

Seamless integration--annuities, other financial services fit well into a P-C agency

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TIPS FROM A CAPTIVE MULTI-LINE COMPANY AGENT

Annuity sales in a property-casualty agency can be a "pick up" sale. You work for the P-C, the life sales and the retirement plans. The annuities are by-products of this other work. Let's start with a basic check list of how to get started. Then we'll look at an actual case study of how it is applied in the real world.

1. Product. As a P-C agent dealing with annuities, I prefer to use fixed annuities. Finding a good annuity carrier is important. My carrier, MSI Insurance, has a very conservative product. The commissions are conservative, as are the first three-year rate guarantees. Always ask about the current fourth-year and beyond rates, also called the portfolio rate. The current portfolio rate should be within 1% of the initial rate guarantee. This is the rate your client gets once the bonus rates, and buzz is over.

To me it is very important to know your company is pricing its products for the long haul. I find it hard to understand how a company can pay 10% commission, and a 10% interest rate, and send its agent on a \$10,000 trip for selling \$150,000 in new annuity premiums in a year. Learn all you can about what your company will and won't do. And how it treats your clients long term.

2. Prospecting. Determine how you will bring up the topic. The key here is it can't take any time, or money. Your prospects can simply be the people you meet each day in your P-C business.

Rather than asking directly about annuities, I ask about their retirement, savings, IRAs, investments, CD rates and their other plans. It is very important when recommending personal, and business liability limits to know what it is you are protecting. I find it strange that we do a property evaluation before recommending the amount of coverage on a building, but when it comes to recommending life and financial services products we sometimes do not perform that same kind of evaluation.

3. Presentations. Once you know what a prospect is doing with his/her money, ask if you might be able to present another idea. All you want to do here is show the value of the money in your annuity, compared to where it is now. This presentation will show that it is either better in an annuity, or better where it is. Remember everything is time and interest.

When competing with investments I try to help my clients determine if they are investors, or savers, or savers who think they are investors. I do this in a number of ways. The most effective is by using a story about a client of mine who is a plumber by trade.

One day he explained to me that he was on the way to the supply yard to buy about \$20,000 worth of pipe, and related materials. He further told me that in about 90 days he would have about \$100,000 in receivables from this purchase. It sounded good to me and I asked if I could also buy \$20,000 worth of material and if he would give me \$100,000 for it in 90 days?

Obviously it is impossible for me to be an investor in a field I know nothing about. To be an investor requires time, effort, knowledge and collection. Likewise, most of your clients aren't really investors; they are savers savers who probably should be in a fixed product allowing someone else to take the market risk they don't understand.

