



THE FORGOTTEN MARKET

Don Boozer

EYE OPENING INFORMATION:

In 2005, the Life Insurance Research and Marketing Association (LIMRA) conducted a survey of American households and published a report about their findings. What it revealed is astounding at a minimum and a wake-up call at least. The report told the life insurance community that we have done a pretty good job of educating our clients about the need for life insurance. As a rule, we no longer have to convince our clients that they need life insurance; generally we are helping them decide *HOW MUCH* they need.

During the past 20 or so years we have weathered some interesting times. In that period of time, universal life has supplanted whole life as the main choice for permanent insurance coverage for the American public. As the market has matured, our products are now increasingly aimed at the affluent market and our marketing efforts are designed to put us in front of the prospect with the money. There is nothing wrong with this – it is good for the companies and it is good for the agent.

THE CHANGING TERM MARKET:

For the past 15 or so years term insurance has weathered an almost continual rate war and continues today to be sold more as a commodity than as a protection vehicle. In the past few years, we have seen an evolution in the term market to try and move away from the “cheapest” premium scenario to a “needs based” product designed to meet a specific need in the American household. The mortgage term plans were the first incarnation of the term changes, and they thrived for some time. However, the market became crowded and the luster on this product faded just a bit.

The next innovation came into the market as an addition to the mortgage term market and matured into a market of its own. Who knew that America would buy a “money-back” term? Give credit where credit is due – sometimes the guys in the home office make a good decision. Marketing this product was a moneymaker for the agents – if not for the companies. From a company perspective, the ROP term is still an enigma. Many of the companies can’t find a way to design the product that will give them a good return on their investment. The companies that market it aren’t saying – but the general feeling is that they are on the way to losing money on the product. Time will be the judge as to which group is right.

WHAT LIES AHEAD:

Even with the evolutions in the term market, there are still billions of dollars of the low cost term being sold every year. The market shows no evidence of slowing and agents are continuing to find better (and cheaper) ways to market the product. At today’s rates, a \$500,000 term plan on a young professional may only net the agent \$120 of commission! Some

\$250,000 plans issued on healthy 20 something's may have less than \$100 of annual premium – and the policy fee *may* or *may not* be commissionable.

In order for the average agent to be able to market the low cost term products profitably they must find a way to market it more efficiently and in larger volumes.

The term quote services have found a way to harness the costs of marketing the low cost term – but even they will admit that the profit margin is slim. They produce millions of dollars in premium, and often have a less than satisfactory return on their investment. ***Is there a way to market low cost term on a profitable basis?*** I think there is, but it requires a little set-up time for you and a moderate monetary investment in your business. However, if you will follow the outline of this program, you will generate (*profitable*) sales within 30 days and you will also generate sales for almost every month for the rest of your career. This method is not a short term cure – it is a long term solution. The rewards of your efforts will be enjoyed today and in the future.

THE TRILLION DOLLAR BABY:

The LIMRA study (The Trillion Dollar Baby), was conducted with a specific emphasis on the Middle American market. Their survey of the market yielded some very telling statistics and sometimes startling truths about life insurance sales.

The information for the survey was gleaned from personal interviews with over 2000 financial decision makers during the period from October 2004 to January 2005. The facts uncovered by the study were eye opening to any agent who was paying attention. ***The study told us that we are missing a huge section of the market – many of whom are already customers!*** We are missing them because we are not fulfilling our duty as life insurance professionals. One of the biggest obligations that we have to our clients is to see that their coverage is appropriate for their needs. The numbers developed clearly show that we are not keeping up with our customer's needs.

The study reveals that we have done our job in one area. We did a *very good* job of teaching our customers the *need* for life insurance. In the study, there were few if any individuals who were interviewed that believed that they *did not* need life insurance.

THE FACTS:

The study revealed one more important fact; ***People will buy if we will ask them to buy!*** Take a moment to digest the following statistics.

- 1) **44%** of American households say that need more life insurance.

- 2) **75%** of these households are your current customers and are seeking additional coverage.
- 3) **25%** of these households are first time buyers and 74% of these potential buyers do not have a personal life insurance agent, broker of financial planner.
- 4) **27%** say they expect to buy life insurance in the next 12 months.

