



# Brokerage Newsletter

YOUR FINANCIAL SERVICES PARTNER — FOR LIFE AND ANNUITIES

## WE'RE READY FOR THE DOL!

It is almost a shame we had to wait for June 9th to roll out one of the best sales enhancement tools we have ever used. You will be glad you contracted with us the first time you use AmeriLyzr<sup>SM</sup>, by AmeriLife®, the best-in-class software that not only keeps you fully DOL compliant, but identifies sales opportunities as well.

AmeriLyzr<sup>SM</sup> uses a simple questionnaire based on Nobel Prize winning theory to quantify where clients feel comfortable as far as risk, how risky their current investments are, and which products and sales opportunities help achieve your client's comfort level. All your compliance needs are taken care of:

- AmeriLyzr<sup>SM</sup> adheres to Impartial Conduct Standards(ICS) of the DOL Fiduciary Rule –
  - » Act in the best interest of the client,
  - » Be paid reasonable compensation,
  - » Make no misleading statements,
- It identifies your client's devastating loss basement to prevent catastrophic losses,
- The software date and time stamps your interaction with your clients, retaining your client's profile as evidence of compliance,
- It supports all top Davis Life & Annuity carriers on a simple, straightforward platform.

We extensively researched software packages till we found a solid company we trust. AmeriLyzr<sup>SM</sup> is the most economical cost-to-use available, is designed for insurance professionals, and documents your practices far better than off-the-shelf software. As Trent Davis recently stated, "This could open the door to a lot more premiums for you, and I think a closer relationship with your prospects and clients."

**Call 800-747-5612 to find out how you can use AmeriLyzr<sup>SM</sup> for FREE now through the end of the year.**

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## A Special Message from Trent Davis:

Let's face facts; the DOL Fiduciary Rule is probably not going away anytime soon. The sixty-day delay moved the initial compliance date back to June 9, 2017, but moved is not abolished. As of June 9th, agents are subject to an Impartial Conduct Standard (ICS) on the sale of all fixed and indexed annuities. What does all of this mean to the typical adviser? The ICS highlights three key components:

1. Advisers must act in the best interest in their clients
2. Advisers must receive reasonable compensation
3. No misleading statements may be made to clients

Agents also need to have systems and processes in place that enable them to prove they are in compliance with ICS. This is especially tricky given that the Best Interest Contract Exemption (BICE) was removed from the 2017 rollout, and will not be enforced until at least January 1, 2018. Its absence makes demonstrating compliance all the more difficult.

Fortunately, Davis Life & Annuity has a solution. We have partnered with AmeriLife®, a firm that understands the needs of advisers in a post-DOL Fiduciary Rule world. AmeriLife® has responded to these abrupt changes by creating AmeriLyzer<sup>SM</sup>, best-in-its-class software designed to ensure advisers are not only compliant, but also able to present new sales opportunities in their clients' best interest. In short, what Davis Life & Annuity and AmeriLife® are partnering to do is turn potentially

difficult sales into new and stronger client relationships.

True, even with AmeriLyzer<sup>SM</sup>, we are not out of the woods yet. Carriers are working at a furious pace to evaluate reasonable compensation in accordance with the DOL. And software to stay compliant is not free. However, Davis Life & Annuity maintains contracts with more than 40 top carriers to ensure we can offer the most competitive compensation available, and are sure the cost to operate using AmeriLyzer<sup>SM</sup> is minimal, probably the most competitive in the industry.

In our 37 years of existence, Davis Life & Annuity has seen many changes, both in terms of products available and regulations to sell those products. It is confusing, but we will get through this. We will emerge stronger, and be able to better serve our clients. We know you have your choice of IMOs, and each is promising to make the DOL Fiduciary Rule transition both effortless and seamless. But where other IMOs are telling you what they will do, we are showing you what we already have done. Give us a call on your next life or annuity case. You will be glad you did.



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## Life Policy Reviews in Action: We Turned a Routine Appointment into a Commission Worth Over \$40k!

