Sales Playbook for Internet Leads

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Introduction

Beginnings of the Playbook

My first few insurance sales calls were scary things.   Sitting in my home office in a small rural town, I'd decided to go the brokerage/MGA route so I was without mentoring, coaching, or guidance. I feared the initial phone calls because I didn't know what was coming and I'd never done sales.

Being analytical in nature, and already having a good understanding of insurance basics (having worked in the industry for decades prior) I did a few things to reduce my uncertainty. First, I printed out every insurance contract and insurance application I had access to. And then I read them all, right down to the fine print on the applications. If you're in life insurance sales and haven't done this yet, you should stop right now and do this. Knowing what's in the contracts and applications is a competitive advantage since so few advisors seem to know the actual details of the product that they're selling. In the end, product features and benefits are important, but they're all built on the framework of the contract.

The second thing I did was to write down an imaginary conversation (yep, a script). I wrote down everything I thought I would say, how the consumer would answer, and how I would respond. That script was the beginning of this sales playbook.

With that done, I picked up the phone and started calling my internet leads. I heard a few new things, and tweaked my script. Some stuff worked, some stuff didn't, I tweaked again and again.

In my first month after all of this work, I'd made exactly 0 sales. Lots of interest, but as you know 'interest' doesn't pay the bills.

Then, thanks to Chris Funnell at TermCanada, I made one more tweak. The tweak was devastatingly simple, yet devastatingly effective. I changed a line that initially said something like this: "*So discuss with your spouse, and once you've made a decision please call me back and we'll start on the paperwork*".

To: "*So you'll want to discuss this with your spouse. Why don't I call you back on Monday to see how you want to proceed?*"

That one simple tweak changed everything. I started making sales on the second call. By the end of the first three months of my sales career, a staff member at my MGA mentioned that I was already in 6th place for production. I never tracked myself competitively, but I do know that my sales volume and closing ratio continued to increase substantially after that.

In the end, I sold life insurance over the phone for 10 years, to thousands of clients, culminating in a small virtual agent with a number of agents and admin folks all working remotely. Then in 2017 I sold my life insurance business to return to my roots – doing software and internet marketing for insurance advisors.

This sales playbook is the methodology and script that I used successfully over those 10 years. It worked exceedingly well for me and the advisors I worked with. You should use it as a starting point for your playbook, but not treat it as set in stone. You need to tweak and refine until you find what works for you.

Sales Playbooks

By documenting my script, I unknowingly stumbled across something that I didn't understand until many years later. Fortunate to have the luxury of working towards an actuarial science undergrad degree in my spare time (I love life insurance enough that it's even my hobby), I happened to take a sales course for credit. It was intended to be a bit of a breather from all the hardcore math and actuarial science classes I'd been taking. And it was, but it was also an eye opener, because it introduced me to the concept of a sales playbook. If you ever have the opportunity to work with Professor Kevin Hood at the University of Waterloo, take it. His ability to systemize the sales process is unlike anyone I've ever met.

I've never seen a sales playbook implemented in the life insurance industry. Yet these documents are implemented in almost every other professional sales industries out there. All the tech companies use this – Shopify, Hubspot, Vidyard, and the list goes on.

You've probably heard of the sales funnel. At the top of the funnel you start with 'everyone' and segment to get a large target market. You market and advertise to this target market to create a smaller group of prospects. You drive the prospects to convert to a smaller number of marketing qualified leads which you then massage into a further smaller pool of sales qualified leads. The sales qualified leads then turn into the age-old 10-3-1 ratio of 10 leads gives 3 appointments leading to one sale.

Your sales playbook is simply the documentation of that sales funnel process, from start to finish. While this seems somewhat obvious, **actually documenting the process is a big part of what makes this work**. By segmenting your sales funnel and documenting it, you force yourself to think about the best approach to each step. Each step can then be optimized because each step can be repeated and tested. Thinking about it, documenting it, repeating and testing it, then optimizing is the surest way to take your sales from winging it on personality, to turning it into something that you can use to increase your sales even further.

This sales playbook is not complete – we assume that you already have marketing qualified leads from your website and are working towards the sale. The top of the funnel – marketing, converting to prospects – is not covered. You should extend this document on your own to include those components. It's where you'll learn how to mechanize your lead generation process.

This playbook is also not intended to be static. Instead, it's a dynamic foundation for your sales process. Review it, learn it, test it. Then update it to include what you've found works for you.

As I also mentioned earlier, documenting the process makes you think about the best way to do everything and makes each step repeatable and testable, and therefore optimizable. This is the process that allows you to bring in more leads, and make more sales.

Having a sales playbook means you know how your sales are going to work every day. You never make a call unprepared, and you never make a sales call without a defined goal – and the call is intended to take you to that goal, and you know how you're going to get there. Then, optimize.

The concept of a sales playbook is transferrable to any type of sales. When I ceased life insurance sales and moved back to software and internet marketing sales, I created a sales playbook for that business. If we've spoken on the phone where you were a prospect, you absolutely experienced my sales playbook.

Other Important Notes

The playbook focuses mostly on the script you can use for non-face to face sale of insurance leads. Outside of the script, there's a few other things I feel are important to make your sales a success.

Call Now Not Later

Number 1 biggest tip to success is to call these leads immediately. Not in 10 minutes. Not in 5 minutes. NOW.

