

TWO BIRDS, ONE STONE

Permanent insurance tends to rise in popularity during times of crisis and uncertainty.

Jason Early, CRO @ BizEquity



These are difficult and unprecedented times for sure. But we are resilient as a country, and this too shall pass.

As an advisor, it's often said that you earn your keep during times like this – that your real job is to manage behavior, rather than money. Today, managing behavior is incredibly difficult, but now more than ever, advisors need to be communicating with clients. Hopefully, to ensure them that a financial plan is in place and that market volatility was factored in and will not change the outcome.

That said, through thoughtful communication during times like these, advisors will see a shift in thinking. The financial crisis of 2008-09 affected how people think about money. This will too.

Part of the role of an advisor is to understand and extract the goals, hopes, and dreams out of people and then help them to execute financially. Cornerbacks in football are taught to have "short term amnesia." They are to forget the last play entirely and focus on the next. Unfortunately, many investors do not operate that way. Instead, they remember and tend to make impulsive financial decisions, which do not always bode well for their future. Now more than ever, it's critical that advisors are there to listen to client concerns, while also keeping them on course.

Coming out the other side of this (and we will come out the other side of this), you will see a flight to safety. For example, holistic advisors that do insurance planning for their clients will inevitably see a rise in interest for whole life products, with a guaranteed cash value.



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Take a look at the chart below and the steep incline of market share that whole life took in the wake of the financial crisis.

At BizEquity, we work with thousands of advisors who serve the business owner. While this is a difficult time for all Americans, it is especially difficult for business owners as we navigate this period of shut down.

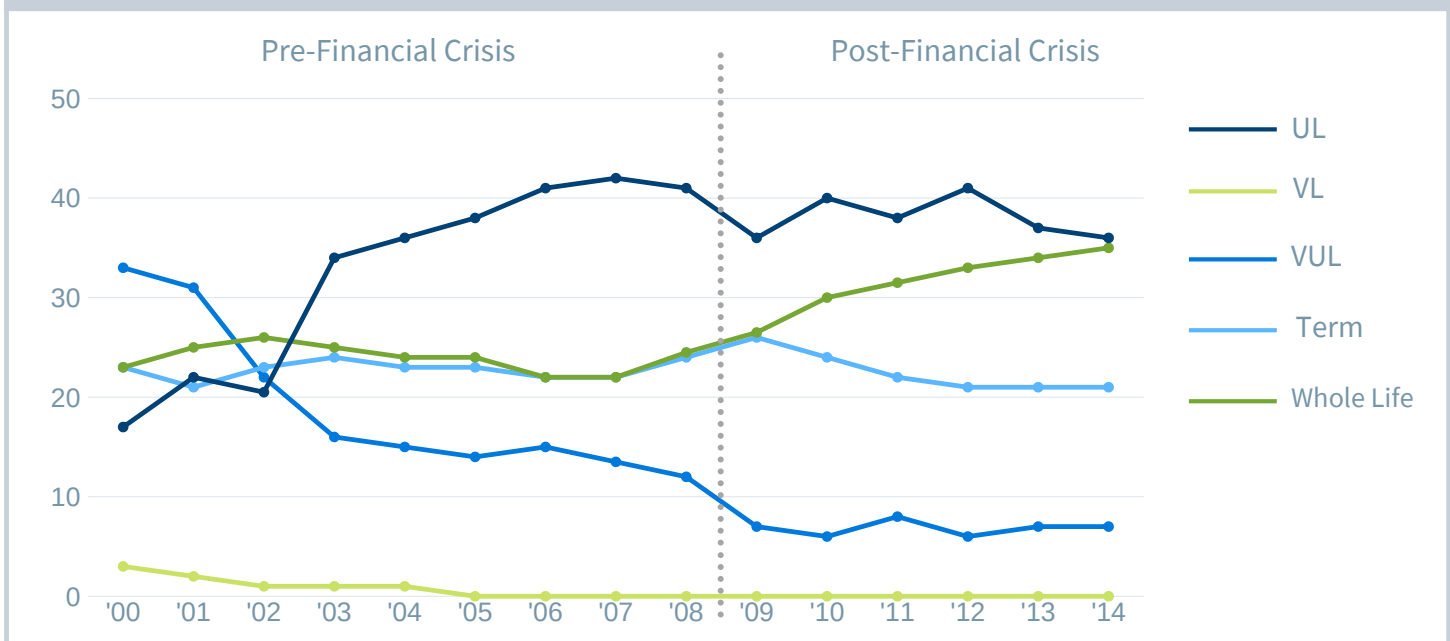
Business owners and entrepreneurs are the ultimate risk-takers. They put it all on the line for their business, their employees, and their families. We have long said it, and have heard it time and time again throughout this crisis, that small business owners fuel our economy. A lot of business owners are going through the fight of their lives right now, which led us to create the

[Coronavirus and Business Valuation Continuity Planning](#) white paper, as well as the [Small Business Survivor Guide](#). We hope that our advisors will use these resources to guide their business owner clients through this time.

We have always set out to "solve" problems that we find troubling. We were founded on the premise that 98% of privately held companies don't know their value, and it was our founder's belief that business owners deserve to know that value, so it's always been our mission to democratize that knowledge.

Along the journey, another thing that has troubled us is that 40% of business owners have no life insurance at all, and 50% of those that do, are underinsured. That's troubling because business

Figure 1: Market Share by Product (2000-2014)



Whole life sales have almost matched UL sales (Source: LIMRA International)



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owners work so hard to build the value of their business, and to not protect that value for their partners, their employees, or their families is a shame.

This crisis has also exposed that business owners don't properly "save" for the rainy days their businesses could face. As consumers, we are taught to always have at least 6-9 months of our bills in an emergency fund, but this advice doesn't seem to apply to business owners.

Why do businesses not get the same advice? Times like this show how critical that is as we watch businesses shutter or lay people off after a month, or even weeks of shutting down.

There are many ways that advisors position cash value life insurance for business owners:

- Executive/Owner compensation
- Key Man
- Buy-Sell
- Deferred compensation plans

Business owners deserve to capture the value they have created through years of hard work.

Hopefully, that is through a successful exit or transition plan. God forbid something happens to them; their family also deserves to capture the value of what they've built, which is why we urge business owners and their advisors to know and protect that value.

Perhaps now, business owners have another reason to consider cash value life insurance. They can protect the value of their business, while also creating an emergency fund for times like these. They can kill *two birds with one stone*.

How We Can Help

BizEquity provides the technology and support to help an advisor:

- Define their ideal business owner target based on their firm's operating style
- Prospect more effectively using the prospect engagement tool, which has pre-valued over 30MM businesses in the U.S.
- Market their services to business owners with off the shelf white-labeled marketing content and presentation materials.
- Engage a business owner and value their business in less than 20 minutes
- Automatically benchmark the value and operational metrics of the business against their peers.

Not working with business owners today?
You should. We make it easy. Let us help.



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