

Keep Those Policies on the Books

You worked hard to get your license, and you're depending on your insurance career to work out for you and your family. One of the single most important aspects of a successful insurance career is High Persistency, or Keeping Those Policies on the Books. Lapsed or cancelled policies are part of the business, but the percentage that lapse or cancel is really based on how you run your business. High Persistency can mean success, and Low Persistency can mean failure including creating some serious insurance background issues. Here are some tips to keep you on the right track.

Advanced Commissions – Remember, advanced commissions are nothing more than a loan to the agent from the insurance carrier. The loan is paid back as your client continues to pay the first year premiums. Advancing is great if you have high persistency. If taking advances you have to focus on doing what you can to create high persistency or problems could become too big to manage and then you're on your way out of the business.

As Earned Commissions – Here you're being paid a commission monthly that is based on the premium paid by the client. No advance means no risk for you. As Earned should not be considered a negative. The first year commission is exactly the same. The truth is many top producers ask to be paid this way because it does eliminate all the risk. Remember, you first have to stay in the business, to have a successful career.

Tips for High Persistency

Never sell more than a client can afford. The industry average for Final Expense is around \$60 per month. As you get into the \$100 and above range per month, the risk of lapse or cancellation increases dramatically. Be sure the client knows what they are doing when asking for a larger policy. Of course if you're being paid As Earned, the larger policies can't hurt you.

Selling the Need - Make sure the client knows why the policy is so important, and why giving it up will potentially put their family at risk and could potentially affect their ability to qualify again in the future. Congratulate them on making the purchase and deciding to take an important step toward protecting their loved ones. Legacy Safeguard and the NFS Planning Guide do a great job of helping you sell the need. If using the planning guide, the policy delivery is a great time for it. It shows the client that you really care.

Policy Delivery - Whenever possible, deliver the policy in person. Many policies lapse or cancel because the client has no real connection with the agent. This is a chance for you to show the client that you are their agent now and in the future, and that you're not just trying to make a quick commission and then be gone.

Social Security Payment Date - Set the draft date to coincide with the client's Social Security payment date. This allows the payment to be taken each month when you know there is money in the bank, and can have a huge effect on persistency. Transamerica and Security National Life actually have their applications set for this. If the client refuses to allow the draft to be done on the same date, consider it a Red Flag.

Thank You Cards – Thank you cards go a long, long way toward high persistency. Include your business card and a note that again congratulates them on making this important decision to protect their family.

Potential Red Flags

Previously Lapsed or Cancelled Policies - Clients who tell you that they have previously had policies that have lapsed or been cancelled in the past. Of course they always have a story about why it was justified, and in some cases it's probably true. Just remember, if they've done it before, there is usually a high probability they'll do it again. Trust your gut. If you get a bad feeling about the sale, Security National Life allows you to be paid As Earned on cases that you choose. This is an option not offered by any other carrier. Please use only when absolutely necessary.

As mentioned previously, the client not wanting the draft date to take place on the same day they receive their Social Security payment should be considered a Red Flag.

Large Policies - Clients who ask for large amounts of insurance can be a Red Flag. It really doesn't seem right to profile clients, but in many cases you can get an idea of what someone can afford by their living situation. Of course it's also possible that someone who appears to be struggling could have a large amount of money sitting in the bank. Successful agents usually take the time to go over the client's full budget, and will always tell you the secret to Final Expense success is selling a lot of small to medium sized policies. If the client can't support their ability to make a large monthly payment, or if they refuse to talk about their budget, slow down and think about what you're doing. Don't be tempted by the big advance. You could be heading for a large career changing charge back.

Remember, you're in the business to do what's right for your clients, but you also have to focus on doing what's right for yourself and your career. Problems with persistency will result in a short career in the insurance business, so take this part of your business very seriously and you'll be headed for success.