

Can He Make Insurance Cool?

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Patrick Bet-David. Can he make insurance cool

Patrick Bet-David is helping answer the biggest question in life insurance sales: Where will the next generation of successful agents come from?

As the United States has grown more diverse, the life insurance industry clearly has not. “Pale, male and stale” is a common refrain about the typical agent these days.

Not only are agents aging out, but because life insurance tends to be a peer-to-peer sale, clients are also older, more elite and less diverse. For the industry to remain vibrant, it needs to replenish its sales force and clientele.

Bet-David is building a life insurance agency where agents come from all walks of life and many are from minority groups. In fact, he likes recruiting people from outside the insurance business who show spirit and smarts but don’t come with the baggage of bad practices.

He himself came from far outside the world of life insurance. He was working as a fitness trainer in Venice, Calif., home of Muscle Beach, when he became interested first in finance and then in insurance.

Little in his background would have pegged him as the eventual owner of an agency at the age of 39, with more than 5,500 agents and plans to grow that number to an astonishing 500,000 in a decade.

His family fled Iran during the Iran-Iraq War and immigrated to the United States in 1990, when he was 12. He bounced around low-wage jobs before ending up in the U.S. Army, serving in the 101st Airborne. When he got back, he worked at Bally Total Fitness, at the epicenter of bodybuilding.

Bet-David saw the prospect of the good life in finance but found a better life in life insurance. He started PHP Agency in 2009 in Northridge, Calif., and recruited agents nationally. The agency recently moved into a converted warehouse in Dallas that is part office, part gym, part playground, part studio — but all business when it comes to insurance.

He and his recruits are serious about the agency's mission and the transformative value of life insurance. In this interview with Publisher **Paul Feldman**, Bet-David tells the story of his journey and how his business became a mission.

FELDMAN: *How did you get started in the insurance business?*

BET-DAVID: Right after I got out of the military, I started working at Bally Total Fitness at Venice Beach. I met a girl who I started dating for a few months. She was working at Morgan Stanley Dean Witter, where she was the advisor to a lot of the Lakers players.

We'd go out, and she would pick me up in a different car each time. I finally asked her, "How do you make your money?" She said, "I'm an advisor."

I said, "How can I get a job at Morgan Stanley Dean Witter?" She said, "Look, I went to UCLA. You need a degree." I said, "I'm not getting a degree." She said, "They're not going to hire you." I said, "Well, let's see what I can do here."

So I put together my resume, which was probably the least impressive resume you would ever see in your life. It was Haagen-Dazs, Bob's Big Boy, Burger King, military and then Bally. No bachelor's, no associate's, nothing. I mean I didn't have a certificate to brag about anything with — simply the military.

I took my resume and, on the cover letter, I included the best joke I had at that time. Under the joke on my cover letter I put, "If you're laughing, this is exactly how all my

clients are going to feel when they do business with me. They're going to love me. If you want somebody like this as part of your team, give me a call."

I faxed this resume — because back in the day, in 1999, 2000, you used a fax — so I faxed this to 100 different places in LA — I'm talking TD Waterhouse, Goldman, Smith Barney, Merrill, Morgan Stanley, you name them — I sent it to all of them.

Out of the 100, I got roughly 30 calls. Out of the 30 calls, 15 were just people who were saying that was a funny joke and your approach is incredibly funny, but you don't qualify. We just wanted to call and tell you that that joke was hilarious.

The other 15 offered me an interview. After all those interviews, it came down to three different offers.

I went with Morgan Stanley Glendale. My day one was September 10, 2001. So on Monday, everyone's excited, jacked up, and then the following day, 9/11 happened.

My broker at the time said, "Look, guys. This is probably going to be the worst time to be involved with the industry. If you choose to leave, I understand."

A lot of people left and went to banks. I was focusing on money under management, and I said, "I'm going to go and focus on insurance." At that time, I started selling variable universal life with Transamerica, and our agency sold about 7,000 VUL policies in five years. That's how I got into the life business.



FELDMAN: *What are some lessons you learned early on in your career selling insurance?*

BET-DAVID: The transition from logical to emotional. I remember when I was selling logically and it was just, "Hey, I'm going to get advanced 12 months. And, my gosh, if I write this, they're going to pay me 50 percent of \$3,000 target premium. And if I'm at this percentage, man, I can make so much money. I can make \$100,000, and then I can ask my dad to retire, and I can travel the world and I can have a nice car, and I can be cool and have the girls and have all this other stuff."

And then, boom: A 19-year-old kid called me because he couldn't afford to pay the \$60 premium for an indexed universal life policy that had a \$100,000 death benefit. I told him, "Keep the policy, man." He had the policy for only three months.

Well, three days later, he's in a car that gets hit by a car that runs a red light and goes into a telephone pole. He dies at 19 years old.

