

## RealLIFEstories: The Good, the Bad and the Challenge

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### Woods

For the past eight years, the LIFE Foundation has been telling realLIFEstories with financially happy endings. Tragic as the stories are in human terms, they are uplifting from a financial standpoint. Such, of course, is not always the case.

Consider the story of Bonnie Olsen whose parents were killed in a car crash leaving Bonnie and her brother and sister orphans at a young age. That was a tragedy with a lifelong impact. I don't know why Bonnie's parents didn't have any life insurance. It's possible they couldn't afford it back in the 50s or 60s. It's also possible no one called on them to ask them to buy, although in the 1960s that would not have been as likely as it is today. In fact, in the 1960s there were approximately 50% more full time career agents than there are today. And, of course, there were about 100 million fewer of us 40 years ago. So the chances of being called on by an agent were much greater than it is today.

Think about the following statistics developed by LIMRA, the Life Insurance Marketing and Research Association. By the way, these numbers roughly correlate to the situation in Canada also.

Today only 31% of adults own any agent sold life insurance. That compares to 56% back in Bonnie's parents' day. Today 31% of all households own no life insurance of any kind. That's nearly 35 million households which means some 50 to 60 million Americans are not covered by any kind of life insurance.

And in a business whose flagship product, life insurance, is not bought but must be sold, only 23% of the population says it has an agent. That number has dropped by a third in just the last ten years.

Here's my take on the bottom line: in their day, Bonnie's parents were more unusual for having no life insurance than are the people of Bonnie's generation who have no life insurance today. Even those who do own life insurance today have an amount equal to only three year's income. Generally speaking they are probably going to be dead a lot longer than three years. The irony of this situ-

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ation, of course, is that we are more knowledgeable and more affluent today by a long shot. In theory we should all have adequate life insurance, but we don't.

There are lots of reasons for this, but I believe the main reason is that we the agents, financial advisors, call us what you will, are not selling as much life insurance as we used to. In 1986 we sold some 18 million policies. In 2003 we barely topped the 10 million mark. Adjusted for inflation we sold 30% less new premium in 2003 than we did in 1986 and there are nearly 25 million fewer policies in force despite a baby boom generation the bulk of whom are still in their prime insurance buying years.

Statistics usually make my eyes glaze over, but these are scary and dangerous numbers and in my LIFE and NAIFA roles they keep me up at night.

We have a social contract with the American people to provide private industry financial security in the event of their premature death, disability and in their old age. I believe we are failing in all three areas. The looming monster in this situation is the United States Congress which grants our products tremendously beneficial tax advantages in order to provide maximum security to beneficiaries. If we are not selling these products and fewer and fewer people own them Congress will have less and less reason to continue those tax advantages particularly in the face of staggering deficits.

That's the cold hard reality facing the industry. But there's an even more critical reality to this situation. How many potential Bonnie Olsens are there, children whose parents have no insurance or too little. Who is speaking for them? It's our responsibility to be their advocate, to make sure their parents have adequate coverage so that no matter what happens families and businesses will not have to break up when tragedy strikes.

The rewards from doing our job are well known to anyone who has ever delivered a death claim check. I have delivered many and remember each one vividly. Each one is dramatic in its own way. LIFE's realLIFEstories are particularly dramatic and tell the story of life insurance to some 20 million Americans each year in the pages of Newsweek magazine each September. Two years ago long time MDRT

Dick Murphy was recognized by LIFE for the truly excellent job he did for his clients, the House family. Dick, let's talk about this case. This was a very nice case. How did you meet the House's? What kind of approach did you use? Did you have any other auto dealer clients? Was that a market you had penetrated? Give us the background.

### Murphy

I was referred first to Jim House in the early summer of 1980 by a nearby Chevrolet dealer who was a college classmate of Jim's and who was buying his father out of their family business. When I called Jim, he told me I would need to speak to his father, Eddie House, who made all the insurance decisions. I called back, spoke to Eddie and made an appointment for a couple of days hence. When I arrived at the dealership, Eddie was not there and no one had seen him in the last couple of hours. Then a receptionist piped up, "Oh, there he is coming across the parking lot now." He walked into the showroom and he had on a white shirt, tie and suit pants. His shoes were covered with dirt and he held a huge two foot screwdriver in his very greasy hands. I attempted to introduce myself and stuck my hand out. This is exactly what he said. "Dick, first let me wash my hands. I was out in the middle a farm lot helping an old farmer get his tractor started. Nobody would go out to help him so he called me for help. Over the years he has purchased a lot of vehicles from us so I went right over to see if I could get the thing re-started... sorry to be late." I thought right there, this is a man I really want to work for. That's why this guy is so successful.

