SECTION

07

How to Stop a Cancellation

Stopping A Cancellation

In a hard market, clients are increasingly shopping around, often just to validate the premium increases they're facing. Between direct writers and agents with varying coverage standards, some clients may believe they've found a better or cheaper insurance policy elsewhere.

While preventing every cancellation is impossible, a well-executed process can save many clients and retain more business. Educating clients about the coverage they have, the coverage they need and how switching agents could lead to regret are important pieces to the puzzle in trying to stop a cancellation from happening.

The first question an agency needs to address is: Who should handle a client who is looking to leave?

The answer is straightforward: it should be the best person to save that client. Too often, this task falls to an account manager who sympathizes with the client's situation.

Agencies should establish a process to ensure clients receive education, viable solutions and encouragement to stay if they are trying to leave. Also, it's important to focus only on saving cancellations from clients who are both qualified and worth retaining, as well as recognize that a client who has already bound coverage with another agency can still be saved. Many agents may hesitate when faced with a client having to double-pay and then wait for a refund.

A solid strategy will set aside personal beliefs and fears and focus on helping the client recognize that staying with their current agency is the best choice.

Here are six steps to prevent a cancellation at your agency

STEP 1

Service or Price

Clients will either contact the agency directly to cancel or provide a notification of cancellation. Either way, your first step is to connect with the client. Even if the attempt to retain them is unsuccessful, it's essential to engage in a conversation to understand their reasoning and to extend a welcoming invitation in case the new deal doesn't meet their expectations.

When reaching out to clients, ask if they're leaving due to price, a life change or service issue? If it's price, tell them that you can work with that because you have access to multiple markets. If it's a life change, find out if there is an opportunity or if you need to document their file so you do not recycle the opportunity. If it's a service issue, you definitely want to know so you can work through any issues. Lastly, confirm their contact information because you want to make sure you can get back in touch with the client.

The goal for connecting with clients is to identify the cause of the cancellation. Once the reason is clear, the agency can proceed with step two.

STEP 2

Request a Copy of the Policy

Saving a client requires a delicate conversation. The goal is to build rapport and encourage them to remain with the agency. To influence the client effectively, a few key assumptions should be established. Although the following steps are not necessary to cancel the policy, they are necessary for retaining the client. These steps are referred to as the agency's standard operating procedure.

When presented as the logical next steps, most clients will agree to proceed. If a client is unwilling to follow through, let them know their file will be documented, noting that they declined to take these steps.

A common misconception is that clients looking to cancel won't provide a copy of their new policy. In reality, if the agency simply states, "To finalize your cancellation, we will need a copy of your new policy to match the dates and coverages," clients often comply.

Having a copy of the new policy allows you to:

- Ensure the coverage dates match so there are no gaps.
- Review the coverages to potentially retain the client if discrepancies are found.
- Identify which carriers or direct writers have very competitive pricing.

Presenting this step as a logical requirement often prompts clients to provide the policy. If a client is hesitant, respect their decision and document the file accordingly.

STEP 3

Automatic Remarket

If a client is leaving due to pricing, automatically remarket the policy. There's nothing to lose by trying. This can be done over the phone if possible or by contacting the client with updated rates and pricing. If pricing is the issue and a more competitive offer can be presented, there's a chance to retain them.

Some may argue that this approach takes time, which is why it is difficult to justify investing more time in a client who already lost. However, if a qualified client is walking out the door, consider what it would take to replace them. Making one last effort is worth it for a qualified client.

STEP 4

Keep them Talking

Some team members may feel overwhelmed by cancellations and will often empathize with the client's reasons for leaving. However, the important question is whether it's easier for clients to leave the agency than to obtain a new quote. If leaving is simpler, it's essential to assess if this ease is harming retention. During cancellation attempts, keeping the client on the phone is vital to understanding their perspective and maintaining a positive relationship.

Some team members believe that being courteous during the client's departure could encourage their return. While this is possible, it's also risky. Why not fight for the client? Keeping them engaged helps remind them of the agency's value.

EFFECTIVE WAYS TO KEEP CLIENTS TALKING:

- Ask why they're leaving.
- Identify where they're switching to.
- Explore what could have been done differently.
- Inquire about the new premiums.
- Conduct a policy review to uncover possible updates.
- Check if the client's specific policy features are accounted for in the new policy.
- Highlight the difference between an independent agent and a captive one, especially if moving to a direct writer.
- Confirm if they're familiar with the quoted coverages.
- Verify if deductibles match between old and new policies.
- If the agency makes proactive renewal calls, clarify whether the new agent will do the same.

Though it may feel awkward, retaining clients through conversation can be effective. The team can rise to the challenge and achieve this.

STEP 5

Agent of Record or Broker of Record

By keeping clients on the phone, a wealth of information can be uncovered. Understanding where they're headed provides a valuable clue for retention.

One of the first questions is, "Why are you leaving? Is it due to service, price, or a life change?" If the client mentions leaving due to price and reveals that they're switching to another independent agency with a carrier already available through your agency, it's a golden opportunity to Agent of Record (AOR) or Broker of Record (BOR) that policy.

The client didn't leave because of service issues but simply because they weren't aware of your alternatives. Winning back that policy could be as simple as securing a signed document.

STEP 6

Recycle with a CRM

A qualified client who makes the decision to leave isn't necessarily gone forever. Often, the grass isn't greener at another agency. While it's important to maintain a list of criteria to disqualify certain clients from a win-back effort, everyone else should enter a nurturing sales cycle designed to win them back. Using a customer relationship management (CRM) system ensures past clients hear more from your agency than from their current one, keeping your name front and center.

Since the first renewal at a new agency usually comes with a rate increase, clients who leave due to price may soon reenter the market. Some clients may initially hesitate to return but by providing a welcoming and straightforward return process, there's a strong likelihood of winning them back. Approximately 60 days before renewal, consider treating the former client like a new lead and try to reacquire their business.

RECONNECT TO RECYCLE | **60 DAYS BEFORE RENEWAL**

More people will shop their insurance in a hard market. Other agents may not uphold the same standards as your agency but, even if they decide to leave, truly caring for clients means taking the time to review their new policy and explain the differences. By doing so, clients will recognize your commitment and genuine concern for their well-being.

Trusted Choice
INDEPENDENT INSURANCE AGENTS

BIG i

We offer resources to support your agency in the Hard Market:

Check out all sections within the complete version of the Hard Market Toolkit brought to you by Trusted Choice.

All Sections included in the complete Hard Market Toolkit Expansion:

- Hard Market Overview and Update
- Selling Strategies in a Hard Market
- Enhance Your Communication Strategy
- How and Why to Showcase Your Ageny's Community Involvement
- Communication Strategies for Commercial Accounts
- Seven Strategies to Drive Retention for the Long Run
- How to Stop a Cancellation
- Email and Digital Templates
- Extensive Appendix of useful extrnal links, downloads and resources

Download the complete Hard Market Toolkit Expansion:
trustedchoice.independentagent.com/hard-market