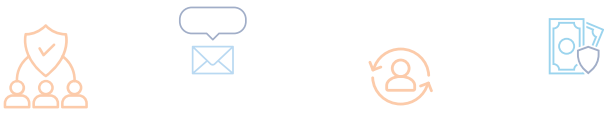


Trusted Choice® Hard Market Toolkit

Navigating Client Communications in a Hard Market



After decades of low premiums and abundant capacity, we are now in the midst of a hard insurance market.

But what exactly does that mean? A hard market is defined by the Insurance Risk Management Institute as “the upswing in the insurance market cycle, when premiums increase, coverage terms are restricted, and capacity for most types of insurance decreases.”

Or, to put it simply, insurance costs a lot more for our clients and is harder to find. Although insurance markets are cyclical, every hard or soft market is different. Each line of business is affected differently by the market’s conditions.




Insurance experts define a hard market as a time when coverage premiums **increase by more than 5%** for two or more years.

Due to rising claims frequency and severity, this has been the case for several years, which is being driven by several factors:

- Insurers recorded a \$26.5 billion net underwriting loss in 2022, up from \$21.5 billion in 2021 ([AM Best](#)).
- Climate change made 2022 one of the costliest years on record for natural disasters, with more than \$120 billion in insured losses. This was also significantly higher than the previous five-year insured loss average of \$97 billion ([Munich Re](#)).
- Rising litigation costs are increasing claims payouts and insurer loss ratios, also referred to as social inflation ([Triple-I](#)).
- Economic challenges, including supply chain issues and record inflation, have made it more expensive for insurers to pay claims.

The effect of all this is that premiums have been steadily climbing across nearly all segments of the personal and commercial lines of business. Higher insurance costs are a top concern among consumers, and many are responding by cutting back on or eliminating coverage to save money.

A Nationwide Insurance survey found:

26%  of consumers plan to decrease their coverage limits on existing policies or have already done so.

23%  are looking for a new insurance agent or have already switched.

20%  have removed a coverage from their policy or will do so in the next six months.

During these challenging times, independent insurance agents are more important than ever. Agents can prove their value to their clients, and improve retention, through consistent and thorough customer communication.

This should include telling customers why their premiums are rising and what they should expect at renewal time, as well as explaining coverage changes or restrictions that may impact their exposure.

It may be helpful to share the Trusted Choice® Pledge of Performance with clients, which highlights how agents are a true resource, particularly during a hard market.

OUR PLEDGE OF PERFORMANCE PROMISES THAT WE WILL:

- ✓ Understand your needs as a member of your local community
- ✓ Use our broad market access to provide you choices that result in solutions to address your needs
- ✓ Communicate quickly and effectively in a way that works for you, whether it's in-person or electronically
- ✓ Provide sound guidance as a knowledgeable professional who is passionate about insurance
- ✓ Be there to help you adapt your coverage as your family's and business's needs change
- ✓ Be a trusted resource who guides you through the claims process

This Trusted Choice® Hard Market Toolkit provides information and resources independent agents can use to navigate the current market conditions successfully. **This resource is exclusively for Big "I" members.**

INCLUDED IN THIS TOOLKIT ARE:

1. Expert Advice for Surviving a Hard Market from Savvy Independent Agents
2. Talking Points for Clients
3. Client Email Templates
4. Frequently Asked Questions from Clients
5. A General Communication Timeline to Keep Your Agency on Track
6. Remarketing Strategy & Remarketing Standards Document (Fill-in Template)
7. Renewal Process Outlines
 - Personal Lines, Farm and Commercial Lines Renewal Forms
8. Creative Assets to Help Your Agency Stand Out (Customizable Videos and Graphics)



We hope you will find this is a valuable resource!

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IMPORTANT DISCLAIMER: PLEASE READ BEFORE YOU USE THIS TOOLKIT.

This toolkit of sample communication templates (“Toolkit”) has been prepared for general information purposes only and should be tailored according to all legal, business or other requirements applicable. There shall be no liability in any way for reliance on or use of the resources in this Toolkit. This Toolkit is not intended to constitute and should not be considered legal or other professional advice, nor shall it serve as a substitute for obtaining such advice. If specific legal or other expert advice is required or desired, the services of an appropriate, competent professional, such as an attorney, should be sought.

