

“American Income Road Show Presentation”

Introduction by Bernard Rapoport

February 18, 1992

During this presentation, Mr. Rapoport will be trying to sell American Income. He will give the audience a quick look into what makes American Income so different from other insurance companies and how it is growing. His speech is simple and straightforward, just like the company he is trying to promote. He explains the history, marketing, products, accomplishments, and management of American Income.

Rapoport started the company in 1951 with \$25,000 in capital as a mutual legal reserve company. He decided to create an exclusive agency sales force. American Income agents would only work at this company, and in return the company would guarantee them incredible opportunities. Since then, American Income has grown to about \$500 million in assets and 750,000 policyholders. Its strategy has been to combine a unique marketing system with a need-based product.

American Income is a “niche insurance company.” Rapoport chose to target the labor union market because of the company’s strong ties to unions. American Income is a union label company, which allows it to use the “Be Union – Buy Union” concept. Because of the company’s union status, public relations people and sales agents have more opportunities to interact and form relationships with union leaders and members. The company’s effective public relations campaigns produce low cost leads that allow agents to focus on selling rather than prospecting. The company has also expanded into credit unions in an effort to diversify its market and continue growing. The credit unions

give agents even more leads. Because of an abundance of leads and a strong relationship with its market, American Income is an attractive employer for salespeople.

Rapoport chose to create products that the company's market needed. American Income provides "simple supplemental individual whole life policies, usually combined with a term life rider." Agents can also sell supplemental fixed benefit health plans for hospitalization coverage. Rapoport stresses that the company sells "nothing fancy." It only offers straightforward, "highly profitable" products. Rapoport says that the union market does not need complex investment policies. Union members need insurance policies that are easy to understand and will provide them with security for their family at an affordable price. The company also offers credit union members a similar policy plan.

American Income's substantial growth has built a "clean conservative balance sheet and investment portfolio." Rapoport is committed to the growth of American Income. He says that the company's expansion depends on its number of agents and their sales productivity. The management team is focusing on creating more middle level positions so that both upper and lower levels can grow too. Since 1987, revenues have increased by 31 percent to \$166.3 million in 1991. The state of American Income is an established company with significant potential for growth.

Finally, Rapoport says that American Income's management team is its most valuable asset. The State General Agents "are the ones most responsible for our sales production." Most of them have been working with American Income for more than five years and have considerable experience within the company structure. At the executive level, Joyce Lillard and Len Furer manage the agencies, while Jules Pagano works in Washington D.C. on market relationships. American Income has over 50 public relations

representatives all across the country. Mark Pape acts as Chief Financial Officer and Charles Cooper is American Income's President and Chief Operating Officer. During this meeting the audience will meet with some of the management team. Rapoport knows that they will recognize a talented group of leaders. He also invites them to Waco if they would like to meet more of the executives and managers.