

Can Software Improve Policy Selection?

More than 325,000 financial advisors currently use inventor

Barry D. Flagg's product. Now, he's moving into banks.

By Karen Krebsbach



style; the policy's structure and sufficiency; the policy's relative policy cash value and liquidity, and the policy's cash-value allocation options. The product also helps reps decide whether an existing policy is still appropriate for the client, a huge issue for trust departments. Flagg says the database includes partial information on all 426 companies that sell life insurance in the U.S., and that the database will grow larger as users add more details.

"Buying insurance is different from other consumer purchases," says Flagg. "With many consumer products, price is directly related to quality, and the higher the price the better the quality, durability or service. With insurance, a direct correlation between policy cost and quality doesn't necessarily exist. For example, higher carrier ratings, which indicate greater financial strength and claims-paying ability, don't necessarily dictate higher costs because a number of other factors influence pricing."

In addition to bank advisors, Flagg says his firm also is targeting independent advisors, CPAs, wirehouse brokers and tax attorneys. "We're doing this one adviser at a time," he says, noting that 325,000 advisers are using the product.

Community banks, he says, are an obvious choice. "They are a natural fit," he says. "With their revenue model, they need to do a lot of research for their clients and they need research tools. The

Bank consultants faced with the dizzying array of life insurance policies available for sale often feel as if they must be actuaries to understand what's really in the contracts. But those days may be coming to an end. A powerful Web-based product, Confidential Policy Evaluator (CPE), promises to simplify and automate the process.

Created by Barry D. Flagg and his Tampa, Fla.-based TheInsuranceAdvisor.com in 1999, CPE earned a patent in September 2002.

"Our mantra around here is: Can a \$120 billion market segment last forever without published pricing information?" he asks. "We don't think so. I know we

needed to get the word out that what's missing in the insurance business is transparency. We have the eyeglasses to see through the fog and make it."

Last year, which marked the start of the company's marketing efforts to banks, CPE captured Bank of America as a licensee. A Bank of America spokeswoman, who requested anonymity, said she thought the CPE was "a good product," but declined to be more specific.

Using five factors to determine a policy's appropriateness, CPE's rules-based software uses a five-star rating system to pinpoint the best policy for clients. Those factors include the insurer's financial strength and claims-paying ability; the policy's price competitiveness and pricing

Sales strategies for the financial adviser

FEBRUARY 2004

bank

INVESTMENT CONSULTANT

TAPPING A VAST NEW MARKET

