

## The Art of Quoting

Like snowflakes, no two appointments are ever the same either. Every client's age, situation, needs and health is different and it's no secret that there is an art to quoting your clients. An untrained Advisor will often quote too high and miss the sale, spread the death benefit amounts too far apart from each other and not offering their client a viable option or consistently shoot too low, make sales, but not be able to generate enough income off their commissions in order to stay in business. So how do you know what 3 quotes to give each client on every appointment? That is the \$64,000 question we will cover in this chapter.

Before we do a few case scenarios, there are a few "Rule Of Thumbs" (ROT) you must first know:

- For nearly 20 years, the average premium per (key word) "**application**" in the final expense market is \$50. It is important to try and keep that number as the middle (2<sup>nd</sup>) option when possible. Yes, there will be times when you will dramatically exceed that amount, or lower than that amount
- The 3 ideal death benefit options would be \$40 first, \$50 middle, \$60 last
- In most cases, your first death benefit option should never start below \$35 a month. There will be exceptions to this rule of thumb where you might need to start a little lower than that amount, especially when providing quotes to multiple people in the same household.
- Anytime you are quoting multiple people in the household (i.e husband/wife or mom/son etc.) **ALWAYS** combine all premiums together and show your clients one single premium for each death benefit amount. Never separate the two except when filling out the applications.
- Make sure all three quote amounts are symmetrical with each other.
  - Yes: \$5,000/\$7,500/\$10,000 or \$2,000/\$3,000/\$4,000 or \$6,000/\$8,000/\$10,000 or \$5,000/\$10,000/\$15,000
  - No: \$5,000/\$6,000/\$10,000 or \$6,000/\$8,000/\$12,000 or \$10,000/\$15,000/\$16,500
- Anytime the premium amount is greater than \$10 per every \$1,000 – make your three death benefit options no greater than \$1,000 increments of each other. (I.e. \$3,000, \$4,000 & \$5,000 ~or~ \$6,000, \$7,000 & \$8,000)
- Cost of insurance is what determines your 3 death benefit options, not underwriting class (Mod, Pfd)
- Anytime the client is under 60 and qualifies for a standard issue (even preferred in most cases) it is usually best to quote a 20 pay policy with the client knowing at some point there will be a stopping point to their premium payments providing more of an incentive to purchase the policy
- The more options you give your clients, the more reasons you give them the "*need to think about it*". When quoting a 20 pay, don't show them any other option unless necessary. Always start with 3 options. Only add higher/lower death benefit options when requested or as an alternative when given certain objections
- **ALWAYS** include the **ADB** on every quote! Never give this option to your client. By adding the ADB, this will balloon the benefits and shrink the premium, creating more value.
- **ALWAYS** include \$3 on every quote for Legacy Assurance. Never give this option to your client
- **NEVER** say "*quote*" which implies your client is shopping, always say "*Death Benefit options*". Using this word also gives the appearance of offering an approximate price, not finite.
- After giving your 3 death benefit options, always offer to show them "*a higher amount, lower amount, or is that a good range for now*" before asking for the sale. If you quoted too high, your client might elect to see a lower amount and if you shot it too low and your client desires more coverage, they might elect to see a higher amount. You will never know unless you ask.

## ***CASE SCENARIOS***

What 3 options would you give in the following examples? *Suggestion: Use another sheet of paper to cover the answers found immediately below each scenario. After reading the scenario, first determine what 3 options **you** would have offered given the information provided, then proceed to the answer and explanation.*

***Mary is 64 years old, widowed, and wants to be buried. She has no other life insurance nor does she have her plot. Mary qualifies for a standard issue rate.***

- A. \$6,000 - \$43.55 / \$7,000 - \$49.79 / \$8,000 - \$56.04
- B. \$6,000 - \$43.55 / \$8,000 - \$56.04 / \$10,000 - \$68.54

In this example, either option would be acceptable. Including a plot, the national average for funerals is \$10,000. By locking in on the cost of the merchandise (i.e. casket, vault, and monument) which averages around \$3,000 along with Legacy Assurance negotiating the remaining costs with multiple funeral homes on behalf of the family, we should be able to get a person buried for around \$6,000. Anything below \$6,000 would most likely not be enough coverage to cover all funeral expenses.

