

# Manage Your Policies Now So You Don't End Up in Court Tomorrow



WRITTEN BY

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**Advisors are commonly the very first target for a lawsuit when a policy fails. Can you afford to get sued by your policyowners or their beneficiaries for millions of dollars?**

## Introduction

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Inforce management has become such a hot topic in the life insurance community. And really, it's no wonder why – we've got the perfect mix of a persistent unfavorable interest rates environment, an increasingly stricter set of client best interest standards and regulations across the industry, and rising consumer demand for better transparency and understanding of how their purchased assets (life insurance policies included!) are performing.

If you're someone who has been in the business for a

while, you might be hedging your bets that you can stick to the old school way of selling life insurance without making any changes. It is not uncommon to hear from advisors that they've never had to trouble themselves with formalized inforce management before, so why should they start now?

This article challenges that way of thinking and presents six reasons our industry can't afford to wait to embrace more effective, proactive inforce management.

# Reason #1 – Lapsed Policies Come at a High Cost

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A lapsed policy is the worst-case scenario for a policyowner and their beneficiaries. Aside from the obvious fact that the coverage is not there if and when they need it, it can be incredibly expensive to try to reinstate a lapsed policy. A policyowner's health status will likely (if not inevitably) worsen throughout the life of the contract, meaning that being forced to provide new medical information could be detrimental in raising the premium amount to keep a policy in force upon reinstatement. Not to mention carriers will typically require that all premiums owed will be charged interest.

Beyond the material costs to the policyowner, a lapsed policy comes at a cost for the advisor, too, in the form of a damaged reputation and relationship with the client. Policyowners trust that their advisors are monitoring for potential disasters, and if the advisor is caught off guard and forced to react to the bad news instead of preventing it in the first place, that's often more than enough to drive that client away.

**Every month, a new list of lapse pending contracts migrate into lapse. On average, Proformex can see as many as 2-3% of a normal life insurance book in this category. If you have 200 policies, can you afford to have 4-6 of them lapse?**

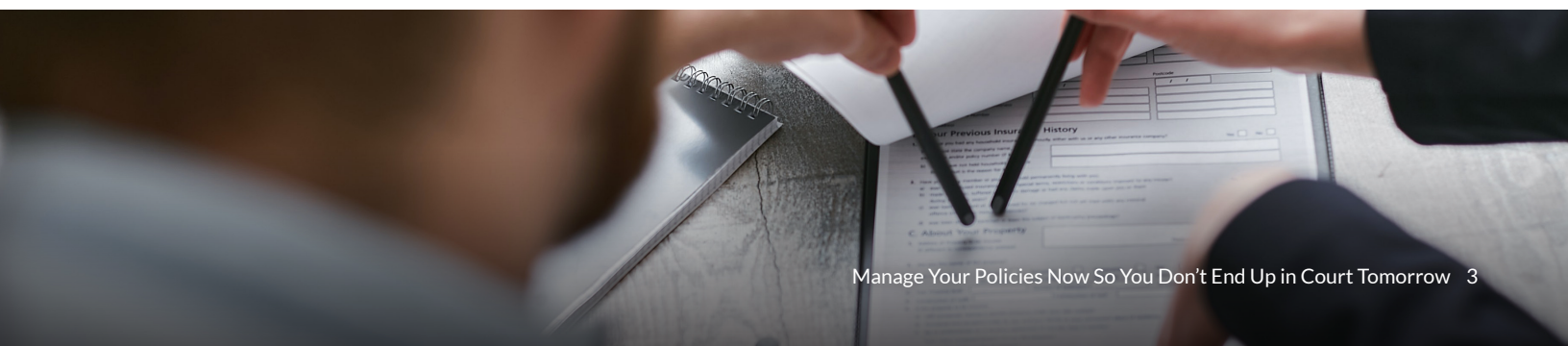
# Reason #2 – Missed Term Conversion Dates are Missed Opportunities

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While not as detrimental as a lapsed policy, a missed conversion date on a term policy can cost an advisor a client, too. Term conversion dates pass without notice every month. Without proper monitoring tools in place, it's incredibly easy to miss these opportunities. Ask yourself the following:

- ⦿ How many conversion dates do you have coming this week?
- ⦿ This month?
- ⦿ This year?

