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CLIENTS NEED ADVISORS' EXPERTISE NOW MORE THAN EVER

By Susan Yellin, August 18, 2014

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There's a new reality out there when it comes to future health care in this country and while some of it has all the markings of doom and gloom, it also heralds a crucial time for qualified advisors to show they have the knowledge and experience to help Canadians meet their needs, the Canada Sales Congress was told.

The problem lies in the fact that governments will not be able to take care of Canadians financially, especially as people live longer lives thanks to scientific breakthroughs, said Mark Halpern, president of illnessProtection.com Inc.

Baby boomers started turning 65 in 2011 and as more retire, there will be greater pressure on the health care system in this country – what Halpern called “probably the largest unfunded debt in the history of the industrialized world.”

For advisors though, it's a time to shine. “Our prospects need wisdom and knowledge,” said Halpern. “I share [what's happening] with everybody and it gets them emotionally involved in the process.”

Better client communication

Getting prospects to listen may be another matter altogether. Part of that problem may be that the world of insurance and health benefits, like many industries, is riddled with its acronyms and technical terms.

That's why people need to use plain language when talking to clients, **Dominic Paquette, founding president and partner with Partenaire-Conseils Groupe Financier, told the conference.**

“I speak in terms of what the client can understand,” Paquette said. “So instead of saying words like ‘cost, price, expenditures’ or even ‘premium,’ I would rather use the words ‘investment’ or ‘monthly investment.’ Instead of saying ‘life insurance,’ I say ‘coverage in case of death.’”

It's not unusual these days for clients to Google prospective financial advisors, ensuring they have a basic understanding of the advisor and what the advisor can do for them. But advisors have to find out who they will be dealing with as well.

This is true whether you write personal or group insurance, said Peter Demangos, founder and managing director of PDF Financial Group Inc., which specializes in helping companies with rising group benefits costs.

Know where to focus

Demangos frequently meets with either HR professionals, who are more value oriented, or CFOs, who are often more direct and to the point. One of the first things he needs to do is find what is driving that person in order to know what he should focus on when talking solutions.

Demangos presented a situation in which an HR person's goal was to have more time to implement new value-added programs for their staff.

“In that case, we are going to emphasize the services that will allow them to reduce the amount of time they spend managing their benefits program so they can focus on what really matters to them. We won't know this until we understand this person and what their goals are.”

Elliot Levine, director of Levine Financial Group, knows exactly who his clients are – Ontario physicians – only.

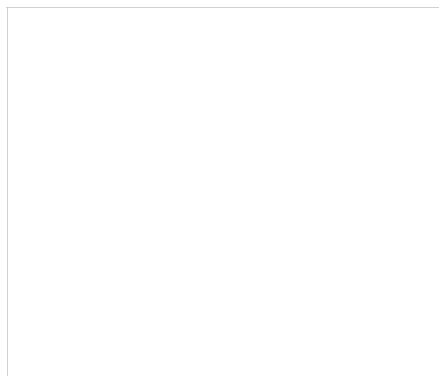
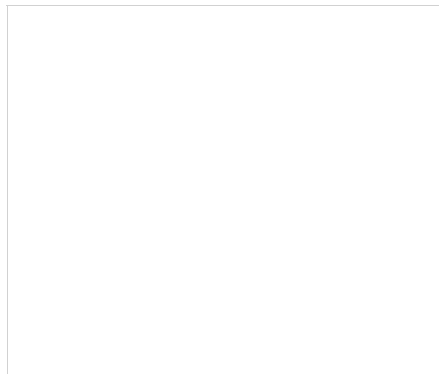
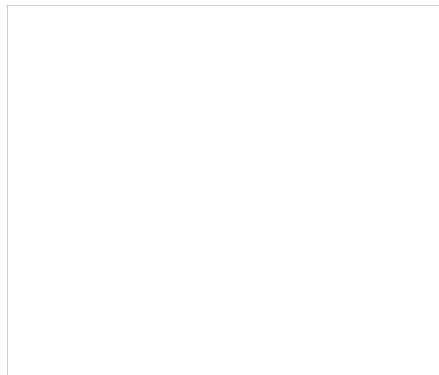
Unlike many financial advisors, he doesn't talk to clients about their hopes and aspirations for the future. He mass markets insurance through different medical-related groups. Doctors check off a list of products they are interested in and fax it to Levine's office. When he makes a quick call to set up a time to meet, he asks a few quick but probing questions, helping him prepare for the key 15 minutes he usually gets with each doctor.

