

## Sold, Not Bought

C. Robert Brown, CLU, LUTCF



**C. Robert Brown, CLU, LUTCF**, a 23-year MDRT member with one Court of the Table qualification, is a Bronze Knight of the MDRT Foundation. Currently serving as the president of the National Association of Insurance and Financial Advisors (NAIFA), his industry involvement includes serving as past president of the Memphis and Tennessee chapters of NAIFA. From those chapters, he received the 1999 Tennessee Insurance Professional of the Year and the Memphis Association Hall of Fame Award. In 2001, he was inducted into the Hall of Fame for Union Central Insurance and Investments. He also is a member of several other industry groups, including GAMA International, the Association for Advanced Life Underwriting and the Society of Financial Service Professionals.

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In my role as NAIFA President, Job #1 is to oversee the primary function of NAIFA which is to advocate for our members in the regulatory arena. At this, we have been quite successful by defeating harmful legislative initiatives and by shaping others to preserve the business environment that we enjoy today. Very recently, we achieved a victory by defeating a proposal to require commission disclosure at the point of sale here in the U.S.

One of the hallmarks of the MDRT experience is the sharing of ideas and experiences from around the world.

I want to talk to you today, however, as an advocate for the agent/advisor in the arena of public opinion.

Today we live in the information age, cable TV, the Internet, e-mail goes on 24/7. The product is *instant information* and then *instant analysis*. The message from the print and electronic media often undercuts our roles as trusted financial advisors.

The not so subtle message to the public is:

1. Shop on line for the best price for term life insurance
2. Deal direct via an 800 number
3. Avoid permanent life insurance
4. Avoid the agent/advisor who is motivated only by commission

I believe this is dangerous advice because it puts the public at risk; but, at the same time it is a wonderful opportunity for us.

Our goal is to first understand the goal of the prospect or client. Then, with careful review and analysis, we make sure that the recommendations that we make produce the results that are suitable and consistent with that individual's needs and goals. Our goal is always clarity for our prospect or client.

Our opportunity is to make a real difference in the lives of our clients.

I would like to share a short story with you to illustrate what can happen with the wrong advice.

There was a grandfather, who many years ago, accepted the advice from one of the media "experts" and bought term insurance so he could invest the difference. The type of insurance this person bought was annual renew-

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able term, which was a popular form of insurance at the time. It is an annually increasing premium with a level death benefit.

The plan was begun with the best of intentions. This individual was self employed and was clearly going to invest the “difference” in his business. His business went bankrupt and so did the “difference.” Later on, when he reached his late sixties, the pain of the increasing premiums for the annual renewable term policy hit reality. In addition, he became uninsurable. He sought advice from his grandson, who had recently begun a career in the life insurance business.

The grandson was a committed, career professional. Through his participation in association meetings, he was exposed to advanced underwriting concepts by MDRT speakers. He was able to recommend a solution that involved a family member.

The arrangement worked like this: The term policy would be converted to Permanent Insurance. The family member would pay the lion’s share of the premium, thus giving the grandfather immediate premium relief. In the U.S., we call this concept “family split dollar.” Elsewhere around the world, it’s called “fix the problem”.

Not many years after the agreement was crafted, emphysema took its toll and the grandfather died in April 2004.

The grandson was able to attend the funeral knowing that the wishes of his grandfather had been met and that the grandfather’s widow would be taken care of.

Now here’s the rest of the story. The grandfather was my father-in-law. The grandson/agent is my son Rob, who entered the business five years ago. He is also a first time attendee who also qualified for Court of the Table. I was the family member that was part of this type of planning.

What is the lesson? The generic advice given through toll free numbers, or online services would not have solved the problem. In fact, it could have created larger ones.

1. The only way this outcome could have been accomplished is through the use of an increasing death benefit permanent life insurance contract.
2. The only way the agreement could have been crafted was through a properly trained and motivated agent/advisor.

The spectacular values of permanent insurance are not bought by prospects and clients. You can’t get that kind of caring from an 800 number. It also doesn’t come from being on line. It does come from MDRT members. This is why I am proud today to be with you and be one of you.

Thank you!