Two thousand people showed up to this kid's funeral. I could not believe how many people were in love with this kid. The mom mourned for three months. She couldn't even leave the house. It was a very bad situation for the family. For me, I hadn't paid a single claim or been in a situation like it.

He had paid only \$180 into that policy and \$100,000 was delivered to the mom and the dad. When that took place, insurance went from being logical to understanding the emotional.

After that, I sold in a completely different way and my urgency focused more on what we do. It was no longer about a dollar. It was no longer about a contest. It was no longer about a competition. It started becoming about, "Listen, we are a very honorable profession."

FELDMAN: *When you came into the business, you were selling individually. How did you make that transition from selling individually to being an agency leader and a marketing organization?*

BET-DAVID: When I was at Morgan Stanley Dean Witter, we were supposed to go to the World Trade Center in New York for training. But after 9/11 happened, they sent us to San Francisco and we stayed at Mark Hopkins Hotel across the street from the Fairmont.

During that time, they roomed us up with different people. My roommate was a guy named Ed who was driving a CLK430. If you remember back in '01, the CLK430s were like, "I cannot believe such-and-such has got a CLK430." It was a sick car; that was a sexy car.

So I said, "What do you do?" He said, "Well, I used to be with a company called Primerica." I said, "What's Primerica?"

He said, "Their main focus is recruiting. But I just don't believe in recruiting. I believe in selling. That's why I left that, because every month they would pressure us to recruit people and get people licensed and all this stuff, and I just want to produce."

On the last day at Morgan Stanley, they brought in a guy who said, "Look, this is my house. This is my car. This is my wife. These are my kids. These are the events I go to. I go to all the Super Bowl events. I golf at Pebble Beach." He's going through the whole thing.

And I'm sitting there and I'm like, "Oh, my gosh. This guy makes \$3 million a year and all this. Oh my goodness. I thought only people in the NBA made \$3 million a year."

FELDMAN: *It must have been a real eye-opener for someone new in the business with your family background.*

BET-DAVID: I was a naive kid. I came from a family where my mom and dad got a divorce. My dad was a cashier at a 99-cent store in Englewood, Calif. My mother went back to Iran because we ran out of money, and so I was forced to go into the military.

There is nothing about my life that was like this guy's. And no one in my life had ever made six figures. No one. My dad was making \$50,000 a year — the most money he ever made. And we'd never lived in a house.

I never owned Jordans. When I was 14 years old, I so badly wanted Jordans but we couldn't get those. We went to the store in the mall, and they had size 13 Shawn Kemp shoes that were on sale for \$39 because nobody would wear size 13. I was size 11, and I asked my mom, "Can I buy these?" She said, "It's not your size."

I said, "Mom, at this point, I'm sick and tired of wearing Payless. I'll wear these shoes." So, she bought those for me.

I don't come from a lot of money, so when this guy starts talking about, "I make \$3 million a year and I'm doing this," I said, "Guys, let's take this guy out and have some fun with him."

We went out and we started talking. One drinks, two drinks, then we ask, "So how'd you do it? What's the secret?"

He said, "Look, I learned how to write business. But after I learned that, I learned how to recruit. Because the way you make the big dollars is to put together a real nice shop of other advisors who know how to go out there and write. You put a massive distribution together and then, boom: You can make all the money in the world."

I became obsessed with not only writing but also recruiting. In a four-year period, I recruited 4,000 people. We were just obsessed with recruiting in Southern California.



Patrick Bet-David's office is a glassed-in studio/man cave corner of a large mixed-use office space.

FELDMAN: *What were the challenges that you had when you were individually writing and recruiting at the same time? A lot of agencies don't build because they think they don't have the time to do it.*

BET-DAVID: Writing is predicated on four things: work ethic; product knowledge, which is competency; how-tos, which is learning how to sell; and the fourth was probably the biggest challenge I had at the time, and that was my identity.

Let me explain to you what I mean by my identity. I never thought I was a money guy. I didn't grow up in a family where parents said, "You're going to do whatever you can do. I believe in you, son. You're going to be this." No. I've never ever in my life been in an environment where people believed. Never. It was always critical.

Nothing against my parents, but it's just not Middle Eastern culture for us to do that. It's very critical. Nothing's ever good enough.

My dad dropped out of eighth grade in Iran and started working because he had to take care of his mom and dad. My mother got a degree from the University of Iran but didn't really do much with it.

Identitywise, I'm sitting here saying, "Dude, I just made \$3,000 in a month. That's insane. That's awesome. It's a lot of money. Oh my gosh, I made \$5,000 in a month. I've made it."

I had to do a lot of self-reflection to increase my identity to go out there and realize this industry has so much potential. You can make \$10,000 in a month. You can make \$20,000 a month.