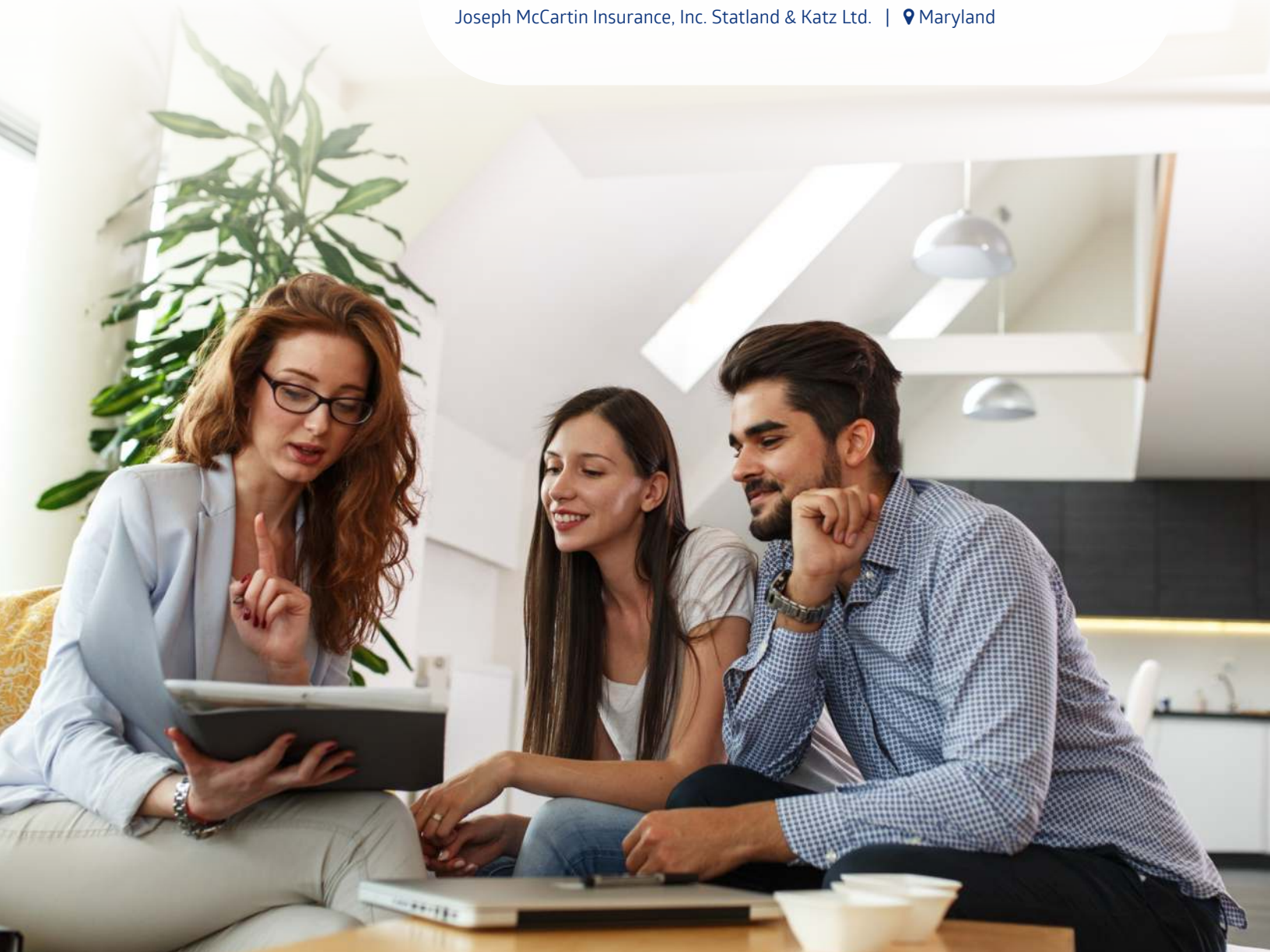
SECTION 2 • TALKING POINTS

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“Know your markets. If there are opportunities [for your client] to save money then be proactive, but if you know you have a good product and competitive price, then don’t waste people’s time.”

— Mike J. McCartin

Joseph McCartin Insurance, Inc. Statland & Katz Ltd. | 📍 Maryland



How to Talk to Clients about a Hard Market

You already know that talking about insurance is not a client's favorite thing to do. Most clients do not understand insurance policy language and, in particular, don't understand why their premiums are increasing when they haven't had any claims. The depth of today's adverse conditions that create this hard market may not be clear to your insureds.

The term "hard market" doesn't mean much to policyholders. So, explain in simple terms why premiums continue to rise and what steps you can take to secure adequate coverage for their exposures.

The Insurance Information Institute offers an easy-to-understand description of insurance market cycles.

““ *The property/casualty insurance industry cycle is characterized by periods of soft market conditions, in which premium rates are stable or falling and insurance is readily available, and by periods of hard market conditions, where rates rise, [and] coverage may be more difficult to find...*”



In your client newsletters and other communications, you might share this description and the factors that led to a hard market, including those below:

- Insurers experience more frequent claims and higher claims payouts, which hurts their bottom line. Insurers attribute much of this to supply chain issues, which means it takes longer to repair or replace damaged property at much higher costs; larger catastrophic weather events, which increase claims payments; and what's termed as "social inflation," which is the willingness of jurors to award largely unexpected sums of money at trial, forcing insurers to settle claims they may have traditionally taken to trial.
- With less capital available, insurers reduce their underwriting appetite. This includes the amount of coverage they will write for certain classes and in what areas they will provide coverage. For example, property coverage may be harder to find in catastrophe-prone areas, or certain lines of coverage may not be readily available, such as commercial auto for transportation firms. Insurers who specialize in a niche, for example, excess liability, may reduce their footprint or leave that coverage area entirely.
- With less insurer competition, available coverage becomes more costly.

Economic challenges and inflation will affect how long a hard market lasts. As premiums increase, more capital will begin to flow back into the insurance market. Our job is to continue to operate effectively in this challenging market, which your insured may not understand.

IMPORTANT:

It is critical to communicate early and often with clients so they are aware of what is happening in the insurance market. This will help prepare them for any coverage or price changes before their renewal.



Advise customers on what they can do to tackle these challenges. Consider asking them to do the following.

- Employ proper risk management practices to reduce exposures.
- Stay in regular communication with you, their trusted business partner, particularly on issues or organizational changes that could impact their policy.
- Properly document and if needed report anything that may be relevant to claims or policy disputes.
- Plan with you prior to renewal time or when seeking new coverage. In today's market, it can take much longer to secure the right coverage than in a softer market.
- Recommend your insureds think hard before they switch carriers. In a hard market, insurers may decline to bid on customers who "carrier hop."
- Look for opportunities to save on costs in other ways if premium savings are not an option, such as taking a higher deductible or with more sophisticated clients, taking a self-insured retention.

WHAT NOT TO SAY TO CLIENTS DURING A HARD MARKET:

- ⊗ The relationship between agent and client is all about trust. So, while you recommend steps your clients can take to reduce exposure and potentially save on premiums, don't make promises you can't keep.
- ⊗ Similarly, avoid predictions about what will happen with new or renewing coverage before talking to an underwriter. Don't set unrealistic expectations with the insured.
- ⊗ Be aware that agency E&O claims tend to increase during a hard market thanks to coverage reductions, lower limits and higher deductibles. **Document coverage recommendation declinations, all phone and text conversations, and leave yourself enough lead time to work with underwriters on challenging risks.**
- ⊗ Don't wait until the last minute to alert your clients to significant changes in their coverage. Proper client communication, documentation and consistency in your workflows are key to avoiding an agency E&O claim.



SECTION 3 • EXPERT ADVICE

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“This is your time to shine. You need to have a defensive and offensive strategy in your office – defensive in that you need to set up processes to retain clients. Your offensive strategy is to increase your marketing. When the market is disrupted, it is an ideal time to make sure you are very visible. Whatever strategies work for your agency – double down.”

– Michelle O'Connor, President

O'Connor Insurance Associates | 📍 North Carolina



Hard Market Success Strategies

If you joined the insurance industry in the last 10-15 years, this is probably the first hard market you have experienced. The hard market may be challenging to navigate after many years of abundant underwriting capacity and low premiums.

While working in a hard market presents many challenges, there are a few upsides. This includes the opportunity to gain expertise and showcase your value to your customers.



Here are some strategies to help your agency successfully navigate the current conditions and position you for future growth:



Be Proactive About Renewals

Retention is critical during a hard market. Normally, your agency should have a plan for current business renewals starting at 90 days out, followed by 60 days, and then 30. With more difficult placements, such as commercial property or multi-family housing, begin early. Some insurance experts now suggest starting your renewal process 180 prior to expiration by gathering renewal information.

It's also important to ensure your insureds have not ventured into new services, added buildings, or experienced other life changes such as marriage, death, children, new job, financial changes, and/or business ventures that could impact coverage. This includes closely evaluating property values and business income limits. If any of your insured have experienced claims, it's also a great time to discuss how and what steps they've taken to mitigate those incidents from reoccurring.