We went into Ed's office adorned with sales achievement awards intermingled with mounted deer and bear heads from his hunting exploits. Next to making a car deal, Ed loved to hunt. The approach I used was the old funnel of probate talk. Ed said he had some estate work done but the insurance agent was out of the business and if he was going to do anything more he would probably call another agent. It just so happened I was renting an office at the time from the other agent and when I made the connection Ed proceeded to give some facts and made a subsequent appointment to get more data, policies etc.

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At the time, I had two other GM dealer clients so I was familiar with some of the group life plans provided to dealer-operators.

How did I penetrate that market? Well, even a blind squirrel will find a nut once in awhile. David, I had no marketing plan at all. In 1980 I was just trying to survive and loved the business insurance market. I called on anyone who owned a business and the House Family fit my unsophisticated marketing plan. Later on I acquired more auto dealer clients and at one time had eight GM dealers I was working with.

### Woods

If you had to identify one key to the sale, what would it be? Were there others? Can you identify both the emotional and logical components of the sale?

### Murphy

The key to the first sale at Reymore was two fold. We needed to connect the emotion and the logic. Barb and Eddie House wanted to preserve the business for their son Jim, now in sales management and his wife Nancy who was just starting to run their lease company. Eddie had worked three jobs to gather up enough money to buy the dealer-ship from Barb's mother and stepfather, Eva and Bill Reymore, the founders. He did it by using a \$50,000 life insurance policy and an \$18,000 note to Eva at Bill's demise. The logic is we needed a "cash cushion" to come walking in to protect the business line of credit if Ed died. The Houses needed time. If Ed lived, there was going to be an estate liquidity problem somewhere down the road. He really understood the value of life insurance.

### Woods

Would you say the sale was based more on emotion or on logic and facts and figures?

### Murphy

Ed was emotionally driven. He and Barb had four children and Jim was the one who aspired to stay in the family business. Ed made an emotional decision to move

forward and then logically figured out how to put all the pieces together so that the "Passing of the Baton" would be assured. For a kid coming off the farm and out of a factory, his lack of a college education was no handicap. He had innate sound business sense. He was seldom fooled by shoddy plans or schemes.

It is important to the members here today to understand that during this time, as Jim and Nancy were concluding their buy-out plans of Barb and Ed, he and I were becoming very close friends. At his death in 1997, Barb requested I do the eulogy at his funeral at. She said. "We need to laugh a little". At the service I discovered Ed had literally scores of "best friends". He always made you feel you were the most important person on earth. But Ed truly was, next to my wife Carolyn, my real best friend. The hunting and fishing camp we shared will never be quite the same. I never go there when at some time Ed doesn't cross my mind.

### Woods

Did you work closely with other advisors in making the sale? How important were they to the sale?

### Murphy

As Barb and Ed moved on, we did more planning for Jim and Nancy. We increased Jim's personal life insurance substantially and employed a "Split-Dollar" concept to protect Nancy and their children, Brian and Cheryl. Jim installed a Qualified Sick Pay Plan to provide for disability insurance for himself. During the planning process new lawyers were interjected into the scene. The four Houses were very good at keeping their wills up to date. They always made time to review their insurance and take a look at the ever changing estate planning environment. They made planning a business and family priority. They preached "preventive car maintenance" to their customers and it carried over to their own financial planning. Most of my time was spent with their CPA Keith Rung who is really just like family. Keith's service to the House family went way beyond the normal customer relationship. He was challenging but never in a negative way. We all fear

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the “case killing CPA” but that was never the situation. He sincerely had and has to this day, their best interest at heart. We looked at several types of life insurance and at times have employed permanent, term and a combination of both. Jim had graduated from the Northwood College in automobile management and had a different style than his Dad’s. The common threads; that innate good business sense and plain honesty ran true. They built their business around those two threads and Jim realized permanent insurance was best for his business and his family. When Brian and Cheryl graduated from Northwood and joined the family business, one of the first things Jim and Nancy did was substantially upgrade the children’s coverage. Again, we used “split-dollar” and they are now “bonus” plans. When Jim died very suddenly a few days before his 50<sup>th</sup> birthday in 2001, we added key person coverage on Brian.

### Woods

What sort of presentation did you use? Who was present?

### Murphy

My presentations have always been conceptual. If they don’t buy the concept the numbers won’t mean a thing anyway. Since about 1996, my presentations have always incorporated graphics. There is great power in the use of graphics with conceptual selling. Very little use of home office type ledger illustrations. Most often in this case the family members were present along with Keith Rung, CPA.

### Woods

What were the objections? How did you handle them?

