

MISSING THE PITCH



WHY P&C AGENCIES FAIL AT CROSS-SELLING LIFE PRODUCTS, AND HOW THEY CAN IMPROVE

BY PETER KLEIN

IN THE WORLD OF INSURANCE, AGENTS ARE MUCH MORE LIKELY TO RETAIN CLIENTS FOR THE LONG TERM IF THOSE CLIENTS HOLD NUMEROUS PRODUCTS THROUGH ONE PARTICULAR AGENT RELATIONSHIP. WHEN ESTABLISHING AND MAINTAINING RELATIONSHIPS WITH CLIENTS, IT IS ESSENTIAL TO HAVE THE ABILITY TO MEET THE BROAD-SPECTRUM NEEDS OF CLIENTS. AFTER ALL, CLIENTS HAVE A PENCHANT FOR ONE-STOP SHOPPING.

It's been our experience that a private-business life cycle in combination with its owner's management-role cycle represents an opportunity for P&C agencies to offer multiple applications of life products including life insurance, disability insurance and annuities. However, although P&C and life insurance are both coverage solutions, they are typically viewed by clients as completely different products and services—with life insurance viewed as a personal product and P&C coverage viewed as more of a corporate product.

Consequently, the agents that sell these two distinct product lines apply different approaches with their respective clients. The difference in products and associated services are, in fact, vast. Accordingly, the respective agents think, act and work differently, with neither truly understanding the other's innate product lexicon.

Invariably, P&C agencies have tried and failed in previous attempts to cross-sell life insurance products. In many cases, the initiative was doomed from the start since it usually came down to pressuring existing P&C agents to sell life products—or it was a case of cronyism, engaging a longtime friend and life agent to assist them in building their life practice. As is often the case, the newly hired life agent was met with distrust by P&C agents.

P&C agency owners know that successful P&C agents have different skill sets and personality characteristics than advanced market life agents who are successful in selling life insurance. Ask any agency owner and he or she would tell you that industry professionals have selective skills that are suitable for either the sale of P&C products or life and financial products, but not both. Similarly, group insurance personnel are not suited to engage

a CEO or CFO in a conversation on estate or succession planning.

P&C agencies are also sometimes reluctant to recruit specialized support firms to assist them in building a closer, more resilient relationship with their clients, possibly exposing themselves to having to defend their agency against multinational players.

That same reluctance applies to the agents, who are hesitant to hand over their clients to someone they hardly know. The typical P&C agent's income is based entirely on commission, and it is the agent who discovered, qualified and sold their agency's services to the client. It is a hard-won exercise. Consequently, these agents don't want to take any unnecessary risks that could result in the alienation of that client.

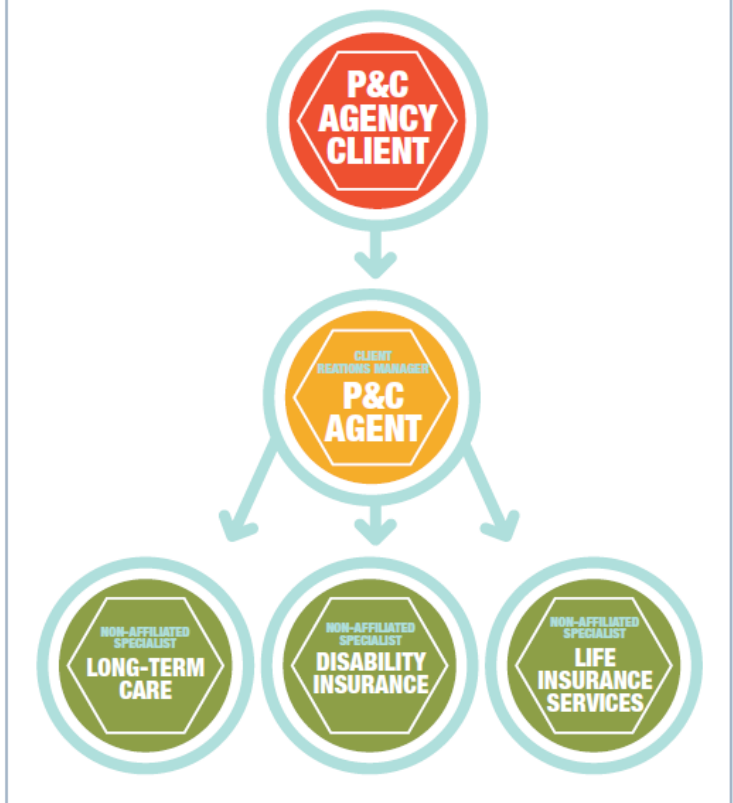
Some points for P&C agencies to consider when cross-selling life insurance products:

- **Corporate executives require personal solutions.** The core needs of executives include protecting personal assets, solving a potential liquidity crisis and offering advanced retirement solutions. If a P&C agency sees its mission in terms of "protecting client assets," then there is a greater prospect for integrating life insurance products with P&C insurance solutions.
- **The need for a relationship manager.** The P&C agent's role can be so much greater by working with life product specialists. Instead of being just an agent, they could become a relationship manager, particularly as products and services become more technical, product lines expand and experts are required. We have seen this model applied successfully by banks that have specialists in credit, cash management, trust services and private banking. No one sales person can be an expert in everything, which is particularly true in the insurance business. So it makes sense to introduce the client to a life insurance specialist that has the experience in meeting

the needs of corporate executives. This allows the P&C agent to bring together the right resources at the right time to deliver the right solution to the client.

- **The need to strengthen the P&C agency's reach and revenues.** Needless to say, there is a great deal of pressure on increasing revenue, demands from insurance carriers for increased volume, lower commissions rates and intense competition. Given this situation, having a life-insurance component is a way to increase and diversify revenue, while further opening the door to broadening the agency's customer base.
- **Client get-togethers.** While there are no sure-fire solutions, we have seen P&C agencies benefit from inviting business owners to quarterly luncheon sessions that include a discussion of various insurance issues—everything from buy-sell agreements, to retirement planning for those in their 40s and 50s, to estate planning for wealthy clients. In each case, the presenter could be a life insurance and estate planning specialist. This conveys to clients the P&C agency's commitment to a holistic approach to their clients' overall needs.
- **Client Retention.** By offering personal insurance solutions to corporate executives, P&C agencies

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can improve the prospects of client retention. By satisfying the personal needs of a corporate decision-maker, the agency is much more likely to retain that company as a client.

Rather than taking time away from prospecting and selling activity, it makes much more sense for P&C agents to partner with an expert in the life insurance arena—one who is already well-versed in the ins and outs of the products and services that are available. This makes the P&C agent more productive while creating the perception that the agent is seeking the best possible objective advice and outcome for his or her clients and simultaneously capturing new commission streams. This represents a value proposition that all the parties involved can appreciate. **PC360**

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