Focus on Growth Through New Business

Regardless of the hard market, many insurance firms renew some of their business year over year. However, not enough firms develop predictable, profitable organic growth strategies. Even though you're increasingly dedicated to some tough renewals during this difficult time, don't ignore filling your pipeline with prospects. If you fail to find new prospects, you'll find yourself flat-footed compared to firms that keep prospecting and don't rely on their hard market premium growth.



Do Your Market Homework

Don't waste time remarketing every account when rates are rising across the board. Save your energy for accounts that will experience significant disruption at renewal, including much higher premiums, restricted coverage or the need to find a new carrier.



Seek Internal Efficiencies

Create a timeline and process for reviewing all accounts. Make sure dedicated, experienced staffers handle your largest clients, such as the top 20%, for example. Reduce shopping renewals, especially for policies with less than a 15% premium increase. This drains too much energy and, given the hard market, will yield little opportunity for better placement.

Offering frequent hard market education or implementing a longer renewal period requires even more energy from servicing staff. Consider creating new capabilities by adopting new technologies or even implementing a small business unit to create more intentional servicing models based on the account size.



Build Strong Relationships

Now is the time to cultivate strong relationships with your clients, underwriters and other industry professionals. Because more risks will go to the excess & surplus lines market, building strong relationships with wholesalers who can guide you to optimal coverages can pay dividends.

Overall, being proactive is more important now than ever. Never take silence as a good sign, because clients may be talking with your competitors. They are more likely to stay loyal during a hard market if they trust and value your expertise. Encourage open communication, provide personalized service and go the extra mile to meet their needs.



Focus on Risk Management

Emphasize the importance of risk management to your clients. Help them identify potential risks that are specific to their industry or their family and help them develop strategies to mitigate those risks. Proactive risk management can improve clients' insurability and potentially lead to better coverage and premiums.



Adapt and Innovate

Explore new avenues and products to adapt to changing market conditions. Consider alternative coverage solutions, self-insurance, or risk-sharing pools. Challenge yourself to develop new niche markets or specialty practices that may be underserved or less affected by the hard market. Revisit and remind your insureds of prior loss prevention recommendations, like the use of telematics or burglar alarms, that can lower their rates.



Diversify Your Portfolio

During a hard market, certain industries or coverage types will be more affected than others. Explore and learn about new areas of business to diversify your book. This helps offset any significant impact caused by a particular sector or line of business.

To build new relationships, network with trade groups, such as contracting associations, your local Chamber of Commerce, or service organizations, such as Rotary or Kiwanis. Offer to give a complimentary presentation to local business groups about the impacts of the hard market.



Surviving the Hard Market

Know that your clients may get upset and, to an extent, take that out on you as an extension of the insurers. However, don't take things personally. If you handle the hard market with a good attitude and approach it as a learning experience for you and your customers, you'll come out on the other side with more clients and much more industry knowledge.

SECTION 4 • CLIENT SCRIPTS

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“Start early and develop a thoughtful strategy with your client. Sometimes the best pathway is to work with the incumbent carrier and try and negotiate an acceptable renewal. Going out into the marketplace and bidding everything may not be the right strategy most of the time.”

— **Edward Walsh, CEO**

Walsh Duffield Companies | 📍 New York

Client Email Templates

During a hard market, it's imperative to stay in continuous communication with your clients.

Proactively informing them about current market conditions can avoid unpleasant surprises when your clients' policies renew. You also can prove your value as a trusted advisor by sharing risk management strategies and guiding clients through the underwriting process.

Here are a few email scripts with basic talking points that you can customize when reaching out to your clients.



[Click to Download All Email Templates](#)

EMAIL TEMPLATE 1

SUBJECT: What a 'Hard Market' Means for Your Insurance

Dear [Policyholder Name],

You've already heard about how inflation is affecting everything, including insurance premiums and claims. And there are other factors like higher interest rates, more lawsuits and severe weather events resulting in substantial claim losses that are compounding the insurance market.

Insurance companies are reflecting these higher costs in their pricing, which is why there is an increase on your _____ policy for this renewal.

This situation is what we in the insurance world refer to as a "hard market." Here are three things you should know.

1. Hard markets are cyclical. However, we don't know how long they will last.
2. During a hard market, there may be fewer insurers competing for your business.
3. A hard market causes coverage to be more expensive, and insurers also may reduce the amount of your policy limits or modify your coverage terms. This can leave you more exposed to uninsured loss.

Consider taking steps to reduce your risk. You may qualify for potential policy discounts or better coverage options. These discounts can include smoke alarms, burglar alarms, fire suppression systems, vehicle telematics and water damage detection systems.

As your insurance advisor, I am working hard to help you manage your insurance needs within your budget. I continually evaluate market conditions and talk with insurance carriers to keep up with their changes in pricing or coverage terms and conditions.

I am available to discuss your coverage and answer questions about any concerns you may have. Please don't hesitate to reach out.

Sincerely,
[Agent Name]

EMAIL TEMPLATE 2

SUBJECT: How Our Agency Can Help You Navigate Rising Insurance Premiums

Dear [Policyholder Name],

We know the premium on your _____ policy has increased substantially. This is because the insurance market is experiencing what we refer to as a “hard market.”

It means that rates are increasing, and some coverage is harder to find because companies are restricting the insurance products they offer. Hard markets are cyclical, but there is no predicting how long they will last.

Our agency wants to help you manage your insurance needs and secure affordable coverage

We will:

- Continuously monitor market conditions and talk with insurance companies about upcoming changes to pricing or coverage terms and conditions.
- Evaluate risk management opportunities and resources to help you reduce your risk.
- Provide you with specialized support related to your specific coverage needs.
- _____Add agency-specific info here
- _____Add agency-specific info here

Our agency understands the difficulties that accompany premium increases and reduced coverage availability. We’re here to support you in navigating the current market conditions.

Please don’t hesitate to reach out anytime if you have any questions or would like to discuss your options.

Sincerely,
[Agent Name]



EMAIL TEMPLATE 3

SUBJECT: Hard Insurance Market and Rising Rates: How Our Agency Can Help

Dear [Policyholder Name],

As insurance premiums rise and policies become more restrictive or harder to find, you may be tempted to cut back on coverage or eliminate certain policies altogether.

Please be careful! Doing so might create huge risks that could lead to serious financial hardship if you have a claim.

Consider other options that can be helpful:

- Lower your risk by taking advantage of risk management techniques such as telematics, online courses, enhanced security, etc. [Agency should insert risk management opportunities specific to client]
- Raise your deductible or self-insure some of the risk to help lower your premium, if possible.
- Schedule a time to review your current policies with us to ensure you’re not overlooking premium savings opportunities or paying for coverage you don’t need. Also, let us know if you’re planning any changes that may impact your policy.

Our agency continuously monitors changing market conditions and coverage options, and we are here to help you navigate through these tough times.

Contact us anytime for a coverage review or information about your policy.

