

Getting Licensed to **SELL FINAL EXPENSE**



Want to start selling final expense? If you're already a licensed life insurance agent, you mainly just have to complete the necessary training, learn the products and get contracted with carriers. If you're new to insurance sales, you'll have to take a few additional steps first. Don't let that deter you, though — you need a license to sell any health or life insurance product. Final expense insurance is a great product to sell at any stage during your career as an insurance agent, even if you're just starting out!

How to Get Licensed to Sell Final Expense

Life insurance licensing requirements vary by state. It's important you know and abide by regulations for each state where you'd like to sell life insurance products. In some states, you may need pre-licensing education.

Find links to your state's Department of Insurance here:

<https://content.naic.org/state-insurance-departments>. You can also visit the National Insurance Producer Registry (NIPR) here: <https://nipr.com>.

In order to get your license, you'll also have to complete a background check, the licensing test and a license application. It's important to note that some states only have a combined health and life insurance license available. Other states give you the option to apply for a health and life license, or a stand-alone life insurance license. If you have the option, you may want to consider just getting both so you can offer your clients more products and services, and maximize your book of business and earnings. By selling both health and life insurance products, you can also reduce the chances of your clients speaking with other agents for help with other coverage needs and minimize your chances of losing business.

E&O Insurance, Certification & Continuing Education

Besides a license, is there anything else required to sell final expense insurance? Depending on the states and carriers you're working with, there could be three additional requirements — Errors & Omissions (E&O) insurance, Anti-Money Laundering (AML) certification, and continuing education (CE) credits. Let's explore each of these a little more.

E&O INSURANCE

While selling final expense, you may have the best of intentions, but everyone makes mistakes. Client relationships can take a turn for the worse for reasons beyond your control. Purchasing E&O insurance can safeguard your business and your career. Usually, it helps cover legal fees, like court costs and settlements, specified in its contract.

E&O insurance isn't always required to sell final expense, depending on the organizations you work with, but we recommend purchasing it to stay safe. You can purchase E&O insurance through any company that offers it. Coverage varies by carrier — always check first.



AML CERTIFICATION

Unlike getting E&O insurance, completing the AML certification is not optional if you wish to sell life insurance products. This certification serves to help organizations uncover and report suspicious and illegal financial activities. You must complete it at least every two years by law, and sometimes annually, depending on the carriers you work with.

Many carriers offer free AML certification. You can also get this certification through organizations like LIMRA. Certain organizations also award agents CE credit for taking this exam.

CE CREDITS

The insurance industry isn't static. Rules, regulations and products change. In order to help ensure agents stay on top of major changes and remain compliant, many states have CE requirements for everyone who holds a life insurance license. Several states require licensed life insurance professionals to complete at least 24 hours of CE every two years, with ethics training for at least three of those hours.

You should be able to find your states' CE requirements on their DOI websites. To meet the requirements, you can usually take classes online or in a classroom. Just be sure your state will accept the CE credit from the organization who's offering it! Failure to meet CE requirements can lead to fines and, in extreme cases, the loss of one's license.

How to Get Contracted to Sell Final Expense

Lastly, in order to sell final expense insurance products, you must contract (or "get appointed") with final expense insurance carriers. If you're already contracted to sell a different type of life or health insurance product with a carrier, you may not have to complete more contracting to sell their final expense policies. However, some carriers may require you to complete a new contract for each of their product lines you sell.

Ready to start adding final expense products to your portfolio? The contracting process itself isn't hard, especially if your FMO offers assistance. For some carriers, you may also be able to complete paper contracting. Your FMO may be able to email, fax or mail contracting paperwork to you, or offer access to online contracting software.

“ If you're already contracted with a carrier for another product type, you may not have to complete more contracting to sell their final expense policies.”



Picking the Right Carriers & Policies for Your Portfolio

Now that you know how to get contracted, which carriers you should contract with? There are several factors you'll want to consider when selecting final expense carriers and policies for your portfolio. Discover what they are and how you can easily compare options.

