

My thoughts and experience in selling Life Insurance and Annuities with Fraternal Companies:

A little background first; I live and work in Chicagoland which is home to ½ dozen fraternal companies. We are a population with a lot of middle and eastern European background. Our ancestors started coming here 175 years ago to work in the steel mills and on the railroads. Dangerous work in those days and folks got hurt, sick or worse. They passed the hat to collect a \$100 or so to pay hospital or funeral bills. This was the genesis of Fraternalism. Nothing is of more importance to the folk who run the companies than to take care of their members.

Facts:

1. In my 50 years of working in the Brokerage business, I have had over 84 companies fail in one way or another. Either they went out of business or got taken over by an Insurance Commissioner. In some cases, their book of business was bought by another entity. In virtually every case, the policyowner got less than they bargained for. Think of Executive Life, an A+ excellent Best rated company; solid on Friday, taken out on Monday by California's Insurance Commissioner. 84 companies that were here today, gone tomorrow. Most of them made promises to you and me that were not kept because some of the officers who made those promises were also off to greener pastures. There were a few years in the early 90's that I spent all of my time patching holes that those Companies left.
2. Of the 84 companies leaving town, NONE were fraternal. Through it all, the Member got everything they were promised and then some.
3. Let's talk history...Boer War, Spanish-American conflict, WW1, WW2, Korean War, Vietnam War, The Great Depression, three or four recessions and on and on. Through it all, these Fraternal dynamos have survived, grown and thrived. Better yet, most of them have paid a dividend for 10 or more decades. We have clients who bought annuities a dozen years ago who are still getting 5-6% on their money.
4. Fraternal operate as Not for Profit 501-C3 Legal Reserve Life Insurance Company and pay no taxes. This status allows them to provide an extra approximate 1.00% basis points on earnings which they can pass on to their members in the form of better premium rates on Life Coverage and as much as 1.00% basis points on their Annuity Products.
5. When our client gets these great returns, they send in new money and we get paid new commissions. There is something about that we like. Happy client, happy agent, happy company and happy GA. The clients we had with the infamous 84 are not at all happy.
6. There is no state insurance fund guarantee but any fraternal can assess its membership. We had one fraternal do that to the tune of 2% of their respective cash values. No one came out of pocket, and when the storm passed, the assessment was lifted.
7. I don't know of any fraternal that ever failed. Many of the smaller ones get merged into the larger ones. This adds to their general membership which is what all the fraternal are after.

So, if you want happy clients who send more money, which makes for a happy company who are happy to keep paying you, then get started with us now.

John Light

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