

## Reviewing Life Insurance Policies

Any time you come across a client who already has other life insurance, it is critical that if all possible, to always review your clients other policies! One of the best methods to use in getting your clients to grab their other policy is to simply ask them (in an assumptive, non-apologetic way) to go get it. Remember to never ask if your clients know where their policy is because most of the time they will respond by saying, no. Assume they know where there policy is and more / less, expect them to get it for you.

When reviewing your clients other policies, there are 4 specific things you are taking a close look at:

1. **Policy Type** – In the Final Expense market, it is a proven fact that approximately 95% of our clients either have no idea that there are different types of life insurance policies out on the market ~or~ they were aware of this but have no real knowledge as to what those differences are. Unfortunately, a majority of the clients that you work with in this market think that all life insurance policies are the same. They believe that life insurance is simply a policy that covers you for “X” amount of dollars and all you do is pay whatever your premium is until you die. That’s it! They believe that what you pay is what you pay and as long as you keep your premiums current, that policy will never change and stay with you up until the day that you die, and will then pay your beneficiary the value of that policy. Therefore, what the majority of people in our market end up doing is shopping around all the different companies (mostly by mail) to see which company will offer the highest amount of coverage for the cheapest rate, which is why and how the majority of your clients (who already have some sort of life insurance) end up with a Term insurance policy. It’s not necessarily what they wanted; they just thought they were getting a really good deal as compared to the others companies they “shopped” rates with.

When you discover that your client has a Term or UL policy, you want to first, simply ask your client if they truly understand the difference between Term and Whole Life before informing them the type of policy they have. You will find that nearly 80% of the time, people will openly admit that they don’t know. However, the when you put the other 20% on the spot and ask them to briefly share with you what those differences are, you will find that more times than not, they still couldn’t provide an answer or the correct one, for that matter. The best way to handle those who are uneducated or misinformed, is to reassure it’s perfectly fine they didn’t know, and that most others are the same way which is the reason you asked them in the first place. However, you need to explain to your client that it is imperative they understand the basics of life insurance so they not only know what type of policy that want/need to have, but also know how that policy is going to perform years down the road as opposed of finding out the hard way right when their family will really need them to have that policy the most.

When you actually come across one of those rare situations where your client states they know the difference and actually give a sound description of the two, praise them then move on. When covering Part A & B of the FCGS forms, instruct your client include their other policy information at the top of Part B of those forms. The same holds true for any other type of policy your client might have and plans to keep.

2. **Death Benefit** - Unless you are already aware, you're going to be surprised to learn just how many people don't really know the actual value of their other policies. We have found that of those who were inconsistent with the death benefit amount they stated versus how much they really had, in most cases the death benefit amount ends up much lower than they thought; whereas in few other cases, will have a higher amount than they thought. Please note that in those rare cases where a higher death benefit amount is discovered, please share the positive news rather than allowing them to carry on believing the amount they stated was accurate. It is important to remember, folks, that as Final Wishes Advisor's, we are here to take care of our clients to the best of our ability, even if that means your client no longer needs our product. However, it's no secret that anytime you are able to properly educate your client and confirm the validity and value of their other policies, this will always create trust, credibility and someone who can take care of their needs/concerns. In most cases, it will also create a solid referral source too
3. **Clean Sheeted** – Unfortunately, another area that might surprise you is the amount of people who recently took out a life insurance policy and discover their agent clean sheeted them. What does that mean? Clean sheeting is where an agent answered “No” to all the health questions on the life insurance application, regardless their client's health history. For example, your client stated they had a heart attack last year and took out a policy just a few months ago. They have a permanent whole life plan with first day coverage, a decent rate for a decent face amount, which doesn't make sense to you due to their recent health issues. Upon closer inspection of the life insurance policy they just received a few weeks ago, you review the copy of the original application (that is included with every life insurance policy from every company) and see there is a question that asks: In the past 3 years, has the client had, been treated for, or been diagnosed with any of the following conditions – heart, and the “No” box was checked. You see that the application clearly states that any question with a “Yes” response, either doesn't qualify or didn't qualify for the plan they received. Why would any agent ever do this? Because if they answered certain health questions on the application correctly, their client would either 1) not qualify for their insurance or 2) they would have a much higher rate and/or fewer (or limited) benefits making it less appealing to the client and potentially losing a sale. Often times agents to pull this stunt hope that their clients live for another two years surpassing the 2 year contestability period forcing the company to pay the death claim without being able to contest. By exposing this to your client, you are making them aware that if they were to die, their policy most likely will not perform the way it was explained and in most cases just return the paid premiums to the beneficiary. This also exposes their other agent for what he is and helps position you as an expert, someone they can trust, and someone will take care of their needs.

The same thing can occur with mail order policies. When health questions on mail order policies are answered incorrectly, in most cases it was because they didn't fully understand the question(s) that was being asked. Either way, when companies contest any policy that was in force for less than two years, they will discover that one or more of the health questions was answered incorrectly at the time of application and no longer have to pay the full death claim. Usually when that happens, most companies will refund the paid premiums with the possibility of added interest.

4. Improve their position – Did your client recently take out a policy that has a waiting period due to their diabetes but qualifies for a Day 1 plan with us? Has your client's policy been in effect for less than 2 years and you are able to save them 20% on their premium payments with the same amount of coverage under the same terms? Does your client have a relatively new policy and can get the same amount of coverage for the same price with us, in addition to the Cash Benefit Enhancer and all the benefits the FCGS offers? Examples like these are what you are looking for when reviewing your clients policies – can we dramatically improve their position from what they have to what we offer?

Folks, anytime you have a client with a policy that has been in effect for around (rule of thumb) 2 years or less you should also be looking to see if you can greatly improve their position by either: premium, death benefit, waiting period, cash benefit enhancer (AD&D) and the planning piece.