I was working on my self-beliefs, and this is one of the reasons why I became a major advocate of reading books. I've read 1,600 books in my lifetime — and I didn't start reading until I was 21.

I had an English teacher named Miss Collins. I was sitting right behind this cheerleader, and I'm trying to hide behind this girl and every flipping day Miss Collins would ask me to read. I was such a terrible reader. The entire day, I dreaded going to Miss Collins' class because everybody would laugh at the way I would read. Math was easy for me and reading was terrible.

The first time I ever finished a book on my own was when I was 21 — it was *How to Win Friends and Influence People*.

Identity was my biggest challenge, to believe that I can actually do this, then find those people skills and stick to believing in the product. Once I started seeing what happened with Gilbert — my 19-year-old client who died in that car accident - believing in the product was very easy.

FELDMAN: *And that broadened your scope significantly, to see the impact that you were making on lives and what this industry really did.*

BET-DAVID: Yes. Every seven seconds, someone's turning 65 years old. According to Boston College, a minimum of \$41 trillion of wealth is going to be transferred between now and 2052, with \$136 trillion the highest annual rate.

Gen Y is now bigger than the baby boomers — 80 million. And these are people who are getting ready to make some of the most important decisions of their lives. They're going to get married; they're going to start careers; they're going to have kids; they're going to buy their first house. And every one of these major decisions requires them to talk about their finances — and that's where we come in.

Then there is the movement of entrepreneurship. People are starting to realize the American dream is about free enterprise and you having to make it for yourself, and the No. 1 benefit that this country offers is the freedom to build your own business and build it as big as you want. And I think a lot of people in America don't take advantage of that benefit.

But on the industry: People don't trust banks like they used to; they don't trust a lot of the stock market because they don't want another 2008 happening, where 38 percent of the market drops; they don't trust real estate because of what happened with the real estate bubble.

And this is why I chose insurance. When is the last time you heard of a life insurance company going out of business? If you go to any metropolitan city and look at the tallest skyscrapers, at the top, you'll see the logo of a life insurance company, because they are stable.

Historically, many governments have gone to life insurance companies to bail them out because insurance companies have money. And by the way, AIG went through what they went through because they went away from their philosophy and invested in some mortgage-backed securities and that got them in trouble. Their life insurance business stayed stable.

FELDMAN: *Those factors turned into your mission to help grow this industry as a whole by sharing your vision?*

BET-DAVID: It became a crusade and the vision for the business. The audience that's going to be reading this are not going to be greenies; they're going to be people who are already licensed or they're running a distribution, right?

FELDMAN: *Yes, mostly middle- and late-career people building on their success.*

BET-DAVID: I would ask them to go back and remember that level of excitement the first time they made \$10,000 in a month. Think about that level of excitement the first time you bought a house. Go back and think about the struggles you had when you couldn't close but five policies in a month, and you were so embarrassed because in your office you weren't anybody — you were kind of like on the verge of quitting.

The industry will do much better if the current insurance agents who are making a lot of money can go back and remember what it was like when they first were coming up. Look at it more as a public service and not as, "I've already made my money. My only concern right now is my golf handicap." Bullshit.

In the Bush family, they have a tradition — and this came from their grandpa, George Bush Senior's father. The culture they had in their family was simple: No. 1, go make your million. No. 2, when you make your million, set aside a retirement account for your wife; set aside an account for your kids; set aside the money for your retirement and don't ever touch that money again. Once you do that, then go give back to the country that gave you the opportunity to make the million.

I think insurance executives, CEOs and IMOs are doing a good job at No. 1 but a terrible job at No. 2. There's a part of this industry that's public service. We're not entitled to this life. No one's entitled to this ridiculous life that we have, but it just so happens that we got lucky to end up in this country. Out of these 193 countries in the world, we're living in America.

It just so happens that we luckily got into the insurance business. Nobody wakes up, goes to college and says, "I want to be a life insurance agent," except for two people I've met in my life.

If the industry connects with that, then realizes, "I am as selfish as they get. I've got that car. I've got a \$100,000 membership to this country club. I have courtside season tickets," all this that I hear about when I go to these conferences - go back and train some greenies, damn it.

FELDMAN: *It seems like you see quite a few successful people who need to do a better job of giving back to the industry?*

BET-DAVID: The way some of these insurance people are selling the industry, it just irks me. Like my skin hurts when I sit and listen to them. They sound like some of the snobbiest, most arrogant people. I want to say, "Stop it, man. You are not as special as you think you are."

Marcus Aurelius was the most beloved emperor Rome ever had. Every time they would go to their annual parade, he would have a slave whisper into his ear, "Marcus, you're not as special as you think you are. Relax. Don't let this get into your head."

It was called a memento mori. Marcus connected to the people because he never felt like he was superior. The insurance industry is filled with bureaucrats and aristocrats, and it's just ridiculous to me.