AND THEN THE FIGURES GET INTERESTING:

Of the households that have not bought more insurance, they offer the following reasons;

- 1) **74%** say they can't afford it.
- 2) **52%** say it is difficult to decide how much they need.
- 3) **50%** have not gotten around to it.
- 4) **43%** worry about making the wrong decision.
- 5) **40%** prefer to put their money into other financial products.
- 6) **29% say no agent has asked them to buy.**
- 7) **20%** say it is unpleasant to think about dying, so they put it off.
- 8) **33% say they would like to review their coverage every year or two.**

The insurance companies and the agents have done a good job of spreading the story of life insurance. When was the last time that you saw someone who actually believed that they *didn't* need life insurance? ***Nearly everyone knows they have a need – but they need your help to buy.*** Of all the members of the financial services community, you are the one most suited by training and experience to guide them on this matter.

If you look at the reasons that people say they have not bought life insurance, all 8 of the objections to buying can be answered by you. This is part of the selling process.

Pay particular attention to numbers 6 and 8. These need no explanation.

HOW DO YOU MAKE THIS MARKET PROFITABLE?

This is a challenge; however, the companies are helping us with technology. Many of the companies offer a **TeleLife system** today that allows you to write the case over the phone. A few more of these companies are now offering **electronic policy delivery**. Many offer an **online quoting system** for your website that allows your client to "price" the coverage late at night while you are asleep.

Let's consider this scenario:

One of your policyowners decides that maybe it is time to buy life insurance. They remember a mailer that you sent to them that pointed out that your agency offers some of the "lowest term premiums" in America. They go to your website and find your quote engine. They input their information and discover that \$500,000 of 20 year term coverage fits their needs and

budget. They push the “call me” button and you get an email that tells you to call them – they are interested in term coverage.

- 1) You call.
- 2) They agree to buy.
- 3) You complete the application over the phone and email it to the home office.
- 4) The home office does all of the follow up with the client including getting their signature on the app and ordering the exam.
- 5) When the case is underwritten and approved, the home office emails it to you for your approval. You look it over and tell them that it is correct.
- 6) The company then emails the policy to the client for their *electronic signature*. The company drafts the first premium and the policy is placed in force. You never left your office – and you made \$600. (*The average premium on these cases is over \$700.*)

This transaction is not unusual. It happens all of the time. Your clients are going to buy Life insurance and they would rather buy it from you - - - if you will just ask them.

What you didn't have to do to get the sale:

- 1) You didn't have to drive to their home or office.
- 2) You didn't have to fill out a 24 page application.
- 3) You didn't have to go back to their home or office to get the signature that you missed on the 24 page application.
- 4) You didn't have to order the exam and follow thru on it to make sure it was done.
- 5) You didn't have to drive back to their office or home to get the delivery material for the policy.
- 6) You didn't have to pay \$3.53 per gallon for the gasoline.

You did make a sale on a very profitable basis. ALL of the systems necessary to make this sale are available today. ***This is not something out of the future – it is NOW and it is happening with YOUR clients – it is just happening with another agent.*** The client sits down at their home computer after the kids are in bed and buys life insurance off the web. The client has probably never met the agent, but *he* is the one that asked them to buy (*through email blasts or advertising*), *he* offered them very competitive rates and *he* made it easy for the customer to find him.

WHAT DO I NEED TO DO TO DEVELOP THIS MARKET?

Developing this market is going to require a small amount of effort on your part and an investment in your business of *less* than \$100 per month. In return, you will reach out and touch this forgotten market one time each month on a positive basis. You will educate them and inform them and ask for their business and they will be grateful and receptive.

YOU NEED A WEBSITE:

There are three primary components of this system and you will need all three of them. The first is that you will need a website. If you already have one – you just stepped to the front of the line and saved yourself \$50 per month.

If you do not have a website – don't fret. I am going to tell you where you can get one for **\$49 per month** that you can personalize to suit yourself. It is designed for life insurance and annuity agents and it has a wealth of usable features. To preview the website – I invite you to go to our retail website and take a look at ours. We are still personalizing it to suit our needs – but you will get the idea what to expect. (www.donboozer.net). If you like what you see, you can get the same website for yourself from www.agentquote.com. Once on their website – you will find everything that you need to set your website up and subscribe to their services.

