



QUALIFY BUDGET

There are three approaches to qualify a prospect's budget:

- I. Presenting three options based on their final wishes
- II. The top down method, where the agent starts high and goes down in price
- III. Asking prospects what monthly amount they can afford to pay for their Final Expense plan

With the first approach, the agent will quote prospects three different amounts based on their final wishes: usually \$3,000, \$5,000, and \$7,000 if they are getting cremated, or \$7,000, \$10,000, and \$15,000 if they intend to have a traditional burial with funeral. Some agents write each amount on three separate cards, followed by the beneficiary's name, to get prospects emotionally committed to the solution.

Glen Shelton explains how he utilizes the three options approach to qualifying the budget:

"When it comes to discussing budget, I will present three options and explain that they can always come back for more. It does NO ONE any good if you select an option you CAN'T afford."

The top down method is where the agent starts with an absurdly high monthly payment, like \$200, and waits for the prospect to react to that. The absurd amount and the prospect's reaction to it can actually lighten the mood if agents handle the situation suavely. Most seniors will recoil and exclaim, "No way! I can't afford that much on a fixed income!" The agent might commiserate by saying, "I don't blame you, Mrs. Jones. That is a ridiculous bill to pay!"

Then the agent goes down from there, maybe to \$150, and waits for the prospect to respond. The agent then goes lower and lower, feeling out the senior's financial comfort zone, until the prospect signals an amount that is affordable. This technique has the potential to help agents write larger cases because you aren't assuming how much (or how little) the prospect can afford.



Jason Eichmiller qualifies the health of the prospect and proceeds to qualify the budget with the top down method:

“And your age? Tell me about your health conditions and prescriptions over the past 5 years. (Then I “top down” sell...) The most coverage I can get you is x, and that is just y per month.”

Most of the time they say they can’t afford it, so we settle on a lower amount. One out of 10 times, they take it.”

The only drawback with the top down method is the possibility of seniors overestimating their ability to pay the amount they choose. The average monthly premium for a Final Expense plan is around \$50 a month. If the prospect chooses a monthly premium of \$150, which is three times the average amount, agents could be setting themselves up for a first-year policy lapse. Of course, by building good rapport, delivering good customer service, and showing discernment for a prospect’s affordability level, agents can minimize policy lapses — but still, you don’t want to enable prospects to bite off more than they can chew.

When in doubt, if you sense that a prospect has chosen a monthly premium amount that may be unaffordable, just reconfirm that it is indeed an affordable amount. Some agents might recommend starting at a smaller face amount, and then the next year you can come back and ask how much more they’d like. This can reduce the initial shock to a senior’s budget, while eventually giving them the coverage they seek, and helping the agent avoid a possible first-year policy lapse — so it’s a win-win!

The third way to discern a prospect’s budget is to simply ask what amount of money can they afford on a monthly basis for a plan that will pay for their final expenses so their family or beneficiary doesn’t have to. This method is straightforward and sincere, and can close the lead by itself. Once you ask this question, stay silent. The first person who speaks loses, as they say in the sales world. Whatever the amount of money the prospect offers, as long as it’s something, acts as a closing question and allows the agent to proceed to the application to qualify the lead’s health.



Josh Doe explains how he qualifies the health before qualifying the budget:

"I ask the major things first: heart attack, stroke, cancer. Then I look at their meds. Then I pick a carrier I think may be a fit and have them read the health questions. As far as budget, I find an amount that is easily affordable on a monthly basis."

Mike Shure qualifies health and then budget when presenting over the phone for Final Expense.

"In the past 2 to 5 years, have you had any heart liver lung or cancer?"

Not everyone can afford a \$10,000 Final Expense plan, but as parents we want to make sure we cover as much of the expense as we can afford, now based on your budget, you might qualify for more than the price of your funeral, but it could also be less. Keeping your budget in mind, what can you allocate on a monthly basis?"

Denise Rangel qualifies the budget and the ability of the prospect to qualify for less expensive Final Expense plans by asking about a checking account:

"When I am telling them about the guarantees, I tell them that there are discounts with some companies if you have a checking account to make your payment from, and ask them if they have a checking account. On payment, I ask them if I can find a plan for a certain amount, if that would fit into their budget without causing them any problems, and just work from there."

