

■ **Confused by LTCI Training Requirements? » p.38**
If you are, you're not alone. Here, find out why requirements vary so widely from state to state and what you can do to sort things out.

■ **Building Settlement Awareness » p.42**
Don't rely on other people to educate your clients on the benefits of life settlements — jump in yourself.

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Doing More with Less: Managing Employee Health Benefits in a Challenging Economy

BY MICHAEL MURILLO

A troubled economy and uncertain finances require individuals to make sacrifices, budget cuts, and difficult decisions. Often, they have to choose among a number of options (none of which are ideal), and they have complicated — yet important — questions. You, as an agent, are uniquely qualified to step in and help those receiving a paycheck make the most of what they have and guide them in making the best decisions in difficult circumstances.

But what about the people issuing those paychecks? Businesses today also have a number of difficult choices to make and are forced to do more with less in the face of economic uncertainty. They also have questions to ask, and their decisions impact not just themselves, but their employees, as well.

Fortunately, you are also well-suited to assist in these decisions, and those who have businesses as clients (or meet with business owners in the course of prospecting) can identify themselves as a valuable source of information.

For agents, it is important to understand the challenges businesses face with regard

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The time is right to market annuity products. Inside, we give you all the tools to do it right..... **p.17**

New Competition in Life Settlement Market?

BY HEATHER STRICKLAND,
ASSOCIATE EDITOR

A new product in the life settlement market could provide another option for clients who want to cash in on their life insurance policy.

The product, called a policy value loan, allows consumers to get money out of their policy, as in a traditional life settlement. However, since a policy value loan doesn't constitute an outright sale of the life insurance, clients may have a chance to make sure

their families see some gain in the form of a portion of the death benefit.

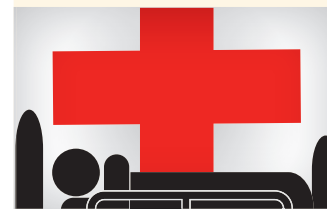
"In its most basic form, a traditional life settlement is a sale of the policy, and a life policy loan is just that — a loan," said M. Bryan Freeman, president of the life settlement provider Habersham Funding LLC. "You put the policy up for collateral for a loan instead of a sale."

In other words, policy loans work a bit like reverse mortgages. Once you take out a loan on your life insurance policy, the buyer pays you a fixed amount upfront or a pre-determined amount of money each month. Then, when you die, you pay the buyer back with the remainder of the death benefit on your life insurance policy. Any money left over after the loan is paid back will be given to the beneficiaries of the original policy.

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» CRITICAL ILLNESS



What Happens if Your Clients Can't Work?

A little-known product can help bridge the income gap for workers who are too sick to work yet have long elimination periods on other policies. » **p.34**

» GENERATION Y



Your Next Big Market

Just because they're younger than your typical client doesn't mean you can ignore the financial power of Generation Y. » **p.36**

» WEB EXCLUSIVES



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AgentsSalesJournal.com

- Find out why your clients need you more than ever — and what to tell them in tough times.
- The media is your friend. Learn how to leverage this relationship by developing excellent media relations even in a small practice.
- For the right businesses, consumer-directed health plans can go a long way toward helping employers save money. This month, learn three simple steps for moving your clients to HSAs and similar products.

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to their benefit packages and personnel decisions. Your clients — like their employees — need to recognize their options and the best way to use their limited resources. That means you need to recognize them, as well. To make the most of your business relationships in this economic climate, you need to know how to become a source for answers when employer clients have questions.

Short-term help, long-term focus

Whether or not you hear from your clients, you should realize that employers have a special set of concerns in today's economic environment. They're concerned about cost increases, tight budgets, and company morale, and they're looking for more than quick fixes from a couple of benefit cuts.

According to Dave Parker, senior vice president of sales for Meritain Health, a proactive agent should approach these recommendations with a long-term focus.

"I don't know of any company that's not cognizant of these problems that are out there," he said. "We need to see true solutions and true options that will save them money both today, and then more in the long-term."

Agents should include proposals that have a three to five-year plan for containing costs and providing valuable yet sustainable benefits to employees. They should also be prepared to contact their clients with these ideas instead of waiting for a phone call or a scheduled meeting later in the year.

Agents should also understand that their counterparts in the company are equally proactive. Warren Benoit, president of Benoit and Associates, said that human resource departments are expected to do more with less, and find ways to save money while maintaining effective benefit packages. They're researching their options and talking to groups and organizations for creative ideas; agents must recognize this sense of urgency and work to find solutions as they are needed.

"If you're not up to speed with that as an agent or a broker, you're not going to make it in this business," Benoit said. "Listen to your HR [departments]; listen to the people, what they're saying, and what their need is."