The quality folks at Insurance Only (insuranceonly.com) once showed me a study which concluded that closing rates dropped by 95% after 5 minutes. 95% after 5 minutes! That's why you have to drop everything and call these people. Ideally you call them while they're on your website and thinking about insurance. 5 minutes later they're on your competitor's website or worse, they've off making dinner or putting the kids to bed and will no longer answer the phone. So call now!

Persistency on Calling

To maximize your income from your leads, you need to be persistent in calling them. Many people will not answer on the first call. You need to keep trying until you call them at a time where they're willing and able to call you. So set up a call back sequence, and use it. Ours went something like this:

Two times on the first day, one immediately and the second either in the afternoon or evening.

Call again the next day.

Call again the third day.

Call twice the next week.

Call once the third week.

How are you going to track all this? You must use a CRM.

Use Text Messaging

Can’t get through? It happens often. Some people are just never going to answer their phone. If you have kids old enough to have their own phone you’ve probably seen this – the phone rings, they pick it up and look at it, then slide it back face down on the table. All in one smooth motion.

But you know what does make them respond immediately? A text message. If you’ve been unable to reach them by phone, after a few weeks consider dropping them a text message saying something like “Hey, Bob from Bob’s Insurance. You’d run some quotes on our website a while back, haven’t been able to reach you by phone. Is there anything I can help you with?”. That text message should turn these people back into viable leads about 30% of the time.

90 Day Leads

A certain number of your leads are going to fall off at some point. In fact, using the 10-3-1 ratio, 2 out of 3 people you actually spend time with are not going to close. Some will tell you why they’re not closing, at which point you can probably close the file. But some of them are just going to drift away and become uncommunicative. Those people that drift away are a gold mine of sales.

Take the leads that you’ve worked and recommended, but didn’t close because they stopped responding, and mark them for a 90 day followup. Properly you should use a CRM, but if you must, create a folder marked 3 months in the future, print out their contact info and put it in the folder.

Then, in 90 days, call them again a couple of times. You should be able to sell 50% of these! There’s really no higher closing ratio that I’ve ever seen from a source of leads.

What I found happens is that some people simply aren’t ready to commit, so they drift away. A reminder after 90 days triggers them to either confirm they’re not proceeding, or say ‘to heck with it, I’ve procrastinated long enough, I really need to get this done’. In my experience, these calls were always fairly brief because leads went immediately one way or the other. They’d tell my why they weren’t buying, or they’d tell me to call me that evening with an application to get started.

Use a CRM

Using a CRM is a must if you’re going to maximize your sales. Again, most professional sales industries have been doing this for years, but they’re poorly implemented in the life insurance industry. In my agency, agents loved our CRM. No more notes, never have to remember anything again – the CRM laid out all their tasks for the day, automatically scheduled followups, and kept notes on everything. All they had to do was open their calendar and start at the first task (which had full historical notes, so they were up to speed in 3 seconds). When they hit their last task, they were done for the day.

There’s a ton of CRM’s out there. Hubspot, Salesforce, SugarCRM, Zoho, and a slew of others. I’ve no specific recommendation, they all perform their functions well.

The problem with CRM's is that there's a learning curve and it's a big hill to climb upfront. Rest assured that climbing that hill is worth it – the time you spent upfront will increase your sales and decrease your time spent exponentially.

Other Resources

Jack Daly has written a couple of books on mechanizing the sales process and working with sales playbooks. Both books are well worth the cost. Like everything I do, Jack Daly's processes are not about old boy networks and camaraderie. They're about mechanizing and formalizing the sales process so that you can optimize each step, leading to more sales and a repeatable, optimizable process.

Hubspot (a CRM I mentioned above) also has a ton of free resources online that talk about creating a sales playbook. These resources are well worth the read.

Telephone Script

Introduction

The following scripts are to be used in conjunction with leads generated from your website. Note that standard sales methodologies and closes do not work with these clients. Our sales are all non-face to face, and our clients are all bright and researching insurance. They are looking for information, and are often expressly not looking to be 'sold'. In addition, they are all on the internet looking at your competitors. There may even be a local agent or broker in the background that they're using our services to double check.

As a result, our methods are non-aggressive. We don't hard close, ask rhetorical questions, or start with any preconceptions as to what we 'sell'. Instead our sales methods work under the following premises:

1) We prove that we are experts. Clients want to deal with an expert, we show them insurance as they've never seen or read about it before.
2) Our clients are first. Insurance companies and products aren't even a close second – we will offer any insurance company or product that our clients want. This also means we can confidently say that we have the lowest prices. At all times we ensure that we don't develop relationships with MGA's or insurers that would bias our recommendations.
3) We educate clients. We explain life insurance in an understandable fashion. Clients have a lightbulb moment when they finally understand life insurance. This is the primary differentiator for this script.
4) We don't sell. Instead, clients buy. Once the client is educated enough to understand their options, we will recommend, explain our recommendations, and also indicate what 'most clients do'. Clients are then free to dictate to us what they want. You'll find that the close in this script is almost inconsequential. By the time you're done the script with a client, the close is nothing more than 'are you ready to move forward?'.