Everything Levine does – from the initial phone call to setting up the call to seeing the client – is part of a process, which relies heavily on technology.

“We've spent the better part of 20 years building a killer database,” said Levine. “We have the name, address,

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phone number [of every doctor in Ontario] even their date of birth, when they graduated and we know exactly where they work...I know their income, their debt and what they've got in terms of insurance."

While one meeting is all Levine needs to think about, that's not the way for many advisors.

Libby Wildman, president of Wildman & Associates, said a number of meetings may be necessary to find out exactly what the client wants and needs.

The first meeting is always a fact finding mission for the hard data and more importantly, the soft facts like what makes people tick. The second meeting is also a fact find, unless the advisor has found and has agreement to the problem, said Wildman. If, after the second meeting, the advisor still doesn't know the client's real issue, it's up to the advisor to go back yet again and redo the fact find and ask more questions.

"Unless you can isolate, clarify and get agreement to the problem by the client, there is no point in moving on to the solution phase," said Wildman.

Knowledge in products, how they work and the suitability of the product is essential in helping the client in the end, said Roger McMillan, owner of McMillan Financial.

Learning how a life insurance policy, dividends and policy loans work will give advisors confidence in the product and what they are recommending to clients, said McMillan. And in exchange, clients will be able to make informed decisions on the kinds of coverage they want.

"It is our duty – yours and mine – to know what to recommend and in that respect, I think you need to know how they all work," said McMillan. "It's also your duty to provide intelligent information to assist your choice for the client to choose. And incidentally, isn't it remarkable that one of the requirements today in the regulatory environment is suitability?"

Product knowledge also comes into play when clients ask the inevitable question: how much insurance do I need? said Lee Helkie, partner Helkie Financial & Insurance Services Inc.

While spreadsheets are great, they often confuse people, so Helkie said she uses rules of thumb to help clients decide the amount of insurance they need and can afford. "I will tell them they will probably want to pay off any debts and mortgage that they have; perhaps you want to cover off any of your children's school expenses, and lastly, if you didn't come home tonight how much would your wife or husband need to live on in order to survive?"

"If you use a rule of thumb it helps them become more engaged and feel more like [they are purchasing the same amounts of insurance as] other people are."

A question of affordability

It's also important to ask clients if they are comfortable with the amount of premiums they are paying, said Wade Baldwin of Baldwin & Associates Financial Services Limited.

Some of the more expensive products may be too much for the average person to afford, but that client still wants coverage.

Baldwin suggested advisors not be afraid to mix-and-match insurance products to provide a package that won't be hard on their wallets. Advisors who suggest only one product may see the client back off completely.

Look to your centres of influence to help round out a client's financial plan, said speaker Mildred Davis. Once a year, her firm hires an estate planning lawyer to come in to talk about wills and powers of attorney and to answer questions from clients. "The only purpose of this is to have clients complete their financial plans," said Davis.

Selling insurance is an honourable profession that requires skill and knowledge, said long-time industry professional Bob Fleischacker of Stonehaven Financial Group.

"There is nothing wrong with being a professional salesman," Fleischacker said. "Selling is an orderly process, designed to uncover the true needs and desires for the client. We can offer creative solutions to help fill those needs. We're facilitators of client decision-making. But it is a skill – you can either learn it by the seat of your pants or seek out some professional training."

Brian Mallard, Saskatoon-based founder of Brian Mallard & Associates, said advisors also have to think like their clients and apply their experience and education to the client's needs.

In order to be really effective in doing this, advisors can't just sell life insurance – they need to sell an entire financial plan, said Mallard. He said he discovered back in the 1970s that there are few people who actually like life insurance – unless you act like a planner and show them that you can find the premiums to pay for the insurance through inefficient financial processes they are currently using. "Always remember: feelings count more than the intellectual exercise. Feelings are what really motivate people to do what they need to do. So I am going to help them feel that way."

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