Benoit added that agents often make the mistake of entering a discussion looking to sell a particular product instead of

listening to what a company is thinking and what they need their benefit package to provide.

Sandy Allgeier, owner of Allgeier Human Resources Consulting, believes that entering a discussion with a pre-set solution can jeopardize a sale.

"We just quickly go into 'Oh, I know what you need,' and that's usually a bad move because we don't quite yet know, and we could turn off the customer if we get there too quickly," she said.

Instead, Allgeier suggested that you openly state that you have some good ideas and will share concepts that have proven successful in other cases, but that you also want to ask some questions before going further to ascertain what would best fit your client's individual situation.

Those questions should provide insight into what direction would be best for the business owner or decision-maker. So what questions should you ask? Allgeier identified three that, while simple, would be a good starting point in any discussion.

- What are your greatest challenges now as they relate to employee benefit health costs?
- Are there any ideas that you've already considered regarding how to face those challenges?
- What are your concerns if you take cutback measures?

Allgeier said that asking those questions during a discussion can reveal where the company currently stands, as well as what they want to accomplish in the future.

Voluntary options

But you should also have an idea of what works in today's climate and what programs have helped businesses reduce costs while still providing meaningful benefits. According to Benoit, the evolution of cost-savings has taken agents and companies from pre-tax savings plans, health savings accounts, and high-deductible programs to a search for even more opportunities to save money. He believes that voluntary benefits can help fill the gap in benefit changes by empowering individual employees to acquire additional coverage without adding prohibitive costs to the company. Disability is a common voluntary benefit, but other coverage

for accidents and critical illnesses such as stroke, heart problems, or cancer can expand employee options and make benefit changes more palatable.

Other options include wellness programs and disease management, which can help employees identify and reduce dangerous conditions or behaviors — such as obesity or smoking — and manage chronic illnesses such as diabetes. Parker believes that such programs are a win-win for both employer and employee.

"People need to get healthier overall, and by improving the overall health of your group, you're actually going to improve a lot more within the group: 'presentee-ism' for employees and lifestyle changes for employees," Parker said. "If you have a healthier employee, they are definitely more productive."

Successful implementation can also reduce health care costs, which complements an agent's commitment to providing long-term solutions. While these programs are often voluntary, incentives for compliance and penalties for abstaining can be effectively used to encourage employee participation.

Polling employees

Agents can also utilize other techniques to improve their chances of finding compatible solutions for their clients. Allgeier suggests asking about any employee feedback the company might have garnered. Employee satisfaction surveys and exit interviews are two methods that companies might use to evaluate what employees like about company benefits, or what they would change if given an opportunity. Harvesting that information can give both agents and businesses something to consider when choosing a new path for benefits. Allgeier added that agents should understand that human resources personnel are also under a great deal of pressure to cut costs and find creative solutions to problems, and helping them does not require regurgitating a series of statistics at a meeting.

"HR people, in general, are usually far more people-oriented than they are data-driven," she explained. "Instead of giving them a report with a bunch of numbers, give them information that tells them what the numbers are telling them."

Sometimes, the numbers suggest a departure from what the company has offered its employees in the past. Sharon Alt, president of Alt Benefits Consultants,

explained that those conversations with a client could be difficult, since both the client and their employees might have become comfortable with the traditional framework of a health plan. But with the financial health of the employer (and the health care system) at stake, a new emphasis toward consumer-directed health care is often necessary.

"[Agents] need to tell them what they need to hear and not just what they want to hear," Alt said. "The agent should know that the current system we have, with the copays and low deductibles, is not sustainable."

Instead, making the employee more responsible for their choices and more aware of the actual costs of the care they receive should result in more informed decisions. She also said that employers who previously didn't want to consider radical changes to their plan might be more receptive as costs increase and budgets tighten.

For the agent, those changes could mean more work as they educate an employee base that is used to a simple copay or deductible and receiving care without further regard to associated costs. Alt recommends that agents pledge to put in the time necessary to explain any new program, which includes becoming familiar with the intricacies of the plan before meeting with employees. They might also need to request extra time from the employer in order to fully explain all changes and answer questions from employees.

In addition to extra work, agents could be facing smaller commissions as they recommend premium-saving measures. But Alt said that doing the right thing means adapting to a costly reality in health care, and agents who succeed will be well-positioned for future success: HR groups often meet and share information while they search for new ideas, so referral opportunities will arise throughout the relationship.

On the other hand, she said that those who resist will find competition from agents willing to put in the extra effort to attract those premiums.

"If they don't do it, somebody else is going to," she said.

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