

Cremation trend a hot conversation-starter for final expense agents

More people are opting for cremation these days, but that doesn't mean they don't need "burial" insurance.

By Alan Benedict, LUTCF



Though I've spent 27 years in the insurance industry (with the past 17 years dedicated to the final expense market), I'm discovering some great new sales opportunities related to this growing niche market.

According to a recent survey conducted by LIMRA, there was a 23 percent increase in the amount of final expense (FE) policies sold in 2011. What an exciting time to serve hundreds of families every year! Whether they purchase or not, just helping, guiding and educating families in end-of-life planning is *so* rewarding.

There are many reasons for the growth in FE policy sales, including the increasing size of the lower economic popula-

tion and the epidemic of obesity and diabetes, which often results in rate-ups and denial of standard life insurance. The "silver tsunami" of aging baby boomers also plays a role, as does the discontinuation of lifetime life insurance for retirees from many corporations, government agencies and unions.

But it's another trend that's really been helping me start FE-related conversations lately: cremation.

According to the two largest funeral trade associations in North America — CANA (Cremation Association of North America) and NFDA (National Funeral Directors Association), in just four years, 1 in 2 Americans will be choosing cremation. Today, Nevada leads with a

cremation rate of 74 percent. Maine is at 65 percent. Florida is at 59 percent, and even Bible Belt states — including Tennessee (30 percent) and Louisiana (22 percent) — have seen double-digit growth in the past few years.

Marketing studies by the trade associations list the following reasons in order of why the American public is increasingly turning to cremation:

1. Low cost

According to a recent TIME magazine article (June 24, 2013, "The New American Way of Death"), the national average cost of a traditional funeral is \$7,775. For cremation only, the average cost drops to \$2,570. With a casket burial, one also incurs cemetery fees, including the plot, burial vault, the opening and closing of the grave, and a headstone/marker.

2. Additional options

The American public is being educated that with cremation, one can still have a service and also be "buried" in a plot at the cemetery. At a service, if a casket is on display, open or closed, it is called a "funeral service." With cremation, whether the urn is present or not, it is described as a "memorial service," and now many are starting to call it a "celebration of life."

Families are now making their own choices about how to handle the final disposition of the "ashes." (The correct term is actually "cremated remains" or "cremains.") Current studies reveal that about one-third opt for cemetery intern-

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ment, one-third opt for public or private scatterings (allowed in most states), and one-third are kept at home.

3. Mobility

Never in the history of the United States have people been so mobile. Many are born in one city, raised in another, move throughout employment and then retire to the Sun Belt states. Seniors are wishing to spare their children the expensive cost of shipping a casketed body from their place of death to their home town. With cremation, the Transportation Security Administration allows a non-metal urn to be carried on the plane with the proper permit prepared by the funeral home, therefore saving thousands of dollars, curtailing numerous decision-making conversations among family members and eliminating a whole bunch of red tape.

4. Religious acceptance

The Catholic Church reappraised cremations during the Vatican II summit in the early 1960s and, in 1997, approved the

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presence of cremated remains at funeral masses. Judaism — Reform, Liberal and Progressive — encourages cremation. Nearly every Christian group allows cremation, deeming it a personal choice.

5. Protecting the environment

Environmentally conscious consumers see cremation as a green burial alternative. Cremation avoids embalming chemicals as well as metal caskets encased in the ground and conserves land resources.

Final expense for cremation

You can be of valuable service in educating your final expense clients about the many packages the funeral home arranger will present to the grieving fam-

ily. Your expertise can help them get the most for the money they'll receive from a simple, "e-z" approved \$10,000 cremation insurance policy. The most common three plans offered by funeral homes:

1. Traditional funeral with viewing, using a rental casket, followed by cremation.

Keep in mind the goal of a funeral director is to direct a funeral service. It is not particularly important to him whether there will be a cemetery burial or cremation as long as it involves a traditional service (embalming, viewing, wake, use of chapel, driving hearse to a church, funeral, music, clergy, obits, flowers, etc.). Families will also need to budget for either the purchase of a cremation casket (common in many Asian cultures) or, the newest concept, a rental casket, in which the family rents a specific casket for two days.

2. Cremation first, then use of funeral home chapel for a memorial service.

Grieving experts share how important it is to have gatherings after the loss of a loved one. A service can acknowledge that a death has taken place, provide support for loved ones during the grieving process, and honor a life once lived.

Funeral homes have beautiful chapels for these services, for a fee. Many families now are choosing their own locations that might represent something special to the deceased, i.e., a favorite place or vacation spot.

3. Direct cremation.

This is the lowest fee possible. It only involves the funeral home to the extent

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of removing the body, preparing the proper paperwork, taking the deceased to a crematory and selling an urn.

You can learn more about these packages at the following websites:

www.sci.com

www.stei.com

www.neptunesociety.com

www.nationalcremationsociety.com

What an exciting time to be in the final expense market! With the exploding population of the lower-income senior market and the hot topic of cremation, there are many new doors opening for agents who “sell to the masses, not the classes.”

The days of calling FE “burial insurance” are gone. It works just as well as “cremation insurance” for this underserved market. Plus, you still provide

tremendous value to the other 50 percent, whose preferences skew traditional and include the expensive funeral, viewing, casket and cemetery.

Motivate yourself daily not by asking yourself, “How much premium can I make today?” But by instead asking, “How many families can I serve?” It works for this old-fashioned agent! ↔



Alan Benedict, LUTCF, started selling final expense insurance in 1996 and hasn't looked back. He writes about 250-300 policies a year and is widely considered a foremost expert on selling final expense. He also holds a California funeral director license and has managed a funeral home in years past. He can be reached at alanbenedict@msn.com.

➔ 4 final expense selling tips

1. Use the “just simple cremation” power phrase

Most people do not want to discuss death pre-planning, but by making it brief, easy to understand and using this phrase, you will find many more families to serve. All you need is 20 minutes to educate them while being extremely caring and respectful. After all, we are talking about their *death*! Remember it's not the *commissions* — it's the *compassion* that sells final expense.

2. Know your local prices and packages

Visit local funeral homes and ask for a “GPL” (general price list). By a 1984 federal law known as the “Funeral Rule,” they must have a GPL on display and provide a cost to anyone upon request, without asking questions. Get to know the names and locations of the funeral homes/cemeteries in your target FE area (take pictures) and carry the GPLs in your presentation book.

Visit your local National Veterans Cemetery to pick up their free literature and then add it to your talk. More than 1,000 veterans and spouses pass away every day. Veterans and spouses can be interred for free at any of the 139 national cemeteries (on a space available basis). This includes cremated remains. (See: www.cem.va.gov.)

3. Form partnerships with local funeral homes

Funeral home owners *love* final expense agents! They know that, with the valuable protection you provided pre-death, they can take “assignment” from the insurance carriers and will get paid in a timely manner. And when an FE plan is in force, most families will purchase more services and merchandise.

Introduce yourself to the small, family-owned funeral homes, not the corporate chains. Suggest they print a discount coupon. A popular one is a \$200 discount if the family chooses their services at time of passing. Offer to give their coupon to every family you meet, whether they buy FE or not.

4. Never lower the premium

The final expense target-market senior is premium-driven. Most clients expect to pay \$40 to \$50 per month at a maximum. Do *not* lower the premium. Ever. Just provide them as much protection as the premium can purchase. Of all the death benefit checks I've delivered in my 17 years of specializing in this underserved mass market, even if they chose a \$699 local crematory special (per my recommendation), no surviving spouse/family member has said to me, “That's too much money.”

— Alan Benedict