

# The Ziff Agency Monthly



From the Desk of Adam Ziff  
The Ziff Agency, LLC



## The Future of Life Insurance May Depend On Your Online Presence

**“Don’t post photos of yourself smoking on social-media sites. Do post photos of yourself running.” These two suggestions appear in a recent Wall Street Journal article about New York state’s new rules for how life insurance companies can use public data to help set premiums.**

Such tips — under the heading “what you pay for life insurance could depend on your next Instagram post” — seem ominous, portending a surveilled future where tweeting about rock climbing could hurt your wallet and services exist to curate photos that appeal to insurance companies.

In reality, it has long been the case that what you pay for life insurance could at least be affected by your next Instagram post.

It is already legal, and increasingly common, for life insurers to use so-called “nontraditional” sources of public data — including credit scores, court documents, and motor vehicle records — to inform insurance underwriting decisions, though few use actual social media data.

New York is simply the first state to release guidelines around this practice, and its ruling is that nontraditional data is okay so long as a company doesn’t discriminate by factors like race, religion, and sexual orientation. Other states are likely to watch and follow suit. (The New York State Department of Financial Services, which released the guidance, declined to make a spokesperson available for comment.)



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## Current News:

### Fixed Annuity Sales Smash Previous Record

Annual sales of fixed annuities broke a record in 2018, as investors retreated from a volatile stock market and were lured by the larger payouts created by rising interest rates.

Fixed annuity sales hit \$132 billion last year, a 25% jump from the previous year, according to the Limra Secure Retirement Institute. The 2018 total bested the previous record, set in 2016, by roughly \$15 billion.

A turbulent stock market encourages investors to seek less risky havens for their money, such as fixed annuities, said Todd Giesing, director of annuity research at Limra.

"Volatility spiked pretty significantly during the [fourth] quarter and equity markets took a big downturn," Mr. Giesing said.

Sales of fixed annuities were driven higher primarily by two types of fixed annuities: indexed and fixed-rate-deferred annuities.

Indexed annuities shattered their previous annual record, set in 2016, by \$9 billion to hit \$69.6 billion for the year. Sales of fixed-rate deferred annuities increased \$10 billion over 2017 to total \$44.2 billion, a volume not seen since the financial crisis, Mr. Giesing said.

(Source: InvestmentNewsNet)

Life insurance companies want to update their methods and make their businesses more efficient. Consumers fear their public information being misused in discriminatory ways. The nature of the industry doesn't do anything to alleviate those fears, either, because life insurance inherently differentiates between people; different factors cause people to pay different premiums. Government regulators want to balance the interests of both customers and businesses, but it's not going to be simple.

At its most simple, life insurance is an attempt to financially protect others in the event of an unexpected death. You pay a premium, and if you die within a certain amount of time, the insurance company pays survivors. If not, the insurance company keeps that money. The process of setting premium rates can be slow and invasive. (It also varies by company, since underwriting methods are considered trade secrets.) Typically, a client will fill out an application that includes medical history and questions about smoking and other lifestyle habits. In other situations, they will also undergo an examination that can include an electrocardiogram and analysis of blood and urine samples. Underwriters with experience in actuarial science take all of this information to calculate levels of risk and set a rate.

Algorithms speed up this process — though there aren't many cases where a decision is entirely automated — and can make it more precise. Sometimes, the algorithm will greenlight a person so they don't have to go through the invasive medical tests. The convenience of immediately receiving a policy is appealing to those who don't want to wait weeks for a doctor's appointment, and that can lead to more life insurance policies being purchased. And while life insurance sales have traditionally been face-to-face interactions with agents, that mode is quickly falling out of favor, meaning that algorithmic processes are better for online sales.

However, using social media data specifically is rare, according to Aite Group senior life insurance analyst Samantha Chow. Out of 160 insurers investigated by New York state, only one used social media and other internet activities in underwriting, according to theJournal, although some vendors did pitch data based on such details as "condition or type of an applicant's electronic devices" and "how the consumer appears in a photograph."

