

Key Questions To Help Find the Right Annuity Carrier



In a crowded and competitive marketplace, finding the right annuity carrier can be a challenging, if not overwhelming, given the multitude of factors that a broker must consider. For a carrier to be a good fit for a broker and their clients' needs, an annuity provider must get the fundamentals right. These fundamentals include providing competitive product features, equitable interest rates, strong industry ratings, and attractive compensation terms.

While these factors certainly play a critical role in determining the right fit with an annuity carrier, brokers should go a step further to ensure that a provider will be a solid and dependable long-term partner. At the end of the day, a broker must ask themselves this, "Is my annuity carrier

adding value to the service I provide my clients and are they helping me stand apart from the competition as an exceptional financial advisor?"

In order to answer yes to these questions, brokers should look at a provider's underlying qualities. To do that, brokers can use these four additional questions

as a guide to selecting the best carrier:

1. Does the annuity carrier have a customer-driven approach?
2. Does the carrier have the financial strength to back up its annuities?
3. Does the carrier help alleviate some of the burden of the sales process by providing helpful sales tools that boost broker production?
4. Does the carrier show a commitment to providing brokers with customized marketing support?

Customer-Driven Approach

It's fairly common for annuity providers to put a strong emphasis on the customer in an effort to attract more business from brokers. However, it's often only a claim; the provider tends to be out of reach just when a broker needs them the most.

The way to build trust and loyalty with customers is to engage in a partnership with a customer-centric carrier instead of a provider that takes a one-size-fits-all approach to annuities. Each broker has different needs that must be met and a provider must be prepared and able to deliver.

A customer-driven carrier always has the broker's – and broker's clients' best interest in mind – from quality customer service to consumer-friendly product options. Because customer service differs among providers, brokers should look for a carrier that provides easy contracting and commission payments, speedy new business turn-around times, and user-friendly forms. Additionally, even though quality online support is essential, a provider should offer a broker live personal support and help when it's needed.

This type of carrier is also more likely to invest significant effort up front to design and offer products and services that meet a range of consumers' short- and long-term needs. The following are some carrier product features that brokers should pay attention to:

- Guarantee of principal — Guarantee of principal assures that, regardless of economic fluctuations, an annuity owner will never receive less than the total premium of payments, less any previous withdrawals or outstanding loan balances.
- Interest rate bailouts — An in-

interest rate bailout allows the client access to funds if the renewal rates are not competitive.

- Full accumulation value of annuity at death of owner — Look for annuity products that, upon death of the annuity owner, will pay full accumulation value of the annuity to the named beneficiary without imposing surrender charges.
- Surrender charges — If the surrender charges are based on date-of-issue versus day-of-deposit (which assign surrender charges to each deposit), they are more advantageous to the annuity owner by giving them easier access to their annuity funds.
- Life changing provisions — Annuity products with a life-changing event provision will give the annuity owner access to annuity funds without surrender charges based on qualifying life-changing events, such as a terminal condition or nursing home confinement.

Last and most important, a provider should share its renewal history on its annuity products with a broker. This can provide valuable insight into whether a provider's rates decrease dramatically once the initial rate guarantee period expires.

Brokers who welcome a customer-focused approach and practice it themselves, will find a valuable, quality partner in a like-minded carrier.

Financial strength

A provider that is a financially strong and stable entity is built for meeting long-term needs. A broker who recommends an annuity carrier's products must be confident that the carrier can weather a variety of economic conditions, such as the recent turbulence in the financial market. The instability of today's economy reinforces this urgency.

Strong financial support is the backbone of a successful annuity and therefore a reputable history of financial stability is an essential quality in a carrier. Brokers can easily find this information with help from well-known and respected ratings agencies (A.M. Best, Moody's, Standard & Poor's [S&P] and Fitch) for an accurate read on favorable and poor ratings. Financial strength ratings factor in a company's operational history, earnings pat-

terns, cash flows, investment portfolio composition, and a number of other internal and external factors. Ratings ultimately serve as an indication of a provider's vulnerability to adverse economic conditions and its ability to meet ongoing financial obligations.

Brokers also can dig deeper into a company's financial wealth and history to confirm its strength and stability. Brokers can request a breakdown of a company's investment portfolio. While every company must make investments to back up its annuity obligations, investment portfolios can vary greatly from company to company.

Additionally, if the annuity provider is part of a publicly traded company, a broker also can read its quarterly earnings reports and listen in on quarterly earnings calls. This can give brokers deeper insight into the quality and character of an annuity provider.

Sales support

Much of a broker's time can be spent dealing with sales administration rather than prospecting new customers or spending time strengthening current customer relationships. A provider can relieve some of this stress and provide the resources necessary to help brokers further build their business.

Carriers can offer various types of sales assistance that may help brokers become successful in making an actual sale and retaining customers; including innovative sales tips, technical support, and high-caliber training and materials.

A provider also should help keep brokers up to speed on all industry updates and regulatory and legislative alerts to ensure that their customers' policies remain current. Maintaining conformity with regulatory changes ensures that brokers and their clients can rely on the carrier's products and operations in meeting state and federal requirements. Meeting and maintaining compliance with applicable laws and rules is an essential component of a successful broker/carrier partnership.

Marketing support

Another way that a carrier can add value to its relationship with a broker is by offering timely and

applicable marketing support.

Taking on the production of marketing materials such as ads, brochures, presentations and other sales collateral can be a very time-consuming and resource-intensive process for a broker. It's especially challenging today to create messaging and advertisements that meet a wide variety of customer needs and catch the attention of different generations. It can take a significant amount of time away from prospecting and selling.

The carrier can take on this responsibility and offer custom marketing support. The provider may offer a catalog of tools for brokers to choose from, which can range from basic newspaper advertising to eye-catching inserts, postcards or self-mailers.

A broker's productivity is related directly to the effectiveness of their marketing efforts, so it's important to be well-equipped with the most efficient and attractive tools to leave a positive impact on customers after the sales meeting has ended.

The annuity game can be tough, especially in such a volatile market. To be a successful player takes a strong provider and broker partnership focused on helping consumers make safe and smart investments through efficient guidance and education. As a result, brokers can retain and attract customers, better accommodate changing needs and likely increase sales. □

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