Sincerely,
[Agent Name]



SECTION 5 • CLIENT FAQs

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Prepare your team – retention starts with them. Arm your staff with talk tracks and solutions, ensure they know your agency's value proposition and can state it clearly...Make sure your team knows to be transparent with clients about the economic climate and is aligned with your retention strategy. Remind your team of their purpose – we're trusted risk advisors, not a vendor.

–Brooke Lugonjic, SVP, Growth Advisory
MarshBerry | 📍 Michigan



Questions Frequently Asked by Clients

I've had no claims. Why are my premiums increasing so much?

Premium increases are not just tied to a specific customer's coverage, but to the overall insurance market. Currently, the insurance industry is experiencing a "hard market," which means that overall cost of claims for insurers has risen, and there is less competition. This makes insurance coverage more expensive. Inflation has significantly increased the prices of goods, especially for labor, construction and auto repair materials.

Insurers have experienced a significant gap between the policy pricing they projected using prior loss data and their current claims payouts. This gap contributes to the current hard market.



What is a "hard market" in insurance?

A hard market means insurance companies are raising rates and restricting their capacity – their willingness to accept new or increased risk – to insure families and businesses, making it more expensive and difficult to get the coverage you need. Insurers, too, buy insurance, called reinsurance, to transfer some risk, and reinsurers have raised prices as well.

Keep in mind that in a hard insurance market – like the one we face now – your rates typically aren't just affected by the insurer's practices, but also by other factors such as overall market conditions and your specific risks. For example, if you're a contractor, such as a roofer, you may see higher premium increases than those in other trades, such as landscapers, because your operations create a higher risk exposure. The same holds true in the personal market, where a home located in a wildfire-prone area presents a higher risk profile for insurers than one located in an area with little exposure to wildfires.

What causes a hard market?

Economic conditions and claims frequency, over time, hurt the insurance industry's profits and create a hard market. When more frequent claims and higher claims payouts occur consistently over a period of time, insurers begin to pull back from markets and increase premiums. Record-setting insured losses from catastrophes, rising inflation, increased labor costs and supply chain challenges all contributed to this current hard market.



How long will this hard market last?

Like the economy, hard insurance markets are cyclical. A hard market will vary in length and severity, depending on prevailing economic challenges, inflation rates and the type of insurance affected. A hard market will begin to “soften” as premiums rise, bringing back more capital to the insurance market. During a soft market, competition heats up and premiums will moderate or even decrease.

How can an insurance agent help me in a hard market?

Independent insurance agents are knowledgeable insurance professionals. We are a valuable and trusted resource. We can help you navigate the current market conditions. We have long-standing relationships with insurers and are well-positioned to find the proper coverage for your risks and to advocate on your behalf. We also can provide information on available coverage options for your risks and recommend risk management resources to mitigate your exposure. We can help you improve your insurability, so you have more choices.

How can I get a better rate on my policy?

It depends on your policy and insurers’ appetite for that type of coverage. Sometimes, another insurance carrier may offer the same or better coverage for a more affordable rate.

Changing insurance companies, however, can have unexpected results. For example, switching companies too often will affect your rates and may cause you to lose loyalty discounts. Your agent understands the current environment and the factors that affect your risk picture and can discuss your options with you.

It is always a good idea to review your policy with your agent, so you understand what coverage you have. If you want to change insurers, be sure to ask your agent how the switch could affect your coverage and your risk profile.

Investing in risk management strategies can reduce your exposure and make you a more attractive account, both to your current insurer and a prospective one. You also can reduce premium costs by taking on more risk through a higher deductible or self-insurance. To help mitigate claim exposures you could put in place any/all of the following protection devices such as a central station fire and burglary alarm system, a backup generator (permanently installed), a temperature monitoring system, a water leak detection system, residential sprinkler system, and/or a lightning protection system. Installing these recommended systems could provide additional discounts to your policy.

Like any adverse market cycle, we are stronger together. Together we will weather this market, which is impacting us all.

SECTION 6 • TIMELINES



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Make sure you have access to all of the available resources (markets) to show your client you are doing your homework. If you need to partner with another agent who has expertise in a specific sector, build that relationship.

— **Mark Rice, President/CEO**
Callahan & Rice | 📍 North Carolina

12-MONTH POLICY TAKES EFFECT



180 DAYS BEFORE POLICY RENEWAL

- Research market conditions.
- Check in with the client to identify any significant changes with their business.
- Communicate with underwriters about coverage appetite, upcoming changes to coverage terms and conditions.
- If underwriters indicate they will not renew or suggest other significant coverage/deductible/retention changes, begin to search for an alternate market.

90 DAYS BEFORE POLICY RENEWAL

- Evaluate renewal policy terms and conditions and pricing offered by the existing carrier.
- Discuss with client any suggested policy and premium changes.
- Communicate with insured about renewing the current policy or going to market for better coverage options.
- Begin to gather documentation from insured to submit policy renewal or application.

30 DAYS BEFORE POLICY RENEWAL

- Finalize policy renewal details with new or existing carrier, ensuring no gaps in coverage if changing carriers.
- Provide insured with final policy conditions.
- Work with underwriters to bind coverage.

120 DAYS BEFORE POLICY RENEWAL

- Discuss the current state of the insurance market with the client.
- Perform a client risk assessment to ascertain whether coverage changes may be necessary.
- Research and evaluate other markets providing similar coverage.
- Begin the quoting process to assess carrier interest and/or alternative markets.
- Send carrier policy renewal information.

60 DAYS BEFORE POLICY RENEWAL

- Provide insured with other policy options (if required).
- Work with carrier underwriters to confirm policy specs including limits, endorsements and timing.

THROUGHOUT THE 12-MONTH POLICY TERM

- Continuously monitor market conditions.
- Ask your clients about any significant changes in their business operations, and document those changes, including any coverage issues those changes may pose that require additional coverages.
- Communicate with underwriters about any emerging or developing market challenges. Look into new carriers or capacity opportunities.
- Provide monthly updates to customers, including risk management resources and premium savings opportunities.

SECTION 7 • REMARKETING

“

“Always read the policies you are selling, then compare those details to the policies you are competing against. In many cases, recommendations can be made to reallocate premium dollars to fill the client’s coverage priorities, which results in more satisfied and loyal clientele.”

— **Cynthia Webster, President/CEO**

Jack Rice Insurance | 📍 Florida

Strategically Remarketing and Earning Opportunity

Remarketing may seem like the best option to help your clients digest a hard market. However, independent agents must focus on building a value proposition to ensure their clients get the best coverage and service in challenging times.

Here are some strategies to reduce remarketing, boost retention and help your agency navigate a hard market.