I have said it before and I will say it again, Life Policy Reviews are one of the most powerful tools an adviser can use. They boost sales and build better client relationships. Recently, I had a sale come across my desk that proves my point.

### The Situation

During a recent meeting with an 80-year-old client, an adviser uncovered an existing life insurance plan. After getting the policy details from the client, the adviser passed the information on to me to see what could be done.

We evaluated the current policy, and an alternative option was discovered with one of our carriers. It guaranteed nearly twice as much death benefit, offered a longer guarantee, and added a Chronic Illness benefit as well. The client was very happy to see the increase in death benefit and loved the access to the policy for Chronic Illness coverage.

### The Outcome

The application was submitted, but during the underwriting process a few minor health issues were found. These details caused the carrier to offer a lower rating than we initially projected. Bob Pedigo, our Vice President of Underwriting, got involved and escalated the case to the carrier's medical director. Bob addressed the carrier's concerns and

convinced them that the client should qualify for the better rating. They agreed with Bob's assessment, and issued the policy for the rating we wanted.

### The Result

That one appointment, combined with a little teamwork between the adviser, our underwriter, and me resulted in:

- Double the death benefit,
- Longer policy guarantees,
- Access to Chronic Illness benefits,
- Over \$40k of commission for the adviser.

Most important was the valuable service the client received. Policy reviews offer numerous benefits to both the client and the adviser. Call the Life Insurance Department at Davis Life & Annuity today at 800-747-5612 to find out for yourself how simple and beneficial Life Policy Reviews really are.



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# 4 TIPS FROM THE TOP

- 1 **Work for something bigger than yourself.** When your company is collaborating to build technology or a product or service that aims to improve the lives of others, it really has an impact on how hard people want to work and how hard they push to succeed.
- 2 **Cultivate and promote a strong culture.** It's important to create a culture that celebrates differences, offers each individual employee the opportunity to have a voice, and cultivates creativity. It's important that people know and feel that they're more than just a number.
- 3 **Hire people who are diverse and—ultimately—smarter than you.** I think it's crucial to build a diverse team that consists of people who are smarter than you and all bring unique skills and backgrounds to the table. Whether they come from a different professional or cultural background, diversity can only make your company stronger and more well-rounded.
- 4 **Study the success of other entrepreneurs and learn from their tactics.** Borrow and adapt good ideas wherever you find them. There is no shame in adapting ideas that are working in other places.

**Source:** 4 Things Entrepreneurs Can Do to Build a Truly Great Business by Scott Galit. May 25, 2017. Fortune.com.

<http://fortune.com/2017/05/25/payoneer-ceo-starting-successful-business-advice/>

## PJ's PICKS: Dealing with the DOL

Most of you know that I have been with Davis Life & Annuity for over 14 of its 37 year history. In that time, we have made it our goal to develop agents and agency relationships. Our focus has been on quality, not necessarily quantity.

With the onset of the DOL Fiduciary Rule, it is critical we remain diligent in communicating what we know. This has been the biggest challenge of the last 12+ months, because a lot of information has been left to interpretation. That can be somewhat dangerous, so we have tried to seek out and align ourselves with credible sources for information and guidance. There has also been a tremendous amount of collaboration to try and identify specific processes and tools for advisers which will help them be not only compliant, but more protected.

In its current form, The Rule requires an adviser to act in the best interest of every client -be a fiduciary- and abide by the Impartial Conduct Standards. One would hope that we are already acting in the best interest of our clients, but it is evident that actions by advisers can and now will be scrutinized by the legal community. With that said, detailed documentation of a client experience is paramount. We

have searched for and reviewed a number of processes and tools, and continue to work with partners to make them available to ensure the ease of application.

Here are three things that you can do now to prepare for DOL Fiduciary Rule implementation:

- Preview the AmeriLyzr<sup>SM</sup> risk analysis software, our low cost solution to help keep you compliant. A free tutorial video is available to view right on our website, [www.DavisLife.com](http://www.DavisLife.com).
- Review your E&O insurance to ensure you have fiduciary coverage.
- Contact your Davis Life & Annuity marketer to make sure you have the requirements in place to access the AmeriLyzr<sup>SM</sup> risk analysis software.