YOU NEED A NEWSLETTER:

Don't let this one scare you. You may have never written a newsletter in your life, but you don't have to be an English major to make this part work. We do a newsletter every month and you can steal it and put your name on it – OR just take the parts that you like and customize it to suit yourself. OR – you can subscribe to a newsletter. Most of the companies now have access to newsletters that you can get for little or no cost.

Don't panic yet! I am going to show you where to go to get preformatted newsletters and a system that will allow you to send them each month with just a click of the button.

YOU NEED AN EMAIL DATABASE:

This is the part where the personal effort comes in. You may or may not have started collecting email addresses for your existing clients. If you have – you need to do a mailer to get the group of clients that you don't have. Send out a mailer that says something like, ***"We are moving into the 21st Century and we need your help."*** *"We want to publish a newsletter for our customers that will alert them to changes in our industry and opportunities for our customers to save money. In order for us to do this – we need your email address! Please email it to us at agent@myagency.com OR mail it to us on the enclosed postcard. Either way – we want YOU to be in our initial mailing!"*

They will respond and you will collect email addresses.

The next phase requires a little bit of creativity on your part. You have to find ways to build your database. The more receptive people that you have on the database – the better your results will be. You also need to make sales outside your client base in order to grow your business.

HOW CAN YOU ADD TO YOUR DATABASE?

This is where the system relies on your skill and enthusiasm. You know your community as well as anyone. You know the group of households that you are *not* calling on. You need to find a way to get in front of them. It is not reasonable to assume that you can (*or will*) get in front of these people on a face to face basis. You have to devise another way.

Here are a few ideas:

- 1) Since you will email these folks on a monthly basis, you need to find your target market. Start today to gather the email addresses of ALL of your clients. Then find ways to add to that list. Exhibit at fairs and seminars. Offer prizes for registering. Make one of the questions on the sign-up sheet a request for their email address. They WILL give you the information for a chance to win a color printer or a gift card to Wal-Mart!
- 2) Advertise in local publications – offer a FREE life insurance review to anyone who will call or email you.
- 3) Ask individuals the old Tom Wolfe question; ***“Would you have any objection to discussing your life insurance with me?” “Would Tuesday or Thursday be better for you?”***
- 4) When you are in a social situation, and you meet a new prospect, ask this question; ***“May I add you to my newsletter list? I believe you will find it both informative and enlightening.”***

More ideas for developing your existing customers:

- 1) If you are in a **P&C agency** and you send out billings and claim checks every day. Develop a “stuffer” to put in *every* envelope that goes out. The stuffer needs to be a bright color and it needs to say that you sell “Low Cost Life Insurance.” Sample rates are good – but not required. It also needs to say, ***“Call or email me for a FREE quote”*** or direct them to your website where you have an on-line quote engine.
- 2) If you write **group cases** – have each person complete a “registration” card. Each card should ask for their name, address, phone number and email address.” You should say to each person, “Do you have someone who handles your life insurance for you?” ***“My office offers some of the lowest rates in the industry, do you mind if we call you and give you a FREE quote?”*** If you would like more information on this particular technique, go to the “tools” section of our website and print off ***“The Magic Card System.”*** It contains all of the details necessary to set up this system. We will do the artwork for your enrollment card and help you set up the system in your agency.

PUTTING THE SYSTEM TO WORK:

Our personal statistics indicate to us that when a person expresses a need for life insurance that person is about 70% ready to buy. If you are convincing and helpful when you call them – they will buy on the spot. The reason is that **1)** They already KNOW that they need the coverage, **2)** They have selected YOU to represent them because you “offer the same products offered by the on-line services, **3)** YOU asked them to buy because YOU reached out and touched them one time a month with your newsletter.

Lets assume that 50% of these folks say no to you - - - you STILL have a 50% closing ratio. The statistics say that this particular group of individuals will say yes more often than they will say no. ***If they say, “No” just say to them, “Please keep us in mind when you are ready to review your life insurance.”*** You know what . . . they will! You know why . . . because YOU are the agent who asked them! The key here is to make it easy for them to find you. That is the reason for the newsletter and the website. YOU place your name in front of them on a monthly basis in a positive, business building way – and you do it at a very reasonable cost.