The script centers around a simple premise that you want to remain focussed on. That premise is that life insurance education requires three steps – how much, the type, and the company. And importantly, you need to do it in that order (and tell the client that order matters if they start to deviate). First we decide how much life insurance you need. Secondly, we need to know the correct type for your situation. And once we know how much and what type, we can start running quotes. But if we go right to running quotes, they won't make any sense because we're just randomly picking amounts and types.

I've heard some folks in the industry critisize our approach as being 'price based' and that we don't have relationships with our clients. Of course price matters to consumers, you should address it (though this script will transition it to value instead of just price). As for relationships, our retention rate is second to none – normally over 99%. Our clients love our service, we frequently get positive feedback, and they give us referrals. Our relationships with our clients are as strong as any brokers'. And using the script below, along with the section on medical exams, will ensure that underwriters will appreciate the type of business that you're sending their way.

The First Call

You just had a lead assigned to you. It's important that you call the client as soon as possible. Sales rates increase by 95% for calls made within 5 minutes of the lead being generated. If client is unavailable, leave a message with your name and number.

You: "Hi, it's (your name) calling from (your company). You had signed up for some life insurance quotes on our website?"

Note: *It's important to say 'you had signed up for some quotes'. By agreeing, they are saying that they actively did something, including giving you their phone number.*

Client: "Yes/or they provide more info."

You: "I'm just giving you a courtesy call to see if you had any questions about life insurance."

Client: "Yes", or details like "I'm just shopping for mortgage insurance" or "I'm just shopping around".

Note: *They always have either an explanation or questions that leads into a conversation. Even if they say they don't have questions, they'll follow that point with telling you why they're shopping for insurance. Discuss this with them, but lead them back into the three steps documented below.*

Client: "No". – Respond with 'thanks for your time, goodbye'. This almost never happens.

Booking Face to Face Appointments

At this point you'll need to decide if you're going to sell face to face (at which point you'll continue with the script below) or if you're going to book an appointment for a face-to-face sale. If you're going to book an appointment, it's important to not get into a drawn out conversation. Proceed to booking an appointment as directly as you can. The following short script is intended to book an appointment with these leads. Do this section, book the appointment, and then exit this script.

You: "I can explain all this in straightforward terms and make some recommendations, but for a customized solution we really need to sit down together for about an hour to go through this in detail. I'm in your area next Tuesday, would next Tuesday around 7pm work for you?"

Client: "I just want a quote, to get prices, can you just give me that over the phone?"

You: "That's exactly why we need to spend some time together. We need to review your information specifically to make sure I'm recommending a solution that's within your budget. A general recommendation that doesn't meet your budget doesn't work for anyone. That's why we need to sit down and work through this. Would you like to book an appointment so we can go through this?"

The rest of this document assumes you're working with the client over the phone rather than face-to-face.

Setup the Three Steps

You: "So, there's three steps to getting life insurance. First, we need to know how much you need. Do you need $10,000? 10 Million? Somewhere in between? Secondly, we need to know what type. There's a bunch of types of life insurance and most people are completely confused as to what type is best. And thirdly, once we know how much and what type, we can shop all the quotes you want to find out the prices, and decide between the companies. But shopping for quotes when we don't have any idea as to how much or the right type just spins us around in circles."

Step 1. How much life insurance

You: "So, the first step is we need to figure out how much life insurance you need. Do you have any ideas on how much?"

Client: "Answers", but their answer is mostly irrelevant.

You: What most people are trying to accomplish with their life insurance is, they want their family to stay the same after they pass away. They want the same house, the same groceries, the same everything, right?" #trial close

Client: Agrees.

You: "So what we're saying is, we want our family to have the same standard of living after we pass away – the same lifestyle. We don't want anyone getting rich, but we don't want them going broke either, having to sell the house and move back in with mom and dad." (pause for confirmation).

You: "For most of us, our standard of living is based on our paycheck. You go out, you earn an income, and that income gets spent generating your standard of living. And when you die, from a financial perspective – not an emotional perspective, we're only looking at finances here – what we lost was your paycheck. Your paycheck drives your standard of living, you pass away, we lose your paycheque. Therefore if we use life insurance to generate a new paycheque, then we've done the job, right?" #trial close

Client: Agrees.

You: "So if we assume all that, then that lets use a calculator. This calculator is on our website, you're welcome to play around with it at your leisure. "

Note: *We offer a 'how much insurance do you need' wordpress plugin for your website. The following calculation uses that calculator – it's an income replacement needs analysis.*

You: "So let's get started. What's your annual income, approximately?

(client offers income, say $75,000).

You: OK, now if you pass away, we probably don't need the full $75,000 to replace your standard of living right? You're driving a car, eating groceries, and so on. I normally suggest if it's a one income household we go with 80% replacement, and if it's a two income household we go with 60%. Just because, through the years that's what most people seem OK with. Is that make sense?" #trial close

You: “Now, what's actually going to happen is you're going to live a long healthy life and work until you're 65 or so. So if you die tomorrow, for complete insurance protection we need to replace your income for 25 years, until you would've been age 65. OK, so let me just throw in 5% interest and 3% inflation to get us started.”

