



4/14/20

Dear Brokers,

In a recent video conference call with the BSMG team, I referred to them as the “BSMG family.” I want you to know that all of us at BSMG consider you as part of our family too. And as we face the challenges brought on by COVID-19, we are all in this together.

Holy Carrier Updates, Batman! Over the past few weeks there have been an unprecedented number of product updates and other changes. 31 last week, to be exact. Some carriers have already announced new age-based restrictions, maximum-issue and maximum-premium amounts. Not all the news is negative though: many are loosening restrictions to make Accelerated Underwriting offers, while still others are making concessions to issue without an exam and labs. Others relate to new digital business tools designed to help you deal with the challenges you’re facing.

Constant Communication: Every day, we’ll send you an updated list of the day’s announcements, and a link to our Critical Information Center. With the rapid changes we’re seeing, I encourage you to check in often at the BSMG Critical Information Center – www.bsmg.net/critical-information-center/. This web page provides access to every news-worthy announcement in one place, and it’s updated twice a day.

Pricing - Higher but Eminently Viable: Some changes are not directly related to COVID-19, but are a byproduct of the interest rate environment. Ultra-low rates mean that carriers will raise prices or temporarily shutter capital-intensive products, such as long-duration term (30 years) and certain guaranteed income annuity riders. In short, because of low interest rates, product pricing will be affected. But this isn’t as serious as some other industries where there’s “nothing to sell.” Instead, we’re seeing life insurance prices increasing between 10% and 20%, and a similar decrease in income rates for annuities. This should not dissuade your clients, who need our products, from buying them. These are products that offer guaranteed benefits, with no moving parts, and that protection is something your clients are seeking right now.

Economic Factors: Prudential’s Chief Marketing Strategist Quincy Krosby spoke last Thursday about the federal government’s efforts to address the economic disruption this pandemic is causing. She described the government’s efforts as a strategy “to engulf the economy with capital.” For example, there’s the Payroll Protection Program (PPP) from the SBA, which is a

forgivable loan - no payback if used properly. The money this and other programs provide will pay employees, as well as other business expenses for millions of small businesses. That means people will retain their jobs and have money to spend, which will help keep the economy going. That liquidity is important, she said, and it will help us through this. Nothing of this scale has ever been done to help support the economy – it makes the 2008 bailout look small and more importantly is aimed at Main Street America, not just large employers.

The government is also focused on low interest rates. The strategy is to keep rates low so that the money flows through the economy more quickly.

Ms. Krosby also spoke about the importance of the mitigation steps that we are all taking now, stressing that the social distancing and isolation we’re experiencing now will bring better economic results later in the year by minimizing the chances for a second or third wave of infections later.

Increasing Consumer Attention: We are seeing an increased interest in our products. Even if your clients don’t want to buy more, they do want to know that the plan you put in place is solid. They also want to know if you recommend any changes in light of our changed world. Most importantly, they want to know you’re there to help. Our ask? Talk to your clients proactively...they’ll be glad to hear your voice.

The Impact We Make: Data from the American Council of Life Insurers (ACLI) points to the relevance of our business. According to the ACLI:

- 75 million American families are covered by life insurance.
- Our industry provides \$1.9 billion in payouts, delivered each and every day.
- \$1 out of every \$6 of long-term savings is in life insurance and annuities.



I hope you'll feel pride and take heart knowing that you're making a difference in a business that's making a difference. On behalf of the entire BSMG family, thank you for your business, your strength in hard times, and for helping to protect the future of families and businesses in America.

If you need anything from us, visit us here: www.bsmg.net/critical-information-center/. All of our contact information and the latest updates are right there. Please know that we're here to support you and your efforts. Stay safe and be well...we will get through this together!

Best,
Jason

Jason E. Lea, CFP®
CEO
Brokers' Service Marketing Group