**Same example as above, but Mary is 50 years old**

*\$8,000 - \$40.24 / \$10,000 - \$48.78 / \$12,000 - \$57.33*

- The 3 ideal death benefit options would be \$40 first, \$50 middle, \$60 last - *ROT*

Because Mary is now 14 years younger and qualifies for a good rate, her *COI* (**Cost Of Insurance**) is much lower. Because her cost per \$1k is so low, it makes more sense to set the 3 options \$2k apart from each other.

**Same example as the first, now Mary is 78 years old**

*\$5,000 - \$93.82 / \$6,000 - \$111.38 / \$7,000 - \$128.93*

With her age causing her to have such a high *COI*, the 3 best options to now give Mary drastically changes. Because Mary has no other coverage to take in consideration and because she wants to be buried instead of cremation, the \$50 *ROT* (rule of thumb) goes completely out of the window. When I come across these situations, I always start off at \$5,000 and inform my clients there is a good chance that \$5,000 won't be enough to cover all expenses but keeping affordability in mind, something is better than nothing. That it's a lot easier for the family to come up with the extra \$1,000 than the entire \$6,000; however, \$6,000 (or more) would be ideal to ensure all costs are going to be covered. Also, because the cost per \$1,000 is so high, sticking the \$10+ per \$1,000 *ROT*, never provide options larger than \$1,000 increments. Now in situations where your client wants to be cremated instead, I might even show them 3 options in \$500 increments.

**Mary is still 78, qualifies for a standard issue rate, wants to be buried, no plot, and has a \$5,000 whole life policy she's had for 15 years**

- A) \$2,000 - \$42.17 / \$2,500 - \$49.94 / \$3,000 - \$58.72  
B) \$2,000 - \$42.17 / \$3,000 - \$58.72 / \$4,000 - \$76.27

In this example, option A would be ideal but either option would be acceptable. There are times when you will want to take the other insurance they have into consideration when providing your death benefit options. In this example, because Mary doesn't quite have enough to cover all her expenses and her *COI* is so high, I will offer lower amounts keeping the \$50 ROT in mind. Also due to her *COI*, by giving three options in \$500 increments allow the perfect scenario: \$40 low, \$50 middle, \$60 highest. By starting your first option at \$2,000 plus her other \$5,000, which gives Mary \$7,000 in total coverage plus all the benefits she receives through LA - would now be enough to cover the majority, if not all of her expenses.

**Mary is still 78, qualifies for a standard issue rate, wants to be buried, no plot, and has a \$15,000 whole life policy she's had for 15 years**

\$5,000 - \$93.82 / \$6,000 - \$111.38 / \$7,000 - \$128.93

Yes, this is a tricky one. In the previous example we took her other policy into consideration when providing her 3 death benefit options but in this example we did not. Why? Because realistically, this client already has enough insurance to cover all of her funeral expenses. When someone usually has around \$15,000 or more in other coverage and you show them smaller options like \$2k, \$3k, \$4k – it could potentially work against you. Two things occur in your clients mind: 1) They have a more difficult time seeing our product as a burial plan 2) And because of that; they don't see the value in paying so much for so little when they ultimately start to feel they have enough coverage. What would be the point of adding \$2,000 more?

In situations like this, often times your clients want something strictly for burial purposes only, with the other life insurance policy to be used for other things: loss of income, kids or grandkids, mortgage payments, college funding, other unexpected expenses, etc. It is also important to know that most other "life insurance policies" do not pay out as quickly as we do and can take up to several months before the death claim is paid. By ensuring your clients understand this and the fact that our plans take care of all immediate funeral expenses and arrangements, it helps them to see, understand, and appreciate the value of our product.

**John and Mary are both 60, both qualify for a standard issue policy, both want to be buried, do not have a plot and do not have any other life insurance.**

\$6,000 - \$77.19 / \$7,000 - \$88.54 / \$8,000 - \$99.19

Even though they both have a low *COI* due to their age and plan type, it is still important to keep your 3 options within \$1,000 increments of each other starting with the minimal amount they would need to cover their funeral expenses. *ROT* - Because we are quoting multiple people, we add both rates together and show one premium amount.