THE TOOLBOX APPROACH

When building a portfolio, we recommend thinking of it as your toolbox. In it, you'll want to have different "tools" (aka, products) for the different clients you'll encounter. Some clients will want the policy with the lowest premium or a policy with a certain amount of coverage. Others will want a specific carrier because they're familiar with the company and trust it. Some clients may also need to go with a specific carrier or policy, due to their health or the prescription medications they take.

Offering policies that fit many potential clients' unique needs may benefit your business in more ways than one. It can show your clients that you're not biased, nor tied to pushing products for a specific company. Additionally, it should allow you to help more clients into policies and close more sales. Furthermore, if you don't offer what the beneficiary deems or pictures as the "right" form of coverage for them, someone else probably will. Offering clients several solutions — and working with them to find the best one for their budget, health, needs and preferences — could help you secure a lifelong client and even more business through referrals!



FINAL EXPENSE TOOLBOX

- Low-premium policies
- Higher-premium policies
- Single-premium policies
- Multi-year-premium policies

- Big-name carriers
- Small-name carriers
- National carriers
- Local carriers

- Coverage amounts \leq \$25K
 - Coverage amounts between \$25K to \$50K
- Coverage amounts \geq \$50K

- Policies with no underwriting
 - Policies with simplified underwriting

FACTORS TO CONSIDER

As you're looking into carriers and policies, it's important to see if they have strong financials and positive reviews. Affordability and credibility are big issues for many clients, so you'll want to feature carriers with competitive premiums and recognizable brand names as well. You'll also want to offer policies with different benefits and policies with varying degrees of underwriting. Having policies that provide passable underwriting for different health conditions and medications is important, even if those policies do cost more; eventually, you'll probably meet with prospects who are healthy and prospects who aren't.

The table below lists all the factors you should consider when picking final expense products for your portfolio. Be sure to diversify! The lowest-premium policy, or most well-known policy, won't always be the best fit.

Factors to Consider When Picking Final Expense Carriers	
Ratings & Reviews	Is the carrier rated A or higher by A.M. Best? (A++ is the best rating a carrier can get.) Does the carrier have good reviews? Keep in mind, some small carriers may not receive ratings.
Affordability	Are the carrier's premiums competitive? Do they accept single- or multi-year payments? Do their rates benefit certain individuals (e.g., based on age or medical history)? Do they issue to the age last or age nearest?
Benefits	What coverage amounts does the carrier offer? Do they offer riders or any other perks for members?
Underwriting Requirements	Which ages does the carrier issue? What conditions and medications do they accept and deny? How far back do they look for these conditions or medication usage?
Brand Name	Do people tend to recognize and trust the carrier's name?
Product Set	How many different product types do the carriers offer? Can you easily cross-sell these products? How easy is it to write these products (e.g., electronic applications, paper applications)?

FINAL EXPENSE PRODUCT COMPARISON TOOL

Each carrier and their products may have features that make them appealing to you and your clients. It's important to be familiar with underwriting niches and other product features, as it will help you make well-informed decisions about which carriers to include in your portfolio and ultimately assist you with making quicker recommendations for your clients.

Final expense life insurance can be used by the beneficiary designated as needed rather than being limited to specific funeral services and providers. Final expense life policies will have a lower face value than most traditional term or whole life policies as they are intended for a specific purpose of covering those final costs rather than providing comprehensive support for surviving family members. This type of policy generally doesn't require a medical exam, but premiums will be higher the older you are, and some benefit payouts may be limited during the first few years of coverage for those with significant health issues. Reducing or skipping premium payments will impact the amount of interest paid and may impact how long the policy lasts. Accessing the cash value of a policy will reduce the available cash surrender value and the death benefit. Policy guarantees are based upon the claims-paying ability of the issuing life insurance company.