



Hales Report

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A NOTE TO OUR READERS

Last August, the Hales Report described how some far-sighted property casualty and employee benefits agencies were increasing their revenues in a soft market by offering very affordable, yet profitable term life insurance to their clients and prospects.

Calling this process (and his company) Quick Life, President Pat Wedeking, enumerated for our readers the pioneering innovations behind Quick Life's unique processing platform that allows for easy quoting, applying and processing of term life insurance policies. Citing the intuitive ability of the Quick Life Health Analyzer to find the best match (or matches) for a given applicant among any number of top-rated carriers, the vast majority of applications can be underwritten quickly and issued as quoted, making the whole submission process quick, simple and profitable.

In a sit-down interview with Hales Report published in the September 2008 issue, Pat responded to a wide range of questions from agencies that were intrigued about Quick Life and wanted to know about what was involved.

As long-time readers will attest, the Hales Report takes pride in being a bellwether publication, prognosticating trends and taking the lead on issues of concern. We will admit to feeling a bit smug when subscribers have reported favorably about our recommendations so we've been especially pleased of late about Quick Life.

Several months ago, we read that Quick Life had entered into a partnership with Capitas Financial, a Minneapolis based brokerage with over 12,000 independent financial advisors. Subsequently, we've heard numerous pleasing reports about Quick Life - testimonials from agencies and advisors about their quality submission experiences and ever higher weekly sales records being broken.

With this anecdotal information in mind, we decided to pay a visit to Quick Life. To our surprise and delight, our long-time friend and national and regional insurance sales professional, David E. Estrada, is in the leadership vanguard of those advocating the advantages of Quick Life.

Managing Director of Portland Oregon based Rainmaker Advisory, LLC, David has helped many diverse firms achieve success so earlier this month we caught up with him and asked him to bring us up to date about Quick Life.

Questions and Answers about the Quick Life Value Proposition which is transforming the distribution of term life insurance into a high margin business

An Interview with David E. Estrada of Rainmaker Advisory, LLC - Portland, OR

HR: *You have amassed a significant record of sales success with several top-ten sized national brokerages along with some strong regionals in an insurance career that spans two decades. What so excites you about Quick Life that you have committed the resources of Rainmaker Advisory, LLC, to achieving their term life sales goals?*

DE: In a phrase - the people, the cause, and the value proposition.

First, Pat Wedeking, the President of Quick Life, and his team are very inspiring to be around – they have great people at the QLC.

Second, they have a noble cause – to insure families and protect them in the event of the loss of a family member by applying a mix of technology and call center applications that make it easier and more cost efficient for producers to address this need on behalf of their clients.

Third, the value proposition, which I will explain by saying that most of the other solutions out there are either quoting engines which leave the paperwork, processing, and underwriting to the agent; or, conversely, are simply call centers which disenfranchise the agent from the client completely.

What is unique about Quick Life is that it has the ability to streamline all the back end work involved with paramed exam scheduling, underwriting, chasing down avocation supplements, policy issuance and delivery requirements, while at the same time giving the agent the choice of how much they wish to interact in the process through their reporting and case status capabilities. In addition, the technology, private labeling, and the combination of both the consumer and trusted advisor portal capabilities enable agents to approach associations, credit unions, and other entities who have access to hundreds of thousands of members who will buy life insurance. Quick Life provides access to a fully turnkey system that can capture the inventory of term life insurance business within those constituencies on a cost effective basis – a great value proposition.

HR: *How big is the market for term life insurance and why should an employee benefits or property casualty agency be interested in marketing this product?*

DE: Let's use a specific example and your readers can do their own extrapolations: A producer from one of our Channel Partners and I just met with a credit union with 140,000 members who wish to offer term life insurance as part of their suite of insurance products. We learned in the

meeting that every time they communicate to their members about additional services offered by the credit union they receive a 3.75% response rate, and close about 31% of those responses. We know from our own data that the average premium Quick Life Center processes is about \$1100 per year. So here it is: $140,000 \times .0375\% \times .31 \times \$1100 = \$1,790,250$ of term life premium will be sold to the members of this credit union. When you figure in the very lucrative commissions derived from these sales, you're generating a substantial revenue stream. That's one transaction, by one producer, from a retail insurance broking concern with over 200 producers nationwide. Any extrapolation of that singular, granular example should point to the significance of the market and untapped potential now unlocked by the Quick Life technology. Very compelling.

HR: *There are other carriers and brokerages advocating term life insurance. Why is Quick Life different and why should that matter to our readers who are insurance professionals?*

DE: To our knowledge, The Quick Life Center is the first in the industry with the capability to leverage technology to meet the needs of both the producer and the consumer. Agents and brokers want term life insurance sales to be a high margin business but don't want to be disenfranchised in the process. Consumers want accurate and timely answers when they choose to purchase life insurance and absolutely do not want to be surprised or disappointed at policy issuance with 'higher than applied for' rates.

