

Million Dollar Round Table

Category: Opinion 26 Jan 2015

Written by Atty. Dennis B. Funa



Atty. Dennis B. Funa

INSURANCE FORUM

THE Million Dollar Round Table (MDRT) is an association of life-insurance agents and financial advisors whose objective is the promotion of ethical standards, best practices and upgrading of the sales profession in the life insurance, health and long-term care industry. As of 2015 figures, it has 43,000 members in 71 countries, including the Philippines. It describes itself in its registered

slogan as “The Premier Association of Financial Professionals.” It encompasses more than 500 companies worldwide. The MDRT has become a seal of excellence in the life-insurance industry and the financial services sector.

The MDRT was founded in 1927 when 32 life-insurance agents met at the Peabody Hotel in Memphis, Tennessee. The 32 agents boasted that each had sold more than \$1 million each of life insurance. Today, the MRDRT conducts an annual conference attended by over 10,000 delegates with about 100 speakers where sales ideas, among others, are discussed. To be admitted into the MDRT, an agent must comply with a minimum predetermined annual production on a face-value basis per calendar year. The applicant must also adhere to a strict ethical standard. In the United States, the applicants must be members of the National Association of Insurance and Financial Advisors. In the Philippines, the applicant must be a member of the Life Underwriters Association of the Philippines (LUAP) as required by the MDRT rules.

In 2015, for example, the applicant must earn \$92,000 in commissions for the first year as the base requirement (applying the Commission Method). Higher levels of membership have been established, specifically the “Court of the Table” (COT) and the “Top of the Table” (TOT) with higher annual commission requirements. COT qualifiers must earn thrice the base production requirement, while TOT qualifiers must earn six times the base production requirement.

The main criterion for acceptance to the Round Table is compliance with production requirements. There are three production methods that are accepted: First is the Commission Method (\$92,000 for 2015); second is the Premium Method (\$184,000 of eligible paid premium); third is the Income Qualification Method (minimum of \$158,000 in annual gross income from the sale of insurance products). The granting of MDRT membership is good for one year only. A first-time applicant is recognized as a qualifying member. If he is

accepted as a member for the 10th year, an individual becomes a qualifying and life member. An individual who has reported at least 15 years of qualifying membership shall be designated as member of the “Honor Roll.” There is an annual membership due. As of 2015 the production requirements for the Philippines are as follows: MDRT Commission—P1,177,699; COT Commission—P3,532,800; TOT Commission—P7,065,600; MDRT Premium—P2,355,200; COT Premium—P7,065,600; TOT Premium—P14,131,200. All production reports must be duly verified and certified.

In 1959 the MDRT Foundation was established as the philanthropic arm of the association. Since then, it has granted more than \$30 million to charitable causes worldwide, including scholarships. In 2015 it granted about \$1 million in charitable grants.

The association is headquartered in Park Ridge, Illinois, where it is governed by a five-man Executive Committee elected by the general membership. To be a member of the MDRT is a badge of prestige. It means that you are part of the “top 6 percent of life-insurance professionals all over the world.” Every year, life-insurance companies keep track of the number of MDRT memberships they have among their insurance agents. It is one of their benchmark of success. MDRT qualifiers are feted and celebrated in company events. In 2014 a leading life-insurance company boasted of having 234 MDRT qualifiers with four TOT and 16 COT qualifiers.

The first MDRT member in the Philippines was Avelina G. de Jesus who was also a founding member of LUAP when it was formally organized in February 1984 (although the initiative to organize went back as early as October 1983). LUAP is a professional association of life underwriters in the Philippines. Among the noteworthy initiatives of LUAP is the conduct of professional continuing education under the Life Underwriting Training Council (LUTC), where its graduates are conferred the title of “Fellow.” LUTC courses are now administered by the American College, an education institution based in Pennsylvania, US. Another noteworthy initiative of LUAP is the Asian Circle of Excellence Awards and the Fellow Chartered Financial Practitioner program, which is administered by the Asia Pacific Financial Services Association based in Singapore.

As of 2015, the Philippines has the most number of MDRT members in the Asia-Pacific region at 1,240. This is followed by Indonesia with 860 MDRT members, representing 0.19 percent of the total number of agents in that country. Thailand is third with 854 members. Singapore has 845 MDRT members, and Malaysia has 672 members. Brunei Darussalam has 15 member-agents.

Dennis B. Funa is currently the deputy insurance commissioner for Legal Services of the Insurance Commission. E-mail: dennisfuna@yahoo.com.