**John and Mary are both 78, both qualify for a standard issue policy, both want to be buried, do not have a plot, and do not have any other life insurance.**

- A) \$5,000 - \$198.67 / \$6,000 - \$236.59 / \$7,000 - \$274.49  
B) \$5,000 - \$198.67 / \$5,500 - \$217.63 / \$6,000 - 236.59

In this example, as option A would be ideal but either option would be acceptable. Here is another example where the \$50 a month *ROT* goes completely out of the window. As mentioned in one of the previous examples, you need to listen, understand your client's needs, and quote accordingly. Even though \$5,000 will most likely **not** be enough to cover all funeral expenses, when the *COI* is expensive, \$5,000 should always be your first option, never starting lower than that amount when your client has no other small life insurance policy to take into consideration. Also, because the *COI* is so extremely high for this couple, you might even want to consider your 3 options to be in \$500 increments.

**Mary is 40 years old, wants to a direct cremation without any viewing or services. Her ashes are to be left with the family to be scattered in a special place. Mary qualifies for a preferred rate and has no other insurance.**

\$10,000 - \$40.74 / \$12,500 - \$49.41 / \$15,000 - \$58.08

Even though Mary qualifies for a preferred rate, because she is well under the 60 year old *ROT* and her *COI* is so low, it makes the most sense to quote her a 20 pay policy. Direct cremation alone is around \$500 - \$700. So why quote her these 3 amounts?

- Never have your first death benefit option below \$35 – *ROT*
- Ideal 3 death benefit options would be \$40 first, \$50 middle, \$60 last - *ROT*
- Showing Mary a \$1,000 DB @ \$9.53 or \$2,000 DB option @ \$19.31 a month won't earn you much of a commission and keep you in business for very long – *Intro*. Even if your highest option was around \$40 or \$50, in most cases your client will go with the first or middle option.
- When it is all said and done, even \$10,000 wouldn't be enough to take care of the family and cover all remaining expenses that will follow after Mary's cremation. Unpaid bills, unpaid taxes, car note, possible mortgage, family's lost wages due to time off from work, travel, child care (when applicable – remember, Mary is only 40 in this example and could have children under age 18) and on and on. Even though \$1,000 would be enough to cover the cost of cremation, it is extremely easy to justify why you would want your first option to start at \$10,000 and go up from there

**John is 60 years old, wants a viewing, services, and cremation as the final disposition of the body. John qualifies for a standard issue rate and has \$20,000 in other whole life insurance.**

- A) \$5,000 - \$38.36 / \$7,500 - \$54.51 / \$10,000 - \$70.66  
B) \$6,000 - \$44.82 / \$7,000 - \$51.28 / \$8,000 - \$57.74

In this example, either option would be acceptable. John's other life insurance policy is irrelevant and does not need to be taken into consideration. Average cost for cremation with viewing and services averages around \$5,000 depending on the city and state. Through the negotiation process, we should be able to get it down to around \$2k to \$3k.

**John is 80 years old, wants a viewing, services, and cremation as the final disposition of the body. John qualifies for a standard issue rate and has \$20,000 in other whole life insurance.**

A) \$2,000 - \$53.24 / \$3,000 - \$76.82 / \$4,000 - \$100.41

B) \$2,000 - \$53.24 / \$2,500 - \$65.03 / \$3,000 - \$76.82

In this example, either option would be acceptable. Even though John is now 80 years old, his other policy is still irrelevant and should not be taken into consideration to the 3 death benefit options you will provide.

**Summary:** There are going to be situations where you want to take other policies into consideration of the death benefit options give based off of the amount of insurance they have, their needs and their *COI*. In every appointment, you must first listen, ask questions, understand their situation and needs, and offer the appropriate solution in order to provide peace of mind. Remember, the sale is made during the Discovery. You sell by asking questions. When in doubt, one of my favorite lines to use is *"something is always better than nothing"*. You will find that by mastering the art of quoting through real experience and consistent communication with upper management, fewer objections arise when closing.

**\*TIP\*** In rare situations, there will be times when dealing with high *COI* clients who have other coverage, feel they "might" have enough to cover their expenses, like what the LA has to offer, on the fence, and need to think about it. A strategy I will sometimes use is to show them a flat \$3,000 death benefit, explain to them this will cover their casket, monument, and headstone (which consists of about 60% of the overall funeral costs) along with prearranging everything through the LA offers - will not only take care of EVERYTHING, but also save their family an enormous amount of money along with eliminating the mental headache. *You nearly have everything taken care of except for this one major piece to the puzzle. Sound good?!*