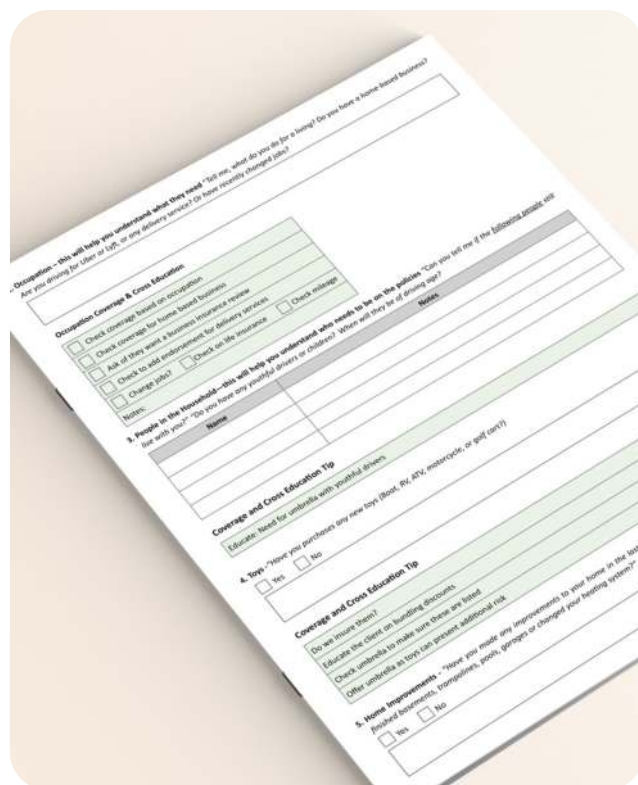
Remarketing Challenges

A remarket is one of the most labor-intensive activities your team can do. And with increased rates, remarketing has been on the rise.

Here are some of the challenges when remarketing:

- ▶ You end up shopping a client every year.
- ▶ You move a client to three different carriers over this hard market.
- ▶ You teach the clients to request a remarket.
- ▶ Your team will struggle to catch up.

Agencies should optimize current policies first and focus on reviews to clean up client accounts while educating clients on market conditions and discount opportunities. Agencies need to make sure they are focusing on “insurance to value” and ensuring clients’ assets are covered adequately.



DOWNLOADABLE RESOURCE:

Click to download a PDF form of our Remarketing Standard Sheet

[↓ REMARKETING STANDARD SHEET](#)

Annual Remarketing Risk

What is your reaction when a customer calls in to ask, “Why did my rate go up?” For many agents, they jump to the conclusion that the client is upset, and they need to fix that perceived problem with a remarket. “Why did my rate go up?” is just a question. You need to answer the question before determining the next steps, which may be a formal review, and then, if necessary, a remarket. It may be as simple as explaining changes to the client in their risk profile, such as buying a newer vehicle, a home remodel, or other changes to their profile.

Here are some common explanations:

What caused the increase?

- ▶ State rate increase.
- ▶ Customer actions, such as tickets, violations, claims or age.
- ▶ Insurance company rate increases.
- ▶ Change in credit score (in some states).
- ▶ The demographic of residence, including the likelihood of natural disasters.

Always review ALL policies for accurate client information and coverage gaps, as well as discounts they qualify for such as multi-line discounts, loyalty rewards and cross-selling discounts.

Remarketing every account just to appease the customers can cause premium reductions, commission reductions, lost opportunities, poor reactive service, gaps in coverages that cause E&O issues, and more.

Remarkets can also spark:

- ▶ Inspections of roofs, railings, pools, siding and more.
- ▶ Potential E&O claims for the agency where new coverage does not offer the same or better coverages than the replaced coverage.
- ▶ Extra paperwork.
- ▶ Policies showing up as new business when they are rewritten, which can cause accounting errors due to incorrect commission payments.
- ▶ Inconsistencies in agency data and reporting. Rewritten business shows as new business, so it appears that there are more new business policies. Rewritten policies need to be cross-referenced with canceled policies to determine true retention stats and new business stats.



Remarketing With Outdated Information

If you go right to a remarket, there is a possibility you will not have correct customer information. First, do a renewal review to gather information and update current policies before you even consider remarketing the account.

Who Should Be Remarketed?

Your agency needs to have a clear plan on who should be remarketed. This may differ by agency, but it is a very important topic to discuss with your team. You need to have guidelines to follow when you allow remarkets, so the agency is consistent, efficient and profitable. If you remarket every client and reduce their premiums, the agency will not thrive and grow because you are losing business out the back door and rewriting everyone with lower premiums.

Always consider these factors when remarketing an account:

- When was it last remarketed?
- Are there open claims?
- Has there been a rate increase?
- Does it meet underwriting guidelines?
- Does the agency want to keep the client?

Directives From the Agency Can Vary

In some agencies, it can be very unclear which accounts receive a remarket. Clearly outlining which accounts should be remarketed is a good first step. The second step is ensuring owners and producers follow that strategy.

Here are some challenges agencies frequently have to encounter:

- Producers want several accounts remarketed, but they do not reach out to the client with the results because they choose not to, say they don't have time or they forget, therefore wasting time and money. Or they reach out too late and policyholder has left, or the policy has already renewed or canceled.
- Owners ask for smaller accounts to be remarketed because they are friends or family. Any preferential treatment of this type can be detrimental to the defense of an agency E&O claim.
- The team isn't comfortable having rate conversations, so the remarketing guidelines are taken more as recommendations than requirements.

When the standards are set, everyone must follow them... So, how do you remarket?



Qualify Your Remarkets

Your agency should determine what qualifies for a remarket and what doesn't. It is okay for you to decide not to remarket a monoline customer. As you work through the reviews, you will find coverage gaps and opportunities to cross-sell, so don't worry. By the time you complete your review, they should not be monoline. If they insist on monoline coverage, they may lose discounts.

As an agency, you need to review things such as the percentage rate increase, recent customer activity, such as endorsements, claims driving record, payment history, roof age, age of customer, and more. Also, consider pets, open claims, property type, such as secondary home (log, coastal), home-based business, monoline account, plumbing, electrical, and roof type.

Finding Opportunity in a Remarketing Call

Remarketing is one of the most labor-intensive activities account managers perform, which is why you should be looking for opportunities on every single call.

Here are things you can look for:

- ▶ Verify client information to ensure it's accurate and up-to-date.
- ▶ Upsell and bring customers up to agency standards, adding coverages they may be missing. Document coverage suggestions that clients decline.
- ▶ Cross-sell life and umbrella policies that customers may need.
- ▶ Check for other policies that need to be reviewed or updated.
- ▶ Don't forget to ask for referrals. If you've done a great job and given solid customer service, it never hurts to ask them how you can help their friends, family, or co-workers.

How to Present a Remarket

This is your opportunity to show your value and shine. Highlight the value of your expertise and education, rather than selling on price. The customer should already know that you are trying to find the best option for their challenges. Let them know when you may have found a better option.

