

A man in a dark suit and red tie is sitting at a desk. In front of him is a laptop, a glass of water, and some papers. The background is a plain wall.

The Single Most Effective Program to Transform an Insurance Agency: An Insurance Agent's Guide to Success

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Chapter 1

What Insurance Agents Really Want and How to Get It

There are common goals and ambitions that all insurance agencies share, although there are often differences in how these goals are pursued. Sales and marketing tactics and the size of the community served vary widely from agency to agency. Whether you are a first-generation agent or come from a long family line of agents, the goals that most or all insurance agencies have are to:

- Grow Revenue
- Increase Agency Value for an Eventual Sale of the Agency
- Improve Profitability

After working with thousands of insurance agents over the years, we have identified the 3 practices that are most closely correlated with agency success. We have also identified the best way to utilize these secrets.

Secret Number 1: Increasing Policy Holder Retention

In pretty much every industry it is more expensive to sign on new customers than it is to retain current ones. The insurance industry is no exception. Did you know that it is almost 9 times more

expensive to attract a new policy holder than to retain a current one? Focusing on client retention is wildly effective in improving profitability. Just a 5% increase in agency retention rates can double profits over a five-year span. Reducing customer defections by just 2% is equivalent to cutting costs by more than 10%. By retaining customers over time, you are also able to build a personal relationship of trust so they feel comfortable coming to you with questions and concerns. Retained customers are the key to profitability and overall agency value.

Secret Number 2: Uncovering Customer Referrals

The easiest place to look for new leads are those clients who already know and like you! Not only are referrals the easiest leads to come by, they are also the most effective. Referred customers generate an average of 5 times more revenue in the first year than a non-referred customer. Referred customers have the lowest acquisition cost of any sale out there, as well as carrying a retention rate of 92% over the first 3 years, compared to non-referred customers who average a retention rate of 67%. Referrals are essential for agency growth because they provide new sales, high retention and added revenue.

Secret Number 3: Identifying Cross-Sell Opportunities

Another secret to achieving your goals as an insurance agent is discovering opportunities to cross-sell your clients. Cross-sold leads have a close rate of 85% which is a powerful statistic when compared to the fact that internet leads usually only have a close rate of 5%. These cross-selling opportunities play a huge part in customer retention, as mono-lined customers (customers with only a single policy) have a 45% chance of cancelling, customers with 3 policies having a 21% chance of cancelling, and those with 5 policies have an 11% chance of cancelling. Cross selling leads is critical to improving agency value and agency growth.

These 3 simple principles have been effective tools for the most successful agents in the country. Customer retention increases agency value. Client referrals lead to agency growth. Cross-selling improves both value and growth.



Chapter 2

The Most Effective Method for Driving Revenue and Growth

So the best way to grow your agency is to retain clients, get referrals, and cross-sell, but how do you hone in on these tactics and actually make it happen? Building relationships with clients takes time, energy, and most importantly, consistency. In our experience and according to the agents we have worked with, one of the most effective ways to approach these desired outcomes is to conduct customer policy reviews on a regular basis. Agents who regularly meet with their clients write 72% more policies than those who don't. Customer review meetings are not just an opportunity for you to grow your agency, they are genuinely beneficial for both parties involved.

How a Policy Review Meeting is Beneficial to the Agency

By meeting with your customers on a regular basis and finding ways to protect them from lack of coverage or even save them money with new discounts, it helps you build a strong personal relationship which will lead to improved retention. It also builds a solid reputation for your agency in the community.

During these customer reviews, you may uncover that your client's life has changed and that they are now in need of coverage they did not need before. For example, a young auto policyholder may have gotten married, bought a house, and had a baby since you last met. These are

opportunities to turn a mono-lined customer into a multi-lined customer.

You can also ask for referrals of friends or family when you meet.

Conducting or attempting to conduct policy reviews can also protect an agent from liabilities. Consider the following story:

A few years ago, a new community in Utah experienced a devastating mudslide. Many brand-new homes were destroyed and some of the home owners found that mudslides were not included in their home owners' insurance policy. They would have to face the full cost of their loss on their own. Believing that their insurance agent should have advised them to include mudslides in their coverage (after all, he is the expert, right?), one policyholder sued.

For the agent's defense, he had recorded calls attempting to set up an insurance review with his client. The call revealed that the client had declined this meeting, so the agent did not have a chance to advise his client to include mudslides in the policy. The agent won the case.