As we move closer to deadlines, we will make it our priority to communicate what we know, how it will affect you, and what we can all do to make sure we are positioned to be in the driver's seat in guiding your clients through their financial journey.

Thank you and stay in touch as we gather and disseminate more information.



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## Filial State Laws: What You Don't Know Can Hurt You

Imagine your parents died with thousands of dollars in unpaid medical or long-term care debt. Imagine those debts surpassed the value of their estate. Can you guess who is on the hook for paying the remainder of those debts? Believe it or not, there is almost a 60% chance it is you. How is it possible that these debts which you did not incur will become your responsibility? Thank the filial state.

Currently in the United States, 29 states plus Puerto Rico have filial responsibility laws, which mean that costs for parents' or other immediate relatives' long-term care or medical bills become the responsibility of the next of kin upon death of the party that accumulated the debts. Parents who have not properly planned for their convalescing years are not only impacting the quality of their own retirement, but causing their children to sacrifice their own financial security.

This scenario happened to the mother of a colleague recently. The mother and several of her siblings live in Iowa, and wanted their aging parents to be closer to them. Both parents were in full-time nursing care, and one parent had Alzheimer's disease, so it was important to the family to visit their parents often. How was this a problem? The parents were residing in Minnesota, which is not a filial state. One parent also did not qualify for Medicaid. By moving them to long-term care facilities in Iowa for their final years, the estate and family were on the hook for tens of thousands of dollars in unpaid care and related medical bills after the parents both passed away. This is debt they would not have been liable for had the parents remained in Minnesota.

The estate was completely depleted settling the filial debts, as were the personal accounts of the siblings from covering burial and related expenses out of their

own pockets. Now rapidly approaching retirement age themselves, the family members worry about not having enough savings to live comfortably, let alone survive a major financial catastrophe. It is easy to see how their future long-term care debts could pass on to their own children, with fewer estate assets to pay them. Filial state laws create a snowball effect of depleting legacy financial reserves, leaving each future generation more financially unstable than the last.

In an age of rampantly increasing income disparity, student loan debt, and stagnant wage growth, this problem is an under-the-radar contributor to long-term financial insecurity. How can Americans in their prime earning years afford to provide for their children, let alone themselves, when the state they live in is forcing them to pay off debts accrued by their parents? As advisers, we have a moral imperative to educate our clients. Talk to your aging clients about annuities and life insurance with long-term care riders. Explain to younger generations how they can buy life insurance policies on their parents for this and similar situations. Then give our marketers at Davis Life & Annuity a call at 800-747-5612 to help find the right product to fit your client's needs. Their futures depend on it.

*Are you in a filial state? Log onto our website, [www.DavisLife.com](http://www.DavisLife.com), and find out.*



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## But I Have Insurance through My Employer

According to a 2016 LIMRA report, 5 million more households own life insurance now versus 2010. This is great news, but there is ongoing over-reliance on group work life insurance plans as the only source of coverage for families. Employer-sponsored life insurance is a great benefit, but it is not and should not be used as a replacement for individual life insurance products. People do not realize that company plans, while helpful in providing wage earners with a safety net, are severely flawed:

1. These plans are almost always term life insurance plans, which offer no cash accumulation, no riders such as long-term care or accelerated death benefit, and typically expire upon retirement.
2. Most have caps as far as payout, typically only one to three times an insured's yearly income. This is far less than the minimum of five years coverage necessary to ensure proper financial recovery from a tragedy that results in the loss of wages.
3. When people switch jobs or are laid off, increasingly common occurrences in today's workplace, employer-sponsored insurance seldom transports. And even if the life

insurance does transport, it is typically only if the employee 1) takes over the premiums and 2) submits to underwriting.

4. Not all job classes are typically covered. Many employers limit coverage to management roles and/or full-time, salaried positions. And if job categories are re-classified, employees may lose this benefit without even realizing it.
5. Not all employers offer life insurance as a benefit. If the company your client works for is sold or merges, for example, this could be one of the first benefits to go.

