminiscent of hunters of an earlier time. A popular business saying summarizes this concept: "Every day, week, month and year, we have to do it all over again."

Getting up every morning is like going back to the starting line. Life insurance agents and other salespeople look in the mirror and ask themselves the question, "Who can I talk to today?"

If a short-term strategy is so necessary and useful, then why do 46 percent of sales managers report that their biggest challenge is dealing with under-performing sales people?

A different view: a pipeline approach

Whether it's investing, developing a transportation system or making sales, the tendency to opt for the short-term and ignore longer-term issues is all but universal. On a personal level, studies show that most Americans fail to plan for their retirement. "Now" takes precedence over "then."

Our tendency toward "either-or" thinking drives us to conclude that it must be either "short-term thinking" or "long-term thinking," one or the other.

What about "both-and" instead of "either-or"? Composer/guitarist Dan McAvinchey points out failures in the music business stem from short-term thinking. He suggests a "both-and" strategy. For example:

Short-term: "I want to release my first CD this year."

Long-term: "This year, I want to release the first of eight CDs I plan to record over the next 10 years."

This model applies to marketing and sales as well. While everyone is faced with meeting immediate objectives, does that mean we should ignore planning longer term?

Buyers are not making snap decisions. An insurance sales manager landed a very large account. When asked how long she had worked on it, she replied, "Well over a year." Without a pipeline of prospects, there can be little long-term growth—or proper short-term results.

Constructing a Prospect Pipeline

John R. Graham, *President, Graham Communications*

The process is one of constantly filling the pipeline with potential business while taking care of the new business that flows from the pipe. *More effort going into customer creation pays off in increased business.* Instead of spending valuable time and resources to scavenge for new business, a more prudent approach is to create a process that produces new business continuously.

Building the pipeline

Here are the elements of implementing a pipeline strategy:

1. View prospects as customers-in-the-making. Although salespeople are quick to say that they are solution-oriented and want to help customers, their behavior often betrays the most noble of intentions.

It isn't difficult to identify a salesperson that has a single objective in mind: making the sale. Everything is aimed at achieving that goal. With such transparency, prospects easily sense their true mission and go on the defensive, either rejecting the salesperson or backing away from making a decision.

More often than not, the excuse that's given for not making the sale is price. A different mindset views prospects as *customers-in-the-making*, who may buy today, tomorrow or a year from now. The goal is to bring them into an orbit where they can gain an understanding

of why they should do business with you.

2. Make prospect identification a continuous process. It's easy to put making the sale ahead of creating the customer. The goal of prospecting should be identifying those who fit a company's customer profile and who, when properly cultivated, hold the potential for becoming buyers.

Yet, most companies find it difficult, if not impossible to make prospect identification a continuing task. When prospect identification occurs, it is more often than not, a "temporary activity," driven by a need to boost sales.

The life force of sales is a pipeline that's filled with prospective customers who have learned the value of doing business with you—and who have discovered all this before becoming customers.

3. Implement prospect cultivation tactics. The purpose of cultivation is to build a relationship with prospects. Customers set their own buying schedules and they're not about to have their priorities changed to fit the needs of a salesperson that calls or sends half-dozen e-mails and then quits because of a lack of response.

Today's prospects are not moved by attempts to arrange a meeting or someone saying, "I'd like to get together with you to gather information." There's no time. But when it comes time to buy, those who have established themselves in the prospect's mind get the opportunity to write the order.

4. Segment prospects to focus on individual needs. In effect, there's only one prospect—even though you may be working with many. The goal is to have prospects conclude that your solution meets their specific needs.

It's an age of the individual customer where expectations are increasing daily. The customer expects everything to be personalized. For example, "boiler plate" communications and proposals do more to undermine prospect confidence and interest than the actions of the most inept salespersons.

Today, we can manage our individual retirement accounts, order cars that are customized to our specifications instead of having to take what's on a dealer's lot and dine at restaurants that prepare meals to individual taste.

This is what customers also expect from salespeople.

5. Be a valuable resource. The most effective way to convince a customer to buy from you is to make yourself invaluable. What you sell may help a customer become more successful,

but what you know solves customer problems. There are those who are reluctant to share their knowledge, fearing that prospects will take what they want and never bother to become buyers.

