Why Life Agents Have a Poor Image

A negative image plagues every life insurance agent. It was deeply bothering me in 1967 when I first met the leading life agent in Dayton Ohio — Marv Brown. I was then licensed with Equitable and Marv was the “premier” agent of the Dayton community — a 20 year MDRT member with New York Life.

You’d have thought we were competitors. But we weren’t. About 30 or 40 years of age separated us. Marv was experienced and extremely successful — in terms of both his reputation and his income. I was eager and sincere, but struggling with my negative career image.

After his excellent presentation to the Dayton Ohio Association of Life Underwriters, I had an opportunity to corner the speaker… to ask my burning question of Marv.

Whenever I say I’m a life insurance salesman, people run away! I only want to help them, but they are so “turned-off” and so rude that I am offended and hurt. How can I correct this image of a life agent as a pariah?

Marv wisely said “Why fight it! that image is already there, you cannot alter it. Be different. You think of me as a life insurance agent representing New York Life. This is not true!”

Right away, I was shocked. New York Life was — and still is — a company of solid economic stature that espouses good practices by well-trained agents. I had to inquire of Marv, “What do you mean — aren’t you a life agent too?”

He said, “No, I am Not an Agent!”

I was shocked. The leading agent in the community… a man with few peers… was denying his position as a life insurance salesman! He went onto say:

“Ed you are positioning me as a guy who sells insurance. That’s not true.” I was in shock… he was denying his role! But Marv went on to explain why I, and most of the public, was wrong in categorizing him as just another pesky life agent.

“I help people solve serious financial problems. I help them measure the extent of their financial shortcomings and I support careful, proven alternatives. Often this requires financial tools and sometimes even life insurance. That is why I represent a billion-dollar company that brings in dollars when my clients need it the most. I guess you would say, I am a money guy…”

What a powerful response!

But, I had to say — “Marv, you have the maturity and status to say that. I cannot do that!”

Marv Brown then said, “Of course you can. I saw you taking notes while all the other agents just sat there, including my fellow New York Life agents, paying only modest attention. You sat in the front row. You took notes and here you are asking me questions.”

He advised me, just as I was getting started in my career, “You can be so much more than I am. Learn from me. Learn from the leading agents — like Ben Feldman, Tom Wolff and that young guy from Toledo, John Savage. Learn how powerful your capacity is — to identify and solve problems”

Then he did something I will never forget. The icon of the life insurance industry in the Dayton area placed his hand on my shoulder. He said, “Ed, times are changing. You need to charge for your advice. The companies we represent are nothing compared with the understanding we bring to the client. Charge for your services! You are worth it! Do what I have failed to do, charge for your services…”

I left the association meeting in emotional turmoil. What had Marv really told me?

• The difference between New York Life and Equitable were not meaningful. And he was right — NYL and Equitable’s successor AXA are still strong companies, but their reputation and power as financial institutions has waned somewhat.
• My services, and my advice, were the items of critical value to my clients.
• That I should charge for my services.

Many persons attend conference and conventions, or local CE events. They get a few CE credits. Perhaps they listen just a bit. But on that day, I was listening attentively. Maybe it was the prominence of the speaker. Maybe it was his obvious desire to reach out to a few agents in the audience. Maybe it was my need to find a new direction.

The following week I showed a prospect a sample estate plan. I explained briefly how I helped measure the tax shortfall and provide the funding for the cash requirements. He said, after carefully reviewing the type of report I was offering to do for him, “What does this service cost?” I thought of Marv Brown, and looked him straight in the eye and said “I charge $1,000 to prepare this estate evaluation and develop better alternatives for you than just paying a lot of taxes.”

Of course, he replied, “Then let’s get started.” And I began the transition from agent to advisor. I soon learned that personal financial planning is not price sensitive — it is quality sensitive. If we do a great job people are happy to pay the fee,
purchase additional financial products and services — and provide referrals.

Ok! That’s history. In fact, it is 40-year-old history. But the principles are still true:

• Consumers want solutions.
• Consumers want qualified advisors.
• Consumers do not understand the extent and dimension of their problems.
• Consumers prefer to pay for help and service.
• Consumer will fund the solutions with the help of the trusted advisor.

Changing the Negative Image

The solutions are simple, and relatively in-expensive. But they will require a change of mindset. And sometimes the hardest thing for us to change is our pre-conceived notions. Having made this transition many years ago, I can predict several things will happen to the life agents who follow this path:

• Other agents will tell them they are nuts — you can’t charge fees. Some will say, “That only works in other markets (cities, ages, income range, higher net worth, etc. — but they are wrong!)
• Managers will oppose this, since they believe charging fees will reduce product sales, and this will reduce their over-rides. Actually their income will increase because advisors sell more than agents — it is just a longer cycle.
• Home offices will oppose this, since most of those executive were never successful agents, and they have no knowledge of the market. They believe their products are far more valuable than the agents who sell them.
• Others will say it is terribly complicated to create a plan worthy of charging a fee. However software and training have made it relatively easy and very affordable to produce a quality plan.

Agents who can foresee the future and ignore the naysayers will eventually have the pleasure of scoffing at those critics as they deposit more money in the bank. Moreover, they will have a better self image, because the market will open its arms for them.

