

LIMRA News

Growing Sales Through Market Information

Talk About Love, Death, and Regret Using Behavioral Economics to Close More Sales

Will talking about these emotions really help you to increase your sales? By blending psychology and economics, behavioral economics research has shown that buying life insurance—with its guarantees of protection and security—is for many people more than a financial decision. It's a way of expressing their feelings of love for their families.

LIMRA wanted to know if typical prospects for insurance would be more likely to buy life insurance when sales presentation information was tailored to the way they actually make decisions. The findings are counterintuitive but may help you to close more sales.

Prospects who viewed sales presentations incorporating behavioral economics were more likely to:

- Recall the sales representatives' messages that mentioned love of family and the feelings of regret if they were not protected.
- View the presentation more positively—more relaxed, enthusiastic, and helpful.
- Indicate they would buy insurance.

Applying behavioral economic principles:

- People feel optimistic: They don't think losing a spouse will happen to them. Personal experiences and stories of others' experiences can overcome the optimism and help people decide what to do.
- People have a hard time making complex decisions. When faced with ambiguity, fear takes over and people don't act. Give people the information they can process and handle, do not overwhelm them.
- People want to know they made the right decision, and it is difficult to know that a decision regarding an intangible such as insurance was correct. Give prospects a simple rule of thumb to help them decide how much and what kind.
- Consumers use current income and make decisions in terms of monthly budgets. They resist spending money that is not designated in their budget, which they interpret as a loss.
- Even people with a budget tend to have different mental accounts. If an expense can be classified in more than one way or meet more than one need, the expense may be justified by how the prospect classifies accounts.
- It isn't just the financial advantages of the product that lead consumers to act or not. There are other factors that influence the buying process, such as how fairly consumers believe they were treated. Make them part of the process, ask for their input, and respect their questions.



What you can do to fine-tune your presentations and increase sales:

- Show respect for the consumer. People are concerned about the process as much as the product, so listen and respond when the prospect asks questions or raises objections.
- Use stories of people similar to the prospects who benefited from insurance to help them relate to the value insurance provides.
- Help people visualize the benefit of the product and increase the prospects' sensitivity to the possibility of premature death. Have they had a friend, family member, or colleague die prematurely? What was the financial impact on the family? If they haven't had this experience, share some of the realLIFEstories that are publicized during Life Insurance Awareness Month. People are more likely to buy if it is connected with something they have experienced.
- Point out the magnitude of the financial loss to the family—how much monthly income the family would lose if the primary wage earner died. To make the loss more real and seem more significant than the premiums they would pay, ask the prospects how much of that shortage they would need for living expenses.
- Use phrases such as: “I don't want you to regret that you did not ...” and “To show your love for your family ...”
- Simplify explanations. Prospects are less likely to take action if they are confused. Talk in layman's terms. Use tables, graphs, and other visuals to better communicate.
- Explain how a product can meet multiple needs. People are more likely to purchase they can see that it serves several needs.
- Help people decide—provide specific recommendations and a way to choose among several options.
- Talk about the product fitting into their monthly budget. Express premiums, benefits, and other discussions of money in monthly terms rather than annual premiums or yearly figures. People are more likely to spend on things for which they have planned.