



# Overcoming Complex COLI/BOLI Sales Cycles



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**Complex (com·plex) – Adjective.**  
Consisting of many different and connected parts. Hard to separate, analyze or solve. Complicated or intricate.

In a complex sale, the buying process is a long chain of inter-related decisions requiring the buy-in of multiple parties, each with their unique perspective on the situation. And when it comes to some financial services and products, that certainly applies.

Consider COLI and BOLI – arguably the most complex forms of life insurance. Generally speaking, the sales cycle for any form of insurance or annuity contract that has cash value will be much more complex than that of contracts with no cash value (e.g., immediate annuities or term life). The rules that pertain to corporate ownership of life insurance are also more difficult than for individual or group policies. Likewise, the need for robust pre-sale financial modeling in COLI/BOLI is far more acute than with simple life insurance products.

### **A COMPLEX SET OF PRODUCTS**

In the COLI/BOLI sales world, there is no cookie-cutter solution. COLI/BOLI can be structured in many different ways, limited only by what the client is trying to achieve. COLI/BOLI is most often a cash-value driven product used to informally fund certain employee benefit plans. COLI is also used as a death benefit-driven plan to protect an organization from the death of a key person or to fund shareholder buy-sell agreements in smaller organizations. A consultant/broker works with their client to best match an asset (i.e., a life insurance policy) with a liability need. Plan design, sizing, product configuration, product performance, pricing flexibility, investment options and ease of implementation are all important considerations in this transaction.

If you're reading this white paper, there's an excellent chance you're rather familiar with COLI/BOLI. But imagine how that last paragraph might sound to a potential client who is new to the space. Anything that can simplify the process for them (or help a broker and carrier provide them with superior service or tools) will make a sale more likely.

### **WHAT TOOLS CAN HELP?**

A fully integrated, cloud-based system that offers carriers, brokers/consultants and end customers a suite of best-in-class tools and services is essential in this highly complex and specialized space. Though these tools and services are designed to provide the best possible user experience for all involved, they also serve as invaluable selling points, simplifying the complex COLI/BOLI sales cycle.



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#### **ADVANCED PRE-SALE AND IN-FORCE FINANCIAL MODELING**

A comprehensive financial modeling system is absolutely necessary to both brokers and end customers, since valuation and sensitivity analysis are critical objectives in selling and supporting COLI/BOLI relationships. Before the sale, a consultant/broker needs the ability to illustrate both liabilities and the underlying financial product in order to ensure that insurance products provide adequate coverage of the corporate liability over time.

Likewise, an illustration system that handles a myriad of in-force underwriting classes, product options and features, pricing options, and investment assumptions will optimize results for the client and enhance sales opportunities.

Integration with the policy administration system also offers an illustration system direct access to all historical policy transactions, and enables it to provide in-force illustrations on-demand and for any point in the policy's history. This eliminates the cumbersome manual task of downloading and saving policy values in order to do in-force illustrations.

#### **ONLINE ENROLLMENT AND E-SIGNATURE OF APPLICATIONS**

Once a decision is made on the appropriate insurance product configuration to meet the clients' needs, the cumbersome – but all-important – task of issuing the case begins. This normally involves numerous pieces of paperwork for the insureds, consultants/brokers and the carrier. Each application for insurance, with all the associated state and legal forms, must be assimilated, then signed by both the insured and the consultant/broker. On a large case involving individual insureds, this task alone can be overwhelming ... and take weeks, if not months, to complete.

However, this process can be greatly simplified if the individual insureds are able to complete the application online, then e-sign (along with the consultant/broker) all the appropriate forms. This eliminates mounds of paperwork and significantly accelerates the timeframe for completion.

#### **NEW BUSINESS SUBMISSION**

The last task before a policy is actually issued is the entry of the application into the policy administration system. Typically, this is accomplished through a manual data entry process. Once again, on a large case with multiple insureds, this process is cumbersome, error-prone and time-consuming.

In an integrated systems environment, the data captured during the online enrollment and e-signature process above feeds the policy administration system automatically, assuring in good order data, elimination of the manual data entry process and significant reduction in the time required to issue new business.

#### **POLICY ADMINISTRATION AGILITY AND ACCURACY**

To be successful, a consultant/broker and carrier need to work together to adjust loads and charges and examine death benefit options, cash value accumulation tests, riders, features and more. There is a great deal of case-based customization necessary to support the COLI/BOLI market.



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A suite of modern policy administration tools that takes a transaction-based approach to product configuration, policy issuance and policy life-cycle events, including both financial and non-financial processing, is critical. Policy administration offerings should be eminently flexible and scalable, offering support for life insurance policies and annuity contracts from issuance to termination.

#### **INTEGRATED PLAN ADMINISTRATION SYSTEM**

Perhaps one of the most overlooked components of the COLI/BOLI sales cycle is the administration of the liability portion of the case, often called plan administration. As complex as the asset side of a COLI case may seem, there is an equal degree of complexity for the liability portion of a case. However, plan administration is normally the responsibility of the consultant/broker.

Modern plan administration tools, fully integrated with policy administration, reporting and illustration engines, can help consultants/brokers impart confidence in prospects. Likewise, a web-based plan administration toolset can offer distributors a unique level of asset/liability management and recordkeeping support for COLI/BOLI plans, as well as simple ways to access and share reports online, 24/7.

#### **REPORTING**

To ensure success, a consultant/broker should constantly monitor product and investment performance to ensure original expectations and assumptions are being achieved – or modified, if necessary. There should be multiple methods for obtaining information and data. Easy access to reports at the case, division or policy level is always important.

#### **KNOWLEDGEABLE, EXPERIENCED PEOPLE**

A decision to be active in the COLI/BOLI market means making a real commitment. It is complex; not something to dabble in or treat as an adjacent focus. It is a market that requires robust tools and, particularly, in-depth expertise.

## **CONCLUSIONS**

The COLI/BOLI sales cycle is extremely complex, especially when dealing with clients who are new to the space. In order to offset this challenge, carriers and brokers/consultants must arm themselves with technology and partners that both maximize policy/plan performance and present prospects with a robust, attractive value proposition. Key points to consider when choosing a system or a technology partner include:

- Pre-sale and in-force financial modeling
- Online enrollment and e-signature of applications
- Efficient new business submission
- Accurate, agile policy administration
- Integrated plan administration
- Robust illustration integration
- Advanced reporting tools
- Self-service tools
- Knowledgeable, experienced staff



Who can offer all this? One option to consider is Andesa Services, a consistent leader in quality, highly efficient, integrated marketing and administrative solutions for life insurance and annuity companies and their distributors. Seven of the top 13 U.S. life insurance companies – as well as a number of the largest brokerage firms in the country – use Andesa’s suite of services to deliver superior policy administration, plan administration, reporting and illustration solutions. Andesa’s client-centric solutions combine a unique SaaS/TPA business model with a modern technology blueprint and exceptionally knowledgeable insurance professionals in support of open and closed blocks of individual and group insurance.



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