

Stan the Annuity Man Goes (Almost) Robo

By Kerry Pechter Wed, Mar 9, 2016

Insurance super-agent Stan Haithcock, aka Stan the Annuity Man, says that his new cluster of annuity sales websites position him to become the first truly direct seller of fixed annuities in the digital channel. 'This is my shot across the bow to agents,' Haithcock said.



Expecting digitization to disrupt the world of annuities any day now, Stan “The Annuity Man” Haithcock has set up several new websites where he’s selling plain-vanilla annuities in a fashion as close to “robo” as current regulations permit.

“We’re already getting hate e-mail from agents,” said Haithcock, the 6-foot, 6-inch red-haired former basketball player, Florida-based insurance agent, and annuity industry gadfly. His denunciations of variable and fixed indexed annuities have earned him many enemies, while helping him market himself as American’s most trustworthy annuity agent.

So far, online customers are proving his instincts about the Internet correct, Haithcock told *RIJ*. “I’ve sold more annuity volume online in the last four days than most agents sell in a quarter,” he said in an interview yesterday.

Haithcock’s personal domain remains www.stantheannuityman.com. His four new e-commerce sites are Annuities.direct, Spia.direct, Dias.direct, Qlac.direct, and Myga.direct. Annuities.direct serves as the core platform; the other sites are spokes to its hub. The tagline at Annuities.direct reads: “No agent needed!”

Haithcock (right) concedes that he is not yet selling *truly* direct—as in “direct from the manufacturer.” His process still requires clients to put their “wet signature” on a lengthy, carrier-issued paper contract. His phone reps are duly licensed, and he serves as the agent of record. But he claims to be preparing for a not-too-distant future when consumers can buy fixed annuities online as confidently as they book flights at Expedia.com or apartments

on Airbnb.com.



“The platform is set up so that when the insurance companies decide to go direct, we can adapt immediately,” he told *RIJ*. “Stage One is getting it up and available. Stage Two is, ‘Let’s give the consumer better pricing.’” He doesn’t expect annuity issuers to question his liberal use of the word “direct.” On the contrary, he said: “Most carriers will tell you behind closed doors that they’d love to get rid of the agents.”

How it works

Individual investors (or perhaps fee-only planners) can visit Haithcock’s sites and get instant sample quotes on single-premium immediate annuities (SPIAs), deferred income annuities (DIAs), qualified longevity annuity contracts (QLACs, which are DIAs for qualified money), and multi-year guaranteed rate annuities (MYGAs), which are generally used for slow but safe appreciation and principal protection. If clients want specific quotes from specific companies, he sends a pdf of the quotes to them by email. He claims to let clients set the pace, and not hound them with follow-up calls or emails.

Don’t expect to find better annuity payout rates on Haithcock’s sites right now—although he believes that robo-annuities will eventually be cheaper than retail. Like his competitors, he gets his annuity quotes from [Cannex.com](https://cannex.com) (to which he claims to add a special sauce). His prices may be slightly higher than the “institutional” prices that are available on the Hueler Companies’ Income Solutions website, which specializes in serving people leaving 401(k) plans.

“This is my shot across the bow to agents,” Haithcock said. “The direct model is a game changer. Other sites want you to call so that their agents can cross-sell other products. We

don't want you to call us. We don't even have an 800 number on our site. We have no agent. At the end of the process, the purchaser can talk to a licensed representative who is not an agent."

Annuity manufacturers are loath to vary their pricing by channel, because they don't want to create conflict or offend agents. Haithcock thinks it's only a matter of time before that changes.

"We're still at the infancy stage. I intend to go to work with the carriers to provide preferential pricing. Once the establishment types figure out where the puck is going, I'll have more leverage," he said. "People in general and Millennials in particular don't want to buy much face-to-face anymore, and that includes insurance products. They don't want bad chicken dinners [at free seminars]. They don't want home visits. Amazon, Vanguard, and Über paved the way for this. Now all bets are off."

A small percentage of Americans has already shown a willingness to buy annuities online, with a little help from a phone rep and an exchange of signed contracts through the mail. Hersh Stern, the founder of [immediateannuities.com](https://www.immediateannuities.com), has been selling annuities that way since 1996. "Imitation is the sincerest form of flattery," Stern told *RIJ* when informed about Haithcock's entry into the online space this week. Many people feel more control and safety when shopping electronically than when sitting with an insurance agent at their own dining room table, he has found.



Fidelity, of course, has had an income annuity sales platform on its website for several years. Vanguard participants and retail investors can buy income annuities by linking to Income Solutions. Haithcock says he offers a broader range of quotes than Vanguard or Fidelity do. AARP markets New York Life annuities through its website. Annuity websites

that offer free annuity quotes are plentiful, but many of them are magnets for sales leads rather than self-service transaction portals.

There's some debate over whether the free-look guarantee helps or hurts annuities sales. During the free-look period, whose length varies by state and which usually lasts two or three weeks, a client has the legal right to return a contract to the insurance company and get the premium back, no questions asked.

Stern told *RIJ* that, in his experience, prospects who focus on the free-look tend to be less committed to a purchase. Haithcock thinks that the availability of a free-look period makes annuities ideal for sale through digital channels. He intends to draw attention to it on his site. "Annuities are the only financial product with a money-back guarantee," he said. "It's Elizabeth Warren's dream-come-true."

It should be emphasized that Haithcock's sites don't threaten sales of the two most popular types of annuities—variable annuities and fixed indexed annuities. Life insurers pay financial advisors and insurance agents substantial commissions to sell those products. In 2015, \$133 billion worth of variable annuities was sold, and \$54.5 billion worth of fixed indexed annuities. Such products allow investors to combine risk protection and exposure to stock market performance in a single bundle. They tend to be complex, customized, proprietary and highly profitable.

Haithcock's four types of annuities tend to be simple rate-dependent products with commodity pricing. The market for them is much more modest. Sales of income annuities were just \$11.8 billion in 2015. But, as Haithcock has said in public appearances, articles, interviews, self-published pamphlets and at stantheannuityman.com, he thinks SPIAs, DIAs, QLACs and MYGAs offer more value for customers. He preaches that annuities are best used for guaranteed outcomes, not unpredictable ones. "That's what I believe in," he said, "and I'm not coming off of it."