You: “OK, the calculator says $814,000. Here's what that means. If you pass away, the insurance company writes a cheque for $814,000. Your family doesn't run out and spend it. Instead, they lock it up in a savings account at the 5% interest and 3% inflation we assumed. Then they write a cheque out of that for $45,000. And that's what they live on – your spouse's paycheque plus the $45,000. Nobody got rich, but nobody went broke either – we just lived exactly like we are today. Does that make sense so far?” #trial close

You: “If they do that every year, just write a cheque for $45,000 which is the 60% of your paycheque, at the end of 25 years there's nothing left – the $814,000 has gone to zero. There’s nothing left.”

You: “Now, since we've used so many assumptions, I don't like to use hard numbers. Instead I like to use a range. So lets say we're just going to get the kids out of the house. How old are your kids? 8 and 10? OK, so lets say 15 years, just enough to get the youngest out of the house. After that time the surviving spouse is on their own. They can get remarried, or look after themselves, whatever. We're just going to get the kids out of the house.”

You: “The same calculation for 15 years shows $592,000. $592,000 will product $45,000 for 15 years after which point the money's all gone.”

Note: *At this point it’s important to make a specific recommendation, but still allow the client to choose their coverage amount.*

You: “So, my recommendation is you should have somewhere between $600,000 and $800,000 of total insurance coverage. If you're more conservative and want to make sure everything's looked after with ease, you might look at the top end. If you expect your family will cut corners, or have other assets, you might look at the bottom end. Or you might decide you want something entirely outside that range – either way's fine, that's my recommendation as to how much you should have and now you know why. If you get too far over that range then I would say you're pushing being overinsured. And if you go much below that range then either something has to change or your family will be out of money before the kids are out of the house. Either way is fine, as long as we have some reasoning behind it.”

You: “Any questions from all that?” (Normally, no). #trial close

Note: If the client still feels that the amount of coverage is ‘high’, reassure them that they don’t have to pick an amount at this time. Tell them that when you run quotes in step 3 that you’ll run all the quotes they want.

Aside: If client injects concerns about quotes or cost of this much insurance:

You: “When we get to the point of running quotes, which we'll do in just a minute, we'll run all the quotes you want – quotes are free. I'll run whatever quotes you want to see.”

Aside: If client has concerns about budget at this point:

You: If we can, let's leave budget for last. Budget is a concern for everyone, but rather than driving this from budget up front, I like to leave it for last. If we figure out how much you need, and the right type, then we shop it out and we're in the budget, we're done. If we're not in the budget, I'll make some recommendations that you probably won't expect – but it's best to understand the types and amounts first so that my recommendations make sense. OK?

Step 2. Types of Life Insurance

You: "The second step is, we need to know what type of insurance you need. There's a bunch of different types, and a lot of emotions around this. What I find helps is, forget everything you know about life insurance. Forget what you've heard, forget what you've read online."

You: "It's important to realize that there's only one type of life insurance. It's the type that pays $500,000 when you die. Doesn't matter what they call it, term, permanent, good insurance, bad insurance, if you pass away – it pays $500K."

You: "So when they say there's different types of life insurance, it's important to understand that it's got nothing to do with the actual insurance – they're all the same that way".

You: "The difference between the different types is how you pay the *cost* of insurance over long periods of time. That's all we're doing – playing around with different ways to pay for the costs. Does that make sense?" #trial close

You: "We know that life insurance has to get more expensive as you get older. The older you are, the higher the risk, the higher the cost. So insurance has to get more expensive as you get older."

You: "Consumers however, don't want to pay for ever increasing costs of insurance. So the life companies smooth out the costs of life insurance over periods of time. That's where we get the different types – we just average the costs out over different types."

You: "So when we look at the different types, we're just looking at the differences in premiums, that's all."

You: "For example, if we average the costs out over 10 years, that's called 10 year term. It's just level or average cost smoothed out over 10 years. If they average the cost out over 20 years, that's 20 years. And if they average the cost out over your entire lifetime, over your entire life expectancy, that's called permanent. Does that make sense?" #trial close

You: "So what's the best type? The best type is the cheapest, since again, they all pay the same death benefit. What we need to do is figure out how long we need the life insurance for. If we need insurance for 10 years, then the cheapest solution over 10 years is 10 year term, assuming we don't need insurance past 10 years. If we need insurance for 20 years, then the cheapest cost over 20 years should be 20 year term, after which point we don't need the insurance so we're going to cancel it. And if we need insurance forever, then the cheapest over our entire lifetime is permanent. Is that clear so far?" #trial close

Note*: It's important to emphasize that at the end of the term, we don't need the insurance any longer, and therefore are going to cancel it. In addition, make it clear that term insurance is* *effectively over at the end of the term.*

Note*: At this point we're going to recommend a type.*

You: So if we're replacing your income, people will often assume that they need insurance until about retirement time, after which time they don't need any. Does that make sense? Then you've got about 20 years to go or so, I'd recommend Term 20 as the least expensive way to get life insurance for the next 20 years.

Note: Various things can come up at this point. If you're comfortable with a straight term, then we carry on with the script. However if you think layering of term+permanent is the correct recommendation, or layering of term+term is suitable, then see the appropriate cutout below.

You: So now we know how much, and the type and we're ready to run quotes. Just before we do that, do you have any questions about anything that we've discussed so far? #trial close

Step 3. Running the quotes

At this point you want to summarize your specific recommendations. And we want to set their mind at ease about budget and being forced to select something they don't want.

