

SERVICE FOR MEDIGAP RENEWALS VS. FINAL EXPENSE

Medicare Supplement agents can earn more than Final Expense agents if they can prevent lapses longer than the first year (hopefully indefinitely). If Med Supp agents can keep clients and switch them every two to three years to keep their rates low, they'll restart the six-year renewal commission schedule. Medicare Supplement agents can amass sizeable five-digit renewals every month by serving their clients and helping them save money, much like an auto or home insurance broker would, by regularly shopping their options. Accordingly, Medicare Supplement sales require consistent customer service every year to keep the client happy long-term.

Final Expense sales, on the other hand, require the majority of customer service efforts in the first year, trying to keep clients on the books to avoid a first year lapse. If Final Expense clients lapse their policies, it's likely because they can't afford it. A Medicare Supplement lapse is more likely because another agent lured the client away with a cheaper option. Of course, that

may happen with Final Expense as well. **Both types of lapses may stem from affordability, so you may want to reevaluate your process for qualifying budget and comparing prices when initially selling the client.**

However, if you find that clients have decided to get a plan with another agent for either Final Expense or Medicare Supplements, you can do four things:

1. Offer to re-shop the market for them in hopes of keeping their business.
2. Remind them you have served them well and would appreciate the opportunity to review their plan to ensure they're making a prudent choice in regards to cost of coverage (for Final Expense plans) or rate increases (for Medicare Supplement companies).
3. Let them go and try to learn from the experience.
4. File them into your pipeline system to come back to later and see if taking a plan out at that time makes more sense.

Jeff Cornelius explains how he calls back leads and what to do depending on why they left:

"Mary, I noticed that you have decided to replace your Medicare Supplement plan we put in place last year. I was calling to see if you had a problem with your previous plan."

If they went with another carrier due to price, I ask if they mind letting me know which company and plan. If I think I can beat the prices, I will remind them that all plans are the same and provide them a quote with a lower plan, if available.

Jeff Erb is persistent when approaching lapses:

"I ask them for an honest reason as to why they went with someone else, and then I ask for the opportunity to once again become their agent if there was nothing that I personally did that made them to switch."

Philip Arko will requote another company if required, but he will also let the client know about Medicare Supplement companies with unstable rate histories:

"I let them know that I can offer the same company if they want, and I re-quote them for the best rate. If the company they want to switch to has an unstable rate history, I will let them know that."

Ron Wiza is quick to contact lapses:

"I will try to contact them immediately and see what the problem is. If I don't get ahold of them, then I will contact them again in 90 days and start a conversation with:

"I'm calling to see if the timing is better now to reconsider that life insurance protection for your family?"

Glen Shelton knows an agent must expect lapses if he's to be successful:

"If someone lapses during the first year for Final Expense, I will try to reach out to them via the phone and possibly email. If I can't get ahold of them after three attempts, I let it go. Lapses must be a part of your business plan or else you won't get anywhere."

Todd Graves explains how he deals with lapses, selling Final Expense over the phone:

"If they have email, I put them on a drip email campaign that reinforces the benefits of having Final Expense insurance and shows cases of what happens to families when someone dies without being able to pay for final expenses."

Of course, an agent can prevent all of this from happening in the first place by selling a competitively priced solution and simply contacting clients at least twice a year to stay top-of-mind. Another way to prevent clients from lapsing — whether it's because of budget constraints, forgetfulness, another agent selling them a plan, etc. — is by reminding them throughout the year of the reason they got a plan from you in the first place: either to protect their family from their

final expenses if you sell life insurance, or to keep their health care expenses as low as possible if you sell Medicare Supplements.

Robin Penrod explains how to prevent lapses to begin with:

"I call 30 to 40 clients a week. A quick call: "Hi, how are you, everything going okay? Is there anything I can help you with?" It's usually a 3- to 5-minute phone call, or I leave a one-minute voicemail."

"I answer my phone and return all phone calls the same day or next day first thing in the morning. I send a birthday card, a Thanksgiving card giving thanks to them as a client. I do a letter in September for open enrollment (with two business cards tucked in, asking them to pass those along to someone who may need to speak to an agent to see what their options are). I also do thank you cards to some folks that I didn't write. If we have a good connection and maybe they didn't qualify health-wise or they weren't ready right now or want to wait for AEP, I thank them for their time and let them know I am here should they have further questions; even though I am not their agent, I am here to help. Many times this leads to a referral to a friend, relative, etc."

Whether it's a phone call, an email, a newsletter, or a card, the agent must solidify his relationship with his clients by maintaining spaced out "touches" or contacts over the year.

A Medicare Supplement agent needs to contact the client throughout the year more so than the Final Expense agent, especially past the client's first year. This is due to the changes in Medicare, like possible rate increases and changes to Social Security, etc. It's wise for the agent selling Medicare Supplements to contact clients before their policy anniversary and during AEP. Contacting clients during AEP also helps remind them that they don't have to requalify for their supplements at that time. If the agent is licensed and contracted to offer Part D plans, he can

Mike Smith explains the secrets to his success:

“I believe in multiple touches after the sale: a thank you card, follow-up card, birthday card. Selling is really just establishing rapport and trust from the beginning. But it certainly helps if you have very competitive carriers, as well. If you’re typically within \$5-\$10, the policies won’t be replaced. Even though lapses happen, **ALWAYS CALL YOUR LAPSES!** Sometimes it’s just a simple fix, and you can get them back on the books.”

You can expect that Med Supp rate increases will happen around the client’s anniversary because every year they get older, the supplement gets more expensive. Plan to contact clients a month to a month and a half before their policy anniversary to preempt the rate increases, before the change prompts them to seek an alternative solution. Some seniors, perplexed by the rate increase, may forget who their agent is or who they need to contact for more info. If you can reach out before the rate increase, it shows clients that you’re attentive to their needs. You can re-explain how rate increases are inevitable, and that the only way to overcome them is by continually shopping rates around their policy anniversaries, like a home or auto insurance agent, and by also looking at plans that traditionally have lower rate increases, like Plan G or N.