If you're unable to answer these questions, it's time to invest in a solution that will track this information for you. The cost of acquiring new customers to replace customers lost due to missed term conversion opportunities will always outpace any costs associated to providing better service to your existing clients in the first place.



## Reason #3 – Annual Policy Reviews Are Critical but Costly and Labor-Intensive

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To avoid unwanted client outcomes, it's critical to review a policy's performance on an annual basis and do a needs-based analysis relative to that client's evolving financial goals and objectives. These reviews require entirely too much time and manual admin work, which is why some advisors forego the process entirely. Electing to do so means taking a huge risk, because we know that there's myriad reasons a policy's performance can go sideways quickly if left unmonitored.

*Can you afford that risk?*

Furthermore, if you're an independent agent trying to balance your time between selling and servicing policies by yourself, you will very quickly run out of time and resources to continue growing your book. And hiring full-time staff to support these annual reviews still might not be enough depending on the size of your book.

While you're caught up in trying to figure out how to tackle this problem, policies are aging. Every month, about 1 out of 12 of your policies will pass their anniversary.

**Implementing the right inforce management solution will save you time and money on your policy reviews. In fact, most Proformex customers report 1-2 hours saved per review.**

## Reason #4 – Disparate, Inconsistent Data is a Nightmare

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The independent distribution model of selling life insurance is a beautiful thing, because it provides advisors with endless product availability for their clients. This is great because advisors need access to a variety of policy types to satisfy their clients' unique needs in a way that upholds their clients' best interests.

The downfall of this distribution model is that any one advisor who writes policies through multiple different

carriers and distributors will have an incredibly difficult time aggregating all that inforce data. It is improbable at best and impossible at worst for an advisor to continuously chase down the information they need on an ad hoc basis. The much more logical solution is bringing all that data together in a single system of record – like Proformex – that regularly refreshes your inforce data so it's there when you need it.

**Your book of policies is in constant evolution and you are always adding to it. The Proformex Data Team is skilled in helping you get the data you have into our platform that was built to manage that change!**



## Reason #5 – Clients Expect Transparency

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We're in a digital-first landscape. Consumers have grown quite accustomed to having access to information right at their fingertips. They can log in to a variety of apps and websites that will offer real-time status updates on just about anything, from a package in transit to their investment portfolio.

Why should they expect anything less when it comes to questions about how their life insurance policies are performing?

Consumer demand for real-time access to information will only continue to rise, and it's the life insurance community's responsibility to rise to the occasion and

meet that demand with solutions that are sustainable for the folks working in the industry and satisfactory for the clients we serve.

Moreover, your clients need your help, especially when their policies are underperforming and no longer meeting their needs. Life insurance is incredibly complex, and clients rely on their advisors to provide the guidance they need to navigate unforeseen complications. If you haven't spoken to your clients in three or four years, waiting is not going to help. You need to understand which clients need your attention now before challenges become catastrophes.

**The right inforce management solution for you should surface policies that are in critical status to you so that you can quickly identify which of your clients needs your attention, and which policies need corrective action, before it's too late.**

# Reason #6 – Inforce Mining is the Best Way to Unleash Growth

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It's no secret that the life insurance industry has experienced a prolonged period of stagnant growth. But an advisor's inforce book of business is a gold mine of opportunity!

Inforce books have opportunities for advisors to upgrade, upsell and even replace policies that are absolutely in the best interest of the client. If the client wants change and their advisor is not there to offer their expertise, the client will seek alternative guidance!