You: So now we're ready to run the quotes. I've recommended $XXXX of 20 year term (or whatever your recommendation is). Now, quotes are free, I'll run as many as you want. The first quote is just that – the first quote. We can run all the combinations you want, we can run an entire grid of numbers if you need.

You: So how much did you want me to start quoting? OK, and the type?

Client: Responds with type and amount.

You: (confirm quote) So for your age and amount, about the least expensive is (company X) at (premium).

You: Any other quotes that you wanted to see? (if so, run them).

Step 4. Upsell specific companies.

Note*: What we're going to do is use the least expensive as the no-options baseline. From there we'll focus on the additional incremental price to go with a company that may have other benefits above barebones insurance. Such things might be ratings, ease of underwriting, and product benefits and features. You should know specifically what these are prior to this script.*

Note*: With term premiums so competitive, additional cost to go from the least expensive to another company is likely to be minimal. You will find that consumers will almost always take the higher priced product simply by you offering specific benefits along with an incremental additional premium.*

Note*: In my time in life insurance sales, I found a few companies with product benefits that I saw as extremely important. These companies were never the least expensive. Nevertheless, using the following part of the script, my clients overwhelmingly asked for the* *more expensive company's coverage.*

You: So for that amount and that type, the least expensive is (company X) at (premium). And that's fine, if you pass away they'll pay that amount, same as any other company.

You: However, I'm just looking at this list and a bit further down I see (company Y). Company Y's premium is an additional $6/month, however their product is a bit different. They have (insert feature->benefit). (Explain the benefits in detail).

You: So you can go with the least expensive at $X, or for an additional $6 you can have (benefit). Either is fine, the baseline insurance coverage is the same.

***Note**: At this point most clients will tell you what they want in terms of amounts, types, and specific companies. They will often ask 'what's the next step?'.*

***Note**: **At this point I would normally also inject the medical exam cutout as well.** See the medical exam section below, it is important.*

You: So what's the next step? Well, you need to make a final decision as to how you want to proceed. Most people want to sleep on it and discuss with their spouses. Once you make a decision, we need to meet on the phone to complete the application paperwork,which takes about 20 minutes. That all goes off to the life insurance company, and in about three weeks, I call you with a policy. Sound good? #trial close

You: Great. So give it some thought, discuss with your spouse. Why don't I call you back (in 2 days time/over the weekend) evening to see what your decision is?

Step 5: Application Phone Call

We are now 2 days out from the long informational call. Purportedly we're calling back to find out their decision. However in practice, the decision was made at the end of the first phone call and they were simply sleeping on it, and ensuring that their spouse didn't veto the idea. Thus, almost always you will be calling back to do the application over the phone. Be prepared, read your notes from the last phone call and have the quotes and the application for the company they indicated interest in during the first phone call.

You: Hi Client! It's (your name) with (company name).

Client: Hey!

You: Did you decide how you wanted to proceed?

Client: Yes, we want to move ahead with (company Y) at (premium). Can we do the application?

You: Yes, let me just grab my paperwork and we'll get started.

Note: Sometimes the spouse will not be readily available. If possible, you should complete the application for at least one of them. Then ask what the best time and number is to reach the remaining spouse. Try not to rebook a second time to do both at the same time, unless they specifically ask for this. If they do specifically ask, then they're serious and you can rebook both for their selected time slot.

And that's it for the sale! You didn't even have to put on pants :).

Lastly, advise them that you will call them when you receive the policy.

Policy Delivery Call

Once you've received the policy, make one more call to deliver the policy. This call is straightforward, we're just going to confirm that their health hasn't changed, complete any delivery receipts and let them know that the policy is as ordered. You should do something similiar even for those companies that have electronic delivery, or who send the policy directly, as this cements your relationship with the client as you being their advisor.

You: Hi Client! So, we've got your policy in now. Everything is exactly as we expected. We've reviewed it in our office, and we're going to send it to you by mail today.

You: When you get it, there's a few pieces of paperwork you need to complete and return to us. It's vital that you send that paperwork back immediately. Don't leave it sitting on the side of your desk for 2 weeks.

You: Also, please check the policy over to make sure it's what you expected. Have a look at the amounts and types, make sure the names are correct and so on. If you have any questions or concerns when you get it in, please call me immediately.

***Note**: At this point you should set up your future relationship with your client by defining any future points of contacts. If you call every six months, or every two years, or never, you should tell them this now. You should also tell them to call you if there's any life events that would require a change in insurance. You may also tell them what you don't do – i.e. I never sent out calendars or birthday cards. I would tell the clients "I don't send out birthday cards because we don't have the time and some people find it a bit weird. So, happy birthday, whenever your birthday is, and that's all you're getting from me!".*

Cutouts

While I call these sections cutouts from the main script, in common terms they are either answers to objections, or sometimes just slight deviations from the script when clients have additional questions.

The Medical Exam

You: A local nurse will contact you from a nursing company to do the medical exam. That's when you sign the application we sent you. The nurse witnesses the signature and couriers it back to us. We process the paperwork, and in 3 weeks we'll call you with a policy.

Note: in our business we had the Parameds witness application signatures. Modify this part of the script as necessary for your business.

Physical Part

You: The medical exam has two parts, a physical part and a questionnaire part. It's nowhere near as difficult as many people expect.