The president of a highly successful insurance operation reports receiving calls from both customers and prospects about his newsletter articles. "They want to discuss an idea they found in one of the articles," he reports.

What you know is more important than what you sell. The best way for prospects to become aligned with your company is to allow them to discover what's helpful to them from your experience and knowledge.

6. Find ways to help customers be more successful. If partnering has any value as a concept, it's to be found in helping prospects and customers meet business challenges. Just selling them the right product or service isn't nearly sufficient to build a lasting bond. Almost any "vendor" can do that.

Going beyond the expected is today's challenge. A wholesaler of bakery mixes found its customers asking for help in marketing their products. It almost came as a shock to management that quality, innovative products were not enough to secure accounts. Customers were looking for ways to sell more baked goods. Meeting this need was the first step in selling more mixes and fillings.

7. Demonstrate leadership. While playing it cautious can be prudent, it's leadership that captures the attention of prospects. Mass merchandiser Best Buy is leaving the competition behind with its assertive marketplace strategy. Through advertising, store design, cutting edge product emphasis, Best Buy sends the message that it's number one.

John R. Graham is president of Graham Communications, a marketing services and sales consulting firm. He is the author of *The New Magnet Marketing and Break the Rules Selling*, writes for a variety of business publications, and speaks on business, marketing and sales topics for company and association meetings. The company's Web site is www.grahamcomm.com.

On a smaller scale, a Chinese restaurant opens in a location seemingly saturated with similar establishments. But the cuisine and atmosphere are noticeably unique. Sensing something new, different and comfortable, customers stand in line at the door. It's establishing a leadership image that appeals to today's prospects and customers.

A results-based approach

Because results are what count, wasting time chasing possible sales, following up on less than serious prospects and preparing dead-end proposals doesn't make sense today. Time is too valuable. Short-term sales tactics fail to deliver long-term results.

What's required is a pipeline of prospects that, because they know and understand your products and services, create a steady flow of new business.

In the end, it's a carefully crafted combination of longer-term planning that creates short-term results.



Growing Your Agency Using Advanced Sales

Daniel J. Munroe, JD, CLU
*Director of Advanced Marketing,
 MONY Partners*

After winning his second Super Bowl in three years, New England Patriots coach Bill Belichick was asked the secret of his tremendous success. Belichick remarked that his football teams never settled for status quo, and constantly sought new ways to improve their effectiveness. Content teams, he remarked, never become champions. In the fiercely competitive brokerage market, independent brokerage agencies know that strategy all too well. Indeed, to maintain status quo in the ever-changing brokerage industry is a recipe for disaster.

Entering the advanced sales markets allow many agencies and producers a way to improve their own effectiveness, not to mention bottom line. The average term case sold by brokerage agencies typically generates only \$1,000 of premium. This number differs dramatically from the premium for a policy used to fund an advanced sales strategy. In many instances, using these strategies generate premium in the hundred-thousand dollar range. The popular premium financing arrangement often generates annual premium in excess of \$1 million.

The Problem

At the NAILBA XXIII Annual Meeting, Cindy Gentry, the 2004 chairman, made insightful comments regarding the challenges brokerage agencies now face. Specifically, many agencies face concerns of committing money and resources to recruiting top producers, paying a support staff, and providing incentive payouts for producers to place business with the agency. Because little or no money is left in the budget to train producers, agencies have scarce resources for marketing and educating producers on advanced sales concepts. Despite these obstacles, brokerage firms must continue to be well-positioned in promoting and closing advanced sales cases. This is often accomplished by forming close partnerships with carriers that are uniquely focused on serving them through superior products, competitive underwriting, and responsive, advanced sales support.

To exacerbate the problem, shrinking home office budgets have resulted in many career forces with little or no training in life insurance sales. When these former career agents decide to become independent producers,

most look to brokerage agencies to “take up the slack” and provide extensive training and support for high-end sales. It is therefore critical to work with a carrier that offers regional directors who can instruct producers on advanced sales concepts, as well as offer point-



of-sale assistance. In addition, carriers who offer turnkey marketing kits that include presentations, prospecting letters, and producer guides will go a long way toward making sure 2005 is a great year for your agency.