QUALIFY HEALTH

After the agent qualifies a prospect's need and budget, and offers some education about the types of life insurance and coverage options available, the agent can then retrieve an application for the Final Expense plan he quoted. Of course, some agents prefer to qualify health first and then budget. A proactive agent asks about the prospect's health before presenting options, to avoid backtracking for new quotes as new conditions are revealed. In any case, by the time you pull out



the application to officially qualify a lead's health, you should already be aware of any chronic conditions that may limit their coverage.

Using the application as the health qualifier in and of itself can be a closing technique. When coupled with the prospect's available budget and armed with the lead's "why's," agents can move confidently toward a sale, and proceed to health questions that indicate which level of coverage the prospect qualifies for.

Ron Wiza explains the benefits before qualifying the health and then the budget:

"This is called non-medical, non-physical type coverage. You don't have to be examined by a doctor to qualify. We do have to run through about 10 to 12 health questions that mainly have to do with major health issues, such as cancer or heart problems. Tell me, how's your health? Over the last few years, any issues like a heart attack, cancer, diabetes, or stroke? Any other health conditions I need to know about?"

"As I'm going through the numbers and the actual cost, I'm going to ask you that you promise me that if what I am showing you is too expensive, that you just simply let me know. Okay? There are two ways we can look at the pricing: 1) You tell me how much you want to put toward your Final Expense planning each month and I can figure out exactly how much coverage that will get you. Or, 2) You can tell me how much you would like in coverage and I can figure out how much that investment would be per month. Which would you prefer?"

After leads answer all of the health questions (usually between 10-15), you can let them know whether they qualify for immediate or graded coverage. Congratulate the prospect on qualifying for any level of coverage, and ask for a voided check and an ID to complete the application.

TYPICAL FINAL EXPENSE LIFE INSURANCE UNDERWRITING

Final Expense underwriting requirements can be less strenuous than underwriting for Medicare Supplements. Life insurance companies look at the chances of a person passing away (mortality). The chances of dying can be lower at certain ages than the chances of having a chronic condition (morbidity). Because life insurance companies want to minimize the number of gravely sick people they insure, they develop lists of conditions that usually cause a decline in coverage.

Conditions that can disqualify a lead from obtaining coverage include: being bedridden in a hospital, ALS (Lou Gehrig's disease), Down Syndrome, Cerebral Palsy, AIDS, amputations, cancer, dementia, or having been in a diabetic coma. Some companies may offer graded



coverage for diseases such as: diabetes, cancer that ended four or more years ago, heart attack, hepatitis, illegal drug use, muscular dystrophy, and others.

Some companies might allow one chronic condition, but multiple conditions may disqualify a senior from coverage. This is where independent agents have an advantage, because they have access to various companies that may accept certain conditions or allow immediate coverage for particular conditions. By diversifying the number of companies you contract with and learning their underwriting requirements, you can reduce the amount of time it takes to figure out which company will accept a prospect's health conditions and prescriptions.

WANT A PIECE OF PHI?

With Final Expense sales, the agent usually has the option to complete the Phone History Interview (PHI) with the prospect or to rely on the insurance company to call the prospect and complete it later. There's no doubt that most agents hate dealing with the PHI; it's a hassle and can take a long time depending on the company, experience of the agent, and where-with-all of the client.

However, smart agents realize that utilizing the PHI can increase persistency, because only interested and emotionally committed prospects will take time to complete the PHI, which solidifies their intention to obtain coverage. By taking the time to go through the PHI with a lead, agents reconfirm the lead's commitment to taking out a plan and increase the chances that the application process will be completed before the lead has time to succumb to buyer's remorse while waiting for the insurance company to call for the PHI.

Also the PHI can act as closing mechanism, making the senior verify their desire for coverage, their banking info (some), and Social Security number. Doing this almost cements coverage in the eyes of both the agent and the prospect, there's no going back – they had taken care of the hassle of not having a plan anymore.

This indeed deserves a congratulations to the prospect from the agent. It takes a very strong act of courage to take care of your loved ones from one's final expenses.

John Smith conveys to the prospect after finishing the application process,

"This is the last thing that your kids and family will remember about you, and how strong and beautiful of a person you are, for thinking of them and how much you loved them. It gives you peace of mind knowing that when you leave this life, your family will never question that you loved them for even a second. This is your last strongest statement to your family"