Winning the new journey of insuring successful families and individuals

Research and strategy paper
The changing client journey

In today’s digital economy, consumers engage with and buy products and services online on a daily basis. Successful families and individuals are no different. They are researching and shopping online for insurance more than ever, fundamentally changing their purchasing journey. They are also targeted by other insurance agents and carriers, who are trying to turn this highly coveted segment into customers of their own.

With so much information readily available to them online or pushed at them by digital disruptors, your clients and prospective clients may feel more informed when calling you about their insurance needs. They are also likely to be more price-centric, because we live in a ‘culture of cheap’ that focuses on low prices. Therefore, clients and prospective clients may need to be educated that their needs are unique and risks of being underinsured are greater.

Because so many prospective clients are online, actively shopping and learning about insurance, you have an excellent opportunity to grow your business. With powerful insights and resources from Chubb, you can learn new ways to engage with clients and win the changing journey.

The Research

As a premium insurer and a leader in the industry, Chubb continues to take steps to provide insights and tools to our independent agents and brokers, helping them service their clients better and grow more profitably.

To help us understand how families and individuals purchase insurance today and the value they see in working with independent agents and brokers, we conducted a nationwide survey of insurance consumers.

Overall, here’s what we learned:

- How likely they are to shop online for insurance and why they do so
- What value they feel their independent insurance agent or broker brings to the relationship
- Their expectations, interactions, and preferences when working with an insurance agent or broker

The client journey has changed

Successful families and individuals are twice as likely to shop online for their home insurance than other segments of the population.

Of successful families and individuals:

- 69% have shopped online for insurance in the past 12 months
- 73% are likely to shop online in the future

With so many successful families and individuals shopping online for insurance and becoming more price-centric, what role do independent agents and brokers play?

Price is not the main reason clients work with agents

When clients who work with an independent agent or broker were asked about the top advantages of that relationship, getting a lower price didn’t even make the top three reasons. Instead, clients cited these benefits:

Advice - Getting valuable guidance on how to protect their home

Access - Ability to call a person vs. a company in case something happens

Time - Saving time by letting the agent research carriers

Most think agents and brokers should focus on what’s right for them, not price

54% of successful individuals said agents lose credibility when they lead with the lowest cost option

80% said agents should prioritize getting the right insurance policies for protection over getting the lowest price
What does this new journey mean for you?

As your current and prospective clients actively research their options and engage with insurance information online, you have an incredible opportunity to connect with them by leading with your value and to compete more effectively in today’s insurance industry. To do so, we must first recognize that consumers are increasingly more price sensitive and understand the reasons behind the changes in their behavior.

Your clients have access to a lot of information.

Whether online or as a result of direct marketing to this highly coveted segment, financially successful clients today have more access to information than ever before - information that often highlights price and savings.

We live in a culture of cheap.

Today’s consumers often substitute “value” for “cheap.” They use the internet to find information and compare prices. Plus, they are bombarded with mailers, TV commercials, and social media campaigns advertising cheaper prices. However, value is obviously more than just a cheap price.

Buyers view different solutions as the same.

This makes price more important than it should be, leading clients to online disruptors who win on price.

Turning challenges into opportunities.

Chubb is pleased to partner with Reilly Training, a research and training firm that studies consumer behavior and develops techniques that turn challenges into sales opportunities. On the following pages, you will find powerful strategies and tactics that can be implemented today to take advantage of the opportunities presented by your clients’ new purchasing journeys.

Partnering with Reilly Training

For nearly four decades, Reilly Training has been helping sales professionals adapt to evolving market dynamics and succeed by focusing on their total value. With clients in a wide variety of industries, they have helped companies of all sizes grow their business.

President of Reilly Training, Paul Reilly, studies business models under disruption and evolving consumer behavior and has advised dozens of industry leading companies, helping them take advantage of opportunities to win their clients’ purchasing journeys.
**Strategy 1: Redefine value**

Independent agents and brokers play a crucial role in helping clients make the right buying decisions. Any client that has experienced a coverage gap or frustrating impersonal service situation can testify to that. However, your clients may still ask for discounts. Here’s why:

**They get them.** 75% of sales professionals will cave in and give the client a lower price.*

**There is a perceived lack of equity.** If clients think there is a gap between what they pay and what they get, they may ask for or expect a lower price.

To give clients a stronger sense of equity, consider the following thought-provoking “Value > Price” equation to expand the definition of value beyond price when speaking to your clients or prospects.

*Source: Reilly Training research

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<table>
<thead>
<tr>
<th>Value</th>
<th>= (Price)</th>
<th>+ Cost Avoidance</th>
<th>+ Utility</th>
<th>+ Impact</th>
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<tr>
<td>What the client ultimately gets</td>
<td>Premium payment</td>
<td>What the client avoids sacrificing</td>
<td>Claim payment for a loss, or a loss prevented</td>
<td>The physical and emotional impact of the policy, such as peace of mind, gratitude, etc.</td>
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<tr>
<td>What the client pays</td>
<td>Time or energy saved by receiving a fast claim payment, not having to travel to a damaged secondary home, etc.</td>
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**Price** is the premium payment for an insurance policy.

