



Maximize Your QBI
Quality of Business
& Maximize Your Income



For Life Insurance to be successfully marketed, it is necessary for our Reps to:

- Submit insurance applications that can be successfully underwritten, issued and accepted by the client (Taken Policies)
- Ensure that the Policy Owner is satisfied with the policy so that he/she will continue to make premium payments (Persistency)

Primerica's Life Insurance Companies measure

these through calculations called:

- Taken Rate &
- Persistency Rate



What is Quality of Business (QBI)?

In addition to commissions on Insurance Sales, Primerica offers a monthly Production Bonuses on these Sales.

To ensure that Production Bonuses are paid on good quality business, Primerica also calculates a Quality of Business Indicator (QBI)

$$\text{Taken Rate} \times \text{Persistency Rate} = \text{QBI Rate}$$



How is the Taken Rate Calculated?

TAKEN Rate;

- Is the percentage of submitted policies that are issued and taken (accepted) by the client over a 17 month period
- “TAKEN” - accepted by the client; the policy has been issued by the Home Office and the client paid at least 1 premium payment.
- For Example:

If you submit 100 applications in 17 months and 80 are issued and taken by the client,

your Taken Rate is 80.00%

(80 policies Issued out of 100 apps or $80/100= 80\%$)



How is the Persistency Rate Calculated?

Persistency Rate;

- Is the percentage of policies taken (issued and accepted by the client) over a 17 month period that are either Active or Paid at least 13 months of Premium

- For Example:

If 90 policies are “Taken” over a 17 month period and 70 are Active or Paid at least 13 months of Premium,

your persistency rate is 77.78%

(70 policies out of 90 Taken or $70/90 = 77.78\%$).



How is the QBI Calculated?

QBI Rate;

- The QBI is a combination of the Taken Rate and Persistency Rate
- Using the prior examples, the QBI would be;

$$80.00\% \times 77.78\% = 62.22\%$$

- So, either a poor Taken Rate or a poor Persistency Rate can negatively affect your QBI rate



Chargebacks

1. When the business doesn't place or lapses any outstanding Advance commission will be "charged back".
2. Chargebacks affect the future cash flow of all agents that were advanced
3. Chargebacks create debit for downline Reps that will Roll-up to the RVP if it isn't re-paid

NOTE:

1. Poor Taken Rates will reduce the Rep's Advance Rate. See the Taken Index grid
2. RVPs with poor Persistence Rates will have their over-rides reduced. See Persistency Index grid



How Does Poor Quality Business Affect Cash Flow

- Leadership and Builder's Track Bonuses are reduced by QBI. QBI is reduced by either poor Taken Rates and/or poor Persistency Rates
- QBI must be acceptable for promotion to RVP
- When a Rep is promoted to RVP, business submitted by him and his new Baseshop Reps are used to calculate his new QBI



What do these Indexes Indicate?

- Low Taken Rate generally indicates that you need to improve the policy administration in your office
- Low Persistency Rate generally means that you are working in the wrong market. Make sure your clients have at least 4 of these 5 points:
 - Married
 - Have Children
 - Own Their Home
 - 25 - 55 years old
 - Employed with \$25,000+ Income



Taken Rate Index Grades

| Taken Rate(thru 3 rd) | Advance Rate |
|-----------------------------------|----------------|
| 71% + | Full or 75% |
| < 71% | Reduced or 50% |



Persistency Index Grades

An RVP's Base Shop persistency rate must be: 79.01%-100% to receive full base shop overrides.

Reductions are made at ranks 2-5.

See the chart below for details.

RVP Commission Reductions by Rank based on RVP Base Shop Persistency

| Rank | Persistency % | Pay Scale |
|-------------|----------------------|---|
| Rank 1 | 79% + | RVP full compensation at the RVP level |
| Rank 2 | 75-79% | Paid at SRL level |
| Rank 3 | 70-75% | Paid at Regional Leader level |
| Rank 4 | 60-70% | Paid at Division Leader level |
| Rank 5 | < 60 % | Paid at Rep level |



RVP Bonus Using Different QBI Rates

| Base Production | QBI | Bonus Rate | Net Bonus | Loss Bonus |
|-----------------|-----|------------|-----------|------------|
| \$10,000 | 80% | 20% | \$1,600 | |
| \$10,000 | 71% | 20% | \$1,420 | \$180 |
| \$10,000 | 55% | 20% | \$1,100 | \$500 |



How to Improve Taken Rate

- Sell to a 5 point Market
- Do a Financial Needs Analysis
- Do the WHOLE job by investing the difference
 - Multiple lines customers are long-term customers
- Review Each Application
 - Insure that Requested Coverage Makes Sense and is affordable
- Make a Welcome Call and Survey your new CLIENTS
- PAC and Annual business have the best persistency
- Do not allow Reps to send business direct to Home Office. RVP or Office Manager should review apps prior to submission



How to Improve Taken Rate

- RVP or designee must be responsible for following up on Underwriting requirements
 - Don't make the writing agent solely responsible
- Closed Incomplete (CLSI) Apps are UNACCEPTABLE!
 - Monitor Pending Business via POL's Life Manager
 - Huge time investment wasted if policy never issues
- Ensure clients understand the underwriting process and specifically what will be required; i.e. blood, parameds,
- Stay on top of Policies being delivered! Be sure the signed policy delivery receipt and Numeric Summary page is forwarded to Home Office to avoid \$25 fees
- Make sure Amendments are accepted and signed by the Policy Owner and sent to Home Office



How to Improve Taken Rate

- Submit questionable apps without Cash with App. COD apps do not affect taken rate unless accepted by the Policy Owner
- Train your team how to do good field underwriting and the benefits of it
- Outline to your team the procedures your office will follow
- Use PrimericaOnline.com (POL)
- Life Manager
- Business Tracking & Business Activity
- Create Reports - Key RVP code
- Blue Bag Reports



How to Improve Persistency Rate

- Policy Master Activity Report is 1st warning to agent
- Any returned draft or cancellation request should prompt you to call the client and attempt conservation
- Many times client has changed banks and forgotten to notify PFS
- Consider lowering coverage to conserve business: Minimum premium = \$15
- Don't wait for a chargeback to take ACTION!
- Keep policies active a minimum of 13 months



Monitoring & Improving QBI

- Review QBI by Writing Agent each month on POL
 - Use the Persistency option under My POL/Business Tracking
- Have one-on-one with any Rep with low Taken or Persistency Rate
 - Review WHY each client went NTO or lapsed
 - Identify possible conservation techniques
 - Continue monthly until both NTO and Persistency Rates > 80%
 - Give a time frame for improvement. Reward success
- Run Baseshop contests tied to QBI



Good Business Maximizes Commissions

GOOD BUSINESS:

- Increases Taken Rate guaranteeing full advances
- Increases Persistency Rate guaranteeing full commission overrides
- Reduces Chargebacks
- Increases Bonuses Payments
- Helps retain new Agents. Builds your business
- More \$\$\$\$\$

SET A MINIMUM STANDARD for BOTH INDEXES = 80%



Managing Your Money

- Pay yourself first – Save at least 10% of your money.
- Budget on the most conservative estimate of what you expect to make.
- Business expenses should be < 25% of cashflow.
- Do not overspend on an elaborate office!
- Avoid using Credit Cards
- Cluster with other RVPs, but do not be responsible for any lease that you cannot afford alone.
- Prepare a budget and live with it!



**Enjoy A
Better Quality Of Life!!!!**