PRACTICE POINTS

Insurance

There are various reasons why advisors choose not to embrace insurance as part of their larger wealth management offering. However, insurance can be a meaningful part of the solutions firms provide to clients and can help firms offer a positive, more holistic investment experience.

Why Offer Insurance Solutions?

- **True Holistic Approach:** As the industry continues to consolidate, advisors are expanding their service offering. Providing insurance services keeps you competitive and creates a convenient one-stop shop for your clients.
- **Higher Net Promoter Score (NPS):** According to Dimensional's Global Investor Study, firms with a top-quartile NPS provide insurance planning services to 54% more clients than firms in the bottom quartile. This suggests that firms that offer insurance services to clients have more satisfied clients.*
- **Retaining Assets:** Promoters are more than twice as likely to expect assets to remain under the care of their current advisor or firm upon passing to their heirs, which means providing insurance services can impact the long-term retention of clients across generations.

What Do Insurance Clients Look Like?

- Have an existing contract/policy
- Are risk adverse; willing to trade some upside growth potential to reduce the possibility/impact of losses
- Fear outliving their retirement assets
- Need to grow their retirement assets
- Seek income in retirement, i.e., a retirement paycheck
- Desire to protect their retirement "nest egg"
- Have concerns around estate planning and are interested in leaving a legacy

Client Communication Considerations

The Approach:

- Discuss additional service offerings with clients face-to-face.
- Develop talking points to address common client questions or objections.
- Script and practice the objection responses to give consistency and confidence to the firm's message.

Best Practices:

- Think about timing, and communicate your expanded service offering when it won't get lost in the noise. If there are other initiatives at your firm, determine when would be an appropriate time to clearly articulate why and how your clients could benefit.
- Start with clients you think may be less eager to utilize insurance solutions, and adjust your approach based on their responses.
- Hold team meetings to share effective and ineffective messaging.

Conversation Starters

- *Do you have any old policies you'd like for me to review?*
- *What is your biggest concern about retirement?*
- *Do you want to pass any of your wealth to your family or a charity?*
- *Do you have savings you don't currently need for regular living expenses?*

Common Objections to Offering Insurance

- **I'm not familiar with the products:** You don't have to be an expert when you have partners. Dimensional and our insurance partners are here to help educate you on the current landscape and determine which types of solutions would best fit your clients' needs.
- **I'm not licensed:** We can provide guidance on the licensing process, or there are a few ways you can provide insurance solutions without being licensed, which include:
  - Referring business to a trusted insurance partner (often local)
  - Working directly with insurance companies that have a concierge desk
  - Partnering with an outsourced insurance desk (OID)
- **Offering insurance would distract me from my core business/does not provide recurring revenue:** Insurance should not be seen as a distraction but rather as an additional service for your clients that they are likely already receiving elsewhere. By offering insurance, you are consolidating the number of companies they need to work with to have their needs met.
  - Insurance products tend to have a long-term time horizon and therefore are typically sticky assets.
  - The industry and products have evolved over time, and there are now low-cost, fee-based solutions available that can fit nicely into your service model.
- **My clients have an unfavorable perception of insurance products:** Educate clients on how the industry has evolved and your firm's unique process, detailing how the solutions you offer will provide a positive investment experience for them.

Additional Resources

The Approach:

- Dimensional Insurance Team | Insurance@dimensional.com
- Dimensional Insurance Resource Center
- Life Insurance and Annuity Resources
- "Insurance Insights: The Annuity Revolution" (CE on Demand Module—1 CE credit)

*The Net Promoter Score (NPS) is a measurement of client loyalty and satisfaction and is calculated by asking how likely a client is to refer an advisor to a friend or colleague, on a scale from 1 to 10.

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