

# Rough Notes

PROPERTY & CASUALTY AGENTS AGENCY MARKETING • INSURANCE MARKETS • NEW PRODUCTS  
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## Hanover Insurance provides new forms of life sales support

INNOVATIVE INCENTIVES INCLUDE FINANCIAL HELP IN GETTING NASD LICENSES

By Thomas A. McCoy, CLU

**H**anover Insurance, like many P-C companies, sees the logic of having its agents produce life business. "It's the perfect opportunity to add value to our agencies," says Lee Maus, assistant vice president of marketing of life sales at The Hanover. "Agents are looking for additional sources of revenue, and clients are demanding a full line of services from them."

Over the last year Hanover has been introducing a program called Partnership for Life which is designed to provide additional services to their P-C agencies' clients and increase the life production of its P-C agencies. "Many times agents have told us, 'I could make more money selling life, and I do it for a while, but I just don't seem to do it consistently.' We're trying to help them achieve a higher level of consistency in selling life," says Maus.

Hanover is owned by State Mutual Life Assurance Company of America, one of the oldest life insur-

ers in the country. Hanover has approximately 1,800 agencies and about 90% of them have at least one producer selling life insurance for some company, so the idea is to encourage them to sell State Mutual Life products.

In discussions with its agents about how to do this, Hanover found that the agents were interested but they didn't want the program to include mandatory life quotas.

"So our Partnership for Life program offers marketing support and incentives, but it's the agency's choice whether to use it or not," says Maus.

One of the most unusual, expensive and possibly most practical forms of support provided under Hanover's program is aimed at getting agents licensed to sell variable life products. These products, either variable life insurance or annuities, are tied to the stock and bond markets. Therefore, they require that an agent who sells them be licensed by the National Association of Securities Dealers (NASD).

Property-casualty agencies, even ones that sell life insurance, often don't have a producer with the required NASD license to sell variable products.

Yet these products are currently among the hottest in the life business. Sales of variable universal life and variable life in the U.S. rose 44% and 34% respectively in June of this year, despite drops in overall life insurance production, according to figures from the Life Insurance Marketing and Research Association (LIMRA). Sales of annuities in the first half of 1994 were up 20% ahead of the prior year, but variable annuities were up 37%.

## Motivation to get variable license

To prepare agents to enter this booming variable market, Hanover's new program pays for the cost of NASD licensing, examination fees, study materials and a 2 1/2-day class in preparation for the required NASD exam. "Most agents choose to take the class rather than prepare by self-study," says Maus. The cost of this support varies by state, but



Maus estimates it averages \$500 per producer, which Hanover will pay for each interested producer in a P-C agency.

Alfred Lee Dingler, CLU, president of Prime Insurance Agency of Jonesboro, Georgia, the Rough Notes Marketing Agency of the Year for 1993, is one agent who recently attended the variable products class and then took the exam to obtain his NASD license.

"Without the help from Hanover," Dingler admits, "I might never have done it. It's tough to break away from the agency routine and devote the time to getting licensed for variable products. The Hanover program gave me the motivation to do it. First they paid for it, and second the class provided a time frame for getting it done."



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**—Alfred Lee Dingler, CLU**

Dingler attended the class on a Friday, Saturday and Sunday; then he took, and passed, the exam on the next Tuesday.

"I think this help from Hanover will give the company a base of loyalty from their agents for many years," says Dingler.

Although his agency already derives 32% of its revenues from life insurance, no one previously had been licensed for variable products. "People are demanding variable products," Dingler says. "They're the products of the future."

Maus sees the addition of variable life products not only as an additional source of revenue for agents, but as protection for the agent's existing business. "With the increased interest in investment products, an agent who can't satisfy that need may run the risk of having a client go somewhere else for that product . . . and the agent may lose the auto and homeowners too."

## Other forms of assistance

Hanover's Partnership for Life program has been introduced into 80% of Hanover's 32 states, and will be available in all of them by the first quarter of 1995. Aside from the help in getting NASD licensing, it also includes these other forms of life marketing assistance:

- Cross sell letters and billing inserts are provided to the agent. Letters can be mailed out from the agency or the company.
- An 800 number gives the agent access to technical information and policy updates.
- Hanover marketing representatives work with agents on utilizing their agency management systems

for target marketing of life insurance.

The marketing assistance described above is available to Hanover agencies at no charge, except for the cost of mailings made by Hanover directly to an agency's customers. "Even then, we are helping them defray part of that cost," says Maus.

Also on the drawing board is a system that will provide agents who are interfaced with Hanover with the ability to interface with State Mutual so they can check policy information and new business status for their life customers.

The State Mutual life products available to agents under the Partnership for Life program include three term life plans, a universal life product, a variable universal life program, a variable annuity and a variable second to die policy. "After we've had some experience with the program we hope to broaden those product offerings," says Maus.

Like any good partnership, Hanover's Partnership for Life program provides good reasons for both partners to commit to it. Hanover stands to build stronger ties to its participating agency force. Agents stand to strengthen their client relationships and improve their income stream.

Maus says in the short time the Partnership for Life program has been available that the company has already learned not to assume in advance that a particular agency is or isn't a candidate for selling life insurance. "We know our agencies very well from a P and C point of view, but in life insurance we've had some surprises. So, we let our marketing representatives present the program to agencies one-on-one, and give each agency an opportunity to take advantage of it."