THE HIDDEN COST OF CHASING VOLUME IN LIFE INSURANCE SALES

Why Sales Leaders Are Rethinking What They Reward and What It Costs When They Don't

Across the globe, life insurers are operating in a more constrained environment: Growth is moderating, margins are under pressure, and regulators are paying closer attention to business quality. In this context, one question has become increasingly urgent for heads of sales and distribution:

Are our recognition programs building a sustainable sales force — or simply fueling short-term activity?

What looks like momentum is often maintenance.

1. High Volume Masks Structural Instability

Volume-based sales models often appear healthy on the surface. Activity is high, recruiting pipelines are full, and headline production numbers look strong. But retention data reveals a different reality.

- In agency building sales forces, **only 16 percent of financial professionals remain after 4 years.**
- **Sixty-eight percent of new financial professionals leave within their first 2 calendar years,** before they reach meaningful productivity.
- Annual **base force turnover runs at 24 percent**, meaning nearly one-quarter of the sales force must be replaced every year just to stand still.

Recruiting volume cannot substitute for retaining quality.

2. Recruitment Replaces Attrition — It's Not Growth

Heavy recruiting is frequently used to offset churn, but the math is unforgiving.

- Companies recruited **34 new agents for every 100 under contract**, yet overall sales force growth was just **2 percent**.
- Without ongoing recruiting, the sales force would contract roughly **24 percent annually**.

This "leaky bucket" dynamic consumes leadership attention and investment without building long term franchise value.

LIMRA LOMA
Navigate With Confidence

The most valuable producers are built — not recruited.

3. Long-Term Value Comes from Experience and Most Never Get There

The data also makes one thing clear: Tenure matters.

- **Fifty-three percent of productive financial professionals have been with their company for 5 years or more,** and **20 percent have careers spanning 20-plus years.**
- Production, earnings, and consistency all increase materially with tenure.

Yet volume-driven systems push many professionals out before this value can be realized.

4. Recognition Is a Leadership Tool, Not a Trophy

Retention outcomes vary dramatically across organizations, with 4-year retention rates ranging from **3 percent to 40 percent**. This gap points to leadership and cultural choices, not market conditions.

Recognition programs play a central role:

- **Volume-only recognition** encourages transactional selling and short term thinking.
- **Quality-based recognition** reinforces persistency, disciplined selling, and client trust.
- **Leadership recognition** scales quality by aligning managers with sustainable outcomes.

What You Reward	What You Reinforce
Sales volume only	Short-term production
Quality and persistency	Sustainable growth
Leadership quality	Organizational stability

5. The Executive Takeaway

In today's market, recognition is no longer about motivation alone. It is a **strategic lever** that defines culture, shapes behavior, and determines long-term performance. Sales volume may drive activity, but **recognition defines what success looks like.**

The most effective sales leaders are rebalancing volume incentives with quality-based recognition to build organizations that endure.

Source: *FP (Agent) Production & Retention*, LIMRA, 2024.