

THE CREDIT LIFE COMEBACK

Greig Hains | Auto F&I

AUTO F&I
PRODUCTS & CONSULTING SERVICES

Can you imagine selling a credit life to a customer on a principle debt of R150 000 for only R60 per month? Yep, 60 bucks a month. That's all.

In the past, credit life policies were sold predominantly on a single-premium basis. This made this product extremely attractive for F&Is and motor dealers, as commissions were paid upfront and cancellations were few and far between. But things have changed and some dealers seem to feel that credit life should be left for the banks to supply as they are best equipped to collect the debit orders. Dealers' fingers were burned by returning debit orders and non-paying customers. Dealers were refunding fronted commissions, and no one likes to do this.

However, there is light at the end of the tunnel. There are credit life and top-up providers that pay an upfront commission and do not claw back if there is a non-payment by the customer.

We have dealings with providers who are selling these correctly priced products.

The cancellations are running at less than three per cent due to the pricing structure, correct selling and follow-up from the provider. The benefits of the past are reinstated, in that dealers can once again receive upfront commissions and not have to worry about retaining the income. Once the money is in your account, it is yours to keep. These same providers have been collecting monthly premiums long before the NCA came along. They have provided these same products via insurance brokers for many years and since the change, it has become possible for them to get involved in the dealer market.

The next trick is to sell these products to your customers that require the cover. Here are a few tips that will help you.

- Don't just sell the monthly payments; this can be broken up further into weekly and/or daily rates.
- You must know your product. (This is critical.)
- Always be positive when you talk to your customer.
- Let your customer see that you believe in your product and that you are there to look after their interests.
- Sell the features/benefits of the product.

NOT the price. Unless you are selling the Pinnafrika product. This is so cheap that price can help you sell it.

- When you quote the payment, make sure that you give your customer the premium for debt protector included in the payment. This is, after all, the total cost.
- Sell it to the customer when you take the application and, if he isn't sure about it, resell it when he signs the contract. However, do not overwhelm your customer with lists of many different products.
- You should find it easier to sell it when the spouse is present.
- If the customer can't decide, give him the opportunity to think about it and agree to follow up on a certain date.
- Make use of the UNPROTECTED stamp on the waiver document.
- Premiums are, in fact, cheaper than the old term premiums, i.e. the customer doesn't pay any interest on his monthly premiums.
- The fact that customers can now buy a vehicle over 60 to 72 months without a deposit makes their outstanding principal debt much higher and the importance of this product more attractive to the customer.
- Invite and encourage objections so that you can completely satisfy your customer. By ignoring this aspect you will end up with a high cancellation rate, repaying commissions or not even receiving them at all.

