How To Add Value To Your Existing Client Relationships

By: Jeff Holmes

With independent agents facing competition from others who may be more advanced in sales processes, procedures and technology, it is no longer enough to sell clients only home and auto insurance policies. Independent agents need a strategy for cross-selling a broader range of coverages intended to address all the personal risks of their clients.

When looking at today's scattered insurance sales environment, where many people buy single policies to fill an immediate need, there's an opportunity for independent agents to streamline their sales, slow down the review process and promote insurance bundling. For instance, a client buys a car and needs a binder today. She isn't interested in anything else today because she wants to take a long drive in the country. Don't miss an opportunity here. Congratulate the client on the new car, and let her know you will call in a week to discuss policies that can be bundled to save her money.

It's five to 25 times more expensive to acquire a new customer than it is to retain an existing one, according to Hubspot. When you do retain a customer, they're more likely to spend more and purchase more frequently. "Existing customers are 50% more likely to try new products and spend 31% more when compared to new customers," according to a report from Invespcro.

The cross-selling opportunity for agents is clear, which is why it is so critical to have a consistent approach and a plan in place. Clients trust independent agents to offer products that protect them. Take the time to ask what other policies will benefit them and reduce their risk, and then cross-sell those policies to them. This tactic will strengthen an agent's book of business and build loyalty with clients.

First, Build Up Your Client Profiles

In order to compete, independent agents have to provide value, establish trust and communicate with their clients regularly in the method their clients prefer. Building a dynamic profile for each client takes time, and helps the independent agent anticipate additional insurance needs as clients' lives evolve. Use an agency management system (AMS) to run your business efficiently, gather critical information and track client relations. Prepare relevant questions and a needs analysis to review with clients at every opportunity.

The AMS should be the hub of your business, from which all spokes of opportunity branch out. Having a quality AMS helps to streamline an agency's work and provide efficiency when cross-selling. The system will keep the independent agent active and organized, and along with a customer relationship management database, help target new sales constantly.

Sell Value vs. Insurance as a Commodity

Today, consumers generally do their homework before they buy. But some skip the research and simply buy a policy based on the lowest price, often buying online. This means they may not be getting the coverage they need.

It is vital that clients review coverage with an independent agent and know what's covered and what's not. For example, insureds may not realize the auto policy they purchased contains exclusions, finding out too late that they saved $50 a year on premiums, but the policy doesn't cover them under specific circumstances. By alerting clients, independent agents can open the door to reviewing other policies and advise them on options with greater value that don't skimp on coverage.

Home insurance sales require more planning than auto insurance, as in most cases, home ownership is tied to a mortgage. With a typical mortgage, home insurance is often held in escrow and will be paid by the escrow agent, then billed to the homeowner. Ask clients with home mortgages when the renewal period is coming. Let clients know you will contact them 90 days ahead of that renewal to offer a competitive quote. Calling clients 90 days prior — rather than 60 days — will provide adequate time to sell them a quality policy and maybe bundle their auto and homeowners to save them money.

Recently, it seems interest in life insurance has been growing, which should be a good opportunity for independent agents. Independent agents held 51% of the U.S. life insurance sales market in 2017, according to Statista. With baby boomers falling short on retirement savings, agents can cross-sell annuities to provide financial stability while their clients are living and pair that with life insurance to have coverage in the event of an unexpected death.

Cross-Sell Existing Clients

Do you need more reason to cross-sell those people already within reach of you? Amazon credits up to 35% of its revenue to cross-selling, according to grow.com. Their effective cross-selling comes in the form of the "frequently bought together" and "customers who bought this item also bought" sections during a customer's buying experience.

Review client purchases and determine who has monoline versus multiline policies. Revisit needs analysis questions with clients regularly. When securing a renewal, ask clients how last year went for them. Did they have any major life events or additions to the family (including pets)? Did they make any changes in their career? Life events can trigger the need for additional policies, so agents should recognize and capitalize on this. For example,

If a child turned 18, is he or she ready to purchase a separate auto insurance policy? What does that look like as far as current costs?

Did a client get engaged? The couple may be able to save money on their auto insurance rates as statistics show married couples have fewer car accidents than single people.

Did clients start a new home-based business? They may need business or life insurance to cover the business or an insurance review to see if they are properly covered.

Did homeowner insureds adopt a dog? Have they added to their backyard with a trampoline or inground swimming pool? These are all basic changes that open clients up to new levels of risk.

Retain Clients Longer

Customer retention statistics reported by Smallbiztrends.com confirm that 65% of a company's business comes from existing customers. The statistics showed that a "five percent increase in customer retention (the percentage of customers retained over a given period of time) can lead to an increase in profits of between 25% and 95%."

Are you compensating staff for behaviors that will drive the success of your agency? For instance, if a client service representative does a thorough review of policies with a client, ultimately selling more policies, are they financially rewarded for that, more so than if they sell one single policy? To change behavior across the board, agents need to reward staff because engaging in a thorough account review drives the agency in a proactive direction. When staff is rewarded, you will see a significant difference in how the agency operates, and you'll likely see more multiline policy sales.

If you are an agency owner, make it a priority to meet with all staff and review ways to cross-sell clients at your agency. If you can, offer a reward to cross-sell existing clients and explain how this will help retain the clients already doing business with you. This will extend the life of your business, solidify your client base and round out your accounts more than going after prospects you have yet to meet.

If you have a steady business already, tapping into your existing client base and cross-selling new products goes a long way towards expanding relationships. This will establish you as a trusted advisor that clients will value and may result in referrals to their family and friends for years to come. ∎