WHERE TO GET THE TECHNOLOGY:

We have already told you where to get the website, now let’s discuss the email system that will allow you to **1)** Store your database, **2)** Design and publish your newsletter and **3)** Distribute the newsletter. Go to www.constantcontact.com and you will find a system that does all of these things at a *reasonable* cost. One of our agents told me recently that he went to the website, downloaded the system, uploaded his database and published his first newsletter in less than 2 hours. ***It really is that easy.*** The cost for the service can be as little as **\$15 per month** – depending on the size of your mailing list.

THE FOURTH ELEMENT:

While it is not a requirement to make this system work, you need a term quote engine and you need to have a few of the most competitive term companies in your arsenal. If you don’t have a quote engine, we will provide you one **FREE**. It is simple to use, and it will send you an email when one of your clients needs a quote. If you make it available on *your* website – you WILL get requests to call customers and discuss the quote that they ran for themselves. The email that you receive will contain the quote that they ran and their phone number and name. ***They will be expecting your call.***

The easiest entry to this market is through the competitive term channel. However, this system can be used to sell any product that you offer. The reason that we choose the term market to begin is that we can make those sales the easiest – and at the same time we can develop our relationships. Think of it as “picking the low hanging fruit.”

THE COMPANIES THAT YOU NEED:

This part of the newsletter will be a little self-serving but I believe that you will find us helpful in setting up this prospecting and customer service system. In order to make this system work, you need to be able to offer products from the industry leading term (and UL) companies. The reason that you need the companies is that you are telling your clients and prospects that they can buy the same products from you that they can buy on the internet. These are the companies that we recommend.

West Coast Life Insurance Company: You will need one of the major players in the term market. We recommend West Coast Life. I have been associated with West Coast Life for almost 40 years and the experience has been very rewarding for me and for my customers. West Coast is one of the TOP 3 competitive term companies and they have the *very best underwriting* of the top three. Not only do they offer some of the best “preferred” and “super preferred” rates in the industry, but ***if your client is “standard” or slightly impaired – there is NO BETTER PLACE to send the app.*** They are the BEST in the industry in this market.

Liberty Life Insurance Company: There are still tobacco users in our customer base and all of the other companies offer them a rate that is as much a 3 *times* higher than a non-tobacco user. ***Liberty Life has THE LOWEST tobacco rates in the industry!***

American General – AIG: American General brings two very important products to the term marketplace. They have one of the best Return of Premium (ROP) products in the industry, and they have the most versatile term product in the market. The *SelectTerm* product offers your client an opportunity to buy a term product with a guaranteed period that will match their actual need (*Example: 19 years for the balance of their mortgage, or 23 year till the last child is out of college*). ***There is no other product like this in the term market.*** The fact that AIG is also rated **A++** won't hurt your chances for a sale.

Protective Life Insurance Company: There is not a better PPGA company in the industry. As the owner company of West Coast Life – they are very prominent in the term insurance market. ***Only 3 companies sell more term insurance than the Protective Companies.*** If you are going to produce a consistent amount of term insurance premium, you can make as much as 20% more commission if you do it with Protective Life. The rates for Protective are very competitive in the marketplace.

IT IS IMPORTANT FOR US TO SAY:

We do not have a financial arrangement with Agent Quote or Constant Contact. We recommend them as a result of our experience with them and the cost and quality of their

products. ***We are the BGA for West Coast Life, Liberty Life, AIG and Protective Life – all leaders in the term insurance market.*** It is in this context that we offer our services to you.

Don Boozer & Associates is entering our 41st year of serving the needs of life insurance professionals nationwide. We recognize that we are not the only agency that offers these fine companies – but ***when you call our office – you will reach a live person who is anxious to help.*** We believe very strongly that our business is a relationship business and we will work very hard to establish a relationship with you. We will also work hand in hand with you to develop this system in your office. ***All we ask in return is that you give us an opportunity to earn your business.*** You already receive our weekly flyers promoting our products and services and you haven't removed yourself from our list. We hope that means that you like our approach to the marketplace. Our retail newsletters have the same general style as the flyers that you receive. As a result, our retail customers react very favorably to our newsletters and we have had NO negative reactions. If you wish – we will help you develop your own style.

LONG TERM RELATIONSHIPS:

It is our philosophy that we must earn your business every day. The competition in our business is fierce and we are competing with some of the best marketing minds in the business. In order for us to succeed, we must be able to help you make sales. To that end, we commit ourselves to your service. Whatever the need, we will provide it happily. Working together, we will both prosper and we will enjoy the relationships.

Thanks in advance,



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