**Cost avoidance** is broader than price and includes the potential costs the client may avoid: time, risk, energy, effort, and aggravation. When doing business with independent agents and brokers and a premium insurer like Chubb, it could represent the cost avoided because of quick claim payment or time saved not traveling to a secondary home when it’s hit by a hurricane because the client is enrolled in Chubb Property Manager.

**Utility** is what the insurance policy does for the client. It could be a claim payment for a loss or a loss that’s been prevented because the client installed a water shut-off device or centrally monitored alarm system, or had enrolled in wildfire defense services. Utility is clearly far greater when working with an independent insurance expert and a premium insurer like Chubb, because clients receive risk management advice and complimentary services to prevent losses from happening in the first place.

**Impact** is broader than utility and is the holistic effect of the policy, including both physical and emotional impact. It could be the peace of mind clients feel knowing they’re fully protected or the gratitude they feel after experiencing, first-hand, the caring and efficiency of your staff or a carrier’s claims professionals.

So, value is more than a cheap price. That’s because a cheap price for a policy that fails to protect your clients or meet their needs, whether physical or emotional, is a lousy value at any price.
To design an effective strategy for your clients, ask probing, open-ended questions like the ones that follow to uncover how the client is defining value. Then use personal stories to help them understand the full value their premium insurance policy provides.

“How important would it be for you to be able replace all the contents of your home, including things like custom flooring and special-order appliances, should the unexpected happen?”

“How important is it to you that a carrier offers resources to prevent issues from happening in the first place?”

“Can you tell me about what you would expect from a carrier should you experience an unexpected loss to your home?”

“What is most important to you when choosing an insurance carrier?”
Strategy 2: Simplify the complex

81% of consumers expect their insurance agent to make a recommendation

77% will pay more if their agent articulates the value of the policy and the tradeoff between cost and quality

We are all biased for simplicity. While people may be able to make complex computations, we still prefer simple decisions. Online disruptors, for example, take advantage of this bias by focusing on just one variable – price, which can lead to three new challenges:

1. Oversimplifying your clients’ needs by making them think that all insurance products are the same
2. Blurring the buying alternatives (by letting your clients say, “I just need some insurance.”)
3. Devaluing your contribution and all value drivers beyond price

Make their decision easier
Even when your clients come to you with options they found in their new purchasing journey, they still look for you to make a recommendation that is in their best interest. By providing a recommendation based on their unique needs and explaining the benefits and impact of your recommendation, you simplify their decision.

Given the amount of information they must absorb and the blur between the various offers they are presented with, successful families and individuals need the advice of expert independent insurance agents and brokers more than ever.
Tactic: Ask simple questions to uncover complexities

Ask simple questions like these to help the client realize that their insurance needs are more complex than what they had been led to believe:

“If a few of your custom kitchen cabinets were ruined by a water leak, would you want to replace all of the cabinets so they all look alike?”

“If you or someone in your family were sued, how would that affect your family’s financial strength and outlook?”

“If you were in an accident with an uninsured driver, how would your financial situation be affected?”

“If your home was damaged or destroyed, how critical would it be for you to stay in your school district, so as not to disrupt your family any more than necessary?”
Strategy 3: Focus long term

78% of clients have a clear understanding of the value an insurance agent delivers to them.

You just need to remind them.

Humans are hardwired to think short term. As much as we’d like to believe that we make decisions based on the best long-term outcome, we simply don’t. We often opt for an immediate short-term gain over a long-term gain – even if the long-term gain is better.

Your clients are no exception to this rule. You may have noticed this tendency when you present different options, and clients select the lowest priced option even if the higher-priced option is better for them in the long run. With digital disruptors continually bombarding your clients with messages focusing on cheaper prices, your client’s time horizon is getting shorter and shorter. For many, a lower price is a short-term, immediate gain.

Help your clients look beyond short-term gains

By helping your clients focus on the future, you assist them in understanding that value is more than simply a short-term gain like a lower premium. As we mentioned previously, the “Value > Price” equation is derived from a number of factors including cost avoidance and impact, which should be considered.
Tactic: Reflect on the future

Although a premium insurance product like Chubb could be better for the client, many still focus on price.

Ask questions like these to help your client think long term:

“You’ve no doubt been saving for retirement. How have you and your financial advisor built out your plan? What is your timeframe?”

“How much do you rely on your home equity to be able to retire comfortably?”

“What would happen to your savings if your home was severely damaged or destroyed by water or fire, and you had to pay, say, $300,000 out-of-pocket? Would you still be able to retire in the timeframe you are planning or would you need to push it out 3-5 years?”

Stretch the time horizon by presenting long-term strategies. In planning your approach, ask yourself how you can help your clients:

• Plan and design the right strategy
  • Example: “I design insurance strategies that ensure that you’re fully covered in case of an unfortunate accident or loss and that your retirement savings stay intact and are able to continue growing.”

• Implement or adapt the strategy
  • Example: “As your needs and circumstances change, you want to make sure you have a strategy and the right protection in place.”