Some brokerages provide "quoters", which then generate paperwork for the agent to fill out once the most competitive carrier is found but have no ability to schedule paramedical exams and chase avocation supplements. Many of these "quoters" simply generate the lowest rates, assume perfect health, and 95% of the time the policy is issued at a much higher rate than applied for and subsequently is not taken by the applicant.

Others firms that do have a quoting engine and do offer alignment of the back end work through their call centers are not effective in communicating with the writing agent about how the process is going along the way and agents feel like there is a "dark out" period until issuance. When a higher rate is issued than applied for, agents using these competing capabilities tell us they would have liked the chance to prepare their client or participate in the underwriting negotiations to help mitigate the increase – which they can do with Quick Life.

Additionally, competing capabilities have not efficiently aligned themselves to the concerns of retailers, who have varied needs depending upon their market space and business models. The Quick Life technology and the supporting toolsets we've created have the unique ability to 'flex' to meet virtually any retail insurance broker's marketing and distribution needs – which equals more sales being generated and greater results being achieved.

HR: *Rainmaker Advisory has been instrumental in developing and driving a Channel Partner initiative for Quick Life. Tell us how you came to recommend this strategy, what's been done so far, and about the various types of firms that have chosen Quick Life.*

DE: Since I've been throwing the term "Channel Partners" around in our conversation, I'd better tell you what I mean. The term first began as a

person or organization that provides services or sells products on behalf of a software or hardware vendor in the technology sector. We've co-opted this idea to mean any person or organization that provides services and/or sells insurance using the *technologies and facilities* of the Quick Life Center.

Quick Life was originally conceived with the idea of scaling it through retail insurance broking as a response to top-line shrinkage and the corresponding margin pressures being experienced by the industry. The need for a solution that could convert what has traditionally been low margin business into high margin business became the catalyst for Quick Life's marketing strategy. It was logical that this segment would have significant untapped inventory in term life transactions because of the historically high costs associated with capturing it. So the idea of distributing to Retail Insurance Brokerages was present long before I became involved in this project.

What was missing was a planned approach to securing new Channel Partners and the toolsets for helping them develop business with it. We began the process of identifying different types of Channel Partners and the characteristics common to each type; which would predicate our methods of approach and how we could tailor our supporting toolsets to best serve their needs. We organized the tools that existed and built the ones that did not in order to accommodate needs specific to each type of Channel Partner. For example, we quickly recognized that many needed our assistance with developing marketing calendars, methods of promotion both internally and externally, how best to educate and train their staff and producers, as well as other support in order for them to get the most results with Quick Life.

So, in close collaboration with the Quick Life team, my firm developed a "Playbook" that is provided to each Channel Partner. The Playbook contains all the essential elements needed for a successful rollout and marketing effort and is called, "How to Win with Quick Life" It is designed to accommodate the needs of the three different types of Channel Partners we've identified: 1) those organizations actively engaged in the pursuit of life insurance business as their core business; 2) organizations who are actively engaged in pursuing employee benefits, property casualty, personal lines, etc., and write life insurance as an adjunct to their core business; 3) organizations that are not in the insurance industry but wish to offer this capability to add to their value proposition – such as credit unions, trade associations, unions, and payroll service providers.

For those Channel Partners who have asked for additional help because of limited training resources within their firm and/or needed 'hands-on' project management help to ensure a successful rollout using the Playbook, we have offered Rainmaker Advisory's services. Our consulting has encompassed everything from strategic planning with leadership to conducting producer training workshops where we brainstormed sales ideas and developed specific sales initiatives for each producer, all the way to actual field work with producers to secure key accounts. We look forward to doing more of that work in the future as Quick Life continues to generate new Channel Partners across the country.

HR: *We understand that several hundreds of thousands of dollars in face amount of term life insurance are easily affordable by working age adults. Could you speak to the effectiveness of worksite*

marketing efforts to access these buyers, and is there any money to be made by agencies that sell Quick Life?

DE: Despite the challenges in our economy today, there's still plenty of purchasing power available for this segment of the insurance industry. Worksite marketing efforts using Quick Life by several Channel Partners with employee benefit practice groups appear to be gaining momentum. Account managers, promoting Quick Life during enrollment meetings, have generated sales discussing the availability of additional life for employees using the trusted advisory portal, a laptop and a hook-up. We've also been asked to participate in health fairs conducted by some of the larger employee benefits clients of our channel partners and we've been happy to do so.