You: The physical part is just three things. The nurse will do your height and weight, she'll put a cuff on your arm and get your heart rate and blood pressure, and she'll do a urine and a blood test. That's it, no running on treadmills, nobody has to get undressed. You should take the medical exam first thing in the morning before you have anything to eat or drink and before you exercise. No coffee, no tea, nothing. This gives us the lowest heart rate, and there's no corn flakes in your blood that the underwriter has to figure out.

You: So do the physical part first, then you can have your coffee or tea or toast as you do the second part, the questionnaire.

Questionnaire Part

IMPORTANT NOTE: You should not skip this part. You should actually emphasize it. This part of the script ensures your clients place emphasis on the questions. If there's any field underwriting, this is it. It can be a bit startling to clients, but the following script is going to give you the tightest block of business in the industry. Your apps will be more detailed, you'll have fewer problems getting approved, and when there are problems the underwriters are much more inclined to be gracious.

You: The nurse will ask you 15 or 20 questions that are both broad and specific. Now the key is to give them more information. Most people want to be reserved about their medical information. I recommend exactly the opposite. Bore the nurse to tears with how much information you give them. I call this a 'data dump'. You want to dump your entire medical history out of your brain onto the nurse's piece of paper, without bias and filter. And everyone automatically has a bias and a filter.

Everyone knows you need to be honest. Honesty is necessary, but it's not sufficient – it's not enough. So don't do yes or now answers. Give them dates, times, symptoms, treatments, resolutions, medications – everything. Even if you think it's unrelated to life insurance or inconsequential.

There's two reasons for this. First, we get the best rates from underwriters when we do this. Underwriters are conservative, and they don't like yes/no answers. If they can give us better rates, they're much more comfortable doing so when they know that they've got you down cold. Plus, everytime we've argued for better rates for our clients, its' been through giving them more information, not less.

You: Secondly, there's two ways a life insurance company can deny a claim. First, suicide in the first two years of the policy is not covered. So don't die by suicide, but don't do it in the first two years if you want to get paid. Secondly, the policy has a clause called incontestability. This basically means failure to disclose. That doesn't mean failure to disclose around something that you thought was inconsequential. And it doesn't mean failure to disclose on something related to how you died. The insurance company can deny a claim based on something you didn't disclose, and we can't argue that it was unrelated to how you died, or that it didn't matter.

You: So the way to close that loophole is when you do the medical exam,tell them everything.

Details matter. Then if you pass away, they open the file, did you die by suicide? No. Did you fail to disclose? No, and they pay the claim.

You: So, don't answer the questions you think that they asked. Answer the questions that they actually asked. I know that sounds obvious, but I mention it because it's important.

You: Let me give you an example. Let me play nurse, I'm going to ask you your first medical question. Are you ready?

You: "Have you ever had any tests, investigations, injury, treatment, or surgery on your eyes?".

Client: Yes (and describes laser surgery or something). If so, ask them if we ignore that, how would they answer.

Client: No.

You: Wrong answer! Let me read the questions again. (Slowly). Have you ever. Had any test. Investigations. Injury. Treatment. Or surgery on your eyes. You're 40 years old and have never had your eyes tested?

Client: Responds with shock/awe.

You: So that's an example. Would they deny a claim based on that as a no answer? I would hope not, but we use that question because everyone ignores eye exams as being unrelated to life insurance.

You: I don't want you concerned, I just want you to have a heightened awareness that details matter. As long as you know that, you're application is better than 99% of the applications out there. That's all – give them lots of details and then you can sleep soundly knowing that if you pass away they're going to pay the claim.

Conversion

You: Most companies offer a clause in the contract called conversion. Conversion allows you to exchange your term policy for a permanent policy without taking a medical exam. It doesn't matter how uninsurable or unhealthy you are, you can trade in your term policy for a permanent policy, up to about age 65, and get a get out of jail free card for the medical exam.

The insurance will be more expensive than term because it's permanent. And it'll be more expensive because you'll be older when you do the exchange. But it won't be more expensive because you're uninsurable – they'll give you regular healthy rates at that time, just like you passed a medical exam.

Layering

In some instances, it may come up that the client wants a mix of insurance. The mix can be a layer of permanent and a layer of term, but it can also be multiple layers of term insurance. Technical people such as accountants and engineers often want a declining curve for insurance and the way to get this is to layer different levels of term insurance.

You: It doesn't have to be either/or term or permanent. You can get a policy with some of both. I call this type of policy a layer cake policy.

We put in a layer of permanent, say $100,000. That locks in those premiums and that coverage for the rest of your life, at your current age.

Then we top it up with a bigger, cheaper layer of term insurance, say $400,000. So now you have a total of $500,000 of coverage, some term and some permanent.

Fast forward 20 years, and we drop the term layer, both the coverage and the premiums. That leaves us with our $100,000 of permanent insurance for the rest of our lives, but based on premiums from someone who's 20 years younger.

That's the least expensive option over the long term. That's not what most of our clients do, but it is the least expensive over the long term.

You: However, there's a second option. You can purchase straight term insurance, and at the end of the term before age 65, use the conversion option we talked about. That guarantees you can purchase permanent insurance in the future. So you purchase all term right now because it's cheaper, then convert to permanent later. This is very common. What it does is leaves you with a permanent policy that has higher premiums because it's based on your age when you did the conversion rather than your age today. So you'll have premiums on the permanent insurance of someone who's age 65 instead of 45.