And when social media is used, it's usually to reduce fraud. Companies will sometimes use data to look for information on the internet that might show whether someone lied on their application.

(Source: The Verge)

## The Underwriter's Corner: Underwriting Q & A

### That Genetic Test Can Cost More Than You Think

These days, genetic testing companies promise you can learn a lot about yourself by completing a simple at-home test kit. But before you reach for a cheek swab or a test tube, consider all the possible impacts of that test — including the impact on your insurance coverage.

Direct-to-consumer genetic tests have gone from niche to mainstream in the past few years, boosted by wide advertising coverage and a growing interest in genealogy. These days, a variety of companies offer reports that detail your ethnic heritage, and most allow you to connect with distant relatives who have also taken the test. Right now, insurers generally do not require applicants to undergo genetic testing. However, if you apply for insurance, the company can ask you whether you've been tested and require you to turn over any existing results. Be sure to take care of your insurance needs before finding out what your genotype reveals. Your wallet may thank you.

(Source: Palisades Hudson)

# INSURANCE 101

## Famous Estate Planning Failures



**NAME:** Avicii

**DIED:** April 20 2018

**AGE:** 28

**CAUSE:** Suicide

**ESTATE BLUNDER:**

Not leaving a will

Avicii, whose real name was Tim Bergling, reached almost absurd levels of fame, success, wealth and adoration. Sadly, his success came with a heavy cost of anxiety, depression, heavy alcoholism, and ultimately suicide. He was only 28 when he died from self-inflicted wounds from a broken wine bottle on April 20, 2018.

By not making out even a simple will before he died, his wishes for what happens with his fortune no longer matter, legally. Rather, his assets pass to his parents. The intestate laws of Sweden do not include siblings (because his parents are alive) or charities, even though Avicii may have wanted to include them. But because he lived in California, his U.S. assets - including the Hollywood Hills home - may be subject to estate taxes. Any such taxes could have been minimized by good estate planning, especially considering Avicii's charitable nature.

(Source: Forbes)

# THE 4 P'S OF RETIREMENT PLANNING



## PREPARATION

Assess your current financial condition, future financial goals and establish a timeline; these are fundamental for preparing a sound retirement strategy.



## PERSONAL

Determine your individual objectives, and what is driving these long-term decisions; such as, principal protection and guaranteed income.



## POSSIBILITIES

Consider extenuating circumstances that can wreak havoc; such as, the global economy, market volatility, and costs of living.



## PRODUCTS

Review your timeline and objectives to help see how products like a fixed index annuity can work within a comprehensive, overall plan.



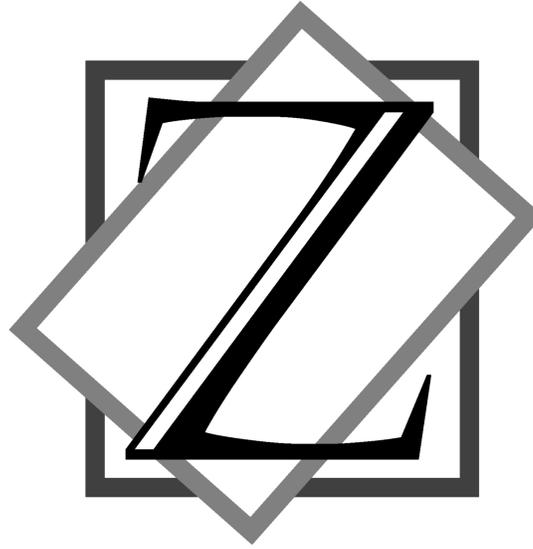
(Source: American Equity)



## HERE'S A THOUGHT...

*"You gotta try your luck at least once a day, because you could be going around lucky all day and not even know it.*

*- Jimmy Dean*



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*Happy St. Patrick's Day!  
Give your family the peace of  
mind they deserve with Life  
Insurance!*