**A proactive inforce management system will help you identify which of your clients might benefit from a policy change. Take care of your clients and they will take care of you. Know which policies need your attention before it is too late and give yourself the flexibility to approach a client conversation with solutions in mind in advance.**

## Conclusion

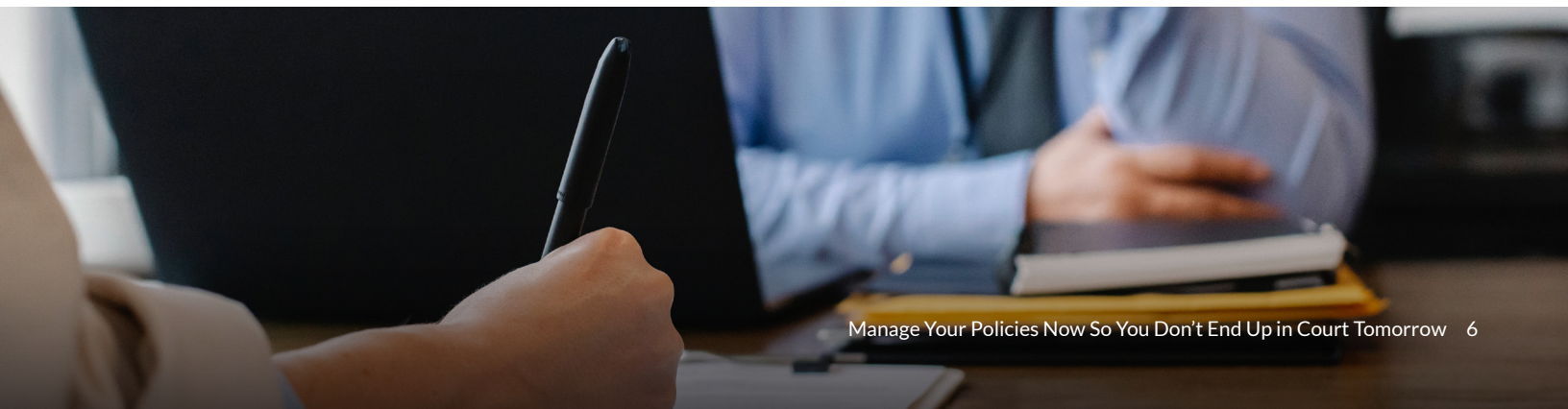
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Proactive inforce management is the answer. It's a great way to maintain excellent client service, and it's the best way to tap into the growth potential lying dormant in your existing book. For the six aforementioned reasons and more, you can't afford to let this area of your business slip any longer. So, what are you waiting for?

Perhaps you're still unsure of the work it will take to start, and delaying is the easy answer. **When has delay been the right answer for anything positive?** Do you consult with your clients and suggest that they delay their life insurance? Status quo may be the easy route, but it is rarely the correct one.

Plus, Proformex has already done the hard work of building and continuously innovating a proactive inforce management solution and has the right team in place to help you become a post-sale policy servicing pro. There's really no more excuse.

For the sake of your business, for the sake of your clients' satisfaction, and for the sake of our community's general reputation, join the movement toward more effective inforce management. Visit the Proformex website to learn more.



## ***About the Author - Mike Pepe***

Mike Pepe capitalized on his nearly 20 years of life insurance policy expertise by launching Proformex, an inforce policy management platform that helps fiduciaries, financial planners, insurance brokerages and agents monitor, manage and govern their life insurance policies. Its SaaS (Software as a Service) solutions are designed to proactively alert customers of potential problems with their life insurance policies and protect against degradation and asset erosion.

Prior to founding Proformex and serving as its Chief Strategy Officer, Mike started in the life insurance business with Mass Mutual and quickly became a leading agent. Soon after, he cofounded River Financial Group, a full service financial advisory firm. His focus was on building a highly successful financial planning practice which took into account the various parts of a holistic financial plan. As he focused on estate planning, he started The TOLI Group, a life insurance firm which was designed to fill the gap in the market for insurance consulting and the need for ongoing policy monitoring and management support, especially as it relates to trust owned life insurance.

## ***About Proformex***

Proformex is the leading inforce management platform offering data aggregation, analytics, and portfolio monitoring for life insurance and annuities. The platform is purpose-built to help independent life insurance and advisory firms protect their clients' best interest and ensure regulatory compliance by monitoring individual policy performance, identifying at-risk policies, and uncovering new sales opportunities. Our automated solutions make inforce management more efficient, more profitable, and results in better experiences for policy owners.

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