

Agents Can Find Opportunities in Auto Premium Increases

WORCESTER, MASS. — Many independent insurance agencies have been getting calls from insureds asking why their auto insurance premiums have increased, even though they haven't been involved in an accident. Offering an explanation is only part of the solution. Those conversations can be used as a way to better connect with clients, according to John Fear of Premier Business Consulting.

Fear recently presented a workshop at the SAN Group's annual business meeting where he discussed managing rate increases in private passenger auto. By explaining why rates are going up, determining how to respond to insureds and making the transition from a reactive to a proactive response, agents can better connect with policyholders.

A myriad of factors have resulted in auto premium increases. The economy is improving, gas prices remain at historic lows, new car sales are up and people are traveling more. Car repair costs and medical costs are rising, and drivers are becoming increasingly distracted behind the wheel. Motor vehicle deaths have risen as a result.

The first step is to train employees to connect with clients proactively. Fear

explained that when someone calls about their rate increase, start with an empathetic statement.

Then review the entire account for the client because "one of the best discounts is the account discount," said Fear. It shows that you're looking out for them.

Discuss other factors that reflect the renewal price, including the length of time with a carrier and limits. "Look at their limits. Increasing limits can sometimes decrease premium. Think about the deductibles that people pay," said Fear.

In addition, think about how insureds pay.

"If it is in installments, all you are doing is reminding them every 30 days about a product they resent having in the first place. Try to move them to direct deposit," suggested Fear.

Prerenewal communication is key.

"Look at why the rate increased and try to keep [the policy] with the same company. Try to bundle it. Talk about different options. Defensive driving credits from taking a course. Talk about what the client might lose if they go to a new carrier," said Fear. "Premium isn't everything when it comes to coverage."

Renewal Process Procedures

Fear recommended having clear renewal process procedures in place. Given that agents know a policy premium is going up about 30 days in advance, that information should be communicated with clients. Depending on the size of the increase, the agent can call, send a card, email, text, etc., to inform the insured about the rate increase.

Clients with a significant increase should be contacted immediately via a phone call and followed up with an email.

An often overlooked part of the process is to thank insureds for their business at renewal.

"We don't focus on renewals enough. They're 80% of your revenue. Email a thank you note out of your management system. Send them a thank you note via a template. Video yourself saying thank you, upload it to YouTube and send them the hyperlink, so they can see your face thanking them for their business," said Fear.

Connecting with clients in this way can set you apart from the competition and go a long way in retaining and growing the business. ■