How a Policy Review Meeting is Beneficial to the Client

Through these policy reviews, the customer is able to better understand their risk profile. It greatly helps in building confidence in their agent as not just someone they do business with, but as a trusted advisor to their insurance-related needs.

The customer can receive potential discounts in their premiums, which we know all customers love, because who doesn't love discounts?

Most importantly, reviewing their policy resolves any gaps or overlaps in their coverage, avoiding potential disasters, which will save a lot of time, money, and headaches for both parties. Again, here is a story to portray the importance of policy reviews to check on coverage:

One family who enjoyed boating on Lake Powell in Southern Utah decided to purchase a house boat. Shortly

after purchasing the boat, the family took out a policy to cover it in case of an accident. As the years went by, significant renovations were made to the boat. It was fitted with televisions, speakers, great furniture, and other amenities that improved the value of the boat by tens of thousands of dollars. However, they didn't think about the fact that the insurance policy only covered the boat as it was purchased years earlier, but none of the fancy toys on the inside. One night after some great fun, no one realized that the boat had sprung a leak while they camped on the beach.

When they realized the boat had sunk, it was already too late and all of their possessions on board were destroyed. After speaking with their insurance agent, they discovered that for \$30 more, they could have had the items on the inside insured, and would have saved literally tens of thousands of dollars. This is an extreme example, but the concept is clear that through consistent customer insurance reviews, clients can be made aware of gaps in their coverage and avoid sad stories like this one.



Chapter 3

10 Customer Insurance Review Best Practices from the Country's Most Successful Agents

We've established that conducting customer insurance reviews are essential for the growth of your agency. However, it is also essential that these meetings are conducted properly.

For over a decade, we have worked with thousands of insurance agents. Along the way, we've conducted extensive interviews with some of the nation's most successful agents to see how they utilize the Customer Insurance Review to grow their agencies. As we've collected this information, we have compiled a list of the top 10 best practices for implementing a customer insurance review program. These strategies, tips, and tricks can help any agent improve the results of meeting with their customers.

Best Practice #1:

Don't Sell in the Policy Review Meeting

- For your program to be successful, you need your customers to be willing to come back on an annual basis. Setting the expectation that they are not going to get a sales pitch will ensure active participation.
- Use the meeting to gather as much information as possible – taking note of potential opportunities to cross-sell additional products. Following up on the opportunities is a critical step in the sales process.
- Evaluating your customer's risk while identifying areas for them to save money will build value and help you to become a trusted advisor – not an insurance salesperson.

Best Practice #2:

Don't Focus on Price

- While it's important to identify areas where your customers can save money – ensuring they are well protected is even more so. Helping them understand their risks and how your products will protect them is an integral part of building a relationship of trust.
- If the substance of your conversation focuses on price, you can be sure that your customer will not be with you long. There is always someone that can be cheaper.
- Focus on value and education so that your customer becomes a candidate for additional products and services. To establish long term value you must maintain a marathon pace – not a sprint.

Best Practice #3:

Don't Schedule Policy Review Meetings at the Time of Renewal

- Often times, the premiums for your customer will adjust when the policy renews. If you schedule your insurance review meeting around the time of renewal, you will likely spend your time justifying a price increase.
- Set up your review appointments by moving through your customers alphabetically – not by policy anniversary date.



Best Practice #4

Call 3 Days Prior to Your Meeting and Explain What to Expect

- Informing your customer of what to expect will ensure that they are prepared to have a comprehensive discussion.
- If your customer is aware of the what to expect, you will reduce the number of people who cancel at the last minute or simply not show up.
- Calling 3 days ahead of the appointment will allow your customer enough time to reschedule any other conflicts of interest.
- In addition to the 3 day call, also make a reminder call the day before.

Best Practice #5

Set a Minimum Daily Goal for the Number of Customer Meetings

- The power in using the customer insurance review to generate growth for your agency revolves around the consistency of your meetings.
- Setting a minimum daily goal will help you set up the proper system and staffing to ensure success.
- The most successful agencies set a minimum goal of 2 – 4 customer insurance review meetings each day.

Best Practice #6

Have the Customer Complete a Needs Assessment Form

- The needs assessment form is the key to guiding a productive review meeting and providing appropriate recommendations. Doing so will help you:
 - Understand their current risk profile
 - Be aware of any upcoming life changes where gaps or overlaps in their coverage may occur
 - Become informed of their goals or dreams (retirement, college, etc.)
- Ideally the customer will complete the form before the meeting. However, if they haven't completed an assessment prior to when you meet, complete the needs assessment as a way of starting your discussion.

