

Q&A with Mike Kalen, CEO of Covr Financial Technologies providing a Digital Insurance Platform that enables Financial Institutions and Financial Advisors to help their Clients get the Appropriate Amount of Insurance with Fewer questions, Less Steps with greater Transparency



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“Life insurance, long-term care and disability have forever been ancillary businesses for financial institutions. The solutions that have previously been available are people-intensive, complicated and not scalable. By implementing Covr’s platform, we increase a firm’s ability to enable their advisors who would not have engaged their clients in conversations about this critical aspect of financial planning.” - Mike Kalen

CEOCFO: *Mr. Kalen, how are you making life insurance simple at Covr Financial Technologies?*

Mr. Kalen: Technology has become a part of our lives for everything that we buy, from our groceries to our cloths, even to our financial services. Covr Technologies has built proprietary technology based solutions for financial advisors to help their clients get the appropriate amount of insurance with fewer questions, less steps and with more transparency.

CEOCFO: *Would you give us a couple of examples where a financial advisor might use Covr, and what they are going to find?*

Mr. Kalen: Previously, financial advisors would have to engage typically a third-party to help them design a life insurance solution for their clients. Financial advisors typically help their clients manage their investments, and grow for their retirement. Covr’s solution provides financial advisors an easy-to-use digital desktop that is fully integrated with their clients’ financial plan to help them protect their clients’ assets. So, by leveraging technology in an integrated manner with their other financial planning activities, we make life insurance a part of the process in a way that previous solutions have not. Further, for financial instructions that want to offer their clients the ability to do self-directed planning, Covr provides consumer direct options for clients choosing to be served in this manner.

CEOCFO: *When people are engaging with a financial advisor are they typically looking in-depth at life insurance?*

What are some of the nuances that people look at in general or that financial planners can bring to the table more easily with Covr?

Mr. Kalen: Covr has three unique functions that help advisors talk to their clients. First of all, clients frequently ask how much life insurance coverage they need. Covr has a unique online needs analysis that helps a financial advisor determine insurance needs much more accurately

than previous solutions, to help clients gain comfort that the amount of coverage being recommended is appropriate. Once the coverage amount is determined, our platform compares different insurance companies features, benefits and costs in a way where the financial advisor can present the most appropriate product to meet the client's needs. It is all done interactively, digitally, and the client can participate in the selection of the carrier. Then, once the insurance carrier is selected, our technology dramatically reduces the number of steps to take to get the client their coverage. We do that through proprietary technology which takes information that is already been gathered from the clients through the financial planning process and uses it to pre-populate the insurance application - so up to 40% of the questions that would be required in the past of either the advisor or the customer can be now reduced because of our integrated technology.

CEOCFO: *What might you take into account that other systems do not?*

Mr. Kalen: One of the ways that we plan is we can customize coverages throughout the clients' life cycle. Early in the customer's life, family needs are higher as their obligations are higher for things like mortgages, funding for college education and for protecting retirement. The need for insurance might in some cases decline over time as those obligations are met. So, by integrating insurance solutions with a complete financial plan, can customize coverage amounts to save customers money and ensure they get the most appropriate coverage for their needs.

CEOCFO: *Have financial planners been looking for a better way or is it more that they are happy to find out that Covr exists?*

Mr. Kalen: Financial advisors fall into several categories - financial advisors that are heavy current users of life insurance solutions frequently tell us that our process is far simpler from what they have done in the past. Financial advisors that are already talking to their clients about insurance have told us time and again that our solution is significantly easier and more customer-focused than what they have used in the past. The larger pool of advisors that we work with are advisors that have not talked to clients about life insurance and what they have told us is the reason they do not talk to their clients about insurance is it is too complicated, or they are not comfortable asking medical questions and at times they do not know as much about insurance as they need to so they prefer to refer that business to somebody else. What those advisors have told us is that our platform has helped remove those barriers and I think that is what we are most proud of is we are getting financial advisors who stayed away from insurance solutions to now engage their customers in life insurance discussions.

