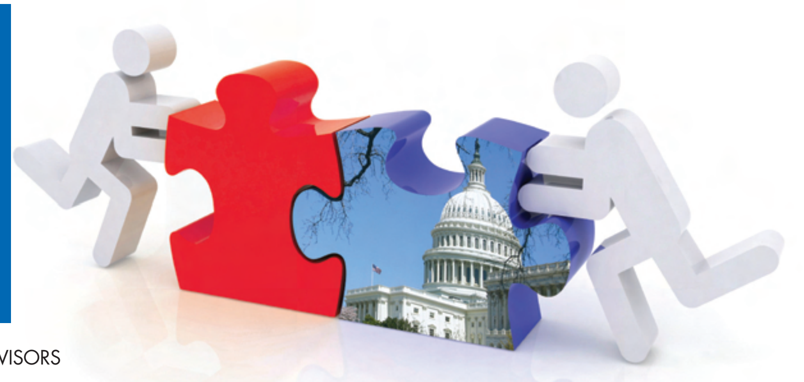
NAIFA

CONNECTIONS THAT COUNT



NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS

ROLE OF THE AGENT

INSURANCE AGENTS AND FINANCIAL ADVISORS

THE PIVOTAL LINK BETWEEN INSURANCE COMPANIES AND CONSUMERS

Historically, the insurance agent and financial advisor system has been the principal method of distribution for all types of insurance and annuities and the majority of small business sponsored qualified and non qualified retirement plans. Agents and advisors develop the recognition in individuals and businesses that lead to the purchase of insurance and retirement products. Agents/advisors deliver and service the products of the insurer while educating consumers on how to manage risks and how to make informed choices regarding their insurance purchases. More than ever, individuals and small business owners rely on the advice of their agents and advisors regarding cost savings measures and coverage options—or they have no advice at all.

VALUE OF INSURANCE AGENTS AND FINANCIAL ADVISORS

Commissions or other types of compensation earned by insurance agents and financial advisors compensate them for their work in uncovering the factors that lead an individual or business to purchase an insurance product or service. In addition, agents and advisors perform these critical services for insurance and retirement plan consumers:

- **Needs Assessment—**work with clients to evaluate their need for insurance and retirement plan protection. This may involve substantial research and fact finding about the client's needs. This is an on-going process since needs continuously change as a person's family and employment situations change or as their business grows.
- **Education—**explain the various insurance and retirement plans available and provide appropriate cost indexes.
- **Planning—**recommend plans that fulfill the client's objectives and budget.
- **Follow Through and Execution—**encourage clients to act in a timely fashion to assure that the proper coverage is in place when needed. Agents and advisors also see to it that accurate and complete information is provided to the insurer to make sure that the client gets the very best plan at the lowest premium cost available.
- **Change Management—**review or update plans on a periodic basis. Agents and advisors suggest changes when appropriate and counsel clients on ways to reduce cost. Often they must assist their client in reviewing the need for legal and tax compliance, recommending other professional assistance when necessary.
- **Claim Documentation and Service—**assist with claims, answer questions and serve as ombudsmen in helping their clients deal with insurance companies, other product providers and government programs.
- **Employer/Employee Relations—**assist business owners in communicating the value of employer provided benefit packages to employees, often assisting employees in seeing how the benefits coordinate with their personal financial programs.
- **Business Continuation Planning and Funding—**assist business owners in insuring their business and developing and funding business succession plans.

INSURANCE AGENTS AND FINANCIAL ADVISORS—TRAINED PROFESSIONALS

All insurance agents are licensed and regulated by state insurance departments. Many agents and advisors are also licensed by federal and state regulators that govern the sale of securities products and services. Prospective agents and advisors receive extensive training prior to taking a written exam leading to licensing. Continuing education is usually required for agent/advisors to maintain licensure.

Role of the Agent *(continued from previous page)*

Many agents/advisors have taken a sequence of college-level courses leading to one or more professional designations. These include:

- Accredited Estate Planner (AEP)
- Chartered Advisor for Senior Living (CASL)
- Chartered Advisor in Philanthropy (CAP)
- Chartered Leadership Fellow (CLF)
- Chartered Life Underwriter (CLU)
- Chartered Financial Consultant (ChFC)
- Certified Financial Planner (CFP)
- Certified Employee Benefits Specialist (CEBS)
- Certified Pension Consultant (CPC)
- Certified Public Accountant (CPA)
- Certified Trust and Financial Advisor (CTFA)
- Certification in Long-term Care (CLTC)
- Fellow, Life Management Institute (FLMI)
- Financial Services Specialist (FSS)
- Health Insurance Associate (HIA)
- Life Underwriter Training Council Fellow (LUTCF)
- Master of Science in Financial Services (MSFS)
- MS Degree in Management (MSM)
- Registered Health Underwriter (RHU) and
- Registered Employee Benefit Consultant (REBC)

AGENT AND FINANCIAL ADVISOR ASSOCIATIONS

Most career insurance agents and financial advisors belong to a professional association such as the local, state and national chapters of NAIFA-the National Association of Insurance and Financial Advisors. NAIFA sponsors a specialty practice area for health insurance advisors through the Association of Health Insurance Advisors.

The NAIFA federation provides seminars, workshops, annual meetings and other educational forums to increase an agent/advisor's value to his or her clients. They also keep agents/advisors abreast of the latest insurance products and regulations through publications and special bulletins. The NAIFA federation also requires members to subscribe to a strict code of ethics and encourages members to aspire to a high level of service.

For additional information about NAIFA, visit www.naifa.org. For additional information about AALU, visit www.aalu.org. For additional information about AHIA visit www.ahia.net.