Best Practice #7

Have Send-able Information Ready About Your Products

- Remember, the goal of the meeting is not to sell, but to investigate and educate.
- Once you identify other products that will be helpful to achieving your customer's goals, email them an educational piece.
- Set a time to follow-up on the educational material to see if the customer has questions. It's during this phase of the of the review that you will attempt to sell.
- Send-able information is a critical step in monetizing your customer insurance review program.

Best Practice #8

Train Your Licensed Staff to Conduct Review Meetings

- Having the licensed staff members conduct the reviews will allow for increased bandwidth to carry out more customer meetings. It becomes a multiplying effect.
- This allows for the relationship to be built with the office staff and not just with the agent. This will be helpful for future claims handling and servicing.
- To ensure consistency in the review, take care to focus on training with all staff members who will be involved.

Best Practice #9

Implement a Post-Meeting Follow-Up Process

- If you conduct a review but you don't follow up with the customer, you are only doing half of the review.
- The sales opportunities will happen through your follow-up efforts.
- To ensure that nothing slips through the cracks, create a process that:
 - Documents any changes that need to be made to the account (adjustment in coverages, new contact info, etc.)
 - Sends appropriate information based on the customer's interest.
 - Schedules a follow-up call to attempt to sell additional products – as appropriate.

Best Practice #10

Meet with Each of Your Customers Annually

- Your most engaged customers will buy more, stay longer, and refer friends.
- Systematically meeting with each customer will establish you as the trusted advisor.
- The frequency of your interactions will determine how much value a customer perceives in your services.
- Annual meetings will keep you ahead of any life changes for your customer – giving you the ability to sell more products.

Chapter 4

Why Some Insurance Agents Fail at Implementing an Effective Customer Insurance Review Program

In our experience working with thousands of insurance agents, we found not only what makes them successful, but also why they fail. Some of the factors that play a major role in agents being unsuccessful are the following.

A Heavy Focus on New or Cold Leads

As mentioned before, cold leads are ineffective and expensive. Too much time and money are spent finding new customers rather than focusing on existing ones. Though there is a time and a method for attracting new customers, the more profitable and effective way to grow the agency is through referrals.

An Inability to Schedule Customer Policy Reviews

Sometimes it is just difficult to schedule appointments, even with people you know. Your office staff works at the same time as most or all of your customers, so getting them on the phone might be difficult. People don't like to feel like they are being sold and even though these reviews are for their benefit, many customers don't realize that.

External appointment setting services can be a great help to many agencies. It is cheaper and more effective than scheduling in-house. They have click-to-call dialing, customer databases, call-back reminders, professional callers, and a variety of other tools to make them effective specifically at setting appointments. The average wage for an insurance agency secretary is \$15 per hour. If your secretary calls for 20 hours a week, it will cost you \$1,200 to \$1,500 per month. This is much more expensive (and probably less efficient) than an external vendor.

[Click here](#) to calculate the cost of an external vendor and your in-house appointment setting.

A Lack of Understanding or Skills to Successfully Conduct a Policy Review

Many agents simply do not know what to do once they get a client in the office. That is one reason we provided the checklist in chapter 3. Without the skills needed to make a policy review beneficial, the customer will feel like it was a waste of time and will be unwilling to come in for a meeting in the future. Often times, staff members conduct the reviews but have not been training properly causing customers to feel like the staff member was not prepared.

Inconsistency in Conducting Policy Reviews

Conducting policy reviews as a means of increasing your agency's growth and profitability is a long-term strategy; a marathon, not a sprint. In order for policy reviews to be successful, they must be done consistently. It is not a one-and-done strategy that immediately yields results (though it might produce a quick sale once in awhile). But over the course of several years, many of the most successful agents have found that it is the best tool for agency profitability. It takes a little bit of patience, dedication, and consistency to grow your agency to value.

This guide is the perfect tool to help you avoid these mistakes to grow your agency to profitability and success.



Conclusion

The key to profitability and growth of your insurance agency is easily broken down into 3 practices: customer retention, referrals, and cross-selling opportunities. The best way to apply all 3 of those practices is by conducting policy review meetings with you customers. When agents have the skills necessary to conduct a customer meeting in a way that is beneficial to both parties, their agencies succeed.

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