CEOCFO: *Is there one solution or several solutions or variations; what is the business model?*

Mr. Kalen: There are definitely multiple solutions; we offer insurance solution centers for four products which are term life insurance, permanent life insurance, long-term care, and disability insurance. We offer those solutions in modules so that advisors can customize their platform around the product solutions that they want to bring to their clients and we provide guidance for the advisor through an experienced, phone-based support team that can help the advisor where needed. I think the product solution that is most highly adopted so far is term insurance, term insurance is most easily communicated through an

online experience and it is a simple purchase decision of how much coverage you need, how much it will cost you and which insurance carrier is the best for my needs. For us the platform that has the most adoption is our term insurance solutions platform. The fastest growing platforms are permanent life insurance and long-term care. The technology platform to offer those services provides more information to the advisor to help their clients and at times it requires an insurance advisor from Covr to work on the phone with a financial advisor to design the right solution. This is where we really think technology can make a big difference. These products are sophisticated. They have multiple aspects to them and what we are finding is that technology can help deliver these product benefits and solutions so that advisors can make recommendations to their clients with more confidence.

CEOCFO: *What is your relationship with insurance companies?*

Mr. Kalen: We are essentially a general agency. We sit in-between the financial institutions and their customers and the insurance carriers. We have found that the insurance carriers are supporters of Covr because we are helping them make their products more easily available to financial advisors and their clients. We are helping their products be issued on a simpler basis. At the end of the day, we help insurance carriers create new channels and reach more clients.

CEOCFO: *What, if anything, has changed with your approach as more and more people are using Covr? What have you learned?*

Mr. Kalen: What we have learned is that technology alone is not going to change behavior, life insurance is a product that has traditionally been sold and not bought and for the most part it is still that way. What we have learned is that just by creating a simpler experience, that is not enough. We have learned that changing behaviors takes time and education, awareness and confidence. We have had many of our biggest advisors test us out with one small policy to make sure that it all works the way they think it works. We have learned that that first experience can be the difference between a supporter and a happy financial advisor and one that maybe will not change their behaviors to bring insurance into their practice. We have learned that first experience is incredibly important in our ability to offer our services in a broad way. The other thing that we have learned is there is still a need for advice and support for advisors and clients throughout a process. So, while the platform can complete an insurance transaction from beginning to end, at times clients and advisors want to talk to a person, so we have built a trained call-center to help advisors talk to clients when they need, with any part of the purchase process. We have found that technology combined with quality service and advice is really the key to our success.

CEOCFO: *Covr recently had Series-A funding; what are your plans for the money?*

Mr. Kalen: We intend to use capital in three ways; the biggest use of capital will be to continue to innovate the technology, to continue to make the process simpler and simpler. We have defined the next generation of our platform which will include seven areas of enhancements which will further simplify the process and offer enhanced capabilities. We will help clients navigate the underwriting process in a much more efficient manner, provide new tools to integrate insurance solutions into financial planning and expand our capabilities regarding sophisticated insurance solutions. Secondly, we have used the capital to hire a team of insurance advisors that provide phone support, and soon to offer, video support, to

our financial advisors through the sales process. Finally, as we grow as a company we are investing in our infrastructure to improve our internal processes for a variety of things that you would expect growing companies to need.

CEOCFO: *How are you reaching out to potential customers?*

Mr. Kalen: We are primarily a B2B business and we do not acquire one end customer unless we do it with a financial institution partner. We are reaching our partners through a variety of means. We call financial institutions a lot. We meet with them wherever they want to meet with us and whenever they want to meet with us. Secondly, we are using multiple industry events, corporate-level branding initiatives, and educational webinars, to educate the broad market on the solutions that we provide. Finally, we sponsor two meetings twice a year where we invite the current partners, and potential partners to our event to show them how technology can help advance protection solutions in their firms. That is how we acquire our corporate clients. After that, we then have to educate their advisor base on our platform, and that is a series of educational events where we host and attend company training. We will do outbound telephone calls to schedule 15-minute training programs and a variety of other means we use to reach out to financial advisors and potential users of our platform.

CEOCFO: *Why pay attention to Covr Financial Technologies?*

Mr. Kalen: Life insurance, long-term care and disability have forever been ancillary businesses for financial institutions. The solutions that have previously been available are very people-intensive and generally not scalable. By implementing Covr's platform, we immediately increase a firm's ability to reach new advisors that previously would not have engaged their clients in conversations about this critical aspect of financial planning. Our passion for helping increase the use of life insurance products as part of a financial plan, I think carries on to our partners and creates more value for their customers.