With its minimal cost and offer of a quick payout to beneficiaries, it is easy to understand why workers think employer-sponsored life insurance is all they need. But they seldom understand how much insurance coverage is truly required to adequately provide for their loved ones, assume premiums on independent policies are prohibitively expensive, and often fear the underwriting process. By addressing these misconceptions, and by pointing out the aforementioned drawbacks to group coverage, advisers can help their clients better plan for the inevitable times when minimal coverage will not be enough.



# Davis Life & Annuity

Your financial services partner... for life

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If you are in need of a company you don't find on the list, please contact us.  
We are contracted with several companies that are not listed.

CARRIER	A.M. BEST RATING*	PRODUCTS
Accordia Life (now Global Atlantic).....	A- Excellent.....	Life
Allianz Life and Annuity Company.....	A+ Superior .....	Life, Annuities
American Equity Investment Life Company .....	A- Excellent .....	Annuities
American General Life Insurance Company .....	A Excellent .....	Life, Annuities
American National Insurance Company .....	A Excellent .....	Life, Annuities
Americo Financial Life and Annuity Company .....	A Excellent.....	Annuities
Assurity Life Insurance Company .....	A- Excellent .....	Life
Athene Annuity and Life Company .....	A Excellent .....	Annuities
Axa Equitable Life Insurance Company.....	A+ Superior.....	Life
Banner Life Insurance Company .....	A+ Superior .....	Life
Delaware Life.....	A- Excellent.....	Annuities
Equitrust Life Insurance Company .....	B++ Good .....	Life, Annuities
Fidelity & Guaranty Life Insurance Company.....	B++ Good.....	Annuities
Foresters .....	A Excellent .....	Life, Final Expense
Great American Life Insurance Company .....	A+ Superior .....	Annuities
Guggenheim Life and Annuity Company.....	B++ Good.....	Annuities
John Hancock Life Insurance Company USA .....	A+ Superior .....	Life
Liberty Bankers Life Insurance Company .....	B+ Good.....	Annuities
Life Insurance Company of the Southwest .....	A Excellent .....	Life, Annuities
Lincoln Life & Annuity Company .....	A+ Superior .....	Annuities
Lincoln National Life Insurance Company.....	A+ Superior .....	Life
Metropolitan Life Insurance Company .....	A+ Superior.....	Life
Minnesota Life Insurance Company .....	A+ Superior.....	Life
Mutual of Omaha Insurance Company .....	A+ Superior .....	Life, Annuities
National Western Life Insurance Company.....	A Excellent.....	Life, Annuities
Nationwide Life Insurance Company .....	A+ Superior.....	Life
New York Life Insurance Company.....	A++ Superior .....	Life
North American Company for Life & Health.....	A+ Superior.....	Life, Annuities
Phoenix Life and Annuity Company.....	B Fair.....	Annuities
Principal Life Insurance Company .....	A+ Superior .....	Life, Annuities
Protective Life Insurance Company .....	A+ Superior .....	Life
Prudential Insurance Company of America .....	A+ Superior .....	Life
Sagicor Life Insurance Company .....	A- Excellent.....	Life, Annuities
Symetra Life Insurance Company.....	A Excellent.....	Life
Transamerica Life Insurance Company.....	A+ Superior .....	Life
Unity Financial Life Insurance Company.....	B++ Good.....	Funeral Trust
Voya Financial.....	A Excellent.....	Life, Annuities

\* All ratings reflect Financial Strength and are current as of 5-31-2017. A.M. Best ratings for insurers' financial strength and credit quality of obligations range from A++ (Superior) to F (in liquidation).

\*\* A+ (Superior) by A.M. Best, the 2nd highest of 13 active company ratings for financial strength. 2017 edition.

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## What's Inside

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- How We Turned a Routine Appointment into a \$40k+ Commission — and You Can Too
- The Answer for “But I Have Insurance through My Employer”



### LEARN MORE WITH YOUR PHONE

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» There Are More Solutions to Expanding Your Practice Inside!