

## Lower Attrition and Get Referrals from Policyholders

Want to reduce the level of attrition by your policyholders? Want to have your policyholders start to refer business to you without you having to ask? Then, reflect on this behavior we all seem subject to...

A business acquaintance of mine made an interesting observation recently. He pointed out that people generally don't pay any attention to things when they work the way they're supposed to. When our shaver works, our coffee maker works and our garage door opener works, we take them for granted. In fact, we often don't even remember the brand of the item. It's only when there is a problem that we take notice. It's at that point that the company who made the product has a chance to exceed our expectations and leave a lasting positive impression.

This trait of human behavior is especially important to make note of when it comes to the business of insurance. It's pretty evident that when your policyholder has a claim, you have the opportunity to really shine - to stand out from the crowd - to deliver more service than they expected. *The challenge comes when everything is working well!* Just like the coffee maker, when things go well (as expected) you're hardly ever thought of. The insurance is just there. Its "works" the way they expect it to, and therefore you and the insurance are taken for granted. There's often very little connection or relationship with the agent. Some policyholders will just view you as the salesperson that was there to sell them insurance.

The bottom line is that when you don't have an ongoing connection with your policyholders, you're subject to being picked off by someone with a little lower rate or by someone who happens to come along at the right time and is able to build rapport with them.

The question then, is how to build a relationship with hundreds and thousands of people and still maintain some sanity and balance of life (while continuing to increase your book of business, of course). The key is to continue to "tap them on the shoulder" - to continue to let them know you're still there and are thinking about them. It's a matter of doing something extra when things are going well. Typically, a good policyholder retention system is made up of a combination of passive and active programs.

Active programs are effective but are time-consuming. The benefit of an active program is that it is very personal and demonstrates that you took the time to do something specifically for your policyholder. As a leader of your business, recognizing the eight human relations needs of people are a key to accelerating your success. Your active programs in your retention system should address one or more of these eight needs. They are: sense of accomplishment, sense of belonging, sense of empowerment, direction, recognition, respect, sense of significance, and sense of purpose. If you develop active programs that suit your style and address some of the above needs, your efforts will provide great returns.

Passive programs are efficient, which is good, but everyone recognizes that they're automated. The benefit using passive programs, however, is that they work while you sleep (or play) and they create top-of-mind awareness. They're a means to keep you and your agency in front of your policyholder. Again, if you can address one or more of the eight universal needs (mentioned above) that people have, you can maximize the effectiveness of your passive programs

I've compiled a list of both passive and active programs you might consider as a means of staying in front of your policyholders. Not every idea will suit you or your book of business, and you may think of other ideas to add to the list:

- Conduct in-person annual reviews

- Stop by a policyholder's office when you're in the area
- Send birthday cards
- Send anniversary cards
- Send holiday cards
- Personally call a policyholder just to thank them for their business
- Have your CSR call a policyholder just to thank them for their business
- Personally call a policyholder just to say hello
- Send a small gift (\$5 - \$10; supermarket-purchased movie tickets are my favorite) for no reason other than to thank them
- Regularly hold open houses for groups of policyholders
- Send a monthly or quarterly newsletter by mail or e-mail

Implementing a policyholder retention system can be time consuming and may require some investment, but keep this in mind: **the cost of keeping an existing client is far less than the cost of finding and acquiring a new one.**

Your policyholders will be far more likely to stay with you for a far longer period of time when you've been able to make a lasting impression on them. They'll be far more likely to refer someone to you as a client when you've made a lasting impression on them as someone who cares about people as people. The difference is in the details. It's what sets apart those who really excel from those who just do well. Do the extra work and rise above the masses.

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