

The **New Normal** in a Disrupted World



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There's no denying the wide-ranging impact of COVID-19 on health, personal perspectives, and the world economy. Hundreds of thousands dead worldwide. Tens of millions unemployed. Economies in stasis. Remote work and online schooling. Social distancing. It is surreal.

The life insurance industry has been widely impacted too: Restrictions on people over 65 or with certain ailments getting new coverage. Strict limits on premium amounts. Reductions in cap rates and interest rates. Stock market volatility and declines. Near zero interest rates. Mandates from regulators to work with consumers to avoid policy terminations. But there have been good changes too: Increased consumer demand for new policies. Expansion of streamlined underwriting. Finding ways to issue policies without lab work. Electronic health records, signatures, and policy delivery.

The New Normal

In the face price increases for new coverage and restrictions on issuing coverage on older insureds, existing life insurance coverage could be more important than ever. With the recent wave of interest crediting rate reductions, cap rate drops, and the decline in equity markets, existing policies may be put under performance strain. In addition, consumers with cash flow disruptions due to the economy may have trouble paying for

premiums. Still others will be nervous about sinking premiums into a policy until the economy improves. Luckily, many policies have significant flexibility to adapt to these challenges, but they absolutely must be properly managed going forward to ensure the policies are able to achieve client goals. Fortunately, there is technology out there that can help you manage and monitor these policies going forward.



Five Questions You Should Be Asking Your Clients

1

Is your beneficiary information current and appropriate?

People move, get married/divorced and change names, and change contact information. Now is a great time to check with your policyholders about their beneficiary designations. It can even open up the discussion for new coverage.

2

Are you willing and/or able to pay your life insurance premiums?

If the client doesn't plan on paying premiums, this question will let you start to set expectations about the ramifications. Perhaps coverage needs to change, or policy goals need to be modified.

3

Do you want/need to tap into your policy cash value?

People who get into temporary cash flow problems may be able to access policy cash values to offset the cash flow interruption. Help your clients understand what a powerful financial tool they have at their disposal.

4

Do you have the right amount of coverage?

Needs change. Resources change. Perhaps they need more coverage, or perhaps they want to reduce the amount of existing coverage. Asking your clients if they have the right amount of coverage can help initiate a discussion on what life insurance can do for clients.

5

Does your coverage last as long as you want?

Maybe term insurance was right before, but perhaps client financial resources have been diminished and need more protection and more recovery time. A client could extend existing coverage, convert a term policy, or buy a new term or permanent policy with a longer protection period.





Let InsurTech Help

Changes to policies, whether initiated by the policy owner or the insurance company, create a need for policy monitoring and management. You and your clients can stay on top of the changes if you manage them. Technology like Proformex can help you easily manage policies and identify trouble on the horizon. Built in inforce illustration ordering simplifies getting updated performance information. The simplicity of the red, green, and yellow indicators on Proformex reports will quickly bring issues to the attention of you and policyholders. This opens up opportunities to discuss options and timetables for rectifying issues or resetting expectations. There's even a new client portal on the horizon to ensure the policyholder can check on their policy reports.

Life insurance policies have tremendous value and often forgotten flexibility when properly managed and monitored. The new normal should include you reminding policyholders of their family's protection as well as the adaptability of the policy to the unknowns of life. Proformex was built for this new normal. We'll get through this together.

About the Author - Michael Pepe

Michael 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 President, Michael started in the life insurance business with Mass Mutual and quickly became a leading agent. Soon after, he co-founded 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 provides life insurance inforce policy management solutions to independent agents, financial advisors and trustees. The multi-carrier and distribution agnostic platform enables users to securely store, manage and analyze their entire inforce book of business in one place. Designed to proactively monitor policy health, Proformex expedites the policy review process and proactively identifies potential problems with a client's life insurance policy, protecting policies against lapsing, degradation and asset erosion.

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InForce Policy Management

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