

Yes, you can land more sales: Conversations with successful MGAs



When consumers apply for IDI, most hope their applications are approved and accepted with all the choices they originally selected. Sometimes, however, the insurer will come back with a modified offer of coverage instead.

How to sell modified offers

By far, the most important aspect of selling modified offers is preparing customers and setting expectations. When applicants' medical histories reveal pre-existing conditions, it is simply good business practice to prepare them for modified offers. If applicants mention they went to their chiropractors six months before, talk to them about possible modifications, so the offers do not come as a surprise.

Derek Boggs, regional director of The Standard's southeast region, puts it this way, "Talking to the customer at the front end about what could happen is far better than doing damage control at the back end."

One of The Standard's more successful MGAs agrees. "The most important

thing you can do [so you will succeed in placing a modified offer] is to really go out of your way to prequalify the customer and obtain good information in the beginning. This helps our agency significantly. We

- ask the customers questions about medications;
- know if they work from home;
- spend enough time with them to know about their lifestyles, if they like to race cars or go skydiving;
- talk to underwriters to get an idea of what an offer might look like before we write the quote.

"This way we can do a good job of identifying what the offer is going to look like and can write up the quote with that in mind. If it's likely there is going to be a five-year benefit period, we write the quote that way. If we don't do that and the offer comes back very different, then everyone's upset."

"Especially if there is a medical history, a conversation with the customer about past medical issues has to happen," says Derek Boggs. "The agent

can help the customer understand that even though the customer may be feeling fine and is in good health at the time of application, for underwriting purposes, previous conditions might be considered and result in a modified offer."

"A big area I see with modifications is related to the back," says another MGA. "I say to the customer, 'There are three areas of the back: the top, the middle and the lower back. Many

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companies will exclude the whole back. The Standard, on the other hand may issue a modification for a specific area of the back."

Another successful MGA talked about the importance of producer education. "We do a lot of producer training to get our producers to field-underwrite and to understand what underwriters are looking for. When the producers do that, our sales percentage on modified applications is about 90%. When they don't, it's about 50%."

Your attitude is key

One successful and passionate MGA had this to offer: "Over the 30 or so years that I have been working with and training agents, I

see some get so bent out of shape when they get back a modified app. If you were a property & casualty agent, would you write insurance on a house that had been damaged in a fire? You can't cover the house completely when it's been damaged and it's the same for the human body."

"I have been disabled," said another MGA. "When a customer balks at a modified offer, I'll get on the phone to the broker and the customer. If the exclusion is for the lower back, I'll say, 'What about cancer? Stroke? Slipping in the bathtub? Accidents?' Producers need to have this conversation and lay it out for the customer. They need to ask the customer, 'What are you going to do if any of those things happens to you?'

"Often these customers will say the item that's excluded is not a problem. So I say, 'Let's not make it a problem, then. Let's get you covered with the policy offered.'"

Disability Happens

"Over the years," notes a long-time MGA, "I've seen some tragic situations and the first thing the affected customers say to me is 'I never thought this would happen to me.'"

"Recently I sold The Business ProtectorSM and The Business Equity ProtectorSM to two businesses with multiple owners. In both cases, the youngest owner later received devastating medical news and subsequently became disabled.

"No one knows what is going to happen."

Yes, you can land more sales

continued

The advantages of selling IDI with life insurance

When you sell life insurance as well as IDI, you can gain good insight from family medical histories into applicants' possible medical risks. This is also a good segue to a discussion of differences between what a life insurer looks for versus a disability insurer. A life insurer is not interested in arthritis, for example, because arthritis doesn't kill. An IDI company, on the other hand, is very interested since arthritis can be debilitating and create long-term issues.

How successful agents turn a rejection around

When customers are inclined to reject coverage, that is the signal to successful agents to ramp up their efforts to help their customers understand what they might be giving up.

Instead of focusing on an exclusion, the agent can help the customer see the larger picture — the coverage offered for the many other exposures.

- Go into the meeting with your customer with a picture of the human body showing all its pieces and circle the one thing that is not covered.
- Remind the customer of the top five causes of disability and how important it is to be covered. Even when a modified offer excludes one of the top five causes of disability due to pre-existing conditions, the risk is still significant

for the other top four causes of disability.

- An MGA who is successful in placing modified offers, uses dots in a circle to focus customers' attention on all the things modified offers include. "I draw a circle and fill it with dots. Then I say 'We cover this and this and this and this' and so on, and list many of the conditions that are covered. Then I point to one dot and say 'We don't cover this.' It's important to get the customers to understand all the things the offers do cover."
- There was a manager at The Standard who used to carry a copy of the Merck Manual. When he delivered an offer with an exclusion, the manager would identify the corresponding medical condition in the manual, simulate ripping out those pages and show the customer all the remaining medical conditions that would be covered and that could be disabling.
- Go to the nearest bookstore and buy a medical encyclopedia, and say to the customers, "These are all the things that could go wrong with you (pointing to the encyclopedia's many pages) and this small part (pointing to the exclusion in a modified application) is what's been excluded."

Oops, I forgot

Many modified offers are the result of non-disclosure. Agents can help educate their customers by letting them know insurance companies have access to

information other than that submitted by applicants and that additional information will be considered in deciding whether or not to accept applications for IDI.

Carlyn Katz, regional director for The Standard's central region, described a producer who is very successful in eliciting the medical information customers are reluctant to disclose. "He tells his customers, 'I've heard it all. There is nothing to be ashamed of, nothing to worry about. Insurance companies will find out anyway.' Those customers feel like a million bucks when their applications are approved for coverage. "Part of the insurance representatives' responsibility," says Carlyn "is determining the best insurance company fit for their customers. Some companies are more lenient or creative when issuing policies for customers with problematic medical histories."

Some exclusions are temporary

When your customer receives an exclusion, it is helpful to consider that some exclusions are temporary and could be removed in the future.

For example, perhaps there is an exclusion because of recent knee surgery. After a certain period of time, if there are no complications from the surgery, the exclusion could be reviewed and removed. ■



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