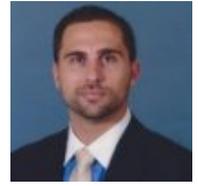


# Omnimed Financial



Joe  
Capone,  
ChFC,  
LUTCF

Regular readers know that I do a post about my long-term regular advertisers. This is good for them, because they get a little bit of extra publicity for their business, good for you because you get to know the face behind the banner ad a little bit better, and good for me because I always get a little bit of extra insight about the industry from talking to its insiders. [Omnimed Financial](#) is a firm owned by Joe Capone, ChFC, LUTCF, (no relation to Al he assures me) who has been advertising with me for a few months. You can see his ad over there on the left.

## **Physician-Focused**

Omnimed is a physician-focused financial firm out in Massachusetts. Although there is someone at the firm who does do fee-only financial advising and asset management, Joe's main focus is on insurance as his credentials would suggest. About 90% of the clients at the firm are doctors or dentists. I always like to ask these guys where their income comes from, and Joe's been reading the blog long enough to know a question like this was coming. About 70% of his income comes from selling disability insurance, 29% from selling term life insurance, and 1% from selling cash-value insurance.

## **Getting Started**

I had an interesting chat with Joe about how insurance agents end up becoming associated with any given insurance company. Like many physician-focused insurance agents, Joe has an association with Guardian, although he can sell policies from any company, and only about 30% of the disability contracts he sells are Guardian contracts. He explained that when you are just getting started, you have no residual income coming in from previous sales, not to mention you don't have much experience or training. Most people end up associating themselves with one of the big insurance companies. The companies provide some training (admittedly much of which is in sales) but also give you what is called "a draw." Although many agents think of this as a salary, in reality it is an advance on future commissions. Essentially, it makes sure you don't starve and go out of business until you can grow your book of business. Then, after you've established yourself, you're hesitant to completely break the association due to the golden handcuffs (you lose those residual payments from contracts you've already sold.) So you end up having to play a little bit by the insurance company's rules on advertising and such.

## Educational Website

One of the things I really like about OmniMed is their focus on educating physicians on finances. There is a plethora of information on their site that is very useful, especially with regards to disability insurance. Joe is in the process of writing a series of modules on [financial topics applicable to physicians](#). He sent me one recently that he had just finished the day before on Public Service Loan Forgiveness that will be on his site soon. Joe also has a site called [Insuringincome.com](#), from which you can get free term life



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 **OmniMed**  
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insurance quotes WITHOUT having to talk to anyone or provide any contact information. It uses the same Compulife database as term4sale.com, but instead of just giving you the names of 3 local agents, Joe can sell you the insurance policy you want directly without you having to listen to a schpiel about whole life insurance from the agent you go to. Nobody should buy term life insurance without first running a quote through this database to see the going rate for this commodity.

### **Why Joe Doesn't Do Investments**

I asked Joe about why he has decided to focus almost exclusively on disability and term life insurance and found his answer very interesting. He says that insurance is a commodity. People that come to me generally know what they want, I have lots of good options to give them that sell themselves, and if I can get them a great price on it, then they love me and send me their friends. He contrasted that to trying to manage someone's investments, saying that process was far more adversarial.

*You sit across the table from them as they break down every fee they have to pay you. You know, and increasingly the client knows, that you have a very slim chance of beating simple index funds from Vanguard, and that's before fees. It's like selling cash value life insurance. If someone has to give you thirty reasons to buy something, it's probably not something you should buy. The stuff you should buy is obviously a good idea and sells itself. I want to give people what they need and want and don't want to sell anything that isn't a no-brainer.*

Joe notes that if you sell something to someone that they shouldn't buy, like loaded mutual funds or an inappropriate whole life policy, they'll figure it out a few years later, and then they'll be angry with you. Not only will they not come back for more business, but they won't send their friends

to you (95% of his business comes from referrals). Mr. Capone also notes that since he sells mostly disability and term life insurance, most of his clients are residents and brand new attendings. These new doctors don't have any assets to manage anyway. They all have a negative net worth!

### **What Do You Like Best About Your Job?**

*I like putting myself on the client's side and making the insurance companies compete at the highest level for business. I like being able to help a client get all the discounts they're eligible for and find them the cheapest policy for their particular health status. If one company won't work with us, we'll go next door to another insurance company. I like working with doctors because there is never an issue with them being driven enough. They all know they need life and disability insurance. It isn't about convincing them they need it, it's mostly education about which policy they should get, and that part is fun. Doctors know about specialization. They know they know a lot about one certain area, and they readily acknowledge there is plenty that they don't know in other fields. I really like not having an agenda and just being able to break things down and educate people.*

### **What Mistakes Do You See Doctors Making?**

*Given the subset of doctors I'm working with, I find that student loan issues come up a lot. Too many doctors don't understand the [Public Service Loan Forgiveness](#) program. I find academic docs who qualify for this program but don't even know anything about it. There is also a lot of questions out there about how quickly to pay off student loans. Some docs are even rushing to pay off very low interest student loans just because they're sick of making that payment each month, just for emotional reasons. But mostly, most residents just have no idea what their financial*

*situation will look like after residency graduation, especially their tax situation. We used to spend a lot more time with doctors on investing and estate planning. But the investing advice most of these docs need with their tiny portfolios is to go over to Vanguard and open up an account. And who cares about estate planning as a resident? Almost no one.*

Thank you Joe Capone for your time and your support of the site.

Joe's asked me to include his disclosure statement:

**Registered Representative and a Financial Advisor of Park Avenue Securities LLC (PAS) and a Financial Representative of The Guardian Life Insurance Company of America, New York, NY. Securities products/services and advisory services offered through PAS, a registered broker-dealer and investment advisor. OmniMed Financial & Insurance is not an affiliate or subsidiary of PAS. Life/Disability/Long Term Care insurance offered through OmniMed Financial & Insurance. OmniMed Financial is not licensed to sell insurance. Neither Guardian, nor its subsidiaries, agents or employees provide tax or legal advice. You should consult your tax or legal advisor regarding your individual situation.**

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What do you think? Have you used Omnimed? What did you think?