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Letter from the President

Are You Following Up on Your Term Sales?

Term Insurance is often sold to clients who simply want the lowest-cost death benefit protection for a specified period of time. Clients and producers alike will preach the concept of buying Term and investing the savings.

We'd like to think that clients and the investors hold themselves accountable for this strategy and do invest their cost savings. However, we know it is more likely that the clients pay for the Term coverage and then spend their savings elsewhere. The Term Insurance is then forgotten over time, only to be revisited once the level term period has expired and the client does not want to pay the escalated premium.

One way to help your clients effectively plan for their long-term needs is to discuss the term conversion option.

By completing a conversion application, the client can change their coverage from a Term plan to a Permanent policy with no additional underwriting. This is usually allowed up to a certain age (commonly 65, 70 or 75 depending on the provider). The cost of these conversions is based on the insured's attained age at the time of the request, so the longer your client waits to exercise their conversion option, the more expensive the premium will be.

This should be a topic that you address with your clients on a regular basis to ensure that you do not let the conversion privilege expire, and also that you are converting at the earliest, most appropriate time which can save your clients significant premium costs. It will also ensure that your clients have the coverage in place when they need it most – when they pass away. Since the average life expectancy is in the mid-80s, more often than not, the level Term policy will expire before your client expires.

Ask yourself if you have a process in place to address your clients who have purchased Term Insurance.

Even if converting their Term plan isn't the most appropriate course of action at this time, the review discussion may uncover additional needs for insurance or lead to referrals.

We can help you determine if your client's Term plan has a conversion option and provide you with the marketing support needed to turn these cases into permanent sales.

If you have any clients that may be approaching their conversion deadlines, or who may be appropriate prospects for a policy review, call us today. We can help get the process started for you.

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