

O P I N I O N

Looking At The Fixed Annuity Market: Where Did Everyone Go?

By **Danny Fisher**

As an independent insurance agent, specializing in selling fixed annuities, I'm wondering where everybody went.

I've been hearing for years that we were going to a "paperless" society, but I didn't know we were going "peopleless" at the same time!

Clients and agents often tell me they have tried to call a home office to transact business, but they can't find anyone to talk to. They get frustrated and mad when they can't get a problem solved through the "peopleless" phone system.

When they leave a message, no one returns their call. What's worse, if their call is returned, the home office person doesn't know the answer, doesn't follow up to complete the request, and rudeness is very common.

The problem is so widespread there isn't room in this article to list the companies where this occurs. However, I'll offer a hint: The companies with the worst renewal rates most often have the worst service.

Everyone knows there are fewer insurance companies today than there were 5 years ago. But who could have predicted that the remaining companies would get rid of so many service personnel.

It reminds me of the home office definition of apathy: "If we don't take care of our customers, maybe they'll stop bugging us."

If you ask me, instead of going "paperless", companies are increasing the need for paper.

Annuity applications that used to be one page are now two pages long. I've seen annuity applications that are 10 pages in length. More and more companies are demanding that a one or two page disclosure statement also be submitted with the application; this creates even more paperwork, in addition to any required replacement or transfer forms.

The sad part is that companies are requiring more

It's especially frustrating while watching home office executive compensation levels rise as they send communiqués bragging about their efforts to reduce expenses by cutting administrative staff.

I also wonder where everybody went when I go to local producer meetings. Membership is down substantially – a reflection of the lower levels of new agents entering the business.

Is there any good news in the business? Yes. In the past, young people entering the financial sales arena

wanted to be stockbroker/financial planners. Today, I've noticed that, given the choppy economic environment, even some of the old stock brokers want to be insurance agents, selling guaranteed contracts!

Also, while there are fewer agents and companies than a decade ago, those who have established agencies are watching business grow by leaps and bounds.

My own office has been in the same location for 24 years with the same phone number and the same name on the door. Clients continually tell me they keep coming back because they know who we are, where we are, and what we do.

I'm under no illusion that if we didn't offer the best annuity deals, my clients would go someplace else. Rate is always the driving force in annuity sales and the competition from other



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vendors is becoming ferocious.

But, for every hour spent with a client, about ten minutes is spent concerning the "deal" and fifty minutes spent on what's happening in their life or the lives of their family.

Clients today are starved for someone to talk to and who will listen to them. So often, they feel powerless in controlling their financial situation. They want to know that someone cares about them as a person and that they are not just a "number."

Are there companies that care? The answer is an emphatic "Yes!" There are some really great insurance companies that treat their clients and agents with dignity and respect, as the valuable assets they really are. Unfortunately, in my opinion, those companies are becoming increasingly rare.

Fixed annuity interest rates are at the lowest levels in decades and yet sales are still strong.

As long as fixed annuities pay higher rates than CDs, fixed annuities will continue to be sold, requiring more agents and more service staff, not less. Now if we could just cut down on the paperwork and have someone in the home office answering the phones, it would make life much easier for all of us!

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lengthy forms, primarily in an effort to protect themselves from potential lawsuits caused by unethical agents.

Professional agents are forced to attend ethics classes and sign statements with companies agreeing to treat clients in an ethical manner. However, I don't know of any insurance company executive having to sign a similar document.

I've been an insurance agent for 28 years and have met and known thousands of agents. In all that time, I've only known of two agents who were unethical. On the other hand, I've seen decisions made by chief executive officers that, while not criminal, were certainly unethical and harmed countless policyholders and agents.