

Selling on Price? Stop the insanity!

I attended a most interesting session today at the Insurors of TN convention. The speaker talked about what an agent must do to avoid getting trapped into selling on price. I would assume that most of us know why selling primarily on price is not good for our industry, carriers' longevity, and in the long run the consumers, so I won't detail those issues. Let's just agree for the purposes of this post that selling primarily on price (or wholly on price) is not good.

Jeff, the speaker, talked about there being four components to an insured making a decision to do business with a particular agent: Price, Coverage, Relationship, Service. If we take Price off the table, we must sway the insured with the other three. However, the prospect cannot experience our service until we are actually doing business, and there is only an incipient relationship, if any, and it certainly cannot compare to the relationship the insured has with the incumbent.

That brings us to coverage as being the preferred (and sometimes the only) way to persuade an insured to bind coverage with us, versus the incumbent, or other competitors. Of course, if the insured has the primo policy of the world, written absolutely correctly, there's not much we can do about that. Jeff recommends then, that we walk away from the quoting process, and stay in touch with the insured for a future try. Until the coverage situation changes and we can do something to improve their placement, we would not waste our time or our staff's and carriers' time, quoting something that we have no reason to believe will bind.

He does recommend that we acknowledge price as an issue and frame pricing as a component of value and commit to deliver value, versus cheap price.

Very interesting approach. He cautions that our most important diminishing asset is our Time, and this approach will keep us from wasting it, allowing us to devote it to more productive opportunities. Yes, every now and again we might bind a risk in this situation, but how often do we waste our time quoting risks have a very small chance of bringing us any revenue.

Imagine the level of professionalism and ever-better coverages insureds would enjoy if we all did business this way? Wow.

I have paraphrased his content significantly, and unfortunately could not get ahold of a handout for the session. So I offer this just as food for thought about how we frame our relationships with our clients.