I remember that several months after delivering my first fee-based estate plan (and depositing both the fee and the sizable commission) I was asked by a nice young man at an Monday Optimist Club meeting, “What do you do?”

In the past I would have said proudly, “I’m an agent with Equitable Life” and watched him disappear. But now, as a budding financial advisor, I replied, “I help people reduce their taxes, increase their investment earnings, and avoid financial hardship.” And when I turned away as if I wasn’t interested in his business, he grabbed my sleeve and said, “Can you tell me more about this?”

At this point my reply could not mention insurance, or even discuss any aspects of financial planning, but it had to lead to an appointment. Therefore, I said to him, “I never discuss business at an Optimist meeting, but I’d be happy to get with you sometime next week.” This implied I was booked up for the next four days, which was not true, but it would match up with the busy schedules of other professionals.

The following week I prepared my presentation. I typed out on a 3 by 5 file card seven items. In front of each subject was a bracket, just like you see below:

[ ] Retirement Income
[ ] Reducing Income Taxes
[ ] Children’s Education
[ ] Survivor Income
[ ] Investment Return
[ ] Estate Taxes
[ ] Potential Medical Bills

Why the brackets? In those days, long before computers and word processors, we couldn’t make a typewriter create a box. I said, “Here is how my service works: You review this list and draw a line through all the items that are NOT important to you.” He drew a line through the last two items. (This was logical, he worked at a steel company with excellent medical benefits and he did not have enough assets to be concerned about estate taxes.)

Then I instructed him: “Can you indicate your priority, placing a number 1 in the item of greatest importance, on down to number 5?” He said, “I’d have to place a #1 in front of Education and Retirement, and a #2 for the rest.” Actually this was a fairly typical response. Prospects cannot clearly rank their goals — and it really didn’t matter.

Now it was time for the close. I said to him, “I prepare very complex plans for top company executives and business owners. For persons like yourself, my fee ranges from $500 to $1,500. But, since you are in the Optimist Club, my fee will be only $500.”

He said, “Ok. What do we do next?”

Now, before you laugh at that $500 fee, remember that was in 1968 dollars!

I gave him a fact finder that looked very similar to the one I had received from Equitable, but without their corporate logo. (My local printer had “created” it for me.) I said, “Would you like your wife to come with you to the next meeting — there’s no additional charge?” Naturally he seized on that “free” opportunity. I said, “Do the best you can on this form — no one ever does it perfectly, and bring in the following items: last year’s tax return, your company benefit sheet, your insurance policies, your investment account statements and your will and trust agreement — and $250 of the planning fee.” (I suspected correctly that he had no investments and no will or trust.)

We scheduled the time for him, and he left.
The next move was essential. I had to continue the image of being a professional. I sent him a letter on my new stationery, which mentioned my new firm name, Financial Planning Consultants (which I later incorporated). The letter was one page long, reminded him of the date of our next appointment, listed the items he was to bring, and indicated I was looking forward to meeting Jocelyn, his wife. I drove down to the post office and mailed it, so he would be surprised to get it the following day.

In the following months I collected the $500 fee, started him on a life insurance policy with a $110 monthly premium to fund his retirement and survivorship goals, got Jocelyn to open two small savings accounts for the children’s education, and arranged the appointment for them to execute simple wills and a power of attorney with a local attorney (naturally a fellow member of our Optimist Club).

Eventually he purchased another policy, this time a family plan with a large term rider, and at my urging increased his contribution into the company thrift plan. He also wrote a nice note to several co-workers (that I drafted) mentioning my services, and in due course I acquired about 20 clients in that department.

This was not a fantastic case, but it was good, solid business. Had I been “just another pesky life agent” it would have never happened!

Why Be a Re-Inventor?

In 1968 there were no organized financial planning associations or courses, so I had to try different techniques and often that meant re-printing materials, and losing opportunities through well-intended mistakes. Today, there is a lot of help available.

For academic knowledge the CFP and ChFC courses have great material. They are oriented toward textbooks and exams. For practice management marketing and image building the Financial Planning Process curriculum of the IARFC offers the best tools. The IARFC offers a lot of help in developing new fee-based clients and securing referrals. For more information:

CFP:
www.cfp.net
800 487 1497

ChFC:
www.theamericancollege.edu
888 263 7265

RFC:
www.IARFC.org
800 532 9060

In the area of plan production, there are over a hundred software vendors, each offering a different approach, and aimed at a different part of the market. But most will equip you to produce a quality plan to back up the quality advice you have to deliver. Most of these firms will also offer classroom or online training — that will guide you in the use of the software, and also will increase your financial knowledge.

Breaking the Barriers

Once you start presenting yourself as an advisor, not an agent, and using the proper marketing techniques, you will find greater career satisfaction and a higher income. If you seek a verification of this, notice how the leaders and Top of the Table MDRT producers hold themselves out — most are advisors, not agents. They are like my mentor Marv Brown, they are money guys! ☮

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Ed Morrow is the chairman and chief executive of the IARFC and has been a practicing financial advisor for forty years. His advice and systems are used by thousands of financial advisors in the U.S. and across the world. As the CEO of the IARFC he is one of the developers of the Financial Planning Process course materials and a frequent instructor, both nationally and in many countries.

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