How to Get Life Prospects to Think About Product Value

by Gregory E. Schwabe, FLMI, as seen in **Think**Advisor

"Just get me $2 million of term at the lowest price," says the client. "That's what I need." Advisors have heard these words time and time again. It's the classic life insurance transactional sale in which nothing matters other than price.

Asking for a low price makes good sense because that's how most people buy stuff. If their understanding of life insurance equals death benefit, why not go for the lowest price?

As advisors know, transactional business has a strong appeal. Like "low hanging fruit," it falls in your lap. What could be easier? A phone call is all it takes. No meeting with a client, and no running around to get signatures. It's a breeze. Besides, clients get what they want and you get paid. Sounds good, but it doesn't always work out that way. They just keep searching until they find a lower price—and it's always out there.

When working on transactional sales, it's easy to be blindsided by ignoring the basic principle of selling: price is only an issue in the absence of value. If someone's understanding of life insurance is limited to the amount of the death benefit, then wanting to get the lowest price makes sense.

To help avoid being blindsided and losing business, there are step to take to add value to transactional sales:

1. Decide to be an advisor, not an order taker, by including both term and permanent life quotes in your plan.

2. Do your field underwriting to help determine risk (it's your case, so don't leave it to the insurance company).

3. Based on your findings, build your case for value. Select appropriate term and permanent life products and include riders, policy fees, modal factors, length of grace period, convertibility, waiver of premium.

4. Communicate your findings to the client, highlighting the pros and cons of each one in terms of value to the client. This is the opportunity to engage clients and get them thinking about what they can get for their money, including why the lowest priced product may be more expensive in the long run.

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This is a scenario for slowing down clients so you can engage them. Yes, it takes work, but that's an advisor's job—plus, it does more for the client and for you.

Then, add one more thing—a surprise: "You will receive your policy by email in about a week."

By this point, you have both changed the narrative and given the client an enhanced value transactional sale presentation. Now, you won't be listening to the usual dead-end comments: "Thanks, I really appreciate your help. I'll get back to you." or "That seems a little high. Let me think about it."

In effect, you disrupt the client's thinking by putting price in perspective, right where it belongs, as one of many factors. This creates a new and different picture by introducing insights that create value by moving the mindset away from price.

Here's the point in using the Enhanced Value Transactional Sale strategy: advisors often assume that when someone asks for the lowest price, that's it and they won't accept anything else. While that may be true for some prospects, it's a mistake to assume that it applies to everyone. It doesn't.

By serving the client's best interests, you can turn a nominal premium into an upgraded one, as well as having the opportunity to work with a client who may well be with you for a long-time.

Although they're still transactional sales, they can also be an opportunity to become involved with a client's financial situation, which is far more meaningful than betting on a spreadsheet to close a sale.

Gregory E. Schwabe, FLMI, is National Marketing Director for First American Insurance Underwriters, Inc. First American is a Needham, MA based national life brokerage firm specializing in coaching growth-oriented producers and providing them valuable solutions to their complex cases. He can be contacted at 781.449.6800 or gschwabe@faiu.com.