

# Insurance professionals are dealing with people's behavior

**Joe Jordan**

**Senior Vice President in MetLife**



In selecting the speakers for the upcoming (February 2011) 1st MDRT Conference in Athens, the organizing committee is trying to offer something special and interesting for the attendees. This is probably one of the reasons Mr. Joseph Jordan, Senior Vice President in MetLife, was approached so that he will present his views on Life Insurance and Sales, to the audience of the event.

Joseph "Joe" W. Jordan, is an industry-renowned thought leader in the areas of behavioral economics, client-centric tools, ethical selling and client advocacy. He is currently responsible for MetLife's Behavioral Finance Strategies and is the company's voice at many industry events worldwide. In our current issue, he shares his thoughts on the recent global recession and other challenges that affect the role of life insurance professionals. It is only a small preview of the expertise he will be sharing with the attendees of MDRT ClassIQ conference in a few months.

MetLife will be a partner at MDRT's event in Athens, as the company believes that supporting such initiatives is essential in Life Insurance business.

**W**e've witnessed a global recession. How has that impacted the role of a life insurance professional?

**JJ:** In reality, the global recession has made life insurance professionals more valuable and the guarantees insurance products provide are very important.

During boom times, it's hard for advisors to compete since most people behave as if a bull market will last forever. As people become overly optimistic, they drift further from the fundamentals. When you also consider the fact that many people are in denial of their own mortality, it creates a

difficult selling environment for life insurance professionals. In fact, many insurance salespeople were seduced into selling many other products other than insurance. This economic downturn brought people back to reality, and as a result, smart salespeople in our business see this is

a time of tremendous opportunity and not misfortune.

**Do you believe there is danger for insurance sales people who expand their product range including financial products and focus on investment plans?**

**JJ:** It's more a question of balance. Other products in and of themselves are not bad. Further, multiple products help to solve for the clients total needs. However, the primary focus of someone in the insurance business is to be sure that the money outlives the people. If someone dies too soon, only life insurance can fill that void. If someone "lives too long" only annuities will continue to pay an income as long as someone lives.

Life insurance representatives have to direct people to insure against what can go wrong, to have the luxury to invest for what goes right.

The focus is on what is IMPORTANT not just POPULAR. With the right priorities, other products are fine.

**Besides the impact of the recession, what other changes have you seen in the financial sector?**

**JJ:** Many societies are dealing with an aging population who will live longer than the people before them—probably longer than anyone in the history of their society. While this was predictable, it isn't until we face a crisis that the reality of longevity sinks in. During better times and when retirement was a long way off for the post World War II population (in the US, they're known as Baby Boomers), many countries improved their retirement benefits. Since the "day of reckoning" was a long way off, it carried favour with the voting masses, but set expectations very high. The insurance business not

only deals with people dying too soon, but also living too long. The problem is that most people do not know how to monetize an income stream from their assets and they have no idea how expensive it is when people choose to retire at age 60, or age 62, or at some other early retirement age—especially when retirement may last longer than expected. People are waking up to this issue around the world and it's hitting them very hard. People with high expectations and, in some cases, a feeling of entitlement have flown into a rage on this subject as evidenced by the many demonstrations globally. Aggravating the situation further is that many societies, like the United States, Korea, China, etc. are facing younger generations with smaller populations following the current "baby boomers". These issues are further compounded by the economic downturn.

**So, what are a few takeaway points or next steps for someone in the insurance industry?**

**JJ:** Recognize that this is a great opportunity for anyone in the life insurance business. People are more focused on the fundamentals. Consider that the historic safety nets provided by many government employers and families have been devalued. People are realizing they have to become more self-reliant, now and in the future. The sense of "entitlement" once enjoyed by many is under serious attack. People need advice from life insurance professionals, so they should be taking advantage of this opportunity.

Also consider as an insurance professional that you are dealing with people's behaviour and not just dealing with the facts. If everyone acted logically, everyone

Life insurance representatives have to direct people to insure against what can go wrong, to have the luxury to invest for what goes right. The focus is on what is IMPORTANT not just POPULAR.

would be properly insured, much more affluent and happier—but we know that is not the case. The opportunity an individual who meets with people face to face versus other avenues such as on the Internet is the ability of showing empathy to clients and putting them at ease.

**You have a wide experience in presenting your experiences and expertise, to audiences over the world and you will be honouring us with your presence in Athens this February. Can you tell us more about the venue and how the participants will benefit from attending this conference?**

**JJ:**MDRT is an international, independent association of more than 31,000 members from 464 companies and 80 nations worldwide. This group represents one percent of the individuals engaged in the life insurance business.

What is great about the MDRT Experience in Athens is that attendees are not required to meet the production goals required for membership. The MDRT experience allows people who are struggling or starting out to be exposed to the quality and breadth of the talent in this industry. It opens their eyes to new opportunities. It helps them strive to do more for their clients themselves, which in turn can have a huge impact on the people and societies they serve.

The insurance business is more a vocation than a job. MDRT helps producers realize their importance—that they have an important purpose in life and in their societies. It motivates them to have courage and builds pride in what they do. In turn, they can feel confident to help their clients come to grips with, and ultimately overcome, the loss of many of society's retirement safety nets. A meeting like the MDRT Experience in Athens has never been so important.