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Human Life Value Call to Action

by Joe Jordan

While the romantics will tell you that money can't bring you happiness, even they can't argue with the fact that money solves problems. Our children need money, our spouses need money and our families need money for everything we do.

In fact, researchers have discovered that money tops the list of American's biggest worries. Are you surprised? But Americans also have another worry at the top of this list, their concern for the death of a family member.

Our charge, as life insurance professionals, is to take care of these worries for our clients. As life insurance field representatives, you live a life of significance, because without your help, practically no one, less than 2% of all people, will act on their own to make a conscious decision about protecting the future of those who depend on them.

Most people will leave their families in a disastrous financial state unless they talk to someone like us who helped them address these issues. While there may be little we can do to prevent the death of a family member, we can eliminate the concern for money during our clients' most difficult time.

Marketing Life Insurance

For years, the life insurance industry has devised specific strategies to sell the proper amount of life insurance. Traditionally, carriers would market life insurance products on the basis of meeting a single dominant need, such as protecting a mortgage or a large debt. While this provides people with some protection, it hardly creates a safety net for a family when a breadwinner dies.

Think about this "dominant needs"approach in action. At the death of the primary income earner, the life insurance proceeds will pay off the balance of the mortgage debt, leaving the spouse with a home to live in. The problem comes when the spouse has to sell the house to provide an income to support the surviving family---hardly an acceptable solution.

Eventually, marketers evolved into a discussion of meeting the financial needs of a prospect's family. This involves a detailed analysis of the prospect's current situation, and providing coverage amounts to fulfill financial obligations at death. Now, in addition to protecting the mortgage and other debts, insurance is purchased to provide some income for the surviving family, money for living expenses, and funds for a child's college education.

While the financial needs approach often provides a short-term solution to losing a breadwinner, it seldom replaces all the contributions a breadwinner makes to his or her household. The main emphasis of this approach was selling the proper amount of coverage. Insurance agents were careful not to "over-insure" anyone. As if having too much life insurance was a bad thing. In all my years in the business, I'm not aware of any beneficiary ever sending back death proceeds because it was too much coverage.

Now, we are starting to see a paradigm shift in how field representatives are approaching their clients with respect to life insurance products. Consider this thought: if today was the last day your client could purchase life insurance, how much would you recommend? Probably as much as you could get!

America Needs Our Help

Study after study has been done revealing something that most of us in the industry are already aware of, America has a big under-insurance problem. Researchers have determined that the average American household has life insurance coverage amounting to only 2 ½ times their income. Obviously, a family will still have an income replacement need after just 2 ½ years of a breadwinner's death. Most of those death proceeds will likely be spent on living expenses for the surviving family. How will the family survive beyond this time frame?

Researchers have also discovered that everybody dies... and when somebody dies, they're gone, they don't come back! Earnings stop, forever; contributions to the household ceases, but survivors live on. For those who feel 2 ½ years of income is adequate life insurance for their family I ask the question, "How long do you plan on being dead?"

Embracing A Different Approach

So, just how much life insurance coverage is needed to provide financial support for a family? One approach that may be the most appropriate for determining the value a breadwinner brings to his or her family is the Human Life Value method.

The Human Life Value approach is nothing new; it was developed by Dr. Soloman S. Huebner, who also founded The American College of Life Underwriters in 1927. But this approach is gaining new popularity among insurance professionals. Most of the courts use this approach when determining settlements in wrongful death cases. Most recently, the Department of Justice used this method when evaluating claims for victims of the terrible terrorist attacks of September 11, 2001. Now, agents are starting to give this approach a fresh look and are talking to their clients about the importance of insuring their total Human Life Value.

The Human Life Value approach offers a shift from focusing on needs, to value replacement. Under this approach, the total contributions a wage earner makes to his or her household over the course of a lifetime is calculated. Insuring someone for this amount ensures that the surviving family will not suffer the disastrous financial loss incurred by most under-insured households.

Talking to clients about their Human Life Value dispels the myth that 2-10 times your income is an appropriate amount of life insurance. In many cases, calculating someone's Human Life Value results in more than 20 times a primary wage earner's income.

A Call to Action

Most people make their insurance decisions passively, by simply neglecting to think about them. It's not that they don't care about their families, but because just like any healthy person they feel that they'll live a long and healthy life—they feel they'll have plenty of time to address these protection issues.

The advice agents give, and the products they sell have an enormous impact on the lives of their clients. As life insurance professionals, you are the only ones who can help your clients retire with the security of knowing they'll never outlive their income. You help widows and orphans live their lives with dignity when they lose their primary income earner. Agents should no longer hide behind the "financial advisor" or "estate planner" title for fear of being accused of selling life insurance products. You should feel good about the work you do for people.

America needs your help; it's your responsibility---it should be your mission---to speak with as many people as you can about their life insurance needs. You must speak for those who are not present throughout the sales process---the children, family and employees of your clients. You live a life of significance because you speak on their behalf. You have a moral obligation to help your clients make some conscious decisions about their families' futures. They are depending on you!