But that's OK with a lot of our clients. Because we have the guarantee of conversion, this isn't an insurance decision, it's a budget decision. And many folks want the cheapest stuff they can get now, even at the cost of pushing higher premiums out to the future. They also assume that they'll have more money later to pay those higher premiums because the mortgage will be paid, they'll have lots of retirement savings and assets, the kids are out of the house, and so on. So the cost will be higher, but we'll have more money to pay those higher costs.

So if you want cheapest over the long term, we go with a layer cake. If you want the cheapest today at the cost of higher premiums later, then we purchase straight term insurance and convert the coverage when we're older.

Joint First To Die (Canada specific)

Clients may occassionally ask about joint first to die policies. We don't normally recommend them.

You: People assume that a joint first to die (JFTD) policy is cheaper than two individual coverages because it pays only on the first death. In reality, joint first to die policies are normally 5% cheaper or less than two individual policies. The savings aren't that great.

Many JFTD policies actually will pay two death benefits if both insured dies within a short timeframe of each other. And if one person dies, with many policies, the second person has the option of taking their own policy for the same amount at that time.

So if one person dies, one claim is paid and the second person has a policy. If both die, frequently two claims are paid. Just like two individual coverages.

So if the coverage is similiar, and it's even a few buck cheaper, why wouldn't I recommend that we take the money and run?

The problem is in some of the finer details of the policies.

First, you can't normally split a JFTD policy. Why would you want to do that? First, because of marriage breakdown. Nobody wants to be in an insurance policy with their ex spouse. And if you're uninsurable you're going to want to keep that policy because you can't get another – but noway does your ex spouse want any part of that policy.

Secondly, even if there's no marriage breakdown sometimes you may want to split the coverages. If you have a term policy and one of you becomes uninsurable, at the end of the term your spouse wants to get a new policy. You have to keep the old policy because you're uninsurable – and they're still on the policy too. So now your spouse has to stay on the old policy because the only other option is to cancel it – and you don't want to do that because you can't get a new policy.

The next reason has to do with the way JFTD policies are calculated. The insurance companies use an 'equivalent single age' calculation. They basically say a M NS age 40 and a F NS age 40 (insert your client's ages) is the same as a single M NS age 50. It's always someone older than you. And they base the policy on a male nonsmoker age 50.

Now everything on the policy is based on a 50 year old. You're 40, and you'd expect that your conversion option on a term 20 is for the full 20 years, or until age 65. But if the equivalent age is age 50, the policy conversion option expires in 15 years – you just lost your conversion option at the policy's age 65. You lost 5 years of this option, the last 5 years of the policy and that's exactly when you're most likely to need it – when you're older.

So if everything goes well, the difference between two coverages and a joint FTD is pretty close. But if things go bad, we do not want to be in a JFTD policy. And for the small difference in premium, I would stay away from JFTD.

Mortgages

If client mentions mortgages, insert this script.

You: When people look at mortgages, they're using it as a proxy for what they're trying to accomplish. Unfortunately it turns out that it's a poor proxy. What happens to your mortgage when you die? Nothing – your mortgage is the same before and after you pass away. You still owe it. Nothing was lost, therefore there's no insurable need. Your mortgage is a poor proxy for your lifestyle, which is why we focus on your income, which is exactly your lifestyle.

Paying Down Mortgage during Needs Analysis

Occassionally when explaining income replacement, clients will ask about using the insurance proceeds to pay down the mortgage.

You: This isn't necessarily what you would do. You might actually pay down the mortgage. That gives you less income, but you need less income since you don't have a mortgage payment. It turns out the numbers are pretty close if you pay down the mortgage or don't. But that's stuff we decide after the fact – right now we just determine roughly how much we should have.

CSV

You: The goal of the life insurance company is to get savings to equal the death benefit at your average life expectancy. And if you think about it, that's exactly what you want the life insurance company to do. When you pass away at your average life expectancy of say age 87, the insurance company doesn't say 'wow, we were NOT expecting this, where are we getting the $100,000 from'. Instead they say 'we've been expecting this, been saving for 50 years. The $100,000 is cash in the bank, here it is'. That savings inside the company is your cash surrender value – it's your death benefit.

Budget

You: Once you've made a recommendation of company and product from the quote, you should ask “are we in the ballpark for budget? OK? Too high?

If they respond that the premiums are outside their budget, the following is the technique:

You: So we have the right amount and the right type of coverage, but we're not in the budget. Most clients and most brokers go about this the wrong way. So you want to lower the budget – how do you go about doing that?

Client: Lower the face amount.

You: That's right. But that's exactly the wrong approach. Instead, let me shop a shorter term for you. (run a term 10 quote).

You: The face amount is the most important part of the policy. After someone dies, nobody cares about the company, or the type of insurance. They don't even care if they were getting totally ripped off in terms of premium. They only care about how much. That's not because they're greedy. It's because they're staring down the barrel of 20 years of raising kids and the questions is, do we have enough money to last? And the answer is, did we buy enough.

You: So retrospectively, we know the face amount is the most important thing. So we cut everything else before we cut that. And that's why we look at a term 10 with the right face amount before we look at a term 20 with the wrong face amount. Buy the right amount and the wrong type rather than the right type and the wrong amount.