The worksite marketing application speaks to future build-outs of Quick Life which are currently in the planning process. Their technology supports other coverages that are highly transactional in nature, yet require underwriting and processing for issuance, such as individual medical, interim medical, and long term care to just name a few. Quick Life eventually sees the ability to lease the "engine" so that brokers can "bolt on" their own product suites as they see fit to support their worksite offerings.

With respect to retail insurance brokers making money with Quick Life, the answer is an emphatic 'yes' if they do the following: 1) invest their time in the rollout, 2) make sure their producers and account managers are educated and trained on Quick Life, 3) ensure sales leadership supports Quick Life through account rounding and cross sell initiatives, 4) ensure practice leaders and/or producers develop specific sales initiatives with Quick Life. For those Channel Partners that have done the above, we are seeing dramatic new business results from them as well as reports of positive impacts to EBITDA.

HR: *Are there any uses of Quick Life to date by Channel Partners that have surprised you or the Quick Life team?*

DE: Lots – which speaks to it's flexibility of use by practitioners. The most recent was with 19 partners of a law firm which is an employee benefits client of one of our Channel Partners. It was a high volume, multiple application case on older age applicants requiring a lot underwriting finesse. The writing agent didn't want to spend the next three months of their time organizing all the paramed exams, chasing avocation supplements etc., much less coordinating the timing of issuance so everyone could get their policies at the same time. The agent recognized the value of his own time, and didn't want to take himself out of production for the next three months by processing this case on his own. He wanted to keep selling – so he wrote the case with Quick Life. We had always looked at this capability from the perspective of high volumes of small 'one-off' cases – this was a \$60,000 premium case! While Quick Life was doing all the back end work, he kept prospecting for new business and developed two more large cases! Smart, very smart. So what has surprised me is the number of larger cases that agents trust to Quick Life but in retrospect it makes perfect sense.

HR: *If a firm doesn't have a life producer on staff but wants to offer Quick Life to their clientele and prospects, is there a way they can derive revenues from such sales without having to take agency employees away from their main duties?*

DE: My consulting firm, Rainmaker Advisory LLC, has been working with several Quick Life Channel Partners to help them achieve growth through their Quick Life deployments. Every situation is a bit different and requires a solution that will fit into their structure, model, and cultures. With respect to the situation you describe, we've generated results for our clients by recommending they start with training their account managers on the trusted advisor portal, and producers on the consumer portal. This has been effective for producers in Employee Benefits (E/B) and Property Casualty (P&C) practice groups since they can solicit associations and similar entities on the consumer tile and get that installed on the home page of the websites for those concerns.

That approach utilizes their existing relationships, keeps them focused on their core specialties, and generates a recurring revenue stream that doesn't drag them into the life insurance business. Producers who are asked by their property casualty or employee benefit clients if they can help secure this coverage can then have their account managers attend to this without getting out of their comfort zones and distracted from their core expertise. For account managers, we've recommended the trusted advisor site application. Account managers are well positioned to learn of events that occur with a client that could generate the need for life insurance, such as buying a house, birth of a child, marriage, addition of a key employee, need for funding a buy/sell agreement - in all practice groups, since they are the day to day contact and see event based needs in real time. Rainmaker Advisory has also worked with our consulting clients on designing fun sales contests and special incentive programs to help with account rounding efforts within their account management stratum – it's amazing how many situations the account managers know about and with either a cash bonus or a prize incentive to add a little enthusiasm, they have been very effective in generating business for their firms using Quick Life.

HR: *If an agency or an individual is interested in finding out more about Quick Life, how would you have them proceed?*

DE: They can go to www.quicklifecenter.com to learn more. I would recommend registering for one of the weekly webinars, held every Wednesday at 12:00 P.M. PST and conducted by Pat Wedeking the President of Quick Life for a walk through of the capability. Or they can contact Pat directly at 800.286.7842 ext. 711.

If they would like a plan developed on how to get the most out of it as it relates to their marketing efforts and sales initiatives, they can contact me at Rainmaker Advisory LLC to develop a game plan. E-mail: destrada@rainmakeradvisory.com or telephone me at 503.716.8449 direct or 408.569.0581 cell.

David, thank you for taking the time to help us understand that there is not only a value proposition with Quick Life but if we but take the time to examine our respective practices, that there can be a "win-win" for all parties if we but search for it.

In conclusion, we are pleased to be able to share the insights of David Estrada and his team at Rainmaker Advisory, L.L.C. and we are confident that you will find an idea or notion in his commentary that you can profitably apply.

Indeed, we hope you have enjoyed this issue of the Hales Report, and, as always, we invite your comments.

Sincerely,

Hales Report

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