

Four Foundational Elements of Ongoing, Proactive Client and Policy Servicing



WRITTEN BY

Mike Pepe, Founder & Chief
Strategy Officer, Proformex





Introduction

The life insurance and financial services industries don't necessarily set standards for what client and policy servicing should look like. Advisors are mostly left to their own devices to devise an approach to servicing that works for them and find the tools they need to support their ongoing servicing efforts. The result is an industry-wide lack of process, which leads to inconsistent policy ownership experiences.

Without formal servicing, policyowners are left subject to risk that the coverage they purchased won't be there for their families when they need it. Statistically speaking, 85% of term policies and 88% of universal life policies will expire, lapse, or be surrendered before a death benefit

is paid. Those statistics represent lost dollars for the policyowners who invest in life insurance without ever fully realizing its value.

It's critical that advisors implement a proactive plan for ongoing policy and client servicing to mitigate the frequency of these instances happening and improve the overall ownership experience for policyowners and beneficiaries.

In this article, I will share what I believe are the four pillars to a successful, long-term servicing plan for anyone who sells life insurance.



1. Identify

Identifying both potential risks and opportunities must be the foundation of a long-term, proactive servicing plan. No other action can be taken until a problem or an area for improvement is identified.

What are some of examples of what might trigger action for an advisor?

- Lapse pending policies
- Term conversion dates nearing expiration
- Term period end dates approaching
- Underperforming policies
- Policy anniversary dates
- Premium due dates
- Life circumstance changes for a client (i.e. marriage, birth of a child, starting a new business, etc.)

Any one of the above instances (or any other unlisted occurrence) can prompt an advisor to take a closer look at what's going on with a particular client's policy or portfolio. Identifying what needs attention is the best first step to take. But sometimes advisors can even get hung up on this phase because they lack a clear and immediate way to see, both comprehensively and individually, what's going on within their current book of business.



Founder's Findings

This was a problem I faced in my career as a producer. I needed a hub for all my relevant client and policy information, but no such thing existed. After some preliminary research, I realized that this was something most of my peers were lacking as well, so I decided to build a solution. That solution today is known as Proformex. It provides centralized visibility to your client and policy details in a single, secure platform, regardless of which carrier wrote the policy or which distributor(s) it may have been funneled through. Using predictive analytics and alerts, Proformex finds and prioritizes the policies that need an advisor's attention most, enabling proactive, corrective action where it's needed most.

Whether an advisor chooses to use a tool like Proformex or not, it's clear that the easiest way to be able to identify what needs attention is by first having everything in one location to begin with.



2. Prepare

Once a need for attention, and possibly action, has been identified, the next step for an advisor is to prepare for a client discussion. Historically, that preparation may have looked like visiting a bunch of different carrier websites or calling those carriers directly to request statements and illustrations, then waiting to receive those documents and reformatting them in a way that would make them more client-ready. This process was difficult to manage because different carriers took varying lengths of time to return the requested information. Formulating a client-ready report could also be a time-consuming activity depending upon whether the advisor was compiling these reports manually, using simple templates, or hiring full-time staff to handle the administrative work on their behalf. Even today, some advisors are still operating under these time and labor-intensive conditions.

However an advisor chooses to prepare for a client meeting after discovering a problem or an opportunity for a beneficial adjustment, the key is their ability to take swift action so they don't miss the chance to take corrective action if it's needed.



Founder's Findings

I built Proformex to help advisors achieve more simplified client reporting. Within our platform, you have the option to decide how detailed of a report you want to create for your client (a simple snapshot or a thorough policy review). Regardless of which report format you choose, you'll get a consistent, professional looking report that distills information in a way that your clients can easily understand. Hundreds of advisors today are using our tool to drive more meaningful conversations with their clients using these standardized and simplified reports.



3. Connect

After identifying needs within their book and preparing the right information to share with the client, the next step in proactively servicing the client/policy would be for the advisor to set up time to speak with the policyowner. During this meeting, an advisor should plan to first ask questions that may affect the direction of the conversation – such as checking to see whether the policyowner has experienced a life event or change in circumstances that might also require a coverage change or even the purchase of an entirely new policy.

The advisor should also plan to share the information they prepared with the client to let that client know that it may be time to consider an adjustment – whether it's to correct an underperforming or at-risk policy or to take advantage of the opportunity to get into a new product that better suits that client's changing needs, depending on how the first part of the conversation goes. It's all about presenting the client with all the information they need to make the right decision relative to their financial goals and objectives. By empowering the client with objective data, the advisor is positioning themselves as a trusted confidant, not a salesperson trying to generate another commission check.



Founder's Findings

Proformex makes it easy for advisors to share that unbiased data in a format that's easy for clients to understand. For me, my clients started looking forward to our routine annual policy review discussions because they knew what to expect – a clean, simple report that would show them exactly what was happening currently with their policy so that we could assess what to do next. This became a huge differentiator for my business, too. My clients would refer their friends and family back to me and my centers of influence would keep my name top of mind if they knew of someone with an insurance need because I had demonstrated a level of service to my clients that they wouldn't necessarily get somewhere else. Other advisors could sell the exact same products I could, but not all of them at the time were as invested in the servicing part of the business as I was, and that effort paid itself back in dividends. It's another reason I exited the business to start Proformex, because in addition to wholeheartedly believing that we owe it to policyowners everywhere to get a better handle on proactive policy servicing, I also believe in making that level of service more manageable for advisors and helping them grow their business, too.



4. Advise

After digesting the information shared in the client meeting, it's up to the advisor to then use their industry expertise to make a recommendation for next steps. (And remember, even a recommendation to do nothing is still considered a recommendation for those who are subject to best interest standards and fiduciary duties.)

Ultimately, it's up to the client to decide whether a coverage adjustment is needed. But by staying in front of the client and sharing all their options with them, it's much more likely that they'll receive the outcomes they expect. Being proactive offers both the advisor and the client the right amount of time and flexibility they need to make decisions before it's too late to keep a policy on track.

Conclusion

Policyowners are entitled to excellent service. And the best way to provide them with that level of service is by being proactive. Advisors need to establish processes and implement tools and systems that support proactive policy and client servicing on an ongoing basis. These processes and tools should help advisors to 1) identify action areas among their current clients; 2) prepare the right supporting documentation to lead a client discussion with; 3) connect with the client directly to assess all their options; and 4) advise the client on the best next steps to take with their coverage relative to their changing life circumstances and evolving financial goals and objectives. That is the foundation of a successful, long-term servicing plan for anyone who sells life insurance.

To learn more about how Proformex helps in all four of these capacities (and more), visit www.proformex.com.

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 life insurance service platform for modern advisors. Proformex builds solutions to help independent advisors attract, nurture, and grow their life insurance business through client policyholder service. Proformex delivers multi-carrier visibility, distributor collaboration, and performance reporting for advisors and brokers in a single, secure platform.

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