

## Life Insurance: Who Benefits, the Consumer or the Company?

*Topic:* Selling

*Characters:* Mark, Sales representative for a large life insurance company  
Potential clients of Mark  
The company Mark represents

Mark is a sales representative for a large life insurance company. He has been with the company for about 18 months. Things have been going well, or so he thinks. One concern he has is about the product he sells most.

This product is an insurance and savings plan bundled together. It provides protection for premature death, savings that can be used for retirement, or an emergency fund that can be accessed quickly without hassle.

The problem Mark faces is that this insurance product is more expensive to purchase, and for young families it provides the least amount of protection in case of premature death of the breadwinner. Another drawback is the low return on savings, somewhere between 3 percent and 6 percent net. The company pushes sales of this product because it is more profitable. The commission Mark earns is 110 percent of the first year's annual premium, so it is very profitable for him and his family.

Mark also has another product that is considerably cheaper, that can provide much greater insurance protection, and at the same time would let the insured invest the difference in another product (i.e., an annuity) that provides a greater return. But the commissions paid by the company are very low, and management frowns on too many of these policies being sold.

The quandary is: If Mark does what is right for the consumer, he can't provide for his own family; if he sells the more expensive insurance product, then the protection doesn't come anywhere near meeting the needs of the family should the breadwinner die prematurely. What should Mark do?

*Author:* Thomas W. Bose [?], MBA student, University of Central Oklahoma