Here is a five-step approach for presenting any quote:

1. **Identify how you addressed their concerns.** Start by putting their mind at ease and tell them that you have found a solution and that you are excited to share what you have found.
2. **Share the name of the insurance company with them.** Let the client know the insurer's name and several features they have that the client may be interested in.
3. **Review the coverage.** While remarketing, you may have improved the coverages through the remarket. Identify what coverages they have, point out enhancements, and allow them to guide you on any adjustments.
4. **Discuss any additional policies.** A remarket is a great time to share additional quotes, such as for life or umbrella coverage..
5. **Share the price.** Use monthly figures and remind them of the value and increased coverage this opportunity offers them.

The last step is to ask for the business. Like a new sale, you need to assume the close and get them to set up the down payment on EFT or pay in full and sign the application.

Remarketing Checklist

[Here](#) is a remarketing checklist that every team member can use to determine if they should or should not remarket the policy. Below are some ways to customize this checklist for your agency.



Ensuring You Exhaust All Options Before Remarketing

When you have exhausted all the options on the current policies and the customer adheres to the remarketing standards—the standards your agency has built that determine whether someone qualifies to be remarketed—it is time to try something else. Let the client know that you have found everything you can in the current policy but need to look at other companies to compare the new revised rate with what they offer. Explain that you want to make sure they are still adequately covered and match the current policy the best as possible.

How to Decline a Remarket

The following scripts can be used to decline to remarket a customer’s accounts based on your agency’s standards:

- “ I know that pets are part of your family; however, due to the history of certain breeds, insurance companies have restrictions. Our best strategy is to go back and review the discounts offered by your current carrier.
- “ Due to your property type, you will likely have to remain with your current insurance company. There are only a handful of insurers that specialize in your property type. Many of them do not offer the same coverage.
- “ Let’s review your coverages and ensure you are happy with what you currently have.
- “ You have been with this company for X years and built loyalty with them. In the event of an accident, I would hate to see you have any issues. Let’s review your discounts.
- “ It looks like you have had X number of accidents/ violations this year. Based on that, the insurer has increased your premiums. The best strategy is to stay where you are, and the violations will fall off in X years. However, let’s review any other available discounts to see what we can do.
- “ Since your business is now doing X, there are only a few insurance companies that may accept your policy. Often the coverage they offer is not as good as what you have now. Let’s review your discounts.
- “ Looking at your policy, I see that you are at a competitive rate. However, let’s review your discounts.
- “ Have you heard of the multi-policy discount? Insurance companies give the best rates when you combine everything. Let me get a few pieces of information to investigate this discount.
- “ On average, most insurance rates are climbing by X, and yours only went up Y. You are at less than the state average, so let’s review your discount options.
- “ Looking at your policy, this is the best opportunity we can offer you. Unfortunately, in our current market, we have no other insurance companies we can access to provide a quote.

Team Members Who Think with Their Own Back Pockets

Be aware of your assumptions. To you, something may be expensive, but to the client, it isn't. Don't assume the client won't like the policy or assume it is too expensive, or that they won't want that discount. Ask and then be silent to allow the client to decide what works best for them and what doesn't.

At times, some clients may care only about price. First, determine if these are the types of clients you want as your customers. Are they moldable? Will this eventually change? As people age, they start to see more value in things. Or, you may have a younger client that focuses on price, but you may be able to work with them, build rapport, and eventually get the client to see the importance of the coverage.

Agency Clients Are Indifferent

If your clients are indifferent to you, it could be because they are only worried about price. Flip the script so it is about the value your agency provides. Let's identify how you can convert indifference.

- ▶ **Build rapport:** When clients call, take time with them and document personal details such as their kids' names in your management system.
- ▶ **Educate the client:** Teach the client something new on every call.
- ▶ **Know about insurance company features and discounts:** Create cheat sheets so you can quickly and efficiently help clients and sell the value of the company they are with.
- ▶ **Conduct renewal reviews:** You will strengthen the trust and relationship with your clients.

How to Roll Out a Remarketing Strategy

Agency leaders must determine their plan before presenting it to the team or involving them in developing the strategy. All agencies are different. Once you produce a plan, you must present it to the entire team. Make it clear that this is what your agency is doing and how it will be done. Make the plan clear, easy to understand and easy to follow.

You will always have people that push back. This is something the agency will be doing together as a team and something that will eventually pay off and help everyone involved. Do not roll this out via email. You need to roll it out in a team meeting, explain the process and answer questions.

Remarketing is a valuable tool that is the gift of being an independent insurance agent. But you must ensure that you use this gift appropriately and with the right clients at the right time. You may think remarketing is the answer in a hard market, but excessive remarketing leads to burnout and the client changing insurance companies several times. However, not remarketing frequently enough leads to lagging retention. But when you provide clarity to your team, you can find the balance and remarket strategically.



SECTION 8 • RENEWALS

“

“Have a deep understanding of the insurance industry and stay updated on market trends, regulations and emerging risks. Invest time in continuous learning, attend industry conferences, take relevant courses, and leverage resources provided by professional organizations and insurance carriers.”

— **George Daly**, Division President/Shareholder

The Horton Group | 📍 Illinois



Proactively Address the Hard Market with Renewal Reviews

“What could be more important than making sure your clients’ policies are accurate and they have choices in protecting what they work hard for?”

Independent agents can attract and retain their ideal clients by building trust. Even in a hard market, customers will still purchase from companies they know, like and trust. Theodore Roosevelt said it best, *“They don’t care how much you know until they know how much you care.”* Going back to this classic approach will help us to position ourselves as local independent insurance agencies willing to go the extra mile to meet the clients where they are today.



When you develop a solid agent-client relationship, you can educate the customer about their options so they can decide what is best for them and their insurance coverage.

Renewal reviews are essential to every insurance agency. In this section, we share the processes used by agencies to reduce remarketing, boost client engagement, and effectively manage agency time.

When you proactively connect with your clients—before they contact you because they’re upset about their rates—you gain control of the conversation. Once this process is implemented, the results are incredible.