By lowering the face amount, we've guaranteed right from day 1 that if someone dies, we didn't have enough life insurance – we didn't do the job we were trying to do.

However if we buy a term 10 instead of a term 20, it's not perfect. There's a couple drawbacks because we are cutting corners.

If we buy a term 20 for less coverage, the worst case scenario is someone dies and we didn't have enough insurance.

If we buy a term 10 and someone dies, we had enough insurance.

However, you'll have to take a medical exam in 10 years and buy a new policy. The premiums will be higher, that's the tradeoff – lower premiums now for higher premiums later. That's the decision we made today. But, total cost over 20 years is actually about the same price as the total for 20 year term – so you're paying about the same amount, just differently. So that's OK.

But what if you can't pass the medical exam? Well, we have an answer. Remember the conversion we discussed? If you purchase a 10 year term and can't pass a medical exam in the future, you simply convert to permanent. You're guaranteed to be able to buy a policy in 10 years. It won't be the type of insurance you necessarily want, and the premiums will be higher, but you're guaranteed to be able to buy insurance.

Actually the thing is, people that are uninsurable normally don't want term – they want permanent. So if you're uninsurable in 10 years, even if you don't want permanent now, you will quite possibly want it in 10 years if you're uninsurable. So while it sounds like a bit of a drawback, it's likely to be exactly what you want if you do become uninsurable in the future.

Either way though, you have the option to buy insurance in the future. And the worst case of having to purchase permanent insurance in 10 years is way better than the drawback of someone dying and you not having enough life insurance.

Smoking (Canadian specific)

You: Are you planning on quitting smoking in the short term?

Client: If no, then suggest that they just take the best product at the best rate and be done with it. However client will frequently answer 'Yes'.

You: If you're likely to quit smoking in the next year or two, then I would recommend a different approach. We have a bit of a technique we do, you won't hear it from most brokers. It's a bit of paperwork and some hoops, but in the end it saves a ton of money – that's why we do it. Same coverage, cheaper. So just bear with me as I take you through the steps.

First, rather than going to a term 20, I'm going to recommend that we look at a term 10. That will cut your rates in about half. (run a term 10 quote and recommend a company that has the exchange option.).

Now we don't want a term 10, we want a term 20. But we're not going to keep the term 10 for 10 years. We're just going to keep it until you qualify at nonsmoker rates – 365 days after you quit smoking and quit any aids. If we had a 3 year term I'd recommend that. But 10 year term is the cheapest coverage we have right now until you quit smoking.

Once you qualify at nonsmoker rates we're going to do two things. First, we're going to requalify at nonsmoker premiums. That'll be a urine test and they'll reopen the medical questions. Once that's done, you now have a 10 year term at nonsmoker rates. That's not what we want – we want term 20 at nonsmoker rates. So the second step we do is exchange the term 10 for a term 20 – and (insert company name here) guarantees that you can do that in the first five years.

So, we cut our premiums in half until you quit smoking. Then we do two things, qualify at NS rates and then exchange to a term 20. The end result is nonsmoker term 20, but you've saved half the premiums until then.

Now there's a small risk in this. When you exchange to a term 20, it'll be at whatever age you are when you do that. So your rates could be a bit higher because you're a year or two older. But you're saving a lot until that happens.

Final Thoughts

Making Notes

You must make detailed notes with every conversation and record them in your CRM. This is extremely important because we need to refer to these notes in the future, either for legal reasons or just because the client called and had questions. Making a dozen calls a day and you won't remember the client specifics in two months at policy delivery, nevermind in 2 years.

Your notes should include everything unique that you discussed outside what's noted on the application. Things like how many kids they have and their ages, the reason for the insurance. At a minimum you should include:

- Your recommendations on amounts and how you calculated it (i.e $60k for 20 years, income calc).
- The amount of coverage they chose and why
- The type of coverage you discussed (i.e. All types including term and permanent)
- That you had a conversation about conversion, suicide exclusions, and failure to disclose.
- The type of coverage they selected.
- The quotes you ran including company names and premiums.
- Anything else that came up in the call. If someone passes away and you are questioned, you need to be able to define and defend why the client has the amount and type that they purchased – even if it's 20 years from now.

Reasons Why Letter

I've always been very concerned about compliance and have spent quite a bit of time ensuring my insurance business far exceeded minimum requirements. Despite that, I really don't like onerous regulations and their applications. However even I'll admit that once in a while regulations serve to provide a useful function for our businesses.

The Reasons Why Letter is a good example of this. Spurred by anticipated legislative changes in Canada, compliant brokers are now starting to add this into their business processes. This letter however, benefits your business and client relationships, because it reminds your clients why they bought the insurance. I recommend you implement a Reasons Why letter immediately, and start including it with all your policy deliveries going forward.

The letter simply summarizes three points:

1. Why you bought this amount of coverage.

2. Why you bought this type of coverage.
3. Why you bought this company.

Draft something up on your letterhead that addresses these three points, and include it going forward. It'll remind clients at delivery why they wanted the policy, and will potentially save your butt from a lawsuit in the distant future.

Final Final Thoughts

That's a lot to take in, but it's the script that I used to sell many thousands of life insurance clients over the phone from my life insurance leads.

Good luck out there, and happy selling!

Glenn Cooke

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