• Capture the most value from the strategy
  • Example: “By working with us, we will make sure you’re taking advantage of complimentary services, like those designed to help you protect your valuables or secondary home when you’re away.”
Strategy 4: Differentiate yourself

In some industries, sales professionals may consider matching competitive offers. But in doing so they risk devaluing their recommendations and cheapening their image. As an independent insurance expert, you must set yourself apart by differentiating yourself from your competition.

Only 39% of sales professionals believe they offer a solution that is meaningfully different.*

To properly respond to a discount request from a client, you must first understand the nature of the objection. While these requests are often mistaken as price objections, what the client is really saying is that they don’t see a difference in your offering.

*Source: Reilly Training research
Tactic: Differentiate on three dimensions of value

Start by asking your team to help answer these questions:

What makes the products and services you recommend different or better? Your answers might include:

• Comprehensive protection
• Choice of repair shops
• Quality of claims process
• Extended replacement cost capability
• Collections expertise

How is your agency different and better than the competition?

• 24/7 access
• Annual coverage reviews
• Educational tips and resources

What makes your people stand out? Your answers might include:

• Support through the claims process
• Knowledgeable expertise
• Problem solving
Strategy 5: Reinforce the value you deliver

Most agencies and brokerages deliver superior value but rarely get credit for everything they do. In fact, your clients are probably uninformed about the value you deliver and unaware of the value they receive. This happens in many industries, but especially in the insurance industry.

Once your clients have made a purchase, they may experience remorse - especially if they’re bombarded with mailers and campaigns advertising cheaper premiums.

That’s why it is so important to remind your clients that they’ve made a great decision to partner with you.

Treat all business as “at-risk” business

Your best clients are the competition’s best prospects. As hard as your agency or brokerage has worked to earn your clients’ business, online brokers are working harder to take that business from you. Therefore, your clients need a constant reminder of the value you deliver.
To help your clients feel good about their purchase and their relationship with you, take these three steps to reinforce the value you deliver.

Most steps will only take a few minutes and will save you time in the long run because you’ll proactively reach out instead of reactively dealing with inquiries and complaints.

1. Document your value-added services by sending your clients:
   - Thank you letters, emails, or instant messages highlighting your value-added services
   - Client service reviews highlighting the action taken to fix issues (these are great to post on your social media too)

2. Actively “value remind” by:
   - Asking your clients to write a testimonial for you
   - Sharing positive information about you, your agency or brokerage, or the product (such as an award you’ve just received) via email or social media

3. Conduct a value audit, either formally or informally, to check on your performance with the client. This lets you:
   - Understand what they need
   - Correct issues before they become complaints
Handling objections
Top-achieving sales professionals will continue to pursue an opportunity until they hear “no” 5.3 times.* That’s because they see a client objection as simply a break in the sales momentum, not as a “no.” To prepare for a client objection, consider the acronym CAR: Clarify-Acknowledge-Respond.

• **Clarifying the objection** digs deeper into the actual objection. It will allow the client to vent their emotion and give you time to think. Consider asking an open-ended question like this:
  • “When you say this premium is higher than other options, what do you mean specifically?”

• **Acknowledging the clients concern** allows you to empathize with the client, so they will feel heard and understood and that, together, you can find a way forward. You can say something as simple as:
  • “I understand your concern.”

• **Responding to the objection** should alleviate the buyer’s underlying concern. Review the clients’ needs and restate the value proposition, reminding them that your solution meets their needs. A statement like this works well:
  • “The reason there’s a difference in premium is because of the total value we offer. Here are some key differences in our offer...”

Post-call review
Before you move on to your next appointment or call, take a minute to review your sales call by asking yourself these three questions:

1. Did I stay on track? Research shows that 95% of top achieving salespeople routinely plan every call.*

2. Was it a good information exchange? Your goal is to generate dialogue between you and the client by asking the right questions. Make sure you are prepared with a list of go-to questions to ask.

3. Did I achieve my objectives? Before your call, lay out a plan and create an action objective (what you want the client to do at the end of the call). This could be scheduling a follow-up call or having them send you additional information.

Research Methodology
Our findings in this paper draw on quantitative research conducted by Chubb. The research conducted included surveying more than 1,200 individuals throughout the country, nearly equal numbers of men and women, with varying socio-economic status (middle class through high net worth).

*Reilly Training research
“We’ve helped our clients not just survive, but thrive in disruptive times. In response to disruption, some companies just watch it happen, others wonder what happened, but value-added organizations make things happen.”

~ Paul Reilly
Learn more

To find out more about how your clients’ purchasing journeys have changed and what you can do to make the most of this opportunity, visit our website at

www.chubb.com/winthejourney

Access our award-winning campaign materials
Chubb Personal Risk Services won Best in Biz Award for innovative marketing campaigns.

Recognized as the only independent business awards program and judged by prominent reporters and editors of top-tier publications such as the Wall Street Journal, Businessweek, Forbes, Fortune, and CNET, the Best in Biz Awards are a fantastic recognition of the investments Chubb has made to help our independent agents and brokers grow their businesses.

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