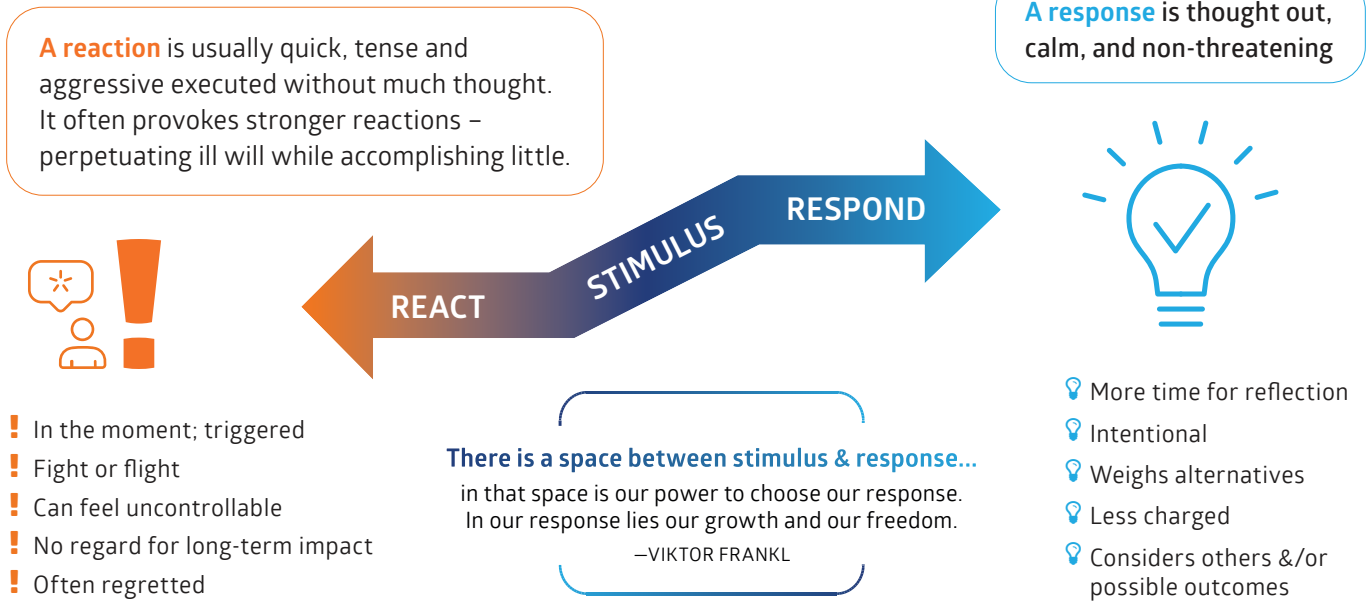


What's the Difference Between Reacting and Responding?

Side Effects of a Reactive Renewal Process

When determining how to build trust with clients, understand that a proactive approach is best. While being proactive is critical, it can be difficult. Let's review the side effects of a reactive renewal process on your agency.

REACT VS. RESPOND





Source: Recreation of graphic from Coach2Growth, 2019



Is Your Agency Remarketing Too Much?

Do you know your remarketing closing ratio? Here's how to find out:

Number of Accounts Moved to Another Carrier  Number of Remarketing Quotes  **REMARKETING CLOSING RATIO**

The target remarketing ratio is 60-70%. When you remarket intentionally, you can reduce the number of remarkets and remarket only when it's the best thing for the client. Doing renewal review calls can reduce remarketing and allow your agency to become selective and proactive.

Here are four reasons to build a remarketing process instead of being reactive:

- 1. Client defections.** A reactive strategy fails to build client loyalty and trust. This causes client flight, placing more pressure on your sales team to sell more. If you lose a client after two or three years, was it price or the lack of a strong relationship?
- 2. Cross-selling.** Cross-selling is hard to do in a reactive environment. Most agents are problem-solving current issues or situations and end client calls rather than cross-sell. Remember, you want to get something from every call, whether that is verified information, a cross-sell, upsell, referral, or an online review.
- 3. Reduced retention.** A reactive model has the lowest retention rate. When all your effort is on retaining clients, agencies are unable to take a proactive approach to accomplish a high retention rate.
- 4. Team morale.** Working in an insurance agency has evolved over the years. Agents are also reacting to inbound calls for service or rate increases. Agencies need to reflect and adjust what they are doing now to allow their agency staff to feel in control. Blocking time and doing outbound calls for renewal reviews is a good place to start.



DOWNLOADABLE RESOURCE:

Click the buttons below to download our sample Renewal Review Preparation forms for Personal Lines, Commercial Lines, and Farm.

 **RENEWAL PREP • PERSONAL**

 **RENEWAL PREP • COMMERCIAL**

 **RENEWAL PREP • FARM**

A renewal review sheet can help agency staff reach out rather than react.

Agency Renewal Strategies

Insurance agencies generally practice one of these three renewal strategies. For many agencies, they may insert the renewal review plan into these plans as well.



STRATEGY 1

Reactive Approach

In this approach, you wait for the client to contact you. Renewal reviews happen in reaction to an upset client. What do we already know? They saw something online or got the alert that their policy renewals included a price increase. We didn't inform them. So, they had to pick up the phone and call.

PROS You only work with the people who tell you they are upset with their rate. This is more efficient but still not effective.

CONS Many clients don't know you have options, so they do not call you.

Some clients will leave. With the ease of today's online offerings, this is increasingly likely.

When clients do call, it's generally not a positive conversation.

The customer experience is poor.

We struggle to show our value when a client has to call us.

The client will generally also be getting other quotes while we are working on it. This makes our job harder.

While a reactive approach may seem efficient, it actually can cause more work because the client and team don't have a plan. We don't recommend this strategy if you can at all avoid it.

STRATEGY 2

Be Proactive at a Rate Increase Trigger

This is where a certain dollar or percentage increase triggers a review. This review can be internal, where the agency reviews it and decides what to do. Or, it triggers the agent or customer service rep to make a renewal review call. The challenge in this market is that almost everything is triggering a task and we are picking a number that may or may not align with the customer’s needs.

PROS

- You are connecting with the client at a critical time.
- You can proactively educate them on options before they shop.
- People generally take the path of least resistance. If you offer assistance, they will usually stay.

CONS

- They lose confidence in you and your agency.
- You are only calling about the rate. This makes the relationship more about price.
- These calls can get draining, and generally, agents do not look forward to them.
- Every client’s rate sensitivity is different. By picking one threshold, you cover some clients but not all.

While this approach seems logical in a hard market, understand that it’s the first renewal for a client in a new market. Many agencies are increasing their trigger higher than the client’s comfort zone (since the client doesn’t know what to expect). This is causing inbound and outbound calls and many agencies still feel unprepared.

STRATEGY 3

Be Proactive and Connect with Every Client Annually

While calling every client annually for a renewal review can seem overwhelming, it can also be empowering. The agency doesn’t have to stalk the client to have the renewal review, but they should invite them to participate annually.

PROS

- You connect with all clients, even those whose rates decreased. This shows them your value.
- You build a relationship regardless of rate changes.
- When you get to them first, you have a greater opportunity to cross-sell coverage.
- You hear more appreciation and have the opportunity to find and fill coverage gaps before they become a problem.

CONS

- It requires a specific plan
- Needs teamwork to get the job done.

Contacting everyone in good times and bad helps drive trust and build relationships. This allows the client to understand their insurance and allows your team to be in greater control of the conversations.

