FROM THE ARCHIVES

FORUM 100

Published in the June 1934 issue of The Life Underwriters News (FORUM *magazine*).

Selling Financial Independence

By Robert R. Hagerman

Practically all progress in life is made as a result of adversity — in one form or another. The doctor seeing thousands of little children dying from diphtheria becomes desperate in his desire for the knowledge which will enable him to save the lives of — not thousands — but millions of other such little children. The same applies to progress in business. When we are hard-pressed financially, we become desperate in our desire for relief from such a situation, and in the effort to overcome the condition progress is made.

Because of the necessity for conservation during the recent depression, people built up their sales resistance to a higher degree than ever before — which created the necessity for new and better methods of selling. If you have not learned that lesson yet, the chances of success are small. How many salesmen have improved their methods of selling during the past few years? Not one in ten. If the severity of the last depression did not teach the absolute necessity for better methods of organized selling, then I am unable to understand how we expect to be able to make progress and succeed in life.

To whom are you trying to sell insurance? And through what avenue are you trying to sell it? Let us answer the first question first. Prior to the depression business men were purchasing more than 60 per cent of all the insurance being sold. Therefore, if you were underwriting at that time, it paid you to spend a higher percentage of your time among business men. What are the conditions existing now? The business man in most lines has been hard hit. He is buying a much smaller percentage of insurance now than heretofore. Just what is the idea of trying to write certain classes of business men for more insurance during the present period? You are only making a nuisance of yourself. Why not find out who is buying insurance and what class of insurance is being bought? Women and professional people are buying more than 60 per cent of all the insurance and investments at the present time — so if you wish to be successful, why not spend a higher percentage of your time among these classes? Why are women buying such a high percentage of the investments today? Because those engaged in favourable occupations are to a lesser extent than men heads of families; therefore, they have larger margins for investment.

What is the most favourable entree to these people — or

FORUM 100

in other words, in what are they most interested? They are not interested in protection. They are interested in financial independence — and financial independence provides protection. So why not let them buy what they want to buy — in the way in which they want to buy it! Therefore, the most powerful and favourable avenue of approach is through information relative to financial independence. If you will submit information in proper form relative to such an important subject, you will gain their attention and interest easily.

Why are people so vitally interested in financial independence? Because of their experiences during the last depression. They are eager and desirous of benefitting from those experiences.

The possible volume of business involved in selling financial independence through annuities and life insurance properly programmed is colossal. Get ready for the largest volume of business that you have ever handled in all history — not only get ready for it, but start writing it immediately, because people have plenty of money and are willing to invest it for financial independence. If you don't get busy and handle the business on a satisfactory basis, the money will go elsewhere and in most cases be lost.

LEADER SERIES

Then and Now

Ian Russell, president and CEO of the Investment Industry Association of Canada and chair of the International Council of Securities Associations, speaks to *FORUM*'s **Julia Teeluck** about industry challenges, trust, and investor confidence

***FORUM*: From your perspective, what has made the biggest impact on the financial services industry in the last century, and why?**

Ian Russell: Technological advances over the past century have created global markets and transformed the way in which the industry serves Canadian investors.

The evolution of electronic communications continuously changes how clients receive information, and greatly expands the avenues available for advisors to engage clients. Though the communications vehicles have changed dramatically over the years, the central role of advisors has largely stayed the same: To provide the guidance clients need to meet their unique financial goals. Of course this guidance comes in many forms beyond simply recommending products. Among other things, financial advisors provide crucial tax and estate planning advice, and steward clients through life events, many of which can trigger financial challenges and opportunities.

Over the years technology has also turned local markets national — and eventually global — in scope. Despite the evolution of markets, Canadian securities regulation hasn't kept up with the pace of change. This is one of the reasons the IIAC supports a co-operative capital markets regulator.

***FORUM*: What do you see as the biggest challenges facing dealers and advisors in the coming decades?**

IR: A January 2014 survey of investment industry CEOs entitled "IIAC 2014 Capital Markets Outlook" revealed the top barriers to growth facing firms. Several of the barriers identified apply directly to advisors, including ongoing regulatory burdens. If the current pace [of these challenges] continues, the industry will be further injured by the relentless unfolding of new rules and regulations in securities markets, tax-reporting obligations, reluctant investor participation during down markets, and competitive pressures — specifically those caused by large integrated firms.

***FORUM*: What's the most pressing issue in the financial services industry today?**

IR: Weak market conditions. While these conditions can't be addressed solely by regulatory action, a co-operative capital mar-

kets regulator would increase efficiency, and reduce the [compliance] burden on firms. In turn, this would help to create a better environment through which advisors could carry out their valuable work in building financial prosperity for Canadians.

***FORUM*: How would you describe Canadian investor confidence today compared to 20 or 30 years ago?**

IR: The general impression today is that in recent years people have lost confidence in their advisors and in the investment process. However, our research indicates the opposite is true. A January 2013 study by Advisor Impact, "The Economics of Loyalty," demonstrates that Canadians are very satisfied with their advisors. On a scale of one to 10, 86 per cent of respondents rate their satisfaction at seven or higher, while 72 per cent rate it at eight or higher.

Canadian investors also recognize that an advisor's value goes beyond investment returns. Three out of four investors (78 per cent) agree that their advisor adds value above and beyond market performance, and trust the firm their advisor works for. The results are a testament to the quality of service that advisors provide their clients, and to the level of trust and confidence they inspire.

JULIA TEELUCK is a communications specialist at Advocis and can be reached at jteeluck@advocis.ca.