Where to Look

The most important step in the process of providing valuable advanced sales support for producers is knowing where to find it. While this can come in many forms, the two most prevalent are working closely with a carrier’s regional directors and backroom advanced sales departments. Both offer unique advantages. Regional directors can provide assistance to an independent brokerage agency’s own backroom with illustrations, training, and product support. They can also provide point-of-sale assistance on many advanced sales topics when the producer feels uncomfortable making the presentation to his or her client. Finally, most regional directors are often trained to give informative seminars on the latest advanced sales ideas. Oftentimes, these seminars include the coveted continuing education credit.

Advanced sales departments offer producers and independent brokerage agencies support in other ways. First, most departments offer extensive advanced sales case design and consultation over the phone. These calls can range from simple tax issues involving Section 1035 exchanges, to complex estate and business planning issues with many moving parts. This service provides peace of mind to producers who know that answers to most of their questions are a phone call away.

Many advanced sales strategies have unique case designs, with many tax and legal considerations. As such, members of the advanced sales department can both design and “walk the producer through” these types of complex illustrations. Finally, many advanced sales attorneys work in conjunction with their respective regional directors in point-of-sale cases with producers. Oftentimes, the attorneys travel to the brokerage offices for seminar presentations or to speak at an agency’s sales meeting.

Finally, advanced sales departments can offer teleconferences for the benefit of producers and brokerage agencies. These conferences allow the producers to keep up-to-date with

the latest advanced sales concepts, tax, and regulatory changes. More importantly, the teleconferences present the material with the producer in mind. The goal should always be for the producer to come away from the call with a sales idea he or she can use immediately.

Carriers who value advanced sales departments will support them with turnkey marketing packages. These packages support producers with items such as PowerPoint presentations, marketing materials, prospecting letters, and producer guides. Some carriers have included all of this material on an easy to use compact disk, so that the producer may easily and conveniently select whatever piece he or she desires.

Hot Sales Ideas

Faced with so many legislative changes, expect the market in 2005 to constantly change. To be sure, it presents some interesting challenges to both the independent producer and the brokerage community. Traditional insurance sales opportunities such as estate planning, deferred compensation, and split dollar have been modified by legislative changes. There are numerous advanced sales strategies that have tremendous potential for producers in 2004. Here are just a few that continue to generate high premium dollars for producers. Despite the “permanent” estate tax repeal in 2010, assisting clients in estate planning through the use of life insurance remains

critical in many ways. Indeed, many non-estate tax management and transfer strategies utilizing life insurance exist. Estate planning techniques using GRATs, survivorship access trusts, and loans to an irrevocable trust (to name a few) offer solutions to high net worth clients. Funding qualified plans with life insurance, particularly in IRC Section 412(i) Defined Benefits, continues to grow in popularity. As human capital has never been so important, funding executive benefits strate-

Dan Munroe is the director of Advanced Marketing at MONY Partners. He has spoken extensively on advanced estate and business planning concepts throughout the United States. In addition, he has published numerous articles on the needs for personal and business insurance. After graduating from law school, Munroe served as a clerk for the Honorable Norman K. Moon, then Chief Judge of the Court of Appeals of Virginia; Assistant District Attorney in Richmond, Va., and as an Assistant Attorney General for the Office of the Virginia Attorney General. He entered the insurance industry by serving as counsel in the law department at Berkshire Life Insurance Company in Pittsfield, Mass. He moved to Hartford Life Insurance Co., where he served as an Advanced Sales attorney for several years. Munroe received his bachelor's degree from the University of Massachusetts at Amherst with honors. He earned his Juris Doctor from the Washington and Lee University School of Law in Lexington, Va.



gies with life insurance is of great interest to many small business owners. Finally, strategies such as premium financing, funding life insurance with life annuity payouts, and business continuation planning continue to offer tax-efficient solutions.

Brokerage agencies and producers that value advanced marketing support hold key strategic advantages over their competition. Creating alliances with carriers uniquely positioned to service the brokerage market will no doubt pay big dividends in the months to come. In doing so, brokerage agencies will not only get the message out to independent producers, but also enable them to understand, promote and close sales in one of the most dynamic and lucrative markets our industry has ever seen.

Daniel J. Munroe, JD, CLU
 Director of Advanced Marketing
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 1290 Avenue of the Americas, New York, NY 10104
 800-736-0166
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