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CFP®, CLU®, ChFC®, is the owner of CG Financial Group, one of the fastest growing annuity, life, and long term care IMOs in the industry. Gipple's passion is to fill the educational void left by the reduction of available training and prospecting programs that exist for agents today. Gipple is personally involved with guiding and mentoring CG Financial Group agents in areas such as conducting seminars, advanced sales concepts, case design, or even joint sales meetings. Gipple believes that agents don't need "product pitching," they need mentorship, technology, and somebody to pick up the phone...

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Independent Distribution: Never Being "Outproduced"

Back in the early 2000s I worked for one of the large career life insurance companies that we all have heard of. This was and still is a great company that I was proud to represent. However, eventually I decided to leave to work with one of the carriers here in Des Moines that were first to the indexed annuity game and distributed all of their products through independent distributors like IMOs and independent financial professionals, like you. That was over 20 years ago, and I have been in independent distribution ever since.

The experience of being "captive" then later being exposed to independence was a very eye-opening experience for me in many ways. Thus, I would like to highlight three areas that I feel were the most significant differences at the time and still are.

The Product Spectrum is Wide and Optionality is Important

When I was a career agent—naïve in

my early 20s—I believed that if I was with a fortune 500 company that had been around forever, then almost any product that we offered should be "decent" relative to almost any competitor out there. After all, how do you get much better than a mega A+ Fortune 500 company! Boy, was I brainwashed!

Thus, my first observation when I entered independent distribution, and still one of my strongest observations, is this: There is a huge spread between the "worst product" and the "best product" in the world of financial services, even among top rated carriers. Let's use a simplified example.

Although there is much more to product than numbers/price, let's take an example of term products and how wide the spectrum is when it comes to term prices. If I punch into my term quote engine that I am a 45-year-old male with a preferred health rating and looking for 10-year term prices on a \$1 million death benefit, the

worst price is 64 percent higher than what the best price is! That is significant. The ledger that I ran includes about 50 or so life insurance companies that my company offers to our agents. To put numbers to it, the company at the top of my term ledger costs \$669 per year and the one at the bottom comes in at \$1095 per year. Again, 64 percent difference between the lowest and highest. Am I glad that my agents and I are not stuck representing solely the product at the bottom? Absolutely.

Now the cheapest is not always the best, but in the previous scenario I believe that it is very close to the best. The lowest cost term product is fully convertible—for many years into the future—to a plethora of fabulous permanent products that are also top of their category (GUL for example). Plus, the cheapest term in my scenario is offered by an A+ company and that company will likely provide a great underwriting offer.

To be clear, a product being bad or good oftentimes has nothing to do with the quality of carrier that offers the products. Occasionally, product attractiveness with XYZ company has to do with whether the company even wants to be a player in that product line or not. Great companies may decide they don't want the lowest term rates, or the highest paying MYGA rates for example. To that point, the company that has the worst pricing in my example above is a fabulous A+ rated carrier that has been around for over a century and is a household name. So again, a carrier having a good or lousy product is not necessarily a function of how good the carrier is. This goes against the belief I had in my 20s that *"if I represent one company that is rock-solid then their annuities, life, long term care, mutual funds, etc. must also be of solid value to my clients."*

My point here is, whether it's the price of term coverage, underwriting situations, guaranteed payouts on annuities, cash accumulation potential on IUL, etc., the spread between the worst and the best is huge. **Make sure you have a wide peripheral view of the products that exist.** I am very thankful that in independent distribution we have almost the entire world at

our disposal.

Technology is Key

Speaking of term quote engines, my second observation is: Technology is key in independent distribution. When you have the entire world of products at your disposal, narrowing down the products based on quantitative items like price or GLWB payout levels on annuities is important. Conversely, if you had access to just one product, very little technology is required. You have what you have!

There are great term quote engines that your IMO can likely provide you with to help you narrow down the prices. There are also great annuity engines out there that let you filter down to the highest paying GLWB annuities, highest caps, highest participation rates, etc.

With optionality of products also comes complexity, at least unless you have good technology to sift through which carriers want to truly be a player in that product line and which carriers offer that product basically as a concession to their distributors.

Again, a good marketing organization/BGA can oftentimes provide these technological tools for you, or at least run the numbers for you.

Product Training and Knowledge

In the previous two sections I spoke largely about numbers, price, payout levels, etc. Naturally, there is much more to these products than just the numbers. Well, "qualitative" is just as valuable as "quantitative" when it comes to most financial products. There is more to it than just numbers. As I've said a million times, *"Cost is an issue only in the absence of value."* Many times that value is in the various bells and whistles on a product.

In essence, the previous considerations can be utilized as a starting point to identify the pricing dynamics of the products, but then it is important to understand the other items that go beyond the ledgers and quote engines.

Examples of these items might be:

- Is the term convertible?
- Will the company give a good under-

writing offer? Yes, carriers can differ significantly on various health conditions and the health rating offered.

- Does the IUL have relatively minimal moving parts? (Loan rates, caps, spreads, bonuses, etc.)
- Is the whole life policy direct recognition or non-direct recognition?
- Is the long term care policy indemnification or reimbursement?
- Does the annuity have any liquidity?
- Does the GLWB have a nursing home benefit?
- Although the GLWB payout is great, what is the accumulation potential/death benefit?
- What is the company's history with renewal rates/caps/etc.?

These are just a handful of "qualitative" topics for various products that you and/or your IMO should be aware of. Because sometimes the best all-around product may be the cheapest, but sometimes the second or third product from a numbers standpoint is the best.

Awareness around each product's qualitative components emphasizes how important your training and knowledge is—my third observation. The importance of associating with entities (carriers, IMOs, partners) that will offer you this training and knowledge is just as important as the products and the technology themselves.

Don't have the time to study all of these features? Then partner with an IMO that is already an expert in these areas and can save you time by pointing you in the right product direction.

If you have the optionality of product, the technology, and the knowledge, you will never be "outproduced" in independent distribution. Although product is just one part of the equation in working with your clients, it is an important part of the equation.

If this article resonates with you, join us at our upcoming Lunch and Learns in Chicago (Nov. 15), Des Moines (Nov. 16), and Minneapolis (November 17). Even if it doesn't resonate with you, join us anyway!🌍