Renewal Review Process

A renewal review process helps teams gain clarity, improve efficiency and provides a plan for success.

While a reactive approach may seem efficient, it can cause more work because you don't have a plan. We don't recommend this strategy if you can avoid it. Your first step is to decide the parameters that trigger renewal reviews.

HERE ARE THREE EXAMPLES:

1. Renewal reviews can be triggered by policy downloads to your management system (from the insurance companies.) The traditional rule of thumb has been 120 days on commercial and 90 days on personal lines. However, given this hard market, many producers are moving those timelines up.
2. Divide the calls and assign them to team members.
3. Block time for renewal review prep and calls.

How do you know whom to call first? It is recommended that you call based on the client value. You should call your top clients first.



Renewal Review Sheet

To start the process, you need a plan. That is why the renewal review sheet was created; it is a step-by-step guide you can follow that leads you through the process. It is a master checklist – a strategy and a process.

The sheet walks you through:

- ✓ Call preparation
- ✓ Voicemail script and documentation
- ✓ Intro and contact information
- ✓ Updates
- ✓ Coverage review
- ✓ Rate discussion
- ✓ Discount check
- ✓ Conclusion and documentation
- ✓ BONUS – Clear decision on when you need to remarket

Follow-up is key. The agency needs to follow the process. Everyone needs to be on board and do it the same way, which will allow for smooth transitions between call prep, making the call, leaving a voicemail and speaking to the customer. If, at some point, a customer calls and they are upset, the best line you could ever have in your back pocket is: “I am so glad you called. I tried to reach you last month to review this policy with you. Did you see my email, voicemail, text, or call?”

Renewal Review Call Preparation

There is no substitute for preparation. If you do not prepare for the call, the client will have control of the conversation and you will have to answer the rate question.

Here are a few items to have on the pre-call prep:

- ▶ Contact information
- ▶ Policies and rate change
- ▶ Payment type
- ▶ Review activities and claims
- ▶ Coverages in existing policy
- ▶ Total policies
- ▶ Discounts

Here is the beauty of the prep: If they don't pick up you have this document on file to review with them the next time they call in to complete an on-the-spot review.

Introduction and Contact Information

You may only have a few moments to make a first impression. So, how you open your renewal review call is critical. You must remember:

- ▶ Your client was not expecting your call.
- ▶ People have lives and may be at work.
- ▶ If you have zero passion or warmth at the start of the call, no one will be interested.
- ▶ Asking if “now is a good time to talk about your insurance” is like asking if you want a root canal—don't ask this!

If you start with “we wanted to make sure we had the best information, that we are maximizing your discounts and your coverage fits your needs,” you cover all your bases and increase client interest.

Getting Clients Updates

The review section should be conversational, educational and about matching the right coverage to the client's needs. When done right, you will discover a lot about your client you did not know. Most importantly, you are building trust and deepening your relationship. Price comes last.

Remember that the rate can and will change based on these updates. For this reason, do not discuss pricing until the end of the call. You may find great discounts and give them the great news of savings, or you may find a coverage gap that needs attention. The rate discussion occurs only after you conduct the review.

Review Coverage and Make Recommendations

Once you update the client's information, it's time to right-size their coverage. Now, coverage increase conversations are important. Increases make the conversation about coverage not price. When you educate your clients, they make better decisions. Remember the acronym LEE: Look, Educate and Encourage. If everything is updated and your client is happy with the discussion, document it in your management system and go to the next client.

If you have recommendations, make them, and let them know what they may be missing out on. If the client rejects your recommendations, verify via email or use declination forms and keep them in your agency management system.

We educate and document any reductions in the coverages. The renewal review form matches the agency standards, so as you work through the form, you are also adhering to the agency's agreed-upon coverage standards.

Discount Review

Now, whether you did or did not need to review the rate, the next step is the discount review. It's time for you to shine. Imagine calling your clients and finding ways to save them money. Do you think that is worth a referral, Google review, or cross-sell?

To help, get a list of the common discounts offered by your top insurance companies. But remember that they do change and get updated. Here is an example of auto discounts from the review sheet:



Concluding Call and Documentation

You made it, you got to the end of the review. How you conclude the renewal review call makes a big difference. You want to leave them with a little imprint that you are amazing. Why wouldn't they leave a Google review or send a friend to you?

STEPS INCLUDE:

- ▶ Recap all the changes you are making and make sure to state the date they will take effect. Avoid any confusion here.
- ▶ Recap any billing changes and what to expect. Don't let this call create another call when someone gets an additional bill.
- ▶ Identify any account rounds or cross-sells that you will be quoting in the future and set up an appointment.
- ▶ If you must remarket, set a time to review their options. Never email that quote.
- ▶ Thank them for being a customer. People have a choice of where they buy their insurance. They chose you, so recognize them for that.
- ▶ Ask for referrals. Yes, you should let every customer know you are open for business, and if they know someone who needs help with their insurance you would appreciate their referrals.

To make the next year's review even easier, document, document, document. If it isn't in the management system, it did not happen. Avoid E&O claims by documenting all coverage discussions, especially recommendations for coverage that your client declines.

Addressing Pushback on Renewal Reviews

As agency leaders, you may get pushback on renewal reviews. You may hear excuses such as employees don't have time, it will increase remarketing or we don't know what to say.

The only way to conquer these fears is to face them head-on, use these guides and work through them. They are not cold calls. These are your customers and it helps to build rapport. You build the value you bring to your client's life whenever you discuss their lifestyle and their coverage with them.

Uncertainty About What to Say

Role-playing is a great tool. As a team, discuss different answers you hear from clients and share how you answered. Talk with each other until you find the response that works for you and adjust them to make sense for your agency.

These strategies will help your staff feel prepared to deal with the changes in the market and confidently and proactively reach out to clients to review accounts.



Renewal Reviews and Remarketing Sections have been provided by Agency Performance Partners.

SECTION 9 • CREATIVE ASSETS



Branded Creative Resources

Leverage video, digital display, social graphics, and more to highlight your value as an independent agent in this market.

→ Customize these creative assets with your agency contact information.

'IN YOUR CORNER' CAMPAIGN

Click the button below to view and download creative assets.

[CREATIVE ASSETS WEBPAGE →](#)



SECTION 9 • CLOSING



IMPORTANT DISCLAIMER: PLEASE READ BEFORE YOU USE THIS TOOLKIT.

This toolkit of sample communication templates (“Toolkit”) has been prepared for general information purposes only and should be tailored according to all legal, business or other requirements applicable. There shall be no liability in any way for reliance on or use of the resources in this Toolkit. This Toolkit is not intended to constitute and should not be considered legal or other professional advice, nor shall it serve as a substitute for obtaining such advice. If specific legal or other expert advice is required or desired, the services of an appropriate, competent professional, such as an attorney, should be sought.

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