### Murphy

The primary objections were always more concerns than objecting. That is where Keith was so valuable. He would say “Here’s where we are financially, here is our cash flow position, and I think we can go ahead on this basis or that.” We really had a pretty good team put together. A business owning family that recognized the perils of an early death or disability and unfortunately lived to see both of those events occur. They just didn’t hear about or read about a realLIFEstory, they lived it.

### Woods

Are there things you didn’t do that you wish you had done? Are there things you did that you wish you had not done?

### Murphy

Yes, David, there is one thing I wish I had done. That is to have had an existing strategic alliance with a Retirement Plan Specialist and introduced that firm/person into the mix when both Ed and Jim were alive. That was not my area and when the dealership had an existing association plan problem, an aggressive third party did get involved to take over their corporate retirement plan. It was often awkward and at times very disruptive. From an over-all planning perspective, I think everyone would have been better served if Keith and I had worked closely on their retirement planning needs rather than to allow a third party to be introduced into the equation. We battled with much misinformation. We encourage our members to select your areas of expertise; then seek out strategic alliances with other professionals whom you know to be reliable to work in those areas you’re not strong in. We can’t be all things to all people but when you have a strong relationship with a client, it is often wrong not to retain control of their entire situation. At times you may feel your client thinks you are just trying to pick up every last penny on the table. But the reality is they trust you completely and want you to handle and have oversight of everything for them.

### Woods

Was there enough life insurance?

### Murphy

No. When I delivered the death proceeds to Nancy, although very substantial, she said as you saw in the video “Dick, I would like to give these two checks back to you and make it like it was.” And then she said - and I’ll never ever forget this as we both were very teary - “This isn’t a very good trade”. From a realLIFE story came a new widow’s version of “Human Life Value”. David, I don’t even remember driving home from the dealership that day.

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**Woods**

What did you learn?

**Murphy**

Through this case I lived the experience of seeing the successful transition of the business on two occasions, to now into the fourth generation. We had enough money walking in to do what had to be done. That's the reinforcement. Nobody got laid-off or lost their job. This business is doing very well. Both Barb and Nancy are financially secure. Barb is retired from the business and Nancy is the active President. Cheryl became a new Mother and has since taken an outside position related to the automotive business. Her Dad was her mentor. You see, loss of a loved one is devastating in a family business. Can you imagine if there was inadequate life insurance? Life insurance buys you time and time allows you to make well thought-out decisions. We are all hoping that someday she may return.

Personally, Jim's death was devastating to me as well. Here is a man in his prime, age forty-nine. He has it all, great family, successful in his own right; loved by the people in his community. He could have run almost any type of business from scratch and done well. It was an honor to have worked for this man.

Today, Brian is the Dealer Operator and is doing a great job. He has a wonderful young family and I would not be surprised to see his lovely wife Marcy an active participant in the near future. And ... Brian just sold me my 11<sup>th</sup> Reymore Chevy in 24 years and he never showed me a ledger sheet!

**Woods**

Has this helped you in subsequent sales situations?

**Murphy**

Yes, it has. I've done three things that I believe will give me 12-15 more years of full-time productive selling if the Good Lord is willing. First, a revisit to the Human Life Value concept. Everyone I see about life insurance is introduced to this subject. It has passed every imaginable test over time and perhaps is more valid today than when

Dr. Heubner introduced the subject about eighty years ago. Secondly, I have dedicated myself to the re-study of the greatest salesman the financial world has ever seen ... Ben Feldman. I have taken many of his concepts and converted them into PowerPoint presentations for my practice. He was able to get people to think and focus on the problem at hand and think about insuring a little bit of tomorrow ... today. That goes hand in hand with the Human Life Value Concept. Thirdly, I will not let myself be commoditized by the term insurance sellers and their 'cheaper is always better' mantra and suggest that is how consumers should value the services of a life insurance agent. Been there done that! In the last four years I have paid millions in death claims and hundreds of thousands in disability claims. These are realLIFEstories and after you live through one you grow, get stronger and the confidence you exude to your prospects helps them help themselves.

**Woods**

Dick, there could be no more eloquent evidence of why the House family and many others trust you with their financial future. Your integrity and compassion are the bright lights that illuminate this story. You established a close professional relationship that developed into a personal one. That doesn't always happen, but when it does it is the bonus that makes this a business like no other.

Thank you for sharing this story with us, Dick.

It brings us back full circle to where we started this session. The House family is strong, financially secure and together. Contrast this story with Bonnie Olsen's. The difference between the two is a qualified compassionate and dedicated agent. There are millions of people who would love to find just the kind of advisor, confidante and friend Dick Murphy was and is to the House family.

To throw one more LIMRA statistic at you, 60% of the population says it prefers to do business with an agent and another 28% has no objection to doing business with an agent. In other words, 88% of the insurance-buying population wants a Dick Murphy in their lives. It's our responsibility to be there for them.