

CLAIMS AND REMARKETING CUSTOMERS –

A PAINFUL EXERCISE OR THE REASON THEY HIRED YOU?

Some years ago we were asked to do a private study for a carrier to determine why consumers purchase insurance from independent agents. The result was surprising but not shocking. When all was said and done the two primary reasons selected by insurance clients in all segments and geographic areas of the United States were common – and had nothing to do with price.

The number one reason that most clients chose to do business with independent agents was CLAIMS. The client really doesn't trust the insurance company to settle claims fairly. They feel that the company, including employed agents, sought to pay as little as possible to settle claims, not as much as necessary to satisfy the client. Recognizing that an agent can't change an uncovered loss into a covered loss, the customers believed that their independent agent was there to look after the best interest of the client and to shepherd the client through the claim process since the agent was familiar with claims and most clients are not.

Of course most agents don't actively follow up on claims. At best they tell the client to call the agent if they have any problems. Insurance clients are not thrilled by the passive approach to claims management. However, most are shy of calling a troubling the agent with their claim issues. They end up simply dealing with the carrier for better or for worse. But they do blame the agent if the claim process does not flow smoothly. Lesson Learned – If you want to provide the grade of claim service desired by your clients, follow up actively and tell them what you're doing from the beginning to the end of a claim. A claim can be your best marketing tool if you are actually helping the client in his time of need.

The second most important reason that clients choose independent agents is the marketing of their accounts. The client believes that most direct carriers have only one type of each policy and they either force the client into their policy or disqualify them. This common ground for insurance clients is the source of Agency Consulting Group, Inc.'s 'One Size Does NOT Fit All' marketing program. The clients feel that a major benefit of independent agents is that they have multiple carriers and, therefore, multiple products from which to choose and that their agents market their account among all of the carriers annually to get the client the best deal every year – which, of course, we don't do either.

A Word To The Wise:

If the insurance buying public BELIEVES that the benefit of independent agents are in the realm of claims support and comparison marketing of their accounts, if you want happy customers who refer others to you and stay with you forever – DO WHAT THEY WANT YOU TO DO FOR THEM!

Claim follow up can be by a dedicated claim representative in your office or by your service staff as part of their jobs. The best agencies disregard the pressure of the carriers to leave claims to the carrier adjusters and follow up on claims every few days, communicating with the customers as each follow up is done to make sure the customer is on the same page as the carrier with respect to the claim. You can't make the claim more valid or worth more than it is, but you can be certain that the communications is open between your client and the carrier -- it's called doing your job!

Marketing clients in the years after they are new business is more difficult but certainly doable. Many of us have comparative raters that can be employed to make sure rates charged are not moving out of the competitive area for the client. Most agents trigger re-pricing when a renewal price increases over a pre-determined percentage. However, the BEST agents review their accounts in personal lines and small commercial lines as well as medium and large accounts on an annual basis (by the service team) to assure that the coverage is appropriate for the clients. The BEST OF THE BEST agents use customer advocates to communicate with the clients annually to determine when exposures change and remarket accounts accordingly for coverage, limits, exclusions and deductibles as well as for pricing. There are reasons for keeping a customer with a carrier for a prolonged period to establish and build a relationship that permits the carrier to treat the customer as a long-term client. But there are also reasons to move accounts that the client feels that is the agent's job for them.